

Facilitating and Learning Materials

NATIONAL PROFICIENCY LEVEL 2

TRADE AREA:

CASHEW VALUE CHAIN

UNIT 9:

**BASICS OF RECORD KEEPING IN
AGRIBUSINESS**



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0. Introduction and preliminary notes



For any agribusiness to succeed it is necessary to keep records. Record keeping is a vital part of the running of an agribusiness as it enables the managing of costs and is essential for regulatory and tax purposes.

Efficiently and effectively collecting, sorting and storing records allows for easily accessible information regarding the current state of the agribusiness. It keeps control over the financials of the agribusiness and can help to identify the major spending habits and other areas that could improve in the management of the agribusiness.

This unit focuses on keeping production, financial and labour records in an agribusiness.

LO 1: Keeping production records in agribusiness

Production records are records of any creation or manufacturing of goods and are used to help with the management of the agribusiness.

Agribusiness management includes the planning of crops and breeding of animals, keeping track of crops/ livestock performance and being able to plan production based on the previous season's production records.

PC (a) State the importance of production record keeping

The main reasons for production records in agribusiness are to ensure that the agribusiness has smooth and effective production processes and that the quality of the produce is assured. They are useful to identify production problems so that agribusiness performance can be improved or maintained. Some of the benefits of keeping production records are as follows:

- Make essential agribusiness decisions to reach your goals
- Make plans to move forward and increase productivity
- Identify the strengths and weaknesses of your agribusiness
- Prepare loan or bank documents
- Apply for government programs or funding options
- Complete tax requirements



PC (b) State the Elements of Production Records

The following is a list of the critical elements of production records:

- Opening and closing inventory
- Purchases and sales
- Yield or natural increase
- Losses, rations; and transfers

It is important to take inventory of everything and to include dates of when any agricultural products are received, delivered or processed. While sales and purchases are recorded immediately, inventory/stock taking should be done at the beginning and at the end of set periods or intervals. This can be done according to the different seasons/stages of growth and production or at the beginning and end of each month. A smaller interval of time requires less administrative work, however, it can lead to less control over the production activities of your agribusiness.

As an agripreneur you will need to develop your own production records to suit the needs of your agribusiness. Below is an example of a production record regarding crops and their necessary fertilizer requirements:

Field name/reference:

Field area:

Harvest year:

Soil type:

Cropping, soil nitrogen supply and the crop N requirement

Cropping					Soil N Supply		Crop N requirement	
Crop	Crop area	Date sown	Market (tillage crops) or cut/grazed (grass)	Yield (arable crops only)	kg N/ha or SNS Index	Method of assessment	Nitrogen application rate	Source of information
		(month/year)					kg N/ha	

Planned and/or actual applications of manufactured nitrogen fertilisers and organic manures

Manufactured nitrogen fertilisers		Organic manures					
Date	Nitrogen rate	Date	Manure type	Application rate	Method of application	Total N content	Crop available N rate
	kg N/ha			t/ha or m ² /ha		kg/t or kg/m ²	kg N/ha

PC (c) Keep Production Records for Agribusiness



Situation: You are looking at keeping production records to better manage the agribusiness production.

Instructions:

1. Identify the inventory of the agribusiness
2. Draw up a production record sheet to suit the needs of the agribusiness
3. Fill out the production record sheet
4. File and store the production sheets where they are easily accessible and safe

Performance criteria

1. Inventory is identified
2. A production record sheet is created and filled out
3. The records are stored safely in an easily accessible location

Use the checklist to follow the stated steps in keeping production records. Rate your own performance critically and honestly after you have completed each activity.



Excellent



Okay



Try Again

Daily PM Activities	Rate
1. Correctly identifying the inventory of the agribusiness	
2. Correctly creating a production record	
3. Correctly filling in the records	
4. File the records safely and securely	

Self-assessment

PC (a)

Why is production record keeping important?

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PC (b)

Name 3 critical elements for production records.

