

Farm Business Survey

2012/13

Lowland Grazing Livestock Production in England



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RBR

independent research, data and analysis

Rural Business Research

Acknowledgements

Rural Business Research thanks sincerely all the farmers who have voluntarily provided records and information on which the annual Farm Business Survey, and this report, is based.

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Foreword to the First Series

This report is one of a series being produced based on the results of the Farm Business Survey (FBS) for England. The annual Farm Business Survey is the most comprehensive and independent survey of farm incomes and provides a definitive data source on the economic and physical performance of farm businesses in England. It is conducted by a Consortium comprising the Universities of Cambridge, Newcastle upon Tyne, Nottingham and Reading, and Askham Bryan, Duchy and Imperial Colleges. The Consortium is lead by the University of Nottingham and its members work in partnership, using uniform and standard practices in reporting on their findings to ensure consistent data quality, accuracy and validity. The Survey is financed by Defra and the Consortium values greatly the input of their staff.

These detailed reports for various farm types and enterprises are in addition to the comprehensive Farm Business Survey Reports for Government Office Regions published at www.farmbusinesssurvey.co.uk. The Consortium is seeking by these additional reports to ensure that timely and relevant information is available to farmers, consultants, advisers and other organisations and individuals interested in farming and land management. The analysis and publication of these reports uses data from farm businesses across England, with an individual member of the Consortium undertaking the research analysis. In line with the ethos of the Consortium, these reports present results in such a way as to ensure a significant element of continuity and consistency from one report to the other, whilst also ensuring that each report captures the contemporary issues of relevance to the sector of agriculture in England to which it relates.

We believe these new reports will make a valuable and useful contribution to the farming industry and we commend them to you.

Prof. Martin Seabrook

(Chief Executive of the Consortium)

Spring 2007

Foreword to the Eighth Series

Drawing upon data from the financial year 2012 to 2013, this eighth series of reports arguably represents a turning point in the average financial fortunes of agricultural and horticultural businesses in England. Across the sectors, average Farm Business Income (FBI) fell by 30% from the previous year's results, albeit with specialist pig and poultry farms bucking this trend. Looking across the most recent five years' FBI performance, we may yet look back to the harvest of 2011, and the 2011-12 financial year more generally, and conclude this represented a high point for the industry, in aggregate, at the start of the 2000s. Therefore, as we provide the 2012-13 results for particular farm types and enterprises, it is opportune to consider the driving forces of economic performance as we look to the future.

Having written about Common Agricultural Policy (CAP) reform numerous times within the forewords to these series, one would be forgiven for thinking that we must have by now arrived at a point of certainty and clear policy direction. However, at the start of 2014, while the direction of the CAP is certainly clearer, there remains considerable uncertainty over how the broad CAP reform package that has been agreed will be implemented. The modulation rules over the movement of monies from Pillar I to Pillar II of the CAP will almost certainly lead to a more uncommon implementation of the CAP within the EU, and even within the UK. One of the largest unknowns of the new CAP is how the greening rules will be implemented by member states – discussions of crop rotation and permanent pasture will take on a whole new meaning and focus around the kitchen tables of farm households, while understanding what is meant by an Ecological Focus Area is already bringing forward yet more terminology and rules for farmers and producers to get to grips with.

No preface to the 2012-13 agricultural and horticultural financial year data analysis would be complete without reference to the prevailing climatic conditions over the April 2012 to March 2013 period. After the early spring 2012 drought conditions gave way to one of the wettest summers on record, the main grass and crop growing and harvest season of 2012 will not quickly fade from the memories of those at the sharp end of primary food production. The exceptionally cold late winter of 2012/13 and spring 2013 then placed increased pressures on many businesses, placing immediate financial pressures on livestock farmers. The results presented in this eighth series must therefore be set against the prevailing conditions of this, hopefully atypical, 12 month period. However, the impacts of yields and costs are only part of the story; output prices, exchange rate fluctuations, policy support and diversification opportunities all contribute to the changing fortunes of the various sectors that we report on in our series. As businesses look to the future, all of these aspects, and many more, will be at the forefront of their thinking. To help businesses assess their own strengths, weaknesses, opportunities and threats, we hope that the data and independent analyses contained within *Rural Business Research's (RBR)* series of reports provide useful and essential information to facilitate the task.

Once again, I particularly thank all the farmers and producers who take part in the FBS research programme; without the voluntary contribution of these individual businesses it would not be possible to provide such a breadth and depth of data and information to the wider industry.

Dr Paul Wilson

Chief Executive Officer, Rural Business Research
January 2014

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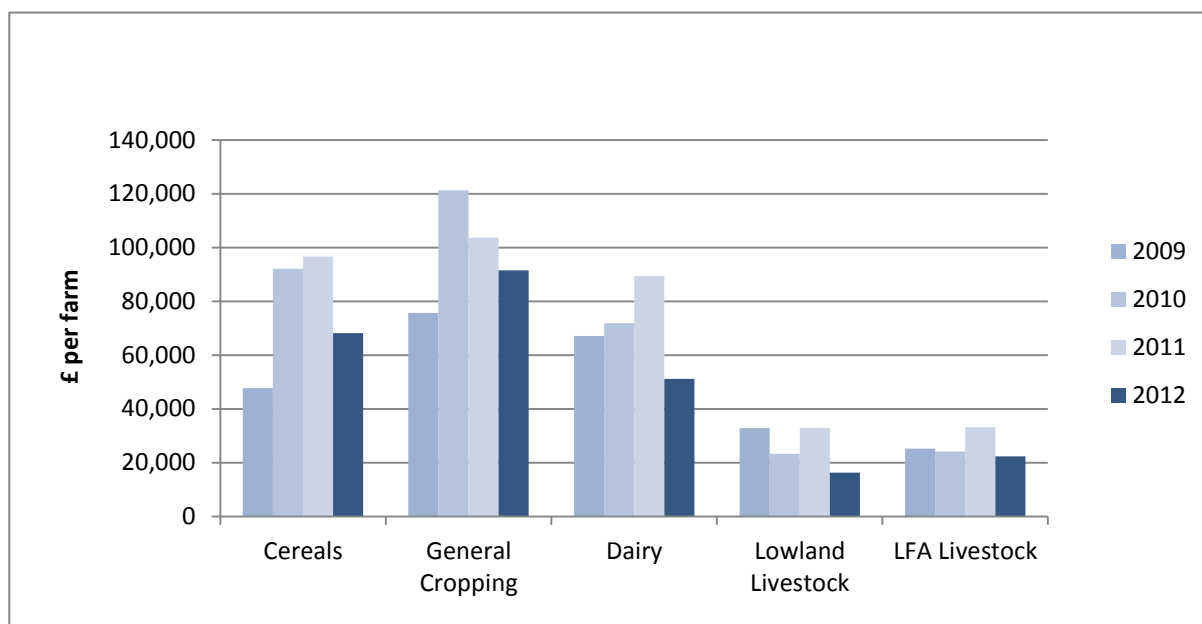
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Summary of Lowland Grazing Livestock Production in England 2012/2013

- Half the agricultural land area of England is grass and grazing land and this area is dominated by permanent grassland thus the importance of grazing livestock to English agriculture is very significant.
- Lowland Grazing Livestock farms account for about 10% of the area of farmed land on commercial holdings in England and account for 22% of the businesses producing 25,000 Euros of Standard Output, the minimum size threshold for participating in the Farm Business Survey. The majority, nearly three quarters, of Lowland Grazing Livestock businesses are small or part-time. Other farm types are, on average, larger businesses.
- As compared to the other lowland land-based farm types in England, the Grazing Livestock farms produce the lowest incomes per farm, per hectare and per annual labour units. For example, Farm Business Income (FBI) per farm was less than a third of the next highest farm type (Dairy) in 2012/2013 but as compared to the LFA Grazing Livestock farms incomes were similar.

Trends in Farm Business Income £ per farm, in England, for selected farm types (in real terms to 2012)



- The average Farm Business Income (which closely resembles farm profit) for 2012/2013 for the Lowland Grazing Livestock farms in England was £16,268 per farm, a decrease of £15,899 compared to the previous year which was the highest ever recorded by this measure of income. In 2012/13, Farm Business Income was only two thirds of the average of the previous five years. The weather conditions in 2013/13 were very difficult for growing, harvesting and utilising grassland and as such had a large influence on the level of livestock production as well as increasing costs.
- There is a wide range in the level of Farm Business Income per farm within the Lowland Grazing Livestock producers. In 2012-2013, 22% of farms had a negative income. Overall, close to two thirds of farms had Farm Business Incomes of less than £20,000. With the decline in the average level of Farm Business Income from the previous year the percentage of businesses now making over £50,000 has decreased by 23% to 8%.
- On average 54% of the land area on Lowland Grazing Livestock farms was owner occupied and the total area farmed was 101.6 hectares. Permanent grassland and rough grazing covers 73% of the area with temporary grassland and fodder crops another 15%. Stocking

rate was low, emphasizing the 'extensive' type of production adopted by this farm type, with only 1.00 Grazing Livestock Units per hectare. Cattle accounted for 69% of these livestock units.

- Farm size is important, with the better performing businesses (based on the ratio of output/input) being much larger farms. The High Performance Band producers farmed more than twice the area of the Low Performance producers but also produced a higher Farm Business Income per hectare, £316 per hectare compared to a loss of £145 per hectare.
- For the average Lowland Grazing Livestock farm in 2012-2013 the value of unpaid labour used by the business (£24,799) and the level of private drawings (£22,866) are similar. Thus these businesses are 'paying' themselves at an appropriate market rate for their labour. For this year the Farm Business Income is more than £8,000 lower than the value of unpaid labour thus not covering living expenses or representing any financial return on their capital invested in the business. This contrasts to 2011/2012 when the FBI was £7,000 higher than the value of the unpaid labour.
- This year's sub-sample of organic producers' farm a similar area to their conventional contemporaries' farm and their Farm Business Income is not significantly different per farm. The organic farms have more output from agri-environmental sources due to their eligibility for extra organic aid, much lower variable costs and similar fixed costs.
- The farms in the EU West Region of England are smaller, with lower incomes per farm, than the other two EU regions in England. The EU North region have the highest incomes per farm and per hectare, with the EU East only £26 per hectare behind.
- With the increase in size of business, as measured by Standard Labour Requirement (SLR), the Farm Business Income (FBI) per farm increases, but there is no consistent trend in FBI per hectare. The Medium size group had the highest per hectare FBI but incomes were lower for both smaller and larger farms.
- The Single Payment Scheme is crucial to the level of income the Lowland Grazing Livestock farms achieve. Without the Single Payment Scheme, the average Lowland Livestock Grazing farm, in England, for 2012-2013 would be making a Farm Business Income loss of £1,151.
- The decline in the Farm Business Income seen in 2012-2013 as compared to the previous year is due to the change to the 'Agriculture' strand of the four 'Cost Centres' and has now returned to making a loss for each of the EU regions and for all farms sizes. In the previous year only Part-time Lowland Grazing Livestock farms made a loss from agriculture.
- From the gross margin analysis the premium (top third) producers, as ranked by gross margin per head, have gross margins close to 75% higher for the lowland beef cows and 57% higher for lowland breeding ewes.
- Comparing the gross margin per hectare across the differing livestock enterprises on the Lowland Grazing Livestock farms, the beef bred cattle finishers have the highest margin followed by beef bred store cattle producers and the lowland breeding ewes. Beef cows have the lowest gross margin per hectare. Due to the difficult season all enterprises have seen a decline in the level of the gross margin per hectare as compared to the previous year but the ranking stays the similar as the previous year with the ewes slipping behind the store cattle producer who moves into second place by ranking.

Lowland Grazing Livestock Production in England 2012/2013

The Structure of the Lowland Grazing Livestock industry

Grazing Livestock farms are classified as farms with more than two-thirds of their total Standard Output produced by cattle and sheep (excluding holdings classified as dairy). A farm is classified as "Lowland" if less than 50% of its total area is in the EC Less Favoured Area. Farm Typology used in this report has been revised in 2010, so comparisons with previous years' data and reports need to be made with care, see Appendix 1.

Lowland Grazing Livestock farms are very important to the agriculture industry in England; they cover over 1.4 million hectares of agricultural land (16%), including 1.2 million hectares of grassland (28%), 1.7 million cattle (30%) and 4.9 million sheep (35%)¹.

Around a quarter (22%) of those farm businesses in England that are eligible for the Farm Business Survey are classified as Lowland Grazing Livestock. Further details are shown in Table 1, which also illustrates the predominance of part-time and small farms. Almost three quarters of lowland grazing livestock farms are classed as either part-time or small. Although similar to cereal farms, this is much higher than for dairy (16%) or general cropping (48%) farms.

Table 1 June Survey 2012 – England farms by size of businesses (selected farm types)²

Number of businesses (thousands)	Lowland Grazing Livestock	Dairy	Cereals	General Cropping	LFA Grazing Livestock	All Types
Part time	4.6	0.2	6.1	1.1	1.8	16.1
Small	4.3	0.9	3.8	1.6	2.1	15.5
Medium	1.6	1.3	1.7	1.1	1.0	8.7
Large	1.7	4.6	2.0	1.9	1.2	15.9
Total	12.1	6.9	13.6	5.6	6.2	56.3
% of All types	22%	12%	26%	10%	11%	

Source: Defra "Farm Accounts in England 2012/2013"

Appendix 2 shows a map of the distribution of Lowland Grazing Livestock farms in England. The majority of these farms are in the western and southern areas of England.

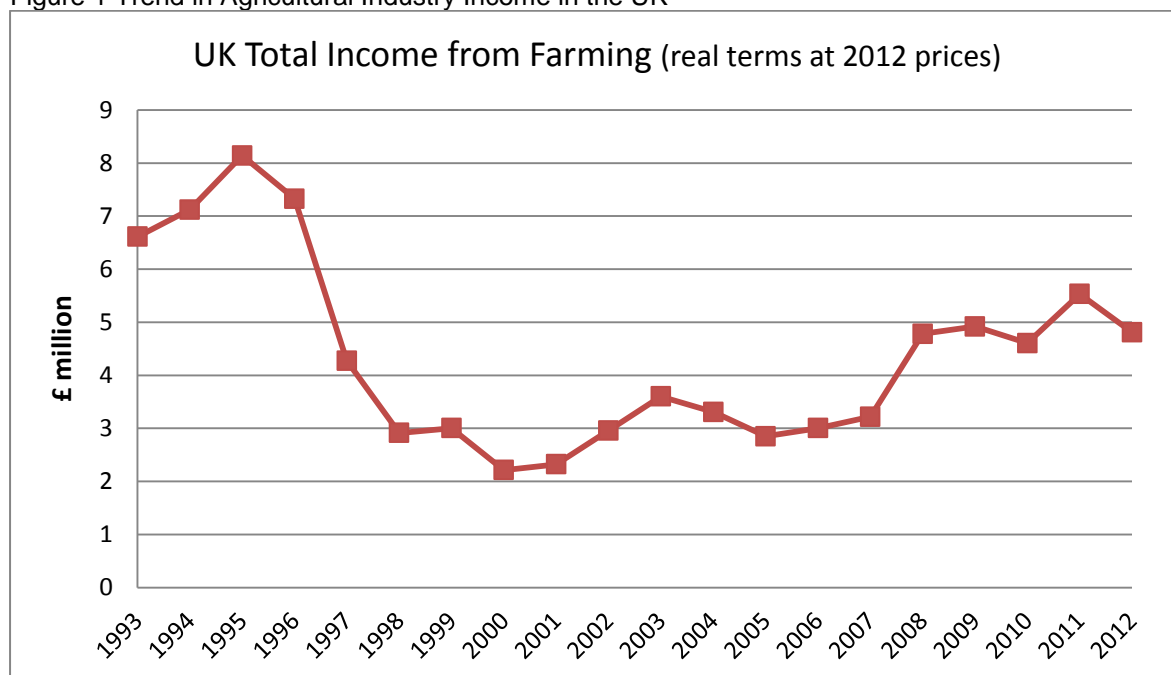
Income trends in agriculture

Total Income from Farming (TIFF) in the UK is often quoted as an indicator of the overall trend in income for agriculture. Figure 1 illustrates TIFF in real terms at 2012 prices, showing a decline in incomes in real terms compared to the mid 1990's. The lowest point in income was seen in 2000, but since then the industry has seen a steady recovery and is now close to three quarters of its level in 1993 but more than double the figure achieved in 2000.

¹ Defra June Census 2010

² see Appendix 1 for explanation the definition of the size groups

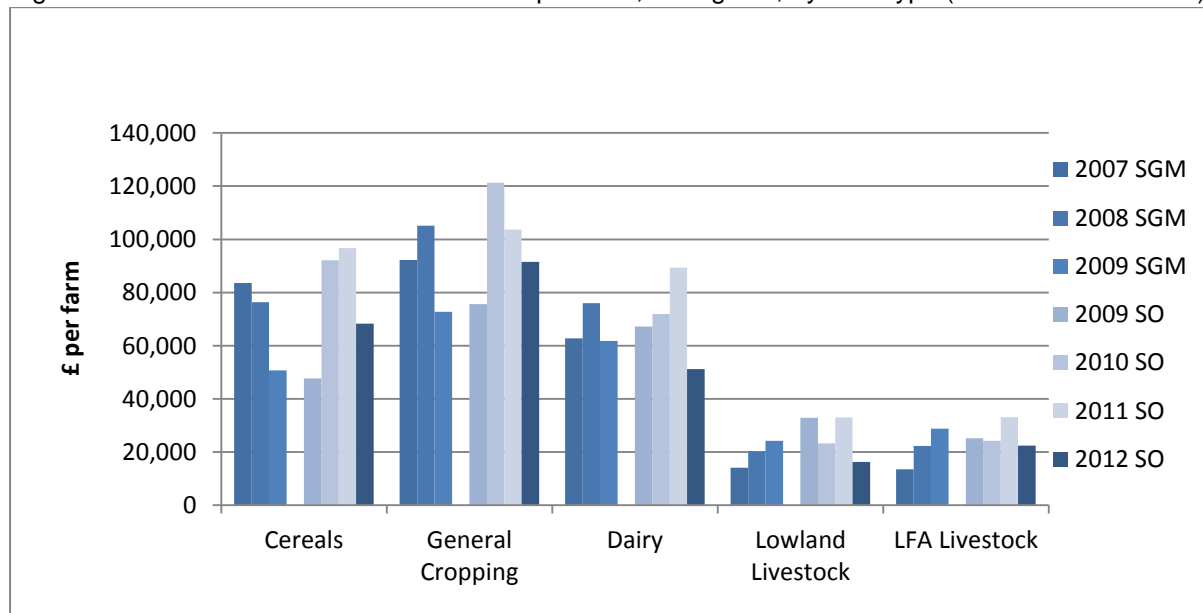
Figure 1 Trend in Agricultural Industry Income in the UK



Source: Defra

Figure 2 illustrates the trends in Farm Business Income per farm in England for the 'land using' farm types important in England from 2007 - 2012. A revised classification of farm typology was introduced in 2010/11 based on Standard Outputs, which caused changes to the distribution of farms by farm type. The trend data thus includes recalculated figures for 2009 based on both the Standard Gross Margin and Standard Output Classifications.

Figure 2 Trends in Farm Business Income £ per farm, in England, by farm type (in real terms to 2012)

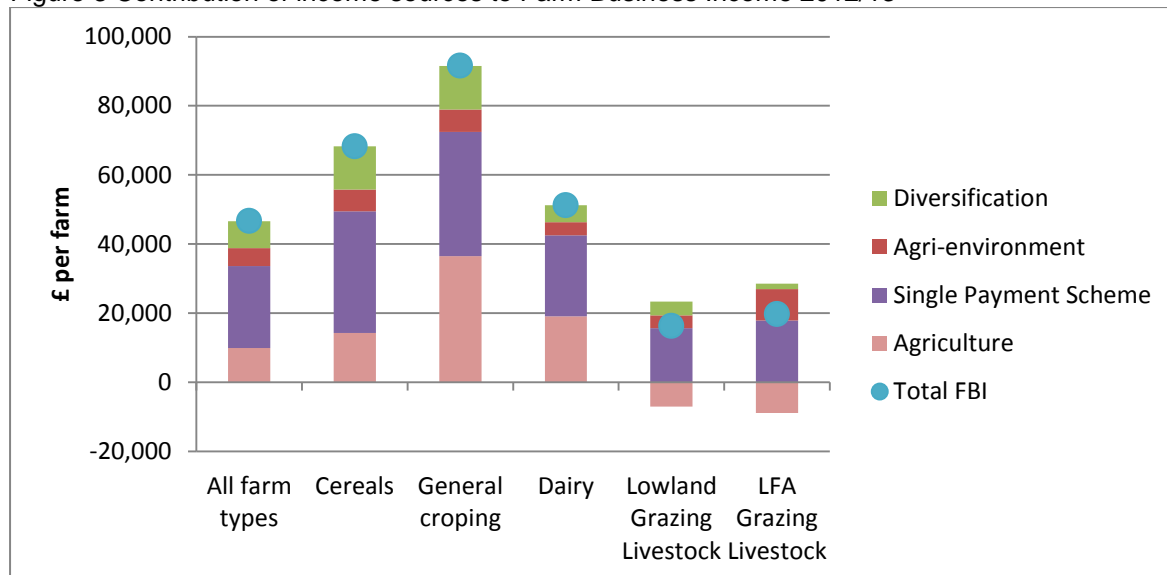


Source: <http://www.farmbusinesssurvey.co.uk>

Further details of the revised classification and its effect on the FBS sample may be found at: <https://www.gov.uk/farm-business-survey-technical-notes-and-guidance>

The Lowland Grazing Livestock businesses have the lowest Farm Business Income of the main land using farm types in lowland England. Since 2005, incomes on Lowland Grazing Livestock farms improved each year, until 2010 when it fell by over a quarter from 2009 (using the Standard Output Classification). In 2011 the Farm Business Income increased again to £32,167 the highest level since 2005, but in 2012 it fell by over a half to £16,268. This is still below the lowest income for any year since 2005 for any of the other farm types, and just over a third of the Farm Business Income of 'All farms' figure for 2012. Note that the column for all farm types includes horticulture, specialist pig and specialist poultry.

Figure 3 Contribution of income sources to Farm Business Income 2012/13



The Grazing livestock farms were the only farm types to make a loss from the Agricultural Cost centre as shown in Figure 3. (Further explanation of the cost centre approach is discussed later in this report). They also had a lower income from the other three cost centres than the Cereals farms and General cropping farms. More details of LFA Grazing Livestock farms can be found in another publication from this series, Hill Farming in England (see Appendix 23).

Comparisons with other Farm Types in Lowland England 2012/2013

These farms are by definition dependent on cattle and sheep production, which generate poorer incomes than other enterprises commonly adopted in the lowlands of England, particularly in 2012/2013. The average area farmed by Lowland Grazing Livestock farms is smaller than the other main land using farm types in lowland England, and is a contributing factor in the Farm Business Income per farm being much lower than the other farm types, see Table 2. On a per farm basis, the 2012 average Farm Business Income for Lowland Grazing Livestock farms is only a third of the next lowest farm type, Dairy, and less than a fifth of the General Cropping farms. The gap between Lowland Grazing Livestock farms and the other lowland farm types has narrowed compared to the previous year, but all farm types (except pig and poultry farms) suffered a fall in income averaging nearly £20,000 overall.

Farm Business Income (FBI) per hectare for Lowland Grazing Livestock farms is half that of the 'All farm types' and only 34% of the 'General Cropping' farms figure. When considered per Annual Labour Unit (ALU) Lowland Grazing Livestock businesses achieve a level of income equivalent to 79% of the next lowest lowland farm type, Dairy farms. There is a higher labour per hectare required on livestock rearing units rather than that needed for cereal production.

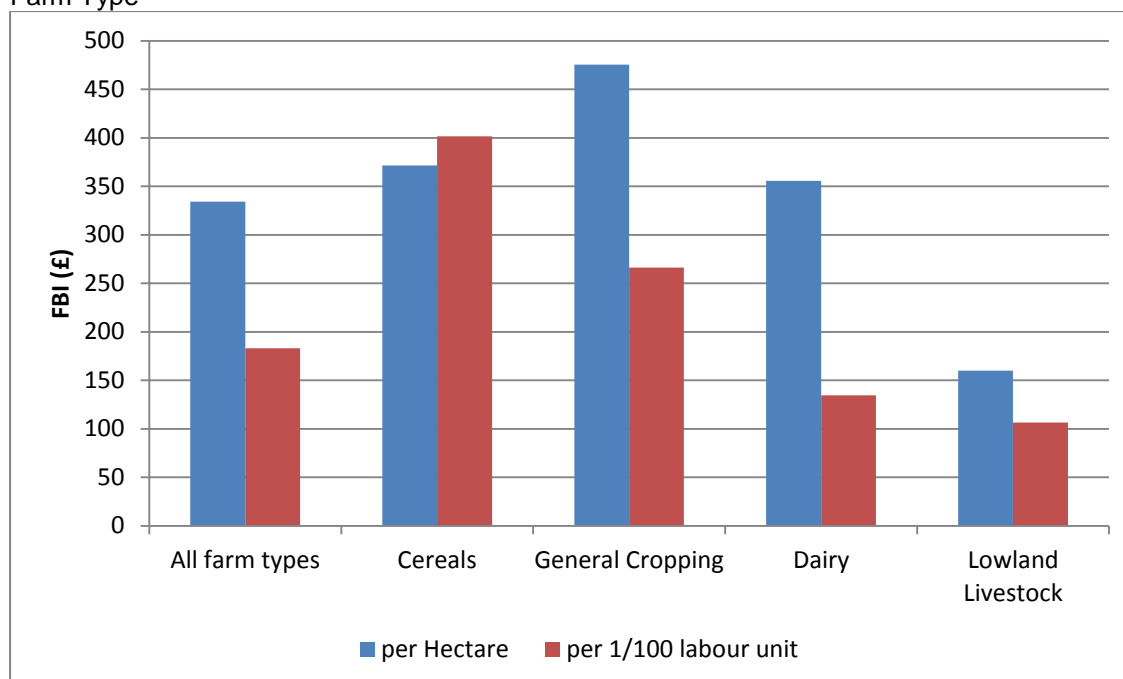
Table 2 Farm Business Income per farm, per hectare and per annual labour unit

Crop Year-2012	FBI per farm (£)	Average area farmed (Ha)	FBI per Ha (£)	Annual labour units per farm	FBI per ALU (£)
All farm types	46,635	139.5	334	2.55	18,283
Cereals	68,227	183.7	371	1.70	40,118
General cropping	91,536	192.6	475	3.44	26,603
Dairy	51,194	143.9	356	3.81	13,451
Lowland Grazing Livestock	16,268	101.6	160	1.53	10,644

Source: <http://www.farmbusinesssurvey.co.uk>

Figure 4 shows that Lowland Grazing Livestock farms are the least profitable by a large margin in the English lowlands, using either per farm or per hectare but are broadly similar to Dairy farms per ALU.

