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**THE FARM BUSINESS SURVEY
IN WALES**

**Wales Farm Income Booklet
2021/22 Results**



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**Wales Farm Income Booklet
2021/22 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 benchmarking data for assessing individual farm performance.

This booklet is based on the full Farm Business Survey (FBS) which collects 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. So, for any comprehensive and detailed analysis and for year on year analysis on income trends please refer to the full results published online as the *FBS in Wales: Statistical Results*.

The value of the Survey depends on it representing Welsh farming and so it is desirable to have a small turnover of the farms taking part in it so that new farms can regularly be included. Any new farms recruited must be of a suitable type and size and so able to replace farms that are leaving the Survey. If you are interested in knowing more about the Survey and or participating in the Survey, please contact me.

Aberystwyth University has been associated with land-based studies since 1878 and the FBS is its oldest research contract. It is therefore appropriate that 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 (tor@aber.ac.uk)
Director of Farm Business Survey

Overview

The results in this booklet consist of accounting years ending between 31st December 2021 and 31st March 2022 and therefore reflect farming conditions between January 2021 and March 2022. This overview is intended to provide context and insight into the period that the results presented in this Booklet represent.

The poor 2020 harvest and long, wet and cold 20/21 winter put a lot of pressure on winter stocks, delayed turnout and increased costs. A dry, cold spring limited grass growth and a dry warm summer gave a drawn out harvest with average quality / quantity yields. A warm late autumn / winter eased pressures on winter forage and bedding stocks, but a wet start to the 21/22 winter made crop establishment difficult.

The spring weather provided good lambing conditions and near record sheep prices for most of the season and for all types of stock. Wool prices were at rock bottom and payments delayed for a year. Finished cattle prices rose steadily throughout the season due to tight supplies. Cull and store cattle prices were also very good, but increased culling put pressure on heifer prices and high input costs impacted margins.

Milk prices saw a gradual increase throughout the period finishing some 15% up on the start. However, much of this increase was offset by higher input costs. Dairy stock prices remained strong for the whole period, although the variability between regions, contracts, buyers and systems remained as did the ever present issue, pressures and stresses of bTB.

With low stocks and high demand for crops at the start of the period, prices were strong and remained so the whole season. The dry season and agrochemical supply/cost issues offset much of the increased prices. Continued uncertainty reduced the planting areas of some oilseeds and input intensive crops. Potato growers again struggled due to the dry weather and difficult marketing conditions.

Farm profitability concern as a result of increasing inputs' inflation and related pressures plus continued negative public perception of farming and climate change etc. are all leading to increased anxiety, stress and a deterioration in farmer mental wellbeing.

Other aspects of note during the period included:- Commencement of repayments of Covid related loans and support; Trade/Covid/Conflict related rises in input costs and in particular fuel, electricity and energy; Increased pressures on farm finances and increasing interest rates; Higher import prices for agrochemicals, fertilizers (peaking at over £1k per tonne) and building materials costs; Availability and costs of machinery, equipment and parts; Continued concern over replacing lost BPS income, future environmental schemes and future UK agricultural policies; Poor labour availability and higher labour costs; Reduced availability of and increased cost of land and rented grazing; Significantly increased and continuous pressures on pig and poultry enterprises; Making Tax Digital compliance and cost concerns; Expansion of NVZs and slurry/FYM storage/use implications; Water use and extraction issues.

The results presented highlight large performance differences. For example, the top third hill 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 12p/l more than the bottom third. Meat producers showed similar variability with lamb production ranging from making 87p/kg to losing 55p/kg, and suckler beef from plus 25p/kg to minus 109p/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 31p/l and the bottom third closer to 40p/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 26% of the total income (outputs) and 108% 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 Welsh 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

