



PRIFYSGOL

ABERYSTWYTH
UNIVERSITY

**THE FARM BUSINESS SURVEY
IN WALES**

**Wales Farm Income Booklet
2018/19 Results**



CONTENTS	Page
Foreword	1
Overview	2
Introduction	4
Definition of Terms and Explanatory Notes	5
Whole Farm Data	
Hill cattle and sheep	7
Hill sheep	9
Upland cattle and sheep	11
Lowland cattle and sheep	13
Hill and upland dairy	15
Lowland dairy	17
Gross Margin Data	
Hill sheep	19
Upland sheep	19
Lowland sheep	20
Lowland suckler cows	20
Upland suckler cows	21
Hill suckler cows	21
Hill and upland dairy	22
Lowland dairy	22
Production Costs Data	
Lamb production costs	23
Milk production costs	23
Beef production costs: suckled calf	24
Beef production costs: finishing	24
Farm Profit Demands	25

Prifysgol
Aberystwyth
University

**Wales Farm Income Booklet
2018/19 Results**

Farm Business Survey

Institute of Biological, Environmental and Rural Sciences
Aberystwyth University
Gogerddan
Aberystwyth
Ceredigion SY23 3EE

Director

Tony O'Regan

Unit Staff

Eileen Edwards
Paul Heyhoe
Brenda Jones
Huw Morris
Dafydd Owen
Eirig Parry
Nick Reeves
Tegid Roberts
Huw Williams
Ian Williams

Tel: 01970 622253

E-mail: farmsurv@aber.ac.uk

www.aber.ac.uk/en/ibers/research-and-enterprise/fbs/

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. 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 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 2018 and 31st March 2019 and therefore reflect farming conditions between January 2018 and March 2019. This overview is intended to provide context and insight into the period that the results presented in this Booklet represent.

The 17/18 winter was long and wet with pressures on already low feed stocks after a poor previous summer. A cold and wet spring followed resulting in scarce and expensive feed and bedding, a delayed turnout and a difficult spring crop establishment period. The 'beast from the east' in late winter 17/18, with cold winds and heavy snow, made for a difficult lambing. The sun appeared in late spring which led to good early growing and harvesting conditions, with good quality silage and more hay crops. Drought like conditions then set in with scarce and poor quality grass growth which resulted in many farmers having to buffer feed winter provisions and / or purchase expensive fodder supplements. A wetter autumn and extremely mild winter followed easing pressures on conserved forage stocks, giving a longer grazing season and providing some grass for late low yield and low quality cuts of silage.

With tighter supplies from poor lambing conditions, early to market lambs sold well although prices fell back in the summer and dipped again at the start of 2019. Dire summer grass growth led to greater creep feed usage. Lighter lambs sold poorly as did light cull ewes although heavier cull prices remained strong throughout the period. Beef sold well for the first part of the year with quality finished cattle securing good prices. Cattle prices dipped midway through the year, as selling numbers increased due to limited available forage and spiralled down for the rest of the year.

Milk prices remained fairly constant and on par with the previous year, yet still variable between contracts. Dairy profits were hit due to poor growing conditions leading to increased concentrate and fodder crop purchases to maintain yields. Cull numbers increased to ease feed pressures and so lower cull prices resulted at the year end. Whilst static milk prices did bring some stability, producers were still leaving due in part to TB causing stress and expense.

After difficult early drilling conditions and higher agrochemical costs, cropping farms had near perfect harvest and re-drilling conditions. The dry spring and summer depressed yields although the increased demand for cattle feed and whole crop cereal forage partly compensated for poor yields. Straw quality was good, in high demand and fetching significantly higher prices on the previous year. Maize and other standing arable crops for forage were in high demand and, with AD plants putting a base on the market, prices were high. Potato prices were strong, but needed high cost irrigation to protect margins.

Other aspects of note during the period included: a general increase in production costs; more pressure on farm finances and borrowings; continued Brexit uncertainty regarding trade, labour and future support payments; increasing demand for farm produce to be sent for energy production; increased uptake of the Farm Business Grant; continued investment in diversification projects; more poultry enterprises, but falling egg, and pig, prices; the build up to Making Tax Digital and its accompanying issues.