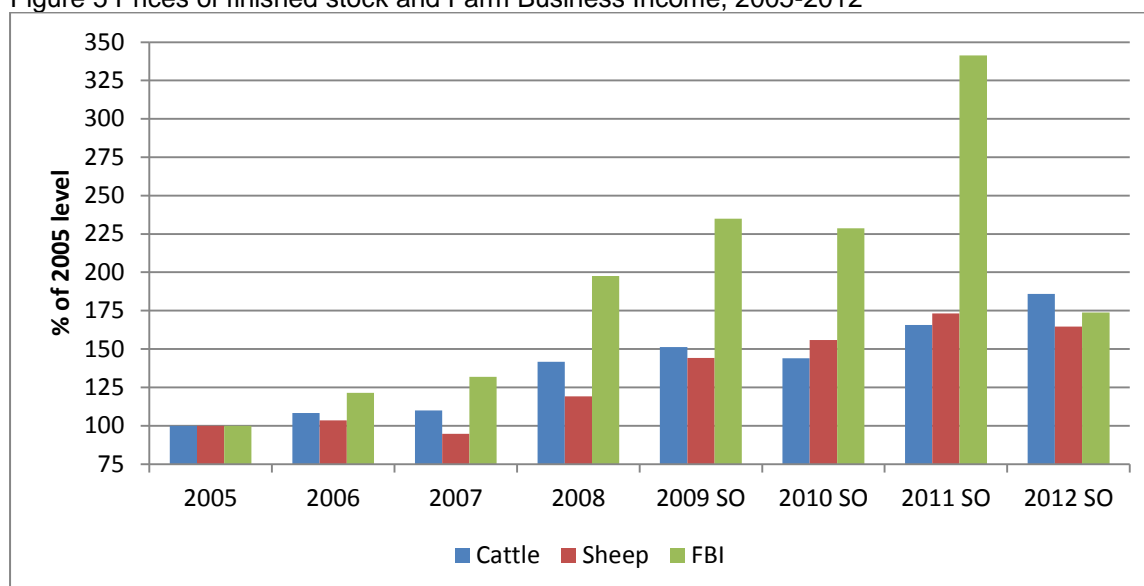
Figure 4 Farm Business Income per hectare and per Annual Labour Unit, in England 2012/2013, by Farm Type



The market environment

More than half of the output from the Lowland Grazing Livestock farms comes from cattle and sheep production, so changes to the value of these products will obviously influence the level of income achieved. Figure 5 shows the annual average prices of finished stock and the Farm Business Income for the Lowland Grazing Livestock farms all relative to 2005 prices/income (not adjusted for inflation).

Figure 5 Prices of finished stock and Farm Business Income, 2005-2012



Source: Defra 'Agriculture in the UK' and FBS data

Prices of finished cattle improved slowly from 2005 until 2007, but increased sharply in 2008 and 2009 driven by lower supplies of prime cattle combined with strong domestic and export demand. Prices fell back slightly in 2010, but rose again in 2011 and 2012 driven by on-going tight supplies. Conversely the sheep price fell between 2005 and 2007 but has improved each year since until 2012 when there was a 4% fall in prices. The total improvement in sheep price over the seven years is less than that seen for the cattle.

Over the same period, Farm Business Income improved each year until 2010 when it fell slightly, with the largest increase in income in 2011. The level of Farm Business Income seen in 2011 was the highest seen since this income measure has been used, but 2012 saw a very large reduction in income due to the very difficult year dominated by poor weather conditions. Farm Business Income is more variable than the finished prices of cattle and sheep would have suggested, indicating that the costs to the businesses, valuation changes to the livestock (which are part of the output) and other sources of output were more variable and all have a part to play in the level of income for these farms.

Figure 6 Lowland Grazing Livestock farms in England- Farm Business Income by Cost Centre 2005-2012

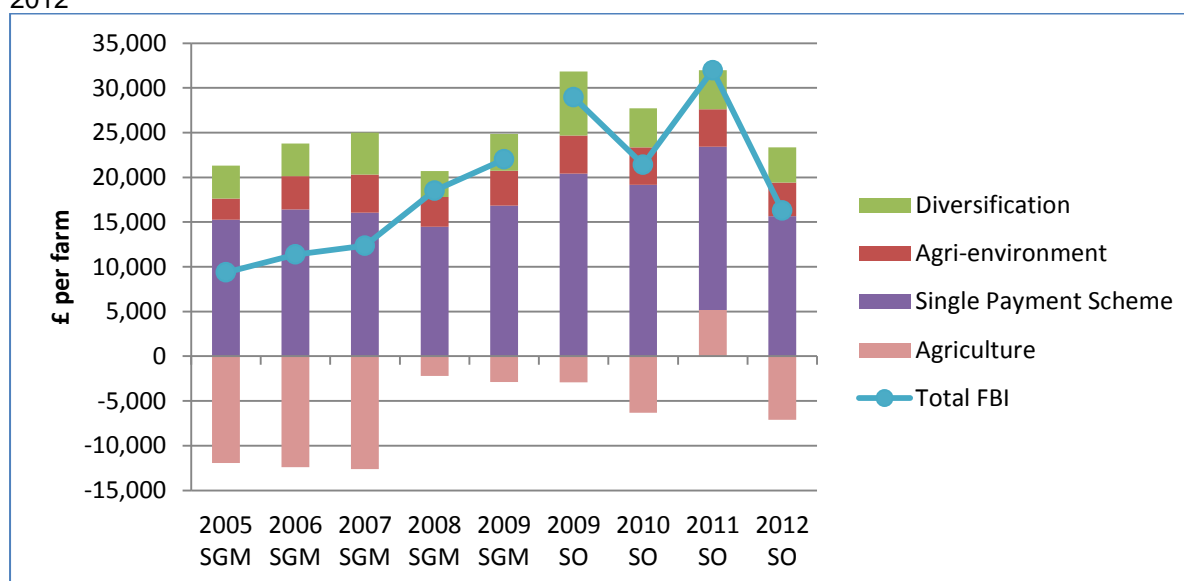
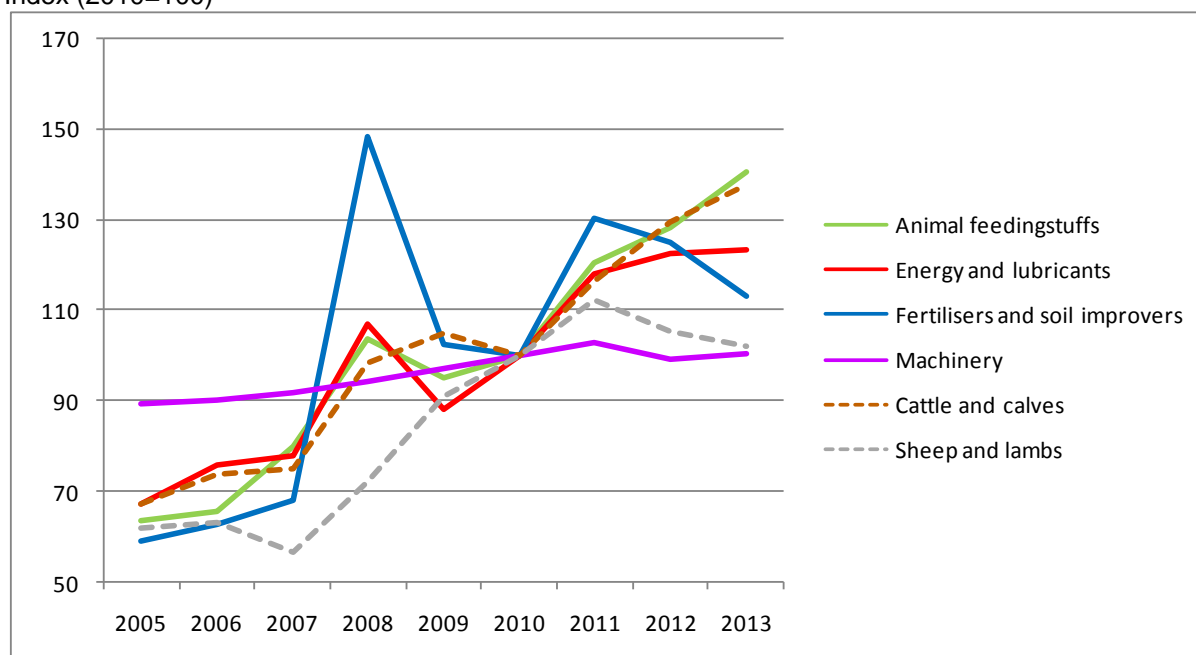


Figure 6 shows the farm business income broken down into the four cost centres, Agriculture, Agri-environment, Diversification and Single Payment Scheme and it illustrates that the largest variation in income between years comes from the Agriculture cost centre. A number of Indices of Prices of Agricultural Products (United Kingdom) are illustrated in Figure 7. This shows the changes in average annual prices for energy, fertiliser, animal feed and machinery; which have all seen large increases since 2007. Output prices from cattle and sheep have also seen large increases, but the changes to the input costs are larger.

Animal feed costs, for example, have increased by 40% in 2013 compared to the base year 2010; fertiliser costs have increased by 13%, whereas the sheep value has only increased by 2%. Beef on the other hand has increased by more than a third in the same period.

Figure 7 Indices of Producer Prices of Agricultural Products (United Kingdom)
Index (2010=100)



Source: Defra

Lowland Grazing Livestock Production in 2012/2013

As described earlier, Lowland Grazing Livestock farms which cover a large part of lowland England, are dominated by small businesses and, in terms of income, are consistently the 'poor relations' compared to other lowland farm types, with the lowest per farm figures but are similar to the incomes achieved by LFA Grazing livestock farms.

This report will concentrate on data extracted from the Farm Business Survey (FBS) for this important group of farms and includes data from 267 farms which has been 'weighted' to produce figures that represent the whole of the Lowland Grazing Livestock industry in England, excluding the smallest farms which are not included within the survey (see Appendix 1).

The results for the FBS farms for 2012/13 show a large decrease in Farm Business Income to £16,268, which is nearly half the 2010/11 figure. The Net Farm Income was £6,463 per farm, again a large decrease to less than a third of the previous year's figure. Full details of the 'All Farms' data is given in Appendix 3. Table 3 summarizes the components of the income for the Lowland Grazing Livestock farms.

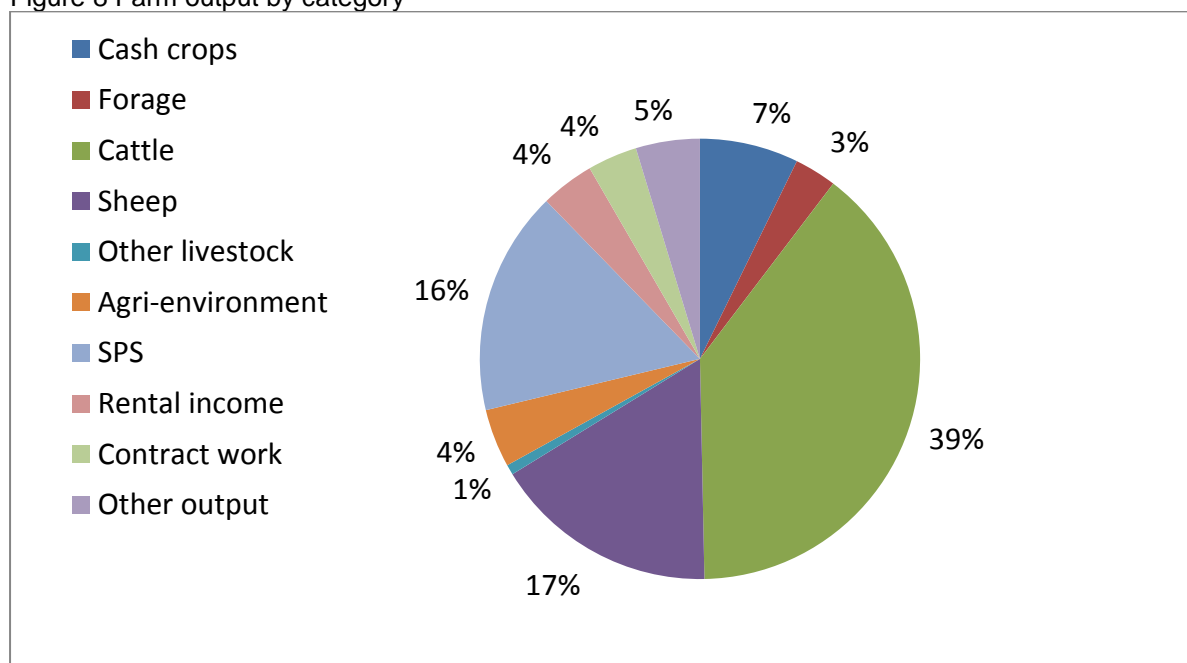
Table 3 Income data for Lowland Grazing Livestock Farms³

Total	All farms (£ per farm)
Farm output	105,974
Variable costs	34,337
Gross margin	71,637
Fixed costs	55,369
Farm Business Income	16,268
Net Farm Income	6,463
Farmer & Spouse labour	21,006
Management and Investment Income	-14,535

The average Lowland Grazing Livestock farm was 54% owner occupied and the average area farmed was 101.6 hectares. Permanent grassland and rough grazing covers 73% of the area with temporary grassland and fodder crops another 15%. The stocking rate is low, emphasising the 'extensive' type of production adopted by this farm type, with only 1.00 Grazing Livestock Units per hectare. Cattle account for 69% of these livestock units.

A breakdown of the sources of Farm output is shown in Figure 8. Cash crops, forage and livestock output come to 67%. Within this, the importance of cattle is evident, being more than twice the output of the sheep which has the next largest 'farming' output.

Figure 8 Farm output by category



'Non-production' output makes up the remaining 33% of total output, and is clearly dominated by the Single Payment Scheme, which accounts for half of this output. Agri-environmental, Rental Income,

³ For the tables in this report (unless stated), Casual labour and Contracting are considered as fixed costs rather than variable costs and interest is shown as an income and a cost rather than being net. This differs from the approach taken in Defra's Farm Accounts in England.

Contract work and 'Other' output all have relatively similar levels of output. Full details of the data can be found in Appendix 3.

Variable costs are dominated by concentrates, which account for 42% of the total and of this, £3,398 are home grown cereals fed to the livestock. The fertiliser and spray costs are £6,293 which amounts to 18% of the variable costs.

Machinery costs represent 43% of the total fixed costs. Land & property costs (22%) and general farming costs (20%) have similar importance followed by labour at 11% of the total fixed costs.

The balance sheet for the average farm shows over £74,000 of liabilities with the majority of borrowing held by the banks, as loans or overdraft. Total assets for the business of £1,049,000 are dominated by the land and buildings which account for 79% of the total.

The balance sheet ratios therefore indicate a strong financial position for these farms in terms of ratios of assets to liabilities, but with the low incomes earned, extra borrowing on the back of the favourable balance sheet position is still difficult to justify and then service.

Farm Fund Flow- The cash situation within the business

The relationship between trading profit generated, capital investment made, drawings taken by the farming family/families, and the funding of the trading business is summarised by the 'flow of funds'. This explains the 'cash' situation within the business and is also shown in Appendix 3.

The trading net fund surplus from these farms is £27,678 after depreciation on buildings and machinery is added back to Farm Business Income and the increase in live and deadstock valuations is deducted. Over £16,000 was spent on capital purchases, with machinery accounting for 64% of this total. The machinery pool on these farms was thus improved with re-investment being more than (£1,440) the level of machinery depreciation charged to these businesses.

This left a farm fund flow surplus of £10,887. The private drawings from the farm were £22,866 but a net transfer in of funds of £3,650 reduced the net private outflow to £19,216, and so there was a deficit of £8,329.

The net trading surplus, capital net fund flow and private drawings are all lower than the previous year but lower private funds introduced meant a small deficit last year became a larger deficit this year. This is not surprising considering the Farm Business Income actually halved as compared to the previous year.

The introduction of funds from private sources has been a feature of Lowland Grazing Livestock farms for a long period, where the low incomes have not been sufficient to allow for both re-investments in the business and private drawings to support the farming family.

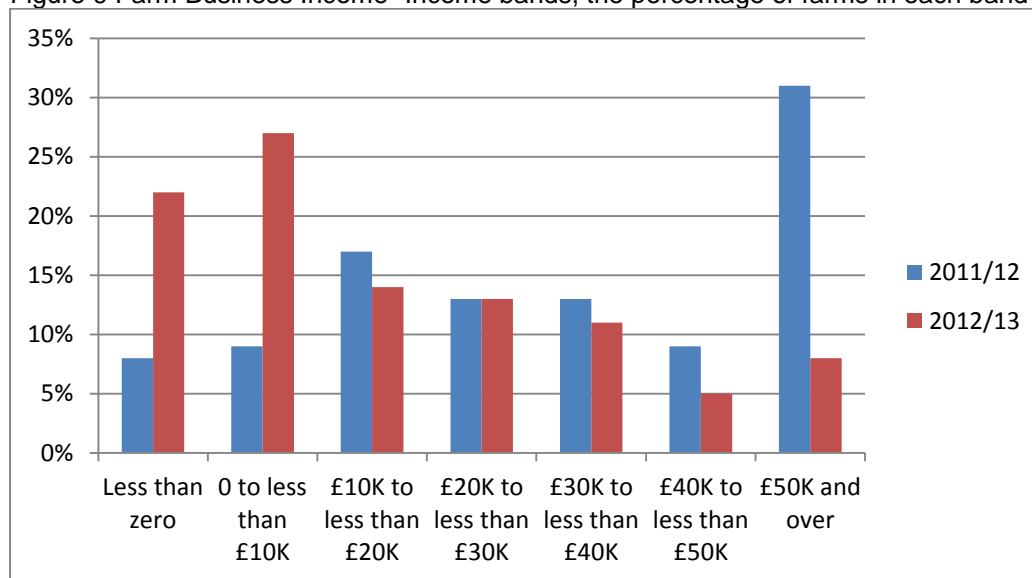
Distribution of incomes

The range of Farm Business Income per farm across the Lowland Grazing Livestock farm type is large.

Figure 9 illustrates the differing levels of Farm Business Income per farm; 22% of farms had a negative Farm Business Income in 2011/12, with close to two thirds of farms making less than £20,000. The reduction in the level of Farm Business Income for this year has meant that the numbers of farms making less than £20,000 has increased from a third to two thirds of businesses.

Eight percent of businesses made over £50,000, down from 31% the previous year. As in previous years, the sizes of these farms has a large influence on their ability to achieve high incomes and were more than two and a half times the size of the average 'All farms' businesses, in terms of land area farmed. Conversely those businesses making a Farm Business Income loss were 88% the size of the average.

Figure 9 Farm Business Income- Income bands, the percentage of farms in each band



Economic Performance Band

A farm's performance level is determined by many factors including physical, financial and managerial. The Performance banding represents the relationship between output and costs giving a measure of the efficiency of the use of inputs. The higher the ratio, the higher the economic efficiency and performance.

Performance bands based on economic performance percentiles are as follows:-

Low performers - were in the bottom 25% economic performers.

Medium performers - were in the middle 50% of economic performers.

High performers - were in the top 25% economic performers.

More details of the data are given in Appendix 3.

The data shown in Table 4 illustrates the businesses split into performance bands. Farm size is an issue, with the better performing businesses having much larger farms and therefore able to spread their fixed costs over a larger area. Thus on a per hectare basis, Farm Business Income tends to be higher on the High performing farms. Low performing farms tended to have lower levels of farm output per hectare.

Substantial cost savings are made with fixed costs, where those of the highest performing group are two thirds of the Medium performing group of producers. Lower costs are seen in all the fixed cost categories for the High performing group but the differences in the machinery costs have the largest impact.

These relationships of output and costs are all the same as the previous year but the average change to Farm Business Income for the three performance groups has reduced between £150 and £196 per hectare with the highest fall in the Low performing group.

Table 4 Farm Business Income by Performance Band, 2012/2013, £ per hectare

	Performance Band		
	Low	Medium	High
Number of farms in group	44	140	83
Average farmed area (hectares)	66.8	93.0	152.7
Average proportion of owned total farmed area	53%	58%	50%
	£ per hectare		
Output			
Livestock and crops	487	832	620
Agri- environment type schemes	31	40	56
Single Payment Scheme	167	177	166
Other	133	125	133
TOTAL FARM OUTPUT	818	1,174	975
Variable costs			
Livestock specific costs	214	311	208
Crop specific costs	69	107	54
TOTAL VARIABLE COSTS	283	418	262
TOTAL GROSS MARGIN	535	756	713
Fixed costs			
Labour	72	67	51
Machinery	274	277	167
General farming costs	158	114	77
Land & Property	146	140	91
Interest paid	30	21	11
TOTAL FIXED COSTS	680	619	397
FARM BUSINESS INCOME	-145	137	316

Categories of Lowland Grazing Farms

Within the lowland grazing livestock farm type, five further sub-groups have been established, by the authors, depending on the breakdown of their output.

These sub-types are;

1. Beef- those farms where 50% or more of the total farm output comes from cattle
2. Sheep - those farms where 50% or more of the total farm output comes from sheep
3. Beef & Sheep - those farms not classified as Beef or Sheep but with a combined output from cattle and sheep of over 50% of the total farm output.
4. Agri-related - those farms where 50% or more of the total farm output is derived from miscellaneous income. This comes from agriculture related and integrated diversified activities. It includes Single Payment Scheme (SPS), rental income and agri-environment schemes.

5. Other- These include some with other livestock enterprises, and other farms with no dominant income stream which did not have more than 50% of output from beef, sheep or miscellaneous income.

Table 5 summarises the position of the differing farm sub-types⁴. The 'Beef' farms tend to own more of their land than the average whilst the 'Sheep' farms are dominated by tenanted land. The three remaining types are closer to the 'All farms' average of 54% of the total farmed area being owned.

Table 5 Farm Sub-type data to Farm Business Income, 2012/2013

	Farm sub-types					
	Average all farms	Beef	Sheep	Beef & Sheep	Agri-related	Other
Number of farms in group	267	80	24	64	52	47
Average farmed area (hectares)	101.6	85.0	114.8	107.7	119.3	94.0
Average proportion of owned total farmed area	54%	63%	31%	55%	52%	57%
	£ per farm					
Output						
Livestock and crops	70,887	85,948	71,528	92,937	33,463	67,168
Agri- environment type schemes	4,536	2,810	2,620	4,262	9,394	2,849
Single Payment Scheme	17,419	14,827	13,218	18,233	23,168	15,930
Other	13,132	6,635	6,279	8,755	30,127	11,499
TOTAL FARM OUTPUT	105,974	110,220	93,645	124,187	96,152	97,446
Variable costs						
Livestock specific costs	26,105	32,384	26,862	34,237	13,349	22,290
Crop specific costs	8,232	9,179	5,515	11,495	3,122	10,357
TOTAL VARIABLE COSTS	34,337	41,563	32,377	45,732	16,471	32,647
TOTAL GROSS MARGIN	71,637	68,657	61,268	78,455	79,681	64,799
Fixed costs						
Labour	6,260	4,307	7,042	5,793	8,288	6,987
Machinery	23,879	23,649	20,031	26,898	19,163	28,051
General farming costs	10,862	9,745	9,194	11,269	13,235	10,210
Land & Property	12,445	11,642	12,975	15,097	13,403	9,568
Interest paid	1,923	1,816	1,469	2,140	2,075	1,895
TOTAL FIXED COSTS	55,369	51,159	50,711	61,197	56,164	56,711
FARM BUSINESS INCOME	16,268	17,498	10,557	17,258	23,517	8,088

The 'Beef' farms and 'Other' farms tend to be smaller than the other three farm types. Those farms with more cattle tend to have higher levels of output. The agri-environment type output per farm ranges from £2,620 for 'Sheep' farms to £9,394 for the 'Agri-related' farms, accounting for 3% to 10%

⁴ A full analysis is given in Appendix 4

of total farm output. The SPS income per farm, ranges from £13,218 to £23,168 and is worth approximately £177 per hectare farmed for all types except the Sheep farms which received £115 per hectare. There are a number of possible explanations why the Sheep farms have lower average SPS income per hectare. The level of receipts per hectare is lower for land that is within the SDA but none of the Sheep farms have any SPS receipts for SDA land. In order to claim SPS the farmer needs to hold SPS entitlements and farm eligible land. For some reason the Sheep farms do not fulfil both these requirements, the most likely reason being that they are renting land where the landlord is claiming the SPS. The £177 per hectare is a reduction in Single Payment of close to £30 per hectare as compared to the previous year and is due mainly to the difference in the currency exchange rate between the two years.

Variable costs also follow the same pattern as output; those farm types with high output tend to have higher variable costs. Gross margins for each farm type are within £10,000 of the 'All farms' average of £71,637. Fixed costs per farm show less variation than variable costs.

Farm Business Income ranges from £8,088 per farm for 'Other' farms to £23,517 for the 'Agri-related' farms, and is illustrated in Figure 10. The 'All' Farms Farm Business Income is £16,268. The improvement in the prices received for cattle and the fall in prices for sheep can be seen with the differing decreases in the Farm Business Income per farm depending upon the dependence on beef or lamb production.

