

FALKLANDS LANDHOLDINGS CORPORATION

8.30 am – 18th November 2016
Chamber of Commerce

AGENDA

PART 1

1. **Apologies for Absence**
2. **Declarations of interest *(if required)***
3. **Confirmation of the Minutes of the meeting held on 19th August 2016** Attached
4. **Matters arising from the Minutes of the meeting held on 19th August 2016**
5. **Financial Update** Attached
6. **Purchase of a Digger for North Arm** Attached
7. **Purchase of Generator for Fitzroy** Attached
8. **General Managers Report** Attached
9. **Bank Mandate** Attached
10. **Australia Visit** Attached
11. **Date of Next Meeting**
12. **Exclusion of Press and Public**

The public are likely to be excluded from the meeting for this/these item(s) of business by virtue of paragraph(s) 7, 9 & 10, Information about individuals, Information about others' financial and business affair and Information about relevant contracts and negotiations of Schedule 3 of the Committees (Public Access) Ordinance 2012]

The Chairman to move as follows:

"I move that the press and public be now excluded on the ground that the next items of business to be considered are likely to disclose exempt information under paragraph(s) 7, 9 & 10, Information about individuals, Information about others' financial and business affair and Information about relevant

contracts and negotiations of Schedule 3 of the Committees (Public Access) Ordinance 2012.”

PART 2

- 13. Confirmation of the Exempt Minutes of the meeting held on 19th August 2016.** Attached

Not for publication by virtue of paragraph 7, 9 & 10 of Part I of Schedule 3 of the Committees (Public Access) Ordinance 2012, relating to Information about individuals, Information about others’ financial and business affair and Information about relevant contracts and negotiations.

- 14. Matters arising from the Exempt Minutes of the meeting held on 19th August 2016**

Not for publication by virtue of paragraph 7, 9 & 10 of Part I of Schedule 3 of the Committees (Public Access) Ordinance 2012, relating to Information about individuals, Information about others’ financial and business affairs and Information about relevant contracts and negotiations.

- 15. Annual Accounts & Audit Report – year end 30 June 2016** Attached

Not for publication by virtue of paragraph 7, 9 & 10 of Part I of Schedule 3 of the Committees (Public Access) Ordinance 2012, relating to Information about individuals, Information about others’ financial and business affairs and Information about relevant contracts and negotiations.

- 16. Bonus Payments** Attached

Not for publication by virtue of paragraph 7 & 10 of Part I of Schedule 3 of the Committees (Public Access) Ordinance 2012, relating to Information about individuals and Information about relevant contracts and negotiations.

- 17. Tractor Incident** Attached

Not for publication by virtue of paragraph 7 & 10 of Part I of Schedule 3 of the Committees (Public Access) Ordinance 2012, relating to Information about individuals and Information about relevant contracts and negotiations.

- 18. General Managers Report** Attached

Not for publication by virtue of paragraph 7, 9 & 10 of Part I of Schedule 3 of the Committees (Public Access) Ordinance

2012, relating to Information about individuals, Information about others' financial and business affairs and Information about relevant contracts and negotiations.

19.

Leases

Attached

Not for publication by virtue of paragraph 7, 9 & 10 of Part I of Schedule 3 of the Committees (Public Access) Ordinance 2012, relating to Information about individuals, Information about others' financial and business affairs and Information about relevant contracts and negotiations.

FALKLANDS LANDHOLDINGS CORPORATION

OPEN MINUTES

19th August 2016

These minutes are draft minutes until confirmed by resolution at the next meeting of this committee

Present:	MLA P Rendell	PR	Chair
	MLA I Hansen	IH	MLA
	Mr A Pollard	AP	General Manager FLH (GM)
	Mr K Padgett	KP	Chief Executive, Vice Chair

In Attendance:	Ms L Morrison	LM	Head of Finance, FIG
	Mr I Campbell	IC	Senior Agriculture Advisor
	Mr K Alazia	KA	Farm Manager, Goose Green
	Mr S Dickson	SD	Farm Manager, North Arm
	Mr G Castro	GC	Farm Manager, Fitzroy

Minutes:	Mrs D Aldridge	Office Manager, FLH
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Action

1. Apologies for Absence

Apologies for absence were received from Mr J Forster, Mr K Knight, Mrs N Granger and Mr T Miller.

2. Declarations of interest

There were no declarations of interest at this stage in the meeting.

3. Confirmation of the Minutes of the Meeting held on 13th May 2016.

The Minutes were confirmed as a true and accurate record with some corrections.

Item 5 – third paragraph add Arm.

Item 7 – Fitzroy section – second paragraph YSL should read OSL and fifth paragraph employee should read employ.

4. Matter Arising from the Minutes of the Meeting held on 13th May January 2016.

Item 7 paragraph six – the issue of a formal agreement with Sure still **GM**

needs to be discussed.

5. Financial Update.

The management accounts were presented up to the end of June but it was noted that they are not yet finalised. The final accounts will need to include Depreciation and Livestock Valuations.

It was noted that there was slight increase in wool sales and this compensated for the slight decrease in meat sales. Since the budget has been formalised there is going to be an increase in shearing and wool handling costs up to £25,000.

The exchange rates after the EU referendum has positively affected wool sales. FLH has already forward sold 30% of their wool clip by value. This is about £110,000 more in value compared with the same volume sold last year and approximately £135,000 more than budgeted.

There has also been an oversight in that the Fitzroy Shearing Shed project had not been rolled over to the new financial year. The project is now in the final stages of completion.

Since budgeting Fitzroy would also need funding for another generator as there are still ongoing issues with power. They currently only have one generator and two very old ones, which need significant funding to repair. It was thought this would need funding in the region of £10,000. It was agreed for the GM to bring a paper **GM** on this to the next Board Meeting.

The auditors will be in the Islands early to mid-September and the GM is co-ordinating for a meeting with them with Board Members.

It was noted and encouraging to see Fitzroy looking much better than it had previously and Goose Green and North performing very well.

6. Falklands Landholdings Pay Increase.

This paper was brought to the Board to consider a 1% pay increase to FLH Staff.

This paper was agreed and approved.

7. International Visa Company Debit Card.

This paper was brought to the meeting for the Boards approval to obtain a Standard Chartered Bank Visa Debit Card for the Corporation.

The meeting agreed that technically the limit on the debit card is what is in the account. It was agreed a good idea that policies and procedures for use of the card would be covered by current GM delegated responsibility for payments in general.

The meeting agreed that the application would be placed with Standard Chartered Bank and that the General Manager and Officer Manager would be the signatories.

This paper was agreed and approved.

8. General Managers Report.

This paper was to update the FLH Board on activities and actions since the last meeting.

Farming conditions – these have been favourable over the past few months although now there has been a significant fall of snow.

FIMCo Supply – There was little to comment. Beef sales for North Arm have been good for July and August.

Wool Sales – FLH has sold its entire 2015/16 wool clip and have forward sold 30% by value of their wool Clip for the coming 2016/17 season. This has been sold for prices exceeding a £1/kg Net Stanley above 2015/16 sales.

Sheep Genetics – The AI scanning and mid-side samples have been completed prior to the trip to Australia. The scanning results were excellent and the mid side samples microns were comparable as expected. FLH expressed their gratitude to the DOA for providing a short turn around in obtaining these results and thanked all concerned for their hard work during this programme.

Energy – Fitzroy have continuing problems with the turbine/generator setup. North Arm have a system that is now too small and it was agreed for the GM to look at this and see what needed to be added. SD commented that he thought the way to proceed was solar and this is easier to maintain as there are no moving parts. Goose Green have two 6KW turbines erected and a new control panel for the monitoring system is expected to arrive shortly. **GM**

Horticulture – the GM has met with FIDC on this subject and would attend further meetings when the independent consultancy services specialist whom FIDC have contracted arrive in the Islands in October. It was noted that T Miller made a very good presentation at

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Farmers week on horticulture. He demonstrated that there are opportunities to grow some basic crops that would achieve good results.

Livestock supplementation – this was still in the budget and although previous enquiries had not progressed due to the freight costs being too high. Other options are still being looked at to see if they were practicable. The DoA Agronomist recently visited Uruguay and followed up with potential suppliers and since his return discussions have taken place with SAAS.

Agricultural Trainees – the GM had met with the Training Centre and it proved a very positive meeting. There is real enthusiasm with staff to work with FLH. There is one downside in that if worked through the Training Centre then the work needs to be linked into a qualification. The objective for FLH at the moment is to solely provide an employment opportunity and assess the interest. Although the Managers are interested in this scheme accommodation is an issue on some of the farms.

Fitzroy Farm - GC informed the meeting that the stock at Fitzroy are in good condition and seem to have settled into the holistic grazing programme. Although it is too early to say at present they all appear to be doing well.

The capital works are progressing and the shearing shed is nearing completion. The big house still needs works on the kitchen and window facings on the interior. The water tank is still to be completed. GC has requested a timeframe for this work to be completed by the contractor.

The power is still an issue at Fitzroy and another generator is needed. There is a possibility that the two old ones could be sold.

The seasonal workers have now been employed and will arrive on the 17th September.

The shearing shed has had a sixth stand installed so that the whole gang can work at Fitzroy.

FIG has opened up a quarry at Bush Pass and have said they will carry out some works on the road to Fitzroy.

Goose Green – KA informed the meeting that the scanning was carried out on the 1st and 2nd Aug with good results. He would like to see the numbers reduced to 1,600 so better ewes could be used and the number of days AI reduced. All other stock is generally in good condition but would probably have a slight set back with this fall of

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snow. Before the snow the camps did appear to be very dry which is not a good indication for the summer season.

Cows and Heifers are now back in the camps and the weaners are on silage.

A handyman and the seasonal workers have been employed. The truck driver post has again been advertised but to date there have been no applications. Three members of staff have completed their probations.

Settlement maintenance is ongoing and the works on the dog cages have progressed and one set is near completion. Fencing has been completed and 5 roofs on various sheds have been completed.

The preparation work has been completed for the new cattle yards in the settlement.

The new press has arrived and has been installed. The new tractor, 4 quads, roofs and 20K of fencing is due to arrive next week.

The wind power is working with some issues. We need the other 2 turbines installed to get a complete picture with some real data. There are ongoing issues with electrics on half of the farm in that they cannot use washing machines etc. when the generator is on. This has only occurred since it has been connected to the turbines.

Shearing will commence on the 12th and 13th September at Walker Creek with the shearing of the maidens and an exemption from the DoA has been attained. The ewes will be shorn twice and the objective is to bring the maidens in line with the other ewes regarding shearing times and wool growth.

Haulage – Goose Green has bid for the New Haven contract with FIMCo but have not heard the outcome.

