



Farm Business Survey

2012/2013

Poultry Production in England



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RBR

independent research, data and analysis

Rural Business Research

Farm Business Survey

2012/13

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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 Eighth Series

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

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

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

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

Dr Paul Wilson

Chief Executive Officer, Rural Business Research
January 2014

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.

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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

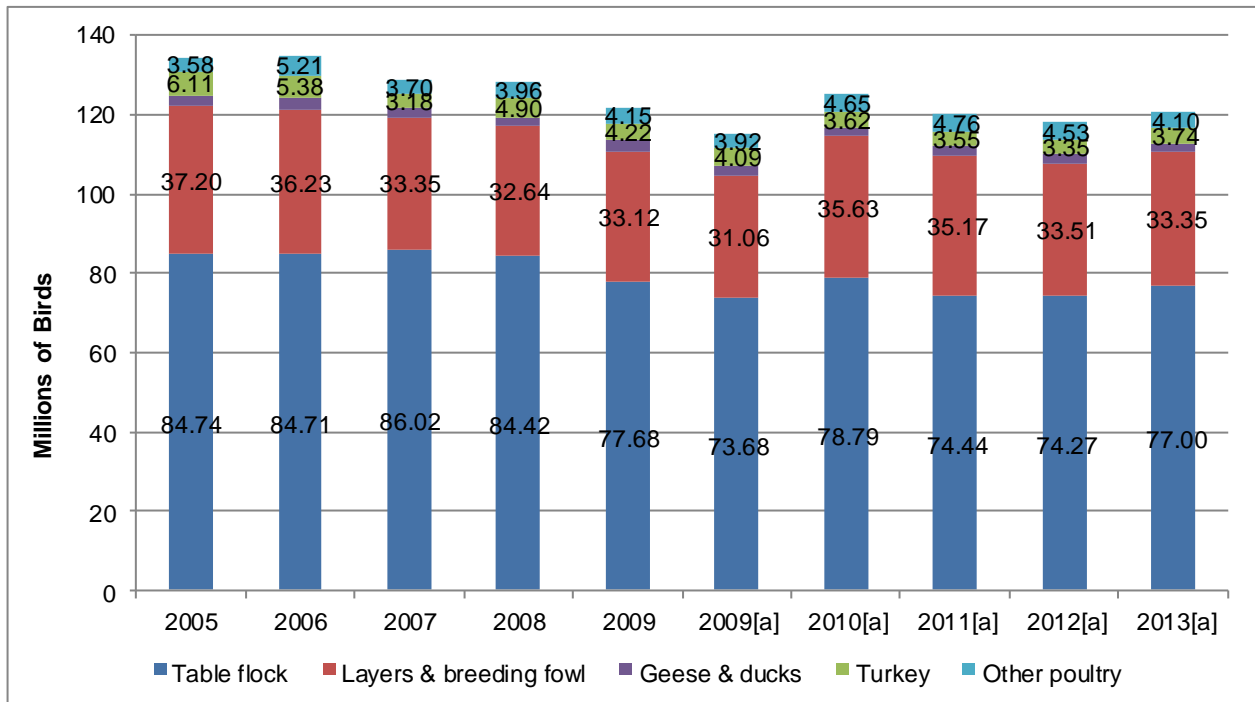
- Total number of birds in production in June 2013 increased to 120 million, 2% higher than June 2012
- The value of UK poultry meat production totalled £2.07 billion in 2012, 24% (+1% on 2012) of total livestock output
- Egg production was valued at £661 million, 15% (+2% on 2012) of total livestock products
- Egg prices in 2013 increased on average by 5% to 91p/doz (+4.7p/doz on 2012)
- UK self-sufficiency in eggs gained in 2013, to 92% and poultry meat self-sufficiency increased to 85%, as at October 2013
- UK poultry meat production increased by 3.4% in 2013
- Specialist poultry farm businesses were more than twice as profitable in the 2012/13 financial year than in the previous year, with an average Farm Business Income (FBI) of £94,166
- Poultry meat producers experienced an increase in profit of 23% in 2012/13
- Layers moved from a negative FBI in 2011/12 to a positive average income of £73,504 in 2012/13
- The average number of birds per farm for farms in the survey increased by 7.1%
- The price of eggs for farms in the survey increased by 6.7%
- The average price of eggs from intensive/mixed egg production systems increased by 12% in 2012/13
- The gross margin per dozen eggs was 37.9p for intensive/mixed egg production systems in 2012/13
- The average price of eggs from free range systems increased by 11.3%
- The gross margin per dozen eggs was 28.89p for free range egg production in 2012/13
- Feed expenditure decreased, on a per bird basis, from 61.2% of output in 2011/12 to 58.1% in 2012/13
- Poultry farms have the lowest percentage equity (70.2%) in their business of all farm types; this proportion was almost unchanged from the previous period
- Laying flock systems saw their percentage equity increase in 2012/13 to 55.3% (+1.4%)
- Poultry meat producers saw their percentage equity decrease in 2012/13 to 79.1% (-1.3%)

SECTION 1: COMMENTARY ON THE UK POULTRY INDUSTRY

1.1 General introduction

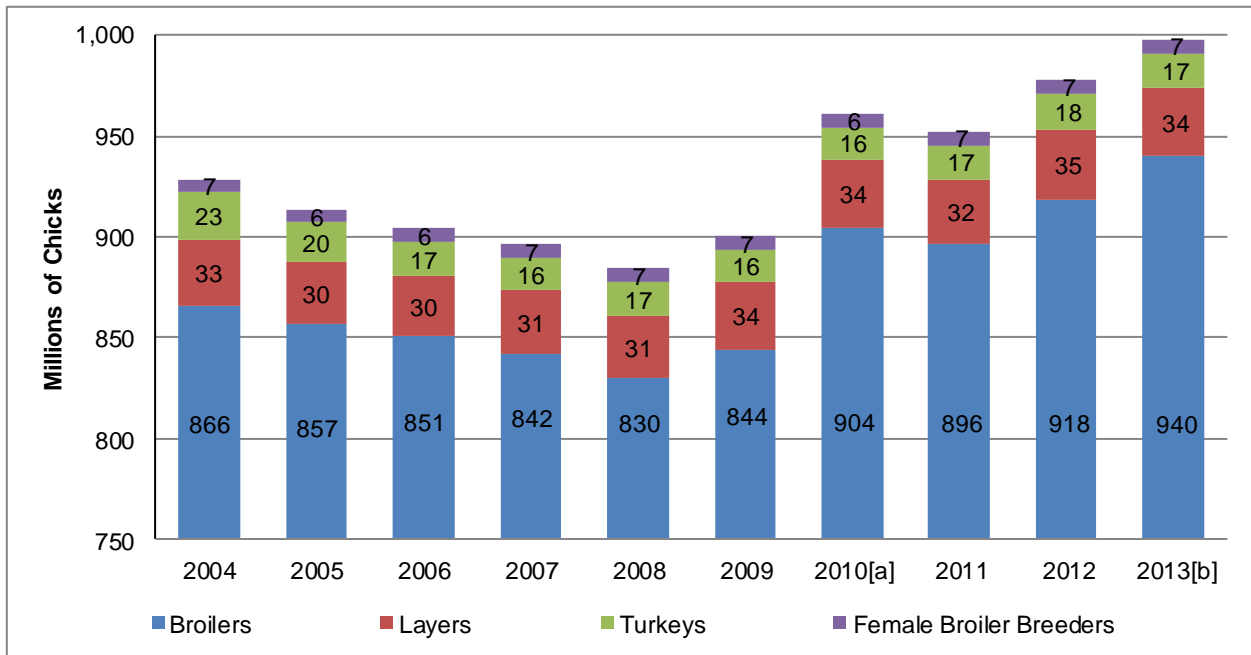
The English poultry flock increased to 120 million birds in 2013 reversing the trend of annual decline seen in recent years. Between 2012 and 2013 table flock and turkey were the only populations that increased, up by 4% and 12% respectively. Layer and breeding fowl numbers broadly remained the same at 33 million. The poultry flock in England consists of 64% table birds, 28% layers and breeding fowl, 3% other poultry, 3% turkey and 2% duck and geese [1].

Figure 1.1 English poultry numbers at June 2005-2013[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 2004-2013[2]



Note: [a] denotes a 53 week year

[b] 2013 12 month average includes last two months of 2012 as 2013 data not available at time of preparing report

Only data for UK chick and poult placings is available and it is therefore not possible to focus solely on the situation for England. Chicks and poult placings have risen from a low of 884 million in 2008 to 998 million in 2013, a rise of 13% since 2008. Placement trends follow the overall population trends with the increase in 2013 due wholly to the rise in broiler chicks placed, an increase of 2.5%. Both turkey and layers placement decreased by 2% each [2].

Figure 1.3 Density of traditional poultry at 1st January 2013 [3]

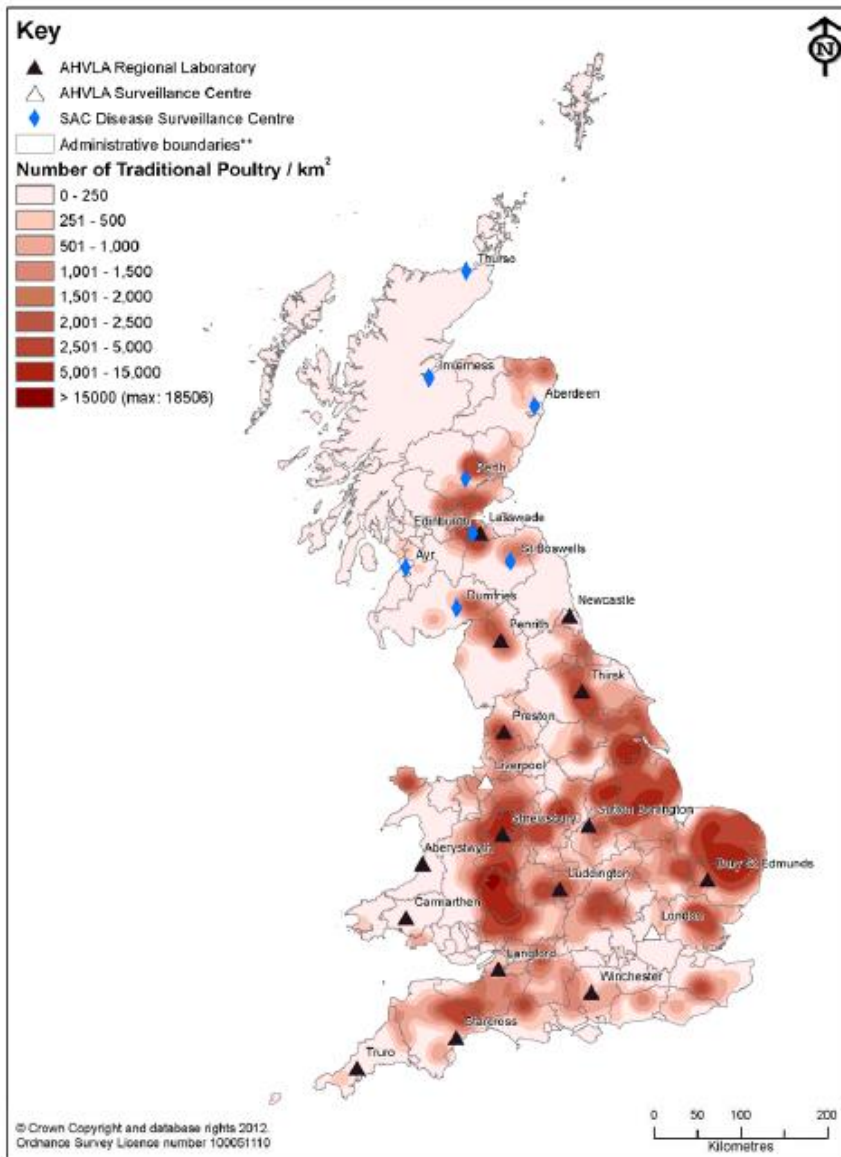


Figure 1.3 shows poultry population density throughout England. The highest densities of the English flock are in East Anglia, Lincolnshire, Yorkshire and along the English/Welsh border, with insignificant populations in the south east of England.

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 giving details of poultry type, housing type, maximum number of poultry present on holding through the year, owner organisations and associate organisations. In England 799 premises (with 1,000 or more birds) were registered housing approximately 84 million birds, averaging over 100,000 bird per premise [4]. Premises with less than 1,000 broilers have been excluded as these are defined as small, non-commercial holdings [5].

These premises, where an owner and/or associate owner organisation was stated by name, 60% of the English broiler production flock was associated with six organisations; *2 Sisters Food Group / Vion, Faccenda, Moy Park, Sun Valley Food Ltd (Cargill), Banham Poultry Ltd* and *PD Hook Ltd*. [4]

Based on the available data, 30% of the share of the English broiler flock in 2013 was under the management of *2 Sisters* and *Faccenda*[4].

