



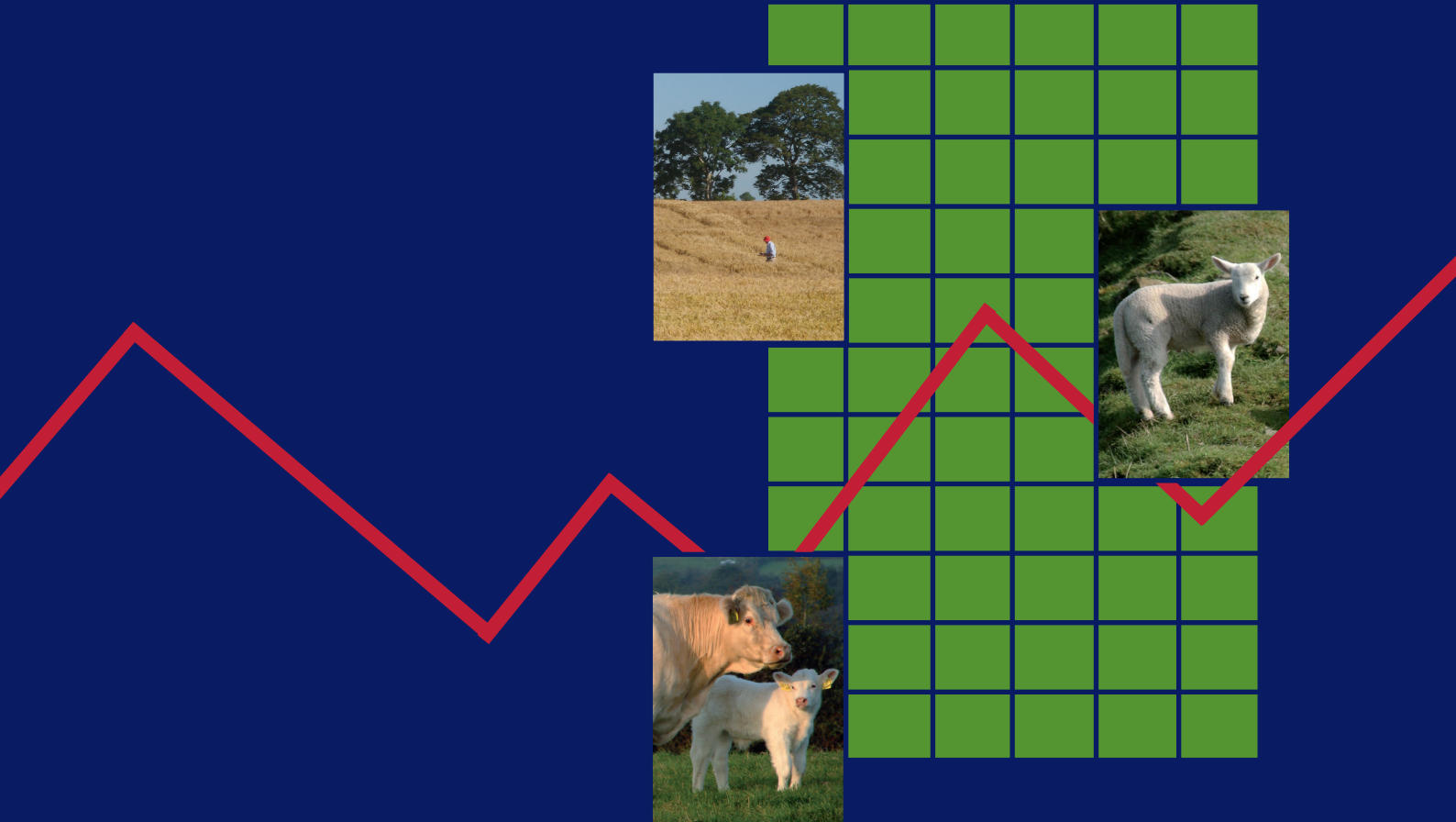
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POLICY AND ECONOMICS DIVISION

Farm Incomes in Northern Ireland

2005/06



Department of Agriculture and Rural Development
Policy and Economics Division

**FARM INCOMES
IN
NORTHERN IRELAND
2005/06**

A National Statistics Publication

A National Statistics Publication

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FOREWORD AND ACKNOWLEDGEMENTS

This report on Farm Incomes in Northern Ireland, the fourteenth 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 2005/06 account year, which has an average year end of mid-February 2006, for the 335 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 are 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 2005/06 accounting period, a threshold of 0.5 Standard Labour Requirements is being used throughout the UK. With 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 always welcome and should be forwarded to the Policy and Economics Division in Dundonald House.

NORMAN FULTON

Director of Policy and Economics
March 2007

EXECUTIVE SUMMARY

1. The average Net Farm Income across all farm businesses above 0.5 Standard Labour Requirements (SLRs) increased from £8,672 to £10,165 per farm between 2004/05 and 2005/06. This resulted from an increase of 3.1% in the average value of farm output and an average increase in expenditure on inputs of 1.2%.
2. Only 2 of the main farming enterprises recorded higher gross margins per head and per hectare in 2005/06 than in 2004/05.
3. Between 2004/05 and 2005/06 increases in Net Farm Income were recorded on 5 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 £3,558 and £206 respectively.
4. A Net Farm Income above £10,000 was achieved by 44% of the farm businesses in the FBS in 2005/06; 27% 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 £26,678 in 2004/05 to £29,340 in 2005/06. This income measure provides the average amount of cash available per farm to cover living expenses and investment expenditure.
6. Direct payments increased by £1,273 per farm between 2004/05 and 2005/06 and averaged £20,813 per farm and £242 per hectare in 2005/06. (Section 2.4). They represented twice the value of Net Farm Income and 71% 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 2005/06 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 £9,874 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 72% of the farms classified as full-time businesses. (Section 2.6)
9. Off-farm income of the farmer and spouse averaged £5,603 per farm in 2005/06. However, on 41% 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 2005/06, the spouse of the farmer on 23% of the farms had off-farm employment, on a further 6% 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% increase compared with the situation in 2004/05.
11. The average level of net investment per farm increased from £7,309 in 2004/05 to

£8,367 in 2005/06. Investment in 2005/06 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 £22,200 per farm and equated to 4.6% of the total value of farm assets. On 10% 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 2005/06 and 92% 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 decreased by £57, from £694 in 2004/05 to £637 in 2005/06. Ending of the dairy premium which is now incorporated into Single Farm Payment and therefore no longer included in gross margin and increases in concentrates and hay, silage and grazing costs accounted for the decrease.
- (ii) The difference in herd gross margin between those in the top 25% and bottom 25% performance groups amounted to £24,633 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 £252 and £278 in 2005/06. The decreases across all of the herds were mainly due to the loss of Suckler Cow Premium receipts due to the introduction of Single Farm Payments.
- (ii) DA suckler cow herds had the highest average gross margin per cow, at £93, while Lowland herds averaged £83 and SDA herds £79 in 2005/06. (Section 4.2).

Sheep

- (i) Between 2004/05 and 2005/06 the average gross margins per breeding ewe decreased for all three flock types. The gross margin for SDA flocks decreased by £24 per ewe whereas the decrease for DA flocks was £17. Lowland flocks recorded a reduction in gross margin of £16 per ewe.
- (ii) The highest average gross margin per ewe of £33 was achieved by the Lowland flocks and this was £3 higher than for ewes in upland flocks and £23 higher than for SDA flocks.

Pigs

On pig units which reared and finished pigs, the average gross margin per pig increased significantly, from £15.42 in 2004/05 to £20.50 in 2005/06. The average finished price for pigs decreased by £0.83 between years but the main factor in raising the average gross margin per pig was that feed costs per tonne in 2005/06 were £6.15 lower than in 2004/05.

Cereals

- (i) The average gross margins per hectare for winter barley and winter wheat crops were lower in 2005/06 than in 2004/05. The average gross margin for spring barley fell by £175 to £375 per hectare, mainly as a result of the exclusion of subsidy receipts from the gross margin due to the introduction of the Single Farm Payment. Winter barley crops recorded the largest decrease of £302 per hectare compared with a decrease of £115 for winter wheat. The reduced gross margins for the winter barley and wheat crops were again due mainly to the removal of subsidy receipts from Single Farm Payment. However, the reduction in gross margin for winter wheat was not as marked as that for winter barley due to an increased straw yield and price per tonne.
- (ii) The winter wheat crop had the highest average gross margin of the three main cereal crops, at £609 per hectare, followed by winter barley at £490 and spring barley at £375. (Section 4.7).

Potatoes

In 2005/06 the average gross margin for ware potatoes increased by £1,221 from £1,575 in 2004/05 to £2,796 per hectare. The yields per hectare were similar in both 2004/05 and 2005/06 at 29.0 and 27.4 tonnes. The price per tonne rose by £49 per tonne from £87 per tonne in 2004/05 to £136 per tonne in 2005/06. The 2005/06 crop had lower variable costs, down £76 per hectare on the 2004/05 figure. This was mainly due to large reductions in seed, spray and sundry costs, although this was partly negated by increased contract/casual wages and fertiliser costs.

Fixed Costs

15. The average levels of fixed costs (excluding labour) per hectare across all farm types were higher in 2005/06 than in 2004/05, at £330 and £307 respectively. (Section 5.0).
16. Labour charges increased by £30 per hectare on average between 2004/05 and 2005/06 and ranged from £274 per hectare on Cattle and Sheep (LFA) farms to £736 per hectare on General Cropping farms. Family labour charges ranged from 87% of total labour input on Cattle and Sheep (Lowland) farms to 99% on Cereals 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. UK farm incomes data are published on the Internet at statistics.defra.gov.uk/esg/ by the Department of Environment, Food and Rural Affairs (DEFRA) "Farm Incomes in Northern Ireland" provides more detailed results for Northern Ireland, and more extensive analyses and interpretation of the information, than is possible at UK level.

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 335 farm businesses for the 2005/06 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 255 farm businesses over 0.5 SLRs in size provided information for both the 2004/05 and 2005/06 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 2005/06 account year information presented in this report refers to the 2005 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, 2005/06

Type of Farm Business	Number of Farm Businesses	
	Northern Ireland	FBS Sample
Cereals	142	4
General Cropping	143	5
Horticulture	227	-
Pigs and Poultry	387	1
Dairy	3,845	105
Cattle and Sheep (LFA)	4,548	116
Cattle and Sheep (Lowland)	1,490	16
Mixed	625	8
Others	215	-
All Types	11,622*	255**

* Number of farm businesses above 0.5 SLRs in size at June 2005 Census; there are 15,442 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 2004/05 and 2005/06 account years, and which were used in the analyses. A further 37 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.

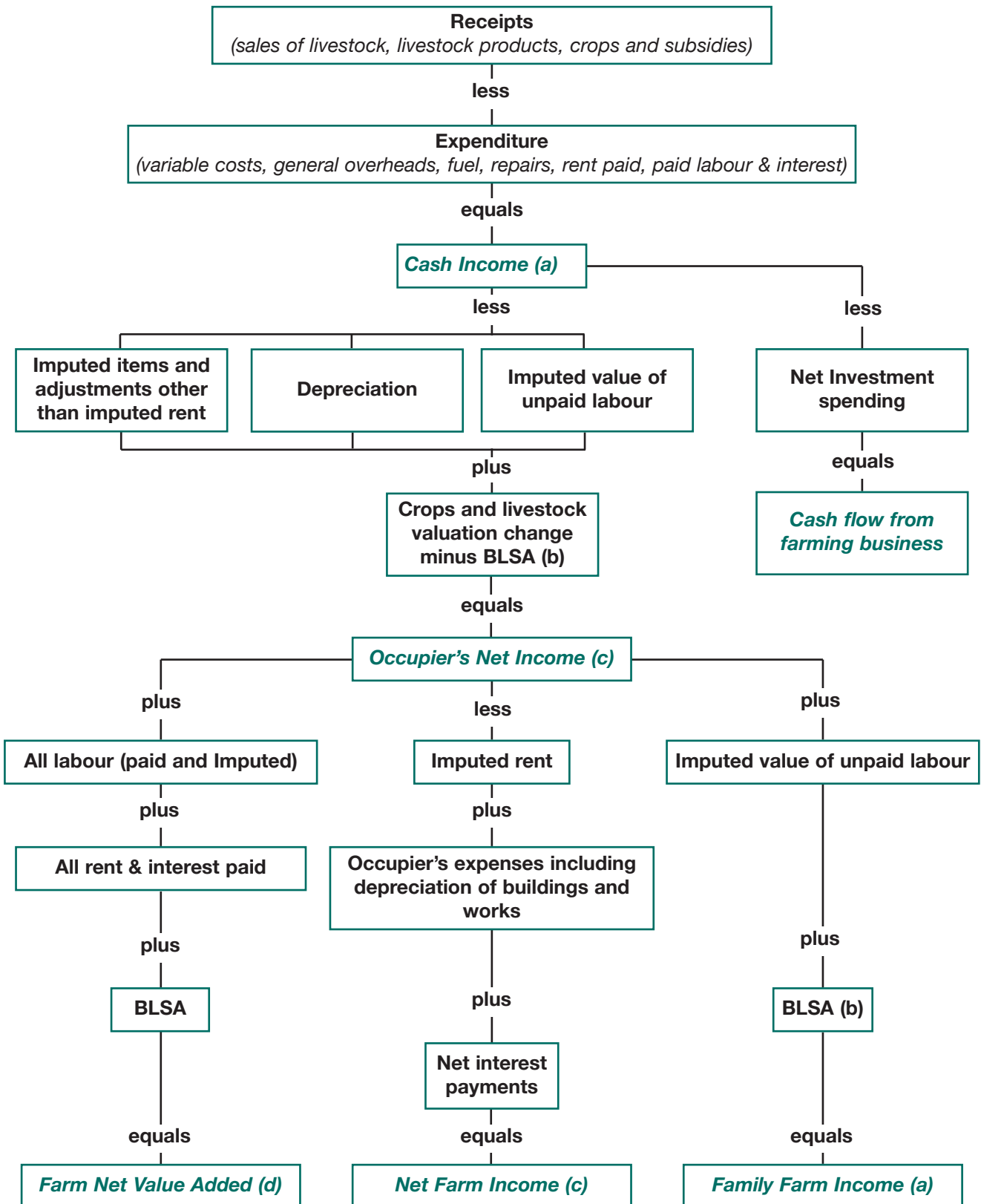
Another measure of income which is becoming more widely used is “Cash Income” which is simply cash receipts less expenditure. This measure excludes notional items such as depreciation and the effects of livestock and crop valuation changes. It is a measure of the return to all those with an entrepreneurial 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.

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

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.

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 2004/05 and 2005/06

Between 2004/05 and 2005/06 the average level of Net Farm Income increased by £1,493 per farm. This was a continuation of a trend which saw an increase in annual farm incomes between 2003/04 and 2004/05. An improvement in Net Farm Income was recorded on 5 of the 6 main types of farm business, between 2004/05 and 2005/06. The two main farm types Dairy and Cattle and Sheep (LFA) farms were profitable in both years and had average increases in income of £3,558 and £206 respectively. For the third largest type of farm business, Cattle and Sheep (lowland), their income increased by £288 but stayed in a loss making situation, with a loss of £1,404 in 2005/06. While Cereal farms recorded a loss of £2,696 in 2004/05, they made a profit of £3,598 in 2005/06. Dairy farms, one of the 3 farm types which generated a profit in both years, recorded the highest average net farm income of £20,653 per farm.