The results highlight large performance differences. For example, top third cattle and sheep farms' £ per effective hectare profit was nearly three times the average. Likewise, dairy farms top third producers made a net margin of 10 p/l more than the bottom third. Meat producers showed similar variability with lamb ranging from making 27 p/kg to losing 91 p/kg, and suckled calf producers from minus 14 p/kg to minus 166 p/kg. However, all these results take no account of the farmer's labour cost, the absence of which, if misused, present a false picture of the economics of production. The dairy sector best illustrates this since labour / pension costs alone can add 8 to 9 p/l, pushing top third costs of production to over 29 p/l and the bottom third closer to 36 p/l.

Particular attention also needs to be given to the contribution of the Basic Payment Scheme (BPS), other subsidies and diversified income to the bottom line. For example, these three contributed around 45% of outputs and 242% of profits, on average, for hill sheep farms and so it is difficult to see how many Welsh farms can be profitable without relying on non-farming income and post Brexit 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.

HILL CATTLE AND SHEEP FARMS**2018/19****WHOLE FARM DATA**

Number of farms: 141

	All farms	All farms	Top third
	£/farm	£/eff.ha.	£/eff.ha.
OUTPUTS			
Beef	35,628	272	285
Sheep	37,724	288	319
Crops and forage	2,293	17	32
Basic Payment Scheme	27,769	212	250
Indirect subsidies	7,213	55	90
Income from energy generation	4,748	36	72
Miscellaneous income	5,948	45	70
TOTAL OUTPUTS	121,323	925	1,118
INPUTS			
Feeds	19,377	148	117
Tack and grass keep	4,327	33	25
Veterinary and medicines	4,977	38	39
Other livestock costs	8,491	65	56
Fertilisers	6,609	50	53
Other crop costs	1,854	14	15
Allocatable contracting	3,669	28	29
TOTAL VARIABLE COSTS	49,304	376	334
Paid labour	3,632	28	16
Other contracting / machinery hire	1,006	8	9
Fuel and repairs	11,099	85	85
Machinery depreciation	14,015	107	121
General farming costs	10,587	81	81
Land expenses	4,180	32	31
Buildings depreciation	3,367	26	27
TOTAL OVERHEAD COSTS	47,886	367	370
TOTAL INPUTS	97,190	743	704
PROFIT BEFORE RENT & FINANCE	24,133	182	414
Rent	3,146	24	23
Finance	4,559	35	25
PROFIT AFTER RENT & FINANCE	16,428	123	366
Unpaid labour	7,192	55	72

HILL CATTLE AND SHEEP FARMS**2018/19**

	Owned	Tenant	Mixed
BALANCE SHEET	£/farm	£/farm	£/farm
Number of farms by tenure type	67	7	67
TOTAL ASSETS	1,614,944	250,780	1,324,250
TOTAL LIABILITIES	107,473	74,961	151,115
NET WORTH	1,507,471	175,819	1,173,135
Owner equity (%)	93	70	89

PHYSICAL DATA	All farms	Top third
LAND AREA	Hectares	Hectares
Grassland and forage crops	113.78	98.86
Cereals and other crops	0.83	1.07
Rough grazing, fallow, woods etc.	54.75	91.88
TOTAL AREA (actual)	169.36	191.81
TOTAL AREA (effective)	131.20	124.97

LIVESTOCK	All farms	Top third
	Numbers	Numbers
Suckler cows	39	37
Other cattle	77	75
Breeding sheep	609	578
Other sheep	408	403

PERFORMANCE INDICATORS	All farms	Top third
Lambs reared (numbers per ewe)	1.16	1.25
Finished lamb sales (numbers per ewe)	0.84	0.93
Finished lamb sales (£ per lamb)	71.50	71.14
Calves reared (numbers per cow)	0.85	0.88
Finished cattle sales (£ per head)	1,174	1,216
Store cattle sales (£ per head)	835	842
Stocking rate (glu/adj. forage ha.)	0.94	0.98

