



# **Farm Business Survey**

## **2013/2014**

### **Hill Farming in England**



**David Harvey and Charles Scott**

**March 2015**

**RBR**

*independent research, data and analysis*

**Rural Business Research**



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## Foreword to the Eighth 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.





## Executive Summary

The total area of land classified as Less Favoured Area (LFA) in England is 2.2 million hectares. Of this, 1.8 million hectares are farmed - 17% of the total farmed area<sup>1</sup>. This total is made up of Severely Disadvantaged Areas (67%) and Disadvantaged Areas (33%). The Moorland designation of semi-natural vegetation covers 42% of the LFA area<sup>2</sup>. These are areas where farming is more difficult because of poor climate, soils and terrain, which in turn lead to lower yields and higher production and transportation costs. LFAs essentially define the upland hill-farming areas; they include almost all of the upland areas in the North of England (including the Pennines, Lake District and North York Moors), the Peak District, the English part of the English-Welsh border, Exmoor, Dartmoor, and parts of Cornwall. In England, 28% of beef cows and 41% of breeding sheep are on LFA grazing livestock farms<sup>3</sup>. Farming plays a crucial role in maintaining the distinctive landscape of such areas.

The average LFA Grazing Livestock farm has 147 ha of enclosed land and typically has access to an area of common grazing. It is part owned (69 ha) and part rented (78 ha) and most of the farm (85 ha) is in permanent grass. The average LFA farmer is 57 years old, has 27 beef cows and 363 breeding ewes. Cattle and Sheep youngstock and fatstock make up the total to 82 cattle and 694 sheep on the farm, making a total of 86 Grazing Livestock Units.

The average LFA Grazing Livestock farm earns 65% of its total revenue (output) from crop and livestock farming activities, 20% comes from the Single Farm Payment, and 12% from specific agri-environment payments. The balance of revenues (4%) is earned from non-farm/diversification activities.

The crop and livestock farming side of the business covers its variable costs and earns a respectable gross margin of £24,020 per farm. However, since this side of the whole farm business is assumed to incur most of the fixed costs (85%) the average LFA farm is shown as making an Agricultural Business Income loss of -£13,162 (before unpaid labour) from crop and livestock production per farm in 2013/14. Allowing for the unpaid labour allocation of £24,362 to this side of the business results in an Agricultural Corporate Income of -£37,525.

Farm revenues from all sources combine to generate a headline Farm Business Income of £14,483 per farm in 2013/14, a 23% decrease on the previous year. This income fails to cover the opportunity costs of the unpaid labour (provided mainly by the farmer and family) estimated at £26,059 per farm. As a result, Farm Corporate Income shows a small loss of -£11,576 per farm (a 65% reduction on the loss of -£7,006 in the previous year). Adjusting for the net interest payments made by the farm, Farm Investment Income (which represents the return on risk and entrepreneurship on all capital invested in the farm business whether borrowed or not) of -£9,590 is down a further 92% compared with the previous year's loss of -£4,992. The traditional measure of farm income of Net Farm Income (which puts all farm businesses on a comparable tenanted basis) averaged £6,005 per farm, down 42% from £10,377 in 2012/13. LFA farms depend to a substantial extent on public payments; the Single Farm Payment and Agri-environmental payments together account for over 30% of their revenue. Although there is substantial variation amongst the farms in terms of their commercial performance, most of these farms could not survive in their present form as commercial businesses without the public payments.

<sup>1</sup> Defra- <http://archive.defra.gov.uk/rural/countryside/uplands/land-classification.htm>

<sup>2</sup> Natural England - Entry Level Stewardship: Environmental Stewardship Handbook (NE349)

<sup>3</sup> Data from Defra, Agricultural Census, June 2010

## 1. Background & Context

The total area of land classified as Less Favoured Area (LFA) on farms in England is 2.2 million hectares. Of this, 1.8 m hectares are farmed - 17% of the total farmed area<sup>4</sup>. This total is made up of Severely Disadvantaged Areas (SDAs) which account for 67% of the LFA, and Disadvantaged Areas (DAs) accounting for 33% of the LFA. The Moorland designation of semi-natural vegetation covers 42% of the LFA area<sup>5</sup>. These are areas where farming is more difficult because of poor climate, soils and terrain, which in turn lead to lower yields and higher production and transportation costs. LFAs essentially define the upland hill-farming areas; they include almost all of the upland areas in the North of England (including the Pennines, Lake District and North York Moors) the Peak District, the English part of the English-Welsh border, Exmoor, Dartmoor, and parts of Cornwall. In England, 28% of beef cows and 41% of breeding sheep are on LFA grazing livestock farms<sup>6</sup>. Farming plays a crucial role in maintaining the distinctive landscape of such areas.

There are some 12,612 commercial holdings classified as Grazing Livestock (LFA) farms and these account for 1.2 million ha of English farmland (excluding commons)<sup>7</sup>. While these holdings predominantly farm in the LFA this is not exclusively the case, that is some LFA Grazing livestock farms may farm areas of lowland and some Lowland grazing farms may farm some areas of the LFA. Of the 12,612 LFA Grazing livestock holdings, this report presents data representing the 6,832 commercial holdings above the lower size limit of 25,000 euros of Standard Output (see below).

As we reported last year (Hill Farming in England, 2012/13, RBR) the continued economic health of the farmers (and other land users and managers) in the uplands is of considerable value to society. The current performance and, hence, economic health of the livestock farmers in the Less Favoured Areas of England is the focus of this report. (Other farm types present in the LFA including Upland Dairy farms are covered by other Enterprise Reports in this series – Appendix 10).

### 1.1. The LFA

Map 1 (Appendix 1) shows the LFA areas and also the Government Office (GO) Regions. This report does not concentrate on data by Government Office region (which is otherwise available on the [Rural Business Research](http://www.ruralbusinessresearch.co.uk/) website) but rather the EU Regions, which are used for administrative purposes at the European level and represent amalgamations of GO Regions:

- EU West Region comprises the South West and West Midlands GO regions.
- EU North Region includes North West, North East and Yorkshire & Humberside GO regions.
- EU East Region is the East Midlands, Eastern and South East GO regions.

The LFA designation is part of EU law and extra farm support was provided for farms in these areas as Hill Livestock Compensatory Allowances between 1975 and 2000. This was paid as headage support to eligible beef cows and ewes. In 2001 this support was replaced by the Hill Farming Allowance (HFA) an area based scheme. In 2010 the HFA scheme was in

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<sup>4</sup> Defra- <http://archive.defra.gov.uk/rural/countryside/uplands/land-classification.htm>

<sup>5</sup> Natural England - Entry Level Stewardship: Environmental Stewardship Handbook (NE349)

<sup>6</sup> Data from Defra, Agricultural Census, June 2013

<sup>7</sup> Data from Defra, Agricultural Census, June 2013

turn replaced by the Uplands Entry Level Stewardship Scheme (Uplands ELS). For further detail see the section on Hill Farm Support below or: <http://archive.defra.gov.uk/rural/countryside/uplands/supportqa.htm>.

A major change to note is that land in the Disadvantaged Areas (DA) became ineligible for HFA as of 1<sup>st</sup> January 2007 (including Moorland and common land in the DA) see: [http://webarchive.nationalarchives.gov.uk/20140305104944/http://rpa.defra.gov.uk/rpa/index.nsf/15f3e119d8abcb5480256ef20049b53a/d3762c090883e88780257427005117ad/\\$FILE/HFA%202009%20Explanatory%20booklet.pdf](http://webarchive.nationalarchives.gov.uk/20140305104944/http://rpa.defra.gov.uk/rpa/index.nsf/15f3e119d8abcb5480256ef20049b53a/d3762c090883e88780257427005117ad/$FILE/HFA%202009%20Explanatory%20booklet.pdf)

This implements the announcement made in December 2006 by the Secretary of State that the DA would not be eligible to receive the HFA from 2008 onwards, thereby focusing uplands support on land in the Severely Disadvantaged Areas (SDA). The announcement followed general support for the proposal in Defra's consultation on the future of uplands support earlier in 2006. In comparison to land in the SDA, land in the DA is generally higher-grade agricultural land, is more accessible, and producers have more options to maximise the potential of the land. In addition, the Single Payment Scheme (SPS) will, over time, tend to favour farmers in the DA in comparison to the SDA (since the DA is subsumed within the lowland for the purpose of defining the SPS regions and therefore receives a higher flat rate payment than the SDA).<sup>8</sup>

### *1.2. Hill Farm Support*

The traditional basis of farming in the LFA is the keeping of beef suckler cows and breeding ewes. The breed of livestock kept corresponds with the type of land; the hills being dominated by hardy breeds and the lower land having more upland and lowland type stock. Between 2006 and 2009 (and with the exception of DA land from 2008 – see above) suckler cow and/or sheep producers who had at least 10 ha of eligible forage area in the English LFAs (including common land) were eligible for the HFA. Holdings with less than 10 ha of English LFA land were not eligible, unless part of the holding was in Wales, Scotland or Northern Ireland. Livestock had to be kept at a minimum stocking density of 0.15 livestock units per hectare (LU/ha); this could be less if producers were taking part in an agri-environment or other scheme, which restricted their stocking density. Up to and including 2006, producers needed to follow Good Farming Practice (GFP) and undertake to keep their LFA land continuously in agricultural production for five years from the date of first payment of LFA support (i.e. HFA or HLCA). Since 2007 producers had to follow Good Agricultural and Environmental Condition (GAEC) requirements. The HFA scheme ended with the HFA 2010 payment in Spring 2010 (covering land farmed and stock held in 2009). From July 2010, uplands support became fully integrated into Environmental Stewardship with a specific uplands strand to the Entry Level Stewardship (Uplands ELS - UELS, and Organic Uplands ELS - OUELS). Farms that are currently in Environmentally Sensitive Area (ESA) agreements or Countryside Stewardship Schemes (CSS) are excluded from applying for UELS but will be able to apply for the Uplands Transitional Payment (UTP) until such time as the existing ESA or CSS agreement terminates. The payment rates (per hectare) for the 2013 UTP and the UELS and OUELS schemes are shown in Table 1.

<sup>8</sup> See <http://archive.defra.gov.uk/rural/countryside/uplands/supportqa.htm#q10> for further information on the Uplands Policy

**Table 1.**  
**Uplands Transitional Payment and Uplands Entry Level Scheme payment rates (2013)**

**Uplands Transitional Payments (£/ha) 2013**

<b>Land Type</b>	<b>0 – 350 hectares</b>	<b>351 – 700 hectares</b>
Land within the Moorland line	£16.06	£8.03
Other common land	£16.06	£8.03
Other SDA	£42.40	£21.20

*5% enhancement on the above rates if arable OR woodland in the area*

*10% enhancement on the above rates if arable AND woodland in the area*

**Uplands Entry Level Scheme payments (£/ha) 2013**

<b>Land Type</b>	<b>UELS</b>	<b>OUELS</b>
SDA below the moorland line	£62	£92
SDA above the moorland line in parcels of <15ha (not commonland)	£62	£92
SDA above the moorland line in parcels of >15ha (not commonland)	£23	£23
SDA above the moorland line in parcels of >15ha on commons	£28	£28

(Source: RPA <http://www.rpa.defra.gov.uk/rpa/index.nsf/home>)

## **2. The Data: FBS Grazing Livestock Farms (LFA)**

The data presented in this publication comes from 243 farms, which are all part of the Farm Business Survey. Sixty-four per cent come from the EU North Region, 27% from the EU West and the remainder from the EU East. The data have been ‘weighted’ to represent the total population with each individual farm assigned a weighting factor. As a consequence, the ‘raised sample’ provides a basis for estimating the total land use and performance for the LFA, by farm type and by region.

### *2.1. Farm Types within the LFA*

The Farm Business Survey classifies farms based upon Standard Outputs (SO)<sup>9</sup>. This is a departure from the Standard Gross Margins (SGM) basis for classification which was used prior to the 2010/11 year (see <http://www.defra.gov.uk/statistics/foodfarm/farmmanage/fbs>). Where comparisons are made with the 2009/10 year the 2009/10 data has been reconfigured onto an SO basis. LFA Grazing Livestock Farms are holdings on which cattle, sheep and other grazing livestock account for more than two thirds of their total SO - except holdings classified as dairy. Dairy farms are those where dairy cows account for more than two thirds of the total SO. A holding is classified as an LFA holding if 50 per cent or more of its total area is in the LFA. Of holdings classified as LFA, those whose LFA land is wholly or mainly (50 per cent or more) in the SDA are classified as SDA; those whose LFA land is wholly or mainly (more than 50 per cent) in the DA are classified as DA. For the purposes of the survey, only those farms with an SO of greater than 25,000 euros are considered, which excludes some 7,000 very small holdings in the LFA. In addition, these farms are also classified according to their size (measured by their ‘standard labour requirement’ (SLR) see Appendix 11).

<sup>9</sup> The Standard Output (SO) for a farm business represents the theoretical output for all the agricultural production activities on the farm, based on standard coefficients for each commodity on the farm. The SO is representative of expected output under typical conditions for enterprises of average size and performance. Farms are classified according to the enterprise mix of SOs on a farm. 2007 SO coefficients are used to classify the farm datasets from 2010/11 to 2011/12 and 2010 SO coefficients used for the datasets 2012/13 and 2013/14.

The structure of the sample is shown in Table 2. As can be seen, the FBS sample is (deliberately) biased towards the larger (and more commercial) farms, which are responsible for the management of most of the LFA. However, the results presented in this report are weighted to remove this selection bias.

**Table 2. Sample Characteristics (2013)**

Farm	Sample		June survey of agriculture		Average size by SLR *		Average total adjusted area (ha)	
Size	No.	%	No.	%	Sample	June survey	Sample	June survey
Part-Time †	18	7%	1,526	22%	0.74	0.74	53	52
Small	71	29%	2,847	42%	1.53	1.53	125	111
Medium	60	25%	1,111	16%	2.48	2.48	197	184
Large	51	21%	937	14%	3.84	3.86	266	210
Very Large	43	18%	411	6%	7.77	7.57	555	467
All Sizes	243	100%	6,832	100%	3.30	2.19	243	144

\* The Standard Labour Requirement (SLR) for a farm business represents the labour requirement (in full-time equivalents) for all the agricultural activities on the farm, based on standard coefficients for each enterprise on the farm. The SLR is representative of labour requirement under typical conditions for enterprises of average size and performance.

† Part-Time includes 2 Spare-Time sample farms which are excluded from the SLR analysis.

Large and Very Large SLR bands are combined in the SLR analysis in band 4.

Source: Defra.

Note: Farm size is measured and stratified according to SLR. FBS survey data refers only to those businesses requiring more than 0.5 SLR which excludes almost 7,000 very small 'farms' within the LFA as recorded by the June Survey. The June survey data are estimated using England weights.

Within this Grazing Livestock (LFA) group there are four sub-groups:

1. *SDA Sheep*- farms where more than two thirds of the total SO is accounted by sheep, and 50% or more of the total area of the farm is in the LFA, of which 50% or more is in the SDA;
2. *SDA Beef*- farms where more than two thirds of the total SO is accounted by beef cattle, and 50% or more of the total area of the farm is in the LFA, of which 50% or more is in the SDA;
3. *SDA Cattle and Sheep*- farms which are neither specialist sheep or cattle but where more than two thirds of the total SGM is accounted by beef cattle and sheep, and 50% or more of the total area of the farm is in the LFA, of which 50% or more is in the SDA;
4. *DA Cattle and sheep farms*- farms where more than two thirds of the total SO is accounted by beef cattle and sheep, and 50% or more of the total area of the farm is in the LFA, of which 50% or more is in the DA;

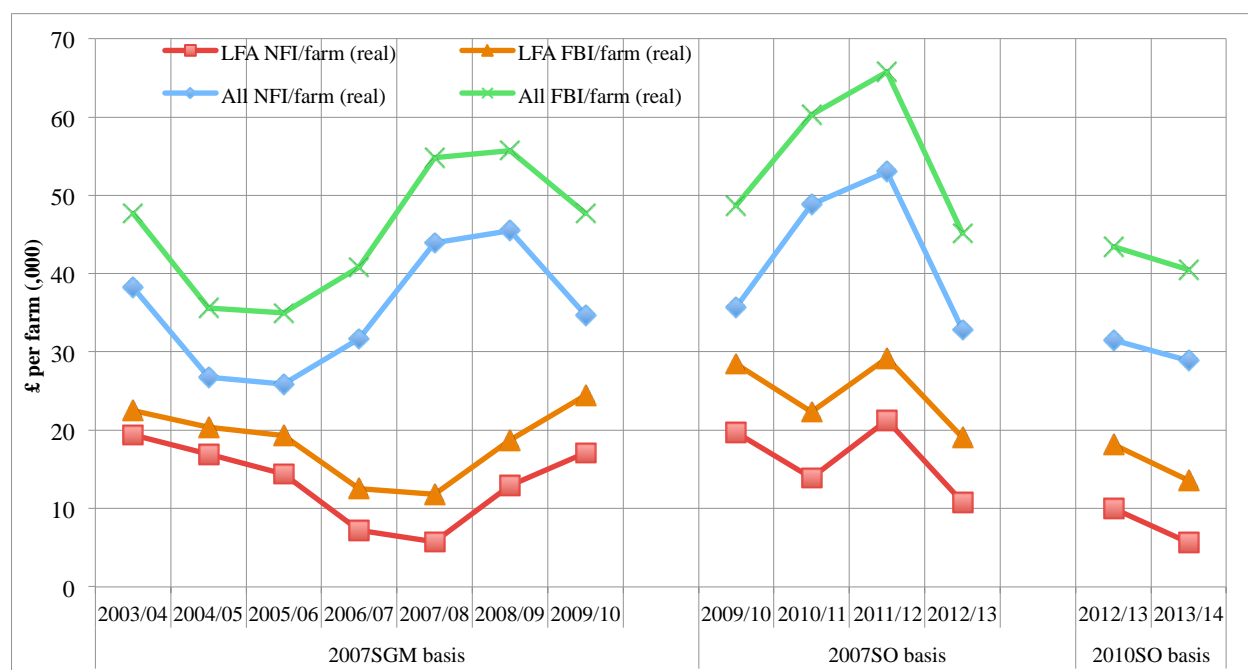
Other farm types are present in the LFAs, but analysis has been restricted to cattle and sheep farms as they represent the most common type of LFA holdings

### 3. The LFA Farms in context

The comparative business performance of LFA farms is illustrated in Figure 1, which compares the Net Farm Income (NFI) and Farm Business Income (FBI) per farm earned by the LFA grazing farms and by all farms in the England FBS sample over the last ten years. In

order to compare the pre-2009/10 data (where the data is only available on an SGM basis of classification) with the 2010/11 to 2012/13 data, the 2009/10 data have been reclassified on a Standard Output (2007SO) basis and both data sets for 2009/10 are presented. The trend up to 2009/10 can then be clearly seen on an SGM basis and the 2009/10 to 2013/14 trend on an SO basis. In fact there is actually very little difference at this level between the two methods of classification on the data presented for 2009/10. Farm Business Income represents the financial return to all unpaid labour (farmers and spouses, non-principal partners and their spouses and family workers) and on all their capital invested in the farm business, including land and buildings (net of any interest payments on debt capital). Net Farm Income deducts from Farm Business Income a notional return to unpaid family labour (at local wages rates) and also deducts an imputed rental figure for owner-occupied land (at prevailing local rents for similar land) and adds back net interest payments and landlord type expenses. Hence NFI is a measure of the returns to the farmers' own labour, tenant's capital and management, on a consistent basis for both owned and tenanted farms.

**Figure 1. LFA<sup>a</sup> Farms v. All FBS Farms Performance, real<sup>b</sup> terms, England (2003/04 – 2013/14)**



Source: *Farm Accounts in England, 2013/14*, Defra

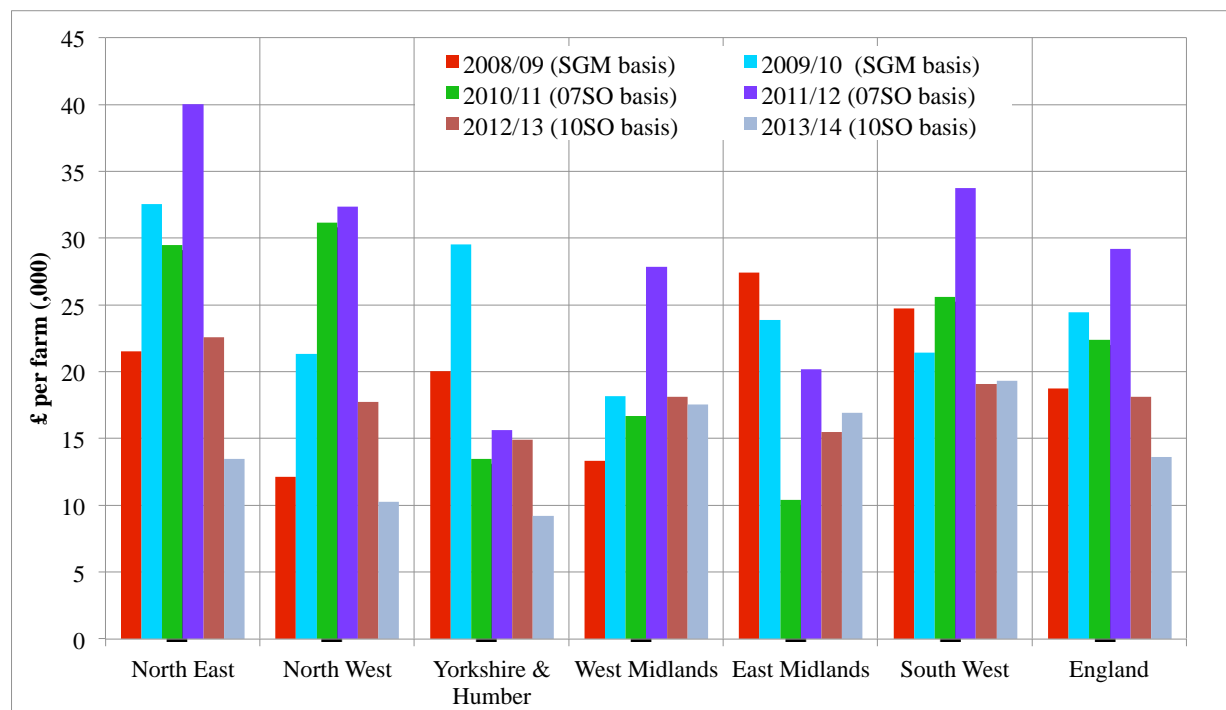
Notes: a: defined as Upland Grazing Farms

b: Real terms = deflated by RPI (all items).

As can be seen, the upland farms continually under-perform relative to their peers elsewhere in the industry in terms of income per farm. Furthermore, while the average farm generally has shown variable income performance over the last ten years in real (purchasing power) terms, peaking in 2003/04, 2008/09, and again in 2011/12, their upland counterparts have experienced a five year decline in real incomes per farm since 2003/04, only in 2008/09 and 2009/10 seeing a reversal to this trend with a slight upward movement of FBI and NFI. Farms in the LFA suffered another drop in income in 2010/11 before seeing again a slight increase in 2011/12. The years 2012/13 and 2013/14 saw further falls in income across all farming sectors, but by whatever measure, LFA farm incomes remain at 50% of the national average. It must be mentioned that Lowland Livestock grazing farms have experienced similar levels of income to their LFA counterparts. Further details on farm incomes for other farm types may be found in other publications in this series (Appendix 10).

