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Lambs - Cost of production 2-5.

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## FARM FINANCIAL RETURNS, 1958-59

HILL and STOCK-REARING FARMS OUTWITH HIGHLAND AREA

### *1958 Lamb Crop*

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ECONOMICS DEPARTMENT REPORT No. 63

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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 15 hill sheep farm accounts and 12 stock-rearing farm accounts, all relating to the disposal of the 1958 lamb crop.

Within the hill sheep sample, the farms were sub-divided into those producing Blackface lambs (10) 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 and the deficiency payment thereon, received during the financial year, is included in revenue.

### Acknowledgements

To both new and long-established co-operators, grateful acknowledgement 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, 1958 and June, 1959. Thus all accounts cover the disposal of the 1958 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, fodders, 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 1958. 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, 1957 and 1958 is also made.

The main results for the 1958 lamb crop year are summarised below.

SUMMARY OF HILL SHEEP FARM RESULTS (1958)

	<u>Producing B.F. Lambs</u>	<u>Producing B.F. and Cross Lambs</u>
Number of Farms in Sample	10	5
	<u>Averages per Farm</u>	
Lowground Acreage	51	164
Rough Grazing Acreage	2880	2140
Total Acreage	2931	2304
Breeding Cows Carried	7	4
Ewe Flock Carried	1033	988
Lamb Marking	90%	95%
Ewe Death Rates	4%	5%
Store Lamb Price per head	80/-	97/-
(a) Draft Ewe Price per head	102/-	90/-
Profit	£1703	£2363
Surplus	£1390	£2068
Gross Farm Output	£5823	£7128
Net Farm Output	£4902	£5631

(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>Average per Ewe</u>	<u>Blackface</u>	<u>B.F. and Cross</u>
Profit	33/-	48/-
Surplus	27/-	42/-
Gross Farm Output	113/-	144/-
Net Farm Output	95/-	114/-

One farm in the sample had a deficit in the 1958 lamb crop year.

The individual farm results in the Blackface group ranged from a deficit of 11/- per ewe to a surplus of 46/- per ewe; for the other group from 36/- per ewe to 60/- 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 (1958)

No. of Farms in Sample	12
<u>Averages per Farm</u>	
Lowground Acreage	106
Rough Grazing Acreage	<u>354</u>
Total Acreage	460
Breeding Cows Carried	13
Ewe Flock Carried	233
Store Cattle Price per head	£53
(a) Calving Heifer Price per head	£70
Store Lamb Price per head	100/-
(b) Cast Ewe Price per head	75/-
Profit	£940
Surplus	£370
Gross Farm Output	£3124
Net Farm Output	£2637
(a) Including calved heifers	
(b) Average price of all ewes sold.	

The average profit in this sample was £940. After deducting the estimated charge for the value of the manual work done by the farmer and his wife (£570), the average Surplus was £370 per farm.

Nine farms had a surplus and three had a deficit. The range was from a deficit of £415 to a surplus of £1157 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 12 farms, the average figures per acre were:-

Profit	41/-
Surplus	16/-
Gross Farm Output	135/-
Net Farm Output	115/-

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HILL SHEEP FARMS

THE ACCOUNTING SAMPLE

Number of Farms

For the 1958 lamb-crop year, accounts were available from 19 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 10 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 1

Average Size of Farm and Breeding Stock

<u>Group</u>	<u>Blackface Lambs</u>	<u>B.F. and Cross Lambs</u>
Lowground acreage	51	164
Rough Grazing Acreage	2880	2140
Total Acreage	<u>2931</u>	<u>2304</u>
Ewe Flock carried	1033	988
Breeding Cows carried	7	4
No. of Farms in Group	10	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, 1958

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 tuppung time was fair and the winter of '57-'58 was open with neither excessive snow nor frost. March and April, however, were generally cold and wet. Ewes came to lambing rather lean and grass growth was late.

This poor start followed by a wet, sunless summer was reflected in lower quantity and quality, with the latter more pronounced at the lamb sales. The '58 clip was also adversely affected and was no less than 16% down from the 1957 level.

