

Lambs - Cost of production o.s.

THE WEST OF SCOTLAND AGRICULTURAL COLLEGE

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## FARM FINANCIAL RETURNS, 1958-59

HILL FARMS IN HIGHLAND AREA

*1958 Lamb Crop Year*

6 BLYTHSWOOD SQUARE,  
GLASGOW, C.2.

ECONOMICS DEPARTMENT REPORT No. 61

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FOREWORD

This report deals with financial returns from a number of hill farms in the Highland area of this College province for the 1958 lamb crop and wool clip year. The total accounting sample available from the area consisted of 32 farms located in Argyll, Dunbarton and West Perth.

All the farms dealt with were producing Blackface lambs.

Of the 32 farm accounts available, 29 were used for this report in the preparation of the 4 groups which deal with the 1958 lamb crop year results; the remaining 3 making up a group considered to be untypical for the preparation of averages. It is not claimed that these 29 farms make up a fully representative sample, either in numbers, locality or size.

It is necessary to make clear that the farm revenue for the 1958 lamb crop year does not contain any item of Hill Sheep Subsidy. In the section dealing with the 5 year results, the position in relation to the Hill Sheep Subsidy in each year is shown.

As regards the Cereal Deficiency Payments, wheat, rye and barley acreages were absent or negligible. Revenue from the Cereal Deficiency Payments against the oat acreage is not allocated to crop years, the accounts containing only any actual revenue in the accounting year.

Acknowledgment is gratefully made of the co-operation given to the College by the farmers and others who made their farm accounts available, and also by the professional accountants who gave assistance in various ways.

The completion of the farm accounts and the preparation of the statistical material was the work of several members of staff.

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DEFINITION OF SOME TERMS

Acres. Where the terms acres is used it refers to the total (actual) size of the farm, unless otherwise stated.

Closing Dates of Financial Accounts. The farm financial accounts, which relate to the lamb crop and wool clip of 1958, closed between October, 1958 and May, 1959.

Per Ewe Carried. The ewe numbers are an average of the numbers in the Opening Valuations for the farms.

Profit. This is the balance between Trading Revenue and Trading Expenditure, minus depreciation on equipment, plus or minus any increase or decrease in the stock and crop valuations.

Farmer and Wife's Manual. The figure used is an estimate of the value of the manual work done on each farm by the farmer and his wife.

Surplus. This term is used for the balance remaining after deducting from Profit the estimate for farmer and wife's manual work. Surplus is equivalent to "management and investment income".

Lamb Marking %. This figure is calculated on the number of lambs marked as a percentage of the ewes and gimmers put to the ram in the previous autumn.

Lamb Disposal %. This represents the total of lambs sold, plus those available in the autumn for further keep, plus those kept as replacements, as a percentage of the ewes and gimmers put to the ram in the previous autumn. The difference between the Lamb Marking and Lamb Disposal figures shows the loss between marking time and autumn.

Ewe Death Rate %. This is the recorded deaths plus "black loss" as a percentage of the ewes at the opening valuation date. According to the closing date of the financial year, the figures given represent the loss from autumn, 1957 to autumn, 1958 (occurring mainly in the winter of 1957-58) or the loss from spring or midsummer, 1958 to a similar period in 1959 (with deaths occurring mainly in the winter of 1958-59).

Information on accounting method and some other terms is given in a later section.

THEME OF REPORT

The object of this report is to give, from the evidence available from farm accounts, an indication of the levels of expenditure, revenue and profitability in 4 groups of this type of farming in the 1958 lamb crop year. The report does not deal with farm management aspects.

Some comparisons are given for 31 farms for the 2 lamb crop years, 1957 and 1958, and for an identical sample of 29 farms for 5 years (lamb crop years 1954-58 inclusive).

SUMMARY

The results of the 1958 lamb crop year for the 29 farms, arranged in 4 groups, summarise as:-

Group Description

- Group A = Small Farms, with cows relatively important.
- Group B = Small-Medium Farms, with cows relatively unimportant.
- Group C = Large Farms, with cows relatively important.
- Group D = Large Farms, with cows relatively unimportant.

	<u>Groups</u>			
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>
No. of farms in group	13	7	5	4
Average of total acreage (Of which Rough Grazing)	1546 (1493)	2104 (2071)	7355 (7247)	4958 (4916)
Average number of ewes	516	784	1948	1791
Average number of cows	17	2	38	1
Rate of Hill Sheep Subsidy	Nil	Nil	Nil	Nil
Average Profit per farm	£775	£1002	£2560	£1751
Average Surplus per farm	£174	£659	£2335	£1626
Lamb Marking %	68%	72%	74%	84%
Lamb Disposal %	64%	68%	72%	82%
Ewe Death Rate %	8.9%	5.1%	6.5%	6.2%
<u>Average per head:-</u>				
Store Lamb Price	64/-	66/-	72/-	62/-
Draft Ewe Price	66/-	72/-	83/-	81/-
<u>Per 20 ewes:-</u>				
Gross Output of Sheep and Wool	£59	£66	£72	£74
Gross Output of Cattle	£39	£ 4	£16	£ 1

The average financial results for the groups from the farms as a whole (i.e. sheep, cattle and other enterprises combined) expressed per 20 ewes were:-

	<u>Groups</u>			
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>
<u>PER 20 EWES:-</u>				
Profit	£31. 0/-	£25.10/-	£26. 5/-	£19.10/-
Less Estimate against manual work of farmer and wife	<u>24. 0/-</u>	<u>8.15/-</u>	<u>2. 5/-</u>	<u>1.10/-</u>
SURPLUS	£ <u>7. 0/-</u>	£ <u>16.15/-</u>	£ <u>24. 0/-</u>	£ <u>18. 0/-</u>
SURPLUS - per ewe	7/-	16/9	24/-	18/-

Comparing the 2 lamb crop years, 1957 and 1958, for an identical sample of 31 farms, the average Surplus expressed per ewe carried was £1.10/- in the 1957 lamb crop year and 14/- in the 1958 lamb crop year. No Hill Sheep Subsidy revenue was received by the farms in either year.

Comparing 5 lamb crop years, 1954 to 1958 inclusive, for an identical sample of 29 farms, the average Surplus expressed per ewe carried was:-

<u>Lamb Crop Year</u>	<u>Surplus expressed per Ewe Carried</u>	<u>Revenue Includes Hill Sheep Subsidy of</u>
1958	£-.14. 7.	-
1957	£1.11. 3.	-
1956	£1.11. 1.	5/- per ewe
1955	£-.17. 7.	5/- per ewe (a)
1954	£-. 7. -.	-

(a) Special Hill Ewe Payment.

For the same 29 farms over the 5 lamb crop year, the average numbers of sheep sold per farm were:-

<u>Lamb Crop Year</u>	<u>Ewe Stock</u>	<u>Sales: Ewes</u>	<u>Sales: Lambs</u>	<u>Sales: All Other Sheep</u>
1958	970	187	412	22
1957	954	184	446	23
1956	938	158	395	37
1955	932	162	324	34
1954	934	151	305	30

While the numbers and types of cattle sold per farm were:-

<u>Lamb Crop Year</u>	<u>Sales: Cows and Heifers</u>	<u>Sales: Calves (Slink)</u>	<u>Sales: Calves (Others)</u>	<u>Sales: All Other Cattle</u>
1958	1.8	.3	7.9	5.0
1957	2.7	.5	7.2	6.1
1956	2.2	.1	5.1	5.3
1955	3.1	-	6.0	4.5
1954	1.9	.2	6.0	5.9