

# [﻿the red-bearded baron essay sample](https://assignbuster.com/the-red-bearded-baron-essay-sample/)

Once upon a time many, many years ago, a feudal landlord lived in a small province of Central Europe. The landlord, called the Red Bearded Baron, lived in a castle high on a hill. This benevolent fellow took responsibility for the well-being of many peasants who occupied the lands surrounding his castle. Each spring, as the snow began to melt, the Baron would decide how to provide for all his serf dependents during the coming year.

One spring, the Baron was thinking about the wheat crop of the coming growing season. “ I believe that 30 acres of my land, being worth five bushels of wheat per acre, will produce enough wheat for next winter,” he mused, “ but who should do the farming? I believe I’ll give Ivan the Indefatigable and Igor the Immutable the task of growing the wheat.” Whereupon he summoned Ivan and Igor, two gentry noted for their hard work and not overly active minds, for an audience.

“ Ivan, you will farm on the 20-acre plot of ground, and Igor will farm the 10-acre plot,” the Baron began. “ I will give Ivan 20 bushels of wheat for seed and 20 pounds of fertilizer. (Twenty pounds of fertilizer are worth two bushels of wheat.) Igor will get 10 bushels of wheat for seed and 10 pound of fertilizer. I will give each of you an ox to pull a plow, but you will have to make arrangements with Feyador, the Plowmaker, for a plow. The oxen, incidentally, are only three years old and have never been used for farming, so they should have a good 10 years of farming ahead of them. Take good care of them, because an ox is worth 40 bushels of wheat. Come back next fall and return the oxen and the plows along with your harvest.”

Ivan an Igor bowed and withdrew from the Great Hall, taking with them the things provided by the Baron.

The summer came and went. After the harvest Ivan and Igor returned to the Great Hall to account to their master for the things given them in the spring. Ivan, pouring 223 bushels of wheat onto the floor, said, “ My Lord, I present you with a slightly used ox, a plow broken beyond repair, and 223 bushels of wheat. I, unfortunately, owe Feyador, the Plowmaker, three bushels of wheat for the low I got from him last fall. And, as you might expect, I used all the fertilizer and seed you gave me last spring. You will also remember, my Lord, that you took 20 bushels of my harvest for your own personal use.”

Igor, who had seen given 10 acres of land, 10 bushels of wheat, and 10 pounds of fertilizer, spoke next. “ Here, my Lord, is a partially used-up ox, the plow for which I gave Feyador, the Plowmaker, three bushels of wheat from my harvest, and 105 bushels of wheat. I, too, used all my seed and fertilizer last spring. Also, my Lord, you took 30 bushels of wheat several days ago for your own table. I believe the plow is good for two more seasons.”

“ Knaves, you did well,” said the Red Bearded Baron. Blessed with this benediction, the two serfs departed.

After the servants had taken their leave, the Red Bearded Baron, watching the two hungry oxen slowly eating the wheat piled on the floor, began to contemplate what had happened. “ Yes,” he thought, “ they did well, but I wonder which one did better?”

a. What measuring unit should the Red Bearded Baron use to measure financial position and operating performance?

b. Prepare a balance sheet for Ivan and for Igor at both the beginning and the end of the period.

c. Prepare an income statement for Ivan and for Igor for the period.

d. Prepare a schedule reconciling the change in owner’s equity between the beginning and the end of the period.

e. Did Ivan or Igor perform better during the period?