However, there is substantial variation around these average figures for all farms, both between regions and between years, as Figure 2 illustrates. The 2008/09 and 2009/10 data is not directly comparable to that in later years due to the change in classification but remains valid for representing the variation in incomes across the regions.

**Figure 2. LFA Farm Business Income per farm, by region (2008/09 to 2013/14)**



Source: - Government Office Reports, 2013/14, [RBR](#).

Notes: Data in current terms (pre-2010/11 data on an SGM basis, 2010/11 to 2011/12 on a 2007SO basis, 2012/13 and 2013/14 on a 2010SO basis).

#### 4. The Average LFA Farm in 2013/14

Although the average LFA farm in the FBS sample in 2013/14 does not reflect the wide variation in either the sample, or still more the whole population, its description still provides a general picture of the sector. The sample represents just over 6,800 LFA farms in England (excluding the smallest farms - those with a Standard Output of less than 25,000 euros). The average area farmed is 150 ha plus common grazings. This area includes some 4 ha under woodland, buildings and roads, 3 ha rented in land (net) and 54 ha rough grazing. The adjusted area (see Appendix 11 for a full description of adjusted area) of the on-farm rough grazing equates to 17 ha adjusted area which, plus 5 ha of adjusted common grazing gives a total adjusted area farmed of 114 ha. The average farm is part owned (69 ha) and part rented (78 ha), and most of the farm (85 ha) is in permanent grass. The average LFA farmer is 57 years old, and has 27 beef cows and 363 breeding ewes. Cattle and Sheep youngstock and fatstock make up the total to 82 cattle and 694 sheep on the farm, making a total of 86 Grazing Livestock Units (GLUs)<sup>10</sup>.

##### 4.1. The average LFA Farm account

The average LFA Grazing Livestock farm in England in 2013/14 is represented by the set of accounts shown in Table 3. This table reports the average farm accounts for the whole

<sup>10</sup> GLUs convert different livestock types (cows, sheep, young stock) into a common unit based on nutrient requirements, with a dairy cow being the numeraire (=1 GLU).



sample of 243 farms, broken out by four “cost centres” representing the different aspects of the farm business: agriculture (production agriculture and agricultural contracting); environmental management; diversification (off farm activities except agricultural contracting); single payment under the EU’s Single Payment Scheme. To the extent possible, the variable costs of the business have been separated out as relevant to each of these cost centres, while fixed costs (including depreciation) have also been allocated so far as possible, including the casual labour cost, according to the shares of each centre in total costs.

On average, these farms only earn some 65% of their total revenue (output) from the agriculture cost centre, with 20% coming from the Single Farm Payment, and 12% from specific agri-environment payments. The balance of revenues (4%) is earned from non-farm activities (mostly associated with tourism and recreation and non-agricultural contracting; agricultural contracting is included in the agriculture cost centre). The farming business covers its variable costs and earns a positive gross margin of £24,020 per farm (a 17% decrease from the previous year). However, since the production agriculture side of the farm business is assumed to incur most of the fixed costs (85%) the average LFA farm is shown to generate a negative Agricultural Business Income of -£13,162 per farm in 2013/14 – an unwelcome reduction on the figure of -£8,527 in the previous year.

The revenues earned from agri-environment, diversification and single farm payments more than offset their own costs and are able to offset the losses from traditional production activities to generate a headline Farm Business Income (FBI) (or profit) of £14,483 per farm in 2013/14, a 23% decrease on the previous year. This income is unable to cover the opportunity costs of the unpaid labour (provided by the farmer and partners) of £26,059 per farm and as a result, Farm Corporate Income registers at -£11,576 per farm (a 65% decrease on £7,006 in 2012/13). Adjusting for the net interest payments made by the farm, the Farm Investment Income (which represents the return on risk and entrepreneurship on all capital invested in the farm business whether borrowed or not) is -£9,590, down by 92% compared with the previous year’s figure of -£4,992.

The traditional measure of farm income is Net Farm Income (NFI)<sup>11</sup>. NFI adjusts the business accounts to put all farm business on the same (tenancy) basis. A rental value is imputed for all owner-occupied farms (as a measure of the opportunity cost of owning land, item 12 in Table 3) and adjusted for landlord costs (item 13 in Table 3). In addition, NFI is gross of the unpaid labour of the principal farmer and spouse (though not that of other partners). NFI is, therefore, an expression of the returns earned by the business to pay the farmer and spouse for their own labour, management and tenant’s capital invested in the business. The net result of these adjustments is shown in Table 3, giving an average NFI of £6,005 per farm, down 42% from £10,377 in 2012/13.

In the case of LFA grazing farms there is still a substantial number of tenanted farms. In the EU North Region, where 61% of LFA farms are found, only 42% of the land is owned. The average proportion of land owned on LFA grazing farms over the whole country is 47% compared to a national average of 58% across all farm types. It therefore makes some sense in the case of LFA farms to retain a focus on NFI as opposed to FBI for comparison purposes.

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<sup>11</sup> Following extensive consultation, Defra decided that Farm Business Income is a more appropriate headline measure of farm income, particularly on the grounds that most farms are not rented nowadays, and that there is a number of other business arrangements emerging between landowners and operators. However, this does mean that Farm Business Income may not be strictly comparable between farms with different tenure/ownership arrangements.



#### *4.2 Uplands Transitional Payment and Uplands Entry Level Scheme*

The Hill Farm Allowance (HFA) ended with the 2010 HFA payment in the spring of 2010 (which related to the 2009 farming year). All farmers previously eligible for the HFA were entitled to apply for the Uplands Transitional Payment (UTP) and/or the Uplands Entry Level Scheme (UELS) according to their participation in other agri-environment schemes. These new measures of support are recorded on an “as-received” basis (as are most other agri-environmental payments) rather than on an “as-due” basis which had been the case for the HFA. This does mean that year on year comparisons of both overall income and the agri-environment cost centre’s contribution to farm income must be tempered with the understanding that there may be multiple payments in some years and absent in others – simply due to the timing of these payments.

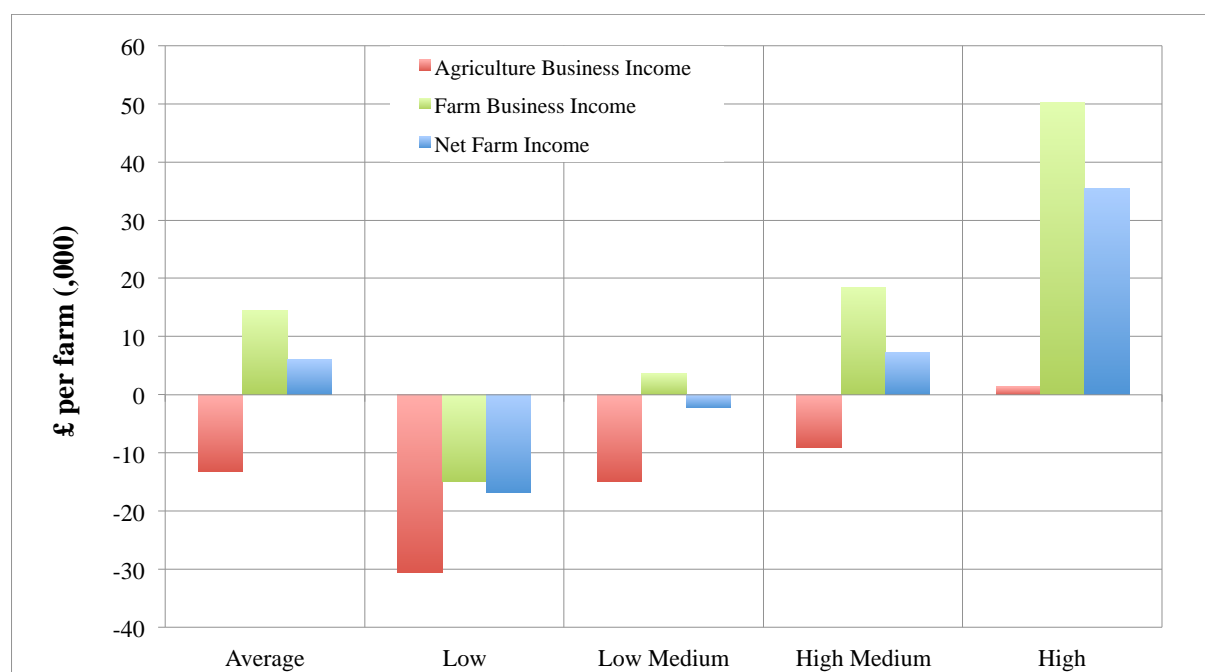


## 5. The LFA Farms' circumstances

There is, as already noted, a substantial range of performance exhibited by the sample. Figure 3 shows the sample distribution by quartile, based on Farm Business Income per farm. The “high” group of farms is the upper quartile of the (weighted) distribution of farms, consisting of the top 25% of farms ranked by FBI/farm, with the other quartiles defined accordingly. Figure 3 also distinguishes between the Agriculture Business Income (ABI) (derived solely from the agricultural enterprises, and excluding environmental, diversification and single farm payments) and the Farm Business Income (which includes environmental, diversification and SPS payments). Hence, the difference between the two measures indicates the contribution of the strictly non-agricultural ‘enterprises’ in the farm business – the environmental schemes, diversification income and SPS payments. As can be seen, only the highest quartile realises a positive ABI, i.e. most LFA farms make losses as far as their agricultural enterprises are concerned. The two medium quartiles manage to offset these losses by the incomes earned through environmental, diversification and Single payment schemes, but not so for the lowest quartile which returns a negative FBI. In general, the better performing farms make greater incomes from their non agricultural farm business activities and receipts.

As we reported in Hill Farming in England, 2006/7 (RBR) current estimates of the social value of landscape management and environmental conservation associated with hill farming in England broadly correspond to the extent of public payments made to these farms for their provision of CARE (Conservation, Amenity, Recreation and Environment). We have no new information to elaborate on this broad correspondence for this report.

**Figure 3. LFA Agriculture and Farm Business Income by FBI/farm quartile**

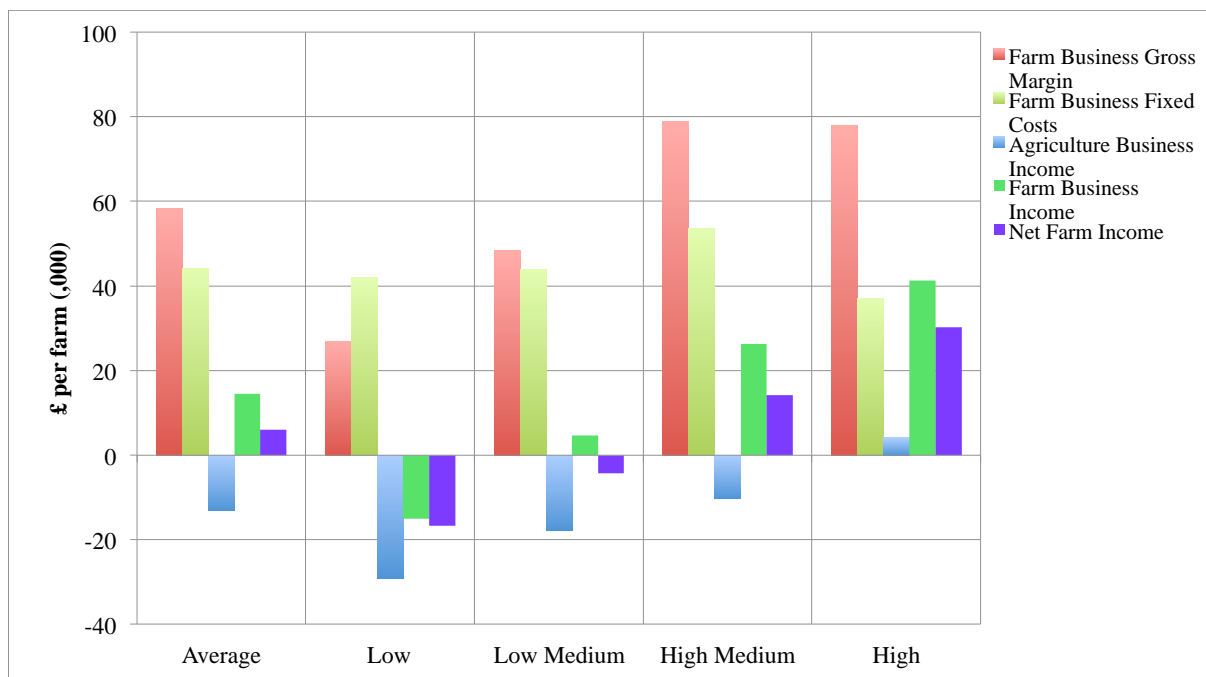


Source: Government Office Reports, 2013/14, [RBR](#).

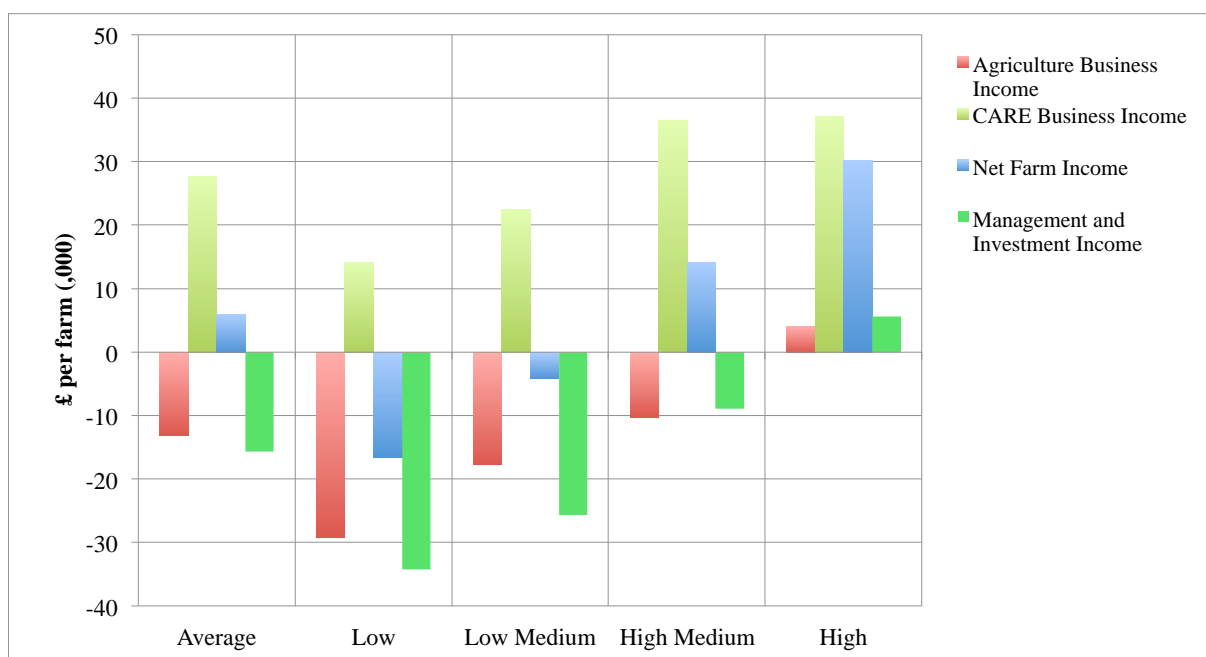
Figure 4 presents similar data on farm business performance by quartile, though here on the basis of Farm Business Income (FBI) per Grazing Livestock Unit (GLU) which removes the effect of farm size on the FBI earnings per farm. The general story remains the same – that

only the top quartile group returns a positive Agriculture Business Income or net margin. In this analysis the CARE Business Income of the lowest quartile is insufficient to offset the ABI losses and this group returns a negative NFI and MII. The ABI improves with the higher performance quartiles – this improvement in performance is seen to be the result of both better gross margins (revenues minus variable costs) and lower fixed costs per GLU exhibited by the better performing farms.

**Figure 4. LFA Farm Business Performance by FBI/GLU quartile**



**Figure 5. LFA Farm Earnings Performance by FBI/GLU quartile**



Again, the viability of these farms depends heavily on the CARE payments (the SPS payments, environmental payments and income from recreation and amenity services) as indicated by the differences between the Agriculture Business Income and the Farm Business Income. This difference is sufficient to generate a positive (though small) average FBI for all groups except the lowest quartile. This conclusion is emphasized in Figure 5, which compares the agricultural and CARE business incomes, and also shows the Management and Investment Income (M&II) per farm. Management and Investment Income deducts a notional payment for the unpaid labour of the occupier and spouse and represents the balance available as a return on invested capital. Only the top quartile manages a positive M&II of £5,637 suggesting that none of these businesses are economically robust in the longer term.

Figure 6, showing the main measures of business performance by main farm type, suggests that the SDA Mixed grazing and Specialist sheep livestock groups appear to be the most profitable at the NFI level despite both having a negative ABI. The specialist beef farms however, not only suffer losses at the ABI level but are also unable to recoup these losses through gains in CARE income in the same way as other farm types are able. The Various grazing livestock (DA) farms have, since 2008, been unable to claim Hill Farm Allowance on the DA area of the LFA, and are now ineligible for either the UTP or the UELS support measures on their DA land, both of which provide a substantial share of the CARE revenue for farms with predominantly SDA land.

**Figure 6. LFA business performance by Main Farm Type**

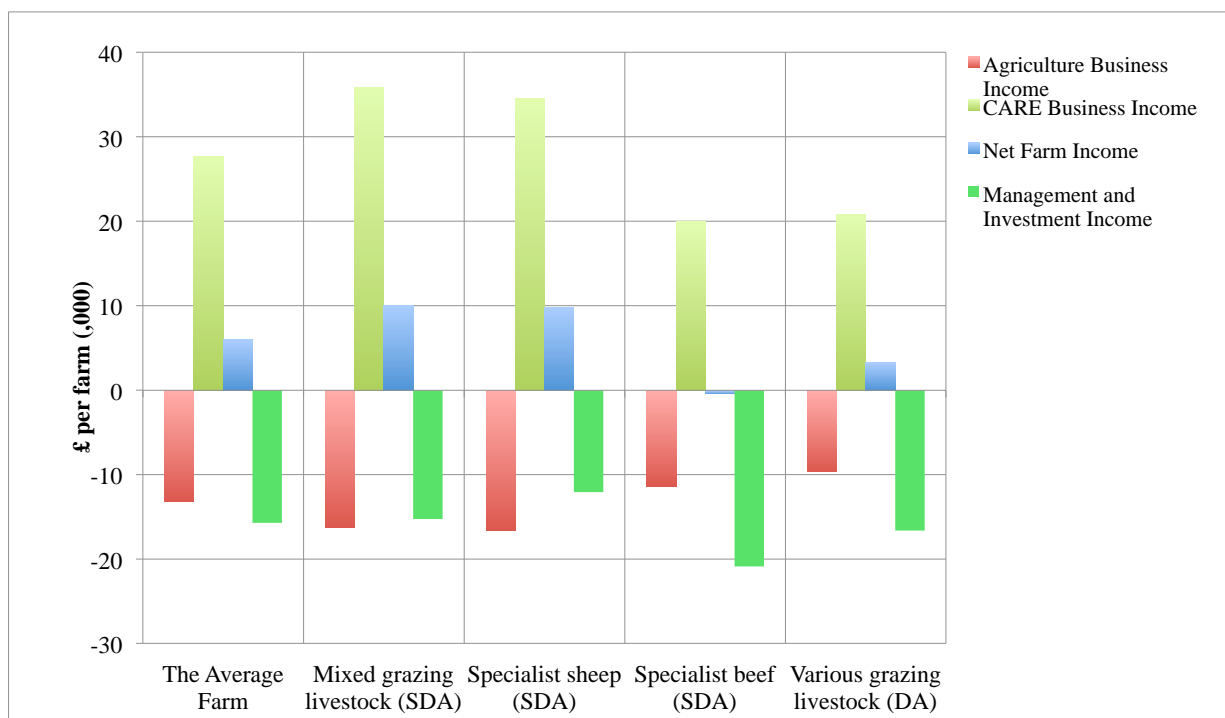
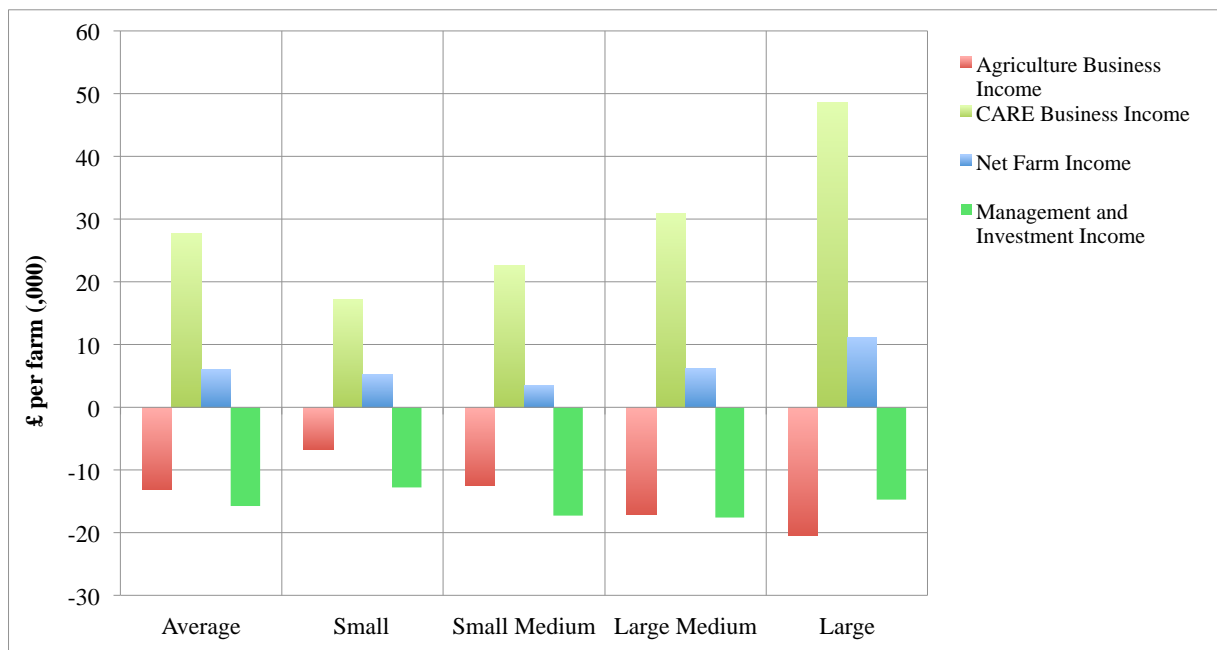


Figure 7 shows the business performance by size, measured here by the Standard Labour Requirement (SLR)<sup>12</sup> and illustrates that size is important to these farms' earning ability, although as previously seen it is the CARE income which rescues all farms from economic failure. The greater losses of ABI in the larger size groups demonstrate that in years of poor performance of the Agriculture cost centre (as in both 2012 and 2013) when farm gross margins are reduced, there are size related fixed costs that still have to be covered. This figure dramatically demonstrates both the importance of CARE income and the weak position of production agriculture to LFA farms.

