



Farm Business Survey

2008/2009

Poultry Production in England



Richard Crane, Ross Davenport
and Rod Vaughan

RBR

independent research, data and analysis

Rural Business Research

Farm Business Survey

2008/09

Poultry Production in England

Richard Crane, Ross Davenport and Rod Vaughan

RBR at Reading
Agriculture and Food Investigation Team (AFIT)
Department of Agricultural & Food Economics
School of Agriculture, Policy and Development
University of Reading
4 Earley Gate
Whiteknights
PO Box 237
Reading RG6 6AR

Telephone : 0118 378 7426
Fax : 0118 378 5034
E-mail : r.l.vaughan@reading.ac.uk

March 2010

Foreword to the First Series

This report is one of a series being produced based on the results of the Farm Business Survey (FBS) for England. The annual Farm Business Survey is the most comprehensive and independent survey of farm incomes and provides a definitive data source on the economic and physical performance of farm businesses in England. It is conducted by a Consortium comprising the Universities of Cambridge, Newcastle upon Tyne, Nottingham and Reading, and Askham Bryan, Duchy and Imperial Colleges. The Consortium is lead by the University of Nottingham and its members work in partnership, using uniform and standard practices in reporting on their findings to ensure consistent data quality, accuracy and validity. The Survey is financed by Defra and the Consortium values greatly the input of their staff.

These detailed reports for various farm types and enterprises are in addition to the comprehensive Farm Business Survey Reports for Government Office Regions published at www.farmbusinesssurvey.co.uk.

The Consortium is seeking by these additional reports to ensure that timely and relevant information is available to farmers, consultants, advisers and other organisations and individuals interested in farming and land management. The analysis and publication of these reports uses data from farm businesses across England, with an individual member of the Consortium undertaking the research analysis. In line with the ethos of the Consortium, these reports present results in such a way as to ensure a significant element of continuity and consistency from one report to the other, whilst also ensuring that each report captures the contemporary issues of relevance to the sector of agriculture in England to which it relates.

We believe these new reports will make a valuable and useful contribution to the farming industry and we commend them to you.

Prof. Martin Seabrook

(Chief Executive Officer of the Consortium)

Spring 2007

Foreword to the Fourth Series

As agriculture enters the second decade of the 21st Century, the financial prospects for many sectors are arguably brighter than five years ago. The importance of agriculture as a provider of food, environmental and ecosystem services and biofuels, is becoming increasingly recognised. Issues of food security in a world with changing climatic conditions and a growing population have led to agriculture and food production being viewed in a more positive light than has appeared to be the case throughout much of the previous 20 to 30 years. However, countering this growing interest in agriculture, food, the environment and fuel is the prospect of a reduced single payment beyond 2012 and continuing and widening volatility in both input and output prices. In the early months of 2010, the prospects for agriculture and horticulture thus appear somewhat mixed with the outputs being arguably more valued by society, yet with businesses needing to adapt to a potentially more volatile market environment.

Now in its fourth series, these enterprise and farm type reports from *Rural Business Research (RBR)* once again provide independent data and results from expert analysis of the Defra-funded Farm Business Survey (FBS) for England drawing upon 2008/09 data. Users of FBS data increasingly also rely on RBR's other independent outputs that are freely available on-line at www.farmbusinesssurvey.co.uk where Government Office Regional reports and farm business benchmarking services sit along-side the more specialised FBS data builder tool. As with all businesses, farmers and growers are increasingly reliant upon obtaining information from the internet. In order to enhance farmers, growers, advisors and other stakeholders use of our on-line services, RBR plans to host a series of regional workshops in the Spring of 2011 and 2012, and we will be announcing details of these in late 2010 so please visit both www.farmbusinesssurvey.co.uk and www.ruralbusinessresearch.co.uk to keep up to date with new results, publications and our plans for our regional workshops.

We hope that you will find this fourth series of reports to be informative and interesting to your work and businesses. As with all our outputs, *Rural Business Research* provides analysis on agricultural and horticultural business performance to provide users with independent results. We always welcome comment on our outputs, so please let us know your thoughts by emailing paul.wilson@nottingham.ac.uk to let us know your views on our publications.

Dr Paul Wilson

Chief Executive Officer, Rural Business Research

Spring 2010

Acknowledgements

Rural Business Research thanks sincerely all those farmers who have voluntarily provided records and information on which the annual Farm Business Survey, and this report, is based.

The basic information on which this report is based was collected on behalf of, and largely financed by, the Department for Environment, Food and Rural Affairs and is Crown Copyright.

The views expressed in this publication are those of the authors and are not necessarily shared by other members of the University or by the University as a whole.

TABLE OF CONTENTS

	Page
Foreword to the First Series	3
Foreword to the Fourth Series	4
Acknowledgements	4
Table of Contents	5
List of Tables	6
List of Figures	6
Summary	7
Section 1	9
Commentary on the UK Poultry Industry	
1.1	9
1.2	10
1.3	12
1.4	13
1.5	13
1.6	14
1.7	15
1.8	15
Section 2	17
Financial Results for Poultry Production in England	
2.1	17
2.2	17
2.3	18
2.4	19
2.5	22
2.6	23
References	42
Glossary	43
Appendix 1	45
Appendix 2	46

LIST OF TABLES

		Page
Table 1.1	Distribution of broiler holdings and production volumes, by size group (2007)	10
Table 1.2	Distribution of laying fowl holdings and production volumes, by size group (2007)	10
Table 1.3	Producer value of UK-produced poultry meat and eggs 2004-2008 (£M)	12
Table 1.4	Summary of retail sales for the 12 months to December 2006	12
Table 1.5	UK imports and exports of poultry and eggs and egg products 2003-2007	13
Table 1.6	Events and developments in the poultry industry in 2009	15
Table 2.1	Comparison of financial performance measures for mixed production systems and free range systems compared with All Laying holdings	20
Table 2.2	Financial results for all specialist poultry farms	24
Table 2.3	Financial results for all laying flocks	26
Table 2.4	Financial results for all non-laying flocks	28
Table 2.5	Financial results for laying flocks with mixed production systems including battery, deep litter and barn hens	30
Table 2.6	Financial results for laying flocks with free range hens	32
Table 2.7	Financial results for non-contract broilers, table chickens and turkeys	34
Table 2.8	Balance sheet data for 2008/09 – specialist poultry farms	36
Table 2.9	Comparison of net worth and percentage equity by farm type for 2008/09	36
Table 2.10	Distribution of tenant's type capital (%)	37
Table 2.11	Gross margin for all laying flocks	38
Table 2.12	Gross margin for laying flocks with mixed production systems including battery, deep litter and barn hens	38
Table 2.13	Gross margin for laying flocks with free range hens	39
Table 2.14	Gross margin per dozen eggs for all laying flocks (annual basis)	39
Table 2.15	Gross margin for non-contract broilers and table chicken	40
Table 2.16	Gross margin for turkey production	41

LIST OF FIGURES

		Page
Figure 1.1	UK poultry numbers at June 1990-2009	9
Figure 1.2	Number of laying birds by type from 2002-2009	11
Figure 1.3	Index of producer prices for poultry and eggs and cost of production	14
Figure 2.1	Farm business income trend for specialist poultry farms in the FBS	19
Figure 2.2	Average monthly wholesale to retailer egg price	20
Figure 2.3	Average monthly wholesale to retailer broiler price	21

Summary

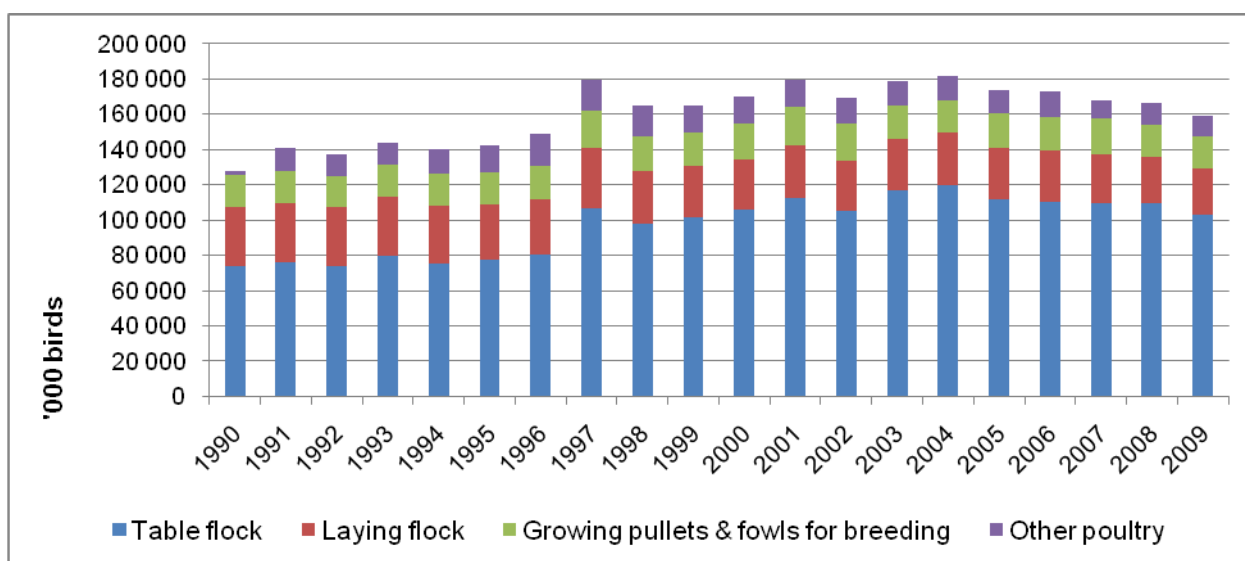
- Since 1990 the UK poultry industry has grown significantly reaching a peak in 2004 [+42%] with 181.8 million birds in production. However, since then bird numbers have decreased by 12%, to 159.3 million birds in 2009. Whilst the boom in bird numbers was largely due to the increase in the number kept for poultry meat, the recent decline has been across all categories of poultry production.
- The UK poultry industry is dominated by very large scale units and has seen continued consolidation. Broiler production was distributed over 3,000 units in 2007, 400 of which accounted for 72% of the number of birds in production [69% in 2005]. The domination of large units was even more marked for laying fowl units with 300 units accounting for 79% of production.
- The value of UK poultry production amounted to £2.01 billion in 2008, up 24% on the previous year, with self sufficiency at 92%.
- The impending ban on conventional battery cages in 2012 has seen some of the large supermarket retailers only stock eggs from barn, free range and organic systems.
- EU broiler housing legislation to be introduced in June 2010 will bring the introduction of a maximum stocking density of 39 kg per square metre.
- The price of eggs in 2008 and 2009 showed a steady increase while the price of poultry meat levelled off after the upward trend of recent years.
- Feed costs were slightly lower in 2009 compared with 2008 but remain relatively high.
- The profitability per bird for non-Laying Flocks was greater than Laying Flocks in 2008.
- The fixed costs of electricity and fuel rose sharply again in 2008, up 27.2% and 29.7% for all Specialist Poultry Farms.
- The net worth of Specialist Poultry farms improved by 21.8% in 2008 with percentage equity of 66.2% recorded compared with 63.9% in 2007.
- Enterprise Gross Margins for egg production on a per dozen basis showed little change between 2007/08 and 2008/09 with returns from battery eggs down by 0.6% and those from free range up by 1.2%.
- Enterprise Gross Margin for non contract broilers and table chicken was up by 6.1% per bird.

SECTION 1: COMMENTARY ON THE UK POULTRY INDUSTRY

1.1 General introduction

In 2009 there were 159.3 million birds in production in the UK at any one time (see Figure 1.1)¹. Although the total number of birds in the UK flock has varied significantly from year to year, the general trend over the last two decades has been one of increasing bird numbers across all types, up 24% since 1990, peaking in 2004 at 181,759 million [+42%]. However since 2004 there has been a decrease of 12.4% in total poultry numbers, with table flock numbers down by 14% and layer numbers falling by 10%. Though numbers of the latter did increase a little in 2009 [+3%]. In 2009 the UK poultry flock comprised 65% Table Chickens (produced for meat), 17% Laying Hens, 11% Pullets and Breeding Fowls with the remaining 7% being Other Poultry (ducks, geese, turkeys & other poultry).

Figure 1.1 UK poultry numbers at June 1990- 2009



Notes: (1) Improvements were made to the June Survey methodology in 1997 to account for poultry production on unregistered units. Figures from that date are thus not directly comparable with earlier years.
 (2) Data prior to 1996 does not include figures for turkeys.

Sources: Defra (2009a)&(2004)&(2000)&(1998)

¹ The figure of 159.3 million birds and the data contained in Figure 1.1, represent the number of birds in production at the time of the Agricultural Survey in June 2009 and not the total number of birds produced each year. In 2008, 827.78 million broiler chicks were placed from registered UK hatcheries, plus 16.92 million turkey pullet placements and 31.08 million commercial layer chick placements Defra (2009b).

1.2 The Structure of the industry

1.2.1 Poultry for meat

According to the June Survey of Agriculture in 2008 there were a reported 3,000 broiler holdings in the UK in 2007². Table 1.1 shows how these units were distributed over size groups, where size is defined by the number of birds produced.

Table 1.1 – Distribution of broiler holdings and production volumes, by size group (2007)

Flock size	Number of holdings		Total number of birds	
		(%)	('000)	(%)
1 -9,999 broilers	1,900	63.3	539.1	0.5
10,000 – 99,999	700	23.3	29,950.8	27.5
100,000 and over	400	13.4	78,533.2	72.0
All	3,000		109,023.1	

Source: (Defra 2009c)

In terms of production volumes, the broiler industry is dominated by a relatively small number of producers, with 72% of all production concentrated on the largest 400 holdings (13.4% of holdings). It is not possible to give detailed evidence on longer-term trends in the number and size of broiler flocks in the UK because of changes to the representation of broiler holdings in the June Survey from 1997. However, the data are sufficient to infer that average flock sizes have been increasing in the last decade. For example, in 1995 there were 200 holdings with broiler flocks in excess of 100,000 birds, but by 2007 this number had doubled.

A study by the University of Exeter in 2004 (Exeter, 2004) found that upwards of 70% of UK broiler production was processed by just 4 companies, who themselves produced half of the broilers they processed on their own holdings. According to the Exeter study, in 2001, around 88% of broiler holdings employed a 'conventional' production system, with just 6% free range and 3% organic.

1.2.2 Poultry for eggs

The number of laying fowl holdings in 2007² had reduced to 32,500 from 37,400 in 2005 showing continued consolidation. Table 1.2 shows how these units were distributed over size groups, where size is defined by the number of birds in the flock. The laying fowl sector is even more heavily dominated by the largest producers than is the case for broilers with, in 2007, 79.3% of production arising from the largest 300 units, this representing less than 1% of all laying hen holdings.

Table 1.2 – Distribution of laying fowl holdings and production volumes, by size group (2007)

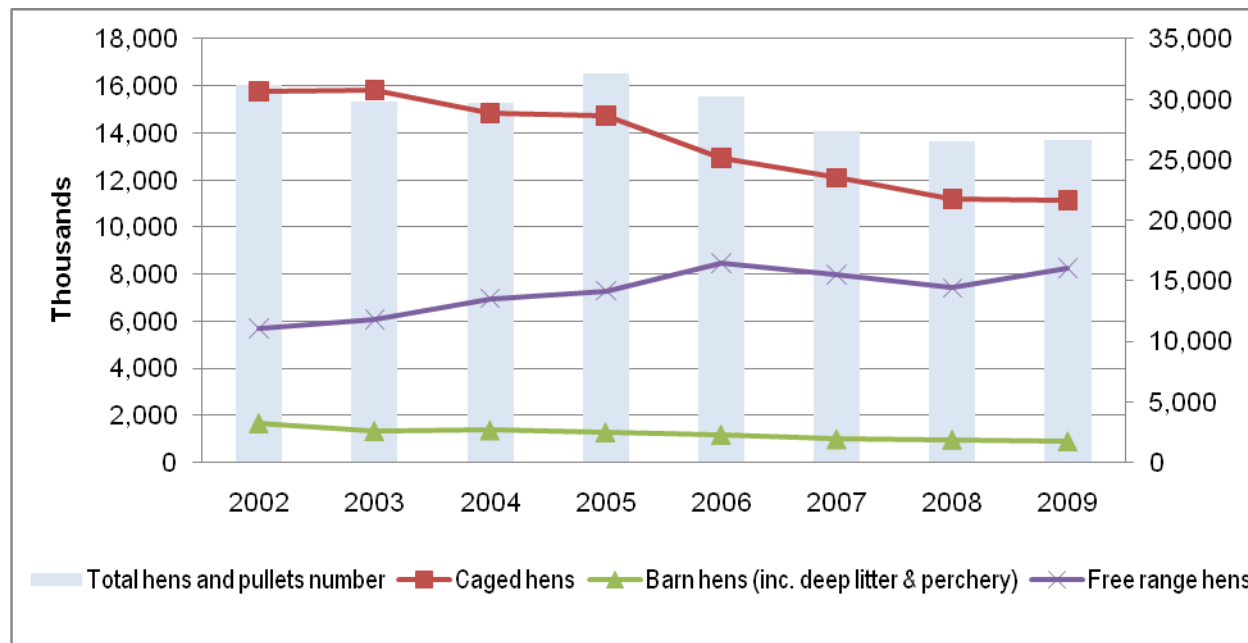
Flock size	Number of holdings		Total number of birds	
		(%)	('000)	(%)
1 -999 layers	31,200	96.0	985.2	2.8
1,000 – 4,999	600	1.8	1,429.1	4.1
5,000-19,999	400	1.2	4,829.8	13.8
20,000 and over	300	1.0	27,668.1	79.3
All	32,500		34,912.2	

Source: (Defra 2009c)⁽²⁾

² At time of writing, 2007 was the latest date for which official data were available. (No new Data available)

The structure of the laying fowl industry is undergoing considerable change. The impending ban on non-enriched caged hen egg production in 2012 (see appendix 1) and the high cost of capital investment has seen a decline in the population of hens kept in battery cages. However, demand for eggs and egg products has increased on the back of high profile welfare campaigns led by celebrity chefs resulting in stronger demand that has been satisfied by the growth in the numbers of free range hens (see Fig 1.2).

Figure 1.2 Number of laying birds by type from 2002-2009



Source: Defra 2009a

Eggs are produced in three basic types of production system:

- *Laying cages* – this system consists of cages with sloping mesh floors allowing the eggs to roll forward out of reach of birds for collection. Droppings pass through the mesh floor to await removal. Cages may be stacked three high and are housed in environmentally controlled buildings many thousands at a time. This is the most common method of commercial egg production, accounting for 55% of eggs produced in the first three quarters of 2009 (see Defra 2009d). The impending ban on the use of battery cages in 2012 has led to a decline in this type of egg production [58% in 2007].
- *Barn system* – this system employs open-space hen houses with a series of perches at different levels. Birds are allowed to roam the litter covered floor space, at a maximum density (since 2002) of 9 birds³ per square metre. This system accounts for around 5% of eggs sold in the UK in 2009 (Defra 2009d). There is a Deep Litter variant of this system, where hen houses have solid floors covered with straw, sand, shavings or turf and a lower stocking density of 7 birds per square metre. Both systems provide communal nest boxes and raised feeding troughs to prevent the scattering of feeds.
- *Free Range System* – this system requires birds to have continuous daytime access to outdoor ‘runs’, largely covered with vegetation, to a maximum stocking density of 2,500 birds per hectare. The Welfare of Laying Hens Directive imposes the same hen house conditions as for the Barn System. Around 40% of eggs produced in the UK came from this system in 2009. Free range production can also be organic, where, additionally, feeds are organic and the hens are ranged on organically managed land, this accounted for 4% of egg sales in the first three quarters of 2009.

³ This maximum stocking density is stipulated by the UK Welfare of Laying Hens Directive 2007, this being more stringent than the current European Egg Marketing Regulations, which permit a maximum stocking density of 25 birds per m².

1.3 Contribution of the poultry sector to the economy

1.3.1 The farm sector

The number of poultry slaughtered declined in 2008 to 853 million birds, though their value of production rose by 23% to £1.48 billion. The value of eggs sold rose from £0.4 billion to £0.5 billion. Total poultry output (meat and eggs) was valued at £2.06 billion in 2008, with 26% of this, by value, accounted for by eggs (see Table 1.3). Although the poultry sector has seen a large increase in output [+17.4%] in the period 2004 to 2008, its proportion of total agricultural output in this period has fallen by 13.6%. The poultry industry receives no direct producer support payments under the Common Agricultural Policy.

Table 1.3 – Producer value of UK-produced poultry meat and eggs 2004-2008 (£M)

(£ million)	2004	2005	2006	2007	2008
Poultry meat	1,331	1,321	1,218	1,207	1,482
Eggs	378	349	362	410	524
Total poultry	1,709	1,670	1,580	1,617	2,006
Total agricultural output	14,474	14,255	14,460	15,732	19,751
Poultry output as proportion [%] of total agricultural output	11.8%	11.7%	10.9%	10.3%	10.2%

Source: Defra (2009c)

1.3.2 The retail sector

1.3.2.1 Poultry meat

The culinary versatility of poultry meat, particularly chicken, together with its perception as a 'healthy' meat option has, in recent times, driven an increase in the importance of poultry in the western diet. Recent statistics show that in the UK around 23kg of chicken are consumed per head per year, representing one third of total meat consumption (BPC 2009). Retail sales of poultry meat in the UK are worth around £3.4 billion annually. Around 4% of sales are either free-range or organic (Great British Chicken). Table 1.4 shows the distribution of poultry meat sales by poultry types and product type for the most recently available twelve month period to December 2006.

Table 1.4 - Summary of retail sales for the 12 months to December 2006

	Value (£'000)			Volume ('000kg)		
	Chicken	Duck	Turkey	Chicken	Duck	Turkey
Primary	1,263,729	31,189	154,365	397,012	8,353	50,380
Raw convenience	232,439	2,148	115,626	48,208	337	23,434
Further processed	488,504	n.a.	79,649	113,012	n.a.	18,411
Ready meals	651,409	n.a.	8,609	148,124	n.a.	1,717
Cooked	315,983	n.a.	6,647	67,739	n.a.	712
Total	2,952,080	33,337	364,896	774,090	8,690	94,654

Source: British Poultry Council (BPC), 2007.

1.3.2.2 Eggs

In 2008, 11,376 million eggs were consumed in the UK (compared to 10,908 million in 2007) with a retail value for production of approximately £524 million (Defra 2009c). Higher demand was met from growth in UK production amounting to 9,060 million eggs and net imports of 2,316 million eggs. Around 75% of all eggs produced are sold retail as shell eggs with the remainder split between processing and manufacturing and wholesale and catering.

1.4 Trade

The UK is around 92% self-sufficient in poultry meat (Defra 2009c), although this percentage is lower than the high of 97% in the late 1980s it is currently on an upward trend, from 90% in one year. As UK consumers tend to favour the premium cuts, a significant proportion of the less favoured cuts are exported (£0.4 billion; BPC 2009). In 2007 poultry meat imports were valued at £776 million and exports were £200 million (Defra 2009c). Greater demand for eggs by the UK consumer has led to increased home production in 2008 which was up 5% on the previous year, though imports were up 6% to meet demand. As a consequence a 45% increase in imports since 2004 has seen the share of home production fall from 85% in 2004 to 80% in 2008. UK imports and exports of poultry meat (Table 1.5) grew in the period 2003 to 2007 by 2.8% whilst for eggs and egg products in the same period the growth in imports was 11.1% and for exports trading fell by 24.1%.

Table 1.5 UK imports and exports of poultry, eggs and egg products 2003-2007

(£M)		2003	2004	2005	2006	2007
Poultry Meat	Imports	754.8	818	818.8	735.6	775.9
	Exports	194.9	214.7	224.3	167.4	200.3
Eggs and egg products	Imports	95.8	94.7	83	95.2	106.4
	Exports	33.2	36.3	29.6	25.4	25.2

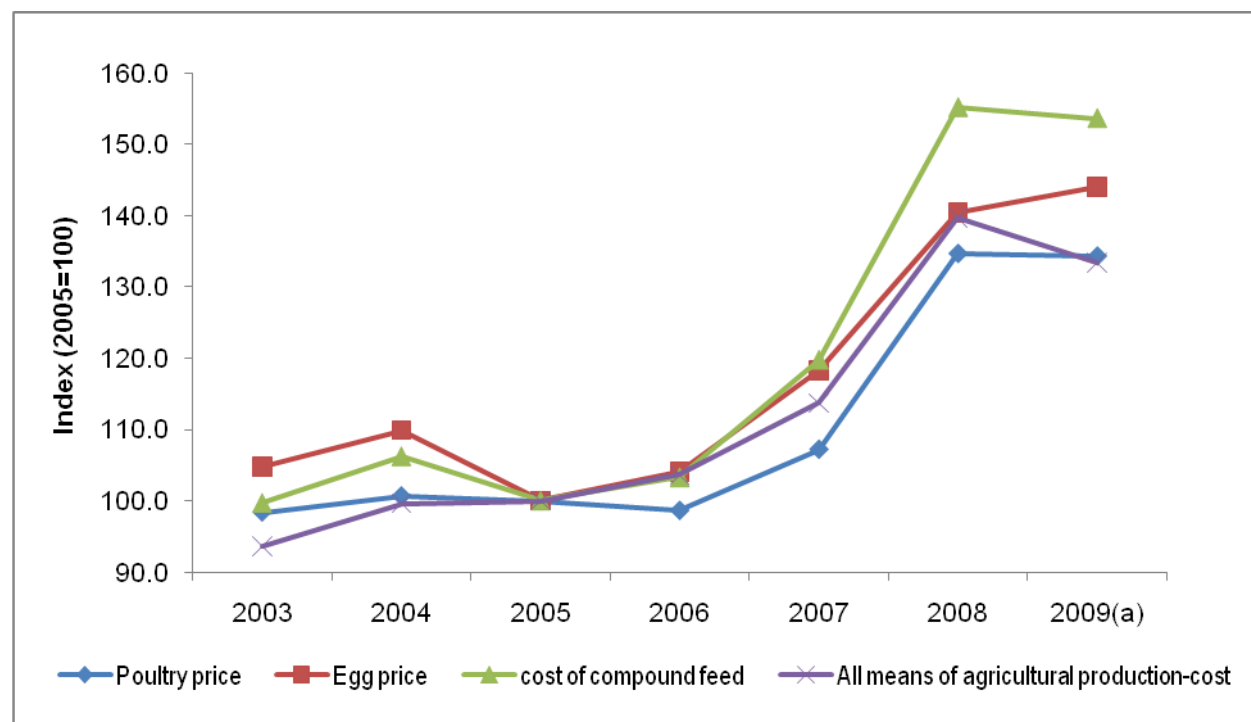
Source Defra (2009c) Table 8.2

1.5 Producer prices

1.5.1 Poultry meat prices

Large increases in the poultry meat price between 2006 and 2008 have coincided with an even greater rise of the cost of compound feed. In 2009 the poultry prices held firm while feed costs have reduced slightly, though of greater significance is the marked reduction in the All agricultural production cost index in 2009 falling 6.3 points.

