

Farm Business Management Digest 2011

South West England

2009/10 financial year data.

April 2011

Copies of this book may be obtained from:

Rural Business School, Duchy College, Stoke Climsland, Callington
Cornwall, PL17 8PB. Tel: 0845 458 7485, Fax: 01579 372335

www.ruralbusinessschool.org.uk

ISBN: 978-0-9563210-1-5

Published by the Rural Business School

2011

Copyright 2011, Rural Business School

The basic information on which this report is based was originally collected on behalf of,
and largely financed by, DEFRA and is Crown Copyright.

CONTENTS

	Page
Foreword and acknowledgements	5
Section 1 Agriculture in the South West	6
Introductory notes for users	40
Section 2 Whole farm business standards, 2009/10	47
Section 3 Enterprise gross margins, 2009/10	114
Appendix 1: Definition of farming types	134
Appendix 2: Definitions of terms used	135
Appendix 3: Useful web addresses	139
Appendix 4: Latest Rural Business Research publications	141

NOTES

FOREWORD AND ACKNOWLEDGEMENTS

Foreword

This booklet is intended to provide a benchmarking tool for farm management decisions and commentary on farming for South West England.

It is aimed at farmers, growers, students and advisers. The handbook covers businesses in the six counties of the South West of England namely Gloucestershire, Wiltshire, Dorset, Somerset, Devon & Cornwall.

The booklet comprises of detailed information relating to hundreds of farms across the Government Office Region of South West England. It is regularly audited and assessed for its independence, authority and statistical accuracy.

We wish to thank all the hundreds of rural businesses that contribute confidentially to the survey each year. We annually recruit **new farmers and growers onto this 'in depth' annual survey** and would be pleased to send more information regarding the Farm Business Survey research, in South West of England.

The research information comes from the Farm Business Survey which is conducted by Rural Business Research at Duchy Rural Business School and University of Reading and is funded by Department of Environment Food & Rural Affairs.

Rural Business Research is a consortium of six universities and colleges across England.
www.ruralbusinessresearch.co.uk

Acknowledgements

We would like to thank all those involved with the research. The Farm Business Survey Farmers, horticulturists and other rural businesses provide confidential data for the survey and receive back benchmarking information on the performance of their business relative to previous years and similar businesses in the South West region.

Particular thanks go to Keith Robbins, Mark Fogerty, Gemma Eales and Becky Butland for compiling this handbook.

Thanks also to the data collection & processing team at Duchy :- Keith Robbins, Jamie Blake, Mark Fogerty, Ed Hammond, Linda Lawrence, Helen Lloyd, Robert Lloyd, Greg MacQueen, Liz Reddaway, Ann Stitson, Andrew Sheppard, Teresa Sturtivant, Sally Thompson & Martin Turner. Thanks also to the FBS team at Reading University.

**Richard Soffe,
The Rural Business School,
Duchy College
April 2011**

SECTION 1

Agriculture in the South West

The following is a copy of the report published on the Rural Business Research website, covering the South West Government Office region. Additional weighted whole farm and per hectare data is available from www.ruralbusinessresearch.co.uk

	Page
The nature of farming in the South West	7
The contribution made by farming in the south west to farming in England	10
Weather	13
Economic factors	14
Policy developments	19
Farm Business Survey figures for the South West of England 2009/10 – ‘All farms’	20
Farm Business Survey results by farm type for the South West 2009/10	22
Cereal farms	29
Dairy farms	30
General cropping	31
Horticulture	32
LFA grazing livestock	33
Lowland grazing livestock	34
Mixed farms	35
Pig farms	37
Poultry farms	38

Agriculture in the South West of England 2009/2010

This report includes data collected in the Farm Business Survey for the 2009/10 financial year relating to the 2009 crop harvest. The Farm Business Survey is conducted on behalf of and financed by the Department for Environment, Food and Rural Affairs and the data collected in it are Crown Copyright.

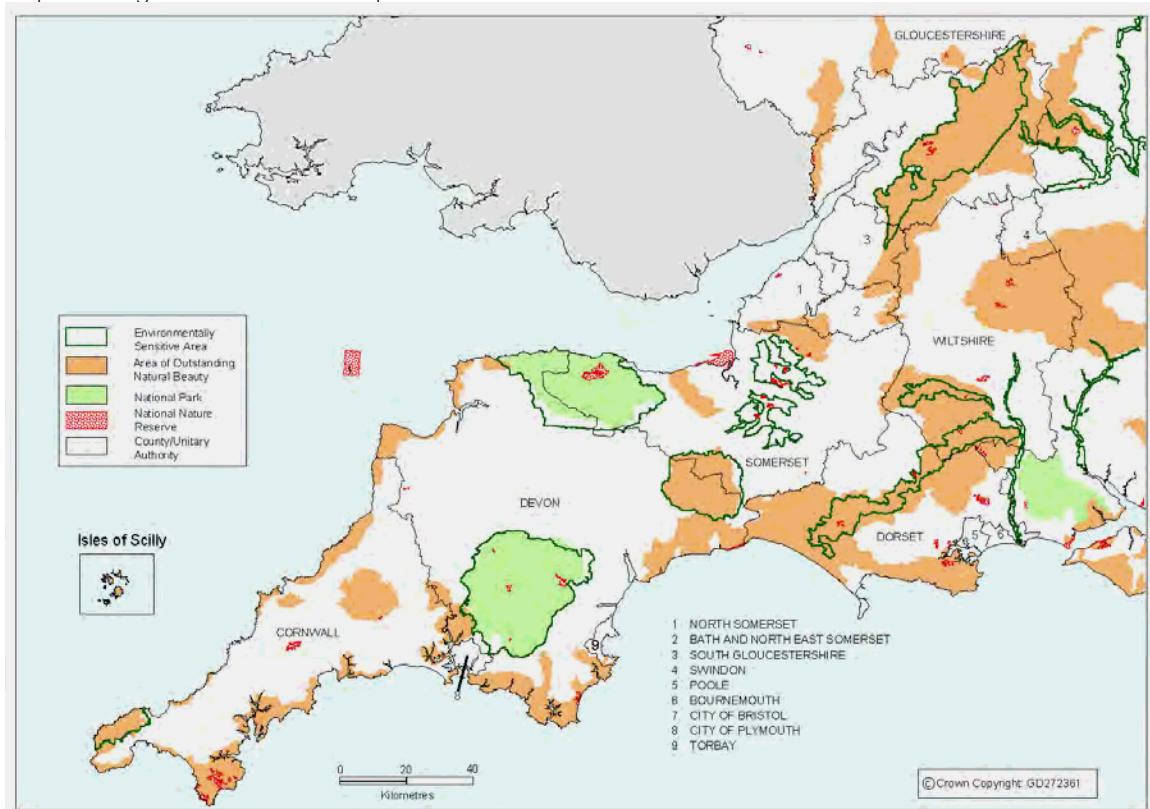
The Nature of Farming in the South West of England

The South West covers a wide range of agricultural environments, from the Less Favoured Areas (LFA) of Exmoor, Dartmoor and Bodmin Moor (which cover 8% of the region), to the Somerset levels, across to the chalk down land of Salisbury Plain. One third of the land is designated nationally for its landscape quality which encompasses-

- seven Environmentally Sensitive Areas
- two National Parks wholly in the South West, Dartmoor and Exmoor, covering 7% of the region, and a small part of the New Forest National Park
- fourteen Areas of Outstanding Natural Beauty (AONB) covering 30% of the region
- and just under a quarter of the Sites of Special Scientific Interest (SSSI) in England

Map 1 illustrates the distribution of these designations.

Map 1 Designations of Landscape Areas



Source: <http://www.defra.gov.uk/erdp/images/swgifs/swdes2.gif>

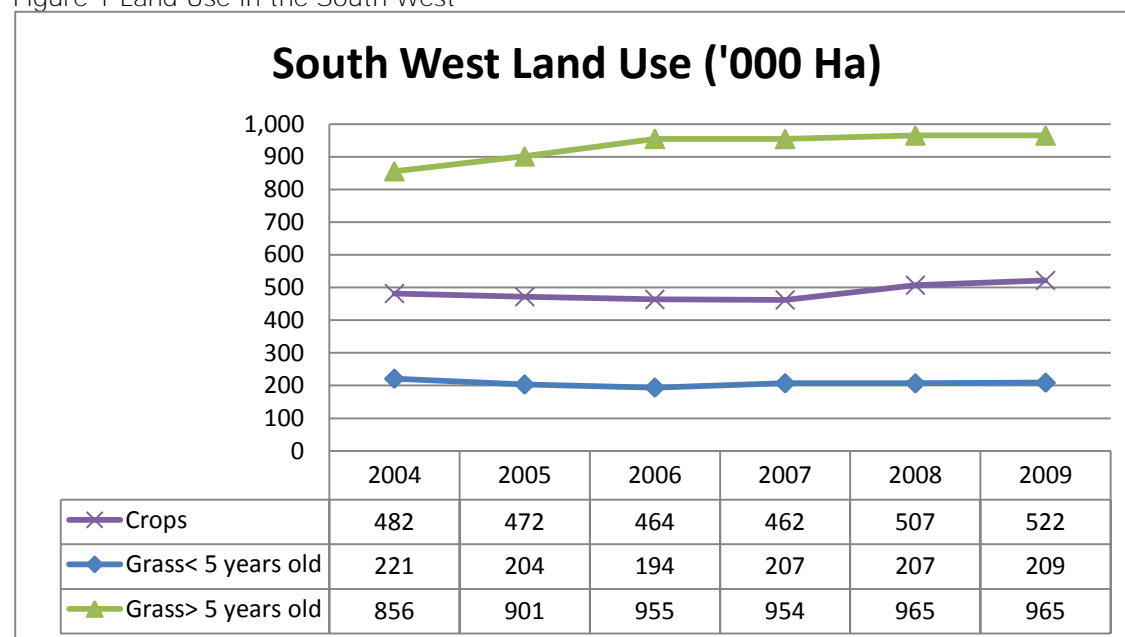
Natural England, in their review of agri-environment schemes, estimated that in 2009 over 61% of all farmed land (1.2 million hectares) in the South West is managed as part of an agri-environment scheme, the majority of this land under the Entry Level Scheme (ELS). This represents 26% of the national agreements. The region also contains a large share of the UK Biodiversity Action Plan Priority Habitats, especially the lowland heaths and grasslands, coastal and floodplain grazing and sand dunes. Approximately two thirds of the UK's Heritage Coast is in the region.

The South West is very important with regards to organic production methods. Defra data produced on organic farms for 2009, indicates that the South West has over 175,000 Ha of

organic or in-conversion land which represents 9% of the total agricultural area, excluding common grazing land. The England figure for organic or in-conversion land is 4% of the total agricultural area. **The South West has 37% of the nation's organic producers and/or processors and 20% of the England area of land.** A dataset showing figures from 2002 onwards is available on the Defra website at <http://www.defra.gov.uk/evidence/statistics/foodfarm/enviro/organics/index.htm>

The region is predominantly grass, with over 61% of the region's area of agricultural land being grass, the majority of which is over five years old, plus an additional 86,000 hectares of sole occupancy rough grazing (5% of agricultural land). In the recent past the area of cropping has steadily decreased, but for the last two years the highest area grown for six years was seen, with 2009 being 9% above the 2004 level (Figure 1).

Figure 1 Land Use in the South West



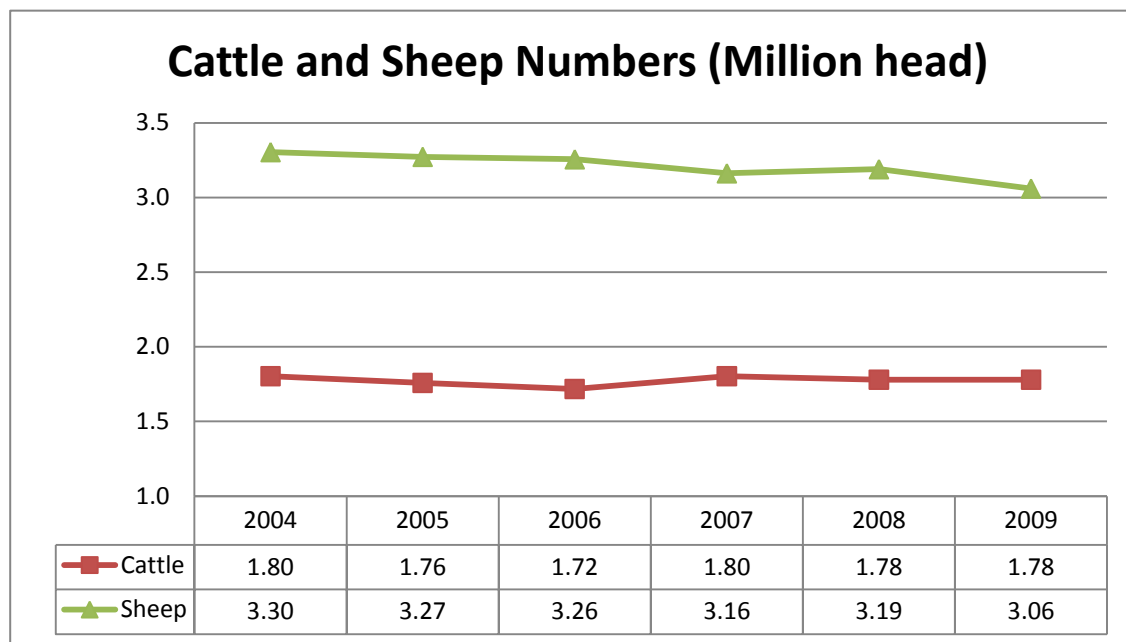
Source: Defra June Census

Sheep numbers in the South West have decreased each year from 2004 until 2009 except for 2008, according to June Census data, with the number of sheep 8% lower than the 2004 level. (Figure 2)

Over the 2004 to 2009 period the total cattle numbers have ranged between 1.72 and 1.80 million head and have remained steady for the last two years at 1.78 million head.

With the decrease in numbers of grazing livestock and an increase in the area of grassland in the South West, the stocking rate for 2009 remained similar to 2007 and 2008 levels thus perpetuating the 'extensive' type production systems with modest stocking rates.

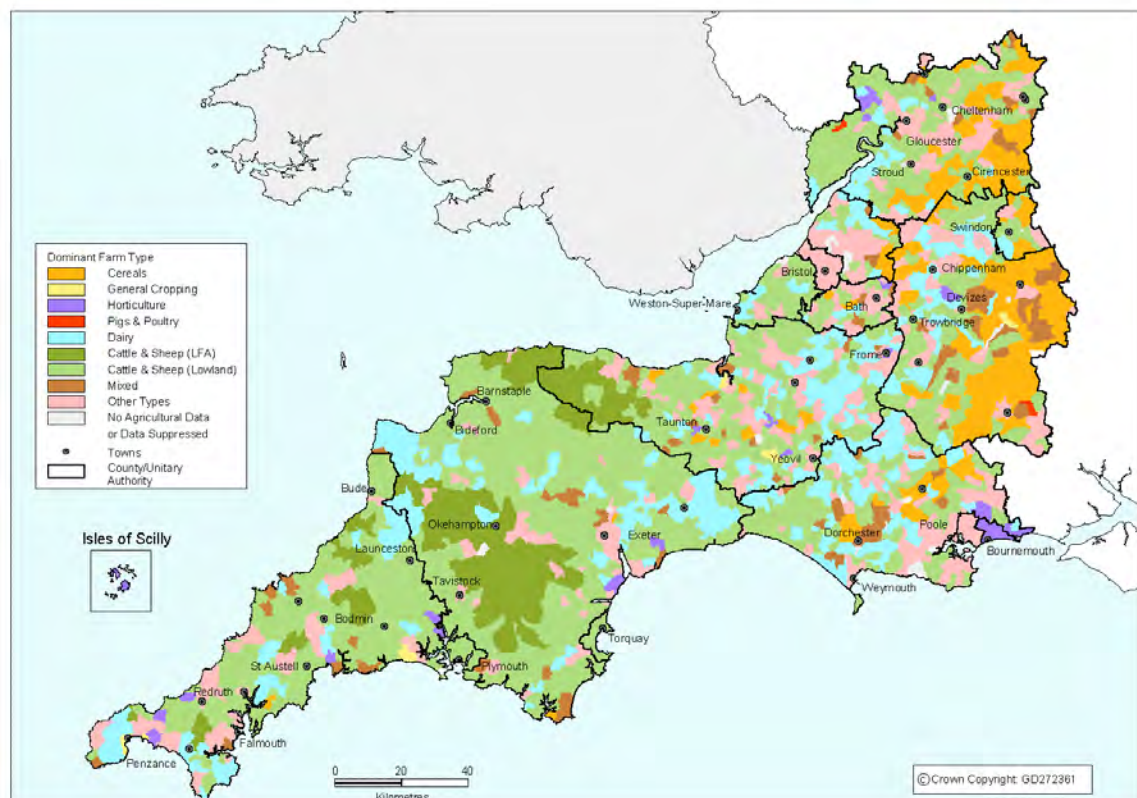
Figure 2 Livestock Numbers in the South West



Source: Defra June Census

The numbers of pigs reared in the South West in 2009 increased by 1% to 451,667, but poultry numbers decreased to 16.3 million birds, a 13% change.

Map 2 Dominant Farm Type within each parish of South West England



Source: <http://www.defra.gov.uk/erdp/images/swgifs/swftype.gif>

Map 2 shows the dominant farm types for the South West, with Dairy and Cattle and Sheep (LFA & Lowland) being the main types in all but the east of the region where cereal farms dominate.

The contribution made by farming in the South West to farming in England

The Government Office for the South West region covers Bristol, North and North East Somerset, South Gloucester, Gloucester, Swindon, Wiltshire, Bournemouth and Poole, Dorset, Cornwall and the Isles of Scilly, Plymouth, Torbay and Devon. It has the largest agricultural area of all the Government Office regions, just over 20% of the total. It is the country's most rural region with more than half of its five million residents living outside towns and cities.

Table 1 summarises the contribution made by agriculture to the region and the national situation. In 2009, the gross output for agriculture in the region was £2,612 million which is a fall of 2% as compared to the previous year. The South West gross output was over 17% of the national output of £14,568 million.

Table 1 Regional economic measures

Summary measures by region in 2009

	Gross output	Intermediate consumption	Gross value added at basic prices	Total income from farming	Agriculture's share of total regional gross value added at basic prices (a)	Agriculture's share of total regional employment
	£million	£million	£million	£million	%	%
North East	473	243	230	178	0.6%	1.1%
North West	1 459	860	600	194	0.5%	1.2%
Yorkshire and Humberside	1 789	1 008	781	527	0.9%	1.5%
East Midlands	2 059	1 336	723	416	1.1%	1.9%
West Midlands	1 664	947	717	315	0.8%	1.9%
East of England	2 791	1 726	1 064	682	1.0%	1.8%
South East & London	1 721	969	752	246	0.2%	0.7%
South West	2 612	1 491	1 120	510	1.2%	3.0%
England	14 568	8 581	5 987	3 067	0.6%	1.4%

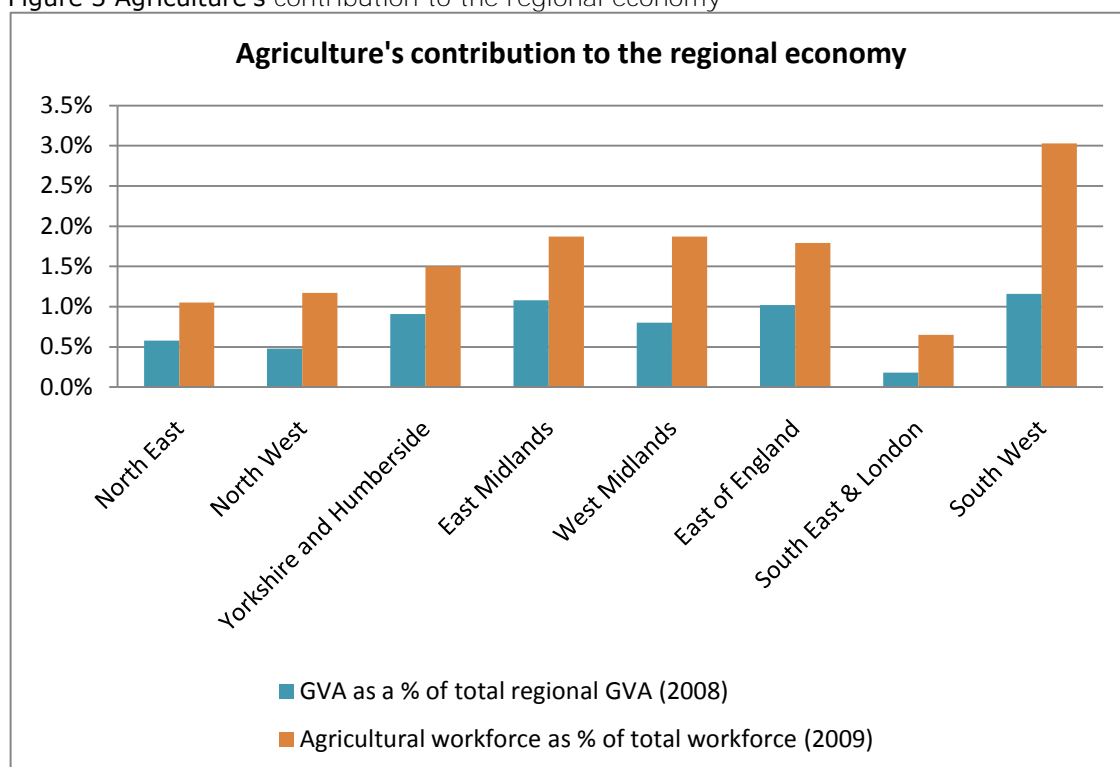
(a) Total regional GVA is not yet available for 2009 so data for 2008 are shown for illustration.

Source: Defra

In terms of the Gross Value Added (GVA), the region produced £1,120 million of the national figure of £5,987 million. Both Gross Output and GVA rank agriculture in the South West either top or second in importance in England as compared to other Government Office regions, vying with the East of England Government Office region for the top spot. The GVA for the South West was 11% higher than the 2008 figure.

Nationally, agriculture contributes 0.6% of the total gross value added in 2008, although in the South West this figure rose to 1.2% indicating a greater importance of agriculture to the regional economy, the highest of all the English regions (Figure 3). For each region the gross value added increased as a percentage of total regional GVA, and the agricultural workforce as a percentage of the total regional workforce remained static or increased slightly.

Figure 3 Agriculture's contribution to the regional economy



Source: Defra

In terms of employment, the region's share of agricultural employment is the largest at 3.0%, and over double the national level of 1.4%. Both nationally and regionally the trend to less employment within agriculture has stabilised. Within the labour market, the regional work force amounts to 2.7 million people with 78,636 people working in agriculture which represents 22% of the total engaged in agriculture in England.

Table 2 gives more details of the South West region. The importance of grass to the region is shown by the large area of grassland which represents 29% of all the English grassland, with over 32% of the English beef and dairy herd and 21% of its sheep grazing this area.

The woodland area is also above the percentage area for England.

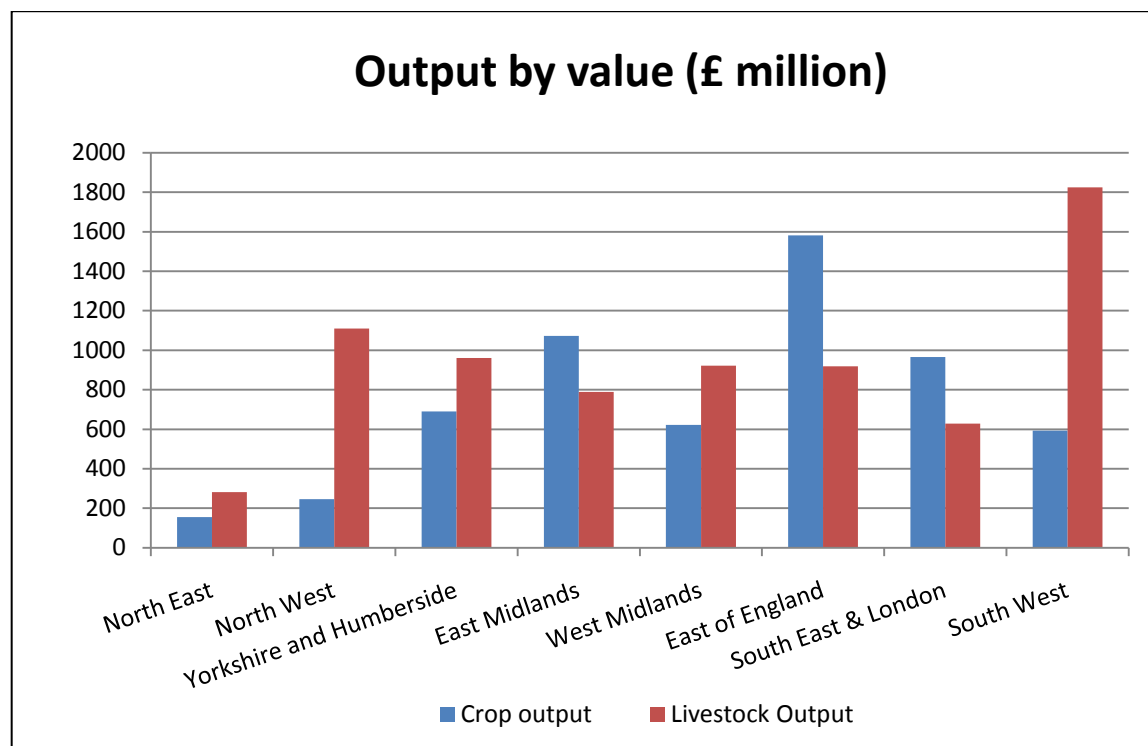
Cereal crops cover around 12% of the region.

Table 2 South West Agriculture at a Glance

2009		
Land Use	Hectares	% of England
Crops	522,229	12.9
Bare Fallow	19,333	12.1
Grass under 5 years old	209,276	32.8
Grass over 5 years old	965,208	28.1
Sole right rough grazing	86,959	14.7
All Other land	29,478	17.2
Woodland	82,328	23.1
Total area on agricultural holdings	1,914,811	20.3
Crops	Hectares	% of England
Cereal crops	333,357	12.8
Other arable crops	160,246	14.1
Potatoes	7,586	7.0
Horticulture	13,257	8.7
Livestock	Head	% of England
Cattle and calves	1,781,825	32.5
Sheep and lambs	3,056,277	20.4
Pigs	451,667	11.7
Fowl	16,284,884	14.7
Labour	Persons	% of England
	78,636	21.7

Source: June Census

Figure 4 Crop and Livestock Output by Region



Source: Defra

Figure 4 further illustrates the importance of livestock to the South West region with the largest output (£1,826 million) from livestock of all regions in England, being over £715

million greater than the next region, the North West. The output from both crop and livestock decreased in 2009 as compared to the previous year.

The South West has a greater proportion of small and very small farms (<20 Ha) and fewer large farms (>100 Ha) compared to England as a whole.

Thus in summary, the South West is predominantly a grazing livestock area, with a large **share of England's cattle, employing a greater share of the population** than other English regions and generating a share of gross added value above the national average.

The 2009/10 Farm Business Survey year

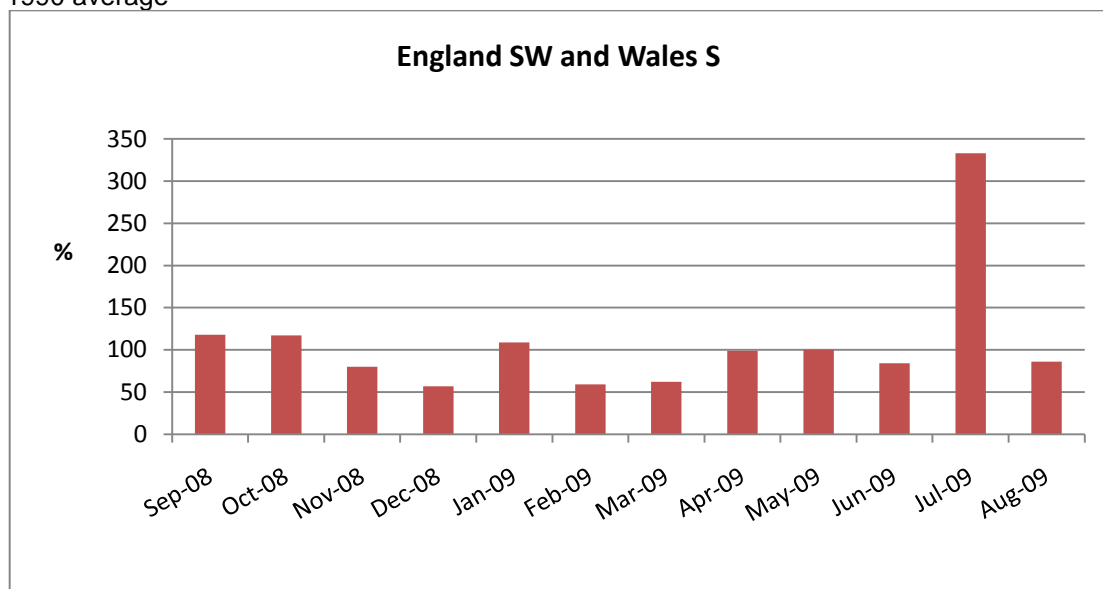
Weather

Climatic conditions play a major role in the performance of agriculture each year, resulting in significant effects on the incomes of farms. Rainfall is the most influential of all the climatic conditions, with both the quantity and timing being of importance to production cycles. There are considerable monthly variations in rainfall both within a year and between years.

The weather for the 2009 crop year can be described, in general terms, as a difficult year with high rainfall for the third successive year. The autumn was wetter than average. The winter had lower rainfall than average, early spring was normal and July very wet indeed (Figure 5).

The weather was so wet that significant numbers of cattle were re-housed day and night in July and fed winter rations, incurring extra costs. The quality of the silage and hay conserved in 2009 was below average, necessitating higher levels of concentrate feeds later in the year.

Figure 5 Rainfall in England SW & Wales S for 2009 crop year as percentage of the 1961-1990 average

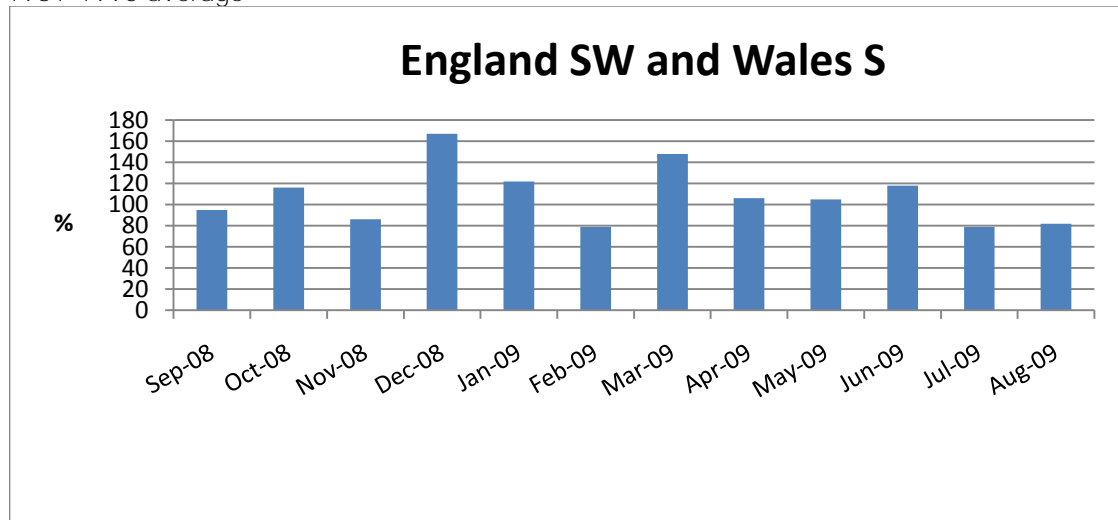


Source: Meteorological Office

The total annual average rainfall in England SW & Wales S was 110% of the 1961-1990 average.

The sunshine hours tend to follow the inverse relationship to rainfall, and this is true for the 2009 season with particularly low hours in July and August and high hours of sunshine in December and March (Figure 6).

Figure 6 Sunshine hours in England SW & Wales S for 2009 crop year as percentage of the 1961-1990 average

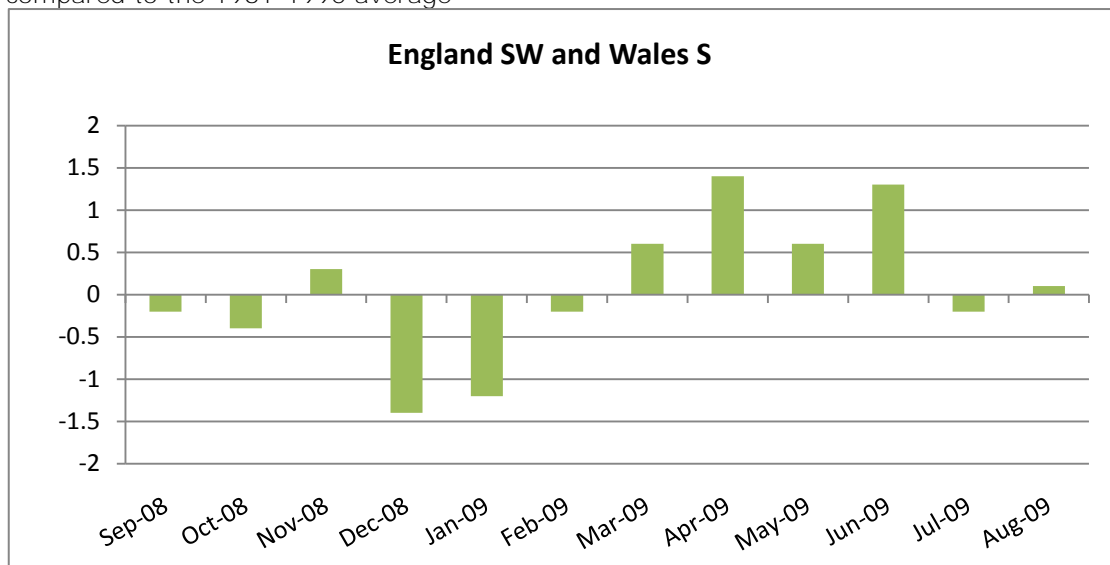


Source: Meteorological Office

The mean temperature anomaly shows the possible effects of global warming with an average increase in mean temperature of over 0.6°C for 2009.

Six months were warmer than the long term average with the autumn/winter period colder than the long term figures (Figure 7).

