

IMPORTANCE OF FARM RECORDS

- It gives the history of what happens in the farm from the beginning to the end of the farm business
- Provides the necessary facts and figures for farm planning and budgeting
- It helps to determine the level of profit or loss made by the farm
- It enables the farmers to obtain loans from the bank
- It creates room for farm evaluation in order to determine the farmer's management skills- net worth statement, profit-loss statement; the cash flow statement
- It helps to determine value of the farm in case of winding up or death of the owner of the farm
- The actual yield of the farm is determined
- It enables tax inspectors to accurately assess the farm and know the total tax to be paid
- Certain decisions relating to the farm can be taken in order to facilitate long term planning
- It also enables the farmer to keep abreast with all the activities in the farm

FARM ACCOUNTS

- This helps to show the total receipt and payment made by the farm at a particular time. It also shows the movement of cash in and out of the business. The other name for Farm account is balanced sheet.

IMPORTANCE OF FARM ACCOUNT

- Farmers can monitor the changes in prices of produce bought or sold by the farm
- It enables the farmer to carry out the necessary planning required for the smooth running of the farm
- It shows the financial weakness/strength of the farm
- It helps to show the value of assets and liabilities of the farm
- It helps the farmer to know whether profit or loss is made by the farm
- Fraudulent practices on the farm can be detected
- Certain management decisions like whether to continue or discontinue with a section of the farm can be made
- With good farm accounts, farmers can use it to obtain loans from the banks
- Farmer's annual tax is accurately determined
- To obtain information or knowledge of the actual value or worth of the farm