North Arm – SD informed the meeting that the stock appeared to be in good condition although the camps are dry. Some of the AI rams have put on 11 – 12kg since weaning but they have not been put over ewes. SD questioned some of the semen that has been used as one AI ram is already 21 micron. It was also noticed that the technician needed to have days between the AI at GG and NA as the scanning results decreased down to 54% on the last day. GM commented that with so many ewes being AI, there may be some additional stress from the ‘handing around’ waiting. SD also commented that at the moment every ewe is inseminated although not marked up and thought this should not happen. Last year 750 ewes were in lamb and this year 1404 ewes which is excellent.

It was agreed to review the whole process.

GM/KA/
SD

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Cattle are doing well and have enough food until his return from Australia. The cattle scanning wasn't a success this year due to a technical issue and being scanned too late.

Settlement maintenance is ongoing with work on the pens. The solar system is going into one house for a trial to heat hot water. Potentially there could be more merit utilising solar power for central heating.

The big house has now been completed.

One new member of staff arrives tomorrow and the two seasonal workers are due to arrive in October.

9. Australia Visit.

This paper was to provide an update to the Board regarding the forthcoming visit to Australia. The recommendation of £5,000 to be transferred to the General Manager to cover costs accrued whilst travelling was approved. The GM has authority to purchase a small quantity of gifts and cover the costs of hospitality whilst in Australia.

PR asked if all had taken out travel insurance. It was confirmed everybody has insurance in place.

This paper and the recommendations were approved.

10. Marketing – Website and Social Media.

This paper was to consider the setup of a website and social media presence for FLH.

At present if you search FLH on Google the results historical facts and corporate financial management. There is little promotion of the investment and forward looking direction of the corporation. A website and social media presence will allow FLH to reach what could be potential customers and employees.

It was thought that funding needed would be in the region of £2,000. It is the next logical step to give a good impression and show some of the positive sides although it is noted there are negatives risks.

This paper was agreed and approved.

11. Policy – Housing/Rural business set-up blocks.

This paper was to provide a policy for FLH leasing land for both residential and rural businesses.

The Recommendations were for the FLH Board to adopt a policy

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decision making process. To agree to the GM to advertise identified plots and draft a 99 year lease for the next Board meeting. GM

There is two main differences, residential and business set up blocks. The aim is to try and increase the population in camp and have more people living within the communities. All of the services would need to be considered and be certain they could cope with an increase of use. There needed to be consideration given to requests from people outside of these settlements.

It was agreed that all applications needed to come to the Board for approval and there would be no direct sale of land.

The managers would need to identify plots within the settlements and these would be advertised for expressions of interest. GM/KA
SD

IC asked about areas outside of the settlements such as Black Rock and Berthas Beach. The policy recommends not to lease land in these areas as Farm Managers have concerns with fire and increased activity during lambing. Although to have more tourism opportunities there may need to be a review of these areas in the future. It was agreed that all applications could ultimately be screened by the Board.

It was thought a good idea to keep these within the settlements with some rules in place. The detail in the lease needs to maintain the aesthetic aspect of the settlements. FLH do not want to end up with loads of abandoned derelict buildings/properties.

PR agreed it is safer for the Board to make these decisions so these applications needs to appear before the Board.

12. Date of next meeting

The date of the next meeting 18th November 2016.

PART 2

13. Exclusion of Press and Public

The Committee resolved to exclude the press and public on the grounds that the next items of business to be considered were exempt within the terms of paragraph(s) 7, 9 & 10 of Schedule 3 of the Committees (Public Access) Ordinance 2012 relating to information about individuals, Information about others' financial and business affair and Information about relevant contracts and negotiations.

14. Confirmation of Exempt Minutes of the meeting held on 13th May 2016.

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Not for publication by virtue of paragraph 7, 9 & 10 of Schedule 3 of the Committees (Public Access) Ordinance 2012 relating to information about individuals, Information about others' financial and business affair and Information about relevant contracts and negotiations.

The Exempt Minutes were confirmed as a true and accurate record and signed by the Chair.

15. Matters arising from the Exempt Minutes of the meeting held on 19th May 2016.

Not for publication by virtue of paragraph 7, 9 & 10 of Schedule 3 of the Committees (Public Access) Ordinance 2012 relating to information about individuals, Information about others' financial and business affair and Information about relevant contracts and negotiations.

There were no matters arising.

16. Lease Applications.

Not for publication by virtue of paragraph 7 of Schedule 3 of the Committees (Public Access) Ordinance 2012 relating to information about individuals.

This paper was brought to the Board to show the current applications to lease land from FLH and seek recommendations on how to move forward.

KP then thanked everybody for his time on the Board this is his last meeting as Vice Chair. KP commented that it was good now to see FLH as a profitable business. He wished everybody at FLH the best for the future. The Board also thanked Keith for the contributions to FLH.

It was also noted this would have been N Grangers last meeting and although she was not present the Board would like to thank her for her contributions with FLH over the years and wish her the best for the future.

Minutes confirmed this day of 2016.

Chairman

FALKLANDS LANDHOLDINGS CORPORATION

MANAGEMENT ACCOUNTS

PERIOD ENDED 31 OCTOBER 2016

FALKLANDS LANDHOLDINGS CORPORATION
MANAGEMENT ACCOUNTS
PERIOD ENDED 31 OCTOBER 2016

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Falklands Landholdings Corporation
Year end 30.06.16
Management accounts as at 31.10.16
Summary - total

Ref: Oct-16

	2015/16 Actuals £	2016/17 Actuals 01.07 - 31.10 £	2016/17 Annual Budget £	YTD actuals as %age of Annual budget £
SALES				
Wool sales	1,614,345	-	1,520,000	0.00%
Meat and livestock sales	393,608	15,507	375,000	4.14%
	<u>2,007,953</u>	<u>15,507</u>	<u>1,895,000</u>	0.82%
COST OF SALES				
Wool Freight & marketing	211,934	-	230,000	0.00%
Shearing expenses	26,490	21,535	27,500	78.31%
Shearing contractors	184,526	31,008	190,000	16.32%
Livestock expenses	102,630	15,780	119,000	13.26%
Fencing maintenance	20,114	3,377	13,000	25.98%
Pasture development	40,702	27,634	43,500	63.53%
Building repairs & maint	70,627	26,487	73,000	36.28%
Plant and vehicle costs (exc fuel)	81,088	42,108	87,000	48.40%
Plant hire - inter-farm	-	-	-	0.00%
Fuel & oil	228,250	62,635	245,000	25.57%
Utilities income	(66,261)	(24,009)	(71,000)	33.82%
Horticultural purchases	1,025	-	-	0.00%
Miscellaneous purchases	5,438	3,149	6,200	50.78%
Insurance	44,010	12,621	38,500	32.78%
Employment costs	480,806	168,913	491,000	34.40%
Bonus	43,894	-	60,000	0.00%
General contractors	30,484	3,213	32,000	10.04%
Depreciation	210,122	-	-	0.00%
Miscellaneous expenses	229	11	-	0.00%
	<u>1,716,108</u>	<u>394,462</u>	<u>1,584,700</u>	24.89%
FARM STORES TRADING (NET)	<u>10,522</u>	<u>(4,086)</u>	<u>5,000</u>	-81.71%
ADMINISTRATIVE EXPENSES				
Central (Stanley) overhead	108,545	29,983	83,500	35.91%
Employment costs	2,555	3,098	2,000	154.90%
Rent & rates	2,626	930	3,000	31.00%
Vehicle costs Stanley	1,107	220	3,000	7.33%
Travel	11,027	61	7,000	0.87%
Entertainment	386	-	1,000	0.00%
Postage & stationery	3,493	1,230	2,500	49.20%
Telephone	6,471	2,053	6,500	31.59%
Advertising	259	-	750	0.00%
Professional fees	24,895	1,913	22,000	8.70%
Office repairs and renewals	2,733	519	750	69.20%
Bank charges	1,099	368	1,500	24.53%
Tourism expenses	887	286	1,000	28.60%
Bad debts	55	-	-	0.00%
Sundry expenses	331	60	500	12.00%
Donations/subscriptions	800	326	1,100	29.64%
Depreciation	239	-	-	0.00%
	<u>167,508</u>	<u>41,047</u>	<u>136,100</u>	30.16%
OTHER INCOME				
Tourism income	6,835	2,250	4,500	50.00%
Miscellaneous income	27,151	6,017	42,500	14.16%
Horse grazing	3,501	1,060	4,500	23.56%
House rental income	16,095	4,765	14,200	33.56%
Service charge income	1,250	1,250	1,250	100.00%
Interest received	3,969	418	1,150	36.35%
Grants & subsidies	10,500	3,500	10,500	33.33%
Asset disposals (gains/losses)	3,074	-	-	
Sale of assets	-	700	3,000	23.33%
	<u>72,375</u>	<u>19,960</u>	<u>81,600</u>	24.46%
LIVESTOCK REVALUATION	<u>(50,343)</u>	<u>-</u>	<u>-</u>	0.00%
NET RE GENERAL FARM TRADING	156,891	(404,128)	260,800	-154.96%
DEVELOPMENT PROJECTS				
Settlement maintenance	38,012	11,549	40,000	28.87%
Livestock supplementation trials	-	-	51,000	0.00%
Australia visit	-	19,449	19,500	99.74%
AI Semen purchase	-	-	75,000	0.00%
Agricultural Trainees	-	-	10,000	0.00%
TOTAL RE PROFIT AND LOSS	118,879	(435,126)	65,300	-666.35%
Asset additions - general farm	318,718	208,364	367,556	56.69%
Asset additions - Stanley	624	-	-	
Asset additions - Dev projects	125,792	42,584	190,500	22.35%
Asset additions - Organic Tannery	-	-	40,000	
TOTAL	<u>(326,255)</u>	<u>(686,074)</u>	<u>(532,756)</u>	128.78%
Summary				
P&L Net re farm budget	417,595	(404,128)	260,800	-154.96%
P&L net re board budget	(38,012)	(30,998)	(195,500)	15.86%
P&L total re budget	379,583	(435,126)	65,300	
Depreciation	(210,361)	-	-	
Livestock revaluation	(50,343)	-	-	
P&L total	<u>118,879</u>	<u>(435,126)</u>	<u>65,300</u>	
Asset additions re farm budget	<u>(445,134)</u>	<u>(250,948)</u>	<u>(598,056)</u>	41.96%
				(excluding transfers from assets under construction)
Corporation net	<u>(326,255)</u>	<u>(686,074)</u>	<u>(532,756)</u>	

