

Farm Business Management Digest

2012



South West England
Farm Business Survey



Farm Business Management Digest 2012

South West England

2010/11 financial year data.

March 2012

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FOREWORD AND ACKNOWLEDGEMENTS

Foreword

The digest is intended to provide farmers, growers, students and advisors with a benchmarking tool for farm management decisions and commentary on farming for South West England. The digest covers businesses in the six counties of South West England, namely Gloucestershire, Wiltshire, Dorset, Somerset, Devon and Cornwall.

The digest 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 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 and Rural Affairs.

Rural Business Research is a consortium of six universities and colleges across England. For more information please see 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 provided confidential data for the survey and received 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 and Becky Butland for compiling this digest.

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**Richard Soffe
The Rural Business School
Duchy College
March 2012**

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

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Agriculture in the South West of England 2010/2011

This report includes data collected from the Farm Business Survey for the 2010 to 2011 financial year, relating to the 2010 crop harvest.

Please note that the classification of farms has been revised this year meaning that these results are not directly comparable with those published in earlier reports. Please see the explanatory document at

<http://www.defra.gov.uk/statistics/foodfarm/farmmanage/fbs/aboutfbs/datacollection> for further details of these changes.

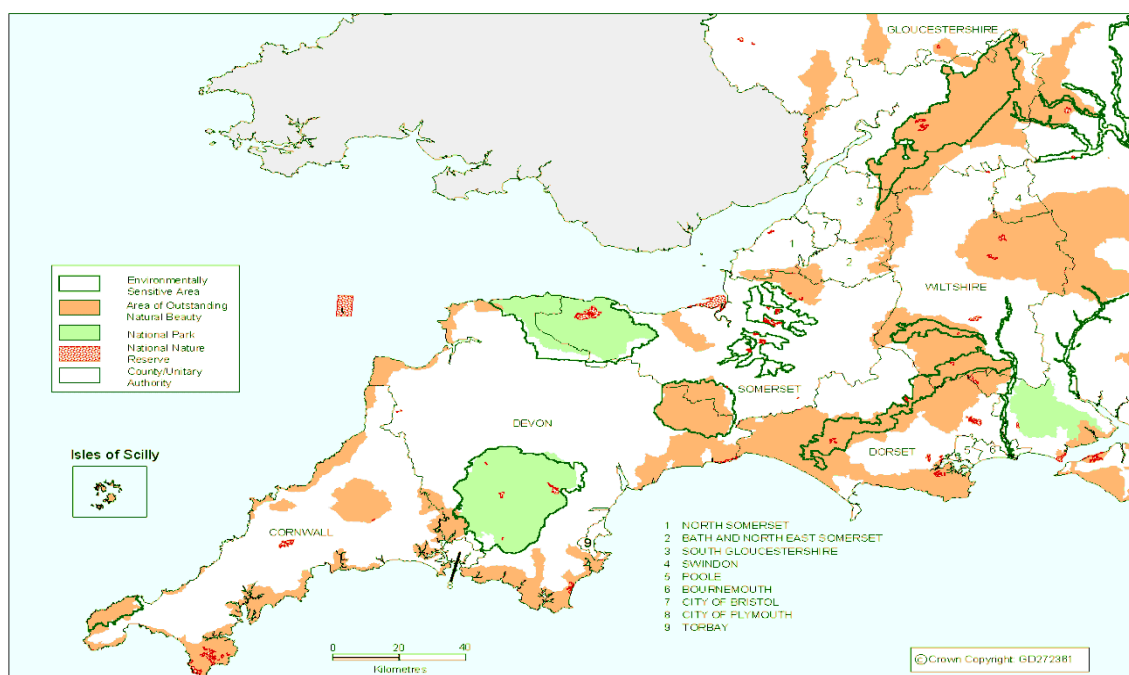
The Farm Business Survey is conducted on behalf of, and financed by the Department for Environment, Food and Rural Affairs, and the data collected in it are Crown Copyright.

The Nature of Farming in the South West of England

The South West region covers a wide range of agricultural environments from the Less Favoured Areas (LFA) of Exmoor, Dartmoor and Bodmin Moor (covering 8% of the region), to the Somerset levels, across to the chalk down land of Salisbury Plain, as illustrated by Map 1. One third of the land area 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 Designations of Landscape Areas



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

Natural England estimated that in March 2011 over 62% of all farmed land (or 1.2 million hectares) in the South West is managed as part of an agri- environment scheme, the majority of this land (83%) 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 2010, indicates that the South West has over 188,000 Ha of organic or in-conversion land which represents 10.7% of the total agricultural area, excluding

common grazing land as compared with the England figure for organic or in-conversion land which is 4.4% of the total agricultural area. The South West has 38% 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/statistics/foodfarm/enviro/organics/index.htm>

The region is predominantly grass, with 61% of the region's area of agricultural land being grass, the majority of which is over five years old, plus an additional 70,000 hectares of sole occupancy rough grazing (4% of agricultural land). From 2004 to 2007 the area of cropping steadily decreased, but increased again for 2008 and 2009 only to fall again in 2010.

Sheep numbers in the South West have decreased each year from 2004, according to June Census data, with the number of sheep 12% lower in 2010 than the 2004 level. (Figure 2)

From 2004 to 2010 period the total cattle numbers have ranged between 1.72 and 1.80 million head and have remained steady over the last seven years.

With the decrease in numbers of grazing livestock and an increase in the area of grassland in the South West, the stocking rate for 2010 remained similar to the previous three years' levels thus perpetuating the 'extensive' type production systems with modest stocking rates.

The numbers of pigs reared in the South West in 2010 decreased by 10% to 386,529, but poultry numbers increased to 18.4 million birds, an 18% change.

A map of the dominant Farm Type within each parish of South West England is shown in previous versions of this report.

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 under 20% of the total and 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 both the region and the national economies. In 2010, the gross output for agriculture in the region was £2,722 million, an increase of 4% as compared to the previous year. The South West gross output was over 17% of the national output of £15,538 million.

In terms of the Gross Value Added (GVA), the region contributed £997 million to the national figure of £5,876 million. Using both Gross Output and GVA figures agriculture in the South West is ranked second in importance in England as compared to other Government Office regions, with the East of England Government Office region having the highest output and income. The GVA for the South West was 11% lower than the 2009 figure. Nationally, agriculture contributes 0.5% of the total gross value added in 2009, but the South West figure is usually twice this figure. The latest data to be published by Defra can be seen in the 2009/10 version of this report.

Within the labour market, the regional work force amounts to 2.5 million people with 61,072 people working in agriculture, 2.44% of the workforce, and 21% of the total labour engaged in agriculture in England.

The South West is predominantly a grass growing region, with 75% of the land grass or rough grazing. This represents 29% of all the English grassland, with over 32% of the English beef and dairy herd and 20% of its sheep grazing this area. Cereal crops cover 12% of the region.

The woodland area is also above the percentage area for England. Please refer to Table 16 on the FBS website (<http://www.farmbusinesssurvey.co.uk>) for more detail on cropping and stocking

Table 1 Regional Economic Measures

Summary measures by region in 2010

	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	485	278	206	144		
North West	1 514	1,000	515	139		
Yorkshire and Humberside	1 887	1 127	760	527		
East Midlands	2 298	1 461	837	564		
West Midlands	1 768	1,065	703	349		
East of England	2 969	1 953	1 016	722		
South East & London	1 896	1,054	842	424		
South West	2 722	1 725	997	437		
England	15,538	9,662	5 987	3 067	0.5%	1.1%

(a) Total regional GVA is not yet available for 2010 so data for 2009 are shown for illustration.

Source: Defra

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.

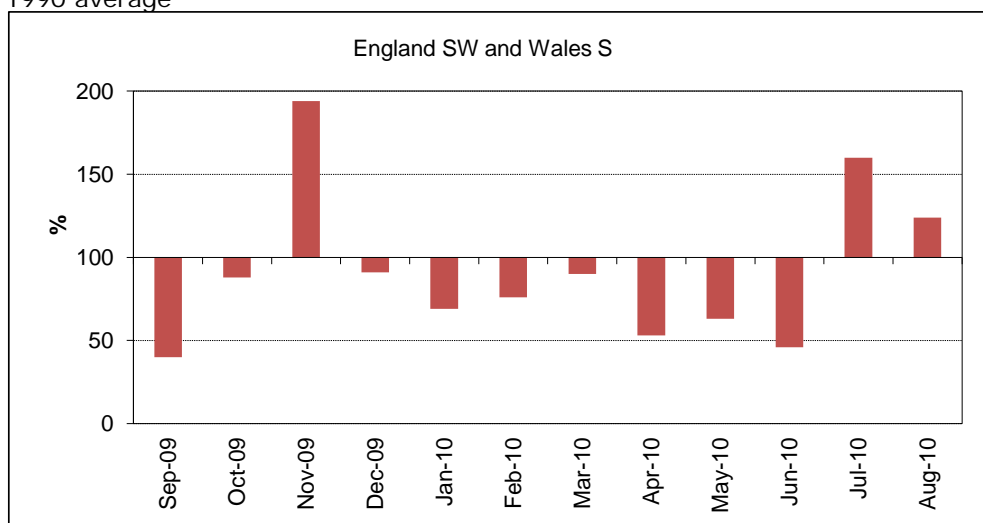
Thus in summary, the South West is predominantly a grazing livestock area, with a large share of England's cattle and sheep, employing a greater share of the population than other English regions and generating a share of gross added value above the national average.

The 2010/11 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 important to production cycles. There are considerable monthly variations in rainfall both within a year and between years.

The weather for the 2010 crop year can be described, in general terms, as a good year with only November and July relatively wet and nine of the months drier than average. The spring was dry and silage yields were lower than normal but grass growth was good overall and cattle were still grazing late into the autumn (Figure 1).

Figure 1 Rainfall in England SW & Wales S for 2010 crop year as percentage of the 1961-1990 average

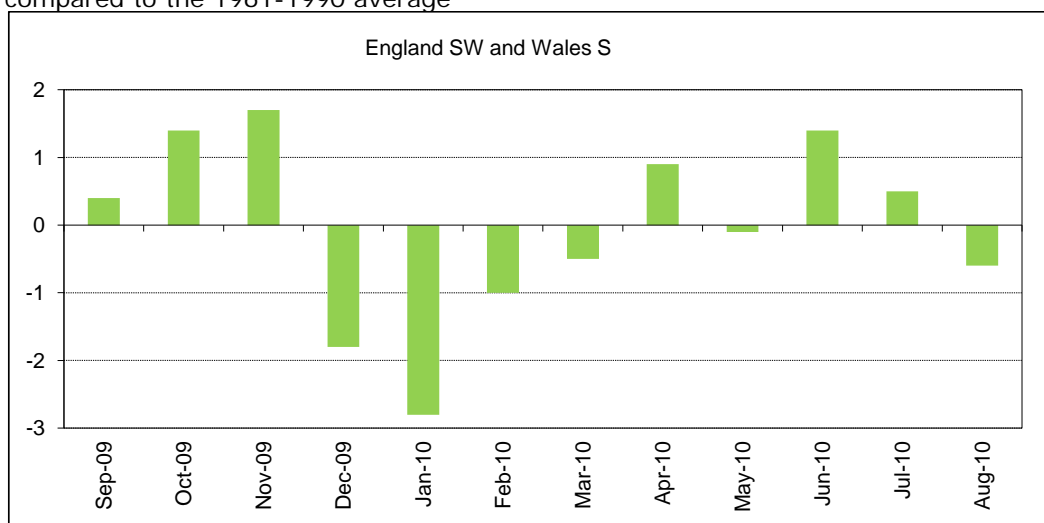


Source: Meteorological Office

The sunshine hours tend to follow the inverse relationship to rainfall, and this is true for the 2010 season with particularly high hours of sunshine in December through to April.

Six months were warmer than the long term average with the autumn/winter period much colder than the long term figures (Figure 2). Frosty, wintery weather were the norm in December through to February rather than in the recent past where mild, wet weather was experienced.

Figure 2 Mean Temperature (degrees C) for 2010 crop year for England SW & Wales S as compared to the 1961-1990 average

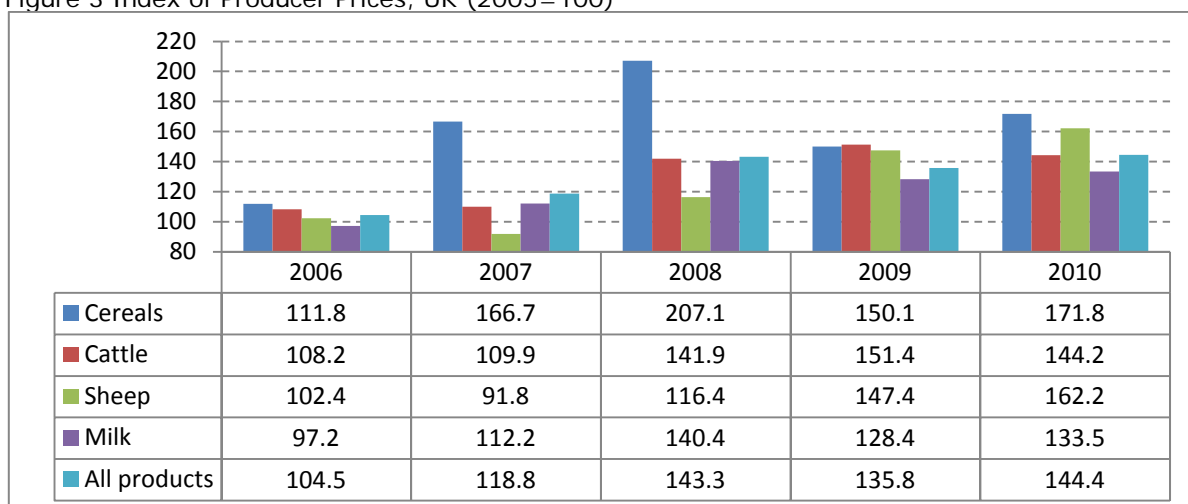


Source: Meteorological Office

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 3 illustrates the trend in producer prices since 2006 as an index. Each commodity has behaved differently over this period, but 2010 figures for cereals are over 72% higher than 2005, cattle 44% higher, sheep 62% higher, milk is 34% higher and the all products figure is 44% higher.

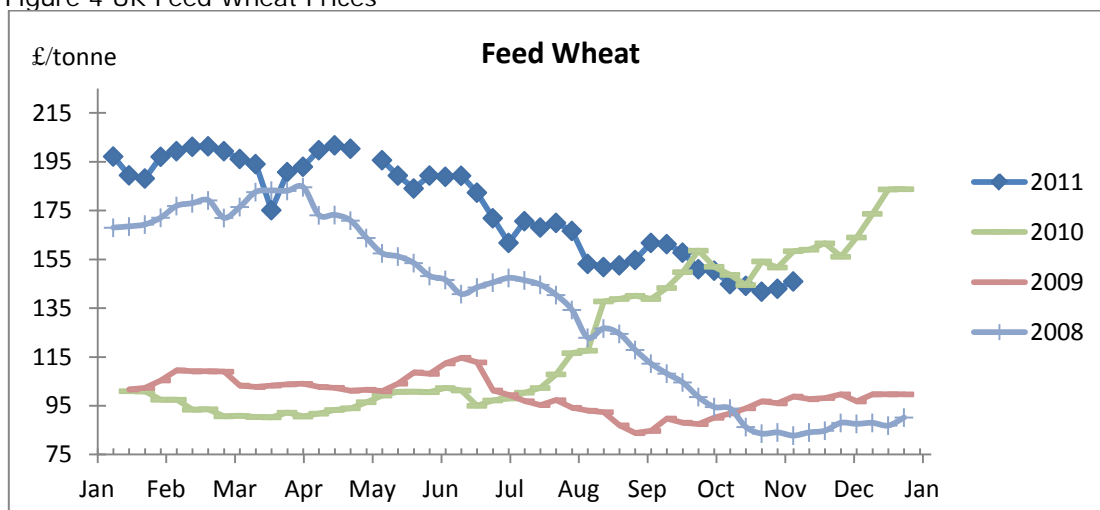
Figure 3 Index of Producer Prices, UK (2005=100)



Source: Defra, National Statistics

Whole year figures disguise the changes within the year, as illustrated by the wheat prices for the 2010 crop year. It was a very volatile year for UK prices of wheat and this volatility continues into 2011. (Figure 4)

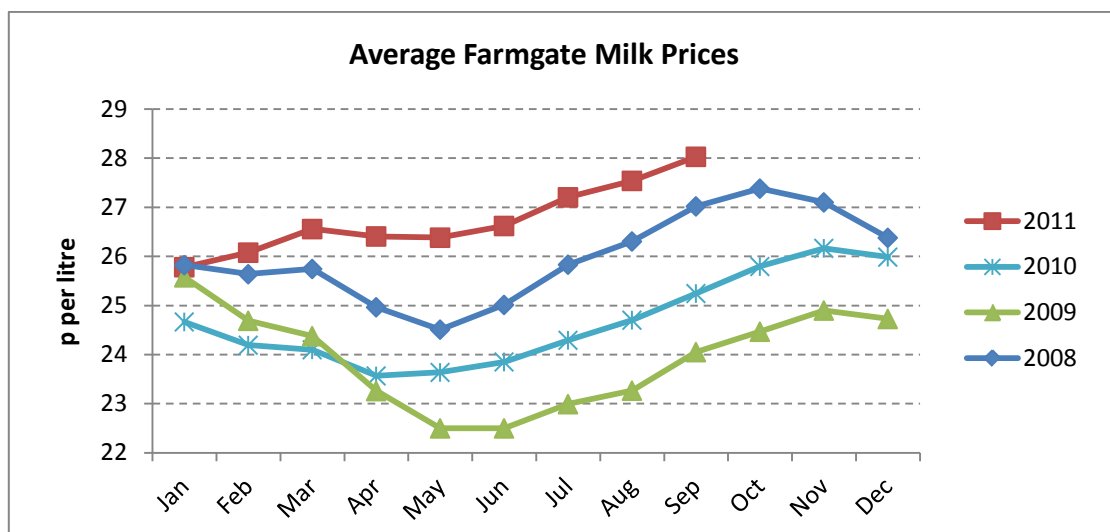
Figure 4 UK Feed Wheat Prices



Source: Defra

Figure 5 illustrates how the price of milk has changed since 2008, with the high price throughout 2008, followed by the low prices of 2009, with a slight improvement in 2010. The milk prices in 2011 are forecast to be the best for the four year period.

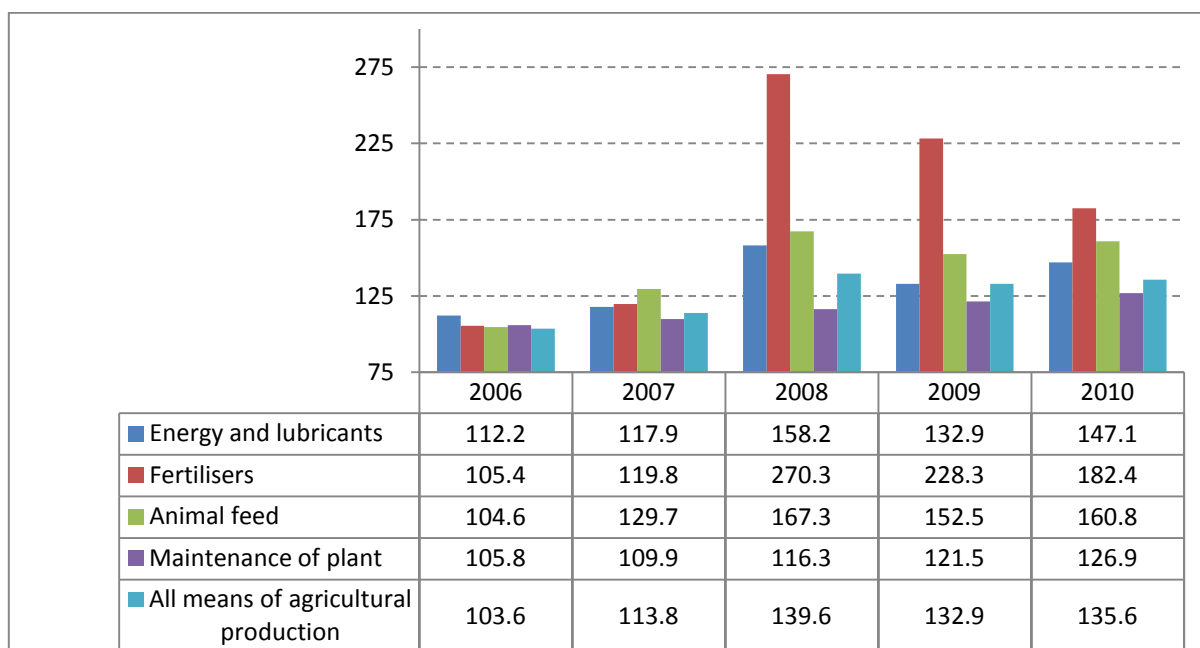
Figure 5 UK Milk prices



Source: Defra

Input prices have risen for a number of products as shown in Figure 6. 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 in 2008, but have increased again in 2010, whilst delivery and collection costs also remain high. Fertiliser prices, in particular, have gone up as raw material costs rose and the global economic crisis affected demand on the world market, the value of fertiliser for 2010 being 80% higher than the 2005 figure.

Figure 6 Index of Purchase Prices, UK (2005=100)



Source: Defra, National Statistics

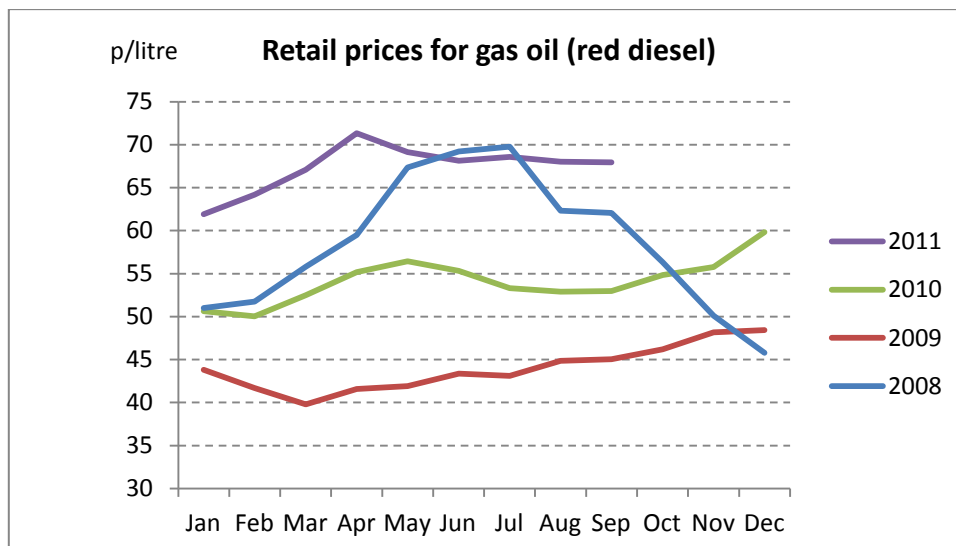
In the last two years animal feedstuffs have been over 50% higher than the 2005 figure, with the cost of protein sources the major reason for the change.

