

## ABOUT SHETLAND MONITOR FARM

Farm name	<b>Bigton Farm, the Shetland Monitor Farm</b>
Meeting Number	<b>13 Farm Audits, Taxation and farm businesses, and ventilation in housing</b>
Meeting Date	<b>Saturday 2<sup>nd</sup> March 2019</b>
Next Meeting	<b>Saturday 1<sup>st</sup> June 2019</b>

Kirsty and Aimee Budge are our Shetland Monitor Farmers, at Bigton farm on the south west of the Shetland mainland.

**Land:** Two units are run together, covering 305 ha of in by and rough grazing.

**Crops:** Around 25 ha of spring barley is grown, 4ha of forage rape and about 40ha of silage cut.

**Cattle:** 82 Shorthorn x Saller cows producing Saller or Charolais x calves which are sold store or finished.

**Sheep:** 350 Shetland x Cheviot breeding ewes which are put to a Suffolk tup. Replacements are bought in.



### Management group members are:

Jamie Leslie (Chairman): Scholland Farm, Graham Fraser: SAC Consulting, Kirsty Budge: Bigton Farm, Aimee Budge: Bigton Farm, Lauraine Manson: Hestigarth, Walls and Shetland Livestock Marketing Group, Hilary Burgess: Quendale Farm and Shetland Animal Health Scheme, Eric Graham: Gremista Farm, Jim Tait: Shetland Vets, John Abernethy: Verdahill, Twatt, Johnina Henderson: Breckon, Yell, John Sandison: Parkview, Bigton, Aaron Sinclair: Sandlodge Farm, Jacob Eunson: Uradale, Matthew Westmoreland: Hoversta, Bressay  
Ideas for trialling at the Monitor Farm are welcome and should be directed to one of the management group.

- 32 farmers and crofters came along to hear Derek Hanton of SAC Inverness, Karen Scholes, A B Scholes Chartered Accountants, Jim Nicolson of Shetland Vets and get an update from Kirsty and Aimee.

## KEY MESSAGES

- Analyse your business cost structure
- Look at the margins being made by each enterprise
- Discuss tax issues with your accountant
- Prepare well in advance for calving and lambing including making sure nutrition is well balanced

## FARMERS UPDATE

### Bigton Farm Update:

Kirsty and Aimee gave a report to the meeting.

#### Cattle

- Cow scanning results showed 99% in calf with only one bought in heifer not in calf.
- Johne's disease was discussed and the farms latest test results showed 8 positives and 1 inconclusive.
- Another 2 cows are suspicious to the eye (skittery)
- Looking back at where each of the positive animals were born tends to rule out the theory that either Bigton Farm or Toab is a more infectious unit as the positives came from both.
- Currently managing the cows that are positive for Johne's in a separate shed and field in the hope of eradicating the disease.
- Started feeding silage 3 weeks later than in the last 2 years
- Body condition scores averaged 3 in December despite the later start with silage
- 10 cows that are in-calf to a Charolais bull have now been housed but that is 5 weeks later than last year

#### Arable

- In 2018 the business sold about 100 tons of barley
- In 2019 there will be 10 acres less barley, but inputs are to be increased
- More fertiliser will be applied combined with the use of growth regulators it is hoped to achieve a significantly higher yield will hopefully result in a similar surplus to sell.
  - 2018 -79 acres average 1.9t/acre = 150 t
  - 2019 -67 acres target 2.5t/acre = 167.5 t

#### Sheep

- The ewe flock is being increased significantly this year and is now up to 317 scanned from 240 in 2016
- Extra gimmers have been purchased this year and they scanned at 119% compared to 171% for the 204 ewes.
- While the ewes are good, the number of gimmers this year has reduced the overall average from 169% last year to 153% this year.
- Grazing more sheep off the Isle this year moving them around parks
- Gimmers grazed on their own and given silage
- Twin bearing ewes are utilising deferred grazing on St Ninian's Isle and being fed a barley mix costing 8p/ewe/day and they will need silage soon
- Singles on Deferred Grazing plus silage

#### Other items of Interest

- Kirsty and Aimee helped organise a successful introductory open meeting to try to start a Shetland Young Farmers group and 43 young people attended
- Kirsty and Aimee attending the Farming Scotland 2019 conference in Carnoustie attended by 140 farmers and professionals. They gave a presentation to the conference and felt that their experience and confidence gained from the MF project greatly assisted in that task.

