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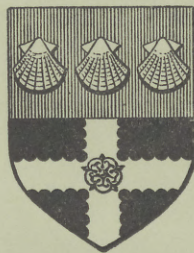
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FINANCIAL RESULTS  
ON HORTICULTURAL HOLDINGS  
IN THE SOUTHERN PROVINCE  
IN 1961/62

BY  
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MISCELLANEOUS STUDIES NO. 29

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### Financial results of horticultural holdings in 1961/62

For some years this Department has collected financial and economic data from a number of growers in the south of England as part of the Farm Management Survey sponsored by the Ministry of Agriculture, Fisheries & Food. Until 1959 a brief report was issued annually to the growers concerned setting out the average results of three groups of market garden holdings and one group of fruit holdings. Three years ago, however, the number of co-operating growers was increased and the scope of the enquiry widened so as to include glasshouse growers as well. This report is the third of the present series and covers 44 holdings in the counties of Hampshire, Berkshire, Buckinghamshire, Middlesex and Warwickshire. The analysis of the data was carried out by Mr. John Williams.

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

The 44 holdings concerned have been classified into three main groups and seven sub-groups as follows:-

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

Holdings falling into Group 1(a) are those on which at least 90 per cent.

of the gross income from crop sales is derived from glasshouse crops. Those in Group 1(b) derive at least 50 per cent., but less than 90 per cent., of their gross income from sales of glasshouse crops.

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

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

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

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

The distribution of the 44 holdings by type and by county is given in the following table:-

County	Group 1		Group 2			Group 3		All Groups
	(a)	(b)	(a)	(b)	(c)	(a)	(b)	
Hampshire	4	1	1	5	3	5	1	20
Berkshire	-	-	-	-	1	-	3	4
Middlesex	1	1	3	-	1	-	1	7
Buckinghamshire	-	-	-	-	1	-	-	1
Warwickshire	3	2	2	-	3	-	2	12
	8	4	6	5	9	5	7	44

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

The reason for the different methods of giving the results is explained by the fact that, though holdings in Group 1(a) are not concerned with outdoor crop production, some of them nevertheless have a considerable area of unused open land. In this group, therefore, "acreage of glass" and "capital investment" are largely synonymous terms. But capital investment is not synonymous with the acreage of the holdings on which it is invested under the circumstances to be found on Group 1(a) holdings. In contrast, holdings in Group 1(b) are (within the limits laid down by definition) concerned with combinations of glasshouse and outdoor crops and both methods of presenting the financial results have been adopted. To facilitate comparison between groups the main results are given on both bases in the tables on pages 14 and 16.

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

This group consists of eight holdings of an average size of 3.34 acres. The area of glass per holding was 0.84 acre in which 0.9 acre of crops were grown in the year. Outdoor crops amounted to 0.08 acre per holding, the remaining outside land being unused.

Of the total cropped area (glass and outdoor) glasshouse crops totalled 91.5 per cent. and outdoor crops 8.5 per cent.. The crops were as follows:-

<u>Glasshouse crops</u>	<u>% of glasshouse area</u>	<u>% of total glasshouse crops</u>	<u>% of total cropped area</u>
Tomatoes	17.9	16.8	15.4
Flower crops	39.0	36.6	33.5
Cucumbers	40.8	38.3	35.0
Salad crops	7.4	6.9	6.3
Other crops	1.6	1.4	1.3
	<u>106.7</u>	<u>100.0</u>	<u>91.5</u>

Outdoor crops

Salad crops	2.1
Seed crops	<u>6.4</u>
	<u>100.0</u>

The glasshouses on these holdings represented 77.6 per cent. of the total investment in tenants' capital. At written-down values the whole tenants' capital - glasshouses, equipment, stores and so on - was equal to £7,970 per acre of glasshouses.

The average expenditure for the year per £1,000 tenants' capital was £1,174 and the average receipts £1,353. The difference between receipts and expenditure of £179, together with an increase in the valuation of £9 gave a net income of £188 per £1,000 tenants' capital. The hazards and rewards of this form of production are emphasised by the statement that the net incomes varied as between a deficit of £26 and a surplus of £451 per £1,000 invested.