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 only to increase again in 2010 at 36% higher than 2005.

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

Figure 7 shows the retail price of gas oil (red diesel) which is a major input for farmers and growers. It shows the monthly price rather than an annual index as seen in Figure 6.

Figure 7 Trends in the price of gas oil (red diesel), 2008 to 2011



Source: DTI

It is common for farming businesses to contract forward for some of their inputs with feed, fertiliser and electricity, regularly purchased forward for a year, thus transferring the price changes to the next 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, consequently these farms will have suffered higher input prices during the year when the increases occurred.

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. Despite this 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 was felt during the 2009-11 financial years.

A characteristic of the agricultural industry is seasonal fluctuations in the net borrowing with the autumn dips accounted for by the start of arable crop sales and the receipt of the Single Payment Scheme. 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 as 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 26% over the last five years. Agriculture has chosen not to/or is unable to reduce its indebtedness. Businesses need to develop and re-invest, so the combined long period of recent poor incomes and higher levels of investment, has resulted in a more indebted industry.

Policy Developments

The **Single Payment Scheme** was in its sixth year in 2010. The payment window opened in December with the start of full payments and, generally, all payments were earlier than in previous years with fewer problems with the claims. Outstanding issues regarding claims made for SPS in earlier years are still being resolved. The CAP reform process has started but the proposals for changes in 2013 were only published in late 2011 and mark the start of a long period of negotiation to change the way the CAP operates.

Nationally the level of involvement in the **Environmental Stewardship Schemes** has fallen slightly against a target of 70% coverage, at the end of March 2011 was 67% a fall of 1% on the previous year. The South West has 62% of its area covered by agri-environment schemes. 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. The region is also below target for expired Countryside Stewardship Scheme (CSS) and Environmentally Sensitive Areas (ESA) schemes moving over to environmental stewardship. 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.

The last year for the **Hill Farming Allowance** scheme was 2010 and it only made payments on Severely Disadvantaged Areas. It is replaced by the **Upland ELS**, but for those producers in older schemes there will be a transitional period so that double funding can be avoided. The **Upland Transitional Payment** (UTP) is paid on land areas still part of ESA and CSS agreements. The UELS went live on 1 July 2010 and nationally the sign up was on target but a number of producers in the South West of England have found eligibility criteria difficult to achieve and have delayed entry into the scheme or will not be making applications.

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** (NVZ) 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.

Additional rules from January 2009 for holdings within a pre-existing NVZ, and for newly designated holdings came into force 1st January 2010. The NVZ rules are a Statutory Management requirement for cross compliance under the SPS and failure to comply could lead to deductions in payments under the SPS.

The continuing problems with **Bovine TB** in the South West are influencing the systems of production used and the loss of productive stock is reducing the longer term profitability of those businesses affected by the restrictions. The dairy and beef industries are 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 number of South West herds 'under restrictions' stands at 23% in the Autumn of 2011.

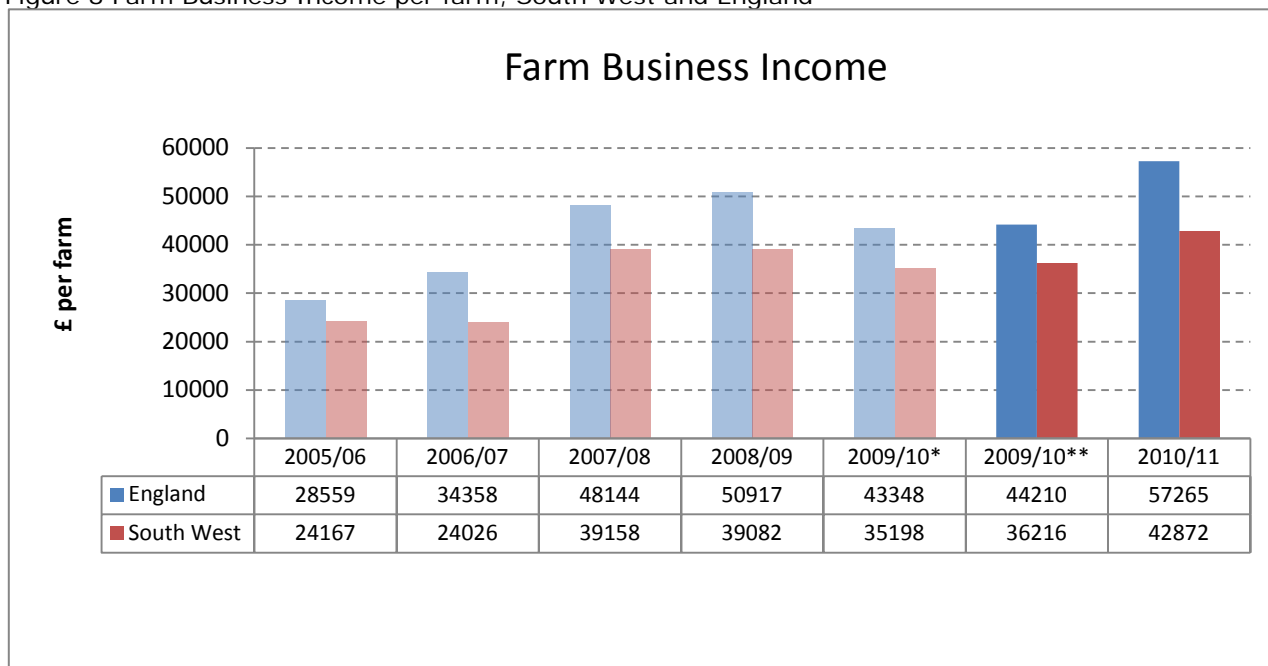
Farm Business Survey figures for the South West of England 2010/11

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 8 shows the per farm figures for England and the South West. For 2010/11 the South West has a Farm Business Income per farm equivalent to 75% 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.

The classification of farms has been revised this year meaning that the results for 2010/11 are not directly comparable with those published in earlier reports. Figure 8 shows the trend of Farm Business Income (FBI) over the past 6 years. However, the data for 2009/10 is shown twice, once with the former typology specifications and once with the new typology specifications to allow a direct comparison of the data for 2010/11 and 2009/10. The difference in typology has altered the FBI for England and the South West for 2009/10 by between 2% and 3%, however, because of the significance of the increase in 2010/11 the overall trend and comparison with previous years is still valid.

Figure 8 Farm Business Income per farm, South West and England¹



For 2010/11 the Farm Business Income per farm increased by 30% for farms in England, whilst there was an increase of £6,656 per farm in the South West, an 18% improvement.

The mix of farm types and sizes of farms determine the 'All Farms' figure for each region and Table 2 indicates the South West regional differences as compared to the all England data.

Table 2 Farm Characteristics by region

	Farmed Area (Ha)		Tilled area (Ha)		ALU	
	England	South West	England	South West	England	South West
All farms	137.4	121.5	74.2	42.7	2.6	2.5
Cereals	170.2	194.2	154.8	163.2	1.6	1.9
Dairy	140.6	146.7	40.6	37.6	3.6	3.8
LFA Grazing Livestock	151.3	139.5	2.3	1.7	1.6	1.7
Lowland Grazing Livestock	105.4	85.3	11.8	8.2	1.6	1.4

¹ The classification of farms has been revised this year meaning that the results for 2010/11 are not directly comparable with those published in earlier reports.

* Farm typology up to this point is calculated using Standard Gross Margin

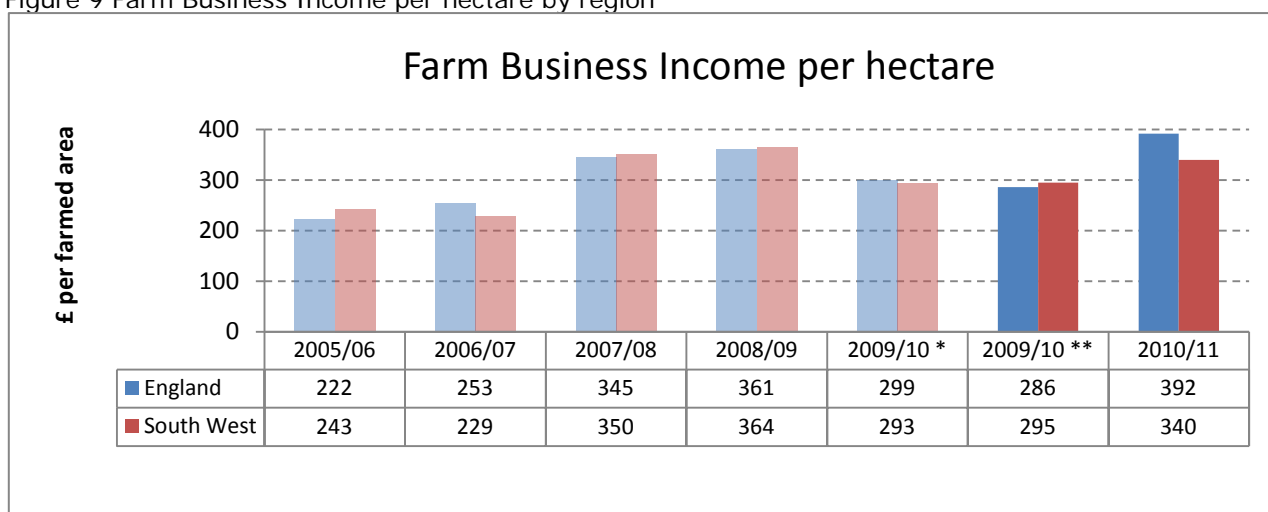
** Farm typology from this point is calculated using Standard Output

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. Although 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.

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 9². For 2010/11 there is an improvement compared to the previous year but the South West per hectare figure is only 86% of the England figure.

Figure 9 Farm Business Income per hectare by region²



The Farm Business Income per hectare for the most prevalent farm types found in the South West is shown in Table 3 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 in the South West 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 3 Farm Business Income per hectare by farm type (£)

	FBI per hectare	
	England	South West
Cereals	453	385
Dairy	477	519
LFA Grazing Livestock	142	191
Lowland Grazing Livestock	193	202
All farm types	392	340

² The classification of farms has been revised this year meaning that these results are not directly comparable with those published in earlier reports.

* Farm typology up to this point is calculated using Standard Gross Margin

** Farm typology from this point is calculated using Standard Output

Farm Business Survey results by farm type for the South West, 2010/11

The data presented as part of this report comes from 403 farms for 2010 crop year. 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 basis for farm typology changed to a Standard Output calculation between 2009/10 and 2010/11 which further influenced farm type and sample changes.

In order to account for those changes two graphs have been produced – one to show the change in FBI between 2009/10 and 2010/11 based on the same typology and one showing the trend for farm type in the preceding 5 years based on the previous Standard Output calculation.

The importance of this differentiation can be seen not only in the amount of change in FBI year on year, but also in the trend. As can be seen when the data for LFA Grazing Livestock is considered. On first assessment it appears that the FBI for LFA Grazing Livestock farms has increased from £19,485 to £24,354. However when the change in classification is taken into account FBI for those farms actually fell between 2009/10 and 2010/11 as can be seen in Figure 11.

Figure 10 Trends in Farm Business Income per farm for South West England 2004/05 to 2009/10

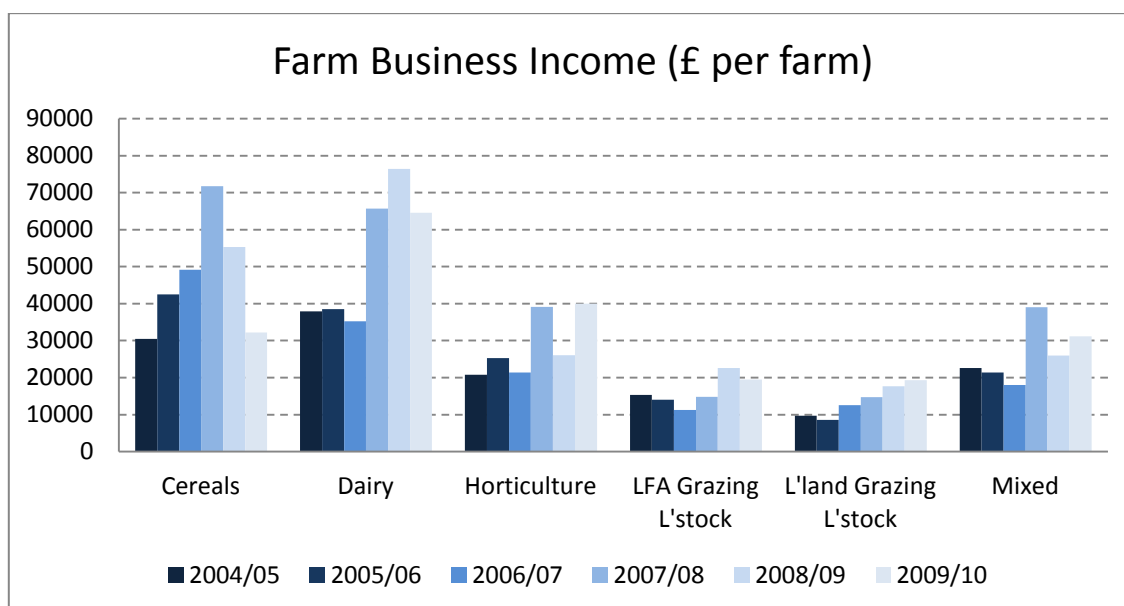
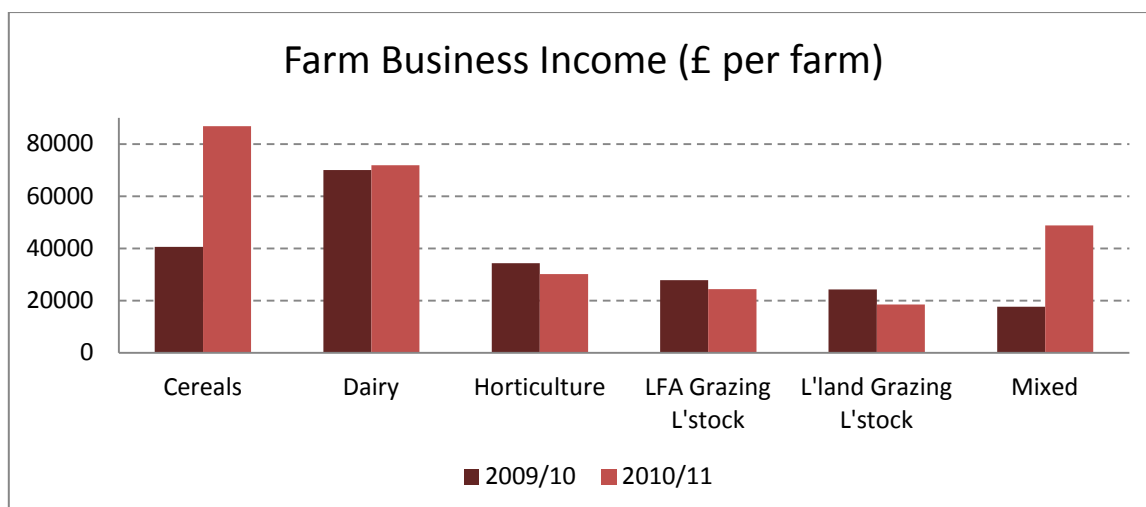


Figure 11 Trends in Farm Business Income per farm for South West England 2009/10 to 2010/11



The Farm Business Income (FBI) trend can be seen in Figures 10 and 11. 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.

For 2010/11 the most dramatic monetary increase in FBI was seen by the Cereal farms where income increased by over £46,000 per farm. Dairy farm FBI increased by £1,840. The FBI achieved by Horticulture farms decreased by approximately £4,200 per business with Lowland Grazing Livestock falling by £5,700 per farm. LFA Grazing Livestock farms saw a decrease of approximately £3,500 per farm and Mixed farms, with large areas of cereals, improved their FBI by over £31,000, the greatest percentage increase at 176%. The 'All farms' FBI improved by £6,656 to £42,875 an increase of 18%.

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 4).

Table 4 Business Output by Cost Centre (£ per farm)

Farm Type	Agricultural	Agri-environmental	Diversified	Single Payment Scheme	Farm Business
Cereals	192,434	12,283	30,614	45,394	280,725
Dairy	359,060	4,440	5,171	30,681	399,352
Horticulture	173,062	1,587	8,155	5,005	187,809
LFA Grazing L'stock	65,493	11,399	2,010	25,683	104,585
L'land Grazing L'stock	57,023	5,516	9,837	19,049	91,425
Mixed	223,046	8,574	92,179	37,716	361,515
General cropping*	359,600	9,911	14,582	46,194	430,287
Pig*	459,283	1,129	7,685	8,203	476,300
Poultry*	716,737	2,880	13,823	9,614	743,054

* National sample

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 has increased for all farm types.

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 5).

Lowland Grazing Livestock, LFA Grazing livestock farms and Mixed farms generate close to 62% of their output from agricultural production, but the LFA Grazing Livestock farms 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. For LFA Grazing Livestock farms the output from the agri-environmental schemes is 11% of their total output, which is close to twice that any other farm type.

Table 5 Contribution to Business Output by Cost Centre (%)

Farm Type	Agricultural	Agri-environmental	Diversified	Single Payment Scheme
Cereals	69	4	11	16
Dairy	90	1	1	8
Horticulture	92	1	4	3
LFA Grazing L'stock	63	11	2	25
L'land Grazing L'stock	62	6	11	21
Mixed	62	2	25	10
General cropping*	84	2	3	11
Pig*	96	0	2	2
Poultry*	96	0	2	1

* National sample

Grazing livestock farms and Cereal farms have the highest relative contribution of the Single Payment Scheme to output.

Cereal, Lowland Grazing Livestock and particularly Mixed farms 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 92% of their output from agriculture.

The Farm Business Income can also be split into the four Cost Centres and is illustrated in Figure 12.

Allocation of costs is on a direct and notional basis for each cost heading. Three farm types, Cereals, Dairy and Horticulture, are making a positive Farm Business Income from Agriculture with Grazing livestock and Mixed farms making losses of less than £8,000.

Farm Business Income from the Agri-environmental cost centre is highest on Cereal farms followed by the Mixed farms. Horticulture has the lowest Farm Business Income from Agri-environmental cost centre.

Diversification is also very important to Cereal farms and Mixed 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 with only Dairy and Horticultural holdings having a FBI from agriculture greater than the SPS cost centre.

Figure 12 Farm Business Incomes by Cost Centre

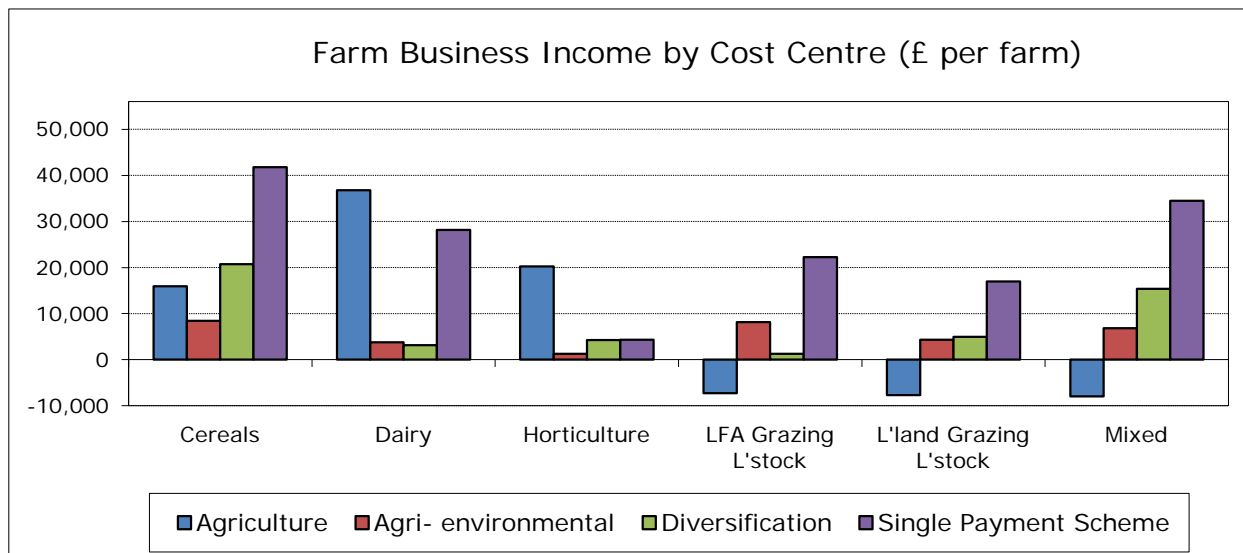


Table 6 contains some of the elements within the flow of funds statement to illustrate how the overall financial positions of the different farm types vary.

Table 6 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	12,839	32,052	19,015	57,340	469
Dairy	8,009	70,816	18,290	50,226	-38,092
Horticulture	-1,614	364	6,999	31,475	10,454
LFA Grazing L'stock	-368	14,064	6,482	25,922	-7,011
Lowland Grazing L'stock	-1,901	6,608	3,612	22,981	465
Mixed	11,499	23,002	13,748	33,987	-10,986

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 three farm types showing extra borrowings. The Dairy farms had a shortfall in their funding exceeding £38,000. This is the third year where Dairy farms have increased their level of external funding. The LFA grazing

Livestock farms and Mixed farms had a shortfall closer to £10,000. Only the Horticultural farms made a substantial reduction in their external funding but this was associated with an introduction of nearly £7,000 of private funds.

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 Cereals, Dairy and Mixed farms have a positive net additional machinery investment. Horticulture and the Grazing livestock farms have allowed their machinery and equipment to 'dilapidate'.

Net additional capital investment for all farm types is, in general, still at a high level, again but with Dairy farms investing over £70,000 the largest by far. This reflects the expected higher income, modest 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.

All farm types introduced their own funds during the year and on average this was over £11,000 or 30% of their Non-farm items. Cereal farms introduced the highest levels of funds, amounting to a third 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.

Total assets vary across the farm types (see Table 7), with farm size being a major factor.

Table 7 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	1,276,984	88	18	3
Cereals	2,199,732	93	13	14
Dairy	1,585,821	81	25	4
Horticulture	543,029	90	35	0
LFA Grazing l'stock	996,447	94	10	-4
Lowland Grazing l'stock	990,601	92	9	-6
Mixed	1,487,858	84	24	4

(a) Average of opening and closing assets for 20010/11 farm

(b) Closing net worth as percentage of closing total assets

(c) Management Investment Income as percentage of closing Tenants capital

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 total asset values, indicating the extensive production cycles, while horticulture, dairy and mixed farms 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 improved performance as compared to the previous year except Lowland Grazing Livestock farms. Grazing livestock farms are still showing a negative return. The increase in performance of the Cereal farms means that their improvement is the most dramatic.

The levels of closing liabilities fluctuate between years, depending upon the levels of income, capital investment and private drawings, but are higher at the end of 2010/11 than in previous years for Dairy, Grazing Livestock and Mixed farms³. 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 in South West England

The Cereal farms, for 2010/11, farmed 194 hectares with 72% as owner occupied land. These are the largest farms of all the farm types in the South West utilising nearly 50 hectares more land than the next largest farm type. Winter wheat was the dominant crop, with nearly 64 hectares sown. Barley, oilseed rape, peas, beans and other cereals account for another 72 hectares. Grass occupied 16% of the land with an average of 17 cattle and 47 sheep per holding, amounting to 17 livestock units. The units operate on 1.9 labour units, with the farmer and spouse representing 48% of the total.

