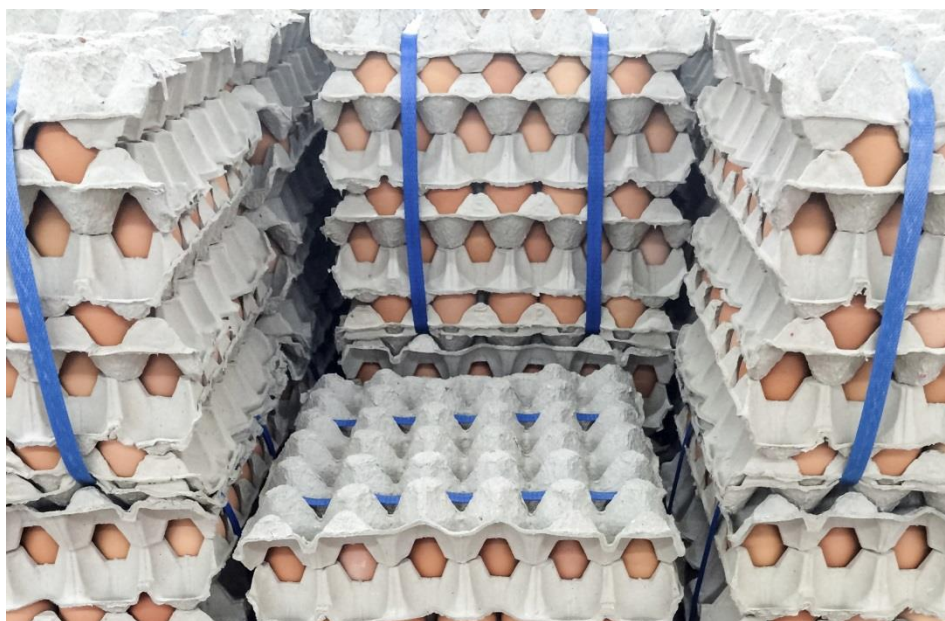


Farm Business Survey

2013/2014

Poultry Production in England



Richard Crane and
Stephen Laney

Farm Business Survey

2013/14

Poultry Production in England

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Foreword to the First Series

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

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

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

Prof. Martin Seabrook

(Chief Executive of the Consortium)

Spring 2007

Foreword to the Ninth Series

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

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

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

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

Dr Paul Wilson
Chief Executive Officer, Rural Business Research
January 2015
www.ruralbusinessresearch.co.uk

Acknowledgements

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

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

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

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Summary

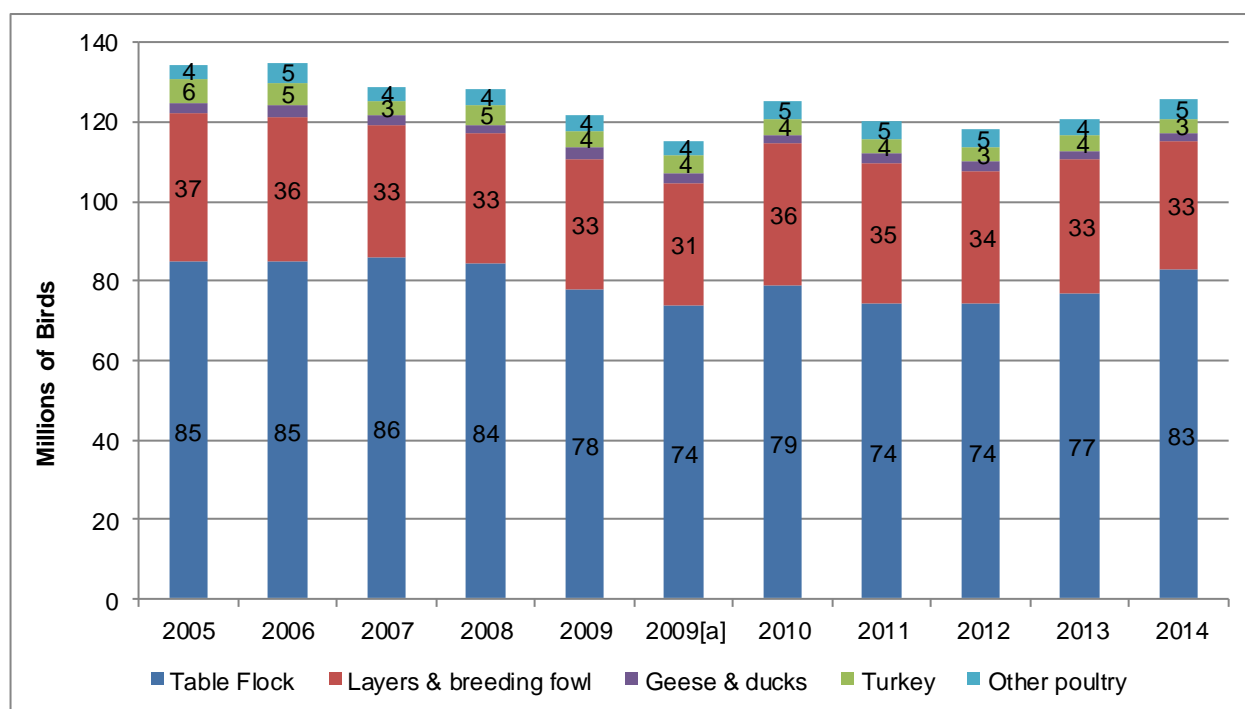
- Total number of birds in production in June 2014 increased to 125 million, 4% higher than June 2013
- The value of UK poultry meat production totalled £2.32 billion in 2013, around 9% of total agricultural output, (70% of poultry output)
- Egg production was valued at £718 million, up 8% on 2013
- Egg prices in 2014 fell on average by 5% to 86p/doz (91p in 2013)
- UK self-sufficiency in 2013 was 87% for eggs and 90% for poultry meat
- Specialist poultry farm businesses in the 2013/14 financial year saw their Farm Business Income (FBI) increase to an average of £157,203 per business, representing an improvement of 74% on the previous year
- Businesses specialising in poultry meat production saw their FBI increase to an average of £208,010 per farm business, a year-on-year improvement of 87%
- Businesses specialising in the production of eggs for human consumption recorded an average FBI per farm business of £65,482, up 35% on the previous year
- The average number of birds per farm for specialist poultry farms surveyed was down by 2%
- The average price of eggs for specialist poultry farms fell by 8%, to just over 90p/doz
- The average price of eggs from intensive/mixed egg production systems decreased by 16% in 2013/14, whilst there was virtually no change to price of eggs from free range systems
- Feed expenditure decreased, on a per bird basis, from 58% of output in 2012/13 to 52% in 2013/14
- Poultry farms have the lowest percentage equity at 72% in their business of all farm types
- Laying flock systems saw their percentage equity increase to 60% in 2013/14, up from 53%
- Poultry meat producers saw their percentage equity increase in 2013/14 to almost 80%

SECTION 1: COMMENTARY ON THE UK POULTRY INDUSTRY

1.1 General introduction

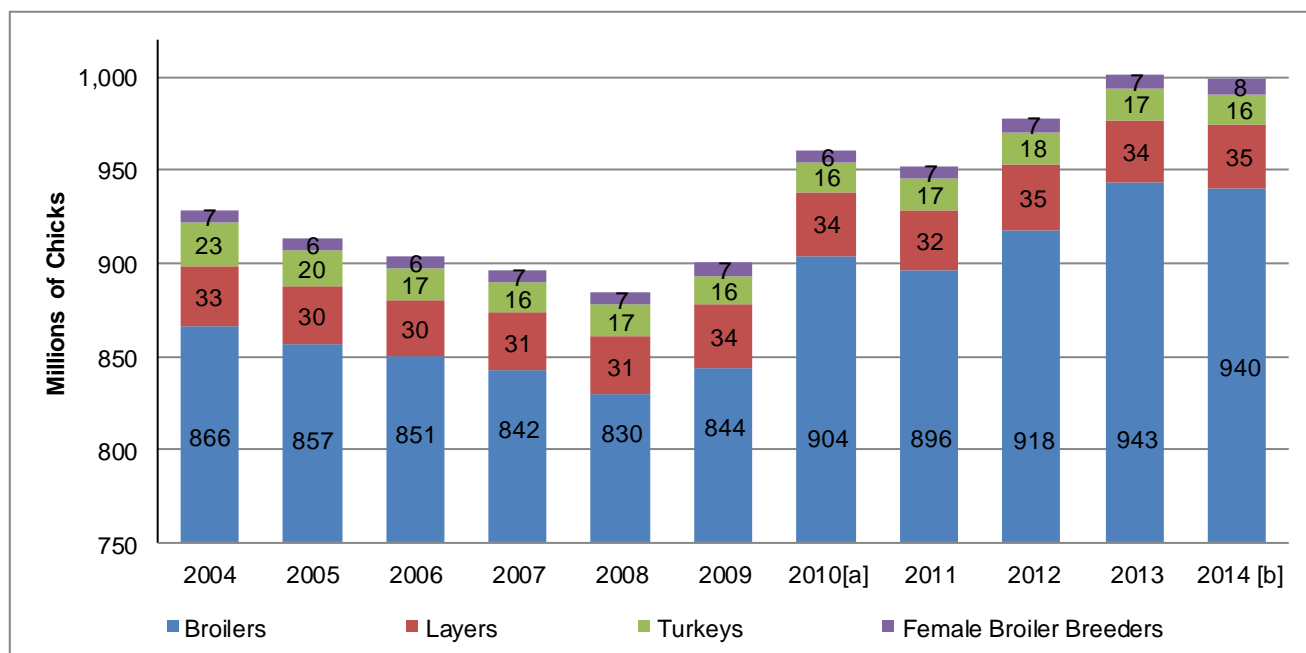
The English poultry flock increased to over 125 million birds in 2014 marking two consecutive years of growth, reversing the trend of annual decline seen in recent years. Between June 2013 and 2014 the table flock population increased by 7%, following an increase of 3% in the previous year. The turkey flock reduced by 8% between 2013 and 2014, bringing it to almost the same level as in 2012, after an increase in the number of birds between 2012 and 2013. Layer and breeding fowl numbers dropped by 2% to just below 33 million in 2014. The poultry flock in England consists of approximately 66% table birds, 26% layers and breeding fowl, 4% other poultry, 3% turkey and 2% duck and geese [1].

Figure 1.1 English poultry numbers at June 2005-2014 [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 2004-2014 [2]



Note: [a] denotes a 53 week year

[b] 2014 12 month average includes last three months of 2013 as 2014 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 approximately 999 million in 2014, a rise of 13% since 2008. Following three consecutive years of increasing overall chick and poultry placings between 2011 and 2013, numbers plateaued in 2014 on a year-on-year basis, based on data available up to the end of September 2014. Placements of turkeys have decreased for three consecutive years, with an estimated reduction of around 6% in 2014, compared with numbers placed in 2013. Placements of broiler breeder hens look set to increase by approximately 18% between 2013 and 2014, which follows a period of little change for the last three years [2].

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

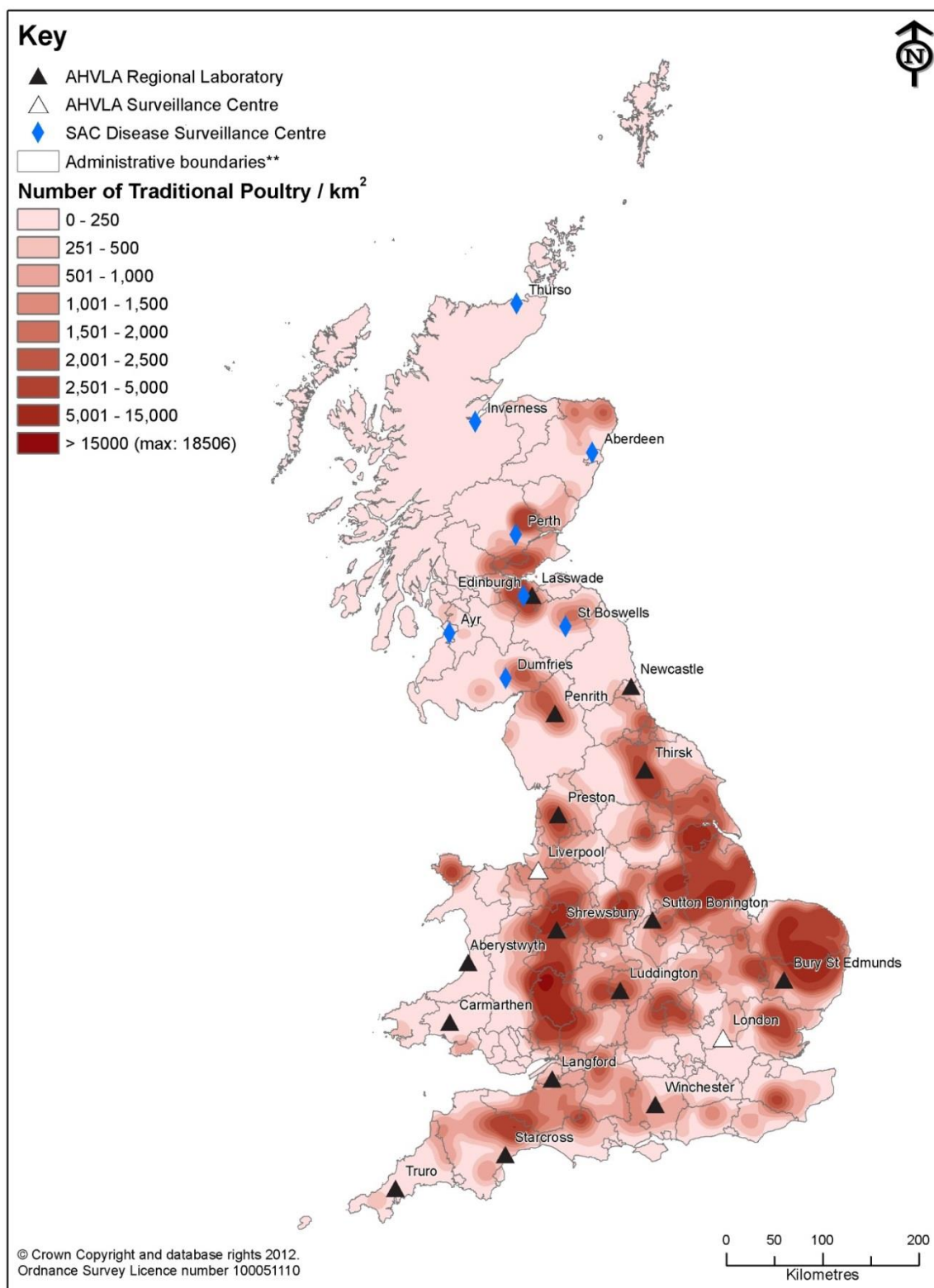


Figure 1.3 shows poultry population density throughout England. The highest densities of the English flock are in East Anglia, Lincolnshire, Yorkshire and along the English/Welsh border, with much lower populations in the south east of England.

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 (BPR) giving details of poultry type, housing type, maximum number of poultry present on holding through the year, together with a note of owner organisations and associate organisations. In England 799 premises (with 1,000 or more birds) were registered in 2013 housing approximately 84 million birds, averaging over 100,000 birds 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, account for upwards of 60% of the English broiler production flock and are 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]; over 30% was under the management of 2 Sisters and Faccenda [4].

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

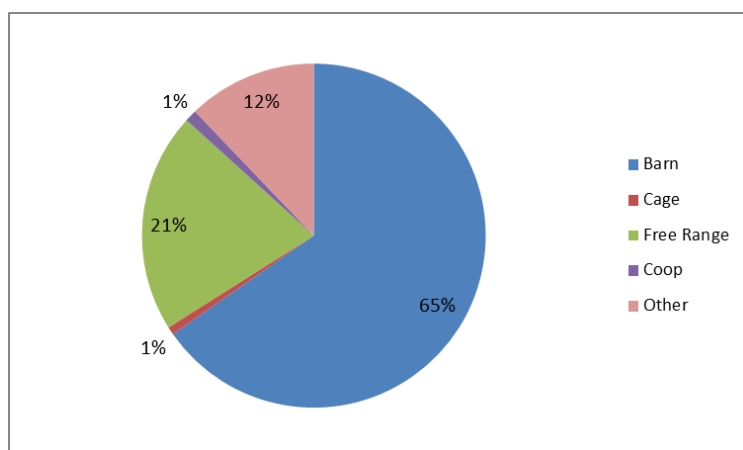
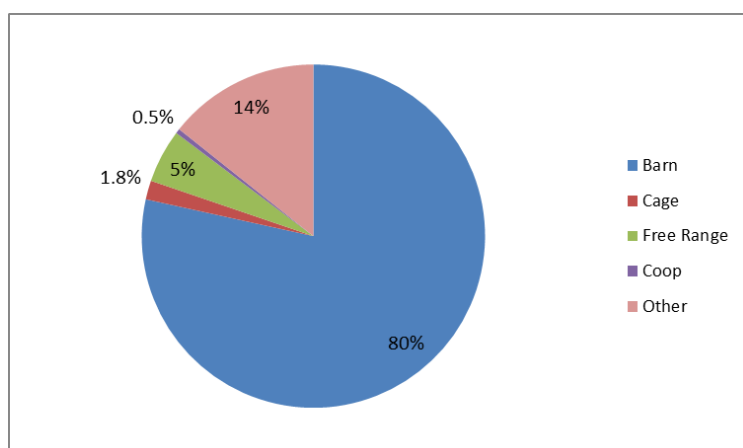


Figure 1.5 English Broiler meat production systems by % of birds, 2013 [4]

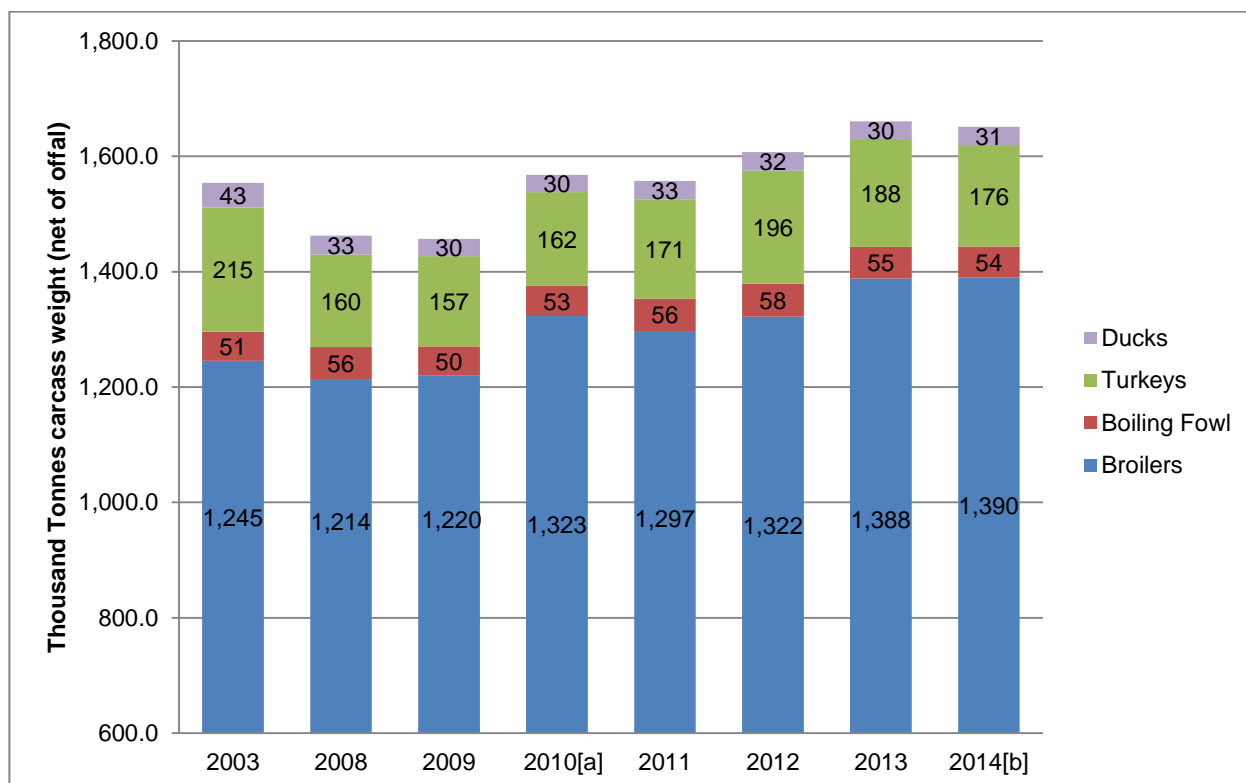


Notes: Some systems described as coop or as caged overlap with the barn and free range systems. 'Others' includes a mixture of listed systems that owners described in their own terms for the poultry register. Data excludes English premises with on average less than 1,000 birds [6].

According to the BPR 80% of broiler 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 on 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] 2014 data is based on the monthly data recorded up to end of September 2014 with October, November and December based on figures for the same months for the previous year (2013)

Total annual production of poultry meat in 2014 totalled some 1.65 million tonnes, 5% more than the previous five year average and 7% more than for 10 years ago. Approximation by type: 84% were broilers, 11% turkey, 3% boiling fowl and 2% duck.

In October 2014 the British Poultry Council (BPC), in response to an article published by the BBC entitled *Do People know where their chicken comes from?* [8], expressed their view that the UK has some of the “best welfare standards in the world”[9]. The BPC stated that “most” UK produced poultry meat is produced with the backing of recognised farm assurance schemes, with 90% of chicken, turkey and ducks being reared to the Red Tractor Farm Assurance Poultry Scheme standards [9].

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 with 550cm² in conventional housing), housing must include a nesting area, litter to allow dust bathing, perches of at least 15cm per bird, and claw shortening devices.
- *Barn system* – This system employs open-space hen houses with a series of perches at different levels. Birds are allowed to roam the litter covered floor space, at a maximum density (since 2002) of nine birds per m². There is a Deep Litter variant of this system where hen houses have solid floors covered with straw, sand, shavings or turf and a lower stocking density of seven birds per m². Both systems provide communal nest boxes and raised feeding troughs to prevent the scattering of feeds [10].
- *Free Range System* – This system requires birds to have continuous daytime access to outdoor 'runs', largely covered with vegetation, to a maximum stocking density of nine laying hens per m² of usable area. The Welfare of Laying Hens Directive imposes the same hen house conditions as for the Barn System. Free range production can also be organic where, additionally, feeds are organic and the hens are ranged on organically managed land [10].

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

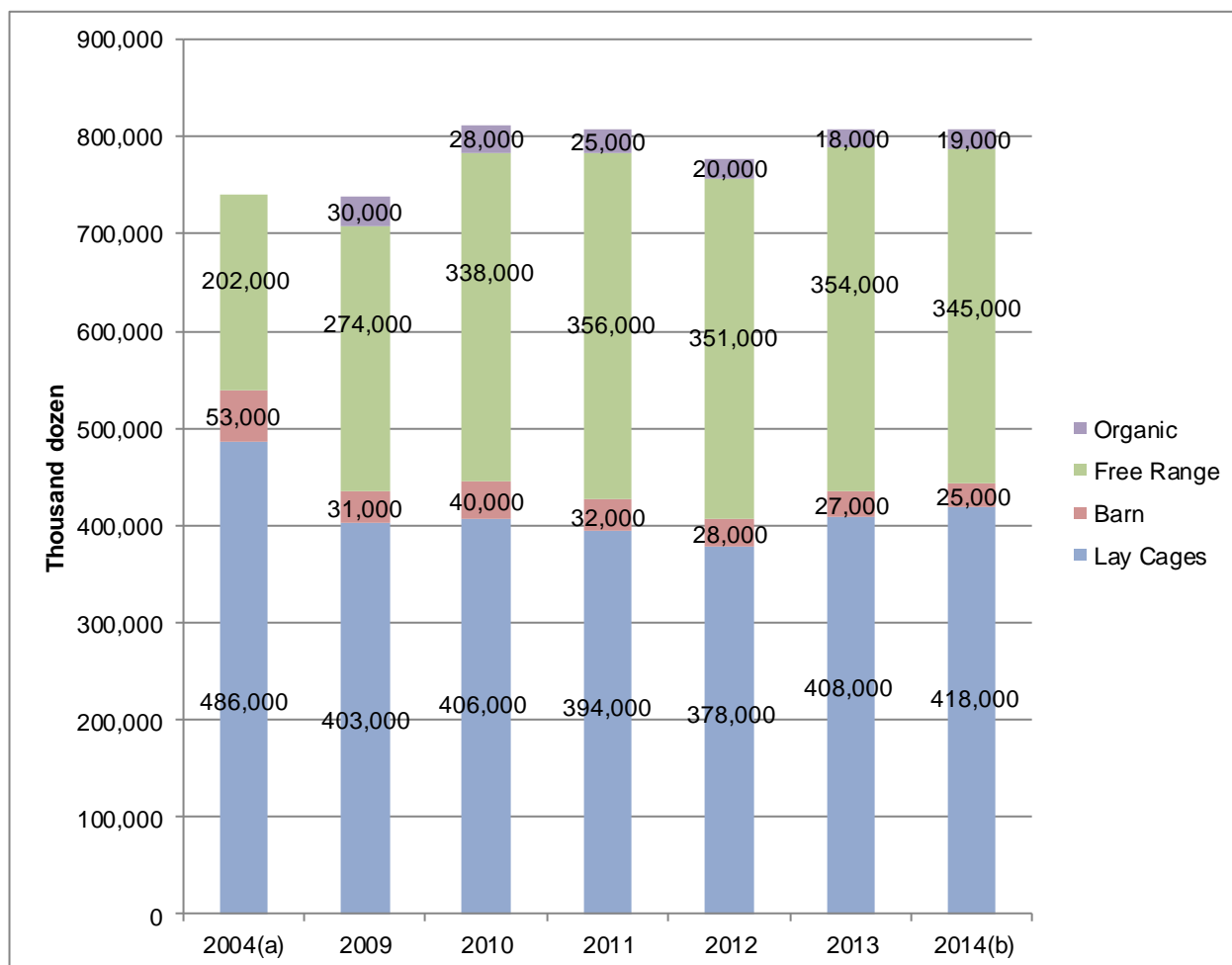
Assurance Scheme Name	Number of Birds in assurance scheme*	% of all birds listed on register as being in assurance schemes*
Lion Quality Mark	18,842,764	50%
Freedom Food	12,986,777	34%
Assured Chicken Production Scheme (ACP)	403,990	1%
Laid in Britain	1,037,1000	3%
Poultry Health Scheme	464,450	1%
"Other"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

The 2013 Poultry Register (PR) for England indicates that there are 799 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. However, 12% of the laying flock birds accounted for in the 2013 Poultry Register for England were not recorded as being in any assurance scheme [4].

In 2014 it was announced that the Freedom Food Assurance Scheme is to be rebranded as RSPCA Assured. The RSPCA has given its support for the rebranding which will include a sustained marketing campaign due to be launched with TV advertising in 2015. This initiative by the RSPCA is viewed by industry stakeholders as an indication of the increased trust that now exists between poultry and other livestock producers involved in the current Freedom Food Assurance Scheme, after previous concerns by RSPCA members of being involved with auditing welfare standards in livestock production [11].

The chairman of the British Free Range Egg Producers' Association, and a Freedom Food Egg producer himself, was quoted as saying "the rebranding has the potential to be a positive factor for egg producers if dealt with in the right way" and "I cautiously welcome the move, as long as it will not result in more red tape for us all to deal with. If it can boost our market then it will be a good thing. Animal welfare is very important to us. We are already achieving the very high standards necessary to become Freedom Food Assured producers and if the rebranding means that will be more widely recognised then that will be a good thing" [11].

Figure 1.7 Annual UK egg production by production systems [12]

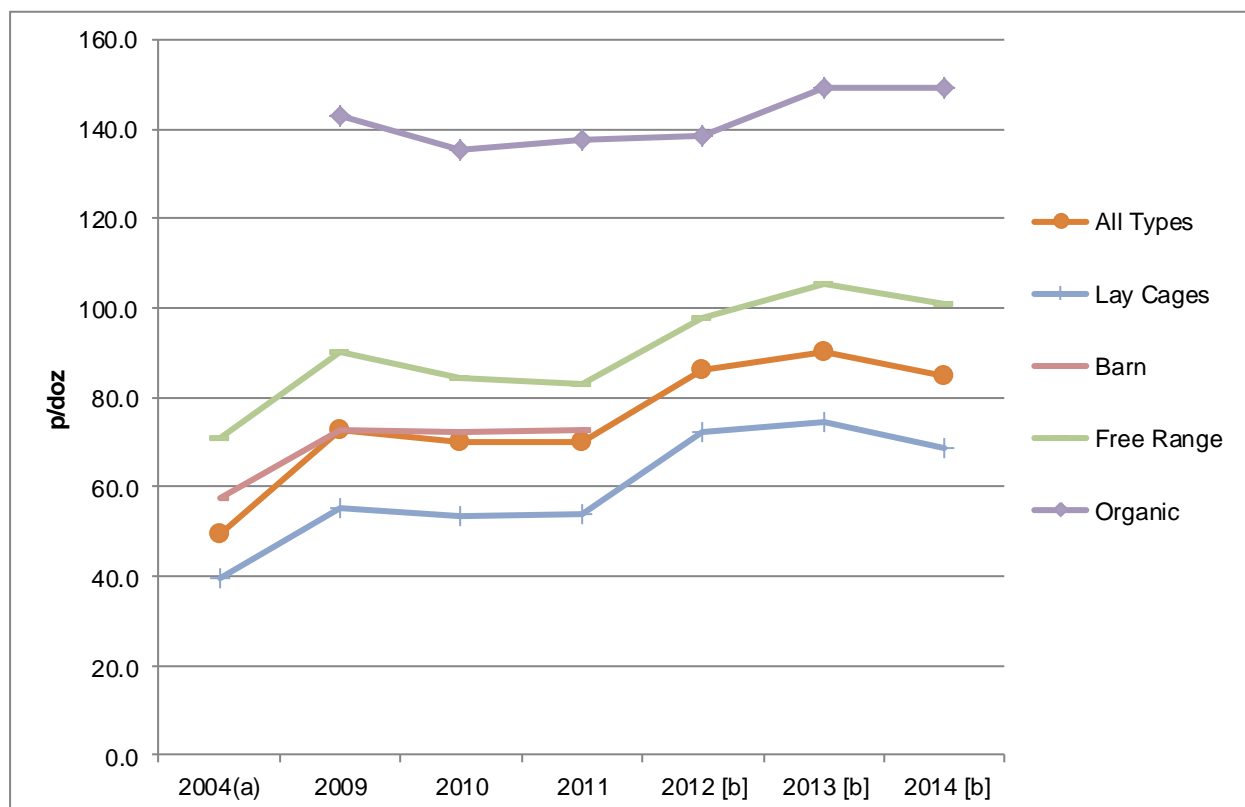


Note: (a) 2004; no organic data available

(b) Note that the Q4 results for 2014 were not available so they have been based on Q4 2013

Total packing station throughput remained almost unchanged between 2013 and 2014. This is just 1% below the peak production in 2010. In 2014 approximately, 52% of eggs were produced in enriched cages, 43% in free range systems, 3% in barns, and 2% from organic systems. Between 2012 and 2013 enriched cage production increased by 8% whereas the increase for 2014 slowed to approximately 2%. There has been a decline in free range production between 2013 and 2014 of around 3%, whereas in the previous period there was an increase of approximately 1%. Despite an increase in organic production in 2013/14 of around 2%, compared with a decline of 8% in the previous year, throughput of organic eggs is now at less than half that seen before the economic recession of 2008 [12].

Figure 1.8 Average packers to producer prices by housing type [12] [13]



Note: [a] 2004; no organic data available
[b] 2012 to 2014 data for barn eggs suppressed as sample too small

The average packer to producer price decreased approximately 5p/doz (-6%) in 2014 compared with an increase of around the same amount in the previous year.

In 2013 the price of free range eggs increased on average by 7.5p/doz, to around 105p/doz, breaking through the £1/doz barrier for the first time; the price dropped back to just under 101p/doz in 2014, despite a reduction of some 3% in supply.

The average lay cage egg price also dropped back by around 6p/dozen to 68.5p/dozen, in 2014, while the average price for organically produced eggs remained almost unchanged at 149p/doz for the same period, representing the highest average recorded price since 2007, but with a slowing down of the year-on-year increases over the previous intervening years [12], [13].

Anecdotal evidence from poultry businesses in the FBS sample suggests that the wholesale prices paid to larger producers in 2013 have, in some cases, shown a greater percentage reduction than those illustrated in Figure 1.8. The prices shown in Figure 1.8 relate to prices recorded by packers to farmers, whereas the prices reported in the FBS commentary in section 2 of this report represent a range of different supply chain arrangements.

1.3 Contribution of the poultry sector to the economy

1.3.1 The farm sector

In 2013 total poultry output increased to £3.2 billion, a change of just over 10% compared with 2012; total agricultural output increased 6.2% in the same time frame. Poultry meat output rose to £2.32 billion in 2013, an increase of £250 million on 2012. Egg and egg products increased over the same period by £56 million, compared with an increase of £103 million between 2011 and 2012. This increase in output which was driven initially by increased prices for eggs appears to have slowed down as prices have dropped during the intervening period. Poultry output, as a proportion of total output from agriculture, increased by just under half a per cent, to 12.6% in 2013, with prices reflecting additional production costs with a particular emphasis on feed.

Figure 1.9 Producer value of UK-produced poultry meat and eggs 2007-2013 (£M) [14]

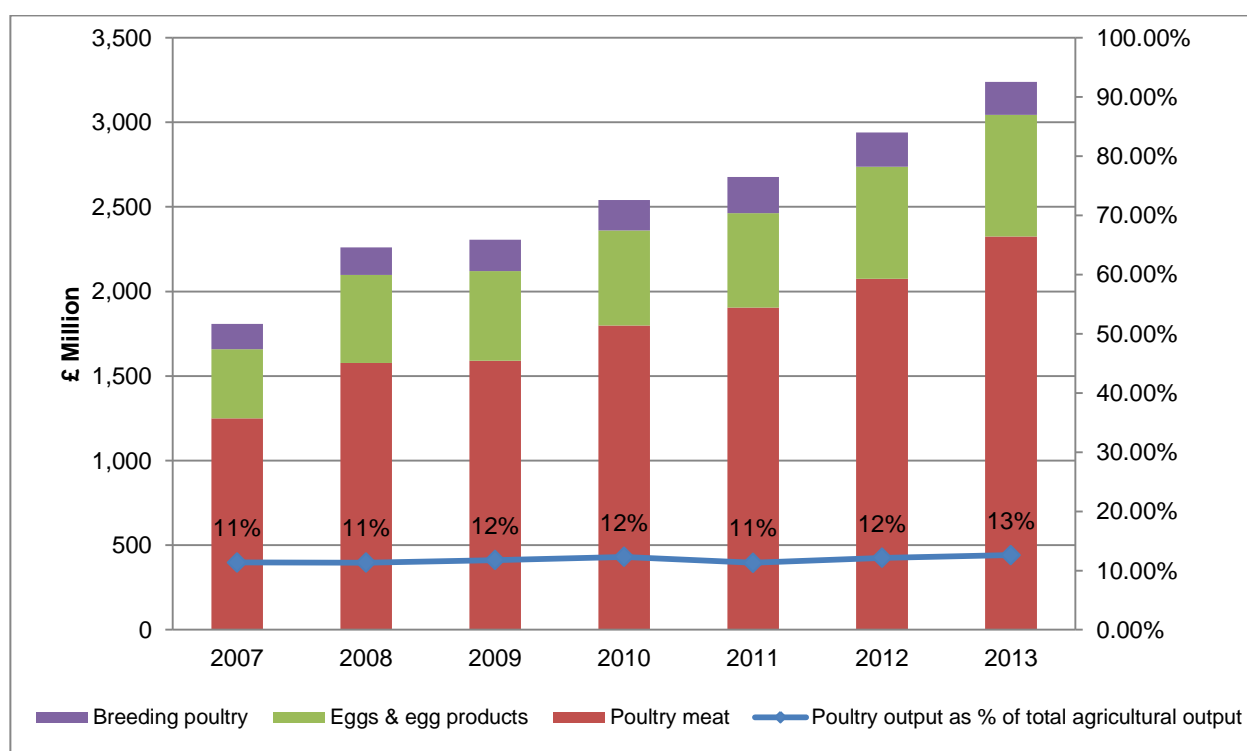
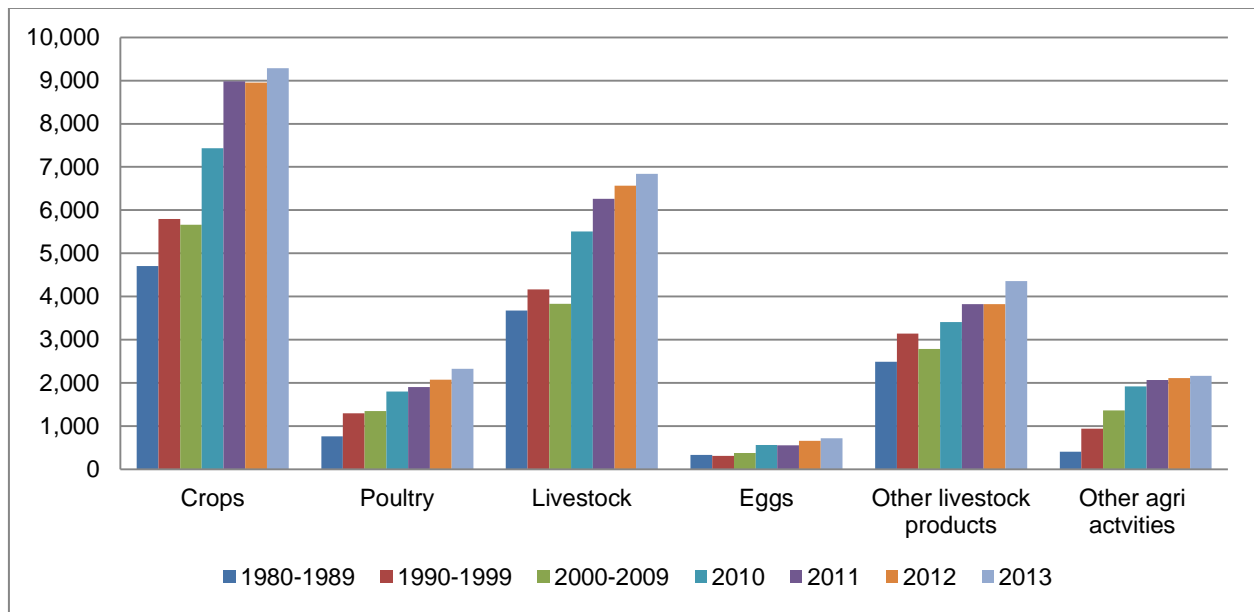


Figure 1.10 Poultry and egg output compared with other agricultural outputs through time at current prices (£M) [14]



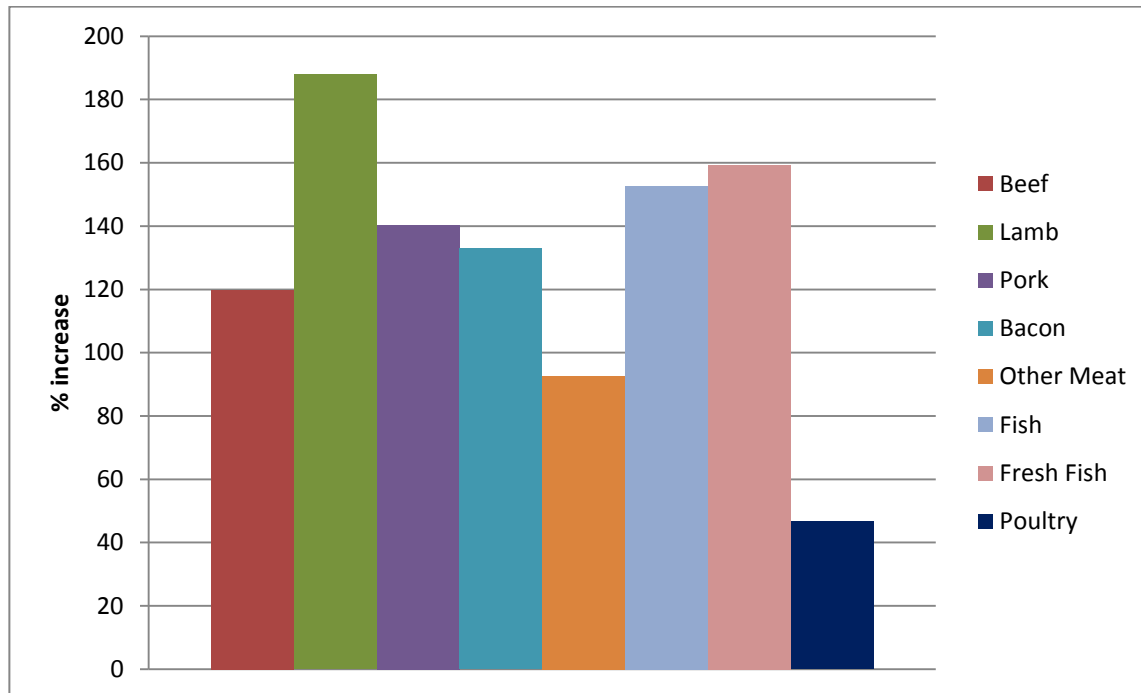
1.3.2 The retail sector

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 [15]. In 2013 the British Poultry Council (BPC) reported that poultry accounted for nearly half of all meat bought in the UK and that 70 per cent of all chicken consumed is home reared [16].

The BPC reported that poultry prices experienced the lowest rate of increase compared with other meats in 2013 [17]. Statistics reported by the BPC in May 2014 indicated that poultry prices “have risen at the slowest rate of 29 different food categories, at around 1.8% a year on average”. Data gathered by the Office for National Statistics (ONS) has shown that between January 1987 and December 2013 poultry prices have risen by 46.6% (see figure 1.11), compared with 186.4% for confectionary and 153.6% for soft drinks. The BPC’s Chief Executive noted on the industry body’s website that this slow rate of growth in price, “is due to improved efficiencies over the past 26 years that have been passed on to consumers. It has nothing to do with supermarket price wars” [18].

Figure 1.11 Percentage increase in meat prices from January 1987 to December 2013 [18] [19]



The above chart is based on Retail Price Index increases with January 1987 taken as a RPI base of 100.

A press release by the British Poultry Council (BPC) in mid-2014 suggested that following the news of the horsemeat scandal in January 2013 the poultry industry “continued to flourish”. The BPC cited a consumer report which noted almost one in five (19%) of consumer respondents surveyed said they now eat more poultry than beef, pork or other meat [20].

1.3.2.2 Eggs

In 2013 UK egg consumption rose by around 2%, to 961 million dozen, with a retail value of approximately £986 million [21]. Between 2012 and 2013, retail sales increased by 3%, around half of the percentage growth experienced during the previous period [21]. Production of eggs for processing for human consumption was down by around 6% in 2013, at almost the same percentage reduction as in the previous period. UK human consumption of shell eggs increased by around 6% in 2013 [22].

1.4 Trade

Table 1.2 UK imports and exports of Eggs and Poultry meat [22]

Eggs (Million Dozen)	2010	2011	2012	2013
Imports	136	127	163	153
Exports	8	10	20	24
UK production	826	821	797	829
% self sufficient	87%	88%	85%	87%

Poultry meat [a] (carcass weight thousand tonnes)	2010	2011	2012	2013
Imports	475	515	480	479
Exports	268	291	283	304
UK production	1,570	1,559	1,609	1662
% self sufficient	88%	87%	89%	90%

[a] excludes offal

In 2012 and 2013 UK poultry meat production increased by around 3% in both years, while imports fell by around 6% in 2012 with little change in 2013; exports fell slightly in 2012 and rose by around 7% in 2013.

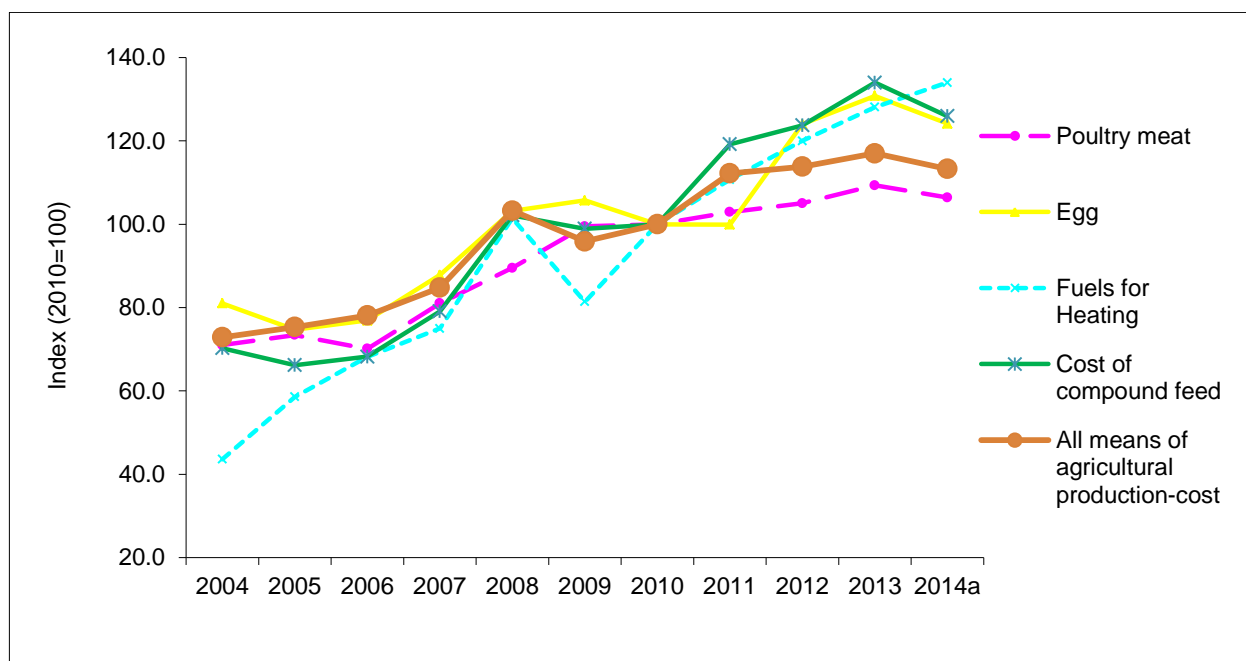
Egg and egg-product self-sufficiency was up by around 2% (87%) in 2013 [22].

1.5 Producer prices

Feed and fuel continue to be the major costs for poultry producers. The means of production costs (based on figures available at the time of preparation of report), with the exception of fuel, saw a reduction in 2014 after continuous year- on-year rises since 2009. Average compound feed prices for 2014 have dropped by around 6%, compared with an increase of around 8% between 2012 and 2013. Fuel for heating increased by around 5% both in 2013 and 2014 (based on figures available up to the end of September 2014 [23].

Egg output peaked in 2013 with a 24% increase observed whilst in 2014 a drop in output from eggs of a similar percentage was noted. Likewise, poultry meat production also peaked in 2013 with an increase of around 4%, followed by a drop in production of 3% in 2014 [23].

Figure 1.12 Index of producer prices for poultry and eggs and cost of production [23]



(a) 2014 figures based on average prices between April and September 2014

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 later that year and during 2013 into colony systems [24]. The UK was fully compliant with the ban by mid-February 2012 [25] but reports in February 2013 by Compassion in World Farming suggested that Italy and Greece were the last two countries still defying the ban on conventional cages [26]. UK egg producers invested around £400m replacing battery housing with enriched cages, in advance of the new legislation coming into force [27].

In August 2013 the EU Commission took both Italy and Greece to the European Court of Justice (ECJ) for their failure to implement on time the conditions of the Welfare of Laying Hens Directive after continued non-compliance with the ban on conventional (non-enriched) cages. Italy was found guilty of breaching the terms of the ban, despite their claim that inadequate time was allowed to accommodate it, with the ECJ ruling that the Italian Government should pay legal costs. No additional fine beyond legal costs was levied against the Italians drawing criticism from various bodies in the UK poultry sector. At the time of writing the case against Greece is still being heard, but commentators have suggested that the outcome is likely to be the same as that for Italy [28], [29].

Campylobacter

Campylobacter is the most common cause of food poisoning in the UK [31]. The Food Standards Agency (FSA) has been heading up a campaign for all those involved in the food supply chain to address the issue. In 2014 the FSA published the cumulative results from the first and second three month periods for 2014 of a year-long survey being conducted on fresh chickens. The study which will be completed in February 2015 will test 4,000 samples of whole chicken purchased from UK retail outlets as well as smaller independent stores and butchers. At the time of writing (November 2014) the FSA published interim test results for the study that so far show:

- 18% of chickens tested positive for campylobacter above the highest level of contamination*
- 70% of chickens tested positive for the presence of campylobacter
- 6% of packaging tested positive for the presence of campylobacter with only one sample at the highest level of contamination (>1,000 cfu/g)

** Above 1,000 colony forming units per gram (>1,000 cfu/g). These units indicate the degree of contamination on each sample.*

The interim report can be accessed via reference [32] and it lists results by retailer for the overall prevalence of Campylobacter. Despite the reported differences between the retailers found in the study so far, the report advises that all chickens, no matter which retailer they are sold from, are at risk from the bacteria and that consumers must ensure they handle and cook chicken properly in order to kill any Campylobacter present. The FSA commented on publishing the interim report that, “none of the retailers are yet achieving the industry end-of-production target for reducing campylobacter” [30].

A website (www.campylobacter.org.uk) was launched in 2014 by the Joint Working Group (JWG) on Campylobacter which outlines the work being done by the UK to tackle the bacteria and to provide information for consumers. The Chair of the JWG, Richard Macdonald CBE commented at the launch of the website that “it is a significant step forward in our ongoing efforts to reassure consumers we are working hard to tackle Campylobacter” [33].

Outbreak of the H5N8 strain of avian influenza

In November 2014, following reports of bird flu at a duck breeding farm in Yorkshire, the FSA advised that, “on the basis of current scientific evidence the disease does not pose a food safety risk for UK consumers” [34]. In the same month the Ukraine Government announced their intention to ban all poultry product imports from the UK as well as Germany and the Netherlands, who also reported cases of the highly contagious strain of bird flu, HN58. The international news agency Reuters reported that a Ukrainian Government spokesman advised their ban would be valid until the international watchdog says these countries are free from bird flu [35].

Defra reported in November 2014 that the strain of bird flu found on the reported farm in Yorkshire was in fact HN58 and they would be investigating as to whether it was linked to the cases found in the Netherlands and Germany. Following the outbreak in Yorkshire, 6,000 birds were culled and a 10km exclusion zone was put in place [36].

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. On advice from the Farm Animal Welfare Council (FAWC) the British Parliament decided in 2010 to postpone a total ban of this practice until at least 2016 [37]. The government made the decision that a total ban would not be enforced until sufficient evidence could be gathered that laying hens under commercial conditions without beak trimming being carried out would result in a greater risk to welfare than if trimming was undertaken routinely. At the time of writing Defra is funding a study that should be completed in 2015 that will help reach a decision on this issue [37]. It has also been suggested that 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 [38].

1.7 Important developments in the poultry industry

Prohealth Project

In December 2013 The EU awarded a record £10.6m grant to 22 academic, industry and private enterprise organisations, co-ordinated 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 that 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” [39], [40].

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 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 both appropriate and proportionate for the protection of public health” [41].

Increased influence of ‘discounter’ supermarkets

Rabobank reported in their 2013 fourth quarter poultry sector report that throughout the EU the growth of ‘discounters’ including Aldi and Lidl has meant that the more ‘premium’ supermarkets are becoming increasingly price focused [42].

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”. He 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 highly technological sector” [43].

1.8 Key Business Developments during 2014 and the outlook for 2015

Russia banned EU poultry imports for one year from August 2014 after earlier bans on other food products following political sanctions imposed by the EU and the US. Rabobank’s 2014 third quarter report suggested that this will have a limited impact on these countries’ poultry industries as “strong local fundamentals and declining feed costs will compensate for lost export volumes” [44].

Potential competition in 2015 for new poultry markets between the EU and the US. Rabobank suggest that the Russian ban, as well as restrictions on EU exports set by South Africa, are unlikely to alter the global outlook in 2015. However, Rabobank do suggest that ‘trade streams’ will alter with Brazil emerging as a world leader and the US and the EU entering into direct competition for new markets in Africa, Asia and Eastern Europe [44].

Margin improvements for EU poultry producers have been forecast by Rabobank for 2015 as a result of strong demand for poultry products and high price for breast meat, together with low EU supply and less imports [44].

A reduction in feed prices was experienced towards the end of 2013 and into 2014, following increases towards the end of 2012 and through to mid-2013. Further decreases have been predicted for 2015 [24], [44].

Broiler Production Rationalisation; “Broiler production is now largely the preserve of major integrated production companies, following long periods of severe margin pressure” [24]. There was a continuing trend of rationalisation within the sector during 2013. The 2 Sisters Group took over Vion’s poultry operations giving it around 35%-40% of the UK broiler market. At the end of 2013 the top-four processor controlled approximately 80% of the market. In November 2014 the 2 Sisters Food Group announced a loss of £143.3 million for the 53 weeks ending 2nd August 2014, but also reported that sales increased by

18.5%. The company attributed the losses to, “restructuring costs and other exceptional items amounting to £101.1m (2013: £25.5m) and financial charges of £62.4m in relation to refinancing the group’s debt capital” [45].

Launch of UK Animal and Plant Health Agency was launched in October 2014 as a result of a merger between the former Animal Health and Veterinary Laboratories Agency (AHVLA) with parts of the Food and Environment Research Agency (FERA), which was previously responsible for plant and bee health. This has meant that a single government agency is now in place to deal with animal, plant and bee health. A key policy element of the new department that will be of interest to the poultry sector is the introduction of Surveillance 2014, a new model that can be used to monitor trends in animal diseases [46]. Monthly disease surveillance reports can be accessed via the link listed in the reference [47].

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 that 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 FBS was altered from 2011/12 to improve the accuracy of estimates relating to both specialist poultry farms and poultry enterprises. This was 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.

For the 2013/14 edition of this report there has been a change in the measurement of Standard Output (SO) from using figures derived for the period 2005-2009 (2007) as the basis for classification to revised figures to the period 2008 to 2012 (2010). The change is in keeping with the rest of the European Union (EU). SO coefficients for 2010 are generally higher than those for 2007, due to higher prices in the later period. As a result of this amendment there is a slight change in the numbers of farms classified as Specialist Poultry, as well as a change in the weight allocated to each farm in the dataset. The previous year’s dataset (2012/13) has been recalculated and consequently is slightly different from the 2012/13 data published in last year’s report.

According to the 2013 June survey there were 1,378 specialist poultry farm businesses in England that were above the FBS threshold.

The results for the 2013/14 financial year are based on 84 specialist poultry farms, which represent 6.1% of the population of specialist poultry farms.

The data in this report have been compiled from the 2012/13 and 2013/14 FBS. When making inter-year comparisons the results should be treated with caution as poultry farms are subject to a considerable degree of uncertainty reflecting both the structure of this sector and the relatively small sample of these farms in the FBS.

Results for this survey can be accessed at:

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

<https://www.gov.uk/government/statistics/farm-accounts-in-england-201314>

2.4 Financial results for 2012/13 and 2013/14

2.4.1 Specialist poultry farms [Table 2.2]

In 2013/14 a total of 84 farms participating in the Farm Business Survey (FBS) in England were classified as specialist poultry farms, compared with 89 farms in 2012/13.

Specialist poultry farm businesses were around 75% more profitable in the 2013/14 financial year than in the previous year, with an average profit as measured by Farm Business Income (FBI) of £157,203 per business, compared with £90,214 in 2012/13. However this increase should be treated with caution because of the small sample. Removing a particularly influential farm from the analysis suggests that the average income for the remaining farms increased by 31% between 2012/13 and 2013/14.

Within this sector, both the layers and the poultry meat producers experienced an increase in profits. Layers saw an increase in profit of 41% in 2013/14, representing an FBI of almost £95,700 [table 2.3]. The FBI for the poultry meat sector increased by around 87% [table 2.4], from just over £111,000 to around £208,000. Again, this increase should be treated with caution due to the impact of an influential farm already referred to above.

The average number of birds per business decreased in 2013/14, by around 2% to 79,901 birds, in contrast to the increase in average numbers of around 7% observed in 2012/13.

The average numbers for laying hens per holding has increased for two consecutive periods, increasing by around 29% in 2012/13 and by a much smaller rate of around 8% [table 2.3] in 2013/14. By contrast a reduction of some 8% [table 2.4] in the average number of birds per farm for meat production was observed in 2013/14. Taken together these changes resulted in an overall reduction of a little less than 2% in the population of birds on specialist poultry farms.

The influence of the increased number of specialist layers on the overall average number reflects, in part, the impact of capital investment in enriched cages following the EU ban on 'battery' cages. An increase in the trend of farms diversifying into free range enterprises as discussed in section 1 and shown in Figure 1.7 (Annual egg production by production systems) was also a factor.

Despite a small decrease in the average number of birds per farm in the specialist poultry sample, gross output grew by almost 15% in 2013/14, largely due to the improvement in returns from broiler and other poultry. Poultry meat, 70% of which was home produced, accounted for nearly half of all meat bought in the UK in 2013 [16]. Despite the low rate of price increases compared with other meats, rising demand for poultry meat has been reflected in the growth in output. Two consecutive periods of growth has seen output break through the £1 million per farm barrier. Hen depreciation is included in the calculation for output, which in 2013/14 increased by over 50% a reflection of the increased expenditure in the stocking of the new enriched cage system.

The price of eggs recorded in the 2013/14 FBS were down on average by over 8%, to around 82p per dozen; [approx. 90p in 2012/13]. There are examples of producers experiencing very different rates of egg price reduction in 2013/14. Some reductions have been in excess of 20% which appear to have been influenced by the nature of formal arrangements with pack-houses, including renegotiation of the guaranteed price at the end of a contract period. Other arrangements cited by producers are based on prices being capped in line with production costs resulting in much lower reductions. Also, there has been anecdotal feedback of producers supplying direct to the public, achieving the best returns for their eggs in 2013/14.

Although the sample of poultry businesses is divided fairly evenly between layers [46] and meat producers [38] in 2013/14, the balance was very different in terms of output attained with 17% derived from egg production, 55% from broiler production, and the remaining 28% from a mix of breeding, rearing and other forms of poultry meat production.

Whilst the number of birds per holding decreased by around 2%, both variable costs and fixed costs per business increased, around 5% and 17% respectively, during 2013/14.

In terms of variable costs it is worth noting that feed costs remained almost unchanged in 2013/14, following a rise of around 10% during the previous period. The period covered in Table 2.2 has not seen the full benefit of falling feed prices. On a per bird basis, in 2013/14, feed reflected some 52% of output

compared with 58% in 2012/13. It is also worth noting that as a percentage of £100 of output per farm, feed in 2013/14 was actually 7% lower, at around 47%, than in 2012/13. Feed is by far the biggest variable cost for poultry farms and any changes to its cost has a big impact on profitability.

Despite an overall increase in costs, the growth in output in 2013/14 was greater, resulting in a FBI of around 75% more than in the previous year; rising from £90,214 in 2012/13 to £157,203 in 2013/14 on a per farm basis.

There was a wide range of FBIs recorded per farm, with just under 50% of farms producing an average annual FBI of over £50,000 in 2013/14 and a little over 10% of farms incurring a loss as measured by FBI, compared with around 40% and 20% respectively in the previous year.

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

In 2013/14, 46 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 10 businesses comprising breeding and rearing units.

Gross output increased by over 25% to £835,378 in 2013/14 keeping just ahead of increasing variable costs which in total were up a little over of 25% to £437,421, with total fixed costs up by around 24% to £306,179. The result was a positive FBI of £95,653.

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 FBI, particularly on a per bird basis.

