

**THE FARM BUSINESS SURVEY
IN WALES**

**Wales Farm Income Booklet
2019/20 Results**



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**Wales Farm Income Booklet
2019/20 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 2019 and 31st March 2020 and therefore reflect farming conditions between January 2019 and March 2020. This overview is intended to provide context and insight into the period that the results presented in this Booklet represent. The period covered was largely unaffected by the March 2020 Covid-19 restrictions.

The 18/19 winter was relatively mild resulting in farms starting the year with good feed and bedding stocks. A fine spring meant crops were established into good seedbeds so initially thrived. As the year progressed, the weather was largely warm and wet aiding grass growth and allowing many farmers to increase forage stocks ahead of the winter. However, a wet autumn with localized flooding, meant harvest and fieldwork was hampered and an extremely wet 19/20 winter put pressure on late grazing systems and fodder stocks.

The spring weather provided good lambing conditions with lower costs and, after good early prices, the higher lamb numbers depressed the market, only for it to recover again for all types of stock in early 2020. Finished cattle prices remained low throughout the year. Store cattle prices were more variable and, depending on type, prices held up better and improved towards the end of the accounting periods.

Milk prices were more volatile and lower than the previous year and still showed significant variability between regions, contracts, buyers and systems. Early reductions in forage and straw prices were soon cancelled out by higher concentrate prices as the wet autumn set in. Significant issues still remain in the sector including TB and supply chain disruption including the collapse of intermediaries. Overall, dairy margins were relatively unchanged on the year.

Better early season conditions helped yields on cropping farms however, margins were reduced by lower subsequent prices. As the year progressed the wet autumn hindered harvesting and then delayed cultivations resulting in more spring cropping. Where they could be harvested, potato yields improved and reasonable prices were achieved for good quality crops. Maize yields were very good but harvesting proved extremely challenging for some farmers.

Other aspects of note during the period included:- Rising input costs and increased pressures on farm finances; Higher import prices for agrochemicals, fertilizers and machinery related costs due to a weakened pound; Continued Brexit and trade related uncertainty; Worry over the delayed Agricultural Bill and associated future environmental schemes, support policies and continued government support payments; Poor labour availability and resulting higher labour costs; Pressures on pig and poultry enterprises due to trade, disease and supply and demand imbalances; A less than smooth transition to Making Tax Digital; The future expansion of Nitrate Vulnerable Zones (NVZs) and accompanying slurry/FYM implications; A decline in red meat consumption and the negative public perception of farming and climate change etc. all leading to increased farmer 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 34p/kg to losing 90p/kg, and beef from plus 6p/kg to minus 121p/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 contribution of the Basic Payment Scheme, other subsidies, miscellaneous and diversified income to the bottom line. For example, these four contributed around 30% of the total income (outputs) and 240% 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

<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.
<i>Farm Types</i>	
<i>Hill</i>	Mainly in Severely Disadvantaged Area.
<i>Upland</i>	Mainly in Disadvantaged Area.
<i>Lowland</i>	Mainly outside Less Favoured Area.
<i>Whole Farm Data</i>	
<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.

HILL CATTLE AND SHEEP FARMS**2019/20****WHOLE FARM DATA**

Number of farms: 130

	All farms	All farms	Top third
	£/farm	£/eff.ha.	£/eff.ha.
OUTPUTS			
Beef	36,492	279	271
Sheep	42,568	325	313
Crops and forage	3,050	23	31
Basic Payment Scheme	26,866	205	250
Indirect subsidies	6,471	49	97
Income from energy generation	4,727	36	68
Miscellaneous income	7,293	56	96
TOTAL OUTPUTS	127,467	973	1,126
INPUTS			
Feeds	18,149	139	101
Tack and grass keep	3,955	30	28
Veterinary and medicines	5,102	39	37
Other livestock costs	7,607	58	48
Fertilisers	6,659	51	46
Other crop costs	2,071	16	14
Allocatable contracting	4,855	37	34
TOTAL VARIABLE COSTS	48,398	370	308
Paid labour	4,360	33	27
Other contracting / machinery hire	918	7	8
Fuel and repairs	12,180	93	89
Machinery depreciation	14,699	112	108
General farming costs	11,129	85	83
Land expenses	4,561	35	35
Buildings depreciation	3,823	29	25
TOTAL OVERHEAD COSTS	51,670	394	375
TOTAL INPUTS	100,068	764	683
PROFIT BEFORE RENT & FINANCE	27,399	209	443
Rent	3,564	27	23
Finance	4,752	36	22
PROFIT AFTER RENT & FINANCE	19,083	146	398
Unpaid labour	8,100	62	72

