

**THE FARM BUSINESS SURVEY
IN WALES**

**Wales Farm Income Booklet
2020/21 Results**



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**Wales Farm Income Booklet
2020/21 Results**

Farm Business Survey

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Foreword

Aberystwyth University has been researching Welsh farm incomes for over eighty five years. The Survey, recognised as the most authoritative of the financial position and performance of farm incomes, provides policy makers with information on the economic state of the industry and provides valuable comparative and benchmarking data for assessing individual farm performance.

This booklet is based on the full Farm Business Survey (FBS) which, with the added difficulties of Covid this year, collected information from over 500 randomly selected Welsh farms. This booklet is aimed at providing Welsh farmers with a user friendly benchmarking tool and incorporates the latest financial and physical information for the main farm types in Wales. The results shown are contrary to some aspects of FBS methodology and presentation of results. For example, notional inputs such as rental value for owner occupied farms and unpaid labour have been taken out, whereas finance charges have been included, so that the figures represent actual costs incurred. This booklet only shows unpaid labour for reference purposes and also, only includes selected farm types. From time to time the basis for classifying farms changes (for example changing from Standard Gross Margins to Standard Outputs in 2016/17) and so for undertaking any comprehensive and detailed analysis and for year on year analysis on income trends please refer to the full results published as the annual report 'Farm Business Survey in Wales: Statistical Results' (available online).

Aberystwyth University has been associated with land-based studies since 1878 and the FBS is its oldest research contract. It is therefore appropriate that this year, of all years, I gratefully acknowledge the many farmers throughout Wales who have made detailed information available; their accountants and consultants who have assisted with data provision, the Welsh Government, who finance the present Survey, and the past and present staff of the Survey.

Tony O'Regan
Director of Farm Business Survey

Overview

The results in this booklet consist of accounting years ending between 31st December 2020 and 31st March 2021 and therefore reflect farming conditions between January 2020 and March 2021. This overview is intended to provide context and insight into the period that the results presented in this Booklet represent. The period covered spanned the introduction, March 2020, of the Covid-19 restrictions.

The 19/20 winter was mild but wet with Feb '20 the wettest on record. Poor weather continued into the spring, followed by dry but sunny periods with farmers low on forage/bedding due to a long housing period and slow grass growth. Summer conditions improved with hot and dry periods allowing work to progress. Overall the summer had less sunshine than average and August a heatwave. An unsettled mild and favourable autumn/winter followed with no excessive pressures on housing or fodder stocks.

The spring weather provided good lambing conditions with good early prices which remained high for most of the season and for all types of stock. Finished cattle prices whilst starting low, benefited from low numbers and grew steadily and remained good for the period. Low fodder stock and rising feed costs helped reduce numbers further. Store cattle prices were also good but more variable depending on type and quality.

Milk prices started the period lower than the previous year due to less Covid related demand. Prices picked up towards the end of 2020 but eased back in early 2021. Difficulties selling all milk production saw an increase in alternative uses/outlets for milk and much variability between regions, contracts, buyers and systems remained. Heifer prices remained firm and dairy margins were relatively unchanged on the year.

Poor season and harvest conditions hampered yields and quality on cropping farms however, prices were strong for Covid related reasons. The mixed autumn weather made later drilling difficult and continued uncertainty reduced the planting areas of some oilseeds. The season saw large increases in input costs. Potato growers struggled due to high yields, difficult harvesting yet low Covid demand prices. The wet year end boosted maize yields for some but made harvesting extremely challenging in many regions.

Other aspects of note during the period included:- Significant Covid and Brexit/trade related rising input costs and increased pressures on farm finances; Higher import prices for agrochemicals, fertilizers and machinery related costs due to a weakening pound; Concern over the delayed Agriculture Bill and associated future environmental schemes, support policies and continued government support payments; Availability and costs/running costs of new machinery and equipment; Poor labour availability and higher labour costs; Continued pressures on pig and poultry enterprises; Making Tax Digital costs; Expansion of NVZs and slurry/FYM implications; Farm profitability concern as a result of increasing inputs' inflation and Covid related pressures plus continued negative public perception of farming and climate change etc. all leading to increased anxiety, stress and a deterioration in farmer mental wellbeing.

The results presented highlight large performance differences. For example, the top third cattle and sheep farms' £ per effective hectare profit was over double the average achieved. Likewise, on dairy farms the top third producers made a net margin of 10p/l more than the bottom third. Meat producers showed similar variability with lamb production ranging from making 52p/kg to losing 99p/kg, and suckler beef from plus 40p/kg to minus 135p/kg. However, none of these results take account of the farmer's labour cost, the absence of which, if misused, presents a false picture of the economics of farm production. The dairy sector best illustrates this since labour and pension costs alone can add over 9p/l, which then pushes the costs of production for the top third to 30p/l and the bottom third closer to 37p/l.

Particular attention also needs to be given to the current contribution of the Basic Payment Scheme, other subsidies, miscellaneous and diversified income to the bottom line. For example, these four contributed around 28% of the total income (outputs) and 165% of profits, on average, for the upland cattle and sheep farms. With these levels of dependency, it is difficult to see how many Welsh farms with limited options for changing farming enterprises and or systems, can be profitable without relying on non-farming income and government support payments.

