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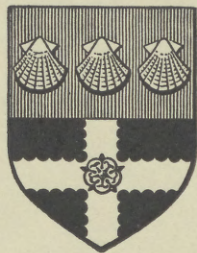
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Financial results on horticultural holdings

in the Southern Province in

1960/61

by

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Financial results of horticultural holdings in 1960/61.

For some years this Department has collected financial and economic data from a number of growers in the south of England as part of the Farm Management Survey sponsored by the Ministry of Agriculture, Fisheries & Food. Until 1959 a brief report was issued annually to the growers concerned setting out the average results of three groups of market garden holdings and one group of fruit holdings. Two years ago, however, the number of co-operating growers was increased and the scope of the enquiry widened so as to include glasshouse growers as well. This report is the second of the present series and covers 45 holdings in the counties of Hampshire, Berkshire, Buckinghamshire, Middlesex and Warwickshire. The analysis of the data was under the direction of Mr. H. Casey.

While the number of holdings from which information is obtained remains relatively small it is clearly unwise to generalise about the financial state of horticulture from the results of this study. But it is hoped that the figures which are given in this report will be of some interest to growers in general as well as to those from whom they were obtained. The Department wishes to thank the growers concerned for their assistance.

The 45 holdings concerned have been classified into three main groups and seven sub-groups as follows:-

Group 1. Glasshouse holdings (a) no important outdoor crops
(b) with outdoor crops.

Holdings falling into Group 1(a) are those on which at least 90 per cent. of the gross income from crop sales is derived from glasshouse crops. Those in Group 1(b) derive at least 50 per cent., but less than 90 per cent., of their gross income from sales of glasshouse crops.

Group 2. Market garden holdings (a) intensive
(b) semi-intensive
(c) extensive.

All holdings in Group 2 have at least 50 per cent. of their gross income from the sale of outdoor crops. They are subdivided by the value of labour input per acre. The intensive holdings have a labour input of at least £200 an acre, the semi-intensive of between £100 and £200 and the extensive of less than £100 an acre.

Group 3. Fruit holdings (a) soft fruit
(b) top fruit.

The holdings are classified wholly on the basis of the most important single crop.

The distribution of the 45 holdings by type and by county is given in the following table:-

County	Group 1		Group 2			Group 3		All Groups
	(a)	(b)	(a)	(b)	(c)	(a)	(b)	
Hampshire	3	1	2	4	2	5	1	18
Berkshire	1	-	-	-	1	-	3	5
Middlesex	1	1	3	-	2	-	1	8
Buckingham- shire	-	-	-	-	1	-	-	1
Warwickshire	6	2	1	-	3	-	1	13
	11	4	6	4	9	5	6	45

Each of these groups is dealt with in turn, a brief description of the size and cropping of the holdings concerned being followed by tables showing the financial results. The financial results are given for Group 1(a) holdings on the basis of per £1,000 tenants' capital, for Group 1(b) holdings on the basis of both tenants' capital and per acre and for all other groups on the basis of per acre only.

The reason for the different methods of giving the results is explained by the fact that, though holdings in Group 1(a) are not concerned with outdoor crop production, some of them nevertheless have a considerable area of unused open land. In this group, therefore, "acreage of glass" and "capital investment" are largely synonymous

terms. But capital investment is not synonymous with the acreage of the holdings on which it is invested under the circumstances to be found on Group 1(a) holdings. In contrast, holdings in Group 1(b) are (within the limits laid down by definition) concerned with combinations of glasshouse and outdoor crops and both methods of presenting the financial results have been adopted. To facilitate comparison between groups the main results are given on both bases in the tables on pages 16 and 18.

Group 1(a) Glasshouse holdings with no important outdoor crops.

This group consists of 11 holdings of an average size of 2.6 acres. The area of glass per holding was 0.86 acre in which 1.2 acres of crops were grown in the year. Outdoor crops amounted to 0.4 acre per holding, the remaining outside land being unused for cropping.