HILL CATTLE AND SHEEP FARMS**2019/20**

	Owned	Tenant	Mixed
BALANCE SHEET	£/farm	£/farm	£/farm
Number of farms by tenure type	63	9	58
TOTAL ASSETS	1,741,696	291,301	1,350,558
TOTAL LIABILITIES	135,067	73,280	143,223
NET WORTH	1,606,629	218,021	1,207,335
Owner equity (%)	92	75	89

PHYSICAL DATA	All farms	Top third
LAND AREA	Hectares	Hectares
Grassland and forage crops	116.58	95.93
Cereals and other crops	1.07	0.98
Rough grazing, fallow, woods etc.	47.62	98.38
TOTAL AREA (actual)	165.27	195.29
TOTAL AREA (effective)	130.96	124.50

LIVESTOCK	All farms	Top third
	Numbers	Numbers
Suckler cows	41	35
Other cattle	81	73
Breeding sheep	620	540
Other sheep	420	394

PERFORMANCE INDICATORS	All farms	Top third
Lambs reared (numbers per ewe)	1.20	1.24
Finished lamb sales (numbers per ewe)	0.96	0.99
Finished lamb sales (£ per lamb)	72.82	71.77
Calves reared (numbers per cow)	0.87	0.90
Finished cattle sales (£ per head)	1,107	1,137
Store cattle sales (£ per head)	819	880
Stocking rate (glu/adj. forage ha.)	0.96	0.93

HILL SHEEP FARMS**2019/20****WHOLE FARM DATA**

Number of farms: 86

	All farms	All farms	Top third
OUTPUTS	£/farm	£/eff.ha.	£/eff.ha.
Beef	10,464	74	120
Sheep	61,913	441	509
Crops and forage	2,377	17	31
Basic Payment Scheme	33,915	241	280
Indirect subsidies	8,671	62	107
Income from energy generation	954	7	5
Miscellaneous income	7,384	53	91
TOTAL OUTPUTS	125,678	895	1,143
INPUTS			
Feeds	13,681	97	95
Tack and grass keep	9,417	67	108
Veterinary and medicines	5,199	37	42
Other livestock costs	6,158	44	49
Fertilisers	5,411	39	45
Other crop costs	1,494	11	15
Allocatable contracting	4,683	33	43
TOTAL VARIABLE COSTS	46,043	328	397
Paid labour	4,480	32	30
Other contracting / machinery hire	675	5	3
Fuel and repairs	10,326	73	85
Machinery depreciation	11,240	80	85
General farming costs	10,298	73	69
Land expenses	3,710	26	26
Buildings depreciation	3,139	22	28
TOTAL OVERHEAD COSTS	43,868	311	326
TOTAL INPUTS	89,911	639	723
PROFIT BEFORE RENT & FINANCE	35,767	256	420
Rent	2,532	18	17
Finance	3,398	24	26
PROFIT AFTER RENT & FINANCE	29,837	214	377
Unpaid labour	4,695	33	47

HILL SHEEP FARMS**2019/20**

	Owned	Tenant	Mixed
BALANCE SHEET	£/farm	£/farm	£/farm
Number of farms by tenure type	47	10	29
TOTAL ASSETS	1,437,708	171,577	1,238,478
TOTAL LIABILITIES	74,690	45,548	105,134
NET WORTH	1,363,018	126,029	1,133,344
Owner equity (%)	95	73	92

PHYSICAL DATA	All farms	Top third
LAND AREA	Hectares	Hectares
Grassland and forage crops	113.22	102.75
Cereals and other crops	0.59	1.82
Rough grazing, fallow, woods etc.	82.75	149.29
TOTAL AREA (actual)	196.56	253.86
TOTAL AREA (effective)	140.52	145.23

