



Farm Business Survey

2012/2013

Hill Farming in England



David Harvey and Charles Scott

March 2014

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independent research, data and analysis

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Foreword to the Eighth Series

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

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

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

Dr Paul Wilson

Chief Executive Officer, Rural Business Research

January 2014

www.ruralbusinessresearch.co.uk

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 area¹. 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 area². 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, 29% of beef cows and 42% of breeding sheep are on LFA grazing livestock farms³. Farming plays a crucial role in maintaining the distinctive landscape of such areas.

The average LFA Grazing Livestock farm has 155 ha of enclosed land and typically has access to an area of common grazing. It is part owned (72 ha) and part rented (82 ha) and most of the farm (90 ha) is in permanent grass. The average LFA farmer is 57 years old, has 29 beef cows and 377 breeding ewes. Cattle and Sheep youngstock and fatstock make up the total to 92 cattle and 743 sheep on the farm, making a total of 95 Grazing Livestock Units.

The average LFA Grazing Livestock farm earns 67% of its total revenue (output) from crop and livestock farming activities, 19% comes from the Single Farm Payment, and 11% from specific agri-environment payments. The balance of revenues (3%) 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 £29,973 per farm. However, since this side of the whole farm business is assumed to incur most of the fixed costs (87%) the average LFA farm is shown as making an Agricultural Business Income loss of -£8,867 (before unpaid labour) from crop and livestock production per farm in 2012/13. Allowing for the unpaid labour allocation of £24,561 to this side of the business results in an Agricultural Corporate Income of -£33,428.

Farm revenues from all sources combine to generate a headline Farm Business Income of £19,700 per farm in 2012/13, a 33% 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 £26,170 per farm. As a result, Farm Corporate Income shows a small loss of -£6,470 per farm (a 236% reduction on the small profit of £4,771 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 £4,351 is down by 164% compared with the previous year's profit of £6,755. The traditional measure of farm income of Net Farm Income (which puts all farm businesses on a comparable tenanted basis) averaged £11,202 per farm, down 48% from £21,339 in 2011/12.

LFA farms depend to a substantial extent on public payments; the Single Farm Payment and Agri-environmental payments together account for 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.

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

² Natural England - Entry Level Stewardship: Environmental Stewardship Handbook (NE349)

³ 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 million hectares are farmed - 17% of the total farmed area⁴. 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 area⁵. 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, 29% of beef cows and 42% of breeding sheep are on LFA grazing livestock farms⁶. Farming plays a crucial role in maintaining the distinctive landscape of such areas.

There are some 12,625 commercial holdings classified as Grazing Livestock (LFA) farms and these account for 1.2 million ha of English farmland (excluding commons)⁷. 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 12,625 LFA Grazing livestock holdings, this report presents data representing the 6,179 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, 2011/12, 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](#) 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

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

⁵ Natural England - Entry Level Stewardship: Environmental Stewardship Handbook (NE349)

⁶ Data from Defra, Agricultural Census, June 2010

⁷ Data from Defra, Agricultural Census, June 2010

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 1st January 2007 (including Moorland and common land in the DA) see: [http://rpa.defra.gov.uk/rpa/index.nsf/15f3e119d8abcb5480256ef20049b53a/d3762c090883e88780257427005117ad/\\$FILE/HFA%202009%20Explanatory%20booklet.pdf](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).⁸

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 2012 UTP and the UELS and OUELS schemes are shown in Table 1.

⁸ 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 (2012)

Uplands Transitional Payments (£/ha) 2012

| Land Type | 0 – 350 hectares | 351 – 700 hectares |
|-------------------------------|------------------|--------------------|
| Land within the Moorland line | £15.52 | £7.76 |
| Other common land | £15.52 | £7.76 |
| Other SDA | £40.96 | £20.48 |

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) 2012

| Land Type | UELS | OUELS |
|--|------|-------|
| 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 246 farms, which are all part of the Farm Business Survey. 61% come from the EU North Region, 30% 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)⁹. This is a departure from the Standard Gross Margins (SGM) basis for classification which was used prior to the 2010/11 year (please 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 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).

⁹ 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.

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 (2012)

| Farm | Sample | | June survey of agriculture | | Average size by SLR * | | Average total adjusted area (ha) | |
|-------------|--------|------|----------------------------|------|-----------------------|-------------|----------------------------------|-------------|
| | No. | % | No. | % | Sample | June survey | Sample | June survey |
| Part-Time † | 13 | 5% | 951 | 15% | 0.78 | 0.76 | 55 | 52 |
| Small | 76 | 31% | 2,680 | 43% | 1.53 | 1.54 | 135 | 120 |
| Medium | 55 | 22% | 1,082 | 18% | 2.46 | 2.45 | 165 | 158 |
| Large | 59 | 24% | 1,006 | 16% | 3.81 | 3.84 | 262 | 222 |
| Very Large | 43 | 17% | 460 | 7% | 7.66 | 7.48 | 546 | 421 |
| All Sizes | 246 | 100% | 6,179 | 100% | 3.31 | 2.38 | 240 | 155 |

* 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;

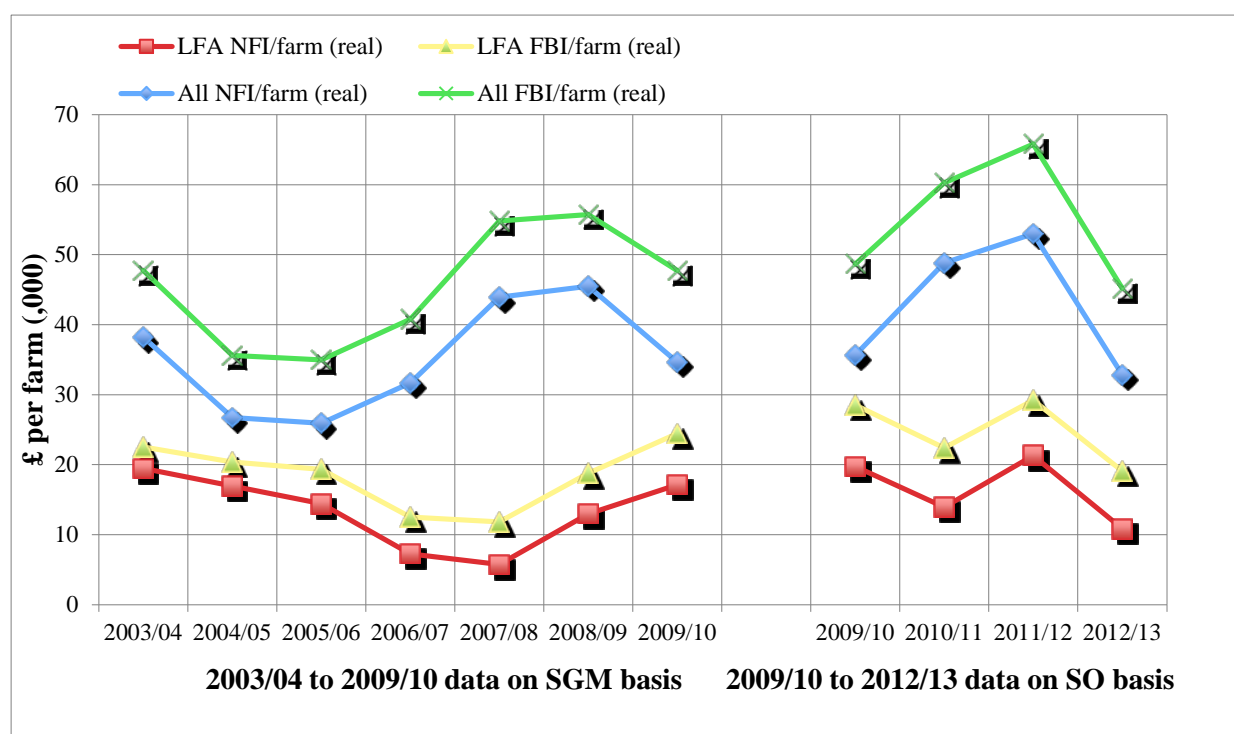
Other farm types are present in the LFAs, but analysis has been restricted to cattle and sheep farms as they represent the most common type of LFA holdings

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 2012/13 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^a Farms v. All FBS Farms Performance, real^b terms, England (2003/04 – 2012/13)



Source: *Farm Accounts in England, 2012/13*, [Defra](#).

Notes: a: defined as Upland Grazing Farms

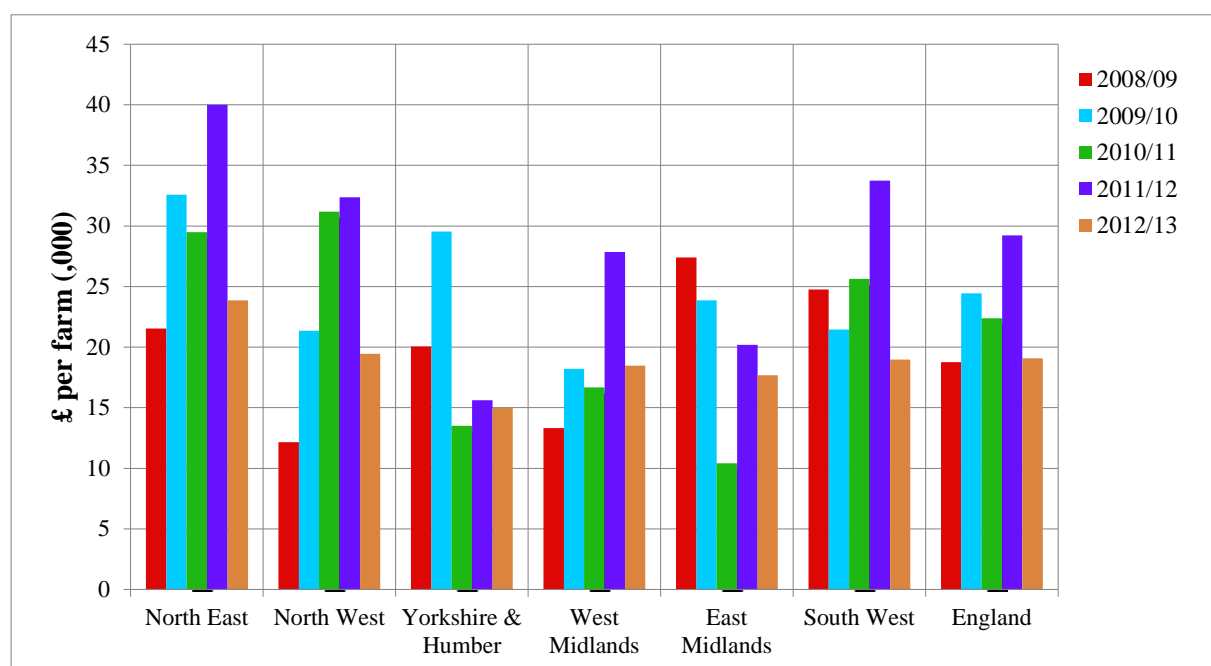
b: Real terms = deflated by RPI (all items).

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 2012/13 year saw a major fall 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 2012/13)



Source: - Government Office Reports, 2012/13, [RBR](#).

Notes: Data in current terms (pre-2010/11 data on an SGM basis, 2010/11 data onwards on an SO basis).

4. The Average LFA Farm in 2012/13

Although the average LFA farm in the FBS sample in 2012/13 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 6,000 LFA farms in England (excluding the smallest farms - those with a Standard Output of less than 25,000). The average area farmed is 155 ha plus common grazings. This area includes some 2 ha under buildings and roads, 5 ha rented in land (net) and 56 ha rough grazing. The adjusted area of the on-farm rough grazing equates to 18 ha adjusted area which, plus 6 ha of adjusted common grazing gives a total adjusted area farmed of 124 ha. The average farm is part owned (72 ha) and part rented (82 ha), and most of the farm (90 ha) is in permanent grass. The average LFA farmer is 57 years old, and has 29 beef cows and 377 breeding ewes. Cattle and Sheep youngstock and fatstock make up the total to 92 cattle and 743 sheep on the farm, making a total of 95 Grazing Livestock Units (GLUs)¹⁰.

4.1. The average LFA Farm account

The average LFA Grazing Livestock farm in England in 2012/13 is represented by the set of accounts shown in Table 3. This table reports the average farm accounts for the whole

¹⁰ 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 246 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 67% of their total revenue (output) from the agriculture cost centre, with 19% coming from the Single Farm Payment, and 11% from specific agri-environment payments. The balance of revenues (3%) is earned from non-farm activities (mostly associated with contracting or tourism and recreation). The farming business covers its variable costs and earns a positive gross margin of £29,973 per farm (a 21% decrease from the previous year). However, since the production agriculture side of the farm business is assumed to incur most of the fixed costs (87%) the average LFA farm is shown to generate a negative Agricultural Business Income of -£8,867 per farm in 2012/13 – a major setback on the positive figure of £560 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 £19,700 per farm in 2012/13, a 33% 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 £26,170 per farm and as a result, Farm Corporate Income registers at -£6,470 per farm (a 236% decrease on £4,771 in 2011/12). 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 -£4,351, down by 164% compared with the previous year’s figure of £6,755.

The traditional measure of farm income is Net Farm Income (NFI)¹¹. 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 £11,202 per farm, down 48% from £21,339 in 2011/12.

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.

¹¹ 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 From Hill Farm Allowance to 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.

Table 3. LFA Grazing Livestock Farms: Business Output, Input Costs and Income

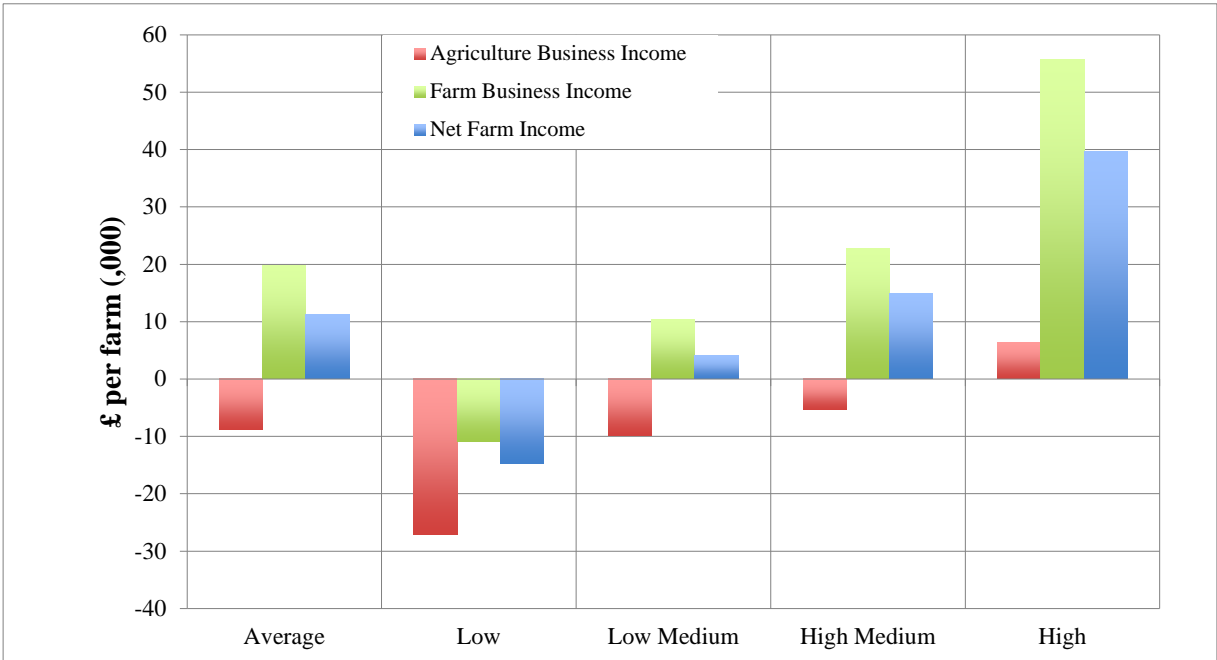
| Derivation of farm income measures | | The average farm | | | | | | | | | | | | | | | | |
|---|--|------------------|---------|---------|-------|----------|------|-------------------------------------|-------|------------------------------------|--------|--|-----|----------------------------|---------|---------|--|----------|
| | | Agriculture | | | | | | Cost Centre (£ per farm) | | | | | | Farm Business (£ per farm) | | | | |
| | | 2011/12 | | 2012/13 | | % change | | Agri-environment and other payments | | Diversification out of agriculture | | Single Payment Scheme | | 2011/12 | | 2012/13 | | % change |
| % contribution of cost centre revenue to total: | | 69% | | 67% | | | | 9% | | 2% | | 20% | | | | | | |
| 1 | Total output (Revenue) | 74,841 | 70,805 | -5% | 9,978 | 11,646 | 17% | 2,239 | 2,934 | 31% | 21,960 | 20,343 | -7% | 109,017 | 105,729 | -3% | | |
| 2 | Variable costs | 37,042 | 40,833 | 10% | 174 | 99 | -43% | 149 | 116 | -22% | 2 | 2 | | 37,367 | 41,049 | 10% | | |
| 3=1-2 | Total Gross margin | 37,799 | 29,973 | -21% | 9,804 | 11,548 | 18% | 2,090 | 2,818 | 35% | 21,957 | 20,341 | -7% | 71,650 | 64,680 | -10% | | |
| 4 | Fixed costs | 37,799 | 39,354 | 4% | 1,739 | 2,422 | 39% | 987 | 1,211 | 23% | 2,481 | 2,508 | 1% | 43,006 | 45,495 | 6% | | |
| 5=2+4 | Total Costs | 74,841 | 80,187 | 7% | 1,913 | 2,520 | 32% | 1,136 | 1,327 | 17% | 2,483 | 2,510 | 1% | 80,373 | 86,544 | 8% | | |
| 6 | Profit/(loss) on sale of fixed assets | 560 | 514 | -8% | | | | | | | | | | 560 | 514 | -8% | | |
| 7=1-5+6 | Farm Business Income | 560 | -8,867 | -1683% | 8,065 | 9,126 | 13% | 1,103 | 1,607 | 46% | 19,477 | 17,833 | -8% | 29,205 | 19,700 | -33% | | |
| 8 | Adjustment for unpaid manual labour | 23,372 | 24,561 | 5% | 502 | 738 | 47% | 560 | 871 | 55% | 0 | 0 | | 24,434 | 26,170 | 7% | | |
| 9=7-8 | Farm Corporate Income | -22,811 | -33,428 | -47% | 7,563 | 8,387 | 11% | 543 | 736 | 36% | 19,477 | 17,833 | -8% | 4,771 | -6,470 | -236% | | |
| 10 | Interest payments (net of interest received) | 1,822 | 1,926 | 6% | 46 | 57 | 23% | 51 | 78 | 53% | 63 | 58 | | 1,983 | 2,120 | 7% | | |
| 11=9+10 | Farm Investment Income | -20,989 | -31,501 | -50% | 7,609 | 8,445 | 11% | 594 | 815 | 37% | 19,540 | 17,891 | -8% | 6,755 | -4,351 | -164% | | |
| % contribution of cost centre costs to total: | | 93% | | 93% | | 2% | | 3% | | 1% | | 2% | | 3% | | 3% | | 3% |
| | | 12 | | 13 | | 18 | | 16 | | 17=11-12+13+18+16 | | Net Farm Income | | 21,339 | | 11,202 | | -48% |
| | | 246 | | 6,179 | | 247 | | 6,148 | | 2012/13 Sample size (unweighted) | | 8,200 | | 8,641 | | 52,306 | | 14% |
| | | 6,179 | | 247 | | 6,148 | | 6,148 | | 2011/12 Sample size (unweighted) | | 2,521 | | 2,506 | | 1,256 | | -83% |
| | | 247 | | 6,148 | | 6,148 | | 6,148 | | 2012/13 Sample size (unweighted) | | 0 | | 0 | | 1,487 | | 67% |
| | | 6,148 | | 6,148 | | 6,148 | | 6,148 | | 2011/12 Sample size (unweighted) | | 20,263 | | 21,688 | | 49,562 | | 33% |
| | | 6,148 | | 6,148 | | 6,148 | | 6,148 | | 2012/13 Sample size (unweighted) | | Imputed rent | | 8,200 | | 8,641 | | 5% |
| | | 6,148 | | 6,148 | | 6,148 | | 6,148 | | 2011/12 Sample size (unweighted) | | Ownership charges | | 2,521 | | 2,506 | | -1% |
| | | 6,148 | | 6,148 | | 6,148 | | 6,148 | | 2012/13 Sample size (unweighted) | | Director's remuneration | | 0 | | 0 | | - |
| | | 6,148 | | 6,148 | | 6,148 | | 6,148 | | 2011/12 Sample size (unweighted) | | Unpaid labour of principal farmer and spouse | | 20,263 | | 21,688 | | 7% |
| | | 6,148 | | 6,148 | | 6,148 | | 6,148 | | 2012/13 Sample size (unweighted) | | Holding gains not included in farm income | | 45,710 | | 52,306 | | 14% |
| | | 6,148 | | 6,148 | | 6,148 | | 6,148 | | 2011/12 Sample size (unweighted) | | Breeding Livestock Appreciation (BLSA) | | 7,480 | | 1,256 | | -83% |
| | | 6,148 | | 6,148 | | 6,148 | | 6,148 | | 2012/13 Sample size (unweighted) | | Revaluation of machinery, permanent crops, glasshouse, quota | | 893 | | 1,487 | | 67% |
| | | 6,148 | | 6,148 | | 6,148 | | 6,148 | | 2011/12 Sample size (unweighted) | | Revaluation of land | | 37,338 | | 49,562 | | 33% |
| | | 6,148 | | 6,148 | | 6,148 | | 6,148 | | 2012/13 Sample size (unweighted) | | Management and Investment Income | | 1,101 | | -10,461 | | -1050% |

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, 2012/13, [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

