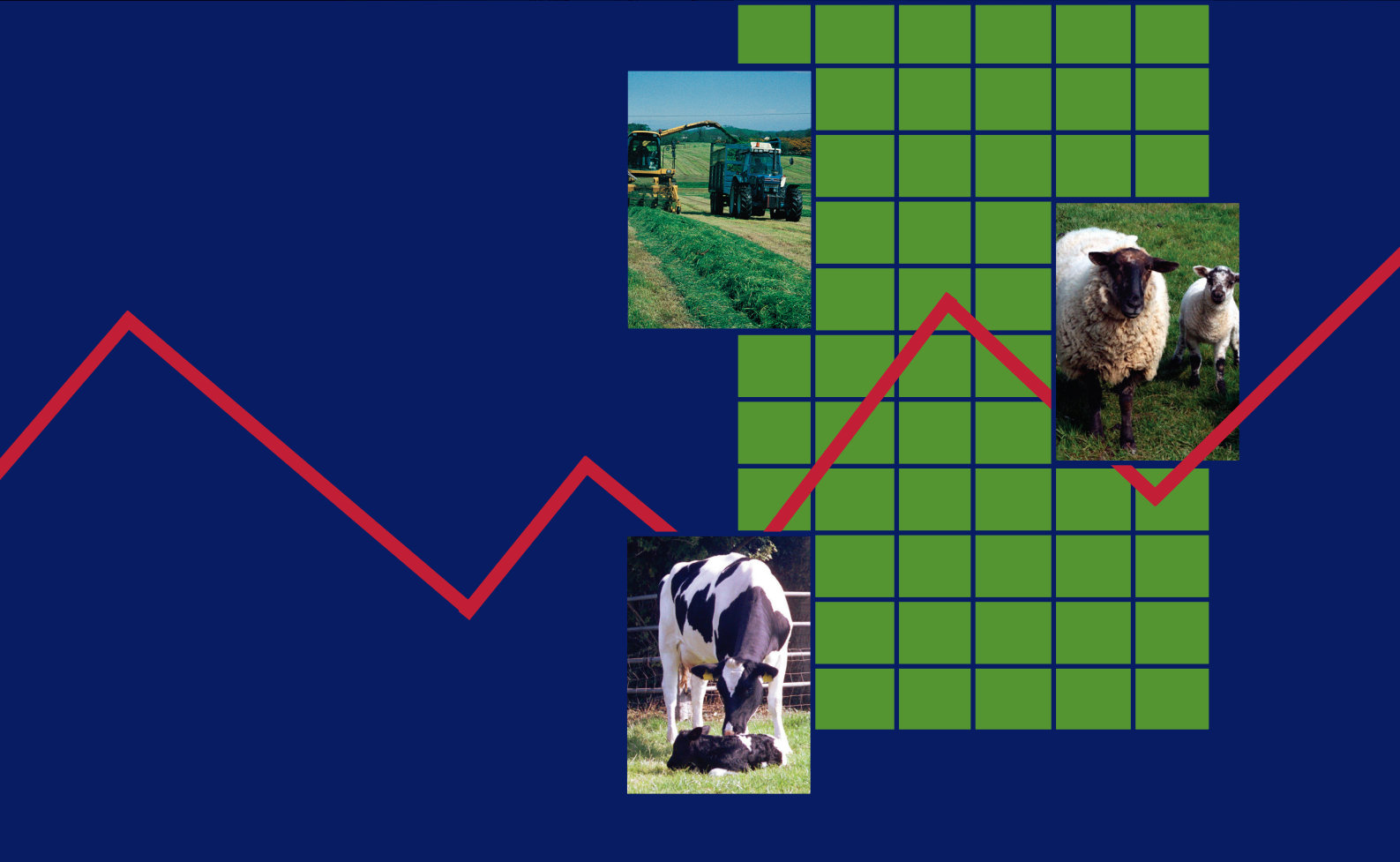




POLICY AND ECONOMICS DIVISION

Farm Incomes in Northern Ireland

2004/05



Department of Agriculture and Rural Development
Policy and Economics Division

FARM INCOMES
IN
NORTHERN IRELAND
2004/05

A National Statistics Publication

A National Statistics Publication

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FOREWORD AND ACKNOWLEDGEMENTS

This report on Farm Incomes in Northern Ireland, the thirteenth in the series, is based on information collected in the annual Farm Business Survey (FBS) which is undertaken by Policy and Economics Division within the Department of Agriculture and Rural Development. The report includes much of the detailed information collected in the FBS and also provides an analytical commentary on the figures.

Most of the data in this report refer to the 2004/05 account year, which has an average year end of mid-February 2005, for the 330 farms in the survey. The farmers who participate in the survey do so voluntarily and their accounting information is provided on a confidential basis. Their co-operation in this survey is greatly appreciated, both for the information it provides on income levels and for the contribution it makes to knowledge of the economics of production.

In 2004 a number of changes were made to the ways in which some of the data is analysed. The first of these changes was that the farm size data are now based on Standard Labour Requirements whereas previously they were based on total Standard Gross Margin. In consequence this has necessitated a change in the size threshold for farm businesses to be included in the annual determination of farm incomes. For the 2004/05 accounting period a threshold of 0.5 standard labour requirements is being used throughout the UK. Secondly, bearing in mind the introduction of the Single Farm Payment (SFP) in 2005, the income data are presented including and excluding direct subsidy receipts.

There are a number of key personnel in the Division whose contributions are important to the smooth operation of the data collection and analysis. These include Paul Caskie and Mark McLean who have day to day responsibility for managing the survey, and the Farm Accounts Officers who provide guidance to the farmers in the FBS on the keeping of accounts and ensure that the information collected is comprehensive and accurate. Acknowledgement is also made of Christopher Breen who assisted in the preparation of the report and the vital contributions of the administrative staff, especially, Blinnia Cunningham and Frankie Quinn, involved in the preparation and analysis of the accounting information.

It is hoped that those working in, or otherwise involved with, the agri-food sector will find the information contained in this publication useful. Suggestions for changes in content or format are welcome and should be forwarded to the Policy and Economics Division in Dundonald House.

NORMAN FULTON

Director of Policy and Economics
March 2006

EXECUTIVE SUMMARY

1. The average Net Farm Income across all farm businesses above 0.5 Standard Labour Requirements (SLRs) increased from £8,313 to £9,413 per farm between 2003/04 and 2004/05. This resulted from an increase of 1.6% in the average value of farm output and an average increase in expenditure on inputs of 0.1%.
2. Only 5 of the main farming enterprises recorded higher gross margins per head and per hectare in 2004/05 than in 2003/04.
3. Between 2003/04 and 2004/05 increases in Net Farm Income were recorded on 3 of the 6 main types of farm covered in the Farm Business Survey (FBS). On Dairy farms and Cattle and Sheep (LFA) farms, the two main farm types, the increases in income were £1,583 and £1,096 respectively.
4. A Net Farm Income above £10,000 was achieved by 39% of the farm businesses in the FBS in 2004/05; 29% of the farms incurred a loss.
5. Cash Income per farm, which is the difference between cash receipts and expenditure, increased from an average of £22,663 in 2003/04 to £25,957 in 2004/05. This income measure provides the average amount of cash available per farm to cover living expenses and investment expenditure.
6. Direct payments, such as cattle and sheep premia, increased by £1,232 per farm between 2003/04 and 2004/05 and averaged £19,766 per farm and £253 per hectare in 2004/05. (Section 2.4). They represented twice the value of Net Farm Income and 76% of Cash Income generated across all types of farm in Northern Ireland.
7. Only one of the six main types of farm business generated a Net Farm Income in 2004/05 when direct subsidy receipts were not included in the value of farm output. This outcome reflects the situation in the SFP era if farming activities are unchanged on farm businesses throughout Northern Ireland. (Section 2.5)
8. During the past 10 years the Net Farm Income on Dairy farms has been £11,723 per farm higher in real terms, on average, than that for Cattle and Sheep (LFA) farms. Dairy and LFA Cattle and Sheep types of farm account for 73% of the farms classified as full-time businesses. (Section 2.6)
9. Off-farm income of the farmer and spouse averaged £5,635 per farm in 2004/05. However, on 40% of farm businesses no off-farm income was received by the farmer and spouse. This income source includes other employment off the farm and social payments. (Section 2.7).
10. In 2004/05, the spouse of the farmer on 23% of the farms had off-farm employment, on a further 5% of farms the farmer had off-farm employment and on another 5% of farms both the farmer and spouse had off-farm employment. This was an overall 1% decrease compared with the situation in 2003/04.
11. The average level of net investment per farm decreased from £8,658 in 2003/04 to £5,219 in 2004/05. Investment in 2004/05 was much lower than that recorded in the mid-1990s when inflation is taken into account. (Section 2.8).

12. External liabilities (mainly bank borrowings) averaged £24,900 per farm and equated to 5.7% of the total value of farm assets. On 17% of farms, external liabilities represented more than 15% of the value of farm assets. (Section 3.1).
13. There were no bank borrowings recorded by 53% of farms in 2004/05 and 91% had borrowings of less than £50,000 per farm. (Section 3.3).
14. At farm enterprise level:

Dairy Cows

- (i) The average gross margin per dairy cow increased by £35, from £660 in 2003/04 to £695 in 2004/05. A higher average milk yield (up 54 litres) and the addition of the dairy premium (£42) accounted for the increase.
- (ii) The difference in herd gross margin between those in the top 25% and bottom 25% performance groups amounted to £24,375 for a herd of average size in the Farm Business Survey. (Section 4.1).

Suckler Cows

- (i) The average gross margins per cow for suckler cows in both the Lowland and LFA regions decreased by between £11 and £188 in 2004/05. The decreases across all of the herds were mainly due to lower values of calf output and lower premia receipts.
- (ii) DA suckler cow herds had the highest average gross margin per cow, at £309, while SDA herds averaged £303 and Lowland herds £241 in 2004/05. (Section 4.2).

Sheep

- (i) Between 2003/04 and 2004/05 there was little change in the average gross margins per breeding ewe for all three flock types. The gross margin for SDA flocks increased by £6 per ewe whereas the increase for DA flocks was £3. Lowland flocks recorded a reduction in gross margin of £2 per ewe.
- (ii) The highest average gross margin per ewe of £59 was achieved by the DA flocks and this was £11 higher than for ewes in lowland flocks and £25 higher than for SDA flocks.

Pigs

On pig units which reared and finished pigs, the average gross margin per pig decreased marginally, from £16.59 in 2003/04 to £15.42 in 2004/05. The average finished price for pigs increased by £3.51 between years, this was more than negated by a rise of £5.13 in feed costs.

Cereals

- (i) The average gross margins per hectare for winter barley and winter wheat crops were higher in 2004/05 than in 2003/04. The average gross margin for spring barley fell by £85 to £530 per hectare. This was mainly due to a lower price per tonne of grain sold. Winter barley crops recorded the largest increase of £70 per hectare compared with an increase of £63 for winter wheat. The improved gross margins for the winter barley and wheat crops were due mainly to higher grain yields, as lower prices per tonne of grain were recorded for both crops in 2004/05.
- (ii) The winter wheat crop had the highest average gross margin of the three main cereal crops, at £732 per hectare, followed by winter barley at £723 and spring barley at £530. (Section 4.7).

Potatoes

In 2004/05 the average gross margin for ware potatoes decreased by £182 from £2,140 in 2003/04 to £1,958 per hectare. The yields per hectare were similar in both 2003/04 and 2004/05 at 31.7 and 33.0 tonnes. The price per tonne fell by £12 per tonne from £103 per tonne in 2003/04 to £91 per tonne in 2004/05. The 2004/05 crop had higher variable costs, up £48 per hectare on the 2003/04 figure. This was mainly due to large increases in seed, fertiliser and spray costs, although this was partly negated by much lower contract/casual wages and sundry costs.

Fixed Costs

15. The average levels of fixed costs (excluding labour) per hectare across all farm types were slightly higher in 2004/05 than in 2003/04, at £308 and £302 respectively. (Section 5.0).
16. Labour charges increased by only £2 per hectare on average between 2003/04 and 2004/05 and ranged from £253 per hectare on Cattle and Sheep (LFA) farms to £557 per hectare on Dairy farms. Family labour charges ranged from 81% of total labour input on General Cropping farms to 98% on Cattle and Sheep (LFA) farms. (Section 5.0).

1. THE FARM BUSINESS SURVEY

1.1 Introduction

The data on farm incomes presented in this report are based on accounting information collected in the Farm Business Survey (FBS), which is conducted annually by the Policy and Economics Division of the Department of Agriculture and Rural Development. Similar surveys are carried out in the other countries of the UK and these, along with the Northern Ireland FBS, constitute the UK's contribution to the Farm Accounts Data Network (FADN) of the European Union, which was established under EC Regulation 79/65. The Northern Ireland accounting data, along with those for the other regions of the UK, are forwarded to the EU Commission in Brussels. There, the information, together with that from the other EU Member States, is used in the formulation and appraisal of agricultural policy as well as in monitoring the income levels in each Member State. The results for all Member States are available on the Website <http://forum.europa.eu.int/>.

Extensive use of the Northern Ireland data is also made at regional and UK levels to monitor and assess the impact of policy changes and for advisory, teaching and research purposes. Results for the UK are published on the Internet by the Department of Environment, Food and Rural Affairs (DEFRA) in "Farm Incomes in the UK" which provides summary results for farm businesses in England and Wales, Scotland and Northern Ireland. "Farm Incomes in Northern Ireland" provides more detailed results for Northern Ireland, and more extensive analyses and interpretation of the information, than is possible in the UK publication.

1.2 Farm Business Survey Sample

The sample of farms in the FBS is representative, in terms of types and sizes, of almost all of the population of farm businesses above 0.5 Standard Labour Requirements (SLRs) (see Appendix 4 for definition) in Northern Ireland. The coverage does not extend to Horticultural holdings because it has proved difficult to obtain a robust sample.

The size threshold of 0.5 SLRs for farms in the survey corresponds with that in the other 3 countries of the UK. However, in recognition of the fact that Northern Ireland has 14,000 Cattle and Sheep farms which have an employment requirement of less than 0.5 SLRs, a sub-sample of farms of this type is included in the farms surveyed.

In Northern Ireland, farm accounts information was received from 330 farm businesses for the 2004/05 accounting year. All of these farms participate on a voluntary basis with 55% having provided information for at least 10 years. A smaller sample of 270 farm businesses over 0.5 SLRs in size provided information for both the 2003/04 and 2004/05 account years and this constitutes the 'identical sample' of farms. The end of the account year for 82% of the farms falls between 31 December and 30 April. Thus, the 2004/05 account year information presented in this report refers to the 2004 crop and grassland production years.

Each year, a small proportion of farms in the survey is replaced. This occurs for a number of reasons such as retirement or simply a decision by the farmers concerned not to continue to record farming activities in the detail required for the FBS. When farms cease to participate, their replacements are selected on a random basis so that the sample is representative of the total farm population. To ensure that changes in the sample do not affect comparisons between years, an identical sample of farms in both years is used.

With crops utilising only 5%, and forestry 1%, of the land on agricultural holdings in Northern Ireland, the main land using farm enterprises are grass based. The main enterprises are, therefore, dairying, beef cattle and sheep. This is reflected in the FBS sample of farms, details of which are given in Table 1. On average, a target sampling rate of farms of 2.75% has been used across all farm types since 1992/93.

Table 1 Numbers of farms in Northern Ireland and in the Farm Business Survey by type of farming, 2004/05

Type of Farm Business	Number of Farm Businesses	
	Northern Ireland	FBS Sample
Cereals	132	5
General Cropping	203	5
Horticulture	230	-
Pigs and Poultry	398	-
Dairy	3,975	117
Cattle and Sheep (LFA)	4,678	117
Cattle and Sheep (Lowland)	1,432	16
Mixed	694	10
Others	271	-
All Types	12,013*	270**

* Number of farm businesses above 0.5 SLRs in size at June 2004 Census; there are 15,601 farms in Northern Ireland under 0.5 SLRs.

** Refers to the number of farms above 0.5 SLRs in size, which provided information in both the 2003/04 and 2004/05 account years, and which were used in the analyses. A further 31 cattle and sheep farms of less than 0.5 SLRs in size provided information in both years.

2. FARMING INCOMES

2.1 Measures of Income

As indicated in Figure 1, it is possible to define farm income in a number of ways. Net Farm Income is the most frequently used measure in the UK because it enables farms of different types of tenure to be compared. This is achieved by charging a notional rental value for owner-occupied land so that all farms are treated as if they are tenanted. Also, no account is taken of interest payments or depreciation charges made against “landlord type” assets, but deductions are made for depreciation of “tenant type” assets and the imputed value of family labour. The result is that Net Farm Income represents the return to the farmer and spouse for their manual and managerial labour and on the "tenant type" assets of the farm, such as livestock, crops and machinery.

The measure “Occupier’s Net Income” is more relevant than Net Farm Income for farm businesses in Northern Ireland, where very few farms are tenanted. This measure of income takes account of the actual form of tenure, with deductions made for all interest payments and other costs associated with owner-occupied land. Accordingly, it represents the return to the farmer and spouse for their manual and managerial labour and on their total investment in the business.

Another measure of income which is becoming more widely used is “Cash Income” which is simply cash receipts less expenditure. This measure excludes notional items such as depreciation and the effects of livestock and crop valuation changes. It is a measure of the return to all those with an entrepreneurial stake in the business. The cash flow from the farm business may then be derived by deducting net investment expenditure.

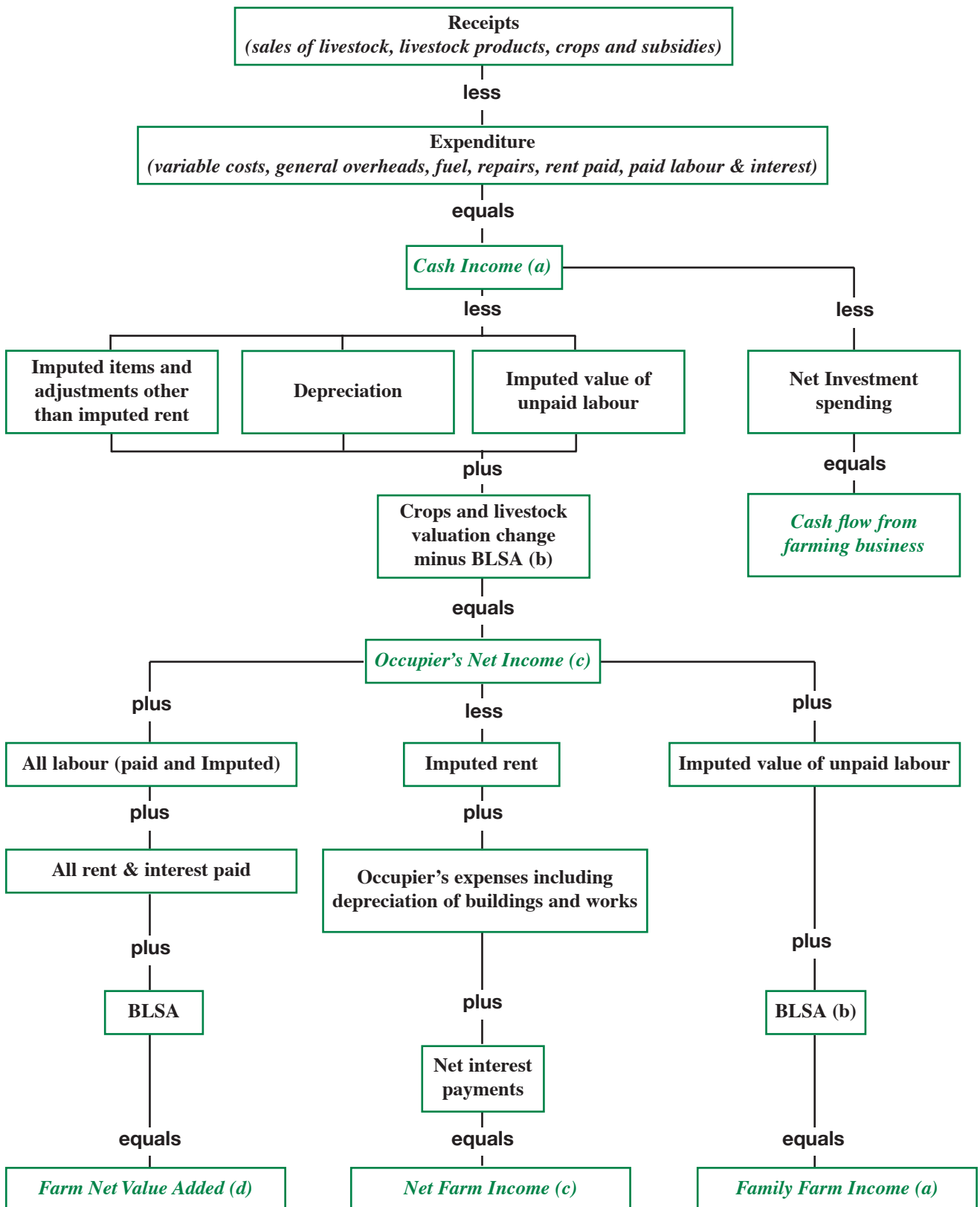
Farm Net Value Added (FNVA) and Family Farm Income (FFI) are the two measures used in EU farm incomes publications. FNVA is the sum which is available to reward all of the factors of production, that is, all the labour, land, and capital used on the farm, irrespective of who owns them. Thus, no charge is made against these factors in the determination of FNVA.

