



THE FARM BUSINESS SURVEY
IN WALES

Wales Farm Income Booklet
2022/23 Results



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**Wales Farm Income Booklet
2022/23 Results**

Farm Business Survey

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Foreword

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

This booklet is based on the full Farm Business Survey (FBS) which collects information from over 550 randomly selected Welsh farms. This booklet is aimed at providing Welsh farmers with a user friendly benchmarking tool and incorporates the latest financial and physical information for the main farm types in Wales. The results shown are contrary to some aspects of FBS methodology and presentation of results. For example, notional inputs such as rental value for owner occupied farms and unpaid labour have been taken out, whereas finance charges have been included, so that the figures represent actual costs incurred. This booklet only shows unpaid labour for reference purposes and also, only includes selected farm types. So, for any comprehensive and detailed analysis and for year on year analysis on income trends please refer to the full results published online as the *FBS in Wales: Statistical Results*.

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

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

Tony O'Regan (tor@aber.ac.uk)
Director of Farm Business Survey

Overview

The results in this booklet consist of accounting years ending between 31st December 2022 and 31st March 2023 and therefore reflect farming conditions between January 2022 and March 2023. This overview is intended to provide context and insight into the period that the results presented in this Booklet represent.

The reasonable 2021 harvest and mild, but wet, 21/22 winter whilst easing pressure on winter stocks, delayed turnout. A dry, mild spring limited grass growth and a long, dry, warm summer gave ideal harvest conditions although yields were poor, particularly forage. A warm autumn gave good forage growth and a mild, dry and early 22/23 spring eased pressures on winter forage. However, many farms still ran short of stocks and so forced forage purchases and premature stock sales.

The spring weather provided good lambing and finishing conditions. Sheep prices remained similar to the previous year for most of the season for all types of stock, but fell late on. Cull prices were strong, but wool prices, whilst up on 2021, were still historically low. Finished cattle prices remained buoyant for most of the season until forage shortage forced early sales for some. Cull and store cattle prices remained strong as did heifer prices. Higher input prices in all sectors significantly impacted margins.

Milk price increased throughout spring and summer peaking at over 50ppl for some and remaining high for the rest of the period. However, some of this increase was offset by higher input costs. Dairy stock prices remained strong for the whole period, although variability between regions, contracts, buyers and systems remained as did the ever-present pressures and stresses of bTB.

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

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

Other aspects of note during the period included:- Trade/Conflict related large rises in input costs and in particular fuel and electricity; Increased pressures on farm finances and significantly increasing interest rates; Higher import prices for agrochemicals, record and unpredictable fertiliser prices, and building materials costs; Availability and costs of machinery, equipment and parts; Continued concern over replacing lost BPS income, future environmental schemes/eligibility and future UK agricultural policies; Poor labour availability and higher labour costs; Reduced availability of and increased cost of land and rented grazing; Significantly increased and continuous pressures on pig and poultry enterprises with many ceasing production; Making Tax Digital compliance and cost concerns for smaller farmers; Expansion of NVZs and slurry/FYM storage/use implications; Water use and extraction issues.

The results presented highlight large performance differences. For example, the top third hill cattle and sheep farms' £ per effective hectare profit was over double the average achieved. Likewise, on dairy farms the top third producers made a net margin of 14p/l more than the bottom third. Meat producers showed similar variability with lamb production ranging from making 55p/kg to losing 114p/kg, and suckler beef from plus 62p/kg to minus 116p/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 10p/l, which then pushes the costs of production for the top third to 37p/l and the bottom third closer to 47p/l.

Particular attention also needs to be given to the current contribution of the Basic Payment Scheme, other subsidies, miscellaneous and diversified income to the bottom line. For example, these four contributed around 25% of the total income (outputs) and 153% of profits, on average, for the upland cattle and sheep farms. With these levels of dependency, it is difficult to see how many Welsh farms with limited options for changing farming enterprises and or systems, can be profitable without relying on non-farming income and Welsh Government support payments

Introduction

Farm profitability is central to any farm business, although farmers will have many other business and personal objectives. With the BPS and Glastir being replaced by the Sustainable Farming Scheme in 2025 and other ongoing economic challenges all farmers should be aware of their production costs and how these compare with those of other producers. The variation in performance and return demonstrated in this booklet shows the scope for improvement and by comparing or better still 'benchmarking' farm performance, potential strengths and weaknesses within the farming operation can be identified and acted upon.

