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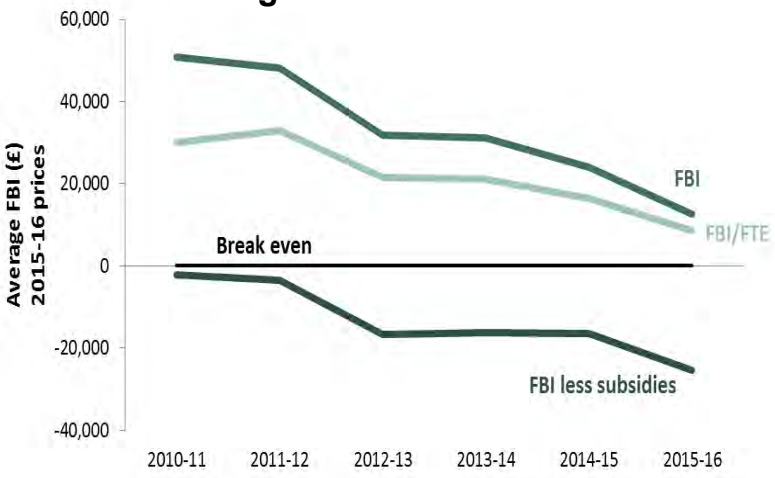
AGRICULTURE, ENVIRONMENT AND MARINE

Annual Estimates of Scottish Farm Business Income (FBI) 2015-16

27th April 2017

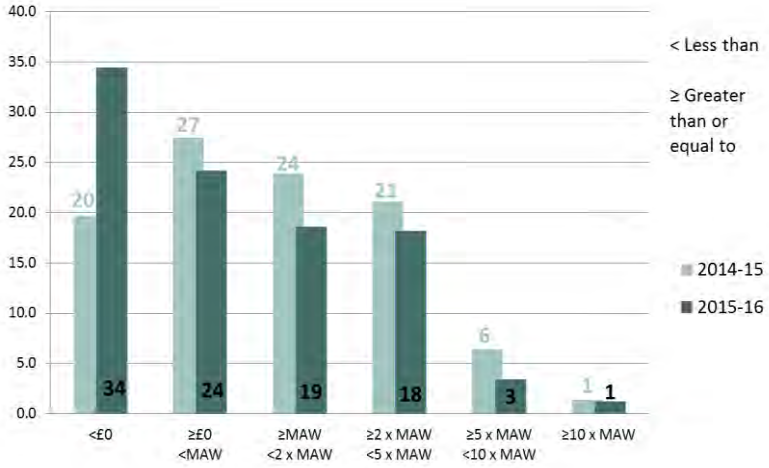
Introduction

Average Farm Business Income



Source: Table 1

Percentage of farms according to FBI/FTE, relative to MAW



Source: Table 5

The Scottish Farm Business Income (FBI) publication provides farm business level estimates of average incomes for the accounting year 2015-16, which relates to the 2015 crop year. Other financial indicators, such as productivity and financial strength, are also presented.

In 2015-16, the average FBI for businesses in the survey was £12,600, the lowest level over the six-year series. This represents a decrease of 48 per cent (£11,500) in real terms over the last year and a decrease of 75 per cent (£38,200) in real terms since 2010-11. When FBI is calculated without the addition of subsidy payments the value results in a loss of £25,500.

From the Farm Business Survey, 36 per cent of farm businesses made a loss and more than half of farm businesses (59 per cent) generated income roughly equivalent to less than the minimum agricultural wage (MAW), per hour of unpaid labour. This latter figure has increased by 11 percentage points compared to the previous year.

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Methodology Note

Estimates of average farm income in Scotland come from the Farm Business Survey (FBS, previously known as the Farm Accounts Survey (FAS)) for Scotland, which is based on a sample of 500 farms. The FBS sample is stratified by farm type, and size.

The survey does not currently include farms predominantly engaged in horticulture, poultry or pig production. The coverage of the survey is restricted to those farms which have considerable economic activity (at least 25,000 Euros of output) and are not considered as part-time farms (have a Standard Labour Requirement (SLR) of more than 0.5). Therefore, some survey findings may not necessarily apply to the whole of the agriculture industry.

Farm typology has been amended since 2014 and farms are now classified by standard outputs (SOs) rather than standard gross margins (SGMs). The 2015-16 data has been calculated using 2010 SO coefficients.

Time series in this report are presented in 2015-16 prices, unless stated otherwise. In line with methodologies throughout the UK and standard methodologies within the European Commission (EC) this is now done using the Office for National Statistics (ONS) GDP deflator (implicit price deflator for gross domestic product).

More details on the methodology, quality of the FBS and results are available online in the methodology and quality note. More detailed data tables are also available online, from the Agriculture Statistics website.

1. Summary – 2015-16 Crop Year

2015-16 income estimates focus on the 2015 crop year. There was less spending on inputs in 2015-16 compared to the previous year, however, there was a bigger decrease in crop and livestock production on average for all farm types. This, combined with a reduction in grants and subsidy payments and less favourable market prices, especially for dairy farms, created a downward pressure on profitability from agriculture.

Profitability

In 2015-16 the average Farm Business Income (FBI) was £12,600, the lowest level in the six year time series. This represents a fall of 48 per cent (down £11,500) over the last year and of 75 per cent (down £38,200) since 2010-11.

While spending on inputs fell, the benefit was outweighed by the decline in output income driven by a fall in crop and livestock revenue and the reduced value of subsidy payments[1]. Since 2010-11, crop input costs and revenue have fallen, whereas livestock revenue has improved, although this has been outweighed by a rise in spending on livestock inputs. The value of subsidy payments declined considerably leading to a general downward trend in profitability over the last few years.

From the Farm Business Survey (FBS) over half (59 per cent) generated income roughly equivalent to less than the minimum agricultural wage (MAW), per hour of unpaid labour. This includes the 36 per cent of farm businesses that made a loss in 2015-16.

General cropping farms had the highest average FBI in 2015-16, at £24,100. All lower quartile farms (businesses with the lowest 25 per cent of FBI values) made a loss in terms of FBI in 2015-16. The average FBI of lower quartile farms ranged from a loss of £14,700 for LFA cattle and sheep farms to a loss of £85,600 for dairy farms. The upper quartile farms (businesses with the highest 25 per cent of FBI values) had incomes ranging from £38,500 for lowland cattle and sheep farms to £112,000 for dairy farms.

Farm Business Income is the primary measure of farm level income in the UK but has only been calculated since 2009. A related measure, Net Farm Income, has a longer series and shows, when prices are adjusted for inflation, that the average income in 2015-16 was the lowest since 1991-92. Farm incomes often show large fluctuations from year to year, but the decline over the last five years is the most severe decrease in income since the BSE outbreaks in the mid-90s.

[1] Relates to the 2015 subsidy payments, irrespective of when payments were received.

Components of profitability

The average loss from agricultural farming activities increased in 2015-16 to £31,100. The average farm business in the survey still made a loss after accounting for diversification (£2,800), contracting (£3,100) and agri-environment activities (£7,800), and therefore was reliant on subsidies (£30,000) for profit.

Diversified farm businesses achieved incomes, on average, £11,000 higher than non-diversified farms. The most common diversified activity in 2015-16 was renting out buildings (other than for tourist accommodation), although processing and retailing of farm produce generated the greatest profit.

Productivity (Output/ Input Ratio)

The overall average output to input ratio is 1.08, meaning that for every £1 spent on inputs, Scottish farm businesses are generating £1.08 worth of outputs. The average for high performing farms is around £1.31, while for lower performers it is around £0.83; an average loss of £0.17 for every £1 spent.

Financial strength (Assets and Liabilities)

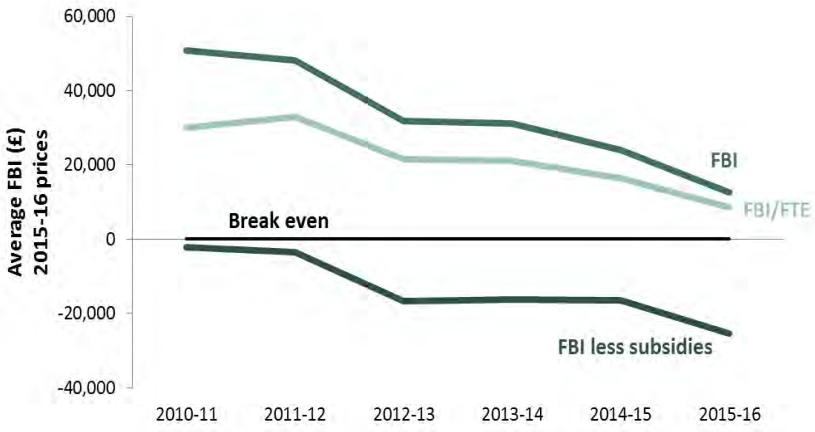
The net worth of farm businesses in 2015-16 increased by £46,400 to a closing balance of £1.3m for all farm types, while average liabilities and average asset values both increased by four per cent (£5,200 and £51,700 respectively). The average debt ratio (liabilities as a percentage of assets) is relatively low, with liabilities equal to ten per cent of assets. A low debt ratio can make businesses more resilient in low income years and helps in securing better rates on loans.

2. Profitability

2.1 Farm Business Income (Tables 1, 12)

Farm Business Income (FBI) is the average headline business-level measure of farm income in the UK. FBI represents the return to the whole farm business, that is, the total income available to all unpaid labour and their capital invested in the business. Returns from diversified activities (non-agricultural activities that use farm resources, for example: renting out farm cottages for tourism; income from small/ medium scale wind turbines; etc.) are included in overall FBI.

Figure 1: Average FBI of Scottish farms



In 2015-16, the average FBI was £12,600, the lowest level in the last six years[2]. This is 48 per cent lower in real terms than the previous year, down £11,500 and 75 per cent lower in real terms since 2010-11.

When subsidy payments are excluded, the average FBI is a loss of £25,500 in 2015-16[3]. For each of the last six years, FBI without subsidy payments has been a loss (Figure 1).

Changes in the components which make up FBI are shown in Figure 2 for the last year and over the six year series. Between 2014-15 and 2015-16 all spending on inputs and revenue from outputs decreased, except for revenue from diversified activities which increased by 19% to £2,800. Livestock and crop revenue reduced by a bigger margin that that for spending on inputs for these products within the last year. This, along with the reduction in the value of grants and subsidies, resulted in the overall fall in income.

The Basic Payment Scheme (BPS) replaced the Single Farm Payment Scheme (SFP) in 2015 as the method of allocating funding through Direct Payments. The 2015-16 Farm Business Survey (FBS) was the first year to

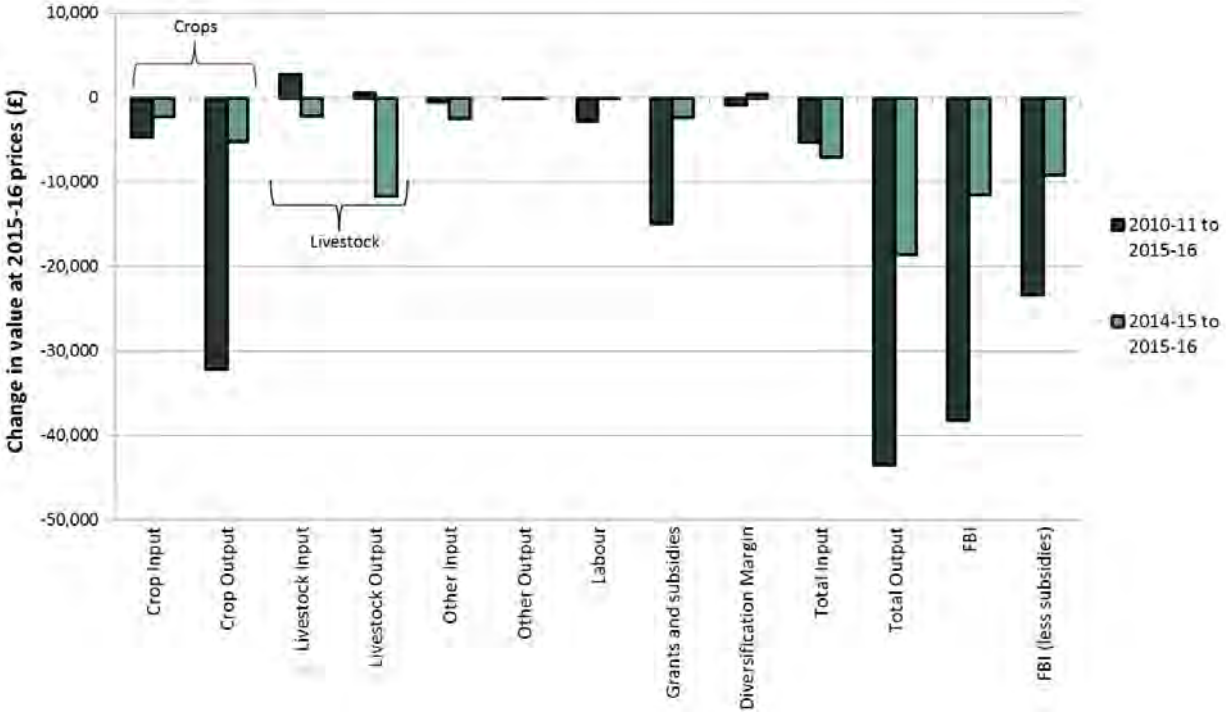
[2] Data relate to 2015 crop year. Initial Total Income from Farming estimates for 2016 suggest an upturn in 2016.

[3] Estimates from Total Income from Farming, which include farm types not included in the FBS, suggest that, overall, agriculture made a profit even when subsidies are excluded.

collect data on BPS and the average value of BPS subsidy and other support payments was £30,000 per farm in this year, a decrease of five per cent from 2014-15.

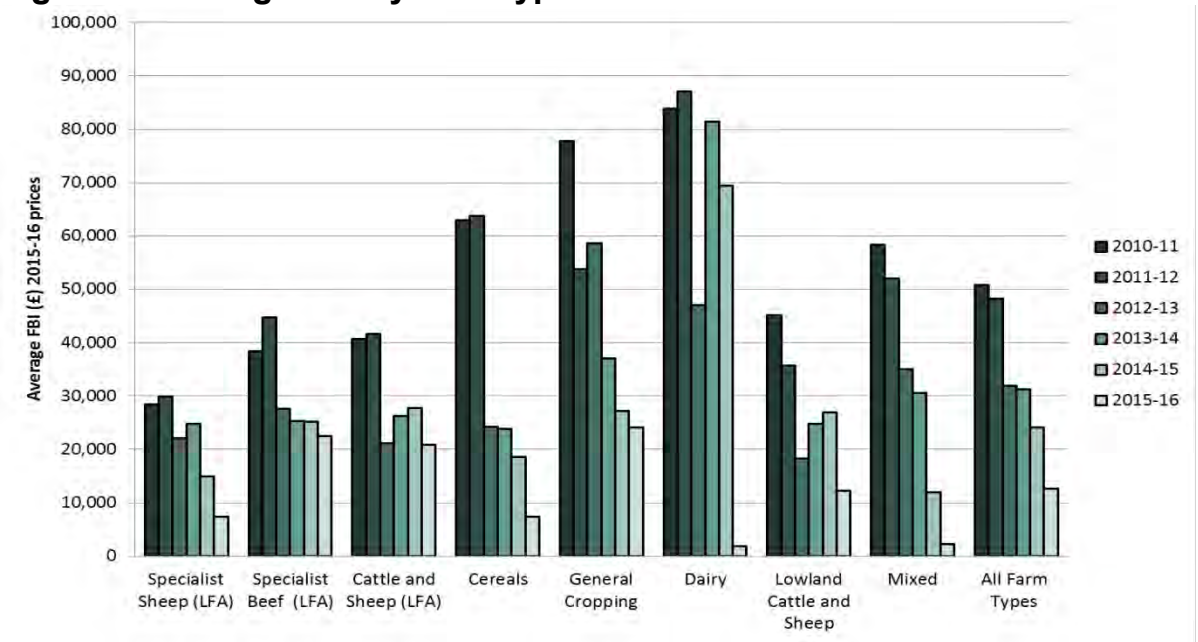
Revenues for livestock have improved over the six year series however this has been outweighed by a rise in spending on livestock inputs combined with a declining average value of subsidy payments. Crop outputs have almost halved in the last six years while crop inputs decreased by 15 per cent. Labour costs have fallen by around £2,800 when compared over the six years.

Figure 2: Changes to FBI components: all farm types



All eight farm types experienced a decrease in overall FBI between 2014-15 and 2015-16 (Figure 3). Dairy farms had the largest decrease with average FBI down 97 per cent (£67,600). This was largely due to the drop in milk prices over the last year from an average of £0.30 per litre in 2014-15 to £0.21 per litre in 2015-16. Mixed farms had the second largest percentage decrease in average FBI, down 81 per cent (£9,700). Lowland cattle and sheep farms profitability was down 54 per cent (£14,600), whereas LFA cattle and sheep farms were down 25 per cent (£6,900). The overall FBI for LFA sheep farms decreased by 51 per cent (£7,600) and for cereal farms it decreased by 60 per cent (£11,200). LFA cattle and general cropping farms had the smallest decrease in average FBI, both falling by 11 per cent, £2,700 and £3,100 respectively.

Figure 3: Average FBI by farm type



Analysis of individual farm types is presented in section 7.

2.2 Return to unpaid labour (Table 1)

FBI does not include costs for unpaid labour (farmer, spouse, other partners, directors and managers) that are, to some extent, dependent on the income of the farm business. The unpaid FTE (full-time equivalent) of a farm is the number of hours worked by regular unpaid labour. One FTE is equal to 1,900 hours a year. Figure 1 shows the average FBI of Scottish farms per unit of unpaid labour.

Trends in FBI/FTE over the six year series roughly mirror overall FBI at a reduced level; typically around a third lower. Over the last year, the average FTE for all farm types has remained relatively unchanged. In 2015-16 the overall average FBI/FTE was £8,600, 48 per cent lower than the previous year. The biggest difference between FBI and FBI/FTE was in 2010-11.

FBI/FTE reveals more than FBI alone. When looking in more detail, for example by farm type (covered in later sections of this report), it can be seen that the average FTE varies. Therefore the finance available to remunerate unpaid labour, those with an entrepreneurial interest in the farm business, will also vary.

We can put the FBI/FTE into context by comparing it to the minimum agricultural wage (MAW) which farm owners are required to pay farm workers. This minimum wage is set in legislation each October. As the FBS does not fit within a single year of the legislation we have estimated a weighted MAW for comparison at £7.17 in 2015-16.

Figure 4: Average FBI/FTE, relative to MAW 2015-16

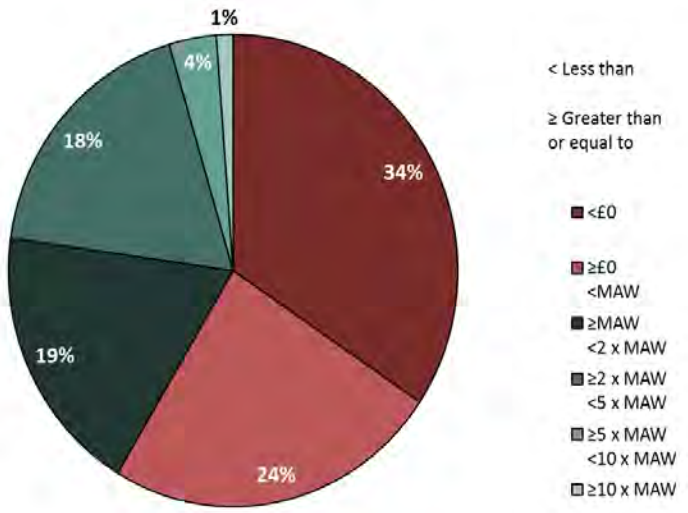


Figure 4 shows that over half of farms in the 2015-16 Farm Business Survey generated income roughly equivalent to less than the MAW, per hour of unpaid labour. Five per cent of farms in the survey generated income at least five times the MAW, which is at least £35.85 per hour of unpaid labour.

