

## FARMING

Farming is a business like any other so they should keep proper financial records. The following are some other reason why farmer should keep proper accounts

1. To calculate the profit and loss of the farm
2. To establish the value of the farm
3. To establish what the farms owe
4. To apply for grants
5. To apply for bank loans
6. To facilitate planning and budgeting

## ACCOUNTS

The following are the accounts that should be prepared for a farm

1. Receipts and payments account (analysed cash book)
2. Statement of capital (reserves)
3. Enterprise analysis account
4. General profit and loss account
5. Balance sheet

### 1. Receipts and Payments account (Analysed cash book)

Many farmers specialised in one or more type of farming - diary, tillage, sheep. All farm business should keep a receipt and payment book to keep track of money coming in and going out of the farm. These should be analysed under heading such as Milk sales, Cattle sales, Drawing, Sheep.

### 2. Statement of Capital (Reserve)

This is a list of the opening assets and liabilities at the beginning of the financial year (it is the same as club accounts and service firms)

### 3. Enterprise analysis account

This is a trading and profit and loss account for the particular enterprise on the farm. These are the total taken from the Receipts and payments accounts (analysed cash book). Farming enterprises include the following

- |                   |                  |
|-------------------|------------------|
| i Cattle and Milk | ii Sheep         |
| iii Pigs          | iv Tillage crops |
| v. Horses         | vi. Poultry      |
| vii. Deer         |                  |

Enterprise analysis are presented in a similar to the income and expenditure account of other organisation (or Profit and loss account)

### 4. General Profit and Loss account

This is used to find out the profit and loss of a firm - items that cant be allocated to individual farm enterprise are entered here

### 5. Balance sheet

This is similar to the Club account and service firms

<b>TERMS ASSOCIATED WITH FARM ACCOUNTS</b>
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Conacre	This is the name given to the rental of farming land. This can be an income - where the farmer rents out their land or expenditure where the farmer rents extra land from other farmers.
Set aside land	This is land that is not used and the farmers receive payments for not using the land. This was introduced with in the EU where there was too much surplus of certain products such as beef mountains, wine lake. This system is not used any more
Forestry payment	This is a payment to farmers to encourage them to plant trees
Single payments	This is a payment to farmers by EU under the CAP
Dairy Wages	This is a payment made to workers who work with cattle and cows

Haulage	This is the cost of transporting livestock. It is an expense in the enterprise account
Harvesting	This is a payment made to contractors for harvesting crops
REPS/AEOS	These are Rural Environmental Protection Scheme and Agri Environment Option scheme. Under these schemes farmers receive payment to protect the environment on their land
Drawings	This is when a farmer uses items of value for personal use. Examples include milk, beef, light and heat