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FARM FINANCIAL RETURNS, 1955-56  
CROPPING FARMS

J. F. MACPHERSON

ECONOMICS DEPARTMENT  
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6, BLYTHSWOOD SQUARE,  
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FARM FINANCIAL RETURNS  
CROPPING FARMS, 1955-56

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## FOREWORD

The main part of this report deals with the financial results shown by the accounts of 25 cropping farms for the year 1955-56 (1955 harvest). For comparative purposes, figures for the same 25 farms for 1954-55 (1954 harvest) are given.

Farms which may be classified as cropping farms (where a considerable proportion of the revenue is from the sale of cash crops) are relatively few in this College province where most of the low ground is given over to dairying and the higher ground to sheep farming and stock rearing. Further, only a small part of the areas where such cropping farms are to be found can be classed as high quality arable land. For these reasons a report from this province on this type of farming must have limitations. Also, it is not claimed that the sample reported on is fully representative of this farming type in this area, since the larger-sized farm on medium to good land is under represented.

The sample contains different types of farms, varying from the - usually smaller - units where pigs and poultry may form an important sideline, to others (often larger) where the livestock emphasis is on the sale of cattle and sheep which have been bought as stores or reared on the farm. In general, all farms have the potato crop (for seed or ware) as an important enterprise.

The majority of the farms are in West Perthshire with the remainder in Stirlingshire and Dumfriesshire.

Because of the type difference and because the farms are situated on land of widely varying quality, this report attempts only to give a broad picture. The sample therefore has been divided into two groups. The first relates to farms of under 175 acres and the second to farms of over 175 acres.

A comparison of profitability over a period of years is also given for both groups.

It should be emphasised that this report deals, not with the farming harvest year which has just ended, but with the 1955 harvest year.

Grateful acknowledgment is made of the help received from farmers who made their farm accounts available and also of the assistance given by professional accountants. Much of the statistical material was prepared by J.A.R. Mitchell.

## PRELIMINARY DEFINITION OF SOME TERMS

The Accounting Year. The closing dates of the farm accounts in the sample were either at November, 1955 or March or May, 1956, thus the 1955-56 (1955 harvest) year relates to farm accounts with closing dates from Autumn, 1955 to Midsummer, 1956.

Adjusted Acreage. The terms acres or per acre used throughout the report refer to the adjusted acreage, with 4 acres of rough grazing taken as equivalent to 1 acre of ordinary grazing. Where the true size of the farm is given the term acres (actual) is used.

Profit: the balance between Trading Revenue and Trading Expenditure, plus any increase or minus any decrease in the stock and crop valuations during the year, less the charge made for depreciation.

Manual Work of Farmer and Wife. An estimated charge is made for the value of the manual work done on the farm by the farmer and his wife. The calculation of this charge is based on a scale rather higher than the minimum rates for specialist workers as scheduled in the Wages Board Orders.

Surplus: the balance left after deducting from the profit the estimated charge for the value of any manual work done by the farmer and his wife.

Gross Farm Output: calculated as follows:-

Trading Revenue (including direct subsidies but excluding  
non-capital grants).  
Plus closing valuation of stock and crop.  
Less opening valuation of stock and crop.  
Less livestock purchases.

Non-Capital Grants: Ploughing Grants, Marginal Acreage Payment etc.

Net Farm Output: the figure for gross farm output reduced by the expenditure on concentrate foods, fodders, grazing taken and purchased seeds.

Margin: the balance left after net farm output has been reduced by the charge for lime and fertilisers and by the total labour charge, including the estimate for the value of manual work done by farmer and wife.

SUMMARY

Some figures for 1955-56, with comparative figures for the same farms for the previous year, are summarised below.

A summary of the profitability over a period of years is also given.

TWO YEAR COMPARISON FOR THE SAME FARMS

	<u>Under 175 acres</u>		<u>Over 175 acres</u>	
Number of farms	14		11	
	<u>1954-55</u>	<u>1955-56</u>	<u>1954-55</u>	<u>1955-56</u>
Average farm size - acres	123	123	296	296
Average per farm of:-	£	£	£	£
Gross farm output	3712	4140	8223	8692
Net farm output	3042	3433	6982	7489
Margin	1365	1664	3401	3854
Profit	672	960	1177	1633
Surplus	254	520	943	1364

For almost all of these 25 farms, the accounting information has been available for a number of years. The following table summarises the trend in profitability for 13 of the smaller farms for 6 years and for 10 of the larger farms for 5 years. The acreages of the individual farms remained almost unchanged during the period.

PERIOD COMPARISON FOR THE SAME FARMS

	<u>Under 175 acres</u>	<u>Over 175 acres</u>
Number of farms	13	10
Average farm size - acres	123	297

Year:-	<u>PER FARM</u>			
	<u>Profit</u> £	<u>Surplus</u> £	<u>Profit</u> £	<u>Surplus</u> £
1950-51	332	40	Not available	
1951-52	807	510	1745	1582
1952-53	1138	809	2204	2029
1953-54	740	355	1510	1291
1954-55	693	285	1097	879
1955-56	940	513	1474	1218

THE ACCOUNTING SAMPLE

NUMBER OF FARMS AND SIZE DISTRIBUTION

The sample of 25 farms has been divided on an adjusted acreage basis into two groups:-

	<u>Under 175 acres</u>	<u>Over 175 acres</u>
Number of farms	14	11
Average farm size (acres)	123	296
Average farm size acres (actual)	130	330

The distribution table below shows the range in farm size.

	No. of farms
Under 100 acres	3
100 - 125 "	5
125 - 150 "	4
150 - 175 "	2
175 - 200 "	1
200 - 250 "	3
250 - 300 "	1
300 - 350 "	5
Over 500 "	1
	<u>25</u>

Of the 14 farms under 175 acres 10 were tenanted, 3 were owner-occupied and 1 was part tenanted and part owner-occupied.