Figure 1.4 English Broiler meat production systems by % of premises, 2013 [4]

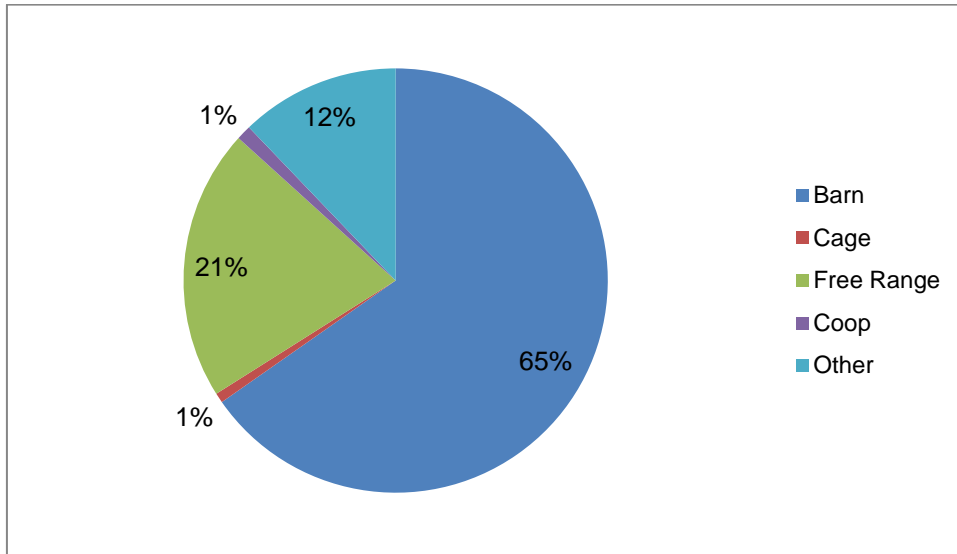
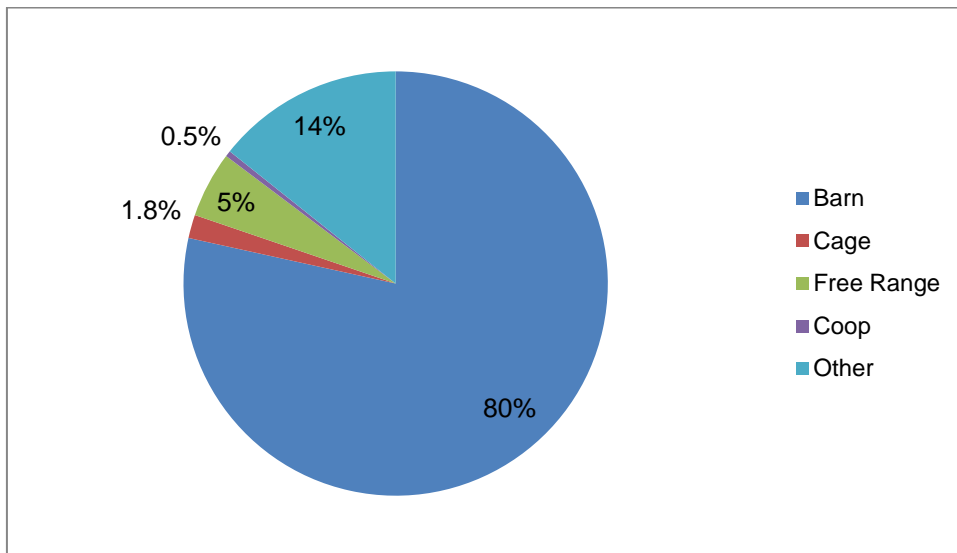


Figure 1.5 English Broiler meat production systems by % of birds, 2013 [4]

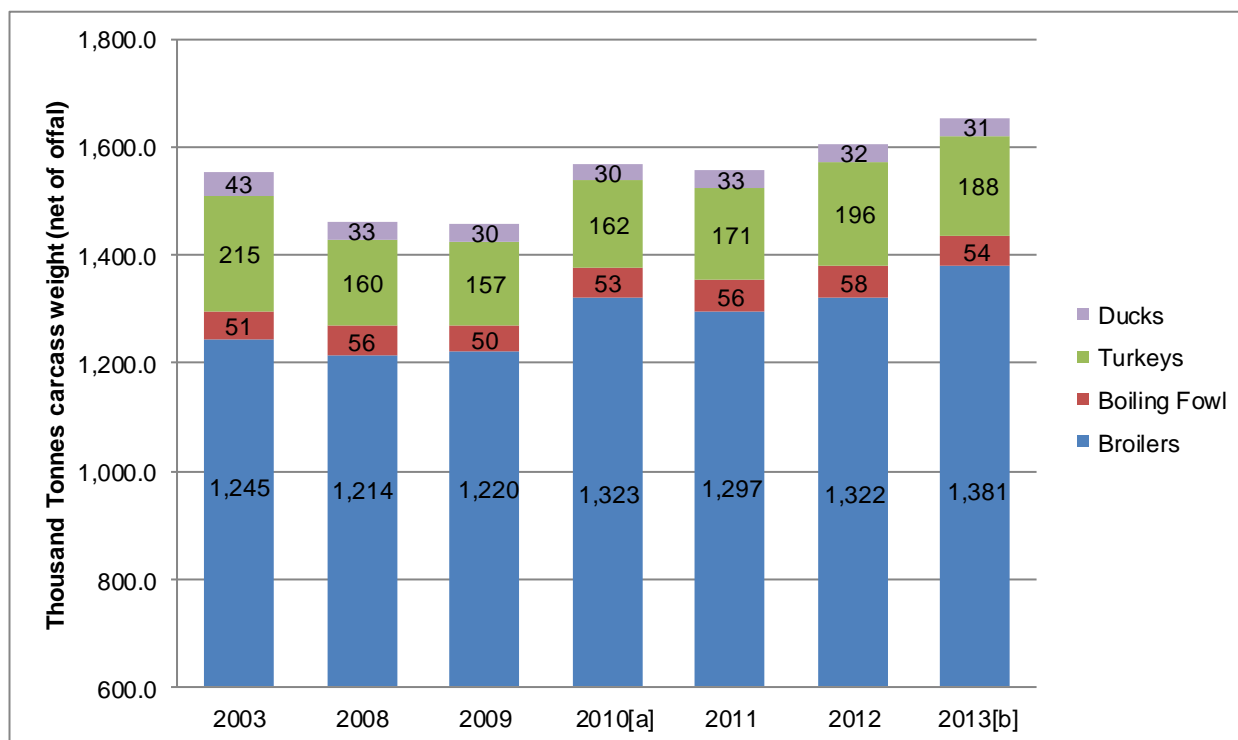


Notes: Some systems described as coop or as caged overlap in the barn and free range systems. 'Others' includes a mixture of listed systems that owners described in their own terms on the Poultry Register Data excludes English premises with <1,000 birds usually on the premises [6]

According to the British Poultry Register 80% of broilers birds (65% of premises) in 2013 were reared in Barn based production systems, whilst 5% (21% of premises) were 'free range' [4].

Only 6% of premises in the Poultry Register were listed as organic which represents 1% of the bird population [4].

Figure 1.6 Annual UK production of poultry meat by type [7]



Note: [a] 2010 was a 53 week year
 [b] 2013 12 month average includes last two months of 2012 as 2013 data not available at time of preparing report

Total annual production of poultry meat in 2013 totalled 1.65 million tonnes, 8% more than the previous five year average and 6% more than 10 years ago. Broiler meat production increased by 4% when compared to 2012. By type, 84% were broilers, 11% turkey, 3% boiling fowl and 2% duck. Poultry meat, particularly chicken, is regarded as a cheap source of protein compared to other sources such as beef and lamb and has seen production increase during the economic recession [7], since 2008. In early 2013 the news of horsemeat entering the food chain may also have increased demand for British poultry meats, and drive production up [8].

1.2.2 Poultry for eggs

Eggs are produced in three basic types of production system:

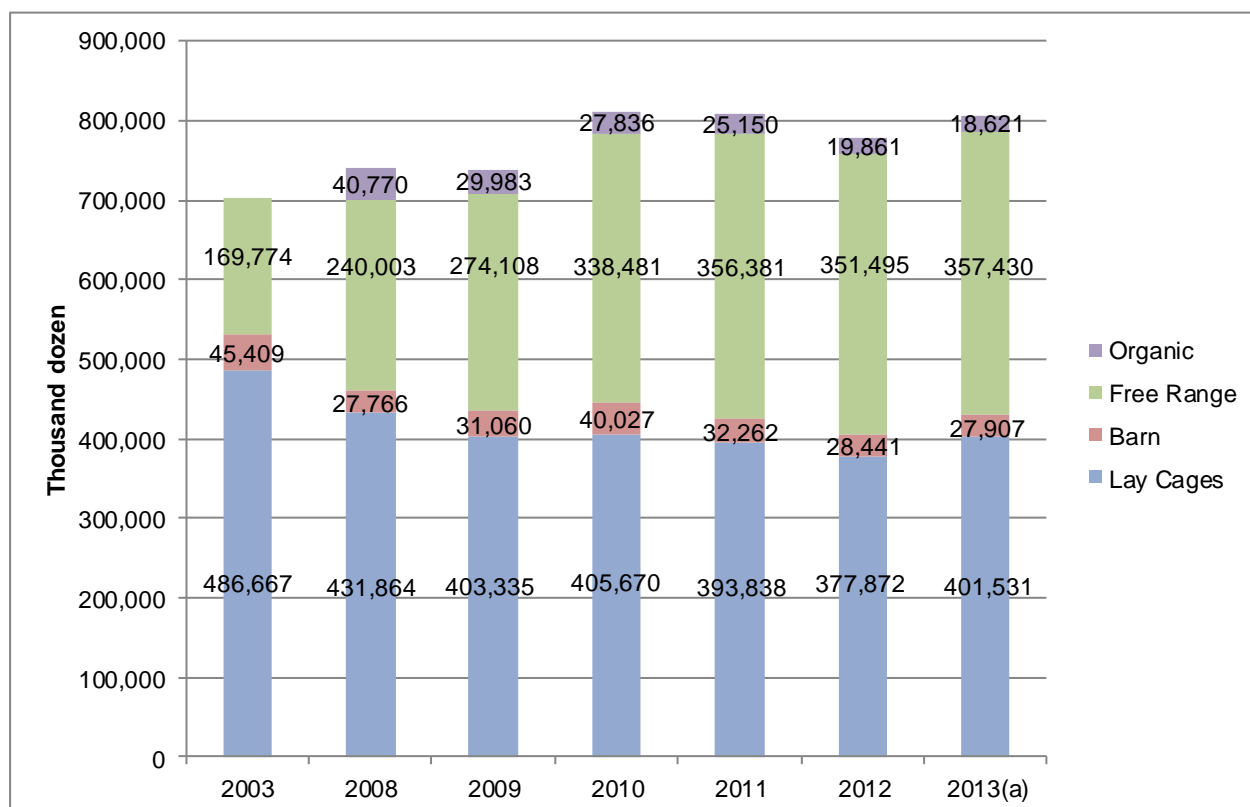
- *Enriched cages* – As of 1st January 2012 poultry within Europe if raised in cage systems must be housed in enriched cages, categorised as having 750cm² of cage area per hen (compared to 550cm² in conventional housing), housing must include a nesting area, litter to allow dust bathing, perches of at 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 9 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 7 birds per m². Both systems provide communal nest boxes and raised feeding troughs to prevent the scattering of feeds [9].
- *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 9 laying hens per m² 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 [9].

Table 1.1 Assurance Scheme membership for 2013 English Lay flock [4]

Assurance Scheme Name	Number of Birds in assurance scheme*	% of all birds listed on register as being in assurance schemes*
Lion Quality Mark	18,842,764	50%
Freedom Foods	12,986,777	34%
Assured Chicken Production Scheme (ACP)	403,990	1%
Laid in Britain	1,037,1000	3%
Poultry Health Scheme	464,450	1%
“Other” (no name stated)	3,996,914	11%

The 2013 Poultry Register for England indicates that there are 889 premises with laying flocks of 1,000 birds or more. In total, 50% of birds in assurance schemes are in the Lion Quality Mark scheme and 34% are in the Freedom Foods assurance scheme. A significant number of units are in two or more assurance schemes. Twelve percent of the layflock birds in the 2013 Poultry Register for England were not recorded as being in any assurance scheme [4].

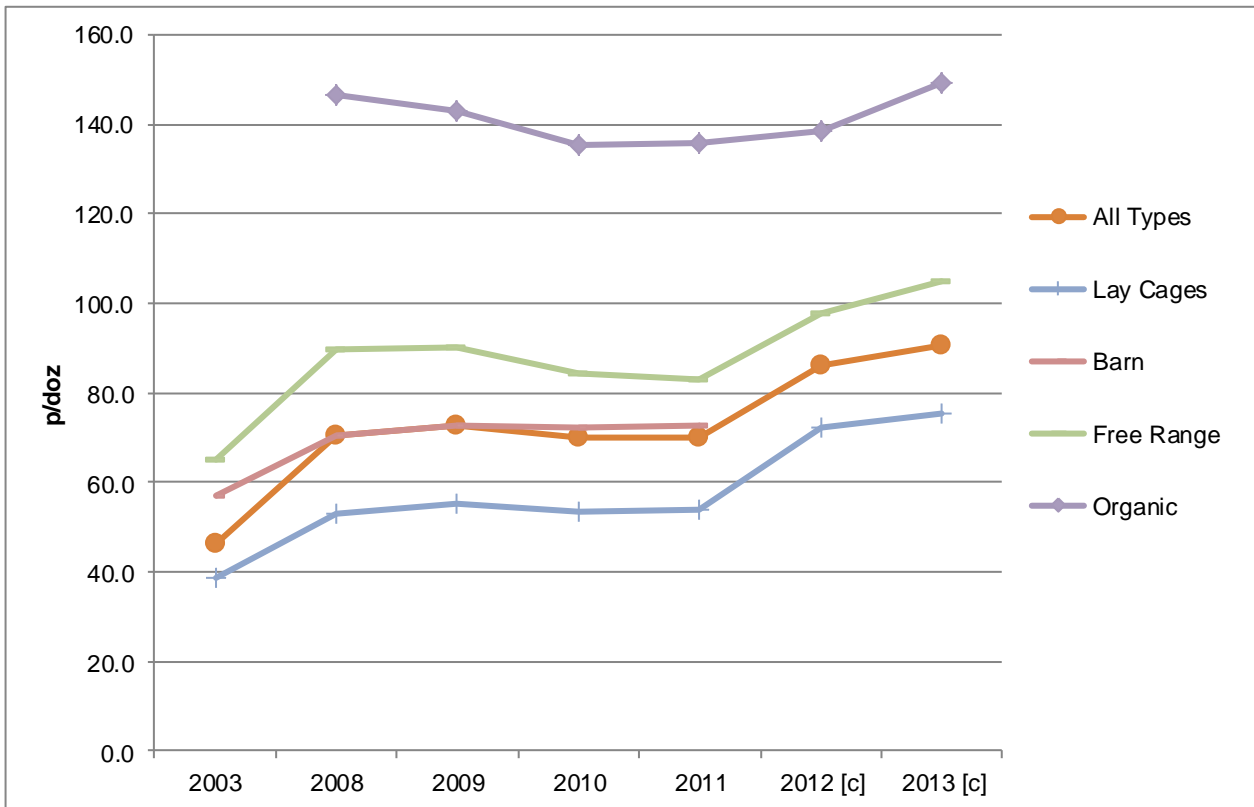
Figure 1.7 Annual UK egg production by production systems [10]



Note: (a) Note that the Q4 results for 2013 were not available so they have been based on Q4 2012

Total packing station throughput increased 4% in 2013 compared to the previous year. This is just 1% below the peak production in 2010. In 2013 50% of eggs were produced in enriched cages, 44% in free range systems, 3.6% in barns, and 2.4% from organic systems. Enriched cage production increased by 6% while free range production increased by 2% with evidence of investment in new cages being observed since 2012. Organic production continued its relative decline producing 18,621 thousand dozen; well under half the peak throughput in 2008 before the economic recession[10].

Figure 1.8 Average packers to producer prices by housing type [10, 11]



Note: [c] 2012/13 data for barn eggs suppressed as sample too small

Average packer to producer price increased approximately 5p/doz (+6%), despite greater supply of both lay and free range eggs [10]. Free range eggs experienced an average price increase of 7.5p/doz in 2013, to 105p/doz, breaking the 100p barrier for the first time. The lay cage egg price also increased, by 3p/dozen, to 75p/dozen. Organic eggs increased to 149p/doz, the highest average recorded in the previous six years [10, 11].