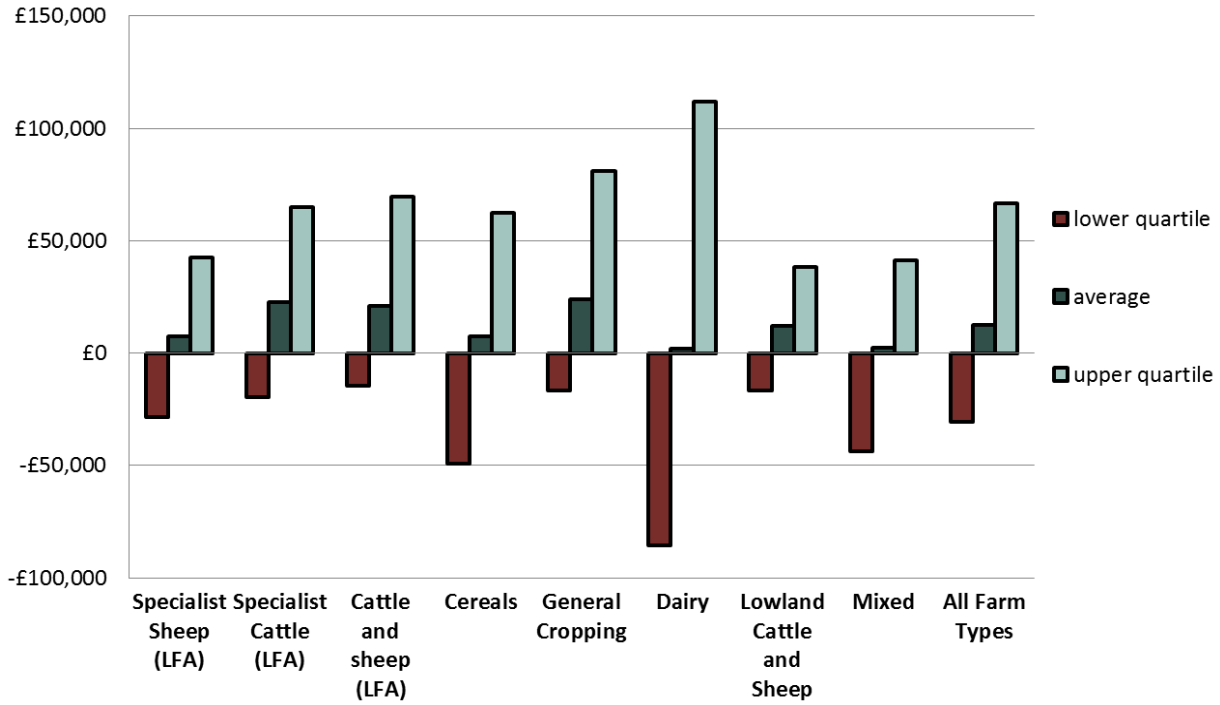
Although the MAW may be less than what the person involved in this unpaid labour would expect to be paid, due to level of experience or qualifications, it is the legal minimum. It should also be noted that the income described by FBI should cover more than just the labour provided by the farm owner: there is also the unpaid management, provision for return on capital and provision of funds for further investment (beyond the depreciation charges included in costs). Comparison against the MAW is nonetheless a helpful indicator of the performance of farm businesses.

2.3 Relative performance (Table 2)

There are many factors which contribute to the relative performance of a farm business. These include: tenure of the farm (with tenant farms having relatively higher overheads); prices and duration of contract for produce; supply costs and efficiency of application of inputs; level of indebtedness; as well as the motivations for farming and preferences for methods of farming of individual farm owners/managers. There are also factors which farm owners and managers have no control over, such as weather conditions, demand and the market context (for example prices of inputs). Due to these factors the profitability of farm businesses can vary greatly.

Figure 5 shows the average FBI of all farm types by quartile, i.e. the average for all farm businesses with the lowest 25 per cent of FBI values, the overall average, and the average of all farm businesses with the highest 25 per cent of FBI values. The quartile data provides an indication of how performance varies for each farm type but does not account for differences in the size and structure of the farms.

Figure 5: Average FBI by farm type and quartile (lowest 25 per cent, average and upper 25 per cent) for 2015-16



For all farm types in 2015-16 there was a considerable difference between higher and lower performing businesses. The overall average FBI of farms in the lower quartile was a loss of £30,700, while those in the upper quartile generated an average income of £66,600, more than five times the average FBI.

Dairy farms had the largest range in average FBI between lower and upper quartile businesses, with lower quartile farms averaging a loss of £85,600 and upper quartile farms having an average income of £112,000. These values are, respectively, the lowest and highest average FBI across all the farm types.

All lower quartile farms made an overall loss in terms of FBI in 2015-16. The average FBI of lower quartile farms ranged from a loss of £14,700 for LFA cattle and sheep farms to a loss of £85,600 for dairy farms. The average FBI for upper quartile farms ranged from £38,500 for lowland cattle and sheep to £112,000 for dairy farms.

As previously mentioned, the variation seen between the quartiles does not take into account the overall size of farms. Larger farm business will have larger input costs as well as revenue compared to smaller equivalent business but both could be working with equal efficiency.

Productivity of the various farm types per quartile is discussed further in Section 4.

3. Comparison of Profitability

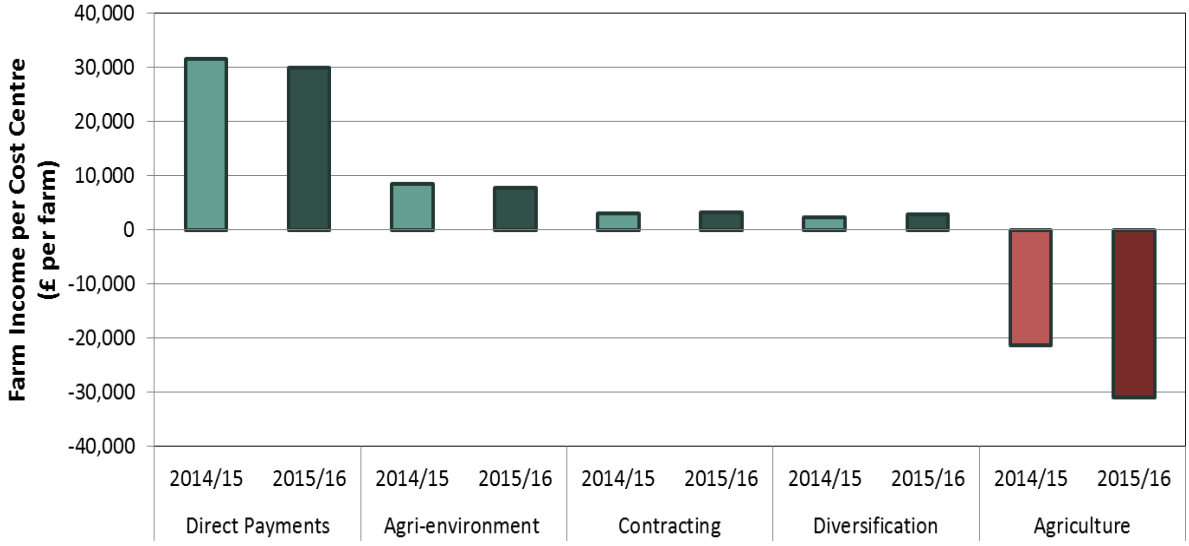
3.1 Cost centres (Table 7)

The purpose of cost centre analysis is to identify the contribution of different sources of income within the business to the overall business's profit or loss. Although referred to as 'cost centres' it is worth noting that these parts of the business are not just costs and they also generate income. All inputs and outputs have been counted against one of five cost centres: agricultural; agri-environment (land management to support environmental objectives); diversification; agricultural contracting (off-farm use of farm business resources); and income from the direct payments scheme (costs could be incurred against this centre if, for example, accountants are hired to manage claims).

Figure 6 below shows the overall average income from each cost centre in 2014-15 and 2015-16. In both years, losses were accumulated against farming activity (the agricultural cost centre).

The average loss from agricultural farming activities increased in 2015-16 to £31,100. This loss from agricultural activities was offset by income from diversification, contracting and agri-environment activities. However, the profitability of the average Scottish farm business in the FBS is heavily reliant on income from the Direct Payment Schemes.

Figure 6: Farm Business Income by cost centre



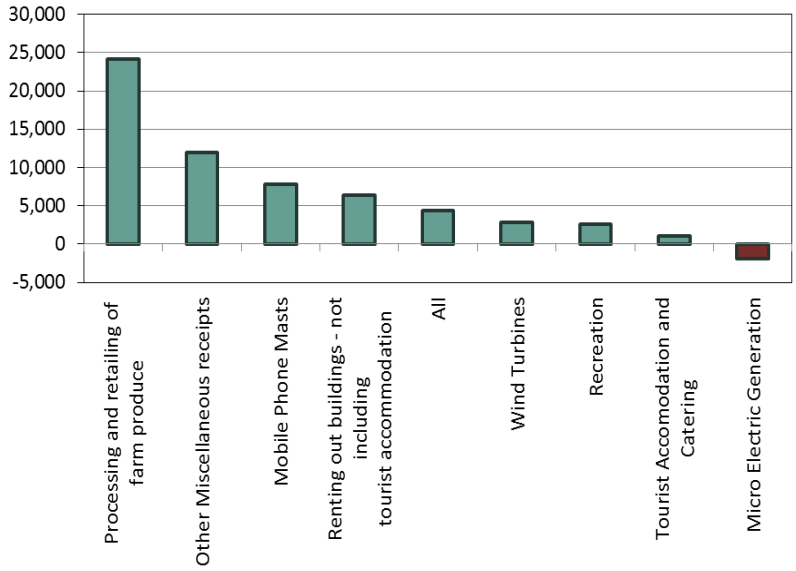
The average income to Scottish farm businesses in the survey from direct payments was £30,000 in 2015-16, a decrease of five per cent on the previous year. There was an eight per cent decrease in the value derived from agri-environment schemes to an average of £7,800. Contracting increased two per cent in the latest year, with this activity generating an average of

£3,100. Diversified activities generated £2,800 on average, a 19 per cent increase since 2014-15. Despite the low average income from diversified activities, farms engaged in such activities reported notably higher incomes than non-diversified farms on average.

3.2 Diversified activities (Tables 8, 9)

Some farms receive additional income from diversified activities and figure 7 shows the main activities undertaken and the average income from each in 2015-16. Of farms engaged in diversified activities, the overall average income from such activities was £4,400. The most common diversified activity was renting out buildings for uses other than tourist accommodation which accounted for 46 per cent of activities. Processing and retailing of farm produce was the activity that generated the greatest income, with an average income of £24,200.

Figure 7: Average income from diversified activities in 2015-16



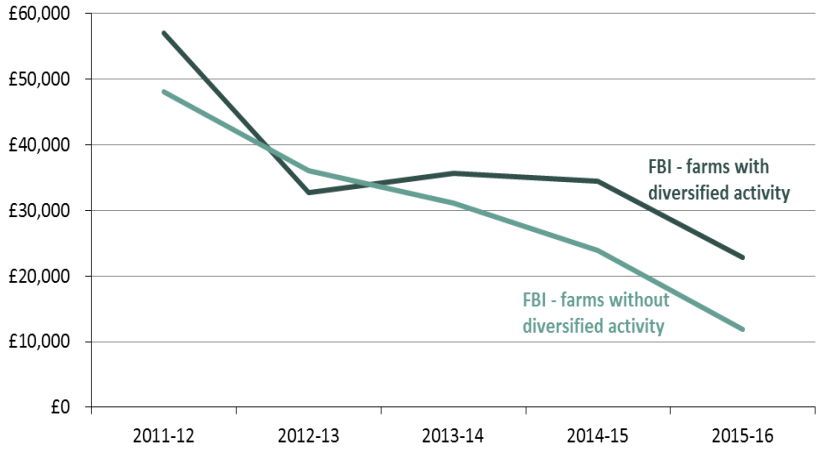
The largest increase in number of activities in the sample was seen in micro electric generation, which includes renewable energy other than wind turbines (e.g. solar panels, biomass boilers and hydro-electric). However, micro electric generation was the only activity to make a loss, with the average loss of income being £1,900. Losses in this category have reduced since 2014-15 due to a fall in start-up costs as well as depreciation costs.

The unmatched sample shows that average income from diversified activities had increased by 32 per cent in the last year. The only two types of diversified activity which had a decrease in income from 2014-15 were renting out buildings for uses other than tourist accommodation and mobile phone masts, which decreased by one per cent and ten per cent respectively.

Figure 8 shows, from a five year matched sample (comparing the same farms each year), the average FBI of those farms engaged in any diversified activity and those with no diversified activities. Diversification is assessed over, at most, a five-year period to allow for a reasonable matched sample size. Note

that the matched sample is un-weighted and therefore describes sample averages only.

Figure 8: Comparison of average income of farms with and without diversified activities



Matched sample of 425 farms

The average difference in FBI between diversified and non-diversified farms was around £11,000. Average FBI for farms engaged in diversified activities was £22,800, which was 34 per cent lower than the previous year, while the average income on non-diversified farms has fallen by 51 per cent to £11,800.

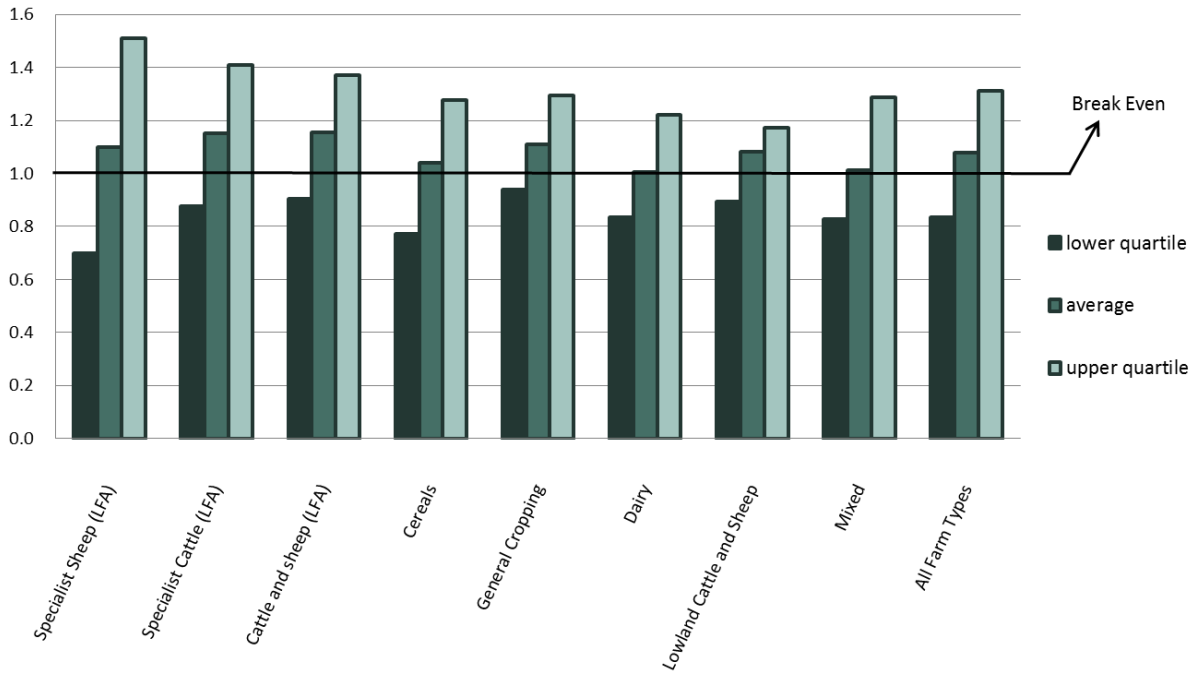
From farms engaged in diversified activity in the matched sample, the average income from the diversified activities in 2015-16 was £6,700, a 33 per cent increase from the previous year.

4. Productivity (Output/ Input Ratio)

(Table 2)

The output to input ratio can be viewed as a measure of productivity, that is, how much output can be produced per unit of input. Figure 9 shows the differences in the relationship between revenues from outputs and spending on inputs which contribute to the differences in FBI. The overall average output to input ratio in 2015-16 was 1.08, meaning that for every £1 spent on inputs, Scottish farm businesses were generating £1.08 worth of outputs. The average for farms in the upper quartile (relatively high performers) was around £1.31, while for those in the lower quartile (relatively low performers) it was around £0.83; an average loss of £0.17 for every £1 spent.

Figure 9: Average output:input ratio by farm type and quartile (lowest 25 per cent, average and upper 25 per cent) for 2015-16



It should be noted, however, that a higher output to input ratio does not necessarily lead to a higher FBI when comparing across farm types. FBI depends on both the ratio between and the absolute levels of outputs and inputs. For example, the upper quartile output:input ratio of specialist sheep (LFA) farms, £1.51, was the highest of all farm types but the FBI upper quartile of specialist sheep (LFA) farms, £42,700, was the third lowest of all farm types. This was due to the relatively low absolute value of outputs and inputs.

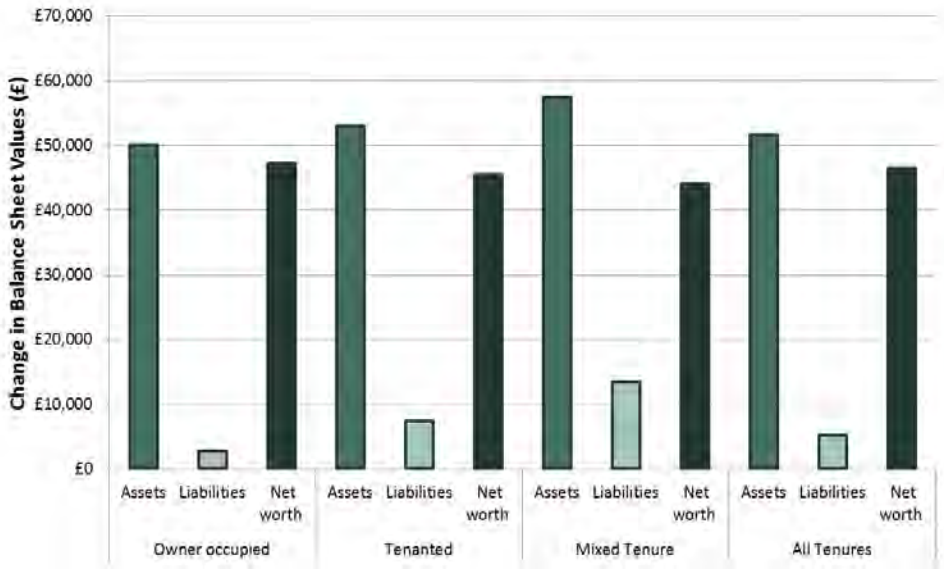
5. Financial Strength (Assets and Liabilities)

5.1 Net worth (Table 10)

The net worth of farm businesses is an important factor in determining the value of the business. Farm businesses are capital intensive and typically have high asset values which are not included in income measures. The average appreciation of business assets in 2015-16 was £51,700 (ranging from an appreciation of £50,000 for owner-occupied farms to £57,400 for mixed tenure farms). The average net worth of farm businesses in Scotland was £1.3m, an increase of four per cent in 2015-16.

Figure 10 shows the average change between opening and closing valuations in 2015-16 (in actual prices) for assets, liabilities and net worth of Scottish farm businesses by tenure type and the overall average for all tenures.