Average farm income (all types, above 0.5 SLRs)

	2004/05	2005/06
	£	£
Net Farm Income	8,672	10,165
Occupier's Income	8,627	10,585
Cash Income	26,678	29,340

The average net farm income across all farm types increased from £8,672 in 2004/05 to £10,165 in 2005/06; a 17% increase. This resulted from an increase in the average value of output per farm of 3.1% and an average increase in expenditure on inputs of 1.2%.

On Dairy farms the average level of Net Farm Income was £20,653 per farm; some £3,558 higher than in 2004/05. This outcome was the result of a 6.7% increase in the value of output per farm and a 4.1% increase in expenditure on inputs. The increase in dairy premium which was incorporated into Single Farm Payment in 2005/06 was the main reason for the higher value of farm output. Increases in expenditure on all inputs, except for land and building costs, were recorded with the largest occurring for machinery running costs, averaging an increase of £1,100 per farm.

Cattle and Sheep farms (LFA) generated a net farm income of £5,703 per farm in 2005/06, which was 3.7% higher than the 2004/05 income of £5,497 per farm. This improvement was the net result of a 0.8% decrease in the value of farm output and a 1.3% decrease in expenditure on inputs. The main decreases in expenditure on inputs were recorded for purchased concentrates (-£598), and labour costs (-£355).

Lowland Cattle and Sheep farms, continued to make a loss in 2005/06. However, the loss in net farm income of £1,404 per farm was £288 less than in 2004/05. The increase of £288 per farm, was the outcome of a decrease in the value of farm output of 1.2% and a reduction of 1.7% in total farm inputs. The largest decrease in inputs expenditure were for purchased feed (-£1,287) and home grown concentrate feed (-£227).

On the other 3 types of farm which account for 8% of full-time farms, changes in the total value of farm output ranged from +17.5% (Cereal) to -6.3% (Mixed). General Cropping farms recorded a 4.5% higher value of output, mainly because miscellaneous revenue increased by £3,222 in 2005/06. The total cost of inputs decreased on all 3 types of farm due mainly to reduced labour and purchased feed costs.

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 2004/05 and 2005/06 may differ for each farm size grouping within farm types. For instance, in the case of dairy farms, the total value of farm output increased by 5.2% in the 0.5 < 1 SLR size group compared with a 8.0% increase in the > 3 SLR size group and expenditure on inputs decreased by 6.3% in the 0.5 < 1 SLR size group compared with a 7.0% increase in the > 3 SLR size group.

The average levels of income per farm included in this report for each of the 6 farm types in 2004/05 (ie the 2004/05 – 2005/06 identical sample) are different to those in the previous year's report (ie the 2003/04 – 2004/05 identical sample). This occurs when an identical sample basis for reporting farm incomes is used, because the sample of farms

for 2004/05 in the 2004/05– 2005/06 identical samples will not be exactly the same as those for the same year in the 2003/04 – 2004/05 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 2004/05 and 2005/06, £ per farm

		Net Farm Income	Occupier's Net Income	Cash Income
Cereals	04/05	-2,696	3,273	18,358
	05/06	3,598	10,593	26,851
General Cropping	04/05	-9,446	-15,969	24,165
	05/06	2,218	-2,695	29,969
Dairy	04/05	17,095	14,986	39,094
	05/06	20,653	17,823	42,270
Cattle and Sheep (LFA)	04/05	5,497	6,582	20,425
	05/06	5,703	7,723	22,959
Cattle and Sheep (Lowland)	04/05	-1,692	366	14,743
	05/06	-1,404	2,283	17,505
Mixed	04/05	8,263	8,629	25,623
	05/06	5,768	7,064	22,684
All Types	04/05	8,672	8,627	26,678
	05/06	10,165	10,585	29,340

Occupier's Net Income showed similar changes to Net Farm Income between 2004/05 and 2005/06 for each of the farm types. However, on average, Occupier's Net Income was £420 higher than Net Farm Income in 2005/06. This occurred because the level of imputed rent, which is deducted in the calculation of Net Farm Income, is more 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, both Cattle and Sheep farms and Mixed farms in 2004/05 and 2005/06, 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 2 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 (£8,367 in 2005/06). Any surplus which

remains is credited to the farm bank account. In 2005/06 the average level of Cash Income per farm generated across all types of farm in Northern Ireland was £29,340 which was £2,662 higher than in 2004/05. Increases in Cash Income occurred in 2005/06 on 5 of the 6 farm types and these increases ranged from £2,534 per farm on Cattle and Sheep (LFA) farms to £8,493 on Cereals farms. On Mixed farms Cash Income decreased by £2,939 when compared with levels recorded in 2004/05. The lowest level of Cash Income at £17,505 per farm was recorded by Cattle and Sheep (Lowland) 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 11,622 farm businesses of which 6,590 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 2004/05 and 2005/06 account years.

	2004/05	2005/06
	£	£
OCCUPIER'S NET INCOME	8,627	10,585
plus imputed family labour cost	6,804	6,743
plus depreciation of fixed assets	10,847	10,982
minus valuation change	-399	-1,030
CASH INCOME	26,678	29,340

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 2005/06 the average Net Farm Income across all types of farm declined by 44% in real terms whereas cash income fell by 5%. 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. 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, 2001/02 to 2005/06

	2001/02	2002/03	2003/04	2004/05	2005/06
Net Farm Income	51	27	50	53	56
Occupier's Income	48	23	47	52	61
Cash Income	73	67	81	87	95

¹ Expressed as an index in real 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 2005/06. When compared with those in 2004/05, they show that the increase in average Net Farm Income across all types of farm between 2004/05 and 2005/06 resulted in 2% fewer farms, at 27%, which incurred a negative NFI. This is 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 2005/06 was relatively high at 25%, and higher than that in the period 1997/98 to 2001/02. The proportion of farms with negative cash incomes recorded in 2005/06 was the same as in 2004/05 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 2005/06 income distributions, when compared with those for 2004/05, show that the percentage of farms with a net farm income above £10,000 increased by 5 percentage points. The change between years in the percentage of farms with an Occupier's Net Income over £10,000 was most apparent with a 9% increase between years. The distribution change for Occupier's Net Income reflects the increase in the overall average Occupier's Net Income of £1,958 per farm in 2005/06.

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	
	04/05	05/06	04/05	05/06	04/05	05/06
<0	29	27	27	25	3	3
0 - 4,999	15	16	17	13	7	9
5 - 9,999	17	13	16	13	13	10
10 - 19,999	17	23	20	26	32	22
20 - 29,999	11	9	10	12	14	21
30,000 and over	11	12	10	11	31	35

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 15,442 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 91% 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 2004/05 and 2005/06.

Table 5 Incomes for ‘spare-time*’ Cattle and Sheep farms in the LFA and Lowland in 2004/05 and 2005/06, £ per farm

		Net Farm Income	Occupier’s Net Income	Cash Income
Cattle and Sheep (LFA)	2004/05	-2,284	1,458	5,896
	2005/06	-1,955	-731	6,497
Cattle and Sheep (Lowland)	2004/05	-2,512	-1,437	5,428
	2005/06	-2,579	-598	4,604

* 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 2004/05 and 2005/06.

2.4 Direct Payments

As a result of reforms to the CAP over the past 2 decades, market support in the form of high EU support prices has been replaced with direct payments to farmers.

These direct payments, which have increased as support prices were reduced, were intended to compensate for reduced levels of market support following the various CAP reforms. However, it should be recognised that the levels of direct payments do not necessarily indicate relative total levels of support. For instance, milk prices continue to be supported to some extent 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. The latest reforms to the CAP agreed in June 2003 is beginning to change this by increasing direct payment to dairy farms and decreasing dairy market price support.

From 1 January 2005 the system of direct payments has been replaced by a decoupled Single Farm Payment (SFP) as an outcome of June 2003 CAP reforms. Farmers in Northern Ireland will receive a SFP which takes into account their historic receipts of direct payments and an area payment.

As SFP is decoupled from production it is not included in the gross margin of any particular enterprise. It is however included in total farm output and the various income measures. Previously coupled subsidy receipts were included in enterprise gross margins and therefore the introduction of decoupling has resulted in a significant reduction in many gross margins. SFP is recorded on an 'as due' basis of accounting. This means that payments relating to the 2005 SFP scheme year (1st year of SFP) accrue to the 2005/06 FBS accounting period, irrespective of when the money is actually paid. Hence 2005/06 represents the 1st year of SFP and 2004/05 the last year of the legacy schemes.

On average, direct subsidy receipts per farm, inclusive of BSE related payments, increased from £19,540 in 2004/05 to £20,813 in 2005/06, on an 'as due' basis of accounting. The most significant increase was for dairy farms reflecting the fact that dairy premium (part of SFP in 2005/06) increased compared to the previous year as a result of CAP reform. Cattle and Sheep (LFA) farms received the highest level of direct subsidy receipts, averaging £25,373 per farm in 2005/06, whereas General Cropping farms recorded the lowest average of the 6 main types of farming, at £13,660 per farm.

Table 6 'As due' Direct payments* by type of farm in 2004/05 and 2005/06

	2004/05		2005/06	
Cereals	15,483	(-)	18,428	(-)
General Cropping	14,518	(-)	13,660	(-)
Dairy	7,979	(4,481)	12,944	(4,307)
Cattle and Sheep (LFA)	24,183	(1,427)	23,759	(1,614)
Cattle and Sheep (Lowland)	19,428	(815)	17,508	(799)
Mixed	21,397	(428)	19,083	(664)
All Types	17,204	(2,336)	18,452	(2,361)

* 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 2005/06 direct payments ranged from 11% of the value of total farm output on Dairy farms to 44% on Cattle and Sheep farms (LFA). When expressed on a per hectare basis, they ranged from £202 on Dairy farms to £328 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 2005/06. On average, direct payments represented almost double the value of Net Farm Income and 63% of Cash Income generated across all types of farm in Northern Ireland.

Table 7 'As due' Direct payments by type of farm, 2005/06

	% TFO ¹	£ per ha	% NFI ²	% ONI ³	% CI ⁴
Cereals	29	264	512	174	69
General Cropping	15	241	616	-	46
Dairy	11	202	63	73	31
Cattle and Sheep (LFA)	44	246	417	308	103
Cattle and Sheep (Lowland)	32	328	-	767	100
Mixed	30	275	331	270	84
All Types	24	242	182	174	63
All Types (exclusive of BSE payments)	21	211	158	152	55

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 receipts

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. The data indicates that only Dairy farms generate a net farm income; the other 5 main types incur significant losses.

Table 7(a) Net Farm Incomes including and excluding direct payments in 2005/06, £ per farm

	NFI	Direct Payments*	NFI minus Direct Payments
Cereals	3,598	18,428	-14,830
General Cropping	2,218	13,660	-11,442
Dairy	20,653	8,637	12,016
C&S (LFA)	5,703	22,145	-16,442
C&S (Lowland)	-1,404	16,709	-18,113
Mixed	5,768	18,419	-12,651
All Types	10,165	16,091	-5,926

* 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 1996/97 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 130% of that in the first three years, 1996/97 to 1998/99, 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 145% of that in the first three years of the 10 year period.

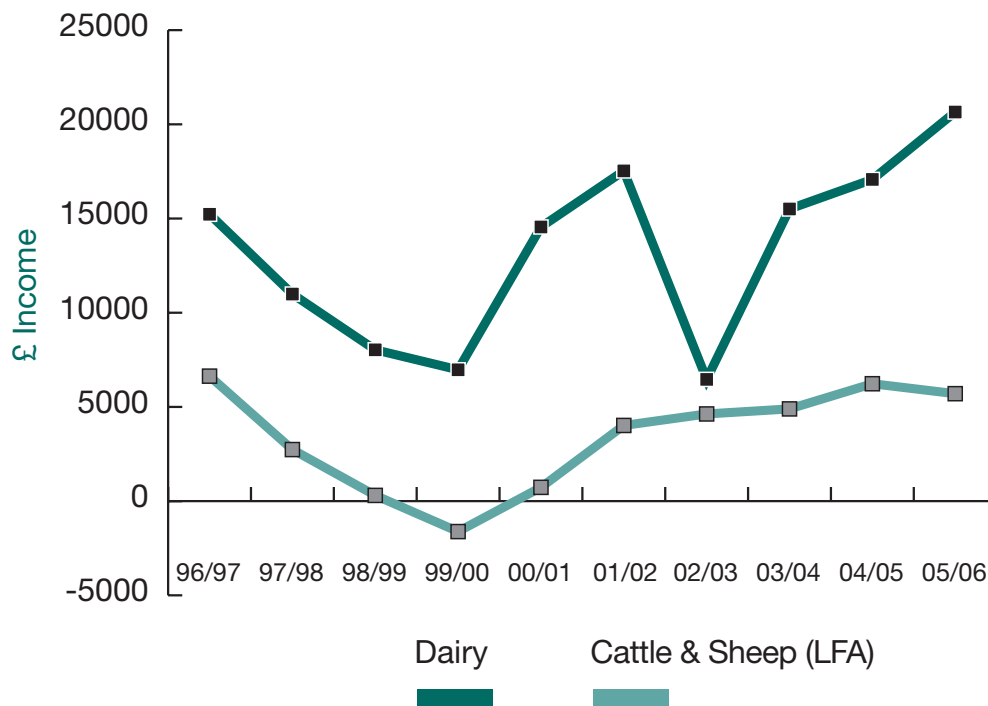
Table 8 Indices of net farm income, in real terms¹, for Dairy and Cattle and Sheep farms (LFA), 1996/97 to 2005/06

	Dairy	Cattle and Sheep (LFA)
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	55	72
2005/06	65	64

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 £9,874 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 £13,300 per farm compared with £3,426 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 64 hectares in Northern Ireland is valued at 16% more than the average Cattle and Sheep (LFA) farm of 97 hectares and has generated almost 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, 1996/97 to 2005/06



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 £5,603 per farm in 2005/06, of which £4,099 was earned income and £1,505 unearned income. However, it should be noted that on 41% 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 £6,599 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, 2005/06, £ per farm

	Off-farm Total Income	Employment & Self-employment	Investments, Pensions, Social Payments
Dairy	5,275	2,976	2,299
Cattle and Sheep (LFA)	5,921	4,695	1,226
Mixed	6,599	6,390	209
All Types	5,603	4,099	1,505

The two most common off-farm income sources were other employment and social payments, as shown in Table 10. In 2005/06, the spouse of the farmer on 59 of the 255 farms had off-farm employment, on a further 16 farms only the farmer had off-farm employment and on another 12 farms both the farmer and spouse had off-farm employment. This equates to 34% of farms having an off-farm employment source of income. In 2004/05 the comparable proportion was 33%. 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, 2005/06

	£				
	Zero	0-999	1,000-4,999	5,000-19,999	20,000+
	(% of farms)				
Employment	68	-	4	22	6
Self-employment	95	-	3	2	-
Investments	94	4	2	-	-
Pensions	85	-	8	7	-
Social payments	78	11	9	2	-
All sources	41	3	14	34	8

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. In 2005/06 the level of investment per farm was 56% higher in real terms than in 2004/05, but was 22% lower than that in 1995/96.

