



Farm Business Survey

2007/2008

Lowland Grazing Livestock Production in England



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RBR

Rural Business Research

independent research, data and analysis

Acknowledgements

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Foreword to the First Series

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

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

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

Prof. Martin Seabrook

(Chief Executive of the Consortium)

Spring 2007

Foreword to the Third Series

Agricultural history in the UK records many regulations, policies and plans designed to enable agriculture and horticulture to meet the contemporary challenges of the day. The Marketing Acts of the 1930s, the UK's entry to the Common Agricultural Policy, Milk Quotas, Set-Aside, Cross-Compliance; the list is extensive. Common across all these examples, and inherent in their inception, is the variability and uncertainty faced by the industry. The last 18 months have witnessed renewed unpredictability in the incomes of UK farmers and growers. In the 21st Century the emphasis on freeing up markets leads farmers and growers to be increasingly reliant upon business planning and decision making in the face of uncertainty. With such uncertainty, the need for independent data to aid farmers, growers and their advisors is paramount and one which *Rural Business Research* continues to provide based upon comprehensive analysis of independent data from the Farm Business Survey for England. The third series of these influential reports highlights the changing economic landscape faced by farmers and growers during the 2007/08 financial year and place in context the profitability and vulnerability of different sectors of the industry. Complementing these reports are *Rural Business Research's* free-to-use on-line services, providing comprehensive Farm Business Survey Reports for Government Office Regions and farm business benchmarking at www.farmbusinesssurvey.co.uk.

Rural Business Research's aim, in providing these reports and data services, is to facilitate individuals and organisations working in agriculture, horticulture, land management and rural development, through the provision of independent data, research and analysis. As part of our wider engagement we are keen to hear the views of readers and users of our reports and data-services; supporting our dedicated outreach web-site www.ruralbusinessresearch.co.uk is our email alert network which promptly highlights our new publications and outputs to interested parties. If you would like your details to be added to our email alert network or wish to comment on our reports, please email paul.wilson@nottingham.ac.uk.

As we provide the third series of these influential reports, *Rural Business Research* looks forward to continuing its role as *the* independent organisation responsible for providing analysis and insight to the industry over the coming decade. *Rural Business Research* has recently successfully tendered for the Contract to undertake the Farm Business Survey in England for 2009/10 and beyond; a central aspect of our continued work and analysis of the Farm Business Survey is to further enhance the outreach and knowledge transfer activities we undertake, making even greater use of the data, and engaging with a wider range of practitioners and policy makers working in food production and land use in the UK.

Dr Paul Wilson

Chief Executive Elect, Rural Business Research

Spring 2009

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Summary

- Nearly half the land area of England is grass and grazing land and this is dominated by permanent grassland indicating the importance of grazing livestock to English agriculture.
- Lowland Grazing Livestock farms account for 10% of the area of farmed land in England and are 16% of the holdings.
- The majority of Lowland Grazing Livestock holdings are small or part-time. Other farm types are, on average, larger businesses.
- As compared to the other lowland land using farm types, in England, the Grazing Livestock farms produce the lowest incomes per farm, per hectare and per annual labour units. For example, Net Farm Income per farm is only 14% of the next best farm type in the 2007 crop year.
- Net Farm Income for the Lowland Grazing Livestock farms in 2007/08 was £6,517, which was a small decrease on the previous year. Farm Business Income for the same period was £12,357, again almost unchanged.
- There is a large range of Farm Business Income per farm within the Lowland Grazing Livestock producers, with 23% of farms making a loss whilst over three quarters of farms make less than £20,000.
- The Net Farm Income for the farm sub-types from within the Lowland Grazing Livestock farms, were variable, per farm, with those most dependant on sheep having the lowest incomes. Specialist Sheep farmers had the lowest NFI which was a loss of £2,286
- On average the Farm Business Income (which closely resembles farm profit) was less than private drawings for 2007/08. With the shortfall being £5,230
- This year's sample of organic producers is only marginally smaller than the conventional farmers but their Net Farm Income is £1,242 per farm higher than conventional producers. Relative to output their variable costs are low but fixed costs are high.
- The farms in the EU West Region of England are smaller, with lower incomes than the other two regions in England.
- With the increase in size of business, as measured by SLR, the income also increases.
- Only the medium sized farms make a positive Farm Business Income (£928) when the Single Payment Scheme output is removed.
- For beef cows the gross margin per head and per hectare varies with size of the enterprise with the mid size group having the highest margins.
- Ewe flock gross margins show the same trend.
- The non breeding beef enterprises had higher gross margins than the beef cows.
- The premium (top third) producers, ranked by gross margin per head, have much higher gross margin than the average. These are close to double for the beef cows and breeding ewes.

Lowland Grazing Livestock Production in England 2007/2008

The Structure of the Lowland Grazing Livestock industry

Lowland Grazing Livestock farms are very important to the agricultural industry in England and the first report in this series, Lowland Grazing Livestock Production in England 2006/2007 fully illustrates the structure of the Lowland Grazing Livestock industry in England. In summary-

- Grassland accounts for 48% of the land area covered by agricultural holdings in England¹.
- Dairy farming and livestock production in the Less Favoured Areas utilise large areas of this land but farms producing mainly cattle and sheep in the lowlands are also very important.
- The Lowland Grazing Livestock farms account for about 10% of the total area farmed in England and numerically they represent 16% of all holdings, but only 11% of full-time holdings.

Further details are shown in Table 1, illustrating the importance of the part-time and small farms. Only 11% of the Lowland Grazing Livestock farms are considered full-time. The Cereal farms have 40% of their holdings as full-time, with 60% of General Cropping and 88% of Dairy holdings also full-time.

Table 1 June Census 2006 – English farms by size of businesses, includes main and minor holdings

Number of holdings (thousands)	Lowland Grazing Livestock	Dairy	Cereals	General Cropping	All Types
Part time and below	27.6	1.5	13.4	3.0	150.8
Small	3.4	4.6	4.9	2.4	24.4
Medium	1.0	2.8	2.0	1.2	10.7
Large	0.6	2.6	1.4	1.1	8.7
Very Large	0.3	1.2	0.6	1.2	5.7
Total	32.9	12.6	22.3	8.9	200.3
% of All types	16%	6%	11%	4%	
% of All types, full time holdings	11%	23%	18%	12%	

Source: Defra 'Agriculture in the UK 2007'

Over a million hectares in England are farmed by the Lowland Grazing Livestock farms and only four percent of their land is under arable cropping². 1.2 million cattle and 4.8 million sheep are also recorded on these farms. Appendix 2 shows a map of the distribution of Lowland Grazing Livestock farms in England. The majority of these farms are in the western and southern areas of England.

Thus numerically there are large numbers of small and very small Lowland Grazing Livestock farms and businesses that are reliant predominantly on beef and sheep production. There are

¹ Survey of Agriculture and Horticulture June 2008 England, published November 2008

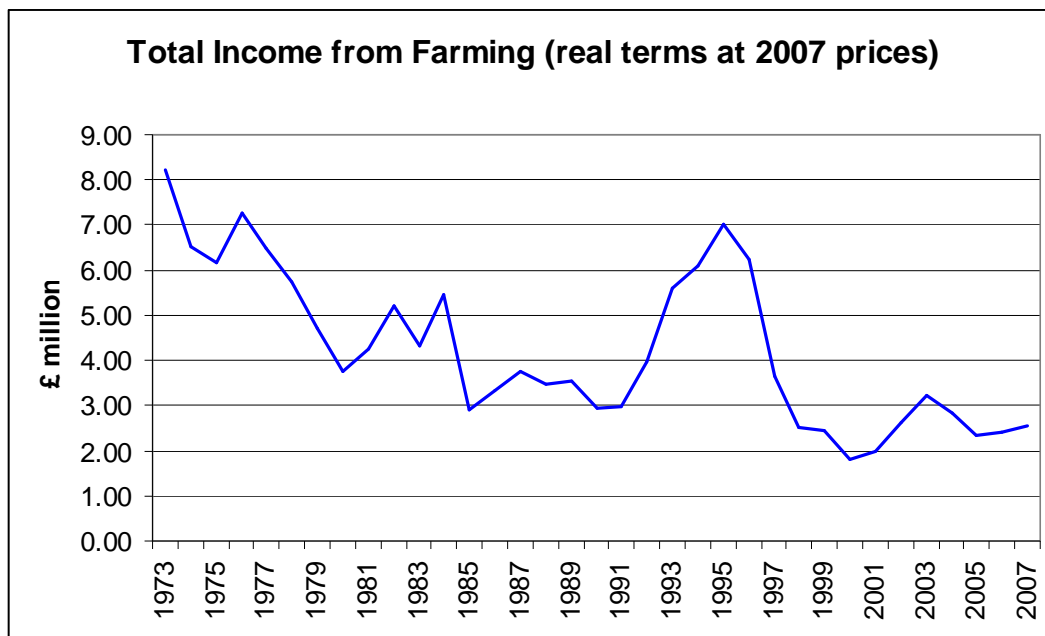
² Defra June Census 2007 special analysis

also relatively fewer medium and large businesses as compared to other land using farm types in the lowlands of England.

Income trends in agriculture

Total Income from Farming in the UK figures are often quoted as an indicator of trends in incomes for agriculture. Figure 1 illustrates the trends in real terms at 2007 prices, with a decline in incomes in real terms over the last 35 years and only a period in the 1990's where this trend was reversed. The lowest point was in 2000 but 2007 was only 30% of the 1973 figure. The period since 2000 has seen a modest recovery.

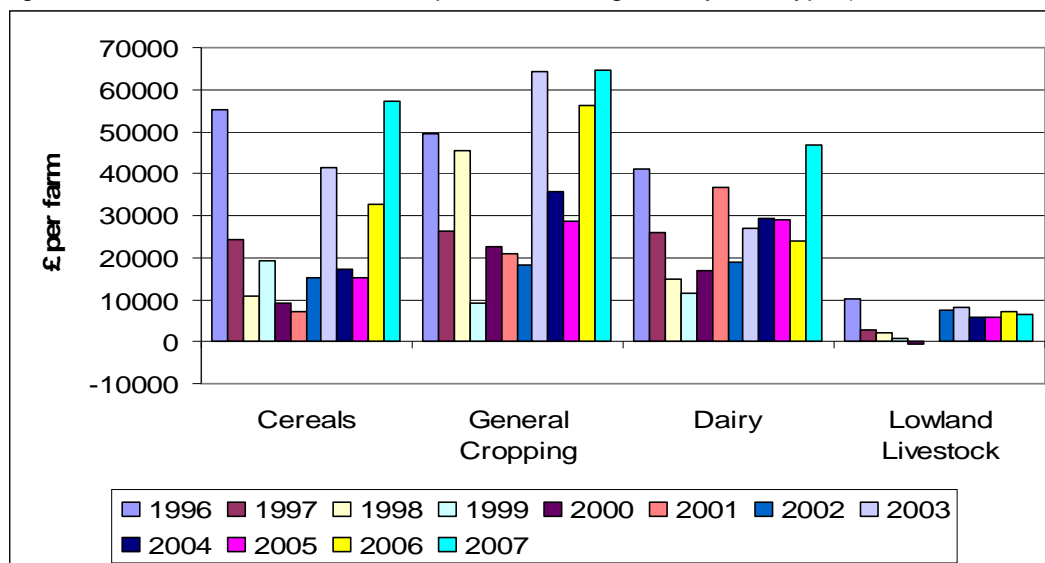
Figure 1 Trend in Agricultural Industry Income in the UK



Source: Defra

Figure 2 illustrates the trends in Net Farm Income (NFI) per farm in England, for the different farm types important in lowland England, from 1996 until 2007.

Figure 2 Trends in Net Farm Income per farm, in England, by farm type (in real terms to 2007)



Source: <http://www.farmbusinesssurvey.co.uk>

NFI has been used as the preferred income measure for this analysis because it treats all businesses on a similar basis with a rent or rental value for all farms, unpaid labour receiving an imputed cost, and no interest charges. The figures have been adjusted to real terms against 2007/2008 data. NFI represents the return to the farmer and spouse alone for their manual and managerial labour and on the tenant-type capital invested in the farm business.

The Lowland Grazing Livestock businesses have the lowest NFI of the main land using farm types in lowland England with the maximum, in the last 5 year period in real terms to 2007, of £8,119 in 2003. The following years are poorer with the 2007 NFI of £6,517. All the other farm types have fluctuating incomes but average over this period over £27,500 per farm whereas the Lowland Grazing Livestock farm averages only £4,661 or 17% of the other farm type average. As can be seen from Figure 2, the Lowland Grazing Livestock farms were the only farm type not to show a significant improvement in their NFI in 2007. For 2000 and 2001 the Lowland Grazing Livestock farms actually made a loss, in real terms, which has not happened to any other farm type.

Comparisons with other Farm Types in Lowland England 2007

One of the reasons the Net Farm Income is lower per farm, for the Lowland Grazing Livestock farms, is due to the smaller area farmed by these businesses. On a per farm basis, for 2007, the Lowland Grazing Livestock farms have a NFI of 14% of the next 'best' farm type (Dairy) and a tenth of the highest performing farm type, the General Cropping farms.

Table 2 shows NFI per hectare for Lowland Grazing Livestock farms as a quarter of the next lowest farm type, Cereal farms. The NFI of the Lowland Grazing Livestock businesses improves slightly when the NFI per Annual Labour Unit (ALU) is considered, where they achieve a level of income of 30% of the next lowest, Dairy farms. This illustrates the higher labour required on livestock rearing units rather than that needed for cereal production.

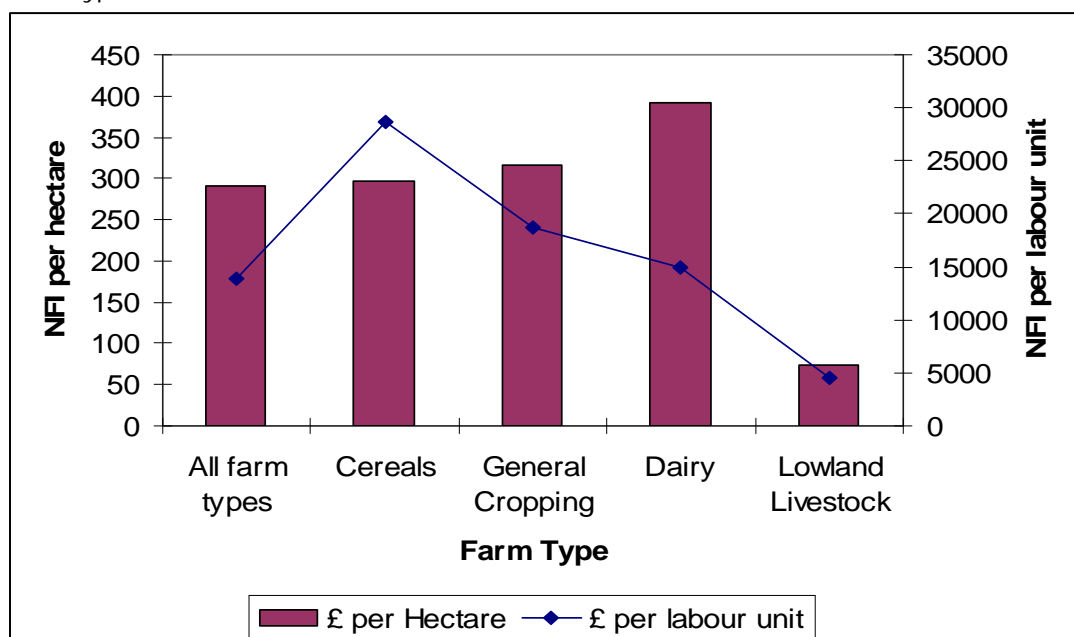
Table 2 NFI per hectare and per annual labour unit

Crop Year-2007	NFI per farm (£)	Total area farmed (Ha)	NFI per Ha (£)	Annual labour units per farm	NFI per ALU (£)
All farm types	38574	132.9	290	2.77	13926
Cereals	57059	191.9	297	2.00	28673
General cropping	64656	204.5	316	3.45	18741
Dairy	46693	119.4	391	3.12	14966
Lowland Grazing Livestock	6517	88.7	73	1.43	4557

Source: <http://www.farmbusinesssurvey.co.uk>

Figure 3 also shows some of the same data, with the Cereals, General Cropping and Dairy farms having 'relatively' similar income per hectare, but the Lowland Grazing livestock farms much lower. Thus Lowland Grazing Livestock is the least profitable type of farming in the English lowlands using either per farm, per hectare or per ALU as the divisor. These farms are by definition dependent on cattle and sheep production which generate poor incomes.