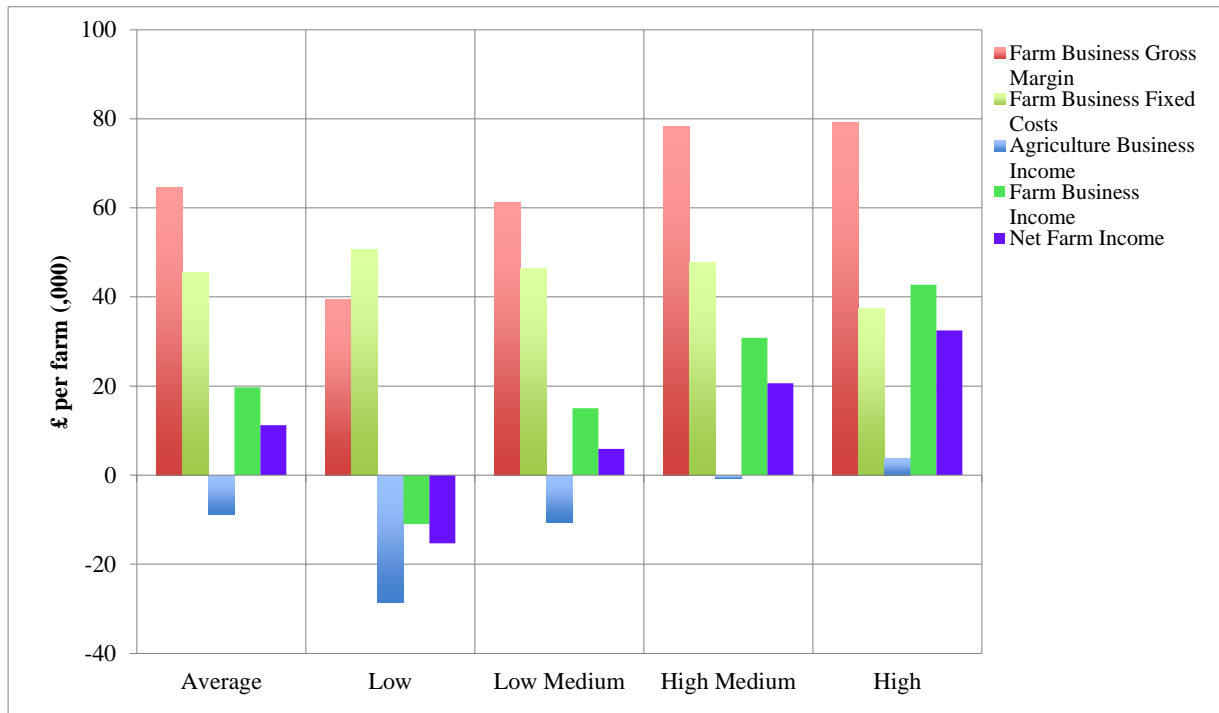
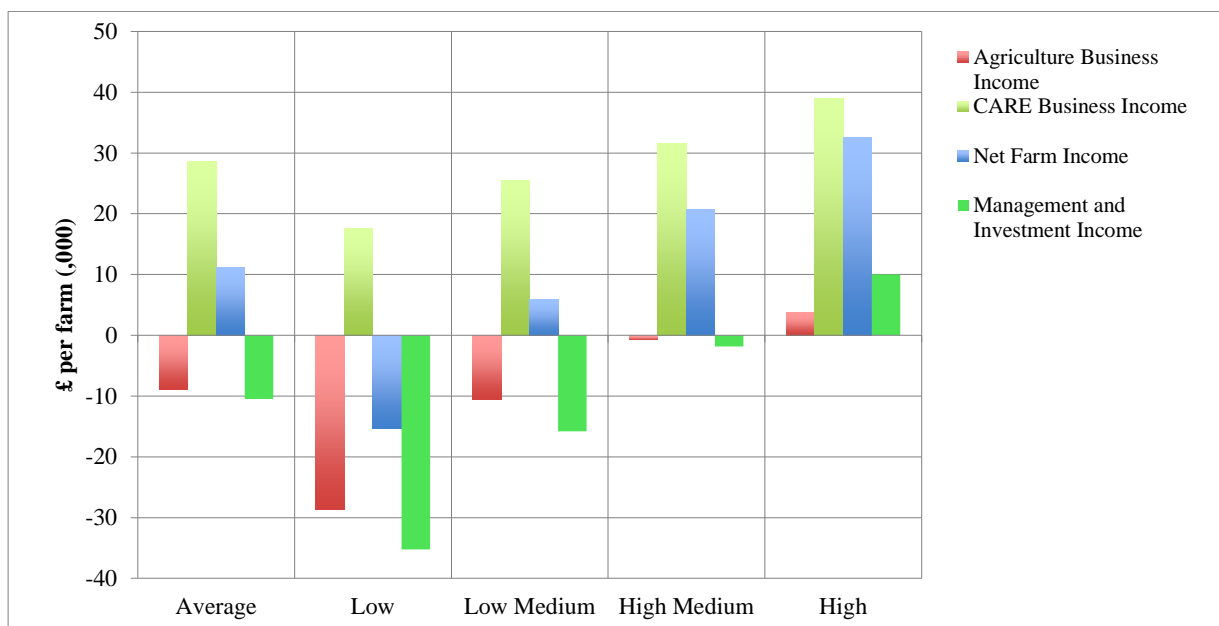


Figure 5. LFA Farm Earnings Performance by FBI/GLU quartile



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 £10,001 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

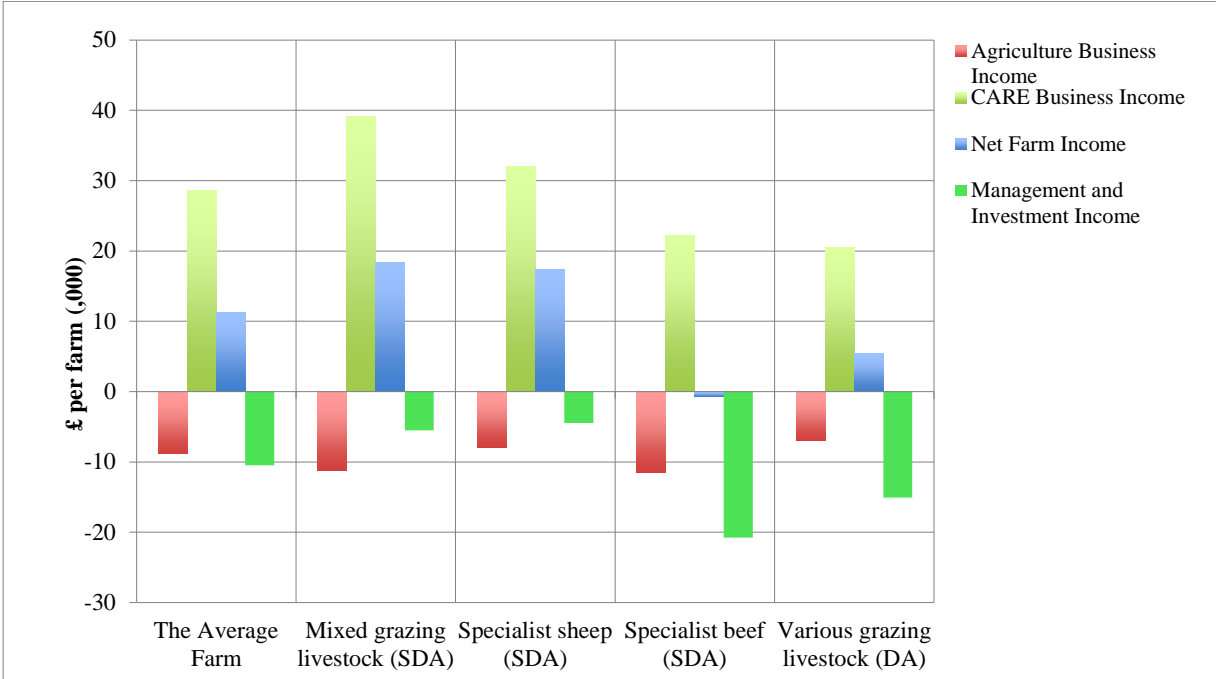
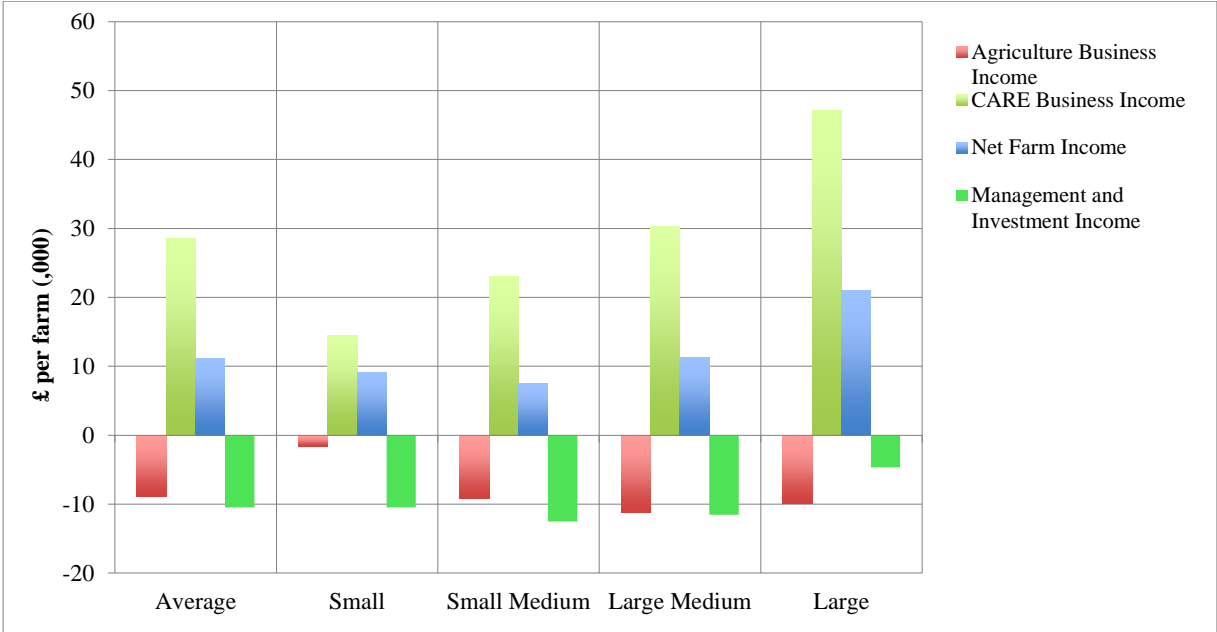


Figure 7 shows the business performance by size, measured here by the Standard Labour Requirement (SLR)¹² and illustrates that size is important to these farms' earning ability, although as previously seen it is the CARE income which rescues all farms from economic failure. The greater losses of ABI in the larger size groups demonstrate that in years of poor performance of the Agriculture cost centre (as in 2012) 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.

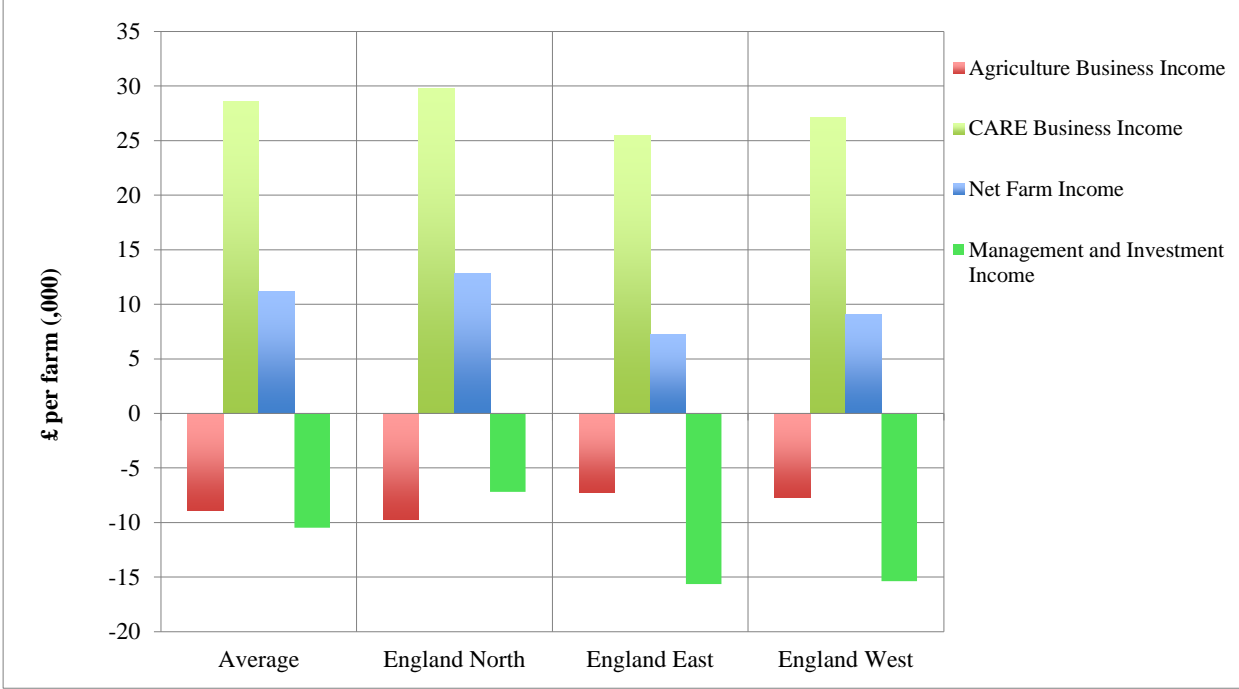
Figure 7. LFA business performance by size (SLR) quartile



¹² 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. Farms in England North appear to achieve the highest CARE incomes and return the highest Net Farm Income.

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

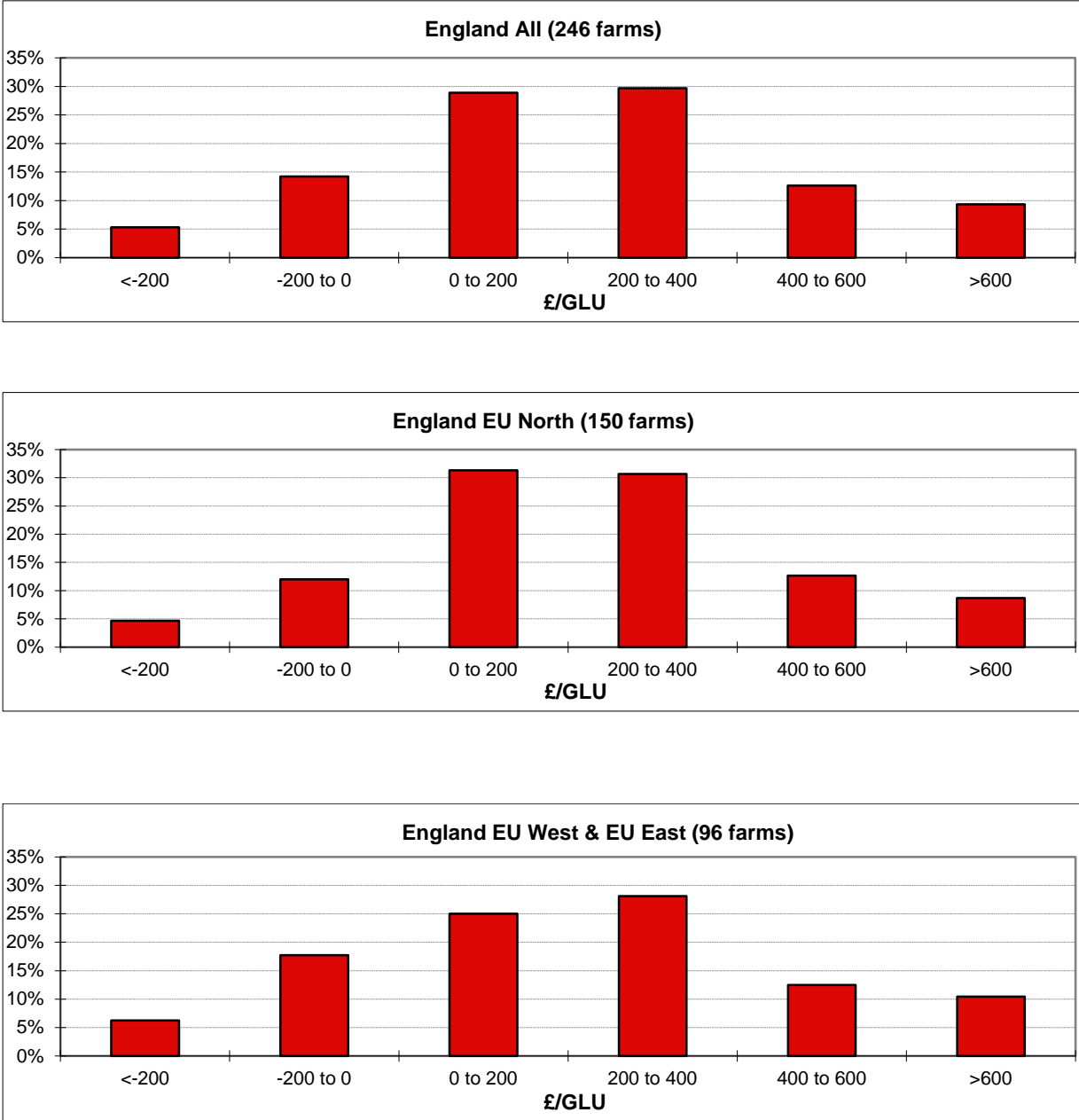
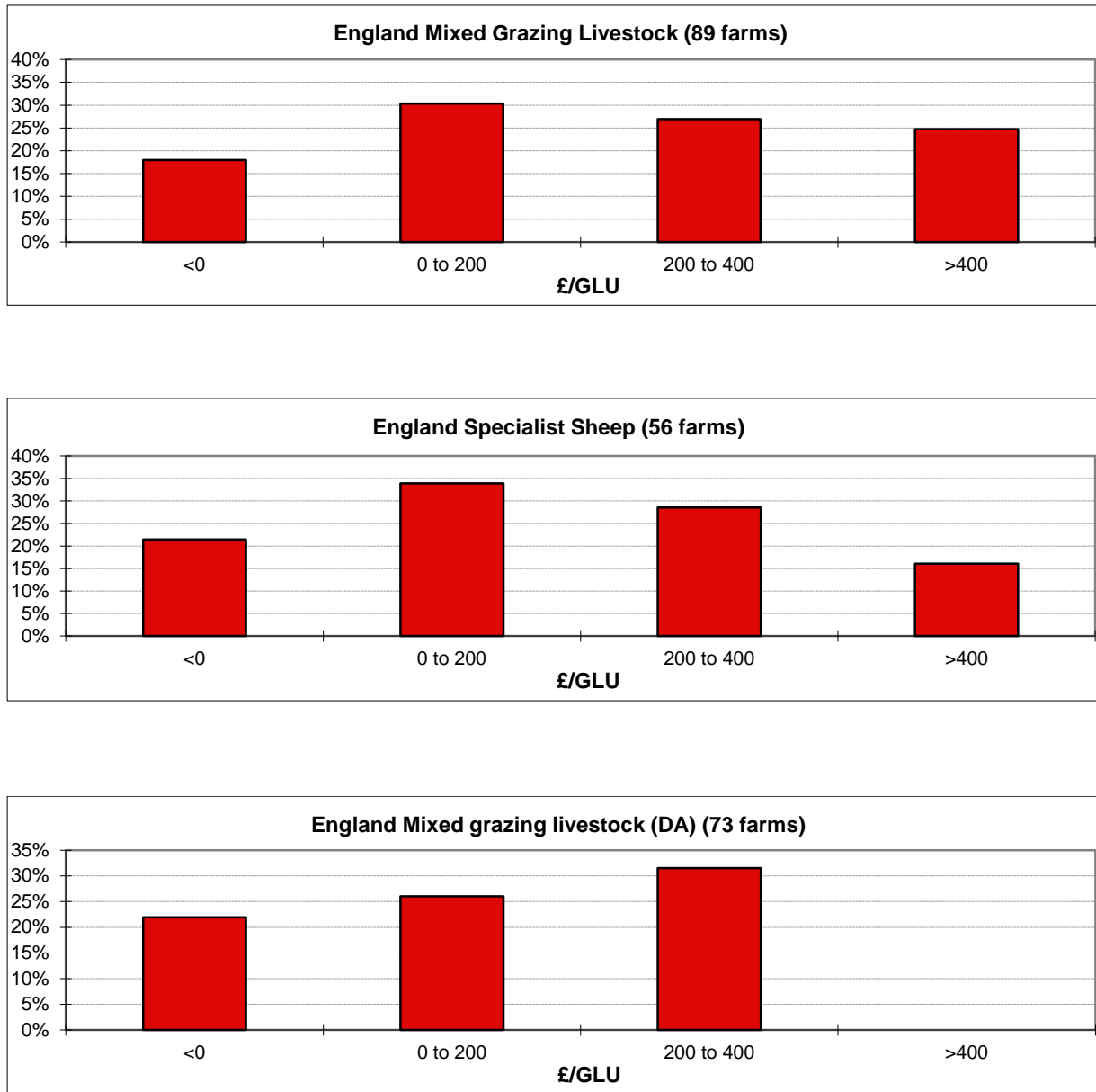


Figure 10 illustrates the variation in performance by Main Farm Type (except Specialist Beef farms where the low sample sizes does not allow this presentation). DA Mixed Grazing farms (which often carry substantial beef herds) appear more likely than Mixed Grazing Livestock or Specialist Sheep farms 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 2011/12 and 2012/13

| | All Upland flocks | | Change £/ewe |
|--|--------------------------|----------------|-----------------|
| | 2011/12 | 2012/13 | |
| <i>Number of farms</i> | <i>131</i> | <i>124</i> | |
| <i>Number of farms (weighted)</i> | <i>3342</i> | <i>2837</i> | |
| (£ per ewe) | | | |
| Enterprise Output (excl. BLSA) | 110.1 | 95.5 | -14.6 |
| BLSA | 11.7 | -0.9 | -12.6 |
| Total Variable costs | 43.8 | 49.7 | 5.8 |
| Concentrates | 16.8 | 22.6 | 5.8 |
| Purchased fodder and keep | 3.4 | 2.8 | -0.7 |
| Veterinary and medicines | 5.8 | 6.9 | 1.0 |
| Other livestock costs | 10.0 | 10.0 | -0.1 |
| Forage variable costs | 7.7 | 0.3 | -7.4 |
| Gross Margin (excl. BLSA) / Ewe | 66.2 | 45.8 | -20.4 |
| Gross Margin range | -29 to 315 | -38 to 191 | |
| Total Fixed costs | 63.2 | 60.4 | -2.8 |
| Total costs | 107.0 | 110.0 | 3.0 |
| Net Margin (excl. BLSA) / Ewe | 3.1 | -14.5 | -17.6 |
| Net Margin after F&S labour (excl. BLSA) | -26.7 | -42.6 | -15.9 |

Table 5. LFA upland sheep flock performance by flock size 2012/13

| 2012/13 | All flocks | <350 ewes | 350-700 ewes | >700 ewes |
|--|-------------------|---------------------|---------------------|---------------------|
| <i>Number of farms</i> | 124 | 39 | 50 | 35 |
| <i>Number of farms (weighted)</i> | 2837 | 1125 | 1199 | 513 |
| (£ per ewe) | | | | |
| Enterprise Output (excluding BLSA) | 95.5 | 88.4 | 96.5 | 97.6 |
| BLSA | -0.9 | -0.4 | -1.2 | -0.9 |
| Total Variable costs, of which: | 49.7 | 44.1 | 52.4 | 49.4 |
| Concentrates | 22.6 | 19.3 | 24.9 | 21.8 |
| Purchased fodder and keep | 2.8 | 2.4 | 3.2 | 2.5 |
| Veterinary and medicines | 6.9 | 6.1 | 7.2 | 6.9 |
| Other livestock costs | 10.0 | 9.1 | 10.3 | 10.0 |
| Forage variable costs | 7.5 | 7.3 | 6.8 | 8.2 |
| Gross Margin (excluding BLSA) | 45.8 | 44.3 | 44.1 | 48.2 |
| Total Fixed costs | 60.4 | 66.1 | 60.7 | 57.4 |
| Total costs | 110.0 | 110.2 | 113.1 | 106.8 |
| Net Margin after F&S labour (excl. BLSA) | -42.6 | -59.6 | -53.3 | -24.1 |