1958 Lamb Crop

In the following table the number of lambs marked in June, 1958 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, 1958

	<u>Blackface</u>	<u>B.F. and Cross</u>
Average Lamb Marking per farm	90%	95%
Lowest individual marking	71%	83%
Highest individual marking	108%	112%
<u>Ranges</u>	<u>No. of farms</u>	
71% - 80%	3	-
81% - 90%	2	2
91% - 100%	3	2
101% - 110%	2	-
111% - 120%	-	1
	<u>10</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	4.3%	4.6%
Lowest	2.6%	4.2%
Highest	6.0%	5.4%

With the exception of one account, the ten Blackface farms had closing dates from March to June, 1959. Thus the average for this group reflects the death rate in the Winter and Spring of 1958-59. Due to differing closing dates the two columns of figures are not comparable.

### Sheep Prices, 1958

The average lamb and ewe prices from the ten 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, 1958, Per Head

	<u>Blackface</u>			
	<u>This Sample</u>	<u>Castle Douglas</u>	<u>Lanark</u>	<u>Newton Stewart</u>
Store Lambs	80/-	84/-	86/-	78/-
Fat Lambs $\equiv$	84/-	-	-	-
Draft Ewes (Uncrossed)	102/-	103/-	103/-	98/-

$\equiv$  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 ten 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).

### Wool Clip, 1958

The price of (greasy) Blackface wool in 1958 was 52d. per pound,  $3\frac{3}{4}$ d. less than in 1957, and the weight of the clip was on average lighter in 1958.

In the Blackface group, the weights of wool sold per farm in 1957 and 1958 were available from the same 9 farms. The average fall in weight over those 9 farms was 1073 lbs per farm or 16% below the 1957 level.

### Wages, 1957-58

By the Wages Order of 9th December, 1957, the minimum wage for a shepherd was raised to 165/9d. per week, an increase of 8/- over the previous Order of 11th March, 1957. The minimum for cattlemen was also increased by 7/9d. to 162/6d. per week.

A further increase of 7/6d. per week for shepherds and 7/3d. for cattlemen was given in the Wages Order of 8th December, 1958.

Over the same 9 farms in the Blackface group, the average rise in the annual wage bill was £146 per farm or 10% above the 1957 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 '57-'58 and '58-'59. In '57-'58 the average rate paid for wintering ewe hogs for the normal six month period was 37/6d. per head. In '58-'59 the comparable figure was 38/6d.; a rise of 1/- 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.

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



For the 10 farms in the former group, carrying an average of 1033 ewes on 2931 acres, Trading Revenue (including all subsidies and certain grants) exceeded Trading Expenditure by £1535 per farm. There was an increase (£395) in the stock and crop valuation and depreciation amounted to an average of £227. The Profit was £1703 per farm and after deducting the estimated value (£313) of farmer and wife's manual work, the Surplus was £1390 per farm.

Although £313 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 10 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 988 on 2304 acres. Here Trading Revenue exceeded Trading Expenditure by £2485 per farm. The valuation increase was £196 and depreciation, £318. The Profit was £2363 and the Surplus £2068 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 £1497, wages made up 33% of the total Trading Expenditure (£4476); if the value of the farmer and his wife's manual work is included, total labour accounted for 40% of all expenditure other than on new implements, car or building improvements.

The average expenditure on hired grazing, mainly for wintering ewe hoggs, was £434; £9 higher than the average rent (£425).

Dips, vaccines, medicines, etc. averaged £184 per farm or 3/6d. 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 45% of the total Trading Expenditure (£8282). Wages, at £1352, 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 (£4445) constituted 74% of the total Trading Revenue. Wool at £1100 per farm, made up a further 18%. Subsidies and grants (£211) amounted to 3%. Crop sales were negligible.