Table 11 Net investment index per farm, 1996/97 to 2005/06

	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06
Current price index	104	75	65	58	68	104	80	106	63	100
Real terms index ¹	101	71	60	52	60	89	67	87	50	78

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

In 2005/06, the average net amount invested was £8,367 per farm, which was £1,058 more than in 2004/05. Within these totals, net investment in plant, machinery and vehicles, at £6,151 per farm, was £825 higher than in 2004/05; sales of land exceeded purchases of land and buildings by £296 per farm, compared with a decrease in investment of £1,332 per farm in 2004/05; and net expenditure on other capital improvements, at £2,666, was £401 lower per farm than in 2004/05. The levels of net investment were higher on both types of Cattle and Sheep farms and on Mixed farms in 2005/06 when compared with levels in 2004/05, as shown in Table 12.

Table 12 Net investment by type of farm, 2004/05 and 2005/06

	2004/05	2005/06
	£ per farm	
Cereals	6,535	697
General Cropping	12,928	9,284
Dairy	10,949	10,442
Cattle & Sheep (LFA)	6,587	7,371
Cattle & Sheep (Lowland)	2,042	3,710
Mixed	2,471	14,364
All Types	7,309	8,367

As in 2004/05, the average levels of investment in 2005/06 were different on each of the farm types. These ranged from a low of £697 on Cereals farms to a net investment per farm of £14,364 on Mixed 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.

The 2005/06 account year saw the inclusion of SFP entitlements in valuations and the removal of suckler cow and sheep quota which are no longer in operation following the end of the relevant subsidy schemes. Milk quota was reduced in value to reflect lower milk quota prices.

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 £16,400 in current money terms between the end of the 2004/05 account year and end of the 2005/06 account year. This occurred as a net result of an increase in the value of assets per farm of £15,600 and a decrease in external liabilities of £700 per farm. These changes resulted in an increase in the 'all types' average net worth when expressed as a percentage of total assets from 95.1% to 95.4%. 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 91.9% to 98.9% and that farms in Northern Ireland, on average, have external liabilities (ie mainly bank borrowings) which represent just 4.6% of farm assets. In 2005/06, Dairy farms had the highest average amount of external liabilities at £42,000 per farm whereas Cereals farms had the lowest average at £7,000 per farm. These equate to external liabilities of £655 and £100 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 £12,000 per farm (Cattle/Sheep LFA) and net worths of £477,300 and £435,900 respectively. Their external liabilities per hectare average £655 (Dairy) and £124 (Cattle and Sheep LFA).

Table 13 Financial stability of farms in Northern Ireland 2004/05 and 2005/06

		Farm Area (ha)	Total Assets (£'000)	External Liabilities (£'000)	Net Worth (£'000)	Net Worth (as % of Total Assets)
Cereals	04/05	70.6	567.0	15.6	551.3	97.2
	05/06	69.7	618.9	7.0	611.9	98.9
General Cropping	04/05	67.4	502.0	32.1	469.8	93.6
	05/06	56.7	529.2	30.5	498.7	94.2
Dairy	04/05	62.6	552.0	40.3	511.7	92.7
	05/06	64.1	519.3	42.0	477.3	91.9
Cattle and Sheep (LFA)	04/05	101.7	405.6	12.7	392.8	96.9
	05/06	96.5	447.9	12.0	435.9	97.3
Cattle and Sheep (Lowland)	04/05	63.0	443.6	16.2	427.4	96.4
	05/06	53.4	484.0	8.9	475.1	98.2
Mixed	04/05	79.2	429.4	7.6	421.8	98.2
	05/06	69.5	484.0	8.8	475.2	98.2
All Types	04/05	79.8	464.8	22.9	441.9	95.1
	05/06	76.2	480.4	22.2	458.3	95.4

The distribution of farms, by their net worth expressed as a percentage of total farm assets, is presented in Table 14. When the 2004/05 and 2005/06 net worth's 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 2005/06 the proportion of farm businesses with a net worth of between 75% and 85% was 2 percentage points higher than in 2004/05, the proportion of farm businesses with a net worth of between 85% and 95% was 3 percentage points lower and 7% more farms had no liabilities. Overall, the distribution indicates that 4% of farm business have liabilities which are more than 25% of the value of their assets and that over two-thirds of businesses (70%) 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 %, 2004/05 and 2005/06

	Net Worth %				
	Under 75	75-84.9	85-94.9	95-99.9	100
	% of farms				
2004/05	4	4	23	36	33
2005/06	4	6	20	30	40

When the total farm assets are expressed on an area basis, the average amount of capital required to farm one hectare of land was £6,304 in 2005/06. 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 £4,641, mainly because of the comparatively lower value of land, whereas, at the other extreme, General Cropping farms high average of £9,333 arises because they have large intensive cropping enterprises on smaller areas of better quality land.

The value of land and buildings, on average, accounts for 83% 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 (5%) and crops and stocks (1%). In 2005/06 the average amount of operating capital (which excludes debtors) required was £81,544 per farm. This amount differed by type and size of farm business and ranged from £57,761 for Cereals farms to £102,742 for Dairy farms. When expressed on a per hectare basis the amounts range from £684 for Cattle and Sheep farms (LFA) to £1,611 for General Cropping farms.

Table 15 Amount of operating capital by type of farm, 2005/06

	Operating Capital	
	£ per farm	% of total farm capital
Cereals	57,761	9.3
General Cropping	91,391	17.3
Dairy	102,742	19.8
Cattle and Sheep (LFA)	65,991	14.7
Cattle and Sheep (Lowland)	73,469	15.2
Mixed	89,316	18.5
All Types	81,544	17.0

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, 2004/05 and 2005/06

	Occupier's net income as a % of net worth	
	04/05	05/06
Cereals	0.6	1.7
General Cropping	-3.4	-0.5
Dairy	2.9	3.7
Cattle and Sheep (LFA)	1.7	1.8
Cattle and Sheep (Lowland)	0.1	0.5
Mixed	2.0	1.5
All Types	2.0	2.3

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 2005/06 was achieved by Dairy farms (3.7%) and the lowest by General Cropping farms (-0.5%). 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 2005/06 account year, the average level of bank borrowings by farm was £18,980. This is £2,459 less per farm than in 2004/05. Average cash income increased by £2,662. Farms had, on average, higher values of fixed assets (+£18,475) and a lower value of current assets to fund (-£2,848), with total liabilities being £729 lower.

Table 17 Average bank borrowings per farm by type of farm, 2005/06

	Bank borrowings (£ per farm)
Cereals	283
General Cropping	29,903
Dairy	36,161
Cattle and Sheep (LFA)	10,393
Cattle and Sheep (Lowland)	7,096
Mixed	7,669
All Types	18,980

The Lowland Cattle and Sheep farms and Mixed farms in the sample, as shown in Table 17, had relatively low levels of bank borrowings. At the other extreme, Dairy farms had the highest borrowings with an average of £36,161 per farm. Cereal and General Cropping farms recorded large decreases in borrowings during 2005/06, the largest decrease occurred on General Cropping farms, averaging £88,309 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 £3,198 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 2004/05 and 2005/06 are distributed amongst farms. It shows, for instance, that 53% of the farms recorded no bank borrowings in 2005/06 whereas 8% of farms recorded borrowings in excess of £50,000. When compared with borrowings in 2004/05, the overall picture is very similar with 22% of farms having borrowings in excess of £20,000 per farm, three percentage points less than in 2005/06.

Table 18 Distributions of farms by level of bank borrowings, 2004/05 and 2005/06

Bank borrowings (£ per farm)	2004/05	2005/06
	% of farms	
Nil	50	53
Under 20,000	25	25
20,000 to 49,999	17	14
50,000 to 99,999	2	2
100,000 and over	6	6

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 2005/06, borrowings of £50,000 would have incurred interest costs of around £3,600 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 Dairy (18%) and General Cropping (8%) 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 2004/05 and 2005/06. As the average account year end for the sample of farms is mid-February, the results refer to the 2004 and 2005 grassland and crop years. The overall situation was that higher gross margins were recorded in 2005 for Pigs and Ware potatoes. All of the Suckler cow, Sheep and Cereal enterprises had significantly reduced gross margins when compared with those in 2004. This was due to the introduction of the Single Farm Payment scheme which decoupled subsidy payments from production and replaced such payments as the Suckler Cow Premium, Sheep Annual Premium and Arable Area payments. Any payments made under the Single Farm Payment scheme are not included in gross margin figures.

	Average gross margins	
	2004/05	2005/06
	£ per head	
Dairy Cows	694	637
Suckler Cows - SDA	344	79
- DA	345	93
- Lowland	361	83
Breeding Ewes - SDA	33	9
- DA	46	29
- Lowland	49	33
Pigs	15.42	20.50
	£ per hectare	
Spring Barley	550	375
Winter Barley	792	490
Winter Wheat	724	609
Potatoes – ware	1,575	2,796

4.1 Dairy Cows

The average gross margin per cow decreased from £694 in 2004/05 to £637 in 2005/06 for the 104 dairy herds which provided information in both years. This reduction resulted from a lower value of output in 2005/06. Milk receipts, were on average, £1 higher per cow and calf returns £11 lower per cow. The absence of dairy premium receipts in 2005/06 was the main factor in the reduction in output. Herd replacement costs fell by £9 per cow to £84 per cow in 2005/06. Feedingstuffs costs, the major variable cost at £239 per cow, were £9 higher than in 2004/05 due to more concentrates being fed. Hay, silage and grazing costs averaged £102 per cow and were £10 higher than in 2004/05. The average price received for milk was 0.4 pence per litre lower in 2005/06 at 17.9

pence, and the milk yield per cow was 141 litres higher in 2005/06 at 6,019 litres. The average stocking rate fell from 1.99 cow equivalents in 2004/05 to 1.97 cow equivalents per hectare in 2005/06. Overall these changes resulted in an average gross margin per hectare of £1,256 in 2005/06 which was £125 lower than in 2004/05.

Table 19 Average outputs, variable costs and gross margins per dairy cow in 2004/05 and 2005/06

	2004/05	2005/06
Number of herds		104
Enterprise output		£ per cow
Milk	1,075	1,076
Calves	71	60
Herd replacement	-93	-84
Output	1,053	1,052
Dairy Premium	43	-
Quota leasing receipts	12	-
Quota leasing costs	24	4
Super levy	-	-
Adjusted Output	1,084	1,048
Variable Costs		
Concentrates	230	239
Hay, silage & grazing	92	102
Sundries	68	70
Total Variable Costs	390	411
Gross Margin	694	637
Average herd size (cows)	67	69
Concentrates per litre (kg)	0.26	0.27
Stocking rate (ce/ha)	1.99	1.97
Summer milk (%)	55	55
Milk yield (l/cow)	5,878	6,019
Milk price (p/l)	18.3	17.9

The difference in performance in 2005/06 between the 'top' and 'bottom' quartiles was, as in previous years, substantial. The 'top' group had an average gross margin per cow of £806 per cow compared with £449 for the 'bottom' group. A higher milk yield of 2,167 litres per cow, and a higher milk price differential of 0.7 pence per litre, were the main reasons for the difference in performance. For the average herd size of 69 dairy cows in the sample, this difference in gross margin equates to £24,633 per farm.

Table 20 Average outputs, variable costs and gross margins per dairy cow in the top 25% and bottom 25% groups, 2005/06

	Top 25%	Bottom 25%
	£ per cow	
Gross Margin	806	449
Milk Sales	1,242	851
Calf Sales	68	63
Total Output	1,237	816
Variable Costs	431	367
Milk Yield - litres	6,927	4,760
Av milk price - ppl	18.0	17.3
Stocking rate - ce/ha	1.92	1.85

4.2 Suckler Cows

In the 2005/06 account year all of the three main categories of suckler herds had lower average gross margins, of between £252 and £278 per cow, than in 2004/05. Such large decreases, in the main, were due to the absence of Suckler Cow Premium receipts because of the introduction of Single Farm Payments which are not accounted for in gross margin budgets. The largest decrease of £278 per cow occurred in the lowland herds. The value of calf output was also £28 lower than in 2004/05, with replacement costs £6 more than in 2004/05 at £41 per cow. Variable costs were £10 higher in 2005/06 at £124 per cow. SDA herds recorded a reduction of £265 per cow and resulted in an average gross margin of £79 per cow in 2005/06 whereas the DA herds gross margin was £14 higher. Variable costs were higher for Lowland types of herd in 2005/06, by £10 per cow but were £1 lower in DA herds. Variable costs in SDA herds rose by £4 to £140 per cow.

Table 21 Average outputs, variable costs and gross margins per cow for SDA, DA and lowland suckler herds, 2004/05 and 2005/06

	SDA		DA		Lowland	
	04/05	05/06	04/05	05/06	04/05	05/06
Number of herds	78		15		9	
Enterprise Output	£ per cow					
Calves	255	266	276	273	276	248
HLCA & FHDS & miscellaneous	1	-	-	-	-	-
SCP	261	-	250	-	234	-
Herd rep	-37	-47	-33	-33	-35	-41
Total Output	480	219	493	240	475	207
Variable Costs						
Concentrates	34	33	35	32	23	18
HSG	72	73	79	79	54	64
Sundries & Vet	30	34	34	36	37	42
Total Variable Costs	136	140	148	147	114	124
Gross Margin	344	79	345	93	361	83
Calves reared per cow	0.91	0.93	1.01	0.97	0.89	0.84
Av price per calf sold/trans (£)	282	288	275	284	310	303

The data presented in Table 22 for the 'top 25%' and 'bottom 25%' of suckler herds show that 58% of the average difference of £181 in gross margin per cow for the SDA and DA herds is accounted for by differences in value of calf returns (£86) and in herd replacement costs (£19). Higher variable costs in the 'bottom' groups of SDA and DA herds of £77 accounted for approximately 43% 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, 2005/06

	Top 25%	Bottom 25%
	£ per cow	
Gross Margin		
– SDA	160	-31
– DA	181	10
Calf Returns		
– SDA	306	220
– DA	332	246
Herd replacement cost		
– SDA	-28	-66
– DA	-38	-37
Variable Costs		
– SDA	117	185
– DA	113	199

4.3 Breeding Ewes

The gross margins per ewe in 2005/06 fell by between £16.35 and £24.06 per ewe for each of the three flock types. Such large decreases, in the main, were due to the absence of Ewe Premium receipts because of the introduction of Single Farm Payments. Hill flocks had the largest decrease of just over £24 per ewe and lowland ewes the smallest decrease of just over £16 per ewe. Upland ewes recorded a reduction in gross margin of almost £17 per ewe. The lowland flocks had the highest gross margin, at £33 per ewe, and SDA flocks the lowest, at £9 per ewe.

DA and SDA flock types had lower levels of lamb receipts in 2005/06 than in 2004/05. This was almost entirely the result of a lower fat lamb price in 2005/06. Fat lamb prices fell by £2.98 and £2.91 respectively per head in 2005/06. Flock replacement costs fell in all three of the flock types, with decreases most noted in lowland and SDA flocks.