	2015/16 Actuals £	2016/17 Actuals 01.07 - 31.10 £	2016/17 Annual Budget £	YTD actuals as %age of Annual budget £	
SALES					
Wool sales	119,408	-	140,000	0.00%	
Meat and livestock sales	69,110	-	75,000	0.00%	
	<u>188,518</u>	<u>-</u>	<u>215,000</u>	0.00%	
COST OF SALES					
Wool Freight & marketing	18,256	-	20,000	0.00%	
Shearing expenses	3,463	2,047	4,000	51.19%	
Shearing contractors	19,378	-	20,000	0.00%	
Livestock expenses	14,735	2,311	20,500	11.27%	
Fencing maintenance	4,037	119	3,000	3.96%	
Pasture development	9,509	3,813	10,500	36.32%	
Building repairs & maint	8,511	507	10,000	5.07%	
Plant and vehicle costs (exc fuel)	14,374	3,466	11,000	31.51%	
Plant hire - inter-farm	-	1,660	6,000	27.67%	
Fuel & oil	20,693	4,715	25,000	18.86%	
Utilities income	(8,694)	(2,850)	(10,000)	28.50%	
Horticultural purchases	1,025	-	-	0.00%	
Miscellaneous purchases	460	-	500	0.00%	
Insurance	7,332	1,947	6,500	29.95%	
Employment costs	55,170	16,266	55,000	29.57%	
Bonus	1,015	-	6,000	0.00%	
General contractors	8,908	855	6,000	14.26%	
Depreciation	41,244	-	-	0.00%	
Miscellaneous expenses	-	-	-	0.00%	
	<u>219,416</u>	<u>34,857</u>	<u>194,000</u>	17.97%	
FARM STORES TRADING (NET)				0.00%	
ADMINISTRATIVE EXPENSES					
Central (Stanley) overhead	10,855	2,998	8,350	35.90%	
Employment costs	602	1,126	200	562.83%	
Rent & rates	263	93	300	31.00%	
Vehicle costs Stanley	111	22	300	7.33%	
Travel	1,103	-	700	0.00%	
Entertainment	67	-	100	0.00%	
Postage & stationery	546	143	250	57.18%	
Telephone	1,195	310	650	47.72%	
Advertising	26	-	75	0.00%	
Professional fees	2,490	191	2,200	8.68%	
Office repairs and renewals	363	8	75	10.67%	
Bank charges	85	46	150	30.67%	
Tourism expenses	-	-	100	0.00%	
Bad debts	-	-	-	0.00%	
Sundry expenses	33	6	50	12.00%	
Donations/subscriptions	80	33	110	30.00%	
Depreciation	24	-	-	0.00%	
	<u>17,843</u>	<u>4,976</u>	<u>13,610</u>	36.56%	
OTHER INCOME					
Tourism income	2,710	-	-	0.00%	
Miscellaneous income	1,576	340	2,000	17.00%	
Horse grazing	213	-	2,000	0.00%	
House rental income	1,200	400	1,200	33.33%	
Service charge income	-	-	-	0.00%	
Interest received	397	42	150	28.00%	
Grants & subsidies	-	-	-	0.00%	
Asset disposals (gains/losses)	1,528	-	-	0.00%	
Sale of assets	-	-	-	0.00%	
	<u>7,624</u>	<u>782</u>	<u>5,350</u>	14.62%	
LIVESTOCK REVALUATION	<u>6,975</u>	<u>-</u>	<u>-</u>	0.00%	
NET RE GENERAL FARM TRADING	(34,142)	(39,050) -	12,740	-306.52%	-
DEVELOPMENT PROJECTS					
Settlement maintenance	4,544	583	5,000	11.66%	
Livestock supplementation trials	-	-	17,000	0.00%	
Australia visit	-	6,483	6,500	99.74%	
AI Semen purchase	-	-	-	0.00%	
Agricultural Trainees	-	-	-	0.00%	
TOTAL RE PROFIT AND LOSS	<u>(38,686)</u>	<u>(46,116)</u>	<u>(15,760)</u>	292.62%	
Asset additions - general farm	44,800	20,208	45,000	44.91%	
Asset additions - Dev projects	18,613	28,314	52,500	53.93%	
TOTAL RE NET BUDGET	<u>(102,099)</u>	<u>(94,638)</u>	<u>(113,260)</u>	83.56%	
Summary					
P&L Net re farm budget	151	(39,050)	12,740	-306.52%	(excluding depreciation and livestock revaluation)
P&L net re board budget	(4,544)	(7,066)	(28,500)	24.79%	
P&L total re budget	<u>(4,393)</u>	<u>(46,116)</u>	<u>(15,760)</u>		
Depreciation	(41,268)	-	-		
Livestock revaluation	6,975	-	-		
P&L total	<u>(38,686)</u>	<u>(46,116)</u>	<u>(15,760)</u>		
Asset additions re farm budget	<u>(63,413)</u>	<u>(48,522)</u>	<u>(97,500)</u>	49.77%	
Farm net	<u>(102,099)</u>	<u>(94,638)</u>	<u>(113,260)</u>		

	2015/16 Actuals £	2016/17 Actuals 01.07 - 31.10 £	2016/17 Annual Budget £	YTD actuals as %age of Annual budget £	
SALES					
Wool sales	881,782	-	830,000	0.00%	
Meat and livestock sales	130,100	-	150,000	0.00%	
	<u>1,011,882</u>	<u>-</u>	<u>980,000</u>	<u>0.00%</u>	
COST OF SALES					
Wool Freight & marketing	113,169	-	130,000	0.00%	
Shearing expenses	16,362	13,322	16,000	83.26%	
Shearing contractors	99,896	12,254	105,000	11.67%	
Livestock expenses	46,314	9,057	51,500	17.59%	
Fencing maintenance	5,643	235	5,000	4.70%	
Pasture development	19,434	8,469	10,000	84.69%	
Building repairs & maint	40,871	9,676	40,000	24.19%	
Plant and vehicle costs (exc fuel)	24,793	20,632	37,000	55.76%	
Plant hire - inter-farm	-	(2,031)	(20,000)	10.15%	
Fuel & oil	137,765	35,537	150,000	23.69%	
Utilities income	(46,471)	(18,501)	(50,000)	37.00%	
Horticultural purchases	-	-	-	0.00%	
Miscellaneous purchases	2,967	1,729	3,200	54.05%	
Insurance	22,092	6,442	20,000	32.21%	
Employment costs	241,501	88,134	251,000	35.11%	
Bonus	23,049	-	30,000	0.00%	
General contractors	15,551	2,357	16,000	14.73%	
Depreciation	99,536	-	-	0.00%	
Miscellaneous expenses	229	11	-	0.00%	
	<u>862,701</u>	<u>187,325</u>	<u>794,700</u>	<u>23.57%</u>	
FARM STORES TRADING (NET)				0.00%	
ADMINISTRATIVE EXPENSES					
Central (Stanley) overhead	56,443	15,591	43,420	35.91%	
Employment costs	1,122	1,174	1,040	112.85%	
Rent & rates	1,365	484	1,560	31.03%	
Vehicle costs Stanley	575	114	1,560	7.31%	
Travel	5,734	61	3,640	1.67%	
Entertainment	319	-	520	0.00%	
Postage & stationery	1,883	723	1,300	55.61%	
Telephone	3,032	992	3,380	29.34%	
Advertising	217	-	390	0.00%	
Professional fees	12,945	995	11,440	8.70%	
Office repairs and renewals	1,446	440	390	112.82%	
Bank charges	582	142	780	18.21%	
Tourism expenses	582	210	520	40.33%	
Bad debts	-	-	-	0.00%	
Sundry expenses	172	31	260	11.92%	
Donations/subscriptions	416	169	572	29.55%	
Depreciation	124	-	-	0.00%	
	<u>86,957</u>	<u>21,125</u>	<u>70,772</u>	<u>29.85%</u>	
OTHER INCOME					
Tourism income	1,760	1,490	2,000	74.50%	
Miscellaneous income	25,450	5,602	38,000	14.74%	
Horse grazing	3,288	1,060	2,500	42.40%	
House rental income	9,675	3,525	9,000	39.17%	
Service charge income	1,250	1,250	1,250	100.00%	
Interest received	2,064	217	500	43.40%	
Grants & subsidies	6,000	2,000	5,500	36.36%	
Asset disposals (gains/losses)	1,546	-	-	-	
Sale of assets	-	700	2,000	35.00%	
	<u>51,033</u>	<u>15,844</u>	<u>60,750</u>	<u>26.08%</u>	
LIVESTOCK REVALUATION	<u>(28,027)</u>	<u>-</u>	<u>-</u>	0.00%	
NET RE GENERAL FARM TRADING	85,230	(192,606)	175,278	-109.89%	-
DEVELOPMENT PROJECTS					
Settlement maintenance	12,473	9,090	18,000	50.50%	
Livestock supplementation trials	-	-	17,000	0.00%	
Australia visit	-	6,483	6,500	99.74%	
AI Semen purchase	-	-	37,500	0.00%	
Agricultural Trainees	-	-	5,000	0.00%	
TOTAL RE PROFIT AND LOSS	<u>72,757</u>	<u>(208,179)</u>	<u>91,278</u>	-228.07%	
Asset additions - general farm	93,760	130,909	206,556	63.38%	
Asset additions - Dev projects	60,100	6,166	60,000	10.28%	
TOTAL RE NET BUDGET	<u>(81,103)</u>	<u>(345,254)</u>	<u>(175,278)</u>	196.98%	
Summary					
P&L Net re farm budget	212,917	(192,606)	175,278	-109.89%	(excluding depreciation and livestock revaluation)
P&L net re board budget	(12,473)	(15,573)	(84,000)	18.54%	
P&L total re budget	<u>200,444</u>	<u>(208,179)</u>	<u>91,278</u>		
Depreciation	(99,660)	-	-		
Livestock revaluation	(28,027)	-	-		
P&L total	<u>72,757</u>	<u>(208,179)</u>	<u>91,278</u>		
Asset additions re farm budget	<u>(153,860)</u>	<u>(137,075)</u>	<u>(266,556)</u>	51.42%	
Farm net	<u>(81,103)</u>	<u>(345,254)</u>	<u>(175,278)</u>		

