

“Farmers who farm for lifestyle run bad businesses, but farmers who run their farm as a business have a great lifestyle”



Why Financial Plan?

- **Gain better financial understanding**
- **Capital**
 - Allows you to budget for capital expenditure
- **Income**
 - It's possible to manage income more effectively through planning.
- **Standard of Living**
- **Cash Flow**



The Three Must Important Questions!

- **Where are we?**
- **Where do we want to be?**
- **How do we get there**



Why Should You Analyse Past Performance?

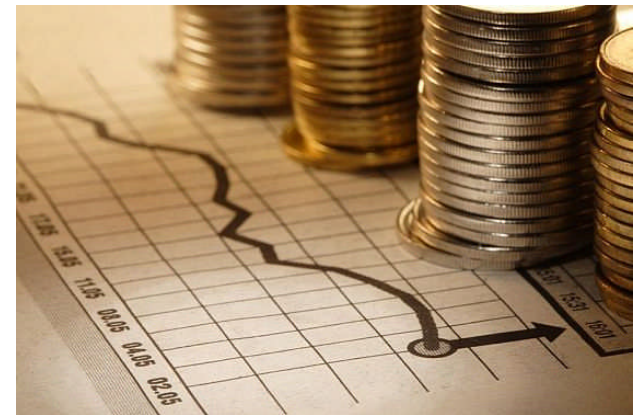
- Allows you to make sound business decisions based on actual production outcomes.
- Helps to identify and learn from mistakes.
- Allows you to identify strengths and weakness in the Farm.
- Helps you to see opportunities for future improvement.
- Helps you to recognize good or bad trends in the Farm.
- Allows you to compare different alternatives.
- Helps you to develop a sound Farm plan.

PROFIT IS NOT THE BOTTOM LINE



Where are Profits going?

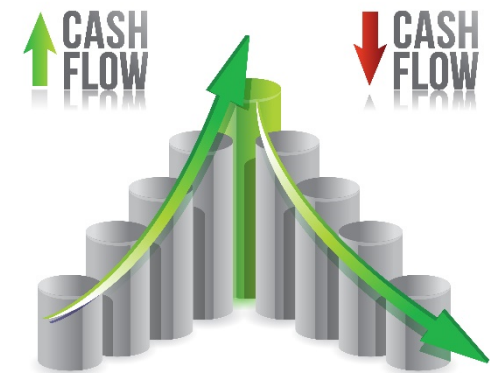
- Drawings
- Tax
- Capital Repayments
- Capital Expenditure



Cash Flow

“Cash flow is the movement of all “cash” in and out of the business over a given time period”