HILL SHEEP FARMS**2018/19****WHOLE FARM DATA**

Number of farms: 91

	All farms	All farms	Top third
OUTPUTS	£/farm	£/eff.ha.	£/eff.ha.
Beef	9,132	68	80
Sheep	52,014	386	425
Crops and forage	1,380	10	11
Basic Payment Scheme	32,785	243	299
Indirect subsidies	9,935	74	123
Income from energy generation	941	7	8
Miscellaneous income	7,307	54	80
TOTAL OUTPUTS	113,494	842	1,026
INPUTS			
Feeds	16,721	124	126
Tack and grass keep	6,173	46	44
Veterinary and medicines	4,895	36	37
Other livestock costs	6,031	45	45
Fertilisers	5,053	37	36
Other crop costs	1,454	11	11
Allocatable contracting	3,130	23	17
TOTAL VARIABLE COSTS	43,457	322	316
Paid labour	3,968	29	20
Other contracting / machinery hire	749	6	8
Fuel and repairs	10,567	78	86
Machinery depreciation	10,807	80	91
General farming costs	10,054	75	74
Land expenses	3,803	28	27
Buildings depreciation	2,628	19	17
TOTAL OVERHEAD COSTS	42,576	315	323
TOTAL INPUTS	86,033	637	639
PROFIT BEFORE RENT & FINANCE	27,461	205	387
Rent	2,723	20	16
Finance	3,675	27	21
PROFIT AFTER RENT & FINANCE	21,063	158	350
Unpaid labour	4,123	31	54

HILL SHEEP FARMS**2018/19**

	Owned	Tenant	Mixed
BALANCE SHEET	£/farm	£/farm	£/farm
Number of farms by tenure type	49	11	31
TOTAL ASSETS	1,289,546	174,067	1,257,776
TOTAL LIABILITIES	62,440	42,519	149,814
NET WORTH	1,227,106	131,548	1,107,962
Owner equity (%)	95	76	88

PHYSICAL DATA	All farms	Top third
LAND AREA	Hectares	Hectares
Grassland and forage crops	112.62	93.80
Cereals and other crops	0.61	0.49
Rough grazing, fallow, woods etc.	73.22	111.32
TOTAL AREA (actual)	186.45	205.61
TOTAL AREA (effective)	134.78	126.20

LIVESTOCK	All farms	Top third
	Numbers	Numbers
Suckler cows	12	13
Other cattle	19	21
Breeding sheep	918	857
Other sheep	552	504

PERFORMANCE INDICATORS	All farms	Top third
Lambs reared (numbers per ewe)	1.09	1.13
Finished lamb sales (numbers per ewe)	0.69	0.71
Finished lamb sales (£ per lamb)	69.46	70.60
Calves reared (numbers per cow)	0.84	0.85
Finished cattle sales (£ per head)	1,209	1,136
Store cattle sales (£ per head)	819	864
Stocking rate (glu/adj. forage ha.)	0.70	0.71

UPLAND CATTLE AND SHEEP FARMS**2018/19****WHOLE FARM DATA**

Number of farms: 91

	All farms	All farms	Top third
	£/farm	£/eff.ha.	£/eff.ha.
OUTPUTS			
Beef	38,817	389	472
Sheep	34,441	345	546
Crops and forage	7,447	75	98
Basic Payment Scheme	18,159	182	190
Indirect subsidies	1,929	19	27
Income from energy generation	1,293	13	19
Miscellaneous income	8,081	81	138
TOTAL OUTPUTS	110,167	1,104	1,490
INPUTS			
Feeds	14,921	149	170
Tack and grass keep	3,604	36	42
Veterinary and medicines	4,135	41	46
Other livestock costs	7,367	74	86
Fertilisers	7,403	74	85
Other crop costs	2,175	22	26
Allocatable contracting	4,128	41	41
TOTAL VARIABLE COSTS	43,733	437	496
Paid labour	3,541	35	40
Other contracting / machinery hire	978	10	8
Fuel and repairs	10,389	104	118
Machinery depreciation	10,899	109	134
General farming costs	9,174	92	89
Land expenses	3,820	38	37
Buildings depreciation	3,276	33	30
TOTAL OVERHEAD COSTS	42,077	421	456
TOTAL INPUTS	85,810	858	952
PROFIT BEFORE RENT & FINANCE	24,357	246	538
Rent	3,588	36	34
Finance	3,011	30	33
PROFIT AFTER RENT & FINANCE	17,758	180	471
Unpaid labour	4,900	49	76

UPLAND CATTLE AND SHEEP FARMS

2018/19

	Owned £/farm	Tenant £/farm	Mixed £/farm
BALANCE SHEET			
Number of farms by tenure type	53	5	33
TOTAL ASSETS	1,249,447	-	1,016,590
TOTAL LIABILITIES	62,794	-	120,776
NET WORTH	1,186,653	-	895,814
Owner equity (%)	95	-	88