1.3 Contribution of the poultry sector to the economy

1.3.1 The farm sector

In 2012 total poultry output increased to £2.9 billion, a change of 9.6% compared to 2011; total agricultural output saw an increase of 2% in the same time frame. Poultry output rose to £2.06 billion in 2012; an increase of £165 million on 2011. Egg and egg products increased over the same period by £102 million, driven by stronger prices. Output from poultry, as a proportion of total output from agriculture, increased by 12.2%, partly due to a reduction in crop output [12].

Figure 1.9 Producer value of UK-produced poultry meat and eggs 2006-2012 (£M) [12]

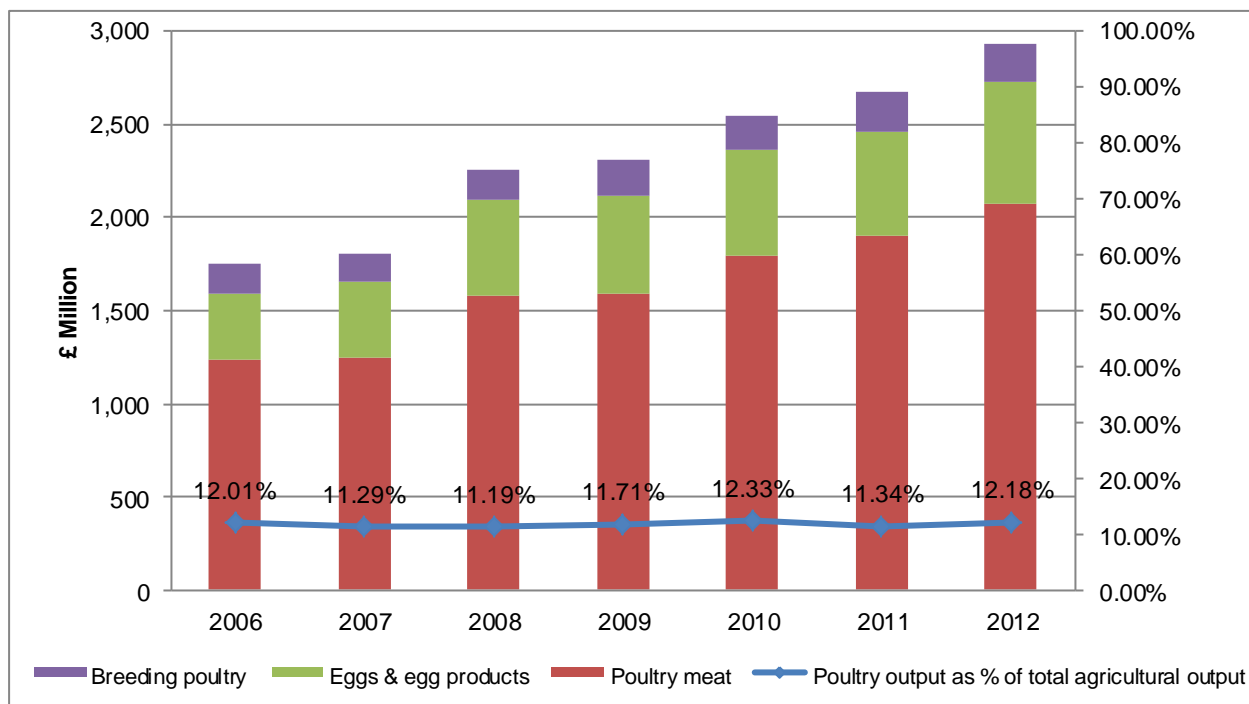
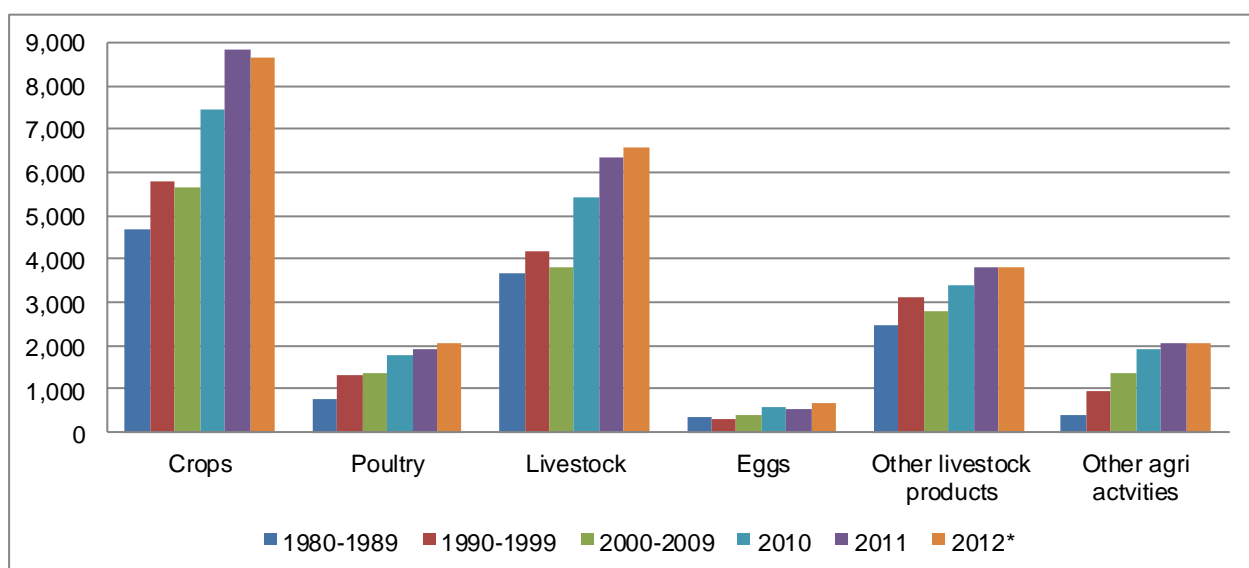


Figure 1.10 Poultry and egg output compared to other agricultural outputs through time at current prices (£M) [12]



1.3.2 The retail sector

1.3.2.1 Poultry meat

Poultry meat has maintained its popularity with consumers by being regarded as low in fat, healthy and, in the current economic climate, cheaper than red meat [13]. The British Poultry Council has suggested poultry prices experienced the lowest rate of price increase compared to other meats [14]. Poultry meat is also environmentally efficient, contributing just 1% of total UK greenhouse gas emissions [15].

1.3.2.2 Eggs

In 2012, 944 million dozen eggs were consumed in the UK with a retail value of approximately £957 million [16]. Between 2011 and 2012, retail sales increased by 6%, processing was down by 6% and the wholesale/foodservice market was down by 12%. According to the British Egg Information Service, contraction in the food processing and wholesale markets was due to a lack of supply caused by the implementation of the ban on battery cages in 2012 [17].

1.4 Trade

Table 1.2 UK imports and exports of Eggs and Poultry meat [18]

Eggs (Million Dozen)	2010	2011	2012	2013 (Jan-Oct)(a)
Imports	76	68	100	79
Exports	24	17	18	25
UK production	826	821	778	608
% self sufficient	94%	94%	90%	92%

Poultry meat (carcass weight thousand tonnes)	2010	2011	2012	2013 (Jan-Oct)(a)
Imports	635	691	686	565
Exports	309	341	342	325
UK production	1,570	1,558	1,607	1,403*
% self sufficient	83%	82%	82%	85%

Note: (a) 2013 data is provisional only

(*) Final UK production figure at end of 2013 was 1,662

Late figures received at the time of writing confirmed that the final figure for UK production at the end of 2013 stood at 1,662 (carcass weight thousand tonnes) [7]. As monthly figures were not available for Imports and Exports it is not possible to confirm whether the 3% increase indicated above will be reflected at year end.

UK poultry meat production increased both in 2012 and 2013, with only minor changes to exports and imports. This demonstrates the poultry sector is able to react quickly to market forces. In June 2012 the EU lifted its ban on fresh poultry meat from Thailand [19], which has not impacted so far on overall imports.

Egg and egg-product self-sufficiency looks likely to be up by around 2% (90%) based on data available up to the end of October 2013 [20]. Overall production for 2013, if the final two months of 2012 are used as a guide, could be up on the previous year to over 805 million dozen. UK Egg Exports are showing an increasing trend following a fall between 2010 and 2011[10].

1.5 Producer prices

Feed and fuel continue to be the major costs for poultry producers. These input prices (based on figures available at preparation of report) continued to rise in 2013. Compound feed prices showed an increase of 10%, compared to a negligible increase between 2011/12. Fuel for heating increased 5% in 2013, 3% lower than between 2011/12 [21].

Egg output continues to rise, although the significant increase from 2011 to 2012 of 24% has slowed to an increase of around 5% between 2012 and 2013. Poultry meat production has shown a steady increase over the last two years at around 5% between 2011 and 2012 and 2% between 2012 and 2013 [21].

Figure 1.11 Index of producer prices for poultry and eggs and cost of production



1.6 Animal welfare, regulation, and disease

EU Ban on conventional cages for laying hens

Following the EU ban on conventional 'battery' cages for laying hens from 1st January 2012 there was a marked expansion in the latter part of that year and during 2013 into colony systems [22]. The UK was fully compliant with the ban by mid February 2012 [23] but reports by Compassion in World Farming in February 2013 suggested that Italy and Greece were the last two countries still defying the ban on conventional cages [24].

In May of 2013 it was reported that the European Commission intended to take Italy and Greece, after continued non-compliance with the ban on conventional (non-enriched) cages, to the Court of Justice of the European Union. It has been indicated that a court hearing would take at least a year to be heard and subsequent fines made on member states would be based on their ability to pay [25].

Antibiotic resistance emerging from intense animal production

A report cited in the journal, *Emerging Infectious Diseases* [26], in August 2013 suggested that a significant number of deaths in Europe have been attributed to antibiotic resistance resulting from superbugs emerging from intensive animal production. The study using data gathered in the Netherlands reported that more than half (56%) of antibiotic-resistant E. coli genes in cases of human blood poisoning cases were the same as those found in retail chicken samples. The study suggested that approximately 280 people in the UK are dying every year as result of an antibiotic resistant E. coli superbug found in chicken meat.

The British Poultry Council (BPC) and the Responsible Use of Medicines in Agriculture (RUMA) Alliance, in response to the report, advised that chickens in the UK are reared to the “strict production standards of the Red Tractor Scheme”. They also went on to point out that the sector “voluntarily stopped” the use of certain kinds of antibiotics in 2012 that are linked to human medicine therefore limiting some of the risks described [27].

Stocking Density

The EC directive setting a maximum stocking density for conventionally grown broilers units of 42kg/m² was implemented in England in early 2011 and set at 39kg/m². Other EU members states have opted for the maximum stocking density allowed of 42kg/m² [28].

Ban on beak trimming

A ban on beak trimming of laying hens was due to have been implemented by the end of 2010. However, Defra agreed an amendment to the bill allowing infra-red beak trimming at one day old. The Farm Animal Welfare Council (FAWC) also recommended a deferment of the ban until 2015 in the interest of laying hen welfare as birds with trimmed beaks show a reduction in feather pecking and cannibalism. Further development in management techniques and breeding of birds with low aggression traits will also help reduce feather pecking and cannibalism, ultimately reducing the need for beak trimming [28].

Poultry Meat (England) regulations 2011

In March 2011, the Poultry meat (England) regulations 2011 came into force. These transpose European Council Regulations which cover grading by quality, condition of presentation, labelling, extraneous water content, weight classification and Special Marketing Term criteria, all of which must be met before the adoption of different farm assured based production systems such as ‘free-range’ and ‘barn’. The regulations prescribe minimum uniform standards for producers to adhere to, to ensure availability of good quality fresh and frozen poultry meat produced to a common standard for EU consumers [29].

1.7 Important developments in the poultry industry in 2013

Horsemeat Scandal

In the wake of the horsemeat scandal Tesco Chief, Phillip Clarke, pledged the retailer, “where it is reasonable to do so”, would source meat from British producers. He announced at the NFU February 2013 Conference that from July 2013 all of Tesco’s fresh chickens would be sourced exclusively from UK farms. Mr Clarke also pledged to move towards all chicken meat in all products being sourced from UK farmers. He told the delegates at the conference that he expected the farming sector to hold him to account on his pledges [8].

NFU president Peter Kendall noted, whilst speaking at the Egg and Poultry Industry Conference in November 2013 that the horsemeat scandal offered a particularly significant opportunity. The horsemeat issue has resulted in supermarkets looking for shorter supply chains and addressing consumers concerns by stocking more British produced meat products [30].

Rabobank reported in their Q4 Poultry Sector Report that, “Exporters to the UK are experiencing more difficult trade conditions as a growing ‘Buy British’ trend is shifting sourcing streams from supermarkets and restaurants to products of UK origin” [31].

Prohealth Project

In December 2013 The EU awarded a record £10.6m grant to 22 academic, industry and private enterprise organisations, coordinated by Newcastle University, to identify ways to ensure the future sustainability of pig and poultry production. The five year project known as Prohealth aims to improve the competitiveness and sustainability of intensive pig and poultry farming. The University advised it, “will address production diseases of pigs and poultry (broiler and egg-laying chickens and turkeys) raised in a wide range of intensive systems across the EU” [32, 33].

Food Standards Agency (FSA) research into microbial risks associated with Mechanically Separated Meat (MSM)

In December 2013 The Food Standards Agency (FSA) invited tenders for research into any potential microbial risks associated with poultry and pork Mechanically Separated Meat (MSM) products. The agency is looking for comparative research to be made between MSM and fresh cuts, meat preparations and minced products. The FSA stated that the research will “aid in the assessment of whether current restrictions on the use of MSM are appropriate and proportionate for the protection of public health” [34].

Increased influence of 'discounter' supermarkets

Rabobank reported in their Q4 poultry sector report that throughout the EU the growth of 'discounters' including Lidl and Aldi has meant that more 'premium' supermarkets are becoming increasingly price focused [31].

Egg and Poultry Industry Conference 2013

NFU president Peter Kendall whilst speaking at the Egg and Poultry Industry Conference suggested that the sector is increasingly competitive and is building capacity to feed the growing UK population. He offered the view that the industry faces exciting opportunities and that confidence to invest could be achieved by addressing "market failure" and ironing out "volatility" to "enable the food supply chain to grow".

The NFU President also gave his views on the physical barriers to the sector's growth most notably, "planning issues" related to the building of higher welfare housing, access to "competitively priced feed" and the ability to attract "young people to this technological sector" [30].

1.8 Key Business Developments during 2013 and the outlook for 2014

High Feed Prices were experienced towards the end of 2012 and through to mid-2013. Costs began to fall towards the end of 2013 and are looking "rather better" for producers in 2014 [22].

Broiler Production Rationalisation; "Broiler production is now largely the preserve of major integrated production companies, following long periods of severe margin pressure" [22]. There was a continuing trend of rationalisation within the sector during 2013. The 2 Sisters Group took over Vion's poultry operations giving it 35%-40% of the UK broiler market. At the end of 2013 the top-four processor controlled approximately 80% of the market.