Total farm output averaged £281,239, with crop enterprise output contributing 62% of the total, whilst livestock generated £5,675. Fertilizers and sprays represented 74% of the total variable costs of £61,009. Fixed costs were considerably higher at £151,366 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 (£45,394 per farm).

Farm Business Income more than doubled to £86,870, the highest level of income achieved for the last eight years, as shown in Figure 11. The change in FBI resulted from the decrease in variable costs and improved farm output.

Fixed assets total more than £2.0 million, with land and buildings being 91% of this figure. Current assets of crop, livestock, stores and cash reserves total £195,729. Total external liabilities came to £166,778, with 62% as long term loans, and the interest charged on liabilities, net of receipts on cash balances came to £3,584. Net worth represented 93% of the closing asset values indicating a very strong balance sheet.

The business flow of funds shows a surplus of £469. On average, close to £19,000 of funds were introduced to the business, in addition to extra loans worth £23,000. There was a large extra investment in machinery of just over £13,000 and £32,000 in net capital investment. Cereal farms had a net purchase of land and buildings of £13,000. Non-farm items (mainly private drawings) were £57,340.

Dairy farms in South West England

The Dairy farm sample is made up of 106 farms, with an average farmed area of 147 hectares, of which 55% is owned. There are an average 153 milking cows, 138 other cattle and a small sheep, pig and poultry presence. Labour totals 3.8 annual labour units, with 41% provided by the farmer and spouse. Of the remainder, regular paid labour is the greatest element at 1.4 labour units.

Milk and milk products make up nearly three quarters of the total farm output, while the Single Payment Scheme contributes less than 8%. Cereals and other cash crops play a relatively small role, with 6% of output from 17.1 hectares.

Historically, 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. However, more farmers have looked towards Environmental Stewardship Scheme as a way of increasing total farm output and the majority of farms are now involved with these schemes. Currently Dairy farms receive, on average, £4,440 from the agri-environment schemes, which represents 1% of their farm output. Milk output from these farms increased by 19% between the last two years, but with milk price improving by over 1 p per litre during the year the level of milk production increased with the current sample of farms keeping, on average, 18 more cows than the previous year's sample of farms.

³ The classification of farms has been revised this year meaning that these results are not directly comparable with those published in earlier reports

Variable costs totalled £162,418, increasing 17% on the year, with concentrate feed and forage the largest element. Labour and Land & Building costs represent nearly half of the fixed costs, and a Net Farm Income of £49,379 was achieved, an increase of 5%.

Closing Total Assets on these farms are £1,648,913, with total liabilities of £308,753 and 81% owner equity, a 2% deterioration on the previous year. Net interest charges for the year came to £5,610 which is an increase of close to a third from the previous year.

The Dairy farms had a flow of funds deficit of over £38,000. The deficit was represented by higher loans but improved current account balances. The net capital investment for dairy farmers has averaged £38,000 per year for the last four years. This year, over £70,000 was invested with 80% being spent on land & milk quota. 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.

Horticulture in South West England

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 businesses is 27.5 hectares, with a farmed area of 24.6 hectares. Top fruit occupies the largest area with 5.3 hectares. The average farm has a grassland area of 8.2 hectares, with a small livestock presence of 6 livestock units. This group of producers has the highest number of annual labour units with 4.6, primarily made up of the farmer & spouse (1.4 units), regular paid labour (2.0 units) and casual or seasonal labour (1.4 units).

Total farm output was close to £188,000, an increase on the previous year and this increase was seen in most enterprises, except glasshouse vegetables and outdoor flowers and nursery stock whose output fell. The contribution made to output by agri-environment schemes and the Single Payment Scheme was £6,592, which represents 4% of the total output.

Seed and other crop costs represent 76% of the variable costs, while labour costs of £55,468 are 53% of total fixed costs. The Farm Business Income came to £30,128, a decrease of a 12% compared to the previous year.

With a small farm size, total asset value comes to £522,865, of which 82% is tied up in land and buildings. Liabilities amount to £54,912, with 58% from bank overdraft and short term loans. The flow of funds shows the lowest net capital investment of all farm types and a deficit for additional machinery investment. There is surplus of funds of £10,454 along with a transfer in of funds of £6,999 and private drawings of £31,475.

LFA Grazing Livestock in South West England

These farms cover the Severely Disadvantaged Area (SDA) and Disadvantaged Area (DA) regions of the South West, with an average farmed area of 140 hectares, of which just over 34% is tenanted land.

There is very little cropping, and over 16 hectares of the grass is sole occupancy rough grazing. Stocking consists of 38 beef cows and 82 other cattle, with 405 ewes. On average, 1.7 annual labour units are required by these businesses, with the farmer and spouse providing two thirds of the input.

The contribution of agricultural output to total output is close to being the smallest for all farm types at 63% of output with 11% 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. The level of stock per farmed hectare kept on these farms, in the last five 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 was replaced by the Upland Entry Level Scheme

but some farms need transitional arrangements until their 'classic' schemes end (ESA and CSS).

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 half 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 over £26,000, and sheep output was over £31,000 which were both increases on the previous year⁴. Purchased concentrate feed and fertiliser make up 54% of the variable costs. 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. Farm Business Income, for the LFA Grazing Livestock farms, fell to £24,354 (Figure 11) only 56% of the 'all farms' figure.

This group of farms had the second lowest level of non-farm items (including private drawings) of all the farm types. Along with about £14,000 of capital investment and an introduction of funds of £6,482, the resulting fund flow deficit was over £7000.

The farm balance sheet shows year end total fixed assets of £931,836, with 84% of the value made up by land and buildings. Total liabilities on these farms are £63,946, with 57% being long term arrangements. Net interest payments in the year amounted to £1,318, an increase of 9%.

Lowland Grazing Livestock in South West England

Lowland Grazing Livestock farms average 85 hectares of total area farmed, primarily of permanent grassland. They run an average of 107 head of cattle and 118 breeding ewes and grow a small amount of cereals, with the grain and straw mainly used on farm. Three quarters of the farm is owned, and only 0.21 of the 1.43 annual labour units on the farm are paid labour.

The total farm output from the Lowland Grazing Livestock farms is the lowest of all farm types. Farm Business Income is also the lowest of all farm types at £18,563.

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 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.

The net funds introduced by Lowland Grazing Livestock farms were lower than the previous year at £3,612, but with capital investment of £6,608 and private drawings of over £22,000 the surplus of funds came to £465.

The year end balance sheet shows a strong position with total assets of £928,538, with over £825,000 of land and buildings. Current assets are £73,025 while total liabilities are £76,036, with nearly half as bank term loans. Total net interest charges for the year were £1,645.

Mixed farms in South West England

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.

⁴ The classification of farms has been revised this year meaning that these results are not directly comparable with those published in earlier reports

The average farmed area of these farms was 173 hectares, with 46% tilled. Winter wheat area represents 36% of the tilled area. Winter barley and oilseed rape 11% each. Most of the grassland is permanent, and the average stocking consists of 9 dairy cows, 121 other cattle, 143 ewes, a small pig herd of 10 sows and 176 other pigs and a flock of poultry numbering over 1250 birds.

The farmer and spouse accounts for close to a third of the labour units on these farms, and paid labour is equivalent to 2.4 annual labour units with the total requirement of 4.0 annual labour units.

Livestock enterprises produce 31% of the farm output, with rearing and finishing cattle the largest contributor, followed by pigs and milk & dairy and then broilers. A quarter of the total farm output comes from Integrated Diversified Activities including contracting.

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 £215,082, with labour over a third of these costs, followed by machinery fuels and repairs.

Total fixed assets on these holdings were over £1,319,000, with more than 82% consisting of land and buildings. External liabilities totalled £238,339, over 38% of this in the form of other short term loans and the rest evenly spread over the other sources of finance. The farm business showed a £11,000 fund deficit. There was £23,000 of net capital investment, which is almost twice the level of funds introduced (£13,748). The structure of the finance was adjusted with the overdraft decreasing and bank term loans increasing by £24,000.

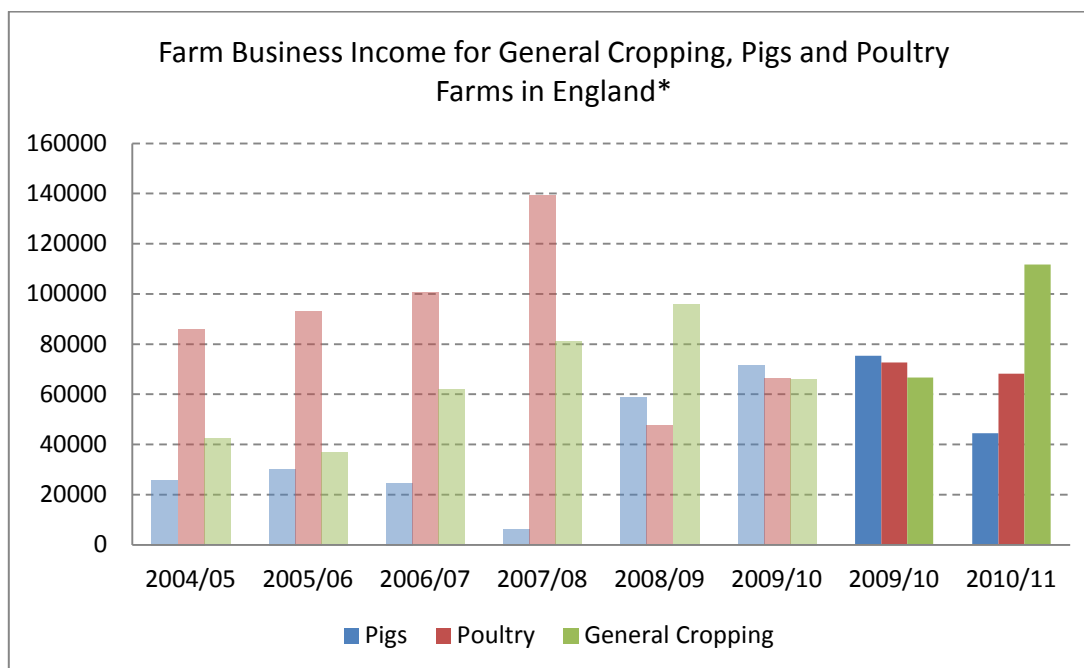
General Cropping (England)

For this year it is not possible to publish regional results covering the South West of England for General Cropping Farms due to the small number of these farms who co-operate with the Farm Business Survey in the region. However the national figures are available for 162 farms of this type and 8% of the national general cropping sample is in the South West.

The total farmed area for this group of farms averages 202 hectares. Over 38% of the land is tenanted with over 90% of the area tilled. Over half the tilled land is cereals, with the remaining area spread between oil seed rape, potatoes, sugar beet and 'other crops'. Only 15 grazing livestock units are present on the farm, with 17 head of cattle and 15 ewes. 3.3 labour units are active on the farm. Paid labour supplies 2.0 ALU, with the farmer and spouse (1.0 ALU) the majority of the rest.

The 120 hectares of cereals, oilseed and pulses grown generate just over £135,000 output, while the other cash crops of 52 hectares have an output of £93,000, just over 21% of the total farm output. Crop production costs account for 95% of the variable costs. Total variable costs were £107,273. Fixed costs total £231,268; with labour and land & buildings the two highest costs.

Figure 13 Farm Business Income for General Cropping, Pigs and Poultry Farms, 2004/05 to 2010/11 (England) ⁵



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

As commented above because of the change in Farm Type classification it is not possible to directly compare FBI across all of the previous years. In order to account for this Figure 13 shows the trend for 2004/05 to 2009/10, then in the Standard Output classification 2009/10 and 2010/11 are compared.

The Farm Business Income of £111,707 is a 68% increase on the previous year. (Figure 13)

These farms spent nearly £20,000 on other capital investments. Net land purchase accounted for a third of the investment with property improvement the remainder. These farms have over £166,000 of machinery and equipment, the highest of all farm types. Total closing liabilities are £257,241, and net worth of £1,879,933.

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.

Pig Farms (England)

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 75 farms, and 13% 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 45 hectares with 77% of the farmland owned. More than half of the land is tilled, and a further 5 hectares is let out. Wheat is the predominant crop. Breeding sows average 205 head, with an average of 2,408 other pigs, and very little other stock. The units had 3.5 average labour units, 2.1 being regular paid labour and 1.0 units representing the farmer and spouse.

⁵ The classification of farms has been revised this year meaning that these results are not directly comparable with those published in earlier reports

* Farm typology up to this point is calculated using Standard Gross Margin

** Farm typology from this point is calculated using Standard Output

Farm output is over £476,000 which is a decrease as compared to the previous year. Output from pigs was 89% of the total. Agri-environmental schemes contribute very little, while most of the Single Payment Scheme income of £8,203 relates to relatively small land areas farmed. 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. Farm Business Income decreased over £30,000 to £44,439, as illustrated in Figure 13. This is the first fall for three years.

The Pig farms have external liabilities of £258,704 and 36% of these are Bank Term Loans. Total Assets are £851,041 with over 67% consisting of land and buildings. Over £20,000 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 69%, indicating a more vulnerable position with regard to long term solvency as compared to most of the other farm types.

Poultry Farms (England)

Like Pig farms, the limited number of south west poultry farms in the region means their figures are unavailable. However, the national Poultry farm figures are available from 97 farms, with 26% being in the South West. The average national poultry farm is 49 hectares, but generates the highest output of all farm types. 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 over 67,000 birds and little other livestock.

For this year the average output is over £743,000 per farm, with 91% coming from poultry, which makes them even more specialised than the Pig farms. This is a 23% increase as compared to the previous year. They have involvement in agri-environmental schemes, but the level of income is limited due to the small areas of land they farm. Likewise, a small Single Payment Scheme payment is received. Concentrate costs are 54% of total output, and 88% of variable costs. These farms have 4.3 annual labour units on them, nearly one labour unit supplied by the farmer and spouse and 2.9 regular full time employees.

Net Farm Income was £67,562, a decrease on the previous year. Farm Business Income decreased to £68,219, as illustrated in Figure 13.

The Poultry farms have external liabilities of £294,968 and over a third of these are Bank Term Loans. Total Assets are £1,000,349 with over 88% consisting of land and buildings. The owner equity ratio is 76% which is 'better' than the Pig farms but worse than any other farm types, so these farms are also in a more vulnerable position with regard to long term solvency.

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 2010 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 (p122) 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 is 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 122. 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 levels 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.

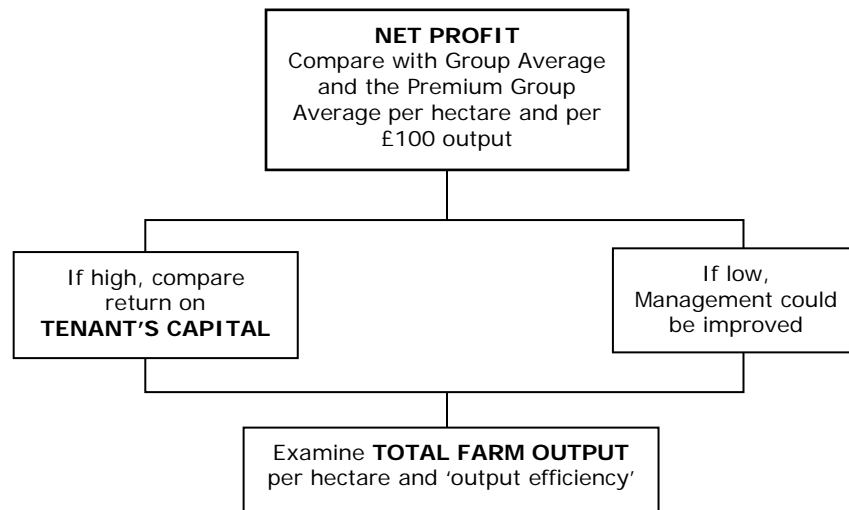
8. An examination and comparison of the farm balance sheet should be attempted to give a broader view of the financial position of the business. Although individual circumstances will inevitably result in considerable, and acceptable, variation in some of the comparative ratios, it is the degree of change 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.

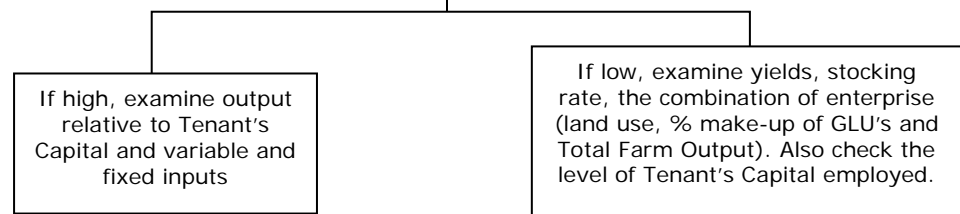
Chart 1

ANALYSING A FARM BUSINESS

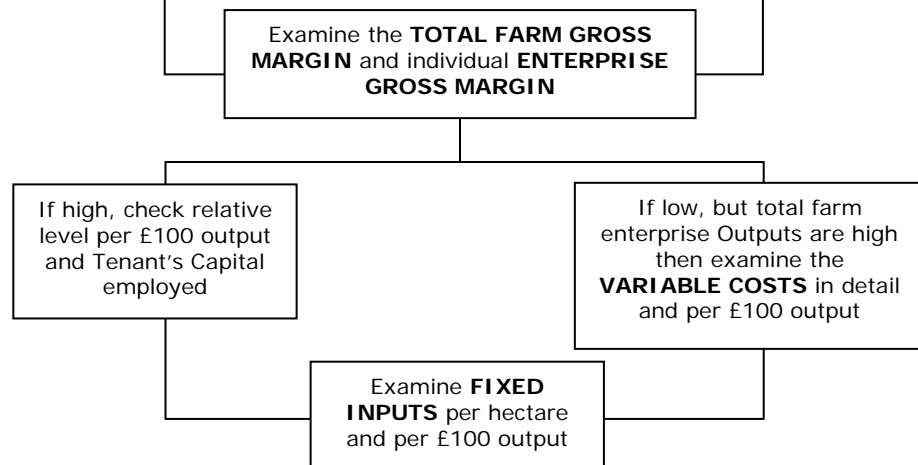
Stage I



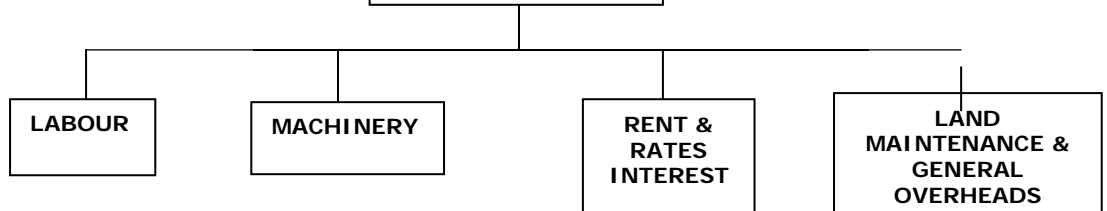
Stage II



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.

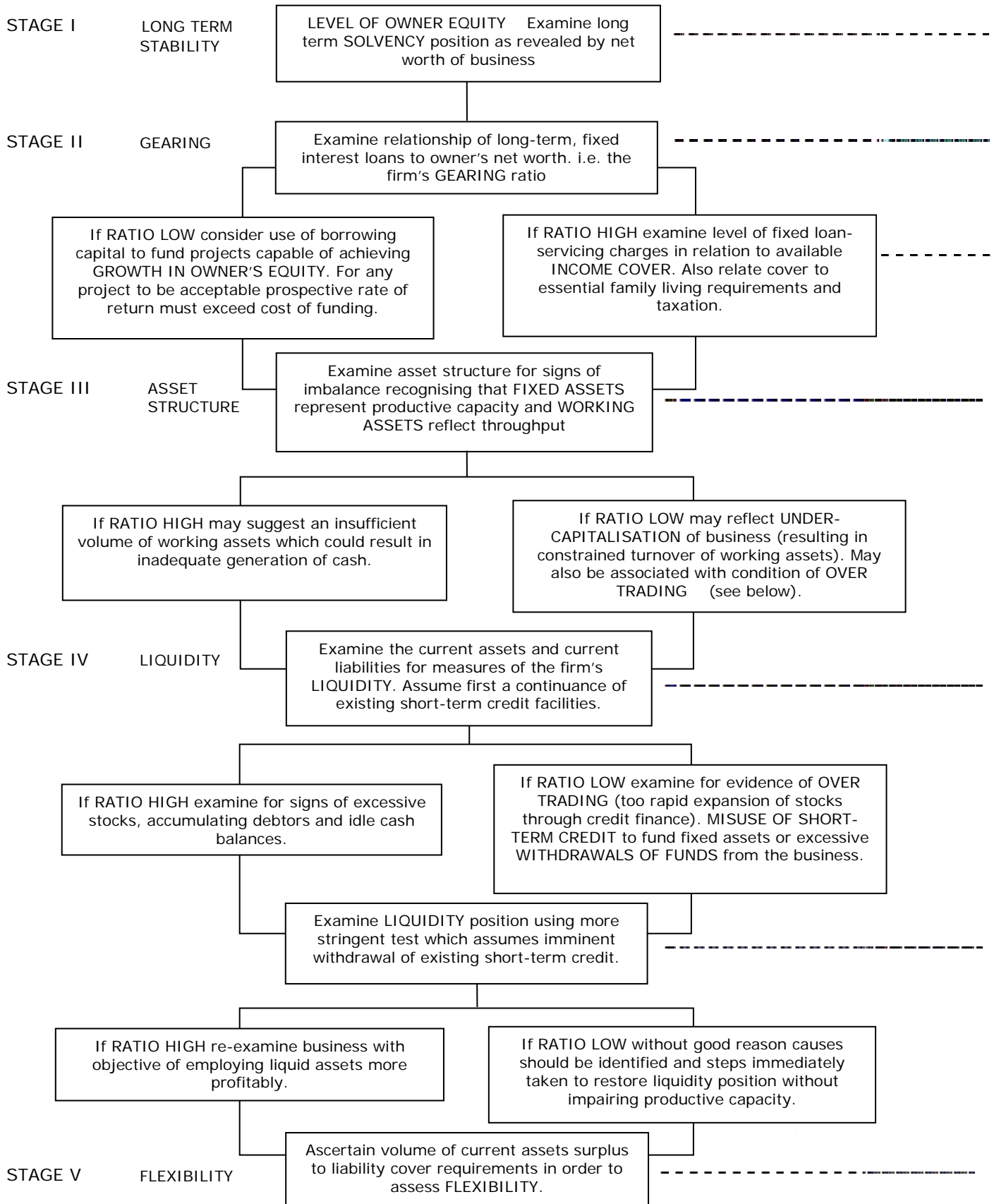
Among the fundamental relationships which financial management should seek to preserve are:

- 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
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	Gearing ratio (%)	=	$\frac{\text{Long term loans}}{\text{Net worth}}$	x	100
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	Prior charge cover ratio (number of times income covers charges)	=	$\frac{\text{Gross farm income}}{\text{Debt servicing charge}}$		(see notes in box below)
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	Fixed Assets ratio (%)	=	$\frac{\text{Fixed assets}}{\text{Total assets}}$	x	100
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	Current ratio (%)	=	$\frac{\text{Current assets}}{\text{Current liabilities}}$	x	100
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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
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	Net Working Capital (£)	=	Current assets /less current liabilities		
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NOTES

SECTION 2**WHOLE FARM BUSINESS STANDARDS 2010/2011**

		Page
Cereal farms	- average	36
Cereal and General Cropping farms	- under 200 hectares and over 200 hectares	42
Dairy farms	- average and premium	48
Dairy farms	- under 100 hectares, 100-160 hectares and over 160 hectares	54
Lowland Cattle and Sheep farms	- average and premium	60
Lowland Cattle and Sheep farms	- under 80 hectares and over 80 hectares	66
SDA Cattle and Sheep farms	- average	72
LFA Cattle and Sheep farms	- under 120 hectares and over 120 hectares	78
Mixed Cropping, Cattle and Sheep farms	- average	84
Organic Dairy farms	- average	90
Organic Lowland Cattle and Sheep farms	- average	96

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, 2010/2011

	Average	Premium*
Number of farms in group	30	
Average farmed area (hectares)	233	
Average proportion of total farmed area tenanted or hired (%)	29	
	£ per farm hectare	
<u>Output</u>		
Milk	0	
Milk quota leasing less EU dairy premium	0	
Cattle	16	
Herd depreciation	-1	
Sheep	27	
Flock depreciation	-2	
Wool	0	
Pigs	0	
Poultry	0	
Other livestock	0	
Cereals	578	
Oilseeds	119	
Pulses	15	
Other crops	1	
Crop subsidies	1	
Straw	78	
Forage	53	
Agri-environment schemes and management agreements	42	
Rental income and imputed farmhouse rental equivalent	78	
Hirework	38	
Miscellaneous output	39	
Cultivations	-1	
Single Payment Scheme	218	
TOTAL FARM OUTPUT **	1299	
<u>Variable costs</u>		
Concentrates	9	
Purchased fodder	0	
Veterinary and medicines	3	
Other livestock costs	8	
Seeds	42	
Fertilisers	115	
Crop protection	99	
Other crop costs	24	
TOTAL VARIABLE COSTS	300	
TOTAL GROSS MARGIN**	1000	

* Insufficient farms for comparison

** Excluding Breeding Livestock Stock Appreciation

Cereal farms

FIXED COSTS, FARM PROFIT AND MANAGEMENT & INVESTMENT INCOME, 2010/2011

	Average	Premium*
Number of farms in group	30	
Average farmed area (hectares)	233	
Average proportion of total farmed area tenanted or hired (%)	29	
	£ per farm hectare	
TOTAL GROSS MARGIN**	1000	
<u>Fixed costs</u>		
Paid labour	52	
Unpaid family labour	29	
Casual labour	9	
Contract	87	
Machinery repairs	48	
Machinery fuel	49	
Machinery depreciation	114	
Other depreciation	0	
Property maintenance	47	
Electricity	10	
Other fuel	10	
Water	6	
Insurance	24	
Professional fees	22	
Other general costs	25	
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	532	
PROFIT BEFORE RENT AND INTEREST	468	
Rent, hired in keep and bare land	43	
Rates	1	
Long-term interest	9	
Short-term interest	6	
Interest received (-)	0	
NET PROFIT**	410	
Reconciliation of Profit to NFI and M&II		
Plus - Interest charges (net)	14	
Plus - Landlord type repairs (included in property maintenance)	11	
Less - Rental value (of owner occupied land and buildings)	143	
NET FARM INCOME** (NFI)	292	
Less farmer and spouse labour	99	
MANAGEMENT AND INVESTMENT INCOME** (M&II)	193	

* Insufficient farms for comparison

** Excluding Breeding Livestock Stock Appreciation

Cereal farms

FINANCIAL COMPARISONS per £100 OUTPUT, 2010/2011

	Average	Premium*
Number of farms in group	30	
Average farmed area (hectares)	233	
Average proportion of total farmed area tenanted or hired (%)	29	
	per £100 output	
<u>Output</u>		
Milk	0	
Cattle	1	
Sheep	2	
Pigs, poultry and other livestock	0	
Cereals	44	
Other cash crops	10	
Straw and forage	10	
Management agreements and agri-environment schemes	3	
Miscellaneous output	12	
Single Payment Scheme	17	
TOTAL OUTPUT**	100	
<u>Variable costs</u>		
Concentrates, fodder and keep	1	
Veterinary, medicines and other livestock costs	1	
Seeds	3	
Fertilisers	9	
Crop protection and other crop costs	9	
TOTAL VARIABLE COSTS	23	
TOTAL GROSS MARGIN**	77	
<u>Fixed costs</u>		
Labour – paid & unpaid excluding farmer and spouse	6	
Casual labour	1	
Contract	7	
Machinery repairs and fuel	7	
Machinery and other depreciation	9	
Property maintenance	4	
Electricity, other fuel and water	2	
Other general costs	5	
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	41	
PROFIT BEFORE RENT AND INTEREST	36	
Rent and rates	3	
Long-term interest paid	1	
Short-term interest paid	0	
Interest received (-)	0	
PROFIT**	32	

* Insufficient farms for comparison

** Excluding Breeding Livestock Stock Appreciation

Cereal farms

LAND USE AND INDICATORS OF TECHNICAL EFFICIENCY, 2010/2011

	Average	Premium*
Number of farms in group	30	
Average farmed area (hectares)	233	
Average proportion of total farmed area tenanted or hired (%)	29	
<u>Land use</u>		
Percentage cropped	71	
Percentage forage	29	
<u>Grazing livestock units</u>	GLUs per farm	
Dairy cattle	0	
Other cattle	12	
Sheep	5	
Other livestock	3	
Total	20	
GLUs per ha	0.55	
GLUs per adjusted ha	0.57	
<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	865	
£ per finished lamb	72	
<u>Cereals**</u>		
Winter wheat		
Yield - tonnes per hectare	8.1	
Price per tonne	143	
Winter barley		
Yield - tonnes per hectare	6.2	
Price per tonne	133	
Spring barley		
Yield - tonnes per hectare	5.5	
Price per tonne	163	
Winter oats		
Yield - tonnes per hectare	6.6	
Price per tonne	134	
All cereals		
Yield - tonnes per hectare	7.1	
Price per tonne	144	

* Insufficient farms for comparison

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

Cereal farms

TENANTS CAPITAL, OUTPUT RATIOS AND INDICATORS OF FINANCIAL EFFICIENCY, 2010/2011

	Average	Premium*
Number of farms in group	30	
Average farmed area (hectares)	233	
Average proportion of total farmed area tenanted or hired (%)	29	
	£ per farm hectare	
<u>Tenant's capital formation</u>		
Livestock	55	
Crops, forage and cultivations	350	
Stores	182	
Machinery	632	
Single Payment Scheme	262	
Miscellaneous business assets & other assets	12	
Total physical assets	1493	
Liquid assets	318	
Tenant's capital (TC)	1812	
Management & investment income (M&I)**	193	
Return on tenant's capital (M&I as % of average TC)	10.6%	
<u>Ratios per £100 of output (%)</u>		
Variable costs	23	
Gross margin	77	
Fixed costs (excluding rent and interest)	41	
Net profit	32	
Net farm income	22	
Farmer and spouse	8	
Management & Investment Income	15	
Tenant's capital		
Total assets	803	
Total external liabilities	54	
Net worth	749	
<u>Efficiency of labour use</u>		
Costs (£ per hectare)	90	
Costs (£ per £100 output)	7	
Costs (£ per £100 gross margin)	9	
<u>Efficiency of machinery use</u>		
Costs (£ per hectare)	298	
Costs (£ per £100 output)	23	
Costs (£ per £100 gross margin)	30	
<u>Efficiency of labour and machinery use</u>		
Costs (£ per hectare)	388	
Costs (£ per £100 output)	30	
Costs (£ per £100 gross margin)	39	

* Insufficient farms for comparison

** Excluding Breeding Livestock Stock Appreciation

Cereal farms

END-OF-YEAR BALANCE SHEETS, 2010/2011

	Average	Premium*
Number of farms in group	30	
Average farmed area (hectares)	233	
Average proportion of total farmed area tenanted or hired (%)	29	
End of year assets & liabilities	£ per farm hectare	
Land & buildings	8504	
Milk quota	0	
Single Payment Scheme	260	
Machinery	686	
Tenant's other assets	2	
Breeding livestock	26	
Total fixed assets	9478	
Trading livestock	31	
Crops	319	
Forage and cultivations	65	
Stores	192	
Debtors and loans	217	
Bank credit and cash	122	
Other current assets	9	
Total current assets	954	
Total assets	10432	
Financed by		
AMC	86	
Bank loans	154	
Other long term	147	
Total long term	387	
HP and lease	76	
Creditors	109	
Bank overdraft	124	
Other short term	4	
Total current liabilities	312	
Total Liabilities	699	
Net worth	9734	
Balance sheet ratios		
% Owner equity (net worth vs. total assets)	93%	
% Fixed assets vs. total assets	91%	
Gearing (long-term loans vs. total assets)	4%	
Total debt (external liabilities vs. net worth)	7%	
Current Ratio (current assets vs. current liabilities)	306%	
Liquidity Ratio (liquid assets vs. current liabilities)	109%	

* Insufficient farms for comparison

Cereal and General Cropping Farms

GROSS OUTPUT, VARIABLE COSTS AND FARM GROSS MARGIN, 2010/2011

	Under 200 hectares	Over 200 hectares
Number of farms in group	22	19
Average farmed area (hectares)	129	335
Average proportion of total farmed area tenanted or hired (%)	34	35
	£ per farm hectare	
<u>Output</u>		
Milk	0	0
Milk quota leasing less EU Dairy Premium	0	0
Cattle	48	51
Herd depreciation	-3	1
Sheep	34	17
Flock depreciation	-2	-3
Wool	0	0
Pigs	0	0
Poultry	0	1
Other livestock	0	0
Cereals	481	534
Oilseeds	68	130
Pulses	15	10
Other crops	405	74
Crop subsidies	1	1
Straw	70	67
Forage	40	51
Agri-environment schemes and management agreements	27	57
Rental income and imputed farmhouse rental equivalent	83	49
Hirework	62	22
Miscellaneous output	13	51
Cultivations	3	-3
Single Payment Scheme	208	218
TOTAL FARM OUTPUT **	1553	1329
<u>Variable costs</u>		
Concentrates	23	20
Purchased fodder	2	1
Veterinary and medicines	6	4
Other livestock costs	18	11
Seeds	91	46
Fertilisers	123	117
Crop protection	91	113
Other crop costs	35	23
TOTAL VARIABLE COSTS	390	335
TOTAL GROSS MARGIN**	1163	994

* Insufficient farms for comparison

** Excluding Breeding Livestock Stock Appreciation

Cereal and General Cropping Farms

FIXED COSTS, FARM PROFIT AND MANAGEMENT & INVESTMENT INCOME, 2010/2011

	Under 200 hectares	Over 200 hectares
Number of farms in group	22	19
Average farmed area (hectares)	129	335
Average proportion of total farmed area tenanted or hired (%)	34	35
	£ per farm hectare	
TOTAL GROSS MARGIN**	1163	994
<u>Fixed costs</u>		
Paid labour	76	86
Unpaid family labour	62	7
Casual labour	20	8
Contract	107	62
Machinery repairs	53	58
Machinery fuel	61	52
Machinery depreciation	134	115
Other depreciation	0	0
Property maintenance	31	54
Electricity	9	9
Other fuel	8	10
Water	7	5
Insurance	33	21
Professional fees	22	21
Other general costs	31	22
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	653	529
PROFIT BEFORE RENT AND INTEREST	510	465
Rent, hired in keep and bare land	56	40
Rates	0	1
Long-term interest	19	8
Short-term interest	14	8
Interest received (-)	0	0
NET PROFIT**	420	407
Reconciliation of Profit to NFI and M&II		
Plus - Interest charges (net)	33	17
Plus - Landlord type repairs (included in property maintenance)	4	14
Less - Rental value (of owner occupied land and buildings)	132	126
NET FARM INCOME** (NFI)	325	311
Less farmer and spouse labour	201	57
MANAGEMENT AND INVESTMENT INCOME** (M&II)	124	254

* Insufficient farms for comparison

** Excluding Breeding Livestock Stock Appreciation

Cereal and General Cropping Farms

FINANCIAL COMPARISONS per £100 OUTPUT, 2010/2011

	Under 200 hectares	Over 200 hectares
Number of farms in group	22	19
Average farmed area (hectares)	129	335
Average proportion of total farmed area tenanted or hired (%)	34	35
	per £100 output	
<u>Output</u>		
Milk	0	0
Cattle	3	4
Sheep	2	1
Pigs, poultry and other livestock	0	0
Cereals	31	40
Other cash crops	31	16
Straw and forage	7	9
Management agreements and agri-environment schemes	2	4
Miscellaneous output	10	9
Single Payment Scheme	13	16
TOTAL OUTPUT**	100	100
<u>Variable costs</u>		
Concentrates, fodder and keep	2	2
Veterinary, medicines and other livestock costs	2	1
Seeds	6	3
Fertilisers	8	9
Crop protection and other crop costs	8	10
TOTAL VARIABLE COSTS	25	25
TOTAL GROSS MARGIN**	75	75
<u>Fixed costs</u>		
Labour – paid & unpaid excluding farmer and spouse	9	7
Casual labour	1	1
Contract	7	5
Machinery repairs and fuel	7	8
Machinery and other depreciation	9	9
Property maintenance	2	4
Electricity, other fuel and water	2	2
Other general costs	6	5
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	42	40
PROFIT BEFORE RENT AND INTEREST	33	35
Rent and rates	4	3
Long-term interest paid	1	1
Short-term interest paid	1	1
Interest received (-)	0	0
PROFIT**	27	31

* Insufficient farms for comparison

** Excluding Breeding Livestock Stock Appreciation

Cereal and General Cropping Farms

LAND USE AND INDICATORS OF TECHNICAL EFFICIENCY, 2010/2011

	Under 200 hectares	Over 200 hectares
Number of farms in group	22	19
Average farmed area (hectares)	129	335
Average proportion of total farmed area tenanted or hired (%)	34	35
<u>Land use</u>		
Percentage cropped	65	69
Percentage forage	35	31
<u>Grazing livestock units</u>	GLUs per farm	
Dairy cattle	0	0
Other cattle	13	30
Sheep	5	10
Other livestock	1	3
Total	19	43
GLUs per ha	0.67	0.70
GLUs per adjusted ha	0.68	0.81
<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	912	1087
£ per finished lamb	72	60
<u>Cereals**</u>		
Winter wheat		
Yield - tonnes per hectare	8.0	8.2
Price per tonne	153	138
Winter barley		
Yield - tonnes per hectare	5.5	7.1
Price per tonne	143	127
Spring barley		
Yield - tonnes per hectare	5.2	5.6
Price per tonne	140	161
Winter oats		
Yield - tonnes per hectare	6.1	7.0
Price per tonne	130	132
All cereals		
Yield - tonnes per hectare	6.8	7.3
Price per tonne	148	140

* Insufficient farms for comparison

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

Cereal and General Cropping Farms

TENANTS CAPITAL, OUTPUT RATIOS AND INDICATORS OF FINANCIAL EFFICIENCY, 2010/2011

	Under 200 hectares	Over 200 hectares
Number of farms in group	22	19
Average farmed area (hectares)	129	335
Average proportion of total farmed area tenanted or hired (%)	34	35
	£ per farm hectare	
<u>Tenant's capital formation</u>		
Livestock	128	109
Crops, forage and cultivations	314	360
Stores	220	154
Machinery	730	615
Single Payment Scheme	252	265
Miscellaneous business assets & other assets	15	5
Total physical assets	1658	1508
Liquid assets	383	330
Tenant's capital (TC)	2041	1838
Management & investment income (M&II)**	124	254
Return on tenant's capital (M&II as % of average TC)	6.1%	13.8%
<u>Ratios per £100 of output (%)</u>		
Variable costs	25	25
Gross margin	75	75
Fixed costs (excluding rent and interest)	42	40
Net profit	27	31
Net farm income	21	23
Farmer and spouse	13	4
Management & Investment Income	8	19
Tenant's capital		
Total assets	653	718
Total external liabilities	68	55
Net worth	585	663
<u>Efficiency of labour use</u>		
Costs (£ per hectare)	158	100
Costs (£ per £100 output)	10	8
Costs (£ per £100 gross margin)	14	10
<u>Efficiency of machinery use</u>		
Costs (£ per hectare)	355	286
Costs (£ per £100 output)	23	22
Costs (£ per £100 gross margin)	31	29
<u>Efficiency of labour and machinery use</u>		
Costs (£ per hectare)	513	387
Costs (£ per £100 output)	33	29
Costs (£ per £100 gross margin)	44	39

* Insufficient farms for comparison

** Excluding Breeding Livestock Stock Appreciation

Cereal and General Cropping Farms

END-OF-YEAR BALANCE SHEETS, 2010/2011

	Under 200 hectares	Over 200 hectares
Number of farms in group	22	19
Average farmed area (hectares)	129	335
Average proportion of total farmed area tenanted or hired (%)	34	35
End of year assets & liabilities	£ per farm hectare	
Land & buildings	7948	7589
Milk quota	0	1
Single Payment Scheme	253	259
Machinery	776	672
Tenant's other assets	2	0
Breeding livestock	53	50
Total fixed assets	9032	8570
Trading livestock	74	65
Crops	286	320
Forage and cultivations	70	55
Stores	237	161
Debtors and loans	230	309
Bank credit and cash	204	59
Other current assets	12	3
Total current assets	1112	972
Total assets	10145	9542
Financed by		
AMC	6	134
Bank loans	399	56
Other long term	86	158
Total long term	491	348
HP and lease	114	98
Creditors	178	133
Bank overdraft	268	148
Other short term	5	8
Total current liabilities	565	386
Total Liabilities	1056	734
Net worth	9089	8809
Balance sheet ratios		
% Owner equity (net worth vs. total assets)	90%	92%
% Fixed assets vs. total assets	89%	90%
Gearing (long-term loans vs. total assets)	5%	4%
Total debt (external liabilities vs. net worth)	12%	8%
Current Ratio (current assets vs. current liabilities)	197%	252%
Liquidity Ratio (liquid assets vs. current liabilities)	77%	95%

* Insufficient farms for comparison

Dairy farms

GROSS OUTPUT, VARIABLE COSTS AND FARM GROSS MARGIN, 2010/2011

	Average	Premium*
Number of farms in group	70	24
Average farmed area (hectares)	148	165
Average proportion of total farmed area tenanted or hired (%)	48	51
	£ per farm hectare	
<u>Output</u>		
Milk	2000	2417
Milk quota leasing less EU Dairy Premium	0	0
Cattle	462	535
Herd depreciation	-205	-224
Sheep	9	20
Flock depreciation	0	-1
Wool	0	0
Pigs	2	2
Poultry	1	0
Other livestock	0	0
Cereals	79	83
Oilseeds	5	0
Pulses	2	3
Other crops	0	0
Crop subsidies	0	0
Straw	13	19
Forage	7	5
Agri-environment schemes and management agreements	20	18
Rental income and imputed farmhouse rental equivalent	32	38
Hirework	10	14
Miscellaneous output	22	42
Cultivations	1	1
Single Payment Scheme	198	205
TOTAL FARM OUTPUT **	2657	3178
<u>Variable costs</u>		
Concentrates	605	607
Purchased fodder	28	31
Veterinary and medicines	87	102
Other livestock costs	210	247
Seeds	29	37
Fertilisers	118	97
Crop protection	24	26
Other crop costs	18	20
TOTAL VARIABLE COSTS	1120	1167
TOTAL GROSS MARGIN**	1536	2011

* Top third selected on Management and investment income per hectare

** Excluding Breeding Livestock Stock Appreciation

Dairy farms

FIXED COSTS, FARM PROFIT AND MANAGEMENT & INVESTMENT INCOME, 2010/2011

	Average	Premium*
Number of farms in group	70	24
Average farmed area (hectares)	148	165
Average proportion of total farmed area tenanted or hired (%)	48	51
	£ per farm hectare	
TOTAL GROSS MARGIN**	1536	2011
<u>Fixed costs</u>		
Paid labour	176	250
Unpaid family labour	95	86
Casual labour	18	20
Contract	144	162
Machinery repairs	87	89
Machinery fuel	65	71
Machinery depreciation	167	151
Other depreciation	0	0
Property maintenance	58	76
Electricity	41	42
Other fuel	5	8
Water	29	24
Insurance	35	35
Professional fees	39	48
Other general costs	43	46
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	1003	1109
PROFIT BEFORE RENT AND INTEREST	534	902
Rent, hired in keep and bare land	83	93
Rates	1	1
Long-term interest	39	28
Short-term interest	20	16
Interest received (-)	11	13
NET PROFIT**	402	775
Reconciliation of Profit to NFI and M&II		
Plus - Interest charges (net)	48	32
Plus - Landlord type repairs (included in property maintenance)	7	12
Less - Rental value (of owner occupied land and buildings)	185	178
NET FARM INCOME** (NFI)	272	641
Less farmer and spouse labour	284	195
MANAGEMENT AND INVESTMENT INCOME** (M&II)	-12	446

* Top third selected on Management and investment income per hectare

** Excluding Breeding Livestock Stock Appreciation

Dairy farms

FINANCIAL COMPARISONS per £100 OUTPUT, 2010/2011

	Average	Premium*
Number of farms in group	70	24
Average farmed area (hectares)	148	165
Average proportion of total farmed area tenanted or hired (%)	48	51
	per £100 output	
<u>Output</u>		
Milk	75	76
Cattle	10	10
Sheep	0	1
Pigs, poultry and other livestock	0	0
Cereals	3	3
Other cash crops	0	0
Straw and forage	1	1
Management agreements and agri-environment schemes	1	1
Miscellaneous output	2	3
Single Payment Scheme	7	6
TOTAL OUTPUT**	100	100
<u>Variable costs</u>		
Concentrates, fodder and keep	24	20
Veterinary, medicines and other livestock costs	11	11
Seeds	1	1
Fertilisers	4	3
Crop protection and other crop costs	2	1
TOTAL VARIABLE COSTS	42	37
TOTAL GROSS MARGIN**	58	63
<u>Fixed costs</u>		
Labour – paid & unpaid excluding farmer and spouse	10	10
Casual labour	1	1
Contract	5	5
Machinery repairs and fuel	6	5
Machinery and other depreciation	6	5
Property maintenance	2	2
Electricity, other fuel and water	3	2
Other general costs	4	4
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	38	35
PROFIT BEFORE RENT AND INTEREST	20	28
Rent and rates	3	3
Long-term interest paid	1	1
Short-term interest paid	1	1
Interest received (-)	0	0
PROFIT**	15	24

