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THE FARM BUSINESS SURVEY IN WALES

Wales Farm Income Booklet

2016/17 Results

8 years
of the Farm Business Survey

Institute of Biological,
Environmental and Rural Sciences

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2016/17 Results**

Farm Business Survey

Institute of Biological, Environmental and Rural Sciences
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Foreword

Aberystwyth University has been researching Welsh farm incomes for over eighty 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 collects information from over 550 randomly selected Welsh farms. The booklet is aimed at providing 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. This year the basis for classifying farms has changed from using Standard Gross Margins to Standard Outputs. For undertaking detailed, comprehensive 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 I gratefully acknowledge the many farmers throughout Wales who have made detailed information available; 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 2016 and 31st March 2017 and therefore reflect farming conditions between January 2016 and March 2017. This overview is intended to provide context and insight into the period that these results represent.

On the back of a mild but wet autumn/winter and later housing of stock, the year began with good levels of quality forage stocks in store. The start of 2016 saw a drier than normal season resulting in average spring and summer growing conditions and an acceptable harvest. A wetter end to the summer made it difficult for some cereal growers although a dryer autumn extended the grazing season for some. A mild wet winter followed resulting in some animal respiratory/fluke issues.

Fortunes for the main FBS farm types were similar with many struggling as profits remained low. After a dry lambing period, producers mostly enjoyed reasonable early lamb prices although the mild autumn and higher feed usage contributed to an increase in heavier lambs to the market depressing winter lamb prices. Wool returns were down and those producers selling light lambs generally suffered poor returns throughout the season. Prices for finished beef cattle remained consistently below the previous year until early autumn when there was significant improvement that continued into the New Year. Some producers struggled with the new carcass classification scheme due to weight limits on heavier livestock. Store cattle sales generally mirrored finished cattle prices although calf producers realised slightly better prices.

After hitting a nine-year low in June 2016, milk prices rose steadily for many producers although with over 10ppl variations between contracts, poor cash flows at the start of the year, higher feed prices and poor grass/silage quality in places that reduced yields plus the constant fear of TB, confidence and investment remained low. Better cull prices and the roll out of the EU Milk Production Reduction Scheme allowed some to restructure / exit the sector and helped others gain a little confidence.

Cereal producers had a mixed year with lower yields and generally higher prices but large price variations dependent upon selling date. Morale was low due to poor harvesting weather and higher agrochemical prices / policy uncertainty. This pessimism resulted in lower arable related investment. Fertilizer prices were lower than the previous season.

Other aspects of note during the period included:- smoother and quicker Basic Payments Scheme (BPS) payments for many and favourable currency (+15%) movements; the Brexit vote and related farmer concerns; delayed Glastir payments for many and cash flow / debt issues and restructuring as margins improved; reductions in areas of forage maize; improved organic prices and confidence; fewer new applications for but increasing receipts from renewable energy and higher straw and other input prices as more produce was diverted to energy production.

The results highlight significant differences between 'average' and 'top third' performing farms. For example, the top third performing cattle and sheep farms' £ per effective hectare profit was over double that of the average farm. Likewise, on dairy farms top third producers made a net margin of 9p/l more than the bottom third. Meat producers showed similar variability with lamb producers ranging from making 42p/kg to losing 66p/kg, and beef producers ranging from plus 29p/kg to minus 145p/kg. However, all these results take no account of the cost of farmer's labour, the absence of which may, if misused, present a false picture of the economics of production. The dairy sector best illustrates this since labour / pension costs alone can add 7-8p/l, pushing top third costs of production to over 27p/l and the bottom third closer to 34p/l.

Particular attention also needs to be given to the contribution of the BPS, other subsidies and diversified income so that the reader can examine the contribution of the 'farming' enterprises to the bottom line. For example, these three sources contributed around 40% of outputs and 172% of profits, on average, for hill sheep farms and so it is increasingly difficult to see how many Welsh farms can be profitable without relying on significant non-farming income and timely BPS payments.

Introduction

Farm profitability is central to any farm business, although farmers will have many other business and personal objectives. With the introduction of the BPS, Brexit and 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. |

HILL CATTLE AND SHEEP FARMS**2016/17****WHOLE FARM DATA**

Number of farms : 92

| | All farms £/farm | All farms £/eff.ha. | Top third £/eff.ha. |
|---------------------------------------|-----------------------------|--------------------------------|--------------------------------|
| OUTPUTS | | | |
| Beef | 43,667 | 367 | 413 |
| Sheep | 37,127 | 312 | 380 |
| Crops and forage | 1,907 | 16 | 15 |
| Basic Payment Scheme | 24,925 | 209 | 229 |
| Indirect subsidies | 6,016 | 51 | 66 |
| Income from energy generation | 2,050 | 17 | 13 |
| Miscellaneous income | 5,222 | 44 | 72 |
| TOTAL OUTPUTS | 120,914 | 1,016 | 1,188 |
| INPUTS | | | |
| Feeds | 19,323 | 162 | 144 |
| Tack and grass keep | 5,162 | 43 | 25 |
| Veterinary and medicines | 5,284 | 44 | 40 |
| Other livestock costs | 9,348 | 79 | 84 |
| Fertilisers | 6,184 | 52 | 59 |
| Other crop costs | 1,994 | 17 | 15 |
| Allocatable contracting | 4,209 | 35 | 28 |
| TOTAL VARIABLE COSTS | 51,504 | 432 | 395 |
| Paid labour | 3,529 | 30 | 22 |
| Other contracting / machinery hire | 1,171 | 10 | 7 |
| Fuel and repairs | 10,402 | 87 | 81 |
| Machinery depreciation | 12,982 | 109 | 101 |
| General farming costs | 10,822 | 91 | 90 |
| Land expenses | 4,634 | 39 | 35 |
| Buildings depreciation | 3,702 | 31 | 34 |
| TOTAL OVERHEAD COSTS | 47,242 | 397 | 370 |
| TOTAL INPUTS | 98,746 | 829 | 765 |
| PROFIT BEFORE RENT AND FINANCE | 22,168 | 187 | 423 |
| Rent | 2,588 | 22 | 21 |
| Finance | 4,382 | 37 | 20 |
| PROFIT AFTER RENT AND FINANCE | 15,198 | 128 | 382 |
| Unpaid labour | 7,244 | 61 | 65 |