	2015/16 Actuals £	2016/17 Actuals 01.07 - 31.10 £	2016/17 Annual Budget £	YTD actuals as %age of Annual budget £
SALES				
Wool sales	613,155	-	550,000	0.00%
Meat and livestock sales	194,398	15,507	150,000	10.34%
	<u>807,553</u>	<u>15,507</u>	<u>700,000</u>	2.22%
COST OF SALES				
Wool Freight & marketing	80,509	-	80,000	0.00%
Shearing expenses	6,665	6,165	7,500	82.20%
Shearing contractors	65,252	18,754	65,000	28.85%
Livestock expenses	41,581	4,412	47,000	9.39%
Fencing maintenance	10,434	3,024	5,000	60.47%
Pasture development	11,759	15,351	23,000	66.74%
Building repairs & maint	21,245	16,304	23,000	70.89%
Plant and vehicle costs (exc fuel)	41,921	18,011	39,000	46.18%
Plant hire - inter-farm	-	371	14,000	2.65%
Fuel & oil	69,792	22,383	70,000	31.98%
Utilities income	(11,096)	(2,658)	(11,000)	24.17%
Horticultural purchases	-	-	-	0.00%
Miscellaneous purchases	2,011	1,419	2,500	56.76%
Insurance	14,586	4,232	12,000	35.27%
Employment costs	184,135	64,513	185,000	34.87%
Bonus	19,830	-	24,000	0.00%
General contractors	6,025	-	10,000	0.00%
Depreciation	69,342	-	-	0.00%
Miscellaneous expenses	-	-	-	0.00%
	<u>633,991</u>	<u>172,280</u>	<u>596,000</u>	28.91%
FARM STORES TRADING (NET)	<u>10,522</u>	<u>(4,086)</u>	<u>5,000</u>	-81.71%
ADMINISTRATIVE EXPENSES				
Central (Stanley) overhead	41,247	11,394	31,730	35.91%
Employment costs	831	799	760	105.09%
Rent & rates	998	353	1,140	30.96%
Vehicle costs Stanley	421	84	1,140	7.37%
Travel	4,190	-	2,660	0.00%
Entertainment	-	-	380	0.00%
Postage & stationery	1,064	364	950	38.32%
Telephone	2,244	751	2,470	30.42%
Advertising	16	-	285	0.00%
Professional fees	9,460	727	8,360	8.70%
Office repairs and renewals	924	71	285	24.91%
Bank charges	432	180	570	31.58%
Tourism expenses	305	76	380	20.08%
Bad debts	55	-	-	0.00%
Sundry expenses	126	23	190	12.11%
Donations/subscriptions	304	124	418	29.67%
Depreciation	91	-	-	0.00%
	<u>62,708</u>	<u>14,946</u>	<u>51,718</u>	28.90%
OTHER INCOME				
Tourism income	2,365	760	2,500	30.40%
Miscellaneous income	125	75	2,500	3.00%
Horse grazing	-	-	-	0.00%
House rental income	5,220	840	4,000	21.00%
Service charge income	-	-	-	0.00%
Interest received	1,508	159	500	31.80%
Grants & subsidies	4,500	1,500	5,000	30.00%
Asset disposals (gains/losses)	-	-	-	0.00%
Sale of assets	-	-	1,000	0.00%
	<u>13,718</u>	<u>3,334</u>	<u>15,500</u>	21.51%
LIVESTOCK REVALUATION	<u>(29,291)</u>	<u>-</u>	<u>-</u>	0.00%
NET RE GENERAL FARM TRADING	105,803	(172,471)	72,782	-236.97%
DEVELOPMENT PROJECTS				
Settlement maintenance	20,995	1,876	17,000	11.04%
Livestock supplementation trials	-	-	17,000	0.00%
Australia visit	-	6,483	6,500	99.74%
AI Semen purchase	-	-	37,500	0.00%
Agricultural Trainees	-	-	5,000	0.00%
TOTAL RE PROFIT AND LOSS	<u>84,808</u>	<u>(180,830)</u>	<u>(10,218)</u>	1769.72%
Asset additions - general farm	180,158	57,247	116,000	49.35%
Asset additions - Dev projects	47,079	8,104	78,000	10.39%
TOTAL RE NET BUDGET	<u>(142,429)</u>	<u>(246,181)</u>	<u>(204,218)</u>	120.55%
Summary				
P&L Net re farm budget	204,527	(172,471)	72,782	(excluding depreciation and livestock revaluation)
P&L net re board budget	(20,995)	(8,359)	(83,000)	
P&L total re budget	<u>183,532</u>	<u>(180,830)</u>	<u>(10,218)</u>	
Depreciation	(69,433)	-	-	
Livestock revaluation	(29,291)	-	-	
P&L total	<u>84,808</u>	<u>(180,830)</u>	<u>(10,218)</u>	
Asset additions re farm budget	<u>(227,237)</u>	<u>(65,351)</u>	<u>(194,000)</u>	
Farm net	<u>(142,429)</u>	<u>(246,181)</u>	<u>(204,218)</u>	

Approved budget summary

	£ Budget	£ Actual	£ Variance
PROFIT AND LOSS ACCOUNT			
General Farm trading surplus/(deficit)	<u>260,800</u>	<u>(404,128)</u>	<u>(664,928)</u>
Board projects expenditure			
2016-17 Development projects - settlement maintenance	40,000	11,549	28,451
2015-16 Development projects - livestock supplementation trials	51,000	-	51,000
Australia visit	19,500	19,449	51
AI Semen purchase	75,000	-	75,000
Agricultural trainee	10,000	-	10,000
	<u>195,500</u>	<u>30,998</u>	<u>164,502</u>
Net budget re Profit and Loss	<u>65,300</u>	<u>(435,126)</u>	<u>(500,426)</u>
Depreciation		-	
Livestock revaluation		-	
Net profit/(loss) for the period		<u>(435,126)</u>	
Fitzroy		(39,050)	
Goose Green		(192,606)	
North Arm		(172,471)	
Board projects		(30,998)	
		<u>(435,126)</u>	
BALANCE SHEET			
Capital projects			
Farm Plant and Equipment additions	158,000	114,301	43,699
Additional 2016/17 - not budget specified	-	24,342	(24,342)
Additional 2016/17 capital projects	150,500	48,923	101,577
Additional carry-over from 2015/16	59,056	18,380	40,676
	<u>367,556</u>	<u>205,946</u>	<u>161,610</u>
2016-17 Development projects farm specific	190,500	42,584	147,916
2016-17 Development projects - Organic Tannery Set-up	40,000	-	40,000
	<u>598,056</u>	<u>248,530</u>	<u>349,526</u>
Net cash budget (deficit)/surplus for year	<u>(532,756)</u>	<u>(683,656)</u>	<u>(150,900)</u>
Fitzroy	(113,260)	(94,638)	18,622
Goose Green	(175,278)	(345,254)	(169,976)
North Arm	(204,218)	(246,181)	(41,963)
Unallocated - Tannery	(40,000)	-	40,000
	<u>(532,756)</u>	<u>(686,074)</u>	<u>(153,318)</u>

Notes re Farm totals for period to date (page ref 8):

General

The general farm trading budget surplus as at 31.10.16 is £36,372.

Summary

Summary

Budget to date	(440,500)
Net income/(expenditure) to date	(404,128)
Budget surplus as at 31 August 2016	<u><u>36,372</u></u>
Income above budget forecast for period:	
Meat and livestock sales	15,507
Income below budget forecast for period:	
Other income	(3,340)
Expenses below budget forecast for period:	
Fuel and oil	37,365
Administrative expenses	19,053
Expenses above budget forecast for period:	
Shearing contractors	(31,008)
Other - net	(1,205)
	<u><u>36,372</u></u>

FIXED ASSETS SUMMARY AS AT 31.10.16

Summary	Cost B/fwd	Dep'n B/Fwd	Additions Farm Gen	Additions Dev proj	Dep'n Charge	Disposals in year	Dep'n Disposals	Tfr	Revalue	Draft Net C/fwd
Farm land	752,283	-	-	-	-	-	-	-	-	752,283
Farm buildings	588,788	(400,872)	60,020	-	-	-	-	-	-	247,936
Dwellings	576,169	(301,614)	19,430	-	-	-	-	-	-	293,985
Goose Green Development	150,234	(150,234)	-	-	-	-	-	-	-	-
Farm plant & equipment	648,385	(498,365)	10,400	-	-	-	-	-	-	160,420
Motor vehicles	433,671	(331,773)	114,301	-	-	-	-	-	-	216,199
Dwellings fixtures & fittings	23,760	(19,354)	4,213	-	-	-	-	-	-	8,619
Office equipment	5,319	(4,478)	-	-	-	-	-	-	-	841
Fencing	650,270	(522,600)	-	42,584	-	-	-	-	-	170,254
Livestock	972,079	-	-	-	-	-	-	-	-	972,079
Assets under construction	257,189	-	-	-	-	-	-	-	-	257,189
	5,058,147	(2,229,290)	208,364	42,584	-	-	-	-	-	3,079,805

Note: Depreciation not accounted for in management accounts, except June (also not included in budget).

Asset Additions	Gen Budget	Dev Budget	Additions Farm Gen	Additions Dev proj	Gen Variance	Board Variance
Fitzroy						
Shearing shed pens - addtl cap proj	11,500	-	6,769	-	4,731	-
Shearing shed	-	-	5,242	-	(5,242)	-
Dog kennels - addtl cap proj	5,000	-	664	-	4,336	-
Manager's house - addtl cap proj	25,000	-	5,439	-	19,561	-
Water tank - 2015/16 b/fwd	3,500	-	-	-	3,500	-
Fencing - 35km	-	52,500	-	28,314	-	24,186
Fence post driver	-	-	2,094	-	(2,094)	-
	45,000	52,500	20,208	28,314	24,792	24,186
Goose Green						
4 x 4 wheelers	24,000	-	26,832	-	(2,832)	-
2nd hand tractor	40,000	-	40,140	-	(140)	-
2 vehicles	10,000	-	8,600	-	1,400	-
Press	12,000	-	-	-	12,000	-
Computer	1,000	-	-	-	1,000	-
Reclad 2 warehouses	40,000	-	28,965	-	11,035	-
3 rooves	14,000	-	7,086	-	6,914	-
Batteries for windturbine	10,000	-	-	-	10,000	-
Wind turbines - final pmt	51,123	-	-	-	51,123	-
Dog cages	4,433	-	18,380	-	(13,947)	-
Fencing	-	30,000	-	6,166	-	23,834
Polytunnel production trials	-	30,000	-	-	-	30,000
Shearing motor and bracket	-	-	906	-	(906)	-
	206,556	60,000	130,909	6,166	75,647	53,834
North Arm						
2 x 4 wheelers	12,000	-	13,390	-	(1,390)	-
New Canter	32,000	-	23,839	-	8,161	-
Stock crate (truck)	15,000	-	-	-	15,000	-
Vehicle	12,000	-	1,500	-	10,500	-
Re-tin barn plus other out sheds	25,000	-	-	-	25,000	-
Renovate 1 bunkhouse	20,000	-	-	-	20,000	-
Fencing - 32km	-	48,000	-	8,104	-	39,896
Polytunnel production trials	-	30,000	-	-	-	30,000
Shearing motor and bracket	-	-	906	-	(906)	-
Manager's house renovations	-	-	11,118	-	(11,118)	-
GDP-45RP Rental Pro	-	-	2,903	-	(2,903)	-
Draper automatic tyre changer	-	-	1,173	-	(1,173)	-
Weigh bar and weighhead	-	-	722	-	(722)	-
High Axle stands x 4	-	-	1,696	-	(1,696)	-
	116,000	78,000	57,247	8,104	58,753	69,896
TOTAL	367,556	190,500	208,364	42,584	159,192	147,916