* Top third selected on Management and investment income per hectare

** Excluding Breeding Livestock Stock Appreciation

Dairy farms

LAND USE AND INDICATORS OF TECHNICAL EFFICIENCY, 2010/2011

	Average	Premium*
Number of farms in group	70	24
Average farmed area (hectares)	148	165
Average proportion of total farmed area tenanted or hired (%)	48	51
<u>Land use</u>		
Percentage cropped	7	8
Percentage forage	93	92
<u>Grazing livestock units</u>	GLUs per farm	
Dairy cattle	149	189
Other cattle	76	79
Sheep	1	4
Other livestock	0	0
Total	226	272
GLUs per ha	1.80	1.86
GLUs per adjusted ha	1.82	1.88
<u>Technical efficiency</u>		
<u>Dairy</u>		
Milk yield per cow	7287	7743
Pence per litre	25.3	25.8
Milk output per cow	1882	1996
Dairy calf output, £ per calf	113	119
<u>Finished cattle and lambs</u>		
£ per finished animal	837	913
£ per finished lamb	85	85
<u>Cereals**</u>		
Winter wheat		
Yield - tonnes per hectare	8.0	7.7
Price per tonne	158	164
Winter barley		
Yield - tonnes per hectare	7.8	7.7
Price per tonne	136	147
Spring barley		
Yield - tonnes per hectare	6.7	
Price per tonne	140	
Winter oats		
Yield - tonnes per hectare		
Price per tonne		
All cereals		
Yield - tonnes per hectare	7.8	7.6
Price per tonne	152	156

* Top third selected on Management and investment income per hectare

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

Dairy farms

TENANTS CAPITAL, OUTPUT RATIOS AND INDICATORS OF FINANCIAL EFFICIENCY, 2010/2011

	Average	Premium*
Number of farms in group	70	24
Average farmed area (hectares)	148	165
Average proportion of total farmed area tenanted or hired (%)	48	51
	£ per farm hectare	
<u>Tenant's capital formation</u>		
Livestock	1642	1790
Crops, forage and cultivations	114	128
Stores	108	104
Machinery	865	859
Single Payment Scheme	231	235
Miscellaneous business assets & other assets	168	209
Total physical assets	3128	3325
Liquid assets	461	570
Tenant's capital (TC)	3589	3895
Management & investment income (M&II)**	-12	446
Return on tenant's capital (M&II as % of average TC)	-0.3%	11.5%
<u>Ratios per £100 of output (%)</u>		
Variable costs	42	37
Gross margin	58	63
Fixed costs (excluding rent and interest)	38	35
Net profit	15	24
Net farm income	10	20
Farmer and spouse	11	6
Management & Investment Income	0	14
Tenant's capital		
Total assets	451	409
Total external liabilities	82	61
Net worth	369	347
<u>Efficiency of labour use</u>		
Costs (£ per hectare)	288	356
Costs (£ per £100 output)	11	11
Costs (£ per £100 gross margin)	19	18
<u>Efficiency of machinery use</u>		
Costs (£ per hectare)	464	473
Costs (£ per £100 output)	17	15
Costs (£ per £100 gross margin)	30	24
<u>Efficiency of labour and machinery use</u>		
Costs (£ per hectare)	752	830
Costs (£ per £100 output)	28	26
Costs (£ per £100 gross margin)	49	41

* Top third selected on Management and investment income per hectare

** Excluding Breeding Livestock Stock Appreciation

Dairy farms

END-OF-YEAR BALANCE SHEETS, 2010/2011

	Average	Premium*
Number of farms in group	70	24
Average farmed area (hectares)	148	165
Average proportion of total farmed area tenanted or hired (%)	48	51
End of year assets & liabilities	£ per farm hectare	
Land & buildings	8262	8895
Milk quota	20	22
Single Payment Scheme	227	229
Machinery	934	920
Tenant's other assets	0	0
Breeding livestock	1254	1438
Total fixed assets	10697	11504
Trading livestock	373	372
Crops	30	27
Forage and cultivations	92	106
Stores	117	115
Debtors and loans	375	526
Bank credit and cash	113	122
Other current assets	173	214
Total current assets	1273	1482
Total assets	11970	12986
Financed by		
AMC	225	72
Bank loans	924	575
Other long term	216	380
Total long term	1365	1026
HP and lease	123	109
Creditors	232	274
Bank overdraft	412	512
Other short term	34	31
Total current liabilities	801	926
Total Liabilities	2165	1953
Net worth	9805	11033
<u>Balance sheet ratios</u>		
% Owner equity (net worth vs. total assets)	82%	85%
% Fixed assets vs. total assets	89%	89%
Gearing (long-term loans vs. total assets)	11%	8%
Total debt (external liabilities vs. net worth)	22%	18%
Current Ratio (current assets vs. current liabilities)	159%	160%
Liquidity Ratio (liquid assets vs. current liabilities)	61%	70%

* Top third selected on Management and investment income per hectare

Dairy farms

GROSS OUTPUT, VARIABLE COSTS AND FARM GROSS MARGIN, 2010/2011

	Under 100 hectares	100-160 hectares	Over 160 hectares
Number of farms in group	28	23	19
Average farmed area (hectares)	79	131	267
Average proportion of total farmed area tenanted or hired (%)	42	46	61
	£ per farm hectare		
<u>Output</u>			
Milk	2101	2079	1756
Milk quota leasing less EU Dairy Premium	0	0	0
Cattle	512	476	373
Herd depreciation	-208	-231	-171
Sheep	4	18	5
Flock depreciation	0	0	-1
Wool	0	0	0
Pigs	3	2	0
Poultry	1	0	0
Other livestock	0	0	0
Cereals	3	83	185
Oilseeds	0	0	20
Pulses	0	1	6
Other crops	0	0	0
Crop subsidies	0	0	0
Straw	0	18	26
Forage	4	9	7
Agri-environment schemes and management agreements	16	22	21
Rental income and imputed farmhouse rental equivalent	19	43	39
Hirework	11	11	9
Miscellaneous output	16	35	14
Cultivations	0	1	1
Single Payment Scheme	197	191	207
TOTAL FARM OUTPUT **	2681	2759	2497
<u>Variable costs</u>			
Concentrates	662	623	500
Purchased fodder	32	25	25
Veterinary and medicines	89	95	74
Other livestock costs	217	216	191
Seeds	23	33	36
Fertilisers	120	133	97
Crop protection	12	25	43
Other crop costs	20	20	15
TOTAL VARIABLE COSTS	1174	1169	981
TOTAL GROSS MARGIN**	1506	1589	1516

* Insufficient farms for comparison

** Excluding Breeding Livestock Stock Appreciation

Dairy farms

FIXED COSTS, FARM PROFIT AND MANAGEMENT & INVESTMENT INCOME, 2010/2011

	Under 100 hectares	100-160 hectares	Over 160 hectares
Number of farms in group	28	23	19
Average farmed area (hectares)	79	131	267
Average proportion of total farmed area tenanted or hired (%)	42	46	61
	£ per farm hectare		
TOTAL GROSS MARGIN**	1506	1589	1516
<u>Fixed costs</u>			
Paid labour	121	192	235
Unpaid family labour	87	120	78
Casual labour	24	20	5
Contract	138	165	129
Machinery repairs	84	98	78
Machinery fuel	63	69	63
Machinery depreciation	189	160	144
Other depreciation	0	0	0
Property maintenance	62	58	54
Electricity	43	40	39
Other fuel	4	6	7
Water	30	32	24
Insurance	39	38	26
Professional fees	36	39	44
Other general costs	44	44	39
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	963	1080	966
PROFIT BEFORE RENT AND INTEREST	543	509	550
Rent, hired in keep and bare land	64	87	107
Rates	1	1	0
Long-term interest	39	47	29
Short-term interest	22	24	11
Interest received (-)	11	5	18
NET PROFIT**	429	355	421
Reconciliation of Profit to NFI and M&II			
Plus - Interest charges (net)	50	67	22
Plus - Landlord type repairs (included in property maintenance)	12	4	3
Less - Rental value (of owner occupied land and buildings)	221	186	130
NET FARM INCOME** (NFI)	269	239	316
Less farmer and spouse labour	460	210	114
MANAGEMENT AND INVESTMENT INCOME** (M&II)	-192	29	201

* Top third selected on Management and Investment income per hectare

** Excluding Breeding Livestock Stock Appreciation

Dairy farms

FINANCIAL COMPARISONS per £100 OUTPUT, 2010/2011

	Under 100 hectares	100-160 hectares	Over 160 hectares
Number of farms in group	28	23	19
Average farmed area (hectares)	79	131	267
Average proportion of total farmed area tenanted or hired (%)	42	46	61
	per £100 output		
<u>Output</u>			
Milk	78	75	70
Cattle	11	9	8
Sheep	0	1	0
Pigs, poultry and other livestock	0	0	0
Cereals	0	3	7
Other cash crops	0	0	1
Straw and forage	0	1	1
Management agreements and agri-environment schemes	1	1	1
Miscellaneous output	2	3	3
Single Payment Scheme	7	7	8
TOTAL OUTPUT**	100	100	100
<u>Variable costs</u>			
Concentrates, fodder and keep	26	24	21
Veterinary, medicines and other livestock costs	11	11	11
Seeds	1	1	1
Fertilisers	4	5	4
Crop protection and other crop costs	1	2	2
TOTAL VARIABLE COSTS	44	42	39
TOTAL GROSS MARGIN**	56	58	61
<u>Fixed costs</u>			
Labour – paid & unpaid, excluding farmer and spouse	8	12	12
Casual	1	0	1
Contract	5	6	5
Machinery repairs and fuel	5	6	6
Machinery and other depreciation	7	6	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	36	39	39
PROFIT BEFORE RENT AND INTEREST	20	18	22
Rent and rates	2	3	4
Long-term interest paid	1	2	1
Short-term interest paid	1	1	0
Interest received (-)	0	0	1
PROFIT**	16	13	17

* Top third selected on Management and investment income per hectare

** Excluding Breeding Livestock Stock Appreciation

Dairy farms

LAND USE AND INDICATORS OF TECHNICAL EFFICIENCY, 2010/2011

	Under 100 hectares	100-160 hectares	Over 160 hectares
Number of farms in group	28	23	19
Average farmed area (hectares)	79	131	267
Average proportion of total farmed area tenanted or hired (%)	42	46	66
Land use			
Percentage cropped	0	7	18
Percentage forage	100	93	82
<u>Grazing livestock units</u>	GLUs per farm		
Dairy cattle	91	153	232
Other cattle	51	72	117
Sheep	0	2	2
Other livestock	0	0	0
Total	142	227	351
GLUs per ha	1.83	1.89	1.72
GLUs per adjusted ha	1.90	1.89	1.74
<u>Technical efficiency</u>			
<u>Dairy</u>			
Milk yield per cow	7335	7062	7554
Pence per litre	25.1	25.5	25.86
Milk output per cow	1842	1801	1971
Dairy calf output, £ per calf	111	111	122
<u>Finished cattle and lambs</u>			
£ per finished animal	843	799	856
£ per finished lamb	72	84	89
<u>Cereals**</u>			
Winter wheat			
Yield - tonnes per hectare		9.0	7.9
Price per tonne		147	160
Winter barley			
Yield - tonnes per hectare		6.8	8.0
Price per tonne		128	138
Spring barley			
Yield - tonnes per hectare		7.3	6.2
Price per tonne		143	137
Winter oats			
Yield - tonnes per hectare			
Price per tonne			
All cereals			
Yield - tonnes per hectare		8.0	7.8
Price per tonne		143	154

* Top third selected on Management and investment income per hectare

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

Dairy farms

TENANTS CAPITAL, OUTPUT RATIOS AND INDICATORS OF FINANCIAL EFFICIENCY, 2010/2011

	Under 100 hectares	100-160 hectares	Over 160 hectares
Number of farms in group	28	23	19
Average farmed area (hectares)	79	131	267
Average proportion of total farmed area tenanted or hired (%)	42	46	61
	£ per farm hectare		
<u>Tenant's capital formation</u>			
Livestock	1793	1734	1307
Crops, forage and cultivations	95	93	169
Stores	116	111	94
Machinery	968	830	755
Single Payment Scheme	232	224	238
Miscellaneous business assets & other assets	157	127	233
Total physical assets	3360	3119	2796
Liquid assets	531	344	498
Tenant's capital (TC)	3891	3463	3295
Management & investment income (M&II)**	-192	29	201
Return on tenant's capital (M&II as % of average TC)	-4.9%	0.9%	6.1%
<u>Ratios per £100 of output (%)</u>			
Variable costs	44	42	39
Gross margin	56	58	61
Fixed costs (excluding rent and interest)	36	39	39
Net profit	16	13	17
Net farm income	10	9	13
Farmer and spouse	17	8	5
Management & Investment Income	-7	1	8
Tenant's capital			
Total assets	508	429	388
Total external liabilities	81	88	73
Net worth	428	340	315
<u>Efficiency of labour use</u>			
Costs (£ per hectare)	232	333	319
Costs (£ per £100 output)	9	12	13
Costs (£ per £100 gross margin)	15	21	21
<u>Efficiency of machinery use</u>			
Costs (£ per hectare)	474	491	415
Costs (£ per £100 output)	18	18	17
Costs (£ per £100 gross margin)	31	31	27
<u>Efficiency of labour and machinery use</u>			
Costs (£ per hectare)	705	823	734
Costs (£ per £100 output)	26	30	29
Costs (£ per £100 gross margin)	47	52	48

* Top third selected on Management and investment income per hectare

** Excluding Breeding Livestock Stock Appreciation

Dairy farms

END-OF-YEAR BALANCE SHEETS, 2010/2011

	Under 100 hectares	100-160 hectares	Over 160 hectares
Number of farms in group	28	23	19
Average farmed area (hectares)	79	131	267
Average proportion of total farmed area tenanted or hired (%)	42	46	61
End of year assets & liabilities	£ per farm hectare		
Land & buildings	9606	8262	6282
Milk quota	20	23	18
Single Payment Scheme	227	218	237
Machinery	1079	876	792
Tenant's other assets	0	0	0
Breeding livestock	1347	1347	1003
Total fixed assets	12279	10726	8333
Trading livestock	422	377	297
Crops	1	7	101
Forage and cultivations	94	89	93
Stores	127	114	106
Debtors and loans	413	310	398
Bank credit and cash	134	69	135
Other current assets	162	132	238
Total current assets	1353	1098	1367
Total assets	13632	11824	9699
Financed by			
AMC	169	437	52
Bank loans	1077	962	653
Other long term	151	14	555
Total long term	1397	1413	1260
HP and lease	131	116	119
Creditors	240	202	256
Bank overdraft	348	683	180
Other short term	55	22	17
Total current liabilities	774	1023	571
Total Liabilities	2171	2435	1831
Net worth	11461	9389	7868
Balance sheet ratios			
% Owner equity (net worth vs. total assets)	84%	79%	81%
% Fixed assets vs. total assets	90%	91%	86%
Gearing (long-term loans vs. total assets)	10%	12%	13%
Total debt (external liabilities vs. net worth)	19%	26%	23%
Current Ratio (current assets vs. current liabilities)	175%	107%	239%
Liquidity Ratio (liquid assets vs. current liabilities)	71%	37%	93%

* Top third selected on Management and investment income per hectare

Lowland cattle and sheep farms

GROSS OUTPUT, VARIABLE COSTS AND FARM GROSS MARGIN, 2010/2011

	Average	Premium*
Number of farms in group	59	20
Average farmed area (hectares)	95	120
Average proportion of total farmed area tenanted or hired (%)	24	34
	£ per farm hectare	
<u>Output</u>		
Milk	0	0
Milk quota leasing less EU Dairy Premium	0	0
Cattle	361	333
Herd depreciation	-3	8
Sheep	166	144
Flock depreciation	-13	-6
Wool	2	1
Pigs	1	0
Poultry	0	0
Other livestock	0	0
Cereals	46	43
Oilseeds	0	0
Pulses	2	5
Other crops	0	0
Crop subsidies	0	0
Straw	11	10
Forage	59	109
Agri-environment schemes and management agreements	49	64
Rental income and imputed farmhouse rental equivalent	65	148
Hirework	52	73
Miscellaneous output	44	101
Cultivations	0	-3
Single Payment Scheme	213	226
TOTAL FARM OUTPUT **	1054	1256
<u>Variable costs</u>		
Concentrates	102	95
Purchased fodder	9	7
Veterinary and medicines	29	29
Other livestock costs	79	75
Seeds	10	12
Fertilisers	57	44
Crop protection	8	9
Other crop costs	14	18
TOTAL VARIABLE COSTS	308	288
TOTAL GROSS MARGIN**	746	968

* Top third selected on Management and investment income per hectare

** Excluding Breeding Livestock Stock Appreciation

Lowland cattle and sheep farms

FIXED COSTS, FARM PROFIT AND MANAGEMENT & INVESTMENT INCOME, 2010/2011

	Average	Premium*
Number of farms in group	59	20
Average farmed area (hectares)	95	120
Average proportion of total farmed area tenanted or hired (%)	24	34
	£ per farm hectare	
TOTAL GROSS MARGIN**	746	968
<u>Fixed costs</u>		
Paid labour	27	30
Unpaid family labour	42	17
Casual labour	14	15
Contract	51	52
Machinery repairs	53	59
Machinery fuel	46	47
Machinery depreciation	101	106
Other depreciation	0	0
Property maintenance	39	49
Electricity	9	8
Other fuel	4	2
Water	10	10
Insurance	33	32
Professional fees	22	19
Other general costs	32	44
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	482	491
PROFIT BEFORE RENT AND INTEREST	265	476
Rent, hired in keep and bare land	40	54
Rates	2	1
Long-term interest	14	19
Short-term interest	7	6
Interest received (-)	1	0
NET PROFIT**	202	396
Reconciliation of Profit to NFI and M&II		
Plus - Interest charges (net)	21	26
Plus - Landlord type repairs (included in property maintenance)	3	3
Less - Rental value (of owner occupied land and buildings)	129	132
NET FARM INCOME** (NFI)	97	292
Less farmer and spouse labour	277	203
MANAGEMENT AND INVESTMENT INCOME** (M&II)	-180	89

* Top third selected on Management and investment income per hectare

** Excluding Breeding Livestock Stock Appreciation

Lowland cattle and sheep farms

FINANCIAL COMPARISONS per £100 OUTPUT, 2010/2011

	Average	Premium*
Number of farms in group	59	20
Average farmed area (hectares)	95	120
Average proportion of total farmed area tenanted or hired (%)	24	34
	per £100 output	
<u>Output</u>		
Milk	0	0
Cattle	34	27
Sheep	15	11
Pigs, poultry and other livestock	0	0
Cereals	4	3
Other cash crops	0	0
Straw and forage	7	9
Management agreements and agri-environment schemes	5	5
Miscellaneous output	15	25
Single Payment Scheme	20	18
TOTAL OUTPUT**	100	100
<u>Variable costs</u>		
Concentrates, fodder and keep	11	8
Veterinary, medicines and other livestock costs	10	8
Seeds	1	1
Fertilisers	5	4
Crop protection and other crop costs	2	2
TOTAL VARIABLE COSTS	29	23
TOTAL GROSS MARGIN**	71	77
<u>Fixed costs</u>		
Labour – paid & unpaid excluding farmer and spouse	7	4
Casual labour	1	1
Contract	5	4
Machinery repairs and fuel	9	8
Machinery and other depreciation	10	8
Property maintenance	4	4
Electricity, other fuel and water	2	2
Other general costs	8	8
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	46	39
PROFIT BEFORE RENT AND INTEREST	25	38
Rent and rates	4	4
Long-term interest paid	1	2
Short-term interest paid	1	1
Interest received (-)	0	0
PROFIT**	19	32

* Top third selected on Management and investment income per hectare

** Excluding Breeding Livestock Stock Appreciation

Lowland cattle and sheep farms

LAND USE AND INDICATORS OF TECHNICAL EFFICIENCY, 2010/2011

	Average	Premium*
Number of farms in group	59	20
Average farmed area (hectares)	95	120
Average proportion of total farmed area tenanted or hired (%)	24	34
<u>Land use</u>		
Percentage cropped	6	5
Percentage forage	94	95
<u>Grazing livestock units</u>	GLUs per farm	
Dairy cattle	0	0
Other cattle	70	73
Sheep	25	32
Other livestock	2	4
Total	97	109
GLUs per ha	1.17	1.02
GLUs per adjusted ha	1.17	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	860	901
£ per finished lamb	71	71
<u>Cereals**</u>		
Winter wheat		
Yield - tonnes per hectare	8.3	8.2
Price per tonne	141	135
Winter barley		
Yield - tonnes per hectare	6.8	6.6
Price per tonne	150	146
Spring barley		
Yield - tonnes per hectare	5.2	
Price per tonne	142	
Winter oats		
Yield - tonnes per hectare		
Price per tonne		
All cereals		
Yield - tonnes per hectare	6.6	6.9
Price per tonne	142	137

* Top third selected on Management and investment income 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, 2010/2011

	Average	Premium*
Number of farms in group	59	20
Average farmed area (hectares)	95	120
Average proportion of total farmed area tenanted or hired (%)	24	34
	£ per farm hectare	
<u>Tenant's capital formation</u>		
Livestock	881	747
Crops, forage and cultivations	70	68
Stores	59	54
Machinery	505	531
Single Payment Scheme	255	260
Miscellaneous business assets & other assets	11	10
Total physical assets	1781	1670
Liquid assets	329	367
Tenant's capital (TC)	2110	2037
Management & investment income (M&II)**	-180	89
Return on tenant's capital (M&II as % of average TC)	-8.5%	4.4%
<u>Ratios per £100 of output (%)</u>		
Variable costs	29	23
Gross margin	71	77
Fixed costs (excluding rent and interest)	46	39
Net profit	19	32
Net farm income	9	23
Farmer and spouse	26	16
Management & Investment Income	-17	7
Tenant's capital		
Total assets	1176	921
Total external liabilities	77	84
Net worth	1099	837
<u>Efficiency of labour use</u>		
Costs (£ per hectare)	83	62
Costs (£ per £100 output)	8	5
Costs (£ per £100 gross margin)	11	6
<u>Efficiency of machinery use</u>		
Costs (£ per hectare)	251	264
Costs (£ per £100 output)	24	21
Costs (£ per £100 gross margin)	34	27
<u>Efficiency of labour and machinery use</u>		
Costs (£ per hectare)	334	326
Costs (£ per £100 output)	32	26
Costs (£ per £100 gross margin)	45	34

* Top third selected on Management and investment income per hectare

** Excluding Breeding Livestock Stock Appreciation

Lowland cattle and sheep farms

END-OF-YEAR BALANCE SHEETS, 2010/2011

	Average	Premium*
Number of farms in group	59	20
Average farmed area (hectares)	95	120
Average proportion of total farmed area tenanted or hired (%)	24	34
End of year assets & liabilities	£ per farm hectare	
Land & buildings	10288	9541
Milk quota	1	0
Single Payment Scheme	250	251
Machinery	500	538
Tenant's other assets	2	5
Breeding livestock	440	402
Total fixed assets	11479	10738
Trading livestock	429	336
Crops	17	17
Forage and cultivations	56	49
Stores	66	59
Debtors and loans	163	183
Bank credit and cash	184	174
Other current assets	9	5
Total current assets	923	822
Total assets	12403	11560
Financed by		
AMC	39	22
Bank loans	303	376
Other long term	157	326
Total long term	500	724
HP and lease	21	17
Creditors	93	68
Bank overdraft	193	243
Other short term	5	0
Total current liabilities	311	329
Total Liabilities	811	1052
Net worth	11591	10508
<u>Balance sheet ratios</u>		
% Owner equity (net worth vs. total assets)	93%	91%
% Fixed assets vs. total assets	93%	93%
Gearing (long-term loans vs. total assets)	4%	6%
Total debt (external liabilities vs. net worth)	7%	10%
Current Ratio (current assets vs. current liabilities)	297%	250%
Liquidity Ratio (liquid assets vs. current liabilities)	111%	109%