In the mixed group, 86% of the total Trading Revenue came from the sale of livestock. Wool revenue at £1155 per farm gave 11% of the total Trading Revenue. Subsidies and grants averaged £180 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 11 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  
10 Blackface and 5 B.F. and Cross Lamb Farms - 1958 Lamb Crop

	<u>Blackface</u>	<u>B.F. and Cross</u>
Gross Cattle Output (incl. subsidies and grants)	£590	£1531
Gross Sheep and Wool Output	5011	5526
Gross Pig, Poultry and Egg Output	94	34
Gross Livestock Output	5695	7091
Gross Crop Outputs and Other Items	128	37
GROSS FARM OUTPUT	5823	7128
<u>Less</u> Concentrates, Fodders, Grazing hired and Seeds bought	921	1497
NET FARM OUTPUT	4902	5631
<u>Less</u> Lime and Fertilisers (net)	217	268
	4685	5363
<u>Less</u> All Labour <sup>≠</sup>	1810	1647
MARGIN	2875	3716
<u>Less</u> All Other Expenditure and Depreciation	1566	1711
	1309	2005
<u>Add Back</u> Offsetting Grants	81	63
SURPLUS	£1390	£2068

≠ 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	97/-	112/-

TREND OF PROFITABILITY

Lamb Crop Years 1955, 1956, 1957 and 1958

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

Table 6

Some Comparative Figures for Lamb Crop Years 1955, 1956, 1957 and 1958

<u>Averages</u>	<u>Blackface</u>			
	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>
Ewe Flock Carried	1047	1056	1063	1066
Breeding Cows Carried	5	7	7	7
Total Acreage	3008	3063	3063	3063
Profit per Farm	£1554	£2158	£2513	£1722
Surplus per Farm	£1323	£1910	£2237	£1435
Profit per Ewe	29/-	41/-	47/-	32/-
Surplus per Ewe	25/-	36/-	42/-	27/-
Gross Sheep & Wool Output per Ewe	87/-	101/-	114/-	97/-
Gross Farm Output per Ewe	98/-	111/-	127/-	111/-
Net Farm Output per Ewe	82/-	95/-	108/-	94/-
Lamb Marking	88%	90%	100%	90%
Ewe Death Rate	5%	4%	4%	4%
Store Lamb Price (p.h.)	67/-	77/-	93/-	80/-
≠ Draft Ewe Price (p.h.)	81/-	91/-	112/-	102/-
Weight of wool sold per farm (lbs.)	5310	5575	6515	5442

≠ 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 but the 1958 clip fell by 16% from the 1957 level.

The upward trend of wages and hogg wintering costs continued but with the latter tending to level off.

	1955	1956	1957	1958
Wages (excluding farmer and wife)	£1190	£1381	£1419	£1565
Index (1955 = 100)	100	116	119	131
Wintering (excluding haulage)	34/-	36/-	37/6	38/6
Index (Season '55-'56 = 100)	100	106	110	113

The above table indicates why the 1957 lamb crop year was the most profitable of the four 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 four years was:-

1955	1956	1957	1958
20/-	31/-	42/-	27/-

In other words the average financial return in 1957 was more than double that of 1955 if the subsidy is discounted. The 1958 lamb crop year was very similar to 1956 on the output side but rising expenditure lowered the return by 4/- per ewe (excluding the ewe subsidy in 1956).

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UPLAND STOCK REARING FARMS  
THE ACCOUNTING SAMPLE

Number of Farms

For the stock year of 1958, accounts were available from 12 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	84
Rough Grazing Acreage	354
	<u>460</u>
Cows	13
Ewes	233
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, 1958 to June, 1959. Conditions such as weather, wage rates, etc. in that period, which affected stock rearing farm returns similarly, have already been given on pages 4 and 5.

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. In contrast to

the previous year the 1958 harvest was very variable. The general opinion was that the quality of oats and hay was adversely affected by the wet sunless summer.

### Stock Prices 1958

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

### 1958 Lamb Crop

Lamb marking figures were available on all 12 farms. The group contained 7 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 144% and the lowest 79%. The corresponding figures from these farms in 1957 were 113%, 135% and 83%.

### 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 £1097. Depreciation averaged £201 and the stock and crop valuation rose by £44. Thus, the average Profit per farm was £940. After deducting the estimated value of the manual work done by the farmer and his wife (£570), the average Surplus was £370 per farm.

On the individual farms, nine had a surplus and three had a deficit. The range was from a surplus of £1157 to a deficit of £415 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 £622 per farm or 27/- per acre. When the estimated value of the farmer and his wife's manual contribution (£570) was included, the total labour charge was £1192 per farm or 52/- per acre.

