



# Farm Business Survey

2013/14

## 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 led 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](http://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 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 Ninth Series

As 2015 gets into swing the agricultural and horticultural sectors are met with both certainty and uncertainty at the same time. With respect to the revised Common Agricultural Policy (CAP) certainty, to some extent, now exists where it was previously lacking. For the most part, the process of implementation of the revised CAP is now available for farmers and their advisors to work with ahead of ensuring they submit their claims under the new Basic Payment Scheme (BPS) by the 15 May 2015 deadline. While this provides an element of certainty it also represents an evolution of policy that places increased emphasis on the management of the environment to attract the full BPS funding available per farm. Greening and Ecological Focus Areas (EFAs) represent new concepts and definitions to the industry, however, the rules of engagement are, by and large, now known.

However, while certainty exists with respect to policy, the wider agricultural and general economy continues to exhibit considerable uncertainty. The prices of many products, notably combinable crops and milk have been on a (largely downward) rollercoaster over the previous 12 months, while input costs driven in part by the falling cost of energy are exhibiting some considerable 'stickiness'. The wider political economy within Europe will also have an impact on the fortunes of agriculture and horticulture in the UK. As the European Central Bank has initiated a programme of Quantitative Easing (QE), the likely direction of travel for the Euro against Sterling will be downward – making UK exports more expensive to our European trading neighbours, decreasing the value of the BPS funding to UK farmers, but conversely reducing input costs from Europe. Within the UK, the economic recovery continues to hold on set against mixed signals, with many commentators now moving out any predictions of an interest rate rise to 2016 (at the earliest) as inflationary pressures have dissipated.

Against this wider background Rural Business Research (RBR) are proud to produce the ninth series of reports that focus on the economics of agriculture and horticulture. Our data are drawn from the 2013/14 financial year and hence relate to the 2013 harvest / production calendar. In the foreword to the eighth series I noted the climatically atypical 2012/13 production year; the 2013 harvest was not immune to the knock-on impacts from '12/13 and the outcomes presented in these reports must be considered against this backdrop. In particular the impact on Cereal farms which have witnessed a fall in Farm Business Income (FBI) of 27% from 2012/13 to 2013/14 reflects a combination of lower yields and an increased area of spring cropping. Similar falls in FBI were witnessed in General Cropping (-24%), Less Favoured Area Grazing Livestock (-22%) and Mixed farms (-20%). Conversely the dairy sector witnessed a strong improvement in FBI during 2013/14 (+67%), flowing largely from increased milk prices - albeit that these price improvements have now gone into reverse. Horticulture witnessed an improved FBI of 31%, while Specialist Pigs and Specialist Poultry also saw increased income levels, flowing largely from improvements in output.

While certainty and uncertainty both exist, we continue to observe large variation between performance within and across farm types. Businesses seeking to position themselves for the future will need to closely examine the costs of production and benchmark their performance to identify areas for continued business success. RBR hopes that this ninth series of reports provides the basis for such analysis. I particularly thank all the FBS research programme co-operators in providing us with the opportunity to collect, analyse and present these data for the benefit of the industry as a whole.

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January 2015  
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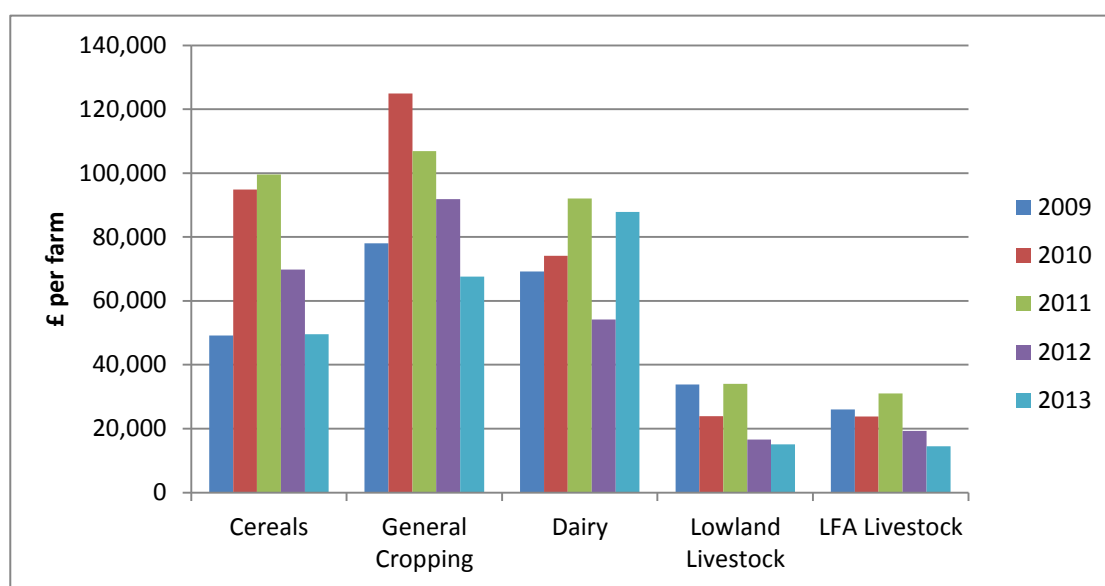
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## Summary of Lowland Grazing Livestock Production in England 2013/2014

- Lowland Grazing Livestock farms account for about a quarter of commercial holdings in England. The majority, nearly three quarters, of these businesses are small or part-time. All other farm types are, on average, larger businesses.
- As compared to the other lowland land-based farm types in England, the Grazing Livestock farms produce the lowest incomes per farm, per hectare and per annual labour units. For example, Farm Business Income (FBI) per farm was less than a fifth of the Dairy farms in 2013/2014 but as compared to the LFA Grazing Livestock farms incomes were similar.

Trends in Farm Business Income £ per farm, in England, for selected farm types (in real terms to 2013)



- The average Farm Business Income (which closely resembles farm profit) for 2013/2014 for the Lowland Grazing Livestock farms in England was £15,068 per farm, a decrease of £1,200 compared to the previous year and less than two thirds of the average of the previous five years.
- There is a wide range in the level of Farm Business Income per farm within the Lowland Grazing Livestock producers. In 2013-2014, 22% of farms had a negative income and more than two thirds of farmers had an income of less than £30,000.
- Farm size is important, with the better performing businesses (based on the ratio of output/input) being much larger farms. The High Performance Band producers farmed more than twice the area of the Low Performance producers and also produced a higher Farm Business Income per hectare, £345 per hectare compared to a loss of £167 per hectare.
- For the average Lowland Grazing Livestock farm in 2013-2014 the value of unpaid labour used by the business (£26,088) and the level of private drawings (£23,811) are similar but these businesses are 'paying' themselves at 90% the appropriate market rate for their labour. For this year the Farm Business Income is £11,000 lower than the value of unpaid labour, thus not covering living expenses or representing any financial return on their capital invested in the business.
- This year's sub-sample of organic producers' farm a similar area to their conventional contemporaries' and their Farm Business Income is not significantly different per farm. The



organic farms have more output from agri-environmental sources due to their eligibility for extra organic aid, much lower variable costs and similar fixed costs.

- With the increase in size of business, as measured by Standard Labour Requirement (SLR), the Farm Business Income (FBI) per farm increases, but there is no consistent trend in FBI per hectare. The Medium size group had the highest per hectare FBI but incomes were lower for both smaller and larger farms.
- The Single Payment Scheme is crucial to the level of income the Lowland Grazing Livestock farms achieve. Without the Single Payment Scheme, the average Lowland Livestock Grazing farm, in England, for 2013-2014 would be making a Farm Business Income loss of £1,672.
- From the gross margin analysis the premium (top third) producers, as ranked by gross margin per head, have gross margins close to three quarters higher for the lowland beef cows and 88% higher for lowland breeding ewes.
- Comparing the gross margin per hectare across the differing livestock enterprises on the Lowland Grazing Livestock farms, the beef bred cattle finishers have the highest margin followed by beef bred store cattle producers and the lowland breeding ewes. Beef cows have the lowest gross margin per hectare

## Lowland Grazing Livestock Production in England 2013/14

### The Structure of the Lowland Grazing Livestock industry

Grazing Livestock farms are classified as farms with more than two-thirds of their total Standard Output produced by cattle and sheep (excluding holdings classified as dairy). A farm is classified as "Lowland" if less than 50% of its total area is in the EC Less Favoured Area.

Around a quarter of those farm businesses in England that are eligible for the Farm Business Survey are classified as Lowland Grazing Livestock. Further details are shown in Table 1, which also illustrates the predominance of part-time and small farms. Almost three quarters of lowland grazing livestock farms are classed as either part-time or small. Although similar to cereal farms, this is much higher than for dairy (15%) or general cropping (52%) farms.

Table 1 June Survey 2013 – England farms by size of businesses (selected farm types)<sup>1</sup>

Number of businesses (thousands)	Lowland Grazing Livestock	Dairy	Cereals	General Cropping	LFA Grazing Livestock	All Types
Part time	6.2	0.2	6.5	1.4	2.5	19.5
Small	4.2	0.8	3.6	1.3	2.0	15.0
Medium	1.7	1.2	1.7	0.8	1.1	8.5
Large	1.8	4.3	2.0	1.7	1.2	15.4
<b>Total</b>	<b>13.9</b>	<b>6.6</b>	<b>13.8</b>	<b>5.2</b>	<b>6.8</b>	<b>58.4</b>
% of All types	24%	11%	24%	9%	12%	

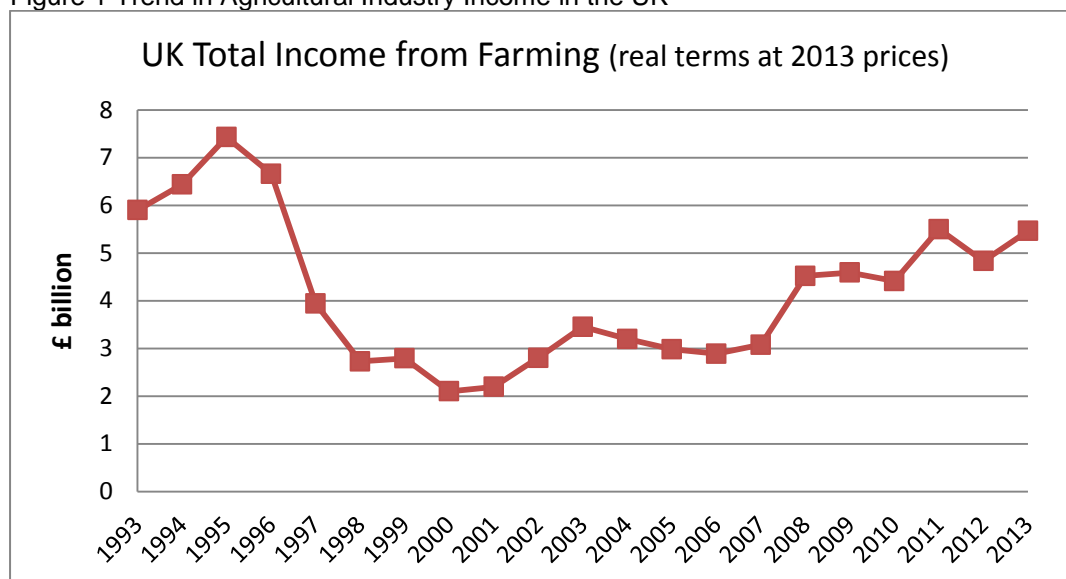
Farms with at least 25,000 euros of Standard Output  
Source: Defra "Farm Accounts in England 2013/2014"

### Income trends in agriculture

Total Income from Farming (TIFF) in the UK is often quoted as an indicator of the overall trend in income for agriculture. Figure 1 illustrates TIFF in real terms at 2013 prices, showing a decline in incomes in real terms compared to the mid 1990's. The lowest point in income was seen in 2000, but since then the industry has seen a steady recovery and for 2013 is close to three quarters of its level in 1995 but more than two and a half times the figure achieved in 2000. The last five years have been more stable, averaging approximately £5.0 billion per year, but with a high of £5.5 billion in 2011 and 2013.

<sup>1</sup> see Appendix 1 for an explanation of the size groups

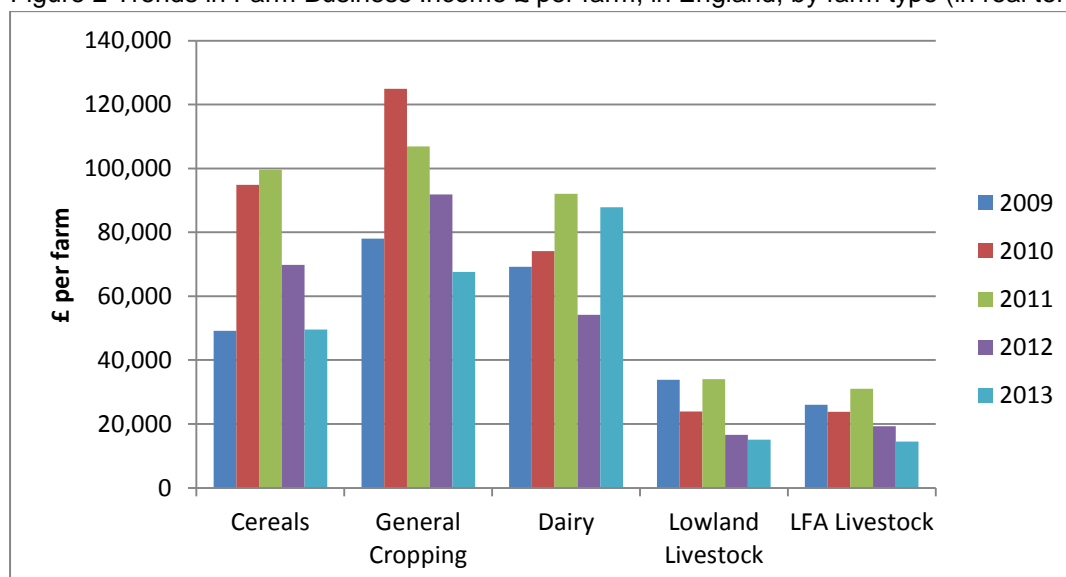
Figure 1 Trend in Agricultural Industry Income in the UK



Source: Defra: Agriculture in the United Kingdom publication

Figure 2 illustrates the trends in Farm Business Income per farm in England for the 'land using' farm types from 2009 - 2013. The Grazing Livestock businesses have the lowest Farm Business Income of this group. More details of LFA Grazing Livestock farms can be found in another publication from this series, Hill Farming in England (see Appendix 22).

Figure 2 Trends in Farm Business Income £ per farm, in England, by farm type (in real terms to 2013)

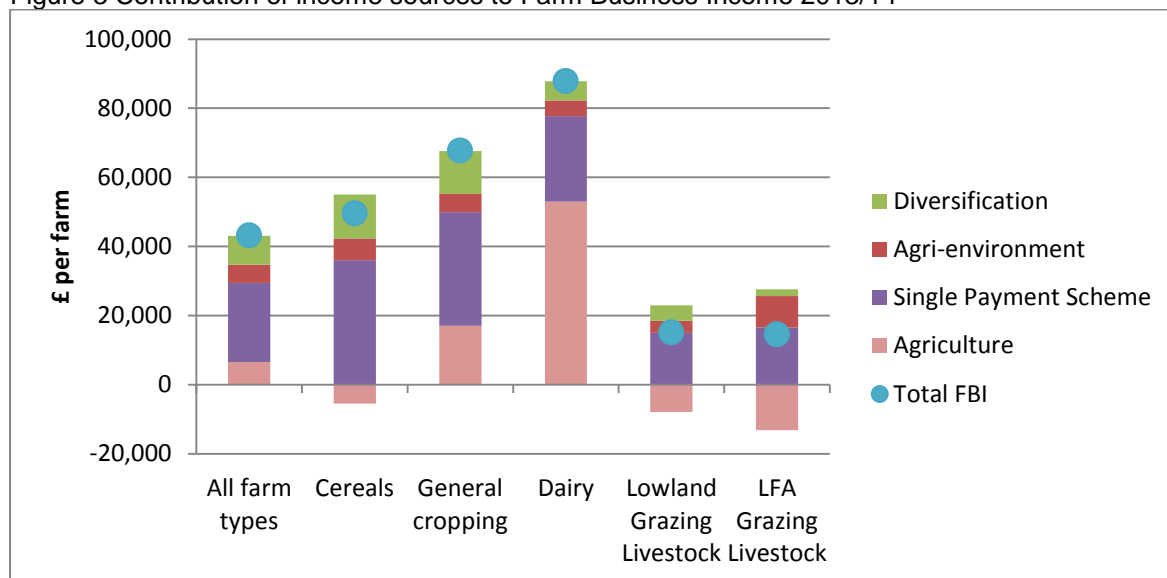


Source: <http://www.farmbusinesssurvey.co.uk>

In 2011 the average Farm Business Income was close to £34,000 for Lowland Grazing Livestock farms, but in 2013 it was near to £15,000, less than half the figure of two years previous and is just over a third of the Farm Business Income of 'All farms' figure for 2013<sup>2</sup>.

<sup>2</sup> 'All farm types' also includes mixed, horticulture, specialist pig and specialist poultry farms.

Figure 3 Contribution of income sources to Farm Business Income 2013/14



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

The Grazing livestock farms plus the Cereal farms were the only farm types to make a loss from the Agricultural Cost centre in 2013 as shown in Figure 3. (Further explanation of the cost centre approach is discussed later in this report). Note that the column for 'All farm' types also includes mixed, horticulture, specialist pig and specialist poultry farms.

The Lowland Grazing Livestock farms also had the lowest combined income from the other three cost centres.

### Further comparisons with other Farm Types in Lowland England 2013/2014

Lowland Grazing Livestock 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 recent years. The average area farmed by Lowland Grazing Livestock farms is smaller than the other main land using farm types in lowland England, and this is a contributing factor to the Farm Business Income per farm being much lower than the other farm types, see Table 2. On a per farm basis, the 2013 average Farm Business Income for Lowland Grazing Livestock farms is less than a third of the next lowest farm type, Cereals, and about a sixth of the Dairy farms. Those farms dominated by cropping had a poorer year in 2013 and Dairy farms much better. The All farms profit is close to the previous year as is the income from the Lowland Grazing Livestock farms.

Farm Business Income (FBI) per hectare for Lowland Grazing Livestock farms is just over a third of that for 'All farm types'. When considered by per Annual Labour Unit (ALU) Lowland Grazing Livestock businesses achieve a level of income equivalent to nearly half of the next lowest lowland farm type, General Cropping farms. There is a higher labour requirement per hectare for livestock rearing units than for cereal production.

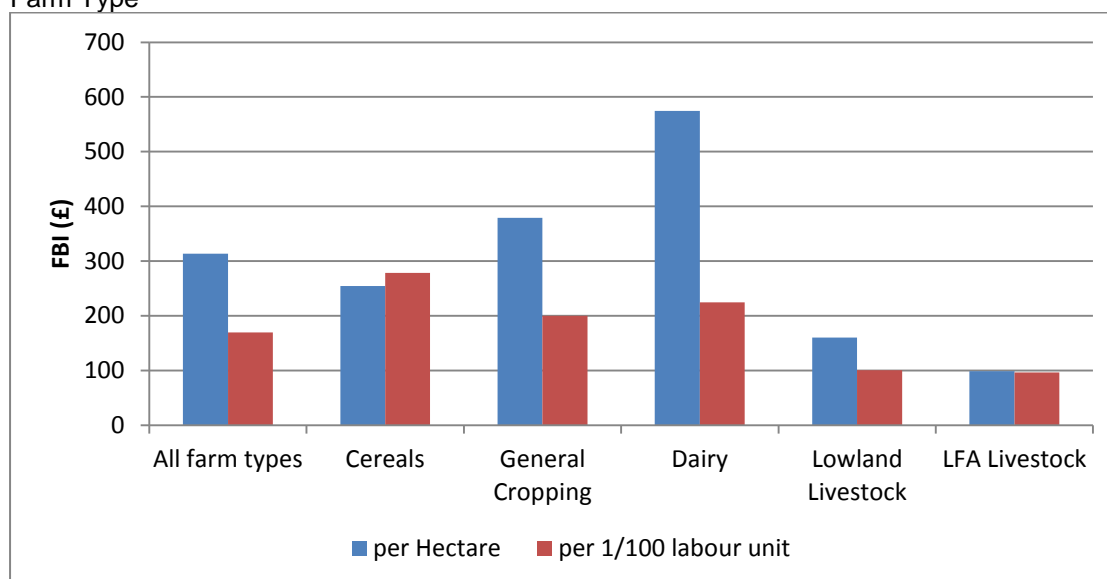
Table 2 Farm Business Income per farm, per hectare and per annual labour unit

Crop Year-2013	FBI per farm (£)	Area farmed (Ha)	FBI per Ha (£)	Annual labour units per farm	FBI per ALU (£)
All farm types	43,093	137.5	313	2.54	16,966
Cereals	49,554	194.6	255	1.78	27,839
General cropping	67,633	178.5	379	3.38	20,010
Dairy	87,809	152.9	574	3.91	22,458
Lowland Grazing Livestock	15,068	94.0	160	1.50	9,655

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

Figure 4 also illustrates that Lowland Grazing Livestock farms are the least profitable farm type in the English lowlands, using either per hectare or per ALU.

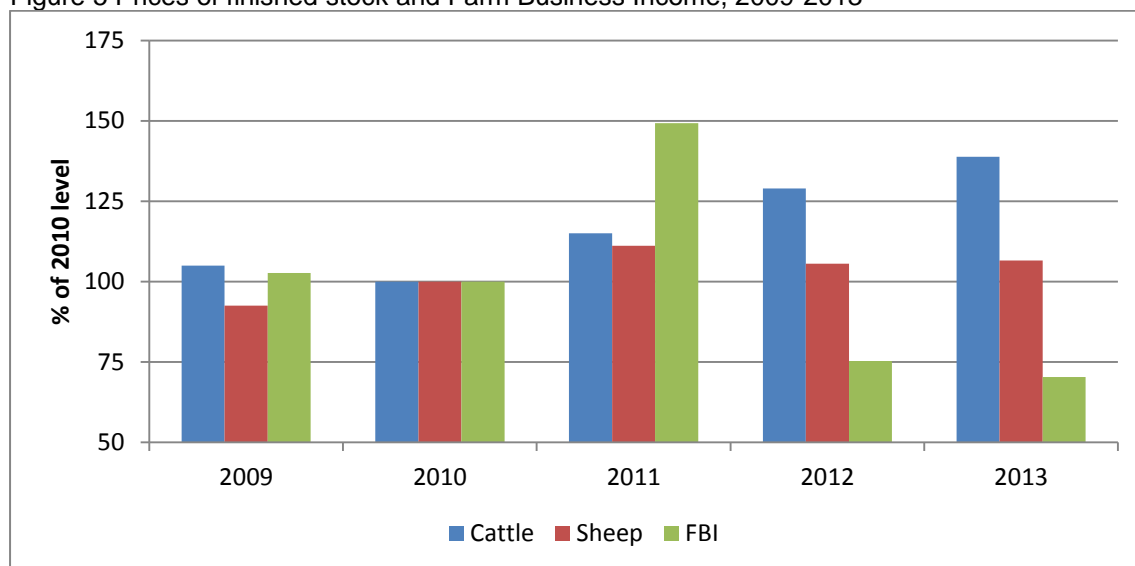
Figure 4 Farm Business Income per hectare and per Annual Labour Unit, in England 2013/2014, by Farm Type



## The market environment

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

Figure 5 Prices of finished stock and Farm Business Income, 2009-2013



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

Prices of finished cattle improved from 2010 to 2013 driven by lower supplies of prime cattle combined with strong domestic and export demand. Over the same period the sheep price first increased then fell back and was similar in 2012 and 2013. The total improvement in sheep price over the five years is less than half that seen for the price of finished cattle.