Group 1(b) Glasshouse holdings with outdoor crops

This group consists of four holdings of an average size of 9.10 acres of land on which there was 1.11 acres of glasshouses. The glasshouses carried 1.85 acres of crops in the year and the outside land 5.81 acres of crops. The relative importance of the different crops grown was as follows:-

<u>Glasshouse crops</u>	<u>% of glasshouse area</u>	<u>% of total glasshouse crops</u>	<u>% of total cropped area</u>
Chrysanthemums	86.2	51.5	10.0
Tomatoes	53.6	32.0	6.2
Lettuce	24.1	14.4	2.8
Cucumbers	3.5	2.1	0.4
	167.4	100.0	19.4
<u>Outdoor crops</u>			
Salad crops			11.1
Peas and beans			2.6
Flowers and plants			29.3
Tomatoes			1.3
Top fruit			0.7
Brassicas			3.9
Bushes and shrubs			11.7
Land in preparation			20.0
			<u>100.0</u>

The average expenditure per £1,000 tenants' capital was £3,189 and the receipts £4,032. The difference between receipts and expenditure of £843 together with a valuation decrease of £9 gave a net income of £834 per £1,000 tenants' capital.

Expressed on the basis of per acre of the holdings the main results were:- expenditure £1,309, receipts £1,655, valuation decrease £4 and net income £343. All holdings realised a surplus net income. The net income varied from £185 an acre to £741 an acre.

Financial results of glasshouse holdings in 1961/1962

	Group 1(a) per £1000 tenants' capital £	Group 1(b) per £1000 tenants' capital £	per acre £
<u>Receipts</u>			
Sales of produce	1348	4022	1651
Other receipts	5	10	4
<b>TOTAL RECEIPTS</b>	<b>1353</b>	<b>4032</b>	<b>1655</b>
<u>Expenditure</u>			
Labour	478	1559	640
Glasshouse fuel	161	286	118
Manures	86	133	54
Seeds and plants	71	30	12
Produce bought in	-	417	171
Sprays and fumigants	13	22	9
Power	77	246	101
Packing materials	48	21	9
Horticultural sundries	52	76	31
Depreciation of glasshouses	85	80	33
Repairs	53	129	53
Rent of land	5	53	22
Miscellaneous expenses	45	137	56
<b>TOTAL EXPENDITURE</b>	<b>1174</b>	<b>3189</b>	<b>1309</b>
Difference in receipts and expenditure	179	843	346
Valuation difference	+ 9	- 9	- 4
<b>NET INCOME</b>	<b>188</b>	<b>834</b>	<b>342</b>



Group 2(a) Intensive market gardens

This group of six holdings averaged 9.1 acres in size with an average of 0.165 acre of glass per holding. Almost three-quarters of the area of crops grown was devoted to relatively intensive crops as follows:-

<u>Intensive crops</u>	<u>% of cropped area</u>	<u>Extensive crops</u>	<u>% of cropped area</u>
Glasshouse crops	2.4	Brassicas	16.6
Lettuce	37.7	Potatoes	2.5
Outdoor tomatoes		Roots	2.8
and cucumbers	2.1	Land in preparation	6.0
Onions	7.2		
Peas and beans	3.5		27.9
Celery	2.5		
Cauliflower	4.7		
Soft fruit	-		
Top fruit	0.4		
Flowers	9.4		
Rhubarb	2.2		
	<u>72.1</u>		

The glasshouses on these holdings played only a minor role, the crops grown being tomatoes and flowers.

The average expenditure per acre amounted to £647 and the average receipts to £838. The difference between receipts and expenditure of £191 was diminished by a valuation decrease of £7 to give a net income of £184 an acre. Five holdings showed surplus net incomes and one a deficit, the range being from £-9 an acre to £764 an acre.

Group 2(b) Semi-intensive market gardens

This group of five holdings averaged 11 acres each, but had a slightly higher proportion of relatively intensive crops than the preceding group. The crops were as follows:-

<u>Intensive crops</u>	<u>% of cropped area</u>	<u>Extensive crops</u>	<u>% of cropped area</u>
Lettuce	21.7	Brassicas	21.2
Peas and beans	5.9	Sundry vegetables	3.2
Onions	0.7	Roots	0.8
Flowers	8.8	Potatoes	0.1
Soft fruit	12.0		
Top fruit	19.3		
Outdoor tomatoes and cucumbers	0.9		
Cauliflower	3.5		
Rhubarb	0.1		
Glasshouse crops	1.8		
	<u>74.7</u>		<u>25.3</u>

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

The average expenditure amounted to £600 an acre, of which £210 was on account of livestock and foods purchased. The receipts were of the order of £711 per acre of which £253 was on account of livestock sales. The excess of receipts over expenditure of £111 an acre was diminished by a valuation decrease of £19 to give a net income of £92 an acre.

