Facilitating and Learning Materials

NATIONAL PROFICIENCY LEVEL I

TRADE AREA:

CASHEW VALUE CHAIN

UNIT: 13

Financial Management in Agribusiness Operations

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What is a QR Code (Quick Response Code)?

A QR code (quick response code) is a type of 2D bar code that is used to provide easy access to information through a smartphone.

Example of a QR code

How to scan the QR Code

- You open an app called *barcode reader* and point the phone camera at the QR code, the app works together with the phone's camera.
- The barcode scanner reads the code and takes you to either the webpage with the extra information or to a video with extra information for independent studies.

After certain information you will see a table with a QR code as well as the title of the document or video of the QR code and an icon, like the one below.

- You can either scan the QR code with your smartphone or
- Ctrl + Click on the heading which will take you to the same information.

For more information the QR code below or follow the URL hyperlink		
	https://www.youtube.com/watch?v=Xe1o5JDwp2k	

0. INTRODUCTION AND PRELIMINARY NOTES

Welcome to Agribusiness, an exciting opportunity for you to learn and gain the knowledge on how to start up a business and make money from it agribusiness. This unit will give you the chance and opportunity to explore and learn how to develop the appropriate set of business skills to profitably achieve opportunities along the agribusiness value chain.

One of the main and important skills sets to have in is financial management. The knowledge gained about the uses of financial tools will lead you to be efficient and effective in managing the agribusiness opportunities you have identified or currently working on for profit.

On completion of this unit the learner will be able to demonstrate knowledge of financing agribusiness operations; basic costing calculations of agribusiness operations; knowledge of budget preparation and management in agribusiness operations; and accounting skills in agribusiness operations.

LO 1: Demonstrate knowledge of financing in agribusiness

PC (a) Explain the term "*Finance*" in agribusiness

The term finance in agribusiness is examining, studying and analysing the financial aspects relating to the farm business, which in most countries is the core sector.

- Money matters are the main financial aspects relating to production of agriculture products and their disposal.

PC (b) Explain the challenges and opportunities in acquiring financing for agribusiness operations

Challenges:

- financial resources,
- economic,
- human resources,
- environmental, and
- political challenges

All of these act and react with one another to incapacitate money deposit banks from funding agriculture more than other sectors of the economy.

Opportunities:

- Growth opportunities offered by the bright prospects for the agribusiness industry in Africa led to renewed private sector interest in financing agribusiness.
- Developments in the financial sector in Africa are important for exploiting emerging growth prospects in agribusiness. Yet there is scant empirical evidence on the extent to which private sector financing is accelerating agribusiness development in an industry dominated by smallholder farms and small and medium agricultural enterprises.
- A key objective of this study is to examine the supply and demand for agribusiness finance from the perspective of the key actors providing financial services to agriculture and agribusiness activities.
- Another objective is to identify the roles of different actors in catalysing sustainable and inclusive agribusiness finance, the mix of financial products and services that are available, and the financing demands and needs of farmers and off-farm enterprises in specific value chains.

PC (c) Identify financial needs in agribusiness

- Working capital
- Capital for equipment (office and field)
- Capital expenditure
- Business expansion

PC (d) Identify sources of finance for agribusiness

Funding for your agribusiness can seem in possible, however there are a few sources in which you can get it from. There are three general sectors in which there is funding available to the producers as well as the processors to help them develop, grow and conduct research activities. To help agribusinesses reach their objectives they can leverage private equity funding, government funding, and traditional financing.

1. **Government Funding:** Governments of developing countries provide various types of funds and support for agricultural lending. In order to gain from government funding there is a very important amount of pre-planning that needs to be done, and the business might be need to apply for funds before the starting of the project.
2. **Private Equity Funding:** Due to the growth of agriculture businesses in Ghana there are several private equity funds available for agricultural businesses to receive investment. With this funding the agriculture businesses can benefit from it, especially if they are developing a unique or innovative product or crop.
3. The most traditional way to get funding is **bank financing**. Usually a small agriculture business can go to the bank and apply for an operation loan or a type of credit to help with a cash flow issues. The downfall of this option is high interest rates from the bank.

