

www.farmbusinessbenchmark.defra.gov.uk

Farm Business Benchmarking Online

Management Accounting for Farmers



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Introduction

As CAP reform takes hold, farmers find themselves in a brand new business environment. A few months from now you can pretty well produce what you want without first having to think about subsidies. There will be far more choice but this means management decisions take on a new edge. To make sound decisions you will need to know your business's strengths and weaknesses. Farm Business Benchmarking Online will help you - it has been developed to enable users to quickly compare results for their business with results from the Farm Business Survey.

What is the Farm Business Survey?

The Farm Business Survey is an annual survey commissioned by the government. It is carried out by a consortium of researchers who are based, in the main, at Universities around the country. The survey collects a range of management accounting information on all aspects of farmer's and grower's businesses. The survey uses a sample of farms that is representative of the national population of farms in terms of farm type, farm size and regional location.

Why should I use Farm Business Benchmarking Online?

It will enable you to compare financial data for your business with farms that are of a similar type and size to yours. You can compare the

results for your business with average or above average performance in the Farm Business Survey. Performance is measured by the ratio of total farm output to total inputs – the higher the ratio the better the performance.

What will I Need?

You will need the latest set of financial accounts (often called the 'tax accounts'). The program has been designed so that the figures in the accounts for your business should be on a similar basis to the figures in the program.

What conclusions should I draw when I use the Program?

The comparisons will show you how the revenue, costs and profit for your business compare with others. It will indicate where there may be room for improvement in the performance of your business, through reducing costs, increasing output or both.

Where do I go from here?

Once you have used the tool, consider carefully what the comparisons are showing but do not rush to conclusions. Consider seeking advice from one of the organisations listed under the 'further business advice' link

Questions and answers:

Can I run this program on my computer?

It will run on any PC as long as it has a web browser and connection to the internet

How long will it take?

It shouldn't take longer than about 30 minutes but this will depend in part on how much information you need to enter. The length of time might depend on the quality of the connection to the internet. The time of day you log on may have a bearing on this.

Can you give examples of how it could help my business?

The program allows you to see where your business sits in relation to others of a similar type and size. Not just in terms of profitability but also in terms of output and costs.

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Questions and answers (continued):

How detailed is it?

It provides quite a lot of detail, particularly with costs. It can for example show how machinery depreciation or machinery repairs costs for your business compare with those from farms in the Farm Business Survey. In this way it will provide some initial but very valuable clues as to where you could best concentrate efforts when examining your business.

What if my accounts are not set up in the same way as they are in the program?

It should not matter – there are instructions to guide you through the program and a set of descriptions to explain what is included in the different terms, such as machinery costs, labour costs etc.

Where can I find it?

www.farmbusinessbenchmark.defra.gov.uk

The screenshot shows the Defra Farm Business Benchmarking Online website. The browser window title is "Defra, UK - Farming - Microsoft Internet Explorer provided by Defra". The address bar shows "http://www.defra.gov.uk". The page features the Defra logo and navigation links. The main heading is "Farm management accounting Farm Business Benchmarking Online Farm Business Survey (FBS)".

Farm classification

Please make your selection from each category below.

Country: Farm Type: Farm Size:

Please note that all results are from the 2002/03 Farm Business Survey (FBS) database, where the year end of the farm accounts falls between 1 August 2002 and 31 July 2003.

Comparative Analysis Page

FBS Values

There are 37 farms in the FBS (all performers) sample fitting the above farm classifications. The values for the resources listed below are averages for the FBS Population.

Your Values

Enter your values below, items in bold will be calculated automatically upon clicking the "Compare with FBS" button.

Compare with: Performance Performance

Compare with FBS (All Performers)

	Unit	Value	Unit	Value	Comparison
1. Total farmed area	Ha	27	27		
1. Sales & subsidies	£	4950	a	415	Average
2. Cost of sales	£	1500	b	240	Average to High
3. Gross profit (a/b)	£	3450	c	50	Average
Fixed costs & overheads					
1. Wages & salaries	£	100	20	200	Average to High
2. Machinery repairs	£	200	20	20	Low
3. Machinery, fuel and oil	£	100	10	20	Low
4. Contract work	£	120	50	5000	High
5. Other machinery and repair expenses	£	100	0	5000	High

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Comment from Anthony Hyde, Chief Executive, BIAC (British Institute of Agricultural Consultants):

“ I welcome Defra’s continued commitment to providing farmers with relevant business information so that they can make comparisons with their own farm operations. Relevant ‘benchmarking’ provides the basis for sound decision making and BIAC, who represents the views of independent consultants throughout the UK, sees the Farm Business Benchmarking Online as another tool for this work ”

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