* Top third selected on Management and investment income per hectare

Lowland cattle and sheep farms

GROSS OUTPUT, VARIABLE COSTS AND FARM GROSS MARGIN, 2010/2011

	Under 80 hectares	Over 80 hectares
Number of farms in group	29	30
Average farmed area (hectares)	58	131
Average proportion of total farmed area tenanted or hired (%)	22	27
	£ per farm hectare	
<u>Output</u>		
Milk	0	0
Milk quota leasing less EU Dairy premium	0	0
Cattle	376	345
Herd depreciation	3	-10
Sheep	138	193
Flock depreciation	-11	-15
Wool	2	3
Pigs	1	0
Poultry	0	0
Other livestock	0	0
Cereals	26	65
Oilseeds	0	1
Pulses	0	3
Other crops	0	0
Crop subsidies	0	0
Straw	8	14
Forage	44	74
Agri-environment schemes and management agreements	41	57
Rental income and imputed farmhouse rental equivalent	71	60
Hirework	63	41
Miscellaneous output	52	36
Cultivations	1	-2
Single Payment Scheme	203	224
TOTAL FARM OUTPUT **	1020	1088
<u>Variable costs</u>		
Concentrates	89	116
Purchased fodder	9	9
Veterinary and medicines	30	29
Other livestock costs	74	83
Seeds	7	13
Fertilisers	53	62
Crop protection	5	11
Other crop costs	10	17
TOTAL VARIABLE COSTS	276	339
TOTAL GROSS MARGIN**	743	749

* Top third selected on Management and investment income per hectare

** Excluding Breeding Livestock Stock Appreciation

Lowland cattle and sheep farms

FIXED COSTS, FARM PROFIT AND MANAGEMENT & INVESTMENT INCOME, 2010/2011

	Under 80 hectares	Over 80 hectares
Number of farms in group	29	30
Average farmed area (hectares)	58	131
Average proportion of total farmed area tenanted or hired (%)	22	27
	£ per farm hectare	
TOTAL GROSS MARGIN**	743	749
<u>Fixed costs</u>		
Paid labour	21	32
Unpaid family labour	52	32
Casual labour	12	16
Contract	52	49
Machinery repairs	49	57
Machinery fuel	44	49
Machinery depreciation	86	116
Other depreciation	0	0
Property maintenance	45	32
Electricity	9	9
Other fuel	4	3
Water	13	6
Insurance	35	30
Professional fees	26	17
Other general costs	36	28
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	486	478
PROFIT BEFORE RENT AND INTEREST	258	272
Rent, hired in keep and bare land	46	34
Rates	4	0
Long-term interest	10	19
Short-term interest	4	11
Interest received (-)	1	1
NET PROFIT**	194	210
Reconciliation of Profit to NFI and M&II		
Plus - Interest charges (net)	13	28
Plus - Landlord type repairs (included in property maintenance)	4	3
Less - Rental value (of owner occupied land and buildings)	135	123
NET FARM INCOME** (NFI)	76	118
Less farmer and spouse labour	329	228
MANAGEMENT AND INVESTMENT INCOME** (M&II)	-253	-110

* Top third selected on Management and investment income per hectare

** Excluding Breeding Livestock Stock Appreciation

Lowland cattle and sheep farms

FINANCIAL COMPARISONS per £100 OUTPUT, 2010/2011

	Under 80 hectares	Over 80 hectares
Number of farms in group	29	30
Average farmed area (hectares)	58	131
Average proportion of total farmed area tenanted or hired (%)	22	27
	per £100 output	
<u>Output</u>		
Milk	0	0
Cattle	37	31
Sheep	13	17
Pigs, poultry and other livestock	0	0
Cereals	3	6
Other cash crops	0	0
Straw and forage	5	8
Management agreements and agri-environment schemes	4	5
Miscellaneous output	18	12
Single Payment Scheme	20	21
TOTAL OUTPUT**	100	100
<u>Variable costs</u>		
Concentrates, fodder and keep	10	11
Veterinary, medicines and other livestock costs	10	10
Seeds	1	1
Fertilisers	5	6
Crop protection and other crop costs	1	3
TOTAL VARIABLE COSTS	27	31
TOTAL GROSS MARGIN**	73	69
<u>Fixed costs</u>		
Labour – paid & unpaid excluding farmer and spouse	7	6
Casual labour	1	1
Contract	5	4
Machinery repairs and fuel	9	10
Machinery and other depreciation	8	11
Property maintenance	4	3
Electricity, other fuel and water	3	2
Other general costs	10	7
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	48	44
PROFIT BEFORE RENT AND INTEREST	25	25
Rent and rates	5	3
Long-term interest paid	1	2
Short-term interest paid	0	1
Interest received (-)	0	0
PROFIT**	19	19

* Top third selected on Management and investment income per hectare

** Excluding Breeding Livestock Stock Appreciation

Lowland cattle and sheep farms

LAND USE AND INDICATORS OF TECHNICAL EFFICIENCY, 2010/2011

	Under 80 hectares	Over 80 hectares
Number of farms in group	29	30
Average farmed area (hectares)	58	131
Average proportion of total farmed area tenanted or hired (%)	22	27
<u>Land use</u>		
Percentage cropped	3	8
Percentage forage	97	92
Grazing livestock units	GLUs per farm	
Dairy cattle	0	0
Other cattle	47	92
Sheep	14	36
Other livestock	2	2
Total	63	130
GLUs per ha	1.18	1.17
GLUs per adjusted ha	1.20	1.16
<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	828	879
£ per finished lamb	71	71
<u>Cereals**</u>		
Winter wheat		
Yield - tonnes per hectare		8.4
Price per tonne		141
Winter barley		
Yield - tonnes per hectare		6.9
Price per tonne		147
Spring barley		
Yield - tonnes per hectare		5.3
Price per tonne		144
Winter oats		
Yield - tonnes per hectare		
Price per tonne		
All cereals		
Yield - tonnes per hectare	5.3	6.8
Price per tonne	146	142

* Top third selected on Management and investment income 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, 2010/2011

	Under 80 hectares	Over 80 hectares
Number of farms in group	29	30
Average farmed area (hectares)	58	131
Average proportion of total farmed area tenanted or hired (%)	22	27
	£ per farm hectare	
<u>Tenant's capital formation</u>		
Livestock	851	910
Crops, forage and cultivations	64	77
Stores	47	71
Machinery	476	532
Single Payment Scheme	254	256
Miscellaneous business assets & other assets	13	10
Total physical assets	1705	1855
Liquid assets	398	262
Tenant's capital (TC)	2103	2117
Management & investment income (M&II)**	-253	-110
Return on tenant's capital (M&II as % of average TC)	-12.0%	-5.2%
<u>Ratios per £100 of output (%)</u>		
Variable costs	27	31
Gross margin	73	69
Fixed costs (excluding rent and interest)	48	44
Net profit	19	19
Net farm income	7	11
Farmer and spouse	32	21
Management & Investment Income	-25	-10
Tenant's capital		
Total assets	1345	1023
Total external liabilities	57	95
Net worth	1288	928
<u>Efficiency of labour use</u>		
Costs (£ per hectare)	85	81
Costs (£ per £100 output)	8	7
Costs (£ per £100 gross margin)	11	11
<u>Efficiency of machinery use</u>		
Costs (£ per hectare)	232	270
Costs (£ per £100 output)	23	25
Costs (£ per £100 gross margin)	31	36
<u>Efficiency of labour and machinery use</u>		
Costs (£ per hectare)	317	351
Costs (£ per £100 output)	31	32
Costs (£ per £100 gross margin)	43	47

* Top third selected on Management and investment income per hectare

** Excluding Breeding Livestock Stock Appreciation

Lowland cattle and sheep farms

END-OF-YEAR BALANCE SHEETS, 2010/2011

	Under 80 hectares	Over 80 hectares
Number of farms in group	29	30
Average farmed area (hectares)	58	131
Average proportion of total farmed area tenanted or hired (%)	22	27
End of year assets & liabilities	£ per farm hectare	
Land & buildings	11614	9006
Milk quota	1	0
Single Payment Scheme	253	246
Machinery	475	524
Tenant's other assets	0	3
Breeding livestock	394	484
Total fixed assets	12737	10264
Trading livestock	421	436
Crops	10	24
Forage and cultivations	56	56
Stores	54	77
Debtors and loans	126	198
Bank credit and cash	299	73
Other current assets	11	7
Total current assets	977	871
Total assets	13714	11135
Financed by		
AMC	18	60
Bank loans	210	394
Other long term	185	131
Total long term	413	584
HP and lease	14	28
Creditors	88	97
Bank overdraft	61	320
Other short term	4	5
Total current liabilities	167	451
Total Liabilities	579	1035
Net worth	13135	10099
<u>Balance sheet ratios</u>		
% Owner equity (net worth vs. total assets)	96%	91%
% Fixed assets vs. total assets	93%	92%
Gearing (long-term loans vs. total assets)	3%	5%
Total debt (external liabilities vs. net worth)	4%	10%
Current Ratio (current assets vs. current liabilities)	586%	193%
Liquidity Ratio (liquid assets vs. current liabilities)	255%	60%

* Top third selected on Management and investment income per hectare

SDA cattle and sheep farms

GROSS OUTPUT, VARIABLE COSTS AND FARM GROSS MARGIN, 2010/2011

	Average	Premium*
Number of farms in group	26	
Average farmed area (hectares)	212	
Average proportion of total farmed area tenanted or hired (%)	56	
	£ per farm hectare	
<u>Output</u>		
Milk	0	
Milk quota leasing less EU Dairy Premium	0	
Cattle	170	
Herd depreciation	-14	
Sheep	252	
Flock depreciation	-28	
Wool	4	
Pigs	0	
Poultry	0	
Other livestock	0	
Cereals	0	
Oilseeds	0	
Pulses	0	
Other crops	0	
Crop subsidies	0	
Straw	0	
Forage	6	
Agri-environment schemes and management agreements	91	
Rental income and imputed farmhouse rental equivalent	11	
Hirework	15	
Miscellaneous output	18	
Cultivations	0	
Single Payment Scheme	159	
TOTAL FARM OUTPUT **	685	
<u>Variable costs</u>		
Concentrates	64	
Purchased fodder	10	
Veterinary and medicines	23	
Other livestock costs	53	
Seeds	2	
Fertilisers	46	
Crop protection	1	
Other crop costs	3	
TOTAL VARIABLE COSTS	203	
TOTAL GROSS MARGIN**	482	

* Insufficient farms for comparison

** Excluding Breeding Livestock Stock Appreciation

SDA cattle and sheep farms

FIXED COSTS, FARM PROFIT AND MANAGEMENT & INVESTMENT INCOME, 2010/2011

	Average	Premium*
Number of farms in group	26	
Average farmed area (hectares)	212	
Average proportion of total farmed area tenanted or hired (%)	56	
	£ per farm hectare	
TOTAL GROSS MARGIN**	482	
<u>Fixed costs</u>		
Paid labour	23	
Unpaid family labour	26	
Casual labour	15	
Contract	26	
Machinery repairs	26	
Machinery fuel	30	
Machinery depreciation	57	
Other depreciation	0	
Property maintenance	37	
Electricity	5	
Other fuel	3	
Water	2	
Insurance	20	
Professional fees	12	
Other general costs	21	
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	302	
PROFIT BEFORE RENT AND INTEREST	180	
Rent, hired in keep and bare land	48	
Rates	0	
Long-term interest	7	
Short-term interest	4	
Interest received (-)	0	
NET PROFIT**	121	
Reconciliation of Profit to NFI and M&II		
Plus - Interest charges (net)	10	
Plus - Landlord type repairs (included in property maintenance)	4	
Less - Rental value (of owner occupied land and buildings)	53	
NET FARM INCOME** (NFI)	82	
Less farmer and spouse labour	158	
MANAGEMENT AND INVESTMENT INCOME** (M&II)	-76	

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

SDA cattle and sheep farms

FINANCIAL COMPARISONS per £100 OUTPUT, 2010/2011

	Average	Premium*
Number of farms in group	26	
Average farmed area (hectares)	212	
Average proportion of total farmed area tenanted or hired (%)	56	
	per £100 output	
<u>Output</u>		
Milk	0	
Cattle	23	
Sheep	33	
Pigs, poultry and other livestock	0	
Cereals	0	
Other cash crops	0	
Straw and forage	1	
Management agreements and agri-environment schemes	13	
Miscellaneous output	6	
Single Payment Scheme	23	
TOTAL OUTPUT**	100	
<u>Variable costs</u>		
Concentrates, fodder and keep	11	
Veterinary, medicines and other livestock costs	11	
Seeds	0	
Fertilisers	7	
Crop protection and other crop costs	1	
TOTAL VARIABLE COSTS	30	
TOTAL GROSS MARGIN**	70	
<u>Fixed costs</u>		
Labour – paid & unpaid excluding farmer and spouse	7	
Casual labour	2	
Contract	4	
Machinery repairs and fuel	8	
Machinery and other depreciation	8	
Property maintenance	5	
Electricity, other fuel and water	2	
Other general costs	8	
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	44	
PROFIT BEFORE RENT AND INTEREST	26	
Rent and rates	7	
Long-term interest paid	1	
Short-term interest paid	1	
Interest received (-)	0	
PROFIT**	18	

* Insufficient farms for comparison

** Excluding Breeding Livestock Stock Appreciation

SDA cattle and sheep farms

LAND USE AND INDICATORS OF TECHNICAL EFFICIENCY, 2010/2011

	Average	Premium*
Number of farms in group	26	
Average farmed area (hectares)	212	
Average proportion of total farmed area tenanted or hired (%)	56	
<u>Land use</u>		
Percentage cropped	0	
Percentage forage	100	
<u>Grazing livestock units</u>	GLUs per farm	
Dairy cattle	0	
Other cattle	91	
Sheep	59	
Other livestock	4	
Total	154	
GLUs per ha	0.73	
GLUs per adjusted ha	0.82	
<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	757	
£ per finished lamb	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		
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, 2010/2011

	Average	Premium*
Number of farms in group	26	
Average farmed area (hectares)	212	
Average proportion of total farmed area tenanted or hired (%)	56	
	£ per farm hectare	
<u>Tenant's capital formation</u>		
Livestock	651	
Crops, forage and cultivations	13	
Stores	23	
Machinery	312	
Single Payment Scheme	183	
Miscellaneous business assets & other assets	1	
Total physical assets	1183	
Liquid assets	261	
Tenant's capital (TC)	1444	
Management & investment income (M&II)**	-76	
Return on tenant's capital (M&II as % of average TC)	-5.3%	
<u>Ratios per £100 of output (%)</u>		
Variable costs	30	
Gross margin	70	
Fixed costs (excluding rent and interest)	44	
Net profit	18	
Net farm income	12	
Farmer and spouse	23	
Management & Investment Income	-11	
Tenant's capital		
Total assets	876	
Total external liabilities	68	
Net worth	808	
<u>Efficiency of labour use</u>		
Costs (£ per hectare)	63	
Costs (£ per £100 output)	9	
Costs (£ per £100 gross margin)	13	
<u>Efficiency of machinery use</u>		
Costs (£ per hectare)	139	
Costs (£ per £100 output)	20	
Costs (£ per £100 gross margin)	29	
<u>Efficiency of labour and machinery use</u>		
Costs (£ per hectare)	202	
Costs (£ per £100 output)	29	
Costs (£ per £100 gross margin)	42	

* Insufficient farms for comparison

** Excluding Breeding Livestock Stock Appreciation

SDA cattle and sheep farms

END-OF-YEAR BALANCE SHEETS, 2010/2011

	Average	Premium*
Number of farms in group	26	
Average farmed area (hectares)	212	
Average proportion of total farmed area tenanted or hired (%)	56	
End of year assets & liabilities	£ per farm hectare	
Land & buildings	4563	
Milk quota	0	
Single Payment Scheme	177	
Machinery	315	
Tenant's other assets	0	
Breeding livestock	493	
Total fixed assets	5548	
Trading livestock	173	
Crops	0	
Forage and cultivations	14	
Stores	25	
Debtors and loans	126	
Bank credit and cash	113	
Other current assets	1	
Total current assets	451	
Total assets	5999	
Financed by		
AMC	155	
Bank loans	135	
Other long term	16	
Total long term	306	
HP and lease	23	
Creditors	66	
Bank overdraft	73	
Other short term	1	
Total current liabilities	163	
Total Liabilities	469	
Net worth	5530	
<u>Balance sheet ratios</u>		
% Owner equity (net worth vs. total assets)	92%	
% 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)	277%	
Liquidity Ratio (liquid assets vs. current liabilities)	146%	

* Insufficient farms for comparison

LFA cattle and sheep farms

GROSS OUTPUT, VARIABLE COSTS AND FARM GROSS MARGIN, 2010/2011

	Under 120 hectares	Over 120 hectares
Number of farms in group	16	21
Average farmed area (hectares)	78	260
Average proportion of total farmed area tenanted or hired (%)	39	51
	£ per farm hectare	
<u>Output</u>		
Milk	0	0
Milk quota leasing less EU Dairy Premium	0	0
Cattle	246	176
Herd depreciation	-19	-19
Sheep	270	205
Flock depreciation	-34	-24
Wool	4	3
Pigs	0	0
Poultry	0	0
Other livestock	0	0
Cereals	0	1
Oilseeds	0	0
Pulses	0	0
Other crops	0	0
Crop subsidies	0	0
Straw	0	0
Forage	12	9
Agri-environment schemes and management agreements	61	90
Rental income and imputed farmhouse rental equivalent	8	8
Hirework	14	18
Miscellaneous output	6	19
Cultivations	0	0
Single Payment Scheme	205	152
TOTAL FARM OUTPUT **	774	639
<u>Variable costs</u>		
Concentrates	71	54
Purchased fodder	9	9
Veterinary and medicines	29	20
Other livestock costs	72	46
Seeds	2	1
Fertilisers	60	38
Crop protection	2	1
Other crop costs	4	4
TOTAL VARIABLE COSTS	250	173
TOTAL GROSS MARGIN**	524	466

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

LFA cattle and sheep farms

FIXED COSTS, FARM PROFIT AND MANAGEMENT & INVESTMENT INCOME, 2010/2011

	Under 120 hectares	Over 120 hectares
Number of farms in group	16	21
Average farmed area (hectares)	78	260
Average proportion of total farmed area tenanted or hired (%)	39	51
	£ per farm hectare	
TOTAL GROSS MARGIN**	524	466
<u>Fixed costs</u>		
Paid labour	7	36
Unpaid family labour	11	40
Casual labour	8	15
Contract	25	23
Machinery repairs	25	26
Machinery fuel	36	29
Machinery depreciation	71	54
Other depreciation	0	0
Property maintenance	41	37
Electricity	8	4
Other fuel	4	2
Water	9	1
Insurance	27	18
Professional fees	12	13
Other general costs	26	16
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	310	315
PROFIT BEFORE RENT AND INTEREST	214	151
Rent, hired in keep and bare land	34	43
Rates	0	0
Long-term interest	2	7
Short-term interest	4	4
Interest received (-)	0	0
NET PROFIT**	174	97
Reconciliation of Profit to NFI and M&II		
Plus - Interest charges (net)	6	11
Plus - Landlord type repairs (included in property maintenance)	3	4
Less - Rental value (of owner occupied land and buildings)	82	56
NET FARM INCOME** (NFI)	101	55
Less farmer and spouse labour	272	119
MANAGEMENT AND INVESTMENT INCOME** (M&II)	-170	-64

* Insufficient farms for comparison

** Excluding Breeding Livestock Stock Appreciation

LFA cattle and sheep farms

FINANCIAL COMPARISONS per £100 OUTPUT, 2010/2011

	Under 120 hectares	Over 120 hectares
Number of farms in group	16	21
Average farmed area (hectares)	78	260
Average proportion of total farmed area tenanted or hired (%)	39	51
	per £100 output	
<u>Output</u>		
Milk	0	0
Cattle	29	25
Sheep	31	29
Pigs, poultry and other livestock	0	0
Cereals	0	0
Other cash crops	0	0
Straw and forage	2	1
Management agreements and agri-environment schemes	8	14
Miscellaneous output	4	7
Single Payment Scheme	26	24
TOTAL OUTPUT**	100	100
<u>Variable costs</u>		
Concentrates, fodder and keep	10	10
Veterinary, medicines and other livestock costs	13	10
Seeds	0	0
Fertilisers	8	6
Crop protection and other crop costs	1	1
TOTAL VARIABLE COSTS	32	27
TOTAL GROSS MARGIN**	68	73
<u>Fixed costs</u>		
Labour - paid & unpaid excluding farmer and spouse	2	12
Casual labour	1	2
Contract	3	4
Machinery repairs and fuel	8	9
Machinery and other depreciation	9	8
Property maintenance	5	6
Electricity, other fuel and water	3	1
Other general costs	8	7
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	40	49
PROFIT BEFORE RENT AND INTEREST	28	24
Rent and rates	4	7
Long-term interest paid	0	1
Short-term interest paid	1	1
Interest received (-)	0	0
PROFIT**	22	15

* Insufficient farms for comparison

** Excluding Breeding Livestock Stock Appreciation

LFA cattle and sheep farms

LAND USE AND INDICATORS OF TECHNICAL EFFICIENCY, 2010/2011

	Under 120 hectares	Over 120 hectares
Number of farms in group	16	21
Average farmed area (hectares)	78	260
Average proportion of total farmed area tenanted or hired (%)	39	51
<u>Land use</u>		
Percentage cropped	0	0
Percentage forage	100	100
<u>Grazing livestock units</u>	GLUs per farm	
Dairy cattle	0	0
Other cattle	42	115
Sheep	25	65
Other livestock	2	4
Total	69	184
GLUs per ha	0.88	0.71
GLUs per adjusted ha	0.83	0.83
<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	735	746
£ per finished lamb	66	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		
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

LFA cattle and sheep farms

TENANTS CAPITAL, OUTPUT RATIOS AND INDICATORS OF FINANCIAL EFFICIENCY, 2010/2011

	Under 120 hectares	Over 120 hectares
Number of farms in group	16	21
Average farmed area (hectares)	78	260
Average proportion of total farmed area tenanted or hired (%)	39	51
	£ per farm hectare	
<u>Tenant's capital formation</u>		
Livestock	807	623
Crops, forage and cultivations	27	14
Stores	40	18
Machinery	409	285
Single Payment Scheme	236	176
Miscellaneous business assets & other assets	1	1
Total physical assets	1520	1118
Liquid assets	314	252
Tenant's capital (TC)	1834	1370
Management & investment income (M&II)**	-170	-64
Return on tenant's capital (M&II as % of average TC)	-9.3%	-4.7%
<u>Ratios per £100 of output (%)</u>		
Variable costs	32	27
Gross margin	68	73
Fixed costs (excluding rent and interest)	40	49
Net profit	22	15
Net farm income	13	9
Farmer and spouse	35	19
Management & Investment Income	-22	-10
Tenant's capital		
Total assets	1214	950
Total external liabilities	53	66
Net worth	1161	884
<u>Efficiency of labour use</u>		
Costs (£ per hectare)	26	91
Costs (£ per £100 output)	3	14
Costs (£ per £100 gross margin)	5	20
<u>Efficiency of machinery use</u>		
Costs (£ per hectare)	157	132
Costs (£ per £100 output)	20	21
Costs (£ per £100 gross margin)	30	28
<u>Efficiency of labour and machinery use</u>		
Costs (£ per hectare)	183	223
Costs (£ per £100 output)	24	35
Costs (£ per £100 gross margin)	35	48