The average flock size increased by some 16% in 2013/14, from 20,171 birds to 23,438, offsetting a reduction of around 12% in the previous twelve month period.

The average price recorded for eggs decreased by around 8% to just over 90p/doz in this period in contrast to an increase of around 12% between 2011/12 and 2012/13. The gross output for laying flocks in England in 2013/14 increased by almost 10% to £460,317.

Total variable costs increased by over 9% to £274,256 per farm amongst which feed, comprising 91% of these costs, increased by over 10% to £250,810 per farm. As a consequence of higher output the average gross margin also increased by over 10% to £186,060 per farm. Total fixed costs increased by less than 1% to £135,400 per farm.

By contrast, output 'per bird' decreased by over 5% to £19.64. This was due to a reduction in egg prices and also the impact of higher hen depreciation due to the cost of purchasing point-of-lay hens to stock new enriched cages. Egg production was up in 2013/14 by a little over 2% at 287 eggs per bird, compared with 281 in the previous year. Feed costs decreased by almost 5% to £10.70 per bird, with overhead costs also down by approximately 13%, to £5.78.

Despite a decrease in output as measured on a per bird basis, cost savings have meant that the profit as measured by FBI, increased by 38p from 2012/13 to a return of £2.79 per bird in 2013/14. When viewed on a 'per dozen' basis the profit in 2013/14 was around 12p, an increase of just under 2p on the previous year.

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.

Due to the very small sample size these figures are subject to a high level of variation and will, in the case of holdings with high a number of chick placings, produce averages that may be at odds with the national picture as recorded in section 1.

The nine mixed system farms producing eggs for human consumption recorded, on average, a decrease in their gross margin on a per farm basis of over 35%, and of around 4% on a per bird basis. These farms experienced a drop in profit in 2013/14 on a per farm basis of around 66%, with an average FBI of £61,871, whilst the drop was a little more marked on a per bird basis at almost 70% on the year.

Table 2.1 Comparison of financial performance measures for mixed production systems and free range systems compared with All Laying flocks in 2013/14

	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]
Number of businesses	36	9	27
Average number of birds	23,438	46,181	15,431
Total Gross Output	460,317	755,417 (+64%)	356,419 (-23%)
Total Gross Margin	186,060	264,544 (+42%)	158,428 (-15%)
Farm Business Income	65,482	61,871	66,754

The 2013/14 financial year was more profitable overall for laying hen producers (producing eggs for human consumption) compared with the previous period. However, there were sharp contrasts in the profitability of those producers using enriched cages, barn and deep litter (intensive) compared with those running free range systems, with the latter showing a big increase compared with the sharp fall of the former. The average number of birds in both the intensive and free range units increased in 2013/14 by some 9% and 17% respectively.

The average price of eggs in the mixed/enriched cage unit group fell by around 16% from 95p to 80p per dozen in 2013/14. While nationally, the average producer to packer price for enriched cage system eggs increased by around 2p/dozen in the same period. This difference compared with FBS figures is likely to have been skewed by the disparity in size of individual producers within the small FBS sample.

Average egg production for the mixed/ enriched cage group increased in 2013/14 by just over 2% per bird, a rise from 291 eggs per bird to 298, per year.

Average feed costs for all layers were reduced in 2013/14, by over 10% on a per farm basis, by around 5% on a per bird and per dozen basis. For enriched cage/mixed producers feed cost per farm were up by around 3% in response to higher average number of birds but were down by just over 5% on a per bird and per dozen basis. Similarly, for free range systems feed cost per farm was up by almost 13% in response to higher average number of hens, but were down by around 4% and 6% on a per bird and per dozen basis respectively.

Both fixed and variable costs were down in 2013/14 on a per bird basis for enriched cage/mixed producers, by around 20% and 7% respectively. Despite a reduction in variable costs the total gross margin for these producers was down by 41% on the previous year at almost £6 on a per bird basis, following lower output.

The 27 farms with free range systems reported an average FBI of £66,754, in 2013/14, a significant increase on an average FBI of £6,106 in the previous period. After two consecutive periods of falling numbers, the average number of birds on the free-range units in the 2013/14 FBS increased by around 18% to 15,431. The 2012/13 FBS Poultry Production in England report section 1 commentary suggested that there was 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 [49]. The results do

appear to reflect this, but Figure 1.7 suggests numbers may have peaked. However, a lack of diversity in this group in the FBS sample means any trends observed must be viewed with caution.

Within the specialist layers sample with its different production systems, numerous outlets are used including selling eggs directly to packing stations, to shops and catering outlets and direct to consumers. Although it has already been noted in section 1 that the average price of eggs increased for all production systems in 2013 followed by a reduction in 2014 (based on data available at time of writing), therefore price changes observed in the survey should be viewed with caution, given the wide range of marketing outlets used by producers.

2.4.5 Poultry meat producers [Table 2.4]

Consolidation amongst the small group of the very large businesses producing poultry meat continues to influence the results of these producers in the FBS. A fact borne out by statistics produced by the British Poultry Council when in 1993 more than 20 companies contributed to 90% of UK poultry production compared with five companies producing the same volume of output in 2013 [48].

This group of farms is classified as poultry meat producers (Defra farm typology code 522). In 2013/14 there were 38 of these farms, compared with 42 in 2012/13. Among them were 15 broiler producers whose results are reported separately (Table 2.8). In addition this group include contract broiler producers, where birds and feed are provided by the rearing company, who in turn pay a fee to the producer, but due to their very small sample size results are not reported separately here.

Although broiler production is the predominant system, a small number of producers of table chickens, turkeys, ducks and geese were also present in the sample, but no results have been reported separately here due to very small sample size.

Gross output increased by around 6% to £1,354,329 per farm for these units and feed costs (the principal variable cost) decreased by just under 9%. Total fixed costs increased by almost 12% with fuel and electricity showing increases of around 25% and 7% respectively. The average number of birds per holding was down in 2013/14, by approximately 8% to 106,604.

An improved gross margin of almost 30% to £537,129 on a per farm basis, together with an increased output and a reduction in feed price increases, all contributed to FBI increasing by 87% to £208,010. FBI as measured by the basis of per bird was also much improved on the previous year at almost £2.

2.4.6 Non-contract broiler production [Table 2.8]

Producers in this group own the birds and incur all the costs associated with their production. A production cycle of normally around 42 days enable seven crops a year to be reared, allowing a reasonable period between each new batch of birds for disinfection of the building. The results recorded on a per bird basis are on an individual bird crop basis.

Total poultry output increased by some 20% to £2,470,299, as did total throughput, which increased by around 9% to 1,469,011 birds per year. The main cost to the farm business for this system is feed, which increased by over 11%, to £1,651,407. In 2012/13 feed costs were about 70% of poultry output decreasing to nearer 67% in 2013/14. Productivity was also up in 2013/14 with 7.4 crops of birds reared per year, compared with 7.2 in the previous year.

FBI increased significantly from £143,422 per farm in 2012/13, to £378,766 in 2013/14. The average price received for broilers in 2013/14 was £2.12 per bird, an increase of 22p on the previous year, while the price of chicks increased by approximately 4p/chick, to 36p.

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 increased on average by 4% in 2013/14 to 74%. The value of fixed assets increased by around 9% to £1,171,221, whilst total external liabilities decreased by almost 4%, to £376,026.

The laying flock systems saw their percentage equity increase on average in 2013/14 from 53% to 60%, while the poultry meat producers also recorded an increase in percentage equity from 78% to 80%.

Table 2.10 compares the net worth and percentage equity with other Robust Farm Type classification used in England with an overall average of £1,430,397 recorded per farm, representing an average 89% 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 93% and 92%, while pig and poultry farms have the lowest percentage equity at 77% and 72% 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 13,423 hens in 2013/14 is 57% of the specialist poultry layers group [Table 2.5].

Average egg price was 94p per dozen, compared with almost 100p in the previous year. The drop in egg price saw output decrease to £18.94 per bird, representing a reduction of £0.84 per bird compared with 2012/13. Feed costs, amounting to 58% of output, decreased to £11.03, a reduction of £0.42 per bird, resulting in a gross margin of £7.15 [-£0.26] for 2013/14. The gross margin per dozen eggs was just short of 32p for all layers, a decrease of just under one penny [table 2.15]. This is in contrast to an increase of over 10p in 2012/13.

There was a marked difference in changes to output in the last two years between different production systems. The enriched caged/mixed production systems decreased by just over 20% to £16.12 per bird [-£4.29], while the free range egg producers increased by 8%, to £20.87 [+£1.52] per bird.

The average egg price was more than 20% for free range egg production at £1.01 per dozen than for intensive units in 2013/14. However, egg production for free range systems at 276 eggs per year was around 7% less compared with a production of 296 eggs for the intensive systems. In 2012/13 poultry output per bird was very similar for both production systems however, in 2013/14 it was 29% higher for free range systems, although care should be taken here because of very small sample size for free range birds.

Feed cost in 2013/14 for the free range systems is 28% higher per bird than for the intensive systems, but despite this the gross margin for free range egg production was also higher. The gross margin increased by £1.92 per bird for free range systems and decreased by £3.41 for enriched cage/mixed egg production systems.

The average gross margin per dozen eggs was 36.5p for free range egg production and 24.3p for intensive/mixed egg production systems.

Despite intensive/mixed laying hen systems having the advantage of size, with three times more birds on average in 2013/14 than for free range units, the latter achieved higher gross margins, both on the basis of per bird and per £100 of gross output.

The small sample group for specialist poultry farms with enriched cage and mixed production systems in this year's report, may account for the disparity in gross margins reported for the last two periods. Therefore any inference of a general trend relating to enriched cage systems should be treated with caution.

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

The average price received for broilers in 2013/14 was £2.12 [+21p] per bird. In 2012/13 the average purchase price for chicks remained almost unchanged from the previous year at 32p per chick, but in 2013/14 this increased to 36p per chick. Feed costs decreased to £1.12 [-2p] per bird, producing a gross margin of 48p per bird compared with 37p per bird in the previous year. With 7.3 crops per year (an increase of almost 8%) an average gross margin of £3.49 per bird place was recorded on an annual basis, an increase of 97p on the previous year.

2.6.3 Turkey production [Table 2.17]

Farms in this group are predominantly small scale Christmas turkey producers and are not representative of large scale turkey production, which will be responsible for the vast majority of English turkey production. The average price paid for turkeys in 2013/14 was £39.41 [£2.88] per bird. However, the average purchase price also increased, rising 5% from £4.57 to £4.78 per bird. Overall, poultry output was £31.54 per bird [£1.25], while the feed cost was £8.75 per bird [-£0.03]. This resulted in a gross margin of £19.27 [£1.68] per bird for 2013/14.

Table 2.2 Financial results for all specialist poultry farms

	<i>Per farm</i>			<i>Per bird (annual basis)</i>		
	2012/13	2013/14	% change	2012/13	2013/14	£ change
Number of farms	89	84		89	84	
Average number of birds/year	81,329	79,901		81,329	79,901	
	<i>Average £ per farm</i>			<i>Average £ per bird</i>		
Gross output						
Eggs	170,871	175,765	3	2.10	2.20	0.10
Hen depreciation	-12,659	-19,278	52	-0.16	-0.24	-0.09
Broilers	555,258	563,354	1	6.83	7.05	0.22
Other poultry output	200,121	293,904	47	2.46	3.68	1.22
Total poultry output	913,590	1,013,745	11	11.23	12.69	1.45
Crops	23,438	27,238	16	0.29	0.34	0.05
Other livestock	7,286	26,233	260	0.09	0.33	0.24
Other output	32,923	52,446	59	0.40	0.66	0.25
Total gross output	977,237	1,119,663	15	12.02	14.01	2.00
Variable costs						
Feed	532,937	533,002	0	6.55	6.67	0.12
Seed, fertiliser, crop costs	9,016	10,045	11	0.11	0.13	0.01
Vet. & medicines	16,499	22,941	39	0.20	0.29	0.08
Other livestock costs	53,751	79,479	48	0.66	0.99	0.33
Total variable costs	612,203	645,467	5	7.53	8.08	0.55
Total gross margin	365,034	474,196	30	4.49	5.93	1.45
Fixed costs						
Labour:						
Regular paid	63,394	78,278	23	0.78	0.98	0.20
Regular unpaid	22,152	24,256	10	0.27	0.30	0.03
Casual labour	7,422	7,093	-4	0.09	0.09	0.00
Power & machinery costs:						
Contract & hire	10,834	12,840	19	0.13	0.16	0.03
Fuel	6,721	8,530	27	0.08	0.11	0.02
Electricity	14,034	15,947	14	0.17	0.20	0.03
Heat	19,570	18,171	-7	0.24	0.23	-0.01
Repairs	15,120	19,179	27	0.19	0.24	0.05
Depreciation	22,113	31,339	42	0.27	0.39	0.12
Rent (incl. imputed)	41,008	48,937	19	0.50	0.61	0.11
Other costs:						
Occupiers repairs	17,449	20,790	19	0.21	0.26	0.05
Sundries (incl. bad debts)	37,080	39,323	6	0.46	0.49	0.04
Total fixed costs	276,896	324,684	17	3.40	4.06	0.66
Management & investment income	88,138	149,513	<u>Δ£/farm</u> 61,374	1.08	1.87	0.79
Minus: management salaries	21	0	-21	0.00	0.00	0.00
Plus: farmer & spouse labour	16,941	19,264	2,324	0.21	0.24	0.03
Net farm income	105,058	168,777	63,719	1.29	2.11	0.82
Farm business income	90,214	157,203	66,989	1.11	1.97	0.86

Per £100 of gross output

	2012/13	2013/14	£ change	Farm Business Income (FBI) per farm		
Number of farms	89	84		(% distribution by number of farms)		
Average number (birds/year)	81,329	79,901			%	%
					2012/13	2013/14
Average £ per £100 of gross output						
Gross output (%)				Over £100,000	20	25
Eggs (%)	17.49	15.70		£50,000 to <£100,000	21	23
Hen depreciation (%)	-1.30	-1.72		£25,000 to <£50,000	17	20
Broilers (%)	56.82	50.31		£12,500 to <£25,000	10	6
Other poultry output (%)	20.48	26.25		0 to <£12,500	12	14
				-£25,000 to 0	12	8
Total poultry output (%)	93.49	90.54		Below -£25,000	7	4
Crops (%)	2.40	2.43		Total	100	100
Other livestock (%)	0.75	2.34				
Other output (%)	3.37	4.68				
Total gross output (%)	100.00	100.00				
Variable costs						
Feed	54.54	47.60	-6.93			
Seed, fertiliser, crop costs	0.92	0.90	-0.03			
Vet. & medicines	1.69	2.05	0.36			
Other livestock costs	5.50	7.10	1.60			
Total variable costs	62.65	57.65	-5.00			
Total gross margin	37.35	42.35	5.00			
Fixed costs				Average Poultry Numbers		
Labour:					Average	Average
Regular paid	6.49	6.99	0.50		2012/13	2013/14
Regular unpaid	2.27	2.17	-0.10			
Casual labour	0.76	0.63	-0.13	Hens in lay	10,864	11,801
Power & machinery costs:				Pullets	10,411	9,701
Contract & hire	1.11	1.15	0.04	Broilers & other poultry	60,054	58,399
Fuel	0.69	0.76	0.07			
Electricity	1.44	1.42	-0.01	Total Average	81,329	79,901
Heat	2.00	1.62	-0.38			
Repairs	1.55	1.71	0.17			
Depreciation	2.26	2.80	0.54			
Rent (incl. imputed)	4.20	4.37	0.17			
Other costs:						
Occupiers repairs	1.79	1.86	0.07			
Sundries (incl. bad debts)	3.79	3.51	-0.28			
Total fixed costs	28.33	29.00	0.66			
Management & investment income	9.02	13.35	4.33			
Minus: management salaries	0.00	0.00	0.00	Other efficiency factors		
Plus: farmer & spouse labour	1.73	1.72	-0.01		Average	Average
					2012/13	2013/14
Net farm income	10.75	15.07	4.32	Eggs per bird	210	218
Farm business income	9.23	14.04	4.81	Eggs (p/doz.)	89.80	82.03