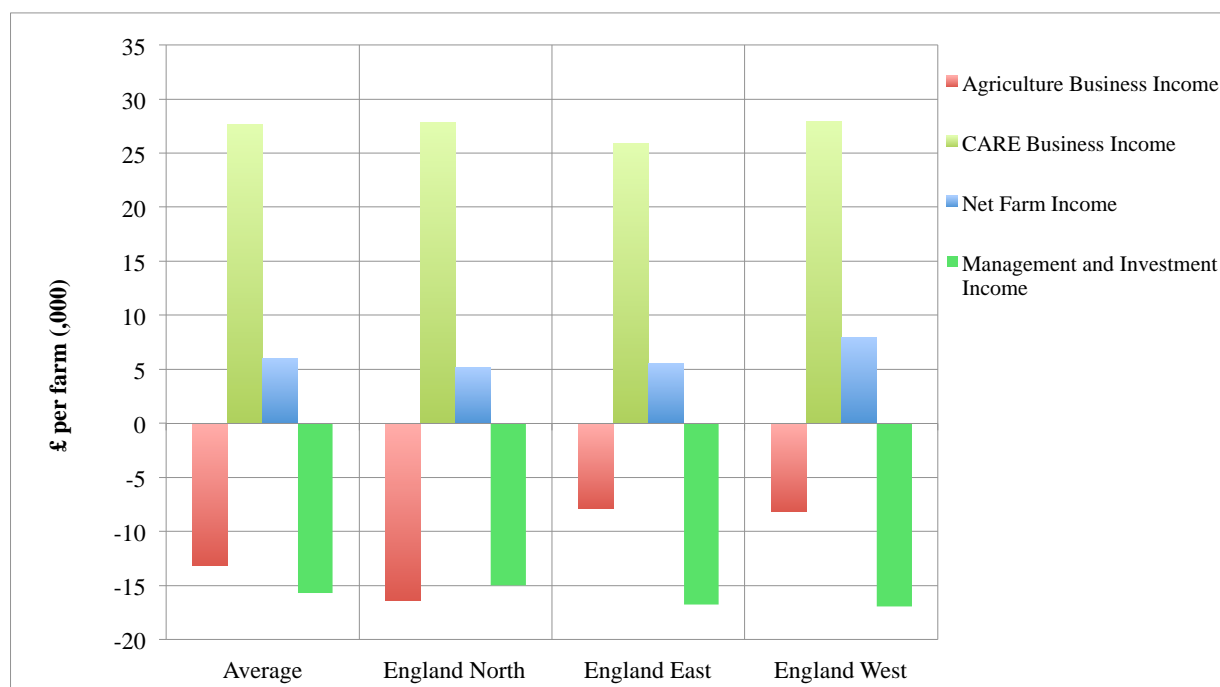
**Figure 7. LFA business performance by size (SLR) quartile**



<sup>12</sup> The Standard Labour Requirement (SLR) for a farm business represents the labour requirement (in full-time equivalents) for all the agricultural activities on the farm, based on standard coefficients for each commodity on the farm. The SLR is representative of labour requirement under typical conditions for enterprises of average size and performance.

Figure 8 shows the same business performance measures by EU region. As above, it is the CARE income which dominates the picture of business performance.

**Figure 8. LFA business performance by EU region**



## Frequency distribution of FBI/GLU

The frequency distributions of FBI/GLU for England as a whole and by EU Region (England North, and England West and England East combined) are shown in figure 9. The small sample size of England East does not allow the presentation of their data alone and for the purposes of comparison have been combined with England West. There appears to be substantial variation between farms according to this particular performance measure. Since the FBI/GLU measure is strongly associated with other measures of farm business performance, this wide variation between farms is also evident for these other measures (FBI/Farm, NFI/Farm etc.).

**Figure 9. Frequency Distribution of FBI/GLU of LFA Farms by EU Region**

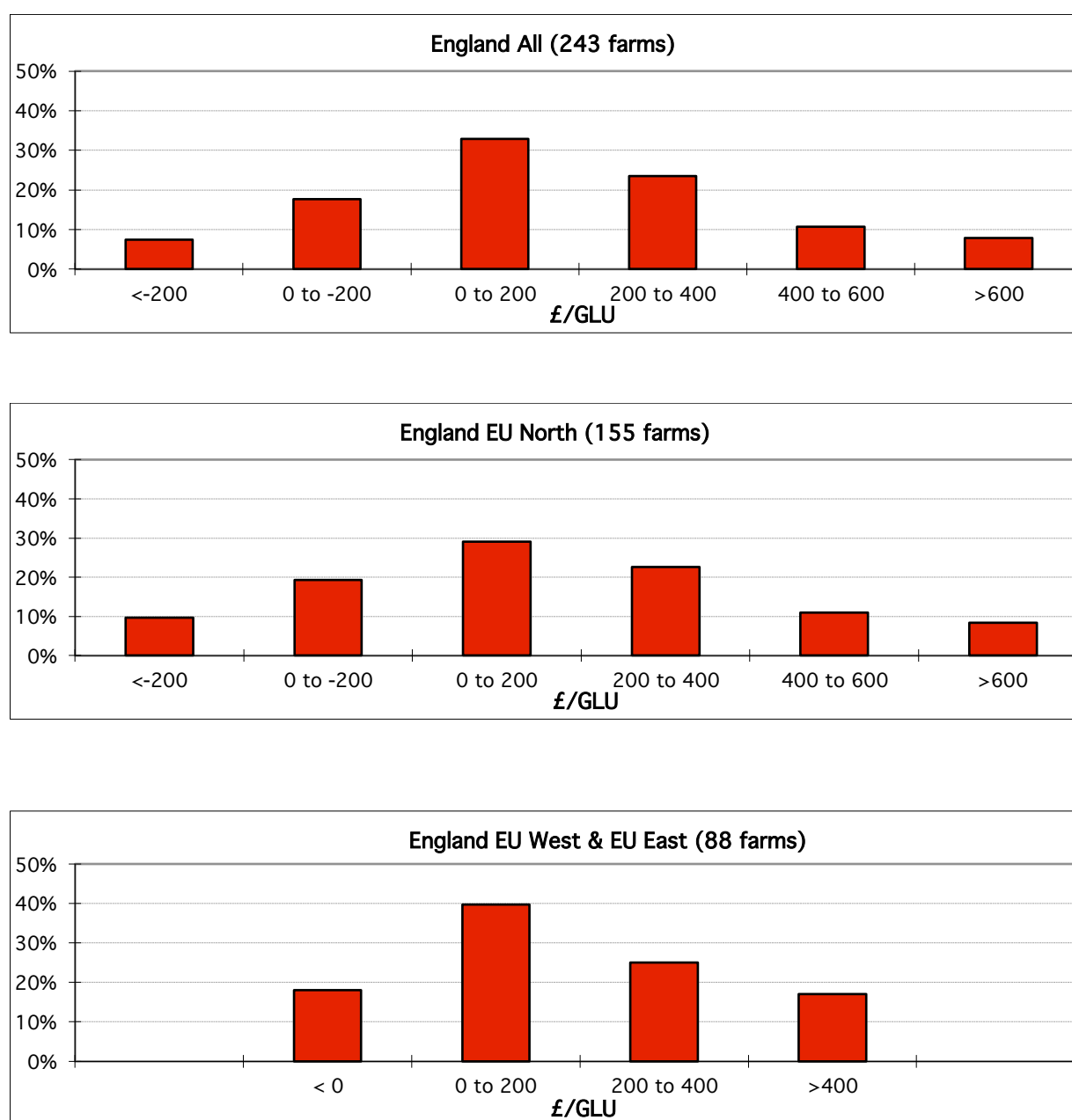
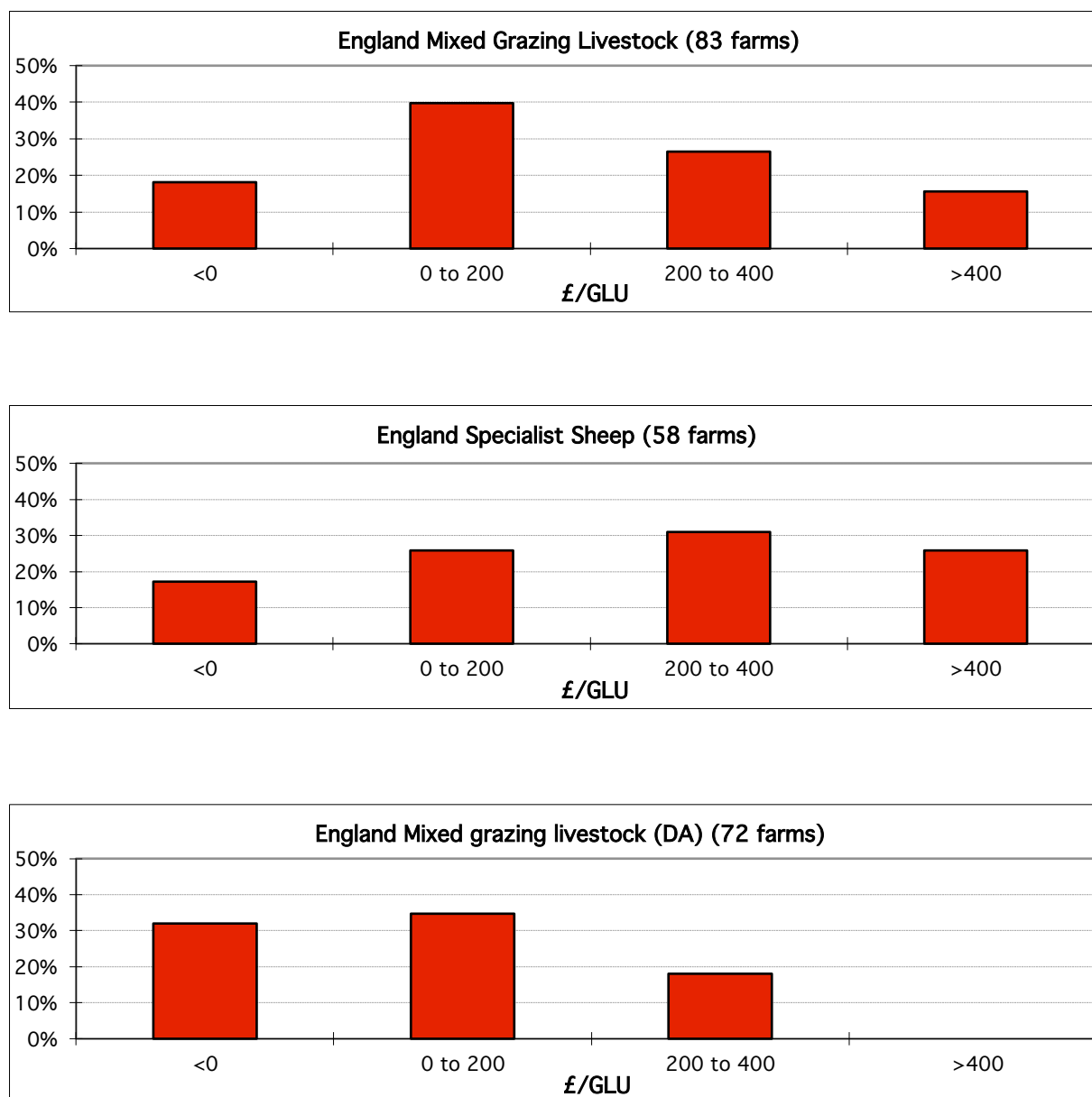




Figure 10 illustrates the variation in performance by Main Farm Type (except Specialist Beef farms where the low sample sizes does not allow this presentation). DA Mixed Grazing farms (which often carry substantial beef herds) appear more likely than Mixed Grazing Livestock or Specialist Sheep farms to exhibit low and negative FBI/GLU returns.

**Figure 10. Frequency Distribution of FBI/GLU of LFA Farms by Main Farm Type**



## 6. LFA Enterprise Gross Margins

The major livestock enterprises on LFA grazing farms are Suckler cows, typically producing store cattle (for finishing in the lowlands) and Hill and Upland sheep flocks, typically producing cross-bred ewe lambs (supplying the lowland flocks with breeding stock) and store lambs (also for finishing in the lowlands). Where conditions allow some cattle and lamb finishing also occurs on LFA farms.

Enterprise margins for Upland sheep are shown in Table 4 with a flock stratification shown in Table 5. Upland sheep flocks are those with lambing rates typically in excess of 100% (FBS Enterprise code 103) and more typically found on lower altitude LFA farms than Hill sheep flocks (lambing rates typically less than 100% FBS Enterprise code 102).

**Table 4. LFA upland sheep flock performance 2012/13 and 2013/14**

	<b>All Upland flocks</b>		Change £/ewe
	<b>2012/13</b>	<b>2013/14</b>	
<i>Number of farms</i>	124	128	
<i>Number of farms (weighted)</i>	2837	3247	
(£ per ewe)			
Enterprise Output (excl. BLSA)	95.5	85.2	-10.2
BLSA	-0.9	0.1	1.0
Total Variable costs	49.7	52.1	2.4
Concentrates	22.6	24.4	1.8
Purchased fodder and keep	2.8	3.6	0.8
Veterinary and medicines	6.9	6.5	-0.4
Other livestock costs	10.0	9.9	-0.1
Forage variable costs	0.3	7.8	7.5
Gross Margin (excl. BLSA) / Ewe	45.8	33.1	-12.7
Gross Margin range	-38 to 191	-99 to 96	
Total Fixed costs	60.4	59.6	-0.7
Total costs	110.0	111.7	1.7
Net Margin (excl. BLSA) / Ewe	-14.5	-26.5	-11.9
Net Margin after F&S labour (excl. BLSA)	-42.6	-56.3	-13.7

**Table 5. LFA upland sheep flock performance by flock size 2013/14**

<b>2013 lamb crop</b>	<b>All flocks</b>	<b>&lt;350 ewes</b>	<b>350-700 ewes</b>	<b>&gt;700 ewes</b>
<i>Number of farms</i>	128	38	53	37
<i>Number of farms (weighted)</i> (£ per ewe)	3247	1357	1315	575
Enterprise Output (excluding BLSA)	85.2	74.4	87.3	88.8
BLSA	0.1	-0.2	0.2	0.1
Total Variable costs, of which:	52.1	46.4	49.8	57.3
Concentrates	24.4	21.3	22.7	27.6
Purchased fodder and keep	3.6	2.9	3.3	4.2
Veterinary and medicines	6.5	5.7	6.6	6.8
Other livestock costs	9.9	9.5	9.8	10.1
Forage variable costs	7.8	7.0	7.3	8.6
Gross Margin (excluding BLSA)	33.1	27.9	37.5	31.5
Total Fixed costs	59.6	64.1	59.4	57.5
Total costs	111.7	110.2	113.1	106.8
Net Margin after F&S labour (excl. BLSA)	-56.3	-74.6	-59.2	-43.9

**Table 6. LFA hill sheep flock performance 2012/13 and 2013/4**

	All Hill flocks		Change £/ewe
	2012/13	2013/14	
<i>Number of farms</i>	64	62	
<i>Number of farms (weighted)</i> (£ per ewe)	1427	1523	
Enterprise Output (excl. BLSA)	66.7	62.7	-4.0
BLSA	1.0	1.2	0.2
Total Variable costs	36.9	42.6	5.7
Concentrates	13.8	17.9	4.1
Purchased fodder and keep	5.5	5.8	0.3
Veterinary and medicines	5.6	5.9	0.4
Other livestock costs	8.1	8.6	0.5
Forage variable costs	3.9	4.3	0.4
Gross Margin (excl. BLSA) / Ewe	29.8	20.1	-9.7
Gross Margin range	-67 to 156	-45 to 104	
Total Fixed costs	53.7	54.8	1.2
Total costs	90.6	97.4	6.8
Net Margin (excl. BLSA) / Ewe	-23.9	-34.7	-10.9
Net Margin after F&S labour (excl. BLSA)	-47.0	-61.5	-14.5

**Table 7. LFA hill sheep flock performance by flock size 2013/14**

<b>2013 lamb crop</b>	<b>All flocks</b>	<b>&lt;350 ewes</b>	<b>350-700 ewes</b>	<b>&gt;700 ewes</b>
<i>Number of farms</i>	62	18	26	18
<i>Number of farms (weighted) (£ per ewe)</i>	1523	641	627	254
Enterprise Output (excluding BLSA)	62.7	78.6	59.5	59.0
BLSA	1.2	7.1	-0.5	0.4
Total Variable costs, of which:	42.6	54.1	41.9	38.0
Concentrates	17.9	26.3	17.2	14.9
Purchased fodder and keep	5.8	3.4	7.0	5.5
Veterinary and medicines	5.9	7.3	5.9	5.3
Other livestock costs	8.6	11.4	7.8	8.3
Forage variable costs	4.3	5.7	4.0	4.0
Gross Margin (excluding BLSA)	20.1	24.6	17.6	21.0
Total Fixed costs	54.8	76.3	49.0	51.9
Total costs	97.4	130.4	90.9	89.9
Net Margin (excl. BLSA) / Ewe	-34.7	-51.7	-31.4	-30.9
Net Margin after F&S labour (excl. BLSA)	-61.5	-109.7	-58.5	-43.0

Tables 4 to 7 show that Sheep farming on its own in the English LFA by whatever measure is unable to fully cover all enterprise costs. There are also very clear economies of scale. This has major implications for the UK Sheep industry as a whole and the critical role that non-agricultural income streams play on LFA farms.

A major output from the FBS survey is the provision of benchmark costs for participating farmers, it is therefore useful to comment briefly on the comparison between the results of this survey and those from the major alternative, provided by EBLEX (formerly part of the Meat & Livestock Commission). EBLEX publish their general cost estimates for various enterprises at the aggregate level only and the following estimates are taken from the EBLEX website (<http://www.eblex.org.uk/returns/stocktake-2014>). We note that the FBS data comes from a stratified random sample, whereas the EBLEX data are compiled from a self-selected sample of Livestock Farmers participating with EBLEX. Since the FBS sample is statistically representative of the total commercial LFA farm population, we might expect the EBLEX participants to show somewhat better performance than the statistical (FBS) average. Our comparison illustrates this expectation.

While the comparisons are closer at the gross margin level, where the two methodologies used in preparing the accounts are very similar, there is a greater difference at the net margin level. Allocating fixed (overhead) costs to specific enterprises is not straightforward, especially (as in the case of the FBS data) when efforts are also made to segregate the accounts according to the agriculture and CARE elements of the business (which EBLEX do not attempt). While RBR, in conjunction with Defra, are continually trying to improve this allocation, it is not surprising that our estimates of net margins differ more markedly from the EBLEX results at this level. Notwithstanding these differences, both accounts make it clear that LFA farms generally do not make money from their agricultural business, but have to rely on other sources of income (including CARE payments and the SPS) to survive.

**Table 8. EBLEX Stocktake 2014: LFA breeding sheep**

<b>LFA Breeding Sheep</b>	<b>2012/13</b>	<b>2013/14</b>	<b>Change</b>
	£/head	£/head	£/head
Sales	99.7	97.6	-2.1
Replacement costs	16.4	19.0	2.6
Feed costs	19.5	18.6	-0.9
Variable costs (excl. replacement cost)	29.8	30.0	0.2
Gross Margin	53.5	48.6	-4.9
Fixed Costs	69.3	62.2	-7.1
Total Costs	115.5	111.2	-4.3
Net Margin (inc. imputed costs)	-15.8	-13.7	2.1

*Note: imputed costs: unpaid family labour (including Farmer and Spouse) and imputed rent on owned land*

LFA Suckler cow results, for 2012/13 and 2013/14, are shown in Table 9 with a herd size stratification shown in Table 10. Tables 9 and 10 demonstrate that Beef farming in the English LFA is unable to cover all enterprise costs, and that this must have major implications for the UK Beef supply industry.

**Table 9. LFA suckler herd performance 2012/13 and 2013/14**

	<b>All herds</b>		<b>change</b>
	<b>2012/13</b>	<b>2013/14</b>	£/cow
<i>Number of farms</i>	175	170	
<i>Number of farms (weighted)</i>	3,884	4,060	
(£ per cow)			
Enterprise Output (excl. BLSA)	381	411	30
BLSA	51	20	-31
Total Variable costs	194	214	20
Concentrates	45	49	4
Purchased fodder and keep	18	29	11
Veterinary and medicines	21	25	4
Other livestock costs	57	57	0
Forage variable costs	53	54	2
Gross Margin (excl. BLSA) / Cow	187	196	9
Gross Margin range	-911 to 2198	-1055 to 1143	
Total Fixed costs	351	396	46
Total costs	544	610	66
Enterprise Net Margin (excl. BLSA)	-163	-200	-37
Enterprise Net Margin after F&S labour (excl. BLSA)	-298	-377	-79

**Table 10. LFA suckler herd performance by herd size 2013/14**

<b>2013/14 calving period</b>	<b>All herds</b>	<b>&lt;30 cows</b>	<b>30-60 cows</b>	<b>&gt;60 cows</b>
<i>Number of farms</i>	170	53	71	46
<i>Number of farms (weighted) (£ per cow)</i>	4,060	1,948	1,541	571
Enterprise Output (excl. BLSA)	411	400	407	422
BLSA	20	19	19	20
Total Variable costs, of which:	214	252	194	215
Concentrates	49	60	39	54
Purchased fodder and keep	29	48	23	24
Veterinary and medicines	25	32	22	25
Other livestock costs	57	63	56	54
Forage variable costs	54	48	54	58
Gross Margin (excl. BLSA) / Cow	196	148	213	207
Total Fixed costs	396	423	408	364
Total costs	610	675	602	579
Enterprise Net Margin (excl. BLSA)	-200	-275	-195	-157
Enterprise Net Margin after F&S labour (excl. BLSA)	-377	-541	-395	-248

As for the Sheep figures and as might be expected due to the sample differences, see above, the EBLEX sample returns higher Gross and Net Margins than the FBS sample.

**Table 11. EBLEX Stocktake 2014: Upland suckler herd**

<b>Upland Suckler Herd</b>	<b>2012/13</b>	<b>2013/14</b>	<b>Change</b>
	<b>£/cow</b>	<b>£/cow</b>	<b>£/cow</b>
Sales	580	547	-33
Replacement costs	68	78	10
Feed costs	127	124	-3
Variable costs (excl. replacement cost)	209	203	-6
Gross Margin	303	266	-37
Fixed Costs	485	476	-9
Total Costs	762	757	-5
Net Margin (inc. imputed costs)	-182	-210	-28

A further more detailed analysis of LFA enterprise Gross margins and efficiency factors is presented in Appendix 9 for all LFA enterprises with a sample size greater than 10 farms. The premium group is calculated as the top third of the sample on the basis of Gross Margin per cow or ewe, or in the trading livestock enterprises, the top third by Gross Margin per adjusted hectare.

## 7. Organic LFA farms

The current sample of 243 English LFA grazing farms includes 23 fully organic farms. Within this there are 15 organic suckler herds, 13 organic upland flocks and 5 organic hill flocks.