Of the total cropped area (glass and outdoor) glasshouse crops totalled 75 per cent. and outdoor crops 25 per cent.. The crops were as follows:-

<u>Glasshouse crops</u>	<u>% of glasshouse area</u>	<u>% of total glasshouse crops</u>	<u>% of total cropped area</u>
Tomatoes	34.7	25.0	18.8
Pot and bedding plants	34.7	25.0	18.8
Chrysanthemums	23.1	16.7	12.5
Cucumbers	23.1	16.7	12.5
Salad crops	11.6	8.3	6.2
Other crops	11.6	8.3	6.2
	<u>138.8</u>	<u>100.0</u>	<u>75.0</u>
<u>Outdoor crops</u>			
Salad crops			12.5
Flower crops			<u>12.5</u>
			<u>100.0</u>

The importance of pot and bedding plants in the glasshouse cropping system reflects the fact that six of the holdings in the group are in Warwickshire where this feature is common. Growers in other counties were concerned mainly with producing tomatoes, cucumbers, lettuce and chrysanthemums.

The glasshouses on these holdings represented 70 per cent. of the total investment in tenants' capital. At written-down values the whole tenants' capital - glasshouses, equipment, stores and so on - was equal to £6,704 per acre of glasshouses.

The average expenditure for the year per £1,000 tenants' capital was £1,620 and the average receipts £1,914. The difference between receipts and expenditure of £294, together with a decrease in the valuation of £21 gave a net income of £273 per £1,000 tenants' capital. The hazards and rewards of this form of production are emphasised by the statement that the net incomes varied as between a deficit of £280 to a surplus of £886 per £1,000 invested.

Group 1(b) Glasshouse holdings with outdoor crops.

This group consists of four holdings of an average size of 6.40 acres of land on which there was 0.79 acre of glasshouses. The glasshouses carried 1.00 acre of crops in the year and the outside land 5.4 acres of crops. The relative importance of the different crops grown was as follows:-

<u>Glasshouse crops</u>	<u>% of glasshouse area</u>	<u>% of total glasshouse crops</u>	<u>% of total Cropped area</u>
Chrysanthemums	38.0	30.0	4.7
Tomatoes	63.3	50.0	7.8
Lettuce	12.7	10.0	1.6
Cucumbers	12.7	10.0	1.6
	<hr/>	<hr/>	<hr/>
	126.7	100.0	15.7
<u>Outdoor crops</u>			
Salad crops			9.4
Peas and beans			1.6
Flowers and plants			15.6
Cauliflower			-
Celery			-
Tomatoes			4.7
Soft fruit			1.6
Top fruit			7.8
Nursery stock			-
Rhubarb			1.6
Brassicas			26.5
Miscellaneous			1.6
Grass and agricultural crops			<u>13.9</u>
			<u>100.0</u>

The average expenditure per £1,000 tenants' capital was £1,068 and the receipts £1,167. The difference between receipts and expenditure of £99 together with a valuation decrease of £15 gave a net income of £84 per £1,000 tenants' capital.

Expressed on the basis of per acre of the holdings the main results were:- expenditure £902, receipts £985, valuation decrease £12 and net income £71. Three holdings realised a surplus net income and one a deficit. The net income varied from a deficit of £194 to a surplus of £357 per acre.

Financial results of glasshouse holdings in 1960/61.

	<u>Group 1(a)</u>	<u>Group 1(b)</u>	
	per £1000 tenants' capital	per £1000 tenants' capital	per acre
	£	£	£
<u>Receipts</u>			
Sales of produce	1909	1166	985
Other receipts	5	1	-
TOTAL RECEIPTS	1914	1167	985
<u>Expenditure</u>			
Labour	677	473	400
Glasshouse fuel	164	159	134
Manures	76	43	36
Seeds & plants	96	28	23
Produce bought in	39	4	3
Sprays and fumigants	6	8	8
Power	110	160	135
Packing materials	37	3	3
Horticultural sundries	122	37	31
Depreciation of glasshouses	77	66	56
Repairs	134	37	31
Rent of land	9	14	12
Miscellaneous expenses	73	36	30
TOTAL EXPENDITURE	1620	1068	902
Difference in receipts and expenditure	294	99	83
Valuation difference	- 21	- 15	- 12
NET INCOME	273	84	71

Group 2(a) Intensive market gardens.

