

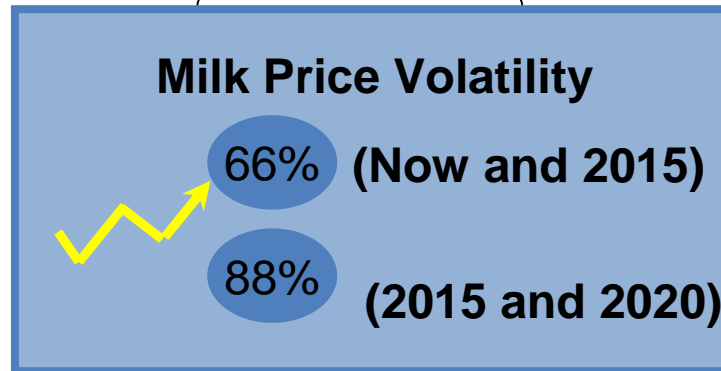
Farm Business & Cash Flow Planning

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Farm Business & Cash Flow Planning

Greatest Challenges



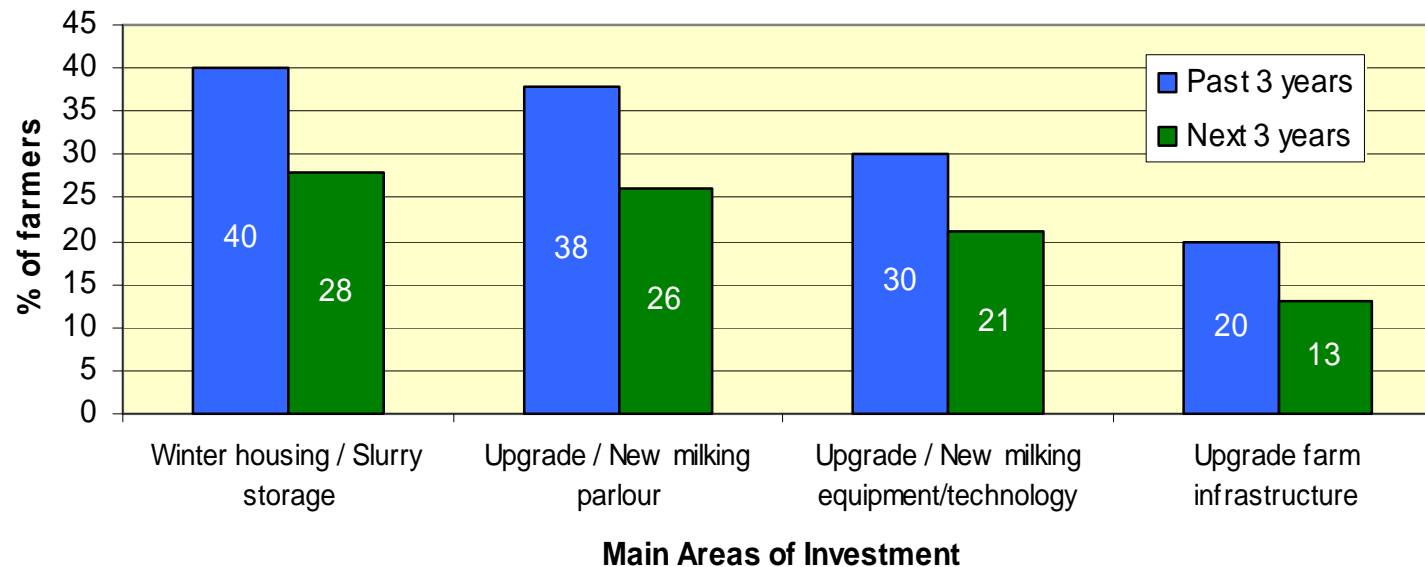
(Source: AIB/IFA Dairy Outlook Report)

Farm Business & Cash Flow Planning

66% ← **Farm Investment** → **48%**

Past 3 years

Next 3 years



(Source: AIB/IFA Dairy Outlook Report)