Table 12 compares suckler herd performance to the gross margin (GM) and net margin (NM) level across organic and non-organic farms. The non-organic suckler herd output is £19/cow more than the organic output but due to higher variable costs (particularly forage costs) the gross margin is £36/cow below the organic average. As can be seen from the spread of GMs there is considerable variation across farms. Organic fixed costs are £33/cow higher than the non-organics so that at the net margin level (excepting farmer and spouse labour) the non-organic farms have a £3/cow advantage. After allowing for the farmer and spouse labour the final net margins are -£379/cow and -£312/cow for non-organic and organic respectively. The stocking rate for the organic farms, of 0.72 GLU/total adjusted area (including commons and all land rented in) is 13% less than that of the non-organics.

**Table 12. LFA suckler herd performance Non-organic and Organic (£/cow)**

2013-14	All Suckler herds	
	Non-organic	Organic
Number of farms	155	15
Number of farms (weighted)	3960	99
(£ per cow)		
Enterprise Output (excluding BLSA)	411	392
BLSA	20	10
Total Variable costs	216	161
Concentrates	49	32
Purchased fodder and keep	29	13
Veterinary and medicines	25	25
Other livestock costs	57	67
Forage costs	55	24
Gross Margin (excluding BLSA)	195	231
Gross Margin range	-1055 to 1143	46 to 426
Total Fixed costs	395	428
Total costs	611	589
Enterprise Net Margin (excluding BLSA)	-200	-197
Enterprise Net Margin after F&S labour (excl BLSA)	-379	-312
Stocking rate (GLUs/total adj ha)	0.81	0.72

Table 13 compares organic and non-organic Upland LFA flocks to the GM and NM level. Organic enterprise output is £14/ewe higher than non-organic output at £99/ewe. Variable costs per ewe are £8/head lower for the organics resulting in a gross margin of £55/ewe for organic flocks and £33/ewe for the non-organic flocks. Fixed costs are £78/ewe for organic flocks and £59/ewe for non-organics – this results in net margins (after farmer and spouse labour) of -£38/ewe and -£57/ewe for organic and non-organic flocks respectively.

**Table 13. LFA upland flock performance Non-organic and Organic**

2013 lamb crop	All LFA flocks	
	Non-organic	Organic
Number of farms	115	13
Number of farms (weighted)	3179	68
(£ per ewe)		
Enterprise Output (excluding BLSA)	85	99
BLSA	0	0
Total Variable costs	52	44
Concentrates	24	21
Purchased fodder and keep	4	3
Veterinary and medicines	6	8
Other livestock costs	10	10
Forage costs	8	2
Gross Margin (excluding BLSA) / Ewe	33	55
Gross Margin range	-99 to 96	9 to 90
Total Fixed costs	59	78
Total costs	111	123
Enterprise Net Margin (excluding BLSA)	-27	-24
Enterprise Net Margin after F&S labour (excl BLSA)	-57	-38
Stocking rate (GLUs/total adj ha)	0.74	0.72
Lambing rate (born and reared/average no. ewes)	1.29	1.33

Table 14 compares whole farm profitability across all four cost centres between the 23 fully organic farms and the 220 non-organics in the sample. This table shows that the overall difference in profit favours the organic farms by about £20,000 in Farm Business Income and about £24,000 in Farm Corporate Income and Farm Investment Income. This greater profitability is down to the higher profitability of the Agri-environmental cost centre (by about £13,000) and the Single Farm payment cost centre (by about £10,000) and despite the organic Agriculture cost centre faring worse than the non-organics by about £9,000. Organic farms also earn about £1,500 less from Diversification activities than the non-organic LFA farms. Table 15 compares the Organic sample with the Non-organic sample through a series of land use, stocking, outputs and variable costs and indicates that in the main the Organic sample is somewhat larger than the Non-organic sample. Further comment on Organic farms may be found in a sister publication – see Appendix 10.



Table 14. Farm Income measures by cost centre, Organic vs. Non-organic  
2013 lamb year

Derivation of farm income measures	Cost Centre (£ per farm)									
	Agriculture		Agri-environment and other payments		Diversification out of agriculture		Single Payment Scheme		Farm Business Income	
	Non-organic	Organic	Non-organic	Organic	Non-organic	Organic	Non-organic	Organic	Non-organic	Organic
% contribution of centre revenue to total:	65%	57%	11%	18%	4%	1%	19%	24%		
<b>Total output (Revenue)</b>	<b>63,611</b>	<b>91,021</b>	<b>11,013</b>	<b>28,705</b>	<b>3,793</b>	<b>2,254</b>	<b>18,905</b>	<b>38,686</b>	<b>97,322</b>	<b>160,666</b>
Variable costs	39,926	51,025	66	1,483	106	319	2	10	40,099	52,838
<b>Total Gross margin</b>	<b>23,685</b>	<b>39,996</b>	<b>10,948</b>	<b>27,222</b>	<b>3,687</b>	<b>1,935</b>	<b>18,903</b>	<b>38,676</b>	<b>57,224</b>	<b>107,828</b>
Fixed costs	37,073	62,053	2,141	5,574	1,674	1,433	2,671	4,903	43,559	73,963
<b>Total Costs</b>	<b>76,999</b>	<b>113,078</b>	<b>2,206</b>	<b>7,057</b>	<b>1,780</b>	<b>1,752</b>	<b>2,673</b>	<b>4,913</b>	<b>83,658</b>	<b>126,800</b>
Profit/(loss) on sale of fixed assets	403	425							403	425
<b>Farm Business Income</b>	<b>-12,985</b>	<b>-21,632</b>	<b>8,807</b>	<b>21,648</b>	<b>2,013</b>	<b>502</b>	<b>16,233</b>	<b>33,772</b>	<b>14,068</b>	<b>34,291</b>
Adjustment for unpaid manual labour	24,433	20,994	551	826	1,161	156	0	0	26,145	21,976
<b>Farm Corporate Income</b>	<b>-37,418</b>	<b>-42,626</b>	<b>8,256</b>	<b>20,822</b>	<b>852</b>	<b>346</b>	<b>16,233</b>	<b>33,772</b>	<b>-12,077</b>	<b>12,314</b>
Interest payments (net of interest received)	1,788	2,210	70	43	58	24	63	71	1,978	2,347
<b>Farm Investment Income</b>	<b>-35,630</b>	<b>-40,416</b>	<b>8,326</b>	<b>20,864</b>	<b>910</b>	<b>370</b>	<b>16,295</b>	<b>33,843</b>	<b>-10,099</b>	<b>14,662</b>
% contribution of centre total costs to total:	92%	89%	3%	6%	2%	1%	2%	4%		
<div> <div>Imputed rent</div> <div>Ownership charges</div> <div>Director's remuneration</div> <div>Unpaid labour of principal farmer and spouse</div> </div>										
<b>Net Farm Income</b>										
Holding gains not included in farm income										
Breeding Livestock Appreciation (BLSA)										
Revaluation of machinery, permanent crops, glasshouse, quota										
Revaluation of land										
<b>Management and Investment Income</b>										
<b>Non-organic Sample size (unweighted)</b>	<b>220</b>								<b>41,317</b>	<b>62,773</b>
<b>Number (weighted)</b>	<b>6,692</b>								<b>592</b>	<b>973</b>
<b>Organic Sample size (unweighted)</b>	<b>23</b>								<b>1,459</b>	<b>1,745</b>
<b>Number (weighted)</b>	<b>140</b>								<b>39,266</b>	<b>60,055</b>
									<b>-16,210</b>	<b>9,421</b>

**Table 15 Land use, Stocking, Outputs & Variable costs - Organic vs Non-organic**

<b>Land Use &amp; Stocking</b>	The Average LFA Farm	
	Non-organic	Organic
Number (unweighted)	243	23
Number (weighted)	6,832	140
Total Area (includes woodland and roads etc) (ha)	147.2	318.4
Area Farmed (ha)	146.6	323.1
Net Land Hired In (ha)	3.2	16.1
<b>Utilised Agricultural Area (ha)</b>	143.4	307.0
<i>Of which Total main products and set-aside (ha)</i>	1.5	6.5
Grass, fodder crops and rough grazing (ha)	141.9	300.5
Of which rough grazing (unadjusted) (ha)	54.0	179.9
Adjusted rough grazing (sole occupation)	17.1	39.6
Adjusted rough grazing (shared)	4.6	2.4
Total Adjusted Utilised Agriculture Area (ha)	106.5	166.7
Area owner occupied (ha)	69.3	102.6
Area tenanted (ha)	77.9	215.8
Average age of farmer (years)	57	56
Agricultural labour units (ALU)	1.5	1.9
Standard Output size units (2010SO)	79,331	110,878
Standard Output size group (2010SO)	6.9	7.3
<u>Land Use</u>		
Tempory Grassland Area (ha)	5.5	18.6
Permanent Grassland Area (ha)	84.9	114.7
<u>Stocking</u>		
Total Beef cows	26	45
Total Cattle	82	130
Ewes (LFA and lowland)	363	420
Total Sheep	694	930
<u>Livestock Units</u>		
Total Cattle LU	48	79
Total Sheep LU	38	49
Grazing LU (cattle, sheep, horses and others)	86	129
<b>Outputs &amp; Variable Costs</b>		
Output from agriculture	64,174	91,021
of which: Livestock Enterprise Output	58,158	81,150
of which: Cattle Enterprise Output	28,992	44,633
Sheep Enterprise Output	28,956	36,449
Crop Enterprise Output	3,013	7,495
of which: Main Crops	1,346	5,716
Forage & by-products	1,665	1,800
<u>Variable Costs</u>		
Agriculture Variable Costs	40,154	51,025
Agriculture Crop Costs	5,994	6,268
of which: Seed	440	2,493
Fertilizer	4,712	2,507
Crop Protection	322	336
Other Crop Costs	520	932
Agriculture Livestock Costs	29,485	32,322
of which: Purchased Fodder Feed	17,456	14,587
Home Produced Fodder	982	1,993
Veterinary and medicines	3,576	5,439
Other Livestock Costs	7,470	10,304
Agriculture Contract Costs	3,055	9,203
Agriculture Casual Labour	1,541	3,228

**References:**

Hill Farming in England, 2006/7, RBR

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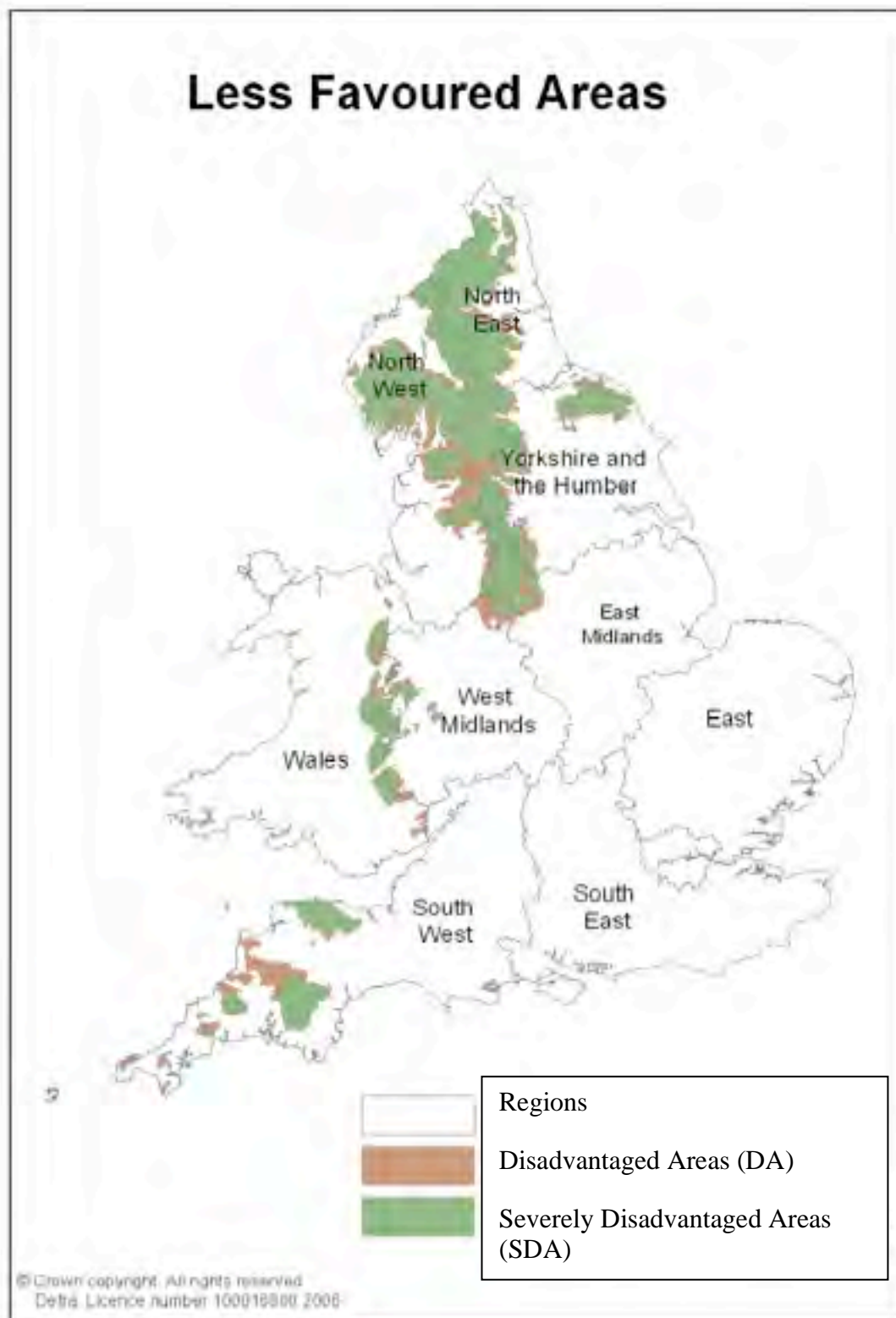
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**Appendix 1. Map of the LFA, England**

Source: Defra.

## Appendix 2. Analysis of English Grazing Livestock Farms in the LFA- by Farm Type

Table 16: Farm Income measures by Cost Centre - Mixed grazing livestock (SDA)

	Cost Centre (£ per farm)				Farm Business (£ per farm) 2013/14
	Agriculture 2013/14	Agri-environment and other payments 2013/14	Diversification out of agriculture 2013/14	Single Payment Scheme 2013/14	
Derivation of farm income measures:					
Total output	91,086	16,873	4,259	23,565	135,783
Variable costs	56,760	103	290	2	57,156
<b>Total Gross margin</b>	<b>34,326</b>	<b>16,770</b>	<b>3,969</b>	<b>23,563</b>	<b>78,628</b>
Fixed costs	51,306	2,731	2,606	3,144	59,787
<b>Total Costs</b>	<b>108,066</b>	<b>2,834</b>	<b>2,896</b>	<b>3,146</b>	<b>116,943</b>
Profit/(loss) on sale of fixed assets	783				783
<b>Farm Business Income</b>	<b>-16,197</b>	<b>14,038</b>	<b>1,363</b>	<b>20,419</b>	<b>19,623</b>
Adjustment for unpaid manual labour	28,142	668	1,831	0	30,641
<b>Farm Corporate Income</b>	<b>-44,339</b>	<b>13,370</b>	<b>-468</b>	<b>20,419</b>	<b>-11,018</b>
Interest payments (net of interest received)	2,347	94	82	66	2,589
<b>Farm Investment Income</b>	<b>-41,992</b>	<b>13,465</b>	<b>-387</b>	<b>20,485</b>	<b>-8,429</b>
Derivation of Net Farm Income					
				Imputed rent	11,104
				Ownership charges	4,219
				Director's remuneration	11
				Unpaid labour of principal farmer and spouse	25,331
				<b>Net Farm Income</b>	<b>10,028</b>
				Holding gains not included in farm income	47,210
				Breeding Livestock Appreciation (BLSA)	1,306
				Revaluation of machinery, permanent crops, glasshouse, quota	2,017
				Revaluation of land	43,888
				<b>Management and Investment Income</b>	<b>-15,244</b>
The average farm	83				
Number (unweighted)					
Number (weighted)	547				

Table 17: Farm Income measures by Cost Centre - Specialist beef (SDA)

	Cost Centre (£ per farm)				Farm Business (£ per farm) 2013/14
	Agriculture 2013/14	Agri-environment and other payments 2013/14	Diversification out of agriculture 2013/14	Single Payment Scheme 2013/14	
Derivation of farm income measures:					
Total output	55,639	7,610	2,126	15,411	80,786
Variable costs	30,125	7	101	5	30,238
<b>Total Gross margin</b>	<b>25,514</b>	<b>7,603</b>	<b>2,024</b>	<b>15,406</b>	<b>50,548</b>
Fixed costs	37,609	1,749	958	2,386	42,702
<b>Total Costs</b>	<b>67,735</b>	<b>1,756</b>	<b>1,060</b>	<b>2,391</b>	<b>72,940</b>
Profit/(loss) on sale of fixed assets	720				720
<b>Farm Business Income</b>	<b>-11,375</b>	<b>5,854</b>	<b>1,066</b>	<b>13,020</b>	<b>8,566</b>
Adjustment for unpaid manual labour	24,159	486	1,592	0	26,237
<b>Farm Corporate Income</b>	<b>-35,533</b>	<b>5,368</b>	<b>-526</b>	<b>13,020</b>	<b>-17,671</b>
Interest payments (net of interest received)	2,061	54	19	71	2,204
<b>Farm Investment Income</b>	<b>-33,472</b>	<b>5,422</b>	<b>-507</b>	<b>13,091</b>	<b>-15,467</b>
Derivation of Net Farm Income					
				Imputed rent	8,519
				Ownership charges	2,942
				Director's remuneration	205
				Unpaid labour of principal farmer and spouse	20,410
				<b>Net Farm Income</b>	<b>-429</b>
				Holding gains not included in farm income	54,763
				Breeding Livestock Appreciation (BLSA)	860
				Revaluation of machinery, permanent crops, glasshouse, quota	1,888
				Revaluation of land	52,015
				<b>Management and Investment Income</b>	<b>-20,839</b>
The average farm	30				
Number (unweighted)	921				
Number (weighted)					

Table 18: Farm Income measures by Cost Centre - Specialist sheep (SDA)

	Cost Centre (£ per farm)				Farm Business (£ per farm) 2013/14
	Agriculture 2013/14	Agri-environment and other payments 2013/14	Diversification out of agriculture 2013/14	Single Payment Scheme 2013/14	
Derivation of farm income measures:					
Total output	53,742	17,893	3,394	22,047	97,074
Variable costs	38,840	220	45	2	39,106
<b>Total Gross margin</b>	<b>14,902</b>	<b>17,673</b>	<b>3,349</b>	<b>22,045</b>	<b>57,968</b>
Fixed costs	31,715	3,943	1,395	3,200	40,253
<b>Total Costs</b>	<b>70,555</b>	<b>4,162</b>	<b>1,440</b>	<b>3,202</b>	<b>79,359</b>
Profit/(loss) on sale of fixed assets	226				226
<b>Farm Business Income</b>	<b>-16,587</b>	<b>13,730</b>	<b>1,954</b>	<b>18,845</b>	<b>17,942</b>
Adjustment for unpaid manual labour	23,885	954	685	0	25,524
<b>Farm Corporate Income</b>	<b>-40,472</b>	<b>12,776</b>	<b>1,269</b>	<b>18,845</b>	<b>-7,582</b>
Interest payments (net of interest received)	1,630	141	21	86	1,877
<b>Farm Investment Income</b>	<b>-38,842</b>	<b>12,916</b>	<b>1,290</b>	<b>18,930</b>	<b>-5,705</b>
Derivation of Net Farm Income					
				Imputed rent	8,587
				Ownership charges	2,244
				Director's remuneration	17
				Unpaid labour of principal farmer and spouse	21,846
				<b>Net Farm Income</b>	<b>9,815</b>
				Holding gains not included in farm income	31,275
				Breeding Livestock Appreciation (BLSA)	488
				Revaluation of machinery, permananet crops, glasshouse, quota	1,249
				Revaluation of land	29,538
				<b>Management and Investment Income</b>	<b>-12,028</b>
The average farm	58				
Number (unweighted)	1,761				
Number (weighted)					

Table 19: Farm Income measures by Cost Centre - Various grazing livestock (DA)

	Cost Centre (£ per farm)				Farm Business (£ per farm) 2013/14
	Agriculture 2013/14	Agri-environment and other payments 2013/14	Diversification out of agriculture 2013/14	Single Payment Scheme 2013/14	
Derivation of farm income measures:					
Total output	58,254	5,035	4,293	16,313	83,894
Variable costs	34,719	36	50	2	34,807
<b>Total Gross margin</b>	<b>23,535</b>	<b>4,999</b>	<b>4,243</b>	<b>16,311</b>	<b>49,087</b>
Fixed costs	33,395	895	1,549	2,252	38,091
<b>Total Costs</b>	<b>68,114</b>	<b>931</b>	<b>1,599</b>	<b>2,254</b>	<b>72,899</b>
Profit/(loss) on sale of fixed assets	186				186
<b>Farm Business Income</b>	<b>-9,674</b>	<b>4,104</b>	<b>2,693</b>	<b>14,059</b>	<b>11,182</b>
Adjustment for unpaid manual labour	22,511	246	877	0	23,635
<b>Farm Corporate Income</b>	<b>-32,185</b>	<b>3,858</b>	<b>1,816</b>	<b>14,059</b>	<b>-12,453</b>
Interest payments (net of interest received)	1,488	11	80	43	1,622
<b>Farm Investment Income</b>	<b>-30,697</b>	<b>3,869</b>	<b>1,896</b>	<b>14,101</b>	<b>-10,830</b>
Derivation of Net Farm Income					
				Imputed rent	8,486
				Ownership charges	2,252
				Director's remuneration	452
				Unpaid labour of principal farmer and spouse	19,925
				<b>Net Farm Income</b>	<b>3,312</b>
				Holding gains not included in farm income	41,008
				Breeding Livestock Appreciation (BLSA)	164
				Revaluation of machinery, permananet crops, glasshouse, quota	1,133
				Revaluation of land	39,712
				<b>Management and Investment Income</b>	<b>-16,594</b>
The average farm	72				
Number (unweighted)	2,603				
Number (weighted)					