Figure 3 Net Farm Income per hectare and per Annual Labour Unit, in England 2007, by Farm Type



Source: <http://www.farmbusinesssurvey.co.uk>

The preferred measure of farming income now being used by DEFRA is Farm Business Income (FBI). A full definition of FBI is included in Appendix 1. Compared to Net Farm Income FBI is a closer estimate of the profit generated by businesses with all the imputed items which are part of NFI being excluded, although interest charges are included for the FBI calculation. Thus, by definition, the FBI figure is usually higher than NFI, but gives a better indication of the cash trading position.

Table 3 shows the FBI per farm, per farmed hectare and per ALU. The 'position' of the Lowland Grazing Livestock farms does not change relative to the other farm types with Lowland Grazing Livestock still the lowest 'performer' of all farm types on the basis of per farm, per hectare or per ALU.

Table 3 Farm Business Income, 2007/08

Crop Year-2007	FBI per farm (£)	FBI per hectare (£)	FBI per ALU (£)
All farm types	48144	362	10310
Cereals	73398	382	14582
General cropping	81033	396	10706
Dairy	55111	462	10785
Lowland Grazing Livestock	12357	139	6548

Source: <http://www.farmbusinesssurvey.co.uk>

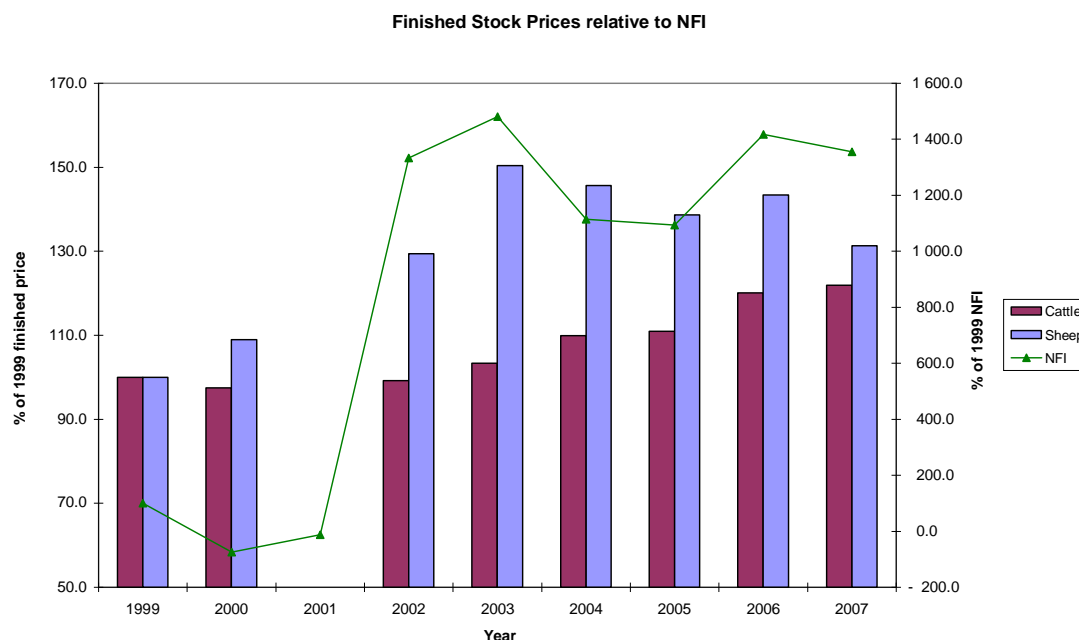
The market environment

Given that the Lowland Grazing Livestock farms are dependent on cattle and sheep production, how does the income of these farms compare to the selling price of finished cattle and sheep? Figure 4 shows the annual prices of finished stock and the NFI for the Lowland Grazing Livestock farms. The figures are all relative to 1999 prices/income, and have not been adjusted for inflation.

No stock prices are quoted for 2001 due to the Foot & Mouth Disease outbreak. The finished cattle price has improved slowly over the period. The improvement in sheep price is relatively larger, despite the fall from its peak in 2003.

Over this period the NFI is more variable than the selling prices would have suggested indicating that the costs to the businesses, or valuation changes to the livestock which are part of the output, were more variable and that income for these farms comes from more than just cattle and sheep production. This is particularly important just after the Foot & Mouth disease crisis in 2001.

Figure 4 Prices of finished stock and Net Farm income, 1999-2007



Source: Defra 'Agriculture in the UK' and FBS data

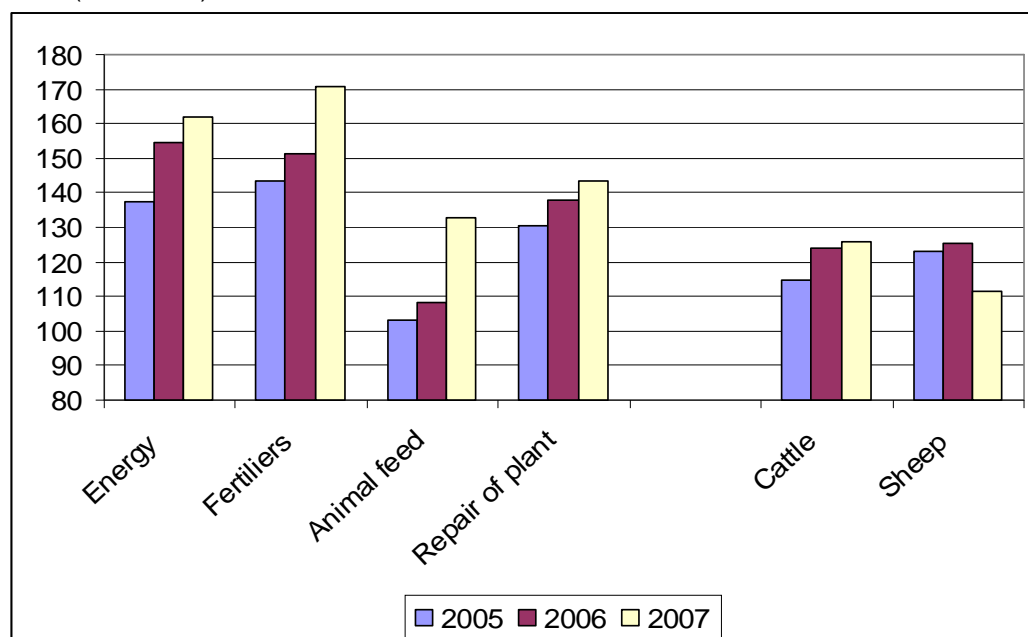
A number of Indices of Producer Prices of Agricultural Products (United Kingdom) are illustrated in Figure 5. This shows the changes in the input indices for energy, fertiliser, animal feed, and repairs to plant; which have seen larger increases in the cost of inputs to farming, relative to the modest increase in the value of the output indices for cattle and sheep.

Fertiliser, for instance, costs 70% more than in 2000 whereas the beef value has only increased by a quarter.

For 2007 sheep actually fell in value compared to the previous year.

The trading conditions in 2007/2008 for Lowland Grazing Livestock farms were also made difficult by movement restrictions as a consequence of animal health problems, particularly the Foot & Mouth outbreak around Pirbright in Surrey. The loss of the export markets had a significant adverse effect on lamb prices.

Figure 5 Index of Producer Prices of Agricultural Products (United Kingdom)
Index (2000=100)



Source: Defra

Lowland Grazing Livestock in 2007/2008

It is important to remember that Lowland Grazing Livestock farms cover a large part of lowland England, are dominated by small businesses and, in terms of income, are consistently at the 'bottom of the league' as compared to other farm types.

This report will concentrate on data extracted from the Farm Business Survey for this important group of farms and includes data from 241 farms which has been 'weighted' to produce figures that represent the whole of the Lowland Grazing Livestock industry in England, excluding the smallest farms (less than 0.5 SLR).

The results for the FBS farms for 2007 show a decrease in NFI to £6,517, which is £302 lower than the 2006/07 figure. The FBI was £12,357 per farm, again only a small change. Full details of the 'All Farms' data is given in Appendix 3. As compared to the previous year, higher output but with higher variable costs resulted in a gross margin 2% lower. Fixed costs were 1% lower.

The group of farms in this year's sample farmed 3% less land than in the previous year. The level of owner occupied land also remained virtually unchanged between the two years. Only 7% of the total farmed area is tilled. The number of beef cows kept increased by nearly three cows and the sheep flock was ten ewes smaller as compared to the 2006/07 sample of farms. The total annual labour units were unchanged, but with little change in the farm size this is not unexpected.

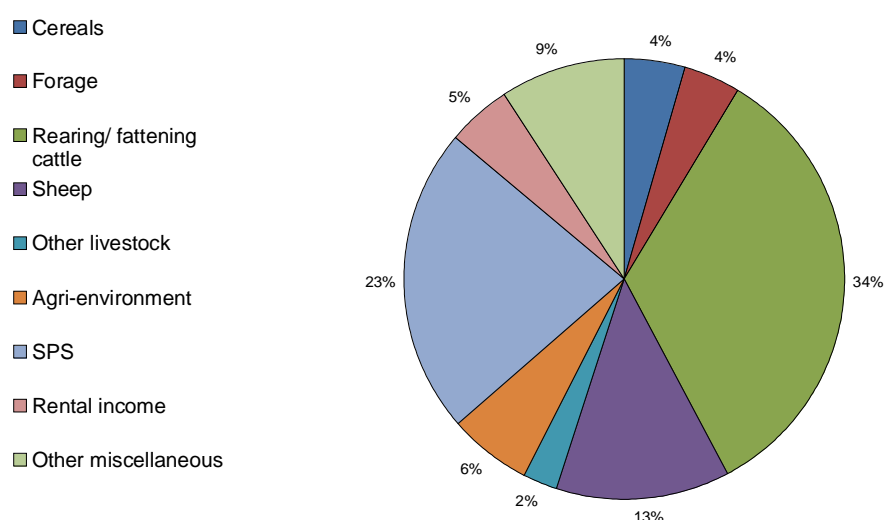
Table 4 summarizes the components of the income for all the farms.

Table 4 Income data for Lowland Grazing Livestock Farms

Total	All farms (£ per farm)
Farm output	71356
Variable costs	19041
Gross margin	52314
Fixed costs	45797
Net Farm Income	6517
Farmer & Spouse labour	17126
Management and Investment Income	-10609
Farm Business Income	12357

A breakdown in the Farm output is shown in Figure 6. The cereal, forage and livestock output comes to 57% of the total, a 5% improvement on the previous year. Within this, the importance of rearing/fattening cattle is evident, being more than two and a half times the output of the sheep which has the next largest output.

Figure 6 Farm output by category



'Non-production' output, 43% of total output, is dominated by the Single Payment Scheme which accounts for nearly half of this output. Other miscellaneous output is the next in importance. Agri-environment schemes account for just 6% of total output.

The variable costs are dominated by concentrates which account for 43% of the total and of this, £1,296 are home grown cereals fed to the livestock. The fertiliser and spray costs are £2,455 which is 13% of the variable costs.

The fixed costs are dominated by the machinery costs, which account for 34% of the total closely followed by land and property costs (32%). General farming costs are 18% of the total and labour 15%.

Of the 88.7 hectares farmed, 57% of the land was owned, with only 3.8 hectares cropped with cereals. The average number of suckler cows, other cattle and ewes were 26, 73 and 122 respectively. These along with other grazing stock were kept at a stocking rate of just over 1.1

livestock units per hectare. Stocking rates this low would normally be considered as 'extensive' in its type of production.

The balance sheet for the average farm shows close to £52,000 of liabilities with the majority of borrowing held by the banks, with the bank overdraft the major source of finance. The assets for the business of £667,000 are dominated by the land and buildings which account for 77% of the total. The balance sheet ratios also indicate a strong financial position for these farms in terms of ratios of assets to liabilities, but with the low incomes earned, extra borrowing on the back of the favourable balance sheet position is difficult to justify and maintain.

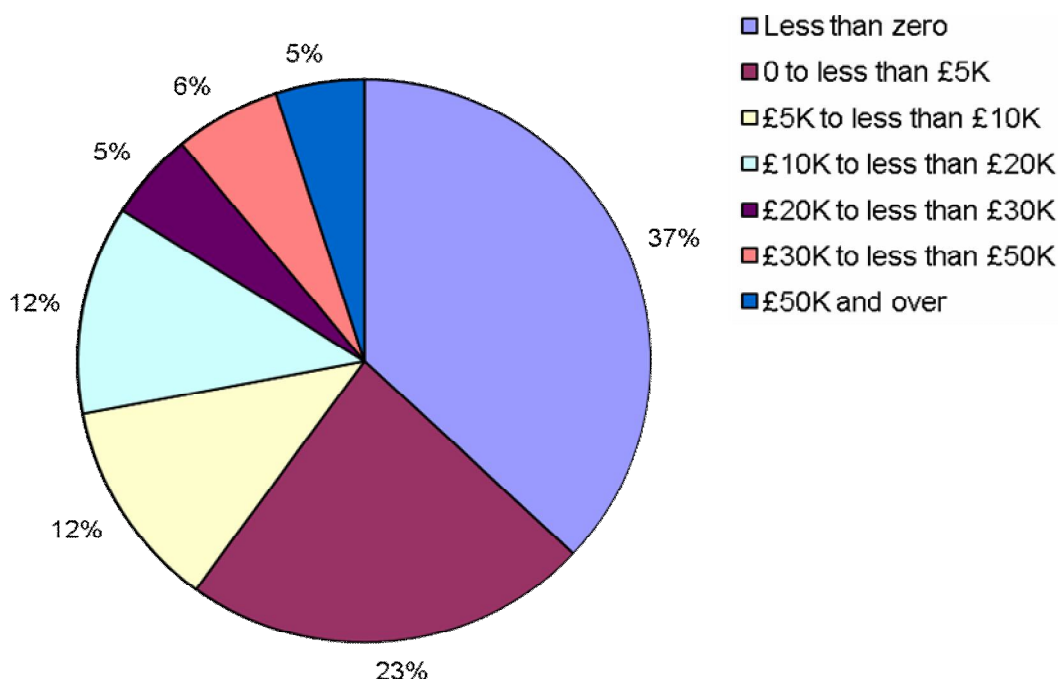
Farm Fund Flow- The cash situation within the business

The relationship between trading profit generated, capital investment made, drawings taken by the farming family/families, and the funding of the trading business is summarized by the 'flow of funds'. This explains the 'cash' situation within the business and is shown in Appendix 3. The trading net fund flow from these farms is £17,348 with the addition of depreciation on buildings and machinery added back to FBI and adjustments for the change in valuations, which this year were a reduction of over £3,200. Just over £10,000 was spent on capital purchases with machinery accounting for over 62% of this total. This left a farm fund flow surplus of £7,303. The private drawings from the farm were £17,587 but there was a net transfer in of funds of £8,104 so the net private outflow was £9,055.

Net bank borrowings decreased by £1,649 along with a reduction in debtors of £3,324 resulted in the shortfall in funds was £1,752.

The introduction of funds from private sources has been a feature of Lowland Grazing Livestock farms for a long period, where the low incomes have not been sufficient to allow for investment in the business and private drawings to support the farming family.

Figure 7 NFI- Income bands, the percentage of farms in each band

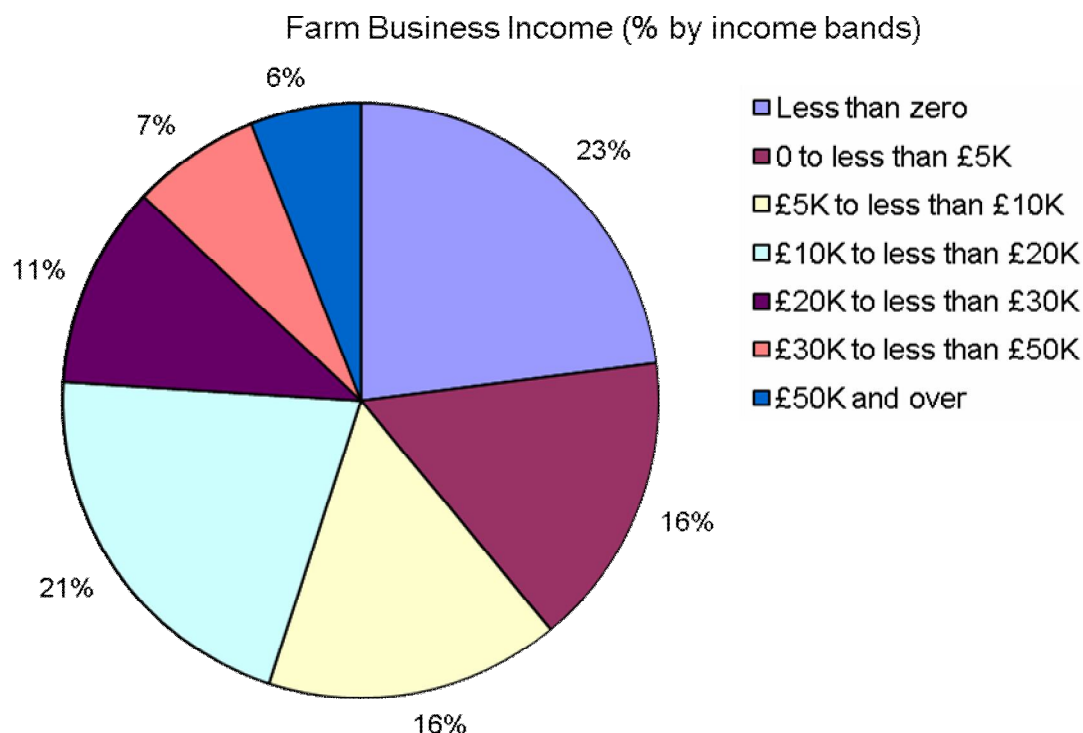


The spread of performance across the Lowland Grazing Livestock farms is shown by the range of NFI achieved by these businesses. Figure 7 illustrates the differing levels of NFI per farm.

