

Farm Business Survey 2005/2006



Hill Farming in England

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Acknowledgements

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Foreword

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)

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Executive Summary

1. The total area of land in the Less Favoured Areas (LFA) in England is 2.2 million hectares which is around 17% of the total land.
2. LFAs are areas where the natural characteristics such as climate, soil fertility and altitude make farming difficult and were established using a mixture of physical and socio-economic data
3. The data presented comes from 234 farms which are all part of the Farm Business Survey. They are all Grazing Livestock (LFA) farms. Over 65% come from the EU North region, 25% from the EU West and the remainder from the EU East. The data has been 'weighted' to represent the total population with each individual farm assigned a weighting factor.
4. The Farm Business Survey classifies farms based upon Standard Gross Margins (SGM). LFA Grazing Livestock Farms are holdings on which cattle, sheep and other grazing livestock account for more than two thirds of their total SGM except holdings classified as dairy.
5. The 2005/06 Net Farm Income (NFI) for the average Grazing Livestock LFA farm was £11773 from a farmed area of 153.72 hectares.
6. The total farm output is £67739 with 44% coming from livestock, 14% from the environmental schemes (HFA, Environmentally Sensitive Areas and Countryside Stewardship) and 26% from the first year of the Single Payment Scheme (SPS).
7. Of the variable costs feed dominates with concentrates 38% of the total of £17209. Fertilizer and sprays amount to only 13% of the total variable costs
8. The fixed costs now dominate the total costs and were £38757 per farm. Rent / Rental Value are the largest cost (£11964) followed closely by machinery costs. Labour costs excluding farmer and spouse are about half the Rent / Rental Value figure.
9. The farmed area is almost exclusively forage with 40% of the area defined as permanent grassland and over 50% of the total area sole occupancy rough grazing. An average of 89 Grazing livestock Units (GLU) are kept, made up of 52% cattle and 47% sheep on a livestock unit basis
10. Within the LFA Grazing Livestock group of farms there are four farm type sub-groups with summary data below-

Total (£ per farm)	SDA Sheep	SDA Beef	SDA Beef & Sheep	DA Beef & Sheep
Farm output	55164	60623	87305	57764
Gross Margin	42015	44138	65469	41524
Net Farm Income (NFI)	12854	7373	15424	5567

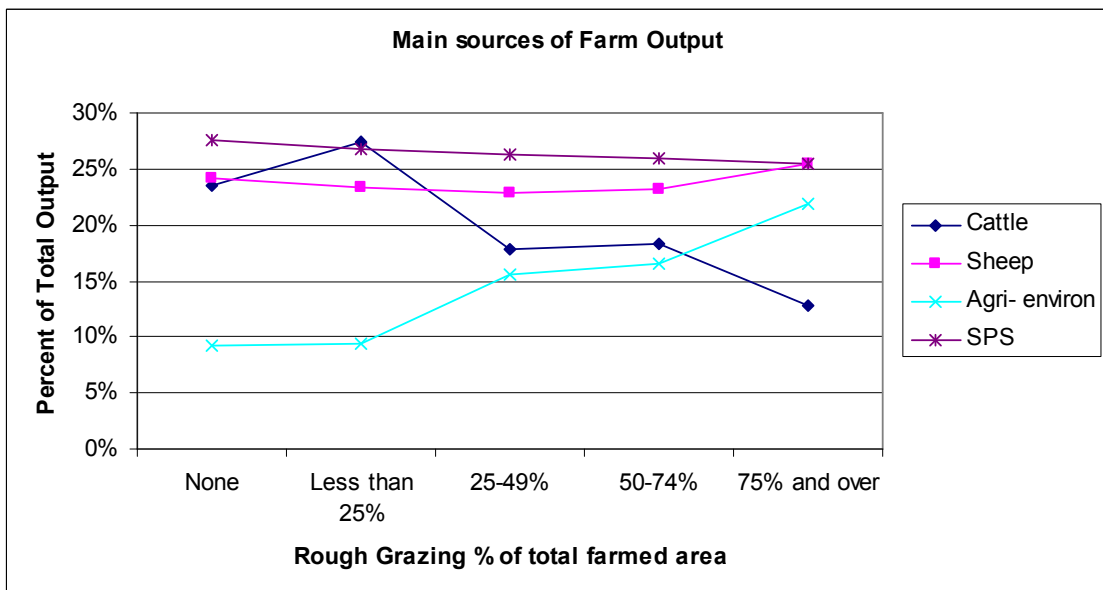
11. The EU North Region has larger farms than the EU regions West and East due largely to the extra rough grazing available, and they keep more livestock at similar stocking rates.

The components of output are similar with the livestock, agri-environment and Single Payment Scheme being close, in percentage terms, across the three regions.

12. Farm size data based upon Standard Labour Units classifies the farms into four size groups with a summary of the data below.



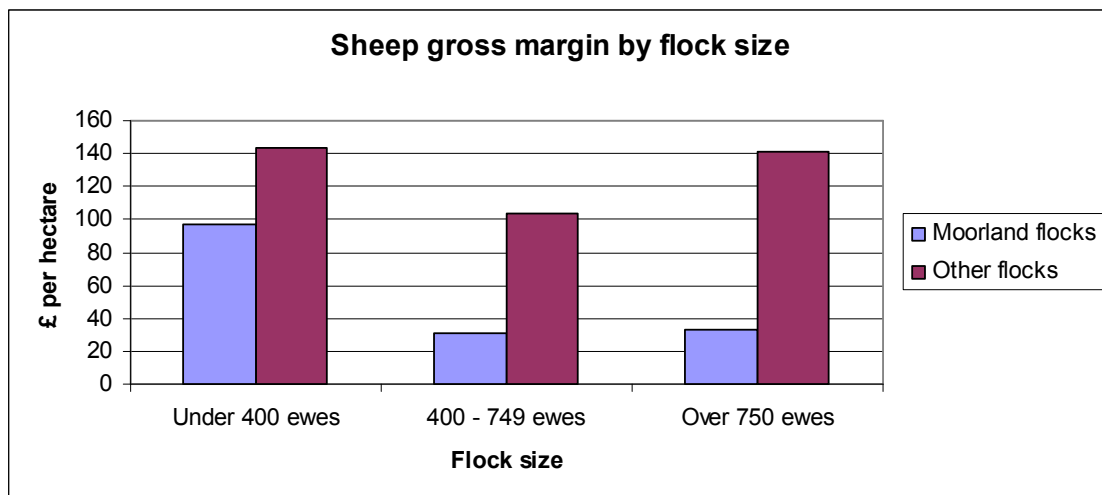
13. As farm size increases the relative importance of the rough grazing also increases
 14. The performance, in terms of NFI, of the medium sized farms is less expected
 15. The proportion of owned land falls as farm size increases
 16. Rough grazing and its effect on total farm output (% of total output). Those farms with greater percentages of rough grazing replace the cattle output by income from agri-environmental schemes



17. Gross margin per beef cow data is summarized below

Per cow	All herds	<50 cows	50-100	>100 cows
Output	225	231	220	216
Variable costs	129	137	113	137
Gross margin	97	94	107	79
Gross margin per hectare	61	50	75	76

18. The sheep gross margins are split into those flocks classified as Moorland or Other SDA. The larger flock are kept at lower stocking rates than the smallest groups of flocks.



19. The Other SDA ewes are kept in less 'disadvantaged' conditions and hence have much higher output per ewe, 60% higher than the All Flocks Moorland ewes but nearly 80% higher than the 400-799 flock group
20. The larger Other SDA flocks are not so dependant on semi-natural grazing as the same size Moorland flocks.

Hill Farming in England 2005/2006

Background to Hill Farming in England

The total area of land in the Less Favoured Areas (LFA) in England is 2.2 million hectares which is around 17% of the total land. The Severely Disadvantaged Area (SDA) covers 73% of the LFA area with the remaining 27% being classified as Disadvantaged Area (DA).

LFAs are areas where the natural characteristics such as climate, soil fertility and altitude make farming difficult and were established using a mixture of physical and socio-economic data. The LFA designation is part of EU law and extra farm support was available as Hill Livestock Compensatory Allowances between 1975 and 2000. This was paid as headage support to eligible beef cows and ewes. In 2001 this support was replaced by the Hill Farming Allowance which is an area based scheme but eligible breeding stock are still one of the requirements of the scheme. The traditional basis of farming in the LFA is the keeping of beef suckler cows and breeding ewes. The breed of livestock kept corresponds with the type of land with the hills dominated by hardy breeds and the lower land having more upland and lowland type stock.

Location of the LFA areas

The majority of English LFA areas are in the remote upland and hill areas and include most of the upland/hill areas of the North of England, including the Pennines, Lake District and North Yorkshire moors, the Peak District, the Welsh/English Borders and the moors of South West England.

Map 1 shows the areas and also the Government Office (GO) Regions. This report will not present Government Office data as this is already available on the Farm Business Survey Website (<http://farmbusinesssurvey.co.uk>) and at this level of analysis sample sizes are too small to present data.

The EU Regions are used for administrative purposes at the European level and represent amalgamations of 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

The data presented comes from 234 farms which are all part of the Farm Business Survey. Over 65% come from the EU North region, 25% from the EU West and the remainder from the EU East. The data has been 'weighted' to represent the total population with each individual farm assigned a weighting factor.