<i>Effective Hectares (Eff. Ha.)</i>	Constitutes total farm area minus area occupied by roads, woodland, wasteland and buildings. Rough grazing is expressed in terms of pasture equivalent.
Farm Types	
<i>Hill</i>	Mainly in Severely Disadvantaged Area.
<i>Upland</i>	Mainly in Disadvantaged Area.
<i>Lowland</i>	Mainly outside Less Favoured Area.
Whole Farm Data	
<i>Ranking of whole farm data</i>	Top producers are ranked by profit after rent and finance per effective hectare.
<i>Indirect subsidies</i>	Subsidies not subject to de-coupling e.g. Organic Scheme and Glastir.
<i>Other crop costs</i>	Includes all arable and forage costs except for fertilisers and contracting, e.g. seeds, sprays, wrap, twine etc.
<i>Allocatable contracting</i>	Contracting allocated to enterprises e.g. combining, shearing and slurry spreading.
<i>General farm costs</i>	Includes electricity, telephone, insurances, professional fees, licenses and subscriptions.
<i>Miscellaneous income</i>	Comprises contracting, cottage rents, wayleaves and any other miscellaneous income. Includes revenue from other enterprises not shown.
<i>Owner equity</i>	Net worth as percentage of total assets.
<i>Stocking Rate (glu/adj.forage ha),</i>	Grazing Livestock Units per adjusted forage hectare of land.
<i>Livestock Units (LU) and Grazing Livestock Units (GLU)</i>	Livestock numbers are converted to livestock units, based on estimated energy requirements, to calculate the total stocking of grazing livestock on the farm.
<i>Dairy other output</i>	Net output from sales / purchases of cows and calves. Includes valuation changes.
<i>Income from Energy Generation</i>	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 £/farm	All farms £/eff.ha.	Top third £/eff.ha.
OUTPUTS			
Beef	43,185	325	338
Sheep	59,094	445	568
Crops and forage	3,037	23	24
Basic Payment Scheme	26,251	198	221
Indirect subsidies	6,405	48	67
Income from energy generation	5,898	44	60
Miscellaneous income	8,332	63	89
TOTAL OUTPUTS	152,202	1,146	1,367
INPUTS			
Feeds	20,679	156	151
Tack and grass keep	4,574	34	35
Veterinary and medicines	5,691	43	45
Other livestock costs	8,902	67	70
Fertilisers	6,564	49	45
Other crop costs	2,060	16	14
Allocatable contracting	4,946	37	33
TOTAL VARIABLE COSTS	53,416	402	393
Paid labour	3,706	28	27
Other contracting / machinery hire	856	6	6
Fuel and repairs	13,450	101	96
Machinery depreciation	14,603	110	104
General farming costs	12,640	95	90
Land expenses	5,802	44	41
Buildings depreciation	5,125	39	31
TOTAL OVERHEAD COSTS	56,182	423	395
TOTAL INPUTS	109,598	825	788
PROFIT BEFORE RENT & FINANCE	42,604	321	579
Rent	3,764	28	17
Finance	4,622	35	19
PROFIT AFTER RENT & FINANCE	34,218	258	543
Unpaid labour	7,700	58	72

	Owned	Tenant	Mixed
BALANCE SHEET	£/farm	£/farm	£/farm
Number of farms by tenure type	71	6	72
TOTAL ASSETS	1,861,121	326,454	1,522,090
TOTAL LIABILITIES	133,411	82,774	158,498
NET WORTH	1,727,710	243,680	1,363,592
Owner equity (%)	93	75	90

PHYSICAL DATA	All farms	Top third
LAND AREA	Hectares	Hectares
Grassland and forage crops	117.87	112.01
Cereals and other crops	1.11	0.85
Rough grazing, fallow, woods etc.	47.98	75.81
TOTAL AREA (actual)	166.96	188.67
TOTAL AREA (effective)	132.72	133.91

LIVESTOCK	All farms	Top third
	Numbers	Numbers
Suckler cows	37	34
Other cattle	80	78
Breeding sheep	615	669
Other sheep	404	467

PERFORMANCE INDICATORS	All farms	Top third
Lambs reared (numbers per ewe)	1.25	1.33
Finished lamb sales (numbers per ewe)	0.85	0.93
Finished lamb sales (£ per lamb)	99.59	101.38
Calves reared (numbers per cow)	0.86	0.92
Finished cattle sales (£ per head)	1,323	1,304
Store cattle sales (£ per head)	970	1,048
Stocking rate (glu/adj. forage ha.)	0.92	0.94