Figure 10: Change in assets, liabilities and net worth by tenure: 2015-16

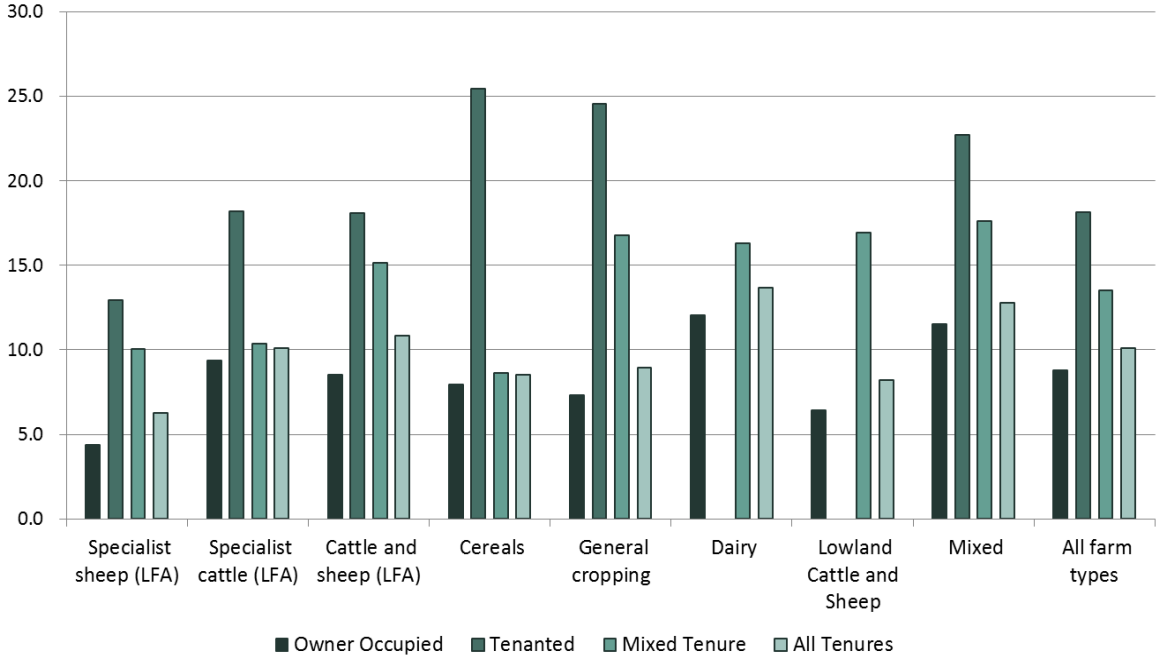


For all farm types of all tenures, the average assets, liabilities and net worth each increased by four per cent in 2015-16 (£51,700, £5,200 and £46,400 respectively).

5.2 Debt ratio (Table 10)

Figure 11 shows the debt ratios (liabilities:assets) expressed as percentages for each farm type and tenure. The debt ratio provides an insight into how indebted the sector is and its ability to service those debts. On average, Scottish farm businesses have relatively low debt ratios (liabilities were ten per cent of assets in 2015-16), reflecting the fact that their assets heavily outweigh their liabilities.

Figure 11: Liabilities as a percentage of assets in 2015-16



Tenanted farm businesses, where relatively little capital is owned, have higher debt ratios than other tenure types. However, on average assets still outweigh liabilities by about six to one; that is, for every pound of debt, the tenanted business has at least six pounds of assets. For owner occupied farm businesses, assets are on average around 11 times greater than liabilities and for mixed tenure types, assets are on average seven times greater than liabilities.

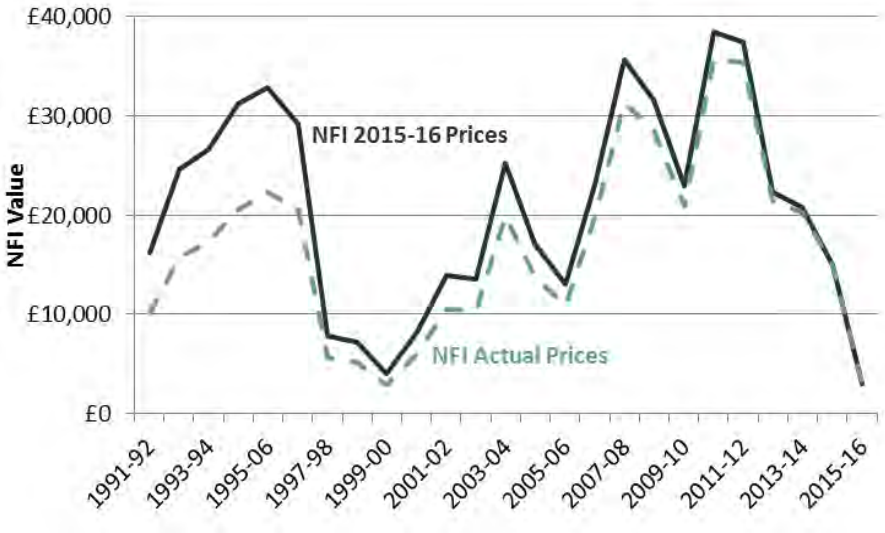
Specialist sheep (LFA) farms had the lowest debt ratio on average for all tenures, at six per cent. Dairy farms had the highest ratio at 14 per cent, while those of other farm types lay between eight per cent and 13 per cent.

6. Long term trends – Net Farm Income (NFI) (Table 11)

While FBI is the headline business-level measure of farm income, it is a relatively new measure of income, going back to 2009, with this publication showing comparisons over the last six years. Net Farm Income (NFI) has a much longer time series available for comparing income levels and examining trends. This measure places all farms on a tenanted basis, with imputed rent costs applied to owner occupiers. It is quite a different measure from FBI, estimating the return only to the farmer and spouse for their managerial input to the farm business.

Looking at the general trend over the last 25 years in actual prices (Figure 12) for the average over all farm types, suggests that farm incomes are subject to a considerable level of fluctuation. Farm incomes fell in 1997-98 due to the ban on beef exports following the outbreak of bovine spongiform encephalopathy (BSE), a strong pound and weak world commodity prices. They did not start to increase again until 2000-01 and were at their highest level in 2010-11. Since 2012-13 farm incomes have declined and reached their lowest level (£3,000) in 2015-16.

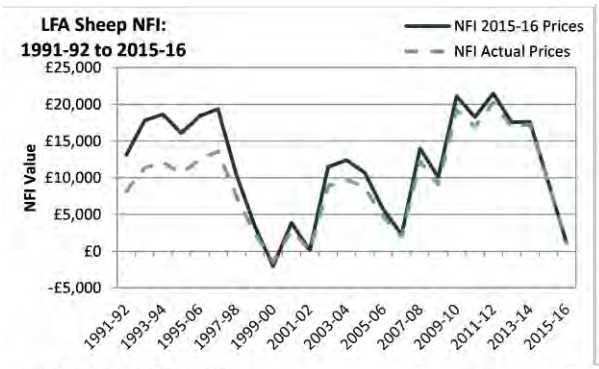
Figure 12 –NFI for all farm types in actual and 2015-16 prices

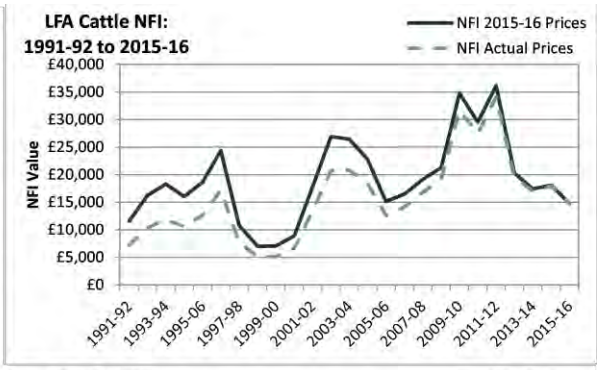


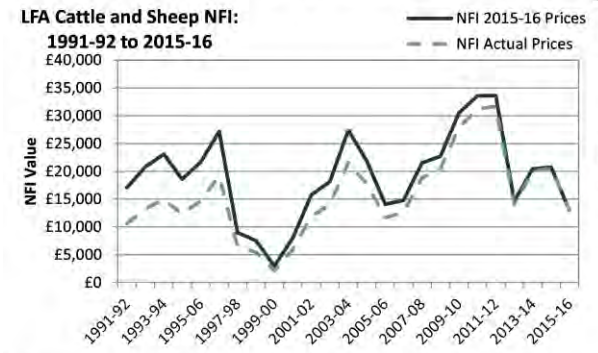
However, when accounting for inflation the picture is slightly different. When the time series is converted into 2015-16 prices - the equivalent value of incomes in today's economy - we see that the decline in farm incomes in the mid-1990s was more severe and the decline in income from 2012-13 to 2015-16 was similar when converted to 2015-16 prices.

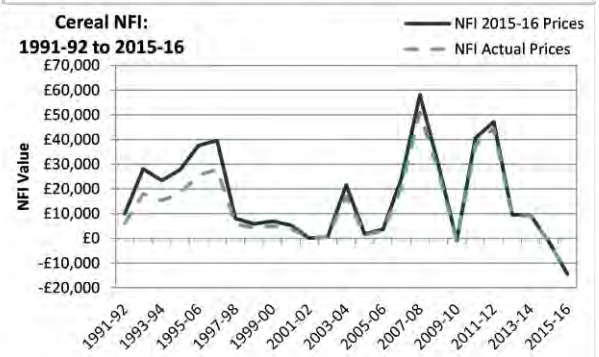
Trends vary by farm type, but the general trend described above is witnessed across all farm types and 2015-16 farm incomes are the lowest level across the 25-year series for mixed, dairy and cereal farms.

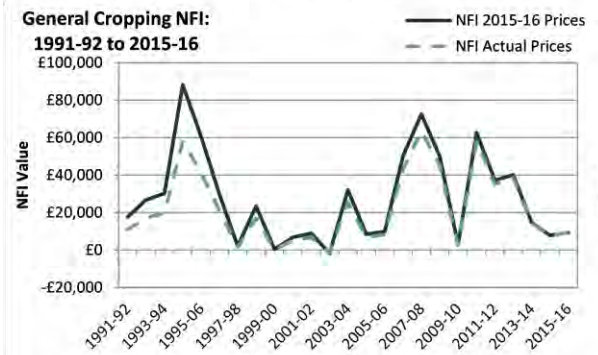
Long Term Trends – Net Farm Income by farm type

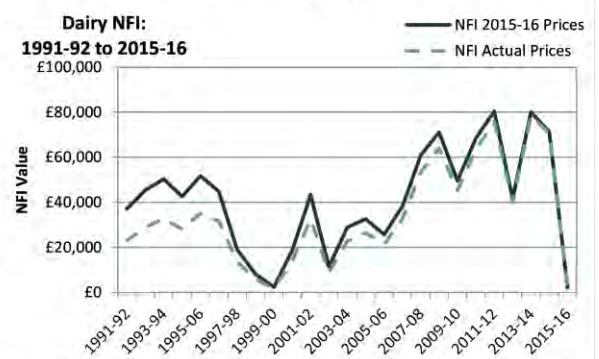


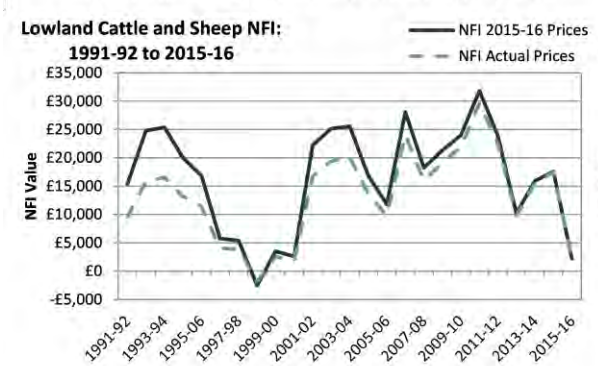


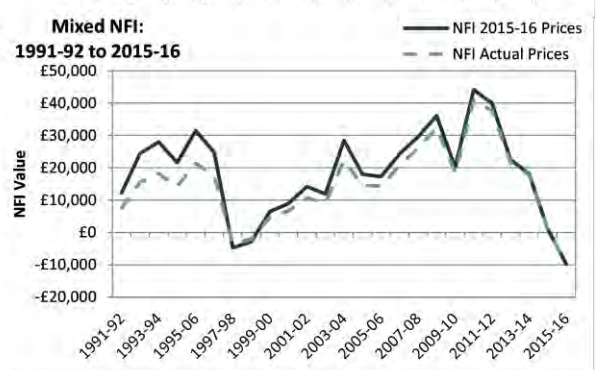












7. Sector Results

7.1 Specialist Sheep (LFA) Farms – 2015-16 Crop Year

Profitability
When adjusting for inflation, the average FBI of specialist sheep (LFA) farms decreased by 74 per cent between 2010-11 and 2015-16. This was due to a fall in revenue from outputs and a rise in spending on inputs, specifically livestock and other non-labour inputs.

The FBI value of specialist sheep (LFA) farms was £7,400 in 2015-16. In the last year, a decrease in both inputs and outputs for specialist sheep (LFA) farms led to FBI decreasing by 51 per cent. Although grants and subsidies increased in the last year, the overall decrease in outputs was due to a drop in crop, livestock and miscellaneous outputs.

Drivers of profitability
The total average revenue, including income from diversification and subsidy payments for specialist sheep (LFA) farms was £84,800. Spending on inputs averaged at £77,400. The largest portion of the input costs were due to other inputs such as machinery, land and buildings costs and those related directly to livestock production (such as feed).

Losses were recorded in each of the last six years when excluding subsidy payments from the FBI calculation. There is a generally downward trend, with losses increasing from £13,300 in 2010-11 to £28,600 in 2015-16.

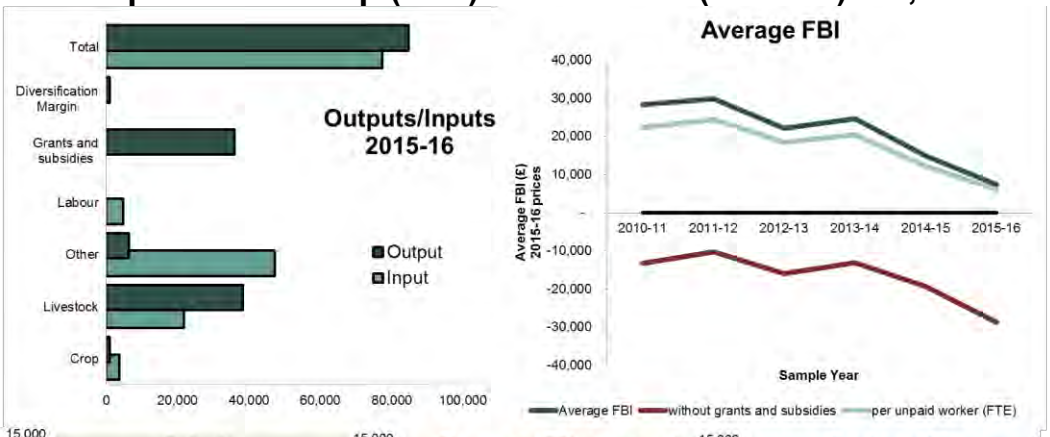
Over the last year, cost centres for specialist sheep (LFA) farms show an increase in losses from agricultural and a decrease in profits from agri-environment and contracting activities. There was a 13 per cent and 19 per cent increase in profits from diversification and direct payments respectively.

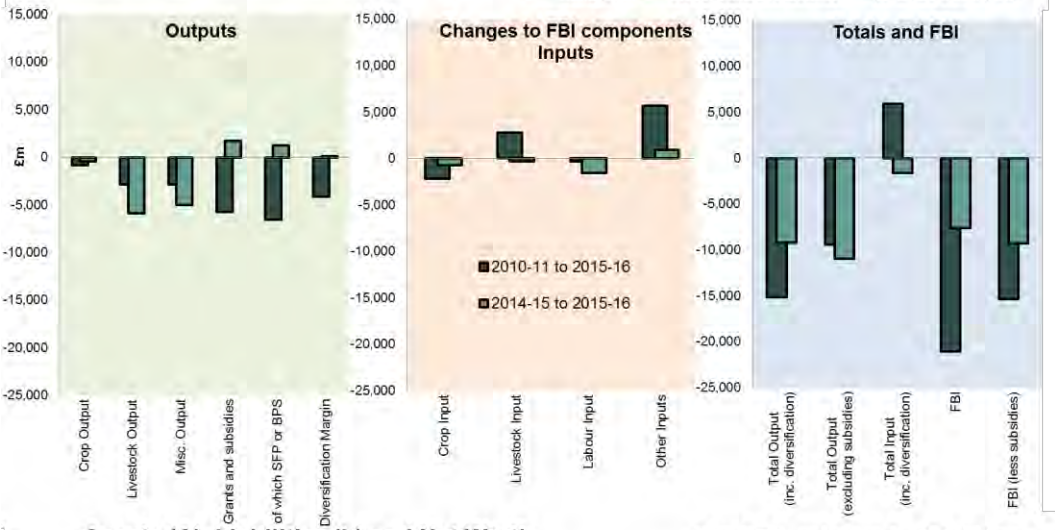
Return to unpaid labour
The average FBI/FTE for specialist sheep (LFA) farms was £6,000 in 2015-16, which is roughly equivalent to an hourly wage of £3.15 for unpaid labour, less than half of the minimum agricultural wage (MAW) in Scotland. Around 56 per cent of specialist sheep (LFA) farms generated incomes equivalent to less than the MAW, whereas four per cent generated more than five times MAW.

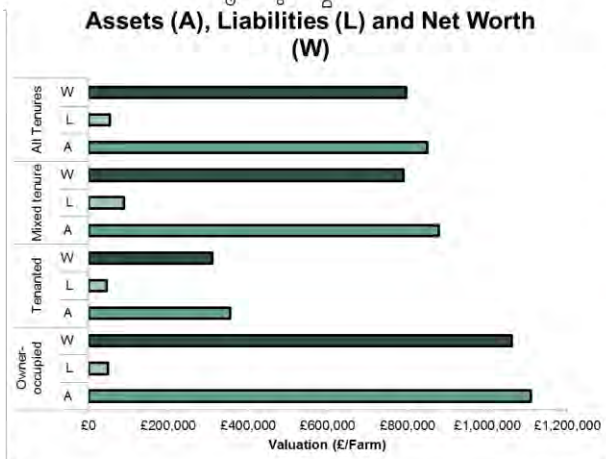
Relative performance
At £42,700, high performing specialist sheep farms generated incomes roughly six times the overall average FBI. Low performing farm businesses made an average loss of £28,500.

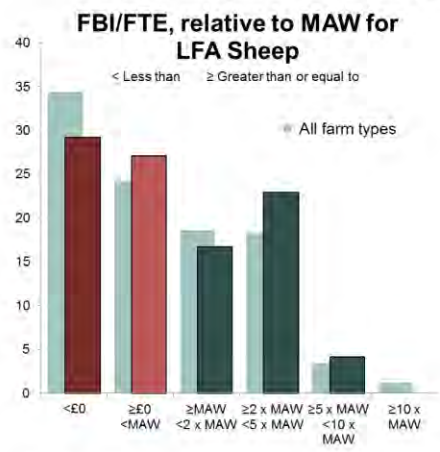
Financial strength
The average net worth (assets minus liabilities) of specialist sheep (LFA) farms was £795,200 in 2015-16. The average debt ratio (liabilities: assets) was six per cent overall and ranged between four per cent for owner-occupied farms and 13 per cent for tenanted farms.

Specialist Sheep (LFA) Farms – FBI (2015-16): £7,400









7.2 Specialist Cattle (LFA) Farms – 2015-16 Crop Year

Profitability
Between 2010-11 and 2015-16 the average FBI of specialist cattle (LFA) farms decreased by 42 per cent when taking into account inflation. This decrease was due to a rise in spending on inputs and a fall in crop and miscellaneous revenue, as well as grants and subsidies.

The FBI value of specialist cattle (LFA) farms was £22,500. In the last year spending on inputs as well as revenue for specialist cattle (LFA) farms both decreased, resulting in an overall 11 per cent decline in profits for 2015-16.

Drivers of profitability
The total average revenue, including income from diversification and subsidy payments for specialist cattle (LFA) farms was £175,500. The average spend on inputs was £153,000. The largest portion of the input costs was due to feed and other inputs such as machinery and land and buildings.

Losses were recorded in each of the last six years when excluding subsidy payments from the FBI calculation. The losses ranged from £15,400 in 2011-12 to their highest level of £30,600 in 2013-14. In 2015-16 losses of £23,200 were recorded.