Introduction

Farm profitability is central to any farm business, although farmers will have many other business and personal objectives. With Brexit and other ongoing economic challenges all farmers should be aware of their production costs and how these compare with those of other producers. The variation in performance and return demonstrated in this booklet shows the scope for improvement and by comparing or better still 'benchmarking' farm performance, potential strengths and weaknesses within the farming operation can be identified and acted upon.

The results in this booklet are laid out as follows with data shown for the average and top third performers:

1. Whole Farm Data (Pages 7 – 18)

A profit and loss account and summarised balance sheet for six different types of farm are presented, showing the average profit or loss for these farms and its equivalent per hectare. Also shown is the size and stocking of these farms and relevant key performance indicators.

2. Gross Margin Data (Pages 19 – 22)

This booklet presents data for eight different farm enterprises. Gross margins compare income with the direct costs incurred for production however, care is needed when using gross margins since no account is taken of indirect production costs (overheads).

3. Production Costs Data (Pages 23 – 24)

Production costs are presented for four farm outputs. These examine the total unit cost of production and, by allocating both direct and indirect costs (the latter being allocated on a livestock unit basis), the producer is better able to determine both the competitiveness and efficiency of the enterprise.

DEFINITION OF TERMS AND EXPLANATORY NOTES

Effective Hectares (Eff. Ha.) Constitutes total farm area minus area occupied by roads, woodland, wasteland and buildings. Rough grazing is expressed in terms of pasture equivalent.

Farm Types

Hill Mainly in Severely Disadvantaged Area.

Upland Mainly in Disadvantaged Area.

Lowland Mainly outside Less Favoured Area.

Whole Farm Data

Ranking of whole farm data Top producers are ranked by profit after rent and finance per effective hectare.

Indirect subsidies Subsidies not subject to de-coupling e.g. Organic Scheme and Glastir.

Other crop costs Includes all arable and forage costs except for fertilisers and contracting, e.g. seeds, sprays, wrap, twine etc.

Allocatable contracting Contracting allocated to enterprises e.g. combining, shearing and slurry spreading.

General farm costs Includes electricity, telephone, insurances, professional fees, licenses and subscriptions.

Miscellaneous income Comprises contracting, cottage rents, wayleaves and any other miscellaneous income. Includes revenue from other enterprises not shown.

Owner equity Net worth as percentage of total assets.

Stocking Rate (glu/adj.forage ha), Grazing Livestock Units per adjusted forage hectare of land.

Livestock Units (LU) and Grazing Livestock Units (GLU) Livestock numbers are converted to livestock units, based on estimated energy requirements, to calculate the total stocking of grazing livestock on the farm.

Dairy other output Net output from sales / purchases of cows and calves. Includes valuation changes.

Income from Energy Generation Income from farmer and non-farmer-owned energy generation, including wind, solar, biomass, hydro, AD etc.

<i>Paid labour</i>	Includes actual paid casual, part-time and whole time labour.
<i>Unpaid labour (not including farmer and spouse)</i>	Unpaid labour or labour receiving less remuneration than the market rate. Unpaid labour is not included in profit after rent and finance.
<i>Land expenses</i>	Repairs to building and land resources e.g. hedges, fences, walls, ditches and gates. Also includes water costs.
<i>Finance</i>	Includes bank charges, interest and lease / hire purchase interest. No capital repayments are included.
Gross Margin Data	On a per head basis. Calculated by subtracting the direct (variable) costs from the relevant output.
<i>Other livestock Costs</i>	Purchased bedding materials, sales commission and other costs incurred specifically for livestock enterprises.
<i>Forage variable costs / Forage</i>	Includes other crop costs for forage, fertilisers, forage contracting and grass keep.
Production Costs Data	Calculated by dividing all variable and overhead costs by kilograms of meat (in liveweight terms) or litres of milk produced. Overheads are allocated on a livestock unit basis after a share for any arable and / or miscellaneous income enterprises has been deducted. Ranked by net margin.
<i>Herd / Flock replacement</i>	Breeding livestock valuation change less culls, plus breeding stock purchases.
<i>Power and machinery</i>	Includes machinery repairs, fuel, other contracting and machinery depreciation.
<i>Buildings</i>	Land expenses and building depreciation
<i>Net margin</i>	Output less input costs for enterprise.
Sample sizes	Where sample sizes are five or less farms, data are not shown.

