

FBS

Farm Business Survey



Department
for Environment
Food & Rural Affairs



FARM BUSINESS SURVEY

Hill Farming in England



Farm Business Survey

2022-23

Hill Farming in England

Mark Fogerty and Keith Robbins

Promar International
Alpha Building
London Road
Stapeley
Nantwich
Cheshire
CW5 7JW

Telephone: 01270 616800
E-mail: caroline.lambourne@genusplc.com

Acknowledgements

Promar thanks sincerely all the farmers who have voluntarily provided records and information on which the annual Farm Business Survey, and this report, is based.

The basic information on which this report is based was collected on behalf of, and financed by, the Department for Environment, Food and Rural Affairs and is Crown Copyright.

The views expressed in this report are those of the authors and are not necessarily shared by other members of Promar or by the Department for Environment, Food and Rural Affairs.

Contents

| | |
|---|-----------|
| Acknowledgements | 3 |
| Contents | 4 |
| Background and Context | 5 |
| The Data: FBS Grazing Livestock Farms (LFA) | 5 |
| Figure 1 Trends in Farm Business Income £ per farm, in England, by farm type..... | 7 |
| The Average LFA Farm in 2022-23 | 7 |
| Table 1: Income details, for all LFA farms, and by Performance Band..... | 8 |
| Table 2 Land Use, for all LFA farms, and by Performance Band..... | 10 |
| Table 3 Balance Sheet details, for all LFA farms, and by Performance Band..... | 11 |
| Table 4 Fund flow, for all LFA farms, and by Performance Band..... | 12 |
| Table 5 Business Output, Input and Income..... | 13 |
| Figure 2 LFA Grazing Livestock farms in England - Average Farm Business Income by Cost Centre 2017-2022 crop years..... | 15 |
| Figure 3 Farm Business Income and Unpaid labour per hectare by Cost Centre, by Performance Band, 2022-23..... | 16 |
| Figure 4 Farm Business Income and Unpaid labour per farm by Cost Centre, by size of farm 2022-23..... | 17 |
| Table 6 Farm Business Income and Basic Payment Scheme, 2022-23..... | 18 |
| Figure 5 Farm Business Income and Unpaid labour per farm by cost centre, by LFA farm type 2022-23..... | 19 |
| Figure 6 Farm Business Income and Unpaid labour per farm by cost centre, by EU Region, 2022-23..... | 19 |
| LFA Enterprise Gross Margins | 20 |
| Table 7 SDA Ewe Gross Margin data..... | 20 |
| Table 8 SDA Suckler Cow Gross Margin data..... | 21 |
| Appendix 1 The Farm Business Survey (FBS) | 22 |
| General..... | 22 |
| Classification of survey farms by type of farming and size of business..... | 22 |
| Definition of Terms..... | 24 |
| Appendix 2 Grazing Livestock (LFA) details, by size of business | 29 |
| Appendix 3 Grazing Livestock (LFA) details, by LFA farm type | 34 |
| Appendix 4 Grazing Livestock (LFA) details, by EU region | 39 |

Background & Context

The total area of land classified as Less Favoured Area (LFA) on farms in England is 2.2 million hectares. Of this, 1.8 million hectares are farmed- 17% of the total farmed area of England¹. This total is made up of Severely Disadvantaged Areas (SDAs) which account for 67% of the LFA, and Disadvantaged Areas (DAs) accounting for 33% of the LFA. The Moorland designation of semi-natural vegetation covers 42% of the LFA area². These are areas where farming is more difficult because of poor climate, soils and terrain, which in turn lead to lower yields and higher production and transportation costs. LFAs essentially define the upland hill-farming areas; they include most of the upland areas in the North of England (including the Pennines, Lake District and North York Moors) the Peak District, the English part of the English-Welsh border, Exmoor, Dartmoor, and parts of Cornwall. In England, 27% of beef cows and 40% of female breeding sheep are on commercial LFA grazing livestock farms³. Farming plays a crucial role in maintaining the distinctive landscape of such areas.

There are some 12,218 commercial holdings classified as Grazing Livestock (LFA) farms and these account for 1.26 million ha of English farmland (excluding commons)⁴. While these holdings predominantly farm in the LFA this is not exclusively the case; that is some LFA Grazing livestock farms may farm areas of lowland and some Lowland grazing farms may farm some areas of the LFA. This report presents data representing the 6,498 commercial holdings above the lower size limit of 25,000 euros of Standard Output (see below).

The continued economic health of the farmers (and other land users and managers) in the uplands is of considerable value to society. The current performance and, hence, economic health of the livestock farmers in the Less Favoured Areas of England is the focus of this report.

This report concentrates the England Regions, which represent amalgamations of GO Regions:

- England West Region comprises the South West and West Midlands GO regions.
- England North Region includes North West, North East and Yorkshire & Humberside GO regions.
- England East Region is the East Midlands, Eastern and South East GO regions.

In comparison to land in the SDA, land in the DA is generally higher-grade agricultural land, is more accessible, and producers have more options to maximise the potential of the land. Under the Basic Payment Scheme (BPS) the DA is subsumed within the lowland region and therefore receives a higher flat rate payment than the SDA. The traditional basis of farming in the LFA is the keeping of beef suckler cows and breeding ewes. The breed of livestock kept corresponds with the type of land; the hills being dominated by hardy breeds and the lower land having more upland and lowland type stock.

The Data: FBS Grazing Livestock Farms (LFA)

The data presented in this publication comes from 167 farms, which are all part of the Farm Business Survey. Sixty-one per cent come from the FBS North Region, 29% from the FBS West Region and the remaining 10% from the FBS East Region. The data have been 'weighted' to represent the total population with each individual farm assigned a weighting factor. Consequently, the 'raised sample'

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

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

³ Data from Defra, June Survey of Agriculture and Horticulture, 2022

⁴ Data from Defra, June Survey of Agriculture and Horticulture, 2022

provides a basis for estimating the total land use and performance for the LFA, by farm type and by region.

It is important to note that all surveys are subject to sampling error as they are not measuring the whole population, the FBS is no exception. It is common practice to publish 95% confidence intervals and error bars alongside any published estimated figures to give the reader an indication of the size of the sampling error. These signify that we are 95% confident that this range contains the true value. For simplicity within these reports, the confidence intervals have not always been published. Readers should be aware that the figures calculated from the FBS data have a level of uncertainty around them and that all figures are estimates. Generally, the smaller the sample size the greater the sampling error and the less confidence we have in the estimates. For details on the FBS confidence intervals, please refer to Defra FBS publications <https://www.gov.uk/government/collections/farm-businesssurvey>

The Farm Business Survey classifies farms based upon Standard Outputs (SO)⁵. LFA Grazing Livestock Farms are holdings on which cattle, sheep and other grazing livestock account for more than two thirds of their total SO- except holdings classified as dairy. Dairy farms are those where dairy cows account for more than two thirds of the total SO (and are excluded from this report). A holding is classified as an LFA holding if 50% or more of its total area is in the LFA. Of holdings classified as LFA, those whose LFA land is wholly or mainly (50% or more) in the SDA are classified as SDA; those whose LFA land is wholly or mainly (more than 50%) in the DA are classified as DA. For the purposes of the survey, only those farms with an SO of greater than 25,000 euros are considered, which excludes some 11,000 very small holdings in the LFA.

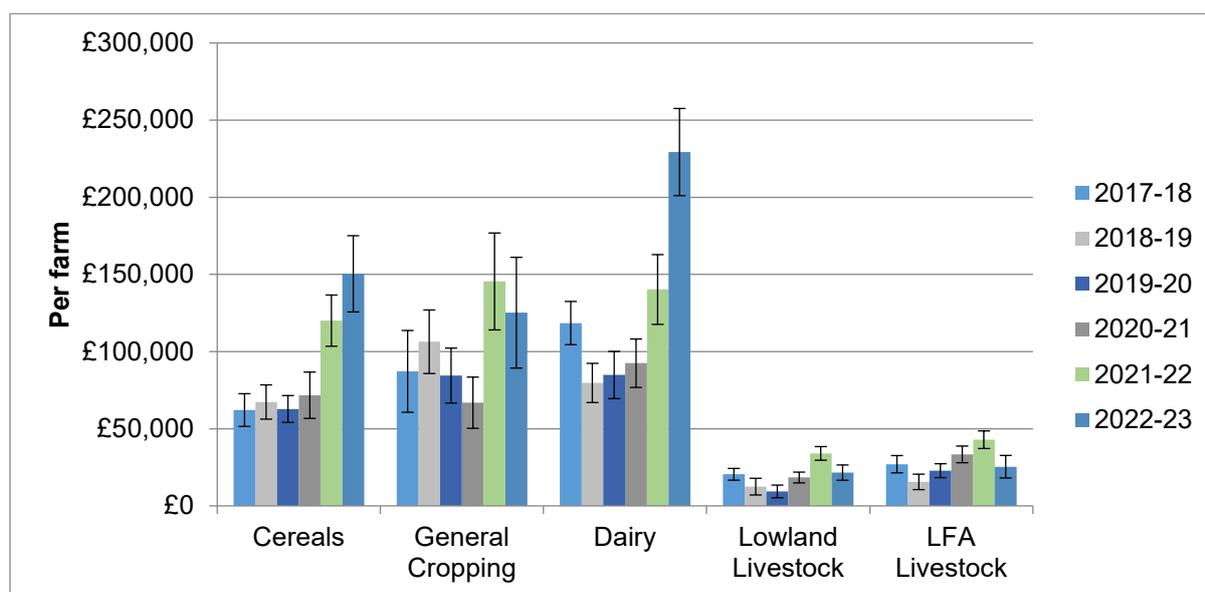
Within this Grazing Livestock (LFA) group there are four sub-groups-

- SDA Sheep- farms where more than two thirds of the total SO is accounted by sheep, and 50% or more of the total area of the farm is in the LFA, of which 50% or more is in the SDA
- SDA Beef- farms where more than two thirds of the total SO is accounted by beef cattle, and 50% or more of the total area of the farm is in the LFA, of which 50% or more is in the SDA
- SDA Cattle and Sheep- farms that 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
- DA Cattle and sheep farms- farms where more than two thirds of the total SO is accounted by beef cattle and sheep, and 50% or more of the total area of the farm is in the LFA, of which 50% or more is in the DA

The comparative business performance of LFA farms is illustrated in Figure 1, which compares the Farm Business Income (FBI) per farm earned by the LFA grazing farms and by other farm types in the England FBS sample over the last six years.

⁵ The Standard Output (SO) for a farm business represents the theoretical output for all the agricultural production activities on the farm, based on standard coefficients for each commodity on the farm. The SO is representative of expected output under typical conditions for enterprises of average size and performance. Farms are classified according to the enterprise mix of SOs on a farm. (See Appendix 1 for more information on Standard Output.)

Figure 1 Trends in Farm Business Income £ per farm, in England, by farm type



Source: [Farm Business Income by type of farm in England 2022/23- GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/farm-business-income-by-type-of-farm-in-england-2022-23)

Farm Business Income represents the financial return to all unpaid labour (farmers and spouses, non-principal partners and their spouses and family workers) and on all their capital invested in the farm business, including land and buildings (net of any interest payments on debt capital). As can be seen, the upland farms have always under-performed relative to their peers except Lowland Livestock in terms of income per farm.

The Average LFA Farm in 2022-23

Although the average LFA farm in the FBS sample in 2022/23 does not reflect the wide variation in either the sample, or still more the whole population, its description still provides a general picture of the sector. The average farmed area is 164 ha plus common grazing. This area includes 90 ha of permanent grassland and 59 ha rough grazing. The average farm is part owned (84 ha) and part rented (80 ha). The average LFA farmer has 19 beef cows and 402 breeding ewes. Cattle and Sheep youngstock make up the total to 69 cattle and 767 sheep on the farm, making a total of 82 Grazing Livestock Units (GLUs) (see Table 1).

Table 1 also illustrates the variation in performance levels within the sector. The High performing businesses are much larger than the medium and low performers. They can spread their fixed costs over a greater area, have similar income per farm from diversification with the BPS per hectare only slightly lower. The agri-environmental incomes are much higher per hectare than the lower performers.