PHYSICAL DATA	All farms	Top third
LAND AREA	Hectares	Hectares
Grassland and forage crops	91.91	100.72
Cereals and other crops	2.83	3.80
Rough grazing, fallow, woods etc.	12.17	14.72
TOTAL AREA (actual)	106.91	119.24
TOTAL AREA (effective)	99.83	109.92

	All farms	Top third
LIVESTOCK	Numbers	Numbers
Suckler cows	29	31
Other cattle	82	106
Breeding sheep	401	537
Other sheep	284	438

PERFORMANCE INDICATORS	All farms	Top third
Lambs reared (numbers per ewe)	1.29	1.43
Finished lamb sales (numbers per ewe)	0.86	0.81
Finished lamb sales (£ per lamb)	81.90	89.18
Calves reared (numbers per cow)	0.88	0.92
Finished cattle sales (£ per head)	1,224	1,266
Store cattle sales (£ per head)	819	886
Stocking rate (glu/adj. forage ha.)	1.08	1.27

WHOLE FARM DATA

Number of farms: 63

	All farms	All farms	Top third
	£/farm	£/eff.ha.	£/eff.ha.
OUTPUTS			
Beef	49,898	512	925
Sheep	27,918	286	399
Crops and forage	18,902	194	252
Basic Payment Scheme	18,061	185	202
Indirect subsidies	2,873	29	57
Income from energy generation	3,763	39	95
Miscellaneous income	5,419	56	65
TOTAL OUTPUTS	126,834	1,301	1,995
INPUTS			
Feeds	12,543	129	143
Tack and grass keep	2,712	28	45
Veterinary and medicines	3,129	32	31
Other livestock costs	7,085	73	89
Fertilisers	7,363	75	83
Other crop costs	4,244	44	52
Allocatable contracting	4,848	50	51
TOTAL VARIABLE COSTS	41,924	431	494
Paid labour	3,701	38	69
Other contracting / machinery hire	1,523	16	23
Fuel and repairs	10,901	112	140
Machinery depreciation	12,645	130	163
General farming costs	10,790	111	124
Land expenses	4,147	43	40
Buildings depreciation	4,022	41	67
TOTAL OVERHEAD COSTS	47,729	491	626
TOTAL INPUTS	89,653	922	1,120
PROFIT BEFORE RENT & FINANCE	37,181	379	875
Rent	5,501	56	51
Finance	3,502	36	48
PROFIT AFTER RENT & FINANCE	28,178	287	776
Unpaid labour	4,927	51	73

LOWLAND CATTLE AND SHEEP FARMS**2018/19**

	Owned	Tenant	Mixed
BALANCE SHEET	£/farm	£/farm	£/farm
Number of farms by tenure type	27	9	27
TOTAL ASSETS	1,403,621	205,182	1,320,493
TOTAL LIABILITIES	72,175	28,603	124,384
NET WORTH	1,331,446	176,579	1,196,109
Owner equity (%)	95	86	91

PHYSICAL DATA	All farms	Top third
LAND AREA	Hectares	Hectares
Grassland and forage crops	80.17	76.18
Cereals and other crops	6.42	3.36
Rough grazing, fallow, woods etc.	16.57	23.02
TOTAL AREA (actual)	103.16	102.56
TOTAL AREA (effective)	97.53	95.43

LIVESTOCK	All farms	Top third
	Numbers	Numbers
Suckler cows	21	17
Other cattle	95	117
Breeding sheep	303	326
Other sheep	232	279

PERFORMANCE INDICATORS	All farms	Top third
Lambs reared (numbers per ewe)	1.35	1.46
Finished lamb sales (numbers per ewe)	1.21	1.40
Finished lamb sales (£ per lamb)	87.43	90.02
Calves reared (numbers per cow)	0.85	0.98
Finished cattle sales (£ per head)	1,248	1,275
Store cattle sales (£ per head)	793	935
Stocking rate (glu/adj. forage ha.)	1.23	1.49