WHOLE FARM DATA

Number of farms: 149

	All farms	All farms	Top third
	£/farm	£/eff.ha.	£/eff.ha.
OUTPUTS			
Beef	41,438	325	351
Sheep	49,155	385	458
Crops and forage	2,543	20	26
Basic Payment Scheme	26,776	210	230
Indirect subsidies	6,475	51	62
Income from energy generation	4,349	34	75
Miscellaneous income	7,160	56	87
TOTAL OUTPUTS	137,896	1,081	1,289
INPUTS			
Feeds	19,147	150	145
Tack and grass keep	4,221	33	28
Veterinary and medicines	5,363	42	43
Other livestock costs	8,707	68	68
Fertilisers	6,258	49	51
Other crop costs	2,039	16	15
Allocatable contracting	4,404	34	31
TOTAL VARIABLE COSTS	50,139	392	381
Paid labour	4,092	32	31
Other contracting / machinery hire	911	7	7
Fuel and repairs	11,204	88	86
Machinery depreciation	13,885	109	115
General farming costs	11,450	90	90
Land expenses	5,219	41	38
Buildings depreciation	4,495	35	30
TOTAL OVERHEAD COSTS	51,256	402	397
TOTAL INPUTS	101,395	794	778
PROFIT BEFORE RENT & FINANCE	36,501	287	511
Rent	3,743	29	14
Finance	3,982	31	25
PROFIT AFTER RENT & FINANCE	28,776	227	472
Unpaid labour	7,307	57	63

HILL CATTLE AND SHEEP FARMS**2020/21**

	Owned	Tenant	Mixed
BALANCE SHEET	£/farm	£/farm	£/farm
Number of farms by tenure type	69	9	71
TOTAL ASSETS	1,753,734	276,016	1,423,928
TOTAL LIABILITIES	127,579	70,119	141,063
NET WORTH	1,626,155	205,897	1,282,865
Owner equity (%)	93	75	90

PHYSICAL DATA	All farms	Top third
LAND AREA	Hectares	Hectares
Grassland and forage crops	113.01	107.20
Cereals and other crops	1.12	1.32
Rough grazing, fallow, woods etc.	48.77	74.99
TOTAL AREA (actual)	162.90	183.51
TOTAL AREA (effective)	127.69	127.02

LIVESTOCK	All farms	Top third
	Numbers	Numbers
Suckler cows	38	38
Other cattle	79	83
Breeding sheep	592	613
Other sheep	414	473

PERFORMANCE INDICATORS	All farms	Top third
Lambs reared (numbers per ewe)	1.26	1.33
Finished lamb sales (numbers per ewe)	0.97	1.03
Finished lamb sales (£ per lamb)	83.22	85.30
Calves reared (numbers per cow)	0.90	0.92
Finished cattle sales (£ per head)	1,207	1,269
Store cattle sales (£ per head)	887	930
Stocking rate (glu/adj. forage ha.)	0.95	0.99

HILL SHEEP FARMS**2020/21****WHOLE FARM DATA**

Number of farms: 90

	All farms £/farm	All farms £/eff.ha.	Top third £/eff.ha.
OUTPUTS			
Beef	11,021	78	103
Sheep	68,938	490	644
Crops and forage	1,349	10	15
Basic Payment Scheme	33,132	235	298
Indirect subsidies	8,016	57	98
Income from energy generation	836	6	2
Miscellaneous income	5,672	40	82
TOTAL OUTPUTS	128,964	916	1,242
INPUTS			
Feeds	13,782	98	91
Tack and grass keep	9,497	67	134
Veterinary and medicines	5,317	38	46
Other livestock costs	6,348	45	55
Fertilisers	4,883	35	40
Other crop costs	1,417	10	13
Allocatable contracting	3,876	28	32
TOTAL VARIABLE COSTS	45,120	321	411
Paid labour	3,746	27	24
Other contracting / machinery hire	523	4	4
Fuel and repairs	9,104	65	77
Machinery depreciation	10,733	76	91
General farming costs	10,485	74	78
Land expenses	4,027	29	33
Buildings depreciation	3,162	22	29
TOTAL OVERHEAD COSTS	41,780	297	336
TOTAL INPUTS	86,900	618	747
PROFIT BEFORE RENT & FINANCE	42,064	298	495
Rent	2,599	18	12
Finance	2,668	19	12
PROFIT AFTER RENT & FINANCE	36,797	261	471
Unpaid labour	5,666	40	60

HILL SHEEP FARMS**2020/21**

	Owned	Tenant	Mixed
BALANCE SHEET	£/farm	£/farm	£/farm
Number of farms by tenure type	47	9	34
TOTAL ASSETS	1,485,289	169,518	1,243,055
TOTAL LIABILITIES	62,737	41,359	120,711
NET WORTH	1,422,552	128,159	1,122,344
Owner equity (%)	96	76	90

PHYSICAL DATA	All farms	Top third
LAND AREA	Hectares	Hectares
Grassland and forage crops	117.59	100.66
Cereals and other crops	0.32	0.99
Rough grazing, fallow, woods etc.	68.19	101.86
TOTAL AREA (actual)	186.10	203.51
TOTAL AREA (effective)	140.77	131.68

LIVESTOCK	All farms	Top third
	Numbers	Numbers
Suckler cows	12	15
Other cattle	22	26
Breeding sheep	947	1046
Other sheep	606	705

