



Farm Business Survey

2018/2019

Poultry Production in England



Richard Crane, Amelia Clark
and Elspeth Organ



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Foreword to the First Series

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

These detailed reports for various farm types and enterprises are in addition to the comprehensive Farm Business Survey Reports for Government Office Regions published at www.farmbusinesssurvey.co.uk.

The Consortium is seeking by these additional reports to ensure that timely and relevant information is available to farmers, consultants, advisers and other organisations and individuals interested in farming and land management. The analysis and publication of these reports uses data from farm businesses across England, with an individual member of the Consortium undertaking the research analysis. In line with the ethos of the Consortium, these reports present results in such a way as to ensure a significant element of continuity and consistency from one report to the other, whilst also ensuring that each report captures the contemporary issues of relevance to the sector of agriculture in England to which it relates.

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

Prof. Martin Seabrook

(Chief Executive Officer of the Consortium)

Spring 2007

Foreword to the Fourteenth Series

Now in its fourteenth year of production, our series of reports on the economics of agriculture and horticulture in England from *Rural Business Research (RBR)* has now arguably greater relevance to the farming and horticultural sectors in England than ever before. Following a general election in December 2019, the UK Government has now passed legislation through parliament which will result in the UK leaving the EU at the end of January 2020. A transition period will then follow, with the expectation that by the end of December 2020 the UK will have completed the transition phase of fully leaving the EU.

The new era will impact on many areas of activity in the UK; UK agriculture will witness and experience one of the largest transitions it has seen in decades. The new Agriculture Bill 2019-20 will be translated into policies and subsequently implemented, with an “Agricultural Transition” starting on the 1st January 2021 and being completed by 2028. During this agricultural transition, English agricultural and horticultural businesses will experience a phased decline in the Basic Payment Scheme support, that many businesses have received, while new opportunities for payments for public goods will be introduced and implemented, all against a backdrop of a need to reduce agriculture’s ‘carbon footprint’ and increase productivity performance. Alongside this change in emphasis, trade deals will be negotiated with the EU, the USA and other countries with which we currently, and intend to, trade with. This change in the UK’s agricultural policies and trading relationship will lead to both challenges and opportunities for business. Irrespective of the challenges and opportunities that lay ahead, most industry commentators note the need for businesses to adapt and to be fully aware of their costs and returns. We hope that RBR’s core focus on independent analysis of the economics of agricultural and horticultural sectors will continue to provide the industry with the data on enterprise and sectoral returns to aid business decision making.

For the 2018/19 year, average Farm Business Income (FBI), derived from our work on the Farm Business Survey (FBS), fell to £50,400 per business from £54,100 in 2017/18. The 2018/19 year relates to the 2018 harvest year, which witnessed an exceptionally cold spring “The Beast from the East” followed by one of the driest summers on record (almost in line with the 1976 drought). These weather impacts led to forage shortage and thus increased livestock feeds costs in the grazing sectors, and reduced cropping yields, albeit with an increase in crop prices. The dairy and grazing livestock sectors witnessed the largest percentage decreases in FBI, as they faced the higher costs of feed and lower prices for stock, particularly in the less favoured areas (LFAs).

As with our previous editions of these reports, available at www.ruralbusinessresearch.co.uk, our core aim is to inform agricultural and horticultural businesses about the economics in their sector. This series of reports, and our work on the FBS more generally, would not be possible without the cooperation of the farmers and growers who participate in the FBS to ensure that the data we provide for policy making, and in our reports and free to use online data services at www.farmbusinesssurvey.co.uk, is truly representative of the sectors. Our sincere thanks therefore go to the farmers and growers for their most valuable contribution.

Professor Paul Wilson

Chief Executive Officer, Rural Business Research
January 2020

www.ruralbusinessresearch.co.uk

Acknowledgements

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

The basic information on which this report is based was collected on behalf of, and largely financed by, the Department for Environment, Food and Rural Affairs and is Crown Copyright.

The views expressed in this publication are those of the authors and are not necessarily shared by other members of the University or by the University as a whole.

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Summary

Section 1

An overview of the poultry industry in the United Kingdom (UK) using external data, including government published statistics and information from the press.

The report illustrates the importance of poultry to UK agriculture output, the composition of its sectors and highlights historical and current trends in the output and prices used for poultry production. The review also includes price indices for key products and inputs. The numbers that appear in square brackets relate to the sources of information and these references are fully listed on Page 37.

Highlights:

- Total number of birds in production in England in June 2019 was just under 138 million birds, down 0.6% on the previous year [1]
- Poultry output in 2018 was over £3.5 billion, 13% of the total output from agriculture, the same proportion as the previous year [7]
- The value of UK poultry meat production reached £2.6 billion in 2018, representing an increase of just over 8.5% on the previous twelve month period [7]
- Output from egg and egg products at £641 million in 2018 showed an almost 3% year-on year increase but was £77 million less than in 2013 [7]

Section 2

A review of the financial results derived from the Farm Business Survey (FBS) for the 2018/19 financial year.

The stratification of the FBS poultry sample is explained and key trends are shown for the businesses included, both as a whole, and for laying flocks and poultry meat producers. The results for each group are presented in tables reporting on output, costs and Farm Business Income (FBI) at a business level, per bird and per £100 of gross output basis.

Highlights:

- In 2018/19 a total of 99 farms participating in the Farm Business Survey (FBS) in England were classified as specialist poultry farms, compared to 103 in 2017/18
- The profitability of specialist poultry farm businesses decreased by 21% in the 2018/19 financial year, with average profit as measured by Farm Business Income (FBI) falling on a per business basis from £94,837 in 2017/18, to £74,692 in 2018/19
- Within this sector, there was a marked difference in profits during 2018/19 but the changes in profit were all negative compared to the previous year; Average FBI on a per business basis for the layers decreased from £53,262 in 2017/18, to £38,064 in 2018/19 and for the poultry meat producers FBI fell by 14%, decreasing from £120,118 in 2017/18, to £103,655 in 2018/19
- Of the 55 farms classified as Specialist Layers in 2018/19, 44 had laying flocks producing eggs for human consumption, while the remaining 11 were breeding flocks and hatcheries
- Laying flocks producing eggs for human consumption had a decrease in FBI from £47,090 in 2017/18, to £8,996 in 2018/19
- Free range layers recorded a fall in profitability with FBI down 85%, to £5,772 per business
- The price of the eggs from free range systems rose 1% to an average of 98.8p/doz, while egg production for the group decreased from 294 to 288 eggs per year

- For the poultry meat producers FBI decreased by around 14%, from £120,118 in 2017/18, to £103,655 in 2018/19; throughput increased, however the group experienced a fall in the price of poultry meat
- After a decrease in 2016/17, the average number of laying hens fell again by 20% in 2018/19 to 44,478 birds; the average number of birds for meat production also decreased, by 3%, to 116,795
- Among the total average variable costs for all specialist poultry farms, there was a less than 1% increase in average feed costs; cost of feed as a percentage of £100 of output per business rose slightly to approximately 53% in 2018/19
- Total fixed costs on a per business basis fell by just over 6%, to an average of £326,117 in 2018/19
- In common with past income trends, there was a wide range in the level of Farm Business Income (FBI) observed for different businesses, ranging from over £100,000 per year to a number incurring negative FBI.

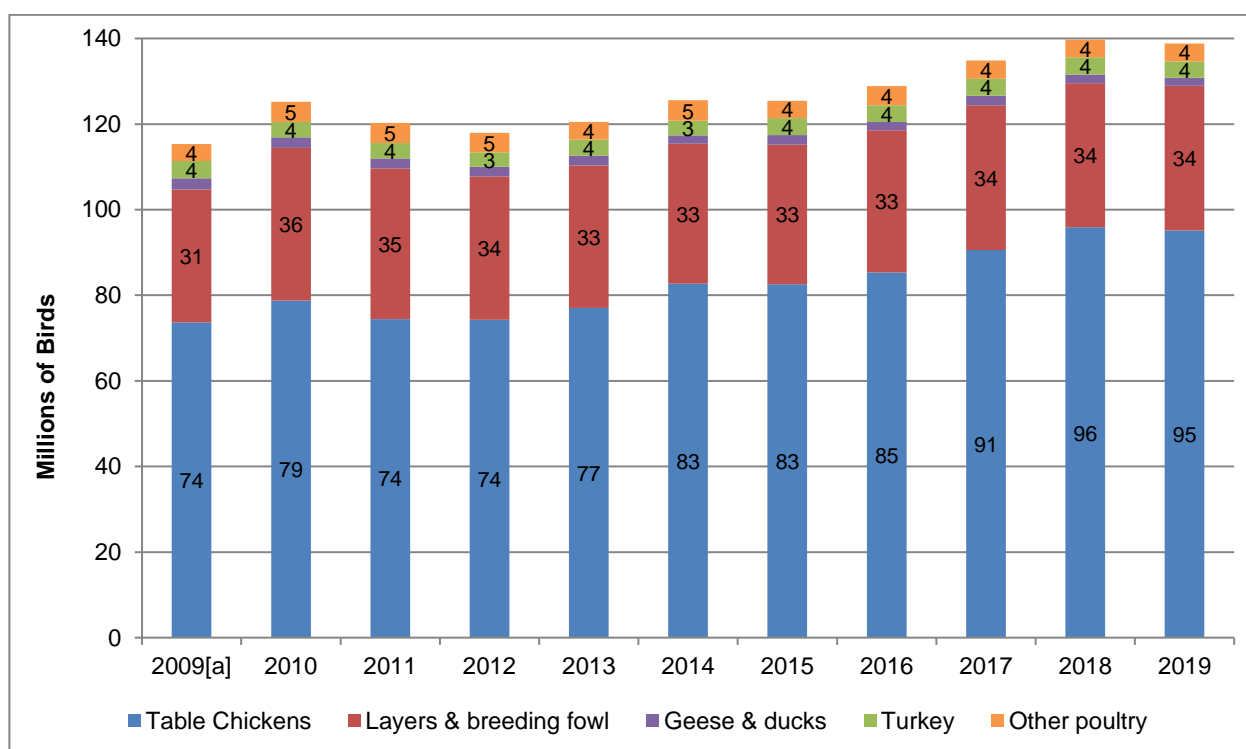
SECTION 1: COMMENTARY ON THE UK POULTRY INDUSTRY

Section 1 of this report gives an overview of the poultry industry in the UK from a review of the current literature and other sources of information. The numbers that appear in square brackets relate to the sources of information and these references are fully listed on Page 37. While Section 1 relates to general literature, the financial data relating to the Farm Business Survey are shown in Section 2 of this report.

1.1 General introduction

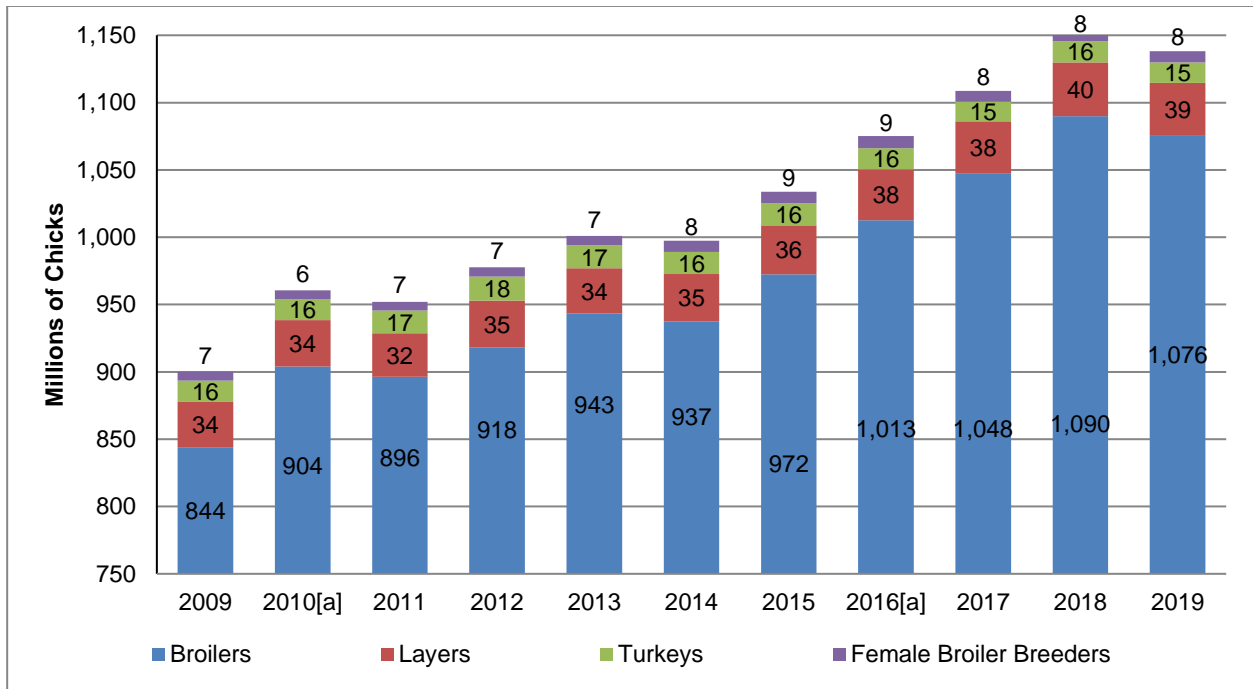
- For the first time since 2015, the English poultry flock decreased in 2019. The number of birds dropped slightly to just under 138 million, a decrease on the previous year of 0.6%
- The table flock numbers fell slightly to just over 95 million birds in 2019, a decrease of just under 1% on the previous year
- Table chickens still make up the majority of total poultry numbers, at 69% for 2019
- As with the previous year, numbers of both turkeys and geese & ducks continued to decrease, falling around 5% and 11% respectively
- Numbers of layers and breeding fowl stayed relatively stable again during 2019, with total numbers of birds remaining just under 34 million
- The poultry flock in England in 2019 consists of approximately 69% table birds, 24% layers and breeding fowl, 3% other poultry, 3% turkey and 1% geese and ducks [1]

Figure 1.1 English poultry numbers at June 2009-2019 [1]



Notes: [a] June 2009 figures were revised on 16 September 2010 for two reasons. Firstly, the new methodology for 2010 employed thresholds to exclude holdings with very low activity, so revised 2009 figures were required to permit like-for-like comparison between 2009 and 2010. Secondly, the census exercise included a register cleaning exercise to enable the removal of inactive holdings from the register. Further details on the revisions referred to are available from the June Survey Statistical Release.

