



Record Keeping Training Manual for Farmers

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Record Keeping

Training Manual for Farmers

Lesotho National Farmers Union (LENAFU)
Basotho Enterprise Development Cooperatives (BEDCO)
Ministry of Small Business Development, Corporates and Marketing (MSCM)



Disclaimer

This guide does not in any way reflect the views and opinions of IFAD and EU, but those of the consultants that were engaged by Lesotho National Farmers Union (LENAFU) to support the development of this guide.

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Preface

This training manual is part of a series of four farmers' self-help training manuals developed by BEDCO in collaboration with the Ministry of Small Business development, Cooperatives and Marketing. These manuals were initiated and financed by LENAFU under its capacity building program. The main objective of these manuals is to capacitate local farmers with entrepreneurship skills necessary to commercialise and grow their farms. The four manuals are:

- i. Business Plan Guide for Farmers,
- ii. Marketing Training Manual for Farmers,
- iii. Record Keeping Training Manual and,
- iv. Financial Planning Training Manual for Farmers.

These manuals can be used by both start-ups and existing farmers. The idea behind the design of these manuals was to come up with capacity building tools that can be used in three ways:

- i. Farmers to train other farmers in small groups of 1 to 10 participants per session
- ii. Professional business trainers to provide training to larger groups of 10 to 25 farmers
- iii. Individual farmers to be able to independently use the manuals without assistance

The guidelines and management strategies recommended in these manuals were based on experience of veteran entrepreneurship trainers from BEDCO and MSCM as well as comprehensive feedback from other trainers and independent smallholder farmers. These manuals have been successfully tested on local farmers and have proofed to be effective in building entrepreneurship capacity of local farmers.

These manuals are not tailored for any group, trainers should use findings from training needs assessment to develop the training program using the manuals.

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Commonly used terms

Assets: Things that the business owns.

Product: What a business sells.

Unit: A single product. One product.

Transaction: The event of buying or selling products.

Quantity: Number of products or materials.

Season: The time of farming or production.

Cycle: All stages of production from preparing to produce until when production is complete.

Batch: number of units produced at a time.

RECORD KEEPING



What you will learn in this manual:

1. Why it is important to keep records at the farm.
2. How to keep business records.
3. Which information gotten from business records is used to write financial statements.

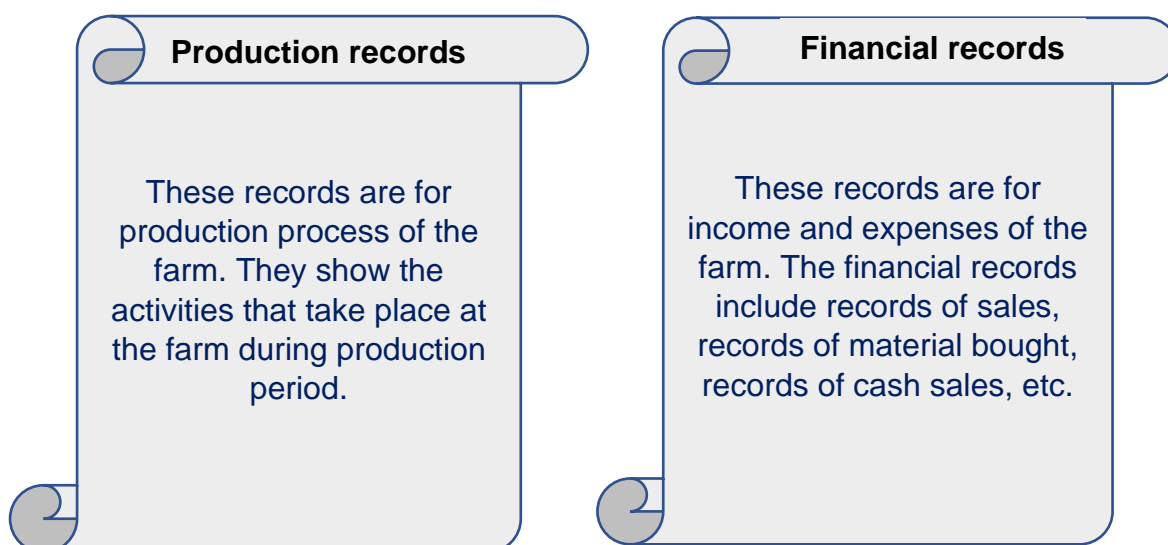
CHAPTER 1. Introduction to record keeping