	Cumulative Actuals to 31/10/16	Cumulative Budget to 31/10/16 £	Cumulative Variance to 31/10/16 £	Month Actual Oct 16 £	Month Budget Oct 16 £	Month Variance Oct 16 £	Annual Budget £	Annual Variance £	4 months actual plus 8 months Budget £		
SALES											
Wool sales	-	-	-	-	-	-	1,520,000	(1,520,000)	1,520,000		
Meat and livestock sales	15,507	-	15,507	-	-	-	375,000	(359,493)	390,507		
	15,507	-	15,507	-	-	-	1,895,000	(1,879,493)	1,910,507		
COST OF SALES											
Wool Freight & marketing	-	-	-	-	-	-	230,000	230,000	230,000		
Shearing expenses	21,535	20,500	(1,035)	3,008	2,500	(508)	27,500	5,965	28,535		
Shearing contractors	31,008	-	(31,008)	31,008	-	(31,008)	190,000	158,992	221,008		
Livestock expenses	15,780	16,000	220	498	250	(248)	119,000	103,220	118,780		
Fencing maintenance	3,377	5,000	1,623	354	1,000	646	13,000	9,623	11,377		
Pasture development	27,634	37,500	9,866	1,451	10,000	8,549	43,500	15,866	33,634		
Building repairs & maint	26,487	26,000	(487)	2,916	6,500	3,584	73,000	46,513	73,487		
Plant and vehicle costs (exc fuel)	42,108	41,000	(1,108)	5,800	8,000	2,200	87,000	44,892	88,108		
Plant hire - inter-farm	-	-	-	-	-	-	-	-	-		
Fuel & oil	62,635	100,000	37,365	24,487	40,000	15,513	245,000	182,365	207,635		
Utilities income	(24,009)	(24,000)	9	(6,450)	(6,000)	450	(71,000)	(46,991)	(71,009)		
Horticultural purchases	-	-	-	-	-	-	-	-	-		
Miscellaneous expenses	3,149	2,200	(949)	522	500	(22)	6,200	3,051	7,149		
Insurance	12,621	10,500	(2,121)	4,918	-	(4,918)	38,500	25,879	40,621		
Employment costs	168,913	162,500	(6,413)	47,110	42,500	(4,610)	491,000	322,087	497,413		
Bonus	-	-	-	-	-	-	60,000	60,000	60,000		
General contractors	3,213	8,000	4,787	1,535	2,000	465	32,000	28,787	27,213		
Depreciation	-	-	-	-	-	-	-	-	-		
Miscellaneous expenses	11	-	(11)	11	-	(11)	-	(11)	11		
	394,462	405,200	10,738	117,167	107,250	(9,917)	1,584,700	1,190,238	1,573,962		
FARM STORES TRADING (NET)	(4,086)	1,500	(5,586)	1,077	450	627	5,000	(9,086)	(586)		
ADMINISTRATIVE EXPENSES											
Central (Stanley) overhead	29,983	27,500	(2,483)	7,510	7,000	(510)	83,500	53,517	85,983		
Employment costs	3,098	-	(3,098)	691	-	(691)	2,000	(1,098)	5,098		
Rent & rates	930	1,500	570	232	-	(232)	3,000	2,070	2,430		
Vehicle costs Stanley	220	1,000	780	38	250	212	3,000	2,780	2,220		
Travel	61	2,500	2,439	-	-	-	7,000	6,939	4,561		
Entertainment	-	350	350	-	-	-	1,000	1,000	650		
Postage & stationery	1,230	900	(330)	702	150	(552)	2,500	1,270	2,830		
Telephone	2,053	2,200	147	541	550	9	6,500	4,447	6,353		
Advertising	-	400	400	-	200	200	750	750	350		
Professional fees	1,913	22,000	20,087	213	-	(213)	22,000	20,087	1,913		
Office repairs and renewals	519	250	(269)	432	-	(432)	750	231	1,019		
Bank charges	368	500	132	44	125	81	1,500	1,132	1,368		
Tourism expenses	286	800	514	-	200	200	1,000	714	486		
Bad debts	-	-	-	-	-	-	-	-	-		
Sundry expenses	60	200	140	15	-	(15)	500	440	360		
Donations/subscriptions	326	-	(326)	100	-	(100)	1,100	774	1,426		
Depreciation	-	-	-	-	-	-	-	-	-		
(* Stanley budget)	41,047	60,100	19,053	10,517	8,475	(2,042)	136,100	95,053	117,047		
OTHER INCOME											
Tourism income	2,250	1,107	1,143	1,290	484	806	4,500	(2,250)	5,643		
Miscellaneous income	6,017	8,927	(2,910)	2,455	2,384	71	42,500	(36,483)	39,590		
Horse grazing	1,060	1,216	(156)	118	307	(190)	4,500	(3,440)	4,344		
House rental income	4,765	4,000	765	1,241	1,100	141	14,200	(9,435)	14,965		
Service charge income	1,250	1,250	-	-	-	-	1,250	-	1,250		
Interest received	418	300	118	-	-	-	1,150	(732)	1,268		
Grants & subsidies	3,500	3,500	-	3,500	2,000	1,500	10,500	(7,000)	10,500		
Asset disposals gains/(Losses)	-	-	-	-	-	-	-	-	-		
Sale of assets	700	3,000	(2,300)	700	1,750	(1,050)	3,000	(2,300)	700		
	19,960	23,300	(3,340)	9,304	8,025	1,279	81,600	(61,640)	78,260		
LIVESTOCK REVALUATION	-	-	-	-	-	-	-	-	-		
NET	0	(404,128)	(440,500)	36,372	-	(117,304)	(107,250)	(10,054)	260,800	(664,928)	297,172
SUMMARY											
Sales	15,507	-	15,507	-	-	-	1,895,000	(1,879,493)	1,910,507		
Cost of sales (excl dep'n)	(394,462)	(405,200)	10,738	(117,167)	(107,250)	(9,917)	(1,584,700)	1,190,238	(1,573,962)		
Farm stores trading	(4,086)	1,500	(5,586)	1,077	450	627	5,000	(9,086)	(586)		
Administrative expenses (excl dep'n)	(41,047)	(60,100)	19,053	(10,517)	(8,475)	(2,042)	(136,100)	95,053	(117,047)		
Other income	19,960	23,300	(3,340)	9,304	8,025	1,279	81,600	(61,640)	78,260		
Budget total	(404,128)	(440,500)	36,372	(117,304)	(107,250)	(10,054)	260,800	(664,928)	297,172		
Depreciation	-	-	-	-	-	-	-	-	-		
Revaluation of livestock	-	-	-	-	-	-	-	-	-		
Farm Profit and Loss Total	(404,128)			(117,304)							

	Cumulative Actuals to 31/10/16 -	Cumulative Budget to 31/10/16 £	Cumulative Variance to 31/10/16 £	Month Actual Oct 16 £	Month Budget Oct 16 £	Month Variance Oct 16 £	Annual Budget £	Annual Variance £	4 months actual plus 8 months Budget £
SALES									
Wool sales	-	-	-	-	-	-	140,000	(140,000)	140,000
Meat and livestock sales	-	-	-	-	-	-	75,000	(75,000)	75,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>215,000</u>	<u>(215,000)</u>	<u>215,000</u>
COST OF SALES									
Wool Freight & marketing	-	-	-	-	-	-	20,000	20,000	20,000
Shearing expenses	2,047	2,981	934	402	363	(39)	4,000	1,953	3,066
Shearing contractors	-	-	-	-	-	-	20,000	20,000	20,000
Livestock expenses	2,311	2,751	440	239	41	(198)	20,500	18,189	20,060
Fencing maintenance	119	1,155	1,036	119	230	111	3,000	2,881	1,964
Pasture development	3,813	9,052	5,239	1,185	2,414	1,229	10,500	6,687	5,261
Building repairs & maint	507	3,564	3,057	38	891	853	10,000	9,493	6,943
Plant and vehicle costs (exc fuel)	3,466	5,126	1,660	940	1,019	79	11,000	7,534	9,340
Plant hire - inter-farm	1,660	500	(1,160)	1,212	-	(1,212)	6,000	4,340	7,160
Fuel & oil	4,715	10,204	5,489	51	4,082	4,031	25,000	20,285	19,511
Utilities income	(2,850)	(3,380)	(530)	(1,402)	(845)	557	(10,000)	(7,150)	(9,470)
Horticultural purchases	-	-	-	-	-	-	-	-	-
Miscellaneous purchases	-	180	180	-	41	41	500	500	320
Insurance	1,947	1,772	(175)	513	-	(513)	6,500	4,553	6,675
Employment costs	16,266	18,200	1,934	4,166	4,760	594	55,000	38,734	53,066
Bonus	-	-	-	-	-	-	6,000	6,000	6,000
General contractors	855	1,500	645	855	375	(480)	6,000	5,145	5,355
Depreciation	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-	-	-	-
	<u>34,857</u>	<u>53,605</u>	<u>18,748</u>	<u>8,319</u>	<u>13,371</u>	<u>5,052</u>	<u>194,000</u>	<u>159,143</u>	<u>175,252</u>
FARM STORES TRADING (NET)									
ADMINISTRATIVE EXPENSES									
Central (Stanley) overhead *	2,998	2,750	(248)	751	700	(51)	8,350	5,352	8,598
Employment costs	1,126	-	(1,126)	368	-	(368)	200	(926)	1,326
Rent & rates	93	150	57	23	-	(23)	300	207	243
Vehicle costs stanley *	22	100	78	4	25	21	300	278	222
Travel *	-	250	250	-	-	-	700	700	450
Entertainment	-	35	35	-	-	-	100	100	65
Postage & stationery	143	90	(53)	97	15	(82)	250	107	303
Telephone	310	220	(90)	93	55	(38)	650	340	740
Advertising	-	40	40	-	20	20	75	75	35
Professional fees *	191	2,200	2,009	21	-	(21)	2,200	2,009	191
Office repairs and renewals	8	25	17	3	-	(3)	75	67	58
Bank charges	46	52	6	2	13	11	150	104	144
Tourism expenses	-	80	80	-	20	20	100	100	20
Bad debts	-	-	-	-	-	-	-	-	-
Sundry expenses	6	20	14	1	-	(1)	50	44	36
Donations/subscriptions	33	-	(33)	10	-	(10)	110	77	143
Office equipment depreciation	-	-	-	-	-	-	-	-	-
(* Stanley budget)	<u>4,976</u>	<u>6,012</u>	<u>1,036</u>	<u>1,373</u>	<u>848</u>	<u>(525)</u>	<u>13,610</u>	<u>8,634</u>	<u>12,574</u>
OTHER INCOME									
Tourism income	-	-	-	-	-	-	-	-	-
Miscellaneous income	340	493	(153)	75	216	(141)	2,000	(1,660)	1,847
Horse grazing	-	416	(416)	-	107	(107)	2,000	(2,000)	1,584
House rental income	400	338	62	100	93	7	1,200	(800)	1,262
Service charge income	-	-	-	-	-	-	-	-	-
Interest received	42	39	3	-	-	-	150	(108)	153
Grants & subsidies	-	-	-	-	-	-	-	-	-
Asset disposals (gains/losses)	-	-	-	-	-	-	-	-	-
Sale of assets	-	-	-	-	-	-	-	-	-
	<u>782</u>	<u>1,286</u>	<u>(504)</u>	<u>175</u>	<u>416</u>	<u>(241)</u>	<u>5,350</u>	<u>(4,568)</u>	<u>4,846</u>
LIVESTOCK REVALUATION	-	-	-	-	-	-	-	-	-
NET	<u>(39,050)</u>	<u>(58,331)</u>	<u>(20,289)</u>	<u>(9,517)</u>	<u>(13,803)</u>	<u>(4,768)</u>	<u>12,740</u>	<u>(51,790)</u>	<u>32,021</u>
SUMMARY									
Sales	-	-	-	-	-	-	215,000	(215,000)	215,000
Cost of sales (excl dep'n)	(34,857)	(53,605)	18,748	(8,319)	(13,371)	5,052	(194,000)	159,143	(175,252)
Farm stores trading	-	-	-	-	-	-	-	-	-
Administrative expenses (excl dep'n)	(4,976)	(6,012)	1,036	(1,373)	(848)	(525)	(13,610)	8,634	(12,574)
Other income	782	1,286	(504)	175	416	(241)	5,350	(4,568)	4,846
Budget total	<u>(39,050)</u>	<u>(58,331)</u>	<u>19,281</u>	<u>(9,517)</u>	<u>(13,803)</u>	<u>4,286</u>	<u>12,740</u>	<u>(51,790)</u>	<u>32,021</u>
Depreciation	-	-	-	-	-	-	-	-	-
Revaluation of livestock	-	-	-	-	-	-	-	-	-
Farm Profit and Loss Total	<u>(39,050)</u>			<u>(9,517)</u>					