Limited returns on increased investment by egg producers; Expected returns resulting from investment by egg producers into increased production was tempered by steep increases in feed costs in 2013, resulting in limited profitability in many reported cases. The increased supply of eggs following the aforementioned investments in the sector meant that market prices did not realistically reflect the increased production costs [22].

The continued growth of the free range sector in 2013 saw a significant number of family farms move into egg production. Andersons suggest this is a direct result of a need to 'increase business turnover' in areas where land availability / affordability is limited [22].

Production Costs and investment; Following the 2013 harvest and an easing of cereal prices, the rising trend of increasing feed costs, experienced earlier in the year, looks to have abated. Although electricity costs increased in 2013, investment by egg producers in new production systems, energy efficiency measures and on farm renewables will have, in some instances, limited the potential effect of these increases going into 2014.

The challenges faced by producers through 2013 and the second half of 2012, in terms of increasing costs and the need for investment to address new regulatory frameworks, look to have been met in many cases to the extent where 2014 may prove more positive for the sector [22].

SECTION 2: FINANCIAL RESULTS FOR POULTRY PRODUCTION IN ENGLAND

2.1 Introduction to the data

The following series of tables [Tables 2.2 to 2.11] are based on farm businesses that participate in the Farm Business Survey (FBS) in England and are classified as specialist poultry farms. Tables 2.12 to 2.17 are based on farm businesses that participate in the FBS who have a poultry enterprise. This sample of farms 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. Further details are given below.

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.

Specialist Poultry Farms

- Table 2.2 –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 2.3-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 2.4 –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 2.3:

- Table 2.5 –Laying flocks producing eggs for human consumption
 - Sample includes all types of laying enterprises including enriched cage, free range and deep litter systems
- Table 2.6 –Laying flocks with mixed production systems including enriched cage, barn and deep litter systems
 - Sample includes all enriched cage laying and mixed laying enterprises [a sub-set of Table 2.5]
- Table 2.7 –Laying flocks with free range hens
 - Sample includes solely free range laying enterprises [a sub-set of Table 2.5]

Poultry meat producers – further sub-group of table 2.4:

- Table 2.8 –Non-contract broilers
 - Sample includes non-contract broiler enterprises [a sub-set of Table 2.4]

Gross margin analysis for all poultry enterprises

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

- Table 2.12 –All laying flocks
 - Sample includes all types of laying enterprises (enriched cage, free range and deep litter)

- Table 2.13 –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 2.12]
- Table 2.14 –Laying flocks with free range hens
 - Sample includes solely free range laying enterprises [a sub-set of Table 2.12]
- Table 2.15 –Laying flocks (enriched cage and free range systems)
 - Gross margin per dozen eggs
- Table 2.16 –Non-contract broilers and table chickens
 - Sample includes non-contract broiler and table chicken enterprises
- Table 2.17 –Turkey production
 - Sample includes mainly Christmas turkey producers

2.3 The sample

The Farm Business Survey (FBS) covers businesses with a Standard Output (SO) of 25,000 Euros and above. 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). They measure the total value of output of any one enterprise; per head for livestock and per hectare for crops. It is calculated from standard coefficients applied to each enterprise on the farm and represents the output per hectare of crops or per head of livestock.

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 then this initial weight being adjusted via a calibration procedure. The weights are based on population data from the June business register (see section on Sampling and Recruitment) 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 2012/13 FBS has been altered since 2011/12 to improve the accuracy of estimates relating to both specialist poultry farms and poultry enterprises. This has been done by calibrating the weighted up number of poultry to those estimated by Defra’s June Survey of Agriculture and Horticulture 2012. This method was already used for the other main livestock groups. The new weighting methodology also 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. Results presented here from FBS 2011/12 have been revised using the new weighting methodology and as a result may differ from those published in the 2011/12 Poultry Production in England report. Furthermore, any comparisons to changes observed in 2011/12 should be treated with caution as they will have been calculated under the previous weighting methodology.

According to the 2012 June survey there are 1,357 specialist poultry farms in England. This excludes farms that are regarded as too small for inclusion in the FBS, as they fall below the minimum size threshold. The smallest ‘commercial’ poultry farms by June Survey definition are not eligible for the FBS. The FBS is drawn from a business level dataset where the size criterion is set at a minimum SO of 25,000 Euros.

The results for the 2012/13 financial year are based on 89 specialist poultry farms, which represents 6.6% of the population of specialist poultry farms.

The data in this report have been compiled from the 2011/12 and 2012/13 FBS. When making inter-year comparisons the results should be treated with caution due to the changing composition of the sample from one year to the next.

Results for this survey can be accessed at:

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

<https://www.gov.uk/government/publications/farm-accounts-in-england-201213>

2.4 Financial results for 2011/12 and 2012/13

2.4.1 Specialist poultry farms [Table 2.2]

In 2012/13 a total of 89 farms participating in the Farm Business Survey (FBS) in England were classified as specialist poultry farms, compared with 96 farms in 2011/12.

Specialist poultry farm businesses were more than twice as profitable in the 2012/13 financial year than in the previous year, with an average profit as measured by Farm Business Income (FBI) of £94,166 per business, compared to £46,404 in 2011/12.

Within this sector, both the layers and the poultry meat producers experienced an increase in profits. Layers saw an increase in profit from a negative FBI in 2011/12 to a positive income of £73,504 in 2012/13 [table 2.3]. The FBI for the poultry meat sector increased by over 23% [table 2.4], from £92,040 to £113,548.

As in 2011/12 there has been a continuing trend of meat production being consolidated amongst a small group of very large businesses (as discussed in section 1.2) which has an influence on the overall specialist poultry figures compared to that of the specialist layer enterprises. As discussed above in section 2.3 revised weightings have been used since last year's published report to take better account of very large poultry businesses in the sector.

The average number of specialist poultry birds per business increased in 2012/13 by 7.1% to 83,205 birds, in significant contrast to the previous year's reduction in average numbers. The large reduction in the average number of laying hens recorded in 2011/12 was reversed in 2012/13. The average number of specialist laying birds per farm increased by almost 29% in 2012/13 (table 2.3), whilst the average number of birds per farm for meat production remained almost unchanged (table 2.4).

The influence of specialist layers on the average numbers reflects, in part, the influence of capital investment in enriched cages following the EU ban on 'battery' cages, together with an increase in family farms diversifying into free range enterprises as discussed in section 1. The specialist layers also include flocks for breeding and rearing producing chicks and pullets. The average number of birds on these farms has also increased, which is reflected in the increased average number of birds in the specialist layer group.

The increase in average birds per farm in the sample is reflected by an increase in total gross output in 2012/13 of 16.4%, reversing the fall in output in the previous year and giving an output figure of just over £1 million per farm. Hen depreciation is taken into account as part of the output and, as shown in table 2.2, the increase of 10.2% may reflect the increased investment in new laying poultry placements.

The price of eggs increased on average by 6.7%, to 93.8p per dozen; [87.9p in 2011/12]. This is broadly in line with the national data as discussed in section 1.2.2 which reported an average packer to producer price increase of 7.5p/doz [+6%].

Although the sample of poultry businesses is divided fairly evenly between layers [48] and meat producers [41], in 2012/13 the balance was very different in terms of poultry output with 20% derived from egg production, 60% from broiler production, and the remaining 20% breeding, rearing and other forms of meat production.

An increase in the number of birds was reflected in an increase in variable costs per business in 2012/13 of 11.6% to £626,808. To a lesser extent fixed cost also increased to £284,287, up 8.2% on the previous year.

In terms of variable costs, of particular note is an increase in feed costs of just over 10%. This sharp increase in feed prices reflects the sector wide trend as shown in Figure 1.11 and discussed in section 1.8. However, perhaps more significantly, on a per bird basis, in 2012/13 feed reflected 58.1% of output compared to 61.2% of output in 2011/12. It is also worth noting that as a percentage of £100 of output per farm, feed in 2012/13 was actually 3% lower, at 54.3%, than in 2011/12, showing that although feed prices did increase, the rise in poultry output was greater.

Despite an increase in costs, the increase in output in 2012/13 was greater, and resulted in a FBI of more than double that of the previous year, rising from £46,404 in 2011/12 to £94,166 on a per farm basis.

As has been seen in the past there was a notable range of FBI recorded per farm, with 43% of farms producing an average annual FBI of over £50,000 in 2012/13 and 18% of farms incurring a loss as measured by FBI, compared with 34% and 30% respectively in the previous year, thus reversing the decline in income in the previous year.

2.4.2 Layers producing eggs for human consumption and breeder/rearers [Table 2.3]

In 2012/13 48 specialist poultry farms were classified as layers (Defra farm typology code 521), which included 36 businesses with laying flocks producing eggs for human consumption, and 12 businesses comprising breeding and rearing units. This latter category includes growing pullets, layer breeders and broiler breeders. By contrast 51 poultry farms were classified as layers in 2011/12, including 41 farms producing eggs for human consumption and 10 breeding and rearing units.

Gross output increased by 30.1% to £693,504 in 2012/13, with total variable costs rising by 17.8% to £364,797 and total fixed costs by 11.1% to £258,511. The result of which was a positive per farm income, as discussed above in 2.4.1, reflecting a significant move into profit, £73,504, rather than the loss reported in 2011/12.

2.4.3 Layers producing eggs for human consumption [Table 2.5]

This sub-set of farms consists of those flocks producing eggs for human consumption. These include enriched cage, barn, deep litter and free range production units. Breeding poultry (laying flocks producing hatching eggs, day-old chicks and pullets) are not included, making this group suited to assessing egg producer figures in terms of analysing the changes in bird numbers, output, costs and Farm Business Incomes, particularly on a per bird basis.

The average flock size decreased by 11.8% from 24,240 birds in 2011/12 to 21,386 in 2012/13. The average price recorded for eggs increased by 11.8% to 98.6p/doz in this period. The gross output for laying flocks in England in 2012/13 increased by 3.6% to £447,073, in contrast to a drop in output in the previous period.

Total variable costs decreased by 8.7% to £266,057 per farm amongst which feed, comprising 89.9% of all these costs, decreased by 4.4% to £239,296 per farm. As a consequence of higher output the average gross margin increased by 29.2% to £181,016 per farm. Total fixed costs decreased by 16.5% to £142,164 per farm and variable costs decreased by 8.7% to £266,057.

On a 'per bird' basis gross output increased by 17.4% to £20.90. This was due to an increase in egg prices. Egg production remained fairly constant year-on-year at 281 eggs per bird compared to 280 in the previous year. However, on a per bird basis, feed costs increased by 8.4% to £11.19, whilst overhead costs decreased by 5.3% to £6.65.

Consequently, the profit per bird as measured by FBI increased from a loss of 48p in 2011/12 to a return of £2.54 in 2012/13. When looked at on a 'per dozen' basis a loss of 2.17p was recorded in the previous year, whereas in 2012/13 the profit on a dozen eggs was 11.08p.

2.4.4 Mixed production systems and free range flocks [Table 2.6 and Table 2.7]

The laying flock group producing eggs for human consumption has been subdivided into two further groups of mixed production systems and free range flocks. Although the mixed production systems are predominantly enriched cage units, they comprise some mixed systems, including barn and deep litter egg production. As discussed in part 1, (section 1.2.2 / figure 1.7) 50% of UK eggs were produced using enriched cage systems, an increase of 6% on 2011/12.

Due to the small sample size, these figures are subject to a high level of uncertainty, although it appears that the data reported in Table 2.6 represents a trend reported elsewhere in this report of producers with enriched cage systems experiencing improved gross margins in 2012/13. As discussed in section 1, following investment in enriched cages, in line with the requirement that all EU members comply by 1st January 2012 (see section 1.2.2), profits in this sector are now being reported.

The eight mixed system farms in the FBS producing eggs for human consumption recorded on average an increase in their gross margin of 67.4%, on a per farm basis and, by 78.8%, on a per bird basis. These farms were in profit in 2012/13, with an average FBI of £197,193 per business, whereas a loss was recorded in the previous year.

Table 2.1 Comparison of financial performance measures for mixed production systems and free range systems compared with All Laying flocks in 2012/13

	All Laying Flocks [Table 2.5] (£ per farm)	Mixed production systems including enriched cages, barn & deep litter hens [Table 2.6] £ per farm (% difference from all laying flocks)	Free Range hens £ per farm (% difference from all laying flocks) [Table 2.7]
Average number of birds	21,386	45,018	13,453
Total Gross Output	447,073	950,200 (+113%)	278,177 (-62%)
Total Gross Margin	181,016	436,955 (+141%)	95,099 (-53%)
Farm Business Income	54,402	197,193	6,468

Although the sample of enriched cage birds in 2012/13 is relatively small, the figures do highlight a trend, as reported in section 1.7, where despite an increase in the average price recorded for eggs by free range egg producers (11.3%) they still have a lower gross margin per bird in comparison to enriched cage / mixed system production systems. When this difference in margin is multiplied by the significantly larger flock sizes of the intensive units it results in a very large difference in FBI between the two systems.

The 2012/13 financial year was more profitable, compared to the previous period, for all types of laying hen producers (producing eggs for consumption), with both free range and more intensive systems (Tables 2.5, 2.6 & 2.7) showing a positive FBI compared to losses across both groups in the previous year. The average number of birds in the intensive units fell by 6.4% to 45,018, while for the free range units numbers fell by 11.1% to 13,453.

The average price of eggs in the mixed/ enriched cage unit group increased by 12.1% from 85p per dozen to 95.3p in 2012/13. The enriched cage / mixed systems recorded an increase of 12.1% (+10.3p) in the price per dozen eggs. Nationally, the average producer to packer price for enriched cage system eggs rose 3p/dozen in 2013. It is important to note that this difference between national and FBS figures is likely to have been skewed by the disparity in size of individual producers within the small sample group.

Average egg production for the mixed/ enriched cage group increased in 2012/13 by 2.6% per bird, a rise from 284 eggs per bird to 291, per year. In the previous two periods, eggs per bird had remained static on a year-on-year basis. As a result of this increased production and higher egg prices, output per bird increased by 24%, to £21.11.

As already discussed in section 1, and above in section 2.4.3, feed costs continued to rise for enriched cage/mixed producers in 2012/13, but by a significantly slower rate than in the previous period. Feed prices

increased in the enriched cage/mixed sector (Table 2.5) in 2012/13 by 6.7% to £9.89 per bird, compared to a 26.9% increase reported in last year's publication. Both fixed and variable costs were down in 2012/13 on a per bird basis for enriched cage/mixed producers by 10.5% and 2% respectively. This is reflected in the positive margins recorded by this sector.