Record keeping is when a farmer records or notes down business activities that happen in the business. Through record keeping, the farmer can keep track of past activities of the farm. Record keeping is done every time a business activity happens at the farm.

This manual will give a step by step guide of how to keep records. However, it is important for a farmer to draw a record keeping system that is easy for him to understand and update.

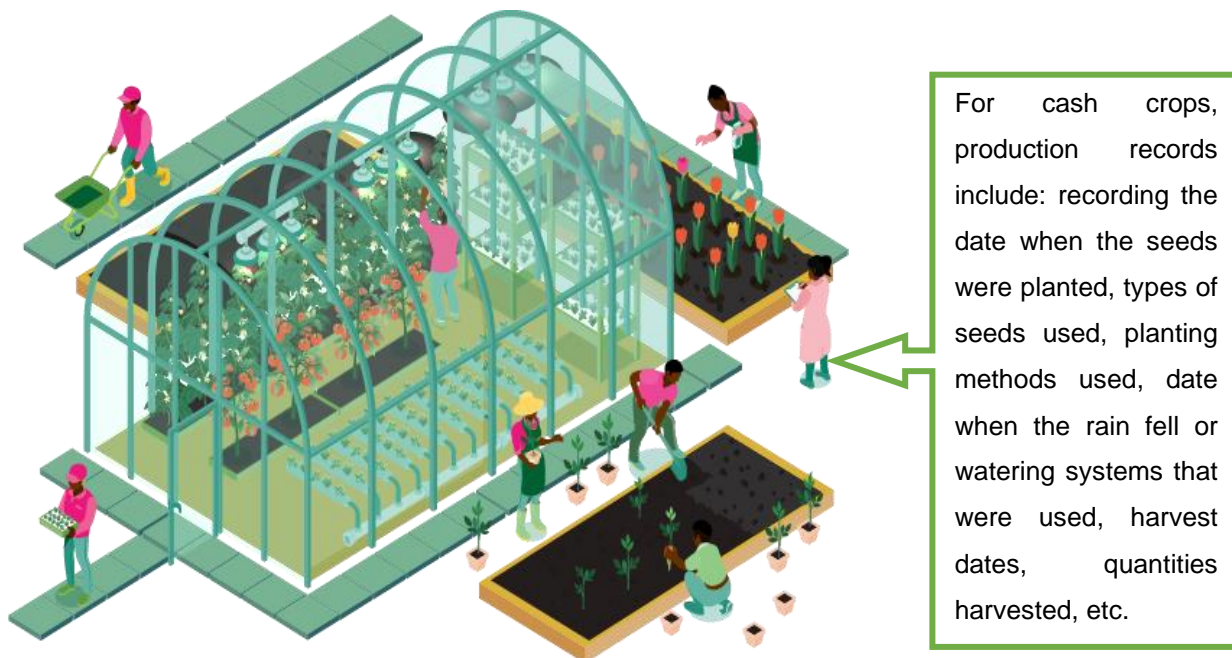
A farmer should have the forms of records ready at all times. This makes record keeping easy as it means when something happens at the farm, the farmer easily fills up information on a blank record form.

Two types of records



CHAPTER 2. Production records

Examples of information that is recorded in the production records



For, piggery farm, production records will include: dates of arrival of piglets, how old the piglets were, daily records of how they are being fed, weight at selling point, number of kg produced from each pig, etc.

Benefits of production records

- i. The farmer can compare performance of the farm when using different production methods or inputs.
- ii. The farmer can compare performance of the farm when different workers are working on the farm.
- iii. The farmer can refer to these records when he plans for the next season to make sure he improves his production systems.