Figure 1.2 UK chick and poult placings 2009-2019 [2]



Note: [a] denotes a 53 week year

Only data for UK chick and poult placings is available and it is therefore not possible to focus solely on the situation for England:

- Broiler chick and poult placings in 2019 were down slightly on the previous year by 1.27%. This is the first decrease since 2014 when numbers fell just 0.3%. The last decrease of a similar size was in 2008 when numbers fell 1.3%, from then on placings have been mostly increasing steadily over the years
- There was a decrease in turkey chick and poult placings in 2019. Numbers in 2019 are at just over 15 million, 15% lower than a peak in 2012 which saw numbers reach almost 18 million
- Broiler breeder hen placements also rose slightly during 2019 by under 1% to around 8.3 million. However these numbers are 25% higher than in 2009 [2]

1.2 The Structure of the industry

1.2.1 Poultry for meat

- Poultry premises stocked with more than 50 birds must register with the British Poultry Register (BPR) giving details of poultry type, housing type, maximum number of poultry present on holdings through the year, together with a note of owner and associate organisations [3]
- According to IBIS World (Industry Market Research Company), the UK broiler market in 2019 comprised of Boparan Holdings (24%), Moy Park (22%), Avara Foods (15%) and others (39%), as shown below [4]
- Total poultry production decreased slightly by just over 1% in 2019. When looking over the last ten years in 2019 31% more poultry products were produced than in 2009
- Broiler production in 2019 also showed a year on year decrease of 1%, representing 86% of total poultry meat production, this was the same in 2018
- Turkey production, at just under 8% of poultry meat production, was down on a year to year basis in 2019 by just over 3% [5]

Figure 1.3 UK Broiler Market - Estimate [4]

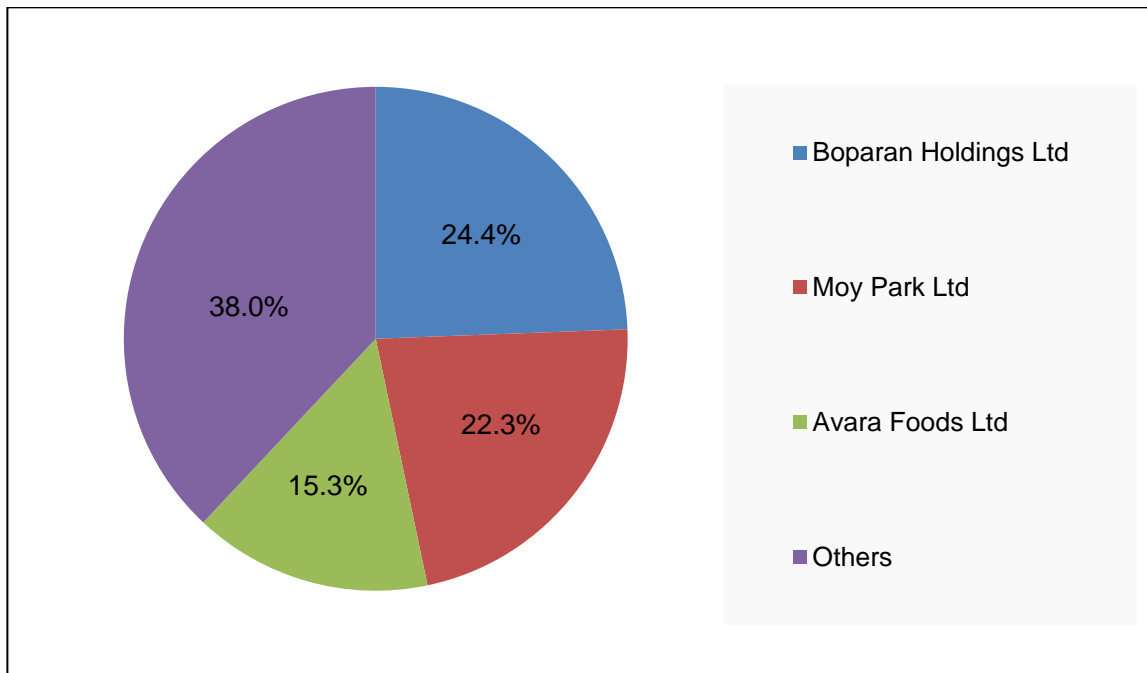
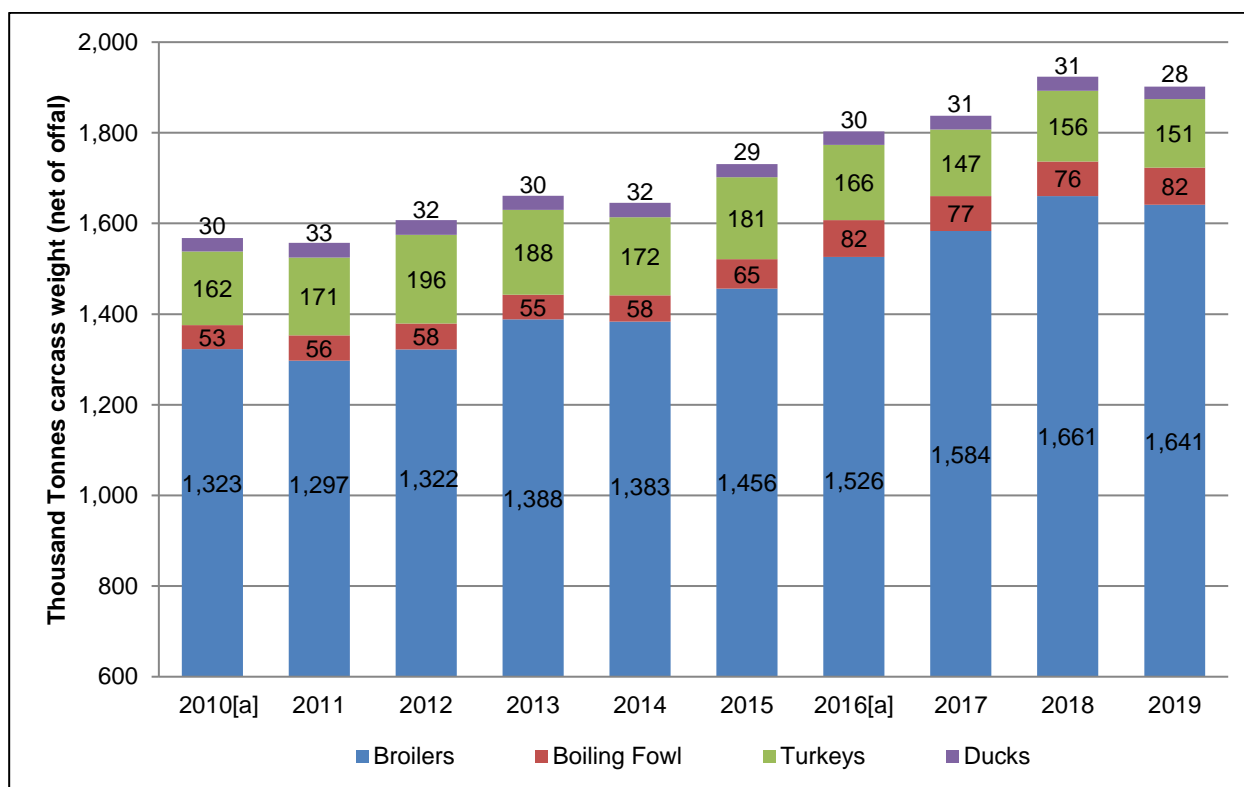


Figure 1.4 Annual UK production of poultry meat by type [5]



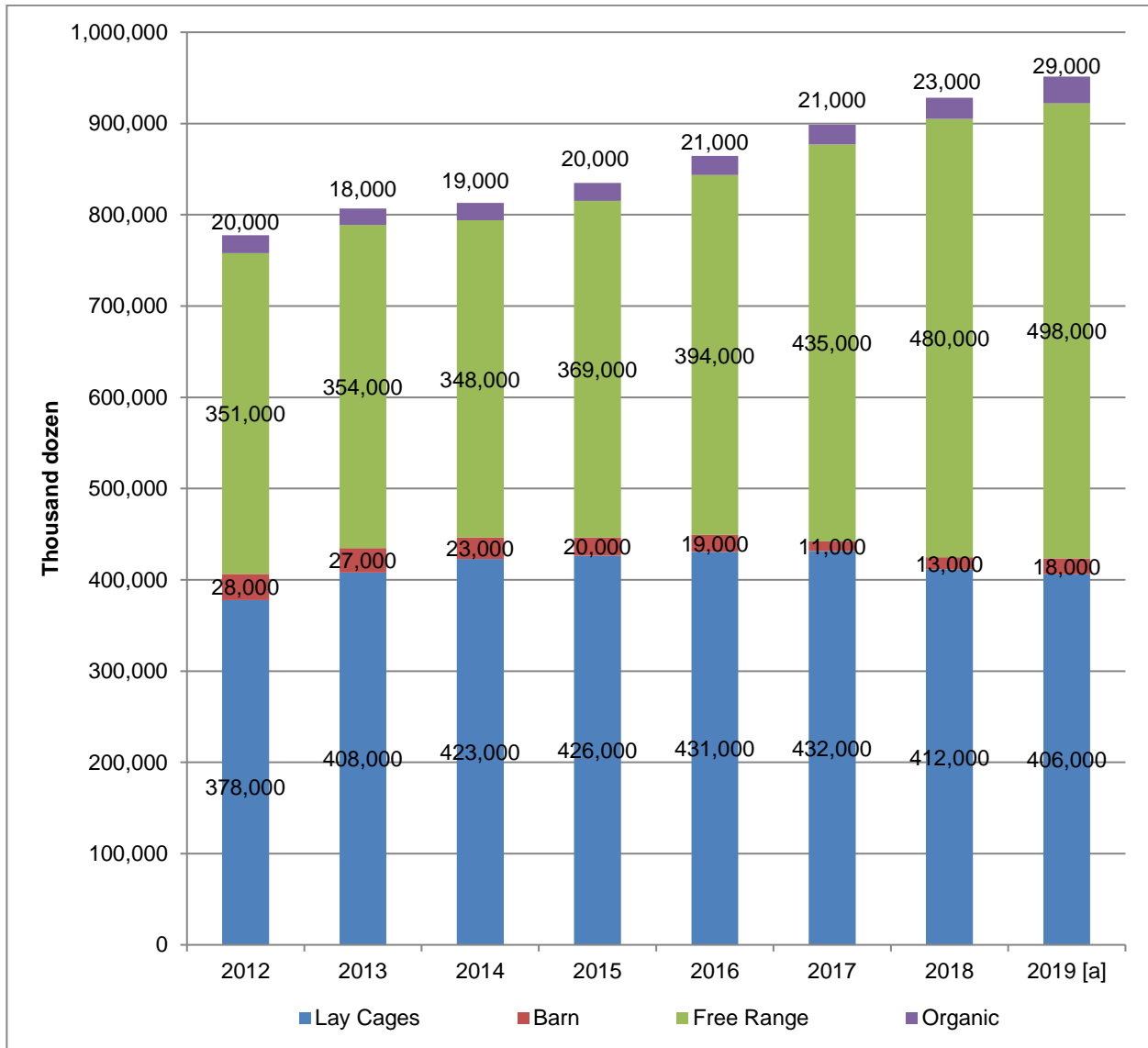
Note: [a] denotes a 53 week year

1.2.2 Poultry for eggs

Eggs are produced in different types of production system:

- *Enriched cages* – As of 1st January 2012 poultry for egg production within Europe if raised in cage systems must be housed in enriched cages, categorised as having 750cm² of cage area per hen (compared with 550cm² in conventional housing), housing must include a nesting area, litter to allow dust bathing, perches of at least 15cm per bird, and claw shortening devices
- *Barn system* – This system employs open-space hen houses with a series of perches at different levels. Birds are allowed to roam the litter covered floor space, at a maximum density (since 2002) of nine birds per m². There is a Deep Litter variant of this system where hen houses have solid floors covered with straw, sand, shavings or turf and a lower stocking density of seven birds per m². Both systems provide communal nest boxes and raised feeding troughs to prevent the scattering of feeds
- *Free Range System* – This system requires birds to have continuous daytime access to outdoor 'runs', largely covered with vegetation, to a maximum stocking density of nine laying hens per m² of usable area. The Welfare of Laying Hens Directive imposes the same hen house conditions as for the Barn System. Free range production can also be organic where, additionally, feeds are organic and the hens are ranged on organically managed land
- *Organic system* - Hens producing organic eggs are always free range. In addition, hens must be fed an organically produced diet and ranged on land that is registered as organic. The hen house conditions for organic hens are set by the EU Organic Regulations and stipulate a maximum stocking density of 6 hens per m² of useable area and a maximum flock size of 3,000 birds. Hens must be provided with nest boxes and adequate perches, providing 18 centimetres of perch per hen, together with litter, accounting for one-third of the ground for scratching and dust bathing [8]

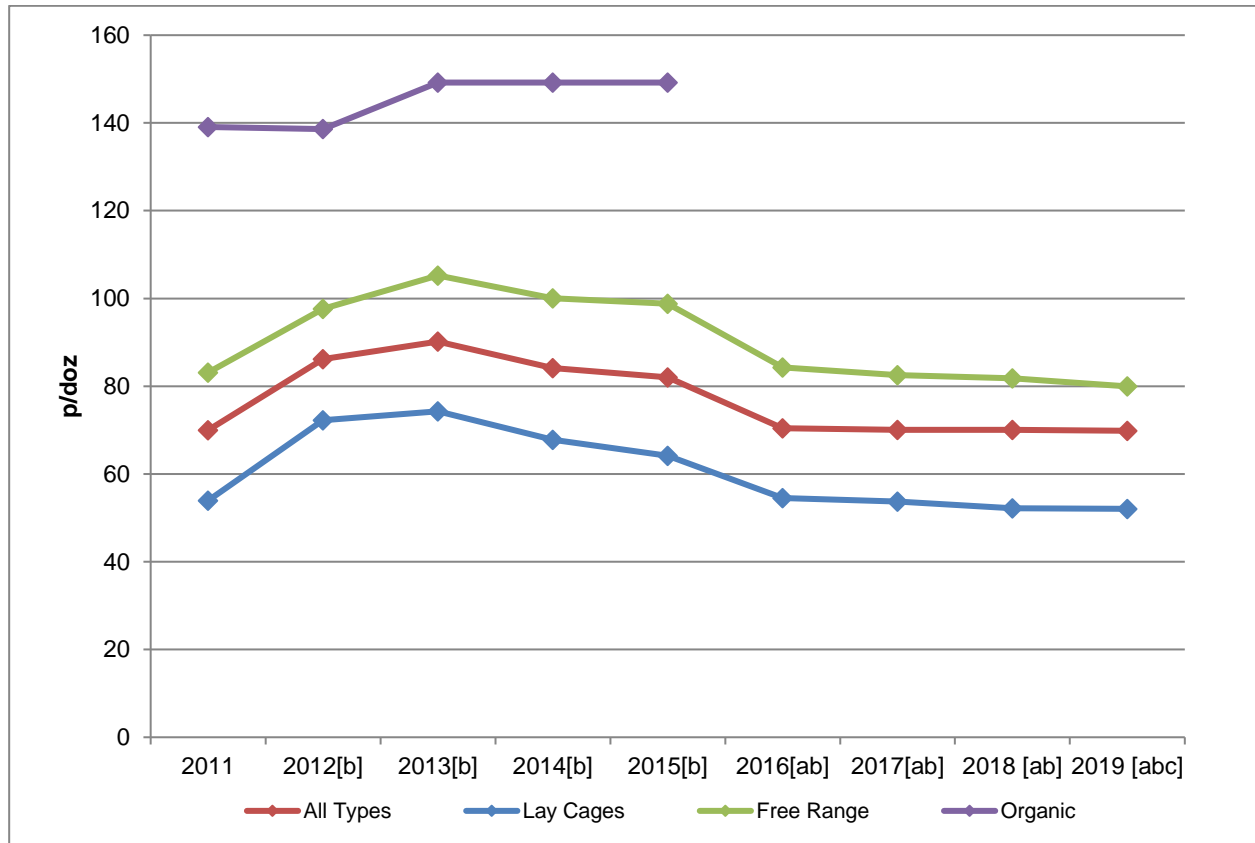
Figure 1.5 Annual UK egg production by production systems [6]



Note: [a] 2019 data for quarter four not available at date of publish. Estimates from quarter four 2018 used.

- Total packing station throughput increased by 2% between 2018 and 2019
- In 2019 the numbers of eggs produced in cages continued to decrease. 43% of eggs were produced in enriched cages in 2019, a decrease of almost 6% since 2012
- Just over 52% of eggs were produced in free range systems in 2019, a small, less than 1% increase on 2018, and a 4% increase when compared to 2017
- There was a slight increase in the numbers of eggs produced in both barn and organic systems in 2019. These now make up just under 2% and just over 3% of annual egg production respectively [6]

Figure 1.6 Average packers to producer prices by housing type [6]



Note: [a] Data for organic eggs suppressed as sample too small
 [b] Data for barn eggs suppressed as sample too small
 [c] 2019 data for quarter four not available at date of publish. Estimates from quarter four 2018 used.

- The average packer to producer price for all types fell slightly in 2019 from 70.1p/doz to 69.8p/doz following the significant decrease of 12p/doz (-14%) in 2016
- The average price of free range eggs continues to fall following several years of price decreases after the price peaked in 2013 at 105.2p/doz. The price for 2019 was a 1.9p/doz reduction on 2018's prices to 80.0p/doz
- The average lay cage egg price in 2019 stayed very similar to the previous year at 52.1p/doz, only dropping by 0.1p/doz [6]

1.3 Contribution of the poultry sector to the economy

1.3.1 The farm sector

- In 2018 total poultry output increased by just under 8% on 2017 to just over £3.5 billion
- Total agricultural output increased by just 2% in 2018. This is a much lower increase than the year before when output increased by 12%
- There was a larger increase in poultry meat output in 2018 of just over 8.5%, increasing to £2.6 billion
- Output from eggs and egg products also rose in 2018 by just under 3% to £641 million. However this is still 11% down on the peak output seen in 2013 of £718 million
- Poultry output as a proportion of gross output from agriculture stayed the same in 2018 at 13% [7]

Figure 1.7 Producer value of UK-produced poultry meat and eggs 2011-2018 (£M) [7]

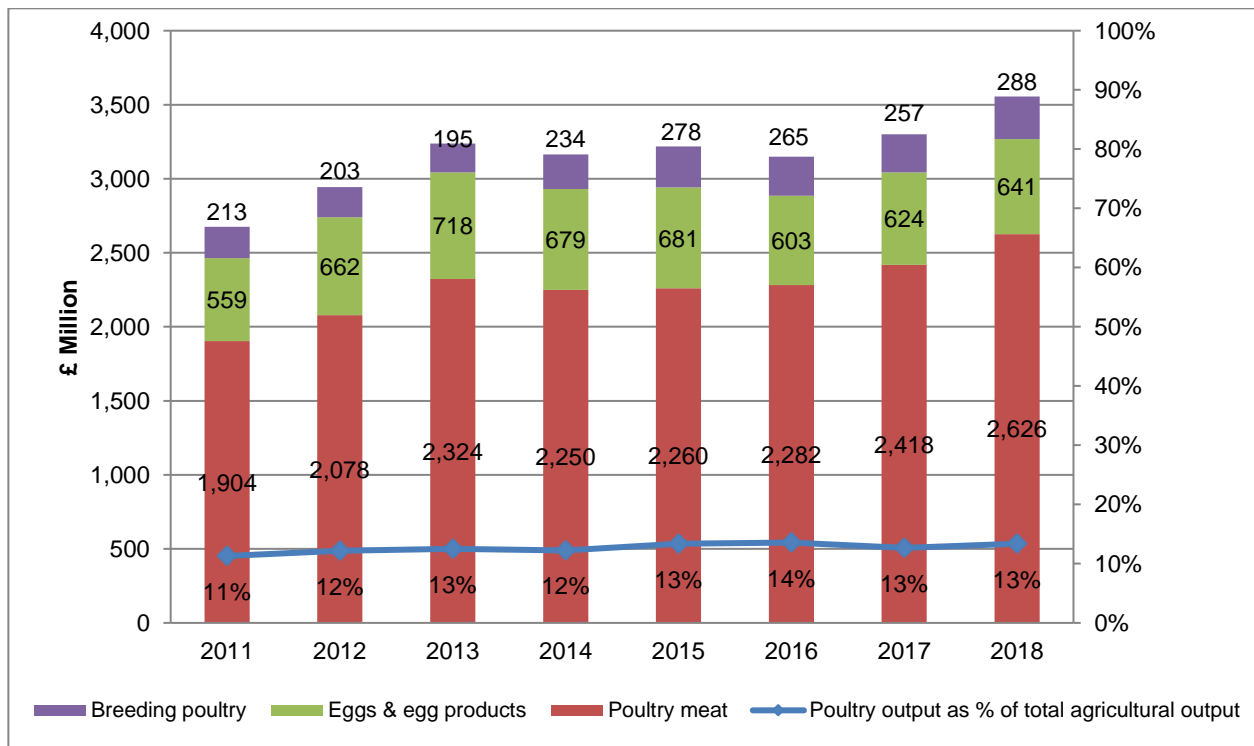
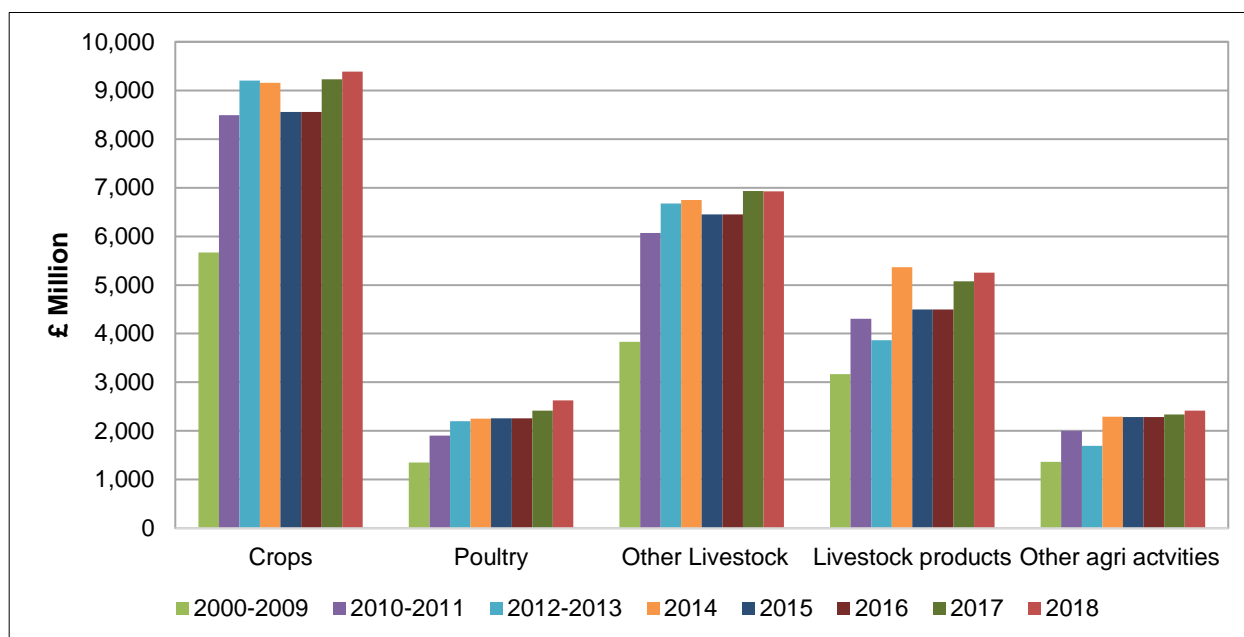


Figure 1.8 Poultry output compared with other agricultural outputs through time at current prices (£M) [8]



1.4 Trade

Table 1.1 UK imports and exports of Eggs and Poultry meat [8]

Eggs (Million Dozen)	2011	2012	2013	2014	2015	2016	2017	2018
Imports	127	163	153	158	175	171	166	158
Exports	10	19	23	11	9	11	12	35
UK production	821	797	829	839	866	899	931	959
% self sufficient	88%	85%	86%	85%	84%	85%	86%	89%
<hr/>								
Poultry meat [a] (carcass weight thousand tonnes)	2011	2012	2013	2014	2015	2016	2017	2018
Imports	516	480	482	509	541	580	562	584
Exports	291	283	314	339	292	299	352	354
UK production	1,560	1,609	1,663	1,648	1,733	1,805	1,840	1,939
% self sufficient	87%	89%	91%	91%	87%	87%	90%	89%

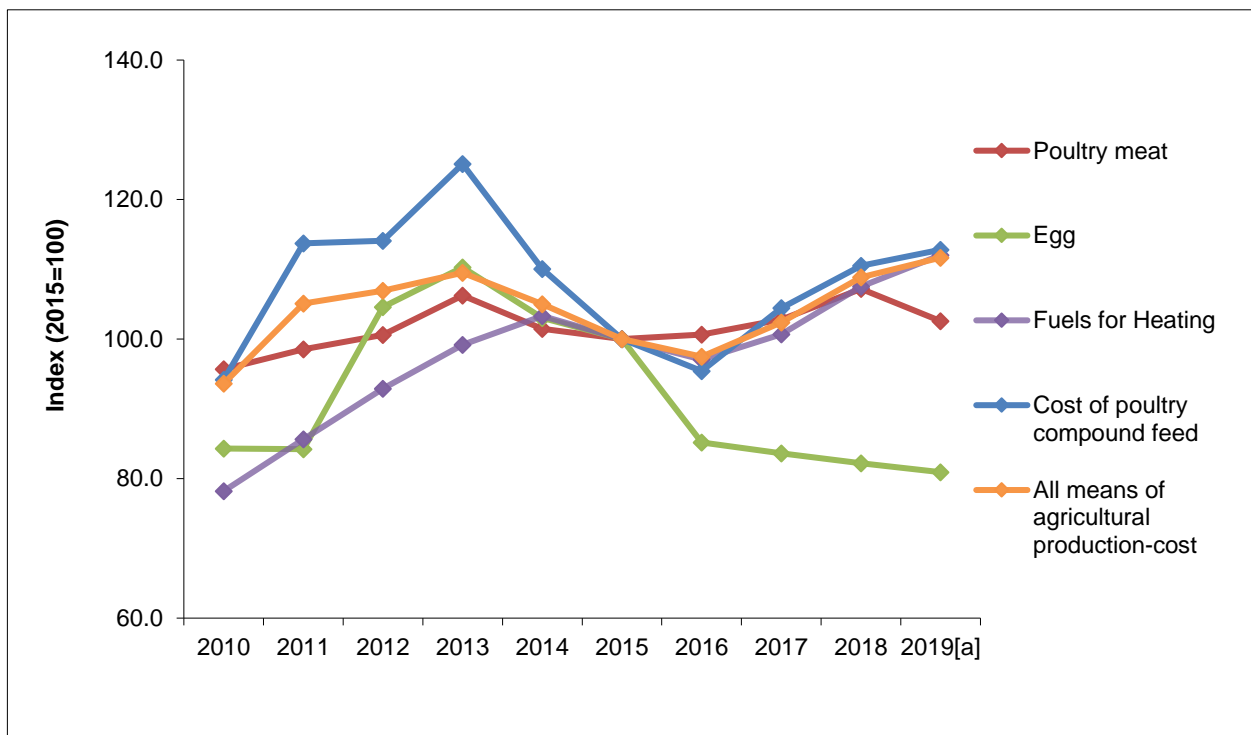
Note: [a] excludes offal

- Between 2017 and 2018, UK production of eggs increased by 3%, slightly lower than the increase from the previous year, however a 20% increase in production when compared to the low in 2012
- UK Production of poultry meat increased by over 5% in 2018, 3% higher than the increase from the previous year and a 24% increase when compared to 2011
- With the increase in UK production, imports of eggs decreased this year by 5% whilst exports increased by 185%, resulting in an increase in self-sufficiency for the third year in succession
- Despite the rise in UK production, imports of poultry meat increased by 4% whilst exports stayed at a very similar figure, increasing by just under 1%, leading to a decrease of 1% in self-sufficiency for 2018 [8]

1.5 Producer prices

- As with previous years, feed and fuel continue to be the major costs for poultry producers
- There has been an increase for the third year in a row in the 'All means of production cost' (based on figures available at the time of preparation of report). This year the cost was up by just under 3% to 111.7 points, 12% higher than the low in 2016 of 97.5 points
- Compound feed costs increased again in 2019 by 2% to 112.8 points. However, this is still 10% or 12.3 points lower than the peak in 2013 of 125.1 points
- Fuel for heating increased by just over 4% or 4.5 points in 2019
- Egg output fell once again in 2019 to 80.9 points, a decrease of just under 2% or 1.3 points on 2018
- Poultry meat fell in 2019, following the increase in 2018. The decrease of 4% or 4.6 points means it is at a similar level to 2017 of 102.8 points [9]

Figure 1.9 Index of producer prices for poultry and eggs and cost of production [9]



Note: [a] 2019 data based on average prices between January and September 2019

SECTION 2: FINANCIAL RESULTS FOR POULTRY PRODUCTION IN ENGLAND

2.1 Introduction to the data

The following series of tables [Tables 2.1 to 2.9] are based on farm businesses that participate in the Farm Business Survey (FBS) in England and are classified as specialist poultry farms. Tables 2.10 to 2.15 are based on farm businesses that participate in the FBS with a poultry enterprise; includes all farm type groups, including specialist poultry farms. The FBS is a sample survey, so results here have been weighted to be representative of the poultry industry in England. Businesses all have year ends between December and April, representing an average February year end.

2.2 Definition of poultry type groups:

Specialist Poultry farms are farms on which poultry account for more than two thirds of their total Standard Output (SO). The SO of an agricultural product (crop or livestock) is the average monetary value of the agricultural output per unit at farm-gate prices, excluding direct payments and value added tax. Each unit of crop or livestock has its own monetary value. To calculate the Standard Output for a poultry enterprise, the average number of poultry are multiplied by a standard monetary unit for each type of poultry. The threshold for inclusion with the Farm Business Survey (FBS) in England is 25,000 euros of standard output. Standard Outputs are representative of the level of output that could be expected on the average farm under "normal" conditions (i.e. no disease outbreaks or adverse weather).

Specialist Poultry Farms:

- Table 2.1 - All specialist poultry farms:
 - Sample includes all types of laying and non-laying enterprises, defined as specialist poultry farms

Specialist Poultry Farms – split between laying flocks and poultry meat producers:

- Table 2.2 - All laying flocks:
 - Sample includes all types of laying enterprises producing eggs for human consumption including enriched cage, free range and deep litter and breeder/rearer enterprises (growing pullets, layer breeders and broiler breeders)
- Table 2.3 - Poultry meat producers:
 - Sample includes all types of poultry meat enterprises including contract and non-contract broilers, turkeys, and ducks

Layers – further sub-groups of table 2.2:

- Table 2.4 - Laying flocks producing eggs for human consumption:
 - Sample includes all types of laying enterprises including enriched cage, free range and deep litter systems
- Table 2.5 - Laying flocks with free range hens:
 - Sample includes solely free range laying enterprises [a sub-set of Table 2.4]

Poultry meat producers – further sub-group of table 2.3:

- Table 2.6 - Non-contract broilers:
 - Sample includes non-contract broiler enterprises [a sub-set of Table 2.3]

Balance sheet information for 2018/19:

- Table 2.7 - Balance sheet data for all specialist poultry farms:
 - Analysis for laying flocks, poultry meat producers and non-contract broilers

- Table 2.8 - Comparison of net worth and percentage equity by farm type for 2018/19:
 - Farms with poultry as their main farm type are compared to other farm types in terms of assets, liabilities, net worth and average % equity
- Table 2.9 – Distribution of tenant’s type capital (%):
 - Shown for all specialist poultry farms with subsets for all laying flocks, all poultry meat producers and non-contract broilers

Gross margin analysis for all poultry enterprises:

This sample of farms includes all farm type groups, including specialist poultry farms.

- Table 2.10 - All laying flocks:
 - Sample includes all types of laying enterprises (enriched cage, free range and deep litter)
- Table 2.11 - Laying flocks with mixed production systems including enriched cage, barn and deep litter:
 - Sample includes all enriched cage laying and mixed laying enterprises [a sub-set of Table 2.10]
- Table 2.12 - Laying flocks with free range hens:
 - Sample includes solely free range laying enterprises [a sub-set of Table 2.10]
- Table 2.13 - Laying flocks on an annual basis (enriched cage and free range systems):
 - Gross margin per doz eggs
- Table 2.14 - Non-contract broilers and table chickens:
 - Sample includes non-contract broiler and table chicken enterprises
- Table 2.15 - Turkey production:
 - Sample includes mainly Christmas turkey producers

2.3 The sample

The sample is drawn from a stratified population of seven regions in England. The weighting of the FBS results is a two stage process with, firstly, an initial weight being produced and, secondly, this initial weight is then adjusted via a calibration procedure. The weights are based on population data from the June business register and are calculated for each design stratum. The initial weights for the FBS are based on the inverse sampling fraction. Suppose, for example, there were 250 Cereal farms in the population and of these 50 were sampled, then these 50 sampled farms would be given an initial sample weight of 5 (250/50). These weights are then adjusted (Calibration Weighting), so that they produce correct population totals for a series of calibration variables for which accurate population values are known from other sources. This ensures that the weights produce precise estimates of other variables, with little bias, despite the inevitable imperfections of the sampling strategy. This weight when applied to each business represents the number of times that business’ data must be replicated in order to ‘represent’ businesses not selected for the sample, so as to reflect the entire population, and applies to all variables.

The design of the weights used in the FBS was altered from 2011/12 to improve the accuracy of estimates relating to both specialist poultry farms and poultry enterprises. The weighting methodology matches the number of specialist layer businesses and meat production businesses to the June Survey, however, it does not split production to the lower levels sometimes used in this report.

According to the 2018 June survey there were 1,522 specialist poultry farm businesses in England that were above the FBS size threshold.

The results for the 2018/19 financial year are based on 99 specialist poultry farms, which represent 6.5% of the population of specialist poultry farms. No premium results are shown for the top quartile of businesses, due to the small sample size.

The data in this report have been compiled from the 2017/18 and 2018/19 FBS. When making inter-year comparisons the results should be treated with caution as poultry farms are subject to a considerable degree of uncertainty reflecting both the structure of this sector and the relatively small sample of these farms in the FBS.

Results for this survey can be accessed at:

<http://farmbusinesssurvey.co.uk> and

<https://www.gov.uk/government/collections/farm-business-survey#farm-accounts-in-england>

From 2018/19, the classification of farms is based on 2013 standard output coefficients. 2017/18 results have been recalculated and presented in this release to allow comparability between 2017/18 and 2018/19. The results published here are therefore not directly comparable with those published in earlier years which are based on previous standard output coefficients. For more information please see https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/365564/fs-uk-farmclassification-2014-21oct14.pdf

2.4 Financial results for 2017/18 and 2018/19

2.4.1 Specialist poultry farms [Table 2.1]

- In 2018/19 a total of 99 farms participating in the Farm Business Survey (FBS) in England were classified as specialist poultry farms, compared to 103 farms in 2017/18
- The total of 99 farms included 55 specialist layers, 43 specialist poultry meat producers and one farm categorised as both a layer and meat producer
- The profitability of specialist poultry farm businesses decreased by 21% in the 2018/19 financial year, with average profit as measured by Farm Business Income (FBI) falling on a per business basis from £94,837 in 2017/18, to £74,692 in 2018/19 [Table 2.1]
- Note that these changes should be treated with caution because of the small sample; removing a particularly influential farm from the results suggests that the average income would have remained similar to the previous year, falling by just 5% between 2017/18 and 2018/19, from £66,892 to £63,290
- Within this sector, on a per business basis, there was a marked difference in profits during 2018/19; the changes in profit were all negative compared to the previous year
 - Average FBI on a per business basis for the layers decreased by 29%, from £53,262 in 2017/18, to £38,064 in 2018/19 [Table 2.2]
 - For the poultry meat producers FBI fell by 14%, decreasing from £120,118 in 2017/18, to £103,655 in 2018/19 [Table 2.3]
- The average number of laying hens per business decreased by 20% in 2018/19, to 44,478 birds, with the average overall number of birds for meat production decreasing by 3%, to 116,795
- Like the previous year the sample of poultry businesses is slightly uneven, made up of 56% layers and 43% meat producers. The balance was very different in terms of poultry output attained:
 - 18% was derived from egg production
 - 66% from broiler production and
 - 16% from a mix of breeding, rearing and other forms of poultry meat production
- Among the total average variable costs for all specialist poultry farms, there was a less than 1% increase in average feed costs on a per holding basis; cost of feed as a percentage of £100 of output per business rose slightly, by 3%, to approximately 53% in 2018/19, due to the drop in poultry output
- Total fixed costs on a per business basis fell by just over 6%, to an average of £326,117 in 2018/19
- In common with past income trends, there was a wide range in the level of Farm Business Income (FBI) observed for different businesses, ranging from over £100,000 per year to a number incurring negative FBI.

2.4.2 Layers producing eggs for human consumption and breeder/rearers [Table 2.2]

- In 2018/19, the 55 specialist poultry farms that were classified as layers (Defra farm typology code 521) included 44 businesses with laying flocks producing eggs for human consumption and 11 businesses comprising breeding and rearing units (including growing pullets, layer breeders and broiler breeders)
- On a business basis, gross output of all laying flocks fell by 22%, decreasing from an average of £722,508 in 2017/18, to an average of £561,555 in 2018/19
- The net result of the year-on-year changes for these businesses was a decrease in the average FBI from £53,262 per business in 2017/18, to £38,064 per business in 2018/19

2.4.3 Layers producing eggs for human consumption [Table 2.4]

- This sub-set of farms consists of flocks producing eggs for human consumption, which include:
 - Enriched cage, barn, deep litter and free range egg production units; breeding poultry (laying flocks producing hatching eggs, day-old chicks and pullets) are not included
 - Thus making this group suited to assessing egg producer figures in terms of analysing the changes in bird numbers, output, costs and FBI, particularly on a per bird basis
- The total gross output for this group decreased by 23%, to an average of £345,285 per business; this, meant that despite lower costs, the average gross margin per business decreased by 31%, to £137,583 in 2018/19
- Compared with the results for 'layers producing eggs for human consumption and breeder/rearers', the FBI for 'layers producing eggs for human consumption' only, showed a much greater decrease of 81% from £47,090 in 2017/18, to £8,996 in 2018/19
- The decrease in profitability comes despite savings on a per business basis in both variable and fixed costs. When you look at the figures per bird there was an increase in spend on feed and in fixed costs
- The price attained for eggs produced by both the more intensive group and from free range systems decreased from 94.3p/doz to 93.0p/doz in 2018/19, average number of birds was also lower in 2018/19 and there was a slight decrease in eggs produced per bird, from 294 in 2017/18 to 291 in 2018/19
- This is similar to the trends seen nationally that show a slight fall in egg prices.
- The differences in the scale of the changes are partially due to the composition of the sample; when only those farms that were in the sample in both years were considered this indicated a larger decrease in the average egg price

