

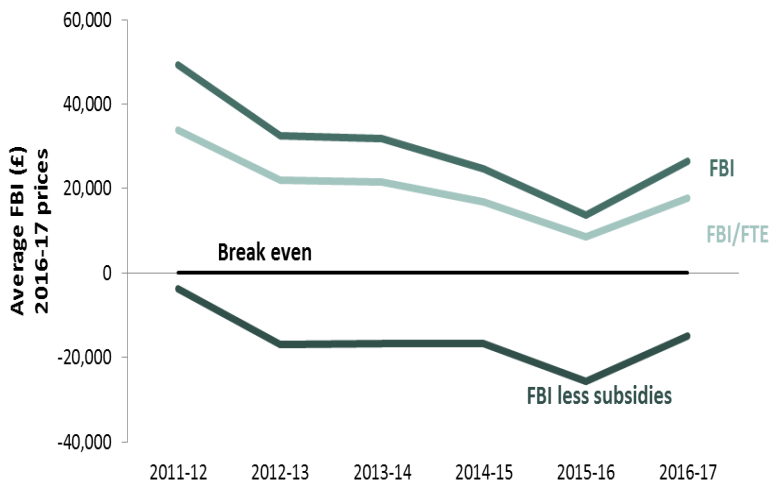
# AGRICULTURE, ENVIRONMENT AND MARINE

## Annual Estimates of Scottish Farm Business Income (FBI) 2016-17

8<sup>th</sup> March 2018

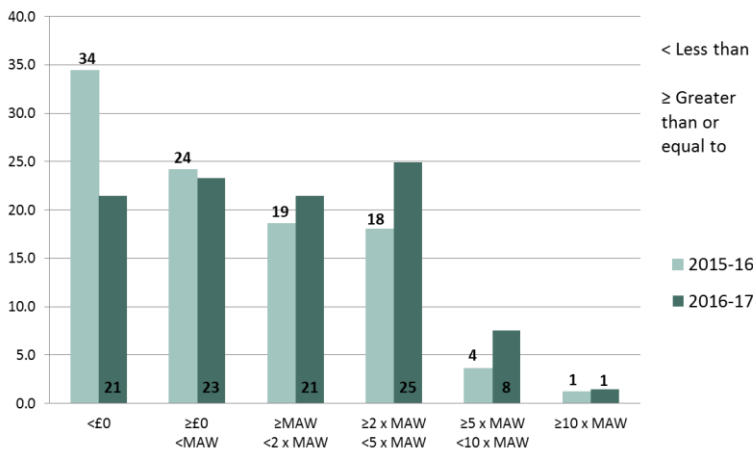
### Introduction

#### 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 2016-17, which relates to the 2016 crop year. Other financial indicators, such as productivity and financial strength, are also presented.

In 2016-17, the average FBI for businesses in the survey was £26,400. This represents an increase of 94 per cent (£12,800) in real terms over the last year. However, this is still a decrease of 46 per cent (£22,900) in real terms since 2011-12. When FBI is calculated without the addition of subsidy payments the value results in a loss of £14,900.

From the Farm Business Survey (FBS), 23 per cent of farm businesses made a loss and less than half of farm businesses (45 per cent) generated income roughly equivalent to less than the minimum agricultural wage (MAW), per hour of unpaid labour. This latter figure has decreased by 14 percentage points compared to the previous year.

*This PDF was revised on 12th March 2018 to update five values in Table 1 on page 35. The values that have been revised are:*

*2015 – 16 column*

*Off Farm Income (£)*

*FBI upper quartile (£)*

*FBI lower quartile (£)*

*Output: Input ratio upper quartile*

*Output: Input ratio lower quartile*

***Note that the HTML conversion and the accompanying excel tables had the correct values when first published on 8th March 2018 and therefore have not been revised.***

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## Value of measuring Farm Business Incomes

Nearly half (49 per cent) of food consumed in the UK is sourced from UK Agriculture. The industry employs 67,000 people in Scotland (430,000 in the UK as a whole). Agricultural farm land makes up 74 per cent of Scotland's total land area and supplies vital food and drink industries. Farm incomes provide an important measure of farm performance and profitability to help reliably measure the strength of the industry.

## Measures of Farm Income

There are two main measures of farm income, Farm Business Income (FBI) and [Total Income from Farming \(TIFF\)](#). FBI is the business-level measure of farm incomes and is based on crop years. It provides an estimate of average incomes, outputs, costs and subsidies for eight different farm types. TIFF is an estimate of national-level farm incomes and is based on calendar years. It provides a national estimate for total income across the sector as a whole.

This publication focuses on Farm Business Income statistics.

## 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 approximately 500 farms. The FBS sample is stratified by farm type and size. The 2016-17 data has been calculated using 2010 Standard Output (SO) coefficients.

The survey does not currently include farms predominantly engaged in horticulture, poultry or pig production, which are sectors that exist without subsidy payments. The coverage of the survey is restricted to those farms which have considerable economic activity (at least 25,000 Euros of output, equivalent to £21,315) 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 be representative of the whole of the agriculture industry.

Time series in this report are presented in 2016-17 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 – 2016 Crop Year

2016-17 income estimates focus on the 2016 crop year. There was both a reduction in spending on inputs in 2016-17 compared to the previous year, as well as an increase in crop and livestock production on average for all farm types. This, combined with a upturn in grants and subsidy payments, increased the profitability from agriculture.

## Profitability

In 2016-17, the average FBI for businesses in the survey was £26,400. This represents an increase of 94 per cent (£12,800) in real terms over the last year, however, it is a decrease of 46 per cent (£22,900) in real terms since 2011-12.

2016-17 saw spending on inputs fall, which was supported by an increase in outputs caused by a rise in crop and livestock revenue and the increased value of subsidy payments<sup>1</sup>. Since 2011-12, crop and livestock inputs and outputs have both fallen, however the cost of inputs have fallen at a slower rate than the outputs over the period. This combined with the decline in value of subsidy payments led to a decrease in FBI.

Forty five per cent of farms in the survey generated income equivalent to less than the minimum agricultural wage (MAW) on a per head basis, per hour of unpaid labour. This includes the 23 per cent of farm businesses that made a loss in 2016-17.

General cropping farms had the highest average FBI in 2016-17, at £47,000, while LFA sheep farms had the lowest average FBI, at £14,000.

All lower quartile farms (businesses with the lowest 25 per cent of FBI values) made a loss in terms of FBI in 2016-17 with the exception of LFA cattle and sheep. The average FBI of lower quartile farms ranged from a profit of £2,600 for LFA cattle and sheep farms to a loss of £56,100 for dairy farms.

The upper quartile farms (businesses with the highest 25 per cent of FBI values) had incomes ranging from £64,000 for lowland cattle and sheep farms to £148,900 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,

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<sup>1</sup> Relates to the 2016 subsidy payments, irrespective of when payments were received.

that the average income in 2016-17 has recovered slightly from the low in 2015-16.

## **Components of profitability**

All inputs and outputs have been counted against one of five cost centres: agricultural; agri-environment; diversification; agricultural contracting; and income from the direct payments scheme.

The average loss from agricultural farming activities decreased in 2016-17 to £21,300. The average farm business in the survey still made a loss when taking into account diversification (£3,400), contracting (£3,300) and agri-environment activities (£6,500), and therefore was reliant on subsidies (£34,500) for profit.

Diversified farm businesses achieved incomes, on average, £17,400 higher than non-diversified farms. The most common diversified activity in 2016-17 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 1.16, meaning that for every £1 spent on inputs, Scottish farm businesses are generating £1.16 worth of outputs. The average for high performing farms is around £1.38, while for lower performers it is around £0.91; an average loss of £0.09 for every £1 spent.

## **Financial strength (Assets and Liabilities)**

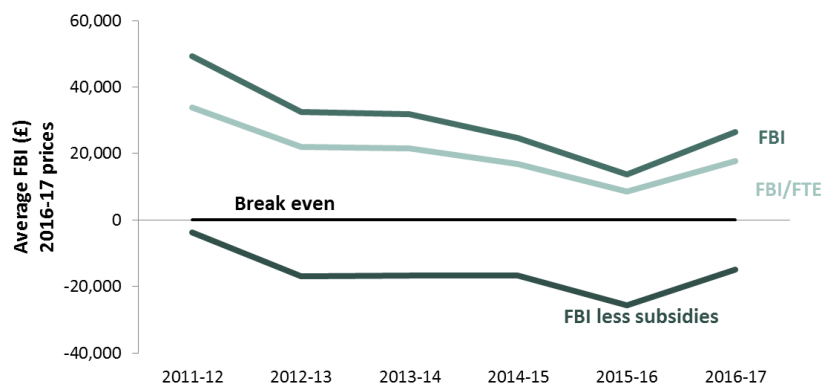
The net worth of farm businesses in 2016-17 increased by £6,600 to a closing balance of £1.3m for all farm types, while average liabilities and average asset values both increased by £4,600 and £11,200 respectively. The average debt ratio (liabilities as a percentage of assets) is relatively low, with 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) provides a business-level measure of farm income in Scotland. 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 2016-17, the average FBI was £26,400, a 94 per cent increase in real terms from the previous year, up £12,800, and 46 per cent lower in real terms than 2011-12.

When subsidy payments are excluded, the average FBI is a loss of £14,900 in 2016-17<sup>2</sup>. 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 2015-16 and 2016-17 spending on crop and livestock inputs decreased on average, by five and six per cent respectively. Revenue from livestock outputs decreased by two per cent on average but revenue from crop outputs, diversification and subsidies all increased, resulting in the overall increase in FBI.

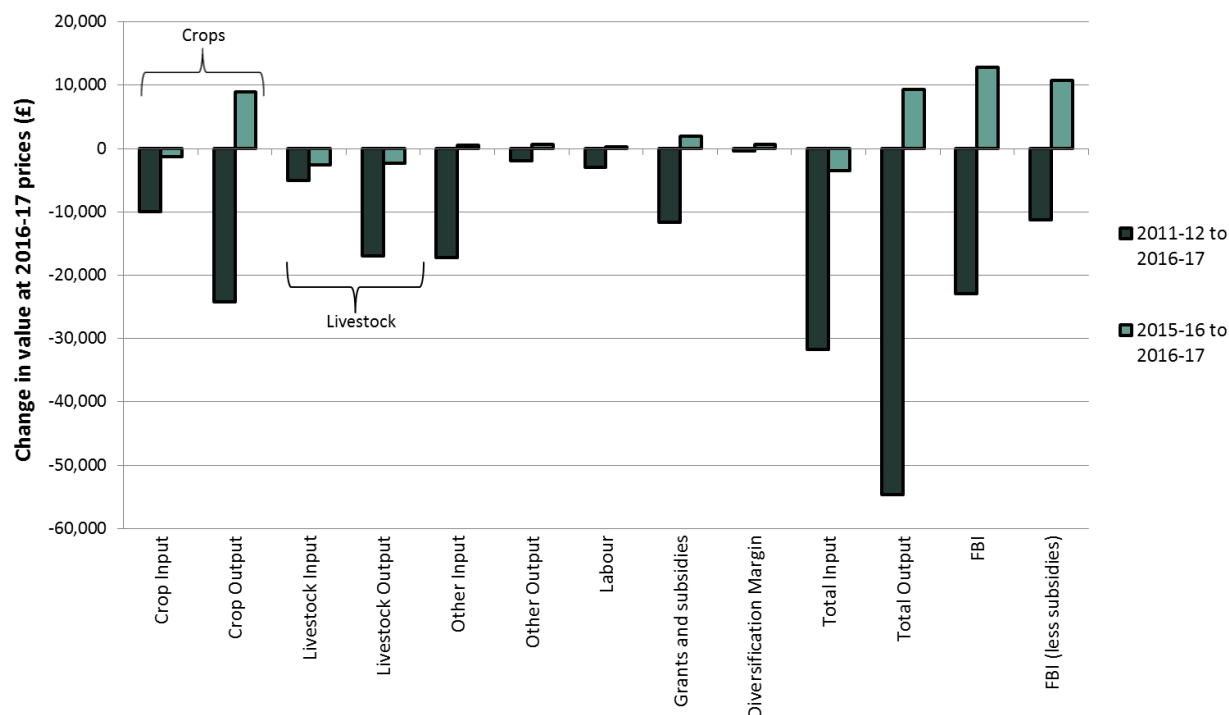
The Basic Payment Scheme (BPS) replaced the Single Farm Payment Scheme (SFP) in 2015 as the method of allocating funding through Direct Payments<sup>3</sup>. The average value of subsidy from BPS and other support payments increased by five per cent to an average of £41,300 in 2016-17 (from table 1).

<sup>2</sup> 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.

<sup>3</sup> The 2015-16 Farm Business Survey (FBS) was the first year to collect data on BPS.

Both revenues and spending for livestock have decreased since 2011-12, 16 per cent and 11 per cent respectively. Revenues from crop outputs have reduced by 34 per cent while crop inputs reduced by 28 per cent. This combined with a 22 per cent decrease in the value of subsidy payments led to a general downward trend in profitability over the six-year series.

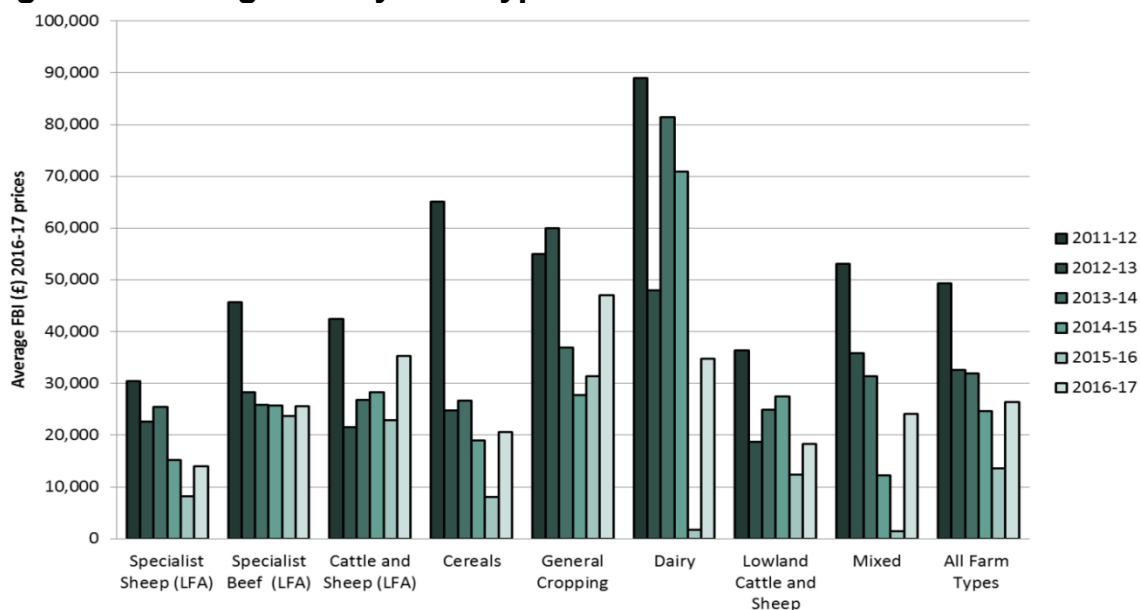
**Figure 2: Changes to FBI components: all farm types**



All eight farm types experienced an increase in overall FBI between 2015-16 and 2016-17 (Figure 3). Dairy farms had the largest increase with the average FBI rising by £33,000. This was largely due to the decrease in spending on inputs as well as an increase in revenues from per head of livestock, crops, diversification and subsidies. Milk prices for farms in the survey remained constant at £0.21 per litre between 2015-16 and 2016-17. Mixed farms had the second largest increase in average FBI, rising £22,700. This was mainly due to an increase in revenue from crop and livestock outputs, as well as subsidy payments, and a decrease in spending on crop inputs. Cereal farms FBI more than doubled between 2015-16 and 2016-17, increasing by £12,600. LFA cattle and sheep farms profitability was up 54 per cent (£12,400), whereas lowland cattle and sheep farms were up 47 per cent (£5,800). The average FBI for general cropping farms increased by 50 per cent (£15,700), LFA sheep farms increased by 71 per cent (£5,800) and LFA cattle farms had the smallest increase in average FBI, rising by eight per cent (£1,900).



**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 as if it were a wage paid to the unpaid labour on the farm.

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 2016-17 the overall average FBI/FTE was £17,800, twice the previous year's value.

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 per person 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 £7.20 in 2016-17.

**Figure 4: Average FBI/FTE, relative to MAW 2016-17**

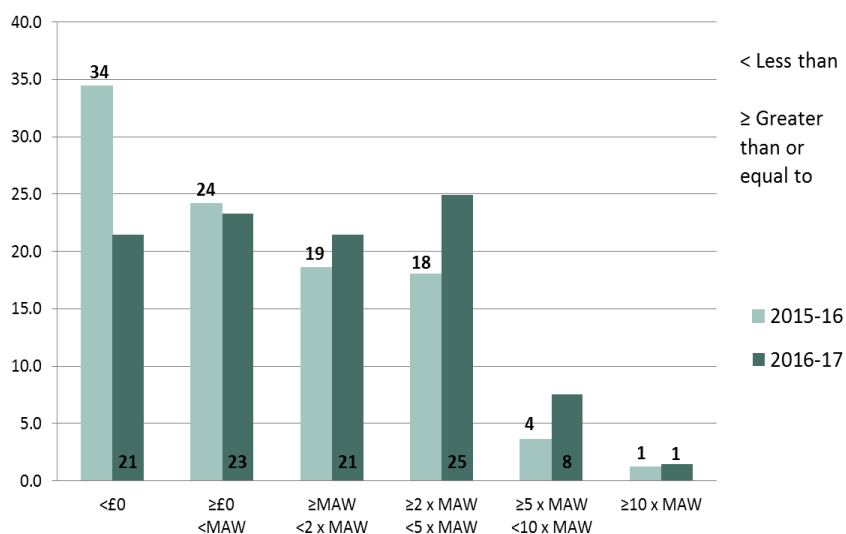


Figure 4 shows that 45 per cent of farms in the 2016-17 survey generated income equivalent to less than the MAW, per hour of unpaid labour. Nine per cent of farms in the survey generated income at least five times the MAW, which is at least £36.00 per hour of unpaid labour.

