

Enterprise Budgets

The Importance of Good Records



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In this session we'll learn the importance of good records both financial and production with budget preparation. If its not written down or recorded somewhere, its pretty hard separate fact from fiction. Good records are a sound foundation for accurate budgets and take a lot of the guesswork out of running a business.

Sources of Budget Information

- Actual farm records
- Books on agricultural production
- Producer organizations
- Other producers
- Extension specialists and educational program materials



In addition to farm records, there are also good sources of budget information out there.

Budgets should be based on the best information possible and therefore, a producers own records are a good place to start IF THEY are accurate and up to date.

What do good records offer?

- Improves the reliability of the budget as a planning tool
- Ability to compare to benchmarks
- Insights into strengths/weaknesses, problem identification
- Identification of profit and loss centers
- Direction for maximizing the returns to owned/controlled resources
- Uncover costs that you may not have considered



Requirements for financial record keeping system

- Inexpensive
- Flexible
- Easy to use
- Able to “grow” with the business
- Allows for both farm and family records



The record keeping system that a farm manager should use depends on the cost (time, effort, and cash) in obtaining a system, maintaining it, and the value of the output as a decision tool.

agecon.okstate.edu/quicken

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About Quicken

Quicken is a popular commercial record-keeping package that is:

- **User friendly.** Quicken is easy for people unfamiliar with accounting terms to use, making it a good place to start when changing from a hand-kept cash accounting system to computerized records.
- **Inexpensive and readily available.** Depending on the version that you select, Quicken may be purchased for \$40-50 at many retail outlets.
- **Flexible.** Allows record-keeping for a wide variety of agricultural and non-ag business enterprises, as well as family living expenses.
- **Widely used.** Users can compare notes with neighbors on its application and use.



A number of user-friendly commercial software products are now available that can be adapted for farm use and one of those is quicken. Very appropriate for farms and ranches because you don't need to be an accountant to run it. It's widely available and inexpensive with prices starting at \$39.99. More information for using Quicken on your farming operation is available from the OSU Dept of Ag Econ so check it out.

agecon.okstate.edu/farmbook/

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Farm and Ranch Account Book
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Oklahoma Farm and Ranch Account Book

The Oklahoma **Farm and Ranch Account Book** is designed to be a comprehensive, easy to use, hand kept record-keeping system. To allow you to build a customized book that matches your needs, links to individual pages may be accessed by clicking on the Table of Contents tab at left. **Pages are designed for legal sized paper (8 1/2" x 14").** If you prefer, you can download the complete account book by sections.

- [Section A - Current Year Records](#)
- [Section B - Summarization and Analysis](#)
- [Section C - Multi Year Records](#)

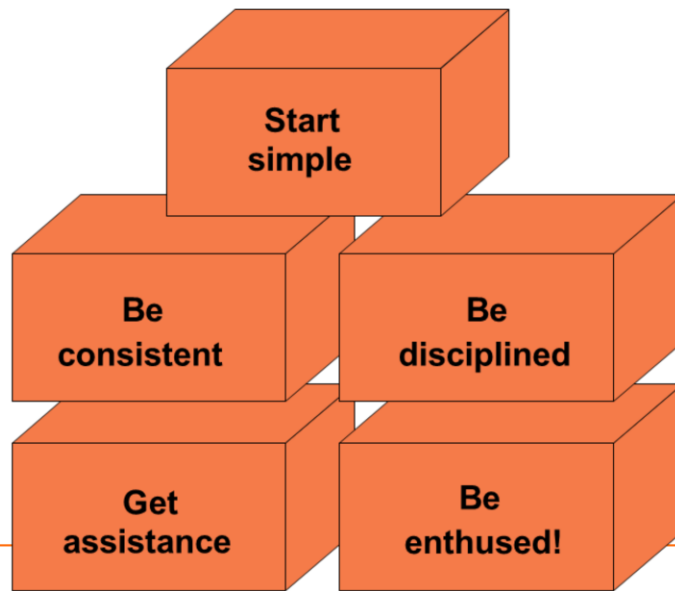
Tip: You will need Adobe Acrobat Reader to view the pages. Click on the Adobe icon to download Reader.

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For those who are more comfortable with hand record books, the Oklahoma Farm and Ranch Account Book is available for free from the OSU Dept of AG Econ at the website shown. Like all other good systems, it will help you determine your farm earnings and provide the information necessary for accurate budget planning.

Some record keeping reminders



Whatever record keeping system you decide on and use....

Don't make a wrong turn! Keep good records and use those budgets!



Good budget planning will help you stay on the beaten path and not make a wrong turn.

Good records and budgets will help you do the right thing at the right time.