2.4.4 Mixed production systems and free range flocks [Table 2.5]

- The laying flock group producing eggs for human consumption is normally subdivided into two further groups of mixed production systems and free range flocks:
 - There are seven farms with mixed production systems and 37 farms with free range systems
 - The mixed production systems are predominantly enriched cage units, however, the sample is too small to publish results
- Although the sample of non-free range egg producers is too small to publish, the evidence suggests that the more intensive producers, including enriched cages, barn and deep litter systems, showed a smaller decrease in average FBI per business, compared with a larger decrease in the free range systems
- The price of free range eggs rose to an average of 98.8p/doz, a 1% increase compared to the previous year. The average prices seen in these results are higher than those seen nationally, this could be due to more direct selling by the farms in this sample

- The average number of eggs per bird per year decreased by 2% for free range producers, to 288 eggs per year
- On a per business basis free range egg farms experienced a 85% fall in profit, with the average FBI decreasing from £38,353 in 2017/18, to £5,772 in 2018/19

2.4.5 Poultry meat producers [Table 2.3]

- This group of farms is classified as poultry meat producers (Defra farm typology code 522):
 - In 2018/19 there were 43 of these farms, compared with 44 in 2017/18; among them were 15 broiler producers whose results are reported separately (Table 2.6)
 - This group also includes contract broiler producers where birds and feed are provided by the rearing company, who in turn pay a fee to the producer, but due to their very small sample size results are not reported separately here
- Although broiler production is the predominant system, a small number of producers of table chickens, turkeys, ducks and geese are also present in the sample, but their results have not been reported separately here due to very small sample size
- The average number of birds per business was down by 3%, to 116,795 birds
- Gross Output remained relatively unchanged between the two years, with a slight decrease in broiler output and increase in crop output. Variable costs rose slightly with a 2.7% increase in feed costs, so that overall the gross margin fell by almost 5%, and the FBI per business decreased by 14% to an average of £103,655
- On a per bird basis, the feed costs increased to an average of £6.16, from £5.82
- FBI as measured on a per bird basis also showed a decrease compared to the previous year, down 11%, falling from an average of £1.00 to an average of £0.89 per bird
- Note that these changes should be treated with caution because of the small sample; removing a particularly influential farm from the results suggests that the average income would have actually increased compared to the previous year, increasing by 15% between 2017/18 and 2018/19, from £73,529 to £84,538

2.4.6 Non-contract broiler production [Table 2.6]

- Producers in this group own the birds and incur all the costs associated with their production
- A production cycle of normally around 42 days enables around seven crops a year to be reared, allowing a reasonable period between each new batch of birds to undertake maintenance and biosecurity measures
- The results recorded here on a per bird basis are on an individual 'bird-crop' basis
- The main cost to the farm business for this system is feed, which increased by 5% to an average of £2,170,178 per business
- On a per bird basis, the cost of feed actually decreased 5%, decreasing from an average of £1.00, to £0.96
- Throughput increased but the group experienced a fall in price for poultry meat leading to the very similar output
- Productivity was up in 2018/19, increasing from 6.9 crops of birds reared per year in 2017/18, to 7.5 crops
- The average price received for broilers in the year was £1.65 per bird, a decrease of 16p on the previous year, while the price of chicks decreased from an average of 34p per bird, to an average of 32p

- FBI decreased from an average of £233,142 per business in 2017/18, to an average of £163,718 in 2018/19
- Note that these changes should be treated with caution because of the small sample; removing a particularly influential farm from the results suggests that the average income would have actually increased compared to the previous year, increasing from an average of £88,650 per business in 2017/18, to an average of £104,304 in 2018/19

2.5 Balance sheet information [Table 2.7 to 2.9]

- Table 2.7 shows the assets, liabilities and net worth for the same group of farms included in the preceding commentary on financial results
- For specialist poultry farms as a whole, the percentage equity in the business decreased by 2.3% in 2018/19, to an average of just under 64%
- The laying flock systems saw their percentage of equity decrease by just 0.5% to an average of 64%, while the poultry meat producers saw percentage equity decline by 2.9% to an average of just under 64%.
- Table 2.8 compares the net worth and percentage equity with other Robust Farm Type classification used in England with an overall average net worth of £1,814,293 recorded per business, representing an overall average of a little under 89% equity in the business
- Those farms that are predominantly land based have the highest percentage equity due to lower liabilities (e.g. Lowland cattle & sheep at 92%), while those businesses with intensive livestock systems, requiring large capital investments and with a very low dependency on land have higher liabilities and, consequently, a smaller stake in the equity of their businesses (e.g. Poultry at 65%)

2.6. Gross margins for all poultry enterprises

- Tables 2.10 to 2.15 show the gross margin results from all farms in the survey with poultry enterprises, some of which will be in addition to the specialist poultry farms commented upon earlier in this report
- Hence the sample of farms on which gross margins have been calculated is larger, although the average flock size is smaller, as the poultry enterprises on these additional farms tend to be supplementary to the main farm enterprises

2.6.1 Gross margin for all laying flocks [Table 2.10 to 2.13]

- Average egg price was 94.1p/doz in 2018/19, compared with 98.4p/doz for the previous year, a fall of 4%
- The average number of birds per holding increased by 5% compared to 2017/18, from 12,447, to 13,062 in 2018/19
- On a per bird basis, poultry output was just slightly below the previous year at an average of £19.54 per bird, with a fall in both the egg price and egg production per bird
- Feed costs for all farms with poultry layers increased by 33p per bird, to £11.18
- Total variable costs were very similar on a per bird basis, resulting in an average gross margin of £7.49, down £1.00 on 2017/18
- The gross margin per doz eggs was 31p for all layers, a decrease of 4p on the 2017/18 returns [Table 2.13]
- There was a difference in the changes to output in the last two years between different production systems; the enriched caged/mixed production systems increased by just over 1%, to an average

of £18.86 per bird [+£0.27], while the free range egg producers decreased by almost 6%, to an average of £19.89 [-£1.21] per bird

- The average egg price was 19% higher for free range egg production than for intensive units, at 99.7p/doz compared to 83.7p/doz, and egg production for free range systems at an average of 285 eggs per year was around 6% less, compared with an average production of 305 eggs for the intensive units
- The average gross margin per doz eggs was 30.28p for intensive/mixed egg production systems and 31.55p for free range egg production, much closer than they have been in previous years
- Feed cost for the free range systems is about 17% higher per bird than for the intensive systems
- Due to the fall in output and increase in costs the gross margin per bird for free range egg production was lower than for the intensive systems; year-on-year, gross margin recorded a decrease of £1.44 per bird for free range systems
- Enriched cage/mixed production systems showed a small increase in gross margin of £0.31, they showed an increase in output of £0.27 and a decrease in costs of £0.04
- The sample size of specialist poultry farms with enriched cage and mixed production systems in this year's report is small, and any inference of a general trend relating to enriched cage systems should therefore be treated with caution

2.6.2 Gross margin for broilers & table chicken production (non-contract) [Table 2.14]

- The average price received for broilers was £1.67 [-10p] per bird, with the purchase price of chicks averaging 32p [-1p]
- With 8.5 crops per year (an increase of 20% from 7.0 crops), an average gross margin of £2.72 per bird place was recorded on an annual basis, an increase of £0.51 on the previous year

2.6.3 Turkey production [Table 2.15]

- Farms in this group are predominantly small scale Christmas turkey producers and are not representative of large scale turkey production, which accounts for the vast majority of English turkey production
- The average price received for turkeys in 2018/19 was £43.77 [+£1.76] per bird, while the average purchase price was £4.91 per bird [+£0.18]
- Overall, poultry output averaged £36.91 per bird [+£1.37] in 2018/19 and feed costs £9.42 per bird [+£1.46], resulting in a slightly poorer gross margin of £23.97 [-£0.25] per bird

Table 2.1 Financial results for all specialist poultry farms

	<i>Per farm</i>			<i>Per bird (annual basis)</i>		
	2017/18	2018/19	% change	2017/18	2018/19	£ change
Number of farms	103	99		103	99	
Average number of birds/year	92,132	85,984		92,132	85,984	
	<i>Average £ per farm</i>			<i>Average £ per bird</i>		
Gross output						
Eggs	153,974	153,020	-1	1.67	1.78	0.11
Hen depreciation	-20,573	-20,039	-3	-0.22	-0.23	-0.01
Broilers	598,264	567,457	-5	6.49	6.60	0.11
Other poultry output	183,745	164,611	-10	1.99	1.91	-0.08
Total poultry output	915,410	865,050	-6	9.94	10.06	0.12
Crops	30,205	42,814	42	0.33	0.50	0.17
Other livestock	17,785	8,370	-53	0.19	0.10	-0.10
Other output	71,730	66,430	-7	0.78	0.77	-0.01
Total gross output	1,035,130	982,664	-5	11.24	11.43	0.19
Variable costs						
Feed	520,363	521,054	0	5.65	6.06	0.41
Seed, fertiliser, crop costs	9,009	14,070	56	0.10	0.16	0.07
Vet. & medicines	20,242	17,577	-13	0.22	0.20	-0.02
Other livestock costs	53,522	42,058	-21	0.58	0.49	-0.09
Total variable costs	603,137	594,759	-1	6.55	6.92	0.37
Total gross margin	431,994	387,904	-10	4.69	4.51	-0.18
Fixed costs						
Labour:						
Regular paid	63,413	54,854	-13	0.69	0.64	-0.05
Regular unpaid	27,739	26,534	-4	0.30	0.31	0.01
Casual labour	10,343	12,761	23	0.11	0.15	0.04
Power & machinery costs:						
Contract & hire	12,839	15,497	21	0.14	0.18	0.04
Fuel	9,219	9,291	1	0.10	0.11	0.01
Electricity	21,221	22,543	6	0.23	0.26	0.03
Heat	19,260	23,403	22	0.21	0.27	0.06
Repairs	20,710	23,971	16	0.22	0.28	0.05
Depreciation	32,027	28,329	-12	0.35	0.33	-0.02
Rent (incl. imputed)	67,157	56,983	-15	0.73	0.66	-0.07
Other costs:						
Occupiers repairs	22,192	18,258	-18	0.24	0.21	-0.03
Sundries (incl. bad debts)	42,355	33,692	-20	0.46	0.39	-0.07
Total fixed costs	348,475	326,117	-6	3.78	3.79	0.01
Management & investment income	83,519	61,787	<u>Δ£/farm</u> -21,732	0.91	0.72	-0.19
Minus: management salaries	71	89	18	0.00	0.00	0.00
Plus: farmer & spouse labour	23,410	21,394	-2,016	0.25	0.25	-0.01
Net farm income	106,858	83,092	-23,766	1.16	0.97	-0.19
Farm business income	94,837	74,692	-20,145	1.03	0.87	-0.16

Per £100 of gross output

	2017/18	2018/19	£ change	Farm Business Income (FBI) per farm	
Number of farms	103	99		(% distribution by number of weighted farms)	
Average number (birds/year)	92,132	85,984		%	%
				2017/18	2018/19
Average £ per £100 of gross output					
Gross output (%)				Over £100,000	21
Eggs (%)	14.87	15.57		0 to <£100,000	60
Hen depreciation (%)	-1.99	-2.04		Less than 0	19
Broilers (%)	57.80	57.75		Total	100
Other poultry output (%)	17.75	16.75			100
Total poultry output (%)	88.43	88.03			
Crops (%)	2.92	4.36			
Other livestock (%)	1.72	0.85			
Other output (%)	6.93	6.76			
Total gross output (%)	100.00	100.00			
Variable costs					
Feed	50.27	53.02	2.75		
Seed, fertiliser, crop costs	0.87	1.43	0.56		
Vet. & medicines	1.96	1.79	-0.17		
Other livestock costs	5.17	4.28	-0.89		
Total variable costs	58.27	60.53	2.26		
Total gross margin	41.73	39.47	-2.26		
Fixed costs				Average Poultry Numbers	
Labour:				Average	Average
Regular paid	6.13	5.58	-0.54	2017/18	2018/19
Regular unpaid	2.68	2.70	0.02		
Casual labour	1.00	1.30	0.30	Hens in lay	7,576
Power & machinery costs:				Pullets	12,655
Contract & hire	1.24	1.58	0.34	Broilers & other poultry	71,901
Fuel	0.89	0.95	0.05	Total Average	92,132
Electricity	2.05	2.29	0.24		85,984
Heat	1.86	2.38	0.52		
Repairs	2.00	2.44	0.44		
Depreciation	3.09	2.88	-0.21		
Rent (incl. imputed)	6.49	5.80	-0.69		
Other costs:					
Occupiers repairs	2.14	1.86	-0.29		
Sundries (incl. bad debts)	4.09	3.43	-0.66		
Total fixed costs	33.66	33.19	-0.48		
Management & investment income	8.07	6.29	-1.78		
Minus: management salaries	0.01	0.01	0.00	Other efficiency factors	
Plus: farmer & spouse labour	2.26	2.18	-0.08	Average	Average
Net farm income	10.32	8.46	-1.87	2017/18	2018/19
Farm business income	9.16	7.60	-1.56	Eggs per bird	257
				Eggs (p/doz.)	94.34
					277
					94.11

Table 2.2 Financial results for all laying flocks

	<i>Per farm</i>			<i>Per bird (annual basis)</i>		
	2017/18	2018/19	% change	2017/18	2018/19	£ change
Number of farms	58	55		58	55	
Average number of birds/year	55,570	44,478		55,570	44,478	
	<i>Average £ per farm</i>			<i>Average £ per bird</i>		
Gross output						
Eggs	408,633	351,975	-14	7.35	7.91	0.56
Hen depreciation	-54,857	-45,127	-18	-0.99	-1.01	-0.03
Broilers	0	0	0	0.00	0.00	0.00
Other poultry output	314,414	210,025	-33	5.66	4.72	-0.94
Total poultry output	668,190	516,873	-23	12.02	11.62	-0.40
Crops	12,824	11,863	-7	0.23	0.27	0.04
Other livestock	4,189	4,182	0	0.08	0.09	0.02
Other output	37,305	28,638	-23	0.67	0.64	-0.03
Total gross output	722,508	561,555	-22	13.00	12.63	-0.38
Variable costs						
Feed	277,173	244,730	-12	4.99	5.50	0.51
Seed, fertiliser, crop costs	5,070	3,889	-23	0.09	0.09	0.00
Vet. & medicines	30,864	18,930	-39	0.56	0.43	-0.13
Other livestock costs	60,527	33,470	-45	1.09	0.75	-0.34
Total variable costs	373,634	301,019	-19	6.72	6.77	0.04
Total gross margin	348,874	260,537	-25	6.28	5.86	-0.42
Fixed costs						
Labour:						
Regular paid	85,547	57,077	-33	1.54	1.28	-0.26
Regular unpaid	33,006	24,668	-25	0.59	0.55	-0.04
Casual labour	13,491	14,241	6	0.24	0.32	0.08
Power & machinery costs:						
Contract & hire	7,383	6,246	-15	0.13	0.14	0.01
Fuel	5,774	4,357	-25	0.10	0.10	-0.01
Electricity	18,944	16,089	-15	0.34	0.36	0.02
Heat	5,959	5,398	-9	0.11	0.12	0.01
Repairs	8,198	6,826	-17	0.15	0.15	0.01
Depreciation	19,339	19,411	0	0.35	0.44	0.09
Rent (incl. imputed)	52,099	43,802	-16	0.94	0.98	0.05
Other costs:						
Occupiers repairs	28,011	12,073	-57	0.50	0.27	-0.23
Sundries (incl. bad debts)	33,105	22,762	-31	0.60	0.51	-0.08
Total fixed costs	310,855	232,949	-25	5.59	5.24	-0.36
Management & investment income	38,018	27,587	<u>Δ£/farm</u> -10,431	0.68	0.62	-0.06
Minus: management salaries	19	44	24	0.00	0.00	0.00
Plus: farmer & spouse labour	28,272	21,239	-7,033	0.51	0.48	-0.03
Net farm income	66,271	48,783	-17,488	1.19	1.10	-0.10
Farm business income	53,262	38,064	-15,198	0.96	0.86	-0.10

Per £100 of gross output

	2017/18	2018/19	£ change
Number of farms	58	55	
Average number (birds/year)	55,570	44,478	

Average £ per £100 of gross output

Gross output (%)			
Eggs (%)	56.56	62.68	
Hen depreciation (%)	-7.59	-8.04	
Broilers (%)	0.00	0.00	
Other poultry output (%)	43.52	37.40	
Total poultry output (%)	92.48	92.04	
Crops (%)	1.77	2.11	
Other livestock (%)	0.58	0.74	
Other output (%)	5.16	5.10	
Total gross output (%)	100.00	100.00	
Variable costs			
Feed	38.36	43.58	5.22
Seed, fertiliser, crop costs	0.70	0.69	-0.01
Vet. & medicines	4.27	3.37	-0.90
Other livestock costs	8.38	5.96	-2.42
Total variable costs	51.71	53.60	1.89
Total gross margin	48.29	46.40	-1.89
Fixed costs			
Labour:			
Regular paid	11.84	10.16	-1.68
Regular unpaid	4.57	4.39	-0.18
Casual labour	1.87	2.54	0.67
Power & machinery costs:			
Contract & hire	1.02	1.11	0.09
Fuel	0.80	0.78	-0.02
Electricity	2.62	2.87	0.24
Heat	0.82	0.96	0.14
Repairs	1.13	1.22	0.08
Depreciation	2.68	3.46	0.78
Rent (incl. imputed)	7.21	7.80	0.59
Other costs:			
Occupiers repairs	3.88	2.15	-1.73
Sundries (incl. bad debts)	4.58	4.05	-0.53
Total fixed costs	43.02	41.48	-1.54
Management & investment income	5.26	4.91	-0.35
Minus: management salaries	0.00	0.01	0.01
Plus: farmer & spouse labour	3.91	3.78	-0.13
Net farm income	9.17	8.69	-0.49
Farm business income	7.37	6.78	-0.59

Average Poultry Numbers

	Average 2017/18	Average 2018/19
Hens in lay	20,588	16,225
Pullets	34,982	28,243
Broilers & other poultry	0	11
Total Average	55,570	44,478

Other efficiency factors

	Average 2017/18	Average 2018/19
Eggs per bird	257	277
Eggs (p/doz.)	92.39	94.08

Table 2.3 Financial results for all poultry meat producers

	<i>Per farm</i>			<i>Per bird (annual basis)</i>		
	2017/18	2018/19	% change	2017/18	2018/19	£ change
Number of farms	44	43		44	43	
Average number of birds/year	120,426	116,795		120,426	116,795	
	<i>Average £ per farm</i>			<i>Average £ per bird</i>		
Gross output						
Eggs	0	0	0	0.00	0.00	0.00
Hen depreciation	0	0	0	0.00	0.00	0.00
Broilers	1,002,230	988,702	-1	8.32	8.47	0.14
Other poultry output	115,203	125,912	9	0.96	1.08	0.12
Total poultry output	1,117,432	1,114,614	0	9.28	9.54	0.26
Crops	41,883	65,353	56	0.35	0.56	0.21
Other livestock	27,258	11,531	-58	0.23	0.10	-0.13
Other output	93,641	92,339	-1	0.78	0.79	0.01
Total gross output	1,280,214	1,283,837	0	10.63	10.99	0.36
Variable costs						
Feed	700,523	719,494	3	5.82	6.16	0.34
Seed, fertiliser, crop costs	11,882	21,572	82	0.10	0.18	0.09
Vet. & medicines	15,191	16,625	9	0.13	0.14	0.02
Other livestock costs	51,372	48,385	-6	0.43	0.41	-0.01
Total variable costs	778,968	806,076	3	6.47	6.90	0.43
Total gross margin	501,246	477,761	-5	4.16	4.09	-0.07
Fixed costs						
Labour:						
Regular paid	54,103	53,483	-1	0.45	0.46	0.01
Regular unpaid	25,023	27,636	10	0.21	0.24	0.03
Casual labour	8,833	10,854	23	0.07	0.09	0.02
Power & machinery costs:						
Contract & hire	16,751	21,695	30	0.14	0.19	0.05
Fuel	11,505	12,982	13	0.10	0.11	0.02
Electricity	24,022	27,161	13	0.20	0.23	0.03
Heat	28,597	36,746	28	0.24	0.31	0.08
Repairs	29,404	36,227	23	0.24	0.31	0.07
Depreciation	41,385	33,971	-18	0.34	0.29	-0.05
Rent (incl. imputed)	79,660	64,802	-19	0.66	0.55	-0.11
Other costs:						
Occupiers repairs	19,263	22,678	18	0.16	0.19	0.03
Sundries (incl. bad debts)	49,983	40,837	-18	0.42	0.35	-0.07
Total fixed costs	388,528	389,072	0	3.23	3.33	0.10
Management & investment income	112,718	88,689	<u>Δ£/farm</u> -24,029	0.94	0.76	-0.18
Minus: management salaries	107	123	16	0.00	0.00	0.00
Plus: farmer & spouse labour	20,636	21,485	849	0.17	0.18	0.01
Net farm income	133,247	110,052	-23,195	1.11	0.94	-0.16
Farm business income	120,118	103,655	-16,464	1.00	0.89	-0.11

Per £100 of gross output

	2017/18	2018/19	£ change
Number of farms	44	43	
Average number (birds/year)	120,426	116,795	

Average £ per £100 of gross output

Gross output (%)			
Eggs (%)	0.00	0.00	
Hen depreciation (%)	0.00	0.00	
Broilers (%)	78.29	77.01	
Other poultry output (%)	9.00	9.81	
Total poultry output (%)	87.28	86.82	
Crops (%)	3.27	5.09	
Other livestock (%)	2.13	0.90	
Other output (%)	7.31	7.19	
Total gross output (%)	100.00	100.00	
Variable costs			
Feed	54.72	56.04	1.32
Seed, fertiliser, crop costs	0.93	1.68	0.75
Vet. & medicines	1.19	1.29	0.11
Other livestock costs	4.01	3.77	-0.24
Total variable costs	60.85	62.79	1.94
Total gross margin	39.15	37.21	-1.94
Fixed costs			
Labour:			
Regular paid	4.23	4.17	-0.06
Regular unpaid	1.95	2.15	0.20
Casual labour	0.69	0.85	0.16
Power & machinery costs:			
Contract & hire	1.31	1.69	0.38
Fuel	0.90	1.01	0.11
Electricity	1.88	2.12	0.24
Heat	2.23	2.86	0.63
Repairs	2.30	2.82	0.53
Depreciation	3.23	2.65	-0.59
Rent (incl. imputed)	6.22	5.05	-1.17
Other costs:			
Occupiers repairs	1.50	1.77	0.26
Sundries (incl. bad debts)	3.90	3.18	-0.72
Total fixed costs	30.35	30.31	-0.04
Management & investment income	8.80	6.91	-1.90
Minus: management salaries	0.01	0.01	0.00
Plus: farmer & spouse labour	1.61	1.67	0.06
Net farm income	10.41	8.57	-1.84
Farm business income	9.38	8.07	-1.31

Average Poultry Numbers

	Average 2017/18	Average 2018/19
Hens in lay	0	0
Pullets	0	0
Broilers & other poultry	120,426	116,795
Total Average	120,426	116,795

Table 2.4 Financial results for laying flocks producing eggs for human consumption

	<i>Per farm</i>			<i>Per bird (annual basis)</i>		
	2017/18	2018/19	% change	2017/18	2018/19	£ change
Number of farms	44	44		44	44	
Average number of birds/year	20,722	16,770		20,722	16,770	
	<i>Average £ per farm</i>			<i>Average £ per bird</i>		
Gross output (%)						
Eggs	464,804	361,572	-22	22.43	21.56	-0.87
Hen depreciation	-70,701	-59,343	-16	-3.41	-3.54	-0.13
Broilers	0	0	0	0.00	0.00	0.00
Other poultry output	7,249	5,849	-19	0.35	0.35	0.00
Total poultry output	401,352	308,078	-23	19.37	18.37	-1.00
Crops	17,269	13,521	-22	0.83	0.81	-0.03
Other livestock	5,399	4,791	-11	0.26	0.29	0.03
Other output	22,984	18,895	-18	1.11	1.13	0.02
Total gross output	447,005	345,285	-23	21.57	20.59	-0.98
Variable costs						
Feed	219,860	185,419	-16	10.61	11.06	0.45
Seed, fertiliser, crop costs	6,893	4,452	-35	0.33	0.27	-0.07
Vet. & medicines	4,488	4,406	-2	0.22	0.26	0.05
Other livestock costs	17,083	13,425	-21	0.82	0.80	-0.02
Total variable costs	248,324	207,702	-16	11.98	12.39	0.40
Total gross margin	198,680	137,583	-31	9.59	8.20	-1.38
Fixed costs						
Labour:						
Regular paid	27,365	26,079	-5	1.32	1.56	0.23
Regular unpaid	29,059	24,597	-15	1.40	1.47	0.06
Casual labour	6,390	3,260	-49	0.31	0.19	-0.11
Power & machinery costs:						
Contract & hire	6,013	4,466	-26	0.29	0.27	-0.02
Fuel	3,734	3,351	-10	0.18	0.20	0.02
Electricity	8,040	7,295	-9	0.39	0.43	0.05
Heat	506	446	-12	0.02	0.03	0.00
Repairs	6,387	5,211	-18	0.31	0.31	0.00
Depreciation	15,500	16,880	9	0.75	1.01	0.26
Rent (incl. imputed)	41,643	32,623	-22	2.01	1.95	-0.06
Other costs:						
Occupiers repairs	7,453	3,860	-48	0.36	0.23	-0.13
Sundries (incl. bad debts)	18,042	15,201	-16	0.87	0.91	0.04
Total fixed costs	170,133	143,270	-16	8.21	8.54	0.33
Management & investment income	28,547	-5,687	<u>Δ£/farm</u> -34,234	1.38	-0.34	-1.72
Minus: management salaries	0	32	32	0.00	0.00	0.00
Plus: farmer & spouse labour	23,122	21,024	-2,099	1.12	1.25	0.14
Net farm income	51,670	15,305	-36,365	2.49	0.91	-1.58
Farm business income	47,090	8,996	-38,094	2.27	0.54	-1.74