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

1. Whole Farm Data (Pages 7 – 18)

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

2. Gross Margin Data (Pages 19 – 22)

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

3. Production Costs Data (Pages 23 – 24)

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

Definition of Terms and Explanatory Notes

<i>Effective Hectares (Eff. Ha.)</i>	Constitutes total farm area minus area occupied by roads, woodland, wasteland and buildings. Rough grazing is expressed in terms of pasture equivalent.
Farm Types	
<i>Hill</i>	Mainly in Severely Disadvantaged Area.
<i>Upland</i>	Mainly in Disadvantaged Area.
<i>Lowland</i>	Mainly outside Less Favoured Area.
Whole Farm Data	
<i>Ranking of whole farm data</i>	Top producers are ranked by profit after rent and finance per effective hectare.
<i>Indirect subsidies</i>	Subsidies not subject to de-coupling e.g. Organic Scheme and Glastir.
<i>Other crop costs</i>	Includes all arable and forage costs except for fertilisers and contracting, e.g. seeds, sprays, wrap, twine etc.
<i>Allocatable contracting</i>	Contracting allocated to enterprises e.g. combining, shearing and slurry spreading.
<i>General farm costs</i>	Includes electricity, telephone, insurances, professional fees, licenses and subscriptions.
<i>Miscellaneous income</i>	Comprises contracting, cottage rents, wayleaves and any other miscellaneous income. Includes revenue from other enterprises not shown.
<i>Owner equity</i>	Net worth as percentage of total assets.
<i>Stocking Rate (glu/adj.forage ha),</i>	Grazing Livestock Units per adjusted forage hectare of land.
<i>Livestock Units (LU) and Grazing Livestock Units (GLU)</i>	Livestock numbers are converted to livestock units, based on estimated energy requirements, to calculate the total stocking of grazing livestock on the farm.
<i>Dairy other output</i>	Net output from sales / purchases of cows and calves. Includes valuation changes.
<i>Income from Energy Generation</i>	Income from farmer and non-farmer-owned energy generation, including wind, solar, biomass, hydro, AD etc.

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

WHOLE FARM DATA

Number of farms: 150

	All farms £/farm	All farms £/eff.ha.	Top third £/eff.ha.
OUTPUTS			
Beef	51,821	392	407
Sheep	58,660	444	527
Crops and forage	3,107	24	31
Basic Payment Scheme	26,340	199	225
Indirect subsidies	5,516	42	70
Income from energy generation	5,068	38	70
Miscellaneous income	8,383	63	55
TOTAL OUTPUTS	158,895	1,202	1,385
INPUTS			
Feeds	26,086	197	150
Tack and grass keep	7,069	53	73
Veterinary and medicines	5,843	44	46
Other livestock costs	9,406	71	68
Fertilisers	8,154	62	65
Other crop costs	2,282	17	16
Allocatable contracting	5,845	44	40
TOTAL VARIABLE COSTS	64,685	488	458
Paid labour	4,662	35	32
Other contracting / machinery hire	760	6	6
Fuel and repairs	15,695	119	109
Machinery depreciation	14,928	113	108
General farming costs	13,354	101	99
Land expenses	5,153	39	32
Buildings depreciation	5,528	42	37
TOTAL OVERHEAD COSTS	60,080	455	423
TOTAL INPUTS	124,765	943	881
PROFIT BEFORE RENT & FINANCE	34,130	259	504
Rent	3,754	28	20
Finance	6,247	47	20
PROFIT AFTER RENT & FINANCE	24,129	184	464
Unpaid labour	7,666	58	58

HILL CATTLE AND SHEEP FARMS**2022/23**

	Owned	Tenant	Mixed
BALANCE SHEET	£/farm	£/farm	£/farm
Number of farms by tenure type	75	8	67
TOTAL ASSETS	1,936,249	309,714	1,608,099
TOTAL LIABILITIES	138,560	78,196	150,024
NET WORTH	1,797,689	231,518	1,458,075
Owner equity (%)	93	75	91

PHYSICAL DATA	All farms	Top third
LAND AREA	Hectares	Hectares
Grassland and forage crops	118.75	110.82
Cereals and other crops	0.94	0.68
Rough grazing, fallow, woods etc.	43.60	81.87
TOTAL AREA (actual)	163.29	193.37
TOTAL AREA (effective)	132.14	135.43

LIVESTOCK	All farms	Top third
	Numbers	Numbers
Suckler cows	38	36
Other cattle	81	87
Breeding sheep	646	668
Other sheep	448	493