Figure 10 Comparisons of Farm Business Income by Farm sub-types

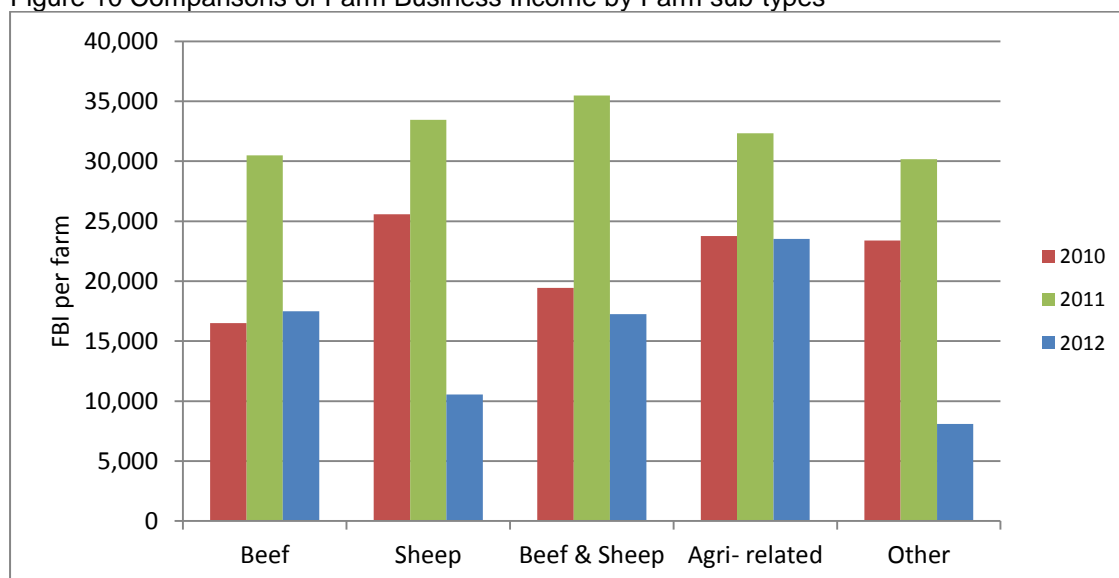


Table 6 Farm Sub-type data Farm Business Income, Private drawings and value of Unpaid Labour, 2012/2013

	All farms	Beef	Sheep	Beef & Sheep	Agri-related	Other
	£ per farm					
Farm Business Income	16,268	17,497	10,557	17,256	23,516	8,088
Private drawings	22,866	24,123	25,648	22,699	23,162	19,612
Value of all Unpaid Labour	24,799	24,303	25,849	29,695	21,319	23,806

Table 6 shows the level of private drawings for the same farm sub-types. 2011-2012 was a good year for farming when for the first time in recent history the 'All farms' average private drawings of £23,687

was less than the level of Farm Business Income achieved by these businesses but is still close to the value of the unpaid labour used by the business. Unfortunately, with the fall in the Farm Business Income, the average farm in 2012-2013 has private drawings 40% higher than their income but the level of drawings is still below the value of the unpaid labour input to the business.

The value of all unpaid labour is estimated using hours worked, at rates of pay dependent upon location, age and experience. Thus these farms are withdrawing from the business less than the 'going' rate for their labour and are now unable to reward themselves for their considerable investment in the business, with total assets approaching a million pounds. Only the Agri-related farms took higher private drawings than the value of the unpaid labour but this the level is not significantly different from the other farm sub-types.

Table 7 summarizes the physical details of the farm sub-types. Less than 14% of the area farmed by any of the farm types is used for cash crops and close to two thirds is permanent grassland or rough grazing. The Agri-related farms have the largest area of rough grazing, which will largely be grazed by sheep but may also contribute to agri-environmental scheme income. The area of temporary grass is higher on the 'Beef' farms, 'Beef & Sheep' farms and 'Other' farms type as is the cropped area.

With the exception of the 'Sheep' farms; the remaining farm types keep approximately similar numbers of beef cows. In addition, the 'Beef' farms keep a third more 'other cattle' than any other farm type. Overall, the stocking rates on these farms are low, but the 'Beef' farms and 'Beef & Sheep' farms kept the most livestock and have higher stocking rates. The Agri-related farms have the fewest animals and lower stocking rates, at 44% lower than the average farm.

Table 7 Land and Livestock Details- Farm Sub-Types, 2012/2013

Hectare	All farms	Beef	Sheep	Beef & Sheep	Agri-related	Other
Farmed area	101.6	85.0	114.8	107.7	119.3	94.0
Crops	6.9	6.3	1.2	12.1	2.7	9.7
Temporary grass	14.0	17.7	7.1	17.7	7.1	15.8
Permanent grass	68.6	53.2	87.1	67.8	87.2	62.8
Rough grazing	5.8	0.6	2.1	4.0	19.5	1.6
Average No. of Beef cows	23	32	5	28	17	21
Average No. of Other Cattle	84	141	10	91	43	70
Average No. of Ewes	172	31	602	295	141	89
Total Livestock Units	93.4	108.7	101.5	118.6	63.5	74.5
GLU's per adjusted Ha	1.00	1.39	0.90	1.28	0.56	0.89

The balance sheet data for these farms is dominated by the value of the land, with over 79% of the value of total assets being land and buildings for the average farm. All farm sub-types have very similar balance sheet ratios, with the percentage owner equity over 90%, percentage fixed assets over 90%, gearing close to 4% and total debt between 6 and 11%.

As a group, these farms have strong balance sheets but the dominance of the fixed assets (which represent productive capacity); versus working assets (which reflect throughput) mean that cash generation may be inadequate.

Table 8 Farm Sub-type data Current Assets and Current Liabilities, 2012/2013

	All farms	Beef	Sheep	Beef & Sheep	Agri-related	Other
	£ per farm					
Current Assets	90,979	106,195	59,594	107,691	69,705	89,430
Current Liabilities	29,809	37,698	24,623	29,256	22,683	29,156

Having current assets close to current liabilities highlights a potential problem with the liquidity of the businesses, particularly if existing short-term credit facilities became unavailable (Table 8). This position also creates a potential problem with the flexibility of the farm to manage cashflow. This is not currently an issue at the year-end but any narrowing of the gap may cause issues.

Organic Producers

Within the total Farm Business Survey sample of farms there are a group of organic farms, and Table 9 compares the organic lowland grazing livestock farms with the conventional producers⁵.

The organic farms are similar in size to their conventional counterparts, but they own a greater percentage of the land they farm - 62% as compared to 54%.

Output from the organic farms is lower when compared to conventional equivalents but the difference is not statistically significant. However, there are important differences in how this output is achieved; organic farms tend to get more than their conventional counterparts from agri-environment schemes and less from livestock and crops. The output from the agri-environment type schemes is approaching two and a half times higher for the organic producers but this reflects the extra support they receive as Organic Aid or Organic Entry Level Stewardship.

With the lower 'farming' output, organic farms tend to have lower variable costs; being only 43% of the level of conventional producers. The resulting total gross margin per farm for the organic farmers is 112% of the conventional level. Fixed costs for the organic farms are higher per farm; 106% of the level of the conventional producers, and relative to total output, is much higher than the conventional producers.

The Farm Business Income per farm for the organic producers is higher than their conventional counterparts but this difference is not statistically significant. This level of income is equivalent to the level of Single Payment Scheme.

⁵ Appendix 5 gives full details of Conventional and Organic producers

Table 9 Farm Business Income for Conventional and Organic farms, 2012/2013

Type of Production	Conventional	Organic
Number of farms in group	231	36
Average farmed area (hectares)	101.9	98.5
Average proportion of owned total farmed area	54%	62%
	£ per farm	
Output		
Livestock and crops	72,686	47,455
Agri- environment type schemes	4,146	9,611
Single Payment Scheme	17,154	20,875
Other	12,825	17,127
TOTAL FARM OUTPUT	106,811	95,068
Variable costs		
Livestock specific costs	27,148	12,520
Crop specific costs	8,639	2,921
TOTAL VARIABLE COSTS	35,787	15,441
TOTAL GROSS MARGIN	71,024	79,627
Fixed costs		
Labour	6,161	7,560
Machinery	23,842	24,361
General farming costs	10,718	12,737
Land & Property	12,533	11,308
Interest paid	1,866	2,666
TOTAL FIXED COSTS	55,120	58,632
FARM BUSINESS INCOME	15,904	20,995

Table 10 illustrates the sources of output and costs for the differing types of production relative to the level of output achieved. The organic producers have higher environmental type payments, Single Payment Scheme and Other output relative to total output, and less 'livestock & crops' which now amounts to only a half of the output. This makes organic production potentially more vulnerable to changes to the support given to farming in the form of the Single Payment Scheme and the agri-environmental schemes. The Conventional producers are more reliant on the 'market place', compared to Organic producers, so are therefore less affected by any changes.

For the organic producers the lower variable costs, but higher fixed costs in comparison to output of the organic producers result in higher Farm Business Income per £100.

Both types of production have very 'strong' end of year balance sheets with their balance sheet ratios very similar. The conventional producers have lower net worth, as they own less land and therefore have lower total assets. Their total liabilities are 84% of the organic producers level (see Appendix 5).

Table 10 Type of Production- Income and Costs illustrated 'Per £100 Output', 2012/2013

	Conventional	Organic
Number of farms in group	231	36
OUTPUT	£ per £100 output	
Livestock & crops	68	50
Agri- environmental type schemes	4	10
Single Payment Scheme	16	22
Other	12	18
TOTAL FARM OUTPUT	100	100
TOTAL VARIABLE COSTS	34	16
TOTAL GROSS MARGIN	66	84
FIXED COSTS		
Labour	6	8
Machinery	22	26
General farming costs	10	13
Land & Property	12	12
Interest	2	3
TOTAL FIXED COSTS	52	62
FARM BUSINESS INCOME	14	22

Table 11 illustrates some of the physical differences between the types of production; on average, organic producers keep 97 fewer ewes and 15 fewer 'Other cattle', slightly more than three quarters the level of the conventional total livestock units. Stocking rates on organic farms are 78% of the conventional level, which in itself is not very high at 1.02 Livestock Units per hectare.

Organic producers tend to reseed their grassland more frequently so they have more temporary grassland than conventional producers.

Table 11 Land and Livestock Details- Organic and Conventional Production, 2012/2013

	Conventional	Organic
Number of farms in group	231	36
Farmed area (ha)	101.9	98.5
Crops (ha)	7.1	4.6
Temporary grass (ha)	13.7	18.8
Permanent grass (ha)	68.8	65.7
Rough grazing (ha)	5.9	4.5
Average No. of Beef cows	23	27
Average No. of Other Cattle	85	70
Average No. of Ewes	179	82
Total Livestock Units	95.0	72.8
GLU's per adjusted Ha	1.02	0.80

Regional differences in Lowland Grazing Livestock farms

The EU Regions are used for administrative purposes at the European level and represent amalgamations of Government Office regions. Appendix 2 shows the boundaries for the GO regions.

- The EU West region is the South West and West Midlands GO regions.
- The EU North region includes the North West, North East and Yorkshire and Humberside GO regions.
- EU East region is the East Midlands, Eastern and South East GO regions

Those farms in the EU West region tend to be smaller than those in either the North or East, but they own a greater proportion of the area they farm. Further data is available in Table 12⁶, which shows that the North has the highest Farm Business Income per farm, followed by the East with the West the lowest.

Table 12- EU Regional- Summary Financial Data, 2012/2013

EU Region			
	North	East	West
Number of farms in group	58	96	113
Average farmed area (hectares)	116.2	114.9	84.0
Average proportion of owned total farmed area	41%	48%	69%
£ per farm			
Output			
Livestock and crops	102,137	60,913	65,226
Agri- environment type schemes	3,314	6,174	3,710
Single Payment Scheme	20,304	18,353	15,341
Other	14,584	15,389	10,586
TOTAL FARM OUTPUT	140,339	100,829	94,863
Variable costs			
Livestock specific costs	43,611	21,413	22,182
Crop specific costs	10,999	6,501	8,441
TOTAL VARIABLE COSTS	54,610	27,914	30,623
TOTAL GROSS MARGIN	85,729	72,915	64,240
Fixed costs			
Labour	7,612	7,837	4,331
Machinery	27,587	22,710	23,194
General farming costs	11,495	11,204	10,290
Land & Property	16,237	12,350	10,823
Interest paid	2,477	1,778	1,797
TOTAL FIXED COSTS	65,408	55,879	50,435
FARM BUSINESS INCOME	20,321	17,036	13,805

⁶ Appendix 6 gives more detailed data for the EU regions

When looking at the figures on a per hectare basis, the North achieved the highest income (£176 per hectare) closely followed by the West, with the East being £26 per hectare lower than the North. Farms in the North region tend to have a greater proportion of their grassland as rough grazing. These farms also tend to have more finishing cattle and sheep and higher stocking rates. Farms in the East tend to have a higher proportion of their land as grass and have lower stocking rates (see Appendix 6).

The balance sheets show farms in the North with the lowest total assets, with the West having more land and building assets. Total liabilities are lowest in the East and highest in the North with the East and West having a Total debt ratio of 7% (Appendix 6).

Farm Size Comparisons

Farm size can be described in terms of Standard Labour Requirement. Five sizes, ranging from Part-time to Very Large, are used and the financial details are shown in Table 13⁷. Full details of the definitions are given in Appendix 1.

Table 13 Farm Business Income by size of business, 2012/2013

	Farm Size by Standard Labour Requirement				
	Part-time	Small	Medium	Large	Very large
Number of farms in group	41	94	53	48	31
Average farmed area (hectares)	61.4	76.9	106.7	166.4	396.3
Average proportion of owned total farmed area	64%	66%	71%	48%	24%
	£ per farm				
Output					
Livestock and crops	31,735	51,776	93,322	137,810	278,449
Agri- environment type schemes	2,797	3,675	5,610	6,159	16,033
Single Payment Scheme	12,101	14,200	18,760	24,901	56,338
Other	9,070	16,476	13,090	12,340	23,225
TOTAL FARM OUTPUT	55,703	86,127	130,782	181,210	374,045
Variable costs					
Livestock specific costs	10,175	18,408	33,966	50,456	118,354
Crop specific costs	3,537	5,970	9,935	16,526	34,903
TOTAL VARIABLE COSTS	13,712	24,378	43,901	66,982	153,257
TOTAL GROSS MARGIN	41,991	61,749	86,881	114,228	220,788
Fixed costs					
Labour	3,183	3,957	7,297	8,480	34,456
Machinery	14,333	21,137	27,054	41,811	66,105
General farming costs	8,543	10,145	12,587	13,291	22,475
Land & Property	7,953	10,822	13,060	19,750	38,455
Interest paid	872	2,053	2,292	3,060	5,497
TOTAL FIXED COSTS	34,884	48,114	62,290	86,392	166,988
FARM BUSINESS INCOME	7,107	13,635	24,591	27,836	53,800

⁷ Appendix 7 gives more details of the Farm Size data

The average size of the Part-time farms is close to 61 hectares (152 acres), compared to the Very Large farms, which are close to six and a half times bigger. The total area farmed by the business increases in relation to the size of the farm and the proportion of tenanted land remains the same from Part-time to Medium farms and then increases on Large and Very large farms, with the Very Large farms renting three quarters of the land they farm.

The gross margin per hectare increases from Part-time to Medium and then declines again with the scale of the business getting larger; Farm Business Income per hectare follows a similar pattern, as illustrated in Figure 11.

Figure 11 Gross Margin and Farm Business Income per hectare by farm size, 2012/2013

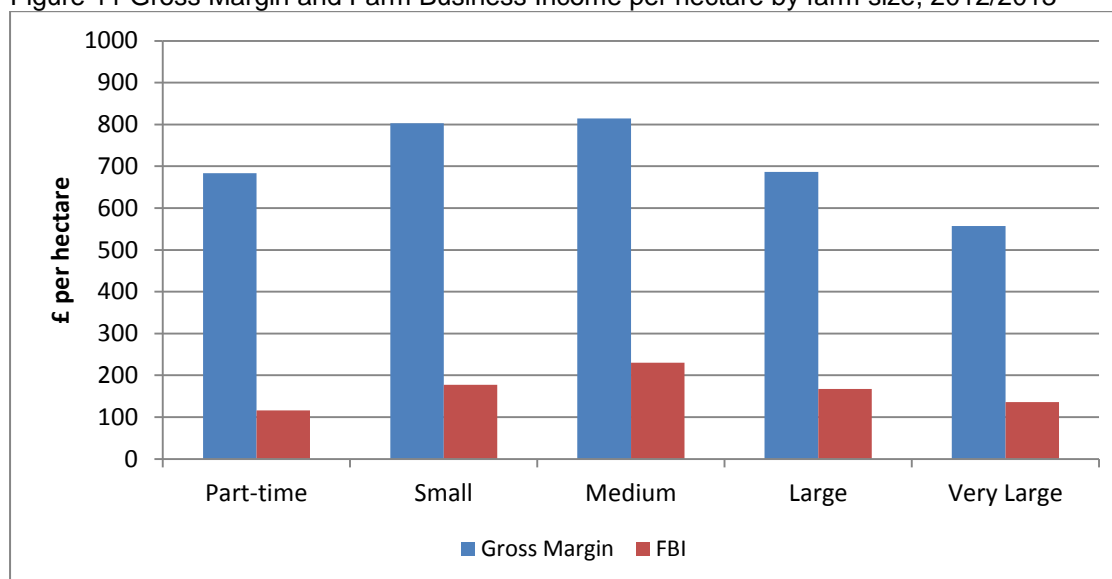


Figure 12 illustrates how scale of business affects the gross margin and farm business income on a per farm basis. As the scale of business increases, one anticipates economies of scale, particularly with fixed costs. This being the case, the performance of the Large farms is slightly below that expected. High variable costs, particularly livestock costs reduce the gross margin and the fixed costs also appear slightly high.

Figure 12- Output, Gross Margin, Fixed Costs and Farm Business Income by farm size, 2012/2013

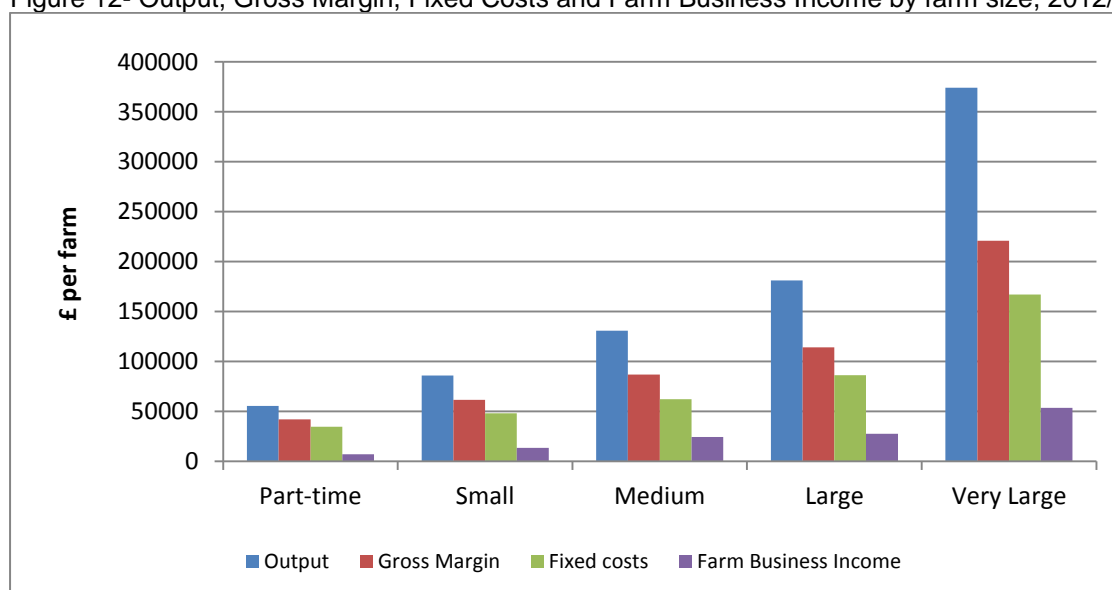


Figure 13 illustrates the farmed area and livestock unit per farm along with Farm Business Income. The differences are small but the Medium farms and Large farms had the highest stocking rates. The other groups have broadly similar stocking rates but increasing with scale of business.

Figure 13 Farm Business Income, Livestock Units (LU) and Farmed Area (hectares) by farm size, 2012/2013

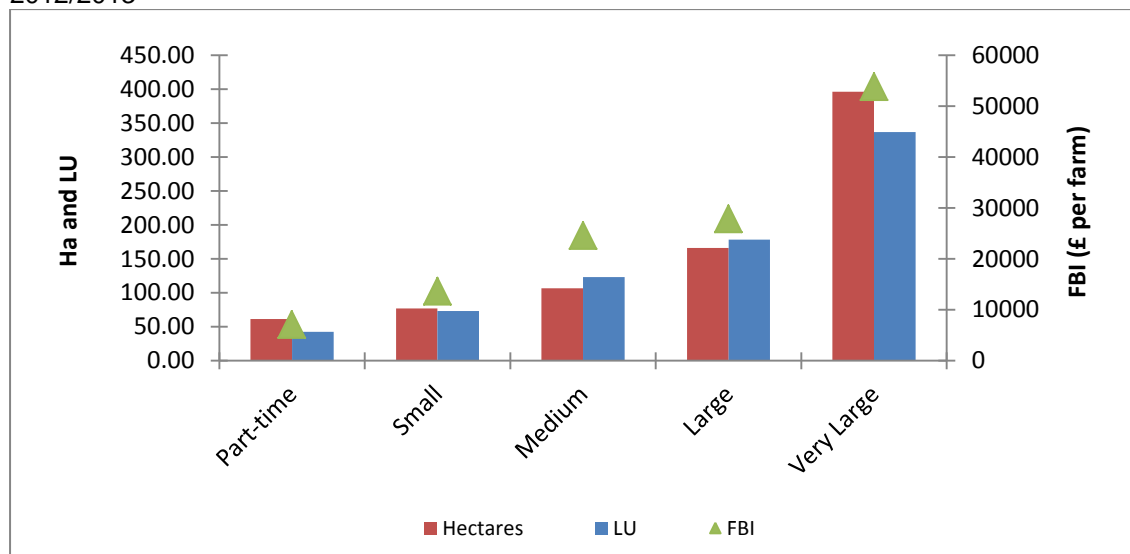


Table 14 Farm size- data per £100 of output, 2012/2013

Farm Size by Standard Labour Requirement	Part-time	Small	Medium	Large	Very large
	£ per £100 output				
Output					
Livestock and crops	57	60	71	76	74
Agri- environment type schemes	5	4	4	3	4
Single Payment Scheme	22	16	14	14	15
Other	16	19	10	7	6
TOTAL FARM OUTPUT	100	100	100	100	100
Variable costs					
Livestock specific costs	18	21	26	28	32
Crop specific costs	6	7	8	9	9
TOTAL VARIABLE COSTS	25	28	34	37	41
TOTAL GROSS MARGIN	75	72	66	63	59
Fixed costs					
Labour	6	5	6	5	9
Machinery	26	25	21	23	18
General farming costs	15	12	10	7	6
Land & Property	14	13	10	11	10
Interest paid	2	2	2	2	1
TOTAL FIXED COSTS	63	56	48	48	45
FARM BUSINESS INCOME	12	16	18	15	14

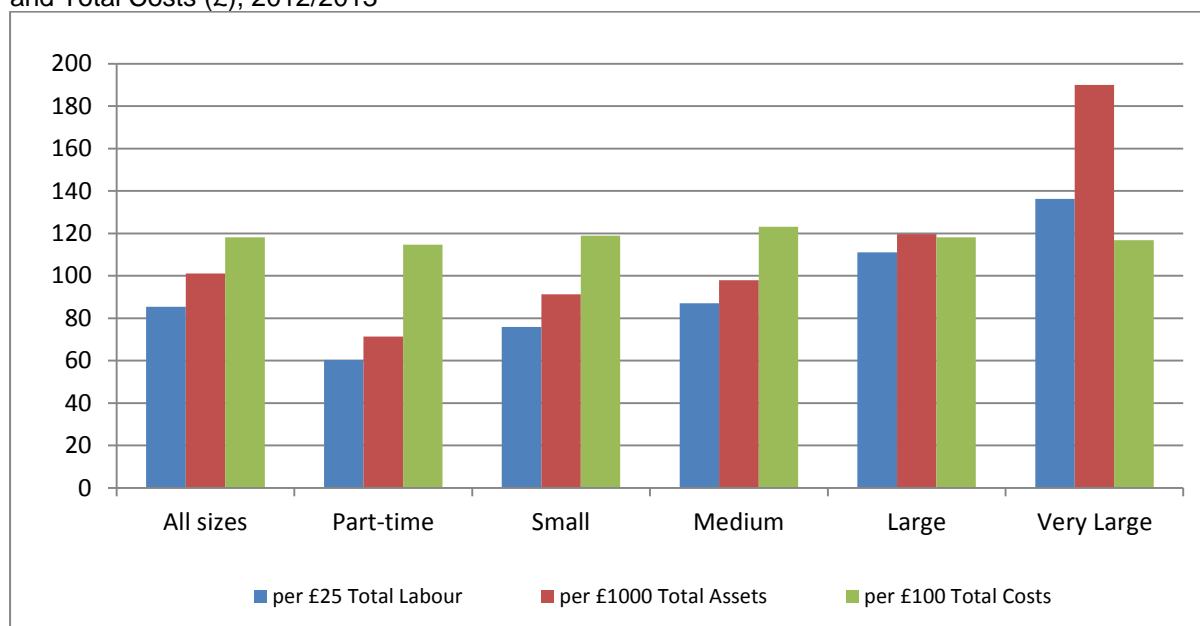
The Single Payment Scheme (SPS) income per hectare declines as the size of the business increases from £197 for Part-time farms to £142 for the Very Large farms. With the SPS for 2012 based entirely as an area payment the difference relates to land hired in on which the farmer cannot claim the SPS. In this situation the SPS would be claimed by the landlord, assuming the land is eligible for SPS in the first place.

The normal trend of the increasing size of the business and their decreasing reliance on the 'diversified' income is also apparent. The fixed costs do follow economies of scale, being lower per hectare as the size of the farms increases, except for the Part-time farms that have lower fixed costs per hectare than expected.

Comparing the level of output achieved by the differing size of business, the level of Livestock specific costs increases with the scale of the business, whilst the Crop specific costs remain relatively constant but increasing with scale of business (Table 14). The stocking rate also increases with scale from the Part-time to the Medium farms so the extra stock on the larger farms may be sustained more from feed brought onto the farm rather than fed home-grown crops/ forage.

Other performance measures by size of farm are illustrated in Figure 14. For this analysis the total labour costs includes an estimate for the labour contributed by the farmer & spouse.

Figure 14 – Performance measures- Farm Business Output achieved by Total Labour, Total assets and Total Costs (£), 2012/2013



Labour and Total Assets relative to output indicate that with increasing scale their use improves but Total costs are very similar across all farm sizes.