Per £100 of gross output

	2017/18	2018/19	£ change
Number of farms	44	44	
Average number (birds/year)	20,722	16,770	
Average £ per £100 of gross output			
Gross output (%)			
Eggs (%)	102.18	103.22	
Hen depreciation (%)	-13.71	-16.12	
Broilers (%)	0.00	0.00	
Other poultry output (%)	5.08	5.48	
Total poultry output (%)	93.54	92.59	
Crops (%)	2.39	2.90	
Other livestock (%)	0.50	0.51	
Other output (%)	3.57	4.01	
Total gross output (%)	100.00	100.00	
Variable costs			
Feed	49.19	53.70	4.52
Seed, fertiliser, crop costs	1.54	1.29	-0.25
Vet. & medicines	1.00	1.28	0.27
Other livestock costs	3.82	3.89	0.07
Total variable costs	55.55	60.15	4.60
Total gross margin	44.45	39.85	-4.60
Fixed costs			
Labour:			
Regular paid	6.12	7.55	1.43
Regular unpaid	6.50	7.12	0.62
Casual labour	1.43	0.94	-0.49
Power & machinery costs:			
Contract & hire	1.35	1.29	-0.05
Fuel	0.84	0.97	0.14
Electricity	1.80	2.11	0.31
Heat	0.11	0.13	0.02
Repairs	1.43	1.51	0.08
Depreciation	3.47	4.89	1.42
Rent (incl. imputed)	9.32	9.45	0.13
Other costs:			
Occupiers repairs	1.67	1.12	-0.55
Sundries (incl. bad debts)	4.04	4.40	0.37
Total fixed costs	38.06	41.49	3.43
Management & investment income	6.39	-1.65	-8.03
Minus: management salaries	0.00	0.01	0.01
Plus: farmer & spouse labour	5.17	6.09	0.92
Net farm income	11.56	4.43	-7.13
Farm business income	10.53	2.61	-7.93

Pence per dozen eggs

	2017/18	2018/19
Gross output		
Eggs	94.22	92.98
Other poultry output	-12.86	-13.76
Other output	9.25	9.57
Total gross output	90.61	88.79
Variable costs		
Feed	44.57	47.68
Other variable costs	5.77	5.73
Total variable costs	50.34	53.41
Total gross margin	40.27	35.38
Total fixed costs	34.49	36.84
Management & investment income	5.79	-1.46
Net farm income	10.47	3.94
Farm business income	9.55	2.31

Average Poultry Numbers

	Average 2017/18	Average 2018/19
Hens in lay	20,159	16,053
Pullets	562	705
Broilers & other poultry	0	0
Total Average	20,722	16,770

Other efficiency factors

	Average 2017/18	Average 2018/19
Eggs per bird	294	291
Eggs (p/doz.)	94.25	92.96

Table 2.5 Financial results for laying flocks with free range hens

	<i>Per farm</i>			<i>Per bird (annual basis)</i>		
	2017/18	2018/19	% change	2017/18	2018/19	£ change
Number of farms	36	37		36	37	
Average number of birds/year	16,229	12,792		16,229	12,792	
	<i>Average £ per farm</i>			<i>Average £ per bird</i>		
Gross output (%)						
Eggs	384,170	300,067	-22	23.67	23.46	-0.21
Hen depreciation	-61,017	-49,966	-18	-3.76	-3.91	-0.15
Broilers	0	0	0	0.00	0.00	0.00
Other poultry output	1,063	1,536	44	0.07	0.12	0.05
Total poultry output	324,216	251,638	-22	19.98	19.67	-0.31
Crops	16,260	12,060	-26	1.00	0.94	-0.06
Other livestock	5,439	4,722	-13	0.34	0.37	0.03
Other output	21,090	16,889	-20	1.30	1.32	0.02
Total gross output	367,005	285,309	-22	22.61	22.30	-0.31
Variable costs						
Feed	180,482	152,700	-15	11.12	11.94	0.82
Seed, fertiliser, crop costs	6,345	3,838	-40	0.39	0.30	-0.09
Vet. & medicines	3,939	3,641	-8	0.24	0.28	0.04
Other livestock costs	8,739	7,031	-20	0.54	0.55	0.01
Total variable costs	199,506	167,209	-16	12.29	13.07	0.78
Total gross margin	167,499	118,100	-29	10.32	9.23	-1.09
Fixed costs						
Labour:						
Regular paid	20,296	19,250	-5	1.25	1.50	0.25
Regular unpaid	27,377	23,038	-16	1.69	1.80	0.11
Casual labour	3,118	2,757	-12	0.19	0.22	0.02
Power & machinery costs:						
Contract & hire	6,154	4,311	-30	0.38	0.34	-0.04
Fuel	2,595	2,502	-4	0.16	0.20	0.04
Electricity	7,186	6,506	-9	0.44	0.51	0.07
Heat	325	381	17	0.02	0.03	0.01
Repairs	4,547	3,880	-15	0.28	0.30	0.02
Depreciation	12,440	15,202	22	0.77	1.19	0.42
Rent (incl. imputed)	38,889	30,074	-23	2.40	2.35	-0.05
Other costs:						
Occupiers repairs	6,457	3,528	-45	0.40	0.28	-0.12
Sundries (incl. bad debts)	15,893	13,759	-13	0.98	1.08	0.10
Total fixed costs	145,275	125,187	-14	8.95	9.79	0.84
Management & investment income	22,224	-7,087	<u>Δ£/farm</u> -29,312	1.37	-0.55	-1.92
Minus: management salaries	0	34	34	0.00	0.00	0.00
Plus: farmer & spouse labour	22,994	20,555	-2,439	1.42	1.61	0.19
Net farm income	45,218	13,434	-31,785	2.79	1.05	-1.74
Farm business income	38,353	5,772	-32,581	2.36	0.45	-1.91

Per £100 of gross output

	2017/18	2018/19	£ change
Number of farms	36	37	
Average number (birds/year)	16,229	12,792	
Average £ per £100 of gross output			
Gross output (%)			
Eggs (%)	104.68	105.17	
Hen depreciation (%)	-16.63	-17.51	
Broilers (%)	0.00	0.00	
Other poultry output (%)	0.29	0.54	
Total poultry output (%)	88.34	88.20	
Crops (%)	4.43	4.23	
Other livestock (%)	1.48	1.66	
Other output (%)	5.75	5.92	
Total gross output (%)	100.00	100.00	
Variable costs			
Feed	49.18	53.52	4.34
Seed, fertiliser, crop costs	1.73	1.35	-0.38
Vet. & medicines	1.07	1.28	0.20
Other livestock costs	2.38	2.46	0.08
Total variable costs	54.36	58.61	4.25
Total gross margin	45.64	41.39	-4.25
Fixed costs			
Labour:			
Regular paid	5.53	6.75	1.22
Regular unpaid	7.46	8.07	0.62
Casual labour	0.85	0.97	0.12
Power & machinery costs:			
Contract & hire	1.68	1.51	-0.17
Fuel	0.71	0.88	0.17
Electricity	1.96	2.28	0.32
Heat	0.09	0.13	0.05
Repairs	1.24	1.36	0.12
Depreciation	3.39	5.33	1.94
Rent (incl. imputed)	10.60	10.54	-0.06
Other costs:			
Occupiers repairs	1.76	1.24	-0.52
Sundries (incl. bad debts)	4.33	4.82	0.49
Total fixed costs	39.58	43.88	4.29
Management & investment income	6.06	-2.48	-8.54
Minus: management salaries	0.00	0.01	0.01
Plus: farmer & spouse labour	6.27	7.20	0.94
Net farm income	12.32	4.71	-7.61
Farm business income	10.45	2.02	-8.43

Pence per dozen eggs

	2017/18	2018/19
Gross output		
Eggs	97.38	98.80
Other poultry output	-15.20	-15.95
Other output	10.85	11.09
Total gross output	93.03	93.94
Variable costs		
Feed	45.75	50.28
Other variable costs	4.82	4.78
Total variable costs	50.57	55.06
Total gross margin	42.46	38.89
Total fixed costs	36.82	41.22
Management & investment income	5.63	-2.33
Net farm income	11.46	4.42
Farm business income	9.72	1.90

Average Poultry Numbers

	Average 2017/18	Average 2018/19
Hens in lay	16,088	12,659
Pullets	141	119
Broilers & other poultry	0	14
Total Average	16,229	12,792

Other efficiency factors

	Average 2017/18	Average 2018/19
Eggs per bird	294	288
Eggs (p/doz.)	97.39	98.79

Table 2.6 Financial results for non-contract broilers

	<i>Per farm</i>			<i>Per bird (per crop)</i>		
	2017/18*	2018/19*	% change	2017/18*	2018/19*	£ change
Number of farms	15	15		15	15	
Average number of birds/year	298,402	301,053		298,402	301,053	
Throughput of birds/year	2,066,185	2,271,868		2,066,185	2,271,868	
	Average £ per farm			Average £ per bird		
Gross output (%)						
Eggs	0	0	0	0.00	0.00	0.00
Hen depreciation	0	0	0	0.00	0.00	0.00
Broilers	2,923,985	2,963,728	1	1.42	1.30	-0.11
Other poultry output	18,210	21,685	19	0.01	0.01	0.00
Total poultry output	2,942,195	2,985,413	1	1.42	1.31	-0.11
Crops	50,854	97,955	93	0.02	0.04	0.02
Other livestock	17,506	17,623	1	0.01	0.01	0.00
Other output	156,035	203,292	30	0.08	0.09	0.01
Total gross output	3,166,590	3,304,283	4	1.53	1.45	-0.08
Variable costs						
Feed	2,065,827	2,170,178	5	1.00	0.96	-0.04
Seed, fertiliser, crop costs	12,576	35,547	183	0.01	0.02	0.01
Vet. & medicines	39,009	43,481	11	0.02	0.02	0.00
Other livestock costs	104,387	105,573	1	0.05	0.05	0.00
Total variable costs	2,221,800	2,354,778	6	1.08	1.04	-0.04
Total gross margin	944,790	949,505	0	0.46	0.42	-0.04
Fixed costs						
Labour:						
Regular paid	88,715	89,723	1	0.04	0.04	0.00
Regular unpaid	26,109	28,849	10	0.01	0.01	0.00
Casual labour	14,741	13,673	-7	0.01	0.01	0.00
Power & machinery costs:						
Contract & hire	35,865	55,119	54	0.02	0.02	0.01
Fuel	22,120	25,167	14	0.01	0.01	0.00
Electricity	58,888	72,472	23	0.03	0.03	0.00
Heat	68,993	97,706	42	0.03	0.04	0.01
Repairs	60,316	82,771	37	0.03	0.04	0.01
Depreciation	53,100	53,643	1	0.03	0.02	0.00
Rent (incl. imputed)	140,490	137,112	-2	0.07	0.06	-0.01
Other costs:						
Occupiers repairs	30,647	36,181	18	0.01	0.02	0.00
Sundries (incl. bad debts)	95,755	81,846	-15	0.05	0.04	-0.01
Total fixed costs	695,739	774,262	11	0.34	0.34	0.00
Management & investment income	249,051	175,243	<u>Δ£/farm</u> -73,808	0.12	0.08	-0.04
Minus: management salaries	0	0	0	0.00	0.00	0.00
Plus: farmer & spouse labour	20,996	21,267	271	0.01	0.01	0.00
Net farm income	270,047	196,510	-73,537	0.13	0.09	-0.04
Farm business income	233,142	163,718	-69,423	0.11	0.07	-0.04

* Data is derived from a modest sample size and thus there is a lower degree of confidence in the figures

Per £100 of gross output

	2017/18*	2018/19*	£ change	Other efficiency factors	
Number of farms	15	15			
Average number (birds/year)	298,402	301,053		Average	Average
				2017/18*	2018/19*
	Average £ per £100 of gross output				
Gross output (%)				Broiler sale price (£/bird)	1.81 1.65
Eggs (%)	0.00	0.00		Broiler purchase price (£/bird)	0.34 0.32
Hen depreciation (%)	0.00	0.00		Average number of crops/year	6.9 7.5
Broilers (%)	92.34	89.69			
Other poultry output (%)	0.58	0.66			
Total poultry output (%)	92.91	90.35			
Crops (%)	1.61	2.96			
Other livestock (%)	0.55	0.53			
Other output (%)	4.93	6.15			
Total gross output (%)	100.00	100.00			
Variable costs					
Feed	65.24	65.68	0.44		
Seed, fertiliser, crop costs	0.40	1.08	0.68		
Vet. & medicines	1.23	1.32	0.08		
Other livestock costs	3.30	3.20	-0.10		
Total variable costs	70.16	71.26	1.10		
Total gross margin	29.84	28.74	-1.10		
Fixed costs					
Labour:					
Regular paid	2.80	2.72	-0.09		
Regular unpaid	0.82	0.87	0.05		
Casual labour	0.47	0.41	-0.05		
Power & machinery costs:					
Contract & hire	1.13	1.67	0.54		
Fuel	0.70	0.76	0.06		
Electricity	1.86	2.19	0.33		
Heat	2.18	2.96	0.78		
Repairs	1.90	2.50	0.60		
Depreciation	1.68	1.62	-0.05		
Rent (incl. imputed)	4.44	4.15	-0.29		
Other costs:					
Occupiers repairs	0.97	1.09	0.13		
Sundries (incl. bad debts)	3.02	2.48	-0.55		
Total fixed costs	21.97	23.43	1.46		
Management & investment income	7.86	5.30	-2.56		
Minus: management salaries	0.00	0.00	0.00		
Plus: farmer & spouse labour	0.66	0.64	-0.02		
Net farm income	8.53	5.95	-2.58		
Farm business income	7.36	4.95	-2.41		