The net Farm Output (£2640) was only  $2\frac{1}{2}$  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 £571, was the second highest item of Trading Expenditure with cattle the main class of purchased stock.

Rent (£134 or 6/- per acre approx.) made up 5% of Trading Expenditure. The expenditure on lime and fertilisers, after allowing for subsidy, was £291 per farm or 12/- per acre. Concentrates, at £350 per farm, constituted some 12% of the outgoings.

### MAIN ITEMS OF REVENUE - PER FARM

Full details are given in Appendix Table XI.

Sales of livestock (£2894) accounted for 74% of the total Trading Revenue. The revenue from sales of sheep only exceeded the cattle revenue by £58.

Wool revenue averaged £213 and revenue from eggs £96 per farm. Crop sales (mainly oats) were not significant (£39).

Total grant and subsidy revenue, including cereal deficiency payments, was £524 or 13% 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 (13% compared to 3% of Total Trading Revenue).

For these 12 farms, all eligible for a marginal land grant, the average revenue derived from this source was £163 per farm or 17% of the Net Profit. The equivalent figure for 1957 was 9%.

OUTPUTS AND CHARGES

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

Table 8

Average of the Farm Outputs and Charges - Per Farm  
12 Stock Rearing Farms - Average Size 460 acres

	<u>Per Farm</u>
Gross Cattle Output (including subsidies and grants)	£1395
Gross Sheep and Wool Output	1450
Gross Poultry and Egg Output	110
Gross Pig Output	22
Gross Livestock Output	<u>2977</u>
Gross Crop Output and Other Items	147
GROSS FARM OUTPUT	<u>3124</u>
<u>Less</u> Concentrates, Fodders, Grazing hired & Seeds bought	487
NET FARM OUTPUT	<u>2637</u>
<u>Less</u> Lime and Fertilisers (net)	298
	<u>2339</u>
<u>Less</u> All Labour <sup>≠</sup>	1192
MARGIN	<u>1147</u>
<u>Less</u> All Other Expenditure and Depreciation	995
	152
<u>Add Back</u> Offsetting Grants	218
SURPLUS	<u>£370</u>

≠ 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	£3. 1/-
Gross Sheep and Wool Output	3. 3/-
Gross Farm Output	6.15/-
Net Farm Output	5.15/-
Lime and Fertilisers (net)	12/-
All Labour	2.12/-
All Other Tenancy Expenditure	1.14/-
Depreciation	9/-

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

Appendix Table XII gives fuller details.

TREND OF PROFITABILITY

Lamb Crop Years 1955, 1956, 1957 & 1958

A four year trend is given in tabular form overleaf.

Table 9

Some Comparative Figures for Lamb Crop Years, 1955, 1956, 1957 and 1958

Sample of 11 Farms<sup>o</sup>

Averages	1955	1956	1957	1958
Ewe Flock Carried	232	234	234	233
Breeding Cows Carried	12	12	13	13
Total Acreage	472	472	470	460
Profit per Farm	£346	£862	£1146	£940
Surplus per Farm	(-) £62 <del>±</del>	£403	£649	£370
Profit per Acre	15/-	36/-	49/-	41/-
Surplus per Acre	(-) 3/- <del>±</del>	17/-	28/-	16/-
Gross Farm Output per Acre	100/-	118/-	132/-	135/-
Net Farm Output per Acre	80/-	100/-	112/-	115/-
Lamb Marking	100% <sup>+</sup>	103%	113%	113%
Store Lamb Price (p.h.)	94/-	103/-	115/-	100/-
(a) Cast Ewe Price (p.h.)	67/-	72/-	77/-	75/-
Store Cattle Price (p.h.)	£38	£46	£51	£53
(b) Calving Heifer Price (p.h.)	£63	£60	£59	£70

<sup>o</sup> The same eleven farms in '55 and '56, ten of the original in '57 and 12 in '58.

~~±~~ Deficits

<sup>+</sup> 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, by £40 in 1957, and by a further £45 in 1958.

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 individual farms, all ten accounts showed a Surplus in 1957, compared with nine in 1956 and only five in 1955. In 1958, nine of the 12 farms in the sample had a surplus.