The importance of the Single Payment Scheme to the Lowland Livestock Grazing farms

With the large decrease in the Farm Business Income generated by the Lowland Grazing Livestock farms in 2012/2013 the importance of the Single Payment Scheme (SPS) cannot be underestimated, as illustrated in Table 15. The SPS per farm fell, as compared to the previous year, for all farms and represents 16% of the Total Output for Lowland Livestock Grazing farms.

Without the Single Payment Scheme, the average Lowland Livestock Grazing farm would be making a Farm Business Income of -£1,151. The Part-time and Small farms would be making a loss, compared with Medium and Large farms, which would be making less than £6,000 each, but at least a positive income. The Very Large farms would also be making a loss. The All farms level of private

drawings was £24,000 greater than the Farm Business Income less the SPS and none of the farm size groups would have an income greater than their private drawings.

Table 15 Farm Business Income and Single Payment Scheme, 2012/2013

	All Farms	Part-time	Small	Medium	Large	Very Large
	£ per farm					
Farm Business Income	16,268	7,107	13,635	24,591	27,836	53,800
Single Payment Scheme Income	17,419	12,101	14,200	18,760	24,901	56,338
Farm Business Income less SPS	-1,151	-4,994	-565	5,831	2,935	-2,538
Private drawings	22,866	14,993	23,943	27,482	30,460	46,091

When the SPS was introduced it was anticipated that the market would adjust to any reduction in supplies by lifting prices for the livestock and crops produced by English farms, thus maintaining incomes as SPS gradually moves to the flat rate by 2013. Looking further ahead post 2013, the UK Government has still indicated a desire for Pillar 1 of the CAP (mainly the SPS) to be reduced and possibly removed completely after a sufficient period of time to allow farmers to adjust. This would potentially leave the farming industry to earn its income from the value of its produce. If the Single Payment were removed completely, the scale of the change that would be needed from the 'market place' to support this desire would be an improvement in receipts of the order of 20% for lowland grazing livestock farms, without any changes to costs.

Farm Business Income by 'Cost Centre'

The Farm Business Survey farm data has been split into four 'Cost Centres' for a number of years. For the 2008/09 year onwards, estimates have also been made to a number of the variable and fixed costs in order to produce Farm Business Incomes for these four cost centres-

1. Agriculture
2. Agri-environment and other payments
3. Diversification out of agriculture
4. Single Payment Scheme

For these calculations, Casual labour and Contracting are considered variable costs rather than fixed costs as in our other tables, and interest is net rather than being shown as an income and a cost.

Table 16 Farm Business Income by Cost Centre by EU region, 2012/2013

£ per farm	All farms	EU North	EU East	EU West
Total Farm Business Income	16,268	20,321	17,036	13,804
<i>Of which, by cost apportionment</i>				
Agriculture	-7,091	-3,829	-9,871	-6,222
Agri-environment and other payments	3,760	2,803	5,085	3,078
Diversification out of agriculture	3,957	3,320	5,486	2,961
Single Payment Scheme	15,642	18,027	16,337	13,987

In 2011/12 the Farm Business Income for the Agriculture cost centre was positive for 'All farms' and also for all the EU regions (see Table 16). This was the first year that this was the case but in 2012/13 Agriculture fell back into a loss making situation. All the other cost centres had lower incomes with the largest reduction being for the Single Payment Scheme. The 'Agri-environment and other payments' and 'Diversification out of agriculture' contribute similar levels of Farm Business Income for the 'All farms' but are higher in the EU East region than the North or West.

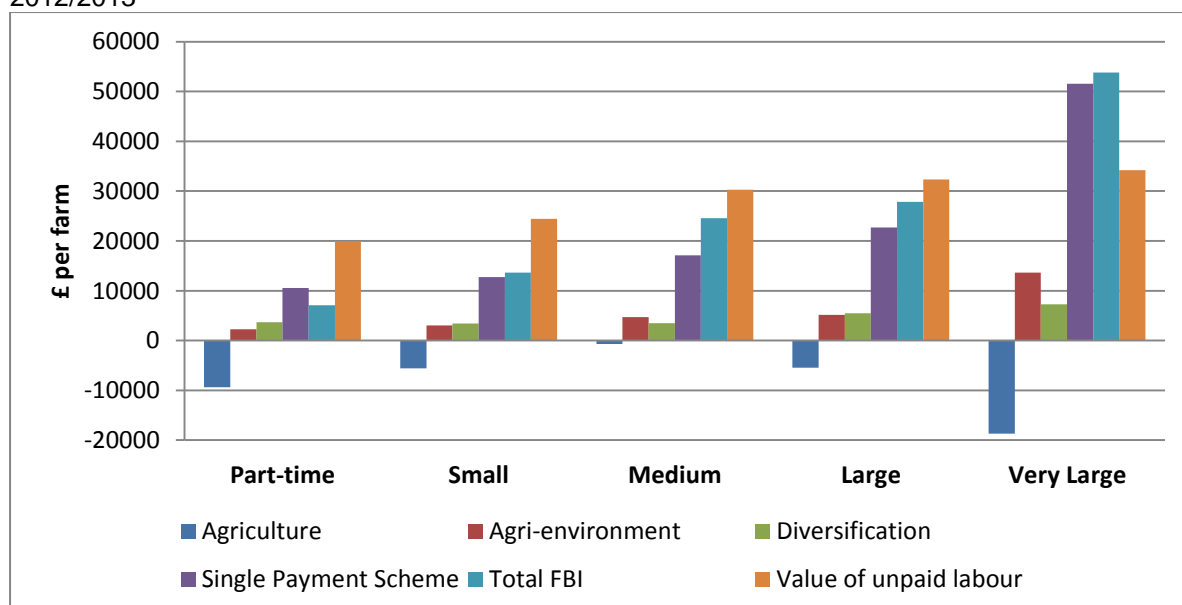
The majority of the Farm Business Income comes from the Single Payment Scheme 'cost centre' - 96% of the total Farm Business figure for 'All farms'. Its absolute level has fallen by £2,648 per farm but the contribution from the 'Agriculture' centre decreased by £12,407.

Table 17 illustrates how the Farm Business Income changes for the different size of businesses. The contribution from the 'Agriculture' cost centre is all negative but is largest at the smallest and largest farms and the loss is the least in Medium sized businesses. The Medium sized businesses have the highest per hectare income.

Table 17 Farm Business Income by Cost Centre by Size of farm, 2012/2013

£ per farm	Part-time	Small	Medium	Large	Very Large
Total Farm Business Income	7,106	13,635	24,590	27,836	53,797
<i>Of which, by cost apportionment</i>					
Agriculture	-9,395	-5,570	-722	-5,472	-18,674
Agri-environment and other payments	2,234	3,053	4,714	5,142	13,619
Diversification out of agriculture	3,702	3,427	3,469	5,499	7,277
Single Payment Scheme	10,565	12,725	17,129	22,667	51,575

Figure 15 Farm Business Income and Unpaid labour per farm by Cost Centre, by size of farm 2012/2013

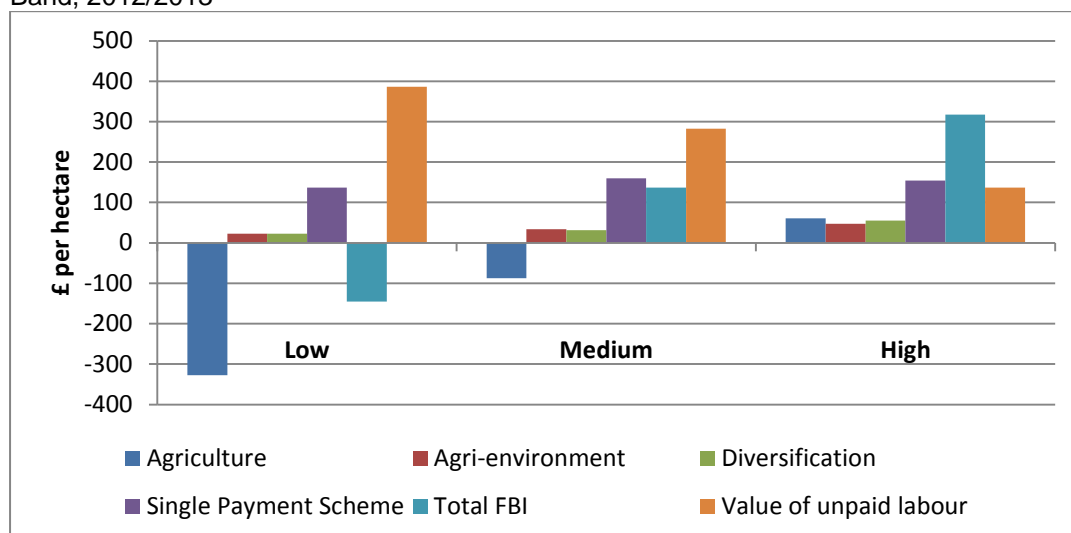


The value of unpaid labour used by the businesses is illustrated alongside the Farm Business Income by Cost centre (Figure 15). Only the Very Large farms have a Farm Business Income greater than the value of unpaid labour. As previously discussed this is a large decrease on the previous year and is

related to the change in the income from the 'Agriculture' cost centre. The contribution from the Single Payment Scheme cost centre ranges from 70% of the total Farm Business Income for Medium sized farms, 81% for Large farms and close to 95% for Small and Very Large farms. The Single Payment represents nearly 150% of the total Farm Business Income for the Part-time farms. Full details of the data are available in Appendices 8-19.

Following on from the previous discussion regarding the importance of the Single Payment Scheme to the Lowland Grazing Livestock farms the reality of farming without the majority of this support would look very bleak.

Figure 16 Farm Business Income and Unpaid labour per hectare by Cost Centre, by Performance Band, 2012/2013



The scale of a business does have a large effect on the Performance Band of a farm, with higher performing farms being larger in area. Low performers have only 43% of the farmed area of the higher performing farms. Representing the data on a per hectare basis as in Figure 16 illustrates a number of points;

- On Low and Medium Performing farms the contribution from the agri-environmental and diversification cost centres to total Farm Business Income is less than two thirds that of the High performance band.
- The Agriculture cost centre accounts for most of the difference between the Farm Business Income per hectare of the three performance groups. Farm Business Income per hectare from 'Agriculture' increases with performance band with the Low producers making a loss of £328 per hectare, the Medium making a loss of £87 and the High performers making £60 per hectare.
- The FBI generated by the Single Payment Scheme cost centre is similar for Medium and High performing farms on a per hectare basis, but is 12% lower for Low performing farms

Gross Margin data from the Lowland Grazing Livestock farms

A number of the Lowland Grazing Livestock farms within the Farm Business Survey sample are able to calculate gross margins for their enterprises with the full details summarized in Appendices 20-22. Where the sample sizes allow, premium group figures are also produced and shown alongside the average figures.

Table 18 summarizes the gross margin from the beef cow enterprises for the conventional and organic producers. Gross margin per cow is 17% higher for the organic producers as compared to

conventional producers, but with lower stocking rates the gross margin per hectare for the organic producers is lower than the conventional producers.

The Premium producers' gross margins per cow are 75% higher than that of the average, with the majority of the difference due to higher output, but also much lower variable costs.

Table 18 Lowland Beef Cow Gross Margin data

Gross margins per cow, per LU and per hectare

2012/2013

(Weighted performance)

		CONVENTIONAL		ORGANIC
		Average	Premium*	Average
Number of farms		135	45	28
Cows per herd		38	35	31
Stocking rate:	LU/ha	1.01	0.85	0.74
		£ per cow		
Output		425	529	366
Variable Costs		206	144	111
Gross Margin per head		219	385	256
Gross Margin per LU		219	382	258
Gross Margin per Hectare		222	327	188

* Top third of farms in the sample, selected by level of gross margin per cow

Compared to the previous year the gross margin per beef cow is almost identical for the Conventional and Organic producers. Output and variable costs are almost unchanged. The only significant change is the reduction in the stocking rate for the Premium group of farms resulting in the gross margin decreasing by more than £100 per hectare.

Figure 17 shows the Lowland Beef Cow gross margin per head and per hectare for four size groups of conventional producers. The gross margin per cow is very similar across all size groups. The gross margin per hectare increases with the size of the herd with the stocking rate increasing by over a half between the smallest and largest herds.

Figure 17 Lowland Beef Cow Gross Margin per Head and Per Hectare, by Herd size, conventional farms 2012-2013



The beef rearing gross margin data for 'beef bred' store cattle and finished cattle are summarized for conventional producers in Table 19. Both systems produce a similar gross margin per head, on average, but at the premium level the store producers have a higher gross margin per head. Output is higher in the finishing system but so are their variable costs. On a per hectare basis the finishers have much higher stocking rates so achieved superior gross margins. As compared to 2011-2012 all the gross margins have fallen except for the premium group store cattle producers who have maintained the gross margin per hectare by having higher stocking rates.

Table 19- Lowland Beef Rearing Enterprise Gross Margin data, conventional farms 2012-2013
Gross margins per head, per LU and per hectare
(Weighted average performance)

	Beef bred store cattle		Beef bred finished cattle	
	Average	Premium*	Average	Premium*
Number of farms	66	22	69	23
Number of head per farm	44	38	119	92
Stocking rate: LU/Ha	1.06	1.07	1.75	1.62
	£ per head			
Output	410	642	484	520
Variable Costs	198	225	279	185
Gross Margin per head	212	417	205	335
Gross Margin per LU	384	790	359	543
Gross Margin per Hectare	409	847	628	879

* Top third of farms in the sample, selected by level of gross margin per head

The fall in gross margin, as compared to 2011/12, for the rearing cattle enterprises is due mainly to the reduction in output allied with a smaller increase in variable costs. This is, broadly, a reduction of £70 per head for all types of cattle rearing enterprise.

Table 20 Lowland Beef Finishing - Beef bred finished cattle enterprise Gross Margin data 2012-2013
Gross margins per head, per LU and per hectare

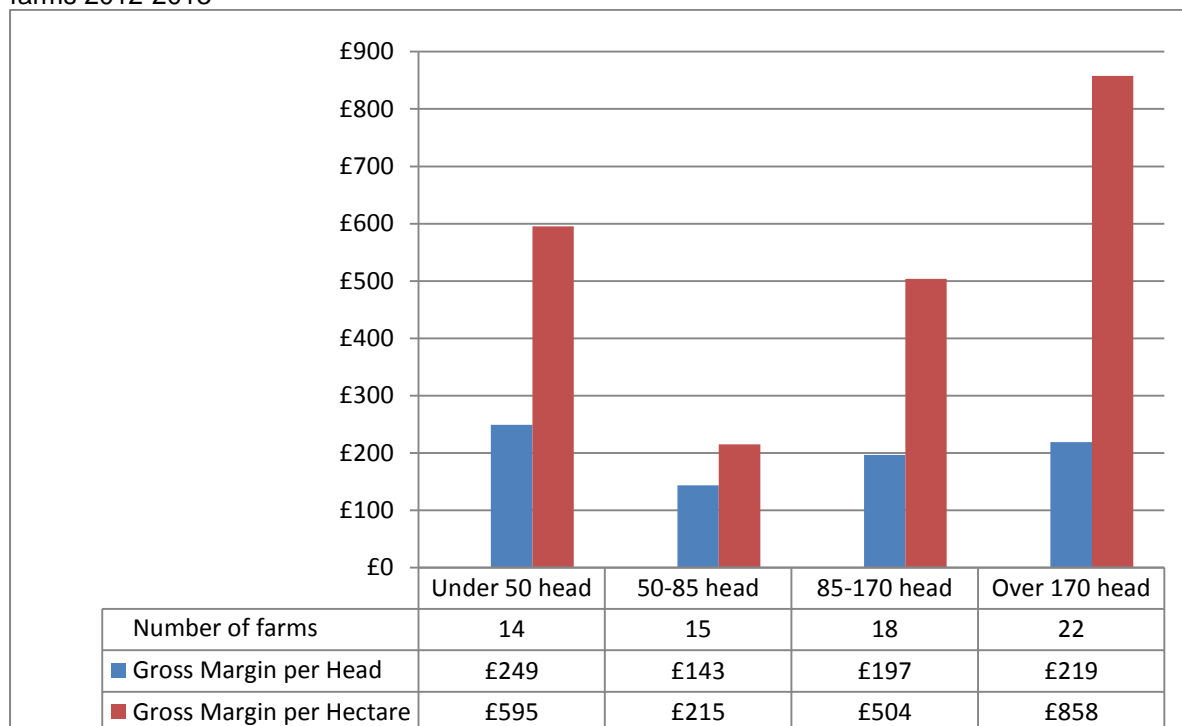
	CONVENTIONAL		ORGANIC
	Average	Premium*	Average
Number of farms	69	23	15
Number of head per farm	119	92	54
Stocking rate: LU/Ha	1.75	1.62	1.54
	£ per head		
Output	484	520	414
Variable Costs	279	185	106
Gross Margin per head	205	335	308
Gross Margin per LU	359	543	475
Gross Margin per Hectare	628	879	733

* Top third of farms in the sample, selected by level of gross margin per head

For the lowland beef bred finishing systems, the lower variable costs per head for the organic producers more than compensates for their lower output, leaving the average conventional beef bred finisher with lower gross margin per head. The stocking rates on the conventional farms tend to be higher than on the organic producers' farms so gross margin per hectare is closer but still favours the organic producers. (See Table 20)

The Premium group of producers have a gross margin per head two thirds higher than the average, but these are at lower stocking rates so the per hectare gross margin is close to 40% higher. As with most of the gross margins from these farms the premium producers have higher output and lower variable costs.

Figure 18 Beef Bred Finished Cattle Gross Margin per Head & per Hectare, by herd size conventional farms 2012-2013



The output per head from the Beef Bred Finished Cattle producers tends to increase with scale of enterprise (Figure 18), as does the level of variable costs, particularly concentrate feeds, but the resulting gross margins are not consistent. The number of data points for each herd size group is low (less than 25 in each case) so differences between groups should be treated with some caution. The herds with 50-85 head have the lowest gross margin per head and the herds with less than 50 have the highest, but as the stocking rate increases with the scale of enterprise, as do the gross margin per hectare figures.

The gross margin details for the lowland ewes are given in Table 21, showing an advantage in margin of £12 per ewe in favour of the organic producers when compared to the conventional producers. On a per hectare basis this advantage is lost with the higher stocking rates on the conventional farms, however the stocking rates for both types of production are considered to be low. As compared to the previous year the gross margin per ewe from conventional producers fell by at least £20 per head due mainly to a fall in output, with the average finished lamb price falling by close to £5 per head. For organic lowland sheep flocks, the gross margin was £5 per ewe lower in 2012/13 than the previous year; variable costs were higher in 2012/13, but output was unchanged with the sale value of the lambs only falling by £2 per finished lamb.

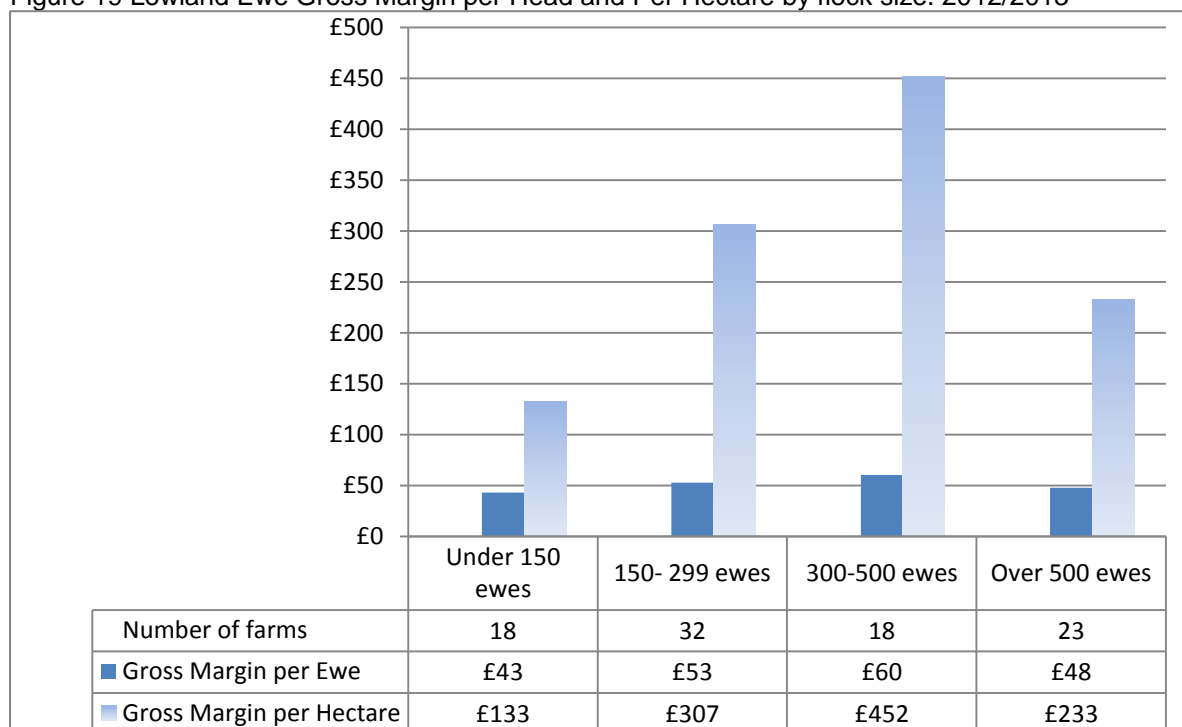
Table 21 –Lowland Ewe Gross Margin data, 2012/2013

Gross margins per ewe and per hectare

	CONVENTIONAL		ORGANIC
	Average	Premium*	Average
Number of farms	91	30	16
Ewes per flock	341	308	143
Average lamb sale price - £/lamb	76.0	77.7	75.1
Stocking rate - ewes per hectare	5.12	7.54	4.45
	£ per head		
Output	97.5	129.3	99.4
Variable Costs	46.8	49.7	36.7
Gross Margin per head	50.6	79.6	62.7
Gross Margin per LU	320	481	385
Gross Margin per Hectare	259	600	279

*Top third of farms in the sample, selected by gross margin per ewe

Figure 19 Lowland Ewe Gross Margin per Head and Per Hectare by flock size. 2012/2013



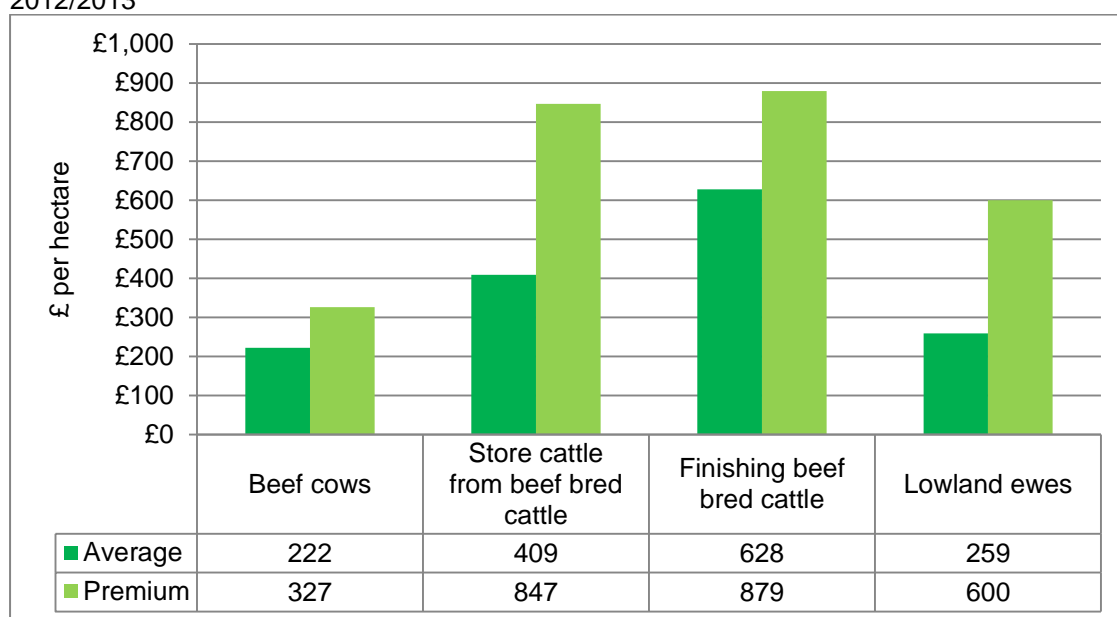
The average sale price for finished lamb was higher for conventional producers than their organic counterparts. The marketplace for organic lamb did not follow, as closely, the bearish prices received by the conventional producers whose average finished lamb decreased by £4.50 per head. The increase in variable costs for the organic producers was greater than for the conventional producers, but with no loss in output the resulting average organic lowland sheep producer's gross margin being £12 per ewe higher.

Figure 19 illustrates the differences in gross margins by the size of flock. As with the previous four years, the largest flocks have low gross margin per head and low stocking rates but this year the smallest flocks now have the lowest gross margin, both per head and per hectare. Gross margin per

ewe increases with size of flock until the largest group size. The other sized groups have similar stocking rates so gross margin per hectare also increases with the size of the flocks. The largest flocks have over 800 ewes per flock. They have lower output but their lower costs do not compensate sufficiently, hence the lower gross margin per head and per hectare.

Gross margins per hectare from all the main livestock enterprises decreased compared to the previous year, except for the premium group of Store cattle producers. Comparing the average gross margin per hectare across the differing livestock enterprises (Figure 20), the beef finishers have the highest margin followed by store cattle producers and the ewes. Suckler cows had the lowest gross margin. The reduction in the gross margin for the ewes widens the gap on the cattle finishers but only the premium sheep producers are close to cattle producers in their level of gross margin achieved. For lowland ewes, the top performing producers generated a gross margin more than double that of the average producers.

Figure 20 Comparing gross margin per hectare for average and premium conventional producers 2012/2013



Appendix 1 The Farm Business Survey (FBS)

General

The FBS sample covers businesses with an economic Standard Output of 25,000 Euros and above. Practically all of the sampled accounts close within the four months from the end of December to the end of the following April with concentrations at the close of the calendar year and towards the end of March and early April. About 75 per cent of the accounts close during these two peak periods. Thus the results relate, on average, to March - February years.

