

Module 1.3 ANNUAL FINANCIAL PLAN		STATEMENT OF INTENT Profitability and viability of a farming operation is planned on an annual basis
Measures		Notes
Better management practice	<p>Profitability and/or viability of a farming operation is assessed on an annual basis. Accurate record keeping and monthly account management are critical components of the Annual Financial Plan.</p> <p>It should consider the following inputs:</p> <ul style="list-style-type: none"> • Annual budget is drawn up • Cash flow and savings projections should be drawn up annually. • All transactions associated with the farming activities must be captured on a monthly basis and monthly reports generated • Monthly account management undertaken • Annual Financial Statements are prepared • An annual review of the profitability of the business undertaken • Full understanding of the obligations of a business owner • Up-to-date with loans/debts • Measure repayment ability to service debts and loans • Determine whether expenses on depreciated vehicles and equipment is justified or not. 	<p>There are a number of activities associated with annual financial planning. Getting assistance with financial planning is advised.</p> <p>Annual financial planning relies on accurate record-keeping as per the Annual Production Plan and those aspects identified in the section below:</p> <ol style="list-style-type: none"> 1. A budget for income and expenses should be drawn up as per the production plan as well as other monthly expenses such as living costs, finance costs, insurance and also asset replacement, taxes, bonds and hire purchase. 2. Cash flow and savings projections should be drawn up annually. 3. All transactions associated with the farming activities must be captured on a monthly basis and monthly reports generated. 4. Monthly account management should be undertaken which reviews the budget and cash flow and forecasts for the following months in order to take action when required. 5. Annual Financial Statements should be prepared by an Accountant and these should be audited for specific entities. 6. An annual review of the profitability of the business should be undertaken using suitable financial indicators. 7. All growers should have a full understanding of their obligations as business owners. 8. All growers should be up-to-date with loan and debt repayments. 9. All growers should measure their repayment ability to service debts and loans. 10. An evaluation should be undertaken to determine whether expenses on depreciated vehicles and equipment is justified or not.