



Arable Cropping Benchmarking Report 2022 Financial Year

brophy | knight

chartered accountants and business advisers

Welcome to the Brophy Knight Limited Arable Cropping Benchmark Report covering the 2021/2022 season.

Method

This year's sample includes 48 arable cropping farms from our client base. We have then grouped the Top 5 Farms and Bottom 5 Farms based on the Total Economic Farm Surplus result for the year. All results presented for the Top 5 Farms and Bottom 5 Farms are averaged results including the totals. We have also presented the Average results for the whole sample. Where appropriate we have made adjustments to normalise the results. The copy that we have sent to you also has your individual farm result, for ease of comparison and also includes a comparison of your individual farm across the past 5 years for which we have data available.

Result Highlights

Top 5 Farms (Comparison of 2021 year to 2022 year)

When comparing the 2021 to 2022 years average results of the Top 5 Farms, we noted the following:

- Per hectare, Cropping Income was up 16%, Sheep Income was up 400%, Cattle Income was up 90%, Grazing Income was down 20% and Sundry Farm Income was up 49% compared to the 2021 year.
- Total Gross Farm Incomes were up \$389,601 on the prior year, Total Farm Expenses up \$190,675 and Economic Farm Surplus was up \$198,926.
- Gross Farm Income for the 2022 year was \$5,817/ha and Total Farm Expenses \$3,222/ha
- Per hectare, Fertiliser were up 40%, Weed & Pest was up 12.5%, Labour Costs up 10%, Irrigation Electricity down 6% and Other Operating Costs were up 33%
- Rental Paid has decreased 26% and Interest Paid has increased 19%
- Economic Farm Surplus at \$2,595/ha was 46.6% of Total Gross Farm Income compared to 43.9% last year

Bottom 5 Farms (Comparison of 2021 year to 2022 year)

When comparing the 2021 to 2022 years average results of the Bottom 5 Farms, we noted the following:

- Per hectare, Sheep Income was down 62%, Cattle Income was up 563%, Grazing Income was up 167%, Cropping Income was down 39%, Sundry Farm Income was up 107%
- Gross Farm Incomes were up \$469,892 in 2022, while the Economic Farm Surplus decreased \$38,508. Total Farm Expenses were up \$508,400, it should be noted that this increase was largely due to the \$403,671 increase in Other Operating Costs
- Gross Farm Income for the 2022 year was \$3,671/ha and Total Farm Expenses \$3,402/ha
- Per hectare, Fertiliser was down 24%, Labour Costs were down 27%, Weed & Pest was down 44.7%, Irrigation Power was down 45% and Other Operating Costs were up 53%
- Interest Paid has increased 96% and Depreciation has also increased 112%
- Economic Farm Surplus at \$269/ha was 7.3% of Total Gross Farm Income compared to 20.1% last year

Average (Comparison of 2021 year to 2022 year)

When comparing the 2021 to 2022 years average results for all participants, we noted the following:

- Cropping Income was up 5%/ha compared to 2021 and Grazing Income saw a 15%/ha increase. Sheep Income was up 68%/ha and Cattle Income decreased by 11%/ha
- Total Gross Farm Income increased \$472/ha or 10% over the period. Total Farm Expenses increased over the year by only \$433/ha or 15%, resulting in an increase in the Economic Farm Surplus of \$39/ha or 2%
- Gross Farm Incomes were up \$233,354 on the prior year, Total Farm Expenses were up \$189,668 and Economic Farm Surplus was up \$33,686
- Gross Farm Income for the 2022 year was \$5,054/ha and Total Farm Expenses were \$3,247/ha and Economic Farm Surplus \$1,806/ha
- Per Hectare, Fertiliser was up 34%, Weed & Pest was up 14.7%, Labour Costs were up 13% Irrigation Electricity was down 21% and Other Operating Costs were up 14%
- Economic Farm Surplus was 35.7% of Total Gross Income compared to 38.6% last year

