



Your Farm, Your Plan - Planning for Your Future



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- Planning for Your Future



Contents

Benefits of completing a plan for your farm	4
<u>The Farm Plan</u>	4
Stage 1: Thinking about where you are going	6
Stage 2: Thinking about what you have to do	8
Stage 3: Extra costs, extra revenues and extra risks	18
<u>The Financial Plan</u>	24
Stage 4: Developing a financial plan	24
Appendices	27



Benefits of completing a plan for your farm

Your farm – you plan the changes to your farm and your farming system

Infrastructure - you decide when new or additional infrastructure is put in place

Costs - you know in advance the cost of putting your plan in place

Extra income - you know what extra income will be generated

Labour – you know in advance what extra labour will be required

Cash – you know that you will have enough cash to keep farm, family and repayments met while you are putting your plan in place

Banks – you can use your plan to help you deal with your bank

Planning leaves you in control



Completing the workbook

This workbook contains a number of worksheets for you to complete before preparing a financial plan. These blank worksheets are accompanied by explanatory text to assist with their completion. Further blank copies are available in the appendix.

Planning for success

There are two essential steps in the planning process. The first step is the “**thinking process**” behind what you are intending to do. In this workbook this is referred to as the farm plan. The second step is the “**financial process**” where all your financial details are analysed for your farm and family circumstances to examine if your proposed farm plan is actually viable. This is referred to as the financial plan.

The farm plan

This must be completed by the farmer before a financial plan is completed. It involves asking yourself a series of questions on where you are going, how you will get there and what extra profit or benefits your plan is expected to generate. Many of these ideas are already in your head but writing them down will help clarify them for you. It will also help in preparing your financial plan and give you a much better understanding of the background to the figures in your financial plan.

Stage 1: Thinking about where you are going

1. Why are you farming?
2. What are you thinking of doing?
3. How is this going to deliver on your reasons for farming?

Stage 2: Thinking about what you have to do

1. Where are you now?
2. What are the main issues you must focus on?
3. What do you have to do to get there?
4. When will you make these changes?
5. How will your plan affect your working day?

Stage 3: Extra costs, extra revenues and extra risks

1. What are the extra costs?
2. What extra revenue will be generated?
3. What could go wrong?

The financial plan

Stage 4: Developing a financial plan

Following completion of the farm plan, you and your adviser can then prepare a financial plan (annual cash flow, Profit and Loss and Balance Sheet) to fully examine the financial viability of your proposals.



Stage 1: Thinking about where you are going

There are three steps in completing Stage 1 of the farm plan.

1. Why are you farming?

Most dairy farmers know what they do...many know how to do it...but very few are clear on why they do what they do. It all starts with clarity...you have to know why you do what you do. Your inspiration comes from the clarity of why.

Once you know why you do what you do, you can decide on the actions you will take to achieve your desired future position (the 'how'). The 'what' is the result of those actions.

Too many people start with the 'what', then the 'how' and leave the 'why' until last or ignore it altogether. Without clarity, there will be no motivation for action.

Some reasons for answering the 'why' may include: maintaining or increasing income, to match input price inflation, for retirement, to cope with milk price volatility, for farm transfer / succession, for expansion, to employ labour, for family life, for lifestyle, etc

Use the first part of this worksheet to record your vision statement (your 'why').

2. What are you thinking of doing?

Dairy farmers are continually changing. Everybody has their own idea or vision of where they are going. It could involve changing enterprises, renting extra land, increasing or reducing stock numbers, retiring from farming, employing labour, building new facilities, re-organising farm finances, setting up a new farm, increasing farm stocking rate or a combination of any of these changes.

Whatever your situation, your plan must take into account your current position, your desired future position and how you are going to get there. Focus on the outcome you want, not on what may happen due to external influences or your current position. Don't confine yourself or limit your thinking to where you are now.

Complete the second part of the worksheet by outlining what you are thinking of doing in the next 5 to 7 years.

3. How is this going to deliver on why you are farming?

Having completed the first two parts of the worksheet, you should check that what you are thinking of doing will enable you to meet your vision (will your planned changes allow you to meet your 'why'?).