Figure 7 Mean Temperature (degrees C) for 2009 crop year for England SW & Wales S as compared to the 1961-1990 average

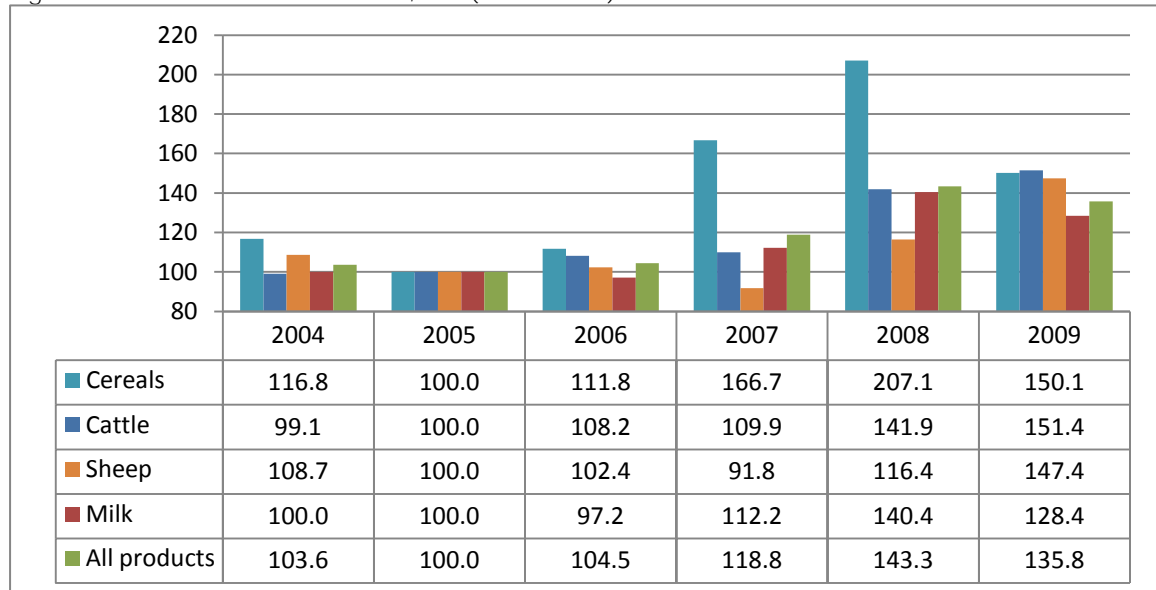


Source: Meteorological Office

Economic factors

Changes in income result from changes in the price of inputs and their usage, and the level of output and unit price, which in turn will dictate the future choice of enterprises. Figure 8 illustrates the trend in producer prices since 2004 as an index. Each commodity has behaved differently over this period, but 2009 figures for cereals, cattle and sheep are close to 50% higher than 2005. Milk is 28% higher and the all products figure is 36% higher in 2009 than 2005.

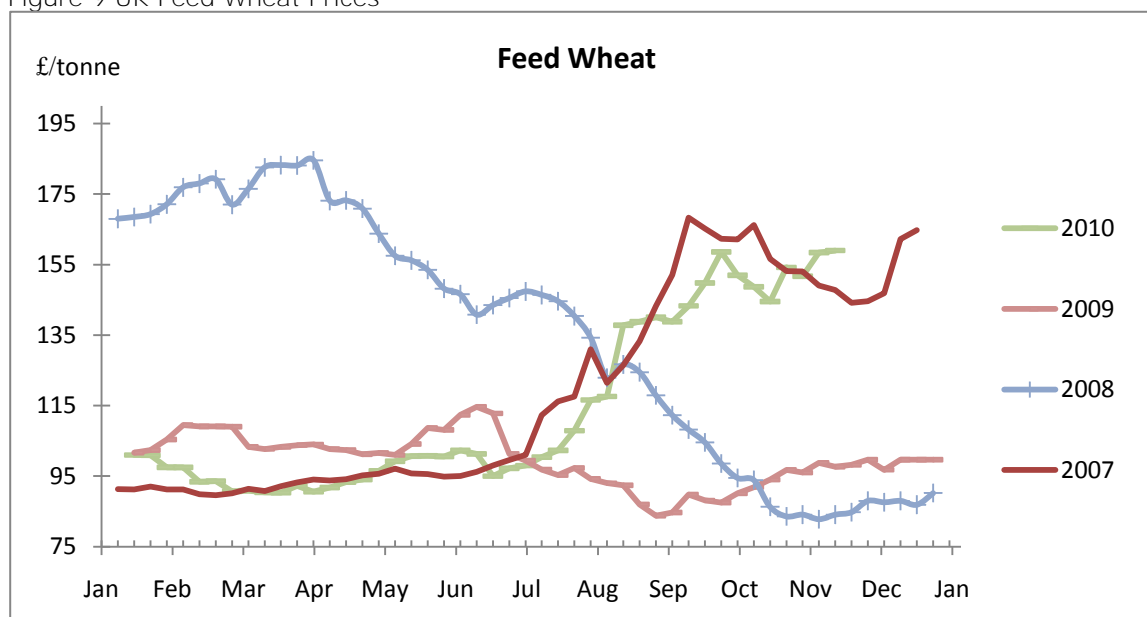
Figure 8 Index of Producer Prices, UK (2005=100)



Source: Defra, National Statistics

The 2009 crop year has seen a relatively stable year for prices of wheat, but the period before and after showing large volatile changes. (Figure 9).

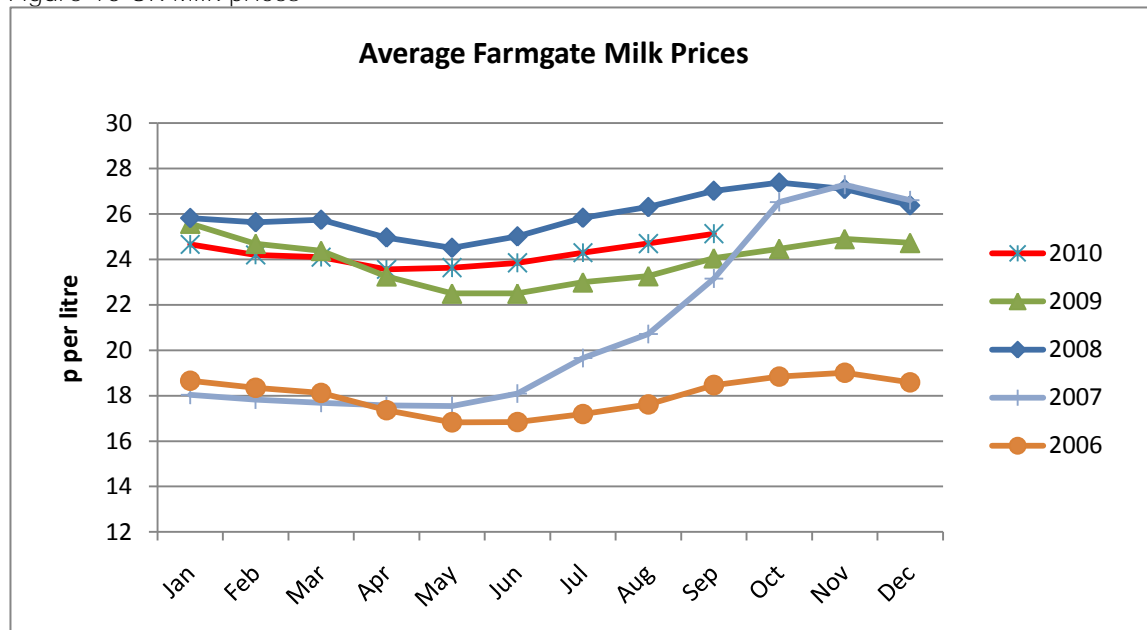
Figure 9 UK Feed Wheat Prices



Source: Defra

Figure 10 illustrates how the price of milk has changed since 2006, with the large rise in value occurring in 2007 and the constant higher price throughout 2008. The milk price increase was not sustained and fell in 2009, with a slight improvement in 2010 but still below the levels seen in 2008.

Figure 10 UK Milk prices



Source: Defra

Input prices have risen for a number of products as shown in Figure 11. The fluctuations in the value of oil are continuing to affect agriculture in a number of ways. Direct fuel costs on holdings have fallen from a very high level, whilst the delivery and collection costs also remain high.

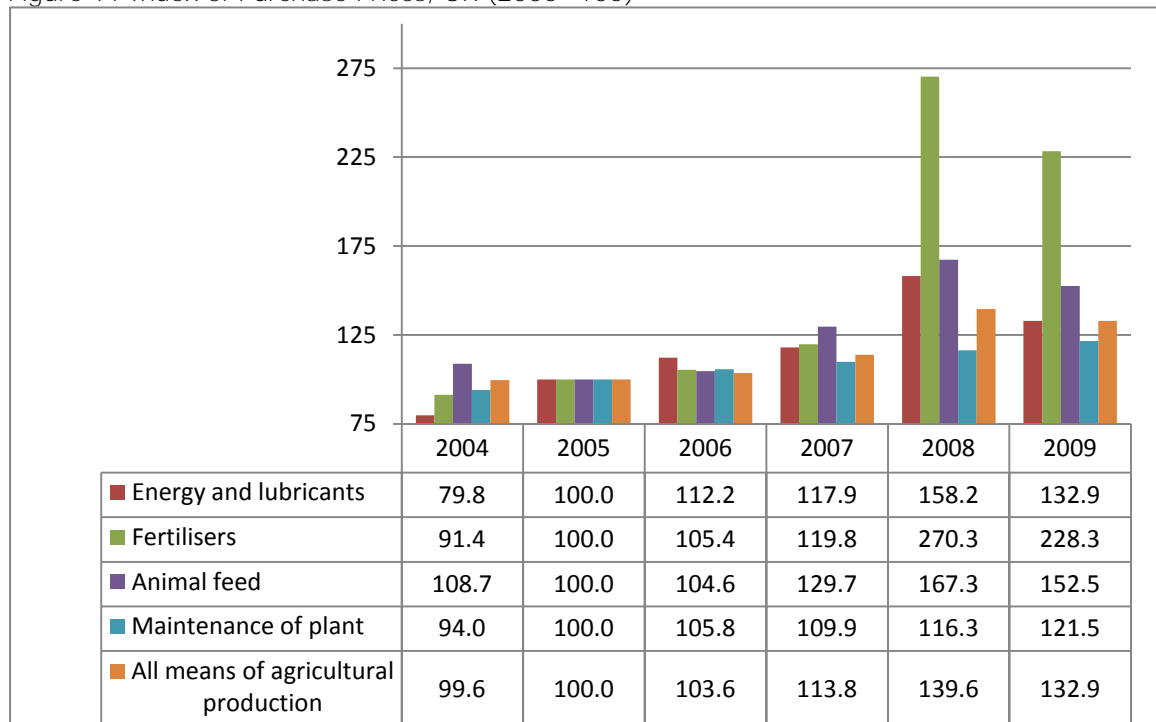
Fertiliser prices, in particular, have gone up as production costs rose and the global economic crisis affected demand on the world market. The value of fertiliser for the last two years being well over twice the 2005 figure.

Animal feedstuffs for the last two years have been over 50% higher than the 2005 figure with the cost of protein sources the major reason for the change.

The All means of agricultural production figure was 40% higher in 2008 than 2005 but the figure fell back to close to a third higher in 2009.

The changes to the Costs Indices have been similar overall to the changes to the Producer Prices Indices, so costs have eroded much of the benefit of the large changes to the output from agriculture.

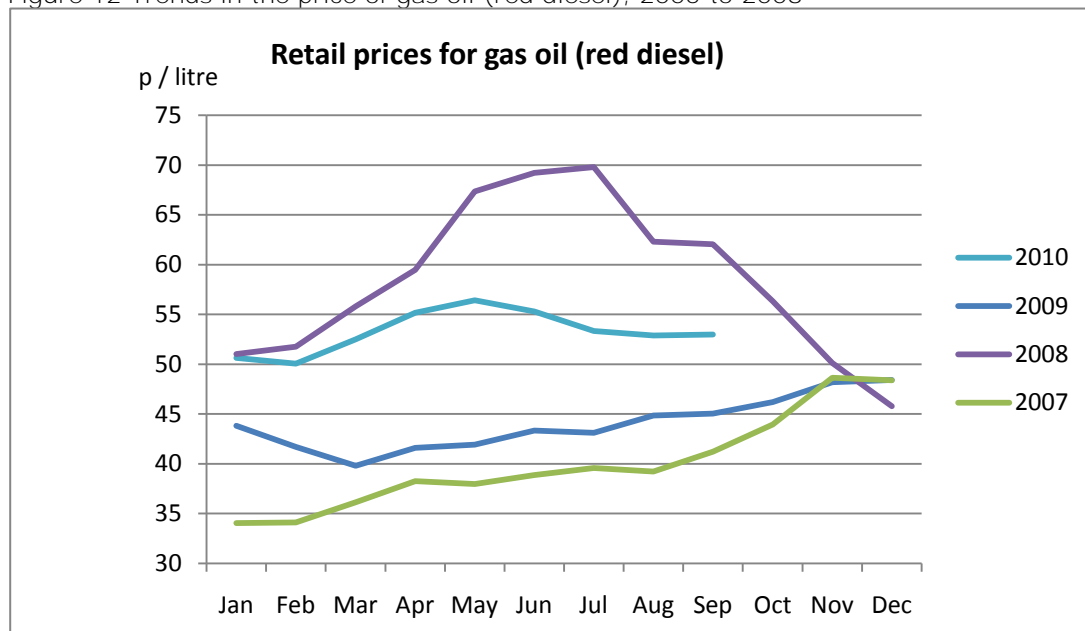
Figure 11 Index of Purchase Prices, UK (2000=100)



Source: Defra, National Statistics

Figure 12 illustrates the changes to the retail price of gas oil (red diesel) which is a major input for farmers and growers. It shows the monthly price over a four year period, rather than an annual index as seen in Figure 8. This variation in price from month to month is large even in more stable years, but the price increases from September 2007 onwards are unprecedented in their scale. The change in price of gas oil between July 2008 and March 2009 is close to 30p per litre with the price in September 2010 at 53p per litre.

Figure 12 Trends in the price of gas oil (red diesel), 2005 to 2008



Source: DTI

It is common for farming businesses to contract forward for some of their inputs with feed, fertiliser and electricity, commonly, purchased forward for a year. This will have delayed the impact of the 'large' price increases seen in 2007 and 2008, with these inputs purchased at the prices for the previous year, but they were seen in the 2008 and 2009

crop year. There is a tendency for smaller farms, those with a limited cash flow or those with lower levels of inputs not to forward buy, so these farms will have suffered higher input prices during 2007/08 and 2008/09 rather than 2009-10.

Interest rates have remained relatively low and stable for a number of years, but since the current economic crisis the Bank of England Bank Rate has moved to historic lows, with the fall occurring during the 2008/09 accounting period (Figure 13).

Figure 13 End of quarter Official Bank Rate

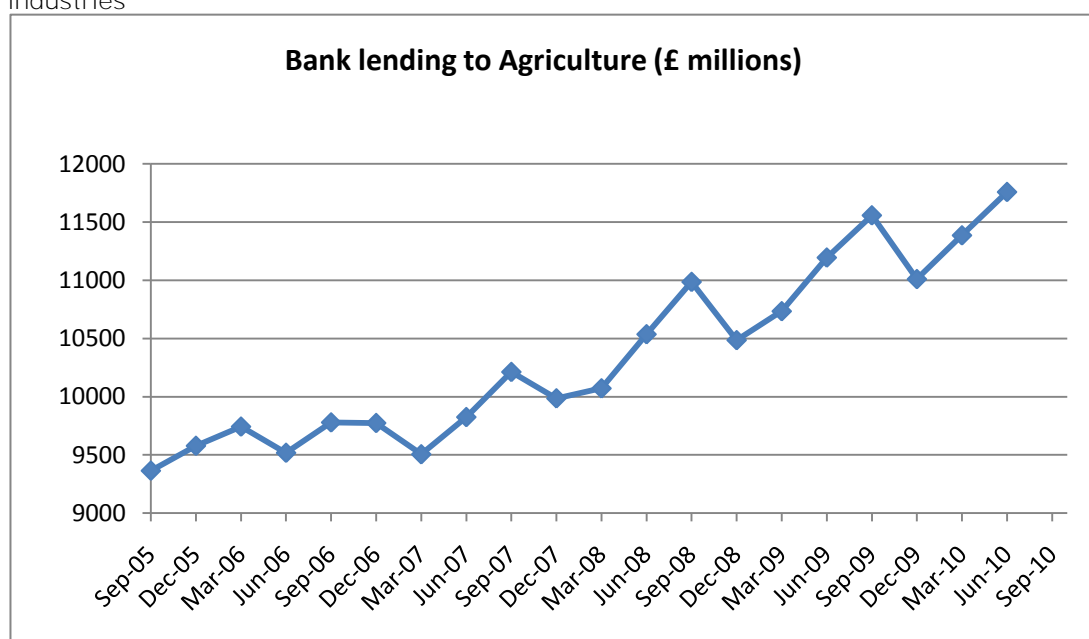


Source: Bank of England

Although the Bank of England Base Rate is very low, the cost of borrowing money from the banks has not fallen as much, with the rate now charged dependant on the LIBOR rate which is higher than the Bank of England Base Rate. The full impact of low interest rates were felt in 2009-10 financial years with interest charges commonly halving as compared to the previous year.

A characteristic of the industry is illustrated in Figure 14 with seasonal fluctuations in the net borrowing situation to agriculture with autumn dips accounted for by the start of arable crop sales and the receipt of the Single Payment. This shows the trend of higher borrowings. A number of businesses have had higher incomes each year for the last three years, however some of the extra profit was not shown as cash, but in higher valuations. Cashflow was a problem on a number of farms, particularly those who were investing in their businesses. This led to a higher borrowing requirement usually provided by the 'banks'. **Bank lending to agriculture has increased by 30% over the last five years.**

Figure 14 UK banks and building societies net lending to agriculture, forestry and fishing industries



Source: Bank of England

Farm incomes have improved but borrowings from the banks are also still rising, so agriculture has chosen not to /or is unable to reduce its indebtedness. Businesses need to develop and re-invest so the long period of relatively recent poor incomes and now higher levels of investment have resulted in a more indebted industry.

Within the South West of England, the supply industry has had no major mergers or rationalisations of farmer run co-operatives or private companies, but the bigger 'players' in the market are still expanding their areas.

No new major markets have materialised for 'primary' produce with little change to the slaughtering industry, milk processing and cereal processors in the South West.

Policy Developments

The **Single Payment Scheme** was in its fifth year in 2009. The payment window opened in December and full payments started then and were earlier than in previous years, with the majority of farmers having no problems with the payments. The outstanding issues regarding claims made for SPS in earlier years are slowly being resolved, but with more activity during 2009 than in previous years.

The level of involvement in the **Environmental Stewardship Schemes** has increased slightly, but there is evidence that some of the Higher Level Scheme applications have been refused due to lack of appropriate funding or targeting of the more recent applications. The majority of farmers who intend to apply to the ELS have now done so, with those remaining outside the scheme deciding that the income is not sufficient to warrant an application. Large numbers of schemes will end within the next year and there is now real concern regarding the uptake of new schemes with the Government wishing to have a 'set-aside replacement' scheme. Currently the **Campaign for the Farmed Environment**, which is a voluntary initiative, is trying to encourage more uncropped farm area and more 'in field' Entry Level Scheme options which have been altered slightly.

The South West region has 12 catchment areas that are part of the **Catchment Sensitive Farming Delivery Initiative** (CSF) which encourages land managers to voluntarily adopt practices that maintain or reduce diffuse emissions of pollutants into rivers, groundwater and other aquatic habitats at acceptable levels. The initiative also includes a grant scheme

for capital works that would benefit water quality in priority catchments. The uptake of this initiative is good and small capital works are common amongst those farmers involved.

The Nitrates Directive requires member states of the EU to identify waters which are, or could become, polluted by nitrates and to designate as **Nitrate Vulnerable Zones** (NVZs) all land draining to those waters and contributing to the pollution. Approximately 70% of England is now covered, with extra areas recently included and the regulations are challenging the agricultural industry, particularly the storage and spreading of livestock manures.

New rules from Jan 2009 for holdings within a pre-existing NVZ and for newly designated holdings the rules come into force 1st January 2010.

Key measures included in the new rules.

- **Livestock manure N farm limit:** Farmers must ensure that the total loading of nitrogen from livestock manure to the farm does not exceed a loading limit of 170 kg of nitrogen per ha per year.
- **Closed Periods:** Times during the year when spreading of manure with high available nitrogen content is prohibited.
- **Manure storage capacity:** Farmers must provide by 1st Jan 2012 at least six months storage capacity for poultry/pig manure and at least 5 for all other types.
- **Spreading locations:** Farmers are required to undertake a written assessment to identify areas of land at risk of runoff and causing water pollution. Applications of fertiliser and FYM to areas of land identified as posing a risk of high run off are prohibited.
- **Spreading techniques:** Farmers must spread organic manures and nitrogen fertilisers in as accurate a manner as possible.

The NVZ rules are a Statutory Management requirement for cross compliance under the SPS. Failure to comply could lead to deductions of subsidy.

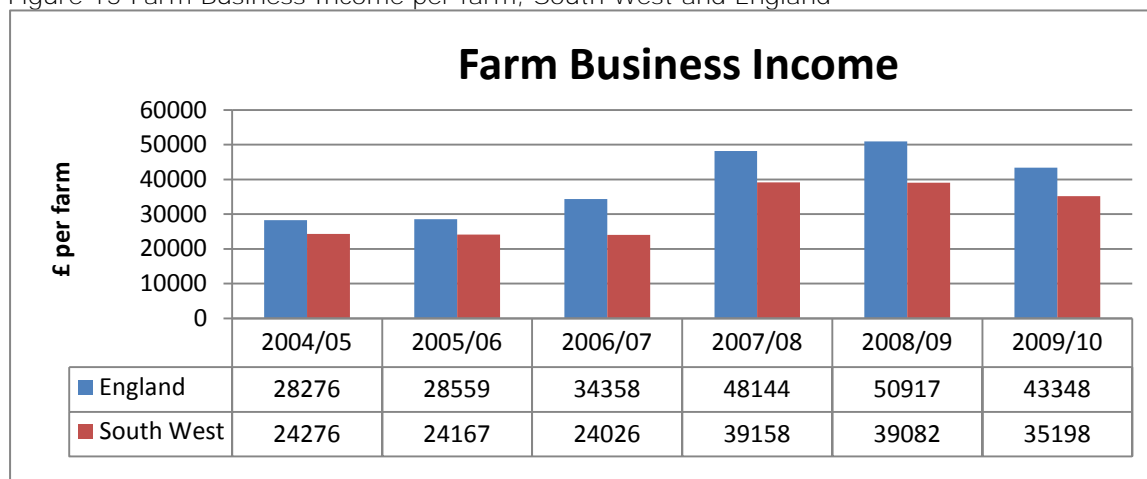
The continuing problems with **Bovine TB** in the South West is influencing the systems of production used and the loss of productive stock reducing the longer term profitability of those businesses affected by the restrictions. The dairy industry is finding it hard to replace cows lost due to the low numbers of replacements available, the high cost of purchased stock and the rates of compensation paid for breeding stock lost to the disease.

The **Hill Farming Allowance** scheme only makes payments on Severely Disadvantaged Areas and its last year was for 2010.. Its replacement will be an Upland ELS, but for those producers in older type schemes there will be a transitional period so that double funding can be avoided. The Upland Transitional Payment (UTP) will be made on land areas still part of Environmentally Sensitive Areas (ESA) and Countryside Stewardship Scheme (CSS) type schemes.

Farm Business Survey figures for the South West of England 2009/10 - 'All Farms'

Farm Business Survey data which represents '**All Farms**' can illustrate how the South West region is performing as a 'whole' compared to the England data on an individual farm basis. Figure 15 shows the per farm figures for England and the South West. For 2009/10 the South West has a Farm Business Income per farm equivalent to 81% of that for the whole of England. It is worth noting that the difference in income would be even more pronounced if the data for the South West were to be removed from the data for England. For 2009/10 the Farm Business Income per farm fell 15% for those farms in England whilst there was a fall of £3,884 per farm in the South West, which is a 10% change.

Figure 15 Farm Business Income per farm, South West and England



The mix of farm types and sizes of farms **will determine the 'All Farms' figure for each region** and Table 3 indicates the South West regional differences as compared to the all England data. The South West has a higher percentage of 'Grazing Livestock' farms, which produce lower income than any other type of farming. Also using farmed area and annual labour units (ALU) as a measure of size, the farms in the South West are generally smaller. The Cereal farms in the South West are 14% larger than the England farms and the Dairy farms are comparable in size between England and the South West. The Grazing livestock whether in the LFA or Lowland are both smaller in the South West than in England as a whole.

Table 3 Farm Characteristics by region

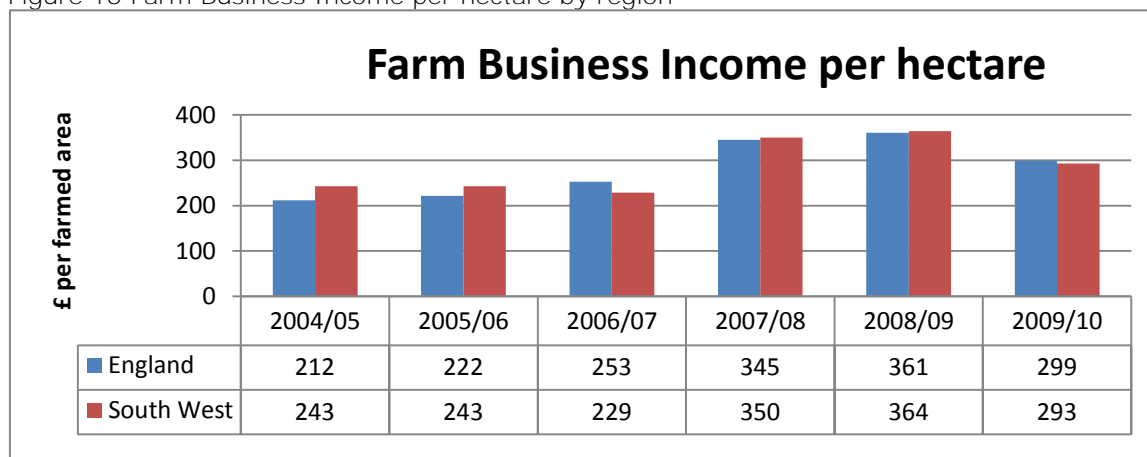
	Farmed Area (Ha)		Tilled area (Ha)		ALU	
	England	South West	England	South West	England	South West
All farms	138.2	120.3	74.4	45.1	2.7	2.3
Cereals	196.2	224.4	167.5	183.0	1.9	2.0
Dairy	128.8	126.3	28.1	26.3	3.3	3.5
LFA Grazing Livestock	142.8	112.5	1.3	1.8	1.4	1.4
Lowland Grazing Livestock	93.1	75.5	5.2	6.6	1.4	1.3

Smaller businesses and the less profitable farm types therefore result in lower Farm Business Income per farm in the South West.

Representing the figures on a per hectare basis removes the scale differences and these are illustrated in Figure 16.

The per hectare figures in 2007/08, 2008/09 and 2009/10 for the South West and England are close, but favouring the South West for the first two years. In the previous three years the figures were not so close and did not favour either region.

Figure 16 Farm Business Income per hectare by region



The Farm Business Income per hectare for the most prevalent farm types found in the South West is shown in Table 4 for both England and the South West. The Farm Type figures for the South West indicate a distinct advantage over England in the grass based farm types but lower for the cereal farms. In general, the climate and land quality favour grass more than cereals. The Less Favoured Area (LFA) in the South West includes a large area of Disadvantaged Area (DA) land and the moorland of Dartmoor, Exmoor and Bodmin Moor which are less extreme in terms of altitude and climate than the Severely Disadvantaged Area (SDA) in northern England.

Table 4 Farm Business Income per hectare by farm type (£)

	FBI per hectare	
	England	South West
Cereals	217	127
Dairy	447	557
LFA Grazing Livestock	157	189
Lowland Grazing Livestock	224	241
All farm types	299	293

Farm Business Survey results by farm type for the South West, 2009/10

The data presented as part of this report comes from 381 for 2008/09 and 384 farms for 2009/10. There are a number of changes to the sample of farms each year so care needs to be taken when considering trend data, particularly balance sheet type information.

The differing income measures show the same general trend as can be seen in Figure 17, which shows Farm Business Income (FBI) and Figure 18 which shows the more traditional Net Farm Income (NFI).

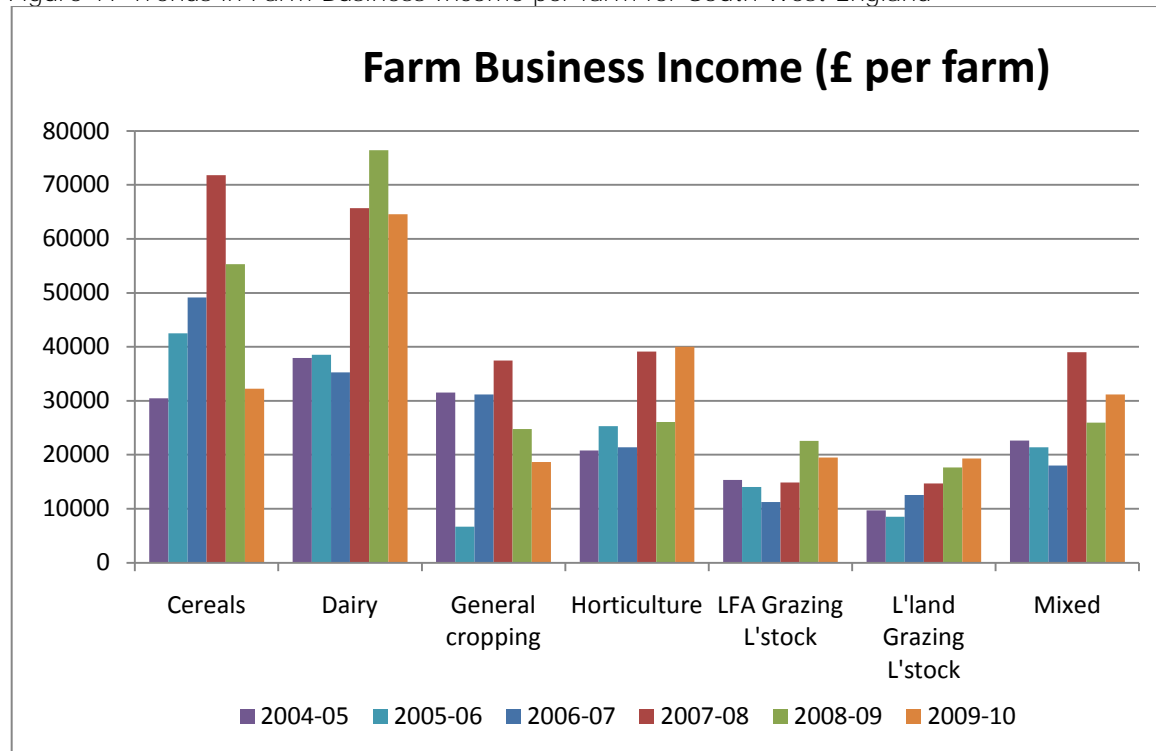
For non-corporate businesses, FBI represents the financial return to all unpaid labour (farmers and spouses, non-principal partners and their spouses and family workers) and on all their capital invested in the farm business, including land and buildings.

For corporate businesses it represents the financial return on the shareholders capital invested in the farm business. In essence FBI is the same as **Net Profit**, which as a standard financial accounting measure of income is used widely within and outside agriculture.

Using the term *Farm Business Income* rather than *Net Profit*, gives an indication of the measure's farm management accounting rather than financial accounting origins, accurately describes its composition and is intuitively recognisable to users as a measure of farm income.

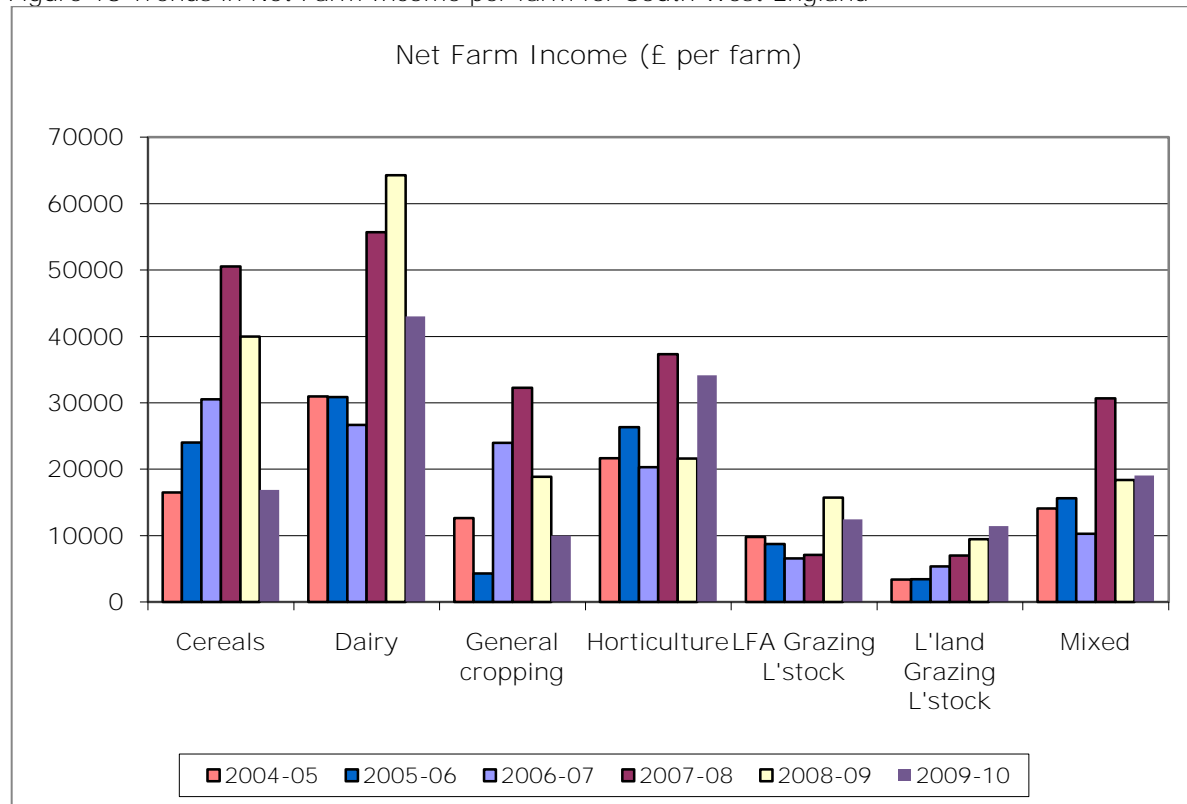
The main difference between FBI and NFI are estimates of unpaid family labour and rental values are included as costs to the NFI calculation, but net interest charges are removed.