Family Farm Income (FFI) is the residual remaining to the farmer and the other unpaid labour of the household after the deduction of interest payments, rent payments and the cost of remunerating paid hired labour. It represents the reward to the farmer and his/her family for the use of their own land, own capital and personal labour in agricultural activity on the farm. This measure is very similar to Occupier’s Net Income, the main difference is that a charge for unpaid labour is deducted when determining Occupier’s Net Income.

These various measures of income make it possible to provide a more comprehensive assessment of the changes which take place between years on farms than would the use of one measure on its own. The relationships between each of the measures is shown in Figure 1.

Having different measures of income, the infrequent user of income data may be in a quandary as to which income measure to use. However, as with many statistics, the various income measures have specific roles. Quite often the wrong income measure is used. If the topic is about comparing the incomes generated from different types of farm tenure, then Net Farm Income would be the appropriate measure. In situations where trends in income are being discussed then any of the income measures could be used. When the profitability of owner occupier farming is being described then in most circumstances both Occupier’s Income and Family Farm Income are appropriate measures. Occupier’s Income is a better measure of profitability for the main occupier and spouse whereas Family Farm Income is the more appropriate measure of the return to all those with an entrepreneurial stake in the business.

Figure 1



- (a) Of farmers, partners, directors and their spouses
- (b) Breeding Livestock Stock Appreciation
- (c) Of principal farmer and spouse only
- (d) Of all labour, including farmer and spouse

Cash Income is calculated as the difference between cash receipts and cash expenditures and provides a measure of the cash available to farming families to meet weekly/month/annual living expenses. However Cash Income does not include depreciation, a notional cost of past investment.

There are many measures of farm income available to enable users to have at their disposal a range of measures which can be used to assist with descriptions of a number of specific farming situations. Their misuse can, of course, result in misleading conclusions. This is very evident when the range in the absolute levels of income from the different measures is considered.

2.2 Income Levels in 2003/04 and 2004/05

Between 2003/04 and 2004/05 the average level of Net Farm Income increased by £1,100 per farm. This was a continuation of a trend which saw an increase in annual farm incomes between 2002/03 and 2003/04. An improvement in Net Farm Income was recorded on 3 of the 6 main types of farm business, between 2003/04 and 2004/05. The two main farm types Dairy and Cattle and Sheep (LFA) farms were profitable in both years and had average increases in income of £1,583 and £1,096 respectively. For the third largest type of farm business, Cattle and Sheep (lowland), their income increased by £2,526 and moved from a loss of £270 in 2003/04 into a profit situation. While Cereal farms recorded a profit of £5,333 in 2003/04, they made a loss of £2,675 in 2004/05. Dairy farms, one of the 4 farm types which generated a profit in both years, recorded the highest average net farm income of £17,075 per farm.

Average farm income (all types, above 0.5 SLRs)

	2003/04	2004/05
	£	£
Net Farm Income	8,313	9,413
Occupier's Income	7,940	8,929
Cash Income	22,663	25,957

The average net farm income across all farm types increased from £8,313 in 2003/04 to £9,413 in 2004/05; a 13% increase. This resulted from an increase in the average value of output per farm of 1.6% and an average increase in expenditure on inputs of 0.1%.

On Dairy farms the average level of Net Farm Income was £17,075 per farm; some £1,583 higher than in 2003/04. This outcome was the result of a 3.3% increase in the value of output per farm and a 2.0% increase in expenditure on inputs. A higher value for milk output (+£5,261) was the main reason for the higher value of farm output. Increases in expenditure on all inputs were recorded with the largest occurring for machinery running costs, averaging an increase of £858 per farm.

Cattle and Sheep farms (LFA) generated a net farm income of £6,231 per farm in 2004/05, which was 21.3% higher than the 2003/04 income of £5,135 per farm. This improvement was the net result of a 2.1% increase in the value of farm output and a 0.1% decrease in expenditure on inputs. The main reason for the increase in output was a higher value of cattle output, which increased by £1,354 per farm. The main decreases in expenditure on inputs were recorded for purchased concentrates (-£324), and land and building costs (-£210).

Lowland Cattle and Sheep farms, in contrast to LFA Cattle and Sheep farms, recorded a more significant increase in net farm income between 2003/04 and 2004/05. The increase of £2,526 per farm, from a loss of £270 to a net farm income of £2,256 was the outcome of an increase in the value of farm output of 0.8% and a reduction of 3.6% in total farm inputs. Livestock output for cattle – rearing and fattening and sheep and wool sales increased by £1,944 and £217 respectively. The largest decrease in inputs expenditure were for purchased feed (-£1,519) and depreciation of machinery (-£635).

On the other 3 types of farm which account for 11% of full-time farms, changes in the total value of farm output ranged from -2.4% (Mixed) to -6.6% (General cropping). For the General Cropping farms the value of potato output decreased by 14.0% and was the main reason for the reduced income in 2004/05. Cereals farms recorded a 5.2% lower value of output, mainly because of lower grain prices in 2004/05. The total cost of inputs decreased on General Cropping (-3.6%) and Mixed (-5.1%) farms whereas an increase resulted on Cereal farms (+7.0%).

Comprehensive data on the values of livestock output, crop output, inputs and incomes for each of the 6 farm types are given in Appendix 1. Information is also provided for 4 farm size groupings for Dairy and Cattle and Sheep (LFA) farms and for 2 size groupings for lowland Cattle and Sheep farms. These data include information on the physical and financial characteristics of the average farm within each farm type and size in the FBS sample and for the “all sizes” Northern Ireland weighted averages for each farm type. They show, amongst other things, that the levels of changes in the various components of output and input recorded between 2003/04 and 2004/05 may differ for each farm size grouping within farm types. For instance, in the case of dairy farms, the total value of farm output decreased by 4.5% in the 0.5 < 1 SLR size group compared with a 5.0% increase in the 2 < 3 SLR size group and expenditure on inputs decreased by 1.6% in the 0.5 < 1 SLR size group compared with a 3.5% increase in the 2 < 3 SLR size group.

The average levels of income per farm included in this report for each of the 6 farm types in 2003/04 (ie the 2003/04 – 2004/05 identical sample) are different to those in the previous year’s report (ie the 2002/03 – 2003/04 identical sample). This occurs when an identical sample basis for reporting farm incomes is used, because the sample of farms for 2003/04 in the 2003/04– 2004/05 identical samples will not be exactly the same as those for the same year in the 2002/03 – 2003/04 sample. However, for the 'all types' averages, the Net Farm Income, Occupier's Income and Cash Income should not be significantly different.

Table 2 Incomes by type of farm in 2002/03 and 2003/04, £ per farm, above 0.5 SLRs

		Net Farm Income	Occupier's Net Income	Cash Income
Cereals	03/04	5,333	11,143	32,378
	04/05	-2,675	2,832	15,745
General Cropping	03/04	11,234	1,651	41,007
	04/05	4,803	-7,591	30,011
Dairy	03/04	15,492	13,746	34,203
	04/05	17,075	14,994	38,020
Cattle and Sheep LFA	03/04	5,135	5,263	15,279
	04/05	6,231	6,500	18,234
Cattle and Sheep Lowland	03/04	-270	2,167	12,518
	04/05	2,256	4,719	19,609
Mixed	03/04	5,467	5,564	19,497
	04/05	4,723	4,849	22,058
All Types	03/04	8,313	7,940	22,663
	04/05	9,413	8,929	25,957

Occupier's Net Income showed similar changes to Net Farm Income between 2003/04 and 2004/05 for each of the farm types. However, on average, Occupier's Net Income was £484 lower than Net Farm Income in 2004/05. This occurred because the level of imputed rent, which is deducted in the calculation of Net Farm Income, is less than the sum of interest payments, depreciation charges for buildings and works and other ownership expenses which replace it in the calculation of Occupier's Net Income. For Cereals, and both Cattle and Sheep farms in 2003/04 and 2004/05, Occupier's Net Income was higher than Net Farm Income. This outcome resulted from the relatively lower interest payments and levels of capital expenditure on buildings for these farm types in comparison with the 3 other farm types.

On many farm businesses, decisions about future levels of investment in landlord or tenant type assets are based on the level of Cash Income generated during the year and on the level of the farm's other cash reserves. For this reason alone, it is important to know the level of Cash Income as well as Net Farm Income or Occupier's Net Income. Cash Income may be regarded as the net amount of cash which is generated (receipts less expenditure) by the business and is available to cover living expenses, income tax payments and net investment expenditure (£5,219 in 2004/05). Any surplus which remains is credited to the farm bank account. In 2004/05 the average level of Cash Income per farm generated across all types of farm in Northern Ireland was £25,957 which was £3,294 higher than in 2003/04. Increases in Cash Income occurred in 2004/05 on 4 of the 6 farm types and these increases ranged from £2,561 per farm on Mixed farms to £7,091 on Lowland Cattle and Sheep farms. On Cereal and General Cropping farms Cash Income decreased by £16,633 and £10,996 respectively when compared with levels recorded in 2003/04. The lowest level of Cash Income at £15,745 per farm was recorded by Cereal farms.

The identical sample results refer to all farms above 0.5 SLRs, whereas between the 1998/99 and 2002/03 account years the FBS data related to farm businesses above 8 ESUs in size. This change in threshold and the way in which farm size is determined is considered to be both a more accurate and meaningful measure of farm business sizes. Overall, the FBS is representative of 12,013 farm businesses of which 6,852 are considered to be of sufficient size to employ at least one person on a full-time basis.

In Northern Ireland, Occupier's Net Income is a better absolute measure of profitability than Net Farm Income because almost all of the land farmed is either owned or farmed on short term lettings (ie conacre). Even though many farm businesses generate very low or negative Occupier's Net Incomes they are able to survive because the Cash Income exceeds the Occupier's Income by a significant amount each year. A reconciliation between the average Occupier's Net Income and Cash Income across all farm types is given below for the 2003/04 and 2004/05 account years.

	2003/04	2004/05
	£	£
OCCUPIER'S NET INCOME	7,940	8,929
plus imputed family labour cost	6,393	6,526
plus depreciation of fixed assets	10,375	10,528
minus valuation change	1,892	-890
minus change in debtors	154	916
CASH INCOME	22,662	25,957

As shown in Table 3, the variations between years in Cash Income are generally significantly less than those for Net Farm Income and Occupier's Net Income. For instance, the data show that between 1995/96 and 2004/05 the average Net Farm Income across all types of farm declined by **52%** in real terms whereas cash income fell by 7%. But more interestingly, whereas the net farm income fell to a low of 27% of its 1995/96 value over the period, in comparison cash income had a low of 67% of the 1995/96 value. **Thus, farmers do not have to cope with the sometimes considerable differences in income between years indicated by the Net Farm Income and Occupier's Income measures.** Exceptions to this general situation are on farms which grow large areas of potatoes or have large pig herds.

Table 3 Income Indices per farm¹, 2000/01 to 2004/05

	2000/01	2001/02	2002/03	2003/04	2004/05
Net Farm Income	36	51	27	50	48
Occupier's Income	31	48	23	47	45
Cash Income	69	73	67	81	93

¹ Expressed as an index in current money terms, 1995/96 = 100.

The distributions of farms by income level presented in Table 4 provide a more comprehensive picture of income levels generated in 2004/05. When compared with those in 2003/04, they show that the increase in average Net Farm Income across all types of farm between 2003/04 and 2004/05 resulted in 3% fewer farms, at 29%, which incurred a negative NFI. This is a still a relatively high percentage as it is above any of the 5 years prior to 2001/02; the next highest percentage was 26% in 2001/02. Likewise, the proportion of farms that had a negative Occupier's Net Income in 2004/05 was relatively high at 27%, and higher than that in the period 1997/98 to 2001/02. The proportion of farms with negative cash incomes recorded in 2004/05 was three percentage points lower than in 2003/04 at 3%. It goes without saying that those farms which have a negative Cash Income, unless an additional source of income is available, are clearly in a difficult financial situation.

The 2004/05 income distributions, when compared with those for 2003/04, show that the percentage of farms with a net farm income above £10,000 decreased by 2 percentage points. The change between years in the percentage of farms with a Cash Income over £10,000 was most apparent with a 7% increase between years. The distribution change for Cash Income reflects the increase in the overall average Cash Income of £3,295 per farm in 2004/05.

Table 4 Distribution of farms by level of income, 2003/04 and 2004/05

Income £ per farm	Net Farm Income		Occupier's Net Income (% of farms)		Cash Income	
	03/04	04/05	03/04	04/05	03/04	04/05
<0	32	29	33	27	6	3
0 - 4,999	15	15	15	17	12	7
5 - 9,999	12	17	12	16	12	13
10 - 19,999	20	17	19	20	24	32
20 - 29,999	8	11	11	10	17	14
30,000 and over	13	11	10	10	29	31

2.3 Spare-time Farms (< 0.5 SLRs)

The average levels of incomes generated by the Cattle and Sheep farms classified as spare-time, ie less than 0.5 SLRs, are presented in Table 5. This group of 15,601 spare-time farms makes a significant contribution to the value of agricultural output in Northern Ireland. As such, it is important to know the level of income they generate. Most of these farms are managed alongside off-farm employment and their farm income is a small part of overall farm household income. Some 88% of this size group of farms consists of Cattle and Sheep farms. The average incomes of those in the range 0.25 to 0.50 SLRs given in Table 5 show that both the LFA and Lowland farms had negative Net Farm Incomes in 2003/04 and 2004/05.

Table 5 Incomes for ‘spare-time*’ Cattle and Sheep farms in the LFA and Lowland in 2003/04 and 2004/05, £ per farm

		Net Farm Income	Occupier’s Net Income	Cash Income
Cattle and Sheep (LFA)	2003/04	-2,828	-1,658	3,132
	2004/05	-2,779	-1,613	3,342
Cattle and Sheep (Lowland)	2003/04	-918	-404	6,413
	2004/05	-446	197	6,575

* Under 0.5 SLRs

Probably the most important income measure in Table 5, for the vast majority of farmers, is Cash Income, as most, if not all, of these farms are run on a spare-time basis. If negative Cash Incomes were being incurred, on average, by these very small farms, this would show that there was no financial rationale for their existence. This was not the case on the Lowland and LFA farms in both 2003/04 and 2004/05.

2.4 Direct Payments

One of the outcomes of the CAP reform measures agreed in May 1992 (transition to full implementation occurred in the 1996/97 account year), is that a higher proportion of farm receipts are now in the form of direct payments to farmers than prior to these reform measures. As a result of the reforms, some of the rates of direct subsidies existing at that time were enhanced and new subsidies were introduced, such as those for arable crops and the cattle extensification premium.

The increase in direct payments, for some types of farm, was intended to compensate for reduced levels of market support following the May 1992 reforms. However, it should be recognised that the levels of direct payments do not necessarily indicate relative levels of support. For instance, milk prices are supported in the market through minimum import prices, intervention purchases and subsidised exports although this is now being replaced to some extent by direct payments. The level of support to Dairy farms (which is, in fact, as high as that for the other farm types) appears, therefore, to be low if direct payments only are taken into account.

From 1 January 2005 the system of direct payments has been replaced by a decoupled Single Farm Payment (SFP) as an outcome of the mid-term review of the Agenda 2000 accord. Farmers in Northern Ireland will receive a SFP which takes into account their historic receipts of direct payments and an area payment.

On average, direct subsidy receipts per farm, inclusive of BSE related payments, increased from £18,534 in 2003/04 to £19,766 in 2004/05, on an 'as due' basis of accounting. An increase was experienced by 2 of the 6 main types of farm business. General Cropping farms received the highest level of direct subsidy receipts, averaging £35,904 per farm in 2004/05, whereas Dairy farms recorded the lowest average of the 6 main types of farming, at £11,781 per farm. The main reason for the higher subsidy receipts in 2004/05, when averaged across all of the farm types, was the introduction of dairy premium.

Table 6 'As due' Direct payments* by type of farm in 2003/04 and 2004/05

	2003/04		2004/05	
Cereals	22,888	(-)	19,644	(-)
General Cropping	37,102	(2,371)	35,904	(1,113)
Dairy	9,183	(4,713)	11,781	(4,363)
Cattle and Sheep (LFA)	23,532	(1,344)	24,485	(1,314)
Cattle and Sheep (Lowland)	24,877	(1,395)	24,586	(1,165)
Mixed	19,574	(322)	19,439	(270)
All Types	18,534	(2,503)	19,766	(2,308)

* Data in brackets refer to BSE related payments

The data presented in Tables 6 and 7 show how important direct payments are to farmers in Northern Ireland. In 2004/05 direct payments ranged from 11% of the value of total farm output on Dairy farms to 48% on Cattle and Sheep farms (LFA). When expressed on a per hectare basis, they ranged from £193 on Dairy farms to £256 on Cattle and Sheep (Lowland) farms. Moreover, for all types of farm, apart from Dairy, these payments were greater than the average Net Farm Income and Occupier's Net Income generated per farm in 2004/05. On average, direct payments represented double the value of Net Farm Income and 76% of Cash Income generated across all types of farm in Northern Ireland.

Table 7 'As due' Direct payments by type of farm, 2004/05

	% TFO ¹	£ per ha	% NFI ²	% ONI ³	% CI ⁴
Cereals	30	219	-	694	125
General Cropping	25	278	748	-	120
Dairy	11	193	69	9	31
Cattle and Sheep (LFA)	48	258	393	377	134
Cattle and Sheep (Lowland)	43	256	1,090	521	125
Mixed	28	295	412	401	88
All Types	27	253	210	221	76
All Types	24	223	185	196	67
(exclusive of BSE payments)					

¹ Total Farm Output

² Net Farm Income

³ Occupier's Net Income

⁴ Cash Income

⁵ Income negative

⁶ Negative income

2.5 Net Farm Incomes excluding direct subsidy payments

The Net Farm Incomes are presented in Table 7(a) including and excluding direct subsidy receipts. By excluding the direct subsidy receipts, this provides an indication of the levels of incomes generated from farming activities in a Single Farm Payment era. If farming practices do not change then the data indicate that only Dairy farms would generate a net farm income; the other 5 main types would incur losses.

Table 7(a) Net Farm Incomes including and excluding direct payments in 2004/05, £ per farm

	NFI	Direct Payments*	NFI minus Direct Payments
Cereals	-2,675	19,644	-22,319
General Cropping	4,803	34,791	-29,988
Dairy	17,075	7,418	9,567
Cattle and Sheep (LFA)	6,231	23,171	-16,940
Cattle and Sheep (Lowland)	2,256	23,421	-21,165
Mixed	4,723	19,169	-14,446
All Types	9,413	17,458	-8,045

* Excluding BSE related receipts

2.6 Trends in Farm Incomes in Northern Ireland over the past 10 years

A time series of income in real terms, covering the 10 year period since 1995/96 is presented in Table 8 for the two main farm types, Dairy and Cattle and Sheep (LFA). These two farm types account for 72% of the farm businesses over 0.5 SLRs in Northern Ireland. These indices of income show that, in the three most recent years, the average income for Dairy farms, in real terms, was 64% of that in the first three years, 1995/96 to 1997/98, of the 10 year period, whereas for the Cattle and Sheep farms (LFA) the three most recent years resulted in an average Net Farm Income which was 68% of that in the first three years of the 10 year period.

