

# Importance of Cash flow

By Seamus and Monica Quigley



# Background

- ▶ Living outside Nenagh Co. Tipperary
- ▶ Started dairy farming 1990
- ▶ Currently 3 milking platforms in Co. Galway

# Cash flow budget - why?

- ▶ Focuses us to think
- ▶ Projects working capital
- ▶ Allows comparisons of actual v budgeted figures
- ▶ Helps communication with banks and other stakeholders
- ▶ Evaluate opportunities
- ▶ Peace of mind
- ▶ Reduces risk

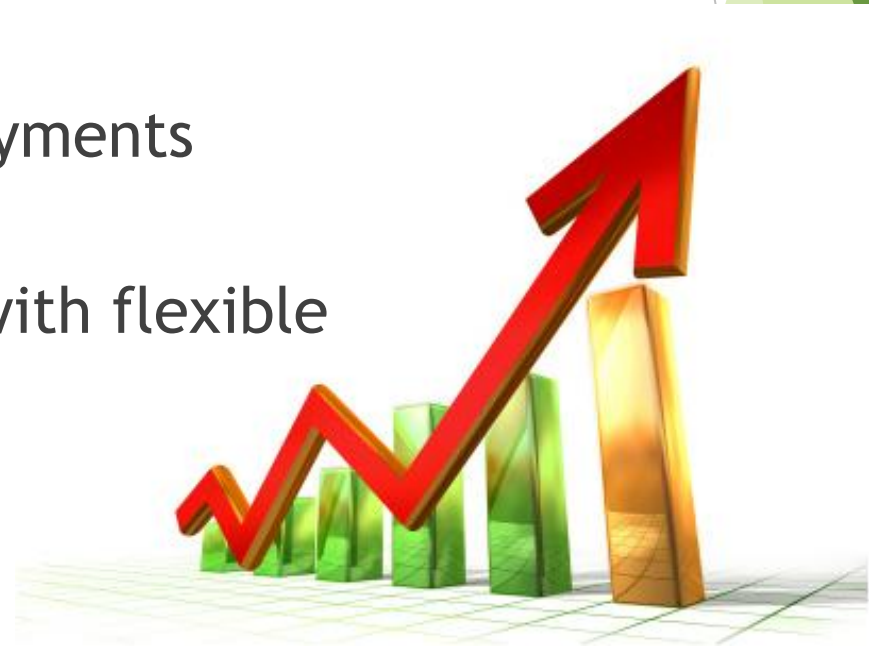


# Profit monitor- why?

- ▶ Detailed analysis
- ▶ Bench mark against others
- ▶ Multi year comparisons and monitors net worth improvement
- ▶ Overtime allows realistic plans and more successful outcomes

# Coping with Price volatility

- ▶ Be proactive -complete a realistic cash flow plan
- ▶ Delay capital spend
- ▶ Suspend reseeding and maintenance work
- ▶ Reduce P&K spend
- ▶ Create a sink fund
- ▶ Take a moratorium on bank capital repayments
- ▶ Fixed milk price schemes
- ▶ Avail of Flex- milk loans (Gii suppliers) with flexible repayment terms



# Financial monitoring

- ▶ Financial data inputted, updated and monitored by Monica
- ▶ Agri-net software accounts package used
- ▶ Bank reconciliations completed monthly
- ▶ Debtors and creditors list updated monthly
- ▶ Bills are paid once monthly

# Lessons Learnt

- ▶ Be clear about your farming system and goals
- ▶ Proper planning avoids destroying capital
- ▶ Complete and take ownership of budgets and cash flow or get help to do it
- ▶ Expansion is hard on cash flow & profit lags behind expansion
- ▶ Prioritise capital spend
- ▶ Young stock give you options
- ▶ Only work with good people
- ▶ Deal with more than one bank
- ▶ Working as a couple has benefits

# Questions when considering expansion

A large herd of black and white cows is grazing in a lush green field. The cows are scattered across the landscape, with some in the foreground and others further back. The field is rolling, and there are trees in the distance under a cloudy sky. The overall scene is a typical pastoral setting.

- ▶ Why
- ▶ Time involved
- ▶ Communication skills required
- ▶ People
- ▶ Reward



**THANK YOU FOR YOUR  
ATTENTION!**

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the right side of the frame, creating a modern, layered effect against the white background.