Figure 17 Trends in Farm Business Income per farm for South West England



Most farm types saw their incomes fall between 2008/09 and 2009/10. Horticulture, Lowland Grazing Livestock and Mixed farms were the only groups whose incomes improved between years. The 'All farms' FBI fell by £3,884 to £35,198, a reduction of 9%.

Figure 18 Trends in Net Farm Income per farm for South West England



Within each individual farm type, there are differences in the scale of inputs and outputs, but also there are significant differences in the source of output (Table 5).

The total output for all farm types shows considerable variation. The output from the two Grazing Livestock farm types is less than half the next lowest farm type, Horticulture. The intensive livestock groups (Pigs and Poultry) have the highest output per farm. Broadly speaking the output from the Agri-environmental, Diversified and Single Payment Scheme costs centres were similar to the previous years for all farm types, but the level of Single Payment Scheme has increased for all farm types.

The Farm Business Output increased for all farm types, except General Cropping, in 2009/10 as compared to the previous year.

Table 5 Business Output by Cost Centre (£ per farm)

Farm Type	Agricultural	Agri-environmental	Diversified	Single Payment Scheme	Farm Business
Cereals	160,344	11,504	26,204	54,451	252,503
Dairy	300,698	3,395	3,900	27,537	335,530
General cropping	176,402	6,249	6,378	24,056	213,085
Horticulture	160,915	1,464	7,636	2,338	172,353
LFA Grazing L'stock	44,301	9,670	1,859	20,644	76,474
L'land Grazing L'stock	49,660	4,695	8,418	16,424	79,197
Mixed	171,366	5,744	5,701	31,572	214,383
Pigs (National sample)	484,801	1,375	2,414	7,423	496,013
Poultry (National sample)	582,328	972	19,585	3,570	606,455

Agricultural activities contributed the largest percentage of output for each farm type, but the level of contribution made by agri-environment schemes, diversification and Single Payment Scheme vary (Table 6).

Table 6 Contribution to Business Output by Cost Centre (%)

Farm Type	Agricultural	Agri-environmental	Diversified	Single Payment Scheme
Cereals	64	5	10	22
Dairy	90	1	1	8
General cropping	83	3	3	11
Horticulture	93	1	4	1
LFA Grazing L'stock	58	13	2	27
L'land Grazing L'stock	63	6	11	21
Mixed	80	3	3	15
Pigs (National sample)	98	0	0	1
Poultry (National sample)	96	0	3	1

LFA Grazing livestock farms generate 58% of their output from agricultural production, but are heavily involved with agri-environment schemes such as ESA, HFA, Countryside Stewardship and the more recent Environmental Stewardship schemes. These schemes target environmental improvement, but often require a reduction in agricultural production. The output from the agri-environmental schemes is 13% of their total output, which is more than twice that any other farm type.

Grazing livestock farms and Cereal farms have the highest relative contribution of Single Payment Scheme to output. Cereal and Lowland Grazing Livestock have the highest levels of diversified output. Reduction in the labour force over the years has provided the opportunity for cottage letting, whilst contracting offers the opportunity to spread fixed costs and fully utilize machinery to enhance their output, particularly as there are an increasing number of holdings moving to contract farming arrangements.

Horticultural, pig and poultry businesses usually have a relatively small amount of land and are the most agriculturally intensive, with over 93% of their output from agriculture.

The Farm Business Income can also be split into the four Cost Centres and is illustrated in Table 7 and Figure 19.

Table 7 Farm Business Income by Cost Centre

£ per farm	Agriculture	Agri-environmental	Diversified	Single Payment Scheme
Cereals	-39,020	7,986	14,850	48,405
Dairy	33,897	2,876	2,345	25,480
General cropping	-12,448	5,345	4,417	21,366
Horticulture	33,335	1,158	3,321	2,177
LFA Grazing L'stock	-6,441	6,907	953	18,066
L'land Grazing L'stock	-3,789	3,612	4,733	14,783
Mixed	-5,501	4,818	3,549	28,278

Allocation of costs is on a direct and notional basis for each cost heading. Only two farm types, Dairy and Horticulture, are making a positive Farm Business Income from Agriculture with Grazing livestock and Mixed farms making losses of less than £6,500. The

General cropping farms are making losses of nearly £12,500 and the worst group, the Cereal farms are making losses of over £39,000.

The Farm Business Income from the Agri-environmental Centre is highest on Cereal farms followed closely by the LFA Grazing Livestock farms. Horticulture has the lowest Farm Business Income from Agri-environmental Centre.

Diversification is also very important to Cereal farms with the Farm Business Income from this source being over three times greater than other farm types.

The importance of the Single Payment Scheme to the total Farm Business Income is substantial and only for the Dairy and Horticulture farms is less than 87% of the Total Farm Business Income. For the Cereal farms their Total Farm Business Income is only two thirds of the income from Single Payment Scheme.

Figure 19 Farm Business Incomes by Cost Centre

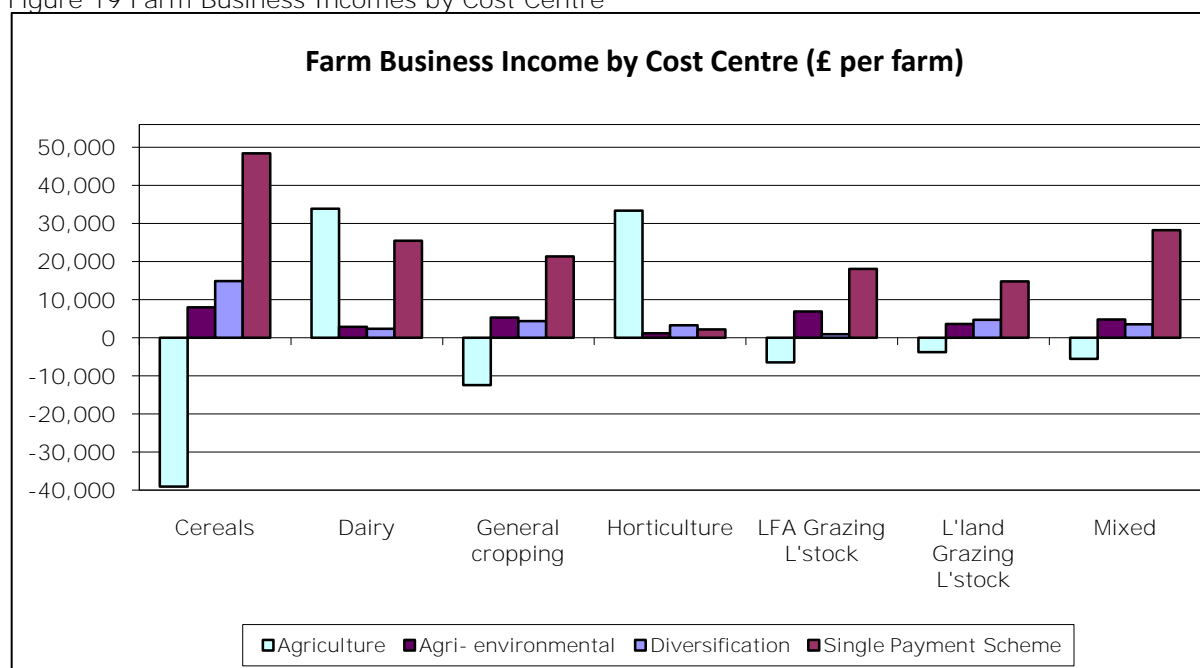


Table 8 contains some of the elements within the flow of funds statement to illustrate how the overall financial positions of the different farm types vary.

Table 8 Selected items from Flow of Funds Statement

£ per farm	Net additional machinery investment (a)	Net additional capital investment (b)	Net Funds introduced (c)	Non-farm items(d)	Net reduction in external funding(e)
Cereals	-1,039	9,167	5,839	55,881	-4,138
Dairy	3,151	37,237	8,520	57,754	-25,076
General cropping	-3,192	30,192	17,144	32,838	-9,596
Horticulture	386	3,820	-1,327	27,383	547
LFA Grazing l'stock	617	2,668	5,341	21,348	692
Lowland Grazing l'stock	-1,805	7,500	6,616	19,958	-3,308
Mixed	3,517	4,997	9,794	27,031	4,901

Please refer to Table 12 and Table 15 on the FBS website (<http://www.farmbusinesssurvey.co.uk>) within the report menu for the detailed flow of funds statements for each farm type.

- (a) Net machinery and equipment investment less machinery depreciation.
- (b) Investment in property, quota and landlord capital improvements less sales of property
- (c) Funds introduced less funds transferred out
- (d) Includes private drawings, which includes personal and company taxation.
- (e) Surplus as shown on website adjusted for changes in loans

Three farm types reduced their external funding with four farm types showing extra borrowings. Only the Dairy farms and General Cropping farms had a shortfall in their funding exceeding £9,500. This is the second year where Dairy farms have increased their level of external funding.

For a business to retain its quality of machinery re-investment should exceed the depreciation charge; otherwise the total value of the equipment will fall. The improvement in Farm Business Income in the last few years has stimulated higher net additional machinery investment but only Dairy and Mixed farms have a positive net additional machinery investment. Cereals, General Cropping and Lowland Grazing Livestock farms **have allowed their machinery and equipment to 'dilapidate'**. The LFA Grazing Livestock and Horticultural farms have low levels of re-investment in machinery.

Net additional capital investment for all farm types is, in general, still at a high level, again with Cereals, Dairy and General Cropping farms investing close to or over £10,000 but the other farm types have only modest investment. This reflects the expected higher income, little recent major investment, the need to expand production to maintain incomes and the tendency for agriculture to spend any money it generates by re-investing in their farms. The Dairy and General Cropping farms, in particular, seem to be investing heavily.

All farm types, except Horticulture, introduced their own funds during the year and on average this was over £7,000 or 20% of their Non-farm items. General Cropping farms introduced the highest levels of funds, amounting to close to half of their Non-farm items.

In general fund flow deficits are the result of low incomes generating insufficient cash flow to cover the investment and private drawings, or large re-investment in the business by producers who are making higher incomes.

Table 9 Total assets

	Average total assets (a) £ per farm	Net worth % (b)	Output as % of average total assets	MII as % of Tenants Capital (c)
All farm types	1,124,786	89	18	1
Cereals	2,016,343	93	13	1
Dairy	1,327,437	83	25	3
General cropping	975,651	83	22	-5
Horticulture	410,722	94	42	8
LFA Grazing l'stock	722,347	93	11	-4
Lowland Grazing l'stock	812,732	94	10	-5
Mixed	1,196,987	87	18	-1

- (a) Average of opening and closing assets for 2009/10 farm
- (b) Closing net worth as percentage of closing total assets
- (c) Management Investment Income as percentage of closing Tenants capital

Total assets vary across the farm types (see Table 9), with farm size being a major factor. The average asset value of farms increased between 2007/08 and 2008/09, with land

values, in particular increasing by up to 20%. For 2009/10 the level of the average asset value of farms increased again for all farm types, except LFA Grazing Livestock.

The percentage net worth reflects the indebtedness of the businesses with either static or only marginal changes in all farm types.

Grazing livestock farms show the lowest output against the total asset values, indicating the extensive production cycles, while horticulture, general cropping, and dairy assets generate much higher output. The output against total asset values was static or fell for all farm types except the Mixed farms.

Return on Tenants Capital represents the return to the farmer and spouse for their own management input, with all farm types showing poorer performance as compared to the previous year except Horticulture farms. Grazing livestock farms are still showing a negative return, but are joined this year by the General cropping and Mixed farms.

Figure 20 Closing total liabilities (£ per farm) adjusted relative to 2008/09 on actual percentage changes

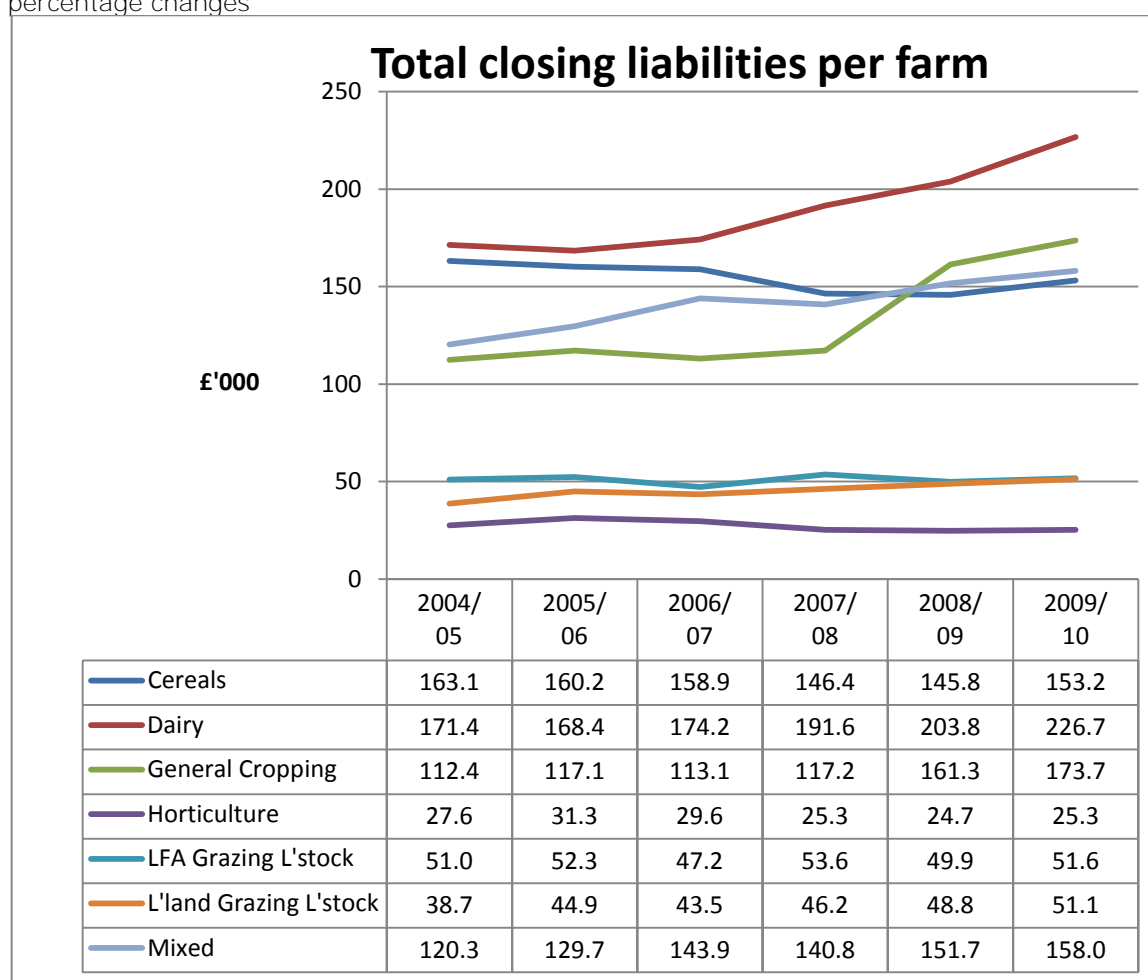


Figure 20 illustrates the changes to the level of the closing liabilities by the differing farm types. The levels fluctuate between years, depending upon the levels of income, capital investment and private drawings, but are higher at the end of 2009/10 than 2004/05 for Dairy, General Cropping, Grazing Livestock and Mixed farms. This represents the extra investments these businesses have made in the last few years and incomes being insufficient to cover the levels of expansion and capital investment required. The income levels have increased in the same period, from a historically low point, but these extra borrowings will need to be repaid and the interest on them will reduce the income from future years.

Cereal farms

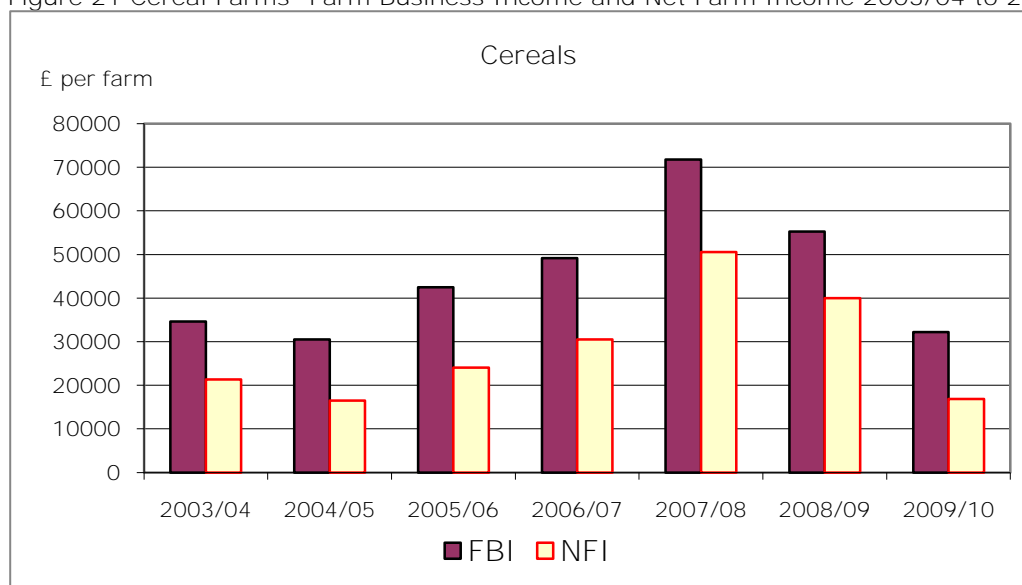
For 2009/10 the Cereal farms farmed 224 hectares with 63% as owner occupied land. These are the largest farms of all the farm types in the South West being almost twice the size of the next largest farm type. Winter wheat was the dominant crop, with nearly 61 hectares sown. Barley, oilseed rape, peas, beans and other cereals account for another 92 hectares. Grass occupied 18% of the land with an average of 35 cattle and 105 sheep per holding, amounting to 38 livestock units. The units operate on 2.0 labour units, with the farmer and spouse representing 43% of the total.

Total farm output was £252,503, with crop enterprise output contributing 53% of the total, whilst livestock generated £16,704. Fertilizers and sprays represented over two thirds of the total variable costs of £80,480. Fixed costs were considerably higher at £155,684 with land and building charges the largest component. This group of farms received the highest level of Single Payment Scheme of all the South West farm types (£54,451 per farm).

Net Farm Income amounted to £16,888, a fall of 58% from the previous year. The drop in NFI resulted from the increase in variable and fixed costs being greater than the improved farm output.

Farm Business Income decreased by 42% to £32,221, but this is still the second lowest level of income achieved for the last seven years, as shown in Figure 21, and is only 68% of the average Farm Business Income for the previous six years.

Figure 21 Cereal Farms- Farm Business Income and Net Farm Income 2003/04 to 2009/10



Fixed assets total more than £2.0 million, with land and buildings being 79% of this figure. Current assets of crop, livestock, stores and cash reserves total £221,647.

Total external liabilities came to £153,189, with 43% as long term loans, and the interest charged on liabilities, net of receipts on cash balances came to £3,984, a 9% increase. Net worth represented 92% of the closing asset values indicating a very strong balance sheet.

The business flow of funds shows a deficit of over £4,000. On average, close to £6,000 of funds was introduced to the business, in addition to extra loans worth £9,500. There was a small net dilapidation of machinery of just over £1,000 and £9,167 in net capital investment. Cereal farms had a net purchase of land and buildings of £2,009. Non-farm items (mainly private drawings) were £55,881.

Dairy farms

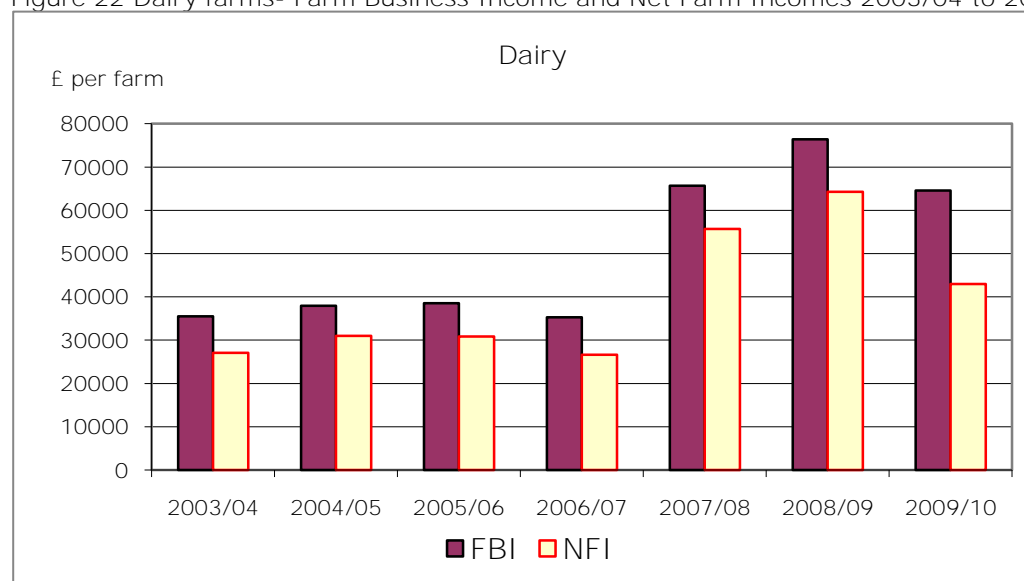
The Dairy farm sample is made up of 108 farms, with an average farmed area of 126 hectares, of which 57% is owned. There are an average 135 milking cows, 126 other cattle and a small sheep, pig and poultry presence. Labour totals 3.5 annual labour units, with 46% provided by the farmer and spouse. Of the remainder, regular paid labour is the greatest element at 1.1 labour units.

Milk and milk products make up nearly three quarters of the total farm output, while the Single Payment Scheme contributes just over 8%. Cereals and other cash crops play a relatively small role, with 2% of output from 9.0 hectares.

Dairy farms have been more reluctant to enter agri-environmental schemes than some of the other farm types as they operate a more intensive farming system, and have seen these schemes as potentially restricting milk output. However, more farmers, especially owner occupiers, have looked towards Entry, Organic Entry and Higher Level Stewardship as one method of increasing total farm output and the majority of farms are now involved with these schemes. Currently Dairy farms receive, on average, £3,395 from the agri-environment schemes, which represents 1% of their farm output.

The national production levels of milk has been falling for a number of years and milk quotas are not a restriction on the level of milk production, with little risk of a levy being imposed. Output from these farms decreased by less than 1% between the last two years, but with milk price falling over 2 p per litre during the year the level of milk production increased.

Figure 22 Dairy farms- Farm Business Income and Net Farm Incomes 2003/04 to 2009/10



Variable costs totalled £138,786, increasing 8% on the year, with concentrate feed and forage the largest element. Labour and Land & Building costs represent more than half of the fixed costs, and a Net Farm Income of £43,011 was achieved, a decrease of over a third.

The Farm Business Income on Dairy farms has been fairly static for the 2003/04 to 2006/07 period. 2007/08 figures show an improvement in Farm Business Income of over £30,000 and the 2008/09 another £20,000. For 2009/10 there was a fall of nearly £12,000 to £64,598 (Figure 22).

Closing Total Assets on these farms are £1,360,340, with total liabilities of £226,740 and 83% owner equity. Net interest charges for the year came to £4,228 which is a 46% drop from the previous year.

The farms had a flow of funds deficit of over £25,000. The deficit was represented by higher loans but improved current account balances. The net capital investment for dairy farmers has averaged £37,400 per year for the last three years. This year, over £59,000 was invested with 45% being spent on land & milk quota and 20% on property improvements. The average does however hide the range of expenditure, with a number of farms up-grading their facilities along with an expansion in the number of cows, while others are keeping re-investment to a minimum as they review their longer term involvement in dairy farming.

General Cropping

Farming an average of 127 hectares, the General Cropping farms are the third largest of all farm types, over 98 hectares behind the Cereal farmers and 18 hectares behind the Mixed farms. Over 55% of the land is tenanted which is the highest percentage of tenanted land of all farm types. Nearly two thirds of the tilled land is cereals, with the remaining **area spread between oil seed rape, potatoes and 'other crops'**.

Sixty six grazing livestock units are present on the farm, with 77 head of cattle and 79 ewes. 2.8 labour units are active on the farm, with the farmer and spouse (1.2 ALU) providing slightly more than the paid labour.

Although 56 hectares of cereals, oilseed and pulses are grown, they generate just over £36,500 output, while the other cash crops of 16 hectares have an output of £61,577, just over 28% of the total farm output. Crop production costs account for 79% of the variable costs and purchased & home grown feed accounts for 6%. Total variable costs were £71,581. Fixed costs total £132,207; with labour and land & buildings the two highest costs.

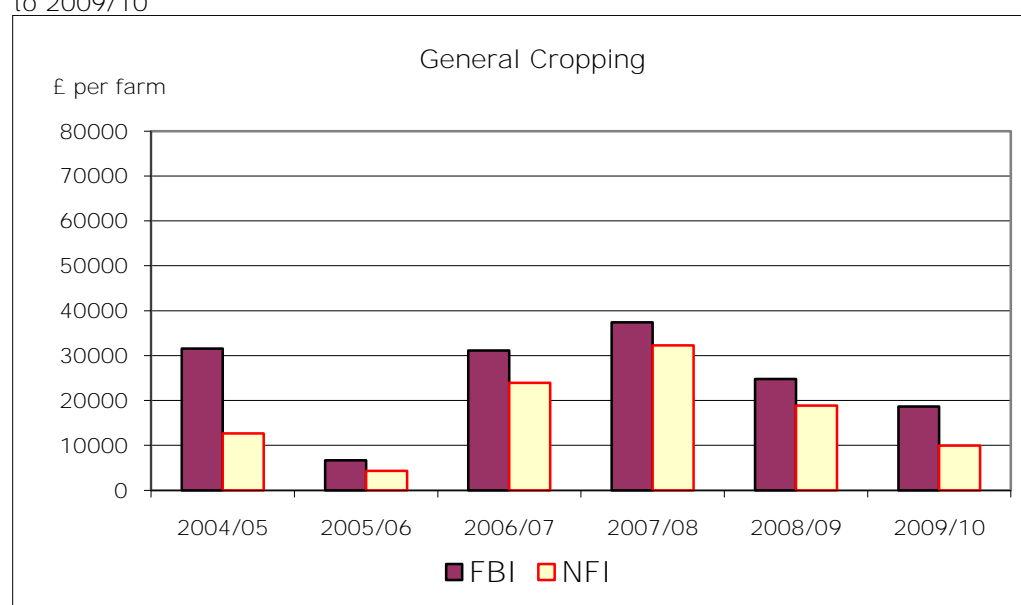
Net farm income comes to **£9,978, a fall of 47% on the previous year's results. The Farm Business Income** of £18,680 is a 25% decrease on the previous year (Figure 23) and is 29% below the average income for the previous five years.

These farms spent over £30,000 on other capital investments, the second highest of all the farm types. Net land purchase accounted for 85% of the investment with property **improvement the remainder. With this high level of 'capital' used by the business, fund** flow was a deficit of over £9,000, with extra loans were introduced to the value of over £17,500.

These farms have over £110,000 of machinery and equipment, within the highest group of all farm types, which also includes the Cereal and Dairy farms. Total closing liabilities are £173,358, and net worth of £820,320.

Income trends are not available for 2003/04 for this group of farms, due to the small sample size, so Figure 23 is restricted to the last six years. General cropping farms often have a fluctuating income due to the crops which they produce. These are often more price sensitive, with local weather conditions potentially leading to a shortage or glut in any one season, while imports can produce sudden price changes. The Farm Business Income for General Cropping farms peaked in 2007/08 and has fallen in the next two years and is now at the second lowest for the last six years.

Figure 23 General Cropping farms- Farm Business Income and Net Farm Incomes 2004/05 to 2009/10



Horticulture

Horticulture covers a very diverse range of enterprises and this group of farms cover specialist fruit, glasshouse and hardy nursery stock together with other horticulture. The average farm size for these farms is 15.6 hectares, with a farmed area of 14.1 hectares. Top fruit occupies the largest area with 2.7 hectares. The average farm has a grassland area of 8.9 hectares, with a small livestock presence of 8.7 livestock units. This group of producers has the highest number of annual labour units with 4.0, primarily made up of the farmer & spouse (1.2 units) and regular paid labour (2.0 units).

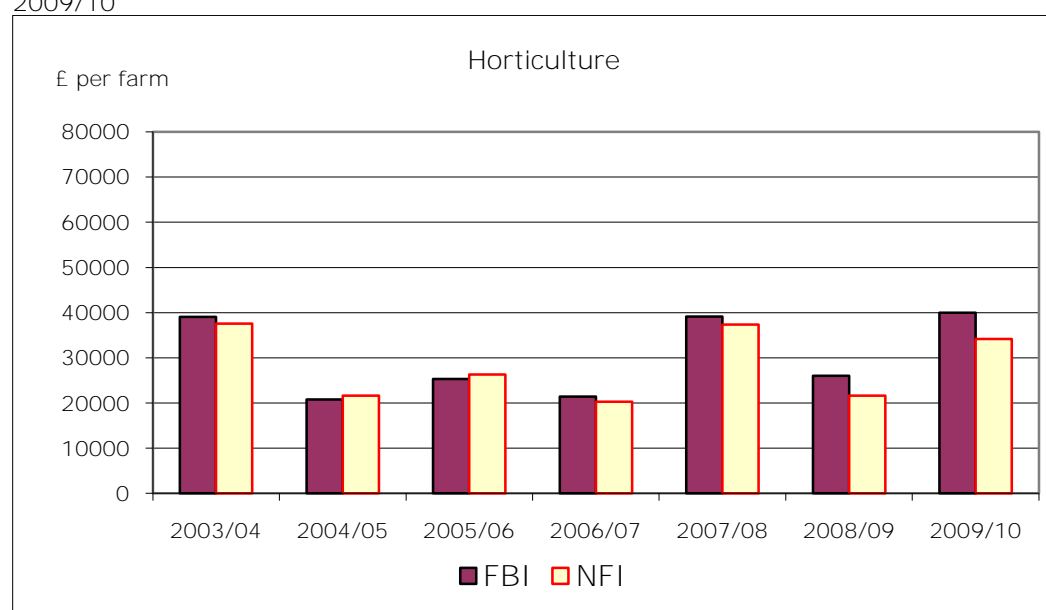
Total farm output was just over £172,000, a increase of 12% on the previous year and this increase was seen in most enterprises, except outdoor vegetables and glasshouse flowers and nursery stock whose output fell. The contribution made to output by agri-environment schemes and the Single Payment Scheme was £3,801.

Seed and other crop costs represent over 78% of the variable costs, while labour costs of £49,293 are 54% of total fixed costs. The Farm Business Income came to £39,991, a increase of over a half compared to the previous year and 40% above the average Farm Business Income of the previous six years (Figure 24).

With a small farm size, total asset values come to £420,663, of which 62% is tied up in land and buildings. Liabilities amount to £25,251, with over three quarter from bank overdraft and short term loans.

The flow of funds shows the lowest net capital investment of all farm types and a small additional machinery investment. There is surplus of funds of £547 despite funds being transferred out of the business and private drawings of £27,383.

Figure 24 Horticulture Farms- Farm Business Income and Net Farm Incomes 2003/04 to 2009/10



LFA Grazing Livestock

These farms cover the Severely Disadvantaged Area and Disadvantaged Area regions of the South West, with an average farmed area of 113 hectares, of which just over 41% is tenanted land. There is very little cropping, and over 13 hectares of the grass is sole occupancy rough grazing. Stocking consists of 32 beef cows and 66 other cattle, with 306 ewes. On average, 1.4 annual labour units are required by these businesses, with the farmer and spouse providing close to three quarters of the input.

The contribution of agricultural output to total output is the smallest for all farm types at 58% of output, and 13% of output being received from various agri-environmental schemes. However, there is a relationship between the level of receipts from agri-environmental schemes and the agricultural systems used. Stocking has often been adjusted downwards to meet agri-environmental scheme requirements, while in the case of Hill Farm Allowance breeding animals are still required to trigger the payments. The level of stock kept on these farms, in the last four years, is similar, so there is, as yet, no evidence of de-stocking as the consequence of the 'de-coupling' of payments for the Single Payment Scheme. The Hill Farm Allowance scheme is still under review, the DA land was excluded for the 2007 scheme year and its successor scheme will be attached to Environmental Stewardship as the Upland Entry Level Scheme. The links between these subsidy schemes and the number of breeding stock kept will be broken, which will increase the pressure to reduce the number of unprofitable animals reared.

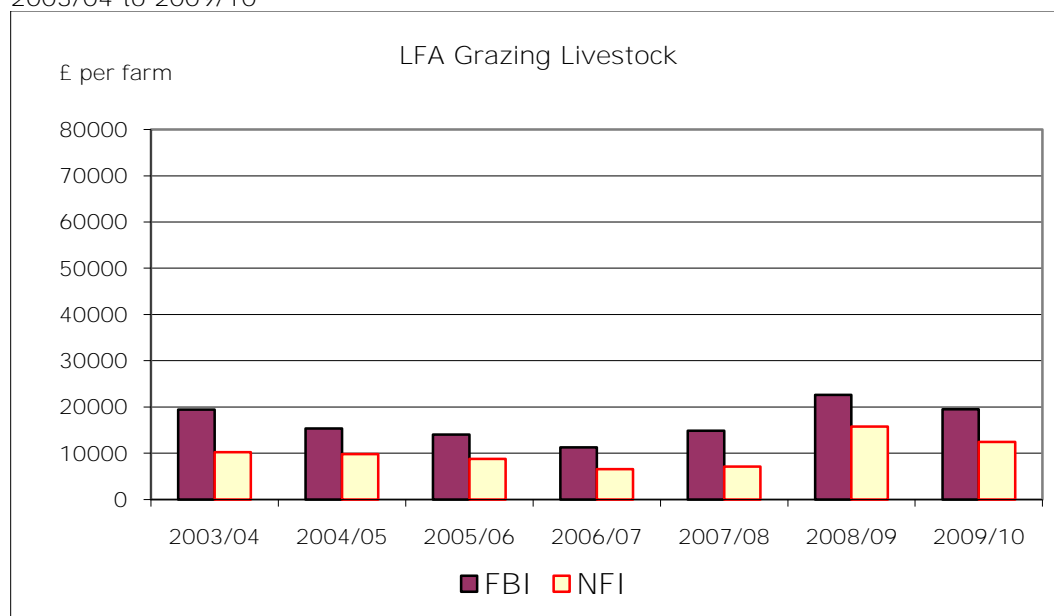
The output from diversification is only 2%, which despite the need for higher output, indicates the limited potential for some diversifications in the remote LFA.

