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Lamb - Cost of production O.S.

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FARM FINANCIAL RETURNS, 1957-58

HILL and STOCK-REARING FARMS OUTWITH HIGHLAND AREA

1957 Lamb Crop

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GLASGOW, C.2.

ECONOMICS DEPARTMENT REPORT NO. 60
AUGUST, 1959

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FOREWORD

This report deals with the financial results of hill farming and upland stock rearing in that part of the College province which lies outwith the Highland counties of Argyll, Dunbarton and West Perth.

The evidence is drawn from 14 hill sheep farm accounts and 11 stock-rearing farm accounts, all relating to the disposal of the 1957 lamb crop.

Within the hill sheep sample, the farms were sub-divided into those producing Blackface lambs (9) and those producing both Blackface and Greyface lambs (5).

With the exception of two farms all lay south of the River Clyde.

The stock-rearing farms were also south of the river, with the majority situated in Kirkcudbrightshire. In this report the sample has been restricted to upland stock farms of roughly the same type, viz:-

Farms with a considerable proportion of rough grazing and where sales of crop were insignificant and few or no cattle were sold fat.

It is not claimed that either hill or upland stock farming in the area is fully represented by this small sample. It may be said, however, that the sample of stock rearing farms from Kirkcudbright is fairly representative of this type of farming in the Stewartry.

There was no Hill Sheep Subsidy payment in the year under review.

The only cereal crop grown on these farms was oats. The revenue for 1957 contained the deficiency payment on oats of 35/11d. per acre paid on the acreage grown in 1956 and the advance payment of £3 per acre on the 1957 crop.

Acknowledgments

To both new and long-established co-operators, grateful acknowledgment is tendered herewith; thanks are also due to professional accountants in the area.

DEFINITION OF SOME TERMS

Acres. Where the terms acres or per acre are used, they refer to the actual total size of the farm.

Closing Dates of Financial Accounts. The farm financial accounts closed between November, 1957 and June, 1958. Thus all accounts cover the disposal of the 1957 lamb crop and wool clip.

Profit. This is the balance between Trading Revenue and Trading Expenditure, less depreciation, plus or minus any increase or decrease in the stock and crop valuations.

Farmer and Wife's Manual. The figure used is an estimate of the value of the manual work done on each farm by the farmer and his wife.

Surplus. This term is used for the balance remaining after deducting the estimate for farmer and wife's manual work from Profit. Surplus is equivalent to "management and investment income".

Deficit. Where the Profit is insufficient to cover this estimate, the resulting figure is termed Deficit and is denoted by a minus sign.

Gross Farm Output is the Trading Revenue (including direct subsidies but excluding offsetting grants) adjusted for any change in stock and crop valuations, less the livestock purchases.

Net Farm Output is Gross Farm Output less expenditure on concentrates, foddors, wintering, other grazing and seeds.

Margin is the Net Farm Output less the charge for lime, fertilisers and all labour (i.e. including the estimate for farmer and wife's manual).

Cross Lambs in this report refer to the Border Leicester - Blackface cross (Greyface).

THEME AND SUMMARY OF REPORT

This report shows, from the evidence available from farm accounts, how hill sheep farms and upland stock rearing farms outwith the Highland area of the College province fared in the farming year of 1957. It places on record, for reference purposes, some financial and physical data obtained from the farm financial accounts investigation.

The aim of the report is to give a broad enlargement of the financial return from the two types of upland farming rather than a detailed picture of the results under the various systems of farm management.

A brief examination of the financial return (and the main factors affecting that return) of identical samples for the lamb crop years 1955, 1956 and 1957 is also made.

The main results for the 1957 lamb crop year are summarised below.

SUMMARY OF HILL SHEEP FARM RESULTS (1957)

	<u>Producing B.F. Lambs</u>	<u>Producing B.F. and Cross Lambs</u>
No. of Farms in Sample	9	5
<u>Averages per Farm</u>		
Lowground Acreage	52	172
Rough Grazing Acreage	3011	2140
Total Acreage	3063	2312
Breeding Cows Carried	7	5
Ewe Flock Carried	1063	984
Lamb Marking	100%	105%
Ewe Death Rates	4%	5%
Store Lamb Price per head	93/-	110/-
(a) Draft Ewe Price per head	112/-	103/-
Profit	£2513	£3045
Surplus	£2237	£2770
Gross Farm Output	£6755	£7931
Net Farm Output	£5756	£6546

(a) Excludes broken-mouthed, fat ewes, etc.

For comparative purposes, the per farm figures of output and profitability are of limited value. A more useful standard of comparison for hill sheep farms is per ewe carried.

Expressing the output and profit of the whole farm per ewe carried gave the following:-

<u>Averages per Ewe</u>	<u>Blackface</u>	<u>B.F. and Cross</u>
Profit	47/-	62/-
Surplus	42/-	56/-
Gross Farm Output	127/-	161/-
Net Farm Output	108/-	133/-

No farm in the sample had a deficit in the 1957 lamb crop year.

The individual farm results in the Blackface group ranged from a surplus of 30/- per ewe to a surplus of 52/- per ewe; for the other group from 35/- per ewe to 76/- per ewe.

Due to the smallness of the sample and the high rate of cattle turnover on two farms in the Blackface and Cross group, it must be emphasised that this report should not be used as an indicator of the relative profitability of pure Blackface farms and those running both Blackface and Border Leicester rams. The two groups are shown side by side for ease of presentation and not for comparison.