LIVESTOCK	All farms	Top third
	Numbers	Numbers
Suckler cows	13	19
Other cattle	22	33
Breeding sheep	976	1074
Other sheep	634	700

PERFORMANCE INDICATORS	All farms	Top third
Lambs reared (numbers per ewe)	1.13	1.17
Finished lamb sales (numbers per ewe)	0.78	0.83
Finished lamb sales (£ per lamb)	72.05	72.55
Calves reared (numbers per cow)	0.89	0.96
Finished cattle sales (£ per head)	1,143	983
Store cattle sales (£ per head)	850	859
Stocking rate (glu/adj. forage ha.)	0.73	0.81

UPLAND CATTLE AND SHEEP FARMS**2019/20****WHOLE FARM DATA**

Number of farms: 76

	All farms	All farms	Top third
	£/farm	£/eff.ha.	£/eff.ha.
OUTPUTS			
Beef	35,247	362	531
Sheep	27,849	286	342
Crops and forage	6,146	63	74
Basic Payment Scheme	17,009	175	182
Indirect subsidies	1,850	19	22
Income from energy generation	1,136	12	5
Miscellaneous income	8,189	84	106
TOTAL OUTPUTS	97,426	1,001	1,262
INPUTS			
Feeds	11,870	122	131
Tack and grass keep	2,611	27	27
Veterinary and medicines	3,659	38	38
Other livestock costs	6,039	62	73
Fertilisers	6,942	71	88
Other crop costs	2,291	24	29
Allocatable contracting	4,953	51	53
TOTAL VARIABLE COSTS	38,365	395	439
Paid labour	3,608	37	29
Other contracting / machinery hire	822	8	11
Fuel and repairs	9,490	98	100
Machinery depreciation	10,644	109	100
General farming costs	9,089	93	93
Land expenses	4,051	42	36
Buildings depreciation	3,153	32	36
TOTAL OVERHEAD COSTS	40,857	419	405
TOTAL INPUTS	79,222	814	844
PROFIT BEFORE RENT & FINANCE	18,204	187	418
Rent	3,446	35	42
Finance	3,194	33	35
PROFIT AFTER RENT & FINANCE	11,564	119	341
Unpaid labour	3,890	40	45

UPLAND CATTLE AND SHEEP FARMS**2019/20**

	Owned	Tenant	Mixed
BALANCE SHEET	£/farm	£/farm	£/farm
Number of farms by tenure type	43	4	29
TOTAL ASSETS	1,204,716	-	993,558
TOTAL LIABILITIES	48,894	-	141,874
NET WORTH	1,155,822	-	851,684
Owner equity (%)	96	-	86

PHYSICAL DATA	All farms	Top third
LAND AREA	Hectares	Hectares
Grassland and forage crops	89.94	96.71
Cereals and other crops	2.91	4.44
Rough grazing, fallow, woods etc.	11.97	15.89
TOTAL AREA (actual)	104.82	117.04
TOTAL AREA (effective)	97.30	106.63

LIVESTOCK	All farms	Top third
	Numbers	Numbers
Suckler cows	27	32
Other cattle	83	128
Breeding sheep	354	404
Other sheep	228	284

PERFORMANCE INDICATORS	All farms	Top third
Lambs reared (numbers per ewe)	1.32	1.38
Finished lamb sales (numbers per ewe)	1.05	1.19
Finished lamb sales (£ per lamb)	78.38	84.59
Calves reared (numbers per cow)	0.89	0.95
Finished cattle sales (£ per head)	1,105	1,122
Store cattle sales (£ per head)	871	847
Stocking rate (glu/adj. forage ha.)	1.05	1.29