PERFORMANCE INDICATORS	All farms	Top third
Lambs reared (numbers per ewe)	1.14	1.21
Finished lamb sales (numbers per ewe)	0.75	0.76
Finished lamb sales (£ per lamb)	81.67	84.28
Calves reared (numbers per cow)	0.84	0.91
Finished cattle sales (£ per head)	1,186	1,103
Store cattle sales (£ per head)	893	919
Stocking rate (glu/adj. forage ha.)	0.69	0.80

UPLAND CATTLE AND SHEEP FARMS**2020/21****WHOLE FARM DATA**

Number of farms: 86

	All farms	All farms	Top third
	£/farm	£/eff.ha.	£/eff.ha.
OUTPUTS			
Beef	35,164	372	500
Sheep	32,688	346	416
Crops and forage	6,316	67	69
Basic Payment Scheme	16,741	177	192
Indirect subsidies	1,429	15	30
Income from energy generation	1,031	11	3
Miscellaneous income	9,336	99	170
TOTAL OUTPUTS	102,705	1,087	1,380
INPUTS			
Feeds	12,906	136	142
Tack and grass keep	2,919	31	26
Veterinary and medicines	4,000	42	48
Other livestock costs	6,619	70	83
Fertilisers	6,389	68	83
Other crop costs	2,191	23	29
Allocatable contracting	4,734	50	56
TOTAL VARIABLE COSTS	39,758	420	467
Paid labour	2,828	30	37
Other contracting / machinery hire	767	8	12
Fuel and repairs	8,428	89	95
Machinery depreciation	10,136	107	108
General farming costs	9,592	101	105
Land expenses	4,113	43	50
Buildings depreciation	3,516	37	40
TOTAL OVERHEAD COSTS	39,380	415	447
TOTAL INPUTS	79,138	835	914
PROFIT BEFORE RENT & FINANCE	23,567	252	466
Rent	3,467	37	39
Finance	2,650	28	22
PROFIT AFTER RENT & FINANCE	17,450	187	405
Unpaid labour	4,081	43	44

UPLAND CATTLE AND SHEEP FARMS**2020/21**

	Owned	Tenant	Mixed
BALANCE SHEET	£/farm	£/farm	£/farm
Number of farms by tenure type	47	5	34
TOTAL ASSETS	1,210,460	-	1,115,564
TOTAL LIABILITIES	42,365	-	146,055
NET WORTH	1,168,095	-	969,509
Owner equity (%)	97	-	87

PHYSICAL DATA	All farms	Top third
LAND AREA	Hectares	Hectares
Grassland and forage crops	87.53	85.71
Cereals and other crops	3.11	4.66
Rough grazing, fallow, woods etc.	10.84	12.18
TOTAL AREA (actual)	101.48	102.55
TOTAL AREA (effective)	94.56	93.37

LIVESTOCK	All farms	Top third
	Numbers	Numbers
Suckler cows	26	28
Other cattle	75	86
Breeding sheep	346	363
Other sheep	240	268

PERFORMANCE INDICATORS	All farms	Top third
Lambs reared (numbers per ewe)	1.39	1.53
Finished lamb sales (numbers per ewe)	1.07	1.28
Finished lamb sales (£ per lamb)	89.17	91.80
Calves reared (numbers per cow)	0.86	0.87
Finished cattle sales (£ per head)	1,184	1,200
Store cattle sales (£ per head)	883	803
Stocking rate (glu/adj. forage ha.)	1.02	1.17

LOWLAND CATTLE AND SHEEP FARMS**2020/21****WHOLE FARM DATA**

Number of farms: 51

	All farms	All farms	Top third
	£/farm	£/eff.ha.	£/eff.ha.
OUTPUTS			
Beef	51,816	532	866
Sheep	27,683	284	544
Crops and forage	14,395	148	201
Basic Payment Scheme	17,797	183	187
Indirect subsidies	2,124	22	29
Income from energy generation	3,541	36	76
Miscellaneous income	7,622	78	152
TOTAL OUTPUTS	124,978	1,283	2,055
INPUTS			
Feeds	12,319	127	198
Tack and grass keep	3,293	34	98
Veterinary and medicines	3,535	36	51
Other livestock costs	7,698	79	103
Fertilisers	6,917	71	91
Other crop costs	3,501	36	47
Allocatable contracting	4,692	48	71
TOTAL VARIABLE COSTS	41,955	431	659
Paid labour	3,361	35	67
Other contracting / machinery hire	1,067	11	8
Fuel and repairs	9,197	95	123
Machinery depreciation	12,932	133	182
General farming costs	10,607	109	132
Land expenses	5,575	57	80
Buildings depreciation	5,615	58	106
TOTAL OVERHEAD COSTS	48,354	498	698
TOTAL INPUTS	90,309	929	1,357
PROFIT BEFORE RENT & FINANCE	34,669	354	698
Rent	5,269	54	57
Finance	3,654	38	72
PROFIT AFTER RENT & FINANCE	25,746	262	569
Unpaid labour	5,466	56	85

