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The AWI Wool Cost of Production Calculator

Starting Month	Apr	Ending Month	Mar

Wool Trading Account

				WEIGHTS			$/kg		TOTAL VALUES		
			Wool Sold (kg clean)		A			Value ($)		B	
								Average Value ($/kg Clean) (Wool sold value$ divided by Wool sold kg clean)		1	
	Number at starting month	X	Estimated Fleece Weight	=	Opening Fleece Weight						
Ewes											
Weaners											
Wethers											
Rams											
			Opening Fleece Weight (kg clean)			a= SUM OF OPENING FLEECE WEIGHTS					
			Opening Shorn Wool Inventory (kg clean)			b					
								Value of Opening Shorn Wool Inventory ($/kg clean)		Total Value Opening Wool Inventory	
			Total Opening Inventory		(a+b)	c	X		=		2
	Number at closing month	X	Estimated Fleece Weight	=	Closing Fleece Weight						
Ewes											
Weaners											
Wethers											
Rams											
			Closing Fleece Weight (kg clean)			d=SUM OF CLOSING FLEECE WEIGHTS					
			Closing Shorn Wool Inventory (kg clean)			e					
								Value of Closing Shorn Wool Inventory ($/kg clean)		Total Value Closing Inventory	
			Total Closing Inventory		(d+e)	f	X		=		3

Wool Trading Account NOTES

Estimated Fleece Weight - An estimate of fleece weight for opening and closing numbers is necessary where there has been a change in shearing date or a significant change in sheep numbers from opening to closing which will affect the amount of wool harvested.

Opening/closing Shorn Wool Inventory - This is harvested wool that is as yet unsold at starting/closing month.

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Sheep Trading Account

	Number at starting month	Number at closing month	Change (Closing minus opening)	X	Inventory Value ($/hd)	=	Change in Livestock Inventory	
Ewes								
Weaners								
Wethers								
Rams								
					Total change in livestock Inventory ($)			4 =SUM OF CHANGE IN INVENTORY

Value of wool sold on sheep's back

	No. Sold or Transferred	X	Clean Fleece Weight on Sales	=	Wool Sold on sheep
Ewes					
Weaners					
Wethers					
Rams					

Total wool sales with livestock (kg clean) — g = SUM OF WOOL SOLD ON SHEEP

Total wool sales with livestock ($)
(Total wool sales with livestock multiplied by Average Value $/kg clean) — h = g X 1

Gross value of sheep sales

Total ewe sales/transfers ($)		
Total weaner sales ($)		
Total wether sales ($)		
Total ram sales ($)		
Total sales/transfers ($)		5 = SUM OF TOTAL SALES

Value of wool purchased with sheep

	No. Purchased	X	Fleece Weight	=	Wool Purchased on sheep
Ewes					
Weaners					
Wethers					
Rams					

Total wool purchases with livestock — i= SUM OF WOOL PURCHASED ON SHEEP

Total wool purchases with livestock ($)
(Total wool purchases with livestock multiplied by Average Value $/kg clean) — j = i X 1

Gross value of sheep purchases

Total ewe purchases ($)		
Total weaner purchases ($)		
Total wether purchases ($)		
Total ram purchases ($)		
Total purchases ($)		6 = SUM OF TOTAL PURCHASES

Sheep Trading Income

(Total change in livestock inventory$ plus Total sales/transfers$ minus Total purchases$ minus (Total wool sales with livestock minus Total wool purchases with livestock)) — C = 4+5-6-(h-j)

Change in Wool Inventory
(closing inventory minus opening inventory plus total wool sales kg/clean minus total wool purchases) = k = f - c + g - i

Value of Change in Wool Inventory ($)
(total value closing inventory minus total value opening inventory) — D= 3 - 2

Total Wool Production
(Wool sold kg/clean plus Change in Wool Inventory) = l = A + k

Total Value of Wool Production
(Value of change in Wool Inventory plus Total value of sold wool) — E = B + D

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Sheep Trading Account NOTES

Ewe Inventory Value $/hd - Suggested standard value $50 as used in Holmes Sackett & Associates Benchmarking and it is assumed that the opening and closing values are the same.

Weaner Inventory Value $/hd - Suggested standard value $40 as used in Holmes Sackett & Associates Benchmarking and it is assumed that the opening and closing values are the same.

Wether Inventory Value $/hd - Suggested standard value $40 as used in Holmes Sackett & Associates Benchmarking and it is assumed that the opening and closing values are the same.

Ram Inventory Value $/hd - Suggested standard value $300 as used in Holmes Sackett & Associates Benchmarking and it is assumed that the opening and closing values are the same

Total wool sales with livestock (kg clean) - Use the average wool price from wool sold to put a value on wool sold with livestock. This is significant particularly where sheep are sold in their wool.

Total Ewe purchases - Include any ewes transferred from the Merino flock at their market value (eg $50/head)

Total wool purchases with livestock - Use the average wool price from wool sold to put a value on wool purchased with livestock. This is significant particularly where sheep are purchased with significant amounts of wool.