WHOLE FARM DATA

Number of farms: 52

	All farms	All farms	Top third
	£/farm	£/eff.ha.	£/eff.ha.
OUTPUTS			
Beef	42,765	448	543
Sheep	24,038	252	504
Crops and forage	15,498	162	105
Basic Payment Scheme	18,120	190	245
Indirect subsidies	2,205	23	57
Income from energy generation	3,650	38	40
Miscellaneous income	6,512	68	124
TOTAL OUTPUTS	112,788	1,181	1,618
INPUTS			
Feeds	11,045	116	132
Tack and grass keep	3,159	33	50
Veterinary and medicines	3,144	33	36
Other livestock costs	6,635	69	86
Fertilisers	6,698	70	64
Other crop costs	3,433	36	43
Allocatable contracting	5,343	56	53
TOTAL VARIABLE COSTS	39,457	413	464
Paid labour	4,294	45	18
Other contracting / machinery hire	1,160	12	12
Fuel and repairs	10,034	105	123
Machinery depreciation	12,494	131	155
General farming costs	10,629	111	138
Land expenses	3,932	41	58
Buildings depreciation	4,404	46	42
TOTAL OVERHEAD COSTS	46,947	491	546
TOTAL INPUTS	86,404	904	1,010
PROFIT BEFORE RENT & FINANCE	26,384	277	608
Rent	6,145	64	26
Finance	4,150	43	23
PROFIT AFTER RENT & FINANCE	16,089	170	559
Unpaid labour	4,915	51	119

	Owned	Tenant	Mixed
BALANCE SHEET	£/farm	£/farm	£/farm
Number of farms by tenure type	22	9	21
TOTAL ASSETS	1,404,850	181,855	1,246,390
TOTAL LIABILITIES	75,564	22,886	184,377
NET WORTH	1,329,286	158,969	1,062,013
Owner equity (%)	95	87	85

PHYSICAL DATA	All farms	Top third
LAND AREA	Hectares	Hectares
Grassland and forage crops	81.46	60.68
Cereals and other crops	4.28	2.07
Rough grazing, fallow, woods etc.	15.79	8.58
TOTAL AREA (actual)	101.53	71.33
TOTAL AREA (effective)	95.50	67.26

LIVESTOCK	All farms	Top third
	Numbers	Numbers
Suckler cows	20	15
Other cattle	100	79
Breeding sheep	272	296
Other sheep	200	280

PERFORMANCE INDICATORS	All farms	Top third
Lambs reared (numbers per ewe)	1.28	1.40
Finished lamb sales (numbers per ewe)	1.12	1.28
Finished lamb sales (£ per lamb)	85.79	86.31
Calves reared (numbers per cow)	0.96	1.04
Finished cattle sales (£ per head)	1,177	1,220
Store cattle sales (£ per head)	770	849
Stocking rate (glu/adj. forage ha.)	1.19	1.22

WHOLE FARM DATA

Number of farms: 52

	All farms £/farm	All farms £/eff.ha.	Top third £/eff.ha.
OUTPUTS			
Dairy - milk	340,987	2,803	3,497
- other output	-7,502	-62	-41
Other cattle	58,419	480	475
Sheep	15,952	131	34
Crops and forage	3,770	31	24
Basic Payment Scheme	19,369	159	158
Indirect subsidies	664	5	0
Income from energy generation	2,870	24	37
Miscellaneous income	6,049	50	65
TOTAL OUTPUTS	440,578	3,621	4,249
INPUTS			
Feeds	113,711	935	830
Tack and grass keep	21,667	178	191
Veterinary and medicines	13,689	113	102
Other livestock costs	33,910	279	237
Fertilisers	20,208	166	193
Other crop costs	5,907	49	51
Allocatable contracting	25,005	206	192
TOTAL VARIABLE COSTS	234,097	1,926	1,796
Paid labour	23,882	196	295
Other contracting / machinery hire	3,224	27	34
Fuel and repairs	24,209	199	219
Machinery depreciation	25,760	212	213
General farming costs	26,501	218	224
Land expenses	11,603	95	117
Buildings depreciation	15,950	131	151
TOTAL OVERHEAD COSTS	131,129	1,078	1,253
TOTAL INPUTS	365,226	3,004	3,049
PROFIT BEFORE RENT & FINANCE	75,352	617	1,200
Rent	6,476	53	41
Finance	16,837	138	86
PROFIT AFTER RENT & FINANCE	52,039	426	1,073
Unpaid labour	15,234	125	87