LOWLAND CATTLE AND SHEEP FARMS**2020/21**

	Owned	Tenant	Mixed
BALANCE SHEET	£/farm	£/farm	£/farm
Number of farms by tenure type	25	6	20
TOTAL ASSETS	1,619,022	190,624	1,305,789
TOTAL LIABILITIES	83,372	35,928	206,015
NET WORTH	1,535,650	154,696	1,099,774
Owner equity (%)	95	81	84

PHYSICAL DATA	All farms	Top third
LAND AREA	Hectares	Hectares
Grassland and forage crops	82.31	62.10
Cereals and other crops	5.24	3.23
Rough grazing, fallow, woods etc.	15.50	18.80
TOTAL AREA (actual)	103.05	84.13
TOTAL AREA (effective)	97.31	79.94

LIVESTOCK	All farms	Top third
	Numbers	Numbers
Suckler cows	23	9
Other cattle	105	145
Breeding sheep	282	335
Other sheep	205	279

PERFORMANCE INDICATORS	All farms	Top third
Lambs reared (numbers per ewe)	1.34	1.38
Finished lamb sales (numbers per ewe)	1.20	1.33
Finished lamb sales (£ per lamb)	95.43	98.74
Calves reared (numbers per cow)	0.89	0.79
Finished cattle sales (£ per head)	1,183	1,191
Store cattle sales (£ per head)	815	781
Stocking rate (glu/adj. forage ha.)	1.21	1.76

WHOLE FARM DATA

Number of farms: 59

	All farms	All farms	Top third
	£/farm	£/eff.ha.	£/eff.ha.
OUTPUTS			
Dairy - milk	363,401	3,027	3,770
- other output	-2,914	-24	40
Other cattle	66,338	553	533
Sheep	13,799	115	68
Crops and forage	2,964	25	-4
Basic Payment Scheme	19,646	164	179
Indirect subsidies	254	2	0
Income from energy generation	3,341	28	32
Miscellaneous income	7,057	59	49
TOTAL OUTPUTS	473,886	3,949	4,667
INPUTS			
Feeds	123,869	1,032	1,049
Tack and grass keep	23,108	192	145
Veterinary and medicines	14,029	117	123
Other livestock costs	37,644	314	324
Fertilisers	18,944	158	180
Other crop costs	5,493	46	52
Allocatable contracting	28,092	234	212
TOTAL VARIABLE COSTS	251,179	2,093	2,085
Paid labour	24,688	206	255
Other contracting / machinery hire	4,280	36	35
Fuel and repairs	25,289	211	213
Machinery depreciation	27,816	232	239
General farming costs	27,569	230	244
Land expenses	10,406	87	76
Buildings depreciation	16,547	138	152
TOTAL OVERHEAD COSTS	136,595	1,140	1,214
TOTAL INPUTS	387,774	3,233	3,299
PROFIT BEFORE RENT & FINANCE	86,112	716	1,368
Rent	6,562	55	26
Finance	15,706	131	102
PROFIT AFTER RENT & FINANCE	63,844	530	1,240
Unpaid labour	14,916	124	127

	Owned £/farm	Tenant £/farm	Mixed £/farm
BALANCE SHEET			
Number of farms by tenure type	24	0	35
TOTAL ASSETS	2,032,420	-	2,234,489
TOTAL LIABILITIES	324,131	-	738,704
NET WORTH	1,708,289	-	1,495,785
Owner equity (%)	84	-	67

PHYSICAL DATA	All farms	Top third
LAND AREA	Hectares	Hectares
Grassland and forage crops	113.41	113.20
Cereals and other crops	1.34	0.00
Rough grazing, fallow, woods etc.	12.89	8.59
TOTAL AREA (actual)	127.64	121.79
TOTAL AREA (effective)	120.04	114.85

	All farms	Top third
LIVESTOCK	Numbers	Numbers
Dairy cattle	179	193
Suckler cows	1	1
Other cattle	153	157
Breeding sheep	168	84
Other sheep	94	47

PERFORMANCE INDICATORS	All farms	Top third
Milk yield (litres per cow)	7,265	7,608
Margin over concentrates (£ per cow)	1,453	1,710
Milk disposal (£ per cow)	2,021	2,227
Milk price (pence per litre)	28.21	29.68
Stocking rate (glu/adj. forage ha.)	2.12	2.11

WHOLE FARM DATA

Number of farms: 57

	All farms	All farms	Top third
	£/farm	£/eff.ha.	£/eff.ha.
OUTPUTS			
Dairy - milk	444,968	3,313	4,183
- other output	717	5	-12
Other cattle	68,214	508	616
Sheep	2,784	21	0
Crops and forage	10,170	76	35
Basic Payment Scheme	20,785	155	168
Indirect subsidies	939	7	1
Income from energy generation	3,644	27	52
Miscellaneous income	5,696	42	37
TOTAL OUTPUTS	557,917	4,154	5,080
INPUTS			
Feeds	142,507	1,061	1,078
Tack and grass keep	20,916	156	158
Veterinary and medicines	16,153	120	117
Other livestock costs	45,383	338	319
Fertilisers	21,888	163	176
Other crop costs	11,776	88	69
Allocatable contracting	30,821	229	228
TOTAL VARIABLE COSTS	289,444	2,155	2,145
Paid labour	45,516	339	249
Other contracting / machinery hire	2,925	22	20
Fuel and repairs	29,586	220	214
Machinery depreciation	28,564	213	251
General farming costs	34,688	258	241
Land expenses	13,355	99	118
Buildings depreciation	21,191	158	154
TOTAL OVERHEAD COSTS	175,825	1,309	1,247
TOTAL INPUTS	465,269	3,464	3,392
PROFIT BEFORE RENT & FINANCE	92,648	690	1,688
Rent	12,458	93	79
Finance	12,314	92	77
PROFIT AFTER RENT & FINANCE	67,876	505	1,532
Unpaid labour	12,652	94	139