Table 1: Income details, for all LFA farms, and by Performance Band

| Financial details, 2022/23 | Average all farms | Level of Performance | | |
|--|-------------------|----------------------|----------------|----------------|
| | | Low | Medium | High |
| Number of farms in group | 167 | 25 | 96 | 46 |
| Average farmed area (hectares) | 164.3 | 80.5 | 129.7 | 314.8 |
| Average % of owned total farmed area | 51% | 58% | 56% | 45% |
| | £ per farm | | | |
| Output | | | | |
| Cattle | 35,706 | 16,728 | 33,981 | 57,693 |
| Sheep | 46,067 | 14,744 | 41,832 | 85,109 |
| Other livestock | 476 | 18 | 944 | 0 |
| Crops | 2,528 | 0 | 1,088 | 7,850 |
| Forage | 1,117 | 1,131 | 1,518 | 309 |
| Environmental schemes | 15,130 | 4,283 | 9,939 | 36,019 |
| Basic Payment Scheme | 22,782 | 11,832 | 18,977 | 41,030 |
| Rental income | 2,309 | 1,270 | 2,755 | 2,442 |
| Contract work | 4,969 | 3,731 | 6,385 | 3,379 |
| Renewable energy production | 620 | 392 | 583 | 916 |
| Miscellaneous output | 4,461 | 4,739 | 4,011 | 5,082 |
| Total Farm Output | 136,165 | 58,869 | 122,013 | 239,829 |
| Variable costs | | | | |
| Concentrates | 20,414 | 11,037 | 18,937 | 32,513 |
| Purchased fodder | 2,275 | 1,374 | 2,188 | 3,329 |
| Veterinary and medicines | 5,042 | 2,624 | 4,706 | 8,074 |
| Other livestock costs | 9,429 | 4,620 | 9,406 | 14,181 |
| Seeds | 686 | 94 | 630 | 1,375 |
| Fertilisers | 4,811 | 2,832 | 4,903 | 6,565 |
| Crop protection | 566 | 255 | 460 | 1,079 |
| Other crop costs | 703 | 209 | 518 | 1,554 |
| Total Variable Costs | 43,925 | 23,045 | 41,749 | 68,669 |
| Gross Margin | 92,240 | 35,824 | 80,264 | 171,159 |
| Fixed costs | | | | |
| Paid labour | 6,662 | 930 | 4,583 | 16,386 |
| Contract | 5,595 | 3,596 | 4,612 | 9,498 |
| Machinery repairs | 5,281 | 4,341 | 5,180 | 6,402 |
| Machinery fuel | 6,383 | 4,136 | 6,266 | 8,814 |
| Machinery depreciation | 8,957 | 5,446 | 9,060 | 12,189 |
| General costs | 12,471 | 11,212 | 12,015 | 14,606 |
| Property maintenance | 5,669 | 4,131 | 5,873 | 6,772 |
| Rent, hired in keep and bare land | 7,530 | 3,139 | 6,403 | 14,059 |
| Buildings depreciation | 3,909 | 3,898 | 2,750 | 6,214 |
| Interest | 4,345 | 3,065 | 4,040 | 6,202 |
| Total Fixed Costs | 66,803 | 43,893 | 60,782 | 101,142 |
| FARM BUSINESS INCOME | 25,436 | -8,069 | 19,481 | 70,017 |
| All unpaid labour | 31,781 | 30,615 | 34,016 | 28,499 |
| <i>Equals</i> - FARM CORPORATE INCOME | -6,344 | -38,684 | -14,535 | 41,519 |
| Plus - Net Interest | 4,321 | 3,050 | 4,013 | 6,173 |
| <i>Equals</i> - FARM INVESTMENT INCOME | -2,023 | -35,634 | -10,521 | 47,691 |

| Alternative Income Measures, 2022/23 | | | | | |
|--|--|-------------------|----------------------|--------|--------|
| | | Average all farms | Level of Performance | | |
| | | | Low | Medium | High |
| Reconciliation between Net Farm Income and Farm Business Income | | | | | |
| | FARM BUSINESS INCOME | 25,436 | -8,069 | 19,481 | 70,017 |
| Plus- | Directors' remuneration | 160 | 0 | 164 | 309 |
| Less- | Net income from assets associated with the farm business | 0 | 0 | 0 | 0 |
| Plus- | Buildings and works depreciation | 3,909 | 3,898 | 2,750 | 6,214 |
| Plus- | Landlord type expenses | 649 | 396 | 701 | 795 |
| Plus- | Imputed rental income | 552 | 107 | 578 | 935 |
| Less- | Imputed rent and rental value | 14,704 | 9,713 | 13,034 | 22,895 |
| Plus- | Net Interest | 4,321 | 3,050 | 4,013 | 6,173 |
| Less- | Unpaid labour of partners | 5,325 | 3,777 | 6,184 | 5,142 |
| Equals- | NET FARM INCOME** | 14,997 | -14,109 | 8,469 | 56,405 |
| ** Excluding Breeding Livestock Stock Appreciation | | | | | |

Table 2 Land Use, for all LFA farms, and by Performance Band

| Land Use and Indicators of Technical Efficiency, 2022/23 | | | | |
|--|-------------------|----------------------|--------|-------|
| | Average all farms | Level of Performance | | |
| | | Low | Medium | High |
| Number of farms in group | 167 | 25 | 96 | 46 |
| Average farmed area (hectares) | 164.3 | 80.5 | 129.7 | 314.8 |
| Average proportion of owned total farmed area (%) | 51% | 58% | 56% | 45% |
| Land use | | | | |
| Area of crops | 1.6 | 0.0 | 0.8 | 4.9 |
| Temporary grass | 6.4 | 0.3 | 3.3 | 18.5 |
| Permanent grass | 90.0 | 56.6 | 77.7 | 146.9 |
| Fodder crops | 0.3 | 0.0 | 0.5 | 0.3 |
| Rough grazing | 58.9 | 17.7 | 40.2 | 136.1 |
| Uncropped, fallow and turf | 0.3 | 0.0 | 0.1 | 0.8 |
| Forage hired in | 6.8 | 5.8 | 7.1 | 7.2 |
| Stocking | | | | |
| Average number of dairy cows | 0 | 0 | 0 | 0 |
| Average number of beef cows | 19 | 8 | 21 | 25 |
| Average number of other cattle | 50 | 38 | 48 | 65 |
| | | | | |
| Average number of ewes | 402 | 173 | 360 | 709 |
| Average number of other sheep | 365 | 153 | 339 | 623 |
| | | | | |
| Grazing livestock units | GLUs per farm | | | |
| Dairy cows | 0.3 | 0.0 | 0.4 | 0.4 |
| Beef cows | 9.5 | 4.2 | 10.6 | 12.4 |
| Other cattle | 30.6 | 24.2 | 29.5 | 39.2 |
| Sheep | 41.4 | 17.3 | 37.8 | 72.2 |
| Other livestock | 0.5 | 0.7 | 0.5 | 0.2 |
| Total | 82.4 | 46.5 | 78.8 | 124.5 |
| | | | | |
| GLUs per ha | 0.51 | 0.58 | 0.61 | 0.40 |
| GLUs per adjusted ha | 0.61 | 0.65 | 0.73 | 0.50 |

Table 3 Balance Sheet details, for all LFA farms, and by Performance Band

| Balance Sheet, 2022/23 (end of year) | Level of Performance | | | |
|---|----------------------|----------------|------------------|------------------|
| | Average all farms | Low | Medium | High |
| Number of farms in group | 167 | 25 | 96 | 46 |
| Average farmed area (hectares) | 164.3 | 80.5 | 129.7 | 314.8 |
| Average proportion of owned total farmed area | 51% | 58% | 56% | 45% |
| | £ per farm | | | |
| End of year assets & liabilities | | | | |
| Land & buildings | 961,981 | 766,876 | 818,412 | 1,437,029 |
| Basic Payment Scheme | 19,126 | 10,219 | 16,087 | 33,860 |
| Machinery | 79,417 | 44,822 | 74,364 | 123,280 |
| Tenant's other assets | 2,887 | 5,074 | 555 | 5,359 |
| Breeding livestock | 80,397 | 30,783 | 76,559 | 136,559 |
| Total fixed assets | 1,143,808 | 857,774 | 985,976 | 1,736,086 |
| Trading livestock | 37,872 | 28,675 | 31,331 | 59,819 |
| Crops | 515 | 0 | 207 | 1,630 |
| Forage and cultivations | 4,048 | 2,238 | 3,416 | 7,071 |
| Stores | 5,481 | 2,639 | 4,474 | 10,258 |
| Debtors and loans | 10,168 | 3,321 | 6,430 | 24,265 |
| Bank credit and cash | 25,300 | 10,400 | 20,987 | 48,419 |
| Other current assets | 0 | 0 | 0 | 0 |
| Total current assets | 83,385 | 47,272 | 66,844 | 151,463 |
| Total assets | 1,227,193 | 905,046 | 1,052,820 | 1,887,550 |
| Financed by | | | | |
| AMC | 27,204 | 19,893 | 20,670 | 47,289 |
| Bank loans | 53,721 | 23,897 | 69,253 | 52,184 |
| Other long term | 7,530 | 10,268 | 3,799 | 12,232 |
| Total long term | 88,455 | 54,058 | 93,722 | 111,705 |
| HP and lease | 4,106 | 2,223 | 2,912 | 8,312 |
| Creditors | 7,573 | 3,553 | 6,634 | 13,365 |
| Bank overdraft | 17,978 | 13,705 | 11,118 | 35,735 |
| Other short term | 47 | 0 | 93 | 0 |
| Total current liabilities | 29,704 | 19,481 | 20,757 | 57,413 |
| Total Liabilities | 118,159 | 73,539 | 114,479 | 169,118 |
| | | | | |
| Net worth | 1,109,034 | 831,508 | 938,340 | 1,718,432 |
| Balance sheet ratios- | | | | |
| % Owner equity (net worth v. total assets) | 90% | 92% | 89% | 91% |
| % Fixed assets vs. total assets | 93% | 95% | 94% | 92% |
| Gearing (long-term loans v. total assets) | 7% | 6% | 9% | 6% |
| Total debt (external liabilities v.net worth) | 11% | 9% | 12% | 10% |

Table 4 Fund flow, for all LFA farms, and by Performance Band

| FUND FLOWS, 2022/23 | Average all farms | Level of Performance | | |
|---|-------------------|----------------------|---------|---------|
| | | Low | Medium | High |
| Number of farms in group | 167 | 25 | 96 | 46 |
| Average farmed area (hectares) | 164.3 | 80.5 | 129.7 | 314.8 |
| Average proportion of owned total farmed area (%) | 51% | 58% | 56% | 45% |
| | £ per farm | | | |
| Funds available from trading | | | | |
| Farm Business Income | 25,436 | -8,069 | 19,481 | 70,017 |
| Buildings and works depreciation | 3,909 | 3,898 | 2,750 | 6,214 |
| Machinery depreciation | 8,957 | 5,446 | 9,060 | 12,189 |
| Change in valuation * | -3,539 | -2,824 | -3,287 | -4,737 |
| Trading net fund flow surplus | 34,764 | -1,549 | 28,005 | 83,683 |
| Funds used for farm investments | | | | |
| Net property and quota purchases | 1,759 | -29 | 3,402 | 259 |
| Net landlord capital purchases | 8,218 | 10,767 | 5,355 | 11,390 |
| Net machinery and equipment purchases | 11,224 | 4,750 | 8,458 | 23,035 |
| Capital net fund flow | 21,201 | 15,487 | 17,214 | 34,683 |
| Total farm fund flow surplus | 13,562 | -17,036 | 10,790 | 49,000 |
| Funds used for private expenditure | | | | |
| Private drawings | 29,692 | 10,920 | 24,748 | 57,853 |
| Net private funds introduced | 8,144 | 22,321 | 6,545 | -2,569 |
| Private fund outflow | 21,548 | -11,401 | 18,203 | 60,422 |
| Total net fund flow surplus | -7,986 | -5,634 | -7,413 | -11,422 |
| Increase in loans and deposits | -3,435 | -2,838 | -3,455 | -3,979 |
| Increase in bank balance | -9,847 | -3,818 | -10,982 | -13,501 |
| Increase in cash in hand | 36 | 177 | -16 | 0 |
| Increase in debtors | -3,542 | -5,265 | -1,152 | -6,583 |
| Increase in creditors | -1,932 | -433 | -1,283 | -4,683 |
| Net change in funding | 7,986 | 5,634 | 7,413 | 11,422 |
| * An increase in valuation is represented as a negative, with funds being used to increase the live and deadstock valuation | | | | |

The average LFA Grazing Livestock farm in England in 2022/23 is represented by the set of accounts shown in Table 5. This table reports the average farm accounts for the whole sample of 167 farms, broken out by four “cost centres” representing the different aspects of the farm business: agriculture (production agriculture and agricultural contracting) environmental management, diversification (off farm activities except agricultural contracting) and the Basic Payment Scheme. To the extent possible, the variable costs of the business have been separated out as relevant to each of these cost centres, while fixed costs (including depreciation) have also been allocated so far as possible, including the casual labour cost, according to the shares of each centre in total costs.

