



Farm Business Planning Guide

Fiscal Year

From:

month	day	year
(Select from drop-down list)		

to:

month	day	year
(Select from drop-down list)		

Projection Period

From:

month	day	year
(Select from drop-down list)		

to:

month	day	year
(Select from drop-down list)		

Name of Farm Business

Name(s) of Owner(s)

Mailing Address

Municipality

Telephone
(include area code)

CIBC Business Advisor

Branch Address
and Transit

Prepared by

Telephone

Legal Structure

(Sole proprietorship, Formal Partnership, Corporation, Other)

Date Completed
(Month, Day, Year)

Notes/comments

Tabs:

5502

Assets

5503

Statement of Net Worth (Owner's Equity)

5504

Farm Business Plan

5505

Cashflow Worksheet

Introduction

Purpose of Guides

These guides are available to help you record past accomplishments, and present resources and commitments. The simplified worksheets also give you an easy way to develop next year's plans and budget. These forms, fully and accurately completed, will assist you in your presentation for a line of credit at your CIBC branch. The forms are not intended to be used to meet financial, tax and other reporting requirements.

How to complete

Note: Data will flow from beginning input screens to those further back, to reduce inputting requirements.

1. Begin with screen 5502 and proceed through all forms in order.
2. You can only input information into yellow fields.
3. If you over-write a field with a formula, then that formula is lost, and earlier information will no longer flow to that field.
Cash Flow Worksheet: The Projected Income -Expenses from 5504 will populate the Total Column, as well as the blue December column. Spread the numbers in the December column into the months that portions were expensed, leaving what was expensed in December.
- 4.

Content

Details of Assets and Liabilities
Statement of Net Worth
Last Year's Income and Expense Statement
Farm Business Plan
Projected Income and Expense Statement
Debt Servicing Worksheet
Cash Flow Worksheet

List of Assets and Liabilities

Purpose: Detailing assets and liabilities lets you keep accurate figures for use in the Statement of Net Worth, as well as provide a record for future reference. Please remember that current market values are used when land and buildings, machinery, equipment, livestock and crop inventories are evaluated. Be sure to include any outstanding interest on loans as well as any payments arrears.

Statement of Net Worth

Purpose: This provides a complete financial picture of your farm operation on any given date. Comparing these statements from year to year also give a good indication of your financial progress over time.

Assets: Please remember that all assets are subdivided into 3 categories: Current, Intermediate and Fixed.

Current Assets: These are the most liquid, that is, the easiest to convert into cash.

Intermediate Assets: These are the resources used primarily in support of farm production, such as breeding stock, quota or machinery.

Fixed Assets: These are permanent resources such as land and buildings.

Liabilities: Liabilities are also divided into Current, Intermediate and Long-Term debts.

Current Debts: Those being payable within 12 months. You should keep in mind that the principal portion of intermediate or long-term debts due within 12 months is considered a current liability.

Intermediate Debts: Those repayable over 1 to 10 years.

Long-Term Debts: Those repayable over 10 years.

Please note that accountant prepared business balance sheets normally include only current and fixed assets, and current and long-term liabilities. Intermediate assets and liabilities are therefore not segregated in such statements. They are prepared mainly for tax purposes, and not for management purposes.

Last Year's Income and Expense Statement

Purpose: This allows the cash based income statement to be converted to an accrual based income statement, which more clearly illustrates the farm's profitability last year. The resulting Net Farm Income represents your return on labour, capital and farm management.

Farm Business Plan

Purpose: This provides details of your production and spending plans for the coming year. In order to be as accurate as possible, you should include realistic results, objectives, price changes, etc. A good plan of operations will give you the building blocks for both your projected income/expense, and cash flow statements.

Projected Income and Expense Statement

Purpose: This accrual basis statement will provide you with a projected net Farm Income, which illustrates whether or not your farm is profitable. The Net Farm Income represents your return to labour, capital, and farm management, which in turn must be sufficient to cover family living, costs, income taxes, and debt servicing over the longer term.

Debt Servicing Work Sheet

Purpose: The worksheets help you determine the ability of the accrued net farm income to service the total debt. By breaking debts into 3 categories: current, intermediate and long term, it is easier to see the structuring of your loan obligations.

Cash Flow Projection

Purpose: A cash flow worksheet gives you a practical way to predict the amount and time of cash short-falls and surplus. This, in turn, will indicate the amount of farm operating credit you'll be needing next year. Cash flow sheets can be prepared on an annual, semi-annual, quarterly or monthly basis depending on your needs. Keep in mind that all cash transactions are included. Once your cash flow is established, you have an excellent budget to follow through the year or the season.