SUMMARY OF UPLAND STOCK REARING FARM RESULTS (1957)

No. of Farms in Sample	11
<u>Averages per Farm</u>	
Lowground Acreage	101
Rough Grazing Acreage	369
Total Acreage	470
Breeding Cows Carried	13
Ewe Flock Carried	234
Store Cattle Price per head	£51
(a) Calving Heifer Price per head	£59
Store Lamb Price per head	115/-
(b) Cast Ewe Price per head	77/-
Profit	£1146
Surplus	£649
Gross Farm Output	£3104
Net Farm Output	£2640

- (a) Including calved heifers.
 (b) Average price of all ewes sold.

The average profit in this sample was £1146. After deducting the estimated charge for the value of the manual work done by the farmer and his wife (£497), the average Surplus was £649 per farm.

Ten farms had a surplus and one had a deficit. The range was from a deficit of £39 to a surplus of £2073 per farm.

A more useful standard of comparison for stock rearing farms is per unit of size - in this case per acre.

For this sample of 11 farms, the average figures per acre were:-

Profit	49/-
Surplus	28/-
Gross Farm Output	132/-
Net Farm Output	112/-

HILL SHEEP FARMS
THE ACCOUNTING SAMPLE

Number of Farms

For the 1957 lamb-crop year, accounts were available from 18 hill sheep farms outwith the counties of Argyll, Dunbarton and West Perth. With the exception of 4 north of the River Clyde, the farms were in the Southern Uplands.

Blackface lambs were bred on 9 farms and Cross lambs on 2. Of the remainder, 5 bred both Blackface and Cross lambs and 2 bred Cheviots.

Due to the paucity of numbers, averages have been restricted to the pure Blackface group and the Blackface and Cross group.

Physical Features

The average size of farm and the breeding stock carried are summarised in the following table.

Table I
Average Size of Farm and Breeding Stock

<u>Group</u>	<u>Blackface Lambs</u>	<u>B.F. and Cross Lambs</u>
Lowground Acreage	52	172
Rough Grazing Acreage	<u>3011</u>	<u>2140</u>
Total Acreage	<u>3063</u>	<u>2312</u>
Ewe Flock carried	1063	984
Breeding Cows carried	7	5
No. of Farms in Group	9	5

Fuller details are given in Appendix Table I.

The average stock-carrying capacity of the rough grazing was $2\frac{3}{4}$ acres per ewe on the Blackface hills and slightly over 2 acres per ewe on the other hills.

FINANCIAL RETURN AND OUTPUT, 1957

CONDITIONS AFFECTING THE FINANCIAL RETURN

A consideration of the output and financial return must be made against the background of the climatic and economic conditions prevailing in the period of time in which they were achieved.

Weather

The weather at tugging time was ideal and the winter of '56 - '57 was generally mild with little or no snowfall. Ewes came to lamb in very good condition and the weather at lambing was excellent. The quantity and quality of the 1957 lamb crop were well above average.

1957 Lamb Crop

In the following table the number of lambs marked in June, 1957 is expressed as a percentage of the number of ewes and gimmers put to the tup in the previous November.

Table 2
Lamb Marking Percentages, 1957

	<u>Blackface</u>	<u>B.F. and Cross</u>
Average Lamb Marking per farm	100%	105%
Lowest individual marking	90%	96%
Highest individual marking	119%	120%
<u>Ranges</u>	<u>No. of farms</u>	
81% - 90%	1	-
91% - 100%	5	3
101% - 110%	2	-
111% - 120%	<u>1</u>	<u>2</u>
	<u>9</u>	<u>5</u>

Ewe Death Rates

In the following table the number of ewes dead or missing in the financial year is expressed as a percentage of the number of ewes in the opening valuation.

Table 3
Approximate Ewe Death Rates

	<u>Blackface</u>	<u>B.F. and Cross</u>
Average Ewe Death Rate per Farm	3.6%	4.6%
Lowest	1.0%	2.9%
Highest	8.0%	6.9%

With the exception of one account, the nine Blackface farms had closing dates from March to June, 1958. Thus the average for this group reflects the death rate in the Winter and Spring of 1957-58. Due to differing closing dates the two columns of figures are not comparable.

Sheep Prices, 1957

The average lamb and ewe prices from the nine Blackface farms are given in Table 4 alongside the averages from the auction marts to which most of the sheep were consigned.

Table 4
Average Blackface Sheep Prices, 1957, Per Head

	<u>This Sample</u>	<u>Castle Douglas</u>	<u>Lanark</u>	<u>Newton Stewart</u>
Store Lambs	93/-	91/-	95/-	88/-
Fat Lambs [≠]	97/-	-	-	-
Draft Ewes (Uncrossed)	112/-	114/-	122/-	111/-

[≠] Excluding Deficiency Payments except on lambs sold to F.M.C.

The per head prices for the classes of sheep sold off the sample farms are the weighted averages for each class over the whole sample. The market figures † given for Blackface store lambs are the weighted averages of both wedder and ewe lamb prices.

Although the average prices relate only to nine farms, it would appear that, as far as the selling prices of store lambs and draft ewes are concerned, the farms are fairly representative.

(Fuller details on numbers and prices are given in Appendix Table II).

† From figures supplied by Farm Economics Branch, D.O.A.S.

Wool Clip, 1957

The price of (greasy) Blackface wool in 1957 was 55³/₄d. per pound, ³/₄d. less than in 1956, but the weight of the clip was on average higher in 1957.

In the Blackface group, the weights of wool sold per farm in 1956 and 1957 were available from the same 9 farms. The average rise in weight over those 9 farms was 940 lbs per farm or 17% above the 1956 level.