Table 23 Average outputs, variable costs and gross margins per ewe for lowland, DA and SDA breeding flocks, 2004/05 and 2005/06

	Lowland		Upland (DA)		Hill (SDA)	
	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06
Number of flocks	18		16		31	
Output	£ per ewe					
Lambs	64.89	61.45	62.76	61.92	40.75	37.72
Wool	1.79	1.78	1.67	1.64	1.67	1.64
Ewe Premium	15.82	-	16.77	-	24.64	-
Flock Replacements	-7.74	-3.72	-3.47	-3.41	-3.17	-0.42
Total Output	74.76	59.51	77.73	60.15	63.89	38.94
Variable Costs						
Concentrates + OPF	7.70	7.11	11.22	11.05	10.74	9.33
Hay, silage & grazing	10.84	11.75	13.18	13.20	12.75	13.06
Sundries + Vet	7.20	7.98	7.01	6.50	7.09	7.30
Total Variable Costs	25.74	26.84	31.41	30.75	30.58	29.69
Gross Margin	49.02	32.67	46.32	29.40	33.31	9.25
Lambs reared per ewe	1.36	1.38	1.38	1.36	1.16	1.17
Av fat lamb price (£)	53.42	50.51	50.08	47.10	46.14	44.67
Av store lamb price (£)	37.28	35.05	38.20	-	34.98	32.58
Ewe mortality (%)	6.5	3.9	6.3	4.8	6.7	6.0
Lamb mortality (%)	8.1	8.7	7.2	8.0	10.2	8.3
Av flock sizes (ewes)	158	153	115	123	269	254

In 2005/06, 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 £67 in the top group and £41 in the bottom group. However, other 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, 2005/06

	Top 25%	Bottom 25%
	per ewe	
Gross Margin (£)		
– Lowland	45	20
– Upland	52	16
– Hill	25	-3
Lamb Sales (£)		
– Lowland	76	35
– Upland	70	57
– Hill	54	32
Lambs Reared		
– Lowland	1.58	1.10
– Upland	1.68	1.07
– Hill	1.39	1.11

4.4 Pigs

On the 6 farms which had rearing and finishing units, the average gross margin per pig rose from £15.42 in 2004/05 to £20.50 in 2005/06. The improved margin was due to lower feedstuffs prices per finished pig, which decreased from £56.85 to £50.70. However, this decrease in price of feedstuffs was partly offset by an decreased average finished pig price which fell from £74.62 per pig in 2004/05 to £73.79 in 2005/06. Veterinary and medicine costs and sundries costs rose by £0.24 per pig. The gross margin per pig of £20.50 is considerably higher than in any of the years since 1998/99. The average gross margins per pig in the previous 5 years were margins of £7 in 1999/00, £19 in 2000/01 and 2001/02, £16 in 2003/04 and £15 in 2004/05.

The average price received for finished pigs, for the average FBS account of year ending mid-February 2006, was £0.83 per pig lower than in 2004/05 and reflects the lower prices received in the later part of the account year. In the period April 2005 to March 2006 pig prices were, on average, over 1 pence per kg lower than for the corresponding period April 2004 to March 2005.

Table 25 Average sales, variable costs and gross margins per pig for pig rearing and finishing units, 2004/05 and 2005/06

	2004/05	2005/06
Number of herds		6
		£ per pig
Av finished pig price	74.62	73.79
Variable Costs		
Feedingstuffs	56.85	50.70
Vet and medicines	1.21	1.17
Sundries	1.14	1.42
Total Variable Costs	59.20	53.29
Gross Margin	15.42	20.50
Meal equivalent per pig (kg)	347	322
Price of concentrates (£/tonne)	164	157
Pigs weaned per sow	16.06	18.92

4.5 Spring Barley

The gross margin from the spring barley crop, at £375 in 2005, was £175 lower per hectare than in 2004. In 2005, the value of output was lower due mainly to the absence of arable area receipts. The average grain yield at 5.14 tonnes per hectare was 0.1 tonnes higher per hectare than in 2004. The price per tonne remained the same as in 2004 at £83. Straw sales were £39 higher for the 2005 crop due to increased straw yields and price per tonne. Variable costs were £19 per hectare higher in 2005 mainly because of higher fertiliser, spray and sundry costs.

Table 26 Average outputs, variable costs and gross margins per hectare for spring barley, 2004/05 and 2005/06

	2004/05	2005/06
Number of farms		32
Output		£ per hectare
Grain	421	427
Straw	124	163
Arable area receipts	201	-
Total Output	746	590
Variable Costs		
Seed	48	46
Fertilisers	73	81
Sprays	62	69
Sundries	13	19
Total Variable Costs	196	215
Gross Margin	550	375
Grain yield (tonnes per ha)	5.05	5.14
Straw yield (tonnes per ha)	3.41	4.22

The 'top' performance group of farms in 2005 had an average yield of grain of 6.63 tonnes per hectare compared with 2.95 tonnes in the 'bottom' group. Associated with this higher grain yield was a higher yield of straw which generated sales of £192 per hectare in the 'top' group compared with £129 in the 'bottom' group. The average prices per tonne received for grain are similar in each of the performance groups. Straw price per tonne in the 'top' performance group at £26 is considerably lower than the average for all performance groups at £38 per tonne. 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 £509 per hectare for the 'top' group and £184 per hectare for the 'bottom' group.

4.6 Winter Barley

Winter barley gross margins fell between 2004 and 2005 by £302 to average £490 per hectare. This reduction was mainly due to the absence of arable area receipts and the introduction of the Single Farm Payment. While the average grain yield decreased greatly, by 1.7 tonnes to 5.93 tonnes per hectare, in 2005, the grain output was only £119 less than the £617 value in 2004 due to an improvement in grain price of £3 per tonne. Variable costs were £14 lower per hectare for the 2005 crop due to lower seed, fertiliser and sundry costs. Spray costs were the same as in 2004 at £87 per hectare.

Table 27 Average outputs, variable costs and gross margins per hectare for winter barley, 2004/05 and 2005/06

	2004/05	2005/06
Number of farms		5
Output		£ per hectare
Grain	617	498
Straw	207	221
Arable area receipts	211	-
Total Output	1,035	719
Variable Costs		
Seed	51	48
Fertilisers	96	93
Sprays	87	87
Sundries	9	1
Total Variable Costs	243	229
Gross Margin	792	490
Grain yield (tonnes per ha)	7.62	5.93
Straw yield (tonnes per ha)	6.33	6.20

On average, the winter barley crop gross margin in 2005 was £115 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 2005 winter wheat crop gross margin was £115 lower per hectare, at £609, than that achieved for the 2004 crop. This was mainly the result of the absence of arable area receipts. Grain yield per hectare was 0.57 tonnes lower for the 2005 crop and resulted in an average value of grain output per hectare of £639, some £51 lower than for the 2004 crop and due entirely to the lower yield of grain. The value for straw output was £127 per hectare more than that in 2004. This was due to an increase of 1.97 tonnes per hectare in the average straw yield and an increase of around £10 per tonne in the price of straw. Variable costs were £19 lower in 2005 mainly due to lower costs of seed, fertiliser and sundries.

Table 28 Average outputs, variable costs and gross margins per hectare for winter wheat, 2004/05 and 2005/06

	2004/05	2005/06
Number of farms		3
Output		£ per hectare
Grain	690	639
Straw	130	257
Arable area receipts	210	-
Total Output	1,030	896
Variable Costs		
Seed	60	55
Fertilisers	119	102
Sprays	116	130
Sundries	11	-
Total Variable Costs	306	287
Gross Margin	724	609
Grain yield (tonnes per ha)	8.53	7.96
Straw yield (tonnes per ha)	7.95	9.92

The 'above average' group of wheat farms had an average grain yield, of 8.47 tonnes per hectare, and this was 1.60 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 £925 per hectare for the top group, some £155 above that of the bottom group. Variable costs per hectare were similar in both groups at £285 per hectare in the 'above average' group and £280 in the 'below average' group. The gross margins per hectare were £640 for the above average group and £490 for the below average group. Average gross margin in 2005 was £115/ha lower when compared with 2004.

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 2005 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 2005 the average gross margin per hectare for winter wheat was £609 compared with £490 for winter barley and £375 for the spring barley crop. Over the past 10 years the average gross margin for spring barley has exceeded in 2 years that for the winter barley crop.

4.8 Potatoes

The gross margin performances for the 2004 and 2005 ware potato crops were £1,575 and £2,796 per hectare respectively. In the 2004/05 crop year the average yield of ware potatoes was 29.0 tonnes, whereas in 2005/06 the average was 27.4 tonnes per hectare. Prices per tonne of potatoes were £87 and £136 per tonne in respective crop years.

Total variable costs per hectare were lower in 2005/06 at £855 per hectare compared with £931 in 2004/05. Seed costs showed a substantial decrease in 2005, falling from £285 per hectare to £229. Total fertiliser and spray costs per hectare were similar for the 2005 crop. The average variable costs of production per tonne for the ware crop were similar in 2005 at £31.20 to that in 2004 at £32.10. 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, 2004/05 and 2005/06

	Ware Crop	
	2004/05	2005/06
Number of farms	6	
	£ per hectare	
Potato Output	2,505	3,651
Variable Costs		
Seed	285	229
Fertiliser	159	175
Sprays	243	225
Contract/Casual Wages	125	137
Sundries	119	89
Total Variable Costs	931	855
Gross Margin	1,575	2,796
Total yield (tonnes/ha)	29.0	27.4
Av price per tonne (£)	87	136

Gross margins for the 'top' and 'bottom' performance groups for the main enterprises are summarised in Table 30. They show that for 6 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, 2005/06

	Top ¹ Group	Bottom ¹ Group
	£ per head	
Dairy cows	806	449
Suckler cows – DA	181	10
– SDA	160	-31
Breeding ewes – DA	52	16
– SDA	25	-3
– Lowland	45	20
Spring barley	509	184

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 higher in 2005/06 at £330 compared with £307 in 2004/05. All of the six farm types, recorded increases in fixed costs. Increases in costs per hectare ranged from £3 on Dairy farms to £80 on General Cropping farms.

Table 31 Fixed costs per hectare * by type of farm, 2004/05 and 2005/06

	2004/05	2005/06
	£ per ha	
Cereals	365	420
General Cropping	670	750
Dairy	488	491
Cattle and Sheep (LFA)	206	225
Cattle and Sheep (Lowland)	264	306
Mixed	290	356
All Types	307	330

* Excludes labour costs.

Two major items of fixed costs, excluding labour, are depreciation of fixed capital improvements and machinery depreciation. In both 2004/05 and 2005/06, 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, 2004/05 and 2005/06

	2004/05	2005/06
	£ per ha	
Depreciation of fixed capital improvements	61	63
Depreciation of machinery	83	90
Machinery running costs	75	81
Farm insurance	13	13
Farm fuel	13	14
Rates and water charges	9	10
Building repairs and miscellaneous	53	59
Total	307	330

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 2005/06 Farm Business Survey, they ranged from 87% of total labour costs for Cattle and Sheep (lowland) farms to 99% for Cereals farms and averaged 96% 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 £274 to £736 per hectare. Details for each farm type are given in Table 33.

Table 33 Labour charges per hectare by type of farm, 2005/06

	Farmer & Spouse	Other Family Members	Hired	Total
	£ per ha			
Cereals	396	2	3	402
General Cropping	425	257	54	736
Dairy	372	173	19	564
Cattle and Sheep (LFA)	221	47	6	274
Cattle and Sheep (Lowland)	320	113	65	498
Mixed	307	33	27	367
All Types	288	94	17	398

APPENDICES 1.1 to 1.7

TABLE 1.1 - CEREAL AND GENERAL CROPPING FARMS – ALL SIZES OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2004/05 AND 2005/06

	Cereals			General Cropping		
	2004/05	2005/06	% Change	2004/05	2005/06	% Change
Number of farms						
Average size of business (ESUs)		25.4			31.1	
Total Area of Farm (ha)	70.6	69.7	-1.3	67.4	56.7	-15.9
of which: Crops and grass	64.3	62.9	-2.2	55.6	53.5	-3.8
Rough grazing	0.1	0.1	-	10.0	1.0	-90.0
Size of Enterprises:						
Hectares – Total crops	49.8	55.7	11.8	29.9	31.4	5.0
(of which cereals)	43.2	45.2	4.6	19.8	21.7	9.6
Av. no. – Dairy cows	-	-	-	-	-	-
Av. no. – Beef cows	0.4	0.2	-50.0	1.7	2.0	17.6
Av. no. – Other cattle	32.6	18.8	-42.3	48.3	46.3	-4.1
Av. no. – Ewes	3.9	15.7	302.6	48.8	64.9	33.0
Av. no. – Sows/gilts	-	-	-	-	-	-
Crop Output:		£ per farm			£ per farm	
Cereals	31789	21031	-33.8	16396	13907	-15.2
Potatoes	-	-	-	29370	27072	-7.8
Misc. crop output	6156	10367	68.4	2208	3644	65.0
Total Crop Production	37945	31398	-17.3	47974	44623	-7.0
of which: arable area payments	9530	-	-	4639	-	-
Livestock Output:						
Cattle – rearing & fattening	10111	6461	-36.1	17893	9934	-44.5
Cattle – dairy	-	-	-	-	-	-
Milk	-	-	-	-	-	-
Sheep and wool	465	386	-17.0	6695	5141	-23.2
Pigs	-	-	-	-	-	-
Poultry and eggs	-	-	-	-	-	-
Other livestock	-	-	-	-	-	-
Total Livestock Output	10576	6847	-35.3	24589	15076	-38.7
Single Farm Payment	-	16518	-	-	13413	-
LFA Compensatory Allowance Scheme	-	-	-	-	-	-
Agri Environmental Scheme	-	1766	-	141	211	49.6
Miscellaneous subsidies	160	144	-10.0	2	36	1700.0
Miscellaneous revenue	2790	4823	72.9	6626	9848	48.6
On Farm - Non Farm Income	1992	1992	-	5089	5089	-
Adjustment for disposal of previous years crop	-36	-717	-1891.7	237	153	-35.4
Total Farm Output	53426	62772	17.5	84657	88448	4.5

TABLE 1.1 - CEREAL AND GENERAL CROPPING FARMS – ALL SIZES OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2004/05 AND 2005/06 (contd)

	Cereals			General Cropping		
	2004/05	2004/05	% Change	2004/05	2004/05	% Change
INPUTS	£ per farm			£ per farm		
Purchased concentrate feed & fodder	1473	1162	-21.1	2305	1912	-17.0
Home grown concentrate feed	1467	740	-49.6	484	342	-29.3
Veterinary fees & medicines	298	153	-48.7	1429	1652	15.6
Other livestock costs	226	69	-69.5	476	313	-34.2
Purchased & home grown seed	2649	2401	-9.4	5959	5501	-7.7
Fertilisers	7029	7139	1.6	7385	5709	-22.7
Other crop costs	4596	3899	-15.2	7059	7086	0.4
Labour (exc. farmer & spouse)	666	666	-	21086	18405	-12.7
Machinery running costs	11498	13793	20.0	14037	13529	-3.6
Depreciation of machinery	9376	11597	23.7	11718	11271	-3.8
Land and building costs	11648	12015	3.2	14473	13771	-4.9
Other general farming costs	5196	5541	6.6	7693	6739	-12.4
Total Variable Costs	24705	24493	-0.9	30612	27875	-8.9
Total Fixed Costs	31417	34680	10.4	63491	58355	-8.1
Total Inputs	56122	59173	5.4	94103	86230	-8.4
Net Farm Income Excl. BLSA	-2696	3598	-	-9446	2218	-
(plus) imputed rent	8931	9796	9.7	7149	7686	7.5
(minus) occupier's expenses	646	584	-9.6	958	876	-8.6
(minus) interest payments	822	600	-27.0	2044	2017	-1.3
(minus) depreciation of buildings and works	1493	1617	8.3	10671	9707	-9.0
(equals) Occupier's Net Income	3273	10593	223.6	-15969	-2695	83.1
(plus) imputed labour	121	121	-	16299	13982	-14.2
(plus) depreciation of fixed assets	10869	13214	21.6	22389	20978	-6.3
(minus) valuation change	-4095	-2923	28.6	-1445	2296	-
(equals) Cash Income	18358	26851	46.3	24165	29969	24.0
Net Capital Investment	6535	697	-89.3	12928	9284	-28.2
Cash Flow from Farm Business	11822	26154	121.2	11237	20685	84.1
Average Valuations	59540	57761	-3.0	93210	91391	-2.0