Figure 1.3 Index of producer prices for poultry and eggs and cost of production



(a) 2009 data up to and inclusive of November 2009

Source Defra (2009)

1.5.2 Egg prices

As with poultry meat, the price of eggs increased in the 2006-2008 period along with compound feed costs. More recently egg output rose in 2009 by 3.7 points while costs were down.

1.6 Animal welfare and regulation

The Poultry industry is heavily regulated in terms of public hygiene and animal welfare and successive welfare codes have been introduced which govern the way in which birds are housed, fed and transported. As a result, birds are raised across the industry in standardised and closely regulated environments (see Appendix 1 for a summary of existing and forthcoming legislation)⁴.

The industry is subject to routine testing and in 2006 a State Veterinary Inspections programme revealed that around 95% of all battery hen holdings were in full compliance with current animal welfare legislation. The picture is even better for broiler holdings, where close to 100% were fully compliant. The industry has its own Assured Chicken Production code and individual producers and many of the multiples operate even higher standards.

At the present time the egg producing sector is still adjusting to new regulations introduced in the UK in 2002 (see Appendix 1), which will continue to add compliance costs to the industry until 2012, when the phasing-in period ends. The broiler industry under a new EU welfare directive will only be able to keep broilers at a density of 39kg/sqm with producers who wish to stock above 33kg/sqm needing to register by June 2010. It is hoped this legislation will allow the UK poultry industry to be more competitive on welfare grounds as some poultry producing countries have previously had stocking densities up to 48kg/sqm (see Appendix 1).

⁴ For a list of all the major legislation in the poultry sector, see <http://www.defra.gov.uk/foodrin/poultry/trade/legislation/index.htm>

1.7 Avian Flu

There were no reported cases of Avian Flu (H5N1) within the UK in 2009 following the declaration in November 2008 the UK was free of this strain of the disease, although two small flocks owned by Bernard Matthews tested positive in February 2009 for a low pathogenic strain of avian flu. However the highly virulent H5N1 virus is still infecting birds and humans across the globe, thus demanding high levels of bio-security measures and vigilant surveillance throughout the UK poultry industry.

1.8 Events and developments in the poultry industry in 2009

Table 1.6 – Events and developments in the poultry industry in 2009

<p>January 2009 – Leading Supermarket to stop selling battery farmed eggs Sainsbury was the first major retailer to announce it would stop selling eggs produced by hens from battery cages, in anticipation of the complete ban on this production system in 2012.</p>
<p>February 2009 – Two turkey breeding units test positive for low pathogenic avian flu Two small breeding units owned by Bernard Matthews tested positive for a strain of low pathogenic avian flu virus the farms were put under movement restrictions.</p>
<p>April 2009 – More Supermarkets stop selling battery farmed eggs The Co-op, Waitrose and Marks and Spencers joined Sainsbury in ceasing to sell battery farmed eggs meaning the retail sector was now halfway to stopping the sales of eggs originating from battery cages.</p>
<p>June 2009 – EU environmental rules not extended to pig and poultry units Ministers rejected a proposal to extend the Integrated Pollution Prevention and Control Directive to include pig and poultry producers that could have meant smaller producers having to face onerous environmental rules.</p>
<p>July 2009 – Investment in broiler sheds insufficient says report A report commissioned by Defra and UK broiler growers concluded that, due to regular losses between 2004-2008 a sharp reduction in capital investment in broiler sheds had been observed, with possible serious economic consequences for the sector due to a loss of critical mass.</p>
<p>September 2009 – Organic numbers down Up to the end of 2008 organic poultry numbers were down 2%, with egg packing stations throughput dropping by 38% in a little over a year, from a peak of 371,000 cases.</p>
<p>December 2009 – ASDA imports cheap turkeys from Brazil ASDA was given media coverage for allegedly misleading consumers by selling cheap imported frozen turkeys with country of origin only visible in the small print on the back of the packet.</p>
<p>December 2009- Defra limits maximum stocking density to 39kg/sqm from next year While this is below the absolute maximum that may have been allowed of 42kg/sqm, dependent on stringent rules, over 90% of UK birds are already stocked at less than 39kg/sqm.</p>
<p>December 2009- 2010 Outlook promising but investment will be high Lower feed costs and higher demand for relatively low cost meat and eggs means the outlook is positive for 2010, says Mike Houghton of Andersons. However investment in old broiler sheds, on average 24-27 years old, and the cost of conversion of barren battery farmed shed to enriched cages before the 1st January 2012 deadline, will lead many in the sector to review their future economic prospects.</p>

Source: Farmers Weekly (2009)

SECTION 2: FINANCIAL RESULTS FOR POULTRY PRODUCTION IN ENGLAND

2.1 Introduction to the data

The following series of tables [Tables 2.2 to 2.10] are drawn from a sample of farmers who participate in the Farm Business Survey in England and whose farms are classified as Specialist Poultry farms. Tables 2.11 to 2.16 are drawn from a sample of farms that participate in the Farm Business Survey who have a poultry enterprise. This sample of farms includes all farm type groups, including Specialist Poultry farms.

2.2 Definition of poultry type groups

Specialist Poultry farms are farms on which poultry account for more than two thirds of their total standard gross margin.

Specialist Poultry

- Table 2.2 –All Specialist Poultry farms
 - Sample includes all types of laying and non-laying enterprises, as defined as Specialist Poultry
- Table 2.3-All laying flocks (sub-group of Specialist Poultry farms)
 - Sample includes all types of laying enterprises (battery, free range and deep litter)
- Table 2.4 –All non-laying flocks
 - Sample includes all types of non-laying enterprises (contract and non-contract broilers, turkeys, ducks and poultry rearing units)
- Table 2.5 –Laying flocks with mixed production systems including battery, deep litter and barn hens
 - Sample includes all battery laying and mixed laying enterprises (a sub-set of Table 2.3)
- Table 2.6 –Laying flocks with free range hens
 - Sample includes solely free range laying enterprises (a sub-set of Table 2.3)
- Table 2.7 –Non-laying flocks –non-contract broiler and table chickens
 - Sample includes non-contract broiler and table chicken enterprises (a sub-set of Table 2.4)

Gross margin analysis for all poultry enterprises

This sample of farms includes all farm type groups, including Specialist Poultry farms.

- Table 2.11 –All laying flocks
 - Sample includes all types of laying enterprises (battery, free range and deep litter)
- Table 2.12 –Laying flocks with mixed production systems including battery, deep litter and barn hens
 - Sample includes all battery laying and mixed laying enterprises (a sub-set of Table 2.11)
- Table 2.13 –Laying flocks with free range hens
 - Sample includes solely free range laying enterprises (a sub-set of Table 2.11)
- Table 2.14 –Laying flocks (battery and free range systems)
 - Gross margin per dozen eggs
- Table 2.15 –Non-contract broilers and table chickens
 - Sample includes non-contract broiler and table chicken enterprises
- Table 2.16 –Turkey production
 - Sample includes mainly Christmas turkey producers

2.3 The sample

The Farm Business Survey (FBS) covers businesses with a Standard Labour Requirement (SLR) of 0.5 and above. The SLR represents the average labour requirement in Full Time Equivalents for all enterprises on the farm under typical conditions for enterprises of average size and performance. It is calculated from standard coefficients applied to each enterprise on the farm and represents the input of labour required per hectare of crops or per head of livestock.

According to the 2008 June survey there are 910 Specialist Poultry farms in England. This excludes farms that are regarded as too small for inclusion in the FBS, as they fall below the minimum threshold of 0.5 SLR. The FBS sample for the 2008/09 financial year includes 66 Specialist Poultry farms, which represents 7.3% of the population.

The sample is drawn from a stratified population in seven Government Office Regions. Within each stratum a single weight is calculated as the ratio of numbers of farms in the population in the sample. This weight when applied to each farm represents the number of times that farm's data must be replicated in order to 'represent' farms not selected for the sample, so as to reflect the entire population. This weight is applied to all variables.

The data in this report have been compiled from the 2007/08 and 2008/09 Farm Business Survey. Results for this survey can be accessed at:
<http://farmbusinesssurvey.co.uk> and at: <http://statistics.defra.gov.uk/esg/publications/fab/default.asp>

2.4 Financial results for 2007/08 and 2008/09

2.4.1 Specialist Poultry Farms

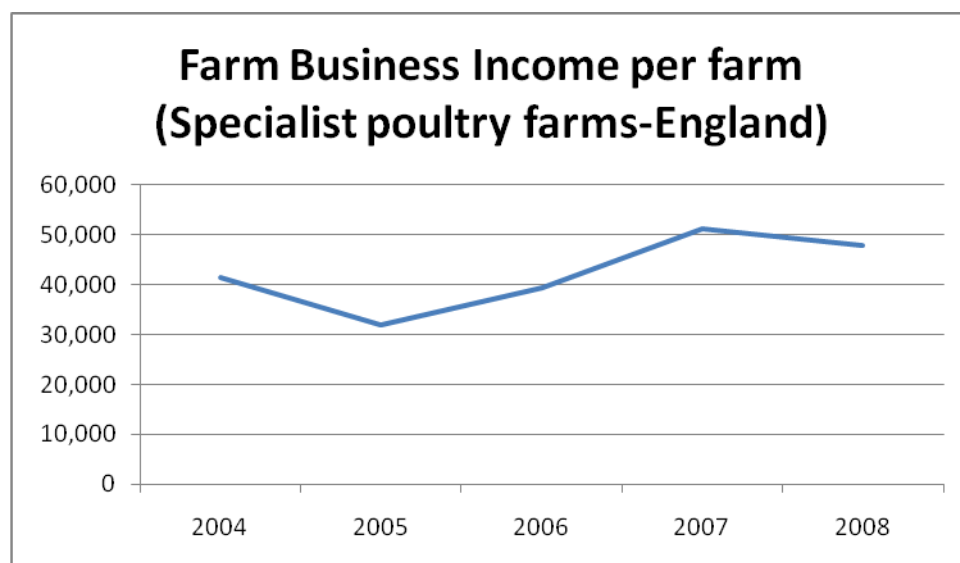
In 2008/09 a total of 66 farms participating in the Farm Business Survey in England classified as Specialist Poultry farms. However, it should be noted that one farm only available in 2007/08 has been excluded from the sample as it is regarded as an extreme outlier that would have had a significant effect on Farm Business Income (FBI). The data in Figure 2.1 have been recalculated to exclude this one business from the results of the previous year (2007/08). The consequence of which is the results for the 'Specialist Poultry' group presented in the Government Office Regions Report' (<http://farmbusinesssurvey.co.uk>) are different from the results shown in this report.

Compared with 2007/08 the Specialist Poultry farm businesses were less profitable [-7.0%] in the 2008/09 financial year. Despite increases in both egg and poultry meat prices between the two years with average Gross Output showing a growth of 13.2%, to £687,348 per farm, costs rose at a greater rate. Higher commodity prices led to a big rise in feed costs with expenditure on feed, the single largest cost on these poultry units increasing by 25.0%, to £361,952 per farm. Fixed Cost went up by 8.3% to £237,040 per farm with the cost of fuel and electricity increasing by 27.2% and 29.7% respectively between 2007/08 and 2008/09.

The year-on-year change to output and costs saw FBI decrease by 7.0%, to £47,701 per farm. In common with past income trends there was a wide range in the level of FBI per farm business, with 30% of farms producing an average annual FBI of over £50,000 in 2008/09 and 21% of farms incurring a negative FBI, compared with 29% and 12% respectively in the previous year.

Figure 2.1 shows a time series of FBI for Specialist Poultry farms in England for the last five years.