Table 2.3 Financial results for all laying flocks

	<i>Per farm</i>			<i>Per bird (annual basis)</i>		
	2012/13	2013/14	% change	2012/13	2013/14	£ change
Number of farms	47	46		47	46	
Average number of birds/year	44,096	47,551		44,096	47,551	
	<i>Average £ per farm</i>			<i>Average £ per bird</i>		
Gross output						
Eggs	354,163	388,697	10	8.03	8.17	0.14
Hen depreciation	-26,239	-42,633	62	-0.60	-0.90	-0.30
Broilers	0	0	0	0.00	0.00	0.00
Other poultry output	304,818	449,127	47	6.91	9.45	2.53
Total poultry output	632,742	795,191	26	14.35	16.72	2.37
Crops	7,054	6,694	-5	0.16	0.14	-0.02
Other livestock	949	1,798	90	0.02	0.04	0.02
Other output	20,432	31,695	55	0.46	0.67	0.20
Total gross output	661,177	835,378	26	14.99	17.57	2.57
Variable costs						
Feed	267,782	317,849	19	6.07	6.68	0.61
Seed, fertiliser, crop costs	2,448	2,460	0	0.06	0.05	0.00
Vet. & medicines	17,877	30,847	73	0.41	0.65	0.24
Other livestock costs	61,510	86,265	40	1.39	1.81	0.42
Total variable costs	349,616	437,421	25	7.93	9.20	1.27
Total gross margin	311,561	397,957	28	7.07	8.37	1.30
Fixed costs						
Labour:						
Regular paid	86,176	109,911	28	1.95	2.31	0.36
Regular unpaid	23,178	25,524	10	0.53	0.54	0.01
Casual labour	7,092	4,327	-39	0.16	0.09	-0.07
Power & machinery costs:						
Contract & hire	3,840	8,772	128	0.09	0.18	0.10
Fuel	5,489	6,981	27	0.12	0.15	0.02
Electricity	12,125	14,744	22	0.27	0.31	0.04
Heat	8,436	9,191	9	0.19	0.19	0.00
Repairs	7,123	11,740	65	0.16	0.25	0.09
Depreciation	19,331	23,040	19	0.44	0.48	0.05
Rent (incl. imputed)	29,663	40,553	37	0.67	0.85	0.18
Other costs:						
Occupiers repairs	11,186	11,947	7	0.25	0.25	0.00
Sundries (incl. bad debts)	33,580	39,449	17	0.76	0.83	0.07
Total fixed costs	247,220	306,179	24	5.61	6.44	0.83
Management & investment income	64,341	91,778	Δ£/farm 27,437	1.46	1.93	0.47
Minus: management salaries	43	0	-43	0.00	0.00	0.00
Plus: farmer & spouse labour	17,563	20,382	2,818	0.40	0.43	0.03
Net farm income	81,861	112,159	30,298	1.86	2.36	0.50
Farm business income	67,767	95,653	27,886	1.54	2.01	0.47

Per £100 of gross output

	2012/13	2013/14	£ change	Farm Business Income (FBI) per farm		
Number of farms	47	46		(% distribution by number of farms)		
Average number (birds/year)	44,096	47,551			%	%
					2012/13	2013/14
Average £ per £100 of gross output				Over £100,000	13	20
Gross output (%)				£50,000 to <£100,000	19	26
Eggs (%)	53.57	46.53		£25,000 to <£50,000	17	11
Hen depreciation (%)	-3.97	-5.10		£12,500 to <£25,000	9	9
Broilers (%)	0.00	0.00		0 to <£12,500	11	15
Other poultry output (%)	46.10	53.76		-£25,000 to 0	21	13
				Below -£25,000	11	7
Total poultry output (%)	95.70	95.19		Total	100	100
Crops (%)	1.07	0.80				
Other livestock (%)	0.14	0.22				
Other output (%)	3.09	3.79				
Total gross output (%)	100.00	100.00				
Variable costs						
Feed	40.50	38.05	-2.45			
Seed, fertiliser, crop costs	0.37	0.29	-0.08			
Vet. & medicines	2.70	3.69	0.99			
Other livestock costs	9.30	10.33	1.02			
Total variable costs	52.88	52.36	-0.52			
Total gross margin	47.12	47.64	0.52			
Fixed costs				Average Poultry Numbers		
Labour:					Average	Average
Regular paid	13.03	13.16	0.12		2012/13	2013/14
Regular unpaid	3.51	3.06	-0.45			
Casual labour	1.07	0.52	-0.55	Hens in lay	22,517	26,098
Power & machinery costs:				Pullets	21,579	21,453
Contract & hire	0.58	1.05	0.47	Broilers & other poultry	0	0
Fuel	0.83	0.84	0.01	Total Average	44,096	47,551
Electricity	1.83	1.76	-0.07			
Heat	1.28	1.10	-0.18			
Repairs	1.08	1.41	0.33			
Depreciation	2.92	2.76	-0.17			
Rent (incl. imputed)	4.49	4.85	0.37			
Other costs:						
Occupiers repairs	1.69	1.43	-0.26			
Sundries (incl. bad debts)	5.08	4.72	-0.36			
Total fixed costs	37.39	36.65	-0.74			
Management & investment income	9.73	10.99	1.26			
Minus: management salaries	0.01	0.00	-0.01	Other efficiency factors		
Plus: farmer & spouse labour	2.66	2.44	-0.22		Average	Average
					2012/13	2013/14
Net farm income	12.38	13.43	1.05	Eggs per bird	210	218
Farm business income	10.25	11.45	1.20	Eggs (p/doz.)	89.80	82.03

Table 2.4 Financial results for all poultry meat producers

	<i>Per farm</i>			<i>Per bird (annual basis)</i>		
	2012/13	2013/14	% change	2012/13	2013/14	£ change
Number of farms	42	38		42	38	
Average number of birds/year	116,039	106,604		116,039	106,604	
	<i>Average £ per farm</i>			<i>Average £ per bird</i>		
Gross output						
Eggs	0	0	0	0.00	0.00	0.00
Hen depreciation	0	0	0	0.00	0.00	0.00
Broilers	1,072,888	1,028,379	-4	9.25	9.65	0.40
Other poultry output	102,519	165,774	62	0.88	1.56	0.67
Total poultry output	1,175,407	1,194,153	2	10.13	11.20	1.07
Crops	38,711	44,197	14	0.33	0.41	0.08
Other livestock	13,194	46,403	252	0.11	0.44	0.32
Other output	44,568	69,576	56	0.38	0.65	0.27
Total gross output	1,271,879	1,354,329	6	10.96	12.70	1.74
Variable costs						
Feed	780,124	710,601	-9	6.72	6.67	-0.06
Seed, fertiliser, crop costs	15,139	16,306	8	0.13	0.15	0.02
Vet. & medicines	15,214	16,415	8	0.13	0.15	0.02
Other livestock costs	46,518	73,878	59	0.40	0.69	0.29
Total variable costs	856,995	817,200	-5	7.39	7.67	0.28
Total gross margin	414,884	537,129	29	3.58	5.04	1.46
Fixed costs						
Labour:						
Regular paid	42,156	52,167	24	0.36	0.49	0.13
Regular unpaid	21,195	23,210	10	0.18	0.22	0.04
Casual labour	7,729	9,377	21	0.07	0.09	0.02
Power & machinery costs:						
Contract & hire	17,353	16,198	-7	0.15	0.15	0.00
Fuel	7,869	9,809	25	0.07	0.09	0.02
Electricity	15,814	16,940	7	0.14	0.16	0.02
Heat	29,948	25,584	-15	0.26	0.24	-0.02
Repairs	22,575	25,320	12	0.19	0.24	0.04
Depreciation	24,707	38,189	55	0.21	0.36	0.15
Rent (incl. imputed)	51,583	55,859	8	0.44	0.52	0.08
Other costs:						
Occupiers repairs	23,288	28,089	21	0.20	0.26	0.06
Sundries (incl. bad debts)	40,342	39,219	-3	0.35	0.37	0.02
Total fixed costs	304,561	339,958	12	2.62	3.19	0.56
Management & investment income	110,323	197,171	<u>Δ£/farm</u> 86,847	0.95	1.85	0.90
Minus: management salaries	0	0	0	0.00	0.00	0.00
Plus: farmer & spouse labour	16,361	18,342	1,982	0.14	0.17	0.03
Net farm income	126,684	215,513	88,829	1.09	2.02	0.93
Farm business income	111,141	208,010	96,870	0.96	1.95	0.99

Per £100 of gross output

	2012/13	2013/14	£ change	Farm Business Income (FBI) per farm		
Number of farms	42	38		(% distribution by number of farms)		
Average number (birds/year)	116,039	106,604			%	%
					2012/13	2013/14
Average £ per £100 of gross output						
Gross output (%)				Over £100,000	29	32
Eggs (%)	0.00	0.00		£50,000 to <£100,000	24	18
Hen depreciation (%)	0.00	0.00		£25,000 to <£50,000	17	32
Broilers (%)	84.35	75.93		£12,500 to <£25,000	12	3
Other poultry output (%)	8.06	12.24		0 to <£12,500	14	13
				-£25,000 to 0	2	3
Total poultry output (%)	92.41	88.17		Below -£25,000	2	0
Crops (%)	3.04	3.26		Total	100	100
Other livestock (%)	1.04	3.43				
Other output (%)	3.50	5.14				
Total gross output (%)	100.00	100.00				
Variable costs						
Feed	61.34	52.47	-8.87			
Seed, fertiliser, crop costs	1.19	1.20	0.01			
Vet. & medicines	1.20	1.21	0.02			
Other livestock costs	3.66	5.45	1.80			
Total variable costs	67.38	60.34	-7.04			
Total gross margin	32.62	39.66	7.04			
Fixed costs				Average Poultry Numbers		
Labour:					Average	Average
Regular paid	3.31	3.85	0.54		2012/13	2013/14
Regular unpaid	1.67	1.71	0.05			
Casual labour	0.61	0.69	0.08	Hens in lay	0	0
Power & machinery costs:				Pullets	0	0
Contract & hire	1.36	1.20	-0.17	Broilers & other poultry	116,039	106,604
Fuel	0.62	0.72	0.11			
Electricity	1.24	1.25	0.01	Total Average	116,039	106,604
Heat	2.35	1.89	-0.47			
Repairs	1.77	1.87	0.09			
Depreciation	1.94	2.82	0.88			
Rent (incl. imputed)	4.06	4.12	0.07			
Other costs:						
Occupiers repairs	1.83	2.07	0.24			
Sundries (incl. bad debts)	3.17	2.90	-0.28			
Total fixed costs	23.95	25.10	1.16			
Management & investment income	8.67	14.56	5.88			
Minus: management salaries	0.00	0.00	0.00			
Plus: farmer & spouse labour	1.29	1.35	0.07			
Net farm income	9.96	15.91	5.95			
Farm business income	8.74	15.36	6.62			

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

	<i>Per farm</i>			<i>Per bird (annual basis)</i>		
	2012/13	2013/14	% change	2012/13	2013/14	£ change
Number of farms	35	36		35	36	
Average number of birds/year	20,171	23,438		20,171	23,438	
	<i>Average £ per farm</i>			<i>Average £ per bird</i>		
Gross output (%)						
Eggs	456,047	484,951	6	22.61	20.69	-1.92
Hen depreciation	-57,446	-71,335	24	-2.85	-3.04	-0.20
Broilers	0	0	0	0.00	0.00	0.00
Other poultry output	311	23,256	7,369	0.02	0.99	0.98
Total poultry output	398,912	436,872	10	19.78	18.64	-1.14
Crops	6,248	4,948	-21	0.31	0.21	-0.10
Other livestock	1,359	1,953	44	0.07	0.08	0.02
Other output	12,847	16,543	29	0.64	0.71	0.07
Total gross output	419,367	460,317	10	20.79	19.64	-1.15
Variable costs						
Feed	226,787	250,810	11	11.24	10.70	-0.54
Seed, fertiliser, crop costs	2,508	1,900	-24	0.12	0.08	-0.04
Vet. & medicines	3,219	3,068	-5	0.16	0.13	-0.03
Other livestock costs	18,588	18,478	-1	0.92	0.79	-0.13
Total variable costs	251,101	274,256	9	12.45	11.70	-0.75
Total gross margin	168,265	186,060	11	8.34	7.94	-0.40
Fixed costs						
Labour:						
Regular paid	25,717	23,419	-9	1.27	1.00	-0.28
Regular unpaid	26,521	26,482	0	1.31	1.13	-0.18
Casual labour	5,214	5,892	13	0.26	0.25	-0.01
Power & machinery costs:						
Contract & hire	2,453	2,191	-11	0.12	0.09	-0.03
Fuel	4,764	3,900	-18	0.24	0.17	-0.07
Electricity	4,986	6,433	29	0.25	0.27	0.03
Heat	716	258	-64	0.04	0.01	-0.02
Repairs	5,483	7,002	28	0.27	0.30	0.03
Depreciation	18,320	17,611	-4	0.91	0.75	-0.16
Rent (incl. imputed)	23,801	25,337	6	1.18	1.08	-0.10
Other costs:						
Occupiers repairs	3,505	3,165	-10	0.17	0.14	-0.04
Sundries (incl. bad debts)	13,006	13,709	5	0.64	0.58	-0.06
Total fixed costs	134,485	135,400	1	6.67	5.78	-0.89
Management & investment income	33,780	50,660	Δ£/farm 16,880	1.67	2.16	0.49
Minus: management salaries	0	0	0	0.00	0.00	0.00
Plus: farmer & spouse labour	20,287	21,200	913	1.01	0.90	-0.10
Net farm income	54,067	71,860	17,793	2.68	3.07	0.39
Farm business income	48,629	65,482	16,853	2.41	2.79	0.38

Per £100 of gross output

	2012/13	2013/14	£ change
Number of farms	35	36	
Average number (birds/year)	20,171	23,438	