WHOLE FARM DATA

Number of farms: 84

	All farms £/farm	All farms £/eff.ha.	Top third £/eff.ha.
OUTPUTS			
Beef	10,715	78	117
Sheep	79,532	577	778
Crops and forage	1,564	11	6
Basic Payment Scheme	32,889	239	295
Indirect subsidies	8,243	60	105
Income from energy generation	973	7	7
Miscellaneous income	7,334	53	116
TOTAL OUTPUTS	141,250	1,025	1,424
INPUTS			
Feeds	15,189	110	120
Tack and grass keep	9,580	70	135
Veterinary and medicines	5,639	41	52
Other livestock costs	6,590	48	60
Fertilisers	5,072	37	42
Other crop costs	1,354	10	13
Allocatable contracting	3,770	27	36
TOTAL VARIABLE COSTS	47,194	343	458
Paid labour	3,920	28	35
Other contracting / machinery hire	552	4	3
Fuel and repairs	10,297	75	90
Machinery depreciation	10,534	76	101
General farming costs	11,170	81	99
Land expenses	4,280	31	31
Buildings depreciation	3,165	23	32
TOTAL OVERHEAD COSTS	43,918	318	391
TOTAL INPUTS	91,112	661	849
PROFIT BEFORE RENT & FINANCE	50,138	364	575
Rent	2,210	16	12
Finance	2,063	15	14
PROFIT AFTER RENT & FINANCE	45,865	333	549
Unpaid labour	4,922	36	46

	Owned	Tenant	Mixed
BALANCE SHEET	£/farm	£/farm	£/farm
Number of farms by tenure type	46	8	30
TOTAL ASSETS	1,569,498	174,167	1,235,539
TOTAL LIABILITIES	46,875	39,550	86,677
NET WORTH	1,522,623	134,617	1,148,862
Owner equity (%)	97	77	93

PHYSICAL DATA	All farms	Top third
LAND AREA	Hectares	Hectares
Grassland and forage crops	112.23	108.65
Cereals and other crops	0.35	0.92
Rough grazing, fallow, woods etc.	74.24	125.69
TOTAL AREA (actual)	186.82	235.26
TOTAL AREA (effective)	137.72	144.51

LIVESTOCK	All farms	Top third
	Numbers	Numbers
Suckler cows	11	18
Other cattle	19	28
Breeding sheep	901	1059
Other sheep	593	780

PERFORMANCE INDICATORS	All farms	Top third
Lambs reared (numbers per ewe)	1.16	1.21
Finished lamb sales (numbers per ewe)	0.71	0.75
Finished lamb sales (£ per lamb)	96.31	97.86
Calves reared (numbers per cow)	0.87	0.86
Finished cattle sales (£ per head)	1,314	1,413
Store cattle sales (£ per head)	1,011	996
Stocking rate (glu/adj. forage ha.)	0.67	0.78

WHOLE FARM DATA

Number of farms: 85

	All farms	All farms	Top third
	£/farm	£/eff.ha.	£/eff.ha.
OUTPUTS			
Beef	40,073	419	591
Sheep	38,676	404	642
Crops and forage	9,762	102	146
Basic Payment Scheme	16,714	175	197
Indirect subsidies	1,740	18	24
Income from energy generation	911	10	26
Miscellaneous income	11,036	115	214
TOTAL OUTPUTS	118,912	1,243	1,840
INPUTS			
Feeds	13,885	145	187
Tack and grass keep	3,059	32	69
Veterinary and medicines	4,281	45	55
Other livestock costs	6,759	71	91
Fertilisers	6,425	67	85
Other crop costs	2,420	25	35
Allocatable contracting	4,776	50	62
TOTAL VARIABLE COSTS	41,605	435	584
Paid labour	3,484	36	49
Other contracting / machinery hire	899	9	8
Fuel and repairs	9,532	100	131
Machinery depreciation	10,817	113	140
General farming costs	10,480	109	123
Land expenses	4,539	47	57
Buildings depreciation	3,679	38	56
TOTAL OVERHEAD COSTS	43,430	452	564
TOTAL INPUTS	85,035	887	1,148
PROFIT BEFORE RENT & FINANCE	33,877	356	692
Rent	3,500	37	49
Finance	2,277	24	33
PROFIT AFTER RENT & FINANCE	28,100	295	610
Unpaid labour	4,479	47	63

	Owned	Tenant	Mixed
BALANCE SHEET	£/farm	£/farm	£/farm
Number of farms by tenure type	49	4	32
TOTAL ASSETS	1,252,917	-	1,154,824
TOTAL LIABILITIES	43,813	-	145,154
NET WORTH	1,209,104	-	1,009,670
Owner equity (%)	97	-	87