HILL AND UPLAND DAIRY FARMS**2019/20**

	Owned £/farm	Tenant £/farm	Mixed £/farm
BALANCE SHEET			
Number of farms by tenure type	21	0	31
TOTAL ASSETS	2,029,483	-	2,103,121
TOTAL LIABILITIES	391,850	-	683,659
NET WORTH	1,637,633	-	1,419,462
Owner equity (%)	81	-	67

PHYSICAL DATA	All farms	Top third
LAND AREA	Hectares	Hectares
Grassland and forage crops	117.63	118.98
Cereals and other crops	0.68	0.29
Rough grazing, fallow, woods etc.	10.93	9.67
TOTAL AREA (actual)	129.24	128.94
TOTAL AREA (effective)	121.64	120.86

	All farms	Top third
LIVESTOCK	Numbers	Numbers
Dairy cattle	166	209
Suckler cows	1	1
Other cattle	145	133
Breeding sheep	196	55
Other sheep	113	29

	All farms	Top third
PERFORMANCE INDICATORS		
Milk yield (litres per cow)	7,302	6,877
Margin over concentrates (£ per cow)	1,493	1,613
Milk disposal (£ per cow)	2,048	2,020
Milk price (pence per litre)	28.41	29.70
Stocking rate (glu/adj. forage ha.)	1.97	2.11

WHOLE FARM DATA

Number of farms: 51

	All farms	All farms	Top third
	£/farm	£/eff.ha.	£/eff.ha.
OUTPUTS			
Dairy - milk	419,291	3,356	4,018
- other output	-7,876	-63	-76
Other cattle	66,779	534	564
Sheep	2,962	24	26
Crops and forage	6,794	54	84
Basic Payment Scheme	18,906	151	146
Indirect subsidies	1,011	8	1
Income from energy generation	3,671	29	53
Miscellaneous income	6,174	49	60
TOTAL OUTPUTS	517,712	4,142	4,876
INPUTS			
Feeds	138,200	1,106	1,151
Tack and grass keep	18,050	144	157
Veterinary and medicines	15,703	126	126
Other livestock costs	38,072	305	261
Fertilisers	21,847	175	187
Other crop costs	9,998	80	78
Allocatable contracting	29,438	236	241
TOTAL VARIABLE COSTS	271,308	2,172	2,201
Paid labour	38,663	309	285
Other contracting / machinery hire	4,040	32	13
Fuel and repairs	29,666	237	218
Machinery depreciation	27,997	224	255
General farming costs	30,990	248	227
Land expenses	10,951	88	92
Buildings depreciation	19,212	154	164
TOTAL OVERHEAD COSTS	161,519	1,292	1,254
TOTAL INPUTS	432,827	3,464	3,455
PROFIT BEFORE RENT & FINANCE	84,885	678	1,421
Rent	11,727	94	101
Finance	14,165	113	57
PROFIT AFTER RENT & FINANCE	58,993	471	1,263
Unpaid labour	12,682	102	114

	Owned £/farm	Tenant £/farm	Mixed £/farm
BALANCE SHEET			
Number of farms by tenure type	21	2	28
TOTAL ASSETS	2,685,423	-	1,807,520
TOTAL LIABILITIES	383,311	-	435,735
NET WORTH	2,302,112	-	1,371,785
Owner equity (%)	86	-	76

PHYSICAL DATA	All farms	Top third
LAND AREA	Hectares	Hectares
Grassland and forage crops	119.90	112.14
Cereals and other crops	4.20	5.40
Rough grazing, fallow, woods etc.	7.61	7.98
TOTAL AREA (actual)	131.71	125.52
TOTAL AREA (effective)	124.94	118.01

LIVESTOCK	All farms	Top third
	Numbers	Numbers
Dairy cattle	201	217
Suckler cows	0	0
Other cattle	180	202
Breeding sheep	47	38
Other sheep	20	17

