

# 60-minute farm review

## A technical and business assessment for beef and sheep farmers

### Summary

By following the six simple steps below, you should be able to understand your strengths and weaknesses, and compare your technical and business performance with other similar farms in England. This is a simple-to-follow guide but not all beef and sheep farming systems will fit neatly into the two breeding livestock enterprises. However, the technical and financial analyses at steps 1, 2, 5 and 6 should still be relevant to you.

### Step 1: Land area (5 minutes)

List the hectares owned, rented and on a season-long grazing agreement or other arrangement.

Are all of these hectares effective? If not, adjust for usable area (e.g. if you have 20 hectares of extensive rush-covered rough grazing, this may be equivalent to only 5 hectares). It is also possible that some prescriptions within environmental schemes reduce the productivity of grassland, so adjustments may be required to compensate for these. Moorland areas may be excluded from the total but will be dependent on the proportion in comparison to other grassland areas.

How many effective hectares of grassland and forage crops do you farm? If you are an all-grass farm (no arable crops grown), this will be the same as the effective hectares of land that you farm but if you also have some arable crops then you will have two separate totals that drive the following calculations.

**Effective forage hectares farmed = .....ha**

**Effective total hectares farmed = .....ha**

### Step 2: Livestock numbers (5 minutes)

This step is to work out the number of grazing livestock units (LUs) on the farm.

What is the average number of each class of grazing livestock kept on the farm throughout the year?

Examples:

| Class of livestock  | Number | LU/animal | Total LU |
|---|--------|-----------|----------|
| Suckler cows or heifers (700–900 kg) incl calf to weaning |        | 1.3       |          |
| Suckler cows or heifers (500–700 kg) incl calf to weaning |        | 1.1       |          |
| Bulls   |        | 1.0       |          |
| Other cattle over 2 years old                             |        | 0.8       |          |
| Other cattle 1–2 years old                                |        | 0.65      |          |
| Other cattle over 3 months to 1 year old                  |        | 0.35      |          |
| Breeding ewes (70–90 kg) with lambs at foot to weaning    |        | 0.15      |          |
| Breeding ewes (50–70 kg) with lambs at foot to weaning    |        | 0.13      |          |
| Rams  |        | 0.15      |          |
| Other sheep 1–3 years old (e.g. unmated replacements)     |        | 0.07      |          |
| Store lambs (weaning to 12 months old)                    |        | 0.05      |          |
| <b>Other grazing livestock (e.g. horses/deer/pigs)</b>    |        |           |          |

- If you have an average of 400 store lambs for 3 months of the year, this will equate to an average of 100 store lambs throughout the year
- If you have an average of 30 over 2-year-old cattle for 6 months of the year, this will equate to an average of 15 cattle throughout the year to be added to the above table
- If you keep intensive cattle indoors with no grass-based feed, they do not appear in this table





Calculate your average stocking rate per hectare by dividing the total LUs by the number of effective forage hectares to obtain your **average number of LUs/hectare** = .....

Compare your stocking rate to the table below:

| Farm type               | Good      | Moderate | Low       |
|-------------------------|-----------|----------|-----------|
| Lowland (non-SDA)       | Above 1.8 | 1.4–1.8  | Below 1.4 |
| Upland (non-SDA or SDA) | Above 1.6 | 1.2–1.6  | Below 1.2 |
| Hill (SDA)              | Above 1.4 | 1.0–1.4  | Below 1.0 |

 If the answer lies in the green area, your stocking rate is good and grassland productivity is likely to be high.

 If your stocking rate is in the yellow category, then there should be scope to improve stocking rates and improve output/hectare. Grassland may need to be improved through increased lime, phosphate, potash and nitrogen applications, clover content or reseeded. Rotational grazing may also be appropriate. See the AHDB manual *Planning grazing strategies for Better Returns*.

 An answer in the red area indicates you are at a low stocking rate and there is significant potential to increase output. If you do not wish to keep more livestock, it should be possible to keep current livestock numbers on two-thirds or less of the existing grassland. See the AHDB manual *Improving pasture for Better Returns*.

### Step 3: Suckler herd performance (10 minutes)

Determine the productivity of your suckler herd by looking at your bulling and calving records.

|  |     |                     |
|--|-----|---------------------|
| Total number of cows/heifers put to the bull               | (a) |                     |
| Total number calved within first 3 weeks of calving period | (b) | (b)/(a) x 100 =     |
| Total number calved within weeks 3 to 6 of calving period  | (c) | (b+c)/(a) x 100 =   |
| Total number calved within weeks 6 to 9 of calving period  | (d) | (b+c+d)/(a) x 100 = |
| Length of calving period in weeks                          |     |                     |
| Average age of heifers at first calving in months          |     |                     |
| Total number of calves reared to weaning                   | (e) | (e)/(a) x 100 =     |

The results from the above are key performance indicators (KPIs) for a suckler herd. If you have two distinct calving blocks (e.g. spring and autumn), and then complete the above table for each.

Following the calculations in the second column, this gives the numbers/100 cows. The KPI targets for each of these parameters is as follows:

|   |            |       |              |
|---|------------|-------|--------------|
| Calves weaned per 100 cows/heifers put to bull    | Over 94    | 86–94 | Under 86     |
| % of cows and heifers calved within first 3 weeks | Over 65    | 45–65 | Under 45     |
| % of cows and heifers calved within first 6 weeks | Over 80    | 60–80 | Under 60     |
| % of cows and heifers calved within first 9 weeks | Over 90    | 70–90 | Under 70     |
| Calving period – first to last calving (weeks)    | 12 or Less | 12–16 | 16 or longer |
| Age at first calving (months)                     | 22–24      | 24–30 | Over 30      |

If some of your results fall into the amber or red categories, see the AHDB manuals *Optimising suckler herd fertility for Better Returns* and *Managing replacement heifers for Better Returns*.