Over the same period, Farm Business Income has been much more variable. The level seen in 2011 was the highest since 2003 when this income measure was introduced, but 2012 saw a very large reduction in income due to the very difficult year dominated by poor weather conditions. The Farm Business Income for 2013 was the lowest of the last five years. Farm Business Income is more variable than the finished prices of cattle and sheep would have suggested, indicating that the costs to the businesses, valuation changes to the livestock (which are part of the output) and other sources of output were more variable and all have a part to play in the level of income for these farms.

Figure 6 Lowland Grazing Livestock farms in England - Average Farm Business Income by Cost Centre 2009-2013

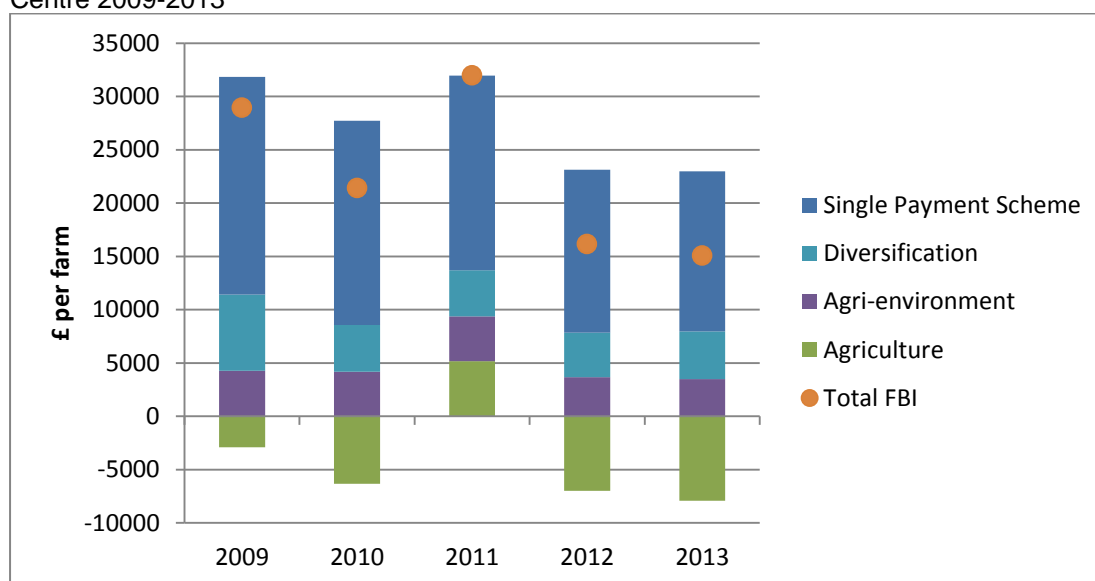
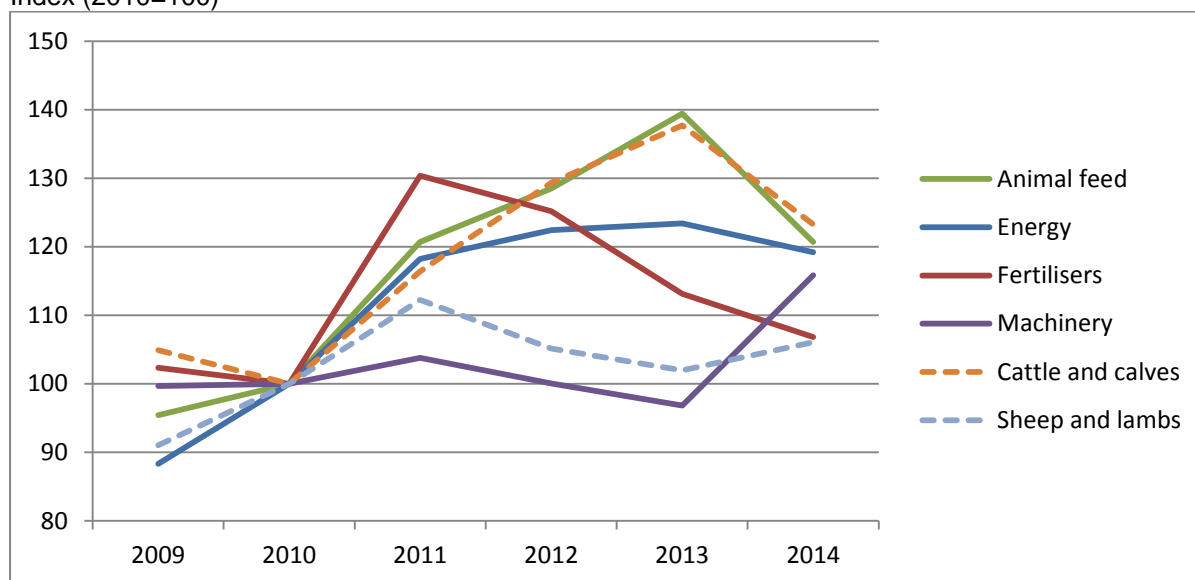


Figure 6 shows average Farm Business Income broken down into the four cost centres, Agriculture, Agri-environment, Diversification and Single Payment Scheme for the most recent 5 year period. It illustrates that the largest variation in income between years comes from the Agriculture cost centre which only made a positive contribution in 2011. A number of Indices of Prices of Agricultural

Products (United Kingdom) are illustrated in Figure 7. This shows the changes in average annual prices for energy, fertiliser, animal feed and machinery; which have all seen large changes since 2009. Output prices from cattle and sheep have also seen large changes and volatility in the same period.

Animal feed costs, for example, have increased by 20% in 2014 compared to the base year 2010; fertiliser costs have increased by 7%, whereas the sheep value has increased by 6%. Beef on the other hand has increased by close to a quarter in the same period.

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



Source: Defra

### Lowland Grazing Livestock Production in 2013/2014

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

This report will concentrate on data extracted from the Farm Business Survey (FBS) for this important group of farms and includes data from 300 farms which has been 'weighted' to produce figures that represent the whole of the Lowland Grazing Livestock industry in England, excluding the smallest farms which are not included within the survey (see Appendix 1).

The results for the FBS farms for 2013/14 show a small decrease in Farm Business Income from 2012/13 to £15,068, which is less than half the 2011/12 figure. The Net Farm Income was £4,796 per farm, again a decrease on the previous year's figure. Full details of the 'All Farms' data is given in Appendix 2. Table 3 summarizes the components of income for the Lowland Grazing Livestock farms.



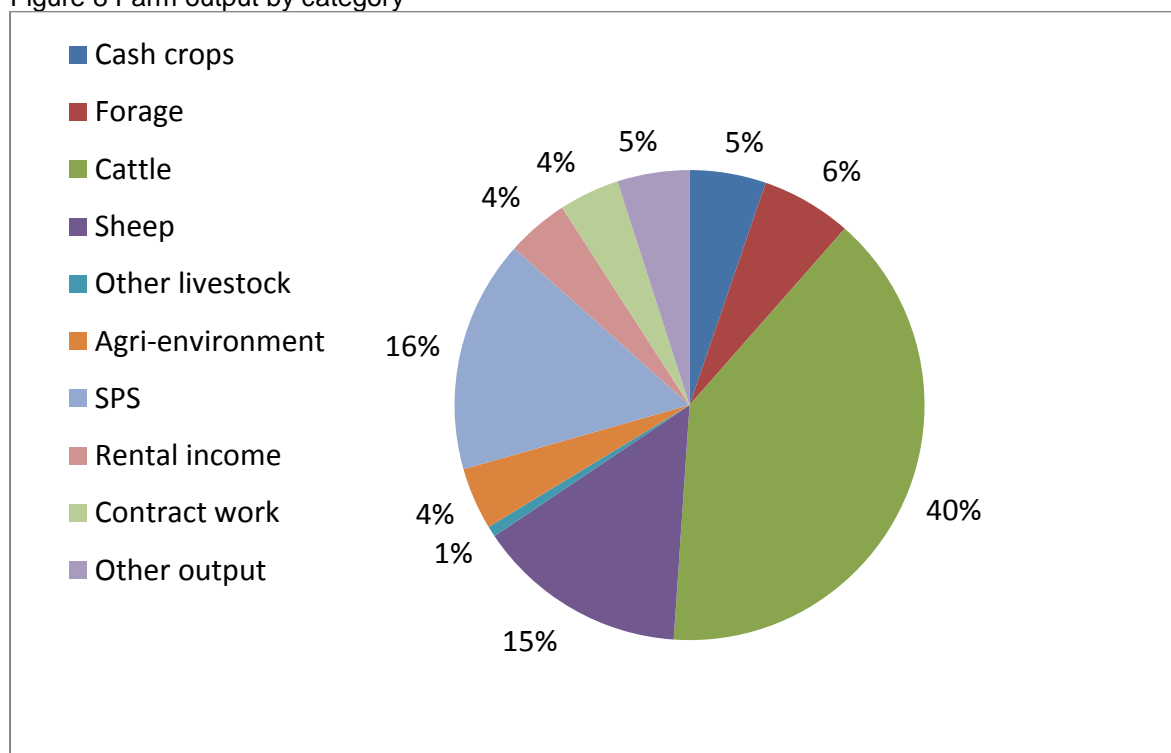
Table 3 Average Income data for Lowland Grazing Livestock Farms<sup>3</sup>

Total	(£ per farm)
Farm output	104,311
Variable costs	34,111
Gross margin	70,199
Fixed costs	55,132
Farm Business Income	15,068
Net Farm Income	4,796
Farmer & Spouse labour	21,724
Management and Investment Income	-16,915

The average Lowland Grazing Livestock farm was 59% owner occupied and the average area farmed was 94.0 hectares. Permanent grassland and rough grazing covers 72% of the area with temporary grassland and fodder crops another 16%. The stocking rate is low, emphasising the 'extensive' type of production adopted by this farm type, with only 1.0 Grazing Livestock Units per hectare. Cattle account for 69% of these livestock units.

A breakdown of the sources of Farm output is shown in Figure 8. Cash crops, forage and livestock output come to 66%. Within this, the importance of cattle is evident, being more than twice the output of the sheep which has the next largest 'farming' output.

Figure 8 Farm output by category



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

'Non-production' output makes up the remaining 34% of total output, and is clearly dominated by the Single Payment Scheme, which accounts for half of this output. Agri-environmental, Rental Income, Contract work and 'Other' output all have relatively similar levels of output. Full details of the data can be found in Appendix 2.

Variable costs are dominated by concentrates, which account for 42% of the total and of this, £3,024 are home grown cereals fed to the livestock. The fertiliser and spray costs are £6,264 which amounts to 18% of the variable costs.

Machinery costs represent 44% of the total fixed costs. Land & property costs (22%) and general farming costs (20%) have similar importance followed by labour at 10% of the total fixed costs.

The balance sheet for the average farm shows over £84,000 of liabilities with the majority of borrowing held by the banks, as loans or overdraft. Total assets for the business of £1,141,000 are dominated by the land and buildings which account for 82% of the total.

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

### **Farm Fund Flow- The cash situation within the business**

The relationship between trading profit generated, capital investment made, drawings taken by the farming family/families, and the funding of the trading business is summarised by the 'flow of funds'. This explains the 'cash' situation within the business and is also shown in Appendix 2.

The trading net fund surplus from these farms is £26,020 after depreciation on buildings and machinery is added back to Farm Business Income and the increase in live and deadstock valuations is deducted. Over £17,000 was spent on capital purchases, with machinery accounting for 59% of this total. The machinery pool on these farms was thus maintained with re-investment being close to the level of machinery depreciation charged to these businesses.

This left a farm fund flow surplus of £8,952. The private drawings from the farm were £23,881 but a net transfer in of funds of £10,989 reduced the net private outflow to £12,891, and so there was a deficit of £3,940.

The net trading surplus was lower than the previous year but capital net fund flow and private drawings were similar and with more private funds introduced meant a smaller deficit than last year.

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

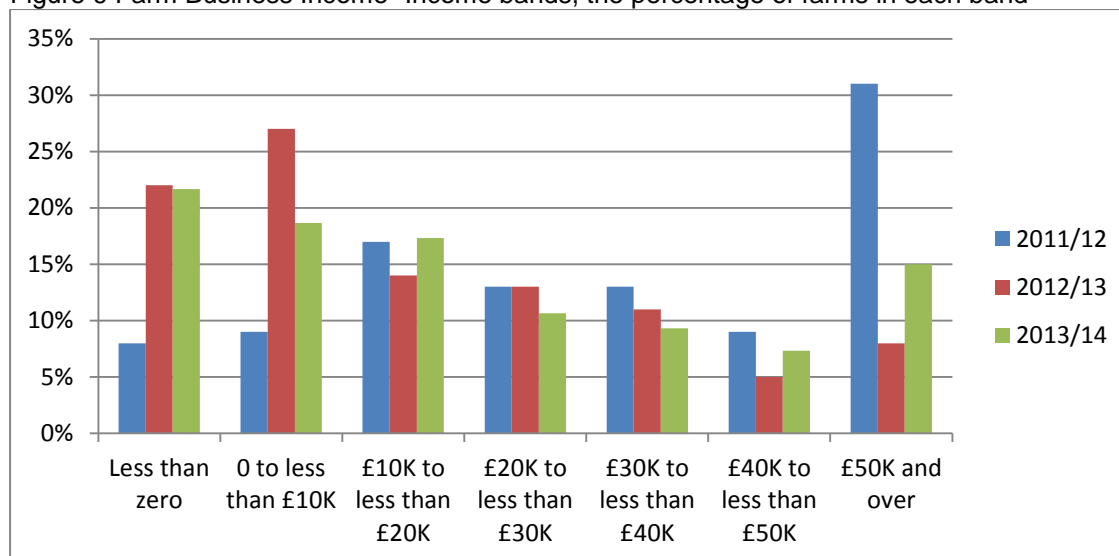
### **Distribution of incomes**

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

Figure 9 illustrates the differing levels of Farm Business Income per farm; 22% of farms had a negative Farm Business Income in 2013/14, with more than two thirds of farms making less than £30,000.

Fifteen percent of businesses made over £50,000, up from 8% the previous year. As in previous years, the sizes of these farms has a large influence on their ability to achieve high incomes and these were more than two and a half times the size of the average 'All farms' businesses, in terms of land area farmed.

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



### Economic Performance Band

A farm's performance level is determined by many factors including physical, financial and managerial. Farm performance is measured as the ratio of farm business output to farm business costs. An imputed value for unpaid manual labour, including that of the farmer and spouse is added to farm business costs. The value of paid managerial input is subtracted. The farms are ranked in descending order according to this ratio and allocated to quartiles with the top quartile (25 percent) representing the high performance band (Premium Group). Note that the farm weights are used to allocate farms to quartiles so the number of farms in a quartile will not necessarily be equivalent to a quarter of the sample.

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 2.

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

Substantial cost savings are made with fixed costs, where those of the highest performing group are 70% of the Medium performing group of producers. Lower costs are seen in all the fixed cost categories for the High performing group but the differences in the machinery costs have the largest impact. The highest performing group own less than half the area they farm whereas the low and medium performing group own two thirds of the farmed area

These relationships of output and costs are all the same as the previous year but the range has increased with the Low Performance Band now losing more than the previous year and the High Performing band making more than the previous year.

Table 4 Farm Business Income by Performance Band, 2013/2014, £ per hectare

Performance Band	Low	Medium	High
Average farmed area (hectares)	59.3	89.1	137.9
Average proportion of owned total farmed area	65%	66%	47%
£ per hectare			
Output			
Livestock and crops	405	829	756
Agri- environment type schemes	46	42	54
Single Payment Scheme	174	188	167
Other	141	159	138
TOTAL FARM OUTPUT	766	1218	1115
Variable costs			
Livestock specific costs	201	325	230
Crop specific costs	70	110	78
TOTAL VARIABLE COSTS	271	435	308
TOTAL GROSS MARGIN	495	783	807
Fixed costs			
Labour	45	64	55
Machinery	278	290	208
General farming costs	149	132	80
Land & Property	163	137	102
Interest paid	27	35	17
TOTAL FIXED COSTS	662	658	462
FARM BUSINESS INCOME	-167	125	345

### Categories of Lowland Grazing Farms

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

These sub-types are;

1. Beef- those farms where 50% or more of the total farm output comes from cattle
2. Sheep - those farms where 50% or more of the total farm output comes from sheep
3. Beef & Sheep - those farms not classified as Beef or Sheep but with a combined output from cattle and sheep of over 50% of the total farm output.
4. Agri-related - those farms where 50% or more of the total farm output is derived from miscellaneous income. This comes from agriculture related and integrated diversified

activities. It includes Single Payment Scheme (SPS), rental income and agri-environment schemes.

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

Table 5 summarises the position of the differing farm sub-types<sup>4</sup>. The 'Sheep' farms are dominated by tenanted land whilst the other types are closer to the 'All farms' average of 59% of the total farmed area being owned.

Table 5 Farm Sub-type data to Farm Business Income, 2013/2014

	Farm sub-types					
Farm sub-types	Average all farms	Beef	Sheep	Beef & Sheep	Agri-related	Other
Number of farms in group	300	97	23	55	67	58
Average farmed area (hectares)	94.0	77.9	111.2	114.9	100.2	92.2
Average proportion of owned total farmed area	59%	59%	32%	51%	68%	64%
	£ per farm					
Output						
Livestock and crops	69,164	88,285	75,893	91,401	30,226	69,013
Agri- environment type schemes	4,443	2,683	3,218	4,948	7,642	3,463
Single Payment Scheme	16,740	14,006	11,407	19,759	19,873	17,126
Other	13,964	6,204	9,878	8,372	27,603	14,840
TOTAL FARM OUTPUT	104,311	111,178	100,396	124,480	85,344	104,442
Variable costs						
Livestock specific costs	25,448	34,522	31,389	32,587	10,946	21,908
Crop specific costs	8,664	9,415	6,684	11,449	5,195	10,494
TOTAL VARIABLE COSTS	34,112	43,937	38,073	44,036	16,141	32,402
TOTAL GROSS MARGIN	70,199	67,241	62,323	80,444	69,203	72,040
Fixed costs						
Labour	5,434	3,362	6,274	6,218	6,516	6,595
Machinery	24,250	23,996	20,059	27,659	21,307	27,371
General farming costs	10,854	9,898	9,022	10,569	11,902	11,903
Land & Property	12,069	11,265	12,185	13,966	12,302	11,777
Interest paid	2,526	2,751	1,371	1,979	3,036	2,309
TOTAL FIXED COSTS	55,133	51,272	48,911	60,391	55,063	59,955
FARM BUSINESS INCOME	15,066	15,969	13,412	20,053	14,140	12,085

The 'Beef' farms tend to be smaller than the other four farm types. Those farms with more cattle tend to have higher levels of output. The agri-environment type output per farm ranges from £2,683 for

<sup>4</sup> A full analysis is given in Appendix 4

'Beef' farms to £7,642 for the 'Agri-related' farms, accounting for 2% to 9% of total farm output. The Single Payment Scheme income per farm, ranges from £11,407 to £19,873 and is worth approximately £178 per hectare farmed for all types except the Sheep farms which received £103 per hectare. There are a number of possible explanations why the Sheep farms have lower average SPS income per hectare. The level of receipts per hectare is lower for land that is within the SDA but none of the Sheep farms have any SPS receipts for SDA land. In order to claim SPS the farmer needs to hold SPS entitlements and to farm eligible land. For some reason the Sheep farms do not fulfil both these requirements and the most likely reason is that they are farming land for which they have a rental agreement but the landlord is claiming the SPS. The Sheep farms own less land than the other types (less than a third compared to over half) The £178 per hectare is almost identical to the rate received for the previous year.

Variable costs also follow the same pattern as output; those farm types with high output tend to have higher variable costs. Gross margins for each farm type are within £10,000 of the 'All farms' average of £70,199. Fixed costs per farm show less variation than variable costs.

Farm Business Income ranges from £12,085 per farm for 'Other' farms to £20,053 for the 'Beef & Sheep' farms, and is illustrated in Figure 10. The 'All' Farms Farm Business Income is £15,068. The improvement in the prices received for sheep and the fall in prices for cattle are reflected in the Farm Business Income per farm depending upon the dependence on beef or lamb production.

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

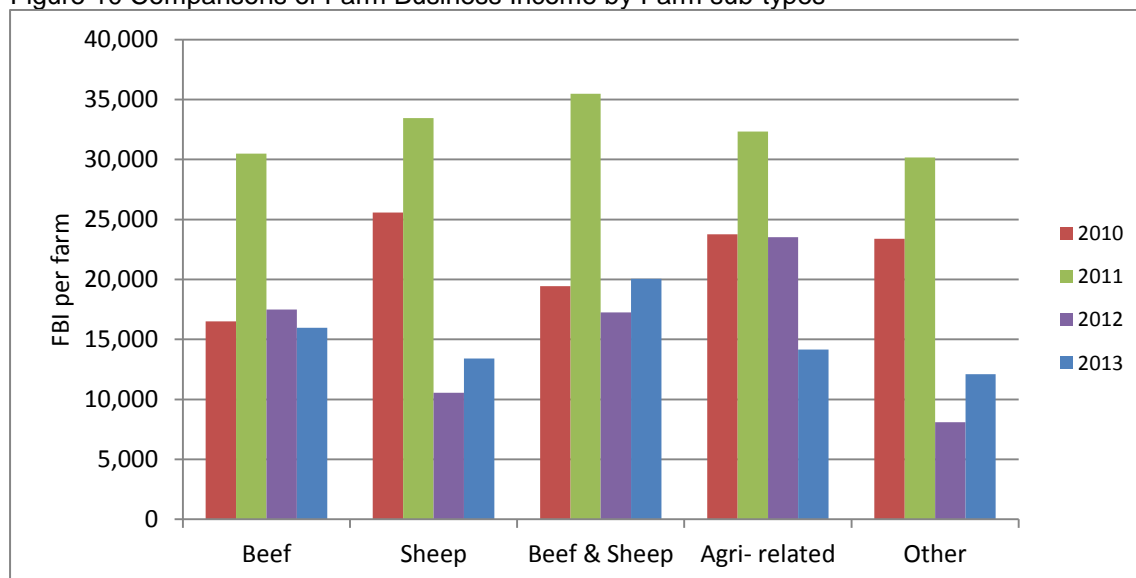


Table 6 Farm Sub-type data Farm Business Income, Private drawings and value of Unpaid Labour, 2013/2014

	All farms	Beef	Sheep	Beef & Sheep	Agri-related	Other
	£ per farm					
Farm Business Income	15,068	15,970	13,412	20,052	14,140	12,084
Private drawings	23,811	20,378	16,943	24,180	32,893	20,752
Value of all Unpaid Labour	26,088	26,138	24,630	26,805	23,575	29,045

Table 6 shows the level of private drawings for the same farm sub-types. The average farm in 2013-2014 has private drawings 58% higher than their Farm Business Income. The level of drawings is still below the value of the unpaid labour input to the business. The value of all unpaid labour is estimated

using hours worked, at rates of pay dependent upon location, age and experience. Thus these farms are withdrawing less from the business than the 'going' rate for their labour and are now unable to reward themselves for their considerable investment in the business, with total assets approaching a million pounds. Only the Agri-related farms took higher private drawings than the value of the unpaid labour.