Table 6. LFA hill sheep flock performance 2011/12 and 2012/13

| | All Hill flocks | | Change £/ewe |
|--|------------------------|----------------|-------------------------|
| | 2011/12 | 2012/13 | |
| <i>Number of farms</i> | 63 | 64 | |
| <i>Number of farms (weighted)</i> | 1040 | 1427 | |
| (£ per ewe) | | | |
| Enterprise Output (excl. BLSA) | 73.7 | 66.7 | -7.0 |
| BLSA | 10.3 | 1.0 | -9.3 |
| Total Variable costs | 34.5 | 36.9 | 2.4 |
| Concentrates | 11.4 | 13.8 | 2.4 |
| Purchased fodder and keep | 4.4 | 5.5 | 1.2 |
| Veterinary and medicines | 5.4 | 5.6 | 0.1 |
| Other livestock costs | 8.7 | 8.1 | -0.5 |
| Forage variable costs | 4.7 | 3.9 | -0.8 |
| Gross Margin (excl. BLSA) / Ewe | 39.2 | 29.8 | -9.4 |
| Gross Margin range | -46 to 120 | -67 to 156 | |
| Total Fixed costs | 54.5 | 53.7 | -0.8 |
| Total costs | 89.0 | 90.6 | 1.6 |
| Net Margin (excl. BLSA) / Ewe | -15.3 | -23.9 | -8.6 |
| Net Margin after F&S labour (excl. BLSA) | -37.3 | -47.0 | -9.7 |

Table 7. LFA hill sheep flock performance by flock size 2012/13

| 2012/13 | All flocks | <350 ewes | 350-700 ewes | >700 ewes |
|--|-------------------|---------------------|---------------------|---------------------|
| <i>Number of farms</i> | 64 | 22 | 26 | 16 |
| <i>Number of farms (weighted)</i> (£ per ewe) | 1427 | 586 | 619 | 222 |
| Enterprise Output (excluding BLSA) | 66.7 | 67.3 | 60.9 | 74.7 |
| BLSA | 1.0 | 6.2 | -0.4 | 0.3 |
| Total Variable costs, of which: | 36.9 | 45.9 | 34.3 | 35.8 |
| Concentrates | 13.8 | 21.3 | 12.7 | 11.3 |
| Purchased fodder and keep | 5.5 | 3.4 | 5.3 | 6.9 |
| Veterinary and medicines | 5.6 | 6.0 | 4.8 | 6.5 |
| Other livestock costs | 8.1 | 10.1 | 7.8 | 7.4 |
| Forage variable costs | 3.9 | 5.1 | 3.6 | 3.7 |
| Gross Margin (excluding BLSA) | 29.8 | 21.3 | 26.6 | 38.8 |
| Total Fixed costs | 53.7 | 56.7 | 48.4 | 59.5 |
| Total costs | 90.6 | 102.7 | 82.6 | 95.4 |
| Net Margin after F&S labour (excl. BLSA) | -47.0 | -75.9 | -44.2 | -35.5 |

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. 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 2013: LFA breeding sheep

| LFA Breeding Sheep | 2011/12 | 2012/13 | Change |
|---|---------|---------|--------|
| | £/head | £/head | £/head |
| Sales | 107.3 | 99.7 | -7.6 |
| Replacement costs | 12.7 | 16.4 | 3.7 |
| Feed costs | 19.2 | 19.5 | 0.3 |
| Variable costs (excl. replacement cost) | 30.3 | 29.8 | -0.5 |
| Gross Margin | 64.2 | 53.5 | -10.7 |
| Fixed Costs | 50.1 | 69.3 | 19.2 |
| Total Costs | 123.9 | 115.5 | -8.4 |
| Net Margin (inc. imputed costs) | -16.6 | -15.8 | 0.8 |

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

LFA Suckler cow results, for 2011/12 and 2012/13, 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 2011/12 and 2012/13

| | All herds | | change |
|---|-------------|--------------|--------|
| | 2011/12 | 2012/13 | £/cow |
| <i>Number of farms</i> | 193 | 175 | |
| <i>Number of farms (weighted)</i> | 4,180 | 3,884 | |
| (£ per cow) | | | |
| Enterprise Output (excl. BLSA) | 370 | 381 | 11 |
| BLSA | 118 | 51 | -67 |
| Total Variable costs | 188 | 194 | 6 |
| Concentrates | 42 | 45 | 0 |
| Purchased fodder and keep | 20 | 18 | 2 |
| Veterinary and medicines | 20 | 21 | -3 |
| Other livestock costs | 52 | 57 | 8 |
| Forage variable costs | 53 | 53 | - |
| Gross Margin (excl. BLSA) / Cow | 182 | 187 | 5 |
| Gross Margin range | -557 to 722 | -911 to 2198 | |
| Total Fixed costs | 340 | 351 | 10 |
| Total costs | 528 | 544 | 16 |
| Enterprise NM (excl. BLSA) | -158 | -163 | -5 |
| Enterprise NM after F&S labour (excl. BLSA) | -277 | -298 | -21 |

Table 10. LFA suckler herd performance by herd size 2012/13

| 2012/13 calving period | All herds | <30 cows | 30-60 cows | >60 cows |
|---|------------------|--------------------|-------------------|--------------------|
| <i>Number of farms</i> | 175 | 58 | 67 | 50 |
| <i>Number of farms (weighted)</i> | 3,884 | 1,666 | 1,433 | 785 |
| (£ per cow) | | | | |
| Enterprise Output (excl. BLSA) | 381 | 358 | 364 | 407 |
| BLSA | 51 | 52 | 45 | 55 |
| Total Variable costs, of which: | 194 | 193 | 197 | 192 |
| Concentrates | 45 | 47 | 44 | 46 |
| Purchased fodder and keep | 18 | 23 | 18 | 16 |
| Veterinary and medicines | 21 | 23 | 21 | 20 |
| Other livestock costs | 57 | 57 | 60 | 53 |
| Forage variable costs | 53 | 43 | 53 | 56 |
| Gross Margin (excl. BLSA) / Cow | 187 | 165 | 167 | 215 |
| Total Fixed costs | 351 | 346 | 357 | 346 |
| Total costs | 544 | 539 | 554 | 538 |
| Enterprise NM (excl. BLSA) | -163 | -181 | -190 | -132 |
| Enterprise NM after F&S labour (excl. BLSA) | -298 | -403 | -350 | -206 |

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 2013: Upland suckler herd

| Upland Suckler Herd | 2011/12 | 2012/13 | Change |
|---|----------------|----------------|---------------|
| | £/cow | £/cow | £/cow |
| Sales | 588 | 580 | -8 |
| Replacement costs | 64 | 68 | 4 |
| Feed costs | 126 | 127 | 1 |
| Variable costs (excl. replacement cost) | 192 | 209 | 17 |
| Gross Margin | 332 | 303 | -29 |
| Fixed Costs | 389 | 485 | 96 |
| Total Costs | 865 | 762 | -103 |
| Net Margin (inc. imputed costs) | -277 | -182 | 95 |

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 246 English LFA grazing farms includes 22 fully organic farms. Within this there are 13 organic suckler herds and 11 organic upland 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 £11/cow more than the organic output but due to higher variable costs (particularly forage costs) the gross margin is £21/cow below the organic average. As can be seen from the standard deviation figures and the spread of GMs there is considerable variation across farms. Organic fixed costs are £53/cow higher than the non-organics so that at the net margin level (excepting farmer and spouse labour) the non-organic farms have a £36/cow advantage. After allowing for the farmer and spouse labour (of £135/cow) the final net margins are -£297/cow and -£336/cow for non-organic and organic respectively. The stocking rate for the organic farms, of 0.65 GLU/total adjusted area (including commons and all land rented in) is 25% less than that of the non-organics.

Table 13 compares organic and non-organic Upland LFA flocks to the GM and NM level. Organic enterprise output is £2/ewe higher than non-organic output at £97/ewe. Variable costs per ewe are £11/head lower for the organics resulting in a gross margin of £58/ewe for organic flocks and £46/ewe for the non-organic flocks. Fixed costs are £71/ewe for organic flocks and £60/ewe for non-organics – this results in net margins (after farmer and spouse labour) of -£35/ewe and -£45/ewe for organic and non-organic flocks respectively.

Table 12. LFA suckler herd performance Non-organic and Organic

| 2012_13 | All Suckler herds | |
|--|-------------------|-----------|
| | Non-organic | Organic |
| Number of farms | 162 | 13 |
| Number of farms (weighted) | 3791 | 93 |
| (£ per cow) | | |
| Enterprise Output (excluding BLSA) | 381 | 370 |
| BLSA | 51 | 55 |
| Total Variable costs | 194 | 167 |
| Concentrates | 45 | 48 |
| Purchased fodder and keep | 18 | 13 |
| Veterinary and medicines | 21 | 21 |
| Other livestock costs | 56 | 69 |
| Forage costs | 54 | 16 |
| Gross Margin (excluding BLSA) | 187 | 204 |
| Gross Margin range | -911 to 2198 | 47 to 488 |
| Total Fixed costs | 349 | 402 |
| Total costs | 544 | 569 |
| Enterprise NM (excluding BLSA) | -162 | -198 |
| Enterprise NM after F&S labour (excl BLSA) | -297 | -336 |
| Stocking rate (GLUs/total adj ha) | 0.81 | 0.65 |

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

| 2012_13 | All LFA flocks | |
|---|----------------|---------|
| | Non-organic | Organic |
| Number of farms | 113 | 11 |
| Number of farms (weighted) | 2774 | 63 |
| (£ per ewe) | | |
| Enterprise Output (excluding BLSA) | 95 | 97 |
| BLSA | -1 | 1 |
| Total Variable costs | 50 | 39 |
| Concentrates | 23 | 16 |
| Purchased fodder and keep | 3 | 2 |
| Veterinary and medicines | 7 | 9 |
| Other livestock costs | 10 | 10 |
| Forage costs | 8 | 2 |
| Gross Margin (excluding BLSA) / Ewe | 46 | 58 |
| Gross Margin range | -38 to 191 | 6 to 84 |
| Total Fixed costs | 60 | 71 |
| Total costs | 110 | 110 |
| Enterprise NM (excluding BLSA) | -15 | -14 |
| Enterprise NM after F&S labour (excl BLSA) | -43 | -35 |
| Stocking rate (GLUs/total adj ha) | 0.76 | 0.73 |
| Lambing rate (born and reared/average no. ewes) | 1.43 | 1.48 |

Table 14 compares whole farm profitability across all four cost centres between the 22 fully organic farms and the remainder of the sample. This table shows that the overall difference in profit favours the organic farms by about £20,000 on any income measure. This is down mainly to the higher profitability of the Agriculture cost centre (by about £10,000) and a greater Single Farm payment (also by about £10,000). Organic farms also earn more from Agri-environmental schemes but less from Diversification than the Non-organic LFA farms.

Table 14. Farm Income measures by cost centre, Organic vs. Non-organic 2012 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: | 67% | 63% | 11% | 13% | 3% | 0% | 19% | 23% | | |
| Total output (Revenue) | 70,482 | 82,294 | 11,492 | 17,133 | 3,007 | 366 | 20,065 | 30,199 | 105,046 | 129,992 |
| Variable costs | 40,901 | 38,406 | 81 | 732 | 116 | 122 | 2 | 2 | 41,100 | 39,262 |
| Total Gross margin | 29,581 | 43,888 | 11,411 | 16,400 | 2,891 | 244 | 20,064 | 30,198 | 63,946 | 90,729 |
| Fixed costs | 39,227 | 43,878 | 2,398 | 3,249 | 1,215 | 1,071 | 2,507 | 2,532 | 45,347 | 50,731 |
| Total Costs | 80,127 | 82,284 | 2,479 | 3,982 | 1,331 | 1,194 | 2,509 | 2,534 | 86,447 | 89,993 |
| Profit/(loss) on sale of fixed assets | 522 | 239 | | | | | | | 522 | 239 |
| Farm Business Income | -9,124 | 249 | 9,012 | 13,151 | 1,676 | -828 | 17,556 | 27,666 | 19,121 | 40,238 |
| Adjustment for unpaid manual labour | 24,674 | 20,547 | 737 | 780 | 892 | 105 | 0 | 0 | 26,303 | 21,432 |
| Farm Corporate Income | -33,798 | -20,298 | 8,275 | 12,371 | 783 | -933 | 17,556 | 27,666 | -7,183 | 18,806 |
| Interest payments (net of interest received) | 1,946 | 1,230 | 58 | 24 | 80 | 12 | 58 | 36 | 2,143 | 1,302 |
| Farm Investment Income | -31,851 | -19,068 | 8,333 | 12,395 | 864 | -921 | 17,614 | 27,702 | -5,040 | 20,108 |
| % contribution of centre total costs to total: | 93% | 91% | 3% | 4% | 2% | 1% | 3% | 3% | | |
| | | | | | | | | Imputed rent | 8,531 | 12,556 |
| | | | | | | | | Ownership charges | 2,472 | 3,741 |
| | | | | | | | | Director's remuneration | 0 | 0 |
| | | | | | | | | Unpaid labour of principal farmer and spouse | 21,794 | 17,940 |
| | | | | | | | | Net Farm Income | 10,694 | 29,233 |
| Non-organic Sample size (unweighted) | 224 | | | | | | | Holding gains not included in farm income | 51,873 | 67,661 |
| Number (weighted) | 6,010 | | | | | | | Breeding Livestock Appreciation (BLSA) | 1,245 | 1,670 |
| Organic Sample size (unweighted) | 22 | | | | | | | Revaluation of machinery, permanenet crops, glasshouse, quota | 1,497 | 1,131 |
| Number (weighted) | 169 | | | | | | | Revaluation of land | 49,131 | 64,861 |
| | | | | | | | | Management and Investment Income | -11,075 | 11,326 |

References:

Hill Farming in England, 2006/7, RBR

Hill Farming in England, 2007/8, RBR

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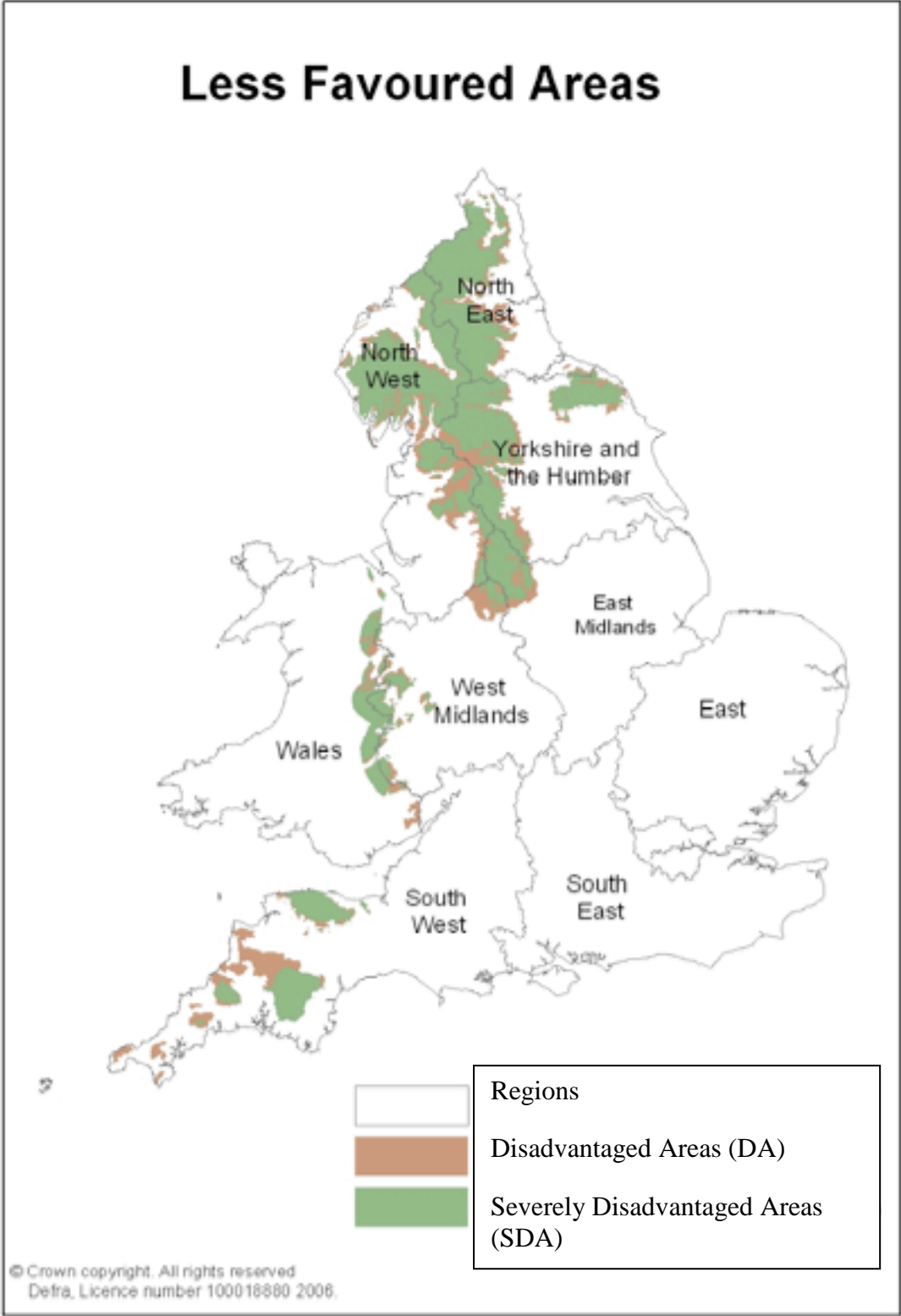
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Appendix 1. Map of the LFA, England



Source: Defra.

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

Table 15: Farm Income measures by Cost Centre - Mixed grazing livestock (SDA)

| | Cost Centre (£ per farm) | | | | Farm Business (£ per farm) 2012/13 |
|--|--------------------------|---|--|--|--|
| | Agriculture 2012/13 | Agri-environment and other payments 2012/13 | Diversification out of agriculture 2012/13 | Single Payment Scheme 2012/13 | |
| <u>Derivation of farm income measures:</u> | | | | | |
| Total output | 96,841 | 18,421 | 3,493 | 25,345 | 144,100 |
| Variable costs | 56,339 | 70 | 288 | 2 | 56,699 |
| Total Gross margin | 40,503 | 18,351 | 3,205 | 25,343 | 87,402 |
| Fixed costs | 52,832 | 3,052 | 1,642 | 3,053 | 60,579 |
| Total Costs | 109,171 | 3,121 | 1,930 | 3,055 | 117,277 |
| Profit/(loss) on sale of fixed assets | 1,158 | | | | 1,158 |
| Farm Business Income | -11,171 | 15,300 | 1,562 | 22,290 | 27,981 |
| Adjustment for unpaid manual labour | 27,512 | 825 | 1,135 | 0 | 29,472 |
| Farm Corporate Income | -38,683 | 14,474 | 428 | 22,290 | -1,491 |
| Interest payments (net of interest received) | 1,962 | 51 | 107 | 44 | 2,163 |
| Farm Investment Income | -36,721 | 14,525 | 534 | 22,334 | 672 |
| Derivation of Net Farm Income | | | | | |
| | | | | Imputed rent | 9,547 |
| | | | | Ownership charges | 3,288 |
| | | | | Director's remuneration | 0 |
| | | | | Unpaid labour of principal farmer and spouse | 23,966 |
| | | | | Net Farm Income | 18,379 |
| | | | | Holding gains not included in farm income | 57,809 |
| | | | | Breeding Livestock Appreciation (BLSA) | 1,874 |
| | | | | Revaluation of machinery, permanent crops, glasshouse, quota | 2,037 |
| | | | | Revaluation of land | 53,898 |
| | | | | Management and Investment Income | -5,515 |
| The average farm | | | | | |
| Number (unweighted) | 89 | | | | |
| Number (weighted) | 1,652 | | | | |

Table 16: Farm Income measures by Cost Centre - Specialist beef (SDA)

| | Cost Centre (£ per farm) | | | | Farm Business (£ per farm) 2012/13 |
|--|--------------------------|---|--|--|--|
| | Agriculture 2012/13 | Agri-environment and other payments 2012/13 | Diversification out of agriculture 2012/13 | Single Payment Scheme 2012/13 | |
| <u>Derivation of farm income measures:</u> | | | | | |
| Total output | 61,569 | 8,093 | 1,650 | 16,945 | 88,257 |
| Variable costs | 32,956 | 1 | 0 | 1 | 32,958 |
| Total Gross margin | 28,613 | 8,092 | 1,650 | 16,944 | 55,299 |
| Fixed costs | 40,396 | 1,466 | 680 | 2,317 | 44,859 |
| Total Costs | 73,352 | 1,467 | 680 | 2,318 | 77,817 |
| Profit/(loss) on sale of fixed assets | 237 | | | | 237 |
| Farm Business Income | -11,546 | 6,626 | 970 | 14,627 | 10,677 |
| Adjustment for unpaid manual labour | 24,439 | 567 | 1,277 | 0 | 26,283 |
| Farm Corporate Income | -35,985 | 6,058 | -306 | 14,627 | -15,606 |
| Interest payments (net of interest received) | 1,794 | 78 | 24 | 58 | 1,955 |
| Farm Investment Income | -34,191 | 6,137 | -282 | 14,685 | -13,651 |
| Derivation of Net Farm Income | | | | | |
| | | | | Imputed rent | 9,777 |
| | | | | Ownership charges | 2,664 |
| | | | | Director's remuneration | 0 |
| | | | | Unpaid labour of principal farmer and spouse | 20,084 |
| | | | | Net Farm Income | -680 |
| | | | | Holding gains not included in farm income | 59,871 |
| | | | | Breeding Livestock Appreciation (BLSA) | 3,011 |
| | | | | Revaluation of machinery, permanent crops, glasshouse, quota | 1,900 |
| | | | | Revaluation of land | 54,959 |
| | | | | Management and Investment Income | -20,764 |
| The average farm | 28 | | | | |
| Number (unweighted) | 697 | | | | |
| Number (weighted) | | | | | |