Stage 1: Thinking about where you are going

Why are you farming? What are you thinking of doing?

Why are you farming?

What are you thinking of doing? What are your plans for the next 5 – 7 years?

How is this going to deliver on why you are farming?



Stage 2: Thinking about what you have to do

There are five steps in completing Stage 2 of the farm plan.

1. Where are you now?

Before setting out on a journey, you must know where you are leaving from. Similarly with a farm plan, you must start by clearly understanding where you are now (your starting point). Every farm has its own unique characteristics, which vary from financial efficiency, physical resources, capital resources, labour and family circumstances. Your plan must take all of these into account.

Current stock: What are current cow numbers? What animals can be sold to help finance your plan? Increasing herd size requires suitable replacements being available. How many have you?

Land: How much of the milking block and out farms were soil sampled in the last five years? What about soil type? Does drainage work need to be carried out? What is your current farm stocking rate?

Current facilities: What is the current position with milking facilities, slurry storage and winter accommodation? What about your grazing infrastructure (water and roads)?

Labour and farm information: In addition to yourself who is doing the work on your farm? Your farm plan must be based on solid information coming from you farm. What information do you use?

Financial: Use Teagasc eProfit Monitor to get the cost of producing a litre of milk.

What savings are available for investing and how much would you be prepared to use for any planned farm investment? What is the current level of repayments per annum and when will these finish? Debt per cow is a measure that can indicate if you can afford to borrow more money for further development. In general, at low costs of production farms can carry higher levels of debt per cow whereas at high costs of production there is little scope to carry additional debt per cow. Use Appendix 6 to help calculate total farm debt.

Stage 2: Thinking about what you have to do

Where are you now?

Stock

Cow numbers	
Milk sales per cow (kg milk solids/cow)	
No. of replacements 0-1 years	
No. of replacements 1-2 years	
No. of other Livestock Units	
Number of animals and value to be sold to finance plan	

Land

Land – owned (ha)	
Leased land and length of lease(s)	Ha yrs
Milking platform (ha)	
Whole farm stocking rate (LU/ha)	
Milking platform stocking rate (LU/Ha)	

Grass Growth (tick)

	Don't know	low	avg.	high
% farm soil sampled in last four years				
Soil P, K status				
Soil pH status				
Soil type/ drainage requirements				
% farm reseeded in last four years				

Facilities (tick)

	short	ok	excess
Housing for current stock			
Slurry storage for current stock			
Parlour for current cows			
Grazing infrastructure			

Labour and farm information

Number of years you will continue dairy farming	
Labour units on the farm	
	Tick if 'Yes'
Discussion group member	
HerdPlus member	
Annual cash flow budget and monthly recording	
Teagasc Profit Monitor completed	
Written action plan(s) completed	

Financial

What is current total cost of production per litre?	
How much cash is available for future investment?	
What are the current farm repayments per year?	
When will these repayments be finished?	
What is current debt per cow?	



2. What are the main issues you must focus on?

Once you have fully evaluated your current situation, it is useful to look at the strengths (S), weaknesses (W), opportunities (O) and threats (T) for your farm as it is currently operating. You can complete the SWOT analysis for yourself (personal), your business (farm) or a combination of both. Completing this exercise honestly will help you to build on your strengths, take advantage of opportunities, correct your weaknesses and avoid threats.

Fill in the next worksheet. If you would like somebody else's view, ask a family member, friend, or fellow discussion group member to fill it in for you.

Strengths	What is working well on the farm? What are you good at? What are the positives about the farm? What advantages do you have?
Weaknesses	Where can improvements be made on the farm? What is limiting production or profit? What is not working on the farm? What personal traits/ skills do you need to work on?
Opportunities	Where do you see opportunities for yourself and your farm? What trends can you take advantage of? How can you take advantage of your strengths?
Threats	What are the big external threats/ trends that could harm your current farming system? How could these affect your plan? How could your weaknesses expose you to these harmful threats?

On completion of your SWOT analysis, you should identify four key focus areas for attention if you wish to succeed in your plans. These can be for you (personal) or for the farm business. These are the areas that you need to work on – that you must become really good at - over the coming years.