This group of six holdings averaged 9.7 acres in size with an average of 0.4 acre of glass per holding. Four-fifths of the area of crops grown was devoted to relatively intensive crops as follows:-

<u>Intensive crops</u>	<u>% of cropped area</u>	<u>Extensive crops</u>	<u>% of cropped area</u>
Glasshouse crops	3.2	Brassicas	12.1
Lettuce	29.1	Potatoes	1.6
Outdoor tomatoes and cucumbers	3.2	Roots	4.0
Onions	2.4	Land in preparation	2.4
Peas and beans	2.4		<hr/>
Celery	0.8		20.1
Cauliflower	7.3		<hr/>
Soft fruit	2.4		
Top fruit	0.8		
Flowers	26.7		
Rhubarb	1.6		
	<hr/>		
	79.9		
	<hr/>		

The glasshouses on these holdings played only a minor role, the crops grown being tomatoes almost without exception.

The average expenditure per acre amounted to £807 and the average receipts to £981. The difference between receipts and expenditure of £174 was augmented by a valuation increase of £3 to give a net income of £177 an acre. All holdings showed surplus net incomes ranging from £23 to £364 per acre.

Group 2(b) Semi-intensive market gardens.

This group of four holdings averaged 13.6 acres each, but had a slightly lower proportion of relatively intensive crops than the preceding group. The crops were as follows:-

<u>Intensive crops</u>	<u>% of cropped area</u>	<u>Extensive crops</u>	<u>% of cropped area</u>
Lettuce	20.3	Brassicas	6.7
Peas and beans	2.5	Sundry vegetables	2.1
Onions	1.2	Roots	0.6
Flowers	14.1	Grass & agricultural	
Soft fruit	7.2	crops	15.3
Top fruit	15.3		<u> </u>
Celery	0.4		24.7
Cauliflower	2.5		<u> </u>
Rhubarb	0.6		
Glasshouse crops	1.2		
	<u> </u>		
	75.3		
	<u> </u>		

Two holdings maintained a pig enterprise as complementary to market gardening. In each case the receipts from pig sales (but not the net production) exceeded the receipts from crop sales.

The average expenditure amounted to £459 an acre, of which £184 was on account of livestock and foods purchased. The receipts were of the order of £462 per acre of which £233 was on account of livestock sales. The excess of receipts over expenditure of £3 an acre was diminished by a valuation decrease of £21 to give a net income of £-18 an acre.

Two holdings showed a surplus net income and two a deficit, the range being from a deficit of £146 to a surplus of £51 per acre.

Group 2(c) Extensive market gardens.

These nine holdings averaged 85 acres each and were mainly concerned with vegetable growing on a farm scale. Brassicas were the predominant horticultural crop but even these were exceeded in importance by area, by grass and agricultural crops. The crops grown were as follows:-

<u>Intensive crops</u>	<u>% of cropped area</u>	<u>Extensive crops</u>	<u>% of cropped area</u>
Lettuce	3.4	Brassicas	23.6
Peas and beans	4.2	Potatoes	8.3
Cauliflower	4.6	Roots	5.4
Onions	0.9	Other crops	0.8
Flowers	1.6	Land in preparation	4.0
Fruit	2.4	Grass & agricultural	
Other crops	0.1	crops	40.3
	<u>17.6</u>		<u>82.4</u>

Five of the holdings had a livestock enterprise but on none were sales of livestock and livestock products in excess of the sales of crops.

The average expenditure per acre was £98 of which £5 was on account of livestock purchases and foodstuffs. The receipts per acre were £112 of which £11 was on account of livestock sales. The excess of receipts over expenditure of £14 an acre was augmented by a rise in the valuation of £3 per acre to give a net income of £17 per acre. Six holdings showed a surplus net income and three a deficit, the range being from £-16 an acre to £87 an acre.

Financial results of market garden holdings in
1960/61

	Group 2(a) per acre	Group 2(b) per acre	Group 2(c) per acre
	£	£	£
<u>Receipts</u>			
Sales of produce	975	224	100
Livestock sales	-	233	11
Other receipts	6	5	1
TOTAL RECEIPTS	981	462	112
<u>Expenditure</u>			
Labour	405	170	46
Glasshouse fuel	7	1	1
Manures	55	12	14
Seeds and plants	39	7	6
Sprays and fumigants	3	3	-
Power	95	32	16
Packing materials	17	11	1
Horticultural sundries	11	1	-
Depreciation of glasshouses	11	5	1
Repairs	22	16	2
Rent of land	11	10	4
Livestock expenses	-	183	5
Miscellaneous expenses	131	8	2
TOTAL EXPENDITURE	807	459	98
Difference in receipts and expenditure	174	3	14
Valuation difference	3	-21	3
NET INCOME	177	-18	17

Group 3(a) Soft fruit holdings.