Wages, 1957

By the Wages Order of 11th March, 1957 the minimum wage for a shepherd was raised to 157/9d. per week, an increase of 6/9d. over the previous Order of 5th March, 1956. The minimum for cattlemen was also increased by 6/9d. to 154/9d. per week.

A further increase of 8/- per week for shepherds and 7/9d. for cattlemen was given in the Wages Order of 9th December, 1957.

Over the same 9 farms in the Blackface group, the average rise in the annual wage bill was £38 per farm or 3% above the 1956 lamb-crop year level.

Wintering Rates

Due to the different closing dates of the financial accounts, an overall average for hogg wintering rates is of little value. Comparable figures were available, however, for the same nine farms for both seasons '56 - '57 and '57 - '58. In '56 - '57 the average rate paid for wintering ewe hogs for the normal six month period was 36/- per head. In '57 - '58 the comparable figure was 37/6d.; a rise of 1/6d. over the previous season. The range was from 34/- to 41/- per head.

These rates do not include transport costs to or from the wintering.

THE FARM ACCOUNT SUMMARY - PER FARM

Details of the average farm account for the Blackface lamb group and the Blackface and Cross-lamb group are given in Appendix Tables III, IV and V.

For the 9 farms in the former group, carrying an average of 1063 ewes on 3063 acres, Trading Revenue (including all subsidies and certain grants) exceeded Trading Expenditure by £2862 per farm. There was a decrease (£131) in the stock and crop valuation and depreciation amounted to an average of £218. The Profit was £2513 per farm and after deducting the estimated value (£276) of farmer and wife's manual work, the Surplus was £2237 per farm.

Although £276 appears to be a low estimate for the manual work done by the farmer and his wife, it has to be remembered that it is an average figure for 9 farms, on 4 of which there was no charge as they were either estate farms in hand or led farms. The highest individual charge for this work was £610 on one particular farm.

For the 5 farms in the other group the average ewe stock was 984 on 2312 acres. Here Trading Revenue exceeded Trading Expenditure by £2750 per farm. The valuation increase was £608 and depreciation, £313. The Profit was £3045 and the Surplus £2770 per farm.

MAIN ITEMS OF EXPENDITURE

Full details of the average expenditure per farm is given in Appendix Table IV.

In the Blackface group, the highest single item of expenditure was wages, including family but excluding farmer and wife's estimate. At £1419, wages made up 30% of the total Trading Expenditure (£4656); if the value of the farmer and his wife's manual work is included, total labour accounted for over one-third of all expenditure other than on new implements, car or building improvements.

The average expenditure on hired grazing, mainly for wintering ewe hoggs, was £492; £46 higher than the average rent (£446).

Dips, vaccines, medicines, etc. averages £135 per farm or 2/6d. when expressed per ewe carried.

The highest item of expenditure in the Blackface and Cross-lamb group was livestock purchases; with cattle and sheep purchases together making up 43% of the total Trading Expenditure (£8303). Wages, at £1336, accounted for a further 16%.

MAIN ITEMS OF REVENUE

Appendix Table V gives a detailed statement of the average revenue per farm.

In the Blackface group, sales of livestock (£5628) constituted 75% of the total Trading Revenue. Wool at £1464 per farm, made up a further 19%. Subsidies and grants (£192) amounted to 3%. Crop sales were negligible.

In the mixed group, 83% of the total Trading Revenue came from the sale of livestock. Wool revenue at £1430 per farm gave 13% of the total Trading Revenue. Subsidies and grants averaged £213 per farm or 2%.

OUTPUTS AND CHARGES

An alternative method of presenting the financial returns is to calculate the "outputs" of the various individual farm enterprises. These added together give the Gross Farm Output. (See page 12 for definitions).

A summary of the average Outputs and Charges is given in the following table.

Table 5

Average of the Farm Outputs and Charges - Per Farm

9 Blackface and 5 B.F. and Cross Lamb Farms - 1957 Lamb Crop

	<u>Blackface</u>	<u>B.F. and Cross</u>
Gross Cattle Output (incl. subsidies and grants)	£518	£1323
Gross Sheep and Wool Output	6059	6454
Gross Pig, Poultry and Egg Output	107	41
Gross Livestock Output	6684	7818
Gross Crop Outputs and Other Items	71	113
GROSS FARM OUTPUT	6755	7931
<u>Less:-</u> Concentrates, Fodders, Grazing hired and Seeds bought	999	1385
NET FARM OUTPUT	5756	6546
<u>Less:-</u> Lime and Fertilisers (net)	400	463
	5356	6083
<u>Less:-</u> All Labour [≠]	1695	1611
MARGIN	3661	4472
<u>Less:-</u> All Other Expenditure and Depreciation	1516	1799
	2145	2673
<u>Add Back:-</u> Offsetting Grants	92	97
SURPLUS	£2237	£2770

≠ Including estimate for manual work of farmer and wife.

As mentioned earlier, these average output figures are not strictly comparable but gross sheep and wool output per ewe does give an indication of the higher sheep productivity of the hills producing both Blackface and Greyface lambs.

<u>Per Ewe</u>	<u>Blackface</u>	<u>B.F. and Cross</u>
Gross Sheep and Wool Output	114/-	131/-

TREND OF PROFITABILITY

Lamb Crop Years 1955, 1956 and 1957

A comparison of the three lamb crop years is given in tabular form below. The figures are averages from an identical sample of 9 farms producing Black-face lambs.