Farm Types within the LFA

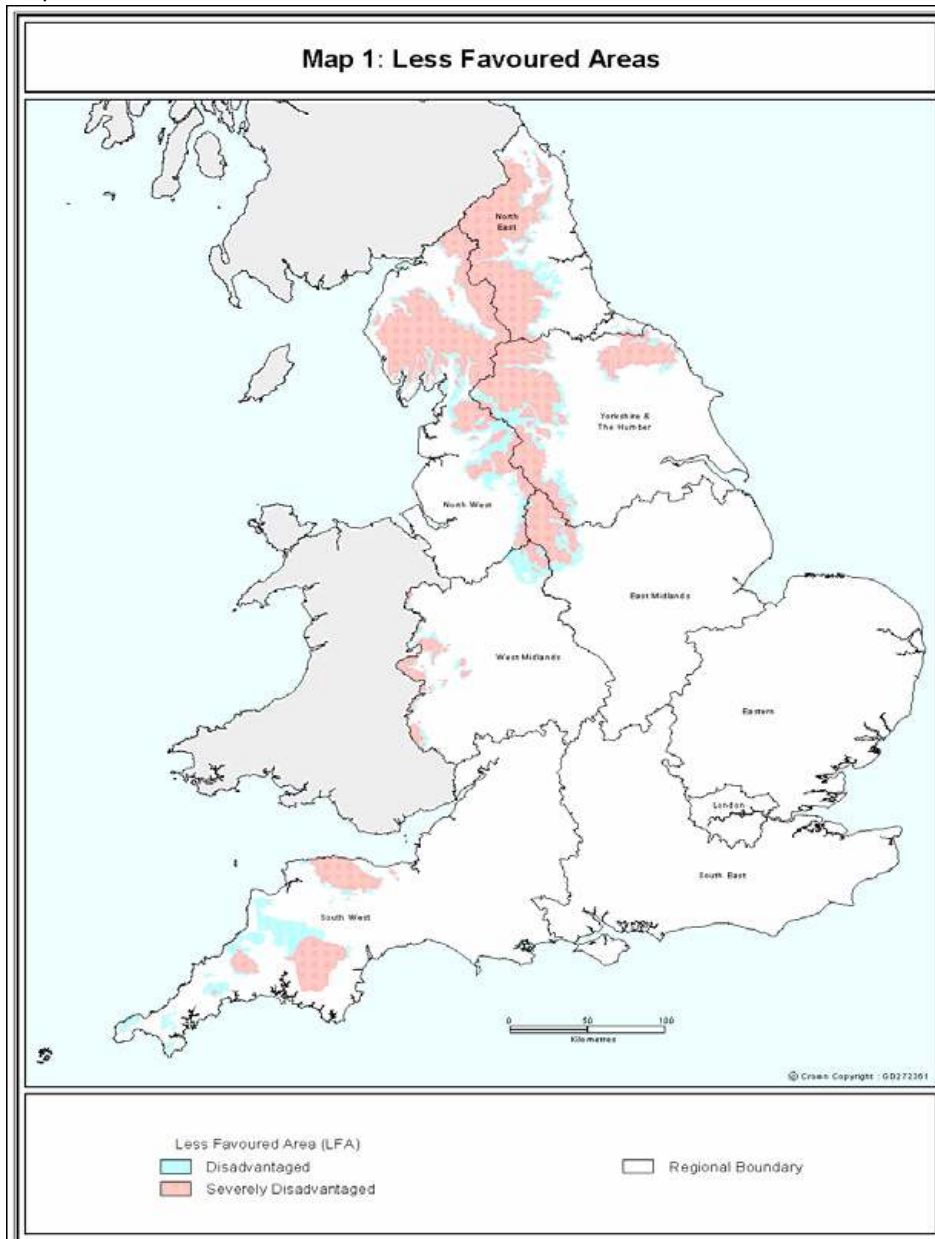
The Farm Business Survey classifies farms based upon Standard Gross Margins (SGM). LFA Grazing Livestock Farms are holdings on which cattle, sheep and other grazing livestock account for more than two thirds of their total SGM except holdings classified as *dairy*. Dairy farms are those where dairy cows account for more than two thirds of the total SGM. A holding is classified as LFA holding if 50 per cent or more of its total area is in the LFA. Of holdings classified as LFA, those whose LFA land is wholly or mainly (50 per cent or more) in the SDA are classified as SDA; those whose LFA land is wholly or mainly (more than 50 per cent) in the DA are classified as DA. Within this Grazing Livestock (LFA) group there are four sub-groups:-

1. SDA Sheep- farms where more than two thirds of the total SGM is accounted by sheep, and 50% or more of the total area of the farm is in the LFA, of which 50% or more is in the SDA

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

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

Map 1 Less Favoured Areas



Source: DEFRA

Recent trends in Net Farm Income for England

Figure 1- Net Farm Income of Grazing Livestock (LFA) farms per farm

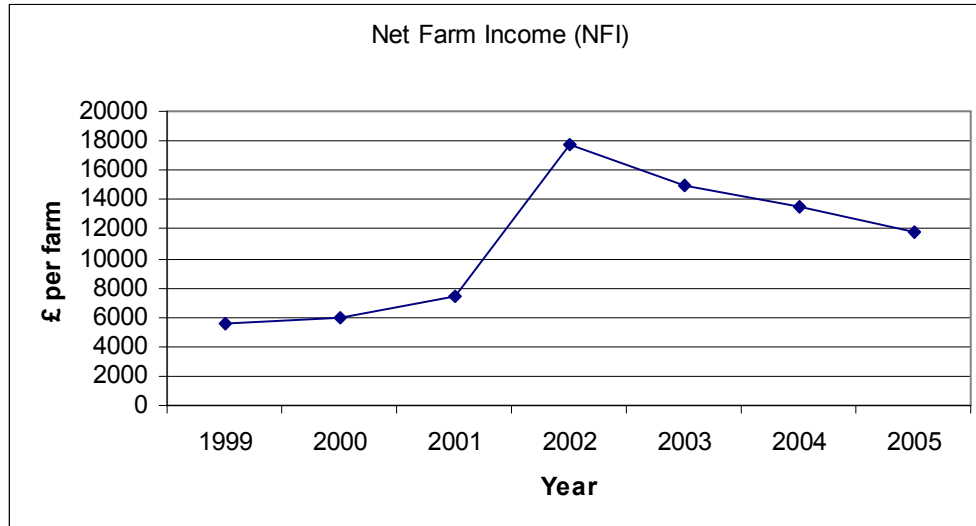


Figure 1 shows the recent trends in Net Farm Income (NFI) for the Grazing Livestock Farms in the LFA. The period 1999 to 2001 were poor years with NFI below £7500 per farm. The recent peak was in 2002/03 (£17724 per farm) and a year on year decline in the following three years with 2005/06 down to £11773. These figures are 'actual' and have not been adjusted for inflation. More detailed data is available on the Farm Business Survey website- <http://farmbusinesssurvey.co.uk>

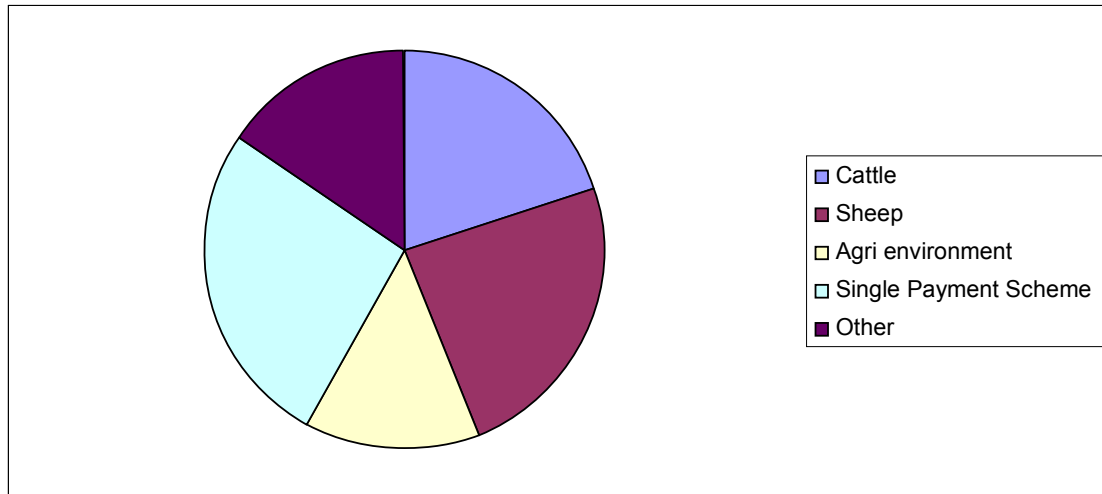
The characteristics of the average LFA farm

The 2005/06 NFI for the average LFA farm is £11773 from a farmed area of 153.72 hectares. Over 60% of the farm is owner occupied. The total farm output is £67739 with 44% coming from livestock, 14% from the environmental schemes (HFA, Environmentally Sensitive Areas and Countryside Stewardship) and 26% from the first year of the Single Payment Scheme (SPS). Figure 2 shows a breakdown of the output. Of the variable costs feed dominates with concentrates 38% of the total of £17209. Interestingly fertilizer and sprays amount to only 13% of the total variable costs and with only modest overall stocking rates. The adjusted stocking rate is 0.9 GLU per Hectare. This adjusted stocking rate figure converts the various types of rough grazing area into an equivalent lowland land area. The fixed costs now dominate the total costs and were £38757 per farm. Rent / Rental Value are the largest cost (£11964) followed closely by machinery costs. Labour costs excluding farmer and spouse are about half the Rent / Rental Value figure.

The farmed area is almost exclusively forage with 40% of the area defined as permanent grassland and over 50% of the total area sole occupancy rough grazing. An average of 89 Grazing livestock Units (GLUs) are kept, made up of 52% cattle and 47% sheep on a livestock unit basis. Each farm keeps an average of 30 beef cows and 349 ewes.

The balance sheet shows modest borrowings relative to net worth with Total debt ratio of 7%. This may be considered to be low but the Total Assets are dominated by the house, land and buildings and the NFI can only be described as modest, even in the better years. This may explain why borrowings need to be kept low. Full details are shown in Appendix 1.