PC (e) State the appropriate ways for investing in agribusiness operations

There are various ways to finance an agribusiness:

- **Savings -** The best and easiest way to finance a business is of course to do it with your own money. The only problem with this option is that you are limited by the amount of money you can save in a period of time.
- **Friends and Family-** One can fund their business by getting family and friends to invest in the company, by them making an equity investment, either you ask them for a loan or sell them part of your company.
- **Bank Loan-** You get various types of loans. A short-term and a long-term duration one all depending on the use of it. As discussed above, Bank loans come with interest rates, collateral, repayment duration.
- **Government Loan -** A grant from the government is ideal but also competitive when you find the correct scheme for your business. However, you will need to repay or at least give up a part of your business.

PC (f) State the procedure for sourcing funds

Steps to applying for a loan:

– Determine how much money you need and why
– Decide which type of loan is best
– Check your credit
– Compile financials and gather documents
– Determine your collateral
– Shop around for the best business loans
– Apply for and close the loan

Steps to applying for a grant:

– Identify and state what you want the funds for
– Determine which type of grant is suitable for your agribusiness
– Compile a business plan which is clear and concise
– Get into contact with the awarding body before sending in your application
– Stayed updated about the grants
– Look before you leap - Don’t start your business and project before applying
– Give the correct information

Self-assessment

PC (a)

Explain the term finance in agribusiness

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PC (b)

Explain the challenges and opportunities in acquiring financing for agribusiness

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PC (c)

Identify financial needs in agribusiness

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PC (d)

Name the different sourcing of funds for agribusiness

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PC (e)

List two (2) appropriate ways of financing an agribusiness

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LO 2: Demonstrate basic costing calculations of agribusiness operations

PC (a) Explain basic terms in costing:

The term cost, is the total amount of money, time and resources associated with a purchase or an activity.

Cost is the necessary expenditure which help runs a business smoothly. As every factor of production has a cost that comes with it. For example; the cost of labour that is used in the production of goods and services is measured in terms of wages and benefits.

Direct Cost: Direct cost are the costs of the business that you put in to gain revenue, they are directly linked to the business operations. For example, production process and products.

Indirect Cost: Indirect cost is the expenses you have to pay in order for the agribusiness to run smoothly, however you don't gain revenue from it. For example, paying rent and administration cost.

Operational Cost: Operational costs refer to the costs related to the running of the agribusiness.

Overhead Costs: This refers to the cost which comes from materials, labour and services which cannot be economically recognized with a specific profitable cost of goods or services per unit of the business.

Examples are, advertising cost, insurance cost and postage & stationary expenses etc.

Non-overhead costs are incremental costs, such as the costs of raw materials used in the goods a business sell.

PC (b) State the importance of costing agribusiness

The reason for costing has two purposes, for:

1. **External reporting** - These are reports which are sorted, prepared and put forward before the external parties.
   - Examples of external reports - Reports to Shareholders
     - Reports to Governments
     - Reports to Credit Institutions
2. **Internal reporting** - These are reports which are sorted by the management accountant and put forward to the different levels of management, as this assists in planning and controlling costs.
   - Examples of internal reports - Routine reports
     - Special reports

- Management level reports

PC (c) State different costing calculations of agribusiness operations

PC (d) Perform basic costing calculations:

<u>Operating Cost is calculated:</u>

Operating cost = Cost of goods sold - Operating Expenses

For more information scan the QR code below or follow the URL hyperlink		
	http://siteresources.worldbank.org/INTPRS1/Resources/383606-1201883571938/Cost_Definitions_and_Methods.pdf	
	https://www.tutor2u.net/economics/reference/short-run-costs-of-production	

	Learning Task 1: Variable and Fixed Costs?
10 min	**Group the following list into variable and fixed costs?**