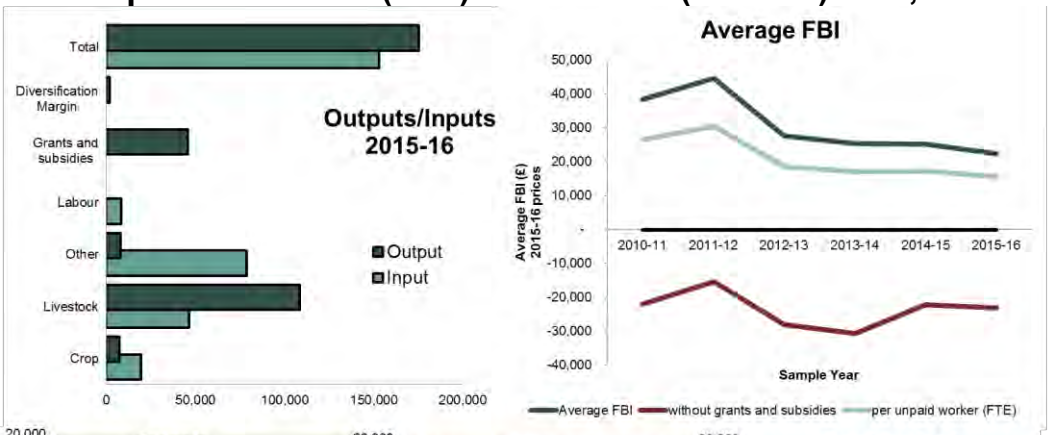
In the last year, specialist cattle (LFA) farms had a decrease in income from all cost centres other than diversification, which increased by 75 per cent. Direct payments had a small decrease (one per cent) in 2015-16.

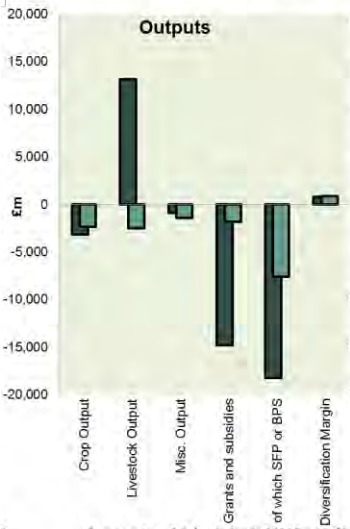
Return to unpaid labour
The average FBI/FTE for specialist cattle (LFA) farms was £15,600 and was roughly equivalent to an hourly wage for unpaid labour of £8.21, around 14 per cent more than the minimum agricultural wage (MAW) in Scotland. Fifty three per cent of specialist cattle (LFA) farms generated incomes equivalent to less than the MAW, whereas six per cent generated more than five times MAW.

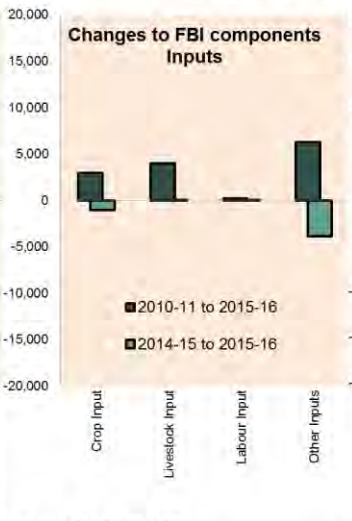
Relative performance
High performing specialist cattle (LFA) farms generated an average income of £65,000, around three times the overall average FBI. Low performing farm businesses made an average loss of £19,700.

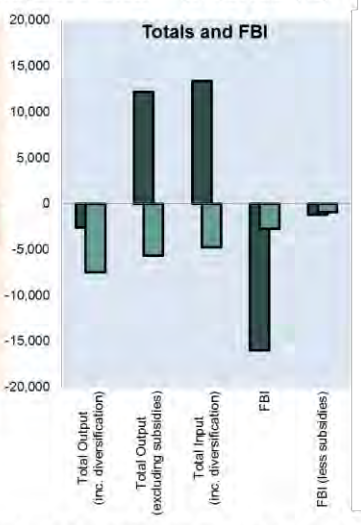
Financial strength
The average net worth (assets minus liabilities) of specialist cattle (LFA) farms was £1.1m in 2015-16. The average debt ratio (liabilities: assets) was ten per cent for all tenures of specialist cattle (LFA) farms but ranged between nine per cent for owner-occupied and 18 per cent for tenanted farms.

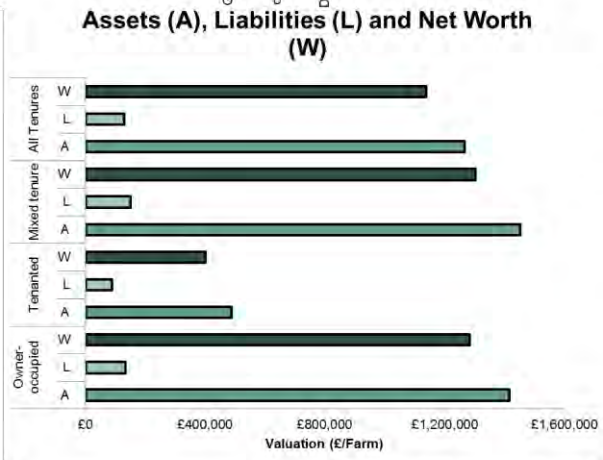
Specialist Cattle (LFA) Farms– FBI (2015-16): £22,500

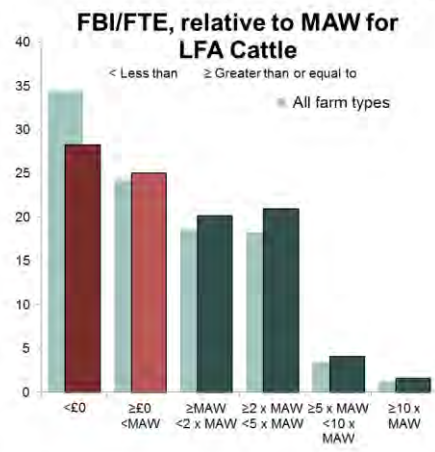


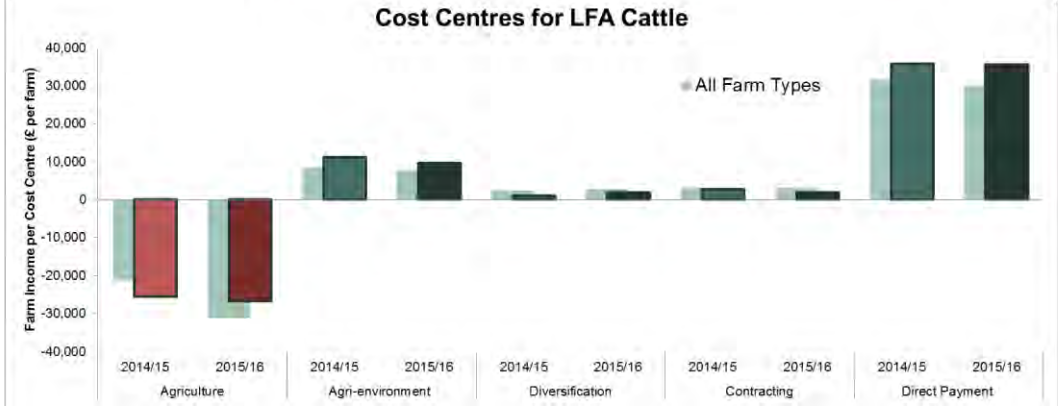












7.3 Specialist Cattle and Sheep (LFA) Farms – 2015-16 Crop Year

Profitability
When adjusting for inflation, the average FBI of specialist cattle and sheep (LFA) farms decreased by 49 per cent between 2010-11 and 2015-16. This decrease was mainly due to a rise in spending on inputs, especially machinery, land and buildings and depreciation costs.

The FBI value of specialist cattle and sheep (LFA) farms was £20,900 in 2015-16. In the last year, reduced spending on inputs for specialist cattle and sheep (LFA) farms and reduced revenue, notably subsidy payments and livestock outputs, led to a 25 per cent decrease in the average FBI for these farms.

Drivers of profitability
The total average outputs, including income from diversification and subsidy payments for specialist cattle and sheep (LFA) farms was £160,000 and spending on inputs averaged at £139,100. The largest portion of the input costs was due to livestock costs such as feed, as well as machinery and land and buildings costs.

Over the last six years, losses were recorded in each year when excluding subsidy payments from the FBI calculation. They ranged from losses of £21,400 in 2011-12 to the highest loss of £37,100 in 2012-13. Since 2012-13, FBI without subsidy payments has seen the losses recovering to £29,100 in 2015-16.

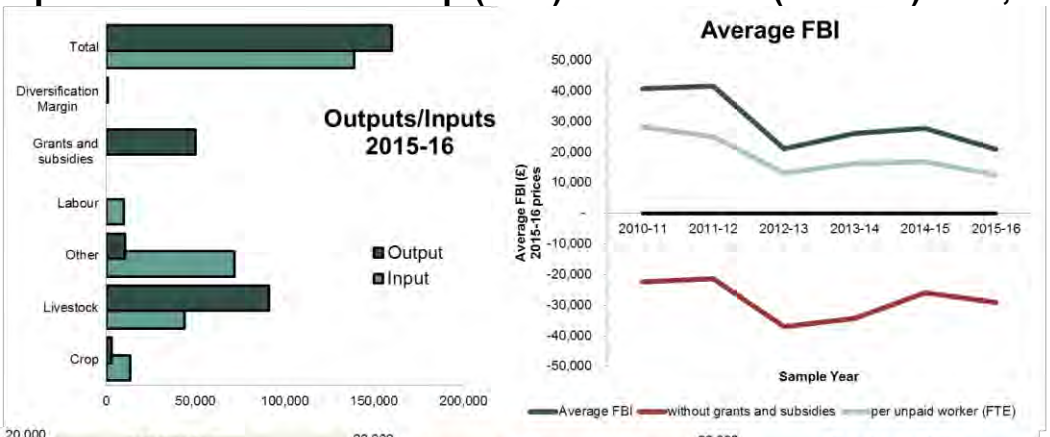
Specialist cattle and sheep (LFA) farms have seen a decrease in income from all five cost centres over the last year. Agricultural activities had the largest numerical decrease of £2,600, equivalent to a nine per cent increase in losses since 2014-15.

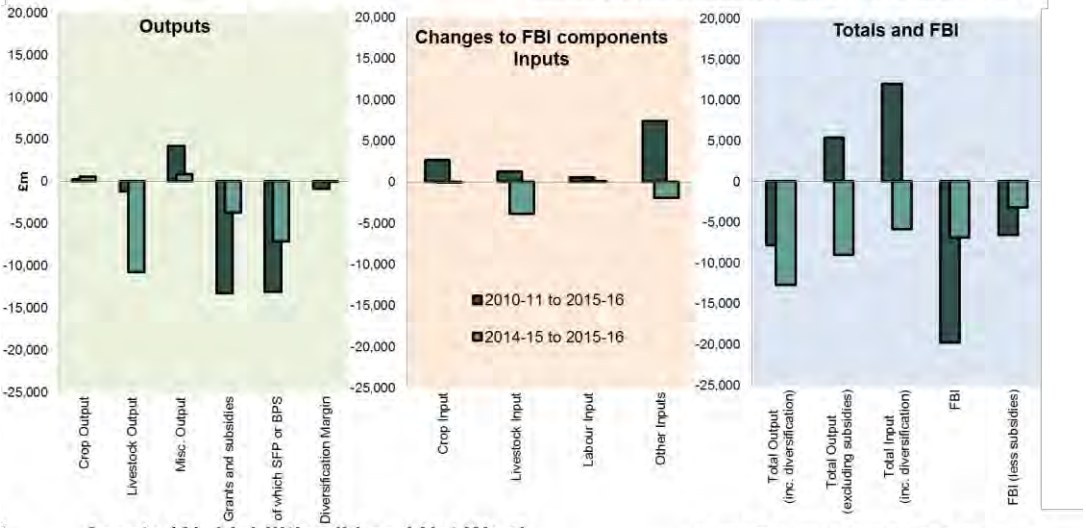
Return to unpaid labour
In 2015-16 the average FBI/FTE for specialist cattle and sheep (LFA) farms was £12,600 which was roughly equivalent to an hourly wage for unpaid labour of £6.63, eight per cent less than the minimum agricultural wage (MAW) in Scotland. Around 46 per cent of specialist cattle and sheep (LFA) farms generated incomes equivalent to less than the MAW and no farms in the survey generated more than five times MAW.

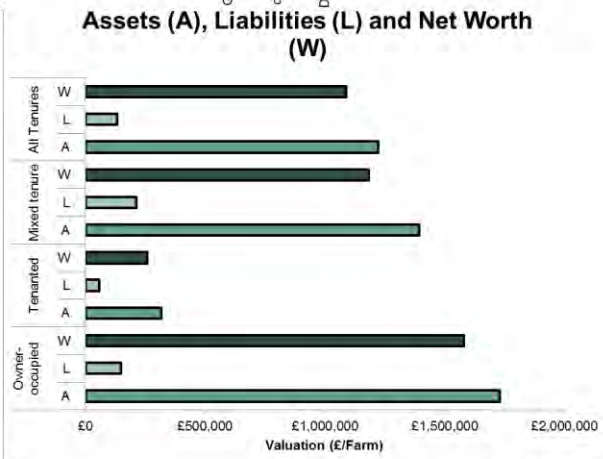
Relative performance
High performing specialist cattle and sheep (LFA) farms generated average incomes of £69,500, more than three times the overall average FBI. Low performing farm businesses made an average loss of £14,700 in 2015-16.

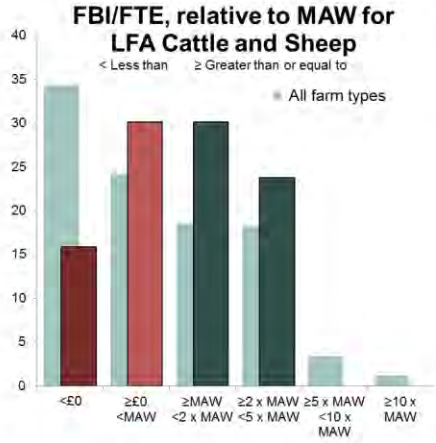
Financial strength
The average net worth (assets minus liabilities) of specialist cattle and sheep (LFA) farms was £1.1m in 2015-16. The average debt ratio (liabilities: assets) remained unchanged at 11 per cent for all tenures of LFA cattle and sheep farms but ranged between nine per cent for owner-occupied and 18 per cent for tenanted farms.

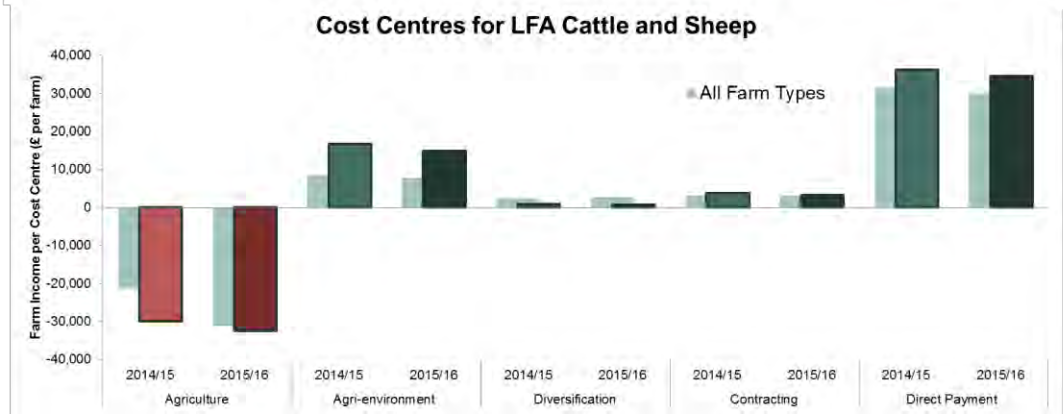
Specialist Cattle and Sheep (LFA) Farms– FBI (2015-16): £20,900











7.4 Cereal Farms – 2015-16 Crop Year

Profitability
When adjusting for inflation, between 2010-11 and 2015-16 the average FBI of cereal farms decreased by 88 per cent. This was due largely to the decreased value of subsidy payments and revenues from crop outputs.

In the last year, spending on inputs and revenue for cereal farms decreased resulting in a 60 per cent decrease in overall FBI to £7,400 in 2015-16. The decrease in revenue was mainly due to a reduction in value from crop outputs and grants and subsidies.

Drivers of profitability
The total average revenue in 2015-16, including income from diversification and subsidy payments for cereal farms was £204,100. Spending on inputs averaged £196,700. The largest portion of the input costs was from fertilisers and other inputs such as machinery and land and buildings costs.

Over the last four years, FBI without subsidy payments has been a loss. The range in income without subsidy payments over the six year series was from a loss of £21,800 in 2012-13 to a profit of £16,500 in 2011-12. In 2015-16 the FBI without subsidy payments was a loss of £21,700.

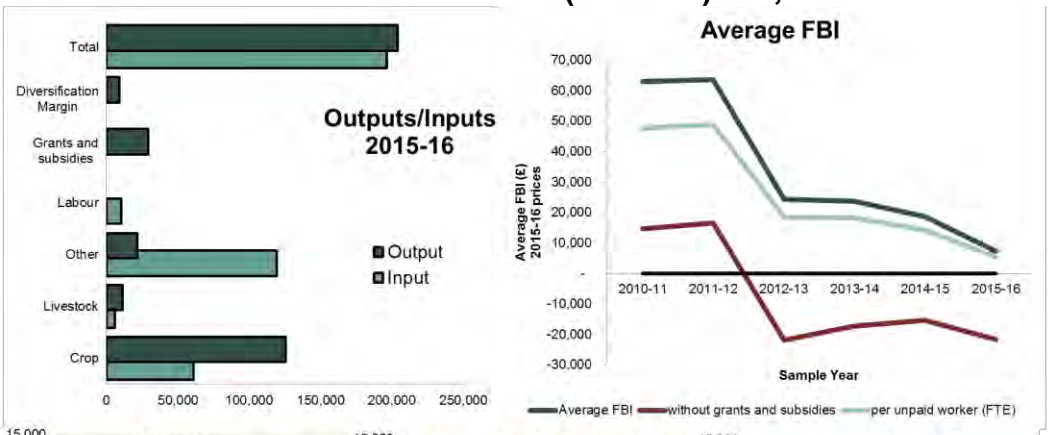
Cost centres for cereal farms show an 11 per cent increase in income from contracting work, but increased losses from agricultural activities and decreased income from agri-environment, diversification and direct payments.

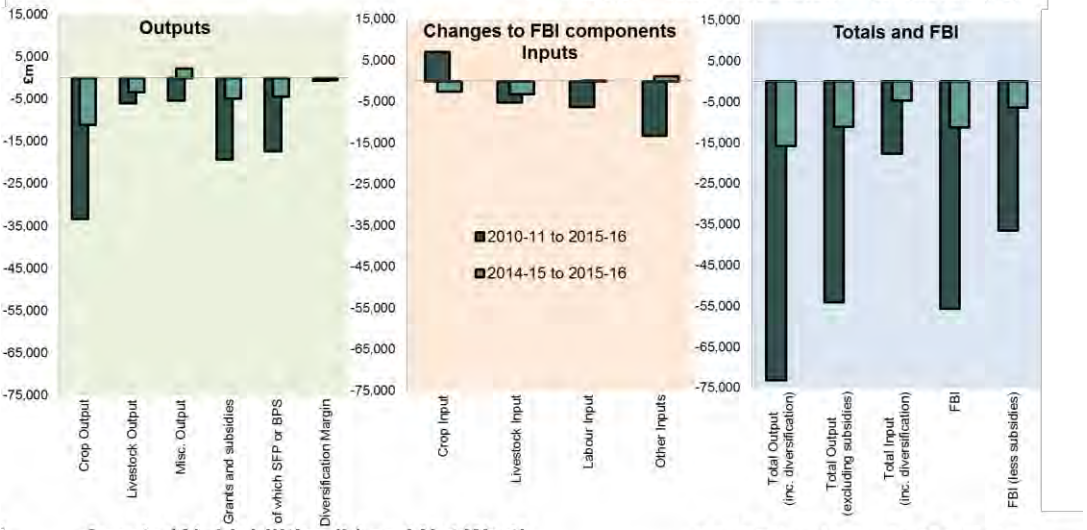
Return to unpaid labour
The average FBI/FTE for cereal farms was £5,400 in 2015-16, which is roughly equivalent to an hourly wage for unpaid labour of £2.86, 40 per cent of the minimum agricultural wage (MAW) in Scotland. Around 68 per cent of cereal farms generated incomes equivalent to less than the MAW, whereas four per cent generated more than five times MAW.

