



Farming Family Future

LFB are Strategic Tax Advisers and Accountants for Farmers. We prepare many sets of farm accounts and the benchmarking of farming businesses is still a very important part of what we do – we have had clients who have joined us because of the benchmarking!

The strategic tax work dovetails into family farm structures. This has been a natural progression of the work we carry out

- Joint ventures between neighbours
- Family succession planning
- Family disputes
- Family Constitutions and Family Agreements
- Planning for development gains – which links in with family agreements

It is interesting how a family meeting discussing communication and transparency can positively change the family atmosphere.

It is also interesting how substantial windfall gains from development land sales can destroy family relationships if not planned for in advance.

Benchmarking results are hugely influenced not only by technical or financial efficiency but also by what we call the soft skills.

The Future

Our latest benchmarking results show that 84% of the average profit consists of BPS, bottom 25% more than 100% and top group still 52%. These numbers clearly show the impact we are going to be facing.

Another largely hidden impact we could be facing in the industry is wellbeing and depression as many families will attempt to struggle on – this will creep up on us slowly and unfortunately may remain under the radar.

Most farming businesses will benefit from some form of collaboration – this has the benefit of addressing the wellbeing problem as well as financial efficiency – is it a missed opportunity by DEFRA to not include financial incentives replacing BPS to promote and assist collaboration?

Machinery capital is the largest cost in the arable sector - it makes sense to be part of a machinery syndicate and in addition have a share farming agreement on the cropping.

The farming family with good communication has a huge strength – farming families collaborating is the future of our industry.

Gary Markham



RURAL BUSINESS SURVEY 2020 HARVEST

	LFB Survey 20		LFB Survey 19		LFB Survey 18		Groundswell 2020	
	Top 25%	Average	Top 25%	Average	Top 25%	Average	Average	
Farm Size (Acres)								
Woodland			-	-	-	7		86
Livestock		30	-	212	-	338		231
Arable	692	903	782	910	1,548	880		1,614
Contracting	455	455	454	476	-	477		-
Other	15	36	-	96	46	129		131
Total	1,162	1,424	1,236	1,694	1,594	1,831		2,062
Arable Net Margin (£/Acres)								
Arable gross output	406	371	536	473	503	479		292
Variable costs								
Seeds	29	32	19	31	22	31		28
Ferts	91	70	80	73	54	62		48
Sprays	64	52	94	80	66	77		55
Other	8	22	14	17	11	14		12
	192	175	207	201	153	185		144
Arable gross margin	214	195	329	272	350	295		148
Livestock gross margin			-	(13)	-	208		
Contract farming income	313	313	194	119	-	181		
Farm Gross Margin	225	199	331	257	348	283		
Fixed costs								
Paid labour	15	26	27	26	58	40		44
Machinery								
Depreciation	50	45	59	58	50	60		43
Spares & repairs	9	21	29	18	22	24		18
Contracting & hire	74	84	13	54	66	60		5
Fuel	14	19	26	20	24	26		13
Other	7	7	8	8	9	11		10
Total labour and machinery	168	193	162	185	229	221		131
Groundswell Margin	47	2	167	88	121	74	(Top 25%) 102	(Avg) (90)
Property	42	51	56	54	31	48		
Administration	56	56	50	45	32	47		
Margin before rent and finance	(51)	(104)	78	(2)	90	(2)		
Ad hoc contracting income		10	21	14	36	27		
Other farming income	73	51	61	46	30	23		
Basic Payment Scheme	125	103	127	106	110	105		
Environmental payments	88	52	63	35	7	16		
Rental income	97	55	64	48	41	43		
Other non farming income	173	54	36	17	4	19		
Rural business profit	374	144	372	201	274	175		
Rent and Finance								
Rent	130	69	133	75	76	49		
Finance	8	6	17	14	26	19		
Net Farm Income	236	70	243	127	206	124		

PLEASE NOTE FIGURES DO NOT TOTAL