-----oOo-----

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 insurance, 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

10 BLACKFACE AND 5 BLACKFACE AND CROSS LAMB FARMS - 1958 LAMB CROP YEAR

<u>Average acres per farm of:-</u>	<u>Blackface</u>	<u>Blackface and Cross</u>
Ploughland crops	10	8
Hay and grass	41	156
Rough Grazing	2880	2140
TOTAL	<u>2931</u>	<u>2304</u>

Average No. per Farm of:-

Cows	7	4
Ewes	1033	988
Rams	25	30
Ewe Hogs	280	285

APPENDIX TABLE II

HILL FARMS

AVERAGE NUMBERS SOLD AND PRICES

10 BLACKFACE AND 5 BLACKFACE AND CROSS LAMB FARMS - 1958 LAMB CROP YEAR

	<u>Blackface</u>		<u>Blackface and Cross</u>	
	<u>No.</u>	<u>Price/head</u>	<u>No.</u>	<u>Price/head</u>
Prime Cows & Calving Heifers	2.5	£71.19/-	53.4	£73.13/-
Calves (excluding slink)	2.4	£31.18/-	3.8	£34. 7/-
All Other Cattle(mainly stores)	6.1	£44. 6/-	4.2	£42. 7/-
Ewes Draft	210	102/-	181	90/-
Other Ewes	11	59/-	20	60/-
All Ewes	<u>221</u>	100/-	<u>201</u>	87/-
Store Lambs	455	80/-	545	97/-
Fat Lambs (a)	158	84/-	103	97/-
All Lambs	<u>613</u>	81/-	<u>648</u>	97/-

(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

10 BLACKFACE AND 5 BLACKFACE AND CROSS LAMB FARMS - 1958 LAMB CROP YEAR

	<u>Blackface</u>	<u>Blackface and Cross</u>
Average of farm size - acres (actual)	2931	2304
Average number of ewes per farm	1033	988
Average number of cows per farm	7	4
	£	£
Trading Revenue (including subsidies and offsetting grants)	6011	10,767
Trading Expenditure	<u>4476</u>	<u>8,282</u>
Balance	1535	2,485
Increase in stock and crop valuation	395	196
Decrease in stock and crop valuation	-	-
Balance	<u>1930</u>	<u>2,681</u>
Deduct Depreciation on equipment	<u>227</u>	<u>318</u>
PROFIT	1703	2,363
Deduct for manual work of farmer & wife	<u>313</u>	<u>295</u>
SURPLUS	<u>£1390</u>	<u>£2,068</u>
	£	£
<u>VALUATION SUMMARIES - PER FARM</u>		
<u>Opening Valuation:-</u>		
Equipment. Buildings and Structures	107	498
Tenancy Equipment (incl. car)	928	1045
Stock and crop	9261	9846
Total	<u>£10296</u>	<u>£11389</u>
<u>Closing Valuation:-</u>		
Equipment. Buildings and Structures	140	541
Tenancy Equipment (incl. car)	870	986
Stock and crop	9656	10042
Total	<u>£10666</u>	<u>£11569</u>