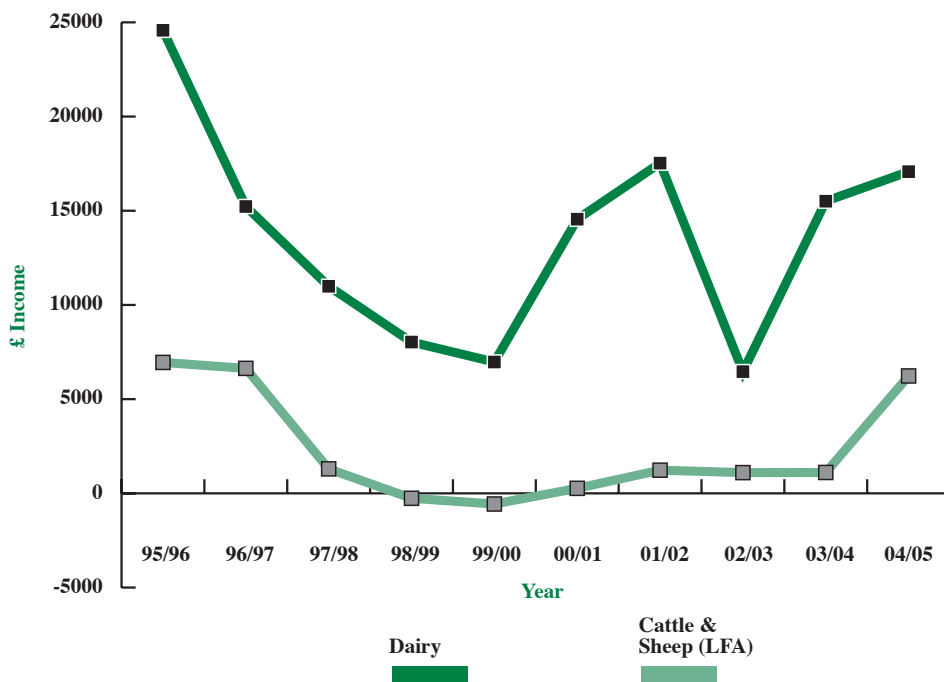
Table 8 Indices of net farm income, in real terms¹, for Dairy and Cattle and Sheep farms (LFA), 1995/96 to 2004/05

	Dairy	Cattle and Sheep (LFA)
1995/96	100	100
1996/97	60	93
1997/98	42	37
1998/99	30	4
1999/00	26	-21
2000/01	52	9
2001/02	62	50
2002/03	22	56
2003/04	52	58
2004/05	56	43

¹ Expressed as an index in real terms, 1995/96 = 100

The levels of income, in real terms, for the Dairy and Cattle and Sheep (LFA) farm types over the past 10 years, are shown graphically in figure 2. This indicates that the patterns of change in the average incomes for both farm types are quite similar and that the annual Net Farm Income for Dairy farms has been some £11,293 per farm higher, on average, over the period. On average, the Dairy farms annual Net Farm Income has tended to fluctuate around a mean value of £13,692 per farm compared with £2,399 for the Cattle and Sheep (LFA) farms. When the total asset values of both farm types are taken into consideration, they indicate that the average Dairy farm of 61 hectares in Northern Ireland is valued at 53% more than the average Cattle and Sheep (LFA) farm of 95 hectares and has generated over four times as much Net Farm Income over the past 10 years.

Figure 2 Net Farm Incomes for Dairy and Cattle and Sheep (LFA) farms, 1995/96 to 2004/05



2.7 Other Sources of Income

In the FBS, farmers are asked to indicate into which of 8 ranges of income the joint income of the farmer and spouse falls for each of six off-farm sources of income. Off-farm income includes both earned and unearned sources, such as other employment and social payments. In total, these receipts averaged £5,635 per farm in 2004/05, of which £3,901 was earned income and £1,734 unearned income. However, it should be noted that on 40% of the farm businesses no off-farm income was received. Off-farm income per farm ranged from under £1,000 per year to in excess of £20,000 and included, in some situations, child benefit payments only. In other cases, the earned income of the spouse was the main off-farm income source. The average amount of off-farm income was highest, at £7,402 per farm, for Mixed farms, mainly because a higher proportion of spouses were in full-time employment than in the other farm types.

Table 9 Off-farm income, 2004/05, £ per farm

	Off-farm Total Income	Employment & Self-employment	Investments, Pensions, Social Payments
Dairy	4,768	2,492	2,277
Cattle and Sheep (LFA)	6,624	5,012	1,612
Mixed	7,402	6,283	1,119
All Types	5,635	3,901	1,734

The two most common off-farm income sources were other employment and social payments, as shown in Table 10. In 2004/05, the spouse of the farmer on 62 of the 270 farms had off-farm employment, on a further 14 farms only the farmer had off-farm employment and on another 13 farms both the farmer and spouse had off-farm employment. This equates to 33% of farms having an off-farm employment source of income. In 2003/04 the comparable proportion was 34%. While the proportion of farms receiving social payments may appear surprisingly high, at 22%, it in many instances relates to child benefit payments and not an income support payment such as family credit.

Table 10 Off-farm income by type and level of Income, 2004/05

	£				
	Zero	0-999	1,000-4,999	5,000-19,999	20,000+
	(% of farms)				
Employment	70	–	4	22	4
Self-employment	94	–	4	1	1
Investments	93	5	2	–	–
Pensions	80	–	11	9	–
Social payments	78	9	11	2	–
All sources	40	3	3	33	21

2.8 Investment Levels on Farms

Following a downward trend in the early 1990s, there was a recovery in the real level of investment on FBS farms, by 1996/97. Then in 1997/98 the real level of investment fell below its 1995/96 level and remained at a low level since. In 2001/02, the level of investment on farms was 48% higher in real terms than in 2000/01 and resulted in an investment level compared to that of the mid-1990s. Since then, investment levels have reflected the low level of income on all types of farm in 2002/03 and the improvement in 2003/04. During 2004/05 the level of investment decreased to a ten year low, with net investment per farm, in real terms, being half that in 1995/96.

Table 11 Net investment index per farm, 1995/96 to 2004/05

	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04	04/05
Current price index	100	104	75	65	58	68	104	80	106	63
Real terms index ¹	100	101	71	60	52	60	89	67	87	50

¹ Deflated using the Retail Price Index, 1995/96 = 100

In 2004/05, the average net amount invested was £5,219 per farm, which was £3,439 less than in 2003/04. Within these totals, net investment in plant, machinery and vehicles, at £5,326 per farm, was £1,144 lower than in 2003/04; sales of land exceeded purchases of land and buildings by £3,139 per farm, compared with an increase in investment of £432 per farm in 2003/04; and net expenditure on other capital improvements, at £3,067, was £1,154 higher per farm than in 2003/04. The levels of net investment were higher only on General Cropping farms in 2004/05 when compared with levels in 2003/04, as shown in Table 12.

Table 12 Net investment by type of farm, 2003/04 and 2004/05

	2003/04	2004/05
	£ per farm	
Cereals	12,881	8,795
General Cropping	7,264	20,777
Dairy	9,268	5,491
Cattle & Sheep (LFA)	7,243	5,420
Cattle & Sheep (Lowland)	3,707	2,891
Mixed	24,310	1,827
All Types	8,658	5,219

As in 2003/04, the average levels of investment in 2004/05 were different on each of the farm types. These ranged from a low of £1,827 on Mixed farms to a net investment per farm of £20,777 on General Cropping farms. Differences in levels of investment by farm type occur for a number of reasons including dissimilarities in farm size, levels of Cash Income and need for replacement of assets. In general, the pattern of investment would tend to indicate that farmers do increase capital expenditure in, or immediately following, years when they have a substantial increase in cash income.

3. FINANCIAL POSITION OF FARM BUSINESSES

In the 1996/97 account year, the values of land and buildings were revalued on each of the FBS farms, in line with market prices for farms in each locality. The previous revaluation took place in the 1989/90 account year. This resulted in an average increase in values from £195,573 in the closing valuation of the 1995/96 account to £295,083 in the closing valuation in the 1996/97 account. If comparisons are being made with farm asset values reported for earlier years then this revaluation should be taken into consideration.

3.1 Net Worth of Farms

The information on the values of total assets, external liabilities and net worth presented in Table 13 shows that, on average, the net worth increased by £6,700 in current money terms between the end of the 2003/04 account year and end of the 2004/05 account year. This occurred as a net result of an increase in the value of assets per farm of £4,200 and a decrease in external liabilities of £2,500 per farm. These changes resulted in an increase in the 'all types' average net worth when expressed as a percentage of total assets from 93.7% to 94.3%. The table also shows that average net worth expressed as a percentage of total assets for each of the farm types is within the range 79.5% to 98.1% and that farms in Northern Ireland, on average, have external liabilities (ie mainly bank borrowings) which represent just 5.7% of farm assets. In 2004/05, General Cropping farms had the highest average amount of external liabilities at £130,200 per farm whereas Cattle and Sheep farms (Lowland) had the lowest average at £8,800 per farm. These equate to external liabilities of £1,007 and £127 per hectare respectively.

The samples of farm businesses within the FBS are most robust for the Dairy and Cattle/Sheep types. These types of business have external liabilities of £42,000 per farm (Dairy) and £12,800 per farm (Cattle/Sheep LFA) and net worths of £491,100 and £335,600 respectively. Their external liabilities per hectare average £687 (Dairy) and £135 (Cattle and Sheep LFA).

Table 13 Financial stability of farms in Northern Ireland 2003/04 and 2004/05

		Farm Area (ha)	Total Assets (£'000)	External Liabilities (£'000)	Net Worth (£'000)	Net Worth (as % of Total Assets)
Cereals	03/04	92.7	601.4	21.2	580.2	96.5
	04/05	89.8	600.2	24.2	576.0	96.0
General Cropping	03/04	130.2	638.0	123.7	514.4	80.6
	04/05	129.3	642.9	130.2	512.7	79.7
Dairy	03/04	61.2	520.9	44.9	476.1	91.4
	04/05	61.1	533.1	42.0	491.1	92.1
Cattle and Sheep (LFA)	03/04	96.9	347.3	16.1	331.2	95.4
	04/05	94.8	348.4	12.8	335.6	96.3
Cattle and Sheep (Lowland)	03/04	70.6	466.9	9.0	457.9	98.1
	04/05	69.1	463.9	8.8	455.1	98.1
Mixed	03/04	65.6	386.2	12.4	373.8	96.8
	04/05	65.9	381.3	10.0	371.3	97.4
All Types	03/04	79.3	435.5	27.4	408.1	93.7
	04/05	78.2	439.7	24.9	414.8	94.3

The distribution of farms, by their net worth expressed as a percentage of total farm assets, is presented in Table 14. When the 2003/04 and 2004/05 net worths are compared, this shows that the average level of indebtedness changed little between years, resulting in very little change in the distribution of farms by indebtedness. The only difference between years were that in 2004/05 the proportion of farm businesses with a net worth of between 75% and 85% was 2 percentage points lower than in 2003/04, the proportion of farm businesses with a net worth of between 85% and 95% was 3 percentage points lower and 3% more farms had no liabilities. Overall, the distribution indicates that 6% of farm business have liabilities which are more than 25% of the value of their assets and that over two-thirds of businesses (68%) have liabilities which are less than 5% of the value of the farm assets. This is a relatively financially stable status for the farm sector.

Table 14 Distribution of farms by net worth %, 2003/04 and 2004/05

	Net Worth %				
	Under 75	75-84.9	85-94.9	95-99.9	100
	% of farms				
2003/04	6	6	25	33	30
2004/05	6	4	22	35	33

When the total farm assets are expressed on an area basis, the average amount of capital required to farm one hectare of land was £5,622 in 2004/05. The amount differs for each type of farm, and is affected by factors such as the quality of land and types of enterprise farmed. For instance, on Cattle and Sheep (LFA) farms, the average amount per hectare is relatively low at £3,675, mainly because of the comparatively lower value of land, whereas, at the other extreme, Dairy farms high average of £8,725 arises because they have large intensive Dairy enterprises on smaller areas of land.

The value of land and buildings, on average, accounts for 82% of the capital required on farms in Northern Ireland. On farms with capital intensive enterprises, such as pigs and poultry, there is a higher proportion of capital tied up in assets other than land. These other assets, which are collectively referred to as operating capital, are breeding livestock (6% of total assets), machinery (5%), trading livestock (6%), debtors (1%) and crops and stocks (1%). In 2004/05 the average amount of operating capital (which excludes debtors) required was £79,793 per farm. This amount differed by type and size of farm business and ranged from £62,622 for Cattle and Sheep farms (LFA) to £158,870 for General Cropping farms. When expressed on a per hectare basis the amounts range from £660 for Cattle and Sheep farms (LFA) to £1,585 for Dairy farms.

Table 15 Amount of operating capital by type of farm, 2004/05

	Operating Capital	
	£ per farm	% of total farm capital
Cereals	66,612	11.1
General Cropping	158,870	24.7
Dairy	96,819	18.2
Cattle and Sheep (LFA)	62,622	18.0
Cattle and Sheep (Lowland)	76,975	16.6
Mixed	82,350	21.6
All Types	79,793	18.1

3.2 Rate of Return on Capital

There is a number of ways to calculate the rate of return on capital employed on farms. For many years, management and investment income (Net Farm Income minus the value of farmer and spouse labour) expressed as a percentage of tenant's capital was the most widely used measure. However, as this is not a measure which is very meaningful for owner occupied farms, another measure, Occupier's Net Income expressed as a percentage of net worth, is used. This expression represents the rate of return which the farmer and spouse obtain for their manual and managerial labour on all of their investment in the business.

Table 16 Occupier's net income as a percentage of net worth by type of farm, 2003/04 and 2004/05

	Occupier's net income as a % of net worth	
	03/04	04/05
Cereals	1.9	0.5
General Cropping	0.3	-1.5
Dairy	2.9	3.1
Cattle and Sheep (LFA)	1.6	1.9
Cattle and Sheep (Lowland)	0.5	1.0
Mixed	1.5	1.3
All Types	1.9	2.2

As indicated in Table 16, the rate of return to capital and labour being achieved in farming is low, because of low or negative Occupier's Net Income generated by each of the main types of farms. The highest average rate of return in 2004/05 was achieved by Dairy farms (3.1%) and the lowest by General Cropping farms (-1.5%). While General Cropping farms tend to be characterised by significant fluctuations between years in income levels, and consequently in rates of return, the other main farm types have relatively unchanged rates of return over a series of years, with Dairy farms achieving the highest rate of return averaged over a number of years.

3.3 Bank Borrowings

In the 2004/05 account year, the average level of bank borrowings by farm was £21,439. This is £3,804 less per farm than in 2003/04. Average cash income increased by £3,294. Farms had, on average, higher values of fixed assets (+£4,141) and a slightly greater value of current assets to fund (+£80), with total liabilities being £2,441 lower.

Table 17 Average bank borrowings per farm by type of farm, 2004/05

Bank borrowings (£ per farm)	
Cereals	19,788
General Cropping	118,212
Dairy	35,577
Cattle and Sheep (LFA)	11,016
Cattle and Sheep (Lowland)	8,765
Mixed	7,911
All Types	21,439

The LFA and Lowland Cattle and Sheep farms in the sample, as shown in Table 17, had relatively low levels of bank borrowings. At the other extreme, General Cropping farms had the highest borrowings with an average of £118,212 per farm. This, however is a reduction in borrowing of £29,670 when compared with the level of borrowing in 2003/04. Cereal and Cattle and Sheep (Lowland) farms recorded relatively small increases in borrowings during 2004/05, the largest increase occurred on Cereal farms, averaging £2,771 per farm.

Banks are the main source of lending to farming with others such as family loans, hire purchase and leasing providing, on average, a further £3,478 per farm. The latter two sources are used, to quite an extent, to purchase tractors and other vehicles whereas bank lending is used mainly for funding land, buildings and working capital requirements.

The information presented on levels of borrowing per farm in Table 18 helps to convey how the average levels of borrowings in 2003/04 and 2004/05 are distributed amongst farms. It shows, for instance, that 53% of the farms recorded no bank borrowings in 2004/05 whereas 9% of farms recorded borrowings in excess of £50,000. When compared with borrowings in 2003/04, the overall picture is very similar with 24% of farms having borrowings in excess of £20,000 per farm, two percentage point less than in 2003/04.

Table 18 Distributions of farms by level of bank borrowings, 2003/04 and 2004/05

Bank borrowings (£ per farm)	2003/04	2004/05
	% of farms	
Nil	48	53
Under 20,000	26	23
20,000 to 49,999	16	15
50,000 to 99,999	3	2
100,000 and over	7	7

The ability of farms to carry different levels of borrowings depends on their profitability which, in turn, is closely related to the size of business. For this reason, those farms with borrowings in excess of £50,000 cannot necessarily be considered to be in financial difficulty. Even so, borrowings in excess of £50,000 do incur a significant interest cost. At the average rate of interest recorded on farms during 2003/04, borrowings of £50,000 would have incurred interest costs of around £4,000 per annum.

Farms with borrowings in excess of £50,000 are found across most types of farm. In particular, there are relatively high proportions of Cereal (27%) Dairy (19%) and General Cropping (27%) farms in this position. Some of these Dairy farms have borrowed to purchase plant and machinery while some Cattle and Sheep farms have large cattle finishing enterprises which require considerable amounts of operating capital. For others, a combination of factors, including the purchase of land, expenditure on farm improvements and poor performance have contributed to their high levels of borrowings. The difficulty with such high levels of borrowing is that the annual interest cost may reach a level where the farm cash income is inadequate to cover living expenses and essential new on-farm investment.

4. ENTERPRISE GROSS MARGINS

In this section of the report, the gross margins generated by each of the main enterprises in Northern Ireland are compared for the two accounting years 2003/04 and 2004/05. As the average account year end for the sample of farms is mid-February, the results refer to the 2003 and 2004 grassland and crop years. The overall situation was that higher gross margins were recorded in 2004 for Dairy cows, SDA and DA Breeding ewes, Winter Barley and Winter Wheat. Other enterprises, particularly Lowland Suckler cows, had significantly reduced gross margins when compared with those of 2003.

	Average gross margins	
	2003/04	2004/05
	£ per head	
Dairy Cows	660	695
Suckler Cows - SDA	314	303
- DA	332	309
- Lowland	429	241
Breeding Ewes - SDA	28	34
- DA	56	59
- Lowland	51	49
Pigs	16.59	15.42
	£ per hectare	
Spring Barley	615	530
Winter Barley	653	723
Winter Wheat	669	732
Potatoes – ware	2,140	1,958

4.1 Dairy Cows

The average gross margin per cow increased from £660 in 2003/04 to £695 in 2004/05 for the 115 dairy herds which provided information in both years. This improvement resulted from a higher value of output in 2004/05. Milk receipts were, on average, £10 higher per cow and calf returns £1 higher per cow. A dairy premium of £42 per cow added the majority of the increase in output. Herd replacement costs rose by £9 per cow to £95 per cow in 2004/05. Feedingstuffs costs, the major variable cost at £228 per cow, were £3 lower than in 2003/04 due to less concentrates being fed. Hay, silage and grazing costs averaged £90 per cow and were £1 higher than in 2003/04. The average price received for milk was the same in 2004/05 at 18.3 pence, and the milk yield per cow was 54 litres higher in 2004/05 at 5861 litres. The average stocking rate improved from 1.96 cow equivalents in 2003/04 to 1.98 cow equivalents per hectare in 2004/05 Overall these changes resulted in an average gross margin per hectare of £1,376 in 2004/05 which was £82 higher than in 2003/04.

Table 19 Average outputs, variable costs and gross margins per dairy cow in 2003/04 and 2004/05

	2003/04	115 £ per cow	2004/05
Number of herds			
Enterprise output			
Milk	1,061		1,071
Calves	69		70
Herd replacement	-86		-95
Output	1,044		1,046
Dairy Premium	-		42
Quota leasing receipts	12		13
Quota leasing costs	13		22
Super levy	-		-
Adjusted Output	1,043		1,079
Variable Costs			
Concentrates	231		228
Hay, silage & grazing	89		90
Sundries	63		66
Total Variable Costs	383		384
Gross Margin	660		695
Average herd size (cows)	64		65
Concentrates per litre (kg)	0.27		0.26
Stocking rate (ce/ha)	1.96		1.98
Summer milk (%)	57		55
Milk yield (l/cow)	5,807		5,861
Milk price (p/l)	18.3		18.3

The difference in performance in 2003/04 between the ‘top’ and ‘bottom’ quartiles was, as in previous years, substantial. The ‘top’ group had an average gross margin per cow of £884 per cow compared with £509 for the ‘bottom’ group. A higher milk yield of 2,167 litres per cow, and a higher milk price differential of 0.4 pence per litre, were the main reasons for the difference in performance. For the average herd size of 65 dairy cows in the sample, this difference in gross margin equates to £24,375 per farm.