HILL CATTLE AND SHEEP FARMS

2016/17

| | Owned £/farm | Tenant £/farm | Mixed £/farm |
|--------------------------------|------------------|------------------|-----------------|
| BALANCE SHEET | | | |
| Number of farms by tenure type | 49 | 4 | 39 |
| TOTAL ASSETS | 1,352,177 | - | 1,140,281 |
| TOTAL LIABILITIES | 105,862 | - | 144,439 |
| NET WORTH | 1,246,315 | - | 995,842 |
| Owner equity (%) | 92 | - | 87 |

| PHYSICAL DATA | All farms | Top third |
|-----------------------------------|------------------|------------------|
| LAND AREA | Hectares | Hectares |
| Grassland and forage crops | 108.02 | 93.62 |
| Cereals and other crops | 1.01 | 0.28 |
| Rough grazing, fallow, woods etc. | 31.55 | 26.47 |
| TOTAL AREA (actual) | 140.58 | 120.37 |
| TOTAL AREA (effective) | 119.08 | 98.98 |

| LIVESTOCK | All farms | Top third |
|------------------|------------------|------------------|
| | Numbers | Numbers |
| Suckler cows | 45 | 36 |
| Other cattle | 98 | 79 |
| Breeding sheep | 536 | 497 |
| Other sheep | 333 | 312 |

| PERFORMANCE INDICATORS | All farms | Top third |
|---------------------------------------|------------------|------------------|
| Lambs reared (numbers per ewe) | 1.25 | 1.41 |
| Finished lamb sales (numbers per ewe) | 0.90 | 1.12 |
| Finished lamb sales (£ per lamb) | 68.04 | 69.85 |
| Calves reared (numbers per cow) | 0.88 | 0.91 |
| Finished cattle sales (£ per head) | 1,094 | 1,248 |
| Store cattle sales (£ per head) | 821 | 922 |
| Stocking rate (glu/adj. forage ha.) | 1.05 | 1.07 |

HILL SHEEP FARMS**2016/17****WHOLE FARM DATA**

Number of farms : 147

| | All farms | All farms | Top third |
|---------------------------------------|------------------|------------------|------------------|
| | £/farm | £/eff.ha. | £/eff.ha. |
| OUTPUTS | | | |
| Beef | 16,888 | 116 | 180 |
| Sheep | 58,036 | 398 | 451 |
| Crops and forage | 1,339 | 9 | 11 |
| Basic Payment Scheme | 31,172 | 214 | 250 |
| Indirect subsidies | 10,827 | 74 | 97 |
| Income from energy generation | 2,707 | 19 | 44 |
| Miscellaneous income | 5,840 | 40 | 50 |
| TOTAL OUTPUTS | 126,809 | 870 | 1,083 |
| INPUTS | | | |
| Feeds | 15,737 | 108 | 126 |
| Tack and grass keep | 8,370 | 57 | 42 |
| Veterinary and medicines | 5,305 | 36 | 42 |
| Other livestock costs | 7,157 | 49 | 59 |
| Fertilisers | 5,767 | 40 | 49 |
| Other crop costs | 1,613 | 11 | 13 |
| Allocatable contracting | 3,498 | 24 | 23 |
| TOTAL VARIABLE COSTS | 47,447 | 325 | 354 |
| Paid labour | 4,736 | 33 | 27 |
| Other contracting / machinery hire | 884 | 6 | 7 |
| Fuel and repairs | 9,979 | 69 | 81 |
| Machinery depreciation | 11,979 | 82 | 96 |
| General farming costs | 9,568 | 66 | 70 |
| Land expenses | 3,993 | 27 | 26 |
| Buildings depreciation | 2,797 | 19 | 21 |
| TOTAL OVERHEAD COSTS | 43,936 | 302 | 328 |
| TOTAL INPUTS | 91,383 | 627 | 682 |
| PROFIT BEFORE RENT AND FINANCE | 35,426 | 243 | 401 |
| Rent | 2,717 | 19 | 16 |
| Finance | 3,319 | 23 | 29 |
| PROFIT AFTER RENT AND FINANCE | 29,390 | 201 | 356 |
| Unpaid labour | 5,296 | 36 | 60 |

HILL SHEEP FARMS**2016/17**

| | Owned | Tenant | Mixed |
|--------------------------------|------------------|----------------|------------------|
| BALANCE SHEET | £/farm | £/farm | £/farm |
| Number of farms by tenure type | 78 | 14 | 55 |
| TOTAL ASSETS | 1,461,510 | 181,015 | 1,108,427 |
| TOTAL LIABILITIES | 111,407 | 50,309 | 81,050 |
| NET WORTH | 1,350,103 | 130,706 | 1,027,377 |
| Owner equity (%) | 92 | 72 | 93 |

| PHYSICAL DATA | All farms | Top third |
|-----------------------------------|------------------|------------------|
| LAND AREA | Hectares | Hectares |
| Grassland and forage crops | 123.17 | 105.69 |
| Cereals and other crops | 0.65 | 0.85 |
| Rough grazing, fallow, woods etc. | 79.78 | 93.37 |
| TOTAL AREA (actual) | 203.60 | 199.91 |
| TOTAL AREA (effective) | 145.67 | 131.57 |