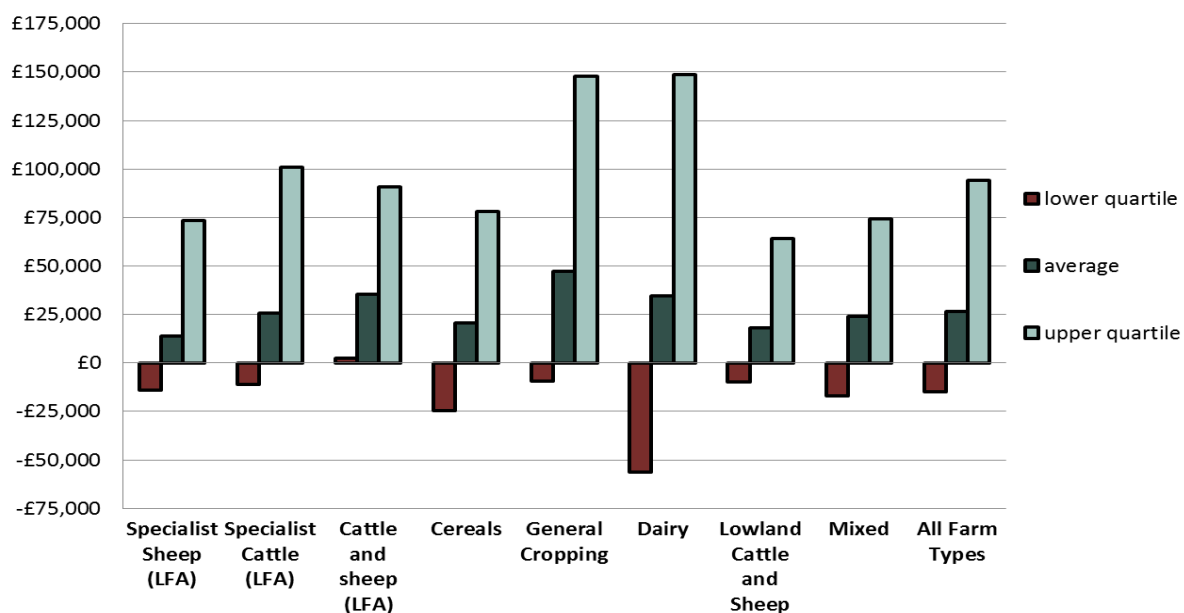
Although the MAW may be less than what the person involved in this unpaid labour would expect to be paid, due to level of experience or qualifications, it is the legal minimum. It should also be noted that the income described by FBI should cover more than just the labour provided by the farm owner: 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 over which farm owners and managers have no control, such as weather conditions, demand and the market context (for example prices of inputs). The profitability of farm businesses can vary greatly because of these factors.

Figure 5 shows the average FBI of all farm types by quartile, i.e. the average for farm businesses with the lowest 25 per cent of FBI values, the overall average for all farms, and the average for 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 2016-17**



For all farm types in 2016-17 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 £15,100, while those in the upper quartile generated an average income of £94,400, more than three 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 £56,100 and upper quartile farms having an average income of £148,900. 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 2016-17, with the exception of LFA cattle and sheep which made a profit of £2,600. The average FBI of lower quartile farms ranged from a profit of £2,600 for LFA cattle and sheep farms to a loss of £56,100 for dairy farms. The average FBI for upper quartile farms ranged from £64,000 for lowland cattle and sheep to £148,900 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. This may explain the extremes seen in dairy, compared to the lack of variation in lowland cattle and sheep.

### 3. Comparison of Profitability

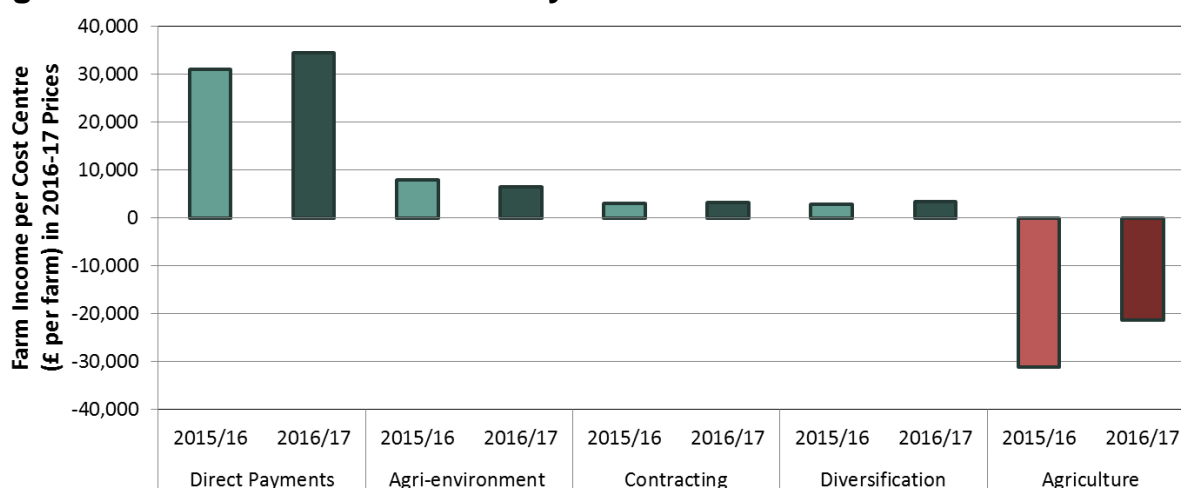
#### 3.1 Cost centres (Table 7)

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, 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 2015-16 and 2016-17. In both years, losses were accumulated against farming activity (the agricultural cost centre).

The average loss from agricultural farming activities decreased between 2015-16 and 2016-17 to £21,300. 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**



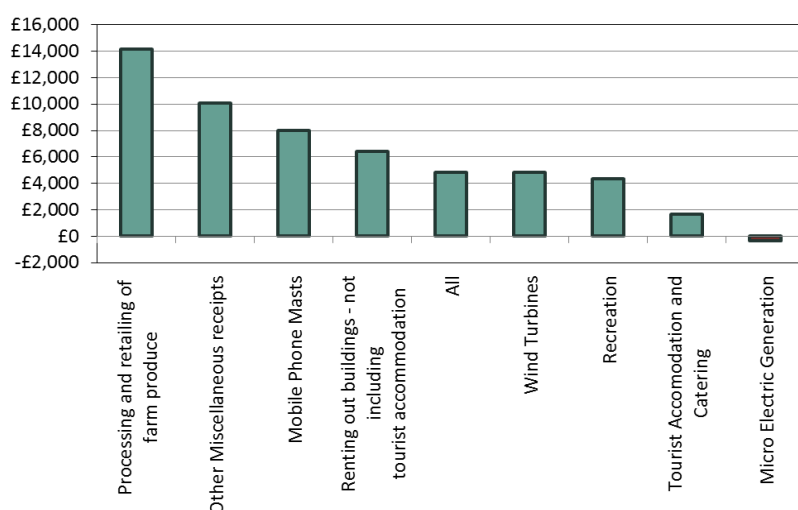
The average income to Scottish farm businesses in the survey from direct payments was £34,500 in 2016-17, an increase of 11 per cent on the previous year. There was an 18 per cent decrease in the value derived from agri-environment schemes to an average of £6,500. Contracting increased six per cent in the latest year, with this activity generating an average of £3,300. Diversified activities generated £3,400 on average, a 22 per cent increase

since 2015-16. 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 2016-17. Of farms engaged in diversified activities, the overall average income from such activities was £4,900. The most common diversified activity was renting out buildings (for uses other than tourist accommodation) which accounted for 45 per cent of activities. Processing and retailing of farm produce was the activity that generated the greatest income, with an average income of £14,200.

**Figure 7: Average income from diversified activities in 2016-17**

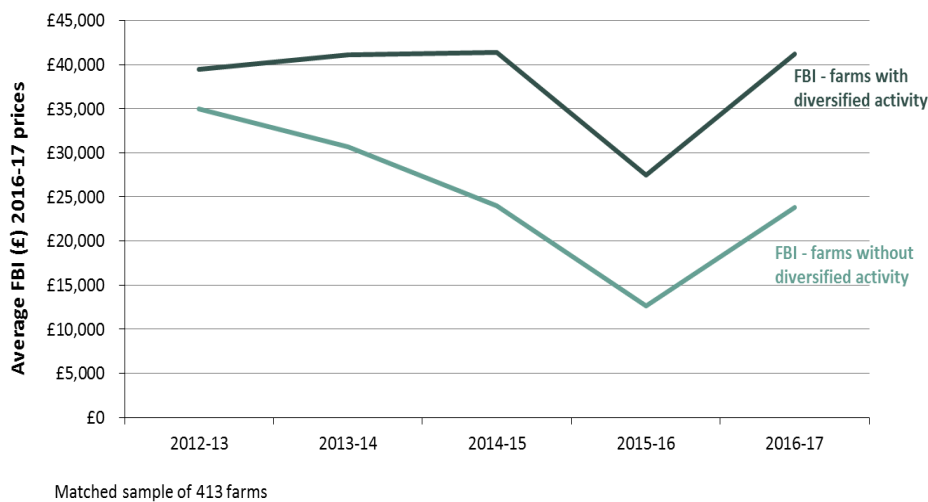


The unmatched sample shows that average income from diversified activities had increased by ten per cent in the last year. The largest increase in number of activities in the sample was seen in wind turbines, with the average income from this activity being

£4,800 in 2016-17. Micro electric generation, which includes renewable energy other than wind turbines (e.g. solar panels, biomass boilers and hydro-electric), was the only activity to make a loss, with the average loss of income being £400. Losses in this category have reduced since 2015-16 due to a fall in start-up costs and lower depreciation costs.

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 (in 5 year matched sample)**



The average difference in FBI between diversified and non-diversified farms was around £17,400. For farms engaged in diversifies activities in the five year matched sample, the average FBI was £41,200,

which was 50 per cent higher than the previous year. The average income from the diversified activities for these farms was £6,400, a 12 per cent increase from the previous year.

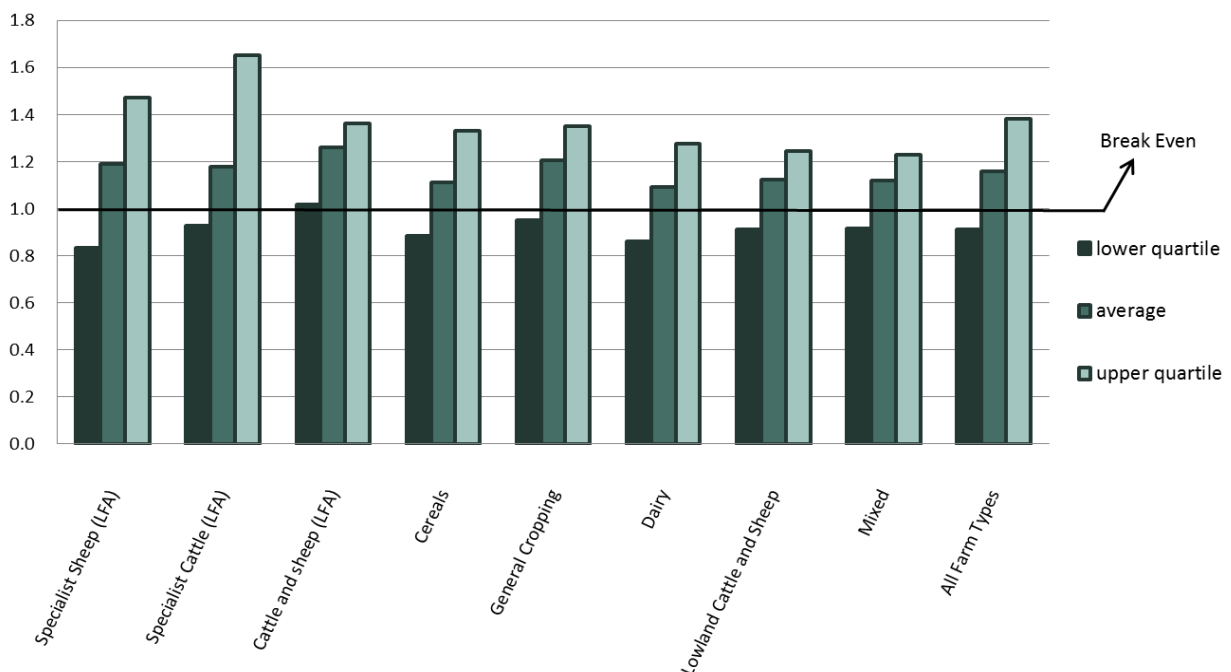
The average FBI for farms not engaged in diversified activity, in the five year matched sample, was £23,800, an increase of 88 per cent over the last year.

## 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 outputs and inputs which contribute to the differences in FBI. The overall average output to input ratio in 2016-17 was 1.16, meaning that for every £1 spent on inputs, Scottish farm businesses were generating £1.16 worth of outputs. The average for farms in the upper quartile (relatively high performers) was around £1.38, while for those in the lower quartile (relatively low performers) it was around £0.91; an average loss of £0.09 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 2016-17**



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 cattle (LFA) farms, £1.65, was the highest of all farm types but the FBI upper quartile of specialist cattle (LFA) farms, £101,000, was only the third highest of all farm types. This was due to the relatively low absolute value of outputs and inputs compared to the other farm types.

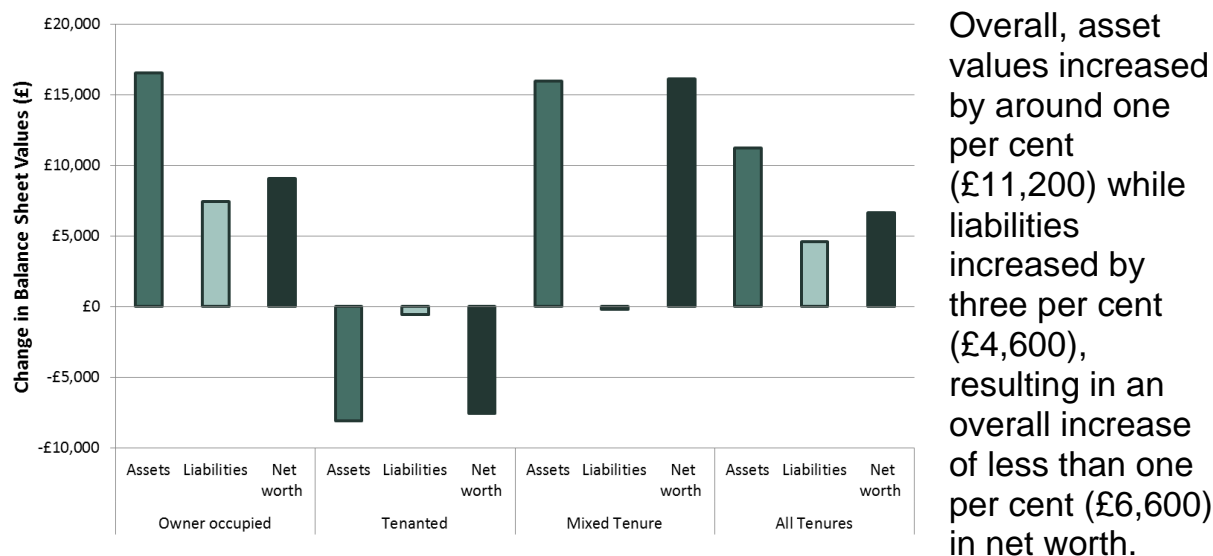
## 5. Financial Strength (Assets and Liabilities)

### 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 2016-17 was £11,200 (ranging from a loss of £8,100 for tenanted farms to an appreciation of £16,500 for owner occupied farms). The average net worth of farm businesses in Scotland was £1.3m, an increase of less than one per cent in 2016-17.

Figure 10 shows the average change between opening and closing valuations in 2016-17 (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: 2016-17**

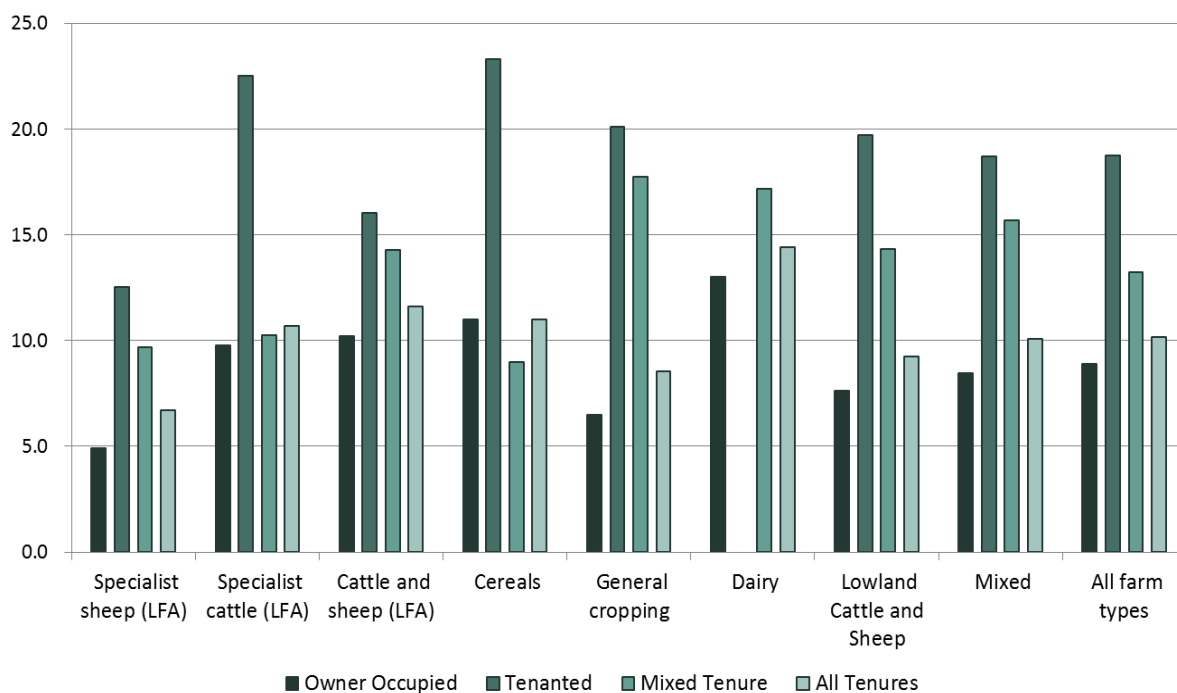


### 5.2 Debt ratio (Table 10)

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 2016-17), reflecting the fact that their assets heavily outweigh their liabilities.



**Figure 11: Liabilities as a percentage of assets in 2016-17**



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 five to one; that is, for every pound of debt, the tenanted business has at least five 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 eight times greater than liabilities.

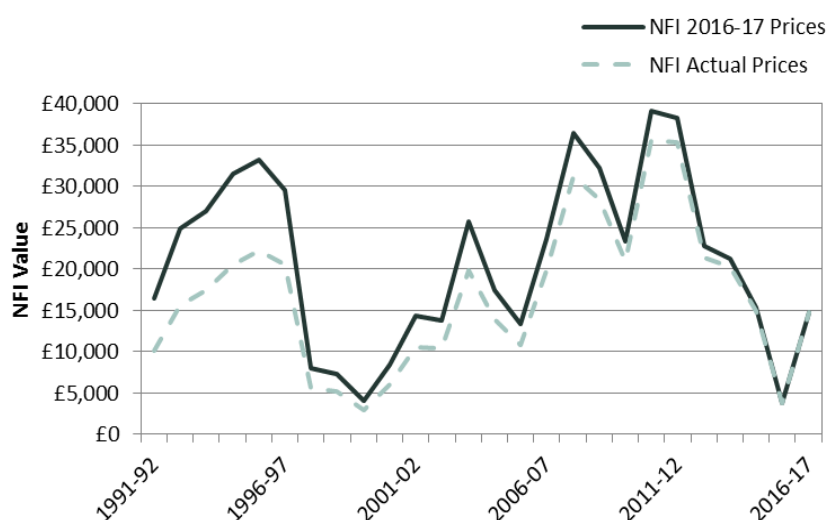
Specialist sheep (LFA) farms had the lowest debt ratio on average for all tenures, at seven per cent. Dairy farms had the highest ratio at 14 per cent, while those of other farm types lay between nine per cent and 12 per cent for all tenures.

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

While FBI is the 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, illustrates 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, reaching their lowest level (£3,800) in 2015-16, but they have increased in 2016-17 to £14,700.

**Figure 12 –NFI for all farm types in actual and 2016-17 prices**

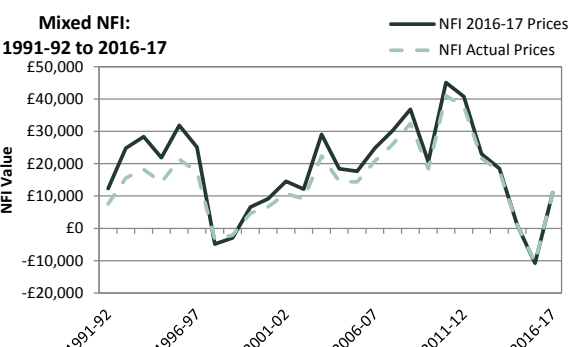
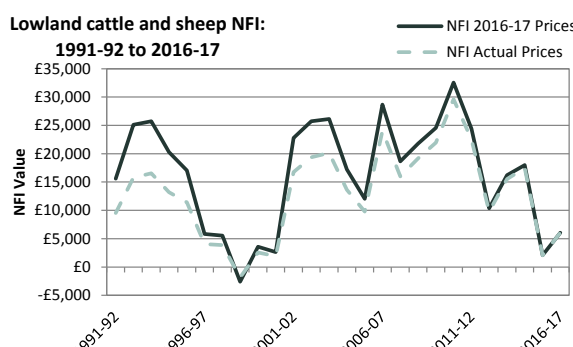
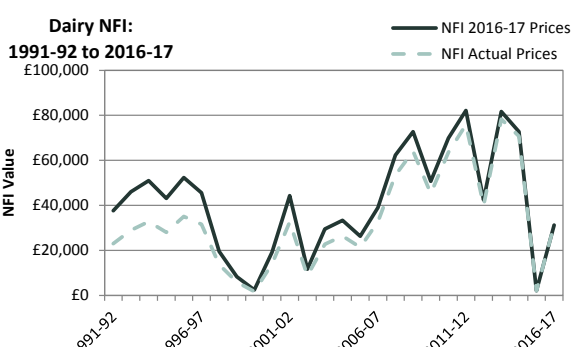
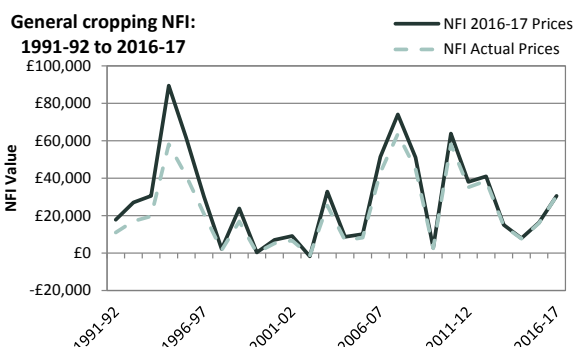
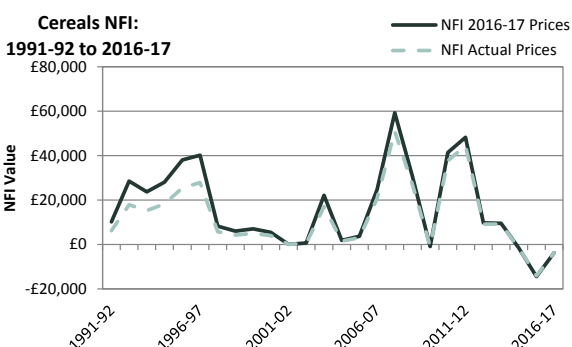
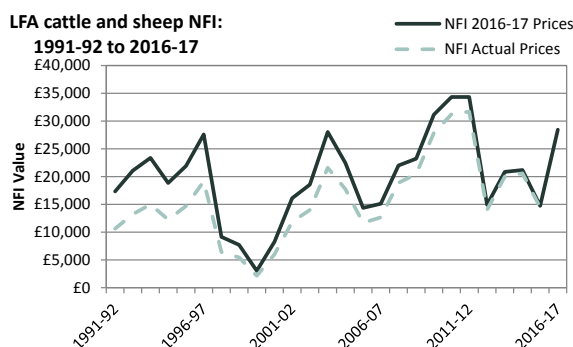
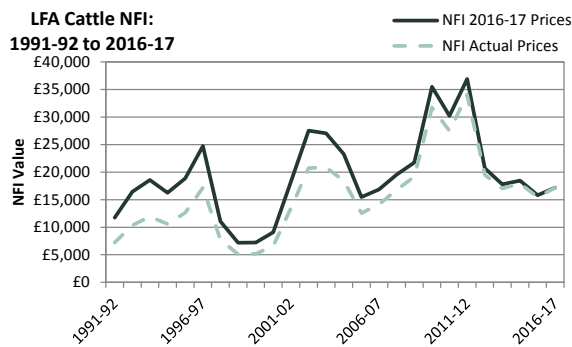
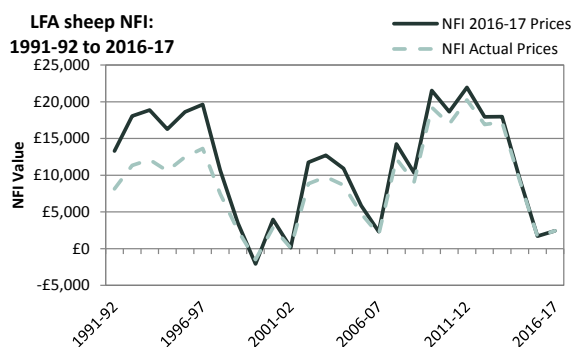


However, when accounting for inflation the picture is slightly different. When the time series is converted into 2016-17 prices - the equivalent value of incomes in today's economy - we see that the decline in farm incomes in the mid-1990s was more

severe, whereas the decline in income from 2012-13 to 2015-16 and the increase in 2016-17 was similar when converted to 2016-17 prices.

Trends vary by farm type, but the general trend described above is witnessed across all farm types, with an increase in NFI between 2015-16 and 2016-17 occurring for all farm types on average.

## Long Term Trends – Net Farm Income by farm type



## 7. Sector Results

### 7.1 Specialist Sheep (LFA) Farms – 2016 Crop Year

#### **Profitability**

When adjusting for inflation, the average FBI of specialist sheep (LFA) farms decreased by 54 per cent between 2011-12 and 2016-17. This was due to a fall in revenue from outputs and a rise in spending on livestock and labour inputs.

The FBI value of specialist sheep (LFA) farms was £14,000 in 2016-17. In the last year, an increase in outputs and a decrease in inputs for specialist sheep (LFA) farms led to FBI increasing by 71 per cent. This was also supported by an increase in the value of grants and subsidies, due to an improved exchange rate.

#### **Drivers of profitability**

The total average revenue, including income from diversification and subsidy payments for specialist sheep (LFA) farms was £89,500. Spending on inputs averaged at £75,400. 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 general downward trend, with losses increasing from £10,400 in 2011-12 to £24,900 in 2016-17.

Over the last year, cost centres for specialist sheep (LFA) farms show a decrease in losses from agricultural activities and a decrease in profits from agri-environment and contracting activities. Profits from both diversification and direct payments saw increases in 2016-17.

#### **Return to unpaid labour**

The average FBI/FTE for specialist sheep (LFA) farms was £10,500 in 2016-17, which is roughly equivalent to an hourly wage of £5.52 for unpaid labour, less than the minimum agricultural wage (MAW) in Scotland. Around 48 per cent of specialist sheep (LFA) farms generated incomes equivalent to less than the MAW, whereas 13 per cent generated more than five times MAW.

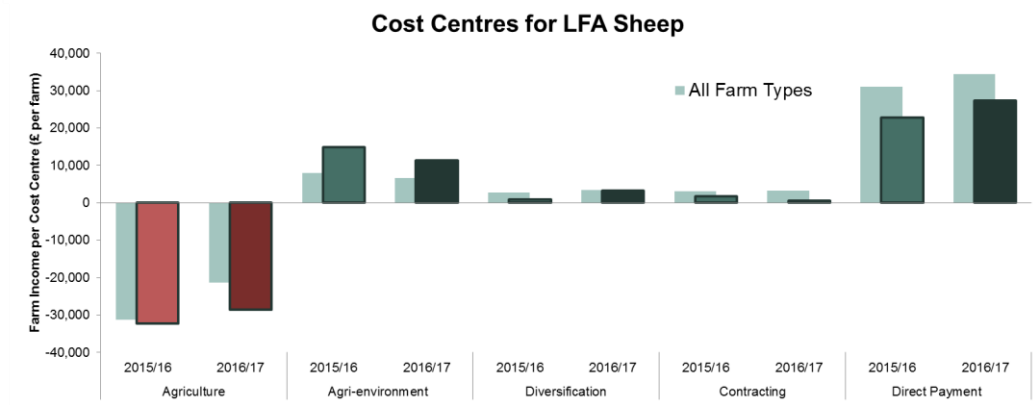
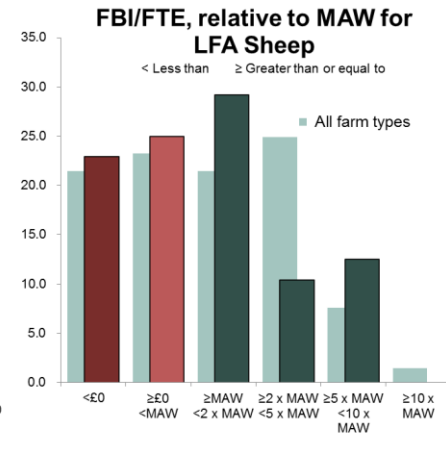
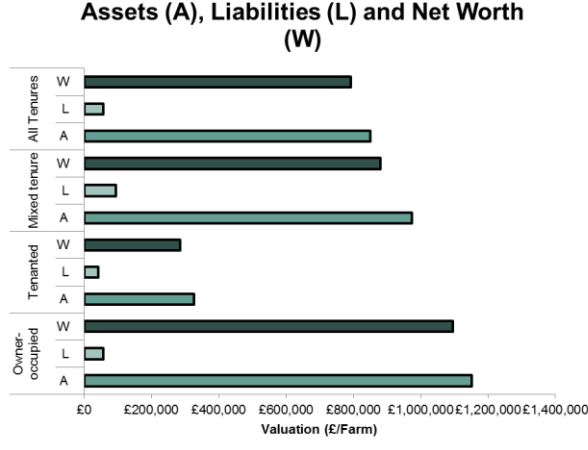
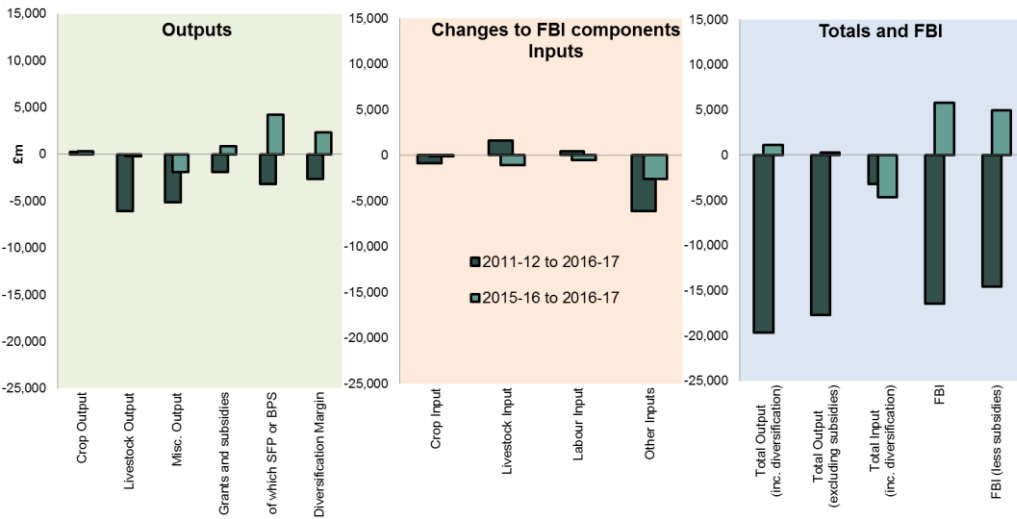
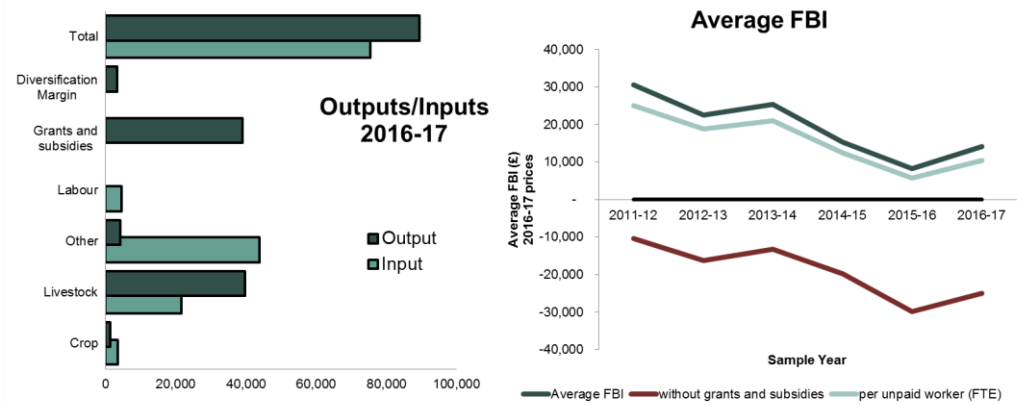
#### **Relative performance**

At £73,500, high performing specialist sheep farms generated incomes roughly five times the overall average FBI of specialist sheep farms. Low performing farm businesses made an average loss of £13,900.

#### **Financial strength**

The average net worth (assets minus liabilities) of specialist sheep (LFA) farms was £792,000 in 2016-17. The average debt ratio (liabilities: assets) was seven per cent overall and ranged between five per cent for owner-occupied farms and 13 per cent for tenanted farms.

## Specialist Sheep (LFA) Farms – FBI (2016-17): £14,000



## 7.2 Specialist Cattle (LFA) Farms – 2016 Crop Year

### **Profitability**

Between 2011-12 and 2016-17 the average FBI of specialist cattle (LFA) farms decreased by 44 per cent when taking into account inflation. This drop was due to a decrease in output value and a drop in grants and subsidies.

The FBI value of specialist cattle (LFA) farms was £25,600. In the last year spending on inputs as well as revenue decreased for specialist cattle (LFA) farms. However the decrease in input costs was more significant than the drop in output, resulting in an overall eight per cent rise in profits for 2016-17.

### **Drivers of profitability**

The total average revenue, including income from diversification and subsidy payments for specialist cattle (LFA) farms was £172,800. The average spend on inputs was £147,200. 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 £15,800 in 2011-12 to their highest level of £31,300 in 2013-14. In 2016-17 losses of £21,100 were recorded when excluding subsidy payments from FBI.

In the last year, specialist cattle (LFA) farms had a decrease in income from all cost centres other than direct payments and agriculture. Direct payments increased by two per cent while agriculture losses narrowed by eight per cent.

### **Return to unpaid labour**

The average FBI/FTE for specialist cattle (LFA) farms was £17,800, roughly equivalent to an hourly wage for unpaid labour of £9.34, around 30 per cent more than the minimum agricultural wage (MAW) in Scotland. Forty eight per cent of specialist cattle (LFA) farms generated incomes equivalent to less than the MAW, whereas five per cent generated more than five times MAW.

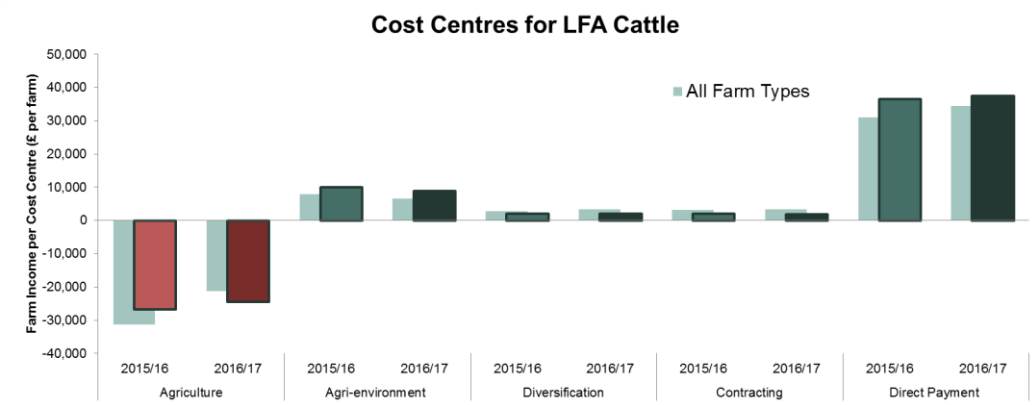
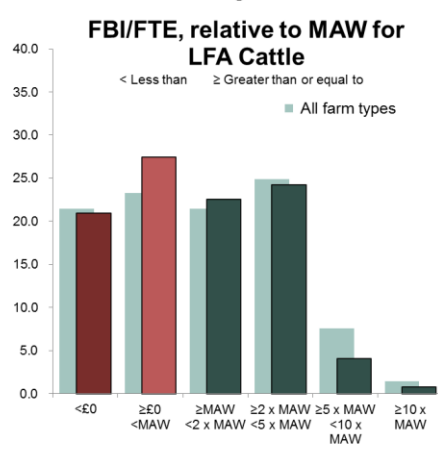
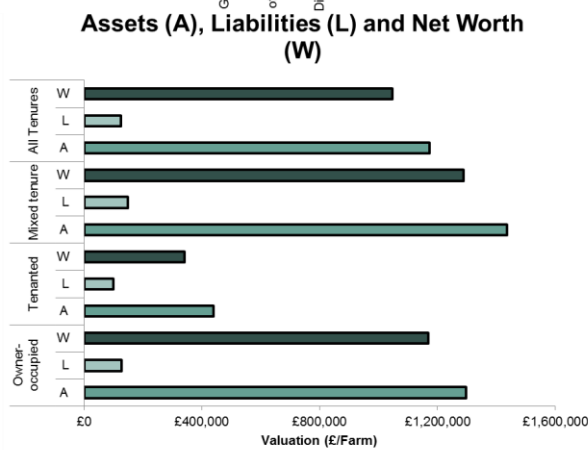
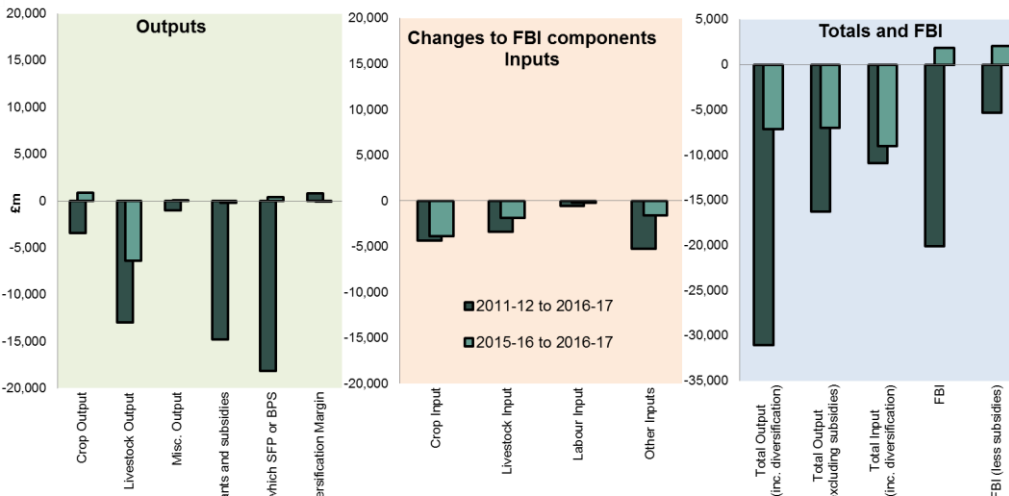
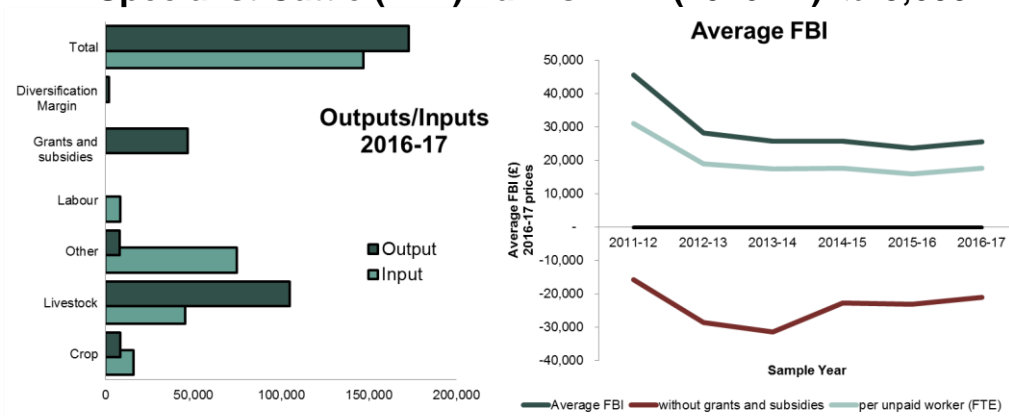
### **Relative performance**

High performing specialist cattle (LFA) farms generated an average income of £101,000, around four times the overall average FBI of specialist cattle farms. Low performing farm businesses made an average loss of £11,000.