## Step 4: Ewe flock performance (10 minutes)

Determine the productivity of your ewe flock by looking at your sheep enterprise performance

|                                     |     |  |
|-------------------------------------|-----|--|
| Number of ewes put to ram           | (a) | Scanning % if available =                    |
| Number of ewe lambs put to ram      | (b) | Scanning % if available =                    |
| Number of lambs born alive          | (c) | $(c)/(a + b) \times 100 = \text{lambing \%}$ |
| Total number of lambs sold/retained | (d) | $(d)/(a + b) \times 100 = \text{rearing \%}$ |

The above are basic KPIs for the sheep flock. The percentage of ewe lambs within the flock will affect the lambing and rearing percentages and so different targets are needed.

Targets for lowland flocks with no ewe lambs put to the ram:

|            |          |         |           |
|------------|----------|---------|-----------|
| Scanning % | Over 190 | 170–190 | Under 170 |
| Lambing %  | Over 175 | 155–175 | Under 155 |
| Rearing %  | Over 165 | 145–165 | Under 145 |

Targets for lowland flocks with 20% of mated ewe lambs within the flock:

|            |          |         |           |
|------------|----------|---------|-----------|
| Scanning % | Over 175 | 155–175 | Under 155 |
| Lambing %  | Over 160 | 140–160 | Under 140 |
| Rearing %  | Over 150 | 130–150 | Under 130 |

Targets for hill ewes, where a proportion of twins can be accommodated:

|            |          |         |           |
|------------|----------|---------|-----------|
| Scanning % | Over 135 | 120–135 | Under 120 |
| Lambing %  | Over 125 | 105–125 | Under 105 |
| Rearing %  | Over 115 | 95–115  | Under 95  |

If some of your results fall into amber or red categories, see the AHDB manuals *Managing ewes for Better Returns* and *Ewe fertility for Better Returns*.

## Step 5: Farm accounts analysis (15 minutes)

For this assessment, you will need your latest set of audited accounts. These are likely to contain the last two years of income and costs, and if wide variations occur between years, then it may be appropriate to average them. If you grow some arable crops, the income and costs associated with these enterprises should be included in the table below. To prepare for the future, it is recommended that you do not include Basic Payment Scheme income in the table, but do include existing environmental payments and other diversification income.

|  | £ total | %                        |
|--|---------|--------------------------|
| Gross income   |         |                          |
| Less livestock purchases and valuation change  |         |                          |
| Net income (a)   |         | 100 (h)                  |
| Direct costs (feed, seed, fertiliser, sprays, vet & med, ear tags, haulage & commission, straw, etc.) (b)                          |         | $(b/a \times 100) =$ (i) |
| Gross margin (c)   |         | $(h - i) =$              |
| Labour costs (paid labour including regular and casual) (d)  |         | $(d/a \times 100) =$     |
| Machinery and equipment costs (fuel, repairs, contracting, leasing, depreciation) (e)  |         | $(e/a \times 100) =$     |
| Property, energy and administration (electric, water, fencing & property repairs, accountant, sundries, building depreciation) (f) |         | $(f/a \times 100) =$     |
| Rent & finance costs (rent, grazing costs, bank and loan interest) (g)   |         | $(g/a \times 100) =$     |
| Profit/loss  |         |                          |

Different accountants use different headings. The key is to ensure that all of your income and all of your expenditure occurs in one line of the above with no omissions. Larger farms have the benefit of being able to share their overhead costs over more hectares and therefore should find it easier to hit the green targets below.

| Net output           | 100          | 100   | 100          |
|----------------------|--------------|-------|--------------|
| Direct costs         | Less than 35 | 35–40 | More than 40 |
| Gross margin         | More than 65 | 65–60 | Less than 60 |
| Labour costs         | Less than 15 | 15–20 | More than 20 |
| Machinery costs      | Less than 20 | 20–25 | More than 25 |
| Property costs       | Less than 10 | 10–15 | More than 15 |
| Rent & finance costs | Less than 15 | 15–20 | More than 20 |

If you have several cells that are amber or red remember that BPS payments were not included in output so, while these payments remain, you have time to adjust your business. A combination of increasing output and reducing overhead costs may be the way forward for your business.

### Step 6: Comparison with others (15 minutes)

Compare yourself with Farm Business Survey-costed farms. This comparison can be found at [farmbusinesssurvey.co.uk/benchmarking](http://farmbusinesssurvey.co.uk/benchmarking) From the numbered menu at the top right, choose 02: Profitability. From the category menu on the left, choose England, followed by Lowland Grazing Livestock or LFA Grazing Livestock, followed by your farm size. Small represents up to 100 hectares, medium 100–200 hectares and large over 200 hectares. Within this data, BPS payments are included and, therefore, for a strict comparison, you should also include yours. The data contained in the programme is from the 2017/18 financial year. For most categories, you can also compare yourself with the top 25% of performers.

### Next steps: Moving into Farmbench

When you can make more time available, it is recommended that you enter your last year's technical and business performance into the AHDB Farmbench programme. This can be found at [farmbench.ahdb.org.uk](http://farmbench.ahdb.org.uk) This will provide you with an improved breakdown of your enterprise performance, allowing you to compare each of your own enterprises, and a comparison benchmark for each of the income and cost lines. It will also calculate your actual cost of production for each kilogram of beef and lamb sold.

For an average-sized farm it will take approximately 3–4 hours to input the data, but this could be reduced if you first complete the data collection sheets that are available. The time required to complete these will be dependent on your current record keeping and how easily the data required can be found. Data from the first year will automatically move into subsequent years and, therefore, the inputting task becomes easier, and this also helps to monitor the improvements made.

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