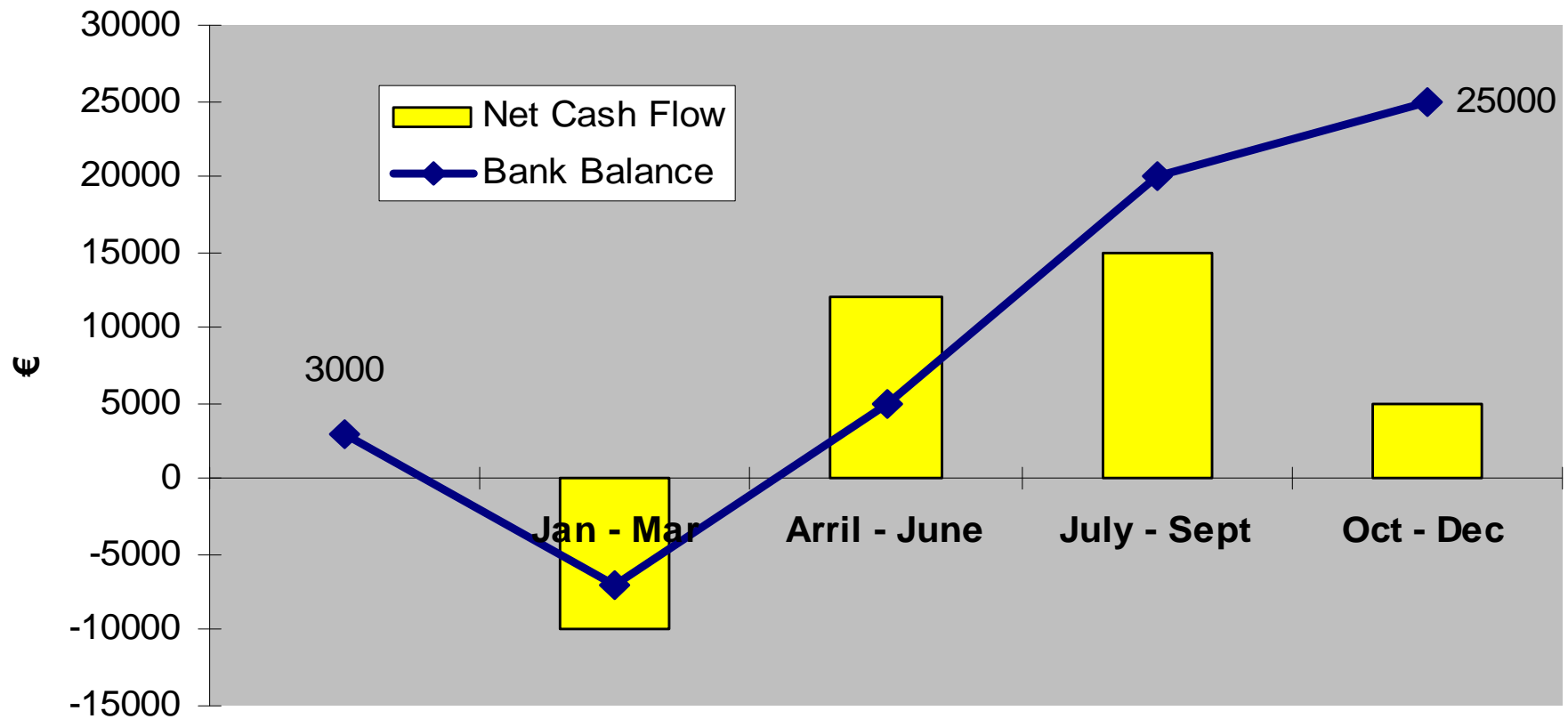
Farm Business & Cash Flow Planning

- Key Benefits:
 - Planned expansion
 - Proactive rather than reactive
 - Greater understanding & control of farm finance / operations
 - Maximise opportunities at hand
 - Negate impact of impending challenges
- Invest time in farm planning
 - Current status of the farm business
 - Where you want the farm business to go
 - How you are going to get there
- Seek advice from advisor / mentor

Farm Business Plan

- A written document that describes the farm business objectives, strategies, the market it operates in and realistic financial forecasts
- **Key elements:**
 - Background/Farm development to date
 - Farm efficiencies / production costs
 - Asset/Liability profile
 - Financial accounts
 - Capital expenditure programme with detailed costings
 - Cashflows/Income Projections
- **Living document** – **Make sure plan is current and up to date**

Cash Flow Planning



(Figures are for indicative purpose only)

Bank Considerations

- Repayment capacity
 - 3 years of trading accounts
 - What is likely trend in farm profitability
 - Level of existing & proposed repayments
 - Purpose of loans / proposition
- Track record
- Management Ability
- How business is capable of managing key risks
- Security
 - Additional security may be needed for increase in borrowings

Hallmarks of a good proposition

- Thorough in preparation
- Accurate, up to date, normalised information
- Demonstrate a full understanding of business
 - Realistic and honest re business performance and projections
- Quotations for propositions
- Accurate details of tax implications
- Analysed repayment capacity
- Own funds input

Conclusion

- AIB has a long association with the Irish farming and food sector
- Farming is an integral part of AIB's business
- Medium to longer term prospects good but more price volatility
- Farm business and cash flow management affords opportunity for greater understanding & control of farm operations
- AIB is committed to supporting viable farmers develop their business and supporting the potential of the agri industry



Important Information

Lending criteria, terms and conditions apply. Credit facilities are subject to repayment capacity and financial status and are not available to persons under 18 years of age. Security may be required.

Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland.