



Farm Business Survey

2011/2012

Lowland Grazing Livestock Production in England



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RBR

independent research, data and analysis

Rural Business Research

Acknowledgements

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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 Seventh Series

After months of negotiations Europe's leaders and finance ministers have finally agreed a finance package for the EU for the period up to 2020. To many people and businesses this may be of minor interest to their daily lives, but to those engaged in agriculture and horticulture such news carries more weight. Crucially, there are many farm businesses which rely heavily on the Single Farm Payment (SFP). Of course, not all sectors are equally reliant upon the SFP, in particular those in the pig, poultry and horticultural sectors for which the SFP is often a minor or non-existent revenue source. However, as Europe's leaders have now agreed the budget deal, the focus now turns to looking for clarity over the future of the Common Agricultural Policy (CAP). As noted in the foreword to the Sixth series of these reports, the only realistic direction of the value of the SFP is downwards; focusing upon the market, reducing business inefficiencies and dealing with risk and volatility are key areas for business development and growth.

Having witnessed one of the wettest summers on record during 2012, many businesses have observed first-hand the extreme production and price volatility that can result from operating within the natural environment. While the 2011 cropping and production year, upon which the results presented in this series are based, represented a more benign agricultural and horticultural environment, the variation in business and enterprise performance remains a strong feature of the analyses we present. Set against an environment of increased volatility, farmers and growers need to be aware of the strengths and weaknesses of their business and of their comparative position within their particular sector; having the data to undertake this analysis is therefore a key business requirement.

Rural Business Research's (RBR) series of enterprise and farm type reports based upon independent analysis from the Defra-funded Farm Business Survey (FBS) for England is now in its seventh series. It has, over a short space of time, become increasingly recognised as a key independent information source for businesses, business advisors and government to turn to for their data needs. In business standing still often equates to moving backwards as those around you grow and develop. In the competitive sectors in which agriculture and horticulture operates, knowledge and information remain key business tools for success.

As our series of reports has grown in popularity, I thank all the farmers and growers who take part in the FBS research programme which allows us to produce these valued information sources. I trust that the independent data produced within these reports continues to offer value to all the reports' readers.

Dr Paul Wilson

Chief Executive Officer, Rural Business Research
Spring 2013

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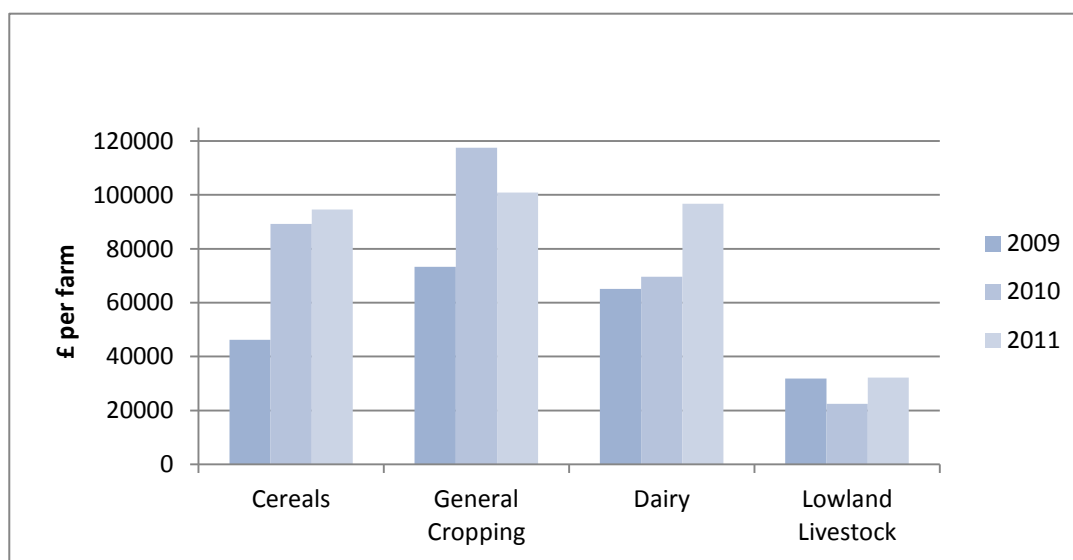
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Summary of Lowland Grazing Livestock Production in England 2011/2012

- 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 should not be underestimated.
- Lowland Grazing Livestock farms account for about 10% of the area of farmed land in England and account for 21% of the holdings producing 25,000 Euros of Standard Output, the size threshold for participating in the Farm Business Survey. The majority of Lowland Grazing Livestock holdings 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 is close to a third of the next best farm type (Cereals) in 2011/2012.

Trends in Farm Business Income £ per farm, in England, by farm type (in real terms to 2011)



- The average Farm Business Income (which closely resembles farm profit) for 2011/2012 for the Lowland Grazing Livestock farms in England was £32,167, an increase of £10,759 compared to the previous year and the highest ever recorded by this measure of income.
- As with all previous years there is a wide range in the level of Farm Business Income per farm within the Lowland Grazing Livestock producers. In 2011-2012 8% of farms made a loss whilst more than a third of farms had Farm Business Incomes of less than £20,000. With the improvement in the Farm Business Income from the previous year the percentage of businesses now making over £50,000 increased by 13% to 31%.
- The gap between the Farm Business Income produced on the Lowland Grazing Livestock farms and the other lowland farm types has, in general, maintained itself as compared to the previous year. The Lowland Grazing Livestock farms improvement in their Farm Business Income is reflected in the other types, except in General Cropping which had a poorer year.
- On average 59% of the land area on Lowland Grazing Livestock farms was owner occupied and the total area farmed was 101.0 hectares. Permanent grassland and rough grazing covers over 70% of the area with temporary grassland and fodder crops another 18%. Stocking rate was low, emphasizing the 'extensive' type of production adopted by this farm type, with only 1.02 Grazing Livestock Units per hectare. Cattle accounted for 70% of these livestock units.

- Farm size is important, with the better performing businesses (based on the ratio of output/input) having 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, £470 per hectare compared to £51 per hectare.
- For the average Lowland Grazing Livestock farm in 2011-2012 the value of unpaid labour used by the business (£24,678) and the level of private drawings (£23,687) 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 £7,000 higher than the value of unpaid labour thus representing a financial return on their capital invested in the business. This follows 2010/2011 when the FBI is almost £2,500 lower than the value of the unpaid labour.
- This year's sample of organic producers farm around 95% of the area that their conventional contemporaries farm and their Farm Business Income is £2,558 per farm lower. The difference in Farm Business Income results from lower output and higher fixed costs (although their variable costs are lower).
- The farms in the EU West Region of England are smaller, with lower incomes per farm, than the other two EU regions in England. Those farming in the EU North region have the highest incomes per farm and the EU East the highest per hectare, with the EU West only £23 per hectare behind.
- With the increase in size of business, as measured by Standard Labour Requirement (SLR), the Farm Business Income (FBI) per farm also 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 2011-2012 would be making a Farm Business Income of £11,931.
- The improvement in the Farm Business Income seen in 2011-2012 is due to the change to the 'Agriculture' strand of the four 'Cost Centres' and is now making a positive income for each of the EU regions and for all farms sizes, except the Part-time Lowland Grazing Livestock farms. In the previous year the 'Agriculture' cost centre was making a loss.
- The premium (top third) producers, as ranked by gross margin per head, have gross margins close to 60% higher for the lowland beef cows and 65% higher for lowland breeding ewes.
- Comparing the gross margin per hectare across the differing livestock enterprises the beef bred cattle finishers have the highest margin followed by the lowland breeding ewes and beef bred store cattle producers. Beef suckler cows have the lowest gross margin per hectare. All enterprises have improved the level of the gross margin per hectare as compared to the previous year but the ranking stays the same as the previous year.

Lowland Grazing Livestock Production in England 2011/2012

The Structure of the Lowland Grazing Livestock industry

Lowland 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 farm over a million hectares and only four percent of their land is under arable cropping¹. Around 1.2 million cattle and 4.8 million sheep are also recorded on these farms. Grassland accounts for nearly half of the land area covered by agricultural holdings in England².

Lowland Grazing Livestock farms represent 21% of all holdings in England eligible for the Farm Business Survey. Further details are shown in Table 1, illustrating the importance of the part-time and small farms. The part-time farms represent 38% of all Lowland Grazing Livestock farms with small farms representing 34%. The Cereal farms have 46% of their holdings as part-time, with 22% of General Cropping and only 3% of Dairy holdings also part-time.

Table 1 June Census 2011 – England farms by size of businesses³

Number of holdings (thousands)	Lowland Grazing Livestock	Dairy	Cereals	General Cropping	All Types
Part time	4.6	0.2	6.2	1.2	16.6
Small	4.1	1.0	3.7	1.4	15.1
Medium	1.5	1.4	1.6	0.8	8.4
Large	1.7	4.6	1.9	2.0	15.9
Total	12.0	7.2	13.4	5.5	56.0
% of All types	21%	13%	24%	10%	

Source: Defra "Farm Accounts in England 2011/2012"

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.

There are large numbers of small and very small Lowland Grazing Livestock farms and businesses that are reliant predominantly on beef and sheep production.

Income trends in agriculture

Total Income from Farming in the UK figures are often quoted as an indicator of trends in income for agriculture. Figure 1 illustrates the trends in real terms at 2011 prices, showing a decline in incomes in real terms over the last 38 years with only a period in the mid 1990's where this trend was reversed. The lowest point in incomes was seen in 2000, but since then, the industry has seen a steady

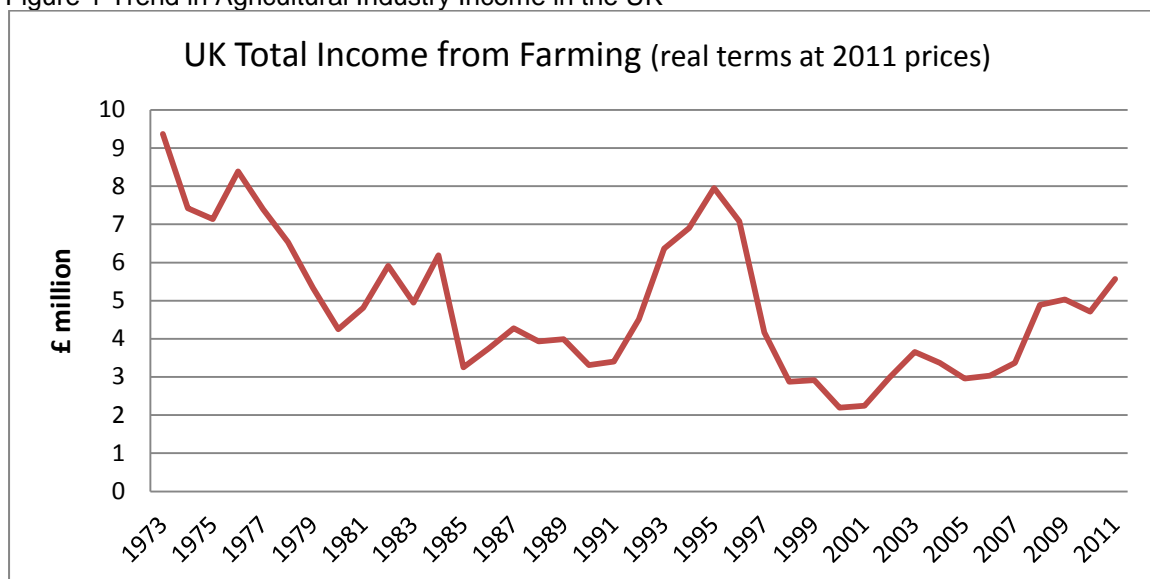
¹ Defra June Census 2007 special analysis

² Survey of Agriculture and Horticulture June 2010 England, published December 2010

³ see Appendix 1 for explanation the definition of the size groups

recovery from the lowest level of income and is now close to 60% of its level in 1973 but is more than double the figure achieved in 2000.

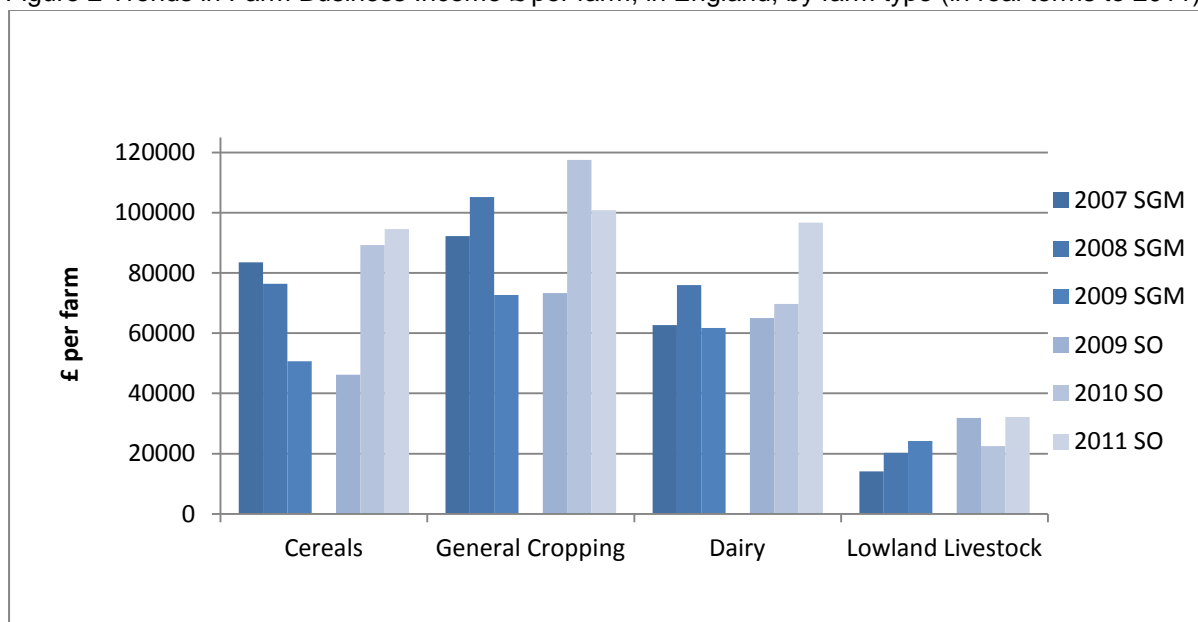
Figure 1 Trend in Agricultural Industry Income in the UK



Source: Defra

Figure 2 illustrates the trends in Farm Business Income per farm in England for the 'land using' farm types important in lowland England from 2007 - 2010. 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 2011)



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

Further details of the revised classification and its effect on the FBS sample may be found at: http://www.defra.gov.uk/statistics/files/defra-stats-foodfarm-farmmanage-fbs-reviseclass_111221.pdf

Further details on farm classification may be found at: <http://www.defra.gov.uk/statistics/foodfarm/farmmanage/fbs/aboutfbs/datacollection>

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 have 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. This is still below the lowest income for any year since 2005 for any of the other farm types, and 49% of the average Farm Business Income of 'All farms' figure.

Comparisons with other Farm Types in Lowland England 2011/2012

The total area farmed by Lowland Grazing Livestock farms is smaller than the other main land using farm types in lowland England, and is a major reason why the Farm Business Income per farm is much lower than the other farm types. On a per farm basis, the 2011 Farm Business Income for Lowland Grazing Livestock farms is close to a third of the other farm types. In terms of Farm Business Income, the gap between the Lowland Grazing Livestock farms and the other farm types has narrowed compared to the previous year, with only the General Cropping farms experiencing a fall in their Farm Business Income. The largest increase is seen in Dairy farming where incomes increased by over £30,000 per farm.

Table 2 shows Farm Business Income (FBI) per hectare for Lowland Grazing Livestock farms as half that of the 'All farms' type and only 34% of the 'Cereal' farms figure. The Farm Business Income of the Lowland Grazing Livestock businesses improves slightly when the FBI per Annual Labour Unit (ALU) is considered, where they achieve a level of income equivalent to 78% of the next lowest, Dairy farms. This table also illustrates the higher labour per hectare required on livestock rearing units rather than that needed for cereal production.

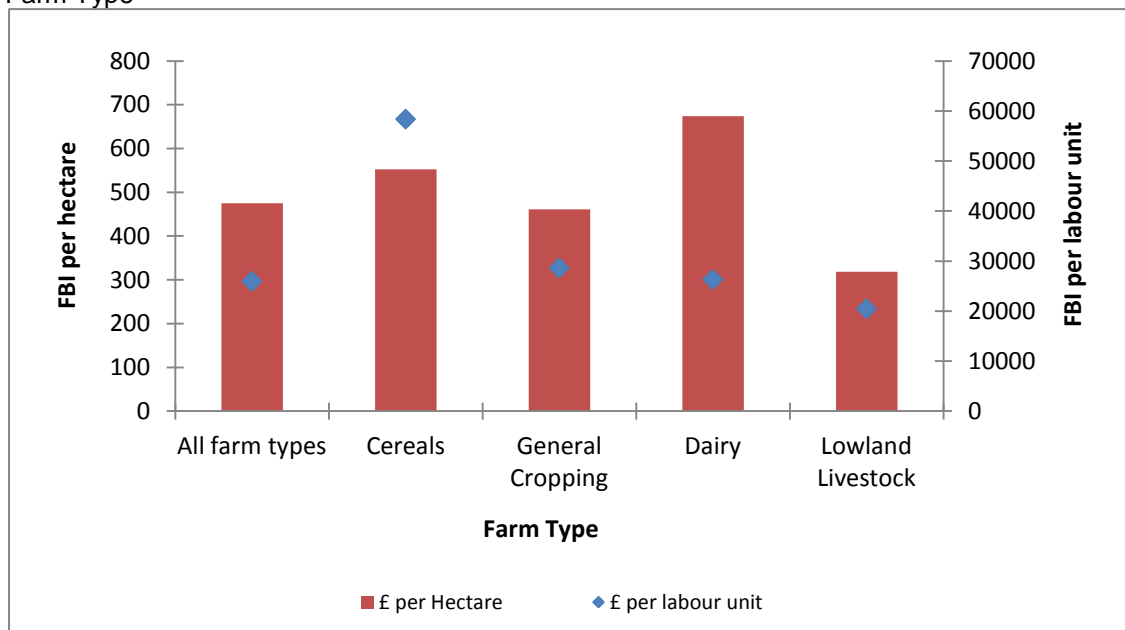
Table 2 Farm Business Income per farm, per hectare and per annual labour unit

Crop Year-2011	FBI per farm (£)	Total area farmed (Ha)	FBI per Ha (£)	Annual labour units per farm	FBI per ALU (£)
All farm types	65,755	138.5	475	2.53	25,990
Cereals	94,612	171.3	552	1.62	58,402
General cropping	100,902	218.9	461	3.52	28,665
Dairy	96,677	143.4	674	3.67	26,343
Lowland Grazing Livestock	32,167	101.0	318	1.57	20,489

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

Figure 3 shows that Lowland Grazing Livestock farms are the least profitable by a large margin in the English lowlands, using either per farm, per hectare or per ALU as the divisor. 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 2011/2012.

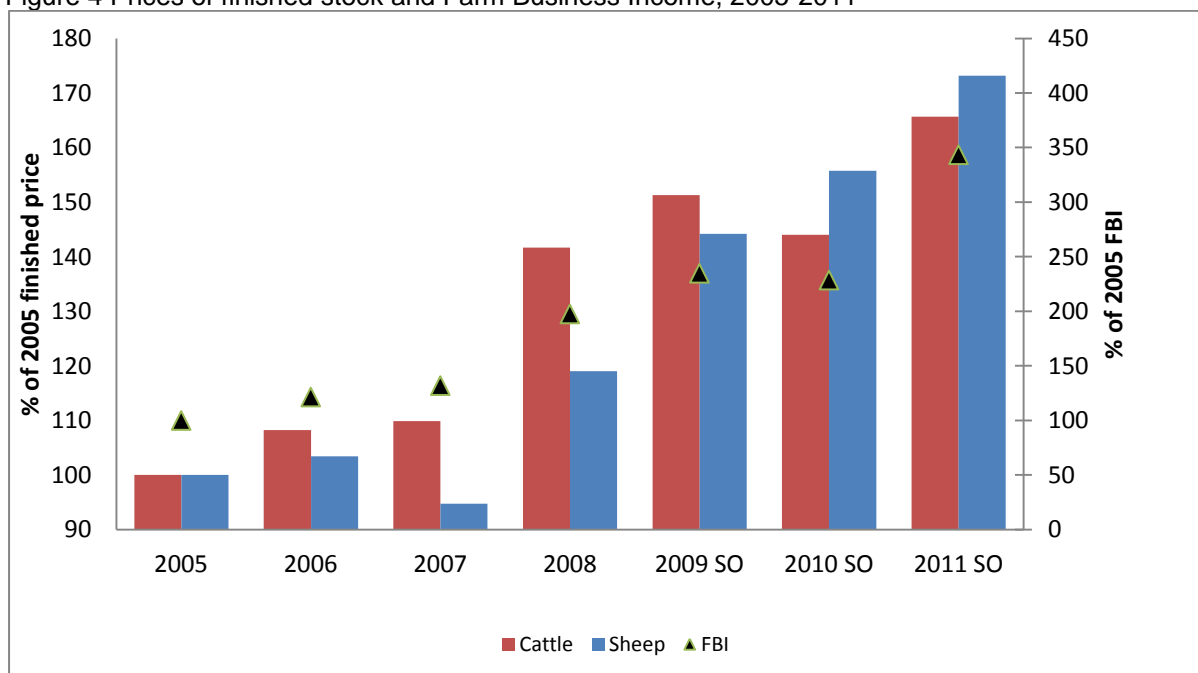
Figure 3 Farm Business Income per hectare and per Annual Labour Unit, in England 2011/2012, by Farm Type



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 4 shows the annual prices of finished stock and the Farm Business Income for the Lowland Grazing Livestock farms. The figures are all relative to 2005 prices/income, and have not been adjusted for inflation.

Figure 4 Prices of finished stock and Farm Business Income, 2005-2011



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

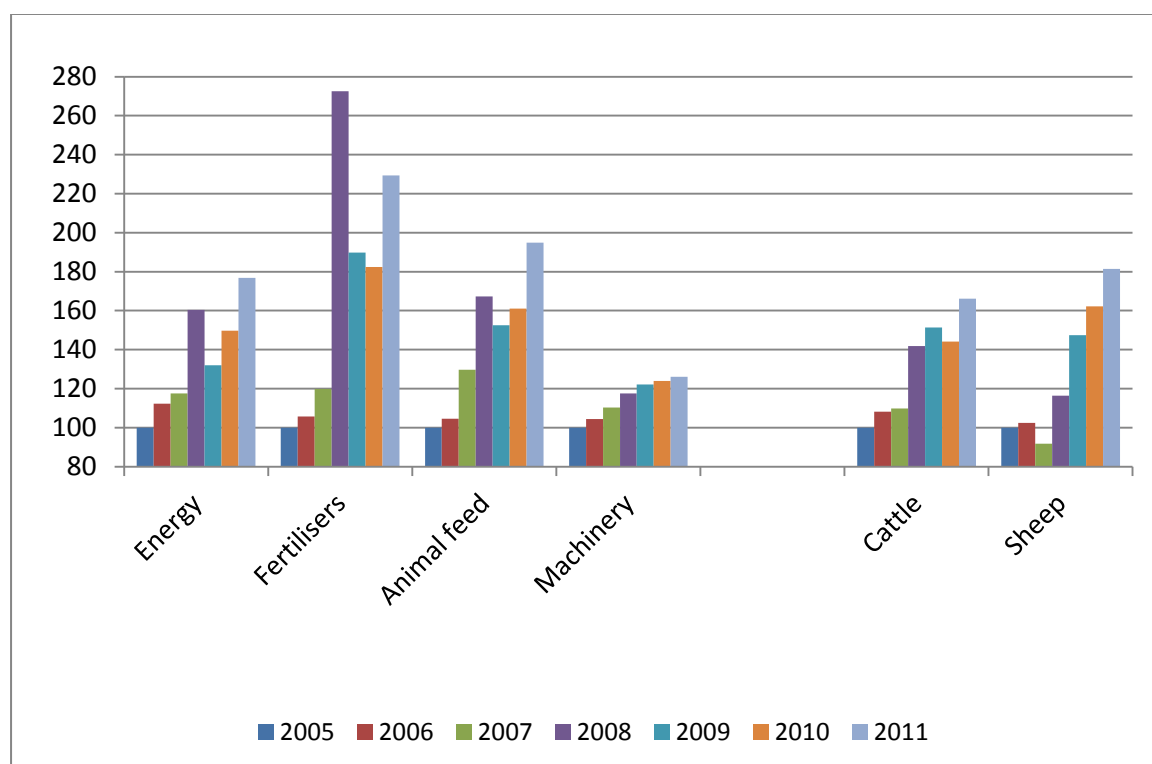
Prices of finished cattle improved slowly from 2005 until 2008, when a large increase was experienced with a further increase in 2009, before falling back in 2010 and rising again in 2011. Conversely the sheep price fell between 2005 and 2007 but has improved each year since. The total improvement in sheep price over the six years is greater 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 2008. The level of Farm Business Income seen in 2011 is the highest seen since this income measure has been used. 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.

A number of Indices of Prices of Agricultural Products (United Kingdom) are illustrated in Figure 5. This shows the changes in the input indices for energy, fertiliser, animal feed and machinery; which have all seen large increases. Output prices from cattle and sheep have also seen large increases, but the changes to the input costs are larger.

Fertiliser costs, for example, have more than doubled in 2011 compared to 2005; animal feed costs have almost doubled, whereas the beef value has only increased by 66%.

Figure 5 Index of Producer Prices of Agricultural Products (United Kingdom)
Index (2005=100)



Source: Defra

Lowland Grazing Livestock Production in 2011/2012

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 farm types, with the lowest per farm figures.

This report will concentrate on data extracted from the Farm Business Survey (FBS) for this important group of farms and includes data from 275 farms which has been 'weighted' to produce figures that represent the whole of the Lowland Grazing Livestock industry in England, excluding the smallest farms (see Appendix 1).

The results for the FBS farms for 2011/12 show an increase in Farm Business Income to £32,167, which is £10,759 higher than the 2010/11 figure. The Net Farm Income was £21,941 per farm, again a relatively large increase of over £10,000, in the context of the low incomes achieved by this type of farms. 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.

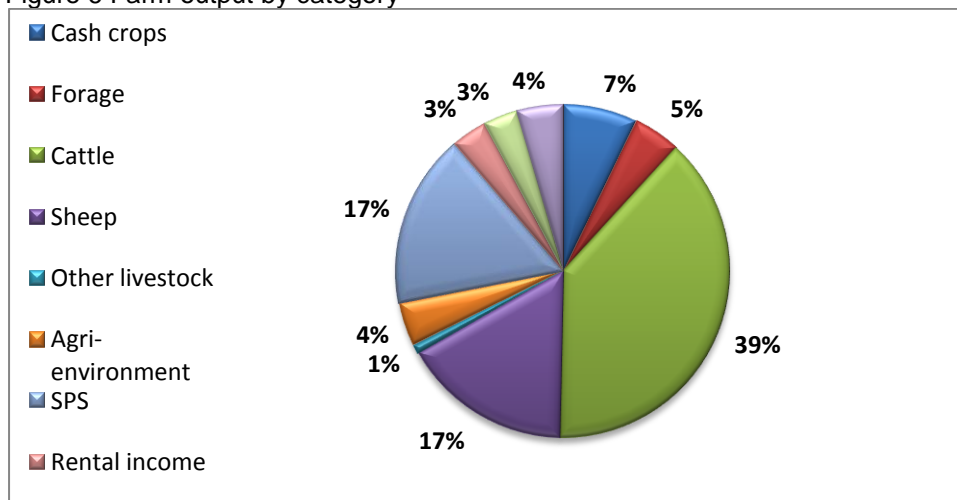
Table 3 Income data for Lowland Grazing Livestock Farms

Total	All farms (£ per farm)
Farm output	120,268
Variable costs	33,970
Gross margin	86,298
Fixed costs	54,131
Farm Business Income	32,167
Net Farm Income	21,941
Farmer & Spouse labour	20,909
Management and Investment Income	1,032

The average Lowland Grazing Livestock farms were 59% owner occupied and the total area farmed was 101.0 hectares. Permanent grassland and rough grazing covers just over 70% of the area with temporary grassland and fodder crops another 18%. Stocking rate is low, emphasising the 'extensive' type of production adopted by this farm type, with only 1.02 Grazing Livestock Units per hectare. Cattle account for 70% of these livestock units.

A breakdown in the Farm output is shown in Figure 6. Cash crops, forage and livestock output come to 68%. 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 6 Farm output by category



'Non-production' output makes up the remaining 32% of total output, and is clearly dominated by the Single Payment Scheme, which accounts for over half of this output. Agri-environmental, Rental Income, Contract work and 'Other' output all have relatively similar levels of output.

The variable costs are dominated by concentrates, which account for 41% of the total and of this, £3,406 are home grown cereals fed to the livestock. The fertiliser and spray costs are £5,991 which amounts to 18% of the variable costs.

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

The balance sheet for the average farm shows over £69,000 of liabilities with the majority of borrowing held by the banks, as bank loans or overdraft. The assets for the business of £1,007,000 are dominated by the land and buildings which account for 78% 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 maintain.

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 £36,011 after depreciation on buildings and machinery is added back to Farm Business Income and the increase in live and deadstock valuations is deducted. Over £20,000 was spent on capital purchases, with machinery accounting for 60% of this total. The machinery pool on these farms was thus improved with re-investment being more than (£3391) the level of machinery depreciation charged to these businesses.

This left a farm fund flow surplus of £15,704. The private drawings from the farm were £23,687 but a net transfer in of funds of £5,326 reduced the net private outflow to £18,361, and so there was a deficit of £2,657.

The net trading surplus, capital net fund flow and private drawings are all very similar to the previous year but lower private funds introduced meant a small surplus last year became a deficit this year. The Farm Business Income actually increased by over £10,000 between years and a large part of this increase came from increased valuations at the end of the 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-investment in the business and private drawings to support the farming family.

Distribution of incomes

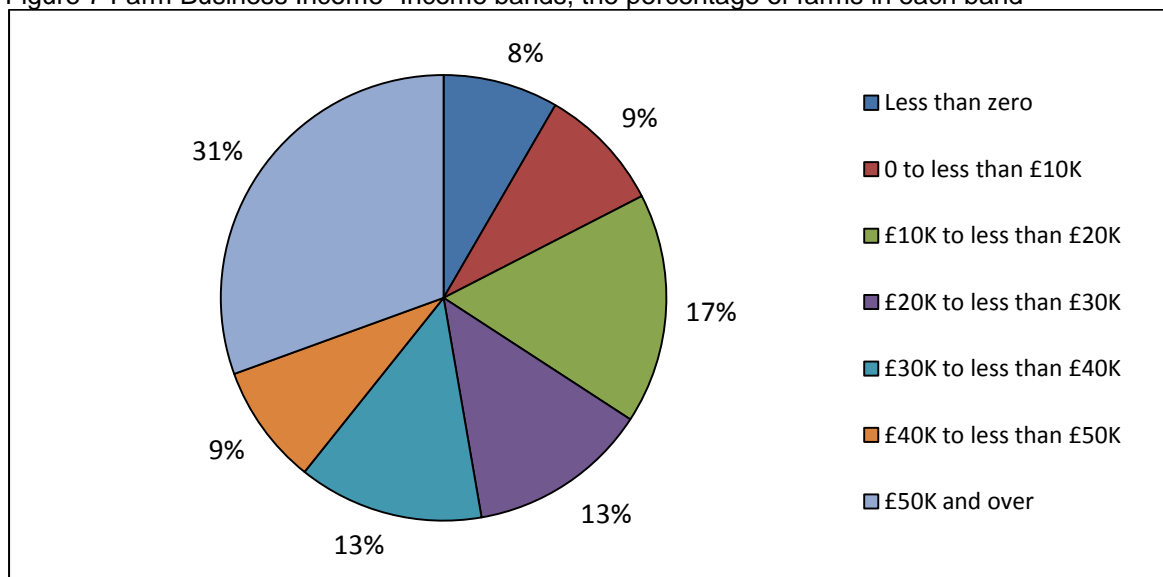
The spread of the level of Farm Business Income per farm across the Lowland Grazing Livestock farm type is large.

Figure 7 illustrates the differing levels of Farm Business Income per farm; 8% of farms made less than zero Farm Business Income, with just over a third of farms making less than £20,000. The improvement in the level of Farm Business Income for this year has meant that the numbers of farms making less than £20,000 has fallen from close to half to a third of businesses.

Thirty one percent of businesses made over £50,000, up from 18% the previous year. As in previous years, the size of these farms has a large influence on their ability to achieve high incomes and were close to twice the size of the average 'All farms' businesses, in terms of land area farmed. Conversely

those businesses making a Farm Business Income loss were only three quarters the size of the average.

Figure 7 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 4.

The data shown in Table 4 illustrates the businesses split into performance band. Farm size is an issue, with the better performing businesses having much larger farms, but even on a per hectare basis Farm Business Income is also higher on the High performing farms.

The High performing farms have similar levels of output per hectare to the Medium performing farms but higher than the Low performers.

The Variable costs per hectare are highest on the Medium performers and lowest on High performing farms. The level of concentrate feed cost shows the biggest difference between the High and other performing groups.

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

Table 4 Farm Business Income by Performance Band, 2011/2012, £ per hectare

	Performance band		
	Low	Medium	High
Number of farms in group	55	139	81
Average farmed area (hectares)	63.3	94.9	150.8
Average proportion of owned total farmed area	52%	60%	60%
£ per hectare			
Output			
Livestock and crops	654	878	781
Agri- environment type schemes	44	42	61
Single Payment Scheme	187	211	193
Other	139	142	122
TOTAL FARM OUTPUT	1024	1273	1157
Variable costs			
Livestock specific costs	245	291	206
Crop specific costs	83	89	78
TOTAL VARIABLE COSTS	328	380	284
TOTAL GROSS MARGIN	696	893	873
Fixed costs			
Labour	44	73	55
Machinery	281	270	172
General farming costs	141	117	75
Land & Property	151	126	90
Interest paid	28	19	11
TOTAL FIXED COSTS	645	605	403
FARM BUSINESS INCOME	51	288	470

Categories of Lowland Grazing Farms

Within the lowland grazing livestock farm type, five further sub-groups have been established 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 own more of their land than the average and the 'Sheep' farms are dominated by tenanted land. The three remaining types are closer to the 'All farms' average of 59% owned land of the total farmed area

Table 5 Farm Sub-type data to Farm Business Income, 2011/2012

	Farm sub-types					
	Average all farms	Beef	Sheep	Beef & Sheep	Agri-related	Other
Number of farms in group	275	72	27	75	45	56
Average farmed area (hectares)	101.0	81.6	105.5	118.7	117.8	90.6
Average proportion of owned total farmed area	59%	70%	41%	53%	62%	58%
	£ per farm					
Output						
Livestock and crops	81,495	94,902	84,488	103,488	36,549	81,200
Agri- environment type schemes	5,011	2,951	3,566	4,391	10,889	3,451
Single Payment Scheme	20,236	16,945	15,805	22,905	26,049	18,166
Other	13,526	7,826	8,008	7,281	30,145	14,550
TOTAL FARM OUTPUT	120,268	122,624	111,867	138,065	103,632	117,367
Variable costs						
Livestock specific costs	25,461	31,843	25,940	32,734	13,765	19,693
Crop specific costs	8,509	7,790	6,085	10,890	4,052	12,367
TOTAL VARIABLE COSTS	33,970	39,633	32,025	43,624	17,817	32,060
TOTAL GROSS MARGIN	86,298	82,991	79,842	94,441	85,815	85,307
Fixed costs						
Labour	6,222	4,605	6,329	6,489	7,855	6,559
Machinery	23,735	25,564	18,302	25,812	19,646	25,277
General farming costs	10,620	10,225	9,426	10,653	12,292	10,018
Land & Property	11,790	10,457	10,758	14,609	12,045	10,767
Interest paid	1,764	1,656	1,579	1,399	1,654	2,513
TOTAL FIXED COSTS	54,131	52,507	46,394	58,962	53,492	55,134
FARM BUSINESS INCOME	32,167	30,484	33,448	35,479	32,323	30,173

The 'Beef' farms and 'Other' farms are smaller than the other three farm types. The 'Beef & Sheep' farms have the highest output per farm, followed by the 'Beef' and 'Other' farms with the 'Sheep' farms and 'Agri-related' farms having the lowest output per farm. The agri-environment type output per farm ranges from £2,951 for 'Sheep' farms to £10,889 for the 'Agri-related' farms, which accounts

⁴ A full analysis is given in Appendix 3

for 2% to 11% of total farm output. The SPS income, per farm, ranges from £15,805 to £26,049 and is worth approximately £206 per hectare farmed for all types except the Sheep farms which received £150 per hectare.

Variable costs also follow the same trend as output; farm types with high output have high variable costs. Farm gross margins are within £8,000 of the All farms average of £86,298.

Fixed costs per farm show less variation than variable costs, but again, farms with a high output tend to have higher fixed costs.

The extremes of Farm Business Income range from £30,173 for 'Other' farms and £35,479 for the 'Beef & Sheep' farms, and is illustrated in Figure 8. The 'All' Farms Farm Business Income is £32,167. The improvement in the prices received for cattle can be seen with the increase in the Farm Business Income per farm on those farm types with the largest numbers of cattle being the most significant.

Figure 8 Comparisons of Farm Business Income by Farm sub-types

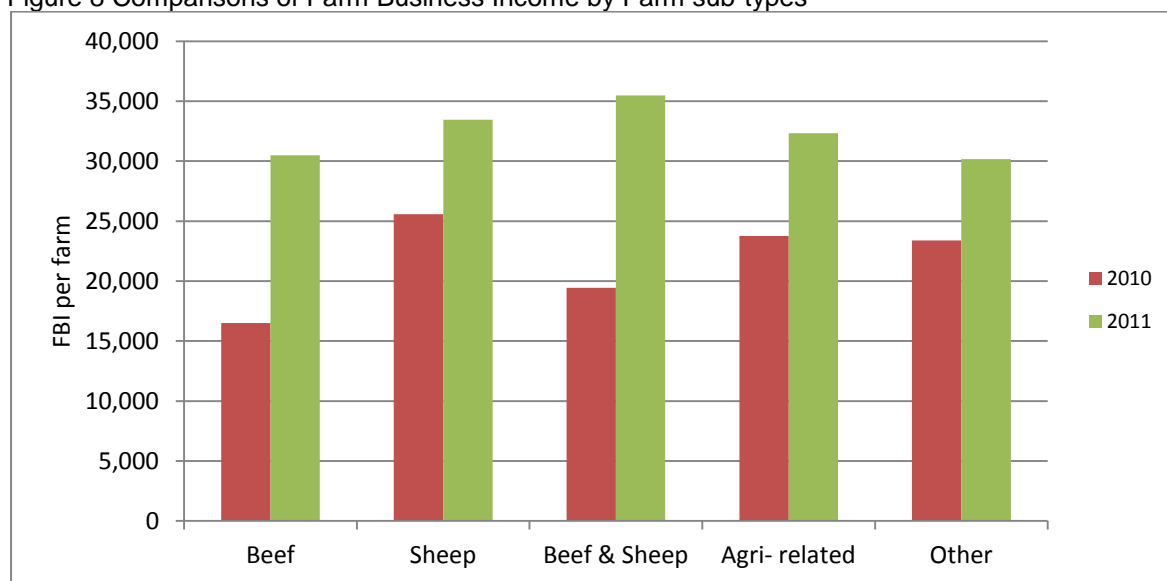


Table 6 shows the level of private drawings for the same farm sub-types. For the first time in recent history the 'All farms' average private drawings of £23,687 is less than the level of Farm Business Income achieved by these businesses but is still close to the value of the unpaid labour used by the business.

Table 6 Farm Sub-type data Farm Business Income, Private drawings and value of Unpaid Labour, 2011/2012

	All farms	Beef	Sheep	Beef & Sheep	Agri-related	Other
	£ per farm					
Farm Business Income	32,167	30,483	33,447	35,479	32,323	30,174
Private drawings	23,687	23,015	23,316	22,523	25,243	24,558
Value of all Unpaid Labour	24,678	24,037	25,555	27,830	21,857	24,497

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 the 'going' rate for

their labour and are now able to reward themselves for their considerable investment in the business, with total assets approaching a million pounds. Only the Agri-related farms took significantly higher private drawings than the value of the unpaid labour.

Table 7 summarizes the physical details of the farm sub-types. Less than 11% 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 level 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 keep the most livestock and have higher stocking rates. The Agri-related farms have the fewest animals and lower stocking rates, at 40% lower than the average farm.

Table 7 Land and Livestock Details- Farm Sub-Types, 2011/2012

Hectare	All farms	Beef	Sheep	Beef & Sheep	Agri-related	Other
Farmed area	101.0	81.6	105.5	118.7	117.8	90.6
Crops	7.5	6.2	6.4	11.5	2.7	10.0
Temporary grass	15.7	18.7	5.7	18.0	7.8	21.2
Permanent grass	65.3	47.1	80.4	78.7	82.9	52.5
Rough grazing	5.9	1.5	3.5	3.5	21.3	0.8
Average No. of Beef cows	24	28	5	29	23	20
Average No. of Other Cattle	86	133	10	99	49	75
Average No. of Ewes	165	25	568	289	129	83
Total Livestock Units	94.5	101.4	99.0	123.9	67.3	77.1
GLU's per adjusted Ha	1.03	1.37	1.02	1.18	0.60	0.97

The balance sheet data for these farms is dominated by the value of the land, with over 78% 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 close to or over 90%, percentage fixed assets over 90%, gearing close to 4% and total debt between 5 and 12%.

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, 2011/2012

	All farms	Beef	Sheep	Beef & Sheep	Agri-related	Other
	£ per farm					
Current Assets	95,910	103,894	53,340	116,086	78,596	98,137
Current Liabilities	29,016	37,178	26,862	28,948	17,639	29,693

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.

Organic Producers

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

The organic farms are smaller than their conventional counterparts (95% of the size), but they own a greater percentage of the land they farm - 70% as compared to 58%.

Table 9 Farm Business Income for Conventional and Organic farms, 2011/2012

Type of Production	Conventional	Organic
Number of farms in group	235	40
Average farmed area (hectares)	101.5	96.0
Average proportion of owned total farmed area	58%	70%
	£ per farm	
Output		
Livestock and crops	84,249	48,878
Agri- environment type schemes	4,478	11,318
Single Payment Scheme	20,185	20,831
Other	13,375	15,325
TOTAL FARM OUTPUT	122,287	96,352
Variable costs		
Livestock specific costs	26,642	11,468
Crop specific costs	9,025	2,395
TOTAL VARIABLE COSTS	35,667	13,863
TOTAL GROSS MARGIN	86,620	82,489
Fixed costs		
Labour	6,241	5,988
Machinery	23,830	22,606
General farming costs	10,543	11,526
Land & Property	11,881	10,711
Interest paid	1,757	1,848
TOTAL FIXED COSTS	54,252	52,679
FARM BUSINESS INCOME	32,368	29,810

⁵ Appendix 5 gives full details of Conventional and Organic producers

Output from the organic farms is much lower when compared to conventional equivalents; with the output from livestock and crops 58% of the conventional level, and total output being 79% of the conventional farms.

The output from the agri-environment type schemes is two and a half times higher for the organic producers. Output from the Single Payment Scheme is similar between types of production on a per farm basis but slightly higher per hectare for the organic producers. The 'Other' sources of output are higher for the organic farms.

With the lower 'farming' output, organic farms have lower variable costs; being only 38% of the level of conventional producers. The resulting total gross margin per farm for the organic farmers is 95% of the conventional level. Fixed costs for the organic farms are also lower per farm; 97% of the level of the conventional producers, but relative to total output, is higher than the conventional producers.

The Farm Business Income per farm for the organic producers is £2,558 lower than their conventional counterparts but very similar when looked at on a per hectare basis.

Table 10 illustrates some of the physical differences between the types of production; organic producers keep 90 fewer ewes and 21 fewer 'Other cattle', three quarters the level of the conventional total livestock units. Stocking rates on organic farms are three quarters of the conventional level, which in itself is not very high at 1.05 Livestock Units per hectare.

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

Table 10 Land and Livestock Details- Organic and Conventional Production, 2011/2012

	Conventional	Organic
Farmed area (ha)	101.5	96.0
Crops (ha)	7.8	3.3
Temporary grass (ha)	15.0	23.9
Permanent grass (ha)	65.5	63.1
Rough grazing (ha)	6.3	1.1
Average No. of Beef cows	23	27
Average No. of Other Cattle	88	67
Average No. of Ewes	172	82
Total Livestock Units	96.4	72.1
GLU's per adjusted Ha	1.05	0.79

Both types of production have very 'strong' end of year balance sheets but the conventional producers have a marginally 'weaker' balance sheet, as they own much less land and therefore have lower total assets. Their total liabilities are 95% of the organic producers level (see Appendix 5).

Table 11 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 and Single Payment Scheme relative to total output, and less 'livestock & crops' and 'other' 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 likely to be vulnerable to these changes.

The lower variable costs, but higher fixed costs in comparison to output of the organic producers result in roughly similar Farm Business Income per £100 output albeit slightly in favour of the organic producers.

Table 11 Type of Production- Income and Costs illustrated 'Per £100 Output', 2011/2012

	Conventional	Organic
OUTPUT	£ per £100 output	
Livestock & crops	69	51
Agri- environmental type schemes	4	12
Single Payment Scheme	17	22
Other	11	16
TOTAL FARM OUTPUT	100	100
TOTAL VARIABLE COSTS	29	14
TOTAL GROSS MARGIN	71	86
FIXED COSTS		
Labour	5	6
Machinery	19	23
General farming costs	9	12
Land & Property	10	11
Interest	1	2
TOTAL FIXED COSTS	44	55
FARM BUSINESS INCOME	27	31

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 are smaller than those in either the North or East, but they own more 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.

When looking at the figures on a per hectare basis, the East achieved the highest income closely followed by the North, with the West being £23 per hectare lower.

The average cropping area and livestock units are highest in the North where they also have the highest area of rough grazing. The East has less stock and lower stocking rates, with the West having the least livestock but at stocking rates which fall somewhere between the North and the East (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 West and highest in the North with the West figure approaching 89% (Appendix 6).

⁶ Appendix 6 gives more detailed data for the EU regions

Table 12- EU Regional- Summary Financial Data, 2011/2012

EU region			
	North	East	West
Number of farms in group	68	90	117
Average farmed area (hectares)	111.1	117.5	83.7
Average proportion of owned total farmed area	50%	53%	70%
£ per farm			
Output			
Livestock and crops	110,890	76,723	71,077
Agri- environment type schemes	3,045	6,921	4,500
Single Payment Scheme	21,531	22,790	17,677
Other	13,191	16,958	11,081
TOTAL FARM OUTPUT	148,657	123,392	104,335
Variable costs			
Livestock specific costs	40,226	24,448	19,177
Crop specific costs	12,261	6,270	8,417
TOTAL VARIABLE COSTS	52,487	30,718	27,594
TOTAL GROSS MARGIN	96,170	92,674	76,741
Fixed costs			
Labour	7,370	8,213	4,161
Machinery	27,694	23,845	21,761
General farming costs	10,978	11,410	9,848
Land & Property	12,493	12,274	11,088
Interest paid	2,051	1,837	1,572
TOTAL FIXED COSTS	60,586	57,579	48,430
FARM BUSINESS INCOME	35,584	35,095	28,311

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.

The average size of the Part-time farms is close to 63 hectares (157 acres), compared to the Very Large farms, which are over five and a half times bigger. As the total area farmed by the business increases in relation to the size of the farm, so does the proportion of tenanted land, with the Very Large farms renting two thirds of the land they farm.

⁷ Appendix 7 gives more details of the Farm Size data

Table 13 Farm Business Income by size of business, 2011/2012

	Farm Size by Standard Labour Requirement				
	Part-time	Small	Medium	Large	Very large
Number of farms in group	39	97	54	50	34
Average farmed area (hectares)	63.4	75.6	114.3	160.2	359.7
Average proportion of owned total farmed area	67%	68%	67%	54%	34%
	£ per farm				
Output					
Livestock and crops	37,655	60,353	100,872	148,679	297,961
Agri- environment type schemes	2,911	4,415	5,798	7,718	16,247
Single Payment Scheme	14,090	15,836	22,722	29,341	63,538
Other	9,323	16,685	13,873	13,952	16,714
TOTAL FARM OUTPUT	63,979	97,289	143,265	199,690	394,460
Variable costs					
Livestock specific costs	9,842	20,012	31,656	47,208	107,150
Crop specific costs	3,287	6,318	9,245	15,473	31,019
TOTAL VARIABLE COSTS	13,129	26,330	40,901	62,681	138,169
TOTAL GROSS MARGIN	50,850	70,959	102,364	137,009	256,291
Fixed costs					
Labour	2,580	4,525	6,103	9,611	30,958
Machinery	15,335	20,323	26,385	37,716	60,855
General farming costs	7,395	10,140	11,840	15,472	22,007
Land & Property	6,839	10,256	13,477	19,279	34,568
Interest paid	661	1,510	2,657	3,347	4,020
TOTAL FIXED COSTS	32,810	46,754	60,462	85,425	152,408
FARM BUSINESS INCOME	18,040	24,205	41,902	51,584	103,883

Looking at the farms gross margin on a per hectare basis, it increases from Part-time to Small and then declines again with the scale of the business getting larger; Farm Business Income per hectare follows a similar pattern, but peaks with Medium sized businesses, as illustrated in Figure 9.

Figure 9 Gross Margin and Farm Business Income per hectare by farm size, 2011/2012

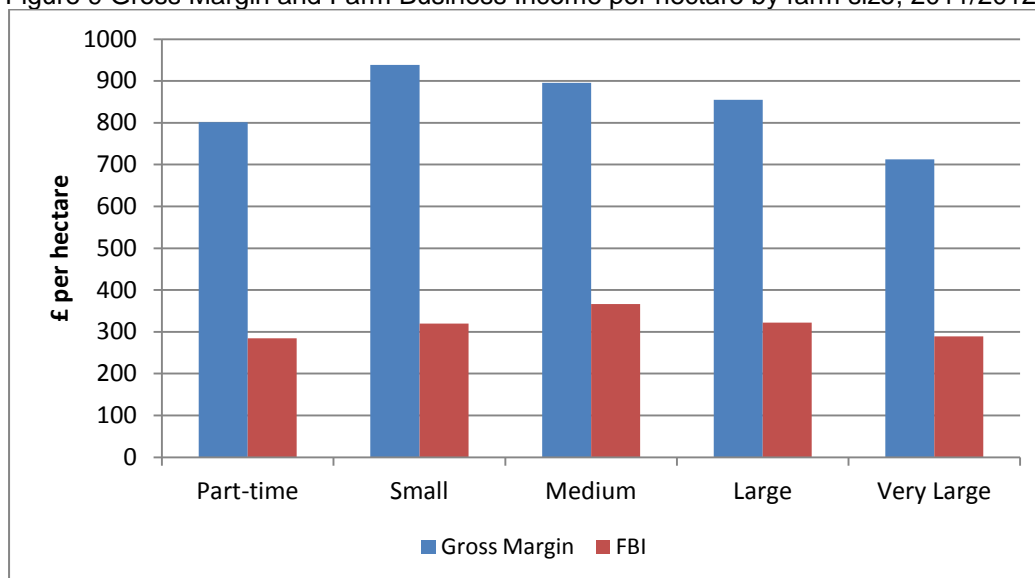


Figure 10 illustrates how scale of business affects the gross margin and farm business income on a per farm basis. As the scale of business increases, economies of scale would be expected particularly with fixed costs. This being the case, the performance of the Large farms is slightly below that expected. High variable costs reduce the gross margin and the fixed costs also appear slightly higher than expected.

Figure 10- Output, Gross Margin, Fixed Costs and Farm Business Income by farm size, 2011/2012

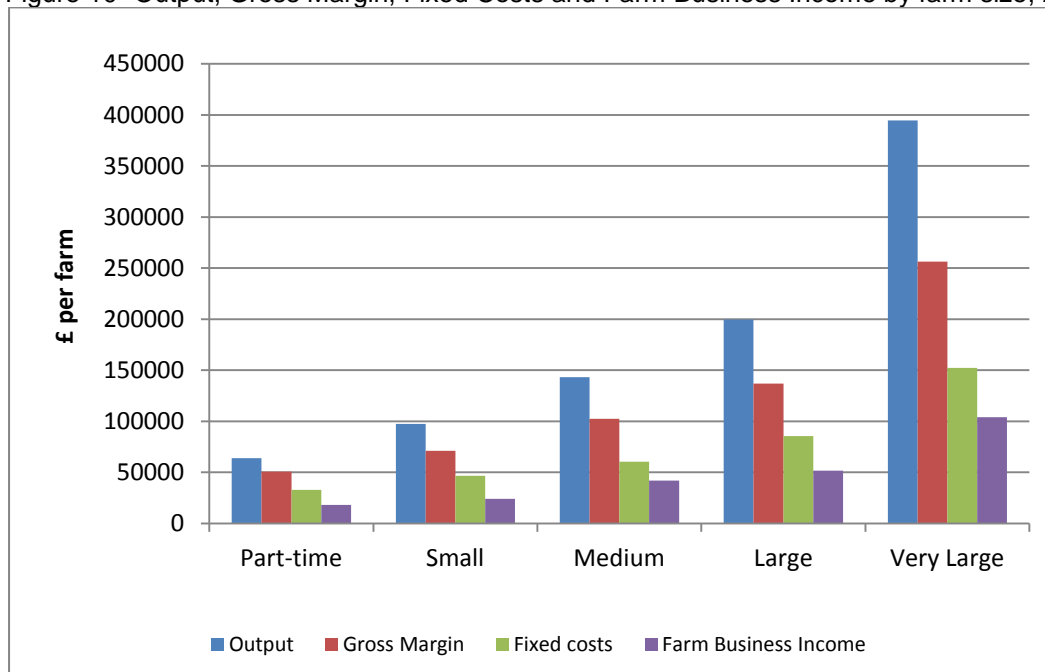


Figure 11 illustrates the farmed area and livestock unit per farm along with Farm Business Income. The Part-time farms and Very Large farms are the only groups which have more hectares than livestock units and consequently the lowest stocking rates. The other groups have broadly similar stocking rates but increasing with scale of business.

Figure 11 Farm Business Income, Livestock Units (LU) and Farmed Area (hectares) by farm size, 2011/2012

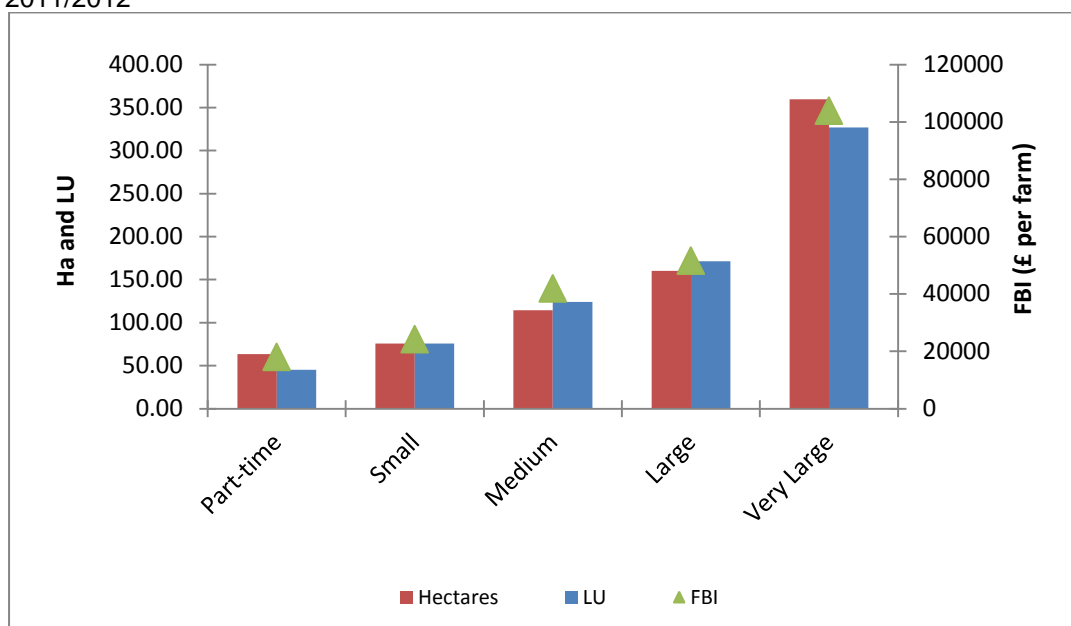


Table 14 Farm size- data per £100 of output, 2011/2012

	Part-time	Small	Medium	Large	Very large
	£ per £100 output				
Output					
Livestock and crops	59	62	70	74	76
Agri- environment type schemes	5	5	4	4	4
Single Payment Scheme	22	16	16	15	16
Other	15	17	10	7	4
TOTAL FARM OUTPUT	100	100	100	100	100
Variable costs					
Livestock specific costs	15	21	22	24	27
Crop specific costs	5	6	6	8	8
TOTAL VARIABLE COSTS	21	27	29	31	35
TOTAL GROSS MARGIN	79	73	71	69	65
Fixed costs					
Labour	4	5	4	5	8
Machinery	24	21	18	19	15
General farming costs	12	10	8	8	6
Land & Property	11	11	9	10	9
Interest paid	1	2	2	2	1
TOTAL FIXED COSTS	51	48	42	43	39
FARM BUSINESS INCOME	28	25	29	26	26

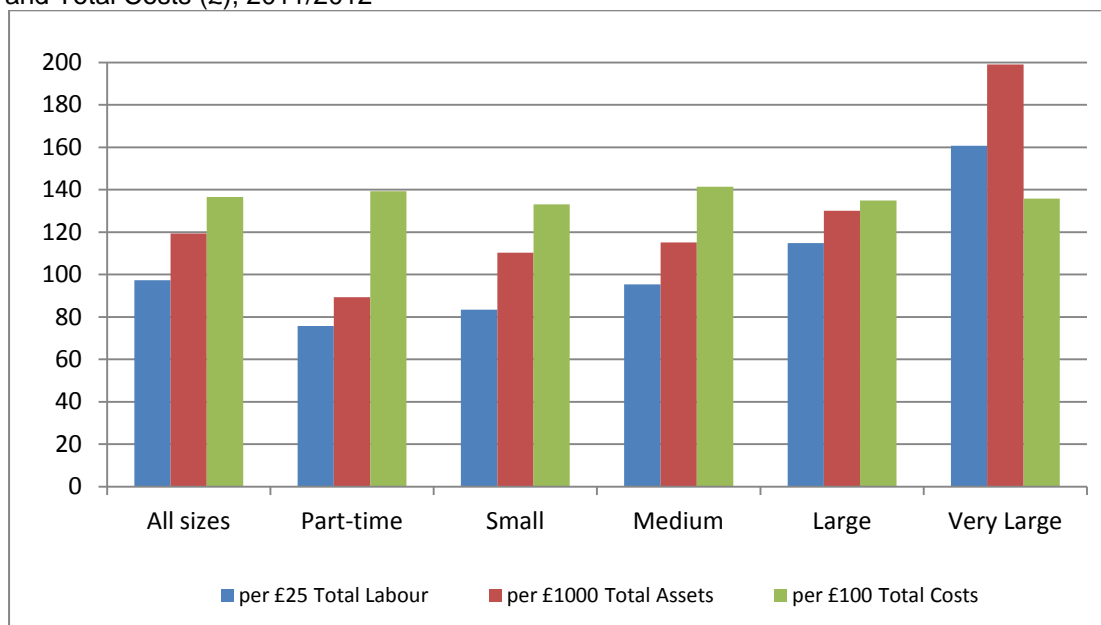
The Single Payment Scheme (SPS) income per hectare declines as the size of the business increases from £222 for Part-time farms to £177 for the Very Large farms. The Large and Very Large farms both have significant output from 'other livestock' which may not have been covered by the previous support regimes. This resulted in a lower historical element of the SPS, but as the SPS for 2011 was mainly an area payment, with little historical influence, the difference must be land hired in. In this situation the SPS would be claimed by the landlord rather than the farmer, 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. Table 14 shows that the fixed costs loosely follow economies of scale, being lower per hectare as the size of the farms increases, except for the Part-time farms who 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. The stocking rate also increases with scale from the Part-time to the Large farms so the extra stock are 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 12. For this analysis the total labour costs includes an estimate for the labour contributed by the farmer & spouse.

Figure 12 – Performance measures- Farm Business Output achieved by Total Labour, Total assets and Total Costs (£), 2011/2012



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

Despite the increase in the Farm Business Income generated by the Lowland Grazing Livestock farms in 2011/2012 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 except the Part-time farms and represents, 17% 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 £11,931. The Part-time and Small farms would be making less than £10,000 per farm, compared with Medium and Large farms, who would be making about £20,000

each. The Very Large farms are making £40,000 which is a surplus of £10,000 over the value of unpaid labour and also the net private drawings paid by these businesses. The All farms level of private drawings was £14,929 which is 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, 2011/2012

	All Farms	Part-time	Small	Medium	Large	Very Large
	£ per farm					
Farm Business Income	32,167	18,039	24,207	41,901	51,584	103,884
Single Payment Scheme Income	20,236	14,090	15,836	22,722	29,341	63,538
Farm Business Income less SPS	11,931	3,949	8,371	19,179	22,243	40,346
Private drawings	23,687	14,929	24,799	28,095	33,498	45,190

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 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%, without any changes to costs.

The average price for finished cattle and lambs within the Farm Business Survey for 2011/2012 year were £1,011 and £81, which were increases of 16% and 13%, respectively, over the previous year. If the SPS were to be removed completely, but incomes maintained, these prices would need to be close to £1,200 and £97. As discussed earlier, market prices did improve for 2011/12 with costs also increasing. Are these higher levels of prices for finished livestock likely to be paid by the marketplace? In the short-term this seems possible but there is downward pressure on prices in early 2013, particularly for sheep, and costs are increasing. It is also argued that another increase of the same order of magnitude is required to provide for a satisfactory level of income for living and re-investment in the business.

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.

For the first time the Farm Business Income for the Agriculture cost centre is positive for 'All farms' and also for all the EU regions (see Table 16) and is the only cost centre to change significantly between years. 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.

Table 16 Farm Business Income by Cost Centre by EU region, 2011/2012

£ per farm	All farms	EU North	EU East	EU West
Total Farm Business Income	32,167	35,583	35,095	28,313
<i>Of which, by cost apportionment</i>				
Agriculture	5,316	9,664	3,033	4,974
Agri-environment and other payments	4,208	2,622	5,767	3,782
Diversification out of agriculture	4,353	3,547	5,782	3,654
Single Payment Scheme	18,290	19,750	20,514	15,904

The majority of the Farm Business Income comes from the Single Payment Scheme 'cost centre' - 57% of the total Farm Business figure for 'All farms' which is a fall of a third. Its absolute level has only fallen slightly but the importance of the 'Agriculture' centre increased.

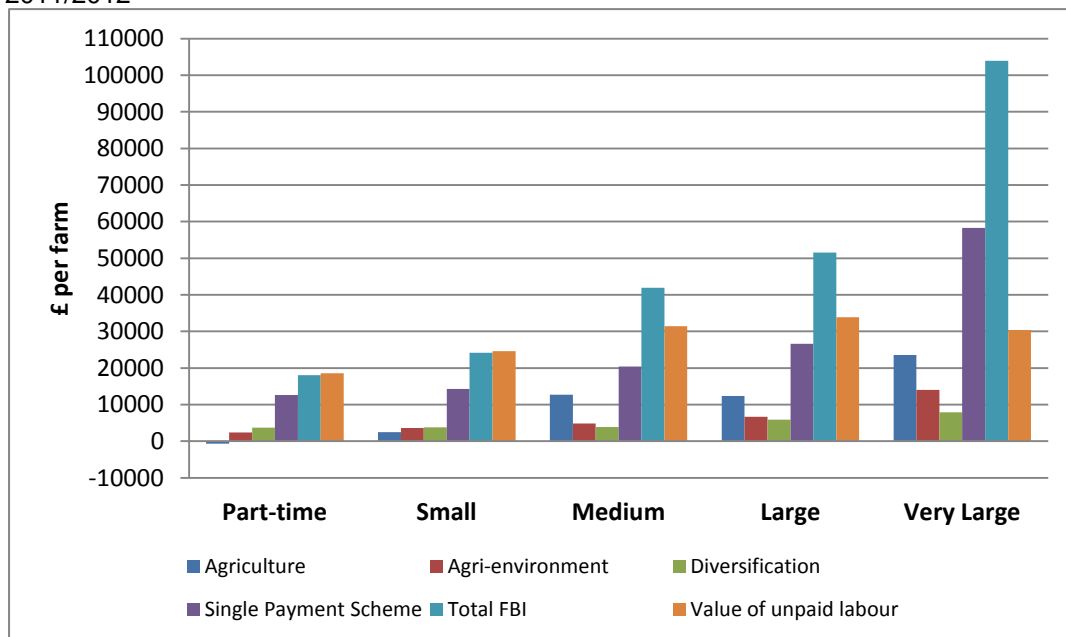
Table 17 illustrates how the Farm Business Income changes for the different size of businesses. The contribution from the 'Agriculture' cost centre increases with size of business. The Medium sized businesses have the highest per hectare income which is higher than would be expected from economies of scale. The Part-time farms are making a loss, the Small farms £2,509, Medium and Large farms are making close to £12,500 per farm from 'agriculture' and the Very Large farms £23,600.

Table 17 Farm Business Income by Cost Centre by Size of farm, 2011/2012

£ per farm	Part-time	Small	Medium	Large	Very Large
Total Farm Business Income	18,039	24,207	41,901	51,584	103,884
<i>Of which, by cost apportionment</i>					
Agriculture	-694	2,509	12,738	12,366	23,600
Agri-environment and other payments	2,390	3,641	4,867	6,665	14,067
Diversification out of agriculture	3,728	3,798	3,852	5,902	7,932
Single Payment Scheme	12,416	14,260	20,443	26,651	58,286

The value of unpaid labour used by the businesses is illustrated alongside the Farm Business Income by Cost centre (Figure 13). Only the two smallest size farms groups have a Farm Business Income below the value of unpaid labour. As previously discussed this is a large improvement on the previous year and is all related to the change in the income from the 'Agriculture' cost centre. Even so the contribution from the Single Payment Scheme cost centre is the largest with the Medium sized businesses having 60% more Farm Business Income from the SPS cost centre and the Large and Very Large farms have twice the income from the SPS cost centre.

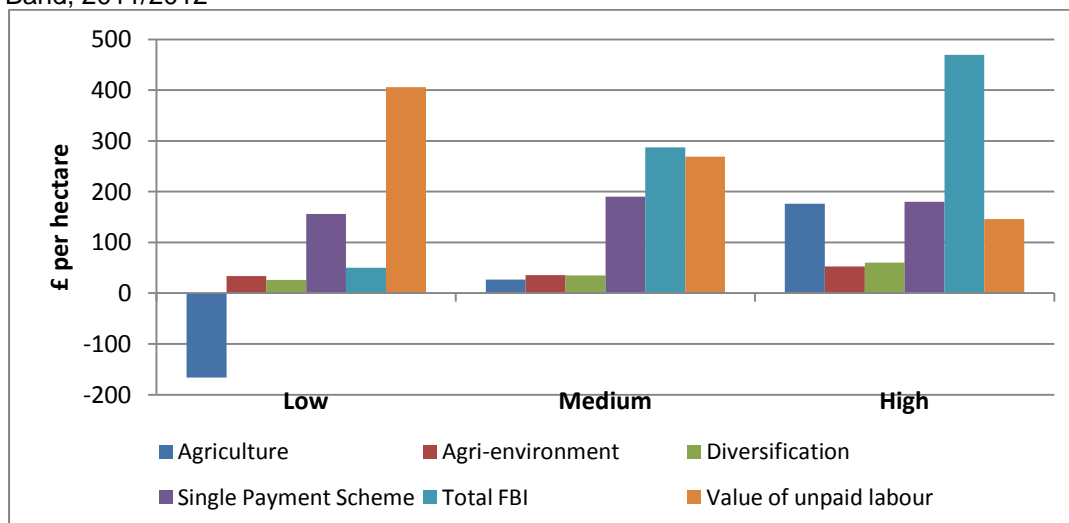
Figure 13 Farm Business Income and Unpaid labour per farm by Cost Centre, by size of farm 2011/2012



Farm Business Income from the Single Payment Scheme 'cost centre' contributes between 50% and 60% of the total Farm Business Income for all size groups of businesses, except the Part-time farms where its contribution is 70%. 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 this analysis improves slightly the position with the allocation of some costs to the receipt of the income. However, the reality of farming without the majority of this support still looks very bleak.

Figure 14 Farm Business Income and Unpaid labour per hectare by Cost Centre, by Performance Band, 2011/2012



The scale of a business does have a large effect on the Performance Band of a farm, with higher performing farms having larger farms. Low performers have only 40% of the farmed area of the higher

performing farms. Representing the data on a per hectare basis as in Figure 14 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 about two thirds that of the High performance band.
- The largest differences between the Farm Business Income per hectare of the three performance groups come from the Agriculture costs centre. Farm Business Income per hectare from 'Agriculture' increases with performance band with the Low producers making a loss of £166 per hectare, the Medium making £27 and the High performers making £176 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 15% 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 16% 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 are 75% higher than that of the average, with the majority of the difference due to higher output, but also lower variable costs.

Table 18 Lowland Beef Cow Gross Margin data

Gross margins per cow, per LU and per hectare

2011/2012

(Weighted performance)

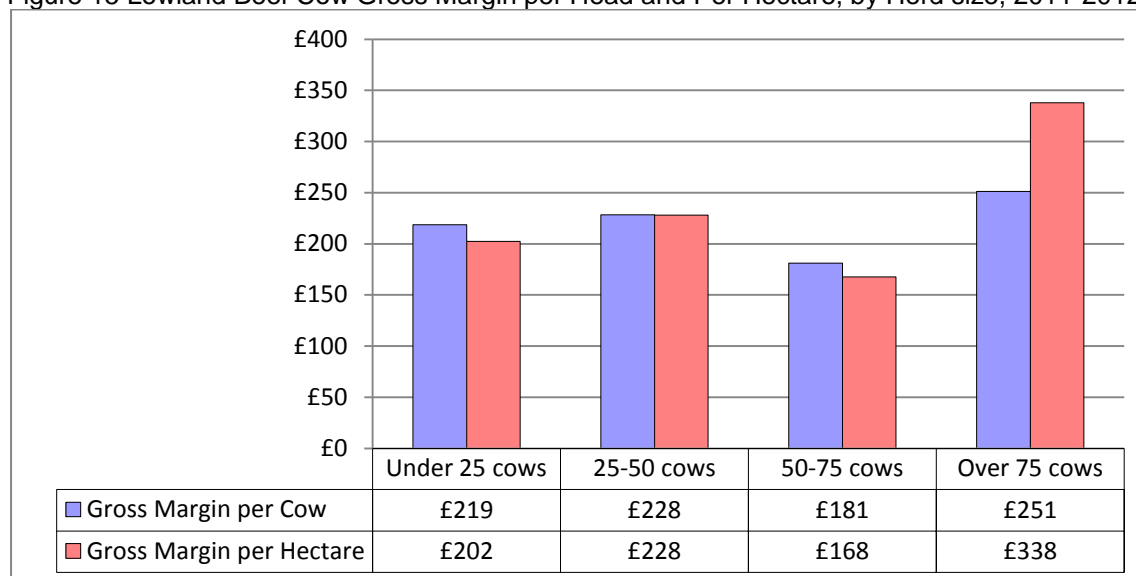
		CONVENTIONAL		ORGANIC
		Average	Premium*	Average
Cows per herd		39	48	30
Stocking rate:	LU/ha	1.04	1.11	0.77
		£ per cow		
Output		422	573	370
Variable Costs		201	187	114
Gross Margin per head		221	386	257
Gross Margin per LU		224	388	257
Gross Margin per Hectare		230	430	198

* Top third selected by level of gross margin per cow

Compared to the previous year the gross margin per beef cow is £94 higher for the Conventional producers and £109 per head higher for the Organic producers. Output is higher per cow but the increase in variable costs has a smaller effect on the gross margin. The stocking rate for the Premium group of farms increased and is now higher than that of the Average group of farms, resulting in the gross margin increasing by £180 per hectare.

Figure 15 shows the Lowland Beef Cow gross margin per head and per hectare for four size groups. The variation in performance of the differing scale of enterprises shows no consistent pattern, with the 50-75 cow herds having the lowest gross margin. The two smallest size groups have gross margin figures per head similar to that of the per hectare figure due to similar stocking rates. The largest herds have a relatively high gross margin per cow, but as they also have a higher stocking rate their gross margin per hectare is the highest.

Figure 15 Lowland Beef Cow Gross Margin per Head and Per Hectare, by Herd size, 2011-2012



The beef rearing gross margin data for 'beef bred' store cattle and finished cattle are summarized for conventional producers in Table 19. In broad terms, 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. In the previous year the premium level performance was more than double both per head and per hectare but this has now narrowed with per head being about 50% higher and per hectare 25%.

Table 19- Lowland Beef Rearing Enterprise Gross Margin data 2011-2012

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 head per farm	47	41	94	92
Stocking rate: LU/Ha	1.10	0.87	1.66	1.58
	£ per head			
Output	473	676	548	632
Variable Costs	170	180	273	255
Gross Margin per head	303	496	275	377
Gross Margin per LU	511	852	457	595
Gross Margin per Hectare	560	742	759	939

* Top third selected by level of gross margin per head

As compared to 2010-2011 the increase in gross margin for the rearing cattle enterprises is due mainly to the increase in output allied with a small increase in variable costs. This is an improvement

of at least £100 per head for all types of cattle rearing enterprise except the premium group of store cattle producers who increased their gross margin per head by £180.

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 are higher than on the organic producers' farms so gross margin per hectare is closer but still favours the organic producers. (see Table 20)

Table 20 Lowland Beef Finishing - Beef bred finished cattle enterprise Gross Margin data 2011-2012
Gross margins per head, per LU and per hectare

	CONVENTIONAL		ORGANIC
	Average	Premium*	Average
Number of head per farm	94	92	57
Stocking rate: LU/Ha	1.66	1.58	1.57
	£ per head		
Output	548	632	467
Variable Costs	273	255	134
Gross Margin per head	275	377	333
Gross Margin per LU	457	595	525
Gross Margin per Hectare	759	939	826

* Top third selected by level of gross margin per head

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

Figure 16 Beef Bred Finished Cattle Gross Margin per Head & Per Hectare, by herd size 2011-2012



The output per head from the Beef Bred Finished Cattle producers tends to increase with scale of enterprise, as does the level of variable costs, particularly concentrate feeds, but the resulting gross margins are not consistent. The herds with 50-85 head have the highest gross margin per cow and

the 85-170 herds have the lowest, but as the stocking rate increases with the scale of enterprise, as do the gross margin per hectare figures. Why the second largest group of producers for both breeders and finishers should have the lowest margins has no obvious explanation. Last year the second smallest group exhibited this same relationship.

Table 21 –Lowland Ewe Gross Margin data, 2011/2012

Gross margins per ewe and per hectare

	CONVENTIONAL		ORGANIC
	Average	Premium*	Average
Ewes per flock	325	317	335
Average lamb sale price - £/lamb	80.5	83.6	77.5
Stocking rate - ewes per hectare	5.57	7.68	5.35
	£ per head		
Output	114.8	159.1	99.8
Variable Costs	44.5	51.1	32.5
Gross Margin per head	70.3	107.9	67.4
Gross Margin per LU	446	649	429
Gross Margin per Hectare	391	829	360

*Top third selected by gross margin per ewe

The gross margin details for the lowland ewes are given in Table 21, showing an advantage in margin of less than £3 per ewe in favour of the conventional producers when compared to the organic producers. On a per hectare basis this advantage is expanded by the higher stocking rates on the conventional farms, however the stocking rates for both types of production are considered to be low. When comparing the previous year's organic lowland sheep production gross margin with the 2011/12 year, there was an increase of £17 per ewe; costs were similar, but there was an increase in sale value of the lambs by £7 per finished lamb.

