

Farm statistical survey 2016

Mixed Cropping

2016 Farm statistical survey

Produced by Alexanders in association with Brown Glassford

Background

- The survey data has been taken from the two Practices' clients' actual Financial Statements for the 2016 year. As in previous years, we have combined the survey so that all farm sector groups have a reasonably sound sample size.
- All financial data is GST exclusive.
- Most of the balance dates are 31/3/2016, 31/5/2016 or 30/6/2016.
- The averages referred to are per farm and as per that farm's actual Financial Statements for the 2016 year - the averages are not weighted averages which would produce slightly different data again – as a result of this there is some rounding of data.
- Benchmark. On the right hand side of each survey summary for each sector, we have shown the average figures for the top 10% based on the interest return on total farm capital employed. Figures in the right column are the average of those top farms for each statistic. We could have chosen other benchmarks or several benchmarks but the interest return on total farm capital employed means we can compare farmers with differing levels of debt, scale and production and also make a comparison between sectors. This approach also means we are looking at both the income and expense side of the equation, and the net farm profit, whereas some benchmarks and ratios look at specific areas and issues very well but many are only looking at one side of the equation. We readily acknowledge though that there could be other benchmark approaches equally meaningful.

Key statistics

	Overall Average 2012	Overall Average 2013	Overall Average 2014	Overall Average 2015	Overall Average 2016	Benchmark Group 2016	Your Figures
Area Cropped Grain & Seeds (Ha)	257	255	252	250	267	358	
FWE as a % of GFI	56.4%	60.5%	63.2%	60.2%	61.0%	53.3%	
Interest & Rent Paid as a % of GFI	15.3%	16.0%	15.2%	16.1%	16.3%	13.4%	
Net Farm Profit	\$196,646	\$216,104	\$214,754	\$157,618	\$187,897	\$522,546	
Gross Profit Cropping per Ha	\$3,631	\$3,892	\$3,750	\$3,634	\$3,407	\$4,328	
Ave Sale Value Lambs	\$146.70	\$108.54	\$104.96	\$114.28	\$107.01	\$112.08	
Net Plant Purchases	\$146,538	\$133,414	\$132,586	\$157,469	\$130,605	\$120,666	
Est Total Farm Capital (TFC)	\$7,714,413	\$7,891,840	\$8,349,990	\$8,672,113	\$10,339,128	\$10,100,833	
Total Term Debt	\$1,800,541	\$1,770,139	\$2,132,453	\$2,063,159	\$2,645,853	\$3,277,900	

Key features

1. Cropped area very similar over the last 5 years – 5 year average 256 ha.
2. GFI \$1,479,159 – average over last 5 years has been \$1,361,119.
3. FWE \$907,359 - average over last 5 years has been \$840,115.
4. FWE as a % of GFI is 61% - average over last 5 years has been 60.3%.
5. Interest + rent paid as % of GFI 16.3% - average over last 5 years has been 15.8%.
6. Net profit \$187,897 - average over last 5 years has been \$194,603.
7. Gross profit per cropped ha \$3,407 - average over last 5 years has been \$3,663.
8. Average sale value of lambs \$107.01 - average over last 5 years has been \$116.30.
9. Net plant purchases \$130,605 - average over last 5 years has been \$140,122.
10. Term debt \$2,645,853 - average over last 5 years has been \$2,082,429 from 2012 to 2016 term debt has increased by \$845,000 or 47%.
11. The Benchmark Group (top 10% based on interest earned on TFC employed) were:
 - Cropped area higher by 91 ha or 34% but also 22% higher land area overall
 - Lower FWE as a % of GFI
 - Higher return per ha cropped (higher by \$921 per ha or 27%)
 - Both groups have a very sound net equity of \$6,500,000 - \$7,500,000