The five holdings in this group average 4.1 acres in size and were mainly concerned with strawberry growing. Almost three-quarters of the cropped area was devoted to strawberries and over 93 per cent. to relatively intensive crops.

<u>Intensive crops</u>	<u>% of cropped area</u>
Strawberries	72.7
Top fruit	9.1
Lettuce	4.5
Peas	2.3
Flower crops	2.3
Unheated glass	<u>2.3</u>
	93.2
<u>Extensive crops</u>	
Brassicas	<u>6.8</u>
	<u>100.0</u>

Expenditure per acre amounted to £479 and receipts to £567, giving an excess of receipts over expenditure of £88. There was an increase in valuation of £3 per acre to give a net income of £91 per acre. Four growers had a surplus net income and one a deficit, the range being from £-3 to £196 per acre.

Group 3(b) Top fruit holdings.

The average size of the six holdings in this group was 82.6 acres of which about one-half was devoted to top fruit. The crops grown were as follows:-

	<u>% of cropped area</u>
Top fruit	52.7
Soft fruit	3.6
Potatoes	0.4
Other vegetable crops	1.4
Land in preparation	10.6
Grass & agricultural crops	<u>31.3</u>
	<u>100.0</u>

Two holdings had a livestock enterprise but on neither did livestock sales exceed the sales of crops. The average expenditure per acre was £218 of which £14 was on account of livestock. The average receipts per acre were £220 of which £37 was for livestock sales. The net income of £7 an acre was made up of an excess of receipts over expenditure of £2 and a valuation increase of £5.

The six holdings can be divided into two sub-groups because four were relatively small-scale enterprises and two relatively large-scale. The financial result of these two groups differed considerably and the main features are given below.

Average size	11 acres	225 acres
Total receipts per acre	£276	£110
Total expenditure per acre	£287	£81
Valuation difference	£10	£-4
Net income per acre	£-1	£25

It would be a mistake to attribute the difference in the results wholly to the differences in the scale of the enterprises. Indeed one of the smaller holdings showed the highest net income per acre while three showed a deficit. The figures above are given merely to show the different levels of resources used and different levels of productivity within one branch of horticulture.

Three holdings showed a surplus net income and three a deficit, the range being from £-92 an acre to £115 an acre.

Financial results of fruit holdings in
1960/61

	Group 3(a) per acre	Group 3(b) per acre
	£	£
<u>Receipts</u>		
Sales of produce	566	176
Livestock sales	-	37
Other receipts	1	7
TOTAL RECEIPTS	567	220
<u>Expenditure</u>		
Labour	289	116
Manures	27	7
Seeds & plants	26	9
Sprays	3	5
Power	57	31
Packing materials	47	16
Horticultural sundries	-	1
Depreciation of cloches & frames	8	1
Repairs	3	4
Rent of land	9	8
Livestock expenses	-	14
Miscellaneous expenses	10	6
TOTAL EXPENDITURE	479	218
Difference in receipts and expenditure	88	2
Valuation difference	3	5
NET INCOME	91	7

SUPPLEMENTARY TABLES

Financial results of horticultural holdings per acre and
per £1000 tenants' capital 1960/61

	<u>Per acre</u>			<u>Per £1000 tenants' capital</u>		
	<u>Receipts</u>	<u>Expendi- ture</u>	<u>Net income</u>	<u>Receipts</u>	<u>Expendi- ture</u>	<u>Net Income</u>
	£	£	£	£	£	£
Group 1(a)	9763 ^x	8965 ^x	1251 ^x	1914	1620	273
Group 1(b)	985	902	71	1167	1068	84
Group 2(a)	981	807	177	3493	2873	630
Group 2(b)	462	459	-18	2333	2319	-92
Group 2(c)	112	98	17	1961	1712	304
Group 3(a)	567	479	91	3400	2873	542
Group 3(b)	220	218	7	2001	1980	67

^x per acre of glasshouses.