Of the 11 farms over 175 acres 7 were tenanted and 4 were owner-occupied.

#### LIVESTOCK ENTERPRISE TYPE

In the two tables below a classification of the farms by their main livestock enterprises is given.

##### 14 Farms under 175 acres

		Sheep Enterprise Type				
		Buying Store	Home Rearing	Both	No Sheep	Total
Cattle Enterprise Type	Buying Store	3 farms x	1 farm	2 farms x	1 farm x	7 farms
	Home Rearing	1 farm	-	2 farms	2 farms x	5 farms
	Both	1 farm x	-	1 farm	-	2 farms
	No Cattle	-	-	-	-	-
	Total	5 farms	1 farm	5 farms	3 farms	14 farms

x Pigs and Poultry. x marks the distribution of 5 farms where Pigs and/or Poultry form an important sideline.

In practically all cases on the above 14 farms, lambs bought as stores or home reared were sold fat. With cattle on the other hand the emphasis was rather on selling stores than on feeding and fattening. In 1955-56 of the seven farms where store cattle were bought, only three fattened and of the five farms rearing their own cattle only two fattened.

On the larger farms arranged in the table below, of the five farms buying stores, four sold fat. The three cattle rearing types in the second line all sold stores and the remaining three sold fat cattle.

Sheep and lambs were again in nearly all cases sold fat.

##### 11 farms over 175 acres

		Sheep Enterprise Type			
	Buying Store	Home Rearing	Both	No Sheep	Total
Buying Store	2 farms	-	3 farms	-	5 farms
Home Rearing	-	-	2 farms	1 farm	3 farms
Both	1 farm	1 farm	1 farm	-	3 farms
No Cattle	-	-	-	-	-
Total	3 farms	1 farm	6 farms	1 farm	11 farms

## LAND UTILISATION

The average size in the under 175 acres group was 132 acres (actual). Expressed in acres (adjusted) the average size was 123 acres.

The proportions of crops and grass were almost similar in both years, with rather less than half of the total area under ploughland crops.

	<u>1954-55</u>	<u>1955-56</u>
	%	%
Ploughland crops	47	46
Hay and grass	44	45
Rough grazing	9	9
	<u>100</u>	<u>100</u>

The average size in the over 175 acres group was 330 acres (actual). Expressed in acres (adjusted) the average size was 296 acres.

The proportions of crops and grass were similar in the two years.

	<u>1954 - 55</u> and <u>1955 - 56</u> %
Ploughland crops	40
Hay and grass	46
Rough grazing	14
	<u>100</u>

Table II in the Appendix gives the average land utilisation per farm.

## CROPPING ACREAGES

On average, for both smaller and larger farms, two thirds of the land ploughed was for the growing of grain. Oats comprised 90% and 80% of the grain acreage on the smaller farms and 77% and 70% on the larger farms in the years 1955-56 and 1954-55 respectively. The other grain crops were wheat and barley.

Potatoes were the most important cash crop. A good proportion of the sales would be of seed potatoes since many of the farms were situated in parts of West Perthshire where there is a trade in seed potatoes.

The acreage of roots was usually just slightly smaller than that of potatoes.

Table I in the Appendix gives a statement of the average cropping acreages per farm.

## FINANCIAL RETURN AND OUTPUT

### PROFITABILITY

The table below shows the average Profit and Surplus per farm.

	<u>Under 175 acres</u>		<u>Over 175 acres</u>	
	<u>1954-55</u>	<u>1955-56</u>	<u>1954-55</u>	<u>1955-56</u>
Average Farm Size (acres)	123	123	296	296
<u>AVERAGE PER FARM</u>	£	£	£	£
Profit	672	960	1177	1633
Estimate for work of farmer and wife	418	440	234	269
Surplus	254	520	943	1364



These figures are brought to a more comparable basis when expressed per acre. It should be noted that the figure of Surplus is to be preferred since it takes into account the broadly estimated value of the manual work of farmer and wife. As is to be expected this figure for the manual work of farmer and wife is higher on the smaller farms. In this sample it is four times as high on the smaller farms when expressed per acre.

	<u>Under 175 acres</u>		<u>Over 175 acres</u>	
	<u>1954-55</u>	<u>1955-56</u>	<u>1954-55</u>	<u>1955-56</u>
Average Farm Size (acres)	123	123	296	296
<u>PER ACRE</u>	£. s.	£. s.	£. s.	£. s.
Profit	5. 9/-	7.16/-	4. 0/-	5.10/-
Estimate for work of farmer and wife	3. 8/-	3.11/-	16/-	18/-
Surplus	2. 1/-	4. 5/-	3. 4/-	4.12/-

#### DISTRIBUTION OF FARMS BY SURPLUS PER ACRE

The distribution table below shows the range of profitability expressed by surplus per acre.

	<u>£ per Acre</u>	<u>Farms under 175 acres</u>		<u>Farms over 175 acres</u>	
		<u>1954-55</u>	<u>1955-56</u>	<u>1954-55</u>	<u>1955-56</u>
Surplus	Over 10	1	1	-	1
	8 - 10	-	-	-	1
	6 - 8	2	-	2	2
	4 - 6	1	7	2	2
	2 - 4	2	2	2	2
	0 - 2	2	3	3	1
Deficit	0 - 1	1	-	-	-
	1 - 2	2	-	-	1
	2 - 3	1	1	1	1
	Over 3	2	-	1	-
		<u>14</u>	<u>14</u>	<u>11</u>	<u>11</u>

The highest surplus per acre was £12 in 1955-56 and £15 in 1954-55 for the under 175 acres group, and £11 in 1955-56 and £8 in 1954-55 for the over 175 acres group. The largest deficit per acre was £3 in 1955-56 and £8 in 1954-55 for the under 175 acres group, and £2 in 1955-56 and £3 in 1954-55 for the over 175 acres group.

These results show the great range of profitability in the sample available.

