

**Lincoln University Dairy Farm**

**Proposed Budget for 2006/07**

	\$	4.05	298,775	286,115 kg	12,660	
	year ending 30 June	2007	2006/07	2005/06		
<b>Income</b>	\$		c/kgMS	c/kgMS		
Milk Income	94%	1,210,039	4.05	4.036	1,154,760	
Stock Sales	6%	71,281	0.24	0.32	92,433	
Other Income		8,840	0.03	0.03	8840	
<b>Total Income</b>		<b>1,290,160</b>	<b>4.32</b>	<b>4.39</b>	1,256,033	
<b>Stock Purchases</b>		<b>17,500</b>			27,050	
<b>Income Less Stock Purchases</b>		<b>1,272,660</b>			1,228,983	
<b>Expenses</b>						
	\$	\$/cow	2006/07 c/kgMS	2005/06 c/kgMS	\$ change in expense	% change in expense
Administration	27,700	41	0.09	0.11	31,095 -	3,395 -11%
Animal Health	34,660	51	0.12	0.13	37,230 -	2,570 -7%
Breeding Expenses	28,480	42	0.10	0.13	36,347 -	7,867 -22%
Electricity	13,464	20	0.05	0.05	15,544 -	2,080 -13%
Employment	194,731	286	0.65	0.71	201,971 -	7,240 -4%
Feed & Grazing, & Runoff	213,804	314	0.72	0.79	225,162 -	11,358 -5%
Fertiliser & Lime	68,905	101	0.23	0.25	71,173 -	2,268 -3%
Freight & Cartage	6,500	10	0.02	0.02	4,972	1,528 31%
Irrigation Costs	64,013	94	0.21	0.19	54,119	9,894 18%
Rates & Insurance	13,914	20	0.05	0.05	13,564	350 3%
Regrassing	7,258	11	0.02	0.02	5,823	1,435 25%
Maintenance and Repairs	43,550	64	0.15	0.12	35,115	8,435 24%
Runoff Net Cost (reported in "Feed" above)	18,265	27	0.06	0.06	17,811	454 3%
Shed Expenses	11,100	16	0.04	0.04	10,961	139 1%
Vehicle Expenses	22,200	33	0.07	0.08	22,356 -	156 -1%
Weed & Pest	1,938	3	0.01	0.00	68	1,870
<b>Farm Working Expenses</b>	<b>752,217</b>	1043	<b>2.52</b>	<b>2.68</b>	765,499 -	13,282 -1.7%
	<b>\$ per kg MS</b>	<b>2.52</b>				
Loan Interest	-					
Overdraft int	-					
Depreciation est	94,666				91,416	
<b>Income Result before tax &amp; Capital</b>	<b>425,777</b>	(ie = EBIT)			<b>372,068</b>	
<b>Capital Changes</b>						
Shares paid in July following each season	54,448				50,399	
Capital Improvements & Purchases	125,294				106,530	
Principal	-					
Vehicles	-				23,000	
<b>Total Capital changes</b>	<b>179,742</b>				<b>179,929</b>	
<b>End of year Result including dep.</b>	<b>246,035</b>				192,139	
					<i>after capital &amp; depreciation added back</i>	
<b>End of year result (Cash)</b>	<b>520,443</b>				<b>463,484</b>	
<b>Total MS</b>		298,775			286,115	Last season 286,115
<b>S quo \$/kgms</b>	\$	4.05			4.036	\$4.04

Capital (at start of period, June 2006)	change (\$)	% change	% of total gain	Previous season's value		
Land	4,134,400	84,788	2.1%	26%	4,049,613	
<i>\$34,000/ha for 1250/ha plus additional shares (84240 kgMS) for production over 1250/ha</i>						
Fonterra Shares	\$ 6.72	1,922,693	162,493	9.2%	51%	1,760,200
Cows		665,600	9,201	1.4%	3%	656,399
R2		213,400	61,600	40.6%	19%	151,800
R1		132,000	3,000	2.3%	1%	129,000
Plant/Mach		125,000	-	0.0%	0%	125,000
Total debt Inc. Current A/c on June1		-				
<b>Total Capital</b>	<b>7,193,093</b>	<b>321,082</b>	<b>4.7%</b>		<b>6,872,011</b>	
<i>change in capital for the 12 months</i>	<b>321,082</b>	<i>increase in capital</i>				
	<b>2006/07</b>		<i>2006/07 at a range of payouts</i>		<b>2005/06</b>	
<b>Analysis</b>	<b>4.05</b>		<b>\$4.00</b>	<b>\$4.25</b>	<b>\$4.50</b>	
Return on Assets B4 Tax & Int	<b>5.9%</b>		<b>5.7%</b>	<b>6.7%</b>	<b>7.8%</b>	
Expenses%GFI	<b>59%</b>		<b>60%</b>	<b>56%</b>	<b>53%</b>	
EBIT/ha	\$ <b>2,636</b>		<b>\$2,544</b>	<b>\$3,006</b>	<b>\$3,469</b>	
cost per kg MS	<b>2.52</b>		<b>2.52</b>	<b>\$2.52</b>	<b>2.52</b>	
					<b>\$2.68</b>	