Figure 2.1 Farm Business Income trend for Specialist Poultry Farms in the FBS



Source: www.farmbusinesssurvey.co.uk

2.4.2 All Laying Flocks

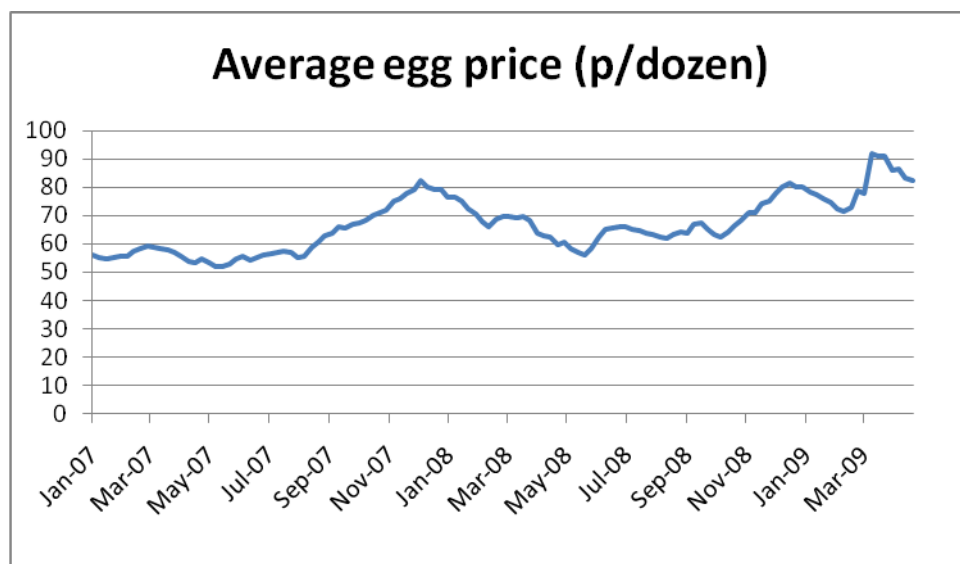
Average Gross Output for Laying Flocks in England in 2008 was £533,426, an increase of 2.9% on 2007 and, up 56.4% on 2006. Whilst the percentage improvement in the average egg price between 2007 and 2008 was actually greater than the increase in Gross Output, a reduction to average flock size, and a slight fall in eggs produced per bird, largely offset better egg returns

Total Variable Costs went up by 11.2% to £324,109 per farm amongst which feed comprising 91.7% of all these costs increased by 12.7% to £297,087 per farm. As a consequence, average Gross Margin fell by 7.8% to £209,317 per farm. Total Fixed Costs remained virtually unchanged between the two years at £197,397 per farm, though expenditure on fuel and electricity rose sharply, up 19.9% and 9.7% respectively, but a decline in

labour costs [casual labour -37.4%] and occupier's repairs [-39.2%] helped restrain overall spending. The result of which was a marked decrease of £12,897 in FBI, to £27,605 per farm for the 2008/09 financial year.

A decrease in average bird numbers led to lower business profit and the margin per bird also showed a reduction on the previous year, despite the increase of 12.8% to 73.8 pence per dozen in the average egg price, which was offset by the decline of 2.1% in egg yields from 278 to 272 eggs per bird per year. The net effect saw Gross Output per bird increase by £1.78 to £14.82 per bird and in the same period feed costs increased by £1.62 to £8.25 per bird. Thus FBI fell by 25p to 77p per bird. Figure 2.2 shows the average wholesale egg price has increased over the 2007/08 and 2008/09 financial years.

Figure 2.2 Average Monthly Wholesale to Retailer Egg price



Source: Defra (2009) Weekly average wholesale to retailer prices for home produced poultry and eggs

2.4.3 Mixed production systems and Free Range flocks

Table 2.1 Comparison of financial performance measures for mixed production systems and free range systems compared with All Laying holdings

	All Laying Flocks (£ per holding)	Mixed production systems including battery, deep litter & barn hens (£ per holding) (% difference from All Laying Flocks)	Free Range hens (£ per holding) (% difference from All Laying Flocks)
Total Gross Output	533,426	865,291 (+62.2)	193,297 (-63.8)
Total Variable Costs	324,109	535,703 (+65.3)	107,246 (-66.9)
Total Fixed Costs	197,397	319,129 (+61.7)	72,634 (-63.2)
Farm Business Income	27,605	29,142 (+5.6)	26,030 (-5.7)

The more intensive mixed production systems benefited from a 13.0% increase in the price of eggs to an average of 70.3 p per dozen, while the returns from free range eggs increased further [16.8%] to 94.5 p per dozen. Whereas the number of eggs produced per bird remained static for the free range units at 262 eggs per bird per year, the battery/mixed units saw a decline in production from 282 to 274 eggs per bird per year. On a per bird basis, poultry output increased more for free range units [+£2.34/bird] than for battery/mixed units [+£1.60/bird]. However, the average size of flock for free range systems fell by 23.4% to 10,969 laying hens, but for battery/mixed units it only fell by 5.1% to 60,425 laying hens. As a result total poultry output per business fell by 11.3% for free range units and increased by 7.7% on battery/mixed units.

Total Variable Costs increased by £1.69 per bird on both systems, with most of this increase attributable to the cost of feed. Fixed Costs per bird also increased a little on battery/mixed units and they fell slightly on free range units. On a per bird basis, battery units saw FBI fall by 33p to 48p while free range units recorded an increase to FBI of 39p to, £2.37 per bird.

When the results are shown on a “£ per dozen eggs” basis a similar pattern emerges with FBI per dozen eggs for free range systems five times greater than for battery systems. However, as battery units were five and a half times larger than free range units in 2008/09, the profitability per business was broadly similar for both systems with Battery/mixed Units at £29,142, compared with £26,030 for Free Range units.

2.4.4 Non-laying flocks

The 2008/09 financial year saw Gross Output go up by 20.5% to £731,694 per farm for Non-Laying flocks. At the same time total Variable Costs (which is mostly feed) increased by 27.0% and total Fixed Costs went up by 7.7%, while the total bird numbers grew by 25.3%. Overall, FBI increased by only 2.5% to £58,329 per unit for 2008/09. This group includes a mixture of contract and non-contract poultry meat producers. Although broiler production is the predominant system, a small number of producers of table chickens, turkeys, ducks and geese were also present. Small sample sizes meant it was not possible to show the results for individual enterprises, although the combined results for non-contract broilers, table chickens and turkey production can be found in Table 2.7.

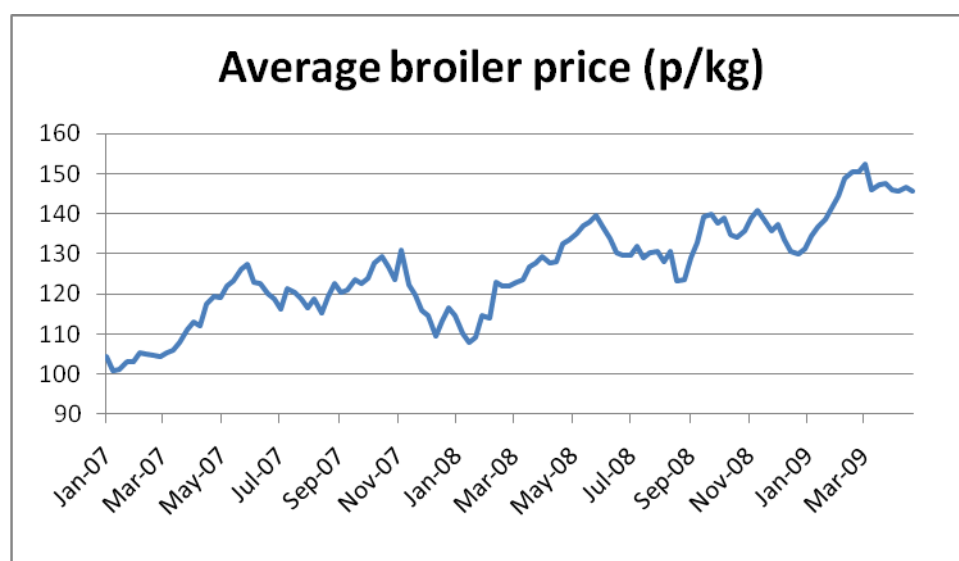
2.4.5 Broilers, Table Chickens & Turkeys

In 2007/08 the 15 farms in the group comprised 12 non-contract broiler producers, and three table chicken and turkey producers, whilst in 2008/09 the 15 farms in the group were all non-contract broiler producers.

Total poultry output in this group increased by 5.9% to £1,076,477. However, some of the costs increased much more significantly (feed +27.3%, fuel & electric +46.6%). As a result FBI fell by 12.8% to £57,830 per farm. The average throughput was down by 2.6% to 799,809 birds per farm, with an average of 6.2 crops per year. The results on a per bird basis (based on throughput) show that although poultry output increased by 11p per bird, feed costs increased by 24p per bird. Consequently, Gross Margin per bird fell by 5p to 31p per bird, with FBI at 7p per bird. The broilers had an average sale price of £1.70 per bird (+25.9%). Figure 2.3 shows the change in the average broiler price over the 2007/08 and 2008/09 financial years.

Although the sample of solely non-contract broilers was not large enough in 2007/08 to publish comparable results with 2008/09 there is evidence based on a limited number of observations that Gross Output increased by about 30p per bird, while feed costs increased by 25p per bird, producing a Gross Margin of 31p per bird (+5p per bird on 2007/08).

Figure 2.3 Average Monthly Wholesale to Retailer broiler price



Source: Defra (2009) Weekly average wholesale to retailer prices for home produced poultry and eggs

2.5 Balance Sheet Information

Table 2.8 shows the Assets, Liabilities and Net Worth for the same group of farms included in the preceding commentary on financial results. For Specialist Poultry farms as a whole, the percentage equity in the business increased slightly [+2.3%] during the year to 66.2%. The value of Fixed Assets increased by 27.2% to £569,901, while total External Liabilities increased by less [+10.2%] to £262,646.

The Laying Flocks with Battery production systems saw a decrease [-6.2%] in their percentage equity during the most recent financial year, which at 63.1% is less than for Free Range Production units with 69% equity in their business at the end of the year. Conversely, Poultry Meat producers recorded a rise [+6.7%] in their percentage equity, brought about by a 17.3% decrease in liabilities (in particular bank overdraft), with their equity amounting to 74.5%.

Table 2.9 compares the Net Worth and percentage equity for the other Robust Farm Type classification used in England at an average of £1,000,000 per farm representing 88.2% equity in the business. Those farms that are predominantly land based have the highest Net Worth, while those businesses with intensive livestock systems and less land have lower Net Worth and a smaller stake in the equity of their businesses. A fact illustrated by lowland cattle & sheep farms and cereal farms having the highest percentage equity at 91.2% and 93.0%, while pig and poultry farms have the lowest percentage equity at 53.2% and 65.1% respectively.

2.6 Gross Margins

2.6.1 Gross Margins for all Poultry Enterprises

Tables 2.11 to 2.16 show the Gross Margin results from all farms in the survey with poultry enterprises, some of which will be in addition to the Specialist Poultry farms commented upon earlier in the report. Hence the sample of farms on which Gross Margins have been calculated is larger, although the average flock size is lower, as the poultry enterprises on these additional farms tend to be supplementary to the main farm enterprises.

2.6.2 Gross margin for laying flocks

The average flock size for this group of farms at 18,000 hens in 2008/09 is half that of the Specialist Poultry group, however the trend of financial results is very similar. Average egg price was 76.4p per dozen, compared with 66.9p per dozen the year before. This rise in the price of eggs saw output increase to £14.30 [+£1.86] per bird. Feed costs, amounting to 59% of output, increased to £8.45 [+£1.74] per bird, resulting in a Gross Margin of £5.16 [+5p] per bird for 2008/09. The Gross Margin per dozen eggs was 24.1p for all layers, an increase of just 0.06 p per dozen.

As with the Specialist Poultry farms, both the Free Range and Mixed production systems experienced similar increases in output, which were both offset by similar increases in feed costs. The Gross Margin for Free Range layers was £6.04 [-4p] per bird compared with £4.73 [-7p] for Mixed Battery Layers for the 2008/09 financial year.

The average egg price was 23% higher for Free Range layers [87.6 per dozen], although egg production was 5.5% less for free range systems [258 eggs per year]. Feed costs were also 13% higher [£9.14 per bird] for free range producers. The Gross Margin per dozen eggs was 29.6p for free range layers and 21.6p for battery layers.

However, battery systems had the advantage of size, being two and a half times greater than their free range counterparts in 2008/09.

2.6.3 Gross Margin for Broilers & table chicken production (non-contract)

The average price received for broilers in 2008/09 was £1.73 [+32p] per bird, while the average purchase price for chicks was 29p [+3p] per bird. Feed costs also increased to £1.04 [+27p] per bird, producing a Gross Margin of 35p per bird compared with 33p per bird in the previous year. With 6.1 crops per year an average Gross Margin of £2.09 per bird was produced on a twelve month basis.

2.6.4 Turkey production

The majority of farms in this group are small scale Christmas turkey producers. The average price received for turkeys in 2008/09 was £28.59 [+91p] per bird, while the average purchase price was £3.14 [-11p] per bird. Overall, poultry output was £24.57 per bird [+51p], while feed cost was £4.47 per bird [-£1.89]. This produced a Gross Margin of £11.86 [-£2.03] per bird for 2008/09.

Table 2.2 Financial results for all specialist poultry farms

	<i>Per farm</i>			<i>Per bird (annual basis)</i>		
	2007/08	2008/09	% change	2007/08	2008/09	£ change
Number of farms	68	66		68	66	
Average number of birds/year	57,875	69,099		57,875	69,099	
	<i>Average £ per farm</i>			<i>Average £ per bird</i>		
Gross output						
Eggs	292,939	300,445	2.6	5.06	4.35	-0.71
Hen depreciation	-18,848	-15,451	-18.0	-0.33	-0.22	0.10
Broilers	210,647	283,762	34.7	3.64	4.11	0.47
Other poultry output	96,991	84,542	-12.8	1.68	1.22	-0.45
Total poultry output	581,729	653,298	12.3	10.05	9.45	-0.60
Crops	2,837	5,368	89.2	0.05	0.08	0.03
Other livestock	3,270	2,312	-29.3	0.06	0.03	-0.02
Other output	19,168	26,370	37.6	0.33	0.38	0.05
Total gross output	607,004	687,348	13.2	10.49	9.95	-0.54
Variable costs						
Feed	289,567	361,952	25.0	5.00	5.24	0.23
Seed, fertiliser, crop costs	1,379	1,384	0.4	0.02	0.02	0.00
Vet. & medicines	8,048	9,036	12.3	0.14	0.13	-0.01
Other livestock costs	49,267	43,971	-10.7	0.85	0.64	-0.21
Total variable costs	348,260	416,343	19.5	6.02	6.03	0.01
Total gross margin	258,744	271,004	4.7	4.47	3.92	-0.55
Fixed costs						
Labour:						
Regular paid	71,201	76,995	8.1	1.23	1.11	-0.12
Regular unpaid	17,844	19,930	11.7	0.31	0.29	-0.02
Casual labour	3,482	2,992	-14.1	0.06	0.04	-0.02
Power & machinery costs:						
Contract & hire	5,939	6,438	8.4	0.10	0.09	-0.01
Fuel	7,440	9,461	27.2	0.13	0.14	0.01
Electricity	11,778	15,282	29.7	0.20	0.22	0.02
Heat	6,005	7,313	21.8	0.10	0.11	0.00
Repairs	10,665	10,476	-1.8	0.18	0.15	-0.03
Depreciation	12,368	14,415	16.6	0.21	0.21	-0.01
Rent (incl. imputed)	28,342	30,810	8.7	0.49	0.45	-0.04
Other costs:						
Occupiers repairs	11,971	9,147	-23.6	0.21	0.13	-0.07
Sundries (incl. bad debts)	31,813	33,781	6.2	0.55	0.49	-0.06
Total fixed costs	218,848	237,040	8.3	3.78	3.43	-0.35
Management & investment income	39,896	33,964	-14.9	0.69	0.49	-0.20
Minus: management salaries	583	221	-62.2	0.01	0.00	-0.01
Plus: farmer & spouse labour	15,018	16,018	6.7	0.26	0.23	-0.03
Net farm income	54,331	49,762	-8.4	0.94	0.72	-0.22
Farm business income	51,266	47,701	-7.0	0.89	0.69	-0.20

Per £100 of gross output

	2007/08	2008/09	£ change	Farm Business Income (FBI) per farm		
Number of farms	68	66		(% distribution by number of farms)		
Average number (birds/year)	57,875	69,099		%	% 2007/08 2008/09	
Average £ per £100 of gross output						
Gross output (%)				Over £100,000	16	15
Eggs (%)	48.26	43.71		£50,000 to <£100,000	13	15
Hen depreciation (%)	-3.11	-2.25		£25,000 to <£50,000	26	18
Broilers (%)	34.70	41.28		£12,500 to <£25,000	22	21
Other poultry output (%)	15.98	12.30		0 to <£12,000	10	11
Total poultry output (%)	95.84	95.05		-£25,000 to 0	6	14
				Below -£25,000	6	7
Crops (%)	0.47	0.78		Total	100	100
Other livestock (%)	0.54	0.34				
Other output (%)	3.16	3.84				
Total gross output (%)	100.00	100.00				
Variable costs						
Feed	47.70	52.66	4.96			
Seed, fertiliser, crop costs	0.23	0.20	-0.03			
Vet. & medicines	1.33	1.31	-0.01			
Other livestock costs	8.12	6.40	-1.72			
Total variable costs	57.37	60.57	3.20			
Total gross margin	42.63	39.43	-3.20			
Fixed costs				Other efficiency factors		
Labour:					Average	Average
Regular paid	11.73	11.20	-0.53		2007/08	2008/09
Regular unpaid	2.94	2.90	-0.04			
Casual labour	0.57	0.44	-0.14			
Power & machinery costs:				Eggs per bird	252	238
Contract & hire	0.98	0.94	-0.04			
Fuel	1.23	1.38	0.15	Eggs (p/doz.)	63.44	76.06
Electricity	1.94	2.22	0.28			
Heat	0.99	1.06	0.07			
Repairs	1.76	1.52	-0.23			
Depreciation	2.04	2.10	0.06			
Rent (incl. imputed)	4.67	4.48	-0.19			
Other costs:						
Occupiers repairs	1.97	1.33	-0.64			
Sundries (incl. bad debts)	5.24	4.91	-0.33			
Total fixed costs	36.05	34.49	-1.57			
Management & investment income	6.57	4.94	-1.63			
Minus: management salaries	0.10	0.03	-0.06			
Plus: farmer & spouse labour	2.47	2.33	-0.14			
Net farm income	8.95	7.24	-1.71			
Farm business income	8.45	6.94	-1.51			

Table 2.3 Financial results for all laying flocks

	<i>Per farm</i>			<i>Per bird (annual basis)</i>		
	2007/08	2008/09	% change	2007/08	2008/09	£ change
Number of farms	35	31		35	31	
Average number of birds/year	39,762	36,001		39,762	36,001	
	<i>Average £ per farm</i>			<i>Average £ per bird</i>		
Gross output						
Eggs	573,956	579,378	0.9	14.43	16.09	1.66
Hen depreciation	-81,438	-74,486	-8.5	-2.05	-2.07	-0.02
Broilers	0	0	0.0	0.00	0.00	0.00
Other poultry output	24	172	605.8	0.00	0.00	0.00
Total poultry output	492,543	505,064	2.5	12.39	14.03	1.64
Crops	1,445	742	-48.7	0.04	0.02	-0.02
Other livestock	3,486	572	-83.6	0.09	0.02	-0.07
Other output	21,033	27,047	28.6	0.53	0.75	0.22
Total gross output	518,507	533,426	2.9	13.04	14.82	1.78
Variable costs						
Feed	263,524	297,087	12.7	6.63	8.25	1.62
Seed, fertiliser, crop costs	554	161	-71.0	0.01	0.00	-0.01
Vet. & medicines	3,221	3,758	16.6	0.08	0.10	0.02
Other livestock costs	24,277	23,104	-4.8	0.61	0.64	0.03
Total variable costs	291,577	324,109	11.2	7.33	9.00	1.67
Total gross margin	226,930	209,317	-7.8	5.71	5.81	0.11
Fixed costs						
Labour:						
Regular paid	69,795	65,155	-6.6	1.76	1.81	0.05
Regular unpaid	20,344	20,418	0.4	0.51	0.57	0.06
Casual labour	4,544	2,846	-37.4	0.11	0.08	-0.04
Power & machinery costs:						
Contract & hire	4,021	3,613	-10.2	0.10	0.10	0.00
Fuel	5,800	6,955	19.9	0.15	0.19	0.05
Electricity	11,208	12,296	9.7	0.28	0.34	0.06
Heat	255	361	41.4	0.01	0.01	0.00
Repairs	10,363	11,983	15.6	0.26	0.33	0.07
Depreciation	12,506	11,424	-8.6	0.31	0.32	0.00
Rent (incl. imputed)	22,055	27,198	23.3	0.55	0.76	0.20
Other costs:						
Occupiers repairs	8,232	5,008	-39.2	0.21	0.14	-0.07
Sundries (incl. bad debts)	29,481	30,140	2.2	0.74	0.84	0.10
Total fixed costs	198,604	197,397	-0.6	4.99	5.48	0.49
Management & investment income	28,327	11,920	-57.9	0.71	0.33	-0.38
Minus: management salaries	543	478	-12.0	0.01	0.01	0.00
Plus: farmer & spouse labour	17,713	18,314	3.4	0.45	0.51	0.06
Net farm income	45,497	29,756	-34.6	1.14	0.83	-0.32
Farm business income	40,502	27,605	-31.8	1.02	0.77	-0.25

Per £100 of gross output

	2007/08	2008/09	£ change
Number of farms	35	31	
Average number (birds/year)	39,762	36,001	
Average £ per £100 of gross output			
Gross output (%)			
Eggs (%)	110.69	108.61	
Hen depreciation (%)	-15.71	-13.96	
Broilers (%)	0.00	0.00	
Other poultry output (%)	0.00	0.03	
Total poultry output (%)	94.99	94.68	
Crops (%)	0.28	0.14	
Other livestock (%)	0.67	0.11	
Other output (%)	4.06	5.07	
Total gross output (%)	100.00	100.00	
Variable costs			
Feed	50.82	55.69	4.87
Seed, fertiliser, crop costs	0.11	0.03	-0.08
Vet. & medicines	0.62	0.70	0.08
Other livestock costs	4.68	4.33	-0.35
Total variable costs	56.23	60.76	4.53
Total gross margin	43.77	39.24	-4.53
Fixed costs			
Labour:			
Regular paid	13.46	12.21	-1.25
Regular unpaid	3.92	3.83	-0.10
Casual labour	0.88	0.53	-0.34
Power & machinery costs:			
Contract & hire	0.78	0.68	-0.10
Fuel	1.12	1.30	0.19
Electricity	2.16	2.31	0.14
Heat	0.05	0.07	0.02
Repairs	2.00	2.25	0.25
Depreciation	2.41	2.14	-0.27
Rent (incl. imputed)	4.25	5.10	0.85
Other costs:			
Occupiers repairs	1.59	0.94	-0.65
Sundries (incl. bad debts)	5.69	5.65	-0.04
Total fixed costs	38.30	37.01	-1.30
Management & investment income	5.46	2.23	-3.23
Minus: management salaries	0.10	0.09	-0.02
Plus: farmer & spouse labour	3.42	3.43	0.02
Net farm income	8.77	5.58	-3.20
Farm business income	7.81	5.18	-2.64

Pence per dozen eggs

	2007/08	2008/09
Gross output		
Eggs	65.40	73.79
Other poultry output	-9.28	-9.46
Other output	2.96	3.61
Total gross output	59.08	67.94
Variable costs		
Feed	30.03	37.84
Other variable costs	3.20	3.44
Total variable costs	33.22	41.28
Total gross margin	25.86	26.66
Total fixed costs	22.63	25.14
Management & investment income	3.23	1.52
Net farm income	5.18	3.79
Farm business income	4.61	3.52
Farm Business Income (FBI) per farm		
(% distribution by number of farms)		
	%	%
	2007/08	2008/09
Over £100,000	14	6
£50,000 to <£100,000	3	13
£25,000 to <£50,000	31	23
£12,500 to <£25,000	26	23
0 to <£12,000	11	16
-£25,000 to 0	6	16
Below -£25,000	9	3
Total	100	100
Other efficiency factors		
	Average	Average
	2007/08	2008/09
Eggs per bird	278	272
Eggs (p/doz.)	65.40	73.79

Table 2.4 Financial results for all non-laying flocks

	<i>Per farm</i>			<i>Per bird (annual basis)</i>		
	2007/08	2008/09	% change	2007/08	2008/09	£ change
Number of farms	30	31		30	31	
Average number of birds/year	74,920	93,897		74,920	93,897	
	<i>Average £ per farm</i>			<i>Average £ per bird</i>		
Gross output						
Eggs	0	0	0.0	0.00	0.00	0.00
Hen depreciation	0	0	0.0	0.00	0.00	0.00
Broilers	453,824	578,387	27.4	6.06	6.16	0.10
Other poultry output	126,916	123,253	-2.9	1.69	1.31	-0.38
Total poultry output	580,739	701,639	20.8	7.75	7.47	-0.28
Crops	4,463	9,972	123.4	0.06	0.11	0.05
Other livestock	3,517	4,404	25.2	0.05	0.05	0.00
Other output	18,325	15,679	-14.4	0.24	0.17	-0.08
Total gross output	607,044	731,694	20.5	8.10	7.79	-0.31
Variable costs						
Feed	322,834	421,230	30.5	4.31	4.49	0.18
Seed, fertiliser, crop costs	2,444	2,545	4.1	0.03	0.03	-0.01
Vet. & medicines	7,365	7,407	0.6	0.10	0.08	-0.02
Other livestock costs	53,632	59,415	10.8	0.72	0.63	-0.08
Total variable costs	386,274	490,597	27.0	5.16	5.22	0.07
Total gross margin	220,769	241,097	9.2	2.95	2.57	-0.38
Fixed costs						
Labour:						
Regular paid	37,950	42,863	12.9	0.51	0.46	-0.05
Regular unpaid	16,711	17,502	4.7	0.22	0.19	-0.04
Casual labour	2,436	2,953	21.2	0.03	0.03	0.00
Power & machinery costs:						
Contract & hire	7,576	9,305	22.8	0.10	0.10	0.00
Fuel	7,712	7,202	-6.6	0.10	0.08	-0.03
Electricity	8,108	14,204	75.2	0.11	0.15	0.04
Heat	12,207	14,389	17.9	0.16	0.15	-0.01
Repairs	6,503	6,230	-4.2	0.09	0.07	-0.02
Depreciation	10,154	12,155	19.7	0.14	0.13	-0.01
Rent (incl. imputed)	32,106	30,194	-6.0	0.43	0.32	-0.11
Other costs:						
Occupiers repairs	15,399	12,878	-16.4	0.21	0.14	-0.07
Sundries (incl. bad debts)	24,793	25,835	4.2	0.33	0.28	-0.06
Total fixed costs	181,656	195,709	7.7	2.42	2.08	-0.34
Management & investment income	39,113	45,388	16.0	0.52	0.48	-0.04
Minus: management salaries	711	26	-96.4	0.01	0.00	-0.01
Plus: farmer & spouse labour	13,269	15,355	15.7	0.18	0.16	-0.01
Net farm income	51,671	60,717	17.5	0.69	0.65	-0.04
Farm business income	56,893	58,329	2.5	0.76	0.62	-0.14