APPENDIX TABLE IV

HILL FARMS

AVERAGE OF EXPENDITURE - PER FARM

10 BLACKFACE AND 5 BLACKFACE and CROSS LAMB FARMS - 1958 LAMB CROP YEAR

	<u>Blackface</u>	<u>Blackface and Cross</u>
Average of farm size - acres (actual)	2931	2304
Average number of ewes per farm	1033	988
Average number of cows per farm	7	4
<u>EXPENDITURE ON:-</u>	£	£
Horses	6	-
Cattle	161	2782
Sheep	288	953
Pigs	1	-
Poultry	11	1
TOTAL LIVESTOCK (i)	<u>467</u>	<u>3736</u>
Concentrates	379	484
Bulk crop, fodders, roots	69	258
Grazing taken	434	722
TOTAL FOODS (ii)	<u>882</u>	<u>1464</u>
Seeds	40	35
Lime and fertilisers (net)	221	283
TOTAL SEEDS AND MANURES (iii)	<u>261</u>	<u>318</u>
LABOUR (Excl. farmer and wife) (iv)	<u>1497</u>	<u>1352</u>
Implement repairs and tools	102	67
Contract work	85	59
Fuel, light and power	89	85
Repairs to buildings, fences, drains	107	97
Rent	425	410
Rates	55	58
Insurances - general	26	52
Car running expenses	132	88
Interest	4	30
Carriage	61	143
Sundry livestock expenses	184	196
Sundry crop expenses	8	8
Miscellaneous	91	119
TOTAL "OTHER EXPENSES" (v)	<u>1369</u>	<u>1412</u>
TOTAL TRADING EXPENDITURE (i) - (v)	<u>£4476</u>	<u>£8282</u>
<u>Depreciation</u>		
Structures	40	93
Equipment	111	146
Car	76	79
TOTAL DEPRECIATION (vi)	<u>227</u>	<u>318</u>
TOTAL EXPENDITURE (i)- (vi)	4703	8600
Est. charge for farmer and wife's manual work	<u>313</u>	<u>295</u>
GRAND TOTAL	<u>£5016</u>	<u>£8895</u>

APPENDIX TABLE V

HILL FARMS

AVERAGE OF REVENUE - PER FARM

10 BLACKFACE AND 5 BLACKFACE and CROSS LAMB FARMS - 1958 LAMB CROP YEAR

	<u>Blackface</u>	<u>Blackface &amp; Cross</u>
Average of farm size - acres (actual)	2931	2304
Average number of ewes per farm	1033	988
Average number of cows per farm	7	4
<u>REVENUE FROM:-</u>	£	£
Horses	<u>4</u>	=
Cows and heifers	204	3958
Calves (excluding slink)	77	131
Other cattle - mainly store	244	143
Unallocated deficiency payments	<u>2</u>	<u>9</u>
TOTAL CATTLE	<u>527</u>	<u>4241</u>
Ewes	1105	873
Rams	103	139
Lambs	2494	3155
Other Sheep	112	774
Unallocated deficiency payments	<u>91</u>	<u>90</u>
TOTAL SHEEP	<u>3905</u>	<u>5031</u>
Pigs	<u>2</u>	=
Poultry	<u>7</u>	=
TOTAL LIVESTOCK (i)	<u>4445</u>	<u>9272</u>
Wool	1100	1155
Eggs	81	26
Other livestock produce	-	-
TOTAL LIVESTOCK PRODUCE (ii)	<u>1181</u>	<u>1181</u>
Crop sales	9	-
Cereal deficiency payments	10	6
Grazing let	<u>12</u>	<u>2</u>
TOTAL CROPS (iii)	<u>31</u>	<u>8</u>
Hill cattle subsidy	71	76
Calf subsidy	56	40
Attestation grant	3	1
Hill sheep subsidy	-	-
Lime and fertiliser subsidies (netted)	-	-
Marginal land grant	44	39
Drainage, bracken etc. grants	12	4
L.R. Act grants	15	-
Plough subsidy	<u>10</u>	<u>20</u>
TOTAL SUBSIDIES (iv)	<u>211</u>	<u>180</u>
Miscellaneous revenue	18	11
Perquisites and produce	40	45
Shares to domestic account	<u>85</u>	<u>70</u>
TOTAL "OTHER REVENUE" (v)	<u>143</u>	<u>126</u>
TOTAL TRADING REVENUE (i) - (v)	<u>£6011</u>	<u>£10767</u>