TABLE 1.2 - MIXED FARMS – ALL SIZES OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2004/05 AND 2005/06

	2004/05	Mixed 2005/06	% Change
Number of farms			
Average size of business (ESUs)		30.9	
Total Area of Farm (ha)	79.2	69.5	-12.2
of which: Crops and grass	67.2	66.0	-1.8
Rough grazing	9.8	1.0	-89.8
Size of Enterprises:			
Hectares – Total crops	9.8	9.2	-6.1
(of which cereals)	7.7	7.7	-
Av. no. – Dairy cows	-	-	-
Av. no. – Beef cows	20.0	18.6	-7.0
Av. no. – Other cattle	62.8	57.2	-8.9
Av. no. – Ewes	308.7	285.0	-7.7
Av. no. – Sows/gilts	4.9	5.3	8.2
Crop Output:		£ per farm	
Cereals	5334	3026	-43.3
Potatoes	3439	4396	27.8
Misc. crop output	734	1067	45.4
Total Crop Production	9508	8489	-10.7
of which: arable area payments	1611	-	-
Livestock Output:			
Cattle – rearing & fattening	29376	11693	-60.2
Cattle – dairy	-	-	-
Milk	-	-	-
Sheep and wool	19504	15462	-20.7
Pigs	7065	7266	2.8
Poultry and eggs	-	-	-
Other livestock	-	45	-
Total Livestock Output	55946	34465	-38.4
Single Farm Payment	-	18613	-
LFA Compensatory Scheme	47	-	-
Agri Environmental Scheme	599	153	-74.5
Miscellaneous subsidies	219	317	44.7
Miscellaneous revenue	1023	1108	8.3
On Farm - Non Farm Income	-	-	-
Adjustment for disposal of previous years crop	66	-18	-
Total Farm Output	67407	63129	-6.3

TABLE 1.2 - MIXED FARMS – ALL SIZES OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2004/05 AND 2005/06 (contd)

	2004/05	Mixed 2005/06	% Change
INPUTS		£ per farm	
Purchased concentrate feed & fodder	8787	7632	-13.1
Home grown concentrate feed	1958	1660	-15.2
Veterinary fees & medicines	2061	2324	12.8
Other livestock costs	1002	1202	20.0
Purchased & home grown seed	1047	691	-34.0
Fertilisers	3962	3848	-2.9
Other crop costs	1592	1283	-19.4
Labour (exc. farmer & spouse)	6770	6258	-7.6
Machinery running costs	6533	6404	-2.0
Depreciation of machinery	6868	8226	19.8
Land and building costs	14135	13595	-3.8
Other general farming costs	4428	4237	-4.3
Total Variable Costs	24942	22975	-7.9
Total Fixed Costs	34202	34386	0.5
Total Inputs	59144	57361	-3.0
Net Farm Income Excl. BLSA	8263	5768	-30.2
(plus) imputed rent	5882	6875	16.9
(minus) occupier's expenses	464	475	2.4
(minus) interest payments	600	529	-11.8
(minus) depreciation of buildings and works	4451	4576	2.8
(equals) Occupier's Net Income	8629	7064	-18.1
(plus) imputed labour	2620	2194	-16.3
(plus) depreciation of fixed assets	11319	12802	13.1
(minus) valuation change	-3055	-625	79.5
(equals) Cash Income	25623	22684	-11.5
Net Capital Investment	2471	14364	481.3
Cash Flow from Farm Business	23152	8320	-64.1
Average Valuations	91587	89316	-2.5

TABLE 1.3 - LOWLAND CATTLE AND SHEEP OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2004/05 AND 2005/06

	0.5<1 SLR			1<2 SLR			ALL SIZES		
	2004/05	2005/06	% Change	2004/05	2005/06	% Change	2004/05	2005/06	% Change
Number of farms		8			7				
Average size of business (ESUs)		13.3			22.2			18.2	
Total Area of Farm (ha)	51.1	46.4	-9.2	83.8	65.4	-22.0	63.0	53.4	-15.2
of which: Crops and grass	43.9	42.1	-4.1	69.6	63.8	-8.3	53.4	50.1	-6.2
Rough grazing	4.5	1.8	-60.0	13.1	0.3	-97.7	7.5	1.2	-84.0
Size of Enterprises:									
Hectares – Total crops	2.8	1.9	-32.1	5.3	3.8	-28.3	3.6	2.5	-30.6
Av. no. – Dairy cows	-	-	-	-	-	-	1.4	1.4	-
Av. no. – Beef cows	20.9	21.7	3.8	22.3	22.8	2.2	20.9	21.5	2.9
Av. no. – Other cattle	80.2	87.0	8.5	155.7	142.7	-8.3	108.7	108.0	-0.6
Av. no. – Ewes	17.4	19.2	10.3	70.1	70.9	1.1	35.8	37.2	3.9
Av. no. – Sows/gilts	-	-	-	8.0	7.5	-6.3	6.1	5.6	-8.2
Crop Output:		£ per farm			£ per farm			£ per farm	
Cereals	1821	704	-61.3	2575	1359	-47.2	2044	920	-55.0
Potatoes	-	-	-	103	157	52.4	37	56	51.4
Misc. crop output	221	144	-34.8	1073	1654	54.1	521	649	24.6
Total Crop Production	2042	848	-58.5	3750	3171	-15.4	2601	1625	-37.5
of which: arable area payments	434	-	-	836	-	-	567	-	-
Livestock Output:									
Cattle – rearing & fattening	29640	17703	-40.3	53512	28880	-46.0	38644	22020	-43.0
Cattle – dairy	-	-	-	-	-	-	-244	-234	4.1
Milk	-	-	-	-	-	-	1728	1762	2.0
Sheep and wool	1477	1361	-5.9	4884	4329	11.4	2640	2389	-9.5
Pigs	-	-	-	8622	8446	-2.0	6812	6849	0.5
Poultry and eggs	-	-	-	-	-	-	-	-	-
Other livestock	-	38	-	-	-	-	5	23	360.0
Total Livestock Output	31087	19102	-38.6	67018	41655	-37.8	49584	32808	-33.8
Single Farm Payment	-	12822	-	-	23620	-	-	16704	-
LFA Compensatory Scheme	197	185	-6.1	75	57	-24.0	148	134	-9.5
Agri Environmental Scheme	-	227	-	444	670	50.9	159	380	139.0
Miscellaneous subsidies	75	199	165.3	283	469	65.7	147	290	97.3
Miscellaneous revenue	249	315	26.5	224	46	-79.5	233	211	-9.4
On Farm - Non Farm Income	2813	2875	2.2	891	893	0.2	2051	2090	1.9
Adjustment for disposal of previous years crop	-4	-	-	-	4	-	-2	1	-
Total Farm Output	36459	36572	0.3	72686	70584	-2.9	54922	54244	-1.2

TABLE 1.3 - LOWLAND CATTLE AND SHEEP OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2004/05 AND 2005/06 (contd)

	0.5<1 SLR			1<2 SLR			ALL SIZES		
	2004/05	2005/06 £ per farm	% Change	2004/05	2005/06 £ per farm	% Change	2004/05	2005/06 £ per farm	% Change
INPUTS									
Purchased concentrate feed & fodder	6098	6289	3.1	19999	16767	-16.2	14600	13313	-8.8
Home grown concentrate feed	606	479	-21.0	1343	854	-36.4	854	627	-26.6
Veterinary fees & medicines	1226	1359	10.8	2368	2377	0.4	1756	1865	6.2
Other livestock costs	1321	1358	2.8	1056	1006	-4.7	1334	1341	0.5
Purchased & home grown seed	223	286	28.3	400	349	-12.8	281	310	10.3
Fertilisers	2524	2400	-4.9	3747	3723	-0.6	3024	2949	-2.5
Other crop costs	336	268	-20.2	593	812	36.9	441	488	10.7
Labour (exc. farmer & spouse)	8060	8267	2.6	11029	11047	0.2	9475	9624	1.6
Machinery running costs	5539	4973	-10.2	6068	6886	13.5	5801	5758	-0.7
Depreciation of machinery	2599	2903	11.7	5101	4397	-13.8	3510	3435	-2.1
Land and building costs	8436	8459	0.3	15254	16202	6.2	11113	11520	3.7
Other general farming costs	3804	3964	4.2	5016	4593	-8.4	4425	4418	-0.2
Total Variable Costs	15282	15071	-1.4	32968	29478	-10.6	25380	23843	-6.1
Total Fixed Costs	25490	25934	1.7	39008	39534	1.3	31235	31805	1.8
Total Inputs	40772	41005	0.6	71976	69012	-4.1	56615	55648	-1.7
Net Farm Income Excl. BLSA	-4314	-4433	-2.8	710	1573	121.5	-1692	-1404	17.0
(plus) imputed rent	5519	6196	12.3	7763	9000	15.9	6345	7188	13.3
(minus) occupier's expenses	793	801	1.0	825	627	-24.0	797	731	-8.3
(minus) interest payments	301	263	-12.6	2409	2182	-9.4	1135	1002	-11.7
(minus) depreciation of buildings and works	2920	2130	-27.1	1220	909	-25.5	2355	1769	-24.9
(equals) Occupier's Net Income	-2809	-1431	49.1	4019	6855	70.6	366	2283	523.8
(plus) imputed labour	4724	4833	2.3	6235	6319	1.3	5698	5811	2.0
(plus) depreciation of fixed assets	5518	5033	-8.8	6321	5305	-16.1	5865	5203	-11.3
(minus) valuation change	-159	-5499	-3358.5	-7172	-1962	72.6	-2814	-4208	-49.5
(equals) Cash Income	7529	13933	83.5	23747	20441	-13.9	14743	17505	18.7
Net Capital Investment	1439	4204	192.1	3052	3130	2.6	2042	3710	81.7
Cash Flow from Farm Business	6153	9729	58.1	20695	17312	-16.3	12702	13795	8.6
Average Valuations	57679	53721	-6.9	109747	103216	-6.0	78455	73469	-6.4

Insufficient farms in size categories 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 2004/05 AND 2005/06

	0.5<1 SLR			1<2 SL			2<3 SLR			>3 SLR		
	2004/05	2005/06	% Change	2004/05	2005/06	% Change	2004/05	2005/06	% Change	2004/05	2005/06	% Change
Number of farms		11			47			23			24	
Average size of business (ESUs)		24.3			42.9			77.3			132.5	
Total Area of Farm (ha)	29.3	29.5	0.7	44.5	44.7	0.4	65.4	65.6	0.3	120.4	126.8	5.3
of which: Crops and grass	27.3	27.5	0.7	41.4	42.1	1.7	59.3	60.2	1.5	115.8	122.2	5.5
Rough grazing	0.6	0.7	16.7	1.5	1.0	-33.3	4.7	4.0	-14.9	2.2	2.2	-
Size of Enterprises:												
Hectares – Total crops	0.1	0.2	100.0	0.8	1.2	50.0	1.2	1.0	-16.7	3.3	3.5	6.1
Av. no. – Dairy cows	30.6	30.1	-1.6	53.3	53.6	0.6	99.0	102.3	3.3	178.2	184.3	3.4
Av. no. – Beef cows	2.2	2.5	13.6	1.5	1.8	20.0	2.4	1.7	-29.2	5.5	3.2	-41.8
Av. no. – Other cattle	29.0	27.5	-5.2	48.3	48.1	-0.4	67.2	67.9	1.0	152.3	145.4	-4.5
Av. no. – Ewes	0.9	1.0	11.1	4.2	2.7	-35.7	17.2	15.1	-12.2	22.4	19.0	-15.2
Av. no. – Sows/gilts	-	-	-	0.1	-	-	1.4	1.5	7.1	-	-	-
Crop Output:		£ per farm			£ per farm			£ per farm			£ per farm	
Cereals	76	67	-11.8	481	276	-42.6	530	319	-39.8	2258	1648	-27.0
Potatoes	-	-	-	-	-	-	148	175	18.2	-	-	-
Misc. crop output	-127	181	-	251	454	80.9	596	121	-79.7	888	826	-7.0
Total Crop Production	-50	248	-	732	731	-0.1	1274	615	-51.7	3146	2475	-21.3
of which: arable area payments	24	-	-	172	-	-	186	-	-	615	-	-
Livestock Output:												
Cattle – rearing & fattening	9873	6909	-30.0	16698	12964	-22.4	23539	19461	-17.3	51734	42692	-17.5
Cattle – dairy	-1996	-1006	49.6	-3090	-3147	-1.8	-5322	-6139	-15.4	-13160	-16572	-25.9
Milk	32144	29610	-7.9	50269	50350	0.2	99778	96937	-2.8	175039	181212	3.5
Sheep and wool	60	63	5.0	255	154	-39.6	982	552	-43.8	1651	1496	-9.4
Pigs	-	-	-	154	-	-	2238	2160	-3.5	-	-	-
Poultry and eggs	-	-	-	-	-	-	1926	2372	23.2	-	-	-
Other livestock	-	-	-	-	-	-	3	2	-33.3	-	-	-
Total Livestock Output	40082	35577	-11.2	64287	60322	-6.2	123145	115346	-6.3	215264	208827	-3.0
Single Farm Payment	-	5819	-	-	8301	-	-	13850	-	-	23822	-
LFA Compensatory Scheme	129	162	25.6	147	165	12.2	152	131	-13.8	173	149	-13.9
Agricultural Environment Schemes	-	-	-	343	356	3.8	122	120	-1.6	301	95	-68.4
Miscellaneous subsidies	24	83	245.8	83	167	101.2	15	310	1966.7	60	301	401.7
Miscellaneous revenue	290	323	11.4	349	326	-6.6	451	871	93.1	772	1658	114.8
On Farm - Non Farm Income	312	703	125.3	41	-	-	-	193	-	35	35	-
Adjustment for disposal of previous years crop	-	-	-	-1	-	-	17	10	-41.2	-	-	-
Total Farm Output	40787	42913	5.2	65981	70367	6.6	125176	131445	5.0	219752	237362	8.0

TABLE 1.4 – DAIRY FARMS – 4 SIZE GROUPS OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2004/05 AND 2005/06 (contd)