### **Financial strength**

The average net worth (assets minus liabilities) of specialist cattle (LFA) farms was £1m in 2016-17. The average debt ratio (liabilities: assets) was 11 per cent for all tenures of specialist cattle (LFA) farms but ranged between ten per cent for owner-occupied and 23 per cent for tenanted farms.

## Specialist Cattle (LFA) Farms– FBI (2016-17): £25,600



## 7.3 Specialist Cattle and Sheep (LFA) Farms – 2016 Crop Year

### Profitability

When adjusting for inflation, the average FBI of specialist cattle and sheep (LFA) farms decreased by 17 per cent between 2011-12 and 2016-17. This decrease was mainly due to a drop in output values.

The FBI value of specialist cattle and sheep (LFA) farms was £35,300 in 2016-17. In the last year, reduced spending on inputs for specialist cattle and sheep (LFA) farms and increased revenue, notably subsidy payments and livestock outputs, led to a 54 per cent increase 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 £175,700 and spending on inputs averaged at £140,400. 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 £21,900 in 2011-12 to the highest loss of £37,900 in 2012-13. Since 2012-13, FBI without subsidy payments has seen the losses recovering to £19,600 in 2016-17.

Specialist cattle and sheep (LFA) farms have seen an increase in income from direct payments, diversification and contracting, with a decrease in losses from agriculture.

### Return to unpaid labour

In 2016-17 the average FBI/FTE for specialist cattle and sheep (LFA) farms was £22,800 which was roughly equivalent to an hourly wage for unpaid labour of £11.98, 66 per cent more than the minimum agricultural wage (MAW) in Scotland. Around 23 per cent of specialist cattle and sheep (LFA) farms generated incomes equivalent to less than the MAW and seven per cent of the farms in the survey generated more than five times MAW.

### Relative performance

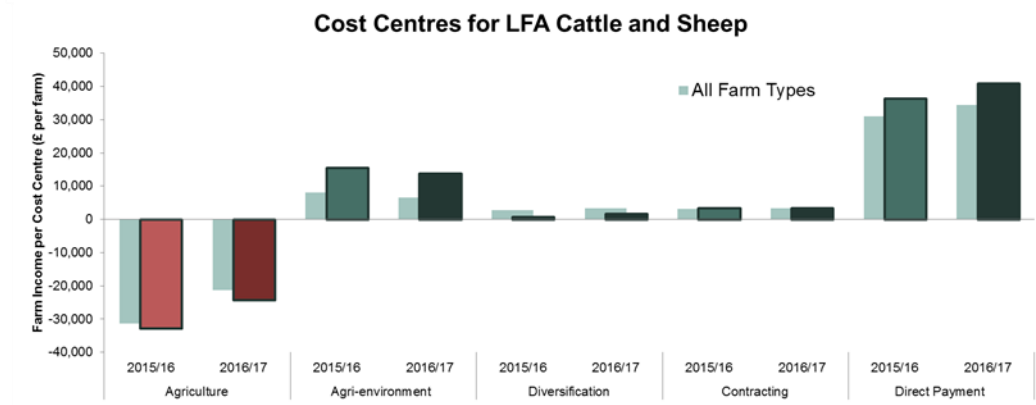
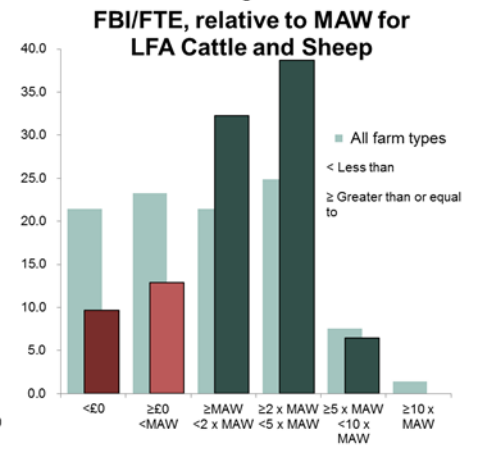
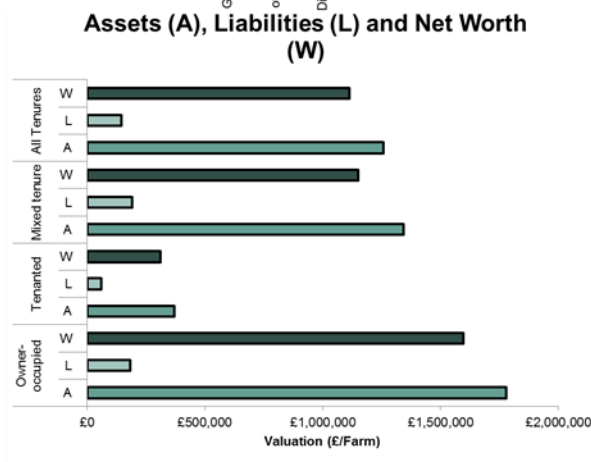
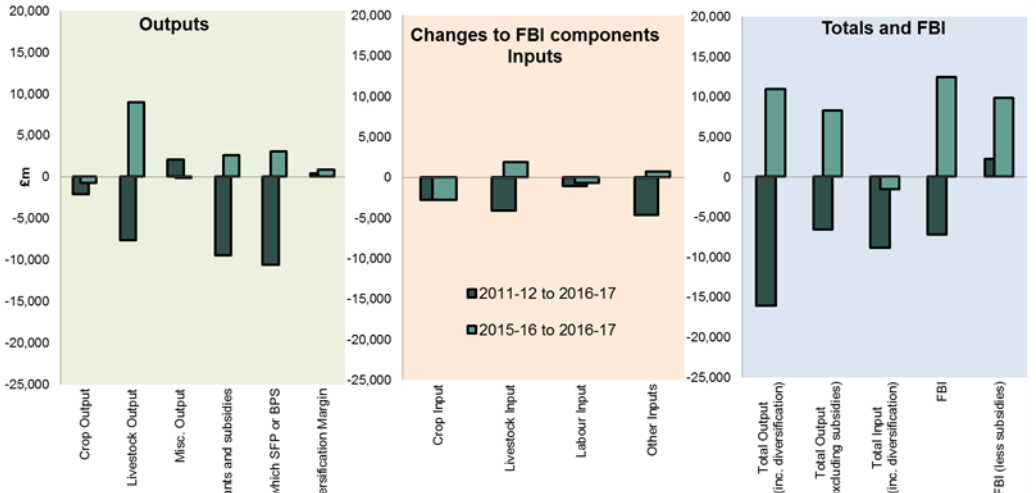
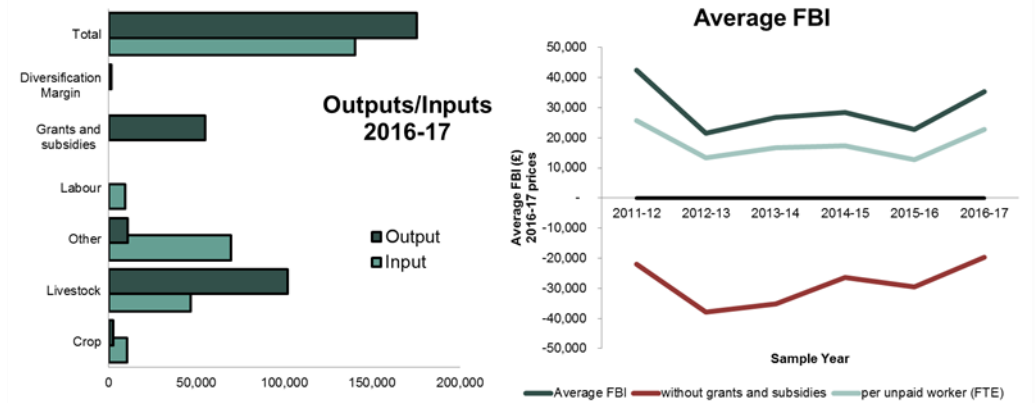
High performing specialist cattle and sheep (LFA) farms generated average incomes of £90,700, more than two times the overall average FBI for specialist cattle and sheep farms. Low performing farm businesses made an average profit of £2,600 in 2016-17.

### Financial strength

The average net worth (assets minus liabilities) of specialist cattle and sheep (LFA) farms was £1.1m in 2016-17. The average debt ratio (liabilities: assets) was 12 per cent for all tenures of LFA cattle and sheep farms but ranged between ten per cent for owner-occupied and 16 per cent for tenanted farms.



# Specialist Cattle and Sheep (LFA) Farms– FBI (2016-17): £35,300



## 7.4 Cereal Farms – 2016 Crop Year

### **Profitability**

When adjusting for inflation, between 2011-12 and 2016-17 the average FBI of cereal farms decreased by 64 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 decreased and total output increased resulting in overall FBI rising to £20,600 in 2016-17. The increase in revenue was mainly due to an increase in the value of grants and subsidies.

### **Drivers of profitability**

The total average revenue in 2016-17, including income from diversification and subsidy payments for cereal farms was £212,700. Spending on inputs averaged £192,100. The largest portion of the input costs was from fertilisers and other inputs such as machinery and land and buildings costs.

The range in FBI without subsidy payments over the six-year series was from a loss of £22,300 in 2012-13 to a profit of £16,900 in 2011-12. In 2016-17 the FBI without subsidy payments was a loss of £11,400.

Cost centres for cereal farms show increases in income from all cost centres apart from agri-environment, and a reduction in losses from agriculture in 2016-17.

### **Return to unpaid labour**

The average FBI/FTE for cereal farms was £14,800 in 2016-17, which is roughly equivalent to an hourly wage for unpaid labour of £7.80, slightly above the minimum agricultural wage (MAW) in Scotland. Around 55 per cent of cereal farms generated incomes equivalent to less than the MAW, whereas nine per cent generated more than five times MAW.

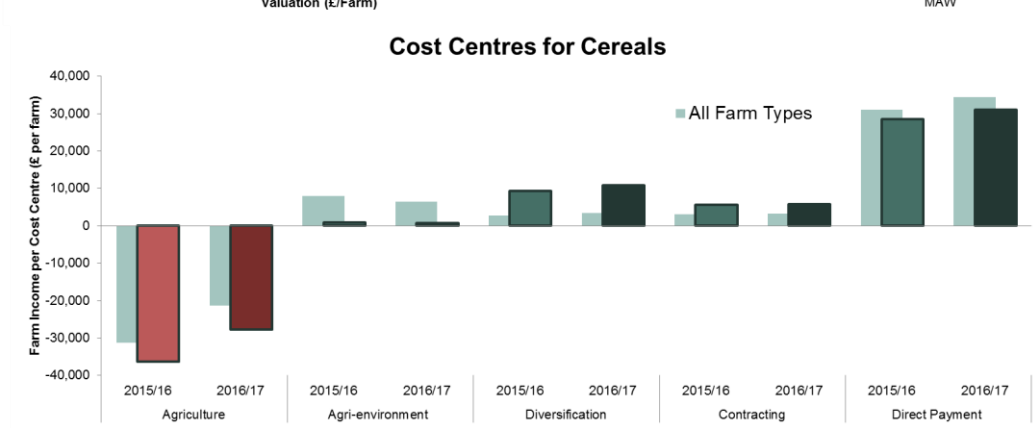
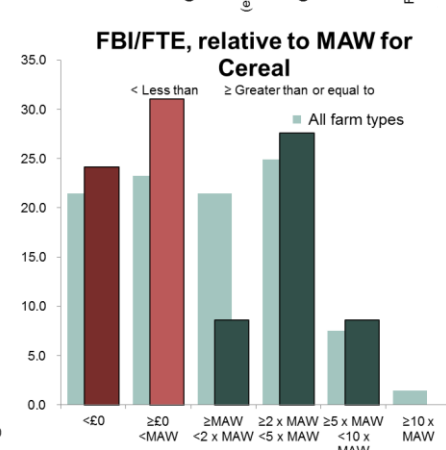
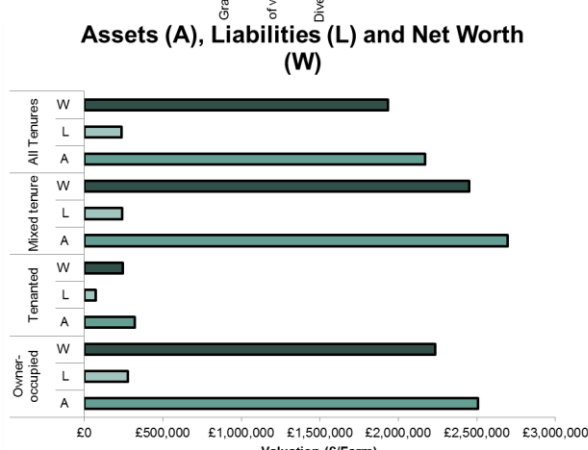
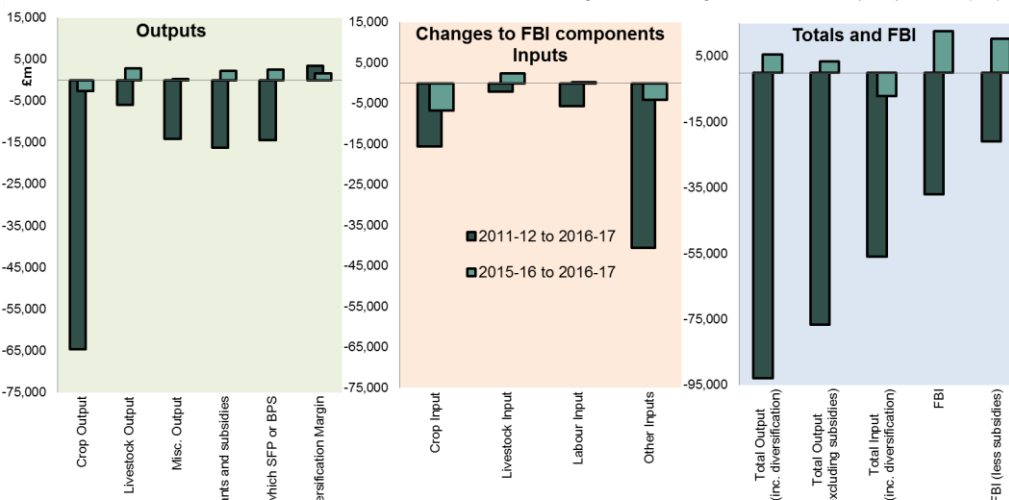
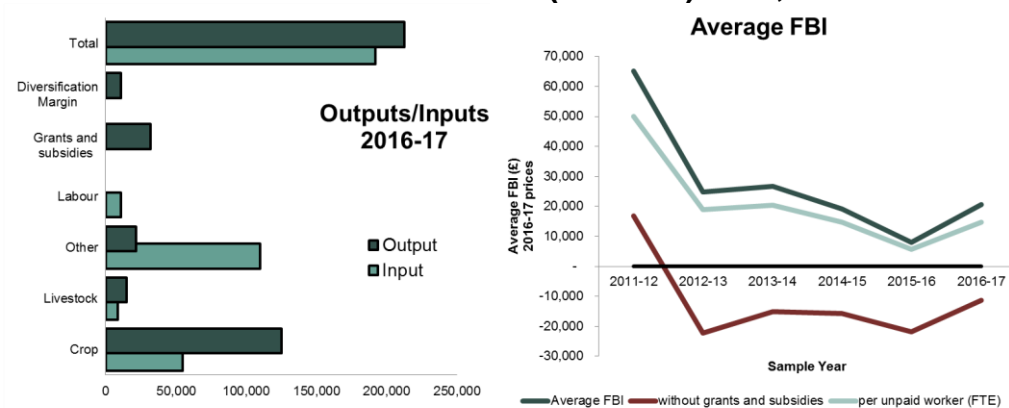
### **Relative performance**

At an average of £78,100, high performing cereal farms generated incomes roughly four times the overall average FBI for cereal farms. Low performing farm businesses made an average loss of £24,700.

### **Financial strength**

In 2016-17, the average net worth (assets minus liabilities) of cereal farms was £1.9m. The average debt ratio (liabilities: assets) rose to 11 per cent for all tenures of cereals farms but ranged between nine per cent for mixed tenure farms and 23 per cent for tenanted farms.

# Cereal Farms – FBI (2016-17): £20,600



## 7.5 General Cropping Farms – 2016 Crop Year

### **Profitability**

Between 2011-12 and 2016-17 the average FBI of general cropping farms decreased by 14 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, spending on inputs decreased by one per cent. At the same time overall output increased by five per cent. This resulted in an increase in the value of FBI for general cropping farms to £47,000.

### **Drivers of profitability**

The total average revenue, including income from diversification and subsidy payments for general cropping farms was £280,100. Spending on inputs averaged at £233,000, 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 decreased from a high in 2012-13 with a recovery in 2015-16. 2016-17 shows an increase in FBI without subsidy, with the value rising to £11,000 from £300 in 2015-16.

In 2016-17, cost centres for general cropping farms showed decreased losses from agricultural activities and increased income from direct payments. The other cost centres all had decreased income, with agri-environment work experiencing the largest decrease of 68 per cent.