PERFORMANCE INDICATORS	All farms	Top third
Milk yield (litres per cow)	7,476	7,406
Margin over concentrates (£ per cow)	1,502	1,663
Milk disposal (£ per cow)	2,080	2,182
Milk price (pence per litre)	28.16	29.81
Stocking rate (glu/adj. forage ha.)	2.34	2.66

GROSS MARGINS: HILL SHEEP		2019/20
	All flocks	Top third
Number of flocks in sample	179	60
Flock size (ewes and ewe lambs put to ram)	677	564
Lambs reared (numbers per ewe)	1.17	1.38
ENTERPRISE OUTPUT	£ per ewe	£ per ewe
Lamb sales - store	4.40	2.08
- finished	60.24	85.26
Other sheep sales	15.27	18.91
Wool sales	1.27	1.70
Miscellaneous	0.03	0.02
Valuation change	-1.61	0.96
Sheep purchases	-5.57	-8.85
TOTAL ENTERPRISE OUTPUT	74.03	100.08
VARIABLE COSTS		
Concentrates and bulk feed	14.41	15.97
Stock keep	2.99	1.09
Veterinary and medicines	5.41	5.95
Other livestock costs	6.25	7.61
Allocatable contracting	1.65	1.58
Forage variable costs	12.45	11.35
TOTAL VARIABLE COSTS	43.16	43.55
GROSS MARGIN	30.87	56.53

GROSS MARGINS: UPLAND SHEEP		
	All flocks	Top third
Number of flocks in sample	48	16
Flock size (ewes and ewe lambs put to ram)	535	546
Lambs reared (numbers per ewe)	1.32	1.52
ENTERPRISE OUTPUT	£ per ewe	£ per ewe
Lamb sales - store	3.56	0.85
- finished	89.40	121.14
Other sheep sales	15.76	19.73
Wool sales	1.29	1.43
Miscellaneous	0.06	0.00
Valuation change	-1.83	-1.45
Sheep purchases	-14.40	-19.02
TOTAL ENTERPRISE OUTPUT	93.84	122.68
VARIABLE COSTS		
Concentrates and bulk feed	17.30	17.82
Stock keep	1.07	1.44
Veterinary and medicines	6.29	8.35
Other livestock costs	8.74	9.78
Allocatable contracting	1.90	2.77
Forage variable costs	17.63	17.25
TOTAL VARIABLE COSTS	52.93	57.41
GROSS MARGIN	40.91	65.27

GROSS MARGINS: LOWLAND SHEEP		2019/20
	All flocks	Top third
Number of flocks in sample	31	10
Flock size (ewes and ewe lambs put to ram)	388	380
Lambs reared (numbers per ewe)	1.32	1.57
ENTERPRISE OUTPUT	£ per ewe	£ per ewe
Lamb sales - store	0.95	0.89
- finished	102.35	130.49
Other sheep sales	15.39	19.87
Wool sales	1.57	1.92
Miscellaneous	0.01	0.00
Valuation change	0.07	3.15
Sheep purchases	-16.36	-20.14
TOTAL ENTERPRISE OUTPUT	103.98	136.18
VARIABLE COSTS		
Concentrates and bulk feed	19.25	20.40
Stock keep	2.04	3.78
Veterinary and medicines	6.21	5.57
Other livestock costs	10.09	12.82
Allocatable contracting	1.35	1.09
Forage variable costs	16.41	13.68
TOTAL VARIABLE COSTS	55.35	57.34
GROSS MARGIN	48.63	78.84

GROSS MARGINS: LOWLAND SUCKLER COWS		All herds	Top third
Number of herds in sample		21	7
Herd size (breeding cows)		51	54
Calves reared (numbers per cow)		0.92	0.91
Finished cattle sales (£ per head)		1,162	1,133
Store cattle sales (£ per head)		814	1,065
ENTERPRISE OUTPUT	£ per cow	£ per cow	
Calf and store cattle sales	530.93	515.51	
Bull and cow sales	163.10	230.12	
Finished cattle sales	394.56	625.64	
Valuation change	4.79	-69.57	
Cattle purchases	-254.99	-276.59	
TOTAL ENTERPRISE OUTPUT	838.39	1,025.11	
VARIABLE COSTS			
Concentrates and bulk feed	132.44	77.40	
Veterinary and medicines	34.62	30.35	
Other livestock costs	94.67	91.84	
Allocatable contracting	10.20	13.74	
Forage variable costs	186.42	171.24	
TOTAL VARIABLE COSTS	458.35	384.57	
GROSS MARGIN	380.04	640.54	