The situation has deteriorated slightly from the previous year with 37% of farms making less than zero NFI and 84% of farms making less than £20,000 NFI. Only 5% of businesses were making over £50,000 and were on average over three times the size of the average 'All farms' businesses in terms of land area farmed.

The income distributions for FBI are shown in Figure 8. In this case 23% of farms were making a loss and overall over three quarters of farms making less than £20,000 FBI, again a deterioration on the previous year.

Figure 8 FBI- Income bands, the percentage of farms in each band



Categories of Lowland Grazing Farms

Within the lowland grazing livestock farm type five further sub-groups have been established depending on the breakdown of their output.

These sub-types are-

1. Beef- those farms where 50% or more of the total farm output comes from cattle
2. Sheep- those farms where 50% or more of the total farm output comes from sheep
3. Beef & Sheep- those farms not classified as Beef or Sheep but with a combined output from cattle and sheep of over 50% of the total farm output.
4. Agri-related- those farms where 50% or more of the total farm output is derived from miscellaneous income. This comes from agriculture related and integrated diversified activities. It includes Single Payment Scheme (SPS), rental income and agri-environment schemes.
5. Other. These include some with dairy herds, other livestock enterprises, and other farms which did not have more than 50% of output from beef, sheep or miscellaneous income.

For this analysis, the 32 farms that are organic producers have been excluded but will be discussed later in the report.

Table 4 summarises the position of the differing farm sub-types³. The 'Beef' farms own more of their land than the average and the 'Sheep' farms are dominated by tenanted land. The three remaining types are close to the 'All farms' average of 57% owned land of the total farmed area.

The 'Sheep' farms have the lowest output per farm of all the farm types with just over £47,500. The 'Other' farms have a level of output 85% greater than the 'Sheep' farms and are the highest of all the sub-types. The output from forage is important for this group of farms but is only a third of the level seen in 2006/07. The agri-environment type output, per farm, ranges from £1,604 for 'Beef' farms to £6,413 for the 'Agri-related' farms, which accounts for 2% to 9% of total farm output. The SPS income, per farm, is broadly similar across all farm sub-types, except for 'Sheep' which is only 60% of the 'All Farms' figure. The SPS payments are still dominated by the 'historic' element of the scheme which itself is based on claims made under the 'headage' and area payment schemes which were part of the previous support arrangements. To have SPS at similar levels the previous scheme claims must also have been similar.

Table 4 Farm Sub-type data to NFI

	Farm sub-type					
	Average all farms	Beef	Sheep	Beef & Sheep	Agri-related	Other
Number of farms in group	241	41	22	45	57	44
Average farmed area (hectares)	88.7	71.9	86.8	98.4	93.1	94.4
Average proportion of owned total farmed area	57%	68%	33%	50%	58%	59%
	£ per farm					
Output						
Livestock and crops	41013	53044	32023	44625	26244	58366
Agri- environmental type schemes	4413	1604	2216	2788	6413	3730
Single Payment Scheme	16087	14624	9674	15185	19122	17929
Other	9843	2202	3730	4960	22474	7866
TOTAL FARM OUTPUT	71356	71474	47643	67558	74253	87891
Variable costs						
Livestock specific costs	15519	21844	16033	17187	11902	17408
Crop specific costs	3522	3895	1566	3959	2912	5821
TOTAL VARIABLE COSTS	19041	25739	17599	21146	14814	23229
TOTAL GROSS MARGIN	52315	45735	30044	46412	59439	64662
Fixed costs						
Labour	7049	4014	6092	6393	9016	8596
Machinery	15518	14569	8939	15258	16186	19631
General farming costs	8443	7052	6015	7453	10062	9718
Land & Property	14786	12823	11283	14107	17342	15872
TOTAL FIXED COSTS	45796	38458	32329	43211	52606	53817
NET FARM INCOME (NFI)	6517	7277	-2286	3200	6832	10845

³ A full analysis is given in Appendix 3

The level of the variable and fixed costs by farm sub-type varies depending upon the level of output with the farm types that had the lowest output also having the lowest costs. The NFI, per farm, for all the farm types varies between £-2,286 and £10,845 with the extremes being the 'Sheep' and 'Other'; which are the same groups showing the extremes of output.

Using the FBI measure for income the extremes are £2,056 for 'Sheep' farms and £18,617 for the 'Other' group of farms. With the poorer prices for sheepmeat in 2007/08 those farms dependent on sheep had lower incomes than the previous year. Table 5 also shows the level of private drawings for the same farm sub-types. The 'All farms' average private drawings of £17,587 are £5,230 above the FBI. The consequence of the shortfall in income compared to drawings is that funding of private drawings will necessitate increased borrowings or the introduction of private funds. The same applies to reinvestment in the business.

Table 5 Farm Sub-type data FBI, Private drawings and value of Unpaid Labour

	All farms	Beef	Sheep	Beef & Sheep	Agri-related	Other
	£ per farm					
Farm Business Income	12357	13149	2056	9748	10952	18617
Private drawings	17587	15136	13151	17436	16075	23244
Value of all Unpaid Labour	19729	20450	18117	24492	16678	21417

The value of all unpaid labour is estimated using hours worked at rates of pay depending upon location, age and experience. The level of private drawing is below the value of the labour, except for the 'Other' sub-type of farms. Thus these farms are only 'paying' themselves 90% the 'going' rate for their labour and as such are not rewarding themselves for their investment in the business.

Table 6 summarizes the physical details of the farm sub-types. Less than 10% of the area farmed by any of the differing farm types is used for cash crops and more than two thirds is permanent grassland. The 'Sheep' farms and 'Agri-related' farms have the largest area of rough grazing which will largely be grazed by sheep but may also contribute to agri-environmental scheme income. The level of rotational grass is higher on the 'Other' farm type as is the cropped area.

Apart from the 'Sheep' farms all other farm types keep similar numbers of beef cows and other cattle with the 'Beef' farms keeping more other cattle. Overall the stocking rates on these farms are low but the 'Beef', 'Sheep' and 'Beef & Sheep' keep the most livestock and have higher stocking rates. The 'Agri-related' farms have the fewest animals and the lowest stocking rate which is 20% lower than the average farm.

Table 6 Land and Livestock Details- Farm Sub-Types

Hectare	All farms	Beef	Sheep	Beef & Sheep	Agri-related	Other
Farmed area	88.7	71.9	86.8	98.4	93.1	94.4
Crops	3.8	2.9	0.4	4.9	1.7	9.2
Temporary grass	10.0	8.2	4.4	10.8	7.2	14.8
Permanent grass	64.2	53.8	72.8	69.7	67.4	62.8
Rough grazing	4.4	0.4	4.1	2.1	12.1	0.3
Average No. of Beef cows	26	34	4	29	29	22
Average No. of Other Cattle	73	132	6	74	56	79
Average No. of Ewes	172	63	541	300	132	132
Total Livestock Units	92.5	109.4	100.1	113.8	77.7	92.0
GLU's per adjusted Ha	1.11	1.59	1.21	1.23	0.87	1.10

The balance sheet data for these farms are dominated by the value of the land with over 77% of the value of total assets being land and buildings for the average farm. All farm sub-types have very similar balance sheet ratios with the % owner equity over 90%, % fixed assets over 88%, gearing close to 4% and total debt between 9-11%. As a group these farms can be considered to have 'strong balance sheets' but the dominance of the fixed assets which represent productive capacity, versus working assets, which reflect throughput mean that cash generation may be inadequate.

The 'Sheep' farms are the only group who have current liabilities very close to their current assets indicating a potential problem with the liquidity of the businesses, particularly if existing short-term credit facilities became unavailable. (Table 7) This position also creates a potential problem with the flexibility of the farm to manage cashflow.

Table 7 Farm Sub-type data Current Assets and Current Liabilities

	All farms	Beef	Sheep	Beef & Sheep	Agri-related	Other
	£ per farm					
Current Assets	64658	69432	21544	57111	60881	90684
Current Liabilities	25487	28391	24604	27278	29528	23322

The 'Sheep' farms have the lowest net worth per farm mainly because they only own a third of the area they farm but they also own half the level of machinery and have less trading stock than the other farm sub-types.

Organic Producers

Within the total sample of farms there were a group of organic farms which have been excluded from the analysis of farm sub-type above. Table 8 compares the organic farms with the conventional producers⁴.

⁴ Appendix 4 gives full details of Conventional and Organic producers

Lowland Grazing Livestock Production in England 2007/2008

The organic farms are 6% smaller than their conventional counterparts and they also own a greater percentage of the land they farm 65% as compared to 56%.

- Output from the organic farms is much lower than from their conventional cohorts with the output from livestock and crops 68% the conventional level and total output 75% of the conventional farms.
- Output from the agri-environment type schemes is nearly two and a half times higher for the organic producers.
- Output from the Single Payment Scheme and other sources are higher for the conventional farms.

With the lower 'farming' output the organic farms have much lower variable costs, only 44% of the level of conventional producers. The resulting total gross margin per farm for the organic farmers is 89% the conventional level. Fixed costs for the organic farms are lower per farm (85%) than the conventional producers and are also lower across all the main cost headings.

Table 8 Conventional and Organic farms compared

Financial Data, 2007/2008

Type of Production	Conventional	Organic
Number of farms in group	209	32
Average farmed area (hectares)	89.3	83.7
Average proportion of owned total farmed area	56%	65%
	£ per farm	
<i>Output</i>		
Livestock and crops	42466	28699
Agri- environmental type schemes	3844	9233
Single Payment Scheme	16402	13417
Other	10448	4719
TOTAL FARM OUTPUT	73160	56068
<i>Variable costs</i>		
Livestock specific costs	16421	7876
Crop specific costs	3808	1107
TOTAL VARIABLE COSTS	20229	8983
TOTAL GROSS MARGIN	52931	47085
<i>Fixed costs</i>		
Labour	7198	5795
Machinery	15792	13200
General farming costs	8566	7399
Land & Property	14990	13061
TOTAL FIXED COSTS	46546	39455
NET FARM INCOME (NFI)	6386	7628

The NFI for the organic producers is £1,242 higher than conventional producers, which reverses last years position where the conventional producers had a £3,616 advantage. The FBI is also higher for the organic producers than the conventional farmers, £14,572 as opposed to £12,095.

Table 9 illustrates some of the physical differences between the types of production with the main differences being; organic producers keep fewer ewes and have in total 73% of the livestock units and with lower stocking rates, 75% of the conventional level, which in itself is not very high at 1.14 LU per hectare.

For this year, the conventional producers invested more money in capital items, more than double the organic producers. They also transferred in about half the net funds the organic producers brought in, thus their 'borrowings' increased by over £3,000 as opposed to a reduction of £8,875 seen by the organic producers.

The conventional producers have a 'weaker' balance sheet. They own less land, hence have lower total assets but also have higher total liabilities. The total liabilities of the organic producers are 60% of the level of the conventional farmers.

Table 9 Land and Livestock Details- Organic and Conventional Production

	Conventional	Organic
Farmed area (ha)	89.3	83.7
Crops (ha)	4.0	2.4
Temporary grass (ha)	9.4	14.6
Permanent grass (ha)	64.4	62.2
Rough grazing (ha)	4.7	2.2
Average No. of Beef cows	26	28
Average No. of Other Cattle	75	62
Average No. of Ewes	183	78
Total Livestock Units	95.3	69.1
GLU's per adjusted Ha	1.14	0.86

Table 10 illustrates the sources of output and cost for the differing types of production, with the organic producers having more environmental type payments and less crop and livestock output, lower variable costs, but the fixed costs are higher.

Table 10 Per £100 Output Figures

	Conventional	Organic
OUTPUT	£ per £100 output	
Livestock and crops	58	51
Agri- environmental type schemes	5	16
Single Payment Scheme	22	24
Other	14	8
TOTAL FARM OUTPUT	100	100
TOTAL VARIABLE COSTS	28	16
TOTAL GROSS MARGIN	72	84
FIXED COSTS		
Labour	10	10
Machinery	22	24
General farming costs	12	13
Land & Property	20	23
TOTAL FIXED COSTS	64	70
NET FARM INCOME (NFI)	8	14

Regional differences in Lowland Grazing Livestock farms

The EU Regions are used for administrative purposes at the European level and represent amalgamations of Government Office regions. (Appendix 2 shows the boundaries for the GO regions.

- The EU West region is the South West and West Midlands GO regions.
- The EU North region includes the North West, North East and Yorkshire and Humberside GO regions.
- EU East region is the East Midlands, Eastern and South East GO regions

Those farms in the EU Region - West are smaller than those in either the North or East and they also own more of the area they farm. Further data is available in Table 11⁵. The North has the highest NFI per farm, followed by the East with the West the lowest. When per hectare figures are considered, the North still maintains its position with the highest income but the East loses out to the West.

Table 11- EU Regional- Summary Financial Data

Gross Output, Variable Costs and Farm Gross Margin, 2007/2008

	EU Region		
	North	East	West
Number of farms in group	45	85	111
Average farmed area (hectares)	96.3	110.7	70.8
Average proportion of owned total farmed area	53%	50%	67%
	£ per farm		
Output			
Livestock and crops	52920	38977	37823
Agri- environmental type schemes	3002	6569	3487
Single Payment Scheme	19065	16815	14447
Other	12596	13004	6632
TOTAL FARM OUTPUT	87583	75365	62389
Variable costs			
Livestock specific costs	20974	16349	12857
Crop specific costs	4912	2350	3787
TOTAL VARIABLE COSTS	25886	18699	16644
TOTAL GROSS MARGIN	61697	56666	45745
Fixed costs			
Labour	10932	7179	5469
Machinery	16742	16511	14372
General farming costs	9338	9596	7314
Land & Property	15243	16783	13251
TOTAL FIXED COSTS	52255	50069	40406
NET FARM INCOME (NFI)	9442	6597	5339

⁵ Appendix 5 give more detailed data for the EU regions

The cropping areas and livestock units kept are similar in the North and East with the West having less stock but at higher stocking rates.

The balance sheets show the total assets are similar in the North and West but the East has more land and building assets. Total liabilities are lowest in the West and highest in the North with the West figure half the North.

The FBI are broadly similar across the three regions but the North spent less than 15% the capital of the other two regions. To pay for this investment the East and West farms introduced nearly a net £10,000 whilst the North introduced nothing. Overall net change in funding was a small increase for the North and East with the West bringing in over £2,800.

Farm Size Comparisons

Farm business size can be described in terms of their Standard Labour Requirement. Full details are given in Appendix 1.

