## 3. FARM RECORDS AND ACCOUNTING

Farm record is an account of the various activities carried out on the farm on a regular basis. Such activities include farm purchases, utilization of farm inputs, number of livestock kept and equipment procured. It also includes crop cultivated, seed planted, cultural activities carried out, quantity harvested, etc.

Advantage of record keeping: Records provide information for proper farm planning, useful for sourcing credit, monitoring farm performance, provide basis for conducting research, useful for decision making, etc.

**Design of Farm Records**

There is no widely acceptable design for farm record. The most important features should be those of simplicity, specificity, ease of accessing information, comprehensible to another user, among others.

Types of Farm records:

Some of the common types of farm record are:

a) Farm inventor y record, which contains list of assets owned by the farm. Examples include crop and livestock inventory records

b) Production record
c) Farm diary
d) Sales record

**Farm Accounting**

Commercial farming involves many transactions and book keeping. Books of account are records of business transactions. Accounting systems should be designed to provide information efficiently and quickly at least cost as well as capable of offering protection to the business by exposing theft or fraud.

**Types of Farm Accounts**

Some farm accounts that could be kept by a farm manager include:

1. **Balance Sheet**

It is also called the net worth statement. It shows the value of farm assets that would remain if the farm business is liquidated. It is the total asset minus total liability. It is divided into:

a) Assets: Anything of value owned by the farm business. It comprises of current (or liquid), working and fixed assets
b) Liability: It refers to legitimate claims that can be made against the business. It is classified into current, intermediate and long-term liabilities
c) Net worth: It reflects the absolute equity or the amount by which assets in the business exceed its outstanding liabilities.

2. **Net Income Statement**

It is referred to as the difference between the gross receipt and total cost of production. It is also explained as the surplus resulting from business operations which could be withdrawn without reducing the future scale of the business.

It is divided into:

a) Gross receipt: Also called the total value product; the total output multiplied by price per unit of produce