

BUDGETING & FINANCIAL PLANNING CONSULTANCY SERVICE

Budgeting and financial planning are key components of top performing farm businesses, allowing farmers to manage cashflow, identify opportunities for investment, and evaluate individual enterprises within the business in a way that is not usually possible by analysing historic financial accounts.

The act of looking forwards using budget projections, rather than backwards with accounts, helps lead to increased business profitability.

SUMMARY OF SERVICE

If you are successfully referred to the Budgeting and Financial Planning service following the initial on-farm business review, there are two different service packages that we can offer.

HALF DAY SERVICE

During the half day service, a consultant will assist you with preparing one of the three following options:

- A partial budget. This is used to appraise the potential financial benefit from alternative options available which may include investment in new equipment or production system changes.
- A cashflow projection. A simple cashflow projection can be prepared to predict cash availability throughout the coming year and identify opportunities to adjust the timings of sales or purchases, or where borrowing may be required, to maintain a workable bank position throughout the year.
- Farmers balance sheet. This can be used to quantify the value of assets and liabilities on a realisable basis and assess the capital position with a range of financial key performance indicators such as net worth, equity and return on capital (please note that this does not include any formal valuations).

TWO DAY SERVICE

A two day Budgeting and Financial Planning service will involve the preparation of a full budget projection for your business for one year to include the following components:

- A summary of projected profitability.
- A twelve month cashflow projection.
- Sensitivity analysis.
- A calculation of debt serviceability (EBITDA ratio).
- Enterprise gross margins.
- An assessment of fixed costs.
- A capital income and expenditure budget.
- A schedule of bank, hire-purchase and lease loans with amortisation calculations (where required).

ADDITIONAL SERVICES

The following services are not covered by the FBAS scheme, but can be provided on a time charge basis:

- On-going budgeting and financial planning.
- Comprehensive investment and system-change appraisals.
- Preparation of finance requests to banks and alternative lending institutions.
- Business monitoring including cash and profit and loss variance reporting (against a pre-prepared budget) and production monitoring (dairy, pig and poultry production).

Any additional work will be agreed with you prior to any work being undertaken.