



FINANCIAL PLANNING FOR A NEW GENERATION OF FARMERS



Rabo AgriFinance

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Financial Planning for a New Generation of Farmers



- ✔ **What are the tools for financial planning and management?**
- ✔ **How and when do I use these tools?**
- ✔ **Why do I want to know how to use these tools.**



Tools for Financial Management (Accounting)

- ✔ **Tax Accounting**
- ✔ **Managerial Accounting**
- ✔ **Financial Accounting**



overall goal =
lower your tax liability

- ✓ **Show lower taxable income and keep capital to grow your business**
- ✓ **Specific rules that help you achieve this goal**
 - Cash vs Accrual Accounting
- ✓ **CPAs are tax experts**
 - Succession Planning (transferring assets)
 - Experts on ever changing tax laws
 - 1031 Exchange/Prepaid Inputs/Bonus Depreciation



overall goal =
help you run your business and maximize profits

- ✓ **Cost Accounting** (variable/fixed costs)
- ✓ **Revenue Source Tracking**
- ✓ **Production**
- ✓ **KPIs**
 - Food conversion ratios
 - Cost per CWT of weaned calf
 - Revenue per breeding female
 - Pounds weaned per exposed female
- ✓ **Helps with business decisions and income projections**



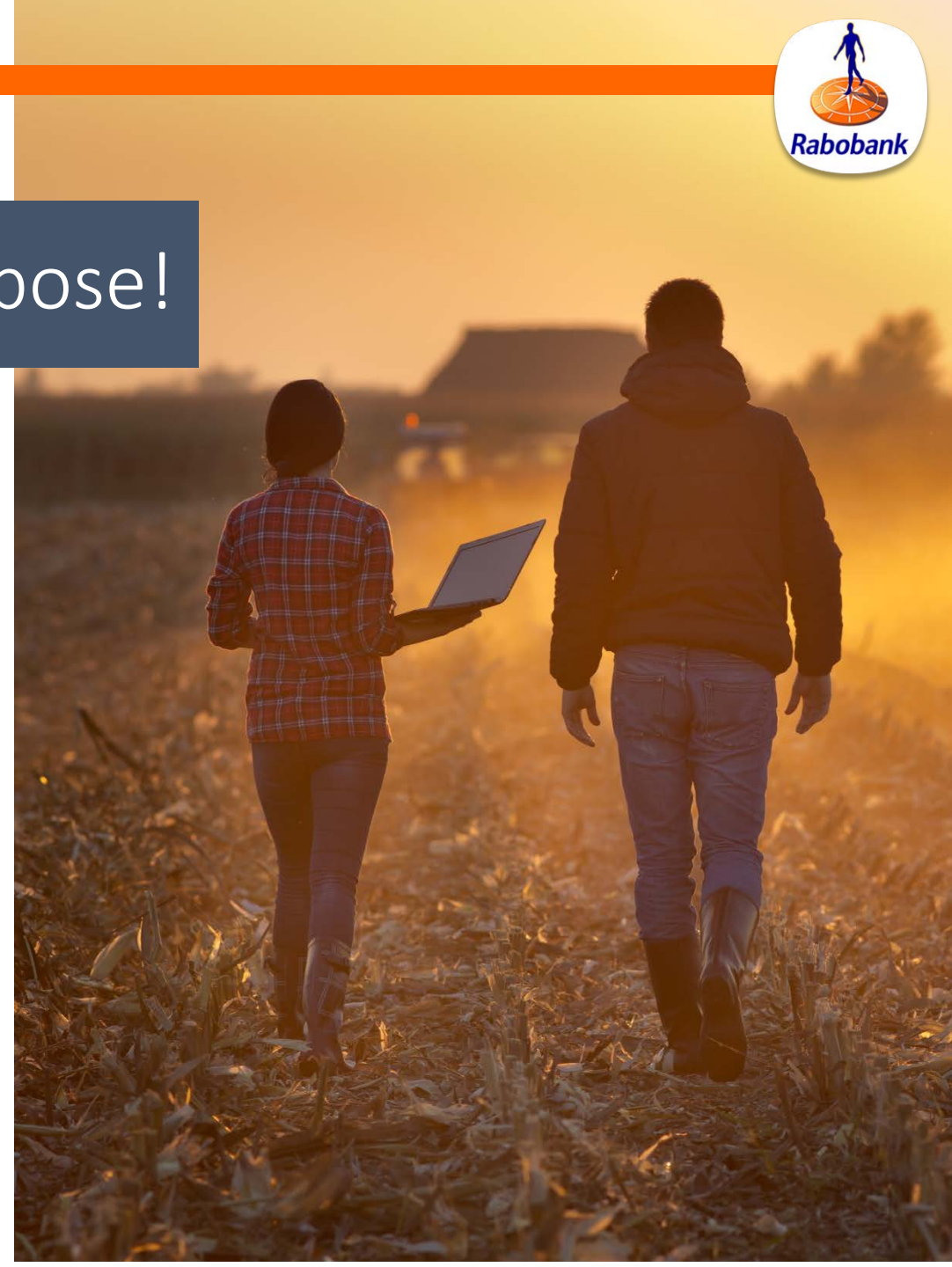
overall goal =
provide the information that is needed for sound
economic decision making

- ✔ **Provide information about a firm's performance to external parties such as investors and creditors**
- ✔ **Understand impacts of Capital Purchases**
- ✔ **Ratios analysis (liquidity, solvency, debt service coverage)**



Use the tools for their intended purpose!

- ✓ **3 Tools that require 3 separate skill sets**
- ✓ **There are 3 separate goals and different rules to achieve those goals**
- ✓ **Utilizing each for their intended use will:**
 - **Lower taxes**
 - **Increase profits**
 - **Make capital available for you**



THANK YOU!



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