1. Land preparation 2. Repairs to slasher 3. Fuel for Tractor & Truck 4. Seed & Fertilizer purchase 5. Transportation 6. Depreciation of machinery 7. Interest on bank loan (GHC40,000 at 6%) 8. Taxes 9. Insurance	1. 1,210.00 2. 182.50 3. 2,772.40 4. 1,202.00 5. 905.00 6. 520.00 7. 2,400.00 8. 173.00 9. 110.75

Variable Costs	Fixed Costs

Breakeven Point

The only way one can get their money back from the costs they have spent is when they make a sale. So when the sales income equals the costs then breakeven point has been reached. Costs such as, labour, overhead and food costs.

Formula:

Sales = costs (labour + overhead + food costs)

An example:

Labour for a week is gh¢ 3000, overhead is gh¢ 2000, and food cost is gh¢ 4000. Therefore, the breakeven point for sales occurs at gh¢ 9000, which means in order to stay in business, this operation must have sales of at least gh¢ 9000 each week. Any amount above gh¢ 9000 is profit.

The profit is determined by subtracting the total costs from the sales.

Profit = Sales − Costs (labour + overhead + food costs)

Cost Percentages

In well run agribusiness the cost percentage will continue to remain constant, even though at times the gh¢ figures can vary week to week or month to month. But if volume increases than efficiency will increase, in turn, production cost will lower and profits will increase.

To get a general cost percentage you will need to divide the cost by the sales and expressing the answer as a percentage.,

Formula:

In general: Cost percentage = *Cost ÷ Total Sales*

In particular: Food Cost Percentage = *Cost of Food ÷ Total Sales*

In particular: Labour cost percentage = *Cost of Labour ÷ Total Sales*

In particular: Overhead cost percentage = *Cost of Overhead ÷ Total Sales*

An example:

An Agribusiness has total sales of gh¢2500. The food cost was gh¢1000, labour cost was gh¢850, and overhead was gh¢650.

Determine the cost percentages. Remember that percentages are always expressed as a portion of 100, and therefore the decimal figure resulting from the cost divided by total sales should be multiplied by 100.

Food cost percentage = cost of food ÷ total sales

= gh¢1000 ÷ gh¢2500

= 0.4

= 40% (0.4 × 100)

Labour cost percentage = cost of labour ÷ total sales

= gh¢850 ÷ gh¢2500

= 0.34

= 34% (0.34 × 100)

Overhead cost percentage = cost of overhead ÷ total sales

= gh¢650 ÷ gh¢2500

= 0.26

= 26% (0.26 × 100)

Using Cost Percentages:

The basic equation for cost percentages can be written several ways:

Cost % = Cost ÷ Total Sales

Sales = Cost ÷ Cost %

Cost = Total Sales × Cost %

These formulas are useful when you decide on a cost percentage value and then have to see what that percentage means in terms of sale prices.

An example:

You have decided that a minimum percentage of 30% must apply to all selling items. You wish to sell a crop production costs GH¢ 4.50.To get the selling price you would do the following:

Selling price = cost ÷ cost %

= GH¢ 4.50 ÷ 30%

= GH¢ 4.50 ÷ 0.3

= GH¢ 15.00

For more information scan the QR code below or follow the URL hyperlink		
	https://www.youtube.com/watch?v=I9KFGlUDH6I	

Self-assessment

PC (b)

Explain the importance of costing

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PC (c)

Identify and explain 3 types of costs

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PC (d)

List two calculations used in costing

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LO 3: Demonstrate understanding of agribusiness budget management skills

PC (a) Explain budget management in agribusiness operations:

Effective budget management not only helps with better cash management. It helps to monitor and regulate financial results for the future of the business, helps with the monitoring of the finance, and an increase financial clout and performance measurement. Furthermore, budget control improves cost awareness within organizations.

A budget is a plan to:

- Control the finances of the business
- Ensure that the business can fund its current commitments
- Enable the business to meet it objectives and make confident financial decisions; and
- Make sure that the business has money for future projects.