### **Return to unpaid labour**

The average FBI/FTE for general cropping farms was £34,100 which is roughly equivalent to an hourly wage for unpaid labour of £17.96, more than twice the minimum agricultural wage (MAW) in Scotland. In 2016-17, 28 per cent of general cropping farms generated incomes equivalent to less than the MAW whereas 21 per cent generated over five times MAW.

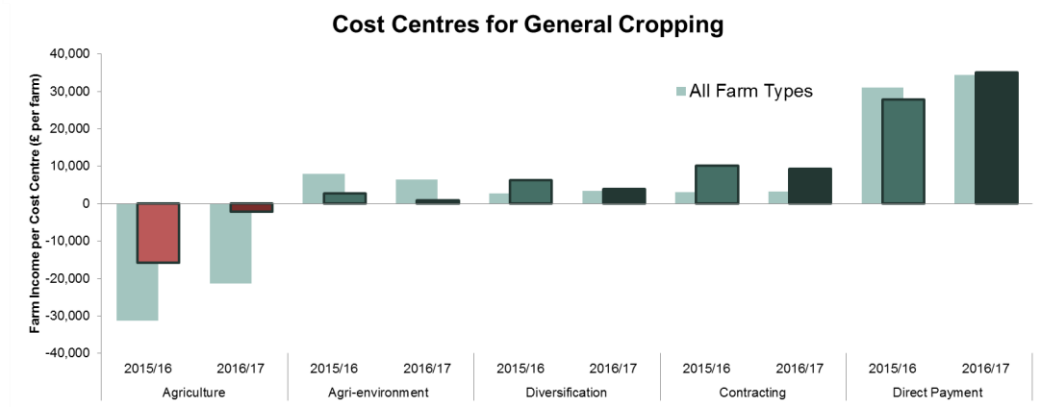
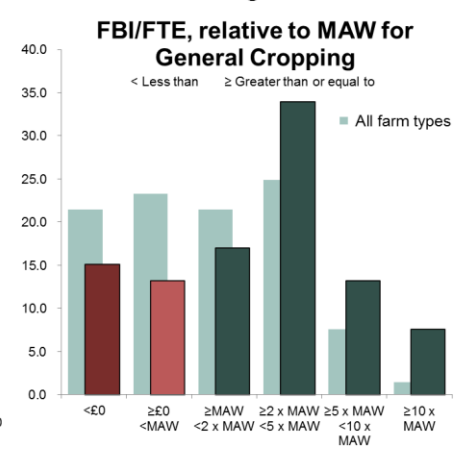
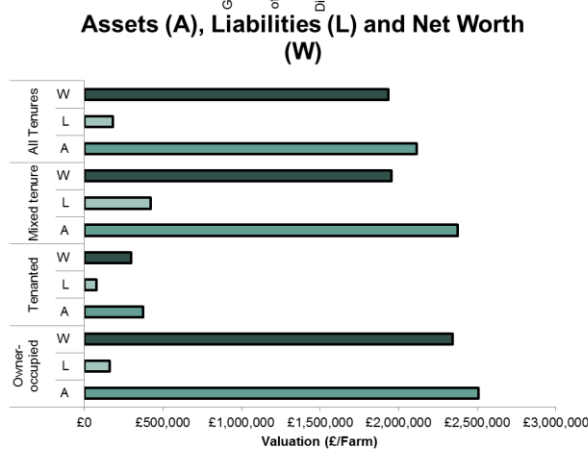
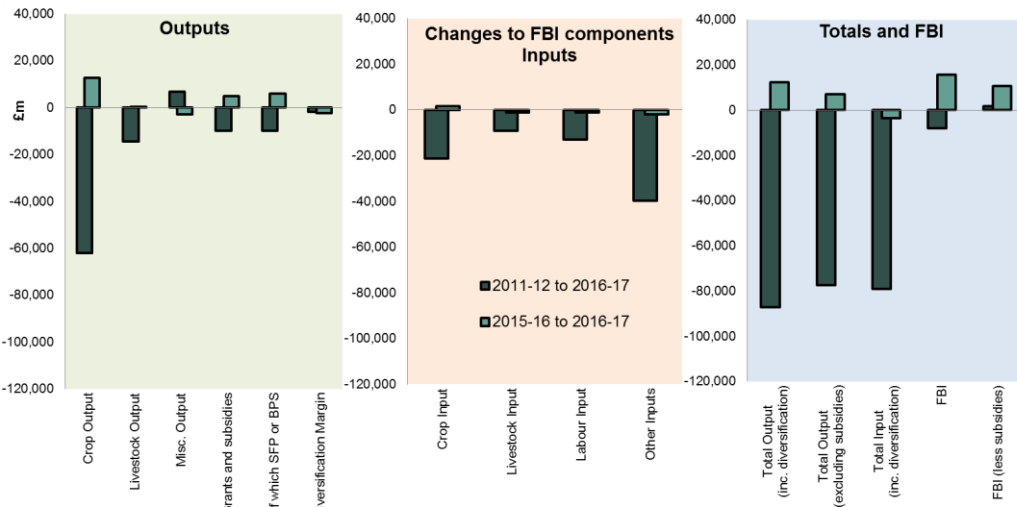
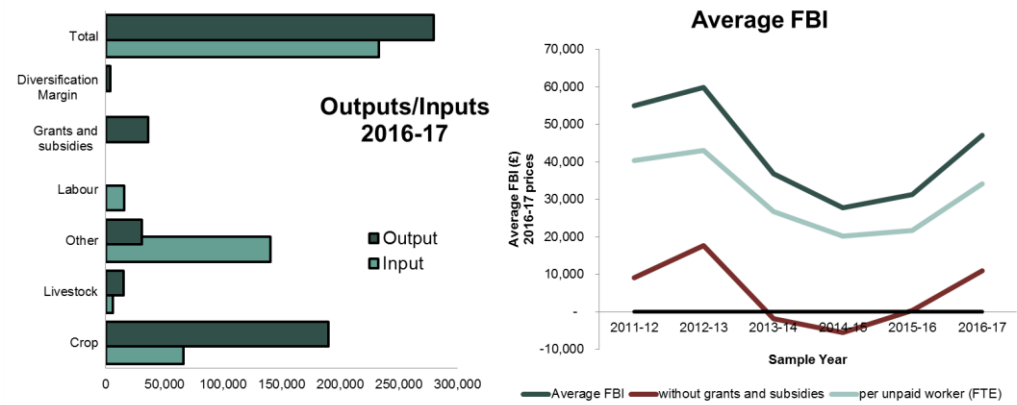
### **Relative performance**

High performing general cropping farms generated average incomes of £147,900, more than three times the overall average income for general cropping farms. Low performing farm businesses made an average loss of £9,300.

### **Financial strength**

The average net worth (assets minus liabilities) of general cropping farms was £1.9m in 2016-17. 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 20 per cent for tenanted farms.

# General Cropping Farms – FBI (2016-17): £47,000



## 7.6 Dairy Farms – 2016 Crop Year

### **Profitability**

When adjusting for inflation, the average FBI of dairy farms decreased by 61 per cent between 2011-12 and 2016-17. Incomes for dairy farms have fluctuated considerably over the six-year series and recovered from the lowest level in 2015-16, when the FBI value for dairy farms was £1,700, to £34,700 in 2016-17. This increase in income was due to a decrease in inputs and a recovery in the value of dairy cattle. Output remained fairly steady from the previous year due to the milk price remaining at approximately £0.21 per litre for farms in the survey.

### **Drivers of profitability**

The total average revenue, including income from diversification and subsidy payments for dairy farms was £426,700. Spending on inputs averaged at £392,000. 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, 2016-17 saw an average loss of £600. The highest value was £43,200 in 2011-12.

Over the last year cost centres for dairy farms showed a recovery of income from agricultural activities resulting in a loss of £5,200. Diversification and direct payments had an increase in income, while income from contracting work and agri-environment decreased.

### **Return to unpaid labour**

The average FBI/FTE for dairy farms was £16,100 in 2016-17 and is roughly equivalent to an hourly wage for unpaid labour of £8.49, 18 per cent higher than the minimum agricultural wage (MAW) in Scotland. Around 52 per cent of dairy farms generated incomes equivalent to less than the MAW whereas 14 per cent generated more than five times MAW.

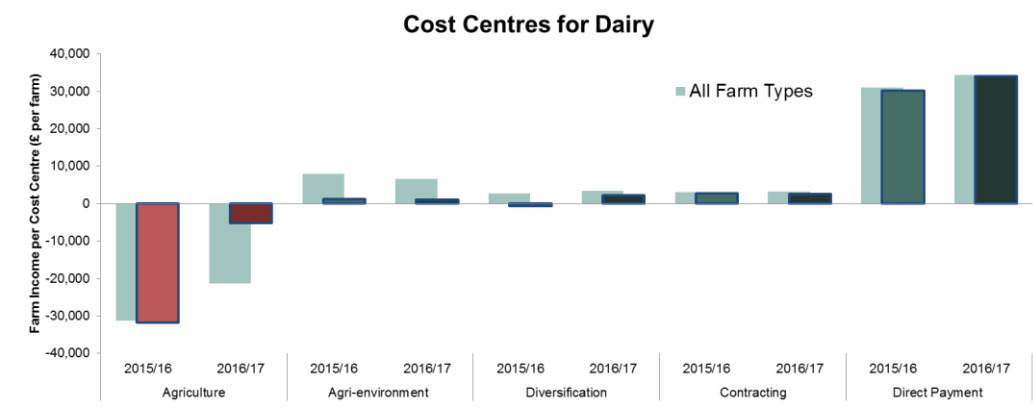
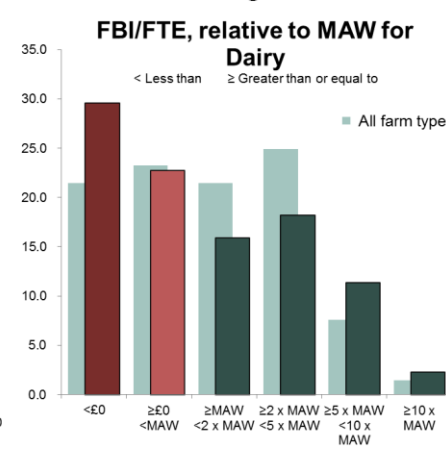
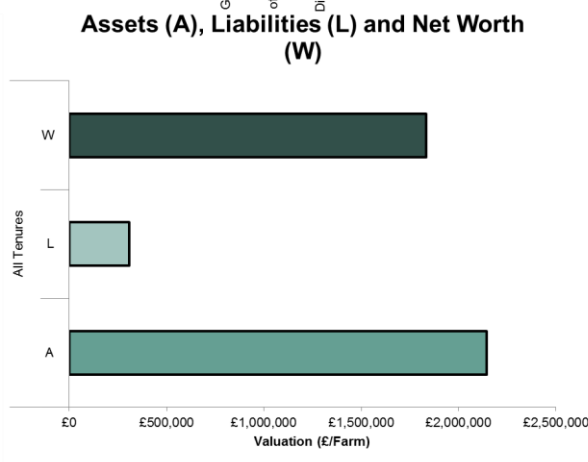
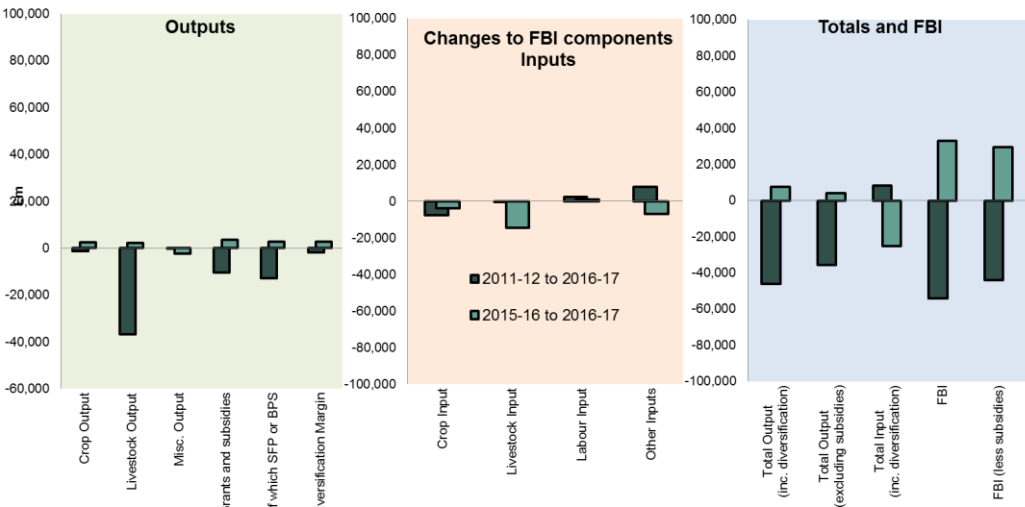
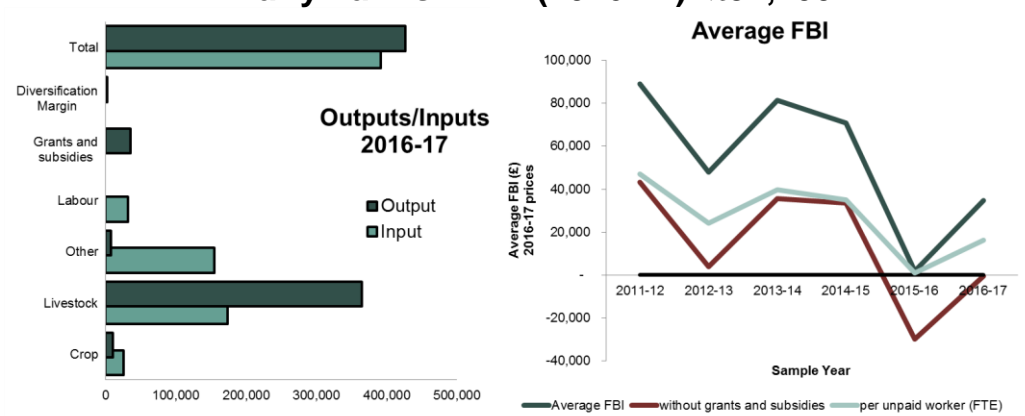
### **Relative performance**

At an average of £148,900, high performing dairy farms generated incomes around four times the overall average FBI for dairy farms. Low performing farm businesses made an average loss of £56,100.

### **Financial strength**

The average net worth (assets minus liabilities) of dairy farms was £1.8m in 2016-17. The average debt ratio (liabilities: assets) remained constant at 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 (2016-17): £34,700



## 7.7 Lowland Cattle and Sheep Farms – 2016 Crop Year

### **Profitability**

When adjusting for inflation, the average FBI of lowland cattle and sheep farms decreased by 50 per cent between 2011-12 and 2016-17. This was due to 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 both spending on inputs and outputs decreased. However as the drop in inputs decreased by a larger amount, the effect had been a 47 per cent increase in the FBI value of lowland cattle and sheep farms to £18,300. The main decrease in output was a drop in livestock output.

### **Drivers of profitability**

The total average revenue, including income from diversification and subsidy payments for lowland cattle and sheep farms was £169,300 while spending on inputs averaged at £151,000. 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 £24,600 in 2012-13 to a loss of £10,400 in 2014-15. In 2016-17 the FBI without subsidy payments was a loss of £16,000.

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

### **Return to unpaid labour**

The average FBI/FTE for lowland cattle and sheep farms of £11,600 in 2016-17 is roughly equivalent to an hourly wage for unpaid labour of £6.12, 15 per cent lower than the minimum agricultural wage (MAW) for Scotland. Around 55 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**

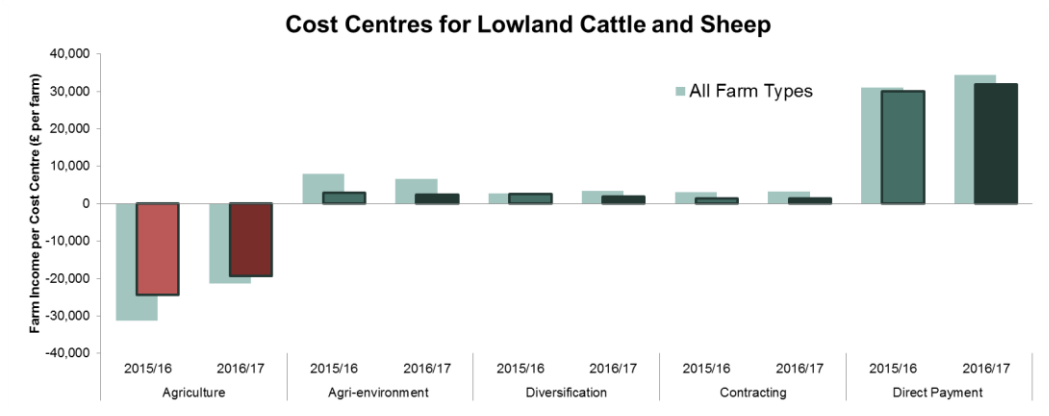
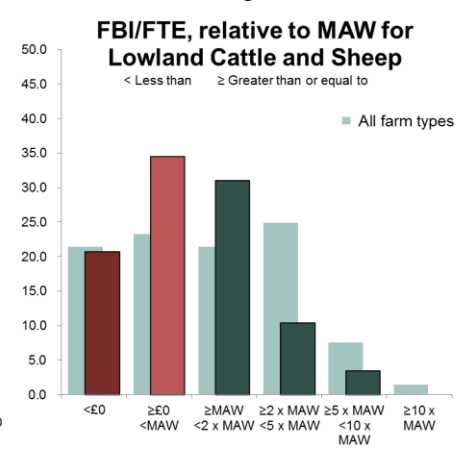
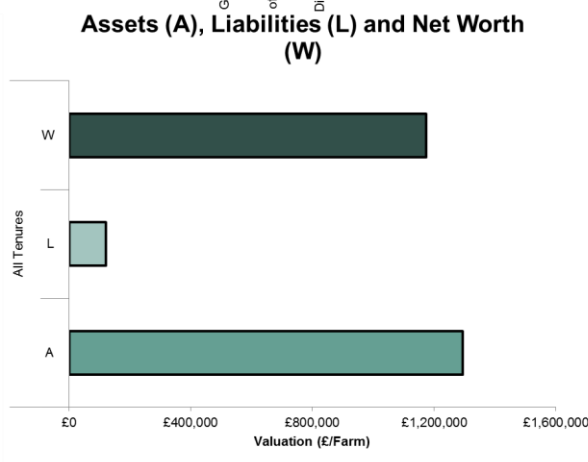
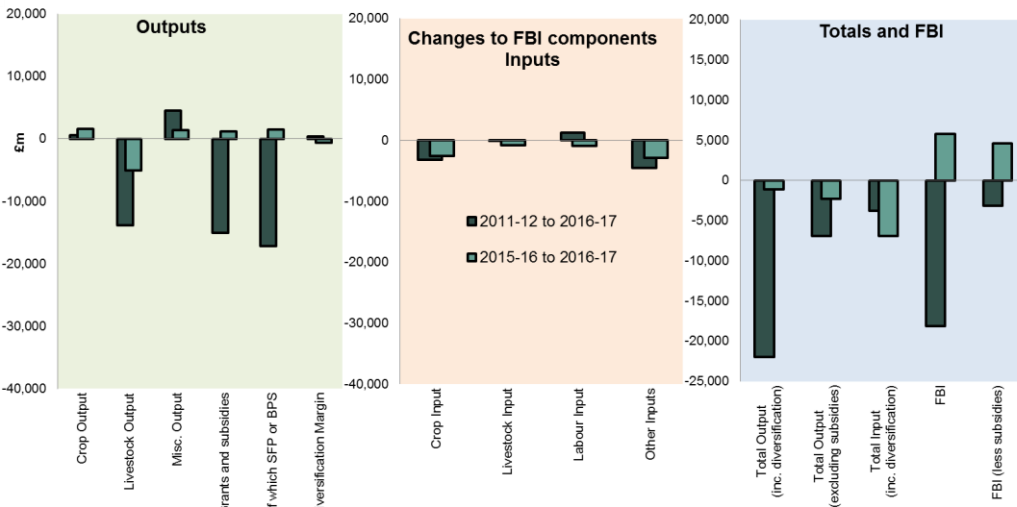
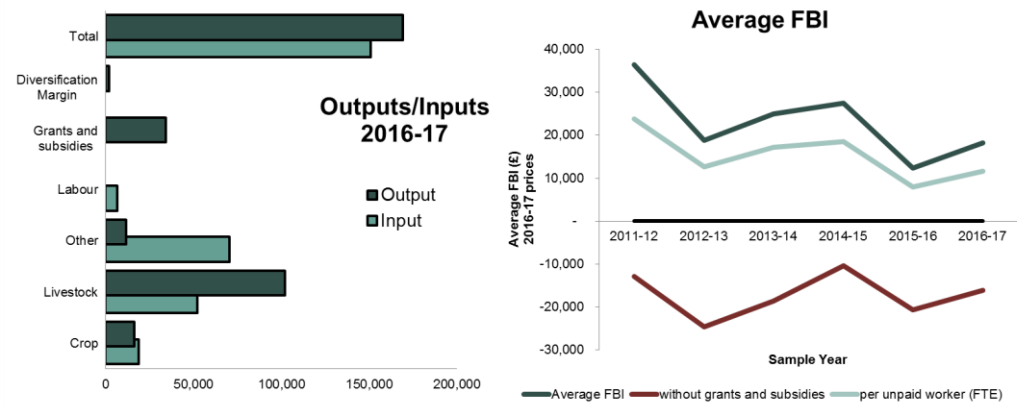
High performing lowland cattle and sheep farms generated average incomes of £64,000, roughly four times the overall average FBI for lowland cattle and sheep farms. Low performing farm businesses made an average loss of £9,900.