Classification of survey farms by type of farming and size of business

A revised classification of farm types was introduced in 2010/11 based on Standard Outputs, which caused changes to the distribution of farms by farm type. Further details of the revised classification and its effect on the FBS sample may be found at:

<https://www.gov.uk/farm-business-survey-technical-notes-and-guidance>

The lower size threshold for the Farm Business Survey was also changed from 0.5 Standard Labour Requirements (in annual full-time equivalents) to a standard output of 25,000 Euros. Therefore, the results published here relate to farms for which the total standard output from cropping and stocking activities is at least 25,000 Euros.

The Standard Labour Requirement (SLR) of a farm represents the normal labour requirement, in Full Time Equivalents, for all the enterprises on a farm under typical conditions. The SLR for a farm is calculated from standard coefficients applied to each enterprise on the farm. The standard coefficients represent the input of labour required per head of livestock or per hectare of crops for enterprises of average size and performance.

Farms in the sample are grouped by type of farm based on the EC system of classification defined by Commission Decision 85/377/EEC (with minor modifications to adapt it to United Kingdom conditions) and Standard Outputs per hectare of crop area and per head of livestock estimated over the period 2005-2009.

The Standard Output (SO) is a financial measure used to classify farm type. Standard outputs measure the total value of output of any one enterprise - per head for livestock and per hectare for crops. For crops, this will be the main product (e.g. wheat, barley, peas) plus any by-product that is sold, for example straw. For livestock it will be the value of the main product (milk, eggs, lamb, pork) plus the value of any secondary product (calf, wool) minus the cost of replacement. Up until 2010, standard gross margins were used for the classification of farms. The difference between standard outputs and standard gross margins is that no variable costs are deducted in the derivation of standard outputs. Each farm is assigned a total SO by aggregating the SOs for its agricultural enterprises. The farm is classified into a 'particular' type of farming by evaluating the proportion of its total SO deriving from different enterprises.

The characteristics of each farm type are summarised as follows:

Dairy-Farms where the dairy enterprise, including followers, accounts for over two-thirds of their total SO.

LFA grazing livestock-Farms with more than two-thirds of their total SO in cattle and sheep except holdings classified as dairy. A farm is classified as in the LFA if 50% or more of its total area is in the EC Less Favoured Area (both Disadvantaged and Severely Disadvantaged).

Lowland grazing livestock-farms with more than two-thirds of their total SO in cattle and sheep except holdings classified as dairy. A farm is classified as "lowland" if less than 50% of its total area is in the EC Less Favoured Area.

Cereals- Farms on which cereals, oilseeds, peas and beans harvested dry and land set aside account for over two-thirds of their total SO (holdings with more than two-thirds of their total SO in set-aside are excluded from the survey results).

General cropping- Farms with over two-thirds of their total SO in arable crops (including field scale vegetables) or a mixture of arable and horticultural crops; and holdings where arable crops account for more than one-third of total SO and no other grouping accounts for more than one-third.

Horticulture- Holdings on which fruit (including vineyards), hardy nursery stock, glasshouse flowers and vegetables, market garden scale vegetables, outdoor bulbs and flowers, and mushrooms account for more than two thirds of their total SO

Specialist pigs- Farms on which pigs account for over two-thirds of their total SO.

Specialist poultry -Farms on which poultry account for over two-thirds of their total SO.

Mixed farms- Farms where crops account for one-third, but less than two-thirds of total SO and livestock accounts for one-third, but less than two-thirds of total SO. It also includes holdings with mixtures of cattle and sheep and pigs and poultry and holdings where one or other of these groups is dominant, but does not account for more than two-thirds of the total SO.

Farm business size in the United Kingdom is measured in Standard Labour Requirements (SLR) expressed in terms of full-time equivalents. Five size groups are defined for this report:

- Part-time (greater than 0.5 and less than 1.0)
- Small (greater than or equal to 1 less than 2)
- Medium (greater than or equal to 2 less than 3)
- Large (greater than or equal to 3 less than 5)
- Very Large (greater than or equal to 5)

Farms are allocated to performance bands according to total farm output divided by total farm costs. The farms are then ranked and allocated to groups representing 25, 50 and 25 percentiles; equivalent to low, medium and high performance bands.

Weighting Procedure

All results in this report are weighted so as to provide estimates for the population. The weights are based on the ratio of numbers of businesses in the population (as given by the June Census) and in the sample within each farm type and size group. These weights are then further refined by a calibration process using information from sources other than the Census (mostly administrative data). For more information on the FBS weighting procedure and other statistical issues, please see:

<https://www.gov.uk/farm-business-survey-technical-notes-and-guidance>

Definition of Terms

Utilised agricultural area is the crop area, including fodder, set-aside land, temporary and permanent grass and rough grazing in sole occupation (but not shared rough grazing) i.e. the agricultural area of the farm. It includes bare land and forage let out for less than one year.

Total area of farm is the utilised agricultural area plus woodland and other areas of the farm not used for agriculture (e.g. buildings, roads, water, and household gardens).

Total tillage comprises the utilised agricultural area, plus bare land and forage hired in from others in the accounting period, minus temporary and permanent grass and rough grazing in sole occupation (but not shared rough grazing).

Total area farmed comprises the total area of the farm minus woodlands and buildings, etc. plus net land hired in.

Adjusted utilised agricultural area comprises the utilised agricultural area with rough grazing in sole occupation converted to a permanent pasture equivalent.

Stocking figures are the average annual level of stocking based on estimated average livestock numbers on the farm for the year, including fractions for livestock on the farm for less than a year.

Total livestock units are used as an approximate measure of stocking intensity and are based on the estimated energy requirements of different species and ages of livestock. . A summary of the main livestock units is shown below

Dairy cows	1.00 LU	Beef Cows	0.75 LU	Heifers in calf	0.80 LU
Cattle over 2 years	0.80 LU	Cattle 1-2 years	0.65 LU	Cattle 0-12 months	0.34 LU
Bulls	0.75 LU	Lowland Ewes	0.10 LU	Upland Ewes	0.08 LU
Hill Ewes	0.06 LU	Store lambs	0.04 LU	Rams	0.08 LU

Annual labour units (ALU) are the estimated number of full time worker equivalents of persons working on the holding during the year. Part-time workers are converted to full-time equivalents in

proportion to their actual working time related to that of a full-time worker. One ALU represents one person employed for 2,200 hours.

Enterprise output is the main measure of individual crop and livestock output. It comprises:

- (a) **Cash crop enterprise output**, which is the total value of cash crops produced by the farm (other than losses in the field and in store) including *direct crop subsidies* due. It includes crops used for feed and seed by the farm business and those consumed in the farmhouse and by farm labour. Crop enterprise output is calculated on a "harvest year" as distinct from an "accounting year" basis; that is, it refers only to those crops (with the exception of certain horticultural crops) wholly or partly harvested during the accounting year and excludes any crop carried over from the previous year. Thus valuation changes (between the previous and current crops) are not relevant and the total harvested yield of the crop is valued at market prices (plus any subsidies). However, any difference between the opening valuation of any stocks of previous crops and their ultimate disposal value (sales, used on farm and any end-year stocks) is included in total farm output and net farm income.
- (b) **By-products, forage and cultivations**, which cover the value of output of the by-products of agricultural activity, sales of fodder, valuation changes for fodder and cultivations. It also covers revenue from the letting of bare land or forage on a short-term lease.
- (c) **Livestock enterprise output** comprises the total sales of livestock and livestock products, part of the valuation change (see below), produce consumed in the farmhouse and by labour and the value of milk and milk products fed on the farm (excluding direct suckling) adjusted for debtors at the beginning and end of the year and transfers between enterprises; less purchases of livestock and livestock products from outside the farm business. Stock appreciation for breeding livestock (cattle, sheep and pigs) has been excluded from individual livestock enterprise outputs. However, changes in the numbers of breeding livestock between the opening and closing valuation and the total valuation change of trading livestock are included. Unlike crop enterprise output, livestock enterprise output is calculated on an accounting year basis.
- (d) **Rental Income** comprises the renting-out of farm cottages and other buildings, where these are inseparable from the main farm account
- (e) **Contract work** includes returns from the use of farm resources for hire work
- (f) **Miscellaneous output includes** returns from recreational activities, added value activities, the private share of the rental of the farmhouse and the value of any farm labour or other inputs used for producing capital assets for the farm.

Total farm output is the sum of crop and livestock enterprise output, income from the agri-environment schemes, single payment scheme and miscellaneous output, and the adjustment for previous years' crops. It excludes breeding livestock stock appreciation.

Inputs comprise payments and the estimated value of non-cash inputs, including home-grown feed and seed, adjusted for changes in stocks and creditors between the beginning and end of the year. The appropriate share of any input not used entirely by the farm business is deducted.

Total variable costs

These are taken to be costs of feed, veterinary fees and medicines, other livestock costs, seeds, fertilisers, crop protection and other crop costs.

Concentrate feed includes (a) bought compounds and grains, sugar beet pulp, proteins, milk powder, animal and plant proteins, additives, minerals and vitamins; and (b) home produced cereals, beans, peas, milk and milk products, valued at the average ex-farm price.

Purchased Fodder includes purchased bulk feeds such as potatoes, vegetable residues, wet brewers' grains, hay and feed straw, and agistment. It does not include forage produced on the holding. Payments for grass keep and bare land are shown with land charges.

Veterinary fees and medicines consist of veterinary fees and the cost of all medicines.

Other livestock costs includes all expenditure relating directly to livestock production such as freeze branding, AI fees, milk tests, breed society fees, dairy and other detergents, packing materials, bedding straw, show expenses, processing and marketing charges, disposal of casualties, etc. and other livestock costs not separately identified.

Seeds This comprises expenditure on purchased seeds, plants and trees adjusted for changes in stocks. Home-grown seed from the previous crop is included and charged at estimated market price: any seeds from current crops and sown for a succeeding crop are excluded, but are included in the closing valuation of the crop and hence in enterprise output. This enables the value of homegrown seed used in the production of the current crop to be identified.

Fertilizers This includes lime, fertilisers and other manures, and is adjusted for changes in stock. Fertilisers sown for next year's crops are treated as if they were still in store and are included in the closing valuation.

Crop protection This includes costs of pre-emergent sprays, fungicides, herbicides, dusts and insecticides and other crop sprays.

Other crop costs includes all expenditure relating directly to crop production such as packing materials, baler cord, soil analyses, crop competition costs, polythene (for tunnels), all storage and market preparation costs, purchase of standing crops, marketing charges, soil sterilisation, etc. It also includes the cost of renting bare land (for growing cash crops) for less than one year.

Total fixed costs

These are the costs of labour, machinery, contract work, land and buildings, other general farming costs and depreciation.

Labour (excluding farmer and spouse) costs include all work in connection with the normal running of the holding including field work, livestock husbandry, market preparation, maintenance, transport and other related operations. They exclude work to produce fixed assets (construction or repairs of buildings and machinery, etc), domestic work and business travel/professional meetings, etc. 'Unpaid labour' is valued at the appropriate rate for the work actually done (e.g. AWB rates). The value of the manual labour of the farmer and spouse is not charged as an input in calculating net farm income.

Contract costs These costs include expenditure on work carried out by agricultural contractors, including the costs of materials employed, such as fertilisers, unless these can be allocated to the specific heading. Costs of hiring machines to be used by the farm's own labour are also included. Expenditure on contract labour is only included here if it is associated with the hiring of a machine. Otherwise it is entered under (casual) labour.

Machinery costs relate to all machinery and equipment items, which originally cost more than £200, including the farm share of road vehicles. Depreciation is calculated on a replacement cost basis (broadly equivalent to 15% of current replacement costs). Repairs are recorded net of insurance receipts.

Land expenses include tenant-type repairs and land upkeep costs as Property repairs, the actual rents paid by tenant farmers and drainage rates where incurred. Payments for grass keep and bare land are also included. For land and buildings owned a 'rental value' is included based on similar payments made by tenants in similar circumstances.

General overheads include the farm share of electricity, heating fuel, water, insurance (including labour and buildings insurance) and professional fees. Bank charges secretarial costs, consultancy fees and other sundry costs (such as subscriptions, telephone, postage, stationery, etc.) are included in Other general costs.

Net Farm Income (NFI) is intended as a consistent measure of the profitability of tenant-type farming which allows farms of different business organisation, tenure and indebtedness to be compared. It represents the return to the farmer and spouse alone for their manual and managerial labour and on the tenant-type capital invested in the farm business.

To represent the return to farmer and spouse alone, a notional deduction is made for any unpaid labour provided by non-principal partners and directors, their spouses and by others; this unpaid labour is valued at average local market rates for manual agricultural work.

To confine the measure to the tenant-type activities and assets of the business, an imputed rent is deducted for owner-occupied land and buildings and for landlord-type improvements made by the tenant. No deduction is made for interest payments on any farming loans, overdrafts or mortgages; interest earned on financial assets is also excluded.

Because of these two restrictions, NFI is not a proxy for farm business income; other measures, such as Net Profit and Family Farm Income should be used instead. Nor is it a proxy for farm household income both because NFI does not accurately represent the farmer and spouse share of the business and because it takes no account of any income from off-farm sources.

Breeding livestock stock appreciation represents the change in market prices of breeding cattle, sheep and pigs between the opening and closing valuations.

Farm business income (FBI) for sole traders and partnerships represents the financial return to all unpaid labour (farmers and spouses, non-principal partners and directors and their spouses and family workers) and on all their capital invested in the farm business, including land and buildings. It is defined as Total Farm Output (TFO) plus profit / loss on sale of assets minus cost (C): where TFO is defined as the sum of output from: crop enterprises, adjustment for disposal of previous crops, livestock enterprises, separable non-agricultural diversification, single farm payment, agri-environmental payments, other grants and subsidies, miscellaneous receipts; C is defined as variable

costs plus fixed costs. Note that prior to 2008/09 directors remuneration was not deducted in the calculation of farm business income. For corporate businesses it represents the financial return on the shareholders capital invested in the farm business. It is used when assessing the impact of new policies or regulations on the individual farm business. Although Farm Business Income is equivalent to financial Net Profit, in practice they are likely to differ because Net Profit is derived from financial accounting principles whereas Farm Business Income is derived from management accounting principles. For example in financial accounting output stocks are usually valued at cost of production, whereas in management accounting they are usually valued at market price. In financial accounting depreciation is usually calculated at historic cost whereas in management accounting it is often calculated at replacement cost.

Farm corporate income represents the return on own capital invested in the farm business, to risk and to entrepreneurship. It is derived by deducting unpaid labour, both manual and managerial, from Farm Business Profit. This allows the profitability of sole traders and partnerships to be compared directly with that of companies. Currently we are able to deduct an estimate of unpaid manual labour but not of unpaid managerial labour and so the data are only approximate. However, we plan to undertake a research project to produce a method for deriving an estimate of unpaid managerial labour, so that we can produce better data for this measure in future.

Farm investment income represents the return on **all** capital invested in the farm business **whether borrowed or not**, to risk and to entrepreneurship. It is a general measure of the profitability of farming as an activity rather than of a particular business. It is derived by adding net interest payments to Farm Corporate Income. Since currently the data for Farm Corporate income are only approximate, so too are the data for Farm Investment Income.

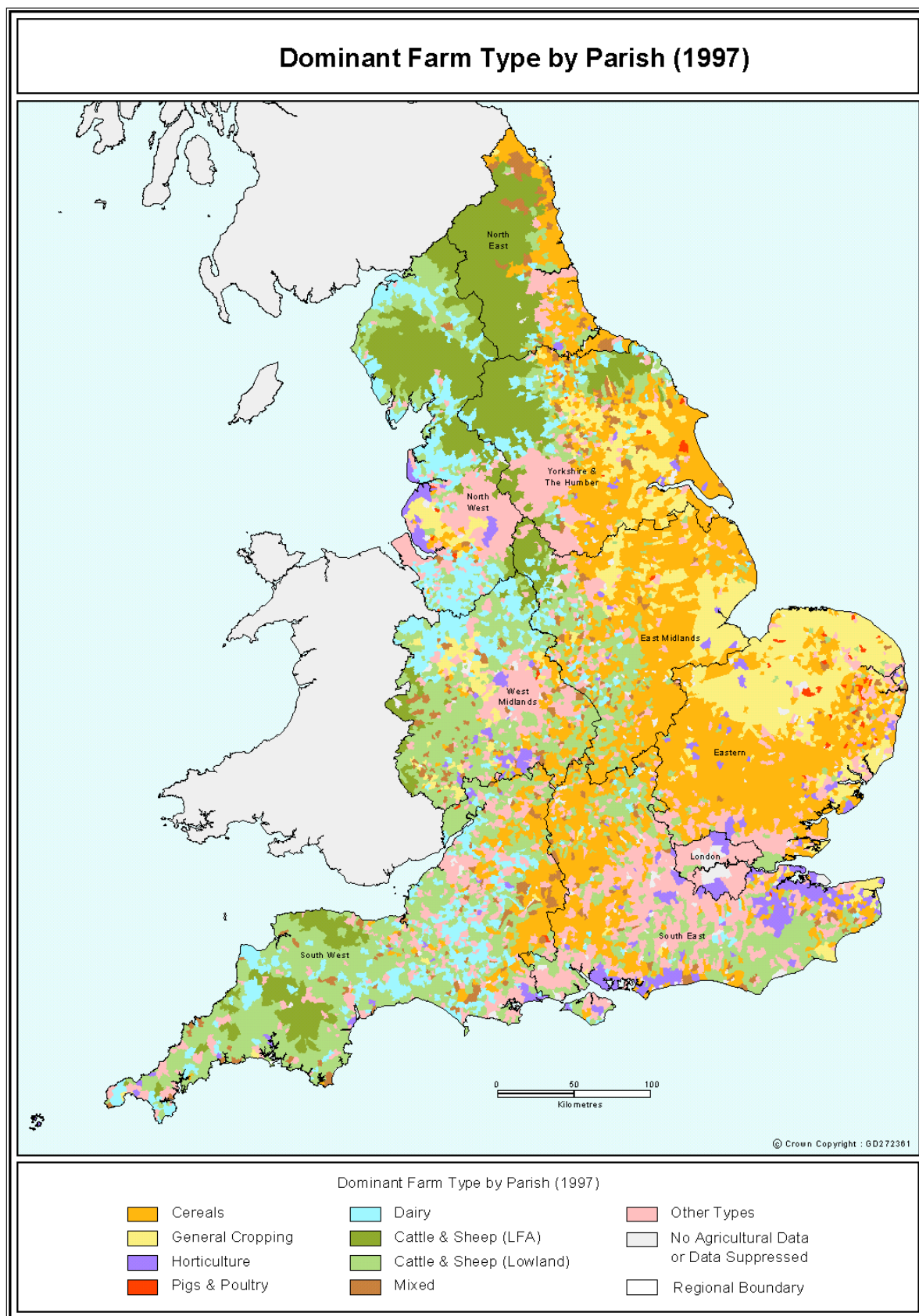
Balance Sheet Tables

Total fixed assets include milk and livestock quotas, as well as land, buildings, breeding livestock, and machinery and equipment. For tenanted farmers, assets can include farm buildings, cottages, quotas, etc., where these are owned by the occupier.

Bank term loans and **other long and medium term loans** are loans which exceed 12 months.

Net Worth represents the residual claim or interest of the owner in the business. It is the balance sheet value of assets available to the owner of the business after all other claims against these assets have been met.

Appendix 2- Farm Types in England, dominant farm type by Parish



Source: DEFRA

Appendix 3- Analysis of English Grazing Livestock Farms (Lowland) by level of Farm Business Income by Performance Band

Grazing Livestock (Lowland) farms in England

Gross Output, Variable Costs and Farm Gross Margin, 2012/2013

	Average all farms	Performance Band		
		Low	Medium	High
Number of farms in group	267	44	140	83
Average farmed area (hectares)	101.6	66.8	93.0	152.7
Average proportion of owned total farmed area	54%	53%	58%	50%
£ per farm				
<u>Output</u>				
Cattle	41,624	17,386	47,091	53,869
Sheep	17,513	9,425	16,431	27,483
Other livestock	795	50	1,102	890
Crops	7,682	2,492	9,707	8,574
Forage	3,274	3,218	3,015	3,851
Hill Payments (UELS/UTP)	0	0	0	0
Environmentally Sensitive Area	484	0	322	1,278
Countryside Stewardship	793	748	320	1,794
Higher and Entry Level Stewardship	2,879	1,007	2,683	5,075
Organic Aid/ Organic Entry Level Stewardship	276	145	276	402
Other management/ agri-environment schemes	104	149	109	51
Single Payment Scheme	17,419	11,132	16,497	25,335
Rental income	4,166	1,080	3,498	8,488
Contract work	3,862	1,912	3,838	5,786
Miscellaneous output	4,975	5,811	4,145	5,849
Interest received	129	60	114	225
TOTAL FARM OUTPUT	105,974	54,616	109,148	148,948
<u>Variable costs</u>				
Concentrates	14,566	7,267	16,062	18,557
Purchased fodder	1,423	565	1,532	2,030
Veterinary and medicines	2,689	1,754	2,858	3,244
Other livestock costs	7,427	4,702	8,489	7,899
Seeds	1,122	712	1,250	1,257
Fertilisers	5,236	3,058	6,302	5,174
Crop protection	1,057	513	1,321	1,044
Other crop costs	817	335	1,062	783
TOTAL VARIABLE COSTS	34,337	18,906	38,877	39,988
TOTAL GROSS MARGIN	71,637	35,710	70,272	108,961

Fixed Costs, Farm Business Income, Farm Corporate Income and Farm Investment Income, 2012/2013

	Average all farms	Performance Band		
		Low	Medium	High
		£ per farm		
TOTAL GROSS MARGIN	71,637	35,710	70,272	108,961
<u>Fixed costs</u>				
Paid regular labour	4,734	3,727	4,749	5,672
Directors remuneration	228	321	269	55
Casual labour	1,298	752	1,203	2,016
Contract	5,377	3,835	5,752	6,100
Machinery repairs	4,180	3,384	4,653	3,990
Machinery fuel	4,975	3,453	5,462	5,451
Machinery depreciation	9,346	7,625	9,884	9,913
Other depreciation	0	0	0	0
Electricity	897	718	910	1,041
Other fuel	316	269	305	383
Water	1,017	989	1,034	1,006
Insurance	3,423	3,102	3,374	3,830
Professional fees	1,892	1,398	1,987	2,176
Other general costs	3,318	4,087	2,972	3,277
Property maintenance	3,959	2,844	4,065	4,818
Rent, hired in keep and bare land	5,297	4,669	5,373	5,747
Rates	174	71	191	239
Buildings depreciation	3,015	2,172	3,360	3,128
Long-term interest	1,128	980	1,212	1,100
Short-term interest	795	1,023	783	602
TOTAL FIXED COSTS	55,369	45,419	57,539	60,547
FARM BUSINESS INCOME	16,268	-9,710	12,733	48,414
Less - All unpaid labour	24,799	25,828	26,243	20,885
<i>Equals</i> - FARM CORPORATE INCOME	-8,530	-35,538	-13,510	27,529
Plus - Net Interest	1,794	1,943	1,881	1,477
<i>Equals</i> - FARM INVESTMENT INCOME	-6,736	-33,595	-11,629	29,006

Alternative Income Measures, 2012/2013

		Average all farms	Performance Band		
			Low	Medium	High
Reconciliation between Net Farm Income and Farm Business Profit					
	FARM BUSINESS INCOME	16,268	-9,710	12,733	48,414
Plus-	Directors remuneration	228	321	269	55
Less-	Net income from assets associated with the farm business	0	0	0	0
Plus-	Buildings and works depreciation	3,015	2,172	3,360	3,128
Plus-	Landlord type expenses	389	317	434	367
Plus-	Imputed rental income	301	298	354	198
Less-	Imputed rent and rental value	11,740	7,541	12,034	15,185
Plus-	Net Interest	1,794	1,943	1,881	1,477
Less-	Unpaid labour of partners	3,792	2,531	4,397	3,782
Equals-	NET FARM INCOME**	6,463	-14,731	2,600	34,672

** Excluding Breeding Livestock Stock Appreciation

**Land Use and Indicators of Technical Efficiency,
2012/2013**

	Average all farms	Performance Band		
		Low	Medium	High
Number of farms in group	267	44	140	83
Average farmed area (hectares)	101.6	66.8	93.0	152.7
Average proportion of owned total farmed area (%)	54%	53%	58%	50%
Land use				
Area of crops	6.9	2.2	8.6	7.8
Temporary grass	14.0	13.0	14.8	13.4
Permanent grass	68.6	48.0	61.2	103.5
Fodder crops	1.4	0.7	1.6	1.4
Rough grazing	5.8	1.1	1.8	18.3
Uncropped, fallow and turf	0.4	0.1	0.3	0.8
Forage hired in	4.6	1.7	4.6	7.4
Stocking				
Average number of dairy cows	1	1	1	1
Average number of beef cows	23	14	27	26
Average number of other cattle	84	43	94	101
Average number of ewes	172	114	143	287
Average number of other sheep	180	120	167	263
Grazing livestock units		GLUs per farm		
Dairy cows	1.1	1.2	1.3	0.5
Beef cows	11.7	7.0	13.3	13.0
Other cattle	51.8	25.4	58.6	63.4
Sheep	27.2	18.3	23.4	43.7
Other livestock	1.6	0.8	1.8	1.9
Total	93.4	52.7	98.4	122.4
GLUs per ha	0.99	0.82	1.17	0.85
GLUs per adjusted ha	1.00	0.82	1.19	0.87

Balance Sheet, 2012/2013

(end of year)