Figure 17 Lowland Ewe Gross Margin per Head and Per Hectare by flock size. 2011/2012

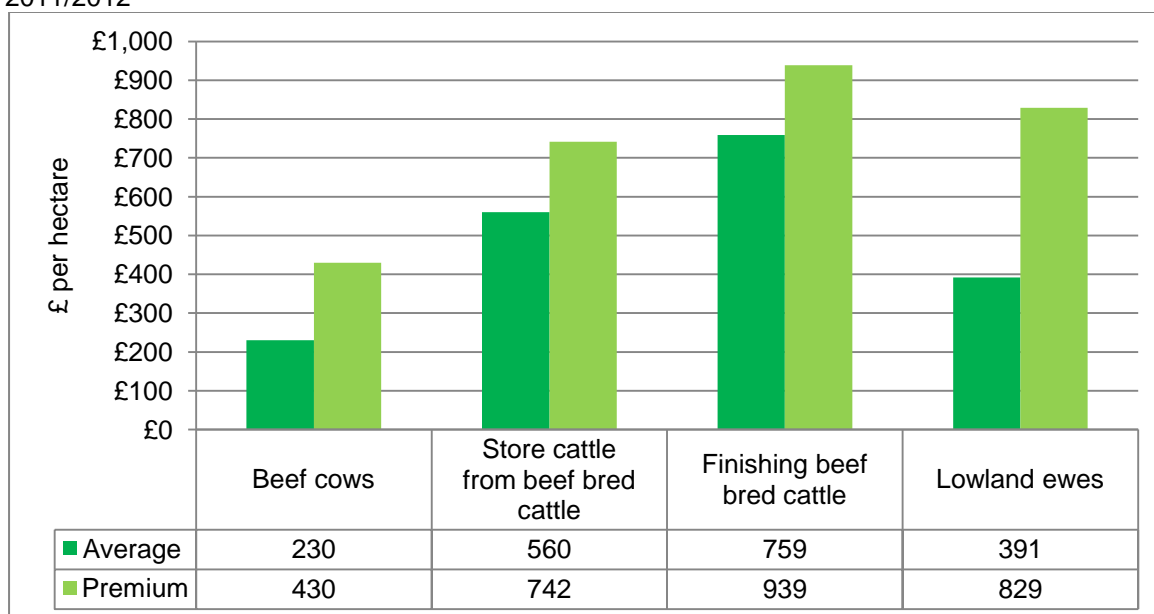


The average sale price for finished lamb was higher for conventional producers than their organic counterparts. The marketplace for organic lamb did not follow, as closely, the bullish prices received by the conventional producers whose average finished lamb increased by £9 per head. The increase in variable costs for the organic producers was less than for the conventional producers, but with higher replacement costs and total output not rising as much, this resulted in the average organic lowland sheep producer's gross margin being £2.90 per ewe lower.

Figure 17 illustrates the differences in gross margins by the size of flock. As with the previous three years, the largest flocks have the lowest gross margin per head and the lowest stocking rates. 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 and are more than twice the size of the 300-500 sized flocks. They have lower output but the 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 increased as compared to the previous year. Comparing the average gross margin per hectare across the differing livestock enterprises the beef finishers have the highest margin followed by store cattle producers and the ewes. Suckler cows had the lowest gross margin. The improvement in gross margin for the ewes closes the gap on the cattle finishers but only the premium sheep producers have closed the gap significantly.

Figure 18 Comparing gross margin per hectare for average and premium conventional producers 2011/2012



The difference between the average and premium group for the gross margin per hectare is narrowest for rearing cattle. For lowland ewes, the top performing producers generated a gross margin double that of the average producers.

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: http://www.defra.gov.uk/statistics/files/defra-stats-foodfarm-farmmanage-fbs-reviseclass_111221.pdf

Further details on farm classification may be found at: <http://www.defra.gov.uk/statistics/foodfarm/farmmanage/fbs/aboutfbs/datacollection/>.

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:

http://www.defra.gov.uk/statistics/files/defra-stats-foodfarm-farmmanage-fbs-statissues_111123.pdf

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. The factors used are set out in Appendix 2 of 'Farm Incomes in the United Kingdom 1999/00'.

<http://statistics.defra.gov.uk/esg/publications/fiuk/2000/Whole.PDF>. 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.

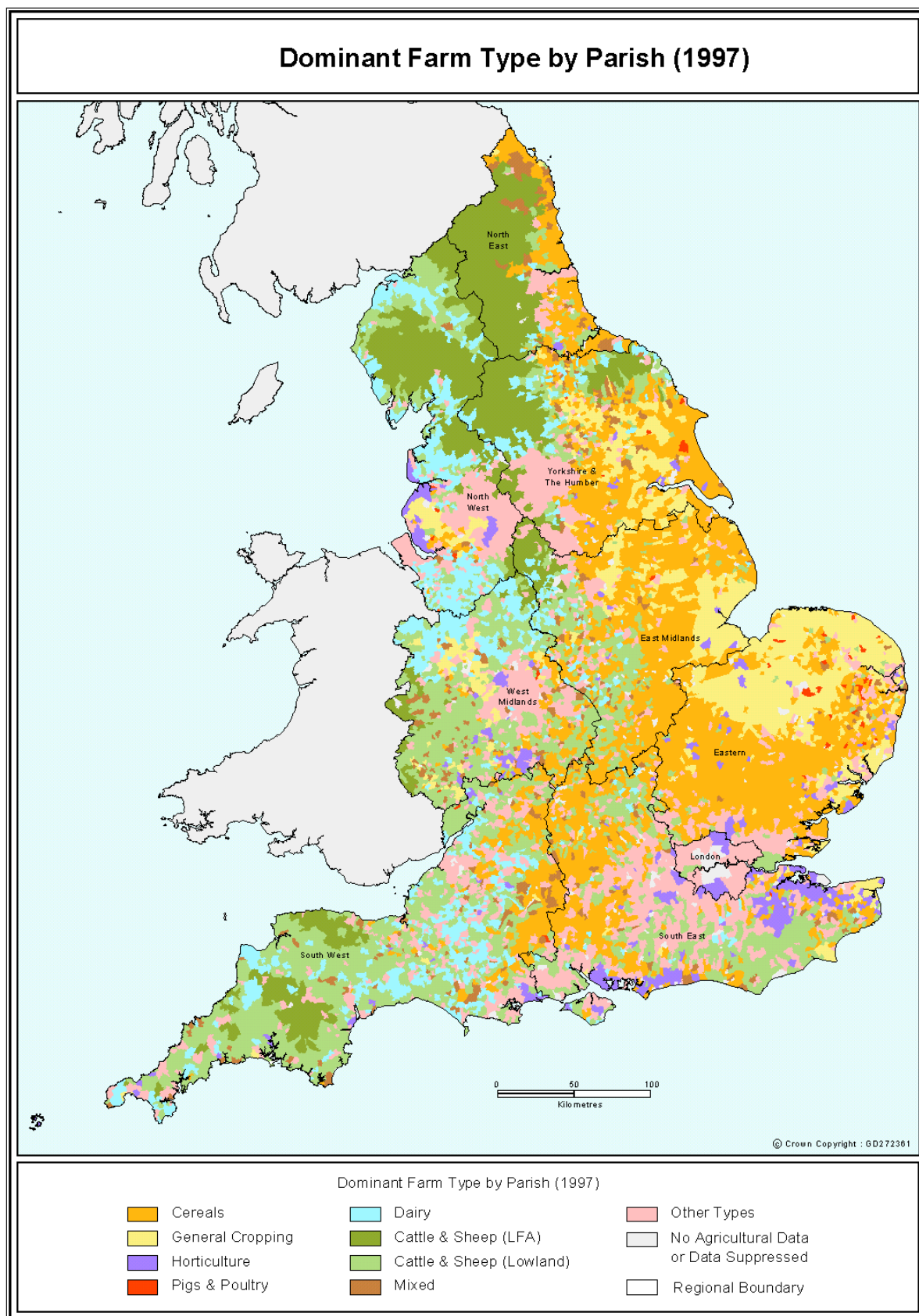
Balance Sheet Tables

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 Farm Sub-type

Grazing Livestock (Lowland) farms in England**Gross Output, Variable Costs and Farm Gross Margin, 2011/2012**

	Farm sub-types					
	Average all farms	Beef	Sheep	Beef & Sheep	Agri-related	Other
Number of farms in group	275	72	27	75	45	56
Average farmed area (hectares)	101.0	81.6	105.5	118.7	117.8	90.6
Average proportion of owned total farmed area	59%	70%	41%	53%	62%	58%
£ per farm						
<u>Output</u>						
Cattle	46343	80727	4629	50546	20603	36721
Sheep	19849	3558	71372	38869	9377	9528
Other livestock	1097	321	702	537	398	3683
Crops	8645	7981	6072	11835	2816	12953
Forage	5561	2316	1713	1702	3355	18316
Hill Payments (UELS/UTP)	18	0	0	81	0	0
Environmentally Sensitive Area	662	496	0	393	1913	253
Countryside Stewardship Higher and Entry Level	830	317	473	540	2097	786
Stewardship	3105	1962	3021	3301	5859	1828
Organic Aid/ Organic Entry Level Stewardship	280	127	0	66	638	504
Other management/ agri-environment schemes	114	48	72	9	382	80
Single Payment Scheme	20236	16945	15805	22905	26049	18166
Rental income	4155	2660	3140	1962	10131	3251
Contract work	4062	2781	2551	4046	4095	6532
Miscellaneous output	5147	2175	2169	1028	15827	4688
Interest received	162	210	147	244	92	80
TOTAL FARM OUTPUT	120268	122623	111867	138065	103631	117367
<u>Variable costs</u>						
Concentrates	13924	18169	13499	18422	5483	11444
Purchased fodder	1356	1763	1195	1257	1457	857
Veterinary and medicines	2532	2406	4160	3318	2000	1650
Other livestock costs	7649	9505	7087	9737	4825	5742
Seeds	1135	1035	917	1477	651	1475
Fertilisers	4990	5214	3677	6970	2389	5632
Crop protection	1001	953	1131	1312	354	1308
Other crop costs	1382	588	360	1131	658	3953
TOTAL VARIABLE COSTS	33970	39633	32025	43623	17817	32060
TOTAL GROSS MARGIN	86298	82991	79842	94441	85814	85307

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

	Average all farms	Beef	Farm sub-types			Other
			Sheep	Beef & Sheep	Agri- related	
			£ per farm			
TOTAL GROSS MARGIN	86298	82991	79842	94441	85814	85307
<u>Fixed costs</u>						
Paid regular labour	4828	3806	4195	5115	5978	5103
Directors remuneration	180	153	0	0	366	314
Casual labour	1214	647	2134	1374	1510	1142
Contract	5422	7959	3351	4482	3622	5552
Machinery repairs	4575	4065	3323	5050	4278	5621
Machinery fuel	4922	4543	4582	5675	4142	5549
Machinery depreciation	8815	8995	7045	10605	7605	8554
Other depreciation	0	1	0	0	0	0
Electricity	841	680	831	628	1206	950
Other fuel	348	277	203	501	330	361
Water	1247	1572	753	1171	1191	1144
Insurance	3148	3077	3101	3340	3417	2792
Professional fees	1946	1956	1469	2040	2027	1958
Other general costs	3089	2663	3069	2973	4120	2812
Property maintenance	3857	3676	3081	4766	4097	3213
Rent, hired in keep and bare land	5034	3514	6427	6398	4804	5296
Rates	152	124	227	141	192	132
Buldings depreciation	2747	3144	1024	3304	2952	2126
Long-term interest	997	769	887	662	1116	1621
Short-term interest	768	887	692	738	538	892
TOTAL FIXED COSTS	54131	52508	46395	58963	53491	55133
 FARM BUSINESS INCOME	 32167	 30483	 33447	 35479	 32323	 30174
 <i>Less - All unpaid labour</i>	 24678	 24037	 25555	 27830	 21857	 24497
 <i>Equals - FARM CORPORATE INCOME</i>	 7490	 6446	 7892	 7649	 10466	 5677
 <i>Plus - Net Interest</i>	 1602	 1447	 1432	 1155	 1562	 2433
 <i>Equals - FARM INVESTMENT INCOME</i>	 9092	 7893	 9324	 8804	 12027	 8110

Alternative Income Measures, 2011/2012

		Farm sub-types					
		Average all farms	Beef	Sheep	Beef & Sheep	Agri- related	Other
Reconciliation between Net Farm Income and Farm Business Profit							
	FARM BUSINESS INCOME	32167	30483	33447	35479	32323	30174
Plus-	Directors remuneration	180	153	0	0	366	314
Less-	Net income from assets associated with the farm business	0	0	0	0	0	0
Plus-	Buildings and works depreciation	2747	3144	1024	3304	2952	2126
Plus-	Landlord type expenses	382	333	307	478	420	342
Plus-	Imputed rental income	356	187	61	515	456	449
Less-	Imputed rent and rental value	11728	12072	7117	12710	13712	10229
Plus-	Net Interest	1602	1447	1432	1155	1562	2433
Less-	Unpaid labour of partners	3765	3609	5384	5793	1796	2970
Equals -	NET FARM INCOME**	21941	20065	23769	22427	22571	22639

** Excluding Breeding Livestock Stock Appreciation

**Land Use and Indicators of Technical Efficiency,
2011/2012**

	Farm sub-types					
	Average all farms	Beef	Sheep	Beef & Sheep	Agri- related	Other
Number of farms in group	275	72	27	75	45	56
Average farmed area (hectares)	101.0	81.6	105.5	118.7	117.8	90.6
Average proportion of owned total farmed area(%)	59%	70%	41%	53%	62%	58%
Land use						
Area of crops	7.5	6.2	6.4	11.5	2.7	10.0
Temporary grass	15.7	18.7	5.7	18.0	7.8	21.2
Permanent grass	65.3	47.1	80.4	78.7	82.9	52.5
Fodder crops	2.4	3.0	2.3	1.7	1.6	3.2
Rough grazing	5.9	1.5	3.5	3.5	21.3	0.8
Uncropped, fallow and turf	0.6	0.6	0.1	0.4	1.1	0.5
Forage hired in	3.6	4.6	7.2	4.9	0.4	2.3
Stocking						
Average number of dairy cows	1	0	0	1	1	4
Average number of beef cows	24	28	5	29	23	20
Average number of other cattle	86	133	10	99	49	75
Average number of ewes	165	25	568	289	129	83
Average number of other sheep	180	30	583	339	116	102
Grazing livestock units				GLUs per farm		
Dairy cows	1.2	0.2	0.0	0.6	0.6	4.5
Beef cows	11.8	14.0	2.4	14.7	11.7	9.8
Other cattle	53.5	82.7	6.5	61.1	32.1	45.4
Sheep	26.3	4.1	89.3	46.9	19.6	13.7
Other livestock	1.7	0.4	0.7	0.5	3.5	3.7
Total	94.5	101.4	99.0	123.9	67.3	77.1
GLUs per ha	1.02	1.36	1.00	1.16	0.59	0.96
GLUs per adjusted ha	1.03	1.37	1.02	1.18	0.60	0.97

Balance Sheet, 2011/2012

(end of year)

	Farm sub-types					
	Average all farms	Beef	Sheep	Beef & Sheep	Agri- related	Other
Number of farms in group	275	72	27	75	45	56
Average farmed area (hectares)	101.0	81.6	105.5	118.7	117.8	90.6
Average proportion of owned total farmed area	59%	70%	41%	53%	62%	58%
	£ per farm					
End of year assets & liabilities						
Land & buildings	788882	789995	589049	742232	976464	741825
Milk quota	44	53	0	14	25	102
Single Payment Scheme	26969	22031	20750	29396	37117	24013
Machinery	52030	51070	46221	61491	42242	55151
Tenant's other assets	507	286	0	462	313	1284
Breeding livestock	42998	30979	65921	63874	34599	35133
Total fixed assets	911430	894415	721941	897468	1090760	857509
Trading livestock	46705	71093	13023	58783	22691	37302
Crops	1829	1119	692	3444	390	2974
Forage and cultivations	7040	5751	4630	5799	4718	13603
Stores	5677	5873	3775	7623	3483	6253
Debtors and loans	10173	8125	5706	10556	12275	12553
Bank credit and cash	24485	11931	25513	29881	35039	25452
Other current assets	0	0	0	0	0	0
Total current assets	95910	103894	53340	116086	78596	98137
Total assets	1007340	998309	775282	1013554	1169356	955646
Financed by						
AMC	9589	7564	8372	10424	11103	10581
Bank loans	22444	17700	19224	8801	13990	54052
Other long term	7576	8766	5805	7123	9411	5357
Total long term	39609	34030	33401	26347	34504	69990
HP and lease	3833	4223	8310	4727	1046	3070
Creditors	8156	10303	7241	8446	5026	8282
Bank overdraft	16920	22471	11265	15703	11567	18173
Other short term	106	180	47	73	0	169
Total current liabilities	29016	37178	26862	28948	17639	29693
Total Liabilities	68625	71208	60263	55296	52143	99684
Net worth	938715	927101	715018	958259	1117212	855962
Balance sheet ratios						
% Owner equity (net worth v.total assets)	93%	93%	92%	95%	96%	90%
% Fixed assets vs. total assets	90%	90%	93%	89%	93%	90%
Gearing (long-term loans v.total assets)	4%	3%	4%	3%	3%	7%
Total debt (external liabilities v.net worth)	7%	8%	8%	6%	5%	12%

FUND FLOWS, 2011/2012

	Farm sub-types					
	Average all farms	Beef	Sheep	Beef & Sheep	Agri- related	Other
Number of farms in group	275	72	27	75	45	56
Average farmed area (hectares)	101.0	81.6	105.5	118.7	117.8	90.6
Average proportion of owned total farmed area(%)	59%	70%	41%	53%	62%	58%
	£ per farm					
Funds available from trading						
Farm Business Income	32167	30483	33447	35479	32323	30174
Buildings and works depreciation	2747	3144	1024	3304	2952	2126
Machinery depreciation	8815	8997	7045	10605	7605	8554
Change in valuation *	-7719	-11426	-5479	-9718	646	-9495
Trading net fund flow surplus	36011	31198	36038	39670	43526	31359
Funds used for farm investments						
Net property and quota purchases	3539	7058	0	1258	-562	6682
Net landlord capital purchases	4561	6970	532	5947	2035	3883
Net machinery and equipment purchases	12206	10756	12595	15210	7547	15373
Capital net fund flow	20307	24784	13127	22414	9020	25938
Total farm fund flow surplus	15704	6414	22911	17255	34506	5422
Funds used for private expenditure						
Private drawings	23687	23015	23316	22523	25243	24558
Net private funds introduced	5326	7395	2499	4156	308	9887
Private fund outflow	18361	15620	20816	18367	24935	14670
Total net fund flow surplus	-2657	-9205	2095	-1112	9571	-9248
Increase in loans and deposits	3342	5476	1601	2724	-5197	10202
Increase in bank balance	1151	-1502	6818	882	2389	1491
Increase in cash in hand	8	0	9	-1	0	36
Increase in debtors	552	327	-2135	1009	1104	1008
Increase in creditors	1026	2554	996	278	-881	1582
Net change in funding	2657	9205	-2095	1112	-9571	9248

* 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 level of Farm Business Income by Performance Band