The level of farm output is much lower for the Grazing Livestock (LFA & Lowland) groups of farms at approximately 30% of the next lowest land using farm type, Horticulture farms. The level of Single Payment Scheme received by the Grazing Livestock farms is the lowest **of the 'land using' farm types, in absolute terms, but they make the biggest percentage contribution to these businesses.**

Cattle output for the LFA Grazing Livestock group of farms was just over £21,000, a 11% decrease on the year before, and sheep output was over £20,000, an increase of 29% compared to the previous year. Purchased concentrate feed and fertiliser make up 53% of the variable costs, which have increased 13% on the previous year.

The prime fixed costs are land and buildings charges, with labour costs being lower with the majority of work being provided by farmer and spouse.

Figure 25 LFA Grazing Livestock farms- Farm Business Income and Net Farm Incomes 2003/04 to 2009/10



Net farm income totalled £12,447, a decrease of 21% on the previous year. Farm Business Income decreased by £3,116 to £19,485, only 55% of the 'all farms' figure, but 26% higher than the average Farm Business Income for the previous six years, for the LFA Grazing Livestock farms.

This group of farms had the second lowest level of non-farm items (including private drawings) of all the farm types. Along with about £2,667 of capital investment and an introduction of funds of £5,342, the resulting fund flow surplus was £693.

Both Net Farm Income and Farm Business Income measures are relatively stable over the previous six years, although consistently low, as shown in Figure 25. However 2008/09 shows the relatively large increases in both income measures were not maintained in 2009/10

The farm balance sheet shows year end total fixed assets of £730,794, with 78% of the value made up by land and buildings. Total liabilities on these farms are £51,576, with 56% as long term arrangements. Net interest payments in the year amounted to £1,213, a fall of over a third.

Lowland Grazing Livestock

Lowland Grazing Livestock farms average 76 hectares of total area farmed, primarily of permanent grassland. They run an average of 99 head of cattle and 118 breeding ewes and grow a small amount of cereals, with the grain and straw often used on farm. Three quarters of the farm is owned, and only 0.17 of the 1.26 annual labour units on the farm are paid labour.

The total farm output from the Lowland Grazing Livestock farms is the second lowest of all farm types, with only the LFA Grazing Livestock being lower. Farm Business Income is also the lowest of all farm types (£19,339) despite an increase in the year of £1,671. This level of income is 56% higher than the average of the previous six years. Net Farm Income is the second lowest of all types, with General Cropping farms the lowest.

Although farming a smaller area than their LFA equivalents, the effective farmed area will be similar when adjusted for rough grazing. Cattle make a greater contribution to output on lowland farms, sheep being a better option on the poorer land of LFA farms.

The better soil and climatic conditions also allow for more arable output on the lowlands. The key to the difference in income is the higher agricultural output and more diversification in the lowlands, but much lower agri-environmental receipts. About 55% of the total farm output comes from livestock and nearly three quarters of this output is from cattle.

The highest variable costs are for concentrate feed & fodder and other livestock costs, whilst land and buildings costs are the greatest fixed costs followed by other overheads. Net Farm Income was £11,461, an increase of £1,990 on last year.

Figure 26 Lowland Grazing Livestock farms- Farm Business Income and Net Farm Incomes 2003/04 to 2009/10

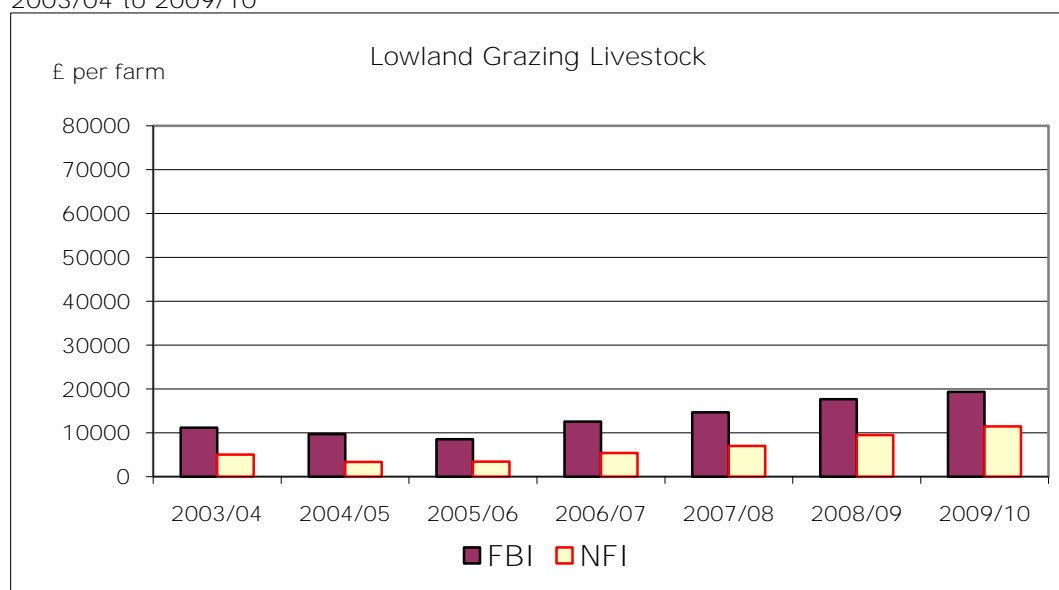


Figure 26 illustrates the trends of Farm Business Income and Net Farm Income, which shows a relatively stable but low level of income with improvements in the last three years.

The net funds introduced by the Lowland Grazing Livestock farms were lower than the previous year at £6,616, but with a higher capital investment (£7,500) than last year there was a deficit of £3,309 in funding which was mainly supplied by worse bank balances.

The year end balance sheet shows a strong position with total assets of £824,053, with over £675,000 of land and buildings. Current assets are £62,697 while total liabilities are £51,138, with a fairly even spread of the sources of these loans. Total net interest charges for the year were £1,395.

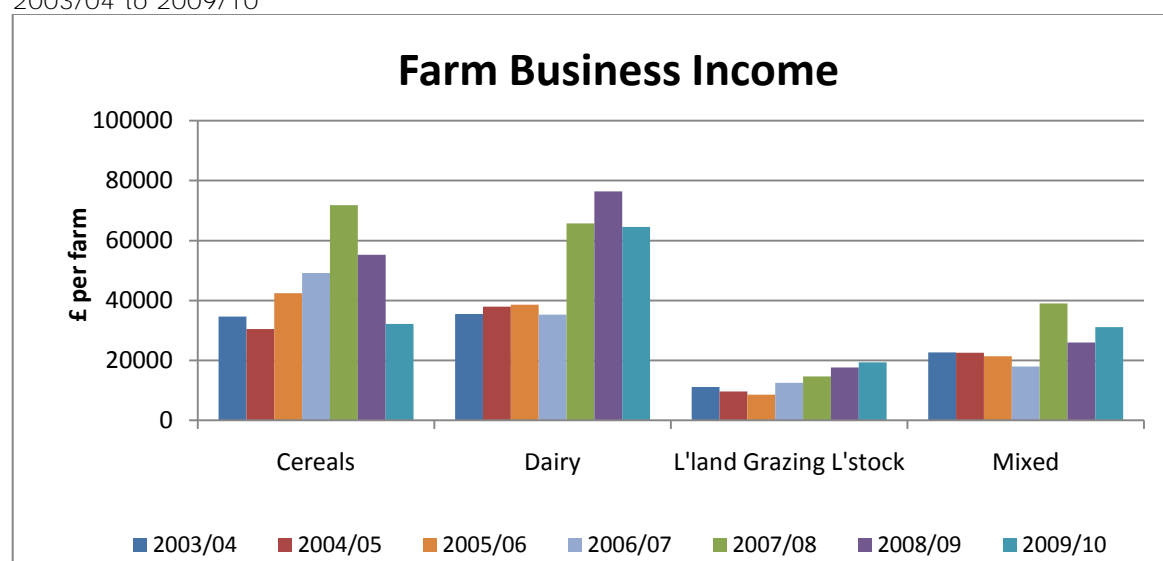
Mixed farms

Mixed farms cover a wide range of farming activities, but with no single dominant enterprise. Therefore the average farm has a combination of arable and grazing livestock together with pigs and poultry. Figure 27 illustrates the trends in Farm Business Income for the main land using farm types in the lowlands of the South West, over the last seven years.

Having seen their Farm Business Income decline every year for the previous four years, Mixed Farms increased in 2007/08 only to fall back in 2008/09 and partially recover in 2009/10 to a level 25% above the previous 'historic' average level of the preceding six

years. Figure 28 illustrates that both Farm Business Income and Net Farm Income are following similar trends.

Figure 27- Cereal, Dairy, Lowland Grazing Livestock and Mixed Farm Business Incomes 2003/04 to 2009/10



The average farmed area of these farms was 145 hectares, with 36% tilled. Winter wheat area represents 30% of the tilled area and spring barley 21%. Most of the grassland is permanent, and the average stocking consists of 14 dairy cows, 93 other cattle, 159 ewes, a small pig herd of 13 sows and 140 other pigs and a flock of poultry numbering over 1500 birds.

The farmer and spouse accounts for half of the labour units on these farms, and paid labour is equivalent to 88% of a full time worker with the total requirement of 2.5 annual labour units.

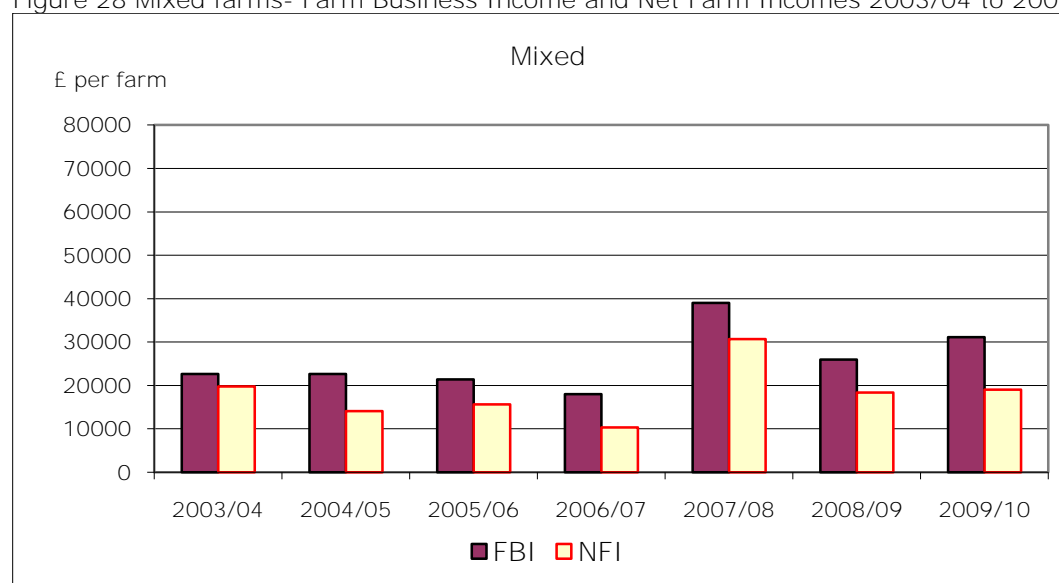
Livestock enterprises produce 57% of the farm output, with pigs the largest contributor, followed closely by cattle and milk & dairy and then sheep.

As with all the livestock dominated farm types, concentrate feed, fodder and other livestock costs are the largest variable costs, but with these farms using more of their home grown feed. The more intensive nature of these farms means that feed accounts for close to half of variable costs.

Fixed costs total £113,412, with land and building charges 28% of these costs, followed by labour.

Total fixed assets on these holdings were over £1,107,000, with more than 85% consisting of land and buildings. External liabilities totalled £157,982, over 55% of this in the form of bank term loans. The farm business showed a £4,900 fund surplus. There was close to £5,000 of net capital investment, which is almost half the level of funds introduced (£9,794). The structure of the finance was adjusted with the overdraft increasing by £17,500 and bank term loans decreasing by a similar amount.

Figure 28 Mixed farms- Farm Business Income and Net Farm Incomes 2003/04 to 2009/10



Pigs Farms (National Data)

It is not possible to publish regional results covering the South West of England for the Pig Farms due to the small number of farms who co-operate with the Farm Business Survey in the region. However the national figures are available for 61 farms of each type and 16% of the national pig sample are in the South West.

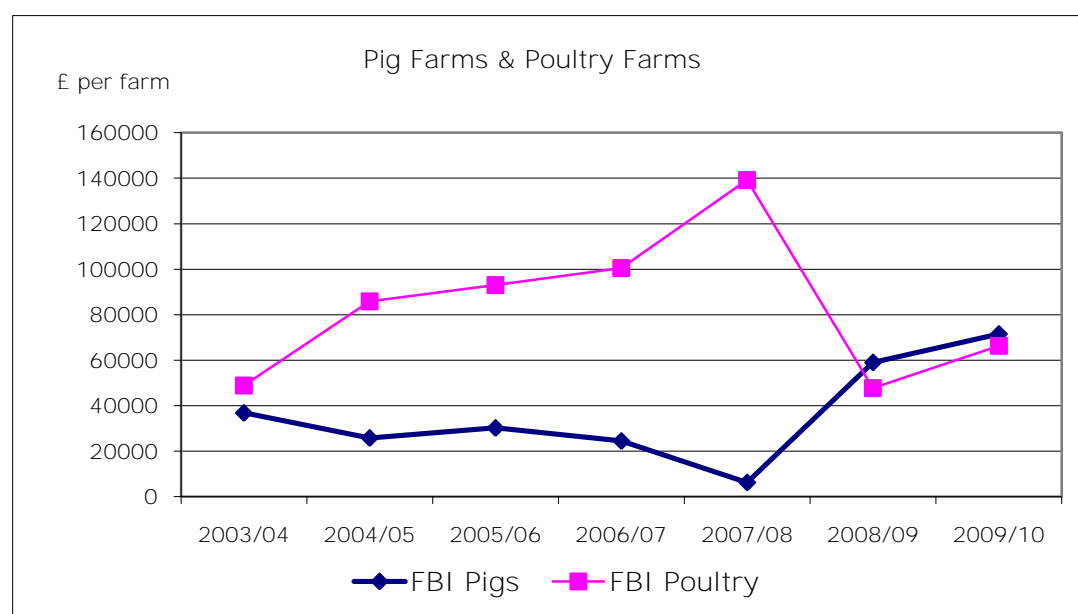
The results presented for Pig farms include a range of breeding and finishing enterprises including farms that raise pigs on a contract for a third party. The national average pig farm utilizes 41 hectares with 68% of the farmland owned. Nearly half of the land is tilled, and a further 8 hectares is let out. Wheat is the predominant crop. Breeding sows average 225 head, with an average of 2,283 other pigs, and very little other stock.

The units had 3.2 average labour units, 1.9 being regular paid labour and 1.1 units representing the farmer and spouse.

Farm output is over £496,000 which is an increase of 4% as compared to the previous year. Output from pigs was 94% of the total. Agri-environmental schemes contribute very little, while most of the Single Payment Scheme income of £7,423 would relate, to historic payments on arable aided crops. Concentrate feed is 83% of variable costs, with a third of the cereal output being fed back to stock. Labour charges are the biggest fixed cost.

Net Farm Income was £72,957, a £19,412 increase on the previous year. Farm Business Income increased by £12,503 to £71,565, as illustrated in Figure 29. This change in the incomes continues the reversal of several years of poorer performance.

Figure 29 Pig farms and Poultry farms- Farm Business Income and Net Farm Incomes 2003/04 to 2009/10



The capital structure on the Pig farms and Poultry farms are relatively similar but differ to the other farm types. The owner equity much lower than other farm types, where the total fixed assets tend to be higher.

The Pig farms have external liabilities of £295,821 and 38% of these are Bank Term Loans. Total Assets are £804,070 with over 66% consisting of land and buildings. Nearly £80,000 was spent on land, buildings and landlord capital type investments. This was financed by extra loans or money transferred into the business close to the same level. The higher liabilities will reflect the large amount of investment which has taken place over the last few years, some of which would have been to comply with new animal welfare regulations and the changing requirements of the major retailers. The owner equity ratio is 63% indicating a more vulnerable position with regard to long term solvency as compared to most of the other farm types.

Poultry Farms (National Data)

It is also not possible to publish regional results covering the South West of England for the Poultry Farms due to the small number of farms in the Farm Business Survey in the region. The national Poultry farm figures are available from 61 farms. Only 28% of the poultry sample are in the South West.

The average national poultry farm is 22 hectares, but generates the highest output of all farm types. However within the sector there are a diverse range of systems producing both eggs and broilers. At one end of the spectrum will be large intensive units supplying national retailers, whilst at the other will be smaller free range or organic producers supplying a more niche market, but still able to make a reasonable return. These farms have an average of nearly 50,000 birds and very little other livestock.

Changes to the sample of poultry farms between 2007/08 and 2008/09 dictate that any comparison between years should be made with care.

For this year the average output is over £606,000 per farm, with 95% coming from poultry, which makes them even more specialised than the Pig farms. This is a 12% fall of as compared to the previous year. They have minimal involvement in agri-environmental

schemes, and a small Single Payment Scheme payment. Concentrate costs are 52% of total output, and 88% of variable costs.

These farms have 3.9 annual labour units on them, nearly one unit supplied by the farmer and spouse and two and a half regular full time employees.

Net Farm Income was £68,900, a 39% increase on the previous year. Farm Business Income increased by £18,625 to £66,326, as illustrated in Figure 29.

The Poultry farms have external liabilities of £218,986 and nearly half of these are Bank Term Loans. Total Assets are £762,085 with over 83% consisting of land and buildings. The owner equity ratio is 71% which is 'better' than the Pig farms but worse than any other farm types.

INTRODUCTORY NOTES FOR USERS

The source of the benchmarking data

The benchmarking data in this publication are based on the detailed information collected from a cross-section of farm businesses as part of the annual Farm Business Survey (FBS). The FBS is widely recognised as the most authoritative survey of the financial position and performance of farmers' businesses in England and Wales. The results of the survey work, which is funded by DEFRA, are widely used by government and by the agricultural industry as a reliable source of information on the financial position and performance of various types and sizes of farm businesses. The FBS is supported by the National Farmers' Union, the Country Land and Business Association and the Tenant Farmers' Association and other farming organisations.

The FBS involves the collection of a range of management accounting information on all aspects of farmers' businesses including detailed information on:

- Revenues and costs
- Assets and liabilities
- Areas and production of crops
- Sales and purchases of livestock
- Labour use
- Diversified activities

To ensure complete consistency in all aspects of survey procedures, irrespective of farm type or size, rigorous standards are applied. The user is referred to the extensive 'definitions of terms used' to be found at the back of this publication, which will give some guidance about the survey's approach. One further aspect of the FBS deserves mention in relation to its reliability as a source of farm planning data. Close attention is given to the design of the sample, sample turnover is maintained in order to refresh the 'panel' and new farms are recruited from lists chosen at random from the agricultural census. This provides an important element of statistical validity to the survey results.

The accounting data from which these farm benchmarking standards have been derived relate to the 2008 harvest year, the farm businesses concerned having accounting years ending on average in late February.

Analysing a farm business

The analysis of a farm business using the data framework in this manual must be based on comparable management accounts and the user is referred to the definitions of terms used (p116) for guidance. It should be noted that the assets and liabilities data are heavily influenced by the tenure of the sample farms and due allowance for this fact should be made. Benchmarking a farm business requires a progressive and ordered approach as a range of indicators are reviewed; one possible procedure is illustrated in the chart 1 'Analysing a farm business' on p8.

Chart 2 (p10) illustrates the interpretation and use of the contents of the farm balance sheet in assessing the financial stability of the business.

The analysis of a farm business as outlined in these charts is based on the assumption that the individual farm accounts have been compiled in accordance with the generally accepted format for management purposes, and will include those adjustments arising from the adoption of a replacement cost basis of valuation for certain assets as described in the glossary.

Stages in benchmarking your farm results

1. Identify which type of farming group your farm most closely corresponds to and translate your own financial results for the same cropping year into the tables. It may be useful to check definitions and other accounting procedures using the information in Appendix 2: 'Definitions of terms used' on page 116. In some cases, it may prove useful to compare your results with standards from two different farm type groups, particularly where your farm operates a more diverse system. Chart 1 illustrates some of the more important stages in benchmarking financial performance.

2. Compare the whole farm results with those of first the average, and then the premium, standards, to identify your farm's relative strengths and weaknesses. No single measure should be taken in isolation: sometimes there will be compensating factors and there may

be a substitution between cost headings - for example, between purchased or concentrate feed costs and fertiliser costs, or between the efficiency of labour use and the investment in machinery or the use made of agricultural contractors.

3. Compare profitability and the return on tenant-type capital. Variations in efficiency are invariably due to a combination of factors, including, for example, the relative 'mix' of enterprises, the actual levels of both physical and financial performance (such as yields, stocking rates and unit prices) and unquantified factors such as farm characteristics (including topography, land quality, farm organisation and level of fragmentation) and management.

4. Additional information regarding specific enterprise gross margins can be found in Section 2, and may help to pinpoint individual areas of weakness which exert an influence over the whole farm situation.

5. Where for an individual farm the level of 'output per hectare', 'tenant's capital per hectare' or 'farm size' vary considerably from the standard, some of the more general measures of efficiency (such as 'efficiency per £100 output') may provide more useful comparisons.

6. Variable costs must be expected to vary between farms and therefore should be judged in relation to total output together, where possible, with comparisons of individual enterprise variable costs relative to gross margins in Section 2. In looking at the levels of costs, the important question is 'What level of profit are these costs bringing in to the business?'

7. Variation in the efficiency of use of fixed costs may be due to a number of different factors:

- A poor level of output, or inefficiency in the use of variable costs, both of which will show up at the gross margin level and thus adversely affect the financial efficiency of use of fixed costs.

- An inefficient use of machinery due to over-mechanisation resulting in a high depreciation charge; or excessive repair charges due either to a lack of care and maintenance or to the consequences of insufficient re-investment in machinery.

- An inappropriate combination of enterprises which creates peaks and troughs in labour or machinery use may not be conducive to optimal efficiency in financial terms.

- High interest or land rental charges, although **fixed** by personal circumstances, may still be worth close examination in relation to the level of output obtained. Looking at the level of tenant's capital in relation to output can also point to a possible area for attention.

- Although high costs for land maintenance and/or overheads may be justified by personal circumstances, significant adverse variation from the average would suggest that tighter control could be of benefit.

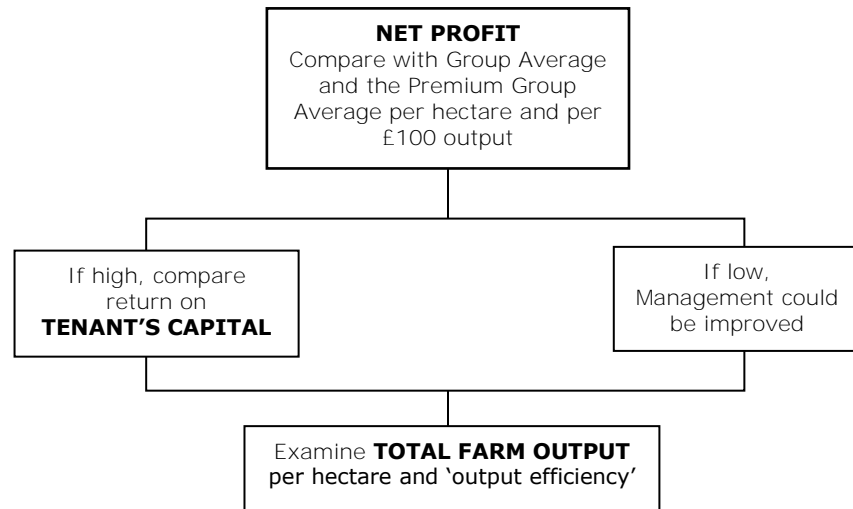
8. An examination and comparison of the farm balance sheet should be attempted to give a broader view of the financial position of the business. Although individual circumstances will inevitably result in considerable, and acceptable, variation in some of the comparative ratios, it is the degree of change between two years and the direction of any trend over time that should be closely monitored. Chart 2 illustrates some of the more important stages in examining the balance sheet of a farm business, and this is dealt with in more detail below.

9. Where this form of benchmarking (or modified comparative analysis) is carried out carefully, it is a useful tool in highlighting areas of the business which may justify closer scrutiny and control. Although in some situations the 'premium' (top third) farms may appear to be only slightly more efficient on individual factors, it is often the cumulative effect of a number of small improvements which produces significant benefits to the business as a whole.

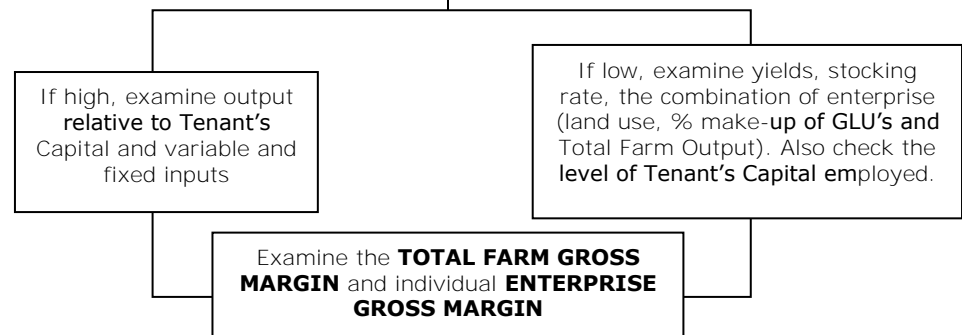
Chart 1

ANALYSING A FARM BUSINESS

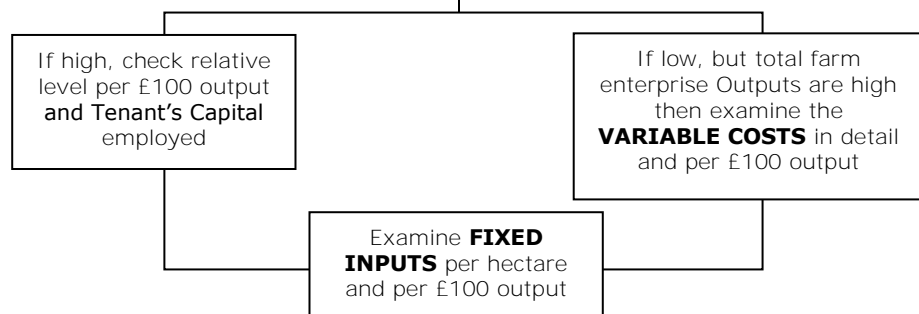
Stage I



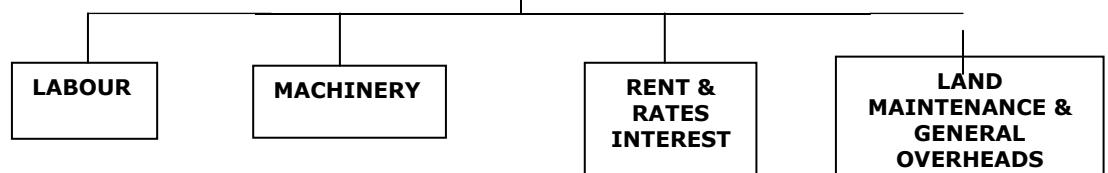
Stage II



Stage III



Stage IV



Stage V **LIABILITIES AND ASSETS** to check financial security

Using balance sheet data for farm business management purposes

It must be stressed that Chart 2 represents a very simplified and generalised framework for the analysis of the stability, liquidity and flexibility of the farm business. Moreover, the terms 'high' and 'low', when applied to any of the ratios employed, are not to be

interpreted as indicating any specific or recommended level. Rather, they should be regarded strictly as relative terms, the significance of which can only be gauged when they are placed within the context of the particular farm or compared with 'standard' levels of financial performance and practice on comparable farms.

The early construction of a time series for each individual ratio employed, specifically for the farm business being managed, is also imperative in order that trends may be revealed. The direction in which a ratio is moving may be of greater significance than its absolute level at any given point in time.

When using the analytical framework provided by the diagram, there is a continuing need of an awareness that the measures which it advocates offer little in the way of assistance if regarded simply as an end in themselves or viewed in isolation one from another. Rather they must be seen as giving some degree of quantitative expression to quite crucial relationships which exist within the financial structure of any business and over which control should be exercised if the health of the business is to be maintained and its objectives more readily attained.

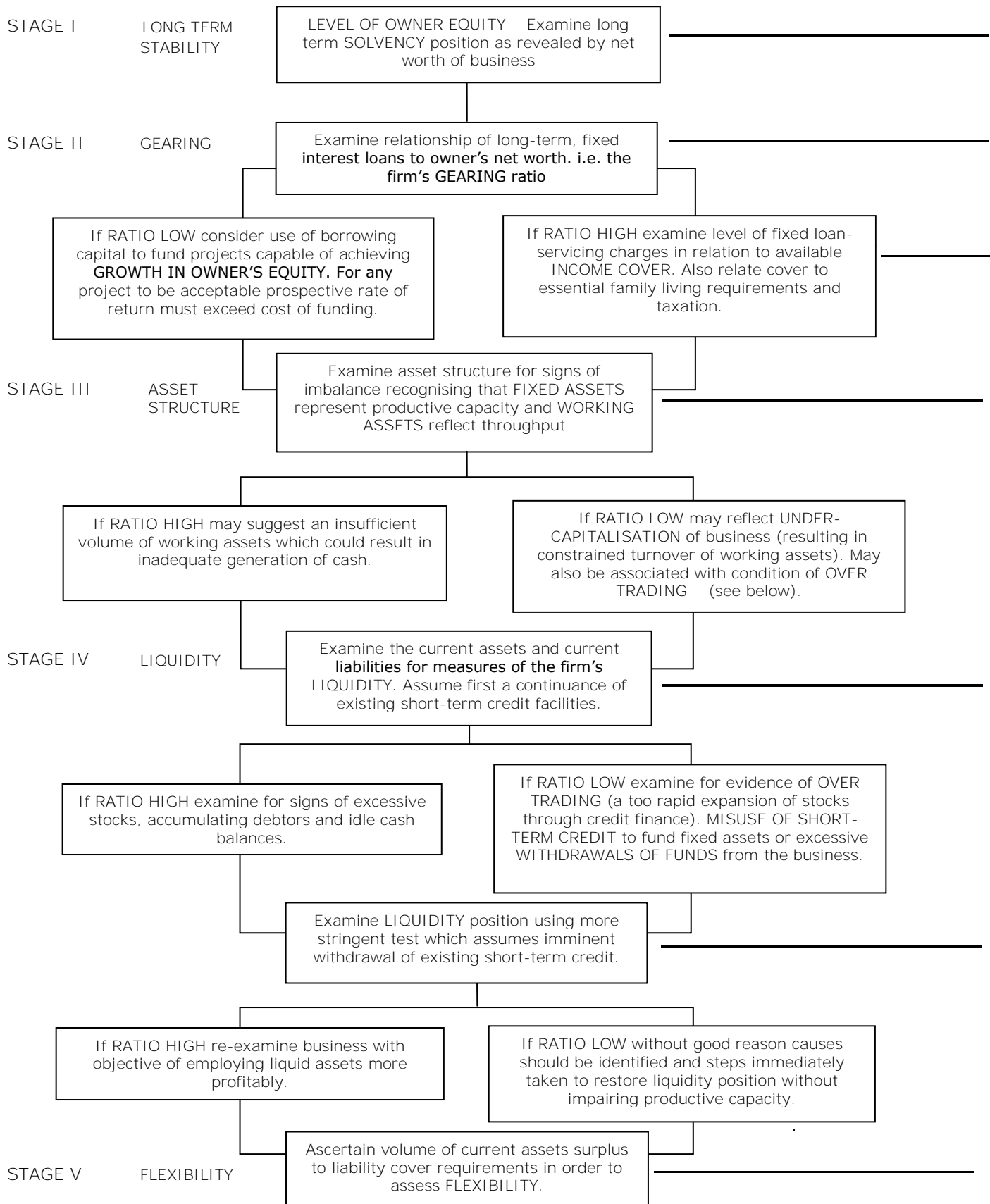
Among the fundamental relationships which financial management should seek to preserve are:

- the requirement that essentially long-term fixed assets should be financed from commensurately long-term funding sources, whether these be in the form of the farmer's own equity finance or debt capital;
- the need to ensure that the income-generating potential of the farm business is capable of supporting the charges which debt servicing commitments, family living requirements and tax liability place upon it;
- the need to provide adequate cover, in the form of realisable assets, cash or unused short-term credit facilities, to withstand any sudden claims which might conceivably be made upon the business and thereby jeopardise its efficiency of operation or even its survival.

The approach suggested by the chart is acknowledged to be a simplified one but it is hoped that it will at least serve as an introductory guide for those who may be unfamiliar with the type of analysis with which it is concerned. The scope of that analysis can be progressively extended and a wider selection of ratios chosen from the many which are available to the business analyst as greater conversancy with their application is gained.

Chart 2

ANALYSING A FARM'S FINANCIAL STABILITY



RATIO/MEASURE EMPLOYED

	Owner Equity ratio (%)	=	$\frac{\text{Net worth}}{\text{Total assets}}$	x	100
--	------------------------	---	--	---	-----

	Gearing ratio (%)	=	$\frac{\text{Long term loans}}{\text{Net worth}}$	x	100
--	-------------------	---	---	---	-----

	Prior charge cover ratio (number of times income covers charges)	=	$\frac{\text{Gross farm income}}{\text{Debt servicing charge}}$		(see notes in box below)
--	---	---	---	--	--------------------------

	Fixed Assets ratio (%)	=	$\frac{\text{Fixed assets}}{\text{Total assets}}$	x	100
--	------------------------	---	---	---	-----

	Current ratio (%)	=	$\frac{\text{Current assets}}{\text{Current liabilities}}$	x	100
--	-------------------	---	--	---	-----

Notes:

1. Gross farm income is defined as net farm income plus any notional charges (imputed rent, board and lodge, unpaid labour and depreciation) less imputed credits. It is employed as a measure of gross farm profit before deduction of depreciation, interest and tax.