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

| | Cost Centre (£ per farm) | | | | Farm Business (£ per farm) 2012/13 |
|--|--------------------------|---|--|--|------------------------------------|
| | Agriculture 2012/13 | Agri-environment and other payments 2012/13 | Diversification out of agriculture 2012/13 | Single Payment Scheme 2012/13 | |
| Derivation of farm income measures: | | | | | |
| Total output | 57,494 | 15,633 | 2,156 | 21,483 | 96,766 |
| Variable costs | 34,937 | 290 | 48 | 1 | 35,277 |
| Total Gross margin | 22,557 | 15,343 | 2,108 | 21,481 | 61,489 |
| Fixed costs | 30,875 | 3,434 | 784 | 2,771 | 37,864 |
| Total Costs | 65,812 | 3,724 | 832 | 2,773 | 73,141 |
| Profit/(loss) on sale of fixed assets | 412 | | | | 412 |
| Farm Business Income | -7,906 | 11,909 | 1,324 | 18,710 | 24,036 |
| Adjustment for unpaid manual labour | 23,602 | 970 | 538 | 0 | 25,110 |
| Farm Corporate Income | -31,509 | 10,939 | 786 | 18,710 | -1,074 |
| Interest payments (net of interest received) | 1,599 | 103 | 35 | 74 | 1,810 |
| Farm Investment Income | -29,910 | 11,042 | 820 | 18,784 | 736 |
| Derivation of Net Farm Income | | | | | |
| | | | | Imputed rent | 7,081 |
| | | | | Ownership charges | 1,894 |
| | | | | Director's remuneration | 0 |
| | | | | Unpaid labour of principal farmer and spouse | 21,760 |
| | | | | Net Farm Income | 17,310 |
| | | | | Holding gains not included in farm income | 40,136 |
| | | | | Breeding Livestock Appreciation (BLSA) | -17 |
| | | | | Revaluation of machinery, permanent crops, glasshouse, quota | 1,031 |
| | | | | Revaluation of land | 39,122 |
| | | | | Management and Investment Income | -4,446 |
| The average farm Number (unweighted) | 56 | | | | |
| Number (weighted) | 1,566 | | | | |

Table 18: Farm Income measures by Cost Centre - Various grazing livestock (DA)

| | Cost Centre (£ per farm) | | | | Farm Business (£ per farm) 2012/13 |
|--|--------------------------|---|--|--|------------------------------------|
| | Agriculture 2012/13 | Agri-environment and other payments 2012/13 | Diversification out of agriculture 2012/13 | Single Payment Scheme 2012/13 | |
| <u>Derivation of farm income measures:</u> | | | | | |
| Total output | 63,864 | 5,041 | 3,461 | 16,952 | 89,318 |
| Variable costs | 36,024 | 18 | 74 | 2 | 36,117 |
| Total Gross margin | 27,840 | 5,023 | 3,387 | 16,951 | 53,200 |
| Fixed costs | 35,066 | 1,556 | 1,355 | 1,987 | 39,964 |
| Total Costs | 71,089 | 1,574 | 1,429 | 1,989 | 76,082 |
| Profit/(loss) on sale of fixed assets | 201 | | | | 201 |
| Farm Business Income | -7,025 | 3,467 | 2,032 | 14,963 | 13,437 |
| Adjustment for unpaid manual labour | 23,109 | 568 | 783 | 0 | 24,459 |
| Farm Corporate Income | -30,133 | 2,899 | 1,248 | 14,963 | -11,022 |
| Interest payments (net of interest received) | 2,168 | 23 | 105 | 56 | 2,353 |
| Farm Investment Income | -27,965 | 2,923 | 1,353 | 15,019 | -8,670 |
| Derivation of Net Farm Income | | | | | |
| | | | | Imputed rent | 8,711 |
| | | | | Ownership charges | 2,311 |
| | | | | Director's remuneration | 0 |
| | | | | Unpaid labour of principal farmer and spouse | 20,471 |
| | | | | Net Farm Income | 5,402 |
| | | | | Holding gains not included in farm income | 54,379 |
| | | | | Breeding Livestock Appreciation (BLSA) | 1,145 |
| | | | | Revaluation of machinery, permanent crops, glasshouse, quota | 1,275 |
| | | | | Revaluation of land | 51,959 |
| The average farm | 73 | | | | |
| Number (unweighted) | | | | | |
| Number (weighted) | 2,264 | | | | |
| | | | | Management and Investment Income | -15,057 |

Table 19. Output, Variable Costs and Farm Gross Margins by Cost Centre

| 2012/13 | The average farm | Mixed grazing livestock (SDA) | Specialist sheep (SDA) | Specialist beef (SDA) | Various grazing livestock (DA) |
|---|------------------|-------------------------------|------------------------|-----------------------|--------------------------------|
| Number of farms in the group | 246 | 89 | 56 | 28 | 73 |
| Number (weighted) | 6,179 | 1,652 | 1,566 | 697 | 2,264 |
| Utilisable Agricultural Area (UAA) (ha) | 150 | 204 | 190 | 108 | 95 |
| Average adjusted UAA (ha) | 112 | 145 | 121 | 89 | 90 |
| Average adjusted sole grazing (ha) | 18 | 28 | 37 | 8 | 2 |
| Average herd size | 30 | 45 | 10 | 49 | 28 |
| Average flock size | 377 | 484 | 603 | 105 | 226 |
| Output | | | | | |
| <u>Farm Output</u> | 106,135 | 144,980 | 96,820 | 88,628 | 89,632 |
| Farm Business Output | 105,729 | 144,100 | 96,766 | 88,257 | 89,318 |
| of which: Output from agriculture | 70,805 | 96,841 | 57,494 | 61,569 | 63,864 |
| Agri environment payment | 11,646 | 18,421 | 15,633 | 8,093 | 5,041 |
| Diversified output | 2,934 | 3,493 | 2,156 | 1,650 | 3,461 |
| Single Farm Payment | 20,343 | 25,345 | 21,483 | 16,945 | 16,952 |
| Livestock Enterprise Output | 65,607 | 90,283 | 55,947 | 52,085 | 58,451 |
| of which: Cattle Enterprise Output | 32,078 | 44,841 | 7,411 | 42,360 | 36,661 |
| (incl. Livestock disease compensation) | 350 | 173 | 27 | 1,228 | 432 |
| Sheep Enterprise Output | 33,232 | 44,604 | 48,461 | 9,252 | 21,789 |
| Poultry Enterprise Output | 49 | 149 | 38 | 0 | 0 |
| Pigs Enterprise Output | 82 | 64 | 34 | 499 | 0 |
| Other Livestock Enterprise Output | 165 | 626 | 2 | -27 | 1 |
| Crop Enterprise Output | 2,382 | 2,582 | 374 | 2,931 | 3,456 |
| of which: Crop Subsidies | 0 | 0 | 0 | 0 | 0 |
| Main Crops | 1,575 | 1,469 | 102 | 2,040 | 2,527 |
| Forage & by-products | 822 | 1,087 | 250 | 883 | 1,004 |
| Cultivations output | -14 | 26 | 22 | 8 | -75 |
| Non agriculture, no other category output | 2,805 | 3,959 | 1,173 | 6,527 | 1,945 |
| Disposal Previous Crops | 12 | 18 | 0 | 26 | 11 |
| Farm Business Output | 105,729 | 144,100 | 96,766 | 88,257 | 89,318 |
| Variable Costs | | | | | |
| Farm Business Variable costs | 41,049 | 56,699 | 35,277 | 32,958 | 36,117 |
| of which: Agriculture Variable Costs | 40,833 | 56,339 | 34,937 | 32,956 | 36,024 |
| Agri environment Variable Costs | 99 | 70 | 290 | 1 | 18 |
| Diversified income Variable Costs | 116 | 288 | 48 | 0 | 74 |
| SPS Variable Costs | 2 | 2 | 1 | 1 | 2 |
| Agriculture Crop Costs | 6,119 | 7,845 | 3,852 | 5,783 | 6,531 |
| of which: Seed | 366 | 397 | 99 | 315 | 545 |
| Fertilizer | 4,722 | 6,221 | 3,280 | 4,155 | 4,799 |
| Crop Protection | 357 | 432 | 192 | 383 | 409 |
| Other Crop Costs | 674 | 795 | 281 | 930 | 778 |
| Agriculture Livestock Costs | 30,064 | 42,129 | 27,313 | 22,995 | 25,344 |
| of which: Purchased Fodder Feed | 16,976 | 24,968 | 16,592 | 11,756 | 13,021 |
| Home Produced Fodder Feed | 1,389 | 1,122 | 109 | 2,071 | 2,258 |
| Veterinary and medicines | 3,726 | 4,966 | 4,155 | 2,547 | 2,887 |
| Other Livestock Costs | 7,974 | 11,074 | 6,457 | 6,621 | 7,178 |
| Agriculture Contract Costs | 3,101 | 4,229 | 1,950 | 2,420 | 3,286 |
| Agriculture Casual Labour | 1,425 | 2,042 | 1,823 | 898 | 862 |
| Agriculture, no other category Variable Costs | 123 | 94 | 0 | 861 | 1 |
| Farm Business Gross Margin | 64,680 | 87,402 | 61,489 | 55,299 | 53,200 |
| Agriculture Gross Margin | 29,973 | 40,503 | 22,557 | 28,613 | 27,840 |
| Agri Environment Gross Margin | 11,548 | 18,351 | 15,343 | 8,092 | 5,023 |
| Diversified Gross Margin | 2,818 | 3,205 | 2,108 | 1,650 | 3,387 |
| SPS Gross Margin | 20,341 | 25,343 | 21,481 | 16,944 | 16,951 |

Table 20. Fixed Costs and Farm Income calculations

| | The Average Farm | Mixed grazing livestock (SDA) | Specialist sheep (SDA) | Specialist beef (SDA) | Various grazing livestock (DA) |
|---|---------------------|--|---------------------------|--------------------------|---|
| 2012/13 | | | | | |
| Number (unweighted) | 246 | 89 | 56 | 28 | 73 |
| Number (weighted) | 6,179 | 1,652 | 1,566 | 697 | 2,264 |
| Utilisable Agricultural Land (UAA) (ha) | 150 | 204 | 190 | 108 | 95 |
| Average adjusted UAA (ha) | 112 | 145 | 121 | 89 | 90 |
| Average adjusted sole grazing (ha) | 18 | 28 | 37 | 8 | 2 |
| Average herd size | 30 | 45 | 10 | 49 | 28 |
| Average flock size | 377 | 484 | 603 | 105 | 226 |
| Gross Margin | | | | | |
| Farm Business Gross Margin | 64,680 | 87,402 | 61,489 | 55,299 | 53,200 |
| Agriculture Gross Margin | 29,973 | 40,503 | 22,557 | 28,613 | 27,840 |
| Agri Environment Gross Margin | 11,548 | 18,351 | 15,343 | 8,092 | 5,023 |
| Diversified Income Gross Margin | 2,818 | 3,205 | 2,108 | 1,650 | 3,387 |
| SPS Gross Margin | 20,341 | 25,343 | 21,481 | 16,944 | 16,951 |
| Fixed Costs | | | | | |
| Farm Business Fixed Costs | 45,495 | 60,579 | 37,864 | 44,859 | 39,964 |
| of which: Agriculture Fixed Costs | 39,354 | 52,832 | 30,875 | 40,396 | 35,066 |
| Agri Environment Fixed Costs | 2,422 | 3,052 | 3,434 | 1,466 | 1,556 |
| Diversified Income Fixed Costs | 1,211 | 1,642 | 784 | 680 | 1,355 |
| SPS Fixed Costs | 2,508 | 3,053 | 2,771 | 2,317 | 1,987 |
| Agriculture Paid Labour | 4,233 | 7,007 | 3,834 | 3,287 | 2,776 |
| Of which Fixed Labour Costs | 2,808 | 4,965 | 2,011 | 2,389 | 1,914 |
| (-) Casual Labour Costs (a Variable Cost) | 1,425 | 2,042 | 1,823 | 898 | 862 |
| Agriculture Machinery Costs | 17,437 | 23,496 | 13,912 | 18,420 | 15,153 |
| of which: Machinery Running Costs | 8,418 | 10,839 | 6,842 | 8,905 | 7,592 |
| Agriculture Depreciation Tenants Capital | 9,020 | 12,658 | 7,070 | 9,514 | 7,561 |
| Agriculture General Farming Costs | 9,327 | 10,801 | 7,302 | 9,072 | 9,732 |
| of which: Agriculture Bank & Professional Fees | 2,017 | 2,611 | 1,468 | 1,928 | 1,992 |
| Agriculture Other General Costs | 5,382 | 6,228 | 4,235 | 5,350 | 5,568 |
| Net Interest Payments | 1,926 | 1,962 | 1,599 | 1,794 | 2,168 |
| Bad Debts Write-offs | 1 | 0 | 0 | 0 | 3 |
| Agriculture Property Costs | 8,048 | 10,684 | 7,039 | 5,979 | 7,459 |
| Non Agriculture Other Fixed Costs | 1,734 | 2,885 | 610 | 4,536 | 808 |
| Profit/loss sale of fixed assets | 514 | 1,158 | 412 | 237 | 201 |
| Agriculture Net Margin (AGRICULTURE BUSINESS INCOME) | | | | | |
| | -8,867 | -11,171 | -7,906 | -11,546 | -7,025 |
| Unpaid manual labour | 24,561 | 27,512 | 23,602 | 24,439 | 23,109 |
| Of Which Unpaid Farmer and Spouse | 20,522 | 22,628 | 20,525 | 19,331 | 19,350 |
| Unpaid Partner | 4,039 | 4,884 | 3,077 | 5,108 | 3,759 |
| Agriculture Economic Profit (AGRICULTURE CORPORATE INCOME) | | | | | |
| | -33,428 | -38,683 | -31,509 | -35,985 | -30,133 |
| Agriculture Net Interest Payment (added back) | 1,926 | 1,962 | 1,599 | 1,794 | 2,168 |
| AGRICULTURE INVESTMENT INCOME | | | | | |
| | -31,501 | -36,721 | -29,910 | -34,191 | -27,965 |
| Farm Net Margin (FARM BUSINESS INCOME) | | | | | |
| | 19,700 | 27,981 | 24,036 | 10,677 | 13,437 |
| Farm Economic Profit (FARM CORPORATE INCOME) | | | | | |
| | -6,470 | -1,491 | -1,074 | -15,606 | -11,022 |
| FARM INVESTMENT INCOME | | | | | |
| | -4,351 | 672 | 736 | -13,651 | -8,670 |
| NET FARM INCOME | | | | | |
| | 11,202 | 18,379 | 17,310 | -680 | 5,402 |
| Holding gains not included in farm income | 52,306 | 57,809 | 40,136 | 59,871 | 54,379 |
| BLSA | 1,256 | 1,874 | -17 | 3,011 | 1,145 |
| Revaluation of Machinery, permanent crops etc | 1,487 | 2,037 | 1,031 | 1,900 | 1,275 |
| Revaluation of Land | 49,562 | 53,898 | 39,122 | 54,959 | 51,959 |
| MANAGEMENT AND INVESTMENT INCOME | | | | | |
| | -10,461 | -5,515 | -4,446 | -20,764 | -15,057 |

Table 21. Balance Sheet and Fund Flows

| 2012/13 | The Average Farm | Mixed grazing livestock (SDA) | Specialist sheep (SDA) | Specialist beef (SDA) | Various grazing livestock (DA) |
|--|------------------|-------------------------------|------------------------|-----------------------|--------------------------------|
| Number (unweighted) | 246 | 89 | 56 | 28 | 73 |
| Number (weighted) | 6,179 | 1,652 | 1,566 | 697 | 2,264 |
| Average Farmed Area (ha) | 155.2 | 210.0 | 202.3 | 108.5 | 96.9 |
| Adjusted Utilisable Agricultural Area (ha) | 112.4 | 145.0 | 120.8 | 88.6 | 90.0 |
| Utilisable Agricultural Area (ha) | 149.8 | 204.3 | 190.5 | 107.8 | 94.9 |
| Grazing Livestock Units | 94.5 | 124.1 | 76.1 | 93.0 | 86.1 |
| Ewes (head) | 377 | 484 | 603 | 105 | 226 |
| Beef Cows (head) | 28 | 41 | 10 | 49 | 23 |
| Occupied Area (ha) | 71.7 | 86.3 | 73.8 | 69.5 | 60.2 |
| Tenanted Area (ha) | 81.8 | 121.9 | 119.9 | 40.2 | 39.1 |
| Percentage of Land Owned (%) | 46.7 | 41.5 | 38.1 | 63.3 | 60.6 |
| Assets | | | | | |
| Fixed Assets | 770,910 | 888,431 | 642,729 | 788,573 | 768,396 |
| Of which Agricultural Land | 594,737 | 644,167 | 482,870 | 614,634 | 629,925 |
| Woodland | 1,781 | 1,389 | 400 | 2,900 | 2,678 |
| Total Buildings | 19,683 | 28,436 | 12,870 | 22,283 | 17,210 |
| Total Improvements | 3,971 | 6,363 | 5,101 | 2,174 | 1,997 |
| Milk quota | 14 | 35 | 14 | 0 | 5 |
| SPS Entitlements | 27,100 | 33,950 | 28,468 | 22,542 | 22,561 |
| Machinery | 52,281 | 74,163 | 41,245 | 60,821 | 41,319 |
| Breeding Livestock | 70,155 | 99,349 | 71,076 | 62,399 | 50,608 |
| Miscellaneous Business Assets | 1,188 | 578 | 686 | 818 | 2,094 |
| Current Assets | 74,426 | 86,133 | 47,149 | 79,549 | 83,176 |
| of which: Trading Livestock | 32,989 | 41,543 | 11,315 | 46,294 | 37,644 |
| Crops | 480 | 542 | 0 | 459 | 773 |
| Forage | 3,303 | 3,776 | 1,692 | 4,183 | 3,800 |
| Cultivation | 749 | 797 | 420 | 1,482 | 716 |
| Stores | 3,381 | 3,798 | 1,995 | 3,919 | 3,870 |
| Liquid Assets | 33,525 | 35,677 | 31,727 | 23,213 | 36,373 |
| Of which: Cash at Bank and In Hand | 23,168 | 23,891 | 23,528 | 18,070 | 23,961 |
| Debtors | 8,483 | 9,999 | 5,544 | 4,003 | 10,789 |
| Suspended | 1 | 0 | 0 | 0 | 2 |
| SPS debtors | 1,873 | 1,786 | 2,655 | 1,140 | 1,622 |
| Total Assets (£/farm) | 845,337 | 974,564 | 689,878 | 868,122 | 851,572 |
| Of which: Total Landlord-type Capital | 620,187 | 680,390 | 501,254 | 641,992 | 651,815 |
| Tenant Type Capital | 225,150 | 294,174 | 188,624 | 226,130 | 199,756 |
| Loans | | | | | |
| Total Long Term Loans | 41,178 | 45,561 | 24,927 | 36,280 | 50,731 |
| Of which: Bank Loans | 20,340 | 28,745 | 9,424 | 1,809 | 27,467 |
| Institutional Loans | 16,038 | 13,589 | 14,720 | 34,470 | 13,057 |
| Of which: AMC | 14,361 | 13,017 | 11,046 | 34,470 | 11,442 |
| Building Societies | 752 | 0 | 1,903 | 0 | 737 |
| Other Institutional Loans | 924 | 573 | 1,771 | 0 | 878 |
| Family Loans | 4,588 | 2,729 | 496 | 0 | 10,187 |
| Other Loans | 213 | 498 | 286 | 0 | 20 |
| Current Liabilities | 25,243 | 30,087 | 18,425 | 25,058 | 26,481 |
| Of which: Hire Purchase | 3,654 | 5,783 | 2,869 | 3,624 | 2,653 |
| Leasing | 58 | 0 | 12 | 0 | 150 |
| Other Current Liabilities | 21,531 | 24,305 | 15,545 | 21,435 | 23,679 |
| Of which Creditors | 7,396 | 9,031 | 6,874 | 5,683 | 7,092 |
| Bank Overdraft | 14,096 | 15,228 | 8,601 | 15,672 | 16,586 |
| Others | 39 | 46 | 69 | 79 | 0 |
| Total Liabilities | 66,421 | 75,648 | 43,352 | 61,338 | 77,212 |
| Closing Net Worth | 778,915 | 898,916 | 646,526 | 806,784 | 774,359 |
| Opening Net Worth | 724,221 | 837,764 | 597,756 | 753,625 | 719,806 |
| Change in New Worth | 54,694 | 61,153 | 48,769 | 53,159 | 54,553 |

| | | | | | |
|------------------------------------|--------|--------|--------|--------|--------|
| SPS Entitlements Opening Valuation | 28,801 | 35,579 | 30,604 | 24,156 | 24,039 |
| Change in SPS Entitlements | -1,701 | -1,629 | -2,137 | -1,615 | -1,478 |
| Change in Borrowing | 5,076 | 9,855 | -1,497 | 6,864 | 5,585 |
| Funds Introduced | 22,224 | 28,881 | 27,127 | 15,004 | 16,200 |
| Cash Flow from the Farm Business | 7,964 | 12,072 | 14,188 | 9,368 | 229 |
| Private Drawings | 23,803 | 29,249 | 22,753 | 19,528 | 21,874 |
| Asset Purchases | 27,207 | 38,680 | 24,067 | 20,227 | 23,159 |
| Asset Sales | 5,458 | 11,146 | 4,352 | 5,651 | 2,015 |
| Capital Expenditure | 21,749 | 27,535 | 19,714 | 14,576 | 21,144 |