#### THE FARM ACCOUNT SUMMARY

The average farm account may be summarised as follows:-

	<u>14 farms</u>		<u>11 farms</u>	
	<u>Under 175 acres</u>	<u>Over 175 acres</u>	<u>Under 175 acres</u>	<u>Over 175 acres</u>
	<u>1954-55</u>	<u>1955-56</u>	<u>1954-55</u>	<u>1955-56</u>
	£	£	£	£
Trading Revenue (including subsidies and grants)	4945	5219	15020	15616
Trading Expenditure	<u>3810</u>	<u>4136</u>	<u>12600</u>	<u>13612</u>
Balance	1135	1083	2420	2004
Increase in stock and crop valuation	-	162	-	319
Decrease in stock and crop valuation	<u>174</u>	<u>-</u>	<u>597</u>	<u>-</u>
Balance	961	1245	1823	2323
Deduct depreciation on equipment	<u>289</u>	<u>285</u>	<u>646</u>	<u>690</u>
PROFIT	672	960	1177	1633
Estimate for work of: farmer & wife	<u>418</u>	<u>440</u>	<u>234</u>	<u>269</u>
SURPLUS	<u>254</u>	<u>520</u>	<u>943</u>	<u>1364</u>

When only the excess of Trading Revenue over Trading Expenditure is taken into account, the average balance per farm in the group of smaller farms was £1083 (a small reduction on 1954-55). For the group of larger farms the similar figure was £2004, which was about £400 less than in the previous year. It is necessary however to adjust this figure by allowing for the changes in the value of the stock and crop on hand: an important point with this type of farm which deals with marketable crop and stock. After this adjustment both groups had a larger balance than in the previous year, due mainly to a better harvest and to higher potato prices. After depreciation on equipment is charged, the Profit and Surplus were higher in 1955-56 than in 1954-55.

The opening and closing valuations for which a summary is given in Appendix Table III are the valuations prepared for accounting purposes, and being conservative show the tenancy capital invested at figures below realisation value. Further, the valuations for accounts closing at November or December are likely to be more complete than those closing in March or May.

If an addition of 25% is made to the tenancy capital to give a more realistic picture, capital investment in equipment, stock and crop and tenants' share of structures is approximately as shown below.

	<u>Under 175 acres</u>		<u>Over 175 acres</u>	
	<u>1954-55</u>	<u>1955-56</u>	<u>1954-55</u>	<u>1955-56</u>
Average farm size (acres)	123	123	296	296
Total Tenancy Capital per Farm (incl. 25% addition)	£6023	£6101	£13473	£13364
Total Tenancy Capital per Acre (incl. 25% addition)	£49	£50	£46	£45

#### EXPENDITURE

The following table shows the pattern of expenditure.

	<u>14 farms under 175 acres</u>		<u>11 farms over 175 acres</u>	
	<u>1954-55</u>	<u>1955-56</u>	<u>1954-55</u>	<u>1955-56</u>
	%	%	%	%
I. Livestock	23	23	44	49
II. Livestock Expenses	13	11	6	5
III. Crop Expenses	14	14	12	11
IV. Labour (excl. farmer and wife)	21	20	18	16
V. Other Expenses	<u>21</u>	<u>19</u>	<u>13</u>	<u>13</u>
Total Trading Expenditure	92	87	93	94
Total Capital Expenditure	<u>8</u>	<u>13</u>	<u>7</u>	<u>6</u>
Total Expenditure	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

- I. It will be seen that purchases of Livestock form the largest single expense item - almost a quarter of all expenditure on the smaller farms and almost a half on the larger ones. In most cases, these purchases were mainly of store animals although on some places there was a certain amount of expenditure on breeding stock.

The main purchases were of cattle and sheep, with cattle accounting for almost 60% of all livestock expenditure on the smaller farms and almost 80% on the larger farms.

- II. The cost of purchased concentrate foods accounted for 80% to 90% of the item Livestock Expenses, the remainder being made up of bulk crops, fodders, roots, grazing taken and sundry expenses such as veterinary expenses, medicines, dips, etc.

- III. Over 60% of the Crop Expenses were for the purchase of lime and fertilisers. When expressed per acre the net cost of lime and fertilisers was £3. 6/- and £3. 1/- in 1955-56 and 1954-55 respectively for the smaller farms, and £3.7/- and £3.6/- in 1955-56 and 1954-55 respectively for the larger farms.

IV. The Labour figures shown exclude the estimate for the value of the manual work of farmer and wife.

V. Of the Total Other Expenses, the main items were Rent, Fuel, Light and Power, Contract Work and Repairs to Implements and Tools.

These four main items accounted for almost two-thirds of the expenses under this heading with Rent forming approximately one-fifth of the Total Other Expenses (about 16% on the smaller farms and 23% on the larger).

Capital Expenditure includes expenses on Buildings and Improvements, Implements and Cars.

Appendix Table V. gives the detailed average expenditure per farm.

# REVENUE

The pattern of revenue is shown in the following table.

	14 farms under 175 acres		11 farms over 175 acres	
	1954-55	1955-56	1954-55	1955-56
	%	%	%	%
I. Livestock	48	42	68	67
II. Livestock Produce	8	8	2	2
III. Crops	36	39	23	26
IV. Subsidies (excl. lime and fertiliser since these have been netted)	4	4	3	2
V. Other Revenue	3	3	2	2
Total Trading Revenue	99	96	98	99
Capital Revenue (equip. sold)	1	4	2	1
Total Revenue	100	100	100	100

I. As with expenditure, so with revenue, livestock forms the largest item - nearly a half on the smaller farms and approximately two-thirds on the larger ones. Again the main sales were of cattle and sheep, with calves and store cattle of more importance on the smaller farms but with the emphasis on fat cattle on the larger farms.