| LIVESTOCK | All farms | Top third |
|------------------|------------------|------------------|
| | Numbers | Numbers |
| Suckler cows | 17 | 22 |
| Other cattle | 35 | 41 |
| Breeding sheep | 913 | 822 |
| Other sheep | 596 | 541 |

| PERFORMANCE INDICATORS | All farms | Top third |
|---------------------------------------|------------------|------------------|
| Lambs reared (numbers per ewe) | 1.18 | 1.27 |
| Finished lamb sales (numbers per ewe) | 0.79 | 0.88 |
| Finished lamb sales (£ per lamb) | 65.61 | 66.64 |
| Calves reared (numbers per cow) | 0.90 | 0.91 |
| Finished cattle sales (£ per head) | 1,115 | 1,170 |
| Store cattle sales (£ per head) | 897 | 932 |
| Stocking rate (glu/adj. forage ha.) | 0.74 | 0.81 |

UPLAND CATTLE AND SHEEP FARMS**2016/17****WHOLE FARM DATA**

Number of farms : 102

| | All farms | All farms | Top third |
|---------------------------------------|------------------|------------------|------------------|
| | £/farm | £/eff.ha. | £/eff.ha. |
| OUTPUTS | | | |
| Beef | 40,714 | 391 | 490 |
| Sheep | 34,194 | 329 | 431 |
| Crops and forage | 5,619 | 54 | 36 |
| Basic Payment Scheme | 19,871 | 191 | 207 |
| Indirect subsidies | 2,851 | 27 | 40 |
| Income from energy generation | 1,411 | 14 | 14 |
| Miscellaneous income | 6,294 | 60 | 66 |
| TOTAL OUTPUTS | 110,954 | 1,066 | 1,284 |
| INPUTS | | | |
| Feeds | 13,926 | 134 | 134 |
| Tack and grass keep | 2,939 | 28 | 27 |
| Veterinary and medicines | 4,157 | 40 | 40 |
| Other livestock costs | 7,336 | 70 | 87 |
| Fertilisers | 6,271 | 60 | 62 |
| Other crop costs | 2,456 | 24 | 19 |
| Allocatable contracting | 4,204 | 40 | 39 |
| TOTAL VARIABLE COSTS | 41,289 | 396 | 408 |
| Paid labour | 3,820 | 37 | 34 |
| Other contracting / machinery hire | 927 | 9 | 10 |
| Fuel and repairs | 8,980 | 86 | 81 |
| Machinery depreciation | 10,521 | 101 | 101 |
| General farming costs | 8,833 | 85 | 82 |
| Land expenses | 3,990 | 38 | 30 |
| Buildings depreciation | 2,849 | 27 | 21 |
| TOTAL OVERHEAD COSTS | 39,920 | 383 | 359 |
| TOTAL INPUTS | 81,209 | 779 | 767 |
| PROFIT BEFORE RENT AND FINANCE | 29,745 | 287 | 517 |
| Rent | 3,669 | 35 | 34 |
| Finance | 3,203 | 31 | 19 |
| PROFIT AFTER RENT AND FINANCE | 22,873 | 221 | 464 |
| Unpaid labour | 4,801 | 46 | 50 |

UPLAND CATTLE AND SHEEP FARMS**2016/17**

| | Owned | Tenant | Mixed |
|--------------------------------|------------------|----------------|----------------|
| | £/farm | £/farm | £/farm |
| BALANCE SHEET | | | |
| Number of farms by tenure type | 53 | 7 | 42 |
| TOTAL ASSETS | 1,176,163 | 192,139 | 1,131,743 |
| TOTAL LIABILITIES | 50,991 | 6,820 | 132,344 |
| NET WORTH | 1,125,172 | 185,319 | 999,399 |
| Owner equity (%) | 96 | 96 | 88 |

| PHYSICAL DATA | All farms | Top third |
|-----------------------------------|------------------|------------------|
| LAND AREA | Hectares | Hectares |
| Grassland and forage crops | 95.38 | 108.68 |
| Cereals and other crops | 3.02 | 2.59 |
| Rough grazing, fallow, woods etc. | 12.73 | 13.56 |
| TOTAL AREA (actual) | 111.13 | 124.83 |
| TOTAL AREA (effective) | 104.07 | 115.43 |

| LIVESTOCK | All farms | Top third |
|------------------|------------------|------------------|
| | Numbers | Numbers |
| Suckler cows | 28 | 29 |
| Other cattle | 89 | 109 |
| Breeding sheep | 413 | 509 |
| Other sheep | 312 | 404 |

| PERFORMANCE INDICATORS | All farms | Top third |
|---------------------------------------|------------------|------------------|
| Lambs reared (numbers per ewe) | 1.41 | 1.47 |
| Finished lamb sales (numbers per ewe) | 1.14 | 1.24 |
| Finished lamb sales (£ per lamb) | 74.82 | 77.32 |
| Calves reared (numbers per cow) | 0.88 | 0.91 |
| Finished cattle sales (£ per head) | 1,200 | 1,173 |
| Store cattle sales (£ per head) | 833 | 790 |
| Stocking rate (glu/adj. forage ha.) | 1.11 | 1.17 |