Table 6

Some Comparative Figures for Lamb Crop Years 1955, 1956 and 1957

<u>Averages</u>	<u>Blackface</u>		
	<u>1955</u>	<u>1956</u>	<u>1957</u>
Ewe Flock Carried	1047	1056	1063
Breeding Cows Carried	5	7	7
Total Acreage	3008	3063	3063
Profit per Farm	£1554	£2158	£2513
Surplus per Farm	£1323	£1910	£2237
Profit per Ewe	29/-	41/-	47/-
Surplus per Ewe	25/-	36/-	42/-
Gross Sheep & Wool Output per Ewe	87/-	101/-	114/-
Gross Farm Output per Ewe	98/-	111/-	127/-
Net Farm Output per Ewe	82/-	95/-	108/-
Lamb Marking	88%	90%	100%
Ewe Death Rate	5%	4%	4%
Store Lamb Price (p.h.)	67/-	77/-	93/-
≡ Draft Ewe Price (p.h.)	81/-	91/-	112/-

≡ Excluding broken-mouthed, fat ewes, etc.

The average weight of wool sold per farm in 1956 was 5% above the 1955 level. The average weight of the 1957 clip was no less than 17% above that of 1956.

The average wage bill for 1956 was approximately 16% above the 1955 level and hogg wintering costs were 2/- per head higher for the '56 - '57 season compared to '55 - '56. There was a further rise of 3% in paid wages in 1957 and hogg wintering rose by another 1/6d. per head for season '57 - '58.

The above table indicates why the 1957 lamb crop year was the most profitable of the three and indeed the best hill farming year of recent times.

It has also to be remembered that the 1955 and 1956 accounts included a hill sheep subsidy of 5/- per ewe. Excluding this, the average surplus per ewe for the three years was:-

<u>1955</u>	<u>1956</u>	<u>1957</u>
20/-	31/-	42/-

In other words the average financial return in 1957 was more than double that of 1955 if the subsidy is discounted.

UPLAND STOCK REARING FARMS

THE ACCOUNTING SAMPLE

Number of Farms

For the stock year of 1957, accounts were available from 11 upland stock rearing farms all south of the River Clyde and with the majority in the Stewartry.

Physical Features

The average size of farm and breeding stock carried is summarised in the next table.

Table 7

Average Size of Farm and Breeding Stock Carried

Ploughland Acreage	22
Hay and Grass Acreage	79
Rough Grazing Acreage	369
	<u>470</u>
Cows	13
Ewes	234
Pigs	neg.

Although the average number of breeding pigs was negligible, there was a small turnover in pigs as bought in stores.

FINANCIAL RETURN AND OUTPUT

CONDITIONS AFFECTING THE FINANCIAL RETURN

The closing dates of the financial accounts ranged from November, 1957 to June, 1958. Conditions such as weather, wage rates, etc. in that period, which affected stock rearing farm returns similarly, have already been given on pages 4 to 6.

Crops

In this sample of mainly high-lying stock farms the sales of crops - chiefly oats - were not significant. On such farms, however, satisfactory yields of good quality are very important for winter keep. The general opinion was that oats were of a good quality although the yield was light. With hay the quality was excellent but the tonnage was lower than usual.

Stock Prices 1957

Details of the average stock prices realised are given in Appendix Table VIII and a comparison of these prices with those of the preceding two years are given on Page 11.

1957 Lamb Crop

Lamb marking figures were available on all 11 farms. The group contained 6 farms producing Greyface lambs, 3 with Blackface lambs and 2 with a mixture of both. The overall average lamb marking percentage was 113. The highest individual marking was 135% and the lowest 83%. The corresponding figures from these farms in 1956 were 103%, 132% and 80% respectively.

THE FARM ACCOUNT SUMMARY - PER FARM

Details of the average farm account are given in Appendix Tables IX, X and XI.

Trading Revenue exceeded Trading Expenditure by £1080. Depreciation averaged £166 and the stock and crop valuation rose by £232. Thus, the average Profit per farm was £1146. After deducting the estimated value of the manual work done by the farmer and his wife (£497), the average Surplus was £649 per farm.

On the individual farms, ten had a surplus and one had a small deficit. The range was from a surplus of £2073 to a deficit of £39 per farm.

MAIN ITEMS OF EXPENDITURE - PER FARM

Full details of the average expenditure per farm is given in Appendix Table X.

Wages paid to hired workers and/or to members of the family averaged £577 per farm or 25/- per acre. When the estimated value of the farmer and his wife's manual contribution (£497) was included, the total labour charge was £1074 per farm or 46/- per acre.

The net Farm Output (£2640) was only 2½ times this labour charge.

It was clear that, on several farms and especially those where adult members of the family were working, the labour force was high in relation to the size of the unit and the intensity of output.

Purchases of livestock, at £533, was the second highest item of Trading Expenditure with cattle the main class of purchased stock.

Rent (£122 or 5/- per acre approx.) made up 5% of Trading Expenditure. The expenditure on lime and fertilisers, after allowing for subsidy, was £242 per farm or 10/- per acre. Concentrates, at £360 per farm, constituted some 14% of the outgoings.

MAIN ITEMS OF REVENUE - PER FARM

Full details are given in Appendix Table XI.

Sales of livestock (£2648) accounted for 73% of the total Trading Revenue. The revenue from sales of sheep exceeded the cattle revenue by some £417.

Wool revenue averaged £255 and revenue from eggs £101 per farm. Crop sales (mainly oats) were not significant (£56).