INPUTS	0.5<1 SLR			1<2 SL			2<3 SLR			>3 SLR		
	2004/05	2005/06	% Change	2004/05	2005/06	% Change	2004/05	2005/06	% Change	2004/05	2005/06	% Change
	£ per farm			£ per farm			£ per farm			£ per farm		
Purchased concentrate feed & fodder	8365	7984	-4.6	13660	14201	4.0	26780	27780	3.7	50546	55146	9.1
Home grown concentrate feed	910	883	-3.0	1698	1717	1.1	1954	2079	6.4	4900	5209	6.3
Veterinary fees & medicines	1278	1312	2.7	1923	2098	9.1	3135	3359	7.1	5223	5503	5.4
Other livestock costs	1473	1404	-4.7	2272	2324	2.3	3406	3434	0.8	7621	9060	18.9
Purchased & home grown seed	20	58	190.0	201	267	32.8	354	334	-5.6	997	1352	35.6
Fertilisers	2377	1990	-16.3	3804	4016	5.6	6305	6803	7.9	12554	13354	6.4
Other crop costs	268	273	1.9	446	526	17.9	771	888	15.2	2234	2183	-2.3
Labour (exc. farmer & spouse)	3682	3334	-9.5	7569	7160	-5.4	15048	16103	7.0	28341	29663	4.7
Machinery running costs	4202	3830	-8.9	6326	7427	17.4	9431	10134	7.5	19213	21956	14.3
Depreciation of machinery	4747	4247	-10.5	4635	4223	-8.9	8286	8846	6.8	15083	16474	9.2
Land and building costs	5835	5578	-4.4	8774	8649	-1.4	14737	12999	-11.8	29735	29171	-1.9
Other general farming costs	4039	3971	-1.7	5331	5550	4.1	7327	7880	7.5	11690	12215	4.5
Total Variable Costs	17214	16186	-6.0	26961	28752	6.6	48087	50227	4.5	95608	105876	10.7
Total Fixed Costs	19980	18678	-6.5	29679	29404	-0.9	49447	50413	2.0	92528	95410	3.1
Total Inputs	37194	34864	-6.3	56640	58157	2.7	97534	100640	3.2	188136	201285	7.0
Net Farm Income Excl. BLSA	3593	8049	124.0	9341	12210	30.7	27642	30806	11.4	31616	36076	14.1
(plus) imputed rent	3736	3459	-7.4	5276	5135	-2.7	8417	7506	-10.8	14895	13509	-9.3
(minus) occupier's expenses	416	387	-7.0	462	478	3.5	517	546	5.6	871	883	1.4
(minus) interest payments	312	361	15.7	1196	1155	-3.4	2425	2235	-7.8	7437	7796	4.8
(minus) depreciation of buildings and works	2850	3038	6.6	3605	3735	3.6	7872	7894	0.3	14147	14115	-0.2
(equals) Occupier's Net Income	3750	7723	105.9	9355	11978	28.0	25245	27636	9.5	24056	26791	11.4
(plus) imputed labour	2623	2453	-6.5	6935	6378	-8.0	12434	13604	9.4	21963	23117	5.3
(plus) depreciation of fixed assets	7597	7284	-4.1	8240	7958	-3.4	16158	16741	3.6	29230	30589	4.6
(minus) valuation change	-255	-61	76.1	1130	467	-58.7	1036	1131	9.2	969	2723	181.0
(equals) Cash Income	14224	17521	23.2	23400	25847	10.5	52801	56851	7.7	74280	77775	4.7
Net Capital Investment	6041	2449	-59.5	-523	9063	-	13821	-8324	-	32889	38931	18.4
Cash Flow from Farm Business	8183	15072	84.2	23923	16784	-29.8	38980	65175	67.2	41391	38844	-6.2
Average Valuations	45351	45344	-	63158	63862	1.1	109308	111246	1.8	204656	212542	3.9

TABLE 1.5 – LFA CATTLE AND SHEEP OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2004/05 AND 2005/06

	0.5<1 SLR			1<2 SL			2<3 SLR			>3 SLR		
	2004/05	2005/06	% Change	2004/05	2005/06	% Change	2004/05	2005/06	% Change	2004/05	2005/06	% Change
Number of farms		48			52			10			6	
Average size of business (SLRs)		15.8			26.1			47.5			73.0	
Total Area of Farm (ha)	72.8	69.3	-4.8	110.9	111.7	0.7	242.6	190.8	-21.4	444.0	436.8	-1.6
of which: Crops and grass	44.4	44.3	-0.2	71.3	69.1	-3.1	118.5	115.4	-2.6	117.5	120.1	2.2
Rough grazing	24.0	20.6	-14.2	32.9	35.8	8.8	113.3	65.6	-42.1	194.4	184.6	-5.0
Size of Enterprises:												
Hectares – Total crops	0.4	0.6	50.0	1.7	1.4	-17.6	7.9	5.8	-26.6	6.4	5.5	-14.1
Av. no. – Dairy cows	0.6	0.4	-33.3	1.1	1.1	-	-	-	-	12.1	11.1	-8.3
Av. no. – Beef cows	32.1	30.4	-5.3	40.9	41.6	1.7	81.9	76.1	-7.1	108.6	103.7	-4.5
Av. no. – Other cattle	51.1	46.0	-10.0	84.7	84.1	-0.7	123.7	124.3	0.5	199.7	201.0	0.7
Av. no. – Ewes	97.6	90.8	-7.0	191.8	180.4	-5.9	262.1	244.2	-6.8	353.1	369.6	4.7
Av. no. – Sows/gilts	-	-	-	-	-	-	5.5	5.4	-1.8	19.8	16.7	-15.7
Crop Output:		£ per farm			£ per farm			£ per farm			£ per farm	
Cereals	163	69	-57.7	555	318	-42.7	3384	1125	-66.8	3427	1766	-48.5
Potatoes	-	-	-	1042	1298	24.6	4380	8359	90.8	2592	2775	7.1
Misc. crop output	260	16	-93.8	416	290	-30.3	135	-48	-	-45	855	-
Total Crop Production	423	84	-80.1	2013	1907	-5.3	7899	9436	19.5	5973	5397	-9.6
of which: arable area payments	56	-	-	212	-	-	1305	-	-	1113	-	-
Livestock Output:												
Cattle – rearing & fattening	26305	12705	-51.7	41417	23938	-42.2	66857	40560	-39.3	104310	64935	-37.7
Cattle – dairy	6	-19	-	-42	20	-	-	-	-	-679	-4	99.4
Milk	603	492	-18.4	1011	966	-4.5	-	-	-	11189	10594	-5.3
Sheep and wool	7452	4954	-33.5	12999	9699	-25.4	15029	11092	-26.2	19478	11673	-40.1
Pigs	-	-	-	-	-	-	6894	6781	-1.6	21005	23409	11.4
Poultry and eggs	-	-	-	870	1038	19.3	-	-	-	-	-	-
Other livestock	-	71	-	5	26	420.0	208	-	-	-	188	-
Total Livestock Output	34366	18203	-47.0	56262	35687	-36.6	88989	58434	-34.3	155303	110794	-28.7
Single Farm Payment	-	14066	-	-	21722	-	-	37498	-	-	63452	-
LFA Compensatory Scheme	2671	2542	-4.8	4082	4086	0.1	7877	6366	-19.2	8606	9206	7.0
Agricultural Environment Schemes	1223	1177	-3.8	1764	1682	-4.6	3088	2950	-4.5	1333	2087	56.6
Miscellaneous subsidies	150	190	26.7	326	368	12.9	226	274	21.2	262	733	179.8
Miscellaneous revenue	269	543	101.9	2032	1747	-14.0	81	394	386.4	4558	489	-89.3
On Farm – Non Farm Income	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment for disposal of previous years crop	13	-	-	-209	20	-	-68	-	-	-	-	-
Total Farm Output	39114	36806	5.9	66269	67219	1.4	108091	115352	6.7	176035	192157	9.2

TABLE 1.5 – LFA CATTLE AND SHEEP OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2004/05 AND 2005/06 (contd)

INPUTS	0.5<1 SLR			1<2 SL			2<3 SLR			>3 SLR		
	2004/05	2005/06	% Change	2004/05	2005/06	% Change	2004/05	2005/06	% Change	2004/05	2005/06	% Change
	£ per farm			£ per farm			£ per farm			£ per farm		
Purchased concentrate feed & fodder	5818	4967	-14.6	11100	10703	-3.6	17408	19255	10.6	38361	35938	-6.3
Home grown concentrate feed	149	113	-24.2	274	382	39.4	1527	1150	-24.7	3707	2060	-44.4
Veterinary fees & medicines	1536	1418	-7.7	2057	2036	-1.0	2776	2995	7.9	4229	3763	-11.0
Other livestock costs	723	839	16.0	1501	1382	-7.9	2067	1399	-32.3	2468	3413	38.3
Purchased & home grown seed	151	87	-42.4	331	271	-18.1	913	1014	11.1	964	890	-7.7
Fertilisers	2809	2520	-10.3	4408	4597	4.3	7819	6959	-11.0	9972	10555	5.8
Other crop costs	243	259	6.6	441	413	-6.3	1367	2058	50.5	1141	1143	0.2
Labour (exc. farmer & spouse)	3166	3300	4.2	6966	5301	-23.9	20449	21023	2.8	27226	27394	0.6
Machinery running costs	4833	4891	1.2	6493	7008	7.9	9447	10857	14.9	13182	13734	4.2
Depreciation of machinery	4888	4977	1.8	6877	6386	-7.1	8042	9781	21.6	10133	9102	-10.2
Land and building costs	8646	9277	7.3	12537	12919	3.0	19653	18407	-6.3	25760	27543	6.9
Other general farming costs	3578	3394	-5.1	4358	4260	-2.2	6043	6187	2.4	7155	7312	2.2
Total Variable Costs	13670	12433	-9.0	23137	22408	-3.2	40233	42437	5.5	69356	63525	-8.4
Total Fixed Costs	22869	23609	3.2	34206	33250	-2.8	57277	58648	2.4	74942	79323	5.8
Total Inputs	36539	36042	-1.4	57343	55659	-2.9	97510	101085	3.7	144298	142847	-1.0
Net Farm Income Excl. BLSA	2575	764	-70.3	8926	11561	29.5	10581	14267	34.8	31737	49310	55.4
(plus) imputed rent	5170	5805	12.3	6577	7589	15.4	7805	8925	14.3	8709	10950	25.7
(minus) occupier's expenses	333	328	-1.5	388	396	2.1	482	561	16.4	587	618	5.3
(minus) interest payments	836	550	-34.2	960	788	-17.9	2156	2162	0.3	1694	1292	-23.7
(minus) depreciation of buildings and works	2377	2466	3.7	4326	4460	3.1	5701	5758	1.0	14293	14627	2.3
(equals) Occupier's Net Income	4200	3225	-23.2	9828	13506	37.4	10047	14710	46.4	23872	43723	83.2
(plus) imputed labour	2385	2449	2.7	5602	4322	-22.8	15001	15514	3.4	19268	21620	12.2
(plus) depreciation of fixed assets	7265	7443	2.5	11202	10846	-3.2	13743	15539	13.1	24426	23729	-2.9
(minus) valuation change	-364	-2177	-498.1	76	-1934	-	2379	1771	-25.6	-9976	234	-
(equals) Cash Income	14213	15295	7.6	26556	30607	15.3	36412	43993	20.8	77542	88839	14.6
Net Capital Investment	4258	5995	40.8	9951	8412	-15.5	14354	17777	23.8	9324	5874	-37.0
Cash Flow from Farm Business	9955	9299	-6.6	16604	22195	33.7	22058	26216	18.9	68218	82965	21.6
Average Valuations	50435	49029	-2.8	84392	83968	-0.5	116146	122157	5.2	179868	172426	-4.1

TABLE 1.6 - DAIRY AND LFA CATTLE AND SHEEP – ALL SIZES OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2004/05 AND 2005/06

	Dairy			LFA Cattle and Sheep		
	2004/05	2005/06	% Change	2004/05	2005/06	% Change
Number of farms						
Average size of business (SLRs)		66.3			21.8	
Total Area of Farm (ha)	62.6	64.1	2.4	101.7	96.5	-5.1
of which: Crops and grass	58.7	60.6	3.2	58.0	57.2	-1.4
Rough grazing	2.2	1.9	-13.6	35.5	31.2	-12.1
Size of Enterprises:						
Hectares – Total crops	1.3	1.5	15.4	1.3	1.2	-7.7
Av. no. – Dairy cows	86.0	88.0	2.3	0.9	0.9	-
Av. no. – Beef cows	2.7	2.2	-18.5	39.2	37.8	-3.6
Av. no. – Other cattle	71.2	69.7	-2.1	68.1	64.8	-4.8
Av. no. – Ewes	10.3	8.6	-16.5	139.8	131.5	-5.9
Av. no. – Sows/gilts	0.4	0.3	-25.0	0.7	0.7	-
Crop Output:		£ per farm			£ per farm	
Cereals	799	541	-32.3	534	239	-55.2
Potatoes	33	39	18.2	610	919	50.7
Misc. crop output	396	412	4.0	291	109	-62.5
Total Crop Production	1227	992	-19.2	1436	1267	-11.8
of which: arable area payments	243	-	-	197	-	-
Livestock Output:						
Cattle – rearing & fattening	24468	19662	-19.6	34700	18686	-46.1
Cattle – dairy	-5537	-6291	-13.6	-23	-7	69.6
Milk	84576	84848	0.3	916	820	-10.5
Sheep and wool	679	512	-24.6	9745	6817	-30.0
Pigs	552	475	-13.9	861	907	5.3
Poultry and eggs	423	521	23.2	249	297	19.3
Other livestock	1	1	-	14	57	307.1
Total Livestock Output	105161	99728	-5.2	46461	27577	-40.6
Single Farm Payment	-	12394	-	-	18703	-
LFA Compensatory Scheme	151	153	1.3	3508	3353	-4.4
Agricultural Environment Schemes	224	185	-17.4	1489	1445	-3.0
Miscellaneous subsidies	53	212	300.0	207	258	24.6
Miscellaneous revenue	451	730	61.9	857	878	2.5
On Farm - Non Farm Income	79	176	122.8	-	-	-
Adjustment for disposal of previous years crop	4	2	-50.0	-56	6	-
Total Farm Output	107350	114571	6.7	53901	53486	-0.8

TABLE 1.6 - DAIRY AND LFA CATTLE AND SHEEP – ALL SIZES OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2004/05 AND 2005/06 (contd)

	Dairy			LFA Cattle and Sheep		
	2004/05	2005/06	% Change	2004/05	2005/06	% Change
INPUTS	£ per farm			£ per farm		
Purchased concentrate feed & fodder	23480	24825	5.7	8717	8119	-6.9
Home grown concentrate feed	2298	2393	4.1	343	293	-14.6
Veterinary fees & medicines	2779	2962	6.6	1816	1738	-4.3
Other livestock costs	3522	3843	9.1	1062	1083	2.0
Purchased & home grown seed	372	476	28.0	265	212	-20.0
Fertilisers	5969	6261	4.9	3715	3549	-4.5
Other crop costs	868	915	5.4	385	427	10.9
Labour (exc. farmer & spouse)	12957	13251	2.3	5787	5432	-6.1
Machinery running costs	9383	10483	11.7	5760	6038	4.8
Depreciation of machinery	7691	7863	2.2	5756	5750	-0.1
Land and building costs	14039	13442	-4.3	10776	11251	4.4
Other general farming costs	6898	7204	4.4	4023	3891	-3.3
Total Variable Costs	44533	47708	7.1	19146	18154	-5.2
Total Fixed Costs	45721	46210	1.1	29258	29629	1.3
Total Inputs	90254	93918	4.1	48404	47783	-1.3
Net Farm Income Excl. BLSA	17095	20653	20.8	5497	5703	3.7
(plus) imputed rent	7747	7146	-7.8	5804	6610	13.9
(minus) occupier's expenses	553	563	1.8	363	367	1.1
(minus) interest payments	2642	2670	1.1	967	729	-24.6
(minus) depreciation of buildings and works	6661	6743	1.2	3389	3495	3.1
(equals) Occupier's Net Income	14986	17823	18.9	6582	7723	17.3
(plus) imputed labour	10584	10841	2.4	4410	4166	-5.5
(plus) depreciation of fixed assets	14352	14606	1.8	9145	9245	1.1
(minus) valuation change	827	1001	21.0	-288	-1825	-533.7
(equals) Cash Income	39094	42270	8.1	20425	22959	12.4
Net Capital Investment	10949	10442	-4.6	6587	7371	11.9
Cash Flow from Farm Business	28146	31828	13.1	13838	15587	12.6
Average Valuations	100359	102742	2.4	66816	65991	-1.2