II. The main sales of livestock produce were of eggs and wool; eggs particularly on the smaller farms.

III. Potatoes (including potato land let) were the most important single cash crop, forming 59% and 55% of total crop sales in 1955-56 and 1954-55 respectively for the smaller farms, and 51% and 42% in 1955-56 and 1954-55 respectively for the larger farms.

The second main source of revenue under this heading was grain which accounted for 30% and 35% of total crop sales in 1955-56 and 1954-55 respectively for the smaller farms and 36% and 44% for the larger farms.

In order of importance grain sales were as follows:-

	14 farms under 175 acres		11 farms over 175 acres	
	1954-55	1955-56	1954-55	1955-56
	%	%	%	%
Oats	72	77	64	65
Wheat	17	19	29	25
Barley	11	4	7	10
	100	100	100	100

IV. Lime and fertiliser subsidies have been excluded since they have been set against the purchases to give the net cost shown in the expenditure table.

V. Other revenue includes miscellaneous items, perquisites, produce used and shares to domestic account.

Capital revenue includes sale of equipment, implements and car etc.

Appendix Table VI gives the detailed average revenue per farm.

### OUTPUTS AND CHARGES

The volume of production may be measured by calculating the outputs - Gross Farm Output and Net Farm Output. The former is obtained by adding to the Trading Revenue (including direct subsidies but excluding non-capital grants) the Closing Valuation of Stock and Crop and deducting from this total the Opening Valuation of Stock and Crop and also Livestock Purchases. The Net Farm Output is obtained by subtracting from the Gross Farm Output the expenditure on concentrate foods, fodders, grazing taken and purchased seeds. Since the variable expenditure on purchased feed and seed is now allowed for the Net figure is preferable for purposes of comparison of the volume of output. It should be remembered that in order to produce this Net Farm Output two important outside resources have to be brought in - fertilisers and fuel; apart from this Net Farm Output may be taken to be a measure of the productivity from the resources of the equipped farm itself.

The average outputs per farm and per acre are shown below.

#### Average of Farm Outputs per Farm

	<u>14 farms under 175 acres</u>		<u>11 farms over 175 acres</u>	
	<u>1954-55</u>	<u>1955-56</u>	<u>1954-55</u>	<u>1955-56</u>
	£	£	£	£
Average Gross Farm Output	3712	4140	8223	8692
Average Net Farm Output	3042	3433	6982	7489

#### Average of Farm Outputs per Acre

	<u>14 farms under 175 acres</u>		<u>11 farms over 175 acres</u>	
	<u>1954-55</u>	<u>1955-56</u>	<u>1954-55</u>	<u>1955-56</u>
	£	£	£	£
Average Gross Farm Output	30	34	28	29
Average Net Farm Output	25	28	24	25

The average outputs and charges per acre are shown below in greater detail.

	<u>14 farms under 175 acres</u>		<u>11 farms over 175 acres</u>	
	<u>1954-55</u>	<u>1955-56</u>	<u>1954-55</u>	<u>1955-56</u>
Average farm size (acres)	123	123	296	296
	£. s.	£. s.	£. s.	£. s.
Gross Output - Cattle	8. 8/-	8. 0/-	9. 9/-	10. 0/-
" " - Sheep & Wool	2.15/-	3. 5/-	3.19/-	4. 1/-
" " - Pigs, Poultry and Eggs	4. 2/-	4. 3/-	1. 2/-	-.16/-
" " - Cereals and Straw	6. 6/-	5.16/-	6. 0/-	6. 6/-
" " - Potatoes	6.19/-	10. 5/-	4.17/-	7. 0/-
All Other Outputs and Revenue	1.14/-	2. 4/-	2. 8/-	1. 4/-
GROSS FARM OUTPUT	30. 4/-	33.13/-	27.15/-	29. 7/-
Less Feed and Grazing bought	4. 4/-	4. 4/-	2.10/-	2.11/-
Less Seeds bought	1. 5/-	1.11/-	1.13/-	1.10/-
NET FARM OUTPUT	24.15/-	27.18/-	23.12/-	25. 6/-
Less Fertilisers	3. 2/-	3. 1/-	3. 4/-	3. 7/-
Less Total Labour (incl. farmer and wife)	10.11/-	11. 7/-	8.18/-	8.19/-
MARGIN	11. 2/-	13.10/-	11.10/-	13. 0/-
Less All Other Expenses	9. 1/-	9. 5/-	8. 6/-	8. 8/-
SURPLUS	2. 1/-	4. 5/-	3. 4/-	4.12/-

Table VII in the Appendix gives information on the average outputs and charges per farm.

## CONDITIONS AFFECTING THE FINANCIAL RETURN

For both groups, 1955-56 shows up as a more profitable year than 1954-55. It has to be remembered that 1954 was a year of very bad farming weather with the wet conditions worsening as harvest time approached. In 1955, on the other hand, there was a dry spring, (perhaps too dry) and harvest conditions were very good.

In the 1955-56 year the demand for oats was dull but potatoes for a time in the spring of 1956, due to a fear of shortage after the dry summer made high prices and as they form the most important single cash crop on these farms this made for increased revenue.

## PRICE AND EXPENDITURE CHANGES FOR 1956-57

Accounts for these farms for the 1956-57 (1956 harvest) year are now coming in. It is not yet possible to say how they will compare with those of the 1955-56 year but certain observations may be made.

Fat cattle and fat sheep have made a better trade this 1957 spring. This improvement in livestock sales should show in those farming accounts which end in March and May, 1957.

Although harvest conditions were not as favourable as those of the previous year, crop yields in many cases were surprisingly good and home grown feed has been plentiful. The revenue however from crop sales, particularly potatoes and oats, is likely to be less.

## TREND OF PROFITABILITY

### FARM ACCOUNT AVERAGES OVER A LONGER PERIOD

This section refers briefly to the average returns from the same 13 farms of under 175 acres over 6 consecutive years and to the average returns from the same 10 farms of over 175 acres over 5 consecutive years.