* Insufficient farms for comparison

** Excluding Breeding Livestock Stock Appreciation

LFA cattle and sheep farms

END-OF-YEAR BALANCE SHEETS, 2010/2011

	Under 120 hectares	Over 120 hectares
Number of farms in group	16	21
Average farmed area (hectares)	78	260
Average proportion of total farmed area tenanted or hired (%)	39	51
End of year assets & liabilities	£ per farm hectare	
Land & buildings	7523	4694
Milk quota	0	0
Single Payment Scheme	231	171
Machinery	419	289
Tenant's other assets	0	0
Breeding livestock	544	447
Total fixed assets	8717	5601
Trading livestock	273	189
Crops	0	0
Forage and cultivations	28	15
Stores	42	20
Debtors and loans	128	103
Bank credit and cash	201	134
Other current assets	1	1
Total current assets	672	463
Total assets	9389	6064
Financed by		
AMC	117	146
Bank loans	84	106
Other long term	16	8
Total long term	216	260
HP and lease	13	21
Creditors	51	68
Bank overdraft	132	71
Other short term	0	2
Total current liabilities	196	162
Total Liabilities	412	421
Net worth	8977	5643
Balance sheet ratios		
% Owner equity (net worth vs. total assets)	96%	93%
% Fixed assets vs. total assets	93%	92%
Gearing (long-term loans vs. total assets)	2%	4%
Total debt (external liabilities vs. net worth)	5%	7%
Current Ratio (current assets vs. current liabilities)	344%	286%
Liquidity Ratio (liquid assets vs. current liabilities)	168%	146%

* Insufficient farms for comparison

Mixed cropping, cattle and sheep farms

GROSS OUTPUT, VARIABLE COSTS AND FARM GROSS MARGIN, 2010/2011

	Average	Premium*
Number of farms in group	16	
Average farmed area (hectares)	158	
Average proportion of total farmed area tenanted or hired (%)	54	
	£ per farm hectare	
<u>Output</u>		
Milk	0	
Milk quota leasing less EU dairy premium	0	
Cattle	295	
Herd depreciation	-14	
Sheep	97	
Flock depreciation	-13	
Wool	1	
Pigs	2	
Poultry	0	
Other livestock	0	
Cereals	303	
Oilseeds	41	
Pulses	4	
Other crops	73	
Crop subsidies	0	
Straw	62	
Forage	27	
Agri-environment schemes and management agreements	51	
Rental income and imputed farmhouse rental equivalent	21	
Hirework	32	
Miscellaneous output	22	
Cultivations	-9	
Single Payment Scheme	212	
TOTAL FARM OUTPUT **	1210	
<u>Variable costs</u>		
Concentrates	95	
Purchased fodder	3	
Veterinary and medicines	19	
Other livestock costs	68	
Seeds	37	
Fertilisers	96	
Crop protection	56	
Other crop costs	38	
TOTAL VARIABLE COSTS	413	
TOTAL GROSS MARGIN**	797	

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

Mixed cropping, cattle and sheep farms

FIXED COSTS, FARM PROFIT AND MANAGEMENT & INVESTMENT INCOME, 2010/2011

	Average	Premium*
Number of farms in group	16	
Average farmed area (hectares)	158	
Average proportion of total farmed area tenanted or hired (%)	54	
	£ per farm hectare	
TOTAL GROSS MARGIN**	797	
<u>Fixed costs</u>		
Paid labour	37	
Unpaid family labour	66	
Casual labour	11	
Contract	44	
Machinery repairs	63	
Machinery fuel	50	
Machinery depreciation	110	
Other depreciation	0	
Property maintenance	29	
Electricity	8	
Other fuel	4	
Water	8	
Insurance	29	
Professional fees	17	
Other general costs	30	
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	507	
PROFIT BEFORE RENT AND INTEREST	290	
Rent, hired in keep and bare land	73	
Rates	3	
Long-term interest	10	
Short-term interest	12	
Interest received (-)	0	
NET PROFIT**	194	
Reconciliation of Profit to NFI and M&II		
Plus - Interest charges (net)	21	
Plus - Landlord type repairs (included in property maintenance)	1	
Less - Rental value (of owner occupied land and buildings)	87	
NET FARM INCOME** (NFI)	130	
Less farmer and spouse labour	196	
MANAGEMENT AND INVESTMENT INCOME** (M&II)	-67	

* Insufficient farms for comparison

** Excluding Breeding Livestock Stock Appreciation

Mixed cropping, cattle and sheep farms

FINANCIAL COMPARISONS per £100 OUTPUT, 2010/2011

	Average	Premium*
Number of farms in group	16	
Average farmed area (hectares)	158	
Average proportion of total farmed area tenanted or hired (%)	54	
	per £100 output	
<u>Output</u>		
Milk	0	
Cattle	23	
Sheep	7	
Pigs, poultry and other livestock	0	
Cereals	25	
Other cash crops	10	
Straw and forage	7	
Management agreements and agri-environment schemes	4	
Miscellaneous output	6	
Single Payment Scheme	18	
TOTAL OUTPUT**	100	
<u>Variable costs</u>		
Concentrates, fodder and keep	8	
Veterinary, medicines and other livestock costs	7	
Seeds	3	
Fertilisers	8	
Crop protection and other crop costs	8	
TOTAL VARIABLE COSTS	34	
TOTAL GROSS MARGIN**	66	
<u>Fixed costs</u>		
Labour – paid & unpaid excluding farmer and spouse	8	
Casual labour	1	
Contract	4	
Machinery repairs and fuel	9	
Machinery and other depreciation	9	
Property maintenance	2	
Electricity, other fuel and water	2	
Other general costs	6	
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	42	
PROFIT BEFORE RENT AND INTEREST	24	
Rent and rates	6	
Long-term interest paid	1	
Short-term interest paid	1	
Interest received (-)	0	
PROFIT**	16	

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

Mixed cropping, cattle and sheep farms

LAND USE AND INDICATORS OF TECHNICAL EFFICIENCY, 2010/2011

	Average	Premium*
Number of farms in group	16	
Average farmed area (hectares)	158	
Average proportion of total farmed area tenanted or hired (%)	54	
<u>Land use</u>		
Percentage cropped	40	
Percentage forage	60	
<u>Grazing livestock units</u>	GLUs per farm	
Dairy cattle	0	
Other cattle	87	
Sheep	24	
Other livestock	0	
Total	111	
GLUs per ha	1.25	
GLUs per adjusted ha	1.28	
<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	794	
£ per finished lamb	67	
<u>Cereals**</u>		
Winter wheat		
Yield - tonnes per hectare	7.6	
Price per tonne	156	
Winter barley		
Yield - tonnes per hectare	6.7	
Price per tonne	134	
Spring barley		
Yield - tonnes per hectare	5.3	
Price per tonne	139	
Winter oats		
Yield - tonnes per hectare	6.3	
Price per tonne	136	
All cereals		
Yield - tonnes per hectare	6.8	
Price per tonne	145	

* Insufficient farms for comparison

**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, 2010/2011

	Average	Premium*
Number of farms in group	16	
Average farmed area (hectares)	158	
Average proportion of total farmed area tenanted or hired (%)	54	
	£ per farm hectare	
<u>Tenant's capital formation</u>		
Livestock	657	
Crops, forage and cultivations	250	
Stores	136	
Machinery	634	
Single Payment Scheme	255	
Miscellaneous business assets & other assets	5	
Total physical assets	1937	
Liquid assets	347	
Tenant's capital (TC)	2284	
Management & investment income (M&II)**	-67	
Return on tenant's capital (M&II as % of average TC)	-2.9%	
<u>Ratios per £100 of output (%)</u>		
Variable costs	34	
Gross margin	66	
Fixed costs (excluding rent and interest)	42	
Net profit	16	
Net farm income	11	
Farmer and spouse	16	
Management & Investment Income	-6	
Tenant's capital		
Total assets	725	
Total external liabilities	71	
Net worth	654	
<u>Efficiency of labour use</u>		
Costs (£ per hectare)	114	
Costs (£ per £100 output)	9	
Costs (£ per £100 gross margin)	14	
<u>Efficiency of machinery use</u>		
Costs (£ per hectare)	267	
Costs (£ per £100 output)	22	
Costs (£ per £100 gross margin)	34	
<u>Efficiency of labour and machinery use</u>		
Costs (£ per hectare)	381	
Costs (£ per £100 output)	31	
Costs (£ per £100 gross margin)	48	

* Insufficient farms for comparison

** Excluding Breeding Livestock Stock Appreciation

Mixed cropping, cattle and sheep farms

END-OF-YEAR BALANCE SHEETS, 2010/2011

	Average	Premium*
Number of farms in group	16	
Average farmed area (hectares)	158	
Average proportion of total farmed area tenanted or hired (%)	54	
End of year assets & liabilities	£ per farm hectare	
Land & buildings	6475	
Milk quota	0	
Single Payment Scheme	252	
Machinery	648	
Tenant's other assets	3	
Breeding livestock	279	
Total fixed assets	7656	
Trading livestock	395	
Crops	193	
Forage and cultivations	87	
Stores	144	
Debtors and loans	189	
Bank credit and cash	113	
Other current assets	3	
Total current assets	1124	
Total assets	8780	
Financed by		
AMC	162	
Bank loans	246	
Other long term	125	
Total long term	534	
HP and lease	33	
Creditors	134	
Bank overdraft	165	
Other short term	0	
Total current liabilities	331	
Total Liabilities	865	
Net worth	7915	
<u>Balance sheet ratios</u>		
% Owner equity (net worth vs. total assets)	90%	
% Fixed assets vs. total assets	87%	
Gearing (long-term loans vs. total assets)	6%	
Total debt (external liabilities vs. net worth)	11%	
Current Ratio (current assets vs. current liabilities)	339%	
Liquidity Ratio (liquid assets vs. current liabilities)	91%	

* Insufficient farms

Organic dairy farms

GROSS OUTPUT, VARIABLE COSTS AND FARM GROSS MARGIN, 2010/2011

	Average	Premium*
Number of farms in group	23	
Average farmed area (hectares)	185	
Average proportion of total farmed area tenanted or hired (%)	62	
	£ per farm hectare	
<u>Output</u>		
Milk	1676	
Milk quota leasing less EU Dairy premium	-4	
Cattle	355	
Herd depreciation	-151	
Sheep	6	
Flock depreciation	-1	
Wool	0	
Pigs	0	
Poultry	0	
Other livestock	0	
Cereals	21	
Oilseeds	0	
Pulses	1	
Other crops	0	
Crop subsidies	0	
Straw	4	
Forage	0	
Agri-environment schemes and management agreements	56	
Rental income and imputed farmhouse rental equivalent	22	
Hirework	20	
Miscellaneous output	25	
Cultivations	1	
Single Payment Scheme	194	
TOTAL FARM OUTPUT **	2226	
<u>Variable costs</u>		
Concentrates	522	
Purchased fodder	43	
Veterinary and medicines	59	
Other livestock costs	186	
Seeds	21	
Fertilisers	6	
Crop protection	1	
Other crop costs	13	
TOTAL VARIABLE COSTS	851	
TOTAL GROSS MARGIN**	1375	

* Insufficient farms for comparison

** Excluding Breeding Livestock Stock Appreciation

Organic dairy farms

FIXED COSTS, FARM PROFIT AND MANAGEMENT & INVESTMENT INCOME, 2010/2011

	Average	Premium*
Number of farms in group	23	
Average farmed area (hectares)	185	
Average proportion of total farmed area tenanted or hired (%)	62	
	£ per farm hectare	
TOTAL GROSS MARGIN**	1375	
<u>Fixed costs</u>		
Paid labour	200	
Unpaid family labour	48	
Casual labour	23	
Contract	117	
Machinery repairs	76	
Machinery fuel	55	
Machinery depreciation	145	
Other depreciation	0	
Property maintenance	44	
Electricity	28	
Other fuel	3	
Water	32	
Insurance	32	
Professional fees	21	
Other general costs	35	
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	860	
PROFIT BEFORE RENT AND INTEREST	515	
Rent, hired in keep and bare land	116	
Rates	1	
Long-term interest	15	
Short-term interest	9	
Interest received (-)	4	
NET PROFIT**	378	
Reconciliation of Profit to NFI and M&II		
Plus - Interest charges (net)	20	
Plus - Landlord type repairs (included in property maintenance)	3	
Less - Rental value (of owner occupied land and buildings)	109	
NET FARM INCOME** (NFI)	293	
Less farmer and spouse labour	225	
MANAGEMENT AND INVESTMENT INCOME** (M&II)	68	

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

Organic dairy farms

FINANCIAL COMPARISONS per £100 OUTPUT, 2010/2011

	Average	Premium*
Number of farms in group	23	
Average farmed area (hectares)	185	
Average proportion of total farmed area tenanted or hired (%)	62	
	per £100 output	
<u>Output</u>		
Milk	75	
Cattle	9	
Sheep	0	
Pigs, poultry and other livestock	0	
Cereals	1	
Other cash crops	0	
Straw and forage	0	
Management agreements and agri-environment schemes	3	
Miscellaneous output	3	
Single Payment Scheme	9	
TOTAL OUTPUT**	100	
<u>Variable costs</u>		
Concentrates, fodder and keep	25	
Veterinary, medicines and other livestock costs	11	
Seeds	1	
Fertilisers	0	
Crop protection and other crop costs	1	
TOTAL VARIABLE COSTS	38	
TOTAL GROSS MARGIN**	62	
<u>Fixed costs</u>		
Labour – paid & unpaid excluding farmer and spouse	11	
Casual labour	1	
Contract	5	
Machinery repairs and fuel	6	
Machinery and other depreciation	7	
Property maintenance	2	
Electricity, other fuel and water	3	
Other general costs	4	
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	39	
PROFIT BEFORE RENT AND INTEREST	23	
Rent and rates	5	
Long-term interest paid	1	
Short-term interest paid	0	
Interest received (-)	0	
PROFIT**	17	

* Insufficient farms for comparison

** Excluding Breeding Livestock Stock Appreciation

Organic dairy farms

LAND USE AND INDICATORS OF TECHNICAL EFFICIENCY, 2010/2011

	Average	Premium*
Number of farms in group	23	
Average farmed area (hectares)	185	
Average proportion of total farmed area tenanted or hired (%)	62	
<u>Land use</u>		
Percentage cropped	3	
Percentage forage	97	
<u>Grazing livestock units</u>	GLUs per farm	
Dairy cattle	150	
Other cattle	76	
Sheep	1	
Other livestock	1	
Total	228	
GLUs per ha	1.36	
GLUs per adjusted ha	1.36	
<u>Technical efficiency</u>		
<u>Dairy</u>		
Milk yield per cow	6344	
Pence per litre	30.1	
Milk output per cow	1954	
Dairy calf output, £ per calf	115	
<u>Finished cattle and lambs</u>		
£ per finished animal	857	
£ per finished lamb	84	
<u>Cereals**</u>		
Winter wheat		
Yield - tonnes per hectare	3.6	
Price per tonne	235	
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	4.1	
Price per tonne	216	

* Insufficient farms

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

Organic dairy farms

TENANTS CAPITAL, OUTPUT RATIOS AND INDICATORS OF FINANCIAL EFFICIENCY, 2010/2011

	Average	Premium*
Number of farms in group	23	
Average farmed area (hectares)	185	
Average proportion of total farmed area tenanted or hired (%)	62	
	£ per farm hectare	
<u>Tenant's capital formation</u>		
Livestock	1240	
Crops, forage and cultivations	65	
Stores	62	
Machinery	755	
Single Payment Scheme	232	
Miscellaneous business assets & other assets	75	
Total physical assets	2430	
Liquid assets	508	
Tenant's capital (TC)	2938	
Management & investment income (M&II)**	68	
Return on tenant's capital (M&II as % of average TC)	2.3%	
<u>Ratios per £100 of output (%)</u>		
Variable costs	38	
Gross margin	62	
Fixed costs (excluding rent and interest)	39	
Net profit	17	
Net farm income	13	
Farmer and spouse	10	
Management & Investment Income	3	
Tenant's capital		
Total assets	361	
Total external liabilities	48	
Net worth	313	
<u>Efficiency of labour use</u>		
Costs (£ per hectare)	271	
Costs (£ per £100 output)	12	
Costs (£ per £100 gross margin)	20	
<u>Efficiency of machinery use</u>		
Costs (£ per hectare)	393	
Costs (£ per £100 output)	18	
Costs (£ per £100 gross margin)	29	
<u>Efficiency of labour and machinery use</u>		
Costs (£ per hectare)	664	
Costs (£ per £100 output)	30	
Costs (£ per £100 gross margin)	48	

* Insufficient farms for comparison

** Excluding Breeding Livestock Stock Appreciation

Organic dairy farms

END-OF-YEAR BALANCE SHEETS, 2010/2011

	Average	Premium*
Number of farms in group	23	
Average farmed area (hectares)	185	
Average proportion of total farmed area tenanted or hired (%)	62	
End of year assets & liabilities	£ per farm hectare	
Land & buildings	5026	
Milk quota	47	
Single Payment Scheme	226	
Machinery	805	
Tenant's other assets	0	
Breeding livestock	965	
Total fixed assets	7070	
Trading livestock	241	
Crops	17	
Forage and cultivations	50	
Stores	71	
Debtors and loans	299	
Bank credit and cash	210	
Other current assets	78	
Total current assets	965	
Total assets	8035	
Financed by		
AMC	334	
Bank loans	260	
Other long term	2	
Total long term	596	
HP and lease	102	
Creditors	193	
Bank overdraft	169	
Other short term	5	
Total current liabilities	468	
Total Liabilities	1065	
Net worth	6970	
<u>Balance sheet ratios</u>		
% Owner equity (net worth vs. total assets)	87%	
% Fixed assets vs. total assets	88%	
Gearing (long-term loans vs. total assets)	7%	
Total debt (external liabilities vs. net worth)	15%	
Current Ratio (current assets vs. current liabilities)	206%	
Liquidity Ratio (liquid assets vs. current liabilities)	109%	

* Insufficient farms

Organic lowland cattle and sheep farms

GROSS OUTPUT, VARIABLE COSTS AND FARM GROSS MARGIN, 2010/2011

	Average	Premium*
Number of farms in group	19	
Average farmed area (hectares)	122	
Average proportion of total farmed area tenanted or hired (%)	34	
	£ per farm hectare	
<u>Output</u>		
Milk	0	
Milk quota leasing EU Dairy Premium	0	
Cattle	263	
Herd depreciation	-13	
Sheep	62	
Flock depreciation	-6	
Wool	1	
Pigs	0	
Poultry	0	
Other livestock	0	
Cereals	22	
Oilseeds	0	
Pulses	0	
Other crops	0	
Crop subsidies	0	
Straw	4	
Forage	28	
Agri-environment schemes and management agreements	124	
Rental income and imputed farmhouse rental equivalent	51	
Hirework	18	
Miscellaneous output	12	
Cultivations	-1	
Single Payment Scheme	203	
TOTAL FARM OUTPUT **	767	
<u>Variable costs</u>		
Concentrates	26	
Purchased fodder	9	
Veterinary and medicines	10	
Other livestock costs	44	
Seeds	14	
Fertilisers	4	
Crop protection	0	
Other crop costs	4	
TOTAL VARIABLE COSTS	112	
TOTAL GROSS MARGIN**	655	

* Insufficient farms for comparison

** Excluding Breeding Livestock Stock Appreciation

Organic lowland cattle and sheep farms

FIXED COSTS, FARM PROFIT AND MANAGEMENT & INVESTMENT INCOME, 2010/2011

	Average	Premium*
Number of farms in group	19	
Average farmed area (hectares)	122	
Average proportion of total farmed area tenanted or hired (%)	34	
	£ per farm hectare	
TOTAL GROSS MARGIN**	655	
<u>Fixed costs</u>		
Paid labour	22	
Unpaid family labour	17	
Casual labour	9	
Contract	54	
Machinery repairs	36	
Machinery fuel	28	
Machinery depreciation	62	
Other depreciation	0	
Property maintenance	58	
Electricity	9	
Other fuel	2	
Water	8	
Insurance	23	
Professional fees	23	
Other general costs	30	
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	380	
PROFIT BEFORE RENT AND INTEREST	275	
Rent, hired in keep and bare land	39	
Rates	4	
Long-term interest	5	
Short-term interest	6	
Interest received (-)	0	
NET PROFIT**	221	
Reconciliation of Profit to NFI and M&II		
Plus - Interest charges (net)	11	
Plus - Landlord type repairs (included in property maintenance)	2	
Less - Rental value (of owner occupied land and buildings)	114	
NET FARM INCOME** (NFI)	121	
Less farmer and spouse labour	170	
MANAGEMENT AND INVESTMENT INCOME** (M&II)	-50	

* Insufficient farms

** Excluding Breeding Livestock Stock Appreciation

Organic lowland cattle and sheep farms

FINANCIAL COMPARISONS per £100 OUTPUT, 2010/2011

	Average	Premium*
Number of farms in group	19	
Average farmed area (hectares)	122	
Average proportion of total farmed area tenanted or hired (%)	34	
	per £100 output	
<u>Output</u>		
Milk	0	
Cattle	33	
Sheep	7	
Pigs, poultry and other livestock	0	
Cereals	3	
Other cash crops	0	
Straw and forage	4	
Management agreements and agri-environment schemes	16	
Miscellaneous output	10	
Single Payment Scheme	26	
TOTAL OUTPUT**	100	
<u>Variable costs</u>		
Concentrates, fodder and keep	5	
Veterinary, medicines and other livestock costs	7	
Seeds	2	
Fertilisers	1	
Crop protection and other crop costs	1	
TOTAL VARIABLE COSTS	15	
TOTAL GROSS MARGIN**	85	
<u>Fixed costs</u>		
Labour – paid & unpaid excluding farmer and spouse	5	
Casual labour	1	
Contract	7	
Machinery repairs and fuel	8	
Machinery and other depreciation	8	
Property maintenance	8	
Electricity, other fuel and water	2	
Other general costs	10	
TOTAL FIXED COSTS EXCLUDING RENT AND INTEREST	50	
PROFIT BEFORE RENT AND INTEREST	36	
Rent and rates	6	
Long-term interest paid	1	
Short-term interest paid	1	
Interest received (-)	0	
PROFIT**	29	