GROSS MARGINS: UPLAND SUCKLER COWS		2019/20
	All herds	Top third
Number of herds in sample	27	9
Herd size (breeding cows)	48	60
Calves reared (numbers per cow)	0.92	0.95
Finished cattle sales (£ per head)	1,111	1,122
Store cattle sales (£ per head)	813	938
ENTERPRISE OUTPUT	£ per cow	£ per cow
Calf and store cattle sales	562.39	615.83
Bull and cow sales	102.91	98.27
Finished cattle sales	271.50	252.01
Valuation change	36.45	99.16
Cattle purchases	-176.07	-171.41
TOTAL ENTERPRISE OUTPUT	797.18	893.86
VARIABLE COSTS		
Concentrates and bulk feed	140.40	111.78
Veterinary and medicines	45.28	47.55
Other livestock costs	83.60	80.62
Allocatable contracting	11.00	16.29
Forage variable costs	169.63	106.73
TOTAL VARIABLE COSTS	449.91	362.97
GROSS MARGIN	347.27	530.89

GROSS MARGINS: HILL SUCKLER COWS		
	All herds	Top third
Number of herds in sample	97	32
Herd size (breeding cows)	45	38
Calves reared (numbers per cow)	0.89	0.93
Finished cattle sales (£ per head)	1,128	1,169
Store cattle sales (£ per head)	861	939
ENTERPRISE OUTPUT	£ per cow	£ per cow
Calf and store cattle sales	687.81	662.54
Bull and cow sales	103.32	108.46
Finished cattle sales	150.42	184.30
Valuation change	24.16	107.57
Cattle purchases	-217.40	-182.04
TOTAL ENTERPRISE OUTPUT	748.31	880.83
VARIABLE COSTS		
Concentrates and bulk feed	189.12	132.37
Veterinary and medicines	46.49	46.41
Other livestock costs	74.56	69.91
Allocatable contracting	6.90	7.66
Forage variable costs	175.35	135.10
TOTAL VARIABLE COSTS	492.42	391.45
GROSS MARGIN	255.89	489.38

GROSS MARGINS: HILL AND UPLAND DAIRY		2019/20
	All herds	Top third
Number of herds in sample	56	19
Herd size (dairy cows)	169	188
Milk yield (litres per cow)	7,303	7,849
Milk price (pence per litre)	28.49	30.65
ENTERPRISE OUTPUT	£ per cow	£ per cow
Milk	2,080.59	2,405.54
Calves	116.58	136.42
Bull and cow sales	149.15	181.92
Valuation change	46.92	43.87
Cattle purchases	-356.25	-377.27
TOTAL ENTERPRISE OUTPUT	2,036.99	2,390.48
VARIABLE COSTS		
Concentrates and bulk feed	613.48	600.83
Veterinary and medicines	67.07	70.41
Other livestock costs	172.26	185.64
Allocatable contracting	44.96	24.62
Forage variable costs	203.44	188.13
TOTAL VARIABLE COSTS	1,101.21	1,069.63
GROSS MARGIN	935.78	1,320.85

GROSS MARGINS: LOWLAND DAIRY		
	All herds	Top third
Number of herds in sample	48	16
Herd size (dairy cows)	196	174
Milk yield (litres per cow)	7,316	8,156
Milk price (pence per litre)	28.13	30.55
ENTERPRISE OUTPUT	£ per cow	£ per cow
Milk	2,056.79	2,492.19
Calves	115.24	114.11
Bull and cow sales	146.70	170.89
Valuation change	20.97	25.15
Cattle purchases	-311.21	-321.31
TOTAL ENTERPRISE OUTPUT	2,028.49	2,481.03
VARIABLE COSTS		
Concentrates and bulk feed	594.55	675.16
Veterinary and medicines	65.84	66.55
Other livestock costs	161.76	182.01
Allocatable contracting	35.84	30.08
Forage variable costs	183.96	165.26
TOTAL VARIABLE COSTS	1,041.95	1,119.06
GROSS MARGIN	986.54	1,361.97