	Owned	Tenant	Mixed
BALANCE SHEET	£/farm	£/farm	£/farm
Number of farms by tenure type	21	3	33
TOTAL ASSETS	2,567,077	-	2,297,081
TOTAL LIABILITIES	338,302	-	473,061
NET WORTH	2,228,775	-	1,824,020
Owner equity (%)	87	-	79

PHYSICAL DATA	All farms	Top third
LAND AREA	Hectares	Hectares
Grassland and forage crops	128.58	110.73
Cereals and other crops	4.71	1.07
Rough grazing, fallow, woods etc.	6.12	5.63
TOTAL AREA (actual)	139.41	117.43
TOTAL AREA (effective)	134.31	112.21

LIVESTOCK	All farms	Top third
	Numbers	Numbers
Dairy cattle	206	213
Suckler cows	0	0
Other cattle	170	162
Breeding sheep	44	23
Other sheep	17	0

PERFORMANCE INDICATORS	All farms	Top third
Milk yield (litres per cow)	7,537	7,399
Margin over concentrates (£ per cow)	1,561	1,700
Milk disposal (£ per cow)	2,149	2,196
Milk price (pence per litre)	28.81	29.97
Stocking rate (glu/adj. forage ha.)	2.17	2.45

GROSS MARGINS: HILL SHEEP	2020/21	
	All flocks	Top third
Number of flocks in sample	171	57
Flock size (ewes and ewe lambs put to ram)	640	591
Lambs reared (numbers per ewe)	1.22	1.44
ENTERPRISE OUTPUT	£ per ewe	£ per ewe
Lamb sales - store	6.42	3.86
- finished	69.86	95.35
Other sheep sales	18.48	23.51
Wool sales	0.59	0.78
Miscellaneous	0.01	0.04
Valuation change	1.99	4.08
Sheep purchases	-8.20	-11.04
TOTAL ENTERPRISE OUTPUT	89.15	116.58
VARIABLE COSTS		
Concentrates and bulk feed	16.04	16.47
Stock keep	3.40	2.58
Veterinary and medicines	5.89	6.58
Other livestock costs	7.08	8.71
Allocatable contracting	1.73	1.80
Forage variable costs	12.85	12.08
TOTAL VARIABLE COSTS	46.99	48.22
GROSS MARGIN	42.16	68.36

GROSS MARGINS: UPLAND SHEEP		
	All flocks	Top third
Number of flocks in sample	50	17
Flock size (ewes and ewe lambs put to ram)	453	395
Lambs reared (numbers per ewe)	1.40	1.59
ENTERPRISE OUTPUT	£ per ewe	£ per ewe
Lamb sales - store	3.30	0.47
- finished	110.75	131.84
Other sheep sales	21.12	28.33
Wool sales	0.74	0.61
Miscellaneous	0.00	0.00
Valuation change	-1.95	0.78
Sheep purchases	-18.83	-22.94
TOTAL ENTERPRISE OUTPUT	115.13	139.09
VARIABLE COSTS		
Concentrates and bulk feed	21.52	19.97
Stock keep	2.16	1.64
Veterinary and medicines	7.39	9.70
Other livestock costs	10.63	10.91
Allocatable contracting	1.88	2.37
Forage variable costs	18.62	15.92
TOTAL VARIABLE COSTS	62.20	60.51
GROSS MARGIN	52.93	78.58

GROSS MARGINS: LOWLAND SHEEP		2020/21	
	All flocks	Top third	
Number of flocks in sample	23	8	
Flock size (ewes and ewe lambs put to ram)	352	342	
Lambs reared (numbers per ewe)	1.39	1.54	
ENTERPRISE OUTPUT		£ per ewe	£ per ewe
Lamb sales - store	1.72	0.00	
- finished	116.40	144.57	
Other sheep sales	21.76	25.67	
Wool sales	0.61	0.65	
Miscellaneous	0.00	0.00	
Valuation change	2.49	6.92	
Sheep purchases	-23.02	-27.95	
TOTAL ENTERPRISE OUTPUT	119.96	149.86	
VARIABLE COSTS			
Concentrates and bulk feed	18.34	18.01	
Stock keep	1.67	4.25	
Veterinary and medicines	7.66	8.10	
Other livestock costs	11.47	11.64	
Allocatable contracting	2.17	1.01	
Forage variable costs	16.86	13.36	
TOTAL VARIABLE COSTS	58.17	56.37	
GROSS MARGIN	61.79	93.49	