Average valuation of tenants' assets on horticultural
holdings in 1960/61

	<u>Crops & Tillages</u>	<u>Stores</u>	<u>Glass- houses</u>	<u>Equip- ment</u>	<u>Live- stock</u>	<u>Total</u>
	£	£	£	£	£	£
Group 1(a) (per £1000 tenants' capital)	118	5	698	179	-	1000
Group 1(b) (per £1000 tenants' capital)	50	3	613	334	-	1000
(per acre)	42	2	518	282	-	844
Group 2(a) (per acre)	29	7	91	154	-	281
Group 2(b) (per acre)	22	18	42	56	60	198
Group 2(c) (per acre)	11	-	4	34	8	57
Group 3(a) (per acre)	3	1	77	86	-	167
Group 3(b) (per acre)	29	6	13	54	8	110

Net Output and costs per £100 net output on
horticultural holdings in 1960/61

	Group		Group			Group	
	1(a)	1(b)	2(a)	2(b)	2(c)	3(a)	3(b)
	£	£	£	£	£	£	£
<u>Net Output</u>							
per £1000 tenants' capital	1719	1118	-	-	-	-	-
per acre	-	944	888	238	102	479	187
<u>Costs per £100 Net Output</u>							
Labour	39	42	45	71	45	58	62
Glasshouse fuel	10	14	1	-	-	-	-
Manures	4	4	6	5	14	5	4
Power	6	14	11	14	16	11	16
Rent of land & depreciation of glass	5	7	3	6	4	3	5
Other prime costs	1	1	1	1	1	1	3
Other costs	19	10	13	10	3	3	6
TOTAL COSTS	84	92	80	107	83	81	96

Net output and net income of 2 most profitable
holdings in each sub-group

	Net output	Net income
	£	£
Group 1(a) per £1000 tenants' capital	2537	685
Group 1(b) per £1000 tenants' capital	2872	576
per acre	981	217
Group 2(a) per acre	1450	348
Group 2(b) per acre	310	37
Group 2(c) per acre	208	73
Group 3(a) per acre	520	166
Group 3(b) per acre:small scale	249	53
:large scale	97	25

Management income per acre and per £1000
tenants' capital in 1960/61

	<u>Management Income</u>	
	per acre	per £1000 tenants' capital
	£	£
Group 1(a)	450	259
Group 1(b)	67	80
Group 2(a)	168	599
Group 2(b)	-19	-87
Group 2(c)	16	289
Group 3(a)	86	515
Group 3(b)	7	67

Definitions.

In interpreting the figures in the financial tables the following conventions and explanations should be kept in mind.

Labour covers not only the cost of hired labour but also an appropriate allowance for the unpaid manual labour of growers and members of their families.

Rent covers the estimated rental value of holdings in owner occupation as well as rent paid.

Depreciation is the amount by which the glasshouses and other fixed equipment are conventionally assumed to have decreased in value over the year. Glasshouse depreciation is shown as a separate item, depreciation of mechanical equipment is included in power costs.

Difference in valuation is the amount by which the assets other than fixed equipment and glasshouses, such for instance, as growing crops and consumable stores, have increased or decreased in value over the year.

Average valuation is the mean of the opening and closing valuations of the items listed. It represents approximately the tenants' capital invested in the holdings concerned, even though in practice it is unusual for tenants to invest in permanent glasshouses.

Net income is the amount available to reward the grower for his managerial work and capital investment.

Net output is obtained by adjusting the sales of produce by the difference between the opening and closing valuation of growing crops and by deducting the value of produce, seeds, plants and packing materials purchased. Net output represents the value of produce created on the holdings in the year.

Costs per £100 Net output shows the relative importance of the main resources used in each unit of product.

In preparing the financial tables all interest on borrowed capital has been excluded. Interest paid by growers on borrowed capital can seldom, if ever, be taken to represent the interest on the total tenants' capital. It may be greater if the grower is an owner-occupier with a mortgage on his property, or it may be less. The management income for each of the seven groups is given after the net incomes have been reduced to take account of interest on tenants' capital.