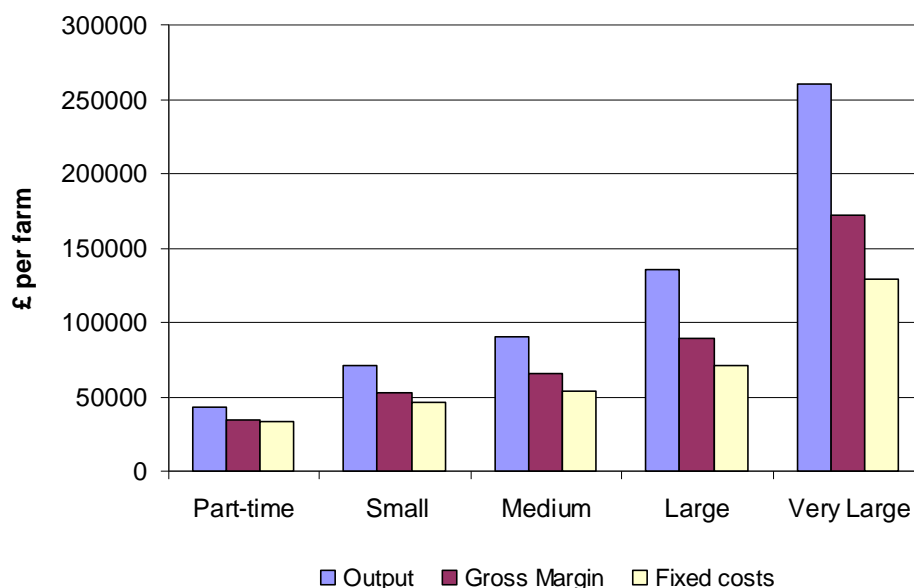
Table 12- Farm Size Data
Gross Output, Variable Costs and Farm Gross Margin, 2007/2008

	Farm size by Standard Labour Requirement				
	Part-time	Small	Medium	Large	Very large
Number of farms in group	62	76	44	42	17
Average farmed area (hectares)	55.3	83.9	113.4	157.0	370.6
Average proportion of owned total farmed area	72%	66%	69%	37%	13%
	£ per farm				
Output					
Livestock and crops	20383	40336	55111	91213	177168
Agri- environmental type schemes	3308	5004	4318	5940	10799
Single Payment Scheme	10870	16097	22892	25171	45706
Other	8886	9706	7580	12691	26117
TOTAL FARM OUTPUT	43447	71143	89901	135015	259790
Variable costs					
Livestock specific costs	7475	14221	19106	39813	75131
Crop specific costs	1742	3882	5274	6387	12447
TOTAL VARIABLE COSTS	9217	18103	24380	46200	87578
TOTAL GROSS MARGIN	34230	53040	65521	88815	172212
Fixed costs					
Labour	4940	6148	7971	12092	31572
Machinery	10819	16725	19144	23765	38322
General farming costs	6895	8834	8691	11356	18836
Land & Property	10814	14704	18223	23520	40151
TOTAL FIXED COSTS	33468	46411	54029	70733	128881
NET FARM INCOME (NFI)	764	6629	11493	18083	43330

Five sizes, ranging from Part-time to Very Large, are used and the financial details are shown in Table 12⁶.

As would be expected, the total area farmed by the businesses increases as the size of farms increases. The proportion of tenanted land also increases with the size, particularly with the two largest farm sizes. On a per hectare basis the gross margin falls as the size of the business increases but fixed costs fall further so the NFI per hectare increases with the increase in the size of the business.

Figure 9- Output, Gross Margin and Fixed Costs by farm size



The data shown in Figure 9 indicates that as the size of the farms increase there is a linear change in gross margin and costs until we get to the Very Large farms where there are large increases to the gross margin and costs.

Figure 10 illustrates the farmed area and livestock unit per farm along with FBI. The Part-time and Very Large farms are the only two groups which have more hectares than livestock units and consequently the lowest stocking rates.

The Net Farm Income increases steadily with the increasing size of the business but the Farm Business Income 'dips' for the Large farms mainly because they do not have as large an imputed land rental charges as the Medium farms. The SPS income per hectare is similar for the three smallest farms sizes but declines for the Large and further again for the Very Large farms. The Very Large farms have significant output from other livestock which may not have been covered by the previous support regimes, resulting in a lower 'historical' element of the SPS. The normal trend of the increasing size of the business and their decreasing reliance on the 'diversified' income is also apparent. The fixed costs follow economies of scale, being lower per hectare as the size of the farms increases.

As the size of business increases, the income from the agri-environmental type schemes per hectare decreases.

⁶ Appendix 6 gives more details of the Farm Size data

Figure 10 FBI, Livestock Units (LU) and Farmed Area (hectares) by farm size

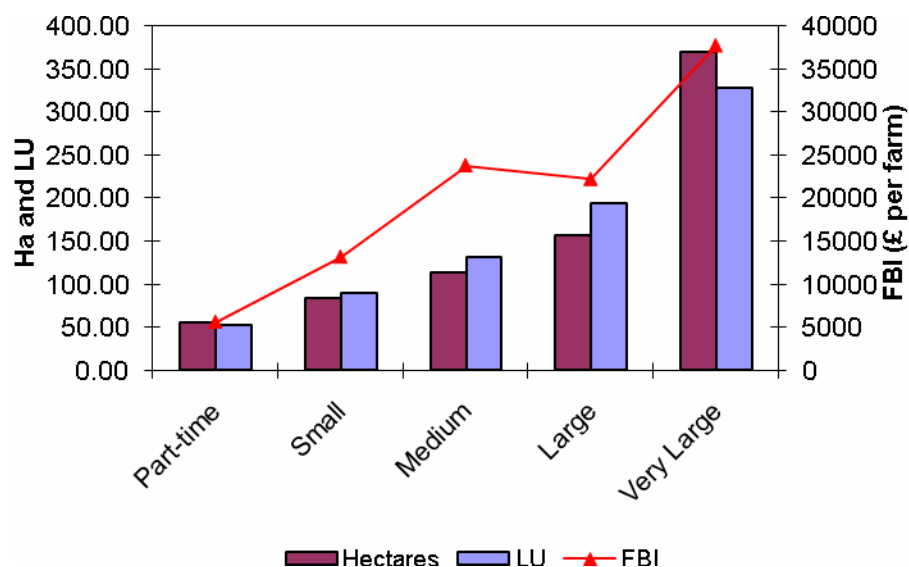


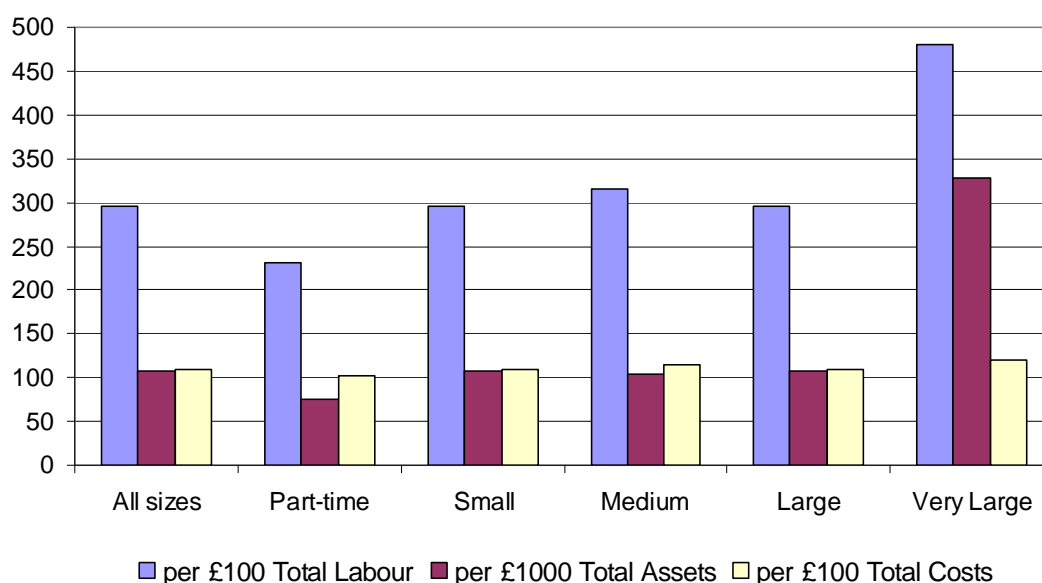
Table 13 Farm size- data per £100 of output

	Part-time	Small	Medium	Large	Very Large
Output	£ per £100 output				
Livestock and crops	47	57	61	68	68
Agri- environmental type schemes	8	7	5	4	4
Single Payment Scheme	25	23	25	19	18
Other	20	14	8	9	10
TOTAL FARM OUTPUT	100	100	100	100	100
Variable costs					
Livestock specific costs	17	20	21	29	29
Crop specific costs	4	5	6	5	5
TOTAL VARIABLE COSTS	21	25	27	34	34
TOTAL GROSS MARGIN	79	75	73	66	66
Fixed costs					
Labour	11	9	9	9	12
Machinery	25	24	21	18	15
General farming costs	16	12	10	8	7
Land & Property	25	21	20	17	15
TOTAL FIXED COSTS	77	65	60	52	50
NET FARM INCOME (NFI)	2	10	13	14	16
Farm Business Income (FBI)	13	19	26	16	15

One interesting observation from Table 13 relates to the livestock specific variable costs which increase as the business size increases, but the crop specific costs remain relatively constant relative to output. This same trend also occurred with previous years data.

Other performance measures by size of farm are illustrated in Figure 11. For this analysis the total labour costs includes an estimate for the labour contributed by the farmer & spouse. The Small, Medium and Large farms have similar performance levels, with the Part-time slightly worse and the Very Large more productive for both labour and total assets used. The Total Costs per £100 output are similar for all farm sizes.

Figure 11 – Performance measures- Output achieved by Total Labour, Total assets and Total Costs (£)



The importance of the Single Payment Scheme to the Lowland Livestock Grazing farms

The Farm Business Income generated by the Lowland Grazing Livestock farms are low for all farms sizes, but the importance of the Single Payment Scheme (SPS) should not be underestimated. Table 14 shows the FBI without the SPS for all farm sizes.

Table 14 Farm Business Income and Single Payment Scheme

	All Farms	Part-time	Small	Medium	Large	Very Large
£ per farm						
Farm Business Income	12357	5596	13169	23820	22214	37743
Single Payment Scheme Income	16087	10870	16097	22892	25171	45706
Farm Business Income less SPS	-3730	-5274	-2928	928	-2957	-7963

All Farms would be making a FBI loss of £3,730. The Part-time, Small, Large and Very Large sizes would all have losses between £2,900 and £ 8,000. The Medium farms would have a small but positive FBI but the Very Large Farms would have the largest loss approaching £8,000.

When the SPS was introduced it was anticipated that the market would adjust to any reduction in supplies by lifting prices for the livestock and crops produced by English farms thus maintaining incomes as SPS gradually moves to the flat rate by 2013. Looking further ahead, post 2013 the UK Government wishes for the Pillar 1 of the CAP (mainly the SPS) to be significantly reduced and possibly removed completely, leaving farming to earn its income from the value of its produce. If the single payment were removed completely, the scale of the change that would be needed from the 'market place' to support this desire would be an improvement in receipts of the order of 23%, without any changes to costs. The average price for finished cattle and lambs within the Farm Business Survey for 2007/08 year were £665 and £44 respectively. If the SPS were to be removed but incomes maintained, these prices would need to be close to £825 and £55. It could also be argued that an increase of the same order of magnitude is required to provide for a satisfactory level of income for living and re-investment in the business.

Gross Margin data from the Lowland Grazing Livestock farms

A number of the Lowland Grazing Livestock farms within the Farm Business Survey sample are able to calculate gross margins for their enterprises and these are summarized in Appendices 7-9. Where the sample sizes allow, premium group figures are also produced and shown alongside the average figures.

Table 15 Lowland Cow Gross Margin data

Gross margins per cow, per LU and per hectare

2007/08

(Weighted performance)

		CONVENTIONAL		ORGANIC
		Average	Premium*	Average
Cows per herd		38	38	28
Stocking rate:	LU/ha	1.07	1.09	0.82
		£ per cow		
Output		249	341	263
Variable Costs		119	105	85
Gross Margin per head		130	236	178
Gross Margin per LU		133	239	179
Gross Margin per Hectare		139	256	147

* Top third in order of gross margin per cow

Table 15 summarizes the gross margin from the suckler cow enterprises for the conventional and organic producers. Gross margin per cow is more than a third higher for the organic producers, but is similar when compared on a per hectare basis with the conventional producers. The Premium producers' gross margins are 80% greater than that of the average, with the majority of the difference due to higher output, but also slightly lower variable costs.

As compared to the previous year the gross margin per suckler cow increased by £30 per head for the Conventional producers and £55 per head for the Organic producers.

In the previous year, as the size of the herd increased, the gross margin per cow also increased. This trend was further magnified on a per hectare basis with increasing stocking rates at the larger herd sizes. For the 2007/08 year, the mid sized herds were substantially better than the small or large herds, with both higher output and lower variable costs (See Figure 12).

Figure 12 Suckler Cow Gross Margin per Head and Per Hectare, by Herd size, 2007-08



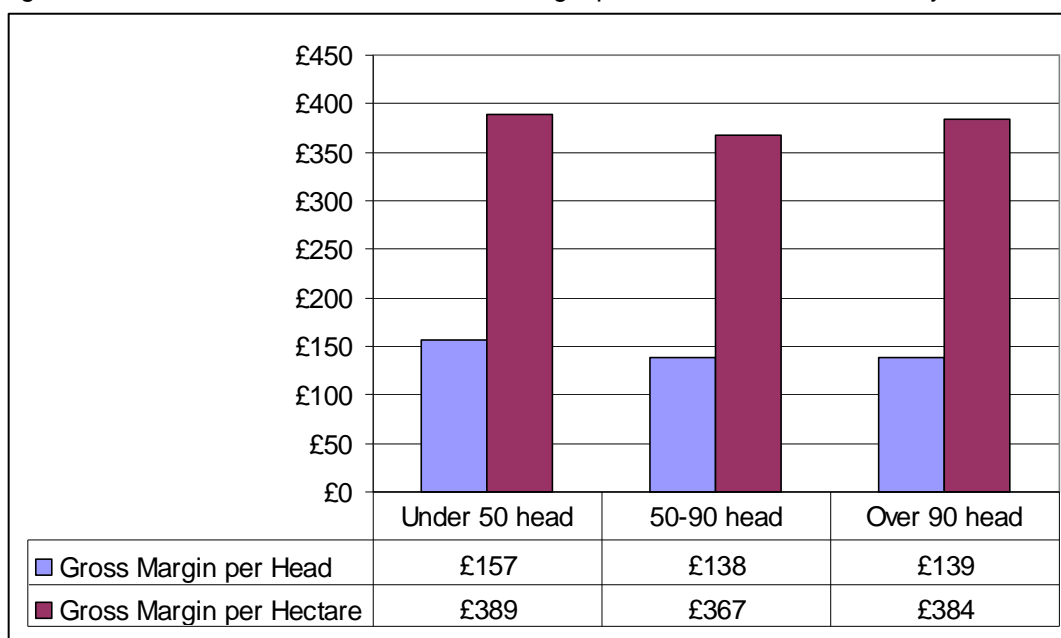
The beef rearing and finishing enterprises are summarized for conventional and organic producers in Table 16.

Table 16- Lowland Beef Rearing Enterprise Gross Margin data 2007-08
Gross margins per head, per LU and per hectare
(Weighted average performance)

	Beef bred store cattle		Beef bred finished cattle	
	Conventional	Organic	Conventional	Organic
Number of head per farm	40	32	92	48
Stocking rate: LU/Ha	1.13	1.02	1.65	1.59
	£ per head			
Output	225	171	283	368
Variable Costs	106	71	142	89
Gross Margin per head	118	101	141	279
Gross Margin per LU	201	157	232	443
Gross Margin per Hectare	227	161	382	702

The lower variable costs per head for the organic producers results in higher gross margins except for the store cattle producer. The stocking rates are higher on the conventional producers, so some of the 'per head' advantage is lost on a per hectare basis. The beef bred store cattle producer accepts lower output from lower costs (mainly concentrate feed and forage), but with a gross margin per head similar to other producers and at low stocking rates.

Figure 13 Beef Bred Finished Cattle Gross Margin per Head and Per Hectare by herd size



The gross margin per head for the beef bred finished cattle is similar for the medium and large herds, but higher for the small sized group of producers (Figure 13). Most of this difference is due to higher variable costs with the output only slightly lower. The smallest herds have higher stocking rates so their per hectare figures are the highest and the medium sized group then have the lowest gross margin.