Table 22. Land Use, Stocking and Technical Efficiency

| | The Average Farm | Mixed grazing livestock (SDA) | Specialist sheep (SDA) | Specialist beef (SDA) | Various grazing livestock (DA) |
|--|------------------------|--|---------------------------|--------------------------|---|
| 2012/13 | | | | | |
| Number (unweighted) | 246 | 89 | 56 | 28 | 73 |
| Number (weighted) | 6,179 | 1,652 | 1,566 | 697 | 2,264 |
| Total Area (includes woodland and roads etc) (ha) | 153.5 | 208.3 | 193.7 | 109.7 | 99.3 |
| Area Farmed (ha) | 155.2 | 210.0 | 202.3 | 108.5 | 96.9 |
| Net Land Hired In (ha) | 5.4 | 5.8 | 11.9 | 0.7 | 2.0 |
| Utilised Agricultural Area (ha) | 149.8 | 204.3 | 190.5 | 107.8 | 94.9 |
| <i>Of which</i> Total main products and set-aside (ha) | 1.8 | 1.5 | 0.1 | 2.4 | 2.9 |
| Grass, fodder crops and rough grazing (ha) | 148.0 | 202.7 | 190.4 | 105.4 | 91.9 |
| <i>Of which</i> rough grazing (unadjusted) (ha) | 55.8 | 87.4 | 106.3 | 26.9 | 6.7 |
| Adjusted rough grazing (sole occupation) | 18.4 | 28.1 | 36.6 | 7.7 | 1.9 |
| Adjusted rough grazing (shared) | 6.2 | 11.4 | 11.5 | 1.4 | 0.1 |
| Total Adjusted Utilised Agriculture Area (ha) | 112.4 | 145.0 | 120.8 | 88.6 | 90.0 |
| Area owner occupied (ha) | 71.7 | 86.3 | 73.8 | 69.5 | 60.2 |
| Area tenanted (ha) | 81.8 | 121.9 | 119.9 | 40.2 | 39.1 |
| Average age of farmer (years) | 57 | 54 | 59 | 59 | 57 |
| Agricultural labour units (ALU) | 1.6 | 1.9 | 1.5 | 1.6 | 1.4 |
| Standard Output (SO2007) | 72,392 | 95,841 | 63,370 | 59,911 | 65,370 |
| Standard Output size group (SO2007) | 6.8 | 7.1 | 6.6 | 6.7 | 6.7 |
| <u>Land Use</u> | | | | | |
| Temporary Grassland Area (ha) | 7.1 | 4.3 | 1.6 | 6.4 | 13.1 |
| Permanent Grassland Area (ha) | 90.0 | 116.4 | 94.3 | 71.9 | 73.4 |
| <u>Stocking</u> | | | | | |
| Total Dairy Cows | 1 | 3 | 0 | 0 | 0 |
| Total Beef cows | 29 | 41 | 10 | 49 | 28 |
| Total Cattle | 92 | 123 | 25 | 138 | 101 |
| Ewes (LFA and lowland) | 377 | 484 | 603 | 105 | 226 |
| Of which LFA Ewes | 364 | 484 | 586 | 105 | 202 |
| Lowland Ewes | 13 | 0 | 16 | 0 | 23 |
| Total Sheep | 743 | 950 | 1,134 | 220 | 483 |
| <u>Livestock Units</u> | | | | | |
| Total Cattle LU | 54 | 73 | 14 | 81 | 59 |
| Of which Beef Cows LU | 22 | 31 | 8 | 37 | 21 |
| Other Cattle LU | 28 | 34 | 6 | 40 | 36 |
| Dairy Cows and Heifers | 4 | 8 | 1 | 5 | 3 |
| Total Sheep LU | 40 | 50 | 62 | 12 | 26 |
| Of which Ewe LU | 27 | 34 | 44 | 7 | 17 |
| Grazing LU (cattle, sheep, horses and others) | 95 | 124 | 76 | 93 | 86 |
| Total LU | 95 | 124 | 76 | 93 | 86 |
| <u>Financial Performance per GLU</u> | | | | | |
| Farm Business Output per GLU (£/GLU) | 1,119 | 1,161 | 1,272 | 949 | 1,037 |
| Farm Business Variable Costs (£/GLU) | 434 | 457 | 464 | 355 | 419 |
| Farm Business Gross Margin (£/GLU) | 684 | 704 | 808 | 595 | 618 |
| Farm Business Fixed Costs (£/GLU) | 481 | 488 | 498 | 483 | 464 |
| Farm Business Income (£/GLU) | 208 | 225 | 316 | 115 | 156 |
| Farm Corporate Income (£/GLU) | -68 | -12 | -14 | -168 | -128 |
| Farm Investment Income (£/GLU) | -46 | 5 | 10 | -147 | -101 |
| Holding Gains Not In Income (£/GLU) | 553 | 466 | 528 | 644 | 631 |
| of which Land Revaluation (£/GLU) | 524 | 434 | 514 | 591 | 603 |
| Net Farm Income (£/GLU) | 119 | 148 | 228 | -7 | 63 |
| Management and Investment Income (£/GLU) | -111 | -44 | -58 | -223 | -175 |
| Agriculture Net Margin (Agriculture business income) (£/GLU) | -94 | -90 | -104 | -124 | -82 |
| Agriculture Economic Profit (Agriculture corporate income) (£/GLU) | -354 | -312 | -414 | -387 | -350 |
| Agriculture Investment Income (£/GLU) | -333 | -296 | -393 | -368 | -325 |

Appendix 3. Analysis of English Grazing Livestock Farms in the LFA- by EU region
Table 23. Output, Variable Costs and Farm Gross Margins by Cost Centre by EU Region

| 2012/13 | The average Farm | EU Region England North | EU Region England East | EU Region England West |
|---|---------------------|-------------------------------|------------------------------|------------------------------|
| Number of farms in the group | 246 | 150 | 22 | 74 |
| Number (weighted) | 6,179 | 3,723 | 534 | 1,922 |
| Utilisable Agricultural Area (UAA) (ha) | 150 | 167 | 145 | 118 |
| Average adjusted UAA (ha) | 112 | 115 | 124 | 105 |
| Average adjusted sole grazing (ha) | 18 | 25 | 22 | 5 |
| Average herd size | 30 | 26 | 33 | 38 |
| Average flock size | 377 | 435 | 303 | 284 |
| Output | | | | |
| Farm Output | 106,135 | 107,164 | 97,590 | 106,520 |
| Farm Business Output | 105,729 | 106,702 | 97,374 | 106,169 |
| of which: Output from agriculture | 70,805 | 70,512 | 64,492 | 73,129 |
| Agri environment payment | 11,646 | 12,431 | 12,588 | 9,866 |
| Diversified output | 2,934 | 2,145 | 2,341 | 4,628 |
| Single Farm Payment | 20,343 | 21,614 | 17,953 | 18,546 |
| Livestock Enterprise Output | 65,607 | 66,422 | 61,137 | 65,271 |
| of which: Cattle Enterprise Output | 32,078 | 27,100 | 33,587 | 41,300 |
| (incl. Livestock disease compensation) | 350 | 0 | 75 | 1,105 |
| Sheep Enterprise Output | 33,232 | 38,963 | 27,328 | 23,774 |
| Poultry Enterprise Output | 49 | 73 | 24 | 11 |
| Pigs Enterprise Output | 82 | 7 | 197 | 195 |
| Other Livestock Enterprise Output | 165 | 279 | 0 | -9 |
| Crop Enterprise Output | 2,382 | 1,757 | 2,270 | 3,624 |
| of which: Crop Subsidies | 0 | 0 | 0 | 0 |
| Main Crops | 1,575 | 1,090 | 558 | 2,796 |
| Forage & by-products | 822 | 715 | 1,684 | 789 |
| Cultivations output | -14 | -48 | 28 | 39 |
| Non agriculture, no other category output | 2,805 | 2,326 | 1,086 | 4,209 |
| Disposal Previous Crops | 12 | 7 | 0 | 25 |
| Farm Business Output | 105,729 | 106,702 | 97,374 | 106,169 |
| Variable Costs | | | | |
| Farm Business Variable costs | 41,049 | 43,056 | 36,386 | 38,460 |
| of which: Agriculture Variable Costs | 40,833 | 42,819 | 36,194 | 38,274 |
| Agri environment Variable Costs | 99 | 110 | 8 | 103 |
| Diversified income Variable Costs | 116 | 125 | 182 | 81 |
| SPS Variable Costs | 2 | 2 | 2 | 2 |
| Agriculture Crop Costs | 6,119 | 5,948 | 3,866 | 7,075 |
| of which: Seed | 366 | 272 | 156 | 608 |
| Fertilizer | 4,722 | 4,778 | 2,502 | 5,230 |
| Crop Protection | 357 | 313 | 337 | 447 |
| Other Crop Costs | 674 | 585 | 870 | 791 |
| Agriculture Livestock Costs | 30,064 | 32,340 | 27,750 | 26,301 |
| of which: Purchased Fodder Feed | 16,976 | 19,417 | 16,739 | 12,317 |
| Home Produced Fodder Feed | 1,389 | 880 | 747 | 2,552 |
| Veterinary and medicines | 3,726 | 4,126 | 3,268 | 3,077 |
| Other Livestock Costs | 7,974 | 7,917 | 6,996 | 8,355 |
| Agriculture Contract Costs | 3,101 | 3,050 | 3,534 | 3,080 |
| Agriculture Casual Labour | 1,425 | 1,448 | 1,041 | 1,488 |
| Agriculture, no other category Variable Costs | 123 | 33 | 2 | 330 |
| Farm Business Gross Margin | 64,680 | 63,646 | 60,988 | 67,709 |
| Agriculture Gross Margin | 29,973 | 27,692 | 28,298 | 34,855 |
| Agri Environment Gross Margin | 11,548 | 12,321 | 12,580 | 9,763 |
| Diversified Gross Margin | 2,818 | 2,020 | 2,159 | 4,547 |
| SPS Gross Margin | 20,341 | 21,613 | 17,951 | 18,544 |

Table 24. Fixed Costs and Farm Income calculations by EU Region

| | The Average Farm | EU Region England North | EU Region England East | EU Region England West |
|---|---------------------|-------------------------------|---------------------------|------------------------------|
| 2012/13 | | | | |
| Number (unweighted) | 246 | 150 | 22 | 74 |
| Number (weighted) | 6,179 | 3,723 | 534 | 1,922 |
| Utilisable Agricultural Land (UAA) (ha) | 150 | 167 | 145 | 118 |
| Average adjusted UAA (ha) | 112 | 115 | 124 | 105 |
| Average adjusted sole grazing (ha) | 18 | 25 | 22 | 5 |
| Average herd size | 30 | 26 | 33 | 38 |
| Average flock size | 377 | 435 | 303 | 284 |
| <u>Gross Margin</u> | | | | |
| Farm Business Gross Margin | 64,680 | 63,646 | 60,988 | 67,709 |
| Agriculture Gross Margin | 29,973 | 27,692 | 28,298 | 34,855 |
| Agri Environment Gross Margin | 11,548 | 12,321 | 12,580 | 9,763 |
| Diversified Income Gross Margin | 2,818 | 2,020 | 2,159 | 4,547 |
| SPS Gross Margin | 20,341 | 21,613 | 17,951 | 18,544 |
| <u>Fixed Costs</u> | | | | |
| Farm Business Fixed Costs | 45,495 | 44,199 | 43,167 | 48,651 |
| of which: Agriculture Fixed Costs | 39,354 | 37,994 | 35,924 | 42,941 |
| Agri Environment Fixed Costs | 2,422 | 2,452 | 3,505 | 2,061 |
| Diversified Income Fixed Costs | 1,211 | 876 | 1,440 | 1,796 |
| SPS Fixed Costs | 2,508 | 2,877 | 2,299 | 1,853 |
| Agriculture Paid Labour | 4,233 | 4,302 | 1,815 | 4,770 |
| Of which Fixed Labour Costs | 2,808 | 2,855 | 773 | 3,283 |
| (-) Casual Labour Costs (a Variable Cost) | 1,425 | 1,448 | 1,041 | 1,488 |
| Agriculture Machinery Costs | 17,437 | 17,550 | 15,737 | 17,693 |
| of which: Machinery Running Costs | 8,418 | 8,282 | 7,765 | 8,862 |
| Agriculture Depreciation Tenants Capital | 9,020 | 9,267 | 7,972 | 8,831 |
| Agriculture General Farming Costs | 9,327 | 8,456 | 9,039 | 11,095 |
| of which: Agriculture Bank & Professional Fees | 2,017 | 1,909 | 1,577 | 2,350 |
| Agriculture Other General Costs | 5,382 | 5,065 | 6,276 | 5,747 |
| Net Interest Payments | 1,926 | 1,482 | 1,185 | 2,994 |
| Bad Debts Write-offs | 1 | 0 | 0 | 4 |
| Agriculture Property Costs | 8,048 | 7,551 | 9,800 | 8,523 |
| Non Agriculture Other Fixed Costs | 1,734 | 1,584 | 575 | 2,347 |
| Profit/loss sale of fixed assets | 514 | 612 | 410 | 355 |
| Agriculture Net Margin (AGRICULTURE BUSINESS INCOME) | | | | |
| | -8,867 | -9,690 | -7,216 | -7,730 |
| Unpaid manual labour | 24,561 | 22,396 | 26,879 | 28,110 |
| Of Which Unpaid Farmer and Spouse | 20,522 | 19,088 | 21,253 | 23,094 |
| Unpaid Partner | 4,039 | 3,307 | 5,626 | 5,015 |
| Agriculture Economic Profit (AGRICULTURE CORPORATE INCOME) | | | | |
| | -33,428 | -32,086 | -34,094 | -35,840 |
| Agriculture Net Interest Payment (added back) | 1,926 | 1,482 | 1,185 | 2,994 |
| AGRICULTURE INVESTMENT INCOME | | | | |
| | -31,501 | -30,604 | -32,909 | -32,846 |
| Farm Net Margin (FARM BUSINESS INCOME) | | | | |
| | 19,700 | 20,058 | 18,231 | 19,413 |
| Farm Economic Profit (FARM CORPORATE INCOME) | | | | |
| | -6,470 | -3,788 | -10,304 | -10,599 |
| FARM INVESTMENT INCOME | | | | |
| | -4,351 | -2,159 | -8,964 | -7,314 |
| NET FARM INCOME | | | | |
| | 11,202 | 12,862 | 7,214 | 9,097 |
| Holding gains not included in farm income | 52,306 | 35,453 | 62,448 | 82,125 |
| BLSA | 1,256 | 586 | 7,285 | 879 |
| Revaluation of Machinery, permanent crops etc | 1,487 | 1,416 | 1,410 | 1,647 |
| Revaluation of Land | 49,562 | 33,452 | 53,753 | 79,600 |
| MANAGEMENT AND INVESTMENT INCOME | | | | |
| | -10,461 | -7,180 | -15,636 | -15,377 |

Table 25. Balance Sheet and Fund Flows by EU Region

| | The Average Farm | EU Region England North | EU Region England East | EU Region England West |
|--|---------------------|----------------------------|---------------------------|---------------------------|
| 2012/13 | | | | |
| Number (unweighted) | 246 | 150 | 22 | 74 |
| Number (weighted) | 6,179 | 3,723 | 534 | 1,922 |
| Average Farmed Area (ha) | 155.2 | 169.9 | 156.5 | 126.4 |
| Adjusted Utilisable Agricultural Area (ha) | 112 | 115 | 124 | 105 |
| Utilisable Agricultural Area (ha) | 150 | 167 | 145 | 118 |
| Grazing Livestock Units | 95 | 91 | 90 | 103 |
| Ewes (head) | 377 | 435 | 303 | 284 |
| Beef Cows (head) | 27.7 | 24.3 | 30.8 | 33.4 |
| Occupied Area (ha) | 71.7 | 72.6 | 61.3 | 72.8 |
| Tenanted Area (ha) | 82 | 98 | 86 | 49 |
| Percentage of Land Owned (%) | 47 | 42 | 42 | 60 |
| Assets | | | | |
| Fixed Assets | 770,910 | 641,523 | 644,780 | 1,056,565 |
| Of which Agricultural Land | 594,737 | 463,431 | 477,867 | 881,535 |
| Woodland | 1,781 | 1,359 | 320 | 3,004 |
| Total Buildings | 19,683 | 17,541 | 23,968 | 22,642 |
| Total Improvements | 3,971 | 4,786 | 1,747 | 3,009 |
| Milk quota | 14 | 21 | 3 | 4 |
| SPS Entitlements | 27,100 | 28,908 | 23,860 | 24,500 |
| Machinery | 52,281 | 52,502 | 49,394 | 52,654 |
| Breeding Livestock | 70,155 | 71,429 | 67,377 | 68,460 |
| Miscellaneous Business Assets | 1,188 | 1,546 | 243 | 757 |
| Current Assets | 74,426 | 62,874 | 79,911 | 95,276 |
| of which: Trading Livestock | 32,989 | 27,840 | 32,982 | 42,964 |
| Crops | 480 | 350 | 0 | 864 |
| Forage | 3,303 | 3,101 | 4,399 | 3,387 |
| Cultivation | 749 | 82 | 4,979 | 864 |
| Stores | 3,381 | 2,985 | 2,498 | 4,395 |
| Liquid Assets | 33,525 | 28,515 | 35,053 | 42,803 |
| Of which: Cash at Bank and In Hand | 23,168 | 20,493 | 30,811 | 26,223 |
| Debtors | 8,483 | 6,406 | 1,783 | 14,366 |
| Suspended | 1 | 0 | 0 | 2 |
| SPS debtors | 1,873 | 1,615 | 2,459 | 2,211 |
| Total Assets (£/farm) | 845,337 | 704,397 | 724,691 | 1,151,842 |
| Of which: Total Landlord-type Capital | 620,187 | 487,139 | 503,906 | 910,195 |
| Tenant Type Capital | 225,150 | 217,258 | 220,785 | 241,647 |
| Loans | | | | |
| Total Long Term Loans | 41,178 | 24,553 | 19,346 | 79,448 |
| Of which: Bank Loans | 20,340 | 10,944 | 6,084 | 42,501 |
| Institutional Loans | 16,038 | 7,223 | 12,265 | 34,159 |
| Of which: AMC | 14,361 | 4,889 | 12,265 | 33,290 |
| Building Societies | 752 | 800 | 0 | 869 |
| Other Institutional Loans | 924 | 1,533 | 0 | 0 |
| Family Loans | 4,588 | 6,386 | 913 | 2,127 |
| Other Loans | 213 | 0 | 84 | 661 |
| Current Liabilities | 25,243 | 23,313 | 23,745 | 29,397 |
| Of which: Hire Purchase | 3,654 | 3,687 | 1,098 | 4,301 |
| Leasing | 58 | 5 | 634 | 0 |
| Other Current Liabilities | 21,531 | 19,621 | 22,013 | 25,096 |
| Of which Creditors | 7,396 | 7,109 | 7,729 | 7,860 |
| Bank Overdraft | 14,096 | 12,484 | 14,157 | 17,203 |
| Others | 39 | 29 | 127 | 33 |
| Total Liabilities | 66,421 | 47,866 | 43,090 | 108,845 |
| Closing Net Worth | 778,915 | 656,531 | 681,600 | 1,042,997 |
| Opening Net Worth | 724,221 | 616,315 | 619,262 | 962,388 |
| Change in New Worth | 54,694 | 40,216 | 62,338 | 80,609 |

| | | | | |
|------------------------------------|--------|--------|--------|--------|
| SPS Entitlements Opening Valuation | 28,801 | 30,030 | 26,487 | 27,063 |
| Change in SPS Entitlements | -1,701 | -1,123 | -2,627 | -2,563 |
| Change in Borrowing | 5,076 | 6,350 | -5,757 | 5,619 |
| Funds Introduced | 22224 | 26315 | 8135 | 18217 |
| Cash Flow from the Farm Business | 7964 | 6474 | 19995 | 7505 |
| Private Drawings | 23803 | 22433 | 21719 | 27036 |
| Asset Purchases | 27207 | 29106 | 15427 | 26804 |
| Asset Sales | 5458 | 5521 | 4662 | 5558 |
| Capital Expenditure | 21749 | 23585 | 10765 | 21245 |

Table 26. Land use, Stocking and Technical Efficiency by EU Region

| 2012/13 | The Average Farm | EU Region England North | EU Region England East | EU Region England West |
|--|------------------|-------------------------|------------------------|------------------------|
| Number (unweighted) | 246 | 150 | 22 | 74 |
| Number (weighted) | 6,179 | 3,723 | 534 | 1,922 |
| Total Area (includes woodland and roads etc) (ha) | 153.5 | 171.0 | 147.1 | 121.5 |
| Area Farmed (ha) | 155.2 | 169.9 | 156.5 | 126.4 |
| Net Land Hired In (ha) | 5.4 | 3.2 | 11.3 | 7.9 |
| Utilised Agricultural Area (ha) | 149.8 | 166.6 | 145.3 | 118.5 |
| <i>Of which</i> Total main products and set-aside (ha) | 1.8 | 1.3 | 0.7 | 3.1 |
| Grass, fodder crops and rough grazing (ha) | 148.0 | 165.3 | 144.6 | 115.4 |
| <i>Of which</i> rough grazing (unadjusted) (ha) | 55.8 | 76.6 | 43.5 | 19.0 |
| Adjusted rough grazing (sole occupation) | 18.4 | 24.7 | 21.7 | 5.1 |
| Adjusted rough grazing (shared) | 6.2 | 8.9 | 0.0 | 2.5 |
| Total Adjusted Utilised Agriculture Area (ha) | 112.4 | 114.8 | 123.5 | 104.5 |
| Area owner occupied (ha) | 71.7 | 72.6 | 61.3 | 72.8 |
| Area tenanted (ha) | 81.8 | 98.4 | 85.8 | 48.7 |
| Average age of farmer (years) | 57 | 57 | 56 | 58 |
| Agricultural labour units (ALU) | 1.6 | 1.5 | 1.5 | 1.7 |
| Standard Output (SO2007) | 72,392 | 69,863 | 69,928 | 77,975 |
| Standard Output size group (SO2007) | 6.8 | 6.7 | 6.9 | 6.9 |
| <u>Land Use</u> | | | | |
| Temporary Grassland Area (ha) | 7.1 | 6.6 | 0.0 | 9.9 |
| Permanent Grassland Area (ha) | 90.0 | 84.9 | 112.4 | 93.8 |
| <u>Stocking</u> | | | | |
| Total Dairy Cows | 1 | 1 | 2 | 1 |
| Total Beef cows | 29 | 25 | 31 | 37 |
| Total Cattle | 92 | 77 | 96 | 120 |
| Ewes (LFA and lowland) | 377 | 435 | 303 | 284 |
| Of which LFA Ewes | 364 | 427 | 303 | 258 |
| Lowland Ewes | 13 | 8 | 0 | 26 |
| Total Sheep | 743 | 847 | 630 | 572 |
| <u>Livestock Units</u> | | | | |
| Total Cattle LU | 54 | 45 | 56 | 71 |
| Of which Beef Cows LU | 22 | 19 | 23 | 28 |
| Other Cattle LU | 28 | 23 | 28 | 39 |
| Dairy Cows and Heifers | 4 | 4 | 5 | 4 |
| Total Sheep LU | 40 | 45 | 33 | 31 |
| Of which Ewe LU | 27 | 31 | 22 | 22 |
| Grazing LU (cattle, sheep, horses and others) | 95 | 91 | 90 | 103 |
| Total LU | 95 | 91 | 90 | 103 |
| <u>Financial Performance per GLU</u> | | | | |
| Farm Business Output per GLU (£/GLU) | 1,119 | 1,175 | 1,087 | 1,030 |
| Farm Business Variable Costs (£/GLU) | 434 | 474 | 406 | 373 |
| Farm Business Gross Margin (£/GLU) | 684 | 701 | 681 | 657 |
| Farm Business Fixed Costs (£/GLU) | 481 | 487 | 482 | 472 |
| Farm Business Income (£/GLU) | 208 | 221 | 203 | 188 |
| Farm Corporate Income (£/GLU) | -68 | -42 | -115 | -103 |
| Farm Investment Income (£/GLU) | -46 | -24 | -100 | -71 |
| Holding Gains Not In Income (£/GLU) | 553 | 391 | 697 | 797 |
| of which Land Revaluation (£/GLU) | 524 | 369 | 600 | 772 |
| Net Farm Income (£/GLU) | 119 | 142 | 81 | 88 |
| Management and Investment Income (£/GLU) | -111 | -79 | -174 | -149 |
| Agriculture Net Margin (Agriculture business income) (£/GLU) | -94 | -107 | -81 | -75 |
| Agriculture Economic Profit (Agriculture corporate income) (£/GLU) | -354 | -353 | -380 | -348 |
| Agriculture Investment Income (£/GLU) | -333 | -337 | -367 | -319 |