APPENDIX TABLE VI

HILL FARMS

AVERAGE OF THE FARM OUTPUTS AND CHARGES - PER 20 EWES

10 BLACKFACE AND 5 BLACKFACE and CROSS LAMB FARMS - 1958 LAMB CROP YEAR

	<u>Blackface</u>	<u>Blackface &amp; Cross</u>
Average of farm size - acres (actual)	2931	2304
Average number of ewes per farm	1033	988
Average number of cows per farm	7	4
 <u>PER 20 EWES</u>		
	£. s.	£. s.
Gross cattle output (incl. subsidies & grants)	11. 9	31. 0
Gross sheep and wool output	97. 1	111.18
Gross pig output	1	-
Gross poultry and egg output	1.15	14
Gross Livestock Output	<u>110. 6/-</u>	<u>143.12/-</u>
Gross crop output (incl. Cereal Def. Payments)	1.10	(-)7
All other items	1. 0	1. 2
GROSS FARM OUTPUT	<u>112.16/-</u>	<u>144. 7/-</u>
 <u>Deduct:-</u>		
Concentrates and fodders	8.14	14.19
Grazing taken	8. 8	14.13
Seeds bought	15	14
NET FARM OUTPUT	<u>94.19/-</u>	<u>114. 1/-</u>
 <u>Deduct:-</u>		
Lime and fertilisers (net)	<u>£. 4</u>	<u>5. 9</u>
	90.15/-	108.12/-
 <u>Deduct:-</u>		
Labour, except farmer and wife	29. 0	27. 8
Farmer and wife's manual	6. 1	5.19
MARGIN	<u>55.14/-</u>	<u>75. 5/-</u>
 <u>Deduct:-</u>		
All other tenancy expenditure	25.19/-	28. 4/-
	<u>29.15/-</u>	<u>47. 1/-</u>
<u>Add back:-</u> Offsetting Grants <sup>⊕</sup>	1.11	1. 6
	<u>31. 6/-</u>	<u>48. 7/-</u>
 <u>Deduct:-</u>		
Depreciation on equipment	<u>4. 8/-</u>	<u>6. 9/-</u>
SURPLUS PER 20 EWES	<u>£26.18/-</u>	<u>£41.18/-</u>

⊕ e.g. Plough Subsidy, Marginal Acreage Payments, etc.

APPENDIX TABLE VII  
STOCK REARING FARMS

AVERAGE LAND UTILISATION AND BREEDING STOCK NUMBERS - PER FARM

12 FARMS: 1958 LAMB CROP YEAR

<u>Average acres per farm of:-</u>	
Ploughland Crops	22
Hay and Grass	84
Rough Grazing	354
TOTAL	<u>460</u>
 <u>Average number per farm of:-</u>	
Cows	13
Ewes	233
Pigs	Neg.

APPENDIX TABLE VIII  
STOCK REARING FARMS

AVERAGE NUMBERS SOLD AND PRICES  
12 FARMS: 1958 LAMB CROP YEAR

	<u>No.</u>	<u>Price per head</u>
Prime Cows and Calving Heifers	8.0	£70. 2/-
Store Cattle	12.0	£52.15/-
All Other Cattle	6.5	£29.14/-
All Ewes	43	75/-
Store Lambs	141	100/-
Fat Lambs <sup>≠</sup>	52	100/-
All Lambs	193	100/-

≠ 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  
12 FARMS: 1958 LAMB CROP YEAR

Average of farm size - acres (actual)	460
Average number of ewes per farm	233
Average number of all cattle per farm	57
	£
Trading Revenue (incl. subsidies & offsetting grants)	3887
Trading Expenditure	<u>2790</u>
Balance	1097
Increase in stock and crop valuation	44
Decrease in stock and crop valuation	-
Balance	<u>1141</u>
<u>Deduct</u> Depreciation on equipment	<u>201</u>
<u>PROFIT</u>	940
<u>Deduct</u> For farmer's manual	506
For wife's manual	64
<u>SURPLUS</u>	<u>£370</u>
<u>VALUATION SUMMARIES - PER FARM</u>	
<u>Opening Valuation:-</u>	
Equipment. Buildings and Structures	89
Tenancy Equipment (incl. car)	865
Stock and crop	<u>4066</u>
Total	<u>£5020</u>
<u>Closing Valuation:-</u>	
Equipment Buildings and Structures	145
Tenancy Equipment (incl. car)	1090
Stock and crop	<u>4110</u>
Total	<u>£5345</u>