How to keep production records:

If your farm produces more than one product, keep separate production record for each product of them. The following information should be recorded in your production records.

Name of the product: _____						
Activities	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6

Step 1. Name of the product

Step 2. Activities: Make sure you record;

- i. Every activity done on the farm to prepare for production. For example, arrival of day old chicks at the poultry farm.
- ii. Every activity done to produce. For example, watering plants at the crop farm.
- iii. Everything that happened and affected production. For example, hail.

Step 3. Date: Have names of months written on the top of your production record form. Record the date when the activity happened by noting the exact date below the month which it happened. vaccine

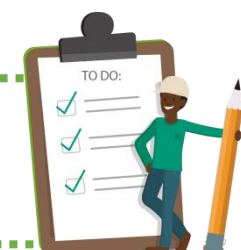
Example:

This is Mr. Leruo's production record.

Activities	Jan	Feb	Mar
Prepared chicken housing	11 th – 29 st	17 th – 21 st	
Purchased chicks		18 th – 23 rd	
Vaccine chicks		27 th	
Start Grower Feed			5 th
Start finisher feed			15 th
Caught Chicken for harvest			20 th – 27 th

Task:

Use the above example to record production activities at the farm.



CHAPTER 3. Financial records



3.1 Cash book



This is where the farmer records all the money coming in and going out of the business.

It shows reasons why the business paid out money, the dates of the payments and how much was paid.

It also shows where the money that came into the business was from, the date of receiving the income and how much was received.

Benefits of cash book

- i. It will help you to keep track of what happened to business funds.
- ii. Balances from this book will be needed to write financial statement at the end of the season or year.

How to use a cash book:

All the money that comes into the business must be recorded in the cash book, all the money that is taken from the business cashbox or bank must be recorded in the cashbook. 'All the money' here refers to money in the cash box plus money at the bank. To be able to monitor your cash-flow properly, you should balance your cashbook at the end of every month.

As a farmer, you are advised to pay yourself a salary instead of taking money from the business each time you need it. However, if you do take money from the business to use in your family, you are advised to indicate that the money taken was for family use.

The following information must be shown on a cashbook:

Date	Explanations	Cash in (+)	Cash out for business purposes (-)	Cash out for family purposes (-)	Remaining cash
	Balances				

Step 1. Date: Whenever you spend or receive money, write down the date when it happens.

Step 2. Explanation: If you are recording money that comes into the business, explain where the money comes from. If you are recording money that goes out of the business, explain the reasons why business money is being used.

Step 3. Cash-in: Write the amount received into the business. The total of money that comes into the business every month will be used to draw the cash-flow report.

Step 4. Cash-out for business purposes: Write the amount of money used. The total of all the money that was paid out of each month will be used to draw the cash-flow report.

Step 5. Cash-out for family purposes: If you use business funds for family purposes, show on the records that the purpose is for family and not the business. Then write the amount of money used. The total of all the business money that was used for family use will be needed when you draw the statement of financial position. On this statement, you will show this total as drawings.

Step 6. Remaining cash: Always show the remaining balance after the recorded transaction. For money that comes in, add it to the balance. For money that goes out, subtract it from the balance.

Step 7. Balances: At the end of each month, write down the balances:

- i. Total money that was received into the business
- ii. Total money that was spend for business purposes
- iii. Total money that was spend for family purposes and,

- iv. The closing balance for the month. This is opening balance for the following month.

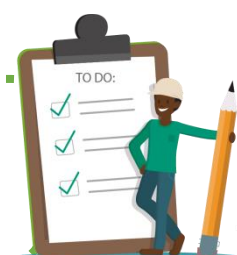
Example:

Mr. Leruo's cash book.