Table 17 –Lowland Ewe Gross Margin data

	CONVENTIONAL		ORGANIC
	Average	Premium*	Average
Ewes per flock	312	229	135
Average lamb sale price - £/lamb	44.2	45.9	52.0
Stocking rate - ewes per hectare	5.97	6.16	5.65
	£ per head		
Output	50.0	70.6	56.5
Variable Costs	28.2	28.5	28.3
Gross Margin per head	21.8	42.0	28.2
Gross Margin per LU	141	260	191
Gross Margin per Hectare	130	259	160

*Top third in order of gross margin per ewe

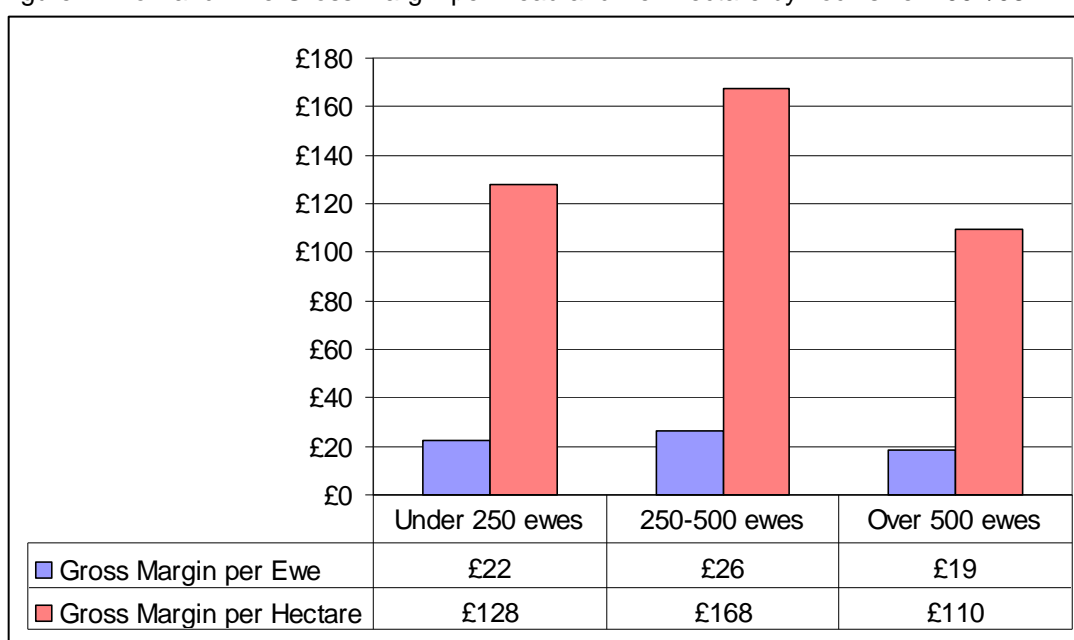
The gross margin details for the lowland ewes are given in Table 17 showing an advantage in margin of approximately 25% for the organic producers as compared to the conventional

producers. The gross margin per hectare from the sheep is below the rearing cattle enterprises, but close to that of the beef cows.

For the conventional producer the performance of the premium producer is approaching twice that of the average. All this advantage in gross margin results from extra output, with the variable costs for the sheep varying only by 30p per ewe. The average sale price of the lambs and the stocking rates are higher for the 'premium' producers.

Figure 14 illustrates the differences in gross margins by the size of flock with, the smallest group being better than the largest flocks but poorer than the medium sized flocks. The largest flocks have over 1,000 ewes per flock and are nearly three times the size of the medium sized flocks. They have lower output but the lower costs do not compensate sufficiently, hence the lower gross margin per head and per hectare.

Figure 14 Lowland Ewe Gross Margin per Head and Per Hectare by flock size. 2007/08



Comparing the gross margin per hectare across the differing livestock enterprises, including the scale of enterprise, the beef finishers have the highest margin followed by the ewes and then the beef cows.

Appendix 1 THE FARM BUSINESS SURVEY (FBS)

GENERAL

The FBS sample covers businesses with a Standard Labour Requirement of 0.5 and above. The sampled accounts close within the four months from the end of December to the end of the following April with concentrations at the close of the calendar year and towards the end of March and early April. Thus the results relate, on average, to March - February years.

CLASSIFICATION OF SURVEY FARMS BY TYPE OF FARMING AND SIZE OF BUSINESS

The Standard Labour Requirement (SLR) represents the average labour requirement in Full Time Equivalents for all the enterprises on a farm, under typical conditions for enterprises of average size and performance. The SLR for a farm is calculated from standard coefficients applied to each enterprise on the farm and represents the input of labour required per head of livestock or per hectare of crops. The lower size threshold for the FBS is 0.5 Standard Labour Requirement and therefore relate to farms with enough cropping and stocking to occupy the equivalent of one person for half of their time.

Farms in the sample are grouped by type of farm based on the EC system of classification defined by Commission Decision 85/377/EEC (with minor modifications to adapt it to United Kingdom conditions) and Standard Gross Margins per hectare of crop area and per head of livestock estimated over the period 1999-2001.

The Standard Gross Margin (SGM) is a financial measure used to classify farm type. It is based on the concept of gross margin which for any enterprise is given by the enterprise output less variable costs. Standards have been calculated using information from a variety of sources, for all major enterprises for three regions of England. Each farm is assigned a total SGM by aggregating the SGM's for its agricultural enterprises. The farm is classified into a 'particular' type of farming by evaluating the proportion of its total SGM deriving from different enterprises. In the UK the farms are grouped to give twenty five main types, of which only the first twenty are relevant to the FBS, and nine robust types.

The chief characteristics of the robust types are summarised as follows:

Dairy Farms where the dairy enterprise, including followers, accounts for over two-thirds of their total SGM.

LFA grazing livestock

Farms with more than two-thirds of their total SGM in cattle and sheep except holdings classified as dairy. A farm is classified as in the LFA if 50% or more of its total area is in the EC Less Favoured Area (both Disadvantaged and Severely Disadvantaged).

Lowland grazing livestock

Farms with more than two-thirds of their total SGM in cattle and sheep except holdings classified as dairy. A farm is classified as "lowland" if less than 50% of its total area is in the EC Less Favoured Area.

Cereals Farms on which cereals, oilseeds, peas and beans harvested dry and land set aside account for over two-thirds of their total SGM (holdings with more than two-thirds of their total SGM in set-aside are excluded from the survey results).

General cropping Farms with over two-thirds of their total SGM in arable crops (including field scale vegetables) or a mixture of arable and horticultural crops; and holdings where arable crops account for more than one-third of total SGM and no other grouping accounts for more than one-third.

Specialist pigs Farms on which pigs account for over two-thirds of their total SGM.

Specialist poultry Farms on which poultry account for over two-thirds of their total SGM.

Mixed farms Farms where crops account for one-third, but less than two-thirds of total SGM and livestock accounts for one-third, but less than two-thirds of total SGM. It also includes holdings with mixtures of cattle and sheep and pigs and poultry and holdings where one or other of these groups is dominant, but does not account for more than two-thirds of the total SGM.

Farm business size in the United Kingdom is measured in Standard Labour Requirements (SLR) expressed in terms of full-time equivalents. Four size groups are defined for this report:

- Part-time (greater than 0.5 and less than 1.0)
- Small (greater than or equal to 1 less than 2)
- Medium (greater than or equal to 2 less than 3)
- Large (greater than or equal to 3 less than 5)
- Very Large (greater than or equal to 5)

WEIGHTING PROCEDURE

All results in this report are weighted so as to provide estimates for the population. The weights are based on the ratio of numbers of businesses in the population (as given by the June Census) and in the sample within each farm type and size group. These weights are then further refined by a calibration process using information from sources other than the Census (mostly administrative data).

DEFINITION OF TERMS

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

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

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

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

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

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

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

<http://statistics.defra.gov.uk/esg/publications/fiuk/2000/Whole.PDF>. A summary of the main livestock units is shown below

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
Bulls	0.75 LU	Lowland Ewes	0.10 LU	Upland Ewes	0.08 LU
Hill Ewes	0.06 LU	Store lambs	0.04 LU	Rams	0.08 LU

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

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

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

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

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

(d) **Rental Income** comprises the renting-out of farm cottages and other buildings, where these are inseparable from the main farm account

(e) **Contract work** includes returns from the use of farm resources for hirework

(f) **Miscellaneous output includes** returns from recreational activities, added value activities, the private share of the rental of the farmhouse and the value of any farm labour or other inputs used for producing capital assets for the farm.

Total farm output is the sum of crop and livestock enterprise output, income from the agri-environment schemes, single payment scheme and miscellaneous output, and the adjustment for previous years' crops. It excludes breeding livestock stock appreciation.

Inputs comprise payments and the estimated value of non-cash inputs, including home-grown feed and seed, adjusted for changes in stocks and creditors between the beginning and end of the year. The appropriate share of any input not used entirely by the farm business is deducted.

Total variable costs

These are taken to be costs of feed, veterinary fees and medicines, other livestock costs, seeds, fertilisers, crop protection and other crop costs.

Concentrate feed 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.

Purchased 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 fees and medicines consist of veterinary fees and the cost of all 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. and other livestock costs not separately identified.

Seeds This comprises expenditure on purchased seeds, plants and trees adjusted for changes in stocks. Home-grown seed from the previous crop is included and charged at estimated market price: any seeds from current crops and sown for a succeeding crop are excluded, but are included in the closing valuation of the crop and hence in enterprise output. This enables the value of homegrown seed used in the production of the current crop to be identified.

Fertilizers This includes lime, fertilisers and other manures, and is adjusted for changes in stock. Fertilisers sown for next year's crops are treated as if they were still in store and are included in the closing valuation.

Crop protection This includes costs of pre-emergent sprays, fungicides, herbicides, dusts and insecticides and other 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.

Total fixed costs

These are the costs of labour, machinery, contract work, land and buildings, other general farming costs and depreciation.

Labour (excluding farmer and spouse) 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 valued at the appropriate rate for the work actually done (e.g. AWB rates). The value of the manual labour of the farmer and spouse is not charged as an input in calculating net farm income

Contract costs These costs include expenditure on work carried out by agricultural contractors, including the costs of materials employed, such as fertilisers, unless these can be allocated to the specific heading. Costs of hiring machines to be used by the farm's own labour are also included. Expenditure on contract labour is only included here if it is associated with the hiring of a machine. Otherwise it is entered under (casual) labour.

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 as Property repairs, the actual rents paid by tenant farmers and drainage rates where incurred. Payments for grass keep and bare land are also included. For land and buildings owned a 'rental value' is included based on similar payments made by tenants in similar circumstances.

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

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

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

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

Because of these two restrictions, NFI is not a proxy for farm business income; other measures, such as Net Profit and Family Farm Income should be used instead. Nor is it a proxy for farm household income both because NFI does not accurately represent the farmer and spouse share of the business and because it takes no account of any income from off-farm sources.

Breeding livestock stock appreciation represents the change in market prices of breeding cattle, sheep and pigs between the opening and closing valuations.

Farm business income (FBI) for sole traders and partnerships represents the financial return to all unpaid labour (farmers and spouses, non-principal partners and directors and their spouses and family workers) and on all their capital invested in the farm business, including land and buildings. It is defined as Total Farm Output (TFO) plus profit / loss on sale of assets minus cost (C): where TFO is defined as the sum of output from: crop enterprises, adjustment for disposal of previous crops, livestock enterprises, separable non-agricultural diversification, single farm payment, agri-environmental payments, other grants and subsidies, miscellaneous receipts; C is defined as variable costs plus fixed costs. For corporate businesses it represents the financial return on the shareholders capital invested in the farm business. It is used when assessing the impact of new policies or regulations on the individual farm business. Although Farm Business Income is equivalent to financial Net Profit,

in practice they are likely to differ because Net Profit is derived from financial accounting principles whereas Farm Business Income is derived from management accounting principles. For example in financial accounting output stocks are usually valued at cost of production, whereas in management accounting they are usually valued at market price. In financial accounting depreciation is usually calculated at historic cost whereas in management accounting it is often calculated at replacement cost.

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

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

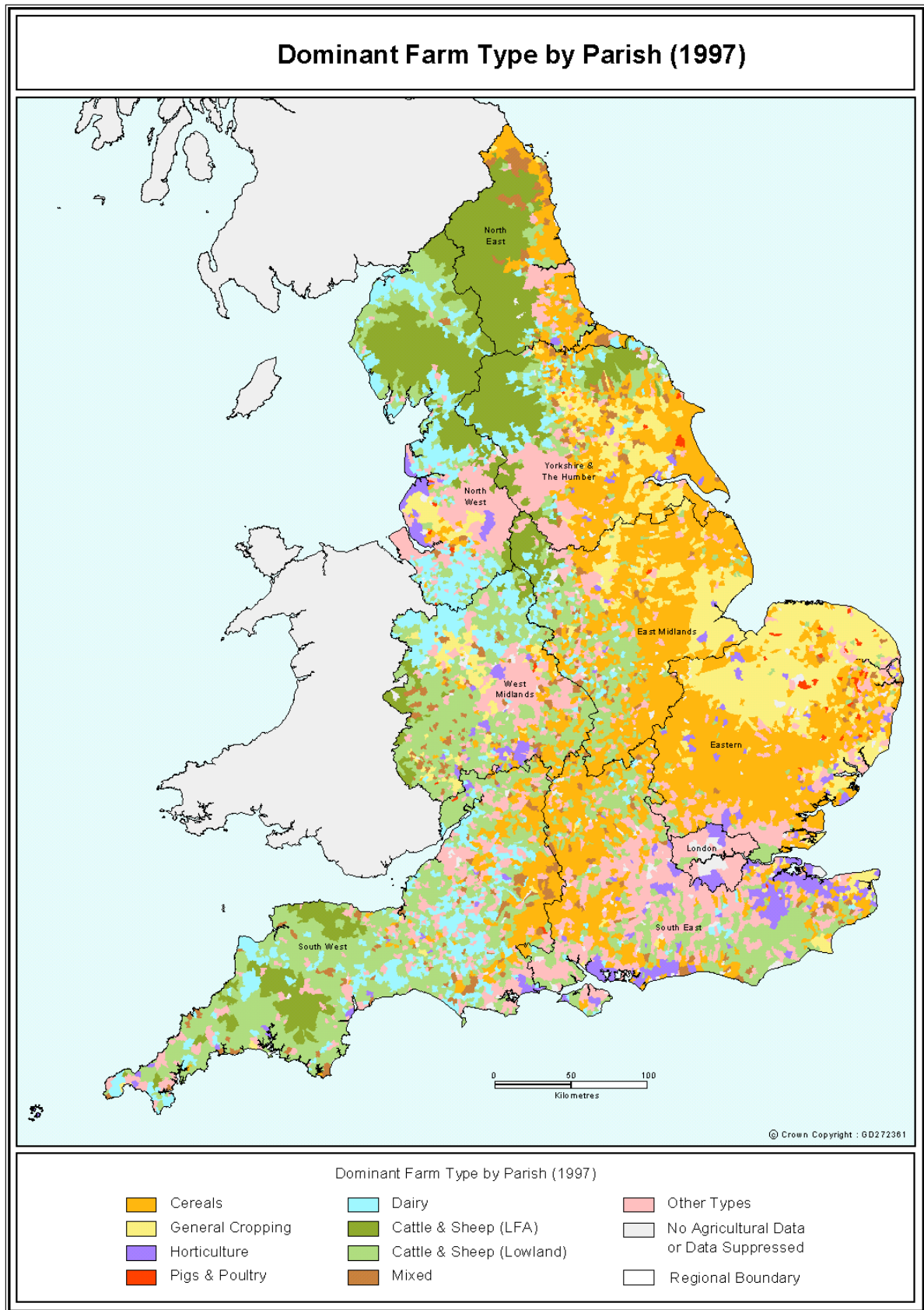
BALANCE SHEET TABLES

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

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

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

Appendix 2- Farm Types in England



Source: DEFRA

Appendix 3- Analysis of English Grazing Livestock Farms (Lowland) by Farm Sub-type

England Grazing Livestock (Lowland)

Gross Output, Variable Costs and Farm Gross Margin, 2007/2008

	Farm sub-type					
	Average all farms	Beef	Sheep	Beef & Sheep	Agri-related	Other
Number of farms in group	241	41	22	45	57	44
Average farmed area (hectares)	88.67	71.91	86.80	98.44	93.07	94.38
Average proportion of owned total farmed area	57%	68%	33%	50%	58%	59%
	£ per farm					
<u>Output</u>						
Cattle	24091	44677	1389	21743	16689	28205
Sheep	9105	3977	29151	17666	5337	7014
Other livestock	1719	386	0	228	687	6977
Crops	3088	2693	263	3711	797	8369
Forage	3011	1311	1221	1276	2734	7801
Hill Farm Allowance	33	0	55	127	29	0
Environmentally Sensitive Area	760	400	830	279	1550	586
Countryside stewardship Higher and Entry Level Stewardship	1463	86	187	892	2995	1004
Organic Aid/ Organic Entry Level stewardship	1834	836	1144	1447	1793	2066
Other management/ agri-environment schemes	194	0	0	0	0	0
Single Payment Scheme	129	282	0	44	46	73
Rental income	16087	14624	9674	15185	19122	17929
Contract work	3246	1046	1025	1731	7145	2735
Miscellaneous output	2994	633	2045	2539	6534	1895
	3602	523	660	690	8794	3236
TOTAL FARM OUTPUT	71356	71474	47642	67558	74253	87891
<u>Variable costs</u>						
Concentrates	8171	13498	5613	9480	5149	10393
Purchased fodder	970	1072	2801	671	1053	491
Veterinary and medicines	1974	1995	2863	2298	1786	2083
Other livestock costs	4405	5278	4757	4739	3913	4441
Seeds	501	542	96	469	342	853
Fertilisers	2015	2537	1165	2644	1632	2917
Crop protection	440	405	190	434	364	907
Other crop costs	566	411	115	413	573	1143
TOTAL VARIABLE COSTS	19041	25739	17599	21147	14813	23229
TOTAL GROSS MARGIN	52314	45735	30043	46412	59440	64662