The 28 farms with free range systems reported an average FBI of £6,468, whereas a loss was recorded in the previous period. The average number of birds in the free range units in FBS 2012/13 fell by 11% to 13,453 showing a continuing downward trend seen in last year's report. The commentary in section 1.8 suggests that there has been an increase in the free range sector nationally in 2013 as a result of a need to 'increase business turnover' in areas where there is limited land available at affordable prices [22]. Although the results do not reflect this, but as already noted, the lack of diversity in this group means anomalies in trends identified must be viewed with caution.

Within the specialist layers sample, across the different production types, numerous outlets are used including; selling eggs directly to a packing station, to shops and catering outlets and direct to the consumer. Although it has already been noted in Section 1 that the average price of eggs has increased across all production systems, the large increases observed in the survey need to be considered in the context of the multi-various marketing outlets.

After several years of rising costs and poor profitability the increase in the egg price has resulted in improved margins being recorded for 2012/13. However, as discussed above, enriched cage systems, according to the limited FBS data and the more statistically representative national data, are showing greater margin returns than the free range sector.

2.4.5 Poultry meat producers [Table 2.4]

This group of farms classify as poultry meat producers (Defra farm typology code 522). In 2012/13 there were 41 specialist poultry farms that produced poultry for meat, compared with 45 farms in 2011/12. These flocks included 19 broiler producers amongst them whose results are shown separately elsewhere in this section. In addition this group include contract broiler producers where the birds and feed are provided by the rearing company who in turn pay a fee to the producer.

There are only eight contract broiler farms in the survey so results for these farms have not been published, however, it is worth noting the trends discussed in section 1.2.1 relating to the consolidation of these type of farms amongst a smaller number of owner / associate owner organisations. The influence of these large organisations is not fully reflected in the results.

Although broiler production is the predominant system, a small number of producers of table chickens, turkeys, ducks and geese were also present in the sample.

Gross output increased by 9.5% to £1,294,211 per farm for these units and feed costs (the principal variable cost) increased by 9.1%. The increase in feed costs was much less dramatic than in the previous period as discussed in section 1.8. Total fixed costs increased by 5.6%, while the average number of birds remained relatively unchanged (-0.2%), at £118,303.

An improved gross margin of 12.1% to £421,630 on a per farm basis, a gross margin of £3.56 per bird, together with the increased output and a slowing in feed price increases, all contributed to FBI increasing by 23.4% to £113,548 per business for 2012/13. On a per bird basis, FBI increased by 18p, to 96p/bird. The basis for calculating per bird results is the annual average number of birds.

Although this group includes both contract and non-contract poultry meat producers it was not possible to publish the results for individual enterprises, due to their very small sample sizes.

2.4.6 Non-contract broiler production [Table 2.8]

Producers in this group own the birds and incur all the costs associated with the production of broilers. A production cycle is approximately 42 days which normally leads to seven crops per year. The results recorded on a per bird basis are on an individual crop basis.

Total poultry output increased by 25.4% to £2,055,707 as did total throughput which increased by 20.6% to 1,346,096 birds per year. The main cost to the farm business for this system is feed which increased by 22.2% to £1,479,554. In 2011/12 feed costs were 74% of poultry output decreasing to 72% in 2012/13.

The result of the above influences saw FBI increase by 35.5% from £105,505 per farm, in 2011/12, to £143,008 in 2012/13. Although throughput was higher, productivity was slightly down from 7.3 crops to 7.2 crops of birds reared per year in 2012/13. The average price paid for broilers in 2012/13 was £1.90 per bird, an increase of 8p on the previous year, while the price of chicks increased by 1p, to 33p per chick.

The basis for calculating per bird results is the annual throughput of broilers.

2.5 Balance sheet information [Table 2.9 to 2.11]

Table 2.9 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 remained fairly stable during the year, dropping slightly (0.1%) to 70.2% in 2012/13. The value of fixed assets increased by 4.8% to £994,611, whilst total external liabilities increased by 9.8%, to £361,687.

The laying flock systems saw their percentage equity increase in 2012/13 from 53.9% to 55.3%, while the poultry meat producers recorded a reduction in percentage equity from 80.4% to 79.1%.

Table 2.10 compares the net worth and percentage equity with other Robust Farm Type classification used in England with an overall average of £1,345,256 recorded per farm, representing 89.1% equity in the business. Those farms that are predominantly land based have the highest net worth, while those businesses with intensive livestock systems and with a very low dependency on land have lower net worth and, consequently, a smaller stake in the equity of their businesses. For example, lowland cattle & sheep farms and cereal farms have the highest percentage equity at 92.9% and 91.7%, while pig and poultry farms have the lowest percentage equity at 73.8% and 70.2% respectively.

2.6. Gross margins for all poultry enterprises

Tables 2.12 to 2.17 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 2.12 to 2.15]

The average flock size for this group of farms at 13,129 hens in 2012/13 is 61% of the specialist poultry layers group [Table 2.5] however, the trend in financial results is very similar.

Average egg price was 99.6p per dozen, compared with 88.3p in the previous year. This rise in the price of eggs saw output increase to £19.87 per bird, a rise of £3.01 per bird compared with 2011/12. Feed costs, amounting to 57.1% of output, increased to £11.35, a rise of £0.62 per bird, resulting in a gross margin of £7.56 [+£2.44] for 2012/13. The improved egg price that has increased output has meant that in 2012/13 feed costs amounted to 6.6% less of total output despite rising costs. The gross margin per dozen eggs was 32.9p for all layers, an increase of 10.2p [table 2.15]. This is in contrast to the modest increase of 1.8p in 2011/12.

Both production systems saw a similar increase in output. The enriched caged/mixed production systems increased by 18% to £20.40 [+3.1p], while the free range egg producers increased by 17%, to £19.45 [+2.9p].

The average egg price was 2.9% more for free range egg production at £1.09 per dozen than for intensive units in 2012/13. However, egg production for free range systems was 276 eggs per year compared with 289 for the intensive systems. Consequently, poultry output per bird is very similar for both production systems.

Feed cost for the free range systems is 24% higher per bird than for the intensive systems, and as a consequence the gross margin for free range egg production was lower at £6.45 per bird compared with £8.95 for enriched caged/mixed egg production for the 2012/13 financial year. The gross margin increased by £1.60 per bird for free range systems and by £3.42 for enriched cage/mixed egg production systems.

The gross margin per dozen eggs was 28.8p for free range egg production and 37.9p for intensive/mixed egg production systems.

Intensive/mixed laying hen systems had the advantage of size, having three times more birds on average than their free range counterparts in 2012/13.

Despite the small sample group that make up the published results for specialist poultry farms with enriched cage and mixed production systems in this year's report, it would appear that the two production systems are showing similar trends in their results to those of the combined specialist poultry farms in 2012/13.

2.6.2 Gross margin for broilers & table chicken production (non-contract) [Table 2.16]

The average price paid for broilers in 2012/13 was £1.92 [+10p] per bird, while the average purchase price for chicks was unchanged from the previous year at 32p per bird. Feed costs increased to £1.12 [+3p] per bird, producing a gross margin of 36p per bird compared with 33p per bird in the previous year. With seven crops per year an average gross margin of £2.52 per bird was recorded on a twelve month basis, an increase of 11p on the previous year.

2.6.3 Turkey production [Table 2.17]

Farms in this group are in general predominantly small scale Christmas turkey producers and are not representative of mass scale turkey production, which will be responsible for the vast majority of English turkey production. The average price paid for turkeys in 2012/13 was £34.93 [+£1.83] per bird, while the average purchase price was £4.46 [-13p] per bird. Overall, poultry output was £28.66 per bird [+£1.73], while the feed cost was £8.91 per bird [+£1.02]. This resulted in a gross margin of £16.13 [+11p] per bird for 2012/13.

Table 2.2 Financial results for all specialist poultry farms

	<i>Per farm</i>			<i>Per bird (annual basis)</i>		
	2011/12	2012/13	% change	2011/12	2012/13	£ change
Number of farms	96	89		96	89	
Average number of birds/year	77,664	83,205		77,664	83,205	
	<i>Average £ per farm</i>			<i>Average £ per bird</i>		
Gross output						
Eggs	183,472	179,422	-2.2	2.36	2.16	-0.21
Hen depreciation	-14,920	-16,442	10.2	-0.19	-0.20	-0.01
Broilers	501,116	565,034	12.8	6.45	6.79	0.34
Other poultry output	137,326	210,766	53.5	1.77	2.53	0.76
Total poultry output	806,994	938,780	16.3	10.39	11.28	0.89
Crops	22,710	23,246	2.4	0.29	0.28	-0.01
Other livestock	6,949	6,869	-1.2	0.09	0.08	-0.01
Other output	25,572	34,566	35.2	0.33	0.42	0.09
Total gross output	862,225	1,003,461	16.4	11.10	12.06	0.96
Variable costs						
Feed	493,876	544,871	10.3	6.36	6.55	0.19
Seed, fertiliser, crop costs	6,865	9,114	32.8	0.09	0.11	0.02
Vet. & medicines	14,887	17,007	14.2	0.19	0.20	0.01
Other livestock costs	45,782	55,815	21.9	0.59	0.67	0.08
Total variable costs	561,410	626,808	11.6	7.23	7.53	0.30
Total gross margin	300,815	376,654	25.2	3.87	4.53	0.65
Fixed costs						
Labour:						
Regular paid	62,129	66,049	6.3	0.80	0.79	-0.01
Regular unpaid	20,517	22,427	9.3	0.26	0.27	0.01
Casual labour	4,603	7,672	66.7	0.06	0.09	0.03
Power & machinery costs:						
Contract & hire	12,591	10,899	-13.4	0.16	0.13	-0.03
Fuel	6,956	6,868	-1.3	0.09	0.08	-0.01
Electricity	12,497	14,400	15.2	0.16	0.17	0.01
Heat	17,267	20,063	16.2	0.22	0.24	0.02
Repairs	11,423	15,428	35.1	0.15	0.19	0.04
Depreciation	20,041	22,798	13.8	0.26	0.27	0.02
Rent (incl. imputed)	45,119	41,925	-7.1	0.58	0.50	-0.08
Other costs:						
Occupiers repairs	15,753	17,796	13.0	0.20	0.21	0.01
Sundries (incl. bad debts)	33,902	37,963	12.0	0.44	0.46	0.02
Total fixed costs	262,798	284,287	8.2	3.38	3.42	0.03
Management & investment income	38,017	92,367	<u>Δ£/farm</u> 54,350	0.49	1.11	0.62
Minus: management salaries	152	21	-131	0.00	0.00	0.00
Plus: farmer & spouse labour	15,956	16,840	884	0.21	0.20	0.00
Net farm income	53,822	109,186	55,364	0.69	1.31	0.62
Farm business income	46,404	94,166	47,762	0.60	1.13	0.53

Per £100 of gross output

	2011/12	2012/13	£ change	Farm Business Income (FBI) per farm		
Number of farms	96	89		(% distribution by number of farms)		
Average number (birds/year)	77,664	83,205			%	%
					2011/12	2012/13
Average £ per £100 of gross output						
Gross output (%)				Over £100,000	19	21
Eggs (%)	21.28	17.88		£50,000 to <£100,000	16	21
Hen depreciation (%)	-1.73	-1.64		£25,000 to <£50,000	15	17
Broilers (%)	58.12	56.31		£12,500 to <£25,000	10	10
Other poultry output (%)	15.93	21.00		0 to <£12,500	10	12
				-£25,000 to 0	19	11
Total poultry output (%)	93.59	93.55		Below -£25,000	11	7
Crops (%)	2.63	2.32		Total	100	100
Other livestock (%)	0.81	0.68				
Other output (%)	2.97	3.44				
Total gross output (%)	100.00	100.00				
Variable costs						
Feed	57.28	54.30	-2.98			
Seed, fertiliser, crop costs	0.80	0.91	0.11			
Vet. & medicines	1.73	1.69	-0.03			
Other livestock costs	5.31	5.56	0.25			
Total variable costs	65.11	62.46	-2.65			
Total gross margin	34.89	37.54	2.65			
Fixed costs						
Labour:				Average Poultry Numbers		
Regular paid	7.21	6.58	-0.62		Average	Average
Regular unpaid	2.38	2.23	-0.14		2011/12	2012/13
Casual labour	0.53	0.76	0.23	Hens in lay	11,752	11,467
Power & machinery costs:				Pullets	5,800	10,695
Contract & hire	1.46	1.09	-0.37	Broilers & other poultry	60,112	61,043
Fuel	0.81	0.68	-0.12	Total Average	77,664	83,205
Electricity	1.45	1.44	-0.01			
Heat	2.00	2.00	0.00			
Repairs	1.32	1.54	0.21			
Depreciation	2.32	2.27	-0.05			
Rent (incl. imputed)	5.23	4.18	-1.05			
Other costs:						
Occupiers repairs	1.83	1.77	-0.05			
Sundries (incl. bad debts)	3.93	3.78	-0.15			
Total fixed costs	30.48	28.33	-2.15			
Management & investment income	4.41	9.20	4.80			
Minus: management salaries	0.02	0.00	-0.02	Other efficiency factors		
Plus: farmer & spouse labour	1.85	1.68	-0.17		Average	Average
					2011/12	2012/13
Net farm income	6.24	10.88	4.64	Eggs per bird	213	200
Farm business income	5.38	9.38	4.00	Eggs (p/doz.)	87.89	93.76

Table 2.3 Financial results for all laying flocks

	<i>Per farm</i>			<i>Per bird (annual basis)</i>		
	2011/12	2012/13	% change	2011/12	2012/13	£ change
Number of farms	51	48		51	48	
Average number of birds/year	35,604	45,788		35,604	45,788	
	<i>Average £ per farm</i>			<i>Average £ per bird</i>		
Gross output						
Eggs	372,176	370,697	-0.4	10.45	8.10	-2.36
Hen depreciation	-30,265	-33,970	12.2	-0.85	-0.74	0.11
Broilers	0	0	0.0	0.00	0.00	0.00
Other poultry output	164,969	325,100	97.1	4.63	7.10	2.47
Total poultry output	506,879	661,827	30.6	14.24	14.45	0.22
Crops	6,457	8,699	34.7	0.18	0.19	0.01
Other livestock	1,393	1,140	-18.2	0.04	0.02	-0.01
Other output	18,377	21,838	18.8	0.52	0.48	-0.04
Total gross output	533,106	693,504	30.1	14.97	15.15	0.17
Variable costs						
Feed	252,411	278,452	10.3	7.09	6.08	-1.01
Seed, fertiliser, crop costs	1,638	2,944	79.7	0.05	0.06	0.02
Vet. & medicines	14,781	18,682	26.4	0.42	0.41	-0.01
Other livestock costs	40,916	64,719	58.2	1.15	1.41	0.26
Total variable costs	309,747	364,797	17.8	8.70	7.97	-0.73
Total gross margin	223,360	328,707	47.2	6.27	7.18	0.91
Fixed costs						
Labour:						
Regular paid	76,168	90,554	18.9	2.14	1.98	-0.16
Regular unpaid	22,771	23,710	4.1	0.64	0.52	-0.12
Casual labour	5,464	7,588	38.9	0.15	0.17	0.01
Power & machinery costs:						
Contract & hire	3,303	3,916	18.6	0.09	0.09	-0.01
Fuel	5,625	5,772	2.6	0.16	0.13	-0.03
Electricity	11,720	12,568	7.2	0.33	0.27	-0.05
Heat	3,312	8,749	164.2	0.09	0.19	0.10
Repairs	7,421	7,593	2.3	0.21	0.17	-0.04
Depreciation	20,617	20,375	-1.2	0.58	0.44	-0.13
Rent (incl. imputed)	36,655	31,050	-15.3	1.03	0.68	-0.35
Other costs:						
Occupiers repairs	10,564	11,714	10.9	0.30	0.26	-0.04
Sundries (incl. bad debts)	29,089	34,923	20.1	0.82	0.76	-0.05
Total fixed costs	232,710	258,511	11.1	6.54	5.65	-0.89
Management & investment income	-9,350	70,195	<u>Δ£/farm</u> 79,546	-0.26	1.53	1.80
Minus: management salaries	38	43	6	0.00	0.00	0.00
Plus: farmer & spouse labour	17,435	17,506	71	0.49	0.38	-0.11
Net farm income	8,048	87,658	79,610	0.23	1.91	1.69
Farm business income	-534	73,504	74,038	-0.02	1.61	1.62