The average size of the smaller farms was just over 120 acres while the larger farms were just under 300 acres.

The following table shows the average profits and surpluses per farm.

#### 13 farms under 175 acres

	<u>1950-51</u>	<u>1951-52</u>	<u>1952-53</u>	<u>1953-54</u>	<u>1954-55</u>	<u>1955-56</u>
	£	£	£	£	£	£
Average Profit per farm	332	807	1138	740	693	940
Average Surplus per farm	40	510	809	355	285	513

#### 10 farms over 175 acres

	<u>1951-52</u>	<u>1952-53</u>	<u>1953-54</u>	<u>1954-55</u>	<u>1955-56</u>
	£	£	£	£	£
Average Profit per farm	1745	2204	1510	1097	1474
Average Surplus per farm	1582	2029	1291	879	1218

When expressed per acre these figures read as follows:-

#### 13 farms under 175 acres

	<u>1950-51</u>	<u>1951-52</u>	<u>1952-53</u>	<u>1953-54</u>	<u>1954-55</u>	<u>1955-56</u>
	£. s.	£. s.	£. s.	£. s.	£. s.	£. s.
Average Profit per acre	2.14/-	6.15/-	9.14/-	5.18/-	5.12/-	7.12/-
Average Surplus per acre	6/-	4. 5/-	6.10/-	2.17/-	2. 6/-	4. 3/-

#### 10 farms over 175 acres

	<u>1951-52</u>	<u>1952-53</u>	<u>1953-54</u>	<u>1954-55</u>	<u>1955-56</u>
	£. s.	£. s.	£. s.	£. s.	£. s.
Average Profit per acre	5.18/-	7. 9/-	5. 1/-	3.13/-	4.19/-
Average Surplus per acre	5. 7/-	6.18/-	4. 6/-	2.19/-	4. 2/-

Table VIII in the Appendix gives these average results in more detail.



ACCOUNTING METHOD AND TERMS

Acreages In any tables showing cropping acreages and land utilisation, actual acres are used. In other parts of the report acreages have been adjusted on the basis that 4 acres of rough grazing are equivalent to 1 acre of ordinary grazing.

Tenancy Basis All accounts have been prepared on a tenancy basis. Trading Revenue and Trading Expenditure relate to all the normal tenancy income and outgoings on the farm, but exclude any purchases or sales of capital equipment, or any expenditure on capital improvements such as new buildings, cottages, etc. All expenses and revenue arising out of farm ownership are excluded as are all payments of Income-Tax. Trading Revenue includes the value of farm produce used in the farmhouse, also a nominal credit for the rental value of the farmhouse and a share to private account of car running expenses and depreciation. Interest on bank overdraft, where paid, is included among expenditure, but as far as possible bank interest relating to farm purchase is excluded. With owner-occupied farms, the rent charged is the gross assessed rent.

Itemised Trading Expenditure. As the expenditure is analysed into a standard method of presentation, information on the content of some of the headings is necessary.

"Sundry Livestock Expenses" contains medicines, vaccines, veterinary expenses, dips, etc.

"Sundry Crop Expenses" contains sprays, dusts, potato inspection fees, etc.

"Lime and Fertilisers" are the net expenditures, i.e. all revenues from lime and fertiliser subsidies have been deducted.

"Insurance - general" excludes National Insurance (included with "Labour") and also car insurance, but all other insurances are included here - tractors, boilers, stock and crop etc.

Total Revenue and Total Expenditure include all items dealt with above, plus all revenue from the sale of capital equipment and from capital grants and all expenditure on the purchase of capital equipment, i.e. implements, tractors, cars, etc.

Building, Structures, Improvements: include all items (not moveable equipment) erected by a tenant or owner-occupier (with no attempt, in either case to separate off "ownership" items proper) nominally subject to a one-tenth annual allowance.

Non-Capital Grants This covers grants such as Ploughing Grants, Marginal Acreage Payment, etc. Drainage grants for schemes of repair rather than improvement are included here. This revenue is excluded from the output calculations but is deducted from "all other tenancy expenditure".

Depreciation was given on all equipment on hand at the date of the opening valuation and also on all new equipment and structures bought or erected during the year. Initial or investment allowances were not given.

Stock and Crop Valuations at the opening and closing dates of the financial year were generally on a conservative basis, either of market value or estimated cost of production. As an indication of the amount of tenancy capital invested, the total valuation figures are low.

Profit represents the balance between Trading Revenue and Trading Expenditure, plus or minus any increase or decrease in the Stock and Crop Valuations during the year, less the charge made for Depreciation. It should be noted that at this stage, no charge has been made for any manual work done by the farmer or his wife. Expenditure includes all actual payments for, or estimates of, the cash value and perquisites of all hired and family or partnership labour, excepting farmer and wife.

Surplus This term has been more frequently used throughout the report as a measure of profitability than has Profit. To obtain the figure of Surplus there was added to expenditure an estimate of the value of the manual work done on each farm by the farmer; the basis of the calculation being on a scale rather higher than the minimum rates for specialist workers as scheduled in the Wages Board Orders. In addition an estimated charge was made for the value of the manual work done by the farmer's wife. This assessment of the extent to which the work of farmer and wife augmented the labour of hired or family workers was possible only on an approximate basis, but was considered necessary in view of the importance of the farmer's work, especially on the smaller farms.

Neither the figures of Profit nor of Surplus make any allowance for interest on capital invested in tenancy.

Gross Farm Output calculated as follows:-

Trading Revenue (including direct subsidies but excluding non-capital grants).  
Plus Closing Valuation of Stock and Crop.  
Less Opening Valuation of Stock and Crop.  
Less Livestock Purchases.

Net Farm Output is the figure for Gross Farm Output reduced by the expenditure on concentrate foods, fodders, grazing taken and purchased seeds.