Other

- Effective Hectares overall in our sample increased from 356 ha in the 2021 year to 367 ha in the 2022 year. The Bottom 5 Farms increased from 148 ha in 2021 up to 284 ha in 2022. But there was a decrease in the Top 5 Farms Effective Hectares, decreasing from 800 ha in 2021 to 716 ha in the 2022 year
- Total Debts at the end of 2022 for all participants averaged \$4.74m at \$12,925/ha. The Top 5 Farms Total Debt increased by 18% up to \$10.59m or \$14,791/ha and the Bottom 5 Farms also increased by 126% to \$3.44m or \$12,132/ha. It is worth noting that our Total Debt figure excludes 'family' debt which may be on the balance sheet. We only include debt funding where there is an expectation of repayment. Also, the farms included in the Top 5 Farms and Bottom 5 Farms data vary each year based on their Economic Farm Surplus
- Net Capital Expenditure (excluding land) has decreased by \$252,699 down to (\$106,215) in 2022, as compared to Net Capital Expenditure of \$146,484 in 2021 – it is the first time in our benchmarking, since 2010, where the average Net Capital Expenditure has shown a negative result. Net Capital Expenditure for the 2022 year averaged (\$289)/ha

Five Year Income Trend

- Over the past five years (2018 – 2022) the average Total Gross Farm Income has increased by 37.18% or 26.66%/ha, Total Farm Expenses have also increased over this period by 34.58% or 24.26%/ha and Net Economic Farm Surpluses have increased by 42.1% or 31.21%/ha. Effective hectares have increased by 28ha over this 5 year period.

Please contact us if you have any feedback on this report or require any further explanation of the details.

Arable Cropping Benchmark Report For the 2022 Financial Year

	Sample	Avg Top 5 Farms	Avg Bottom 5 Farms	Median	Average
Effective Hectares	48	716	284	308	367
Farm Income					
Sheep Account	41	688,620	80,911	237,215	287,432
<i>Sheep Farming Per Hectare</i>		961	285	771	784
Cattle Account	15	537,552	211,170	185,042	226,430
<i>Cattle Farming Per Hectare</i>		751	744	602	617
Grazing Income	29	218,432	417,640	177,208	265,386
<i>Grazing Per Hectare</i>		305	1,471	576	723
Cropping Account	48	3,294,978	439,194	973,070	1,266,742
<i>Produce Per Hectare</i>		4,601	1,547	3,164	3,453
Sundry Income	48	168,752	77,230	83,473	110,344
Total Gross Farm Income		4,165,823	1,041,967	1,437,384	1,853,697
<i>Income Per Hectare</i>		5,817	3,671	4,674	5,054
Farm Expenses					
Administration Costs	48	39,823	31,308	27,581	31,991
<i>Administration Costs Per Hectare</i>		56	110	90	87
Fixed Costs	48	102,813	41,965	55,204	63,700
<i>Fixed Costs Per Hectare</i>		144	148	180	174
Fertiliser	48	506,816	120,632	197,164	246,532
<i>Fertiliser Per Hectare</i>		708	425	641	672
Labour Costs	37	213,281	130,868	87,062	112,305
<i>Labour Per Hectare</i>		298	461	283	306
Weed & Pest	48	458,309	71,928	149,415	211,267
<i>Weed & Pest Per Hectare</i>		640	253	486	576
Irrigation Power	48	77,889	9,315	37,185	47,136
<i>Irrigation Power Per Hectare</i>		109	33	121	129
Other Operating Costs	48	951,213	611,930	395,060	503,967
<i>Operating Costs Per Hectare</i>		1,328	2,156	1,285	1,374
Total Farm Expenses		2,307,488	965,599	1,014,689	1,191,162
<i>Total Farm Expenses Per Hectare</i>		3,222	3,402	3,299	3,247
<i>% of Gross Farm Income</i>		55.4%	92.7%	70.6%	64.3%
Economic Farm Surplus / (Deficit)		1,858,335	76,369	554,813	662,535
<i>Net Return Per Hectare</i>		2,595	269	1,804	1,806
<i>% of Gross Farm Income</i>		44.6%	7.3%	38.6%	35.7%