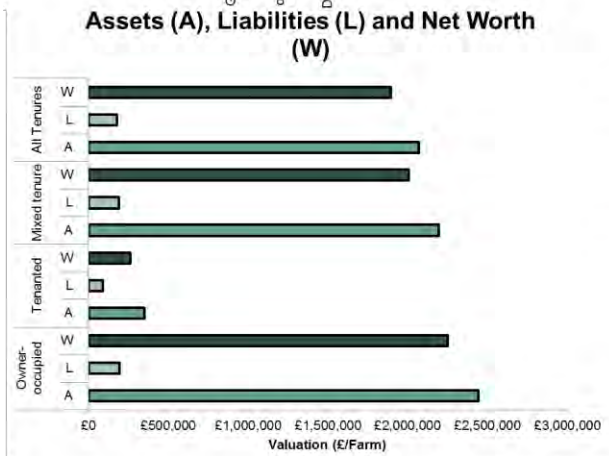
Relative performance
At an average of £62,400, high performing cereal farms generated incomes roughly eight times the overall average FBI. Low performing farm businesses made an average loss of £49,200.

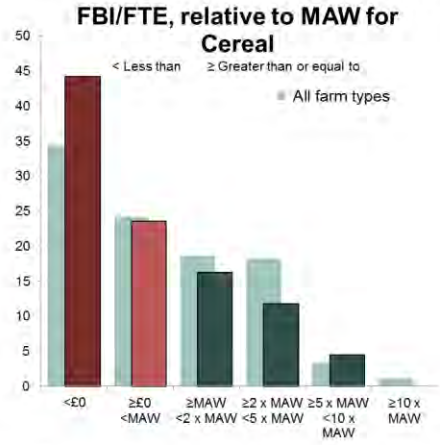
Financial strength
In 2015-16, the average net worth (assets minus liabilities) of cereal farms was £1.9m. The average debt ratio (liabilities: assets) remained unchanged at nine per cent for all tenures of cereals farms but ranged between eight per cent for owner-occupied and 25 per cent for tenanted farms.

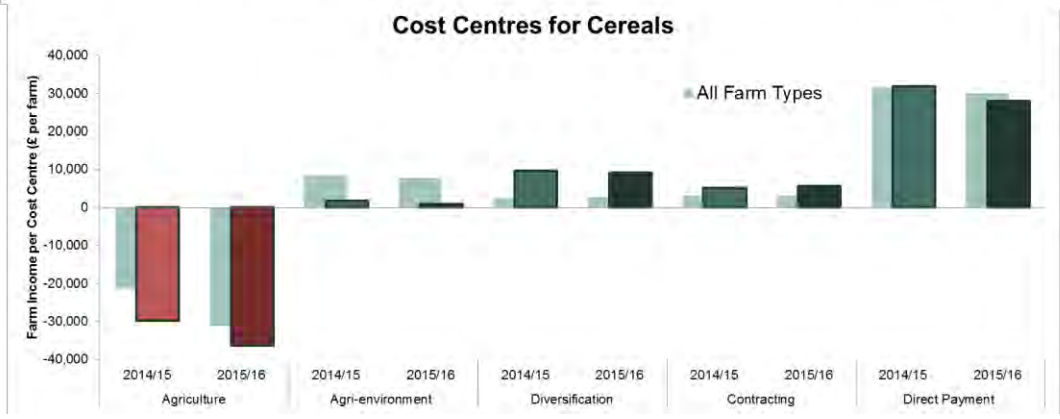
Cereal Farms – FBI (2015-16): £7,400











7.5 General Cropping Farms – 2015-16 Crop Year

Profitability
Between 2010-11 and 2015-16 the average FBI of general cropping farms decreased by 69 per cent when taking into account inflation. This was mainly due to a decrease in the revenue value of crops as well as a decrease in the value of subsidy payments.

In the last year, both spending on inputs and revenue (output) for general cropping farms has increased. However, as inputs increased by a greater amount, the effect has been an overall decrease in income for 2015-16. This resulted in the FBI value of general cropping farms being £24,100.

Drivers of profitability
The total average revenue, including income from diversification and subsidy payments for general cropping farms was £249,500. Spending on inputs averaged at £225,400, with the largest portion of the input costs being machinery (including depreciation), land and buildings costs and fertilizers.

Over the last six years, FBI without subsidy payments has been on a general downward trend, with a partial recovery in 2012-13. Recently, it has recorded losses since 2013-14. Over the time series, the figures ranged from a profit of £28,400 in 2010-11 to the lowest level in 2015-16, a loss of £6,400.

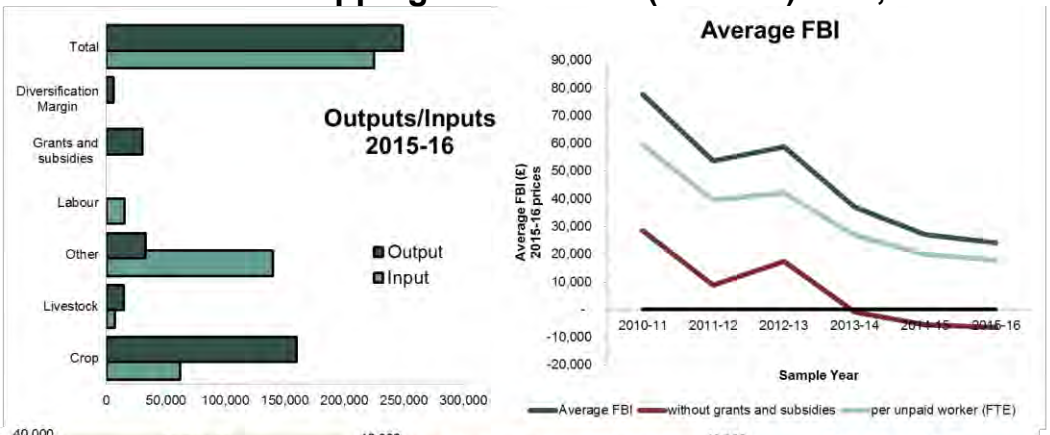
In 2015-16, cost centres for general cropping farms showed increased losses from agricultural activities and decreased income from direct payments. The other cost centres all had increased income, with contracting work experiencing the largest increase of 82 per cent.

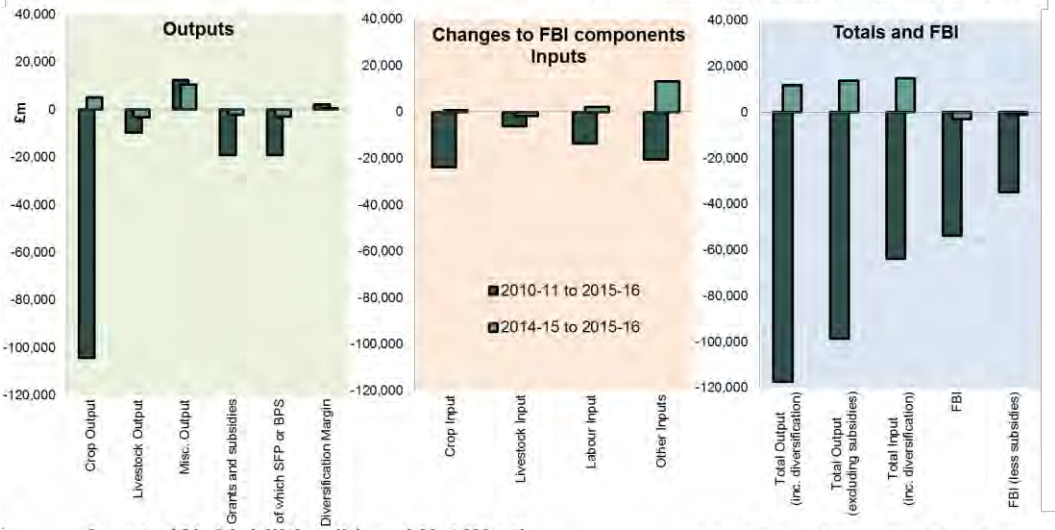
Return to unpaid labour
The average FBI/FTE for general cropping farms was £18,000 which is roughly equivalent to an hourly wage for unpaid labour of £9.46, 32 per cent higher than the minimum agricultural wage (MAW) in Scotland. In 2015-16, 49 per cent of general cropping farms generated incomes equivalent to less than the MAW whereas 12 per cent generated over five times MAW.

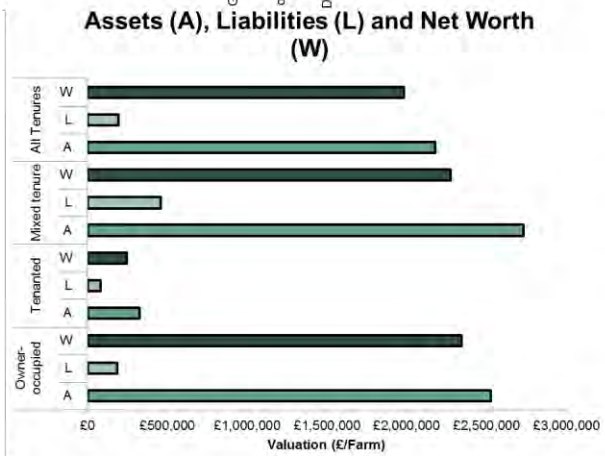
Relative performance
High performing general cropping farms generated average incomes of £81,200, more than three times the overall average income. Low performing farm businesses made an average loss of £16,700.

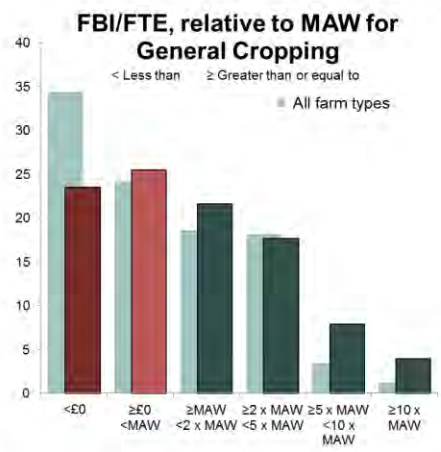
Financial strength
The average net worth (assets minus liabilities) of general cropping farms was £2.0m in 2015-16. The average debt ratio (liabilities: assets) was nine per cent for all tenures of general cropping farms and ranged between seven per cent for owner-occupied to 25 per cent for tenanted farms.

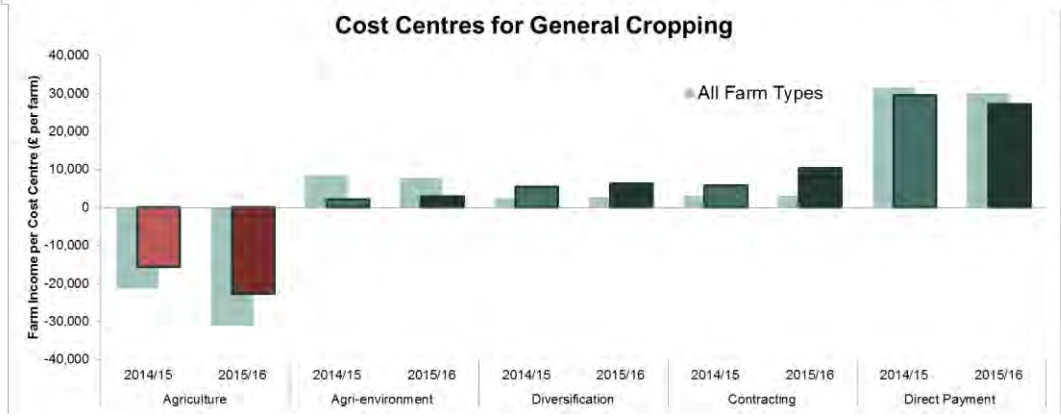
General Cropping Farms – FBI (2015-16): £24,100











7.6 Dairy Farms – 2015-16 Crop Year

Profitability
When adjusting for inflation, the average FBI of dairy farms decreased by 98 per cent between 2010-11 and 2015-16. Incomes for dairy farms have fluctuated considerably over the six year series and fell to the lowest level in 2015-16 when the FBI value for dairy farms dropped 97 per cent to £1,900. The latest decrease in income was due to a decrease in the revenues from livestock outputs as well as a drop in income from subsidy payments. The decrease in revenue from livestock was largely due to the decrease in the price of milk to an average of £0.21 per litre.

Drivers of profitability
The total average revenue, including income from diversification and subsidy payments for dairy farms was £415,000. Spending on inputs averaged at £413,100. The largest portion of the input costs was due to livestock costs such as feed and other inputs such as machinery and land and buildings.

When looking at FBI without subsidy payments over the last six years, 2015-16 was the first year where dairy farms made a loss, the average loss was £29,000. The highest value was £42,400 in 2011-12.

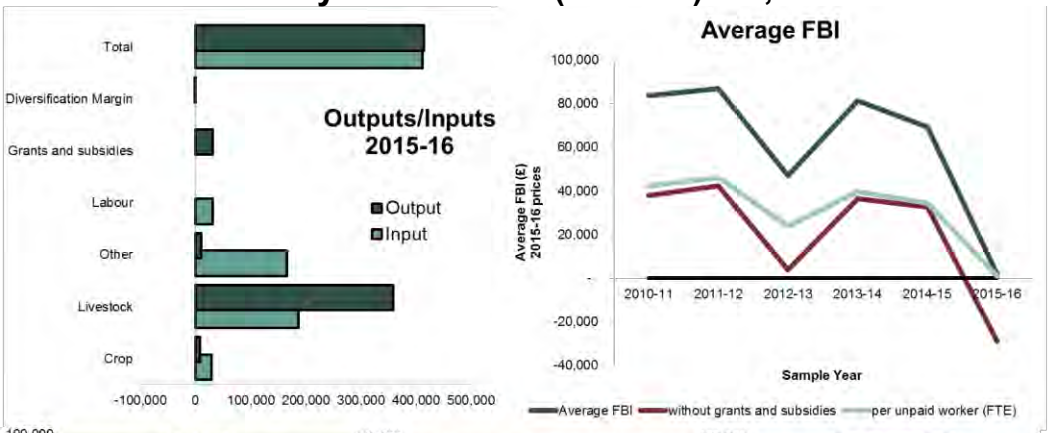
Over the last year cost centres for dairy farms showed a large decrease in income from agricultural activities resulting in a loss of £31,300. Agri-environment and direct payments had a decrease in income, while income from contracting work increased by 17 per cent. Diversification had a reduction in losses and moved towards breaking even.

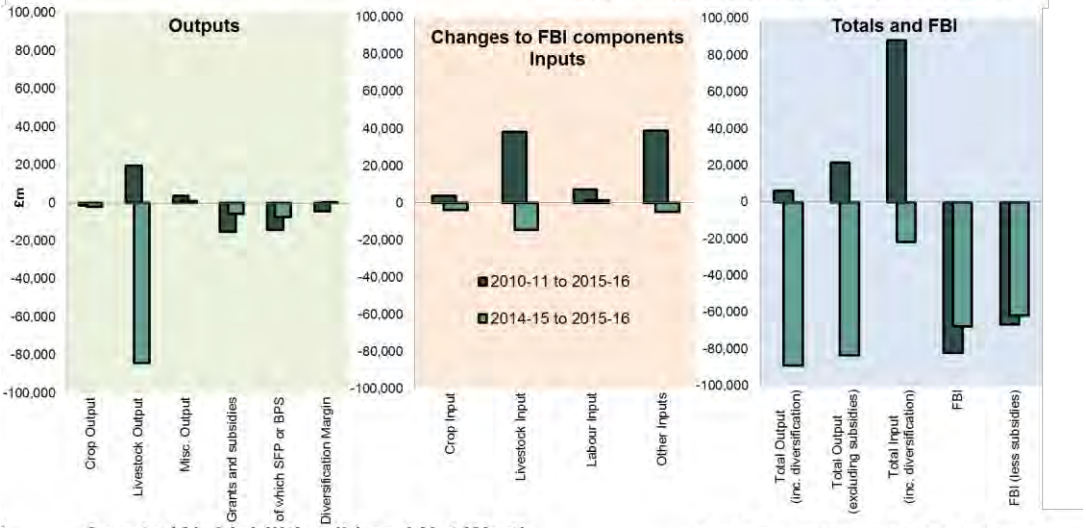
Return to unpaid labour
The average FBI/FTE for dairy farms dropped to £900 in 2015-16 and is roughly equivalent to an hourly wage for unpaid labour of £0.46, 94 per cent lower than the minimum agricultural wage (MAW) in Scotland. Around 65 per cent of dairy farms generated incomes equivalent to less than the MAW whereas five per cent generated more than five times MAW.

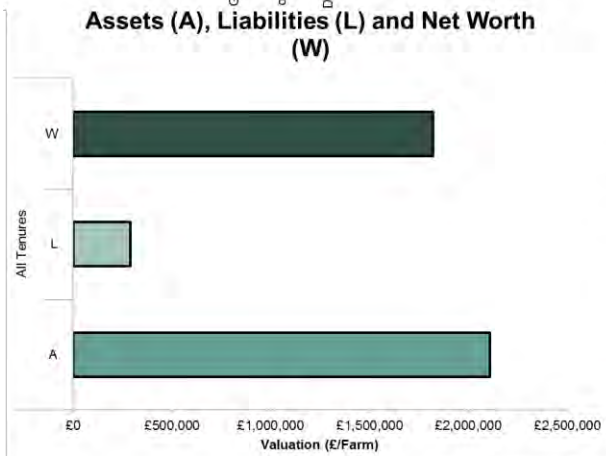
Relative performance
At an average of £112,000, high performing dairy farms generated incomes around 59 times the overall average FBI. Low performing farm businesses made an average loss of £85,600.

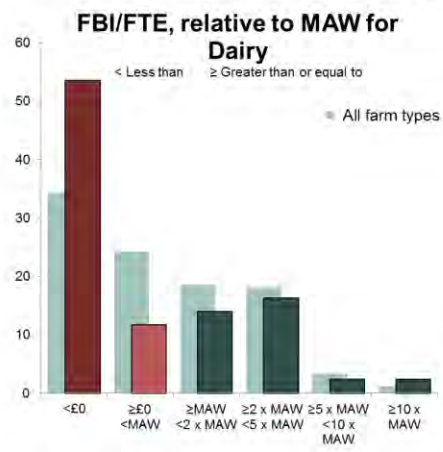
Financial strength
The average net worth (assets minus liabilities) of dairy farms was £1.8m in 2015-16. The average debt ratio (liabilities: assets) increased by two percentage points to 14 per cent for all tenures of dairy farms. The tenant tenure type is not available for dairy farms due to small sample sizes.