Four holdings showed a surplus net income and one a deficit, the range being from a deficit of £104 to a surplus of £176 per acre.

Group 2(c) Extensive market gardens

These nine holdings averaged 87.6 acres each and were mainly concerned with vegetable growing on a farm scale. Brassicas were the predominant horticultural crop but even these were exceeded in importance by area, by grass and agricultural crops. The crops grown were as follows:-

<u>Intensive crops</u>	<u>% of cropped area</u>	<u>Extensive crops</u>	<u>% of cropped area</u>
Lettuce	3.6	Brassicas	31.5
Peas and beans	4.6	Potatoes	6.1
Cauliflower	4.2	Roots	5.3
Onions	1.0	Other crops	0.2
Flowers	0.2	Land in preparation	4.6
Fruit	1.4	Grass & agricultural	36.6
Other crops	0.7	crops	
	<hr/>		<hr/>
	15.7		84.3
	<hr/>		<hr/>

Three of the holdings had a livestock enterprise but only on one were sales of livestock and livestock products in excess of the sales of crops.

The average expenditure per acre was £74 of which £4 was on account of livestock purchases and foodstuffs. The receipts per acre were £89 of which £11 was on account of livestock sales. The excess of receipts over expenditure of £15 an acre was augmented by a rise in the valuation of £1 per acre to give a net income of £16 per acre. All holdings showed a surplus net income the range being from £1 an acre to £178 an acre.

Financial results of market garden holdings in  
1961/1962

	Group 2(a) per acre	Group 2(b) per acre	Group 2(c) per acre
	£	£	£
<u>Receipts</u>			
Sales of produce	833	452	77
Livestock sales	-	253	11
Other receipts	5	6	1
<b>TOTAL RECEIPTS</b>	<b>838</b>	<b>711</b>	<b>89</b>
<u>Expenditure</u>			
Labour	299	182	33
Glasshouse fuel	13	1	1
Manures	44	29	10
Seeds and plants	22	14	4
Produce bought in	50	46	-
Sprays and fumigants	5	4	-
Power	85	50	12
Packing materials	12	15	1
Horticultural sundries	24	-	-
Depreciation of glasshouses	19	5	-
Repairs	6	21	2
Rent of land	10	8	4
Livestock expenses	-	210	4
Miscellaneous expenses	58	-	3
<b>TOTAL EXPENDITURE</b>	<b>647</b>	<b>600</b>	<b>74</b>
Difference in receipts and expenditure	191	111	15
Valuation difference	- 7	-19	1
<b>NET INCOME</b>	<b>184</b>	<b>92</b>	<b>16</b>

Group 3(a) Soft fruit holdings

The five holdings in this group average 4.2 acres in size and were mainly concerned with strawberry growing. Almost three-quarters of the cropped area was devoted to strawberries and over 93 per cent. to relatively intensive crops.

<u>Intensive crops</u>	<u>% of cropped area</u>
Strawberries	72.0
Top fruit	9.8
Lettuce	6.1
Beans	1.2
Unheated glass	<u>3.7</u>
	92.8
<u>Extensive crops</u>	
Brassicas	3.6
Land in preparation	<u>3.6</u>
	<u>100.0</u>

Expenditure per acre amounted to £477 and receipts to £589 giving an excess of receipts over expenditure of £112. There was an increase in valuation of £4 per acre to give a net income of £116 per acre. Three growers had a surplus net income and two a deficit, the range being from £-89 to £278 per acre.

Group 3(b) Top fruit holdings

The average size of the seven holdings in this group was 118.1 acres of which about one-half was devoted to top fruit. The crops grown were as follows:-

	<u>% of cropped area</u>
Top fruit	46.5
Soft fruit	11.5
Brassicas	2.4
Other vegetable crops	1.3
Land in preparation	11.8
Grass and agricultural crops	<u>26.5</u>
	<u>100.0</u>

Three holdings had a livestock enterprise but only on one did livestock sales exceed the sales of crops. The average expenditure per acre was £127 of which £2 was on account of livestock. The average receipts per acre were £171 of which £5 was for livestock sales. The net income of £42 an acre was made up of an excess of receipts over expenditure of £44 and a valuation decrease of £2.