WHOLE FARM DATA

Number of farms : 61

| | All farms £/farm | All farms £/eff.ha. | Top third £/eff.ha. |
|---------------------------------------|---------------------|------------------------|------------------------|
| OUTPUTS | | | |
| Beef | 33,062 | 419 | 451 |
| Sheep | 25,717 | 326 | 563 |
| Crops and forage | 12,588 | 159 | 163 |
| Basic Payment Scheme | 16,347 | 207 | 235 |
| Indirect subsidies | 2,415 | 31 | 52 |
| Income from energy generation | 819 | 10 | 25 |
| Miscellaneous income | 4,564 | 58 | 94 |
| TOTAL OUTPUTS | 95,512 | 1,210 | 1,583 |
| INPUTS | | | |
| Feeds | 10,414 | 132 | 135 |
| Tack and grass keep | 1,633 | 21 | 44 |
| Veterinary and medicines | 2,546 | 32 | 40 |
| Other livestock costs | 6,249 | 79 | 95 |
| Fertilisers | 5,084 | 64 | 62 |
| Other crop costs | 3,234 | 41 | 34 |
| Allocatable contracting | 3,389 | 43 | 39 |
| TOTAL VARIABLE COSTS | 32,549 | 412 | 449 |
| Paid labour | 3,090 | 39 | 25 |
| Other contracting / machinery hire | 1,335 | 17 | 7 |
| Fuel and repairs | 7,237 | 92 | 104 |
| Machinery depreciation | 9,560 | 121 | 129 |
| General farming costs | 9,064 | 115 | 130 |
| Land expenses | 3,873 | 49 | 48 |
| Buildings depreciation | 2,920 | 37 | 34 |
| TOTAL OVERHEAD COSTS | 37,079 | 470 | 477 |
| TOTAL INPUTS | 69,628 | 882 | 926 |
| PROFIT BEFORE RENT AND FINANCE | 25,884 | 328 | 657 |
| Rent | 4,307 | 55 | 19 |
| Finance | 2,639 | 33 | 19 |
| PROFIT AFTER RENT AND FINANCE | 18,938 | 240 | 619 |
| Unpaid labour | 4,222 | 53 | 83 |

LOWLAND CATTLE AND SHEEP FARMS

2016/17

| | Owned | Tenant | Mixed |
|---------------------------------------|----------------|------------------|------------------|
| | £/farm | £/farm | £/farm |
| BALANCE SHEET | | | |
| Number of farms by tenure type | 30 | 9 | 22 |
| TOTAL ASSETS | 1,035,916 | 174,932 | 1,076,554 |
| TOTAL LIABILITIES | 54,457 | 35,354 | 84,756 |
| NET WORTH | 981,459 | 139,578 | 991,798 |
| Owner equity (%) | 95 | 80 | 92 |
| PHYSICAL DATA | | | |
| | | All farms | Top third |
| LAND AREA | | Hectares | Hectares |
| Grassland and forage crops | | 65.66 | 54.57 |
| Cereals and other crops | | 6.10 | 2.38 |
| Rough grazing, fallow, woods etc. | | 11.69 | 9.47 |
| TOTAL AREA (actual) | | 83.45 | 66.42 |
| TOTAL AREA (effective) | | 78.93 | 62.06 |
| LIVESTOCK | | | |
| | | All farms | Top third |
| | | Numbers | Numbers |
| Suckler cows | | 18 | 14 |
| Other cattle | | 81 | 79 |
| Breeding sheep | | 301 | 346 |
| Other sheep | | 216 | 259 |
| PERFORMANCE INDICATORS | | | |
| | | All farms | Top third |
| Lambs reared (numbers per ewe) | | 1.41 | 1.46 |
| Finished lamb sales (numbers per ewe) | | 1.28 | 1.20 |
| Finished lamb sales (£ per lamb) | | 78.54 | 81.38 |
| Calves reared (numbers per cow) | | 0.88 | 0.90 |
| Finished cattle sales (£ per head) | | 1,181 | 1,311 |
| Store cattle sales (£ per head) | | 925 | 902 |
| Stocking rate (glu/adj. forage ha.) | | 1.31 | 1.54 |

HILL AND UPLAND DAIRY FARMS

2016/17

WHOLE FARM DATA

Number of farms : 59

| | All farms £/farm | All farms £/eff.ha. | Top third £/eff.ha. |
|---------------------------------------|---------------------|------------------------|------------------------|
| OUTPUTS | | | |
| Dairy - milk | 209,900 | 2,329 | 2,651 |
| - other output | 1,412 | 16 | 54 |
| Other cattle | 37,994 | 422 | 392 |
| Sheep | 9,369 | 104 | 165 |
| Crops and forage | 3,123 | 35 | 33 |
| Basic Payment Scheme | 19,488 | 216 | 221 |
| Indirect subsidies | 1,172 | 13 | 16 |
| Income from energy generation | 2,024 | 22 | 42 |
| Miscellaneous income | 7,090 | 79 | 147 |
| TOTAL OUTPUTS | 291,572 | 3,236 | 3,721 |
| INPUTS | | | |
| Feeds | 79,275 | 880 | 901 |
| Tack and grass keep | 11,153 | 124 | 153 |
| Veterinary and medicines | 10,405 | 115 | 107 |
| Other livestock costs | 22,811 | 253 | 242 |
| Fertilisers | 13,638 | 151 | 141 |
| Other crop costs | 4,084 | 45 | 45 |
| Allocatable contracting | 13,808 | 153 | 144 |
| TOTAL VARIABLE COSTS | 155,174 | 1,721 | 1,733 |
| Paid labour | 14,064 | 156 | 156 |
| Other contracting / machinery hire | 3,855 | 43 | 31 |
| Fuel and repairs | 16,455 | 183 | 182 |
| Machinery depreciation | 19,379 | 215 | 214 |
| General farming costs | 19,288 | 214 | 195 |
| Land expenses | 6,259 | 69 | 68 |
| Buildings depreciation | 13,026 | 145 | 130 |
| TOTAL OVERHEAD COSTS | 92,326 | 1,025 | 976 |
| TOTAL INPUTS | 247,500 | 2,746 | 2,709 |
| PROFIT BEFORE RENT AND FINANCE | 44,072 | 490 | 1,012 |
| Rent | 5,466 | 61 | 69 |
| Finance | 11,184 | 124 | 76 |
| PROFIT AFTER RENT AND FINANCE | 27,422 | 305 | 867 |
| Unpaid labour | 10,154 | 113 | 117 |