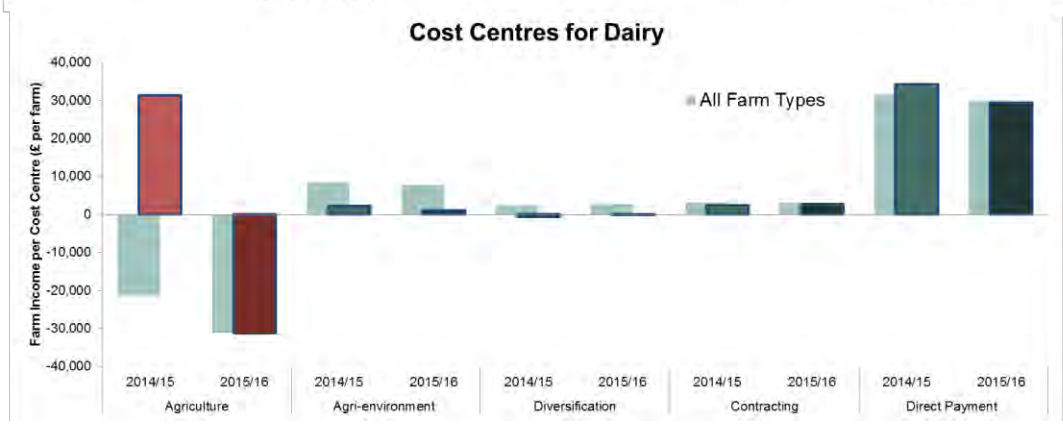
Dairy Farms – FBI (2015-16): £1,900











7.7 Lowland Cattle and Sheep Farms – 2015-16 Crop Year

Profitability
When adjusting for inflation, the average FBI of lowland cattle and sheep farms decreased by 73 per cent between 2010-11 and 2015-16. This was due to an increase in the spending on inputs and a decrease in the value of subsidy payments as well as a decrease in the revenue from crop and livestock outputs.

In the last year spending on inputs increased and revenue for lowland cattle and sheep farms decreased leading to a 54 per cent decrease in the FBI value of lowland cattle and sheep farms to £12,300. The main rise in input costs came from livestock input and the decrease in revenue was due to a reduction in subsidy payments and livestock outputs.

Drivers of profitability
The total average revenue, including income from diversification and subsidy payments for lowland cattle and sheep farms was £166,900 while spending on inputs averaged at £154,600. The largest portion of the input costs was due to feed and other inputs such as machinery and land and buildings.

Over the last six years, FBI without subsidy payments has been a loss. It has ranged from a loss of £24,100 in 2012-13 to a loss of £6,400 in 2010-11. In 2015-16 the FBI without subsidy payments was a loss of £20,100.

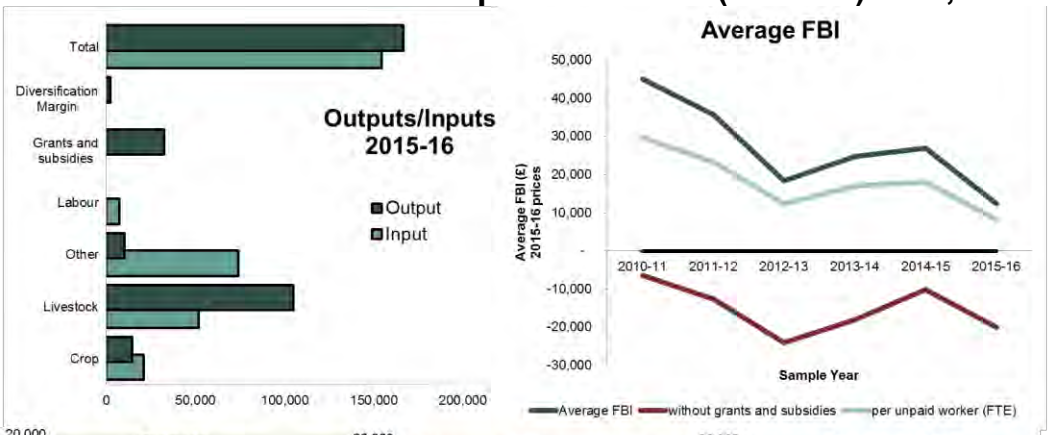
Over the last year cost centres for lowland cattle and sheep farms showed an increase in income from diversification and contracting activities. Agri-environment and direct payments had a decrease in income and agricultural activities had an increase in losses.

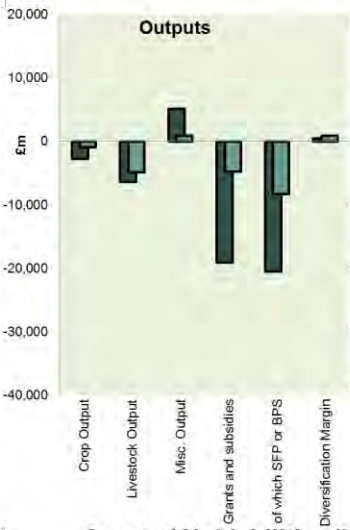
Return to unpaid labour
The average FBI/FTE for lowland cattle and sheep farms of £8,200 in 2015-16 is roughly equivalent to an hourly wage for unpaid labour of £4.32, 40 per cent lower than the minimum agricultural wage (MAW) for Scotland. Around 80 per cent of lowland cattle and sheep farms generated incomes equivalent to less than the MAW whereas four per cent generated more than five times MAW.

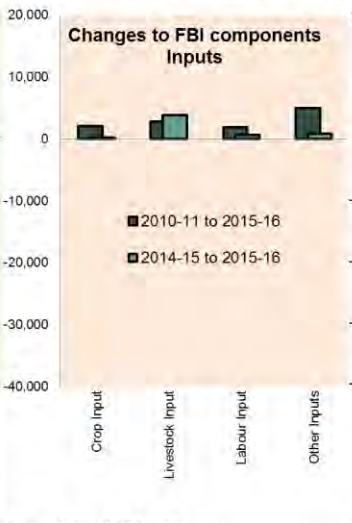
Relative performance
High performing lowland cattle and sheep farms generated average incomes of £38,500, roughly three times the overall average FBI. Low performing farm businesses made an average loss of £16,800.

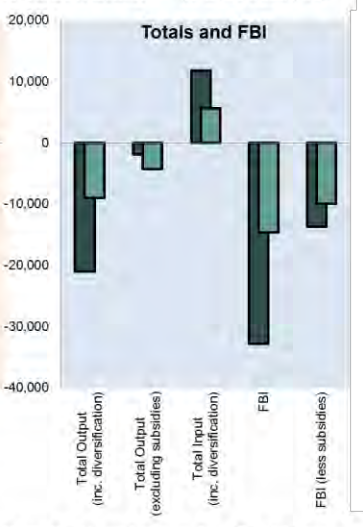
Financial strength
The average net worth (assets minus liabilities) of lowland cattle and sheep farms was £1.2m in 2015-16. The average debt ratio (liabilities: assets) dropped one percentage point to eight per cent for all tenures of lowland cattle and sheep farms. The tenant tenure type is not available for lowland cattle and sheep farms due to small sample sizes.

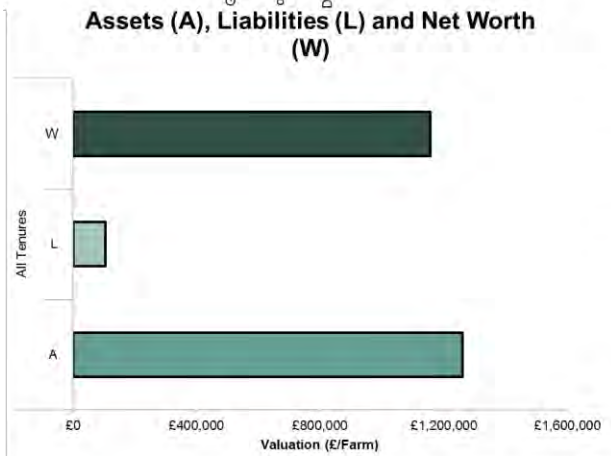
Lowland Cattle and Sheep Farms – FBI (2015-16): £12,300

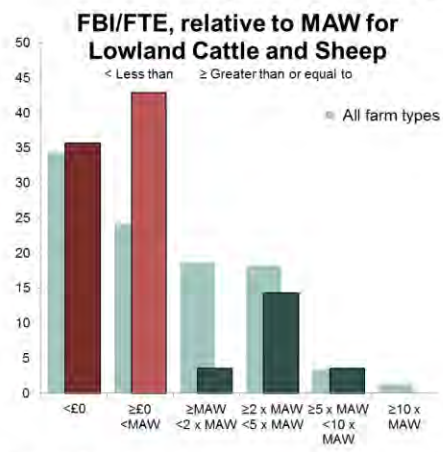


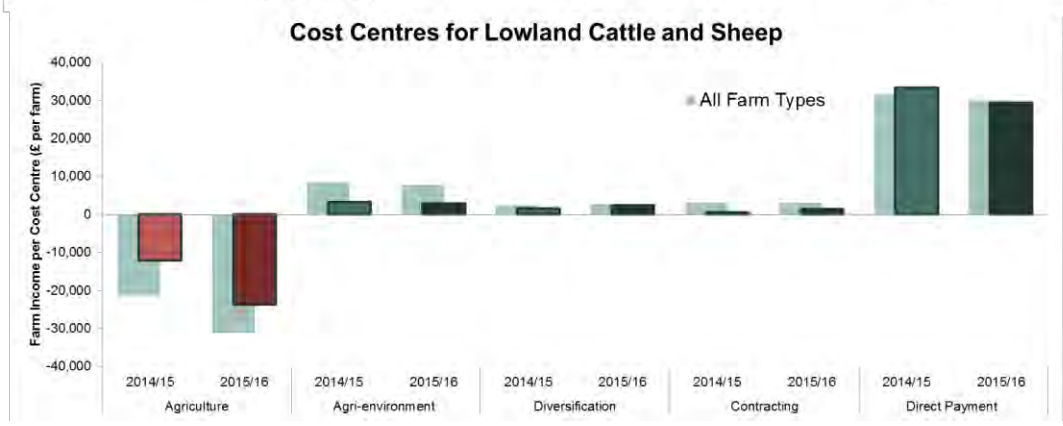












7.8 Mixed Farms – 2015-16 Crop Year

Profitability
Between 2010-11 and 2015-16, the average FBI of mixed farms decreased by 96 per cent, when inflation was taken into account. This decrease was due to a reduction in the value of subsidy payments and revenues from crop and livestock outputs.

In the last year, a decrease in revenue resulted in the FBI value of mixed farms falling 81 per cent to £2,300. The decrease in revenue was due to a reduction in revenue crop and livestock outputs, coupled with a decrease in the value of subsidy payments.

Drivers of profitability
The total average revenue, including income from diversification and subsidy payments for mixed farms was £204,300. Spending on inputs averaged at £202,000. The largest portion of the input costs was due to spending on machinery (including depreciation), feed and land and buildings.

Over the last six years, FBI without subsidy payments has been on a declining trend, with losses recorded in each year, with the exception of 2010-11 when it recorded a small profit of £100. In 2015-16 it reached the lowest level over the series, recording a loss of £33,100.

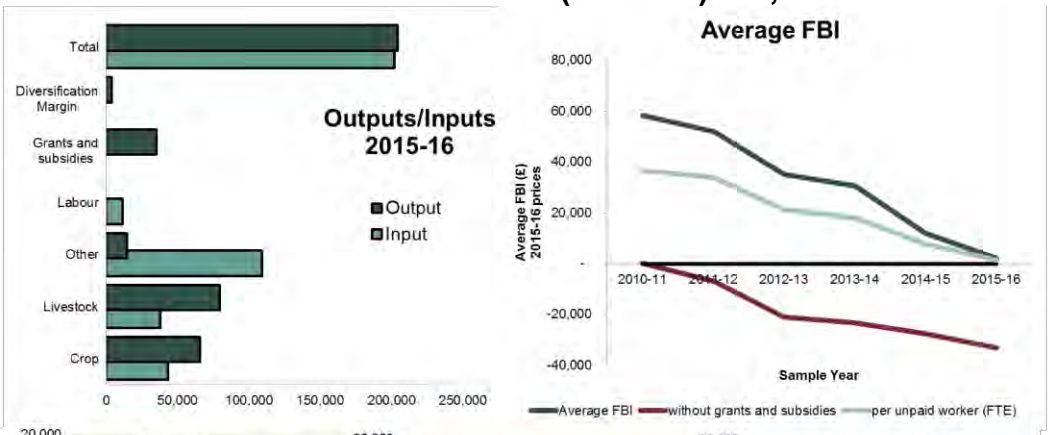
Over the last year cost centres for mixed farms showed increased income as part of diversification and contracting activities. Agri-environment and direct payments recorded a loss in income and agricultural activities had an increase in losses.

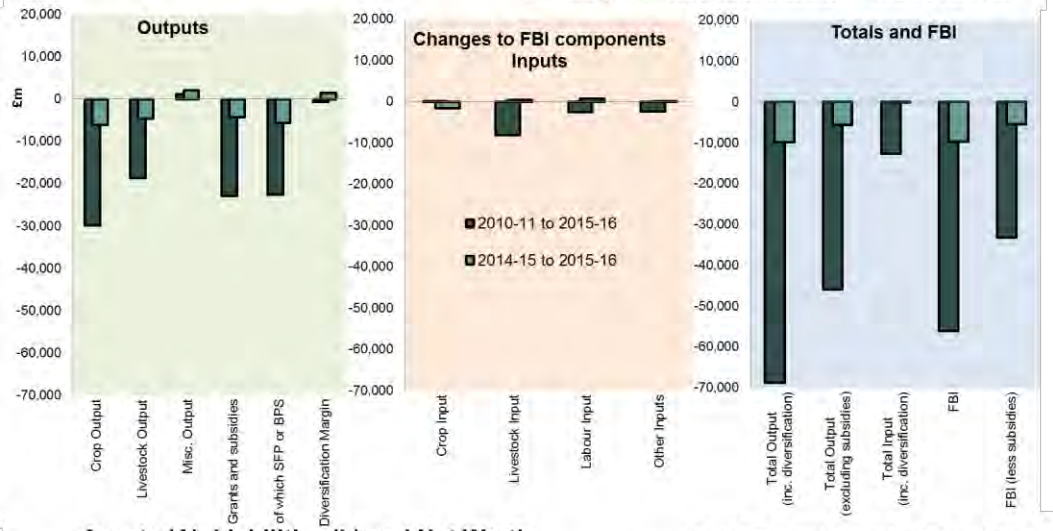
Return to unpaid labour
The average FBI/FTE for mixed farms was £1,500 in 2015-16 which is equivalent to an hourly wage for unpaid labour of £0.79, 89 per cent lower than the minimum agricultural wage (MAW) in Scotland. Around 67 per cent of mixed farms generated incomes equivalent to less than the MAW, whereas three per cent generated over five times MAW.

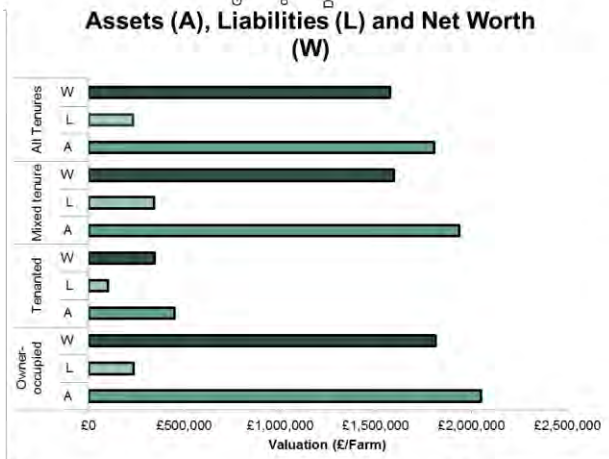
Relative performance
At £41,500, on average, high performing mixed farms generated incomes roughly 18 times the overall average FBI. Low performing farm businesses made an average loss of £43,600.

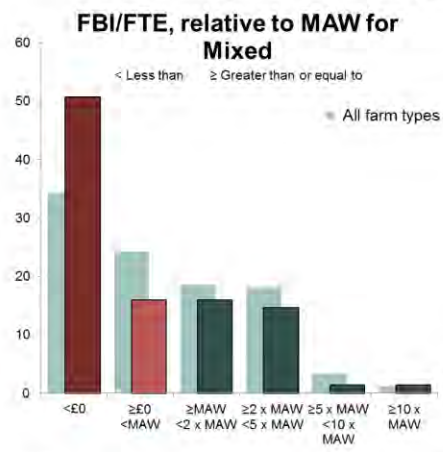
Financial strength
The average net worth (assets minus liabilities) of mixed farms was £1.6m in 2015-16. The average debt ratio (liabilities: assets) remained unchanged at 13 per cent for all tenures of mixed farms but ranged between 11 per cent for owner-occupied farms and 23 per cent for tenanted farms.

Mixed Farms – FBI (2015-16): £2,300









8. Reference Tables

Table 1: FBS summary table: 2010-11 to 2015-16 (2015-16 prices)

	Measure	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Average	Output (£)	168,379	186,265	178,754	172,632	153,745	136,715
	Input (£)	174,329	193,493	198,071	191,960	172,462	165,009
	Subsidy and payments (£)	53,031	51,794	48,478	47,443	40,471	38,092
	Diversified income (£)	3,776	3,703	2,707	3,098	2,368	2,818
	FBI (£)	50,857	48,270	31,867	31,212	24,122	12,615
	FBI/FTE (£)	30,093	33,062	21,532	21,089	16,409	8,581
	FBI without grants and subsidies	-2,173	-3,524	-16,611	-16,230	-16,349	-25,477
	Output:Input ratio	1.29	1.25	1.16	1.16	1.14	1.08
	Off farm income (£)	9,706	9,127	9,860	10,107	10,799	11,188
	Off farm income/FTE (£)	5,743	6,251	6,662	6,829	7,346	7,611
Hourly income	Average hourly income (£)	15.84	17.40	11.33	11.10	8.64	4.52
	Minimum agricultural wage (£)	6.85	6.95	6.98	7.04	7.08	7.17
	Average hourly income as % of MAW	231.2	250.4	162.3	157.6	121.9	63.0
Quartiles	FBI upper quartile (£)	115,762	120,954	92,103	107,062	79,869	66,559
	FBI lower quartile (£)	1,352	121	-14,855	-15,606	-14,065	-30,696
	Output:Input ratio upper quartile	1.45	1.47	1.40	1.46	1.36	1.31
	Output:Input ratio lower quartile	1.01	1.00	0.93	0.92	0.92	0.83
Balance Sheets (All Tenures)	Net worth (£) closing valuation (CV)	1,284,291	1,343,941	1,367,459	1,360,694	1,280,225	1,299,410
	Liabilities as % of assets (CV)	9.6	9.4	9.7	9.5	9.8	10.1

Full-Time equivalent (FTE) is 1,900 hours.
Off farm Income is only collected for farmers and their spouse as the midpoint of the range in which their income falls.

Table 2: FBS summary table 2015-16

	Measure	Specialist Sheep (LFA)	Specialist Cattle (LFA)	Cattle and Sheep (LFA)	Cereal	General Cropping	Dairy	Lowland Cattle and Sheep	Mixed	All Types
Average	Output (£)	45,817	123,962	105,016	158,901	208,001	377,460	129,699	160,412	**136,715**
	Input (£)	75,418	149,104	134,829	189,817	220,645	406,267	152,238	197,479	**165,009**
	Subsidy and payments (£)	36,001	45,636	49,949	29,132	30,496	30,854	32,392	35,351	**38,092**
	Diversified income (£)	961	1,988	757	9,227	6,234	-163	2,450	3,980	**2,818**
	FBI (£)	7,362	22,482	20,893	7,444	24,086	1,884	12,302	2,264	**12,615**
	FBI/FTE (£)	5,985	15,612	12,586	5,433	17,975	876	8,201	1,499	**8,581**
	Output:Input ratio	1.10	1.15	1.15	1.04	1.11	1.00	1.08	1.01	**1.08**
	Off farm income (£)	14,872	10,744	9,178	9,034	13,711	6,956	8,562	12,056	**11,188**
	Off farm income/FTE (£)	12,091	7,461	5,529	6,594	10,232	3,235	5,708	7,984	**7,611**
Balance Sheets (All Tenures)	Net worth (£) closing valuation (CV)	795,220	1,138,008	1,089,459	1,894,965	1,983,075	1,818,645	1,156,637	1,575,461	**1,299,410**
	Liabilities as % of assets (CV)	6.3	10	11	9	9	14	8	13	**10**
Hourly income	Average hourly income (£)	3.15	8.22	6.62	2.86	9.46	0.46	4.32	0.79	**4.52**
	Minimum agricultural wage (£)	**7.17**	**7.17**	**7.17**	**7.17**	**7.17**	**7.17**	**7.17**	**7.17**	**7.17**
	Average hourly income as % of MAW	43.9	114.6	92.4	39.9	131.9	6.4	60.2	11.0	**63.0**
Quartiles	FBI upper quartile (£)	42,745	64,981	69,454	62,438	81,202	112,026	38,461	41,468	**66,559**
	FBI lower quartile (£)	-28,496	-19,720	-14,724	-49,240	-16,672	-85,573	-16,777	-43,589	**-30,696**
	Output:Input ratio upper quartile	1.51	1.41	1.37	1.28	1.30	1.22	1.17	1.29	**1.31**
	Output:Input ratio lower quartile	0.70	0.88	0.91	0.77	0.94	0.84	0.89	0.83	**0.83**

Full-Time equivalent (FTE) is 1,900 hours.
Off farm Income is only collected for farmers and their spouse as the midpoint of the range in which their income falls.
The minimum agricultural wage (MAW) is the weighted average for 2015 calendar year.