Figure 2 Breakdown of Output for LFA Farm (% of total)



How the different farm types perform

The SDA Sheep and SDA Beef & Sheep farms are similar in size, between 175-180 Ha, with the SDA Beef 122 Ha and the DA Beef & Sheep farms 81 Ha. Much of this difference in size is made up of the differing areas of rough grazing, with all farm types having permanent grassland areas of between 59 and 67 Hectares. On average the DA group has only 7 Ha rough grazing, SDA Beef 43 Ha and the other two groups over 93 Ha.

Table 1 shows the Total farm output varies between £55164 for SDA Sheep farms to £87305 for the SDA Beef & Sheep farms. Total gross margin is similar for all types except SDA Beef & Sheep which is higher. Fixed costs show the greatest variation across farm types with SDA Sheep being the lowest, SDA Beef and DA Beef & Sheep about 25% higher and the SDA Beef & Sheep farms 72% higher. On a per farm basis the ranking of the farm types by level of NFI would start with DA at the bottom with the SDA Beef next followed by the SDA Sheep and the SDA Beef & Sheep at the top. The NFI range starts at £5567 going to £15424. Full details are available in Appendix 1

Table 1 Farm Type Data (£ per farm) (tables may not add due to differences in rounding)

Total	SDA Sheep	SDA Beef	SDA Beef & Sheep	DA Beef & Sheep
Farm output	55164	60623	87305	57764
Variable costs	13149	16485	21836	16240
Gross Margin	42015	44138	65469	41524
Fixed Costs	29161	36765	50045	35956
Net Farm Income	12854	7373	15424	5567
Farmer & Spouse Labour	15456	14861	19672	15798
M&I	-2603	-7488	-4248	-10230

Looking more closely at the sheep output the SDA Sheep farms output per ewe is between £10 and £16 below the other group averages at £40/ewe. These farms also have the greatest amount of rough grazing, lowest adjusted stocking rates and the highest payments from the agri-environment schemes. This gives an indication that these farms are the most 'disadvantaged' in terms of land quality for agricultural production. The type of ewe they can keep is also restricted to a more 'Hill type' ewe which has lower productivity. A similar trend is also seen with cattle output per livestock unit, with other farm types close to £300/LU and the SDA Sheep 25% lower

The importance of the Single Payment Scheme is similar across all the LFA farm types. Between 26 and 28 % of each types total farm output coming from the scheme. As already discussed the agri-environmental schemes are most important on the SDA Sheep farms. The SDA Beef and SDA Beef & Sheep farms have similar but lower level of output from the agri-environmental schemes with the DA farms still lower at close to half their figure. This figure correlates closely to the area of rough grazing available for each farm type.

Regional differences in farming

Table 2 summarises the regional differences between the EU regions. The North has larger farms due largely to the extra rough grazing, and they keep more livestock at similar stocking rates. The components of output are similar with the livestock, agri-environment and Single Payment Scheme being close, in percentage terms, across the three regions. The slight variation is the West with more coming from agri-environment, particularly ESA and the East with less from agri-environment, again particularly ESA.

The North of England is slightly more dependent on sheep production (53% of GLU as sheep), with the East keeping more cattle (70% of GLU as cattle) and the West falling in between (58% of GLU as cattle). The average number of beef cows in each region is between 29 and 32 and the average number of other cattle varies between 47 and 54. The main difference between the regions is the average number of sheep kept. This increases with size of the farms with the North of England keeping larger numbers of sheep. Full analysis is given in Appendix 2

Table 2 Regional Data (£ per farm)

	North	East	West
Farmed area (Hectares)	183	118	105
Net Farm Income	13844	4586	10337
Permanent grass (Hectares)	62	71	62
Rough grazing (Hectares)	112	39	24
Total GLU	95	75	83
GLU/ adjusted hectare	0.9	0.8	1.0

Analysis based on size of farm

Any traditional analysis based on the size of the farm in terms of area is less valid in the hill areas due to the very large variation in land type and quality. For this reason the Standard Labour Requirement (SLR) has been used to distinguish the different sizes of the farms. 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.

Four size groups are defined for this report:-

Part-time (greater than 0.5 and less than 1.0 Full time equivalents)

Small (greater than or equal to 1 less than 2 Full time equivalents)

Medium (greater than or equal to 2 less than 3 Full time equivalents)

Large (greater than or equal to 3 Full time equivalents)

Table 3 shows the financial positions of each group. The increase in NFI as size of business increases is not a smooth linear change.

Table 3 Farm Size Data (£ per farm) (tables may not add due to differences in rounding)

SLR	Part time	Small	Medium	Large
Livestock Output	12228	24150	36454	74904
Agri- environmental	4698	8619	10124	22950
Single Farm Paym't	8202	16358	21606	39902
Total Farm Output	34053	61196	79964	146998
Total Variable Costs	7544	13625	22659	41606
Labour Costs	461	5158	7545	18514
Machinery Costs	7639	11376	14641	24009
Rent/ Rental Value	9097	10629	12488	21008
Total Fixed Costs	22156	36784	43755	76162
Net Farm Income	4353	10787	13550	29230

As shown in Figure 3 the higher NFI for Small as compared to Part time farms is as expected with the increase in the size of the business. Medium sized farms do not continue this straight line increase but show a lower than expected NFI. The larger businesses are also more than twice the size of the Medium sized farms, in terms of area, the amount of livestock kept and their NFI.

As farm size increases the relative importance of the rough grazing also increases. The part time farms have 29% of their farmed area as rough grazing through to the large farms where 62% of their area is rough grazing

Figure 3 Farm Business Size data



Table 4 shows some of the physical data for the differing farm sizes. There are no obvious 'physical' reasons for the lower than expected NFI from the Medium sized farms. One interesting difference in the size of business is the proportion of owned land falling as farm size increases. The Part time and Small farms are over 76% owner occupier, Medium Farms 55% owner occupier and the Large 49% owner occupier.

Table 4 Farm Size Data- physical data

SLR	Part time	Small	Medium	Large
Farmed area(hectares)	66	113	181	419
% owner occupier	78	76	55	49
Permanent grass (Ha)	39	53	73	130
Rough Grazing (Ha)	19	52	96	261
Average number of ewes	103	300	454	913
Average number of beef cows	19	22	34	67
Total GLU	41	74	112	210
GLUs per adjusted Ha	0.8	0.9	1.0	1.0

On the Part time farms nearly two thirds of the livestock output is from cattle. As the farms get bigger the livestock output, in terms of percentage of total farm output, shifts more to sheep. The overall livestock output also becomes more important as farm size increases with its contribution

to total farm output going from 36% to 51%. This is not due to changes in the percentage importance of the agri- environmental schemes or the Single Payment Scheme but the 'other farm' outputs which either do not increase with scale or actually fall. These include the output from contract work done and rental incomes from farm resources. The output per livestock unit for the cattle is between £282 and £296 for all size groups. The output per average ewe increases from £42 to £49 as the size of the business increases.

When considering the percentage importance to total farm output there is no difference in participation in the environment schemes as the size of farms changes. Appendix 3 has the full data set for the SLR.

How important to Hill Farm Incomes are the Rough Grazing?

The previous analyses have shown that as the size of farms increase much of the extra area is additional rough grazing. The following analysis investigates how the proportion of the own rough grazing may effect the performance of these hill farms. Appendix 4 has the full data for farms with no rough grazing and then increments of 25% to the last group of farms where 75% and over of the total farmed area is rough grazing.

Figure 4 Rough grazing and its effect on total farm output (% of total output)

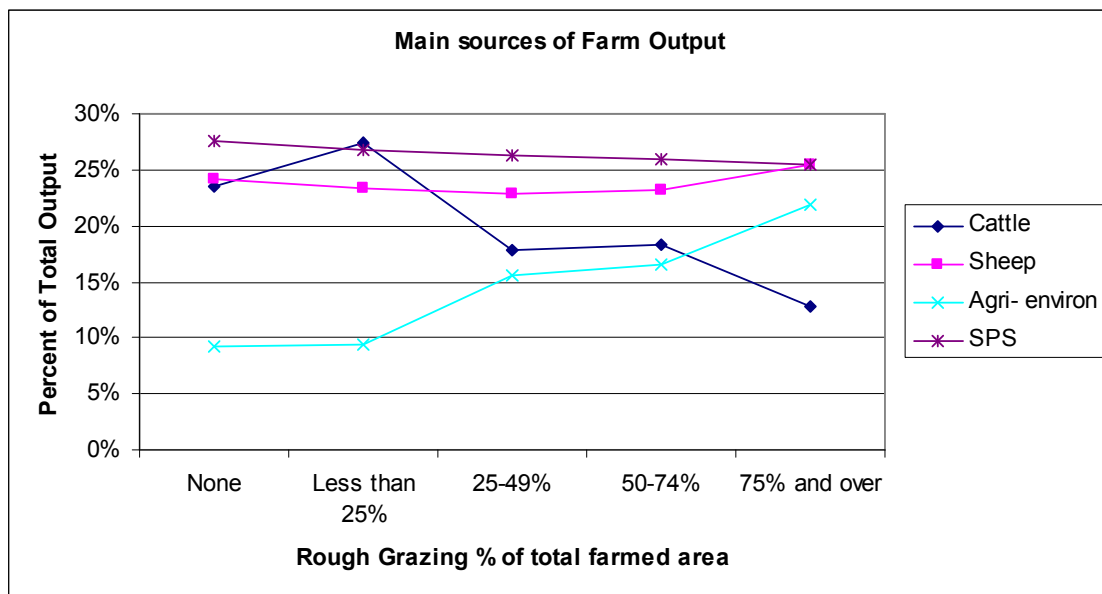


Figure 4 Shows how the contribution to output varies from the different components of the total farm output. Those farms with greater percentages of rough grazing replace the cattle output by income from agri-environmental schemes. This illustrates the difficulty of keeping cattle on rough grazing whilst still producing an economic return on these cattle. As the significance of rough grazing per farm increases the total farm area also goes up. The NFI per farm is larger but its effect is not linear. The extra rough grazing does not produce the level of output achieved by lowland type ground. There is no consistent trend with the number of livestock units kept per farm. Firstly falling per farm from those with no rough grazing to those with less than 49% of their farm as rough grazing, increasing with the next group with 50-74.9% rough grazing and falling back with the highest percentage group. The difficulties of farming these semi-natural grasslands with fairly consistent in-bye areas (between 60-72Ha) except for the 'roughest' group which only has 42 Ha of permanent grass clearly effect NFI. The output per LU for the cattle, and per ewe for the sheep, shows a tendency to fall as the importance of the area of rough grazing increases.

