



Bookkeeping for Agri-Input Dealers

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Objectives of the Session

Participants will be able to:

- Define Record Keeping
- Identify the main transactions of their business
- Identify broad types of records that should be kept by their business

What Are Records?

- Records are any paper, book, micro-film, magnetic tape, or any printout that has been generated or received by any entity to assist decision making

Why Keep Records?

Records enable us to know:

- What has been done
- When it was done
- Why it was done
- Who did it
- How it was done
- What to do next

Types of Records

- Administrative Records
- Legal Records
- Accounting Records
- Stock Movement Records

What is Record Keeping?

It is the process which ensures that data on all business activities of the organization are adequately captured

- It involves deciding on:
 - The types of data that need to be recorded or kept
 - How best to record or keep the data

Inputs Sale Transactions

- **Buying inputs with cash or on credit**
- **Selling inputs for cash or on credit**
- **Paying for advertisement and publicity**
- **Paying for transport expenses**
- **Paying salaries, rent, and general expenses**
- **Receiving money for credit sales**
- **Paying for credit purchases**

Statement by a Dealer

When a dealer says

“ I always remember how much money moves in and out of my business. I do not need to keep written records.

How many of us agree with the dealer?

Dealer and Customer

- **Dealer to customer:** David, you owe me 400,000 shillings for 10 bags of fertilizer you purchased from me some time back.
- **Customer to Dealer:** Oh no, John, I only purchased 7 bags for 280,000 shillings.

What was wrong?

What is the best solution?

Dealer and Bank Officer

- **Dealer:** I need a working capital loan to enable me to take a big order. I will pay off the loan in six months.
- **Project Officer:** Fine John, but the bank needs to see your records of sales and profits and your business plan.
- **QUESTION:** What do you learn from the discussions?

Documents of Record

To record data/information on transactions, we need documents.

Some recommended documents include:

- Receipts
- Invoices
- Files for filing documents

Types of Accounting Records

- Sales records
- Purchases records
- Expenses records (rent, salaries)
- Cash records
- Fixed assets records
- Debtors/creditors records
- Records on stock movement

What Are Sale Records

Participants to brainstorm and come out with reasons on:

Why records on sales should be kept

What Are Purchase Records

Participants to brainstorm and come out with reasons on:

Why records on purchases should be kept

What Are Expense Records

Participants to brainstorm and come out with reasons on:

Why records on expenses should be kept

What Are Stock Movement Records

Participants to brainstorm and come out with reasons on:

Why records on movement of stock should be kept

What Are Cash Records

Participants to brainstorm and come out with reasons on:

Why records on cash receipts and payments should be kept

Benefits of Book keeping

- Provides information on the business to aid decision making.
- Provides information on total sales and also sales for individual products.
- Provides information on seasons, specific products move faster.
- Provides information on monies spent on purchasing individual products.

Benefits of Book keeping (cont'd)

- Provides information on the profitability of the individual product lines.
- Provides information on monies spent and items the monies were spent on.
- Enables the business to meet the bank's requirements to apply for loans.
- Provides data on money that customers owe.
- Provides data on money that the business owes.

Benefits of Book keeping (cont'd)

- Provides information necessary to work out the performance of current business
- Provides data to work out profit and loss statement and balance sheet
- Provides information to work out the future business projections

1. Sales Records

- **Documents to record all individual sales transactions related to;**

Cash Sales and Credit Sales

Contents of Sales Records

- Records on sales should capture the following information:
 - Date
 - Description
 - Quantity
 - Customer's name
 - Value of sales
 - 1st installment
 - 2nd installment payment
 - 3rd installment payment

**FOR CREDIT
SALES**

Sales Records—Specimen Copy

Date	Description	Customer	Qty.	Amt.	Installment		
					1 st	2 nd	3 rd

2. Purchase Records

- **To record all individual purchases of inputs relating to**

Cash Purchases
&
Credit Purchases

Purchase Records (cont'd)

- **Records on input purchases should capture the following:**
 - Date of transaction
 - Description
 - Quantity/units/volume
 - Supplier's name and address
 - Value of input purchased
 - 1ST installment
 - 2nd installment payment
 - 3rd installment payment

**FOR CREDIT
PURCHASES**

Specimen of Purchase Record

Date	Description	Supplier	Qty.	Amt.	Installment		
					1 st	2 nd	3 rd

3. General Expense Records

To record transactions relating to:

- ❖ Transport cost
- ❖ Wages/salaries
- ❖ Rent
- ❖ Sales promotion
- ❖ Postage and communication
- ❖ Electricity and water
- ❖ Telephone/fax/email

Specimen of General Expenses

Date	Description	Amount
12/04/03	Transport of inputs	KSh 35,000
14/04/03	Payment of electricity	KSh 50,000
22/04/03	Telephone expenses	KSh 25,000

Specimen of Debtors Ledger Account

Name: _____

Address: _____

Date	Ref.	Description	Debit	Credit	Balance

Specimen of Creditors Ledger Account

Name: _____

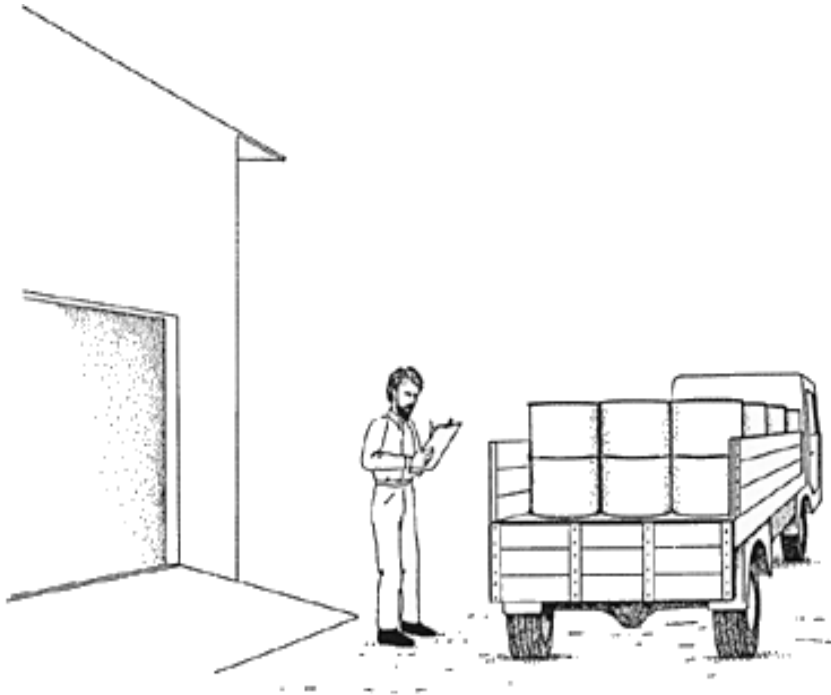
Address: _____

Date	Ref.	Description	Debit	Credit	Balance

THE END

Thank You

Examples of Record Keeping



Storekeeper recording date of arrival and inspecting condition of new stocks of pesticides, clipboard in hand.

Recording Formats

- Pesticide group
 - Ref. no.
 - Common name
 - Trade name
 - Formula/
concentration
- *Insecticide OP*
 - *Inv 29/5[R3]*
 - *Chlorpyrifos*
 - *Dursban*
 - *% etc., 400 g/liter*

Recording Format (cont'd.)

- Manufacturer/supplier
 - Quantity
 - Date received
 - Use by date
- *Monsanto USA/Aglow*
 - *1,000 1-liter plastic containers*
 - *20 February2004*
 - *20 February 2006*

Record Keeping

- Record movement of chemicals in and out of store.
- Keep records separate from the pesticide store.

Records of Disposal

- When outdated stock is eventually disposed of it should be recorded, with notes on the method of disposal of the pesticide and its containers, the location of dumps, etc.

How can I estimate my sales for the coming season?

- Your sales in previous years should be used as a starting point.
- Are your conditions expected to be better or worse?
- If there will be an extra effort to promote fertilizer use in the region, you may need additional stocks.
- Also, new developments may affect fertilizer demand.

How can I estimate my sales for the coming season? (cont'd)

- You should find out about new crops being introduced in your region and about any changes in the areas under different crops.
- Discuss with the local bank how much credit will be provided to farmers this year.
- Above all, talk to farmers, particularly your customers, to find out their plans.

What factors must I consider when placing my order?

- Look into the previous year's records for the same period and order the amount necessary to keep enough stock to meet demand for each type of fertilizer throughout the crop calendar.
- Always keep in mind the capacity of your store and the speed with which you can get new supplies.

Source: FAO.

What factors must I consider when placing my order? (cont'd)

- Do not order more than you have room for or more than you think you can sell.
- Where suppliers offer discounts for large volumes and/or early delivery, you should consider this as well, although you will have to balance the discount against the extra cost of stocking the fertilizers.

