

**Peter Cook
P & L Cook and Partners**



Buchan Monitor Farm

Messrs Patrick Dickson
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Report on meeting held 28th January 2009

Provisional date of next meeting: 23rd February 2009

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TOP TIPS FROM MEETING

- 1. The incidence of club root in OSR is increasing and can reduce yields by up to 30%. Club root patches are normally first seen in low pH and poorly drained areas. Best practice is still to adapt a 4-5 year rotation. 'Perlka' is used in the continent to help reduce the impact of club root, by raising the pH and feeding the crop.**
- 2. In general, most people don't make enough use of their farm accounts to help improve their business.**
- 3. Converting farm accounts into a 'gross output' format and calculating key costs as a % of the total gross output is beneficial. The 'rules of thumb' for gross output analysis helps identify potential weaknesses for further investigation.**

Meeting Agenda:

1. Update from Monitor Farmer
2. OSR Trials
3. Inspect finishing bulls
4. Environmental Project proposals
5. Analysing Acrestrype's 2007/08 Accounts

1. OSR Crop (Acrestrype)

Two years ago the area of OSR was reduced due to problems with club root. The Group inspected two field scale trials primarily aimed to help overcome clubroot. The variety was Cattona, sown on the 26th August, following a crop of winter barley. The field didn't receive any slug treatment. Normally OSR is grown 1 in 4 in the rotations.

Trial 1. 'Perlka' which has a long history in Germany where it's produced in an industrial process using coal, limestone and N. It is a fertiliser (19% n), plus a lime product (50% CaO). As N changes form it also acts as a fumigant, partly sterilising the soil. It is claimed to help control club root, slugs, and Sclerotinia. Perlka is expensive at £445/t, which equates to £35/ac (applied 80kg/ac). It was applied on top of ploughing.

Trial 2 was Calci Prills, granulated lime, which provides a quick soluble form of calcium lime to raise the pH level → to help control clubroot. The cost of treatment was £15 per ac.

At present the Perlka treated OSR looked best, being stronger plants, and 10-14 days further on. The N clearly made the crop more green too. The two treatments will be monitored throughout the season and it's hoped to use a yield monitor combine to estimate the respective yields.

Discussion from Group

- OSR yields were generally static or falling and a real concern.
- First Rapeseed on good clean land were always the best

- Plant density was recognised as important. Plants need good spacing to reach potential.

2. Housed bulls (Acrestrype)

The Group moved on to look at bulls on the slats. These were being finished on a ration of 9lb barley + 2lbs Protein (35%) supplement and silage for roughage. The Dickson's don't feed straw on the slats as causes problems when emptying the slurry in their system. The bulls were looking well. To date only had to treat 3 for pneumonia. All were treated with Tracherine at housing for IBR. Expect the first bulls to go away in March – marketed to McIntosh Donald.

There was a problem with lice even though all cattle were clipped at housing and treated with pour-on Ivomec.

Discussion from Group

- Suggested could feed straw on slats if it was chopped first.
- There was discussion of bulls vrs steers. It was thought the Luing cross calves may be best kept as bulls. Although steers take longer to finish they have higher weights. Steers also have the advantage of flexibility in that they could be sold store, unlike bulls which have to be finished.

3. Scanning results for ewe flock

All 267 ewes and hogs have now been scanned with 11 barren; 6 ewes + 5 hogs. The scanning results were for 184% (back 3% on last year). Still have 8 lambs to finish from last year's crop. Overall will have achieved 168% sold per ewe. Using a feed supplement to treat from toxoplasmosis – costs £3/ewe. Had 6-8 ewes aborted last year suspected toxoplasmosis. Once ewes have it become immune. Cats implicated in the spread. Lambing due to start 1st April.

Discussion from Group

- Scanning results more variable this year, and in some cases are back 20%
- Problem with bucket feeders/ treatments is do all ewes use it?

4. Possible Environmental projects (Alison Mole)

Alison Mole, who is based in Edinburgh with ADAS, described how funding was available for all the Monitor Farms to specifically undertake small scale environmental projects. The projects should help the environment in some way as well as saving money. Funding is provided from SNH, QMS and Scottish Government over the next 2 years.