This is most marked in the group with 75% or more rough grazing and for the sheep who are most likely to graze the more extreme hill land.

Gross Margin Data on LFA Farms

Within the main sample of 234 farms there is a sub-sample for which gross margin data is available. These are split across all the LFA farm types.

The allocation of variable costs has been restricted to-

- Concentrates
- Purchased fodder & keep
- Veterinary & Medicines
- Other Livestock costs
- Appropriate share of Seed, Fertiliser, Spray and Other Crop costs used to produce the forage crops, mainly grass

Three analyses are available as shown in Appendixes 5-7. The LFA Suckler Cows are shown as one group containing 169 herds. The sheep are split into Moorland ewes and Other LFA ewes with 67 and 129 flocks respectively. The definition of Moorland ewe flock is “Typically less productive flocks on mountain / moorland where lambing percentage is usually (but not always) less than 100%... Where a mixture of enterprises exist the enterprise that applies to two-thirds of the throughput of animals is applied”. These two ewe gross margins cover the distinct types of sheep production in the LFA areas. With the hardy hill breeds kept further up the hill and the upland flocks, often keeping half-bred type ewes, on lower lying ground. The stocking rate calculation for the gross margin data does not adjust rough grazing area into ‘lowland’ equivalents.

LFA Suckler Cow Gross Margins

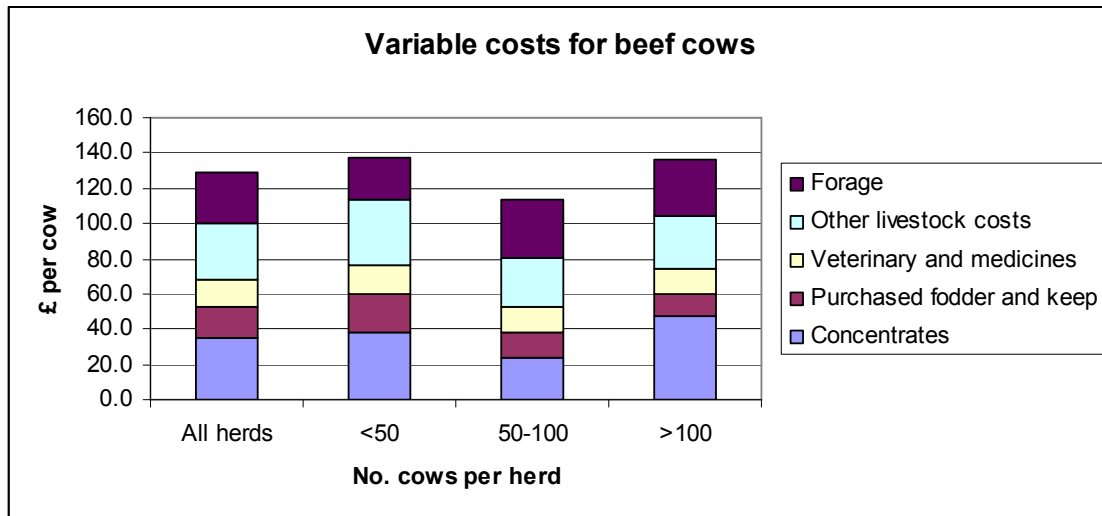
As can be seen in Table 5 the output per cow drops as herd size increases. There is more variation in the level of variable costs across the size groups (as illustrated in Figure 5) with the largest herds having lower gross margin per head. These cows are kept at higher stocking rates so the gross margin per hectare is higher for the largest herds.

The variable costs per suckler cow are the same for the smallest and largest herd sizes but lower for the medium sized group.

Table 5 LFA Suckler Cow Summary data (tables may not add due to differences in rounding)

Per cow	All herds	<50 cows	50-100	>100 cows
Output	225	231	220	216
Variable costs	129	137	113	137
Gross margin	97	94	107	79
Gross margin per hectare	61	50	75	76

Figure 5 Variable costs for LFA Suckler cows



Moorland Flocks Gross Margin

For the Moorland ewes the variable costs are similar across all flock sizes. Gross margins vary with differences in output per ewe (see Table 6).

Output per ewe falls as flock size increases. The mid sized group has the lowest per ewe output. With the increase in flock size stocking rates also fall. This is likely to be as the result of the area of rough grazing per farm increasing and extra ewes being kept on semi-natural grassland.

Table 6 Moorland ewe summary data (tables may not add due to differences in rounding)

Per ewe	All flocks	<400 ewes	400-749 ewes	Over 750 ewes
Output	33	40	30	32
Variable costs	20	20	20	19
Gross margin	14	20	10	12
Stocking rate (ewes per hectare)	3.3	4.8	3.2	2.7
Gross margin per hectare	44	97	30	33

Other SDA Ewes Gross Margin

As explained earlier the Other SDA ewes are kept in less 'disadvantaged' conditions and hence have much higher output per ewe, The output from the Other SDA ewes is 58% higher than the All Flocks Moorland ewes but nearly 76% higher than the 400-749 flock group. (See Table 7 for details).

Table 7 Other SDA ewe summary data (tables may not add due to differences in rounding)

Per ewe	All flocks	<400 ewes	400-749 ewes	Over 750 ewes
Output	53	52	52	54
Variable costs	27	26	29	27
Gross margin	25	26	23	27
Stocking rate (ewes per hectare)	5.1	5.6	4.5	5.3
Gross margin per hectare	129	144	104	141

When considering the All Flocks figures, the Other SDA ewes have variable costs 38% higher than the Moorland ewes producing a gross margin per ewe £11 higher. This difference in gross margin per ewe increases to £13 per ewe in the mid sized flock group. This is illustrated in Figure 6

The fall in stocking rate as flock size increases is less pronounced with the Other SDA flocks as compared to the Moorland flocks. This indicates that these larger flocks are not so dependant on semi-natural grazing to the same extent as the same size Moorland flocks. (See Figure 7)

Figure 6 Gross margin *per ewe* for Moorland and Other SDA ewes

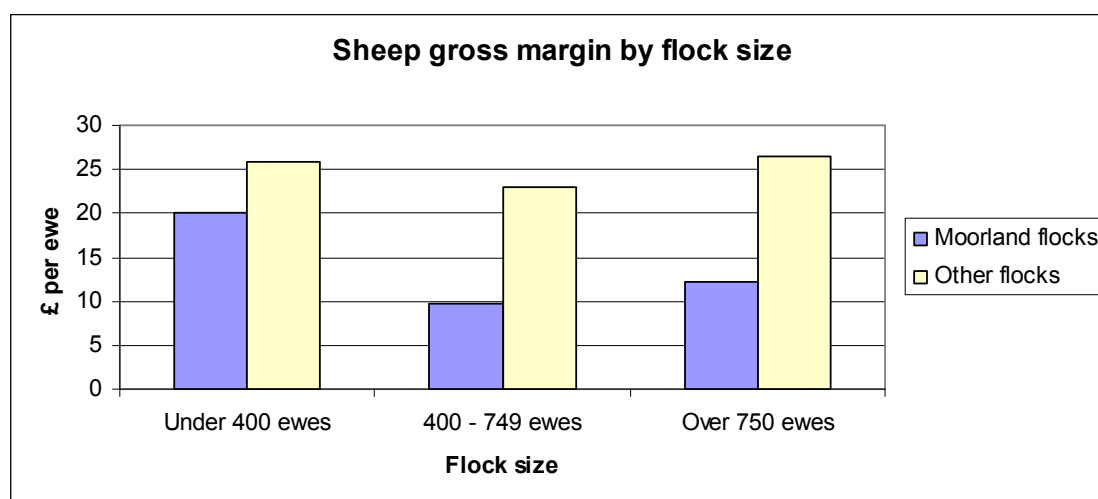
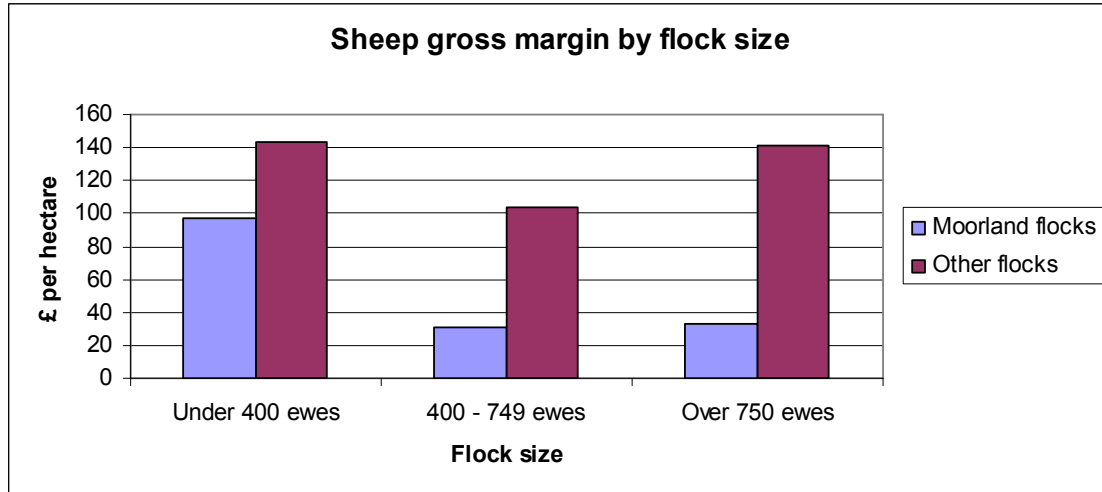


Figure 7 Gross margin *per hectare* for Moorland and Other SDA ewes



One interesting observation relates to the flocks that keep between 400-749 ewes. For both flock types these have the lowest gross margin per ewe and per hectare. This reinforces earlier discussions relating to business size where the medium sized farms did not perform as expected. Their NFI figure is below the linear expected figure. The data from this study does not provide any explanation for these differences.