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

Table 27. Output, Variable Costs and Farm Gross Margins by Cost Centre by Farm size (SLR publication size band)

| | The Average Farm | SLR size Band 1 | SLR size Band 2 | SLR size Band 3 | SLR size Band 4 |
|---|------------------|-----------------|-----------------|-----------------|-----------------|
| 2012/13 | Farm | | | | |
| Number of farms in the group | 246 | 11 | 76 | 55 | 102 |
| Number (weighted) | 6,179 | 780 | 2,680 | 1,082 | 1,466 |
| Utilisable Agricultural Area (UAA) (ha) | 150 | 52 | 121 | 151 | 263 |
| Average adjusted UAA (ha) | 112 | 44 | 87 | 115 | 199 |
| Average adjusted sole grazing (ha) | 18 | 2 | 18 | 16 | 31 |
| Average herd size | 30 | 17 | 21 | 27 | 60 |
| Average flock size | 377 | 34 | 239 | 428 | 816 |
| <u>Output</u> | | | | | |
| Farm Output | 106,135 | 49,063 | 72,042 | 102,108 | 210,941 |
| Farm Business Output | 105,729 | 48,914 | 71,750 | 101,945 | 209,961 |
| of which: Output from agriculture | 70,805 | 29,651 | 43,146 | 65,542 | 154,142 |
| Agri environment payment | 11,646 | 5,051 | 9,958 | 12,697 | 18,549 |
| Diversified output | 2,934 | 4,286 | 2,453 | 2,738 | 3,386 |
| Single Farm Payment | 20,343 | 9,927 | 16,193 | 20,968 | 33,883 |
| Livestock Enterprise Output | 65,607 | 26,408 | 39,578 | 61,782 | 143,506 |
| of which: Cattle Enterprise Output | 32,078 | 23,610 | 19,437 | 28,239 | 65,256 |
| (incl. Livestock disease compensation) | 350 | 0 | 513 | 187 | 399 |
| Sheep Enterprise Output | 33,232 | 2,798 | 19,892 | 33,546 | 77,452 |
| Poultry Enterprise Output | 49 | 0 | 80 | 12 | 52 |
| Pigs Enterprise Output | 82 | 0 | 169 | 0 | 37 |
| Other Livestock Enterprise Output | 165 | 0 | -1 | -15 | 708 |
| Crop Enterprise Output | 2,382 | -47 | 1,257 | 1,912 | 6,240 |
| of which: Crop Subsidies | 0 | 0 | 0 | 0 | 0 |
| Main Crops | 1,575 | 0 | 647 | 1,005 | 4,713 |
| Forage & by-products | 822 | -56 | 593 | 1,009 | 1,548 |
| Cultivations output | -14 | 10 | 17 | -102 | -20 |
| Non agriculture, no other category output | 2,805 | 3,290 | 2,304 | 1,845 | 4,361 |
| Disposal Previous Crops | 12 | 0 | 7 | 3 | 35 |
| Farm Business Output | 105,729 | 48,914 | 71,750 | 101,945 | 209,961 |
| <u>Variable Costs</u> | | | | | |
| Farm Business Variable costs | 41,049 | 16,252 | 25,462 | 38,194 | 88,674 |
| of which: Agriculture Variable Costs | 40,833 | 16,126 | 25,375 | 37,906 | 88,198 |
| Agri environment Variable Costs | 99 | 48 | 3 | 231 | 214 |
| Diversified income Variable Costs | 116 | 78 | 82 | 55 | 260 |
| SPS Variable Costs | 2 | 1 | 1 | 2 | 3 |
| Agriculture Crop Costs | 6,119 | 3,179 | 3,287 | 5,779 | 13,603 |
| of which: Seed | 366 | 409 | 133 | 272 | 881 |
| Fertilizer | 4,722 | 2,350 | 2,544 | 4,568 | 10,482 |
| Crop Protection | 357 | 45 | 197 | 285 | 878 |
| Other Crop Costs | 674 | 374 | 412 | 653 | 1,362 |
| Agriculture Livestock Costs | 30,064 | 11,555 | 18,947 | 27,823 | 64,966 |
| of which: Purchased Fodder Feed | 16,976 | 6,634 | 10,897 | 15,837 | 36,203 |
| Home Produced Fodder Feed | 1,389 | 0 | 645 | 731 | 4,133 |
| Veterinary and medicines | 3,726 | 849 | 2,338 | 3,824 | 8,128 |
| Other Livestock Costs | 7,974 | 4,072 | 5,067 | 7,432 | 16,503 |
| Agriculture Contract Costs | 3,101 | 1,058 | 2,121 | 3,181 | 6,047 |
| Agriculture Casual Labour | 1,425 | 189 | 839 | 1,101 | 3,492 |
| Agriculture, no other category Variable Costs | 123 | 145 | 182 | 23 | 90 |
| Farm Business Gross Margin | 64,680 | 32,662 | 46,289 | 63,752 | 121,286 |
| Agriculture Gross Margin | 29,973 | 13,525 | 17,771 | 27,636 | 65,944 |
| Agri Environment Gross Margin | 11,548 | 5,003 | 9,954 | 12,467 | 18,335 |
| Diversified Gross Margin | 2,818 | 4,208 | 2,371 | 2,683 | 3,127 |
| SPS Gross Margin | 20,341 | 9,926 | 16,192 | 20,966 | 33,880 |

Table 28. Fixed Costs and Farm Income calculations by Farm size (SLR publication size band)

| | The Average Farm | SLR size Band 1 | SLR size Band 2 | SLR size Band 3 | SLR size Band 4 |
|---|------------------------|--------------------|--------------------|--------------------|--------------------|
| 2012/13 | | | | | |
| Number (unweighted) | 246 | 11 | 76 | 55 | 102 |
| Number (weighted) | 6,179 | 780 | 2,680 | 1,082 | 1,466 |
| Utilisable Agricultural Land (UAA) (ha) | 150 | 52 | 121 | 151 | 263 |
| Average adjusted UAA (ha) | 112 | 44 | 87 | 115 | 199 |
| Average adjusted sole grazing (ha) | 18 | 2 | 18 | 16 | 31 |
| Average herd size | 30 | 17 | 21 | 27 | 60 |
| Average flock size | 377 | 34 | 239 | 428 | 816 |
| Gross Margin | | | | | |
| Farm Business Gross Margin | 64,680 | 32,662 | 46,289 | 63,752 | 121,286 |
| Agriculture Gross Margin | 29,973 | 13,525 | 17,771 | 27,636 | 65,944 |
| Agri Environment Gross Margin | 11,548 | 5,003 | 9,954 | 12,467 | 18,335 |
| Diversified Income Gross Margin | 2,818 | 4,208 | 2,371 | 2,683 | 3,127 |
| SPS Gross Margin | 20,341 | 9,926 | 16,192 | 20,966 | 33,880 |
| Fixed Costs | | | | | |
| Farm Business Fixed Costs | 45,495 | 19,867 | 32,851 | 45,509 | 84,908 |
| of which: Agriculture Fixed Costs | 39,354 | 15,206 | 27,294 | 39,725 | 76,644 |
| Agri Environment Fixed Costs | 2,422 | 1,928 | 2,338 | 2,195 | 3,096 |
| Diversified Income Fixed Costs | 1,211 | 1,371 | 1,043 | 1,096 | 1,436 |
| SPS Fixed Costs | 2,508 | 1,362 | 2,176 | 2,492 | 3,732 |
| Agriculture Paid Labour | 4,233 | 210 | 2,060 | 2,999 | 11,681 |
| Of which Fixed Labour Costs | 2,808 | 22 | 1,221 | 1,898 | 8,189 |
| (-) Casual Labour Costs (a Variable Cost) | 1,425 | 189 | 839 | 1,101 | 3,492 |
| Agriculture Machinery Costs | 17,437 | 8,201 | 12,447 | 19,240 | 31,183 |
| of which: Machinery Running Costs | 8,418 | 4,314 | 5,980 | 9,163 | 15,222 |
| Agriculture Depreciation Tenants Capital | 9,020 | 3,888 | 6,467 | 10,077 | 15,961 |
| Agriculture General Farming Costs | 9,327 | 3,982 | 7,235 | 9,559 | 16,179 |
| of which: Agriculture Bank & Professional Fees | 2,017 | 702 | 1,503 | 1,937 | 3,672 |
| Agriculture Other General Costs | 5,382 | 2,953 | 4,407 | 5,787 | 8,525 |
| Net Interest Payments | 1,926 | 327 | 1,322 | 1,835 | 3,981 |
| Bad Debts Write-offs | 1 | 0 | 3 | 0 | 0 |
| Agriculture Property Costs | 8,048 | 2,189 | 4,724 | 8,103 | 17,999 |
| Non Agriculture Other Fixed Costs | 1,734 | 812 | 1,667 | 925 | 3,095 |
| Profit/loss sale of fixed assets | 514 | 112 | 342 | 865 | 845 |
| Agriculture Net Margin (AGRICULTURE BUSINESS INCOME) | -8,867 | -1,569 | -9,181 | -11,224 | -9,855 |
| Unpaid manual labour | 24,561 | 17,530 | 20,907 | 25,834 | 35,415 |
| Of Which Unpaid Farmer and Spouse | 20,522 | 17,530 | 18,889 | 21,925 | 24,965 |
| Unpaid Partner | 4,039 | 0 | 2,018 | 3,909 | 10,450 |
| Agriculture Economic Profit (AGRICULTURE CORPORATE INCOME) | -33,428 | -19,099 | -30,088 | -37,058 | -45,270 |
| Agriculture Net Interest Payment (added back) | 1,926 | 327 | 1,322 | 1,835 | 3,981 |
| AGRICULTURE INVESTMENT INCOME | -31,501 | -18,772 | -28,766 | -35,223 | -41,289 |
| Farm Net Margin (FARM BUSINESS INCOME) | 19,700 | 12,907 | 13,780 | 19,108 | 37,224 |
| Farm Economic Profit (FARM CORPORATE INCOME) | -6,470 | -6,676 | -8,795 | -7,887 | 182 |
| FARM INVESTMENT INCOME | -4,351 | -6,278 | -7,349 | -5,833 | 4,510 |
| NET FARM INCOME | 11,202 | 9,109 | 7,573 | 11,319 | 20,995 |
| Holding gains not included in farm income | 52,306 | 40,155 | 53,948 | 39,920 | 68,405 |
| BLSA | 1,256 | 849 | 1,261 | 1,776 | 1,226 |
| Revaluation of Machinery, permanent crops etc | 1,487 | 721 | 1,135 | 1,613 | 2,523 |
| Revaluation of Land | 49,562 | 38,585 | 51,552 | 36,531 | 64,655 |
| MANAGEMENT AND INVESTMENT INCOME | -10,461 | -10,474 | -12,500 | -11,549 | -4,672 |

Table 29. Balance Sheet and Fund Flows by Farm size (SLR publication size band)

| | The Average Farm | SLR size Band 1 | SLR size Band 2 | SLR size Band 3 | SLR size Band 4 |
|--|------------------------|--------------------|--------------------|--------------------|--------------------|
| 2012/13 | | | | | |
| Number (unweighted) | 246 | 11 | 76 | 55 | 102 |
| Number (weighted) | 6,179 | 780 | 2,680 | 1,082 | 1,466 |
| Average Farmed Area (ha) | 155.2 | 51.7 | 119.5 | 158.0 | 284.2 |
| Adjusted Utilisable Agricultural Area (ha) | 150 | 52 | 121 | 151 | 263 |
| Utilisable Agricultural Area (ha) | 112 | 44 | 87 | 115 | 199 |
| Grazing Livestock Units | 95 | 46 | 62 | 94 | 189 |
| Ewes (head) | 377 | 34 | 239 | 428 | 816 |
| Beef Cows (head) | 27.7 | 13.3 | 19.1 | 26.6 | 54.9 |
| Occupied Area (ha) | 71.7 | 39.4 | 62.5 | 71.1 | 108.1 |
| Tenanted Area (ha) | 82 | 15 | 61 | 85 | 160 |
| Percentage of Land Owned (%) | 47 | 73 | 50 | 46 | 40 |
| Assets | | | | | |
| Fixed Assets | 770,910 | 537,083 | 682,993 | 709,194 | 1,139,747 |
| Of which Agricultural Land | 594,737 | 468,191 | 553,996 | 533,695 | 808,200 |
| Woodland | 1,781 | 89 | 910 | 830 | 3,759 |
| Total Buildings | 19,683 | 10,105 | 15,763 | 15,276 | 36,897 |
| Total Improvements | 3,971 | 1,530 | 3,261 | 2,783 | 7,805 |
| Milk quota | 14 | 0 | 4 | 25 | 35 |
| SPS Entitlements | 27,100 | 13,285 | 21,584 | 28,121 | 44,945 |
| Machinery | 52,281 | 22,878 | 39,119 | 57,570 | 89,977 |
| Breeding Livestock | 70,155 | 21,005 | 47,847 | 70,148 | 145,215 |
| Miscellaneous Business Assets | 1,188 | 0 | 510 | 746 | 2,794 |
| Current Assets | 74,426 | 44,926 | 53,591 | 67,780 | 139,928 |
| of which: Trading Livestock | 32,989 | 18,617 | 23,233 | 30,031 | 62,818 |
| Crops | 480 | 0 | 237 | 54 | 1,548 |
| Forage | 3,303 | 1,814 | 2,785 | 3,366 | 5,274 |
| Cultivation | 749 | 299 | 565 | 929 | 1,279 |
| Stores | 3,381 | 1,772 | 2,020 | 3,689 | 6,840 |
| Liquid Assets | 33,525 | 22,423 | 24,750 | 29,711 | 62,169 |
| Of which: Cash at Bank and In Hand | 23,168 | 18,581 | 18,879 | 21,222 | 37,579 |
| Debtors | 8,483 | 3,842 | 3,833 | 7,819 | 20,911 |
| Suspended | 1 | 0 | 2 | 0 | 0 |
| SPS debtors | 1,873 | 0 | 2,036 | 671 | 3,678 |
| Total Assets (£/farm) | 845,337 | 582,009 | 736,584 | 776,974 | 1,279,675 |
| Of which: Total Landlord-type Capital | 620,187 | 479,915 | 573,934 | 552,609 | 856,696 |
| Tenant Type Capital | 225,150 | 102,094 | 162,650 | 224,365 | 422,979 |
| Loans | | | | | |
| Total Long Term Loans | 41,178 | 12,990 | 27,904 | 30,884 | 92,582 |
| Of which: Bank Loans | 20,340 | 4,627 | 7,402 | 22,673 | 53,001 |
| Institutional Loans | 16,038 | 8,363 | 12,216 | 6,507 | 35,801 |
| Of which: AMC | 14,361 | 8,363 | 9,968 | 3,953 | 34,938 |
| Building Societies | 752 | 0 | 1,590 | 0 | 265 |
| Other Institutional Loans | 924 | 0 | 658 | 2,554 | 598 |
| Family Loans | 4,588 | 0 | 8,219 | 1,068 | 3,475 |
| Other Loans | 213 | 0 | 67 | 635 | 305 |
| Current Liabilities | 25,243 | 5,591 | 19,267 | 28,271 | 43,613 |
| Of which: Hire Purchase | 3,654 | 150 | 2,124 | 4,014 | 8,084 |
| Leasing | 58 | 0 | 126 | 0 | 13 |
| Other Current Liabilities | 21,531 | 5,441 | 17,017 | 24,257 | 35,516 |
| Of which Creditors | 7,396 | 2,661 | 5,053 | 7,737 | 14,795 |
| Bank Overdraft | 14,096 | 2,780 | 11,964 | 16,406 | 20,641 |
| Others | 39 | 0 | 0 | 114 | 79 |
| Total Liabilities | 66,421 | 18,581 | 47,170 | 59,155 | 136,195 |
| Closing Net Worth | 778,915 | 563,428 | 689,414 | 717,819 | 1,143,480 |
| Opening Net Worth | 724,221 | 524,228 | 632,039 | 677,825 | 1,069,392 |
| Change in New Worth | 54,694 | 39,201 | 57,375 | 39,994 | 74,088 |

| | | | | | |
|------------------------------------|--------|--------|--------|--------|--------|
| SPS Entitlements Opening Valuation | 28,801 | 14,250 | 22,868 | 29,826 | 48,188 |
| Change in SPS Entitlements | -1,701 | -965 | -1,284 | -1,705 | -3,243 |
| Change in Borrowing | 5,076 | -3,355 | 8,807 | 1,693 | 6,185 |
| Funds Introduced | 22224 | 7562 | 25994 | 13502 | 31910 |
| Cash Flow from the Farm Business | 7964 | 15641 | 330 | 14439 | 12219 |
| Private Drawings | 23803 | 13971 | 19729 | 22814 | 38614 |
| Asset Purchases | 27207 | 5519 | 27787 | 20557 | 45570 |
| Asset Sales | 5458 | 268 | 5579 | 5997 | 8238 |
| Capital Expenditure | 21749 | 5252 | 22208 | 14560 | 37332 |

Table 30. Land use, Stocking and Technical Efficiency by Farm size (SLR publication size band)

| | The Average Farm | SLR size Band 1 | SLR size Band 2 | SLR size Band 3 | SLR size Band 4 |
|--|------------------|-----------------|-----------------|-----------------|-----------------|
| 2012/13 | | | | | |
| Number (unweighted) | 246 | 11 | 76 | 55 | 102 |
| Number (weighted) | 6,179 | 780 | 2,680 | 1,082 | 1,466 |
| Total Area (includes woodland and roads etc) (ha) | 153.5 | 54.3 | 123.8 | 155.8 | 268.6 |
| Area Farmed (ha) | 155.2 | 51.7 | 119.5 | 158.0 | 284.2 |
| Net Land Hired In (ha) | 5.4 | -0.7 | -1.4 | 6.6 | 20.8 |
| Utilised Agricultural Area (ha) | 149.8 | 52.4 | 120.9 | 151.5 | 263.4 |
| Of which Total main products and set-aside (ha) | 1.8 | 0.0 | 0.7 | 1.3 | 5.2 |
| Grass, fodder crops and rough grazing (ha) | 148.0 | 52.4 | 120.2 | 150.1 | 258.2 |
| Of which rough grazing (unadjusted) (ha) | 55.8 | 10.9 | 51.8 | 52.7 | 95.6 |
| Adjusted rough grazing (sole occupation) | 18.4 | 2.4 | 18.0 | 16.4 | 31.0 |
| Adjusted rough grazing (shared) | 6.2 | 0.0 | 4.4 | 10.5 | 10.2 |
| Total Adjusted Utilised Agriculture Area (ha) | 112.4 | 43.8 | 87.2 | 115.1 | 198.8 |
| Area owner occupied (ha) | 71.7 | 39.4 | 62.5 | 71.1 | 108.1 |
| Area tenanted (ha) | 81.8 | 14.9 | 61.3 | 84.8 | 160.5 |
| Average age of farmer (years) | 57 | 63 | 57 | 55 | 55 |
| Agricultural labour units (ALU) | 1.6 | 1.0 | 1.3 | 1.5 | 2.5 |
| Standard Output (SO2007) | 72,392 | 30,467 | 45,766 | 71,927 | 149,066 |
| Standard Output size group (SO2007) | 6.8 | 6.1 | 6.4 | 7.1 | 7.8 |
| Land Use | | | | | |
| Temporary Grassland Area (ha) | 7.1 | 2.4 | 2.2 | 5.7 | 15.9 |
| Permanent Grassland Area (ha) | 90.0 | 38.1 | 64.7 | 97.6 | 166.2 |
| Stocking | | | | | |
| Total Dairy Cows | 1 | 0 | 0 | 0 | 4 |
| Total Beef cows | 29 | 17 | 21 | 27 | 55 |
| Total Cattle | 92 | 67 | 60 | 85 | 174 |
| Ewes (LFA and lowland) | 377 | 34 | 239 | 428 | 816 |
| Of which LFA Ewes | 364 | 17 | 225 | 404 | 816 |
| Lowland Ewes | 13 | 17 | 14 | 24 | 0 |
| Total Sheep | 743 | 70 | 461 | 823 | 1,643 |
| Livestock Units | | | | | |
| Total Cattle LU | 54 | 41 | 36 | 49 | 101 |
| Of which Beef Cows LU | 22 | 13 | 16 | 21 | 42 |
| Other Cattle LU | 28 | 27 | 18 | 26 | 50 |
| Dairy Cows and Heifers | 4 | 2 | 2 | 2 | 10 |
| Total Sheep LU | 40 | 4 | 25 | 45 | 87 |
| Of which Ewe LU | 27 | 3 | 18 | 31 | 58 |
| Grazing LU (cattle, sheep, horses and others) | 95 | 46 | 62 | 94 | 189 |
| Total LU | 95 | 46 | 62 | 94 | 189 |
| Financial Performance per GLU | | | | | |
| Farm Business Output per GLU (£/GLU) | 1,119 | 1,063 | 1,166 | 1,084 | 1,110 |
| Farm Business Variable Costs (£/GLU) | 434 | 353 | 414 | 406 | 469 |
| Farm Business Gross Margin (£/GLU) | 684 | 710 | 752 | 678 | 641 |
| Farm Business Fixed Costs (£/GLU) | 481 | 432 | 534 | 484 | 449 |
| Farm Business Income (£/GLU) | 208 | 281 | 224 | 203 | 197 |
| Farm Corporate Income (£/GLU) | -68 | -145 | -143 | -84 | 1 |
| Farm Investment Income (£/GLU) | -46 | -136 | -119 | -62 | 24 |
| Holding Gains Not In Income (£/GLU) | 553 | 873 | 877 | 424 | 362 |
| of which Land Revaluation (£/GLU) | 524 | 839 | 838 | 388 | 342 |
| Net Farm Income (£/GLU) | 119 | 198 | 123 | 120 | 111 |
| Management and Investment Income (£/GLU) | -111 | -228 | -203 | -123 | -25 |
| Agriculture Net Margin (Agriculture business income) (£/GLU) | -94 | -34 | -149 | -119 | -52 |
| Agriculture Economic Profit (Agriculture corporate income) (£/GLU) | -354 | -415 | -489 | -394 | -239 |
| Agriculture Investment Income (£/GLU) | -333 | -408 | -467 | -374 | -218 |

Appendix 5. Analysis of English Grazing Livestock Farms in the LFA- by Performance Class Quartile (FBI/farm)