Suggestions for possible environmental projects should come from the respective Community Groups. The ideas put forward from the meeting were as follows:

Topic	Detail
Nitrogen reduction	<p>Investigate use of clover to cut down on use of artificial nitrogen. Outcome would be reduced use of products and positive impact on landscape and wildlife.</p> <p>Already tried chicory/ red clover but was not particularly effective.</p>
Rotations	Identify the optimal rotation which would in turn reduce use of chemicals etc., and thus benefit natural heritage (could tie in with clover idea above).
Altering crop type	Investigate changing from growing one crop type to another e.g. spring barley/ winter barley. Resulting benefits on wildlife (e.g. more opportunities for nesting birds/ insect food for chicks, beneficial to bees etc.).
Harvesting stage	<p>Investigate harvesting barley at earlier stage of ripening. Also look into crimping and storage.</p> <p>Results: faster growth rates of bulls; stubbles in place for longer; more efficient use of resources; decreased methane output.</p>
Feed additives	Investigate effect of using different feed additives on methane production.
Out-wintering	Look into out-wintering of cattle (effects on methane production, manure/ slurry etc.?)
Fuel emissions	Investigate different emissions, and also the effect of type of fuel used e.g. red diesel or alternative.
Animal health schemes	Would result in a reduction in use of chemicals, veterinary products etc.
Small-scale renewables	<p>Look into micro-hydro schemes.</p> <p>No suitable burns on the Monitor Farm itself, but in the monitor farm group there are potential sources.</p> <p>Woodchip – would be useful to have access to guideline figures on efficiency etc.</p>

Topic	Detail
Energy and environmental audits	Look into energy usage and carry out audits.
Alternatives to ploughing fields	
Carbon footprint of farm	Investigate carbon footprint of farm (perhaps in conjunction with energy/ environmental audits?)
Biofuels	
Manure/ slurry use	<p>Look into the most efficient use of manure and slurry.</p> <p>Also carry out an analysis of the slurry (and similar for soil?) to see how nutrient levels could be affected by, for example, storage, covers etc.</p> <p>Outcome would be better understanding of fertiliser rates required; potential reduction in use of artificial fertiliser and knock-on benefits to wildlife.</p>
Reedbeds and biobeds	
Precision farming	Use of GPS etc. to target applications, to reduce fertiliser/ pesticide inputs while maintaining yield.

5 Analysing Farm Accounts (Jim Booth and Peter Cook)

This was a quick revision session prior to the group tackling the Monitor Farm's Accounts. See handout in Appendix 1 showing Gross Output Analysis, Comparative Analysis and Return on tenants capital calculations – these concepts were explained to the Group.

Farm Business Analysis key points:

- Businesses need to think about their long-term goals and objectives. These should be written down and regularly reviewed.
- In general, businesses not making enough use of their accounts to improve the management and performance of their business
- Tax accounts are different from management accounts so need to amended
- Look at valuations are they realistic?
- Convert into the standard format of gross output and carry out 'gross output analysis' of key costs. There are good 'thumbs of rules' for the main costs
- Don't just look at one year, need to consider trends over 3 – 5 years.

Some key performance indicators for a farm business

- Total output per acre (ha)
- Level of profit
- Rental equivalent per acre (ha)
- Interest cover
- Change in net worth
- % Owned and trend
- Full gross output analysis of main costs
- Return on tenants capital

How to calculate a target profit?

It has to cover the following:

- Personal drawings (including life ins and personal pension)
- Tax
- Loan repayment
- Re-investment
- Extra for reward / risk

Group exercise on Acrestrypes's latest Accounts

The Group were provided with a summary of the P & L Account for year ending 31st Mar 2008. These were confidential containing sensitive information so were returned after the meeting.

Key conclusions from Group

Strengths

- Good profitability & performance.
- Good Output per acre - £551
- Excellent gross margin, 74% of GO, good use of variable costs
- Low paid labour
- Low fuel & electric
- Good spread of enterprises
- High Gross Profit %
- Fixed charges reasonable, £56/ac, 11% of GO
- Over previous 3 years, consistent profitability
- Overall a successful business

Weaknesses

- How replace Dad in the future?
- High inputs per acre
- Reliance of SFP for profit – like the majority of farm businesses !
- Tenants – risk future rents, Landlords attitude to investments

APPENDIX 1

Analysis of Acrestrype's P & L Accounts

Costs and Margins Expressed as a Percentage of Total Farm Output

	Years ending 30 March			"Target" %
	2006 %	2007 %	2008 %	
OUTPUT	100	100	100	100
VARIABLE COSTS	29	30	26	30-35
GROSS MARGIN	71	70	74	65-70
LABOUR	0	0	0	}
POWER	25	24	21	}30-35
OVERHEADS	8	7	6	8
GROSS PROFIT	38	38	46	30
FIXED CHARGES	14	14	11	15 Max
NET PROFIT	24	24	35	15

Variable costs are all inputs such as seed, fertiliser, sprays, purchased feed, vet & med, etc.

Labour is all employed labour

Power is all machinery and vehicle costs, electric, fuel, depreciation

Overheads are mainly insurances, property repairs, professional fees, office expenses

Fixed charges are rent and interest

	2006	2007	2008
Total Output (£)	174,627	177,015	226,014
Return on Tenants Capital (%)	6	5	18