Lowland Grazing Livestock Production in England 2007/2008

Fixed Costs, Net Farm Income and Management & Investment Income, 2007/2008

	Average all farms	Beef	Sheep	Beef & Sheep	Agri- related	Other	
		£ per farm					
TOTAL GROSS MARGIN	52314	45735	30043	46412	59440	64662	
<u>Fixed costs</u>							
Paid regular labour	3398	1206	1069	1801	6104	4182	
Unpaid regular family labour	2603	2488	3220	3873	1588	3032	
Casual labour	1048	320	1802	718	1324	1381	
Contract	3467	3392	1339	2929	3768	4458	
Machinery repairs	3162	2732	2255	2526	3405	4298	
Machinery fuel	2820	2709	2143	3005	2998	3260	
Machinery depreciation	6069	5737	3203	6799	6016	7615	
Other depreciation	0	0	0	0	0	0	
Property maintenance	2479	1951	1170	1861	3584	2366	
Electricity	699	509	378	442	709	1202	
Other fuel	211	105	56	171	288	294	
Water	911	1101	381	820	1059	948	
Insurance	2531	2240	1952	2366	3095	2700	
Professional fees	1665	1264	1345	1305	2007	1978	
Other general costs	2426	1833	1903	2350	2903	2596	
Rent, hired in keep and bare land	3822	2461	5974	4727	3597	4467	
Rates	153	49	113	40	301	168	
Rental value of owner occupied land and buildings	8333	8361	4025	7479	9860	8872	
TOTAL FIXED COSTS	45797	38458	32329	43212	52607	53817	
NET FARM INCOME (NFI)	6517	7277	-2286	3200	6832	10845	
Less farmer and spouse labour	17126	17962	14897	20619	15090	18385	
MANAGEMENT AND INVESTMENT INCOME (M&I)	-10609	-10685	-17183	-17419	-8258	-7541	

Lowland Grazing Livestock Production in England 2007/2008

Other Income Measures, 2007/2008

		Average all farms	Farm sub-type				Other
			Beef	Sheep	Beef & Sheep	Agri- related	
Reconciliation between Net Farm Income and Farm Business Profit							
	NET FARM INCOME	6517	7276	-2286	3200	6832	10844
Plus-	Unpaid labour of partners	2603	2488	3220	3873	1588	3032
Less-	Net Interest	2763	2979	1893	2583	2674	3470
Plus-	Imputed rent and rental value	8333	8361	4025	7479	9860	8872
Less-	Imputed rental income	299	136	394	402	283	416
Less-	Landlord type expenses	468	291	120	245	939	314
	Buildings and works						
Less-	depreciation	2169	1769	837	1607	3580	2091
Plus-	Net income from assets associated with the farm business	602	197	341	32	146	2159
Equals-	FARM BUSINESS INCOME	12357	13149	2056	9748	10952	18617
Less-	All unpaid labour	19729	20450	18117	24492	16678	21417
Equals-	FARM CORPORATE INCOME	-7372	-7301	-16061	-14744	-5727	-2800
Plus-	Net Interest	2763	2979	1893	2583	2674	3470
Equals-	FARM INVESTMENT INCOME	-4609	-4322	-14168	-12161	-3053	669

Lowland Grazing Livestock Production in England 2007/2008

Land Use and Indicators of Technical Efficiency, 2007/2008

	Farm sub-type					
	Average all farms	Beef	Sheep	Beef & Sheep	Agri-related	Other
Number of farms in group	241	41	22	45	57	44
Average farmed area (hectares)	88.67	71.91	86.80	98.44	93.07	94.38
Average proportion of owned total farmed area (%)	57%	68%	33%	50%	58%	59%
Land use						
Area of crops	3.8	2.9	0.4	4.9	1.7	9.2
Temporary grass	10.0	8.2	4.4	10.8	7.2	14.8
Permanent grass	64.2	53.8	72.8	69.7	67.4	62.8
Fodder crops	1.9	2.7	1.0	1.1	1.4	3.2
Rough grazing	4.4	0.4	4.1	2.1	12.1	0.3
Uncropped, fallow and turf	0.5	0.0	0.0	0.1	0.8	1.3
Forage hired in	3.8	4.0	4.2	9.9	2.5	2.8
Stocking						
Average number of dairy cows	1	0	0	0	0	4
Average number of beef cows	26	34	4	29	29	22
Average number of other cattle	73	132	6	74	56	79
Average number of ewes	172	63	541	300	132	132
Average number of other sheep	520	190	1636	897	400	398
Grazing livestock units						
			GLUs per farm			
Dairy cows	1.0	0.4	0.0	0.0	0.0	4.1
Beef cows	13.1	17.2	2.2	14.4	14.3	11.1
Other cattle	46.2	80.3	4.3	45.0	37.1	49.7
Sheep	30.6	11.3	93.6	54.1	23.9	23.7
Other livestock	1.6	0.2	0.0	0.4	2.4	3.4
Total	92.5	109.4	100.1	113.8	77.7	92.0
GLUs per ha	1.10	1.58	1.16	1.22	0.86	1.10
GLUs per adjusted ha	1.11	1.59	1.21	1.23	0.87	1.10

Lowland Grazing Livestock Production in England 2007/2008

Balance Sheet, 2007/2008
(end of year)

	Farm sub-type					
	Average all farms	Beef	Sheep	Beef & Sheep	Agri-related	Other
Number of farms in group	241	41	22	45	57	44
Average farmed area (hectares)	88.67	71.91	86.80	98.44	93.07	94.38
Average proportion of owned total farmed area	57%	68%	33%	50%	58%	59%
	£ per farm					
End of year assets & liabilities						
Land & buildings	516743	468911	299842	470798	558329	552970
Milk quota	254	331	0	0	27	864
Single Payment Scheme	23475	19896	15887	22642	27480	26182
Machinery	32224	30375	16896	33773	33455	40404
Tenant's other assets	1055	474	43	139	1833	2012
Breeding livestock	28411	26496	34542	37408	26631	27626
Total fixed assets	602162	546482	367210	564761	647754	650058
Trading livestock	27771	49412	8199	27381	22253	28216
Crops	4825	166	39	1284	286	22193
Forage and cultivations	3945	4360	3013	3695	3254	5559
Stores	2792	3331	835	3038	3218	3389
Debtors and loans	10095	7006	5811	7455	14604	12478
Bank credit and cash	15231	5156	3646	14257	17267	18849
Other current assets	0	0	0	0	0	0
Total current assets	64658	69432	21544	57111	60881	90684
Total assets	666820	615913	388754	621872	708635	740742
Financed by						
AMC	8292	1444	3778	10558	3634	20807
Bank loans	11678	12675	4631	7850	15778	14149
Other long term	6249	12650	4591	4226	6680	2290
Total long term	26219	26769	13000	22635	26092	37246
HP and lease	2431	1172	1552	3827	2956	2531
Creditors	6505	7148	8614	5448	7346	6201
Bank overdraft	16070	18884	14248	17625	18759	14398
Other short term	480	1186	190	379	467	192
Total current liabilities	25487	28391	24604	27278	29528	23322
Total Liabilities	51706	55160	37604	49913	55621	60567
Net worth	615113	560754	351150	571959	653015	680174
Balance sheet ratios						
% Owner equity (net worth vs. total assets)	92%	91%	90%	92%	92%	92%
% Fixed assets vs. total assets	90%	89%	94%	91%	91%	88%
Gearing (long-term loans vs. total assets)	4%	4%	3%	4%	4%	5%
Total debt (external liabilities vs. net worth)	8%	10%	11%	9%	9%	9%

FUND FLOWS, 2007/2008

	Average all farms	Beef	Sheep	Beef & Sheep	Agri- related	Other
Number of farms in group	241	41	22	45	57	44
Average farmed area (hectares)	88.67	71.91	86.80	98.44	93.07	94.38
Average proportion of owned total farmed area (%)	57%	68%	33%	50%	58%	59%
			£ per farm			
Funds available from trading						
Farm Business Income	12357	13149	2056	9748	10952	18617
Buildings and works depreciation	2169	1769	837	1607	3580	2091
Machinery depreciation	6069	5737	3203	6799	6016	7615
Change in valuation	-3247	-8111	80	-2538	-2112	-2882
Trading net fund flow surplus(+)/deficit(-)						
	17348	12543	6176	15617	18435	25441
Funds used for farm investments						
Net property and quota purchases	1748	-312	2493	4005	4156	-868
Net landlord capital purchases	1988	1531	1943	2379	2525	1938
Net machinery and equipment purchases	6308	4721	2845	4841	8873	8097
Capital net fund flow						
	10044	5940	7281	11225	15554	9167
Total farm fund flow surplus (+) /deficit (-)						
	7303	6603	-1105	4392	2881	16274
Funds used for private expenditure						
Private drawings	17587	15136	13151	17436	16075	23244
Funds transferred out	21778	9051	4041	63835	28350	4245
Funds transferred in	29882	15160	12108	73630	31239	17234
Other imputed items and adjustments	427	87	-146	504	569	981
Private fund outflow(+)/inflow(-)						
	9055	8939	5229	7138	12617	9274
Total net fund flow surplus (+) /deficit (-)						
	-1752	-2336	-6334	-2746	-9736	7000
Changes in external funding						
Increase (+);decrease (-) in loans and deposits	-2840	-4137	1313	791	-1467	-5771
Increase(+);decrease(-) in bank balance	-1191	-2373	1455	1854	-6639	2689
Increase(+);Decrease(-) in cash in hand	61	0	0	0	221	-5
Increase(+):decrease(-) in debtors	-3324	-4345	-3973	-3417	-4726	-900
Increase(+):decrease(-) in creditors	138	-245	2503	393	59	555
Net change in funding increase(+)/decrease(-)						
	1752	2336	6334	2746	9736	-7000

Appendix 4- Analysis of English Grazing Livestock Farms (Lowland) – Organic and Conventional

England Grazing Livestock (Lowland)

Gross Output, Variable Costs and Farm Gross Margin, 2007/2008

	Type of Production	
	Conventional	Organic
Number of farms in group	209	32
Average farmed area (hectares)	89.25	83.73
Average proportion of owned total farmed area	56%	65%
	£ per farm	
<u>Output</u>		
Cattle	24390	21552
Sheep	9654	4450
Other livestock	1907	126
Crops	3305	1248
Forage	3210	1323
Hill Farm Allowance	34	17
Environmentally Sensitive Area	826	193
Countryside stewardship	1347	2453
Higher and Entry Level Stewardship	1541	4321
Organic Aid/ Organic Entry Level stewardship	0	1840
Other management/ agri-environment schemes	96	409
Single Payment Scheme	16402	13417
Rental income	3455	1479
Contract work	3212	1148
Miscellaneous output	3781	2092
TOTAL FARM OUTPUT	73161	56068
<u>Variable costs</u>		
Concentrates	8780	3008
Purchased fodder	1037	400
Veterinary and medicines	2080	1076
Other livestock costs	4524	3392
Seeds	495	554
Fertilisers	2223	250
Crop protection	489	24
Other crop costs	599	280
TOTAL VARIABLE COSTS	20229	8983
TOTAL GROSS MARGIN	52932	47084

Lowland Grazing Livestock Production in England 2007/2008

Fixed Costs, Net Farm Income and Management & Investment Income, 2007/2008

	Type of Production	
	Conventional	Organic
	£ per farm	
TOTAL GROSS MARGIN	52932	47084
<u>Fixed costs</u>		
Paid regular labour	3502	2520
Unpaid regular family labour	2616	2498
Casual labour	1080	778
Contract	3482	3340
Machinery repairs	3219	2676
Machinery fuel	2917	2001
Machinery depreciation	6174	5180
Other depreciation	0	3
Property maintenance	2470	2555
Electricity	705	645
Other fuel	211	213
Water	940	666
Insurance	2605	1900
Professional fees	1674	1589
Other general costs	2431	2386
Rent, hired in keep and bare land	3965	2614
Rates	160	89
Rental value of owner occupied land and buildings	8395	7804
TOTAL FIXED COSTS	46546	39456
NET FARM INCOME (NFI)	6386	7628
Less farmer and spouse labour	17278	15835
MANAGEMENT AND INVESTMENT INCOME (M&I)	-10893	-8208

Lowland Grazing Livestock Production in England 2007/2008

Other Income Measures, 2007/2008

		Type of Production	
		Conventional	Organic
Reconciliation between Net Farm Income and Farm Business Profit			
	NET FARM INCOME	6386	7628
Plus-	Unpaid labour of partners	2616	2498
Less-	Net Interest	2827	2217
Plus-	Imputed rent and rental value	8395	7804
Less-	Imputed rental income	312	186
Less-	Landlord type expenses	477	398
Less-	Buildings and works depreciation	2298	1076
Plus-	Net income from assets associated with the farm business	612	520
Equals-	FARM BUSINESS INCOME	12095	14572
Less-	All unpaid labour	19894	18333
Equals-	FARM CORPORATE INCOME	-7799	-3761
Plus-	Net Interest	2827	2217
Equals-	FARM INVESTMENT INCOME	-4972	-1544

Lowland Grazing Livestock Production in England 2007/2008

Land Use and Indicators of Technical Efficiency, 2007/2008

Type of Production

	Conventional	Organic
Number of farms in group	209	32
Average farmed area (hectares)	89.25	83.73
Average proportion of owned total farmed area (%)	56%	65%
Land use		
Area of crops	4.0	2.4
Temporary grass	9.4	14.6
Permanent grass	64.4	62.2
Fodder crops	2.0	1.2
Rough grazing	4.7	2.2
Uncropped, fallow and turf	0.6	0.2
Forage hired in	4.2	0.9
Stocking		
Average number of dairy cows	1	1
Average number of beef cows	26	28
Average number of other cattle	75	62
Average number of ewes	183	78
Average number of other sheep	553	237
Grazing livestock units		
	GLUs per farm	
Dairy cows	1.0	0.7
Beef cows	13.0	14.0
Other cattle	46.9	40.0
Sheep	32.7	13.4
Other livestock	1.6	0.9
Total	95.3	69.1
GLUs per ha	1.13	0.85
GLUs per adjusted ha	1.14	0.86

Lowland Grazing Livestock Production in England 2007/2008

Balance Sheet, 2007/2008
(end of year)

	Type of Production	
	Conventional	Organic
Number of farms in group	209	32
Average farmed area (hectares)	89.25	83.73
Average proportion of owned total farmed area	56%	65%
	£ per farm	
End of year assets & liabilities		
Land & buildings	500191	656943
Milk quota	272	108
Single Payment Scheme	23754	21114
Machinery	32856	26871
Tenant's other assets	1155	205
Breeding livestock	29282	21033
Total fixed assets	587509	726276
Trading livestock	28660	20235
Crops	5340	461
Forage and cultivations	4049	3062
Stores	3024	828
Debtors and loans	10592	5891
Bank credit and cash	13352	31143
Other current assets	0	0
Total current assets	65017	61619
Total assets	652526	787895
Financed by		
AMC	8164	9375
Bank loans	12456	5087
Other long term	6333	5539
Total long term	26953	20001
HP and lease	2495	1886
Creditors	6869	3424
Bank overdraft	17190	6583
Other short term	513	205
Total current liabilities	27067	12098
Total Liabilities	54021	32099
Net worth	598505	755796
Balance sheet ratios		
% Owner equity (net worth vs. total assets)	92%	96%
% Fixed assets vs. total assets	90%	92%
Gearing (long-term loans vs. total assets)	4%	3%
Total debt (external liabilities vs. net worth)	9%	4%