GROSS MARGINS: LOWLAND SUCKLER COWS			
	All herds	Top third	
Number of herds in sample	16	6	
Herd size (breeding cows)	58	72	
Calves reared (numbers per cow)	0.89	0.96	
Finished cattle sales (£ per head)	1,254	1,269	
Store cattle sales (£ per head)	867	1,048	
ENTERPRISE OUTPUT		£ per cow	£ per cow
Calf and store cattle sales	549.47	622.52	
Bull and cow sales	118.70	169.86	
Finished cattle sales	484.20	617.86	
Valuation change	7.50	17.20	
Cattle purchases	-210.28	-241.98	
TOTAL ENTERPRISE OUTPUT	949.59	1,185.46	
VARIABLE COSTS			
Concentrates and bulk feed	168.24	124.26	
Veterinary and medicines	36.48	51.74	
Other livestock costs	112.45	117.49	
Allocatable contracting	13.85	22.03	
Forage variable costs	194.00	206.56	
TOTAL VARIABLE COSTS	525.02	522.08	
GROSS MARGIN	424.57	663.38	

GROSS MARGINS: UPLAND SUCKLER COWS		2020/21
	All herds	Top third
Number of herds in sample	28	9
Herd size (breeding cows)	46	61
Calves reared (numbers per cow)	0.88	0.84
Finished cattle sales (£ per head)	1,191	1,171
Store cattle sales (£ per head)	875	973
ENTERPRISE OUTPUT	£ per cow	£ per cow
Calf and store cattle sales	674.57	561.84
Bull and cow sales	159.26	191.07
Finished cattle sales	269.83	548.28
Valuation change	-56.07	-110.62
Cattle purchases	-191.21	-183.07
TOTAL ENTERPRISE OUTPUT	856.38	1,007.50
VARIABLE COSTS		
Concentrates and bulk feed	126.42	119.49
Veterinary and medicines	49.90	37.27
Other livestock costs	83.57	75.19
Allocatable contracting	12.77	20.21
Forage variable costs	162.36	117.98
TOTAL VARIABLE COSTS	435.02	370.14
GROSS MARGIN	421.36	637.36

GROSS MARGINS: HILL SUCKLER COWS		
	All herds	Top third
Number of herds in sample	104	35
Herd size (breeding cows)	45	42
Calves reared (numbers per cow)	0.90	0.94
Finished cattle sales (£ per head)	1,213	1,269
Store cattle sales (£ per head)	916	980
ENTERPRISE OUTPUT	£ per cow	£ per cow
Calf and store cattle sales	729.83	861.69
Bull and cow sales	135.05	147.67
Finished cattle sales	198.93	204.70
Valuation change	4.35	38.27
Cattle purchases	-225.13	-230.45
TOTAL ENTERPRISE OUTPUT	843.03	1,021.88
VARIABLE COSTS		
Concentrates and bulk feed	190.77	143.73
Veterinary and medicines	45.43	39.28
Other livestock costs	90.43	86.01
Allocatable contracting	7.07	7.17
Forage variable costs	143.15	137.28
TOTAL VARIABLE COSTS	476.85	413.47
GROSS MARGIN	366.18	608.41

GROSS MARGINS: HILL AND UPLAND DAIRY		2020/21
	All herds	Top third
Number of herds in sample	60	20
Herd size (dairy cows)	172	197
Milk yield (litres per cow)	7,245	7,980
Milk price (pence per litre)	28.30	30.70
ENTERPRISE OUTPUT	£ per cow	£ per cow
Milk	2,050.30	2,449.17
Calves	134.31	141.66
Bull and cow sales	167.06	192.66
Valuation change	18.03	51.61
Cattle purchases	-332.35	-364.00
TOTAL ENTERPRISE OUTPUT	2,037.35	2,471.10
VARIABLE COSTS		
Concentrates and bulk feed	624.34	636.59
Veterinary and medicines	66.72	69.16
Other livestock costs	171.74	197.97
Allocatable contracting	42.16	27.99
Forage variable costs	187.16	185.62
TOTAL VARIABLE COSTS	1,092.12	1,117.33
GROSS MARGIN	945.23	1,353.77

GROSS MARGINS: LOWLAND DAIRY		
	All herds	Top third
Number of herds in sample	54	18
Herd size (dairy cows)	211	244
Milk yield (litres per cow)	7,608	8,196
Milk price (pence per litre)	28.77	30.08
ENTERPRISE OUTPUT	£ per cow	£ per cow
Milk	2,187.59	2,465.45
Calves	116.03	111.83
Bull and cow sales	158.08	168.88
Valuation change	16.96	8.55
Cattle purchases	-292.74	-273.65
TOTAL ENTERPRISE OUTPUT	2,185.92	2,481.06
VARIABLE COSTS		
Concentrates and bulk feed	625.77	623.03
Veterinary and medicines	69.10	62.75
Other livestock costs	179.65	177.43
Allocatable contracting	35.50	24.92
Forage variable costs	201.42	207.72
TOTAL VARIABLE COSTS	1,111.44	1,095.85
GROSS MARGIN	1,074.48	1,385.21