### **Financial strength**

The average net worth (assets minus liabilities) of lowland cattle and sheep farms was £1.2m in 2016-17. The average debt ratio (liabilities: assets) rose one percentage point to nine per cent for all tenures of lowland cattle and sheep farms and ranged between eight per cent for owner-occupied to 20 per cent for tenanted farms.



# Lowland Cattle and Sheep Farms – FBI (2016-17): £18,300



## 7.8 Mixed Farms – 2016 Crop Year

### **Profitability**

Between 2011-12 and 2016-17, the average FBI of mixed farms decreased by 55 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, an increase in revenue resulted in the FBI value of mixed farms rising to £24,200. The increase in revenue was due to growth in crop and livestock outputs, coupled with an increase in the value of subsidy payments.

### **Drivers of profitability**

The total average revenue, including income from diversification and subsidy payments for mixed farms was £231,000. Spending on inputs averaged at £206,900. 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. 2015-16 recorded the biggest loss of £34,400 while 2016-17 recovered slightly to a loss of £16,400.

Over the last year cost centres for mixed farms showed increased income as part of direct payments, agri-environment and contracting activities. Diversification recorded a decline in income, while losses from agricultural activities decrease.

### **Return to unpaid labour**

The average FBI/FTE for mixed farms was £16,200 in 2016-17 which is equivalent to an hourly wage for unpaid labour of £8.54, 19 per cent higher than the minimum agricultural wage (MAW) in Scotland. Around 50 per cent of mixed farms generated incomes equivalent to less than the MAW, whereas seven per cent generated over five times MAW.

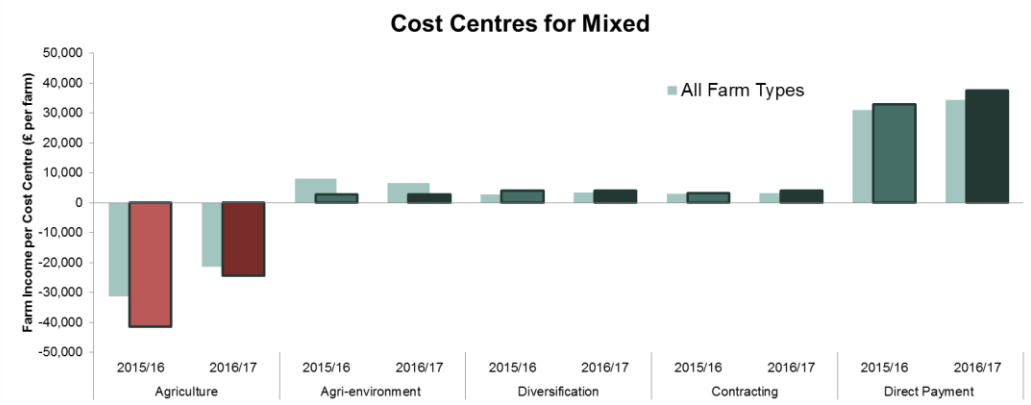
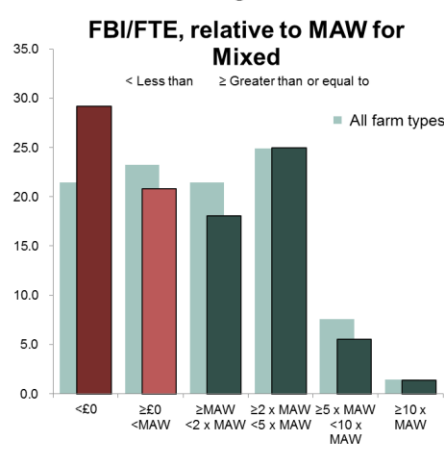
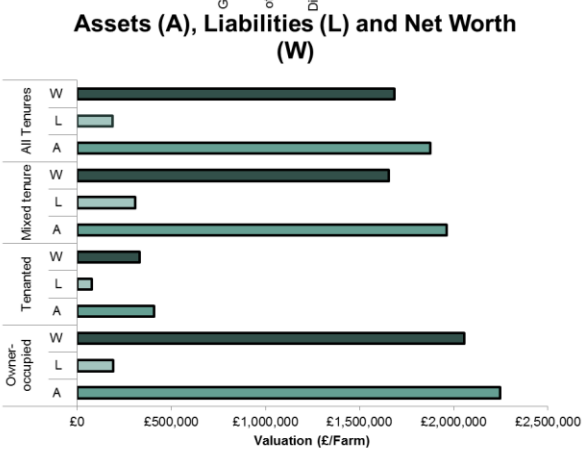
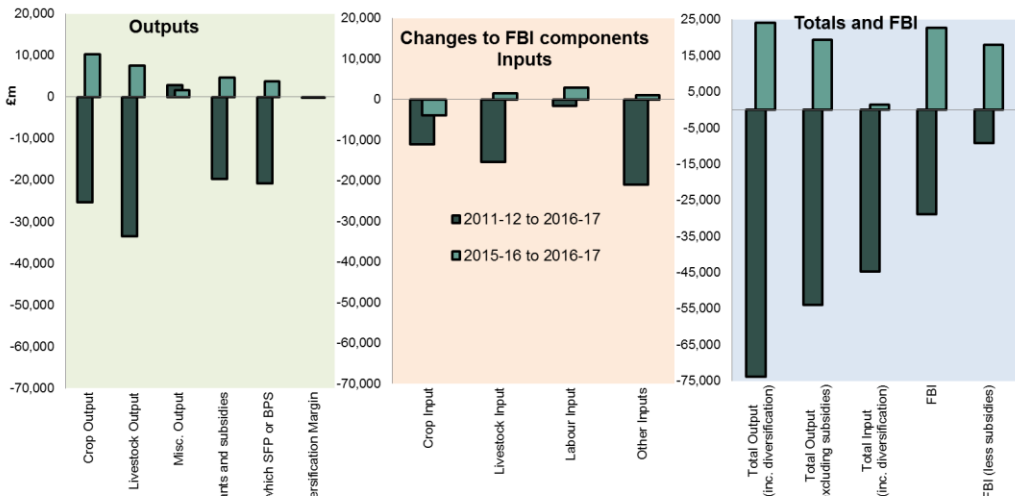
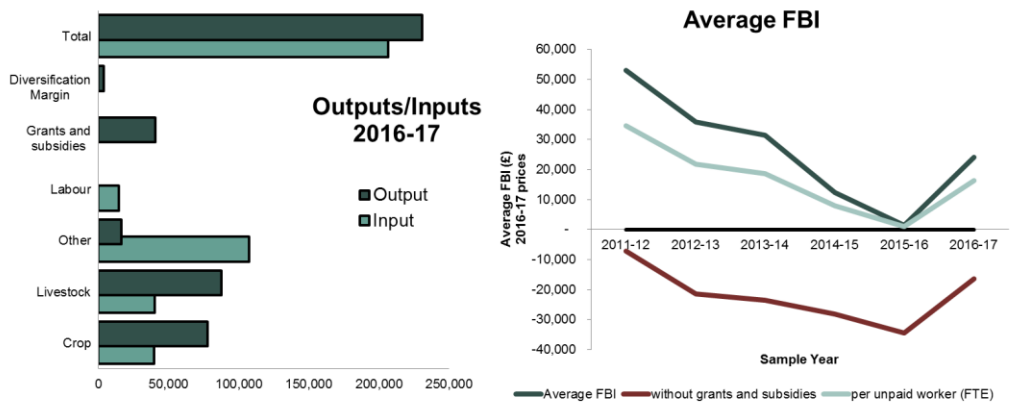
### **Relative performance**

At £74,200, on average, high performing mixed farms generated incomes roughly three times the overall average FBI for mixed farm types. Low performing farm businesses made an average loss of £17,000.

### **Financial strength**

The average net worth (assets minus liabilities) of mixed farms was £1.7m in 2016-17. The average debt ratio (liabilities: assets) fell to ten per cent for all tenures of mixed farms but ranged between eight per cent for owner-occupied farms and 19 per cent for tenanted farms.

# Mixed Farms – FBI (2016-17): £24,200



## 8. Reference Tables

Table 1: FBS summary table: 2011-12 to 2016-17 (2016-17 prices)

	Measure	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
<b>Average</b>	Output (£)	190,241	182,610	176,167	157,001	139,976	147,239
	Input (£)	197,623	202,344	195,898	176,114	168,503	165,579
	Subsidy and payments (£)	52,900	49,523	48,443	41,328	39,337	41,307
	Diversified income (£)	3,782	2,765	3,165	2,418	2,823	3,436
	FBI (£)	49,301	32,554	31,876	24,633	13,633	26,402
	FBI/FTE (£)	33,768	21,996	21,538	16,757	8,574	17,839
	FBI without grants and subsidies	-3,599	-16,969	-16,567	-16,695	-25,704	-14,905
	Output:Input ratio	1.25	1.16	1.16	1.14	1.08	1.16
	Off farm income (£)	9,322	10,073	10,324	11,028	11,450	14,305
	Off farm income/FTE (£)	6,385	6,806	6,976	7,502	7,201	9,665
<b>Hourly income</b>	Average hourly income (£)	17.77	11.58	11.34	8.82	4.51	9.39
	Minimum agricultural wage (£)(1)	6.55	6.72	6.89	7.03	7.17	7.20
	Average hourly income as % of MAW	271.3	172.3	164.5	125.5	62.9	130.4
<b>Quartiles</b>	FBI upper quartile (£)	123,536	94,090	108,670	81,561	68,958	94,376
	FBI lower quartile (£)	123	-15,175	-15,130	-14,363	-32,450	-15,102
	Output:Input ratio upper quartile	1.47	1.40	1.46	1.36	1.31	1.38
	Output:Input ratio lower quartile	1.00	0.93	0.93	0.92	0.83	0.91
<b>Balance Sheets (All Tenures)</b>	Net worth (£) closing valuation (CV)	1,372,629	1,396,959	1,389,515	1,307,334	1,329,524	1,315,536
	Liabilities as % of assets (CV)	9.4	9.7	9.5	9.8	10.1	10.2

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.

(1) Minimum agricultural wage has not been adjusted for inflation

Table 2: FBS summary table 2016-17

	Measure	Specialist Sheep (LFA)	Specialist Cattle (LFA)	Cattle and Sheep (LFA)	Cereal	General Cropping	Dairy	Lowland Cattle and Sheep	Mixed	All Types
<b>Average</b>	Output (£)	45,371	121,629	115,427	161,821	236,081	383,347	130,325	182,067	147,239
	Input (£)	73,621	144,697	136,718	184,087	229,067	386,109	148,332	202,456	165,579
	Subsidy and payments (£)	38,965	46,678	54,925	31,978	36,102	35,294	34,325	40,522	41,307
	Diversified income (£)	3,332	1,955	1,650	10,878	3,964	2,164	1,934	4,034	3,436
	FBI (£)	14,048	25,565	35,284	20,589	47,080	34,696	18,252	24,168	26,402
	FBI/FTE (£)	10,483	17,753	22,764	14,812	34,116	16,138	11,626	16,220	17,839
	Output:Input ratio	1.19	1.18	1.26	1.11	1.21	1.09	1.12	1.12	1.16
	Off farm income (£)	16,237	14,080	9,155	12,242	17,789	8,191	13,001	19,109	14,305
	Off farm income/FTE (£)	12,117	9,778	5,907	8,807	12,891	3,810	8,281	12,825	9,665
<b>Balance Sheets (All Tenures)</b>	Net worth (£) closing valuation (CV)	792,052	1,046,334	1,111,868	1,931,651	1,933,033	1,834,716	1,173,855	1,686,232	1,315,536
	Liabilities as % of assets (CV)	6.7	10.7	11.6	11.0	8.5	14.4	9.2	10.1	10.2
<b>Hourly income</b>	Average hourly income (£)	5.52	9.34	11.98	7.80	17.96	8.49	6.12	8.54	9.39
	Minimum agricultural wage (£)	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20
	Average hourly income as % of MAW	76.6	129.8	166.4	108.3	249.4	118.0	85.0	118.6	130.4
<b>Quartiles</b>	FBI upper quartile (£)	73,529	101,008	90,656	78,118	147,893	148,880	63,993	74,200	94,376
	FBI lower quartile (£)	-13,880	-11,020	2,572	-24,680	-9,347	-56,134	-9,853	-17,053	-15,102
	Output:Input ratio upper quartile	1.47	1.65	1.36	1.33	1.35	1.27	1.24	1.23	1.38
	Output:Input ratio lower quartile	0.83	0.93	1.02	0.89	0.95	0.86	0.91	0.91	0.91

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 2016 calendar year.

**Table 3: Percentage distribution of farms according to Farm Business Incomes, 2016-17**

Type of farm	Farm Business Income in 2016/17								
	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)	27.0	16.3	0.0	28.5	11.6	3.3	3.3	8.8	1.1
Specialist Cattle (LFA)	21.2	6.7	6.3	17.3	16.7	8.1	7.0	10.2	6.5
Cattle and Sheep (LFA)	12.4	0.0	5.8	19.9	15.6	13.8	4.7	23.2	4.7
Cereals	22.5	15.4	6.6	11.0	7.5	11.9	2.1	22.0	0.9
General cropping	17.7	8.4	1.0	14.1	4.6	8.9	12.4	20.8	12.0
Dairy	35.9	2.1	0.0	10.4	8.3	8.3	4.1	12.4	18.6
Lowland cattle and sheep	21.6	7.4	7.4	29.4	15.5	0.0	2.7	13.4	2.7
Mixed	33.2	5.5	1.8	18.5	10.3	4.2	1.6	18.5	6.3
<b>All farm types</b>	<b>23</b>	<b>8</b>	<b>4</b>	<b>19</b>	<b>12</b>	<b>7</b>	<b>5</b>	<b>15</b>	<b>6</b>

**Table 4(a): Average cropping and stocking, output, inputs, and Farm Business Income by type of farm: 2016-17**

Type of farm	Specialist Sheep (LFA)	Specialist Cattle (LFA)	Cattle and sheep (LFA)	Cereals
<b>Number of farms in sample</b>	<b>48</b>	<b>124</b>	<b>62</b>	<b>58</b>
Average size of business (SLR)	3	3	4	2
Average size of farm (hectares)	754	185	427	164
Area of cereals (hectares)	1	10	4	110
Area of potatoes (hectares)	0	0	0	1
Area of oilseed rape (hectares)	0	0	0	13
Area of other crops (hectares)	0	0	0	3
Area of fodder	0	4	2	8
Area of grass	85	112	130	23
Number of ewes	602	149	612	22
Number of suckler cows	9	80	60	4
Number of dairy cows	0	5	0	0
<i>Output yield per dairy cow (ltrs)</i>	-	-	-	-
<i>Revenue value pence per litre</i>	-	-	-	-
Number of other cattle	11	137	79	19
Headcount of unpaid labour	2.0	2.0	2.0	1.8
Number of unpaid workers (FTE)	1.3	1.4	1.6	1.4
<b>Average output £ per farm</b>				
Total crop output	1,369	8,498	2,488	125,237
Total livestock output	39,791	104,965	102,100	14,819
Miscellaneous output	4,212	8,166	10,839	21,765
<b>Total average output</b>	<b>45,371</b>	<b>121,629</b>	<b>115,427</b>	<b>161,821</b>
<b>Subsidy and Payments</b>	<b>38,965</b>	<b>46,678</b>	<b>54,925</b>	<b>31,978</b>
<b>Average inputs - £ per farm</b>				
Crop expenses	3,586	15,813	10,709	54,965
Livestock expenses	21,681	45,503	46,634	8,490
Other input costs	48,354	83,382	79,375	120,633
<b>Total average inputs</b>	<b>73,621</b>	<b>144,697</b>	<b>136,718</b>	<b>184,087</b>
<b>Diversification Margin</b>	<b>3,332</b>	<b>1,955</b>	<b>1,650</b>	<b>10,878</b>
of which: Diversification Output	5,132	4,457	5,354	18,906
Diversification Input	1,800	2,502	3,704	8,028
<b>FARM BUSINESS INCOME (FBI)</b>	<b>14,048</b>	<b>25,565</b>	<b>35,284</b>	<b>20,589</b>
FBI per unpaid labour (FTE)	10,483	17,753	22,764	14,812
<b>Output:Input ratio (including subsidies)</b>	<b>1.19</b>	<b>1.18</b>	<b>1.26</b>	<b>1.11</b>
<b>Output:Input ratio (excluding subsidies)</b>	<b>0.66</b>	<b>0.85</b>	<b>0.86</b>	<b>0.94</b>
<b>Off farm income (OFI)</b>	<b>16,237</b>	<b>14,080</b>	<b>9,155</b>	<b>12,242</b>
OFI per unpaid labour (FTE)	12,117	9,778	5,907	8,807