Arable Cropping Benchmark Report For the 2022 Financial Year

	Sample	Avg Top 5 Farms	Avg Bottom 5 Farms	Median	Average
Interest Paid	47	349,722	119,479	126,634	159,405
<i>Interest Coverage Ratio</i>		<i>5.3 Times</i>	<i>1.9 Times</i>	<i>4.3 Times</i>	<i>7 Times</i>
Rental Paid	21	255,288	15,234	33,414	90,674
Depreciation	48	353,810	159,539	146,474	181,753
<i>Depreciation Per Hectare</i>		<i>494</i>	<i>562</i>	<i>476</i>	<i>495</i>
Net Earnings / (Loss) Before Tax		758,972	(61,418)	294,865	327,343
<i>Net Earnings Per Hectare</i>		<i>1,060</i>	<i>(216)</i>	<i>959</i>	<i>892</i>

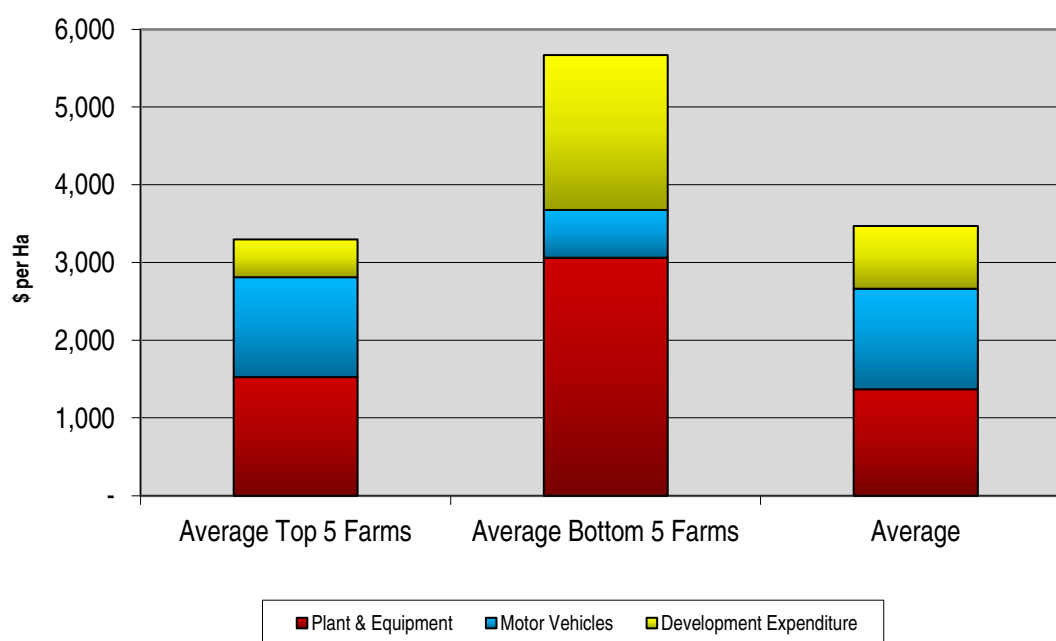
Indebtedness

Total Debts	47	10,593,459	3,443,487	3,797,279	4,741,212
<i>Per Hectare</i>		<i>14,791</i>	<i>12,132</i>	<i>12,348</i>	<i>12,925</i>