WHOLE FARM DATA

Number of farms: 59

	All farms £/farm	All farms £/eff.ha.	Top third £/eff.ha.
OUTPUTS			
Dairy - milk	341,492	3,070	3,994
- other output	816	7	4
Other cattle	54,959	494	524
Sheep	14,158	127	92
Crops and forage	1,206	11	12
Basic Payment Scheme	19,625	176	183
Indirect subsidies	1,148	10	4
Income from energy generation	3,319	30	43
Miscellaneous income	3,937	35	38
TOTAL OUTPUTS	440,660	3,960	4,894
INPUTS			
Feeds	120,456	1,083	1,161
Tack and grass keep	21,745	196	230
Veterinary and medicines	13,105	118	119
Other livestock costs	35,336	318	293
Fertilisers	18,679	168	204
Other crop costs	5,741	52	63
Allocatable contracting	24,211	218	209
TOTAL VARIABLE COSTS	239,273	2,153	2,279
Paid labour	22,747	205	335
Other contracting / machinery hire	3,277	29	34
Fuel and repairs	26,937	242	276
Machinery depreciation	22,721	204	215
General farming costs	24,468	220	232
Land expenses	12,394	111	127
Buildings depreciation	15,523	140	161
TOTAL OVERHEAD COSTS	128,067	1,151	1,380
TOTAL INPUTS	367,340	3,304	3,659
PROFIT BEFORE RENT & FINANCE	73,320	656	1,235
Rent	7,271	65	81
Finance	15,117	136	107
PROFIT AFTER RENT & FINANCE	50,932	455	1,047
Unpaid labour	13,352	120	102

	Owned £/farm	Tenant £/farm	Mixed £/farm
BALANCE SHEET			
Number of farms by tenure type	27	0	32
TOTAL ASSETS	1,825,197	-	1,821,787
TOTAL LIABILITIES	416,210	-	556,271
NET WORTH	1,408,987	-	1,265,516
Owner equity (%)	77	-	69

PHYSICAL DATA	All farms	Top third
LAND AREA	Hectares	Hectares
Grassland and forage crops	107.53	109.95
Cereals and other crops	0.28	0.43
Rough grazing, fallow, woods etc.	11.00	10.22
TOTAL AREA (actual)	118.81	120.60
TOTAL AREA (effective)	111.22	112.73

LIVESTOCK	All farms	Top third
	Numbers	Numbers
Dairy cattle	167	224
Suckler cows	1	1
Other cattle	141	145
Breeding sheep	183	112
Other sheep	107	70

PERFORMANCE INDICATORS	All farms	Top third
Milk yield (litres per cow)	7,096	6,931
Margin over concentrates (£ per cow)	1,457	1,508
Milk disposal (£ per cow)	2,040	2,018
Milk price (pence per litre)	29.15	29.42
Stocking rate (glu/adj. forage ha.)	2.11	2.41

WHOLE FARM DATA

Number of farms: 51

	All farms £/farm	All farms £/eff.ha.	Top third £/eff.ha.
OUTPUTS			
Dairy - milk	418,008	3,534	4,268
- other output	-5,946	-50	-17
Other cattle	66,191	560	644
Sheep	3,745	32	47
Crops and forage	4,254	36	28
Basic Payment Scheme	20,375	172	187
Indirect subsidies	1,653	14	8
Income from energy generation	2,493	21	16
Miscellaneous income	5,041	43	39
TOTAL OUTPUTS	515,814	4,362	5,220
INPUTS			
Feeds	142,454	1,205	1,361
Tack and grass keep	25,754	218	255
Veterinary and medicines	15,721	133	131
Other livestock costs	40,887	346	371
Fertilisers	18,700	158	173
Other crop costs	9,587	81	74
Allocatable contracting	28,559	241	223
TOTAL VARIABLE COSTS	281,662	2,382	2,588
Paid labour	31,784	269	229
Other contracting / machinery hire	6,511	55	12
Fuel and repairs	29,855	252	257
Machinery depreciation	28,434	240	280
General farming costs	30,154	255	251
Land expenses	14,114	119	110
Buildings depreciation	17,497	148	177
TOTAL OVERHEAD COSTS	158,349	1,338	1,316
TOTAL INPUTS	440,011	3,720	3,904
PROFIT BEFORE RENT & FINANCE	75,803	642	1,316
Rent	9,358	79	38
Finance	12,879	109	56
PROFIT AFTER RENT & FINANCE	53,566	454	1,222
Unpaid labour	13,133	111	131