PHYSICAL DATA	All farms	Top third
LAND AREA	Hectares	Hectares
Grassland and forage crops	87.76	78.94
Cereals and other crops	3.08	3.33
Rough grazing, fallow, woods etc.	11.88	14.96
TOTAL AREA (actual)	102.72	97.23
TOTAL AREA (effective)	95.73	89.04

LIVESTOCK	All farms	Top third
	Numbers	Numbers
Suckler cows	25	25
Other cattle	74	94
Breeding sheep	334	401
Other sheep	229	305

PERFORMANCE INDICATORS	All farms	Top third
Lambs reared (numbers per ewe)	1.40	1.51
Finished lamb sales (numbers per ewe)	1.08	1.32
Finished lamb sales (£ per lamb)	108.10	113.37
Calves reared (numbers per cow)	0.88	0.88
Finished cattle sales (£ per head)	1,374	1,360
Store cattle sales (£ per head)	952	960
Stocking rate (glu/adj. forage ha.)	1.00	1.24

WHOLE FARM DATA

Number of farms: 49

	All farms £/farm	All farms £/eff.ha.	Top third £/eff.ha.
OUTPUTS			
Beef	61,365	621	1,059
Sheep	35,844	363	659
Crops and forage	15,397	156	205
Basic Payment Scheme	17,475	177	179
Indirect subsidies	1,788	18	28
Income from energy generation	3,906	40	91
Miscellaneous income	7,319	74	168
TOTAL OUTPUTS	143,094	1,449	2,389
INPUTS			
Feeds	14,409	146	215
Tack and grass keep	4,119	42	112
Veterinary and medicines	3,697	37	54
Other livestock costs	8,448	86	121
Fertilisers	6,836	69	89
Other crop costs	3,803	39	60
Allocatable contracting	5,958	60	78
TOTAL VARIABLE COSTS	47,270	479	729
Paid labour	3,472	35	76
Other contracting / machinery hire	709	7	6
Fuel and repairs	11,469	116	162
Machinery depreciation	13,006	132	192
General farming costs	11,549	117	140
Land expenses	5,373	54	75
Buildings depreciation	5,939	60	113
TOTAL OVERHEAD COSTS	51,517	521	764
TOTAL INPUTS	98,787	1,000	1,493
PROFIT BEFORE RENT & FINANCE	44,307	449	896
Rent	5,845	59	56
Finance	3,564	36	55
PROFIT AFTER RENT & FINANCE	34,898	354	785
Unpaid labour	4,901	50	69

	Owned	Tenant	Mixed
BALANCE SHEET	£/farm	£/farm	£/farm
Number of farms by tenure type	24	6	19
TOTAL ASSETS	1,590,949	198,305	1,356,879
TOTAL LIABILITIES	76,444	31,802	198,201
NET WORTH	1,514,505	166,503	1,158,678
Owner equity (%)	95	84	85

PHYSICAL DATA	All farms	Top third
LAND AREA	Hectares	Hectares
Grassland and forage crops	86.71	75.34
Cereals and other crops	5.44	5.11
Rough grazing, fallow, woods etc.	12.40	12.04
TOTAL AREA (actual)	104.55	92.49
TOTAL AREA (effective)	98.76	88.56

LIVESTOCK	All farms	Top third
	Numbers	Numbers
Suckler cows	24	19
Other cattle	110	153
Breeding sheep	279	324
Other sheep	211	309

PERFORMANCE INDICATORS	All farms	Top third
Lambs reared (numbers per ewe)	1.47	1.53
Finished lamb sales (numbers per ewe)	1.29	1.41
Finished lamb sales (£ per lamb)	114.58	119.07
Calves reared (numbers per cow)	0.90	0.91
Finished cattle sales (£ per head)	1,412	1,485
Store cattle sales (£ per head)	942	1,007
Stocking rate (glu/adj. forage ha.)	1.18	1.63