Source: FAO.

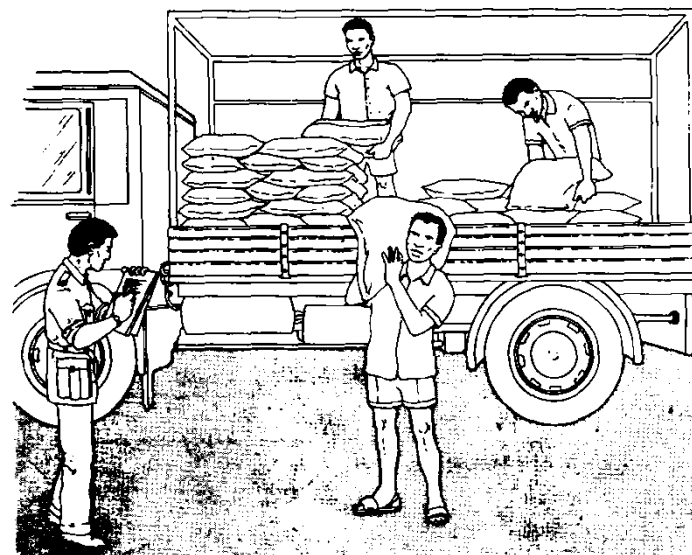
How do I control losses?

- You should pay close attention to losses, which can result from poor stock control, theft or bad handling.
- Simple precautions can guard against loss.

Source: FAO.

How do I control stock to avoid losses?

- Put simply, stock control is monitoring the movement of your fertilizer so that you are able to account for every bag that enters and leaves your store.
- To do this, make sure that the supplier delivers the number of bags you order and pay for and that the farmer takes away the number of bags he pays for.



Are documents important to guard against losses?

- Yes, insist that your supplier provides a Delivery Note.
- Check all deliveries against this document.
- You must also issue farmers an Invoice and/or Cash Sales Receipt when you sell them fertilizer.

Delivery number:	ABC Fertilizer	
001431		
Supplied to:..... Date: <i>1 FEBRUARY 1989</i>		
..... <i>VILLAGE TRADERS</i>		
Address: <i>MARKET NO 5</i> Vehicle No.: <i>NE 127</i>		
Quantity	Unit	Detail
<i>300</i>	<i>BAGS</i>	<i>50 Kg EACH 15-15-15</i>
REMARKS:	RECEIVED:	<i>[Signature]</i>

Stock Movement Records

- Tally Cards are used for recording receipt and issue of inputs
- Each input in the store must have its own Tally Card
- Tally Card is designed as follows:

How should fertilizer stocks be recorded in rural fertilizer stores?

- Each fertilizer stack should have a Tally Card which should show the stack number, the type of fertilizer in the stack, the date on which the fertilizer was received and stacked, and the number of bags which have been withdrawn from the stack.
- The Tally Card should be amended immediately each time bags are added to or withdrawn from the stack.

Name of store: VILLAGE TRADERS
Type of fertilizer: UREA
Stack number: 6

DATE	DETAIL	TOTAL
1-2-88	300 RECEIVED	300
2-2-88	12 BAGS BROKEN	288
"	9 BAGS REBAGGED	297
5-2-88	20 SOLD	277
17-3-88	50 SOLD	227
19-3-88	1 SOLD	226
3-4-88	100 SOLD	126
16-4-88	40 SOLD	86
1-5-88	30 SOLD	56
7-5-88	10 DEMONSTRATION	46
30-6-88	BALANCE	46

Let's Summarize

IMPORTANCE OF RECORDS KEEPING

- ❖ It provides information on the business to aid decision making.
- ❖ It provides information on total sales and also sales for individual products.
- ❖ It provides information on seasons, specific products move faster.
- ❖ It provides information on monies spent on purchasing individual products.

IMPORTANCE OF RECORDS KEEPING CONT'D.

- ❖ It provides information on the profitability of the individual product lines.
- ❖ It provides information on monies spent and items the monies were spent on.
- ❖ It enables the organization to meet bank's information requirements when business applies for loans.
- ❖ How much money customers owe.
- ❖ How much money the business owes.

IMPORTANCE OF RECORDS KEEPING CONT'D.

- Provides the business with information necessary to prepare reports on the performance of current business operations:
 - ❖ Profit and Loss Account
 - ❖ Balance Sheet

And future business forecasts