FARMER'S PRIDE INTERNATIONAL

Milestone 3

Finance and Digital Systems

Keep useful records, understand cash timing and choose technology carefully



Illustrative learning scene. Image credits are on the references page.

PRACTICAL STUDY MANUAL

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HOW TO USE THIS MANUAL

Learn, practise, record, improve

Use this practical manual alongside your enrolled lessons and tutor instructions. It supports the milestone theme; it does not replace the complete Academy curriculum.

Work through one lesson at a time. Complete the activity using your own enterprise or the clearly labelled teaching example. Keep dated notes and discuss uncertain technical decisions with a suitable local adviser.

By the end, you should be able to:

- Separate sales, costs, profit measures and cash movements.

- Build a simple cash-flow forecast and test assumptions.

- Keep traceable business records with clear responsibilities.

- Choose a digital tool for a real problem and protect data.

The self-check is for practice. Your programme's official assessment and certificate requirements remain separate from these exercises.

LESSON 1 OF 6

Separate the business record from the household record

Record every business receipt and payment, including small cash transactions. Keep the date, description, amount, unit, supporting document and person responsible. Household withdrawals and owner contributions should be visible as separate categories rather than hidden inside crop costs or sales.

Use a notebook or spreadsheet that the team can maintain reliably. A simple complete record is better than an elaborate system nobody updates. Store receipts and delivery notes using the same reference as the transaction. Reconcile the record with cash and bank movements at a regular agreed interval.

Try it in practice

Create a one-week transaction register. Add a reference number to each entry and match it to a receipt, invoice or signed note.

LESSON 2 OF 6

Understand a gross margin

Gross margin is gross income less variable costs for a defined enterprise and period. Variable costs change with the activity, such as seed, seasonal inputs, hired task labour, packaging or transport allocated to the enterprise. Use categories consistently so comparisons are meaningful.

Gross margin is not the same as final business profit. Rent, depreciation, administration, finance costs and other overheads may still need to be considered. State what is included in every calculation. Record quantities and prices separately so that the cause of a change is visible.

Try it in practice

List your enterprise's income items and variable costs. Add a separate list of costs excluded from the gross-margin calculation.

LESSON 3 OF 6

Plan the timing of cash

A cash-flow forecast records when cash is expected to arrive and leave. A sale may be recorded before the buyer pays; that difference matters when wages or inputs fall due. Write opening cash, receipts, payments and closing cash for each month or week.

Closing cash equals opening cash plus receipts minus payments. Carry that closing amount into the next period. Show loans and owner contributions separately from sales, and repayments separately from operating costs. A positive forecast depends on its assumptions; review it against actual receipts and payments.

Try it in practice

Prepare a three-month cash plan. Mark the lowest expected balance and identify what evidence is needed for the largest expected receipt.

LESSON 4 OF 6

Test a plan before committing money

Create a base case and at least one difficult case. Change assumptions such as saleable quantity, price, transport cost or payment delay. Do not change many assumptions without recording what changed, or the comparison becomes hard to interpret.

A sensitivity test identifies vulnerability; it does not predict the future. For a proposed loan, separately consider the repayment schedule and the cash available when payments fall due. Obtain appropriate local advice for financing terms. This learning exercise is not an offer of finance or a guarantee of repayment capacity.

Try it in practice

Reduce expected saleable quantity by 20% in your example budget. Then delay customer payment by one month. Explain which change creates the bigger cash problem.

LESSON 5 OF 6

Choose a digital tool for a defined job

Start with a problem: missing delivery records, repeated calculation errors or slow access to field observations. Compare a paper process with simple digital options. Consider device access, connectivity, language, training, ongoing cost, support and whether records can be exported.

Technology should make a real decision or task easier. A dashboard with no maintained data is not an intelligence service. Pilot the tool with a small group, check the result against a trusted manual method and keep a practical fallback for loss of power or connectivity.

Try it in practice

Write a one-page tool brief: user, task, required data, expected benefit, total cost, test method and fallback.

