

Replacement Heifer Purchase and Sales Record

This spreadsheet facilitate the recording and reporting the heifer purchase and sale of bred replacement heifers. In the replacement heifer margin business a “**profit is purchased**” when the heifers is bought or saved for producing a replacement that will be sold. Initial heifer value will be 60% or more of the total cost of production. Purchase heifer information is useful to evaluate purchasing decisions.

Knowing the actual net income by marketing method and timing is important information for forward planning. When recording sales date for sales marketing comparative evaluation it's important to calculate the marketing cost so net income can be calculated for each sale. Sales data is **entered by delivery date** as the actual delivery date influences the cost of production as cattle are maintained longer before delivery. Notes should be added in the bred heifer delivery report that indicate the date the sales is negotiated in case bred heifers are forward priced.

Freight costs should be included even when it involves owned vehicles and trailers. A decision pickup and trailer cost decision aid is included to estimate owned freight costs.

It's most meaningful to record purchase and associated sales for the production year group of heifers even though it may cross two fiscal years.

Bred heifers sales are divided into AI bred, natural service bred heifers and mixed AI and natural bred. This reporting is important for valuation of bred heifer market alternatives. If the markets are efficient the AI heifers should have a higher value. Of course timing of sales is important as it costs to hold heifers after they are diagnosed pregnant.

Six different market methods are chosen by entering the method code including; Direct, auction, web based, and video. The user can define two other methods and reports will accommodate these names.

The date heifer as sold has important implications in terms of the production cost to maintain heifers. The reports on date of sales provides the information on this dimension of price reporting. Two reports are generated the Sales by Sales Method and Sales by Date of Sale.

For **Internal Revenue Service (IRS) compliance** using the Schedule F “Profit or Loss From Farming” cash income for heifer sales is recorded in Part I item 1a Sales of livestock and other resale items. Purchase cost of heifers for resale is reported in 1b. Cost of other basis of livestock or other items reported in line 1a. Sales of heifers is normally in the fiscal year following purchase. This spreadsheet facilitates the matching purchase cost against sales by fiscal year.

*Prepared by James McGrann, Ranch Management Economist, Professor Emeritus, Texas A&M University, 6-25-2019.

Input Data

The spreadsheet is designed to record the date, market, invoice number then the user uses a number code to identify the category of cattle associated with the sale or transfer. Head, total payweight and value is recorded. If net values are not entered then freight and other marketing costs should be entered to calculate net sales value of net purchase costs. For replacement heifers a zero is entered for weight and the value is calculate per head value and not per Cwt.

A code number is used to describe the different purchased heifers, the bred heifer sales methods and if AI bred, natural or mixed to generate the purchase and sales reports. A delivery date sheet helps describe buyers and seasonal price differences.

Reports

The reports provide a summary by category of heifers and associated average payweight and prices per cwt. or per head.

Users are cautioned to carefully save files under the fiscal year data covered. Numbers and values should match accounting data and facilitate communications with the accountant.

Sheets included in the **Replacement Heifer Purchase and Sales Record** decision aid

1. Heifers Purchase
2. Heifer Purchase Report
3. Heifer Sales
4. Sales Summary Report
5. Heifer Sales Price Report
6. Sales by Delivery Date
7. Marketing Cost Calculator

Other Decision aid source:

See **Vehicle and Freight Cost** for a cost calculator for purchases and sales.

Department of Agricultural Economics – Agri-Life Extension – Beef Cattle Decision Aids

<http://agecoext.tamu.edu/resources/decisionaids/beef/>