Grazing Livestock (Lowland) farms in England

Gross Output, Variable Costs and Farm Gross Margin, 2011/2012

	Average all farms	Performance band		
		Low	Medium	High
Number of farms in group	275	55	139	81
Average farmed area (hectares)	101.0	63.3	94.9	150.8
Average proportion of owned total farmed area	59%	52%	60%	60%
£ per farm				
<u>Output</u>				
Cattle	46343	24763	48620	63298
Sheep	19849	7823	22865	25820
Other livestock	1097	1346	371	2293
Crops	8645	3499	8872	13318
Forage	5561	3930	2658	12962
Hill Payments (UELS/UTP)	18	0	36	0
Environmentally Sensitive Area	662	345	329	1642
Countryside Stewardship	830	520	769	1261
Higher and Entry Level Stewardship	3105	1714	2638	5421
Organic Aid/ Organic Entry Level Stewardship	280	65	192	670
Other management/ agri-environment schemes	114	139	45	228
Single Payment Scheme	20236	11818	20019	29047
Rental income	4155	998	3237	9128
Contract work	4062	3156	5234	2631
Miscellaneous output	5147	4444	4866	6406
Interest received	162	211	137	163
TOTAL FARM OUTPUT	120268	64771	120888	174289
<u>Variable costs</u>				
Concentrates	13924	8176	14845	17812
Purchased fodder	1356	561	1558	1743
Veterinary and medicines	2532	1768	2759	2841
Other livestock costs	7649	4991	8494	8613
Seeds	1135	771	1203	1363
Fertilisers	4990	3524	5265	5904
Crop protection	1001	408	1085	1426
Other crop costs	1382	551	918	3131
TOTAL VARIABLE COSTS	33970	20751	36129	42833
TOTAL GROSS MARGIN	86298	44020	84759	131456

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

	Average all farms	Performance band		
		Low	Medium	High
		£ per farm		
TOTAL GROSS MARGIN	86298	44020	84759	131456
<u>Fixed costs</u>				
Paid regular labour	4828	2005	5511	6280
Directors remuneration	180	251	235	0
Casual labour	1214	526	1190	1946
Contract	5422	3240	6297	5853
Machinery repairs	4575	3309	4820	5348
Machinery fuel	4922	3667	5378	5265
Machinery depreciation	8815	7598	9097	9465
Other depreciation	0	0	0	2
Electricity	841	679	870	946
Other fuel	348	142	375	500
Water	1247	845	1498	1148
Insurance	3148	2547	3344	3357
Professional fees	1946	1764	1967	2085
Other general costs	3089	2939	3085	3246
Property maintenance	3857	2350	4303	4470
Rent, hired in keep and bare land	5034	5207	5095	4742
Rates	152	19	151	287
Buldings depreciation	2747	1956	2441	4145
Long-term interest	997	878	1039	1031
Short-term interest	768	917	782	591
TOTAL FIXED COSTS	54131	40839	57477	60705
FARM BUSINESS INCOME	32167	3182	27282	70750
Less - All unpaid labour	24678	25675	25506	22037
<i>Equals</i> - FARM CORPORATE INCOME	7490	-22493	1776	48714
Plus - Net Interest	1602	1584	1683	1459
<i>Equals</i> - FARM INVESTMENT INCOME	9092	-20909	3459	50173

Alternative Income Measures, 2011/2012

		Average all farms	Performance band		
			Low	Medium	High
Reconciliation between Net Farm Income and Farm Business Profit					
	FARM BUSINESS INCOME	32167	3182	27282	70750
Plus-	Directors remuneration	180	251	235	0
Less-	Net income from assets associated with the farm business	0	0	0	0
Plus-	Buildings and works depreciation	2747	1956	2441	4145
Plus-	Landlord type expenses	382	274	421	412
Plus-	Imputed rental income	356	494	340	250
Less-	Imputed rent and rental value	11728	6877	10900	18207
Plus-	Net Interest	1602	1584	1683	1459
Less-	Unpaid labour of partners	3765	3337	4476	2774
Equals-	NET FARM INCOME**	21941	-2475	17026	56035

** Excluding Breeding Livestock Stock Appreciation

Land Use and Indicators of Technical Efficiency, 2011/2012

	Average all farms	Performance band		
		Low	Medium	High
Number of farms in group	275	55	139	81
Average farmed area (hectares)	101.0	63.3	94.9	150.8
Average proportion of owned total farmed area(%)	59%	52%	60%	60%
Land use				
Area of crops	7.5	2.8	8.0	11.1
Temporary grass	15.7	11.8	15.5	20.0
Permanent grass	65.3	44.1	62.1	92.9
Fodder crops	2.4	1.5	2.7	2.7
Rough grazing	5.9	1.4	1.7	18.9
Uncropped, fallow and turf	0.6	0.1	0.6	1.2
Forage hired in	3.6	1.7	4.3	4.0
Stocking				
Average number of dairy cows	1	1	1	1
Average number of beef cows	24	21	24	25
Average number of other cattle	86	54	89	111
Average number of ewes	165	86	176	221
Average number of other sheep	180	82	200	236
Grazing livestock units		GLUs per farm		
Dairy cows	1.2	1.5	1.4	0.6
Beef cows	11.8	10.7	12.1	12.4
Other cattle	53.5	34.2	55.6	68.3
Sheep	26.3	13.4	28.3	35.0
Other livestock	1.7	2.6	1.3	1.8
Total	94.5	62.3	98.8	118.1
GLUs per ha	1.02	1.03	1.14	0.85
GLUs per adjusted ha	1.03	1.04	1.16	0.87

Balance Sheet, 2011/2012

(end of year)

Performance band

	Average all farms	Low	Medium	High
Number of farms in group	275	55	139	81
Average farmed area (hectares)	101.0	63.3	94.9	150.8
Average proportion of owned total farmed area	59%	52%	60%	60%
£ per farm				
End of year assets & liabilities				
Land & buildings	788882	431144	791529	1139799
Milk quota	44	97	28	21
Single Payment Scheme	26969	15641	26213	39755
Machinery	52030	41290	53961	58880
Tenant's other assets	507	840	376	434
Breeding livestock	42998	32460	45586	48340
Total fixed assets	911430	521472	917692	1287228
Trading livestock	46705	24171	47656	67246
Crops	1829	946	1727	2912
Forage and cultivations	7040	5394	5784	11181
Stores	5677	3114	6304	6981
Debtors and loans	10173	4366	9612	17073
Bank credit and cash	24485	16131	15597	50492
Other current assets	0	0	0	0
Total current assets	95910	54123	86680	155886
Total assets	1007340	575595	1004372	1443114
Financed by				
AMC	9589	8388	10421	9128
Bank loans	22444	10454	23595	32090
Other long term	7576	3901	6998	12385
Total long term	39609	22744	41014	53604
HP and lease	3833	1746	5401	2792
Creditors	8156	6150	7987	10490
Bank overdraft	16920	19227	17197	14074
Other short term	106	33	133	124
Total current liabilities	29016	27155	30718	27480
Total Liabilities	68625	49898	71733	81084
Net worth	938715	525697	932640	1362029
Balance sheet ratios				
% Owner equity (net worth v.total assets)	93%	91%	93%	94%
% Fixed assets vs. total assets	90%	91%	91%	89%
Gearing (long-term loans v.total assets)	4%	4%	4%	4%
Total debt (external liabilities v.net worth)	7%	9%	8%	6%

FUND FLOWS, 2011/2012

	Average all farms	Performance band		
		Low	Medium	High
Number of farms in group	275	55	139	81
Average farmed area (hectares)	101.0	63.3	94.9	150.8
Average proportion of owned total farmed area(%)	59%	52%	60%	60%
£ per farm				
Funds available from trading				
Farm Business Income	32167	3182	27282	70750
Buildings and works depreciation	2747	1956	2441	4145
Machinery depreciation	8815	7598	9098	9467
Change in valuation *	-7719	-381	-6025	-18395
Trading net fund flow surplus	36011	12355	32795	65967
Funds used for farm investments				
Net property and quota purchases	3539	230	1654	10586
Net landlord capital purchases	4561	5505	2664	7397
Net machinery and equipment purchases	12206	5234	13151	17269
Capital net fund flow	20307	10969	17469	35253
Total farm fund flow surplus	15704	1386	15326	30714
Funds used for private expenditure				
Private drawings	23687	13946	22786	35181
Net private funds introduced	5326	9768	5000	1552
Private fund outflow	18361	4178	17786	33629
Total net fund flow surplus	-2657	-2792	-2460	-2915
Increase in loans and deposits	3342	-1392	4436	5880
Increase in bank balance	1151	-2837	2196	3041
Increase in cash in hand	8	27	1	3
Increase in debtors	552	-1193	673	2051
Increase in creditors	1026	181	894	2130
Net change in funding	2657	2792	2460	2915

* 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, 2011/2012

	Type of Production	
	Conventional	Organic
Number of farms in group	235	40
Average farmed area (hectares)	101.5	96.0
Average proportion of owned total farmed area	58%	70%
	£ per farm	
<u>Output</u>		
Cattle	47556	31983
Sheep	20778	8848
Other livestock	1107	975
Crops	9074	3564
Forage	5734	3508
Hill Payments (UELS/UTP)	20	0
Environmentally Sensitive Area	711	85
Countryside Stewardship	694	2443
Higher and Entry Level Stewardship	2945	5004
Organic Aid/ Organic Entry Level Stewardship	0	3599
Other management/ agri-environment schemes	108	187
Single Payment Scheme	20185	20831
Rental income	3921	6934
Contract work	4240	1951
Miscellaneous output	5039	6420
Interest received	174	20
TOTAL FARM OUTPUT	122287	96351
<u>Variable costs</u>		
Concentrates	14739	4268
Purchased fodder	1417	622
Veterinary and medicines	2624	1447
Other livestock costs	7862	5131
Seeds	1124	1269
Fertilisers	5387	291
Crop protection	1084	19
Other crop costs	1430	815
TOTAL VARIABLE COSTS	35667	13863
TOTAL GROSS MARGIN	86620	82488

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

	Type of Production	
	Conventional	Organic
	£ per farm	
TOTAL GROSS MARGIN	86620	82488
<u>Fixed costs</u>		
Paid regular labour	4951	3369
Directors remuneration	115	946
Casual labour	1175	1672
Contract	5444	5163
Machinery repairs	4621	4035
Machinery fuel	4994	4070
Machinery depreciation	8771	9336
Other depreciation	0	1
Electricity	844	803
Other fuel	349	343
Water	1279	872
Insurance	3140	3246
Professional fees	1914	2320
Other general costs	3017	3943
Property maintenance	3789	4662
Rent, hired in keep and bare land	5155	3600
Rates	143	257
Buldings depreciation	2794	2192
Long-term interest	968	1330
Short-term interest	789	518
TOTAL FIXED COSTS	54253	52678
 FARM BUSINESS INCOME	 32366	 29810
 <i>Less - All unpaid labour</i>	 24878	 22302
 <i>Equals - FARM CORPORATE INCOME</i>	 7488	 7508
 <i>Plus - Net Interest</i>	 1583	 1828
 <i>Equals - FARM INVESTMENT INCOME</i>	 9071	 9336

Alternative Income Measures, 2011/2012

		Type of Production	
		Conventional	Organic
Reconciliation between Net Farm Income and Farm Business Profit			
	FARM BUSINESS INCOME	32366	29810
Plus-	Directors remuneration	115	946
Less-	Net income from assets associated with the farm business	0	0
Plus-	Buildings and works depreciation	2794	2192
Plus-	Landlord type expenses	366	571
Plus-	Imputed rental income	372	156
Less-	Imputed rent and rental value	11641	12764
Plus-	Net Interest	1583	1828
Less-	Unpaid labour of partners	3876	2445
Equals-	NET FARM INCOME**	22080	20294

** Excluding Breeding Livestock Stock Appreciation

Land Use and Indicators of Technical Efficiency, 2011/2012
Type of Production

	Conventional	Organic
Number of farms in group	235	40
Average farmed area (hectares)	101.5	96.0
Average proportion of owned total farmed area(%)	58%	70%
Land use		
Area of crops	7.8	3.3
Temporary grass	15.0	23.9
Permanent grass	65.5	63.1
Fodder crops	2.5	1.6
Rough grazing	6.3	1.1
Uncropped, fallow and turf	0.6	1.2
Forage hired in	3.7	1.8
Stocking		
Average number of dairy cows	1	1
Average number of beef cows	23	27
Average number of other cattle	88	67
Average number of ewes	172	82
Average number of other sheep	187	91
Grazing livestock units	GLU's per farm	
Dairy cows	1.3	0.7
Beef cows	11.7	13.3
Other cattle	54.3	43.5
Sheep	27.4	13.1
Other livestock	1.8	1.5
Total	96.4	72.1
GLUs per ha	1.04	0.79
GLUs per adjusted ha	1.05	0.79

Balance Sheet, 2011/2012

(end of year)

Type of Production

	Conventional	Organic
Number of farms in group	235	40
Average farmed area (hectares)	101.5	96.0
Average proportion of owned total farmed area	58%	70%
	£ per farm	
End of year assets & liabilities		
Land & buildings	768361	1031961
Milk quota	45	29
Single Payment Scheme	26907	27710
Machinery	51302	60645
Tenant's other assets	530	225
Breeding livestock	43757	34010
Total fixed assets	890902	1154579
Trading livestock	47856	33061
Crops	1915	818
Forage and cultivations	7223	4881
Stores	5981	2083
Debtors and loans	9800	14601
Bank credit and cash	25258	15333
Other current assets	0	0
Total current assets	98032	70778
Total assets	988934	1225357
Financed by		
AMC	9990	4838
Bank loans	21266	36402
Other long term	7553	7843
Total long term	38809	49083
HP and lease	3969	2222
Creditors	8272	6779
Bank overdraft	17257	12933
Other short term	111	42
Total current liabilities	29610	21976
Total Liabilities	68419	71059
Net worth	920515	1154298
Balance sheet ratios		
% Owner equity (net worth v.total assets)	93%	94%
% Fixed assets vs. total assets	90%	94%
Gearing (long-term loans v.total assets)	4%	4%
Total debt (external liabilities v.net worth)	7%	6%

FUND FLOWS, 2011/2012

	Conventional	Organic
Number of farms in group	235	40
Average farmed area (hectares)	101.5	96.0
Average proportion of owned total farmed area(%)	58%	70%
	£ per farm	
Funds available from trading		
Farm Business Income	32366	29810
Buildings and works depreciation	2794	2192
Machinery depreciation	8771	9337
Change in valuation *	-7564	-9554
Trading net fund flow surplus	36368	31785
Funds used for farm investments		
Net property and quota purchases	3074	9054
Net landlord capital purchases	4616	3908
Net machinery and equipment purchases	11237	23694
Capital net fund flow	18927	36656
Total farm fund flow surplus	17441	-4871
Funds used for private expenditure		
Private drawings	23151	30045
Net private funds introduced	4638	13474
Private fund outflow	-18513	-16571
Total net fund flow surplus	-1071	-21442
Increase in loans and deposits	2669	11317
Increase in bank balance	1744	-5875
Increase in cash in hand	9	-2
Increase in debtors	929	-3913
Increase in creditors	1084	334
Net change in funding	1071	21442

* 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,
2011/2012**

	Average all farms	EU region		
		North	East	West
Number of farms in group	275	68	90	117
Average farmed area (hectares)	101.0	111.1	117.5	83.7
Average proportion of owned total farmed area	59%	50%	53%	70%
£ per farm				
<u>Output</u>				
Cattle	46343	63831	44708	39231
Sheep	19849	29290	18551	16325
Other livestock	1097	1820	1660	324
Crops	8645	12199	7723	7648
Forage	5561	3750	4081	7549
Hill Payments (UELS/UTP)	18	85	0	0
Environmentally Sensitive Area	662	16	1571	281
Countryside Stewardship Higher and Entry Level Stewardship	830	707	566	1090
Organic Aid/ Organic Entry Level Stewardship	3105	2145	4459	2537
Other management/ agri- environment schemes	280	80	150	475
Single Payment Scheme	114	12	176	117
Rental income	20236	21531	22790	17677
Contract work	4155	1999	5712	4004
Miscellaneous output	4062	6192	3399	3548
Interest received	5147	4789	7677	3396
	162	210	170	133
TOTAL FARM OUTPUT	120268	148657	123391	104336
<u>Variable costs</u>				
Concentrates	13924	25990	12296	9396
Purchased fodder	1356	1120	2039	949
Veterinary and medicines	2532	3792	2379	2047
Other livestock costs	7649	9324	7735	6784
Seeds	1135	1410	935	1156
Fertilisers	4990	8381	3807	4270
Crop protection	1001	1440	927	849
Other crop costs	1382	1031	601	2142
TOTAL VARIABLE COSTS	33970	52487	30718	27594
TOTAL GROSS MARGIN	86298	96170	92673	76743

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

	Average all farms	EU region		
		North	East	West
		£ per farm		
TOTAL GROSS MARGIN	86298	96170	92673	76743
<u>Fixed costs</u>				
Paid regular labour	4828	5772	6669	2979
Directors remuneration	180	0	184	263
Casual labour	1214	1598	1359	920
Contract	5422	5180	6556	4676
Machinery repairs	4575	4971	4509	4436
Machinery fuel	4922	6455	4502	4510
Machinery depreciation	8815	11088	8278	8137
Other depreciation	0	0	0	1
Electricity	841	792	961	774
Other fuel	348	381	304	365
Water	1247	979	1485	1195
Insurance	3148	3559	3135	2962
Professional fees	1946	1893	2099	1855
Other general costs	3089	3375	3424	2698
Property maintenance	3857	3287	4097	3947
Rent, hired in keep and bare land	5034	5611	5246	4598
Rates	152	68	236	128
Buldings depreciation	2747	3527	2695	2414
Long-term interest	997	872	1158	934
Short-term interest	768	1179	680	638
TOTAL FIXED COSTS	54131	60587	57578	48430
 FARM BUSINESS INCOME	 32167	 35583	 35095	 28313
 <i>Less - All unpaid labour</i>	 24678	 26327	 23013	 25154
 <i>Equals - FARM CORPORATE INCOME</i>	 7490	 9256	 12082	 3159
 <i>Plus - Net Interest</i>	 1602	 1841	 1667	 1439
 <i>Equals - FARM INVESTMENT INCOME</i>	 9092	 11097	 13749	 4598

Alternative Income Measures, 2011/2012

		Average all farms	EU region		
			North	East	West
Reconciliation between Net Farm Income and Farm Business Profit					
	FARM BUSINESS INCOME	32167	35583	35095	28313
Plus-	Directors remuneration	180	0	184	263
Less-	Net income from assets associated with the farm business	0	0	0	0
Plus-	Buildings and works depreciation	2747	3527	2695	2414
Plus-	Landlord type expenses	382	382	516	281
Plus-	Imputed rental income	356	416	273	390
Less-	Imputed rent and rental value	11728	12635	12119	10999
Plus-	Net Interest	1602	1841	1667	1439
Less-	Unpaid labour of partners	3765	4800	3106	3770
Equals-	NET FARM INCOME**	21941	24315	25205	18330

** Excluding Breeding Livestock Stock Appreciation

Land Use and Indicators of Technical Efficiency, 2011/2012

	Average all farms	EU region		
		North	East	West
Number of farms in group	275	68	90	117
Average farmed area (hectares)	101.0	111.1	117.5	83.7
Average proportion of owned total farmed area(%)	59%	50%	53%	70%
Land use				
Area of crops	7.5	11.4	6.0	6.7
Temporary grass	15.7	18.9	8.9	19.3
Permanent grass	65.3	54.2	92.2	50.2
Fodder crops	2.4	2.4	2.8	2.1
Rough grazing	5.9	21.1	3.5	0.5
Uncropped, fallow and turf	0.6	0.3	0.7	0.7
Forage hired in	3.6	2.8	3.4	4.1
Stocking				
Average number of dairy cows	1	2	1	1
Average number of beef cows	24	23	25	23
Average number of other cattle	86	120	79	75
Average number of ewes	165	225	165	136
Average number of other sheep	180	253	175	149
Grazing livestock units		GLUs per farm		
Dairy cows	1.2	1.9	0.6	1.3
Beef cows	11.8	11.6	12.4	11.5
Other cattle	53.5	72.3	50.2	47.0
Sheep	26.3	36.0	26.3	21.6
Other livestock	1.7	3.2	1.8	1.0
Total	94.5	125.0	91.3	82.4
GLUs per ha	1.02	1.26	0.82	1.08
GLUs per adjusted ha	1.03	1.30	0.83	1.08