**Table 20. Output, Variable Costs and Farm Gross Margins by Cost Centre by farm type**

2013/14	The average LFA farm	Mixed grazing livestock (SDA)	Specialist sheep (SDA)	Specialist beef (SDA)	Various grazing livestock (DA)
Number of farms in the group	243	83	58	30	72
Number (weighted)	6,832	1,547	1,761	921	2,603
Utilisable Agricultural Area (UAA) (ha)	143	196	198	102	90
Average adjusted UAA (ha)	107	139	122	80	86
Average adjusted sole grazing (ha)	17	27	37	8	1
Average herd size	27	42	11	42	23
Average flock size	363	475	611	95	224
Output					
<u>Farm Output</u>	98,952	136,529	97,143	81,164	84,134
Farm Business Output	98,623	135,783	97,074	80,786	83,894
of which: Output from agriculture	64,174	91,086	53,742	55,639	58,254
Agri environment payment	11,377	16,873	17,893	7,610	5,035
Diversified output	3,761	4,259	3,394	2,126	4,293
Single Farm Payment	19,312	23,565	22,047	15,411	16,313
Livestock Enterprise Output	58,158	86,394	52,121	44,402	50,325
of which: Cattle Enterprise Output	28,992	45,408	7,521	36,480	31,111
(incl. Livestock disease compensation)	170	350	65	63	171
Sheep Enterprise Output	28,956	40,197	44,526	7,814	19,220
Poultry Enterprise Output	36	99	51	0	0
Pigs Enterprise Output	25	17	23	108	0
Other Livestock Enterprise Output	150	672	0	0	-6
Crop Enterprise Output	3,013	1,833	382	3,426	5,348
of which: Crop Subsidies	0	0	0	0	0
Main Crops	1,346	1,153	127	1,270	2,311
Forage & by-products	1,665	620	173	2,042	3,164
Cultivations output	2	61	82	114	-127
Non agriculture, no other category output	3,011	2,859	1,239	7,811	2,603
Disposal Previous Crops	-9	0	0	0	-22
Farm Business Output	98,623	135,783	97,074	80,786	83,894
Variable Costs					
Farm Business Variable costs	40,361	57,156	39,106	30,238	34,807
of which: Agriculture Variable Costs	40,154	56,760	38,840	30,125	34,719
Agri environment Variable Costs	95	103	220	7	36
Diversified income Variable Costs	110	290	45	101	50
SPS Variable Costs	2	2	2	5	2
Agriculture Crop Costs	5,994	7,872	4,147	5,188	6,413
of which: Seed	440	524	143	389	609
Fertilizer	4,712	6,311	3,597	3,813	4,833
Crop Protection	322	375	174	322	391
Other Crop Costs	520	661	233	664	580
Agriculture Livestock Costs	29,485	42,979	30,572	21,294	23,626
of which: Purchased Fodder Feed	17,456	26,216	19,318	11,529	13,087
Home Produced Fodder Feed	982	1,253	61	1,103	1,402
Veterinary and medicines	3,576	4,919	4,325	2,302	2,723
Other Livestock Costs	7,470	10,591	6,867	6,359	6,415
Agriculture Contract Costs	3,055	4,060	2,030	2,714	3,272
Agriculture Casual Labour	1,541	1,721	2,068	619	1,403
Agriculture, no other category Variable Costs	79	129	22	310	5
Farm Business Gross Margin	58,263	78,628	57,968	50,548	49,087
Agriculture Gross Margin	24,020	34,326	14,902	25,514	23,535
Agri Environment Gross Margin	11,282	16,770	17,673	7,603	4,999
Diversified Gross Margin	3,651	3,969	3,349	2,024	4,243
SPS Gross Margin	19,309	23,563	22,045	15,406	16,311

**Table 21. Fixed Costs and Farm Income calculations by farm type**

	The Average LFA Farm	Mixed grazing livestock (SDA)	Specialist sheep (SDA)	Specialist beef (SDA)	Various grazing livestock (DA)
2013/14					
Number (unweighted)	243	83	58	30	72
Number (weighted)	6,832	1,547	1,761	921	2,603
Utilisable Agricultural Land (UAA) (ha)	143	196	198	102	90
Average adjusted UAA (ha)	107	139	122	80	86
Average adjusted sole grazing (ha)	17	27	37	8	1
Average herd size	27	42	11	42	23
Average flock size	363	475	611	95	224
<u>Gross Margin</u>					
Farm Business Gross Margin	58,263	78,628	57,968	50,548	49,087
Agriculture Gross Margin	24,020	34,326	14,902	25,514	23,535
Agri Environment Gross Margin	11,282	16,770	17,673	7,603	4,999
Diversified Income Gross Margin	3,651	3,969	3,349	2,024	4,243
SPS Gross Margin	19,309	23,563	22,045	15,406	16,311
<u>Fixed Costs</u>					
Farm Business Fixed Costs	44,183	59,787	40,253	42,702	38,091
of which: Agriculture Fixed Costs	37,586	51,306	31,715	37,609	33,395
Agri Environment Fixed Costs	2,211	2,731	3,943	1,749	895
Diversified Income Fixed Costs	1,669	2,606	1,395	958	1,549
SPS Fixed Costs	2,716	3,144	3,200	2,386	2,252
Agriculture Paid Labour	4,143	5,823	4,078	2,417	3,799
Of which Fixed Labour Costs	2,602	4,102	2,010	1,798	2,396
(-) Casual Labour Costs (a Variable Cost)	1,541	1,721	2,068	619	1,403
Agriculture Machinery Costs	17,358	23,274	15,345	17,061	15,309
of which: Machinery Running Costs	8,475	10,803	7,675	7,771	7,881
Agriculture Depreciation Tenants Capital	8,884	12,472	7,670	9,290	7,428
Agriculture General Farming Costs	8,850	11,270	7,842	8,619	8,174
of which: Agriculture Bank & Professional Fees	1,851	2,425	1,755	1,570	1,675
Agriculture Other General Costs	5,201	6,498	4,457	4,988	5,009
Net Interest Payments	1,796	2,347	1,630	2,061	1,488
Bad Debts Write-offs	1	0	0	0	2
Agriculture Property Costs	7,357	10,865	6,055	5,764	6,717
Non Agriculture Other Fixed Costs	1,419	1,795	463	4,368	798
Profit/loss sale of fixed assets	404	783	226	720	186
<b>Agriculture Net Margin (AGRICULTURE BUSINESS INCOME)</b>	-13,162	-16,197	-16,587	-11,375	-9,674
Unpaid manual labour	24,362	28,142	23,885	24,159	22,511
Of Which Unpaid Farmer and Spouse	20,520	23,734	20,412	19,712	18,967
Unpaid Partner	3,843	4,407	3,472	4,446	3,544
<b>Agriculture Economic Profit (AGRICULTURE CORPORATE INCOME)</b>	-37,525	-44,339	-40,472	-35,533	-32,185
Agriculture Net Interest Payment (added back)	1,796	2,347	1,630	2,061	1,488
<b>AGRICULTURE INVESTMENT INCOME</b>	-35,728	-41,992	-38,842	-33,472	-30,697
<b>Farm Net Margin (FARM BUSINESS INCOME)</b>	14,483	19,623	17,942	8,566	11,182
<b>Farm Economic Profit (FARM CORPORATE INCOME)</b>	-11,576	-11,018	-7,582	-17,671	-12,453
<b>FARM INVESTMENT INCOME</b>	-9,590	-8,429	-5,705	-15,467	-10,830
<b>NET FARM INCOME</b>	6,005	10,028	9,815	-429	3,312
Holding gains not included in farm income	41,758	47,210	31,275	54,763	41,008
BSA	600	1,306	488	860	164
Revaluation of Machinery, permanent crops etc	1,465	2,017	1,249	1,888	1,133
Revaluation of Land	39,693	43,888	29,538	52,015	39,712
<b>MANAGEMENT AND INVESTMENT INCOME</b>	-15,683	-15,244	-12,028	-20,839	-16,594

**Table 22. Balance Sheet by farm type**

2013/14	The Average LFA Farm	Mixed grazing livestock (SDA)	Specialist sheep (SDA)	Specialist beef (SDA)	Various grazing livestock (DA)
Number (unweighted)	243	83	58	30	72
Number (weighted)	6,832	1,547	1,761	921	2,603
Average Farmed Area (ha)	146.6	200.8	206.1	101.0	90.3
Adjusted Utilisable Agricultural Area (ha)	106.5	138.9	122.4	79.6	86.1
Utilisable Agricultural Area (ha)	143.4	195.7	197.9	102.2	90.0
Grazing Livestock Units	86.3	119.9	76.4	80.6	75.1
Ewes (head)	363	475	611	95	224
Beef Cows (head)	25	39	11	42	19
Occupied Area (ha)	69.3	75.4	88.9	61.5	55.1
Tenanted Area (ha)	77.9	123.1	112.7	43.9	39.5
Percentage of Land Owned (%)	47.1	38.0	44.1	58.3	58.2
<b>Assets</b>					
<b>Fixed Assets</b>	<b>774,093</b>	<b>898,734</b>	<b>761,815</b>	<b>768,162</b>	<b>710,413</b>
Of which: Agricultural Land	594,189	642,849	586,831	595,675	569,718
Woodland	5,769	3,154	3,588	2,445	9,976
Total Buildings	22,872	38,627	15,822	25,128	17,480
Total Improvements	4,826	8,096	6,710	2,354	2,482
Milk quota	6	22	0	0	2
SPS Entitlements	28,542	36,031	34,555	23,283	21,882
Machinery	52,524	72,000	43,167	64,057	43,199
Breeding Livestock	64,526	97,468	70,532	54,613	44,389
Miscellaneous Business Assets	954	601	610	607	1,286
<b>Current Assets</b>	<b>67,534</b>	<b>86,161</b>	<b>42,771</b>	<b>74,254</b>	<b>70,837</b>
of which: Trading Livestock	31,711	43,263	11,982	37,530	36,134
Crops	563	510	66	374	997
Forage	3,388	3,520	1,893	4,132	4,058
Cultivation	763	1,024	455	1,283	633
Stores	3,313	4,356	1,753	3,349	3,736
Liquid Assets	27,796	33,488	26,624	27,587	25,279
Of which: Cash at Bank and In Hand	20,777	26,331	18,174	19,253	19,776
Debtors	4,652	5,960	5,162	5,626	3,184
Suspended	0	0	0	0	0
SPS debtors	2,367	1,197	3,287	2,708	2,319
<b>Total Assets (£/farm)</b>	<b>841,627</b>	<b>984,895</b>	<b>804,587</b>	<b>842,416</b>	<b>781,251</b>
Of which: Total Landlord-type Capital	627,662	692,749	612,951	625,602	599,658
Tenant Type Capital	213,964	292,147	191,635	216,814	181,593
Loans					
<b>Total Long Term Loans</b>	<b>43,690</b>	<b>59,815</b>	<b>18,310</b>	<b>46,620</b>	<b>50,240</b>
Of which: Bank Loans	22,754	35,256	5,874	3,543	33,540
Institutional Loans	14,890	21,179	9,787	42,557	4,817
Of which: AMC	9,885	17,579	7,061	21,903	2,972
Building Societies	867	583	2,161	0	468
Other Institutional Loans	4,137	3,017	565	20,654	1,377
Family Loans	5,940	3,232	2,369	519	11,883
Other Loans	106	149	280	0	0
<b>Current Liabilities</b>	<b>23,375</b>	<b>33,180</b>	<b>22,868</b>	<b>21,956</b>	<b>18,393</b>
Of which: Hire Purchase	3,361	5,066	2,861	4,999	2,108
Leasing	56	0	0	33	134
Other Current Liabilities	19,958	28,114	20,008	16,924	16,151
Of which Creditors	6,658	10,394	6,209	5,436	5,173
Bank Overdraft	13,261	17,686	13,699	11,444	10,978
Others	39	33	100	44	0
<b>Total Liabilities</b>	<b>67,065</b>	<b>92,995</b>	<b>41,178</b>	<b>68,576</b>	<b>68,633</b>
<b>Closing Net Worth</b>	<b>774,561</b>	<b>891,900</b>	<b>763,409</b>	<b>773,840</b>	<b>712,618</b>
Opening Net Worth	726,053	831,523	721,271	706,236	673,610
<b>Change in New Worth</b>	<b>48,508</b>	<b>60,377</b>	<b>42,137</b>	<b>67,604</b>	<b>39,008</b>

**Table 23. Land Use, Stocking and Technical Efficiency by farm type**

2013/14	The Average LFA Farm	Mixed grazing livestock (SDA)	Specialist sheep (SDA)	Specialist beef (SDA)	Various grazing livestock (DA)
Number (unweighted)	243	83	58	30	72
Number (weighted)	6,832	1,547	1,761	921	2,603
Total Area (includes woodland and roads etc) (ha)	147.2	198.5	201.6	105.5	94.7
Area Farmed (ha)	146.6	200.8	206.1	101.0	90.3
Net Land Hired In (ha)	3.2	5.1	8.2	-1.2	0.2
<b>Utilised Agricultural Area (ha)</b>	<b>143.4</b>	<b>195.7</b>	<b>197.9</b>	<b>102.2</b>	<b>90.0</b>
Of which Total main products and set-aside (ha)	1.5	1.6	0.1	1.4	2.5
Grass, fodder crops and rough grazing (ha)	141.9	194.2	197.8	100.8	87.5
Of which rough grazing (unadjusted) (ha)	54.0	83.5	112.4	31.0	5.2
Adjusted rough grazing (sole occupation)	17.1	26.7	36.9	8.3	1.2
Adjusted rough grazing (shared)	4.6	8.3	10.0	1.2	0.1
Total Adjusted Utilised Agriculture Area (ha)	106.5	138.9	122.4	79.6	86.1
Area owner occupied (ha)	69.3	75.4	88.9	61.5	55.1
Area tenanted (ha)	77.9	123.1	112.7	43.9	39.5
Average age of farmer (years)	57	54	58	60	58
Agricultural labour units (ALU)	1.5	1.8	1.5	1.5	1.3
Standard Output (SO2007)	79,331	109,373	74,831	62,431	70,499
Standard Output size group (SO2007)	6.9	7.3	6.8	6.6	6.7
<u>Land Use</u>					
Temporary Grassland Area (ha)	5.5	5.4	1.6	4.6	8.6
Permanent Grassland Area (ha)	84.9	109.6	91.7	63.6	73.3
<u>Stocking</u>					
Total Dairy Cows	1	3	0	0	0
Total Beef cows	26	39	11	42	23
Total Cattle	82	118	26	118	85
Ewes (LFA and lowland)	363	475	611	95	224
Of which LFA Ewes	349	475	597	95	197
Lowland Ewes	14	0	14	0	28
Total Sheep	694	916	1,118	193	453
<u>Livestock Units</u>					
Total Cattle LU	48	70	15	70	50
Of which Beef Cows LU	20	29	9	31	17
Other Cattle LU	26	34	6	35	31
Dairy Cows and Heifers	3	7	1	4	2
Total Sheep LU	38	49	61	10	25
Of which Ewe LU	26	34	44	7	17
<b>Grazing LU (cattle, sheep, horses and others)</b>	<b>86</b>	<b>120</b>	<b>76</b>	<b>81</b>	<b>75</b>
Total LU	86	120	76	81	75
<u>Financial Performance per GLU</u>					
Farm Business Output per GLU (£/GLU)	1,142	1,132	1,270	1,002	1,117
Farm Business Variable Costs (£/GLU)	468	477	512	375	464
Farm Business Gross Margin (£/GLU)	675	656	758	627	654
Farm Business Fixed Costs (£/GLU)	512	499	527	530	507
Farm Business Income (£/GLU)	168	164	235	106	149
Farm Corporate Income (£/GLU)	-134	-92	-99	-219	-166
Farm Investment Income (£/GLU)	-111	-70	-75	-192	-144
Holding Gains Not In Income (£/GLU)	484	394	409	679	546
of which Land Revaluation (£/GLU)	460	366	386	645	529
Net Farm Income (£/GLU)	70	84	128	-5	44
Management and Investment Income (£/GLU)	-182	-127	-157	-259	-221
Agriculture Net Margin (Agriculture business income) (£/GLU)	-152	-135	-217	-141	-129
Agriculture Economic Profit (Agriculture corporate income) (£/GLU)	-435	-370	-530	-441	-429
Agriculture Investment Income (£/GLU)	-414	-350	-508	-415	-409

**Appendix 3. Analysis of English Grazing Livestock Farms in the LFA- by EU region**  
**Table 24. Output, Variable Costs and Farm Gross Margins by Cost Centre by EU Region**

2013/14	The average LFA Farm	EU Region England North	EU Region England East	EU Region England West
Number of farms in the group	243	155	22	66
Number (weighted)	6,832	4,189	670	1,973
Utilisable Agricultural Area (UAA) (ha)	143	158	141	113
Average adjusted UAA (ha)	107	109	118	97
Average adjusted sole grazing (ha)	17	22	23	6
Average herd size	27	23	25	35
Average flock size	363	424	272	265
<u>Output</u>				
Farm Output	98,952	96,788	97,857	103,921
Farm Business Output	98,623	96,405	97,601	103,683
of which: Output from agriculture	64,174	61,109	65,683	70,170
Agri environment payment	11,377	11,979	11,495	10,058
Diversified output	3,761	2,759	3,477	5,987
Single Farm Payment	19,312	20,557	16,946	17,469
Livestock Enterprise Output	58,158	57,288	62,126	58,658
of which: Cattle Enterprise Output	28,992	22,953	36,359	39,317
(incl. Livestock disease compensation)	170	0	86	558
Sheep Enterprise Output	28,956	34,022	25,683	19,307
Poultry Enterprise Output	36	51	44	0
Pigs Enterprise Output	25	7	40	56
Other Livestock Enterprise Output	150	254	0	-22
Crop Enterprise Output	3,013	2,237	2,196	4,939
of which: Crop Subsidies	0	0	0	0
Main Crops	1,346	1,027	493	2,312
Forage & by-products	1,665	1,275	1,317	2,614
Cultivations output	2	-65	386	13
Non agriculture, no other category output	3,011	1,599	1,360	6,573
Disposal Previous Crops	-9	-14	0	0
Farm Business Output	98,623	96,405	97,601	103,683
<u>Variable Costs</u>				
Farm Business Variable costs	40,361	42,214	35,168	38,189
of which: Agriculture Variable Costs	40,154	42,040	34,802	37,964
Agri environment Variable Costs	95	81	92	124
Diversified income Variable Costs	110	90	273	98
SPS Variable Costs	2	2	1	3
Agriculture Crop Costs	5,994	6,056	3,439	6,730
of which: Seed	440	399	227	600
Fertilizer	4,712	4,936	2,182	5,096
Crop Protection	322	270	420	399
Other Crop Costs	520	452	610	634
Agriculture Livestock Costs	29,485	31,277	27,644	26,304
of which: Purchased Fodder Feed	17,456	19,508	16,159	13,540
Home Produced Fodder Feed	982	578	539	1,993
Veterinary and medicines	3,576	3,859	3,762	2,914
Other Livestock Costs	7,470	7,333	7,184	7,858
Agriculture Contract Costs	3,055	3,185	2,474	2,978
Agriculture Casual Labour	1,541	1,485	1,227	1,765
Agriculture, no other category Variable Costs	79	36	19	189
<u>Gross Margins</u>				
Farm Business Gross Margin	58,263	54,191	62,433	65,494
Agriculture Gross Margin	24,020	19,069	30,881	32,206
Agri Environment Gross Margin	11,282	11,898	11,403	9,934
Diversified Gross Margin	3,651	2,669	3,204	5,889
SPS Gross Margin	19,309	20,555	16,945	17,466

**Table 25. Fixed Costs and Farm Income calculations by EU Region**

	The Average LFA Farm	EU Region England North	EU Region England East	EU Region England West
2013/14				
Number (unweighted)	243	155	22	66
Number (weighted)	6,832	4,189	670	1,973
Utilisable Agricultural Land (UAA) (ha)	143	158	141	113
Average adjusted UAA (ha)	107	109	118	97
Average adjusted sole grazing (ha)	17	22	23	6
Average herd size	27	23	25	35
Average flock size	363	424	272	265
<u>Gross Margin</u>				
Farm Business Gross Margin	58,263	54,191	62,433	65,494
Agriculture Gross Margin	24,020	19,069	30,881	32,206
Agri Environment Gross Margin	11,282	11,898	11,403	9,934
Diversified Income Gross Margin	3,651	2,669	3,204	5,889
SPS Gross Margin	19,309	20,555	16,945	17,466
<u>Fixed Costs</u>				
Farm Business Fixed Costs	44,183	43,223	43,976	46,293
of which: Agriculture Fixed Costs	37,586	35,888	38,330	40,940
Agri Environment Fixed Costs	2,211	2,661	1,728	1,420
Diversified Income Fixed Costs	1,669	1,304	1,768	2,411
SPS Fixed Costs	2,716	3,370	2,150	1,522
Agriculture Paid Labour	4,143	4,183	2,174	4,728
Of which Fixed Labour Costs	2,602	2,697	947	2,963
(-) Casual Labour Costs (a Variable Cost)	1,541	1,485	1,227	1,765
Agriculture Machinery Costs	17,358	16,950	17,913	18,037
of which: Machinery Running Costs	8,475	8,165	8,188	9,230
Agriculture Depreciation Tenants Capital	8,884	8,785	9,725	8,808
Agriculture General Farming Costs	8,850	8,379	9,295	9,698
of which: Agriculture Bank & Professional Fees	1,851	1,850	1,553	1,956
Agriculture Other General Costs	5,201	4,830	6,825	5,439
Net Interest Payments	1,796	1,699	916	2,301
Bad Debts Write-offs	1	0	0	2
Agriculture Property Costs	7,357	6,908	9,514	7,579
Non Agriculture Other Fixed Costs	1,419	954	661	2,662
Profit/loss sale of fixed assets	404	435	-427	619
<b>Agriculture Net Margin (AGRICULTURE BUSINESS INCOME)</b>	-13,162	-16,384	-7,876	-8,115
Unpaid manual labour	24,362	22,064	28,180	27,946
Of Which Unpaid Farmer and Spouse	20,520	19,085	20,828	23,461
Unpaid Partner	3,843	2,979	7,352	4,484
<b>Agriculture Economic Profit (AGRICULTURE CORPORATE INCOME)</b>	-37,525	-38,449	-36,056	-36,060
Agriculture Net Interest Payment (added back)	1,796	1,699	916	2,301
<b>AGRICULTURE INVESTMENT INCOME</b>	-35,728	-36,749	-35,140	-33,759
<b>Farm Net Margin (FARM BUSINESS INCOME)</b>	14,483	11,403	18,030	19,821
<b>Farm Economic Profit (FARM CORPORATE INCOME)</b>	-11,576	-12,112	-11,917	-10,320
<b>FARM INVESTMENT INCOME</b>	-9,590	-10,222	-10,934	-7,791
<b>NET FARM INCOME</b>	6,005	5,151	5,591	7,960
Holding gains not included in farm income	41,758	19,724	53,307	84,631
BLSA	600	448	2,806	173
Revaluation of Machinery, permanent crops etc	1,465	1,485	1,902	1,272
Revaluation of Land	39,693	17,790	48,600	83,186
<b>MANAGEMENT AND INVESTMENT INCOME</b>	-15,683	-14,942	-16,764	-16,891

