

ENTERPRISE BUDGET FOR PRECONDITIONING CALVES PRIOR TO SALE
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CAUTION: This spreadsheet is distributed on an "as is" basis and the user must accept all responsibility for the results generated using it and any decisions made based on the results.

This enterprise budget is designed to capture the added costs and returns from preconditioning calves prior to sale. Some categories of cost listed in the spreadsheet may not apply under certain farm conditions. As is customary, no charge is included for land or farm overhead costs.

The user should modify the budget with information specific to his or her situation, starting with the production parameters listed in Table 1 below and the investments and related costs and charges in Table 2.

ENTER YOUR FARM DATA IN THE HIGHLIGHTED CELLS

1. Enter production parameters in cells G24...G59
2. Enter additional production information in cells in columns M and N
3. Enter investment data in cells S8...Z13
4. Enter sensitivity parameters in cells S40, S44, T38 and X38

Table 1. Production Data

ITEM	VALUE
1. Number of days in the preconditioning period	45
2. Steer calves in the program	
Number at start, head	80
Average weight at start, lb/head	550
Average value at start, net of sale costs, \$/cwt	\$152.00
Average daily gain, pounds/head/day	2.0
Estimated weight at end of period, lb/head	640
Death loss, % of starting number	0
Estimated sale price at end of period	\$155.00
3. Heifer calves in the program	
Number at start, head	0
Average weight at start, lb/head	0
Average value at start, net of sale costs	\$0.00
Average daily gain, pounds/head/day	0
Estimated weight at end of period, lb/head	0
Death loss, % of starting number	0
Estimated sale price at end of period	0
4. Feed	
1st. Concentrate mix or supplement, lb. eaten/head/day	6
1st. Concentrate mix or supplement, cost per 100 lb.	\$16.50
Waste allowance as % of amount eaten	5.0%
Number of days 1st. conc./supplement is fed	15
2nd. Concentrate mix or supplement, lb. eaten/head/day	8
2nd. Concentrate mix or supplement, cost per 100 lb.	\$14.25
Waste allowance as % of amount eaten	5.0%
Number of days 2nd. conc./supplement is fed	30
Hay, lb. eaten/head/day	5
Waste allowance as % of amount eaten	15.0%
Number of days hay is fed	45
Cost or value of hay, \$ per ton	\$85.00
Days on pasture	0
Acres of pasture	0
5. Other costs	
Labor used, minutes per day	45
Labor cost or charge, incl. taxes & benefits	\$12.00
Shrink based on estimated ending weight on farm	2.0%

BEEF PRECONDITIONING: Estimated revenue, operating expenses, pro-rated fixed costs and returns to land, overhead and management for preconditioning calves prior to sale