PERFORMANCE INDICATORS	All farms	Top third
Lambs reared (numbers per ewe)	1.23	1.33
Finished lamb sales (numbers per ewe)	0.87	0.99
Finished lamb sales (£ per lamb)	96.55	96.40
Calves reared (numbers per cow)	0.86	0.90
Finished cattle sales (£ per head)	1,470	1,462
Store cattle sales (£ per head)	1,013	1,042
Stocking rate (glu/adj. forage ha.)	0.94	0.96

WHOLE FARM DATA

Number of farms : 91

	All farms £/farm	All farms £/eff.ha.	Top third £/eff.ha.
OUTPUTS			
Beef	10,365	74	91
Sheep	58,889	419	555
Crops and forage	3,102	22	24
Basic Payment Scheme	31,577	225	257
Indirect subsidies	8,330	59	90
Income from energy generation	945	7	7
Miscellaneous income	7,453	53	96
TOTAL OUTPUTS	120,661	859	1,120
INPUTS			
Feeds	17,985	128	150
Tack and grass keep	5,110	36	56
Veterinary and medicines	4,740	34	39
Other livestock costs	5,628	40	55
Fertilisers	5,916	42	50
Other crop costs	1,484	11	13
Allocatable contracting	3,601	26	23
TOTAL VARIABLE COSTS	44,464	317	386
Paid labour	2,857	20	17
Other contracting / machinery hire	834	6	7
Fuel and repairs	11,726	83	94
Machinery depreciation	12,292	88	103
General farming costs	11,610	83	83
Land expenses	3,507	25	26
Buildings depreciation	2,979	21	23
TOTAL OVERHEAD COSTS	45,805	326	353
TOTAL INPUTS	90,269	643	739
PROFIT BEFORE RENT & FINANCE	30,392	216	381
Rent	2,833	20	9
Finance	2,624	19	13
PROFIT AFTER RENT & FINANCE	24,935	177	359
Unpaid labour	5,232	37	30

HILL SHEEP FARMS

2022/23

	Owned	Tenant	Mixed
BALANCE SHEET	£/farm	£/farm	£/farm
Number of farms by tenure type	47	8	36
TOTAL ASSETS	1,647,580	208,924	1,537,516
TOTAL LIABILITIES	30,815	64,533	79,656
NETWORTH	1,616,765	144,391	1,457,860
Owner equity (%)	98	69	95

PHYSICAL DATA	All farms	Top third
LAND AREA	Hectares	Hectares
Grassland and forage crops	111.88	111.15
Cereals and other crops	0.34	1.02
Rough grazing, fallow, woods etc.	78.90	119.85
TOTAL AREA (actual)	191.12	232.02
TOTAL AREA (effective)	140.43	147.95

LIVESTOCK	All farms	Top third
	Numbers	Numbers
Suckler cows	9	12
Other cattle	17	19
Breeding sheep	795	919
Other sheep	480	613

PERFORMANCE INDICATORS	All farms	Top third
Lambs reared (numbers per ewe)	1.12	1.22
Finished lamb sales (numbers per ewe)	0.67	0.79
Finished lamb sales (£ per lamb)	92.08	97.63
Calves reared (numbers per cow)	0.92	0.93
Finished cattle sales (£ per head)	1,347	1,415
Store cattle sales (£ per head)	1,011	1,067
Stocking rate (glu/adj. forage ha.)	0.61	0.62

UPLAND CATTLE AND SHEEP FARMS

2022/23

WHOLE FARM DATA

Number of farms: 95

	All farms £/farm	All farms £/eff.ha.	Top third £/eff.ha.
OUTPUTS			
Beef	41,534	433	528
Sheep	39,728	415	590
Crops and forage	8,434	88	143
Basic Payment Scheme	17,309	181	194
Indirect subsidies	1,527	16	22
Income from energy generation	2,317	24	38
Miscellaneous income	9,464	99	152
TOTAL OUTPUTS	120,313	1,256	1,667
INPUTS			
Feeds	15,757	164	174
Tack and grass keep	3,185	33	40
Veterinary and medicines	4,025	42	42
Other livestock costs	6,607	69	73
Fertilisers	8,539	89	118
Other crop costs	2,535	26	36
Allocatable contracting	4,928	51	59
TOTAL VARIABLE COSTS	45,576	474	542
Paid labour	3,527	37	44
Other contracting / machinery hire	883	9	10
Fuel and repairs	11,566	121	128
Machinery depreciation	12,809	134	150
General farming costs	11,037	115	113
Land expenses	4,489	47	37
Buildings depreciation	3,367	35	47
TOTAL OVERHEAD COSTS	47,678	498	529
TOTAL INPUTS	93,254	972	1,071
PROFIT BEFORE RENT & FINANCE	27,059	284	596
Rent	3,906	41	51
Finance	3,133	33	23
PROFIT AFTER RENT & FINANCE	20,020	210	522
Unpaid labour	4,384	46	43