LOWLAND DAIRY FARMS**2018/19**

	Owned	Tenant	Mixed
BALANCE SHEET	£/farm	£/farm	£/farm
Number of farms by tenure type	25	3	23
TOTAL ASSETS	2,458,174	-	1,680,164
TOTAL LIABILITIES	355,666	-	383,913
NET WORTH	2,102,508	-	1,296,251
Owner equity (%)	86	-	77

PHYSICAL DATA	All farms	Top third
LAND AREA	Hectares	Hectares
Grassland and forage crops	113.97	106.04
Cereals and other crops	3.38	2.81
Rough grazing, fallow, woods etc.	7.62	8.19
TOTAL AREA (actual)	124.97	117.04
TOTAL AREA (effective)	118.27	109.73

LIVESTOCK	All farms	Top third
	Numbers	Numbers
Dairy cattle	195	203
Suckler cows	0	0
Other cattle	177	188
Breeding sheep	55	54
Other sheep	26	25

PERFORMANCE INDICATORS	All farms	Top third
Milk yield (litres per cow)	7,416	7,969
Margin over concentrates (£ per cow)	1,525	1,683
Milk disposal (£ per cow)	2,138	2,304
Milk price (pence per litre)	29.15	29.12
Stocking rate (glu/adj. forage ha.)	2.37	2.54

GROSS MARGINS: HILL SHEEP	2018/19	
	All flocks	Top third
Number of flocks in sample	201	67
Flock size (ewes and ewe lambs put to ram)	678	559
Lambs reared (numbers per ewe)	1.12	1.36
ENTERPRISE OUTPUT	£ per ewe	£ per ewe
Lamb sales - store	4.90	2.99
- finished	53.13	79.94
Other sheep sales	12.79	17.47
Wool sales	1.25	1.64
Miscellaneous	0.02	0.00
Valuation change	-0.62	-0.46
Sheep purchases	-5.32	-6.94
TOTAL ENTERPRISE OUTPUT	66.15	94.64
VARIABLE COSTS		
Concentrates and bulk feed	16.61	18.89
Stock keep	3.47	2.09
Veterinary and medicines	5.31	6.02
Other livestock costs	6.25	7.26
Allocatable contracting	1.36	1.52
Forage variable costs	11.39	10.75
TOTAL VARIABLE COSTS	44.39	46.53
GROSS MARGIN	21.76	48.11

GROSS MARGINS: UPLAND SHEEP		
	All flocks	Top third
Number of flocks in sample	56	19
Flock size (ewes and ewe lambs put to ram)	530	574
Lambs reared (numbers per ewe)	1.30	1.45
ENTERPRISE OUTPUT	£ per ewe	£ per ewe
Lamb sales - store	3.07	1.05
- finished	90.88	113.24
Other sheep sales	15.77	18.15
Wool sales	1.49	1.40
Miscellaneous	0.00	0.00
Valuation change	-4.76	-4.60
Sheep purchases	-11.21	-14.35
TOTAL ENTERPRISE OUTPUT	95.24	114.89
VARIABLE COSTS		
Concentrates and bulk feed	20.06	18.29
Stock keep	1.77	1.37
Veterinary and medicines	7.07	7.21
Other livestock costs	9.24	10.13
Allocatable contracting	1.19	1.18
Forage variable costs	17.21	15.57
TOTAL VARIABLE COSTS	56.54	53.75
GROSS MARGIN	38.70	61.14

GROSS MARGINS: LOWLAND SHEEP		2018/19
	All flocks	Top third
Number of flocks in sample	37	12
Flock size (ewes and ewe lambs put to ram)	404	459
Lambs reared (numbers per ewe)	1.39	1.60
ENTERPRISE OUTPUT	£ per ewe	£ per ewe
Lamb sales - store	0.47	0.51
- finished	110.54	146.09
Other sheep sales	15.63	19.02
Wool sales	1.38	1.54
Miscellaneous	0.00	0.00
Valuation change	-1.54	-3.15
Sheep purchases	-14.72	-17.70
TOTAL ENTERPRISE OUTPUT	111.76	146.31
VARIABLE COSTS		
Concentrates and bulk feed	20.48	24.07
Stock keep	2.48	4.49
Veterinary and medicines	6.83	6.29
Other livestock costs	10.96	12.83
Allocatable contracting	1.96	1.47
Forage variable costs	14.76	11.69
TOTAL VARIABLE COSTS	57.47	60.84
GROSS MARGIN	54.29	85.47