PC (b) State the importance of budget management in agribusiness operations

Budgeting is the basis for all business success. It is a vital process as it helps with both planning and control of the finances of the business. If there is no control over spending, planning is pointless and if there is no planning there are no business goals to achieve.

PC (c) Select an agribusiness and prepare a sample budget

PC (d) Prepare a sample capital budget

Situation:

You have been tasked by your employer to prepare a sample budget for the agribusiness you are part of and to prepare a sample capital budget.

Instructions:

1. Choose which system or method will be used based on the budget required for both sample budget and sample capital budget
2. Prepare a sample budget
3. Prepare a sample capital budget
4. You have **90 minutes**

Performance criteria:

1. A system or method is selected
2. Prepare a sample budget
3. Prepare a sample capital budget
4. Time is adhered to

Use the checklist to follow the stated steps in adhering to security and access requirements in accordance with business procedures. Rate your own performance critically and honestly after you have completed each activity.

Excellent Okay Try Again

Daily PM Activities	Rate
1. A system or method is selected	
2. Prepare a sample budget	
3. Prepare a sample capital budget	
4. Time is adhered to	

Self-assessment

PC (a)

Define the term budget management.

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PC (b)

Explain why budget management is important.

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PC (c)

What are the skills needed for managing a budget?

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LO 4: Demonstrate agribusiness accounting skills

Having basic accounting skills is vital to your business. Accounting is the universal language of business. Every business decision is related to the transactions and financial results of that business.

As a business owner, you have to use the information accounting provides to make the best possible decision for your company.

During this learning period you will learn to explain the term accounting, make a statement of the importance of accounting, explain basic terms in accounting, perform basic accounting calculations and prepare a profit and loss statement.

PC (a) Explain accounting in agribusiness operations

Accounting is an area of your business that you shouldn't ignore. Accounting is a set of rules for the documentation of financial transactions used to analyse and present financial information. With good accounting, you are able to measure the success and future profitability of your business.

PC (b) State the importance of accounting in agribusiness operations

To run a business you need data, records, reports, analysis, accurate information about assets, debts, liabilities, profits; and that is why accounting is important for any business activities.

The following are the reasons why you need accounting:

- Accounting helps you to make decisions about your agribusiness.
- It is a statutory legal requirement.
- To provide financial information that helps in estimating the savings potential of your agribusiness.
- It gives you relevant information about the use of economic resources.

PC (c) Explain basic terms in accounting

Knowing the terms are critical for success of your organisation, therefore, it is important for you to understand basic terminologies used in accounting.

Some of the terms are: CREDIT, DEBIT, ASSETS, and LIABILITIES AND EQUITIES.

There are **3 steps** to help you understand the concept of credit and debit.

s a Tip

ans Left

means

A DEBIT is an accounting entry that either increases an asset or expense account, or decreases a liability or equity account. It is positioned to the left in an accounting entry.

- **A CREDIT** is an accounting entry that either increases a liability or equity account, or decreases an asset or expense account. It is positioned to the right in an accounting entry.

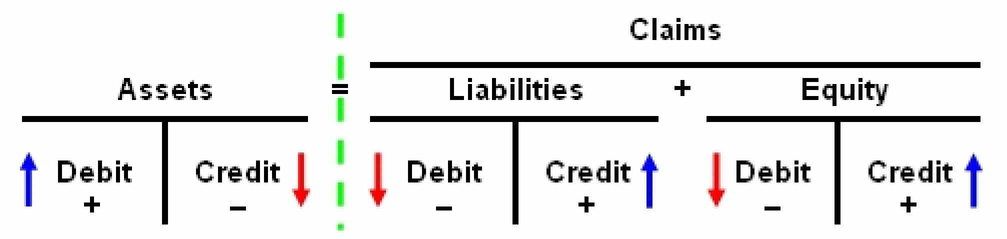
Step 1: Familiarize yourself with the meaning of "debit" and "credit." In bookkeeping, the words "debit" and "credit" have very distinct meanings and a close relationship. Debits and credits balance each other out —if a debit is added to one account, then a credit must be added to an opposite account.