Table 20 Average outputs, variable costs and gross margins per dairy cow in the top 25% and bottom 25% groups, 2004/05

	Top 25%	Bottom 25%
	£ per cow	
Gross Margin	884	509
Milk Sales	1,275	857
Calf Sales	77	64
Total Output	1,299	855
Variable Costs	415	346
Milk Yield - litres	6,927	4,760
Av milk price - ppl	18.4	18.0
Stocking rate - ce/ha	1.96	1.91

4.2 Suckler Cows

In the 2004/05 account year all of the three main categories of suckler herds had lower average gross margins, of between £11 and £188 per cow, than in 2003/04. The largest decrease of £188 per cow occurred in the lowland herds but £117 of this was due to the difference in average Suckler Cow Premium received. The value of calf output was also £44 lower than in 2003/04, with replacement costs £27 more than in 2003/04 at £45 per cow. Variable costs stayed at the same level in both years at £109 per cow. SDA herds recorded a reduction of £11 per cow and resulted in an average gross margin of £303 per cow in 2004/05 whereas the DA herds gross margin was £23 lower. The poorer performance in 2004/05 for all types of herd mainly resulted from lower premia receipts and a lower value of calf output. Variable costs were slightly higher for DA types of herd in 2004/05, by £6 per cow but were £2 lower in SDA herds. Variable costs in lowland herds remained the same at £109 per cow.

Table 21 Average outputs, variable costs and gross margins per cow for SDA, DA and lowland suckler herds, 2003/04 and 2004/05

	SDA		DA		Lowland	
	03/04	04/05	03/04	04/05	03/04	04/05
Number of herds	75		19		5	
Enterprise Output	£ per cow					
Calves	258	252	269	271	301	257
SCP	230	224	223	211	255	138
Herd rep	-39	-40	-35	-42	-18	-45
Total Output	449	436	457	440	538	350
Variable Costs						
Concentrates	37	35	29	28	10	16
HSG	69	68	69	71	60	53
Sundries & Vet	30	31	27	32	39	40
Total Variable Costs	136	134	125	131	109	109
Gross Margin	313	302	332	309	429	241
Calves reared per cow	0.92	0.91	1.00	0.96	0.95	0.84
Av price per calf sold/trans (£)	277	285	281	287	344	301

The data presented in Table 22 for the 'top 25%' and 'bottom 25%' of suckler herds show that 40% of the average difference of £196 in gross margin per cow for the SDA and DA herds is accounted for by differences in value of calf returns (£54) and in herd replacement costs (£24). This percentage is not as high as expected because it is normally assumed that most of the other factors affecting output per cow, such as the level of Suckler Cow Premium (SCP) payments, should be similar on each farm. However, this is not the case, with differences in these receipts per cow in SDA herds and in DA herds accounting for 47% of the difference in gross margin per cow. Higher variable costs in the 'bottom' groups of SDA and DA herds by £26 accounted for approximately 13% of the difference in gross margin per cow.

Table 22 Average calf receipts, variable costs and gross margins per cow for SDA and DA suckler herds in the top 25% and bottom 25% groups, 2004/05

	Top 25%	Bottom 25%
	£ per cow	
Gross Margin		
– SDA	410	194
– DA	381	206
Calf Returns		
– SDA	296	233
– DA	291	247
Herd replacement cost		
– SDA	-39	-66
– DA	-45	-65
Variable Costs		
– SDA	124	158
– DA	111	129

4.3 Breeding Ewes

The gross margins per ewe were very similar in 2003/04 and 2004/05 for each of the three flock types. Hill flocks had the largest increase of just under £6 per ewe and upland ewes the smallest increase of just over £3 per ewe. Lowland ewes recorded a reduction in gross margin of over £2 per ewe. As has been the position in recent years, the DA flocks had the highest gross margin, at £59 per ewe, and SDA flocks the lowest, at £34 per ewe.

DA and SDA flock types had higher levels of lamb receipts in 2004/05 than in 2003/04. This was almost entirely the result of a higher number of lambs reared in 2004/05. Lambs reared per ewe increased by 0.06 and 0.09 in 2004/05. Flock replacement costs rose significantly in all three of the flock types. Sheep Annual Premium (SAP) receipts rose in all flock types and ranged from under £2 in lowland flocks to under £6 in SDA flocks.

Table 23 Average outputs, variable costs and gross margins per ewe for lowland, DA and SDA breeding flocks, 2003/04 and 2004/05

	Lowland		Upland (DA)		Hill (SDA)	
	2003/04	2004/05	2003/04	2004/05	2003/04	2004/05
Number of flocks	17		18		29	
Output	£ per ewe					
Lambs	67.60	64.86	67.98	72.18	37.25	40.90
Wool	1.96	1.76	1.90	1.97	1.69	1.66
Ewe Premium	14.83	16.41	18.70	21.08	20.58	26.30
Flock Replacements	-2.92	-7.90	-5.00	-8.07	-0.45	-3.73
Total Output	81.47	75.13	83.58	87.16	59.07	65.13
Variable Costs						
Concentrates + OPF	10.80	8.07	8.82	8.98	10.67	10.88
Hay, silage & grazing	12.47	11.32	12.02	12.35	12.84	12.90
Sundries + Vet	7.21	7.16	6.86	6.61	7.40	7.43
Total Variable Costs	30.48	26.55	27.70	27.94	30.91	31.21
Gross Margin	50.99	48.58	55.88	59.22	28.16	33.92
Lambs reared per ewe	1.38	1.38	1.42	1.48	1.08	1.17
Av fat lamb price (£)	53.69	53.57	52.35	49.94	47.18	46.59
Av store lamb price (£)	32.46	35.07	32.56	38.20	35.53	34.24
Ewe mortality (%)	7.7	7.4	5.2	6.5	8.3	7.0
Lamb mortality (%)	7.9	9.5	6.6	6.7	10.3	10.2
Av flock sizes (ewes)	149	161	111	110	278	271

In 2004/05, the magnitude of the differences in average gross margins per ewe between the ‘top’ and ‘bottom’ performance groups for each of the three flock types was similar to that in previous years. Most of these differences arise because of the considerable range found in the value of lamb sales per ewe which averaged £71 in the top group and £40 in the bottom group. However, other revenues, especially subsidy receipts, and cost differences, due to level of concentrates fed, do account for a proportion of the difference in gross margin per ewe.

Table 24 Average gross margins, lamb sales and lambs reared per ewe for the top 25% and bottom 25% groups, 2004/05

	Top 25%	Bottom 25%
	per ewe	
Gross Margin (£)		
– Lowland	65	20
– Upland	76	23
– Hill	52	20
Lamb Sales (£)		
– Lowland	83	34
– Upland	80	57
– Hill	51	29
Lambs Reared		
– Lowland	1.57	1.08
– Upland	1.68	1.34
– Hill	1.29	1.05

4.4 Pigs

On the 6 farms which had rearing and finishing units, the average gross margin per pig fell from £16.59 in 2003/04 to £15.42 in 2004/05. The reduced margin was due to higher feedstuffs prices per finished pig, which increased from £51.72 to £56.85. However, this increase in price of feedstuffs was partly offset by an increased average finished pig price which rose from £71.11 per pig in 2003/04 to £74.62 in 2004/05. Veterinary and medicine costs and sundries costs fell by £0.45 per pig. The gross margin per pig of £15.42 is considerably higher than in 1998/9, 1999/00 and 2002/03 but lower than in 2000/01, 2001/02 and 2003/04. The average gross margins per pig in the previous 5 years were a loss of £2.50 in 1998/99 and margins of £7 in 1999/00, £19 in 2000/01 and 2001/02 and £16 in 2003/04.

The average price received for finished pigs, for the average FBS account of year ending mid-February 2005, was £3.51 higher than in 2003/04 and reflects the higher prices received in the later part of the account year. In the period April 2004 to March 2005 pig prices were, on average, over 4 pence per kg higher than for the corresponding period April 2003 to March 2004.

Table 25 Average sales, variable costs and gross margins per pig for pig rearing and finishing units, 2003/04 and 2004/05

	2003/04	2004/05
Number of herds		6
		£ per pig
Av finished pig price	71.11	74.62
Variable Costs		
Feedingstuffs	51.72	56.85
Vet and medicines	1.23	1.21
Sundries	1.57	1.14
Total Variable Costs	54.52	59.20
Gross Margin	16.59	15.42
Meal equivalent per pig (kg)	324	347
Price of concentrates (£/tonne)	160	164
Pigs weaned per sow	17.93	16.06

4.5 Spring Barley

The gross margin from the spring barley crop, at £530 in 2004, was £85 lower per hectare than in 2003. In 2004, the value of output was lower due mainly to reduced receipts from grain. Although the average grain yield at 5.01 tonnes per hectare was 0.2 tonnes higher per hectare than in 2003, the price per tonne fell from £94 in 2003 to £82 in 2004. Arable area receipts and straw sales were £39 lower for the 2004 crop. Variable costs were £7 per hectare higher in 2004 mainly because of higher fertiliser and spray costs.

Table 26 Average outputs, variable costs and gross margins per hectare for spring barley, 2003/04 and 2004/05

	2003/04	2004/05
Number of farms		35
Output		£ per hectare
Grain	451	412
Straw	147	117
Arable area receipts	208	199
Total Output	806	728
Variable Costs		
Seed	48	48
Fertilisers	72	75
Sprays	55	62
Sundries	16	13
Total Variable Costs	191	198
Gross Margin	615	530
Grain yield (tonnes per ha)	4.81	5.01
Straw yield (tonnes per ha)	3.67	3.45

The 'top' performance group of farms in 2004 had an average yield of grain of 5.86 tonnes per hectare compared with 3.28 tonnes in the 'bottom' group. Associated with this higher grain yield was a higher yield of straw which generated sales of £176 per hectare in the 'top' group compared with £93 in the 'bottom' group. The average prices per tonne received for grain and straw are similar in each of the performance groups, seed, fertiliser, spray and sundry costs per hectare show no discernable pattern between the performance groups. These differences in output and inputs between the 'top' and 'bottom' groups resulted in a gross margin of £685 per hectare for the 'top' group and £383 per hectare for the 'bottom' group.

4.6 Winter Barley

Winter barley gross margins improved between 2003 and 2004 by £70 to average £723 per hectare. While the average grain yield increased greatly, by 1.6 tonnes to 7.04 tonnes per hectare, in 2004, the grain output was only £94 more than the £508 value in 2003 due to a reduction in grain price of £7 per tonne. Variable costs were £13 higher per hectare for the 2004 crop due to higher fertiliser and spray costs. Seed costs were £11 less than in 2003.

Table 27 Average outputs, variable costs and gross margins per hectare for winter barley, 2003/04 and 2004/05

	2003/04	5	2004/05
Number of farms			
Output		£ per hectare	
Grain	508		602
Straw	166		167
Arable area receipts	223		211
Total Output	897		980
Variable Costs			
Seed	60		49
Fertilisers	94		110
Sprays	72		79
Sundries	18		19
Total Variable Costs	244		257
Gross Margin	653		723
Grain yield (tonnes per ha)	5.49		7.04
Straw yield (tonnes per ha)	3.89		4.99

On average, the winter barley crop gross margin in 2004 was £193 per hectare higher than that for the spring crop. This was not the situation for the 2000 and 2001 crops when the spring crop out-performed, on average, the winter crop. Normally the higher returns from the winter barley grain yield more than cover the additional variable costs incurred, when compared with the spring barley crop.

4.7 Winter Wheat

The 2004 winter wheat crop gross margin was £63 higher per hectare, at £732, than that achieved for the 2003 crop. This was mainly the result of a higher value of output as variable costs per hectare were similar in both years. Grain yield per hectare was 2.72 tonnes higher for the 2004 crop and resulted in an average value of grain output per hectare of £693, some £93 higher than for the 2003 crop and due entirely to the higher yield of grain. The price per tonne of grain fell by £20 per tonne from 2003 to 2004. The value for straw output was similar to that in 2003 but arable area receipts were, on average, £13 per hectare lower. Variable costs were £14 higher in 2004 mainly due to increases in the cost of seed and fertiliser.

Table 28 Average outputs, variable costs and gross margins per hectare for winter wheat, 2003/04 and 2004/05

	2003/04	6	2004/05
Number of farms			
Output		£ per hectare	
Grain	600		693
Straw	113		110
Arable area receipts	223		210
Total Output	936		1013
Variable Costs			
Seed	49		55
Fertilisers	104		122
Sprays	105		99
Sundries	9		5
Total Variable Costs	267		281
Gross Margin	669		732
Grain yield (tonnes per ha)	6.11		8.83
Straw yield (tonnes per ha)	4.09		4.63

The 'above average' group of wheat farms had an average grain yield, of 8.81 tonnes per hectare, and this was 0.48 tonnes more than the 'below average' group. Higher values for straw output along with the higher value of grain output resulted in an output value of £1,079 per hectare for the top group, some £203 above that of the bottom group. Variable costs per hectare were £74 lower in the 'above average' group at £256 per hectare. The gross margins per hectare were £823 for the above average group and £546 for the below average group. Average gross margin in 2004 was £55/ha lower when compared with 2003.

The ranges in performances found for all three cereal crops show that they overlap to quite an extent. In other words, some of the spring barley crops out-performed some of the winter barley and winter wheat crops, while some of the better winter barley crops had higher margins than the poorer winter wheat crops. The 2004 crop results are what would be expected in a normal year, with the highest gross margin being achieved by winter wheat and the lowest by spring barley. In 2004 the average gross margin per hectare for winter wheat was £732 compared with £723 for winter barley and £530 for the spring barley crop. Over the past 10 years the average gross margin for spring barley has exceeded in 3 years that for the winter barley crop and in 2001 it out-performed the winter wheat crop.

4.8 Potatoes

The gross margin performances for the 2003 and 2004 ware potato crops were £2,140 and £1,958 per hectare respectively. In the 2003/04 crop year the average yield of ware potatoes was 31.7 tonnes, whereas in 2004/05 the average was 33.0 tonnes per hectare. Prices per tonne of potatoes were £103 and £91 per tonne in respective crop years.

Total variable costs per hectare were higher in 2004/05 at £1,016 per hectare compared with £968 in 2003/04. Seed costs showed a substantial increase in 2004, rising from £293 per hectare to £458. Total fertiliser and spray costs per hectare were £86 higher for the 2004 crop. The average variable costs of production per tonne for the ware crop were similar in 2004 at £30.78 to that in 2003 at £30.53. It should, however, be noted that the costs included in determining the gross margin for potatoes do not include machinery, conacre rent and hired full-time labour costs. Such costs would be taken into account when determining the full cost of growing potatoes.

Table 29 Average outputs, variable costs and gross margins per hectare for ware potato crops, 2003/04 and 2004/05

Number of farms	2003/04	Ware Crop	2004/05
		6 £ per hectare	
Potato Output	3,108		2,974
Variable Costs			
Seed	293		458
Fertiliser	127		163
Sprays	156		206
Contract/Casual Wages	227		68
Sundries	165		121
Total Variable Costs	968		1,016
Gross Margin	2,140		1,958
Total yield (tonnes/ha)	31.7		33.0
Av price per tonne (£)	103		91

Gross margins for the ‘top’ and ‘bottom’ performance groups for the main enterprises are summarised in Table 30. They show that for 4 of the 7 enterprises the gross margin for the ‘top’ group is at least twice that of the ‘bottom’ group. This outcome is typical of most years and arises because of differing farmer skills and resources. The data, while illustrating the wide range in performance levels found on farms, also suggest that there is a possibility for improvements on some of them.

Table 30 Gross margins of the ‘top’ and ‘bottom’ performance groups for selected enterprises, 2004/05

	Top ¹ Group	Bottom ¹ Group
	£ per head	
Dairy cows	884	509
Suckler cows – DA	381	206
– SDA	410	194
Breeding ewes – DA	76	23
– SDA	52	20
– Lowland	65	20
Spring barley	685	383

¹ For livestock enterprises the ‘top’ and ‘bottom’ groups refer to 25% of the samples and for crop enterprises 15% of the samples.

5. FIXED COSTS

The average levels of fixed costs per hectare, excluding labour costs, for all farms were slightly higher in 2004/05 at £308 compared with £302 in 2003/04. Three of the six farm types, recorded increases in fixed costs, the exceptions were General Cropping, Cattle and Sheep (Lowland) and Mixed farms. Increases in costs per hectare ranged from £5 on Cattle and Sheep (LFA) farms to £18 on both Cereal and Dairy farms.

Table 31 Fixed costs per hectare * by type of farm, 2003/04 and 2004/05

	2003/04	2004/05
	£ per ha	
Cereals	295	313
General Cropping	440	438
Dairy	463	481
Cattle and Sheep (LFA)	202	207
Cattle and Sheep (Lowland)	267	259
Mixed	366	339
All Types	302	308

* Excludes labour costs.

Two major items of fixed costs, excluding labour, are depreciation of fixed capital improvements and machinery depreciation. In both 2003/04 and 2004/05, these two cost categories, on average, accounted for almost 50% of total fixed costs across all types of farm. Table 32 gives details of each of the fixed costs in both years.

Table 32 Fixed costs per hectare, by category, 2003/04 and 2004/05

	2003/04	2004/05
	£ per ha	
Depreciation of fixed capital improvements	59	61
Depreciation of machinery	80	81
Machinery running costs	73	76
Farm insurance	13	13
Farm fuel	12	13
Rates and water charges	8	9
Building repairs and miscellaneous	57	55
Total	302	308

When cost savings are sought they are most likely to be found in the main expenditure areas. In recent years, this has resulted in a reduction in the level of capital expenditure on machinery and equipment as farmers have tended to replace machinery less frequently. Other fixed costs such as farm fuel, rates, building repairs and insurance cannot be reduced so readily.

As the vast majority of farms in Northern Ireland are described as "family" farms, it is not surprising that family labour charges (including farmer and spouse) account for a high proportion of labour costs. Within the 2004/05 Farm Business Survey, they ranged from 81% of total labour costs for General Cropping farms to 98% for Cattle and Sheep (LFA) farms and averaged 95% of total labour costs across all types of farm. For individual farms within these farm types, the actual percentages will depend on the amount of family labour available and the size of the farm business.

The term family labour includes the farmer and spouse and other family members, so on many farms only a proportion of the family labour charge is an outflow of cash from the farm business. For 5 types of farm in Northern Ireland, the hired labour proportion was, on average, less than 10% of total labour charges. Total labour charges were within the range from £261 to £557 per hectare. Details for each farm type are given in Table 33.