GROSS MARGINS: LOWLAND SUCKLER COWS		
	All herds	Top third
Number of herds in sample	15	5
Herd size (breeding cows)	39	-
Calves reared (numbers per cow)	0.86	-
Finished cattle sales (£ per head)	1,199	-
Store cattle sales (£ per head)	843	-
ENTERPRISE OUTPUT	£ per cow	£ per cow
Calf and store cattle sales	422.90	-
Bull and cow sales	109.49	-
Finished cattle sales	469.13	-
Valuation change	65.59	-
Cattle purchases	-216.84	-
TOTAL ENTERPRISE OUTPUT	850.27	-
VARIABLE COSTS		
Concentrates and bulk feed	219.36	-
Veterinary and medicines	31.14	-
Other livestock costs	93.30	-
Allocatable contracting	4.31	-
Forage variable costs	171.04	-
TOTAL VARIABLE COSTS	519.15	-
GROSS MARGIN	331.12	-

GROSS MARGINS: UPLAND SUCKLER COWS		2018/19
	All herds	Top third
Number of herds in sample	21	7
Herd size (breeding cows)	43	58
Calves reared (numbers per cow)	0.90	0.93
Finished cattle sales (£ per head)	1,216	1,236
Store cattle sales (£ per head)	850	1,005
ENTERPRISE OUTPUT	£ per cow	£ per cow
Calf and store cattle sales	564.30	509.76
Bull and cow sales	118.54	91.29
Finished cattle sales	442.86	658.75
Valuation change	-62.73	-5.38
Cattle purchases	-173.58	-194.69
TOTAL ENTERPRISE OUTPUT	889.39	1,059.73
VARIABLE COSTS		
Concentrates and bulk feed	190.31	213.70
Veterinary and medicines	42.81	34.06
Other livestock costs	89.83	83.94
Allocatable contracting	6.79	9.04
Forage variable costs	208.88	162.63
TOTAL VARIABLE COSTS	538.62	503.37
GROSS MARGIN	350.77	556.36

GROSS MARGINS: HILL SUCKLER COWS		
	All herds	Top third
Number of herds in sample	108	36
Herd size (breeding cows)	44	42
Calves reared (numbers per cow)	0.85	0.88
Finished cattle sales (£ per head)	1,223	1,237
Store cattle sales (£ per head)	895	988
ENTERPRISE OUTPUT	£ per cow	£ per cow
Calf and store cattle sales	704.41	773.73
Bull and cow sales	118.97	104.11
Finished cattle sales	162.62	214.32
Valuation change	-17.08	-19.10
Cattle purchases	-191.59	-152.63
TOTAL ENTERPRISE OUTPUT	777.33	920.43
VARIABLE COSTS		
Concentrates and bulk feed	220.66	174.51
Veterinary and medicines	44.68	37.14
Other livestock costs	105.08	109.03
Allocatable contracting	6.23	9.21
Forage variable costs	159.65	119.53
TOTAL VARIABLE COSTS	536.30	449.42
GROSS MARGIN	241.03	471.01

GROSS MARGINS: HILL AND UPLAND DAIRY		2018/19
	All herds	Top third
Number of herds in sample	59	20
Herd size (dairy cows)	155	164
Milk yield (litres per cow)	6,915	7,409
Milk price (pence per litre)	29.01	29.92
ENTERPRISE OUTPUT	£ per cow	£ per cow
Milk	2,006.41	2,216.72
Calves	124.84	139.10
Bull and cow sales	179.28	285.37
Valuation change	20.14	-24.54
Cattle purchases	-308.85	-311.03
TOTAL ENTERPRISE OUTPUT	2,021.82	2,305.62
VARIABLE COSTS		
Concentrates and bulk feed	625.09	584.34
Veterinary and medicines	58.35	67.65
Other livestock costs	169.85	174.68
Allocatable contracting	40.43	17.75
Forage variable costs	183.09	180.51
TOTAL VARIABLE COSTS	1,076.81	1,024.93
GROSS MARGIN	945.01	1,280.69