	Cumulative Actuals to 31/10/16	Cumulative Budget to 31/10/16	Cumulative Variance to 31/10/16	Month Actual Oct 16	Month Budget Oct 16	Month Variance Oct 16	Annual Budget	Annual Variance	4 months actual plus 8 months Budget
	-	£	£	£	£	£	£	£	£
SALES									
Wool sales	-	-	-	-	-	-	830,000	(830,000)	830,000
Meat and livestock sales	-	-	-	-	-	-	150,000	(150,000)	150,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>980,000</u>	<u>(980,000)</u>	<u>980,000</u>
COST OF SALES									
Wool Freight & marketing	-	-	-	-	-	-	130,000	130,000	130,000
Shearing expenses	13,322	11,928	(1,394)	2,388	1,455	(933)	16,000	2,678	17,394
Shearing contractors	12,254	-	(12,254)	12,254	-	(12,254)	105,000	92,746	117,254
Livestock expenses	9,057	6,966	(2,091)	211	125	(86)	51,500	42,443	53,591
Fencing maintenance	235	1,923	1,688	235	384	149	5,000	4,765	3,312
Pasture development	8,469	8,620	151	265	2,299	2,034	10,000	1,531	9,849
Building repairs & maint	9,676	14,245	4,569	784	3,561	2,777	40,000	30,324	35,431
Plant and vehicle costs (exc fuel)	20,632	17,377	(3,255)	10	3,409	3,399	37,000	16,368	40,255
Plant hire - inter-farm	(2,031)	(1,000)	1,031	(1,583)	(500)	1,083	(20,000)	(17,970)	(21,031)
Fuel & oil	35,537	61,224	25,687	8,787	24,489	15,702	150,000	114,463	124,313
Utilities income	(18,501)	(16,904)	1,597	(4,330)	(4,226)	104	(50,000)	(31,499)	(51,597)
Horticultural purchases	-	-	-	-	-	-	-	-	-
Miscellaneous purchases	1,729	1,136	(593)	468	258	(210)	3,200	1,471	3,793
Insurance	6,442	5,455	(987)	2,569	-	(2,569)	20,000	13,558	20,987
Employment costs	88,134	83,071	(5,063)	23,736	21,726	(2,010)	251,000	162,866	256,063
Bonus	-	-	-	-	-	-	30,000	30,000	30,000
General contractors	2,357	4,000	1,643	680	1,000	320	16,000	13,643	14,357
Depreciation	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	11	-	(11)	11	-	(11)	-	(11)	11
	<u>187,325</u>	<u>198,041</u>	<u>10,716</u>	<u>46,487</u>	<u>53,980</u>	<u>7,493</u>	<u>794,700</u>	<u>607,375</u>	<u>783,984</u>
FARM STORES TRADING (NET)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0</u>
ADMINISTRATIVE EXPENSES									
Central (Stanley) overhead *	15,591	14,300	(1,291)	3,905	3,640	(265)	43,420	27,829	44,711
Employment costs	1,174	-	(1,174)	323	-	(323)	1,040	(134)	2,214
Rent & rates	484	780	296	121	-	(121)	1,560	1,076	1,264
Vehicle costs stanley *	114	520	406	19	130	111	1,560	1,446	1,154
Travel *	61	1,300	1,239	-	-	-	3,640	3,579	2,401
Entertainment	-	182	182	-	-	-	520	520	338
Postage & stationery	723	468	(255)	413	78	(335)	1,300	577	1,555
Telephone	992	1,144	152	262	286	24	3,380	2,388	3,228
Advertising	-	208	208	-	104	104	390	390	182
Professional fees *	995	11,440	10,445	111	-	(111)	11,440	10,445	995
Office repairs and renewals	440	130	(310)	415	-	(415)	390	(50)	700
Bank charges	142	256	114	7	64	57	780	638	666
Tourism expenses	210	416	206	-	104	104	520	310	314
Bad debts	-	-	-	-	-	-	-	-	-
Sundry expenses	31	104	73	8	-	(8)	260	229	187
Donations/subscriptions	169	-	(169)	52	-	(52)	572	403	741
Office equipment depreciation	-	-	-	-	-	-	-	-	-
(* Stanley budget)	<u>21,125</u>	<u>31,248</u>	<u>10,123</u>	<u>5,636</u>	<u>4,406</u>	<u>(1,230)</u>	<u>70,772</u>	<u>49,647</u>	<u>60,649</u>
OTHER INCOME									
Tourism income	1,490	492	998	760	214	546	2,000	(510)	2,998
Miscellaneous income	5,602	7,914	(2,312)	2,305	2,034	271	38,000	(32,398)	35,688
Horse grazing	1,060	800	260	118	200	(83)	2,500	(1,440)	2,760
House rental income	3,525	2,534	991	881	697	184	9,000	(5,475)	9,991
Service charge income	1,250	1,250	-	-	-	-	1,250	-	1,250
Interest received	217	131	86	-	-	-	500	(283)	586
Grants & subsidies	2,000	1,834	166	2,000	1,048	952	5,500	(3,500)	5,666
Asset disposals (gains/losses)	-	-	-	-	-	-	-	-	-
Sale of assets	700	2,000	(1,300)	700	1,167	(467)	2,000	(1,300)	700
	<u>15,844</u>	<u>16,955</u>	<u>(1,111)</u>	<u>6,764</u>	<u>5,360</u>	<u>1,404</u>	<u>60,750</u>	<u>(44,906)</u>	<u>59,639</u>
LIVESTOCK REVALUATION	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET	<u>0</u>	<u>(192,606)</u>	<u>(212,334)</u>	<u>(45,360)</u>	<u>(53,026)</u>	<u>(4,859)</u>	<u>175,278</u>	<u>(367,884)</u>	<u>195,006</u>
SUMMARY									
Sales	-	-	-	-	-	-	980,000	(980,000)	980,000
Cost of sales (excl dep'n)	(187,325)	(198,041)	10,716	(46,487)	(53,980)	7,493	(794,700)	607,375	(783,984)
Farm stores trading	-	-	-	-	-	-	-	-	-
Administrative expenses (excl dep'n)	(21,125)	(31,248)	10,123	(5,636)	(4,406)	(1,230)	(70,772)	49,647	(60,649)
Other income	15,844	16,955	(1,111)	6,764	5,360	1,404	60,750	(44,906)	59,639
Budget total	<u>(192,606)</u>	<u>(212,334)</u>	<u>19,728</u>	<u>(45,360)</u>	<u>(53,026)</u>	<u>7,666</u>	<u>175,278</u>	<u>(367,884)</u>	<u>195,006</u>
Depreciation	-	-	-	-	-	-	-	-	-
Revaluation of livestock	-	-	-	-	-	-	-	-	-
Farm Profit and Loss Total	<u>(192,606)</u>			<u>(45,360)</u>					