Capital Items at Book Value

Net Capital Purchases	47	1,231,097	440,467	81,295	(106,215)
Plant & Equipment	47	1,092,171	869,824	369,679	502,230
<i>Per Hectare</i>		<i>1,525</i>	<i>3,064</i>	<i>1,202</i>	<i>1,369</i>
Motor Vehicles	48	920,294	174,067	304,184	475,316
<i>Per Hectare</i>		<i>1,285</i>	<i>613</i>	<i>989</i>	<i>1,296</i>
Development Expenditure	43	349,953	565,671	199,694	295,189
<i>Per Hectare</i>		<i>489</i>	<i>1,993</i>	<i>649</i>	<i>805</i>

Fixed Assets per Hectare



Arable Cropping Benchmark Report Five Year Comparison Average

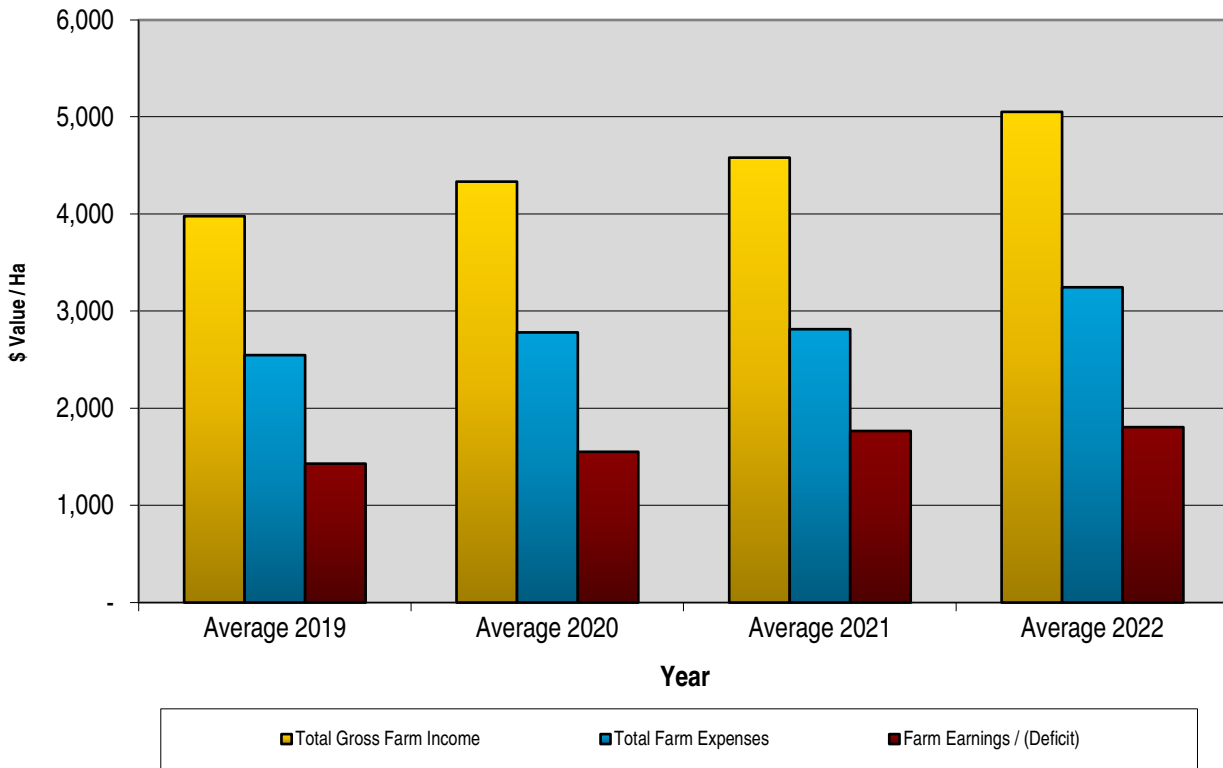
	2018	2019	2020	2021	2022
Effective Hectares	339	340	357	356	367
Farm Income					
Sheep Account	176,637	230,516	240,343	165,582	287,432
<i>Sheep Farming Per Hectare</i>	522	677	674	465	784
Cattle Account	169,021	189,145	225,292	248,162	226,430
<i>Cattle Farming Per Hectare</i>	499	556	632	697	617
Grazing Income	186,818	169,722	206,794	224,346	265,386
<i>Grazing Per Hectare</i>	552	498	580	630	723
Cropping Account	946,828	968,051	1,054,181	1,172,411	1,266,742
<i>Produce Per Hectare</i>	2,796	2,843	2,955	3,295	3,453
Sundry Income	90,713	89,584	83,885	88,810	110,344
<i>Sundry Income Per Hectare</i>	268	263	235	250	301