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 4(b): Average cropping and stocking, output, inputs, and Farm Business Income by type of farm: 2016-17**

Type of farm	General Cropping	Dairy	Lowland Cattle and Sheep	Mixed	All Farm Types
<b>Number of farms in sample</b>	<b>53</b>	<b>44</b>	<b>29</b>	<b>72</b>	<b>490</b>
Average size of business (SLR)	3	6	3	3	3
Average size of farm (hectares)	178	157	129	182	306
Area of cereals (hectares)	99	8	19	76	34
Area of potatoes (hectares)	18	0	0	2	2
Area of oilseed rape (hectares)	5	0	0	3	2
Area of other crops (hectares)	7	1	0	3	2
Area of fodder	8	6	4	9	4
Area of grass	35	132	95	71	87
Number of ewes	8	13	184	99	243
Number of suckler cows	10	1	48	40	38
Number of dairy cows	0	184	0	0	13
<i>Output yield per dairy cow (ltrs)</i>	-	7,053	-	-	-
<i>Revenue value pence per litre</i>	-	21.80	-	-	-
Number of other cattle	31	217	148	120	89
Headcount of unpaid labour	1.9	2.5	2.1	2.0	2.0
Number of unpaid workers (FTE)	1.4	2.2	1.6	1.5	1.5
<b>Average output £ per farm</b>					
Total crop output	189,922	10,733	16,359	77,957	46,114
Total livestock output	15,134	364,714	102,122	87,626	88,387
Miscellaneous output	31,024	7,900	11,844	16,484	12,738
<b>Total average output</b>	<b>236,081</b>	<b>383,347</b>	<b>130,325</b>	<b>182,067</b>	<b>147,239</b>
<b>Subsidy and Payments</b>	<b>36,102</b>	<b>35,294</b>	<b>34,325</b>	<b>40,522</b>	<b>41,307</b>
<b>Average inputs - £ per farm</b>					
Crop expenses	66,407	25,342	18,741	39,820	25,755
Livestock expenses	6,217	173,566	52,213	40,341	41,345
Other input costs	156,443	187,201	77,378	122,295	98,480
<b>Total average inputs</b>	<b>229,067</b>	<b>386,109</b>	<b>148,332</b>	<b>202,456</b>	<b>165,579</b>
<b>Diversification Margin</b>	<b>3,964</b>	<b>2,164</b>	<b>1,934</b>	<b>4,034</b>	<b>3,436</b>
of which: Diversification Output	7,948	8,107	4,671	8,464	7,040
Diversification Input	3,984	5,942	2,738	4,430	3,604
<b>FARM BUSINESS INCOME (FBI)</b>	<b>47,080</b>	<b>34,696</b>	<b>18,252</b>	<b>24,168</b>	<b>26,402</b>
FBI per unpaid labour (FTE)	34,116	16,138	11,626	16,220	17,839
<b>Output:Input ratio (including subsidies)</b>	<b>1.21</b>	<b>1.09</b>	<b>1.12</b>	<b>1.12</b>	<b>1.16</b>
<b>Output:Input ratio (excluding subsidies)</b>	<b>1.05</b>	<b>1.00</b>	<b>0.89</b>	<b>0.92</b>	<b>0.91</b>
<b>Off farm income (OFI)</b>	<b>17,789</b>	<b>8,191</b>	<b>13,001</b>	<b>19,109</b>	<b>14,305</b>
OFI per unpaid labour (FTE)	12,891	3,810	8,281	12,825	9,665

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): 2016-17**

Type of farm	Farm Business Income in 2016/17					
	<£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)	22.9	25.0	29.2	10.4	12.5	.
Specialist cattle (LFA)	21.0	27.4	22.6	24.2	4.0	0.8
Cattle and sheep (LFA)	9.7	12.9	32.3	38.7	6.5	.
Cereals	24.1	31.0	8.6	27.6	8.6	.
General cropping	15.1	13.2	17.0	34.0	13.2	7.6
Dairy	29.6	22.7	15.9	18.2	11.4	2.3
Lowland cattle and sheep	20.7	34.5	31.0	10.3	3.5	.
Mixed	29.2	20.8	18.1	25.0	5.6	1.4
<b>All farm types</b>	<b>21</b>	<b>23</b>	<b>21</b>	<b>25</b>	<b>8</b>	<b>1</b>

Minimum Agricultural Wage is £7.20 per hour

≥ greater than or equal to

< less than

**The minimum agricultural wage (MAW) is the weighted average for 2016 calendar year.**

**Table 6(a): Farm Business Income, outputs and inputs performance bands by quartile: 2016-17**

Type of farm	Specialist Sheep (LFA)			Specialist Cattle (LFA)		
	Lower 25%	Average	Upper 25%	Lower 25%	Average	Upper 25%
<b>Performance band</b>						
<b>Number of farms in sample</b>	<b>12</b>	<b>48</b>	<b>12</b>	<b>31</b>	<b>124</b>	<b>31</b>
Average size of business (SLR)	3	3	8	3	3	4
Average size of farm (hectares)	598	754	2,508	163	185	223
Area of cereals (hectares)	1	1	0	13	10	14
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	0	0	1	5	4	3
Area of grass	80	85	156	102	112	148
Number of ewes	577	602	1,381	114	149	156
Number of suckler cows	3	9	38	72	80	110
Number of dairy cows	0	0	0	5	5	6
<i>Output yield per dairy cow (ltrs)</i>	0	0	0	0	0	0
<i>Revenue value pence per litre</i>	0	0	0	0	0	0
Number of other cattle	3	11	52	130	137	196
Headcount of unpaid workers	2.1	2.0	3.1	1.7	2.0	1.5
Number of unpaid workers (FTE)	1.3	1.3	2.1	1.2	1.4	1.4
<b>Average output £ per farm</b>						
Total crop output	1,169	1,369	2,526	9,152	8,498	12,816
Total livestock output	25,010	39,791	123,481	81,784	104,965	167,213
Miscellaneous output	5,127	4,212	4,376	6,936	8,166	6,876
<b>Total average output</b>	<b>31,306</b>	<b>45,371</b>	<b>130,383</b>	<b>97,871</b>	<b>121,629</b>	<b>186,905</b>
<b>Subsidy and Payments</b>	31,912	38,965	94,309	43,983	46,678	67,871
<b>Average inputs - £ per farm</b>						
Crop expenses	854	3,586	9,756	16,737	15,813	16,531
Livestock expenses	21,324	21,681	55,789	43,799	45,503	50,750
Other fixed costs	58,080	48,354	89,783	92,097	83,382	88,053
<b>Total average inputs</b>	<b>83,881</b>	<b>73,621</b>	<b>155,327</b>	<b>152,633</b>	<b>144,697</b>	<b>155,334</b>
<b>Diversification Margin</b>	<b>6,784</b>	<b>3,332</b>	<b>4,164</b>	<b>-241</b>	<b>1,955</b>	<b>1,566</b>
of which: Diversification Output	8,405	5,132	8,488	3,542	4,457	3,332
Diversification Input	1,622	1,800	4,324	3,783	2,502	1,765
<b>FARM BUSINESS INCOME (FBI)</b>	<b>-13,880</b>	<b>14,048</b>	<b>73,529</b>	<b>-11,020</b>	<b>25,565</b>	<b>101,008</b>
FBI per unpaid worker (FTE)	-10,515	10,483	35,181	-9,107	17,753	73,194
<b>Output:Input ratio (including subsidies)</b>	0.83	1.19	1.47	0.93	1.18	1.65
<b>Output:Input ratio (excluding subsidies)</b>	0.45	0.66	0.87	0.64	0.85	1.21
<b>Off farm income (OFI)</b>	<b>21,552</b>	<b>16,237</b>	<b>8,182</b>	<b>11,612</b>	<b>14,080</b>	<b>15,124</b>
OFI per unpaid worker (FTE)	16,328	12,117	3,915	9,597	9,778	10,960

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 6(b): Farm Business Income, outputs and inputs performance bands by quartile: 2016-17**

Type of farm	Cattle and sheep (LFA)			Cereals		
	Lower 25%	Average	Upper 25%	Lower 25%	Average	Upper 25%
<b>Performance band</b>						
<b>Number of farms in sample</b>	<b>16</b>	<b>62</b>	<b>16</b>	<b>15</b>	<b>58</b>	<b>15</b>
Average size of business (SLR)	4	4	8	2	2	2
Average size of farm (hectares)	338	427	790	161	164	194
Area of cereals (hectares)	9	4	8	106	110	126
Area of potatoes (hectares)	0	0	0	1	1	0
Area of oilseed rape (hectares)	0	0	0	15	13	26
Area of other crops (hectares)	0	0	0	3	3	8
Area of fodder	1	2	4	8	8	10
Area of grass	83	130	249	24	23	17
Number of ewes	514	612	1,085	12	22	32
Number of suckler cows	55	60	104	4	4	6
Number of dairy cows	0	0	0	0	0	0
<i>Output yield per dairy cow (ltrs)</i>	0	0	0	0	0	0
<i>Revenue value pence per litre</i>	0	0	0	0	0	0
Number of other cattle	71	79	155	35	19	20
Headcount of unpaid workers	1.6	2.0	2.6	1.7	1.8	2.4
Number of unpaid workers (FTE)	1.3	1.6	2.1	1.2	1.4	1.7
<b>Average output £ per farm</b>						
Total crop output	5,485	2,488	6,111	112,438	125,237	184,193
Total livestock output	84,799	102,100	211,932	23,437	14,819	13,081
Miscellaneous output	13,271	10,839	18,974	18,289	21,765	51,749
<b>Total average output</b>	<b>103,555</b>	<b>115,427</b>	<b>237,017</b>	<b>154,164</b>	<b>161,821</b>	<b>249,023</b>
<b>Subsidy and Payments</b>	42,193	54,925	99,830	31,173	31,978	37,979
<b>Average inputs - £ per farm</b>						
Crop expenses	11,037	10,709	22,559	55,362	54,965	71,428
Livestock expenses	48,984	46,634	84,320	17,344	8,490	5,815
Other fixed costs	82,675	79,375	142,397	143,084	120,633	160,407
<b>Total average inputs</b>	<b>142,696</b>	<b>136,718</b>	<b>249,276</b>	<b>215,790</b>	<b>184,087</b>	<b>237,650</b>
<b>Diversification Margin</b>	<b>-480</b>	<b>1,650</b>	<b>3,085</b>	<b>5,772</b>	<b>10,878</b>	<b>28,766</b>
of which: Diversification Output	2,233	5,354	11,503	9,249	18,906	44,814
Diversification Input	2,713	3,704	8,418	3,477	8,028	16,048
<b>FARM BUSINESS INCOME (FBI)</b>	<b>2,572</b>	<b>35,284</b>	<b>90,656</b>	<b>-24,680</b>	<b>20,589</b>	<b>78,118</b>
FBI per unpaid worker (FTE)	2,025	22,764	44,008	-21,461	14,812	47,344
<b>Output:Input ratio (including subsidies)</b>	1.02	1.26	1.36	0.89	1.11	1.33
<b>Output:Input ratio (excluding subsidies)</b>	0.72	0.86	0.96	0.74	0.94	1.17
<b>Off farm income (OFI)</b>	<b>7,465</b>	<b>9,155</b>	<b>12,500</b>	<b>13,132</b>	<b>12,242</b>	<b>10,325</b>
OFI per unpaid worker (FTE)	5,878	5,907	6,068	11,419	8,807	6,257

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 6(c): Farm Business Income, outputs and inputs performance bands by quartile: 2016-17

Type of farm	General Cropping			Dairy		
Performance band	Lower 25%	Average	Upper 25%	Lower 25%	Average	Upper 25%
<b>Number of farms in sample</b>	<b>14</b>	<b>53</b>	<b>14</b>	<b>11</b>	<b>44</b>	<b>11</b>
Average size of business (SLR)	3	3	4	6	6	9
Average size of farm (hectares)	163	178	201	150	157	216
Area of cereals (hectares)	96	99	118	6	8	13
Area of potatoes (hectares)	13	18	27	0	0	0
Area of oilseed rape (hectares)	5	5	7	0	0	0
Area of other crops (hectares)	4	7	7	4	1	0
Area of fodder	8	8	7	5	6	7
Area of grass	31	35	28	116	132	188
Number of ewes	0	8	10	34	13	0
Number of suckler cows	10	10	9	4	1	0
Number of dairy cows	0	0	0	176	184	269
<i>Output yield per dairy cow (ltrs)</i>	0	0	0	7,055	7,053	7,551
<i>Revenue value pence per litre</i>	0	0	0	19.28	21.80	23.38
Number of other cattle	31	31	23	191	217	340
Headcount of unpaid workers	1.7	1.9	2.2	2.4	2.5	3.1
Number of unpaid workers (FTE)	1.1	1.4	2.0	1.9	2.2	2.5
<b>Average output £ per farm</b>						
Total crop output	119,288	189,922	322,020	8,122	10,733	19,653
Total livestock output	14,107	15,134	13,121	303,120	364,714	603,936
Miscellaneous output	16,273	31,024	198,911	4,000	7,900	14,671
<b>Total average output</b>	<b>149,667</b>	<b>236,081</b>	<b>534,052</b>	<b>315,243</b>	<b>383,347</b>	<b>638,259</b>
<b>Subsidy and Payments</b>	33,001	36,102	32,014	31,481	35,294	48,995
<b>Average inputs - £ per farm</b>						
Crop expenses	51,442	66,407	107,130	23,488	25,342	37,217
Livestock expenses	6,745	6,217	4,961	184,564	173,566	243,980
Other fixed costs	133,288	156,443	309,747	193,089	187,201	261,333
<b>Total average inputs</b>	<b>191,474</b>	<b>229,067</b>	<b>421,838</b>	<b>401,142</b>	<b>386,109</b>	<b>542,530</b>
<b>Diversification Margin</b>	<b>-541</b>	<b>3,964</b>	<b>3,665</b>	<b>-1,717</b>	<b>2,164</b>	<b>4,156</b>
of which: Diversification Output	2,857	7,948	6,588	6,900	8,107	9,987
Diversification Input	3,398	3,984	2,923	8,616	5,942	5,831
<b>FARM BUSINESS INCOME (FBI)</b>	<b>-9,347</b>	<b>47,080</b>	<b>147,893</b>	<b>-56,134</b>	<b>34,696</b>	<b>148,880</b>
FBI per unpaid worker (FTE)	-8,497	34,116	74,318	-29,085	16,138	60,275
<b>Output:Input ratio (including subsidies)</b>	0.95	1.21	1.35	0.86	1.09	1.27
<b>Output:Input ratio (excluding subsidies)</b>	0.78	1.05	1.27	0.78	1.00	1.18
<b>Off farm income (OFI)</b>	<b>19,764</b>	<b>17,789</b>	<b>9,307</b>	<b>4,983</b>	<b>8,191</b>	<b>13,182</b>
OFI per unpaid worker (FTE)	17,967	12,891	4,677	2,582	3,810	5,337

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 6(d): Farm Business Income, outputs and inputs performance bands by quartile: 2016-17

Type of farm	Lowland Cattle and Sheep			Mixed		
	Lower 25%	Average	Upper 25%	Lower 25%	Average	Upper 25%
<b>Performance band</b>						
<b>Number of farms in sample</b>	<b>8</b>	<b>29</b>	<b>8</b>	<b>18</b>	<b>72</b>	<b>18</b>
Average size of business (SLR)	2	3	6	3	3	4
Average size of farm (hectares)	86	129	282	223	182	191
Area of cereals (hectares)	9	19	21	63	76	113
Area of potatoes (hectares)	0	0	0	3	2	2
Area of oilseed rape (hectares)	0	0	0	3	3	2
Area of other crops (hectares)	0	0	0	4	3	3
Area of fodder	1	4	10	10	9	14
Area of grass	71	95	216	84	71	51
Number of ewes	230	184	414	145	99	64
Number of suckler cows	42	48	141	38	40	32
Number of dairy cows	0	0	0	0	0	0
<i>Output yield per dairy cow (ltrs)</i>	0	0	0	0	0	0
<i>Revenue value pence per litre</i>	0	0	0	0	0	0
Number of other cattle	97	148	272	75	120	258
Headcount of unpaid workers	2.4	2.1	2.5	1.9	2.0	2.2
Number of unpaid workers (FTE)	1.6	1.6	2.0	1.5	1.5	1.5
<b>Average output £ per farm</b>						
Total crop output	8,885	16,359	20,325	68,188	77,957	104,542
Total livestock output	59,073	102,122	217,060	57,695	87,626	226,243
Miscellaneous output	11,104	11,844	11,594	11,086	16,484	20,755
<b>Total average output</b>	<b>79,062</b>	<b>130,325</b>	<b>248,979</b>	<b>136,969</b>	<b>182,067</b>	<b>351,540</b>
<b>Subsidy and Payments</b>	24,514	34,325	77,283	42,577	40,522	46,931
<b>Average inputs - £ per farm</b>						
Crop expenses	11,832	18,741	34,821	40,731	39,820	54,458
Livestock expenses	36,476	52,213	92,252	25,803	40,341	131,842
Other fixed costs	65,027	77,378	134,944	132,477	122,295	139,535
<b>Total average inputs</b>	<b>113,335</b>	<b>148,332</b>	<b>262,016</b>	<b>199,010</b>	<b>202,456</b>	<b>325,835</b>
<b>Diversification Margin</b>	<b>-94</b>	<b>1,934</b>	<b>-252</b>	<b>2,411</b>	<b>4,034</b>	<b>1,564</b>
of which: Diversification Output	1,134	4,671	3,235	11,007	8,464	5,526
Diversification Input	1,227	2,738	3,486	8,596	4,430	3,962
<b>FARM BUSINESS INCOME (FBI)</b>	<b>-9,853</b>	<b>18,252</b>	<b>63,993</b>	<b>-17,053</b>	<b>24,168</b>	<b>74,200</b>
FBI per unpaid worker (FTE)	-6,357	11,626	32,157	-11,073	16,220	49,799
<b>Output:Input ratio (including subsidies)</b>	0.91	1.12	1.24	0.91	1.12	1.23
<b>Output:Input ratio (excluding subsidies)</b>	0.70	0.89	0.95	0.70	0.92	1.08
<b>Off farm income (OFI)</b>	<b>22,032</b>	<b>13,001</b>	<b>7,188</b>	<b>26,926</b>	<b>19,109</b>	<b>17,003</b>
OFI per unpaid worker (FTE)	14,214	8,281	3,612	17,484	12,825	11,412

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 6(e): Farm Business Income, outputs and inputs performance bands by quartile: 2016-17