- Debits *increase* asset or expense accounts and *decrease* liability or equity.
- Credits do the opposite — *decrease* assets and expenses and *increase* liability and equity.

Look at this basic accounting equation to make sense of this:

- *Assets = Equity + Liabilities*

Assets are paid for by equity and/or liability. If you complete a transaction that increases assets (and you debit the asset account), you must also increase the equity or liability (by crediting the equity or liability account) so that Assets remain equal to Equity and/or Liability.



<u>Step 2:</u> Use acronyms to remember the difference. One of the simplest ways to remember the difference between a debit and a credit is with the use of familiar acronyms.

- Generally these types of accounts are increased with a debit:

  D- Dividends (Draws)
  E- Expenses
  A- Assets
  L- Losses

You might think of **D - E - A - L** when recalling the accounts that are increased with a debit.

- Generally the following types of accounts are increased with a credit:

  G- Gains
  I - Income
  R- Revenues
  L- Liabilities
  S- Stockholders' (Owner's) Equity

You might think of **G - I - R - L - S** when recalling the accounts that are increased with a credit.

<u>Step 3:</u> Remember that the books must be kept in balance. Remember if you debit one account, you have to need to credit the opposite account. Whenever there is an accounting transaction, at least two accounts will always be impacted. The total amount of debits in a single transaction must equal the total amount of credits.

- Example:
  - *If you pay down your Accounts Payable account (a liability) with GHS20,000 in cash (an asset), you'll need to adjust both accounts. In that case, you'll credit Cash for GHS20,000. That will reduce your cash amount by GHS20,000.*
    To keep your books in balance, you'll need to debit Accounts Payable by GHS20,000. That will likewise reduce your Accounts Payable amount by GHS20,000

- **An accrued expense-** Is an accounting term referring to an expense that is owed by your business but not yet paid for (e.g. rent owing, electricity bills, telephone bills).
- **Operating expenses-** Are the costs a company incurs that are not related to the production of a product. These expenses include items like payroll, rent, office supplies, utilities, marketing, insurance and taxes.
- **Accounts payable-** Is an amount your company owes because you purchased goods or services on credit from a supplier or vendor.

- **Accounts receivable-** Are amounts your company has a right to collect because it sold goods or services on credit to a customer. (Accounts payable are liabilities. Accounts receivable are assets)

	Learning Task 5: Debit and Credit
30 min	Answer the following question and complete the multiple choice questions. To **INCREASE** the balance in the following accounts, would you **DEBIT** the account or would you **CREDIT** the account?

Accounts Payable	☐ **Debit**	☐ **Credit**
Cash	☐ **Debit**	☐ **Credit**
Land	☐ **Debit**	☐ **Credit**
Notes Payable	☐ **Debit**	☐ **Credit**
Account Receivable	☐ **Debit**	☐ **Credit**
Mary Smith, Capital	☐ **Debit**	☐ **Credit**
Supplies	☐ **Debit**	☐ **Credit**
Supplies Expense	☐ **Debit**	☐ **Credit**
Prepaid Insurance	☐ **Debit**	☐ **Credit**
Service Revenue	☐ **Debit**	☐ **Credit**
Mary Smith, Drawing	☐ **Debit**	☐ **Credit**
Equipment	☐ **Debit**	☐ **Credit**
Unearned Revenue	☐ **Debit**	☐ **Credit**

Balance Sheet

The accounting balance sheet is one of the major financial statements used by accountants and business owners. The balance sheet presents a company's financial position at the end of a specified date.

Components of the balance sheet

1. Assets
2. Liabilities
3. Owner's (Stockholders') Equity

1. **Assets**

   Assets are things that the company owns. It can be divided into 7 categories

   1.1. Fixed assets: Assets which are purchased for long-term use and are not likely to be converted quickly into cash, such as land, buildings, and equipment.