Total Gross Farm Income	1,351,337	1,419,159	1,541,687	1,630,343	1,853,697
<i>Income Per Hectare</i>	3,990	4,168	4,322	4,582	5,054
Farm Expenses					
Administration Costs	25,260	25,400	30,667	29,255	31,991
<i>Administration Costs Per Hectare</i>	75	75	86	82	87
Fixed Costs	46,776	51,562	52,753	59,857	63,700
<i>Fixed Costs Per Hectare</i>	138	151	148	168	174
Fertiliser	148,280	166,345	188,204	178,618	246,532
<i>Fertiliser Per Hectare</i>	438	489	528	502	672
Labour Costs	87,669	84,851	96,375	96,580	112,305
<i>Labour Per Hectare</i>	259	249	270	271	306
Weed & Pest	157,166	164,421	164,714	178,610	211,267
<i>Weed & Pest Per Hectare</i>	464	483	462	502	576
Irrigation Power	48,429	40,911	61,748	57,654	47,136
<i>Irrigation Power Per Hectare</i>	143	120	173	162	129
Other Operating Costs	388,982	390,404	416,948	427,147	503,967
<i>Operating Costs Per Hectare</i>	1,148	1,147	1,169	1,200	1,374
Total Farm Expenses	885,106	908,714	990,077	1,001,494	1,191,162
<i>Total Farm Expenses Per Hectare</i>	2,613	2,669	2,776	2,815	3,247
<i>% of Gross Farm Income</i>	65.5%	64.0%	64.2%	61.4%	64.3%
Economic Farm Surplus / (Deficit)	466,231	510,444	551,610	628,849	662,535
<i>Net Return Per Hectare</i>	1,377	1,499	1,546	1,767	1,806
<i>% of Gross Farm Income</i>	34.5%	36.0%	35.8%	38.6%	35.7%