APPENDIX TABLE X

STOCK REARING FARMS

AVERAGE OF EXPENDITURE - PER FARM

12 FARMS: 1958 LAMB CROP YEAR

Average of farm size - acres (actual)	460
Average number of ewes per farm	233
Average number of all cattle per farm	57
<u>EXPENDITURE ON:-</u>	£
Horses	12
Cattle	332
Sheep	215
Pigs	5
Poultry	7
TOTAL LIVESTOCK (i)	<u>571</u>
Concentrates	350
Bulk crop, fodders, roots	12
Grazing taken	29
TOTAL FOODS (ii)	<u>391</u>
Seeds	97
Lime and fertilisers (net)	291
TOTAL SEEDS AND MANURES (iii)	<u>388</u>
LABOUR (excluding farmer and wife) (iv)	<u>622</u>
Implement repairs and tools	108
Contract work	38
Fuel, light and power	64
Repairs to buildings, fences, drains	77
Rent	134
Rates	17
Insurances - general	13
Car running expenses	123
Interest	19
Carriage	34
Sundry livestock expenses	85
Sundry crop expenses	11
Miscellaneous	95
TOTAL "OTHER EXPENSES" (v)	<u>818</u>
TOTAL TRADING EXPENDITURE (i) - (v)	£2790
<u>Depreciation:-</u>	
Structures	23
Equipment	145
Car	33
TOTAL DEPRECIATION (vi)	<u>201</u>
TOTAL EXPENDITURE (i) - (vi)	2991
Est. charge for farmer & wife's manual work	<u>570</u>
GRAND TOTAL	<u>£3561</u>

APPENDIX TABLE XI

STOCK REARING FARMS

AVERAGE OF REVENUE - PER FARM

12 FARMS: 1958 LAMB CROP YEAR

Average of farm size - acres (actual)	460
Average number of ewes per farm	233
Average number of all cattle per farm	57
<u>REVENUE FROM:-</u>	£
Horses	7
Prime Cows and Heifers	561
Other Cattle - mainly store	826
Unallocated Deficiency Payments	neg.
TOTAL CATTLE	<u>1387</u>
Ewes	164
Rams	16
Lambs	965
Other Sheep	256
Unallocated Deficiency Payments	<u>44</u>
TOTAL SHEEP	<u>1445</u>
Pigs	<u>46</u>
Poultry	2
TOTAL LIVESTOCK (i)	<u>£2894</u>
Wool	213
Eggs	96
Other Livestock produce	3
TOTAL LIVESTOCK PRODUCE (ii)	<u>312</u>
Crop sales	39
Cereal Deficiency Payments	60
Grazing let	-
TOTAL CROPS (iii)	<u>99</u>
Hill cattle subsidy	142
Calf subsidy	103
Attestation grant	-
Hill sheep subsidy	-
Lime and fertiliser subsidies (netted)	-
Marginal land grant	163
Drainage, bracken etc. grants	6
L.S.R. Act. grants	-
Plough subsidy	<u>50</u>
TOTAL SUBSIDIES (iv)	<u>464</u>
Miscellaneous revenue	8
Perquisites and produce	9
Shares to domestic account	<u>101</u>
	<u>118</u>
TOTAL TRADING REVENUE (i) - (v)	<u>£3887</u>

APPENDIX TABLE XII

STOCK REARING FARMS

AVERAGE OF THE FARM OUTPUTS AND CHARGES - PER 100 ACRES

12 FARMS: 1958 LAMB CROP YEAR

Average of farm size - acres (actual)	460
Average number of ewes per farm	233
Average number of all cattle per farm	57
<u>PER 100 ACRES</u>	
Gross cattle output (incl. subsidies and grants)	303
Gross sheep and wool output	315
Gross pig output	5
Gross poultry and egg output	24
Gross Livestock Output	647
Gross crop output (incl. Cereal Deficiency Payments)	27
All other items	4
GROSS FARM OUTPUT	678
<u>Deduct:-</u>	
Concentrates and fodders	78
Grazing taken	6
Seeds bought	21
NET FARM OUTPUT	573
<u>Deduct:-</u>	
Lime and fertilisers (net)	65
	508
<u>Deduct:-</u>	
Labour, except farmer and wife	135
Farmer and wife's manual	124
MARGIN	249
<u>Deduct:-</u>	
All other tenancy expenditure	172
	77
<u>Add back:-</u> Offsetting Grants <sup>≡</sup>	47
	124
<u>Deduct:-</u>	
Depreciation on equipment	44
SURPLUS PER 100 ACRES	£80

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