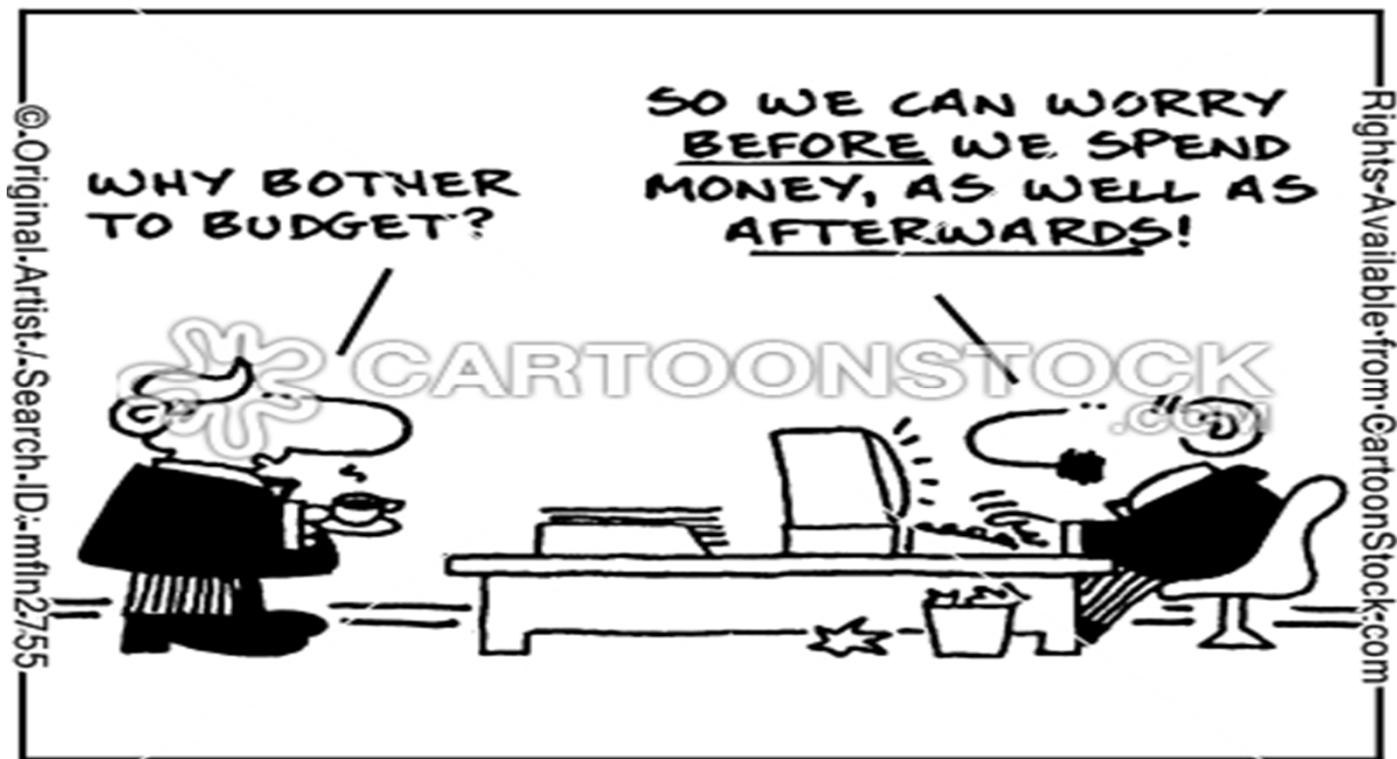
Cash is the “lifeblood” of a business!



Net Worth – They Key Points

- Are you “paying” your way? – Are your liabilities being paid year on year?
- Is your Network increasing because of changing valuations? – Be very careful with valuations!
- Increases in Stock- increase in numbers will increase your valuation of your stock but not necessary your Net worth – how did you “pay” for this stock
- Do you fully understand where your “profits” are being used?

Budgeting



Why Budget & Cash Flow Plan?