Your focus areas should be more than just the elements of good technical farming i.e. grassland management, breeding, nutrient management, stock management. Technical competence will not be enough in the future. Think of the other skills which you will need in the future e.g. negotiation, cash flow budgeting, forecasting, networking, managing labour/ contractors. Ask yourself if you need to focus on some of these areas.

Stage 2: Thinking about what you have to do

Complete a SWOT analysis for your farm

What is working well on the farm?

Where can improvements be made on the farm?

Where do you see opportunities for yourself and your farm?

What are the big threats to your current farming system?

What are the four key areas that you need to focus on in your plan?

1

2

3

4

How will focussing on these areas allow you to meet your 'why'?



3. What will you have to do and how much will it cost?

Every plan will require changes to be made to your farming system. Some changes are operational e.g. calving date; and others are physical e.g. a new roadway. Some have a direct, immediate cash cost e.g. buildings; others affect cash flow throughout the years. Both must be part of your farm plan.

Usually it is the big developments that spring to mind, like a milking parlour, new shed, land purchase, employing labour, when you think about the cost of your plan. These are significant investments and should be costed (with quotes) in advance. To assist you with some of the physical costs use Appendix 1 as a guide.

But there are also other costs that a plan needs to take into account. These may not be as large but can have a large impact on cash flow if not taken into account when looking at the overall plan.

These could include:

- Stock purchases
- P,K, lime applications where soils are deficient (see Appendix 3)
- Soil testing (€30/sample)
- Reseeding (€400-€520/ha)
- Increased use of AI – extra cost of straws per annum (€22/straw)
- Renting land
- Purchasing additional feed
- Extra variable costs like contractor, vet, etc

Complete the worksheet on the opposite page. Specify the cost of each action and whether it is an estimate or actual quote. The easy way is to use estimates but you will be in more control of your plan if you have quotes for your development. Some items may need to be financed by borrowings; indicate which ones.

Many dairy farmers are planning to increase the number of dairy cows on the milking platform. It is important that if this is part of your plan that you are aware of the ability of your milking platform to feed more cows and that you have an outside block (owned or leased) which will provide adequate winter forage for the herd and rear all replacements. The ability of the milking platform and the outside block to produce adequate grass may be constrained by soil P, K or pH levels and the requirement for drainage and/ or reseeded. If this is the case these issues must be addressed in your farm plan. The cost of such improvements should be treated as a capital cost and budgeted accordingly.



4. When will you make these changes?

You have already identified where you want to go and what you have to do to get there. Another major decision is the timing of when these changes will take place.

An action plan will answer the “**What / When**” questions relating to your proposal. Completing this worksheet will allow you to set out a schedule or timeframe for the implementation of your plan.

This worksheet should

- Outline the key actions required to implement the overall plan
- Show a work schedule and timeframe (begin/ end) for each of these actions e.g. begin building a milking parlour in July 2015, finish building in December 2015
- Indicate when borrowings need to be drawn down

Include all issues that you costed in the previous worksheet and any other changes to your farm that are relevant to your plan.

Any change from your current farming system should be included, regardless of whether they are a cost or not. Some changes may be operational, but you need to write them down to get a full picture of how you will implement your plan. An example in this category would be the plan to reseed a proportion of the farm every year over the period of the plan or to spread P, K or lime on a proportion of the farm on an annual basis.

Note: For larger and more complex projects, it is advisable to complete a full project management plan. See Teagasc Dairy Levy Series No. 15 at www.agresearch.teagasc.ie/moorepark/publications/publications_d.asp

Stage 2: Thinking about what you have to do

Action Plan

Year	Month (begin/ end)	Actions required	Borrowings required
<i>Example 2015</i>	<i>July - Dec</i>	<i>Commence building works for new parlour in July Complete by December</i>	<i>€80,000 drawn down by July.</i>
20__			



5. How will these changes affect your daily workload when your plan is implemented?

When your work life and personal life are out of balance, your stress level is likely to soar. Achieving a satisfactory work/ life balance can be challenging for self-employed dairy farmers as the boundaries between work and home can become blurred. If you spend most of your life farming, your home life will lose out.