Table 33 Labour charges per hectare by type of farm, 2004/05

	Farmer & Spouse	Other Family Members	Hired	Total
	£ per ha			
Cereals	248	1	12	261
General Cropping	176	114	70	360
Dairy	372	166	19	557
Cattle and Sheep (LFA)	205	42	6	253
Cattle and Sheep (Lowland)	262	86	40	388
Mixed	277	108	33	417
All Types	263	88	17	368

APPENDICES 1.1 to 1.7

**TABLE 1.1 - CEREALS AND GENERAL CROPPING FARMS – ALL SIZES
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING -
IDENTICAL SAMPLE 2003/04 AND 2004/05**

	2003/04	Cereals 2004/05	% Change	2003/04	General Cropping 2004/05	% Change
Number of farms						
Average size of business (ESUs)		35.1			59.9	
Total Area of Farm (ha)	92.7	89.8	-3.1	130.2	129.3	-0.7
of which: Crops and grass	80.8	83.1	2.8	95.9	99.8	4.1
Rough grazing	5.4	0.1	-98.1	32.5	27.7	-14.8
Size of Enterprises:						
Hectares – Total crops	65.4	68.0	4.0	52.9	54.1	2.3
(of which cereals)	48.4	55.4	14.5	36.1	38.0	5.3
Av. no. – Dairy cows	-	-	-	-	-	-
Av. no. – Beef cows	0.2	0.2	-	40.7	40.3	-1.0
Av. no. – Other cattle	38.5	31.4	-18.4	89.7	84.6	-5.7
Av. no. – Ewes	13.3	11.8	-11.3	44.6	34.0	-23.8
Av. no. – Sows/gilts	-	-	-	-	-	-
Crop Output:		£ per farm			£ per farm	
Cereals	37940	41249	8.7	27370	29945	9.4
Potatoes	-	-	-	57346	49333	-14.0
Misc. crop output	11123	8250	-25.8	6875	5131	-25.4
Total Crop Production	49063	49498	0.9	91591	84409	-7.8
of which: arable area payments	11499	12019	4.5	8323	8189	-1.6
Livestock Output:						
Cattle – rearing & fattening	13814	9561	-30.8	47751	44069	-7.7
Cattle – dairy	-	-	-	-	-	-
Milk	-	-	-	-	-	-
Sheep and wool	2247	1809	-19.5	4439	4666	5.1
Pigs	-	-	-	-	-	-
Poultry and eggs	-	-	-	-	-	-
Other livestock	-	-	-	-	-	-
Total Livestock Output	16060	11371	-29.2	52190	48735	-6.6
of which: Beef special premium & extensification	5958	4571	-23.3	5193	2399	-53.8
Suckler cow premium & extensification	33	36	9.1	11551	12593	9.0
Slaughter premium (bovine & heifer)	1842	1458	-20.8	4065	2554	-37.2
Bull special premium & extensification	-	-	-	2951	3959	34.2
Beef special measures	-	-	-	2371	1113	-53.1
Sheep annual premium & R W S	234	365	56.0	660	721	9.2
General farm subsidies	-	-	-	-	155	-
Miscellaneous revenue	3664	4321	17.9	12438	9768	-21.5
LFA compensatory allowance scheme	-	-	-	1182	1738	47.0
Adjustment for disposal of previous year's crop	65	106	-63.1	-184	758	-
Total Farm Output	68854	65295	-5.2	157216	145564	-7.4

	2003/04	Cereals 2004/05	% Change	2003/04	General Cropping 2004/05	% Change
Inputs:	£ per farm			£ per farm		
Purchased concentrate feed & fodder	1462	1242	-15.0	6626	2068	-68.8
Home grown concentrate feed	2378	1963	-17.5	7202	6831	-5.2
Veterinary fees & medicines	374	276	-26.2	1514	1038	-13.6
Other livestock costs	305	318	4.3	468	528	12.8
Purchased & home grown seed	2916	3463	18.8	9352	10157	8.6
Fertilisers	7507	8829	17.6	10160	9880	-2.8
Other crop costs	5307	6613	24.6	8307	9724	17.1
Labour (exc. farmer & spouse)	1255	1380	10.0	24940	24981	0.2
Machinery running costs	10574	13759	30.1	21712	19417	-10.6
Depreciation of machinery	10802	10308	-4.6	17954	18417	2.62
Land and building costs	14986	41047	-6.3	28431	28008	-1.5
Other general farming costs	5656	5771	2.0	9317	9441	1.3
Total Variable Costs	26289	31286	19.0	55471	49392	-11.0
Total Fixed Costs	37232	36684	-1.5	90512	91369	0.9
Total Inputs	63521	67970	7.0	145983	140761	-3.6
Net Farm Income Excl. BLSA	5333	-2675	-	11234	4803	-57.2
(plus) imputed rent	9335	9351	0.2	8350	8350	-
(minus) occupier's expenses	712	733	2.9	1148	1102	-4.0
(minus) interest payments	1335	1333	-0.1	7177	8765	22.1
(minus) depreciation of buildings and works	1478	1778	20.33	9608	10878	13.2
(equals) Occupier's Net Income	11143	2832	-74.6	1651	-7591	-
(plus) imputed labour	99	105	6.1	14224	14539	2.2
(plus) other imputed charges	-	-	-	-	-	-
(plus) depreciation of fixed assets	12280	12086	-1.6	27561	29294	6.3
(minus) valuation change	-8879	-789	91.1	-4804	5302	-
(minus) change in debtors	22	66	200.0	7234	930	-87.1
(equals) Cash Income	32378	15745	-51.4	41007	30011	-26.8
Net Capital Investment	12881	8795	-31.7	7264	20777	186.0
Cash Flow Farm Business	19497	6950	-64.4	33743	9235	-72.6
Average Valuations	70177	66612	-5.1	161023	158870	-1.3

**TABLE 1.2 - MIXED FARMS – ALL SIZES
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING -
IDENTICAL SAMPLE 2003/04 AND 2004/05**

	2003/04	Mixed 2004/05	% Change
Number of farms			
Average size of business (ESUs)		29.0	
Total Area of Farm (ha)	65.6	65.9	0.5
of which: Crops and grass	58.1	57.80	-0.5
Rough grazing	5.7	5.7	-
Size of Enterprises:			
Hectares – Total crops	10.8	11.4	5.6
(of which cereals)	8.5	9.1	7.1
Av. no. – Dairy cows	-	-	-
Av. no. – Beef cows	13.0	12.4	-4.6
Av. no. – Other cattle	61.1	59.0	-3.4
Av. no. – Ewes	225.2	228.9	1.6
Av. no. – Sows/gilts	14.6	14.1	-3.4
Crop Output:		£ per farm	
Cereals	6155	6342	3.0
Potatoes	4705	1858	-60.5
Misc. crop output	1700	1128	-33.6
Total Crop Production	12560	9328	-25.7
of which: arable area payments	1881	1917	1.9
Livestock Output:			
Cattle – rearing & fattening	24473	25480	4.1
Cattle – dairy	-	-	-
Milk	-	-	-
Sheep and wool	15834	15519	-2.0
Pigs	19998	17931	-10.3
Poultry and eggs	236	230	-2.5
Other livestock	59	-	-
Total Livestock Output	60600	59160	-2.4
of which: Beef special premium & extensification	7717	6493	-15.9
Suckler cow premium & extensification	2876	3281	14.1
Slaughter premium (bovine & heifer)	2389	2399	0.4
Bull special premium & extensification	565	879	55.6
Beef special measures	322	270	-16.1
Sheep annual premium & R W S	3060	3416	11.6
General farm subsidies	461	551	19.5
Miscellaneous revenue	1175	1390	18.3
LFA compensatory allowance scheme	-	-	-
Adjustment for disposal of previous year's crop	50	98	96.0
Total Farm Output	75001	70678	-5.8

	2003/04	Mixed 2004/05	% Change
Inputs:	£ per farm		£ per farm
Purchased concentrate feed & fodder	17230	15810	-8.2
Home grown concentrate feed	1747	1907	9.2
Veterinary fees & medicines	1852	1776	-4.1
Other livestock costs	1486	1055	-29.0
Purchased & home grown seed	1240	833	-32.8
Fertilisers	3640	3738	2.7
Other crop costs	1518	1315	-13.4
Labour (exc. farmer & spouse)	10188	10837	6.4
Machinery running costs	6183	6600	6.7
Depreciation of machinery	7317	6082	-16.9
Land and building costs	12314	11364	-7.7
Other general farming costs	4821	4638	-3.8
Total Variable Costs	32703	30003	-8.3
Total Fixed Costs	36831	35952	-2.4
Total Inputs	69534	65955	-5.1
Net Farm Income Excl. BLSA	5467	4723	-13.6
(plus) imputed rent	5207	5223	0.3
(minus) occupier's expenses	433	471	8.8
(minus) interest payments	715	716	0.1
(minus) depreciation of buildings and works	3961	3910	-1.3
(equals) Occupier's Net Income	5564	4849	-12.9
(plus) imputed labour	6053	6852	13.2
(plus) other imputed charges	-	-	-
(plus) depreciation of fixed assets	11278	9992	-11.4
(minus) valuation change	3425	-1425	-
(minus) change in debtors	-27	1060	-
(equals) Cash Income	19497	22058	13.1
Net Capital Investment	24310	1827	-92.5
Cash Flow from Farm Business	-4813	20232	-
Average Valuations	83541	82350	-1.4

**TABLE 1.3 - LOWLAND CATTLE AND SHEEP
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING -
IDENTICAL SAMPLE 2003/04 AND 2004/05**

	0.5<1 SLR			1<2 SLR			ALL SIZES		
	2003/04	2004/05	% Change	2003/04	2004/05	% Change	2003/04	2004/05	% Change
Number of farms		9			5				
Average size of business (ESUs)		13.2			23.0			19.1	
Total area of Farm (ha)	53.9	5.35	-0.7	80.1	76.8	-4.1	70.6	69.1	-2.1
of which: Crops and grass	45.3	45.9	1.3	78.7	75.4	-4.2	63.4	62.5	-1.4
Rough grazing	5.9	4.9	-16.9	0.4	0.4	-	5.0	4.3	-14.0
Size of Enterprises:									
Hectares – Total crops	4.0	3.5	-12.5	6.3	6.0	-4.8	7.0	6.4	-8.6
Av. no. – Dairy cows	-	-	-	-	-	-	-	-	-
Av. no. – Beef cows	24.9	25.4	2.0	30.2	27.2	-9.9	26.6	26.1	-1.9
Av. no. – Other cattle	82.5	79.1	-4.1	143.1	145.2	1.5	112.4	111.1	-1.2
Av. no. – Ewes	12.3	4.4	-64.2	32.6	30.4	-6.7	25.2	20.4	-19.0
Av. no. – Sows/gilts	-	-	-	12.8	11.2	-12.5	4.3	3.8	-11.6
Crop Output:									
	£ per farm			£ per farm			£ per farm		
Cereals	2506	1915	-23.6	3636	2721	-25.2	4519	3998	-11.5
Potatoes	-	-	-	218	144	-33.9	843	519	-38.4
Misc. crop output	861	483	-43.9	1300	1100	-15.4	1160	937	-19.2
Total Crop Production	3367	2399	-28.7	5154	3965	-23.1	6521	5455	-16.3
of which:	761	540	-29.0	1276	863	-32.4	1343	1053	-21.6
arable area payments									
Livestock Output:									
Cattle – rearing & fattening	30091	31308	4.0	57122	59713	4.5	42113	44057	4.6
Cattle – dairy	-	-	-	-	-	-	-	-	-
Milk	-	-	-	-	-	-	-	-	-
Sheep and wool	745	526	-29.4	1935	2855	47.5	1627	1844	13.3
Pigs	-	-	-	13212	10664	-19.3	4483	3618	-19.3
Poultry and eggs	-	-	-	-	-	-	-	-	-
Other livestock	-	-	-	-	-	-	-	-	-
Total Livestock Output	30836	31835	3.2	72269	73232	1.3	48223	49519	2.7
of which: Beef special premium & extensification	6642	5486	-17.4	10399	9522	-8.4	9254	8167	-11.7
Suckler cow premium & extensification	3795	4466	17.7	6542	6984	6.8	4745	5316	12.0
Slaughter premium (bovine & heifer)	3557	3690	3.7	9196	10840	17.9	5873	6253	6.5
Bull special premium & extensification	397	262	-34.0	1743	888	-49.1	825	501	-39.3
Beef special measures	644	1393	116.3	2674	817	-69.4	1395	1165	-16.5
Sheep annual premium & R W S	67	74	10.4	444	558	25.7	310	367	18.4
General farm subsidies	-	-	-	770	622	-19.2	261	211	-19.2
Miscellaneous revenue	2988	3302	10.5	607	677	11.5	2000	2201	10.1
LFA compensatory scheme	181	175	-3.3	-	105	-	198	235	18.7
Adjustment for disposal of previous year's crop	-	-3	-	-	-	-	6	20	233.3
Total Farm Output	37373	37707	0.9	78799	78602	-0.3	57210	57641	0.8

	0.5<1 SLR			1<2 SLR			ALL SIZES		
	2003/04	2004/05	% Change	2003/04	2004/05	% Change	2003/04	2004/05	% Change
Inputs:	£ per farm			£ per farm			£ per farm		
Purchased concentrate feed & fodder	6302	4933	-21.7	23226	21257	-8.5	12037	10518	-12.6
Home grown concentrate feed	426	663	55.6	1210	1304	7.8	1137	1302	14.5
Veterinary fees & medicines	1131	1306	15.5	2540	2873	13.1	1613	1893	17.4
Other livestock costs	1073	1197	11.6	1526	1596	4.6	1167	1257	7.7
Purchased & home grown seed	406	265	-34.7	398	336	-15.6	600	443	-26.2
Fertilisers	2538	2571	1.3	2716	2875	5.9	3020	3064	1.5
Other crop costs	469	404	-13.9	685	767	12.0	844	835	-1.1
Labour (exc. farmer & spouse)	6686	6763	1.2	9337	9253	-0.9	9112	9181	0.8
Machinery running costs	5559	5824	4.8	6804	6593	-3.1	6166	6453	4.7
Depreciation of machinery	3106	2374	-23.6	5412	5086	-6.0	4248	3613	-14.9
Land and building costs	9293	9081	-2.3	15573	14427	-7.4	12501	12213	-2.3
Other general farming costs	4003	3795	-5.2	6663	5786	-13.2	5032	4613	-8.3
Total Variable Costs	16041	14865	-7.3	36573	35347	-3.4	24144	22969	-4.9
Total Fixed Costs	24952	24312	-2.6	39517	36807	-6.9	33335	32415	-2.8
Total Inputs	40993	39177	-4.4	76090	72153	-5.2	57479	55385	-3.6
Net Farm Income Excl. BLSA	-3620	-1470	59.4	2709	6449	138.1	-270	2256	-
(plus) imputed rent	5889	5937	0.8	7581	7600	0.3	6699	6734	0.5
(minus) occupier's expenses	743	782	5.2	631	986	56.3	687	842	22.6
(minus) interest payments	156	325	108.3	971	1175	21.0	425	596	40.2
(minus) depreciation of buildings and works	3510	3307	-5.8	2941	2326	-20.9	3151	2833	-10.1
(equals)									
Occupier's Net Income	-2140	53	-	5747	9561	66.4	2167	4719	117.8
(plus) imputed labour	3503	3580	2.2	4702	4806	2.2	5631	5764	2.4
(plus) other imputed charges	-	-	-	-	-	-	-	-	-
(plus) depreciation of fixed assets	6616	5681	-14.1	8353	7412	-11.3	7399	6447	-12.9
(minus) valuation change	1889	-1855	-	3682	-8986	-	3943	-4620	-
(minus) change in debtors	1	1893	-	-3751	2255	-	-1265	1941	-
(equals) Cash Income	6089	9276	52.3	18871	28510	51.1	12518	19609	56.6
Net Capital Investment	3145	2465	-21.6	4069	3837	-5.7	3707	2891	-22.0
Cash Flow from Farm Business	2944	6810	131.3	14802	24673	66.7	8811	16718	89.7
Average Valuations	61096	59732	-2.2	99324	94490	-4.9	79051	76975	-2.6

Insufficient farms in size category above 2 SLR. Disclosure of data withheld on grounds of confidentiality.

**TABLE 1.4 – DAIRY FARMS – 4 SIZE GROUPS
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING -
IDENTICAL SAMPLE 2003/04 AND 2004/05**

	0.5<1 SLR			1<2 SLR			2<3 SLR			>3 SLR		
	2003/04	2004/05	% Change	2003/04	2004/05	% Change	2003/04	2004/05	% Change	2003/04	2004/05	% Change
Number of farms		12			56			24			25	
Average size of business (ESUs)		25.0			41.9			75.2			125.0	
Total area of Farm (ha)	29.3	29.2	-0.3	46.4	46.0	-0.9	65.6	66.1	0.8	118.2	118.1	-0.1
of which: Crops and grass	27.3	27.2	-0.4	43.2	42.7	-1.2	60.1	60.4	0.5	113.3	113.2	-0.1
Rough grazing	0.7	0.7	-	1.6	1.6	-	3.9	4.1	5.1	2.4	2.4	-
Size of Enterprises:												
Hectares – Total Crops	0.1	0.1	-	1.4	1.3	-7.1	0.5	1.1	120.0	4.1	3.1	-24.4
Av. no. – Dairy cows	30.7	31.2	1.6	51.3	53.2	3.7	98.0	100.1	2.1	164.4	172.9	5.2
Av. no. – Beef cows	0.2	0.2	-	2.1	2.3	9.5	2.5	2.3	-8.0	7.1	6.3	-11.3
Av. no. – Other cattle	29.0	28.1	-3.1	46.1	47.9	3.9	70.7	66.1	-6.5	154.4	153.0	-0.9
Av. no. – Ewes	0.5	0.6	20.0	5.3	5.0	-5.7	22.1	20.2	-8.6	20.0	18.5	-7.5
Av. no. – Sows/gilts	-	-	-	0.4	0.1	-75.0	1.5	1.5	-	-	-	-
Crop Output:												
	£ per farm			£ per farm			£ per farm			£ per farm		
Cereals	48	50	4.2	677	736	8.7	185	482	160.5	1640	2141	30.5
Potatoes	-	-	-	129	102	-20.9	201	135	-32.8	-	-	-
Misc. crop output	449	-96	-	475	268	-43.6	811	698	-13.9	2544	799	-68.6
Total Crop Production	496	-46	-	1281	1106	-13.7	1197	1315	9.9	4184	2940	-29.7
of which: arable area payments	16	15	-6.3	298	254	-14.8	97	169	74.2	716	570	-20.4
Livestock Output:												
Cattle – rearing & fattening	11259	9829	-12.7	15176	15854	4.5	27567	24318	-11.8	52987	51824	-2.2
Cattle – dairy	-1420	-2343	-65.0	-2180	-3081	-41.3	-4348	-5311	-22.1	-11948	-12381	-3.6
Milk	33217	34243	3.1	47639	48728	2.3	93349	103035	10.4	155637	168551	8.3
of which dairy premium	-	975	-	-	1837	-	-	4026	-	-	6581	-
Sheep and wool	36	40	11.1	235	245	4.3	1288	1213	-5.8	1295	1334	3.0
Pigs	-	-	-	480	194	-59.6	1999	2394	19.8	-	-	-
Poultry and eggs	-	-	-	-	-	-	1294	1671	29.1	-	-	-
Other livestock	-	-	-	-	-	-	-	3	-	-	-	-
Total Livestock Output	43092	41769	-3.1	61351	61940	1.0	121150	127324	5.1	197971	209328	5.7
of which: Beef special premium & extensification	944	686	-27.3	1197	1052	-12.1	1194	851	-28.7	2835	2598	-8.4
Suckler cow premium & extensification	10	11	10.0	181	259	43.1	219	239	9.1	841	393	-53.3
Slaughter premium (bovine & heifer)	594	494	-16.8	990	899	-9.2	1418	1223	-13.8	3407	2844	-16.5
Bull special premium & extensification	-	-	-	110	188	70.9	793	635	-19.9	1358	1720	26.7
Beef special measures	2318	1953	-15.7	3232	2893	-10.5	5895	4771	-19.1	8766	9282	5.9
Sheep annual premium & R W S	-	-	-	46	57	23.9	341	403	18.2	299	275	-8.0
General farm subsidies	149	111	-25.5	187	292	56.1	50	120	140.0	118	319	170.3
Miscellaneous revenue	1147	1064	-7.2	312	433	38.8	1765	1605	-9.1	673	852	26.6
LFA compensatory scheme	50	-	-	123	125	1.6	176	180	2.3	132	156	18.2
Adjustment for disposal of previous year's crop	-	-	-	-1	25	-	14	16	14.3	-	-	-
Total Farm Output	44935	42898	-4	63252	63920	1.1	124352	130560	5.0	203079	213595	5.2