TABLE 1.7 – ALL TYPES – 4 SIZE GROUPS OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2004/05 AND 2005/06

	0.5<1 SLR			1<2 SL			2<3 SLR			ALL SIZES		
	2004/05	2005/06	% Change	2004/05	2005/06	% Change	2004/05	2005/06	% Change	2004/05	2005/06	% Change
Number of farms		72			113			38				
Average size of business (ESUs)		16.5			32.5			68.4			38.0	
Total Area of Farm (ha)	60.1	57.0	-5.2	74.8	72.8	-2.7	108.1	96.5	-10.7	79.8	76.2	-4.5
of which: Crops and grass	41.1	40.7	-1.0	57.5	56.3	-2.1	76.3	75.6	-0.9	57.8	57.6	-0.3
Rough grazing	15.5	12.8	-17.4	14.0	13.1	-6.4	27.9	17.1	-38.7	17.4	14.0	-19.5
Size of Enterprises:												
Hectares – Total crops	1.6	1.6	-	3.2	3.2	-	5.3	4.5	-15.1	2.9	2.9	-
Av. no. – Dairy cows	4.7	4.6	-2.1	21.8	21.9	0.5	68.6	70.9	3.4	31.3	32.0	2.2
Av. no. – Beef cows	23.3	22.4	-3.9	19.3	19.7	2.1	20.9	19.3	-7.7	21.6	20.8	-3.7
Av. no. – Other cattle	50.0	48.1	-3.8	75.6	73.0	-3.4	84.6	83.5	-1.3	73.1	70.5	-3.6
Av. no. – Ewes	77.0	70.6	-8.3	98.1	93.4	-4.8	88.4	85.6	-3.2	86.1	81.1	-5.8
Av. no. – Sows/gilts	-	-	-	3.6	3.3	-8.3	4.7	4.9	4.3	2.4	2.2	-8.3
Crop Output:		£ per farm			£ per farm			£ per farm			£ per farm	
Cereals	1084	608	-43.9	1523	988	-35.1	2904	1514	-47.9	1615	972	-39.8
Potatoes	-	-	-	1076	1129	4.9	1626	2430	49.4	779	946	21.4
Misc. crop output	287	194	-32.4	536	787	46.8	732	521	-28.8	467	484	3.6
Total Crop Production	1372	802	-41.5	3135	2903	-7.4	5262	4465	-15.1	2861	2402	-16.0
of which: arable area payments	292	-	-	520	-	-	894	-	-	493	-	-
Livestock Output:												
Cattle – rearing & fattening	22860	12015	-47.4	30308	18323	-39.5	35199	24359	-30.8	30518	18688	-38.8
Cattle – dairy	-284	-156	45.1	-1255	-1256	-0.1	-3689	-4255	-15.3	-2021	-2282	-12.9
Milk	4990	4559	-8.6	20535	20551	0.1	69165	67196	-2.8	30845	30906	0.2
Sheep and wool	5549	3885	-30.0	6565	5018	-23.6	5734	4080	-28.8	5924	4334	-26.8
Pigs	-	-	-	4003	4194	4.8	6667	6691	0.4	2809	2913	3.7
Poultry and eggs	-	-	-	304	363	19.4	1335	1645	23.2	256	312	21.9
Other livestock	-	50	-	2	9	350.0	47	25	-46.8	7	30	328.6
Total Livestock Output	33116	20351	-38.5	60462	47203	-21.9	114459	99740	-12.9	68338	54901	-19.7
Single Farm Payment	-	12126	-	-	15789	-	-	20661	-	-	15947	-
LFA Compensatory Scheme	1656	1581	-4.5	1547	1548	0.1	1811	1469	-18.9	1568	1500	-4.3
Agricultural Environment Schemes	777	795	2.3	838	845	0.8	901	806	-10.5	772	763	-1.2
Miscellaneous subsidies	107	161	50.5	196	263	34.2	133	386	190.2	140	242	72.9
Miscellaneous revenue	307	536	74.6	994	1000	0.6	1067	1583	48.4	713	900	26.2
On Farm - Non Farm Income	716	784	9.5	136	119	-12.5	-	134	-	368	408	10.9
Adjustment for disposal of previous years crop	7	-	-	-68	-11	83.8	31	-2	-	-17	-4	76.5
Total Farm Output	38057	37137	-2.4	67240	69659	3.6	123665	129241	4.5	74744	77059	3.1

TABLE 1.7 – ALL TYPES – 4 SIZE GROUPS OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2004/05 AND 2005/06 (contd)

	0.5<1 SLR			1<2 SL			2<3 SLR			ALL SIZES		
	2004/05	2005/06	% Change	2004/05	2005/06	% Change	2004/05	2005/06	% Change	2004/05	2005/06	% Change
INPUTS	£ per farm			£ per farm			£ per farm			£ per farm		
Purchased concentrate feed & fodder	5934	5347	-9.9	14263	14064	-1.4	24778	25623	3.4	15172	15217	0.3
Home grown concentrate feed	328	280	-14.6	1131	1053	-6.9	1954	1953	-0.1	1211	1168	-3.6
Veterinary fees & medicines	1397	1367	-2.1	1967	2034	3.4	3077	3363	9.3	2148	2209	2.8
Other livestock costs	902	961	6.5	1694	1676	-1.1	2998	2950	-1.6	1969	2107	7.0
Purchased & home grown seed	187	156	-16.6	390	400	2.6	790	759	-3.9	434	425	-2.1
Fertilisers	2663	2387	-10.4	3908	4069	4.1	6815	6842	0.4	4479	4482	0.1
Other crop costs	350	328	-6.3	643	680	5.8	1180	1437	21.8	751	763	1.6
Labour (exc. farmer & spouse)	4187	4195	0.2	7632	6866	-10.0	17307	18006	4.0	9019	8919	-1.1
Machinery running costs	4797	4676	-2.5	6437	7222	12.2	9974	10661	6.9	7235	7743	7.0
Depreciation of machinery	4334	4404	1.6	5836	5502	-5.7	8303	9384	13.0	6283	6454	2.7
Land and building costs	7987	8380	4.9	11158	11409	2.2	16323	14891	-8.8	12173	12171	-
Other general farming costs	3674	3571	-2.8	4921	4895	-0.5	7110	7574	6.5	5198	5235	0.7
Total Variable Costs	14111	13082	-7.3	27184	27351	0.6	47469	49235	3.7	30049	30475	1.4
Total Fixed Costs	22630	22969	1.5	32797	32520	-0.8	53143	54208	2.0	36022	36418	1.1
Total Inputs	36741	36051	-1.9	59980	59871	-0.2	100612	103443	2.8	66071	66893	1.2
Net Farm Income Excl. BLSA	1316	1085	-17.6	7260	9788	34.8	23053	25798	11.9	8672	10165	17.2
(plus) imputed rent	4980	5469	9.8	6195	6743	8.8	8489	8267	-2.6	6586	6897	4.7
(minus) occupier's expenses	427	421	-1.4	493	476	-3.4	556	583	4.9	503	499	-0.8
(minus) interest payments	621	444	-28.5	1201	1091	-9.2	2459	2306	-6.2	1564	1450	-7.3
(minus) depreciation of buildings and works	2692	2644	-1.8	3459	3439	-0.6	8007	8116	1.4	4564	4528	-0.8
(equals) Occupier's Net Income	2557	3045	19.1	8302	11525	38.8	20521	23060	12.4	8627	10585	22.7
(plus) imputed labour	2939	2917	-0.7	5990	5311	-11.3	13263	13888	4.7	6804	6743	-0.9
(plus) depreciation of fixed assets	7026	7048	0.3	9295	8941	-3.8	16310	17500	7.3	10847	10982	1.2
(minus) valuation change	-419	-2174	-418.9	-829	-236	71.5	1033	634	-38.6	-399	-1030	-158.1
(equals) Cash Income	12941	15184	17.3	24416	26013	6.5	49060	53814	9.7	26678	29340	10.0
Net Capital Investment	3969	4683	18.0	4170	8314	99.4	13046	1030	-92.1	7309	8367	14.5
Cash Flow from Farm Business	8972	10501	17.0	20246	17699	-12.6	36014	52784	46.6	19369	20973	8.3
Average Valuations	49602	48035	-3.2	78693	77941	-1.0	115100	117539	2.1	81851	81544	-0.4

FAMILY FARM INCOMES* IN 2004/05 AND 2005/06

	2004/05	2005/06
Cereals	3,393	10,714
General Cropping	331	11,286
Dairy	25,669	28,989
Cattle & Sheep (LFA)	11,096	11,907
Cattle & Sheep (Lowland)	6,064	8,145
Mixed	11,249	8,798
Average 'All Types'	15,511	17,431

* Farm businesses above 0.5 SLRs

**INCOME BY TYPE OF FARM IN 2004/05 AND 2005/06
£ PER FARM FOR FARMS ABOVE 1 SLR**

		Net Farm Income	Occupier's Net Income	Cash Income
Cereals	04/05	-	-	-
	05/06	-	-	-
General Cropping	04/05	-6,824	-22,447	27,260
	05/06	2,909	-11,731	34,960
Dairy	04/05	20,052	17,431	44,490
	05/06	23,383	19,985	47,620
Cattle and Sheep (LFA)	04/05	10,664	10,576	31,007
	05/06	13,878	14,917	35,236
Cattle and Sheep (Lowland)	04/05	2,511	5,456	26,210
	05/06	3,453	8,238	23,233
Mixed	04/05	12,292	14,549	35,697
	05/06	7,212	11,211	31,593
All Types	04/05	14,606	13,454	37,626
	05/06	17,325	16,437	40,382

ASSETS AND LIABILITIES OF CEREAL FARMS, 2005/06
AVERAGE FARM SIZE 69.7 HECTARES

	Opening Valuation	£	Closing Valuation
Land and Buildings	510,341		559,730
Other fixed assets	36,875		42,826
TOTAL FIXED ASSETS	547,216		602,556
Trading livestock, crops & stores	19,483		16,338
Debtors and short-term lending	273		-
Cash in hand and at bank	-		-
TOTAL CURRENT ASSETS	19,756		16,338
TOTAL ASSETS	566,972		618,894
Bank & other institutional loans	-		-
Family & other loans	-		-
TOTAL LONG-TERM LOANS	-		-
Bank overdraft	11,951		283
Other short-term borrowing	3,689		6,732
TOTAL SHORT-TERM LOANS	15,640		7,015
TOTAL EXTERNAL LIABILITIES	15,640		7,015
NET WORTH	551,332		611,879

APPENDIX 2 (contd)

ASSETS AND LIABILITIES OF GENERAL CROPPING FARMS, 2005/06 AVERAGE FARM SIZE 56.7 HECTARES

	Opening Valuation	£	Closing Valuation
Land and Buildings	408,523		439,221
Other fixed assets	56,473		54,291
TOTAL FIXED ASSETS	464,996		493,512
Trading livestock, crops & stores	36,325		35,691
Debtors and short-term lending	631		-
Cash in hand and at bank	-		-
TOTAL CURRENT ASSETS	36,956		35,691
TOTAL ASSETS	501,952		529,203
Bank & other institutional loans	-		-
Family & other loans	-		-
TOTAL LONG-TERM LOANS	-		-
Bank overdraft	29,193		29,903
Other short-term borrowing	2,915		557
TOTAL SHORT-TERM LOANS	32,108		30,460
TOTAL EXTERNAL LIABILITIES	32,108		30,460
NET WORTH	469,844		498,743

ASSETS AND LIABILITIES OF DAIRY FARMS, 2005/06
AVERAGE FARM SIZE 64.1 HECTARES

	Opening Valuation	£	Closing Valuation
Land and Buildings	442,689		408,356
Other fixed assets	76,364		77,884
TOTAL FIXED ASSETS	519,053		486,240
Trading livestock, crops & stores	25,090		25,962
Debtors and short-term lending	7,374		6,749
Cash in hand and at bank	472		355
TOTAL CURRENT ASSETS	32,936		33,066
TOTAL ASSETS	551,989		519,306
Bank & other institutional loans	21,741		23,423
Family & other loans	50		1,092
TOTAL LONG-TERM LOANS	21,791		24,515
Bank overdraft	12,223		12,738
Other short-term borrowing	6,298		4,724
TOTAL SHORT-TERM LOANS	18,521		17,462
TOTAL EXTERNAL LIABILITIES	40,312		41,977
NET WORTH	511,677		477,329

APPENDIX 2 (contd)

ASSETS AND LIABILITIES OF CATTLE AND SHEEP FARMS (LFA), 2005/06 AVERAGE FARM SIZE 96.5 HECTARES

	Opening Valuation	£	Closing Valuation
Land and Buildings	331,648		377,730
Other fixed assets	45,514		45,068
TOTAL FIXED ASSETS	377,162		422,798
Trading livestock, crops & stores	26,204		25,048
Debtors and short-term lending	2,197		49
Cash in hand and at bank	-		-
TOTAL CURRENT ASSETS	28,401		25,097
TOTAL ASSETS	405,563		447,895
Bank & other institutional loans	5,674		5,374
Family & other loans	235		196
TOTAL LONG-TERM LOANS	5,909		5,570
Bank overdraft	5,167		5,019
Other short-term borrowing	1,658		1,398
TOTAL SHORT-TERM LOANS	6,825		6,417
TOTAL EXTERNAL LIABILITIES	12,734		11,987
NET WORTH	392,829		435,908

**ASSETS AND LIABILITIES OF CATTLE AND SHEEP FARMS (LOWLAND) 2005/06
AVERAGE FARM SIZE 53.4 HECTARES**

	Opening Valuation	£	Closing Valuation
Land and Buildings	362,567		410,742
Other fixed assets	26,531		26,826
TOTAL FIXED ASSETS	389,098		437,568
Trading livestock, crops & stores	50,958		46,314
Debtors and short-term lending	3,519		145
Cash in hand and at bank	-		-
TOTAL CURRENT ASSETS	54,477		46,459
TOTAL ASSETS	443,575		484,027
Bank & other institutional loans	8,486		5,159
Family & other loans	249		-
TOTAL LONG-TERM LOANS	8,735		5,159
Bank overdraft	6,276		1,937
Other short-term borrowing	1,159		1,786
TOTAL SHORT-TERM LOANS	7,435		3,723
TOTAL EXTERNAL LIABILITIES	16,170		8,882
NET WORTH	427,405		475,145

APPENDIX 2 (contd)

ASSETS AND LIABILITIES OF MIXED FARMS, 2005/06 AVERAGE FARM SIZE 69.5 HECTARES

	Opening Valuation	£	Closing Valuation
Land and Buildings	336,116		392,871
Other fixed assets	53,400		57,328
TOTAL FIXED ASSETS	389,516		450,199
Trading livestock, crops & stores	34,553		33,809
Debtors and short-term lending	5,360		-
Cash in hand and at bank	-		-
TOTAL CURRENT ASSETS	39,913		33,809
TOTAL ASSETS	429,429		484,008
Bank & other institutional loans	4,069		4,610
Family & other loans	-		-
TOTAL LONG-TERM LOANS	4,069		4,610
Bank overdraft	2,436		3,059
Other short-term borrowing	1,127		1,115
TOTAL SHORT-TERM LOANS	3,563		4,174
TOTAL EXTERNAL LIABILITIES	7,632		8,784
NET WORTH	421,797		475,224

**ASSETS AND LIABILITIES OF ALL TYPES, 2005/06
AVERAGE FARM SIZE 76.2 HECTARES**

	Opening Valuation	£	Closing Valuation
Land and Buildings	376,362		394,090
Other fixed assets	54,293		55,040
TOTAL FIXED ASSETS	430,655		449,130
Trading livestock, crops & stores	29,627		28,715
Debtors and short-term lending	4,372		2,478
Cash in hand and at bank	169		127
TOTAL CURRENT ASSETS	34,168		31,320
TOTAL ASSETS	464,823		480,450
Bank & other institutional loans	11,491		11,570
Family & other loans	149		473
TOTAL LONG-TERM LOANS	11,640		12,043
Bank overdraft	7,935		7,410
Other short-term borrowing	3,332		2,725
TOTAL SHORT-TERM LOANS	11,267		10,135
TOTAL EXTERNAL LIABILITIES	22,907		22,178
NET WORTH	441,916		458,272

APPENDIX 3

ENTERPRISE GROSS MARGIN RESULTS CLASSIFIED INTO FOUR PERFORMANCE CATEGORIES

This Appendix contains the 2005/06 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 2006.