Appendix 1- Analysis of English Grazing Livestock Farms in the Less Favoured Area- by Farm Type

England Grazing Livestock (Less Favoured Area)

GROSS OUTPUT, VARIABLE COSTS AND FARM GROSS MARGIN, 2005/2006

	Average all LFA farms	Farm Type			
		SDA Sheep	SDA Beef	SDA Beef & Sheep	DA Beef & Sheep
Number of farms in group	234	64	27	89	54
Average farmed area (hectares)	153.72	179.35	121.75	175.82	80.66
Average proportion of owned total farmed area	61%	56%	56%	66%	70%
		£ per farm			
<u>Output</u>					
Cattle	13549	2679	25063	17576	16678
Sheep	16114	18970	5473	19945	11709
Other livestock	87	1	-31	78	403
Crops	388	0	126	710	746
Forage	1213	1054	86	1670	1612
Hill Farm Allowance	3515	3713	2778	4611	1361
Environmentally Sensitive Area	3166	4593	2565	3143	759
Countryside stewardship	2091	1659	1182	3326	1133
Other management & agri-environment schemes	884	1184	1420	577	417
Single Payment Scheme	17922	14497	16685	22668	15832
Rental income	5371	4473	4185	6840	5147
Contract work	2010	867	899	3920	1254
Miscellaneous output	1429	1475	192	2240	712
TOTAL FARM OUTPUT	67739	55164	60623	87305	57764
<u>Variable costs</u>					
Concentrates	6462	4391	6977	8374	6121
Purchased fodder	1693	2181	1612	1684	756
Veterinary and medicines	2127	2148	1300	2671	1663
Other livestock costs	4292	3106	4082	5538	4245
Seeds	148	30	115	241	227
Fertilisers	1988	1106	1734	2651	2630
Crop protection	185	87	119	269	266
Other crop costs	313	100	547	408	331
TOTAL VARIABLE COSTS	17209	13149	16485	21836	16240
TOTAL GROSS MARGIN	50530	42015	44138	65469	41524

FIXED COSTS, NET FARM INCOME AND MANAGEMENT & INVESTMENT INCOME

	Average all LFA farms	Farm Type			
		SDA Sheep	SDA Beef	SDA Beef & Sheep	DA Beef & Sheep
		£ per farm			
TOTAL GROSS MARGIN	50530	42015	44138	65469	41524
<u>Fixed costs</u>					
Paid regular labour	2760	2039	711	4926	1436
Unpaid regular family labour	2385	1520	3085	2511	3276
Casual labour	778	935	312	974	456
Contract	1787	981	1356	2617	2071
Machinery repairs	2279	1521	2680	2838	2261
Machinery fuel	2537	1986	2586	3151	2294
Machinery depreciation	5910	3765	6868	7911	5104
Other depreciation	0	0	0	0	0
Property maintenance	2236	1414	1446	3681	1522
Electricity	400	349	417	472	331
Other fuel	174	123	153	258	117
Water	332	90	338	388	716
Insurance	2010	1588	1966	2442	1991
Professional fees	1292	1163	955	1595	1216
Other general costs	1911	1471	1467	2579	1788
Rent, hired in keep and bare land	3185	2662	3553	3569	3091
Rates	18	48	0	1	9
Rental value of owner occupied land and buildings	8761	7504	8872	10131	8278
TOTAL FIXED COSTS	38757	29161	36765	50045	35956
NET FARM INCOME (NFI)	11773	12854	7373	15424	5567
Less farmer and spouse labour	16907	15456	14861	19672	15798
MANAGEMENT AND INVESTMENT INCOME (M&I)	-5133	-2603	-7488	-4248	-10230

LAND USE AND INDICATORS OF TECHNICAL EFFICIENCY,
2005/2006

	Average all LFA farms	Farm Type			
		SDA Sheep	SDA Beef	SDA Beef & Sheep	DA Beef & Sheep
Number of farms in group	234	64	27	89	54
Average farmed area (hectares)	153.72	179.35	121.75	175.82	80.66
Average proportion of owned total farmed area(%)	61%	56%	56%	66%	70%
Land use (Hectares)					
Area of crops	0.8	0.0	0.2	1.4	1.8
Area of forage	152.9	179.4	121.5	174.4	78.9
Temporary grass	5.5	3.3	3.6	7.0	8.8
Permanent grass	62.6	59.5	62.6	67.0	59.1
Forage crops	0.5	0.5	0.7	1.8	2.0
Rough grazing	79.1	115.1	42.7	92.6	7.2
Forage hired in	5.2	1.3	12.4	6.6	3.7
Stocking					
Average number of dairy cows	0	0	0	0	1
Average number of beef cows	30	8	52	40	33
Average number of other cattle	49	11	95	61	58
Average number of ewes	349	473	101	401	207
Average number of other sheep	292	368	86	359	179
Grazing livestock units					
		GLUs per farm			
Dairy cows	0.1	0.0	0.0	0.1	0.7
Beef cows	22.4	5.8	39.1	30.0	25.0
Other cattle	24.0	5.5	47.3	29.2	29.8
Sheep	42.1	55.7	11.7	50.0	24.4
Other livestock	0.4	0.1	0.2	0.8	0.2
Total	89.0	67.1	98.3	110.0	80.1
GLUs per ha	0.58	0.37	0.81	0.63	1.02
GLUs per adjusted ha	0.93	0.70	1.05	1.03	1.08

END-OF-YEAR BALANCE SHEETS, 2005/2006

	Average all LFA farms	Farm Type			
		SDA Sheep	SDA Beef	SDA Beef & Sheep	DA Beef & Sheep
Number of farms in group	234	64	27	89	54
Average farmed area (hectares)	153.72	179.35	121.75	175.82	80.66
Average proportion of owned total farmed area	61%	56%	56%	66%	70%
		£ per farm			
End of year assets & liabilities					
Land & buildings	328490	293871	294107	392756	292053
Milk quota	51	0	0	20	277
Single Payment Scheme	38852	32718	35162	48770	33362
Machinery	31840	21161	35807	41762	28678
Tenant's other assets	0	0	0	0	0
Breeding livestock	32314	26196	29933	41693	26736
Total fixed assets	431547	373945	395009	525001	381106
Trading livestock	19323	10884	29222	22939	19745
Crops	102	0	0	193	212
Forage and cultivations	2284	1366	2469	2734	3055
Stores	1555	963	991	2258	1792
Debtors and loans	22934	21840	17575	29050	16784
Bank credit and cash	7577	6575	10047	8093	6198
Other current assets	348	487	0	400	267
Total current assets	54122	42116	60304	65667	48052
Total assets	485670	416061	455313	590668	429157
Financed by					
AMC	2909	0	0	7465	1746
Bank loans	8843	7989	8375	12441	3103
Other long term	2687	1569	3125	3896	1955
Total long term	14439	9558	11499	23802	6804
HP and lease	2208	1338	3234	2642	2112
Creditors	4051	2915	3229	6187	2502
Bank overdraft	8911	8763	7799	10041	7778
Other short term	234	17	248	540	0
Total current liabilities	15404	13032	14510	19410	12392
Total Liabilities	29843	22590	26009	43212	19196
Net worth	455826	393471	429304	547456	409962
Balance sheet ratios					
% Owner equity (net worth vs. total assets)	94%	95%	94%	93%	96%
% Fixed assets vs. total assets	89%	90%	87%	89%	89%
Gearing (long-term loans vs. total assets)	3%	2%	3%	4%	2%
Total debt (external liabilities vs. net worth)	7%	6%	6%	8%	5%

Appendix 2- Analysis of English Grazing Livestock Farms in the Less Favoured Area- by EU region

England Grazing Livestock (Less Favoured Area)

GROSS OUTPUT, VARIABLE COSTS AND FARM GROSS MARGIN, 2005/2006

	Average all LFA farms	EU regions in England		
		North	East	West
Number of farms in group	234	152	23	59
Average farmed area (hectares)	153.72	183.12	118.34	104.75
Average proportion of owned total farmed area	61%	59%	61%	69%
		£ per farm		
<u>Output</u>				
Cattle	13549	13415	15159	13151
Sheep	16114	19001	10225	12340
Other livestock	87	50	545	-29
Crops	388	206	161	882
Forage	1213	1024	1460	1520
Hill Farm Allowance	3515	4026	2731	2735
Environmentally Sensitive Area	3166	2554	1090	5391
Countryside stewardship	2091	3021	1656	249
Other management & agri-environment schemes	884	718	832	1269
Single Payment Scheme	17922	19089	15079	16596
Rental income	5371	5638	6676	4230
Contract work	2010	2919	712	584
Miscellaneous output	1429	1796	1665	527
TOTAL FARM OUTPUT	67739	73456	57994	59447
<u>Variable costs</u>				
Concentrates	6462	7398	6231	4521
Purchased fodder	1693	2262	968	765
Veterinary and medicines	2127	2475	1801	1507
Other livestock costs	4292	4547	4272	3745
Seeds	148	147	48	194
Fertilisers	1988	2084	804	2284
Crop protection	185	188	154	189
Other crop costs	313	332	338	262
TOTAL VARIABLE COSTS	17209	19434	14615	13467
TOTAL GROSS MARGIN	50530	54022	43379	45979