	0.5<1 SLR			1<2 SLR			2<3 SLR			>3 SLR		
	2003/04	2004/05	% Change	2003/04	2004/05	% Change	2003/04	2004/05	% Change	2003/04	2004/05	% Change
Inputs:	£ per farm			£ per farm			£ per farm			£ per farm		
Purchased concentrate feed & fodder	8834	8447	-4.4	13753	13282	-3.4	27308	28382	3.9	48373	48638	0.5
Home grown concentrate feed	1135	978	-13.8	1472	1569	6.6	1778	1829	2.9	4114	4761	15.7
Veterinary fees & medicines	1117	1278	14.4	1655	1881	13.7	3143	3489	11.0	4443	5023	13.1
Other livestock costs	1779	1558	-12.4	1968	2126	8.0	3896	3758	-3.5	7066	7121	0.8
Purchased & home grown seed	121	21	-82.6	326	240	-26.4	486	386	-20.6	1439	958	-33.4
Fertilisers	2473	2229	-9.9	3841	3818	-0.6	6537	6496	-0.6	12247	12169	-0.6
Other crop costs	192	243	26.6	434	464	6.9	659	736	11.7	2466	2203	-10.7
Labour (exc. farmer & spouse)	3399	3235	-4.8	7716	7771	0.7	14858	13959	-6.1	25540	27476	7.6
Machinery running costs	3813	4026	5.6	5738	6267	9.2	8104	10171	25.5	17810	18611	4.5
Depreciation of machinery	4501	4950	10.0	4421	4741	7.2	8480	8096	-4.5	13509	14696	8.8
Land and building costs	5644	5462	-3.2	9039	8952	-1.0	14112	15435	9.4	30189	28917	-4.2
Other general farming costs	3860	3864	0.1	5418	5272	-2.7	7350	7369	0.3	10519	11347	7.9
Total Variable Costs	17877	17024	-4.8	26269	26322	0.2	48361	51133	5.7	91025	92088	1.2
Total Fixed Costs	18992	19269	1.5	29512	30063	1.9	48351	48974	1.3	86690	89833	3.6
Total Inputs	36869	36292	-1.6	55781	56385	1.1	96713	100107	3.5	177714	181921	2.4
Net Farm Income Excl. BLSA	8067	6605	-18.1	7472	7536	0.9	27639	30453	10.2	25364	31674	24.9
(plus) imputed rent	3682	3697	0.4	5333	5298	-0.7	7979	8461	6.0	14275	14599	2.3
(minus) occupier's expenses	457	395	-13.6	484	442	-8.7	494	541	9.5	751	830	10.5
(minus) interest payments	528	333	-36.9	1103	1019	-7.6	3342	3612	8.1	6997	7252	3.6
(minus) depreciation of buildings and works	2785	3018	8.4	3590	3647	1.6	7359	8181	11.2	12107	13187	8.9
(equals) Occupier's Net Income	7979	6557	-17.8	7627	7726	1.3	24424	26581	8.8	19784	25004	26.4
(plus) imputed labour	2442	2345	-4.0	6868	6996	1.9	12419	11164	-10.1	19857	21694	9.3
(plus) other imputed charges	-	-	-	-	-	-	-	-	-	-	-	-
(plus) depreciation of fixed assets	7286	7968	9.4	8010	8388	4.7	15839	16277	2.8	25616	27882	8.8
(minus) valuation change	359	-226	-	2105	909	-56.8	739	1238	67.5	6336	214	-96.6
(minus) change in debtors	-	2	-	-25	84	-	3	50	-	93	-72	-
(equals) Cash Income	17347	17093	-1.5	20426	22116	8.3	51938	52734	1.5	58828	74437	26.5
Net Capital Investment	3120	3214	3.0	2502	-10974	-	11214	16914	50.8	26863	27985	4.2
Cash Flow from Farm Business	14227	13879	-2.4	17924	33090	84.6	40725	35820	-12.0	31965	46452	45.3
Average Valuations	45237	45136	-0.2	61724	63340	2.6	109257	111695	2.2	192240	199359	3.7

**TABLE 1.5 – LFA CATTLE AND SHEEP
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING -
IDENTICAL SAMPLE 2003/04 AND 2004/05**

	0.5<1 SLR			1<2 SLR			2<3 SLR			>3 SLR		
	2003/04	2004/05	% Change	2003/04	2004/05	% Change	2003/04	2004/05	% Change	2003/04	2004/05	% Change
Number of farms		49			46			11			11	
Average size of business (ESUs)		14.9			25.0			44.0			72.0	
Total area of Farm (ha)	64.7	63.8	-1.4	121.5	109.0	-10.3	202.9	208.0	2.5	320.9	326.3	1.7
of which: Crops and grass	39.1	39.4	0.8	64.8	62.0	-4.3	111.1	112.1	0.9	107.0	111.1	3.8
Rough grazing	21.9	20.8	-5.0	48.0	47.0	-2.1	67.5	75.9	12.4	130.8	132.2	1.1
Size of Enterprises:												
Hectares – Total Crops	0.5	0.5	-	1.0	0.9	-10.0	2.3	1.4	-39.1	3.8	4.0	5.3
Av. no. – Dairy cows	1.2	0.4	-66.7	3.2	2.1	-34.4	-	-	-	13.8	11.8	-14.5
Av. no. – Beef cows	29.5	29.9	1.4	37.3	37.8	1.3	74.6	77.5	3.9	92.7	95.4	2.9
Av. no. – Other cattle	48.7	49.4	1.4	84.9	80.9	-4.7	115.9	106.4	-8.2	234.2	239.0	2.0
Av. no. – Ewes	74.5	70.1	-5.9	173.1	168.6	-2.6	348.8	368.3	5.6	309.6	283.8	-8.3
Av. no. – Sows/gilts	-	-	-	-	-	-	-	-	-	33.7	33.6	-0.3
Crop Output:												
	£ per farm			£ per farm			£ per farm			£ per farm		
Cereals	161	166	3.1	299	267	-10.7	727	584	-19.7	2247	2220	-1.2
Potatoes	106	123	16.0	905	621	-31.4	723	762	5.4	1885	1450	-23.1
Misc. crop output	428	155	63.8	600	149	-75.2	938	-72	-	711	-3	-
Total Crop Production	696	444	-36.2	1804	1036	-42.6	2378	1274	-46.4	4843	3666	-24.3
of which: arable area payments	48	59	22.9	102	106	3.9	241	229	-5.0	725	705	-2.8
Livestock Output:												
Cattle – rearing & fattening	22782	24558	7.8	39622	39266	-0.9	60184	61968	3.0	101220	111193	9.9
Cattle – dairy	71	-56	-	30	-64	-	-	-	-	-1948	-1256	35.5
Milk	890	446	-49.9	2674	2009	-24.9	-	-	-	11640	12455	7.0
of which dairy premium	-	19	-	-	83	-	-	-	-	-	520	-
Sheep and wool	4752	5022	5.7	10462	11284	7.9	25183	22451	-10.8	16421	17898	9.0
Pigs	-	-	-	189	210	11.1	-	-	-	41091	39029	-5.0
Poultry and eggs	-	-	-	343	518	51.0	482	513	6.4	-	-	-
Other livestock	6	-	-	4	6	50.0	-	249	-	-	17	-
Total Livestock Output	28501	29970	5.2	53324	53230	-0.2	85849	85181	-0.8	168424	179336	6.5
of which: Beef special premium & extensification	2895	2256	-22.1	5863	4718	-19.5	7170	5638	-21.4	22312	18573	-16.8
Suckler cow premium & extensification	6213	6728	8.3	7988	8889	11.3	16203	18510	14.2	21587	24038	11.4
Slaughter premium (bovine & heifer)	1162	873	-24.9	2909	3039	4.5	3215	3277	1.9	10583	8954	-15.4
Bull special premium & extensification	341	709	107.9	1564	1934	23.7	1639	2598	58.5	3718	5631	51.5
Beef special measures	1130	980	-13.3	1353	1448	7.0	2403	2443	1.7	3717	4939	32.9
Sheep annual premium & R W S	1410	1549	9.9	3196	3520	10.1	7708	6996	-9.2	5995	6562	9.5
General farm subsidies	680	1181	73.7	1870	1880	0.5	1820	2893	59.0	1776	1812	2.0
Miscellaneous revenue	521	455	-12.7	1237	1503	21.5	2285	1743	-23.7	2988	4176	39.8
LFA compensatory scheme	2284	2306	1.0	4076	4133	1.4	7569	7466	-1.4	7868	7717	-1.9
Adjustment for disposal of previous year's crop	4	-	-	-	-113	-	-131	-21	84.0	-	-	-
Total Farm Output	32686	34357	5.1	62311	61669	-1.0	99771	98536	-1.2	185899	196708	5.8

	0.5<1 SLR			1<2 SLR			2<3 SLR			>3 SLR		
	2003/04	2004/05	% Change	2003/04	2004/05	% Change	2003/04	2004/05	% Change	2003/04	2004/05	% Change
Inputs:	£ per farm			£ per farm			£ per farm			£ per farm		
Purchased concentrate feed & fodder	4974	4641	-6.7	11620	11260	-3.1	14942	13354	-10.6	54434	58003	606
Home grown concentrate feed	130	115	-11.5	198	191	-3.5	218	241	10.6	1168	2253	92.9
Veterinary fees & medicines	1198	1256	4.8	1988	2096	5.4	3685	4195	13.8	5127	5016	-2.2
Other livestock costs	710	607	-14.5	1028	1121	9.0	1865	2263	21.3	3657	3835	4.9
Purchased & home grown seed	174	160	-8.0	348	226	-35.1	903	520	-42.4	1084	830	-23.4
Fertilisers	2583	2547	-1.4	4194	3938	-6.1	6298	6470	2.7	8852	9104	2.8
Other crop costs	219	275	25.6	383	396	-3.7	694	569	-18.0	1049	1155	10.1
Labour (exc. farmer & spouse)	3007	3215	6.9	5210	4935	-5.3	15735	16658	5.9	21363	22007	3.0
Machinery running costs	4308	4421	2.6	5944	5846	-1.6	10972	12417	13.2	12410	12776	2.9
Depreciation of machinery	4116	4058	-1.4	4731	5352	13.1	8338	8512	2.1	8786	8759	-0.3
Land and building costs	7264	7038	-3.1	11854	11847	-0.1	18691	17335	-7.3	27111	27887	2.9
Other general farming costs	3328	3323	-0.2	4118	4333	5.2	6428	6376	-0.8	7416	7717	4.1
Total Variable Costs	11930	11627	-2.5	22652	22102	-2.4	36479	35615	-2.4	84311	87983	4.4
Total Fixed Costs	20081	20027	-0.3	28962	29412	1.6	52291	53295	1.9	68146	71359	4.7
Total Inputs	32011	31655	-1.1	51615	51514	-0.2	88770	88910	0.2	152456	159342	4.5
Net Farm Income Excl. BLSA	674	2702	300.9	10697	10155	-5.1	11001	9626	-12.5	33443	37366	11.7
(plus) imputed rent	4075	4068	-0.2	5671	5687	0.3	7568	7663	1.3	8019	8072	0.7
(minus) occupier's expenses	334	319	-4.5	384	375	-2.3	592	447	-24.5	426	509	19.5
(minus) interest payments	551	534	-3.1	1277	1142	-10.6	2996	2868	-4.3	2641	3836	45.2
(minus) depreciation of buildings and works	2391	2159	-9.7	4197	4221	0.6	6938	7497	8.1	9517	10029	5.4
(equals) Occupier's Net Income	1473	3758	155.1	10509	10104	-3.9	8043	6477	19.5	28877	31064	7.6
(plus) imputed labour	2465	2628	6.6	3726	3473	-6.8	9603	9816	2.2	15581	15927	2.2
(plus) other imputed charges	-	-	-	-	-	-	-	-	-	-	-	-
(plus) depreciation of fixed assets	6506	6217	-4.4	8928	9573	7.2	15276	16008	4.8	18303	18787	2.6
(minus) valuation change	-357	-202	43.4	3113	-2865	-	3205	-107	-	14703	-11020	-
(minus) change in debtors	346	1135	228.0	77	1495	1841.6	1552	2312	49.0	3491	2970	-14.9
(equals) Cash Income	10455	11669	11.6	19974	24519	22.8	28164	30095	6.9	44568	73828	65.7
Net Capital Investment	4509	3120	-30.8	11044	7987	-27.7	13970	13970	-	12015	9408	-21.7
Cash Flow from Farm Business	5946	8549	43.8	8930	16533	85.1	14194	16125	13.6	32553	64419	97.9
Average Valuations	45499	46431	2.0	72868	74250	1.9	110084	112672	2.4	188469	191608	1.7

**TABLE 1.6 - DAIRY AND LFA CATTLE AND SHEEP – ALL SIZES
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING -
IDENTICAL SAMPLE 2003/04 AND 2004/05**

	2003/04	Dairy 2004/05	% Change	LFA Cattle and Sheep 2003/04	2004/05	% Change
Number of farms		-			-	
Average size of business (SLRs)		62.0			21.2	
Total Area of Farm (ha)	61.2	61.1	-0.2	96.9	94.8	-2.2
of which: Crops and grass	57.4	57.3	-0.2	53.0	52.6	-0.8
Rough grazing	2.1	2.1	-	35.3	35.0	-0.8
Size of Enterprises:						
Hectares – Total crops	1.5	1.3	-13.3	0.9	0.8	11.1
Av. no. – Dairy cows	79.5	82.5	3.8	2.0	1.2	-40.0
Av. no. – Beef cows	2.9	2.7	-6.9	36.3	36.9	1.7
Av. no. – Other cattle	69.2	68.4	-1.2	68.6	67.2	-2.0
Av. no. – Ewes	10.9	10.1	-7.3	127.3	123.9	-2.7
Av. no. – Sows/gilts	0.5	0.4	-20.0	0.9	0.9	-
Crop Output:		£ per farm			£ per farm	
Cereals	633	819	29.4	292	275	-5.8
Potatoes	94	69	-26.6	427	345	-19.2
Misc. crop output	945	394	-58.3	519	134	-74.2
Total Crop Production	1673	1283	-23.3	1237	754	-39.0
of which: arable area payments	280	250	-10.7	94	100	6.4
Livestock Output:						
Cattle – rearing & fattening	24475	23521	-3.9	32169	33523	4.2
Cattle – dairy	-4405	-5233	-18.8	3	-85	-
Milk	75834	81095	6.9	1632	1183	-27.5
of which dairy premium	-	3071	-	-	50	-
Sheep and wool	633	629	-0.6	8059	8328	3.3
Pigs	627	601	-4.1	1097	1051	-4.2
Poultry and eggs	284	367	29.2	133	186	39.8
Other livestock	-	1	-	5	18	260.0
Total Livestock Output	97448	100982	3.6	43097	44205	2.6
of which: Beef special premium & extensification	1465	1237	-15.6	4541	3616	-20.4
Suckler cow premium & extensification	284	232	-18.3	7775	8569	10.2
Slaughter premium (bovine & heifer)	1476	1269	-14.0	2049	1874	-8.5
Bull special premium & extensification	481	547	13.7	872	1318	51.1
Beef special measures	4713	4363	-7.4	1344	1314	-2.2
Sheep annual premium & R W S	151	164	8.6	2462	2611	6.1
General farm subsidies	136	224	64.7	1133	1514	33.6
Miscellaneous revenue	865	895	3.5	909	942	3.6
LFA compensatory allowance scheme	122	119	-2.5	3297	3318	0.6
Adjustment for disposal of previous year's crop	3	13	333.3	-6	-35	-483.3
Total Farm Output	100247	103515	3.3	49668	50699	2.1

	2003/04	Dairy 2004/05	% Change	LFA Cattle and Sheep 2003/04	2004/05	% Change
Inputs:	£ per farm			£ per farm		
Purchased concentrate feed & fodder	22492	22520	0.1	8837	8513	-3.7
Home grown concentrate feed	1987	2130	7.2	182	200	9.9
Veterinary fees & medicines	2418	2727	12.8	1692	1790	5.8
Other livestock costs	3345	3343	-0.1	953	948	-0.5
Purchased & home grown seed	537	369	-31.3	296	220	-25.7
Fertilisers	5798	5718	-1.4	3459	3378	-2.3
Other crop costs	831	818	-1.6	319	344	7.8
Labour (exc. farmer & spouse)	11902	12071	1.4	4948	5071	2.5
Machinery running costs	8226	9084	10.4	5429	5572	2.6
Depreciation of machinery	7093	7452	5.1	4690	4848	3.4
Land and building costs	13597	13571	-0.2	9864	9654	-2.1
Other general farming costs	6529	6637	1.7	3866	3930	1.7
Total Variable Costs	42057	42726	1.6	18523	18211	-1.7
Total Fixed Costs	42698	43714	2.4	26010	26257	0.9
Total Inputs	84755	86440	2.0	44533	44468	-0.1
Net Farm Income Excl. BLSA	15492	17075	10.2	5135	6231	21.3
(plus) imputed rent	7328	7486	2.2	4873	4880	0.1
(minus) occupier's expenses	533	530	-0.6	368	349	-5.2
(minus) interest payments	2627	2665	1.4	977	949	-2.9
(minus) depreciation of buildings and works	5914	6372	7.7	3400	3314	-2.5
(equals) Occupier's Net Income	13746	14994	9.1	5263	6500	23.5
(plus) imputed labour	9745	9857	1.1	3633	3680	1.3
(plus) other imputed charges	-	-	-	-	-	-
(plus) depreciation of fixed assets	13007	13825	6.3	8089	8161	0.9
(minus) valuation change	2286	624	-72.7	1281	-1257	-
(minus) change in debtors	9	30	233.3	424	1364	221.7
(equals) Cash Income	34203	38020	11.2	15279	18234	19.3
Net Capital Investment	9268	5491	-40.8	7243	5420	-25.2
Cash Flow from Farm Business	24936	32529	30.4	8036	12814	59.5
Average Valuations	94288	96819	2.7	61393	62622	2.0

**TABLE 1.7 – ALL TYPES – 4 SIZE GROUPS
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING -
IDENTICAL SAMPLE 2003/04 AND 2004/05**

	0.5<1 SLR			1<2 SLR			2<3 SLR			All Sizes		
	2003/04	2004/05	% Change	2003/04	2004/05	% Change	2003/04	2004/05	% Change	2003/04	2004/05	% Change
Number of farms		77			112			41			270	
Average size of business (ESUs)		16.2			32.0			64.1			37.0	
Total area of Farm (ha)	54.9	54.3	-1.1	79.7	76.4	-4.1	102.3	103.8	1.5	79.3	78.2	-1.4
of which: Crops and grass	37.7	38.0	0.8	56.7	55.0	-3.0	77.2	77.6	0.5	57.3	57.1	-0.3
Rough grazing	14.2	13.4	-5.6	18.7	18.2	-2.7	18.4	20.2	9.8	17.3	16.9	-2.3
Size of Enterprises:												
Hectares – Total Crops	2.2	2.1	-4.5	3.2	3.2	-	5.5	5.5	-	4.1	4.1	-
Av. no. – Dairy cows	5.6	5.3	-5.4	22.5	22.9	1.8	61.0	62.2	2.0	29.4	30.2	2.7
Av. no. – Beef cows	21.6	21.8	0.9	18.9	18.7	-1.1	21.5	22.0	2.3	21.2	21.3	0.5
Av. no. – Other cattle	48.5	48.2	-0.6	73.2	72.0	-1.6	88.8	84.0	-5.4	73.8	72.6	-1.6
Av. no. – Ewes	57.7	53.6	-7.1	84.2	82.2	-2.4	111.4	115.7	3.9	75.9	73.6	-3.0
Av. no. – Sows/gilts	-	-	-	3.2	2.8	-12.5	6.9	4.1	-40.6	2.0	1.9	-5.0
Crop Output:												
	£ per farm			£ per farm			£ per farm			£ per farm		
Cereals	1169	1182	1.1	1668	1535	-8.0	3066	3386	10.4	2224	2313	4.0
Potatoes	62	72	16.1	1732	1356	-21.7	3612	2548	-29.5	1670	1259	-24.6
Misc. crop output	779	288	-63.0	797	472	-40.8	1123	659	-41.3	1060	572	-46.0
Total Crop Production	2010	1543	-23.2	4198	3363	-19.9	7801	6593	-15.5	4953	4144	-16.3
of which: arable area payments	358	336	-6.1	568	518	-8.8	916	931	1.6	707	669	-5.4
Livestock Output:												
Cattle – rearing & fattening	20760	21809	5.1	29776	29914	0.5	37379	36029	-3.6	30261	30685	1.4
Cattle – dairy	-185	-406	-119.5	-897	-1307	-45.7	-2704	-3303	-22.2	-1548	-1919	-21.1
Milk	5816	5719	-1.7	20832	21041	1.0	58044	64067	10.4	27975	29679	6.1
of which dairy premium	-	167	-	-	796	-	-	2503	-	-	4949	-
Sheep and wool	3720	3830	3.0	5003	5423	8.4	8362	7695	-8.0	4933	5051	2.4
Pigs	-	-	-	3791	3037	-19.9	6238	6308	1.1	2511	2243	-10.7
Poultry and eggs	34	33	-2.9	127	191	50.4	908	1149	26.5	173	225	30.1
Other livestock	3	-	-	12	2	-83.3	-	56	-	6	8	33.3
Total Livestock Output	30147	30984	2.8	58644	58301	-0.6	108228	112001	3.5	64275	65973	2.6
of which: Beef special premium & extensification	3220	2554	-20.7	4732	3913	-17.3	4444	3829	-13.8	4257	3504	-17.7
Suckler cow premium & extensification	4290	4705	9.7	3919	4343	10.8	4392	4971	13.2	4374	4807	9.9
Slaughter premium (bovine & heifer)	1454	1266	-12.9	2833	3031	7.0	2411	2004	-16.9	2383	2251	5.5
Bull special premium & extensification	267	460	72.3	845	905	7.1	846	1077	27.3	734	944	8.6
Beef special measures	1141	1122	-1.7	2216	1865	-15.8	4341	3599	-17.1	2503	2308	-7.8
Sheep annual premium & R W S	1001	1104	10.3	1454	1609	10.7	2199	2139	-2.7	1339	1438	7.4
General farm subsidies	462	727	57.4	900	908	0.9	422	899	113.0	589	783	32.9
Miscellaneous revenue	1206	1233	2.2	840	904	7.6	2790	2604	-6.7	1290	1312	1.7
LFA compensatory scheme	1383	1387	0.3	1579	1614	2.2	1829	1814	-0.8	1491	1513	1.5
Adjustment for disposal of previous year's crop	2	-	-	2	-10	-	-11	27	-	-	14	-
Total Farm Output	35211	35874	1.9	66163	65080	-1.6	121059	123938	2.4	72598	73739	1.6