Table 7 summarizes the physical details of the farm sub-types. Less than 12% of the area farmed by any of the farm types is used for cash crops and close to two thirds is permanent grassland or rough grazing. The Agri-related farms have the largest area of rough grazing, which will largely be grazed by sheep but may also contribute to agri-environmental scheme income. The area of temporary grass is higher on the 'Beef & Sheep' farms and 'Other' farms type as is the cropped area.

With the exception of the 'Sheep' farms; the remaining farm types keep 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 have higher stocking rates. The Agri-related farms have the fewest animals and lower stocking rates, at 39% lower than the average farm.

Table 7 Land and Livestock Details- Farm Sub-Types, 2013/2014

Hectares	All farms	Beef	Sheep	Beef & Sheep	Agri-related	Other
Farmed area	94.0	77.9	111.2	114.9	100.2	92.2
Crops	6.3	6.6	1.4	12.6	2.3	7.9
Temporary grass	13.2	13.1	6.1	18.2	10.3	15.7
Permanent grass	62.7	50.7	82.2	75.6	68.1	60.1
Rough grazing	5.3	1.1	5.3	1.3	16.1	1.7
Average No. of Beef cows	21	26	6	26	17	20
Average No. of Other Cattle	78	129	12	87	37	64
Average No. of Ewes	156	38	606	301	129	130
Average Livestock Units	85.9	97.0	103.3	117.2	58.2	75.3
GLU's per adjusted Ha	1.00	1.38	0.97	1.15	0.61	0.91

The balance sheet data for these farms is dominated by the value of the land, with 82% of the value of total assets being land and buildings for the average farm. All farm sub-types have very similar balance sheet ratios, with the percentage owner equity over 90%, percentage fixed assets over 90%, gearing close to 5% and total debt between 6 and 10%.

Table 8 Farm Sub-type data Current Assets and Current Liabilities, 2013/2014

	All farms	Beef	Sheep	Beef & Sheep	Agri-related	Other
	£ '000 per farm					
Current Assets	90	110	53	96	69	91
Current Liabilities	33	36	23	26	37	31

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. Having current assets close to current liabilities highlights a potential problem with the liquidity of the businesses, particularly if existing short-term credit facilities became unavailable (Table 8). This position also creates a potential problem with the flexibility of the farm to



manage cashflow. This is not currently an issue at the year-end but any narrowing of the gap may cause issues.

### Organic Producers

Within the total Farm Business Survey sample there is a group of organic farms, and Table 9 compares the organic lowland grazing livestock farms with the conventional producers<sup>5</sup>. The organic farms are similar in size to their conventional counterparts as is the percentage of the land they own.

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

Table 9 Farm Business Income for Conventional and Organic farms, 2013/2014

Type of Production	Conventional	Organic
Number of farms in group	257	43
Average farmed area (hectares)	94.0	93.6
Average proportion of owned total farmed area	59%	57%
	£ per farm	
Output		
Livestock and crops	70,870	46,849
Agri- environment type schemes	3,845	12,261
Single Payment Scheme	16,451	20,522
Other	13,576	19,036
TOTAL FARM OUTPUT	104,742	98,668
Variable costs		
Livestock specific costs	26,410	12,855
Crop specific costs	9,055	3,545
TOTAL VARIABLE COSTS	35,465	16,400
TOTAL GROSS MARGIN	69,277	82,268
Fixed costs		
Labour	5,189	8,636
Machinery	23,999	27,532
General farming costs	10,803	11,514
Land & Property	11,721	16,614
Interest paid	2,473	3,218
TOTAL FIXED COSTS	54,185	67,514
FARM BUSINESS INCOME	15,092	14,754

<sup>5</sup> Appendix 5 gives full details of Conventional and Organic producers

With the lower 'farming' output, organic farms tend to have lower variable costs; being close to half the level of conventional producers. The resulting total gross margin per farm for the organic farmers is approximately 20% higher than the conventional level. Fixed costs for the organic farms are a quarter higher than for conventional producers, and relative to total output, are 16% higher than the conventional producers.

The Farm Business Income per farm for the organic producers is similar to that of their conventional counterparts. This level of income is less than the level of Single Payment Scheme received in the year.

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

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

Both types of production have very 'strong' end of year balance sheets. Their balance sheet ratios are very similar which is not unexpected with almost identical land owning structures (see Appendix 4).

Table 10 Type of Production- Income and Costs illustrated 'Per £100 Output', 2013/2014

Type of Production	Conventional	Organic
Number of farms in group	257	43
	£ per £100 output	
Output		
Livestock and crops	68	47
Agri- environment type schemes	4	12
Single Payment Scheme	16	21
Other	13	19
TOTAL FARM OUTPUT	100	100
TOTAL VARIABLE COSTS	34	17
TOTAL GROSS MARGIN	66	83
FIXED COSTS		
Labour	5	9
Machinery	23	28
General farming costs	10	12
Land & Property	11	17
Interest paid	2	3
TOTAL FIXED COSTS	52	68
FARM BUSINESS INCOME	14	15

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

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

Table 11 Land and Livestock Details- Organic and Conventional Production, 2013/2014

	Conventional	Organic
Number of farms in group	257	43
Farmed area (ha)	94.0	93.6
Crops (ha)	6.4	5.1
Temporary grass (ha)	12.8	18.2
Permanent grass (ha)	62.9	60.5
Rough grazing (ha)	5.4	4.5
Average No. of Beef cows	21	26
Average No. of Other Cattle	85	70
Average No. of Ewes	162	81
Total Livestock Units	87.0	71.4
GLU's per adjusted Ha	1.01	0.82

### 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.

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

Those farms in the EU West region tend to be smaller than those in either the North or East, and they also own a greater proportion of the area they farm. Further data is available in Table 12<sup>6</sup>, which shows that the North and East have the highest Farm Business Income per farm with the West the lowest.

When looking at the figures on a per hectare basis, the West achieved the highest income (£177 per hectare) followed by the East, with the North being £34 per hectare lower than the West. Farms in the North region tend to have a greater proportion of their grassland as rough grazing. These farms also tend to have more finishing cattle and sheep and higher stocking rates. Farms in the East tend to have a higher proportion of their land as grass and have lower stocking rates (see Appendix 5).

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<sup>6</sup> Appendix 5 gives more detailed data for the EU regions

Table 12- EU Regional- Summary Financial Data, 2013/2014

	EU region		
	North	East	West
Number of farms in group	65	92	143
Average farmed area (hectares)	115.0	110.7	76.5
Average proportion of owned total farmed area	47%	50%	73%
£ per farm			
Output			
Livestock and crops	103,563	60,494	62,432
Agri- environment type schemes	3,451	5,200	4,330
Single Payment Scheme	20,753	18,108	14,518
Other	10,442	17,785	12,882
<b>TOTAL FARM OUTPUT</b>	<b>138,209</b>	<b>101,587</b>	<b>94,162</b>
Variable costs			
Livestock specific costs	43,104	20,520	22,281
Crop specific costs	14,154	7,676	7,351
<b>TOTAL VARIABLE COSTS</b>	<b>57,258</b>	<b>28,196</b>	<b>29,632</b>
<b>TOTAL GROSS MARGIN</b>	<b>80,951</b>	<b>73,391</b>	<b>64,530</b>
Fixed costs			
Labour	4,439	7,433	4,573
Machinery	31,694	23,691	21,997
General farming costs	11,647	11,411	10,241
Land & Property	13,941	11,616	11,691
Interest paid	2,726	2,589	2,418
<b>TOTAL FIXED COSTS</b>	<b>64,447</b>	<b>56,740</b>	<b>50,920</b>
<b>FARM BUSINESS INCOME</b>	<b>16,504</b>	<b>16,651</b>	<b>13,610</b>

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.(Appendix 5).

### 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 13<sup>7</sup>. Full details of the definitions relating to farm size are given in Appendix 1.

<sup>7</sup> Appendix 6 gives more details of the Farm Size data

Table 13 Farm Business Income by size of business, 2013/2014

	Farm Size by Standard Labour Requirement				
Farm Size by Standard Labour Requirement	Part-time	Small	Medium	Large	Very Large
Number of farms in group	53	96	59	58	34
Average farmed area (hectares)	57.9	75.3	110.5	158.1	423.3
Average proportion of owned total farmed area	74%	71%	72%	46%	21%
	£ per farm				
Output					
Livestock and crops	34,849	53,185	95,439	156,835	288,569
Agri- environment type schemes	2,440	4,156	6,472	6,250	18,001
Single Payment Scheme	11,919	14,355	20,167	24,793	57,513
Other	12,309	15,245	11,638	15,635	26,539
TOTAL FARM OUTPUT	61,517	86,941	133,716	203,513	390,622
Variable costs					
Livestock specific costs	10,825	19,901	35,234	59,121	121,936
Crop specific costs	5,477	6,553	10,969	18,346	30,542
TOTAL VARIABLE COSTS	16,302	26,454	46,203	77,467	152,478
TOTAL GROSS MARGIN	45,215	60,487	87,513	126,046	238,144
Fixed costs					
Labour	2,194	3,942	7,317	9,167	36,584
Machinery	16,383	21,901	28,118	43,899	73,092
General farming costs	8,717	10,399	12,702	14,469	23,939
Land & Property	7,751	10,487	13,249	21,407	46,330
Interest paid	1,530	2,969	3,199	3,452	6,357
TOTAL FIXED COSTS	36,575	49,698	64,585	92,394	186,302
FARM BUSINESS INCOME	8,640	10,789	22,928	33,652	51,842

The average size of the Part-time farms is close to 58 hectares (143 acres), compared to the Very Large farms, which are more than seven and half times bigger. The total area farmed by the business increases in relation to the size of the farm and the proportion of tenanted land remains the same from Part-time to Medium farms and then increases on Large and Very Large farms, with the Very Large farms renting nearly 80% of the land they farm.

The gross margin per hectare is similar on all sizes except for the Very Large farms where the gross margin was less than three quarters of the level achieved by the other businesses; Farm Business Income per hectare tends to increase with size but again falls for the Very Large farms, as illustrated in Figure 11.

Figure 11 Gross Margin and Farm Business Income per hectare by farm size, 2013/2014

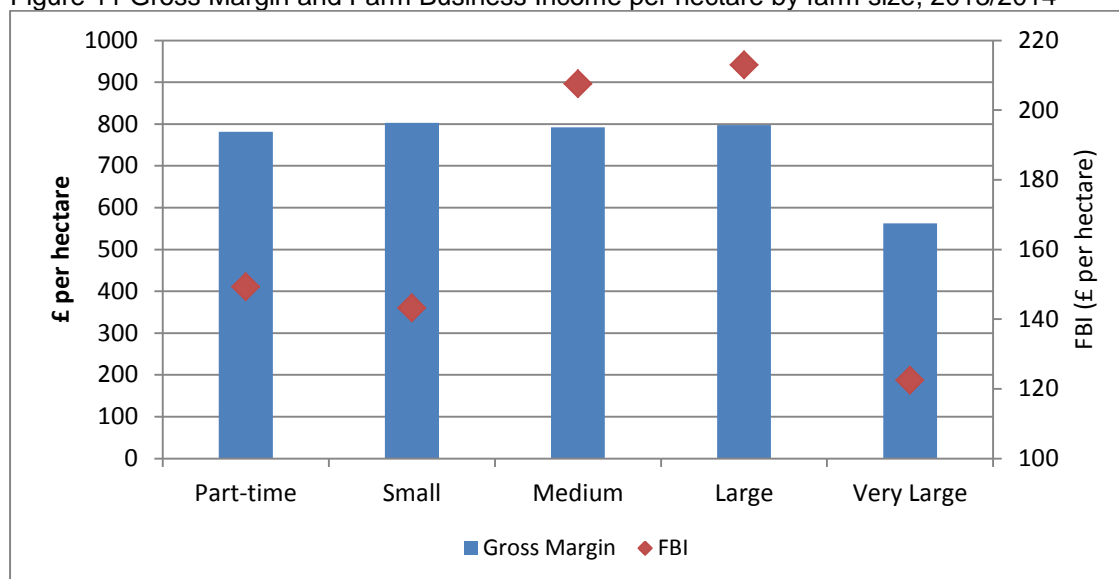


Figure 12 illustrates how scale of business affects the gross margin and farm business income on a per farm basis. As the scale of business increases, one anticipates economies of scale, particularly with fixed costs.

Figure 12- Output, Gross Margin, Fixed Costs and Farm Business Income by farm size, 2013/2014

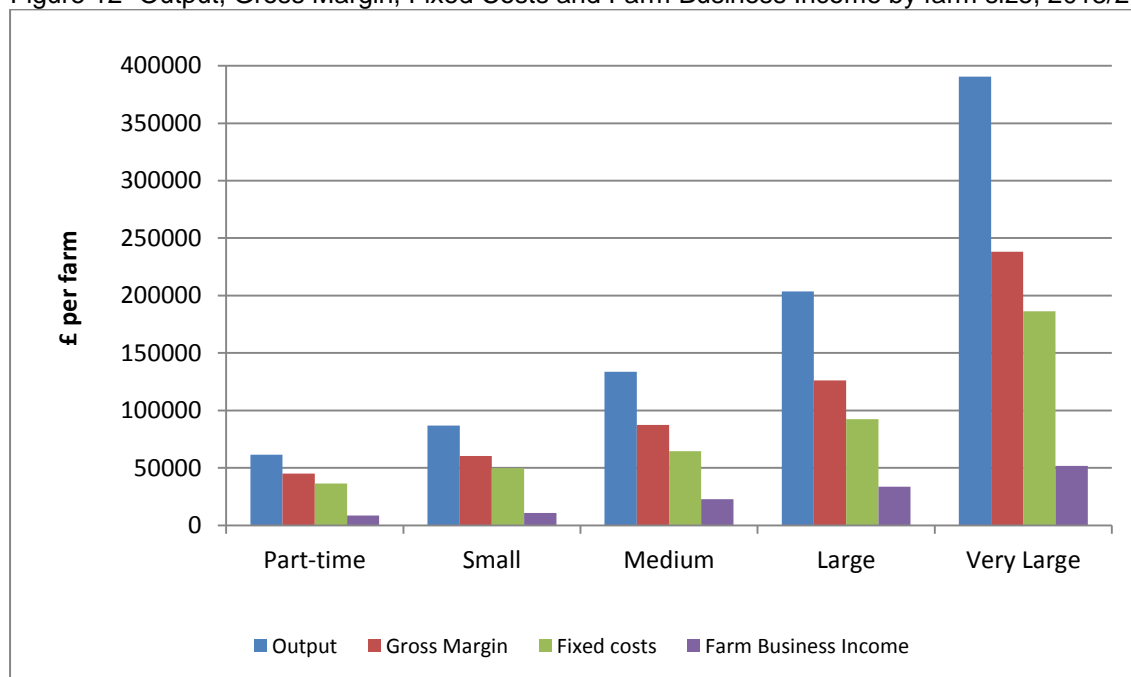


Figure 13 illustrates the farmed area and livestock unit per farm along with Farm Business Income. The differences are small but the Medium farms and Large farms had the highest stocking rates. The other groups have broadly similar stocking rates.

Figure 13 Farm Business Income, Livestock Units (LU) and Farmed Area (hectares) by farm size, 2013/2014

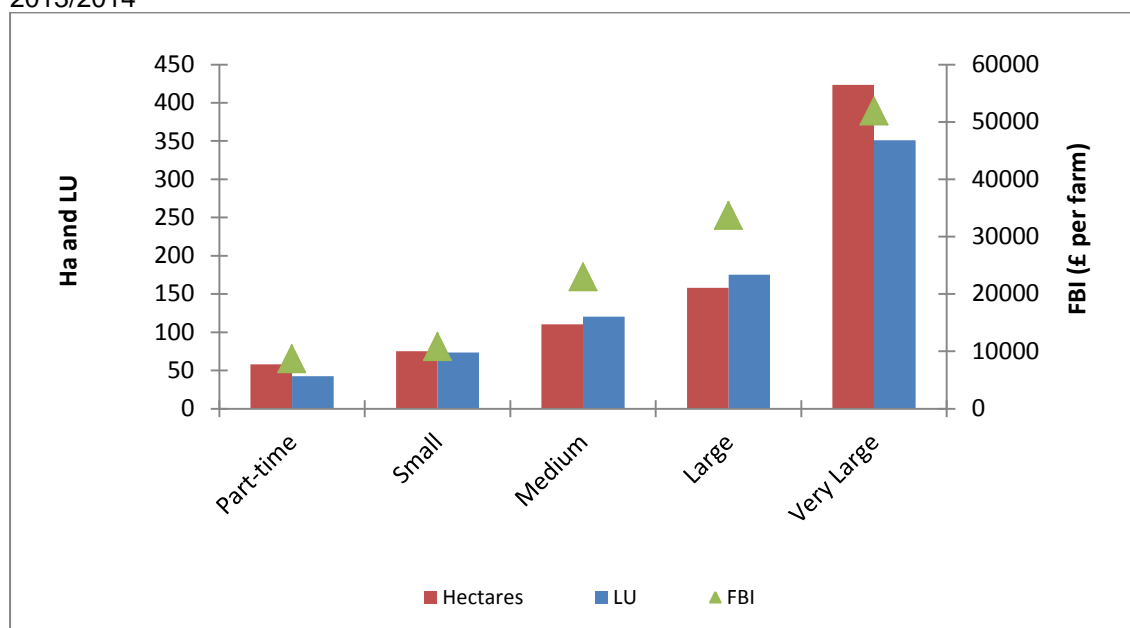


Table 14 Farm size- data per £100 of output, 2012/2013

Farm Size by Standard Labour Requirement	Part-time	Small	Medium	Large	Very Large
	£ per £100 output				
Output					
Livestock and crops	57	61	71	77	74
Agri- environment type schemes	4	5	5	3	5
Single Payment Scheme	19	17	15	12	15
Other	20	18	9	8	7
TOTAL FARM OUTPUT	100	100	100	100	100
Variable costs					
Livestock specific costs	18	23	26	29	31
Crop specific costs	9	8	8	9	8
TOTAL VARIABLE COSTS	26	30	35	38	39
TOTAL GROSS MARGIN	74	70	65	62	61
Fixed costs					
Labour	4	5	5	5	9
Machinery	27	25	21	22	19
General farming costs	14	12	9	7	6
Land & Property	13	12	10	11	12
Interest paid	2	3	2	2	2
TOTAL FIXED COSTS	59	57	48	45	48
FARM BUSINESS INCOME	15	13	17	17	13



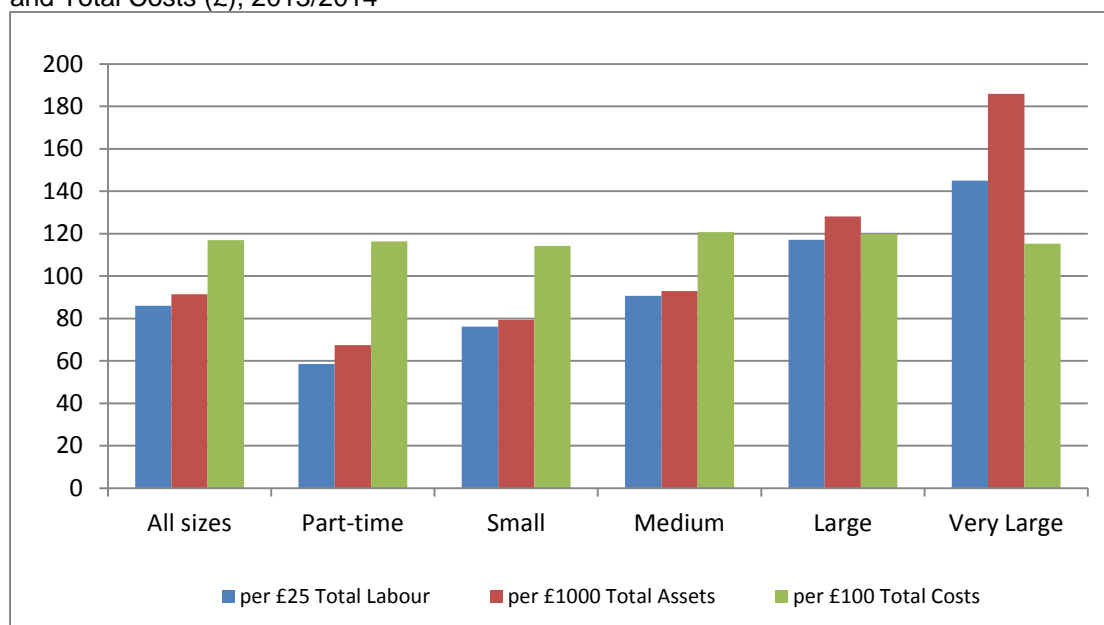
The Single Payment Scheme (SPS) income per hectare declines as the size of the business increases from £206 for Part-time farms to £136 for the Very Large farms. With the SPS for 2013 based entirely as an area payment the difference relates to land hired in on which the farmer cannot claim the SPS. In this situation the SPS would be claimed by the landlord, assuming the land is eligible for SPS in the first place.

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

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

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

Figure 14 – Performance measures- Farm Business Output achieved by Total Labour, Total assets and Total Costs (£), 2013/2014



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

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

With the low level of the Farm Business Income generated by the Lowland Grazing Livestock farms in 2013/2014 the importance of the Single Payment Scheme (SPS) cannot be underestimated, as illustrated in Table 15. The SPS per farm is similar to the previous year, for all farms and represents 16% of the Total Output for Lowland Livestock Grazing farms.

Without the Single Payment Scheme, the average Lowland Livestock Grazing farm would be making a Farm Business Income of -£1,672. The Part-time and Small farms would be making a loss, compared with Medium and Large farms, which would be making less than £9,000 each, but at least a positive income. The Very Large farms would also be making a loss. The All farms level of private drawings was £26,000 greater than the Farm Business Income net of SPS. None of the farm size groups would have an income greater than their private drawings without SPS.

Table 15 Farm Business Income and Single Payment Scheme, 2013/2014

	All Farms	Part-time	Small	Medium	Large	Very Large
	£ per farm					
Farm Business Income	15,068	8,640	10,790	22,926	33,651	51,842
Single Payment Scheme Income	16,740	11,919	14,355	20,167	24,793	57,513
Farm Business Income less SPS	-1,672	-3,279	-3,565	2,759	8,858	-5,671
Private drawings	23,881	18,157	26,032	28,087	31,496	42,998

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 moved to the flat rate by 2013. Looking further ahead post 2013, the UK Government has still indicated a desire for Pillar 1 of the CAP to be reduced and possibly removed completely after a sufficient period of time to allow farmers to adjust. (From 2015 the Basic Payment Scheme replaces SPS). This would potentially leave the farming industry to earn its income from the value of its produce. If the Single/Basic Payment were removed completely, the scale of the change that would be needed from the 'market place' to support this desire would be an improvement in receipts of the order of 20% for lowland grazing livestock farms, without any changes to costs.

#### Farm Business Income by 'Cost Centre'

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

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

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

Table 16 Farm Business Income by Cost Centre by EU region, 2013/2014

£ per farm	All farms	EU North	EU East	EU West
Total Farm Business Income	15,068	16,504	16,652	13,611
<i>Of which, by cost apportionment</i>				
Agriculture	-7,916	-8,146	-9,557	-6,844
Agri-environment and other payments	3,492	2,921	4,338	3,108
Diversification out of agriculture	4,483	3,181	5,563	4,283
Single Payment Scheme	15,008	18,549	16,308	12,991

In 2011/12 the Farm Business Income for the Agriculture cost centre was positive for 'All farms' and also for all the EU regions. This was the first year that this was the case but in 2012/13 Agriculture fell back into a loss making situation which continued into 2013/14 (see Table 16). As compared to the previous year, the 'Agri-environment and other payments' and Single Payment Scheme are little changed but the 'Diversification out of agriculture' now makes a slightly greater contribution.

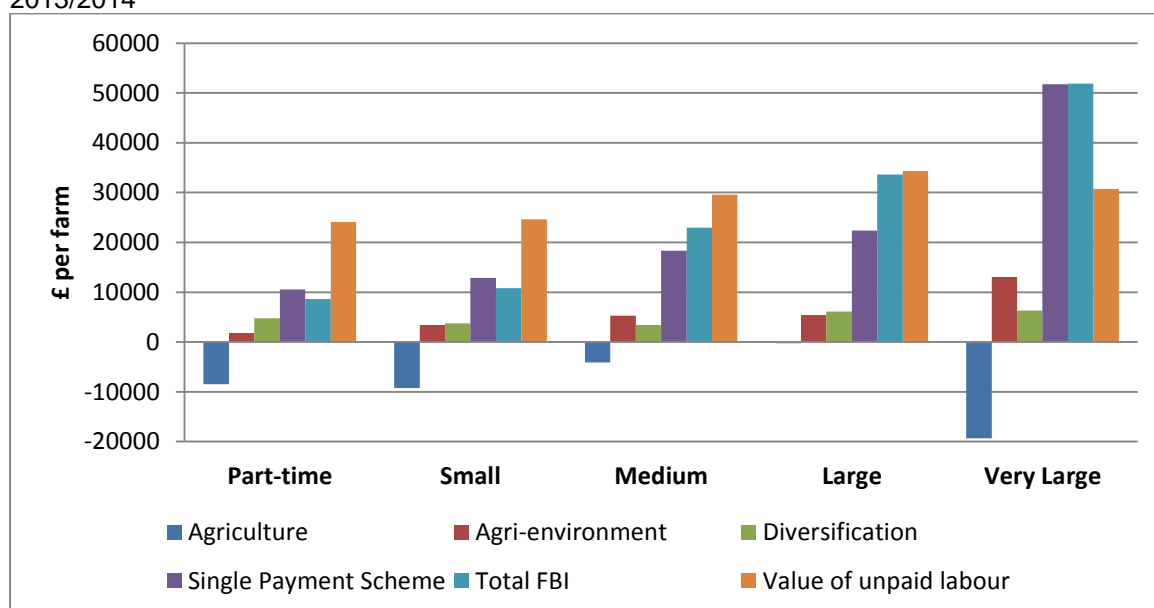
The majority of the Farm Business Income comes from the Single Payment Scheme 'cost centre' - 99% of the total Farm Business figure for 'All farms'. Its absolute level has fallen by £634 per farm but the contribution from the 'Agriculture' centre decreased by £825.

Table 17 illustrates how the Farm Business Income changes for the different size of businesses. The contribution from the 'Agriculture' cost centre is negative for each group with the largest loss on the Very Large farms and the least loss on the Large sized businesses. The Medium and Large sized businesses have the highest per hectare income. The Very Large farms are more than twice the size of the Large farms with lower fixed costs per hectare but they also have the lowest gross margin per hectare of all the different size groups. Thus the Agriculture income strand makes a loss of over £19,000. The Total Farm Business Income and Single Payment Scheme income are both close to £52,000.

Table 17 Farm Business Income by Cost Centre by Size of farm, 2013/2014

£ per farm	Part-time	Small	Medium	Large	Very Large
Total Farm Business Income	8,640	10,790	22,926	33,651	51,842
<i>Of which, by cost apportionment</i>					
Agriculture	-8,492	-9,224	-4,092	-223	-19,310
Agri-environment and other payments	1,778	3,407	5,310	5,418	13,077
Diversification out of agriculture	4,788	3,714	3,392	6,095	6,339
Single Payment Scheme	10,566	12,893	18,317	22,360	51,735

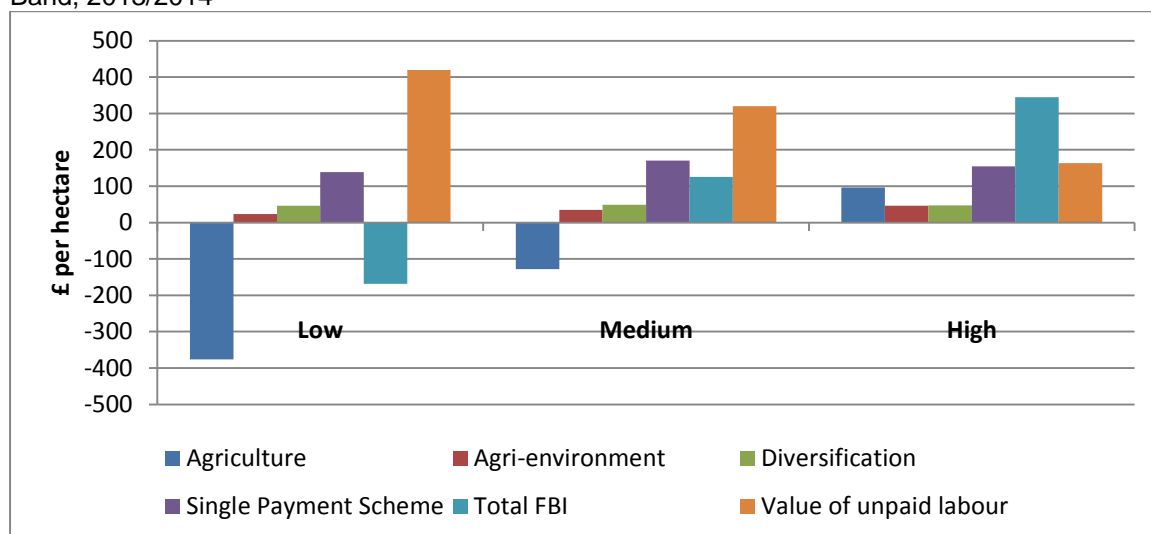
Figure 15 Farm Business Income and Unpaid labour per farm by Cost Centre, by size of farm 2013/2014



The value of unpaid labour used by the businesses is illustrated alongside the Farm Business Income by Cost centre (Figure 15). Only the Very Large farms have a Farm Business Income greater than the value of unpaid labour. The contribution from the Single Payment Scheme cost centre ranges from 74% of the total Farm Business Income for Large sized farms, 88% for Medium farms, 111% for Very Large farms and close to 133% for Small farms. The Single Payment represents nearly 140% of the total Farm Business Income for the Part-time farms. Full details of the data are available in Appendices 8-19.

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

Figure 16 Farm Business Income and Unpaid labour per hectare by Cost Centre, by Performance Band, 2013/2014



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

- The Agriculture cost centre accounts for most of the difference between the Farm Business Income per hectare of the three performance groups. Farm Business Income per hectare from 'Agriculture' increases with performance band with the Low producers making a loss of £376 per hectare, the Medium making a loss of £128 and the High performers making £96 per hectare.
- On Low and Medium Performing farms the contribution from the agri-environmental cost centre to total Farm Business Income is lower than that of the High performance band, with the Low performing group half that of the High performing group
- The FBI generated by the Single Payment Scheme cost centre is highest for Medium performing farms (£ per ha) with High performing farms on a basis receiving £16 less per hectare, but is £33 lower per hectare 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 19-21.

Where the sample sizes allow, top third group figures (weighted total population) are also produced and shown alongside the average figures. Sample sizes are small for some of these analyses and standard error bars have been included in the figures to indicate the accuracy of the estimate of the mean. Error bars are shown on 95% confidence intervals as a measure of uncertainty that may apply to the estimated means. These signify that we are 95% confident that this range contains the true value. They are calculated as the standard error (se) multiplied by 1.96 to give the 95% confidence interval (95% CI)

Table 18 summarizes the gross margin from the beef cow enterprises for the conventional and organic producers. Gross margin per cow is 17% higher for the organic producers as compared to conventional producers, but with lower stocking rates the gross margin per hectare for the organic producers is lower than the conventional producers.

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

Table 18 Lowland Beef Cow Gross Margin data

Gross margins per cow, per LU and per hectare

2013/2014

(Weighted performance)

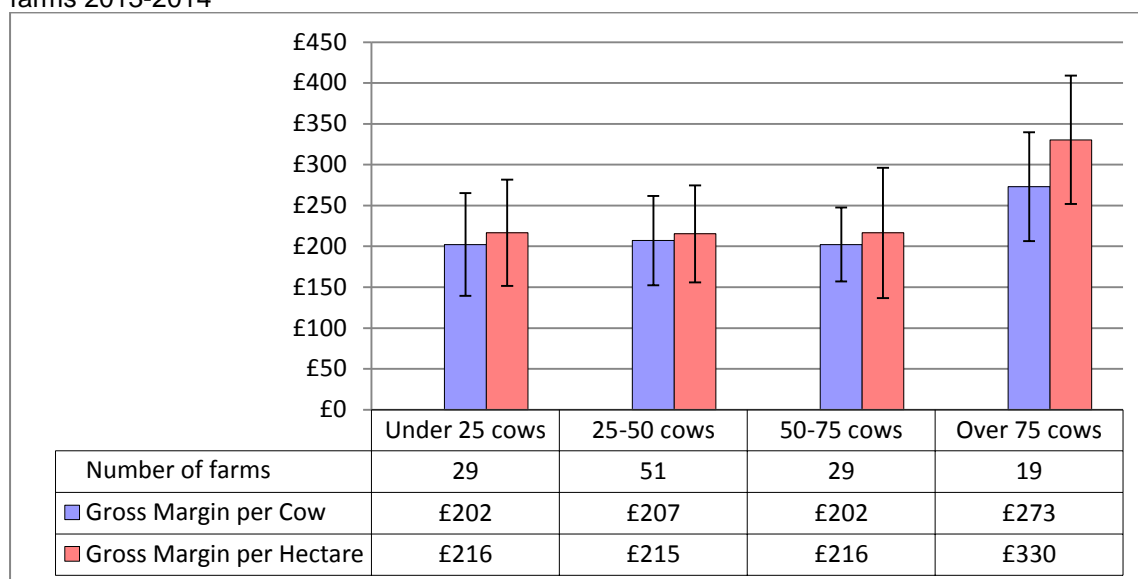
		CONVENTIONAL		ORGANIC
		Average	Top third*	Average
Number of farms		138	53	29
Cows per herd		32	37	35
Stocking rate:	LU/ha	0.99	1.01	0.78
		£ per cow		
Output		416	537	400
Variable Costs		211	173	123
Gross Margin per head		206	363	277
Gross Margin per LU		206	358	280
Gross Margin per Hectare		208	360	217

\* Top third selected by level of gross margin per cow

Compared to the previous two years the gross margin per beef cow is similar for the Conventional and Organic producers. Output and variable costs are still unchanged.

Figure 17 shows the Lowland Beef Cow gross margin per head and per hectare for four size groups of conventional producers. Care is needed to interpret the data due to small sample sizes. The gross margin per cow and per hectare is similar across the three smallest size groups but is higher for the biggest herds.

Figure 17 Lowland Beef Cow Gross Margin per Head and Per Hectare, by Herd size, conventional farms 2013-2014



The beef rearing gross margin data for 'beef bred' store cattle and finished cattle are summarized for conventional producers in Table 19. Both systems produce a similar gross margin per head, both on average and at the premium level. Output is higher in the finishing system but so are their variable costs. On a per hectare basis the finishers have much higher stocking rates so achieved superior gross margins. As compared to 2012-2013 all the gross margins are similar.

Table 19- Lowland Beef Rearing Enterprise Gross Margin data, 2013-2014  
Gross margins per head, per LU and per hectare  
(Weighted average performance)

	Beef bred store cattle		Beef bred finished cattle		Beef Bred finished cattle (organic)
	Average	Top third*	Average	Top third*	Average
Number of farms	67	22	78	22	19
Number of head per farm	45	50	105	94	62
Stocking rate: LU/Ha	1.1	1.3	1.2	1.2	1.6
	£ per head				
Output	401	521	526	673	440
Variable Costs	181	162	303	309	151
Gross Margin per head	220	358	222	364	289
Gross Margin per LU	369	596	383	606	456
Gross Margin per Hectare	340	475	465	752	720

\* Top third selected by level of gross margin per head

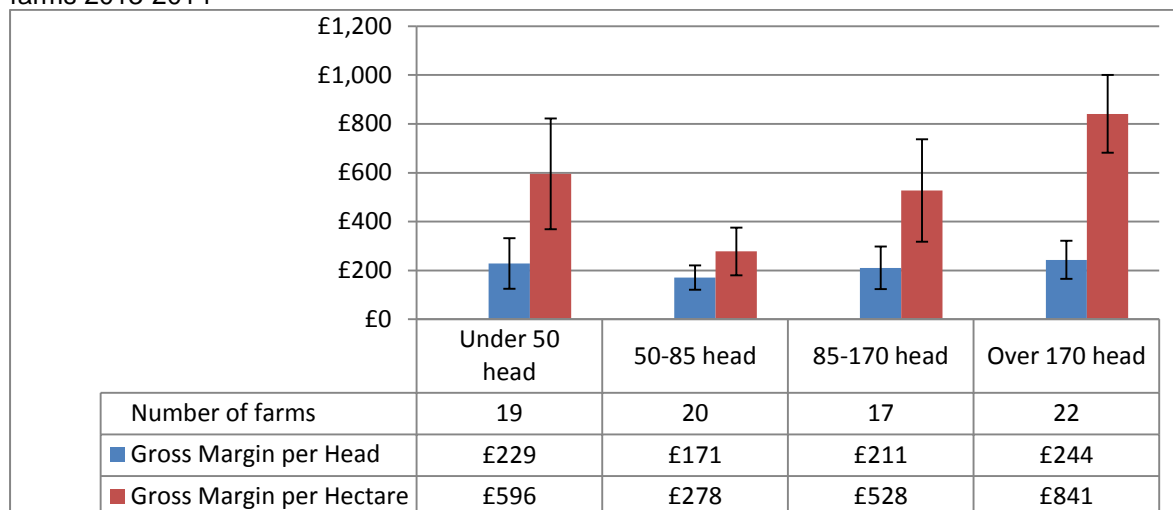
For the lowland beef bred finishing systems, the lower variable costs per head for the organic producers more than compensates for their lower output, leaving the average conventional beef bred finisher with the lower gross margin per head. (See Table 19)

The Top third group of producers have a gross margin per head close to two thirds higher than the average. On a per hectare basis a similar increase can be seen for the premium beef finishers but the

difference is less pronounced for store cattle. As with most of the gross margins from these farms the Top third producers have higher output and similar or lower variable costs.

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 (Figure 18). However, the number of data points for each herd size group is low (less than 25 in each case) so differences between groups should be treated with some caution. The herds with 50-85 head have the lowest gross margin per head and the herds with more than 170 have the highest, but as the stocking rate increases with the scale of enterprise, as do the gross margin per hectare figures.

Figure 18 Beef Bred Finished Cattle Gross Margin per Head & per Hectare, by herd size conventional farms 2013-2014



The gross margin details for the lowland ewes are given in Table 20, showing an advantage in margin of over £10 per ewe in favour of the organic producers when compared to the conventional producers. The stocking rates for both types of production are considered to be low. As compared to the previous year the gross margin per ewe from conventional producers fell by about £7 per head due mainly to a fall in output, with the average finished lamb price increasing by close to £2 per head. For organic lowland sheep flocks the reduction in the gross margin was similar to conventional producers with variable costs unchanged but lower output in 2013/14.

Table 20 –Lowland Ewe Gross Margin data, 2013/2014

Gross margins per ewe and per hectare

	CONVENTIONAL		ORGANIC
	Average	Top third*	Average
Number of farms	92	36	16
Ewes per flock	327	314	214
Average lamb sale price - £/lamb	78	82	75
Stocking rate - ewes per hectare	5.1	6.8	5.0
	£ per head		
Output	92	138	90
Variable Costs	49	57	36
Gross Margin per head	43	81	54
Gross Margin per LU	275	503	346
Gross Margin per Hectare	221	554	269

\*Top third selected by gross margin per ewe



Figure 19 Lowland Ewe Gross Margin per Head and Per Hectare by flock size. 2013/2014

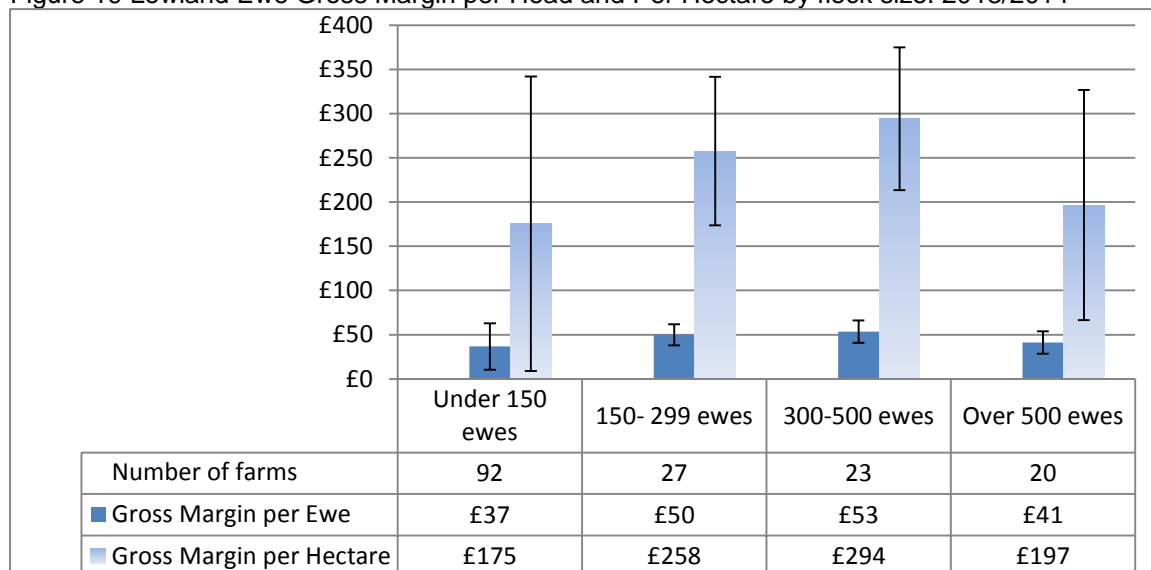
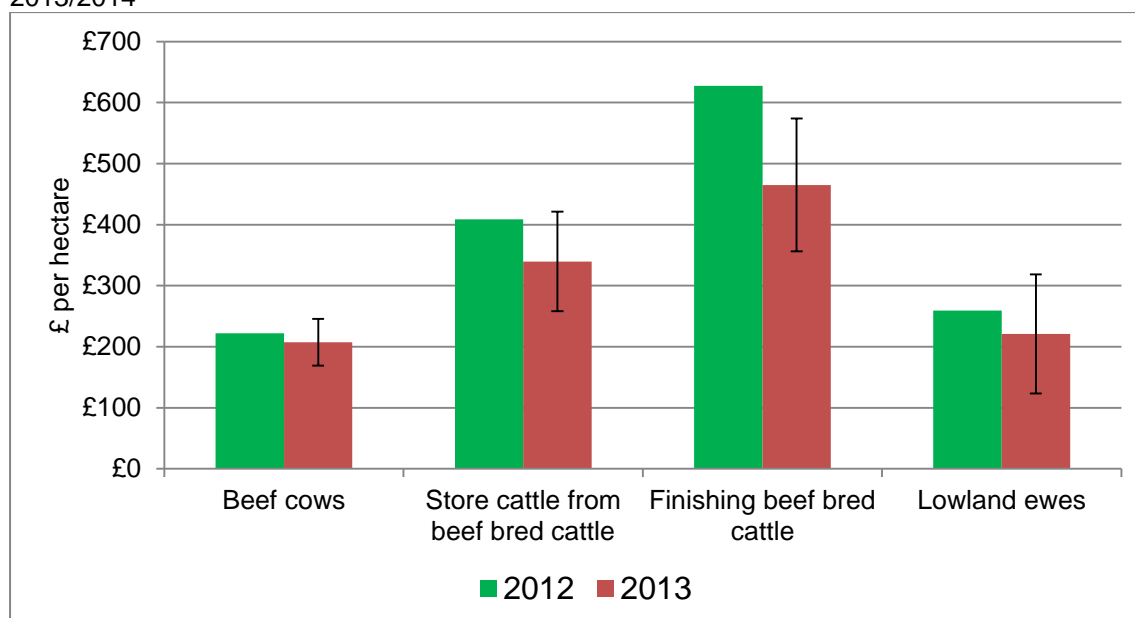


Figure 19 illustrates the differences in gross margins by the size of flock. The smallest flocks have the lowest gross margin, both per head and per hectare. There is a lot of variability in this group particularly on a per hectare basis. The largest flocks have a similar performance with the two mid-sized flocks having higher gross margins.