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LO 2: Demonstrate skills for keeping financial records

Financial records detail the financial situation of the agribusiness. All monetary transactions are recorded and interpreted through financial statements. They indicate flow of money and the monetary position of an agribusiness at any particular moment in time.

PC (a) State the Importance of Financial Record Keeping

Financial statements are vital to an agribusiness as they are used to:

- Comply with legislation
- Show whether or not the business is profitable and where the break-even point of the business is (how much needs to be sold to start making a profit)
- Show the financial position of the agribusiness to stakeholders and shareholders
- Compile tax reports
- Manage the finances of the agribusiness
- Identify the major sources of income and the expenses of the agribusiness
- Keep records of buying and selling on credit to know your debtors and how much they owe you as well as know who your creditors are and how much you owe them
- Prevent the misuse of money as well as detect if any theft has occurred
- Make comparisons with against a budget to see if you are meeting your agribusiness objectives



PC (b) State the types of financial records

The 3 main financial records are as follows:

- Profit & Loss statement
- Income statement
- Expenditure statement

Profit and Loss Statement

This statement is also referred to as the income and expenditure statement or as the income statement. It lists all the expenses incurred by the agribusiness as well as all the income that the agribusiness has made. The top of the income statement is the total income received (revenue or sales) minus the cost of the goods sold (cost of sales). This gives the gross profit before the operating expenses of the business, for example:

Revenue	118,086
Cost of Goods Sold (COGS)	48,004
Gross Profit	70,082

After the gross profit, all the expenses of the agribusiness are listed and the amounts subtracted from the gross profit. From there the earnings before and after tax can be calculated.

Income Statement	
Revenue	118,086
Cost of Goods Sold (COGS)	48,004
Gross Profit	70,082
Expenses	
Marketing, Advertising & Promotior	22,658
General & Administrative	10,125
Depreciation & Amortization	18,150
Interest	2,500
Total Expenses	53,433
Earnings Before Tax	16,649
Taxes	4,858
Net Earnings	11,791

This statement will be need to be drawn up regularly as part of the running of your agribusiness.

PC (e) State the elements of financial records

There are various elements needed for keeping financial records, these are as follows:

- **Cash Book:** This is a book that records all the cash coming in and going out of the agribusiness. Money coming in or income is shown on the left side of the cash book while money going out or expenses goes on the right side of the cash book.

DATE	MONEY IN	AMOUNT	DATE	MONEY OUT	AMOUNT
	Total			Total	

- **Inventory Record:** This is a record of all the physical items your agribusiness has. It includes what you had at the beginning of the year, what has been added to those items through purchases and production and how much has left your business through sales, consumption, planned use or losses.

No.	Description	Qty	Beginning	Purchases	Sales	Loss
1.	Computers	5	5	2	1	1
2.	Printers	6	2	4	2	2

- **Credit Book:** This book is used to keep a record of all the purchases customers have made on credit.

CUSTOMER CREDIT BOOK					
NAME: _____					
ADDRESS: _____					
DATE	DESCRIPTION	CREDIT	PAYMENT	BALANCE	SIGNATURE
June 2, 2011	5 gallons of honey	900	0	900	
June 15, 2011	2 Baskets of snails	800	0	800	
June 20, 2011	3pcs planks	500	0	500	
	Total	2,200	0	2,200	

- **Debtor Book:** Keeps record of the credit purchases made by the agribusiness.

DATE	DESCRIPTION	DEBT	PAYMENT	BALANCE
June 2, 2011	Fatu Business 5 gallons of honey	900	0	900
June 15, 2011	Siah Enterprise 2 Baskets of snails	800	0	800
June 20, 2011	Flomo Inc. 3pcs planks	500	0	500
	Total	2,200	0	2,200

PC (d) Prepare financial records for agribusiness



Situation: You are looking at keeping financial records to better manage the finances of your agribusiness.

Instructions:

1. Prepare financial records

Performance criteria

1. Financial records are prepared
2. The prepared records are stored safely in an easily accessible location

Use the checklist to follow the stated steps in keeping financial records. Rate your own performance critically and honestly after you have completed each activity.