## AREAS OF DISCUSSION



### **Farm Audit**

Derek Hanton from SAC consulting gave a presentation on his initial findings from the farm audit looking at 4 years of accounts 2015 - 2018

### **Variable costs**

These were generally low as a percentage of Gross Output averaging 26%

### **Labour**

Being almost entirely family members, the labour costs were extremely low averaging only 3% of Gross Output as family labour is not included in this figure but should be accounted for.

### **Machinery**

It is the machinery costs that are currently very high sitting at over double the SAC consultants target % of Gross Output averaging 46%

### **Property and General Overheads**

These seem to vary significantly from year to year but are generally significantly higher than the SAC consultants target % of Gross Output, averaging 13%

### **Gross Profit**

The profit as a % of Gross Output has varied from 0% to 24% averaging 13% which is lower than the 30% target.

### **Sheep Enterprise**

The ewe flock has been increased from 240 in 2016 to 318 in 2019. Scanning % rose from 157% in 2015 to 164% in 2017 and 169% in 2018. 2019 has seen the scanning % drop back to 153% but with the increase in flock size the number of potential lambs has risen steadily from 367 in 2016 to the current 485.

Lamb losses particularly on St. Ninian's Isle have been an issue and there was a good discussion about how to minimise those losses. The ideas included the utilisation of grazing at Toab not traditionally used by the sheep to reduce grazing pressure on the Isle and minimise the number of ewes put out to the Isle with very young lambs at foot. Ewes grazing close to the cliff edges does result in the loss of young lambs to accidental falls from height.

Derek looked at the pattern of lamb sales and the cost of finishing lambs later in the season, the costs of finishing lambs and the margins left by the 166 store lambs that were purchased in autumn 2018 finished and sold in November that averaged a margin of £13.10/lamb.

## Cattle Enterprises

### Suckler Cows

Derek presented figures re- the number of cows in calf, calves born alive, calves weaned etc. from 2016 to 2018. The number of calves weaned rose from 81% to 86% from 2016-2017 which is a significant improvement with room for further improvement which formed part of the discussion.

### Store Cattle

Growth rates of calves from both Bigton and Toab were looked at separately. Both have good figures up to weaning at 1.28kg/day for Bigton and 1.24kg/day. While the weights in November only show a slight drop off in growth rates to that point, the growth rates from then through to February drops off significantly. That is being addressed this year by trying to improve rations and silage intakes.

### Finishers

Derek looked at the cost of finishing cattle for the local market and the margins that are left and there was a good discussion about the viability of that market and whether it would be better to sell more weaned calves.

## Farming – Tax Considerations

Karen Scholes BA CA of Scholes Chartered Accountants touched on all the tax issues that can affect a farm business

- Value Added Tax (VAT)
- Inheritance Tax (IHT)
- Corporation Tax
- Capital Gains Tax (CGT)
- Income Tax
- National Insurance
- Land & Buildings Transaction Tax (LBTT)
- Stamp Duty

Karen covered a wide range of the above giving examples of how they might impact on a farming business and how to take steps to mitigate the effects. There was a good discussion and the overall advice was that it was never too early to have the discussion with your account about the steps you should consider to reduce the impact of IHT in particular.



## Ventilation in livestock housing

After an excellent lunch catered by the Bigton Community Hall committee, everyone went down to nearby John Sandison's sheep shed to view and discuss the recent changes John had made to the ventilation in the shed. The shed had always had an open- ridge but the narrow gaps in the Yorkshire boarding along the sides had been restricting the "stack effect" ventilation.

John had recently replaced the original boarding with adjustable boarding that allows him to increase the side ventilation as and when required. Smoke bombs were set off and the smoke did gradually clear though the open ridge. On the day, the sheep house was less than half full and it was felt that the increased side ventilation was a significant improvement and that the "stack effect" would work even better when the shed was full of sheep later in the year.



## Preparing for calving and lambing

On return to the hall Jim Nicolson of Shetland Vets gave a very timely presentation based on the theme Prevention is Better than Cure:

These included Nutrition, Environment, Parasite Control and Vaccination, Parturition, Dystokia (slow or difficult labour or delivery) Medications

## ACTIONS FROM MEETING

- Regularly weigh store cattle
- Complete farm audit with Derek Hanton
- Improve store cattle winter rations
- Improve barley yields

### FACILITATOR CONTACT DETAILS

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