	Owned £/farm	Tenant £/farm	Mixed £/farm
BALANCE SHEET			
Number of farms by tenure type	50	5	40
TOTAL ASSETS	1,357,340	-	1,287,252
TOTAL LIABILITIES	56,212	-	109,486
NET WORTH	1,301,128	-	1,177,766
Owner equity (%)	96	-	91

PHYSICAL DATA	All farms	Top third
LAND AREA	Hectares	Hectares
Grassland and forage crops	89.06	89.75
Cereals and other crops	2.50	4.28
Rough grazing, fallow, woods etc.	10.60	15.34
TOTAL AREA (actual)	102.16	109.37
TOTAL AREA (effective)	95.81	102.53

LIVESTOCK	All farms	Top third
	Numbers	Numbers
Suckler cows	22	22
Other cattle	71	85
Breeding sheep	341	428
Other sheep	256	316

PERFORMANCE INDICATORS	All farms	Top third
Lambs reared (numbers per ewe)	1.36	1.49
Finished lamb sales (numbers per ewe)	1.04	1.29
Finished lamb sales (£ per lamb)	106.13	113.62
Calves reared (numbers per cow)	0.86	0.90
Finished cattle sales (£ per head)	1,478	1,524
Store cattle sales (£ per head)	1,025	1,115
Stocking rate (glu/adj. forage ha.)	0.99	1.15

LOWLAND CATTLE AND SHEEP FARMS

2022/23

WHOLE FARM DATA

Number of farms: 61

	All farms £/farm	All farms £/eff.ha.	Top third £/eff.ha.
OUTPUTS			
Beef	59,466	651	883
Sheep	33,721	369	517
Crops and forage	14,356	157	171
Basic Payment Scheme	16,489	180	177
Indirect subsidies	2,248	25	40
Income from energy generation	3,035	33	79
Miscellaneous income	10,238	112	212
TOTAL OUTPUTS	139,553	1,527	2,079
INPUTS			
Feeds	15,649	171	167
Tack and grass keep	4,596	50	87
Veterinary and medicines	3,539	39	39
Other livestock costs	7,717	84	105
Fertilisers	10,199	112	122
Other crop costs	3,990	44	50
Allocatable contracting	6,550	72	68
TOTAL VARIABLE COSTS	52,240	572	638
Paid labour	3,266	36	56
Other contracting / machinery hire	739	8	7
Fuel and repairs	13,619	149	166
Machinery depreciation	13,347	146	175
General farming costs	12,225	134	128
Land expenses	4,900	54	53
Buildings depreciation	5,342	58	87
TOTAL OVERHEAD COSTS	53,438	585	672
TOTAL INPUTS	105,678	1,157	1,310
PROFIT BEFORE RENT & FINANCE	33,875	370	769
Rent	7,168	78	92
Finance	5,011	55	73
PROFIT AFTER RENT & FINANCE	21,696	237	604
Unpaid labour	3,816	42	50

	Owned £/farm	Tenant £/farm	Mixed £/farm
BALANCE SHEET			
Number of farms by tenure type	25	10	26
TOTAL ASSETS	1,581,568	250,037	1,479,523
TOTAL LIABILITIES	73,631	31,376	173,375
NET WORTH	1,507,937	218,661	1,306,148
Owner equity (%)	95	87	88

PHYSICAL DATA	All farms	Top third
LAND AREA	Hectares	Hectares
Grassland and forage crops	80.26	82.61
Cereals and other crops	4.47	4.26
Rough grazing, fallow, woods etc.	12.28	12.12
TOTAL AREA (actual)	97.01	98.99
TOTAL AREA (effective)	91.41	94.79

LIVESTOCK	All farms	Top third
	Numbers	Numbers
Suckler cows	23	19
Other cattle	105	151
Breeding sheep	284	313
Other sheep	185	256

PERFORMANCE INDICATORS	All farms	Top third
Lambs reared (numbers per ewe)	1.36	1.39
Finished lamb sales (numbers per ewe)	1.16	1.29
Finished lamb sales (£ per lamb)	117.38	121.63
Calves reared (numbers per cow)	0.91	0.95
Finished cattle sales (£ per head)	1,479	1,495
Store cattle sales (£ per head)	1,029	1,056
Stocking rate (glu/adj. forage ha.)	1.22	1.46

