Improve your farming finances in 30 minutes

Farm Advisory Service

National Advice Hub
T: 0300 323 0161
E: advice@fas.scot
W: www.fas.scot

The information in your farm accounts is yours to use to help support your business decision making. Understanding how to access that information in a simple way can be challenging, it is hard to know where to start. This guide helps you get started using an easy to access online tool.

The Whole Farm Benchmarks tool is a unique data set created from over 400 Scottish Farms that have been analysed for the Scottish Farm Business Survey (SFBS). The farms are divided up into 7 different categories according to their type of farming, and their size. You can download it into an excel spreadsheet, or print out as a PDF to work on with a calculator. Use it with your most recent set of annual farm accounts from your accountant. It can help you get started with the process of comparing your farm business to a group of farm businesses similar in size and type to your own.



Download the tool here at this link and use in conjunction with your latest set of farm accounts from your accountant. Whole Farm Benchmarks Tool | Helping farmers in Scotland | Farm Advisory Service (fas.scot) . Choose your farm type from the drop down menu on the left of the home page

Farm types are based on the balance of their enterprises. If over 2/3 of your output comes from one enterprise: e.g. if more than 2/3 of your output comes from beef production you are a specialist beef farm. Farms are then further subdivided into categories for their size, and the upper 25% performing group is based on Farm Business Income (FBI) as a proportion of output. You can find clear explanations in the OVERVIEW section.

Use the Glossary button to help explain any terminology. e.g., Farm Business Income (FBI) is the headline measure of farm income in the UK. It includes income from farming, support payments, and farm diversification, and in most cases is similar to net profit. Variable and fixed cost categories are similar to those used by your accountant in preparing your annual farm accounts, so the figures are comparable.

There are 6 tabs of information for you to look over once you have downloaded the tool. **Physical data** describes what is grown on the farm and your livestock numbers. This tab allows you to decide which column of figures to compare your business with. The **FBI– £/Farm** tab describes output, and costs, split into **Variable** and **Fixed** costs. If your business is significantly larger or smaller than the averages described here, you may need to move directly to the **FBI as % of Output** Tab.



FBI as % of Output: FBI is expressed as a % of output, and all fixed and variable costs are calculated as a % of this. This is helps you make a relative comparison between your business and the group average figures. You can also compare your Farm Gross Margin to the group average here. Its a snapshot of your farm finances.

@FASScot

The European Agricultural Fund for Rural Development
Europe investing in rural areas

SAC CONSULTING

Scottish Government
Riaghaltas na h-Alba
gov.scot

@FASScot

The **Sales and Purchases** tab gives you price data for livestock for the year. If your output is low you can look at whether the prices you received are lower than the group average. The **Yield and Output** tab allows you to see if your yields and prices received for crops are comparable to the group average. There is also a sheep performance table which you can use to compare flock performance to a national average.

This tool can help you to get started with benchmarking, but it's important to remember some key points:

Farm Advisory Service

National Advice Hub
T: 0300 323 0161
E: advice@fas.scot
W: www.fas.scot

1. Focus on the larger input costs
2. Aim to improve what you can easily first
3. Don't fixate on 1 year, it's a process, track your trends
4. Aim to compare against yourself year on year, your business is your own best benchmark
5. There is always context, your farm is unique. Bad weather happens.
6. Get started



Related resources

Accounts Terminology
https://www.fas.scot/downloads/understanding-the-accounts-terminology/

Making Tax Digital
https://www.fas.scot/downloads/bookkeeping-basics-5-making-tax-digital/

Understanding Farm Accounts—Short Course
https://www.fas.scot/Understanding-Farm-Accounts/

Benchmarking has its limitations: Some variation within farm type will reflect farming in a kinder area. Performance will also vary between years thanks to simply being unlucky with the weather or selling at the wrong time. Therefore, when benchmarking try to establish "current performance" based on the past few years. **The best comparator for benchmarking is against yourself to track performance year on year.**

@FASScot

The European Agricultural Fund for Rural Development
Europe investing in rural areas

SAC CONSULTING

Scottish Government
Riaghaltas na h-Alba
gov.scot

@FASScot