Performance Band

	Average all farms	Low	Medium	High
Number of farms in group	267	44	140	83
Average farmed area (hectares)	101.6	66.8	93.0	152.7
Average proportion of owned total farmed area	54%	53%	58%	50%
£ per farm				
End of year assets & liabilities				
Land & buildings	836,807	555,411	822,370	1,136,713
Milk quota	28	67	21	6
Single Payment Scheme	23,120	14,610	21,866	33,843
Machinery	52,906	41,345	55,850	58,065
Tenant's other assets	314	197	338	377
Breeding livestock	44,964	28,165	47,305	56,383
Total fixed assets	958,139	639,794	947,751	1,285,386
Trading livestock	47,773	22,265	54,075	59,552
Crops	1,727	504	2,460	1,419
Forage and cultivations	5,523	4,539	6,161	5,179
Stores	4,761	2,397	5,816	4,899
Debtors and loans	8,877	7,894	7,404	12,803
Bank credit and cash	22,318	8,226	19,744	41,083
Other current assets	0	0	0	0
Total current assets	90,979	45,825	95,660	124,934
Total assets	1,049,117	685,619	1,043,410	1,410,321
Financed by				
AMC	18,843	29,291	21,092	4,241
Bank loans	16,802	16,942	15,446	19,411
Other long term	9,116	5,999	9,042	12,262
Total long term	44,761	52,231	45,581	35,914
HP and lease	3,976	3,440	4,426	3,581
Creditors	7,669	5,990	6,875	10,892
Bank overdraft	17,999	14,185	21,426	14,729
Other short term	164	321	140	63
Total current liabilities	29,809	23,936	32,866	29,266
Total Liabilities	74,569	76,168	78,447	65,180
Net worth	974,548	609,451	964,963	1,345,141
Balance sheet ratios				
% Owner equity (net worth v. total assets)	93%	89%	92%	95%
% Fixed assets vs. total assets	91%	93%	91%	91%
Gearing (long-term loans v. total assets)	4%	8%	4%	3%
Total debt (external liabilities v. net worth)	8%	12%	8%	5%

FUND FLOWS, 2012/2013

	Average all farms	Performance Band		
		Low	Medium	High
Number of farms in group	267	44	140	83
Average farmed area (hectares)	101.6	66.8	93.0	152.7
Average proportion of owned total farmed area(%)	54%	53%	58%	50%
£ per farm				
Funds available from trading				
Farm Business Income	16,268	-9,710	12,733	48,414
Buildings and works depreciation	3,015	2,172	3,360	3,128
Machinery depreciation	9,346	7,625	9,884	9,914
Change in valuation *	-952	2,628	-932	-4,436
Trading net fund flow surplus	27,678	2,716	25,045	57,019
Funds used for farm investments				
Net property and quota purchases	2,478	1,559	2,622	3,071
Net landlord capital purchases	3,526	1,815	3,589	5,044
Net machinery and equipment purchases	10,786	9,545	10,658	12,239
Capital net fund flow	16,790	12,919	16,870	20,354
Total farm fund flow surplus	10,887	-10,203	8,175	36,665
Funds used for private expenditure				
Private drawings	22,866	15,239	21,925	32,108
Net private funds introduced	3,650	23,022	6,673	-21,107
Private fund outflow	19,216	-7,784	15,252	53,215
Total net fund flow surplus	-8,329	-2,419	-7,077	-16,549
Increase in loans and deposits	5,058	7,304	3,695	5,657
Increase in bank balance	-3,337	604	-2,679	-8,459
Increase in cash in hand	13	13	19	2
Increase in debtors	-913	3,074	-2,229	-2,082
Increase in creditors	-965	-1,195	-1,507	352
Net change in funding	8,329	2,419	7,077	16,549

* An increase in valuation is represented as a negative, with funds being used to increase the live and deadstock valuation

Appendix 4- Analysis of English Grazing Livestock Farms (Lowland) by Farm Sub-type

Grazing Livestock (Lowland) farms in England**Gross Output, Variable Costs and Farm Gross Margin, 2012/2013**

	Farm sub-types					
	Average all farms	Beef	Sheep	Beef & Sheep	Agri-related	Other
Number of farms in group	267	80	24	64	52	47
Average farmed area (hectares)	101.6	85.0	114.8	107.7	119.3	94.0
Average proportion of owned total farmed area	54%	63%	31%	55%	52%	57%
£ per farm						
<u>Output</u>						
Cattle	41,624	73,526	4,294	43,917	18,169	35,895
Sheep	17,513	3,633	63,360	33,507	9,329	9,126
Other livestock	795	219	1,287	993	205	1,850
Crops	7,682	7,227	1,384	13,232	2,492	11,207
Forage	3,274	1,342	1,203	1,287	3,269	9,090
Hill Payments (UELS/UTP)	0	0	0	0	0	0
Environmentally Sensitive Area	484	405	0	49	1,638	0
Countryside Stewardship	793	194	84	589	2,504	311
Higher and Entry Level Stewardship	2,879	2,065	2,536	3,343	4,415	2,044
Organic Aid/ Organic Entry Level Stewardship	276	83	0	275	449	494
Other management/ agri-environment schemes	104	63	0	5	388	0
Single Payment Scheme	17,419	14,827	13,218	18,233	23,168	15,930
Rental income	4,166	2,538	2,461	3,038	10,190	1,837
Contract work	3,862	2,220	1,225	4,053	4,502	6,551
Miscellaneous output	4,975	1,757	2,448	1,453	15,378	2,981
Interest received	129	119	145	211	57	131
TOTAL FARM OUTPUT	105,974	110,219	93,645	124,186	96,152	97,446
<u>Variable costs</u>						
Concentrates	14,566	18,720	13,234	19,819	6,840	12,225
Purchased fodder	1,423	2,164	1,383	1,232	729	1,330
Veterinary and medicines	2,689	2,773	4,678	3,629	1,515	1,975
Other livestock costs	7,427	8,727	7,567	9,557	4,264	6,760
Seeds	1,122	1,067	909	1,392	751	1,428
Fertilisers	5,236	6,149	3,766	7,400	1,543	6,418
Crop protection	1,057	1,089	496	1,543	289	1,610
Other crop costs	817	875	343	1,159	538	901
TOTAL VARIABLE COSTS	34,337	41,563	32,377	45,732	16,471	32,647
TOTAL GROSS MARGIN	71,637	68,656	61,268	78,453	79,680	64,799

Fixed Costs, Farm Business Income, Farm Corporate Income and Farm Investment Income, 2012/2013

	Average all farms	Beef	Farm sub-types			Other
			Sheep	Beef & Sheep	Agri- related	
			£ per farm			
TOTAL GROSS MARGIN	71,637	68,656	61,268	78,453	79,680	64,799
<u>Fixed costs</u>						
Paid regular labour	4,734	3,279	5,974	4,536	6,417	4,630
Directors remuneration	228	205	0	0	417	392
Casual labour	1,298	823	1,068	1,257	1,454	1,965
Contract	5,377	6,476	4,590	4,909	4,176	5,952
Machinery repairs	4,180	3,925	3,329	4,398	3,568	5,391
Machinery fuel	4,975	5,047	3,842	6,313	3,662	5,452
Machinery depreciation	9,346	8,201	8,269	11,279	7,757	11,256
Other depreciation	0	0	0	0	0	0
Electricity	897	834	741	815	1,178	833
Other fuel	316	259	159	393	407	290
Water	1,017	1,061	622	1,540	775	858
Insurance	3,423	2,989	3,060	3,925	3,665	3,433
Professional fees	1,892	1,961	1,807	1,720	2,120	1,757
Other general costs	3,318	2,640	2,806	2,876	5,090	3,039
Property maintenance	3,959	3,619	3,135	4,435	5,060	3,124
Rent, hired in keep and bare land	5,297	4,631	8,469	6,168	4,993	4,243
Rates	174	178	123	121	287	124
Buldings depreciation	3,015	3,214	1,247	4,373	3,062	2,078
Long-term interest	1,128	888	920	1,285	1,427	1,080
Short-term interest	795	928	550	855	648	815
TOTAL FIXED COSTS	55,369	51,159	50,711	61,198	56,164	56,711
 FARM BUSINESS INCOME	 16,268	 17,497	 10,557	 17,256	 23,516	 8,088
 <i>Less - All unpaid labour</i>	 24,799	 24,303	 25,849	 29,695	 21,319	 23,806
 <i>Equals - FARM CORPORATE INCOME</i>	 -8,530	 -6,806	 -15,292	 -12,440	 2,198	 -15,718
 <i>Plus - Net Interest</i>	 1,794	 1,697	 1,324	 1,930	 2,019	 1,764
 <i>Equals - FARM INVESTMENT INCOME</i>	 -6,736	 -5,109	 -13,968	 -10,510	 4,216	 -13,954

Alternative Income Measures, 2012/2013

		Average e all farms	Farm sub-types				Other
			Beef	Sheep	Beef & Sheep	Agri- related	
Reconciliation between Net Farm Income and Farm Business Profit							
	FARM BUSINESS INCOME	16,268	17,497	10,557	17,256	23,516	8,088
Plus-	Directors remuneration	228	205	0	0	417	392
Less-	Net income from assets associated with the farm business	0	0	0	0	0	0
Plus-	Buildings and works depreciation	3,015	3,214	1,247	4,373	3,062	2,078
Plus-	Landlord type expenses	389	444	229	374	420	364
Plus-	Imputed rental income	301	179	221	360	377	372
Less-	Imputed rent and rental value	11,740	11,981	6,481	13,445	12,894	10,765
Plus-	Net Interest	1,794	1,697	1,324	1,930	2,019	1,764
Less-	Unpaid labour of partners	3,792	3,244	4,158	5,560	2,511	4,005
Equals -	NET FARM INCOME**	6,463	8,011	2,939	5,288	14,408	-1,711

** Excluding Breeding Livestock Stock Appreciation

**Land Use and Indicators of Technical Efficiency,
2012/2013**

	Farm sub-types					
	Average all farms	Beef	Sheep	Beef & Sheep	Agri- related	Other
Number of farms in group	267	80	24	64	52	47
Average farmed area (hectares)	101.6	85.0	114.8	107.7	119.3	94.0
Average proportion of owned total farmed area(%)	54%	63%	31%	55%	52%	57%
Land use						
Area of crops	6.9	6.3	1.2	12.1	2.7	9.7
Temporary grass	14.0	17.7	7.1	17.7	7.1	15.8
Permanent grass	68.6	53.2	87.1	67.8	87.2	62.8
Fodder crops	1.4	1.8	0.5	0.9	1.4	1.5
Rough grazing	5.8	0.6	2.1	4.0	19.5	1.6
Uncropped, fallow and turf	0.4	0.4	0.3	0.3	0.6	0.4
Forage hired in	4.6	5.1	16.4	4.9	0.7	2.3
Stocking						
Average number of dairy cows	1	0	0	0	1	5
Average number of beef cows	23	32	5	28	17	21
Average number of other cattle	84	141	10	91	43	70
Average number of ewes	172	31	602	295	141	89
Average number of other sheep	180	39	562	330	136	102
Grazing livestock units				GLUs per farm		
Dairy cows	1.1	0.0	0.0	0.0	0.7	4.8
Beef cows	11.7	16.2	2.3	14.0	8.6	10.6
Other cattle	51.8	87.0	6.6	56.3	27.9	43.3
Sheep	27.2	5.2	92.3	47.3	22.1	14.4
Other livestock	1.6	0.3	0.2	1.0	4.3	1.5
Total	93.4	108.7	101.5	118.6	63.5	74.5
GLUs per ha	0.99	1.39	0.90	1.24	0.55	0.89
GLUs per adjusted ha	1.00	1.39	0.90	1.28	0.56	0.89

Balance Sheet, 2012/2013

(end of year)

	Farm sub-types					
	Average all farms	Beef	Sheep	Beef & Sheep	Agri- related	Other
Number of farms in group	267	80	24	64	52	47
Average farmed area (hectares)	101.6	85.0	114.8	107.7	119.3	94.0
Average proportion of owned total farmed area	54%	63%	31%	55%	52%	57%
		£ per farm				
End of year assets & liabilities						
Land & buildings	836,807	829,770	510,354	834,547	963,120	859,758
Milk quota	28	37	0	38	0	49
Single Payment Scheme	23,120	19,986	17,066	23,982	31,061	20,797
Machinery	52,906	46,963	47,478	66,999	43,440	59,877
Tenant's other assets	314	373	6	439	107	468
Breeding livestock	44,964	37,733	68,035	68,153	30,924	36,372
Total fixed assets	958,139	934,863	642,938	994,159	1,068,652	977,321
Trading livestock	47,773	73,688	17,175	57,320	25,668	38,660
Crops	1,727	1,429	100	2,726	591	3,124
Forage and cultivations	5,523	5,964	2,728	5,599	3,852	7,928
Stores	4,761	5,529	3,375	6,417	2,334	5,244
Debtors and loans	8,877	9,142	14,504	7,070	9,075	7,563
Bank credit and cash	22,318	10,444	21,712	28,558	28,186	26,912
Total current assets	90,979	106,195	59,594	107,691	69,705	89,430
Total assets	1,049,117	1,041,058	702,532	1,101,850	1,138,358	1,066,751
Financed by						
AMC	18,843	17,027	14,129	39,194	14,561	7,307
Bank loans	16,802	13,147	23,700	12,727	18,599	21,182
Other long term	9,116	12,904	4,897	7,649	11,713	4,202
Total long term	44,761	43,077	42,726	59,569	44,873	32,691
HP and lease	3,976	3,699	2,608	5,592	1,383	6,193
Creditors	7,669	8,658	7,915	7,264	6,904	7,380
Bank overdraft	17,999	25,216	13,958	16,268	14,355	15,179
Other short term	164	124	142	132	41	404
Total current liabilities	29,809	37,698	24,623	29,256	22,683	29,156
Total Liabilities	74,569	80,776	67,348	88,825	67,556	61,847
Net worth	974,548	960,283	635,184	1,013,024	1,070,802	1,004,903
Balance sheet ratios						
% Owner equity (net worth v. total assets)	93%	92%	90%	92%	94%	94%
% Fixed assets vs. total assets	91%	90%	92%	90%	94%	92%
Gearing (long-term loans v. total assets)	4%	4%	6%	5%	4%	3%
Total debt (external liabilities v. net worth)	8%	8%	11%	9%	6%	6%

FUND FLOWS, 2012/2013

	Farm sub-types					
	Average all farms	Beef	Sheep	Beef & Sheep	Agri- related	Other
Number of farms in group	267	80	24	64	52	47
Average farmed area (hectares)	101.6	85.0	114.8	107.7	119.3	94.0
Average proportion of owned total farmed area(%)	54%	63%	31%	55%	52%	57%
	£ per farm					
Funds available from trading						
Farm Business Income	16,268	17,497	10,557	17,256	23,516	8,088
Buildings and works depreciation	3,015	3,214	1,247	4,373	3,062	2,078
Machinery depreciation	9,346	8,201	8,269	11,279	7,757	11,256
Change in valuation *	-952	-1,168	-1,774	-2,930	-2,108	3,059
Trading net fund flow surplus	27,678	27,744	18,300	29,978	32,228	24,482
Funds used for farm investments						
Net property and quota purchases	2,478	949	-12,957	8,368	5,628	2,207
Net landlord capital purchases	3,526	3,326	485	4,126	3,016	5,152
Net machinery and equipment purchases	10,786	7,313	15,830	12,184	9,377	13,624
Capital net fund flow	16,790	11,588	3,359	24,678	18,022	20,983
Total farm fund flow surplus	10,887	16,156	14,941	5,300	14,206	3,498
Funds used for private expenditure						
Private drawings	22,866	24,123	25,648	22,699	23,162	19,612
Net private funds introduced	3,650	729	5,681	7,775	-1,691	8,579
Private fund outflow	19,216	23,394	19,967	14,923	24,853	11,032
Total net fund flow surplus	-8,329	-7,237	-5,026	-9,624	-10,646	-7,534
Increase in loans and deposits	5,058	3,298	10,796	8,773	2,971	3,441
Increase in bank balance	-3,337	-3,414	1,805	-2,939	-5,670	-3,421
Increase in cash in hand	13	0	-4	-26	14	80
Increase in debtors	-913	-1,039	2,555	482	-2,507	-2,004
Increase in creditors	-965	-513	-1,414	-1,632	-488	-1,252
Net change in funding	8,329	7,237	5,026	9,624	10,646	7,534

* An increase in valuation is represented as a negative, with funds being used to increase the live and deadstock valuation

Appendix 5- Analysis of English Grazing Livestock Farms (Lowland) – Organic and Conventional

Grazing Livestock (Lowland) farms in England

Gross Output, Variable Costs and Farm Gross Margin, 2012/2013

	Type of Production	
	Conventional	Organic
Number of farms in group	231	36
Average farmed area (hectares)	101.88	98.48
Average proportion of owned total farmed area	54%	62%
	£ per farm	
<u>Output</u>		
Cattle	42,497	30,248
Sheep	18,215	8,370
Other livestock	763	1,207
Crops	7,932	4,417
Forage	3,278	3,213
Hill Payments (UELS/UTP)	0	0
Environmentally Sensitive Area	522	0
Countryside Stewardship	765	1,156
Higher and Entry Level Stewardship	2,753	4,522
Organic Aid/ Organic Entry Level Stewardship	0	3,872
Other management/ agri-environment schemes	107	62
Single Payment Scheme	17,154	20,875
Rental income	3,936	7,158
Contract work	4,031	1,655
Miscellaneous output	4,739	8,042
Interest received	118	272
TOTAL FARM OUTPUT	106,811	95,068
<u>Variable costs</u>		
Concentrates	15,271	5,377
Purchased fodder	1,472	786
Veterinary and medicines	2,785	1,433
Other livestock costs	7,620	4,925
Seeds	1,077	1,711
Fertilisers	5,605	426
Crop protection	1,133	61
Other crop costs	824	724
TOTAL VARIABLE COSTS	35,787	15,442
TOTAL GROSS MARGIN	71,024	79,627

Fixed Costs, Farm Business Income, Farm Corporate Income and Farm Investment Income, 2012/2013

	Type of Production	
	Conventional	Organic
	£ per farm	
TOTAL GROSS MARGIN	71,024	79,627
<u>Fixed costs</u>		
Paid regular labour	4,706	5,106
Directors remuneration	119	1,649
Casual labour	1,336	804
Contract	5,395	5,138
Machinery repairs	4,170	4,307
Machinery fuel	5,029	4,270
Machinery depreciation	9,247	10,644
Other depreciation	0	1
Electricity	883	1,072
Other fuel	308	422
Water	1,015	1,031
Insurance	3,429	3,343
Professional fees	1,848	2,471
Other general costs	3,235	4,398
Property maintenance	3,981	3,680
Rent, hired in keep and bare land	5,337	4,778
Rates	169	245
Buldings depreciation	3,047	2,605
Long-term interest	1,066	1,941
Short-term interest	801	725
TOTAL FIXED COSTS	55,119	58,631
FARM BUSINESS INCOME	15,905	20,996
Less - All unpaid labour	24,927	23,120
<i>Equals</i> - FARM CORPORATE INCOME	-9,022	-2,124
Plus - Net Interest	1,748	2,394
<i>Equals</i> - FARM INVESTMENT INCOME	-7,274	270

Alternative Income Measures, 2012/2013

		Type of Production	
		Conventional	Organic
Reconciliation between Net Farm Income and Farm Business Profit			
	FARM BUSINESS INCOME	15,905	20,996
Plus-	Directors remuneration	119	1,649
Less-	Net income from assets associated with the farm business	0	0
Plus-	Buildings and works depreciation	3,047	2,605
Plus-	Landlord type expenses	394	328
Plus-	Imputed rental income	295	383
Less-	Imputed rent and rental value	11,702	12,237
Plus-	Net Interest	1,748	2,394
Less-	Unpaid labour of partners	3,837	3,208
Equals-	NET FARM INCOME**	5,969	12,909

** Excluding Breeding Livestock Stock Appreciation

Land Use and Indicators of Technical Efficiency, 2012/2013
Type of Production

	Conventional	Organic
Number of farms in group	231	36
Average farmed area (hectares)	101.88	98.48
Average proportion of owned total farmed area(%)	54%	62%
Land use		
Area of crops	7.1	4.6
Temporary grass	13.7	18.8
Permanent grass	68.8	65.7
Fodder crops	1.2	2.8
Rough grazing	5.9	4.5
Uncropped, fallow and turf	0.4	1.0
Forage hired in	4.8	1.2
Stocking		
Average number of dairy cows	1	0
Average number of beef cows	23	27
Average number of other cattle	85	70
Average number of ewes	179	82
Average number of other sheep	187	85
Grazing livestock units	GLU's per farm	
Dairy cows	1.2	0.0
Beef cows	11.6	13.6
Other cattle	52.3	45.4
Sheep	28.3	12.9
Other livestock	1.6	0.9
Total	95.0	72.8
GLUs per ha	1.01	0.78
GLUs per adjusted ha	1.02	0.80

Balance Sheet, 2012/2013

(end of year)

Type of Production

	Conventional	Organic
Number of farms in group	231	36
Average farmed area (hectares)	101.88	98.48
Average proportion of owned total farmed area	54%	62%
	£ per farm	
End of year assets & liabilities		
Land & buildings	825,278	987,022
Milk quota	30	11
Single Payment Scheme	22,747	27,970
Machinery	52,328	60,429
Tenant's other assets	331	88
Breeding livestock	45,679	35,653
Total fixed assets	946,393	1,111,174
Trading livestock	48,802	34,371
Crops	1,783	996
Forage and cultivations	5,525	5,497
Stores	4,975	1,978
Debtors and loans	8,404	15,031
Bank credit and cash	23,093	12,209
Other current assets	0	0
Total current assets	92,583	70,081
Total assets	1,038,976	1,181,255
Financed by		
AMC	19,170	14,586
Bank loans	15,270	36,758
Other long term	9,337	6,225
Total long term	43,778	57,569
HP and lease	3,854	5,575
Creditors	7,715	7,068
Bank overdraft	18,078	16,967
Other short term	172	66
Total current liabilities	29,819	29,676
Total Liabilities	73,597	87,245
Net worth	965,379	1,094,010
Balance sheet ratios		
% Owner equity (net worth v.total assets)	93%	93%
% Fixed assets vs. total assets	91%	94%
Gearing (long-term loans v.total assets)	4%	5%
Total debt (external liabilities v.net worth)	8%	8%

FUND FLOWS, 2012/2013

	Conventional	Organic
Number of farms in group	231	36
Average farmed area (hectares)	101.88	98.48
Average proportion of owned total farmed area(%)	54%	62%
	£ per farm	
Funds available from trading		
Farm Business Income	15,905	20,996
Buildings and works depreciation	3,047	2,605
Machinery depreciation	9,247	10,645
Change in valuation *	-562	-6,031
Trading net fund flow surplus	27,636	28,215
Funds used for farm investments		
Net property and quota purchases	1,498	15,251
Net landlord capital purchases	3,564	3,035
Net machinery and equipment purchases	10,389	15,954
Capital net fund flow	15,451	34,240
Total farm fund flow surplus	12,185	-6,025
Funds used for private expenditure		
Private drawings	22,749	24,393
Net private funds introduced	2,350	20,586
Private fund outflow	-20,399	-3,807
Total net fund flow surplus	-8,214	-9,832
Increase in loans and deposits	4,604	10,977
Increase in bank balance	-3,587	-70
Increase in cash in hand	14	1
Increase in debtors	-1,007	316
Increase in creditors	-970	-898
Net change in funding	8,214	9,832

* An increase in valuation is represented by a negative, with funds being used to increase the live and deadstock valuation

Appendix 6- Analysis of English Grazing Livestock Farms (Lowland) by EU Region

Grazing Livestock (Lowland) farms in England**Gross Output, Variable Costs and Farm Gross Margin,
2012/2013**

	Average all farms	EU Region		
		North	East	West
Number of farms in group	267	58	96	113
Average farmed area (hectares)	101.6	116.2	114.9	84.0
Average proportion of owned total farmed area	54%	41%	48%	69%
£ per farm				
<u>Output</u>				
Cattle	41,624	62,216	33,877	38,879
Sheep	17,513	22,095	17,457	15,503
Other livestock	795	614	765	901
Crops	7,682	12,954	5,832	6,867
Forage	3,274	4,259	2,983	3,075
Hill Payments (UELS/UTP)	0	0	0	0
Environmentally Sensitive Area	484	16	949	305
Countryside Stewardship Higher and Entry Level	793	94	1,253	720
Stewardship	2,879	3,095	3,585	2,190
Organic Aid/ Organic Entry Level Stewardship	276	94	179	439
Other management/ agri-environment schemes	104	15	208	56
Single Payment Scheme	17,419	20,304	18,353	15,341
Rental income	4,166	2,325	5,408	3,950
Contract work	3,862	5,677	2,989	3,779
Miscellaneous output	4,975	6,495	6,860	2,710
Interest received	129	86	132	146
TOTAL FARM OUTPUT	105,974	140,339	100,829	94,862
<u>Variable costs</u>				
Concentrates	14,566	27,407	10,841	11,925
Purchased fodder	1,423	2,637	1,647	691
Veterinary and medicines	2,689	4,253	2,173	2,419
Other livestock costs	7,427	9,313	6,752	7,147
Seeds	1,122	1,261	955	1,200
Fertilisers	5,236	7,501	3,963	5,288
Crop protection	1,057	1,294	791	1,174
Other crop costs	817	944	793	780
TOTAL VARIABLE COSTS	34,337	54,610	27,915	30,623
TOTAL GROSS MARGIN	71,637	85,728	72,915	64,239

Fixed Costs, Farm Business Income, Farm Corporate Income and Farm Investment Income, 2012/2013

	Average all farms	EU Region		
		North	East	West
		£ per farm		
TOTAL GROSS MARGIN	71,637	85,728	72,915	64,239
<u>Fixed costs</u>				
Paid regular labour	4,734	5,981	5,986	3,125
Directors remuneration	228	0	352	226
Casual labour	1,298	1,631	1,500	980
Contract	5,377	5,460	5,562	5,184
Machinery repairs	4,180	4,487	4,093	4,116
Machinery fuel	4,975	6,182	4,899	4,496
Machinery depreciation	9,346	11,457	8,155	9,398
Other depreciation	0	0	0	0
Electricity	897	803	1,006	847
Other fuel	316	314	331	304
Water	1,017	897	1,076	1,021
Insurance	3,423	3,604	3,261	3,477
Professional fees	1,892	1,572	2,169	1,804
Other general costs	3,318	4,305	3,362	2,837
Property maintenance	3,959	4,681	3,880	3,702
Rent, hired in keep and bare land	5,297	7,848	5,459	4,015
Rates	174	125	266	119
Buldings depreciation	3,015	3,583	2,744	2,987
Long-term interest	1,128	1,059	1,114	1,171
Short-term interest	795	1,418	664	626
TOTAL FIXED COSTS	55,369	65,407	55,878	50,435
 FARM BUSINESS INCOME	 16,268	 20,321	 17,036	 13,804
 Less - All unpaid labour	 24,799	 28,029	 21,627	 26,010
 <i>Equals</i> - FARM CORPORATE INCOME	 -8,530	 -7,708	 -4,590	 -12,206
 Plus - Net Interest	 1,794	 2,391	 1,646	 1,651
 <i>Equals</i> - FARM INVESTMENT INCOME	 -6,736	 -5,317	 -2,945	 -10,555