HILL AND UPLAND DAIRY FARMS

2022/23

WHOLE FARM DATA

Number of farms: 63

	All farms £/farm	All farms £/eff.ha.	Top third £/eff.ha.
OUTPUTS			
Dairy - milk	593,293	4,855	6,733
Dairy - other output	5,221	43	75
Other cattle	72,509	593	688
Sheep	18,871	154	61
Crops and forage	4,166	34	-5
Basic Payment Scheme	20,289	166	186
Indirect subsidies	451	4	1
Income from energy generation	3,381	28	47
Miscellaneous income	9,336	76	67
TOTAL OUTPUTS	727,517	5,953	7,853
INPUTS			
Feeds	195,784	1,602	1,830
Tack and grass keep	26,579	217	296
Veterinary and medicines	14,260	117	119
Other livestock costs	42,433	347	366
Fertilisers	41,262	338	410
Other crop costs	8,295	68	85
Allocatable contracting	31,824	260	292
TOTAL VARIABLE COSTS	360,437	2,949	3,398
Paid labour	25,635	210	348
Other contracting / machinery hire	2,641	22	22
Fuel and repairs	40,366	330	344
Machinery depreciation	31,274	256	287
General farming costs	34,274	280	324
Land expenses	15,375	126	130
Buildings depreciation	20,071	164	202
TOTAL OVERHEAD COSTS	169,636	1,388	1,657
TOTAL INPUTS	530,073	4,337	5,055
PROFIT BEFORE RENT & FINANCE	197,444	1,616	2,798
Rent	7,215	59	38
Finance	23,637	193	173
PROFIT AFTER RENT & FINANCE	166,592	1,364	2,587
Unpaid labour	16,820	138	113

HILL AND UPLAND DAIRY FARMS

2022/23

	Owned £/farm	Tenant £/farm	Mixed £/farm
BALANCE SHEET			
Number of farms by tenure type	26	1	36
TOTAL ASSETS	2,496,876	-	2,464,067
TOTAL LIABILITIES	352,402	-	771,572
NET WORTH	2,144,474	-	1,692,495
Owner equity (%)	86	-	69

PHYSICAL DATA	All farms	Top third
LAND AREA	Hectares	Hectares
Grassland and forage crops	117.26	111.36
Cereals and other crops	1.67	0.19
Rough grazing, fallow, woods etc.	11.83	12.97
TOTAL AREA (actual)	130.76	124.52
TOTAL AREA (effective)	122.21	114.12

LIVESTOCK	All farms	Top third
	Numbers	Numbers
Dairy cattle	181	225
Suckler cows	2	0
Other cattle	166	170
Breeding sheep	185	67
Other sheep	116	36

PERFORMANCE INDICATORS	All farms	Top third
Milk yield (litres per cow)	7,245	7,325
Margin over concentrates (£ per cow)	2,370	2,608
Milk disposal (£ per cow)	3,260	3,418
Milk price (pence per litre)	45.62	47.08
Stocking rate (glu/adj. forage ha.)	2.08	2.37

LOWLAND DAIRY FARMS

2022/23

WHOLE FARM DATA

Number of farms: 53

	All farms £/farm	All farms £/eff.ha.	Top third £/eff.ha.
OUTPUTS			
Dairy - milk	760,922	5,459	9,717
Dairy - other output	11,163	80	115
Other cattle	85,643	614	847
Sheep	4,530	32	0
Crops and forage	12,785	92	1
Basic Payment Scheme	21,440	154	172
Indirect subsidies	565	4	2
Income from energy generation	2,526	18	27
Miscellaneous income	6,061	43	55
TOTAL OUTPUTS	905,635	6,496	10,936
INPUTS			
Feeds	232,224	1,666	2,958
Tack and grass keep	34,108	245	657
Veterinary and medicines	17,054	122	194
Other livestock costs	57,594	413	732
Fertilisers	42,670	306	438
Other crop costs	15,042	108	124
Allocatable contracting	39,999	287	468
TOTAL VARIABLE COSTS	438,691	3,147	5,571
Paid labour	46,809	336	425
Other contracting / machinery hire	2,670	19	33
Fuel and repairs	45,185	324	449
Machinery depreciation	34,107	245	328
General farming costs	43,188	310	429
Land expenses	14,542	104	165
Buildings depreciation	26,700	192	283
TOTAL OVERHEAD COSTS	213,201	1,530	2,112
TOTAL INPUTS	651,892	4,677	7,683
PROFIT BEFORE RENT & FINANCE	253,743	1,819	3,253
Rent	13,083	94	57
Finance	16,562	119	180
PROFIT AFTER RENT & FINANCE	224,098	1,606	3,016
Unpaid labour	17,036	122	155