Excellent



Okay



Try Again

Daily PM Activities	Rate
1. Identify and prepare the financial records needed	
2. Store the financial records safely and securely	

Self-assessment

PC (a)

Why is financial record keeping important?

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PC (b)

State the types of financial records

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PC (e)

Name 3 elements of financial records.

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LO 3: Demonstrate skills for preparing labour records

When people are employed to work for any business it is required that records be kept of their hours, contracts, wages and periods of leave. This is not only for legal reasons but also for better management of the agribusiness's labour force.



PC (a) State the importance of labour records in agribusiness

In Ghana there is a legal requirement for records to be kept of all the employees to ensure that they are fairly treated. Record keeping can also help with managing employees, keeping track of who is on leave, who is performing and who is underperforming. It assists with decisions such as promotions, discharges and retrenchments.

PC (b) State the types of labour records

There are 4 main types of labour records:

- **Clock cards:** These record the starting and finishing times of the employees.



- **Daily or weekly time sheet:** These details the how the employees have spent their time while on the job and should correspond time wise with the clock cards. Time sheets include information such as travel time, over time and time spent idle.
- **Job cards:** These detail specific jobs or batches. It is much like a timesheet as it has full record of the times and quantities involved, however, the entries can relate to multiple employees.
- **Piece work cards:** These are used when timesheets are not practical. Piece work cards state the units processed or produced that the wages are based on.

PC (c) State the elements of labour records

The following are the elements of labour record keeping:

- Labour books: these keep record of keeps a record of who had worked for you, how much they have worked (number of hours, days or quantity of work done), how much they were paid and when they were paid.

Transactions for labor book

On March 2, 2011, Yarkpawolo Kollie cut down trees for construction of bee keeping material for Lorpu in the amount of 900 for 3 hours.

March 12, 2011 Dweh Dartu brushed Fatu's farm for the amount of 700 for 2 hours.

March 23, 2011 Tarnue Zolu prepared snail raising materials for Kuma Saah for 600

Date	Description	Hourly work	Amount
March 2, 2011	Yarkpawolo Kollie	3 hours @ 300 per hour	900
March 12, 2011	Dweh Dartu	2 hours @ 350 per hour	700
March 23, 2011	Tarnue Zolu	2 hours @ 300 per hour	600
	Total		2,200

- Contract of employment: This can be verbal but also a written record. The following information will need to be stated in a contract:
 1. wages (including rate of wages, overtime rate and any allowance, whether calculated by piece, job, hour, day, week or otherwise);
 2. wage period;
 3. length of notice required to terminate the contract; and
 4. if the employee is entitled to an end of year payment, the end of year payment or proportion and the payment period.
- Wage and Employment Records: Every employer must at all times keep a record setting out the wage and employment history of each employee covering the period of his employment during the preceding 12 months. The record should include the following information of the employee:
 1. name and identity card number;
 2. date of commencement of employment;
 3. job title;
 4. wages paid in respect of each wage period;
 5. wage period;
 6. total number of hours worked in each wage period (if applicable*);
 7. periods of annual leave, sick leave, maternity leave, paternity leave and holidays entitled and taken, together with details of payments made in respect of such periods;
 8. amount of end of year payment and the period to which it relates (if applicable);
 9. period of notice required for termination of contract;
 10. date of termination of employment (if applicable).

PC (d) Prepare labour records for agribusiness



Situation: You are looking at keeping labour records to better manage the employees of your agribusiness.

Instructions:

1. Prepare labour records

Performance criteria

1. Labour records are prepared
2. The prepared records are stored safely in an easily accessible location

Use the checklist to follow the stated steps in preparing labour records. Rate your own performance critically and honestly after you have completed each activity.



Excellent



Okay



Try Again

Daily PM Activities	Rate
1. Correctly prepare labour records	
2. Store labour records safely and securely	

Self-assessment

PC (a)

Why is labour record keeping important?

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PC (b)

State the types of labour records

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PC (c)

Name 3 elements of labour records.

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