2. The components of the ratio presented above can easily be varied to produce a series of tests of a progressive stringency which will measure the cover available to meet all prior charges on income. Such a series might culminate in a ratio which relates net cash surplus (as a residual of gross farm income after removal of its valuation components and elements of accrued expenditure and receipts) to total prior charges comprising debt servicing charges, minimum living requirements and tax liability.

	Liquidity ratio (%)	=	$\frac{\text{Liquid assets}}{\text{Current liabilities}}$	x	100
--	---------------------	---	---	---	-----

	Net Working Capital (£)	=	Current assets less current liabilities		
--	-------------------------	---	--	--	--

NOTES

SECTION 2**WHOLE FARM BUSINESS STANDARDS, 2009/2010**

	Page
Cereal farms - average	48
Cereal and General Cropping farms - under 160 hectares and over 160 hectares	54
Dairy farms - average and premium	60
Dairy farms - under 80 hectares, 80 - 140 hectares and over 140 hectares	66
Lowland Cattle and Sheep farms - average and premium	72
Lowland Cattle and Sheep farms - under 80 hectares and over 80 hectares	78
SDA Cattle and Sheep farms - average	84
LFA Cattle and Sheep farms - under 120 hectares and over 120 hectares	90
Mixed Cropping, Cattle and Sheep farms - average	96
Organic Dairy farms - average	102
Organic Lowland Cattle and Sheep farms - average	108

Organic farms have been excluded from all the farm groups except those specifically called organic.

To allow publication the minimum number of farms in each sample is 15. Some farm types have therefore been amalgamated to provide additional detail by size of farm, i.e. DA farms added to SDA group to generate LFA Cattle and Sheep.

Cereal farms

GROSS OUTPUT, VARIABLE COSTS AND FARM GROSS MARGIN, 2009/2010

	Average	Premium*
Number of farms in group	36	
Average farmed area (hectares)	240	
Average proportion of total farmed area tenanted or hired (%)	33	
	£ per farm hectare	
<u>Output</u>		
Milk	0	
Milk quota leasing less milk quota levy	0	
Cattle	49	
Herd depreciation	0	
Sheep	40	
Flock depreciation	-3	
Wool	0	
Pigs	3	
Poultry	3	
Other livestock	0	
Cereals	381	
Oilseeds	89	
Pulses	5	
Other crops	4	
Crop subsidies	1	
Straw	57	
Forage	34	
Agri-environment schemes and management agreements	48	
Rental income and imputed farmhouse rental equivalent	61	
Hirework	18	
Miscellaneous output	35	
Cultivations	0	
Single Payment Scheme	219	
TOTAL FARM OUTPUT **	1045	
<u>Variable costs</u>		
Concentrates	21	
Purchased fodder	0	
Veterinary and medicines	5	
Other livestock costs	19	
Seeds	40	
Fertilisers	162	
Crop protection	86	
Other crop costs	30	
TOTAL VARIABLE COSTS	365	
TOTAL GROSS MARGIN**	680	

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

Cereal farms

FIXED COSTS, FARM PROFIT AND MANAGEMENT & INVESTMENT INCOME, 2009/2010

	Average	Premium*
Number of farms in group	36	
Average farmed area (hectares)	240	
Average proportion of total farmed area tenanted or hired (%)	33	
	£ per farm hectare	
TOTAL GROSS MARGIN**	680	
<u>Fixed costs</u>		
Paid labour	54	
Unpaid family labour	21	
Casual labour	8	
Contract	72	
Machinery repairs	48	
Machinery fuel	39	
Machinery depreciation	95	
Other depreciation	0	
Property maintenance	37	
Electricity	10	
Other fuel	9	
Water	6	
Insurance	24	
Professional fees	20	
Other general costs	24	
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	465	
PROFIT BEFORE RENT AND INTEREST	216	
Rent, hired in keep and bare land	44	
Rates	0	
Long-term interest	4	
Short-term interest	7	
Interest received (-)	0	
NET PROFIT**	161	
Reconciliation of Profit to NFI and M&I		
Plus - Interest charges (net)	11	
Plus - Landlord type repairs (included in property maintenance)	7	
Less - Rental value (of owner occupied land and buildings)	120	
NET FARM INCOME** (NFI)	58	
Less farmer and spouse labour	86	
MANAGEMENT AND INVESTMENT INCOME** (M&I)	-28	

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

Cereal farms

FINANCIAL COMPARISONS per £100 OUTPUT, 2009/2010

	Average	Premium*
Number of farms in group	36	
Average farmed area (hectares)	240	
Average proportion of total farmed area tenanted or hired (%)	33	
	per £100 output	
<u>Output</u>		
Milk	0	
Cattle	5	
Sheep	4	
Pigs, poultry and other livestock	0	
Cereals	36	
Other cash crops	10	
Straw and forage	9	
Management agreements and agri-environment schemes	5	
Miscellaneous output	11	
Single Payment Scheme	21	
TOTAL OUTPUT**	100	
<u>Variable costs</u>		
Concentrates, fodder and keep	2	
Veterinary, medicines and other livestock costs	2	
Seeds	4	
Fertilisers	15	
Crop protection and other crop costs	11	
TOTAL VARIABLE COSTS	35	
TOTAL GROSS MARGIN**	65	
<u>Fixed costs</u>		
Labour - paid, unpaid and casual, excluding farmer and spouse	8	
Contract	7	
Machinery repairs and fuel	8	
Machinery and other depreciation	9	
Property maintenance	3	
Electricity, other fuel and water	2	
Other general costs	7	
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	44	
PROFIT BEFORE RENT AND INTEREST	21	
Rent and rates	4	
Long-term interest paid	0	
Short-term interest paid	1	
Interest received (-)	0	
PROFIT**	15	

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

Cereal farms

LAND USE AND INDICATORS OF TECHNICAL EFFICIENCY, 2009/2010

	Average	Premium*
Number of farms in group	36	
Average farmed area (hectares)	240	
Average proportion of total farmed area tenanted or hired (%)	33	
<u>Land use</u>		
Percentage cropped	65	
Percentage forage	35	
<u>Grazing livestock units</u>	GLUs per farm	
Dairy cattle	0	
Other cattle	20	
Sheep	14	
Other livestock	4	
Total	38	
GLUs per ha	0.78	
GLUs per adjusted ha	0.81	
<u>Technical efficiency</u>		
<u>Dairy</u>		
Milk yield per cow	n/a	
Pence per litre	n/a	
Milk output per cow	n/a	
Dairy calf output, £ per calf	n/a	
<u>Finished cattle and lambs</u>		
£ per finished animal	852	
£ per finished lamb	64	
<u>Cereals**</u>		
Winter wheat		
Yield - tonnes per hectare	8.7	
Price per tonne	102	
Winter barley		
Yield - tonnes per hectare	6.8	
Price per tonne	93	
Spring barley		
Yield - tonnes per hectare	6.5	
Price per tonne	101	
Winter oats		
Yield - tonnes per hectare	6.7	
Price per tonne	93	
All cereals		
Yield - tonnes per hectare	7.6	
Price per tonne	100	

* Insufficient farms

**Cereal yields for groups growing less than 40 hectares excluded

Cereal farms

TENANTS CAPITAL, OUTPUT RATIOS AND INDICATORS OF FINANCIAL EFFICIENCY, 2009/2010

	Average	Premium*
Number of farms in group	36	
Average farmed area (hectares)	240	
Average proportion of total farmed area tenanted or hired (%)	33	
	£ per farm hectare	
<u>Tenant's capital formation</u>		
Livestock	133	
Crops, forage and cultivations	296	
Stores	179	
Machinery	482	
Single Payment Scheme	242	
Miscellaneous business assets & other assets	13	
Total physical assets	1346	
Liquid assets	324	
Tenant's capital (TC)	1670	
Management & investment income (M&II)**	-28	
Return on tenant's capital (M&II as % of average TC)	-1.7%	
<u>Ratios per £100 of output (%)</u>		
Variable costs	35	
Gross margin	65	
Fixed costs (excluding rent and interest)	44	
Net profit	15	
Net farm income	6	
Farmer and spouse	8	
Management & Investment Income	-3	
Tenant's capital		
Total assets	869	
Total external liabilities	45	
Net worth	824	
<u>Efficiency of labour use</u>		
Costs (£ per hectare)	83	
Costs (£ per £100 output)	8	
Costs (£ per £100 gross margin)	12	
<u>Efficiency of machinery use</u>		
Costs (£ per hectare)	253	
Costs (£ per £100 output)	24	
Costs (£ per £100 gross margin)	37	
<u>Efficiency of labour and machinery use</u>		
Costs (£ per hectare)	336	
Costs (£ per £100 output)	32	
Costs (£ per £100 gross margin)	49	

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

Cereal farms

END-OF-YEAR BALANCE SHEETS, 2009/2010

	Average	Premium*
Number of farms in group	36	
Average farmed area (hectares)	240	
Average proportion of total farmed area tenanted or hired (%)	33	
End of year assets & liabilities	£ per farm hectare	
Land & buildings	7390	
Milk quota	0	
Single Payment Scheme	260	
Machinery	495	
Tenant's other assets	2	
Breeding livestock	63	
Total fixed assets	8211	
Trading livestock	77	
Crops	232	
Forage and cultivations	68	
Stores	158	
Debtors and loans	201	
Bank credit and cash	121	
Other current assets	10	
Total current assets	867	
Total assets	9078	
Financed by		
AMC	85	
Bank loans	12	
Other long term	49	
Total long term	146	
HP and lease	40	
Creditors	89	
Bank overdraft	191	
Other short term	0	
Total current liabilities	320	
Total Liabilities	466	
Net worth	8612	
Balance sheet ratios		
% Owner equity (net worth vs. total assets)	95%	
% Fixed assets vs. total assets	90%	
Gearing (long-term loans vs. total assets)	2%	
Total debt (external liabilities vs. net worth)	5%	
Current Ratio (current assets vs. current liabilities)	271%	
Liquidity Ratio (liquid assets vs. current liabilities)	101%	

* Insufficient farms

Cereal and General Cropping farms

GROSS OUTPUT, VARIABLE COSTS AND FARM GROSS MARGIN, 2009/2010

	Under 160 hectare	Over 160 hectares
Number of farms in group	23	27
Average farmed area (hectares)	122	291
Average proportion of total farmed area tenanted or hired (%)	42	34
	£ per farm hectare	
<u>Output</u>		
Milk	0	0
Milk quota leasing less milk quota levy	0	0
Cattle	164	42
Herd depreciation	-2	6
Sheep	63	40
Flock depreciation	-4	-5
Wool	1	0
Pigs	8	0
Poultry	0	3
Other livestock	0	0
Cereals	276	382
Oilseeds	41	97
Pulses	4	8
Other crops	279	83
Crop subsidies	0	1
Straw	54	58
Forage	31	42
Agri-environment schemes and management agreements	34	53
Rental income and imputed farmhouse rental equivalent	36	68
Hirework	29	46
Miscellaneous output	35	24
Cultivations	-3	1
Single Payment Scheme	209	214
TOTAL FARM OUTPUT **	1256	1162
<u>Variable costs</u>		
Concentrates	52	18
Purchased fodder	1	1
Veterinary and medicines	10	6
Other livestock costs	38	15
Seeds	71	52
Fertilisers	180	160
Crop protection	71	103
Other crop costs	44	44
TOTAL VARIABLE COSTS	468	399
TOTAL GROSS MARGIN**	788	763

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

Cereal and General Cropping farms

FIXED COSTS, FARM PROFIT AND MANAGEMENT & INVESTMENT INCOME, 2009/2010

	Under 160 hectare	Over 160 hectares
Number of farms in group	23	27
Average farmed area (hectares)	122	291
Average proportion of total farmed area tenanted or hired (%)	42	34
	£ per farm hectare	
TOTAL GROSS MARGIN**	788	0
<u>Fixed costs</u>		
Paid labour	62	83
Unpaid family labour	68	12
Casual labour	14	10
Contract	88	67
Machinery repairs	56	59
Machinery fuel	45	48
Machinery depreciation	103	116
Other depreciation	2	0
Property maintenance	31	39
Electricity	8	10
Other fuel	5	10
Water	8	4
Insurance	33	22
Professional fees	19	22
Other general costs	29	22
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	571	524
PROFIT BEFORE RENT AND INTEREST	217	-524
Rent, hired in keep and bare land	64	49
Rates	1	1
Long-term interest	5	6
Short-term interest	14	10
Interest received (-)	1	1
NET PROFIT**	133	-589
Reconciliation of Profit to NFI and M&II		
Plus - Interest charges (net)	19	15
Plus - Landlord type repairs (included in property maintenance)	7	4
Less - Rental value (of owner occupied land and buildings)	110	120
NET FARM INCOME** (NFI)	49	-690
Less farmer and spouse labour	204	64
MANAGEMENT AND INVESTMENT INCOME** (M&II)	-155	-754

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

Cereal and General Cropping farms

FINANCIAL COMPARISONS per £100 OUTPUT, 2009/2010

	Under 160 hectare	Over 160 hectares
Number of farms in group	23	27
Average farmed area (hectares)	122	291
Average proportion of total farmed area tenanted or hired (%)	42	34
	per £100 output	
<u>Output</u>		
Milk	0	0
Cattle	13	4
Sheep	5	3
Pigs, poultry and other livestock	1	0
Cereals	22	33
Other cash crops	26	16
Straw and forage	7	9
Management agreements and agri-environment schemes	3	5
Miscellaneous output	8	12
Single Payment Scheme	17	18
TOTAL OUTPUT**	100	100
<u>Variable costs</u>		
Concentrates, fodder and keep	4	2
Veterinary, medicines and other livestock costs	4	2
Seeds	6	4
Fertilisers	14	14
Crop protection and other crop costs	9	13
TOTAL VARIABLE COSTS	37	34
TOTAL GROSS MARGIN**	63	66
<u>Fixed costs</u>		
Labour - paid, unpaid and casual, excluding farmer and spouse	11	9
Contract	7	6
Machinery repairs and fuel	8	9
Machinery and other depreciation	8	10
Property maintenance	3	3
Electricity, other fuel and water	2	2
Other general costs	6	6
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	45	45
PROFIT BEFORE RENT AND INTEREST	17	21
Rent and rates	5	4
Long-term interest paid	0	1
Short-term interest paid	1	1
Interest received (-)	0	0
PROFIT**	11	15

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

Cereal and General Cropping farms

LAND USE AND INDICATORS OF TECHNICAL EFFICIENCY, 2009/2010

	Under 160 hectare	Over 160 hectares
Number of farms in group	23	27
Average farmed area (hectares)	122	291
Average proportion of total farmed area tenanted or hired (%)	42	34
<u>Land use</u>		
Percentage cropped	56	66
Percentage forage	44	34
<u>Grazing livestock units</u>	GLUs per farm	
Dairy cattle	0	0
Other cattle	39	13
Sheep	12	33
Other livestock	1	-5
Total	52	41
GLUs per ha	1.13	0.74
GLUs per adjusted ha	1.14	0.78
<u>Technical efficiency</u>		
<u>Dairy</u>		
Milk yield per cow	n/a	n/a
Pence per litre	n/a	n/a
Milk output per cow	n/a	n/a
Dairy calf output, £ per calf	n/a	n/a
<u>Finished cattle and lambs</u>		
£ per finished animal	866	972
£ per finished lamb	71	61
<u>Cereals**</u>		
Winter wheat		
Yield - tonnes per hectare	8.0	8.7
Price per tonne	103	102
Winter barley		
Yield - tonnes per hectare	6.1	6.9
Price per tonne	85	94
Spring barley		
Yield - tonnes per hectare	5.9	6.6
Price per tonne	82	106
Winter oats		
Yield - tonnes per hectare	6.7	6.9
Price per tonne	80	94
All cereals		
Yield - tonnes per hectare	6.9	7.8
Price per tonne	93	101

* Insufficient farms

**Cereal yields for groups growing less than 40 hectares excluded

Cereal and General Cropping farms

TENANTS CAPITAL, OUTPUT RATIOS AND INDICATORS OF FINANCIAL EFFICIENCY, 2009/2010

	Under 160 hectare	Over 160 hectares
Number of farms in group	23	27
Average farmed area (hectares)	122	291
Average proportion of total farmed area tenanted or hired (%)	42	34
	£ per farm hectare	
<u>Tenant's capital formation</u>		
Livestock	332	114
Crops, forage and cultivations	182	339
Stores	208	165
Machinery	542	564
Single Payment Scheme	229	237
Miscellaneous business assets & other assets	64	9
Total physical assets	1557	1428
Liquid assets	235	406
Tenant's capital (TC)	1792	1834
Management & investment income (M&II)**	-155	9
Return on tenant's capital (M&II as % of average TC)	-8.6%	0.5%
<u>Ratios per £100 of output (%)</u>		
Variable costs	37	34
Gross margin	63	66
Fixed costs (excluding rent and interest)	45	45
Net profit	11	15
Net farm income	4	6
Farmer and spouse	16	6
Management & Investment Income	-12	1
Tenant's capital		
Total assets	669	787
Total external liabilities	63	53
Net worth	605	734
<u>Efficiency of labour use</u>		
Costs (£ per hectare)	144	105
Costs (£ per £100 output)	11	9
Costs (£ per £100 gross margin)	18	14
<u>Efficiency of machinery use</u>		
Costs (£ per hectare)	292	290
Costs (£ per £100 output)	23	25
Costs (£ per £100 gross margin)	37	38
<u>Efficiency of labour and machinery use</u>		
Costs (£ per hectare)	436	395
Costs (£ per £100 output)	35	34
Costs (£ per £100 gross margin)	55	52

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

Cereal and General Cropping farms

END-OF-YEAR BALANCE SHEETS, 2009/2010

	Under 160 hectare	Over 160 hectares
Number of farms in group	23	27
Average farmed area (hectares)	122	291
Average proportion of total farmed area tenanted or hired (%)	42	34
End of year assets & liabilities	£ per farm hectare	
Land & buildings	6593	7292
Milk quota	0	0
Single Payment Scheme	246	254
Machinery	546	587
Tenant's other assets	50	0
Breeding livestock	111	55
Total fixed assets	7546	8188
Trading livestock	235	65
Crops	117	266
Forage and cultivations	70	68
Stores	175	148
Debtors and loans	137	265
Bank credit and cash	102	138
Other current assets	14	8
Total current assets	850	958
Total assets	8396	9146
Financed by		
AMC	10	120
Bank loans	297	44
Other long term	57	56
Total long term	364	220
HP and lease	64	76
Creditors	92	109
Bank overdraft	269	206
Other short term	5	3
Total current liabilities	430	394
Total Liabilities	794	614
Net worth	7602	8531
<u>Balance sheet ratios</u>		
% Owner equity (net worth vs. total assets)	91%	93%
% Fixed assets vs. total assets	90%	90%
Gearing (long-term loans vs. total assets)	4%	2%
Total debt (external liabilities vs. net worth)	10%	7%
Current Ratio (current assets vs. current liabilities)	198%	243%
Liquidity Ratio (liquid assets vs. current liabilities)	56%	102%

* Insufficient farms

Dairy farms

GROSS OUTPUT, VARIABLE COSTS AND FARM GROSS MARGIN, 2009/2010

	Average	Premium*
Number of farms in group	71	24
Average farmed area (hectares)	128	155
Average proportion of total farmed area tenanted or hired (%)	45	49
	£ per farm hectare	
<u>Output</u>		
Milk	1903	2431
Milk quota leasing less milk quota levy	0	0
Cattle	492	588
Herd depreciation	-190	-223
Sheep	29	32
Flock depreciation	-3	-3
Wool	0	0
Pigs	1	0
Poultry	0	0
Other livestock	0	0
Cereals	30	29
Oilseeds	0	0
Pulses	0	0
Other crops	0	0
Crop subsidies	0	0
Straw	8	9
Forage	18	30
Agri-environment schemes and management agreements	18	12
Rental income and imputed farmhouse rental equivalent	23	30
Hirework	10	11
Miscellaneous output	21	14
Cultivations	-1	-1
Single Payment Scheme	210	230
TOTAL FARM OUTPUT **	2572	3188
<u>Variable costs</u>		
Concentrates	583	671
Purchased fodder	24	30
Veterinary and medicines	81	102
Other livestock costs	190	232
Seeds	28	34
Fertilisers	137	132
Crop protection	20	22
Other crop costs	17	19
TOTAL VARIABLE COSTS	1079	1242
TOTAL GROSS MARGIN**	1492	1946

* Top third selected on Net Profit per hectare

** Excluding Breeding Livestock Stock Appreciation

Dairy farms

FIXED COSTS, FARM PROFIT AND MANAGEMENT & INVESTMENT INCOME, 2009/2010

	Average	Premium*
Number of farms in group	71	24
Average farmed area (hectares)	128	155
Average proportion of total farmed area tenanted or hired (%)	45	49
	£ per farm hectare	
TOTAL GROSS MARGIN**	1492	1946
<u>Fixed costs</u>		
Paid labour	154	232
Unpaid family labour	106	107
Casual labour	20	23
Contract	132	156
Machinery repairs	83	91
Machinery fuel	57	64
Machinery depreciation	147	146
Other depreciation	0	0
Property maintenance	60	68
Electricity	42	47
Other fuel	4	3
Water	27	24
Insurance	33	33
Professional fees	27	31
Other general costs	38	43
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	929	1068
PROFIT BEFORE RENT AND INTEREST	563	878
Rent, hired in keep and bare land	74	91
Rates	1	0
Long-term interest	37	35
Short-term interest	19	15
Interest received (-)	12	13
NET PROFIT**	445	749
Reconciliation of Profit to NFI and M&I		
Plus - Interest charges (net)	44	38
Plus - Landlord type repairs (included in property maintenance)	8	12
Less - Rental value (of owner occupied land and buildings)	186	188
NET FARM INCOME** (NFI)	311	610
Less farmer and spouse labour	304	214
MANAGEMENT AND INVESTMENT INCOME** (M&I)	6	396

* Top third selected on Net Profit per hectare

** Excluding Breeding Livestock Stock Appreciation

Dairy farms

FINANCIAL COMPARISONS per £100 OUTPUT, 2009/2010

	Average	Premium*
Number of farms in group	71	24
Average farmed area (hectares)	128	155
Average proportion of total farmed area tenanted or hired (%)	45	49
	per £100 output	
<u>Output</u>		
Milk	74	76
Cattle	12	11
Sheep	1	1
Pigs, poultry and other livestock	0	0
Cereals	1	1
Other cash crops	0	0
Straw and forage	1	1
Management agreements and agri-environment schemes	1	0
Miscellaneous output	2	2
Single Payment Scheme	8	7
TOTAL OUTPUT**	100	100
<u>Variable costs</u>		
Concentrates, fodder and keep	24	22
Veterinary, medicines and other livestock costs	11	10
Seeds	1	1
Fertilisers	5	4
Crop protection and other crop costs	1	1
TOTAL VARIABLE COSTS	42	39
TOTAL GROSS MARGIN**	58	61
<u>Fixed costs</u>		
Labour - paid, unpaid and casual, excluding farmer and spouse	11	11
Contract	5	5
Machinery repairs and fuel	5	5
Machinery and other depreciation	6	5
Property maintenance	2	2
Electricity, other fuel and water	3	2
Other general costs	4	3
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	36	33
PROFIT BEFORE RENT AND INTEREST	22	28
Rent and rates	3	3
Long-term interest paid	1	1
Short-term interest paid	1	0
Interest received (-)	0	0
PROFIT**	17	24

* Top third selected on Net Profit per hectare

** Excluding Breeding Livestock Stock Appreciation

Dairy farms

LAND USE AND INDICATORS OF TECHNICAL EFFICIENCY, 2009/2010

	Average	Premium*
Number of farms in group	71	24
Average farmed area (hectares)	128	155
Average proportion of total farmed area tenanted or hired (%)	45	49
<u>Land use</u>		
Percentage cropped	5	5
Percentage forage	95	95
<u>Grazing livestock units</u>	GLUs per farm	
Dairy cattle	135	183
Other cattle	70	85
Sheep	7	7
Other livestock	0	0
Total	212	275
GLUs per ha	1.78	1.93
GLUs per adjusted ha	1.81	1.96
<u>Technical efficiency</u>		
<u>Dairy</u>		
Milk yield per cow	7104	7778
Pence per litre	24.8	25.4
Milk output per cow	1809	1997
Dairy calf output, £ per calf	127	138
<u>Finished cattle and lambs</u>		
£ per finished animal	840	904
£ per finished lamb	75	81
<u>Cereals**</u>		
Winter wheat		
Yield - tonnes per hectare	8.0	7.6
Price per tonne	97	95
Winter barley		
Yield - tonnes per hectare	5.6	
Price per tonne	80	
Spring barley		
Yield - tonnes per hectare	6.6	7.0
Price per tonne	77	73
Winter oats		
Yield - tonnes per hectare		
Price per tonne		
All cereals		
Yield - tonnes per hectare	7.0	6.8
Price per tonne	93	96

* Top third selected on Net Profit per hectare

**Cereal yields for groups growing less than 40 hectares excluded

Dairy farms

TENANTS CAPITAL, OUTPUT RATIOS AND INDICATORS OF FINANCIAL EFFICIENCY, 2009/2010

	Average	Premium*
Number of farms in group	71	24
Average farmed area (hectares)	128	155
Average proportion of total farmed area tenanted or hired (%)	45	49
	£ per farm hectare	
<u>Tenant's capital formation</u>		
Livestock	1661	1912
Crops, forage and cultivations	96	114
Stores	113	110
Machinery	755	777
Single Payment Scheme	219	229
Miscellaneous business assets & other assets	150	175
Total physical assets	2994	3317
Liquid assets	424	583
Tenant's capital (TC)	3418	3900
Management & investment income (M&II)**	6	396
Return on tenant's capital (M&II as % of average TC)	0.2%	10.2%
<u>Ratios per £100 of output (%)</u>		
Variable costs	42	39
Gross margin	58	61
Fixed costs (excluding rent and interest)	36	33
Net profit	17	24
Net farm income	12	19
Farmer and spouse	12	7
Management & Investment Income	0	12
Tenant's capital		
Total assets	468	401
Total external liabilities	79	58
Net worth	390	343
<u>Efficiency of labour use</u>		
Costs (£ per hectare)	280	362
Costs (£ per £100 output)	11	11
Costs (£ per £100 gross margin)	19	19
<u>Efficiency of machinery use</u>		
Costs (£ per hectare)	419	457
Costs (£ per £100 output)	16	14
Costs (£ per £100 gross margin)	28	23
<u>Efficiency of labour and machinery use</u>		
Costs (£ per hectare)	699	819
Costs (£ per £100 output)	27	26
Costs (£ per £100 gross margin)	47	42

* Top third selected on Net Profit per hectare

** Excluding Breeding Livestock Stock Appreciation

Dairy farms

END-OF-YEAR BALANCE SHEETS, 2009/2010

	Average	Premium*
Number of farms in group	71	24
Average farmed area (hectares)	128	155
Average proportion of total farmed area tenanted or hired (%)	45	49
End of year assets & liabilities	£ per farm hectare	
Land & buildings	8519	8744
Milk quota	23	32
Single Payment Scheme	232	242
Machinery	800	838
Tenant's other assets	0	0
Breeding livestock	1338	1580
Total fixed assets	10913	11435
Trading livestock	377	421
Crops	9	15
Forage and cultivations	88	109
Stores	99	96
Debtors and loans	288	393
Bank credit and cash	105	126
Other current assets	162	192
Total current assets	1127	1350
Total assets	12040	12785
Financed by		
AMC	240	241
Bank loans	863	520
Other long term	215	427
Total long term	1318	1188
HP and lease	111	118
Creditors	208	258
Bank overdraft	357	268
Other short term	28	22
Total current liabilities	704	666
Total Liabilities	2022	1854
Net worth	10018	10931
Balance sheet ratios		
% Owner equity (net worth vs. total assets)	83%	85%
% Fixed assets vs. total assets	91%	89%
Gearing (long-term loans vs. total assets)	11%	9%
Total debt (external liabilities vs. net worth)	20%	17%
Current Ratio (current assets vs. current liabilities)	160%	203%
Liquidity Ratio (liquid assets vs. current liabilities)	56%	78%

* Top third selected on Net Profit per hectare

Dairy farms

GROSS OUTPUT, VARIABLE COSTS AND FARM GROSS MARGIN, 2009/2010

	under 80 hectares	80 - 140 hectares	Over 140 hectares
Number of farms in group	19	35	26
Average farmed area (hectares)	62	110	200
Average proportion of total farmed area tenanted or hired (%)	49	38	49
	£ per farm hectare		
<u>Output</u>			
Milk	1851	1997	1862
Milk quota leasing less milk quota levy	0	0	0
Cattle	422	511	501
Herd depreciation	-169	-195	-188
Sheep	10	35	27
Flock depreciation	-2	-2	-3
Wool	0	0	0
Pigs	1	1	2
Poultry	2	0	0
Other livestock	0	0	0
Cereals	2	22	55
Oilseeds	0	0	0
Pulses	0	0	1
Other crops	0	0	0
Crop subsidies	0	0	0
Straw	0	7	14
Forage	13	19	14
Agri-environment schemes and management agreements	32	15	17
Rental income and imputed farmhouse rental equivalent	15	27	19
Hirework	8	8	12
Miscellaneous output	33	25	6
Cultivations	0	0	-1
Single Payment Scheme	200	212	219
TOTAL FARM OUTPUT **	2418	2681	2555
<u>Variable costs</u>			
Concentrates	505	658	567
Purchased fodder	50	21	19
Veterinary and medicines	79	84	77
Other livestock costs	212	190	176
Seeds	18	30	31
Fertilisers	121	148	126
Crop protection	11	17	27
Other crop costs	13	18	16
TOTAL VARIABLE COSTS	1010	1165	1039
TOTAL GROSS MARGIN**	1408	1516	1515

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

Dairy farms

FIXED COSTS, FARM PROFIT AND MANAGEMENT & INVESTMENT INCOME, 2009/2010

	under 80 hectares	80 - 140 hectares	Over 140 hectares
Number of farms in group	19	35	26
Average farmed area (hectares)	62	110	200
Average proportion of total farmed area tenanted or hired (%)	49	38	49
	£ per farm hectare		
TOTAL GROSS MARGIN**	1408	1516	1515
<u>Fixed costs</u>			
Paid labour	87	148	193
Unpaid family labour	42	119	134
Casual labour	8	32	14
Contract	136	140	124
Machinery repairs	86	86	81
Machinery fuel	48	60	59
Machinery depreciation	155	139	143
Other depreciation	0	0	0
Property maintenance	47	67	61
Electricity	39	48	36
Other fuel	3	3	4
Water	34	26	25
Insurance	36	34	29
Professional fees	30	26	25
Other general costs	41	38	37
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	792	966	962
PROFIT BEFORE RENT AND INTEREST	617	550	553
Rent, hired in keep and bare land	80	68	82
Rates	0	1	0
Long-term interest	21	50	29
Short-term interest	22	18	18
Interest received (-)	13	8	16
NET PROFIT**	507	421	440
Reconciliation of Profit to NFI and M&II			
Plus - Interest charges (net)	30	60	30
Plus - Landlord type repairs (included in property maintenance)	11	8	3
Less - Rental value (of owner occupied land and buildings)	172	202	173
NET FARM INCOME** (NFI)	376	286	301
Less farmer and spouse labour	565	281	149
MANAGEMENT AND INVESTMENT INCOME** (M&II)	-189	5	152

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

Dairy farms

FINANCIAL COMPARISONS per £100 OUTPUT, 2009/2010

	under 80 hectares	80 - 140 hectares	Over 140 hectares
Number of farms in group	19	35	26
Average farmed area (hectares)	62	110	200
Average proportion of total farmed area tenanted or hired (%)	49	38	49
	per £100 output		
<u>Output</u>			
Milk	77	74	73
Cattle	10	12	12
Sheep	0	1	1
Pigs, poultry and other livestock	0	0	0
Cereals	0	1	2
Other cash crops	0	0	0
Straw and forage	1	1	1
Management agreements and agri-environment schemes	1	1	1
Miscellaneous output	2	2	1
Single Payment Scheme	8	8	9
TOTAL OUTPUT**	100	100	100
<u>Variable costs</u>			
Concentrates, fodder and keep	23	25	23
Veterinary, medicines and other livestock costs	12	10	10
Seeds	1	1	1
Fertilisers	5	6	5
Crop protection and other crop costs	1	1	2
TOTAL VARIABLE COSTS	42	43	41
TOTAL GROSS MARGIN**	58	57	59
<u>Fixed costs</u>			
Labour - paid, unpaid and casual, excluding farmer and spouse	6	11	13
Casual labour	0	1	1
Contract	6	5	5
Machinery repairs and fuel	6	5	5
Machinery and other depreciation	6	5	6
Property maintenance	2	2	2
Electricity, other fuel and water	3	3	3
Other general costs	4	4	4
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	33	36	38
PROFIT BEFORE RENT AND INTEREST	26	21	22
Rent and rates	3	3	3
Long-term interest paid	1	2	1
Short-term interest paid	1	1	1
Interest received (-)	1	0	1
PROFIT**	21	16	17

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

Dairy farms

LAND USE AND INDICATORS OF TECHNICAL EFFICIENCY, 2009/2010

	under 80 hectares	80 - 140 hectares	Over 140 hectares
Number of farms in group	19	35	26
Average farmed area (hectares)	62	110	200
Average proportion of total farmed area tenanted or hired (%)	49	38	49
<u>Land use</u>			
Percentage cropped	0	4	9
Percentage forage	100	96	91
<u>Grazing livestock units</u>	GLUs per farm		
Dairy cattle	70	125	199
Other cattle	25	53	123
Sheep	3	9	8
Other livestock	2	-1	0
Total	100	186	330
GLUs per ha	1.60	1.79	1.84
GLUs per adjusted ha	1.59	1.82	1.87
<u>Technical efficiency</u>			
<u>Dairy</u>			
Milk yield per cow	6827	7064	7221
Pence per litre	24.1	24.6	25.1
Milk output per cow	1664	1737	1840
Dairy calf output, £ per calf	118	130	128
<u>Finished cattle and lambs</u>			
£ per finished animal	777	852	835
£ per finished lamb	64	72	77
<u>Cereals**</u>			
Winter wheat			
Yield - tonnes per hectare		8.5	7.7
Price per tonne		104	95
Winter barley			
Yield - tonnes per hectare			5.6
Price per tonne			81
Spring barley			
Yield - tonnes per hectare		6.2	7.2
Price per tonne		83	74
Winter oats			
Yield - tonnes per hectare			
Price per tonne			
All cereals			
Yield - tonnes per hectare		6.9	7.0
Price per tonne		93	91