WHOLE FARM DATA

Number of farms: 59

	All farms	All farms	Top third
	£/farm	£/eff.ha.	£/eff.ha.
OUTPUTS			
Dairy - milk	398,379	3,268	3,918
- other output	6,460	53	134
Other cattle	68,789	564	648
Sheep	19,460	160	85
Crops and forage	4,093	34	29
Basic Payment Scheme	19,794	162	168
Indirect subsidies	634	5	0
Income from energy generation	3,224	26	49
Miscellaneous income	9,032	74	48
TOTAL OUTPUTS	529,865	4,346	5,079
INPUTS			
Feeds	146,043	1,198	1,225
Tack and grass keep	23,842	196	172
Veterinary and medicines	13,956	114	124
Other livestock costs	37,556	308	319
Fertilisers	19,908	163	206
Other crop costs	6,265	51	53
Allocatable contracting	29,764	244	215
TOTAL VARIABLE COSTS	277,334	2,274	2,314
Paid labour	24,365	200	205
Other contracting / machinery hire	2,715	22	21
Fuel and repairs	27,799	228	230
Machinery depreciation	28,076	230	231
General farming costs	28,857	237	254
Land expenses	12,398	102	74
Buildings depreciation	18,269	150	146
TOTAL OVERHEAD COSTS	142,479	1,169	1,161
TOTAL INPUTS	419,813	3,443	3,475
PROFIT BEFORE RENT & FINANCE	110,052	903	1,604
Rent	6,764	55	31
Finance	18,242	150	136
PROFIT AFTER RENT & FINANCE	85,046	698	1,437
Unpaid labour	16,212	133	126

	Owned £/farm	Tenant £/farm	Mixed £/farm
BALANCE SHEET			
Number of farms by tenure type	23	1	35
TOTAL ASSETS	2,272,208	-	2,214,658
TOTAL LIABILITIES	488,804	-	717,012
NET WORTH	1,783,404	-	1,497,646
Owner equity (%)	78	-	68

PHYSICAL DATA	All farms	Top third
LAND AREA	Hectares	Hectares
Grassland and forage crops	117.05	115.28
Cereals and other crops	1.07	0.16
Rough grazing, fallow, woods etc.	11.86	11.43
TOTAL AREA (actual)	129.98	126.87
TOTAL AREA (effective)	121.90	119.10

	All farms	Top third
LIVESTOCK	Numbers	Numbers
Dairy cattle	177	194
Suckler cows	0	1
Other cattle	162	177
Breeding sheep	169	74
Other sheep	100	43

PERFORMANCE INDICATORS	All farms	Top third
Milk yield (litres per cow)	7,201	7,448
Margin over concentrates (£ per cow)	1,566	1,782
Milk disposal (£ per cow)	2,234	2,389
Milk price (pence per litre)	31.46	32.55
Stocking rate (glu/adj. forage ha.)	2.08	2.20

WHOLE FARM DATA

Number of farms: 51

	All farms	All farms	Top third
	£/farm	£/eff.ha.	£/eff.ha.
OUTPUTS			
Dairy - milk	513,252	3,764	4,829
- other output	3,345	25	67
Other cattle	78,331	574	766
Sheep	4,806	35	31
Crops and forage	14,896	109	82
Basic Payment Scheme	21,188	155	160
Indirect subsidies	823	6	2
Income from energy generation	3,525	26	8
Miscellaneous income	5,541	41	48
TOTAL OUTPUTS	645,707	4,735	5,993
INPUTS			
Feeds	165,286	1,212	1,444
Tack and grass keep	19,582	144	207
Veterinary and medicines	16,858	124	129
Other livestock costs	48,714	357	413
Fertilisers	23,681	174	203
Other crop costs	12,427	91	92
Allocatable contracting	34,909	256	296
TOTAL VARIABLE COSTS	321,457	2,358	2,784
Paid labour	47,941	352	249
Other contracting / machinery hire	2,099	15	20
Fuel and repairs	33,225	244	297
Machinery depreciation	29,069	213	259
General farming costs	36,484	268	260
Land expenses	13,223	97	130
Buildings depreciation	23,006	169	194
TOTAL OVERHEAD COSTS	185,047	1,358	1,409
TOTAL INPUTS	506,504	3,716	4,193
PROFIT BEFORE RENT & FINANCE	139,203	1,019	1,800
Rent	10,603	78	62
Finance	11,452	84	79
PROFIT AFTER RENT & FINANCE	117,148	857	1,659
Unpaid labour	14,781	108	172