Date	Details	Cash in (+)	Cash out for business purposes (-)	Cash out for family purposes (-)	Balance
13-Mar-20	Opening balance	-			12,350.00
14-Mar-20	Subscription to the association		150.00		12,200.00
14-Mar-20	Electricity			50.00	12,150.00
21-Mar-20	Sales to Moliko Primary	8,500.00			20,650.00
22-Mar-20	Sales to Pheko Moletsane	900.00			21,550.00
Balance		9,400.00	150.00	50.00	21,550.00

Task:

Use the cashbook form at the end of the manual to record cash movement at the farm.



3.2 Harvest record

This is where the farmer records his harvest. It helps the farmer to keep a trace of what happened to the farm's harvest. The farmer can refer to this record when calculating sales at the end of the season or the year.

It shows what was harvested, the quality and quantities harvested. It also shows where the harvest went to.



Benefits of harvest record

- i. It helps farmer to keep track of farm harvest. From this record, you can clearly see how much of your harvest was sold and how much is used by the family.
- ii. You will need information from this record when you write financial statements at the end of the season or year.

How to keep harvest record:

The following information must be shown on the harvest record:

Quality harvested:.....							
Price:							
Date	Explanation	Harvest in	Harvest out – sold	Harvest out – paid workers	Harvest out – family consumption	Harvest out – waste	Balance

Step 1. The **product** and **quality** of product: Briefly write the name of the product and its harvest quality. Where the farmer has more than one product or more than 1 quality produced, each product must have its form.

Step 2. Price of the product: How much are you charging for each unit?

Step 3. Date: On this column, you write down the date when you either harvested your products or taken away some harvested products.

Step 4. Explanation: On this column, the farmer writes down what happened to the products. Were the products delivered to the clients or thrown away because they were spoilt?

For big orders, you should write the name of the client to whom the products were delivered, for small orders you can write general words like 'neighbour or colleague' in place of the customer's name.

Step 5. Harvest-in: How many units have been harvested and moved to the storage?

Step 6. Harvest-out: Indicate clearly how many units were taken out of the storage and for what reason. Reasons why products can be taken out of storage may be:

- i. **Harvest sold:** How many have been sold? You will need the total of harvest that was sold to calculate the total sales. Total sales of the season or the year will be required when you draw the income statement.
- ii. **Harvest used to pay workers.** If you use harvest to pay workers, how many units did you use?
- iii. **Harvest used for family use:** How many units did you use for private purpose like donating for funerals or using in the house?

Step 7. Balance: How many units are left after every transaction? When you write your financial reports at the end of the season or year, you will need the balance of remaining products. You will use this balance to calculate the value of your closing stock, which appears in your statement of financial position.

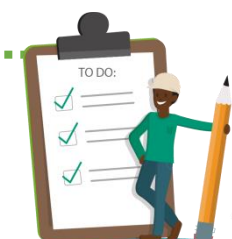
Example:

This is how Mr Leruo keeps records of matured birds.

Quality harvested: 6 weeks old birds							
Price: M70							
Date	Details	Harvest-in (Number of birds)	Harvest sold (Number of Birds)	Harvest used to pay workers (Number birds)	Harvest used for family consumption (Number of birds)	Harvest that goes to waste (Number of birds)	Balance
20-Mar-21	New harvest	520					520
21-Mar-21	Family use				2	2	516
21-Mar-21	Delivered to Moliko Primary		210				306
22-Mar-21	Delivered to Remmoh o Society		250				56
28-Mar-21	New harvest	430					486
28-Mar-21	Paid Tseko and Thabo			10			476
29-Mar-21	Purchased by Pheko Moletsane		20				456

Task:

Use the form at the end of the manual to keep track of your harvest.



3.3 Farm inputs record



This is where the farmer records different inputs of the farm.

It shows information about inputs that are being bought and used in the farm.

Benefits of inputs record

- i. It helps the farmer to manage stock levels of inputs so that the farmer does not run out of inputs.

To correctly manage stock level of inputs, you should take note of how long your supplier takes to deliver and the rate at which your farm uses such inputs. When you know this information, you are able to decide on which is re-order level of your inputs. Re-order level is the level of inputs which tells you that it is time to place a new order.

