

Teagasc Notes for week ending Friday 7th January 2021

Teagasc Notes: 24 12 2021 “Its time to get filling your profit monitor input sheet for 2021”

The operation of a successful farm business is often likened to that of a three-legged stool. The business is the seat that is held up by three legs. Each leg is critical to ensure the business is viable and sustainable. The first leg is Grassland Management; the second leg is the Breeding and Performance of your animals and the third leg is the financial performance of the business. All three are intertwined and very much connected to the overall farm performance. The Teagasc Profit Monitor is the only financial package that links your technical and physical performance on the farm to the financial performance. Therefore, it shows you the impact that improvements in technical and physical efficiency have on the overall profitability of the farm. Other advantages are that it allows you to compare your performance with other farmers and discussion group members. It is also an excellent basis to start a 6-year business plan for medium term physical and financial planning.

The Profit Monitor has been around for many years and during 2021, the programme was significantly upgraded with many additional features and reports available to help farmers assess their farm financial performance. The programme will be in heavy use in the early weeks of 2022 to input the 2021 information for dairy, cattle, sheep, tillage and pig farms or any mix of these farm systems.

All of the above enterprises will have access to upgraded reports with options to examine the cost structure of the farm in detail. Areas such as animal health and veterinary costs, young stock rearing costs and dairy stock contract rearing charges among others are now available. The farm cash flow position can now be examined using a dedicated cash flow report looking at all cash flows in and out of the farm business. As well as the long established ability to check on farm output, costs and profitability. With the 2022 version of Teagasc Profit Monitor you can carry out a more detailed analysis on the asset and liability aspects of the farm using an enhanced balance sheet analysis. This new balance sheet analysis is available as an option for each individual farm and is useful to check whether the farm business is growing and developing as expected over a longer term. An analysis on the labour hourly input to run the farm business from both paid and unpaid labour is also looked at in detail on the reports. Also included in the new Teagasc Profit Monitor system are increased options for discussion groups to pool their figures together to benchmark and compare financial and technical performance between the farms. The revised group reports have greater flexibility in what measures can be shown on the report for participating group members and also in how financial and physical /technical measures can be grouped to make the reports more meaningful and make benchmarking easier.

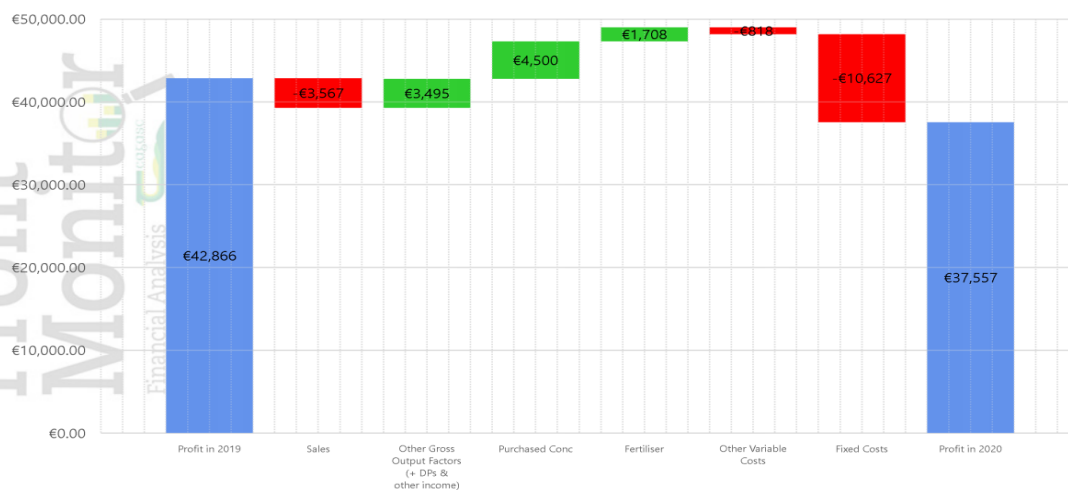
Options are also available within each individual and group report to present the figures in graph form which can often make the analysis easier to understand. For dairy farms completing a Teagasc Profit Monitor, the output and costs relating to the dairy cows and dairy replacements are combined in the dairy report to give a consolidated report and analysis.

The key pieces of information needed to complete the profit monitor include: ICBF co-op performance report; details of scheme payments; Mart/Factory sheets; bank statements; ICBF monthly stock inventory table; Cheque books (if used); merchant invoices/dockets.