	0.5<1 SLR			1<2 SLR			2<3 SLR			All Sizes		
	2003/04	2004/05	% Change	2003/04	2004/05	% Change	2003/04	2004/05	% Change	2003/04	2004/05	% Change
Inputs:	£ per farm			£ per farm			£ per farm			£ per farm		
Purchased concentrate feed & fodder	5565	5200	-6.6	14550	13643	-6.2	23668	23806	0.6	14562	14067	-3.4
Home grown concentrate feed	343	356	3.8	1015	1070	5.4	1704	1760	3.3	1203	1282	6.6
Veterinary fees & medicines	1145	1227	7.2	1851	2003	8.2	3090	3501	13.3	1936	2114	9.2
Other livestock costs	934	830	-11.1	1455	1563	7.4	3192	3070	-3.8	1858	1841	-0.9
Purchased & home grown seed	277	203	-26.7	466	367	-21.2	1386	1080	-22.1	675	558	-17.3
Fertilisers	2575	2541	-1.3	3748	3687	-1.6	6565	6510	-0.8	4424	4382	-0.9
Other crop costs	360	413	14.7	573	660	15.2	1319	1360	3.1	846	878	3.8
Labour (exc. farmer & spouse)	4183	4280	2.3	6873	6910	0.5	16159	15897	-1.6	8633	8797	1.9
Machinery running costs	4450	4583	3.0	5996	6286	4.8	9237	11138	20.6	6931	7355	6.1
Depreciation of machinery	3966	3846	-3.0	5239	5498	4.9	8666	8272	-4.5	5974	6015	0.7
Land and building costs	7388	7019	-5.0	11011	10827	-1.7	16150	16870	4.5	12091	11880	-1.7
Other general farming costs	3544	3513	-0.9	5153	5029	-2.4	7138	7126	-0.2	5151	5157	0.1
Total Variable Costs	13465	13019	-3.3	26760	26213	-2.0	46333	47457	2.4	29356	29090	-0.9
Total Fixed Costs	21266	20995	-1.3	31170	31332	0.5	51942	52934	1.9	34928	35236	0.9
Total Inputs	34731	34014	-2.1	57930	57545	-0.7	98275	100390	2.2	64284	64326	0.1
Net Farm Income Excl. BLSA	481	1860	286.7	8233	7535	-8.5	22784	23547	3.3	8313	9413	13.2
(plus) imputed rent	4327	4334	0.2	5822	5815	-0.1	7962	8284	4.0	6121	6186	1.1
(minus) occupier's expenses	427	410	-4.0	468	494	5.6	559	589	5.4	490	502	2.4
(minus) interest payments	452	437	-3.3	1106	1048	-5.2	3151	3358	6.6	1602	1655	3.3
(minus) depreciation of buildings and works	2570	2481	-3.5	3700	3621	-2.1	7533	8252	9.5	4401	4513	2.5
(equals) Occupier's Net Income	1359	2866	110.9	8781	8187	-6.8	19503	19633	0.7	7940	8929	12.5
(plus) imputed labour	3120	3233	3.6	4992	5086	1.9	12655	11992	-5.2	6393	5626	2.1
(plus) other imputed charges	-	-	-	-	-	-	-	-	-	-	-	-
(plus) depreciation of fixed assets	6536	6327	-3.2	8938	9119	2.0	16199	16523	2.0	10375	10528	1.5
(minus) valuation change	33	-345	-	2449	-2382	-	2780	10	-99.6	1892	-890	-
(minus) change in debtors	204	986	1145.5	-461	884	-	327	824	152.0	154	916	494.8
(equals) Cash Income	10778	11785	9.3	20722	23890	15.3	45250	47314	4.6	22663	25957	14.5
Net Capital Investment	3864	3043	-21.2	6716	-572	-	11117	14050	26.4	8658	5219	-39.7
Cash Flow from Farm Business	6914	8742	26.4	14005	24462	74.7	34133	33264	-2.5	14005	20738	48.1
Average Valuations	46922	47142	0.5	72570	72838	0.4	112335	114082	1.6	78780	79793	1.3

FAMILY FARM INCOMES* IN 2003/04 AND 2004/05

	2003/04	2004/05
Cereals	11,175	2,937
General Cropping	15,876	6,948
Dairy	23,781	24,943
Cattle & Sheep (LFA)	8,901	10,249
Cattle & Sheep (Lowland)	7,798	10,483
Mixed	11,546	11,701
Average 'All Types'	14,435	15,517

* Farm businesses above 0.5 SLRs

INCOME BY TYPE OF FARM IN 2003/04 AND 2004/05 £ PER FARM FOR FARMS ABOVE 1 SLR

		Net Farm Income	Occupier's Net Income	Cash Income
Cereals	03/04	15,482	20,690	57,355
	04/05	-8,666	-3,999	14,536
General Cropping	03/04	23,530	6,193	48,824
	04/05	14,774	-5,673	35,615
Dairy	03/04	17,296	15,147	38,299
	04/05	19,619	17,044	43,105
Cattle and Sheep (LFA)	03/04	12,242	11,301	22,967
	04/05	11,854	10,871	28,697
Cattle and Sheep (Lowland)	03/04	4,533	8,341	21,737
	04/05	7,599	11,410	34,424
Mixed	03/04	13,580	13,535	29,169
	04/05	11,932	11,950	34,995
All Types	03/04	14,502	13,140	32,054
	04/05	15,380	13,720	37,156

ASSETS AND LIABILITIES OF CEREAL FARMS, 2004/05
AVERAGE FARM SIZE 89.8 HECTARES

	Opening Valuation	£	Closing Valuation
Land and Buildings	533,442		534,334
Other fixed assets	41,670		40,519
TOTAL FIXED ASSETS	575,112		574,853
Trading livestock, crops & stores	25,834		25,267
Debtors and short-term lending	444		112
Cash in hand and at bank	-		-
TOTAL CURRENT ASSETS	26,278		25,379
TOTAL ASSETS	601,390		600,232
Bank & other institutional loans	4,925		4,205
Family & other loans	-		-
TOTAL LONG-TERM LOANS	4,925		4,205
Bank overdraft	12,210		15,583
Other short-term borrowing	4,021		4,406
TOTAL SHORT-TERM LOANS	16,231		19,989
TOTAL EXTERNAL LIABILITIES	21,156		24,194
NET WORTH	580,234		576,038

ASSETS AND LIABILITIES OF GENERAL CROPPING FARMS, 2004/05
AVERAGE FARM SIZE 129.3 HECTARES

	Opening Valuation	£	Closing Valuation
Land and Buildings	477,168		477,168
Other fixed assets	94,264		96,388
TOTAL FIXED ASSETS	571,432		573,556
Trading livestock, crops & stores	59,521		67,565
Debtors and short-term lending	7,066		1,816
Cash in hand and at bank	-		-
TOTAL CURRENT ASSETS	66,587		69,381
TOTAL ASSETS	638,019		642,937
Bank & other institutional loans	44,303		42,480
Family & other loans	-		-
TOTAL LONG-TERM LOANS	44,303		42,480
Bank overdraft	58,842		75,732
Other short-term borrowing	20,517		12,011
TOTAL SHORT-TERM LOANS	79,359		87,743
TOTAL EXTERNAL LIABILITIES	123,662		130,223
NET WORTH	514,357		512,714

ASSETS AND LIABILITIES OF DAIRY FARMS, 2004/05
AVERAGE FARM SIZE 61.1 HECTARES

	Opening Valuation	£	Closing Valuation
Land and Buildings	418,756		427,789
Other fixed assets	71,004		73,304
TOTAL FIXED ASSETS	489,760		501,093
Trading livestock, crops & stores	24,959		24,569
Debtors and short-term lending	6,184		6,996
Cash in hand and at bank	23		457
TOTAL CURRENT ASSETS	31,166		32,022
TOTAL ASSETS	520,926		533,115
Bank & other institutional loans	24,120		23,463
Family & other loans	73		43
TOTAL LONG-TERM LOANS	24,193		23,506
Bank overdraft	13,238		12,114
Other short-term borrowing	7,430		6,391
TOTAL SHORT-TERM LOANS	20,668		18,505
TOTAL EXTERNAL LIABILITIES	44,861		42,011
NET WORTH	476,065		491,104

**ASSETS AND LIABILITIES OF CATTLE AND SHEEP FARMS (LFA), 2004/05
AVERAGE FARM SIZE 94.8 HECTARES**

	Opening Valuation	£	Closing Valuation
Land and Buildings	278,442		278,882
Other fixed assets	40,562		40,911
TOTAL FIXED ASSETS	319,004		319,793
Trading livestock, crops & stores	27,389		26,502
Debtors and short-term lending	936		2,074
Cash in hand and at bank	-		-
TOTAL CURRENT ASSETS	28,325		28,576
TOTAL ASSETS	347,329		348,369
Bank & other institutional loans	6,261		4,878
Family & other loans	218		209
TOTAL LONG-TERM LOANS	6,479		5,087
Bank overdraft	7,661		6,138
Other short-term borrowing	1,963		1,583
TOTAL SHORT-TERM LOANS	9,624		7,721
TOTAL EXTERNAL LIABILITIES	16,103		12,808
NET WORTH	331,226		335,561

ASSETS AND LIABILITIES OF CATTLE AND SHEEP FARMS (LOWLAND) 2004/05
AVERAGE FARM SIZE 69.1 HECTARES

	Opening Valuation	£	Closing Valuation
Land and Buildings	382,801		384,792
Other fixed assets	30,417		28,570
TOTAL FIXED ASSETS	413,218		413,362
Trading livestock, crops & stores	52,374		47,103
Debtors and short-term lending	1,308		3,476
Cash in hand and at bank	-		-
TOTAL CURRENT ASSETS	53,682		50,579
TOTAL ASSETS	466,900		463,941
Bank & other institutional loans	3,505		3,357
Family & other loans	-		-
TOTAL LONG-TERM LOANS	3,505		3,357
Bank overdraft	5,469		5,408
Other short-term borrowing	68		68
TOTAL SHORT-TERM LOANS	5,537		5,476
TOTAL EXTERNAL LIABILITIES	9,042		8,833
NET WORTH	457,858		455,108

ASSETS AND LIABILITIES OF MIXED FARMS, 2004/05
AVERAGE FARM SIZE 65.9 HECTARES

	Opening Valuation	£	Closing Valuation
Land and Buildings	297,526		298,480
Other fixed assets	48,805		42,683
TOTAL FIXED ASSETS	346,331		341,163
Trading livestock, crops & stores	38,383		37,128
Debtors and short-term lending	1,516		3,025
Cash in hand and at bank	-		-
TOTAL CURRENT ASSETS	39,899		40,153
TOTAL ASSETS	386,230		381,316
Bank & other institutional loans	5,789		4,743
Family & other loans	-		-
TOTAL LONG-TERM LOANS	5,789		4,743
Bank overdraft	3,510		3,168
Other short-term borrowing	3,111		2,068
TOTAL SHORT-TERM LOANS	6,621		5,236
TOTAL EXTERNAL LIABILITIES	12,410		9,979
NET WORTH	373,820		371,337

ASSETS AND LIABILITIES OF ALL TYPES, 2004/05
AVERAGE FARM SIZE 78.2 HECTARES

	Opening Valuation	£	Closing Valuation
Land and Buildings	349,748		353,506
Other fixed assets	51,749		52,132
TOTAL FIXED ASSETS	401,497		405,638
Trading livestock, crops & stores	30,938		29,820
Debtors and short-term lending	3,015		4,056
Cash in hand and at bank	8		165
TOTAL CURRENT ASSETS	33,961		34,041
TOTAL ASSETS	435,458		439,679
Bank & other institutional loans	12,994		12,048
Family & other loans	118		104
TOTAL LONG-TERM LOANS	13,112		12,152
Bank overdraft	10,120		9,391
Other short-term borrowing	4,126		3,374
TOTAL SHORT-TERM LOANS	14,246		12,765
TOTAL EXTERNAL LIABILITIES	27,358		24,917
NET WORTH	408,100		414,762

ENTERPRISE GROSS MARGIN RESULTS CLASSIFIED INTO FOUR PERFORMANCE CATEGORIES

This Appendix contains the 2003/04 gross margin results, presented in 4 performance categories, for each of the main farm enterprises found on farms in the Farm Business Survey (FBS). The results are presented in this way so that farmers in Northern Ireland may assess the level of performance achieved in their main farming activities. Comparisons between the FBS results and individual farm results will quickly establish the level of performance achieved and the scope, if any, for improvements.

The 4 performance categories are 'excellent', 'good', 'moderate' and 'poor'. The good and moderate categories comprise all those farms in the FBS with gross margins which are within one standard deviation above and below the mean result respectively. Those farms with performances which fall within the range 1 and 2 standard deviations, above and below the mean performance respectively, comprise the excellent and poor categories. When there is a normal distribution of results, the excellent category includes approximately 15% of the farms, good 33%, moderate 33% and poor 15%. Approximately 5% of the farms in the sample is excluded, that is the 2.5% of results which are beyond 2 standard deviations on either side of the mean result.

The results for each enterprise have been allocated to the 4 performance categories on the basis of either their gross margin per head or per hectare. Because of the importance of dairy farming in Northern Ireland, the dairy herd gross margins are classified on both basis. This will enable farmers who consider land to be their main limiting resource to assess their own results using the classification of herds by gross margin per hectare, while for those where this is not the case may use the per cow classification. The basis of classification used for each enterprise is given on each table. It should be noted that the comparisons will be most meaningful for farm accounts with year ending dates between January and June 2005.

DAIRY COWS (CLASSIFIED BY GROSS MARGIN PER COW) 2004/05

	Excellent	Good	Moderate	Poor	Average
% of survey farms	16	46	38	13	100
Average herd size	96	64	66	52	68
Enterprise Output	£ per cow				
Milk	1303	1106	991	839	1085
Calves	75	74	69	56	71
Herd replacement	-91	-93	-95	-116	-95
Dairy premium	54	44	40	31	43
Leasing receipts	8	12	13	10	12
TOTAL ENTERPRISE OUTPUT	1349	1143	1018	820	1116
Variable Costs					
Concentrates	272	230	224	193	233
Hay, silage, forage & grazing	88	94	93	79	91
Vet, medicines & sundries	73	65	70	63	68
Leasing costs	24	20	18	27	21
TOTAL VARIABLE COSTS	457	409	405	362	413
GROSS MARGIN					
– per cow	892	734	613	458	703
less dairy premium	838	690	573	427	660
– per hectare	1864	1468	1201	921	1406
less dairy premium	1751	1380	1123	858	1320
– per 1000 litres	126	122	112	98	119
less dairy premium	119	114	105	91	111
Milk yield per cow (litres)	7061	6029	5461	4673	5931
Milk price per litre (pence)	18.5	18.4	18.1	18.0	18.3
Concentrates per litre (kg)	0.26	0.25	0.27	0.28	0.26
Concentrates price per tonne (£)	137	146	144	144	143
Stocking rate (ce per ha)	2.09	2.00	1.96	2.01	2.00
Nitrogen per hectare (kg)	179	178	155	153	168

DAIRY COWS (CLASSIFIED BY GROSS MARGIN PER HECTARE) 2004/05

	Excellent	Good	Moderate	Poor	Average
% of survey farms	16	32	38	14	100
Average herd size	104	77	54	39	67
Enterprise Output	£ per cow				
Milk	1225	1102	1002	825	1081
Calves	78	70	70	60	71
Herd replacement	-92	-93	-99	-89	-94
Dairy premium	51	43	40	33	43
Leasing receipts	7	7	21	23	13
TOTAL ENTERPRISE OUTPUT	1269	1129	1034	852	1114
Variable Costs					
Concentrates	257	239	215	207	234
Hay, silage, forage & grazing	92	97	85	85	91
Vet, medicines & sundries	68	72	65	56	68
Leasing costs	26	30	10	7	21
TOTAL VARIABLE COSTS	443	438	375	355	414
GROSS MARGIN					
– per cow	826	691	659	497	700
less dairy premium	775	648	619	464	657
– per hectare	2007	1520	1133	661	1386
less dairy premium	1883	1426	1065	617	1301
– per 1000 litres	124	115	120	106	118
less dairy premium	116	108	112	99	111
Milk yield per cow (litres)	6657	5995	5505	4668	5910
Milk price per litre (pence)	18.4	18.4	18.2	17.7	18.3
Concentrates per litre (kg)	0.26	0.26	0.25	0.28	0.26
Concentrates price per tonne (£)	137	146	145	150	143
Stocking rate (ce per ha)	2.43	2.20	1.72	1.33	1.98
Nitrogen per hectare (kg)	226	195	135	107	168

DAIRY CALVES REARED AS REPLACEMENTS, 2004/05

	Excellent	Good	Moderate	Poor	Average
% of survey farms	8	31	44	17	100
	£ per hectare				
Enterprise Output	1205	825	711	315	726
Variable Costs					
Concentrates*	296	215	286	146	244
Hay, silage, forage & grazing	316	192	182	148	190
Vet & medicines	23	37	33	17	32
Sundries	40	24	29	12	26
TOTAL VARIABLE COSTS	675	468	530	323	492
GROSS MARGIN	530	357	181	-8	234
Concentrates per ce (kg)	612	472	720	387	588
Concentrates price per tonne (£)	148	161	132	153	143
Stocking rate (ce per ha)	2.52	2.15	1.97	1.59	2.01
Price per calf bought/ transferred in (£)	95	76	82	87	81
Price per heifer sold/ transferred out (£)	695	592	607	573	611
Mortality (%)	1.9	2.0	1.2	0.3	1.4

* Includes milk fed to calves

**SUCKLER COWS – SEVERELY DISADVANTAGED AREA, 2004/05
(CLASSED BY GROSS MARGIN PER COW)**

	Excellent	Good	Moderate	Poor	Average
% of survey farms	14	34	37	13	100
Number of cows per farm	54	52	45	47	47
Enterprise Output					
	£ per cow				
Calves	316	265	238	230	259
Direct Subsidies*	264	233	197	159	216
Herd replacement	-37	-33	-39	-60	-39
TOTAL ENTERPRISE OUTPUT	543	465	396	329	436
Variable Costs					
Concentrates	26	28	39	38	32
Hay, silage, forage & grazing	62	71	70	90	72
Vet & medicine	16	18	18	17	18
Sundries	19	12	12	12	13
Leasing costs	8	16	5	16	11
TOTAL VARIABLE COSTS	131	145	144	173	146
GROSS MARGIN	412	320	252	156	290
Gross margin excluding direct subsidies	148	87	55	-3	74
GROSS MARGIN PER COW EQUIVALENT	386	311	237	160	278
Calves reared per cow	0.95	0.93	0.89	0.91	0.92
Price per calf sold or transferred out (£)	322	283	277	268	286
Mortality – birth to weaning (%)	4.9	301	3.5	3.6	3.6
Concentrates per cow (kg)	238	208	312	300	260
Concentrates price per tonne (£)	110	127	123	125	122