Answer the questions in the worksheet. If you do not answer yes to all questions you may be under pressure and unable to take control of the proposed changes in your plan. You need to reassess what you are currently doing. Talk to your Teagasc Adviser or another professional or bring it up at discussion group to get ideas and support in making the changes necessary.

Ask yourself the following questions:

- How will my daily workload change when my plan is in place?
- Will it mean I will spend more/ less time in the milking parlour?
- Will I spend more time herding and feeding?
- Will I have to employ labour or rely more on a contractor?
- Will I be able to cope with the peak labour demand in the spring?
- Will there be a bigger labour/ contractor bill? How much?
- **Can my plan be sustainable from a daily workload perspective?**

Another interesting exercise is to complete a 'Start doing/ Stop doing' list to identify those tasks which you must spend more time at ('start doing') and those which you must spend less or no time at ('stop doing') in order to achieve your ambitions. After all, how can you expect different results, if you continue to do the same things?

Stage 2: Thinking about what you have to do

Are you satisfied with your current work/ life balance?

	Yes
Do you enjoy what you are doing?	
Do you spend enough time with your family (wife/ partner/ children)?	
On average, do you finish work by 6pm (outside of the calving season)?	
Do you use a contractor/labour to reduce your workload at busy times?	

To achieve my plan, there are things I must...

Start doing	Stop doing

How will your daily workload change once your plan is implemented?

--



Stage 3: Extra costs, extra revenues and extra risks

Only a full financial plan will show projected cash flow and profit each year for your proposal using the data you have supplied. Such a financial plan would take into account stock sales and purchases, all cash in and all cash out including loan repayments, drawings and taxation. It also allows for different scenarios to be evaluated e.g. impact of changing milk price.

However it is possible to have a quick look at the financial impact of your planned changes using a partial budget. This looks at the planned extra costs (or reduced revenue) and the expected extra revenue (or reduced costs). It is a quick way to see if your plan appears profitable, break even or shows a potential cash deficit.

Having completed your partial budget, you have to examine the net position and decide whether your plan is worthwhile. You also need to look at the risks to your plan.

There are four steps in completing Stage 3 of the farm plan.

1. What are the extra costs (or reduced revenue)?

1. Annual repayments if a new loan is required. Use Appendix 3 to estimate annual repayments.
2. Where own cash (savings) are used in the plan, there is a cost by foregoing the interest this money would make if invested elsewhere.
3. Additional land rental if extra land is rented.
4. Additional labour costs if additional labour is employed.
5. Additional variable costs if additional cows are milked. Use your farm's Variable Costs per cow from Profit Monitor or guideline figures in Appendix 4.
6. If overall farm stocking rate increases there will be an added cost to provide additional feed (grass, silage and/ or concentrates). This may be produced on farm by investments in soil fertility, reseeded, infrastructure and drainage or from additional purchased feed if grass growth cannot be increased. See Appendices 2 and 5 for guideline figures.
7. Loss of other stock sales. For example, if cattle are displaced, this will be an annual loss of revenue from cattle sales each year.

Stage 3: Extra costs, extra revenues and extra risks

What extra costs (or reduced revenue) will be incurred?

	Total	No. of years	Cost per annum
Extra borrowings			
Own cash (savings) used		Annual interest foregone	
Extra land rental			
Extra labour per annum			
Extra cows – extra variable costs _____ cows (extra) x _____ €/cow			
Extra feed costs - if farm stocking rate increases From Appendix 2: _____ Ha (/annum) x _____ €/Ha <u>And/or</u> From Appendix 5: _____ cows (total) x _____ €/cow			
Loss of stock sales – if an enterprise is reduced/eliminated _____ hd x € _____ /hd			
Other			
Other			
Total extra costs (or reduced revenue) per annum			(A)



2. What extra revenue (or reduced costs) will be generated?

Where do you see the additional money coming from when your plan is complete? It could be extra production from existing stock, less spending (efficiency), increased output from the extra cows or reduced labour (less wages paid).

There may be other savings which are more difficult to quantify. For example, your proposed plan may involve building a new milking parlour. Its major benefit may be to reduce the length of the working day, which is not a direct cash benefit. Similarly other investments may apply to the whole farm rather than just the changes in your proposed plan.