Total grant and subsidy revenue was £425 or 12% approximately of Total Trading Revenue. The actual amount received in Government aid was higher per farm than on hill sheep farms and the proportion was much higher (12% compared to 3% of Total Trading Revenue).

For these 11 farms, all eligible for a marginal land grant, the average revenue derived from this source was £108 per farm or 9% of the Net Profit. The equivalent figure for 1956 was 15%.

OUTPUTS AND CHARGES

A summary of the average Outputs and Charges is given in the following table and fuller details in Appendix Table XII.

Table 8

Average of the Farm Outputs and Charges - Per Farm

11 Stock Rearing Farms - Average Size 470 acres.

	<u>Per Farm</u>
Gross Cattle Output (incl. subsidies and grants)	£1225
Gross Sheep and Wool Output	1576
Gross Poultry and Egg Output	122
Gross Pig Output	36
Gross Livestock Output	<u>2959</u>
Gross Crop Output and Other Items	145
GROSS FARM OUTPUT	3104
Less:- Concentrates, Fodders, Grazing hired and Seeds bought	464
NET FARM OUTPUT	2640
Less:-Lime and Fertilisers (net)	228
Less:-All Labour ‡	2412
MARGIN	1074
Less:-All Other Expenditure and Depreciation	1338
	853
Add Back:- Offsetting Grants	485
	164
	£649
SURPLUS	

‡ Including farmer and wife.

For comparison with other stock farms outwith this sample, a more useful standard is per unit of size. Expressed per acre, the average outputs and main charges were of the following order:-

	<u>Per Acre</u>
Gross Cattle Output	£2.12/-
Gross Sheep and Wool Output	£3. 7/-
Gross Farm Output	£6.12/-
Net Farm Output	£5.12/-
Lime and Fertilisers (net)	£-.10/-
All Labour	£2. 6/-
All Other Tenancy Expenditure	£1. 9/-
Depreciation	£-. 7/-

The average expenditure on all bought feeding, in the bag or growing, plus seeds, amounted to approx. £1 per acre of farm size.

TREND OF PROFITABILITY

Lamb Crop Years 1955, 1956 and 1957

As accounts were available from eleven farms for three years, it was possible to do a three year trend. This is given in tabular form below,

Table 9
Some Comparative Figures for Lamb Crop Years, 1955, 1956 and 1957

	<u>Sample of 11 Farms</u> ^o		
	<u>1955</u>	<u>1956</u>	<u>1957</u>
Ewe Flock Carried	232	234	234
Breeding Cows Carried	12	12	13
Total Acreage	472	472	470
Profit per Farm	£346	£862	£1146
Surplus per Farm	(-) £62≡	£403	£649
Profit per Acre	15/-	36/-	49/-
Surplus per Acre	(-) 3/- ≡	17/-	28/-
Gross Farm Output per Acre	100/-	118/-	132/-
Net Farm Output per Acre	80/-	100/-	112/-
Lamb Marking	100% †	103%	113%
Store Lamb Price (p.h.)	94/-	103/-	115/-
(a) Cast Ewe Price (p.h.)	67/-	72/-	77/-
Store Cattle Price (p.h.)	£38	£46	£51
(b) Calving Heifer Price (p.h.)	£63	£60	£59

^o The same eleven farms in '55 and '56 and ten of the original in '57.

≡ Deficits

† From 9 farms

(a) Average price of all ewes sold

(b) Including calved heifers.

The average wage bill (excluding farmer and wife) rose by £48 per farm in 1956 and by a further £40 in 1957. The other main items of trading expenditure altered little over the three years.

The above table is a striking example of the wide fluctuation in profitability which can occur on this type of farm. The lamb crop year of 1955 was particularly poor whereas 1957 was one of the best in recent years.

Of the 11 individual farms, 10 accounts showed a Surplus in 1957, compared with 9 in 1956 and only 5 in 1955.

ACCOUNTING METHODS AND TERMS

All accounts were prepared on a tenancy basis. Trading Revenue and Trading Expenditure relate to all the normal tenancy income and outgoings on the farms, but exclude any purchases or sales of capital equipment, or any expenditure on capital improvements such as new farm 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; a nominal credit for the rental value of the farmhouse and a share, to the private account, of car running expenses and depreciation. Interest on bank overdraft, where paid, is included in 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, an explanation of the content of some of the headings is necessary.

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

"Sundry Crop Expenses" contains sprays, dusts, stack rope, etc. etc.

"Fertilisers" or "Lime and Fertilisers" are the net expenditures, i.e. all revenue from lime and fertiliser subsidies has been deducted.

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

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. The depreciation rates used for plant and machinery are those allowed for income-tax purposes (e.g. 5% plus one-quarter; 10% plus one-quarter, etc.) while for new structures, an annual allowance of one-tenth of the net outlay (i.e. after deducting any capital grant received) was applied.

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 on the low side, especially for sheep stocks.

Profit represents the balance between Trading Revenue and Trading Expenditure, plus or minus any increase or decrease in the Stock and Crop Valuations over the year, less the charge made for depreciation.

Regarding the figures for Profit, several points must be noted. At this stage, no charge has been made for any manual work done by the farmer or his wife, nor has any charge been made for interest on the capital invested in the tenancy of the farm. Expenditure includes all actual payments for, or estimates of, the cash value and perquisites of all hired and family or partnership labour, excepting only 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 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, in this area.

Gross Farm Output is the Trading Revenue (including direct subsidies but excluding offsetting grants) adjusted for any change in the stock and crop valuations less the livestock purchases.

Net Farm Output is the figure of Gross Farm Output reduced by the expenditure on concentrates, fodders, wintering, other grazing and seeds.