FUND FLOWS, 2007/2008

	Type of Production	
	Conventional	Organic
Number of farms in group	209	32
Average farmed area (hectares)	89.25	83.73
Average proportion of owned total farmed area (%)	56%	65%
	£ per farm	
Funds available from trading		
Farm Business Income	12095	14572
Buildings and works depreciation	2298	1076
Machinery depreciation	6174	5183
Change in valuation	-3380	-2122
Trading net fund flow surplus(+)/deficit(-)	17186	18709
Funds used for farm investments		
Net property and quota purchases	1918	311
Net landlord capital purchases	2109	965
Net machinery and equipment purchases	6631	3572
Capital net fund flow	10658	4847
Total farm fund flow surplus(+)/deficit (-)	6528	13862
Funds used for private expenditure		
Private drawings	17435	18873
Funds transferred out	22196	18230
Funds transferred in	29612	32173
Other imputed items and adjustments	484	-58
Private fund outflow(+)/inflow(-)	9535	4987
Total net fund flow surplus (+) /deficit (-)	-3007	8875
Changes in external funding		
Increase (+);decrease (-) in loans and deposits	-2367	-6842
Increase(+);decrease(-) in bank balance	-1542	1783
Increase(+);Decrease(-) in cash in hand	69	0
Increase(+);decrease(-) in debtors	-3506	-1784
Increase(+);decrease(-) in creditors	395	-2034
Net change in funding increase(+)/decrease(-)	3007	-8875

Appendix 5- Analysis of English Grazing Livestock Farms (Lowland) by EU Region

England Grazing Livestock (Lowland)

Gross Output, Variable Costs and Farm Gross Margin, 2007/2008

	Average all farms	EU Region		
		North	East	West
Number of farms in group	241	45	85	111
Average farmed area (hectares)	88.67	96.27	110.66	70.78
Average proportion of owned total farmed area	57%	53%	50%	67%
		£ per farm		
<u>Output</u>				
Cattle	24091	29949	21393	23676
Sheep	9105	11079	10824	7175
Other livestock	1719	3662	2513	431
Crops	3088	3080	1642	4075
Forage	3011	5150	2605	2465
Hill Farm Allowance	33	44	0	50
Environmentally Sensitive Area	760	110	1419	560
Countryside stewardship	1463	1605	1680	1262
Higher and Entry Level Stewardship	1834	1201	3056	1246
Organic Aid/ Organic Entry Level stewardship	194	18	179	272
Other management/ agri-environment schemes	129	24	236	96
Single Payment Scheme	16087	19065	16815	14447
Rental income	3246	2539	4699	2528
Contract work	2994	2053	4286	2477
Miscellaneous output	3602	8004	4019	1627
TOTAL FARM OUTPUT	71356	87583	75365	62388
<u>Variable costs</u>				
Concentrates	8171	12070	7871	6876
Purchased fodder	970	1121	1809	340
Veterinary and medicines	1974	2474	2214	1618
Other livestock costs	4405	5309	4455	4023
Seeds	501	563	387	555
Fertilisers	2015	3298	1117	2134
Crop protection	440	456	428	442
Other crop costs	566	594	418	655
TOTAL VARIABLE COSTS	19041	25886	18699	16644
TOTAL GROSS MARGIN	52314	61697	56666	45744

Lowland Grazing Livestock Production in England 2007/2008

Fixed Costs, Net Farm Income and Management & Investment Income, 2007/2008

	Average all farms	EU Region		
		North	East	West
		£ per farm		
TOTAL GROSS MARGIN	52314	61697	56666	45744
<u>Fixed costs</u>				
Paid regular labour	3398	6632	4098	1679
Unpaid regular family labour	2603	2923	1795	3031
Casual labour	1048	1378	1287	759
Contract	3467	3811	3820	3094
Machinery repairs	3162	3322	3291	3013
Machinery fuel	2820	3237	2930	2585
Machinery depreciation	6069	6372	6469	5680
Other depreciation	0	0	1	0
Property maintenance	2479	1991	2805	2444
Electricity	699	709	777	642
Other fuel	211	226	142	253
Water	911	1005	1126	729
Insurance	2531	2672	2781	2307
Professional fees	1665	1879	1983	1365
Other general costs	2426	2846	2787	2018
Rent, hired in keep and bare land	3822	4078	4450	3296
Rates	153	232	209	84
Rental value of owner occupied land and buildings	8333	8942	9318	7427
TOTAL FIXED COSTS	45797	52255	50070	40405
NET FARM INCOME (NFI)	6517	9442	6597	5339
Less farmer and spouse labour	17126	14241	16884	18399
MANAGEMENT AND INVESTMENT INCOME (M&I)	-10609	-4800	-10289	-13060

Lowland Grazing Livestock Production in England 2007/2008

Other Income Measures, 2007/2008

		Average all farms	EU Region		
			North	East	West
Reconciliation between Net Farm Income and Farm Business Profit					
	NET FARM INCOME	6517	9442	6596	5339
Plus-	Unpaid labour of partners	2603	2923	1795	3031
Less-	Net Interest	2763	4778	3021	1813
Plus-	Imputed rent and rental value	8333	8942	9318	7427
Less-	Imputed rental income	299	292	290	307
Less-	Landlord type expenses	468	322	438	545
Less-	Buildings and works depreciation	2169	3577	2265	1562
Plus-	Net income from assets associated with the farm business	602	1447	168	573
Equals-	FARM BUSINESS INCOME	12357	13784	11864	12144
Less-	All unpaid labour	19729	17164	18679	21430
Equals-	FARM CORPORATE INCOME	-7372	-3380	-6815	-9286
Plus-	Net Interest	2763	4778	3021	1813
Equals-	FARM INVESTMENT INCOME	-4609	1398	-3794	-7473

Lowland Grazing Livestock Production in England 2007/2008

Land Use and Indicators of Technical Efficiency, 2007/2008

	Average all farms	EU Region		
		North	East	West
Number of farms in group	241	45	85	111
Average farmed area (hectares)	88.67	96.27	110.66	70.78
Average proportion of owned total farmed area (%)	57%	53%	50%	67%
Land use				
Area of crops	3.8	4.0	2.6	4.6
Temporary grass	10.0	16.5	5.4	10.5
Permanent grass	64.2	53.4	94.5	47.7
Fodder crops	1.9	1.6	2.2	1.8
Rough grazing	4.4	16.9	1.8	1.4
Uncropped, fallow and turf	0.5	0.8	0.5	0.4
Forage hired in	3.8	3.0	3.6	4.3
Stocking				
Average number of dairy cows	1	0	0	2
Average number of beef cows	26	28	33	21
Average number of other cattle	73	84	71	71
Average number of ewes	172	190	218	134
Average number of other sheep	520	577	662	401
Grazing livestock units				
		GLUs per farm		
Dairy cows	1.0	0.0	0.0	2.0
Beef cows	13.1	13.8	16.4	10.7
Other cattle	46.2	52.4	45.6	44.2
Sheep	30.6	35.9	38.5	23.3
Other livestock	1.6	2.7	2.3	0.6
Total	92.5	104.8	102.8	80.8
GLUs per ha	1.10	1.15	0.96	1.23
GLUs per adjusted ha	1.11	1.17	0.96	1.24

Lowland Grazing Livestock Production in England 2007/2008

Balance Sheet, 2007/2008
(end of year)

	Average all farms	EU Region		
		North	East	West
Number of farms in group	241	45	85	111
Average farmed area (hectares)	88.67	96.27	110.66	70.78
Average proportion of owned total farmed area	57%	53%	50%	67%
		£ per farm		
End of year assets & liabilities				
Land & buildings	516743	491858	563238	494640
Milk quota	254	276	41	391
Single Payment Scheme	23475	27368	25860	20355
Machinery	32224	34232	32405	31329
Tenant's other assets	1055	1736	401	1239
Breeding livestock	28411	32672	32140	24234
Total fixed assets	602162	588142	654085	572187
Trading livestock	27771	36116	26104	25698
Crops	4825	685	480	9376
Forage and cultivations	3945	2102	5200	3798
Stores	2792	2958	2676	2806
Debtors and loans	10095	11183	11107	8988
Bank credit and cash	15231	11934	21989	11894
Other current assets	0	0	0	0
Total current assets	64658	64977	67557	62561
Total assets	666820	653119	721642	634747
Financed by				
AMC	8292	1888	12355	7985
Bank loans	11678	29295	7928	7462
Other long term	6249	1253	9608	5882
Total long term	26219	32436	29891	21329
HP and lease	2431	1432	3330	2203
Creditors	6505	7934	7233	5461
Bank overdraft	16070	28986	17659	10025
Other short term	480	881	215	507
Total current liabilities	25487	39233	28437	18195
Total Liabilities	51706	71669	58328	39524
Net worth	615113	581450	663314	595223
Balance sheet ratios				
% Owner equity (net worth vs. total assets)	92%	89%	92%	94%
% Fixed assets vs. total assets	90%	90%	91%	90%
Gearing (long-term loans vs. total assets)	4%	5%	4%	3%
Total debt (external liabilities vs. net worth)	8%	12%	9%	7%

FUND FLOWS, 2007/2008

	Average all farms	EU Region		
		North	East	West
Number of farms in group	241	45	85	111
Average farmed area (hectares)	88.67	96.27	110.66	70.78
Average proportion of owned total farmed area (%)	57%	53%	50%	67%
		£ per farm		
Funds available from trading				
Farm Business Income	12357	13784	11864	12144
Buildings and works depreciation	2169	3577	2265	1562
Machinery depreciation	6069	6372	6470	5680
Change in valuation	-3247	-5604	-2381	-2930
Trading net fund flow surplus(+)/deficit(-)	17348	18128	18218	16455
Funds used for farm investments				
Net property and quota purchases	1748	-3293	550	4502
Net landlord capital purchases	1988	2269	2967	1214
Net machinery and equipment purchases	6308	2756	7512	6852
Capital net fund flow	10044	1733	11029	12568
Total farm fund flow surplus (+) /deficit (-)	7303	16395	7189	3886
Funds used for private expenditure				
Private drawings	17587	17246	18145	17337
Funds transferred out	21778	65622	9778	13100
Funds transferred in	29882	65623	19229	23402
Other imputed items and adjustments	427	413	573	333
Private fund outflow(+)/inflow(-)	9055	16831	8121	6702
Total net fund flow surplus (+) /deficit (-)	-1752	-436	-932	-2816
Changes in external funding				
Increase (+);decrease (-) in loans and deposits	-2840	769	-5354	-2515
Increase(+);decrease(-) in bank balance	-1191	529	-3097	-555
Increase(+);Decrease(-) in cash in hand	61	336	-4	0
Increase(+):decrease(-) in debtors	-3324	-1169	-2366	-4805
Increase(+):decrease(-) in creditors	138	-638	820	-28
Net change in funding increase(+)/decrease(-)	1752	436	932	2816

Appendix 6- Analysis of English Grazing Livestock Farms (Lowland) by Farm Size by Standard Labour Requirement

England Grazing Livestock (Lowland)

Gross Output, Variable Costs and Farm Gross Margin,
2007/2008

	Farm size by Standard Labour Requirement				
	Part-time	Small	Medium	Large	Very large
Number of farms in group	62	76	44	42	17
Average farmed area (hectares)	55.26	83.87	113.36	157.01	370.58
Average proportion of owned total farmed area	72%	66%	69%	37%	13%
	£ per farm				
<u>Output</u>					
Cattle	15499	23221	31163	50934	69197
Sheep	2276	8040	14763	28381	53373
Other livestock	403	1193	443	550	32854
Crops	190	3952	3857	8261	20752
Forage	2015	3929	4886	3085	991
Hill Farm Allowance	4	9	147	94	148
Environmentally Sensitive Area	710	338	227	1875	5103
Countryside stewardship	1027	1978	1785	1071	2114
Higher and Entry Level Stewardship	1173	2395	1984	2598	3163
Organic Aid/ Organic Entry Level stewardship	160	282	0	266	272
Other management/ agri-environment schemes	235	1	176	36	0
Single Payment Scheme	10870	16097	22892	25171	45706
Rental income	3474	2726	2302	4953	4752
Contract work	2195	4197	2329	2850	4516
Miscellaneous output	3217	2783	2949	4887	16848
TOTAL FARM OUTPUT	43448	71143	89901	135015	259789
<u>Variable costs</u>					
Concentrates	3382	7291	10600	25191	37922
Purchased fodder	577	553	958	1156	10454
Veterinary and medicines	1072	1934	2075	4265	9583
Other livestock costs	2444	4443	5472	9201	17171
Seeds	176	701	664	797	1808
Fertilisers	896	2061	3643	4020	7203
Crop protection	110	480	608	983	2885
Other crop costs	559	640	359	587	551
TOTAL VARIABLE COSTS	9218	18103	24379	46199	87578
TOTAL GROSS MARGIN	34230	53040	65522	88815	172211

Fixed Costs, Net Farm Income and Management & Investment Income, 2006/2007

	Farm size by Standard Labour Requirement				
	Part-time	Small	Medium	Large	Very large
	£ per farm				
TOTAL GROSS MARGIN	34230	53040	65522	88815	172211
<u>Fixed costs</u>					
Paid regular labour	2413	2306	3110	6345	22913
Unpaid regular family labour	1804	2989	4149	3997	1424
Casual labour	722	854	711	1749	7236
Contract	2718	3681	3208	5821	7395
Machinery repairs	2150	3392	4013	4180	9871
Machinery fuel	1704	3108	4067	4392	7769
Machinery depreciation	4247	6543	7855	9371	13288
Other depreciation	0	1	0	0	0
Property maintenance	1989	2714	2940	3056	4090
Electricity	502	765	701	720	2762
Other fuel	187	260	118	163	487
Water	754	976	723	1240	2366
Insurance	2107	2609	2608	3621	4968
Professional fees	1509	1563	1958	2066	2993
Other general costs	1836	2661	2582	3547	5260
Rent, hired in keep and bare land	2062	3407	2889	10025	22116
Rates	135	192	59	85	471
Rental value of owner occupied land and buildings	6627	8392	12335	10353	13475
TOTAL FIXED COSTS	33467	46411	54028	70732	128882
NET FARM INCOME (NFI)	764	6629	11493	18083	43330
Less farmer and spouse labour	13834	18627	20534	23228	22576
MANAGEMENT AND INVESTMENT INCOME (M&I)	-13070	-11998	-9041	-5144	20753

Lowland Grazing Livestock Production in England 2007/2008

Other Income Measures, 2007/2008

		Farm size by Standard Labour Requirement				
		Part-time	Small	Medium	Large	Very large
Reconciliation between Net Farm Income and Farm Business Profit						
	NET FARM INCOME	764	6629	11494	18083	43330
Plus-	Unpaid labour of partners	1804	2989	4149	3997	1424
Less-	Net Interest	2168	2413	2497	5846	8697
Plus-	Imputed rent and rental value	6627	8392	12335	10353	13475
Less-	Imputed rental income	157	326	27	784	1856
Less-	Landlord type expenses	603	362	368	334	310
Less-	Buildings and works depreciation	1529	2004	2102	3719	9621
Plus-	Net income from assets associated with the farm business	856	266	835	462	0
Equals-	FARM BUSINESS INCOME	5596	13169	23820	22214	37743
Less-	All unpaid labour	15638	21616	24684	27225	24000
Equals-	FARM CORPORATE INCOME	-10043	-8447	-864	-5011	13743
Plus-	Net Interest	2168	2413	2497	5846	8697
Equals-	FARM INVESTMENT INCOME	-7875	-6034	1632	834	22440

Lowland Grazing Livestock Production in England 2007/2008

Land Use and Indicators of Technical Efficiency, 2007/2008

Farm size by Standard Labour Requirement

	Part-time	Small	Medium	Large	Very large
Number of farms in group	62	76	44	42	17
Average farmed area (hectares)	55.26	83.87	113.36	157.01	370.58
Average proportion of owned total farmed area (%)	72%	66%	69%	37%	13%
Land use					
Area of crops	0.5	4.7	6.1	9.1	21.8
Temporary grass	4.4	11.6	18.4	15.7	29.9
Permanent grass	46.1	59.7	80.2	111.7	203.9
Fodder crops	1.0	2.1	2.1	1.7	12.0
Rough grazing	1.6	1.9	0.3	0.8	91.7
Uncropped, fallow and turf	0.4	0.9	0.3	0.1	0.2
Forage hired in	1.2	3.0	5.9	17.9	11.0
Stocking					
Average number of dairy cows	0	1	2	3	11
Average number of beef cows	22	28	30	33	38
Average number of other cattle	50	75	102	139	146
Average number of ewes	48	141	283	490	1141
Average number of other sheep	146	428	857	1461	3448
Grazing livestock units					
	GLUs per farm				
Dairy cows	0.1	0.6	1.5	3.2	11.1
Beef cows	11.0	14.2	14.9	16.5	19.1
Other cattle	31.6	47.4	65.6	84.5	86.4
Sheep	9.1	26.6	47.4	88.7	188.0
Other livestock	0.3	0.8	2.3	1.8	24.2
Total	52.0	89.5	131.7	194.7	328.8
GLUs per ha	0.96	1.14	1.23	1.32	0.94
GLUs per adjusted ha	0.98	1.15	1.23	1.31	0.96