	Owned £/farm	Tenant £/farm	Mixed £/farm
BALANCE SHEET			
Number of farms by tenure type	21	3	29
TOTAL ASSETS	2,908,270	-	2,818,915
TOTAL LIABILITIES	268,572	-	498,476
NET WORTH	2,639,698	-	2,320,439
Owner equity (%)	91	-	82

PHYSICAL DATA	All farms	Top third
LAND AREA	Hectares	Hectares
Grassland and forage crops	129.75	111.98
Cereals and other crops	8.59	1.05
Rough grazing, fallow, woods etc.	6.88	5.68
TOTAL AREA (actual)	145.22	118.71
TOTAL AREA (effective)	139.39	113.46

	All farms	Top third
LIVESTOCK	Numbers	Numbers
Dairy cattle	209	260
Suckler cows	1	0
Other cattle	184	187
Breeding sheep	50	24
Other sheep	37	0

PERFORMANCE INDICATORS	All farms	Top third
Milk yield (litres per cow)	7,967	9,130
Margin over concentrates (£ per cow)	2,718	3,133
Milk disposal (£ per cow)	3,627	4,244
Milk price (pence per litre)	45.90	46.74
Stocking rate (glu/adj. forage ha.)	2.22	2.68

GROSS MARGINS: HILL SHEEP

	All flocks	2022/23 Top third
Number of flocks in sample	184	61
Flock size (ewes and ewe lambs put to ram)	642	623
Lambs reared (numbers per ewe)	1.18	1.36
ENTERPRISE OUTPUT	£ per ewe	£ per ewe
Lamb sales - store	8.51	5.27
Lamb sales - finished	72.93	104.32
Other sheep sales	20.19	27.03
Wool sales	0.93	1.08
Miscellaneous	0.01	0.01
Valuation change	2.18	3.81
Sheep purchases	-8.16	-9.91
TOTAL ENTERPRISE OUTPUT	96.59	131.61
VARIABLE COSTS		
Concentrates and bulk feed	23.55	23.54
Stock keep	3.52	3.27
Veterinary and medicines	6.73	8.08
Other livestock costs	7.66	9.55
Allocatable contracting	2.19	2.19
Forage variable costs	14.72	14.89
TOTAL VARIABLE COSTS	58.37	61.52
GROSS MARGIN	38.22	70.09

GROSS MARGINS: UPLAND SHEEP

	All flocks	Top third
Number of flocks in sample	66	22
Flock size (ewes and ewe lambs put to ram)	469	510
Lambs reared (numbers per ewe)	1.39	1.52
ENTERPRISE OUTPUT	£ per ewe	£ per ewe
Lamb sales - store	7.83	0.09
Lamb sales - finished	116.24	147.42
Other sheep sales	22.54	24.57
Wool sales	0.95	0.94
Miscellaneous	0.02	0.01
Valuation change	2.40	6.14
Sheep purchases	-15.01	-20.01
TOTAL ENTERPRISE OUTPUT	134.97	159.16
VARIABLE COSTS		
Concentrates and bulk feed	23.83	21.16
Stock keep	2.98	2.65
Veterinary and medicines	7.26	7.75
Other livestock costs	10.00	10.18
Allocatable contracting	2.10	2.03
Forage variable costs	22.95	19.91
TOTAL VARIABLE COSTS	69.12	63.68
GROSS MARGIN	65.85	95.48

GROSS MARGINS: LOWLAND SHEEP		2022/23	
	All flocks	Top third	
Number of flocks in sample	34	11	
Flock size (ewes and ewe lambs put to ram)	383	360	
Lambs reared (numbers per ewe)	1.39	1.51	
ENTERPRISE OUTPUT	£ per ewe	£ per ewe	
Lamb sales - store	1.30	1.14	
Lamb sales - finished	139.46	171.84	
Other sheep sales	24.03	31.61	
Wool sales	0.98	0.76	
Miscellaneous	0.00	0.00	
Valuation change	4.75	4.97	
Sheep purchases	-23.13	-30.53	
TOTAL ENTERPRISE OUTPUT	147.39	179.79	
VARIABLE COSTS			
Concentrates and bulk feed	27.18	21.47	
Stock keep	3.12	2.89	
Veterinary and medicines	7.60	6.97	
Other livestock costs	11.86	12.64	
Allocatable contracting	2.00	1.49	
Forage variable costs	16.86	13.70	
TOTAL VARIABLE COSTS	68.62	59.16	
GROSS MARGIN	78.77	120.63	