Type of farm	All Farm Types		
	Lower 25%	Average	Upper 25%
<b>Performance band</b>			
<b>Number of farms in sample</b>	<b>123</b>	<b>490</b>	<b>123</b>
Average size of business (SLR)	3	3	6
Average size of farm (hectares)	249	306	650
Area of cereals (hectares)	34	34	42
Area of potatoes (hectares)	2	2	3
Area of oilseed rape (hectares)	2	2	3
Area of other crops (hectares)	1	2	2
Area of fodder	5	4	6
Area of grass	78	87	150
Number of ewes	230	243	508
Number of suckler cows	35	38	72
Number of dairy cows	12	13	16
<i>Output yield per dairy cow (ltrs)</i>	0	0	0
<i>Revenue value pence per litre</i>	0	0	0
Number of other cattle	76	89	153
Headcount of unpaid workers	1.9	2.0	2.3
Number of unpaid workers (FTE)	1.3	1.5	1.8
<b>Average output £ per farm</b>			
Total crop output	37,549	46,114	65,549
Total livestock output	68,881	88,387	174,417
Miscellaneous output	10,607	12,738	24,742
<b>Total average output</b>	<b>117,038</b>	<b>147,239</b>	<b>264,707</b>
<b>Subsidy and Payments</b>	37,532	41,307	72,241
<b>Average inputs - £ per farm</b>			
Crop expenses	24,838	25,755	36,593
Livestock expenses	40,035	41,345	69,433
Other fixed costs	106,311	98,480	141,907
<b>Total average inputs</b>	<b>171,184</b>	<b>165,579</b>	<b>247,933</b>
<b>Diversification Margin</b>	<b>1,512</b>	<b>3,436</b>	<b>5,361</b>
of which: Diversification Output	5,278	7,040	10,829
Diversification Input	3,766	3,604	5,468
<b>FARM BUSINESS INCOME (FBI)</b>	<b>-15,102</b>	<b>26,402</b>	<b>94,376</b>
FBI per unpaid worker (FTE)	-11,441	17,839	53,020
<b>Output:Input ratio (including subsidies)</b>	0.91	1.16	1.38
<b>Output:Input ratio (excluding subsidies)</b>	0.69	0.91	1.09
<b>Off farm income (OFI)</b>	<b>15,642</b>	<b>14,305</b>	<b>12,548</b>
OFI per unpaid worker (FTE)	11,850	9,665	7,050

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: 2015-16 to 2016-17 (2016-17 prices)**

		Cost Centre (£ per Farm)											
		Agriculture		Agri-environment		Diversification		Contracting		Direct Payment		Farm Business (£ per Farm)	
		2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
Specialist sheep (LFA)	<b>Total Output</b>	43,543	43,845	15,237	11,632	3,097	5,132	3,610	1,526	22,861	27,333	88,348	89,468
	<b>Total Costs</b>	75,810	72,409	316	285	2,117	1,800	1,820	893	53	34	80,116	75,421
	<b>Farm Business Income</b>	-32,267	-28,564	14,921	11,347	980	3,332	1,790	633	22,808	27,299	8,233	14,048
Specialist cattle (LFA)	<b>Total Output</b>	122,336	117,165	10,140	8,972	5,993	4,457	4,777	4,592	36,683	37,579	179,930	172,764
	<b>Total Costs</b>	149,045	141,686	238	143	3,962	2,502	2,792	2,684	197	185	156,233	147,199
	<b>Farm Business Income (d)</b>	-26,709	-24,522	9,902	8,829	2,031	1,955	1,986	1,908	36,487	37,395	23,697	25,565
Cattle and sheep (LFA)	<b>Total Output</b>	100,637	110,048	15,884	14,028	5,128	5,354	6,849	5,379	36,286	40,897	164,783	175,706
	<b>Total Costs</b>	133,541	134,458	481	203	4,350	3,704	3,545	2,027	22	30	141,938	140,422
	<b>Farm Business Income (d)</b>	-32,904	-24,409	15,403	13,825	778	1,650	3,304	3,352	36,264	40,867	22,845	35,284
Cereals	<b>Total Output</b>	148,335	149,128	1,033	709	16,074	18,906	13,041	12,889	28,629	31,073	207,112	212,705
	<b>Total Costs</b>	184,615	176,906	142	61	6,839	8,028	7,450	7,082	60	39	199,106	192,115
	<b>Farm Business Income (d)</b>	-36,279	-27,778	890	648	9,236	10,878	5,591	5,807	28,568	31,034	8,006	20,589
General cropping	<b>Total Output</b>	201,310	214,269	3,003	937	11,134	7,948	24,544	21,812	27,878	35,165	267,870	280,130
	<b>Total Costs</b>	217,017	216,415	231	61	4,837	3,984	14,339	12,470	83	122	236,506	233,051
	<b>Farm Business Income (d)</b>	-15,707	-2,146	2,772	877	6,298	3,964	10,206	9,342	27,795	35,043	31,364	47,080
Dairy	<b>Total Output</b>	377,266	379,652	1,495	1,102	6,442	8,107	3,742	3,695	30,194	34,192	419,139	426,748
	<b>Total Costs</b>	408,992	384,858	245	37	7,094	5,942	1,034	1,119	39	95	417,404	392,052
	<b>Farm Business Income (d)</b>	-31,726	-5,206	1,251	1,065	-652	2,164	2,708	2,576	30,154	34,097	1,736	34,696
Lowland cattle and sheep	<b>Total Output</b>	128,223	125,536	3,031	2,366	4,924	4,671	4,178	4,789	30,062	31,960	170,418	169,322
	<b>Total Costs</b>	152,583	144,912	88	6	2,421	2,738	2,822	3,360	75	54	157,989	151,069
	<b>Farm Business Income (d)</b>	-24,360	-19,376	2,943	2,360	2,503	1,934	1,357	1,429	29,987	31,905	12,429	18,253
Mixed	<b>Total Output</b>	153,184	171,836	2,840	2,861	8,565	8,464	9,408	10,231	33,003	37,661	207,000	231,053
	<b>Total Costs</b>	194,480	196,084	103	102	4,508	4,430	6,249	6,156	170	114	205,509	206,886
	<b>Farm Business Income (d)</b>	-41,296	-24,248	2,737	2,759	4,057	4,034	3,160	4,076	32,834	37,547	1,491	24,168
<b>All types</b>	<b>Total Output</b>	132,697	139,880	8,235	6,677	6,959	7,040	7,296	7,409	31,084	34,580	186,272	195,586
	<b>Total Costs</b>	163,951	161,210	238	137	4,135	3,604	4,209	4,135	105	97	172,638	169,184
	<b>Farm Business Income (d)</b>	-31,254	-21,330	7,997	6,540	2,823	3,436	3,087	3,274	30,979	34,483	13,633	26,402

**Table 8: Number of diversified activities and average income in FBS sample 2011-12 to 2016-17 (2016-17 prices)**

	2011-12		2012-13		2013-14		2014-15		2015-16		2016-17	
	Number	Average Income (£)	Number	Average Income (£)	Number	Average Income (£)	Number	Average Income (£)	Number	Average Income (£)	Number	Average Income (£)
<b>All</b>	<b>333</b>	<b>5,568</b>	<b>371</b>	<b>3,914</b>	<b>380</b>	<b>4,097</b>	<b>423</b>	<b>3,437</b>	<b>402</b>	<b>4,423</b>	<b>406</b>	<b>4,854</b>
Processing and retailing of farm produce	7	4,498	7	6,630	8	3,534	3	5,750	4	24,738	4	14,180
Recreation	19	1,213	13	1,584	12	1,987	16	1,737	13	2,763	11	4,353
Renting out buildings - not including tourist accommodation	166	6,920	165	6,071	165	6,564	175	6,568	187	6,427	182	6,401
Tourist Accommodation and Catering	16	4,506	16	1,811	17	1,237	17	-758	14	1,097	15	1,656
Mobile Phone Masts	25	6,738	23	7,412	26	7,473	24	8,924	23	7,995	24	7,977
Wind Turbines	29	1,093	37	-6,691	40	-930	45	1,599	44	2,940	49	4,849
Micro Electric Generation	n/a	n/a	38	-3,490	50	-993	72	-3,150	92	-2,090	93	-367
Other Miscellaneous receipts	59	7,296	72	7,835	62	4,097	71	3,001	25	12,196	28	10,045

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): 2012-13 to 2016-17 (2016-17 prices)**

	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
Total number of farms in matched sample	413	413	413	413	413
Percentage of farms engaged in diversified activity	51%	52%	53%	52%	52%
Average number of diversified activities on farms with any diversified activity	1.5	1.5	1.6	1.5	1.5
Average diversified income of farms with diversified activity	£5,196	£5,223	£4,925	£5,715	£6,427
Average diversified income of farms with diversified activity (% of FBI)	13%	13%	12%	21%	16%
Average FBI of farms with diversified activity	£39,418	£41,061	£41,388	£27,479	£41,237
Average FBI of farms without diversified activity	£34,985	£30,712	£24,033	£12,657	£23,797

Table 10(a): Average opening and closing balance sheets by tenure and type of farm: 2016-17

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	<b>Sample Size</b>	22		54		24		27		16	
	Total assets	1,142,986	1,151,569	1,296,260	1,295,679	1,768,498	1,778,448	2,416,489	2,508,612	2,497,667	2,505,193
	Total external liabilities	61,982	56,741	125,940	126,534	146,426	181,463	223,300	275,788	164,952	162,363
	<b>Net worth</b>	<b>1,081,005</b>	<b>1,094,828</b>	<b>1,170,320</b>	<b>1,169,145</b>	<b>1,622,072</b>	<b>1,596,985</b>	<b>2,193,190</b>	<b>2,232,824</b>	<b>2,332,716</b>	<b>2,342,830</b>
	<i>Liabilities as a percentage of assets</i>	5.4	4.9	9.7	9.8	8.3	10.2	9.2	11.0	6.6	6.5
Tenanted farms	<b>Sample Size</b>	9		25		17		11		12	
	Total assets	340,050	325,657	432,772	439,840	368,135	369,776	346,400	320,684	393,892	373,507
	Total external liabilities	49,364	40,850	76,564	98,995	61,726	59,210	88,576	74,741	83,210	75,149
	<b>Net worth</b>	<b>290,686</b>	<b>284,807</b>	<b>356,207</b>	<b>340,845</b>	<b>306,409</b>	<b>310,566</b>	<b>257,825</b>	<b>245,943</b>	<b>310,681</b>	<b>298,358</b>
	<i>Liabilities as a percentage of assets</i>	14.5	12.5	17.7	22.5	16.8	16.0	25.6	23.3	21.1	20.1
Mixed tenure farms	<b>Sample Size</b>	16		43		21		19		20	
	Total assets	891,365	973,799	1,419,804	1,436,125	1,331,074	1,341,279	2,668,203	2,693,767	2,511,117	2,375,852
	Total external liabilities	88,790	94,109	148,416	147,497	195,996	191,453	227,021	242,232	447,196	421,355
	<b>Net worth</b>	<b>802,575</b>	<b>879,691</b>	<b>1,271,388</b>	<b>1,288,628</b>	<b>1,135,078</b>	<b>1,149,826</b>	<b>2,441,182</b>	<b>2,451,534</b>	<b>2,063,921</b>	<b>1,954,497</b>
	<i>Liabilities as a percentage of assets</i>	10.0	9.7	10.5	10.3	14.7	14.3	8.5	9.0	17.8	17.7
All Tenures	<b>Sample Size</b>	47		122		62		57		48	
	Total assets	837,124	849,068	1,168,075	1,171,395	1,250,179	1,257,618	2,105,530	2,170,364	2,129,222	2,113,432
	Total external liabilities	61,773	57,016	120,978	125,062	130,127	145,751	201,561	238,713	186,948	180,399
	<b>Net worth</b>	<b>775,351</b>	<b>792,052</b>	<b>1,047,097</b>	<b>1,046,334</b>	<b>1,120,052</b>	<b>1,111,868</b>	<b>1,903,969</b>	<b>1,931,651</b>	<b>1,942,274</b>	<b>1,933,033</b>
	<i>Liabilities as a percentage of assets</i>	7.4	6.7	10.4	10.7	10.4	11.6	9.6	11.0	8.8	8.5

Table 10(b): Average opening and closing balance sheets by tenure and type of farm: 2016-17

Tenure of farm	Type of farm	General cropping		Dairy		Lowland cattle and sheep		Mixed		All farm types	
		Valuation (£/farm)		Valuation (£/farm)		Valuation (£/farm)		Valuation (£/farm)		Valuation (£/farm)	
		Opening	Closing	Opening	Closing	Opening	Closing	Opening	Closing	Opening	Closing
Owner-occupied farms	<b>Sample Size</b>	16		19		12		29		203	
	Total assets	2,497,667	2,505,193	2,240,792	2,239,518	1,428,826	1,436,462	2,210,235	2,245,268	1,756,142	1,772,670
	Total external liabilities	164,952	162,363	280,560	291,832	105,278	109,317	197,917	189,607	150,082	157,526
	<b>Net worth</b>	<b>2,332,716</b>	<b>2,342,830</b>	<b>1,960,232</b>	<b>1,947,686</b>	<b>1,323,548</b>	<b>1,327,145</b>	<b>2,012,318</b>	<b>2,055,661</b>	<b>1,606,060</b>	<b>1,615,144</b>
	<i>Liabilities as a percentage of assets</i>	6.6	6.5	12.5	13.0	7.4	7.6	9.0	8.4	8.5	8.9
Tenanted farms	<b>Sample Size</b>	12		c		5		10		93	
	Total assets	393,892	373,507	c	c	513,045	515,283	434,348	407,752	404,833	396,747
	Total external liabilities	83,210	75,149	c	c	88,548	101,509	86,514	76,257	74,879	74,331
	<b>Net worth</b>	<b>310,681</b>	<b>298,358</b>	<b>c</b>	<b>c</b>	<b>424,497</b>	<b>413,774</b>	<b>347,833</b>	<b>331,495</b>	<b>329,954</b>	<b>322,417</b>
	<i>Liabilities as a percentage of assets</i>	21.1	20.1	c	c	17.3	19.7	19.9	18.7	18.5	18.7
Mixed tenure farms	<b>Sample Size</b>	20		20		10		29		178	
	Total assets	2,511,117	2,375,852	2,718,221	2,778,047	1,376,877	1,395,797	1,945,315	1,962,959	1,642,238	1,658,200
	Total external liabilities	447,196	421,355	463,093	476,807	189,450	199,961	309,593	307,775	219,529	219,365
	<b>Net worth</b>	<b>2,063,921</b>	<b>1,954,497</b>	<b>2,255,128</b>	<b>2,301,240</b>	<b>1,187,426</b>	<b>1,195,836</b>	<b>1,635,722</b>	<b>1,655,184</b>	<b>1,422,709</b>	<b>1,438,835</b>
	<i>Liabilities as a percentage of assets</i>	17.8	17.7	17.0	17.2	13.8	14.3	15.9	15.7	13.4	13.2
All Tenures	<b>Sample Size</b>	48		43		27		68		474	
	Total assets	2,129,222	2,113,432	2,134,695	2,143,309	1,285,139	1,293,383	1,854,261	1,875,578	1,453,516	1,464,758
	Total external liabilities	186,948	180,399	299,823	308,594	113,340	119,528	196,919	189,346	144,608	149,222
	<b>Net worth</b>	<b>1,942,274</b>	<b>1,933,033</b>	<b>1,834,872</b>	<b>1,834,716</b>	<b>1,171,799</b>	<b>1,173,855</b>	<b>1,657,342</b>	<b>1,686,232</b>	<b>1,308,908</b>	<b>1,315,536</b>
	<i>Liabilities as a percentage of assets</i>	8.8	8.5	14.0	14.4	8.8	9.2	10.6	10.1	9.9	10.2

'c' - cell values have been suppressed due to small sample sizes.

**Table 11: Trends in Net Farm Income (2016-17 prices) by farm type<sup>(1)(2)</sup>**

	<b>Specialist sheep (LFA)</b>	<b>Specialist cattle (LFA)</b>	<b>Cattle and sheep (LFA)</b>	<b>Cereals</b>	<b>General cropping</b>	<b>Dairy</b>	<b>Lowland cattle and sheep</b>	<b>Mixed</b>	<b>All types</b>
1991-92	13,302	11,751	17,341	10,183	17,850	37,585	15,586	12,339	16,417
1992-93	18,056	16,459	21,086	28,508	27,055	46,040	25,114	24,795	24,905
1993-94	18,877	18,557	23,370	23,758	30,592	50,954	25,713	28,353	27,017
1994-95	16,269	16,240	18,848	28,091	89,406	43,135	20,281	21,892	31,558
1995-96	18,625	18,865	21,923	38,074	61,477	52,349	17,066	31,876	33,185
1996-97	19,632	24,739	27,585	40,160	30,228	45,552	5,839	25,131	29,617
1997-98	10,695	11,057	9,166	8,235	2,175	19,510	5,534	-4,865	8,003
1998-99	3,496	7,167	7,711	6,004	23,890	8,303	-2,595	-2,977	7,329
1999-00	-2,083	7,226	3,051	7,084	321	2,427	3,597	6,586	4,040
2000-01	3,960	9,097	8,249	5,503	7,017	19,106	2,647	9,133	8,353
2001-02	145	18,260	16,105	94	9,068	44,307	22,787	14,547	14,293
2002-03	11,751	27,517	18,571	642	-1,810	11,628	25,713	12,143	13,802
2003-04	12,701	27,067	28,033	22,102	32,900	29,527	26,145	29,093	25,807
2004-05	10,922	23,278	22,435	1,846	8,661	33,344	17,223	18,405	17,483
2005-06	5,860	15,486	14,388	3,758	10,084	26,250	12,056	17,697	13,313
2006-07	2,307	16,855	15,125	24,777	51,403	38,997	28,674	24,807	23,624
2007-08	14,258	19,538	21,990	59,294	74,112	62,270	18,655	30,286	36,430
2008-09	10,332	21,746	23,224	30,623	51,074	72,729	21,764	36,859	32,308
2009-10	21,533	35,493	31,162	-933	2,879	50,670	24,565	20,620	23,385
2010-11	18,650	30,216	34,316	41,415	63,866	69,899	32,543	45,121	39,208
2011-12	21,947	36,910	34,334	48,205	38,073	82,156	24,430	40,803	38,258
2012-13	17,948	20,714	14,916	9,779	40,937	42,410	10,385	23,014	22,736
2013-14	17,987	17,781	20,864	9,536	15,087	81,678	16,217	18,480	21,180
2014-15	9,493	18,467	21,173	-1,551	7,943	72,728	17,989	1,130	15,297
2015-16	1,699	15,824	14,755	-14,390	16,282	2,076	2,081	-10,796	3,804
2016-17	2,441	17,179	28,455	-3,703	30,536	31,237	6,043	11,039	14,740

(1) Farm Classification groupings were revised in 1993 and re-calculated retrospectively.

1991/92 figures are the first available with the current grouping.

(2) 2009-17 Calculated using Standard Outputs

**Table 12: Farm Business Income by farm type: 2011-12 to 2016-17 (2016-17 prices)**

<b>Type of Farms</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
Specialist Sheep (LFA)	30,509	22,588	25,402	15,253	8,233	14,048
Specialist Cattle (LFA)	45,703	28,229	25,827	25,733	23,697	25,565
Cattle and Sheep (LFA)	42,499	21,556	26,752	28,339	22,845	35,284
Cereals	65,091	24,816	26,641	19,041	8,007	20,589
General Cropping	54,933	59,943	36,912	27,763	31,364	47,080
Dairy	88,946	48,039	81,464	70,915	1,735	34,696
Lowland Cattle and Sheep	36,406	18,772	24,951	27,509	12,429	18,252
Mixed	53,126	35,823	31,348	12,260	1,492	24,168
<b>All Farm Types</b>	<b>49,301</b>	<b>32,554</b>	<b>31,876</b>	<b>24,633</b>	<b>13,633</b>	<b>26,402</b>

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