Table 5 Business Output, Input and Income

| Grazing Livestock (LFA) farms in England | | | | | |
|--|----------------|-------------------------------------|--------------------------------|----------------------|---------------|
| Derivation of farm income measures: 2022-23 | Cost Centre | | | | Farm Business |
| | Agriculture | Agri-environment and other payments | Diversified out of agriculture | Basic Payment Scheme | |
| Total Output | 90,472 | 16,031 | 6,844 | 22,782 | 136,130 |
| Variable costs (b) | 51,426 | 16 | 72 | 2 | 51,516 |
| Total Gross Margin | 39,046 | 16,015 | 6,772 | 22,780 | 84,614 |
| Fixed costs (c) | 50,014 | 3,122 | 3,481 | 3,084 | 59,701 |
| Total Costs | 101,440 | 3,138 | 3,553 | 3,086 | 111,218 |
| Profit/(loss) on sale of machinery, glasshouses and permanent crops (d) | | | | | 524 |
| Farm Business Income (e) | -10,443 | 12,893 | 3,291 | 19,696 | 25,436 |
| Adjustment for unpaid manual labour (f) | 29,720 | 654 | 1,407 | 0 | 31,781 |
| Farm Corporate Income (g) | -40,163 | 12,239 | 1,884 | 19,696 | -6,344 |
| Interest payments on borrowing (net of interest received) (c) | 3,956 | 151 | 113 | 102 | 4,321 |
| Farm Investment Income (h) | -36,208 | 12,390 | 1,997 | 19,797 | -2,023 |
| Holding gains not included in farm income: | | | | | 43,034 |
| <i>of which:</i> | | | | | |
| Breeding Livestock Stock Appreciation (BLSA) | | | | | 3,326 |
| Revaluation of machinery, permanent crops, glasshouses, quota | | | | | 3,015 |
| Revaluation of land | | | | | 36,692 |
| Derivation of Net Farm Income: | | | | | |
| (h) <i>plus</i> Director remuneration | | | | | 160 |
| <i>minus</i> Imputed rent (i) | | | | | 14,153 |
| <i>plus</i> Ownership charges | | | | | 4,558 |
| <i>minus</i> Non-agricultural output historically not accounted for in Net Farm Income | | | | | 0 |
| <i>plus</i> Non-agricultural input costs historically not accounted for in Net Farm Income | | | | | 0 |
| <i>plus</i> Unpaid labour of principal farmer and spouse | | | | | 26,455 |
| <i>equals</i> Net Farm Income | | | | | 14,997 |

Footnotes:

- (a) The purpose of this table is to identify the contribution of the various cost centres to the farm business. Definitions of the measures of income can be found at <http://statistics.defra.gov.uk/esg/publications/fab/2009/Appendix2.pdf>
- (b) Includes casual labour costs which have been allocated between costs centres in proportion to total costs.
- (c) Interest payments have been allocated between cost centres in proportion to costs, and interest received in proportion to output.
- (d) Assumed to be attributable entirely to agriculture
- (e) Financial return to unpaid labour (farmers and other unpaid partners in the business) and to their capital invested in the farm business, including land and buildings. For corporate businesses it represents the financial return on shareholders' capital.
- (f) Manual labour of farmer, spouse (if unpaid) and unpaid business partners
- (g) Represents the return on own capital invested in the farm business, to risk and to entrepreneurship.
- (h) Represents the return on all capital invested in the farm business whether borrowed or not, to risk and to entrepreneurship.
- (i) Net of imputed rent receipts

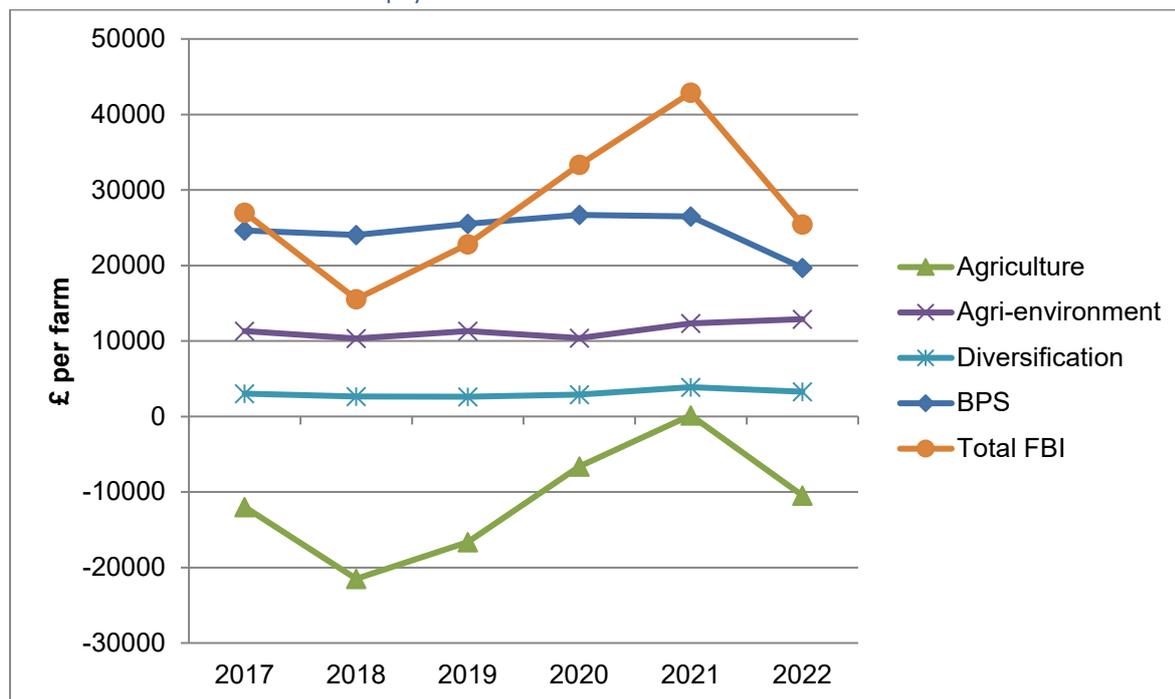
On average, these farms only earn some 66% of their total revenue (output) from the agriculture cost centre, with 17% coming from the Basic Payment, and 12% from specific Agri-environment payments. The balance of revenues (5%) is earned from non-farm activities (mostly associated with tourism and recreation and non-agricultural contracting; agricultural contracting is included in the agriculture cost centre). The agriculture cost centre covers its variable costs and earns a positive gross margin of £39,046 per farm (a 18% decrease on the previous year). However, since the production agriculture side of the farm business is assumed to incur most of the fixed costs (84%) the average LFA farm is shown to generate an Agricultural Business Income loss of £10,443 per farm in 2022/23 – a substantial loss on the figure of £161 in the previous year.

The revenues earned from Agri-environment, diversification and the Basic farm payments more than offset their own costs and are able to offset the losses from traditional agriculture production activities to generate a headline Farm Business Income (FBI) (or profit) of £25,436 per farm in 2022/23, a 40% reduction on the previous year. This income covers the opportunity costs of the unpaid labour (provided by the farmer and partners) of £31,781 per farm and as a result, Farm Corporate Income registers at a loss of £6,344 per farm (a loss on the £12,544 in 2021/22). Adjusting for the net interest payments made by the farm, the Farm Investment Income (which represents the return on risk and entrepreneurship on all capital invested in the farm business whether borrowed or not) is a loss of £2,023, down from the previous year's figure of £15,566.

The traditional measure of farm income is Net Farm Income (NFI). NFI adjusts the business accounts to put all farm business on the same (tenancy) basis. A rental value is imputed for all owner-occupied farms (as a measure of the opportunity cost of owning land) and adjusted for landlord costs. In addition, NFI is gross of the unpaid labour of the principal farmer and spouse (though not that of other partners). NFI is, therefore, an expression of the returns earned by the business to pay the farmer and spouse for their own labour, management and tenant's capital invested in the business. The net result of these adjustments is shown in Table 5, giving an average NFI of £14,997 per farm, down by more than a half from £31,667 in 2021/22.

The between year variation in the farm profitability is illustrated in Figure 2. The FBI achieved by Agriculture shows the biggest volatility with the three other strands relatively stable over the last six years.

Figure 2 LFA Grazing Livestock farms in England- Average Farm Business Income by Cost Centre 2017-2022 crop years.



There is, as already noted, a substantial range of performance exhibited by the sample. Figure 3 shows the sample distribution by quartile, based on Farm Business Income per farm. The “high” group of farms is the upper quartile of the (weighted) distribution of farms, consisting of the top 25% of farms ranked by FBI/farm, the “low” group of farms and the bottom quartile with the “medium” the middle two quartiles.

Figure 3 also distinguishes between the Agriculture Business Income (ABI) (derived solely from the agricultural enterprises, and excluding environmental, diversification and the Basic Payment Scheme (BPS)) and the Farm Business Income (which includes environmental, diversification and BPS payments). Hence, the difference between the two measures indicates the contribution of the strictly non-agricultural ‘enterprises’ in the farm business – the environmental schemes, diversification income and BPS payments. As can be seen, only the “high” performers return a positive agricultural income. The “medium” group manages to offset these agricultural losses by the incomes earned through environmental and diversification activities and the BPS, but the lowest quartile is unable to recoup these losses and returns a negative FBI. In general, the better performing farms are larger and make greater incomes from their agri-environmental activities and receipts.

Figure 3 Farm Business Income and Unpaid labour per hectare by Cost Centre, by Performance Band, 2022-23

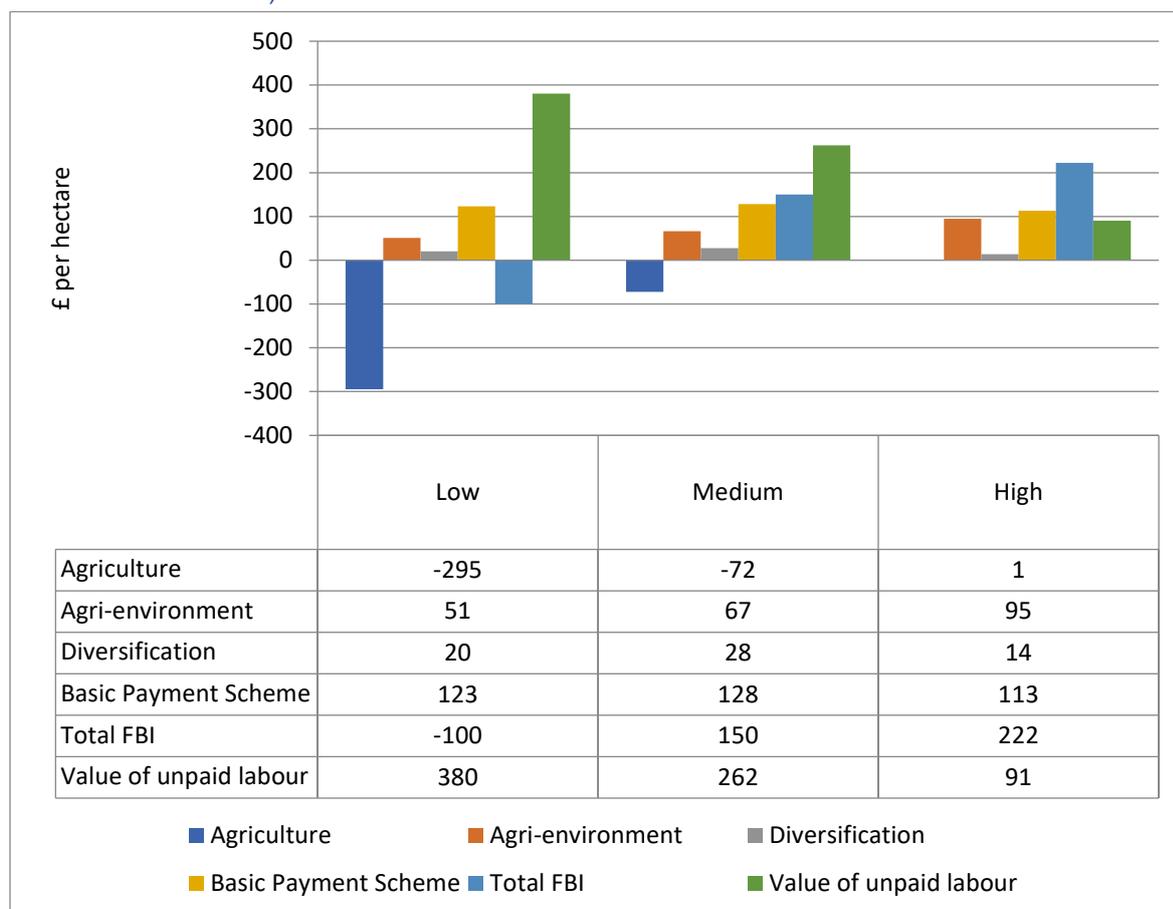


Figure 4 shows the business performance by size, measured here by the Standard Labour Requirement (SLR) and illustrates that size is important to these farms’ earning ability.