Per £100 of gross output

	2011/12	2012/13	£ change	Farm Business Income (FBI) per farm		
Number of farms	51	48		(% distribution by number of farms)		
Average number (birds/year)	35,604	45,788			%	%
					2011/12	2012/13
	Average £ per £100 of gross output			Over £100,000	8	15
Gross output (%)				£50,000 to <£100,000	10	19
Eggs (%)	69.81	53.45		£25,000 to <£50,000	14	17
Hen depreciation (%)	-5.68	-4.90		£12,500 to <£25,000	12	8
Broilers (%)	0.00	0.00		0 to <£12,500	14	10
Other poultry output (%)	30.94	46.88		-£25,000 to 0	24	21
				Below -£25,000	20	10
Total poultry output (%)	95.08	95.43		Total	100	100
Crops (%)	1.21	1.25				
Other livestock (%)	0.26	0.16				
Other output (%)	3.45	3.15				
Total gross output (%)	100.00	100.00				
Variable costs						
Feed	47.35	40.15	-7.20			
Seed, fertiliser, crop costs	0.31	0.42	0.12			
Vet. & medicines	2.77	2.69	-0.08			
Other livestock costs	7.68	9.33	1.66			
Total variable costs	58.10	52.60	-5.50			
Total gross margin	41.90	47.40	5.50			
Fixed costs				Average Poultry Numbers		
Labour:					Average	Average
Regular paid	14.29	13.06	-1.23		2011/12	2012/13
Regular unpaid	4.27	3.42	-0.85			
Casual labour	1.02	1.09	0.07	Hens in lay	23,839	23,692
Power & machinery costs:				Pullets	11,765	22,096
Contract & hire	0.62	0.56	-0.05	Broilers & other poultry	0	0
Fuel	1.06	0.83	-0.22	Total Average	35,604	45,788
Electricity	2.20	1.81	-0.39			
Heat	0.62	1.26	0.64			
Repairs	1.39	1.09	-0.30			
Depreciation	3.87	2.94	-0.93			
Rent (incl. imputed)	6.88	4.48	-2.40			
Other costs:						
Occupiers repairs	1.98	1.69	-0.29			
Sundries (incl. bad debts)	5.46	5.04	-0.42			
Total fixed costs	43.65	37.28	-6.38			
Management & investment income	-1.75	10.12	11.88			
Minus: management salaries	0.01	0.01	0.00	Other efficiency factors		
Plus: farmer & spouse labour	3.27	2.52	-0.75		Average	Average
					2011/12	2012/13
Net farm income	1.51	12.64	11.13	Eggs per bird	213	200
Farm business income	-0.10	10.60	10.70	Eggs (p/doz.)	87.89	93.76

Table 2.4 Financial results for all poultry meat producers

	<i>Per farm</i>			<i>Per bird (annual basis)</i>		
	2011/12	2012/13	% change	2011/12	2012/13	£ change
Number of farms	45	41		45	41	
Average number of birds/year	118,558	118,303		118,558	118,303	
	<i>Average £ per farm</i>			<i>Average £ per bird</i>		
Gross output						
Eggs	0	0	0.0	0.00	0.00	0.00
Hen depreciation	0	0	0.0	0.00	0.00	0.00
Broilers	988,336	1,095,053	10.8	8.34	9.26	0.92
Other poultry output	110,451	103,518	-6.3	0.93	0.88	-0.06
Total poultry output	1,098,787	1,198,570	9.1	9.27	10.13	0.86
Crops	38,511	36,893	-4.2	0.32	0.31	-0.01
Other livestock	12,351	12,243	-0.9	0.10	0.10	0.00
Other output	32,567	46,505	42.8	0.27	0.39	0.12
Total gross output	1,182,216	1,294,211	9.5	9.97	10.94	0.97
Variable costs						
Feed	728,644	794,781	9.1	6.15	6.72	0.57
Seed, fertiliser, crop costs	11,947	14,902	24.7	0.10	0.13	0.03
Vet. & medicines	14,990	15,437	3.0	0.13	0.13	0.00
Other livestock costs	50,512	47,463	-6.0	0.43	0.40	-0.02
Total variable costs	806,094	872,582	8.2	6.80	7.38	0.58
Total gross margin	376,122	421,630	12.1	3.17	3.56	0.39
Fixed costs						
Labour:						
Regular paid	48,478	43,062	-11.2	0.41	0.36	-0.04
Regular unpaid	18,326	21,223	15.8	0.15	0.18	0.02
Casual labour	3,767	7,750	105.8	0.03	0.07	0.03
Power & machinery costs:						
Contract & hire	21,621	17,449	-19.3	0.18	0.15	-0.03
Fuel	8,250	7,896	-4.3	0.07	0.07	0.00
Electricity	13,253	16,119	21.6	0.11	0.14	0.02
Heat	30,836	30,675	-0.5	0.26	0.26	0.00
Repairs	15,314	22,778	48.7	0.13	0.19	0.06
Depreciation	19,481	25,071	28.7	0.16	0.21	0.05
Rent (incl. imputed)	53,349	52,127	-2.3	0.45	0.44	-0.01
Other costs:						
Occupiers repairs	20,798	23,501	13.0	0.18	0.20	0.02
Sundries (incl. bad debts)	38,581	40,815	5.8	0.33	0.35	0.02
Total fixed costs	292,052	308,466	5.6	2.46	2.61	0.14
Management & investment income	84,071	113,164	<u>Δ£/farm</u> 29,093	0.71	0.96	0.25
Minus: management salaries	262	0	-262	0.00	0.00	0.00
Plus: farmer & spouse labour	14,518	16,215	1,697	0.12	0.14	0.01
Net farm income	98,326	129,379	31,053	0.83	1.09	0.26
Farm business income	92,040	113,548	21,508	0.78	0.96	0.18

Per £100 of gross output

	2011/12	2012/13	£ change	Farm Business Income (FBI) per farm		
Number of farms	45	41		(% distribution by number of farms)		
Average number (birds/year)	118,558	118,303			%	%
				2011/12	2012/13	
Average £ per £100 of gross output						
Gross output (%)				Over £100,000	31	29
Eggs (%)	0.00	0.00		£50,000 to <£100,000	22	24
Hen depreciation (%)	0.00	0.00		£25,000 to <£50,000	16	17
Broilers (%)	83.60	84.61		£12,500 to <£25,000	9	12
Other poultry output (%)	9.34	8.00		0 to <£12,500	7	15
				-£25,000 to 0	13	0
Total poultry output (%)	92.94	92.61		Below -£25,000	2	2
Crops (%)	3.26	2.85		Total	100	100
Other livestock (%)	1.04	0.95				
Other output (%)	2.75	3.59				
Total gross output (%)	100.00	100.00				
Variable costs						
Feed	61.63	61.41	-0.22			
Seed, fertiliser, crop costs	1.01	1.15	0.14			
Vet. & medicines	1.27	1.19	-0.08			
Other livestock costs	4.27	3.67	-0.61			
Total variable costs	68.18	67.42	-0.76			
Total gross margin	31.82	32.58	0.76			
Fixed costs						
Labour:				Average Poultry Numbers		
Regular paid	4.10	3.33	-0.77		Average	Average
Regular unpaid	1.55	1.64	0.09		2011/12	2012/13
Casual labour	0.32	0.60	0.28	Hens in lay	0	0
Power & machinery costs:				Pullets	0	0
Contract & hire	1.83	1.35	-0.48	Broilers & other poultry	118,558	118,303
Fuel	0.70	0.61	-0.09	Total Average	118,558	118,303
Electricity	1.12	1.25	0.12			
Heat	2.61	2.37	-0.24			
Repairs	1.30	1.76	0.46			
Depreciation	1.65	1.94	0.29			
Rent (incl. imputed)	4.51	4.03	-0.48			
Other costs:						
Occupiers repairs	1.76	1.82	0.06			
Sundries (incl. bad debts)	3.26	3.15	-0.11			
Total fixed costs	24.70	23.83	-0.87			
Management & investment income	7.11	8.74	1.63			
Minus: management salaries	0.02	0.00	-0.02			
Plus: farmer & spouse labour	1.23	1.25	0.02			
Net farm income	8.32	10.00	1.68			
Farm business income	7.79	8.77	0.99			

Table 2.5 Financial results for laying flocks producing eggs for human consumption

	<i>Per farm</i>			<i>Per bird (annual basis)</i>		
	2011/12	2012/13	% change	2011/12	2012/13	£ change
Number of farms	41	36		41	36	
Average number of birds/year	24,240	21,386		24,240	21,386	
	<i>Average £ per farm</i>			<i>Average £ per bird</i>		
Gross output (%)						
Eggs	475,420	483,841	1.8	19.61	22.62	3.01
Hen depreciation	-71,884	-61,095	-15.0	-2.97	-2.86	0.11
Broilers	0	0	0.0	0.00	0.00	0.00
Other poultry output	98	336	244.4	0.00	0.02	0.01
Total poultry output	403,634	423,082	4.8	16.65	19.78	3.13
Crops	4,245	8,530	101.0	0.18	0.40	0.22
Other livestock	1,789	1,655	-7.5	0.07	0.08	0.00
Other output	21,896	13,807	-36.9	0.90	0.65	-0.26
Total gross output	431,564	447,073	3.6	17.80	20.90	3.10
Variable costs						
Feed	250,216	239,296	-4.4	10.32	11.19	0.87
Seed, fertiliser, crop costs	1,166	3,206	174.9	0.05	0.15	0.10
Vet. & medicines	3,403	3,313	-2.6	0.14	0.15	0.01
Other livestock costs	36,639	20,242	-44.8	1.51	0.95	-0.57
Total variable costs	291,424	266,057	-8.7	12.02	12.44	0.42
Total gross margin	140,140	181,016	29.2	5.78	8.46	2.68
Fixed costs						
Labour:						
Regular paid	36,813	27,534	-25.2	1.52	1.29	-0.23
Regular unpaid	26,117	27,439	5.1	1.08	1.28	0.21
Casual labour	6,161	5,656	-8.2	0.25	0.26	0.01
Power & machinery costs:						
Contract & hire	1,942	2,461	26.7	0.08	0.12	0.03
Fuel	5,427	5,111	-5.8	0.22	0.24	0.02
Electricity	6,710	5,138	-23.4	0.28	0.24	-0.04
Heat	591	756	27.9	0.02	0.04	0.01
Repairs	6,645	5,986	-9.9	0.27	0.28	0.01
Depreciation	18,661	19,531	4.7	0.77	0.91	0.14
Rent (incl. imputed)	39,865	25,327	-36.5	1.64	1.18	-0.46
Other costs:						
Occupiers repairs	5,464	3,758	-31.2	0.23	0.18	-0.05
Sundries (incl. bad debts)	15,776	13,468	-14.6	0.65	0.63	-0.02
Total fixed costs	170,174	142,164	-16.5	7.02	6.65	-0.37
Management & investment income	-30,034	38,852	<u>Δ£/farm</u> 68,886	-1.24	1.82	3.06
Minus: management salaries	0	0	0	0.00	0.00	0.00
Plus: farmer & spouse labour	19,410	20,365	955	0.80	0.95	0.15
Net farm income	-10,624	59,216	69,840	-0.44	2.77	3.21
Farm business income	-11,723	54,402	66,125	-0.48	2.54	3.03

Per £100 of gross output

	2011/12	2012/13	£ change
Number of farms	41	36	
Average number (birds/year)	24,240	21,386	
Average £ per £100 of gross output			
Gross output (%)			
Eggs (%)	109.77	107.65	
Hen depreciation (%)	-14.16	-12.65	
Broilers (%)	0.00	0.00	
Other poultry output (%)	0.01	0.09	
Total poultry output (%)	95.63	95.09	
Crops (%)	0.08	1.43	
Other livestock (%)	0.00	0.13	
Other output (%)	4.30	3.35	
Total gross output (%)	100.00	100.00	
Variable costs			
Feed	57.98	53.52	-4.45
Seed, fertiliser, crop costs	0.27	0.72	0.45
Vet. & medicines	0.79	0.74	-0.05
Other livestock costs	8.49	4.53	-3.96
Total variable costs	67.53	59.51	-8.02
Total gross margin	32.47	40.49	8.02
Fixed costs			
Labour:			
Regular paid	8.53	6.16	-2.37
Regular unpaid	6.05	6.14	0.09
Casual labour	1.43	1.27	-0.16
Power & machinery costs:			
Contract & hire	0.45	0.55	0.10
Fuel	1.26	1.14	-0.11
Electricity	1.55	1.15	-0.41
Heat	0.14	0.17	0.03
Repairs	1.54	1.34	-0.20
Depreciation	4.32	4.37	0.04
Rent (incl. imputed)	9.24	5.67	-3.57
Other costs:			
Occupiers repairs	1.27	0.84	-0.43
Sundries (incl. bad debts)	3.66	3.01	-0.64
Total fixed costs	39.43	31.80	-7.63
Management & investment income	-6.96	8.69	15.65
Minus: management salaries	0.00	0.00	0.00
Plus: farmer & spouse labour	4.50	4.56	0.06
Net farm income	-2.46	13.25	15.71
Farm business income	-2.72	12.17	14.88