Offsetting Grants. This term covers such grants as:-
Ploughing Grants, Marginal Acreage Payments, Bracken Cutting Grants, etc.
Drainage grants for schemes of repair rather than improvement are also included. This revenue is excluded from the output calculations.

Buildings, Structures, Improvements includes all items (not moveable equipment) erected by a tenant or owner-occupier (without in either case attempting to separate off "ownership" items proper) normally subject to a one-tenth annual allowance.

APPENDIX TABLE I

HILL FARMS

AVERAGE LAND UTILISATION AND BREEDING STOCK NUMBERS - PER FARM

9 BLACKFACE AND 5 BLACKFACE and CROSS LAMB FARMS - 1957 LAMB CROP YEAR

<u>Average acres per farm of:-</u>	<u>Blackface</u>	<u>B.F. and Cross</u>
Ploughland crops	9	7
Hay and grass	43	165
Rough Grazing	<u>3011</u>	<u>2140</u>
TOTAL	<u>3063</u>	<u>2312</u>

Average No. per Farm of:-

Cows	7	5
Ewes	1063	984
Rams	27	30
Ewe Hoggs	295	283

APPENDIX TABLE II

HILL FARMS

AVERAGE NUMBERS SOLD AND PRICES

9 BLACKFACE AND 5 BLACKFACE and CROSS LAMB FARMS - 1957 LAMB CROP YEAR

	<u>Blackface</u>		<u>B. F. and Cross</u>	
	<u>No.</u>	<u>Price per head</u>	<u>No.</u>	<u>Price per head</u>
Prime Cows and Calving Heifers	2.6	£65. 8/-	47.4	£61.13/-
Calves (excluding slink)	4.4	£35. 6/-	6.0	£34. 7/-
All Other Cattle (mainly stores)	4.0	£40.15/-	4.4	£29.15/-
Ewes Draft	228	112/-	136	103/-
Other Ewes	12	74/-	49	80/-
All Ewes	<u>240</u>	110/-	<u>185</u>	97/-
Store Lambs	480	93/-	624	110/-
Fat Lambs (a)	<u>226</u>	97/-	<u>194</u>	99/-
All Lambs	<u>706</u>	94/-	<u>818</u>	107/-

(a) Excluding Deficiency Payments except on lambs sold to F.M.C.

APPENDIX TABLE III

HILL FARMS

AVERAGE OF THE FARM ACCOUNT SUMMARY - PER FARM

9 BLACKFACE AND 5 BLACKFACE and CROSS LAMB FARMS - 1957 LAMB CROP YEAR

	<u>Blackface</u>	<u>B.F. and Cross</u>
Average of farm size - acres (actual)	3063	2312
Average no. of ewes per farm	1063	984
Average no. of cows per farm	7	5
	<u>£</u>	<u>£</u>
Trading Revenue (including subsidies and offsetting grants)	7518	11053
Trading Expenditure	<u>4656</u>	<u>8303</u>
Balance	2862	2750
Increase in stock and crop valuation	-	608
Decrease in stock and crop valuation	<u>131</u>	<u>-</u>
Balance	2731	3358
Deduct Depreciation on equipment	<u>218</u>	<u>313</u>
PROFIT	2513	3045
Deduct for farmer's manual	244	255
for wife's manual	<u>32</u>	<u>20</u>
SURPLUS	<u>£2237</u>	<u>£2770</u>
 <u>VALUATION SUMMARIES - PER FARM</u>	 <u>£</u>	 <u>£</u>
<u>Opening Valuation:-</u>		
Equipment. Buildings and Structures	139	355
Tenancy Equipment (inc. Car)	685	929
Stock and crop	<u>9195</u>	<u>9238</u>
Total	<u>£10019</u>	<u>£10522</u>
 <u>Closing Valuation:-</u>		
Equipment. Buildings and Structures	119	498
Tenancy Equipment (inc. Car)	927	1045
Stock and crop	<u>9064</u>	<u>9846</u>
TOTAL	<u>£10110</u>	<u>£11389</u>

APPENDIX TABLE IV

HILL FARMS

AVERAGE OF EXPENDITURE - PER FARM

9 BLACKFACE AND 5 BLACKFACE and CROSS LAMB FARMS - 1957 LAMB CROP YEAR

	<u>Blackface</u>	<u>B.F. and Cross</u>
Average of farm size - acres (actual)	3063	2312
Average no. of ewes per farm	1063	984
Average no. of cows per farm	7	5
<u>EXPENDITURE ON:-</u>	<u>£</u>	<u>£</u>
Horses	4	-
Cattle	187	2539
Sheep	300	1062
Pigs	-	-
Poultry	19	-
TOTAL LIVESTOCK (i)	<u>510</u>	<u>3601</u>
Concentrates	307	342
Bulk crop, fodders, roots	151	166
Grazing taken	492	863
TOTAL FOODS (ii)	<u>950</u>	<u>1371</u>
Seeds	40	28
Lime and fertilisers (net)	414	463
TOTAL SEEDS AND MANURES (iii)	<u>454</u>	<u>491</u>
LABOUR (Excl. farmer and wife) (iv)	<u>1419</u>	<u>1336</u>
Implement repairs and tools	117	96
Contract work	101	58
Fuel, light and power	80	76
Repairs to buildings, fences, drains	90	166
Rent	446	462
Rates	58	52
Insurances - general	22	22
Car running expenses	100	97
Interest	8	30
Carriage	67	133
Sundry livestock expenses	135	182
Sundry crop expenses	21	41
Miscellaneous	78	89
TOTAL "OTHER EXPENSES" (v)	<u>1323</u>	<u>1504</u>
TOTAL TRADING EXPENDITURE (i) - (v)	<u>£4656</u>	<u>£8303</u>
<u>DEPRECIATION:-</u>		
Structures	37	80
Equipment	124	146
Car	57	87
	<u>218</u>	<u>313</u>
TOTAL	<u>£4874</u>	<u>£8616</u>