GROSS MARGINS: LOWLAND DAIRY

	All herds	Top third
Number of herds in sample	51	17
Herd size (dairy cows)	193	164
Milk yield (litres per cow)	7,416	8,009
Milk price (pence per litre)	29.15	29.92
ENTERPRISE OUTPUT	£ per cow	£ per cow
Milk	2,161.37	2,396.09
Calves	106.97	123.64
Bull and cow sales	187.61	305.82
Valuation change	7.36	-19.48
Cattle purchases	-332.69	-357.21
TOTAL ENTERPRISE OUTPUT	2,130.62	2,448.86
VARIABLE COSTS		
Concentrates and bulk feed	675.69	655.44
Veterinary and medicines	71.79	72.63
Other livestock costs	174.60	170.06
Allocatable contracting	32.95	25.39
Forage variable costs	187.26	157.87
TOTAL VARIABLE COSTS	1,142.29	1,081.39
GROSS MARGIN	988.33	1,367.47

LAMB PRODUCTION COSTS**2018/19**

Pence per kg liveweight	All farms	Top third	Bottom third
Number of farms	122	41	41
Feed	47.80	37.45	59.44
Veterinary and medicines	13.00	10.55	14.13
Other livestock costs	20.79	18.48	23.74
Forage	25.44	21.74	30.12
TOTAL VARIABLE COSTS	107.03	88.22	127.43
FLOCK REPLACEMENT	23.10	18.29	26.06
Paid labour	5.65	2.89	8.45
Power and machinery	45.83	34.30	54.22
Buildings	12.60	9.05	16.12
General farm costs	21.67	16.32	26.73
Rent	7.91	6.75	11.13
Finance	6.43	2.74	10.15
TOTAL OVERHEAD COSTS	100.09	72.05	126.80
TOTAL COSTS	230.22	178.56	280.29
NET MARGIN	-32.97	26.76	-91.37
Lambs reared (nos. per ewe)	1.28	1.41	1.13
Flock size	634	645	607
Average lamb liveweight (kg)	39.17	40.59	36.96

MILK PRODUCTION COSTS

Pence per litre	All farms	Top third	Bottom third
Number of farms	110	37	37
Feed	8.50	7.18	9.38
Veterinary and medicines	0.88	0.77	0.92
Other livestock costs	2.99	2.47	3.40
Forage	2.59	2.14	2.78
TOTAL VARIABLE COSTS	14.96	12.56	16.48
HERD REPLACEMENT	1.71	0.75	2.61
Paid labour	1.01	0.85	1.31
Power and machinery	3.03	2.76	2.98
Buildings	1.37	1.20	1.62
General farm costs	1.54	1.45	1.68
Rent	0.41	0.43	0.27
Finance	0.62	0.34	0.90
TOTAL OVERHEAD COSTS	7.98	7.03	8.76
TOTAL COSTS	24.65	20.34	27.85
NET MARGIN	5.81	10.57	0.62
Margin over concentrates	20.65	21.91	18.08
Milk price	28.58	28.66	26.74

BEEF PRODUCTION COSTS: SUCKLED CALF			2018/19
Pence per kg liveweight	All farms	Top third	Bottom third
Number of farms	39	13	13
Feed	21.66	10.44	32.53
Veterinary and medicines	12.03	10.91	11.55
Other livestock costs	18.36	17.86	20.78
Forage	40.65	32.63	42.17
TOTAL VARIABLE COSTS	92.70	71.84	107.03
HERD REPLACEMENT	15.76	16.89	20.06
Paid labour	10.04	1.24	16.46
Power and machinery	74.30	51.41	92.84
Buildings	23.61	17.35	30.68
General farm costs	32.94	30.83	36.66
Rent	7.83	5.45	9.40
Finance	7.77	3.70	7.07
TOTAL OVERHEAD COSTS	156.49	109.98	193.11
TOTAL COSTS	264.95	198.71	320.20
NET MARGIN	-92.88	-14.27	-166.00

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	9	3	3
Feed	95.15	-	-
Veterinary and medicines	5.29	-	-
Other livestock costs	34.16	-	-
Forage	28.13	-	-
TOTAL VARIABLE COSTS	162.73	-	-
Paid labour	3.77	-	-
Power and machinery	60.06	-	-
Buildings	12.15	-	-
General farm costs	27.55	-	-
Rent	19.57	-	-
Finance	3.73	-	-
TOTAL OVERHEAD COSTS	126.83	-	-
TOTAL COSTS	289.56	-	-
NET MARGIN	-25.54	-	-

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.