1. Extra milk receipts sold from existing herd. Longer lactations, a more mature herd, better genetics, investment in grassland (lime, P, K, reseeding) may all contribute to increased production from the existing herd. An extra 100 litres delivered would generate €30 extra receipts per cow where milk price in your plan is 30 cent per litre
2. Additional cows will produce extra milk. Put a value on this milk based on your current milk solids and predicted milk price. As a guideline use a base price of 28 cent per litre for 3.3% protein and 3.6% butterfat. For each 0.1% rise in protein and butterfat (combined), increase milk price by one cent per litre. Heifers will yield 75% the volume of mature cows, so if additional cows are heifers initially, there will be increased pressure on cash flow (reduced milk receipts) until the herd matures.
3. If the plan involves savings as a result of expected improvements in efficiency, include as a cost saving over the whole herd.
4. If paid labour is reduced by your plan, then include as a cost saved.
5. Extra stock sales e.g. increased calf sales or cull cow sales.
6. If other enterprises are reduced/ eliminated, there will be a variable cost saving as the cost of keeping the other enterprise is reduced or eliminated. For example, if a cattle enterprise is eliminated and 20 head of cattle are no longer reared, then there is €7,200 (20 head x €360 variable cost/head) less costs incurred on the farm. Use your own figures where available from your Profit Monitor or guideline figures in Appendix 4.

Stage 3: Extra costs, extra revenues and extra risks

What extra revenue (or reduced costs) will be generated?

	Revenue per annum
<p>Extra milk receipts – extra milk sold from existing herd</p> <p>_____ cows(existing) x _____ litres/cow x _____ cent per litre (milk price)</p>	
<p>Extra cows – extra milk sold</p> <p>_____ cows x _____ litres/cow x _____ cent per litre (milk price)</p> <p>(Warning: don't overestimate in the initial years of your plan.)</p>	
<p>Extra cost efficiency</p>	
<p>Labour saved</p>	
<p>Extra stock sales</p>	
<p>Other enterprises reduced/eliminated - less variable costs</p> <p>€ _____ hd x € _____ variable costs/hd</p>	
<p>Land – reduced rental</p>	
<p>Other</p>	
<p>Other</p>	
<p>Total extra revenue (or reduced costs) per annum</p>	(B)



3. Is it worthwhile?

Look at the extra money to be generated and the extra expenses to be incurred. What do you think? Are your planned changes worthwhile?

In addition to the net position identified you need to take into account:

- taxation;
- labour and workload;
- changes in stock numbers;
- net worth changes; and
- when loan repayments will finish.

While a partial budget can give you an indication of the financial viability of your proposal, it is strongly recommended that you complete a full financial plan for your proposal. This will take into account such items as taxation, inventory changes, net worth changes and loan repayment schedules and more fully evaluate your proposal as well as showing the peaks and troughs of cash flow over a six-year period.

You should contact your Teagasc Adviser/ private consultant to get a full financial plan (annual cash flow, Profit and Loss and Balance Sheet for six years) prepared to fully examine the financial viability of your proposed plan. Alternatively you could purchase financial planning software yourself and complete your own financial plan. It is likely that your bank/ financial institution will request such a document if you are seeking finance for your plans.

Stage 3: Extra costs, extra revenues and extra risks

Is it worthwhile?

Expected extra costs (or reduced revenue)	(A) €
Expected extra revenue (or reduced costs)	(B) €
Estimated net position (B - A)	€

Is it worthwhile?

What other non-financial benefits will arise as a result of your planned changes?



4. What could go wrong?

With opportunity comes risk. In general, the bigger the opportunity, the bigger the risk. Risks are personal to the individual farmer – what is risky for one farmer is not for another farmer. **Planning helps to manage risk** so that it is set at a reasonable level. Farmers need to identify the risks they are carrying.

You have to consider the impact of volatility in milk and input prices over the planning period. What impact will a 3 cent per litre drop in milk price have on your bottom line?