Budget 21-9
Dec 2013

Category	Description	Unit	Price	Quantity	Value	Comments
OPERATING INPUTS						
Weaned calves, steers	80 head, 550 lb.	Cwt.	\$152.00	440	\$66,880	_____
Weaned calves, heifers			\$0.00	0	\$0	_____
Pasture ^a		Acre	\$0.00	0	\$0	_____
Hay		Ton	\$85.00	10.4	\$880	_____
Concentrate/supplement 1		Cwt.	\$16.50	75.6	\$1,247	_____
Concentrate/supplement 2		Cwt.	\$14.25	201.6	\$2,873	_____
Minerals		Head/day	\$0.05	3,600	\$180	_____
Implant, deworm, fly control		Hd.	\$10.00	80	\$800	_____
Fence Repair	% of initial investment	%	8.0%	4,000	\$320	_____
Facility Repair	% of initial investment	%	1.0%	8,850	\$89	_____
Equipment operating	Fuel, repairs, maint.	Days	\$0.00	45	\$0	_____
Change in marketing cost, +/-	No change	Hd.	\$0.00	80	\$0	_____
Annual operating capital ^b	Interest rate, APR	%	5.50%	70,074	\$475	_____
TOTAL OPERATING COSTS					\$73,744	_____
PRORATED FIXED COSTS^c						
Fencing, facilities, etc. from Table 2.					\$146	_____
Other equipment not listed Deprec., int., tax, ins.					\$0	_____
Pasture establishment, From Table 2 ^a					\$0	_____
TOTAL OWNERSHIP COSTS					\$146	_____
LABOR COSTS						
Livestock labor		\$/hr.	\$12.00	33.75	\$405	_____
Other labor	Help working cattle	\$/hr.	\$12.00	2	\$24	_____
TOTAL LABOR COST					\$429	_____
TOTAL COST					\$74,319	_____
GROSS REVENUE						
Preconditioned steers	80 head ^d .	Cwt.	\$155.00	501.8	\$77,773	_____
Preconditioned heifers		Cwt.	\$0.00	0.0	\$0	_____
TOTAL REVENUE					\$77,773	_____
RETURNS OVER OPERATING EXPENSES					\$4,029.19	_____
RETURNS TO LAND, OVERHEAD, LABOR, AND MANAGEMENT					\$3,883.07	_____
RETURNS TO LAND, OVERHEAD AND MANAGEMENT					\$3,454.07	_____
COST SUMMARY						
Average sales price required to recover operating expenses, \$/cwt. of pay weight					\$146.97	_____
Average sales price required to recover total cost, \$/cwt. of pay weight					\$148.12	_____
Average cost per pound of gain based on pay weight, \$/cwt					\$1.20	_____

^a Include a pro-rated share of pasture operating costs based on NCSU forage budgets, as appropriate.

^b Interest calculated on full calf cost and 1/2 of other costs, except sales expense, for the feeding period.

^c Assumes a pro-rated share of the annual cost of the facilities is charged to this enterprise.

^d Includes death loss and shrink.

Table 2. Investment in specialized facilities & equipment and pro-rated annual ownership expenses

Category	Life	Initial	Salvage	Deprec-	Interest ^b	Tax &	Total	Share to	Share to
	Years	Cost	Value	iation ^a		Ins. ^c		Enterprise	Enterprise
		\$	\$	\$	\$	\$	\$	%	\$
Interest & Tax Rates ==>					5.5%	1.40%			
Perimeter Fence	20	3,750	0	188	98	53	338	10.0%	33.80
Internal Fence	3	250	0	83	5	4	91	10.0%	9.14
Corral & Chute	20	8,000	0	400	209	112	721	10.0%	72.10
Feed Bunks ^d	3	850	0	283	16	12	311	10.0%	31.08
Other	5	0	0	0	0	0	0	0.0%	0.00
Pasture Establishment ^e	7	0	0	0	0	0	0	0.0%	0.00
TOTALS		12,850	0	954	327	180	1,461	--	146.12

^a Depreciation = (Initial cost - Salvage value) / years of life

^b Interest on investment = ((Initial cost + Salvage value) / 2) X 0.065

^c Property taxes on facilities and equipment as a percent age of the initial investment, plus Insurance premiums as a percentage of the initial cost of investment

^d 5 bunks @ \$150.00 each

^e Include pasture establishment costs based on NCSU forage budgets, as appropriate.

SENSITIVITY ANALYSIS

This table shows the returns to land, overhead and management (a measure of profit) under various assumptions about costs and returns. Specifically, the cost and returns shown in the enterprise budget on the first page are believed to be fairly representative of conditions in North Carolina. However, there is a wide variation in farm performance from one farm to another and costs and cattle prices can change rapidly from year to year. The table shows the effects of returns that are 10 percent higher and lower than for the basic budget. Similarly, the table also shows the effects of total costs that are 10 percent higher and lower.

RETURNS TO LAND, OVERHEAD AND MANAGEMENT:

		REVENUE		
		-10%	Base	10%
		Lower	Budget	Higher
	-10%	\$3,109	\$10,886	\$18,663
COST	Base	-\$4,323	\$3,454	\$11,231
	+ 10%	-\$11,755	-\$3,978	\$3,799