   1.2. Tangible Assets: Tangible assets are the assets that have a physical or material existence. For example: machinery.

   1.3. Intangible Assets: Intangible assets are the ones that do not have a material existence, but these assets are seen in the balance sheets. For example: goodwill.

   1.4. Current Assets: Cash and other assets that are expected to be converted to cash within a year. They include stocks, trade debtors, bill receivables, bank, cash etc.

2. **Liabilities:** A liability is something that you owe somebody else. Liabilities are defined as a company's legal financial debts or obligations that arise during the course of business operations. Liabilities are settled over time through the transfer of economic benefits including money, goods, or services.

   Liabilities are categorized as current and long term.

   2.1. **Current Liabilities:** They are the amounts that are expected to be paid within are financial year including creditors, bills, payables, expenses.

   2.2. **Long- term Liabilities:** They are usually debts that will fall due beyond one financial year.

3. **Owner's Equity:** An owner’s equity is typically explained in terms of the percentage amount of stock a person has ownership interest in the company. The owners of the stock are commonly referred to as the shareholders.

For more information the QR below or follow the URL hyperlink		
	https://www.toppr.com/guides/accountancy/introduction-to-accounting/meaning-of-accounting/	
	https://www.youtube.com/watch?v=ixCPM5HznRU	
	https://www.youtube.com/watch?v=fZdR4QvETzQ	

PC (d) Perform basic accounting calculations

There 8 formulas that would help you perform basic calculations in your agribusiness.

1. <u>The basic accounting equation</u>

Total Assets = Liabilities + Equity

What this accounting equation includes:

a) <u>Assets</u> are all of the things your company owns, including property, cash, inventory, accounts receivable, and any equipment that will allow you to produce a future benefit.
b) <u>Liabilities</u> are obligations that it must pay, including things like lease payments, merchant account fees, accounts payable, and any other debt service.
c) <u>Equity</u> is the portion of the company that actually belongs to the owner. If shareholders own the company, then stockholders' equity would fall into this category as well.

This is a basic balance sheet equation. The dollar amount of assets on the left side of the equation must equal the sum of liabilities and equity on the right side of the equation.

2. Net Income

Net Income = Revenues – Expenses

What this accounting equation includes:

a) Revenues are the sales or other positive cash inflow that comes into your company.

b) Expenses are the costs incurred to generate revenue.

By subtracting your revenue from your expenses, you can calculate your net income. This is the money that you have earned at the end of the day. It's possible that this number will demonstrate a net loss when your business is in its early stages. The ultimate goal of any business should be positive net income, which means your business is profitable.

3. Break-even Point

Break-Even Point = (Sales – Fixed Costs – Variable Costs = $0 Profit)

What this accounting equation includes:

- Fixed Costs are recurring, predictable costs that you must pay to conduct business. These costs can include insurance premiums, rent, employee salaries, etc.
- A sale is the sales prices charged multiplied by the number of units sold.
- Variable Costs are any costs you incur that change based on the number of units produced or sold.

The break-even point tells you how much you need to sell to cover all of your costs and generate a profit of $0. Every sale over the break-even point will generate a profit.

4. Cash Ratio

Cash Ratio = Cash ÷ Current Liabilities

What this accounting equation includes:

- Cash is the amount of cash you have at your disposal. This can include actual cash and cash equivalents, such as highly-liquid investment securities.
- Current Liabilities are the current debts the business has incurred.

This ratio gives you an idea of how much cash you currently have on hand. It also demonstrates how well your business can pay off its current liabilities. The higher the number, the healthier your company.

5. Profit Margin

Profit Margin = Net Income ÷ Sales

What this accounting equation includes:
- Net Income is the total amount of money your business has made after removing expenses.
- Sales refers to the operating revenue you generate from business activities.

When you divide your net income by your sales, you'll get your organization's profit margin. Your profit margin reports the net income earned on each dollar of sales. A high profit margin indicates a very healthy company. A low profit margin could indicate that your business does not handle expenses well.