Gross margins per hectare from all the main livestock enterprises decreased compared to the previous year. Comparing the average gross margin per hectare across the differing livestock enterprises (Figure 20), the beef finishers have the highest margin followed by store cattle producers and the ewes with the beef cows having the lowest gross margin per hectare.

Figure 20 Comparing gross margin per hectare for average conventional producers 2012/2013 and 2013/2014



## Appendix 1 The Farm Business Survey (FBS)

### General

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

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

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

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

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

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

Farms in the sample are grouped by type of farm based on the EC system of classification defined by Commission Decision 85/377/EEC (with minor modifications to adapt it to United Kingdom conditions) and Standard Outputs per hectare of crop area and per head of livestock estimated over the period 2008-2012.

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 Survey) and in the sample within each farm type and size group. These weights are then further refined by a calibration process using information from sources other than the Census (mostly administrative data). For more information on the FBS weighting procedure and other statistical issues, please see:

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

## Definition of Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **Total variable costs**

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

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

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

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

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

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

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

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

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

#### **Total fixed costs**

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

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

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

**Machinery costs** relate to all machinery and equipment items, which originally cost more than £500, 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- 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, 2013/2014

	Average all farms	Performance Band		
		Low	Medium	High
Number of farms in group	300	47	162	91
Average farmed area (hectares)	94.0	59.3	89.1	137.9
Average proportion of owned total farmed area	59%	65%	66%	47%
£ per farm				
<u>Output</u>				
Cattle	41,387	12,754	43,418	65,536
Sheep	15,174	8,403	14,770	22,658
Other livestock	763	332	1,083	548
Crops	6,379	1,594	6,885	10,081
Forage	5,461	904	7,723	5,415
Environmentally Sensitive Area	167	166	209	85
Countryside Stewardship	459	331	290	923
Higher and Entry Level Stewardship	3,342	1,816	2,904	5,723
Organic Aid/ Organic Entry Level Stewardship	334	234	275	551
Other management/ agri-environment schemes	141	189	101	173
Single Payment Scheme	16,740	10,307	16,792	22,978
Rental income	4,456	4,303	3,119	7,287
Contract work	4,351	1,792	4,403	6,770
Miscellaneous output	5,119	2,253	6,621	4,931
Interest received	38	19	18	96
<b>TOTAL FARM OUTPUT</b>	<b>104,311</b>	<b>45,396</b>	<b>108,611</b>	<b>153,757</b>
<u>Variable costs</u>				
Concentrates	14,473	6,041	16,406	18,907
Purchased fodder	1,214	575	1,411	1,450
Veterinary and medicines	2,709	1,706	3,025	3,064
Other livestock costs	7,051	3,593	8,099	8,359
Seeds	1,394	850	1,484	1,748
Fertilisers	5,193	2,640	5,791	6,510
Crop protection	1,071	424	1,108	1,633
Other crop costs	1,007	227	1,428	930
<b>TOTAL VARIABLE COSTS</b>	<b>34,111</b>	<b>16,055</b>	<b>38,752</b>	<b>42,602</b>
<b>TOTAL GROSS MARGIN</b>	<b>70,199</b>	<b>29,342</b>	<b>69,859</b>	<b>111,155</b>

# Fixed Costs, Farm Business Income, Farm Corporate Income and Farm Investment Income, 2013/2014

	Average all farms	Performance Band		
		Low	Medium	High
		£ per farm		
TOTAL GROSS MARGIN	70,199	29,342	69,859	111,155
<u>Fixed costs</u>				
Paid regular labour	4,007	1,614	4,285	5,807
Directors remuneration	267	637	218	0
Casual labour	1,161	441	1,236	1,719
Contract	5,367	3,375	5,794	6,476
Machinery repairs	4,187	3,141	4,516	4,559
Machinery fuel	5,004	3,088	5,601	5,694
Machinery depreciation	9,690	6,886	9,938	11,957
Other depreciation	1	0	0	3
Electricity	952	762	1,068	904
Other fuel	257	229	268	263
Water	1,025	738	1,070	1,216
Insurance	3,539	2,908	3,686	3,868
Professional fees	2,067	1,775	2,261	1,966
Other general costs	3,013	2,434	3,396	2,817
Property maintenance	3,958	3,509	3,814	4,689
Rent, hired in keep and bare land	4,697	3,262	4,700	6,104
Rates	245	359	205	212
Buildings depreciation	3,169	2,555	3,506	3,101
Long-term interest	1,589	788	1,903	1,747
Short-term interest	937	829	1,177	563
TOTAL FIXED COSTS	55,132	39,331	58,643	63,665
<b>FARM BUSINESS INCOME</b>	<b>15,068</b>	<b>-9,989</b>	<b>11,216</b>	<b>47,490</b>
Less - All unpaid labour	26,088	24,877	28,481	22,485
<i>Equals</i> - FARM CORPORATE INCOME	-11,021	-34,866	-17,265	25,005
Plus - Net Interest	2,487	1,598	3,061	2,213
<i>Equals</i> - FARM INVESTMENT INCOME	-8,533	-33,269	-14,204	27,219



# Alternative Income Measures, 2013/2014

		Average all farms	Performance Band		
			Low	Medium	High
Reconciliation between Net Farm Income and Farm Business Profit					
	FARM BUSINESS INCOME	15,068	-9,989	11,216	47,490
Plus-	Directors remuneration	267	637	218	0
Less-	Net income from assets associated with the farm business	0	0	0	0
Plus-	Buildings and works depreciation	3,169	2,555	3,506	3,101
Plus-	Landlord type expenses	376	286	426	362
Plus-	Imputed rental income	265	226	262	309
Less-	Imputed rent and rental value	12,471	9,565	13,229	13,816
Plus-	Net Interest	2,487	1,598	3,061	2,213
Less-	Unpaid labour of partners	4,364	3,655	5,216	3,355
Equals-	NET FARM INCOME**	4,797	-17,908	245	36,305

\*\* Excluding Breeding Livestock Stock Appreciation

**Land Use and Indicators of Technical Efficiency, 2013/2014**  
**Performance Band**

	Average all farms	Low	Medium	High
Number of farms in group	300	47	162	91
Average farmed area (hectares)	94.0	59.3	89.1	137.9
Average proportion of owned total farmed area (%)	59%	65%	66%	47%
Land use				
Area of crops	6.3	2.3	6.7	9.4
Temporary grass	13.2	10.2	13.9	14.7
Permanent grass	62.7	42.8	60.1	87.6
Fodder crops	1.6	0.6	1.8	2.3
Rough grazing	5.3	0.8	1.9	16.7
Uncropped, fallow and turf	0.6	0.4	0.9	0.4
Forage hired in	4.2	2.2	3.9	6.9
Stocking				
Average number of dairy cows	1	0	1	2
Average number of beef cows	21	17	23	22
Average number of other cattle	78	36	83	110
Average number of ewes	156	110	146	223
Average number of other sheep	163	108	160	221
Grazing livestock units		GLUs per farm		
Dairy cows	0.8	0.0	0.7	1.9
Beef cows	10.5	8.5	11.3	11.1
Other cattle	48.1	23.3	50.0	68.7
Sheep	24.8	17.4	23.4	34.7
Other livestock	1.7	2.1	1.9	0.7
Total	85.9	51.3	87.3	117.2
GLUs per ha	0.99	0.91	1.07	0.91
GLUs per adjusted ha	1.00	0.91	1.08	0.93

**Balance Sheet, 2013/2014**

(end of year)

	Average all farms	Performance Band		
		Low	Medium	High
Average farmed area (hectares)	94.0	59.3	89.1	137.9
Average proportion of owned total farmed area	59%	65%	66%	47%
£ per farm				
End of year assets & liabilities				
Land & buildings	932,044	627,326	966,872	1,162,553
Milk quota	21	0	29	24
Single Payment Scheme	22,226	13,602	22,333	30,511
Machinery	56,275	37,998	57,973	70,885
Tenant's other assets	253	165	264	317
Breeding livestock	40,649	28,944	42,745	47,982
<b>Total fixed assets</b>	<b>1,051,467</b>	<b>708,035</b>	<b>1,090,216</b>	<b>1,312,272</b>
Trading livestock	46,874	17,446	50,616	68,375
Crops	1,735	580	1,927	2,489
Forage and cultivations	6,134	3,275	7,666	5,881
Stores	5,712	2,653	6,249	7,653
Debtors and loans	8,126	2,780	8,126	13,394
Bank credit and cash	21,087	10,132	15,738	42,610
Other current assets	0	0	0	0
<b>Total current assets</b>	<b>89,668</b>	<b>36,865</b>	<b>90,322</b>	<b>140,403</b>
<b>Total assets</b>	<b>1,141,136</b>	<b>744,900</b>	<b>1,180,538</b>	<b>1,452,676</b>
Financed by				
AMC	14,863	22,483	13,797	9,491
Bank loans	28,925	10,874	39,087	26,341
Other long term	7,579	3,078	8,847	9,474
<b>Total long term</b>	<b>51,368</b>	<b>36,434</b>	<b>61,730</b>	<b>45,306</b>
HP and lease	4,760	3,117	6,260	3,373
Creditors	8,689	6,490	8,553	11,130
Bank overdraft	19,524	19,121	22,674	13,606
Other short term	106	206	57	106
<b>Total current liabilities</b>	<b>33,080</b>	<b>28,934</b>	<b>37,544</b>	<b>28,215</b>
<b>Total Liabilities</b>	<b>84,447</b>	<b>65,368</b>	<b>99,274</b>	<b>73,521</b>
<b>Net worth</b>	<b>1,056,688</b>	<b>679,532</b>	<b>1,081,264</b>	<b>1,379,155</b>
Balance sheet ratios				
% Owner equity (net worth v.total assets)	93%	91%	92%	95%
% Fixed assets vs. total assets	92%	95%	92%	90%
Gearing (long-term loans v.total assets)	5%	5%	5%	3%
Total debt (external liabilities v.net worth)	8%	10%	9%	5%

**FUND FLOWS, 2013/2014**

	Average all farms	Performance Band		
		Low	Medium	High
Average farmed area (hectares)	94.0	59.3	89.1	137.9
Average proportion of owned total farmed area(%)	59%	65%	66%	47%
£ per farm				
<b>Funds available from trading</b>				
Farm Business Income	15,068	-9,989	11,216	47,490
Buildings and works depreciation	3,169	2,555	3,506	3,101
Machinery depreciation	9,691	6,886	9,938	11,960
Change in valuation *	-1,909	2,358	-2,147	-5,637
Trading net fund flow surplus	26,020	1,810	22,513	56,914
<b>Funds used for farm investments</b>				
Net property and quota purchases	2,364	9,274	-658	1,613
Net landlord capital purchases	4,597	3,020	5,614	4,111
Net machinery and equipment purchases	10,107	5,976	9,986	14,423
<b>Capital net fund flow</b>	17,068	18,269	14,942	20,147
<b>Total farm fund flow surplus</b>	8,952	-16,459	7,571	36,766
<b>Funds used for private expenditure</b>				
Private drawings	23,881	17,350	24,606	28,862
Net private funds introduced	10,989	24,157	10,412	-832
<b>Private fund outflow</b>	12,891	-6,807	14,194	29,695
<b>Total net fund flow surplus</b>	<b>-3,940</b>	<b>-9,652</b>	<b>-6,623</b>	<b>7,072</b>
Increase in loans and deposits	4,915	5,442	7,525	-838
Increase in bank balance	2,392	-1,841	3,375	4,593
Increase in cash in hand	-8	-38	0	6
Increase in debtors	232	107	-739	2,300
Increase in creditors	1,640	2,439	1,734	665
<b>Net change in funding</b>	<b>3,940</b>	<b>9,652</b>	<b>6,623</b>	<b>-7,072</b>

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

## 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, 2013/2014**

	Farm sub-types					
	Average all farms	Beef	Sheep	Beef & Sheep	Agri-related	Other
Number of farms in group	300	97	23	55	67	58
Average farmed area (hectares)	94.0	77.9	111.2	114.9	100.2	92.2
Average proportion of owned total farmed area	59%	59%	32%	51%	68%	64%
	£ per farm					
<u>Output</u>						
Cattle	41,387	74,431	4,764	41,852	13,615	34,891
Sheep	15,174	4,197	66,858	34,983	9,130	9,228
Other livestock	763	289	1,279	327	287	2,186
Crops	6,379	7,082	1,544	12,150	1,822	8,614
Forage	5,461	2,285	1,448	2,089	5,373	14,094
Environmentally Sensitive Area	167	290	0	62	216	41
Countryside Stewardship	459	115	538	660	934	271
Higher and Entry Level Stewardship	3,342	2,102	2,643	3,995	5,363	2,680
Organic Aid/ Organic Entry Level Stewardship	334	162	0	205	698	365
Other management/ agri-environment schemes	141	14	37	25	430	105
Single Payment Scheme	16,740	14,006	11,407	19,759	19,873	17,126
Rental income	4,456	2,303	3,027	2,716	9,157	3,825
Contract work	4,351	2,484	3,736	4,530	6,444	4,869
Miscellaneous output	5,119	1,399	3,106	1,099	11,926	6,105
Interest received	38	18	9	27	77	41
<b>TOTAL FARM OUTPUT</b>	<b>104,311</b>	<b>111,178</b>	<b>100,396</b>	<b>124,479</b>	<b>85,344</b>	<b>104,442</b>
<u>Variable costs</u>						
Concentrates	14,473	21,755	16,649	17,511	4,532	12,230
Purchased fodder	1,214	1,825	1,964	1,172	616	746
Veterinary and medicines	2,709	2,651	4,598	4,067	1,734	2,444
Other livestock costs	7,051	8,291	8,179	9,836	4,064	6,489
Seeds	1,394	1,368	819	1,746	1,160	1,677
Fertilisers	5,193	6,081	4,711	7,157	2,633	5,748
Crop protection	1,071	1,156	927	1,636	351	1,479
Other crop costs	1,007	810	227	910	1,051	1,589
<b>TOTAL VARIABLE COSTS</b>	<b>34,111</b>	<b>43,937</b>	<b>38,073</b>	<b>44,036</b>	<b>16,141</b>	<b>32,403</b>
<b>TOTAL GROSS MARGIN</b>	<b>70,199</b>	<b>67,241</b>	<b>62,323</b>	<b>80,443</b>	<b>69,204</b>	<b>72,040</b>

**Fixed Costs, Farm Business Income, Farm Corporate Income and Farm Investment Income, 2013/2014**

	Average all farms	Farm sub-types				
		Beef	Sheep	Beef & Sheep	Agri- related	Other
			£ per farm			
<b>TOTAL GROSS MARGIN</b>	70,199	67,241	62,323	80,443	69,204	72,040
<u>Fixed costs</u>						
Paid regular labour	4,007	2,127	5,552	4,765	4,229	5,670
Directors remuneration	267	102	0	0	927	0
Casual labour	1,161	1,133	723	1,453	1,360	925
Contract	5,367	6,734	4,064	5,451	4,497	4,653
Machinery repairs	4,187	3,744	3,090	4,995	3,998	4,954
Machinery fuel	5,004	4,834	4,363	5,908	4,205	5,855
Machinery depreciation	9,690	8,681	8,543	11,305	8,606	11,909
Other depreciation	1	3	0	0	0	0
Electricity	952	823	875	688	1,087	1,189
Other fuel	257	269	168	431	254	161
Water	1,025	1,256	562	1,170	845	940
Insurance	3,539	3,049	3,304	3,684	3,892	3,872
Professional fees	2,067	1,993	1,423	1,753	2,268	2,364
Other general costs	3,013	2,508	2,688	2,842	3,556	3,378
Property maintenance	3,958	3,177	3,478	4,041	5,746	3,153
Rent, hired in keep and bare land	4,697	4,388	7,119	6,492	2,832	5,423
Rates	245	158	37	107	584	135
Buildings depreciation	3,169	3,542	1,550	3,327	3,141	3,066
Long-term interest	1,589	1,678	824	1,227	2,118	1,309
Short-term interest	937	1,073	548	752	918	999
<b>TOTAL FIXED COSTS</b>	55,132	51,271	48,911	60,391	55,064	59,955
 <b>FARM BUSINESS INCOME</b>	 <b>15,068</b>	 <b>15,970</b>	 <b>13,412</b>	 <b>20,052</b>	 <b>14,140</b>	 <b>12,084</b>
 Less - All unpaid labour	 26,088	 26,138	 24,630	 26,805	 23,575	 29,045
 <i>Equals</i> - FARM CORPORATE INCOME	 -11,021	 -10,168	 -11,218	 -6,753	 -9,435	 -16,960
 Plus - Net Interest	 2,487	 2,733	 1,363	 1,952	 2,960	 2,267
 <i>Equals</i> - FARM INVESTMENT INCOME	 -8,533	 -7,435	 -9,855	 -4,801	 -6,475	 -14,693

# Alternative Income Measures, 2013/2014

		Average all farms	Farm sub-types				Other
			Beef	Sheep	Beef & Sheep	Agri- related	
Reconciliation between Net Farm Income and Farm Business Profit							
	FARM BUSINESS INCOME	15,068	15,970	13,412	20,052	14,140	12,084
Plus-	Directors remuneration	267	102	0	0	927	0
Less-	Net income from assets associated with the farm business	0	0	0	0	0	0
Plus-	Buildings and works depreciation	3,169	3,542	1,550	3,327	3,141	3,066
Plus-	Landlord type expenses	376	312	285	361	477	394
Plus-	Imputed rental income	265	180	128	427	255	352
Less-	Imputed rent and rental value	12,471	11,197	7,137	12,815	14,879	13,173
Plus-	Net Interest	2,487	2,733	1,363	1,952	2,960	2,267
Less-	Unpaid labour of partners	4,364	4,180	5,435	4,716	4,271	4,173
Equals-	NET FARM INCOME**	4,797	7,462	4,167	8,587	2,750	818

\*\* Excluding Breeding Livestock Stock Appreciation

**Land Use and Indicators of Technical Efficiency, 2013/2014**

	<b>Farm sub-types</b>					
	<b>Average all farms</b>	<b>Beef</b>	<b>Sheep</b>	<b>Beef &amp; Sheep</b>	<b>Agri- related</b>	<b>Other</b>
Number of farms in group	300	97	23	55	67	58
Average farmed area (hectares)	94.0	77.9	111.2	114.9	100.2	92.2
Average proportion of owned total farmed area(%)	59%	59%	32%	51%	68%	64%
<b>Land use</b>						
Area of crops	6.3	6.6	1.4	12.6	2.3	7.9
Temporary grass	13.2	13.1	6.1	18.2	10.3	15.7
Permanent grass	62.7	50.7	82.2	75.6	68.1	60.1
Fodder crops	1.6	2.1	0.1	1.9	0.9	2.1
Rough grazing	5.3	1.1	5.3	1.3	16.1	1.7
Uncropped, fallow and turf	0.6	0.3	0.1	0.3	1.1	1.1
Forage hired in	4.2	4.0	16.1	5.0	1.3	3.5
<b>Stocking</b>						
Average number of dairy cows	1	0	0	0	0	4
Average number of beef cows	21	26	6	26	17	20
Average number of other cattle	78	129	12	87	37	64
Average number of ewes	156	38	606	301	129	130
Average number of other sheep	163	46	570	350	121	135
<b>Grazing livestock units</b>						
			<b>GLUs per farm</b>			
Dairy cows	0.8	0.0	0.0	0.0	0.0	3.9
Beef cows	10.5	13.0	3.0	12.9	8.5	10.1
Other cattle	48.1	77.5	7.5	54.8	24.9	39.2
Sheep	24.8	6.2	92.6	49.0	19.9	20.8
Other livestock	1.7	0.3	0.2	0.5	4.8	1.3
Total	85.9	97.0	103.3	117.2	58.2	75.3
GLUs per ha	0.99	1.37	0.94	1.15	0.60	0.91
GLUs per adjusted ha	1.00	1.38	0.97	1.15	0.61	0.91



**Balance Sheet, 2013/2014**

(end of year)

	Farm sub-types					
	Average all farms	Beef	Sheep	Beef & Sheep	Agri- related	Other
Number of farms in group	300	97	23	55	67	58
Average farmed area (hectares)	94.0	77.9	111.2	114.9	100.2	92.2
Average proportion of owned total farmed area	59%	59%	32%	51%	68%	64%
	£ per farm					
End of year assets & liabilities						
Land & buildings	932,044	855,553	637,764	879,893	1,092,137	994,129
Milk quota	21	33	0	0	0	47
Single Payment Scheme	22,226	18,601	14,979	26,283	26,442	22,686
Machinery	56,275	50,794	47,058	62,428	55,918	64,419
Tenant's other assets	253	259	6	300	115	461
Breeding livestock	40,649	32,734	67,094	62,815	28,698	43,983
<b>Total fixed assets</b>	<b>1,051,467</b>	<b>957,973</b>	<b>766,900</b>	<b>1,031,721</b>	<b>1,203,310</b>	<b>1,125,724</b>
Trading livestock	46,874	76,220	14,795	54,096	23,668	34,785
Crops	1,735	1,429	99	3,795	456	2,961
Forage and cultivations	6,134	6,772	2,111	5,728	4,995	8,123
Stores	5,712	6,331	4,206	6,289	3,828	7,130
Debtors and loans	8,126	7,460	7,118	7,111	9,621	8,384
Bank credit and cash	21,087	11,746	25,117	18,602	26,637	29,343
Other current assets	0	0	0	0	0	0
<b>Total current assets</b>	<b>89,668</b>	<b>109,959</b>	<b>53,446</b>	<b>95,621</b>	<b>69,206</b>	<b>90,726</b>
<b>Total assets</b>	<b>1,141,136</b>	<b>1,067,931</b>	<b>820,346</b>	<b>1,127,342</b>	<b>1,272,516</b>	<b>1,216,450</b>
Financed by						
AMC	14,863	25,071	13,379	13,622	8,737	7,493
Bank loans	28,925	26,131	7,366	19,032	44,107	28,886
Other long term	7,579	6,338	4,138	9,653	8,143	8,669
<b>Total long term</b>	<b>51,368</b>	<b>57,540</b>	<b>24,883</b>	<b>42,307</b>	<b>60,987</b>	<b>45,048</b>
HP and lease	4,760	5,235	2,477	4,796	5,947	3,347
Creditors	8,689	9,853	7,342	6,919	8,264	8,980
Bank overdraft	19,524	21,083	12,703	14,162	23,185	18,500
Other short term	106	48	438	77	17	208
<b>Total current liabilities</b>	<b>33,080</b>	<b>36,219</b>	<b>22,961</b>	<b>25,954</b>	<b>37,414</b>	<b>31,034</b>
<b>Total Liabilities</b>	<b>84,447</b>	<b>93,759</b>	<b>47,844</b>	<b>68,261</b>	<b>98,401</b>	<b>76,083</b>
<b>Net worth</b>	<b>1,056,688</b>	<b>974,172</b>	<b>772,502</b>	<b>1,059,080</b>	<b>1,174,115</b>	<b>1,140,367</b>
Balance sheet ratios						
% Owner equity (net worth v.total assets)	93%	91%	94%	94%	92%	94%
% Fixed assets vs. total assets	92%	90%	93%	92%	95%	93%
Gearing (long-term loans v.total assets)	5%	5%	3%	4%	5%	4%
Total debt (external liabilities v.net worth)	8%	10%	6%	6%	8%	7%

**FUND FLOWS, 2013/2014**

	<b>Farm sub-types</b>					
	Average all farms	<b>Beef</b>	<b>Sheep</b>	<b>Beef &amp; Sheep</b>	<b>Agri- related</b>	<b>Other</b>
Number of farms in group	300	97	23	55	67	58
Average farmed area (hectares)	94.0	77.9	111.2	114.9	100.2	92.2
Average proportion of owned total farmed area(%)	59%	59%	32%	51%	68%	64%
	<b>£ per farm</b>					
<b>Funds available from trading</b>						
Farm Business Income	15,068	15,970	13,412	20,052	14,140	12,084
Buildings and works depreciation	3,169	3,542	1,550	3,327	3,141	3,066
Machinery depreciation	9,691	8,683	8,543	11,305	8,606	11,909
Change in valuation *	-1,909	-6,329	2,008	-3,020	2,692	-1,083
<b>Trading net fund flow surplus</b>	<b>26,020</b>	<b>21,865</b>	<b>25,513</b>	<b>31,663</b>	<b>28,579</b>	<b>25,977</b>
<b>Funds used for farm investments</b>						
Net property and quota purchases	2,364	1,799	0	14,966	-1,978	1,053
Net landlord capital purchases	4,597	6,049	3,901	3,559	3,763	4,227
Net machinery and equipment purchases	10,107	10,209	6,852	10,187	12,109	8,606
<b>Capital net fund flow</b>	<b>17,068</b>	<b>18,057</b>	<b>10,753</b>	<b>28,711</b>	<b>13,894</b>	<b>13,887</b>
<b>Total farm fund flow surplus</b>	<b>8,952</b>	<b>3,809</b>	<b>14,760</b>	<b>2,952</b>	<b>14,686</b>	<b>12,090</b>
<b>Funds used for private expenditure</b>						
Private drawings	23,881	20,378	16,943	24,180	32,892	20,752
Net private funds introduced	10,989	8,071	3,981	11,096	12,580	15,966
<b>Private fund outflow</b>	<b>12,891</b>	<b>12,307</b>	<b>12,962</b>	<b>13,084</b>	<b>20,312</b>	<b>4,785</b>
<b>Total net fund flow surplus</b>	<b>-3,940</b>	<b>-8,499</b>	<b>1,798</b>	<b>-10,133</b>	<b>-5,626</b>	<b>7,304</b>
Increase in loans and deposits	4,915	8,098	-2,806	13,832	987	1,445
Increase in bank balance	2,392	577	-2,765	2,134	-717	10,869
Increase in cash in hand	-8	0	29	-3	-39	2
Increase in debtors	232	624	754	1,018	-795	154
Increase in creditors	1,640	1,602	-974	-550	3,089	2,276
<b>Net change in funding</b>	<b>3,940</b>	<b>8,499</b>	<b>-1,798</b>	<b>10,133</b>	<b>5,626</b>	<b>-7,304</b>

\* 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) – Organic and Conventional

### Grazing Livestock (Lowland) farms in England

#### Gross Output, Variable Costs and Farm Gross Margin, 2013/2014

	Type of Production	
	Conventional	Organic
Number of farms in group	257	43
Average farmed area (hectares)	94.0	93.6
Average proportion of owned total farmed area	59%	57%
	£ per farm	
<u>Output</u>		
Cattle	42,228	30,376
Sheep	15,788	7,135
Other livestock	769	686
Crops	6,511	4,662
Forage	5,573	3,990
Environmentally Sensitive Area	180	0
Countryside Stewardship	428	863
Higher and Entry Level Stewardship	3,083	6,721
Organic Aid/ Organic Entry Level Stewardship	13	4,536
Other management/ agri-environment schemes	141	142
Single Payment Scheme	16,451	20,522
Rental income	4,230	7,411
Contract work	4,478	2,693
Miscellaneous output	4,841	8,746
Interest received	27	187
<b>TOTAL FARM OUTPUT</b>	<b>104,742</b>	<b>98,668</b>
<u>Variable costs</u>		
Concentrates	15,182	5,188
Purchased fodder	1,264	562
Veterinary and medicines	2,793	1,616
Other livestock costs	7,171	5,489
Seeds	1,338	2,115
Fertilisers	5,545	582
Crop protection	1,148	61
Other crop costs	1,023	787
<b>TOTAL VARIABLE COSTS</b>	<b>35,465</b>	<b>16,400</b>
<b>TOTAL GROSS MARGIN</b>	<b>69,277</b>	<b>82,268</b>

**Fixed Costs, Farm Business Income, Farm Corporate Income  
and Farm Investment Income, 2013/2014**

	Type of Production	
	Conventional	Organic
	£ per farm	
TOTAL GROSS MARGIN	69,277	82,268
<u>Fixed costs</u>		
Paid regular labour	3,952	4,728
Directors remuneration	86	2,632
Casual labour	1,152	1,276
Contract	5,359	5,470
Machinery repairs	4,149	4,682
Machinery fuel	5,029	4,679
Machinery depreciation	9,460	12,700
Other depreciation	1	1
Electricity	948	1,002
Other fuel	259	236
Water	1,030	953
Insurance	3,539	3,545
Professional fees	2,066	2,083
Other general costs	2,961	3,695
Property maintenance	3,704	7,282
Rent, hired in keep and bare land	4,549	6,634
Rates	258	68
Buldings depreciation	3,211	2,630
Long-term interest	1,536	2,281
Short-term interest	937	936
TOTAL FIXED COSTS	54,185	67,514
 <b>FARM BUSINESS INCOME</b>	 <b>15,092</b>	 <b>14,755</b>
 <i>Less - All unpaid labour</i>	 26,258	 23,874
 <i>Equals - FARM CORPORATE INCOME</i>	 -11,166	 -9,119
 <i>Plus - Net Interest</i>	 2,446	 3,031
 <i>Equals - FARM INVESTMENT INCOME</i>	 -8,720	 -6,088

# **Alternative Income Measures, 2013/2014**

		<b>Type of Production</b>	
		<b>Conventional</b>	<b>Organic</b>
Reconciliation between Net Farm Income and Farm Business Profit			
	<b>FARM BUSINESS INCOME</b>	15,092	14,755
Plus-	Directors remuneration	86	2,632
Less-	Net income from assets associated with the farm business	0	0
Plus-	Buildings and works depreciation	3,211	2,630
Plus-	Landlord type expenses	376	370
Plus-	Imputed rental income	252	441
Less-	Imputed rent and rental value	12,580	11,048
Plus-	Net Interest	2,446	3,031
Less-	Unpaid labour of partners	4,402	3,868
Equals-	<b>NET FARM INCOME**</b>	<b>4,480</b>	<b>8,942</b>

\*\* Excluding Breeding Livestock Stock Appreciation

**Land Use and Indicators of Technical Efficiency,  
2013/2014**

	Type of Production	
	Conventional	Organic
Number of farms in group	257	43
Average farmed area (hectares)	94.0	93.6
Average proportion of owned total farmed area(%)	59%	57%
Land use		
Area of crops	6.4	5.1
Temporary grass	12.8	18.2
Permanent grass	62.9	60.5
Fodder crops	1.6	2.1
Rough grazing	5.4	4.5
Uncropped, fallow and turf	0.6	1.0
Forage hired in	4.4	2.1
Stocking		
Average number of dairy cows	1	1
Average number of beef cows	21	26
Average number of other cattle	79	67
Average number of ewes	162	81
Average number of other sheep	169	82
Grazing livestock units	GLU's per farm	
Dairy cows	0.8	1.0
Beef cows	10.3	13.2
Other cattle	48.5	42.9
Sheep	25.7	12.7
Other livestock	1.7	1.7
Total	87.0	71.4
GLUs per ha	1.00	0.82
GLUs per adjusted ha	1.01	0.82

**Balance Sheet, 2013/2014**

(end of year)

	<b>Type of Production</b>	
	<b>Conventional</b>	<b>Organic</b>
Number of farms in group	257	43
Average farmed area (hectares)	94.0	93.6
Average proportion of owned total farmed area	59%	57%
	£ per farm	
End of year assets & liabilities		
Land & buildings	927,538	991,001
Milk quota	19	41
Single Payment Scheme	21,837	27,318
Machinery	55,007	72,863
Tenant's other assets	247	328
Breeding livestock	41,111	34,594
<b>Total fixed assets</b>	<b>1,045,759</b>	<b>1,126,145</b>
Trading livestock	47,817	34,535
Crops	1,747	1,580
Forage and cultivations	6,267	4,398
Stores	5,992	2,060
Debtors and loans	7,644	14,427
Bank credit and cash	21,411	16,849
Other current assets	0	0
<b>Total current assets</b>	<b>90,878</b>	<b>73,847</b>
<b>Total assets</b>	<b>1,136,636</b>	<b>1,199,992</b>
Financed by		
AMC	15,042	12,516
Bank loans	27,838	43,155
Other long term	7,589	7,454
<b>Total long term</b>	<b>50,469</b>	<b>63,124</b>
HP and lease	4,616	6,643
Creditors	8,907	5,846
Bank overdraft	19,898	14,633
Other short term	111	42
<b>Total current liabilities</b>	<b>33,532</b>	<b>27,164</b>
<b>Total Liabilities</b>	<b>84,001</b>	<b>90,289</b>
<b>Net worth</b>	<b>1,052,636</b>	<b>1,109,703</b>
Balance sheet ratios		
% Owner equity (net worth v.total assets)	93%	92%
% Fixed assets vs. total assets	92%	94%
Gearing (long-term loans v.total assets)	4%	5%
Total debt (external liabilities v.net worth)	8%	8%

**FUND FLOWS, 2013/2014**

	<b>Conventional</b>	<b>Organic</b>
Number of farms in group	257	43
Average farmed area (hectares)	94.0	93.6
Average proportion of owned total farmed area(%)	59%	57%
	£ per farm	
<b>Funds available from trading</b>		
Farm Business Income	15,092	14,755
Buildings and works depreciation	3,211	2,630
Machinery depreciation	9,461	12,701
Change in valuation *	-2,584	6,926
Trading net fund flow surplus	25,180	37,011
<b>Funds used for farm investments</b>		
Net property and quota purchases	2,584	-510
Net landlord capital purchases	4,540	5,334
Net machinery and equipment purchases	9,892	12,923
<b>Capital net fund flow</b>	17,016	17,746
<b>Total farm fund flow surplus</b>	8,163	19,265
<b>Funds used for private expenditure</b>		
Private drawings	23,014	35,222
Net private funds introduced	9,793	26,640
<b>Private fund outflow</b>	-13,221	-8,581
<b>Total net fund flow surplus</b>	<b>-5,058</b>	<b>10,684</b>
Increase in loans and deposits	5,256	456
Increase in bank balance	1,880	9,089
Increase in cash in hand	-8	-7
Increase in debtors	183	867
Increase in creditors	1,857	-1,191
<b>Net change in funding</b>	<b>5,058</b>	<b>-10,684</b>

\* 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) by EU Region

**Grazing Livestock (Lowland) farms in England****Gross Output, Variable Costs and Farm Gross Margin,  
2013/2014**

	Average all farms	EU region		
		North	East	West
Number of farms in group	300	65	92	143
Average farmed area (hectares)	94.0	115.0	110.7	76.5
Average proportion of owned total farmed area	59%	47%	50%	73%
£ per farm				
<u>Output</u>				
Cattle	41,387	60,375	33,332	39,646
Sheep	15,174	20,314	15,710	13,062
Other livestock	763	619	520	961
Crops	6,379	11,716	5,999	4,752
Forage	5,461	10,539	4,934	4,012
Environmentally Sensitive Area	167	13	152	231
Countryside Stewardship	459	116	891	316
Higher and Entry Level Stewardship	3,342	3,060	3,735	3,202
Organic Aid/ Organic Entry Level Stewardship	334	191	135	504
Other management/ agri- environment schemes	141	71	287	77
Single Payment Scheme	16,740	20,753	18,108	14,518
Rental income	4,456	2,912	3,790	5,395
Contract work	4,351	4,269	4,775	4,124
Miscellaneous output	5,119	3,210	9,167	3,338
Interest received	38	52	53	25
<b>TOTAL FARM OUTPUT</b>	<b>104,311</b>	<b>138,209</b>	<b>101,588</b>	<b>94,162</b>
<u>Variable costs</u>				
Concentrates	14,473	28,011	10,916	11,911
Purchased fodder	1,214	1,900	1,258	950
Veterinary and medicines	2,709	4,125	2,274	2,479
Other livestock costs	7,051	9,068	6,072	6,941
Seeds	1,394	1,933	1,171	1,341
Fertilisers	5,193	8,573	4,330	4,538
Crop protection	1,071	1,841	1,078	799
Other crop costs	1,007	1,806	1,097	674
<b>TOTAL VARIABLE COSTS</b>	<b>34,111</b>	<b>57,258</b>	<b>28,196</b>	<b>29,631</b>
<b>TOTAL GROSS MARGIN</b>	<b>70,199</b>	<b>80,951</b>	<b>73,392</b>	<b>64,531</b>

# Fixed Costs, Farm Business Income, Farm Corporate Income and Farm Investment Income, 2013/2014

	Average all farms	EU region		
		North	East	West
		£ per farm		
<b>TOTAL GROSS MARGIN</b>	<b>70,199</b>	<b>80,951</b>	<b>73,392</b>	<b>64,531</b>
<u>Fixed costs</u>				
Paid regular labour	4,007	3,291	6,085	3,001
Directors remuneration	267	0	395	282
Casual labour	1,161	1,148	954	1,290
Contract	5,367	5,822	5,901	4,887
Machinery repairs	4,187	4,928	4,399	3,802
Machinery fuel	5,004	6,616	4,858	4,531
Machinery depreciation	9,690	14,328	8,533	8,776
Other depreciation	1	0	0	2
Electricity	952	1,135	995	862
Other fuel	257	255	221	280
Water	1,025	1,042	1,296	855
Insurance	3,539	3,700	3,416	3,557
Professional fees	2,067	2,667	1,918	1,948
Other general costs	3,013	2,848	3,563	2,739
Property maintenance	3,958	3,613	3,582	4,305
Rent, hired in keep and bare land	4,697	6,302	4,877	4,029
Rates	245	173	348	207
Buildings depreciation	3,169	3,854	2,809	3,149
Long-term interest	1,589	1,327	1,686	1,621
Short-term interest	937	1,398	903	797
<b>TOTAL FIXED COSTS</b>	<b>55,132</b>	<b>64,447</b>	<b>56,740</b>	<b>50,920</b>
 <b>FARM BUSINESS INCOME</b>	 <b>15,068</b>	 <b>16,504</b>	 <b>16,652</b>	 <b>13,611</b>
 Less - All unpaid labour	 26,088	 29,468	 22,331	 27,182
 <i>Equals</i> - FARM CORPORATE INCOME	 -11,021	 -12,964	 -5,678	 -13,572
 Plus - Net Interest	 2,487	 2,674	 2,536	 2,393
 <i>Equals</i> - FARM INVESTMENT INCOME	 -8,533	 -10,290	 -3,142	 -11,178

# Alternative Income Measures, 2013/2014

		Average all farms	EU region		
			North	East	West
Reconciliation between Net Farm Income and Farm Business Profit					
	FARM BUSINESS INCOME	15,068	16,504	16,652	13,611
Plus-	Directors remuneration	267	0	395	282
Less-	Net income from assets associated with the farm business	0	0	0	0
Plus-	Buildings and works depreciation	3,169	3,854	2,809	3,149
Plus-	Landlord type expenses	376	446	481	288
Plus-	Imputed rental income	265	333	209	276
Less-	Imputed rent and rental value	12,471	12,811	12,042	12,612
Plus-	Net Interest	2,487	2,674	2,536	2,393
Less-	Unpaid labour of partners	4,364	7,209	2,405	4,557
Equals-	NET FARM INCOME**	4,797	3,791	8,635	2,829

\*\* Excluding Breeding Livestock Stock Appreciation

# Land Use and Indicators of Technical Efficiency, 2013/2014

	Average all farms	EU region		
		North	East	West
Number of farms in group	300	65	92	143
Average farmed area (hectares)	94.0	115.0	110.7	76.5
Average proportion of owned total farmed area(%)	59%	47%	50%	73%
Land use				
Area of crops	6.3	11.2	5.8	4.9
Temporary grass	13.2	18.4	9.3	13.7
Permanent grass	62.7	59.8	85.9	49.7
Fodder crops	1.6	2.2	1.2	1.7
Rough grazing	5.3	20.5	3.4	1.2
Uncropped, fallow and turf	0.6	0.4	0.7	0.7
Forage hired in	4.2	2.5	4.5	4.6
Stocking				
Average number of dairy cows	1	0	0	1
Average number of beef cows	21	22	21	21
Average number of other cattle	78	112	69	72
Average number of ewes	156	212	179	124
Average number of other sheep	163	209	189	130
Grazing livestock units				
		GLUs per farm		
Dairy cows	0.8	0.3	0.4	1.3
Beef cows	10.5	11.2	10.5	10.4
Other cattle	48.1	67.3	43.8	44.0
Sheep	24.8	32.8	28.7	19.6
Other livestock	1.7	1.6	2.7	1.1
Total	85.9	113.2	86.0	76.3
GLUs per ha	0.99	1.10	0.83	1.07
GLUs per adjusted ha	1.00	1.12	0.83	1.08

**Balance Sheet, 2013/2014**

(end of year)

	Average all farms	EU region		
		North	East	West
Number of farms in group	300	65	92	143
Average farmed area (hectares)	94.0	115.0	110.7	76.5
Average proportion of owned total farmed area	59%	47%	50%	73%
£ per farm				
End of year assets & liabilities				
Land & buildings	932,044	813,630	916,329	982,736
Milk quota	21	23	0	32
Single Payment Scheme	22,226	27,576	23,935	19,332
Machinery	56,275	76,501	49,391	53,396
Tenant's other assets	253	246	180	299
Breeding livestock	40,649	49,220	39,121	38,589
<b>Total fixed assets</b>	<b>1,051,467</b>	<b>967,196</b>	<b>1,028,955</b>	<b>1,094,386</b>
Trading livestock	46,874	69,462	41,612	42,193
Crops	1,735	2,778	1,765	1,354
Forage and cultivations	6,134	8,113	8,042	4,294
Stores	5,712	6,188	6,285	5,201
Debtors and loans	8,126	5,940	7,207	9,441
Bank credit and cash	21,087	16,856	30,465	16,894
Other current assets	0	0	0	0
<b>Total current assets</b>	<b>89,668</b>	<b>109,336</b>	<b>95,376</b>	<b>79,378</b>
<b>Total assets</b>	<b>1,141,136</b>	<b>1,076,531</b>	<b>1,124,331</b>	<b>1,173,763</b>
Financed by				
AMC	14,863	10,005	15,166	16,370
Bank loans	28,925	32,543	24,181	30,532
Other long term	7,579	10,297	11,831	4,065
<b>Total long term</b>	<b>51,368</b>	<b>52,845</b>	<b>51,179</b>	<b>50,968</b>
HP and lease	4,760	8,138	4,505	3,739
Creditors	8,689	10,794	8,172	8,269
Bank overdraft	19,524	25,886	18,201	18,110
Other short term	106	23	167	97
<b>Total current liabilities</b>	<b>33,080</b>	<b>44,842</b>	<b>31,046</b>	<b>30,216</b>
<b>Total Liabilities</b>	<b>84,447</b>	<b>97,687</b>	<b>82,225</b>	<b>81,184</b>
<b>Net worth</b>	<b>1,056,688</b>	<b>978,844</b>	<b>1,042,107</b>	<b>1,092,580</b>
Balance sheet ratios				
% Owner equity (net worth v.total assets)	93%	91%	93%	93%
% Fixed assets vs. total assets	92%	90%	92%	93%
Gearing (long-term loans v.total assets)	5%	5%	5%	4%
Total debt (external liabilities v.net worth)	8%	10%	8%	7%

**FUND FLOWS, 2013/2014**

	Average all farms	EU region		
		North	East	West
Number of farms in group	300	65	92	143
Average farmed area (hectares)	94.0	115.0	110.7	76.5
Average proportion of owned total farmed area(%)	59%	47%	50%	73%
£ per farm				
<b>Funds available from trading</b>				
Farm Business Income	15,068	16,504	16,652	13,611
Buildings and works depreciation	3,169	3,854	2,809	3,149
Machinery depreciation	9,691	14,328	8,534	8,777
Change in valuation *	-1,909	-2,693	-3,375	-750
Trading net fund flow surplus	26,020	31,993	24,619	24,787
<b>Funds used for farm investments</b>				
Net property and quota purchases	2,364	-1,786	5,906	1,668
Net landlord capital purchases	4,597	6,668	3,952	4,265
Net machinery and equipment purchases	10,107	13,920	8,653	9,659
<b>Capital net fund flow</b>	17,068	18,802	18,511	15,593
<b>Total farm fund flow surplus</b>	8,952	13,191	6,108	9,194
<b>Funds used for private expenditure</b>				
Private drawings	23,881	23,083	29,009	21,060
Net private funds introduced	10,989	3,105	16,834	10,202
<b>Private fund outflow</b>	12,891	19,978	12,175	10,858
<b>Total net fund flow surplus</b>	<b>-3,940</b>	<b>-6,787</b>	<b>-6,067</b>	<b>-1,664</b>
Increase in loans and deposits	4,915	13,464	5,153	1,798
Increase in bank balance	2,392	7,091	1,167	1,497
Increase in cash in hand	-8	-52	5	0
Increase in debtors	232	-149	821	8
Increase in creditors	1,640	213	2,908	1,371
<b>Net change in funding</b>	<b>3,940</b>	<b>6,787</b>	<b>6,067</b>	<b>1,664</b>