Lowland Grazing Livestock Production in England 2007/2008

Balance Sheet, 2007/2008
(end of year)

Farm size by Standard Labour Requirement

	Part-time	Small	Medium	Large	Very large
Number of farms in group	62	76	44	42	17
Average farmed area (hectares)	55.26	83.87	113.36	157.01	370.58
Average proportion of owned total farmed area	72%	66%	69%	37%	13%
	£ per farm				
End of year assets & liabilities					
Land & buildings	478128	515854	669838	582790	394445
Milk quota	115	405	209	445	386
Single Payment Scheme	15917	23174	31151	36905	76555
Machinery	22416	34282	43035	50098	71869
Tenant's other assets	744	1772	624	386	1053
Breeding livestock	16340	29450	33484	56299	107589
Total fixed assets	533660	604937	778341	726923	651898
Trading livestock	16740	26302	36817	68479	75214
Crops	38	13115	1245	2192	5322
Forage and cultivations	2476	4305	5722	5911	10407
Stores	1498	3184	3998	4861	8183
Debtors and loans	6278	11438	14777	12789	28004
Bank credit and cash	19039	8646	22697	10432	14509
Other current assets	0	0	0	0	0
Total current assets	46069	66990	85256	104663	141640
Total assets	579729	671927	863597	831586	793538
Financed by					
AMC	7183	10673	9438	3688	5936
Bank loans	8008	10834	10838	27806	38522
Other long term	3613	4748	8301	17566	26238
Total long term	18804	26255	28577	49059	70696
HP and lease	947	3052	3428	6342	4683
Creditors	3840	5597	8068	13492	32332
Bank overdraft	13048	11028	15556	50965	33224
Other short term	169	669	656	1209	672
Total current liabilities	18003	20347	27707	72009	70912
Total Liabilities	36807	46602	56284	121068	141608
Net worth	542922	625325	807313	710518	651930
Balance sheet ratios					
% Owner equity (net worth vs. total assets)	94%	93%	93%	85%	82%
% Fixed assets vs. total assets	92%	90%	90%	87%	82%
Gearing (long-term loans vs. total assets)	3%	4%	3%	6%	9%
Total debt (external liabilities vs. net worth)	7%	7%	7%	17%	22%

FUND FLOWS, 2007/2008

	Farm size by Standard Labour Requirement				
	Part-time	Small	Medium	Large	Very large
Number of farms in group	62	76	44	42	17
Average farmed area (hectares)	55.26	83.87	113.36	157.01	370.58
Average proportion of owned total farmed area (%)	72%	66%	69%	37%	13%
		£ per farm			
Funds available from trading					
Farm Business Income	5596	13169	23820	22214	37743
Buildings and works depreciation	1529	2004	2102	3719	9621
Machinery depreciation	4247	6543	7855	9371	13288
Change in valuation	-2148	-1889	-1692	-14654	-12199
Trading net fund flow surplus(+)/deficit(-)	9223	19828	32084	20651	48453
Funds used for farm investments					
Net property and quota purchases	-933	2036	1086	14189	10687
Net landlord capital purchases	1047	2495	1516	3638	7956
Net machinery and equipment purchases	4501	5980	10612	9233	13767
Capital net fund flow	4615	10511	13215	27060	32409
Total farm fund flow surplus(+)/deficit (-)	4608	9317	18870	-6409	16043
Funds used for private expenditure					
Private drawings	13939	18539	20913	23159	35250
Funds transferred out	13495	16788	14418	113444	7133
Funds transferred in	25864	20250	9048	129265	31699
Other imputed items and adjustments	315	407	679	999	24
Private fund outflow(+)/inflow(-)	1255	14670	25604	6339	10660
Total net fund flow surplus (+) /deficit (-)	3353	-5353	-6734	-12748	5383
Changes in external funding					
Increase (+);decrease (-) in loans and deposits	-4778	-1476	-910	-2869	3933
Increase(+);decrease(-) in bank balance	444	-2389	-1262	-10640	9798
Increase(+);Decrease(-) in cash in hand	138	-6	8	-2	0
Increase(+);decrease(-) in debtors	-1256	-4447	-6732	-4863	-5759
Increase(+);decrease(-) in creditors	751	-13	-341	112	-5278
Net change in funding increase(+)/decrease(-)	-3353	5353	6734	12748	-5383

Appendix 7- Gross Margin details for the Lowland Grazing Livestock Farms.
Average and Premium performance, when available

GROSS MARGIN PER HECTARE (Weighted average performance)	Crop year 2007		
	Winter Wheat	Winter Barley	Spring Barley
Number of farms	15	36	28
Area per farm (ha)	8.78	7.86	8.33
Yield: tonnes/ha	6.7	5.6	4.9
Price: £/tonne	139	146	150
		£ per hectare	
Grain	936.6	812.2	732.6
Straw	95.9	111.3	91.9
ENTERPRISE OUTPUT	1032.5	923.6	824.4
Seeds (inc. homegrown)	46.7	43.8	52.5
Fertilisers	91.7	72.5	65.9
Sprays	111.8	83.5	67.5
Other crop costs	15.2	14.2	17.4
TOTAL VARIABLES ‡	265.4	214.0	203.3
GROSS MARGIN	767.1	709.5	621.2
Averages - previous year	2006	2006	2006
Yield: tonnes/ha	8.4	5.9	4.8
Price: £/tonne	87	86	86
Gross Margin: £/ha	588	395	357

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

LOWLAND BEEF COWS

Gross margins per cow, per LU and per hectare (Weighted average performance)		2007/08	
		Average	Premium*
Number of farms		120	40
Cows per herd		38	38
Stocking rate:	LU/ha	1.07	1.09
	ha/LU	0.93	0.92
		£ per cow	
Output -	calf output	256.4	343.8
	depreciation	-7.5	-3.2
ENTERPRISE OUTPUT (excl. BLSA)		248.9	340.6
Concentrates		33.7	28.4
Coarse fodder		9.8	3.0
Veterinary and medicines		17.7	17.3
Other livestock costs		27.9	26.4
Forage †		30.3	30.0
TOTAL VARIABLE COSTS ‡		119.4	105.1
GROSS MARGIN per cow (excl. BLSA)		129.6	235.5
GROSS MARGIN per LU (excl. BLSA)		133	239
GROSS MARGIN per hectare (excl. BLSA)		139	256
Concentrates per £100 output		14	8

* Top third in order of Gross Margin per cow.

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

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

Gross margins per head, per LU and per hectare 2007/08
(Weighted average performance)

	Store Cattle from BEEF BRED Calves or Stores	
	Average	Premium
Number of farms	50	17
Number of head per farm	40	39
Stocking rate: LU/ha	1.13	1.12
ha/LU	0.89	0.89
	£ per head	
OUTPUT	224.7	330.5
Concentrates	49.7	42.0
Coarse fodder	1.8	0.9
Veterinary and medicines	10.6	9.3
Other livestock costs	28.9	37.0
Forage †	17.2	21.6
TOTAL VARIABLE COSTS ‡	106.4	110.0
GROSS MARGIN per head	118.3	220.5
GROSS MARGIN per LU	201	384
GROSS MARGIN per hectare	227	431
Concentrates per £100 output	22	13

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

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

Lowland Grazing Livestock Production in England 2007/2008

Gross margins per head, per LU and per hectare 2007/08
(Weighted average performance)

		Finished Cattle from BEEF BRED Calves or Stores	
		Average	Premium*
Number of farms		67	22
Cattle per herd		92	89
Average finished animal sale price - £/head		662	682
Stocking rate:	LU/ha	1.65	1.63
	ha/LU	0.61	0.61
OUTPUT		282.6	386.3
Concentrates		86.0	112.4
Coarse fodder		4.5	0.7
Veterinary and medicines		8.9	9.1
Other livestock costs		29.8	32.3
Forage †		16.9	14.9
TOTAL VARIABLE COSTS ‡		141.7	168.7
GROSS MARGIN per head		140.9	217.6
GROSS MARGIN per LU		232	354
GROSS MARGIN per hectare		382	577
Concentrates per £100 output		30	29

* 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.

Lowland Grazing Livestock Production in England 2007/2008

BREEDING EWES - LOWLAND

2007/08

Gross margins per ewe and per hectare

	Average	Premium*
Number of flocks	126	42
Ewes per flock	312	229
Average lamb sale price - £/lamb	44.2	45.9
Stocking rate - ewes per hectare	5.97	6.16
	£ per head	
Output - lambs	56.7	77.2
wool	0.5	0.6
depreciation	-7.3	-7.2
ENTERPRISE OUTPUT (excl. BLSA)	50.0	70.6
Concentrates	10.5	11.1
Coarse fodder	2.1	0.6
Veterinary and medicines	4.5	4.7
Other livestock costs	7.7	8.2
Forage †	3.4	4.0
TOTAL VARIABLE COSTS ‡	28.2	28.5
GROSS MARGIN per ewe (excl. BLSA)	21.8	42.0
GROSS MARGIN per LU (excl. BLSA)	141	260
GROSS MARGIN per hectare (excl. BLSA)	130	259
Concentrates per £100 of output	21	16

* 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.

Lowland Grazing Livestock Production in England 2007/2008

Appendix 8- Gross Margin details for the Lowland Grazing Livestock Farms. Average Figures for ORGANIC farms

LOWLAND BEEF COWS	ORGANIC
Gross margins per cow, per LU and per hectare (Weighted average performance)	2007/08
	Average
Number of farms	31
Cows per herd	28
Stocking rate:	
LU/ha	0.82
ha/LU	1.21
	£ per cow
Output - calf output	274.5
depreciation	-11.2
ENTERPRISE OUTPUT (excl. BLSA)	263.3
Concentrates	17.9
Coarse fodder	5.3
Veterinary and medicines	17.5
Other livestock costs	31.5
Forage †	12.8
TOTAL VARIABLE COSTS ‡	85.0
GROSS MARGIN per cow (excl. BLSA)	178.3
GROSS MARGIN per LU (excl. BLSA)	179
GROSS MARGIN per hectare (excl. BLSA)	147
Concentrates per £100 output	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.

Lowland Grazing Livestock Production in England 2007/2008

Gross margins per head, per LU and per hectare (Weighted average performance) 2007/08		ORGANIC
		Finished Cattle from BEEF BRED Calves or Stores Average
Number of farms		17
Cattle per herd		48
Average finished animal sale price - £/head		836
Stocking rate:	LU/ha	1.59
	ha/LU	0.63
		£ per head
OUTPUT		368.3
Concentrates		38.5
Coarse fodder		3.6
Veterinary and medicines		3.6
Other livestock costs		36.7
Forage †		10.3
TOTAL VARIABLE COSTS ‡		89.2
GROSS MARGIN per head		279.2
GROSS MARGIN per LU		443
GROSS MARGIN per hectare		702
Concentrates per £100 output		10

* 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.

Lowland Grazing Livestock Production in England 2007/2008

BREEDING EWES - LOWLAND		ORGANIC
		2007/08
		Average
Number of flocks		18
Ewes per flock		135
Average lamb sale price - £/lamb		52.0
Stocking rate - ewes per hectare		5.65
		£ per head
Output -	lambs	66.0
	wool	0.5
	depreciation	-10.0
ENTERPRISE OUTPUT (excl. BLSA)		56.5
Concentrates		9.7
Coarse fodder		1.3
Veterinary and medicines		3.9
Other livestock costs		10.9
Forage †		2.4
TOTAL VARIABLE COSTS ‡		28.3
GROSS MARGIN per ewe (excl. BLSA)		28.2
GROSS MARGIN per LU (excl. BLSA)		191
GROSS MARGIN per hectare (excl. BLSA)		160
Concentrates per £100 of output		17

* 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.

Lowland Grazing Livestock Production in England 2007/2008

Appendix 9- Gross Margin details for the Lowland Grazing Livestock Farms by size of enterprise.

LOWLAND BEEF COWS		-by average number of cows		
Gross margins per cow, per LU and per hectare (Weighted average performance)				2007/08
		Under 25 cows	25-75 cows	Over 75 cows
Number of farms		40	67	13
Cows per herd		15	44	107
Stocking rate:	LU/ha	1.01	1.07	1.14
	ha/LU	0.99	0.93	0.88
		£ per cow		
Output -	calf output	224.9	267.2	223.9
	depreciation	-8.6	-1.5	-14.3
ENTERPRISE OUTPUT (excl. BLSA)		216.3	265.7	209.5
Concentrates		35.1	33.0	42.0
Coarse fodder		9.1	9.8	14.2
Veterinary and medicines		17.7	17.7	18.7
Other livestock costs		46.7	26.9	32.1
Forage †		31.3	27.9	40.7
TOTAL VARIABLE COSTS ‡		139.9	115.3	147.7
GROSS MARGIN per cow (excl. BLSA)		76.4	150.4	61.8
GROSS MARGIN per LU (excl. BLSA)		77	155	63
GROSS MARGIN per hectare (excl. BLSA)		77	161	70
Concentrates per £100 output		16	12	20

* 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.

Lowland Grazing Livestock Production in England 2007/2008

Gross margins per head, per LU and per hectare (Weighted average performance)		2007/08		
		STORE Cattle from BEEF BRED Calves or Stores		
		Under 30 head	30-50 head	Over 50 head
Number of farms		20	15	15
Number of head per farm		16	40	82
Stocking rate:	LU/ha	0.99	1.30	1.16
	ha/LU	1.01	0.77	0.86
		£ per head		
OUTPUT		235.7	226.0	203.8
Concentrates		45.1	47.8	59.9
Coarse fodder		2.8	1.2	0.8
Veterinary and medicines		12.8	8.6	9.2
Other livestock costs		32.5	29.8	21.7
Forage †		17.7	19.0	14.0
TOTAL VARIABLE COSTS ‡		108.0	105.3	104.8
GROSS MARGIN per head		127.7	120.7	99.0
GROSS MARGIN per LU		205	211	181
GROSS MARGIN per hectare		203	274	210
Concentrates per £100 output		19	21	29

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

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

Gross margins per head, per LU and per hectare
(Weighted average performance) 2007/08

		FINISHED Cattle from BEEF BRED Calves or Stores		
		Under 50 head	50-90 head	Over 90 head
Number of farms		21	18	28
Cattle per herd		31	67	168
Average finished animal sale price - £/head		652	647	680
Stocking rate:	LU/ha	1.57	1.63	1.66
	ha/LU	0.64	0.61	0.60
		£ per head		
OUTPUT		290.9	282.1	281.2
Concentrates		68.4	82.2	90.2
Coarse fodder		2.6	0.8	5.9
Veterinary and medicines		11.5	7.5	8.9
Other livestock costs		35.9	34.0	27.5
Forage †		17.7	20.5	15.7
TOTAL VARIABLE COSTS ‡		133.5	144.2	142.4
GROSS MARGIN per head		157.4	137.9	138.8
GROSS MARGIN per LU		247	225	231
GROSS MARGIN per hectare		389	367	384
Concentrates per £100 output		24	29	32

* 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.

Lowland Grazing Livestock Production in England 2007/2008

BREEDING EWES - LOWLAND

Gross margins per ewe and per hectare		2007/08		
		Under 250 ewes	250-500 ewes	Over 500 ewes
Number of flocks		61	34	31
Ewes per flock		138	360	1058
Average lamb sale price - £/lamb		43.3	44.8	44.5
Stocking rate - ewes per hectare		5.7	6.4	5.9
		£ per head		
Output -	lambs	62.1	63.1	49.5
	wool	0.5	0.4	0.6
	depreciation	-8.6	-7.5	-6.4
ENTERPRISE OUTPUT (excl. BLSA)		54.0	56.0	43.6
Concentrates		12.7	11.8	8.4
Coarse fodder		0.8	1.1	3.4
Veterinary and medicines		5.1	4.7	3.9
Other livestock costs		9.1	7.4	7.0
Forage †		3.9	4.8	2.4
TOTAL VARIABLE COSTS ‡		31.6	29.8	25.0
GROSS MARGIN per ewe (excl. BLSA)		22.4	26.2	18.6
GROSS MARGIN per LU (excl. BLSA)		137	171	125
GROSS MARGIN per hectare (excl. BLSA)		128	168	110
Concentrates per £100 of output		23	21	19

* 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.

Appendix 10 Reports in series:

Reports in this series:

Crop Production in England 2007/08

Dairying Farming in England 2007/08

Hill Farming in England 2007/08

Horticulture Production in England 2007/08 (Horticultural Business Data)

Lowland Grazing Livestock Production in England 2007/08

Pig Production in England 2007/08

Poultry Production in England 2007/08

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