LAMB PRODUCTION COSTS**2020/21**

Pence per kg liveweight	All farms	Top third	Bottom third
Number of farms	131	44	44
Feed	40.43	32.77	47.50
Veterinary and medicines	12.56	10.94	13.43
Other livestock costs	21.98	19.49	24.24
Forage	24.84	21.42	27.31
TOTAL VARIABLE COSTS	99.81	84.62	112.48
FLOCK REPLACEMENT	22.83	14.89	29.78
Paid labour	8.37	4.27	16.53
Power and machinery	46.95	31.98	68.07
Buildings	16.44	11.49	21.88
General farm costs	24.67	16.38	37.38
Rent	10.11	4.28	17.37
Finance	4.81	3.09	7.62
TOTAL OVERHEAD COSTS	111.35	71.49	168.85
TOTAL COSTS	233.99	171.00	311.11
NET MARGIN	-16.03	52.20	-98.70
Lambs reared (nos. per ewe)	1.33	1.44	1.25
Flock size	559	583	518
Average lamb liveweight (kg)	39.83	40.86	38.54

MILK PRODUCTION COSTS

Pence per litre	All farms	Top third	Bottom third
Number of farms	114	38	38
Feed	8.03	6.72	9.85
Veterinary and medicines	0.86	0.75	0.99
Other livestock costs	2.93	2.35	3.57
Forage	2.61	2.37	3.00
TOTAL VARIABLE COSTS	14.43	12.19	17.41
HERD REPLACEMENT	1.98	1.62	2.73
Paid labour	1.15	0.93	1.53
Power and machinery	2.69	2.51	2.98
Buildings	1.31	1.38	1.34
General farm costs	1.55	1.42	1.75
Rent	0.46	0.34	0.53
Finance	0.54	0.36	0.73
TOTAL OVERHEAD COSTS	7.70	6.94	8.86
TOTAL COSTS	24.11	20.75	29.00
NET MARGIN	5.75	10.61	0.65
Margin over concentrates	20.44	22.91	18.75
Milk price	27.97	29.26	27.90

BEEF PRODUCTION COSTS: SUCKLED CALF			2020/21
Pence per kg liveweight	All farms	Top third	Bottom third
Number of farms	35	12	12
Feed	17.91	13.97	22.17
Veterinary and medicines	15.52	10.16	21.72
Other livestock costs	23.52	17.33	33.75
Forage	36.14	25.95	40.60
TOTAL VARIABLE COSTS	93.09	67.41	118.24
HERD REPLACEMENT	10.27	1.83	11.17
Paid labour	7.82	3.09	15.41
Power and machinery	59.37	38.07	86.85
Buildings	20.42	11.22	28.81
General farm costs	29.48	21.54	40.23
Rent	6.06	4.07	10.65
Finance	6.95	3.21	6.75
TOTAL OVERHEAD COSTS	130.10	81.20	188.70
TOTAL COSTS	233.46	150.44	318.11
NET MARGIN	-44.93	40.09	-134.73

Suckled calf production covers suckler cow and calf costs up to weaning.

BEEF PRODUCTION COSTS: FINISHING

Pence per kg liveweight	All farms
Number of farms	9
Feed	82.35
Veterinary and medicines	4.06
Other livestock costs	29.85
Forage	42.37
TOTAL VARIABLE COSTS	158.63
Paid labour	2.30
Power and machinery	51.68
Buildings	10.97
General farm costs	27.60
Rent	17.70
Finance	2.61
TOTAL OVERHEAD COSTS	112.86
TOTAL COSTS	271.49
NET MARGIN	-23.93

Finishing enterprises include those purchasing young and forward store cattle, as well as those finishing weaned home-bred calves.

Farm Profit Demands

Profit is required to fund:

- Personal drawings from the business,
- Loan (capital) repayments,
- Capital expenditure / investment,
- Personal taxation, and
- Risk and reward of entrepreneurial endeavour

The following calculation helps determine if there is sufficient profit to provide adequate cash resources:

Profit as shown in accounts

Plus: Depreciation charges for year
Opening stocks (livestock and deadstock)
Opening debtors and closing creditors
Loans / HP advanced and capital introduced
Machinery and land sales

Less: Closing stocks (livestock and deadstock)
Closing debtors and opening creditors
Produce used / consumed on the farm

Equals: Cash available to meet commitments

Less: Personal drawings from the business
Loan / HP (capital) repayments
Capital expenditure / investment
Personal taxation

Equals: Annual Net Cash Flow (ANCF)

Ideally the ANCF should be positive in most years (seen as an improvement in farm bank balances / indebtedness). The key influences on the likelihood of a positive ANCF tend to be the following items:

- Size of profit
- Level of private drawings
- Capital expenditure
- Loan / HP repayments

Negative ANCFs (i.e. insufficient farm profitability and / or large cash demands) can significantly affect the viability of the business in the long term.