This figure dramatically demonstrates the weak position of production agriculture to LFA farms with none of the farm sizes making a positive contribution from agriculture. The reliance on the Basic Payment Scheme and Agri-environment incomes is also illustrated, although it is these income streams that rescues all farms from economic failure. Only the Very Large farms produce a Farm Business Income greater than the value of unpaid labour. A full explanation of the derivation and boundaries of the SLR size bands is given in Appendix 1 and more data can be seen in Appendix 2.

Figure 4 Farm Business Income and Unpaid labour per farm by Cost Centre, by size of farm, 2022-23

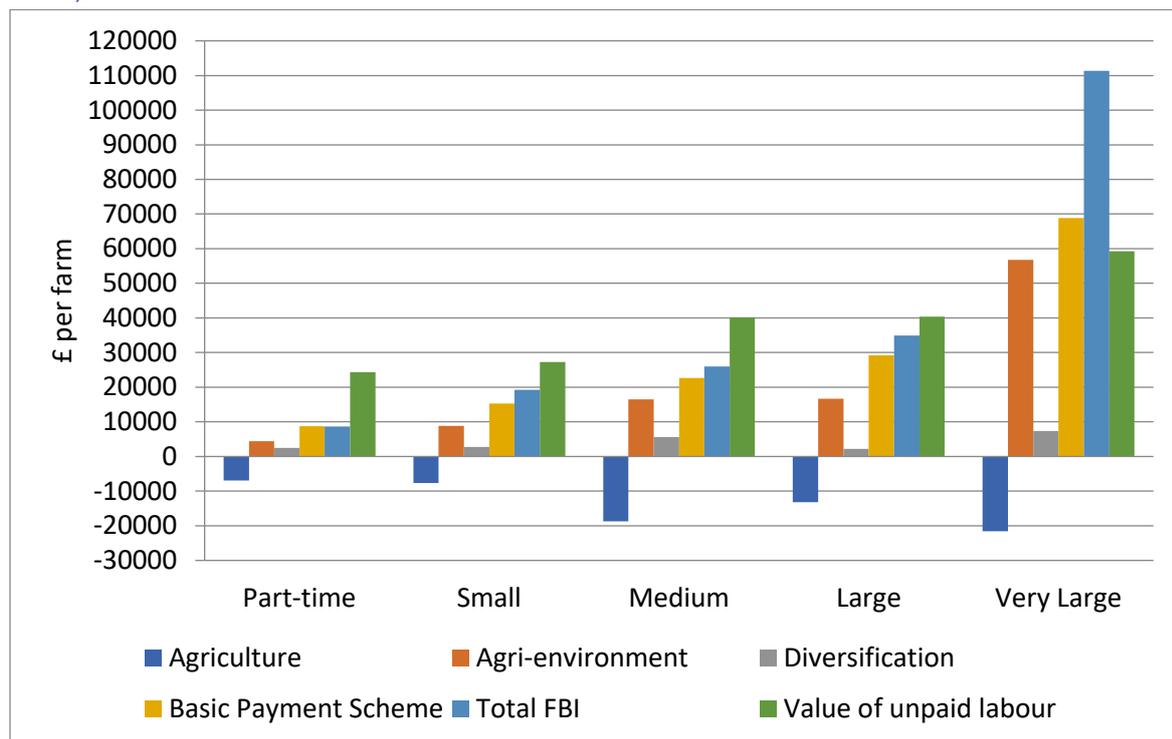


Figure 5 shows the business performance by LFA farm type. The SDA farms all make a loss from Agriculture and the contributions from Agri-environment and Basic Payment Scheme are linked to the area of land farmed by each LFA farm type. The SDA Sheep farms are the largest farms, on average 243 hectares, followed by the SDA Beef & Sheep farms with the SDA Beef farms the smallest at 116 hectares.

The DA Cattle & Sheep farms are of similar size to the SDA Beef farms but they are predominantly 'lower' down the hill with more favourable climate conditions and soils. They break even from Agriculture but have less opportunities with regards to Agri-environment incomes.

Only the SDA Sheep farms have total Farm Business Income greater than the value of the unpaid labour within their businesses. More details can be found in Appendix 3.

Figure 6 shows the same business performance measures by FBS Region. The average LFA farm in England North is considerably larger, has more sheep and less cattle than LFA farms in England East or West – which will partly explain the differences in regional profitability. The EU West have higher income from Agri-environment and Basic Payment Scheme on a per hectare farmed basis. More details can be found in Appendix 4.

Table 6 Farm Business Income and Basic Payment Scheme, 2022-23

| | All Farms | Part-time | Small | Medium | Large | Very Large |
|-------------------------------|------------|-----------|--------|--------|--------|------------|
| | £ per farm | | | | | |
| Farm Business Income | 25,436 | 8,664 | 19,281 | 26,015 | 34,898 | 111,370 |
| Basic Payment Scheme received | 22,782 | 9,993 | 17,748 | 26,505 | 33,242 | 80,032 |
| Farm Business Income less BPS | 2,654 | -1,329 | 1,533 | -490 | 1,656 | 31,338 |
| Private drawings | 29,692 | 14,397 | 26,244 | 31,996 | 42,684 | 88,448 |
| Value of unpaid labour | 31,781 | 24,285 | 27,305 | 40,161 | 40,392 | 59,252 |
| Change to external funding | 7,986 | -6,991 | 6,872 | 15,884 | 19,318 | 47,594 |

It has already been highlighted that the value of unpaid labour used during 2022-23 is greater than the Farm Business Income generated by the business in all businesses except the Very Large farms (Table 6). The same can be said for the level of private drawings taken out of the business relative to income.

The private drawings taken out of the business is less than the value of the unpaid labour for those farms which are classified as Medium or smaller.

The financing of capital investments, an average of over £21,000 in 2022-23, required the introduction of private funds, £8,144 in 2022-23, and the increase in external funds of close to £8,000 for the average farm.

Figure 5 Farm Business Income and Unpaid labour per farm by cost centre, by LFA farm type, 2022-23

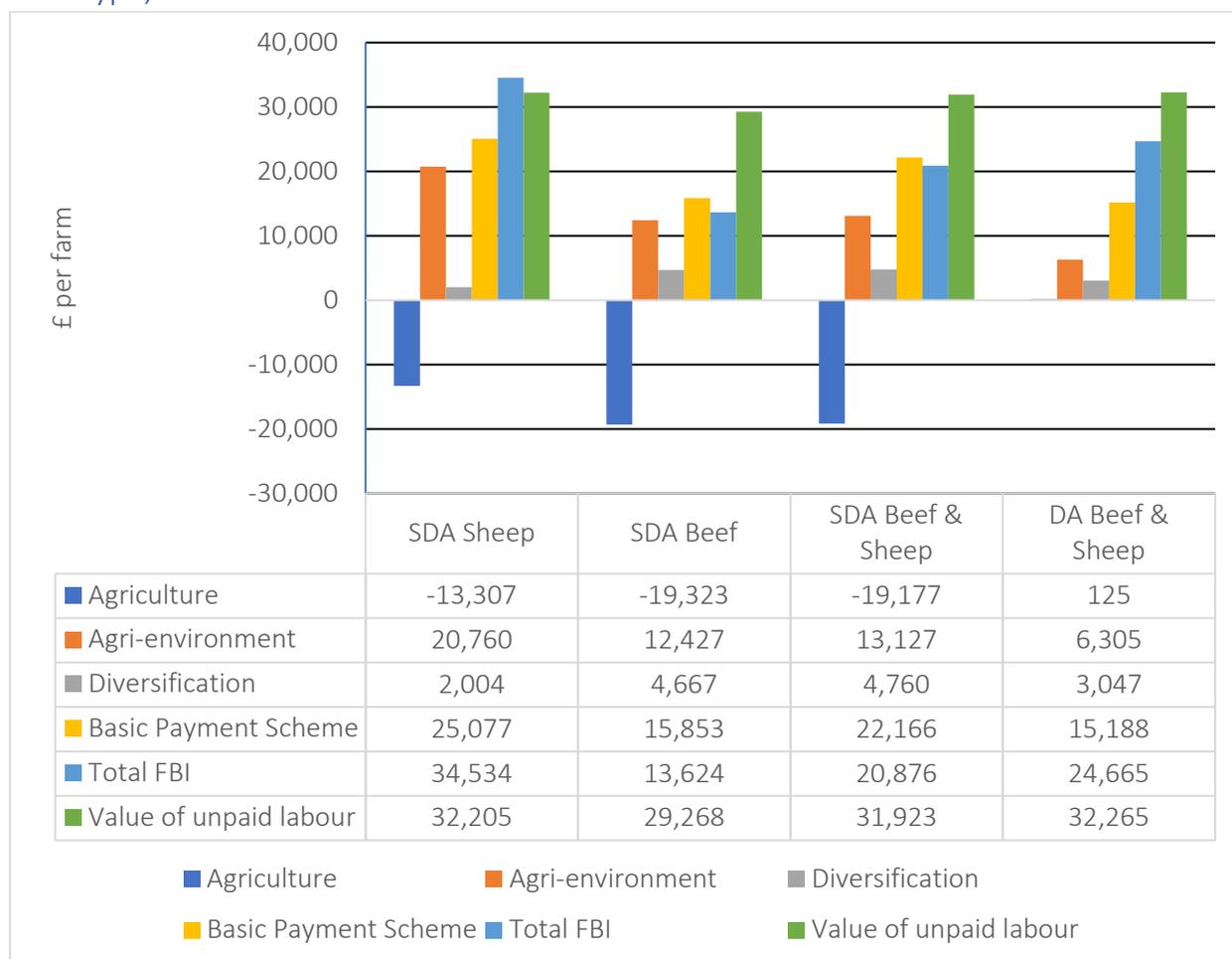
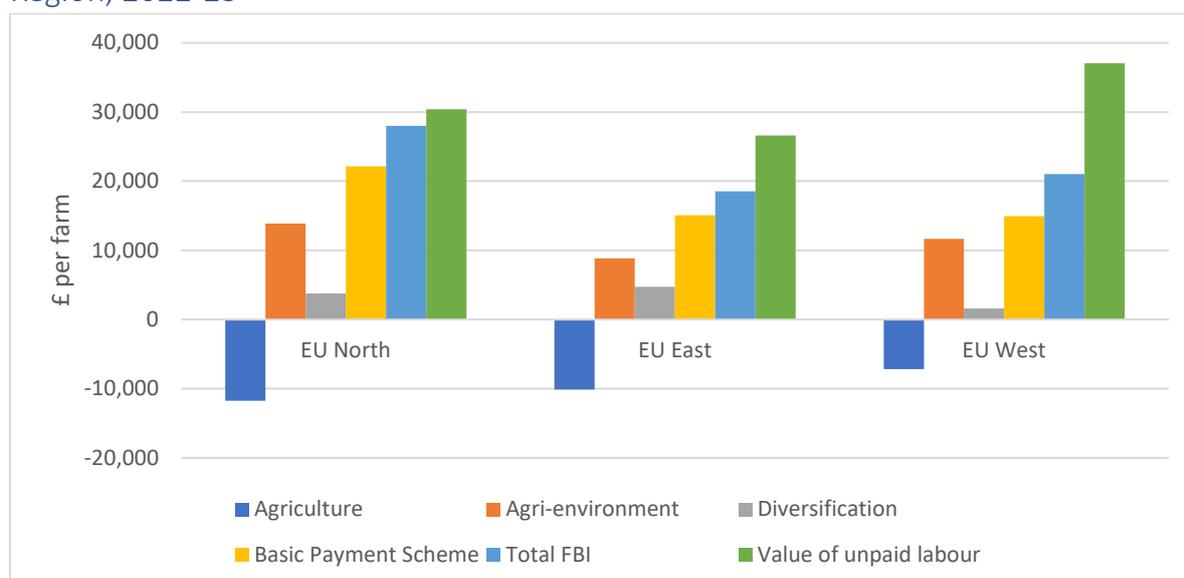


