



## Focus Day Supplement -13<sup>th</sup> May 2010

### Forecast Financial Results

The 2009/2010 financial budget and forecast to year end follows on the next page. SDF anticipates a net result \$200,000 more than budget, reflecting the effect of forecast milk income rising substantially from \$4.55 /kgMS at the beginning of the season.

#### Highlights:

- Income is significantly higher than budget due to improved milk price rather than improved production.
- Stock sales are down due to bulls being leased rather than purchased. This is offset by the stock purchases being below budget as well.
- Budgeted farm working expenses were 15% lower than last year.
- Forecast farm working expenses to the end of the year indicate the real dollars spent will be approximately \$50,000 (5%) over budget.
- The budgeted FWE is sensitive to production. Budgeted FWE /kgMS were \$3.37/kgMS. Forecast FWE on forecast production will be \$3.85/kgMS (14% higher than budget). Forecast FWE on budgeted production (had this been achieved with this level of expenditure) was \$3.54/kgMS (5% over budget).
- Significant increases in expenditure over budget occurred in Animal Health (mastitis - \$23,500) and R&M (shed expenses - \$35,000).
- Feed expenses were \$5,000 above budget but all winter supplements were made on farm meaning no cows will need to be grazed off farm this winter compared to last year – money spent in advance to create savings for next year. The same goes for cropping and pasture renewal where extra crop was sown and some extra re grassing.
- Savings have occurred in fertiliser due to the drop in fertiliser prices rather than any reduced applications.
- It is good to see that labour costs have been kept within budget.
- Other and general farm working expenses are one and the same.
- Overall a satisfactory result had production been on target. Repairs and maintenance should be reduced in future years.