APPENDIX TABLE V

HILL FARMS

AVERAGE OF REVENUE - PER FARM

9 BLACKFACE AND 5 BLACKFACE and CROSS LAMB FARMS - 1957 LAMB CROP YEAR

	<u>Blackface</u>	<u>B.F. and Cross</u>
Average of farm size - acres (actual)	3063	2312
Average no. of ewes per farm	1063	984
Average no. of cows per farm	7	5
<u>REVENUE FROM:-</u>	<u>£</u>	<u>£</u>
Horses	-	3
Cows and heifers	211	2946
Calves (excluding slink)	157	206
Other cattle - mainly store	122	107
Unallocated deficiency payments	5	-
TOTAL CATTLE	<u>495</u>	<u>3259</u>
Ewes	1320	898
Rams	94	88
Lambs	3321	4390
Other Sheep	195	402
Unallocated deficiency payments	183	167
TOTAL SHEEP	<u>5113</u>	<u>5945</u>
Pigs	2	-
Poultry	18	-
TOTAL LIVESTOCK (i)-	<u>5628</u>	<u>9207</u>
Wool	1464	1430
Eggs	81	25
Other livestock produce	-	-
TOTAL LIVESTOCK PRODUCE (ii)	<u>1545</u>	<u>1455</u>
Crop sales	6	-
Cereal deficiency payments	10	5
Grazing let	10	14
TOTAL CROPS (iii)	<u>26</u>	<u>19</u>
Hill cattle subsidy	63	68
Calf subsidy	32	18
Attestation grant	5	30
Hill sheep subsidy	-	-
Lime and fertiliser subsidies (netted)	-	-
Marginal land grant	43	38
Drainage, bracken etc. grants	13	31
L.R. Act grants	28	24
Plough subsidy	8	4
TOTAL SUBSIDIES (iv)	<u>192</u>	<u>213</u>
Miscellaneous revenue	12	43
Perquisites and produce	43	45
Shares to domestic account	72	71
TOTAL "OTHER REVENUE" (v)	<u>127</u>	<u>159</u>
TOTAL TRADING REVENUE (i) - (v)	<u>£7518</u>	<u>£11053</u>

APPENDIX TABLE VI

HILL FARMS

AVERAGE OF THE FARM OUTPUTS AND CHARGES - PER FARM

9 BLACKFACE AND 5 BLACKFACE and CROSS LAMB FARMS - 1957 LAMB CROP YEAR

	<u>Blackface</u>	<u>B.F. and Cross</u>
Average of farm size - acres (actual)	3063	2312
Average no. of ewes per farm	1063	984
Average no. of cows per farm	7	5
	<u>£</u>	<u>£</u>
Gross cattle output (including subsidies and grants)	518	1323
Gross sheep and wool output	6059	6454
Gross pig output	2	-
Gross poultry and egg output	105	41
Gross Livestock Output	<u>6684</u>	<u>7818</u>
Gross crop output (incl. Cereal Deficiency Payments)	25	25
All other items	46	88
GROSS FARM OUTPUT	<u>6755</u>	<u>7931</u>
Deduct:-		
Concentrates and fodders	467	494
Grazing taken	492	863
Seeds bought	40	28
NET FARM OUTPUT	<u>5756</u>	<u>6546</u>
Deduct:-		
Lime and fertilisers (net)	400	463
	<u>5356</u>	<u>6083</u>
Deduct:-		
Labour, except farmer and wife	1419	1336
Farmer and wife's manual	276	275
MARGIN	<u>3661</u>	<u>4472</u>
Deduct:-		
All other tenancy expenditure	1298	1486
	<u>2363</u>	<u>2986</u>
Add back:- Offsetting Grants [≡]	92	97
	<u>2455</u>	<u>3083</u>
Deduct:-		
Depreciation on equipment	218	313
SURPLUS	<u>£2237</u>	<u>£2770</u>

[≡] e.g. Plough Subsidy, Marginal Acreage Payments etc.

APPENDIX TABLE VII

STOCK REARING FARMS

AVERAGE LAND UTILISATION AND BREEDING STOCK NUMBERS - PER FARM

11 FARMS: 1957 LAMB CROP YEAR

Average acres per farm of:-

Ploughland Crops	22
Hay and Grass	79
Rough Grazing	369
TOTAL	470

Average number per farm of:-

Cows	13
Ewes	234
Pigs	Neg.

APPENDIX TABLE VIII

STOCK REARING FARMS

AVERAGE NUMBERS SOLD AND PRICES

11 FARMS: 1957 LAMB CROP YEAR

	<u>No.</u>	<u>Price per head</u>
Prime Cows and Calving Heifers	6.6	£58.16/-
Store Cattle	9.5	£51.4/-
All Other Cattle	6.9	£29.11/-
All Ewes	39	77/-
Store Lambs	172	115/-
Fat Lambs	37	91/-
All Lambs	209	111/-

≡ Excluding Deficiency Payments except on lambs sold to F.M.C.