6. Debit-to-equity ratio

Debt-to-Equity Ratio = Total Liabilities ÷ Total Equity

What this accounting equation includes:
- Total Liabilities include all of the costs you must pay to outside parties, such as accounts payable balances and interest, and principal payments on debt.
- Total Equity is how much of the company actually belongs to the owners. In other words, it's the amount of money the owner has invested in his or her own company.

A high debt-to-equity ratio illustrates that a high proportion of your company's financing comes from issuing debt, rather than issuing stock to shareholders. If you're attempting to secure more financing or looking for investors, a high debt-to-equity ratio might make it more difficult to find creditors or investors who are willing to provide funds for your company.

7. Cost of goods sold

Cost of Goods Sold = Beginning Inventory + Cost of Purchasing New Inventory – Ending Inventory

What this accounting equation includes:
- Beginning Inventory is how much inventory you have on hand at the beginning of the period.
- Cost of Purchasing new Inventory is the amount of money your company has to spend to secure the necessary products or materials to manufacture your products.
- Ending Inventory is the product you have remaining at the end of the period.

The costs of goods sold equation allow you to determine how much you spent to manufacturer the goods you sold. By subtracting the costs of goods sold from revenues, you'll determine your gross profit.

8. <u>Retained earnings equation</u>

Retained Earnings = Beginning Retained Earnings + Net Income or Net Loss – Cash Dividends

What the retained earnings formula includes:

- <u>Retained Earnings</u> represent the sum of all net income since business inception minus all cash dividends paid since inception.
- <u>Beginning Retained Earnings</u> are the retained earnings balance from the prior accounting period.
- <u>The Company's Net Income</u> represents the balance after subtracting expenses from revenues. It's also possible for this to result in a net loss.
- <u>Cash Dividends</u> are cash pay-outs to those who own common stock.

Knowing how to calculate retained earnings allows owners to perform a more in-depth financial analysis. The statement of retained earnings allows owners to analyse net income after accounting for dividend pay-outs. Owners should calculate the statement of retained earnings at the end of each accounting period, even if the amount of dividends issues was zero.

PC (e) Prepare profit and loss account for an agribusiness

Situation:

You have been tasked by your employer to prepare a profit and loss account for the agribusiness you're part of.

Instructions:

5. Gather the amounts and files you'll be working with in order to prepare the account
6. Choose which system or method will be used
7. Prepare the profit and loss account
8. You have **45 minutes**

Performance criteria:

1. The materials and amounts are gathered to conduct the preparing of the account
2. A system or method is selected
3. Profit and loss account is prepared
4. Time limit is adhered to

Use the checklist to follow the stated steps in adhering to security and access requirements in accordance with business procedures. Rate your own performance critically and honestly after you have completed each activity.

Excellent Okay Try Again

Daily PM Activities	Rate
1. The materials and amounts are gathered to conduct the preparing of the account	
2. A system or method is selected	
3. Profit and loss account is prepared	
4. Time limit is adhered to	

	Learning Task 6: Profit and Loss Account
60 min	Prepare the profit and loss account for the Mango Agribusiness The Mango Farm has the following details:

Sales of Mango	GHs 2500
Expenses:	
Fertilizer	GHs 500
Pesticide	GHs 200
Wages and Salaries	GHs 150
Utilities	GHs 200

For more information the QR below or follow the URL hyperlink		
	https://www.liveplan.com/blog/how-to-read-and-understand-your-profit-and-loss/	
	https://www.youtube.com/watch?v=dadJ_Jq0KzU	
	https://www.agrifinfacility.org/sites/agrifin/files/2.2%20Profit%20and%20Loss%20Statement%20Basics-v1.pdf	

Self-assessment

PC (b)

Explain accounting in agribusiness operations

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PC (b)

State the importance of accounting in agribusiness operations

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PC (c) Explain basic terms in accounting

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PC (d) Perform basic accounting calculations

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