

Accounts are a long way down on most farmers' lists of fun filled reading but in today's constantly changing world a set of timely figures can help to keep blood pressure under control and maybe even allow some sanity to be maintained, writes Jed Bushell of Complete Land Management.

Accountants have acquired a reputation as being a "necessary evil", whose only purpose in life is to appear at the year end, produce a bunch of figures which only they understand, calculate the tax to be handed over and then shuffle off into some dark corner for a few months before coming out and starting the whole process all over again. In many cases, the annual accounts do not provide a useful tool for managing a business, be it farming,

estate, or a property portfolio. With financial pressures looming and the continuing need to maintain cash flow and profit, farmers and property owners need regular, up to date and meaningful information to help them make the decisions that will keep their businesses moving in the right direction – by the time the year end comes it is too late if something has already gone wrong. The demands of drawings, tax payments, investment in property and machinery and the financing of borrowing require something more than a once a year historic review.

By using the computerised accounting systems which most farms have in place the information is available to enable a set of useful management accounts to be prepared on a monthly or quarterly basis. Farm secretaries and bookkeepers do a splendid job in keeping on top of the piles of paper that come into the office. However, if your secretary is swamped by invoices, bank statements and the never ending flow

You've paid for it – use it!



of RPA paperwork, the chances are that they will not have the time – nor the inclination – to turn that hard work into a set of really useful management accounts.

The needs of individual businesses are different so it can never be a case of "one size fits all". The financial data lying tucked away in the accounting system will need to be extracted and tailored to produce information which is truly relevant to that business.

Assuming that the book-keeping is up to date then it is possible to produce management accounts which show the profit being generated, which parts of the business are producing it, and which areas are not – and, more often than not, why (and that can be when the fun really starts).

Every business is dependent upon cash flow but keeping on top of what money has come in and where it has gone can be time consuming and soul destroying work, but it need not be. By tying in the management accounts to a cash flow forecast, nasty sur-

prises can be avoided, or at least foreseen.

Banks, especially in these times when they are far less ready to lend, require more than basic profit and cash predictions before they will put their hands in their coffers and provide funding. If a capital project is being considered – buying land, considering a property development, a machinery purchase and the like – then to be able to show that the business finances are being managed effectively is a tick in the right box and will bring a smile to the bank manager's face (honestly).

The production of a budget on an annual basis is a fundamental task (perhaps chore would be a better word) of which most reading this will be well aware. The budget is a hugely useful tool, but only if it is used. One of the main purposes of a set of management accounts is to show, as the year progresses, how close the budget is to coming to fruition.

So, rather than guessing at what is going to happen over the next twelve months get your accounts system working for you, after all that is probably why you invested in it in the first place. If you cannot do this yourself get someone to help you, the results will surprise you.



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- Farm and Estate management
- Rent Reviews
- Environmental Stewardship
- Ecological Surveys for Planning

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