4 months
- actual plus
8 months
Budget
£

	Cumulative Actuals to 31/10/16 £	Cumulative Budget to 31/10/16 £	Cumulative Variance to 31/10/16 £	Month Actual £	Month Budget £	Month Variance £	Annual Budget £	Annual Variance £	
SALES									
Wool sales	-	-	-	-	-	-	550,000	(550,000)	550,000
Meat and livestock sales	15,507	-	15,507	-	-	-	150,000	(134,493)	165,507
	15,507	-	15,507	-	-	-	700,000	(684,493)	715,507
COST OF SALES									
Wool Freight & marketing	-	-	-	-	-	-	80,000	80,000	80,000
Shearing expenses	6,165	5,591	(574)	217	682	465	7,500	1,335	8,074
Shearing contractors	18,754	-	(18,754)	18,754	-	(18,754)	65,000	46,246	83,754
Livestock expenses (inc feed & vet)	4,412	6,283	1,871	48	84	36	47,000	42,588	45,129
Fencing maintenance	3,024	1,922	(1,102)	-	386	386	5,000	1,976	6,102
Pasture development	15,351	19,828	4,477	-	5,287	5,287	23,000	7,649	18,523
Building repairs & maint	16,304	8,191	(8,113)	2,095	2,048	(47)	23,000	6,696	31,113
Plant and vehicle costs (exc fuel)	18,011	18,497	486	4,849	3,572	(1,277)	39,000	20,989	38,514
Plant hire - inter-farm	371	500	130	371	500	130	14,000	13,630	13,871
Fuel & oil	22,383	28,572	6,189	15,648	11,429	(4,219)	70,000	47,617	63,811
Utilities income	(2,658)	(3,716)	(1,058)	(718)	(929)	(211)	(11,000)	(8,342)	(9,942)
Horticultural purchases	-	-	-	-	-	-	-	-	-
Miscellaneous purchases	1,419	884	(535)	54	201	147	2,500	1,081	3,035
Insurance	4,232	3,273	(959)	1,836	-	(1,836)	12,000	7,768	12,959
Employment costs	64,513	61,229	(3,284)	19,208	16,014	(3,194)	185,000	120,487	188,284
Bonus	-	-	-	-	-	-	24,000	24,000	24,000
General contractors	-	2,500	2,500	-	625	625	10,000	10,000	7,500
Depreciation	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-	-	-	-
	172,280	153,554	(18,726)	62,361	39,899	(22,462)	596,000	423,720	614,726
FARM STORES TRADING (NET)	(4,086)	1,500	(5,586)	1,077	450	627	5,000	(9,086)	(586)
ADMINISTRATIVE EXPENSES									
Central (Stanley) overhead *	11,394	10,450	(944)	2,854	2,660	(194)	31,730	20,336	32,674
Employment costs	799	-	(799)	-	-	-	760	(39)	1,559
Rent & rates	353	570	217	88	-	(88)	1,140	787	923
Vehicle costs Stanley *	84	380	296	15	95	80	1,140	1,056	844
Travel *	-	950	950	-	-	-	2,660	2,660	1,710
Entertainment	-	133	133	-	-	-	380	380	247
Postage & stationery	364	342	(22)	191	57	(134)	950	586	972
Telephone	751	836	85	186	209	23	2,470	1,719	2,385
Advertising	-	152	152	-	76	76	285	285	133
Professional fees *	727	8,360	7,633	81	-	(81)	8,360	7,633	727
Office repairs and renewals	71	95	24	14	-	(14)	285	214	261
Bank charges	180	192	12	35	48	13	570	390	558
Tourism expenses	76	304	228	-	76	76	380	304	152
Bad debts	-	-	-	-	-	-	-	-	-
Sundry expenses	23	76	53	6	-	(6)	190	167	137
Donations/subscriptions	124	-	(124)	38	-	(38)	418	294	542
Office equipment depreciation	-	-	-	-	-	-	-	-	-
(* Stanley budget)	14,946	22,840	7,894	3,508	3,221	(287)	51,718	36,772	43,824
OTHER INCOME									
Tourism income	760	615	145	530	270	260	2,500	(1,740)	2,645
Miscellaneous income	75	520	(445)	75	134	(59)	2,500	(2,425)	2,055
Horse grazing	-	-	-	-	-	-	-	-	-
House rental income	840	1,128	(288)	260	310	(50)	4,000	(3,160)	3,712
Service charge income	-	-	-	-	-	-	-	-	-
Interest received	159	130	29	-	-	-	500	(341)	529
Grants & subsidies	1,500	1,666	(166)	1,500	952	548	5,000	(3,500)	4,834
Asset disposals gains/(losses)	-	-	-	-	-	-	-	-	-
Sale of assets	-	1,000	(1,000)	-	583	(583)	1,000	(1,000)	-
	3,334	5,059	(1,725)	2,365	2,249	116	15,500	(12,166)	13,775
LIVESTOCK REVALUATION	-	-	-	-	-	-	-	-	-
NET	(172,471)	(169,835)	(2,636)	(62,427)	(40,421)	(22,006)	72,782	(245,253)	70,146
SUMMARY									
Sales	15,507	-	15,507	-	-	-	700,000	(684,493)	715,507
Cost of sales (excl dep'n)	(172,280)	(153,554)	(18,726)	(62,361)	(39,899)	(22,462)	(596,000)	423,720	(614,726)
Farm stores trading	(4,086)	1,500	(5,586)	1,077	450	627	5,000	(9,086)	(586)
Administrative expenses (excl dep'n)	(14,946)	(22,840)	7,894	(3,508)	(3,221)	(287)	(51,718)	36,772	(43,824)
Other income	3,334	5,059	(1,725)	2,365	2,249	116	15,500	(12,166)	13,775
Budget total	(172,471)	(169,835)	(2,636)	(62,427)	(40,421)	(22,006)	72,782	(245,253)	70,146
Depreciation	-	-	-	-	-	-	-	-	-
Revaluation of livestock	-	-	-	-	-	-	-	-	-
Farm Profit and Loss Total	(172,471)			(62,427)					

FALKLANDS LANDHOLDINGS CORPORATION
BALANCE SHEET
AS AT 31.10.16

	31.10.16	30.06.16
	£	£
FIXED ASSETS		
Tangible fixed assets		
Farm land	752,283	752,283
Farm buildings	247,936	187,916
Dwellings	293,985	274,555
Farm plant & equipment	160,420	150,020
Motor vehicles	216,199	101,898
Dwellings fixtures & fittings	8,619	4,406
Office equipment	841	841
Fencing	170,254	127,670
Assets under construction	257,189	257,189
	<u>2,107,726</u>	<u>1,856,778</u>
Livestock		
Sheep	944,979	944,979
Cattle	27,100	27,100
	<u>972,079</u>	<u>972,079</u>
Total Tangible Assets	<u>3,079,805</u>	<u>2,828,857</u>
Investments	<u>100</u>	<u>100</u>
TOTAL FIXED ASSETS	<u>3,079,905</u>	<u>2,828,957</u>
CURRENT ASSETS		
Fixed assets held for sale	<u>2,947</u>	<u>2,947</u>
Stocks		
Wool stock	4,502	4,502
Fuel stock	77,524	77,523
Farm stores stock	9,096	13,360
Other stock	64,696	77,470
	<u>155,818</u>	<u>172,855</u>
Debtors and prepayments	<u>44,381</u>	<u>229,405</u>
Bank and cash		
Cash at bank	1,860,649	2,372,438
Cash in hand	2,334	3,462
	<u>1,862,983</u>	<u>2,375,900</u>
TOTAL CURRENT ASSETS	<u>2,066,129</u>	<u>2,781,107</u>
CURRENT LIABILITIES		
Creditors and accruals	<u>(149,649)</u>	<u>(178,554)</u>
NET CURRENT ASSETS	<u>1,916,480</u>	<u>2,602,553</u>
NET ASSETS	<u>4,996,385</u>	<u>5,431,510</u>
FUND RESERVES		
Brought forward:		
General reserve	<u>5,431,510</u>	<u>5,312,631</u>
Profit/(Loss) for period :		
Fitzroy	(39,050)	(34,142)
Goose Green	(192,606)	85,230
North Arm	(172,471)	105,803
Board projects	(30,997)	(38,012)
	<u>(435,125)</u>	<u>118,879</u>
NET FUNDS	<u>4,996,385</u>	<u>5,431,510</u>

FOR DISTRIBUTION

Title of report: Purchase of a Digger for North Arm
To: FLH Board
Date of meeting: 18th November 2016
Report of: GM-FLH

PURPOSE:

To Purchase a digger to assist farm works and reduce livestock survival rates.

RECOMMENDATION:

- To approve funding for the purchase of a digger for North Arm
- To transfer the current 'shared' digger to be a sole asset of Goose Green

BACKGROUND:

FLH currently owns one digger that is jointly registered as an asset to both Goose Green and North Arm.

Reducing livestock mortality rates has to be a clear objective for FLH farms. The GM whilst working for the DoA was able to determine that approximately 18% of hoggets are lost Falkland Island wide between lamb marking and shearing. Estimates for North Arm indicate that this varies annually between 12-15%.

Two areas of focus targeting reduced livestock mortalities are improving livestock nutrition and genetic improvement. A number of farms in the Falklands have shown that ditching camps, particularly those for young sheep has had a large impact on reducing sheep mortality.

The average meat value for a yearling lamb sent to FIMCO in 2016 by North Arm was £27.10. In addition the hoggets clipped approximately 1.71 kg of clean wool at £5.41/kg. The wool value was therefore approximately £9.25 per hogget. A hogget to be sold as yearling lamb could therefore be valued at £36.35. If kept at the present time its lifetime value would be considerably higher.

If 5% of the total hoggets could be kept alive (13,000 average over 5 years), this could equate to a value of approximately £23,500. This is viewed as a conservative reduction in death rate.

By purchasing a second FLH digger, ditching works will be able to be completed at a faster rate. The current system of sharing a unit is not working between the farms. The current digger will become a sole asset of Goose Green.

In addition to ditching, a digger has shown worth for building sheep shelters, handling waste and also settlement improvement works.

The digger is estimated to cost £28,000, with £7,000 estimated for freight, total costs would likely be around £35,000.

There is a saving in the budget of £15,000 from the purchase of a truck and crate. The remainder will need to be new funding. Forward wool sales for North Arm indicate that with similar weights and micron, sales are £46,180 above budget to date.

FOR DISTRIBUTION

Title of report: Purchase of a Generator for Fitzroy
To: FLH Board
Date of meeting: 18th November 2016
Report of: GM-FLH

PURPOSE:

To Purchase a generator to provide backup power for Fitzroy farm and settlement.

RECOMMENDATION:

- Approval granted to purchase a 45 KVA/36KW Perkins Generator and install for approximately £8,000.
- The old generators are removed and sold.

BACKGROUND:

At the Board Meeting held on the 19th August 2016, the GM was actioned to bring a paper to the next Board Meeting regarding generator power supply at Fitzroy.

Alternative energy is supplied by 2 x 3KW wind turbines and power is stored in a bank of batteries.

Fitzroy currently has one 45 KVA/36KW Perkins Generator that was purchased and installed for a cost of £6876.95 in 2014. In addition the farm has two older generators. The generator is utilised at times when battery storage is low, or when a large amount of power use is required. There will also be a cost to install the generator.

Fitzroy supplies power to its own three houses and all residents on the farm, barring one who has their own setup. Power is also supplied to the shearing shed and other farm buildings. There is the potential for Fitzroy to diversify its activities which may require additional power.

There have been a number of problems with the current generator setup. A fuel leak was recently identified and fixed. There have been no issues in the past few months. The current backup generators need significant funding to repair. The most cost effective solution is to purchase an identical generator to the one sought in 2014. Fitzroy will then have 2 functioning 45 KVA/36 KW Perkins Generators.

New funding would be required and at this stage it is anticipated that there will be excess wool income from improved price and reduced micron.
The GM is currently working on maintenance plans that are discussed in the GM Report.

FOR DISTRIBUTION

Title of report: General Managers Report
To: FLH Board
Date of meeting: 18th November 2016
Report of: GM-FLH

PURPOSE:

To update the FLH Board on activities and actions since the last Board meeting

RECOMMENDATION:

For Information only.

BACKGROUND:**Farming Conditions**

Weather conditions have been favourable to livestock with little or no snow and above average October temperatures. Spring grass growth has therefore been very good. There is a concern that there potentially could be an extended 'summer drought' period as water levels were lower than normal after the winter period.

FIMCo Supply

There has been no supply of yearling lamb or mutton in this financial year. North Arm has supplied 12 Prime and 30 over 42 month's cattle for approximately £17,500 to date.

Farm managers have plans for the supply of approximately 5,000 yearling lamb and 16,100 mutton during the export season. In addition there will be approximately 100 Prime and 80 cattle over 42 months.

Wool Sales

Since the last board meeting the UK £ to Australia \$ exchange rate has fallen a further 0.07 cents to 1.6278. This is a positive movement regarding wool exports. The exchange rate a year ago was 2.1522.

Table 1 - Comparison to show the strength of the current wool market in Australian cents/kg clean.