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

## Appendix 6- 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, 2013/2014

	Farm Size by Standard Labour Requirement				
	Part-time	Small	Medium	Large	Very Large
Number of farms in group	53	96	59	58	34
Average farmed area (hectares)	57.9	75.3	110.5	158.1	423.3
Average proportion of owned total farmed area	74%	71%	72%	46%	21%
£ per farm					
<u>Output</u>					
Cattle	22,754	32,748	57,666	87,274	157,755
Sheep	2,611	12,778	22,748	45,558	82,195
Other livestock	862	105	1,092	413	3,751
Crops	1,803	3,796	10,352	17,826	37,704
Forage	6,818	3,758	3,580	5,764	7,164
Environmentally Sensitive Area	149	167	18	94	941
Countryside Stewardship	373	286	1,337	162	508
Higher and Entry Level Stewardship	1,557	3,094	4,892	5,305	15,440
Organic Aid/ Organic Entry Level Stewardship	261	369	74	659	1,003
Other management/ agri-environment schemes	100	240	151	30	108
Single Payment Scheme	11,919	14,355	20,167	24,793	57,513
Rental income	5,084	3,107	3,450	4,761	8,979
Contract work	2,788	5,443	4,261	7,138	8,549
Miscellaneous output	4,399	6,674	3,868	3,710	8,903
Interest received	39	21	59	26	108
<b>TOTAL FARM OUTPUT</b>	<b>61,517</b>	<b>86,941</b>	<b>133,715</b>	<b>203,513</b>	<b>390,621</b>
<u>Variable costs</u>					
Concentrates	5,331	9,729	21,333	37,570	77,004
Purchased fodder	514	984	1,537	3,416	4,890
Veterinary and medicines	1,317	2,508	3,240	5,014	12,670
Other livestock costs	3,663	6,679	9,125	13,121	27,372
Seeds	761	1,062	1,745	3,050	5,987
Fertilisers	3,196	4,369	6,883	10,922	15,591
Crop protection	476	570	1,364	2,601	6,788
Other crop costs	1,044	552	977	1,774	2,176
<b>TOTAL VARIABLE COSTS</b>	<b>16,302</b>	<b>26,454</b>	<b>46,203</b>	<b>77,467</b>	<b>152,478</b>
<b>TOTAL GROSS MARGIN</b>	<b>45,215</b>	<b>60,487</b>	<b>87,512</b>	<b>126,046</b>	<b>238,143</b>

**Fixed Costs, Farm Business Income, Farm Corporate Income and Farm Investment Income, 2013/2014**

	Farm Size by Standard Labour Requirement				
	Part-time	Small	Medium	Large	Very Large
			£ per farm		
TOTAL GROSS MARGIN	45,215	60,487	87,512	126,046	238,143
<u>Fixed costs</u>					
Paid regular labour	1,285	2,973	5,762	5,478	31,454
Directors remuneration	507	0	0	398	0
Casual labour	402	968	1,554	3,291	5,130
Contract	3,434	5,218	6,011	9,077	17,641
Machinery repairs	2,853	3,557	4,641	7,893	13,850
Machinery fuel	3,296	4,391	6,156	9,460	14,998
Machinery depreciation	6,800	8,735	11,302	17,469	26,602
Other depreciation	0	0	7	0	0
Electricity	802	834	1,059	1,297	2,320
Other fuel	162	279	293	393	757
Water	718	1,000	1,470	1,459	2,288
Insurance	3,014	3,242	4,048	4,580	7,515
Professional fees	1,658	2,068	2,193	2,524	5,117
Other general costs	2,364	2,976	3,640	4,217	5,942
Property maintenance	2,783	3,559	4,600	5,575	13,931
Rent, hired in keep and bare land	2,336	3,633	4,725	11,399	23,423
Rates	243	249	224	46	680
Buldings depreciation	2,389	3,046	3,700	4,386	8,296
Long-term interest	1,011	1,887	2,141	1,889	3,535
Short-term interest	519	1,082	1,059	1,563	2,822
TOTAL FIXED COSTS	36,576	49,698	64,585	92,395	186,302
<b>FARM BUSINESS INCOME</b>	<b>8,640</b>	<b>10,790</b>	<b>22,926</b>	<b>33,651</b>	<b>51,842</b>
Less - All unpaid labour	24,090	24,611	29,568	34,308	30,744
<i>Equals</i> - FARM CORPORATE INCOME	-15,450	-13,822	-6,642	-657	21,097
Plus - Net Interest	1,492	2,948	3,141	3,426	6,249
<i>Equals</i> - FARM INVESTMENT INCOME	-13,958	-10,874	-3,502	2,769	27,347



# Alternative Income Measures, 2013/2014

		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	8,640	10,790	22,926	33,651	51,842
Plus-	Directors remuneration	507	0	0	398	0
Less-	Net income from assets associated with the farm business	0	0	0	0	0
Plus-	Buildings and works depreciation	2,389	3,046	3,700	4,386	8,296
Plus-	Landlord type expenses	296	409	483	433	570
Plus-	Imputed rental income	173	293	76	458	1,234
Less-	Imputed rent and rental value	9,775	11,813	16,863	16,722	24,154
Plus-	Net Interest	1,492	2,948	3,141	3,426	6,249
Less-	Unpaid labour of partners	3,738	2,811	5,851	9,028	7,746
Equals-	NET FARM INCOME**	-17	2,862	7,610	17,003	36,292

\*\* Excluding Breeding Livestock Stock Appreciation

**Land Use and Indicators of Technical Efficiency, 2013/2014**
**Farm Size by Standard Labour Requirement**

	<b>Part-time</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>	<b>Very Large</b>
Number of farms in group	53	96	59	58	34
Average farmed area (hectares)	57.9	75.3	110.5	158.1	423.3
Average proportion of owned total farmed area(%)	74%	71%	72%	46%	21%
Land use					
Area of crops	1.8	4.2	10.2	17.1	33.9
Temporary grass	8.6	11.0	16.9	26.3	39.1
Permanent grass	45.2	54.8	74.8	92.1	207.1
Fodder crops	0.7	1.8	0.9	3.7	9.3
Rough grazing	0.8	1.4	1.5	3.1	94.7
Uncropped, fallow and turf	0.5	0.3	1.4	0.5	3.0
Forage hired in	0.4	1.9	4.9	15.2	36.2
Stocking					
Average number of dairy cows	0	0	1	3	5
Average number of beef cows	14	21	29	32	54
Average number of other cattle	44	71	114	144	250
Average number of ewes	30	114	218	426	1067
Average number of other sheep	34	124	232	492	926
Grazing livestock units			GLU's per farm		
Dairy cows	0.4	0.0	1.1	3.5	4.7
Beef cows	7.0	10.6	14.3	15.8	26.8
Other cattle	28.0	43.4	69.1	86.3	154.7
Sheep	5.0	18.3	34.4	69.4	160.6
Other livestock	2.0	1.2	1.5	0.1	4.2
Total	42.5	73.5	120.4	175.0	351.1
GLUs per ha	0.76	1.04	1.22	1.25	0.91
GLUs per adjusted ha	0.77	1.04	1.23	1.26	0.94

**Balance Sheet, 2013/2014**

(end of year)

**Farm Size by Standard Labour Requirement**

	<b>Part-time</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>	<b>Very Large</b>
Number of farms in group	53	96	59	58	34
Average farmed area (hectares)	57.9	75.3	110.5	158.1	423.3
Average proportion of owned total farmed area	74%	71%	72%	46%	21%
	£ per farm				
End of year assets & liabilities					
Land & buildings	777,016	912,619	1,190,137	1,219,125	1,384,953
Milk quota	15	16	35	33	41
Single Payment Scheme	15,756	19,117	26,902	32,956	76,262
Machinery	41,162	49,108	65,366	99,352	152,309
Tenant's other assets	51	506	101	407	862
Breeding livestock	18,275	36,207	55,725	85,583	174,331
<b>Total fixed assets</b>	<b>852,276</b>	<b>1,017,573</b>	<b>1,338,266</b>	<b>1,437,456</b>	<b>1,788,758</b>
Trading livestock	24,244	41,398	59,436	95,766	189,639
Crops	456	1,167	2,789	4,876	9,760
Forage and cultivations	5,196	4,305	7,555	9,339	17,613
Stores	3,620	5,100	6,592	10,488	19,924
Debtors and loans	5,554	7,644	7,578	12,738	31,001
Bank credit and cash	21,947	18,002	18,171	19,042	44,613
Other current assets	0	0	0	0	0
<b>Total current assets</b>	<b>61,019</b>	<b>77,616</b>	<b>102,121</b>	<b>152,248</b>	<b>312,550</b>
<b>Total assets</b>	<b>913,294</b>	<b>1,095,190</b>	<b>1,440,387</b>	<b>1,589,705</b>	<b>2,101,307</b>
Financed by					
AMC	13,464	16,063	15,708	16,174	16,762
Bank loans	16,035	30,563	49,764	40,761	70,456
Other long term	4,185	12,513	2,976	13,999	12,025
<b>Total long term</b>	<b>33,684</b>	<b>59,139</b>	<b>68,448</b>	<b>70,934</b>	<b>99,243</b>
HP and lease	2,855	4,886	4,759	9,654	14,518
Creditors	5,455	6,811	8,657	18,240	36,596
Bank overdraft	11,940	20,962	22,822	23,156	73,355
Other short term	0	202	74	279	349
<b>Total current liabilities</b>	<b>20,250</b>	<b>32,861</b>	<b>36,312</b>	<b>51,329</b>	<b>124,819</b>
<b>Total Liabilities</b>	<b>53,934</b>	<b>92,000</b>	<b>104,760</b>	<b>122,263</b>	<b>224,062</b>
<b>Net worth</b>	<b>859,360</b>	<b>1,003,190</b>	<b>1,335,627</b>	<b>1,467,442</b>	<b>1,877,245</b>
Balance sheet ratios					
% Owner equity (net worth v.total assets)	94%	92%	93%	92%	89%
% Fixed assets vs. total assets	93%	93%	93%	90%	85%
Gearing (long-term loans v.total assets)	4%	5%	5%	4%	5%
Total debt (external liabilities v.net worth)	6%	9%	8%	8%	12%

**FUND FLOWS, 2013/2014**

	<b>Part-time</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>	<b>Very Large</b>
Number of farms in group	53	96	59	58	34
Average farmed area (hectares)	57.9	75.3	110.5	158.1	423.3
Average proportion of owned total farmed area(%)	74%	71%	72%	46%	21%
	£ per farm				
<b>Funds available from trading</b>					
Farm Business Income	8,640	10,790	22,926	33,651	51,842
Buildings and works depreciation	2,389	3,046	3,700	4,386	8,296
Machinery depreciation	6,800	8,735	11,309	17,469	26,602
Change in valuation *	1,021	-1,776	-2,718	-8,794	-17,917
Trading net fund flow surplus	18,849	20,794	35,218	46,712	68,823
<b>Funds used for farm investments</b>					
Net property and quota purchases	358	3,407	3,985	9,926	-2,686
Net landlord capital purchases	2,909	4,924	3,152	10,198	13,572
Net machinery and equipment purchases	6,874	8,263	11,723	16,745	38,633
<b>Capital net fund flow</b>	10,141	16,594	18,861	36,869	49,519
<b>Total farm fund flow surplus</b>	8,708	4,200	16,357	9,843	19,305
<b>Funds used for private expenditure</b>					
Private drawings	18,157	26,032	28,057	31,596	42,998
Net private funds introduced	10,540	12,748	5,960	12,536	15,844
<b>Private fund outflow</b>	-7,618	-13,284	-22,097	-19,060	-27,154
<b>Total net fund flow surplus</b>	<b>1,090</b>	<b>-9,083</b>	<b>-5,740</b>	<b>-9,217</b>	<b>-7,849</b>
Increase in loans and deposits	-1,303	9,857	6,068	18,666	8,120
Increase in bank balance	942	2,777	1,448	10,733	1,726
Increase in cash in hand	0	7	-77	1	1
Increase in debtors	905	-1,664	-270	3,805	63
Increase in creditors	2,059	346	773	5,090	1,519
<b>Net change in funding</b>	<b>-1,090</b>	<b>9,083</b>	<b>5,740</b>	<b>9,217</b>	<b>7,849</b>

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

# Appendix 7 Cost Centre details for Lowland Grazing Livestock Farms in England, All Farms

Derivation of farm income measures: 2013/2014	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
<b>Total Output</b>	74,227	4,471	8,834	16,740	104,272
Variable costs (b)	40,039	54	455	3	40,551
<b>Total Gross Margin</b>	34,188	4,417	8,379	16,737	63,721
Fixed costs (c)	42,447	925	3,896	1,728	48,996
<b>Total Costs</b>	82,486	979	4,351	1,732	89,548
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					343
<b>Farm Business Income (e)</b>	<b>-7,916</b>	<b>3,492</b>	<b>4,483</b>	<b>15,008</b>	<b>15,068</b>
Adjustment for unpaid manual labour (f)	24,377	244	1,467	0	26,088
<b>Farm Corporate Income (g)</b>	<b>-32,292</b>	<b>3,248</b>	<b>3,015</b>	<b>15,008</b>	<b>-11,021</b>
Interest payments on borrowing (net of interest received) (c)	2,232	26	191	39	2,487
<b>Farm Investment Income (h)</b>	<b>-30,061</b>	<b>3,274</b>	<b>3,206</b>	<b>15,047</b>	<b>-8,533</b>
<b>Holding gains not included in farm income:</b>					77,259
<i>of which:</i>					
Breeding Livestock Stock Appreciation (BLSA)					281
Revaluation of machinery, permanent crops, glasshouses, quota					1,524
Revaluation of land					75,455
<b>Derivation of Net Farm Income:</b>					
(h) <i>plus</i> Director remuneration					267
<i>minus</i> Imputed rent (i)					12,207
<i>plus</i> Ownership charges					3,545
<i>minus</i> Non-agricultural output historically not accounted for in Net Farm Income					0
<i>plus</i> Non-agricultural input costs historically not accounted for in Net Farm Income					0
<i>plus</i> Unpaid labour of principal farmer and spouse					21,724
<i>equals</i> <b>Net Farm Income</b>					4,796

## Appendix 8 Cost Centre details for Lowland Grazing Livestock Farms, EU North

Derivation of farm income measures: 2013/2014	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
<b>Total Output</b>	108,218	3,480	5,706	20,753	138,157
Variable costs (b)	63,948	11	235	2	64,196
<b>Total Gross Margin</b>	44,270	3,469	5,471	20,751	73,961
Fixed costs (c)	52,724	548	2,290	2,202	57,764
<b>Total Costs</b>	116,671	559	2,525	2,204	121,960
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					307
<b>Farm Business Income (e)</b>	<b>-8,146</b>	<b>2,921</b>	<b>3,181</b>	<b>18,549</b>	<b>16,504</b>
Adjustment for unpaid manual labour (f)	28,444	113	911	0	29,468
<b>Farm Corporate Income (g)</b>	<b>-36,591</b>	<b>2,808</b>	<b>2,270</b>	<b>18,549</b>	<b>-12,964</b>
Interest payments on borrowing (net of interest received) (c)	2,528	13	100	33	2,674
<b>Farm Investment Income (h)</b>	<b>-34,063</b>	<b>2,821</b>	<b>2,370</b>	<b>18,582</b>	<b>-10,290</b>
<b>Holding gains not included in farm income:</b>					41,944
<i>of which:</i>					
Breeding Livestock Stock Appreciation (BLSA)					225
Revaluation of machinery, permanent crops, glasshouses, quota					2,257
Revaluation of land					39,463
<b>Derivation of Net Farm Income:</b>					
(h) <i>plus</i> Director remuneration					0
<i>minus</i> Imputed rent (i)					12,478
<i>plus</i> Ownership charges					4,300
<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					22,259
<i>equals</i> <b>Net Farm Income</b>					3,791

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

Derivation of farm income measures: 2013/2014	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
<b>Total Output</b>	66,774	5,265	11,387	18,108	101,534
Variable costs (b)	33,750	87	1,000	5	34,843
<b>Total Gross Margin</b>	33,024	5,178	10,387	18,102	66,691
Fixed costs (c)	42,835	840	4,824	1,794	50,293
<b>Total Costs</b>	76,585	927	5,824	1,800	85,135
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					254
<b>Farm Business Income (e)</b>	<b>-9,557</b>	<b>4,338</b>	<b>5,563</b>	<b>16,308</b>	<b>16,652</b>
Adjustment for unpaid manual labour (f)	20,719	236	1,375	0	22,331
<b>Farm Corporate Income (g)</b>	<b>-30,276</b>	<b>4,101</b>	<b>4,188</b>	<b>16,308</b>	<b>-5,678</b>
Interest payments on borrowing (net of interest received) (c)	2,148	22	321	45	2,536
<b>Farm Investment Income (h)</b>	<b>-28,128</b>	<b>4,124</b>	<b>4,509</b>	<b>16,353</b>	<b>-3,142</b>
<b>Holding gains not included in farm income:</b>					80,741
<i>of which:</i>					
Breeding Livestock Stock Appreciation (BLSA)					596
Revaluation of machinery, permanent crops, glasshouses, quota					1,520
Revaluation of land					78,625
<b>Derivation of Net Farm Income:</b>					
(h) <i>plus</i> Director remuneration					395
<i>minus</i> Imputed rent (i)					11,834
<i>plus</i> Ownership charges					3,290
<i>minus</i> Non-agricultural output historically not accounted for in Net Farm Income					0
<i>plus</i> Non-agricultural input costs historically not accounted for in Net Farm Income					0
<i>plus</i> Unpaid labour of principal farmer and spouse					19,925
<i>equals</i> <b>Net Farm Income</b>					8,634

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

Derivation of farm income measures: 2013/2014	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
<b>Total Output</b>	66,902	4,336	8,380	14,518	94,136
Variable costs (b)	35,519	50	201	3	35,773
<b>Total Gross Margin</b>	31,383	4,287	8,179	14,515	58,364
Fixed costs (c)	38,637	1,107	3,895	1,524	45,163
<b>Total Costs</b>	74,156	1,157	4,096	1,527	80,936
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					410
<b>Farm Business Income (e)</b>	<b>-6,844</b>	<b>3,180</b>	<b>4,283</b>	<b>12,991</b>	<b>13,611</b>
Adjustment for unpaid manual labour (f)	25,171	295	1,717	0	27,182
<b>Farm Corporate Income (g)</b>	-32,015	2,885	2,566	12,991	-13,572
Interest payments on borrowing (net of interest received) (c)	2,179	33	144	37	2,393
<b>Farm Investment Income (h)</b>	-29,835	2,918	2,710	13,029	-11,178
<b>Holding gains not included in farm income:</b>					87,444
<i>of which:</i>					
Breeding Livestock Stock Appreciation (BLSA)					111
Revaluation of machinery, permanent crops, glasshouses, quota					1,271
Revaluation of land					86,062
<b>Derivation of Net Farm Income:</b>					
(h) <i>plus</i> Director remuneration					282
<i>minus</i> Imputed rent (i)					12,338
<i>plus</i> Ownership charges					3,437
<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					22,625
<b>equals Net Farm Income</b>					2,828



## Appendix 11 Cost Centre details for Lowland Grazing Livestock Farms in England, Part-time

Derivation of farm income measures: 2013/2014	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
<b>Total Output</b>	38,125	2,441	8,994	11,919	61,479
Variable costs (b)	19,585	13	400	3	20,000
<b>Total Gross Margin</b>	18,539	2,428	8,595	11,916	41,478
Fixed costs (c)	27,262	650	3,806	1,351	33,069
<b>Total Costs</b>	46,847	663	4,206	1,353	53,069
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					231
<b>Farm Business Income (e)</b>	<b>-8,492</b>	<b>1,778</b>	<b>4,788</b>	<b>10,566</b>	<b>8,640</b>
Adjustment for unpaid manual labour (f)	22,020	258	1,812	0	24,090
<b>Farm Corporate Income (g)</b>	<b>-30,512</b>	<b>1,520</b>	<b>2,977</b>	<b>10,566</b>	<b>-15,450</b>
Interest payments on borrowing (net of interest received) (c)	1,327	7	138	20	1,492
<b>Farm Investment Income (h)</b>	<b>-29,186</b>	<b>1,526</b>	<b>3,115</b>	<b>10,586</b>	<b>-13,958</b>
<b>Holding gains not included in farm income:</b>					68,374
<i>of which:</i>					
Breeding Livestock Stock Appreciation (BLSA)					317
Revaluation of machinery, permanent crops, glasshouses, quota					1,116
Revaluation of land					66,941
<b>Derivation of Net Farm Income:</b>					
(h) <i>plus</i> Director remuneration					507
<i>minus</i> Imputed rent (i)					9,603
<i>plus</i> Ownership charges					2,685
<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					20,352
<i>equals</i> <b>Net Farm Income</b>					-17

# Appendix 12 Cost Centre details for Lowland Grazing Livestock Farms in England, Small

Derivation of farm income measures: 2013/2014	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
<b>Total Output</b>	59,513	4,172	8,880	14,355	86,919
Variable costs (b)	31,882	45	687	4	32,618
<b>Total Gross Margin</b>	27,631	4,127	8,192	14,351	54,301
Fixed costs (c)	37,167	720	4,479	1,458	43,824
<b>Total Costs</b>	69,049	765	5,166	1,462	76,442
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					312
<b>Farm Business Income (e)</b>	<b>-9,224</b>	<b>3,407</b>	<b>3,714</b>	<b>12,893</b>	<b>10,790</b>
Adjustment for unpaid manual labour (f)	22,934	232	1,445	0	24,611
<b>Farm Corporate Income (g)</b>	<b>-32,158</b>	<b>3,175</b>	<b>2,269</b>	<b>12,893</b>	<b>-13,822</b>
Interest payments on borrowing (net of interest received) (c)	2,500	45	346	57	2,948
<b>Farm Investment Income (h)</b>	<b>-29,658</b>	<b>3,220</b>	<b>2,615</b>	<b>12,949</b>	<b>-10,874</b>
<b>Holding gains not included in farm income:</b>					73,507
<i>of which:</i>					
Breeding Livestock Stock Appreciation (BLSA)					-199
Revaluation of machinery, permanent crops, glasshouses, quota					1,337
Revaluation of land					72,370
<b>Derivation of Net Farm Income:</b>					
(h) <i>plus</i> Director remuneration					0
<i>minus</i> Imputed rent (i)					11,521
<i>plus</i> Ownership charges					3,455
<i>minus</i> Non-agricultural output historically not accounted for in Net Farm Income					0
<i>plus</i> Non-agricultural input costs historically not accounted for in Net Farm Income					0
<i>plus</i> Unpaid labour of principal farmer and spouse					21,800
<i>equals</i> <b>Net Farm Income</b>					2,861