FIXED COSTS, NET FARM INCOME AND MANAGEMENT & INVESTMENT
INCOME

	Average all LFA farms	EU regions in England		
		North	East	West
		£ per farm		
TOTAL GROSS MARGIN	50530	54022	43379	45979
<u>Fixed costs</u>				
Paid regular labour	2760	3740	1144	1315
Unpaid regular family labour	2385	2483	2433	2152
Casual labour	778	1017	330	450
Contract	1787	1907	1341	1717
Machinery repairs	2279	2360	2144	2159
Machinery fuel	2537	2676	2367	2307
Machinery depreciation	5910	5995	5594	5861
Other depreciation	0	0	0	0
Property maintenance	2236	2424	1708	2051
Electricity	400	461	236	336
Other fuel	174	194	0	207
Water	332	285	918	185
Insurance	2010	2106	1913	1844
Professional fees	1292	1503	961	976
Other general costs	1911	2093	2016	1471
Rent, hired in keep and bare land	3185	3282	3152	2988
Rates	18	23	3	13
Rental value of owner occupied land and buildings	8761	7630	12533	9610
TOTAL FIXED COSTS	38757	40178	38793	35643
NET FARM INCOME (NFI)	11773	13844	4586	10337
Less farmer and spouse labour	16907	15459	18314	19460
MANAGEMENT AND INVESTMENT INCOME (M&I)	-5133	-1615	-13729	-9123

LAND USE AND INDICATORS OF TECHNICAL EFFICIENCY,
2005/2006

	Average all LFA farms	EU Region		
		North	East	West
Number of farms in group	234	152	23	59
Average farmed area (hectares)	153.72	183.12	118.34	104.75
Average proportion of owned total farmed area(%)	61%	59%	61%	69%
Land use (Hectares)				
Area of crops	0.8	0.5	0.3	1.7
Area of forage	152.9	182.6	118.1	103.0
Temporary grass	5.5	4.2	2.1	9.8
Permanent grass	62.6	61.5	70.8	61.5
Forage crops	0.5	1.0	1.1	1.6
Rough grazing	79.1	112.3	39.0	23.8
Forage hired in	5.2	4.1	6.1	7.5
Stocking				
Average number of dairy cows	0	0	0	0
Average number of beef cows	30	29	32	30
Average number of other cattle	49	47	54	50
Average number of ewes	349	406	226	277
Average number of other sheep	292	353	81	249
Grazing livestock units				
		GLUs per farm		
Dairy cows	0.1	0.0	0.0	0.4
Beef cows	22.4	22.0	24.1	22.7
Other cattle	24.0	22.7	28.1	25.1
Sheep	42.1	49.8	21.7	33.8
Other livestock	0.4	0.0	0.7	0.9
Total	89.0	94.6	74.7	82.9
GLUs per ha	0.58	0.52	0.63	0.80
GLUs per adjusted ha	0.93	0.94	0.76	0.97

END-OF-YEAR BALANCE SHEETS, 2005/2006

	Average all LFA farms	EU regions in England		
		North	East	West
Number of farms in group	234	152	23	59
Average farmed area (hectares)	153.72	183.12	118.34	104.75
Average proportion of owned total farmed area	61%	59%	61%	69%
		£ per farm		
End of year assets & liabilities				
Land & buildings	328490	307837	300863	385361
Milk quota	51	33	0	114
Single Payment Scheme	38852	41908	33207	34606
Machinery	31840	32508	29851	31235
Tenant's other assets	0	0	0	0
Breeding livestock	32314	36183	30166	24797
Total fixed assets	431547	418469	394087	476112
Trading livestock	19323	18842	21238	19553
Crops	102	85	0	182
Forage and cultivations	2284	1721	4430	2591
Stores	1555	1670	959	1560
Debtors and loans	22934	25440	12436	21965
Bank credit and cash	7577	6296	5933	11075
Other current assets	348	470	0	229
Total current assets	54122	54524	44996	57156
Total assets	485670	472993	439084	533268
Financed by				
AMC	2909	4002	0	1773
Bank loans	8843	9893	4189	8546
Other long term	2687	3447	972	1764
Total long term	14439	17342	5162	12083
HP and lease	2208	2167	332	3100
Creditors	4051	4451	3215	3536
Bank overdraft	8911	11169	4672	5803
Other short term	234	71	0	688
Total current liabilities	15404	17859	8219	13127
Total Liabilities	29843	35202	13380	25210
Net worth	455826	437791	425703	508058
Balance sheet ratios				
% Owner equity (net worth vs. total assets)	94%	93%	97%	95%
% Fixed assets vs. total assets	89%	88%	90%	89%
Gearing (long-term loans vs. total assets)	3%	4%	1%	2%
Total debt (external liabilities vs. net worth)	7%	8%	3%	5%

Appendix 3- Analysis of English Grazing Livestock Farms in the Less Favoured Area- Farm Size based on Standard Labour Requirement

England Grazing Livestock (Less Favoured Area)

GROSS OUTPUT, VARIABLE COSTS AND FARM GROSS MARGIN, 2005/2006

Farm Size by Standard Labour Requirement

	Part Time	Small	Medium	Large
Number of farms in group	31	67	62	74
Average farmed area (hectares)	65.52	112.90	181.21	418.87
Average proportion of owned total farmed area	78%	76%	55%	49%
		£ per farm		
<u>Output</u>				
Cattle	7910	10784	15971	30115
Sheep	4318	13366	20483	44789
Other livestock	2	2	130	425
Crops	43	300	483	1278
Forage	1699	1411	170	793
Hill Farm Allowance	1501	3183	4333	8024
Environmentally Sensitive Area	1808	2476	3245	7763
Countryside stewardship	797	2185	1486	5550
Other management & agri-environment schemes	592	774	1061	1613
Single Payment Scheme	8202	16358	21606	39902
Rental income	4624	7052	4099	4766
Contract work	2314	1724	2272	1650
Miscellaneous output	242	1581	4626	330
TOTAL FARM OUTPUT	34053	61196	79964	146998
<u>Variable costs</u>				
Concentrates	2577	5045	8535	16350
Purchased fodder	788	1464	2128	3825
Veterinary and medicines	692	1996	2591	5237
Other livestock costs	2363	3147	5698	9771
Seeds	45	144	208	331
Fertilisers	790	1470	2742	5089
Crop protection	109	144	215	417
Other crop costs	181	216	542	586
TOTAL VARIABLE COSTS	7544	13625	22659	41606
TOTAL GROSS MARGIN	26509	47571	57305	105392

FIXED COSTS, NET FARM INCOME AND MANAGEMENT & INVESTMENT
INCOME

	Farm Size by Standard Labour Requirement			
	Part Time	Small	Medium	Large
		£ per farm		
TOTAL GROSS MARGIN	26509	47571	57305	105392
<u>Fixed costs</u>				
Paid regular labour	59	1814	3470	10349
Unpaid regular family labour	167	2567	3463	5944
Casual labour	236	778	612	2221
Contract	1019	1457	2085	3979
Machinery repairs	1483	2020	2572	4377
Machinery fuel	1343	2390	2885	5249
Machinery depreciation	3794	5509	7099	10404
Property maintenance	1111	2836	2092	3666
Electricity	279	477	417	490
Other fuel	92	220	196	240
Water	375	324	177	423
Insurance	1192	2237	2265	3126
Professional fees	748	1633	1150	1955
Other general costs	1162	1893	2786	2730
Rent, hired in keep and bare land	1720	1849	3654	9041
Rates	1	31	21	24
Rental value of owner occupied land and buildings	7376	8749	8813	11943
TOTAL FIXED COSTS	22156	36784	43755	76162
NET FARM INCOME (NFI)	4353	10787	13550	29230
Less farmer and spouse labour	14612	16196	21163	19129
MANAGEMENT AND INVESTMENT INCOME (M&I)	-10260	-5409	-7613	10101

LAND USE AND INDICATORS OF TECHNICAL EFFICIENCY,
2005/2006

	Farm Size by Standard Labour Requirement			
	Part Time	Small	Medium	Large
Number of farms in group	31	67	62	74
Average farmed area (hectares)	65.52	112.90	181.21	418.87
Average proportion of owned total farmed area(%)	78%	76%	55%	49%
Land use (Hectares)				
Area of crops	0.1	0.7	1.1	2.3
Area of forage	65.4	112.2	180.2	416.5
Temporary grass	3.7	5.8	3.7	11.2
Permanent grass	38.5	52.5	72.5	130.0
Forage crops	0.5	1.3	1.6	2.5
Rough grazing	18.9	51.6	95.8	261.4
Forage hired in	4.4	1.4	7.9	13.0
Stocking				
Average number of dairy cows	0	0	1	0
Average number of beef cows	19	22	34	67
Average number of other cattle	28	40	59	106
Average number of ewes	103	300	454	913
Average number of other sheep	79	254	396	758
Grazing livestock units				
	GLUs per farm			
Dairy cows	0.0	0.0	0.6	0.1
Beef cows	14.5	16.6	25.6	50.4
Other cattle	13.6	19.7	29.0	52.4
Sheep	12.3	37.1	56.4	106.3
Other livestock	0.3	0.1	0.8	0.6
Total	40.7	73.6	112.4	209.7
GLUs per ha	0.62	0.66	0.62	0.50
GLUs per adjusted ha	0.77	0.92	1.00	0.98