- ii. You will need information from this record when you plan for the next season or cycle. It will help you estimate the prices of inputs and the rate at which your farm uses these inputs.
- iii. It will help you monitor the rate at which different employees use farm inputs.
- iv. You will need information from this record when you write financial statements at the end of the season or year.

How to keep farm inputs record:

You have to get a form ready to record inputs. Use this form to record every time you buy farm inputs and every time you use them. You will need a record form for each input the farm uses. The form should show the following:

Date	Explanation	Unit price	Stock-in (Units bought)	Stock-out (Units used)	Balance

Step 1. Date: Write the date on which inputs were bought or taken out of storage to be used on the farm.

Step 2. Explanation: Explain whether the transaction you are recording is about inputs bought or inputs taken out of storage to be used on the farm.

When you record inputs bought, make sure you note the name of your supplier. Also when you record inputs used, the name of the employee who used the inputs should be noted.

Step 3. Unit price: Each time you buy inputs, write the price charged by your supplier for the inputs bought.

Step 4. Stock-in: Each time you buy inputs, write the number of units bought. You will use this information to calculate the total money spent on farm inputs through the cycle, season or year. You will need this when you write the cash-flow and income statement.

Step 5. Stock-out: Each time you take out inputs from storage, write down the number of units taken out.

Step 6. Balances: Each time you buy or use inputs, remember to write the remaining quantity of the inputs. You will need this balance when you write your statement of financial position. You will need to add the amount of inputs remaining to the list of current assets.

Example:

Inputs record for Mr. Leruo.

Input 1: chicken feeding

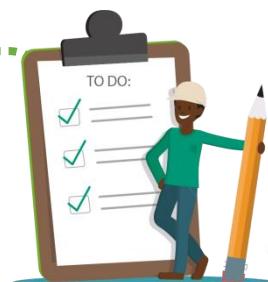
Date	Details	Unit price (in Maloti)	Units bought	Units used	Balance (number of units)
17-Feb-21	Starter Feeding bought	300	50		50
19-Feb-21	Starter Feeding used	-		4	46
21-Feb-21	Feeding used	-		2	44

Input 2: Chicks

Date	Details	Unit price	Units bought	Units used (died, slaughtered)	Balance
18-Feb-21	Day old chicks bought	9.5	500		500
20-Feb-21	Chicks died	-		10	490
23-Feb-21	Chicks bought	9.5	500		990
28-Feb-21	Chickens died	-		5	985
20-Mar-21	Chickens slaughtered	-		495	490

Task:

Use the farm inputs form at the end of the manual to track the movement of your inputs.



3.4 Staff record

This is where the farmer writes names of people who work at the farm.

It shows how much they are paid and when they got paid. All part time and full-time employees are recorded.

Where employees are paid by other means and not money, such things must be evaluated so that the payment appears as money in the records.

However, the farmer should make notes to show that the actual payment was by a different means not money.



Benefits of staff record

- i. You will need information from record of employees to calculate labour costs of the farm. Labour costs are needed to write financial statements of the business.
- ii. Staff record helps you improve allocation of jobs and accountability of your employees.

How to keep staff records:

The following information should appear on your staff record:

Names of employees	Position	Reports to	Wages (M)	Date of engagement

Step 1. Names of your employees.

Step 2. Their **positions** or role at the farm. Are they full time or part-time?

Step 3. Who does this worker **report to**?

Step 4. Wages: Is it per month or per job done? Are the workers paid in cash or other means such as farm products?

Step 5. Date on which they started to work at the farm.

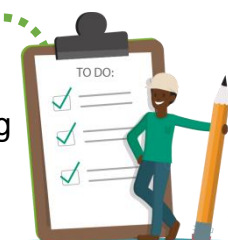
Example:

Mr. Leruo made his staff record as follows:

Names of workers	Position	Reports to	Wages (M)	Date of engagement
Maneo Nkoka	The manager	-	M1,200.00 per month	10-Jan-21
Tseko Tele	Part time cleaner	The manager	M80.00 per Day	1-Feb-21
Thabo Nkune	Full time Caretaker	The manager	M900.00 per month	1-Feb-21

Task:

Use the staff record form to record the current employee including yourself if you work at the farm.