HILL AND UPLAND DAIRY FARMS**2016/17**

| | Owned | Tenant | Mixed |
|--------------------------------|------------------|---------------|----------------|
| BALANCE SHEET | £/farm | £/farm | £/farm |
| Number of farms by tenure type | 30 | 1 | 28 |
| TOTAL ASSETS | 1,612,326 | - | 1,243,073 |
| TOTAL LIABILITIES | 307,091 | - | 374,333 |
| NET WORTH | 1,305,235 | - | 868,740 |
| Owner equity (%) | 81 | - | 70 |

| PHYSICAL DATA | All farms | Top third |
|-----------------------------------|------------------|------------------|
| LAND AREA | Hectares | Hectares |
| Grassland and forage crops | 86.43 | 98.11 |
| Cereals and other crops | 0.49 | 0.22 |
| Rough grazing, fallow, woods etc. | 11.98 | 12.56 |
| TOTAL AREA (actual) | 98.90 | 110.89 |
| TOTAL AREA (effective) | 90.12 | 101.32 |

| LIVESTOCK | All farms | Top third |
|------------------|------------------|------------------|
| | Numbers | Numbers |
| Dairy cattle | 147 | 180 |
| Suckler cows | 0 | 1 |
| Other cattle | 118 | 119 |
| Breeding sheep | 141 | 229 |
| Other sheep | 93 | 190 |

| PERFORMANCE INDICATORS | All farms | Top third |
|--------------------------------------|------------------|------------------|
| Milk yield (litres per cow) | 6,596 | 6,608 |
| Margin over concentrates (£ per cow) | 993 | 1,104 |
| Milk disposal (£ per cow) | 1,428 | 1,484 |
| Milk price (pence per litre) | 21.98 | 22.74 |
| Stocking rate (glu/adj. forage ha.) | 2.14 | 2.24 |

WHOLE FARM DATA

Number of farms : 50

| | All farms £/farm | All farms £/eff.ha. | Top third £/eff.ha. |
|---------------------------------------|-----------------------------|--------------------------------|--------------------------------|
| OUTPUTS | | | |
| Dairy - milk | 306,538 | 2,626 | 3,386 |
| - other output | 168 | 1 | 37 |
| Other cattle | 58,034 | 497 | 576 |
| Sheep | 2,038 | 17 | 12 |
| Crops and forage | 5,731 | 49 | 36 |
| Basic Payment Scheme | 24,300 | 208 | 213 |
| Indirect subsidies | 1,712 | 15 | 15 |
| Income from energy generation | 2,278 | 20 | 11 |
| Miscellaneous income | 3,374 | 29 | 62 |
| TOTAL OUTPUTS | 404,173 | 3,462 | 4,348 |
| INPUTS | | | |
| Feeds | 104,093 | 892 | 1,063 |
| Tack and grass keep | 13,243 | 113 | 189 |
| Veterinary and medicines | 14,908 | 128 | 131 |
| Other livestock costs | 32,796 | 281 | 298 |
| Fertilisers | 17,029 | 146 | 144 |
| Other crop costs | 6,971 | 60 | 70 |
| Allocatable contracting | 23,622 | 202 | 189 |
| TOTAL VARIABLE COSTS | 212,662 | 1,822 | 2,084 |
| Paid labour | 29,559 | 253 | 199 |
| Other contracting / machinery hire | 3,679 | 32 | 10 |
| Fuel and repairs | 23,646 | 203 | 216 |
| Machinery depreciation | 26,985 | 231 | 268 |
| General farming costs | 25,690 | 220 | 241 |
| Land expenses | 9,964 | 85 | 88 |
| Buildings depreciation | 13,863 | 119 | 118 |
| TOTAL OVERHEAD COSTS | 133,386 | 1,143 | 1,140 |
| TOTAL INPUTS | 346,048 | 2,965 | 3,224 |
| PROFIT BEFORE RENT AND FINANCE | 58,125 | 497 | 1,124 |
| Rent | 9,044 | 77 | 60 |
| Finance | 10,185 | 87 | 50 |
| PROFIT AFTER RENT AND FINANCE | 38,896 | 333 | 1,014 |
| Unpaid labour | 11,088 | 95 | 111 |

LOWLAND DAIRY FARMS**2016/17**

| | Owned | Tenant | Mixed |
|--------------------------------|------------------|---------------|------------------|
| | £/farm | £/farm | £/farm |
| BALANCE SHEET | | | |
| Number of farms by tenure type | 23 | 5 | 22 |
| TOTAL ASSETS | 2,243,974 | - | 1,681,056 |
| TOTAL LIABILITIES | 301,101 | - | 404,084 |
| NET WORTH | 1,942,873 | - | 1,276,972 |
| Owner equity (%) | 87 | - | 76 |

| PHYSICAL DATA | All farms | Top third |
|-----------------------------------|------------------|------------------|
| LAND AREA | Hectares | Hectares |
| Grassland and forage crops | 110.61 | 96.82 |
| Cereals and other crops | 3.50 | 2.50 |
| Rough grazing, fallow, woods etc. | 9.06 | 5.01 |
| TOTAL AREA (actual) | 123.17 | 104.33 |
| TOTAL AREA (effective) | 116.75 | 100.06 |

| LIVESTOCK | All farms | Top third |
|------------------|------------------|------------------|
| | Numbers | Numbers |
| Dairy cattle | 189 | 182 |
| Suckler cows | 0 | 0 |
| Other cattle | 161 | 168 |
| Breeding sheep | 55 | 43 |
| Other sheep | 22 | 4 |

| PERFORMANCE INDICATORS | All farms | Top third |
|--------------------------------------|------------------|------------------|
| Milk yield (litres per cow) | 7,053 | 7,877 |
| Margin over concentrates (£ per cow) | 1,149 | 1,355 |
| Milk disposal (£ per cow) | 1,617 | 1,864 |
| Milk price (pence per litre) | 23.19 | 23.84 |
| Stocking rate (glu/adj. forage ha.) | 2.30 | 2.49 |