END-OF-YEAR BALANCE SHEETS, 2005/2006

Farm Size by Standard Labour Requirement

	Part Time	Small	Medium	Large
Number of farms in group	31	67	62	74
Average farmed area (hectares)	65.52	112.90	181.21	418.87
Average proportion of owned total farmed area	78%	76%	55%	49%
	£ per farm			
End of year assets & liabilities				
Land & buildings	262565	325956	325465	490407
Milk quota	0	37	190	48
Single Payment Scheme	18509	35795	45956	85035
Machinery	20194	30323	37662	55830
Tenant's other assets	0	0	0	0
Breeding livestock	13912	25418	40402	81448
Total fixed assets	315181	417529	449675	712768
Trading livestock	10189	15967	23604	43273
Crops	23	75	144	298
Forage and cultivations	1467	1991	2341	4767
Stores	600	1768	1738	3097
Debtors and loans	9758	21139	28107	51806
Bank credit and cash	4914	6266	8733	15403
Other current assets	63	604	320	468
Total current assets	27014	47809	64985	119111
Total assets	342194	465339	514660	831879
Financed by				
AMC	969	4411	2035	5032
Bank loans	3079	9221	11588	18356
Other long term	407	2762	2211	8333
Total long term	4455	16395	15835	31720
HP and lease	1742	1859	1199	5173
Creditors	2258	4012	4674	7613
Bank overdraft	4413	8980	10376	17584
Other short term	429	229	0	46
Total current liabilities	8842	15080	16250	30417
Total Liabilities	13297	31475	32085	62137
Net worth	328897	433863	482576	769742
Balance sheet ratios				
% Owner equity (net worth vs. total assets)	96%	93%	94%	93%
% Fixed assets vs. total assets	92%	90%	87%	86%
Gearing (long-term loans vs. total assets)	1%	4%	3%	4%
Total debt (external liabilities vs. net worth)	4%	7%	7%	8%

Appendix 4- Analysis of English Grazing Livestock Farms in the Less Favoured Area- Area of Rough Grazing

England Grazing Livestock (Less Favoured Area)

GROSS OUTPUT, VARIABLE COSTS AND FARM GROSS MARGIN, 2005/2006

	Own Rough Grazing (% of farmed area)				
	None	Less than 25%	25-49.9%	50-74.9%	75% and over
Number of farms in group	81	38	40	41	34
Average farmed area (hectares)	81.18	105.15	118.41	218.13	375.10
Average proportion of owned total farmed area	64%	60%	70%	68%	52%
	£ per farm				
<u>Output</u>					
Cattle	12966	17499	10533	18715	10549
Sheep	13317	14929	13442	23702	21066
Other livestock	187	-37	0	-2	219
Crops	385	1092	388	0	0
Forage	1308	119	1365	2641	535
Hill Farm Allowance	2052	2904	3052	5470	6509
Environmentally Sensitive Area	2395	1800	2940	3464	6586
Countryside stewardship	398	1005	2034	6339	3220
Other management & agri-environment schemes	256	285	1167	1710	1748
Single Payment Scheme	15181	17034	15451	26535	21070
Rental income	5437	4352	5366	7957	3800
Contract work	732	2034	3033	3316	2016
Miscellaneous output	614	704	175	2358	5348
TOTAL FARM OUTPUT	55230	63718	58947	102205	82666
<u>Variable costs</u>					
Concentrates	5526	7263	5694	9087	6506
Purchased fodder	800	649	1622	3626	3182
Veterinary and medicines	1658	2136	1714	3317	2747
Other livestock costs	4090	4046	3548	5464	5136
Seeds	113	236	131	241	72
Fertilisers	1962	2837	1565	2390	1425
Crop protection	153	246	207	256	82
Other crop costs	232	613	192	333	359
TOTAL VARIABLE COSTS	14535	18026	14674	24715	19510
TOTAL GROSS MARGIN	40695	45691	44273	77490	63156

FIXED COSTS, NET FARM INCOME AND MANAGEMENT & INVESTMENT INCOME

	Own Rough Grazing (% of farmed area)				
	None	Less than 25%	25-49.9%	50-74.9%	75% and over
			£ per farm		
TOTAL GROSS MARGIN	40695	45691	44273	77490	63156
<u>Fixed costs</u>					
Paid regular labour	722	1007	2131	6686	6718
Unpaid regular family labour	2096	3557	533	5310	2006
Casual labour	506	562	766	1407	1064
Contract	1765	1830	1495	2607	1475
Machinery repairs	2121	2511	1840	2981	2442
Machinery fuel	2264	2698	2069	3573	2772
Machinery depreciation	4888	6455	5121	8434	6574
Property maintenance	1643	1766	1993	4975	1870
Electricity	336	417	370	731	258
Other fuel	81	193	200	364	147
Water	334	366	345	496	108
Insurance	1747	2331	1587	2947	2072
Professional fees	990	1292	1140	1933	1636
Other general costs	1568	1629	1610	2256	3203
Rent, hired in keep and bare land	3011	4094	2102	3531	4072
Rates	3	0	16	97	0
Rental value of owner occupied land and buildings	9152	8385	7726	10779	7995
TOTAL FIXED COSTS	33226	39093	31044	59106	44411
NET FARM INCOME (NFI)	7469	6598	13229	18384	18745
Less farmer and spouse labour	18249	17118	14833	16248	17611
MANAGEMENT AND INVESTMENT INCOME (M&I)	-10781	-10520	-1604	2136	1134

LAND USE AND INDICATORS OF TECHNICAL EFFICIENCY,
2005/2006

	Own Rough Grazing (% of farmed area)				
	None	Less than 25%	25-49%	50-74%	75% and over
Number of farms in group	81	38	40	41	34
Average farmed area (hectares)	81.18	105.15	118.41	218.13	375.10
Average proportion of owned total farmed area(%)	64%	60%	70%	68%	52%
Land use (Hectares)					
Area of crops	0.8	2.1	0.9	0.0	0.0
Area of forage	80.4	103.0	117.5	218.1	375.1
Temporary grass	7.4	8.7	2.9	5.4	2.2
Permanent grass	66.4	72.4	60.3	67.7	41.6
Forage crops	0.6	1.2	1.4	3.4	3.4
Rough grazing	0.0	14.5	47.2	141.3	330.2
Forage hired in	6.4	6.9	6.9	1.8	1.1
Stocking					
Average number of dairy cows	1	0	0	0	0
Average number of beef cows	31	31	20	44	28
Average number of other cattle	46	67	38	68	37
Average number of ewes	262	293	296	500	557
Average number of other sheep	228	264	263	442	376
Grazing livestock units					
	GLUs per farm				
Dairy cows	0.4	0.0	0.0	0.0	0.0
Beef cows	23.4	23.4	14.9	33.3	21.1
Other cattle	22.8	33.2	18.6	32.8	17.3
Sheep	31.8	35.6	37.2	60.3	63.7
Other livestock	0.2	1.0	0.2	0.3	0.3
Total	78.7	93.1	70.9	126.6	102.4
GLUs per ha	0.98	0.90	0.60	0.58	0.27
GLUs per adjusted ha	0.98	0.99	0.82	1.03	0.82

END-OF-YEAR BALANCE SHEETS, 2005/2006

	Own Rough Grazing (% of farmed area)				
	None	Less than 25%	25-49.9%	50-74.9%	75% and over
Number of farms in group	81	38	40	41	34
Average farmed area (hectares)	81.18	105.15	118.41	218.13	375.10
Average proportion of owned total farmed area	64%	60%	70%	68%	52%
	£ per farm				
End of year assets & liabilities					
Land & buildings	319817	300715	303799	340962	408781
Milk quota	154	0	0	0	0
Single Payment Scheme	30944	35931	35281	57393	48569
Machinery	26299	35354	27250	46123	34751
Tenant's other assets	0	0	0	0	0
Breeding livestock	26749	28939	25648	49447	43546
Total fixed assets	403963	400940	391978	493925	535648
Trading livestock	17323	24247	15905	26445	17364
Crops	97	205	161	0	0
Forage and cultivations	2962	2351	1574	1878	2188
Stores	1504	1519	843	3064	1428
Debtors and loans	17172	19963	21063	36094	30061
Bank credit and cash	8580	6429	5039	6505	11773
Other current assets	115	730	178	117	989
Total current assets	47753	55444	44762	74103	63802
Total assets	451717	456384	436740	568029	599449
Financed by					
AMC	833	2937	3035	463	10001
Bank loans	10425	5842	2993	13375	13742
Other long term	1668	687	2075	6738	4350
Total long term	12925	9466	8103	20577	28093
HP and lease	1475	2299	1199	4496	3286
Creditors	2994	3943	3726	7034	4287
Bank overdraft	6398	5798	8120	15378	13266
Other short term	486	37	282	0	1
Total current liabilities	11354	12076	13326	26909	20840
Total Liabilities	24279	21543	21429	47485	48933
Net worth	427437	434841	415311	520544	550516
Balance sheet ratios					
% Owner equity (net worth vs. total assets)	95%	95%	95%	92%	92%
% Fixed assets vs. total assets	89%	88%	90%	87%	89%
Gearing (long-term loans vs. total assets)	3%	2%	2%	4%	5%
Total debt (external liabilities vs. net worth)	6%	5%	5%	9%	9%

Appendix 5- Analysis of English Grazing Livestock Farms in the Less Favoured Area- Gross Margin for LFA Suckler Cows