Figure 6 Farm Business Income and Unpaid labour per farm by cost centre, by EU Region, 2022-23



LFA Enterprise Gross Margins

The major livestock enterprises on LFA grazing farms are suckler cows, typically producing store cattle (for finishing in the lowlands) and Hill and Upland sheep flocks, typically producing cross-bred ewe lambs (supplying the lowland flocks with breeding stock) and store lambs (also for finishing in the lowlands). Where conditions allow some cattle and lamb finishing also occurs on LFA farms. Enterprise margins for SDA sheep are shown in Table 7. Upland sheep flocks are those with lambing rates typically more than 100% and more typically found on lower altitude LFA farms than Hill sheep flocks (lambing rates typically less than 100%).

The average gross margin per ewe for the 2022-23 year has fallen by a third for the Upland flocks as compared to the previous year with the Hill flocks seeing a 30% decrease. The top third producers have broadly similar variable costs, but higher output and gross margins double the average.

Table 7 –SDA Ewe Gross Margin data

| | | 2022/23 | | | |
|--|--------------|-------------|--------------|-------------|--------------|
| Gross margins per ewe and per hectare (Weighted average performance) | | Upland | | Hill | |
| | | Average | Top Third* | Average | Top Third* |
| Number of flocks | | 77 | 26 | 52 | 17 |
| Ewes per flock | | 571 | 629 | 402 | 451 |
| Average lamb sale price - £/lamb | | 102 | 109 | 105 | 111 |
| Stocking rate - ewes per hectare | | 5.9 | 6.3 | 4.6 | 6.7 |
| | | £ per head | | | |
| Output - | lambs | 130.3 | 192.6 | 106.5 | 152.0 |
| | wool | 1.0 | 1.8 | 0.9 | 1.1 |
| | depreciation | -14.8 | -10.5 | -15.0 | -11.5 |
| ENTERPRISE OUTPUT (excl. BLSA) | | 116.5 | 183.9 | 92.4 | 141.6 |
| Concentrates | | 27.4 | 24.8 | 22.5 | 26.7 |
| Coarse fodder | | 3.4 | 4.7 | 3.3 | 3.0 |
| Veterinary and medicines | | 9.1 | 10.1 | 9.1 | 10.3 |
| Other livestock costs | | 14.9 | 15.8 | 11.2 | 13.3 |
| Forage † | | 8.9 | 8.7 | 6.5 | 8.8 |
| TOTAL VARIABLE COSTS ‡ | | 63.8 | 64.1 | 52.6 | 62.0 |
| GROSS MARGIN per ewe (excl. BLSA) | | 52.7 | 119.9 | 39.8 | 79.6 |
| GROSS MARGIN per LU (excl. BLSA) | | 417 | 785 | 367 | 677 |
| GROSS MARGIN per hectare (excl. BLSA) | | 311 | 746 | 183 | 536 |
| Concentrates per £100 output | | 24 | 13 | 24 | 19 |
| <i>Averages - previous year</i> | | | | | |
| <i>Gross Margin per ewe (excl. BLSA)</i> | | <i>82.3</i> | <i>127.1</i> | <i>58.7</i> | <i>109.6</i> |
| <i>Gross Margin: £/ha</i> | | <i>417</i> | <i>761</i> | <i>283</i> | <i>646</i> |
| * Top Third of Weighted Population | | | | | |
| † Forage includes seeds, fertilisers, sprays and other crop costs | | | | | |
| ‡ Restricted to concentrates, coarse fodder, veterinary and medicines, other livestock costs and forage. | | | | | |

LFA suckler cow gross margins are shown in Table 8. The reduction in gross margin per cow between 2021-22 and 2022-23 is less than the reduction seen by the ewes but the gross margin per hectare for the cows is lower than that achieved by the ewes.

The top third producers achieve a gross margin per cow more than 50% higher than the average.

Table 8 –SDA Suckler Cow Gross Margin data

| Gross margins per cow, per LU and per hectare (Weighted average performance) | | Average | 2022/23 Top Third* |
|--|--------------|---------|-----------------------|
| Number of farms | | 108 | 36 |
| Cows per herd | | 42 | 39 |
| Stocking rate: | LU/ha | 0.59 | 0.75 |
| | ha/LU | 1.70 | 1.33 |
| £ per cow | | | |
| Output - | calf output | 547.9 | 671.2 |
| | depreciation | -10.0 | -4.3 |
| ENTERPRISE OUTPUT (excl. BLSA) | | 537.9 | 666.9 |
| Concentrates | | 60.1 | 47.4 |
| Coarse fodder | | 25.0 | 19.2 |
| Veterinary and medicines | | 29.3 | 36.1 |
| Other livestock costs | | 65.8 | 64.7 |
| Forage † | | 62.3 | 49.8 |
| TOTAL VARIABLE COSTS ‡ | | 242.5 | 217.3 |
| GROSS MARGIN per cow (excl. BLSA) | | 295.5 | 449.6 |
| GROSS MARGIN per LU (excl. BLSA) | | 294 | 442 |
| GROSS MARGIN per hectare (excl. BLSA) | | 174 | 338 |
| Concentrates per £100 output | | 11 | 7 |
| <i>Averages - previous year</i> | | | |
| Stocking rate: | LU/ha | 0.71 | 0.82 |
| Gross Margin: £/cow | | 270 | 462 |
| Gross Margin: £/ha | | 191 | 365 |
| * Top Third of Weighted Population | | | |
| † Forage includes seeds, fertilisers, sprays and other crop costs | | | |
| ‡ Restricted to concentrates, coarse fodder, veterinary and medicines, other livestock costs and forage. | | | |

Appendix 1 The Farm Business Survey (FBS)

General

The FBS sample covers businesses with an economic Standard Output of 25,000 Euros and above. Practically all 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. About 75 per cent of the accounts close during these two peak periods. Thus, the results relate, on average, to March- February years.

Classification of survey farms by type of farming and size of business

A revised classification of farm types was introduced in 2010/11 based on Standard Outputs, which caused changes to the distribution of farms by farm type. Further details of the revised classification and its effect on the FBS sample may be found at: <https://www.gov.uk/farm-business-survey-technical-notes-and-guidance>

The lower size threshold for the Farm Business Survey was also changed from 0.5 Standard Labour Requirements (in annual full-time equivalents) to a standard output of 25,000 Euros. Therefore, the results published here relate to farms for which the total standard output from cropping and stocking activities is at least 25,000 Euros.

The Standard Labour Requirement (SLR) of a farm represents the normal labour requirement, in Full Time Equivalents, for all the enterprises on a farm under typical conditions. The SLR for a farm is calculated from standard coefficients applied to each enterprise on the farm. The standard coefficients represent the input of labour required per head of livestock or per hectare of crops for enterprises of average size and performance.

Farms in the sample are grouped by type of farm based on the EC system of classification defined by Commission Decision 1242/2008 (with minor modifications to adapt it to United Kingdom conditions) and Standard Outputs per hectare of crop area and per head of livestock estimated over the period 2008-2012.

The Standard Output (SO) is a financial measure used to classify farm type. Standard outputs measure the total value of output of any one enterprise - per head for livestock and per hectare for crops. For crops, this will be the main product (e.g. wheat, barley, peas) plus any by-product that is sold, for example straw. For livestock it will be the value of the main product (milk, eggs, lamb, pork) plus the value of any secondary product (calf, wool) minus the cost of replacement. Up until 2010, standard gross margins were used for the classification of farms. The difference between standard outputs and standard gross margins is that no variable costs are deducted in the derivation of standard outputs. Each farm is assigned a total SO by aggregating the SOs for its agricultural enterprises. The farm is classified into a 'particular' type of farming by evaluating the proportion of its total SO deriving from different enterprises.

From 2018/19, the classification of farms is based on 2013 standard output (SO) coefficients. 2017/18 results have been recalculated and presented in this report on 2013 SO coefficients to allow comparability between 2017/18 and 2018/19. The results published here are therefore not directly comparable with those published in reports in earlier years which are based on previous SO coefficients. Results for 2017/18 based on the previous SO coefficients can be found at: <https://www.ruralbusinessresearch.co.uk/archive-publications/>

The characteristics of each farm type are summarised as follows:-

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

General cropping- Farms with over two-thirds of their total SO 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 SO and no other grouping accounts for more than one-third.

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

LFA grazing livestock- Farms with more than two-thirds of their total SO 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 Less Favoured Area (both Disadvantaged and Severely Disadvantaged).

Lowland grazing livestock- Farms with more than two-thirds of their total SO 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 Less Favoured Area.

Horticulture- Holdings on which fruit (including vineyards), hardy nursery stock, glasshouse flowers and vegetables, market garden scale vegetables, outdoor bulbs and flowers, and mushrooms account for more than two thirds of their total SO

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

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

Mixed farms- Farms where crops account for one-third, but less than two-thirds of total SO and livestock accounts for one-third, but less than two-thirds of total SO. 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 SO.

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

Part-time (less than 1 SLR)

Small (greater than or equal to 1 less than 2 SLR's)

Medium (greater than or equal to 2 less than 3 SLR's)

Large (greater than or equal to 3 less than 5) SLR's

Very Large (greater than or equal to 5 SLR's)

Farms are allocated to performance bands according to total farm output divided by total farm costs. The farms are then ranked and allocated to groups representing 25, 50 and 75 percentiles: equivalent to low, medium and high performance bands.

