



GSC GRAYS
PROPERTY • ESTATES • LAND

FBAS CASE STUDY MIXED FARM

FARM BACKGROUND

- A traditional owner-occupied farming business.
- 400 acre mixed farm.
- The business operates a traditional arable rotation and purchases, on average, 60hd of store cattle per annum.
- Labour is predominantly family members with limited use of contractors as necessary.
- Family members have the skills and desire to earn money from off-farm employment.

FARM OBJECTIVES

The reduction in BPS income and rising input costs has put significant pressure on what historically has been a profitable business supporting three families. The client was concerned about increasing reliance on overdraft facilities which had previously not been required.

At the FBAS half day business review the client's objectives were to identify/understand:

1. How to address the impact of the reduction of BPS on farm profitability.
2. The working capital requirements for each of the current farming systems/enterprises.
3. The options for alternative income streams to increase overall farm profitability.
4. The opportunities for the partners to generate off-farm income.

FBAS SOLUTION

Following the initial review, the client was referred to the two-day FBAS Budgeting & Financial Planning consultancy service. Through this free service, we undertook a budgeting exercise and enterprise review to make recommendations on how to best manage the cash position of the business.

Options considered included:

- Removing the store cattle enterprise.
- Exploring contract farming opportunities.
- Introducing a B&B pigs enterprise.
- Opportunities available from Countryside Stewardship schemes.

The business review showed that greater profitability, an improved cashflow position and a reduction in working capital pressure were possible. These were most evident through replacing the cattle business with B&B pigs alongside implementing a Countryside Stewardship Mid-Tier scheme. The resulting reduction in labour input of the partners would also allow for off-farm income opportunities to be explored further.

CONSULTANT INSIGHT

While the client was anticipating that improvements to the cash position of the business were possible, they were surprised by the level of impact the recommended changes could make while also allowing the possibility for alternative off-farm income streams.

With such significant changes to the enterprise mix of the farm recommended, it was important to consider the implementation strategy. A staged roll out was recommended starting with Countryside Stewardship, allowing time for the opportunities offered by B&B pigs and also contract farming to be explored in greater depth.

This client's concerns about working capital pressures and the cash flow position of their business are not unique. Indeed, nearly 70% of the businesses who have had follow on work through FBAS have required some element of financial planning and we don't envisage this changing soon.