Farm Accounts Theory | Accounting

Why do farmers prepare accounts? (2006):

- To calculate the overall profit of the farm.
- To calculate the profit/loss from each enterprise. After reviewing this information, the farmer can then make the appropriate decision on whether to expand profitable enterprises or close down less profitable enterprises.
- To calculate the net worth of the farm.
- To use as part of a business plan when applying for loans from financial institutions or grants from EU bodies.
- To calculate the farmers tax liability to the revenue commissioners.

Advantages of preparing individual farm enterprise a/c's. (2015):

- Aids planning and decision making.
- Allows costs to be allocated to the relevant individual activity within the farm.
- Highlight Profit/Loss from each individual enterprise.

Which a/c, other than the drawings a/c, is affected by "farm produce used by family". (2009):

- Sales a/c: Sales are credited instead of purchases because farm produce are produced rather than purchased.

Terms:

- Single payment: Payment to farmers based on previous output levels.
- Rural Environmental Protection Scheme (REPS): Payments made to farmers to protect the environment within their own farms.
- Conacre: Payment by a farmer to a landowner for renting land.
- Headage: Payments to farmers in disadvantaged areas.