Gross Margin data- LFA Suckler cows

Gross margins per cow, livestock unit and per hectare

		All herds	Under 50 cows	50-100 cows	Over 100 cows
Number of farms		169	98	54	17
Cows per herd		43	29	67	133
Stocking rate:	Lu/ha	0.6	0.5	0.7	0.9
		Per cow			
Output -	calves	270.4	276.7	262.5	268.2
	depreciation	-45.3	-45.5	-42.1	-52.1
ENTERPRISE OUTPUT (excl. BLSA)		225.1	231.2	220.4	216.1
Concentrates		34.7	38.2	24.2	47.8
Purchased fodder and keep		17.4	21.9	13.7	11.6
Veterinary and medicines		15.7	16.7	14.9	14.5
Other livestock costs		32.6	36.9	27.6	30.6
Seed		1.4	1.4	0.9	2.5
Fertiliser		22.2	18.1	27.0	24.0
Sprays		1.2	1.5	0.8	1.2
Other crop costs		3.4	2.3	4.3	4.6
TOTAL VARIABLE COSTS		128.6	137.1	113.3	136.7
GROSS MARGIN per cow (excl. BLSA)		96.5	94.2	107.1	79.4
GROSS MARGIN per LU (excl. BLSA)		100.2	98.7	108.7	84.2
GROSS MARGIN per Ha (excl. BLSA)		61.1	50.7	75.2	75.9

Appendix 6- Analysis of English Grazing Livestock Farms in the Less Favoured Area- Gross Margin for Moorland Ewes

Gross margin data- Moorland ewes

Gross margins per ewe and per hectare

	All flocks	Under 400 ewes	400 - 749 ewes	Over 750 ewes
Number of farms	67	23	26	18
Ewes per flock	414	202	541	1022
Stocking rate: Ewes/ha	3.3	4.8	3.2	2.7
	Per ewe			
Output - lambs	40.3	45.8	37.4	39.0
wool	0.9	1.3	0.8	0.8
depreciation	-7.9	-6.7	-8.5	-8.3
ENTERPRISE OUTPUT (excl. BLSA)	33.3	40.4	29.7	31.5
Concentrates	6.8	7.5	5.7	7.3
Purchased fodder and keep	2.6	1.0	4.1	2.3
Veterinary and medicines	3.6	3.6	3.8	3.3
Other livestock costs	4.7	5.7	4.7	3.7
Seed	0.0	0.0	0.0	0.1
Fertiliser	1.9	1.9	1.5	2.4
Sprays	0.1	0.2	0.1	0.1
Other crop costs	0.2	0.3	0.2	0.2
TOTAL VARIABLE COSTS	19.9	20.3	20.1	19.2
GROSS MARGIN per ewe (excl. BLSA)	13.5	20.1	9.6	12.3
GROSS MARGIN per LU (excl. BLSA)	133.2	183.9	97.2	126.8
GROSS MARGIN per Ha (excl. BLSA)	44.2	96.6	30.4	33.1

Appendix 7- Analysis of English Grazing Livestock Farms in the Less Favoured Area- Gross Margin for Other SDA ewes

Gross Margin data- Other LFA ewes

Gross margins per ewe and per hectare

	All flocks	Under 400 ewes	400 - 749 ewes	Over 750 ewes
Number of farms	129	63	40	26
Ewes per flock	381	220	511	1165
Stocking rate: Ewes/ha	5.1	5.6	4.5	5.3
	Per ewe			
Output - lambs	60.4	59.5	58.9	62.9
wool	1.1	1.2	1.2	0.9
depreciation	-8.9	-8.8	-7.9	-10.0
ENTERPRISE OUTPUT (excl. BLSA)	52.6	51.9	52.3	53.8
Concentrates	11.0	10.2	12.2	10.3
Purchased fodder and keep	2.7	2.8	2.6	2.5
Veterinary and medicines	4.2	4.1	4.5	4.2
Other livestock costs	5.9	5.8	6.0	6.1
Seed	0.2	0.2	0.2	0.1
Fertiliser	2.9	2.5	2.9	3.7
Sprays	0.2	0.2	0.2	0.1
Other crop costs	0.3	0.3	0.3	0.2
TOTAL VARIABLE COSTS	27.4	26.1	28.8	27.2
GROSS MARGIN per ewe (excl. BLSA)	25.2	25.8	23.5	26.6
GROSS MARGIN per LU (excl. BLSA)	208.7	209.4	195.8	225.8
GROSS MARGIN per Ha (excl. BLSA)	129.2	144.0	109.8	140.9

Appendix 8 Reports in this series:

Crop Production in England 2005/2006

<http://www.landecon.cam.ac.uk/research/eeprg/rbu/rbupubs.htm>

Dairying Farming in England 2005/2006

<http://www.nottingham.ac.uk/rbru/publications.html>

Hill Farming in England 2005/2006

http://www.cornwall.ac.uk/rbs/index.php?page=_Home

Pig Production in England 2005/2006

http://www.askham-bryan.ac.uk/for_business/rural_business_research_unit

Poultry Production in England 2005/2006

<http://www.apd.rdg.ac.uk/AgEcon/research/afit/index.htm>

Appendix 9: DEFINITION OF TERMS

I. CLASSIFICATION OF FARMS IN THE FBS

Farms are classified by both type and size. The former is done using European size units (ESU) which measures the financial performance of the holding in terms of the margins which might be expected from crops and livestock. The margins used are gross margins standardised at a five year average centred on year 2000 values (SGMs).

For a farm to be classified as Less Favoured Area (LFA) grazing livestock the sum of cattle, sheep and other grazing livestock SGM's must account for more than two thirds of the total SGM's on the holding, except where dairy cows account for more than two thirds of the SGM's when the farm is classified as dairy. LFA holdings have more than 50 per cent or more of its total area with the LFA. Of holding classified as LFA, those whose LFA land is wholly or mainly (50 per cent or more) in the Severely Disadvantaged Area (SDA) are classified as SDA; those whose LFA land is wholly or mainly (more than 50 per cent) in the Disadvantaged Area (DA) are classified as DA.

Farms are also classified by size by utilising the Standard Labour Requirements. These are based on standard figures for different enterprises – they are not based on the actual labour utilised on a particular farm. In order to be included in the FBS they generally require at least 0.5 Single Labour Unit.

II. WEIGHTING OF RESULTS

All data presented in this report has been weighted to reflect the relative significance of each farm in the population. The weighting adopted has been the same as that used in the main FBS results (see <http://www.farmbusinesssurvey.co.uk>).

All FBS results are weighted so as to represent the whole population of farms rather than just the sample. The population in this case is all farms in England of size at least 0.5 Single Labour Requirement. Weighting of FBS data is a two-stage procedure. The first stage applies a multiple to each farm to bring the number of farms to population level and to correct for differing probabilities of selection from the June agricultural census sampling frame; the second stage readjusts these weights to correct for biases identified from a range of variables in external data sources

III. CROPPING

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 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.

IV. OUTPUTS, INPUTS AND NET FARM INCOME TABLES

Livestock enterprise output comprises the total sales of livestock and livestock products, trading livestock valuation change, 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 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.

Crop enterprise output, which is the total value of cash crops produced by the farm. 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. 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. 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.

Forage covers the sales of fodder, valuation changes for fodder.

Miscellaneous output includes returns from the use of farm resources. They include cottage and building rents, contracting and hirework and recreational activities. It also includes 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.

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.

Concentrate feed and purchased fodder

This represents expenditure on feeds and feed additives, including charges for agistment. Home-grown concentrate feed is included and this represents the ex-farm value of all home produced cereals, beans, milk (excluding direct suckling), etc. fed on the farm both from the current and previous years' crops.

Veterinary fees and medicines

This consists of veterinary fees and the cost of all medicines.

Other livestock costs

This comprises straw bought specifically for bedding materials, breeding costs (including AI and stud fees), miscellaneous dairy expenses, disinfectants, marketing and storage costs of animal products, Milk Development Council levy and other livestock costs not separately identified.

Seeds

This comprises expenditure on purchased seeds and plants 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. 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 These comprise all crop inputs not separately specified, e.g. marketing charges, packing materials, baling twine, silage additives and plastic sheet.

Total fixed costs for calculating net farm income

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

Labour (excluding farmer and spouse)

This comprises wages and employer's insurance contributions, payments in kind, salaried management, unpaid family labour, excluding that of the farmer and spouse, valued at the rate of comparable paid labour. The value of the manual labour of the farmer and spouse is not charged as an input in calculating net farm income (i.e. it is a component of management and investment income).

Contract costs These costs include expenditure on work carried out by agricultural contractors. 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 labour.

Machinery repairs, fuel and depreciation

These represent the cost of machinery and equipment repairs, fuel and oil and car mileage expenses. Depreciation provisions in respect of machinery are shown on a current cost basis. The rates of depreciation used (on a diminishing balance basis for machinery) are intended to reflect the degree of deterioration of the assets.

Property maintenance

These comprise the farm share of tenant-type repairs to land and buildings.

Other general costs

These consist of bank charges, vehicle licences, and other miscellaneous expenses not recorded elsewhere.

Rent, rates and rental value

These comprise the rent paid by tenant's costs (including the imputed rent on tenant's improvements), the rental value of owner-occupied farms, and the farm share of rates.

Net Farm Income (NFI) is intended as a 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 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.

Management and Investment Income (MII) is Net Farm Income less the allowance made for the farmer's and spouse's manual labour. It represents the reward for management and a return on tenant's capital. MII therefore represents the return to management after all costs have been deducted, including the imputed cost of all unpaid manual labour and a notional rent on owner occupied land and buildings.

V. BALANCE SHEET TABLES

Total fixed assets include milk 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.

Source: DEFRA- *Farm Accounts in England 2005-06*



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