Alternative Income Measures, 2012/2013

		Average all farms	EU Region		
			North	East	West
Reconciliation between Net Farm Income and Farm Business Profit					
	FARM BUSINESS INCOME	16,268	20,321	17,036	13,804
Plus-	Directors remuneration	228	0	352	226
Less-	Net income from assets associated with the farm business	0	0	0	0
Plus-	Buildings and works depreciation	3,015	3,583	2,744	2,987
Plus-	Landlord type expenses	389	336	459	355
Plus-	Imputed rental income	301	464	246	275
Less-	Imputed rent and rental value	11,740	11,264	11,271	12,347
Plus-	Net Interest	1,794	2,391	1,646	1,651
Less-	Unpaid labour of partners	3,792	4,663	2,417	4,556
Equals-	NET FARM INCOME**	6,463	11,167	8,794	2,395

** Excluding Breeding Livestock Stock Appreciation

**Land Use and Indicators of Technical Efficiency,
2012/2013**

	Average all farms	EU Region		
		North	East	West
Number of farms in group	267	58	96	113
Average farmed area (hectares)	101.6	116.2	114.9	84.0
Average proportion of owned total farmed area(%)	54%	41%	48%	69%
Land use				
Area of crops	6.9	11.3	4.8	6.6
Temporary grass	14.0	22.2	7.8	15.6
Permanent grass	68.6	56.6	93.2	53.4
Fodder crops	1.4	1.1	1.1	1.7
Rough grazing	5.8	20.8	3.4	1.0
Uncropped, fallow and turf	0.4	0.5	0.2	0.5
Forage hired in	4.6	3.7	4.5	5.1
Stocking				
Average number of dairy cows	1	0	1	2
Average number of beef cows	23	25	22	23
Average number of other cattle	84	123	69	78
Average number of ewes	172	225	185	138
Average number of other sheep	180	228	189	151
Grazing livestock units				
		GLUs per farm		
Dairy cows	1.1	0.3	0.6	1.8
Beef cows	11.7	12.7	11.2	11.7
Other cattle	51.8	75.2	43.5	48.3
Sheep	27.2	35.2	29.2	22.0
Other livestock	1.6	2.5	1.8	0.9
Total	93.4	125.9	86.3	84.8
GLUs per ha	0.99	1.21	0.79	1.10
GLUs per adjusted ha	1.00	1.24	0.79	1.11

Balance Sheet, 2012/2013

(end of year)

EU Region

	Average all farms	North	East	West
Number of farms in group	267	58	96	113
Average farmed area (hectares)	101.6	116.2	114.9	84.0
Average proportion of owned total farmed area	54%	41%	48%	69%
£ per farm				
End of year assets & liabilities				
Land & buildings	836,807	643,109	842,363	919,112
Milk quota	28	8	27	39
Single Payment Scheme	23,120	27,634	23,892	20,444
Machinery	52,906	64,871	44,797	54,337
Tenant's other assets	314	450	172	372
Breeding livestock	44,964	53,840	40,773	44,495
Total fixed assets	958,139	789,910	952,025	1,038,800
Trading livestock	47,773	70,356	41,543	42,862
Crops	1,727	2,157	1,302	1,890
Forage and cultivations	5,523	5,597	6,031	5,064
Stores	4,761	4,789	4,806	4,711
Debtors and loans	8,877	6,664	6,963	11,476
Bank credit and cash	22,318	14,719	35,915	14,321
Other current assets	0	0	0	0
Total current assets	90,979	104,282	96,560	80,323
Total assets	1,049,117	894,192	1,048,585	1,119,123
Financed by				
AMC	18,843	14,429	14,938	24,102
Bank loans	16,802	12,603	12,892	21,967
Other long term	9,116	9,635	14,693	4,202
Total long term	44,761	36,668	42,523	50,272
HP and lease	3,976	6,190	3,445	3,428
Creditors	7,669	12,136	5,916	7,134
Bank overdraft	17,999	31,829	15,048	14,266
Other short term	164	37	188	202
Total current liabilities	29,809	50,191	24,597	25,030
Total Liabilities	74,569	86,859	67,121	75,301
Net worth	974,548	807,333	981,464	1,043,821
Balance sheet ratios				
% Owner equity (net worth v.total assets)	93%	90%	94%	93%
% Fixed assets vs. total assets	91%	88%	91%	93%
Gearing (long-term loans v.total assets)	4%	4%	4%	4%
Total debt (external liabilities v.net worth)	8%	11%	7%	7%

FUND FLOWS, 2012/2013

	Average all farms	EU Region		
		North	East	West
Number of farms in group	267	58	96	113
Average farmed area (hectares)	101.6	116.2	114.9	84.0
Average proportion of owned total farmed area(%)	54%	41%	48%	69%
£ per farm				
Funds available from trading				
Farm Business Income	16,268	20,321	17,036	13,804
Buildings and works depreciation	3,015	3,583	2,744	2,987
Machinery depreciation	9,346	11,457	8,155	9,398
Change in valuation *	-952	3,361	-4,560	138
Trading net fund flow surplus	27,678	38,723	23,376	26,328
Funds used for farm investments				
Net property and quota purchases	2,478	14,064	2,066	-2,378
Net landlord capital purchases	3,526	3,072	4,047	3,293
Net machinery and equipment purchases	10,786	11,720	9,476	11,466
Capital net fund flow	16,790	28,857	15,589	12,381
Total farm fund flow surplus	10,887	9,866	7,787	13,947
Funds used for private expenditure				
Private drawings	22,866	22,882	23,424	22,391
Net private funds introduced	3,650	-7,838	9,961	3,512
Private fund outflow	19,216	30,721	13,463	18,878
Total net fund flow surplus	-8,329	-20,855	-5,676	-4,932
Increase in loans and deposits	5,058	10,002	2,949	4,609
Increase in bank balance	-3,337	-1,598	-3,970	-3,586
Increase in cash in hand	13	96	-15	0
Increase in debtors	-913	-8,176	-91	1,658
Increase in creditors	-965	1,176	-1,349	-1,604
Net change in funding	8,329	20,855	5,676	4,932

* An increase in valuation is represented as a negative, with funds being used to increase the live and deadstock valuation

Appendix 7- Analysis of English Grazing Livestock Farms (Lowland) by Farm Size by Standard Labour Requirement

Grazing Livestock (Lowland) farms in England

Gross Output, Variable Costs and Farm Gross Margin, 2012/2013

	Farm Size by Standard Labour Requirement				
	Part-time	Small	Medium	Large	Very large
Number of farms in group	41	94	53	48	31
Average farmed area (hectares)	61.41	76.90	106.73	166.37	396.27
Average proportion of owned total farmed area	64%	66%	71%	48%	24%
£ per farm					
<u>Output</u>					
Cattle	22,598	32,389	56,270	68,789	142,443
Sheep	3,142	11,160	23,838	48,089	83,873
Other livestock	23	463	2,091	425	5,512
Crops	2,674	4,232	8,901	16,911	42,987
Forage	3,298	3,532	2,222	3,596	3,634
Hill Payments (UELS/UTP)	0	0	0	0	0
Environmentally Sensitive Area	193	629	1,288	151	260
Countryside Stewardship	988	698	500	815	677
Higher and Entry Level Stewardship	1,223	2,019	3,560	4,849	14,148
Organic Aid/ Organic Entry Level Stewardship	272	208	150	326	925
Other management/ agri-environment schemes	121	121	112	19	24
Single Payment Scheme	12,101	14,200	18,760	24,901	56,338
Rental income	4,169	3,209	4,160	5,091	8,096
Contract work	1,276	6,179	5,069	3,539	5,814
Miscellaneous output	3,603	6,858	3,685	3,638	9,050
Interest received	22	231	175	72	264
TOTAL FARM OUTPUT	55,702	86,128	130,782	181,210	374,044
<u>Variable costs</u>					
Concentrates	4,360	9,530	20,014	28,675	75,910
Purchased fodder	852	875	1,051	3,630	5,570
Veterinary and medicines	1,034	1,996	3,183	5,569	11,825
Other livestock costs	3,930	6,007	9,718	12,582	25,049
Seeds	618	796	1,088	2,107	4,833
Fertilisers	2,176	3,766	6,682	10,791	21,514
Crop protection	466	625	981	2,072	6,039
Other crop costs	277	783	1,184	1,557	2,516
TOTAL VARIABLE COSTS	13,712	24,379	43,901	66,983	153,257
TOTAL GROSS MARGIN	41,990	61,749	86,881	114,227	220,787

Fixed Costs, Farm Business Income, Farm Corporate Income and Farm Investment Income, 2011/2012

	Farm Size by Standard Labour Requirement				
	Part-time	Small	Medium	Large	Very large
			£ per farm		
TOTAL GROSS MARGIN	41,990	61,749	86,881	114,227	220,787
<u>Fixed costs</u>					
Paid regular labour	2,028	3,229	5,706	5,343	28,735
Directors remuneration	336	81	0	597	248
Casual labour	819	647	1,591	2,540	5,474
Contract	3,440	4,608	5,976	9,123	15,106
Machinery repairs	2,677	3,578	4,428	7,036	12,393
Machinery fuel	2,585	4,419	5,859	9,211	15,013
Machinery depreciation	5,631	8,532	10,790	16,441	23,593
Other depreciation	0	0	1	0	0
Electricity	638	919	993	1,063	2,019
Other fuel	230	256	357	411	991
Water	743	971	1,147	1,298	2,349
Insurance	2,686	3,019	4,035	4,508	7,429
Professional fees	1,339	2,102	2,043	1,967	3,986
Other general costs	2,908	2,878	4,012	4,043	5,700
Property maintenance	2,711	3,850	4,443	5,471	9,336
Rent, hired in keep and bare land	2,918	4,214	4,539	10,109	21,375
Rates	79	290	163	48	413
Buldings depreciation	2,245	2,468	3,915	4,122	7,331
Long-term interest	490	1,189	1,322	1,974	3,198
Short-term interest	382	864	970	1,086	2,300
TOTAL FIXED COSTS	34,885	48,114	62,290	86,391	166,989
 FARM BUSINESS INCOME	 7,105	 13,635	 24,590	 27,836	 53,798
 <i>Less - All unpaid labour</i>	 19,887	 24,411	 30,247	 32,310	 34,170
 <i>Equals - FARM CORPORATE INCOME</i>	 -12,782	 -10,776	 -5,657	 -4,474	 19,628
 <i>Plus - Net Interest</i>	 851	 1,822	 2,117	 2,988	 5,233
 <i>Equals - FARM INVESTMENT INCOME</i>	 -11,931	 -8,954	 -3,540	 -1,486	 24,861

Alternative Income Measures, 2012/2013

		Farm Size by Standard Labour Requirement				
		Part-time	Small	Medium	Large	Very large
Reconciliation between Net Farm Income and Farm Business Profit						
	FARM BUSINESS INCOME	7,105	13,635	24,590	27,836	53,798
Plus-	Directors remuneration	336	81	0	597	248
Less-	Net income from assets associated with the farm business	0	0	0	0	0
Plus-	Buildings and works depreciation	2,245	2,468	3,915	4,122	7,331
Plus-	Landlord type expenses	333	409	439	450	430
Plus-	Imputed rental income	196	298	165	434	1,149
Less-	Imputed rent and rental value	8,251	10,524	16,318	16,898	22,450
Plus-	Net Interest	851	1,822	2,117	2,988	5,233
Less-	Unpaid labour of partners	1,868	3,310	5,562	6,753	10,268
Equals-	NET FARM INCOME**	947	4,880	9,346	12,776	35,470

** Excluding Breeding Livestock Stock Appreciation

Land Use and Indicators of Technical Efficiency, 2012/2013**Farm Size by Standard Labour Requirement**

	Part-time	Small	Medium	Large	Very large
Number of farms in group	41	94	53	48	31
Average farmed area (hectares)	61.41	76.90	106.73	166.37	396.27
Average proportion of owned total farmed area(%)	64%	66%	71%	48%	24%
Land use					
Area of crops	2.4	3.9	8.4	15.3	36.5
Temporary grass	9.1	9.1	21.3	26.1	36.6
Permanent grass	48.4	57.9	71.3	105.4	199.3
Fodder crops	0.7	1.5	1.0	1.6	5.9
Rough grazing	0.4	2.1	0.7	2.1	83.1
Uncropped, fallow and turf	0.1	0.4	0.2	0.6	2.4
Forage hired in	0.3	2.0	3.8	15.3	32.4
Stocking					
Average number of dairy cows	1	0	2	1	5
Average number of beef cows	12	23	30	40	60
Average number of other cattle	46	70	113	137	251
Average number of ewes	31	101	219	458	938
Average number of other sheep	35	110	249	490	861
Grazing livestock units			GLU's per farm		
Dairy cows	0.8	0.2	2.1	1.5	5.1
Beef cows	5.9	11.6	14.8	20.2	30.0
Other cattle	29.8	43.0	69.6	83.7	154.9
Sheep	5.1	16.3	35.3	72.8	143.1
Other livestock	1.0	2.2	1.4	0.3	3.8
Total	42.7	73.3	123.1	178.5	336.8
GLUs per ha	0.73	1.01	1.25	1.19	0.94
GLUs per adjusted ha	0.73	1.02	1.26	1.20	0.98

Balance Sheet, 2012/2013

(end of year)

Farm Size by Standard Labour Requirement

	Part-time	Small	Medium	Large	Very large
Number of farms in group	41	94	53	48	31
Average farmed area (hectares)	61.41	76.90	106.73	166.37	396.27
Average proportion of owned total farmed area	64%	66%	71%	48%	24%
	£ per farm				
End of year assets & liabilities					
Land & buildings	659,809	762,662	1,088,564	1,158,250	1,297,880
Milk quota	19	37	41	10	39
Single Payment Scheme	15,921	18,732	24,739	33,338	76,291
Machinery	30,354	47,962	64,650	90,481	141,749
Tenant's other assets	23	530	239	383	1,127
Breeding livestock	16,920	35,666	57,886	94,493	172,988
Total fixed assets	723,047	865,588	1,236,119	1,376,955	1,690,073
Trading livestock	24,308	38,080	57,202	85,058	176,879
Crops	622	1,145	1,735	4,254	8,243
Forage and cultivations	3,947	4,960	5,051	9,986	12,931
Stores	2,171	3,810	6,164	10,169	15,118
Debtors and loans	4,737	11,043	8,022	8,551	27,562
Bank credit and cash	22,680	19,976	22,038	19,745	38,737
Other current assets	0	0	0	0	0
Total current assets	58,466	79,014	100,213	137,762	279,469
Total assets	781,512	944,602	1,336,332	1,514,717	1,969,542
Financed by					
AMC	19,393	16,964	20,860	15,134	27,613
Bank loans	2,314	15,331	33,688	28,977	62,086
Other long term	2,261	14,482	2,770	22,672	16,813
Total long term	23,967	46,777	57,318	66,783	106,513
HP and lease	1,753	3,226	5,759	8,401	11,443
Creditors	3,503	5,960	9,632	12,477	33,028
Bank overdraft	5,402	21,663	19,715	26,178	64,933
Other short term	5	327	35	345	324
Total current liabilities	10,662	31,175	35,141	47,401	109,728
Total Liabilities	34,630	77,952	92,459	114,184	216,241
Net worth	746,883	866,650	1,243,873	1,400,534	1,753,301
Balance sheet ratios					
% Owner equity (net worth v.total assets)	96%	92%	93%	92%	89%
% Fixed assets vs. total assets	93%	92%	93%	91%	86%
Gearing (long-term loans v.total assets)	3%	5%	4%	4%	5%
Total debt (external liabilities v.net worth)	5%	9%	7%	8%	12%

FUND FLOWS, 2012/2013

	Part-time	Small	Medium	Large	Very large
Number of farms in group	41	94	53	48	31
Average farmed area (hectares)	61.41	76.90	106.73	166.37	396.27
Average proportion of owned total farmed area(%)	64%	66%	71%	48%	24%
	£ per farm				
Funds available from trading					
Farm Business Income	7,105	13,635	24,590	27,836	53,798
Buildings and works depreciation	2,245	2,468	3,915	4,122	7,331
Machinery depreciation	5,631	8,532	10,791	16,441	23,593
Change in valuation *	1,880	1,138	-6,378	-6,736	-8,995
Trading net fund flow surplus	16,861	25,772	32,918	41,662	75,726
Funds used for farm investments					
Net property and quota purchases	1,290	2,573	2,246	7,008	2,662
Net landlord capital purchases	3,314	1,948	4,833	2,963	11,961
Net machinery and equipment purchases	5,226	10,890	13,809	16,929	30,209
Capital net fund flow	9,830	15,411	20,888	26,900	44,832
Total farm fund flow surplus	7,031	10,362	12,030	14,762	30,894
Funds used for private expenditure					
Private drawings	14,993	23,943	27,482	30,460	46,091
Net private funds introduced	5,167	8,556	5,023	5,940	-42,924
Private fund outflow	-9,826	-15,387	-22,459	-24,520	-89,015
Total net fund flow surplus	-2,795	-5,025	-10,429	-9,758	-58,121
Increase in loans and deposits	763	6,225	14,389	-4,011	20,984
Increase in bank balance	-2,520	-3,520	3,244	-4,509	-22,122
Increase in cash in hand	8	-1	121	-62	1
Increase in debtors	-209	2,486	649	-9,293	-14,551
Increase in creditors	-690	-2,235	54	-94	465
Net change in funding	2,795	5,025	10,429	9,758	58,121

* An increase in valuation is represented as a negative, with funds being used to increase the live and deadstock valuation

Appendix 8 Cost Centre details for Lowland Grazing Livestock Farms in England, All Farms

Derivation of farm income measures: 2012/2013	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
Total Output	75,045	4,577	8,803	17,419	105,845
Variable costs (b)	40,416	71	505	3	40,996
Total Gross Margin	34,629	4,506	8,298	17,417	64,849
Fixed costs (c)	42,119	746	4,340	1,775	48,980
Total Costs	82,536	817	4,846	1,778	89,976
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					400
Farm Business Income (e)	-7,091	3,760	3,957	15,642	16,268
Adjustment for unpaid manual labour (f)	23,175	207	1,417	0	24,799
Farm Corporate Income (g)	-30,265	3,553	2,540	15,642	-8,530
Interest payments on borrowing (net of interest received) (c)	1,588	22	151	34	1,794
Farm Investment Income (h)	-28,677	3,575	2,690	15,676	-6,736
Holding gains not included in farm income:					70,324
of which					
Breeding Livestock Stock Appreciation (BLSA)					309
Revaluation of machinery, permanent crops, glasshouses, quota					1,535
Revaluation of land					68,480
Derivation of Net Farm Income:					
(h) <i>plus</i> Director remuneration					228
<i>minus</i> Imputed rent (i)					11,439
<i>plus</i> Ownership charges					3,404
<i>minus</i> Non-agricultural output historically not accounted for in Net Farm Income					0
<i>plus</i> Non-agricultural input costs historically not accounted for in Net Farm Income					0
<i>plus</i> Unpaid labour of principal farmer and spouse					21,006
<i>equals</i> Net Farm Income					6,463

Appendix 9 Cost Centre details for Lowland Grazing Livestock Farms, EU North

Derivation of farm income measures: 2012/2013	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
Total Output	108,007	3,408	8,533	20,304	140,253
Variable costs (b)	61,418	44	207	2	61,671
Total Gross Margin	46,589	3,364	8,326	20,302	78,581
Fixed costs (c)	51,051	561	5,006	2,276	58,894
Total Costs	112,468	605	5,213	2,278	120,564
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					633
Farm Business Income (e)	-3,829	2,803	3,320	18,027	20,321
Adjustment for unpaid manual labour (f)	25,960	117	1,953	0	28,029
Farm Corporate Income (g)	-29,788	2,686	1,367	18,027	-7,708
Interest payments on borrowing (net of interest received) (c)	2,160	11	186	35	2,391
Farm Investment Income (h)	-27,629	2,697	1,553	18,061	-5,317
Holding gains not included in farm income:					42,317
of which					
Breeding Livestock Stock Appreciation (BLSA)					858
Revaluation of machinery, permanent crops, glasshouses, quota					1,855
Revaluation of land					39,604
Derivation of Net Farm Income:					
(h) <i>plus</i> Director remuneration					0
<i>minus</i> Imputed rent (i)					10,800
<i>plus</i> Ownership charges					3,919
<i>minus</i> Non-agricultural output historically not accounted for in Net Farm Income					0
<i>plus</i> Non-agricultural input costs historically not accounted for in Net Farm Income					0
<i>plus</i> Unpaid labour of principal farmer and spouse					23,366
<i>equals</i> Net Farm Income					11,167

Appendix 10 Cost Centre details for Lowland Grazing Livestock Farms, EU East

Derivation of farm income measures: 2012/2013	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
Total Output	64,296	6,206	11,842	18,353	100,697
Variable costs (b)	33,889	94	973	4	34,960
Total Gross Margin	30,407	6,112	10,869	18,349	65,737
Fixed costs (c)	40,569	1,027	5,383	2,012	48,991
Total Costs	74,457	1,121	6,356	2,016	83,950
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					291
Farm Business Income (e)	-9,871	5,085	5,486	16,337	17,037
Adjustment for unpaid manual labour (f)	19,909	299	1,418	0	21,627
Farm Corporate Income (g)	-29,780	4,786	4,067	16,337	-4,590
Interest payments on borrowing (net of interest received) (c)	1,353	26	228	39	1,646
Farm Investment Income (h)	-28,427	4,811	4,296	16,376	-2,944
Holding gains not included in farm income:					75,165
of which					
Breeding Livestock Stock Appreciation (BLSA)					629
Revaluation of machinery, permanent crops, glasshouses, quota					1,322
Revaluation of land					73,214
Derivation of Net Farm Income:					
(h) <i>plus</i> Director remuneration					352
<i>minus</i> Imputed rent (i)					11,026
<i>plus</i> Ownership charges					3,203
<i>minus</i> Non-agricultural output historically not accounted for in Net Farm Income					0
<i>plus</i> Non-agricultural input costs historically not accounted for in Net Farm Income					0
<i>plus</i> Unpaid labour of principal farmer and spouse					19,210
<i>equals</i> Net Farm Income					8,794

Appendix 11 Cost Centre details for Lowland Grazing Livestock Farms, EU West

Derivation of farm income measures: 2012/2013	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
Total Output	69,265	3,736	6,374	15,341	94,716
Variable costs (b)	36,465	65	246	3	36,778
Total Gross Margin	32,800	3,671	6,127	15,338	57,937
Fixed costs (c)	39,410	593	3,167	1,351	44,521
Total Costs	75,874	658	3,413	1,353	81,299
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					387
Farm Business Income (e)	-6,222	3,078	2,961	13,987	13,804
Adjustment for unpaid manual labour (f)	24,664	169	1,176	0	26,010
Farm Corporate Income (g)	-30,887	2,909	1,785	13,987	-12,206
Interest payments on borrowing (net of interest received) (c)	1,528	23	70	30	1,651
Farm Investment Income (h)	-29,359	2,932	1,854	14,018	-10,555
Holding gains not included in farm income:					78,836
of which					
Breeding Livestock Stock Appreciation (BLSA)					-206
Revaluation of machinery, permanent crops, glasshouses, quota					1,569
Revaluation of land					77,473
Derivation of Net Farm Income:					
(h) <i>plus</i> Director remuneration					226
<i>minus</i> Imputed rent (i)					12,073
<i>plus</i> Ownership charges					3,342
<i>minus</i> Non-agricultural output historically not accounted for in Net Farm Income					0
<i>plus</i> Non-agricultural input costs historically not accounted for in Net Farm Income					0
<i>plus</i> Unpaid labour of principal farmer and spouse					21,454
<i>equals</i> Net Farm Income					2,395

Appendix 12 Cost Centre details for Lowland Grazing Livestock Farms in England, Part-time

Derivation of farm income measures: 2012/2013	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
Total Output	33,034	2,797	7,748	12,101	55,681
Variable costs (b)	17,520	8	438	3	17,970
Total Gross Margin	15,514	2,789	7,310	12,098	37,711
Fixed costs (c)	24,929	555	3,608	1,533	30,625
Total Costs	42,449	563	4,046	1,536	48,595
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					20
Farm Business Income (e)	-9,395	2,234	3,702	10,565	7,106
Adjustment for unpaid manual labour (f)	17,998	219	1,670	0	19,887
Farm Corporate Income (g)	-27,393	2,014	2,033	10,565	-12,781
Interest payments on borrowing (net of interest received) (c)	738	9	83	20	851
Farm Investment Income (h)	-26,655	2,024	2,116	10,585	-11,930
Holding gains not included in farm income:					60,072
of which					
Breeding Livestock Stock Appreciation (BLSA)					201
Revaluation of machinery, permanent crops, glasshouses, quota					895
Revaluation of land					58,976
Derivation of Net Farm Income:					
(h) <i>plus</i> Director remuneration					336
<i>minus</i> Imputed rent (i)					8,055
<i>plus</i> Ownership charges					2,578
<i>minus</i> Non-agricultural output historically not accounted for in Net Farm Income					0
<i>plus</i> Non-agricultural input costs historically not accounted for in Net Farm Income					0
<i>plus</i> Unpaid labour of principal farmer and spouse					18,019
<i>equals</i> Net Farm Income					947

Appendix 13 Cost Centre details for Lowland Grazing Livestock Farms in England, Small