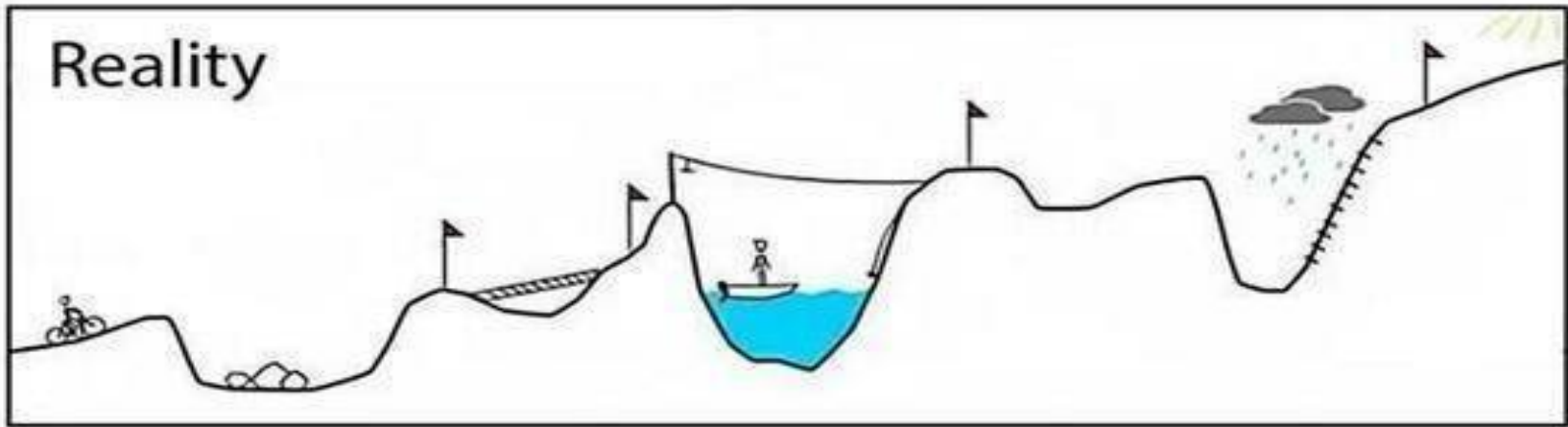
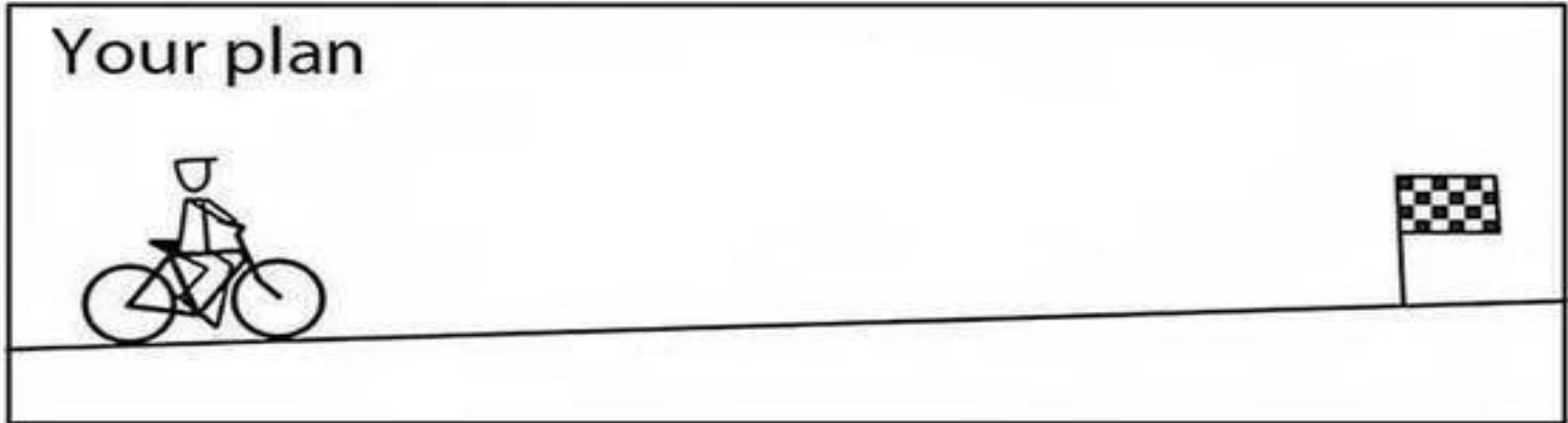
- Helpful in preparing statements of receipts and expenditure.
- Helpful to draw alternate plans of quick improvement on the existing plan.
- Helpful in analysing business carefully



Why Do Budgets – The Farmers Perspective

- It allows farmers make mistakes on paper
- It allows farmers review multiply options
- Doing the projections /plan is often more valuable than the outcome!





The Lessons

- Plans change
 - Don't become beholden to the plan!
- Compare budgets with actual
- **Always ask WHY?**



**Stability & Experience are the hallmarks of the
IFAC Service**

Any Questions?