Arable Cropping Benchmark Report Five Year Comparison

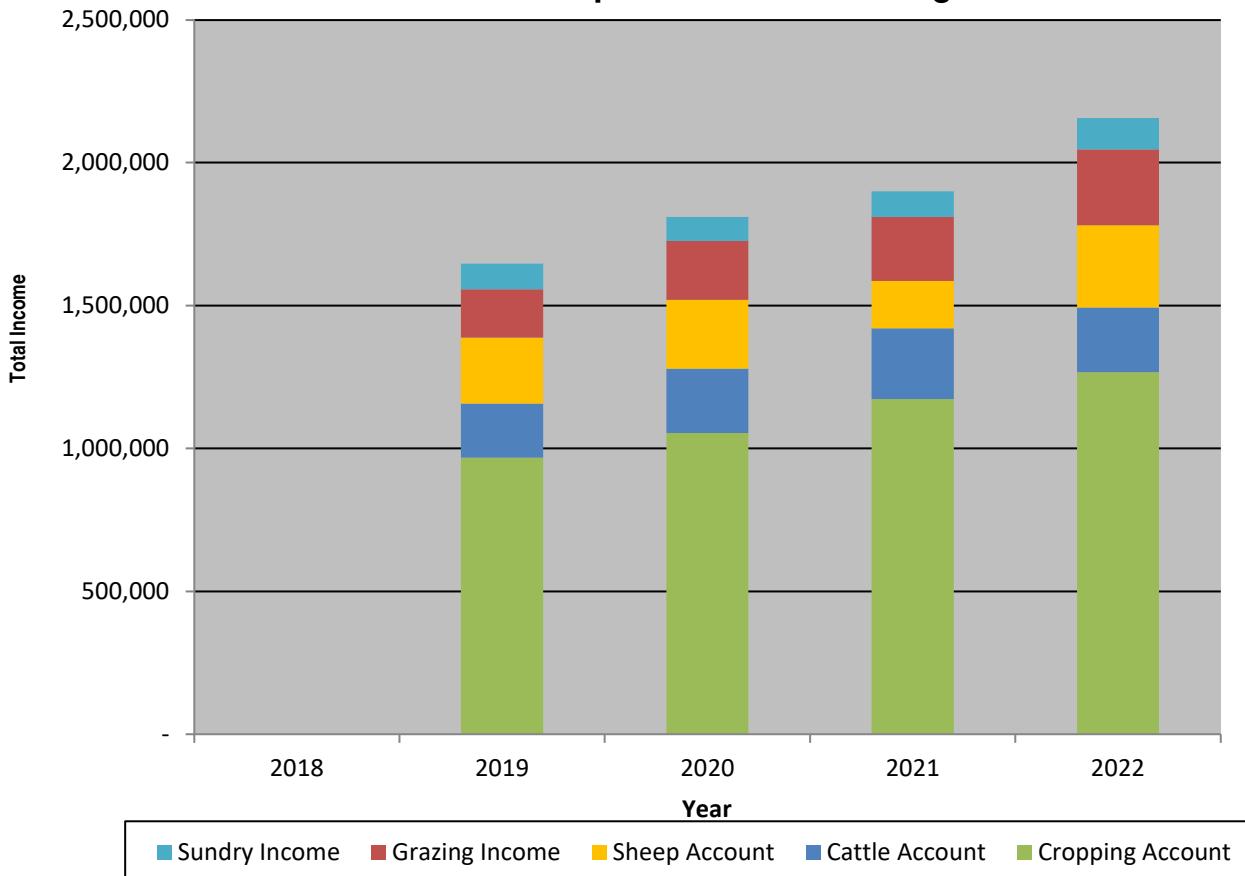
Average

	2018	2019	2020	2021	2022
Interest Paid	190,052	201,240	192,324	157,479	159,405
<i>Interest Coverage Ratio</i>	7.9 Times	5.7 Times	6.8 Times	6.4 Times	7 Times
Rental Paid	82,213	85,685	91,681	68,972	90,674
Depreciation	171,601	168,162	173,816	179,901	181,753
<i>Depreciation Per Hectare</i>	507	494	487	506	495
Net Earnings / (Loss) Before Tax	146,333	158,809	219,377	331,911	327,343
<i>Net Earnings Per Hectare</i>	432	466	615	933	892
Indebtedness					
Total Debts	4,410,163	4,536,800	4,656,768	4,453,417	4,741,212
<i>Per Hectare</i>	13,021	13,324	13,055	12,515	12,925
Capital Items at Book Value					
Net Capital Purchases	671,960	299,325	271,066	146,484	(106,215)
Plant & Equipment	421,851	431,201	444,760	464,708	502,230
<i>Per Hectare</i>	1,246	1,266	1,247	1,306	1,369
Motor Vehicles	447,586	420,687	452,147	459,758	475,316
<i>Per Hectare</i>	1,322	1,236	1,268	1,292	1,296
Development Expenditure	309,153	289,195	316,651	309,616	295,189
<i>Per Hectare</i>	913	849	888	870	805

Income, Expenses & Profit per Hectare



Income Comparison 5 Year Average





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Services Provided

- Preparation of annual financial accounts
- Monthly or periodic accounting and taxation advice.
- GST Returns
- Payroll processing and reporting
- Farm budgeting including dairy farm conversion
- Costing
- Share valuation work
- Investigation and restructuring services
- Company, trust and estate administration
- All aspects of farm financing advice
- Succession planning

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