

Using the Template After the Start of a Production Cycle

It is most common for the starting date for an ABA analysis to be before the start of a production cycle. For example, in a cash crop enterprise, crops may be seeded about May 1, and harvesting be complete by the end of October. If the statement date for ABA is sometime before May 1 or after October 31, the projection period will encompass the entire production cycle. Sometimes, however, the statement date, and start of the projection period will be a date within the production cycle, or, in this example a date between May 1, and the end of October.

When we are looking at a projection that is going to begin after the production cycle has started, there are a few things that are important to remember:

1. There will likely be production assets on hand on the statement date (ie: crop in the field, calves at foot, etc.).
2. The production and financial activities we will be looking at in any analysis are those that will happen between our statement date and 1 year later.
3. There will likely be production assets on hand again at the end of the projected period (ie: crop in the field, calves at foot, etc.).

To deal with this then, the following is suggested:

- The crop in the field, calves at foot etc. be valued as they are at the statement date. Market value as of that date is suggested. If, for example, the statement date is July 1, the farmer may feel that if he was to sell the land with the crop seeded that date, he would get \$200/ac. over bare land price. This should correspond somewhat to the value of his inputs including fuel, repairs and labour. The crop in the field then would be valued in this example at \$200/ac..
- At the end of the projection period then, there would again be crop in the field similarly valued.
- If the cropping/livestock/etc. plan is the same for the following year as the present year, expenses would be what they would be per unit of production for an entire year.
- If the cropping/livestock/etc. plan is different for the following year, the expenses would be what is expected for the present production to the end of the present production cycle, and for the next year's production to the end of the 1 year projected period. For example:
 - ✓ The statement date is July 1, and the farmer has 100 acres of wheat in the ground and sprayed, with 50 acres underseeded to hay and next year will be harvesting the hay crop on 50 acres and summerfallowing 50 acres
 - ✓ Costs for this crop for the 100 acres from the statement on will be fall machinery fuel and repairs, custom harvesting, custom hauling and crop ins.
 - ✓ Costs for next year to June 30 will be spring fertilizer and fuel and repairs for the 50 acres of hay and 50 acres of summerfallow.

The entries might look like this:

- ✓ On the Other Assets page, the crop in the field is valued at \$200/ac. on the statement date, July 1, and the crops that will be part of the plan are named so they carry in to the Crops page.

Beginning Grain and Produce for Sale:				
Crop Type & Grade	On Hand	Units T,Bu,BlS	\$ per Unit	Market Value
Crop in field	100.0	ac	200.00	20,000
- wheat				-
				-
Next year's crop	100.0	ac		-
- hay				-
- summerfallow				-

- ✓ On the Crops page, the cropping entries might look like what is shown below. Over the course of our projection July 1 to June 30 of the following year, we are actually working with 200 acres (100 each crop year). The 100 acres (present crop, July 1 to the end of the crop year) will have no value as crop in the field at the end of the year June 30, next year, so its Closing Inventory value would be \$0 per unit (ac). The hay in the field at the end of the year, June 30 next year, might have a standing crop value of \$120/ac. The summerfallow would likely have an end date value of \$0/ac. for a combined Closing Inventory value of \$60/total acre.

Crop Production Plan:		Total Cultivated Acres:		100	From: 01-Jul-15		to 29-Jun-16									
Crop Type: Grown For Sale:	Opening Inventory			Additions					Subtractions			Closing Inventory				
	No. Units	Price p.Unit	Total Value	No. Acres	Yield Acre	Total Yield	Purch-ases	Price p.Unit	Total Cost	Seed CrpShr	Units Sold	Price p.Unit	Total Income	No. Units	Price p.Unit	Total Value
Crop in field	100.0	200.00	20,000			0.0			0				0	100.0	0.00	0
- wheat	0.0	0.00	0	100	60.0	6000.0			0		6,000.0	5.00	30,000	0.0	0.00	0
	0.0	0.00	0			0.0			0				0	0.0	0.00	0
Next year's crop	100.0	0.00	0			0.0			0				0	100.0	60.00	6,000
- hay	0.0	0.00	0	50		0.0			0				0	0.0	0.00	0
- summerfallow	0.0	0.00	0	50		0.0			0				0	0.0	0.00	0
-	0.0	0.00	0			0.0			0				0	0.0	0.00	0
-	0.0	0.00	0			0.0			0				0	0.0	0.00	0

- ✓ In the expense section of the Crops page, the entries might look like the following, showing expenses for the wheat from July 1 to the end of the crop year, and hay and summerfallow expenses for the next crop year to June 30

Projected Cropping Expenses and Cropping Contribution:													
Expense Item	# Units	Cost / Unit	Total Cost	Expense Item	# Units	Cost / Unit	Total Cost	Expense Item	# Units	Cost / Unit	Total Cost	Cost of Prod'n Per Tonne	
Cash Land Rent			0	Herbicide-Oilseed			0				0	0	
Equipment Lease			0	Herbicide-Cereals			0				0	0	
Labour & Wages			0	Herbicide-Other			0				0	0	
Utilities			0	Fertilizer-Oilseed			0				0	0	
Twine / Wrap			0	Fertilizer-Cereals			0				0	0	
Custom Hauling	6,000	0.25	1,500	Fertilizer-Other	50	50.00	2,500	Total Expenses:			11,700	0.00	
Custom Work	100	40.00	4,000	Seed - Oilseeds			0	Home Feed Inventory Adjustment			0	0.00	
Equipment Rent			0	Seed - Cereals			0	Total Accrued Cropping Income:			16,000	0.00	
Machine Repairs	100	10.00	1,000	Seed - Other			0	Net Cropping Contribution			4,300	0.00	
Building Repairs			0	Crop Ins. - Oilseed			0	Value of Production			30,000	0.00	
Fuel, Gas, Oil	100	12.00	1,200	Crop Ins. - Cereal	100	15.00	1,500	Total Net Contribution of Production:			18,300	0.00	
Seed Clean & Treat			0	Crop Ins. - Pulse			0	Value of Production per Acre:			300.00		
Insecticides			0	Crop Ins. - Forage			0	Cost of Production per Acre:			117.00		
Fungicides			0				0	Net Contribution per Acre:			183.00		

You will notice that the Contribution numbers do not work right on this page in this scenario, but that information doesn't go anywhere, so doesn't impact on overall results.

An option is to show the opening and closing value of the crop in the field as Supplies.

Try it out on a blank template to see how the numbers flow through the template and to get comfortable with dealing with this type of scenario.