GROSS MARGINS: LOWLAND SUCKLER COWS			
	All herds	Top third	
Number of herds in sample	21	7	
Herd size (breeding cows)	56	62	
Calves reared (numbers per cow)	0.88	0.97	
Finished cattle sales (£ per head)	1,496	1,537	
Store cattle sales (£ per head)	1,044	1,027	
ENTERPRISE OUTPUT	£ per cow	£ per cow	
Calf and store cattle sales	588.93	470.92	
Bull and cow sales	169.53	140.77	
Finished cattle sales	494.04	786.02	
Valuation change	9.41	38.07	
Cattle purchases	-179.88	-165.44	
TOTAL ENTERPRISE OUTPUT	1,082.03	1,270.34	
VARIABLE COSTS			
Concentrates and bulk feed	204.67	109.57	
Veterinary and medicines	35.10	31.88	
Other livestock costs	112.14	131.70	
Allocatable contracting	24.46	29.08	
Forage variable costs	227.91	238.60	
TOTAL VARIABLE COSTS	604.28	540.83	
GROSS MARGIN	477.75	729.51	

GROSS MARGINS: UPLAND SUCKLER COWS		2022/23
	All herds	Top third
Number of herds in sample	29	10
Herd size (breeding cows)	51	59
Calves reared (numbers per cow)	0.89	0.91
Finished cattle sales (£ per head)	1,502	1,545
Store cattle sales (£ per head)	997	1,121
ENTERPRISE OUTPUT	£ per cow	£ per cow
Calf and store cattle sales	704.41	560.98
Bull and cow sales	192.95	211.63
Finished cattle sales	308.90	539.40
Valuation change	64.44	133.80
Cattle purchases	-221.62	-226.30
TOTAL ENTERPRISE OUTPUT	1,049.08	1,219.51
VARIABLE COSTS		
Concentrates and bulk feed	170.62	181.54
Veterinary and medicines	55.97	46.31
Other livestock costs	93.73	89.49
Allocatable contracting	18.33	10.24
Forage variable costs	221.28	167.20
TOTAL VARIABLE COSTS	559.93	494.78
GROSS MARGIN	489.15	724.73

GROSS MARGINS: HILL SUCKLER COWS		
	All herds	Top third
Number of herds in sample	103	34
Herd size (breeding cows)	43	39
Calves reared (numbers per cow)	0.88	0.91
Finished cattle sales (£ per head)	1,461	1,525
Store cattle sales (£ per head)	1,044	1,149
ENTERPRISE OUTPUT	£ per cow	£ per cow
Calf and store cattle sales	789.75	841.38
Bull and cow sales	173.09	187.76
Finished cattle sales	279.95	412.60
Valuation change	18.92	16.57
Cattle purchases	-237.88	-229.69
TOTAL ENTERPRISE OUTPUT	1,023.83	1,228.62
VARIABLE COSTS		
Concentrates and bulk feed	267.51	198.28
Veterinary and medicines	42.04	44.18
Other livestock costs	93.80	101.34
Allocatable contracting	9.64	7.26
Forage variable costs	175.00	171.31
TOTAL VARIABLE COSTS	587.99	522.37
GROSS MARGIN	435.84	706.25

GROSS MARGINS: HILL AND UPLAND DAIRY		2022/23
	All herds	Top third
Number of herds in sample	57	19
Herd size (dairy cows)	182	195
Milk yield (litres per cow)	7,228	8,435
Milk price (pence per litre)	45.68	47.92
ENTERPRISE OUTPUT	£ per cow	£ per cow
Milk	3,300.32	4,042.14
Calves	145.35	158.34
Bull and cow sales	225.84	315.05
Valuation change	12.29	-24.31
Cattle purchases	-352.39	-373.53
TOTAL ENTERPRISE OUTPUT	3,331.41	4,117.69
VARIABLE COSTS		
Concentrates and bulk feed	940.26	1,084.11
Veterinary and medicines	62.37	76.12
Other livestock costs	197.83	236.52
Allocatable contracting	52.12	59.68
Forage variable costs	277.30	295.88
TOTAL VARIABLE COSTS	1,529.88	1,752.31
GROSS MARGIN	1,801.53	2,365.38