	20 micron	23 micron	25 micron	28 micron
Current MPG's	1431	1351	1114	706
10 Year Average	1061	972	796	572
This time last year	1319	1274	1114	862

The 20 micron and 23 micron AWEX price has increased from last year, with 25 micron exactly the same and 28 micron lower. If exchange rate is taken into consideration the follow differentials exist to this time last year:

20 micron	879p v 613p = 266p
23 micron	830p v 592p = 238p
25 micron	684p v 518p = 166p
28 micron	434p v 401p = 33p

The forecasting suggests that demand will remain strong for all wool with global supply likely to be similar to last season. The winter has been a good one for Australian farmers, with lower merino sheep numbers likely to produce more wool per sheep. Indications suggest Australian wool will contain higher vegetable matter contents than normal.

With fluctuation in currency exchange rates likely to be a feature over the next 6 months following on from Brexit and the US elections, it is essential that wool is moved from farm, core tested and sold to make the most of the low exchange rate.

There are at least two visits scheduled by buyers of FLH wool to the Islands this season. The first visit will occur later this month.

Shearing

The Farm Managers will discuss shearing in their reports. Whilst we are having positive feedback regarding the improvement in wool preparation this season, shearing at times has been very slow. Obtaining quality shearers is an increasing problem; it is core to FLH business and will need careful consideration as to how we manage this going forward.

Sheep Genetics

After visiting the stud farms in Australia, 5 rams have now been taken to the collection centres to begin the 3 month process of quarantine, collection etc.

7200 straws are being purchased to cover the next 2 AI programmes. In addition there are plans to run a 'sire evaluation trial' at Motley Point, Walker Creek. This trial will utilise 9 sires, which includes a 'home grown' ram to go across 50 ewes per sire. The ewes will then be run together, with visual and objective measurements taken to compare the performance under the same environmental influences.

The GM will bring an update to the next board meeting that contains the shearing information from the 2015 drop. If timing coincides this may also include the 2016 drop lamb marking.

Regarding the 2017 AI programme. CIDRS will be purchased in the next month. The GM will work with Farm Managers and the technician to put a programme in place ASAP and drugs will be ordered well in advance of the programme starting.

Energy Service Agreements

The GM has met with Sure to discuss formally setting up service agreements with the FLH farms. The three elements that need servicing are: wind turbines, batteries and generators. Depending on the individual Farm Managers preferences, the agreements could include one to three of the options listed.

Horticulture

The GM met recently with the 3 Horticultural consultants that were brought to the islands by the RDS. The consultants were taken to look at potential sites at Fitzroy. The report from the consultants is imminent and once received the GM will draft up some proposals to seek board approval to progress at the next board meeting.

Tannery

The GM spoke to the owner of the current tannery business in the Islands, who was understanding of the project and offered some useful advice. The GM has met with a local company and discussed the potential value adding to 'tanned skins'. The GM is progressing this project with FIDC, and will bring a more comprehensive report to the next meeting.

Livestock Supplementation

The DoA is currently looking at establishing trials to evaluate the use of livestock supplementation. The GM has met with Sue Street, the Nutrition Advisor and livestock will be identified in consultation with farm managers to carry out trials in 2017.

In the previous board meeting the GM explained that better prices and reduced freight costs from Montevideo appear promising.

Farm Managers Reports

- Verbal reports from farm managers: Fitzroy, Goose Green and North Arm.
 1. Shearing progress
 2. Livestock condition
 3. Staff movements
 4. AI indications and lambing generally
 5. Agronomy works
 6. Progress with capital works projects

FOR DISTRIBUTION

Title of report: Bank Mandate
To: FLH Board
Date of meeting: 18th November 2016
Report of: GM-FLH

PURPOSE:

To make amendments to the current bank mandate.

RECOMMENDATION:

1. The Board is recommended to approve with SCB and agree a change to the mandate based around one additional “A” signatory and to remove one “A” signatory.
2. The Board is recommended to approve the following “A” signatory:

“A” signatory addition:

- *Barry Alan Rowland (Vice Chair, FLH)*

“A” signatory removal:

- *Keith Padgett (Vice Chair, FLH)*

Background

- The current FLH bank mandate is no longer appropriate to the FLH organisational structure and Board membership.

FOR DISTRIBUTION

Title of report: Visit to Australia
To: FLH Board
Date of meeting: 18th November 2016
Report of: GM-FLH

PURPOSE:

To provide an update to Board Members regarding the visit by the General Manager and Farm Managers to Australia.

RECOMMENDATION:

For Information Only

BACKGROUND:

This report summarises the key findings and benefits that resulted from a visit to Australia between the 27 August and 17 September 2016.

Sheep Genetics

The FLH crew visited the four Poll Merino sheep studs that supplied for the 2015 and 2016 sheep AI genetic programmes. The studs are Triggervale, Karbullah, Mumblebone and Centre Plus. At each stud there was an opportunity to visually assess their rams and compare to the objective measurement data. The objective measurement data has subsequently be viewed on Merinoselect. At all farms with the exception of Triggervale, we stayed ‘on farm’ and received tours of the property at Mumblebone and Karbullah.

The FLH crew spent a couple of hours with Ben Swain who provides consultancy with his business BCS Agribusiness. BCS Agribusiness provides clients access to local experienced and expert skills and systems. Ben is also a farmer and is the Executive Officer of the Australian Merino Sire Evaluation Association. In 2000, the Australian Merino Sire Evaluation Association (AMSEA) was formed to manage the oversight and policy for all sire evaluation trials throughout Australia. This group with a national committee made up of representatives from the various state trials has been a successful initiative in using both visual and objective measurement. Estimated breeding values are calculated by Sheep Genetics MerinoSelect and AMSEA plays a vital role in the industry in validating sire performance results. Results of Merino sires from across Australia are reported in Merino Superior Sires. Ben will be an important contact as FLH seeks to evaluate what are the best genetic traits for the Falkland Islands.

One area of concern for FLH is the transition of Australian stud flocks to 6 month shearing. The impact concerning FLH could be increased emphasis by the breeders on increasing wool staple length.

Cattle

Visit to Gates Performance Genetics where we managed to see Angus bulls.

Visit to Paringa Livestock with Tom Lawson. Tom presented his 14-15 month Angus, Stabilizer, Charolais and Red Angus stabilizer Bulls.

World Merino Insight Conference

This was attended solely by the General Manager. The conference highlighted the major decline in world sheep numbers (Australia, New Zealand, South Africa, Uruguay, Argentina and Russia) and in particular the decline of the Merino. The main factors were attributed to competition from crossbred 'composite' sheep flocks (significant rise in mutton production and decrease in wool production) and transition to other enterprises such as dairy.

Major investment into the promotion of wool as 'a fibre of choice' is being pushed by Australian Wool Innovation. The outlook for wool and meat prices over the next few seasons is very positive, largely as demand is far exceeding supply. The wool industry is looking to 'ride the back' of the environmental awareness surrounding micro plastics. Micro plastics are heavily associated with synthetic fibres and clothing. Micro plastics have been highlighted as the second highest polluter.

Matthew Coddington, a merino breeder from Roseville Park stud gave a very interesting insight into his views on the future genetic direction. Matthew highlighted that the maternal performance of flocks is critical with focus placed on increasing weaning rates and fleece weights. A key focus area will be on improved muscle and fat.

There was an interesting video presentation by Thomas Foods International which is their marketing tool highlighting the transition from plate to farm. This aspect of marketing is often shown the opposite way around.

<https://vimeo.com/62319210>

At the conference the GM also got to talk to the Australian Wool Network who recently launched the Kangaroo Island Wool brand project. The end product is a luxury knitwear label, MerinoSnug brand. The product identifies the contribution of wool grown on Kangaroo Island. The product is available in 230 retail outlets in Australia. An important marketing device for consumers is the QR tag on each garment that can be scanned by a smart phone to show a video of how and where the wool is grown on Kangaroo Island. Initial discussions over the three weeks in Australia, highlighted an interest from the company in pursuing a similar product with the Falkland Islands. <http://www.sheepcentral.com/australian-wool-network-launches-kangaroo-island-wool-branded-project/>

Meat

The FLH crew were able to visit 'Fletchers' abattoir at Dubbo. This was interesting in that it enabled a comparison to the FIMCo operation and a comparison of stock.

Wool

Visiting the studs we were able to look at the shearing sheds and compare the setup to that of the sheds at FLH. Andrew Mills of Don MacDonald & Co wool brokers also arranged for us to visit a merino crossbred shed, as unfortunately the rain made the merino shed inaccessible. This provided a useful opportunity to discuss wool preparation with Andrew. Visiting sheds provided useful insight to compare with our own QFW assessments. Australia has changed their woolpacks and is phasing out the older packs. It is likely that Australia will move to electronic ID of bale bags in the near future.

The Australian winter has been unusually wet, so a similar wool clip is expected when compared to last season, despite a reduction in sheep numbers. The extra grass growth will result in Australian wools be higher than normal in vegetable matter. This has the potential to add value to FLH wool this season.

There is a shortage of sheep farmers and wool handlers in Australia. Australia Wool Innovation has placed emphasis on training which hopes to alleviate the problem to some extent. A major reason for the shortage is the attractiveness of innovation in the cropping industry to younger generations.

There are two clear spikes in regards to Australian wool production. The finer end, below 23 micron and crossbreds at over 28 micron. At the current time microns in between 23 and 28 are in lower supply.

Whilst in Adelaide we visited the Michell Wool Processing facility and had the opportunity to view the carbonising and scouring facilities along with the wool store.

Treated to an evening meal by Peter Brice and 2 colleagues of Australian Merino Exports who are a buyer of Falkland Island wool. The following day Peter took us to the Australian Wool Testing Authority where we had a tour of the facility. There was an opportunity to view the additional measurements, length and strength testing. With the current fibre diameter of FLH wool, lack of supply removes the pressure from buyers of requiring these measurements. The buyers would of course still welcome them. If supply is increased, demand drops or FLH micron is reduced to below 23 micron, additional tests may be needed to be competitive.

Peter Brice also took us to the weekly wool auction in Melbourne. This was a good opportunity to see wool selling and also discuss clip preparation with Peter Brice on the floor.

Royal Adelaide Show

This was a very well organised show and provided a welcome break in the middle of the driving. Whilst one of the Australia's largest ram sales was an attraction along with the various categories of stock on display, ultimately it was a commercialised show setup to better educate the public on the industry. In itself this provided a better way to look at what may be incorporated into events such as the annual RBA show.

Met with Friends and Previous Colleagues

- Neil and Jenny Judd
- Tony and Rosie Mills and children
- Mac and Felicity McArthur
- Des and Linda Humphreys
- Erica Berntsen
- Niilo Gobius

Key Benefits

- Better understanding of sheep genetics used in AI programmes based on visual assessment, objective measurements and discussion with stud owners.
- Enhanced network of technical advice regarding sheep breeding and evaluation of genetic performance.
- Increased understanding of wool as a commodity and opportunities to value add.
- Time travelling to debrief on visits and relate to what could potentially be implemented at FLH. There is real benefit from such discussions happening on neutral territory.
- Improved communications and working relationships between farms.
- Improved communications and working relationships between farm managers and GM.