* Insufficient farms

**Cereal yields for groups growing less than 40 hectares excluded

Dairy farms

TENANTS CAPITAL, OUTPUT RATIOS AND INDICATORS OF FINANCIAL EFFICIENCY, 2009/2010

	under 80 hectares	80 - 140 hectares	Over 140 hectares
Number of farms in group	19	35	26
Average farmed area (hectares)	62	110	200
Average proportion of total farmed area tenanted or hired (%)	49	38	49
	£ per farm hectare		
<u>Tenant's capital formation</u>			
Livestock	1584	1757	1613
Crops, forage and cultivations	74	87	108
Stores	115	102	113
Machinery	782	731	744
Single Payment Scheme	216	216	222
Miscellaneous business assets & other assets	169	125	190
Total physical assets	2939	3018	2990
Liquid assets	392	455	414
Tenant's capital (TC)	3331	3473	3403
Management & investment income (M&II)**	-189	5	152
Return on tenant's capital (M&II as % of average TC)	-5.7%	0.1%	4.5%
<u>Ratios per £100 of output (%)</u>			
Variable costs	42	43	41
Gross margin	58	57	59
Fixed costs (excluding rent and interest)	33	36	38
Net profit	21	16	17
Net farm income	16	11	12
Farmer and spouse	23	10	6
Management & Investment Income	-8	0	6
Tenant's capital			
Total assets	486	473	427
Total external liabilities	57	83	80
Net worth	429	390	347
<u>Efficiency of labour use</u>			
Costs (£ per hectare)	137	299	341
Costs (£ per £100 output)	6	11	13
Costs (£ per £100 gross margin)	10	20	22
<u>Efficiency of machinery use</u>			
Costs (£ per hectare)	424	425	407
Costs (£ per £100 output)	18	16	16
Costs (£ per £100 gross margin)	30	28	27
<u>Efficiency of labour and machinery use</u>			
Costs (£ per hectare)	562	724	747
Costs (£ per £100 output)	23	27	29
Costs (£ per £100 gross margin)	40	48	49

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

Dairy farms

END-OF-YEAR BALANCE SHEETS, 2009/2010

	under 80 hectares	80 - 140 hectares	Over 140 hectares
Number of farms in group	19	35	26
Average farmed area (hectares)	62	110	200
Average proportion of total farmed area tenanted or hired (%)	49	38	49
End of year assets & liabilities	£ per farm hectare		
Land & buildings	8394	9126	7313
Milk quota	15	23	29
Single Payment Scheme	239	226	236
Machinery	826	783	779
Tenant's other assets	0	0	0
Breeding livestock	1335	1413	1299
Total fixed assets	10810	11571	9656
Trading livestock	268	405	392
Crops	1	4	21
Forage and cultivations	77	80	89
Stores	101	91	95
Debtors and loans	229	255	357
Bank credit and cash	81	136	92
Other current assets	186	132	205
Total current assets	943	1102	1251
Total assets	11753	12673	10907
Financed by			
AMC	40	327	216
Bank loans	669	1105	630
Other long term	159	76	380
Total long term	868	1508	1225
HP and lease	129	116	105
Creditors	192	178	245
Bank overdraft	114	406	466
Other short term	77	15	3
Total current liabilities	512	715	819
Total Liabilities	1381	2222	2044
Net worth	10373	10451	8862
Balance sheet ratios			
% Owner equity (net worth vs. total assets)	88%	82%	81%
% Fixed assets vs. total assets	92%	91%	89%
Gearing (long-term loans vs. total assets)	7%	12%	11%
Total debt (external liabilities vs. net worth)	13%	21%	23%
Current Ratio (current assets vs. current liabilities)	184%	154%	153%
Liquidity Ratio (liquid assets vs. current liabilities)	61%	55%	55%

* Insufficient farms

Lowland Cattle and Sheep farms

GROSS OUTPUT, VARIABLE COSTS AND FARM GROSS MARGIN, 2009/2010

	Average	Premium*
Number of farms in group	44	15
Average farmed area (hectares)	78	80
Average proportion of total farmed area tenanted or hired (%)	22	18
	£ per farm hectare	
<u>Output</u>		
Milk	0	0
Milk quota leasing less milk quota levy	0	0
Cattle	453	486
Herd depreciation	-6	7
Sheep	225	219
Flock depreciation	-16	3
Wool	2	2
Pigs	0	0
Poultry	2	0
Other livestock	0	0
Cereals	16	9
Oilseeds	0	0
Pulses	0	0
Other crops	0	0
Crop subsidies	0	0
Straw	7	4
Forage	21	32
Agri-environment schemes and management agreements	42	61
Rental income and imputed farmhouse rental equivalent	25	31
Hirework	37	26
Miscellaneous output	26	29
Cultivations	0	0
Single Payment Scheme	227	239
TOTAL FARM OUTPUT **	1059	1147
<u>Variable costs</u>		
Concentrates	88	63
Purchased fodder	12	10
Veterinary and medicines	35	36
Other livestock costs	88	79
Seeds	9	9
Fertilisers	57	43
Crop protection	7	6
Other crop costs	9	6
TOTAL VARIABLE COSTS	305	253
TOTAL GROSS MARGIN**	755	894

* Top third selected on Net Profit per hectare

** Excluding Breeding Livestock Stock Appreciation

Lowland Cattle and Sheep farms

FIXED COSTS, FARM PROFIT AND MANAGEMENT & INVESTMENT INCOME, 2009/2010

	Average	Premium*
Number of farms in group	44	15
Average farmed area (hectares)	78	80
Average proportion of total farmed area tenanted or hired (%)	22	18
	£ per farm hectare	
TOTAL GROSS MARGIN**	755	894
<u>Fixed costs</u>		
Paid labour	20	20
Unpaid family labour	33	11
Casual labour	7	8
Contract	50	51
Machinery repairs	43	36
Machinery fuel	40	33
Machinery depreciation	84	81
Other depreciation	0	0
Property maintenance	37	38
Electricity	9	8
Other fuel	5	4
Water	11	10
Insurance	34	31
Professional fees	28	26
Other general costs	28	30
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	429	386
PROFIT BEFORE RENT AND INTEREST	325	508
Rent, hired in keep and bare land	35	30
Rates	4	5
Long-term interest	12	14
Short-term interest	10	10
Interest received (-)	1	1
NET PROFIT**	265	450
Reconciliation of Profit to NFI and M&II		
Plus - Interest charges (net)	21	23
Plus - Landlord type repairs (included in property maintenance)	5	4
Less - Rental value (of owner occupied land and buildings)	117	118
NET FARM INCOME** (NFI)	173	359
Less farmer and spouse labour	310	264
MANAGEMENT AND INVESTMENT INCOME** (M&II)	-137	95

* Top third selected on Net Profit per hectare

** Excluding Breeding Livestock Stock Appreciation

Lowland Cattle and Sheep farms

FINANCIAL COMPARISONS per £100 OUTPUT, 2009/2010

	Average	Premium*
Number of farms in group	44	15
Average farmed area (hectares)	78	80
Average proportion of total farmed area tenanted or hired (%)	22	18
	per £100 output	
<u>Output</u>		
Milk	0	0
Cattle	42	43
Sheep	20	20
Pigs, poultry and other livestock	0	0
Cereals	2	1
Other cash crops	0	0
Straw and forage	3	3
Management agreements and agri-environment schemes	4	5
Miscellaneous output	8	7
Single Payment Scheme	21	21
TOTAL OUTPUT**	100	100
<u>Variable costs</u>		
Concentrates, fodder and keep	9	6
Veterinary, medicines and other livestock costs	12	10
Seeds	1	1
Fertilisers	5	4
Crop protection and other crop costs	1	1
TOTAL VARIABLE COSTS	29	22
TOTAL GROSS MARGIN**	71	78
<u>Fixed costs</u>		
Labour - paid, unpaid and casual, excluding farmer and spouse	6	3
Contract	5	4
Machinery repairs and fuel	8	6
Machinery and other depreciation	8	7
Property maintenance	3	3
Electricity, other fuel and water	2	2
Other general costs	9	8
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	41	34
PROFIT BEFORE RENT AND INTEREST	31	44
Rent and rates	4	3
Long-term interest paid	1	1
Short-term interest paid	1	1
Interest received (-)	0	0
PROFIT**	25	39

* Top third selected on Net Profit per hectare

** Excluding Breeding Livestock Stock Appreciation

Lowland Cattle and Sheep farms

LAND USE AND INDICATORS OF TECHNICAL EFFICIENCY, 2009/2010

	Average	Premium*
Number of farms in group	44	15
Average farmed area (hectares)	78	80
Average proportion of total farmed area tenanted or hired (%)	22	18
<u>Land use</u>		
Percentage cropped	4	2
Percentage forage	96	98
<u>Grazing livestock units</u>	GLUs per farm	
Dairy cattle	0	0
Other cattle	62	66
Sheep	34	35
Other livestock	1	2
Total	97	103
GLUs per ha	1.39	1.36
GLUs per adjusted ha	1.38	1.36
<u>Technical efficiency</u>		
<u>Dairy</u>		
Milk yield per cow	n/a	n/a
Pence per litre	n/a	n/a
Milk output per cow	n/a	n/a
Dairy calf output, £ per calf	n/a	n/a
<u>Finished cattle and lambs</u>		
£ per finished animal	827	764
£ per finished lamb	65	66
<u>Cereals**</u>		
Winter wheat		
Yield - tonnes per hectare		
Price per tonne		
Winter barley		
Yield - tonnes per hectare		
Price per tonne		
Spring barley		
Yield - tonnes per hectare	5.0	
Price per tonne	77	
Winter oats		
Yield - tonnes per hectare		
Price per tonne		
All cereals		
Yield - tonnes per hectare	5.6	
Price per tonne	80	

* Top third selected on Net Profit per hectare

**Cereal yields for groups growing less than 40 hectares excluded

Lowland Cattle and Sheep farms

TENANTS CAPITAL, OUTPUT RATIOS AND INDICATORS OF FINANCIAL EFFICIENCY, 2009/2010

	Average	Premium*
Number of farms in group	44	15
Average farmed area (hectares)	78	80
Average proportion of total farmed area tenanted or hired (%)	22	18
	£ per farm hectare	
<u>Tenant's capital formation</u>		
Livestock	901	910
Crops, forage and cultivations	61	60
Stores	46	25
Machinery	428	394
Single Payment Scheme	245	260
Miscellaneous business assets & other assets	11	9
Total physical assets	1692	1659
Liquid assets	264	334
Tenant's capital (TC)	1956	1993
Management & investment income (M&II)**	-137	95
Return on tenant's capital (M&II as % of average TC)	-7.0%	4.7%
<u>Ratios per £100 of output (%)</u>		
Variable costs	29	22
Gross margin	71	78
Fixed costs (excluding rent and interest)	41	34
Net profit	25	39
Net farm income	16	31
Farmer and spouse	29	23
Management & Investment Income	-13	8
Tenant's capital		
Total assets	1109	1002
Total external liabilities	69	71
Net worth	1040	932
<u>Efficiency of labour use</u>		
Costs (£ per hectare)	60	39
Costs (£ per £100 output)	6	3
Costs (£ per £100 gross margin)	8	4
<u>Efficiency of machinery use</u>		
Costs (£ per hectare)	217	200
Costs (£ per £100 output)	20	17
Costs (£ per £100 gross margin)	29	22
<u>Efficiency of labour and machinery use</u>		
Costs (£ per hectare)	277	239
Costs (£ per £100 output)	26	21
Costs (£ per £100 gross margin)	37	27

* Top third selected on Net Profit per hectare

** Excluding Breeding Livestock Stock Appreciation

Lowland Cattle and Sheep farms

END-OF-YEAR BALANCE SHEETS, 2009/2010

	Average	Premium*
Number of farms in group	44	15
Average farmed area (hectares)	78	80
Average proportion of total farmed area tenanted or hired (%)	22	18
End of year assets & liabilities	£ per farm hectare	
Land & buildings	9673	9313
Milk quota	1	0
Single Payment Scheme	263	279
Machinery	442	402
Tenant's other assets	0	0
Breeding livestock	477	457
Total fixed assets	10854	10452
Trading livestock	492	560
Crops	8	4
Forage and cultivations	52	61
Stores	46	26
Debtors and loans	176	200
Bank credit and cash	112	180
Other current assets	11	9
Total current assets	896	1041
Total assets	11750	11494
Financed by		
AMC	67	79
Bank loans	229	144
Other long term	104	190
Total long term	399	413
HP and lease	46	57
Creditors	89	60
Bank overdraft	188	264
Other short term	11	16
Total current liabilities	334	396
Total Liabilities	734	810
Net worth	11017	10684
Balance sheet ratios		
% Owner equity (net worth vs. total assets)	94%	93%
% Fixed assets vs. total assets	92%	91%
Gearing (long-term loans vs. total assets)	3%	4%
Total debt (external liabilities vs. net worth)	7%	8%
Current Ratio (current assets vs. current liabilities)	268%	263%
Liquidity Ratio (liquid assets vs. current liabilities)	86%	96%

* Top third selected on Net Profit per hectare

Lowland Cattle and Sheep farms

GROSS OUTPUT, VARIABLE COSTS AND FARM GROSS MARGIN, 2009/2010

	Under 80 hectares	Over 80 hectares
Number of farms in group	25	19
Average farmed area (hectares)	55	107
Average proportion of total farmed area tenanted or hired (%)	25	18
	£ per farm hectare	
<u>Output</u>		
Milk	0	0
Milk quota leasing less milk quota levy	0	0
Cattle	483	414
Herd depreciation	-12	1
Sheep	230	219
Flock depreciation	-12	-22
Wool	2	2
Pigs	0	0
Poultry	3	0
Other livestock	0	0
Cereals	10	24
Oilseeds	0	0
Pulses	0	0
Other crops	0	0
Crop subsidies	0	0
Straw	4	9
Forage	16	26
Agri-environment schemes and management agreements	40	46
Rental income and imputed farmhouse rental equivalent	31	16
Hirework	53	17
Miscellaneous output	24	28
Cultivations	-1	0
Single Payment Scheme	215	242
TOTAL FARM OUTPUT **	1088	1022
<u>Variable costs</u>		
Concentrates	80	99
Purchased fodder	16	7
Veterinary and medicines	38	31
Other livestock costs	90	84
Seeds	8	10
Fertilisers	44	74
Crop protection	6	8
Other crop costs	12	4
TOTAL VARIABLE COSTS	295	317
TOTAL GROSS MARGIN**	792	705

* Top third selected on Net Profit per hectare

** Excluding Breeding Livestock Stock Appreciation

Lowland Cattle and Sheep farms

FIXED COSTS, FARM PROFIT AND MANAGEMENT & INVESTMENT INCOME, 2009/2010

	Under 80 hectares	Over 80 hectares
Number of farms in group	25	19
Average farmed area (hectares)	55	107
Average proportion of total farmed area tenanted or hired (%)	25	18
	£ per farm hectare	
TOTAL GROSS MARGIN**	792	705
<u>Fixed costs</u>		
Paid labour	18	23
Unpaid family labour	15	57
Casual labour	6	8
Contract	55	45
Machinery repairs	47	38
Machinery fuel	40	41
Machinery depreciation	73	97
Other depreciation	0	0
Property maintenance	39	34
Electricity	10	8
Other fuel	6	4
Water	14	6
Insurance	35	33
Professional fees	36	16
Other general costs	31	25
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	426	434
PROFIT BEFORE RENT AND INTEREST	367	271
Rent, hired in keep and bare land	44	24
Rates	7	2
Long-term interest	10	16
Short-term interest	6	16
Interest received (-)	0	3
NET PROFIT**	302	216
Reconciliation of Profit to NFI and M&II		
Plus - Interest charges (net)	15	29
Plus - Landlord type repairs (included in property maintenance)	4	6
Less - Rental value (of owner occupied land and buildings)	113	124
NET FARM INCOME** (NFI)	208	127
Less farmer and spouse labour	351	257
MANAGEMENT AND INVESTMENT INCOME** (M&II)	-144	-129

* Top third selected on Net Profit per hectare

** Excluding Breeding Livestock Stock Appreciation

Lowland Cattle and Sheep farms

FINANCIAL COMPARISONS per £100 OUTPUT, 2009/2010

	Under 80 hectares	Over 80 hectares
Number of farms in group	25	19
Average farmed area (hectares)	55	107
Average proportion of total farmed area tenanted or hired (%)	25	18
	per £100 output	
<u>Output</u>		
Milk	0	0
Cattle	43	41
Sheep	20	20
Pigs, poultry and other livestock	0	0
Cereals	1	2
Other cash crops	0	0
Straw and forage	2	3
Management agreements and agri-environment schemes	4	4
Miscellaneous output	10	6
Single Payment Scheme	20	24
TOTAL OUTPUT**	100	100
<u>Variable costs</u>		
Concentrates, fodder and keep	9	10
Veterinary, medicines and other livestock costs	12	11
Seeds	1	1
Fertilisers	4	7
Crop protection and other crop costs	2	1
TOTAL VARIABLE COSTS	27	31
TOTAL GROSS MARGIN**	73	69
<u>Fixed costs</u>		
Labour - paid, unpaid and casual, excluding farmer and spouse	4	9
Contract	5	4
Machinery repairs and fuel	8	8
Machinery and other depreciation	7	10
Property maintenance	4	3
Electricity, other fuel and water	3	2
Other general costs	9	7
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	39	42
PROFIT BEFORE RENT AND INTEREST	34	26
Rent and rates	5	2
Long-term interest paid	1	2
Short-term interest paid	1	2
Interest received (-)	0	0
PROFIT**	28	21

* Top third selected on Net Profit per hectare

** Excluding Breeding Livestock Stock Appreciation

Lowland Cattle and Sheep farms

LAND USE AND INDICATORS OF TECHNICAL EFFICIENCY, 2009/2010

	Under 80 hectares	Over 80 hectares
Number of farms in group	25	19
Average farmed area (hectares)	55	107
Average proportion of total farmed area tenanted or hired (%)	25	18
<u>Land use</u>		
Percentage cropped	2	5
Percentage forage	98	95
<u>Grazing livestock units</u>	GLUs per farm	
Dairy cattle	0	0
Other cattle	44	86
Sheep	22	49
Other livestock	1	1
Total	67	136
GLUs per ha	1.28	1.47
GLUs per adjusted ha	1.29	1.45
<u>Technical efficiency</u>		
<u>Dairy</u>		
Milk yield per cow	n/a	n/a
Pence per litre	n/a	n/a
Milk output per cow	n/a	n/a
Dairy calf output, £ per calf	n/a	n/a
<u>Finished cattle and lambs</u>		
£ per finished animal	810	840
£ per finished lamb	65	65
<u>Cereals**</u>		
Winter wheat		
Yield - tonnes per hectare		
Price per tonne		
Winter barley		
Yield - tonnes per hectare		
Price per tonne		
Spring barley		
Yield - tonnes per hectare		5.2
Price per tonne		76
Winter oats		
Yield - tonnes per hectare		
Price per tonne		
All cereals		
Yield - tonnes per hectare		5.8
Price per tonne		79

* Top third selected on Net Profit per hectare

**Cereal yields for groups growing less than 40 hectares excluded

Lowland Cattle and Sheep farms

TENANTS CAPITAL, OUTPUT RATIOS AND INDICATORS OF FINANCIAL EFFICIENCY, 2009/2010

	Under 80 hectares	Over 80 hectares
Number of farms in group	25	19
Average farmed area (hectares)	55	107
Average proportion of total farmed area tenanted or hired (%)	25	18
	£ per farm hectare	
<u>Tenant's capital formation</u>		
Livestock	901	901
Crops, forage and cultivations	61	62
Stores	36	58
Machinery	393	473
Single Payment Scheme	239	254
Miscellaneous business assets & other assets	15	5
Total physical assets	1645	1753
Liquid assets	289	231
Tenant's capital (TC)	1934	1984
Management & investment income (M&II)**	-144	-129
Return on tenant's capital (M&II as % of average TC)	-7.4%	-6.5%
<u>Ratios per £100 of output (%)</u>		
Variable costs	27	31
Gross margin	73	69
Fixed costs (excluding rent and interest)	39	42
Net profit	28	21
Net farm income	19	12
Farmer and spouse	32	25
Management & Investment Income	-13	-13
Tenant's capital		
Total assets	1083	1146
Total external liabilities	55	90
Net worth	1028	1056
<u>Efficiency of labour use</u>		
Costs (£ per hectare)	39	88
Costs (£ per £100 output)	4	9
Costs (£ per £100 gross margin)	5	12
<u>Efficiency of machinery use</u>		
Costs (£ per hectare)	214	221
Costs (£ per £100 output)	20	22
Costs (£ per £100 gross margin)	27	31
<u>Efficiency of labour and machinery use</u>		
Costs (£ per hectare)	253	308
Costs (£ per £100 output)	23	30
Costs (£ per £100 gross margin)	32	44

* Top third selected on Net Profit per hectare

** Excluding Breeding Livestock Stock Appreciation

Lowland Cattle and Sheep farms

END-OF-YEAR BALANCE SHEETS, 2009/2010

	Under 80 hectares	Over 80 hectares
Number of farms in group	25	19
Average farmed area (hectares)	55	107
Average proportion of total farmed area tenanted or hired (%)	25	18
End of year assets & liabilities	£ per farm hectare	
Land & buildings	9678	9665
Milk quota	1	0
Single Payment Scheme	258	269
Machinery	404	491
Tenant's other assets	0	0
Breeding livestock	458	501
Total fixed assets	10800	10927
Trading livestock	535	436
Crops	6	10
Forage and cultivations	53	50
Stores	42	50
Debtors and loans	161	196
Bank credit and cash	165	43
Other current assets	15	5
Total current assets	976	790
Total assets	11776	11716
Financed by		
AMC	59	77
Bank loans	258	190
Other long term	53	170
Total long term	371	437
HP and lease	36	60
Creditors	95	81
Bank overdraft	88	319
Other short term	4	20
Total current liabilities	223	480
Total Liabilities	594	917
Net worth	11182	10799
<u>Balance sheet ratios</u>		
% Owner equity (net worth vs. total assets)	95%	92%
% Fixed assets vs. total assets	92%	93%
Gearing (long-term loans vs. total assets)	3%	4%
Total debt (external liabilities vs. net worth)	5%	8%
Current Ratio (current assets vs. current liabilities)	437%	165%
Liquidity Ratio (liquid assets vs. current liabilities)	146%	50%

* Top third selected on Net Profit per hectare

SDA Cattle and Sheep farms

GROSS OUTPUT, VARIABLE COSTS AND FARM GROSS MARGIN, 2009/2010

	Average	Premium*
Number of farms in group	28	
Average farmed area (hectares)	187	
Average proportion of total farmed area tenanted or hired (%)	59	
	£ per farm hectare	
<u>Output</u>		
Milk	0	
Milk quota leasing less milk quota levy	0	
Cattle	190	
Herd depreciation	-13	
Sheep	231	
Flock depreciation	-27	
Wool	3	
Pigs	0	
Poultry	0	
Other livestock	0	
Cereals	0	
Oilseeds	0	
Pulses	0	
Other crops	0	
Crop subsidies	0	
Straw	0	
Forage	0	
Agri-environment schemes and management agreements	105	
Rental income and imputed farmhouse rental equivalent	14	
Hirework	8	
Miscellaneous output	21	
Cultivations	0	
Single Payment Scheme	178	
TOTAL FARM OUTPUT **	711	
<u>Variable costs</u>		
Concentrates	51	
Purchased fodder	3	
Veterinary and medicines	23	
Other livestock costs	45	
Seeds	2	
Fertilisers	34	
Crop protection	1	
Other crop costs	4	
TOTAL VARIABLE COSTS	164	
TOTAL GROSS MARGIN**	547	

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

SDA Cattle and Sheep farms

FIXED COSTS, FARM PROFIT AND MANAGEMENT & INVESTMENT INCOME, 2009/2010

	Average	Premium*
Number of farms in group	28	
Average farmed area (hectares)	187	
Average proportion of total farmed area tenanted or hired (%)	59	
	£ per farm hectare	
TOTAL GROSS MARGIN**	547	
<u>Fixed costs</u>		
Paid labour	17	
Unpaid family labour	25	
Casual labour	12	
Contract	24	
Machinery repairs	26	
Machinery fuel	30	
Machinery depreciation	59	
Other depreciation	0	
Property maintenance	44	
Electricity	4	
Other fuel	3	
Water	2	
Insurance	20	
Professional fees	13	
Other general costs	19	
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	298	
PROFIT BEFORE RENT AND INTEREST	249	
Rent, hired in keep and bare land	47	
Rates	0	
Long-term interest	5	
Short-term interest	3	
Interest received (-)	2	
NET PROFIT**	194	
Reconciliation of Profit to NFI and M&II		
Plus - Interest charges (net)	7	
Plus - Landlord type repairs (included in property maintenance)	1	
Less - Rental value (of owner occupied land and buildings)	46	
NET FARM INCOME** (NFI)	156	
Less farmer and spouse labour	157	
MANAGEMENT AND INVESTMENT INCOME** (M&II)	-1	

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

SDA Cattle and Sheep farms

FINANCIAL COMPARISONS per £100 OUTPUT, 2009/2010

	Average	Premium*
Number of farms in group	28	0
Average farmed area (hectares)	187	0
Average proportion of total farmed area tenanted or hired (%)	59	0
	per £100 output	
<u>Output</u>		
Milk	0	0
Cattle	25	0
Sheep	29	0
Pigs, poultry and other livestock	0	0
Cereals	0	0
Other cash crops	0	0
Straw and forage	0	0
Management agreements and agri-environment schemes	15	0
Miscellaneous output	6	0
Single Payment Scheme	25	0
TOTAL OUTPUT**	100	0
<u>Variable costs</u>		
Concentrates, fodder and keep	8	0
Veterinary, medicines and other livestock costs	10	0
Seeds	0	0
Fertilisers	5	0
Crop protection and other crop costs	1	0
TOTAL VARIABLE COSTS	23	0
TOTAL GROSS MARGIN**	77	0
<u>Fixed costs</u>		
Labour - paid, unpaid and casual, excluding farmer and spouse	8	0
Contract	3	0
Machinery repairs and fuel	8	0
Machinery and other depreciation	8	0
Property maintenance	6	0
Electricity, other fuel and water	1	0
Other general costs	7	0
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	42	0
PROFIT BEFORE RENT AND INTEREST	35	0
Rent and rates	7	0
Long-term interest paid	1	0
Short-term interest paid	0	0
Interest received (-)	0	0
PROFIT**	27	0

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

SDA Cattle and Sheep farms

LAND USE AND INDICATORS OF TECHNICAL EFFICIENCY, 2009/2010

	Average	Premium*
Number of farms in group	28	
Average farmed area (hectares)	187	
Average proportion of total farmed area tenanted or hired (%)	59	
<u>Land use</u>		
Percentage cropped	0	
Percentage forage	100	
<u>Grazing livestock units</u>	GLUs per farm	
Dairy cattle	0	
Other cattle	78	
Sheep	64	
Other livestock	32	
Total	174	
GLUs per ha	0.93	
GLUs per adjusted ha	1.03	
<u>Technical efficiency</u>		
<u>Dairy</u>		
Milk yield per cow	n/a	
Pence per litre	n/a	
Milk output per cow	n/a	
Dairy calf output, £ per calf	n/a	
<u>Finished cattle and lambs</u>		
£ per finished animal	771	
£ per finished lamb	58	
<u>Cereals**</u>		
Winter wheat		
Yield - tonnes per hectare		
Price per tonne		
Winter barley		
Yield - tonnes per hectare		
Price per tonne		
Spring barley		
Yield - tonnes per hectare		
Price per tonne		
Winter oats		
Yield - tonnes per hectare		
Price per tonne		
All cereals		
Yield - tonnes per hectare		
Price per tonne		

* Insufficient farms

**Cereal yields for groups growing less than 40 hectares excluded

SDA Cattle and Sheep farms

TENANTS CAPITAL, OUTPUT RATIOS AND INDICATORS OF FINANCIAL EFFICIENCY, 2009/2010

	Average	Premium*
Number of farms in group	28	
Average farmed area (hectares)	187	
Average proportion of total farmed area tenanted or hired (%)	59	
	£ per farm hectare	
<u>Tenant's capital formation</u>		
Livestock	628	
Crops, forage and cultivations	17	
Stores	18	
Machinery	301	
Single Payment Scheme	186	
Miscellaneous business assets & other assets	2	
Total physical assets	1151	
Liquid assets	266	
Tenant's capital (TC)	1416	
Management & investment income (M&II)**	-1	
Return on tenant's capital (M&II as % of average TC)	-0.1%	
<u>Ratios per £100 of output (%)</u>		
Variable costs	23	
Gross margin	77	
Fixed costs (excluding rent and interest)	42	
Net profit	27	
Net farm income	22	
Farmer and spouse	22	
Management & Investment Income	0	
Tenant's capital		
Total assets	830	
Total external liabilities	50	
Net worth	781	
<u>Efficiency of labour use</u>		
Costs (£ per hectare)	54	
Costs (£ per £100 output)	8	
Costs (£ per £100 gross margin)	10	
<u>Efficiency of machinery use</u>		
Costs (£ per hectare)	140	
Costs (£ per £100 output)	20	
Costs (£ per £100 gross margin)	26	
<u>Efficiency of labour and machinery use</u>		
Costs (£ per hectare)	193	
Costs (£ per £100 output)	27	
Costs (£ per £100 gross margin)	35	

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

SDA Cattle and Sheep farms

END-OF-YEAR BALANCE SHEETS, 2009/2010

	Average	Premium*
Number of farms in group	28	
Average farmed area (hectares)	187	
Average proportion of total farmed area tenanted or hired (%)	59	
End of year assets & liabilities	£ per farm hectare	
Land & buildings	4400	
Milk quota	0	
Single Payment Scheme	198	
Machinery	317	
Tenant's other assets	0	
Breeding livestock	473	
Total fixed assets	5388	
Trading livestock	191	
Crops	0	
Forage and cultivations	15	
Stores	19	
Debtors and loans	144	
Bank credit and cash	144	
Other current assets	2	
Total current assets	516	
Total assets	5904	
Financed by		
AMC	6	
Bank loans	159	
Other long term	13	
Total long term	178	
HP and lease	11	
Creditors	49	
Bank overdraft	111	
Other short term	4	
Total current liabilities	174	
Total Liabilities	352	
Net worth	5552	
Balance sheet ratios		
% Owner equity (net worth vs. total assets)	94%	
% Fixed assets vs. total assets	91%	
Gearing (long-term loans vs. total assets)	3%	
Total debt (external liabilities vs. net worth)	6%	
Current Ratio (current assets vs. current liabilities)	296%	
Liquidity Ratio (liquid assets vs. current liabilities)	165%	

* Insufficient farms

LFA Cattle and Sheep farms

GROSS OUTPUT, VARIABLE COSTS AND FARM GROSS MARGIN, 2009/2010

	Under 120 hectares	Over 120 hectares
Number of farms in group	18	19
Average farmed area (hectares)	87	244
Average proportion of total farmed area tenanted or hired (%)	43	55
	£ per farm hectare	
<u>Output</u>		
Milk	0	0
Milk quota leasing less milk quota levy	0	0
Cattle	281	191
Herd depreciation	-19	-12
Sheep	292	175
Flock depreciation	-33	-22
Wool	3	2
Pigs	0	0
Poultry	0	0
Other livestock	0	0
Cereals	2	0
Oilseeds	0	0
Pulses	0	0
Other crops	0	0
Crop subsidies	0	0
Straw	1	0
Forage	1	0
Agri-environment schemes and management agreements	74	96
Rental income and imputed farmhouse rental equivalent	13	10
Hirework	6	10
Miscellaneous output	19	14
Cultivations	0	0
Single Payment Scheme	214	172
TOTAL FARM OUTPUT **	856	637
<u>Variable costs</u>		
Concentrates	66	46
Purchased fodder	5	4
Veterinary and medicines	27	20
Other livestock costs	59	39
Seeds	4	1
Fertilisers	59	32
Crop protection	2	1
Other crop costs	5	6
TOTAL VARIABLE COSTS	227	149
TOTAL GROSS MARGIN**	630	488

* Top third selected on Management Investment Income per hectare

** Excluding Breeding Livestock Stock Appreciation

LFA Cattle and Sheep farms

FIXED COSTS, FARM PROFIT AND MANAGEMENT & INVESTMENT INCOME, 2009/2010

	Under 120 hectares	Over 120 hectares
Number of farms in group	18	19
Average farmed area (hectares)	87	244
Average proportion of total farmed area tenanted or hired (%)	43	55
	£ per farm hectare	
TOTAL GROSS MARGIN**	630	488
<u>Fixed costs</u>		
Paid labour	14	18
Unpaid family labour	27	39
Casual labour	10	11
Contract	26	23
Machinery repairs	31	25
Machinery fuel	36	29
Machinery depreciation	79	53
Other depreciation	0	0
Property maintenance	50	38
Electricity	6	4
Other fuel	4	2
Water	8	1
Insurance	25	17
Professional fees	14	11
Other general costs	20	16
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	349	287
PROFIT BEFORE RENT AND INTEREST	281	201
Rent, hired in keep and bare land	43	40
Rates	0	0
Long-term interest	4	5
Short-term interest	3	3
Interest received (-)	0	3
NET PROFIT**	231	156
Reconciliation of Profit to NFI and M&II		
Plus - Interest charges (net)	7	5
Plus - Landlord type repairs (included in property maintenance)	2	1
Less - Rental value (of owner occupied land and buildings)	73	46
NET FARM INCOME** (NFI)	167	116
Less farmer and spouse labour	242	122
MANAGEMENT AND INVESTMENT INCOME** (M&II)	-75	-5

* Top third selected on Management Investment Income per hectare

** Excluding Breeding Livestock Stock Appreciation

LFA Cattle and Sheep farms

FINANCIAL COMPARISONS per £100 OUTPUT, 2009/2010

	Under 120 hectares	Over 120 hectares
Number of farms in group	18	19
Average farmed area (hectares)	87	244
Average proportion of total farmed area tenanted or hired (%)	43	55
	per £100 output	
<u>Output</u>		
Milk	0	0
Cattle	31	28
Sheep	31	24
Pigs, poultry and other livestock	0	0
Cereals	0	0
Other cash crops	0	0
Straw and forage	0	0
Management agreements and agri-environment schemes	9	15
Miscellaneous output	4	5
Single Payment Scheme	25	27
TOTAL OUTPUT**	100	100
<u>Variable costs</u>		
Concentrates, fodder and keep	8	8
Veterinary, medicines and other livestock costs	10	9
Seeds	1	0
Fertilisers	7	5
Crop protection and other crop costs	1	1
TOTAL VARIABLE COSTS	26	23
TOTAL GROSS MARGIN**	74	77
<u>Fixed costs</u>		
Labour - paid, unpaid and casual, excluding farmer and spouse	6	11
Contract	3	4
Machinery repairs and fuel	8	8
Machinery and other depreciation	9	8
Property maintenance	6	6
Electricity, other fuel and water	2	1
Other general costs	7	7
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	41	45
PROFIT BEFORE RENT AND INTEREST	33	32
Rent and rates	5	6
Long-term interest paid	0	1
Short-term interest paid	0	1
Interest received (-)	0	0
PROFIT**	27	24