LAMB PRODUCTION COSTS**2019/20**

Pence per kg liveweight	All farms	Top third	Bottom third
Number of farms	114	38	38
Feed	40.00	31.27	52.45
Veterinary and medicines	11.65	9.38	13.67
Other livestock costs	19.36	16.77	21.85
Forage	26.85	21.44	29.64
TOTAL VARIABLE COSTS	97.86	78.86	117.61
FLOCK REPLACEMENT	20.86	18.63	22.95
Paid labour	5.98	3.17	9.82
Power and machinery	45.64	31.78	63.27
Buildings	12.84	8.94	17.61
General farm costs	21.36	15.88	27.83
Rent	8.23	7.01	12.57
Finance	5.47	2.45	7.73
TOTAL OVERHEAD COSTS	99.52	69.23	138.83
TOTAL COSTS	218.24	166.72	279.39
NET MARGIN	-25.68	33.64	-90.46
Lambs reared (nos. per ewe)	1.30	1.41	1.20
Flock size	624	577	597
Average lamb liveweight (kg)	40.03	41.66	38.59

MILK PRODUCTION COSTS

Pence per litre	All farms	Top third	Bottom third
Number of farms	104	35	35
Feed	7.82	6.57	8.95
Veterinary and medicines	0.86	0.72	0.89
Other livestock costs	2.88	2.31	3.37
Forage	2.60	2.16	3.12
TOTAL VARIABLE COSTS	14.16	11.76	16.33
HERD REPLACEMENT	2.04	1.85	2.39
Paid labour	1.09	0.96	1.60
Power and machinery	2.82	2.53	2.93
Buildings	1.38	1.36	1.55
General farm costs	1.59	1.45	1.68
Rent	0.42	0.46	0.33
Finance	0.61	0.41	0.86
TOTAL OVERHEAD COSTS	7.91	7.17	8.95
TOTAL COSTS	24.11	20.78	27.67
NET MARGIN	5.51	10.50	0.54
Margin over concentrates	20.59	23.25	18.27
Milk price	27.89	29.36	26.56

BEEF PRODUCTION COSTS: SUCKLED CALF **2019/20**

Pence per kg liveweight	All farms	Top third	Bottom third
Number of farms	30	10	10
Feed	21.51	12.79	30.88
Veterinary and medicines	13.77	8.52	18.92
Other livestock costs	16.76	12.73	20.12
Forage	41.81	38.37	43.21
TOTAL VARIABLE COSTS	93.85	72.41	113.13
HERD REPLACEMENT	13.17	10.59	19.52
Paid labour	12.00	3.30	21.06
Power and machinery	76.86	49.61	107.75
Buildings	21.43	12.31	34.90
General farm costs	35.95	24.96	45.07
Rent	7.98	6.83	12.22
Finance	9.19	2.16	13.48
TOTAL OVERHEAD COSTS	163.41	99.17	234.48
TOTAL COSTS	270.43	182.17	367.13
NET MARGIN	-94.86	-3.80	-189.12

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

BEEF PRODUCTION COSTS: FINISHING

Pence per kg liveweight	All farms	Top six	Bottom six
Number of farms	14	6	6
Feed	76.55	52.25	99.17
Veterinary and medicines	4.43	2.30	5.59
Other livestock costs	28.70	18.67	39.15
Forage	39.71	21.82	62.97
TOTAL VARIABLE COSTS	149.39	95.04	206.88
Paid labour	6.90	1.52	14.54
Power and machinery	51.40	36.37	68.88
Buildings	15.21	12.37	19.52
General farm costs	23.59	20.03	28.81
Rent	14.45	0.00	30.09
Finance	3.14	5.09	1.83
TOTAL OVERHEAD COSTS	114.69	75.38	163.67
TOTAL COSTS	264.08	170.42	370.55
NET MARGIN	-55.72	5.63	-121.24

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.