GROSS MARGINS: LOWLAND DAIRY		
	All herds	Top third
Number of herds in sample	47	16
Herd size (dairy cows)	200	210
Milk yield (litres per cow)	8,038	9,760
Milk price (pence per litre)	46.25	45.86
ENTERPRISE OUTPUT	£ per cow	£ per cow
Milk	3,717.68	4,476.85
Calves	148.38	165.14
Bull and cow sales	250.96	333.19
Valuation change	13.35	14.40
Cattle purchases	-370.20	-441.63
TOTAL ENTERPRISE OUTPUT	3,760.17	4,547.95
VARIABLE COSTS		
Concentrates and bulk feed	1,018.20	1,282.32
Veterinary and medicines	72.80	83.73
Other livestock costs	253.62	299.86
Allocatable contracting	61.61	53.23
Forage variable costs	278.76	280.34
TOTAL VARIABLE COSTS	1,684.99	1,999.48
GROSS MARGIN	2,075.18	2,548.47

LAMB PRODUCTION COSTS**2022/23**

Pence per kg liveweight	All farms	Top third	Bottom third
Number of farms	120	40	40
Feed	59.23	46.41	71.02
Veterinary and medicines	14.42	12.10	16.66
Other livestock costs	23.04	20.12	25.09
Forage	33.94	26.40	42.11
TOTAL VARIABLE COSTS	130.63	105.03	154.88
FLOCK REPLACEMENT	18.88	15.70	26.18
Paid labour	6.09	3.80	9.09
Power and machinery	60.02	43.12	86.58
Buildings	17.53	11.53	25.18
General farm costs	26.72	19.45	36.20
Rent	10.16	7.13	15.36
Finance	7.50	3.78	10.86
TOTAL OVERHEAD COSTS	128.02	88.81	183.27
TOTAL COSTS	277.53	209.54	364.33
NET MARGIN	-22.24	55.20	-114.27
Lambs reared (nos. per ewe)	1.29	1.41	1.18
Flock size	593	615	547
Average lamb liveweight (kg)	40.50	41.68	39.78

MILK PRODUCTION COSTS

Pence per litre	All farms	Top third	Bottom third
Number of farms	104	35	34
Feed	12.12	10.46	13.96
Veterinary and medicines	0.90	0.77	0.90
Other livestock costs	3.64	3.00	4.10
Forage	3.75	3.15	4.22
TOTAL VARIABLE COSTS	20.41	17.38	23.18
HERD REPLACEMENT	1.50	0.85	2.47
Paid labour	1.21	1.07	1.52
Power and machinery	3.44	3.18	3.92
Buildings	1.69	1.66	2.03
General farm costs	1.88	1.79	1.94
Rent	0.47	0.39	0.49
Finance	0.79	0.79	1.00
TOTAL OVERHEAD COSTS	9.48	8.88	10.90
TOTAL COSTS	31.39	27.11	36.55
NET MARGIN	16.40	23.37	9.14
Margin over concentrates	34.24	38.29	30.43
Milk price	45.61	47.99	43.56

BEEF PRODUCTION COSTS: SUCKLED CALF

2022/23

Pence per kg liveweight	All farms	Top third	Bottom third
Number of farms	27	9	9
Feed	17.90	9.25	28.42
Veterinary and medicines	12.26	10.63	12.63
Other livestock costs	22.32	15.59	26.87
Forage	44.34	35.23	59.59
TOTAL VARIABLE COSTS	96.82	70.70	127.51
HERD REPLACEMENT	-9.29	-20.59	0.41
Paid labour	6.77	3.30	7.66
Power and machinery	62.96	45.24	80.12
Buildings	26.16	8.82	40.60
General farm costs	31.73	25.30	41.73
Rent	6.72	2.46	9.19
Finance	7.79	3.95	11.60
TOTAL OVERHEAD COSTS	142.13	89.07	190.90
TOTAL COSTS	229.66	139.18	318.82
NET MARGIN	-25.58	62.15	-115.68

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

BEEF PRODUCTION COSTS: FINISHING**Pence per kg liveweight**

	All farms
Number of farms	10
Feed	109.70
Veterinary and medicines	6.98
Other livestock costs	33.21
Forage	66.65
TOTAL VARIABLE COSTS	216.54
Paid labour	6.80
Power and machinery	75.11
Buildings	24.53
General farm costs	28.39
Rent	10.02
Finance	4.06
TOTAL OVERHEAD COSTS	148.91
TOTAL COSTS	365.45
NET MARGIN	-30.52

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.