3.5 List of regular customers



This is where the farmer writes down the names and contacts of his regular customers.

It also shows the quantities and frequency which these buyers buy.

Benefits of a list of regular customers

- i. It will guide your production plans. When you have estimates of demand of your product, you are able to decide what quantities to produce in the future.
- ii. It will guide your marketing strategy. When you have a record of which groups of customers buy more and which groups buy less, you can decide to direct your marketing to those who seem to buy less or to those who buy more so that you do not lose them.

How to keep record of regular customers:

For your record of regular customers, make sure you record the following information:

Name of customer	Products they buy	Their usual quantities	How often do they buy?

Step 1. Name of customer.

Step 2. The **products** they buy. Also write how they prefer this product in terms of features.

Step 3. **Quantities** they usually buy.

Step 4. **How often** do they buy?

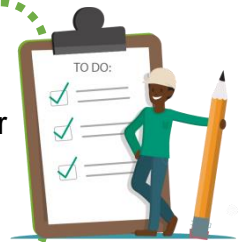
Example:

Customer record of Mr Leruo shows that he has one regular customer who buys in large quantities regularly.

Name of customer	Products they buy	Their usual quantities	How often they do buy?
Moliko Primary	6 weeks birds	200 chicks	monthly

Task:

Use the form at the end of the manual to record your list of regular customers.



3.6 Debtors record

This is where the farmer writes down a list of all people who owe the business.

Debtors are people who owe your business.



Benefits of record of debtors

- i. This record will help you improve your debt collection. Use the repayment agreement to politely remind your customers about the payment dates.
- ii. You will need information from this record when you write financial statements at the end of the season or year.

How to keep record of debtors:

The debtors' book should show the following information:

Name of debtor	Invoice number	Amount owed	payment agreement	payment 1 and date of payment	Balance	payment 2 and date of payment	Balance

Step 1. Name of the customers who owe the business.

Step 2. Invoice number: Number shown on the invoice that the farm gave to the customer. Use this number to refer to the invoice for date of transaction and details of units that were sold on credit.

Step 3. The **amount** owed by each customer.

Step 4. Payment agreement: It is important that you agree with your customer about when the payment should be made. Whenever possible, humbly ask your customer to sign for the agreement.

Step 5. Payments amounts: Write down the payments received and the date on which such payments were made.

This will help you to track repayment rates and reliability of your customers. You can use this information to decide when to give your customers credit based on how soon you will need the cash and the probability that your customers will pay on time.

Step 6. Balances: After every payment made, write down the balance of your customer. For each month, calculate the total of money owed to the business. When you write the statement of financial position, you will need to write the balance owed to the business as one of your assets.

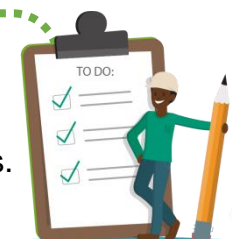
Example:

Amongst his loyal customers, Mr Leruo agreed to sell on credit to others who asked for it. He noted down their information as follows.

Name of debtor	Invoice number	Amount owed	payment agreement	payment 1 and date of payment	Balance	payment 2 and date of payment	Balance
Moliko Primary	125	5,500.00	End of March	M2000.00 28-Mar-21	3500.00	-	3500.00
Pheko Moletsane	162	500.00	500.00 per month				500.00

Task:

Use the debtors record at the end of the manual to record your debtors.



3.7 Creditors record

This is where the farmer writes a list of all people and companies that the farm owes.

Creditors are people who are owed by your business.

Benefits of credit record

- i. This record will help you to manage your credits and the relations with your suppliers and funders. When you record your credits, you reduce the chances of forgetting or missing repayments dates.
- ii. You will need information from this record when you write financial statements at the end of the season or year.