Where are the other risks? These could include:

- Production Risk: Poor weather affecting production
Animal disease
Reduced milk yield per cow while scaling up
- Market Risk: Reduced milk prices (price volatility)
Production cost increases
- Human Risk: Owner manager health issues/ stress
Employee issues
Supplier / contractor issues
Complicated system of production
- Financial Risk: Interest rate increases
Cash flow shortage (overdraft or merchant credit restricted)
Failure to control investment costs
Inefficient/ unprofitable production system

Managing risk involves controlling exposure to the risk or controlling the impact of the risk. Examples of risk management strategies include: building key reserves of feed and cash or vaccinating animals against the risk of disease.

Improving efficiency is a pretty much riskless strategy. With a sound efficiency platform in place, you can set yourself up for the future. Simply put, **efficiency first followed by expansion**.

Stage 3: Extra costs, extra revenues and extra risks

What could go wrong?

A change in milk price (or cost of production) of 3 cent per litre on my expected production (_____ litres) will affect my business by € _____ in any year.

Risk	Contributing Factor(s)	How will you minimise the effect of this risk on your farm
<i>Example: Poor weather</i>	<i>Heavy soils Poor roadways</i>	<i>Install new roadways to paddocks 9 – 15 Clean existing drains in paddocks 16 - 22</i>



Stage 4: Developing a financial plan

After completing your farm plan, the next step is the financial plan. This is where all your financial data is used to calculate cash flow for six years based on your farm plan. It takes into account variable and fixed costs, inventory changes, total repayments, family living expenses and taxation. If your proposed plan cannot meet all the cash outflows then you must go back to re-think your farm plan to see where it can be changed and improved.

Your financial plan will help you to:

- Assess the overall financial viability of your proposals;
- Examine the impact of changes in key variables e.g. milk price, fertiliser price, interest rate;
- Negotiate with and secure finance from your bank/ lending institution; and
- Understand where your cash is coming from and going to each year during the critical transition phase of your plan.

Completion of this workbook is an important, and necessary, first stage in the planning process. You now are in a better position to seek assistance in the preparation of a financial plan for your farm.

You now have completed the 'thinking process' and have a farm plan for your idea. It is up to you now to take the next steps towards making your plan a reality.

Good luck!

Stage 4: Developing a financial plan

The following is an example of the annual financial plan for a seven year period from the Teagasc Farm Business Planner. You will have a full understanding of the financial data in this financial plan by having completed this workbook in advance