Balance Sheet, 2011/2012

(end of year)

EU region

	Average all farms	North	East	West
Number of farms in group	275	68	90	117
Average farmed area (hectares)	101.0	111.1	117.5	83.7
Average proportion of owned total farmed area	59%	50%	53%	70%
£ per farm				
End of year assets & liabilities				
Land & buildings	788882	655882	837848	815236
Milk quota	44	72	16	51
Single Payment Scheme	26969	29340	29938	23583
Machinery	52030	64101	47286	49865
Tenant's other assets	507	593	62	803
Breeding livestock	42998	53138	39482	40824
Total fixed assets	911430	803126	954631	930363
Trading livestock	46705	69472	41876	39496
Crops	1829	2811	811	2134
Forage and cultivations	7040	5889	7199	7470
Stores	5677	4910	6520	5404
Debtors and loans	10173	13013	8225	10296
Bank credit and cash	24485	12145	44339	15306
Other current assets	0	0	0	0
Total current assets	95910	108240	108969	80107
Total assets	1007340	911366	1063600	1010470
Financed by				
AMC	9589	10063	16101	4419
Bank loans	22444	11574	16318	32287
Other long term	7576	4502	13283	4711
Total long term	39609	26138	45702	41418
HP and lease	3833	4116	4663	3069
Creditors	8156	10494	7495	7541
Bank overdraft	16920	32666	12405	12828
Other short term	106	51	12	203
Total current liabilities	29016	47327	24575	23641
Total Liabilities	68625	73465	70277	65058
Net worth	938715	837901	993323	945411
Balance sheet ratios				
% Owner equity (net worth v.total assets)	93%	92%	93%	94%
% Fixed assets vs. total assets	90%	88%	90%	92%
Gearing (long-term loans v.total assets)	4%	3%	4%	4%
Total debt (external liabilities v.net worth)	7%	9%	7%	7%

FUND FLOWS, 2011/2012

	Average all farms	EU region		
		North	East	West
Number of farms in group	275	68	90	117
Average farmed area (hectares)	101.0	111.1	117.5	83.7
Average proportion of owned total farmed area(%)	59%	50%	53%	70%
		£ per farm		
Funds available from trading				
Farm Business Income	32167	35583	35095	28313
Buildings and works depreciation	2747	3527	2695	2414
Machinery depreciation	8815	11088	8278	8138
Change in valuation *	-7719	-10495	-6739	-7136
Trading net fund flow surplus	36011	39703	39329	31729
Funds used for farm investments				
Net property and quota purchases	3539	694	3140	5201
Net landlord capital purchases	4561	8479	3507	3490
Net machinery and equipment purchases	12206	13314	10301	13124
Capital net fund flow	20307	22487	16948	21815
Total farm fund flow surplus	15704	17217	22381	9914
Funds used for private expenditure				
Private drawings	23687	21473	28074	21415
Net private funds introduced	5326	4305	5246	5874
Private fund outflow	18361	17168	22828	15540
Total net fund flow surplus	-2657	49	-447	-5627
Increase in loans and deposits	3342	-13	3688	4682
Increase in bank balance	1151	-3817	2905	2192
Increase in cash in hand	8	31	2	1
Increase in debtors	552	3695	1195	-1437
Increase in creditors	1026	-127	861	1702
Net change in funding	2657	-49	447	5627

* An increase in valuation is represented by 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, 2011/2012

	Farm Size by Standard Labour Requirement				
	Part-time	Small	Medium	Large	Very large
Number of farms in group	39	97	54	50	34
Average farmed area (hectares)	63.4	75.7	114.3	160.2	359.7
Average proportion of owned total farmed area	67%	68%	67%	54%	34%
£ per farm					
<u>Output</u>					
Cattle	28753	36647	56821	75069	148101
Sheep	1901	12986	31654	50733	94978
Other livestock	79	727	557	2191	9414
Crops	3209	6053	7870	18657	41933
Forage	3712	3940	3970	2029	3535
Hill Payments (UELS/UTP)	0	54	0	0	0
Environmentally Sensitive Area	438	602	664	203	3451
Countryside Stewardship	320	1124	874	630	2778
Higher and Entry Level Stewardship	1586	2348	4087	6347	9717
Organic Aid/ Organic Entry Level Stewardship	407	152	172	516	130
Other management/ agri-environment schemes	160	135	0	23	171
Single Payment Scheme	14090	15836	22722	29341	63538
Rental income	4322	2521	3161	6668	7435
Contract work	2464	4759	7392	4189	2389
Miscellaneous output	2411	9183	3174	3034	6601
Interest received	126	223	147	61	288
TOTAL FARM OUTPUT	63979	97290	143264	199690	394460
<u>Variable costs</u>					
Concentrates	4138	10662	17478	26994	66084
Purchased fodder	517	1034	1624	2436	5823
Veterinary and medicines	1059	2056	2999	4567	10504
Other livestock costs	4129	6259	9555	13211	24738
Seeds	494	887	1182	2216	4703
Fertilisers	2114	3975	6159	9314	19389
Crop protection	284	683	874	2545	4957
Other crop costs	396	774	1030	1398	1970
TOTAL VARIABLE COSTS	13129	26330	40901	62681	138169
TOTAL GROSS MARGIN	50849	70960	102363	137009	256291

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	50849	70960	102363	137009	256291
<u>Fixed costs</u>					
Paid regular labour	1874	3647	4640	7122	23919
Directors remuneration	175	188	0	427	187
Casual labour	531	689	1463	2062	6852
Contract	3868	5041	5178	8066	13330
Machinery repairs	2905	3587	4939	7185	12142
Machinery fuel	2653	4284	5929	8452	14275
Machinery depreciation	5908	7410	10339	14013	21108
Other depreciation	0	1	1	0	0
Electricity	600	805	764	1286	1961
Other fuel	169	308	343	494	1057
Water	1005	1041	1423	1540	2919
Insurance	2371	2817	3728	4600	6168
Professional fees	1393	1926	2036	2962	3472
Other general costs	1857	3242	3547	4591	6429
Property maintenance	2258	3552	5540	5349	9242
Rent, hired in keep and bare land	3279	3680	4944	9527	16773
Rates	66	235	106	108	431
Buldings depreciation	1237	2789	2887	4294	8122
Long-term interest	304	815	1495	1910	2296
Short-term interest	357	695	1162	1437	1724
TOTAL FIXED COSTS	32811	46753	60462	85425	152407
FARM BUSINESS INCOME	18039	24207	41901	51584	103884
Less - All unpaid labour	18560	24653	31461	33881	30394
<i>Equals</i> - FARM CORPORATE INCOME	-521	-446	10440	17703	73490
Plus - Net Interest	535	1287	2511	3286	3731
<i>Equals</i> - FARM INVESTMENT INCOME	14	841	12951	20989	77222

Alternative Income Measures, 2011/2012

		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	18039	24207	41901	51584	103884
Plus-	Directors remuneration	175	188	0	427	187
Less-	Net income from assets associated with the farm business	0	0	0	0	0
Plus-	Buildings and works depreciation	1237	2789	2887	4294	8122
Plus-	Landlord type expenses	232	459	433	490	605
Plus-	Imputed rental income	354	347	16	478	1098
Less-	Imputed rent and rental value	7433	10430	14735	16990	28085
Plus-	Net Interest	535	1287	2511	3286	3731
Less-	Unpaid labour of partners	1273	3863	6024	7227	8051
Equals-	NET FARM INCOME**	11866	14984	26989	36342	81492

** Excluding Breeding Livestock Stock Appreciation

Land Use and Indicators of Technical Efficiency, 2011/2012

Farm Size by Standard Labour Requirement

	Part-time	Small	Medium	Large	Very large
Number of farms in group	39	97	54	50	34
Average farmed area (hectares)	63.4	75.7	114.3	160.2	359.7
Average proportion of owned total farmed area(%)	67%	68%	67%	54%	34%
Land use					
Area of crops	2.5	4.7	7.3	16.7	40.0
Temporary grass	11.8	12.9	16.3	17.7	41.6
Permanent grass	46.0	51.4	84.9	103.5	169.4
Fodder crops	0.9	2.2	1.6	5.4	10.6
Rough grazing	0.5	2.4	1.3	2.0	82.2
Uncropped, fallow and turf	0.4	0.5	0.2	1.5	2.3
Forage hired in	1.6	1.5	2.8	13.4	13.6
Stocking					
Average number of dairy cows	0	0	3	3	6
Average number of beef cows	14	23	31	35	55
Average number of other cattle	52	73	107	135	251
Average number of ewes	23	103	230	433	825
Average number of other sheep	23	111	273	462	895
Grazing livestock units			GLU's per farm		
Dairy cows	0.5	0.0	3.1	2.9	5.8
Beef cows	7.1	11.5	15.6	17.4	27.3
Other cattle	33.7	45.2	66.9	80.7	155.4
Sheep	3.6	16.3	37.9	68.8	131.1
Other livestock	0.5	2.7	0.5	1.7	7.2
Total	45.3	75.7	124.1	171.5	326.9
GLUs per ha	0.75	1.07	1.16	1.21	1.03
GLUs per adjusted ha	0.75	1.08	1.17	1.21	1.08

Balance Sheet, 2011/2012

(end of year)

Farm Size by Standard Labour Requirement

	Part-time	Small	Medium	Large	Very large
Number of farms in group	39	97	54	50	34
Average farmed area (hectares)	63.4	75.7	114.3	160.2	359.7
Average proportion of owned total farmed area	67%	68%	67%	54%	34%
	£ per farm				
End of year assets & liabilities					
Land & buildings	581619	702498	990960	1200037	1301020
Milk quota	50	7	88	63	94
Single Payment Scheme	18802	20989	29733	38573	87968
Machinery	35005	43609	60599	76675	139682
Tenant's other assets	551	349	253	965	1059
Breeding livestock	15119	34849	63137	84572	154469
Total fixed assets	651146	802300	1144770	1400884	1684292
Trading livestock	24928	39950	50612	75803	172152
Crops	756	970	1732	4892	7844
Forage and cultivations	4710	5330	6954	9166	12049
Stores	3064	4664	6173	11108	17394
Debtors and loans	5595	8311	8384	19003	37622
Bank credit and cash	26783	20566	26897	14508	51005
Other current assets	0	0	0	0	0
Total current assets	65837	79792	100752	134480	298066
Total assets	716983	882092	1245522	1535365	1982358
Financed by					
AMC	906	17141	15285	5670	15024
Bank loans	9457	5270	22962	52771	71560
Other long term	2397	10787	5860	12981	17308
Total long term	12760	33198	44107	71422	103892
HP and lease	1921	2366	3776	10320	13991
Creditors	4179	6311	9647	14506	29441
Bank overdraft	4542	17188	22750	29847	57947
Other short term	0	121	81	490	75
Total current liabilities	10642	25985	36253	55163	101455
Total Liabilities	23402	59183	80361	126585	205346
Net worth	693581	822909	1165161	1408780	1777012
Balance sheet ratios					
% Owner equity (net worth v.total assets)	97%	93%	94%	92%	90%
% Fixed assets vs. total assets	91%	91%	92%	91%	85%
Gearing (long-term loans v.total assets)	2%	4%	4%	5%	5%
Total debt (external liabilities v.net worth)	3%	7%	7%	9%	12%

FUND FLOWS, 2011/2012

	Farm Size by Standard Labour Requirement				
	Part-time	Small	Medium	Large	Very large
Number of farms in group	39	97	54	50	34
Average farmed area (hectares)	63.4	75.7	114.3	160.2	359.7
Average proportion of owned total farmed area(%)	67%	68%	67%	54%	34%
	£ per farm				
Funds available from trading					
Farm Business Income	18039	24207	41901	51584	103884
Buildings and works depreciation	1237	2789	2887	4294	8122
Machinery depreciation	5908	7412	10340	14013	21108
Change in valuation *	-1698	-7109	-6645	-12634	-31993
Trading net fund flow surplus	23485	27298	48483	57257	101121
Funds used for farm investments					
Net property and quota purchases	536	2221	2264	3770	34264
Net landlord capital purchases	1269	6140	2815	8219	13206
Net machinery and equipment purchases	8229	8813	13756	16143	45231
Capital net fund flow	10034	17174	18835	28132	92701
Total farm fund flow surplus	13451	10124	29648	29125	8420
Funds used for private expenditure					
Private drawings	14929	24799	28095	33498	45190
Net private funds introduced	5076	5009	5558	4308	10971
Private fund outflow	-9853	-19789	-22537	-29191	-34219
Total net fund flow surplus	3598	-9665	7111	-65	-25799
Increase in loans and deposits	2412	3452	-3327	7178	20762
Increase in bank balance	4899	-3945	3400	1989	5067
Increase in cash in hand	0	22	0	-1	0
Increase in debtors	1903	-1166	-906	7617	-5675
Increase in creditors	791	1125	-1290	2491	4431
Net change in funding	-3598	9665	-7111	65	25799

* An increase in valuation is represented by 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: 2011/2012	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
Total Output	86180	5019	8671	20236	120105
Variable costs (b)	40001	40	543	4	40589
Total Gross Margin	46179	4979	8128	20231	79517
Fixed costs (c)	41479	771	3774	1941	47965
Total Costs	81480	811	4318	1946	88554
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					616
Farm Business Income (e)	5316	4208	4353	18290	32167
Adjustment for unpaid manual labour (f)	23070	238	1369	0	24678
Farm Corporate Income (g)	-17754	3970	2984	18290	7490
Interest payments on borrowing (net of interest received) (c)	1457	18	96	31	1602
Farm Investment Income (h)	-16297	3988	3080	18321	9092
Holding gains not included in farm income:					60728
of which					
Breeding Livestock Stock Appreciation (BLSA)					5037
Revaluation of machinery, permanent crops, glasshouses, quota					914
Revaluation of land					54777
Derivation of Net Farm Income:					
(h) <i>plus</i> Director remuneration					180
<i>minus</i> Imputed rent (i)					11373
<i>plus</i> Ownership charges					3129
<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					20913
<i>equals</i> Net Farm Income					21941

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

Derivation of farm income measures: 2011/2012	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
Total Output	116891	3065	6958	21531	148447
Variable costs (b)	59009	43	154	1	59207
Total Gross Margin	57883	3022	6805	21530	89240
Fixed costs (c)	48855	400	3258	1780	54293
Total Costs	107863	443	3411	1781	113499
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					635
Farm Business Income (e)	9663	2622	3547	19750	35582
Adjustment for unpaid manual labour (f)	24802	68	1457	0	26327
Farm Corporate Income (g)	-15138	2554	2090	19750	9256
Interest payments on borrowing (net of interest received) (c)	1718	6	92	25	1841
Farm Investment Income (h)	-13420	2560	2182	19775	11097
Holding gains not included in farm income:					46553
of which					
Breeding Livestock Stock Appreciation (BLSA)					5857
Revaluation of machinery, permanent crops, glasshouses, quota					1160
Revaluation of land					39536
Derivation of Net Farm Income:					
(h) <i>plus</i> Director remuneration					0
<i>minus</i> Imputed rent (i)					12218
<i>plus</i> Ownership charges					3909
<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					21528
<i>equals</i> Net Farm Income					24315

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

Derivation of farm income measures: 2011/2012	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
Total Output	81497	6930	12005	22790	123221
Variable costs (b)	37474	41	1109	7	38631
Total Gross Margin	44023	6889	10895	22783	84590
Fixed costs (c)	41649	1122	5114	2269	50154
Total Costs	79123	1162	6223	2276	88784
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					659
Farm Business Income (e)	3033	5767	5782	20514	35095
Adjustment for unpaid manual labour (f)	21255	399	1359	0	23013
Farm Corporate Income (g)	-18222	5368	4423	20514	12082
Interest payments on borrowing (net of interest received) (c)	1415	30	184	39	1667
Farm Investment Income (h)	-16808	5398	4607	20553	13749
Holding gains not included in farm income:					73883
of which					
Breeding Livestock Stock Appreciation (BLSA)					4514
Revaluation of machinery, permanent crops, glasshouses, quota					854
Revaluation of land					68515
Derivation of Net Farm Income:					
(h) <i>plus</i> Director remuneration					184
<i>minus</i> Imputed rent (i)					11847
<i>plus</i> Ownership charges					3211
<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					19907
<i>equals</i> Net Farm Income					25204

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

Derivation of farm income measures: 2011/2012	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
Total Output	75066	4502	6958	17677	104203
Variable costs (b)	32841	38	299	4	33182
Total Gross Margin	42225	4464	6658	17673	71021
Fixed costs (c)	37826	682	3005	1770	43283
Total Costs	70667	720	3304	1774	76464
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					575
Farm Business Income (e)	4974	3782	3654	15904	28313
Adjustment for unpaid manual labour (f)	23621	197	1335	0	25154
Farm Corporate Income (g)	-18647	3585	2318	15904	3159
Interest payments on borrowing (net of interest received) (c)	1364	14	32	28	1439
Farm Investment Income (h)	-17283	3599	2350	15932	4598
Holding gains not included in farm income:					57511
of which					
Breeding Livestock Stock Appreciation (BLSA)					5042
Revaluation of machinery, permanent crops, glasshouses, quota					843
Revaluation of land					51626
Derivation of Net Farm Income:					
(h) <i>plus</i> Director remuneration					263
<i>minus</i> Imputed rent (i)					10610
<i>plus</i> Ownership charges					2695
<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					21384
<i>equals</i> Net Farm Income					18330

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

Derivation of farm income measures: 2011/2012	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
Total Output	40585	2912	6266	14090	63853
Variable costs (b)	17151	3	369	6	17529
Total Gross Margin	23434	2909	5897	14084	46324
Fixed costs (c)	24520	519	2169	1470	28678
Total Costs	41671	522	2537	1476	46206
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					392
Farm Business Income (e)	-694	2390	3728	12614	18039
Adjustment for unpaid manual labour (f)	17343	248	969	0	18560
Farm Corporate Income (g)	-18037	2142	2760	12614	-521
Interest payments on borrowing (net of interest received) (c)	460	15	45	15	535
Farm Investment Income (h)	-17577	2157	2805	12629	14
Holding gains not included in farm income:					47131
of which					
Breeding Livestock Stock Appreciation (BLSA)					1826
Revaluation of machinery, permanent crops, glasshouses, quota					614
Revaluation of land					44692
Derivation of Net Farm Income:					
(h) <i>plus</i> Director remuneration					175
<i>minus</i> Imputed rent (i)					7079
<i>plus</i> Ownership charges					1469
<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					17287
<i>equals</i> Net Farm Income					11866