Weighting Procedure

All results in this report are weighted 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 Survey) 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). For more information on the FBS weighting procedure and other statistical issues, please see:

<https://www.gov.uk/farm-business-survey-technical-notes-and-guidance>

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. 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 (except for 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 hire work

(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, Basic 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 include 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 include 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 done. 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 £500, 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, Basic farm payment, agri-environmental payments, other grants and subsidies, miscellaneous receipts; C is defined as variable costs plus fixed costs. Note that prior to 2008/09 directors' remuneration was not deducted in the calculation of farm business income. 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 other companies. Currently we can 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 Grazing Livestock (LFA) details, by size of business

| Financial details, 2022/23 | Size of Business | | | | |
|--|------------------|---------------|----------------|----------------|----------------|
| | Part-time | Small | Medium | Large | Very Large |
| Number of farms in group | 16 | 49 | 35 | 35 | 32 |
| Average farmed area (hectares) | 64.3 | 94.0 | 191.4 | 262.5 | 740.8 |
| Average % of owned total farmed area | 85% | 67% | 49% | 48% | 31% |
| | £ per farm | | | | |
| Output | | | | | |
| Cattle | 30,269 | 16,910 | 37,223 | 59,209 | 113,161 |
| Sheep | 6,587 | 31,910 | 45,191 | 91,714 | 216,498 |
| Other livestock | 30 | 535 | 1,987 | -9 | 372 |
| Crops | 264 | 200 | 644 | 4,502 | 23,484 |
| Forage | 1,794 | 991 | 2,627 | 458 | -2,582 |
| Environmental schemes | 5,276 | 10,671 | 17,804 | 19,527 | 67,654 |
| Basic Payment Scheme | 9,993 | 17,748 | 26,505 | 33,242 | 80,032 |
| Rental income | 2,852 | 1,168 | 3,766 | 986 | 5,125 |
| Contract work | 4,603 | 5,590 | 6,585 | 4,342 | 1,841 |
| Renewable energy production | 0 | 569 | 1,482 | 1,144 | 1,351 |
| Miscellaneous output | 3,304 | 3,596 | 6,629 | 4,117 | 10,577 |
| Total Farm Output | 64,971 | 89,888 | 150,444 | 219,231 | 517,514 |
| Variable costs | | | | | |
| Concentrates | 12,845 | 12,136 | 20,308 | 37,860 | 67,328 |
| Purchased fodder | 483 | 1,433 | 2,326 | 4,413 | 10,738 |
| Veterinary and medicines | 921 | 3,956 | 5,589 | 8,134 | 22,344 |
| Other livestock costs | 4,367 | 5,703 | 12,537 | 17,585 | 32,060 |
| Seeds | 247 | 254 | 553 | 1,560 | 3,576 |
| Fertilisers | 2,812 | 2,562 | 5,174 | 8,261 | 18,556 |
| Crop protection | 234 | 231 | 373 | 1,167 | 3,025 |
| Other crop costs | 391 | 218 | 601 | 1,233 | 3,767 |
| Total Variable Costs | 22,299 | 26,491 | 47,461 | 80,212 | 161,394 |
| Gross Margin | 42,672 | 63,397 | 102,983 | 139,019 | 356,120 |
| Fixed costs | | | | | |
| Paid labour | 496 | 2,147 | 6,212 | 12,279 | 47,110 |
| Contract | 3,020 | 2,878 | 5,029 | 7,205 | 28,177 |
| Machinery repairs | 3,015 | 3,728 | 7,226 | 7,515 | 16,027 |
| Machinery fuel | 3,264 | 4,480 | 8,285 | 11,227 | 18,713 |
| Machinery depreciation | 4,676 | 6,905 | 11,376 | 16,334 | 22,424 |
| General costs | 9,170 | 10,628 | 14,538 | 15,443 | 27,731 |
| Property maintenance | 3,695 | 4,780 | 4,106 | 7,454 | 18,205 |
| Rent, hired in keep and bare land | 2,537 | 3,802 | 11,229 | 11,232 | 35,388 |
| Buildings depreciation | 2,412 | 2,639 | 3,964 | 7,857 | 10,571 |
| Interest | 1,723 | 2,129 | 5,003 | 7,576 | 20,405 |
| Total Fixed Costs | 34,008 | 44,116 | 76,968 | 104,122 | 244,750 |
| FARM BUSINESS INCOME | 8,664 | 19,281 | 26,015 | 34,898 | 111,370 |
| All unpaid labour | 24,285 | 27,305 | 40,161 | 40,392 | 59,252 |
| <i>Equals</i> - FARM CORPORATE INCOME | -15,622 | -8,024 | -14,146 | -5,495 | 52,119 |
| Plus - Net Interest | 1,687 | 2,112 | 4,998 | 7,571 | 20,339 |
| <i>Equals</i> - FARM INVESTMENT INCOME | -13,935 | -5,913 | -9,148 | 2,076 | 72,457 |

| Alternative Income Measures, 2022/23 | | | | | | |
|--|--|-------------------------|--------------|---------------|--------------|-------------------|
| | | Size of Business | | | | |
| | | Part-time | Small | Medium | Large | Very Large |
| Reconciliation between Net Farm Income and Farm Business Income | | | | | | |
| | FARM BUSINESS INCOME | 8,664 | 19,281 | 26,015 | 34,898 | 111,370 |
| Plus- | Directors' remuneration | 0 | 4 | 621 | 504 | 364 |
| Less- | Net income from assets associated with the farm business | 0 | 0 | 0 | 0 | 0 |
| Plus- | Buildings and works depreciation | 2,412 | 2,639 | 3,964 | 7,857 | 10,571 |
| Plus- | Landlord type expenses | 438 | 427 | 511 | 1,523 | 1,568 |
| Plus- | Imputed rental income | 61 | 438 | 1,203 | 411 | 2,335 |
| Less- | Imputed rent and rental value | 9,416 | 11,807 | 14,306 | 20,958 | 42,622 |
| Plus- | Net Interest | 1,687 | 2,112 | 4,998 | 7,571 | 20,339 |
| Less- | Unpaid labour of partners | 788 | 2,543 | 9,124 | 7,980 | 28,037 |
| Equals- | NET FARM INCOME** | 3,057 | 10,551 | 13,881 | 23,826 | 75,888 |
| ** Excluding Breeding Livestock Stock Appreciation | | | | | | |

| Land Use and Indicators of Technical Efficiency, 2022/23 | | | | | |
|--|------------------|-------|--------|-------|------------|
| | Size of Business | | | | |
| | Part-time | Small | Medium | Large | Very Large |
| Number of farms in group | 16 | 49 | 35 | 35 | 32 |
| Average farmed area (hectares) | 64.3 | 94.0 | 191.4 | 262.5 | 740.8 |
| Average proportion of owned total farmed area (%) | 85% | 67% | 49% | 48% | 31% |
| Land use | | | | | |
| Area of crops | 0.2 | 0.1 | 0.6 | 3.1 | 14.7 |
| Temporary grass | 1.1 | 4.0 | 3.2 | 6.0 | 45.7 |
| Permanent grass | 45.2 | 56.6 | 131.0 | 131.5 | 314.9 |
| Fodder crops | 0.0 | 0.3 | 0.1 | 0.6 | 1.8 |
| Rough grazing | 15.6 | 27.5 | 49.5 | 108.5 | 336.7 |
| Uncropped, fallow and turf | 0.0 | 0.1 | 0.0 | 0.1 | 2.7 |
| Forage hired in | 2.1 | 5.4 | 7.0 | 12.7 | 24.3 |
| Stocking | | | | | |
| Average number of dairy cows | 0 | 0 | 0 | 2 | 2 |
| Average number of beef cows | 5 | 12 | 26 | 31 | 86 |
| Average number of other cattle | 41 | 26 | 52 | 80 | 151 |
| | | | | | |
| Average number of ewes | 81 | 284 | 427 | 716 | 1833 |
| Average number of other sheep | 58 | 252 | 373 | 731 | 1662 |
| | | | | | |
| Grazing livestock units | GLUs per farm | | | | |
| Dairy cows | 0.0 | 0.0 | 0.0 | 1.8 | 1.7 |
| Beef cows | 2.4 | 5.8 | 12.8 | 15.7 | 43.0 |
| Other cattle | 25.0 | 15.9 | 32.9 | 48.9 | 95.7 |
| Sheep | 7.4 | 29.4 | 46.1 | 76.0 | 185.8 |
| Other livestock | 0.2 | 0.3 | 0.3 | 1.5 | 1.4 |
| Total | 35.0 | 51.4 | 92.0 | 143.8 | 327.6 |
| | | | | | |
| GLUs per ha | 0.55 | 0.55 | 0.48 | 0.55 | 0.45 |
| GLUs per adjusted ha | 0.68 | 0.57 | 0.47 | 0.70 | 0.66 |

| Balance Sheet, 2022/23 (end of year) | Size of Business | | | | |
|---|------------------|----------------|------------------|------------------|------------------|
| | Part-time | Small | Medium | Large | Very Large |
| Number of farms in group | 16 | 49 | 35 | 35 | 32 |
| Average farmed area (hectares) | 64.3 | 94.0 | 191.4 | 262.5 | 740.8 |
| Average proportion of owned total farmed area | 85% | 67% | 49% | 48% | 31% |
| | £ per farm | | | | |
| End of year assets & liabilities | | | | | |
| Land & buildings | 719,973 | 689,775 | 850,119 | 1,326,072 | 2,951,415 |
| Basic Payment Scheme | 8,832 | 15,406 | 22,665 | 27,156 | 63,306 |
| Machinery | 42,037 | 60,850 | 91,170 | 159,239 | 192,793 |
| Tenant's other assets | 371 | 3,664 | 0 | 12,717 | 119 |
| Breeding livestock | 14,064 | 56,064 | 92,291 | 146,200 | 363,852 |
| Total fixed assets | 785,278 | 825,759 | 1,056,245 | 1,671,383 | 3,571,484 |
| Trading livestock | 26,591 | 18,470 | 40,009 | 57,566 | 147,445 |
| Crops | 51 | 37 | 219 | 2,001 | 3,110 |
| Forage and cultivations | 2,708 | 2,421 | 3,000 | 6,284 | 16,010 |
| Stores | 4,210 | 3,626 | 4,732 | 8,231 | 17,038 |
| Debtors and loans | 2,141 | 5,554 | 6,104 | 19,947 | 58,676 |
| Bank credit and cash | 16,590 | 21,681 | 32,928 | 33,738 | 55,199 |
| Other current assets | 0 | 0 | 0 | 0 | 0 |
| Total current assets | 52,291 | 51,790 | 86,992 | 127,768 | 297,478 |
| Total assets | 837,569 | 877,549 | 1,143,237 | 1,799,151 | 3,868,962 |
| Financed by | | | | | |
| AMC | 7,190 | 15,999 | 16,859 | 64,624 | 128,217 |
| Bank loans | 17,392 | 30,948 | 98,318 | 102,662 | 175,349 |
| Other long term | 4,959 | 3,232 | 1,541 | 15,083 | 37,783 |
| Total long term | 29,540 | 50,179 | 116,717 | 182,369 | 341,349 |
| HP and lease | 1,730 | 2,216 | 3,619 | 12,143 | 12,432 |
| Creditors | 2,756 | 4,191 | 7,994 | 15,451 | 32,187 |
| Bank overdraft | 7,417 | 11,242 | 9,455 | 17,628 | 109,200 |
| Other short term | 0 | 103 | 0 | 0 | 114 |
| Total current liabilities | 11,903 | 17,751 | 21,067 | 45,223 | 153,934 |
| Total Liabilities | 41,443 | 67,930 | 137,784 | 227,592 | 495,283 |
| | | | | | |
| Net worth | 796,125 | 809,618 | 1,005,453 | 1,571,559 | 3,373,679 |
| Balance sheet ratios- | | | | | |
| % Owner equity (net worth v. total assets) | 95% | 92% | 88% | 87% | 87% |
| % Fixed assets vs. total assets | 94% | 94% | 92% | 93% | 92% |
| Gearing (long-term loans v. total assets) | 4% | 6% | 10% | 10% | 9% |
| Total debt (external liabilities v.net worth) | 5% | 8% | 14% | 14% | 15% |

| FUND FLOWS, 2022/23 | Size of Business | | | | |
|---|------------------|--------|---------|---------|------------|
| | Part-time | Small | Medium | Large | Very Large |
| Number of farms in group | 16 | 49 | 35 | 35 | 32 |
| Average farmed area (hectares) | 64.3 | 94.0 | 191.4 | 262.5 | 740.8 |
| Average proportion of owned total farmed area (%) | 85% | 67% | 49% | 48% | 31% |
| | £ per farm | | | | |
| Funds available from trading | | | | | |
| Farm Business Income | 8,664 | 19,281 | 26,015 | 34,898 | 111,370 |
| Buildings and works depreciation | 2,412 | 2,639 | 3,964 | 7,857 | 10,571 |
| Machinery depreciation | 4,676 | 6,905 | 11,376 | 16,334 | 22,424 |
| Change in valuation * | 63 | -3,287 | -480 | -4,436 | -23,522 |
| Trading net fund flow surplus | 15,814 | 25,538 | 40,875 | 54,653 | 120,843 |
| Funds used for farm investments | | | | | |
| Net property and quota purchases | 857 | -1,500 | 144 | 12,283 | 8,681 |
| Net landlord capital purchases | 7,455 | 5,879 | 10,190 | 4,564 | 24,899 |
| Net machinery and equipment purchases | 7,307 | 9,239 | 6,965 | 19,046 | 32,824 |
| Capital net fund flow | 15,620 | 13,617 | 17,300 | 35,894 | 66,404 |
| Total farm fund flow surplus | 194 | 11,921 | 23,575 | 18,759 | 54,438 |
| Funds used for private expenditure | | | | | |
| Private drawings | 14,397 | 26,244 | 31,996 | 42,684 | 88,448 |
| Net private funds introduced | 21,194 | 7,451 | -7,463 | 4,608 | -13,585 |
| Private fund outflow | -6,797 | 18,793 | 39,459 | 38,076 | 102,032 |
| Total net fund flow surplus | 6,991 | -6,872 | -15,884 | -19,318 | -47,594 |
| Increase in loans and deposits | -5,449 | -542 | 9,792 | -7,990 | -23,409 |
| Increase in bank balance | 2,088 | -7,185 | -5,044 | -27,676 | -54,938 |
| Increase in cash in hand | 0 | 119 | 0 | 0 | -103 |
| Increase in debtors | -3,669 | -68 | 703 | -9,063 | -18,592 |
| Increase in creditors | -3,123 | 279 | 1,752 | -9,432 | -2,631 |
| Net change in funding | -6,991 | 6,872 | 15,884 | 19,318 | 47,594 |
| * An increase in valuation is represented as a negative, with funds being used to increase the live and deadstock valuation | | | | | |