	Owned £/farm	Tenant £/farm	Mixed £/farm
BALANCE SHEET			
Number of farms by tenure type	20	2	29
TOTAL ASSETS	2,729,725	-	2,573,928
TOTAL LIABILITIES	280,400	-	461,554
NET WORTH	2,449,325	-	2,112,374
Owner equity (%)	90	-	82

PHYSICAL DATA	All farms	Top third
LAND AREA	Hectares	Hectares
Grassland and forage crops	126.92	116.62
Cereals and other crops	6.89	4.02
Rough grazing, fallow, woods etc.	11.73	5.99
TOTAL AREA (actual)	145.54	126.63
TOTAL AREA (effective)	136.36	121.09

	All farms	Top third
LIVESTOCK	Numbers	Numbers
Dairy cattle	207	225
Suckler cows	1	0
Other cattle	192	222
Breeding sheep	54	39
Other sheep	31	42

PERFORMANCE INDICATORS	All farms	Top third
Milk yield (litres per cow)	7,729	7,918
Margin over concentrates (£ per cow)	1,798	1,933
Milk disposal (£ per cow)	2,476	2,591
Milk price (pence per litre)	32.31	33.02
Stocking rate (glu/adj. forage ha.)	2.28	2.50

GROSS MARGINS: HILL SHEEP	2021/22	
	All flocks	Top third
Number of flocks in sample	184	61
Flock size (ewes and ewe lambs put to ram)	643	549
Lambs reared (numbers per ewe)	1.21	1.45
ENTERPRISE OUTPUT	£ per ewe	£ per ewe
Lamb sales - store	9.48	9.75
- finished	77.05	111.84
Other sheep sales	23.08	32.71
Wool sales	0.73	1.04
Miscellaneous	0.01	0.02
Valuation change	4.74	4.58
Sheep purchases	-8.65	-11.63
TOTAL ENTERPRISE OUTPUT	106.44	148.31
VARIABLE COSTS		
Concentrates and bulk feed	18.43	22.22
Stock keep	3.35	1.43
Veterinary and medicines	6.84	8.08
Other livestock costs	7.67	9.76
Allocatable contracting	1.86	1.90
Forage variable costs	13.12	13.31
TOTAL VARIABLE COSTS	51.27	56.70
GROSS MARGIN	55.17	91.61

GROSS MARGINS: UPLAND SHEEP		
	All flocks	Top third
Number of flocks in sample	49	16
Flock size (ewes and ewe lambs put to ram)	461	516
Lambs reared (numbers per ewe)	1.45	1.60
ENTERPRISE OUTPUT	£ per ewe	£ per ewe
Lamb sales - store	9.38	5.46
- finished	125.33	156.46
Other sheep sales	21.08	24.34
Wool sales	0.83	1.03
Miscellaneous	0.00	0.00
Valuation change	9.06	11.39
Sheep purchases	-23.38	-28.25
TOTAL ENTERPRISE OUTPUT	142.30	170.43
VARIABLE COSTS		
Concentrates and bulk feed	23.84	25.46
Stock keep	1.79	1.54
Veterinary and medicines	8.48	9.74
Other livestock costs	10.56	11.12
Allocatable contracting	2.27	2.36
Forage variable costs	19.80	17.90
TOTAL VARIABLE COSTS	66.74	68.12
GROSS MARGIN	75.56	102.31

GROSS MARGINS: LOWLAND SHEEP		2021/22	
	All flocks	Top third	
Number of flocks in sample	29	10	
Flock size (ewes and ewe lambs put to ram)	414	396	
Lambs reared (numbers per ewe)	1.48	1.59	
ENTERPRISE OUTPUT	£ per ewe	£ per ewe	
Lamb sales - store	0.43	1.31	
- finished	150.90	183.89	
Other sheep sales	21.45	25.40	
Wool sales	0.77	0.67	
Miscellaneous	0.00	0.00	
Valuation change	5.19	3.57	
Sheep purchases	-23.44	-21.12	
TOTAL ENTERPRISE OUTPUT	155.30	193.72	
VARIABLE COSTS			
Concentrates and bulk feed	24.84	28.48	
Stock keep	2.29	3.41	
Veterinary and medicines	8.23	9.00	
Other livestock costs	12.26	15.10	
Allocatable contracting	1.84	1.28	
Forage variable costs	16.46	13.56	
TOTAL VARIABLE COSTS	65.92	70.83	
GROSS MARGIN	89.38	122.89	