Table 31. Output, Variable Costs and Farm Gross Margins by Cost Centre by Performance Class Quartile (FBI/farm)

| | The Average Farm | Lowest Quartile | Upper Low Quartile | Lower Upper Quartile | Highest Quartile |
|---|------------------|-----------------|--------------------|----------------------|------------------|
| 2012/13 | | | | | |
| Number of farms in the group | 246 | 54 | 52 | 58 | 82 |
| Number (weighted) | 6,179 | 1,532 | 1,511 | 1,571 | 1,564 |
| Utilisable Agricultural Area (UAA) (ha) | 150 | 101 | 103 | 158 | 235 |
| Average adjusted UAA (ha) | 112 | 87 | 83 | 111 | 167 |
| Average adjusted sole grazing (ha) | 18 | 9 | 12 | 22 | 30 |
| Average herd size | 30 | 30 | 26 | 25 | 41 |
| Average flock size | 377 | 269 | 288 | 380 | 564 |
| <u>Output</u> | | | | | |
| Farm Output | 106,135 | 76,808 | 70,998 | 96,882 | 178,094 |
| Farm Business Output | 105,729 | 76,340 | 70,785 | 96,702 | 177,334 |
| of which: Output from agriculture | 70,805 | 53,474 | 46,404 | 62,762 | 119,430 |
| Agri environment payment | 11,646 | 6,768 | 6,931 | 11,572 | 21,053 |
| Diversified output | 2,934 | 1,435 | 1,974 | 3,029 | 5,236 |
| Single Farm Payment | 20,343 | 14,663 | 15,476 | 19,339 | 31,615 |
| Livestock Enterprise Output | 65,607 | 50,437 | 42,688 | 57,338 | 110,909 |
| of which: Cattle Enterprise Output (incl. Livestock disease compensation) | 32,078 | 26,992 | 21,534 | 25,699 | 53,652 |
| Sheep Enterprise Output | 33,232 | 22,683 | 20,747 | 31,631 | 57,233 |
| Poultry Enterprise Output | 49 | 0 | 157 | 8 | 36 |
| Pigs Enterprise Output | 82 | 86 | 248 | 0 | 0 |
| Other Livestock Enterprise Output | 165 | 676 | 3 | 0 | -12 |
| Crop Enterprise Output | 2,382 | 1,606 | 2,293 | 1,468 | 4,146 |
| of which: Crop Subsidies | 0 | 0 | 0 | 0 | 0 |
| Main Crops | 1,575 | 1,286 | 888 | 1,128 | 2,970 |
| Forage & by-products | 822 | 313 | 1,382 | 427 | 1,174 |
| Cultivations output | -14 | 7 | 23 | -87 | 2 |
| Non agriculture, no other category output | 2,805 | 1,431 | 1,420 | 3,946 | 4,342 |
| Disposal Previous Crops | 12 | 0 | 4 | 10 | 33 |
| Farm Business Output | 105,729 | 76,340 | 70,785 | 96,702 | 177,334 |
| <u>Variable Costs</u> | | | | | |
| Farm Business Variable costs | 41,049 | 40,049 | 27,259 | 35,746 | 60,679 |
| of which: Agriculture Variable Costs | 40,833 | 39,976 | 27,234 | 35,420 | 60,246 |
| Agri environment Variable Costs | 99 | 2 | 2 | 204 | 181 |
| Diversified income Variable Costs | 116 | 70 | 22 | 120 | 249 |
| SPS Variable Costs | 2 | 1 | 1 | 2 | 2 |
| Agriculture Crop Costs | 6,119 | 5,711 | 4,146 | 5,666 | 8,880 |
| of which: Seed | 366 | 273 | 201 | 384 | 599 |
| Fertilizer | 4,722 | 4,486 | 3,139 | 4,382 | 6,823 |
| Crop Protection | 357 | 311 | 238 | 311 | 562 |
| Other Crop Costs | 674 | 641 | 568 | 588 | 895 |
| Agriculture Livestock Costs | 30,064 | 29,490 | 19,817 | 25,377 | 45,236 |
| of which: Purchased Fodder Feed | 16,976 | 17,123 | 11,337 | 14,376 | 24,894 |
| Home Produced Fodder Feed | 1,389 | 1,485 | 602 | 1,112 | 2,331 |
| Veterinary and medicines | 3,726 | 3,487 | 2,506 | 3,053 | 5,813 |
| Other Livestock Costs | 7,974 | 7,395 | 5,372 | 6,836 | 12,197 |
| Agriculture Contract Costs | 3,101 | 3,282 | 2,180 | 2,958 | 3,959 |
| Agriculture Casual Labour | 1,425 | 1,353 | 1,061 | 1,109 | 2,165 |
| Agriculture, no other category Variable Costs | 123 | 139 | 30 | 311 | 7 |
| Farm Business Gross Margin | 64,680 | 36,291 | 43,526 | 60,956 | 116,655 |
| Agriculture Gross Margin | 29,973 | 13,498 | 19,170 | 27,342 | 59,184 |
| Agri Environment Gross Margin | 11,548 | 6,766 | 6,929 | 11,368 | 20,872 |
| Diversified Gross Margin | 2,818 | 1,365 | 1,952 | 2,909 | 4,986 |
| SPS Gross Margin | 20,341 | 14,662 | 15,475 | 19,337 | 31,613 |

Table 32. Fixed Costs and Farm Income calculations by Performance Class Quartile (FBI/farm)

| | The Average Farm | Lowest Quartile | Upper Low Quartile | Lower Upper Quartile | Highest Quartile |
|---|------------------------|--------------------|-----------------------|----------------------------|---------------------|
| 2012/13 | | | | | |
| Number (unweighted) | 246 | 54 | 52 | 58 | 82 |
| Number (weighted) | 6,179 | 1,532 | 1,511 | 1,571 | 1,564 |
| Utilisable Agricultural Land (UAA) (ha) | 150 | 101 | 103 | 158 | 235 |
| Average adjusted UAA (ha) | 112 | 87 | 83 | 111 | 167 |
| Average adjusted sole grazing (ha) | 18 | 9 | 12 | 22 | 30 |
| Average herd size | 30 | 30 | 26 | 25 | 41 |
| Average flock size | 377 | 269 | 288 | 380 | 564 |
| Gross Margin | | | | | |
| Farm Business Gross Margin | 64,680 | 36,291 | 43,526 | 60,956 | 116,655 |
| Agriculture Gross Margin | 29,973 | 13,498 | 19,170 | 27,342 | 59,184 |
| Agri Environment Gross Margin | 11,548 | 6,766 | 6,929 | 11,368 | 20,872 |
| Diversified Income Gross Margin | 2,818 | 1,365 | 1,952 | 2,909 | 4,986 |
| SPS Gross Margin | 20,341 | 14,662 | 15,475 | 19,337 | 31,613 |
| Fixed Costs | | | | | |
| Farm Business Fixed Costs | 45,495 | 47,409 | 33,401 | 38,731 | 62,098 |
| of which: Agriculture Fixed Costs | 39,354 | 40,690 | 29,300 | 33,094 | 54,047 |
| Agri Environment Fixed Costs | 2,422 | 2,422 | 1,523 | 2,222 | 3,490 |
| Diversified Income Fixed Costs | 1,211 | 1,181 | 743 | 1,213 | 1,690 |
| SPS Fixed Costs | 2,508 | 3,116 | 1,834 | 2,203 | 2,871 |
| Agriculture Paid Labour | 4,233 | 4,157 | 2,423 | 2,806 | 7,489 |
| Of which Fixed Labour Costs | 2,808 | 2,804 | 1,362 | 1,697 | 5,324 |
| (-) Casual Labour Costs (a Variable Cost) | 1,425 | 1,353 | 1,061 | 1,109 | 2,165 |
| Agriculture Machinery Costs | 17,437 | 16,771 | 13,994 | 15,693 | 23,169 |
| of which: Machinery Running Costs | 8,418 | 8,452 | 6,966 | 7,512 | 10,696 |
| Agriculture Depreciation Tenants Capital | 9,020 | 8,319 | 7,028 | 8,180 | 12,472 |
| Agriculture General Farming Costs | 9,327 | 11,587 | 7,379 | 7,653 | 10,679 |
| of which: Agriculture Bank & Professional Fees | 2,017 | 2,493 | 1,586 | 1,589 | 2,399 |
| Agriculture Other General Costs | 5,382 | 5,618 | 4,557 | 4,682 | 6,652 |
| Net Interest Payments | 1,926 | 3,476 | 1,231 | 1,382 | 1,628 |
| Bad Debts Write-offs | 1 | 0 | 5 | 0 | 0 |
| Agriculture Property Costs | 8,048 | 8,396 | 5,718 | 5,922 | 12,092 |
| Non Agriculture Other Fixed Costs | 1,734 | 1,131 | 847 | 2,129 | 2,783 |
| Profit/loss sale of fixed assets | 514 | 149 | 286 | 433 | 1,174 |
| Agriculture Net Margin (AGRICULTURE BUSINESS INCOME) | -8,867 | -27,043 | -9,844 | -5,318 | 6,310 |
| Unpaid manual labour | 24,561 | 22,598 | 21,236 | 21,809 | 32,459 |
| Of Which Unpaid Farmer and Spouse | 20,522 | 18,806 | 19,387 | 19,565 | 24,259 |
| Unpaid Partner | 4,039 | 3,792 | 1,849 | 2,244 | 8,200 |
| Agriculture Economic Profit (AGRICULTURE CORPORATE INCOME) | -33,428 | -49,640 | -31,080 | -27,127 | -26,149 |
| Agriculture Net Interest Payment (added back) | 1,926 | 3,476 | 1,231 | 1,382 | 1,628 |
| AGRICULTURE INVESTMENT INCOME | -31,501 | -46,164 | -29,849 | -25,745 | -24,521 |
| Farm Net Margin (FARM BUSINESS INCOME) | 19,700 | -10,969 | 10,412 | 22,658 | 55,731 |
| Farm Economic Profit (FARM CORPORATE INCOME) | -6,470 | -34,531 | -11,655 | -1,104 | 20,625 |
| FARM INVESTMENT INCOME | -4,351 | -30,817 | -10,328 | 458 | 22,509 |
| NET FARM INCOME | 11,202 | -14,719 | 4,114 | 14,967 | 39,651 |
| Holding gains not included in farm income | 52,306 | 45,879 | 48,458 | 43,890 | 70,770 |
| BLSA | 1,256 | 1,838 | 1,139 | 1,538 | 517 |
| Revaluation of Machinery, permanent crops etc | 1,487 | 1,303 | 1,126 | 1,465 | 2,040 |
| Revaluation of Land | 49,562 | 42,738 | 46,193 | 40,887 | 68,213 |
| MANAGEMENT AND INVESTMENT INCOME | -10,461 | -34,442 | -15,948 | -5,739 | 13,577 |

Table 33. Balance Sheet and Fund Flows by Performance Class Quartile (FBI/farm)

| | The Average Farm | Lowest Quartile | Upper Low Quartile | Lower Upper Quartile | Highest Quartile |
|--|---------------------|--------------------|--------------------------|----------------------------|---------------------|
| 2012/13 | | | | | |
| Number (unweighted) | 246 | 54 | 52 | 58 | 82 |
| Number (weighted) | 6,179 | 1,532 | 1,511 | 1,571 | 1,564 |
| Average Farmed Area (ha) | 155.2 | 109.7 | 106.4 | 160.5 | 241.4 |
| Adjusted Utilisable Agricultural Area (ha) | 150 | 101 | 103 | 158 | 235 |
| Utilisable Agricultural Area (ha) | 112 | 87 | 83 | 111 | 167 |
| Grazing Livestock Units | 95 | 84 | 74 | 85 | 134 |
| Ewes (head) | 377 | 269 | 288 | 380 | 564 |
| Beef Cows (head) | 28 | 28 | 24 | 24 | 35 |
| Occupied Area (ha) | 71.7 | 44.7 | 64.0 | 77.8 | 99.3 |
| Tenanted Area (ha) | 81.8 | 60.8 | 42.0 | 82.3 | 140.5 |
| Percentage of Land Owned (%) | 47 | 42 | 60 | 49 | 41 |
| Assets | | | | | |
| Fixed Assets | 770,910 | 596,558 | 710,368 | 740,293 | 1,030,877 |
| Of which Agricultural Land | 594,737 | 439,979 | 580,159 | 579,086 | 776,078 |
| Woodland | 1,781 | 3,033 | 1,488 | 628 | 1,997 |
| Total Buildings | 19,683 | 22,144 | 15,062 | 16,600 | 24,836 |
| Total Improvements | 3,971 | 3,377 | 1,897 | 4,592 | 5,931 |
| Milk quota | 14 | 22 | 3 | 0 | 33 |
| SPS Entitlements | 27,100 | 20,204 | 20,558 | 25,931 | 41,348 |
| Machinery | 52,281 | 45,406 | 39,486 | 48,711 | 74,959 |
| Breeding Livestock | 70,155 | 59,413 | 51,321 | 64,379 | 104,670 |
| Miscellaneous Business Assets | 1,188 | 2,978 | 395 | 367 | 1,026 |
| Current Assets | 74,426 | 70,323 | 47,536 | 69,314 | 109,558 |
| of which: Trading Livestock | 32,989 | 33,813 | 24,133 | 30,330 | 43,410 |
| Crops | 480 | 193 | 282 | 285 | 1,148 |
| Forage | 3,303 | 2,648 | 2,840 | 3,044 | 4,650 |
| Cultivation | 749 | 374 | 781 | 755 | 1,079 |
| Stores | 3,381 | 3,458 | 2,216 | 2,894 | 4,921 |
| Liquid Assets | 33,525 | 29,836 | 17,284 | 32,008 | 54,351 |
| Of which: Cash at Bank and In Hand | 23,168 | 15,735 | 11,157 | 23,051 | 42,168 |
| Debtors | 8,483 | 13,603 | 4,292 | 6,423 | 9,585 |
| Suspended | 1 | 0 | 3 | 0 | 0 |
| SPS debtors | 1,873 | 498 | 1,832 | 2,533 | 2,597 |
| Total Assets (£/farm) | 845,337 | 666,881 | 757,904 | 809,608 | 1,140,435 |
| Of which: Total Landlord-type Capital | 620,187 | 468,556 | 598,608 | 600,906 | 808,875 |
| Tenant Type Capital | 225,150 | 198,325 | 159,296 | 208,702 | 331,560 |
| Loans | | | | | |
| Total Long Term Loans | 41,178 | 64,577 | 29,182 | 33,480 | 37,589 |
| Of which: Bank Loans | 20,340 | 42,043 | 15,602 | 10,119 | 13,935 |
| Institutional Loans | 16,038 | 7,723 | 11,977 | 22,785 | 21,324 |
| Of which: AMC | 14,361 | 6,344 | 8,164 | 21,763 | 20,764 |
| Building Societies | 752 | 1,090 | 1,715 | 247 | 0 |
| Other Institutional Loans | 924 | 289 | 2,098 | 775 | 560 |
| Family Loans | 4,588 | 14,812 | 1,158 | 576 | 1,919 |
| Other Loans | 213 | 0 | 445 | 0 | 411 |
| Current Liabilities | 25,243 | 39,086 | 19,184 | 17,109 | 25,712 |
| Of which: Hire Purchase | 3,654 | 4,461 | 2,506 | 2,873 | 4,756 |
| Leasing | 58 | 13 | 224 | 0 | 0 |
| Other Current Liabilities | 21,531 | 34,612 | 16,454 | 14,236 | 20,956 |
| Of which Creditors | 7,396 | 8,343 | 6,204 | 5,706 | 9,319 |
| Bank Overdraft | 14,096 | 26,232 | 10,245 | 8,487 | 11,568 |
| Others | 39 | 36 | 5 | 43 | 69 |
| Total Liabilities | 66,421 | 103,663 | 48,367 | 50,589 | 63,301 |
| Closing Net Worth | 778,915 | 563,218 | 709,537 | 759,019 | 1,077,134 |
| Opening Net Worth | 724,221 | 529,983 | 665,110 | 701,827 | 994,018 |
| Change in New Worth | 54,694 | 33,235 | 44,427 | 57,192 | 83,116 |

| | | | | | |
|------------------------------------|--------|---------|--------|--------|--------|
| SPS Entitlements Opening Valuation | 28,801 | 21,485 | 22,048 | 27,171 | 44,125 |
| Change in SPS Entitlements | -1,701 | -1,281 | -1,491 | -1,241 | -2,777 |
| Change in Borrowing | 5,076 | 16,786 | 9,784 | -3,261 | -2,565 |
| Funds Introduced | 22,224 | 27,742 | 6,607 | 27,270 | 26,840 |
| Cash Flow from the Farm Business | 7,964 | -26,504 | 3,716 | 11,602 | 42,163 |
| Private Drawings | 23,803 | 16,572 | 18,094 | 21,475 | 38,737 |
| Asset Purchases | 27,207 | 30,204 | 17,771 | 26,727 | 33,870 |
| Asset Sales | 5,458 | 7,873 | 2,233 | 4,963 | 6,708 |
| Capital Expenditure | 21,749 | 22,331 | 15,538 | 21,765 | 27,162 |

Table 34. Land use, Stocking and Technical Efficiency by Performance Class Quartile (FBI/farm)

| | The Average Farm | Lowest Quartile | Upper Low Quartile | Lower Upper Quartile | Highest Quartile |
|--|------------------------|--------------------|-----------------------|----------------------------|---------------------|
| 2012/13 | | | | | |
| Number (unweighted) | 246 | 54 | 52 | 58 | 82 |
| Number (weighted) | 6,179 | 1,532 | 1,511 | 1,571 | 1,564 |
| Total Area (includes woodland and roads etc) (ha) | 153.5 | 105.5 | 106.0 | 160.1 | 239.8 |
| Area Farmed (ha) | 155.2 | 109.7 | 106.4 | 160.5 | 241.4 |
| Net Land Hired In (ha) | 5.4 | 8.9 | 3.2 | 2.7 | 6.7 |
| Utilised Agricultural Area (ha) | 149.8 | 100.8 | 103.2 | 157.8 | 234.7 |
| <i>Of which</i> Total main products and set-aside (ha) | 1.8 | 1.5 | 1.0 | 1.4 | 3.1 |
| Grass, fodder crops and rough grazing (ha) | 148.0 | 99.2 | 102.1 | 156.4 | 231.7 |
| <i>Of which</i> rough grazing (unadjusted) (ha) | 55.8 | 22.9 | 32.5 | 68.6 | 97.7 |
| Adjusted rough grazing (sole occupation) | 18.4 | 8.8 | 12.0 | 21.7 | 30.4 |
| Adjusted rough grazing (shared) | 6.2 | 3.9 | 4.1 | 7.3 | 9.3 |
| Total Adjusted Utilised Agriculture Area (ha) | 112.4 | 86.7 | 82.7 | 111.0 | 167.5 |
| Area owner occupied (ha) | 71.7 | 44.7 | 64.0 | 77.8 | 99.3 |
| Area tenanted (ha) | 81.8 | 60.8 | 42.0 | 82.3 | 140.5 |
| Average age of farmer (years) | 57 | 55 | 59 | 57 | 57 |
| Agricultural labour units (ALU) | 1.6 | 1.4 | 1.3 | 1.4 | 2.1 |
| Standard Output (SO2007) | 72,392 | 61,483 | 53,936 | 64,359 | 108,974 |
| Standard Output size group (SO2007) | 6.8 | 6.7 | 6.5 | 6.7 | 7.2 |
| <u>Land Use</u> | | | | | |
| Temporary Grassland Area (ha) | 7.1 | 13.4 | 3.8 | 2.8 | 8.4 |
| Permanent Grassland Area (ha) | 90.0 | 71.5 | 68.9 | 87.1 | 131.5 |
| <u>Stocking</u> | | | | | |
| Total Dairy Cows | 1 | 0 | 0 | 0 | 4 |
| Total Beef cows | 29 | 29 | 26 | 25 | 37 |
| Total Cattle | 92 | 92 | 72 | 77 | 126 |
| Ewes (LFA and lowland) | 377 | 269 | 288 | 380 | 564 |
| Of which LFA Ewes | 364 | 255 | 268 | 364 | 564 |
| Lowland Ewes | 13 | 14 | 20 | 16 | 0 |
| Total Sheep | 743 | 541 | 560 | 736 | 1,125 |
| <u>Livestock Units</u> | | | | | |
| Total Cattle LU | 54 | 54 | 42 | 45 | 74 |
| Of which Beef Cows LU | 22 | 22 | 20 | 18 | 28 |
| Other Cattle LU | 28 | 29 | 21 | 25 | 38 |
| Dairy Cows and Heifers | 4 | 3 | 2 | 2 | 8 |
| Total Sheep LU | 40 | 29 | 31 | 40 | 59 |
| Of which Ewe LU | 27 | 20 | 21 | 28 | 41 |
| Grazing LU (cattle, sheep, horses and others) | 95 | 84 | 74 | 85 | 134 |
| Total LU | 95 | 84 | 74 | 85 | 134 |
| <u>Financial Performance per GLU</u> | | | | | |
| Farm Business Output per GLU (£/GLU) | 1,119 | 911 | 955 | 1,134 | 1,324 |
| Farm Business Variable Costs (£/GLU) | 434 | 478 | 368 | 419 | 453 |
| Farm Business Gross Margin (£/GLU) | 684 | 433 | 587 | 715 | 871 |
| Farm Business Fixed Costs (£/GLU) | 481 | 566 | 451 | 454 | 464 |
| Farm Business Income (£/GLU) | 208 | -131 | 140 | 266 | 416 |
| Farm Corporate Income (£/GLU) | -68 | -412 | -157 | -13 | 154 |
| Farm Investment Income (£/GLU) | -46 | -368 | -139 | 5 | 168 |
| Holding Gains Not In Income (£/GLU) | 553 | 547 | 654 | 515 | 528 |
| of which Land Revaluation (£/GLU) | 524 | 510 | 623 | 480 | 509 |
| Net Farm Income (£/GLU) | 119 | -176 | 55 | 176 | 296 |
| Management and Investment Income (£/GLU) | -111 | -411 | -215 | -67 | 101 |
| Agriculture Net Margin (Agriculture business income) (£/GLU) | -94 | -323 | -133 | -62 | 47 |
| Agriculture Economic Profit (Agriculture corporate income) (£/GLU) | -354 | -592 | -419 | -318 | -195 |
| Agriculture Investment Income (£/GLU) | -333 | -551 | -403 | -302 | -183 |

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

| LFA Suckler Herds 2012/13 | Enterprise Output and Gross margin per cow, GLU & ha | | | |
|---|--|----------|------------|----------|
| | All herds | <30 cows | 30-60 cows | >60 cows |
| Number of farms | 175 | 58 | 67 | 50 |
| Number of farms (weighted) | 3,884 | 1,666 | 1,433 | 785 |
| Area Farmed (UAA + net hired in) (ha) | 167 | 152 | 142 | 247 |
| Utilisable Agricultural Area (ha) | 160 | 148 | 135 | 233 |
| Adjusted UAA (ha) | 132 | 107 | 119 | 211 |
| Grazing Livestock Units (farm) | 106 | 71 | 97 | 197 |
| Grazing Livestock Units (enterprise) | 41 | 18 | 42 | 88 |
| Forage area (enterprise) (ha) | 55 | 34 | 54 | 99 |
| | 0.8 | 0.7 | 0.8 | 0.9 |
| Cows per herd | 41 | 18 | 42 | 87 |
| Total Cattle | 113 | 62 | 111 | 224 |
| Breeding Flock | 369 | 329 | 293 | 596 |
| <u>Output per cow</u> | | | | |
| Enterprise Output (excluding BLSA) | 381 | 358 | 364 | 407 |
| BLSA | 51 | 52 | 45 | 55 |
| Concentrates | 45 | 47 | 44 | 46 |
| Purchased fodder and keep | 18 | 23 | 18 | 16 |
| Veterinary and medicines | 21 | 23 | 21 | 20 |
| Other livestock costs | 57 | 57 | 60 | 53 |
| Seed | 2 | 1 | 2 | 2 |
| Fertilizer | 42 | 35 | 43 | 45 |
| Sprays | 1 | 2 | 1 | 1 |
| Other crop costs | 7 | 6 | 7 | 8 |
| Total Variable costs | 194 | 193 | 197 | 192 |
| Gross Margin (excluding BLSA) / Cow | 187 | 165 | 167 | 215 |
| Gross margin (excluding BLSA) / forage ha | 140 | 85 | 131 | 190 |
| Gross Margin (excluding BLSA) / GLU | 189 | 168 | 170 | 214 |
| Enterprise Gross margin (excluding BLSA) | 7,658 | 2,946 | 7,070 | 18,733 |
| <u>Measures of Income</u> | | | | |
| Farm Business Income | 18,505 | 14,960 | 14,771 | 32,851 |
| Farm Corporate Income | -8,284 | -9,546 | -12,217 | 1,575 |
| Agricultural Economic Profit | -35,933 | -32,702 | -37,107 | -40,647 |
| Agri-environment Economic Profit | 9,126 | 8,032 | 8,151 | 13,227 |
| Diversified Economic Profit | 342 | 458 | 540 | -264 |
| SPS Economic Profit | 18,181 | 14,666 | 16,200 | 29,260 |
| Farm Investment Income | -6,043 | -8,099 | -9,997 | 5,544 |
| Net Farm Income | 9,701 | 8,763 | 5,805 | 18,804 |
| MII | -11,897 | -12,573 | -16,252 | -2,509 |
| Enterprise NM/cow (excluding BLSA) | -163 | -181 | -190 | -132 |
| Enterprise NM/cow after F&S labour (excl. BLSA) | -298 | -403 | -350 | -206 |