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

Derivation of farm income measures: 2013/2014	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
<b>Total Output</b>	101,325	6,472	5,693	20,167	133,656
Variable costs (b)	53,468	38	144	2	53,653
<b>Total Gross Margin</b>	47,857	6,433	5,549	20,165	80,003
Fixed costs (c)	52,553	1,124	2,157	1,848	57,682
<b>Total Costs</b>	106,021	1,162	2,301	1,850	111,334
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					604
<b>Farm Business Income (e)</b>	<b>-4,092</b>	<b>5,310</b>	<b>3,392</b>	<b>18,317</b>	<b>22,926</b>
Adjustment for unpaid manual labour (f)	28,543	274	751	0	29,568
<b>Farm Corporate Income (g)</b>	<b>-32,636</b>	<b>5,036</b>	<b>2,641</b>	<b>18,317</b>	<b>-6,642</b>
Interest payments on borrowing (net of interest received) (c)	2,979	41	74	47	3,141
<b>Farm Investment Income (h)</b>	<b>-29,657</b>	<b>5,076</b>	<b>2,715</b>	<b>18,364</b>	<b>-3,502</b>
<b>Holding gains not included in farm income:</b>					100,701
<i>of which:</i>					
Breeding Livestock Stock Appreciation (BLSA)					972
Revaluation of machinery, permanent crops, glasshouses, quota					1,848
Revaluation of land					97,882
<b>Derivation of Net Farm Income:</b>					
(h) <i>plus</i> Director remuneration					0
<i>minus</i> Imputed rent (i)					16,788
<i>plus</i> Ownership charges					4,183
<i>minus</i> Non-agricultural output historically not accounted for in Net Farm Income					0
<i>plus</i> Non-agricultural input costs historically not accounted for in Net Farm Income					0
<i>plus</i> Unpaid labour of principal farmer and spouse					23,717
<i>equals</i> <b>Net Farm Income</b>					7,610

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

Derivation of farm income measures: 2013/2014	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
<b>Total Output</b>	162,491	6,345	9,858	24,793	203,487
Variable costs (b)	89,066	128	628	4	89,827
<b>Total Gross Margin</b>	73,425	6,217	9,229	24,789	113,660
Fixed costs (c)	74,023	798	3,134	2,429	80,384
<b>Total Costs</b>	163,089	927	3,763	2,433	170,211
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					375
<b>Farm Business Income (e)</b>	<b>-223</b>	<b>5,418</b>	<b>6,095</b>	<b>22,360</b>	<b>33,651</b>
Adjustment for unpaid manual labour (f)	33,224	156	927	0	34,308
<b>Farm Corporate Income (g)</b>	<b>-33,447</b>	<b>5,262</b>	<b>5,168</b>	<b>22,360</b>	<b>-657</b>
Interest payments on borrowing (net of interest received) (c)	3,239	29	111	46	3,426
<b>Farm Investment Income (h)</b>	<b>-30,207</b>	<b>5,291</b>	<b>5,279</b>	<b>22,406</b>	<b>2,769</b>
<b>Holding gains not included in farm income:</b>					80,455
<i>of which:</i>					
Breeding Livestock Stock Appreciation (BLSA)					1,016
Revaluation of machinery, permanent crops, glasshouses, quota					2,588
Revaluation of land					76,851
<b>Derivation of Net Farm Income:</b>					
(h) <i>plus</i> Director remuneration					398
<i>minus</i> Imputed rent (i)					16,263
<i>plus</i> Ownership charges					4,819
<i>minus</i> Non-agricultural output historically not accounted for in Net Farm Income					0
<i>plus</i> Non-agricultural input costs historically not accounted for in Net Farm Income					0
<i>plus</i> Unpaid labour of principal farmer and spouse					25,280
<i>equals</i> <b>Net Farm Income</b>					17,003

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

Derivation of farm income measures: 2013/2014	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
<b>Total Output</b>	300,644	18,356	13,988	57,513	390,501
Variable costs (b)	174,629	458	78	10	175,174
<b>Total Gross Margin</b>	126,015	17,899	13,910	57,503	215,327
Fixed costs (c)	146,242	4,821	7,571	5,768	164,402
<b>Total Costs</b>	320,871	5,279	7,649	5,778	339,577
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					917
<b>Farm Business Income (e)</b>	<b>-19,310</b>	<b>13,077</b>	<b>6,339</b>	<b>51,735</b>	<b>51,842</b>
Adjustment for unpaid manual labour (f)	29,364	261	1,119	0	30,744
<b>Farm Corporate Income (g)</b>	<b>-48,674</b>	<b>12,816</b>	<b>5,221</b>	<b>51,735</b>	<b>21,097</b>
Interest payments on borrowing (net of interest received) (c)	5,884	58	226	81	6,249
<b>Farm Investment Income (h)</b>	<b>-42,789</b>	<b>12,873</b>	<b>5,447</b>	<b>51,816</b>	<b>27,347</b>
<b>Holding gains not included in farm income:</b>					121,002
<i>of which:</i>					
Breeding Livestock Stock Appreciation (BLSA)					-392
Revaluation of machinery, permanent crops, glasshouses, quota					4,033
Revaluation of land					117,361
<b>Derivation of Net Farm Income:</b>					
(h) <i>plus</i> Director remuneration					0
<i>minus</i> Imputed rent (i)					22,932
<i>plus</i> Ownership charges					8,867
<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					22,998
<i>equals</i> <b>Net Farm Income</b>					36,279

## Appendix 16 Cost Centre details for Lowland Grazing Livestock Farms in England, Low Performance Band

Derivation of farm income measures: 2013/2014	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
<b>Total Output</b>	26,559	2,737	5,773	10,307	45,376
Variable costs (b)	19,715	29	121	4	19,869
<b>Total Gross Margin</b>	6,844	2,708	5,652	10,303	25,507
Fixed costs (c)	29,269	1,327	2,923	2,099	35,618
<b>Total Costs</b>	48,983	1,355	3,044	2,103	55,486
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					121
<b>Farm Business Income (e)</b>	<b>-22,304</b>	<b>1,381</b>	<b>2,729</b>	<b>8,204</b>	<b>-9,989</b>
Adjustment for unpaid manual labour (f)	22,939	463	1,476	0	24,877
<b>Farm Corporate Income (g)</b>	<b>-45,242</b>	<b>918</b>	<b>1,254</b>	<b>8,204</b>	<b>-34,866</b>
Interest payments on borrowing (net of interest received) (c)	1,466	10	83	39	1,598
<b>Farm Investment Income (h)</b>	<b>-43,777</b>	<b>929</b>	<b>1,337</b>	<b>8,243</b>	<b>-33,269</b>
<b>Holding gains not included in farm income:</b>					49,194
<i>of which:</i>					
Breeding Livestock Stock Appreciation (BLSA)					12
Revaluation of machinery, permanent crops, glasshouses, quota					1,182
Revaluation of land					48,000
<b>Derivation of Net Farm Income:</b>					
(h) <i>plus</i> Director remuneration					637
<i>minus</i> Imputed rent (i)					9,341
<i>plus</i> Ownership charges					2,841
<i>minus</i> Non-agricultural output historically not accounted for in Net Farm Income					0
<i>plus</i> Non-agricultural input costs historically not accounted for in Net Farm Income					0
<i>plus</i> Unpaid labour of principal farmer and spouse					21,223
<i>equals</i> <b>Net Farm Income</b>					<b>-17,909</b>

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

Derivation of farm income measures: 2013/2014	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
<b>Total Output</b>	78,831	3,804	9,165	16,792	108,592
Variable costs (b)	44,826	76	733	3	45,637
<b>Total Gross Margin</b>	34,005	3,728	8,432	16,789	62,955
Fixed costs (c)	45,778	646	4,085	1,589	52,098
<b>Total Costs</b>	90,604	722	4,817	1,592	97,735
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					359
<b>Farm Business Income (e)</b>	<b>-11,414</b>	<b>3,082</b>	<b>4,348</b>	<b>15,200</b>	<b>11,216</b>
Adjustment for unpaid manual labour (f)	26,878	150	1,454	0	28,481
<b>Farm Corporate Income (g)</b>	<b>-38,292</b>	<b>2,932</b>	<b>2,894</b>	<b>15,200</b>	<b>-17,265</b>
Interest payments on borrowing (net of interest received) (c)	2,748	28	244	41	3,061
<b>Farm Investment Income (h)</b>	<b>-35,544</b>	<b>2,961</b>	<b>3,138</b>	<b>15,241</b>	<b>-14,204</b>
<b>Holding gains not included in farm income:</b>					82,871
<i>of which:</i>					
Breeding Livestock Stock Appreciation (BLSA)					466
Revaluation of machinery, permanent crops, glasshouses, quota					1,574
Revaluation of land					80,830
<b>Derivation of Net Farm Income:</b>					
(h) <i>plus</i> Director remuneration					218
<i>minus</i> Imputed rent (i)					12,967
<i>plus</i> Ownership charges					3,932
<i>minus</i> Non-agricultural output historically not accounted for in Net Farm Income					0
<i>plus</i> Non-agricultural input costs historically not accounted for in Net Farm Income					0
<i>plus</i> Unpaid labour of principal farmer and spouse					23,265
<i>equals</i> <b>Net Farm Income</b>					244

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

Derivation of farm income measures: 2013/2014	Cost Centre				
	Agriculture	Agri- environment and other payments	Diversified out of agriculture	Single Payment Scheme	Farm Business
<b>Total Output</b>	111,978	7,519	11,186	22,978	153,661
Variable costs (b)	50,473	36	225	4	50,738
<b>Total Gross Margin</b>	61,505	7,483	10,961	22,974	102,923
Fixed costs (c)	48,755	1,088	4,478	1,643	55,964
<b>Total Costs</b>	99,228	1,124	4,703	1,647	106,703
Profit/(loss) on sale of machinery, glasshouses and permanent crops (d)					532
<b>Farm Business Income (e)</b>	<b>13,282</b>	<b>6,395</b>	<b>6,483</b>	<b>21,331</b>	<b>47,490</b>
Adjustment for unpaid manual labour (f)	20,779	219	1,487	0	22,485
<b>Farm Corporate Income (g)</b>	-7,497	6,176	4,996	21,331	25,005
Interest payments on borrowing (net of interest received) (c)	1,951	37	191	34	2,213
<b>Farm Investment Income (h)</b>	-5,546	6,213	5,186	21,365	27,219
<b>Holding gains not included in farm income:</b>					93,670
<i>of which:</i>					
Breeding Livestock Stock Appreciation (BLSA)					176
Revaluation of machinery, permanent crops, glasshouses, quota					1,759
Revaluation of land					91,735
<b>Derivation of Net Farm Income:</b>					
(h) <i>plus</i> Director remuneration					0
<i>minus</i> Imputed rent (i)					13,507
<i>plus</i> Ownership charges					3,463
<i>minus</i> Non-agricultural output historically not accounted for in Net Farm Income					0
<i>plus</i> Non-agricultural input costs historically not accounted for in Net Farm Income					0
<i>plus</i> Unpaid labour of principal farmer and spouse					19,130
<i>equals</i> <b>Net Farm Income</b>					36,305



**Footnotes for Appendices 7-18:**

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 19- Gross Margin details for the Lowland Grazing Livestock Farms. Average and Top Third performance

## Cereals

Gross Margin per Hectare (Weighted performance)	Crop year 2013					
	Winter Wheat		Winter Barley		Spring Barley	
	Average	Top Third*	Average	Top Third*	Average	Top Third*
Number of farms	29	12	47	20	67	22
Area per farm (ha)	14.96	17.61	9.28	8.96	12.49	11.33
Yield: tonnes/ha	7.9	8.4	5.8	7.4	5.5	6.7
Price: £/tonne	160	161	136	137	138	133
£ per hectare						
Grain	1259	1354	783	1004	762	897
Straw	96	113	121	172	129	179
ENTERPRISE OUTPUT	1356	1467	904	1176	891	1076
Seeds (inc.homegrown)	79	68	80	70	77	68
Fertilisers	182	173	162	153	136	115
Sprays	162	152	102	93	89	82
Other crop costs	38	38	24	26	19	6
TOTAL VARIABLES						
‡	460	431	369	343	321	271
GROSS MARGIN	896	1036	535	834	571	805
<i>Averages - previous year</i>						
	2012		2012		2012	
Yield: tonnes/ha	6.1		5.3		4.4	
Price: £/tonne	181		177		180	
Gross Margin: £/ha	779		681		635	

\* Top Third of Weighted Population

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

## Lowland Beef Cows

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

2013/14

		Average	Top Third*
Number of farms		138	53
Cows per herd		32	37
Stocking rate:	LU/ha	1.01	0.99
	ha/LU	0.99	1.01
		£ per cow	
Output -	calf output	473.2	592.4
	depreciation	-57.0	-55.7
ENTERPRISE OUTPUT (excl. BLSA)		416.2	536.8
Concentrates		42.1	29.3
Coarse fodder		10.9	7.1
Veterinary and medicines		28.9	24.7
Other livestock costs		57.4	42.1
Forage †		71.4	70.0
TOTAL VARIABLE COSTS ‡		210.7	173.4
GROSS MARGIN per cow (excl. BLSA)		205.6	363.4
GROSS MARGIN per LU (excl. BLSA)		206	358
GROSS MARGIN per hectare (excl. BLSA)		208	360
Concentrates per £100 output		10	5
<i>Averages - previous year</i>			
Stocking rate:	LU/ha	1.01	
Gross Margin: £/cow		219.2	
Gross Margin: £/ha		222	

\* Top Third of Weighted Population

† 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)

2013/14

		Average	Top Third*
Number of farms		67	22
Number of head per farm		45	50
Stocking rate:	LU/ha	0.92	0.80
	ha/LU	1.09	1.26
		£ per head	
OUTPUT		400.9	520.5
Concentrates		71.8	68.3
Coarse fodder		6.3	4.4
Veterinary and medicines		17.0	15.4
Other livestock costs		52.5	44.7
Forage †		39.6	34.0
TOTAL VARIABLE COSTS ‡		180.8	162.4
GROSS MARGIN per head		220.0	358.1
GROSS MARGIN per LU		369	596
GROSS MARGIN per hectare		340	475
Concentrates per £100 output		18	13
<i>Averages - previous year</i>			
Stocking rate:	LU/ha	1.06	
Gross Margin: £/head		211.9	
Gross Margin: £/ha		409	

\* Top Third of Weighted Population

† 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) 2013/14

	Average	Top Third*
Number of farms	78	22
Cattle per herd	105	94
Average finished animal sale price - £/head	1221	1280
Stocking rate: LU/ha	1.21	1.24
ha/LU	0.82	0.81
	£ per head	
OUTPUT	525.5	672.7
Concentrates	190.2	172.0
Coarse fodder	11.2	6.2
Veterinary and medicines	13.4	14.3
Other livestock costs	58.0	61.8
Forage †	41.6	60.5
TOTAL VARIABLE COSTS ‡	303.2	308.6
GROSS MARGIN per head	222.3	364.1
GROSS MARGIN per LU	383	606
GROSS MARGIN per hectare	465	752
Concentrates per £100 output	36	26
<i>Averages - previous year</i>		
Stocking rate: LU/ha	1.75	
Gross Margin: £/head	205.2	
Gross Margin: £/ha	628	
Average finished sale price- £ /head	1164	

\* Top Third of Weighted Population

† 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  
(Weighted average performance)

2013/14

	Average	Top Third*
Number of flocks	92	36
Ewes per flock	327	314
Average lamb sale price - £/lamb	78.1	82.0
Stocking rate - ewes per hectare	5.11	6.82
	£ per head	
Output - lambs	101.0	148.4
wool	2.5	2.6
depreciation	-11.9	-13.1
ENTERPRISE OUTPUT (excl. BLSA)	91.7	137.8
Concentrates	20.2	23.6
Coarse fodder	2.1	3.0
Veterinary and medicines	6.6	7.1
Other livestock costs	10.8	13.0
Forage †	8.8	10.1
TOTAL VARIABLE COSTS ‡	48.5	56.7
GROSS MARGIN per ewe (excl. BLSA)	43.2	81.1
GROSS MARGIN per LU (excl. BLSA)	275	503
GROSS MARGIN per hectare (excl. BLSA)	221	554
Concentrates per £100 of output	22	17
<i>Averages - previous year</i>		
ewes/		
Stocking rate: hectare	5.1	7.5
Gross Margin: £/ewe	50.6	79.6
Gross Margin: £/ha	259	600
Average finished sale price- £ /head	76.0	77.7

\* Top Third of Weighted Population

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

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

## Appendix 20- 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)

2013/14

Average

Number of farms	29
Cows per herd	35
Stocking rate: LU/ha	0.78
ha/LU	1.28

£ per cow

Output - calf output	473.3
depreciation	-73.3
ENTERPRISE OUTPUT (excl. BLSA)	400.0

Concentrates	20.3
Coarse fodder	2.9
Veterinary and medicines	21.2
Other livestock costs	53.8
Forage †	24.7
TOTAL VARIABLE COSTS ‡	122.9

GROSS MARGIN per cow (excl. BLSA)	277.1
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GROSS MARGIN per LU (excl. BLSA)	280
GROSS MARGIN per hectare (excl. BLSA)	217

Concentrates per £100 output	5
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*Averages - previous year*

Stocking rate: LU/ha	0.74
Gross Margin: £/cow	255.5
Gross Margin: £/ha	188

† 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      2013/14  
(Weighted average performance)

	Average
Number of farms	19
Cattle per herd	62
Average finished animal sale price - £/head	1273
Stocking rate:                      LU/ha	1.58
ha/LU	0.63

	£ per head
OUTPUT	439.8

Concentrates	57.7
Coarse fodder	5.6
Veterinary and medicines	8.7
Other livestock costs	64.9
Forage †	19.9
TOTAL VARIABLE COSTS ‡	151.2

GROSS MARGIN per head	288.6
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GROSS MARGIN per LU	456
GROSS MARGIN per hectare	720

Concentrates per £100 output	13
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### *Averages - previous year*

Stocking rate:                      LU/ha	1.54
Gross Margin: £/head	307.7
Gross Margin: £/ha	733
Average finished sale price- £ /head	1086

\* 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 2013/14

Gross margins per ewe and per hectare  
(Weighted average performance)

Average  
Number of flocks 16

Ewes per flock 214

Average lamb sale price - £/lamb 74.7

Stocking rate - ewes per hectare 4.97

£ per head  
Output - lambs 101.7  
              wool 2.9  
              depreciation -14.8

ENTERPRISE OUTPUT (excl. BLSA) 89.8

Concentrates 11.6

Coarse fodder 1.0

Veterinary and medicines 6.6

Other livestock costs 10.2

Forage † 6.2

TOTAL VARIABLE COSTS ‡ 35.6

GROSS MARGIN per ewe (excl. BLSA) 54.2

GROSS MARGIN per LU (excl. BLSA) 346

GROSS MARGIN per hectare (excl. BLSA) 269

Concentrates per £100 of output 13

*Averages - previous year*

Stocking rate: 4.45

Gross Margin: £/ewe 62.7

Gross Margin: £/ha 279

Average finished sale price- £ /head 75.1

\* 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 by size of enterprise.

### Lowland Beef Cows

-by average number of cows

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

2013/14

		<b>Under 25 cows</b>	<b>25-49 cows</b>	<b>50-75 cows</b>	<b>Over 75 cows</b>
Number of farms		29	51	29	19
Cows per herd		61	34	61	106
Stocking rate:	LU/ha	1.07	1.04	1.07	1.21
	ha/LU	0.93	0.96	0.93	0.83
			£ per cow		
Output -	calf output	443	497	443	534
	depreciation	-59	-60	-59	-58
ENTERPRISE OUTPUT (excl. BLSA)		384	437	384	476
Concentrates		36	39	36	50
Coarse fodder		12	11	12	15
Veterinary and medicines		21	33	21	30
Other livestock costs		51	65	51	45
Forage †		61	82	61	63
TOTAL VARIABLE COSTS ‡		182	230	182	203
GROSS MARGIN per cow (excl. BLSA)		202	207	202	273
GROSS MARGIN per LU (excl. BLSA)		207	204	207	274
GROSS MARGIN per hectare (excl. BLSA)		216	215	216	330
Concentrates per £100 output		9	9	9	10

\* 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)

2013/14

	<b>Under 28 head</b>	<b>28-60 head</b>	<b>Over 60 head</b>
Number of farms	23	29	15
Number of head per farm	16	40	94
Stocking rate: LU/ha	1.06	1.06	1.29
ha/LU	0.94	0.95	0.78
		£ per head	
OUTPUT	371	419	393
Concentrates	66	63	76
Coarse fodder	7	7	4
Veterinary and medicines	18	19	15
Other livestock costs	70	58	42
Forage †	39	47	32
TOTAL VARIABLE COSTS ‡	193	186	166
GROSS MARGIN per head	178	233	228
GROSS MARGIN per LU	283	403	364
GROSS MARGIN per hectare	300	425	468
Concentrates per £100 output	18	15	19

† 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)

2013/14

	Under 50 head	50-85 head	85-170 head	Over 170 head
Number of farms	19	20	17	22
Cattle per herd	32	68	114	361
Average finished animal sale price - £/head	1148	1169	1263	1298
Stocking rate: LU/ha	1.61	1.63	1.58	1.86
ha/LU	0.62	0.61	0.63	0.54
		£ per head		
OUTPUT	465	418	473	599
Concentrates	126	115	161	244
Coarse fodder	4	3	14	15
Veterinary and medicines	14	15	12	13
Other livestock costs	55	61	50	61
Forage †	41	56	39	38
TOTAL VARIABLE COSTS ‡	236	247	262	356
GROSS MARGIN per head	229	171	211	244
GROSS MARGIN per LU	369	278	333	453
GROSS MARGIN per hectare	596	452	528	841
Concentrates per £100 output	27	28	34	41

\* 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  
(Weighted average performance)

2013/14

	<b>Under 150 ewes</b>	<b>150- 299 ewes</b>	<b>300-500 ewes</b>	<b>Over 500 ewes</b>
Number of flocks	92	27	23	20
Ewes per flock	327	299	359	509
Average lamb sale price - £/lamb	78.1	76.1	78.9	77.9
Stocking rate - ewes per hectare	5.1	5.2	5.5	4.8
		£ per head		
Output - lambs	101.0	104.7	108.8	94.0
wool	2.5	2.8	2.9	2.7
depreciation	-11.9	-13.4	-13.0	-12.2
ENTERPRISE OUTPUT (excl. BLSA)	91.7	94.2	98.6	84.5
Concentrates	20.2	18.1	18.9	17.7
Coarse fodder	2.1	1.2	1.3	1.6
Veterinary and medicines	6.6	6.3	6.1	6.3
Other livestock costs	10.8	10.8	11.0	10.2
Forage †	8.8	7.9	7.9	7.4
TOTAL VARIABLE COSTS ‡	48.5	44.3	45.2	43.2
GROSS MARGIN per ewe (excl. BLSA)	43.2	49.9	53.5	41.3
GROSS MARGIN per LU (excl. BLSA)	275	321	344	273
GROSS MARGIN per hectare (excl. BLSA)	221	258	294	197
Concentrates per £100 of output	22	19	19	21

\* 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 Reports in this series:

Reports in this series:

Crop Production in England

Dairy Farming in England

Hill Farming in England

Horticulture Production in England

Lowland Grazing Livestock Production in England

Organic Farming in England

Pig Production in England

Poultry Production in England

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