**Table 26. Balance Sheet by EU Region**

	The Average LFA Farm	EU Region England North	EU Region England East	EU Region England West
2013/14				
Number (unweighted)	243	155	22	66
Number (weighted)	6,832	4,189	670	1,973
Average Farmed Area (ha)	146.6	160.4	150.1	116.1
Adjusted Utilisable Agricultural Area (ha)	107	109	118	97
Utilisable Agricultural Area (ha)	143	158	141	113
Grazing Livestock Units	86	84	80	94
Ewes (head)	363	424	272	265
Beef Cows (head)	24.6	22.3	22.7	30.2
Occupied Area (ha)	69.3	70.3	48.4	74.3
Tenanted Area (ha)	78	92	94	42
Percentage of Land Owned (%)	47	43	34	64
<b>Assets</b>				
<b>Fixed Assets</b>	<b>774,093</b>	<b>644,361</b>	<b>621,922</b>	<b>1,101,303</b>
Of which Agricultural Land	594,189	464,767	429,271	925,068
Woodland	5,769	6,236	3,370	5,592
Total Buildings	22,872	19,608	37,704	24,769
Total Improvements	4,826	5,580	3,699	3,607
Milk quota	6	6	4	5
SPS Entitlements	28,542	30,904	24,547	24,881
Machinery	52,524	49,917	60,826	55,240
Breeding Livestock	64,526	66,213	62,254	61,715
Miscellaneous Business Assets	954	1,263	302	518
<b>Current Assets</b>	<b>67,534</b>	<b>57,624</b>	<b>83,605</b>	<b>83,123</b>
of which: Trading Livestock	31,711	26,764	37,017	40,416
Crops	563	489	0	910
Forage	3,388	3,067	2,736	4,292
Cultivation	763	113	4,503	873
Stores	3,313	3,067	3,178	3,881
Liquid Assets	27,796	24,123	36,171	32,751
Of which: Cash at Bank and In Hand	20,777	17,571	31,789	23,847
Debtors	4,652	3,934	2,377	6,949
Suspended	0	0	0	0
SPS debtors	2,367	2,619	2,005	1,955
<b>Total Assets (£/farm)</b>	<b>841,627</b>	<b>701,984</b>	<b>705,527</b>	<b>1,184,427</b>
Of which: Total Landlord-type Capital	627,662	496,198	474,049	959,042
Tenant Type Capital	213,964	205,787	231,479	225,385
Loans				
<b>Total Long Term Loans</b>	<b>43,690</b>	<b>32,763</b>	<b>19,076</b>	<b>75,258</b>
Of which: Bank Loans	22,754	12,123	5,526	51,184
Institutional Loans	14,890	14,073	513	21,508
Of which: AMC	9,885	6,202	513	20,891
Building Societies	867	1,124	0	617
Other Institutional Loans	4,137	6,747	0	0
Family Loans	5,940	6,566	13,036	2,200
Other Loans	106	0	0	366
<b>Current Liabilities</b>	<b>23,375</b>	<b>22,108</b>	<b>24,892</b>	<b>25,552</b>
Of which: Hire Purchase	3,361	3,277	1,440	4,193
Leasing	56	61	143	15
Other Current Liabilities	19,958	18,770	23,309	21,343
Of which Creditors	6,658	6,777	6,966	6,300
Bank Overdraft	13,261	11,952	16,271	15,020
Others	39	42	72	23
<b>Total Liabilities</b>	<b>67,065</b>	<b>54,871</b>	<b>43,967</b>	<b>100,810</b>
<b>Closing Net Worth</b>	<b>774,561</b>	<b>647,114</b>	<b>661,560</b>	<b>1,083,617</b>
Opening Net Worth	726,053	621,102	593,903	993,834
<b>Change in New Worth</b>	<b>48,508</b>	<b>26,012</b>	<b>67,657</b>	<b>89,782</b>

**Table 27. Land use, Stocking and Technical Efficiency by EU Region**

2013/14	The Average LFA Farm	EU Region England North	EU Region England East	EU Region England West
Number (unweighted)	243	155	22	66
Number (weighted)	6,832	4,189	670	1,973
Total Area (includes woodland and roads etc) (ha)	147.2	162.6	142.8	116.1
Area Farmed (ha)	146.6	160.4	150.1	116.1
Net Land Hired In (ha)	3.2	2.1	9.1	3.5
Utilised Agricultural Area (ha)	143.4	158.3	141.0	112.6
Of which Total main products and set-aside (ha)	1.5	1.2	0.7	2.7
Grass, fodder crops and rough grazing (ha)	141.9	157.2	140.4	109.9
Of which rough grazing (unadjusted) (ha)	54.0	70.6	45.9	21.6
Adjusted rough grazing (sole occupation)	17.1	21.6	23.0	5.7
Adjusted rough grazing (shared)	4.6	6.5	0.0	2.2
Total Adjusted Utilised Agriculture Area (ha)	106.5	109.3	118.0	96.7
Area owner occupied (ha)	69.3	70.3	48.4	74.3
Area tenanted (ha)	77.9	92.3	94.4	41.8
Average age of farmer (years)	57	57	56	58
Agricultural labour units (ALU)	1.5	1.4	1.5	1.7
Standard Output (SO2007)	79,331	74,679	81,810	88,370
Standard Output size group (SO2007)	6.9	6.8	6.9	7.0
<b>Land Use</b>				
Temporary Grassland Area (ha)	5.5	5.9	0.2	6.4
Permanent Grassland Area (ha)	84.9	82.1	103.2	84.7
<b>Stocking</b>				
Total Dairy Cows	1	0	2	1
Total Beef cows	26	23	23	34
Total Cattle	82	69	84	109
Ewes (LFA and lowland)	363	424	272	265
Of which LFA Ewes	349	413	272	240
Lowland Ewes	14	11	0	26
Total Sheep	694	798	586	512
<b>Livestock Units</b>				
Total Cattle LU	48	41	49	64
Of which Beef Cows LU	20	17	17	26
Other Cattle LU	26	21	27	35
Dairy Cows and Heifers	3	3	4	4
Total Sheep LU	38	43	31	28
Of which Ewe LU	26	30	21	20
<b>Grazing LU (cattle, sheep, horses and others)</b>	<b>86</b>	<b>84</b>	<b>80</b>	<b>94</b>
Total LU	86	84	80	94
<b>Financial Performance per GLU</b>				
Farm Business Output per GLU (£/GLU)	1,142	1,149	1,218	1,108
Farm Business Variable Costs (£/GLU)	468	503	439	408
Farm Business Gross Margin (£/GLU)	675	646	779	700
Farm Business Fixed Costs (£/GLU)	512	515	549	495
<b>Farm Business Income (£/GLU)</b>	<b>168</b>	<b>136</b>	<b>225</b>	<b>212</b>
Farm Corporate Income (£/GLU)	-134	-144	-149	-110
Farm Investment Income (£/GLU)	-111	-122	-136	-83
Holding Gains Not In Income (£/GLU)	484	235	665	904
of which Land Revaluation (£/GLU)	460	212	606	889
<b>Net Farm Income (£/GLU)</b>	<b>70</b>	<b>61</b>	<b>70</b>	<b>85</b>
Management and Investment Income (£/GLU)	-182	-178	-209	-180
Agriculture Net Margin (Agriculture business income) (£/GLU)	-152	-195	-98	-87
Agriculture Economic Profit (Agriculture corporate income) (£/GLU)	-435	-458	-450	-385
Agriculture Investment Income (£/GLU)	-414	-438	-438	-361



#### Appendix 4. Analysis of English Grazing Livestock Farms in the LFA- by Farm size (SLR Publication size band – see Appendix 11)

**Table 28. Output, Variable Costs and Farm Gross Margins by Cost Centre by Farm size (SLR publication size band)**

	The Average LFA Farm	SLR size Band 1	SLR size Band 2	SLR size Band 3	SLR size Band 4
2013/14					
Number of farms in the group	243	16	71	60	94
Number (weighted)	6,832	1,341	2,847	1,111	1,348
Utilisable Agricultural Area (UAA) (ha)	143	55	112	180	281
Average adjusted UAA (ha)	107	50	86	120	205
Average adjusted sole grazing (ha)	17	2	16	24	32
Average herd size	27	14	20	28	57
Average flock size	363	87	248	458	852
<u>Output</u>					
Farm Output	98,952	49,285	72,915	103,532	208,014
Farm Business Output	98,623	49,180	72,610	103,446	207,169
of which: Output from agriculture	64,174	27,289	43,595	64,329	149,363
Agri environment payment	11,377	4,856	9,108	15,616	20,542
Diversified output	3,761	7,163	3,428	2,220	2,866
Single Farm Payment	19,312	9,872	16,478	21,281	34,397
Livestock Enterprise Output	58,158	21,503	38,951	59,689	138,732
of which: Cattle Enterprise Output	28,992	15,187	19,915	29,099	62,613
(incl. Livestock disease compensation)	170	36	71	423	325
Sheep Enterprise Output	28,956	6,316	18,947	30,553	75,275
Poultry Enterprise Output	36	0	51	38	42
Pigs Enterprise Output	25	0	44	0	30
Other Livestock Enterprise Output	150	0	-6	-1	772
Crop Enterprise Output	3,013	2,088	1,410	2,818	7,558
of which: Crop Subsidies	0	0	0	0	0
Main Crops	1,346	0	495	1,231	4,761
Forage & by-products	1,665	2,392	874	1,467	2,673
Cultivations output	2	-304	42	121	124
Non agriculture, no other category output	3,011	3,706	3,233	1,821	3,109
Disposal Previous Crops	-9	-8	0	1	-36
Farm Business Output	98,623	49,180	72,610	103,446	207,169
<u>Variable Costs</u>					
Farm Business Variable costs	40,361	16,179	27,141	42,276	94,966
of which: Agriculture Variable Costs	40,154	16,178	26,910	42,129	94,546
Agri environment Variable Costs	95	0	84	118	186
Diversified income Variable Costs	110	0	145	27	230
SPS Variable Costs	2	0	3	2	3
Agriculture Crop Costs	5,994	2,860	3,774	5,917	14,544
of which: Seed	440	356	213	382	1,111
Fertilizer	4,712	2,050	3,003	4,694	11,514
Crop Protection	322	81	214	326	828
Other Crop Costs	520	373	344	516	1,090
Agriculture Livestock Costs	29,485	11,125	19,890	31,931	69,093
of which: Purchased Fodder Feed	17,456	6,677	11,589	18,861	41,274
Home Produced Fodder Feed	982	118	457	719	3,304
Veterinary and medicines	3,576	1,268	2,536	4,269	7,931
Other Livestock Costs	7,470	3,063	5,309	8,083	16,584
Agriculture Contract Costs	3,055	1,380	2,279	3,038	6,578
Agriculture Casual Labour	1,541	759	864	1,099	4,322
Agriculture, no other category Variable Costs	79	54	103	144	9
<u>Gross Margins</u>					
Farm Business Gross Margin	58,263	33,001	45,469	61,169	112,202
Agriculture Gross Margin	24,020	11,111	16,685	22,199	54,817
Agri Environment Gross Margin	11,282	4,856	9,025	15,498	20,356
Diversified Gross Margin	3,651	7,163	3,284	2,193	2,636
SPS Gross Margin	19,309	9,872	16,476	21,279	34,394

**Table 29. Fixed Costs and Farm Income calculations by Farm size (SLR publication size band)**

	The Average LFA Farm	SLR size Band 1	SLR size Band 2	SLR size Band 3	SLR size Band 4
2013/14					
Number (unweighted)	243	16	71	60	94
Number (weighted)	6,832	1,341	2,847	1,111	1,348
Utilisable Agricultural Land (UAA) (ha)	143	55	112	180	281
Average adjusted UAA (ha)	107	50	86	120	205
Average adjusted sole grazing (ha)	17	2	16	24	32
Average herd size	27	14	20	28	57
Average flock size	363	87	248	458	852
<b>Gross Margin</b>					
Farm Business Gross Margin	58,263	33,001	45,469	61,169	112,202
Agriculture Gross Margin	24,020	11,111	16,685	22,199	54,817
Agri Environment Gross Margin	11,282	4,856	9,025	15,498	20,356
Diversified Income Gross Margin	3,651	7,163	3,284	2,193	2,636
SPS Gross Margin	19,309	9,872	16,476	21,279	34,394
<b>Fixed Costs</b>					
Farm Business Fixed Costs	44,183	22,720	35,763	47,994	84,707
of which: Agriculture Fixed Costs	37,586	17,981	29,592	39,826	75,877
Agri Environment Fixed Costs	2,211	791	1,864	3,636	3,468
Diversified Income Fixed Costs	1,669	2,664	1,743	1,312	1,046
SPS Fixed Costs	2,716	1,283	2,564	3,220	4,316
Agriculture Paid Labour	4,143	1,087	2,109	4,029	12,141
Of which Fixed Labour Costs	2,602	328	1,245	2,930	7,819
(-) Casual Labour Costs (a Variable Cost)	1,541	759	864	1,099	4,322
Agriculture Machinery Costs	17,358	9,332	14,190	18,254	33,046
of which: Machinery Running Costs	8,475	4,478	6,749	8,776	16,680
Agriculture Depreciation Tenants Capital	8,884	4,853	7,441	9,478	16,366
Agriculture General Farming Costs	8,850	5,240	7,490	9,878	15,151
of which: Agriculture Bank & Professional Fees	1,851	1,079	1,573	2,109	3,116
Agriculture Other General Costs	5,201	3,717	4,565	5,496	8,236
Net Interest Payments	1,796	444	1,349	2,272	3,799
Bad Debts Write-offs	1	0	2	0	0
Agriculture Property Costs	7,357	2,461	4,841	7,979	17,843
Non Agriculture Other Fixed Costs	1,419	621	1,826	785	2,018
Profit/loss sale of fixed assets	404	196	526	474	586
<b>Agriculture Net Margin (AGRICULTURE BUSINESS INCOME)</b>	-13,162	-6,675	-12,381	-17,153	-20,474
Unpaid manual labour	24,362	17,451	21,724	25,554	36,560
Of Which Unpaid Farmer and Spouse	20,520	16,183	19,598	22,500	25,355
Unpaid Partner	3,843	1,267	2,126	3,055	11,205
<b>Agriculture Economic Profit (AGRICULTURE CORPORATE INCOME)</b>	-37,525	-24,126	-34,106	-42,707	-57,034
Agriculture Net Interest Payment (added back)	1,796	444	1,349	2,272	3,799
<b>AGRICULTURE INVESTMENT INCOME</b>	-35,728	-23,682	-32,756	-40,435	-53,235
<b>Farm Net Margin (FARM BUSINESS INCOME)</b>	14,483	10,478	10,231	13,650	28,081
<b>Farm Economic Profit (FARM CORPORATE INCOME)</b>	-11,576	-8,835	-13,448	-13,234	-9,962
<b>FARM INVESTMENT INCOME</b>	-9,590	-8,246	-11,975	-10,676	-5,857
<b>NET FARM INCOME</b>	6,005	5,229	3,549	6,109	11,150
Holding gains not included in farm income	41,758	32,316	42,038	33,703	60,152
BLSA	600	67	815	12	1,243
Revaluation of Machinery, permanent crops etc	1,465	794	1,343	1,513	2,503
Revaluation of Land	39,693	31,455	39,879	32,178	56,406
<b>MANAGEMENT AND INVESTMENT INCOME</b>	-15,683	-12,748	-17,271	-17,578	-14,746

**Table 30. Balance Sheet by Farm size (SLR publication size band)**

	The Average LFA Farm	SLR size Band 1	SLR size Band 2	SLR size Band 3	SLR size Band 4
2013/14					
Number (unweighted)	243	16	71	60	94
Number (weighted)	6,832	1,341	2,847	1,111	1,348
Average Farmed Area (ha)	146.6	53.6	111.0	184.1	298.1
Adjusted Utilisable Agricultural Area (ha)	143	55	112	180	281
Utilisable Agricultural Area (ha)	107	50	86	120	205
Grazing Livestock Units	86	39	62	94	186
Ewes (head)	363	87	248	458	852
Beef Cows (head)	24.6	11.1	18.4	26.5	53.1
Occupied Area (ha)	69.3	44.8	61.0	83.0	105.4
Tenanted Area (ha)	78	15	54	102	181
Percentage of Land Owned (%)	47	75	53	45	37
<b>Assets</b>					
<b>Fixed Assets</b>	<b>774,093</b>	<b>524,777</b>	<b>733,610</b>	<b>782,303</b>	<b>1,139,193</b>
Of which Agricultural Land	594,189	437,211	580,768	591,781	798,610
Woodland	5,769	6,067	6,559	3,005	6,840
Total Buildings	22,872	14,967	22,161	22,767	35,375
Total Improvements	4,826	2,291	4,284	5,643	8,262
Milk quota	6	0	0	0	30
SPS Entitlements	28,542	13,382	24,490	31,802	51,667
Machinery	52,524	31,305	47,129	52,712	90,613
Breeding Livestock	64,526	19,554	47,780	73,875	145,782
Miscellaneous Business Assets	954	0	439	718	2,017
<b>Current Assets</b>	<b>67,534</b>	<b>41,017</b>	<b>55,569</b>	<b>59,810</b>	<b>131,581</b>
of which: Trading Livestock	31,711	19,587	24,576	28,837	63,886
Crops	563	0	126	216	2,409
Forage	3,388	2,261	2,800	3,152	6,191
Cultivation	763	0	739	993	1,489
Stores	3,313	2,096	2,201	4,203	6,472
Liquid Assets	27,796	17,073	25,127	22,410	51,134
Of which: Cash at Bank and In Hand	20,777	14,139	18,856	16,499	36,596
Debtors	4,652	1,583	4,535	4,377	8,813
Suspended	0	0	0	0	0
SPS debtors	2,367	1,351	1,735	1,533	5,725
<b>Total Assets (£/farm)</b>	<b>841,627</b>	<b>565,794</b>	<b>789,180</b>	<b>842,113</b>	<b>1,270,774</b>
Of which: Total Landlord-type Capital	627,662	460,536	613,772	623,196	849,115
Tenant Type Capital	213,964	105,258	175,407	218,917	421,659
Loans					
<b>Total Long Term Loans</b>	<b>43,690</b>	<b>18,875</b>	<b>34,527</b>	<b>41,308</b>	<b>95,491</b>
Of which: Bank Loans	22,754	12,710	8,817	30,038	59,303
Institutional Loans	14,890	55	17,656	6,706	32,454
Of which: AMC	9,885	55	9,178	3,645	27,657
Building Societies	867	0	1,505	0	1,217
Other Institutional Loans	4,137	0	6,973	3,061	3,581
Family Loans	5,940	6,110	7,973	4,564	3,369
Other Loans	106	0	81	0	365
<b>Current Liabilities</b>	<b>23,375</b>	<b>6,054</b>	<b>17,176</b>	<b>31,905</b>	<b>48,243</b>
Of which: Hire Purchase	3,361	141	3,088	3,597	6,816
Leasing	56	189	34	27	0
Other Current Liabilities	19,958	5,724	14,055	28,281	41,428
Of which Creditors	6,658	1,815	4,549	7,020	16,452
Bank Overdraft	13,261	3,909	9,505	21,181	24,842
Others	39	0	0	79	134
<b>Total Liabilities</b>	<b>67,065</b>	<b>24,929</b>	<b>51,703</b>	<b>73,213</b>	<b>143,735</b>
<b>Closing Net Worth</b>	<b>774,561</b>	<b>540,865</b>	<b>737,477</b>	<b>768,900</b>	<b>1,127,040</b>
Opening Net Worth	726,053	513,721	683,004	728,141	1,058,010
<b>Change in New Worth</b>	<b>48,508</b>	<b>27,144</b>	<b>54,473</b>	<b>40,758</b>	<b>69,030</b>

**Table 31. Land use, Stocking and Technical Efficiency by Farm size (SLR publication size band)**

	The Average LFA Farm	SLR size Band 1	SLR size Band 2	SLR size Band 3	SLR size Band 4
2013/14					
Number (unweighted)	243	16	71	60	94
Number (weighted)	6,832	1,341	2,847	1,111	1,348
Total Area (includes woodland and roads etc) (ha)	147.2	59.6	114.5	184.5	286.7
Area Farmed (ha)	146.6	53.6	111.0	184.1	298.1
Net Land Hired In (ha)	3.2	-1.9	-1.1	4.5	17.3
Utilised Agricultural Area (ha)	143.4	55.5	112.1	179.6	280.8
Of which Total main products and set-aside (ha)	1.5	0.0	0.6	1.7	5.1
Grass, fodder crops and rough grazing (ha)	141.9	55.5	111.5	178.0	275.6
Of which rough grazing (unadjusted) (ha)	54.0	7.6	42.1	83.9	108.3
Adjusted rough grazing (sole occupation)	17.1	1.8	15.5	24.0	32.4
Adjusted rough grazing (shared)	4.6	0.0	3.9	8.8	8.1
Total Adjusted Utilised Agriculture Area (ha)	106.5	49.7	85.5	119.7	204.9
Area owner occupied (ha)	69.3	44.8	61.0	83.0	105.4
Area tenanted (ha)	77.9	14.8	53.5	101.5	181.3
Average age of farmer (years)	57	60	57	56	56
Agricultural labour units (ALU)	1.5	1.0	1.3	1.6	2.5
Standard Output (SO2007)	79,331	35,439	55,731	84,639	174,911
Standard Output size group (SO2007)	6.9	6.1	6.6	7.2	8.1
<b>Land Use</b>					
Temporary Grassland Area (ha)	5.5	5.3	2.6	5.7	12.4
Permanent Grassland Area (ha)	84.9	40.5	65.6	91.8	170.5
<b>Stocking</b>					
Total Dairy Cows	1	0	0	0	4
Total Beef cows	26	14	20	28	54
Total Cattle	82	49	61	81	165
Ewes (LFA and lowland)	363	87	248	458	852
Of which LFA Ewes	349	72	229	440	852
Lowland Ewes	14	15	20	18	0
Total Sheep	694	163	467	839	1,680
<b>Livestock Units</b>					
Total Cattle LU	48	30	36	48	96
Of which Beef Cows LU	20	10	15	21	40
Other Cattle LU	26	19	19	24	47
Dairy Cows and Heifers	3	1	1	3	9
Total Sheep LU	38	10	26	46	89
Of which Ewe LU	26	7	18	33	60
Grazing LU (cattle, sheep, horses and others)	86	39	62	94	186
Total LU	86	39	62	94	186
<b>Financial Performance per GLU</b>					
Farm Business Output per GLU (£/GLU)	1,142	1,246	1,173	1,103	1,112
Farm Business Variable Costs (£/GLU)	468	410	439	451	510
Farm Business Gross Margin (£/GLU)	675	836	735	652	602
Farm Business Fixed Costs (£/GLU)	512	575	578	512	455
Farm Business Income (£/GLU)	168	265	165	146	151
Farm Corporate Income (£/GLU)	-134	-224	-217	-141	-53
Farm Investment Income (£/GLU)	-111	-209	-193	-114	-31
Holding Gains Not In Income (£/GLU)	484	819	679	359	323
of which Land Revaluation (£/GLU)	460	797	644	343	303
Net Farm Income (£/GLU)	70	132	57	65	60
Management and Investment Income (£/GLU)	-182	-323	-279	-187	-79
Agriculture Net Margin (Agriculture business income) (£/GLU)	-152	-169	-200	-183	-110
Agriculture Economic Profit (Agriculture corporate income) (£/GLU)	-435	-611	-551	-455	-306
Agriculture Investment Income (£/GLU)	-414	-600	-529	-431	-286