Pence per dozen eggs

	2011/12	2012/13
Gross output		
Eggs	88.14	98.56
Other poultry output	-13.31	-12.38
Other output	5.18	4.89
Total gross output	80.01	91.07
Variable costs		
Feed	46.39	48.74
Other variable costs	7.64	5.45
Total variable costs	54.03	54.20
Total gross margin	25.98	36.87
Total fixed costs	31.55	28.96
Management & investment income	-5.57	7.91
Net farm income	-1.97	12.06
Farm business income	-2.17	11.08
Farm Business Income (FBI) per farm		
(% distribution by number of farms)		
	%	%
	2011/12	2012/13
Over £100,000	0	0
£50,000 to <£100,000	15	31
£25,000 to <£50,000	10	19
£12,500 to <£25,000	10	6
0 to <£12,500	17	8
-£25,000 to 0	27	28
Below -£25,000	22	8
Total	100	100
Average Poultry Numbers		
	Average	Average
	2011/12	2012/13
Hens in lay	23,086	20,958
Pullets	1,154	428
Broilers & other poultry	0	0
Total Average	24,240	21,386
Other efficiency factors		
	Average	Average
	2011/12	2012/13
Eggs per bird	280	281
Eggs (p/doz.)	88.14	98.56

Table 2.6 Financial results for enriched cage, barn and deep litter hens
(due to small sample size, these figures are statistically less robust)

	<i>Per farm</i>			<i>Per bird (annual basis)</i>		
	2011/12	2012/13	% change	2011/12	2012/13	£ change
Number of farms	9	8		9	8	
Average number of birds/year	48,100	45,018		48,100	45,018	
	<i>Average £ per farm</i>			<i>Average £ per bird</i>		
Gross output (%)						
Eggs	900,485	1,022,885	13.6	18.72	22.72	4.00
Hen depreciation	-116,152	-120,167	3.5	-2.41	-2.67	-0.25
Broilers	0	0	0.0	0.00	0.00	0.00
Other poultry output	100	862	0.0	0.00	0.02	0.02
Total poultry output	784,433	903,579	15.2	16.31	20.07	3.76
Crops	635	13,605	2,042.7	0.01	0.30	0.29
Other livestock	0	1,216	0.0	0.00	0.03	0.03
Other output	35,250	31,799	-9.8	0.73	0.71	-0.03
Total gross output	820,317	950,200	15.8	17.05	21.11	4.05
Variable costs						
Feed	445,898	445,310	-0.1	9.27	9.89	0.62
Seed, fertiliser, crop costs	144	6,093	4,142.0	0.00	0.14	0.13
Vet. & medicines	6,272	2,981	-52.5	0.13	0.07	-0.06
Other livestock costs	106,980	58,861	-45.0	2.22	1.31	-0.92
Total variable costs	559,294	513,245	-8.2	11.63	11.40	-0.23
Total gross margin	261,023	436,955	67.4	5.43	9.71	4.28
Fixed costs						
Labour:						
Regular paid	79,392	57,659	-27.4	1.65	1.28	-0.37
Regular unpaid	32,826	36,361	10.8	0.68	0.81	0.13
Casual labour	15,464	14,907	-3.6	0.32	0.33	0.01
Power & machinery costs:						
Contract & hire	554	526	-5.1	0.01	0.01	0.00
Fuel	13,489	12,631	-6.4	0.28	0.28	0.00
Electricity	13,278	9,201	-30.7	0.28	0.20	-0.07
Heat	1,656	2,416	45.9	0.03	0.05	0.02
Repairs	17,421	16,734	-3.9	0.36	0.37	0.01
Depreciation	28,548	38,849	36.1	0.59	0.86	0.27
Rent (incl. imputed)	80,448	49,889	-38.0	1.67	1.11	-0.56
Other costs:						
Occupiers repairs	5,635	4,454	-21.0	0.12	0.10	-0.02
Sundries (incl. bad debts)	27,235	21,145	-22.4	0.57	0.47	-0.10
Total fixed costs	315,947	264,772	-16.2	6.57	5.88	-0.69
Management & investment income	-54,924	172,183	<u>Δ£/farm</u> 227,106	-1.14	3.82	4.97
Minus: management salaries	0	0	0	0.00	0.00	0.00
Plus: farmer & spouse labour	18,493	20,897	2,403	0.38	0.46	0.08
Net farm income	-36,430	193,079	229,510	-0.76	4.29	5.05
Farm business income	-15,564	197,193	212,757	-0.32	4.38	4.70

Per £100 of gross output

	2011/12	2012/13	£ change
Number of farms	9	8	
Average number (birds/year)	48,100	45,018	
Average £ per £100 of gross output			
Gross output (%)			
Eggs (%)	109.77	107.65	
Hen depreciation (%)	-14.16	-12.65	
Broilers (%)	0.00	0.00	
Other poultry output (%)	0.01	0.09	
Total poultry output (%)	95.63	95.09	
Crops (%)	0.08	1.43	
Other livestock (%)	0.00	0.13	
Other output (%)	4.30	3.35	
Total gross output (%)	100.00	100.00	
Variable costs			
Feed	54.36	46.86	-7.49
Seed, fertiliser, crop costs	0.02	0.64	0.62
Vet. & medicines	0.76	0.31	-0.45
Other livestock costs	13.04	6.19	-6.85
Total variable costs	68.18	54.01	-14.17
Total gross margin	31.82	45.99	14.17
Fixed costs			
Labour:			
Regular paid	9.68	6.07	-3.61
Regular unpaid	4.00	3.83	-0.18
Casual labour	1.89	1.57	-0.32
Power & machinery costs:			
Contract & hire	0.07	0.06	-0.01
Fuel	1.64	1.33	-0.32
Electricity	1.62	0.97	-0.65
Heat	0.20	0.25	0.05
Repairs	2.12	1.76	-0.36
Depreciation	3.48	4.09	0.61
Rent (incl. imputed)	9.81	5.25	-4.56
Other costs:			
Occupiers repairs	0.69	0.47	-0.22
Sundries (incl. bad debts)	3.32	2.23	-1.09
Total fixed costs	38.52	27.86	-10.65
Management & investment income	-6.70	18.12	24.82
Minus: management salaries	0.00	0.00	0.00
Plus: farmer & spouse labour	2.25	2.20	-0.06
Net farm income	-4.44	20.32	24.76
Farm business income	-1.90	20.75	22.65

Pence per dozen eggs

	2011/12	2012/13
Gross output		
Eggs	85.04	95.33
Other poultry output	-10.96	-11.12
Other output	3.39	4.34
Total gross output	77.47	88.55
Variable costs		
Feed	42.11	41.50
Other variable costs	10.71	6.33
Total variable costs	52.82	47.83
Total gross margin	24.65	40.72
Total fixed costs	29.84	24.67
Management & investment income	-5.19	16.05
Net farm income	-3.44	17.99
Farm business income	-1.47	18.38
Farm Business Income (FBI) per farm		
(% distribution by number of farms)		
	%	%
	2011/12	2012/13
Over £100,000	11	38
£50,000 to <£100,000	0	13
£25,000 to <£50,000	0	25
£12,500 to <£25,000	11	0
0 to <£12,500	44	13
-£25,000 to 0	11	13
Below -£25,000	22	0
Total	100	100
Average Poultry Numbers		
	Average	Average
	2011/12	2012/13
Hens in lay	44,747	44,202
Pullets	3,353	817
Broilers & other poultry	0	0
Total Average	48,100	45,018
Other efficiency factors		
	Average	Average
	2011/12	2012/13
Eggs per bird	284	291
Eggs (p/doz.)	85.04	95.33

Table 2.7 Financial results for laying flocks with free range hens

	<i>Per farm</i>			<i>Per bird (annual basis)</i>		
	2011/12	2012/13	% change	2011/12	2012/13	£ change
Number of farms	31	28		31	28	
Average number of birds/year	15,125	13,453		15,125	13,453	
	<i>Average £ per farm</i>			<i>Average £ per bird</i>		
Gross output (%)						
Eggs	316,972	302,887	-4.4	20.96	22.51	1.56
Hen depreciation	-55,861	-41,265	-26.1	-3.69	-3.07	0.63
Broilers	0	0	0.0	0.00	0.00	0.00
Other poultry output	100	160	59.0	0.01	0.01	0.01
Total poultry output	261,211	261,782	0.2	17.27	19.46	2.19
Crops	5,912	6,826	15.5	0.39	0.51	0.12
Other livestock	2,603	1,803	-30.8	0.17	0.13	-0.04
Other output	16,997	7,767	-54.3	1.12	0.58	-0.55
Total gross output	286,724	278,177	-3.0	18.96	20.68	1.72
Variable costs						
Feed	178,492	170,138	-4.7	11.80	12.65	0.85
Seed, fertiliser, crop costs	1,637	2,237	36.6	0.11	0.17	0.06
Vet. & medicines	2,341	3,425	46.3	0.15	0.25	0.10
Other livestock costs	8,908	7,278	-18.3	0.59	0.54	-0.05
Total variable costs	191,379	183,078	-4.3	12.65	13.61	0.96
Total gross margin	95,344	95,099	-0.3	6.30	7.07	0.77
Fixed costs						
Labour:						
Regular paid	20,612	17,421	-15.5	1.36	1.29	-0.07
Regular unpaid	23,384	24,444	4.5	1.55	1.82	0.27
Casual labour	2,546	2,550	0.2	0.17	0.19	0.02
Power & machinery costs:						
Contract & hire	2,512	3,110	23.8	0.17	0.23	0.07
Fuel	2,299	2,587	12.5	0.15	0.19	0.04
Electricity	4,156	3,774	-9.2	0.27	0.28	0.01
Heat	173	199	15.0	0.01	0.01	0.00
Repairs	2,366	2,378	0.5	0.16	0.18	0.02
Depreciation	15,227	13,046	-14.3	1.01	0.97	-0.04
Rent (incl. imputed)	24,400	17,081	-30.0	1.61	1.27	-0.34
Other costs:						
Occupiers repairs	5,537	3,524	-36.3	0.37	0.26	-0.10
Sundries (incl. bad debts)	11,587	10,891	-6.0	0.77	0.81	0.04
Total fixed costs	114,799	101,006	-12.0	7.59	7.51	-0.08
Management & investment income	-19,454	-5,907	Δ£/farm 13,548	-1.29	-0.44	0.85
Minus: management salaries	0	0	0	0.00	0.00	0.00
Plus: farmer & spouse labour	19,573	20,186	613	1.29	1.50	0.21
Net farm income	119	14,279	14,160	0.01	1.06	1.05
Farm business income	-10,105	6,468	16,572	-0.67	0.48	1.15

Per £100 of gross output

	2011/12	2012/13	£ change
Number of farms	31	28	
Average number (birds/year)	15,125	13,453	
Average £ per £100 of gross output			
Gross output (%)			
Eggs (%)	110.55	108.88	
Hen depreciation (%)	-19.48	-14.83	
Broilers (%)	0.00	0.00	
Other poultry output (%)	0.03	0.06	
Total poultry output (%)	91.10	94.11	
Crops (%)	2.06	2.45	
Other livestock (%)	0.91	0.65	
Other output (%)	5.93	2.79	
Total gross output (%)	100.00	100.00	
Variable costs			
Feed	62.25	61.16	-1.09
Seed, fertiliser, crop costs	0.57	0.80	0.23
Vet. & medicines	0.82	1.23	0.41
Other livestock costs	3.11	2.62	-0.49
Total variable costs	66.75	65.81	-0.93
Total gross margin	33.25	34.19	0.93
Fixed costs			
Labour:			
Regular paid	7.19	6.26	-0.93
Regular unpaid	8.16	8.79	0.63
Casual labour	0.89	0.92	0.03
Power & machinery costs:			
Contract & hire	0.88	1.12	0.24
Fuel	0.80	0.93	0.13
Electricity	1.45	1.36	-0.09
Heat	0.06	0.07	0.01
Repairs	0.83	0.85	0.03
Depreciation	5.31	4.69	-0.62
Rent (incl. imputed)	8.51	6.14	-2.37
Other costs:			
Occupiers repairs	1.93	1.27	-0.66
Sundries (incl. bad debts)	4.04	3.92	-0.13
Total fixed costs	40.04	36.31	-3.73
Management & investment income	-6.79	-2.12	4.66
Minus: management salaries	0.00	0.00	0.00
Plus: farmer & spouse labour	6.83	7.26	0.43
Net farm income	0.04	5.13	5.09
Farm business income	-3.52	2.32	5.85

Pence per dozen eggs

	2011/12	2012/13
Gross output		
Eggs	92.05	102.50
Other poultry output	-16.19	-13.91
Other output	7.41	5.55
Total gross output	83.26	94.13
Variable costs		
Feed	51.83	57.57
Other variable costs	3.74	4.38
Total variable costs	55.58	61.95
Total gross margin	27.69	32.18
Total fixed costs	33.34	34.18
Management & investment income	-5.65	-2.00
Net farm income	0.03	4.83
Farm business income	-2.93	2.19
Farm Business Income (FBI) per farm		
(% distribution by number of farms)		
	%	%
	2011/12	2012/13
Over £100,000	6	7
£50,000 to <£100,000	10	18
£25,000 to <£50,000	13	18
£12,500 to <£25,000	10	7
0 to <£12,500	10	7
-£25,000 to 0	29	32
Below -£25,000	23	11
Total	100	100
Average Poultry Numbers		
	Average	Average
	2011/12	2012/13
Hens in lay	14,838	13,155
Pullets	287	298
Broilers & other poultry	0	0
Total Average	15,125	13,453
Other efficiency factors		
	Average	Average
	2011/12	2012/13
Eggs per bird	278	270
Eggs (p/doz.)	92.05	102.50