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

Derivation of farm income measures: 2011/2012	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
Total Output	65517	4427	11287	15836	97067
Variable costs (b)	31097	58	870	4	32029
Total Gross Margin	34420	4369	10417	15832	65038
Fixed costs (c)	32437	728	6619	1572	41356
Total Costs	63534	786	7490	1576	73386
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					526
Farm Business Income (e)	2509	3641	3798	14260	24207
Adjustment for unpaid manual labour (f)	22059	242	2353	0	24653
Farm Corporate Income (g)	-19550	3399	1445	14260	-446
Interest payments on borrowing (net of interest received) (c)	1082	10	172	24	1287
Farm Investment Income (h)	-18468	3409	1616	14284	841
Holding gains not included in farm income:					53931
of which					
Breeding Livestock Stock Appreciation (BLSA)					4392
Revaluation of machinery, permanent crops, glasshouses, quota					779
Revaluation of land					48760
Derivation of Net Farm Income:					
(h) <i>plus</i> Director remuneration					188
<i>minus</i> Imputed rent (i)					10083
<i>plus</i> Ownership charges					3247
<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					20790
<i>equals</i> Net Farm Income					14984

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

Derivation of farm income measures: 2011/2012	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
Total Output	108447	5798	6151	22722	143118
Variable costs (b)	47024	60	436	3	47523
Total Gross Margin	61423	5738	5715	22719	95595
Fixed costs (c)	49358	870	1863	2276	54367
Total Costs	96382	931	2299	2279	101891
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					674
Farm Business Income (e)	12738	4867	3852	20443	41901
Adjustment for unpaid manual labour (f)	30648	242	571	0	31461
Farm Corporate Income (g)	-17910	4625	3282	20443	10440
Interest payments on borrowing (net of interest received) (c)	2363	27	73	48	2511
Farm Investment Income (h)	-15547	4653	3355	20490	12951
Holding gains not included in farm income:					79118
of which					
Breeding Livestock Stock Appreciation (BLSA)					7323
Revaluation of machinery, permanent crops, glasshouses, quota					1083
Revaluation of land					70712
Derivation of Net Farm Income:					
(h) <i>plus</i> Director remuneration					0
<i>minus</i> Imputed rent (i)					14719
<i>plus</i> Ownership charges					3320
<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					25437
<i>equals</i> Net Farm Income					26989

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

Derivation of farm income measures: 2011/2012	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
Total Output	154547	7729	8010	29341	199627
Variable costs (b)	72682	64	57	4	72807
Total Gross Margin	81865	7665	7953	29337	126820
Fixed costs (c)	70034	1000	2051	2686	75771
Total Costs	142716	1064	2108	2690	148577
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					535
Farm Business Income (e)	12366	6665	5902	26651	51584
Adjustment for unpaid manual labour (f)	32787	232	862	0	33881
Farm Corporate Income (g)	-20421	6433	5039	26651	17703
Interest payments on borrowing (net of interest received) (c)	3114	37	74	61	3286
Farm Investment Income (h)	-17307	6470	5113	26713	20989
Holding gains not included in farm income:					80829
of which					
Breeding Livestock Stock Appreciation (BLSA)					8756
Revaluation of machinery, permanent crops, glasshouses, quota					1414
Revaluation of land					70659
Derivation of Net Farm Income:					
(h) <i>plus</i> Director remuneration					427
<i>minus</i> Imputed rent (i)					16514
<i>plus</i> Ownership charges					4784
<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					26654
<i>equals</i> Net Farm Income					36339

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

Derivation of farm income measures: 2011/2012	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
Total Output	300999	16300	13333	63538	394171
Variable costs (b)	157238	82	962	6	158288
Total Gross Margin	143761	16218	12371	63532	235883
Fixed costs (c)	122737	2151	4440	5246	134574
Total Costs	279975	2234	5402	5252	292862
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					2575
Farm Business Income (e)	23600	14067	7932	58286	103884
Adjustment for unpaid manual labour (f)	29186	208	1000	0	30394
Farm Corporate Income (g)	-5586	13858	6932	58286	73490
Interest payments on borrowing (net of interest received) (c)	3565	31	68	68	3731
Farm Investment Income (h)	-2021	13889	7000	58354	77222
Holding gains not included in farm income:					105863
of which					
Breeding Livestock Stock Appreciation (BLSA)					18174
Revaluation of machinery, permanent crops, glasshouses, quota					2201
Revaluation of land					85488
Derivation of Net Farm Income:					
(h) <i>plus</i> Director remuneration					187
<i>minus</i> Imputed rent (i)					26987
<i>plus</i> Ownership charges					8727
<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					22342
<i>equals</i> Net Farm Income					81492

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

Derivation of farm income measures: 2011/2012	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
Total Output	44601	2784	5357	11818	64560
Variable costs (b)	23980	16	516	2	24515
Total Gross Margin	20620	2768	4841	11816	40045
Fixed costs (c)	31391	636	3174	1929	37130
Total Costs	55372	652	3690	1932	61645
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					267
Farm Business Income (e)	-10504	2132	1667	9887	3182
Adjustment for unpaid manual labour (f)	23800	345	1530	0	25675
Farm Corporate Income (g)	-34304	1787	137	9887	-22493
Interest payments on borrowing (net of interest received) (c)	1420	29	96	38	1584
Farm Investment Income (h)	-32883	1816	234	9925	-20909
Holding gains not included in farm income:					36737
of which					
Breeding Livestock Stock Appreciation (BLSA)					3876
Revaluation of machinery, permanent crops, glasshouses, quota					820
Revaluation of land					32041
Derivation of Net Farm Income:					
(h) <i>plus</i> Director remuneration					251
<i>minus</i> Imputed rent (i)					6384
<i>plus</i> Ownership charges					2230
<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					22338
<i>equals</i> Net Farm Income					-2475

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

Derivation of farm income measures: 2011/2012	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
Total Output	88999	4014	7717	20019	120750
Variable costs (b)	42946	24	614	5	43590
Total Gross Margin	46053	3990	7103	20014	77160
Fixed costs (c)	44244	631	3781	1977	50633
Total Costs	87190	655	4395	1983	94224
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					755
Farm Business Income (e)	2565	3359	3322	18036	27282
Adjustment for unpaid manual labour (f)	24128	147	1231	0	25506
Farm Corporate Income (g)	-21564	3212	2091	18036	1776
Interest payments on borrowing (net of interest received) (c)	1514	16	120	34	1683
Farm Investment Income (h)	-20049	3227	2211	18070	3459
Holding gains not included in farm income:					60276
of which					
Breeding Livestock Stock Appreciation (BLSA)					5365
Revaluation of machinery, permanent crops, glasshouses, quota					937
Revaluation of land					53974
Derivation of Net Farm Income:					
(h) <i>plus</i> Director remuneration					235
<i>minus</i> Imputed rent (i)					10561
<i>plus</i> Ownership charges					2862
<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					21029
equals Net Farm Income					17025

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

Derivation of farm income measures: 2011/2012	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
Total Output	121966	9246	13867	29047	174125
Variable costs (b)	50090	94	428	5	50617
Total Gross Margin	71876	9151	13439	29042	123508
Fixed costs (c)	46018	1185	4359	1882	53444
Total Costs	96109	1279	4787	1887	104062
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					687
Farm Business Income (e)	26544	7966	9080	27160	70750
Adjustment for unpaid manual labour (f)	20238	315	1484	0	22037
Farm Corporate Income (g)	6306	7652	7595	27160	48714
Interest payments on borrowing (net of interest received) (c)	1379	12	49	19	1459
Farm Investment Income (h)	7686	7663	7645	27179	50173
Holding gains not included in farm income:					85513
of which					
Breeding Livestock Stock Appreciation (BLSA)					5539
Revaluation of machinery, permanent crops, glasshouses, quota					964
Revaluation of land					79011
Derivation of Net Farm Income:					
(h) <i>plus</i> Director remuneration					0
<i>minus</i> Imputed rent (i)					17958
<i>plus</i> Ownership charges					4557
<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					19263
<i>equals</i> Net Farm Income					56035

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

Cereals

Gross Margin per Hectare (Weighted performance)	Crop year 2011					
	Winter Wheat		Winter Barley		Spring Barley	
	Average	Premium*	Average	Premium*	Average	Premium*
Number of farms	43	14	53	18	53	18
Area per farm (ha)	13.9	12.6	10.8	10.1	12.2	11.0
Yield: tonnes/ha	8.1	9.9	6.4	7.9	5.2	6.9
Price: £/tonne	153	155	151	157	151	150
	£ per hectare					
Grain	1239	1540	972	1239	780	1042
Straw	123	171	171	260	143	212
ENTERPRISE OUTPUT	1362	1711	1143	1499	922	1254
Seeds (inc.homegrown)	60	61	59	53	67	66
Fertilisers	154	155	168	179	115	115
Sprays	140	141	99	126	75	90
Other crop costs	20	18	30	24	23	24
TOTAL VARIABLES ‡	375	375	357	381	281	295
GROSS MARGIN	987	1336	786	1119	642	959
<i>Averages - previous year</i>	2010	**	2010	2010	2010	2010
Yield: tonnes/ha	8.4	**	6.7	7.9	5.5	6.8
Price: £/tonne	149	**	148	150	146	157
Gross Margin: £/ha	1046	**	837	1071	663	970

* 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

2011/12

(Weighted average performance)

	Average	Premium*
Number of farms	144	48
Cows per herd	39	48
Stocking rate: LU/ha	1.04	1.11
ha/LU	0.96	0.90
£ per cow		
Output - calf output	454.9	582.7
depreciation	-32.5	-10.3
ENTERPRISE OUTPUT (excl. BLSA)	422.4	572.5
Concentrates	55.4	57.8
Coarse fodder	14.3	16.0
Veterinary and medicines	21.5	20.5
Other livestock costs	51.4	49.4
Forage †	58.5	43.2
TOTAL VARIABLE COSTS ‡	201.1	186.9
GROSS MARGIN per cow (excl. BLSA)	221.3	385.6
GROSS MARGIN per LU (excl. BLSA)	224	388
GROSS MARGIN per hectare (excl. BLSA)	230	430
Concentrates per £100 output	13	10
<i>Averages - previous year</i>		
Stocking rate: LU/ha	1.10	0.93
Gross Margin: £/cow	126.5	267.4
Gross Margin: £/ha	139	250

* 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) 2011/12

	Average	Premium
Number of farms	70	23
Number of head per farm	47	41
Stocking rate: LU/ha	1.10	0.87
ha/LU	0.91	1.15
	£ per head	
OUTPUT	473.1	675.7
Concentrates	64.1	54.2
Coarse fodder	5.8	3.4
Veterinary and medicines	13.7	16.4
Other livestock costs	63.4	72.6
Forage †	28.6	36.7
TOTAL VARIABLE COSTS ‡	169.8	179.9
GROSS MARGIN per head	303.4	495.8
GROSS MARGIN per LU	511	852
GROSS MARGIN per hectare	560	742
Concentrates per £100 output	14	8
<i>Averages - previous year</i>		
Stocking rate: LU/ha	1.17	1.04
Gross Margin: £/head	145.0	316.1
Gross Margin: £/ha	291	562

† 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) 2011/12

	Average	Premium*
Number of farms	69	23
Cattle per herd	94	92
Average finished animal sale price - £/head	1058	1109
Stocking rate: LU/ha	1.66	1.58
ha/LU	0.60	0.63
	£ per head	
OUTPUT	548.0	632.2
Concentrates	155.7	123.2
Coarse fodder	10.0	7.3
Veterinary and medicines	14.1	15.8
Other livestock costs	66.9	77.3
Forage †	36.4	38.6
TOTAL VARIABLE COSTS ‡	273.2	254.9
GROSS MARGIN per head	274.8	377.3
GROSS MARGIN per LU	457	595
GROSS MARGIN per hectare	759	939
Concentrates per £100 output	28	19
<i>Averages - previous year</i>		
Stocking rate: LU/ha	1.81	1.63
Gross Margin: £/head	133.6	273.3
Gross Margin: £/ha	437	728
Average finished sale price- £ /head	898	928

* 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

2011/12

	Average	Premium*
Number of flocks	92	31
Ewes per flock	325	317
Average lamb sale price - £/lamb	80.5	83.6
Stocking rate - ewes per hectare	5.57	7.68
	£ per head	
Output - lambs	122.7	162.9
wool	3.3	3.8
depreciation	-11.2	-7.6
ENTERPRISE OUTPUT (excl. BLSA)	114.8	159.1
Concentrates	17.2	19.7
Coarse fodder	1.7	2.0
Veterinary and medicines	5.8	6.8
Other livestock costs	11.4	12.1
Forage †	8.5	10.5
TOTAL VARIABLE COSTS ‡	44.5	51.1
GROSS MARGIN per ewe (excl. BLSA)	70.3	107.9
GROSS MARGIN per LU (excl. BLSA)	446	649
GROSS MARGIN per hectare (excl. BLSA)	391	829
Concentrates per £100 of output	15	12
<i>Averages - previous year</i>		
ewes/		
Stocking rate: hectare	5.3	7.5
Gross Margin: £/ewe	51.3	85.1
Gross Margin: £/ha	273	634
Average finished sale price- £ /head	71.4	74.5

* 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 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)

2011/12

Average

Number of farms		32
Cows per herd		30
Stocking rate:	LU/ha	0.77
	ha/LU	1.30

£ per cow

Output -	calf output	423.4
	depreciation	-53.0
ENTERPRISE OUTPUT (excl. BLSA)		370.4

Concentrates	10.8
Coarse fodder	9.0
Veterinary and medicines	18.6
Other livestock costs	50.1
Forage †	25.3
TOTAL VARIABLE COSTS ‡	113.8

GROSS MARGIN per cow (excl. BLSA) 256.7

GROSS MARGIN per LU (excl. BLSA) 257

GROSS MARGIN per hectare (excl. BLSA) 198

Concentrates per £100 output 3

Averages - previous year

Stocking rate:	LU/ha	0.82
Gross Margin: £/cow		148.1
Gross Margin: £/ha		121

* 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 2011/12
(Weighted average performance)

	Average
Number of farms	23
Cattle per herd	57
Average finished animal sale price - £/head	1002
Stocking rate: LU/ha	1.57
ha/LU	0.64

	£ per head
OUTPUT	467.0

Concentrates	47.1
Coarse fodder	4.2
Veterinary and medicines	6.8
Other livestock costs	58.5
Forage †	21.2
TOTAL VARIABLE COSTS ‡	133.6

GROSS MARGIN per head	333.4
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GROSS MARGIN per LU	525
GROSS MARGIN per hectare	826

Concentrates per £100 output	10
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Averages - previous year

Stocking rate: LU/ha	1.60
Gross Margin: £/head	154.9
Gross Margin: £/ha	396
Average finished sale price- £ /head	841

* 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

2011/12

Gross margins per ewe and per hectare

	Average
Number of flocks	16
Ewes per flock	335
Average lamb sale price - £/lamb	77.5
Stocking rate - ewes per hectare	5.35
	£ per head
Output - lambs	107.1
wool	3.4
depreciation	-10.6
ENTERPRISE OUTPUT (excl. BLSA)	99.8
Concentrates	9.1
Coarse fodder	3.4
Veterinary and medicines	5.6
Other livestock costs	10.6
Forage †	3.8
TOTAL VARIABLE COSTS ‡	32.5
GROSS MARGIN per ewe (excl. BLSA)	67.4
GROSS MARGIN per LU (excl. BLSA)	429
GROSS MARGIN per hectare (excl. BLSA)	360
Concentrates per £100 of output	9
<i>Averages - previous year</i>	
Stocking rate:	5.69
Gross Margin: £/ewe	49.5
Gross Margin: £/ha	282
Average finished sale price- £ /head	70.3

* 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)

2011/12

		Under 25 cows	25-49 cows	50-75 cows	Over 75 cows
Number of farms		38	47	32	27
Cows per herd		13	33	59	123
Stocking rate:	LU/ha	0.92	1.00	0.92	1.35
	ha/LU	1.08	1.00	1.08	0.74
			£ per cow		
Output -	calf output	400	459	406	512
	depreciation	-9	-23	-51	-34
ENTERPRISE OUTPUT (excl. BLSA)		391	436	355	478
Concentrates		51	44	42	80
Coarse fodder		9	7	18	21
Veterinary and medicines		22	25	16	22
Other livestock costs		49	61	47	45
Forage †		41	70	50	59
TOTAL VARIABLE COSTS ‡		172	207	174	226
GROSS MARGIN per cow (excl. BLSA)		219	228	181	251
GROSS MARGIN per LU (excl. BLSA)		195	225	189	269
GROSS MARGIN per hectare (excl. BLSA)		202	228	168	338
Concentrates per £100 output		13	10	12	17

* 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)

2011/12

	Under 28 head	28-60 head	Over 60 head
Number of farms	21	28	21
Number of head per farm	20	39	109
Stocking rate: LU/ha	0.92	1.24	1.16
ha/LU	1.09	0.80	0.86
		£ per head	
OUTPUT	503	473	419
Concentrates	54	74	64
Coarse fodder	3	8	7
Veterinary and medicines	15	14	10
Other livestock costs	71	63	49
Forage †	29	27	31
TOTAL VARIABLE COSTS ‡	170	179	154
GROSS MARGIN per head	333	294	265
GROSS MARGIN per LU	540	503	467
GROSS MARGIN per hectare	496	625	543
Concentrates per £100 output	11	16	15

† 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)

2011/12

	Under 50 head	50-85 head	85-170 head	Over 170 head
Number of farms	17	18	16	18
Cattle per herd	30	65	121	307
Average finished animal sale price - £/head	995	1071	1062	1103
Stocking rate: LU/ha	1.63	1.54	1.54	1.83
ha/LU	0.61	0.65	0.65	0.55
		£ per head		
OUTPUT	480	553	525	576
Concentrates	99	106	156	199
Coarse fodder	2	19	3	11
Veterinary and medicines	15	15	13	14
Other livestock costs	65	67	71	65
Forage †	34	33	45	34
TOTAL VARIABLE COSTS ‡	214	221	285	311
GROSS MARGIN per head	266	332	240	265
GROSS MARGIN per LU	435	512	371	486
GROSS MARGIN per hectare	710	789	572	890
Concentrates per £100 output	21	19	30	34

* 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

2011/12

	Under 150 ewes	150- 299 ewes	300-500 ewes	Over 500 ewes
Number of flocks	22	23	24	23
Ewes per flock	78	214	385	814
Average lamb sale price - £/lamb	79.9	81.3	82.4	78.9
Stocking rate - ewes per hectare	6.6	6.6	6.4	4.9
		£ per head		
Output - lambs	121.7	135.2	140.0	110.0
wool	3.0	3.1	3.9	3.0
depreciation	-9.7	-14.6	-6.8	-12.6
ENTERPRISE OUTPUT (excl. BLSA)	115.0	123.7	137.2	100.5
Concentrates	14.7	19.6	17.0	17.0
Coarse fodder	0.7	1.6	2.1	1.7
Veterinary and medicines	5.7	6.2	5.5	5.7
Other livestock costs	12.2	13.8	11.7	10.3
Forage †	8.3	7.8	8.4	8.8
TOTAL VARIABLE COSTS ‡	41.6	49.1	44.7	43.5
GROSS MARGIN per ewe (excl. BLSA)	73.4	74.7	92.5	57.0
GROSS MARGIN per LU (excl. BLSA)	450	448	557	381
GROSS MARGIN per hectare (excl. BLSA)	482	490	594	278
Concentrates per £100 of output	13	16	12	17

* 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 2011/2012

Dairy Farming in England 2011/2012

Hill Farming in England 2011/2012

Horticulture Production in England 2011/2012 (Horticultural Business Data)

Lowland Grazing Livestock Production in England 2011/2012

Pig Production in England 2011/2012

Poultry Production in England 2011/2012

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