Margin This term has been used to indicate the balance left after Net Farm Output has been reduced by the charge for "Lime and Fertilisers" and for "Total Labour" (this Total Labour figure including the estimate for manual work of farmer and wife).

#### Crop Deficiency Payments

Wheat Wheat deficiency payments on any 1954 crop on hand unsold at the opening valuation of the 1955-56 year were allowed for in the estimated value placed on this wheat and all receipts from this wheat (when sold) and deficiency payments are included in revenue. For the 1955 crop, wheat deficiency payments are included in revenue for wheat sold off the farm (whether payment was actually received or was still outstanding) or are allowed for in the valuation of wheat on hand unsold at the closing date.

Barley, Oats & Mixed Corn. The revenue for these items includes deficiency payments only when the latter were actually received during the accounting year, i.e. advance or final payments on the 1954 crop and any advance payments on the 1955 crop.

The Accounting Year The closing dates for the farm accounts in the sample were either at November, 1955 or March or May, 1956, so that the 1955-56 (1955 harvest) year relates to farm accounts with a closing date from Autumn, 1955 to Midsummer, 1956.

CROPPING FARM FINANCIAL RETURNS

APPENDIX TABLES

Table I	Average Cropping Acreage per Farm
Table II	Average Land Utilisation per Farm
Table III	Average Valuation Summaries per Farm
Table IV	Average of the Farm Account Summary per Farm
Table V	Average of Expenditure per Farm
Table VI	Average of Revenue per Farm
Table VII	Average of the Farm Outputs and Charges per Farm
Table VIII	Average of Financial Return - per Farm and per Acre - over a Period.

APPENDIX TABLE I

AVERAGE CROPPING ACREAGE PER FARM

14 CROPPING FARMS OF UNDER 175 ACRES

11 CROPPING FARMS OF OVER 175 ACRES

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	<u>Crop of:-</u>	
<u>UNDER 175 ACRES</u>	<u>1954</u>	<u>1955</u>
Wheat	5.0	2.6
Barley	3.3	1.5
Oats	33.5	35.6
Mashlum, Beans and Peas	-	-
Potatoes	9.1	8.6
Potato Land Let	2.8	3.0
Arable silage	-	-
Turnips and Swedes	6.8	7.0
Kale, etc.	1.7	2.0
Rotation Hay (a)	17.3	17.0
Rotation Grazing (a)	39.3	41.5
Timothy Hay	-	-
Meadow Hay	-	-
Permanent Grazing	1.4	1.4
Rough Grazing	12.1	12.1
ACRES-ACTUAL	132.3	132.3

	<u>Crop of:-</u>	
<u>OVER 175 ACRES</u>	<u>1954</u>	<u>1955</u>
Wheat	16.5	10.5
Barley	5.0	6.1
Oats	61.7	70.0
Mashlum, Beans and Peas	5.3	4.8
Potatoes	15.3	17.5
Potato Land Let	4.8	2.1
Arable silage	2.2	3.9
Turnips and Swedes	15.7	16.1
Kale, etc.	4.9	1.4
Rotation Hay (a)	37.6	32.3
Rotation Grazing (a)	109.5	114.6
Timothy Hay	-	-
Meadow Hay	-	-
Permanent Grazing	5.7	4.8
Rough Grazing	46.2	46.0
ACRES - ACTUAL	330.4	330.1

Note (a) On some of the farms this acreage will include land from which grass silage was taken.

APPENDIX TABLE II

AVERAGE LAND UTILISATION - PER FARM

14 CROPPING FARMS OF UNDER 175 ACRES

11 CROPPING FARMS OF OVER 175 ACRES

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<u>AVERAGE OF ACRES (ACTUAL) PER FARM</u>	<u>LAND UTILISATION</u>	
	1954-	1955-
	<u>55</u>	<u>56</u>
<u>UNDER 175 ACRES</u>		
Ploughland crops	62	60
Hay and grass	58	60
Rough grazing	12	12
TOTAL	132	132
<u>OVER 175 ACRES</u>		
Ploughland crops	131	132
Hay and grass	153	152
Rough grazing	46	46
TOTAL	330	330

APPENDIX TABLE III

AVERAGE VALUATION SUMMARIES - PER FARM

14 CROPPING FARMS OF UNDER 175 ACRES

11 CROPPING FARMS OF OVER 175 ACRES

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	1954	1955
	<u>-55</u>	<u>-56</u>
	£	£
<u>UNDER 175 ACRES</u>		
Opening Val'n. Structures	129	142
Equipment	1336	1326
Stock and Crop	3439	3265
Total	4904	4733
Closing Val'n. Structures	142	152
Equipment	1326	1450
Stock and Crop	3265	3427
Total	4733	5029
<u>OVER 175 ACRES</u>		
Opening Val'n. Structures	544	560
Equipment	2528	2624
Stock and Crop	7949	7352
Total	11021	10536
Closing Val'n. Structures	560	523
Equipment	2624	2652
Stock and Crop	7352	7671
Total	10536	10846



APPENDIX TABLE IV

AVERAGE OF THE FARM ACCOUNT SUMMARY - PER FARM

THE SAME 14 CROPPING FARMS OF UNDER 175 ACRES FOR 2 YEARS

THE SAME 11 CROPPING FARMS OF OVER 175 ACRES FOR 2 YEARS

	<u>UNDER 175 ACRES</u>		<u>OVER 175 ACRES</u>	
	14		11	
Number of farms	1954	<u>Years:-</u>	1954	<u>Years:-</u>
	-55	1955	- 55	1955
		-56		-56
Average of farm size - acres (adj.)	123	123	296	296
	£	£	£	£
Trading Revenue (including subsidies and grants)	4945	5219	15020	15605
Trading Expenditure	3810	4136	12600	13612
Balance	1135	1083	2420	1993
Increase in stock and crop valuation	-	162	-	319
Decrease in stock and crop valuation	174	-	597	-
Balance	961	1245	1823	2312
<u>Deduct</u> Depreciation on equipment	289	285	646	679
PROFIT	672	960	1177	1633
<u>Deduct</u> Estimate for farmer's manual work	354	375	203	244
Estimate for wife's manual work	64	65	31	25
SURPLUS	£254	£520	£943	£1364

APPENDIX TABLE V

AVERAGE OF EXPENDITURE PER FARM

THE SAME 14 CROPPING FARMS OF UNDER 175 ACRES FOR 2 YEARS.