Financial Plan – annual financial plan based on your farm plan



Farm Business Planner

AGRICULTURE AND FOOD DEVELOPMENT AUTHORITY

Cash Flow	2012	2013	2014	2015	2016	2017	2018
RECEIPTS							
Milk Sales	118,720	118,720	133,560	133,560	133,560	133,560	133,560
Dairy Calf Sales	9,000	10,500	10,500	10,500	10,500	10,500	10,500
Dairy Cow Sales	15,000	15,200	11,700	13,500	14,400	13,500	14,400
Replacement Sales							
Cattle Sales							
Sheep Sales							
Tillage Sales							
Single Farm Payment	11,000	11,877	11,877	11,877	11,877	11,877	11,877
REPS / AEOS							
CAS (Headage)/ Forestry/ Other Premia	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Other Farm Income							
Other Non-Farm Income	18,000	18,000	18,000	18,000	18,000	18,000	18,000
New Funds Drawn Down to Current a/c			120,000				
Total Receipts	179,720	183,297	313,637	195,437	196,337	195,437	196,337
FARM PAYMENTS							
Dairy Feed	14,500	15,021	17,067	17,238	17,410	17,584	17,760
Calf Feed (8 Weeks)	500	518	589	594	600	606	612
Drystock Feed							
Replacements Feed	2,000	1,958	1,512	1,527	1,542	1,558	1,573
Fertiliser & Lime (Stock)	10,400	10,648	11,321	11,435	11,549	11,664	11,781
Tillage Variable Costs							
Yer	4,000	4,095	4,354	4,398	4,442	4,486	4,531
AI / Breeding	2,500	2,617	2,790	2,818	2,846	2,874	2,903
Contractor (Stock)	10,000	10,239	10,886	10,995	11,105	11,216	11,328
Contractor (Tillage)							
Other Variable Costs	8,180	8,328	8,728	8,795	8,863	8,931	9,001
Labour	14,000	14,334	15,240	15,393	15,547	15,702	15,859
Machinery (including Leases)	4,000	4,095	4,354	4,398	4,442	4,486	4,531
Car/ESB & Phone	7,200	7,372	7,838	7,916	7,995	8,075	8,156
Other Fixed Costs	8,400	8,601	9,144	9,236	9,328	9,421	9,516
Land Lease							
Quota Lease							
Total Payments	83,680	85,825	91,823	92,742	93,669	94,606	95,552
STOCK PURCHASES / INVESTMENTS							
Dairy Cows							
Dairy Replacements							
Suckler Cows, Replacements, Cattle, Stock							
Sheep							
Land			40,000				
Buildings (Net Cost)			80,000				
Machinery (Net Cost)							
Quota							
Non-Farm Asset/ Investment Purchase							
Non-Farm Asset/ Investment Purchase							
Total Purchases / Investments			120,000				
BANK LOAN / REPAYMENTS							
Bank Charges, O.D. & Merchant Interest							
Existing Loans >>>>							
Principal	7,648	7,648	7,648	3,648	3,648	3,648	3,648
Repayments	1,944	1,944	1,944	944	944	944	944
New Farm Loans			11,914	12,628	13,386	14,189	15,041
Repayments			6,000	5,285	4,527	3,724	2,873
New Non-Farm Loans							
Principal							
Repayments							
Total Bank Loan / Repayments / Interest	9,592	9,592	27,506	22,506	22,506	22,506	22,506
PERSONAL & NON-FARM							
Drawings (Living Expense)	53,000	53,600	56,000	57,000	60,000	60,000	65,000
Health Insurance (VHI, BLI)							
Pension & Life Insurance	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Taxation	12,000	12,000	6,000	6,000	6,000	6,000	6,000
Other Non-Farm Expenses							
Total Personal & Non-Farm	74,000	74,600	71,000	72,000	75,000	75,000	80,000
Total Expenditure	167,272	170,017	310,329	187,247	191,174	192,111	198,057
Net Cash Flow	+ 12,448	+ 13,280	+ 3,308	+ 8,190	+ 5,163	+ 3,326	- 1,720
Cumulative Net Cash Flow		+ 13,280	+ 16,588	+ 24,778	+ 29,941	+ 33,267	+ 31,546

Receipts

Farm Payments

Investments

Bank Repayments

Drawings

Annual Cash flow

Appendices

Appendix 1

Guideline building costs

Items	Units used	Cost per item, €
Building milking parlour (shed, yard,	per unit	4,000 - 5,000
Milking machine	per unit	2,000 - 8,000
Bulk tank	per litre	1.70 - 2.50
Cubicle shed + slatted tank	per cow	1,000 + 500
Topless cubicle + lined lagoon	per cow	400 + 300
Lined wintering pad + lined lagoon	per cow	250 + 300
Silage slab	per cow	95 -125
Specific building items		
Roof	m ²	50
Slatted tank (16 wk storage for 100 cows)	m ³	80
Stanchion bases	each	25
Cubicles and cubicle beds	each	190
Concrete floors	m ²	22
External walls	linear metres	140
Feeding barriers	per bay	180
Automatic scrapers	per passage	2,800
Electrical work	per bay	250
Cubicle mats	each	46
Other		
Land drainage – shallow system	per hectare	125-3,500
Land drainage – groundwater system	per hectare	3,700-8,600
Water pipes	per metre	1.50-2.00
Farm roadways	per metre	15-30
Water troughs	per litre	0.25-0.50

Appendix 2

Pasture improvement costs

The following table gives guideline costs per hectare on the annual cost of improving soil fertility. For example, one hectare with soil index of 1 for P and K would require €100/ha (€60 + €40) of additional P/K fertiliser for 3-5 years of the plan to raise the fertility level. Lime requirement could add a further €110-220 to this cost.