* Top third selected on Management Investment Income per hectare

** Excluding Breeding Livestock Stock Appreciation

LFA Cattle and Sheep farms

LAND USE AND INDICATORS OF TECHNICAL EFFICIENCY, 2009/2010

	Under 120 hectares	Over 120 hectares
Number of farms in group	18	19
Average farmed area (hectares)	87	244
Average proportion of total farmed area tenanted or hired (%)	43	55
<u>Land use</u>		
Percentage cropped	1	0
Percentage forage	99	100
<u>Grazing livestock units</u>	GLUs per farm	
Dairy cattle	0	0
Other cattle	49	107
Sheep	38	74
Other livestock	11	37
Total	98	218
GLUs per ha	1.13	0.89
GLUs per adjusted ha	1.06	1.02
<u>Technical efficiency</u>		
<u>Dairy</u>		
Milk yield per cow	n/a	n/a
Pence per litre	n/a	n/a
Milk output per cow	n/a	n/a
Dairy calf output, £ per calf	n/a	n/a
<u>Finished cattle and lambs</u>		
£ per finished animal	842	790
£ per finished lamb	62	58
<u>Cereals**</u>		
Winter wheat		
Yield - tonnes per hectare		
Price per tonne		
Winter barley		
Yield - tonnes per hectare		
Price per tonne		
Spring barley		
Yield - tonnes per hectare		
Price per tonne		
Winter oats		
Yield - tonnes per hectare		
Price per tonne		
All cereals		
Yield - tonnes per hectare		
Price per tonne		

* Top third selected on Management Investment Income per hectare

**Cereal yields for groups growing less than 40 hectares excluded

LFA Cattle and Sheep farms

TENANTS CAPITAL, OUTPUT RATIOS AND INDICATORS OF FINANCIAL EFFICIENCY, 2009/2010

	Under 120 hectares	Over 120 hectares
Number of farms in group	18	19
Average farmed area (hectares)	87	244
Average proportion of total farmed area tenanted or hired (%)	43	55
	£ per farm hectare	
<u>Tenant's capital formation</u>		
Livestock	809	599
Crops, forage and cultivations	29	14
Stores	39	14
Machinery	418	255
Single Payment Scheme	223	177
Miscellaneous business assets & other assets	2	1
Total physical assets	1521	1061
Liquid assets	317	261
Tenant's capital (TC)	1837	1322
Management & investment income (M&II)**	-75	-5
Return on tenant's capital (M&II as % of average TC)	-4.1%	-0.4%
<u>Ratios per £100 of output (%)</u>		
Variable costs	26	23
Gross margin	74	77
Fixed costs (excluding rent and interest)	41	45
Net profit	27	24
Net farm income	19	18
Farmer and spouse	28	19
Management & Investment Income	-9	-1
Tenant's capital		
Total assets	1065	849
Total external liabilities	46	47
Net worth	1019	802
<u>Efficiency of labour use</u>		
Costs (£ per hectare)	51	68
Costs (£ per £100 output)	6	11
Costs (£ per £100 gross margin)	8	14
<u>Efficiency of machinery use</u>		
Costs (£ per hectare)	172	130
Costs (£ per £100 output)	20	20
Costs (£ per £100 gross margin)	27	27
<u>Efficiency of labour and machinery use</u>		
Costs (£ per hectare)	222	198
Costs (£ per £100 output)	26	31
Costs (£ per £100 gross margin)	35	40

* Top third selected on Management Investment Income per hectare

** Excluding Breeding Livestock Stock Appreciation

LFA Cattle and Sheep farms

END-OF-YEAR BALANCE SHEETS, 2009/2010

	Under 120 hectares	Over 120 hectares
Number of farms in group	18	19
Average farmed area (hectares)	87	244
Average proportion of total farmed area tenanted or hired (%)	43	55
End of year assets & liabilities	£ per farm hectare	
Land & buildings	7203	4022
Milk quota	0	0
Single Payment Scheme	240	185
Machinery	423	273
Tenant's other assets	0	0
Breeding livestock	563	419
Total fixed assets	8429	4898
Trading livestock	304	207
Crops	0	0
Forage and cultivations	27	12
Stores	41	14
Debtors and loans	122	122
Bank credit and cash	196	154
Other current assets	3	1
Total current assets	692	511
Total assets	9121	5409
Financed by		
AMC	56	9
Bank loans	109	136
Other long term	32	7
Total long term	197	153
HP and lease	12	10
Creditors	54	45
Bank overdraft	131	90
Other short term	2	3
Total current liabilities	199	149
Total Liabilities	396	301
Net worth	8725	5107
<u>Balance sheet ratios</u>		
% Owner equity (net worth vs. total assets)	96%	94%
% Fixed assets vs. total assets	92%	91%
Gearing (long-term loans vs. total assets)	2%	3%
Total debt (external liabilities vs. net worth)	5%	6%
Current Ratio (current assets vs. current liabilities)	348%	343%
Liquidity Ratio (liquid assets vs. current liabilities)	159%	185%

* Top third selected on Management Investment Income per hectare

Mixed cropping, cattle and sheep farms

GROSS OUTPUT, VARIABLE COSTS AND FARM GROSS MARGIN, 2009/2010

	Average	Premium*
Number of farms in group	16	
Average farmed area (hectares)	137	
Average proportion of total farmed area tenanted or hired (%)	42	
	£ per farm hectare	
<u>Output</u>		
Milk	0	
Milk quota leasing less milk quota levy	0	
Cattle	283	
Herd depreciation	-2	
Sheep	131	
Flock depreciation	-17	
Wool	1	
Pigs	0	
Poultry	0	
Other livestock	-1	
Cereals	123	
Oilseeds	1	
Pulses	0	
Other crops	3	
Crop subsidies	0	
Straw	35	
Forage	87	
Agri-environment schemes and management agreements	48	
Rental income and imputed farmhouse rental equivalent	33	
Hirework	23	
Miscellaneous output	23	
Cultivations	-3	
Single Payment Scheme	227	
TOTAL FARM OUTPUT **	993	
<u>Variable costs</u>		
Concentrates	62	
Purchased fodder	2	
Veterinary and medicines	18	
Other livestock costs	55	
Seeds	21	
Fertilisers	76	
Crop protection	32	
Other crop costs	26	
TOTAL VARIABLE COSTS	293	
TOTAL GROSS MARGIN**	700	

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

Mixed cropping, cattle and sheep farms

FIXED COSTS, FARM PROFIT AND MANAGEMENT & INVESTMENT INCOME, 2009/2010

	Average	Premium*
Number of farms in group	16	
Average farmed area (hectares)	137	
Average proportion of total farmed area tenanted or hired (%)	42	
	£ per farm hectare	
TOTAL GROSS MARGIN**	700	
<u>Fixed costs</u>		
Paid labour	32	
Unpaid family labour	75	
Casual labour	6	
Contract	51	
Machinery repairs	51	
Machinery fuel	38	
Machinery depreciation	98	
Other depreciation	0	
Property maintenance	28	
Electricity	8	
Other fuel	3	
Water	9	
Insurance	22	
Professional fees	16	
Other general costs	20	
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	458	
PROFIT BEFORE RENT AND INTEREST	242	
Rent, hired in keep and bare land	49	
Rates	3	
Long-term interest	12	
Short-term interest	8	
Interest received (-)	0	
NET PROFIT**	171	
Reconciliation of Profit to NFI and M&II		
Plus - Interest charges (net)	19	
Plus - Landlord type repairs (included in property maintenance)	2	
Less - Rental value (of owner occupied land and buildings)	99	
NET FARM INCOME** (NFI)	92	
Less farmer and spouse labour	233	
MANAGEMENT AND INVESTMENT INCOME** (M&II)	-141	

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

Mixed cropping, cattle and sheep farms

FINANCIAL COMPARISONS per £100 OUTPUT, 2009/2010

	Average	Premium*
Number of farms in group	16	
Average farmed area (hectares)	137	
Average proportion of total farmed area tenanted or hired (%)	42	
	per £100 output	
<u>Output</u>		
Milk	0	
Cattle	28	
Sheep	12	
Pigs, poultry and other livestock	0	
Cereals	12	
Other cash crops	0	
Straw and forage	12	
Management agreements and agri-environment schemes	5	
Miscellaneous output	8	
Single Payment Scheme	23	
TOTAL OUTPUT**	100	
<u>Variable costs</u>		
Concentrates, fodder and keep	7	
Veterinary, medicines and other livestock costs	7	
Seeds	2	
Fertilisers	8	
Crop protection and other crop costs	6	
TOTAL VARIABLE COSTS	30	
TOTAL GROSS MARGIN**	70	
<u>Fixed costs</u>		
Labour - paid, unpaid and casual, excluding farmer and spouse	11	
Contract	5	
Machinery repairs and fuel	9	
Machinery and other depreciation	10	
Property maintenance	3	
Electricity, other fuel and water	2	
Other general costs	6	
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	46	
PROFIT BEFORE RENT AND INTEREST	24	
Rent and rates	5	
Long-term interest paid	1	
Short-term interest paid	1	
Interest received (-)	0	
PROFIT**	17	

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

Mixed cropping, cattle and sheep farms

LAND USE AND INDICATORS OF TECHNICAL EFFICIENCY, 2009/2010

	Average	Premium*
Number of farms in group	16	
Average farmed area (hectares)	137	
Average proportion of total farmed area tenanted or hired (%)	42	
<u>Land use</u>		
Percentage cropped	23	
Percentage forage	77	
<u>Grazing livestock units</u>	GLUs per farm	
Dairy cattle	0	
Other cattle	68	
Sheep	33	
Other livestock	2	
Total	103	
GLUs per ha	1.01	
GLUs per adjusted ha	1.04	
<u>Technical efficiency</u>		
<u>Dairy</u>		
Milk yield per cow	n/a	
Pence per litre	n/a	
Milk output per cow	n/a	
Dairy calf output, £ per calf	n/a	
<u>Finished cattle and lambs</u>		
£ per finished animal	911	
£ per finished lamb	69	
<u>Cereals**</u>		
Winter wheat		
Yield - tonnes per hectare	7.4	
Price per tonne	99	
Winter barley		
Yield - tonnes per hectare	6.7	
Price per tonne	80	
Spring barley		
Yield - tonnes per hectare	5.3	
Price per tonne	81	
Winter oats		
Yield - tonnes per hectare		
Price per tonne		
All cereals		
Yield - tonnes per hectare	6.6	
Price per tonne	88	

* Insufficient farms

**Cereal yields for groups growing less than 40 hectares excluded

Mixed cropping, cattle and sheep farms

TENANTS CAPITAL, OUTPUT RATIOS AND INDICATORS OF FINANCIAL EFFICIENCY, 2009/2010

	Average	Premium*
Number of farms in group	16	
Average farmed area (hectares)	137	
Average proportion of total farmed area tenanted or hired (%)	42	
	£ per farm hectare	
<u>Tenant's capital formation</u>		
Livestock	560	
Crops, forage and cultivations	145	
Stores	65	
Machinery	508	
Single Payment Scheme	238	
Miscellaneous business assets & other assets	12	
Total physical assets	1528	
Liquid assets	269	
Tenant's capital (TC)	1797	
Management & investment income (M&II)**	-141	
Return on tenant's capital (M&II as % of average TC)	-7.8%	
<u>Ratios per £100 of output (%)</u>		
Variable costs	30	
Gross margin	70	
Fixed costs (excluding rent and interest)	46	
Net profit	17	
Net farm income	9	
Farmer and spouse	23	
Management & Investment Income	-14	
Tenant's capital		
Total assets	1049	
Total external liabilities	79	
Net worth	970	
<u>Efficiency of labour use</u>		
Costs (£ per hectare)	113	
Costs (£ per £100 output)	11	
Costs (£ per £100 gross margin)	16	
<u>Efficiency of machinery use</u>		
Costs (£ per hectare)	239	
Costs (£ per £100 output)	24	
Costs (£ per £100 gross margin)	34	
<u>Efficiency of labour and machinery use</u>		
Costs (£ per hectare)	351	
Costs (£ per £100 output)	35	
Costs (£ per £100 gross margin)	50	

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

Mixed cropping, cattle and sheep farms

END-OF-YEAR BALANCE SHEETS, 2009/2010

	Average	Premium*
Number of farms in group	16	
Average farmed area (hectares)	137	
Average proportion of total farmed area tenanted or hired (%)	42	
End of year assets & liabilities	£ per farm hectare	
Land & buildings	8463	
Milk quota	0	
Single Payment Scheme	255	
Machinery	545	
Tenant's other assets	6	
Breeding livestock	270	
Total fixed assets	9540	
Trading livestock	346	
Crops	54	
Forage and cultivations	87	
Stores	61	
Debtors and loans	119	
Bank credit and cash	200	
Other current assets	5	
Total current assets	873	
Total assets	10413	
Financed by		
AMC	19	
Bank loans	399	
Other long term	78	
Total long term	496	
HP and lease	20	
Creditors	105	
Bank overdraft	152	
Other short term	8	
Total current liabilities	284	
Total Liabilities	780	
Net worth	9633	
Balance sheet ratios		
% Owner equity (net worth vs. total assets)	93%	
% Fixed assets vs. total assets	92%	
Gearing (long-term loans vs. total assets)	5%	
Total debt (external liabilities vs. net worth)	8%	
Current Ratio (current assets vs. current liabilities)	307%	
Liquidity Ratio (liquid assets vs. current liabilities)	112%	

* Insufficient farms

Organic dairy farms

GROSS OUTPUT, VARIABLE COSTS AND FARM GROSS MARGIN, 2009/2010

	Average	Premium*
Number of farms in group	20	
Average farmed area (hectares)	160	
Average proportion of total farmed area tenanted or hired (%)	69	
	£ per farm hectare	
<u>Output</u>		
Milk	1739	
Milk quota leasing less milk quota levy	-5	
Cattle	340	
Herd depreciation	-125	
Sheep	9	
Flock depreciation	-1	
Wool	0	
Pigs	0	
Poultry	0	
Other livestock	0	
Cereals	14	
Oilseeds	0	
Pulses	0	
Other crops	0	
Crop subsidies	0	
Straw	2	
Forage	4	
Agri-environment schemes and management agreements	87	
Rental income and imputed farmhouse rental equivalent	26	
Hirework	29	
Miscellaneous output	6	
Cultivations	1	
Single Payment Scheme	207	
TOTAL FARM OUTPUT **	2334	
<u>Variable costs</u>		
Concentrates	587	
Purchased fodder	11	
Veterinary and medicines	53	
Other livestock costs	180	
Seeds	17	
Fertilisers	6	
Crop protection	0	
Other crop costs	10	
TOTAL VARIABLE COSTS	865	
TOTAL GROSS MARGIN**	1469	

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

Organic dairy farms

FIXED COSTS, FARM PROFIT AND MANAGEMENT & INVESTMENT INCOME, 2009/2010

	Average	Premium*
Number of farms in group	20	
Average farmed area (hectares)	160	
Average proportion of total farmed area tenanted or hired (%)	69	
	£ per farm hectare	
TOTAL GROSS MARGIN**	1469	
<u>Fixed costs</u>		
Paid labour	154	
Unpaid family labour	47	
Casual labour	24	
Contract	163	
Machinery repairs	80	
Machinery fuel	45	
Machinery depreciation	127	
Other depreciation	0	
Property maintenance	52	
Electricity	24	
Other fuel	3	
Water	33	
Insurance	30	
Professional fees	19	
Other general costs	32	
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	832	
PROFIT BEFORE RENT AND INTEREST	637	
Rent, hired in keep and bare land	123	
Rates	1	
Long-term interest	12	
Short-term interest	15	
Interest received (-)	6	
NET PROFIT**	493	
Reconciliation of Profit to NFI and M&I		
Plus - Interest charges (net)	20	
Plus - Landlord type repairs (included in property maintenance)	3	
Less - Rental value (of owner occupied land and buildings)	95	
NET FARM INCOME** (NFI)	421	
Less farmer and spouse labour	236	
MANAGEMENT AND INVESTMENT INCOME** (M&I)	185	

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

Organic dairy farms

FINANCIAL COMPARISONS per £100 OUTPUT, 2009/2010

	Average	Premium*
Number of farms in group	20	0
Average farmed area (hectares)	160	0
Average proportion of total farmed area tenanted or hired (%)	69	0
	per £100 output	
<u>Output</u>		
Milk	74	0
Cattle	9	0
Sheep	0	0
Pigs, poultry and other livestock	0	0
Cereals	1	0
Other cash crops	0	0
Straw and forage	0	0
Management agreements and agri-environment schemes	4	0
Miscellaneous output	3	0
Single Payment Scheme	9	0
TOTAL OUTPUT**	100	0
<u>Variable costs</u>		
Concentrates, fodder and keep	26	0
Veterinary, medicines and other livestock costs	10	0
Seeds	1	0
Fertilisers	0	0
Crop protection and other crop costs	0	0
TOTAL VARIABLE COSTS	37	0
TOTAL GROSS MARGIN**	63	0
<u>Fixed costs</u>		
Labour - paid, unpaid and casual, excluding farmer and spouse	10	0
Contract	7	0
Machinery repairs and fuel	5	0
Machinery and other depreciation	5	0
Property maintenance	2	0
Electricity, other fuel and water	3	0
Other general costs	3	0
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	36	0
PROFIT BEFORE RENT AND INTEREST	27	0
Rent and rates	5	0
Long-term interest paid	0	0
Short-term interest paid	1	0
Interest received (-)	0	0
PROFIT**	21	0

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

Organic dairy farms

LAND USE AND INDICATORS OF TECHNICAL EFFICIENCY, 2009/2010

	Average	Premium*
Number of farms in group	20	
Average farmed area (hectares)	160	
Average proportion of total farmed area tenanted or hired (%)	69	
<u>Land use</u>		
Percentage cropped	2	
Percentage forage	98	
<u>Grazing livestock units</u>	GLUs per farm	
Dairy cattle	154	
Other cattle	50	
Sheep	2	
Other livestock	1	
Total	207	
GLUs per ha	1.34	
GLUs per adjusted ha	1.35	
<u>Technical efficiency</u>		
<u>Dairy</u>		
Milk yield per cow	5956	
Pence per litre	30.7	
Milk output per cow	1896	
Dairy calf output, £ per calf	137	
<u>Finished cattle and lambs</u>		
£ per finished animal	766	
£ per finished lamb	73	
<u>Cereals**</u>		
Winter wheat		
Yield - tonnes per hectare		
Price per tonne		
Winter barley		
Yield - tonnes per hectare		
Price per tonne		
Spring barley		
Yield - tonnes per hectare		
Price per tonne		
Winter oats		
Yield - tonnes per hectare		
Price per tonne		
All cereals		
Yield - tonnes per hectare	5.1	
Price per tonne	149	

* Insufficient farms

**Cereal yields for groups growing less than 40 hectares excluded

Organic dairy farms

TENANTS CAPITAL, OUTPUT RATIOS AND INDICATORS OF FINANCIAL EFFICIENCY, 2009/2010

	Average	Premium*
Number of farms in group	20	
Average farmed area (hectares)	160	
Average proportion of total farmed area tenanted or hired (%)	69	
	£ per farm hectare	
<u>Tenant's capital formation</u>		
Livestock	1236	
Crops, forage and cultivations	56	
Stores	55	
Machinery	671	
Single Payment Scheme	222	
Miscellaneous business assets & other assets	78	
Total physical assets	2317	
Liquid assets	464	
Tenant's capital (TC)	2781	
Management & investment income (M&I)**	185	
Return on tenant's capital (M&I as % of average TC)	6.6%	
<u>Ratios per £100 of output (%)</u>		
Variable costs	37	
Gross margin	63	
Fixed costs (excluding rent and interest)	36	
Net profit	21	
Net farm income	18	
Farmer and spouse	10	
Management & Investment Income	8	
Tenant's capital		
Total assets	310	
Total external liabilities	34	
Net worth	276	
<u>Efficiency of labour use</u>		
Costs (£ per hectare)	224	
Costs (£ per £100 output)	10	
Costs (£ per £100 gross margin)	15	
<u>Efficiency of machinery use</u>		
Costs (£ per hectare)	415	
Costs (£ per £100 output)	18	
Costs (£ per £100 gross margin)	28	
<u>Efficiency of labour and machinery use</u>		
Costs (£ per hectare)	640	
Costs (£ per £100 output)	27	
Costs (£ per £100 gross margin)	44	

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

Organic dairy farms

END-OF-YEAR BALANCE SHEETS, 2009/2010

	Average	Premium*
Number of farms in group	20	
Average farmed area (hectares)	160	
Average proportion of total farmed area tenanted or hired (%)	69	
End of year assets & liabilities	£ per farm hectare	
Land & buildings	4328	
Milk quota	16	
Single Payment Scheme	238	
Machinery	694	
Tenant's other assets	0	
Breeding livestock	1076	
Total fixed assets	6352	
Trading livestock	202	
Crops	6	
Forage and cultivations	47	
Stores	54	
Debtors and loans	287	
Bank credit and cash	212	
Other current assets	82	
Total current assets	890	
Total assets	7241	
Financed by		
AMC	20	
Bank loans	341	
Other long term	3	
Total long term	363	
HP and lease	113	
Creditors	164	
Bank overdraft	149	
Other short term	9	
Total current liabilities	435	
Total Liabilities	799	
Net worth	6443	
Balance sheet ratios		
% Owner equity (net worth vs. total assets)	89%	
% Fixed assets vs. total assets	88%	
Gearing (long-term loans vs. total assets)	5%	
Total debt (external liabilities vs. net worth)	12%	
Current Ratio (current assets vs. current liabilities)	204%	
Liquidity Ratio (liquid assets vs. current liabilities)	115%	

* Insufficient farms

Organic lowland cattle and sheep farms

GROSS OUTPUT, VARIABLE COSTS AND FARM GROSS MARGIN, 2009/2010

	Average	Premium*
Number of farms in group	16	
Average farmed area (hectares)	107	
Average proportion of total farmed area tenanted or hired (%)	23	
	£ per farm hectare	
<u>Output</u>		
Milk	0	
Milk quota leasing less milk quota levy	0	
Cattle	276	
Herd depreciation	-17	
Sheep	78	
Flock depreciation	-11	
Wool	1	
Pigs	0	
Poultry	0	
Other livestock	0	
Cereals	9	
Oilseeds	0	
Pulses	0	
Other crops	0	
Crop subsidies	0	
Straw	2	
Forage	23	
Agri-environment schemes and management agreements	133	
Rental income and imputed farmhouse rental equivalent	30	
Hirework	10	
Miscellaneous output	24	
Cultivations	-1	
Single Payment Scheme	209	
TOTAL FARM OUTPUT **	766	
<u>Variable costs</u>		
Concentrates	27	
Purchased fodder	6	
Veterinary and medicines	13	
Other livestock costs	41	
Seeds	15	
Fertilisers	2	
Crop protection	0	
Other crop costs	3	
TOTAL VARIABLE COSTS	107	
TOTAL GROSS MARGIN**	659	

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

Organic lowland cattle and sheep farms

FIXED COSTS, FARM PROFIT AND MANAGEMENT & INVESTMENT INCOME, 2009/2010

	Average	Premium*
Number of farms in group	16	
Average farmed area (hectares)	107	
Average proportion of total farmed area tenanted or hired (%)	23	
	£ per farm hectare	
TOTAL GROSS MARGIN**	659	
<u>Fixed costs</u>		
Paid labour	29	
Unpaid family labour	13	
Casual labour	13	
Contract	54	
Machinery repairs	37	
Machinery fuel	27	
Machinery depreciation	71	
Other depreciation	0	
Property maintenance	43	
Electricity	10	
Other fuel	3	
Water	9	
Insurance	25	
Professional fees	19	
Other general costs	31	
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	385	
PROFIT BEFORE RENT AND INTEREST	273	
Rent, hired in keep and bare land	33	
Rates	2	
Long-term interest	9	
Short-term interest	7	
Interest received (-)	1	
NET PROFIT**	223	
Reconciliation of Profit to NFI and M&II		
Plus - Interest charges (net)	15	
Plus - Landlord type repairs (included in property maintenance)	3	
Less - Rental value (of owner occupied land and buildings)	126	
NET FARM INCOME** (NFI)	115	
Less farmer and spouse labour	177	
MANAGEMENT AND INVESTMENT INCOME** (M&II)	-62	

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

Organic lowland cattle and sheep farms

FINANCIAL COMPARISONS per £100 OUTPUT, 2009/2010

	Average	Premium*
Number of farms in group	16	0
Average farmed area (hectares)	107	0
Average proportion of total farmed area tenanted or hired (%)	23	0
	per £100 output	
<u>Output</u>		
Milk	0	0
Cattle	34	0
Sheep	9	0
Pigs, poultry and other livestock	0	0
Cereals	1	0
Other cash crops	0	0
Straw and forage	3	0
Management agreements and agri-environment schemes	17	0
Miscellaneous output	8	0
Single Payment Scheme	27	0
TOTAL OUTPUT**	100	0
<u>Variable costs</u>		
Concentrates, fodder and keep	4	0
Veterinary, medicines and other livestock costs	7	0
Seeds	2	0
Fertilisers	0	0
Crop protection and other crop costs	0	0
TOTAL VARIABLE COSTS	14	0
TOTAL GROSS MARGIN**	86	0
<u>Fixed costs</u>		
Labour - paid, unpaid and casual, excluding farmer and spouse	7	0
Contract	7	0
Machinery repairs and fuel	8	0
Machinery and other depreciation	9	0
Property maintenance	6	0
Electricity, other fuel and water	3	0
Other general costs	10	0
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	50	0
PROFIT BEFORE RENT AND INTEREST	36	0
Rent and rates	5	0
Long-term interest paid	1	0
Short-term interest paid	1	0
Interest received (-)	0	0
PROFIT**	29	0

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

Organic lowland cattle and sheep farms

LAND USE AND INDICATORS OF TECHNICAL EFFICIENCY, 2009/2010

	Average	Premium*
Number of farms in group	16	
Average farmed area (hectares)	107	
Average proportion of total farmed area tenanted or hired (%)	23	
<u>Land use</u>		
Percentage cropped	2	
Percentage forage	98	
<u>Grazing livestock units</u>	GLUs per farm	
Dairy cattle	0	
Other cattle	64	
Sheep	16	
Other livestock	12	
Total	92	
GLUs per ha	0.89	
GLUs per adjusted ha	0.89	
<u>Technical efficiency</u>		
<u>Dairy</u>		
Milk yield per cow	n/a	
Pence per litre	n/a	
Milk output per cow	n/a	
Dairy calf output, £ per calf	n/a	
<u>Finished cattle and lambs</u>		
£ per finished animal	880	
£ per finished lamb	68	
<u>Cereals**</u>		
Winter wheat		
Yield - tonnes per hectare		
Price per tonne		
Winter barley		
Yield - tonnes per hectare		
Price per tonne		
Spring barley		
Yield - tonnes per hectare		
Price per tonne		
Winter oats		
Yield - tonnes per hectare		
Price per tonne		
All cereals		
Yield - tonnes per hectare		
Price per tonne		

* Insufficient farms

**Cereal yields for groups growing less than 40 hectares excluded

Organic lowland cattle and sheep farms

TENANTS CAPITAL, OUTPUT RATIOS AND INDICATORS OF FINANCIAL EFFICIENCY, 2009/2010

	Average	Premium*
Number of farms in group	16	
Average farmed area (hectares)	107	
Average proportion of total farmed area tenanted or hired (%)	23	
	£ per farm hectare	
<u>Tenant's capital formation</u>		
Livestock	511	
Crops, forage and cultivations	36	
Stores	9	
Machinery	339	
Single Payment Scheme	235	
Miscellaneous business assets & other assets	4	
Total physical assets	1134	
Liquid assets	238	
Tenant's capital (TC)	1372	
Management & investment income (M&II)**	-62	
Return on tenant's capital (M&II as % of average TC)	-4.5%	
<u>Ratios per £100 of output (%)</u>		
Variable costs	14	
Gross margin	86	
Fixed costs (excluding rent and interest)	50	
Net profit	29	
Net farm income	15	
Farmer and spouse	23	
Management & Investment Income	-8	
Tenant's capital		
Total assets	1559	
Total external liabilities	78	
Net worth	1481	
<u>Efficiency of labour use</u>		
Costs (£ per hectare)	55	
Costs (£ per £100 output)	7	
Costs (£ per £100 gross margin)	8	
<u>Efficiency of machinery use</u>		
Costs (£ per hectare)	190	
Costs (£ per £100 output)	25	
Costs (£ per £100 gross margin)	29	
<u>Efficiency of labour and machinery use</u>		
Costs (£ per hectare)	245	
Costs (£ per £100 output)	32	
Costs (£ per £100 gross margin)	37	

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

Organic lowland cattle and sheep farms

END-OF-YEAR BALANCE SHEETS, 2009/2010

	Average	Premium*
Number of farms in group	16	
Average farmed area (hectares)	107	
Average proportion of total farmed area tenanted or hired (%)	23	
End of year assets & liabilities	£ per farm hectare	
Land & buildings	10519	
Milk quota	1	
Single Payment Scheme	256	
Machinery	348	
Tenant's other assets	0	
Breeding livestock	296	
Total fixed assets	11419	
Trading livestock	250	
Crops	3	
Forage and cultivations	33	
Stores	8	
Debtors and loans	163	
Bank credit and cash	55	
Other current assets	4	
Total current assets	516	
Total assets	11935	
Financed by		
AMC	97	
Bank loans	194	
Other long term	43	
Total long term	334	
HP and lease	51	
Creditors	56	
Bank overdraft	151	
Other short term	5	
Total current liabilities	263	
Total Liabilities	598	
Net worth	11338	
Balance sheet ratios		
% Owner equity (net worth vs. total assets)	95%	
% Fixed assets vs. total assets	96%	
Gearing (long-term loans vs. total assets)	3%	
Total debt (external liabilities vs. net worth)	5%	
Current Ratio (current assets vs. current liabilities)	196%	
Liquidity Ratio (liquid assets vs. current liabilities)	83%	

* Insufficient farms

SECTION 3**ENTERPRISE GROSS MARGINS 2009/10**

	Page
Wheat - winter - average and premium	115
Barley - winter and spring - average and premium	116
Oats - winter - average	117
Oilseed rape - winter – average	118
Dairy cows - conventional per cow - average and premium	119
- organic per cow – average	120
- conventional by yield – average	121
- conventional by size of herd – average	122
Beef cows - LFA per head – average	123
- lowland per head- average	124
- lowland organic per head – average	125
Dairy followers – average and premium	126
Store cattle - from dairy bred calves or stores per head – average	127
- from beef bred calves or stores per head – average	128
Finished beef - from dairy bred calves or stores per head - average	129
- from beef bred calves or stores per head - average	130
- from organic beef bred calves or stores per head – average	131
Breeding ewes - lowland per ewe - average and premium	132
- LFA per ewe - average	133

Premium data available when more than 15 farms in a group. Gross margin details refer to enterprises on the farm and are not specific to any farm type.

WHEAT

Crop year 2009 Gross margin per hectare

	WINTER		SPRING	
	Average	Premium*	Average**	Premium**
Number of farms	77	26		
Area per farm (ha)	45.7	52.6		
Yield: tonnes/ha	7.9	8.8		
Price: £/tonne	100.1	102.1		
	£ per hectare			
Grain	789.6	903.1		
Straw	132.3	159.3		
ENTERPRISE OUTPUT	921.9	1062.4		
Seeds (inc.homegrown)	65.7	63.1		
Fertilisers	226.0	190.6		
Sprays	157.6	164.6		
Other crop costs	52.0	35.0		
TOTAL VARIABLES ‡	501.4	453.3		
GROSS MARGIN	420.6	609.1		

Averages - previous year	2008	2008	2008**	2008**
Yield: tonnes/ha	7.4	8.4		
Price: £/tonne	103.5	110.1		
Gross Margin: £/ha	461.9	661.7		

* Top third in order of Gross Margin per hectare

** Insufficient farms

‡ Restricted to seeds, fertilisers, sprays and other crop costs

BARLEY

Crop year 2009 Gross margin per hectare

	WINTER		SPRING	
	Average	Premium*	Average	Premium*
Number of farms	48	16	74	25
Area per farm (ha)	17.2	20.5	24.9	28.9
Yield: tonnes/ha	6.6	7.4	5.8	6.4
Price: £/tonne	83.3	88.4	83.0	88.0
	£ per hectare			
Grain	545.7	655.2	479.4	565.9
Straw	164.0	202.2	126.5	153.0
ENTERPRISE OUTPUT	709.6	857.4	605.9	718.9
Seeds (inc.homegrown)	57.0	48.5	55.3	52.1
Fertilisers	191.4	176.2	144.1	122.7
Sprays	123.8	130.0	90.9	81.4
Other crop costs	29.0	23.4	25.6	18.2
TOTAL VARIABLES ‡	401.2	378.1	316.0	274.5
GROSS MARGIN	308.4	479.3	289.9	444.4

Averages - previous year	2008	2008	2008	2008
Yield: tonnes/ha	6.7	7.6	5.3	6.5
Price: £/tonne	102.3	110.1	102.6	114.8
Gross Margin: £/ha	513.6	721.8	385.7	591.7

* Top third in order of Gross Margin per hectare

‡ **Restricted to seeds,** fertilisers, sprays and other crop costs

OATS

Crop year 2009 Gross margin per hectare

	WINTER		SPRING	
	Average	Premium**	Average**	Premium**
Number of farms	29			
Area per farm (ha)	21.7			
Yield: tonnes/ha	6.7			
Price: £/tonne	81.2			
	£ per hectare			
Grain	545.8			
Straw	155.2			
ENTERPRISE OUTPUT	701.0			
Seeds (inc.homegrown)	44.2			
Fertilisers	191.0			
Sprays	89.9			
Other crop costs	40.6			
TOTAL VARIABLES ‡	365.7			
GROSS MARGIN	335.3			

Averages - previous year	2008	2008	2008**	2008**
Yield: tonnes/ha	6.0	7.7		
Price: £/tonne	92.3	100.8		
Gross Margin: £/ha	406.2	635.4		

* Top third in order of Gross Margin per hectare

** Insufficient farms

‡ Restricted to seeds, fertilisers, sprays and other crop costs

OILSEED RAPE

Crop year 2009 Gross margin per hectare

	WINTER OILSEED RAPE		SPRING OILSEED RAPE	
	Average	Premium**	Average**	Premium**
Number of farms	23			
Area per farm (ha)	44.8			
Yield: tonnes/ha	3.9			
Price: £/tonne	240.0			
	£ per hectare			
Oilseed	929.1			
Arable Area Payment	3.2			
Haulm	9.0			
ENTERPRISE OUTPUT	941.3			
Seeds (inc.homegrown)	43.4			
Fertilisers	245.7			
Sprays	173.8			
Other crop costs	30.7			
TOTAL VARIABLES ‡	493.5			
GROSS MARGIN	447.8			

Averages - previous year	2008	2008	2008**	2008**
Yield: tonnes/ha	3.2	3.5	0.0	
Price: £/tonne	287.8	319.0	0.0	
Gross Margin: £/ha	557.7	773.0	0.0	

* Top third in order of Gross Margin per hectare

** Insufficient farms

‡ Restricted to seeds, fertilisers, sprays and other crop costs

DAIRY COWS - MAINLY FRIESIAN/HOLSTEINS

2009/10 Gross margins per cow and per hectare

		Average	Premium*
Number of farms		83	28
Cows per herd		141	170
Yield:	litres/cow	7062	7801
Price:	pence/litre	24.6	25.7
Stocking rate:	cows/ha	1.83	1.97
	ha/cow	0.55	0.51
		£ per cow	
Output -	milk	1734.9	2002.1
	milk quota leasing	0.0	0.0
	calves	102.1	121.5
	depreciation	-173.5	-163.4
ENTERPRISE OUTPUT (excl. BLSA)		1663.5	1960.2
Concentrates		454.7	455.9
Coarse fodder		14.7	14.8
Veterinary and medicines		62.6	68.9
Other livestock costs		127.5	126.6
Forage †		105.8	97.0
TOTAL VARIABLE COSTS ‡		765.3	763.1
GROSS MARGIN per cow (excl. BLSA)		898.2	1197.2
GROSS MARGIN per hectare (excl. BLSA)		1645.0	2355.0

Margin - milk over concentrates	1280.2	1546.2
Concentrates per £100 of milk output	26.2	22.8

* Top third in order of Gross Margin per cow.