GROSS MARGINS : HILL SHEEP

| | All flocks | 2016/17 Top third |
|--|-------------------|------------------------------|
| Number of flocks in sample | 199 | 66 |
| Flock size (ewes and ewe lambs put to ram) | 668 | 552 |
| Lambs reared (numbers per ewe) | 1.19 | 1.42 |

ENTERPRISE OUTPUT

| | £ per ewe | £ per ewe |
|--------------------------------|------------------|------------------|
| Lamb sales - store | 4.77 | 1.84 |
| - finished | 52.63 | 77.40 |
| Other sheep sales | 15.18 | 20.51 |
| Wool sales | 1.70 | 2.06 |
| Miscellaneous | 0.03 | 0.07 |
| Valuation change | 2.25 | 1.69 |
| Sheep purchases | -6.52 | -6.58 |
| TOTAL ENTERPRISE OUTPUT | 70.04 | 96.99 |

VARIABLE COSTS

| | | |
|-----------------------------|--------------|--------------|
| Concentrates and bulk feed | 15.03 | 15.47 |
| Stock keep | 3.30 | 1.77 |
| Veterinary and medicines | 5.33 | 5.97 |
| Other livestock costs | 6.32 | 6.95 |
| Allocatable contracting | 1.06 | 1.14 |
| Forage variable costs | 10.34 | 12.19 |
| TOTAL VARIABLE COSTS | 41.38 | 43.49 |

GROSS MARGIN

| | |
|--------------|--------------|
| 28.66 | 53.50 |
|--------------|--------------|

GROSS MARGINS : UPLAND SHEEP

| | All flocks | Top third |
|--|-------------------|------------------|
| Number of flocks in sample | 73 | 24 |
| Flock size (ewes and ewe lambs put to ram) | 502 | 620 |
| Lambs reared (numbers per ewe) | 1.43 | 1.60 |

ENTERPRISE OUTPUT

| | £ per ewe | £ per ewe |
|--------------------------------|------------------|------------------|
| Lamb sales - store | 3.32 | 1.99 |
| - finished | 91.76 | 119.19 |
| Other sheep sales | 15.01 | 16.95 |
| Wool sales | 2.17 | 2.25 |
| Miscellaneous | 0.00 | 0.00 |
| Valuation change | 0.44 | -1.82 |
| Sheep purchases | -15.65 | -18.76 |
| TOTAL ENTERPRISE OUTPUT | 97.05 | 119.80 |

VARIABLE COSTS

| | | |
|-----------------------------|--------------|--------------|
| Concentrates and bulk feed | 16.94 | 17.23 |
| Stock keep | 1.24 | 0.48 |
| Veterinary and medicines | 6.29 | 6.37 |
| Other livestock costs | 8.21 | 8.39 |
| Allocatable contracting | 1.08 | 1.38 |
| Forage variable costs | 15.19 | 13.49 |
| TOTAL VARIABLE COSTS | 48.95 | 47.34 |

GROSS MARGIN

| | |
|--------------|--------------|
| 48.10 | 72.46 |
|--------------|--------------|

GROSS MARGINS : LOWLAND SHEEP**2016/17**

| | All flocks | Top third |
|--|-------------------|------------------|
| Number of flocks in sample | 42 | 14 |
| Flock size (ewes and ewe lambs put to ram) | 349 | 434 |
| Lambs reared (numbers per ewe) | 1.39 | 1.51 |

ENTERPRISE OUTPUT**£ per ewe****£ per ewe**

| | | |
|--------------------------------|---------------|---------------|
| Lamb sales - store | 0.89 | 0.81 |
| - finished | 100.46 | 122.93 |
| Other sheep sales | 16.03 | 17.35 |
| Wool sales | 2.37 | 2.40 |
| Miscellaneous | 0.07 | 0.00 |
| Valuation change | -4.23 | -7.23 |
| Sheep purchases | -15.56 | -13.91 |
| TOTAL ENTERPRISE OUTPUT | 100.03 | 122.35 |

VARIABLE COSTS

| | | |
|-----------------------------|--------------|--------------|
| Concentrates and bulk feed | 17.01 | 16.90 |
| Stock keep | 1.00 | 1.40 |
| Veterinary and medicines | 6.56 | 6.46 |
| Other livestock costs | 9.32 | 10.33 |
| Allocatable contracting | 1.32 | 1.23 |
| Forage variable costs | 13.13 | 12.21 |
| TOTAL VARIABLE COSTS | 48.34 | 48.53 |

GROSS MARGIN**51.69****73.82****GROSS MARGINS : LOWLAND SUCKLER COWS****All herds****Top third**

| | | |
|------------------------------------|-------|-------|
| Number of herds in sample | 25 | 8 |
| Herd size (breeding cows) | 42 | 46 |
| Calves reared (numbers per cow) | 0.88 | 0.95 |
| Finished cattle sales (£ per head) | 1,240 | 1,241 |
| Store cattle sales (£ per head) | 872 | 1,078 |

ENTERPRISE OUTPUT**£ per cow****£ per cow**

| | | |
|--------------------------------|---------------|---------------|
| Calf and store cattle sales | 466.30 | 370.79 |
| Bull and cow sales | 108.93 | 104.20 |
| Finished cattle sales | 365.15 | 544.38 |
| Valuation change | 38.22 | 63.79 |
| Cattle purchases | -159.69 | -119.22 |
| TOTAL ENTERPRISE OUTPUT | 818.91 | 963.94 |