APPENDIX TABLE IX
STOCK REARING FARMS

AVERAGE OF THE FARM ACCOUNT SUMMARY - PER FARM

11 FARMS: 1957 LAMB CROP YEAR

Average of farm size -- acres (actual)	470
Average no. of ewes per farm	234
Average no. of all cattle per farm	54
	£
Trading Revenue (including subsidies and offsetting grants)	3601
Trading Expenditure	2521
Balance	1080
Increase in stock and crop valuation	232
Decrease in stock and crop valuation	-
Balance	1312
Deduct Depreciation on equipment	166
<u>PROFIT</u>	1146
Deduct For Farmer's manual	452
For wife's manual	45
<u>SURPLUS</u>	£649
<u>VALUATION SUMMARIES - PER FARM</u>	£
<u>Opening Valuation:-</u>	
Equipment. Buildings and Structures	68
Tenancy Equipment	748
Stock and crop	3740
Total	£4556
<u>Closing Valuation</u>	
Equipment. Buildings and Structures	97
Tenancy Equipment	819
Stock and crop	3972
Total	£4888

APPENDIX TABLE X
STOCK REARING FARMS
AVERAGE OF EXPENDITURE - PER FARM
11 FARMS: 1957 LAMB CROP YEAR

Average of farm size - acres (actual)	470
Average no. of ewes per farm	234
Average no. of all cattle per farm	54
<u>EXPENDITURE ON:-</u>	<u>£</u>
Horses	3
Cattle	294
Sheep	209
Pigs	23
Poultry	<u>4</u>
TOTAL LIVESTOCK (i)	<u>533</u>
Concentrates	360
Bulk crop, fodders, roots	17
Grazing taken	<u>23</u>
TOTAL FOODS (ii)	<u>400</u>
Seeds	64
Lime and fertilisers (net)	<u>242</u>
TOTAL SEEDS AND MANURES (iii)	<u>306</u>
LABOUR (excluding farmer and wife) (iv)	<u>577</u>
Implement repairs and tools	79
Contract work	35
Fuel, light and power	57
Repairs to buildings, fences, drains	67
Rent	122
Rates	14
Insurances - general	14
Car running expenses	99
Interest	9
Carriage	28
Sundry livestock expenses	85
Sundry crop expenses	10
Miscellaneous	<u>86</u>
TOTAL "OTHER EXPENSES" (v)	<u>705</u>
TOTAL TRADING EXPENDITURE (i) - (v)	<u>£2521</u>
<u>DEPRECIATION</u>	
Structures	17
Equipment	88
Car	<u>61</u>
	<u>166</u>
TOTAL	<u>£2687</u>

APPENDIX TABLE XI
STOCK REARING FARMS

AVERAGE OF REVENUE - PER FARM
11 FARMS: 1957 LAMB CROP YEAR

Average of farm size - acres (actual)	470
Average no. of ewes per farm	234
Average no. of all cattle per farm	54
 <u>REVENUE FROM:-</u>	
Horses	<u>7</u>
Prime Cows and Heifers	388
Other Cattle - mainly store	691
Unallocated Deficiency Payments	<u>4</u>
TOTAL CATTLE	<u>1083</u>
Ewes	158
Rams	9
Lambs	1160
Other Sheep	136
Unallocated Deficiency Payments	<u>37</u>
TOTAL SHEEP	<u>1500</u>
Pigs	<u>52</u>
Poultry	<u>6</u>
TOTAL LIVESTOCK (i).	<u>£2648</u>
Wool	255
Eggs	101
Other Livestock produce	<u>4</u>
TOTAL LIVESTOCK PRODUCE (ii)	<u>360</u>
Crop sales	49
Cereal Deficiency Payments	52
Grazing let	<u>7</u>
TOTAL CROPS (iii)	<u>108</u>
Hill cattle subsidy	134
Calf subsidy	80
Attestation grant	6
Hill sheep subsidy	-
Lime and fertiliser subsidies (netted)	-
Marginal land grant	108
Drainage, bracken etc. grants	9
L.S.R. Act. grants	-
Plough subsidy	<u>47</u>
TOTAL SUBSIDIES (iv)	<u>384</u>
Miscellaneous revenue	5
Perquisites and produce	5
Shares to domestic account	<u>91</u>
	<u>101</u>
 TOTAL TRADING REVENUE (i) - (v)	 <u>£3601</u>

APPENDIX TABLE XII

STOCK REARING FARMS

AVERAGE OF THE FARM OUTPUTS AND CHARGES - PER FARM

11 FARMS: 1957 LAMB CROP YEAR

Average of farm size - acres (actual)	470
Average no. of ewes per farm	234
Average no. of all cattle per farm	54
	£
Gross cattle output (incl. subsidies and grants)	1225
Gross sheep and wool output	1576
Gross pig output	36
Gross poultry and egg output	122
Gross Livestock Output	2959
Gross crop output (incl. Cereal Deficiency Payments)	129
All other items	16
GROSS FARM OUTPUT	3104
<u>Deduct:-</u>	
Concentrates and fodders	377
Grazing taken	23
Seeds bought	64
NET FARM OUTPUT	2640
<u>Deduct:-</u>	
Lime and fertilisers (net)	228
	2412
<u>Deduct:-</u>	
Labour, except farmer and wife	577
Farmer and wife's manual	497
MARGIN	1338
<u>Deduct:-</u>	
All other tenancy expenditure	687
	651
<u>Add back:-</u> Offsetting Grants [≠]	164
	815
<u>Deduct:-</u>	
Depreciation on equipment	166
SURPLUS	£649

≠ e.g. Plough Subsidy, Marginal Acreage Payment, etc.