GROSS MARGINS: LOWLAND SUCKLER COWS			
	All herds	Top third	
Number of herds in sample	15	6	
Herd size (breeding cows)	59	69	
Calves reared (numbers per cow)	0.89	0.94	
Finished cattle sales (£ per head)	1,401	1,384	
Store cattle sales (£ per head)	911	963	
ENTERPRISE OUTPUT	£ per cow	£ per cow	
Calf and store cattle sales	553.75	689.81	
Bull and cow sales	181.41	220.35	
Finished cattle sales	543.75	624.20	
Valuation change	15.86	60.14	
Cattle purchases	-223.87	-354.07	
TOTAL ENTERPRISE OUTPUT	1,070.90	1,240.43	
VARIABLE COSTS			
Concentrates and bulk feed	171.25	120.71	
Veterinary and medicines	37.65	48.87	
Other livestock costs	128.86	123.50	
Allocatable contracting	12.73	19.52	
Forage variable costs	179.11	167.15	
TOTAL VARIABLE COSTS	529.60	479.75	
GROSS MARGIN	541.30	760.68	

GROSS MARGINS: UPLAND SUCKLER COWS		2021/22
	All herds	Top third
Number of herds in sample	26	9
Herd size (breeding cows)	52	59
Calves reared (numbers per cow)	0.91	0.88
Finished cattle sales (£ per head)	1,414	1,458
Store cattle sales (£ per head)	1,018	1,048
ENTERPRISE OUTPUT	£ per cow	£ per cow
Calf and store cattle sales	750.00	558.20
Bull and cow sales	149.65	155.18
Finished cattle sales	258.94	542.73
Valuation change	85.84	161.23
Cattle purchases	-266.20	-310.23
TOTAL ENTERPRISE OUTPUT	978.23	1,107.11
VARIABLE COSTS		
Concentrates and bulk feed	148.82	107.19
Veterinary and medicines	60.10	62.73
Other livestock costs	92.62	79.77
Allocatable contracting	15.76	11.25
Forage variable costs	200.17	189.59
TOTAL VARIABLE COSTS	517.47	450.53
GROSS MARGIN	460.76	656.58

GROSS MARGINS: HILL SUCKLER COWS		
	All herds	Top third
Number of herds in sample	101	34
Herd size (breeding cows)	43	43
Calves reared (numbers per cow)	0.87	0.91
Finished cattle sales (£ per head)	1,327	1,353
Store cattle sales (£ per head)	1,014	1,071
ENTERPRISE OUTPUT	£ per cow	£ per cow
Calf and store cattle sales	803.35	881.04
Bull and cow sales	145.71	172.34
Finished cattle sales	202.99	285.31
Valuation change	17.95	-4.92
Cattle purchases	-252.22	-241.32
TOTAL ENTERPRISE OUTPUT	917.78	1,092.45
VARIABLE COSTS		
Concentrates and bulk feed	209.95	174.78
Veterinary and medicines	48.03	43.03
Other livestock costs	94.51	89.85
Allocatable contracting	8.46	7.76
Forage variable costs	158.07	126.27
TOTAL VARIABLE COSTS	519.02	441.69
GROSS MARGIN	398.76	650.76

GROSS MARGINS: HILL AND UPLAND DAIRY		2021/22
	All herds	Top third
Number of herds in sample	57	19
Herd size (dairy cows)	178	196
Milk yield (litres per cow)	7,194	8,269
Milk price (pence per litre)	31.47	33.15
ENTERPRISE OUTPUT	£ per cow	£ per cow
Milk	2,263.67	2,741.79
Calves	160.83	182.94
Bull and cow sales	189.06	262.58
Valuation change	47.67	28.73
Cattle purchases	-358.55	-375.83
TOTAL ENTERPRISE OUTPUT	2,302.68	2,840.21
VARIABLE COSTS		
Concentrates and bulk feed	723.94	774.56
Veterinary and medicines	62.27	71.92
Other livestock costs	173.06	222.72
Allocatable contracting	47.13	39.83
Forage variable costs	194.15	199.76
TOTAL VARIABLE COSTS	1,200.55	1,308.79
GROSS MARGIN	1,102.13	1,531.42