VARIABLE COSTS

| | | |
|-----------------------------|---------------|---------------|
| Concentrates and bulk feed | 128.16 | 82.53 |
| Veterinary and medicines | 28.54 | 14.86 |
| Other livestock costs | 83.98 | 49.41 |
| Allocatable contracting | 5.10 | 1.77 |
| Forage variable costs | 189.96 | 112.07 |
| TOTAL VARIABLE COSTS | 435.74 | 260.64 |

GROSS MARGIN**383.17****703.30**

GROSS MARGINS : UPLAND SUCKLER COWS**2016/17**

| | All herds | Top third |
|------------------------------------|------------------|------------------|
| Number of herds in sample | 39 | 13 |
| Herd size (breeding cows) | 52 | 59 |
| Calves reared (numbers per cow) | 0.91 | 0.93 |
| Finished cattle sales (£ per head) | 1,185 | 1,177 |
| Store cattle sales (£ per head) | 852 | 911 |

ENTERPRISE OUTPUT**£ per cow****£ per cow**

| | | |
|--------------------------------|---------------|-----------------|
| Calf and store cattle sales | 506.90 | 559.96 |
| Bull and cow sales | 109.01 | 130.27 |
| Finished cattle sales | 476.32 | 574.59 |
| Valuation change | -17.66 | -37.39 |
| Cattle purchases | -197.82 | -200.14 |
| TOTAL ENTERPRISE OUTPUT | 876.75 | 1,027.29 |

VARIABLE COSTS

| | | |
|-----------------------------|---------------|---------------|
| Concentrates and bulk feed | 146.03 | 134.50 |
| Veterinary and medicines | 43.70 | 39.55 |
| Other livestock costs | 82.16 | 85.76 |
| Allocatable contracting | 5.66 | 8.03 |
| Forage variable costs | 179.19 | 161.02 |
| TOTAL VARIABLE COSTS | 456.74 | 428.86 |

GROSS MARGIN**420.01****598.43****GROSS MARGINS : HILL SUCKLER COWS****All herds****Top third**

| | | |
|------------------------------------|-------|-------|
| Number of herds in sample | 111 | 37 |
| Herd size (breeding cows) | 43 | 38 |
| Calves reared (numbers per cow) | 0.92 | 0.95 |
| Finished cattle sales (£ per head) | 1,195 | 1,255 |
| Store cattle sales (£ per head) | 919 | 988 |

ENTERPRISE OUTPUT**£ per cow****£ per cow**

| | | |
|--------------------------------|---------------|---------------|
| Calf and store cattle sales | 749.00 | 860.73 |
| Bull and cow sales | 114.65 | 109.53 |
| Finished cattle sales | 132.02 | 174.18 |
| Valuation change | 29.42 | 35.74 |
| Cattle purchases | -223.87 | -194.89 |
| TOTAL ENTERPRISE OUTPUT | 801.22 | 985.29 |

VARIABLE COSTS

| | | |
|-----------------------------|---------------|---------------|
| Concentrates and bulk feed | 173.81 | 137.84 |
| Veterinary and medicines | 49.72 | 44.77 |
| Other livestock costs | 86.80 | 79.25 |
| Allocatable contracting | 5.81 | 4.22 |
| Forage variable costs | 145.20 | 133.73 |
| TOTAL VARIABLE COSTS | 461.34 | 399.81 |

GROSS MARGIN**339.88****585.48**

| GROSS MARGINS : HILL AND UPLAND DAIRY | | 2016/17 |
|--|------------------|------------------|
| | All herds | Top third |
| Number of herds in sample | 61 | 20 |
| Herd size (dairy cows) | 144 | 172 |
| Milk yield (litres per cow) | 6,662 | 7,514 |
| Milk price (pence per litre) | 22.00 | 23.42 |
| ENTERPRISE OUTPUT | £ per cow | £ per cow |
| Milk | 1,464.83 | 1,760.14 |
| Calves | 121.69 | 115.59 |
| Bull and cow sales | 147.56 | 160.86 |
| Valuation change | -8.12 | 19.98 |
| Cattle purchases | -264.17 | -250.24 |
| TOTAL ENTERPRISE OUTPUT | 1,461.79 | 1,806.33 |
| VARIABLE COSTS | | |
| Concentrates and bulk feed | 461.75 | 507.76 |
| Veterinary and medicines | 58.90 | 63.64 |
| Other livestock costs | 128.50 | 138.49 |
| Allocatable contracting | 18.27 | 12.39 |
| Forage variable costs | 161.72 | 173.27 |
| TOTAL VARIABLE COSTS | 829.14 | 895.55 |
| GROSS MARGIN | 632.65 | 910.78 |

GROSS MARGINS : LOWLAND DAIRY

| | All herds | Top third |
|--------------------------------|------------------|------------------|
| Number of herds in sample | 51 | 17 |
| Herd size (dairy cows) | 181 | 175 |
| Milk yield (litres per cow) | 7,108 | 8,162 |
| Milk price (pence per litre) | 23.21 | 24.73 |
| ENTERPRISE OUTPUT | £ per cow | £ per cow |
| Milk | 1,649.60 | 2,018.13 |
| Calves | 109.95 | 127.13 |
| Bull and cow sales | 207.25 | 351.05 |
| Valuation change | -11.14 | -137.92 |
| Cattle purchases | -314.23 | -333.87 |
| TOTAL ENTERPRISE OUTPUT | 1,641.43 | 2,024.52 |
| VARIABLE COSTS | | |
| Concentrates and bulk feed | 500.19 | 552.15 |
| Veterinary and medicines | 66.52 | 62.69 |
| Other livestock costs | 153.54 | 162.32 |
| Allocatable contracting | 30.92 | 25.16 |
| Forage variable costs | 159.91 | 148.87 |
| TOTAL VARIABLE COSTS | 911.08 | 951.19 |
| GROSS MARGIN | 730.35 | 1,073.33 |