* LFA compensatory allowances are excluded from this analysis

**SUCKLER COWS - DISADVANTAGED AREA, 2004/05
(CLASSIFIED BY GROSS MARGIN PER HECTARE)**

	Excellent	Good	Moderate	Poor	Average
% of survey farms	19	19	52	10	100
Number of cows per farm	80	41	39	28	49
Enterprise Output	£ per cow				
Calves	279	284	251	299	269
Direct Subsidies*	424	202	199	169	212
Herd replacement	-34	-39	-48	-37	-42
Leasing receipts	-	-	-	71	4
TOTAL ENTERPRISE OUTPUT	487	447	402	502	443
Variable Costs					
Concentrates	17	26	36	75	30
Hay, silage, forage & grazing	66	67	71	184	75
Vet & medicines	22	13	24	49	23
Sundries	15	15	9	13	12
Leasing costs	4	16	9	-	8
TOTAL VARIABLE COSTS	124	137	149	321	148
GROSS MARGIN	363	310	253	181	295
Gross margin excluding direct subsidies	121	108	54	12	83
GROSS MARGIN PER COW EQUIVALENT	342	311	242	90	276
Calves reared per cow	0.93	1.01	0.97	0.86	0.96
Price per calf sold or transferred out (£)	301	286	266	330	284
Mortality – birth to weaning (%)	4.8	1.8	1.9	3.9	2.9
Concentrates per cow (kg)	112	200	292	545	232
Concentrates price per tonne (£)	140	129	115	137	124

* LFA compensatory allowances are excluded from this analysis

**BREEDING EWES - SEVERELY DISADVANTAGED AREA
(CROSS BRED FLOCKS), 2004/05
(CLASSIFIED BY GROSS MARGIN PER EWE)**

	Excellent	Good	Moderate	Poor	Average
% of survey farms	9	38	49	4	100
Number of ewes per farm	110	188	201	58	181
Enterprise Output	£ per ewe				
Lambs	75.53	66.68	60.16	38.76	63.23
Wool	2.21	2.13	1.93	1.40	2.01
Sheep Annual Premium and RWS*	28.31	23.63	22.75	18.92	23.34
Flock Replacement	-0.80	-1.95	-10.70	-6.05	-6.68
TOTAL ENTERPRISE OUTPUT	105.25	90.49	74.14	53.03	81.90
Variable Costs					
Concentrates	9.53	10.96	12.54	11.48	11.75
Hay, silage, forage & grazing	12.90	12.18	14.05	17.66	13.31
Vet, medicines and sundries	7.04	8.77	7.62	2.79	7.97
TOTAL VARIABLE COSTS	29.47	31.91	34.21	31.93	33.03
GROSS MARGIN	75.78	58.58	39.93	21.10	48.87
Gross margin excluding Sheep Annual Premium/RWS	47.47	34.95	17.18	2.18	25.53
Price per lamb sold (£)	50.69	46.81	45.62	42.97	46.46
Lambing percentage	148	164	144	104	151
Lambs reared per 100 ewes	138	156	133	94	141
Wool per ewe (kg)	2.8	3.4	3.3	2.3	3.3
Wool per kg (p)	78	62	59	61	61
Concentrates per ewe (kg)	69	49	93	82	86
Concentrates price per tonne (£)	138	138	134	140	136
Mortality - ewes (%)	4.5	4.7	6.9	6.0	5.9
Mortality - lambs per 100 ewes	10.9	8.4	10.9	10.3	9.9

* LFA compensatory allowances are excluded from this analysis

**BREEDING EWES - SEVERELY DISADVANTAGED AREA
(HARDY HILL BREEDS), 2004/05
(CLASSIFIED BY GROSS MARGIN PER EWE)**

	Excellent	Good	Moderate	Poor	Average
% of survey farms	20	23	34	23	100
Number of ewes per farm	265	328	255	288	281
Enterprise Output	£ per ewe				
Lambs	64.65	37.58	42.34	31.02	42.63
Wool	1.91	1.66	1.54	1.62	1.66
Sheep Annual Premium and RWS*	25.71	29.76	24.24	24.89	26.14
Flock Replacement	-11.36	-1.53	-2.74	-5.15	-4.61
TOTAL ENTERPRISE OUTPUT	80.91	67.47	65.38	52.38	65.82
Variable Costs					
Concentrates	13.38	9.04	11.77	9.67	10.85
Hay, silage, forage & grazing	9.48	10.26	13.81	14.12	12.12
Vet, medicines and sundries	6.61	5.44	8.06	8.12	7.10
Leasing costs	0.02	-	-	0.04	0.01
TOTAL VARIABLE COSTS	29.49	24.74	33.64	31.95	30.08
GROSS MARGIN	51.42	42.73	31.74	20.43	35.74
Gross margin excluding Sheep Annual Premium/RWS	25.71	12.97	7.50	-4.46	9.60
Price per lamb sold (£)	46.24	42.68	41.31	36.66	42.23
Lambing percentage	149	121	128	117	127
Lambs reared per 100 ewes	138	110	119	106	117
Wool per ewe (kg)	3.6	2.7	2.6	2.6	2.8
Wool per kg (p)	52	62	59	63	59
Concentrates per ewe (kg)	93	65	85	68	77
Concentrates price per tonne (£)	145	140	136	141	140
Mortality - ewes (%)	6.9	6.0	6.1	8.6	6.8
Mortality - lambs (%)	10.4	11.1	8.6	11.1	10.2

* LFA compensatory allowances are excluded from this analysis

BREEDING EWES - DISADVANTAGED AREA, 2004/05
(CLASSIFIED BY GROSS MARGIN PER EWE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	13	35	30	22	100
Number of ewes per farm	171	162	91	98	128
Enterprise Output					
	£ per ewe				
Lambs	66.37	73.85	65.37	61.99	68.72
Wool	1.33	2.12	1.71	1.95	1.86
Sheep Annual Premium and RWS*	17.00	20.45	22.15	11.75	18.77
Flock replacement	4.63	-4.39	-7.26	-12.74	-4.83
TOTAL ENTERPRISE OUTPUT	89.33	92.03	81.97	62.95	84.52
Variable Costs					
Concentrates	6.54	5.00	9.61	18.88	8.59
Hay, silage, forage & grazing	15.64	11.47	12.31	14.64	12.91
Vet, medicines and sundries	9.01	6.43	3.64	10.30	6.91
TOTAL VARIABLE COSTS	31.19	22.90	25.56	43.82	28.41
GROSS MARGIN	58.14	69.13	56.41	19.13	56.11
Gross margin excluding Sheep Annual Premium/RWS	41.14	48.68	34.26	7.38	37.34
Price per lamb sold (£)	52.17	50.85	48.51	49.82	50.49
Lambing percentage	161	160	144	134	152
Lambs reared per 100 ewes	154	155	139	122	146
Wool per ewe (kg)	1.8	3.1	2.8	2.8	2.7
Wool per kg (p)	72	70	62	70	68
Concentrates per ewe (kg)	45	36	78	118	60
Concentrates price per tonne (£)	146	140	121	150	139
Ewes per hectare	13.08	8.77	6.45	6.00	7.99
Stocking rate (ce per ha)	2.14	1.69	1.46	1.30	1.59
Mortality - ewes (%)	1.6	5.9	5.3	7.4	6.3
Mortality - lambs per 100 ewes	7.8	4.8	5.6	11.2	6.6

* LFA compensatory allowances are excluded from this analysis

BREEDING EWES - NON LFA, 2004/05
(CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	9	52	29	10	100
Number of ewes per farm	188	170	156	42	156
Enterprise Output	£ per ewe				
Lambs	87.08	69.77	39.77	37.02	62.34
Wool	1.91	2.02	1.48	0.79	1.82
Sheep Annual Premium	16.15	14.89	18.04	23.11	16.14
Flock replacement	-10.15	-5.06	-3.25	-7.98	-5.20
TOTAL ENTERPRISE OUTPUT	94.99	81.62	56.04	52.94	75.10
Variable Costs					
Concentrates	6.57	7.32	8.80	12.57	7.79
Hay, silage, forage & grazing	11.16	13.07	7.32	15.56	11.27
Vet, medicines and sundries	10.25	8.63	3.64	13.76	7.51
Leasing costs	-	-	0.32	-	0.09
TOTAL VARIABLE COSTS	27.98	29.02	20.08	41.89	26.66
GROSS MARGIN	67.01	52.60	35.96	11.05	48.44
Gross margin excluding Sheep Annual Premium	50.86	37.71	17.92	-12.06	32.30
Price per lamb sold (£)	53.71	53.54	44.42	42.10	51.70
Lambing percentage	180	148	132	106	146
Lambs reared per 100 ewes	176	140	117	94	136
Wool per ewe (kg)	3.2	3.3	2.6	1.4	3.1
Wool per kg (p)	60	61	56	55	59
Concentrates per ewe (kg)	53	58	54	87	57
Concentrates price per tonne (£)	124	125	152	145	133
Ewes per hectare	11.83	8.88	9.19	5.60	9.09
Stocking rate (ce per ha)	2.38	1.84	2.04	1.39	1.93
Mortality - ewes (%)	2.1	6.4	9.8	10.7	7.0
Mortality - lambs per 100 ewes	3.7	7.7	15.0	11.9	9.4

PIGS - BIRTH TO BACON, 2004/05
(CLASSIFIED BY GROSS MARGIN PER FINISHED PIG)

	Above Average	Below Average	Average
% of survey farms	50	50	100
Number of pigs finished per farm	1494	1383	1439
Number of sows per farm	87	92	89
		£ per pig	
Enterprise Output	78.64	71.75	75.32
Variable Costs			
Feedingstuffs	52.77	57.66	55.12
Vet and medicine	1.51	1.29	1.41
Sundries	1.53	1.76	1.64
TOTAL VARIABLE COSTS	55.81	60.71	58.17
GROSS MARGIN	22.83	11.04	17.15
Price of meal equivalent per tonne (£)	158	160	159
Meal equivalent per finished pig (kg)	335	359	347
Litters per sow per year	1.9	1.7	1.8
Live births per litter	10.2	10.2	10.2
Pigs weaned per litter	9.2	9.1	9.1
Pigs weaned per sow per year	17.6	15.2	16.4
Price of finished pig sold (£)	78.74	71.63	75.23
Mortality – suckers (%)	9.8	10.5	10.1
Mortality – weaners (%)	2.2	3.3	2.7

SPRING BARLEY (2004 CROP)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	17	30	45	8	100
Hectares per farm	13.9	11.6	10.6	5.0	11.0
Enterprise Output	£ per hectare				
Grain	495	405	392	265	413
Straw	176	128	96	93	123
Arable Area Aid	210	200	196	206	201
TOTAL ENTERPRISE OUTPUT	881	733	684	564	737
Variable Costs					
Seed	51	42	48	54	47
Fertilisers	65	64	80	53	71
Sprays	62	53	60	37	58
Sundries	18	8	11	37	12
TOTAL VARIABLE COSTS	196	167	199	181	188
GROSS MARGIN	685	566	485	383	549
Gross margin excluding direct subsidies	475	366	289	177	348
Grain (tonnes per ha)	5.86	4.94	4.71	3.28	4.98
Straw (tonnes per ha)	4.67	3.38	3.24	2.38	3.56
Fertilisers used per hectare (kg)	463	449	566	365	499
Grain per tonne (£)	84	82	83	81	83
Straw per tonne (£)	38	38	30	39	35

WINTER BARLEY (2004 CROP)

	Above Average	Below Average	Average
% of survey farms	38	62	100
Hectares per farm	12.5	22.3	18.7
Enterprise Output		£ per hectare	
Grain	621	594	601
Straw	212	171	181
Arable Area Aid	211	211	211
TOTAL ENTERPRISE OUTPUT	1044	976	993
Variable Costs			
Seed	44	49	47
Fertilisers	90	118	111
Sprays	62	89	82
Sundries	-	20	15
TOTAL VARIABLE COSTS	196	276	255
GROSS MARGIN	848	700	738
Gross margin excluding direct subsidies	637	489	527
Grain (tonnes per ha)	7.79	6.95	7.16
Straw (tonnes per ha)	5.43	4.94	5.06
Fertilisers used per hectare (kg)	729	883	844
Grain per tonne (£)	80	85	84
Straw per tonne (£)	39	35	36

WINTER WHEAT (2004 CROP)

	Above Average	Below Average	Average
% of survey farms	50	50	100
Hectares per farm	17.7	10.6	14.2
Enterprise Output		£ per hectare	
Grain	746	609	695
Straw	124	57	99
Arable Area Aid	209	210	209
TOTAL ENTERPRISE OUTPUT	1079	876	1003
Variable Costs			
Seed	52	64	56
Fertilisers	119	117	119
Sprays	83	132	101
Sundries	2	17	7
TOTAL VARIABLE COSTS	256	330	283
GROSS MARGIN	823	546	720
Gross margin excluding direct subsidies	614	336	511
Grain (tonnes per ha)	8.81	8.33	8.63
Straw (tonnes per ha)	4.46	3.25	4.01
Fertilisers used per hectare (kg)	947	885	924
Grain per tonne (£)	85	73	81
Straw per tonne (£)	28	18	25

WARE POTATOES (2004 CROP)

	Above Average	Below Average	Average
% of survey farms	44	56	100
Hectares per farm	13.6	5.8	9.3
Enterprise Output		£ per hectare	
Current Crop	3407	2314	3026
Variable Costs			
Seed	544	274	450
Fertilisers	185	169	180
Sprays	257	233	249
Contract/Casual Wages	168	149	161
Sundries	158	121	145
TOTAL VARIABLE COSTS	1312	945	1185
GROSS MARGIN	2095	1369	1841
Total yield (tonnes)	40	30	37
Yield of ware per hectare (tonnes)	40	27	36
Seed used per hectare (tonnes)	2.20	2.37	2.26
Fertilisers used per hectare (tonnes)	5661	1034	4050
Price per tonne sold (£)	87	76	84

APPENDIX 4

DEFINITIONS OF TERMS USED

Farm Business Size

Farm business size is determined by calculating each farm's total Standard Labour Requirement (SLR). Standards or norms have been calculated for all major enterprises. The total SLR for each farm is calculated by multiplying its crop areas and livestock and livestock numbers by the appropriate SLR and then summing the result for all enterprises on the farm.

In UK agricultural statistics from 2003/04 onwards, business size is described in terms of four SLR size bands. These are:-

Term	SLR
Part-time	≥0.5 <1
Small	≥1 to <2
Medium	≥2 to <3
Large	≥3 to <5
Very large	≥5

Farm Business Type

The system of classifying farms according to farm type is set out in Commission Decision 85/377/EEC. This specifies 72 EC types which are determined according to the distribution of SGM among enterprises. Not all of these types are applicable in Northern Ireland.

Until 1993 each UK country used combinations of EC types to reflect its own circumstances. However, with the introduction in 1993 of revised SGMs, the opportunity was taken to standardise the system throughout the UK. Consequently the EC types were grouped into 9 robust types which have particular relevance to UK conditions. These are:

Cereals More than two thirds of total SGM from cereals, oilseeds, peas and beans harvested dry and set-aside.

General Farms which do not qualify as Cereals farms but have more than two thirds of total SGM from arable crops (including field scale vegetables) or in a mixture of arable and horticultural crops.

Horticulture More than two thirds of total SGM from fruit, hardy nursery stock, glasshouse flowers and vegetables, market garden scale vegetables and outdoor bulbs and flowers.

Pigs and Poultry More than two thirds of total SGM from pigs and/or poultry.

Dairy More than two thirds of total SGM from dairying including associated young stock.

Cattle and Sheep Farms which do not qualify as Dairy farms but have more than two thirds of total SGM from cattle and sheep. They are further sub divided into farms where more than half of the land farmed is in Less Favoured Areas (LFA) and Lowland (those which have less than 50% of land in the LFA) categories.

Mixed Crops account for one third, but less than two thirds of total SGM and livestock account for one third, but less than two thirds of total SGM.

Other Farms which specialise in enterprises which do not fit in well with mainstream agriculture, eg specialists in mushrooms, goats, horses.

Weighted sample averages are calculated for each type of farm by weighting the sample data within each size group according to the distribution of farm businesses by size in the June 2003 Agricultural Census. Data, where given, for individual size groups within farm types are simple sample averages.

Breeding Livestock Stock Appreciation (BLSA) is that part of the change between the opening and closing valuations of breeding animals due to changes in value.

Enterprise output of a crop is the sum of: crop sales, market value of crop unsold, fed to livestock, used for seed, consumed in the farmhouse and by farm workers, and subsidies received.

Enterprise output of a livestock enterprise is the total of livestock and product sales; transfers to other enterprises; produce consumed in the farmhouse and by farm workers; subsidies; compensation payments and net leasing receipts/payments; and closing valuation **minus** purchases of livestock, transfers-in of livestock from other enterprises and opening valuation of livestock.

Direct Subsidy receipts includes Arable Area, Set Aside, LFA, Sheep Annual Premium, Rural World Supplement, Beef Special Premium, Suckler Cow Premium, Extensification, Slaughter Premium, dairy Premium and BSE receipts (Cow Slaughter Scheme, 30 Month Scheme, Calf Processing Scheme, Beef Marketing Scheme, BSP and SCP Top-Ups).

Miscellaneous receipts include hire work, adjustments for the difference between the opening valuation of any stocks of previous crops and their ultimate disposal value.

Feedingstuffs: Expenditure on feed and feed additives including the value of milk transferred from the dairy herd and fed to livestock; adjustments for changes in stock; market value of home-grown cereals fed.

Seeds: Expenditure on seed; adjustments for changes in stock; market value of home-grown seeds used including potatoes.

Labour: Salaries; wages; employers' insurance contributions; unpaid family labour calculated at the appropriate rate for comparable paid labour. No charge is made for farmer and spouse labour.

Fertilisers: Expenditure on fertilisers and lime.

Machinery and Power: Expenditure on vehicle fuel and oil; repairs; contract work; small tools.

Miscellaneous: Veterinary charges; AI fees; twine; sprays for crop protection; electricity; insurance; vehicle taxation; water rates; other general farming costs.

Land and Building Costs: Imputed rental value of own land farmed; conacre and other paid rents; farm rates (at one-third); minor building repair costs.

Depreciation: Provisions for machinery, glasshouse and permanent crop depreciation calculated on a replacement cost basis.

Variable costs are those costs which can both be readily allocated to a specific enterprise and will vary in approximately direct proportion to changes in the scale of that enterprise. They include fertilisers, sprays, seed, concentrate feedingstuffs and veterinary costs.

Fixed costs are those costs which do not vary with small changes in the scale of individual enterprises or cannot be readily allocated to individual enterprises. Examples are regular labour, machinery costs, rent and rates, and general overhead expenses.

Gross Margin of an enterprise is its enterprise output less its variable costs. For a livestock enterprise the variable costs include the allocated variable costs of grass and other forage crops.

Net Farm Income is the total gross margin less fixed costs including notional labour costs and a notional rent but excluding interest paid and ownership expenses. It represents the reward to the farmer and spouse for their manual labour and management and their return on tenant-type capital invested in the farm.

Occupier's expenses: Farm rates and fire insurance premia.

Occupier's Net Income is net farm income plus imputed rent less depreciation of buildings and improvements and land ownership expenses and interest payments. It represents the return to the farmer and spouse for their manual and managerial labour and investment in the farm business.

Cash income is receipts less expenditure.

Total assets comprise fixed assets and current assets. Fixed assets consist of land, buildings, quotas, machinery, equipment and breeding livestock. Current assets comprise trading livestock, harvested and growing crops, stocks of livestock products and stocks of inputs, cash and sundry debtors.

Valuations

Land, buildings, improvements, fixed equipment and quotas are valued at conservative market prices.

Plant, machinery, vehicles, glasshouses and permanent crops are valued on a current replacement cost basis.

Breeding livestock and trading livestock are valued on an estimated conservative market value basis less the cost of marketing.

Stocks of livestock products, purchased feed, seeds, fertilisers and other miscellaneous items are valued at estimated cost.

Tenant's capital/Operating Capital includes investment in machinery, livestock and crops, stocks, work in progress, cash and other assets (excluding land and buildings) needed to run the business. It is calculated by averaging the opening and closing valuations of these items.

Liabilities are claims on the assets of the business by the suppliers of funds to it. They comprise long and medium-term loans, which are not usually liable to recall within 12 months, and short-term loans, such as bank overdrafts, hire purchase and leasing debt which may have to be repaid within the next 12 months.

Net Worth/Owner's Equity represents the interest of the owner in the business. It is the balance sheet value of assets available to the owner of the business after all other claims against the assets have been met.

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