Per £100 of gross output

	2007/08	2008/09	£ change	Farm Business Income (FBI) per farm		
Number of farms	30	31		(% distribution by number of farms)		
Average number (birds/year)	74,920	93,897			%	%
				2007/08	2008/09	
Average £ per £100 of gross output						
Gross output (%)				Over £100,000	17	21
Eggs (%)	0.00	0.00		£50,000 to <£100,000	27	15
Hen depreciation (%)	0.00	0.00		£25,000 to <£50,000	20	18
Broilers (%)	74.76	79.05		£12,500 to <£25,000	17	24
Other poultry output (%)	20.91	16.84		0 to <£12,000	13	9
				-£25,000 to 0	3	9
Total poultry output (%)	95.67	95.89		Below -£25,000	3	6
Crops (%)	0.74	1.36		Total	100	100
Other livestock (%)	0.58	0.60				
Other output (%)	3.02	2.14				
Total gross output (%)	100.00	100.00				
Variable costs						
Feed	53.18	57.57	4.39			
Seed, fertiliser, crop costs	0.40	0.35	-0.05			
Vet. & medicines	1.21	1.01	-0.20			
Other livestock costs	8.84	8.12	-0.71			
Total variable costs	63.63	67.05	3.42			
Total gross margin	36.37	32.95	-3.42			
Fixed costs						
Labour:						
Regular paid	6.25	5.86	-0.39			
Regular unpaid	2.75	2.39	-0.36			
Casual labour	0.40	0.40	0.00			
Power & machinery costs:						
Contract & hire	1.25	1.27	0.02			
Fuel	1.27	0.98	-0.29			
Electricity	1.34	1.94	0.61			
Heat	2.01	1.97	-0.04			
Repairs	1.07	0.85	-0.22			
Depreciation	1.67	1.66	-0.01			
Rent (incl. imputed)	5.29	4.13	-1.16			
Other costs:						
Occupiers repairs	2.54	1.76	-0.78			
Sundries (incl. bad debts)	4.08	3.53	-0.55			
Total fixed costs	29.92	26.75	-3.18			
Management & investment income	6.44	6.20	-0.24			
Minus: management salaries	0.12	0.00	-0.11			
Plus: farmer & spouse labour	2.19	2.10	-0.09			
Net farm income	8.51	8.30	-0.21			
Farm business income	9.37	7.97	-1.40			

Table 2.5 Financial results for laying flocks with mixed production systems including battery, deep litter and barn hens

	<i>Per farm</i>			<i>Per bird (annual basis)</i>		
	2007/08	2008/09	% change	2007/08	2008/09	£ change
Number of farms	16	15		16	15	
Average number of birds/year	63,663	60,425		63,663	60,425	
	<i>Average £ per farm</i>			<i>Average £ per bird</i>		
Gross output (%)						
Eggs	879,162	932,606	6.1	13.81	15.43	1.62
Hen depreciation	-123,421	-118,509	-4.0	-1.94	-1.96	-0.02
Broilers	0	0	0.0	0.00	0.00	0.00
Other poultry output	0	0	0.0	0.00	0.00	0.00
Total poultry output	755,740	814,098	7.7	11.87	13.47	1.60
Crops	957	983	2.7	0.02	0.02	0.00
Other livestock	0	0	0.0	0.00	0.00	0.00
Other output	26,654	50,210	88.4	0.42	0.83	0.41
Total gross output	783,352	865,291	10.5	12.30	14.32	2.02
Variable costs						
Feed	408,975	487,209	19.1	6.42	8.06	1.64
Seed, fertiliser, crop costs	206	144	-30.1	0.00	0.00	0.00
Vet. & medicines	4,003	6,127	53.0	0.06	0.10	0.04
Other livestock costs	43,462	42,223	-2.9	0.68	0.70	0.02
Total variable costs	456,646	535,703	17.3	7.17	8.87	1.69
Total gross margin	326,705	329,588	0.9	5.13	5.45	0.32
Fixed costs						
Labour:						
Regular paid	118,357	118,511	0.1	1.86	1.96	0.10
Regular unpaid	22,279	22,125	-0.7	0.35	0.37	0.02
Casual labour	7,929	4,558	-42.5	0.12	0.08	-0.05
Power & machinery costs:						
Contract & hire	4,920	4,777	-2.9	0.08	0.08	0.00
Fuel	9,650	12,256	27.0	0.15	0.20	0.05
Electricity	18,222	21,987	20.7	0.29	0.36	0.08
Heat	363	538	48.3	0.01	0.01	0.00
Repairs	16,016	20,529	28.2	0.25	0.34	0.09
Depreciation	14,033	14,367	2.4	0.22	0.24	0.02
Rent (incl. imputed)	24,162	38,275	58.4	0.38	0.63	0.25
Other costs:						
Occupiers repairs	11,188	8,068	-27.9	0.18	0.13	-0.04
Sundries (incl. bad debts)	47,428	53,137	12.0	0.74	0.88	0.13
Total fixed costs	294,547	319,129	8.3	4.63	5.28	0.65
Management & investment income	32,158	10,459	-67.5	0.51	0.17	-0.33
Minus: management salaries	765	744	-2.7	0.01	0.01	0.00
Plus: farmer & spouse labour	17,222	18,025	4.7	0.27	0.30	0.03
Net farm income	48,614	27,740	-42.9	0.76	0.46	-0.30
Farm business income	51,892	29,142	-43.8	0.82	0.48	-0.33

Per £100 of gross output

	2007/08	2008/09	£ change
Number of farms	16	15	
Average number (birds/year)	63,663	60,425	
Average £ per £100 of gross output			
Gross output (%)			
Eggs (%)	112.23	107.78	
Hen depreciation (%)	-15.76	-13.70	
Broilers (%)	0.00	0.00	
Other poultry output (%)	0.00	0.00	
Total poultry output (%)	96.48	94.08	
Crops (%)	0.12	0.11	
Other livestock (%)	0.00	0.00	
Other output (%)	3.40	5.80	
Total gross output (%)	100.00	100.00	
Variable costs			
Feed	52.21	56.31	4.10
Seed, fertiliser, crop costs	0.03	0.02	-0.01
Vet. & medicines	0.51	0.71	0.20
Other livestock costs	5.55	4.88	-0.67
Total variable costs	58.29	61.91	3.62
Total gross margin	41.71	38.09	-3.62
Fixed costs			
Labour:			
Regular paid	15.11	13.70	-1.41
Regular unpaid	2.84	2.56	-0.29
Casual labour	1.01	0.53	-0.49
Power & machinery costs:			
Contract & hire	0.63	0.55	-0.08
Fuel	1.23	1.42	0.18
Electricity	2.33	2.54	0.21
Heat	0.05	0.06	0.02
Repairs	2.04	2.37	0.33
Depreciation	1.79	1.66	-0.13
Rent (incl. imputed)	3.08	4.42	1.34
Other costs:			
Occupiers repairs	1.43	0.93	-0.50
Sundries (incl. bad debts)	6.05	6.14	0.09
Total fixed costs	37.60	36.88	-0.72
Management & investment income	4.11	1.21	-2.90
Minus: management salaries	0.10	0.09	-0.01
Plus: farmer & spouse labour	2.20	2.08	-0.12
Net farm income	6.21	3.21	-3.00
Farm business income	6.62	3.37	-3.26

Pence per dozen eggs

	2007/08	2008/09
Gross output		
Eggs	62.22	70.29
Other poultry output	-8.73	-8.93
Other output	1.95	3.86
Total gross output	55.44	65.21
Variable costs		
Feed	28.94	36.72
Other variable costs	3.37	3.65
Total variable costs	32.32	40.37
Total gross margin	23.12	24.84
Total fixed costs	20.85	24.05
Management & investment income	2.28	0.79
Net farm income	3.44	2.09
Farm business income	3.67	2.20
Farm Business Income (FBI) per farm		
(% distribution by number of farms)		
	%	%
	2007/08	2008/09
Over £100,000	19	13
£50,000 to <£100,000	6	7
£25,000 to <£50,000	31	20
£12,500 to <£25,000	19	20
0 to <£12,000	6	20
-£25,000 to 0	6	13
Below -£25,000	13	7
Total	100	100
Other efficiency factors		
	Average	Average
	2007/08	2008/09
Eggs per bird	282	274
Eggs (p/doz.)	62.22	70.29

Table 2.6 Financial results for laying flocks with free range hens

	<i>Per farm</i>			<i>Per bird (annual basis)</i>		
	2007/08	2008/09	% change	2007/08	2008/09	£ change
Number of farms	19	16		19	16	
Average number of birds/year	14,315	10,969		14,315	10,969	
	<i>Average £ per farm</i>			<i>Average £ per bird</i>		
Gross output (%)						
Eggs	249,009	217,354	-12.7	17.40	19.81	2.42
Hen depreciation	-36,739	-29,368	-20.1	-2.57	-2.68	-0.11
Broilers	0	0	0.0	0.00	0.00	0.00
Other poultry output	50	348	592.2	0.00	0.03	0.03
Total poultry output	212,321	188,335	-11.3	14.83	17.17	2.34
Crops	1,964	495	-74.8	0.14	0.05	-0.09
Other livestock	7,197	1,159	-83.9	0.50	0.11	-0.40
Other output	15,048	3,308	-78.0	1.05	0.30	-0.75
Total gross output	236,531	193,297	-18.3	16.52	17.62	1.10
Variable costs						
Feed	108,664	102,230	-5.9	7.59	9.32	1.73
Seed, fertiliser, crop costs	926	178	-80.8	0.06	0.02	-0.05
Vet. & medicines	2,389	1,329	-44.4	0.17	0.12	-0.05
Other livestock costs	3,851	3,508	-8.9	0.27	0.32	0.05
Total variable costs	115,829	107,246	-7.4	8.09	9.78	1.69
Total gross margin	120,701	86,051	-28.7	8.43	7.84	-0.59
Fixed costs						
Labour:						
Regular paid	18,092	10,470	-42.1	1.26	0.95	-0.31
Regular unpaid	18,284	18,668	2.1	1.28	1.70	0.42
Casual labour	939	1,091	16.2	0.07	0.10	0.03
Power & machinery costs:						
Contract & hire	3,064	2,420	-21.0	0.21	0.22	0.01
Fuel	1,700	1,522	-10.4	0.12	0.14	0.02
Electricity	3,740	2,363	-36.8	0.26	0.22	-0.05
Heat	141	179	27.4	0.01	0.02	0.01
Repairs	4,345	3,224	-25.8	0.30	0.29	-0.01
Depreciation	10,880	8,409	-22.7	0.76	0.77	0.01
Rent (incl. imputed)	19,812	15,845	-20.0	1.38	1.44	0.06
Other costs:						
Occupiers repairs	5,084	1,871	-63.2	0.36	0.17	-0.18
Sundries (incl. bad debts)	10,373	6,572	-36.7	0.72	0.60	-0.13
Total fixed costs	96,454	72,634	-24.7	6.74	6.62	-0.12
Management & investment income	24,248	13,416	n/a	1.69	1.22	-0.47
Minus: management salaries	306	204	-33.3	0.02	0.02	0.00
Plus: farmer & spouse labour	18,237	18,610	2.0	1.27	1.70	0.42
Net farm income	42,179	31,822	n/a	2.95	2.90	-0.05
Farm business income	28,375	26,030	n/a	1.98	2.37	0.39

Per £100 of gross output

	2007/08	2008/09	£ change
Number of farms	19	16	
Average number (birds/year)	14,315	10,969	