| LAMB PRODUCTION COSTS | | | 2016/17 |
|--------------------------------|------------------|------------------|---------------------|
| Pence per kg liveweight | | Top third | Bottom third |
| | All farms | | |
| Number of farms | 134 | 45 | 45 |
| Feed | 35.91 | 26.17 | 42.79 |
| Veterinary and medicines | 11.47 | 8.56 | 12.62 |
| Other livestock costs | 17.77 | 15.20 | 20.81 |
| Forage | 23.38 | 15.59 | 28.62 |
| TOTAL VARIABLE COSTS | 88.53 | 65.52 | 104.84 |
| FLOCK REPLACEMENT | 17.14 | 15.82 | 23.47 |
| Paid labour | 5.58 | 3.13 | 8.30 |
| Power and machinery | 39.30 | 30.15 | 50.39 |
| Buildings | 12.42 | 9.45 | 15.06 |
| General farm costs | 17.76 | 14.00 | 22.29 |
| Rent | 7.44 | 4.18 | 12.51 |
| Finance | 5.26 | 2.88 | 8.68 |
| TOTAL OVERHEAD COSTS | 87.76 | 63.79 | 117.23 |
| TOTAL COSTS | 193.43 | 145.13 | 245.54 |
| NET MARGIN | -10.33 | 41.78 | -66.28 |
| Lambs reared (nos. per ewe) | 1.36 | 1.45 | 1.24 |
| Flock size | 632 | 573 | 687 |
| Average lamb liveweight (kg) | 39.59 | 41.04 | 38.02 |

MILK PRODUCTION COSTS

| Pence per litre | | Top third | Bottom third |
|-----------------------------|------------------|------------------|---------------------|
| | All farms | | |
| Number of farms | 112 | 37 | 37 |
| Feed | 6.72 | 6.26 | 7.61 |
| Veterinary and medicines | 0.90 | 0.81 | 1.05 |
| Other livestock costs | 2.48 | 2.21 | 2.85 |
| Forage | 2.33 | 2.02 | 2.58 |
| TOTAL VARIABLE COSTS | 12.43 | 11.30 | 14.09 |
| HERD REPLACEMENT | 2.09 | 1.15 | 2.97 |
| Paid labour | 0.93 | 0.76 | 1.17 |
| Power and machinery | 2.76 | 2.52 | 3.18 |
| Buildings | 1.09 | 0.93 | 1.23 |
| General farm costs | 1.50 | 1.33 | 1.72 |
| Rent | 0.41 | 0.39 | 0.40 |
| Finance | 0.55 | 0.29 | 0.79 |
| TOTAL OVERHEAD COSTS | 7.24 | 6.22 | 8.49 |
| TOTAL COSTS | 21.76 | 18.67 | 25.55 |
| NET MARGIN | 2.21 | 6.68 | -2.22 |
| Margin over concentrates | 15.50 | 17.46 | 13.95 |
| Milk price | 21.94 | 23.39 | 21.26 |

BEEF PRODUCTION COSTS : SUCKLED CALF **2016/17**

| Pence per kg liveweight | All farms | Top third | Bottom third |
|--------------------------------|------------------|------------------|---------------------|
| Number of farms | 49 | 16 | 16 |
| Feed | 13.40 | 6.55 | 20.97 |
| Veterinary and medicines | 13.21 | 9.84 | 16.61 |
| Other livestock costs | 15.60 | 9.41 | 16.66 |
| Forage | 40.42 | 32.21 | 53.19 |
| TOTAL VARIABLE COSTS | 82.63 | 58.01 | 107.43 |
| HERD REPLACEMENT | 16.75 | 14.05 | 25.53 |
| Paid labour | 9.58 | 3.69 | 17.23 |
| Power and machinery | 70.70 | 48.59 | 90.14 |
| Buildings | 22.28 | 15.67 | 30.54 |
| General farm costs | 31.01 | 23.67 | 39.24 |
| Rent | 4.96 | 2.55 | 7.05 |
| Finance | 12.44 | 5.33 | 26.05 |
| TOTAL OVERHEAD COSTS | 150.97 | 99.50 | 210.25 |
| TOTAL COSTS | 250.35 | 171.56 | 343.21 |
| NET MARGIN | -75.29 | 12.49 | -177.73 |

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

BEEF PRODUCTION COSTS : FINISHING

| Pence per kg liveweight | All farms | Top third | Bottom third |
|--------------------------------|------------------|------------------|---------------------|
| Number of farms | 24 | 8 | 8 |
| Feed | 60.63 | 50.50 | 88.17 |
| Veterinary and medicines | 6.07 | 4.46 | 7.89 |
| Other livestock costs | 30.26 | 26.20 | 32.30 |
| Forage | 41.19 | 27.47 | 56.66 |
| TOTAL VARIABLE COSTS | 138.15 | 108.63 | 185.02 |
| Paid labour | 6.44 | 1.75 | 12.38 |
| Power and machinery | 58.91 | 46.33 | 76.26 |
| Buildings | 14.08 | 12.43 | 20.64 |
| General farm costs | 26.56 | 22.69 | 31.86 |
| Rent | 6.89 | 7.16 | 10.70 |
| Finance | 9.35 | 4.84 | 15.22 |
| TOTAL OVERHEAD COSTS | 122.23 | 95.20 | 167.06 |
| TOTAL COSTS | 260.38 | 203.83 | 352.08 |
| NET MARGIN | -48.21 | 29.46 | -144.90 |

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 (NCF)

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

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

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