THE SAME 11 CROPPING FARMS OF OVER 175 ACRES FOR 2 YEARS.

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	Under 175 Acres		Over 175 Acres	
	1954	1955	1954	1955
	<u>-55</u>	<u>-56</u>	<u>-55</u>	<u>-56</u>
Acreage of farm size - acres (adj.)	123	123	296	296
<u>EXPENDITURE ON:-</u>	£.	£.	£.	£.
Horses	4	3	12	-
Cattle	535	676	4463	5729
Sheep	358	341	1337	1256
Pigs	17	16	107	71
Poultry	42	60	24	25
 TOTAL LIVESTOCK (i)	 956	 1096	 5943	 7081
Concentrates	459	476	693	690
Bulk crop, fodders, roots	34	8	75	36
Grazing taken	22	30	5	2
Sundry livestock expenses	23	29	59	65
 TOTAL LIVESTOCK EXPENSES (ii)	 538	 543	 832	 793
Seeds	156	192	494	447
Lime and fertilisers (net.)	378	404	983	993
Sundry crop expenses	30	42	103	107
 TOTAL CROP EXPENSES (iii)	 564	 638	 1580	 1547
LABOUR (excluding farmer and wife) (iv)	881	954	2404	2374
Implement repairs and tools	130	152	315	359
Contract work	156	132	147	136
Fuel, light and power	139	148	224	260
Maintenance (a)	50	88	252	150
Rent	144	142	418	425
Rates - as occupier	9	9	27	33
Insurance - general	21	23	69	66
Car running expenses	93	91	151	126
Interest - as tenant	3	2	12	12
Carriage	41	30	93	98
Miscellaneous	85	88	133	152
 TOTAL "OTHER EXPENSES" (v)	 871	 905	 1841	 1817
 TOTAL TRADING EXPENSES (i) - (v)	 3810	 4136	 12600	 13612
Buildings and improvements	34	34	102	64
Implements bought	240	237	772	570
Cars bought	56	339	156	242
 TOTAL CAPITAL EXPENDITURE	 330	 610	 1030	 876
 TOTAL EXPENDITURE	 £4140	 £4746	 £13630	 £14488

When the estimate used against the manual work of farmer and wife is added to Trading Expenditure above, the total becomes:-

£.	£.	£.	£.
4228	4576	12834	13881

Note (a). Maintenance = Repairs to buildings, fences, drains, roads, etc.

APPENDIX TABLE VI

AVERAGE OF REVENUE PER FARM

THE SAME 14 CROPPING FARMS OF UNDER 175 ACRES FOR 2 YEARS.

THE SAME 11 CROPPING FARMS OF OVER 175 ACRES FOR 2 YEARS.

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	Under 175 Acres		Over 175 Acres	
	1954	1955	1954	1955
	<u>-55</u>	<u>-56</u>	<u>-55</u>	<u>-56</u>
Acreage of farm size - acres (adj.)	123	123	296	296
REVENUE FROM:-	£.	£.	£.	£.
Horses	8	5	13	5
Calves and store cattle	848	781	2440	982
Fat cattle	517	459	4312	6808
All other cattle	141	177	835	541
Sheep	670	680	2509	2063
Pigs	190	160	388	219
Poultry	26	31	6	3
TOTAL LIVESTOCK (i)	<u>2400</u>	<u>2293</u>	<u>10503</u>	<u>10621</u>
Eggs	366	389	133	126
Wool	39	37	139	137
Other Livestock produce	-	-	2	2
TOTAL LIVESTOCK PRODUCE (ii)	<u>405</u>	<u>426</u>	<u>274</u>	<u>265</u>
Grain	639	638	1583	1457
Potatoes	897	1149	1160	1775
Potato land let	94	105	330	294
Cereal deficiency payments	10	65	27	120
All other crop sales	145	134	344	322
Grazing let	28	35	134	123
TOTAL CROPS (iii)	<u>1813</u>	<u>2126</u>	<u>3578</u>	<u>4091</u>
Calf subsidy	61	64	90	104
Lime and fertiliser subsidy (netted)	-	-	-	-
Marginal land grants	38	35	-	-
Drainage, bracken, etc. grants	-	-	-	-
L.R. Act grants	-	-	-	-
Plough subsidy	38	57	154	146
All other grants, etc.	57	77	172	136
TOTAL SUBSIDIES (iv)	<u>194</u>	<u>233</u>	<u>416</u>	<u>386</u>
Miscellaneous revenue	16	16	38	35
Perquisites, produce used, etc.	14	12	104	99
Shares to domestic account	103	113	107	108
TOTAL "OTHER REVENUE" (v)	<u>133</u>	<u>141</u>	<u>249</u>	<u>242</u>
TOTAL TRADING REVENUE (i) - (v)	<u>4945</u>	<u>5219</u>	<u>15020</u>	<u>15605</u>
CAPITAL REVENUE (Equip. sold and capital grants)	<u>38</u>	<u>191</u>	<u>272</u>	<u>206</u>
TOTAL REVENUE	<u>£4983</u>	<u>£5410</u>	<u>£15292</u>	<u>£15811</u>

APPENDIX TABLE VII

AVERAGE OF THE FARM OUTPUTS AND CHARGES - PER FARM

THE SAME 14 CROPPING FARMS OF UNDER 175 ACRES FOR 2 YEARS.

THE SAME 11 CROPPING FARMS OF OVER 175 ACRES FOR 2 YEARS.