## Appendix 5. Analysis of English Grazing Livestock Farms in the LFA - by Performance Ratio (see Appendix 11)

**Table 32. Output, Variable Costs and Farm Gross Margins by Cost Centre by Performance Ratio Quartile**

	The average LFA farm	Performance Band		
		Low	Medium	High
Number of farms in the group	243	39	125	79
Number (weighted)	6,832	1,701	3,415	1,716
Utilisable Agricultural Area (UAA) (ha)	143	73	138	224
Average adjusted UAA (ha)	107	66	111	138
Average adjusted sole grazing (ha)	17	4	17	31
Average herd size	27	21	28	31
Average flock size	363	193	403	453
<u>Output</u>				
Farm Output	98,952	45,861	105,655	138,264
Farm Business Output	98,623	45,711	105,285	137,840
of which: Output from agriculture	64,174	29,579	73,148	80,621
Agri environment payment	11,377	2,958	9,737	22,989
Diversified output	3,761	1,129	3,547	6,799
Single Farm Payment	19,312	12,044	18,853	27,432
Livestock Enterprise Output	58,158	27,134	65,514	74,284
of which: Cattle Enterprise Output	28,992	15,308	30,808	38,949
(incl Livestock disease compensation)	170	39	211	216
Sheep Enterprise Output	28,956	11,762	34,317	35,337
Poultry Enterprise Output	36	0	64	13
Pigs Enterprise Output	25	64	17	0
Other Livestock Enterprise Output	150	0	307	-15
Crop Enterprise Output	3,013	1,672	3,847	2,683
of which: Crop Subsidies	0	0	0	0
Main Crops	1,346	447	1,945	1,043
Forage & by-products	1,665	1,229	1,931	1,571
Cultivations output	2	-4	-29	69
Non agriculture, no other category output	3,011	773	3,804	3,653
Disposal Previous Crops	-9	0	-17	0
<u>Farm Business Output</u>	98,623	45,711	105,285	137,840
<u>Variable Costs</u>				
Farm Business Variable costs	40,361	24,534	47,004	42,833
of which: Agriculture Variable Costs	40,154	24,462	46,795	42,497
Agri environment Variable Costs	95	12	100	165
Diversified income Variable Costs	110	58	107	168
SPS Variable Costs	2	2	2	3
Agriculture Crop Costs	5,994	3,387	7,319	5,943
of which: Seed	440	272	562	365
Fertilizer	4,712	2,463	5,773	4,831
Crop Protection	322	195	424	245
Other Crop Costs	520	458	560	502
Agriculture Livestock Costs	29,485	17,893	34,388	31,222
of which: Purchased Fodder Feed	17,456	10,695	20,641	17,823
Home Produced Fodder Feed	982	270	1,402	853
Veterinary and medicines	3,576	2,254	3,969	4,107
Other Livestock Costs	7,470	4,674	8,376	8,439
Agriculture Contract Costs	3,055	2,422	3,136	3,523
Agriculture Casual Labour	1,541	739	1,816	1,786
Agriculture, no other category Variable Costs	79	20	136	24
<u>Farm Business Gross Margin</u>	58,263	21,177	58,281	95,007
Agriculture Gross Margin	24,020	5,117	26,353	38,124
Agri Environment Gross Margin	11,282	2,946	9,637	22,824
Diversified Gross Margin	3,651	1,071	3,440	6,631
SPS Gross Margin	19,309	12,042	18,851	27,429

**Table 33. Fixed Costs and Farm Income calculations by Performance Ratio Quartile**

2013/14	The Average	Performance band		
	LFA Farm	Low	Medium	High
Number (unweighted)	243	39	125	79
Number (weighted)	6,832	1,701	3,415	1,716
Utilisable Agricultural Land (UAA) (ha)	143	73	138	224
Average adjusted UAA (ha)	107	66	111	138
Average adjusted sole grazing (ha)	17	4	17	31
Average herd size	27	21	28	31
Average flock size	363	193	403	453
<u>Gross Margin</u>				
Farm Business Gross Margin	58,263	21,177	58,281	95,007
Agriculture Gross Margin	24,020	5,117	26,353	38,124
Agri Environment Gross Margin	11,282	2,946	9,637	22,824
Diversified Income Gross Margin	3,651	1,071	3,440	6,631
SPS Gross Margin	19,309	12,042	18,851	27,429
<u>Fixed Costs</u>				
Farm Business Fixed Costs	44,183	30,867	48,183	49,429
of which: Agriculture Fixed Costs	37,586	26,545	42,018	39,714
Agri Environment Fixed Costs	2,211	807	1,973	4,080
Diversified Income Fixed Costs	1,669	398	1,798	2,673
SPS Fixed Costs	2,716	3,116	2,394	2,962
Agriculture Paid Labour	4,143	1,626	4,847	5,238
Of which Fixed Labour Costs	2,602	887	3,031	3,452
(-) Casual Labour Costs (a Variable Cost)	1,541	739	1,816	1,786
Agriculture Machinery Costs	17,358	12,446	19,255	18,454
of which: Machinery Running Costs	8,475	6,243	9,252	9,141
Agriculture Depreciation Tenants Capital	8,884	6,203	10,003	9,313
Agriculture General Farming Costs	8,850	8,317	9,022	9,033
of which: Agriculture Bank & Professional Fees	1,851	1,657	1,886	1,975
Agriculture Other General Costs	5,201	4,325	5,628	5,222
Net Interest Payments	1,796	2,336	1,508	1,836
Bad Debts Write-offs	1	0	1	0
Agriculture Property Costs	7,357	4,381	8,615	7,807
Non Agriculture Other Fixed Costs	1,419	515	2,095	969
Profit/loss sale of fixed assets	404	-7	628	364
<b>Agriculture Net Margin (AGRICULTURE BUSINESS INCOME)</b>	-13,162	-21,435	-15,037	-1,227
Unpaid manual labour	24,362	22,380	25,688	23,690
Of Which Unpaid Farmer and Spouse	20,520	19,063	21,175	20,660
Unpaid Partner	3,843	3,317	4,513	3,030
<b>Agriculture Economic Profit (AGRICULTURE CORPORATE INCOME)</b>	-37,525	-43,815	-40,724	-24,917
Agriculture Net Interest Payment (added back)	1,796	2,336	1,508	1,836
<b>AGRICULTURE INVESTMENT INCOME</b>	-35,728	-41,480	-39,217	-23,081
<b>Farm Net Margin (FARM BUSINESS INCOME)</b>	14,483	-9,697	10,727	45,942
<b>Farm Economic Profit (FARM CORPORATE INCOME)</b>	-11,576	-32,589	-16,930	19,921
<b>FARM INVESTMENT INCOME</b>	-9,590	-30,110	-15,297	22,119
<b>NET FARM INCOME</b>	6,005	-14,026	445	36,937
Holding gains not included in farm income	41,758	35,838	43,104	44,950
BLSA	600	325	848	379
Revaluation of Machinery, permanent crops etc	1,465	1,037	1,664	1,492
Revaluation of Land	39,693	34,476	40,591	43,079
<b>MANAGEMENT AND INVESTMENT INCOME</b>	-15,683	-33,479	-21,869	14,278

**Table 34. Balance Sheet by Performance Ratio Quartile**

	The Average LFA Farm	Performance band		
		Low	Medium	High
Number (unweighted)	243	39	125	79
Number (weighted)	6,832	1,701	3,415	1,716
Average Farmed Area (ha)	146.6	75.6	141.4	227.5
Utilisable Agricultural Area (ha)	143.4	73.2	138.2	223.5
Adjusted Utilisable Agricultural Area (ha)	106.5	66.0	110.8	138.1
Grazing Livestock Units	86.3	58.4	92.3	102.1
Ewes (head)	363	193	403	453
Beef Cows (head)	25	19	26	27
Occupied Area (ha)	69	46	75	82
Tenanted Area (ha)	78	31	67	146
Percentage of Land Owned (%)	47.1	59.5	52.7	36.0
<u>Assets</u>				
<b>Fixed Assets</b>	<b>774,093</b>	<b>612,405</b>	<b>822,574</b>	<b>837,950</b>
<i>Of which Agricultural Land</i>	594,189	492,141	623,541	636,972
Woodland	5,769	4,370	8,334	2,052
Total Buildings	22,872	18,910	27,402	17,786
Total Improvements	4,826	3,872	5,059	5,307
Milk quota	6	0	3	17
SPS Entitlements	28,542	16,899	27,902	41,361
Machinery	52,524	33,625	59,748	56,889
Breeding Livestock	64,526	40,352	70,440	76,729
Miscellaneous Business Assets	954	2,235	144	837
<b>Current Assets</b>	<b>67,534</b>	<b>46,696</b>	<b>67,133</b>	<b>88,999</b>
<i>of which Trading Livestock</i>	31,711	22,331	34,014	36,430
Crops	563	29	922	378
Forage	3,388	2,777	3,448	3,875
Cultivation	763	353	898	903
Stores	3,313	2,556	3,992	2,711
Liquid Assets	27,796	18,651	23,859	44,701
Of which Cash at Bank and In Hand	20,777	14,789	16,149	35,927
Debtors	4,652	2,434	5,702	4,759
Suspended	0	0	0	0
SPS & debtors	2,367	1,427	2,007	4,015
<b>Total Assets (£/farm)</b>	<b>841,627</b>	<b>659,101</b>	<b>889,706</b>	<b>926,949</b>
<i>Of which Total Landlord-type Capital</i>	627,662	519,294	664,339	662,135
Tenant Type Capital	213,964	139,807	225,367	264,814
<u>Loans</u>				
<b>Total Long Term Loans</b>	<b>43,690</b>	<b>57,579</b>	<b>38,678</b>	<b>39,892</b>
<i>Of which Bank Loans</i>	22,754	24,959	22,683	20,711
Institutional Loans	14,890	15,142	14,227	15,959
Of which AMC	9,885	2,729	11,511	13,748
Building Societies	867	0	1,735	0
Other Institutional Loans	4,137	12,413	982	2,211
Family Loans	5,940	17,189	1,701	3,222
Other Loans	106	289	67	0
<b>Current Liabilities</b>	<b>23,375</b>	<b>20,683</b>	<b>27,283</b>	<b>18,267</b>
<i>Of which Hire Purchase</i>	3,361	2,441	4,312	2,383
Leasing	56	149	37	0
Other Current Liabilities	19,958	18,093	22,935	15,884
Of which Creditors	6,658	4,633	7,696	6,599
Bank Overdraft	13,261	13,436	15,224	9,180
Others	39	24	14	105
<b>Total Liabilities</b>	<b>67,065</b>	<b>78,262</b>	<b>65,961</b>	<b>58,159</b>
<b>Closing Net Worth</b>	<b>774,561</b>	<b>580,838</b>	<b>823,745</b>	<b>868,790</b>
Opening Net Worth	726,053	547,890	775,971	803,389
<b>Change in New Worth</b>	<b>48,508</b>	<b>32,949</b>	<b>47,774</b>	<b>65,401</b>

**Table 35. Land use, Stocking and Technical Efficiency by Performance Ratio Quartile**

	The Average	Performance band		
	LFA Farm	Low	Middle	High
Number (unweighted)	243	39	125	79
Number (weighted)	6,832	1,701	3,415	1,716
Total Area (includes woodland and roads etc) (ha)	147.2	76.5	141.5	228.7
Area Farmed (ha)	146.6	75.6	141.4	227.5
Net Land Hired In (ha)	3.2	2.4	3.2	4.0
<b>Utilised Agricultural Area (ha)</b>	<b>143.4</b>	<b>73.2</b>	<b>138.2</b>	<b>223.5</b>
<i>Of which Total main products and set-aside (ha)</i>	<i>1.5</i>	<i>0.5</i>	<i>2.2</i>	<i>1.3</i>
Grass, fodder crops and rough grazing (ha)	141.9	72.7	136.0	222.2
<i>Of which rough grazing (unadjusted) (ha)</i>	<i>54.0</i>	<i>11.2</i>	<i>43.9</i>	<i>116.7</i>
Adjusted rough grazing (sole occupation)	17.1	4.1	16.5	31.3
Adjusted rough grazing (shared)	4.6	2.8	3.1	9.6
Total Adjusted Utilised Agriculture Area (ha)	106.5	66.0	110.8	138.1
Area owner occupied (ha)	69.3	45.6	74.5	82.4
Area tenanted (ha)	77.9	31.0	67.0	146.3
Average age of farmer (years)	57	59	57	57
Agricultural labour units (ALU)	1.5	1.2	1.6	1.5
Standard Output size units (2010SO)	79,331	51,462	85,526	94,642
Standard Output size group (2010SO)	6.9	6.4	7.0	7.1
<u>Land Use</u>				
Temporary Grassland Area (ha)	5.5	3.7	6.9	4.6
Permanent Grassland Area (ha)	84.9	60.1	87.8	104.0
<u>Stocking</u>				
Total Dairy Cows	1	0	0	2
Total Beef cows	26	21	27	29
Total Cattle	82	64	86	92
Ewes (LFA and lowland)	363	193	403	453
Of which LFA Ewes	349	160	391	453
Lowland Ewes	14	33	12	0
Total Sheep	694	353	789	846
<u>Livestock Units</u>				
Total Cattle LU	48	38	49	56
Of which Beef Cows LU	20	16	20	22
Other Cattle LU	26	20	26	30
Dairy Cows and Heifers	3	2	3	4
Total Sheep LU	38	21	42	45
Of which Ewe LU	26	15	29	32
<b>Grazing LU (cattle, sheep, horses and others)</b>	<b>86</b>	<b>58</b>	<b>92</b>	<b>102</b>
Total LU	86	58	92	102
<u>Financial Performance per GLU</u>				
Farm Business Output per GLU (£/GLU)	1,142	783	1,140	1,349
Farm Business Variable Costs (£/GLU)	468	420	509	419
Farm Business Gross Margin (£/GLU)	675	363	631	930
Farm Business Fixed Costs (£/GLU)	512	529	522	484
Farm Business Income (£/GLU)	168	-166	116	450
Farm Corporate Income (£/GLU)	-134	-558	-183	195
Farm Investment Income (£/GLU)	-111	-516	-166	217
Holding Gains Not In Income (£/GLU)	484	614	467	440
of which Land Revaluation (£/GLU)	460	591	440	422
Net Farm Income (£/GLU)	70	-240	5	362
Management and Investment Income (£/GLU)	-182	-574	-237	140
Agriculture Net Margin (Agriculture business income) (£/GLU)	-152	-367	-163	-12
Agriculture Economic Profit (Agriculture corporate income) (£/GLU)	-435	-751	-441	-244
Agriculture Investment Income (£/GLU)	-414	-711	-425	-226



## Appendix 6. Analysis of English Grazing Livestock Farms in the LFA- Beef Cows herd size

LFA Suckler Herds 2013/14	Enterprise Output and Gross margin per cow, GLU & ha			
	All herds	<30 cows	30-60 cows	>60 cows
Number of farms	170	53	71	46
Number of farms (weighted)	4,060	1,948	1,541	571
Area Farmed (UAA + net hired in) (ha)	168	130	171	290
Utilisable Agricultural Area (ha)	163	128	164	280
Adjusted UAA (ha)	126	94	131	220
Grazing Livestock Units (farm)	101	64	107	212
Grazing Livestock Units (enterprise)	37	17	43	91
Forage area (enterprise) (ha)	52	32	57	106
	0.8	0.7	0.8	1.0
Cows per herd	38	17	44	92
Total Cattle	105	60	116	230
Breeding Flock	381	295	368	712
<u>Output per cow</u>				
Enterprise Output (excluding BLSA)	411	400	407	422
BLSA	20	19	19	20
Concentrates	49	60	39	54
Purchased fodder and keep	29	48	23	24
Veterinary and medicines	25	32	22	25
Other livestock costs	57	63	56	54
Seed	3	2	4	3
Fertilizer	44	39	43	48
Sprays	2	2	2	2
Other crop costs	5	6	5	5
Total Variable costs	214	252	194	215
Gross Margin (excluding BLSA) / Cow	196	148	213	207
Gross margin (excluding BLSA) / forage ha	143	80	162	178
Gross Margin (excluding BLSA) / GLU	199	148	217	209
Enterprise Gross margin (excluding BLSA)	7,449	2,582	9,321	18,993
<u>Measures of Income</u>				
Farm Business Income	12,739	5,753	16,726	25,809
Farm Corporate Income	-14,192	-17,393	-12,349	-8,250
Agricultural Economic Profit	-41,573	-37,387	-41,100	-57,119
Agri-environment Economic Profit	10,054	7,279	11,007	16,944
Diversified Economic Profit	92	215	-249	596
SPS Economic Profit	17,234	12,500	17,993	31,329
Farm Investment Income	-11,555	-15,848	-9,466	-2,554
Net Farm Income	3,867	117	5,526	12,182
MII	-17,500	-20,272	-16,912	-9,633
Enterprise NM/cow (excluding BLSA)	-200	-275	-195	-157
Enterprise NM/cow after F&S labour (excl. BLSA)	-377	-541	-395	-248

## Appendix 7. Analysis of English Grazing Livestock Farms in the LFA- Upland Sheep flock size

(SDA Flocks typical lambing rate is >100%)

Upland SDA Flocks (flock lambing % usually >100) 2013 lamb crop	Output and Gross margin per ewe, GLU and ha			
	All flocks	<350 ewes	350-700 ewes	>700 ewes
Number of farms	128	38	53	37
Number of farms (weighted)	3,247	1,357	1,315	575
Area Farmed (UAA + net hired in) (ha)	151	85	155	296
Utilisable Agricultural Area (ha)	146	84	152	280
Total adj. area farmed inc. commons (ha)	129	79	127	251
Grazing Livestock Units (farm)	96	68	84	188
Grazing Livestock Units (enterprise)	58	28	56	130
Forage area (enterprise) (ha)	91	36	103	191
Stocking rate (GLUs/total adj ha)	0.74	0.86	0.66	0.75
Cows per herd	24	23	17	42
Total Cattle	80	75	63	128
Breeding Flock	480	237	470	1,076
Total Sheep	911	437	887	2,082
<u>Output per ewe</u>				
Enterprise Output (excluding BLSA)	85	74	87	89
BLSA	0	0	0	0
Concentrates	24	21	23	28
Purchased fodder and keep	4	3	3	4
Veterinary and medicines	6	6	7	7
Other livestock costs	10	10	10	10
Seed	0	0	0	0
Fertilizer	7	6	6	8
Sprays	0	0	0	0
Other crop costs	1	1	0	0
Total Variable costs	52	46	50	57
Gross Margin (excluding BLSA) / Ewe	33	28	37	31
Gross margin (excluding BLSA) / forage ha	175	184	170	177
Gross Margin (excluding BLAS) / GLU	276	234	313	261
Enterprise Gross margin (excluding BLSA)	15,906	6,614	17,629	33,883
<u>Measures of Income (per farm)</u>				
Farm Business Income	15,957	7,434	20,369	25,972
Farm Corporate Income	-10,178	-13,627	-7,350	-8,507
Agricultural Economic Profit	-37,671	-30,148	-34,856	-61,841
Agri-environment Economic Profit	8,688	4,511	8,036	20,025
Diversified Economic Profit	596	-267	1,013	1,676
SPS Economic Profit	18,209	12,276	18,457	31,632
Farm Investment Income	-8,836	-12,968	-6,237	-5,032
Net Farm Income	7,339	8	12,254	13,401
MII	-14,434	-17,948	-11,681	-12,434
Enterprise NM/ewe (excluding BLSA)	-26	-36	-22	-26
Enterprise NM/ewe after F&S labour (excl. BLSA)	-56	-75	-59	-44
Lambs born & reared/ewe	1.29	1.18	1.32	1.32

## Appendix 8. Analysis of English Grazing Livestock Farms in the LFA- Hill Sheep flock size

(SDA Flocks on mountains and moorland typical lambing rate is <100%)

Hill SDA Flocks (flock lambing % usually <100)	Output and Gross margin per ewe, GLU and ha			
	All flocks	<350 ewes	350-700 ewes	>700 ewes
2013 lamb crop				
Number of farms	62	18	26	18
Number of farms (weighted)	1,523	641	627	254
Area Farmed (UAA + net hired in) (ha)	213	124	220	423
Utilisable Agricultural Area (ha)	205	121	216	392
Total adj. area farmed inc. commons (ha)	135	79	148	242
Grazing Livestock Units (farm)	93	57	92	189
Grazing Livestock Units (enterprise)	52	22	55	119
Forage area (enterprise) (ha)	127	59	138	268
Stocking rate (GLUs/total adj ha)	0.69	0.72	0.62	0.78
Cows per herd	30	26	25	54
Total Cattle	81	63	79	134
Breeding Flock	472	194	515	1,068
Total Sheep	834	359	882	1,911
<u>Output per ewe</u>				
Enterprise Output (excluding BLSA)	63	79	60	59
BLSA	1	7	-1	0
Concentrates	18	26	17	15
Purchased fodder and keep	6	3	7	6
Veterinary and medicines	6	7	6	5
Other livestock costs	9	11	8	8
Seed	0	0	0	0
Fertilizer	4	4	3	4
Sprays	0	0	0	0
Other crop costs	0	1	0	0
Total Variable costs	43	54	42	38
Gross Margin (excluding BLSA) / Ewe	20	25	18	21
Gross margin (excluding BLSA) / forage ha	75	81	66	84
Gross Margin (excluding BLAS) / GLU	182	215	164	188
Enterprise Gross margin (excluding BLSA)	9,483	4,776	9,066	22,405
<u>Measures of Income (per farm)</u>				
Farm Business Income	17,248	15,734	14,020	29,055
Farm Corporate Income	-11,681	-12,229	-13,066	-6,874
Agricultural Economic Profit	-42,801	-31,439	-44,278	-67,861
Agri-environment Economic Profit	13,436	10,048	10,048	30,368
Diversified Economic Profit	-855	-1,933	-132	84
SPS Economic Profit	18,539	11,095	21,296	30,535
Farm Investment Income	-8,140	-9,934	-9,714	281
Net Farm Income	7,692	6,360	7,426	11,718
MII	-14,871	-15,534	-16,191	-9,933
Enterprise NM/ewe (excluding BLSA)	-35	-52	-31	-31
Enterprise NM/ewe after F&S labour (excl. BLSA)	-62	-110	-59	-43
Lambs born & reared/ewe	1.04	1.23	1.04	0.96

**Appendix 9. Enterprise Gross Margins and Efficiency factors****Table 36 – LFA Suckler cows**

	No farms in sample	Sample		Premium#
	No farms	4060		1214
<b>Production information</b>				
Average cow numbers		38		42
Enterprise grazing livestock units *		37		42
Calves per cow		0.87		0.97
Herd replacement rate (%)		16%		13%
Adjusted forage area (including commons)		46.62		53.92
Stocking rate (cows per adj. forage ha.)		0.81		0.78
Stocking rate (GLUs per adj. forage ha.)		0.80		0.79
<b>Enterprise Output</b>				
	<b>Total</b>	<b>per cow</b>	<b>per adj for ha</b>	
	<b>(£)</b>	<b>(£)</b>	<b>(£)</b>	
Suckler calves †	18559	489	398	24879
<b>Less Herd Depreciation</b>	2987	79	64	1888
<b>Total Output (A)</b>	<b>15572</b>	<b>410</b>	<b>334</b>	<b>22991</b>
<b>Variable Costs</b>				
Concentrates	1849	49	40	1737
Coarse fodder	1097	29	24	713
Vet and Medicines	946	25	20	1025
Other livestock costs	2171	57	47	2210
<b>Total Variable Costs (B)</b>	<b>6063</b>	<b>160</b>	<b>131</b>	<b>5684</b>
<b>Gross Margin before forage (A-B) = (C)</b>	<b>9509</b>	<b>250</b>	<b>203</b>	<b>17308</b>
Forage Variable Costs	762	20	16	867
<b>Gross Margin after forage (A-B) = (C)</b>	<b>8747</b>	<b>230</b>	<b>187</b>	<b>16441</b>
<b>Prices</b>				
Calf price (£/calf) *	643			675
Cull cow price (£/cow)	797			853
Replacement heifer/cow price (£/head)	1044			1039
<b>Forage Costs</b>				
Fertilizer (£/ha)	13			13
Seed (£/ha)	1			1
Spray (£/ha)	1			1
Other crop costs (£/ha)	2			2
<b>Total (£/ha)</b>	<b>16</b>			<b>16</b>