Average £ per £100 of gross output

Gross output (%)			
Eggs (%)	107.17	112.73	
Hen depreciation (%)	-12.61	-17.37	
Broilers (%)	0.00	0.00	
Other poultry output (%)	0.09	0.50	
Total poultry output (%)	94.64	95.86	
Crops (%)	1.57	0.49	
Other livestock (%)	0.15	0.11	
Other output (%)	3.64	3.54	
Total gross output (%)	100.00	100.00	
Variable costs			
Feed	54.08	54.49	0.41
Seed, fertiliser, crop costs	0.60	0.41	-0.19
Vet. & medicines	0.77	0.67	-0.10
Other livestock costs	4.43	4.01	-0.42
Total variable costs	59.88	59.58	-0.30
Total gross margin	40.12	40.42	0.30
Fixed costs			
Labour:			
Regular paid	6.13	5.09	-1.04
Regular unpaid	6.32	5.75	-0.57
Casual labour	1.24	1.28	0.04
Power & machinery costs:			
Contract & hire	0.58	0.48	-0.11
Fuel	1.14	0.85	-0.29
Electricity	1.19	1.40	0.21
Heat	0.17	0.06	-0.11
Repairs	1.31	1.52	0.21
Depreciation	4.37	3.83	-0.54
Rent (incl. imputed)	5.68	5.50	-0.17
Other costs:			
Occupiers repairs	0.84	0.69	-0.15
Sundries (incl. bad debts)	3.10	2.98	-0.12
Total fixed costs	32.07	29.41	-2.65
Management & investment income	8.06	11.01	2.95
Minus: management salaries	0.00	0.00	0.00
Plus: farmer & spouse labour	4.84	4.61	-0.23
Net farm income	12.89	15.61	2.72
Farm business income	11.60	14.23	2.63

Pence per dozen eggs

	2012/13	2013/14
Gross output		
Eggs	98.69	90.58
Other poultry output	-12.36	-8.98
Other output	4.43	4.38
Total gross output	90.75	85.98
Variable costs		
Feed	49.08	46.85
Other variable costs	5.26	4.38
Total variable costs	54.34	51.23
Total gross margin	36.41	34.75
Total fixed costs	29.10	25.29
Management & investment income	7.31	9.46
Net farm income	11.70	13.42
Farm business income	10.52	12.23
Farm Business Income (FBI) per farm		
(% distribution by number of farms)		
	%	%
	2012/13	2013/14
Over £100,000	11	17
£50,000 to <£100,000	17	28
£25,000 to <£50,000	20	8
£12,500 to <£25,000	6	11
0 to <£12,500	9	14
-£25,000 to 0	29	14
Below -£25,000	9	8
Total	100	100
Average Poultry Numbers		
	Average	Average
	2012/13	2013/14
Hens in lay	19,739	22,350
Pullets	432	1,088
Broilers & other poultry	0	0
Total Average	20,171	23,438
Other efficiency factors		
	Average	Average
	2012/13	2013/14
Eggs per bird	281	287
Eggs (p/doz.)	98.60	90.61

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

	Per farm			Per bird (annual basis)		
	2012/13	2013/14	% change	2012/13	2013/14	£ change
Number of farms	8	9		8	9	
Average number of birds/year	42,486	46,181		42,486	46,181	
	Average £ per farm			Average £ per bird		
Gross output (%)						
Eggs	963,626	851,601	-12	22.68	18.44	-4.24
Hen depreciation	-113,405	-131,241	16	-2.67	-2.84	-0.17
Broilers	0	0	0	0.00	0.00	0.00
Other poultry output	786	3,757	0	0.02	0.08	0.06
Total poultry output	851,007	724,117	-15	20.03	15.68	-4.35
Crops	14,111	3,710	-74	0.33	0.08	-0.25
Other livestock	1,339	831	-38	0.03	0.02	-0.01
Other output	32,706	26,759	-18	0.77	0.58	-0.19
Total gross output	899,163	755,417	-16	21.16	16.36	-4.81
Variable costs						
Feed	420,699	432,073	3	9.90	9.36	-0.55
Seed, fertiliser, crop costs	6,082	1,276	-79	0.14	0.03	-0.12
Vet. & medicines	2,937	2,339	-20	0.07	0.05	-0.02
Other livestock costs	55,459	55,185	0	1.31	1.19	-0.11
Total variable costs	485,177	490,873	1	11.42	10.63	-0.79
Total gross margin	413,986	264,544	-36	9.74	5.73	-4.02
Fixed costs						
Labour:						
Regular paid	55,985	47,626	-15	1.32	1.03	-0.29
Regular unpaid	35,562	33,886	-5	0.84	0.73	-0.10
Casual labour	14,049	16,179	15	0.33	0.35	0.02
Power & machinery costs:						
Contract & hire	527	625	19	0.01	0.01	0.00
Fuel	12,299	7,769	-37	0.29	0.17	-0.12
Electricity	8,865	11,113	25	0.21	0.24	0.03
Heat	2,373	364	-85	0.06	0.01	-0.05
Repairs	16,023	17,068	7	0.38	0.37	-0.01
Depreciation	37,002	33,815	-9	0.87	0.73	-0.14
Rent (incl. imputed)	47,587	30,017	-37	1.12	0.65	-0.47
Other costs:						
Occupiers repairs	4,281	4,698	10	0.10	0.10	0.00
Sundries (incl. bad debts)	20,676	19,355	-6	0.49	0.42	-0.07
Total fixed costs	255,228	222,515	-13	6.01	4.82	-1.19
Management & investment income	158,758	42,029	<u>Δ£/farm</u> -116,729	3.74	0.91	-2.83
Minus: management salaries	0	0	0	0.00	0.00	0.00
Plus: farmer & spouse labour	21,191	21,850	659	0.50	0.47	-0.03
Net farm income	179,949	63,880	-116,070	4.24	1.38	-2.85
Farm business income	183,414	61,871	-121,544	4.32	1.34	-2.98

Per £100 of gross output

	2012/13	2013/14	£ change
Number of farms	8	9	
Average number (birds/year)	42,486	46,181	

Average £ per £100 of gross output

Gross output (%)			
Eggs (%)	107.17	112.73	
Hen depreciation (%)	-12.61	-17.37	
Broilers (%)	0.00	0.00	
Other poultry output (%)	0.09	0.50	
Total poultry output (%)	94.64	95.86	
Crops (%)	1.57	0.49	
Other livestock (%)	0.15	0.11	
Other output (%)	3.64	3.54	
Total gross output (%)	100.00	100.00	
Variable costs			
Feed	46.79	57.20	10.41
Seed, fertiliser, crop costs	0.68	0.17	-0.51
Vet. & medicines	0.33	0.31	-0.02
Other livestock costs	6.17	7.31	1.14
Total variable costs	53.96	64.98	11.02
Total gross margin	46.04	35.02	-11.02
Fixed costs			
Labour:			
Regular paid	6.23	6.30	0.08
Regular unpaid	3.96	4.49	0.53
Casual labour	1.56	2.14	0.58
Power & machinery costs:			
Contract & hire	0.06	0.08	0.02
Fuel	1.37	1.03	-0.34
Electricity	0.99	1.47	0.49
Heat	0.26	0.05	-0.22
Repairs	1.78	2.26	0.48
Depreciation	4.12	4.48	0.36
Rent (incl. imputed)	5.29	3.97	-1.32
Other costs:			
Occupiers repairs	0.48	0.62	0.15
Sundries (incl. bad debts)	2.30	2.56	0.26
Total fixed costs	28.39	29.46	1.07
Management & investment income	17.66	5.56	-12.09
Minus: management salaries	0.00	0.00	0.00
Plus: farmer & spouse labour	2.36	2.89	0.54
Net farm income	20.01	8.46	-11.56
Farm business income	20.40	8.19	-12.21

Pence per dozen eggs

	2012/13	2013/14
Gross output		
Eggs	95.52	79.92
Other poultry output	-11.16	-11.96
Other output	4.77	2.94
Total gross output	89.13	70.90
Variable costs		
Feed	41.70	40.55
Other variable costs	6.39	5.52
Total variable costs	48.10	46.07
Total gross margin	41.04	24.83
Total fixed costs	25.30	20.88
Management & investment income	15.74	3.94
Net farm income	17.84	6.00
Farm business income	18.18	5.81

Farm Business Income (FBI) per farm

(% distribution by number of farms)		
	%	%
	2012/13	2013/14
Over £100,000	38	11
£50,000 to <£100,000	13	33
£25,000 to <£50,000	25	22
£12,500 to <£25,000	0	0
0 to <£12,500	13	11
-£25,000 to 0	13	11
Below -£25,000	0	11
Total	100	100

Average Poultry Numbers

	Average 2012/13	Average 2013/14
Hens in lay	41,646	42,954
Pullets	840	3,227
Broilers & other poultry	0	0
Total Average	42,486	46,181

Other efficiency factors

	Average 2012/13	Average 2013/14
Eggs per bird	291	298
Eggs (p/doz.)	95.40	80.01

Table 2.7 Financial results for laying flocks with free range hens

	<i>Per farm</i>			<i>Per bird (annual basis)</i>		
	2012/13	2013/14	% change	2012/13	2013/14	£ change
Number of farms	27	27		27	27	
Average number of birds/year	13,131	15,431		13,131	15,431	
	<i>Average £ per farm</i>			<i>Average £ per bird</i>		
Gross output (%)						
Eggs	295,914	355,863	20	22.54	23.06	0.53
Hen depreciation	-39,791	-50,243	26	-3.03	-3.26	-0.23
Broilers	0	0	0	0.00	0.00	0.00
Other poultry output	162	30,121	18,527	0.01	1.95	1.94
Total poultry output	256,284	335,741	31	19.52	21.76	2.24
Crops	3,767	5,385	43	0.29	0.35	0.06
Other livestock	1,365	2,347	72	0.10	0.15	0.05
Other output	6,582	12,946	97	0.50	0.84	0.34
Total gross output	267,999	356,419	33	20.41	23.10	2.69
Variable costs						
Feed	165,611	186,992	13	12.61	12.12	-0.49
Seed, fertiliser, crop costs	1,381	2,120	54	0.11	0.14	0.03
Vet. & medicines	3,308	3,325	1	0.25	0.22	-0.04
Other livestock costs	6,955	5,555	-20	0.53	0.36	-0.17
Total variable costs	177,254	197,991	12	13.50	12.83	-0.67
Total gross margin	90,745	158,428	75	6.91	10.27	3.36
Fixed costs						
Labour:						
Regular paid	16,168	14,896	-8	1.23	0.97	-0.27
Regular unpaid	23,669	23,876	1	1.80	1.55	-0.26
Casual labour	2,427	2,270	-6	0.18	0.15	-0.04
Power & machinery costs:						
Contract & hire	3,060	2,743	-10	0.23	0.18	-0.06
Fuel	2,387	2,538	6	0.18	0.16	-0.02
Electricity	3,763	4,785	27	0.29	0.31	0.02
Heat	194	220	14	0.01	0.01	0.00
Repairs	2,157	3,458	60	0.16	0.22	0.06
Depreciation	12,426	11,906	-4	0.95	0.77	-0.17
Rent (incl. imputed)	16,297	23,690	45	1.24	1.54	0.29
Other costs:						
Occupiers repairs	3,260	2,626	-19	0.25	0.17	-0.08
Sundries (incl. bad debts)	10,586	11,721	11	0.81	0.76	-0.05
Total fixed costs	96,393	104,729	9	7.34	6.79	-0.55
Management & investment income	-5,648	53,699	<u>Δ£/farm</u> 59,347	-0.43	3.48	3.91
Minus: management salaries	0	0	0	0.00	0.00	0.00
Plus: farmer & spouse labour	20,002	20,971	969	1.52	1.36	-0.16
Net farm income	14,354	74,670	60,316	1.09	4.84	3.75
Farm business income	6,106	66,754	60,647	0.47	4.33	3.86

Per £100 of gross output

	2012/13	2013/14	£ change
Number of farms	27	27	
Average number (birds/year)	13,131	15,431	

Average £ per £100 of gross output

Gross output (%)			
Eggs (%)	110.42	99.84	
Hen depreciation (%)	-14.85	-14.10	
Broilers (%)	0.00	0.00	
Other poultry output (%)	0.06	8.45	
Total poultry output (%)	95.63	94.20	
Crops (%)	1.41	1.51	
Other livestock (%)	0.51	0.66	
Other output (%)	2.46	3.63	
Total gross output (%)	100.00	100.00	
Variable costs			
Feed	61.80	52.46	-9.33
Seed, fertiliser, crop costs	0.52	0.59	0.08
Vet. & medicines	1.23	0.93	-0.30
Other livestock costs	2.60	1.56	-1.04
Total variable costs	66.14	55.55	-10.59
Total gross margin	33.86	44.45	10.59
Fixed costs			
Labour:			
Regular paid	6.03	4.18	-1.85
Regular unpaid	8.83	6.70	-2.13
Casual labour	0.91	0.64	-0.27
Power & machinery costs:			
Contract & hire	1.14	0.77	-0.37
Fuel	0.89	0.71	-0.18
Electricity	1.40	1.34	-0.06
Heat	0.07	0.06	-0.01
Repairs	0.81	0.97	0.17
Depreciation	4.64	3.34	-1.30
Rent (incl. imputed)	6.08	6.65	0.57
Other costs:			
Occupiers repairs	1.22	0.74	-0.48
Sundries (incl. bad debts)	3.95	3.29	-0.66
Total fixed costs	35.97	29.38	-6.58
Management & investment income	-2.11	15.07	17.17
Minus: management salaries	0.00	0.00	0.00
Plus: farmer & spouse labour	7.46	5.88	-1.58
Net farm income	5.36	20.95	15.59
Farm business income	2.28	18.73	16.45

Pence per dozen eggs

	2012/13	2013/14
Gross output		
Eggs	102.16	102.06
Other poultry output	-13.68	-5.77
Other output	4.04	5.93
Total gross output	92.52	102.22
Variable costs		
Feed	57.18	53.63
Other variable costs	4.02	3.15
Total variable costs	61.20	56.78
Total gross margin	31.33	45.43
Total fixed costs	33.28	30.03
Management & investment income	-1.95	15.40
Net farm income	4.96	21.41
Farm business income	2.11	19.14

Farm Business Income (FBI) per farm

(% distribution by number of farms)		
	%	%
	2012/13	2013/14
Over £100,000	4	19
£50,000 to <£100,000	19	26
£25,000 to <£50,000	19	4
£12,500 to <£25,000	7	15
0 to <£12,500	7	15
-£25,000 to 0	33	15
Below -£25,000	11	7
Total	100	100

Average Poultry Numbers

	Average 2012/13	Average 2013/14
Hens in lay	12,828	15,096
Pullets	303	335
Broilers & other poultry	0	0
Total Average	13,131	15,431

Other efficiency factors

	Average 2012/13	Average 2013/14
Eggs per bird	271	277
Eggs (p/doz.)	102.12	102.02