Table 2.7 Balance sheet data for 2018/19 - specialist poultry farms

Group	All specialist poultry farms		All laying flocks		All poultry meat producers	
	Opening	Closing	Opening	Closing	Opening	Closing
Number of farms	99		55		43	
Financial year	2018/19		2018/19		2018/19	
Assets						
Fixed assets						
Land, buildings & BPS	1,413,666	1,405,270	804,358	806,271	1,835,314	1,814,303
Breeding livestock	6,149	4,798	3,257	3,371	8,336	5,899
Machinery	165,913	172,831	110,518	116,621	201,653	208,821
Miscellaneous business assets	230	229	185	183	265	265
Total fixed assets	1,585,958	1,583,128	918,319	926,446	2,045,569	2,029,288
Current assets						
Crops & trading livestock	73,563	68,306	81,468	84,859	67,484	55,730
Feedstuffs & goods in store	20,148	22,148	5,535	7,053	30,943	33,295
Liquid assets	143,380	158,939	56,779	72,532	208,245	223,893
Total current assets	237,091	249,392	143,782	164,444	306,672	312,918
Total assets	1,823,049	1,832,520	1,062,101	1,090,891	2,352,241	2,342,206
Liabilities						
Bank term loans	354,651	347,223	179,260	194,270	476,207	452,624
Other loans	93,139	119,505	114,021	105,093	70,650	120,632
Bank overdraft	42,974	47,072	57,408	51,050	31,550	41,719
Other short term loans	127,942	150,744	23,532	39,128	205,480	233,794
Total external liabilities	618,706	664,544	374,221	389,541	783,888	848,770
Net worth	1,204,343	1,167,977	687,880	701,350	1,568,353	1,493,436
Percentage equity (%)	66.1%	63.7%	64.8%	64.3%	66.7%	63.8%

** Data is derived from a modest sample size and thus there is a lower degree of confidence in the figures*

Table 2.8 Comparison of net worth and percentage equity by farm type for 2018/19

Defra main farm type	Average Assets	Average Liabilities	Average Net Worth	Average % Equity
Lowland cattle & sheep	1,293,566	104,400	1,189,166	91.9%
Cereals	2,826,396	230,142	2,596,254	91.9%
General cropping	3,172,208	310,472	2,861,736	90.2%
Mixed	2,332,763	292,385	2,040,378	87.5%
Horticulture	867,310	140,999	726,311	83.7%
Dairy	2,385,658	452,573	1,933,085	81.0%
Pigs	1,677,440	453,117	1,224,324	73.0%
Poultry	1,827,785	641,625	1,186,160	64.9%
All businesses	2,049,826	235,534	1,814,293	88.5%

Table 2.7 continued

Group	<i>Broilers, non contract</i>	
	Opening	Closing
Number of farms	15	
Financial year	2018/19*	
	Opening	Closing
Assets		
Fixed assets		
Land, buildings & BPS	2,877,132	2,847,340
Breeding livestock	629	634
Machinery	322,082	331,487
Miscellaneous business assets	178	178
Total fixed assets	3,200,021	3,179,640
Current assets		
Crops & trading livestock	154,993	110,137
Feedstuffs & goods in store	77,955	80,157
Liquid assets	463,846	488,948
Total current assets	696,794	679,242
Total assets	3,896,816	3,858,882
Liabilities		
Bank term loans	1,309,060	1,268,472
Other loans	197,740	338,140
Bank overdraft	55,640	81,547
Other short term loans	582,969	655,288
Total external liabilities	2,145,409	2,343,447
Net worth	1,751,407	1,515,434
Percentage equity (%)	44.9%	39.3%

Table 2.9 Distribution of tenant's type capital (%)

	Specialist poultry	Laying flocks, cage, barn & deep litter	All Poultry meat producers	Broilers, non contract
Crops & livestock	18.3	31.9	13.2	13.1
Stores	5.1	2.3	6.1	7.8
Machinery	40.5	41.9	39.3	32.2
Other	36.2	23.9	41.4	46.9
Total	100.0	100.0	100.0	100.0
Tenant's type capital (£)	418,317	271,181	522,415	1,015,612

Table 2.10 Gross margin for all laying flocks

	<i>Per bird (annual basis)</i>			<i>Per £100 of gross output</i>		
	2017/18	2018/19	£ change	2017/18	2018/19	£ change
Number of farms	52	51				
Average number of birds/year	12,447	13,062				
	<i>Average £ per bird (annual basis)</i>			<i>Average £ per £100 gross output</i>		
Gross output						
Eggs	23.90	22.71	-1.19			
Hen depreciation	-3.44	-3.02	0.42			
Other poultry output	0.03	-0.14	-0.17			
Total output	20.49	19.54	-0.95	100.00	100.00	
Variable costs						
Feed	10.85	11.18	0.33	52.94	57.20	4.26
Vet. & medicines	0.19	0.23	0.04	0.90	1.16	0.25
Other livestock costs	0.94	0.64	-0.30	4.59	3.27	-1.32
Other variable costs	0.03	0.01	-0.02	0.12	0.03	-0.09
Total variable costs	12.00	12.05	0.00	58.56	61.66	3.10
Total gross margin	8.49	7.49	-1.00	41.44	38.34	-3.10

Table 2.11 Gross margin for laying flocks with mixed production systems including enriched cage, barn and deep litter hens

	<i>Per bird (annual basis)</i>			<i>Per £100 of gross output</i>		
	2017/18*	2018/19*	£ change	2017/18*	2018/19*	£ change
Number of farms	10	9				
Average number of birds/year	17,181	34,364				
	<i>Average £ per bird (annual basis)</i>			<i>Average £ per £100 gross output</i>		
Gross output						
Eggs	21.33	21.18	-0.15			
Hen depreciation	-2.69	-1.74	0.95			
Other poultry output	-0.05	-0.58	-0.53			
Total output	18.59	18.86	0.27	100.00	100.00	
Variable costs						
Feed	9.57	10.08	0.50	51.48	53.43	1.95
Vet. & medicines	0.09	0.19	0.10	0.50	1.03	0.53
Other livestock costs	1.62	0.97	-0.65	8.70	5.15	-3.55
Other variable costs	0.00	0.00	0.00	0.00	0.00	0.00
Total variable costs	11.28	11.24	-0.04	60.68	59.60	-1.08
Total gross margin	7.31	7.62	0.31	39.32	40.40	1.08

* Data is derived from a modest sample size and thus there is a lower degree of confidence in the figures

Table 2.12 Gross margin for laying flocks with free range hens

	<i>Per bird (annual basis)</i>			<i>Per £100 of gross output</i>		
	2017/18	2018/19	£ change	2017/18	2018/19	£ change
Number of farms	42	42				
Average number of birds/year	11,430	11,258				
	<i>Average £ per bird (annual basis)</i>			<i>Average £ per £100 gross output</i>		
Gross output						
Eggs	24.73	23.49	-1.24			
Hen depreciation	-3.68	-3.68	0.00			
Other poultry output	0.05	0.08	0.03			
Total output	21.10	19.89	-1.21	100.00	100.00	
Variable costs						
Feed	11.26	11.74	0.48	53.35	59.02	5.67
Vet. & medicines	0.22	0.24	0.03	1.02	1.22	0.20
Other livestock costs	0.72	0.47	-0.25	3.43	2.37	-1.06
Other variable costs	0.03	0.01	-0.02	0.16	0.04	-0.12
Total variable costs	12.23	12.46	0.23	57.96	62.65	4.69
Total gross margin	8.87	7.43	-1.44	42.04	37.35	-4.69

Table 2.13 Gross margin per dozen eggs for all laying flocks (annual basis)

	Layers		Laying flocks, cage barn & deep litter		Free range layers	
	2017/18	2018/19	2017/18*	2018/19*	2017/18	2018/19
Number of farms	52	51	10	9	42	42
No of dozen eggs	302,301	314,705	402,311	864,589	280,814	265,121
Average egg yield/bird	298	292	288	305	301	285
Average egg price p/doz	98.39	94.07	90.99	83.68	100.67	99.73
	<i>Average pence per dozen (annual basis)</i>					
Gross output						
Eggs	98.41	94.26	91.10	84.18	100.66	99.75
Hen depreciation	-14.16	-12.55	-11.50	-6.92	-14.98	-15.61
Other poultry output	0.12	-0.60	-0.20	-2.30	0.21	0.33
Total output	84.37	81.12	79.40	74.96	85.90	84.47
Variable costs						
Feed	44.66	46.40	40.87	40.05	45.83	49.86
Vet. & medicines	0.76	0.94	0.40	0.77	0.88	1.03
Other livestock costs	3.88	2.66	6.90	3.86	2.94	2.00
Other variable costs	0.10	0.02	0.00	0.00	0.14	0.04
Total variable costs	49.40	50.01	48.18	44.67	49.78	52.92
Total gross margin	34.96	31.10	31.22	30.28	36.12	31.55

* Data is derived from a modest sample size and thus there is a lower degree of confidence in the figures

Table 2.14 Gross margin for non-contract broilers and table chicken

	<i>Per bird</i>			<i>Per £100 of gross output</i>		
	2017/18	2018/19	£ change	2017/18	2018/19	£ change
Number of farms	24	21				
Average number of birds/year	122,631	160,148				
Throughput of birds/year	863,923	1,358,679				
Average number of crops/year	7.04	8.48				
Average sale price (broilers) - £/bird	1.77	1.67				
Average purchase price (broilers) - £/bird	0.33	0.32				
	<i>Average £ per bird (per flock)</i>			<i>Average £ per £100 gross output</i>		
Gross output						
Broilers	1.40	1.35	-0.05			
Total output	1.40	1.35	-0.05	100.00	100.00	
Variable costs						
Feed	1.02	0.96	-0.06	72.50	71.00	-1.50
Vet. & medicines	0.02	0.02	0.00	1.45	1.42	-0.04
Other livestock costs	0.05	0.05	0.00	3.66	3.79	0.13
Other variable costs	0.00	0.00	0.00	0.00	0.01	0.01
Total variable costs	1.09	1.03	-0.06	77.61	76.22	-1.39
Total gross margin	0.31	0.32	0.01	22.39	23.78	1.39

Table 2.15 Gross margin for turkey production

	<i>Per bird</i>			<i>Per £100 of gross output</i>		
	2017/18	2018/19	£ change	2017/18	2018/19	£ change
Number of farms	20	18				
Average number of birds/year	851	798				
Throughput of birds/year	2,005	1,738				
Average sale price (turkeys) - £/bird	42.02	43.77				
Average purchase price (turkeys) - £/bird	4.73	4.91				
	<i>Average £ per bird</i>			<i>Average £ per £100 gross output</i>		
Gross output						
Other poultry output	35.55	36.91	1.37			
Total output	35.55	36.91	1.37	100.00	100.00	
Variable costs						
Feed	7.96	9.42	1.46	22.38	25.52	3.14
Vet. & medicines	0.05	0.12	0.06	0.14	0.31	0.17
Other livestock costs	3.28	3.36	0.09	9.22	9.12	-0.10
Other variable costs	0.04	0.04	0.00	0.12	0.12	0.00
Total variable costs	11.33	12.94	1.62	31.86	35.07	3.21
Total gross margin	24.22	23.97	-0.25	68.14	64.93	-3.21

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Glossary

Farm Business Income (FBI)

Represents the return to all unpaid labour (farmers, spouses and others with an entrepreneurial interest in the farm business) and to all their capital invested in the farm business including land and farm buildings. It is defined as Total Farm Output (TFO) 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 diversifications, basic payment scheme, agri-environmental payments, other grants and subsidies, miscellaneous receipts; C is defined as variable costs plus fixed costs.

Fixed costs

These include rent (or imputed rent), regular wages, unpaid manual labour, casual labour, power and machinery costs, glasshouse depreciation, glasshouse fuel, building and general repairs, insurance, water, office expenses and miscellaneous expenditure.

Gross output

Total revenue adjusted for changes in valuation of livestock and stores, less purchases of livestock, or produce for resale.

Labour

Covers not only the costs of hired labour, but also an appropriate allowance for the unpaid manual labour of the producer and members of the family.

Management and investment income (MII)

Total gross output less all costs (including the value of unpaid manual labour) other than salaried management. It represents the reward to management, both paid and unpaid and the return on tenant-type capital whether that capital is borrowed or not.

Net farm income

Represents the return to the farmer and spouse for their manual labour, management and interest on tenant-type capital invested in the farm, whether that capital is borrowed or not.

Per £100 gross output

Shows the relative importance of the main resources used in each unit product, and in total provide a useful measure of profitability.

Power and machinery

Include contract and hire, fuel, electricity, repairs and an allowance for depreciation. A deduction is made for the private use of vehicles. Machinery depreciation is calculated on a 'replacement cost' basis.

Rent

In the case of an owner occupier, an imputed rent is charged in accordance with what a tenant in similar circumstances, including length of occupation, would be paying.

Tenant-type capital

Assets normally provided by tenants and includes growing crops, stores, machinery, livestock, cash and other assets needed to run the business. Permanent crops (including orchards) and glasshouses are also generally considered to be tenant-type capital.

Total gross margin

This is the difference between total gross output and total variable costs and measures the contribution of the business towards covering its fixed costs and providing for a profit.

Variable costs

These vary in direct proportion to the size of each holding enterprise and include all purchased feed, seed, fertilisers, crop protection, veterinary and livestock costs.

Abbreviations used in this Publication

/	per
£	pounds (stirling)
cfu/g	colony forming units per gram
Defra	Department for Environment, Food and Rural Affairs
doz	dozen
ha	hectare
kg	kilogram
no.	number
n/a	not applicable
p	pence

Rounding

Totals are calculated from unrounded components and may not therefore be the total of the rounded components shown.

Derivation of Farm Business Income

Net Farm Income

Plus:

Value of unpaid labour [excluding farmer & spouse; already taken into account in deriving Net Farm Income]

Imputed rent and rental value

Less:

Net interest payments

Ownership charges [buildings & works depreciation; insurance of farm buildings; landlord-type repairs and upkeep]

Director's remuneration

Equals:

Farm Business Income

Appendix 1: Reports in this series

- **Crop Production in England**
- **Dairy Farming in England**
- **Hill Farming in England**
- **Horticulture Production in England**
- **Lowland Grazing Livestock in England**
- **Organic Farming in England**
- **Pig Production in England**
- **Poultry Production in England**

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