Derivation of farm income measures: 2012/2013	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
Total Output	58,187	3,710	9,798	14,200	85,896
Variable costs (b)	28,926	19	666	3	29,615
Total Gross Margin	29,261	3,691	9,132	14,197	56,281
Fixed costs (c)	35,127	638	5,705	1,472	42,942
Total Costs	64,053	658	6,372	1,476	72,558
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					297
Farm Business Income (e)	-5,570	3,053	3,427	12,725	13,635
Adjustment for unpaid manual labour (f)	22,700	214	1,497	0	24,411
Farm Corporate Income (g)	-28,270	2,839	1,929	12,725	-10,776
Interest payments on borrowing (net of interest received) (c)	1,531	26	223	42	1,822
Farm Investment Income (h)	-26,739	2,865	2,152	12,767	-8,954
Holding gains not included in farm income:					57,949
of which					
Breeding Livestock Stock Appreciation (BLSA)					609
Revaluation of machinery, permanent crops, glasshouses, quota					1,410
Revaluation of land					55,931
Derivation of Net Farm Income:					
(h) <i>plus</i> Director remuneration					81
<i>minus</i> Imputed rent (i)					10,226
<i>plus</i> Ownership charges					2,877
<i>minus</i> Non-agricultural output historically not accounted for in Net Farm Income					0
<i>plus</i> Non-agricultural input costs historically not accounted for in Net Farm Income					0
<i>plus</i> Unpaid labour of principal farmer and spouse					21,102
<i>equals</i> Net Farm Income					4,879

Appendix 14 Cost Centre details for Lowland Grazing Livestock Farms in England, Medium

Derivation of farm income measures: 2012/2013	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
Total Output	99,277	5,615	6,954	18,760	130,607
Variable costs (b)	51,208	28	226	2	51,465
Total Gross Margin	48,069	5,587	6,728	18,758	79,142
Fixed costs (c)	49,619	873	3,259	1,629	55,380
Total Costs	100,827	901	3,486	1,631	106,844
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					828
Farm Business Income (e)	-722	4,714	3,469	17,129	24,590
Adjustment for unpaid manual labour (f)	29,186	182	879	0	30,247
Farm Corporate Income (g)	-29,908	4,532	2,590	17,129	-5,657
Interest payments on borrowing (net of interest received) (c)	1,902	18	171	26	2,117
Farm Investment Income (h)	-28,006	4,550	2,762	17,155	-3,540
Holding gains not included in farm income:					92,953
of which					
Breeding Livestock Stock Appreciation (BLSA)					688
Revaluation of machinery, permanent crops, glasshouses, quota					1,757
Revaluation of land					90,508
Derivation of Net Farm Income:					
(h) <i>plus</i> Director remuneration					0
<i>minus</i> Imputed rent (i)					16,153
<i>plus</i> Ownership charges					4,354
<i>minus</i> Non-agricultural output historically not accounted for in Net Farm Income					0
<i>plus</i> Non-agricultural input costs historically not accounted for in Net Farm Income					0
<i>plus</i> Unpaid labour of principal farmer and spouse					24,685
<i>equals</i> Net Farm Income					9,346

Appendix 15 Cost Centre details for Lowland Grazing Livestock Farms in England, Large

Derivation of farm income measures: 2012/2013	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
Total Output	141,526	6,172	8,539	24,901	181,138
Variable costs (b)	77,901	308	433	3	78,644
Total Gross Margin	63,625	5,864	8,107	24,898	102,493
Fixed costs (c)	69,828	722	2,607	2,231	75,388
Total Costs	147,730	1,030	3,040	2,234	154,033
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					731
Farm Business Income (e)	-5,472	5,142	5,499	22,667	27,836
Adjustment for unpaid manual labour (f)	31,214	161	934	0	32,310
Farm Corporate Income (g)	-36,687	4,981	4,565	22,667	-4,474
Interest payments on borrowing (net of interest received) (c)	2,830	40	68	50	2,988
Farm Investment Income (h)	-33,857	5,021	4,633	22,717	-1,486
Holding gains not included in farm income:					99,228
of which					
Breeding Livestock Stock Appreciation (BLSA)					-51
Revaluation of machinery, permanent crops, glasshouses, quota					2,758
Revaluation of land					96,521
Derivation of Net Farm Income:					
(h) <i>plus</i> Director remuneration					597
<i>minus</i> Imputed rent (i)					16,465
<i>plus</i> Ownership charges					4,573
<i>minus</i> Non-agricultural output historically not accounted for in Net Farm Income					0
<i>plus</i> Non-agricultural input costs historically not accounted for in Net Farm Income					0
<i>plus</i> Unpaid labour of principal farmer and spouse					25,557
equals Net Farm Income					12,776

Appendix 16 Cost Centre details for Lowland Grazing Livestock Farms in England, Very Large

Derivation of farm income measures: 2012/2013	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
Total Output	285,570	16,537	15,331	56,338	373,776
Variable costs (b)	172,331	500	848	4	173,683
Total Gross Margin	113,240	16,038	14,483	56,334	200,094
Fixed costs (c)	133,891	2,418	7,205	4,759	148,273
Total Costs	306,222	2,918	8,053	4,763	321,956
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					1,977
Farm Business Income (e)	-18,674	13,619	7,277	51,575	53,798
Adjustment for unpaid manual labour (f)	32,549	222	1,398	0	34,170
Farm Corporate Income (g)	-51,223	13,397	5,879	51,575	19,628
Interest payments on borrowing (net of interest received) (c)	4,810	57	290	77	5,233
Farm Investment Income (h)	-46,413	13,453	6,170	51,652	24,861
Holding gains not included in farm income:					105,926
of which					
Breeding Livestock Stock Appreciation (BLSA)					-987
Revaluation of machinery, permanent crops, glasshouses, quota					3,956
Revaluation of land					102,957
Derivation of Net Farm Income:					
(h) <i>plus</i> Director remuneration					248
<i>minus</i> Imputed rent (i)					21,305
<i>plus</i> Ownership charges					7,761
<i>minus</i> Non-agricultural output historically not accounted for in Net Farm Income					0
<i>plus</i> Non-agricultural input costs historically not accounted for in Net Farm Income					0
<i>plus</i> Unpaid labour of principal farmer and spouse					23,902
equals Net Farm Income					35,467

Appendix 17 Cost Centre details for Lowland Grazing Livestock Farms in England, Low Performance Band

Derivation of farm income measures: 2012/2013	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
Total Output	34,695	2,083	6,645	11,132	54,555
Variable costs (b)	22,902	17	567	4	23,490
Total Gross Margin	11,793	2,066	6,077	11,129	31,065
Fixed costs (c)	33,854	559	4,560	1,971	40,944
Total Costs	56,756	576	5,127	1,975	64,434
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					170
Farm Business Income (e)	-21,891	1,507	1,518	9,158	-9,708
Adjustment for unpaid manual labour (f)	23,500	297	2,031	0	25,828
Farm Corporate Income (g)	-45,392	1,210	-513	9,158	-35,537
Interest payments on borrowing (net of interest received) (c)	1,706	18	170	49	1,943
Farm Investment Income (h)	-43,686	1,228	-343	9,207	-33,594
Holding gains not included in farm income:					47,072
of which					
Breeding Livestock Stock Appreciation (BLSA)					-243
Revaluation of machinery, permanent crops, glasshouses, quota					1,216
Revaluation of land					46,099
Derivation of Net Farm Income:					
(h) <i>plus</i> Director remuneration					321
<i>minus</i> Imputed rent (i)					7,243
<i>plus</i> Ownership charges					2,489
<i>minus</i> Non-agricultural output historically not accounted for in Net Farm Income					0
<i>plus</i> Non-agricultural input costs historically not accounted for in Net Farm Income					0
<i>plus</i> Unpaid labour of principal farmer and spouse					23,297
<i>equals</i> Net Farm Income					-14,731

Appendix 18 Cost Centre details for Lowland Grazing Livestock Farms in England, Medium Performance Band

Derivation of farm income measures: 2012/2013	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
Total Output	81,504	3,748	7,284	16,497	109,034
Variable costs (b)	45,246	31	547	2	45,826
Total Gross Margin	36,258	3,717	6,737	16,495	63,207
Fixed costs (c)	44,787	579	3,851	1,664	50,881
Total Costs	90,033	610	4,399	1,666	96,708
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					408
Farm Business Income (e)	-8,121	3,138	2,885	14,831	12,733
Adjustment for unpaid manual labour (f)	25,080	156	1,007	0	26,243
Farm Corporate Income (g)	-33,201	2,982	1,879	14,831	-13,510
Interest payments on borrowing (net of interest received) (c)	1,687	12	150	32	1,881
Farm Investment Income (h)	-31,514	2,995	2,028	14,862	-11,629
Holding gains not included in farm income:					66,847
of which					
Breeding Livestock Stock Appreciation (BLSA)					477
Revaluation of machinery, permanent crops, glasshouses, quota					1,630
Revaluation of land					64,740
Derivation of Net Farm Income:					
(h) <i>plus</i> Director remuneration					269
<i>minus</i> Imputed rent (i)					11,680
<i>plus</i> Ownership charges					3,794
<i>minus</i> Non-agricultural output historically not accounted for in Net Farm Income					0
<i>plus</i> Non-agricultural input costs historically not accounted for in Net Farm Income					0
<i>plus</i> Unpaid labour of principal farmer and spouse					21,846
<i>equals</i> Net Farm Income					2,599

Appendix 19 Cost Centre details for Lowland Grazing Livestock Farms in England, High Performance Band

Derivation of farm income measures: 2012/2013	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
Total Output	100,780	8,655	13,954	25,335	148,723
Variable costs (b)	47,486	206	360	4	48,056
Total Gross Margin	53,295	8,449	13,593	25,331	100,668
Fixed costs (c)	44,667	1,262	5,120	1,810	52,859
Total Costs	92,152	1,468	5,480	1,814	100,915
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					605
Farm Business Income (e)	9,233	7,187	8,474	23,520	48,414
Adjustment for unpaid manual labour (f)	19,003	223	1,659	0	20,885
Farm Corporate Income (g)	-9,770	6,964	6,815	23,520	27,529
Interest payments on borrowing (net of interest received) (c)	1,273	44	134	26	1,477
Farm Investment Income (h)	-8,497	7,008	6,949	23,546	29,006
Holding gains not included in farm income:					99,729
of which					
Breeding Livestock Stock Appreciation (BLSA)					500
Revaluation of machinery, permanent crops, glasshouses, quota					1,647
Revaluation of land					97,581
Derivation of Net Farm Income:					
(h) <i>plus</i> Director remuneration					55
<i>minus</i> Imputed rent (i)					14,987
<i>plus</i> Ownership charges					3,495
<i>minus</i> Non-agricultural output historically not accounted for in Net Farm Income					0
<i>plus</i> Non-agricultural input costs historically not accounted for in Net Farm Income					0
<i>plus</i> Unpaid labour of principal farmer and spouse					17,103
<i>equals</i> Net Farm Income					34,672

Footnotes for Appendices 8-19:

Definitions of the measures of income can be found at
<http://www.defra.gov.uk/evidence/statistics/foodfarm/farmmanage/fbs/published-data/farmaccounts/2010/Appendix2.doc>

(b) Includes casual labour costs which have been allocated between costs centres in proportion to total costs.

(c) Interest payments have been allocated between cost centres in proportion to costs, and interest received in proportion to output.

(d) Assumed to be attributable entirely to agriculture

(e) Financial return to unpaid labour (farmers and other unpaid partners in the business) and to their capital invested in the farm business, including land and buildings. For corporate businesses it represents the financial return on shareholders' capital.

(f) Manual labour of farmer, spouse (if unpaid) and unpaid business partners

(g) Represents the return on own capital invested in the farm business, to risk and to entrepreneurship.

(h) Represents the return on all capital invested in the farm business whether borrowed or not, to risk and to entrepreneurship.

(i) Net of imputed rent receipts

Appendix 20- Gross Margin details for the Lowland Grazing Livestock Farms. Average and Premium performance

Gross Margin per Hectare (Weighted performance)	Crop year 2012					
	Winter Wheat		Winter Barley		Spring Barley	
	Average	Premium*	Average	Premium*	Average	Premium*
Number of farms	40	13	51	17	50	17
Area per farm (ha)	15.20	15.38	10.44	10.06	13.16	12.51
Yield: tonnes/ha	6.1	7.3	5.3	6.9	4.4	5.6
Price: £/tonne	181	190	177	180	180	179
	£ per hectare					
Grain	1103	1389	932	1249	801	999
Straw	129	143	145	185	138	217
ENTERPRISE OUTPUT	1232	1532	1078	1434	939	1216
Seeds (inc.homegrown)	63	64	65	54	69	59
Fertilisers	202	209	186	195	139	125
Sprays	152	160	124	111	85	93
Other crop costs	36	41	22	17	12	17
TOTAL VARIABLES						
‡	453	474	397	377	304	294
GROSS MARGIN	779	1058	681	1057	635	922
<i>Averages - previous year</i>	2011	2011	2011	2011	2011	2011
Yield: tonnes/ha	8.1	9.9	6.4	7.9	5.2	6.9
Price: £/tonne	153	155	151	157	151	150
Gross Margin: £/ha	987	1336	786	1119	642	959

* Top third in order of Gross Margin per hectare

** Insufficient farms

‡ Restricted to seeds, fertilisers, sprays and other crop costs

Lowland Beef Cows

Gross margins per cow, per LU and per hectare

2012/13

(Weighted average performance)

		Average	Premium*
Number of farms		135	45
Cows per herd		38	35
Stocking rate:	LU/ha	1.01	0.85
	ha/LU	0.99	1.18
		£ per cow	
Output -	calf output	461.2	531.5
	depreciation	-36.6	-2.4
ENTERPRISE OUTPUT (excl. BLSA)		424.6	529.1
Concentrates		48.7	29.1
Coarse fodder		11.2	5.3
Veterinary and medicines		25.2	19.0
Other livestock costs		57.7	44.4
Forage †		62.6	46.0
TOTAL VARIABLE COSTS ‡		205.5	143.8
GROSS MARGIN per cow (excl. BLSA)		219.2	385.4
GROSS MARGIN per LU (excl. BLSA)		219	382
GROSS MARGIN per hectare (excl. BLSA)		222	327
Concentrates per £100 output		11	5
<i>Averages - previous year</i>			
Stocking rate:	LU/ha	1.04	1.11
Gross Margin: £/cow		221.3	385.6
Gross Margin: £/ha		230	430

* Top third in order of Gross Margin per cow.

† Forage includes seeds, fertilisers, sprays and other crop costs

‡ Restricted to concentrates, coarse fodder, veterinary and medicines, other livestock costs and forage.

Store Cattle from beef bred calves or stores

Gross margins per head, per LU and per hectare
(Weighted average performance)

2012/13

	Average	Premium
Number of farms	66	22
Number of head per farm	44	38
Stocking rate: LU/ha	1.06	1.07
ha/LU	0.94	0.93
	£ per head	
OUTPUT	410.0	642.0
Concentrates	81.9	99.2
Coarse fodder	4.9	6.8
Veterinary and medicines	14.9	18.3
Other livestock costs	63.4	78.0
Forage †	37.9	29.6
TOTAL VARIABLE COSTS ‡	198.1	225.0
GROSS MARGIN per head	211.9	416.9
GROSS MARGIN per LU	384	790
GROSS MARGIN per hectare	409	847
Concentrates per £100 output	20	15
<i>Averages - previous year</i>		
Stocking rate: LU/ha	1.10	0.87
Gross Margin: £/head	303.4	495.8
Gross Margin: £/ha	560	742

† Forage includes seeds, fertilisers, sprays and other crop costs

‡ Restricted to concentrates, coarse fodder, veterinary and medicines, other livestock costs and forage.

Finished Cattle from beef bred calves or stores

Gross margins per head, per LU and per hectare
(Weighted average performance) 2012/13

	Average	Premium*
Number of farms	69	23
Cattle per herd	119	92
Average finished animal sale price - £/head	1164	1142
Stocking rate: LU/ha	1.75	1.62
ha/LU	0.57	0.62
	£ per head	
OUTPUT	484.1	520.0
Concentrates	167.7	94.7
Coarse fodder	10.2	15.1
Veterinary and medicines	13.6	11.0
Other livestock costs	58.1	51.5
Forage †	39.5	27.3
TOTAL VARIABLE COSTS ‡	278.9	184.5
GROSS MARGIN per head	205.2	335.5
GROSS MARGIN per LU	359	543
GROSS MARGIN per hectare	628	879
Concentrates per £100 output	35	18
<i>Averages - previous year</i>		
Stocking rate: LU/ha	1.66	1.58
Gross Margin: £/head	274.8	377.3
Gross Margin: £/ha	759	939
Average finished sale price- £ /head	1058	1109

* Top third in order of Gross Margin per head.

† Forage includes seeds, fertilisers, sprays and other crop costs

‡ Restricted to concentrates, coarse fodder, veterinary and medicines, other livestock costs and forage.

Breeding Ewes- Lowland

Gross margins per ewe and per hectare

2012/13

	Average	Premium*
Number of flocks	91	30
Ewes per flock	341	308
Average lamb sale price - £/lamb	76.0	77.7
Stocking rate - ewes per hectare	5.12	7.54
	£ per head	
Output - lambs	107.1	135.8
wool	4.0	4.5
depreciation	-13.6	-11.0
ENTERPRISE OUTPUT (excl. BLSA)	97.5	129.3
Concentrates	20.2	21.7
Coarse fodder	1.8	3.0
Veterinary and medicines	6.0	6.8
Other livestock costs	10.9	10.4
Forage †	8.0	7.7
TOTAL VARIABLE COSTS ‡	46.8	49.7
GROSS MARGIN per ewe (excl. BLSA)	50.6	79.6
GROSS MARGIN per LU (excl. BLSA)	320	481
GROSS MARGIN per hectare (excl. BLSA)	259	600
Concentrates per £100 of output	21	17
<i>Averages - previous year</i>		
ewes/		
Stocking rate: hectare	5.6	7.7
Gross Margin: £/ewe	70.3	107.9
Gross Margin: £/ha	391	829
Average finished sale price- £ /head	80.5	83.6

* Top third in order of Gross Margin per ewe.

† Forage includes seeds, fertilisers, sprays and other crop costs

‡ Restricted to concentrates, coarse fodder, veterinary and medicines, other livestock costs and forage.

Appendix 21- Gross Margin details for the Lowland Grazing Livestock Farms. Average Figures for Organic farms

Organic Lowland Beef Cows

Gross margins per cow, per LU and per hectare
(Weighted average performance)

2012/13

Average

Number of farms	28
Cows per herd	31
Stocking rate: LU/ha	0.74
ha/LU	1.36

£ per cow

Output - calf output	410.8
depreciation	-44.8
ENTERPRISE OUTPUT (excl. BLSA)	366.0

Concentrates	19.5
Coarse fodder	8.8
Veterinary and medicines	17.0
Other livestock costs	45.2
Forage †	20.0
TOTAL VARIABLE COSTS ‡	110.5

GROSS MARGIN per cow (excl. BLSA)	255.5
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GROSS MARGIN per LU (excl. BLSA)	258
GROSS MARGIN per hectare (excl. BLSA)	188

Concentrates per £100 output	5
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Averages - previous year

Stocking rate: LU/ha	0.77
Gross Margin: £/cow	256.7
Gross Margin: £/ha	198

* Top third in order of Gross Margin per cow.

† Forage includes seeds, fertilisers, sprays and other crop costs

‡ Restricted to concentrates, coarse fodder, veterinary and medicines, other livestock costs and forage.

Organic Finished Cattle from beef bred calves or stores

Gross margins per head, per LU and per hectare 2012/13
(Weighted average performance)

	Average
Number of farms	15
Cattle per herd	54
Average finished animal sale price - £/head	1086
Stocking rate: LU/ha	1.54
ha/LU	0.65

	£ per head
OUTPUT	413.8

Concentrates	35.0
Coarse fodder	11.3
Veterinary and medicines	8.0
Other livestock costs	47.4
Forage †	15.8
TOTAL VARIABLE COSTS ‡	106.1

GROSS MARGIN per head	307.7
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GROSS MARGIN per LU	475
GROSS MARGIN per hectare	733

Concentrates per £100 output	8
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Averages - previous year

Stocking rate: LU/ha	1.57
Gross Margin: £/head	333.4
Gross Margin: £/ha	826
Average finished sale price- £ /head	1002

* Top third in order of Gross Margin per head.

† Forage includes seeds, fertilisers, sprays and other crop costs

‡ Restricted to concentrates, coarse fodder, veterinary and medicines, other livestock costs and forage.

Organic Breeding Ewes- Lowland 2012/13

Gross margins per ewe and per hectare

	Average
Number of flocks	16
Ewes per flock	143
Average lamb sale price - £/lamb	75.1
Stocking rate - ewes per hectare	4.45
	£ per head
Output - lambs	107.5
wool	3.8
depreciation	-11.9
ENTERPRISE OUTPUT (excl. BLSA)	99.4
Concentrates	14.5
Coarse fodder	1.0
Veterinary and medicines	6.6
Other livestock costs	11.1
Forage †	3.4
TOTAL VARIABLE COSTS ‡	36.7
GROSS MARGIN per ewe (excl. BLSA)	62.7
GROSS MARGIN per LU (excl.BLSA)	385
GROSS MARGIN per hectare (excl. BLSA)	279
Concentrates per £100 of output	15
<i>Averages - previous year</i>	
Stocking rate:	5.35
Gross Margin: £/ewe	67.4
Gross Margin: £/ha	360
Average finished sale price- £ /head	77.5

* Top third in order of Gross Margin per ewe.

† Forage includes seeds, fertilisers, sprays and other crop costs

‡ Restricted to concentrates, coarse fodder, veterinary and medicines, other livestock costs and forage.

Appendix 22- Gross Margin details for the Lowland Grazing Livestock Farms by size of enterprise.

Lowland Beef Cows

-by average number of cows

Gross margins per cow, per LU and per hectare
(Weighted average performance)

2012/13

		Under 25 cows	25-49 cows	50-75 cows	Over 75 cows
Number of farms		30	46	34	25
Cows per herd		15	33	58	108
Stocking rate:	LU/ha	0.80	0.95	1.04	1.26
	ha/LU	1.26	1.05	0.96	0.80
			£ per cow		
Output -	calf output	407	486	446	474
	depreciation	38	-50	-44	-49
ENTERPRISE OUTPUT (excl. BLSA)		444	436	401	425
Concentrates		45	48	43	57
Coarse fodder		5	9	7	22
Veterinary and medicines		25	26	21	29
Other livestock costs		64	64	54	50
Forage †		83	63	58	57
TOTAL VARIABLE COSTS ‡		223	211	183	214
GROSS MARGIN per cow (excl. BLSA)		222	226	218	211
GROSS MARGIN per LU (excl. BLSA)		220	221	220	214
GROSS MARGIN per hectare (excl. BLSA)		177	215	226	265
Concentrates per £100 output		10	11	11	13

* Top third in order of Gross Margin per cow.

† Forage includes seeds, fertilisers, sprays and other crop costs

‡ Restricted to concentrates, coarse fodder, veterinary and medicines, other livestock costs and forage.

Store Cattle from beef bred calves or stores

Gross margins per head, per LU and per hectare
(Weighted average performance)

2012/13

	Under 28 head	28-60 head	Over 60 head
Number of farms	19	30	17
Number of head per farm	18	40	100
Stocking rate: LU/ha	0.88	1.15	1.24
ha/LU	1.14	0.87	0.80
		£ per head	
OUTPUT	435	424	337
Concentrates	84	78	85
Coarse fodder	3	8	2
Veterinary and medicines	13	20	11
Other livestock costs	69	65	50
Forage †	39	39	33
TOTAL VARIABLE COSTS ‡	204	202	178
GROSS MARGIN per head	230	222	159
GROSS MARGIN per LU	431	397	279
GROSS MARGIN per hectare	379	458	347
Concentrates per £100 output	19	18	25

† Forage includes seeds, fertilisers, sprays and other crop costs

‡ Restricted to concentrates, coarse fodder, veterinary and medicines, other livestock costs and forage.

Finished Cattle from beef bred calves or stores

Gross margins per head, per LU and per hectare
(Weighted average performance)

2012/13

	Under 50 head	50-85 head	85-170 head	Over 170 head
Number of farms	14	15	18	22
Cattle per herd	37	68	120	341
Average finished animal sale price - £/head	1151	1132	1181	1180
Stocking rate: LU/ha	1.55	1.50	1.60	1.98
ha/LU	0.65	0.67	0.62	0.51
		£ per head		
OUTPUT	457	419	480	511
Concentrates	108	130	155	196
Coarse fodder	22	1	7	12
Veterinary and medicines	12	17	16	12
Other livestock costs	54	67	68	52
Forage †	34	61	45	32
TOTAL VARIABLE COSTS ‡	208	275	283	292
GROSS MARGIN per head	249	143	197	219
GROSS MARGIN per LU	385	215	315	434
GROSS MARGIN per hectare	595	323	504	858
Concentrates per £100 output	24	31	32	38

* Top third in order of Gross Margin per head.

† Forage includes seeds, fertilisers, sprays and other crop costs

‡ Restricted to concentrates, coarse fodder, veterinary and medicines, other livestock costs and forage.

Breeding Ewes- Lowland

Gross margins per ewe and per hectare

2012/13

	Under 150 ewes	150- 299 ewes	300-500 ewes	Over 500 ewes
Number of flocks	18	32	18	23
Ewes per flock	111	218	411	816
Average lamb sale price - £/lamb	76.3	74.9	76.7	76.1
Stocking rate - ewes per hectare	3.1	5.8	7.5	4.9
		£ per head		
Output - lambs	95.8	102.4	116.9	107.8
wool	3.3	4.4	4.8	3.8
depreciation	-18.5	-11.9	-11.9	-14.1
ENTERPRISE OUTPUT (excl. BLSA)	80.6	94.9	109.8	97.4
Concentrates	14.1	17.7	21.0	22.2
Coarse fodder	0.3	2.4	1.0	2.2
Veterinary and medicines	5.4	6.2	5.7	6.1
Other livestock costs	12.1	10.5	12.0	10.4
Forage †	5.6	5.5	9.8	8.9
TOTAL VARIABLE COSTS ‡	37.5	42.2	49.5	49.7
GROSS MARGIN per ewe (excl. BLSA)	43.0	52.7	60.3	47.7
GROSS MARGIN per LU (excl. BLSA)	265	322	368	311
GROSS MARGIN per hectare (excl. BLSA)	133	307	452	233
Concentrates per £100 of output	17	19	19	23

* Top third in order of Gross Margin per ewe.

† Forage includes seeds, fertilisers, sprays and other crop costs

‡ Restricted to concentrates, coarse fodder, veterinary and medicines, other livestock costs and forage.

Appendix 23 Reports in this series:

Reports in this series:

Crop Production in England

Dairy Farming in England

Hill Farming in England

Horticulture Production in England

Lowland Grazing Livestock Production in England

Organic Farming in England

Pig Production in England

Poultry Production in England

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