Appendix 3 Grazing Livestock (LFA) details, by LFA farm type

| Financial details, 2022/23 | Farm Type | | | |
|--|----------------|----------------|------------------|-----------------|
| | SDA Sheep | SDA Beef | SDA Beef & Sheep | DA Beef & Sheep |
| Number of farms in group | 29 | 28 | 64 | 46 |
| Average farmed area (hectares) | 243.1 | 118.3 | 183.0 | 104.2 |
| Average % of owned total farmed area | 49% | 91% | 38% | 52% |
| | £ per farm | | | |
| Output | | | | |
| Cattle | 11,647 | 35,476 | 44,121 | 51,339 |
| Sheep | 65,111 | 14,285 | 40,054 | 45,057 |
| Other livestock | 651 | 124 | 120 | 658 |
| Crops | 0 | 2,225 | 2,346 | 4,870 |
| Forage | 1,165 | 1,923 | 1,227 | 719 |
| Environmental schemes | 24,828 | 13,837 | 15,627 | 7,156 |
| Basic Payment Scheme | 29,601 | 17,803 | 26,134 | 16,986 |
| Rental income | 1,166 | 4,849 | 4,240 | 1,255 |
| Contract work | 4,128 | 6,299 | 7,347 | 3,856 |
| Renewable energy production | 381 | 433 | 790 | 795 |
| Miscellaneous output | 3,067 | 8,079 | 5,548 | 3,700 |
| Total Farm Output | 141,746 | 105,333 | 147,554 | 136,391 |
| Variable costs | | | | |
| Concentrates | 19,628 | 11,174 | 23,456 | 22,761 |
| Purchased fodder | 4,016 | 1,329 | 2,360 | 1,107 |
| Veterinary and medicines | 6,630 | 2,559 | 4,890 | 4,702 |
| Other livestock costs | 8,680 | 7,214 | 10,266 | 10,402 |
| Seeds | 333 | 483 | 685 | 1,058 |
| Fertilisers | 3,347 | 3,231 | 6,447 | 5,706 |
| Crop protection | 243 | 831 | 579 | 733 |
| Other crop costs | 609 | 760 | 745 | 738 |
| Total Variable Costs | 43,487 | 27,581 | 49,428 | 47,207 |
| Gross Margin | 98,259 | 77,753 | 98,126 | 89,184 |
| Fixed costs | | | | |
| Paid labour | 5,298 | 7,643 | 8,371 | 6,493 |
| Contract | 2,964 | 4,523 | 4,364 | 8,895 |
| Machinery repairs | 4,928 | 5,662 | 7,302 | 4,306 |
| Machinery fuel | 6,353 | 5,679 | 7,632 | 5,966 |
| Machinery depreciation | 8,726 | 8,922 | 12,390 | 7,240 |
| General costs | 11,194 | 13,889 | 12,982 | 12,740 |
| Property maintenance | 5,282 | 6,493 | 6,708 | 5,110 |
| Rent, hired in keep and bare land | 8,293 | 3,100 | 9,673 | 7,313 |
| Buildings depreciation | 4,483 | 5,443 | 4,308 | 2,640 |
| Interest | 6,205 | 2,775 | 3,521 | 3,816 |
| Total Fixed Costs | 63,726 | 64,129 | 77,251 | 64,519 |
| FARM BUSINESS INCOME | 34,533 | 13,624 | 20,875 | 24,665 |
| All unpaid labour | 32,205 | 29,268 | 31,923 | 32,265 |
| <i>Equals</i> - FARM CORPORATE INCOME | 2,328 | -15,644 | -11,048 | -7,600 |
| Plus - Net Interest | 6,186 | 2,741 | 3,459 | 3,812 |
| <i>Equals</i> - FARM INVESTMENT INCOME | 8,513 | -12,903 | -7,589 | -3,788 |

| Alternative Income Measures, 2022/23 | | | | | |
|--|--|------------------|-----------------|-----------------------------|----------------------------|
| | | Farm Type | | | |
| | | SDA Sheep | SDA Beef | SDA Beef & Sheep | DA Beef & Sheep |
| Reconciliation between Net Farm Income and Farm Business Income | | | | | |
| | FARM BUSINESS INCOME | 34,533 | 13,624 | 20,875 | 24,665 |
| Plus- | Directors' remuneration | 0 | 1,051 | 104 | 0 |
| Less- | Net income from assets associated with the farm business | 0 | 0 | 0 | 0 |
| Plus- | Buildings and works depreciation | 4,483 | 5,443 | 4,308 | 2,640 |
| Plus- | Landlord type expenses | 786 | 550 | 864 | 449 |
| Plus- | Imputed rental income | 724 | 221 | 580 | 512 |
| Less- | Imputed rent and rental value | 17,565 | 16,513 | 13,292 | 12,423 |
| Plus- | Net Interest | 6,186 | 2,741 | 3,459 | 3,812 |
| Less- | Unpaid labour of partners | 7,069 | 1,093 | 5,760 | 5,166 |
| Equals- | NET FARM INCOME** | 22,077 | 6,024 | 11,138 | 14,489 |
| ** Excluding Breeding Livestock Stock Appreciation | | | | | |

| Land Use and Indicators of Technical Efficiency, 2022/23 | | | | |
|--|---------------|----------|------------------|-----------------|
| | Farm Type | | | |
| | SDA Sheep | SDA Beef | SDA Beef & Sheep | DA Beef & Sheep |
| Number of farms in group | 29 | 28 | 64 | 46 |
| Average farmed area (hectares) | 243.1 | 118.3 | 183.0 | 104.2 |
| Average proportion of owned total farmed area (%) | 49% | 91% | 38% | 52% |
| Land use | | | | |
| Area of crops | 0.0 | 1.2 | 1.6 | 3.2 |
| Temporary grass | 4.2 | 1.2 | 4.0 | 11.5 |
| Permanent grass | 101.6 | 73.9 | 95.2 | 83.2 |
| Fodder crops | 0.1 | 0.4 | 0.4 | 0.4 |
| Rough grazing | 127.2 | 34.1 | 73.3 | 2.3 |
| Uncropped, fallow and turf | 0.0 | 0.0 | 0.2 | 0.6 |
| Forage hired in | 9.9 | 7.4 | 8.3 | 3.0 |
| Stocking | | | | |
| Average number of dairy cows | 0 | 0 | 2 | 0 |
| Average number of beef cows | 10 | 27 | 32 | 16 |
| Average number of other cattle | 15 | 63 | 66 | 65 |
| | | | | |
| Average number of ewes | 619 | 96 | 424 | 319 |
| Average number of other sheep | 518 | 100 | 374 | 327 |
| | | | | |
| Grazing livestock units | GLUs per farm | | | |
| Dairy cows | 0.0 | 0.0 | 1.6 | 0.0 |
| Beef cows | 5.2 | 13.5 | 16.0 | 7.9 |
| Other cattle | 9.8 | 39.6 | 41.1 | 39.1 |
| Sheep | 62.1 | 10.4 | 42.6 | 34.8 |
| Other livestock | 0.1 | 0.5 | 1.5 | 0.3 |
| Total | 77.1 | 63.9 | 102.8 | 82.1 |
| | | | | |
| GLUs per ha | 0.32 | 0.55 | 0.57 | 0.82 |
| GLUs per adjusted ha | 0.41 | 0.65 | 0.75 | 0.83 |

| Balance Sheet, 2022/23 (end of year) | Farm Type | | | |
|---|------------------|------------------|------------------|------------------|
| | SDA Sheep | SDA Beef | SDA Beef & Sheep | DA Beef & Sheep |
| Number of farms in group | 29 | 28 | 64 | 46 |
| Average farmed area (hectares) | 243.1 | 118.3 | 183.0 | 104.2 |
| Average proportion of owned total farmed area | 49% | 91% | 38% | 52% |
| | £ per farm | | | |
| End of year assets & liabilities | | | | |
| Land & buildings | 933,614 | 1,218,936 | 876,960 | 939,260 |
| Basic Payment Scheme | 24,697 | 14,898 | 22,253 | 14,232 |
| Machinery | 75,204 | 76,431 | 106,939 | 68,632 |
| Tenant's other assets | 968 | 7,931 | 1,364 | 3,505 |
| Breeding livestock | 100,827 | 45,662 | 99,459 | 65,246 |
| Total fixed assets | 1,135,309 | 1,363,858 | 1,106,975 | 1,090,876 |
| Trading livestock | 18,635 | 38,857 | 45,337 | 49,533 |
| Crops | 0 | 513 | 1,050 | 651 |
| Forage and cultivations | 2,515 | 2,424 | 6,016 | 4,832 |
| Stores | 3,955 | 2,821 | 5,167 | 7,920 |
| Debtors and loans | 18,561 | 3,478 | 8,378 | 6,555 |
| Bank credit and cash | 30,066 | 8,576 | 34,053 | 22,514 |
| Other current assets | 0 | 0 | 0 | 0 |
| Total current assets | 73,733 | 56,668 | 100,000 | 92,004 |
| Total assets | 1,209,042 | 1,420,526 | 1,206,975 | 1,182,881 |
| Financed by | | | | |
| AMC | 35,446 | 32,794 | 22,261 | 20,981 |
| Bank loans | 83,864 | 15,712 | 38,295 | 50,922 |
| Other long term | 6,039 | 16,153 | 14,148 | 1,912 |
| Total long term | 125,349 | 64,659 | 74,704 | 73,815 |
| HP and lease | 3,896 | 3,159 | 7,019 | 2,998 |
| Creditors | 5,623 | 4,706 | 8,398 | 9,805 |
| Bank overdraft | 26,987 | 11,601 | 12,286 | 15,920 |
| Other short term | 0 | 66 | 0 | 105 |
| Total current liabilities | 36,506 | 19,532 | 27,702 | 28,828 |
| Total Liabilities | 161,855 | 84,191 | 102,406 | 102,643 |
| Net worth | 1,047,187 | 1,336,335 | 1,104,570 | 1,080,238 |
| Balance sheet ratios- | | | | |
| % Owner equity (net worth v. total assets) | 87% | 94% | 92% | 91% |
| % Fixed assets vs. total assets | 94% | 96% | 92% | 92% |
| Gearing (long-term loans v. total assets) | 10% | 5% | 6% | 6% |
| Total debt (external liabilities v.net worth) | 15% | 6% | 9% | 10% |

| FUND FLOWS, 2022/23 | Farm Type | | | |
|---|------------|----------|------------------|-----------------|
| | SDA Sheep | SDA Beef | SDA Beef & Sheep | DA Beef & Sheep |
| Number of farms in group | 29 | 28 | 64 | 46 |
| Average farmed area (hectares) | 243.1 | 118.3 | 183.0 | 104.2 |
| Average proportion of owned total farmed area (%) | 49% | 91% | 38% | 52% |
| | £ per farm | | | |
| Funds available from trading | | | | |
| Farm Business Income | 34,533 | 13,624 | 20,875 | 24,665 |
| Buildings and works depreciation | 4,483 | 5,443 | 4,308 | 2,640 |
| Machinery depreciation | 8,726 | 8,922 | 12,390 | 7,240 |
| Change in valuation * | -3,874 | -590 | -150 | -6,238 |
| Trading net fund flow surplus | 43,867 | 27,399 | 37,423 | 28,306 |
| Funds used for farm investments | | | | |
| Net property and quota purchases | -1,479 | 93 | 6,774 | 2,286 |
| Net landlord capital purchases | 8,170 | 21,293 | 6,455 | 4,451 |
| Net machinery and equipment purchases | 9,306 | 10,422 | 12,613 | 12,355 |
| Capital net fund flow | 15,997 | 31,808 | 25,841 | 19,092 |
| Total farm fund flow surplus | 27,870 | -4,410 | 11,581 | 9,214 |
| Funds used for private expenditure | | | | |
| Private drawings | 39,688 | 16,637 | 30,910 | 25,380 |
| Net private funds introduced | -8,321 | 23,897 | 12,519 | 13,782 |
| Private fund outflow | 48,009 | -7,259 | 18,391 | 11,598 |
| Total net fund flow surplus | -20,139 | 2,850 | -6,809 | -2,384 |
| Increase in loans and deposits | -3,321 | -4,208 | -3,072 | -3,450 |
| Increase in bank balance | -25,626 | 57 | -7,228 | -1,655 |
| Increase in cash in hand | 0 | 0 | 177 | 0 |
| Increase in debtors | -3,057 | -4,389 | -4,896 | -2,881 |
| Increase in creditors | -5,223 | -2,974 | -2,065 | 1,297 |
| Net change in funding | 20,139 | -2,850 | 6,809 | 2,384 |
| * An increase in valuation is represented as a negative, with funds being used to increase the live and deadstock valuation | | | | |