GROSS MARGINS: LOWLAND DAIRY		
	All herds	Top third
Number of herds in sample	49	16
Herd size (dairy cows)	207	237
Milk yield (litres per cow)	7,717	8,194
Milk price (pence per litre)	32.34	33.30
ENTERPRISE OUTPUT	£ per cow	£ per cow
Milk	2,494.83	2,728.80
Calves	136.18	146.40
Bull and cow sales	190.89	173.99
Valuation change	16.51	33.46
Cattle purchases	-324.43	-351.86
TOTAL ENTERPRISE OUTPUT	2,513.98	2,730.79
VARIABLE COSTS		
Concentrates and bulk feed	715.14	674.96
Veterinary and medicines	69.13	58.11
Other livestock costs	197.55	173.74
Allocatable contracting	54.11	39.62
Forage variable costs	191.19	164.30
TOTAL VARIABLE COSTS	1,227.12	1,110.73
GROSS MARGIN	1,286.86	1,620.06

LAMB PRODUCTION COSTS**2021/22**

Pence per kg liveweight	All farms	Top third	Bottom third
Number of farms	112	37	37
Feed	46.23	36.08	55.02
Veterinary and medicines	14.62	13.24	16.20
Other livestock costs	22.01	20.38	22.58
Forage	26.73	24.59	29.70
TOTAL VARIABLE COSTS	109.59	94.29	123.50
FLOCK REPLACEMENT	14.83	9.55	15.77
Paid labour	7.95	3.88	15.11
Power and machinery	50.79	37.99	70.71
Buildings	16.51	12.63	21.88
General farm costs	24.04	17.11	33.11
Rent	9.08	5.05	14.60
Finance	4.49	3.05	5.99
TOTAL OVERHEAD COSTS	112.86	79.71	161.40
TOTAL COSTS	237.28	183.55	300.67
NET MARGIN	20.29	86.59	-55.66
Lambs reared (nos. per ewe)	1.34	1.45	1.21
Flock size	583	576	547
Average lamb liveweight (kg)	39.97	40.92	37.82

MILK PRODUCTION COSTS

Pence per litre	All farms	Top third	Bottom third
Number of farms	106	35	35
Feed	9.33	8.11	11.19
Veterinary and medicines	0.86	0.75	0.97
Other livestock costs	3.20	2.65	3.74
Forage	2.67	2.14	3.09
TOTAL VARIABLE COSTS	16.06	13.65	18.99
HERD REPLACEMENT	1.68	1.11	2.37
Paid labour	1.20	1.11	1.46
Power and machinery	2.77	2.39	3.06
Buildings	1.44	1.34	1.63
General farm costs	1.62	1.39	1.78
Rent	0.42	0.31	0.57
Finance	0.58	0.45	0.79
TOTAL OVERHEAD COSTS	8.03	6.99	9.29
TOTAL COSTS	25.77	21.75	30.65
NET MARGIN	7.89	13.68	2.10
Margin over concentrates	22.62	25.38	20.23
Milk price	31.43	33.06	30.72

BEEF PRODUCTION COSTS: SUCKLED CALF			2021/22
Pence per kg liveweight	All farms	Top third	Bottom third
Number of farms	29	10	10
Feed	16.89	12.65	26.17
Veterinary and medicines	15.54	13.78	19.06
Other livestock costs	22.50	14.86	26.23
Forage	36.42	26.92	46.14
TOTAL VARIABLE COSTS	91.35	68.21	117.60
HERD REPLACEMENT	8.17	8.13	10.89
Paid labour	6.74	2.14	10.35
Power and machinery	60.70	48.65	76.43
Buildings	23.62	14.53	34.52
General farm costs	29.78	23.87	33.60
Rent	6.96	3.52	13.50
Finance	5.27	2.75	10.30
TOTAL OVERHEAD COSTS	133.07	95.46	178.70
TOTAL COSTS	232.59	171.80	307.19
NET MARGIN	-40.72	24.59	-109.41

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	75.78
Veterinary and medicines	6.98
Other livestock costs	32.59
Forage	53.77
TOTAL VARIABLE COSTS	169.12
Paid labour	8.99
Power and machinery	67.69
Buildings	19.06
General farm costs	25.25
Rent	7.30
Finance	3.23
TOTAL OVERHEAD COSTS	131.52
TOTAL COSTS	300.64
NET MARGIN	-30.03

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.