Table 2.8 Financial results for non-contract broilers

	<i>Per farm</i>			<i>Per bird (per crop)</i>		
	2011/12	2012/13	% change	2011/12	2012/13	£ change
Number of farms	21	19		21	19	
Average number of birds/year	152,582	186,779		152,582	186,779	
Throughput of birds/year	1,116,248	1,346,096		1,116,248	1,346,096	
	<i>Average £ per farm</i>			<i>Average £ per bird</i>		
Gross output (%)						
Eggs	0	0	0.0	0.00	0.00	0.00
Hen depreciation	0	0	0.0	0.00	0.00	0.00
Broilers	1,632,093	2,049,021	25.5	1.46	1.52	0.06
Other poultry output	6,778	6,686	-1.4	0.01	0.00	0.00
Total poultry output	1,638,871	2,055,707	25.4	1.47	1.53	0.06
Crops	11,184	14,727	31.7	0.01	0.01	0.00
Other livestock	12,606	14,339	13.7	0.01	0.01	0.00
Other output	21,061	38,290	81.8	0.02	0.03	0.01
Total gross output	1,683,722	2,123,062	26.1	1.51	1.58	0.07
Variable costs						
Feed	1,210,462	1,479,544	22.2	1.08	1.10	0.01
Seed, fertiliser, crop costs	3,747	8,117	116.6	0.00	0.01	0.00
Vet. & medicines	24,881	28,133	13.1	0.02	0.02	0.00
Other livestock costs	46,376	54,490	17.5	0.04	0.04	0.00
Total variable costs	1,285,466	1,570,284	22.2	1.15	1.17	0.01
Total gross margin	398,255	552,779	38.8	0.36	0.41	0.05
Fixed costs						
Labour:						
Regular paid	38,584	43,851	13.7	0.03	0.03	0.00
Regular unpaid	17,047	19,877	16.6	0.02	0.01	0.00
Casual labour	1,834	2,112	15.1	0.00	0.00	0.00
Power & machinery costs:						
Contract & hire	16,459	23,738	44.2	0.01	0.02	0.00
Fuel	7,718	7,497	-2.9	0.01	0.01	0.00
Electricity	18,630	27,446	47.3	0.02	0.02	0.00
Heat	44,439	52,870	19.0	0.04	0.04	0.00
Repairs	19,158	35,177	83.6	0.02	0.03	0.01
Depreciation	16,492	29,037	76.1	0.01	0.02	0.01
Rent (incl. imputed)	49,543	67,485	36.2	0.04	0.05	0.01
Other costs:						
Occupiers repairs	19,715	27,767	40.8	0.02	0.02	0.00
Sundries (incl. bad debts)	42,832	52,345	22.2	0.04	0.04	0.00
Total fixed costs	292,452	389,202	33.1	0.26	0.29	0.03
Management & investment income	105,804	163,577	$\frac{\Delta\text{£/farm}}{57,774}$	0.09	0.12	0.03
Minus: management salaries	365	0	-365	0.00	0.00	0.00
Plus: farmer & spouse labour	14,655	14,479	-176	0.01	0.01	0.00
Net farm income	120,094	178,056	57,962	0.11	0.13	0.02
Farm business income	105,505	143,008	37,502	0.09	0.11	0.01

Per £100 of gross output

	2011/12	2012/13	£ change	Farm Business Income (FBI) per farm	
Number of farms	21	19		(% distribution by number of farms)	
Average number (birds/year)	152,582	186,779		%	%
				2011/12	2012/13
Average £ per £100 of gross output					
Gross output (%)					
Eggs (%)	0.00	0.00		Over £100,000	33
Hen depreciation (%)	0.00	0.00		£50,000 to <£100,000	29
Broilers (%)	96.93	96.51		£25,000 to <£50,000	10
Other poultry output (%)	0.40	0.31		£12,500 to <£25,000	0
				0 to <£12,500	5
				-£25,000 to 0	19
				Below -£25,000	5
Total poultry output (%)	97.34	96.83			
Crops (%)	0.66	0.69		Total	100
Other livestock (%)	0.75	0.68			100
Other output (%)	1.25	1.80			
Total gross output (%)	100.00	100.00			
Variable costs					
Feed	71.89	69.69	-2.20		
Seed, fertiliser, crop costs	0.22	0.38	0.16		
Vet. & medicines	1.48	1.33	-0.15		
Other livestock costs	2.75	2.57	-0.19		
Total variable costs	76.35	73.96	-2.38		
Total gross margin	23.65	26.04	2.38		
Fixed costs					
Labour:				Other efficiency factors	
Regular paid	2.29	2.07	-0.23		
Regular unpaid	1.01	0.94	-0.08		
Casual labour	0.11	0.10	-0.01		
Power & machinery costs:					
Contract & hire	0.98	1.12	0.14	Broiler sale price	1.82
Fuel	0.46	0.35	-0.11	(£/bird)	1.90
Electricity	1.11	1.29	0.19	Broiler purchase price	0.32
Heat	2.64	2.49	-0.15	(£/bird)	0.33
Repairs	1.14	1.66	0.52	Average number of	7.3
Depreciation	0.98	1.37	0.39	crops/year	7.2
Rent (incl. imputed)	2.94	3.18	0.24		
Other costs:					
Occupiers repairs	1.17	1.31	0.14		
Sundries (incl. bad debts)	2.54	2.47	-0.08		
Total fixed costs	17.37	18.33	0.96		
Management & investment income	6.28	7.70	1.42		
Minus: management salaries	0.02	0.00	-0.02		
Plus: farmer & spouse labour	0.87	0.68	-0.19		
Net farm income	7.13	8.39	1.25		
Farm business income	6.27	6.74	0.47		

Table 2.9 Balance sheet data for 2012/13 - specialist poultry farms

Group	All specialist poultry farms		All laying flocks		All poultry meat producers	
	89		48		41	
Financial year	2012/13		2012/13		2012/13	
	Opening	Closing	Opening	Closing	Opening	Closing
Assets						
Fixed assets						
Land, buildings & SPS	818,894	841,564	608,307	618,777	1,014,713	1,049,622
Breeding livestock	3,130	3,173	1,295	1,229	4,851	4,995
Machinery	124,302	147,320	125,536	116,233	123,145	176,481
Miscellaneous business assets	2,596	2,555	4,093	4,057	2,909	2,068
Total fixed assets	948,921	994,611	739,230	740,297	1,145,617	1,233,166
Current assets						
Crops & trading livestock	50,886	60,857	64,715	73,124	37,914	49,349
Feedstuffs & goods in store	10,059	12,385	6,438	10,203	13,456	14,431
Liquid assets	98,325	145,019	66,269	117,697	128,395	170,649
Total current assets	159,270	218,260	137,422	201,024	179,765	234,429
Total assets	1,108,192	1,212,872	876,652	941,321	1,325,383	1,467,595
Liabilities						
Bank term loans	149,830	166,429	212,202	221,529	91,323	114,743
Other loans	78,020	74,489	60,316	54,725	94,628	93,028
Bank overdraft	50,328	62,872	79,724	90,274	22,754	37,168
Other short term loans	51,221	57,897	52,014	54,266	50,478	61,302
Total external liabilities	329,399	361,687	404,255	420,795	259,182	306,241
Net worth	778,793	851,185	472,397	520,526	1,066,201	1,161,354
Percentage equity (%)	70.3%	70.2%	53.9%	55.3%	80.4%	79.1%

Table 2.10 Comparison of net worth and percentage equity by farm type for 2012/13

	Average Assets	Average Liabilities	Average Net Worth	Average % Equity
Defra main farm type				
Lowland cattle & sheep	1,012,912	71,882	941,030	92.9%
Cereals	2,111,332	174,834	1,936,498	91.7%
Mixed	1,599,945	144,151	1,455,794	91.0%
General cropping	2,192,417	250,995	1,941,422	88.6%
Dairy	838,521	151,364	687,157	81.9%
Horticulture	1,682,056	298,824	1,383,233	82.2%
Pigs	983,644	258,155	725,490	73.8%
Poultry	1,160,532	345,543	814,989	70.2%
All businesses	1,510,195	164,939	1,345,256	89.1%

Table 2.9 continued

Group	<i>Broilers, non contract</i>	
	2012/13	
Number of farms	19	
Financial year	Opening	Closing
Assets		
Fixed assets		
Land, buildings & SPS	1,084,293	1,134,639
Breeding livestock	3,479	3,763
Machinery	129,063	201,211
Miscellaneous business assets	337	309
Total fixed assets	1,217,171	1,339,922
Current assets		
Crops & trading livestock	52,742	69,998
Feedstuffs & goods in store	17,076	16,157
Liquid assets	151,330	181,431
Total current assets	221,149	267,586
Total assets	1,438,320	1,607,508
Liabilities		
Bank term loans	47,482	86,436
Other loans	179,537	173,403
Bank overdraft	23,618	22,340
Other short term loans	60,964	78,084
Total external liabilities	311,602	360,262
Net worth	1,126,718	1,247,245
Percentage equity (%)	78.3%	77.6%

Table 2.11 Distribution of tenant's type capital (%)

	Specialist poultry	Laying flocks, cage, barn & deep litter	Free range layers	Broilers, non contract
Crops & tillages	2.1	0.8	3.1	1.5
Stores	3.4	2.8	3.8	4.0
Machinery	41.1	40.9	41.3	39.9
Livestock	15.8	22.9	10.3	14.2
Other	37.6	32.5	41.5	40.3
Total	100.0	100.0	100.0	100.0
Tenant's type capital (£)	330,303	295,444	363,002	413,448

Table 2.12 Gross margin for all laying flocks

	<i>Per bird (annual basis)</i>			<i>Per £100 of gross output</i>		
	2011/12	2012/13	£ change	2011/12	2012/13	£ change
Number of farms	50	54				
Average number of birds/year	13,395	13,129				
	<i>Average £ per bird (annual basis)</i>			<i>Average £ per £100 gross output</i>		
Gross output						
Eggs	19.90	22.87	2.97			
Hen depreciation	-3.05	-3.01	0.04			
Other poultry output	0.01	0.01	0.00			
Total output	16.86	19.87	3.01	100.00	100.00	
Variable costs						
Feed	10.74	11.35	0.62	63.69	57.14	-6.56
Vet. & medicines	0.14	0.15	0.01	0.83	0.77	-0.06
Other livestock costs	0.85	0.78	-0.07	5.04	3.95	-1.09
Other variable costs	0.02	0.02	0.01	0.10	0.11	0.01
Total variable costs	11.75	12.31	0.57	69.66	61.97	-7.69
Total gross margin	5.11	7.56	2.44	30.34	38.03	7.69

Table 2.13 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>		
	2011/12	2012/13	£ change	2011/12	2012/13	£ change
Number of farms	12	11				
Average number of birds/year	24,450	27,897				
	<i>Average £ per bird (annual basis)</i>			<i>Average £ per £100 gross output</i>		
Gross output						
Eggs	20.00	23.19	3.19			
Hen depreciation	-2.73	-2.80	-0.07			
Other poultry output	0.01	0.02	0.01			
Total output	17.27	20.40	3.13	100.00	100.00	
Variable costs						
Feed	9.77	10.04	0.27	56.58	49.20	-7.38
Vet. & medicines	0.13	0.08	-0.05	0.78	0.41	-0.36
Other livestock costs	1.79	1.29	-0.50	10.38	6.34	-4.04
Other variable costs	0.04	0.04	0.00	0.24	0.18	-0.06
Total variable costs	11.74	11.45	-0.29	67.99	56.14	-11.85
Total gross margin	5.53	8.95	3.42	32.01	43.86	11.85

Table 2.14 Gross margin for laying flocks with free range hens

	<i>Per bird (annual basis)</i>			<i>Per £100 of gross output</i>		
	2011/12	2012/13	£ change	2011/12	2012/13	£ change
Number of farms	38	43				
Average number of birds/year	10,351	9,232				
	<i>Average £ per bird (annual basis)</i>			<i>Average £ per £100 gross output</i>		
Gross output						
Eggs	19.84	22.62	2.78			
Hen depreciation	-3.26	-3.18	0.08			
Other poultry output	0.01	0.01	0.00			
Total output	16.59	19.45	2.85	100.00	100.00	
Variable costs						
Feed	11.37	12.40	1.04	68.50	63.77	-4.73
Vet. & medicines	0.14	0.21	0.07	0.86	1.07	0.21
Other livestock costs	0.24	0.38	0.14	1.42	1.94	0.52
Other variable costs	0.00	0.01	0.01	0.01	0.06	0.04
Total variable costs	11.75	13.00	1.25	70.80	66.85	-3.95
Total gross margin	4.85	6.45	1.60	29.20	33.15	3.95

Table 2.15 Gross margin per dozen eggs for all laying flocks (annual basis)

	Layers		Laying flocks, cage barn & deep litter		Free range layers	
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13
Number of farms	50	54	12	11	38	43
No of dozen eggs	301,928	301,372	535,137	659,266	237,710	206,942
Average egg yield/bird	281	282	278	289	282	276
Average egg price p/doz	88.31	99.64	91.36	98.11	86.41	100.92
	<i>Average pence per dozen (annual basis)</i>					
Gross output						
Eggs	88.31	99.64	91.36	98.11	86.41	100.92
Hen depreciation	-13.54	-13.12	-12.48	-11.84	-14.19	-14.19
Other poultry output	0.04	0.05	0.03	0.07	0.04	0.03
Total output	74.80	86.57	78.90	86.34	72.26	86.76
Variable costs						
Feed	47.64	49.46	44.64	42.48	49.50	55.33
Vet. & medicines	0.62	0.67	0.61	0.36	0.62	0.93
Other livestock costs	3.77	3.42	8.19	5.48	1.03	1.69
Other variable costs	0.08	0.10	0.19	0.16	0.01	0.05
Total variable costs	52.11	53.65	53.64	48.47	51.16	58.00
Total gross margin	22.69	32.92	25.26	37.87	21.10	28.76

Table 2.16 Gross margin for non-contract broilers and table chicken

	<i>Per bird</i>			<i>Per £100 of gross output</i>		
	2011/12	2012/13	£ change	2011/12	2012/13	£ change
Number of farms	28	26				
Average number of birds/year	94,779	116,422				
Throughput of birds/year	688,009	811,776				
Average number of crops/year	7.26	6.97				
Average sale price (broilers) - £/bird	1.82	1.92				
Average purchase price (broilers) - £/bird	0.32	0.32				
	<i>Average £ per bird (per flock)</i>			<i>Average £ per £100 gross output</i>		
Gross output						
Broilers	1.50	1.55	0.05			
Total output	1.50	1.55	0.05	100.00	100.00	
Variable costs						
Feed	1.09	1.12	0.03	72.77	72.02	-0.75
Vet. & medicines	0.02	0.02	0.00	1.47	1.22	-0.25
Other livestock costs	0.05	0.04	-0.01	3.12	2.67	-0.45
Other variable costs	0.01	0.01	0.01	0.48	0.79	0.31
Total variable costs	1.16	1.19	0.02	77.84	76.70	-1.14
Total gross margin	0.33	0.36	0.03	22.16	23.30	1.14

Table 2.17 Gross margin for turkey production

	<i>Per bird</i>			<i>Per £100 of gross output</i>		
	2011/12	2012/13	£ change	2011/12	2012/13	£ change
Number of farms	26	23				
Average number of birds/year	759	641				
Throughput of birds/year	1,634	1,443				
Average sale price (turkeys) - £/bird	33.10	34.93				
Average purchase price (turkeys) - £/bird	4.59	4.46				
	<i>Average £ per bird</i>			<i>Average £ per £100 gross output</i>		
Gross output						
Other poultry output	26.93	28.66	1.73			
Total output	26.93	28.66	1.73	100.00	100.00	
Variable costs						
Feed	7.89	8.91	1.02	29.28	31.08	1.80
Vet. & medicines	0.15	0.10	-0.05	0.56	0.36	-0.20
Other livestock costs	2.87	3.52	0.65	10.66	12.27	1.61
Other variable costs	0.00	0.00	0.00	0.00	0.00	0.00
Total variable costs	10.91	12.53	1.62	40.50	43.72	3.22
Total gross margin	16.02	16.13	0.11	59.50	56.28	-3.22

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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, single farm payment, 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)
Defra	Department for Environment, Food and Rural Affairs
ha	hectare
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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