Top group has more scale

34%
higher

Top group has higher gross return per hectare cropped

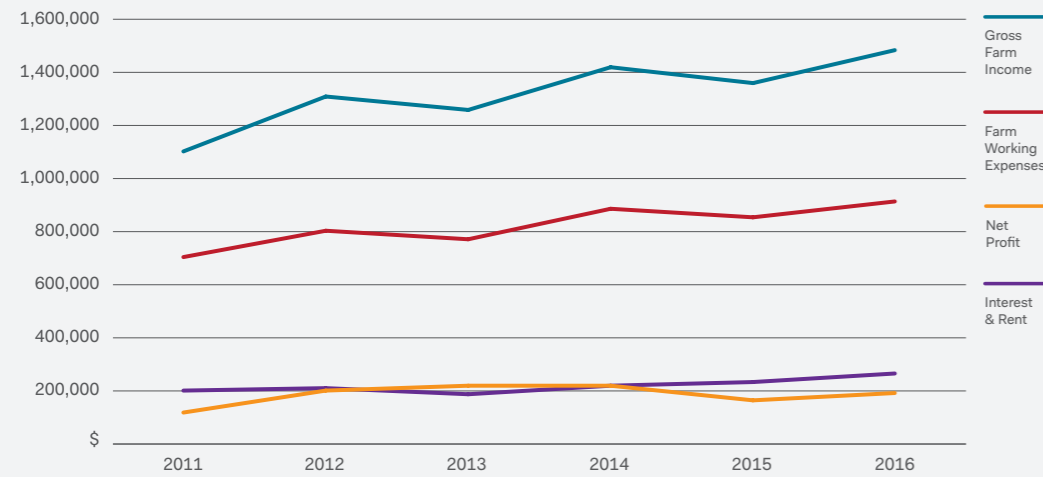
\$3,407 overall **\$4,328** top 10%

Survey

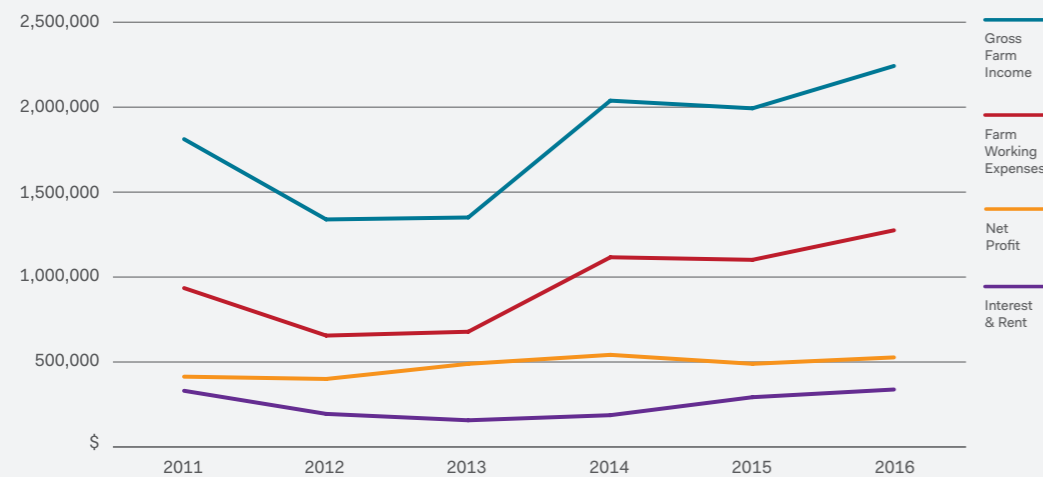
	Overall Average 2012	Overall Average 2013	Overall Average 2014	Overall Average 2015	Overall Average 2016	Benchmark Group 2016	Your Figures
Total Effective Area Farmed (ha) (EGA)	326	317	331	345	356	433	
Area Cropped Grain & Seeds (Ha)	257	255	252	250	267	358	
Gross Farm Income (GFI)	\$1,304,081	\$1,251,971	\$1,414,353	\$1,356,033	\$1,479,159	\$2,241,493	
Farm Working Expenses (FWE)	\$796,797	\$764,558	\$881,513	\$850,350	\$907,359	\$1,269,140	
FWE as a % of GFI	56.4%	60.5%	63.2%	60.2%	61.0%	53.3%	
Interest & Rent Paid	\$206,923	\$180,960	\$213,701	\$226,815	\$261,824	\$336,598	
Interest & Rent Paid as a % of GFI	15.3%	16.0%	15.2%	16.1%	16.3%	13.4%	
Net Farm Profit	\$196,646	\$216,104	\$214,754	\$157,618	\$187,897	\$522,546	
Net Farm Profit as a % of GFI	20.7%	15.9%	13.4%	15.6%	12.9%	28.4%	
Gross Profit Cropping Account	\$1,015,264	\$999,473	\$1,089,441	\$1,047,428	\$1,132,214	\$1,604,116	
Gross Profit Cropping per Ha	\$3,631	\$3,892	\$3,750	\$3,634	\$3,407	\$4,328	
Gross Profit Cropping as a % of GFI	69.3%	72.8%	67.6%	68.7%	67.4%	69.8%	
Gross Profit Sheep	\$147,092	\$91,962	\$139,117	\$155,969	\$164,312	\$270,253	
Ave Sale Value Lambs	\$146.70	\$108.54	\$104.96	\$114.28	\$107.01	\$112.08	
Net Plant Purchases	\$146,538	\$133,414	\$132,586	\$157,469	\$130,605	\$120,666	
GFI To Plant Ownership	3.1	2.7	2.8	2.5	2.1	3.4	
Weed & Pest per Cropped Area	\$374	\$337	\$337	\$356	\$429	\$433	
Fertiliser per Total EGA	\$432	\$437	\$377	\$419	\$388	\$452	
Personal Drawings (excl Allowances)	\$60,325	\$68,882	\$75,452	\$69,013	\$70,748	\$76,014	
Est Total Farm Capital (TFC)	\$7,714,413	\$7,891,840	\$8,349,990	\$8,672,113	\$10,339,128	\$10,100,833	
Est TFC/EGA	\$25,027	\$26,363	\$25,815	\$25,731	\$29,509	\$23,236	
Est Interest on TFC	4.3%	4.3%	4.5%	3.4%	3.4%	7.1%	
Total Term Debt	\$1,800,541	\$1,770,139	\$2,132,453	\$2,063,159	\$2,645,853	\$3,277,900	
Term Debt as % of TFC	22.9%	23.9%	28.7%	24.7%	22.5%	31.4%	
Earnings Before Interest, Rent & Tax (EBIT)	\$403,569	\$387,511	\$416,322	\$384,433	\$435,618	\$769,828	
EBIT as a % of GFI	36.0%	31.6%	28.3%	30.2%	28.8%	39.2%	
EBIT per Cropped Ha	\$1,570	\$1,226	\$1,184	\$1,131	\$1,022	\$1,681	
"Misery Index"	72%	76%	78%	76%	77%	67%	