Table 3: Percentage distribution of farms according to farm business incomes, 2015-16

	Farm Business Income in 2015/16								
Type of farm	**Less than £0**	**£0 to £4,999**	**£5,000 to £9,999**	**£10,000 to £19,999**	**£20,000 to £29,999**	**£30,000 to £39,999**	**£40,000 to £49,999**	**£50,000 to £99,999**	**£100,000 and over**
Specialist Sheep (LFA)	30.3	11.4	9.8	20.4	15.5	2.8	4.8	4.0	1.0
Specialist Cattle (LFA)	28.9	6.1	10.9	9.8	14.2	7.2	6.3	9.6	7.0
Cattle and Sheep (LFA)	16.9	10.0	11.7	12.7	17.6	9.4	7.6	11.8	2.4
Cereals	46.5	4.8	10.0	4.3	12.3	7.1	3.8	8.2	3.0
General cropping	23.4	16.6	0.0	14.5	10.7	9.6	5.1	14.5	5.6
Dairy	58.3	4.2	0.0	2.1	6.3	4.2	4.2	8.3	12.5
Lowground cattle and sheep	38.9	11.3	22.4	9.9	2.8	0.0	0.0	8.9	5.9
Mixed	56.5	0.8	2.6	10.5	15.2	4.2	3.4	5.1	1.7
All farm types	**36**	**8**	**9**	**12**	**13**	**6**	**5**	**8**	**4**

Table 4a: Average cropping and stocking, output, inputs, and Farm Business Income by type of farm: 2015-16

Type of farm	Specialist Sheep (LFA)	Specialist Cattle (LFA)	Cattle and sheep (LFA)	Cereals
Number of farms in sample	**48**	**124**	**63**	**68**
Average size of business (SLR)	3	2	4	2
Average size of farm (hectares)	717	188	446	167
Area of cereals (hectares)	1	11	5	111
Area of potatoes (hectares)	0	0	0	1
Area of oilseed rape (hectares)	0	0	0	15
Area of other crops (hectares)	0	0	0	4
Area of fodder	0	3	2	4
Area of grass	73	119	126	25
Number of ewes	589	162	575	22
Number of suckler cows	9	88	60	5
Number of dairy cows	0	5	0	0
Output yield per dairy cow(ltrs)				
Revenue value pence per litre				
Number of other cattle	11	145	81	20
Headcount of unpaid labour	1.9	2.0	2.0	1.8
Number of unpaid workers (FTE)	1.2	1.4	1.7	1.4
Average output £ per farm				
Total crop output	1,041	7,473	3,150	125,887
Total livestock output	38,370	108,567	91,185	11,465
Miscellaneous output	6,407	7,922	10,681	21,549
Total average output	**45,817**	**123,962**	**105,016**	**158,901**
Subsidy and Payments	**36,001**	**45,636**	**49,949**	**29,132**
Average inputs - £ per farm				
Crop expenses	3,683	19,413	13,294	61,072
Livestock expenses	21,738	46,369	43,820	5,852
Other input costs	49,996	83,323	77,715	122,894
Total average inputs	**75,418**	**149,104**	**134,829**	**189,817**
Diversification Margin	**961**	**1,988**	**757**	**9,227**
of which: Diversification Output	2,979	5,865	5,018	16,080
Diversification Input	2,017	3,877	4,261	6,853
FARM BUSINESS INCOME (FBI)	**7,362**	**22,482**	**20,893**	**7,444**
FBI per unpaid labour (FTE)	5,985	15,612	12,586	5,433
Output:Input ratio (including subsidies)	**1.1**	**1.2**	**1.2**	**1.0**
Output:Input ratio (excluding subsidies)	**0.6**	**0.8**	**0.8**	**0.9**
Off farm income (OFI)	**14,872**	**10,744**	**9,178**	**9,034**
OFI per unpaid labour (FTE)	12,091	7,461	5,529	6,594

Full-Time equivalent (FTE) is 1,900 hours.
Off farm Income is only collected for farmers and their spouse as the midpoint of the range in which their income falls.

Table 4b: Average cropping and stocking, output, inputs, and Farm Business Income by type of farm: 2015-16

Type of farm	General Cropping	Dairy	Lowland Cattle and Sheep	Mixed	All Farm Types
Number of farms in sample	**51**	**43**	**28**	**75**	**500**
Average size of business (SLR)	3	5	2	3	3
Average size of farm (hectares)	166	153	133	179	311
Area of cereals (hectares)	94	7	21	73	33
Area of potatoes (hectares)	16	0	0	2	1
Area of oilseed rape (hectares)	6	0	0	3	2
Area of other crops (hectares)	9	1	0	2	1
Area of fodder	5	6	3	5	3
Area of grass	32	128	98	71	88
Number of ewes	12	13	173	92	251
Number of suckler cows	9	0	51	38	40
Number of dairy cows	0	181	0	1	13
Output yield per dairy cow(ltrs)		*7,238*			
Revenue value pence per litre		*21.42*			
Number of other cattle	31	217	160	121	94
Headcount of unpaid labour	2.0	2.6	2.1	2.0	2.0
Number of unpaid workers (FTE)	1.3	2.2	1.5	1.5	1.5
Average output £ per farm					
Total crop output	160,107	7,972	14,449	65,803	35,672
Total livestock output	14,954	359,313	105,063	79,873	88,996
Miscellaneous output	32,940	10,175	10,187	14,737	12,047
Total average output	**208,001**	**377,460**	**129,699**	**160,412**	**136,715**
Subsidy and Payments	**30,496**	**30,854**	**32,392**	**35,351**	**38,092**
Average inputs - £ per farm					
Crop expenses	62,176	29,292	20,860	43,317	26,582
Livestock expenses	7,379	186,674	51,930	38,121	43,064
Other input costs	151,091	190,301	79,448	116,042	95,363
Total average inputs	**220,645**	**406,267**	**152,238**	**197,479**	**165,009**
Diversification Margin	**6,234**	**-163**	**2,450**	**3,980**	**2,818**
of which: Diversification Output	10,978	6,636	4,819	8,525	6,882
Diversification Input	4,744	6,799	2,369	4,544	4,064
FARM BUSINESS INCOME (FBI)	**24,086**	**1,884**	**12,302**	**2,264**	**12,615**
FBI per unpaid labour (FTE)	17,975	876	8,201	1,499	8,581
Output:Input ratio (including subsidies)	**1.1**	**1.0**	**1.1**	**1.0**	**1.1**
Output:Input ratio (excluding subsidies)	**1.0**	**0.9**	**0.9**	**0.8**	**0.8**
Off farm income (OFI)	**13,711**	**6,956**	**8,562**	**12,056**	**11,188**
OFI per unpaid labour (FTE)	10,232	3,235	5,708	7,984	7,611

Full-Time equivalent (FTE) is 1,900 hours.
Off farm Income is only collected for farmers and their spouse as the midpoint of the range in which their income falls.

Table 5: Percentage distribution of farms according to farm business incomes per unpaid labour (FTE), relative to the minimum agricultural wage (MAW): 2015-16

Type of farm	Farm Business Income in 2015/16					
	<£0	≥£0 <MAW	≥MAW <2 x MAW	≥2 x MAW <5 x MAW	≥5 x MAW <10 x MAW	≥10 x MAW
Specialist sheep (LFA)	29.2	27.1	16.7	22.9	4.2	0.0
Specialist cattle (LFA)	28.2	25.0	20.2	21.0	4.0	1.6
Cattle and sheep (LFA)	15.9	30.2	30.2	23.8	0.0	0.0
Cereals	44.1	23.5	16.2	11.8	4.4	0.0
General cropping	23.5	25.5	21.6	17.7	7.8	3.9
Dairy	53.5	11.6	14.0	16.3	2.3	2.3
Lowground cattle and sheep	35.7	42.9	3.6	14.3	3.6	0.0
Mixed	50.7	16.0	16.0	14.7	1.3	1.3
All farm types	**34**	**24**	**19**	**18**	**3**	**1**

Minimum Agricultural Wage is £7.17 per hour
≥ greater than or equal to
< less than

Table 6a: Farm business income, outputs and inputs performance bands by quartile: 2015-16

Type of farm	Specialist Sheep (LFA)			Specialist Cattle (LFA)		
Performance band	**Lower 25%**	**Average**	**Upper 25%**	**Lower 25%**	**Average**	**Upper 25%**
Number of farms in sample	**12**	**48**	**12**	**31**	**124**	**31**
Average size of business (SLR)	3	3	3	2	2	3
Average size of farm (hectares)	618	717	627	145	188	197
Area of cereals (hectares)	2	1	0	11	11	13
Area of potatoes (hectares)	0	0	0	0	0	0
Area of oilseed rape (hectares)	0	0	0	0	0	0
Area of other crops (hectares)	0	0	0	0	0	0
Area of fodder	1	0	0	3	3	4
Area of grass	68	73	114	113	119	119
Number of ewes	590	589	732	111	162	189
Number of suckler cows	4	9	11	74	88	107
Number of dairy cows	0	0	0	7	5	5
Output yield per dairy cow(ltrs)						
Revenue value pence per litre						
Number of other cattle	5	11	16	137	145	155
Headcount of unpaid workers	2.2	1.9	2.1	1.9	2.0	1.9
Number of unpaid workers (FTE)	1.3	1.2	1.5	1.4	1.4	1.3
Average output £ per farm						
Total crop output	327	1,041	1,260	9,760	7,473	5,966
Total livestock output	27,400	38,370	61,838	80,950	108,567	135,992
Miscellaneous output	7,027	6,407	9,551	9,193	7,922	18,760
Total average output	**34,754**	**45,817**	**72,650**	**99,903**	**123,962**	**160,717**
Subsidy and Payments	31,803	36,001	48,831	38,331	45,636	50,386
Average inputs - £ per farm						
Crop expenses	4,537	3,683	4,612	19,743	19,413	20,709
Livestock expenses	22,483	21,738	27,242	47,619	46,369	47,822
Other fixed costs	68,046	49,996	52,037	91,073	83,323	90,236
Total average inputs	**95,065**	**75,418**	**83,891**	**158,435**	**149,104**	**158,768**
Diversification Margin	**13**	**961**	**5,156**	**481**	**1,988**	**12,645**
of which: Diversification Output	3,873	2,979	7,093	2,508	5,865	31,435
Diversification Input	3,860	2,017	1,937	2,027	3,877	18,790
FARM BUSINESS INCOME (FBI)	**-28,496**	**7,362**	**42,745**	**-19,720**	**22,482**	**64,981**
FBI per unpaid worker (FTE)	-22,262	5,985	27,938	-14,394	15,612	48,493
Output:Input ratio (including subsidies)	0.7	1.1	1.5	0.9	1.2	1.4
Output:Input ratio (excluding subsidies)	0.4	0.6	0.9	0.6	0.8	1.1
Off farm income (OFI)	**28,811**	**14,872**	**2,765**	**11,820**	**10,744**	**8,807**
OFI per unpaid worker (FTE)	22,508	12,091	1,807	8,628	7,461	6,572

Full-Time equivalent (FTE) is 1,900 hours.
Off farm Income is only collected for farmers and their spouse as the midpoint of the range in which their income falls.

Table 6b: Farm business income, outputs and inputs performance bands by quartile: 2015-16

Type of farm	Cattle and sheep (LFA)			Cereals		
Performance band	**Lower 25%**	**Average**	**Upper 25%**	**Lower 25%**	**Average**	**Upper 25%**
Number of farms in sample	**16**	**63**	**16**	**17**	**68**	**17**
Average size of business (SLR)	4	4	5	2	2	2
Average size of farm (hectares)	650	446	789	165	167	192
Area of cereals (hectares)	12	5	6	109	111	127
Area of potatoes (hectares)	0	0	0	3	1	2
Area of oilseed rape (hectares)	0	0	0	18	15	26
Area of other crops (hectares)	0	0	0	5	4	9
Area of fodder	3	2	3	3	4	6
Area of grass	119	126	176	22	25	20
Number of ewes	546	575	850	18	22	26
Number of suckler cows	57	60	92	5	5	6
Number of dairy cows	0	0	0	0	0	0
Output yield per dairy cow(ltrs)						
Revenue value pence per litre						
Number of other cattle	75	81	131	17	20	24
Headcount of unpaid workers	2.1	2.0	2.6	1.5	1.8	2.5
Number of unpaid workers (FTE)	1.8	1.7	2.1	1.2	1.4	1.8
Average output £ per farm						
Total crop output	6,604	3,150	4,368	101,522	125,887	180,061
Total livestock output	84,395	91,185	146,046	9,810	11,465	10,126
Miscellaneous output	6,908	10,681	14,949	17,918	21,549	51,274
Total average output	**97,907**	**105,016**	**165,363**	**129,250**	**158,901**	**241,461**
Subsidy and Payments	48,195	49,949	85,805	28,876	29,132	33,357
Average inputs - £ per farm						
Crop expenses	15,847	13,294	20,441	62,182	61,072	74,983
Livestock expenses	46,287	43,820	61,036	4,191	5,852	4,429
Other fixed costs	94,167	77,715	105,312	148,604	122,894	145,919
Total average inputs	**156,301**	**134,829**	**186,788**	**214,976**	**189,817**	**225,331**
Diversification Margin	**-4,525**	**757**	**5,074**	**7,611**	**9,227**	**12,951**
of which: Diversification Output	4,570	5,018	10,751	13,474	16,080	23,286
Diversification Input	9,095	4,261	5,677	5,864	6,853	10,334
FARM BUSINESS INCOME (FBI)	**-14,724**	**20,893**	**69,454**	**-49,240**	**7,444**	**62,438**
FBI per unpaid worker (FTE)	-8,319	12,586	33,880	-42,448	5,433	34,307
Output:Input ratio (including subsidies)	0.9	1.2	1.4	0.8	1.0	1.3
Output:Input ratio (excluding subsidies)	0.6	0.8	0.9	0.6	0.9	1.1
Off farm income (OFI)	**7,072**	**9,178**	**9,219**	**7,966**	**9,034**	**8,400**
OFI per unpaid worker (FTE)	3,995	5,529	4,497	6,867	6,594	4,615

Full-Time equivalent (FTE) is 1,900 hours.
Off farm Income is only collected for farmers and their spouse as the midpoint of the range in which their income falls.

Table 6c: Farm business income, outputs and inputs performance bands by quartile: 2015-16

Type of farm	General Cropping			Dairy		
Performance band	**Lower 25%**	**Average**	**Upper 25%**	**Lower 25%**	**Average**	**Upper 25%**
Number of farms in sample	**13**	**51**	**13**	**11**	**43**	**11**
Average size of business (SLR)	3	3	3	6	5	7
Average size of farm (hectares)	158	166	178	167	153	204
Area of cereals (hectares)	88	94	103	11	7	8
Area of potatoes (hectares)	19	16	15	0	0	0
Area of oilseed rape (hectares)	4	6	9	0	0	0
Area of other crops (hectares)	12	9	13	4	1	0
Area of fodder	4	5	9	7	6	6
Area of grass	29	32	27	122	128	179
Number of ewes	0	12	28	32	13	0
Number of suckler cows	12	9	8	0	0	0
Number of dairy cows	0	0	0	204	181	243
Output yield per dairy cow(ltrs)				*7,659*	*7,238*	*7,296*
Revenue value pence per litre				*20.32*	*21.42*	*25.20*
Number of other cattle	41	31	23	220	217	269
Headcount of unpaid workers	1.9	2.0	2.3	2.3	2.6	2.7
Number of unpaid workers (FTE)	1.5	1.3	1.6	1.8	2.2	2.4
Average output £ per farm						
Total crop output	179,984	160,107	183,653	13,178	7,972	11,889
Total livestock output	19,360	14,954	14,668	376,041	359,313	546,972
Miscellaneous output	20,512	32,940	106,180	10,791	10,175	22,228
Total average output	**219,855**	**208,001**	**304,501**	**400,010**	**377,460**	**581,090**
Subsidy and Payments	30,205	30,496	30,805	36,142	30,854	39,294
Average inputs - £ per farm						
Crop expenses	70,804	62,176	66,587	37,101	29,292	35,818
Livestock expenses	10,389	7,379	7,460	258,791	186,674	210,173
Other fixed costs	187,867	151,091	201,039	224,926	190,301	260,259
Total average inputs	**269,060**	**220,645**	**275,086**	**520,818**	**406,267**	**506,250**
Diversification Margin	**2,328**	**6,234**	**20,982**	**-906**	**-163**	**-2,108**
of which: Diversification Output	5,795	10,978	30,387	12,271	6,636	6,607
Diversification Input	3,467	4,744	9,405	13,177	6,799	8,715
FARM BUSINESS INCOME (FBI)	**-16,672**	**24,086**	**81,202**	**-85,573**	**1,884**	**112,026**
FBI per unpaid worker (FTE)	-11,189	17,975	51,071	-46,507	876	47,671
Output:Input ratio (including subsidies)	0.9	1.1	1.3	0.8	1.0	1.2
Output:Input ratio (excluding subsidies)	0.8	1.0	1.2	0.8	0.9	1.1
Off farm income (OFI)	**15,755**	**13,711**	**9,172**	**10,682**	**6,956**	**5,682**
OFI per unpaid worker (FTE)	10,574	10,232	5,768	5,805	3,235	2,418

Full-Time equivalent (FTE) is 1,900 hours.
Off farm Income is only collected for farmers and their spouse as the midpoint of the range in which their income falls.