Average £ per £100 of gross output

Gross output (%)			
Eggs (%)	105.28	112.45	
Hen depreciation (%)	-15.53	-15.19	
Broilers (%)	0.00	0.00	
Other poultry output (%)	0.02	0.18	
Total poultry output (%)	89.76	97.43	
Crops (%)	0.83	0.26	
Other livestock (%)	3.04	0.60	
Other output (%)	6.36	1.71	
Total gross output (%)	100.00	100.00	
Variable costs			
Feed	45.94	52.89	6.95
Seed, fertiliser, crop costs	0.39	0.09	-0.30
Vet. & medicines	1.01	0.69	-0.32
Other livestock costs	1.63	1.81	0.19
Total variable costs	48.97	55.48	6.51
Total gross margin	51.03	44.52	-6.51
Fixed costs			
Labour:			
Regular paid	7.65	5.42	-2.23
Regular unpaid	7.73	9.66	1.93
Casual labour	0.40	0.56	0.17
Power & machinery costs:			
Contract & hire	1.30	1.25	-0.04
Fuel	0.72	0.79	0.07
Electricity	1.58	1.22	-0.36
Heat	0.06	0.09	0.03
Repairs	1.84	1.67	-0.17
Depreciation	4.60	4.35	-0.25
Rent (incl. imputed)	8.38	8.20	-0.18
Other costs:			
Occupiers repairs	2.15	0.97	-1.18
Sundries (incl. bad debts)	4.39	3.40	-0.99
Total fixed costs	40.78	37.58	-3.20
Management & investment income	10.25	6.94	-3.31
Minus: management salaries	0.13	0.11	-0.02
Plus: farmer & spouse labour	7.71	9.63	1.92
Net farm income	17.83	16.46	-1.37
Farm business income	12.00	13.47	1.47

Pence per dozen eggs

	2007/08	2008/09
Gross output		
Eggs	80.92	94.53
Other poultry output	-11.92	-12.62
Other output	7.87	2.16
Total gross output	76.86	84.06
Variable costs		
Feed	35.31	44.46
Other variable costs	2.33	2.18
Total variable costs	37.64	46.64
Total gross margin	39.22	37.42
Total fixed costs	31.34	31.59
Management & investment income	7.88	5.83
Net farm income	13.71	13.84
Farm business income	9.22	11.32

Farm Business Income (FBI) per farm

	(% distribution by number of farms)	
	2007/08	2008/09
Over £100,000	11	0
£50,000 to <£100,000	0	19
£25,000 to <£50,000	32	25
£12,500 to <£25,000	32	25
0 to <£12,000	16	13
-£25,000 to 0	5	19
Below -£25,000	5	0
Total	100	100

Other efficiency factors

	Average 2007/08	Average 2008/09
Eggs per bird	261	262
Eggs (p/doz.)	80.92	94.53

Table 2.7 Financial results for non-contract broilers, table chicken and turkeys

	<i>Per farm</i>			<i>Per bird (annual basis)</i>		
	2007/08	2008/09	% change	2007/08	2008/09	£ change
Number of farms	15	15		15	15	
Average number of birds/year	113,846	129,232		113,846	129,232	
Throughput of birds/year	821,459	799,809		821,459	799,809	
	<i>Average £ per farm</i>			<i>Average £ per bird</i>		
Gross output (%)						
Eggs	0	0	0.0	0.00	0.00	0.00
Hen depreciation	0	0	0.0	0.00	0.00	0.00
Broilers	855,082	1,076,264	25.9	1.04	1.35	0.30
Other poultry output	161,235	213	-99.9	0.20	0.00	-0.20
Total poultry output	1,016,317	1,076,477	5.9	1.24	1.35	0.11
Crops	6,851	10,795	57.6	0.01	0.01	0.01
Other livestock	5,581	7,108	27.3	0.01	0.01	0.00
Other output	12,474	6,903	-44.7	0.02	0.01	-0.01
Total gross output	1,041,223	1,101,282	5.8	1.27	1.38	0.11
Variable costs						
Feed	638,039	812,447	27.3	0.78	1.02	0.24
Seed, fertiliser, crop costs	2,305	2,358	2.3	0.00	0.00	0.00
Vet. & medicines	13,657	13,522	-1.0	0.02	0.02	0.00
Other livestock costs	96,900	26,564	-72.6	0.12	0.03	-0.08
Total variable costs	750,901	854,892	13.8	0.91	1.07	0.15
Total gross margin	290,322	246,390	-15.1	0.35	0.31	-0.05
Fixed costs						
Labour:						
Regular paid	56,465	30,396	-46.2	0.07	0.04	-0.03
Regular unpaid	14,859	17,235	16.0	0.02	0.02	0.00
Casual labour	3,405	2,718	-20.2	0.00	0.00	0.00
Power & machinery costs:						
Contract & hire	12,033	14,046	16.7	0.01	0.02	0.00
Fuel	9,048	10,307	13.9	0.01	0.01	0.00
Electricity	10,331	18,106	75.3	0.01	0.02	0.01
Heat	17,995	20,859	15.9	0.02	0.03	0.00
Repairs	7,583	6,297	-17.0	0.01	0.01	0.00
Depreciation	9,249	9,325	0.8	0.01	0.01	0.00
Rent (incl. imputed)	40,394	41,173	1.9	0.05	0.05	0.00
Other costs:						
Occupiers repairs	25,500	7,114	-72.1	0.03	0.01	-0.02
Sundries (incl. bad debts)	32,139	18,712	-41.8	0.04	0.02	-0.02
Total fixed costs	239,001	196,289	-17.9	0.29	0.25	-0.05
Management & investment income	51,321	50,101	-2.4	0.06	0.06	0.00
Minus: management salaries	1,390	0	-100.0	0.00	0.00	0.00
Plus: farmer & spouse labour	11,151	15,622	40.1	0.01	0.02	0.01
Net farm income	61,082	65,724	7.6	0.07	0.08	0.01
Farm business income	66,353	57,830	-12.8	0.08	0.07	-0.01

Per £100 of gross output

	2007/08	2008/09	£ change	Farm Business Income (FBI) per farm		
				(% distribution by number of farms)		
				%	%	
				2007/08	2008/09	
Number of farms	15	15				
Average number (birds/year)	113,846	129,232				
Average £ per £100 of gross output						
Gross output (%)				Over £100,000	19	22
Eggs (%)	0.00	0.00		£50,000 to <£100,000	19	11
Hen depreciation (%)	0.00	0.00		£25,000 to <£50,000	31	22
Broilers (%)	82.12	97.73		£12,500 to <£25,000	13	22
Other poultry output (%)	15.49	0.02		0 to <£12,000	6	11
				-£25,000 to 0	6	0
Total poultry output (%)	97.61	97.75		Below -£25,000	6	11
Crops (%)	0.66	0.98		Total	100	100
Other livestock (%)	0.54	0.65				
Other output (%)	1.20	0.63				
Total gross output (%)	100.00	100.00				
Variable costs						
Feed	61.28	73.77	12.49			
Seed, fertiliser, crop costs	0.22	0.21	-0.01			
Vet. & medicines	1.31	1.23	-0.08			
Other livestock costs	9.31	2.41	-6.89			
Total variable costs	72.12	77.63	5.51			
Total gross margin	27.88	22.37	-5.51			
Fixed costs						
Labour:						
Regular paid	5.42	2.76	-2.66			
Regular unpaid	1.43	1.57	0.14			
Casual labour	0.33	0.25	-0.08			
Power & machinery costs:						
Contract & hire	1.16	1.28	0.12	Broiler sale price (£/bird)	1.35	1.70
Fuel	0.87	0.94	0.07			
Electricity	0.99	1.64	0.65	Broiler purchase price (£/bird)	0.25	0.29
Heat	1.73	1.89	0.17			
Repairs	0.73	0.57	-0.16			
Depreciation	0.89	0.85	-0.04	Average number of crops/year	7.2	6.2
Rent (incl. imputed)	3.88	3.74	-0.14			
Other costs:						
Occupiers repairs	2.45	0.65	-1.80			
Sundries (incl. bad debts)	3.09	1.70	-1.39			
Total fixed costs	22.95	17.82	-5.13			
Management & investment income						
	4.93	4.55	-0.38	Sample Profile (numbers of businesses)		
				2007/08	2008/09	
Minus: management salaries	0.13	0.00	-0.13	Broilers	12	15
Plus: farmer & spouse labour	1.07	1.42	0.35	Table chickens	0	0
Net farm income	5.87	5.97	0.10	Turkeys	3	0
Farm business income	6.37	5.25	-1.12		15	15

Table 2.8 Balance sheet data for 2008/09 - specialist poultry farms

Group	<i>Specialist poultry</i>		<i>Mixed production systems</i>		<i>Free range layers</i>	
	66		15		16	
Financial year	2008/09		2008/09		2008/09	
	Opening	Closing	Opening	Closing	Opening	Closing
Assets						
Fixed assets						
Land, buildings & SPS	379,075	488,304	364,030	490,876	284,017	338,010
Breeding livestock	724	950	0	0	337	643
Machinery	65,674	77,736	73,648	77,325	43,159	47,466
Miscellaneous business assets	2,580	2,912	1,096	2,594	0	0
Total fixed assets	448,054	569,901	438,774	570,796	327,513	386,120
Current assets						
Crops & trading livestock	58,526	62,303	84,003	96,751	11,036	16,280
Feedstuffs & goods in store	5,326	7,033	8,581	10,553	1,663	1,886
Liquid assets	148,764	137,617	118,992	119,469	30,463	29,663
Total current assets	212,617	206,953	211,575	226,772	43,163	47,830
Total assets	660,671	776,855	650,350	797,568	370,676	433,950
Liabilities						
Bank term loans	79,418	96,976	97,961	165,704	55,933	60,180
Other loans	56,611	54,421	10,735	9,485	28,757	43,892
Bank overdraft	41,258	39,852	24,751	24,777	16,388	19,145
Other short term loans	61,156	71,397	66,379	94,713	9,266	11,198
Total external liabilities	238,442	262,646	199,827	294,678	110,344	134,416
Net worth	422,229	514,209	450,523	502,890	260,332	299,534
Percentage equity (%)	63.9%	66.2%	69.3%	63.1%	70.2%	69.0%

Table 2.9 Comparison of net worth and percentage equity by farm type for 2008/09

	Average Assets	Average Liabilities	Average Net Worth	Average % Equity
Defra main farm type				
Lowland cattle & sheep	658,488	45,994	612,494	93.0%
Cereals	1,521,024	133,820	1,387,204	91.2%
Mixed	1,046,547	119,749	926,798	88.6%
General cropping	1,482,083	169,318	1,312,765	88.6%
Dairy	1,034,278	181,993	852,285	82.4%
Horticulture	618,971	138,589	480,382	77.6%
Pigs	612,633	286,647	325,987	53.2%
Poultry	718,763	250,544	468,219	65.1%
All businesses	1,040,593	122,652	917,942	88.2%

Group *Broilers, table chickens & turkeys*

Number of farms	15	
Financial year	2008/09	
	Opening	Closing
Assets		
Fixed assets		
Land, buildings & SPS	299,688	322,730
Breeding livestock	494	717
Machinery	47,237	54,414
Miscellaneous business assets	604	604
Total fixed assets	348,023	378,466
Current assets		
Crops & trading livestock	65,359	61,372
Feedstuffs & goods in store	8,556	13,684
Liquid assets	88,280	79,357
Total current assets	162,195	154,414
Total assets	510,218	532,880
Liabilities		
Bank term loans	36,061	30,258
Other loans	37,203	37,801
Bank overdraft	44,834	25,108
Other short term loans	46,196	42,651
Total external liabilities	164,295	135,818
Net worth	345,923	397,062
Percentage equity (%)	67.8%	74.5%

Table 2.10 Distribution of tenant's type capital (%)

	Specialist poultry	Mixed production layers	Free range layers	Broilers & table chickens
Crops & tillages	0.5	0.0	0.3	0.9
Stores	2.2	3.2	1.9	5.3
Machinery	25.2	25.5	49.7	24.3
Livestock	21.1	30.5	15.3	29.7
Other	51.1	40.8	32.8	39.9
Total	100.0	100.0	100.0	100.0
Tenant's type capital (£)	284,559	296,472	91,105	209,346

Table 2.11 Gross margin for all laying flocks

	<i>Per bird (annual basis)</i>			<i>Per £100 of gross output</i>		
	2007/08	2008/09	£ change	2007/08	2008/09	£ change
Number of farms	48	53				
Average number of birds/year	19,093	18,021				
	<i>Average £ per bird (annual basis)</i>			<i>Average £ per £100 gross output</i>		
Gross output						
Eggs	14.54	16.35	1.81			
Hen depreciation	-2.11	-2.06	0.05			
Other poultry output	0.00	0.01	0.01			
Total output	12.43	14.30	1.86	100.00	100.00	
Variable costs						
Feed	6.71	8.45	1.74	53.93	59.06	5.13
Vet. & medicines	0.07	0.13	0.06	0.58	0.91	0.33
Other livestock costs	0.53	0.57	0.03	4.29	3.95	-0.34
Other variable costs	0.01	0.00	-0.01	0.09	0.00	-0.08
Total variable costs	7.32	9.14	1.82	58.89	63.93	5.04
Total gross margin	5.11	5.16	0.05	41.11	36.07	-5.04

Table 2.12 Gross margin for laying flocks with mixed production systems including battery, deep litter and barn hens