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

Average size	11 acres	261 acres
Total receipts per acre	£295	£164
Total expenditure per acre	£274	£119
Valuation difference	£-9	£-2
Net income per acre	£12	£43

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

Five holdings showed a surplus net income and two a deficit, the range being from £-53 an acre to £125 an acre.

Financial results of fruit holdings in

1961/1962

	Group 3(a) per acre	Group 3(b) per acre
	£	£
<u>Receipts</u>		
Sales of produce	585	163
Livestock sales	-	5
Other receipts	4	3
<b>TOTAL RECEIPTS</b>	<b>589</b>	<b>171</b>
<u>Expenditure</u>		
Labour	258	52
Manures	36	7
Seeds and plants	17	4
Sprays	5	7
Power	73	27
Packing materials	34	14
Horticultural sundries	4	1
Depreciation of cloches and frames	14	-
Repairs	1	3
Rent of land	9	6
Livestock expenses	-	2
Miscellaneous expenses	26	4
<b>TOTAL EXPENDITURE</b>	<b>477</b>	<b>127</b>
Difference in receipts and expenditure	112	44
Valuation difference	4	-2
<b>NET INCOME</b>	<b>116</b>	<b>42</b>

SUPPLEMENTARY TABLES

Financial results of horticultural holdings per acre and  
per £1000 tenants' capital 1961/62

	<u>Per acre</u>			<u>Per £1000 tenants' capital</u>		
	Receipts	Expen- diture	Net income	Receipts	Expen- diture	Net income
	£	£	£	£	£	£
Group 1(a)	8971 *	7094 *	1855 *	1353	1174	188
Group 1(b)	1655	1309	342	4032	3189	834
Group 2(a)	838	647	184	2097	1619	461
Group 2(b)	711	600	92	3084	2604	399
Group 2(c)	89	74	16	2769	2311	491
Group 3(a)	589	477	116	2352	1905	463
Group 3(b)	171	127	42	2086	1547	506

\* per acre of glasshouses.

Average valuation of tenants' assets on horticultural  
holdings in 1961/62

	Crops & Tillages	Stores	Glass- houses	Equip- ment	Live- Stock	Total
	£	£	£	£	£	£
Group 1(a) (per £1000 tenants' capital)	49	13	776	162	-	1000
Group 1(b) (per £1000 tenants' capital)	149	-	625	226	-	1000
(per acre)	61	-	257	93		411
Group 2(a) (per acre)	56	13	175	156	-	400
Group 2(b) (per acre)	23	27	53	80	48	231
Group 2(c) (per acre)	8	-	1	19	4	32
Group 3(a) (per acre)	22	5	127	96	-	250
Group 3(b) (per acre)	17	6	1	55	3	82



Net Output and costs per £100 net output on  
horticultural holdings in 1961/1962

	Group		Group			Group	
	1(a)	1(b)	2(a)	2(b)	2(c)	3(a)	3(b)
	£	£	£	£	£	£	£
<u>Net Output</u>							
per £1000 tenants' capital	1242	3555	-	-	-	-	-
per acre	-	1460	748	407	81	538	149
<u>Costs per £100 Net Output</u>							
Labour	38	44	40	45	41	48	35
Glasshouse fuel	13	8	2	-	-	-	-
Manures	7	4	6	7	12	7	5
Power	6	7	11	12	15	13	18
Rent of land and depreciation of glass	7	4	4	3	6	4	4
Other prime costs	2	1	1	2	-	2	5
Other costs	12	9	11	8	6	5	5
<b>TOTAL COSTS</b>	<b>85</b>	<b>77</b>	<b>75</b>	<b>77</b>	<b>81</b>	<b>79</b>	<b>72</b>

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

	Net output	Net income
	£	£
Group 1(a) per £1000 tenants' capital	1671	380
Group 1(b) per £1000 tenants' capital	2497	739
per acre	2496	641
Group 2(a) per acre	1783	713
Group 2(b) per acre	478	130
Group 2(c) per acre	269	122
Group 3(a) per acre	670	271
Group 3(b) per acre: small scale	449	82
: large scale	148	55

Management income per acre and per £1000 tenants'  
capital in 1961/1962

	<u>Management Income</u>	
	per acre	per £1000 tenants' capital
	£	£
Group 1(a)	278	138
Group 1(b)	320	780
Group 2(a)	164	410
Group 2(b)	81	350
Group 2(c)	14	439
Group 3(a)	103	412
Group 3(b)	37	457

### Definitions

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

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

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

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

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

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

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

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

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

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