Guideline € per hectare cost for meeting soil fertility and lime requirements

<i>Annual € cost per ha of building soil fertility to Index 3</i>				
Current Soil Index		P	K	Years
	1	€40	€60	3-5
	2	€20	€30	2-3
<i>Total cost € per ha of meeting lime requirements</i>				
Lime Requirement (5-10 t/ha)	Low	Medium	High	
	€110	€165	€220	

Appendix 3

Annual Repayments (Inclusive of interest) per €1000 borrowed (€)

Interest Rate										
Terms in Years	3%	4%	5%	6%	7%	8%	9%	10%	11%	12%
3	354	361	368	375	383	389	396	404	411	419
4	269	276	283	289	296	303	310	317	324	332
5	219	225	232	238	243	251	258	265	273	280
6	185	191	198	204	208	216	223	231	238	246
7	161	167	173	180	184	192	199	207	214	222
8	143	149	155	162	166	174	181	189	196	204
9	129	135	141	148	152	160	167	175	183	190
10	117	124	130	137	141	149	156	164	172	180
11	108	114	121	128	133	140	148	156	163	171
12	101	107	113	120	125	133	141	149	156	164
13	94	101	107	114	120	127	135	143	150	158
14	89	95	101	108	113	121	129	138	145	154
15	84	90	97	104	111	117	125	133	141	150
16	80	86	93	100	106	114	122	130	138	146
20	67	74	81	88	94	102	110	119	128	137

€100,000 borrowed over 10 years at 7% interest will have an annual repayment of €14,100 (141 multiplied by 100)

Appendix 4

Variable costs of production for different enterprises

Enterprise	Unit	Variable cost
Dairy	per cow	€640
Suckling	per cow	€486
Cattle	per livestock unit (LU)	€361
Sheep	per ewe	€55
Spring Barley	per hectare	€608

Source: National Farm Survey 2011

Appendix 5

Increased feed costs if overall farm stocking rate is increased without increasing grass growth

Additional feed cost per cow (5,500 litres) at different stocking rates for three grass growth levels where no additional feed is made on the farm.

Stocking Rate	Annual Grass Production tDM		
	<i>High growth potential (14.5 t/ha)</i>	<i>medium growth potential (11.0/ha)</i>	<i>low growth potential (8.5t/ha)</i>
2.00	Base	Base	Base
2.25	+13	+32	+69
2.50	+25	+97	+136
2.75	+43	+155	+204
3.00	+88	+195	+240
3.25	+133	+255	+298

For example, if a farm has average grass growth potential (11t/ha) and plans to increase stocking rate from 2.0 to 2.5 LU/ha, then the extra feed cost per cow is €129 (€97 + €32). For a 40 ha farm this is equivalent to €5,000.

*For every additional 500 litres above 5,500, add a further €90 cost per cow.

Appendix 6

Debt calculation worksheet

Current loan details

Lender Details	Original Amount Borrowed	Length of Loan (yrs)	Interest Rate %	Annual Repayments (A)	Years Left (B)	Principle & Interest yet to be Repaid (A + B)
Total						
Overdraft						
Total debt						



Appendix 7

Why are you farming? What are you thinking of doing?

Why are you farming?

What are you thinking of doing? What are your plans for the next 5 – 7 years?

How is this going to deliver on why you are farming?

Complete a SWOT analysis for your farm

What is working well on the farm?

Where can improvements be made on the farm?

Where do you see opportunities for yourself and your farm?

What are the big threats to your current farming system?

What are the four key areas that you need to focus on in your plan?

1

2

3

4

How will focussing on these areas allow you to meet your why?



Action Plan

Year	Month (begin/ end)	Actions required	Borrowings
<i>Example 2015</i>	<i>July - Dec</i>	<i>Commence building works for new parlour in July Complete by December</i>	<i>€80,000 drawn down by July.</i>
20__			

Are you satisfied with your current work/ life balance?

	Yes
Do you enjoy what you are doing?	
Do you spend enough time with your family (wife/ partner/ children)?	
On average, do you finish work by 6pm (outside of the calving season)?	
Do you use a contractor/labour to reduce your workload at busy times?	

To achieve my plan, there are things I must...

Start doing	Stop doing

How will your daily workload change once your plan is implemented?

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