Table 2.8 Financial results for non-contract broilers

	<i>Per farm</i>			<i>Per bird (per crop)</i>		
	2012/13	2013/14	% change	2012/13	2013/14	£ change
Number of farms	19	15		19	15	
Average number of birds/year	186,925	197,353		186,925	197,353	
Throughput of birds/year	1,347,158	1,469,011		1,347,158	1,469,011	
	<i>Average £ per farm</i>			<i>Average £ per bird</i>		
Gross output (%)						
Eggs	0	0	0	0.00	0.00	0.00
Hen depreciation	0	0	0	0.00	0.00	0.00
Broilers	2,050,588	2,455,717	20	1.52	1.67	0.15
Other poultry output	6,727	14,582	117	0.00	0.01	0.00
Total poultry output	2,057,316	2,470,299	20	1.53	1.68	0.15
Crops	16,363	23,646	45	0.01	0.02	0.00
Other livestock	14,466	15,108	4	0.01	0.01	0.00
Other output	36,798	46,515	26	0.03	0.03	0.00
Total gross output	2,124,942	2,555,567	20	1.58	1.74	0.16
Variable costs						
Feed	1,480,904	1,651,407	12	1.10	1.12	0.02
Seed, fertiliser, crop costs	8,174	11,051	35	0.01	0.01	0.00
Vet. & medicines	28,186	35,642	26	0.02	0.02	0.00
Other livestock costs	54,456	66,845	23	0.04	0.05	0.01
Total variable costs	1,571,720	1,764,946	12	1.17	1.20	0.03
Total gross margin	553,222	790,621	43	0.41	0.54	0.13
Fixed costs						
Labour:						
Regular paid	43,922	50,192	14	0.03	0.03	0.00
Regular unpaid	19,894	23,172	16	0.01	0.02	0.00
Casual labour	2,092	1,951	-7	0.00	0.00	0.00
Power & machinery costs:						
Contract & hire	23,759	21,706	-9	0.02	0.01	0.00
Fuel	7,542	9,095	21	0.01	0.01	0.00
Electricity	27,426	32,316	18	0.02	0.02	0.00
Heat	52,690	50,746	-4	0.04	0.03	0.00
Repairs	35,263	38,954	10	0.03	0.03	0.00
Depreciation	29,005	42,333	46	0.02	0.03	0.01
Rent (incl. imputed)	67,289	79,692	18	0.05	0.05	0.00
Other costs:						
Occupiers repairs	27,862	18,977	-32	0.02	0.01	-0.01
Sundries (incl. bad debts)	52,527	42,957	-18	0.04	0.03	-0.01
Total fixed costs	389,271	412,091	6	0.29	0.28	-0.01
Management & investment income	163,950	378,530	<u>Δ£/farm</u> 214,579	0.12	0.26	0.14
Minus: management salaries	0	0	0	0.00	0.00	0.00
Plus: farmer & spouse labour	14,535	16,972	2,436	0.01	0.01	0.00
Net farm income	178,486	395,501	217,016	0.13	0.27	0.14
Farm business income	143,222	378,766	235,544	0.11	0.26	0.15

Per £100 of gross output

	2012/13	2013/14	£ change	Farm Business Income (FBI) per farm		
				(% distribution by number of farms)		
				%	% 2012/13 2013/14	
Average £ per £100 of gross output						
Gross output (%)				Over £100,000	32	40
Eggs (%)	0.00	0.00		£50,000 to <£100,000	32	7
Hen depreciation (%)	0.00	0.00		£25,000 to <£50,000	11	40
Broilers (%)	96.50	96.09		£12,500 to <£25,000	11	0
Other poultry output (%)	0.32	0.57		0 to <£12,500	11	13
				-£25,000 to 0	0	0
Total poultry output (%)	96.82	96.66		Below -£25,000	5	0
Crops (%)	0.77	0.93		Total	100	100
Other livestock (%)	0.68	0.59				
Other output (%)	1.73	1.82				
Total gross output (%)	100.00	100.00				
Variable costs						
Feed	69.69	64.62	-5.07			
Seed, fertiliser, crop costs	0.38	0.43	0.05			
Vet. & medicines	1.33	1.39	0.07			
Other livestock costs	2.56	2.62	0.05			
Total variable costs	73.97	69.06	-4.90			
Total gross margin	26.03	30.94	4.90			
Fixed costs				Other efficiency factors		
Labour:					Average	Average
					2012/13	2013/14
Regular paid	2.07	1.96	-0.10			
Regular unpaid	0.94	0.91	-0.03			
Casual labour	0.10	0.08	-0.02			
Power & machinery costs:				Broiler sale price	1.90	2.12
Contract & hire	1.12	0.85	-0.27	(£/bird)		
Fuel	0.35	0.36	0.00			
Electricity	1.29	1.26	-0.03	Broiler purchase price	0.33	0.36
Heat	2.48	1.99	-0.49	(£/bird)		
Repairs	1.66	1.52	-0.14			
Depreciation	1.36	1.66	0.29	Average number of	7.2	7.4
Rent (incl. imputed)	3.17	3.12	-0.05	crops/year		
Other costs:						
Occupiers repairs	1.31	0.74	-0.57			
Sundries (incl. bad debts)	2.47	1.68	-0.79			
Total fixed costs	18.32	16.13	-2.19			
Management & investment income	7.72	14.81	7.10			
Minus: management salaries	0.00	0.00	0.00			
Plus: farmer & spouse labour	0.68	0.66	-0.02			
Net farm income	8.40	15.48	7.08			
Farm business income	6.74	14.82	8.08			

Table 2.9 Balance sheet data for 2013/14 - specialist poultry farms

Group	All specialist poultry farms		All laying flocks		All poultry meat producers	
Number of farms	84		46		38	
Financial year	2013/14		2013/14		2013/14	
	Opening	Closing	Opening	Closing	Opening	Closing
Assets						
Fixed assets						
Land, buildings & SPS	911,369	959,095	626,848	631,871	1,146,229	1,229,204
Breeding livestock	11,367	12,030	1,070	1,294	19,866	20,892
Machinery	147,231	197,222	105,484	133,840	181,692	249,541
Miscellaneous business assets	2,883	2,874	4,202	4,182	1,794	1,794
Total fixed assets	1,072,850	1,171,221	737,603	771,188	1,349,582	1,501,431
Current assets						
Crops & trading livestock	62,377	78,064	75,131	103,035	51,850	57,451
Feedstuffs & goods in store	11,064	13,513	9,527	10,336	12,333	16,136
Liquid assets	151,846	187,666	92,839	42,534	200,553	307,466
Total current assets	225,287	279,243	177,497	155,906	264,736	381,053
Total assets	1,298,137	1,450,464	915,100	927,094	1,614,318	1,882,484
Liabilities						
Bank term loans	181,206	170,992	220,191	200,106	149,026	146,960
Other loans	74,361	74,104	52,506	52,554	92,401	91,893
Bank overdraft	71,432	38,389	100,974	61,814	47,047	19,052
Other short term loans	63,723	92,540	53,173	56,220	72,432	122,521
Total external liabilities	390,723	376,026	426,844	370,695	360,906	380,426
Net worth	907,415	1,074,438	488,257	556,399	1,253,412	1,502,058
Percentage equity (%)	69.9%	74.1%	53.4%	60.0%	77.6%	79.8%

Table 2.10 Comparison of net worth and percentage equity by farm type for 2013/14

	Average Assets	Average Liabilities	Average Net Worth	Average % Equity
Defra main farm type				
Lowland cattle & sheep	1,098,166	82,541	1,015,624	92.5%
Cereals	2,404,554	201,996	2,202,558	91.6%
General cropping	2,140,466	214,675	1,925,792	90.0%
Mixed	1,690,319	171,127	1,519,192	89.9%
Dairy	1,858,628	331,269	1,527,359	82.2%
Horticulture	833,361	154,278	679,084	81.5%
Pigs	999,991	231,908	768,083	76.8%
Poultry	1,374,301	383,375	990,927	72.1%
All businesses	1,602,706	172,309	1,430,397	89.2%

Table 2.9 continued

Group	<i>Broilers, non contract</i>	
Number of farms	15	
Financial year	2013/14	
	Opening	Closing
Assets		
Fixed assets		
Land, buildings & SPS	1,333,082	1,409,991
Breeding livestock	3,923	3,917
Machinery	186,721	301,756
Miscellaneous business assets	482	482
Total fixed assets	1,524,208	1,716,146
Current assets		
Crops & trading livestock	74,140	88,810
Feedstuffs & goods in store	9,716	17,077
Liquid assets	214,115	491,394
Total current assets	297,971	597,282
Total assets	1,822,179	2,313,428
Liabilities		
Bank term loans	49,264	59,740
Other loans	199,707	193,438
Bank overdraft	24,903	22,185
Other short term loans	96,601	158,053
Total external liabilities	370,475	433,417
Net worth	1,451,704	1,880,012
Percentage equity (%)	79.7%	81.3%

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

	Specialist poultry	Laying flocks, cage, barn & deep litter	All Poultry meat producers	Broilers, non contract
Crops & livestock	18.7	30.9	13.4	12.3
Stores	2.8	3.4	2.5	1.9
Machinery	39.2	41.0	38.5	35.1
Other	39.3	24.6	45.6	50.7
Total	100.0	100.0	100.0	100.0
Tenant's type capital (£)	439,069	291,738	560,684	696,267

Table 2.12 Gross margin for all laying flocks

	<i>Per bird (annual basis)</i>			<i>Per £100 of gross output</i>		
	2012/13	2013/14	£ change	2012/13	2013/14	£ change
Number of farms	54	52				
Average number of birds/year	12,357	13,423				
	<i>Average £ per bird (annual basis)</i>			<i>Average £ per £100 gross output</i>		
Gross output						
Eggs	22.80	21.30	-1.50			
Hen depreciation	-3.03	-3.08	-0.05			
Other poultry output	0.01	0.71	0.70			
Total output	19.79	18.94	-0.84	100.00	100.00	
Variable costs						
Feed	11.46	11.03	-0.42	57.92	58.26	0.34
Vet. & medicines	0.15	0.14	-0.02	0.78	0.74	-0.05
Other livestock costs	0.74	0.62	-0.13	3.76	3.27	-0.50
Other variable costs	0.02	0.00	-0.02	0.11	0.02	-0.09
Total variable costs	12.38	11.80	-0.58	62.57	62.28	-0.29
Total gross margin	7.41	7.15	-0.26	37.43	37.72	0.29

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>		
	2012/13	2013/14	£ change	2012/13	2013/14	£ change
Number of farms	11	11				
Average number of birds/year	25,969	27,829				
	<i>Average £ per bird (annual basis)</i>			<i>Average £ per £100 gross output</i>		
Gross output						
Eggs	23.20	19.00	-4.20			
Hen depreciation	-2.81	-2.89	-0.08			
Other poultry output	0.02	0.01	-0.01			
Total output	20.41	16.12	-4.29	100.00	100.00	
Variable costs						
Feed	10.06	9.45	-0.61	49.32	58.63	9.31
Vet. & medicines	0.09	0.05	-0.04	0.43	0.30	-0.13
Other livestock costs	1.29	1.10	-0.19	6.32	6.83	0.51
Other variable costs	0.04	0.00	-0.04	0.18	0.00	-0.18
Total variable costs	11.48	10.60	-0.88	56.26	65.77	9.51
Total gross margin	8.93	5.52	-3.41	43.74	34.23	-9.51

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>		
	2012/13	2013/14	£ change	2012/13	2013/14	£ change
Number of farms	43	41				
Average number of birds/year	9,033	9,917				
	<i>Average £ per bird (annual basis)</i>			<i>Average £ per £100 gross output</i>		
Gross output						
Eggs	22.52	22.88	0.36			
Hen depreciation	-3.18	-3.20	-0.03			
Other poultry output	0.01	1.20	1.19			
Total output	19.35	20.87	1.52	100.00	100.00	
Variable costs						
Feed	12.44	12.12	-0.32	64.28	58.06	-6.22
Vet. & medicines	0.20	0.20	0.00	1.04	0.97	-0.07
Other livestock costs	0.36	0.29	-0.07	1.87	1.38	-0.48
Other variable costs	0.01	0.01	-0.01	0.06	0.03	-0.03
Total variable costs	13.01	12.61	-0.40	67.24	60.44	-6.80
Total gross margin	6.34	8.26	1.92	32.76	39.56	6.80

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

	Layers		Laying flocks, cage barn & deep litter		Free range layers	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
Number of farms	54	52	11	11	43	41
No of dozen eggs	282,554	304,269	611,365	631,401	202,275	224,643
Average egg yield/bird	281	284	289	296	276	276
Average egg price p/doz	99.61	94.02	98.35	83.90	100.54	100.94
	<i>Average pence per dozen (annual basis)</i>					
Gross output						
Eggs	99.71	93.99	98.55	83.74	100.57	100.99
Hen depreciation	-13.23	-13.57	-11.94	-12.75	-14.18	-14.14
Other poultry output	0.05	3.15	0.07	0.05	0.03	5.28
Total output	86.53	83.56	86.68	71.04	86.42	92.13
Variable costs						
Feed	50.11	48.68	42.75	41.65	55.55	53.49
Vet. & medicines	0.68	0.62	0.38	0.21	0.90	0.89
Other livestock costs	3.25	2.73	5.48	4.85	1.61	1.27
Other variable costs	0.09	0.02	0.16	0.00	0.05	0.02
Total variable costs	54.14	52.04	48.76	46.72	58.11	55.68
Total gross margin	32.39	31.52	37.92	24.32	28.31	36.45

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

	<i>Per bird</i>			<i>Per £100 of gross output</i>		
	2012/13	2013/14	£ change	2012/13	2013/14	£ change
Number of farms	26	25				
Average number of birds/year	116,166	125,490				
Throughput of birds/year	790,286	921,536				
Average number of crops/year	6.80	7.34				
Average sale price (broilers) - £/bird	1.92	2.12				
Average purchase price (broilers) - £/bird	0.32	0.36				
	<i>Average £ per bird (per flock)</i>			<i>Average £ per £100 gross output</i>		
Gross output						
Broilers	1.59	1.67	0.08			
Total output	1.59	1.67	0.08	100.00	100.00	
Variable costs						
Feed	1.14	1.12	-0.02	72.02	67.15	-4.87
Vet. & medicines	0.02	0.02	0.00	1.22	1.45	0.23
Other livestock costs	0.04	0.04	0.00	2.66	2.50	-0.17
Other variable costs	0.01	0.01	0.00	0.78	0.45	-0.33
Total variable costs	1.22	1.20	-0.02	76.69	71.55	-5.14
Total gross margin	0.37	0.48	0.11	23.31	28.45	5.14

Table 2.17 Gross margin for turkey production

	<i>Per bird</i>			<i>Per £100 of gross output</i>		
	2012/13	2013/14	£ change	2012/13	2013/14	£ change
Number of farms	23	28				
Average number of birds/year	585	593				
Throughput of birds/year	1,307	1,281				
Average sale price (turkeys) - £/bird	36.53	39.41				
Average purchase price (turkeys) - £/bird	4.57	4.78				
	<i>Average £ per bird</i>			<i>Average £ per £100 gross output</i>		
Gross output						
Other poultry output	30.28	31.54	1.25			
Total output	30.28	31.54	1.25	100.00	100.00	
Variable costs						
Feed	8.77	8.75	-0.03	28.98	27.73	-1.24
Vet. & medicines	0.11	0.14	0.03	0.35	0.43	0.08
Other livestock costs	3.81	3.35	-0.46	12.59	10.62	-1.97
Other variable costs	0.00	0.04	0.04	0.00	0.12	0.12
Total variable costs	12.70	12.27	-0.43	41.93	38.91	-3.02
Total gross margin	17.59	19.27	1.68	58.07	61.09	3.02

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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.

Other poultry output

Includes breeding poultry and meat production excluding broilers.

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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