How to keep record of creditors:

Write the following information on the creditors' record:

Name of the creditor	Invoice number	Amount due	Payment plan	Payment 1 and the date	Balance	Payment 1 and the date	Balance

Step 1. Name of the suppliers or anyone that the farm owes

Step 2. Invoice number as it appears on the invoice you received. Use this number to refer to the invoice for more details such as date of transaction and reasons for owing.

Step 3. Amount due to your creditors.

Step 4. Payment plan: Write down how you plan to repay your creditors, this plan will serve as a reminder and encouragement to fulfil as you are expected.

Step 5. Payment amounts and **dates** of payments.

Step 6. Balances: For each month, calculate the total of money the farm owes to others. When you write the statement of financial position, you will need to write the total of how much the business owes to others as part of the liabilities of your business.

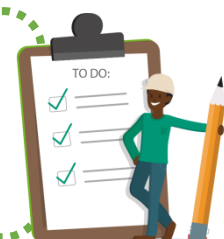
Example:

Creditors record of Mr Leruo.

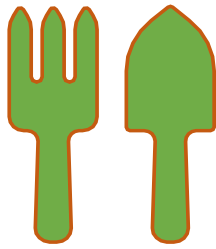
Name of the creditor	Invoice number	Amount due	Payment plan	Payment 1 and the date	Balance	Payment 1 and the date	Balance
Thabi Farm Feeds	232	1280.50	31-Mar-21	-	1280.50	-	1280.50

Task:

Use the creditors record at the end of the manual to record your credits.



3.8 Asset register



Asset register is a list of all machinery and tools that the farm owns.

It shows information such as the value of the assets.

Because machinery and tools lose value as they get used and as time goes, this register also shows how much value the assets are estimated to lose in the current year or chosen period.

Benefits of asset register

- i. It will provide you with a clear picture of the value of your asset.
- ii. Information from asset register will be needed when writing financial statements at the end of the season or year.

How to use asset register:

The asset register should show:

Name of asset	Quantity	Value of assets	Expected loss of value in the current year	Value at the end of the year

Step 1. Name of machine or tool: If you have non-movable assets such as land and buildings, write their register on a different record.

Step 2. Quantity: Write the number of those assets.

Step 3. The current value of the asset: For assets that are not new, you can estimate their value by determining the most reasonable prices you would charge if you had to sell such assets on the day of recording.

Step 4. The **expected loss of value** in the current year or period chosen. To estimate how much value your assets will lose, you can make estimations of how much the asset could be sold for by the end of the current year. The difference between the current value and the estimated value by the end of the year is the expected loss of value. Non-movable assets such as land and buildings normally gain value instead of losing it.

Step 5. The **expected value of the asset at the end of the current year or period** chosen. You will need this information when you write the statement of financial position. Value of machinery and tools forms part of the list of assets on this statement.

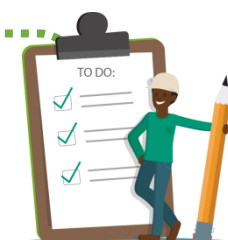
Example:

Asset register of Mr Leruo.

Name of asset	Quantity	Value of assets	Expected loss of value in the coming year	Value at the end of the year
Cages	4	70,000.00	4,000.00	64,000.00
Feeders	3	15,000.00	2,000.00	13,000.00
Chicken Shelter	1	120,000.00	6,000.00	114,000.00
Total				191,000.00

Task:

Use the asset register at the end of the manual to record your assets



CHAPTER 4. Record keeping forms

Production record

Name of the product: _____						
Activities	Month or Week 1	Month or Week 2	Month or Week 3	Month or Week 4	Month or Week 5	Month or Week 6

Cash book

Date	Explanations	Cash in (+)	Cash out for business purposes (-)	Cash out for family purposes (-)	Remaining cash
	Balances				

Harvest record

[illegible]

Farm inputs record

[illegible]

Staff record

Names of employees	Position	Reports to	Wages (M)	Date of engagement

Regular customers Record

[illegible]

Debtors record

[illegible]

Creditors record

[illegible]

Asset register

[illegible]