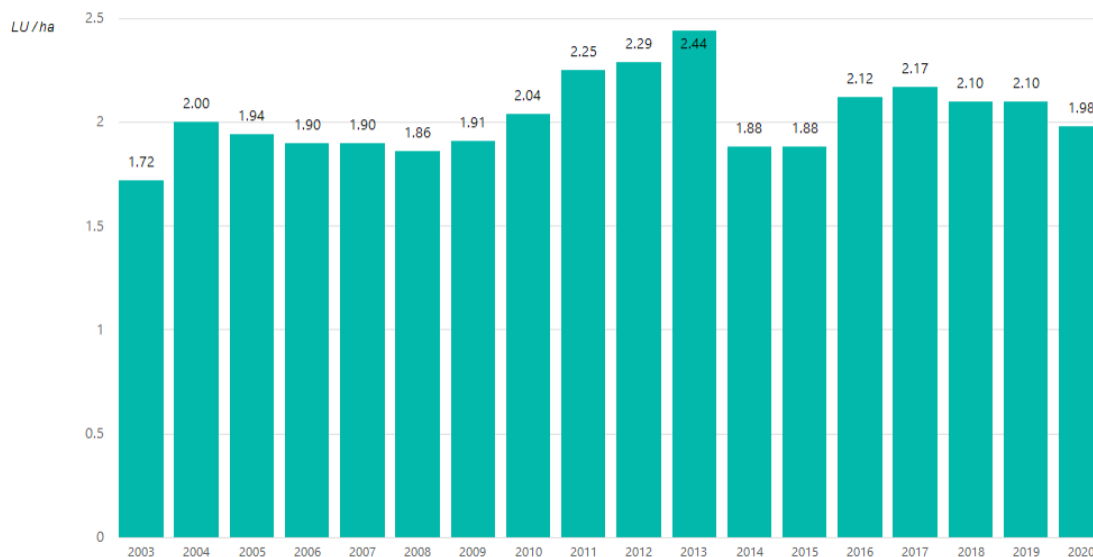
Farmers can access the Teagasc Profit Monitor mainly through their advisor. It is also possible for each individual farmer user to log in securely to the system and interact with the system online. An input sheet will be given out at to your discussion group or can be emailed or posted out to you for completion. Your advisor is there to help with any queries in completing the input sheet. Once inputted, the advisor will generate the key reports, check them for accuracy and highlight the key points from last year that can be used to plan for the 2022 farming year. We would urge all farmers to complete a profit monitor annually to build up a long-term financial performance picture of the farm. For farmers wishing to complete a Teagasc Profit Monitor they should contact their local Teagasc Advisory Office or email

profit.monitor@teagasc.ie

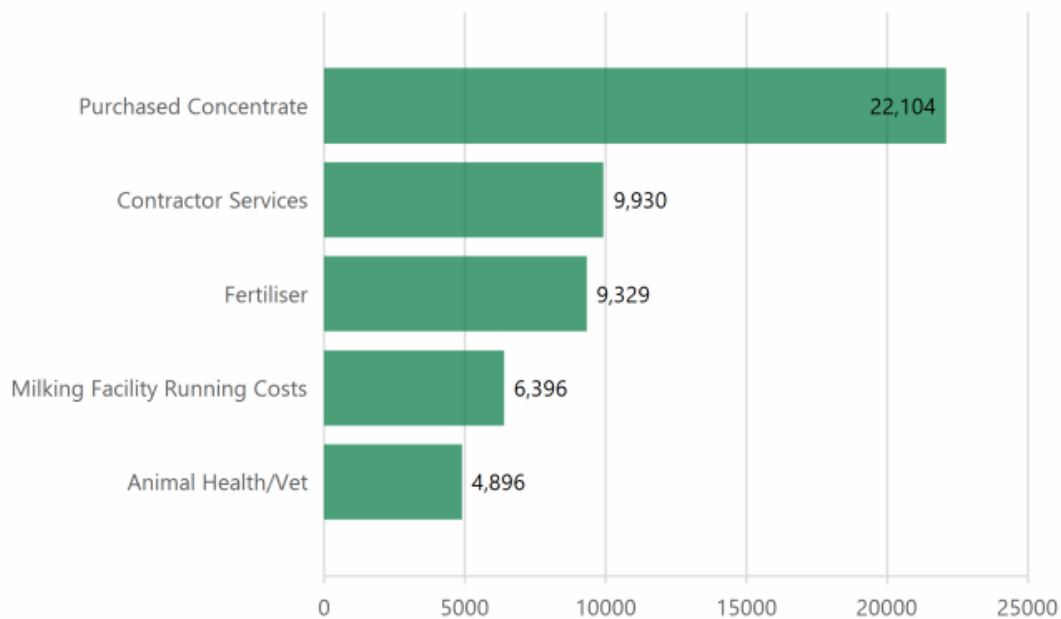
Profit Comparison Graph



Multiple Years - Stocking Rate



Top 5 Variable Costs



Top 5 Fixed Costs