Unadjusted forage area excluding commons 52.24

54.04

\* excludes stock away on agist

† Calf price is as sold off the cow or a transfer value at weaning

# Premium group is the top third by Gross Margin per adjusted forage hectare

**Table 37 – Store cattle from suckler bred calves or stores**

	No farms in sample	Sample		Premium#	
		130		43	
	No farms	3509		1191	
Production information					
Enterprise grazing livestock units *		19		27	
Adjusted forage area (including commons)		25.03		29.27	
Stocking rate (GLUs per adj. forage ha.)		0.76		0.92	
Enterprise Output		Total	per adj for ha	Total	per adj for ha
		(£)	(£)	(£)	(£)
Cattle output		13210	528	24533	838
Total Output (A)		13210	528	24533	838
Variable Costs					
Concentrates		3754	150	5849	200
Coarse fodder		645	26	621	21
Vet and Medicines		473	19	726	25
Other livestock costs		2135	85	3077	105
Total Variable Costs (B)		7007	280	10273	351
Gross Margin before forage (A-B) = (C)		6203	248	14260	487
Forage Variable Costs (D)		227	9	542	19
Gross Margin after forage (C-D) = (E)		5977	239	13718	468
Prices					
Dairy heifer transfer or sale price £		na		na	
Finished cattle price £		1157		1183	
Store cattle price £		853		909	
Forage Costs					
Fertilizer (£/ha)		7		14	
Seed (£/ha)		1		1	
Spray (£/ha)		0		1	
Other crop costs (£/ha)		1		3	
Total (£/ha)		9		19	
Unadjusted forage area excluding commons		27.93		29.91	
* excludes stock away on agist					
# Premium group is the top third by Gross Margin per adjusted forage hectare					

**Table 38 – Fat cattle from suckler bred calves or stores**

	No farms in sample	Sample		Premium#
		46		15
	No farms	838		346
Production information				
Enterprise grazing livestock units *		42		42
Adjusted forage area (including commons)		46.22		40.95
Stocking rate (GLUs per adj. forage ha.)		0.91		1.02
Enterprise Output		Total	per adj	Total
		(£)	for ha	(£)
		(£)	(£)	(£)
Cattle output		37543	812	45297
Total Output (A)		37543	812	45297
Variable Costs				
Concentrates		11859	257	8830
Coarse fodder		785	17	313
Vet and Medicines		1030	22	1046
Other livestock costs		4644	100	5496
Total Variable Costs (B)		18318	396	15684
Gross Margin before forage (A-B) = (C)		19225	416	29612
Forage Variable Costs (D)		811	18	1019
Gross Margin after forage (C-D) = (E)		18414	398	28593
Prices				
Dairy heifer transfer or sale price £		na		na
Finished cattle price £		1234		1241
Store cattle price £		946		1056
Forage Costs				
Fertilizer (£/ha)		14		21
Seed (£/ha)		2		3
Spray (£/ha)		1		1
Other crop costs (£/ha)		1		1
Total (£/ha)		18		25
Unadjusted forage area excluding commons		56.34		38.05
* excludes stock away on agist				
# Premium group is the top third by Gross Margin per adjusted forage hectare				

**Table 39 – LFA ewes (Upland)**

2013 lamb crop	Sample	Premium#				
No farms in sample	128	43				
No farms	3247	914				
Production information						
Average ewe numbers	480	501				
Enterprise grazing livestock units *	58	65				
Lambs reared per ewe	1.29	2				
Flock replacement rate (%)	28%	27%				
Adjusted forage area (including commons)	77.66	77.01				
Stocking rate (ewes per adj. forage ha.)	6.18	6.51				
Stocking rate (GLUs per adj. forage ha.)	0.74	0.84				
Enterprise Output	Total	per ewe	per adj for ha	Total	per ewe	per adj for ha
	(£)	(£)	(£)	(£)	(£)	(£)
Lambs †	47363	99	610	62706	125	814
Wool	844	2	11	1031	2	13
Less Flock Depreciation	7296	15	94	6242	12	81
Total Output (A)	40911	86	527	57495	115	746
Variable Costs						
Concentrates	11698	24	151	10794	22	140
Coarse fodder	1715	4	22	1564	3	20
Vet and Medicines	3118	6	40	3357	7	44
Other livestock costs	4734	10	61	5141	10	67
Total Variable Costs (B)	21266	44	274	20856	42	271
Gross Margin before forage (A-B) = (C)	19645	42	253	36639	73	475
Forage Variable Costs (D)	2257	5	29	2394	5	31
Gross Margin after forage (C-D) = (E)	17388	37	224	34245	68	444
Prices	£/hd	% sales	£/hd	% sales		
Fat Lamb price	74	77	78	87		
Store Lamb price	54	15	59	7		
Ewe Lamb price	98	7	106	7		
Draft ewe price	89		110			
Cull ewe price (£/ewe)	47		54			
Wool price (£/kg)	0.79		0.75			
Replacement price (£/head)	90		94			
Forage Costs						
Fertilizer (£/ha)	25	26				
Seed (£/ha)	1	2				
Spray (£/ha)	1	1				
Other crop costs (£/ha)	2	2				
Total (£/ha)	29	31				
Unadjusted forage area excluding commons	90.76	87.39				
* excludes stock away on agist						
† includes all enterprise output except wool						
# Premium group is the top third by GM/head						

**Table 40 – LFA ewes (Hill)**

2012 lamb crop	Sample			Premium#		
	No farms in sample	62		21		
	No farms	1523		591		
Production information						
Average ewe numbers		472		400		
Enterprise grazing livestock units *		52		47		
Lambs reared per ewe		1.04		1		
Flock replacement rate (%)		33%		45%		
Adjusted forage area (including commons)		74.55		61.57		
Stocking rate (ewes per adj. forage ha.)		6.33		6.50		
Stocking rate (GLUs per adj. forage ha.)		0.70		0.77		
Enterprise Output	Total	per ewe	per adj for ha	Total	per ewe	per adj for ha
	(£)	(£)	(£)	(£)	(£)	(£)
Lambs †	34429	73	462	40123	100	652
Wool	782	2	10	861	2	14
Less Flock Depreciation	5647	12	76	132	0	2
Total Output (A)	29564	63	396	40852	102	664
Variable Costs						
Concentrates	8451	18	113	7178	18	117
Coarse fodder	2736	6	37	3420	9	56
Vet and Medicines	2806	6	38	2544	6	41
Other livestock costs	4062	9	54	4261	11	69
Total Variable Costs (B)	18056	39	242	17403	44	283
Gross Margin before forage (A-B) = (C)	11509	24	154	23448	58	381
Forage Variable Costs (D)	1134	2	15	1170	3	19
Gross Margin after forage (C-D) = (E)	10375	22	139	22279	55	362
Prices	£/hd	% sales		£/hd	% sales	
Fat Lamb price	69	62		74	82	
Store Lamb price	52	31		59	14	
Ewe Lamb price	87	7		85	3	
Draft ewe price	105			103		
Cull ewe price (£/ewe)	50			63		
Wool price (£/kg)	0.75			0.84		
Replacement price (£/head)	78			64		
Forage Costs						
Fertilizer (£/ha)	13			16		
Seed (£/ha)	1			1		
Spray (£/ha)	1			0		
Other crop costs (£/ha)	1			1		
Total (£/ha)	15			19		
Unadjusted forage area excluding commons	126.51			70.93		
* excludes stock away on agist						
† includes all enterprise output except wool						
# Premium group is the top third by GM/head						



**Appendix 10. Reports in this series:**

Organic Farming in England

Crop Production in England

Dairy Farming in England

Hill Farming in England

Horticulture Production in England (Horticultural Business Data)

Lowland Grazing Livestock Production

Pig Production in England

Poultry Production in England

Details available at [www.ruralbusinessresearch.co.uk](http://www.ruralbusinessresearch.co.uk)

## Appendix 11. Definition of Terms

### I. BUSINESS OUTPUTS, INPUTS, COSTS AND INCOME

1. ***Farm business income*** for sole traders and partnerships represents the financial return to all unpaid labour (farmers and spouses, non-principal partners and directors and their spouses and family workers) and on all their capital invested in the farm business, including land and buildings. For corporate businesses it represents the financial return on the shareholders capital invested in the farm business. It is used when assessing the impact of new policies or regulations on the individual farm business. Although Farm Business Income is equivalent to financial Net Profit, in practice they are likely to differ because Net Profit is derived from financial accounting principles whereas Farm Business Income is derived from management accounting principles. For example in financial accounting output stocks are usually valued at cost of production, whereas in management accounting they are usually valued at market price. In financial accounting depreciation is usually calculated at historic cost whereas in management accounting it is often calculated at replacement cost.

2. ***Farm corporate income*** represents the return on own capital invested in the farm business, to risk and to entrepreneurship. It is derived by deducting unpaid labour, both manual and managerial, from Farm Business Income. This allows the profitability of sole traders and partnerships to be compared directly with that of companies. Currently we are able to deduct an estimate of unpaid manual labour but not of unpaid managerial labour and so the data are only approximate. However, we plan to undertake a research project to produce a method for deriving an estimate of unpaid managerial labour, so that we can produce better data for this measure in future.

3. ***Farm investment income*** represents the return on *all* capital invested in the farm business *whether borrowed or not*, to risk and to entrepreneurship. It is a general measure of the profitability of farming as an activity rather than of a particular business. It is derived by adding net interest payments to Farm Corporate Income. Since currently the data for Farm Corporate income are only approximate, so too are the data for Farm Investment Income.

4. ***Net Farm Income (NFI)*** is intended as a consistent measure of the profitability of tenant-type farming<sup>13</sup> which allows farms of different business organisation, tenure and indebtedness to be compared. It represents the return to the farmer and spouse alone for their manual and managerial labour and on the tenant-type capital<sup>14</sup> invested in the farm business.

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<sup>13</sup> Tenant-type farming was never conceived of as including non-agricultural activities on farm (using farm resources) except perhaps for value added activities such as small-scale food processing, e.g. sales of farm produced butter and cream and retail sales of farm produced liquid milk. However, recent research has revealed that many of the more varied non-agricultural activities which have been increasing on farms over the years have been inadvertently included in the calculation of NFI, with the result that about three-quarters of non-agricultural activities on farm by value are currently included and one-quarter excluded, without any clear basis for this division. Although this means that the definition of NFI has become untenable on the current basis, it has been decided to continue with historical practice for reasons of continuity, rather than to change the definition, pending the introduction of a wider measure to include all on-farm business activities.

<sup>14</sup> Tenant-type capital comprises livestock, machinery, crops in store, stocks of consumables, work in progress, orchards, other permanent crops, glasshouses, cash and other assets needed to run the business. It does not include land and buildings.

To represent the return to farmer and spouse alone, a notional deduction is made for any unpaid labour provided by non-principal partners and directors, their spouses and by others; this unpaid labour is valued at average local market rates for manual agricultural work.

To confine the measure to the tenant-type activities and assets of the business, an imputed rent is deducted for owner-occupied land and buildings and for landlord-type improvements made by the tenant. No deduction is made for interest payments on any farming loans, overdrafts or mortgages; interest earned on financial assets is also excluded.

5. **Cash income** is the difference between total revenue and total expenditure. Revenue is: receipts adjusted for debtors; and expenditure is: purchases adjusted for creditors. It is assumed, therefore, that all end of year debtor and creditor payments are settled in full, even though this may happen beyond the end of the accounting year. Cash income represents the cash return to the group with an entrepreneurial interest in the business (farmers and spouses, non-principal partners and directors and their spouses and family workers) for their manual and managerial labour and on all their investment in the business.

6. **Family farm income** is a measure of farm income used by the European Commission. It is based upon actual tenure and indebtedness. However, it is a broader measure than net farm income in that it represents the return to all unpaid labour (farmers and spouses, non-principal partners and directors and their spouses and family workers). It also includes breeding livestock stock appreciation although it cannot be realised without reducing the productive capacity of the farm.

## II. CROPPING, STOCKING AND LABOUR TABLES

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

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

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

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

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

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

13. **Total livestock units** are used as an approximate measure of stocking intensity and are based on the estimated energy requirements of different species and ages of livestock. The factors used are set out in Appendix 2 of *'Farm Incomes in the United Kingdom 1999/00'*.

14. **Annual labour units (ALU)** are the estimated number of full time worker equivalents of persons working on the holding during the year. Part-time workers are converted to full-time equivalents in proportion to their actual working time related to that of a full-time worker. One ALU represents one person employed for 2,200 hours.

[Standard labour requirements (SLR) are theoretical measures of representative labour requirements under typical conditions for enterprises of average size and performance. Used in the classification of farms by type and size there are 6 SLR size groups measured in Full Time Equivalents (FTE) where 1 FTE equals 1900 hours per year. Farms considered "Spare time" SLR band 1, less than 0.5 FTE or less than 949 imputed hours are excluded from the Farm Business Survey. The 6 SLR size groups are:

SLR Band	Descriptive	FTE	Hours/year	SLR Publication Band
1	Very small, Spare time	<0.5	1 – 949	-
2	Very small, Part time	0.5 to <1	950 – 1899	1
3	Small, Full time	1 to <2	1900 – 3799	2
4	Medium, Full time	2 to <3	3800 – 5699	3
5	Large, Full time	3 to <5	5700 – 9499	4
6	Very large, Full time	>5	>9500	4

[The SLR bands used in this report are the SLR Publication bands which exclude the smallest SLR size group and combine the 2 largest bands to give 4 SLR Publication bands.]

### III. OUTPUTS, INPUTS AND FARM BUSINESS INCOME TABLES

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

(a) **Livestock enterprise output** comprises the total sales of livestock and livestock products including *direct livestock subsidies* and production grants received, part of the valuation change (see below), produce consumed in the farmhouse and by labour and the value of milk and milk products fed on the farm (excluding direct suckling) adjusted for debtors at the beginning and end of the year (except for direct livestock subsidies) and transfers between enterprises; less purchases of livestock and livestock products from outside the farm business. Stock appreciation for breeding livestock (cattle, sheep and pigs) has been excluded from individual livestock enterprise outputs. However, changes in the numbers of breeding livestock between the opening and closing valuation and the total valuation change of trading livestock are included. Unlike crop enterprise output, livestock enterprise output is calculated on an accounting year basis.

(b) **By-products, forage and cultivations**, which cover the value of output of the by-products of agricultural activity, sales of fodder, valuation changes for fodder and cultivations. It also covers revenue from the letting of bare land or forage on a short-term lease.

(c) **Crop enterprise output**, which is the total value of crops produced by the farm (other than losses in the field and in store). It includes crops used for feed and seed by the farm business and those consumed in the farmhouse and by farm labour. Crop enterprise output is calculated on a "harvest year" as distinct from an "accounting year" basis; that is, it refers only to those crops (with the exception of certain horticultural crops) wholly or partly harvested during the accounting year and excludes any crop carried over from the previous year. Thus valuation changes (between the previous and current crops) are not relevant and the total harvested yield of the crop is valued at market prices (plus any subsidies).

However, any difference between the opening valuation of any stocks of previous crops and their ultimate disposal value (sales, used on farm and any end-year stocks) is included in total farm output.

(d) *Miscellaneous output* covers the value of output from those activities which are still within the agricultural cost centre but do not fall within either livestock or crop enterprise output. These will include revenue from wayleaves, agricultural hirework, sundry woodland sales, contract farming rent, miscellaneous insurance receipts and compensation payments.

16. *Agricultural costs* comprise payments and the estimated value of non-cash inputs, including home-grown feed and seed, adjusted for changes in stocks and creditors between the beginning and end of the year.

<b><i>Total variable costs</i></b>	These are taken to be costs of feed, veterinary fees and medicines, other livestock costs, seeds, fertilisers, crop protection and other crop costs.
<b><i>Purchased concentrate feed and fodder</i></b>	This represents expenditure on feeds and feed additives, including charges for agistment.
<b><i>Home-grown concentrate feed and fodder</i></b>	This includes ex-farm value of all home produced cereals, beans, milk (excluding direct suckling), etc. fed on the farm both from the current and previous years' crops.
<b><i>Veterinary fees and medicines</i></b>	This consists of veterinary fees and the cost of all medicines.
<b><i>Other livestock costs</i></b>	This comprises straw bought specifically for costs bedding materials, breeding costs (including AI and stud fees), miscellaneous dairy expenses, disinfectants, marketing and storage costs of animal products, Milk Development Council levy and other livestock costs not separately identified.
<b><i>Purchased and home-grown seeds</i></b>	This comprises expenditure on purchased seeds, plants and trees adjusted for changes in stocks. Home-grown seed from the previous crop is included and charged at estimated market price: any seeds from current crops and sown for a succeeding crop are excluded, but are included in the closing valuation of the crop and hence in enterprise output. This enables the value of home-grown seed used in the production of the current crop to be identified.
<b><i>Fertilizers</i></b>	This includes lime, fertilisers and other manures, and is adjusted for changes in stock. Fertilisers sown for next year's crops are treated as if they were still in store and are included in the closing valuation.

<b><i>Crop protection</i></b>	This includes costs of pre-emergent sprays, fungicides, herbicides, dusts and insecticides and other crop sprays.
<b><i>Other crop costs</i></b>	These comprise all crop inputs not separately specified, e.g. marketing charges, packing materials, British Potato Council levy, baling twine and wire (though not fencing wire).
<b><i>Total fixed costs</i></b>	These are the costs of labour, machinery, contract work, land and buildings, other general farming costs and depreciation.
<b><i>Labour (excluding farmer and spouse)</i></b>	This comprises wages and employer's insurance contributions, payments in kind, and salaried management. To calculate net farm income an imputed charge for unpaid labour is made, excluding that of the farmer and spouse, valued at the rate of comparable paid labour. The value of the manual labour of the farmer and spouse is not charged as an input in calculating net farm income (i.e. it is a component of net farm income).
<b><i>Contract costs</i></b>	These costs include expenditure on work carried out by agricultural contractors, including the costs of materials employed, such as fertilisers, unless these can be allocated to the specific heading. Costs of hiring machines to be used by the farm's own labour are also included. Expenditure on contract labour is only included here if it is associated with the hiring of a machine. Otherwise it is entered under (casual) labour.
<b><i>Machinery running costs</i></b>	These represent the cost of machinery and equipment repairs, fuel and oil and car mileage expenses. It excludes depreciation.
<b><i>Land and building inputs</i></b>	For the calculation of farm business income these comprise any rent paid, insurance, rates and repairs to land and buildings incurred by the whole business. In the derivation of net farm income land and building costs also include an imputed rental charge for owner occupiers but exclude those costs associated with land ownership such as the insurance of farm buildings, and landlord-type repairs and upkeep.

<b><i>Depreciation of machinery, glasshouses and permanent crops</i></b>	Depreciation provisions in respect of machinery, glasshouses and permanent crops (e.g. orchards) are shown on a current cost basis. The rates of depreciation used (generally on a diminishing balance basis for machinery and straight line for glasshouses and permanent crops) are intended to reflect the degree of deterioration of the assets.
<b><i>Other general farming costs</i></b>	These consist of electricity, heating fuel, water for all farming purposes, insurance (excluding labour and farm buildings), bank charges, professional fees, vehicle licences, and other miscellaneous expenses not recorded elsewhere.
<b><i>Interest payments</i></b>	Interest charges on loans taken out for business purposes, net of interest receipts on monies invested temporarily outside the business, are deducted in the calculation of farm business income.
<b><i>Depreciation of buildings and works</i></b>	This is calculated on a current cost basis (generally on a straight line basis over 10 years) with an adjustment to allow for the effect of capital grants.

17. ***Breeding livestock stock appreciation*** represents the change in market prices of breeding cattle, sheep and pigs between the opening and closing valuations. It is not included in the calculation of farm business income but is shown separately within table 3.

#### IV. BALANCE SHEET TABLES

18. ***Total fixed assets*** include milk and livestock quotas, as well as land, buildings, breeding livestock, and machinery and equipment. For tenanted farmers, assets can include farm buildings, cottages, quotas, etc., where these are owned by the occupier.

19. ***Liquid assets*** comprise cash and sundry debtors.

20. ***Bank term loans*** and ***other long and medium term loans*** are loans which exceed 12 months.

21. ***Net Worth*** represents the residual claim or interest of the owner in the business. It is the balance sheet value of assets available to the owner of the business after all other claims against these assets have been met.

#### V. IMPLIED OUTPUT PRICES

22. ***Implied output prices*** are average unit returns excluding direct subsidies. For crops they are calculated by dividing the value of sales, closing stocks, farm house consumption, benefits in kind and own-produced feed by total production. Sales are value at prices actually received at the farm gate before the deduction of marketing charges paid direct by the farmer such as drying and cleaning costs. More detailed information about sales volumes is collected for livestock and, in this case, the unit returns refer to sales of livestock including casualties.

In both cases, any compensation payments or insurance payouts for output produced in the current year and destroyed are included.

*Source: DEFRA – Farm Accounts in England 2006/2007*

<http://www.defra.gov.uk/statistics/foodfarm/farmmanage/fbs/aboutfbs/datacollection>

### **Standard Output (SO)**

SOs 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). Different SOs are calculated for North England, East England, West England, Wales, Scotland and Northern Ireland to allow for the differences in output in different areas.

Standard outputs measure the total value of output of any one enterprise - per head for livestock and per hectare for crops. For crops this will be the main product (e.g. wheat, barley, peas) plus any by-product that is sold, for example straw. For livestock it will be the value of the main product (milk, eggs, lamb, pork) plus the value of any secondary product (calf, wool) minus the cost of replacement.

Up until 2010, Standard Gross Margins were used for the classification of farms. The difference between standard outputs and standard gross margins is that no variable costs are deducted in the derivation of standard outputs. A Defra note looking at the effects on the population by farm type as a result of the change from SGMs to SOs is available at ([http://webarchive.nationalarchives.gov.uk/20130123162956/http://www.defra.gov.uk/statistics/files/defra-stats-foodfarm-farmmanage-fbs-reviseclass\\_111221.pdf](http://webarchive.nationalarchives.gov.uk/20130123162956/http://www.defra.gov.uk/statistics/files/defra-stats-foodfarm-farmmanage-fbs-reviseclass_111221.pdf))

SOs are calculated from rolling five-year averages – this in order to lessen the impact of yearly fluctuations on calculated SOs. The SOs used for the presentation of data for the period 2009/10 to 2011/12 are based on the 2007SOs, and the data for the period 2012/13 and 2013/14 are based on the 2010SOs.

The 2007 and 2010 SOs for England can be seen on Annex 1 under UK Farm Classification on the above site.

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

### **Adjusted Forage hectares (adj. for. ha)**

The adjusted forage area allows an area of rough grazing to be equated to an equivalent area of flat mowable land. This therefore reflects the true stock carrying capacity of a parcel of land and allows meaningful comparisons on true farm stocking rates to be presented. This measure is particularly important for LFA farms with large tracts of poor quality land including those with areas of common grazing.

### **Farm performance ratio**

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