* Insufficient farms for comparison

** Excluding Breeding Livestock Stock Appreciation

Organic lowland cattle and sheep farms

LAND USE AND INDICATORS OF TECHNICAL EFFICIENCY, 2010/2011

	Average	Premium*
Number of farms in group	19	
Average farmed area (hectares)	122	
Average proportion of total farmed area tenanted or hired (%)	34	
<u>Land use</u>		
Percentage cropped	3	
Percentage forage	97	
<u>Grazing livestock units</u>	GLUs per farm	
Dairy cattle	0	
Other cattle	77	
Sheep	14	
Other livestock	0	
Total	91	
GLUs per ha	0.83	
GLUs per adjusted ha	0.84	
<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	818	
£ per finished lamb	75	
<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	3.6	
Price per tonne	242	
Winter oats		
Yield - tonnes per hectare		
Price per tonne		
All cereals		
Yield - tonnes per hectare	3.3	
Price per tonne	228	

* 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, 2010/2011

	Average	Premium*
Number of farms in group	19	
Average farmed area (hectares)	122	
Average proportion of total farmed area tenanted or hired (%)	34	
	£ per farm hectare	
<u>Tenant's capital formation</u>		
Livestock	536	
Crops, forage and cultivations	39	
Stores	17	
Machinery	326	
Single Payment Scheme	261	
Miscellaneous business assets & other assets	7	
Total physical assets	1186	
Liquid assets	211	
Tenant's capital (TC)	1398	
Management & investment income (M&II)**	-50	
Return on tenant's capital (M&II as % of average TC)	-3.6%	
<u>Ratios per £100 of output (%)</u>		
Variable costs	15	
Gross margin	85	
Fixed costs (excluding rent and interest)	50	
Net profit	29	
Net farm income	16	
Farmer and spouse	22	
Management & Investment Income	-6	
Tenant's capital		
Total assets	1446	
Total external liabilities	87	
Net worth	1359	
<u>Efficiency of labour use</u>		
Costs (£ per hectare)	48	
Costs (£ per £100 output)	6	
Costs (£ per £100 gross margin)	7	
<u>Efficiency of machinery use</u>		
Costs (£ per hectare)	180	
Costs (£ per £100 output)	23	
Costs (£ per £100 gross margin)	27	
<u>Efficiency of labour and machinery use</u>		
Costs (£ per hectare)	228	
Costs (£ per £100 output)	30	
Costs (£ per £100 gross margin)	35	

* Insufficient farms for comparison

** Excluding Breeding Livestock Stock Appreciation

Organic lowland cattle and sheep farms

END-OF-YEAR BALANCE SHEETS, 2010/2011

	Average	Premium*
Number of farms in group	19	
Average farmed area (hectares)	122	
Average proportion of total farmed area tenanted or hired (%)	34	
End of year assets & liabilities	£ per farm hectare	
Land & buildings	9683	
Milk quota	1	
Single Payment Scheme	258	
Machinery	338	
Tenant's other assets	0	
Breeding livestock	282	
Total fixed assets	10563	
Trading livestock	246	
Crops	9	
Forage and cultivations	28	
Stores	16	
Debtors and loans	177	
Bank credit and cash	47	
Other current assets	6	
Total current assets	529	
Total assets	11092	
Financed by		
AMC	56	
Bank loans	283	
Other long term	56	
Total long term	395	
HP and lease	39	
Creditors	74	
Bank overdraft	157	
Other short term	1	
Total current liabilities	271	
Total Liabilities	666	
Net worth	10426	
<u>Balance sheet ratios</u>		
% Owner equity (net worth vs. total assets)	94%	
% Fixed assets vs. total assets	95%	
Gearing (long-term loans vs. total assets)	4%	
Total debt (external liabilities vs. net worth)	6%	
Current Ratio (current assets vs. current liabilities)	195%	
Liquidity Ratio (liquid assets vs. current liabilities)	83%	

* Insufficient farms

SECTION 3**ENTERPRISE GROSS MARGINS 2010/11**

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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 2010 Gross margin per hectare

	WINTER		SPRING	
	Average	Premium*	Average**	Premium**
Number of farms	89	30		
Area per farm (ha)	57.3	60.0		
Yield: tonnes/ha	8.0	9.0		
Price: £/tonne	151.0	161.6		
	£ per hectare			
Grain	1205.2	1460.6		
Straw	174.0	201.8		
ENTERPRISE OUTPUT	1379.2	1662.5		
Seeds (inc.homegrown)	51.9	46.5		
Fertilisers	152.6	150.8		
Sprays	156.7	144.5		
Other crop costs	45.3	41.5		
TOTAL VARIABLES ‡	406.5	383.4		
GROSS MARGIN	972.7	1279.1		

Averages - previous year	2009	2009	2009**	2009**
Yield: tonnes/ha	7.9	8.8		
Price: £/tonne	100.1	102.1		
Gross Margin: £/ha	420.6	609.1		

* Top third in order of Gross Margin per hectare

** Insufficient farms for comparison

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

BARLEY

Crop year 2010 Gross margin per hectare

	WINTER		SPRING	
	Average	Premium*	Average	Premium*
Number of farms	62	21	67	22
Area per farm (ha)	19.5	17.9	20.8	17.9
Yield: tonnes/ha	6.7	7.9	5.6	6.8
Price: £/tonne	134.3	144.0	144.8	154.0
	£ per hectare			
Grain	896.6	1137.8	814.1	1040.0
Straw	182.2	230.5	150.6	172.1
ENTERPRISE OUTPUT	1078.8	1368.3	964.7	1212.1
Seeds (inc.homegrown)	50.5	41.3	46.0	52.1
Fertilisers	142.6	136.3	116.5	109.8
Sprays	123.0	129.1	93.2	89.5
Other crop costs	20.8	14.5	28.0	26.6
TOTAL VARIABLES ‡	336.9	321.2	283.6	278.1
GROSS MARGIN	742.0	1047.1	681.0	934.0

Averages - previous year	2009	2009	2009	2009
Yield: tonnes/ha	6.6	7.4	5.8	6.4
Price: £/tonne	83.3	88.4	83.0	88.0
Gross Margin: £/ha	308.4	479.3	289.9	444.4

* Top third in order of Gross Margin per hectare

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

OATS

Crop year 2010 Gross margin per hectare

	WINTER		SPRING	
	Average	Premium**	Average**	Premium**
Number of farms	32			
Area per farm (ha)	21.0			
Yield: tonnes/ha	6.4			
Price: £/tonne	133.8			
	£ per hectare			
Grain	853.9			
Straw	153.3			
ENTERPRISE OUTPUT	1007.1			
Seeds (inc.homegrown)	46.0			
Fertilisers	121.9			
Sprays	91.1			
Other crop costs	38.2			
TOTAL VARIABLES ‡	297.2			
GROSS MARGIN	709.9			

Averages - previous year	2009	2009	2009**	2009**
Yield: tonnes/ha	6.7	7.0		
Price: £/tonne	81.2	86.9		
Gross Margin: £/ha	335.3	473.7		

* Top third in order of Gross Margin per hectare

** Insufficient farms for comparison

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

OILSEED RAPE

Crop year 2010 Gross margin per hectare

	WINTER OILSEED RAPE		SPRING OILSEED RAPE	
	Average	Premium**	Average**	Premium**
Number of farms	33			
Area per farm (ha)	44.0			
Yield: tonnes/ha	3.9			
Price: £/tonne	291.2			
	£ per hectare			
Oilseed	1135.8			
Arable Area Payment	0.0			
Haulm	26.5			
ENTERPRISE OUTPUT	1162.3			
Seeds (inc.homegrown)	44.4			
Fertilisers	159.7			
Sprays	159.0			
Other crop costs	39.5			
TOTAL VARIABLES ‡	402.6			
GROSS MARGIN	759.7			

Averages - previous year	2009	2009	2009**	2009**
Yield: tonnes/ha	3.9	4.3		
Price: £/tonne	240.0	250.4		
Gross Margin: £/ha	447.8	648.1		

* Top third in order of Gross Margin per hectare

** Insufficient farms for comparison

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

DAIRY COWS - MAINLY FRIESIAN/HOLSTEINS

2010/11 Gross margins per cow and per hectare

	Average	Premium*
Number of farms	79	26
Cows per herd	146	168
Yield: litres/cow	7077	7801
Price: pence/litre	24.9	25.9
Stocking rate: cows/ha	1.81	2.00
ha/cow	0.55	0.50
	£ per cow	
Output - milk	1761.4	2019.2
milk quota leasing	0.0	0.0
quota		
levy/compensation	12.6	11.3
calves	93.2	107.4
depreciation	-178.8	-169.8
ENTERPRISE OUTPUT (excl. BLSA)	1688.3	1968.1
Concentrates	444.2	445.3
Coarse fodder	14.9	9.5
Veterinary and medicines	64.4	66.1
Other livestock costs	140.1	133.7
Forage †	90.7	89.0
TOTAL VARIABLE COSTS ‡	754.3	743.5
GROSS MARGIN per cow (excl. BLSA)	934.0	1224.6
GROSS MARGIN per hectare (excl. BLSA)	1692.3	2446.9
Margin - milk over concentrates	1317.1	1573.9
Concentrates per £100 of milk output	25.2	22.1

* 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

2010/11 Gross margins per cow and per hectare

	Average	Premium*
Number of farms	19	
Cows per herd	144	
Yield: litres/cow	6101	
Price: pence/litre	30.4	
Stocking rate: cows/ha	1.31	
ha/cow	0.76	
	£ per cow	
Output - milk	1854.4	
quota leasing	-4.2	
quota levy/compensation	18.3	
calves	90.4	
depreciation	-171.7	
ENTERPRISE OUTPUT (excl. BLSA)	1787.2	
Concentrates	437.3	
Coarse fodder	26.0	
Veterinary and medicines	52.0	
Other livestock costs	159.9	
Forage †	28.4	
TOTAL VARIABLE COSTS ‡	703.6	
GROSS MARGIN per cow (excl. BLSA)	1083.6	
GROSS MARGIN per hectare (excl. BLSA)	1421.9	
Margin - milk over concentrates	1417.1	
Concentrates per £100 of milk output	23.6	

* 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.

DAIRY COWS - MAINLY FRIESIAN/HOLSTEINS by yield per cow

2010/11 Gross margins per cow and per hectare

		Less than 5999	6000- 6999	7000- 7999	Over 8000
Number of farms		15	16	31	17
Cows per herd		121	118	163	164
Yield:	litres/cow	5108	6427	7563	8541
Price:	pence/litre	24.2	24.1	25.3	25.2
Stocking rate:	cows/ha	1.70	1.60	1.90	1.90
	ha/cow	0.59	0.63	0.53	0.53
		£ per cow			
Output -	milk	1235.9	1546.8	1912.2	2151.8
	milk quota leasing	0.0	0.0	0.0	0.0
	quota				
	levy/compensation	10.3	15.0	11.4	14.5
	calves	88.2	98.1	92.6	94.1
	depreciation	-160.5	-178.1	-176.7	-199.3
ENTERPRISE OUTPUT (excl. BLSA)		1173.9	1481.8	1839.5	2061.1
Concentrates		311.6	341.4	482.8	587.8
Coarse fodder		10.3	14.4	16.8	15.9
Veterinary and medicines		36.2	53.3	67.3	94.3
Other livestock costs		122.1	137.0	137.4	164.0
Forage †		68.3	83.6	99.9	100.4
TOTAL VARIABLE COSTS ‡		548.5	629.7	804.2	962.4
GROSS MARGIN per cow (excl. BLSA)		625.4	852.1	1035.3	1098.7
GROSS MARGIN per hectare (excl. BLSA)		1063.2	1363.4	1967.1	2087.5

Margin - milk over concentrates	924.3	1205.4	1429.4	1564.0
Concentrates per £100 of milk output	25.2	22.1	25.2	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

DAIRY COWS - MAINLY FRIESIAN/HOLSTEINS by size of herd

2010/11 Gross margins per cow and per hectare

	Under 70	70- 99	100- 150	150- 200	Over 200
Number of farms	14	14	20	16	15
Cows per herd	52	87	125	179	282
Yield: litres/cow	6137	6650	7606	7326	7382
Price: pence/litre	24.0	24.4	24.7	25.3	25.8
Stocking rate: cows/ha	1.40	1.70	1.90	1.90	2.10
ha/cow	0.71	0.59	0.53	0.53	0.48
£ per cow					
Output - milk	1474.3	1622.3	1881.0	1852.4	1902.5
milk quota leasing	0.0	0.0	0.0	0.0	0.0
quota					
levy/compensation	12.9	15.7	11.7	12.1	11.2
calves	90.0	106.5	83.4	97.8	91.8
depreciation	-144.3	-179.9	-171.0	-200.7	-197.2
ENTERPRISE OUTPUT (excl. BLSA)	1432.9	1564.6	1805.1	1761.6	1808.3
Concentrates	346.9	428.4	460.5	509.8	458.3
Coarse fodder	9.8	24.4	15.2	8.9	16.8
Veterinary and medicines	45.9	53.8	71.6	74.5	71.1
Other livestock costs	153.0	133.8	133.5	146.0	136.6
Forage †	78.0	98.5	105.4	91.9	74.3
TOTAL VARIABLE COSTS ‡	633.6	738.9	786.2	831.1	757.1
GROSS MARGIN per cow (excl. BLSA)	799.3	825.7	1018.9	930.5	1051.2
GROSS MARGIN per hectare (excl. BLSA)	1119.0	1403.7	1935.9	1768.0	2207.5

Margin - milk over concentrates	1127.4	1193.9	1420.5	1342.6	1444.2
Concentrates per £100 of milk output	23.5	26.4	24.5	27.5	24.1

* 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

2010/11 Gross margins per cow, per LU and per hectare

	Average	Premium*
Number of farms	22	
Cows per herd	62	
Stocking rate: LU/ha ha/LU	1.04 0.97	
	£ per cow	
Output - calf output	396.8	
depreciation	-62.1	
ENTERPRISE OUTPUT (excl. BLSA)	334.7	
Concentrates	30.7	
Coarse fodder	7.3	
Veterinary and medicines	22.5	
Other livestock costs	46.1	
Forage †	64.3	
TOTAL VARIABLE COSTS ‡	170.8	
GROSS MARGIN per cow (excl. BLSA)	163.9	
GROSS MARGIN per LU (excl. BLSA)	164.0	
GROSS MARGIN per hectare (excl. BLSA)	169.8	
Concentrates per £100 output	9.2	

* 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.

LOWLAND BEEF COWS

2010/11 Gross margins per cow, per LU and per hectare

	Average	Premium*
Number of farms	55	18
Cows per herd	41	45
Stocking rate:		
LU/ha	1.24	1.10
ha/LU	0.81	0.91
	£ per cow	
Output - calf output	359.9	435.0
depreciation	-53.8	-32.1
ENTERPRISE OUTPUT (excl. BLSA)	306.1	402.9
Concentrates	32.8	22.4
Coarse fodder	9.8	4.9
Veterinary and medicines	23.6	21.7
Other livestock costs	59.8	47.2
Forage †	59.8	39.1
TOTAL VARIABLE COSTS ‡	185.8	135.3
GROSS MARGIN per cow (excl. BLSA)	120.3	267.6
GROSS MARGIN per LU (excl. BLSA)	121.0	261.7
GROSS MARGIN per hectare (excl. BLSA)	148.7	294.4
Concentrates per £100 output	10.7	5.6

* 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.

ORGANIC LOWLAND BEEF COWS

2010/11 Gross margins per cow, per LU and per hectare

	Organic Average	Conventional Average
Number of farms	26	55
Cows per herd	42	41
Stocking rate:		
LU/ha	0.97	1.24
ha/LU	1.03	0.81
	£ per cow	
Output - calf output	339.9	359.9
depreciation	-54.3	-53.8
ENTERPRISE OUTPUT (excl. BLSA)	285.6	306.1
Concentrates	11.4	32.8
Coarse fodder	8.1	9.8
Veterinary and medicines	14.9	23.6
Other livestock costs	50.7	59.8
Forage †	26.9	59.8
TOTAL VARIABLE COSTS ‡	112.1	185.8
GROSS MARGIN per cow (excl. BLSA)	173.5	120.3
GROSS MARGIN per LU (excl. BLSA)	172.1	121.0
GROSS MARGIN per hectare (excl. BLSA)	168.9	148.7
Concentrates per £100 output	4.0	10.7

* 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

2010/11 Gross margins per head, per LU and per hectare

	Average	Premium*
Number of farms	67	22
Number of head per farm	122	118
Stocking rate:		
LU/ha	1.78	1.90
ha/LU	0.56	0.53
	£ per head	
Output - cattle	373.8	458.6
ENTERPRISE OUTPUT	373.8	458.6
Concentrates	85.2	63.4
Coarse fodder	17.1	12.7
Veterinary and medicines	11.5	12.2
Other livestock costs	66.8	47.1
Forage †	44.8	42.5
TOTAL VARIABLE COSTS ‡	225.5	177.9
GROSS MARGIN per head	148.3	280.7
GROSS MARGIN per LU	271.2	514.5
GROSS MARGIN per hectare	482.0	979.6

Concentrates per £100 output	22.8	13.8
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* 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

2010/11 Gross margins per head, per LU and per hectare

	Average	Premium*
Number of farms	25	
Cattle per herd	124	
Stocking rate: LU/ha ha/LU	1.36 0.74	
	£ per head	
Output - cattle	281.1	
ENTERPRISE OUTPUT (excl. BLSA)	281.1	
Concentrates	83.0	
Coarse fodder	6.5	
Veterinary and medicines	11.1	
Other livestock costs	43.3	
Forage †	41.1	
TOTAL VARIABLE COSTS ‡	185.1	
GROSS MARGIN per head	96.0	
GROSS MARGIN per LU	188.4	
GROSS MARGIN per hectare	255.9	

Concentrates per £100 output	29.5	
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* Insufficient farms for comparison 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

2010/11 Gross margins per head, per LU and per hectare

	Average	Premium*
Number of farms	48	16
Cattle per herd	48	40
Stocking rate:		
LU/ha	1.00	1.10
ha/LU	1.00	0.91
	£ per head	
Output - cattle	282.4	391.8
ENTERPRISE OUTPUT (excl. BLSA)	282.4	391.8
Concentrates	58.9	45.3
Coarse fodder	6.8	1.9
Veterinary and medicines	13.6	12.7
Other livestock costs	54.9	50.2
Forage †	37.7	23.6
TOTAL VARIABLE COSTS ‡	171.9	133.7
GROSS MARGIN per head	110.4	258.1
GROSS MARGIN per LU	183.0	431.9
GROSS MARGIN per hectare	183.1	476.4

Concentrates per £100 output	20.9	11.6
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* 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

2010/11 Gross margins per head, per LU and per hectare

	Average	Premium*
Number of farms	25	
Cattle per herd	190	
Average finished animal sale price - £/head	802	
Stocking rate: LU/ha	1.47	
ha/LU	0.68	
	£ per head	
Output - cattle	321.8	
ENTERPRISE OUTPUT (excl. BLSA)	321.8	
Concentrates	107.8	
Coarse fodder	4.5	
Veterinary and medicines	8.0	
Other livestock costs	54.2	
Forage †	36.2	
TOTAL VARIABLE COSTS ‡	210.8	
GROSS MARGIN per head	111.0	
GROSS MARGIN per LU	199.3	
GROSS MARGIN per hectare	293.1	
Concentrates per £100 output	33.5	

* Insufficient numbers

† 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

2010/11 Gross margins per head, per LU and per hectare

	Average	Premium*
Number of farms	46	15
Cattle per herd	86	58
Average finished animal sale price - £/head	868	875
Stocking rate: LU/ha	1.23	1.22
ha/LU	0.81	0.82
	£ per head	
Output - cattle	329.5	419.0
ENTERPRISE OUTPUT (excl. BLSA)	329.5	419.0
Concentrates	92.1	54.0
Coarse fodder	4.0	2.8
Veterinary and medicines	13.3	16.1
Other livestock costs	62.9	61.1
Forage †	45.0	43.5
TOTAL VARIABLE COSTS ‡	217.2	177.4
GROSS MARGIN per head	112.3	241.6
GROSS MARGIN per LU	180.5	393.0
GROSS MARGIN per hectare	222.3	480.4
Concentrates per £100 output	27.9	12.9

* 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 ORGANICALLY BEEF BRED CALVES OR STORES

2010/11 Gross margins per head, per LU and per hectare

	Organic Average	Conventional Average
Number of farms	21	46
Cattle per herd	76	86
Average finished animal sale price - £/head	846	868
Stocking rate: LU/ha	0.85	1.23
ha/LU	1.18	0.81
	£ per head	
Output - cattle	283.2	329.5
ENTERPRISE OUTPUT (excl. BLSA)	283.2	329.5
Concentrates	50.5	92.1
Coarse fodder	4.8	4.0
Veterinary and medicines	10.9	13.3
Other livestock costs	56.9	62.9
Forage †	17.6	45.0
TOTAL VARIABLE COSTS ‡	140.7	217.2
GROSS MARGIN per head	142.5	112.3
GROSS MARGIN per LU	219.9	180.5
GROSS MARGIN per hectare	186.6	222.3

Concentrates per £100 output	17.8	27.9
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* 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

2010/11 Gross margins per ewe and per hectare

	Average	Premium*
Number of flocks	63	21
Average number of ewes	304	179
Lambing % (births divided by number of ewes tupped)	135	147
Average lamb sale price - £/lamb	71.7	72.3
Stocking rate - ewes per hectare	7.0	7.4
	£ per ewe	
Output - lambs	109.3	140.4
wool	1.4	1.4
depreciation	-11.7	-11.8
ENTERPRISE OUTPUT (excl. BLSA)	98.9	130.0
Concentrates	14.3	13.7
Coarse fodder	1.4	2.0
Veterinary and medicines	6.1	6.3
Other livestock costs	11.6	11.9
Forage †	9.4	8.4
TOTAL VARIABLE COSTS ‡	42.8	42.3
GROSS MARGIN per ewe (excl. BLSA)	56.2	87.7
GROSS MARGIN per LU (excl. BLSA)	324.2	500.1
GROSS MARGIN per hectare (excl. BLSA)	392.2	635.1

Concentrates per £100 of output	14.4	10.5
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* 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

2010/11 Gross margins per ewe and per hectare

	Average	Premium*
Number of flocks	30	
Average number of ewes	551	
Lambing % (births divided by number of ewes tupped)	117	
Average lamb sale price - £/lamb	67.2	
Stocking rate - ewes per hectare	7.8	
	£ per ewe	
Output - lambs	86.6	
wool	1.3	
depreciation	-11.3	
ENTERPRISE OUTPUT (excl. BLSA)	76.7	
Concentrates	9.0	
Coarse fodder	1.3	
Veterinary and medicines	4.7	
Other livestock costs	7.4	
Forage †	8.7	
TOTAL VARIABLE COSTS ‡	31.1	
GROSS MARGIN per ewe (excl. BLSA)	45.5	
GROSS MARGIN per LU (excl. BLSA)	349.9	
GROSS MARGIN per hectare (excl. BLSA)	344.5	
Concentrates per £100 of output	11.8	

* 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 were 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 are 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 consist 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
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 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 2010/11

Dairy Farming in England 2010/11

Hill Farming in England 2010/11

Horticulture Production in England 2010/11 (Horticultural Business Data)

Lowland Grazing Livestock Production in England 2010/11

Pig Production in England 2010/11

Poultry Production in England 2010/11

Further details available at www.ruralbusinessresearch.co.uk

NOTES

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