

Comparing your farm results - using FBS benchmarking

- A 'how-to' guide for farmers and advisors -

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FBS farm business benchmarking

This benchmarking system allows you to compare the financial performance of your business to the performance of average, or of top performing, farms of the same farm type. You can compare your measures for profit and loss (accounts), gross margins, balance sheet or performance figures.

It can tell you if your results are for example 'low', 'low-ish' or 'high' compared to participants in the Farm Business Survey.

FarmBusinessSurvey.co.uk

Open the above link (or alternatively, you can search for 'Farm Benchmarking UK' and look for our link)

Click on 'Farm Benchmarking'

Click on 'Enterprise Gross Margins'
or 'Farm Profitability'

Choose Your Enterprise or Farm Size
(eg 'Winter Wheat' or 'Small')

Farm types and enterprises

Farm types are decided on the basis of 'Standardised Output' (SO) - which are specified in fixed nominal Euros per hectare (or per head). Cereals farms, for example, have more than 60% of their SO from combinable crops.

Data presented are the average of all farms, in the FBS sample in the chosen category, or with that enterprise. Or of just the top performing 25%. (The number of farms in these FBS samples is given above the table of results).

Enterprises are individual crops - eg winter barley - or a type of livestock business - eg lowland ewes.

Comparing your results

Click 'Compare with FBS' to see if your results are in the range 0-25(low), 25-40(low-avg), 40-60(avg), 60-75(avg-high) or 75+(high) percent of farms (including zeros), for that number, in the selected FBS sample. Alternatively select 'Percentages' to see your results as a proportion of typical FBS values.

Evidently, it is better to have 'low' costs and 'high' incomes, although some farms will do well with 'high' costs. For example, where they are paying for high quality inputs.

Enterprise Gross Margins
England : Winter barley

Please note that these results are from the 2011/12 Farm Business Survey (FBS) database, where the year end of the farm accounts falls between 31 December 2011 and 5 April 2012.

FBS values: All performers High performers (Gross Margins in top 25% of farms with Enterprise)

Compare On: Percentages Relative Rank

There are 352 farms in the FBS (All performers) sample fitting the above enterprise classification. The values for the measures listed below are averages for the FBS population.

Enterprise Measures (£ per hectare unless stated otherwise)	FBS Values	Your values (£ per hectare unless stated otherwise)	Comparison with FBS
Crop area (ha)	22.0	30	Average to High
Yield (tonnes per ha)	6.2	5.7	Average to Low
Price (£ per tonne)	150.9	195	High
Grain sales	939	1111	Average to High
Area Payments	0		
Straw output	100	45	Low
Enterprise output	1,040	1156	Average

Understanding gross margins

Enterprise output Is the sum of output sales (eg crops or milk), plus direct subsidies, plus by-product sales.

Variable costs Are those costs that vary directly in proportion to the amount of production. Eg the more milk produced, the more feed needed.

Gross margin Is enterprise output minus variable costs.

Understanding farm profitability

Sales are the sum of enterprise outputs, plus incomes from miscellaneous activities (eg agri-environment, or farm cottage rental).

Machinery depreciation can be worked out using the tool provided.

Profit: a useful comparison is 'profit before rent, interest and bank charges' (are deducted) which enables your results to be compared on a 'level playing field' with farms in the FBS, regardless of whether they are tenanted or owner occupied.

Performance ratios include

- Return on tenants capital (%)
- Return on total capital (%)
- Labour costs per £100 turnover
- Machinery costs per £100 turnover
- Labour plus machinery costs per £100 turnover
- Farm business income per £100 turnover

Definitions

Tenants capital includes crops, livestock, stores, cash and entitlements.

Farm Business Income is the Total Farm Gross Margin less the sum of the Fixed Costs incurred, before any charges for unpaid labour or notional rent on owner occupied land.

Definitions are often hyperlinked from table headings.

Word of caution about comparisons

Features that are special to your farm can have an important effect on your performance, and how that compares to the sample in the Farm Business Survey.

For example, if you grow milling wheat, your fertilizer costs might normally be a bit 'High', relative to all of the FBS. Similarly farms, with large diversification businesses that use lots of fuel, or with exceptional bills for drying fuel, will show relatively large standard energy use.



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FarmBusinessSurvey.co.uk/benchmarking

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