† Forage includes seeds, fertilisers, sprays and other crop costs

‡ Restricted to concentrates, coarse fodder, veterinary and medicines, other livestock costs and forage.

Conventional milk production only

DAIRY COWS - ORGANIC MILK PRODUCTION

2009/10 Gross margins per cow and per hectare

	Average	Premium*
Number of farms	18	
Cows per herd	128	
Yield: litres/cow	5935	
Price: pence/litre	29.8	
Stocking rate: cows/ha	1.28	
ha/cow	0.78	
	£ per cow	
Output - milk	1769.6	
milk quota leasing	0.0	
calves	95.4	
depreciation	-154.5	
ENTERPRISE OUTPUT (excl. BLSA)	1710.8	
Concentrates	469.4	
Coarse fodder	8.7	
Veterinary and medicines	46.7	
Other livestock costs	152.0	
Forage †	25.0	
TOTAL VARIABLE COSTS ‡	701.9	
GROSS MARGIN per cow (excl. BLSA)	1008.9	
GROSS MARGIN per hectare (excl. BLSA)	1291.8	
Margin - milk over concentrates	1300.2	
Concentrates per £100 of milk output	26.5	

* Insufficient farms

† Forage includes seeds, fertilisers, sprays and other crop costs

‡ Restricted to concentrates, coarse fodder, veterinary and medicines, other livestock costs and forage.

DAIRY COWS - MAINLY FRIESIAN/HOLSTEINS by yield per cow

2009/10 Gross margins per cow and per hectare

		Less than 5999	6000-6999	7000-7999	Over 8000
Number of farms		19	18	27	19
Cows per herd		112	121	144	186
Yield:	litres/cow	5345	6539	7510	8581
Price:	pence/litre	24.1	23.7	25.2	24.9
Stocking rate:	cows/ha	1.70	1.70	1.90	2.00
	ha/cow	0.59	0.59	0.53	0.50
		£ per cow			
Output -	milk	1286.1	1551.0	1892.3	2134.0
	milk quota leasing	0.2	0.0	0.0	0.0
	calves	91.9	101.1	109.2	102.9
	depreciation	-143.7	-160.5	-181.4	-204.5
ENTERPRISE OUTPUT (excl. BLSA)		1234.5	1491.6	1820.1	2032.8
Concentrates		317.7	385.4	513.0	574.4
Coarse fodder		7.7	15.4	22.2	10.5
Veterinary and medicines		42.3	47.1	72.3	84.0
Other livestock costs		113.0	125.5	128.0	143.1
Forage †		81.5	109.6	112.0	117.7
TOTAL VARIABLE COSTS ‡		562.2	683.0	847.5	929.7
GROSS MARGIN per cow (excl. BLSA)		672.3	808.6	972.6	1103.1
GROSS MARGIN per hectare (excl. BLSA)		1142.9	1374.6	1847.9	2206.2
Margin - milk over concentrates		968.4	1165.6	1379.3	1559.6
Concentrates per £100 of milk output		24.7	24.8	27.1	26.9

* Top third in order of Gross Margin per cow.

† Forage includes seeds, fertilisers, sprays and other crop costs

‡ Restricted to concentrates, coarse fodder, veterinary and medicines, other livestock costs and forage.

Conventional milk production only

DAIRY COWS - MAINLY FRIESIAN/HOLSTEINS by size of herd

2009/10 Gross margins per cow and per hectare

		Under 70	70-99	100-150	150-200	Over 200
Number of farms		13	15	23	17	14
Cows per herd		51	88	128	186	260
Yield:	litres/cow	6087	6717	7449	7522	7776
Price:	pence/litre	23.2	23.5	24.6	25.1	25.4
Stocking rate:	cows/ha	1.40	1.70	1.90	2.10	2.10
	ha/cow	0.71	0.59	0.53	0.48	0.48
		£ per cow				
Output -	milk	1412.7	1580.5	1831.4	1889.9	1976.5
	milk quota leasing	0.0	0.0	0.0	0.2	0.0
	calves	102.9	110.4	96.8	109.2	99.7
	depreciation	-141.4	-159.1	-176.2	-207.7	-185.5
ENTERPRISE OUTPUT (excl. BLSA)		1374.2	1531.8	1752.0	1791.6	1891.2
Concentrates		352.6	368.0	475.4	538.7	538.7
Coarse fodder		2.4	33.9	13.6	11.4	12.5
Veterinary and medicines		55.7	48.1	72.8	66.0	68.2
Other livestock costs		149.9	114.6	126.4	126.0	133.1
Forage †		88.4	119.7	113.8	104.9	102.3
TOTAL VARIABLE COSTS ‡		649.0	684.3	802.0	847.0	854.8
GROSS MARGIN per cow (excl. BLSA)		725.2	847.5	950.0	944.6	1036.4
GROSS MARGIN per hectare (excl. BLSA)		1015.3	1440.8	1805.0	1983.7	2176.4
Margin - milk over concentrates		1060.1	1212.5	1356.0	1351.2	1437.8
Concentrates per £100 of milk output		25.0	23.3	26.0	28.5	27.3

* Top third in order of Gross Margin per cow.

† Forage includes seeds, fertilisers, sprays and other crop costs

‡ Restricted to concentrates, coarse fodder, veterinary and medicines, other livestock costs and forage.

Conventional milk production only

LESS FAVOURED AREA BEEF COWS

2009/10 Gross margins per cow, per LU and per hectare

	Average	Premium*
Number of farms	28	
Cows per herd	65	
Stocking rate:		
LU/ha	1.07	
ha/LU	0.94	
	£ per cow	
Output - calf output	372.6	
depreciation	-52.5	
ENTERPRISE OUTPUT (excl. BLSA)	320.0	
Concentrates	23.5	
Coarse fodder	6.2	
Veterinary and medicines	18.4	
Other livestock costs	37.5	
Forage †	57.2	
TOTAL VARIABLE COSTS ‡	142.8	
GROSS MARGIN per cow (excl. BLSA)	177.3	
GROSS MARGIN per LU (excl. BLSA)	175.9	
GROSS MARGIN per hectare (excl. BLSA)	189.5	
Concentrates per £100 output	7.3	

* Insufficient farms

† Forage includes seeds, fertilisers, sprays and other crop costs

‡ Restricted to concentrates, coarse fodder, veterinary and medicines, other livestock costs and forage.

LOWLAND BEEF COWS

2009/10 Gross margins per cow, per LU and per hectare

	Average	Premium*
Number of farms	42	
Cows per herd	43	
Stocking rate: LU/ha ha/LU	1.20 0.83	
	£ per cow	
Output - calf output	328.0	
depreciation	2.6	
ENTERPRISE OUTPUT (excl. BLSA)	330.6	
Concentrates	24.4	
Coarse fodder	6.8	
Veterinary and medicines	18.7	
Other livestock costs	44.8	
Forage †	57.9	
TOTAL VARIABLE COSTS ‡	152.6	
GROSS MARGIN per cow (excl. BLSA)	178.0	
GROSS MARGIN per LU (excl. BLSA)	179.6	
GROSS MARGIN per hectare (excl. BLSA)	213.7	
Concentrates per £100 output	7.4	

* Insufficient farms

† **Forage includes seeds, fertilisers, sprays and other crop costs**

‡ Restricted to concentrates, coarse fodder, veterinary and medicines, other livestock costs and forage.

ORGANIC LOWLAND BEEF COWS

2009/10 Gross margins per cow, per LU and per hectare

	Organic Average	Conventional Average
Number of farms	24	42
Cows per herd	39	43
Stocking rate:		
LU/ha	0.94	1.20
ha/LU	1.06	0.83
	£ per cow	
Output - calf output	320.0	328.0
depreciation	-7.3	2.6
ENTERPRISE OUTPUT (excl. BLSA)	312.8	330.6
Concentrates	14.2	24.4
Coarse fodder	4.8	6.8
Veterinary and medicines	16.3	18.7
Other livestock costs	44.2	44.8
Forage †	24.0	57.9
TOTAL VARIABLE COSTS ‡	103.5	152.6
GROSS MARGIN per cow (excl. BLSA)	209.3	178.0
GROSS MARGIN per LU (excl. BLSA)	204.9	179.6
GROSS MARGIN per hectare (excl. BLSA)	197.4	213.7
Concentrates per £100 output	4.5	7.4

* Top third in order of Gross Margin per cow.

† Forage includes seeds, fertilisers, sprays and other crop costs

‡ **Restricted to concentrates, coarse fodder, veterinary and medicines, other livestock costs and forage.**

DAIRY FOLLOWERS

2009/10 Gross margins per head, per LU and per hectare

	Average	Premium*
Number of farms	50	17
Number of head per farm	124	131
Stocking rate: LU/ha	1.87	1.80
ha/LU	0.54	0.56
	£ per head	
Output - cattle	373.4	467.2
ENTERPRISE OUTPUT	373.4	467.2
Concentrates	72.7	74.0
Coarse fodder	5.4	8.6
Veterinary and medicines	9.8	10.9
Other livestock costs	50.5	33.1
Forage †	57.8	64.0
TOTAL VARIABLE COSTS ‡	196.2	190.5
GROSS MARGIN per head	177.2	276.8
GROSS MARGIN per LU	329.2	516.8
GROSS MARGIN per hectare	614.3	930.4
Concentrates per £100 output	19.5	15.8

* Top third in order of Gross Margin per head.

† Forage includes seeds, fertilisers, sprays and other crop costs

‡ Restricted to concentrates, coarse fodder, veterinary and medicines, other livestock costs and forage.

STORE CATTLE FROM DAIRY BRED CALVES OR STORES

2009/10 Gross margins per head, per LU and per hectare

	Average	Premium*
Number of farms	21	
Cattle per herd	112	
Stocking rate: LU/ha ha/LU	1.54 0.65	
	£ per head	
Output - cattle	338.5	
ENTERPRISE OUTPUT (excl. BLSA)	338.5	
Concentrates	74.3	
Coarse fodder	5.3	
Veterinary and medicines	10.4	
Other livestock costs	35.9	
Forage †	43.2	
TOTAL VARIABLE COSTS ‡	169.1	
GROSS MARGIN per head	169.5	
GROSS MARGIN per LU	333.3	
GROSS MARGIN per hectare	514.3	
Concentrates per £100 output	22.0	

* Insufficient farms for comparison

† Forage includes seeds, fertilisers, sprays and other crop costs

‡ Restricted to concentrates, coarse fodder, veterinary and medicines, other livestock costs and forage.

STORE CATTLE FROM BEEF BRED CALVES OR STORES

2009/10 Gross margins per head, per LU and per hectare

	Average	Premium*
Number of farms	48	16
Cattle per herd	47	38
Stocking rate: LU/ha	1.02	1.11
ha/LU	0.98	0.90
	£ per head	
Output - cattle	295.4	445.4
ENTERPRISE OUTPUT (excl. BLSA)	295.4	445.4
Concentrates	40.7	32.7
Coarse fodder	3.5	3.4
Veterinary and medicines	11.3	10.4
Other livestock costs	45.1	43.0
Forage †	28.6	24.5
TOTAL VARIABLE COSTS ‡	129.3	114.0
GROSS MARGIN per head	166.1	331.4
GROSS MARGIN per LU	288.2	581.8
GROSS MARGIN per hectare	295.2	643.3
Concentrates per £100 output	13.8	7.3

* Top third in order of Gross Margin per head.

† Forage includes seeds, fertilisers, sprays and other crop costs

‡ Restricted to concentrates, coarse fodder, veterinary and medicines, other livestock costs and forage.

FINISHED CATTLE FROM DAIRY BRED CALVES OR STORES

2009/10 Gross margins per head, per LU and per hectare

	Average	Premium*
Number of farms	24	
Cattle per herd	187	
Average finished animal sale price - £/head	912	
Stocking rate: LU/ha	1.48	
ha/LU	0.67	
	£ per head	
Output - cattle	314.2	
ENTERPRISE OUTPUT (excl. BLSA)	314.2	
Concentrates	88.3	
Coarse fodder	1.9	
Veterinary and medicines	7.6	
Other livestock costs	39.1	
Forage †	37.5	
TOTAL VARIABLE COSTS ‡	174.3	
GROSS MARGIN per head	139.9	
GROSS MARGIN per LU	251.3	
GROSS MARGIN per hectare	372.5	

Concentrates per £100 output	28.1	
------------------------------	------	--

* Insufficient farms for comparison

† Forage includes seeds, fertilisers, sprays and other crop costs

‡ Restricted to concentrates, coarse fodder, veterinary and medicines, other livestock costs and forage.

FINISHED CATTLE FROM BEEF BRED CALVES OR STORES

2009/10 Gross margins per head, per LU and per hectare

	Average	Premium*
Number of farms	36	
Cattle per herd	85	
Average finished animal sale price - £/head	860	
Stocking rate: LU/ha	1.22	
ha/LU	0.82	
	£ per head	
Output - cattle	352.1	
ENTERPRISE OUTPUT (excl. BLSA)	352.1	
Concentrates	86.3	
Coarse fodder	2.0	
Veterinary and medicines	12.0	
Other livestock costs	46.3	
Forage †	42.9	
TOTAL VARIABLE COSTS ‡	189.4	
GROSS MARGIN per head	162.6	
GROSS MARGIN per LU	260.0	
GROSS MARGIN per hectare	318.3	
Concentrates per £100 output	24.5	

* Insufficient farms for comparison

† Forage includes seeds, fertilisers, sprays and other crop costs

‡ Restricted to concentrates, coarse fodder, veterinary and medicines, other livestock costs and forage.

FINISHED CATTLE FROM ORGANICALLY BEEF BRED CALVES OR STORES

2009/10 Gross margins per head, per LU and per hectare

	Organic Average	Conventional Average
Number of farms	17	36
Cattle per herd	67	85
Average finished animal sale price - £/head	859	860
Stocking rate: LU/ha	0.85	1.22
ha/LU	1.18	0.82
	£ per head	
Output - cattle	271.4	352.1
ENTERPRISE OUTPUT (excl. BLSA)	271.4	352.1
Concentrates	39.3	86.3
Coarse fodder	6.1	2.0
Veterinary and medicines	6.6	12.0
Other livestock costs	44.1	46.3
Forage †	14.6	42.9
TOTAL VARIABLE COSTS ‡	110.7	189.4
GROSS MARGIN per head	160.6	162.6
GROSS MARGIN per LU	257.3	260.0
GROSS MARGIN per hectare	217.7	318.3

Concentrates per £100 output	14.5	24.5
------------------------------	------	------

* Top third in order of Gross Margin per head.

† Forage includes seeds, fertilisers, sprays and other crop costs

‡ Restricted to concentrates, coarse fodder, veterinary and medicines, other livestock costs and forage.

BREEDING EWES - LOWLAND

2009/10 Gross margins per ewe and per hectare

	Average	Premium*
Number of flocks	58	19
Average number of ewes	331	258
Lambing % (births divided by number of ewes tupped)	140	163
Average lamb sale price - £/lamb	64.4	69.0
Stocking rate - ewes per hectare	7.8	8.4
	£ per ewe	
Output - lambs	98.6	118.9
wool	0.9	1.1
depreciation	-10.0	-6.8
ENTERPRISE OUTPUT (excl. BLSA)	89.5	113.2
Concentrates	12.4	12.5
Coarse fodder	1.0	1.2
Veterinary and medicines	5.9	5.7
Other livestock costs	9.7	10.2
Forage †	10.6	9.5
TOTAL VARIABLE COSTS ‡	39.6	39.1
GROSS MARGIN per ewe (excl. BLSA)	49.9	74.1
GROSS MARGIN per LU (excl. BLSA)	294.7	431.2
GROSS MARGIN per hectare (excl. BLSA)	385.1	605.6

Concentrates per £100 of output	13.8	11.0
---------------------------------	------	------

* Top third in order of Gross Margin per ewe.

† Forage includes seeds, fertilisers, sprays and other crop costs

‡ Restricted to concentrates, coarse fodder, veterinary and medicines, other livestock costs and forage.

LESS FAVOURED AREA BREEDING EWES

2009/10 Gross margins per ewe and per hectare

	Average	Premium*
Number of flocks	34	
Average number of ewes	482	
Lambing % (births divided by number of ewes tupped)	113	
Average lamb sale price - £/lamb	59.0	
Stocking rate - ewes per hectare	7.3	
	£ per ewe	
Output - lambs	79.2	
wool	1.0	
depreciation	-10.7	
ENTERPRISE OUTPUT (excl. BLSA)	69.4	
Concentrates	9.6	
Coarse fodder	0.7	
Veterinary and medicines	4.5	
Other livestock costs	6.8	
Forage †	6.4	
TOTAL VARIABLE COSTS ‡	28.0	
GROSS MARGIN per ewe (excl. BLSA)	41.5	
GROSS MARGIN per LU (excl. BLSA)	321.1	
GROSS MARGIN per hectare (excl. BLSA)	286.2	

Concentrates per £100 of output	13.8	
---------------------------------	------	--

* Insufficient farms for comparison

† Forage includes seeds, fertilisers, sprays and other crop costs

‡ Restricted to concentrates, coarse fodder, veterinary and medicines, other livestock costs and forage.

APPENDIX 1:

DEFINITION OF FARMING TYPES

The farming type groups are derived from the 'robust types' used in the UK farm classification system, which utilises Standard Gross Margins (SGM) per hectare for crops and per head for livestock in estimating business size. Farms are then classified by type according to the relative proportions of their total SGM. The farm types included in this publication are:

Cereals farms are those on which cereals and cereal rotational crops account for more than two thirds of their total SGM.

General cropping farms are those on which non-cereal arable crops (including field-scale vegetables) account for more than two thirds of their SGM.

Dairy farms are those on which dairy cows and followers account for more than two thirds of their total SGM.

Cattle and sheep farms are those on which cattle and sheep account for more than two thirds of their total SGM, excluding farms classified as dairy. Two categories of cattle and sheep farms are identified. The Less Favoured Area (LFA) group, comprises of farms where 50% or more of their total area is in the LFA. Lowland farms include all other systems based on cattle and sheep production.

Mixed cropping, cattle and sheep farms are those on which crops account for one third, but less than two thirds, of total SGM; and livestock account for one third, but less than two thirds, of total SGM.

'Average' and 'Premium' standards

The 'average' standards have been obtained from samples of full-time farms in South West England, which represent a broad cross-section of the main farm types. 'Premium' standards relate to the most profitable farms in each group (based on a minimum five farms), selected on management and investment income per hectare.

APPENDIX 2:

DEFINITION OF TERMS USED

Average area farmed is based on the utilised agricultural area of the farm (U.A.A.) and includes the arable area, permanent pasture, the enclosed rough grazing and the area of permanent crops. It also includes areas of keep and bare land taken for the year. Areas of land let are also included in the farm size as letting revenue is included within output.

Gross output

Livestock enterprise output comprises the total revenue from livestock and livestock products, livestock production grants, produce consumed and milk and milk products fed on the farm, adjusted for livestock valuation changes and the value of transfers between enterprises, less purchases of livestock and livestock products from outside the farm business. Breeding livestock stock appreciation is excluded.

Crop enterprise output comprises the revenue from current crop sales plus the closing valuation and value of crops fed to livestock. The profit and loss on the disposal of the previous year's cash crops is shown separately.

Miscellaneous revenue includes the domestic portion of the farmhouse rent, rents of cottages used for the farm business, hirework, miscellaneous production grants excluding livestock production grants, the gross output of forage crops and any other sundry items of farm revenue.

Area based support payments includes ESA, HFA, organic and stewardship payments

Total gross output is the sum of the output of the livestock and cash crop enterprises plus miscellaneous revenue. It excludes breeding livestock stock appreciation.

Variable costs

Concentrates includes (a) bought compounds and grains, sugar beet pulp, proteins, milk powder, animal and plant proteins, additives, minerals and vitamins; and (b) home produced cereals, beans, peas, milk and milk products, valued at the average ex-farm price.

Fodder includes purchased bulk feeds such as potatoes, vegetable residues, wet brewers' grains, hay and feed straw, and agistment. It does not include forage produced on the holding. Payments for grass keep and bare land are shown with land charges.

Veterinary and medicines includes the cost of all veterinary fees and medicines.

Other livestock costs includes all expenditure relating directly to livestock production such as freeze branding, AI fees, milk tests, breed society fees, dairy and other detergents, packing materials, bedding straw, show expenses, processing and marketing charges, disposal of casualties, etc.

Seeds include both actual gross expenditure on seeds and seed cleaning/dressing, and the estimated ex-farm value of home-produced seeds and young plants.

Fertilisers include the purchase costs of all straight, compound and organic fertilisers and similar products.

Sprays include all crop protection products including pre-emergent sprays, fungicides, herbicides and crop sprays.

Other crop costs includes all expenditure relating directly to crop production such as packing materials, baler cord, soil analyses, crop competition costs, polythene (for tunnels), all storage and market preparation costs, purchase of standing crops, marketing charges, soil sterilisation, etc. It also includes the cost of renting bare land (for growing cash crops) for less than one year.

Contracting includes the total expenditure on work carried out by agricultural contractors and payments for equipment hire. Contract labour is only included when associated with the hiring of a machine.

Fixed costs

Regular paid and unpaid labour costs include all work in connection with the normal running of the holding including field work, livestock husbandry, market preparation, maintenance, transport and other related operations. They exclude work to produce fixed assets (construction or repairs of buildings and machinery, etc), domestic work and business travel/professional meetings, etc. 'Unpaid' labour is costed at the appropriate rate for the work actually done (e.g. AWB rates).

Machinery costs relate to all machinery and equipment items, which originally cost more than £200, including the farm, *share* of road vehicles. Depreciation is calculated on a replacement cost basis (broadly equivalent to 15% of current replacement costs). Repairs are recorded net of insurance receipts.

Land expenses include tenant-type repairs and land upkeep costs, the actual rents paid by tenant farmers and drainage rates where incurred.

General overheads include the farm share of electricity, heating fuel, water, insurance (including labour and buildings), bank charges, professional fees, secretarial costs, consultancy fees and other sundry costs (such as subscriptions, telephone, postage, stationery, etc.)

Interest charges relate to borrowings incurred by the farm business. Long term loans include bank and other institutional loans and private/family loans. Short term loans include bank overdrafts, hire purchase and leasing agreements (the latter are capitalised and repayments treated as part capital, part interest), and trade/merchant credit.

Profit is broadly equivalent to that shown in conventional management accounts. It is the residue of farm output less variable and fixed costs including interest on borrowed capital and any cash rent paid, but excluding rental value and the imputed charge for the manual labour of the farmer and spouse. It represents the reward for the labour input of farmer and spouse and a return to their own invested capital (Net Worth).

Breeding livestock stock appreciation (BLSA) has been excluded from output, profit and income figures. It represents the change in the market prices of breeding cattle, sheep and pigs between the opening and closing valuations.

Source and allocation of funds

Trading net fund flow is the cash surplus generated by the trading activities over the year and is the farm profit before depreciation and valuation changes.

Capital net fund flow is the net additional capital investment for the year and includes machinery, buildings, quota and land.

Total farm fund flow is the amount generated by the business after re-investment.

Private fund flow is the net difference between private expenditure and private funds and included transfers of monies to and from non farm accounts.

Total net fund flow represents the surplus or deficit the business shows after funding re-investment and drawings. A deficit indicates that the business has increase indebtedness or reduced bank deposits to fund the current year's activities.

Net change in funding corresponds with the net fund flow and identifies the changes in external funding.

Gross margins

Enterprise gross margin is the enterprise gross output less the variable costs associated with that enterprise. Grazing livestock enterprises are allocated a share of the forage variable costs of seed, fertiliser, sprays and other crop costs based on their share of the grazing livestock units.

Total farm gross margin is the sum of the gross margins of the individual enterprises plus miscellaneous revenue or, alternatively, it equals the total farm output less total variable costs.

Management and investment income (M & II) is the excess of total gross output over variable costs and fixed costs. It excludes interest on borrowed capital, but includes rental value (in lieu of landlord-type property maintenance charges) and an imputed charge for the manual work of the farmer and spouse. It represents the reward to management and the return on tenant-type capital invested in the business.

Net farm income (NFI) represents the reward to the farmer and spouse for their own manual labour and management and the return on the tenant-type capital invested in the business.

Technical efficiency measures

Grazing livestock units have been calculated using the following coefficients based on annual average numbers of stock.

Dairy cows	1.00 LU	Beef cows	0.75 LU	Heifers in calf	0.80 LU
Cattle over 2 years	0.80 LU	Cattle 1-2 years	0.65 LU	Cattle 0-12 months	0.34 LU
Lowland ewes	0.10 LU	Upland ewes	0.08 LU	Hill ewes	0.06 LU
Bulls	0.75 LU	Rams	0.08 LU	Store lambs <1year	0.04 LU

Stocking rate is the ratio of total grazing livestock units to forage hectares.

Adjusted stocking rate is based on the ratio of grazing livestock units to forage hectares adjusted for forage bought or sold, and changes in valuation, and adjustments for the quality of grazing.

Tenants capital and financial efficiency

Total Tenant's capital is total assets less the value of any owner occupied land, buildings and improvements, tenant's improvements and all quota values, and is the average of its value at the beginning and end of the accounting period.

Return on total tenant's capital. Management and investment income expressed as a percentage of the total tenant's capital represents the composite return for management and interest on tenant's capital employed.

Assets and Liabilities

Assets include all items owned by the farm business which have a realisable money value and all claims which the business has on others in respect of items with a realisable money value.

Fixed assets are assets which are not used up in the course of a single production cycle and, therefore, cannot be realised without impairing the existing productive capacity of the business. They represent the longer-term investment in the business and include farm property in the form of land, buildings and all improvements thereto, glasshouses, machinery and breeding livestock. Land, building, improvements, glasshouses and machinery have been subjected to revaluation procedures to reflect their current value to the business.

Current assets are assets which circulate within the business in the course of the production cycle. They consist of physical working assets and liquid assets.

Physical working assets comprise the raw materials and stock-in-trade of the business normally intended for conversion into cash within one production cycle. They include trading livestock, harvested and growing crops, stocks of livestock products and items of deadstock excluding machinery.

Liquid assets are those which require little or no conversion to generate cash. They include cash balances in hand or at the bank, pre-payments, short-term loans and sundry debtors.

Total assets is the sum of the fixed and current assets of the business.

Liabilities represent the value of claims which the various suppliers of funds to a business have on its assets.

Long term loans consists of loans, mortgages and other debts which, under normal circumstances, are not liable to early recall. Examples include Agricultural Mortgage Corporation mortgages, bank loans and private and family loans.

Current liabilities are claims upon the assets of the business which may have to be met within the span of a normal production or accounting period. They include sundry trade creditors and accrued charges, bank overdrafts and short-term loans.

Net worth or owner's equity is the residual claim which the owners of a business have against its assets after all external claims against them have been met.

Total liabilities comprise loan capital, current liabilities and net worth.

Owner equity ratio* measures owner equity (net worth) as a percentage of the total assets of the business and, in so doing, measure the extent of the internal funding of the business or, alternatively, the reliance of the business on outside sources of finance. Existing levels of borrowing by the business will clearly be of interest to prospective additional lenders.

Fixed asset ratio* measures the relative importance of fixed assets (the means of production) within the overall asset structure of the business. While fixed assets invariably predominate in farming, it is imperative that the volume of the remaining assets (current assets entering directly into the production process) is sufficient to generate enough income to adequately maintain and reward the capital invested and to recompense the management and manual effort expended in its organisation.

Gearing ratio* measures the relationship between loan capital and owner equity as contributory sources to the long-term capital invested in the farm business and is expressed as a percentage with the loan capital as the numerator and owner equity as the denominator. Farming generally tends to be low-g geared (i.e. employs relatively little outside finance) particularly when compared with manufacturing industries. The importance of any increase in this ratio lies in the immediate increase in the prior charges (in the form of interest) which are placed on available income as a consequence.

Current ratio* expresses current assets as a percentage of current liabilities and measures the amount of cover which is afforded by the current assets of the business to those outstanding claims against the business which may be presented in the shorter term (current liabilities). Normally one will expect current assets to meet short term claims. What the amount of the excess should be will depend on the nature of the production process undertaken but, as a general guide, it should be noted that the more prominently do liquid assets (cash and near-cash balances) feature within the total of current assets the narrower can the current ratio safely be.

Liquidity ratio* expresses liquid assets as a percentage of current liabilities and measures the extent to which fully liquid assets - cash and near-cash assets - are readily available to meet the immediate claims which may be made against the business. Normally one would look to the maintenance of parity between current liabilities and liquid assets unless special circumstances (e.g. the granting of bank overdraft facilities) justify a relaxation of this requirement.

* A single ratio of a business should not be considered in isolation, nor the examination of a set of ratios for only one point in time. Wherever possible, the interpretation of ratios should be an integrated exercise using a series of such ratios to indicate trends and employing the actual balance sheet data and related material in a supportive and amplifying role.

APPENDIX 3:**USEFUL WEBSITES**

ADAS	www.adas.co.uk
Agriculture and Horticulture Development Board	www.ahdb.org.uk
Askham Bryan College	www.askham-bryan.ac.uk
Bank of England	www.bankofengland.co.uk
BPEX	www.bpex.org
British Cattle Movement Service	www.bcms.gov.uk
British Crop Production Council	www.bcpcc.org
British Grassland Society	www.britishgrassland.com
British Potato Council	www.potato.org.uk
British Poultry Council	www.poultry.uk.com
Business Link	www.businesslink.gov.uk
Country Land and Business Association	www.cla.org.uk
DairyCo	www.dairyco.org.uk
DARDNI	www.dardni.gov.uk
Defra	www.defra.gov.uk
Duchy College	www.duchy.ac.uk
EBLEX	www.eblex.org.uk
Environment Agency	www.environment-agency.gov.uk
European Parliament	www.europarl.eu.int
Farming and Wildlife Advisory Group	www.fwag.org.uk
Game and Wildlife Conservation Trust	www.gwct.org.uk
HM Revenue and Customs	www.hmrc.gov.uk
Home Grown Cereals Authority	www.hgca.com
Horticultural Development Council	www.hdc.org.uk
Imperial College London (Wye Campus)	www.imperial.ac.uk/wyecampus
Institute of Agricultural Secretaries & Administrators	www.iagsa.co.uk
Linking Environment and Farming	www.leafuk.org
National Beef Association	www.nationalbeefassociation.com
National Farmers Union	www.nfuonline.com
National Sheep Association	www.nationalsheep.org.uk

Natural England	www.naturalengland.org.uk
Newcastle University	www.ncl.ac.uk/afrd
North Wyke Research	www.northwyke.bbsrc.ac.uk
Office of National Statistics	www.statistics.gov.uk
Organic Centre Wales	www.organic.aber.ac.uk
Organic Farmers and Growers	www.organicfarmers.org.uk
Organic Research Centre	www.efrc.com
Organic Studies Centre	www.organicstudiescornwall.co.uk
Peninsula Partnership for the Rural Environment	www.ppre.ac.uk
Royal Agricultural Society of England	www.rase.org.uk
Royal Institution of Chartered Surveyors	www.rics.org
Royal Society for the Protection of Birds	www.rspb.org.uk
Rural Business Research	www.ruralbusinessresearch.co.uk
Rural Business School	www.ruralbusinessschool.org.uk
Rural Payments Agency	www.rpa.gov.uk
Scottish Agricultural College	www.sac.ac.uk
Soil Association	www.soilassociation.org
South West of England Regional Development Agency	www.southwestrda.org.uk
South West Rural Enterprise Gateway	www.regsw.org.uk
Tenant Farmers Association	www.tenant-farmers.org.uk
UK Government	www.direct.gov.uk
UK Parliament	www.parliament.uk
University of Cambridge	www.landecon.cam.ac.uk
University of Exeter, Centre for Rural Policy Research	www.centres.exeter.ac.uk/crpr
University of Nottingham	www.nottingham.ac.uk/rbru
University of Reading	www.apd.reading.ac.uk
Worshipful Company of Farmers	www.farmerslivery.org.uk

APPENDIX 4: Latest Rural Business Research Publications

Crop Production in England 2009/10

Dairy Farming in England 2009/10

Hill Farming in England 2009/10

Horticulture Production in England 2009/10 (Horticultural Business Data)

Lowland Grazing Livestock Production in England 2009/10

Pig Production in England 2009/10

Poultry Production in England 2009/10

Further details available at www.ruralbusinessresearch.co.uk

NOTES