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<u>UNDER 175 ACRES</u>	<u>1954-55</u>	<u>1955-56</u>
Average of farm size - acres (adj.)	123	123
	£.	£.
GROSS FARM OUTPUT	3712	4140
<u>Deduct:-</u>		
Concentrates and fodders	492	485
Grazing taken	22	30
Seeds bought	<u>156</u>	<u>192</u>
NET FARM OUTPUT	3042	3433
<u>Deduct:-</u> Lime and Fertilisers	<u>378</u>	<u>375</u>
	2664	3058
<u>Deduct:-</u>		
Labour, except farmer and wife	881	954
Farmer and wife's manual work	<u>418</u>	<u>440</u>
MARGIN	1365	1664
<u>Deduct:-</u> All other tenancy expenditure (a)	<u>822</u>	<u>859</u>
	543	805
<u>Deduct:-</u> Depreciation on equipment	<u>289</u>	<u>285</u>
SURPLUS	<u>254</u>	<u>520</u>
 <u>OVER 175 ACRES</u>		
Average of farm size - acres (adj.)	296	296
	£.	£.
GROSS FARM OUTPUT	8223	8692
<u>Deduct:-</u>		
Concentrates and fodders	742	754
Grazing taken	5	2
Seeds bought	<u>494</u>	<u>447</u>
NET FARM OUTPUT	6982	7489
<u>Deduct:-</u> Lime and fertilisers	<u>943</u>	<u>992</u>
	6039	6497
<u>Deduct:-</u> Labour, except farmer and wife	2404	2374
Farmer and wife's manual work	<u>234</u>	<u>269</u>
MARGIN	3401	3854
<u>Deduct:-</u> All other tenancy expenditure (a)	<u>1812</u>	<u>1811</u>
	1589	2043
<u>Deduct:-</u> Depreciation on equipment	<u>646</u>	<u>679</u>
SURPLUS	<u>943</u>	<u>1364</u>
(a) After deduction of Non-capital grants e.g. Plough Subsidy, Marginal Acreage Payment etc.		

APPENDIX TABLE VIII

AVERAGE OF FINANCIAL RETURN - PER FARM AND PER ACRE - OVER A PERIOD

THE SAME 13 CROPPING FARMS OF UNDER 175 ACRES OVER 6 YEARS

	1950	1951	1952	1953	1954	1955
	<u>-51</u>	<u>-52</u>	<u>-53</u>	<u>-54</u>	<u>-55</u>	<u>-56</u>
Average size - acres (adj.)	122	120	124	125	124	124
<u>PER FARM</u>	£.	£.	£.	£.	£.	£.
Opening Valuation	4046	4143	4576	4842	5073	4910
Trading Expenditure	2988	3266	3782	4029	3972	4283
Capital Expenditure	343	586	415	436	355	626
Estimate of Farmer & Wife's manual work	<u>292</u>	<u>297</u>	<u>329</u>	<u>385</u>	<u>408</u>	<u>427</u>
	7669	8292	9102	9692	9808	10246
SURPLUS	<u>40</u>	<u>510</u>	<u>809</u>	<u>355</u>	<u>285</u>	<u>513</u>
	<u>£7709</u>	<u>£8802</u>	<u>£9911</u>	<u>£10047</u>	<u>£10093</u>	<u>£10759</u>
Trading Revenue	3538	4130	5007	4940	5143	5346
Capital Revenue	33	122	62	34	40	220
Closing Valuation	<u>4138</u>	<u>4550</u>	<u>4842</u>	<u>5073</u>	<u>4910</u>	<u>5193</u>
	<u>£7709</u>	<u>£8802</u>	<u>£9911</u>	<u>£10047</u>	<u>£10093</u>	<u>£10759</u>
<u>PER ACRE</u>						
Trading Revenue	£29. 0	£34.10	£40. 6	£39.13	£41.10	£43. 3
Trading Expenditure	£24.10	£27. 5	£30. 9	£32. 7	£32. 1	£34.11
Balance of these	£4.10	£7. 5	£9.17	£7. 6	£9. 9	£8.12
SURPLUS	6/-	£4. 5	£6.10	£2.17	£2. 6	£4. 3

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THE SAME 10 CROPPING FARMS OF OVER 175 ACRES OVER 5 YEARS

	1951	1952	1953	1954	1955
	<u>-52</u>	<u>-53</u>	<u>-54</u>	<u>-55</u>	<u>-56</u>
Average Size - acres (adj.)	295	295	299	299	299
<u>PER FARM</u>	£.	£.	£.	£.	£.
Opening Valuation	7628	8814	9747	10884	10421
Trading Expenditure	10056	11045	11844	13021	14139
Capital Expenditure	1196	1133	1166	1048	918
Estimate of Farmer & Wife's manual work	<u>163</u>	<u>175</u>	<u>219</u>	<u>218</u>	<u>256</u>
	19043	21167	22976	25171	25734
SURPLUS	<u>1582</u>	<u>2029</u>	<u>1291</u>	<u>879</u>	<u>1218</u>
	<u>£20625</u>	<u>£23196</u>	<u>£24267</u>	<u>£26050</u>	<u>£26952</u>
Trading Revenue	11680	13227	13267	15373	16018
Capital Revenue	252	221	116	256	226
Closing Valuation	<u>8693</u>	<u>9748</u>	<u>10884</u>	<u>10421</u>	<u>10708</u>
	<u>£20625</u>	<u>£23196</u>	<u>£24267</u>	<u>£26050</u>	<u>£26952</u>
<u>PER ACRE</u>					
Trading Revenue	£39.13	£44.18	£44. 8	£51. 9	£53.12
Trading Expenditure	£34. 3	£37.10	£39.12	£43.11	£47. 6
Balance of these	£5.10	£7. 8	£4.16	£7.18	£6. 6
SURPLUS	£5. 7	£6.18	£4. 6	£2.19	£4. 2