	<i>Per bird (annual basis)</i>			<i>Per £100 of gross output</i>		
	2007/08	2008/09	£ change	2007/08	2008/09	£ change
Number of farms	20	20				
Average number of birds/year	33,459	27,005				
	<i>Average £ per bird (annual basis)</i>			<i>Average £ per £100 gross output</i>		
Gross output						
Eggs	13.91	15.63	1.72			
Hen depreciation	-1.95	-1.99	-0.04			
Other poultry output	0.00	0.00	0.00			
Total output	11.96	13.64	1.68	100.00	100.00	
Variable costs						
Feed	6.46	8.11	1.65	54.04	59.46	5.42
Vet. & medicines	0.06	0.10	0.04	0.53	0.73	0.20
Other livestock costs	0.63	0.70	0.06	5.30	5.12	-0.18
Other variable costs	0.00	0.00	0.00	0.01	0.00	-0.01
Total variable costs	7.16	8.91	1.75	59.87	65.30	5.44
Total gross margin	4.80	4.73	-0.07	40.13	34.70	-5.44

Table 2.13 Gross margin for laying flocks with free range hens

	<i>Per bird (annual basis)</i>			<i>Per £100 of gross output</i>		
	2007/08	2008/09	£ change	2007/08	2008/09	£ change
Number of farms	28	33				
Average number of birds/year	8,184	10,671				
	<i>Average £ per bird (annual basis)</i>			<i>Average £ per £100 gross output</i>		
Gross output						
Eggs	16.50	17.85	1.35			
Hen depreciation	-2.59	-2.20	0.39			
Other poultry output	0.00	0.02	0.02			
Total output	13.92	15.67	1.75	100.00	100.00	
Variable costs						
Feed	7.47	9.14	1.68	53.64	58.34	4.70
Vet. & medicines	0.10	0.20	0.09	0.74	1.25	0.52
Other livestock costs	0.22	0.29	0.07	1.61	1.86	0.25
Other variable costs	0.04	0.00	-0.04	0.31	0.01	-0.30
Total variable costs	7.83	9.63	1.80	56.29	61.46	5.17
Total gross margin	6.08	6.04	-0.04	43.71	38.54	-5.17

Table 2.14 Gross margin per dozen eggs for all laying flocks (annual basis)

	Layers		Mixed production		Free range Layers	
	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09
Number of farms	48	53	20	20	28	33
No of dozen eggs	415,171	385,487	738,101	590,873	169,930	217,446
Average egg yield/bird	273	268	280	273	252	258
Average egg price p/doz	66.88	76.44	63.06	71.42	79.47	87.61
	<i>Average pence per dozen (annual basis)</i>					
Gross output						
Eggs	66.88	76.44	63.06	71.42	79.47	87.61
Hen depreciation	-9.69	-9.62	-8.85	-9.09	-12.46	-10.79
Other poultry output	0.00	0.03	0.00	0.00	0.01	0.09
Total output	57.19	66.85	54.21	62.32	67.02	76.91
Variable costs						
Feed	30.84	39.48	29.29	37.06	35.95	44.87
Vet. & medicines	0.33	0.61	0.28	0.45	0.49	0.96
Other livestock costs	2.46	2.64	2.87	3.19	1.08	1.43
Other variable costs	0.05	0.00	0.00	0.00	0.21	0.01
Total variable costs	33.68	42.74	32.45	40.70	37.73	47.27
Total gross margin	23.51	24.11	21.75	21.62	29.29	29.64

Table 2.15 Gross margin for non-contract broilers and table chicken

	<i>Per bird (annual basis)</i>			<i>Per £100 of gross output</i>		
	2007/08	2008/09	£ change	2007/08	2008/09	£ change
Number of farms	17	19				
Average number of birds/year	50,468	78,045				
Throughput of birds/year	347,448	473,307				
Average number of crops/year	6.88	6.06				
Average sale price (broilers) - £/bird	1.41	1.73				
Average purchase price (broilers) - £/bird	0.26	0.29				
	<i>Average £ per bird (annual basis)</i>			<i>Average £ per £100 gross output</i>		
Gross output						
Broilers	1.20	1.45	0.25			
Total output	1.20	1.45	0.25	100.00	100.00	
Variable costs						
Feed	0.77	1.04	0.27	64.48	71.84	7.36
Vet. & medicines	0.02	0.02	0.00	1.69	1.25	-0.44
Other livestock costs	0.08	0.04	-0.03	6.32	2.98	-3.34
Other variable costs	0.00	0.00	0.00	0.14	0.05	-0.09
Total variable costs	0.87	1.10	0.23	72.64	76.12	3.49
Total gross margin	0.33	0.35	0.02	27.36	23.88	-3.49

Table 2.16 Gross margin for turkey production

	<i>Per bird (annual basis)</i>			<i>Per £100 of gross output</i>		
	2007/08	2008/09	£ change	2007/08	2008/09	£ change
Number of farms	17	20				
Average number of birds/year	651	1,511				
Throughput of birds/year	1,365	3,277				
Average sale price (turkeys) - £/bird	29.50	28.59				
Average purchase price (turkeys) - £/bird	3.25	3.14				
	<i>Average £ per bird (annual basis)</i>			<i>Average £ per £100 gross output</i>		
Gross output						
Other poultry output	24.05	24.57	0.51			
Total output	24.05	24.57	0.51	100.00	100.00	
Variable costs						
Feed	6.36	4.47	-1.89	26.44	18.20	-8.24
Vet. & medicines	0.22	0.08	-0.14	0.90	0.31	-0.59
Other livestock costs	3.54	8.10	4.56	14.71	32.97	18.26
Other variable costs	0.05	0.07	0.02	0.21	0.27	0.06
Total variable costs	10.17	12.71	2.55	42.26	51.75	9.49
Total gross margin	13.89	11.86	-2.03	57.74	48.25	-9.49

References

Defra (2009a) June Survey of agriculture and horticulture (land use and livestock on agricultural holdings at 1st June 2009) UK- final results. (https://statistics.defra.gov.uk/esg/statnot/june_UK.pdf). Table 10. Date accessed 12.01.10

Defra (2005) Agriculture in the United Kingdom 2004 (Table 3.2)

Defra (2001) Agriculture in the United Kingdom 2000 (Table 3.2)

Defra (1999) Agriculture in the United Kingdom 1998 (Table 3.2)

Defra (2009b) Poultry and poultry meat statistics <https://statistics.defra.gov.uk/esg/statnot/ppntc.pdf> Accessed 14/01/10

Defra (2009c) Agriculture in the United Kingdom 2008
<https://statistics.defra.gov.uk/esg/publications/auk/2008/AUK2008.pdf> Accessed 14/01/10

Defra (2009d) Egg Statistics <https://statistics.defra.gov.uk/esg/statnot/eggnotce.pdf> Accessed 29.01.10

British Poultry Council (2010) <http://www.poultry.uk.com/index.htm> Accessed 28/01/10

Defra (2009e) Agricultural Price indices, United Kingdom (2005=100)

[API : Index of the Purchase Prices of the Means of Agricultural Production ; Monthly Data](#) Accessed 29/01/10

Farmers Weekly (2009) <http://www.fwi.co.uk/poultry/> Accessed 29/01/10

Glossary

Farm Business Income (FBI)

Represents the return to all unpaid labour (farmers, spouses and others with an entrepreneurial interest in the farm business) and to all their capital invested in the farm business including land and farm buildings. It is defined as Total Farm Output (TFO) plus profit/loss on sale of assets minus cost (C): where TFO is defined as the sum of output from: crop enterprises, adjustment for disposal of previous crops, livestock enterprises, separable non-agricultural diversifications, single farm payment, agri-environmental payments, other grants and subsidies, miscellaneous receipts; C is defined as variable costs plus fixed costs.

Fixed costs

These include rent (or imputed rent), regular wages, unpaid manual labour, casual labour, power and machinery costs, glasshouse depreciation, glasshouse fuel, building and general repairs, insurance, water, office expenses and miscellaneous expenditure.

Gross output

Total revenue adjusted for changes in valuation of livestock and stores, less purchases of livestock, or produce for resale.

Labour

Covers not only the costs of hired labour, but also an appropriate allowance for the unpaid manual labour of the grower and members of the family.

Management and investment income (MII)

Total gross output less all costs (including the value of unpaid manual labour) other than salaried management. It represents the reward to management, both paid and unpaid and the return on tenant-type capital whether that capital is borrowed or not.

Net farm income

Represents the return to the farmer and spouse for their manual labour, management and interest on tenant-type capital invested in the farm, whether that capital is borrowed or not.

Per £100 gross output

Shows the relative importance of the main resources used in each unit product, and in total provide a useful measure of profitability.

Power and machinery

Include contract and hire, fuel, electricity, repairs and an allowance for depreciation. A deduction is made for the private use of vehicles. Machinery depreciation is calculated on a 'replacement cost' basis.

Rent

In the case of an owner occupier, an imputed rent is charged in accordance with what a tenant in similar circumstances, including length of occupation, would be paying.

Tenant-type capital

Assets normally provided by tenants and includes growing crops, stores, machinery, livestock, cash and other assets needed to run the business. Permanent crops (including orchards) and glasshouses are also generally considered to be tenant-type capital.

Total gross margin

This is the difference between total gross output and total variable costs and measures the contribution of the business towards covering its fixed costs and providing for a profit.

Variable costs

These vary in direct proportion to the size of each holding enterprise and include all purchased feed, seed, fertilisers, crop protection, veterinary and livestock costs.

Abbreviations used in this Publication

/	per
£	pounds (stirling)
Defra	Department for Environment, Food and Rural Affairs
Ave	Average
depn.	depreciation
ha	hectare
no.	number
n/a	not applicable
p	pence

Rounding

Totals are calculated from unrounded components and may not therefore be the total of the rounded components shown.

Derivation of Farm Business Income

Net Farm Income

Plus:

Value of unpaid labour [excluding farmer & spouse; already taken into account in deriving Net Farm Income]

Imputed rent and rental value

Non-agricultural output historically not accounted for in Net Farm Income

Less:

Net interest payments

Ownership charges [buildings & works depreciation; insurance of farm buildings; landlord-type repairs and upkeep]

Non-agricultural input costs historically not accounted for in Net Farm Income

Director's remuneration

Equals:

Farm Business Income

Appendix 1: Regulation of and codes of conduct for poultry production

Laying hens

In 1999 the Welfare of Laying Hens Directive (1999/74/EC)(EC, 1999) was adopted and this was implemented in the UK by domestic legislation such as Welfare of Farm animals (England)(Amendment) Regulations 2002 (SI 2002 No.1646), later amended by the Welfare of Farmed Animals (England) Regulations 2007 (SI 2007 No.2078), which came into force on 1st October 2007 and by similar legislation from the Devolved Administrations. The legislation set out the following:

- Minimum standards for non-cage systems (barn, free-range). **These came into effect on 1 January 2007.**
- A ban on the barren battery cage from 2012. From 1 January 2003, it has been illegal to install new barren battery cage systems, 'enriched' cages must be used instead.
- Minimum standards for 'enriched' cages, including an increased space allowance, a claw shortening device, perch, next boxes and litter for scratching and pecking.

A Defra research exercise into the cost of compliance with these new regulations (see House of Commons, 2002) estimated one off costs for a medium sized flock of 100,000 birds at £1.39 millions and the cost for a flock of 400,000 birds of £5.57 millions. The total cost to the industry is estimated by Defra study to be around £400 millions.

Broilers

Defra announced on 8 May 2007 (Defra,2007i) that agreement had been reached on the contents of an EC directive (EC,2007) to regulate the conditions in which chickens reared for meat are kept from the time chicks are brought on to production sites, until they leave for slaughter. The proposed new measures include, amongst other things:

- The introduction of limits on stocking density (ordinarily to a maximum of 33kg/m²)
- Cross-EU training for the industry
- A possible new welfare labelling regime
- EU-wide data collection and scientific monitoring of impacts on welfare
- Action against anyone breaking the rules

A directive will come into force by 2010 and will apply to all flocks of more than 500 birds. Two sets of standards are applied using stocking density as a criterion for production intensity. Producers who stock up to a maximum of 33kg/m² have to comply with standards relating to drinkers, feeding, litter, ventilation/heating, light, inspection, cleaning, training, record keeping and mutilations. Producers stocking above 33kg/m² up to a maximum of 38kg/m² are subject to an additional set of standards, plus monitoring at the slaughter house. At present there is no dedicated legislation governing the production of poultry for meat, although a code of recommendations was published by Defra in 2002, based on elements of existing legislation governing the protection of farm animals (eg, The Welfare of Farmed Animals (England) Regulations 2000 and later amendment (2007)).

Appendix 2: Reports in this series

- **Crop Production in England**
- **Dairy Farming in England**
- **Hill Farming in England**
- **Horticulture Production in England**
- **Lowland Grazing Livestock in England**
- **Pig Production in England**
- **Poultry Production in England**

Details available at www.ruralbusinessresearch.cu.uk

RBR at Reading
Agriculture and Food Investigation Team
Department of Agricultural & Food Economics
School of Agriculture, Policy and Development
University of Reading
4 Earley Gate
Whiteknights
PO Box 237
Reading RG6 6AR

Phone 0118 378 7426
Fax 0118 975 6467

www.ruralbusinessresearch.co.uk