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Total labour costs for full year for all enterprises

	Number	Value	
Cost of permanent employees ($)			
Owner/operator allowance			
Cost of additional family labour (not already included in above)			
Total labour cost			7 = SUM OF LABOUR COSTS
Percentage time on wool enterprise work			8
TOTAL LABOUR COST OF WOOL ENTERPRISE (Total labour cost multiplied by percentage time on wool enterprise work)			F = 7 X 8

Total labour costs for full year for all enterprises NOTES

Cost of permanent employees - Include any permanent paid labour (casual labour goes in 25) and not owner/operator or family members; include all on-costs, eg workers compensation, superannuation, etc

Owner/Operator Allowance Value - This is an allowance for the 'manager' of the business; if 'manager' is less than full time, pro rata the $55,000 annual allowance, ie 50% = $27,500 pa; exclude off-farm labour

Cost of additional family labour Value - Only include if not already included above.

Percentage time on wool enterprise work - Estimate if time records not available.

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Wool enterprise costs (exclude costs from other sheep enterprises)

	Quantity (T)	Value ($/T)	
Wool flock health costs			
Contractors and casual labour for wool enterprise work (ie mulesing but exclude shearing & crutching)			
Total home grown feed fed out to wool flock:			
Total quantity of purchased feed fed out to wool flock:			
Agistment costs to wool flock			
Transport & Cartage for wool flock:			
Selling costs for wool flock (sheep and wool)			
Shearing and crutching of wool flock			
Other costs, eg insurance, materials for wool flock			
TOTAL WOOL ENTERPRISE COSTS			G = SUM OF ENTERPRISE COSTS

Wool enterprise costs NOTES

Wool flock health costs - Includes drenches, dips, vaccines and vet costs

Contractors and casual labour for wool enterprise work - Includes marking, classing, mustering and casual labour used for the lamb enterprise, (excluding shearing and crutching).

Total home grown feed fed out to wool flock ($/T) - Feed should be valued at market price, not cost of production because if it wasn't fed to stock it could have been sold on the market

Agistment costs to wool flock - Cost of agistment for sheep sent away

Transport & Cartage for wool flock - Include cost of all lamb, ewe and ram transport (not involved in selling costs)

Selling Costs for wool flock (sheep and wool) - For all sheep and wool sold; include freight, commissions, fees, taxes and levies

Shearing and crutching of wool flock - Include cost of shearing, crutching, mulesing, wool packs, emery paper, combs, cutters and any other associated expenses

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Overhead costs for whole farm business

Repairs and maintenance: shed, yards, fences, land	
Repairs and maintenance: plant & equipment	
General insurance	
Administration	
Rates and rents	
Fuel and oil	
Electricity and gas	
Depreciation	
Pasture costs	
Motor vehicle expenses	
Other	
TOTAL OVERHEAD COSTS	**H = SUM OF OVERHEADS**

Overhead costs for whole farm business NOTES

Repairs and Maintenance: plant & equipment - Includes vehicles, motor bikes, tractors, etc; do not include labour if already accounted for previously

General Insurance - Includes public liability, sickness and accident insurance

Administration - Telephone, fax, postage, general office expenses; do not include labour if already account for previously

Rate and rents - Rates include shire, RLP Board and council

Fuel and Oil - Includes petrol, distillate, fuel oils and lubricants. Exclude personal use.

Electricity and gas - Exclude personal use

Depreciation - Use the depreciation figures from your most recent tax return

Pasture costs - Include chemicals, fertiliser, irrigation, seed

Motor Vehicle expenses - Farm usage only for all private & farm vehicles (cars, utes, 4WD, trucks, bikes) - registrations and licences, insurance, R&M

Other - Include items not already accounted for

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Calculating the percentage of overhead costs allocated to wool enterprise

	GROSS INCOME	
WOOL ENTERPRISE (Total sales/transfers value$ plus total wool sold value $)		9 = B + 5
OTHER FARM INCOME		10
TOTAL GROSS FARM INCOME		I = 9 + 10
% of income from wool enterprise (Wool Enterprise divided by Total Gross Farm Income)		J = 9/I

% of income from wool enterprise NOTES

% of income from wool enterprise - Overhead costs are allocated according to the income produced from the wool enterprise

Calculating cost of production per kg wool clean

Overheads attributed to wool enterprise (Total overhead costs multiplied by % of income from wool enterprise)		K = H x J
Total costs incurred by wool enterprise (Overheads attributed to wool enterprise plus Total wool enterprise costs plus Total labour cost of wool enterprise)		L = K + G + F
Wool as a proportion of total enterprise income (Total value of wool production divided by (Sheep trading income plus total value of wool production))		M = E/(C+E)
Total cost of wool production (Total costs incurred by wool enterprise multiplied by Wool as a proportion of total enterprise income)		N = L x M
Total kg wool produced (kg clean) (Total wool production)		O = I
COST OF PRODUCTION ($/KG CLEAN) (Total cost of wool production divided by Total kg wool produced kg/clean)		P = N/O