Glossary

Average GFI, FWE, Interest + Rent & Net Profit 2011-2016



Benchmark GFI, FWE, Interest + Rent & Net Profit 2011-2016



Farm working expenses as a % of gross farm income

61.0%

overall

53.3%

top 10%

Interest/Rent paid as a % of gross income

16.3%

overall

13.4%

top 10%

SU

Stock Units (or Ewe Equivalents).

GFI

Gross Farm Income.

FWE

Farm Working Expenses.

Personal Drawings (excluding allowances)

Personal Drawings but excluding:

- Life Assurance
- Personal Insurances
- Superannuation
- Taxation
- Personal Insurance, Electricity & Car Allowances
- School Fees
- Health & Sickness Insurance
- Personal ACC Levies.

Net Plant Purchases

Gross Capital Plant Purchases less Capital Plant Sales/Trade-ins.

TFC

Estimated Total Farm Capital Employed in the farming operation in the form of Land, Stock & All Plant (+ Dairy Shares where relevant).

EGA

Effective Grazing or Milking Area (in hectares).

ACM

Average Cows Milked (usually taken at or around early to mid January each year).

MS (kg)

Milk Solids (kg).

EBIT

Gross Earnings before interest and tax = Gross Farm Income less all expenses except Interest and/or Rent and Income Tax.

Net Farm Profit

True Net Farm Profit (calculated after allowing for and adjusting for any livestock number and class number changes and being reflected at the current year's Herd Scheme Values and after deducting FWE, interest, rent and depreciation).

GFI to Plant Ownership

The relationship of the Gross Farm Income to the book value of plant at year's end. The lower the number the more the exercise has excess plant or insufficient GFI or a combination of the two.

Total Term Debt

Includes all external debt and family debt. Some family debt may involve a low to nil interest cost.

Interest Earned on Total Farm Capital Employed (TFC)

The net farm profit plus added back interest and/or rent paid less a wages of management figure for one or both spouses as is appropriate, divided by the estimated value of the total assets employed re land, buildings, stock and plant. Where land is rented from external parties its value in general is not included in the TFC.

Farm Sector Groups

It is fair comment that some farms could fit either in whole or in part into several different farm sector groups but this would generally only apply to about 5% of the total. The comment applies to several downlands and several hill country farms.

'Misery Index'

The sum of the FWE to GFI ratio and the interest and/or rent paid to GFI ratio. Where the sum is above 80% unless the scale is significant it almost invariably means trouble because it could well mean that more than one key benchmark is being broken at any one point in time.

BG

Benchmark Group.

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