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) 2012/13 | Output and Gross margin per ewe, GLU and ha | | | |
|--|---|-----------|--------------|-----------|
| | All flocks | <350 ewes | 350-700 ewes | >700 ewes |
| Number of farms | 124 | 39 | 50 | 35 |
| Number of farms (weighted) | 2,837 | 1,125 | 1,199 | 513 |
| Area Farmed (UAA + net hired in) (ha) | 159 | 91 | 152 | 322 |
| Utilisable Agricultural Area (ha) | 151 | 88 | 150 | 293 |
| Total adj. area farmed inc. commons (ha) | 137 | 86 | 119 | 291 |
| Grazing Livestock Units (farm) | 104 | 75 | 84 | 214 |
| Grazing Livestock Units (enterprise) | 60 | 28 | 57 | 134 |
| Forage area (enterprise) (ha) | 92 | 35 | 103 | 195 |
| Stocking rate (GLUs/total adj ha) | 0.76 | 0.88 | 0.71 | 0.73 |
| Cows per herd | 29 | 30 | 16 | 55 |
| Total Cattle | 91 | 88 | 61 | 167 |
| Breeding Flock | 482 | 224 | 470 | 1,079 |
| Total Sheep | 952 | 435 | 919 | 2,162 |
| <u>Output per ewe</u> | | | | |
| Enterprise Output (excluding BLSA) | 95 | 88 | 96 | 98 |
| BLSA | -1 | 0 | -1 | -1 |
| Concentrates | 23 | 19 | 25 | 22 |
| Purchased fodder and keep | 3 | 2 | 3 | 2 |
| Veterinary and medicines | 7 | 6 | 7 | 7 |
| Other livestock costs | 10 | 9 | 10 | 10 |
| Seed | 0 | 0 | 0 | 0 |
| Fertilizer | 6 | 6 | 6 | 7 |
| Sprays | 0 | 0 | 0 | 0 |
| Other crop costs | 1 | 1 | 1 | 1 |
| Total Variable costs | 50 | 44 | 52 | 49 |
| Gross Margin (excluding BLSA) / Ewe | 46 | 44 | 44 | 48 |
| Gross margin (excluding BLSA) / forage ha | 239 | 285 | 202 | 267 |
| Gross Margin (excluding BLAS) / GLU | 371 | 356 | 362 | 387 |
| Enterprise Gross margin (excluding BLSA) | 22,102 | 9,916 | 20,729 | 52,009 |
| <u>Measures of Income (per farm)</u> | | | | |
| Farm Business Income | 23,736 | 12,837 | 23,580 | 47,982 |
| Farm Corporate Income | -3,441 | -10,253 | -4,816 | 14,696 |
| Agricultural Economic Profit | -31,863 | -28,064 | -32,325 | -39,108 |
| Agri-environment Economic Profit | 8,302 | 4,487 | 8,288 | 16,694 |
| Diversified Economic Profit | 618 | 241 | 1,066 | 401 |
| SPS Economic Profit | 19,502 | 13,083 | 18,155 | 36,709 |
| Farm Investment Income | -2,113 | -9,415 | -3,902 | 18,061 |
| Net Farm Income | 14,182 | 4,638 | 14,909 | 33,395 |
| MII | -8,273 | -14,890 | -9,562 | 9,238 |
| Enterprise NM/ewe (excluding BLSA) | -15 | -22 | -17 | -9 |
| Enterprise NM/ewe after F&S labour (excl. BLSA) | -43 | -60 | -53 | -24 |
| Lambs born & reared/ewe | 1.43 | 1.42 | 1.45 | 1.41 |

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 |
| 2012 lambing | | | | |
| Number of farms | 64 | 22 | 26 | 16 |
| Number of farms (weighted) | 1,427 | 586 | 619 | 222 |
| Area Farmed (UAA + net hired in) (ha) | 218 | 129 | 238 | 400 |
| Utilisable Agricultural Area (ha) | 209 | 123 | 233 | 372 |
| Total adj. area farmed inc. commons (ha) | 149 | 96 | 164 | 248 |
| Grazing Livestock Units (farm) | 103 | 80 | 93 | 187 |
| Grazing Livestock Units (enterprise) | 53 | 25 | 56 | 119 |
| Forage area (enterprise) (ha) | 124 | 45 | 152 | 256 |
| Stocking rate (GLUs/total adj ha) | 0.69 | 0.84 | 0.57 | 0.75 |
| Cows per herd | 35 | 41 | 26 | 43 |
| Total Cattle | 96 | 98 | 78 | 139 |
| Breeding Flock | 477 | 210 | 530 | 1,033 |
| Total Sheep | 867 | 402 | 918 | 1,953 |
| <u>Output per ewe</u> | | | | |
| Enterprise Output (excluding BLSA) | 67 | 67 | 61 | 75 |
| BLSA | 1 | 6 | 0 | 0 |
| Concentrates | 14 | 21 | 13 | 11 |
| Purchased fodder and keep | 6 | 3 | 5 | 7 |
| Veterinary and medicines | 6 | 6 | 5 | 6 |
| Other livestock costs | 8 | 10 | 8 | 7 |
| Seed | 0 | 0 | 0 | 0 |
| Fertilizer | 3 | 4 | 3 | 3 |
| Sprays | 0 | 0 | 0 | 0 |
| Other crop costs | 1 | 1 | 0 | 0 |
| Total Variable costs | 37 | 46 | 34 | 36 |
| Gross Margin (excluding BLSA) / Ewe | 30 | 21 | 27 | 39 |
| Gross margin (excluding BLSA) / forage ha | 114 | 100 | 93 | 157 |
| Gross Margin (excluding BLAS) / GLU | 268 | 178 | 253 | 336 |
| Enterprise Gross margin (excluding BLSA) | 14,193 | 4,488 | 14,094 | 40,090 |
| <u>Measures of Income (per farm)</u> | | | | |
| Farm Business Income | 21,504 | 8,306 | 27,138 | 40,654 |
| Farm Corporate Income | -8,286 | -21,065 | 1,841 | -2,755 |
| Agricultural Economic Profit | -41,392 | -42,194 | -34,269 | -59,118 |
| Agri-environment Economic Profit | 13,378 | 9,743 | 14,420 | 20,070 |
| Diversified Economic Profit | 293 | -1,187 | 592 | 3,368 |
| SPS Economic Profit | 19,436 | 12,573 | 21,098 | 32,924 |
| Farm Investment Income | -4,874 | -18,178 | 3,976 | 5,601 |
| Net Farm Income | 11,028 | -239 | 19,156 | 18,135 |
| MII | -11,582 | -23,666 | -2,305 | -5,521 |
| Enterprise NM/ewe (excluding BLSA) | -24 | -35 | -22 | -21 |
| Enterprise NM/ewe after F&S labour (excl. BLSA) | -47 | -76 | -44 | -36 |
| Lambs born & reared/ewe | 1.09 | 1.05 | 1.08 | 1.14 |

Appendix 9. Enterprise Gross Margins and Efficiency factors

Table 35 – LFA Suckler cows

| | No farms in sample | Sample | | Premium# | | | |
|--|--------------------|----------------|-----------------------|--------------|----------------|-----------------------|--|
| | | 175 | | 58 | | | |
| | No farms | 3884 | | 1237 | | | |
| Production information | | | | | | | |
| Average cow numbers | | 41 | | 52 | | | |
| Enterprise grazing livestock units * | | 41 | | 52 | | | |
| Calves per cow | | 0.18 | | 0.20 | | | |
| Herd replacement rate (%) | | 17% | | 18% | | | |
| Adjusted forage area (including commons) | | 49.74 | | 49.80 | | | |
| Stocking rate (cows per adj. forage ha.) | | 0.82 | | 1.04 | | | |
| Stocking rate (GLUs per adj. forage ha.) | | 0.82 | | 1.04 | | | |
| Enterprise Output | Total | per cow | per adj for ha | Total | per cow | per adj for ha | |
| | (£) | (£) | (£) | (£) | (£) | (£) | |
| Suckler calves † | 18822 | 461 | 378 | 27113 | 526 | 544 | |
| Less Herd Depreciation | 3244 | 79 | 65 | 2013 | 39 | 40 | |
| Total Output (A) | 15577 | 382 | 313 | 25101 | 487 | 504 | |
| Variable Costs | | | | | | | |
| Concentrates | 1842 | 45 | 37 | 1732 | 34 | 35 | |
| Coarse fodder | 742 | 18 | 15 | 571 | 11 | 11 | |
| Vet and Medicines | 867 | 21 | 17 | 1157 | 22 | 23 | |
| Other livestock costs | 2314 | 57 | 47 | 2173 | 42 | 44 | |
| Total Variable Costs (B) | 5765 | 141 | 116 | 5633 | 109 | 113 | |
| Gross Margin before forage (A-B) = (C) | 9812 | 241 | 197 | 19467 | 378 | 391 | |
| Forage Variable Costs | 824 | 20 | 17 | 1179 | 23 | 24 | |
| Gross Margin after forage (A-B) = (C) | 8988 | 221 | 180 | 18288 | 355 | 367 | |
| Prices | | | | | | | |
| Calf price (£/calf) * | | 613 | | 658 | | | |
| Cull cow price (£/cow) | | 811 | | 865 | | | |
| Replacement heifer/cow price (£/head) | | 1039 | | 986 | | | |
| Forage Costs | | | | | | | |
| Fertilizer (£/ha) | | 13 | | 19 | | | |
| Seed (£/ha) | | 1 | | 1 | | | |
| Spray (£/ha) | | 0 | | 0 | | | |
| Other crop costs (£/ha) | | 2 | | 3 | | | |
| Total (£/ha) | | 17 | | 24 | | | |
| Unadjusted forage area excluding commons | | 54.61 | | 52.04 | | | |
| * 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 GM/head | | | | | | | |

Table 36 – Store cattle from suckler bred calves or stores

| | No farms in sample | Sample | Premium# | | |
|---|--------------------|--------------|----------------|--------------|----------------|
| | No farms | 122 | 41 | | |
| | No farms | 2871 | 923 | | |
| Production information | | | | | |
| Enterprise grazing livestock units * | | 19 | 21 | | |
| Adjusted forage area (including commons) | | 26.13 | 24.72 | | |
| Stocking rate (GLUs per adj. forage ha.) | | 0.74 | 0.87 | | |
| Enterprise Output | | | | | |
| | | Total | per adj | Total | per adj |
| | | (£) | for ha | (£) | for ha |
| | | | (£) | | (£) |
| Cattle output | | 14373 | 550 | 21282 | 861 |
| Total Output (A) | | 14373 | 550 | 21282 | 861 |
| Variable Costs | | | | | |
| Concentrates | | 3758 | 144 | 3739 | 151 |
| Coarse fodder | | 421 | 16 | 302 | 12 |
| Vet and Medicines | | 434 | 17 | 421 | 17 |
| Other livestock costs | | 2036 | 78 | 2451 | 99 |
| Total Variable Costs (B) | | 6649 | 255 | 6913 | 279 |
| Gross Margin before forage (A-B) = (C) | | 7724 | 295 | 14370 | 582 |
| Forage Variable Costs (D) | | 213 | 8 | 236 | 10 |
| Gross Margin after forage (C-D) = (E) | | 7511 | 287 | 14134 | 572 |
| Prices | | | | | |
| Dairy heifer transfer or sale price £ | | na | | na | |
| Finished cattle price £ | | 1019 | | 1027 | |
| Store cattle price £ | | 796 | | 860 | |
| Forage Costs | | | | | |
| Fertilizer (£/ha) | | 6 | | 8 | |
| Seed (£/ha) | | 0 | | 0 | |
| Spray (£/ha) | | 0 | | 0 | |
| Other crop costs (£/ha) | | 1 | | 1 | |
| Total (£/ha) | | 8 | | 10 | |
| Unadjusted forage area excluding commons | | 26.60 | | 22.85 | |
| * excludes stock away on agist | | | | | |
| # Premium group is the top third by GM/adj for ha | | | | | |

Table 37 – Fat cattle from suckler bred calves or stores

| | No farms in sample | Sample | Premium# |
|---|--------------------|--------------|----------------|
| | | 50 | 17 |
| | No farms | 1141 | 368 |
| Production information | | | |
| Enterprise grazing livestock units * | | 38 | 49 |
| Adjusted forage area (including commons) | | 40.28 | 39.85 |
| Stocking rate (GLUs per adj. forage ha.) | | 0.95 | 1.24 |
| Enterprise Output | | Total | per adj |
| | | (£) | for ha |
| | | (£) | (£) |
| Cattle output | | 32134 | 798 |
| Total Output (A) | | 32134 | 798 |
| | | | |
| Variable Costs | | | |
| Concentrates | | 11527 | 286 |
| Coarse fodder | | 411 | 10 |
| Vet and Medicines | | 805 | 20 |
| Other livestock costs | | 3960 | 98 |
| Total Variable Costs (B) | | 16703 | 414 |
| Gross Margin before forage (A-B) = (C) | | 15431 | 384 |
| Forage Variable Costs (D) | | 640 | 16 |
| Gross Margin after forage (C-D) = (E) | | 14792 | 368 |
| | | | |
| Prices | | | |
| Dairy heifer transfer or sale price £ | | na | na |
| Finished cattle price £ | | 1152 | 1182 |
| Store cattle price £ | | 872 | 891 |
| | | | |
| Forage Costs | | | |
| Fertilizer (£/ha) | | 12 | 14 |
| Seed (£/ha) | | 2 | 1 |
| Spray (£/ha) | | 1 | 1 |
| Other crop costs (£/ha) | | 2 | 2 |
| Total (£/ha) | | 16 | 18 |
| | | | |
| Unadjusted forage area excluding commons | | 49.62 | 43.81 |
| * excludes stock away on agist | | | |
| # Premium group is the top third by GM/adj for ha | | | |

Table 38 – LFA ewes (Upland)

| 2012 lamb crop | Sample | Premium# | | | | |
|---|--------------|----------------|-----------------------|----------------|----------------|-----------------------|
| No farms in sample | 124 | 41 | | | | |
| No farms | 2837 | 735 | | | | |
| Production information | | | | | | |
| Average ewe numbers | 482 | 467 | | | | |
| Enterprise grazing livestock units * | 60 | 62 | | | | |
| Lambs reared per ewe | 1.43 | 2 | | | | |
| Flock replacement rate (%) | 27% | 31% | | | | |
| Adjusted forage area (including commons) | 77.37 | 58.24 | | | | |
| Stocking rate (ewes per adj. forage ha.) | 6.24 | 8.01 | | | | |
| Stocking rate (GLUs per adj. forage ha.) | 0.77 | 1.06 | | | | |
| Enterprise Output | Total | per ewe | per adj for ha | Total | per ewe | per adj for ha |
| | (£) | (£) | (£) | (£) | (£) | (£) |
| Lambs † | 50671 | 105 | 655 | 59914 | 128 | 1029 |
| Wool | 1361 | 3 | 18 | 1668 | 4 | 29 |
| Less Flock Depreciation | 5973 | 12 | 77 | 4626 | 10 | 79 |
| Total Output (A) | 46060 | 96 | 596 | 56957 | 122 | 979 |
| Variable Costs | | | | | | |
| Concentrates | 10904 | 23 | 141 | 11166 | 24 | 192 |
| Coarse fodder | 1334 | 3 | 17 | 1084 | 2 | 19 |
| Vet and Medicines | 3316 | 7 | 43 | 3226 | 7 | 55 |
| Other livestock costs | 4808 | 10 | 62 | 5343 | 11 | 92 |
| Total Variable Costs (B) | 20362 | 43 | 263 | 20819 | 44 | 358 |
| Gross Margin before forage (A-B) = (C) | 25698 | 53 | 333 | 36138 | 78 | 621 |
| Forage Variable Costs (D) | 2054 | 4 | 27 | 1600 | 3 | 27 |
| Gross Margin after forage (C-D) = (E) | 23644 | 49 | 306 | 34538 | 75 | 594 |
| Prices | £/hd | % sales | £/hd | % sales | | |
| Fat Lamb price | 73 | 72 | 74 | 82 | | |
| Store Lamb price | 55 | 18 | 60 | 8 | | |
| Ewe Lamb price | 98 | 10 | 107 | 10 | | |
| Draft ewe price | 94 | | 126 | | | |
| Cull ewe price (£/ewe) | 57 | | 64 | | | |
| Wool price (£/kg) | 1.09 | | 1.10 | | | |
| Replacement price (£/head) | 95 | | 98 | | | |
| Forage Costs | | | | | | |
| Fertilizer (£/ha) | 22 | | 22 | | | |
| Seed (£/ha) | 1 | | 1 | | | |
| Spray (£/ha) | 1 | | 1 | | | |
| Other crop costs (£/ha) | 3 | | 3 | | | |
| Total (£/ha) | 27 | | 27 | | | |
| Unadjusted forage area excluding commons | 92.47 | | 64.67 | | | |
| * excludes stock away on agist | | | | | | |
| † includes all enterprise output except wool | | | | | | |
| # Premium group is the top third by GM/head | | | | | | |

Table 39 – LFA ewes (Hill)

| 2012 lamb crop | Sample | Premium# | | | | |
|---|--------------|----------------|--------------|----------------|----------------|------------|
| No farms in sample | 64 | 21 | | | | |
| No farms | 1427 | 426 | | | | |
| Production information | | | | | | |
| Average ewe numbers | 477 | 487 | | | | |
| Enterprise grazing livestock units * | 53 | 58 | | | | |
| Lambs reared per ewe | 1.09 | 1 | | | | |
| Flock replacement rate (%) | 29% | 26% | | | | |
| Adjusted forage area (including commons) | 75.80 | 58.03 | | | | |
| Stocking rate (ewes per adj. forage ha.) | 6.29 | 8.39 | | | | |
| Stocking rate (GLUs per adj. forage ha.) | 0.70 | 1.00 | | | | |
| Enterprise Output | | | | | | |
| | Total | per adj | Total | per ewe | per adj | |
| | (£) | (£) | (£) | (£) | (£) | |
| Lambs † | 35700 | 75 | 471 | 50325 | 103 | 867 |
| Wool | 1389 | 3 | 18 | 1868 | 4 | 32 |
| Less Flock Depreciation | 5306 | 11 | 70 | 5985 | 12 | 103 |
| Total Output (A) | 31782 | 67 | 419 | 46207 | 95 | 796 |
| Variable Costs | | | | | | |
| Concentrates | 6565 | 14 | 87 | 7168 | 15 | 124 |
| Coarse fodder | 2629 | 6 | 35 | 840 | 2 | 14 |
| Vet and Medicines | 2655 | 6 | 35 | 3356 | 7 | 58 |
| Other livestock costs | 3868 | 8 | 51 | 4207 | 9 | 73 |
| Total Variable Costs (B) | 15717 | 34 | 208 | 15572 | 33 | 269 |
| Gross Margin before forage (A-B) = (C) | 16065 | 33 | 211 | 30636 | 62 | 527 |
| Forage Variable Costs (D) | 968 | 2 | 13 | 1236 | 3 | 21 |
| Gross Margin after forage (C-D) = (E) | 15097 | 31 | 198 | 29400 | 59 | 506 |
| Prices | | | | | | |
| | £/hd | % sales | | £/hd | % sales | |
| Fat Lamb price | 73 | 62 | | 75 | 81 | |
| Store Lamb price | 48 | 31 | | 57 | 11 | |
| Ewe Lamb price | 88 | 7 | | 87 | 9 | |
| Draft ewe price | 119 | | | 108 | | |
| Cull ewe price (£/ewe) | 60 | | | 61 | | |
| Wool price (£/kg) | 1.10 | | | 1.22 | | |
| Replacement price (£/head) | 86 | | | 106 | | |
| Forage Costs | | | | | | |
| Fertilizer (£/ha) | 10 | | | 17 | | |
| Seed (£/ha) | 0 | | | 1 | | |
| Spray (£/ha) | 0 | | | 0 | | |
| Other crop costs (£/ha) | 2 | | | 3 | | |
| Total (£/ha) | 13 | | | 21 | | |
| Unadjusted forage area excluding commons | 124.19 | | | 68.81 | | |
| * 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

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 farming¹³ 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 capital¹⁴ invested in the farm business.

¹³ 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.

¹⁴ 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.

| | |
|---|--|
| <i>Total variable costs</i> | These are taken to be costs of feed, veterinary fees and medicines, other livestock costs, seeds, fertilisers, crop protection and other crop costs. |
| <i>Purchased concentrate feed and fodder</i> | This represents expenditure on feeds and feed additives, including charges for agistment. |
| <i>Home-grown concentrate feed and fodder</i> | 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. |
| <i>Veterinary fees and medicines</i> | This consists of veterinary fees and the cost of all medicines. |
| <i>Other livestock costs</i> | 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. |
| <i>Purchased and home-grown seeds</i> | 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. |
| <i>Fertilizers</i> | 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. |

| | |
|--|---|
| <i>Crop protection</i> | This includes costs of pre-emergent sprays, fungicides, herbicides, dusts and insecticides and other crop sprays. |
| <i>Other crop costs</i> | 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). |
| <i>Total fixed costs</i> | These are the costs of labour, machinery, contract work, land and buildings, other general farming costs and depreciation. |
| <i>Labour (excluding farmer and spouse)</i> | 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). |
| <i>Contract costs</i> | 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. |
| <i>Machinery running costs</i> | These represent the cost of machinery and equipment repairs, fuel and oil and car mileage expenses. It excludes depreciation. |
| <i>Land and building inputs</i> | 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. |

| | |
|--|--|
| <i>Depreciation of machinery, glasshouses and permanent crops</i> | 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. |
| <i>Other general farming costs</i> | 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. |
| <i>Interest payments</i> | 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. |
| <i>Depreciation of buildings and works</i> | 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 SGM’s to SO’s is available at (http://www.defra.gov.uk/statistics/files/defra-stats-foodfarm-farmmanage-fbs-reviseclass_111221.pdf)

The SOs now in use are based on a five-year average centred on 2007. SO’s are based on a five-year average in order to lessen the impact of yearly fluctuations on calculated SOs.

The 2007 SO’s for England can be seen on Annex 1 under UK Farm Classification on the above site.

Source: http://www.defra.gov.uk/statistics/files/defra-stats-foodfarm-farmmanage-fbs-UK_Farm_Classification.pdf

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.