Table 6d: Farm business income, outputs and inputs performance bands by quartile: 2015-16

Type of farm	Lowland Cattle and Sheep			Mixed		
Performance band	**Lower 25%**	**Average**	**Upper 25%**	**Lower 25%**	**Average**	**Upper 25%**
Number of farms in sample	**7**	**28**	**7**	**19**	**75**	**19**
Average size of business (SLR)	2	2	3	2	3	2
Average size of farm (hectares)	99	133	165	194	179	132
Area of cereals (hectares)	28	21	26	78	73	63
Area of potatoes (hectares)	0	0	0	2	2	1
Area of oilseed rape (hectares)	0	0	0	4	3	4
Area of other crops (hectares)	0	0	0	2	2	1
Area of fodder	3	3	2	7	5	2
Area of grass	68	98	128	61	71	49
Number of ewes	89	173	106	50	92	49
Number of suckler cows	4	51	151	39	38	32
Number of dairy cows	0	0	0	0	1	4
Output yield per dairy cow(ltrs)						
Revenue value pence per litre						
Number of other cattle	147	160	223	141	121	102
Headcount of unpaid workers	2.6	2.1	2.1	2.0	2.0	2.1
Number of unpaid workers (FTE)	1.9	1.5	1.3	1.6	1.5	1.4
Average output £ per farm						
Total crop output	24,060	14,449	19,325	72,697	65,803	59,603
Total livestock output	57,354	105,063	183,927	71,442	79,873	74,209
Miscellaneous output	34,926	10,187	6,136	19,382	14,737	20,294
Total average output	**116,340**	**129,699**	**209,388**	**163,521**	**160,412**	**154,106**
Subsidy and Payments	22,362	32,392	50,777	38,886	35,351	28,469
Average inputs - £ per farm						
Crop expenses	20,310	20,860	32,006	52,816	43,317	35,211
Livestock expenses	41,875	51,930	95,008	41,656	38,121	28,825
Other fixed costs	97,294	79,448	98,085	157,370	116,042	79,618
Total average inputs	**159,479**	**152,238**	**225,099**	**251,842**	**197,479**	**143,654**
Diversification Margin	**4,000**	**2,450**	**3,395**	**5,846**	**3,980**	**2,547**
of which: Diversification Output	4,657	4,819	5,992	14,078	8,525	5,898
Diversification Input	656	2,369	2,597	8,232	4,544	3,351
FARM BUSINESS INCOME (FBI)	**-16,777**	**12,302**	**38,461**	**-43,589**	**2,264**	**41,468**
FBI per unpaid worker (FTE)	-8,648	8,201	28,702	-27,243	1,499	28,797
Output:Input ratio (including subsidies)	0.9	1.1	1.2	0.8	1.0	1.3
Output:Input ratio (excluding subsidies)	0.8	0.9	0.9	0.7	0.8	1.1
Off farm income (OFI)	**5,624**	**8,562**	**11,217**	**6,986**	**12,056**	**6,690**
OFI per unpaid worker (FTE)	2,899	5,708	8,371	4,366	7,984	4,646

Full-Time equivalent (FTE) is 1,900 hours.
Off farm Income is only collected for farmers and their spouse as the midpoint of the range in which their income falls.

Table 6e: Farm business income, outputs and inputs performance bands by quartile: 2015-16

Type of farm	All Farm Types		
Performance band	**Lower 25%**	**Average**	**Upper 25%**
Number of farms in sample	**125**	**500**	**125**
Average size of business (SLR)	3	3	4
Average size of farm (hectares)	305	311	330
Area of cereals (hectares)	34	33	42
Area of potatoes (hectares)	1	1	1
Area of oilseed rape (hectares)	2	2	4
Area of other crops (hectares)	1	1	2
Area of fodder	3	3	5
Area of grass	79	88	117
Number of ewes	214	251	321
Number of suckler cows	32	40	54
Number of dairy cows	13	13	17
Output yield per dairy cow(ltrs)			
Revenue value pence per litre			
Number of other cattle	94	94	137
Headcount of unpaid workers	2.1	2.0	2.3
Number of unpaid workers (FTE)	1.5	1.5	1.7
Average output £ per farm			
Total crop output	35,655	35,672	49,192
Total livestock output	69,674	88,996	145,067
Miscellaneous output	12,373	12,047	28,915
Total average output	**117,702**	**136,715**	**223,173**
Subsidy and Payments	34,117	38,092	50,404
Average inputs - £ per farm			
Crop expenses	28,848	26,582	35,068
Livestock expenses	43,235	43,064	57,847
Other fixed costs	111,607	95,363	120,685
Total average inputs	**183,690**	**165,009**	**213,600**
Diversification Margin	**1,176**	**2,818**	**6,582**
of which: Diversification Output	6,047	6,882	13,608
Diversification Input	4,870	4,064	7,027
FARM BUSINESS INCOME (FBI)	**-30,696**	**12,615**	**66,559**
FBI per unpaid worker (FTE)	-20,328	8,581	40,339
Output:Input ratio (including subsidies)	0.8	1.1	1.3
Output:Input ratio (excluding subsidies)	0.6	0.8	1.1
Off farm income (OFI)	**15,642**	**11,188**	**8,812**
OFI per unpaid worker (FTE)	10,359	7,611	5,341

Full-Time equivalent (FTE) is 1,900 hours.
Off farm Income is only collected for farmers and their spouse as the midpoint of the range in which their income falls.

Table 7: Farm Business Income by Cost Centres: 2014-15 to 2015-16 (2015-16 prices)

		Cost Centre (£ per Farm)											
		Agriculture		Agri-environment		Diversification		Contracting		Direct Payment		Farm Business (£ per Farm)	
		2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
Specialist sheep (LFA)	**Total Output**	48,541	41,929	15,972	14,575	2,618	2,979	8,847	3,888	18,029	21,426	94,006	84,797
	Total Costs	70,785	73,253	459	241	1,768	2,017	5,993	1,874	64	49	79,070	77,435
	Farm Business Income	-22,244	-31,324	15,512	14,334	849	962	2,854	2,014	17,965	21,377	14,937	7,362
Specialist cattle (LFA)	**Total Output**	123,835	119,311	11,573	9,870	5,289	5,865	6,433	4,675	35,844	35,743	182,974	175,464
	Total Costs	149,432	145,947	337	233	4,150	3,877	3,767	2,732	89	192	157,775	152,982
	Farm Business Income (d)	-25,597	-26,636	11,236	9,637	1,139	1,988	2,666	1,943	35,755	35,550	25,199	22,482
Cattle and sheep (LFA)	**Total Output**	108,303	98,364	17,280	15,297	4,689	5,018	6,099	6,702	36,309	34,603	172,680	159,983
	Total Costs	138,159	130,861	509	477	3,860	4,261	2,357	3,470	42	21	144,928	139,091
	Farm Business Income (d)	-29,856	-32,497	16,771	14,819	828	757	3,742	3,232	36,267	34,582	27,752	20,893
Cereals	**Total Output**	158,546	145,831	1,907	1,045	14,883	16,080	12,602	13,070	31,982	28,087	219,920	204,113
	Total Costs	188,337	182,144	204	140	5,148	6,853	7,552	7,484	33	49	201,273	196,670
	Farm Business Income (d)	-29,791	-36,313	1,704	905	9,735	9,227	5,050	5,586	31,948	28,038	18,646	7,443
General cropping	**Total Output**	179,811	183,664	2,898	3,110	10,137	10,978	15,349	24,436	29,580	27,287	237,775	249,475
	Total Costs	195,445	206,259	841	241	4,614	4,744	9,640	14,067	47	78	210,587	225,389
	Farm Business Income (d)	-15,634	-22,596	2,056	2,869	5,523	6,234	5,709	10,369	29,532	27,209	27,188	24,086
Dairy	**Total Output**	458,953	373,667	2,430	1,398	4,916	6,636	3,600	3,793	34,213	29,456	504,113	414,950
	Total Costs	427,611	404,922	188	251	5,582	6,799	1,255	1,056	33	37	434,668	413,065
	Farm Business Income (d)	31,343	-31,255	2,242	1,146	-665	-163	2,344	2,737	34,181	29,419	69,445	1,885
Lowland cattle and sheep	**Total Output**	133,082	125,610	3,419	2,974	4,264	4,819	1,451	4,089	33,712	29,418	175,927	166,910
	Total Costs	145,098	149,318	120	86	2,665	2,369	874	2,761	232	73	148,989	154,608
	Farm Business Income (d)	-12,016	-23,708	3,299	2,888	1,599	2,450	577	1,328	33,480	29,345	26,939	12,302
Mixed	**Total Output**	160,849	151,030	4,010	2,847	5,630	8,524	8,125	9,383	35,578	32,503	214,191	204,287
	Total Costs	193,118	190,994	165	100	3,156	4,544	5,677	6,223	69	163	202,185	202,023
	Farm Business Income (d)	-32,269	-39,964	3,844	2,747	2,474	3,980	2,448	3,160	35,509	32,340	12,006	2,264
All types	**Total Output**	146,007	129,431	8,740	7,983	6,025	6,882	7,830	7,301	31,639	30,091	200,241	181,688
	Total Costs	167,276	160,508	343	221	3,657	4,064	4,769	4,179	73	101	176,119	169,074
	Farm Business Income (d)	-21,269	-31,077	8,397	7,761	2,368	2,818	3,060	3,122	31,565	29,991	24,122	12,615

Table 8: Number of diversified activities and average income in FBS sample 2010-11 to 2015-16 (2015-16 prices)

	2010-11		2011-12		2012-13		2013-14		2014-15		2015-16	
	Number	Average Income (£)	Number	Average Income (£)	Number	Average Income (£)	Number	Average Income (£)	Number	Average Income (£)	Number	Average Income (£)
All	**305**	**6,025**	**333**	**5,451**	**371**	**3,832**	**379**	**4,015**	**423**	**3,366**	**394**	**4,427**
Processing and retailing of farm produce	11	298	7	4,404	7	6,490	8	3,461	3	5,631	4	24,209
Recreation	19	2,240	19	1,583	13	1,550	12	1,946	16	1,701	12	2,654
Renting out buildings - not including tourist accommodation	173	6,117	166	6,775	165	5,943	164	6,078	175	6,432	183	6,343
Tourist Accomodation and Catering	16	-1,310	16	4,412	16	1,773	17	1,212	17	-742	14	1,074
Mobile Phone Masts	23	6,889	25	6,597	23	7,255	26	7,320	24	8,738	23	7,824
Wind Turbines	28	4,920	29	1,070	37	-6,550	40	-911	45	1,566	44	2,877
Micro Electric Generation	n/a	n/a	12	-4,228	38	-3,416	50	-948	72	-3,085	89	-1,856
Other Miscellaneous receipts	35	13,099	59	7,143	72	7,670	62	5,593	71	2,939	25	11,935

n/a - micro electric generation was not recorded as a separate category until 2011-12

Table 9: Diversified activity and incomes (5 year matched sample): 2011-12 to 2015-16 (2015-16 prices)

	2011-12	2012-13	2013-14	2014-15	2015-16
Total number of farms in matched sample	425	425	425	425	425
Percentage of farms engaged in diversified activity	50%	53%	55%	61%	63%
Average number of diversified activities on farms with any diversified activity	1.6	1.6	1.6	1.6	1.5
Average diversified income of farms with diversified activity	£7,227	£5,409	£5,674	£5,002	£6,661
Average diversified income of farms with diversified activity (% of FBI)	13%	17%	16%	14%	29%
Average FBI of farms with diversified activity	£57,113	£32,783	£35,698	£34,507	£22,771
Average FBI of farms without diversified activity	£48,112	£36,014	£31,108	£23,916	£11,838

Table 10a: Average opening and closing balance sheets by tenure and type of farm: 2015-16

Tenure of farm	Type of farm	Specialist sheep (LFA)		Specialist cattle (LFA)		Cattle and sheep (LFA)		Cereals		General cropping	
		Valuation (£/farm)		Valuation (£/farm)		Valuation (£/farm)		Valuation (£/farm)		Valuation (£/farm)	
		Opening	Closing	Opening	Closing	Opening	Closing	Opening	Closing	Opening	Closing
Owner-occupied farms	**Sample Size**	**22**		**55**		**25**		**35**		**18**	
	Total assets	1,048,661	1,108,226	1,361,873	1,415,202	1,655,699	1,729,054	2,412,730	2,443,129	2,491,941	2,527,408
	Total external liabilities	40,243	48,248	138,088	132,477	143,058	147,494	191,468	194,038	195,234	184,321
	Net worth	**1,008,419**	**1,059,979**	**1,223,785**	**1,282,726**	**1,512,641**	**1,581,561**	**2,221,262**	**2,249,091**	**2,296,708**	**2,343,087**
	Liabilities as a percentage of assets	3.8	4.4	10.1	9.4	8.6	8.5	7.9	7.9	7.8	7.3
Tenanted farms	**Sample Size**	**10**		**27**		**16**		**11**		**9**	
	Total assets	299,162	355,085	420,160	488,328	261,406	315,398	297,290	351,357	301,197	325,505
	Total external liabilities	28,247	45,976	84,157	88,908	54,425	56,987	88,541	89,388	85,590	79,928
	Net worth	**270,914**	**309,109**	**336,003**	**399,420**	**206,980**	**258,411**	**208,749**	**261,969**	**215,607**	**245,577**
	Liabilities as a percentage of assets	9.4	12.9	20.0	18.2	20.8	18.1	29.8	25.4	28.4	24.6
Mixed tenure farms	**Sample Size**	**16**		**40**		**22**		**20**		**19**	
	Total assets	915,782	877,388	1,379,354	1,452,907	1,266,802	1,393,099	2,144,160	2,194,799	2,656,586	2,731,573
	Total external liabilities	75,229	88,277	168,375	150,168	183,868	210,647	194,888	189,148	431,729	458,730
	Net worth	**840,553**	**789,111**	**1,210,979**	**1,302,739**	**1,082,934**	**1,182,451**	**1,949,272**	**2,005,651**	**2,224,856**	**2,272,843**
	Liabilities as a percentage of assets	8.2	10.1	12.2	10.3	14.5	15.1	9.1	8.6	16.3	16.8
All Tenures	**Sample Size**	**48**		**122**		**63**		**66**		**46**	
	Total assets	803,376	848,308	1,206,985	1,265,949	1,143,581	1,221,692	2,034,541	2,071,360	2,140,586	2,178,270
	Total external liabilities	41,443	53,088	133,781	127,941	123,834	132,232	175,160	176,395	201,297	195,195
	Net worth	**761,933**	**795,220**	**1,073,204**	**1,138,008**	**1,019,747**	**1,089,459**	**1,859,381**	**1,894,965**	**1,939,289**	**1,983,075**
	Liabilities as a percentage of assets	5.2	6.3	11.1	10.1	10.8	10.8	8.6	8.5	9.4	9.0

Closing values for 2014-15 and opening values for 2015-16 were reset to zero for entitlements due to the change from SFP to BPS.

Table 10b: Average opening and closing balance sheets by tenure and type of farm: 2015-16

Tenure of farm	Type of farm	Dairy		Lowland cattle and sheep		Mixed		All farm types	
		Valuation (£/farm)		Valuation (£/farm)		Valuation (£/farm)		Valuation (£/farm)	
		Opening	Closing	Opening	Closing	Opening	Closing	Opening	Closing
Owner-occupied farms	**Sample Size**	**18**		**12**		**29**		**214**	
	Total assets	2,121,759	2,135,959	1,282,951	1,331,360	1,989,756	2,048,161	1,670,372	1,720,385
	Total external liabilities	226,057	256,983	94,446	85,148	227,398	235,698	148,617	151,373
	Net worth	**1,895,702**	**1,878,976**	**1,188,505**	**1,246,213**	**1,762,358**	**1,812,463**	**1,521,755**	**1,569,012**
	Liabilities as a percentage of assets	10.7	12.0	7.4	6.4	11.4	11.5	8.9	8.8
Tenanted farms	**Sample Size**	**c**		**c**		**9**		**90**	
	Total assets	c	c	c	c	403,333	447,083	362,425	415,343
	Total external liabilities	c	c	c	c	93,851	101,432	68,000	75,414
	Net worth	**c**	**c**	**c**	**c**	**309,482**	**345,651**	**294,424**	**339,929**
	Liabilities as a percentage of assets	c	c	c	c	23.3	22.7	18.8	18.2
Mixed tenure farms	**Sample Size**	**21**		**11**		**31**		**180**	
	Total assets	2,945,071	3,005,434	1,540,661	1,604,684	1,857,098	1,936,211	1,574,588	1,632,019
	Total external liabilities	404,995	490,206	248,169	271,302	314,159	340,863	207,452	220,855
	Net worth	**2,540,076**	**2,515,228**	**1,292,492**	**1,333,382**	**1,542,939**	**1,595,348**	**1,367,136**	**1,411,164**
	Liabilities as a percentage of assets	13.8	16.3	16.1	16.9	16.9	17.6	13.2	13.5
All Tenures	**Sample Size**	**43**		**27**		**69**		**484**	
	Total assets	2,090,318	2,107,149	1,206,725	1,260,106	1,747,419	1,806,589	1,393,955	1,445,628
	Total external liabilities	251,209	288,504	109,221	103,468	220,410	231,129	140,981	146,218
	Net worth	**1,839,109**	**1,818,645**	**1,097,504**	**1,156,637**	**1,527,009**	**1,575,461**	**1,252,974**	**1,299,410**
	Liabilities as a percentage of assets	12.0	13.7	9.1	8.2	12.6	12.8	10.1	10.1

Closing values for 2014-15 and opening values for 2015-16 were reset to zero for entitlements due to the change from SFP to BPS.
'c' - cell values have been suppressed due to small sample sizes.

Table 11: Trends in Net Farm Income (2015-16 prices) by farm type[(1)]

	Specialist sheep (LFA)	Specialist cattle (LFA)	Cattle and sheep (LFA)	Cereals	General cropping	Dairy	Lowland cattle and sheep	Mixed	All types
1991-92	13,111	11,583	17,093	10,037	17,595	37,048	15,364	12,162	16,182
1992-93	17,808	16,233	20,796	28,117	26,683	45,408	24,769	24,455	24,563
1993-94	18,628	18,312	23,061	23,444	30,188	50,280	25,373	27,979	26,660
1994-95	16,063	16,034	18,608	27,733	88,269	42,586	20,023	21,614	31,157
1995-06	18,388	18,626	21,644	37,590	60,696	51,684	16,849	31,471	32,763
1996-97	19,343	24,375	27,179	39,569	29,783	44,882	5,753	24,761	29,181
1997-98	10,451	10,804	8,956	8,046	2,125	19,064	5,407	-4,754	7,820
1998-99	3,418	7,008	7,540	5,871	23,359	8,119	-2,538	-2,911	7,167
1999-00	-2,034	7,059	2,980	6,920	314	2,371	3,513	6,433	3,947
2000-01	3,869	8,889	8,060	5,377	6,856	18,668	2,586	8,924	8,162
2001-02	142	17,832	15,727	92	8,856	43,268	22,253	14,206	13,958
2002-03	11,485	26,893	18,150	628	-1,769	11,364	25,130	11,867	13,489
2003-04	12,406	26,438	27,382	21,589	32,136	28,841	25,538	28,417	25,208
2004-05	10,681	22,766	21,941	1,805	8,471	32,610	16,844	18,001	17,099
2005-06	5,728	15,136	14,064	3,673	9,856	25,658	11,784	17,298	13,013
2006-07	2,257	16,491	14,798	24,242	50,293	38,155	28,055	24,271	23,113
2007-08	13,958	19,127	21,528	58,047	72,554	60,962	18,263	29,650	35,664
2008-09	10,103	21,265	22,711	29,946	49,944	71,120	21,283	36,044	31,594
2009-10	21,072	34,734	30,496	-913	2,817	49,587	24,040	20,179	22,885
2010-11	18,251	29,570	33,582	40,528	62,500	68,403	31,847	44,155	38,369
2011-12	21,489	36,139	33,616	47,197	37,277	80,439	23,920	39,951	37,458
2012-13	17,569	20,276	14,601	9,573	40,073	41,514	10,166	22,528	22,256
2013-14	17,617	17,416	20,435	9,340	14,777	80,000	15,883	18,101	20,745
2014-15	9,296	18,085	20,734	-1,519	7,778	71,220	17,616	1,107	14,980
2015-16	988	14,778	12,980	-14,431	9,253	2,120	2,175	-9,779	2,987

(1) Farm Classification groupings were revised in 1993 and re-calculated retrospectively.
1991/92 figures are the first available with the current grouping.

Table 12: Farm Business Income by farm type: 2010-11 to 2015-16 (2015-16 prices)

Type of Farms	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Specialist Sheep (LFA)	28,445	29,871	22,111	24,752	14,937	7,362
Specialist Cattle (LFA)	38,457	44,748	27,632	25,355	25,199	22,482
Cattle and Sheep (LFA)	40,678	41,610	21,101	26,203	27,752	20,893
Cereals	63,001	63,731	24,292	23,776	18,646	7,444
General Cropping	77,814	53,784	58,677	37,021	27,188	24,086
Dairy	83,860	87,087	47,024	81,421	69,445	1,884
Lowland Cattle and Sheep	45,087	35,645	18,375	24,719	26,938	12,302
Mixed	58,345	52,016	35,067	30,568	12,006	2,264
All Farm Types	**50,857**	**48,270**	**31,867**	**31,212**	**24,122**	**12,615**

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