LESSON 6 OF 6

Protect records and access

Give people access only to the records they need. Use individual accounts where possible, strong sign-in protection and a clear process for removing access when someone leaves. Back up important records and test that the backup can actually be opened.

Ask before collecting personal information that is not needed for the task. Explain how farmer data will be used and who will see it. Keep sensitive identity and financial documents out of public links and group messages. Record corrections without erasing the history needed to understand the transaction.

Try it in practice

List the three most important records in your enterprise. Name their owner, storage location, backup method and authorised users.

WORKED EXAMPLE - ILLUSTRATIVE ONLY

A profitable-looking sale can still leave a cash gap

A hypothetical enterprise starts Month 1 with USD 500. It pays USD 800 for operating needs in Month 1. The customer pays USD 1,200 in Month 2, when another USD 250 is paid.

1. Month 1 closing cash = 500 + 0 - 800 = minus USD 300.

2. Month 2 closing cash = -300 + 1,200 - 250 = USD 650, assuming the Month 1 gap was lawfully financed or rescheduled.

3. The later receipt does not solve the earlier payment deadline by itself.

4. If the USD 1,200 is the enterprise's gross income and all USD 1,050 of payments are variable costs for this exercise, its gross margin is USD 150. Other costs are excluded.

What to take into your own plan

Show both the enterprise calculation and the timing of cash. Identify a real response to the cash gap before committing expenditure.

PRINT AND COMPLETE - WORKSHEET 1

Finance and digital readiness worksheet

Name: _____ Date: _____

1. Enterprise and planning period

2. Income quantities and prices

3. Variable costs and excluded overheads

4. Opening cash, receipts and payments

PRINT AND COMPLETE - WORKSHEET 2

Finance and digital readiness worksheet

Name: _____ Date: _____

5. Lowest cash balance and response

6. Assumptions needing confirmation

7. Digital task, pilot and fallback

8. Record owner, access and backup

YOUR NEXT 30 DAYS

Turn learning into a small, useful result

Week 1 - establish the starting point

Complete the worksheet using dated observations and records. Mark facts, estimates and unanswered questions separately.

Week 2 - test one improvement

Choose one feasible action from the lessons. Name an owner, a completion date and the evidence you will collect.

Week 3 - check the result

Compare the result with your starting assumption. Record what changed, what did not and what else may have influenced the outcome.

Week 4 - share and decide

Discuss the evidence with your team. Keep, change or stop the action and record the next step.

Keep an evidence folder: completed worksheets, dated records, relevant photographs, calculations and a short reflection. Use permission before recording or sharing another person's information.

SELF-CHECK

Test your understanding

1. Is gross margin final profit?

2. Does an unpaid sale provide cash today?

3. What is the closing-cash formula?

4. What makes a digital pilot useful?

5. Why test a backup?

Write your own answer before reading the next page. Use the lesson activities to explain how you would apply the idea in a real enterprise.

SELF-CHECK ANSWERS

Compare and improve your reasoning

1. Is gross margin final profit?

No. It excludes costs outside the stated variable-cost calculation.

2. Does an unpaid sale provide cash today?

No. Record the expected payment date separately.

3. What is the closing-cash formula?

Opening cash plus cash receipts minus cash payments.

4. What makes a digital pilot useful?

A defined task, a reliable comparison, real users and a measurable result.

5. Why test a backup?

A file is useful as a backup only if it can be recovered and read when needed.

SOURCES AND IMAGE CREDITS

Continue learning from reliable references

These references support the concepts used in the manual. Follow local requirements, product-specific guidance and the instructions of the relevant laboratory, authority or qualified adviser when applying technical practices.

FAO: Farm Business School Handbook

Open reference: www.fao.org

Oklahoma State University: Developing a Cash Flow Plan

Open reference: extension.okstate.edu

FAO: Socially inclusive digital tools for smallholder farmers

Open reference: www.fao.org

Image credit

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