Appendix 4 Grazing Livestock (LFA) details, by EU region

| Financial details, 2022/23 | Region | | |
|--|----------------|----------------|----------------|
| | North | East | West |
| Number of farms in group | 102 | 17 | 48 |
| Average farmed area (hectares) | 189.2 | 145.4 | 106.2 |
| Average % of owned total farmed area | 50% | 38% | 64% |
| | £ per farm | | |
| Output | | | |
| Cattle | 28,124 | 67,379 | 44,966 |
| Sheep | 55,588 | 22,590 | 29,163 |
| Other livestock | 710 | 53 | 12 |
| Crops | 2,563 | 0 | 3,254 |
| Forage | 1,023 | 1,392 | 1,268 |
| Environmental schemes | 16,227 | 11,771 | 13,393 |
| Basic Payment Scheme | 25,801 | 17,292 | 16,791 |
| Rental income | 2,586 | 3,935 | 1,067 |
| Contract work | 5,493 | 5,584 | 3,421 |
| Renewable energy production | 599 | 79 | 850 |
| Miscellaneous output | 4,128 | 3,951 | 5,484 |
| Total Farm Output | 142,843 | 134,025 | 119,669 |
| Variable costs | | | |
| Concentrates | 20,093 | 36,412 | 16,059 |
| Purchased fodder | 2,718 | 1,131 | 1,505 |
| Veterinary and medicines | 5,823 | 2,940 | 3,712 |
| Other livestock costs | 9,631 | 10,989 | 8,402 |
| Seeds | 609 | 216 | 1,037 |
| Fertilisers | 5,021 | 1,294 | 5,407 |
| Crop protection | 551 | 483 | 630 |
| Other crop costs | 834 | 214 | 525 |
| Total Variable Costs | 45,282 | 53,679 | 37,277 |
| Gross Margin | 97,562 | 80,347 | 82,392 |
| Fixed costs | | | |
| Paid labour | 7,960 | 4,480 | 4,028 |
| Contract | 5,934 | 6,213 | 4,524 |
| Machinery repairs | 5,427 | 4,257 | 5,238 |
| Machinery fuel | 6,582 | 5,668 | 6,103 |
| Machinery depreciation | 9,633 | 7,864 | 7,571 |
| General costs | 11,784 | 12,665 | 14,178 |
| Property maintenance | 5,244 | 4,605 | 7,108 |
| Rent, hired in keep and bare land | 8,355 | 9,705 | 4,703 |
| Buildings depreciation | 4,162 | 2,831 | 3,607 |
| Interest | 4,468 | 3,516 | 4,298 |
| Total Fixed Costs | 69,547 | 61,804 | 61,359 |
| FARM BUSINESS INCOME | 28,014 | 18,543 | 21,033 |
| | | | |
| All unpaid labour | 30,389 | 26,618 | 37,033 |
| <i>Equals</i> - FARM CORPORATE INCOME | -2,375 | -8,075 | -16,000 |
| Plus - Net Interest | 4,440 | 3,487 | 4,285 |
| <i>Equals</i> - FARM INVESTMENT INCOME | 2,065 | -4,588 | -11,715 |

| Alternative Income Measures, 2022/23 | | | | |
|--|--|---------------|-------------|-------------|
| | | Region | | |
| | | North | East | West |
| Reconciliation between Net Farm Income and Farm Business Income | | | | |
| | FARM BUSINESS INCOME | 28,014 | 18,543 | 21,033 |
| Plus- | Directors' remuneration | 148 | 0 | 243 |
| Less- | Net income from assets associated with the farm business | 0 | 0 | 0 |
| Plus- | Buildings and works depreciation | 4,162 | 2,831 | 3,607 |
| Plus- | Landlord type expenses | 623 | 735 | 689 |
| Plus- | Imputed rental income | 594 | 374 | 500 |
| Less- | Imputed rent and rental value | 14,753 | 10,955 | 15,794 |
| Plus- | Net Interest | 4,440 | 3,487 | 4,285 |
| Less- | Unpaid labour of partners | 4,761 | 4,499 | 7,046 |
| Equals- | NET FARM INCOME** | 18,468 | 10,515 | 7,517 |
| ** Excluding Breeding Livestock Stock Appreciation | | | | |

| Land Use and Indicators of Technical Efficiency, 2022/23 | | | |
|--|---------------|-------|-------|
| | Region | | |
| | North | East | West |
| Number of farms in group | 102 | 17 | 48 |
| Average farmed area (hectares) | 189.2 | 145.4 | 106.2 |
| Average proportion of owned total farmed area (%) | 50% | 38% | 64% |
| Land use | | | |
| Area of crops | 1.6 | 0.0 | 2.3 |
| Temporary grass | 7.2 | 0.0 | 6.5 |
| Permanent grass | 97.6 | 78.9 | 74.1 |
| Fodder crops | 0.2 | 0.1 | 0.7 |
| Rough grazing | 75.6 | 56.2 | 16.7 |
| Uncropped, fallow and turf | 0.3 | 0.1 | 0.2 |
| Forage hired in | 6.8 | 10.2 | 5.7 |
| Stocking | | | |
| Average number of dairy cows | 0 | 1 | 0 |
| Average number of beef cows | 18 | 13 | 22 |
| Average number of other cattle | 40 | 58 | 73 |
| | | | |
| Average number of ewes | 473 | 239 | 272 |
| Average number of other sheep | 422 | 183 | 275 |
| | | | |
| Grazing livestock units | GLUs per farm | | |
| Dairy cows | 0.4 | 0.7 | 0.0 |
| Beef cows | 9.2 | 6.3 | 11.2 |
| Other cattle | 24.3 | 32.0 | 46.5 |
| Sheep | 48.4 | 23.3 | 29.3 |
| Other livestock | 0.3 | 1.0 | 0.8 |
| Total | 82.6 | 63.3 | 87.8 |
| | | | |
| GLUs per ha | 0.44 | 0.44 | 0.85 |
| GLUs per adjusted ha | 0.54 | 0.60 | 0.94 |

| Balance Sheet, 2022/23 (end of year) | Region | | |
|---|------------------|----------------|------------------|
| | North | East | West |
| Number of farms in group | 102 | 17 | 48 |
| Average farmed area (hectares) | 189.2 | 145.4 | 106.2 |
| Average proportion of owned total farmed area | 50% | 38% | 64% |
| | £ per farm | | |
| End of year assets & liabilities | | | |
| Land & buildings | 911,862 | 701,120 | 1,175,412 |
| Basic Payment Scheme | 21,534 | 15,324 | 14,162 |
| Machinery | 83,305 | 74,503 | 71,002 |
| Tenant's other assets | 2,757 | 61 | 4,134 |
| Breeding livestock | 90,355 | 49,910 | 64,640 |
| Total fixed assets | 1,109,813 | 840,918 | 1,329,350 |
| Trading livestock | 31,710 | 29,434 | 56,463 |
| Crops | 351 | 0 | 1,104 |
| Forage and cultivations | 3,589 | 7,988 | 3,955 |
| Stores | 4,362 | 12,754 | 6,008 |
| Debtors and loans | 12,480 | 2,378 | 6,737 |
| Bank credit and cash | 27,267 | 21,990 | 21,308 |
| Other current assets | 0 | 0 | 0 |
| Total current assets | 79,760 | 74,544 | 95,576 |
| Total assets | 1,189,572 | 915,462 | 1,424,927 |
| Financed by | | | |
| AMC | 27,273 | 40,650 | 22,675 |
| Bank loans | 55,505 | 6,731 | 64,342 |
| Other long term | 9,445 | 3,773 | 3,817 |
| Total long term | 92,223 | 51,153 | 90,834 |
| HP and lease | 4,312 | 7,033 | 2,628 |
| Creditors | 7,401 | 7,851 | 7,923 |
| Bank overdraft | 19,737 | 21,757 | 12,230 |
| Other short term | 0 | 0 | 182 |
| Total current liabilities | 31,451 | 36,641 | 22,963 |
| Total Liabilities | 123,673 | 87,794 | 113,797 |
| | | | |
| Net worth | 1,065,899 | 827,667 | 1,311,129 |
| Balance sheet ratios- | | | |
| % Owner equity (net worth v. total assets) | 90% | 90% | 92% |
| % Fixed assets vs. total assets | 93% | 92% | 93% |
| Gearing (long-term loans v. total assets) | 8% | 6% | 6% |
| Total debt (external liabilities v.net worth) | 12% | 11% | 9% |

| FUND FLOWS, 2022/23 | Region | | |
|---|---------------|----------------|---------------|
| | North | East | West |
| Number of farms in group | 102 | 17 | 48 |
| Average farmed area (hectares) | 189.2 | 145.4 | 106.2 |
| Average proportion of owned total farmed area (%) | 50% | 38% | 64% |
| | £ per farm | | |
| Funds available from trading | | | |
| Farm Business Income | 28,014 | 18,543 | 21,033 |
| Buildings and works depreciation | 4,162 | 2,831 | 3,607 |
| Machinery depreciation | 9,633 | 7,864 | 7,571 |
| Change in valuation * | -3,008 | 933 | -6,352 |
| | | | |
| Trading net fund flow surplus | 38,802 | 30,171 | 25,859 |
| Funds used for farm investments | | | |
| Net property and quota purchases | 212 | 156 | 6,258 |
| Net landlord capital purchases | 10,135 | 4,844 | 4,378 |
| Net machinery and equipment purchases | 10,936 | 14,507 | 10,903 |
| | | | |
| Capital net fund flow | 21,283 | 19,507 | 21,539 |
| | | | |
| Total farm fund flow surplus | 17,518 | 10,663 | 4,320 |
| | | | |
| Funds used for private expenditure | | | |
| Private drawings | 29,443 | 36,436 | 28,153 |
| Net private funds introduced | 2,672 | 13,323 | 20,549 |
| | | | |
| Private fund outflow | 26,770 | 23,113 | 7,603 |
| | | | |
| Total net fund flow surplus | -9,252 | -12,449 | -3,283 |
| | | | |
| Increase in loans and deposits | -3,275 | -4,555 | -3,484 |
| Increase in bank balance | -11,763 | -14,103 | -3,536 |
| Increase in cash in hand | 66 | -95 | 0 |
| Increase in debtors | -3,682 | -2,758 | -3,435 |
| Increase in creditors | -2,853 | 49 | -204 |
| | | | |
| Net change in funding | 9,252 | 12,449 | 3,283 |
| * An increase in valuation is represented as a negative, with funds being used to increase the live and deadstock valuation | | | |

FBS

Farm Business Survey



Department
for Environment
Food & Rural Affairs

FOR MORE INFORMATION CONTACT US ON

info@farmbusinesssurvey.co.uk

www.farmbusinesssurvey.co.uk

01270 616800