DAIRY COWS (CLASSIFIED BY GROSS MARGIN PER COW) 2005/06

	Excellent	Good	Moderate	Poor	Average
% of survey farms	21	30	34	16	100
Average herd size	78	67	76	53	70
Enterprise Output	£ per cow				
Milk	1285	1103	1027	874	1090
Calves	66	62	58	53	60
Herd replacement	-73	-71	-95	-97	-83
Leasing receipts	-	-	-	-	-
TOTAL ENTERPRISE OUTPUT	1278	1094	990	830	1067
Variable Costs					
Concentrates	278	246	230	212	244
Hay, silage, forage & grazing	101	91	112	101	102
Vet, medicines & sundries	75	64	76	76	73
Leasing costs	2	8	3	-	4
TOTAL VARIABLE COSTS	456	409	421	389	423
GROSS MARGIN					
- per cow	822	685	569	441	644
- per hectare	1570	1384	1144	816	1269
- per 1000 litres	115	111	99	87	105
Milk yield per cow (litres)	7131	6192	5739	5051	6106
Milk price per litre (pence)	18	17.8	17.9	17.3	17.8
Concentrates per litre (kg)	0.26	0.28	0.27	0.27	0.27
Concentrates price per tonne (£)	144	139	139	146	141
Stocking rate (ce per ha)	1.91	2.02	2.01	1.85	1.97
Nitrogen per hectare (kg)	154	149	173	157	160

APPENDIX 3 (contd)

DAIRY COWS (CLASSIFIED BY GROSS MARGIN PER HECTARE) 2005/06

	Excellent	Good	Moderate	Poor	Average
% of survey farms	16	32	35	16	100
Average herd size	103	72	63	44	69
Enterprise Output	£ per cow				
Milk	1192	1122	1012	898	1081
Calves	59	61	60	57	60
Herd replacement	-66	-83	-93	-90	-83
Leasing receipts	-	-	-	-	-
TOTAL ENTERPRISE OUTPUT	1185	1100	979	865	1058
Variable Costs					
Concentrates	280	243	228	214	244
Hay, silage, forage & grazing	103	108	99	90	102
Vet, medicines & sundries	74	68	78	61	72
Leasing costs	6	3	8	-	5
TOTAL VARIABLE COSTS	463	422	413	365	423
GROSS MARGIN					
- per cow	722	678	566	500	635
- per hectare	1740	1410	1030	645	1232
- per 1000 litres	109	108	99	98	105
Milk yield per cow (litres)	6645	6249	5695	5115	6052
Milk price per litre (pence)	17.9	18.0	17.8	17.5	17.9
Concentrates per litre (kg)	0.29	0.26	0.27	0.28	0.27
Concentrates price per tonne (£)	142	141	141	142	142
Stocking rate (ce per ha)	2.41	2.08	1.82	1.29	1.94
Nitrogen per hectare (kg)	196	173	152	101	158

DAIRY CALVES REARED AS REPLACEMENTS, 2005/06

	Excellent	Good	Moderate	Poor	Average
% of survey farms	16	47	21	16	100
Enterprise Output	795	841	565	629	743
Variable Costs					
Concentrates*	214	266	263	390	288
Hay, silage, forage & grazing	152	253	199	242	232
Vet and medicines	13	41	24	49	37
Sundries	13	40	32	56	40
TOTAL VARIABLE COSTS	392	600	518	737	597
GROSS MARGIN	403	241	47	-108	146
Concentrates per ce (kg)	441	556	687	1241	712
Concentrates price per tonne (£)	142	136	120	131	132
Stocking rate (ce per ha)	1.96	2.28	2.29	2.13	2.23
Price per calf bought/transferred in (£)	67	72	74	66	71
Price per heifer sold/transferred out (£)	595	604	579	608	600
Mortality %	1.0	1.2	4.6	0.7	1.7

* Includes milk fed to calves

APPENDIX 3 (contd)

SUCKLER COWS – SEVERELY DISADVANTAGED AREA, 2005/06 (CLASSED BY GROSS MARGIN PER COW)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	15	31	39	15	100
Number of cows per farm	68	52	41	37	47
Enterprise Output					
	£ per cow				
Calves	304	269	248	225	264
Direct Subsidies*	-38	-42	-50	-65	-47
Herd replacement	-	-	-	-	-
TOTAL ENTERPRISE OUTPUT	266	227	198	160	217
Variable Costs					
Concentrates	31	31	36	46	34
Hay, silage, forage & grazing	57	62	90	115	76
Vet and medicines	18	16	24	34	21
Sundries	16	14	13	15	14
Leasing costs	-	2	-	-	1
TOTAL VARIABLE COSTS	122	125	163	210	146
GROSS MARGIN	144	102	35	-50	71
GROSS MARGIN PER COW EQUIVALENT	135	96	33	-46	66
Calves reared per cow	0.96	0.94	0.87	0.89	0.92
Price per calf sold or transferred out (£)	301	301	281	258	290
Mortality - birth to weaning %	3.3	3.4	2.3	4.9	3.2
Concentrates per cow (kg)	279	242	265	329	267
Concentrates price per tonne (£)	110	126	122	140	123

* LFA compensatory allowances are excluded from this analysis

**SUCKLER COWS - DISADVANTAGED AREA, 2005/06
(CLASSIFIED BY GROSS MARGIN PER HECTARE)**

	Excellent	Good	Moderate	Poor	Average
% of survey farms	10	38	38	14	100
Number of cows per farm	43	51	44	38	46
Enterprise Output	£ per cow				
Calves	360	278	255	223	270
Herd replacement	-42	-36	-45	-28	-39
Leasing receipts	-	-	-	-	-
TOTAL ENTERPRISE OUTPUT	318	242	210	195	231
Variable Costs					
Concentrates	25	22	33	41	29
Hay, silage, forage & grazing	93	52	84	115	75
Vet and medicines	20	12	19	47	20
Sundries	9	13	19	24	16
Leasing costs	-	-	-	-	-
TOTAL VARIABLE COSTS	147	99	155	227	140
GROSS MARGIN	171	143	55	-32	91
GROSS MARGIN PER COW EQUIVALENT	148	140	52	-31	87
Calves reared per cow	1.05	0.97	1.01	0.89	0.98
Price per calf sold or transferred out (£)	353	306	254	251	284
Mortality - birth to weaning %	-	1.7	0.8	1.0	1.2
Concentrates per cow (kg)	181	170	281	329	231
Concentrates price per tonne (£)	140	126	117	125	123

* LFA compensatory allowances are excluded from this analysis

APPENDIX 3 (contd)

BREEDING EWES - SEVERELY DISADVANTAGED AREA (CROSS BRED FLOCKS), 2005/06 (CLASSIFIED BY GROSS MARGIN PER EWE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	7	42	41	10	100
Number of ewes per farm	87	258	166	131	195
Enterprise Output	£ per ewe				
Lambs	88.46	59.14	57.65	33.11	57.86
Wool	1.61	1.77	1.81	1.19	1.74
Flock replacement	-5.46	1.20	-4.03	-2.83	-1.13
TOTAL ENTERPRISE OUTPUT	84.61	62.11	55.43	31.47	58.47
Variable Costs					
Concentrates	6.57	9.34	14.55	12.05	11.27
Hay, silage, forage & grazing	14.61	11.88	17.34	11.93	13.90
Vet, medicines and sundries	4.95	5.95	8.72	7.90	7.02
TOTAL VARIABLE COSTS	26.13	27.17	40.61	31.88	32.19
GROSS MARGIN	58.48	34.94	14.82	-0.41	26.28
Price per lamb sold (£)	49.51	43.46	45.25	40.68	44.39
Lambing percentage	190	154	145	106	149
Lambs reared per 100 ewes	180	148	137	99	142
Wool per ewe (kg)	2.2	2.7	3.0	2.1	2.8
Wool per kg (p)	74	66	60	56	63
Concentrates per ewe (kg)	49	69	106	85	83
Concentrates price per tonne (£)	135	129	135	142	133
Mortality - ewes (%)	4.6	3.7	3.8	4.4	3.8
Mortality - lambs per 100 ewes	10.3	6.7	7.4	7.2	7.1

* LFA compensatory allowances are excluded from this analysis

**BREEDING EWES - SEVERELY DISADVANTAGED AREA
(HARDY HILL BREEDS), 2005/06
(CLASSIFIED BY GROSS MARGIN PER EWE)**

	Excellent	Good	Moderate	Poor	Average
% of survey farms	11	19	59	11	100
Number of ewes per farm	143	357	269	218	266
Enterprise Output	£ per ewe				
Lambs	55.01	38.78	35.07	18.05	35.64
Wool	1.36	1.59	1.53	1.56	1.54
Flock replacement	2.42	2.74	-0.40	-0.38	0.55
TOTAL ENTERPRISE OUTPUT	58.79	43.11	36.20	19.23	37.73
Variable Costs					
Concentrates	10.97	10.94	8.98	5.59	9.28
Hay, silage, forage & grazing	14.52	10.74	13.74	14.27	13.09
Vet, medicines and sundries	7.68	7.27	7.33	6.38	7.26
TOTAL VARIABLE COSTS	33.17	28.95	30.05	26.24	29.63
GROSS MARGIN	25.62	14.16	6.15	-7.01	8.10
Price per lamb sold (£)	43.41	43.11	39.02	31.39	40.35
Lambing percentage	158	128	121	97	123
Lambs reared per 100 ewes	151	120	113	88	115
Wool per ewe (kg)	2.1	3.0	2.6	3.3	2.7
Wool per kg (p)	64	52	59	47	56
Concentrates per ewe (kg)	85	79	64	39	67
Concentrates price per tonne (£)	129	136	135	145	135
Mortality - ewes (%)	10.7	3.1	6.5	6.9	6.0
Mortality - lambs (%)	7.4	8.0	7.8	9.5	8.0

* LFA compensatory allowances are excluded from this analysis

APPENDIX 3 (contd)

BREEDING EWES - DISADVANTAGED AREA, 2005/06 (CLASSIFIED BY GROSS MARGIN PER EWE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	19	19	50	12	100
Number of ewes per farm	61	203	146	102	135
Enterprise Output					
					£ per ewe
Lambs	60.47	63.00	59.38	48.72	59.49
Wool	2.12	1.39	1.68	1.48	1.62
Flock replacement	-1.90	-2.20	-2.96	-7.81	-3.11
TOTAL ENTERPRISE OUTPUT	60.69	62.19	58.10	42.39	58.00
Variable Costs					
Concentrates	1.28	13.72	10.29	8.80	10.35
Hay, silage, forage & grazing	11.48	13.21	13.65	12.36	13.22
Vet, medicines and sundries	3.92	6.14	6.01	5.58	5.83
TOTAL VARIABLE COSTS	16.68	33.07	29.95	26.74	29.40
GROSS MARGIN	44.01	29.12	28.15	15.65	28.60
Price per lamb sold (£)	48.26	49.17	46.16	44.95	47.10
Lambing percentage	141	146	145	112	142
Lambs reared per 100 ewes	130	139	138	108	135
Wool per ewe (kg)	3.1	2.1	2.8	2.4	2.6
Wool per kg (p)	69	66	60	61	62
Concentrates per ewe (kg)	8	91	78	57	74
Concentrates price per tonne (£)	157	148	128	155	137
Ewes per hectare	10.31	10.27	7.74	8.61	8.60
Stocking rate (ce per ha)	2.00	1.80	1.63	1.71	1.70
Mortality - ewes (%)	4.9	5.3	4.0	3.0	4.3
Mortality - lambs per 100 ewes	10.3	7.2	7.0	3.9	7.1

* LFA compensatory allowances are excluded from this analysis

BREEDING EWES - NON LFA, 2005/06
(CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	11	47	21	21	100
Number of ewes per farm	145	181	198	61	156
Enterprise Output					
					£ per ewe
Lambs	73.94	67.62	42.23	54.77	60.4
Wool	1.96	2.06	1.25	1.30	1.77
Flock replacement	-8.09	-5.14	-0.42	-8.79	-4.47
TOTAL ENTERPRISE OUTPUT	67.81	64.54	43.06	47.28	57.70
Variable Costs					
Concentrates	6.09	5.82	8.91	9	6.93
Hay, silage, forage & grazing	14.94	13.85	5.96	17.67	12.16
Vet, medicines and sundries	10.20	9.14	5.20	4.74	7.83
TOTAL VARIABLE COSTS	31.23	28.81	20.07	31.41	26.92
GROSS MARGIN	36.58	35.73	22.99	15.87	30.78
Price per lamb sold (£)	53.34	50.79	44.22	45.88	49.57
Lambing percentage	157	154	124	131	144
Lambs reared per 100 ewes	151	145	115	121	136
Wool per ewe (kg)	2.6	3.1	2.4	2.2	2.8
Wool per kg (p)	75	67	52	60	64
Concentrates per ewe (kg)	53	53	68	65	58
Concentrates price per tonne (£)	115	111	131	138	120
Ewes per hectare	11.39	8.88	8.58	6.47	8.72
Stocking rate (ce per ha)	2.26	1.98	1.89	1.71	1.95
Mortality - ewes (%)	4.5	3.7	5.9	7.4	4.7
Mortality - lambs per 100 ewes	5.9	8.5	9.5	10.3	8.7

APPENDIX 3 (contd)

PIGS - BIRTH TO BACON, 2005/06 (CLASSIFIED BY GROSS MARGIN PER FINISHED PIG)

	Above Average	Below Average	Average
% of survey farms	50	50	100
Number of pigs finished per farm	1029	1797	1413
Number of sows per farm	62	102	82
		£ per pig	
Enterprise Output	79.24	73.87	75.83
Variable Costs			
Feedingstuffs	49.86	52.89	51.79
Vet. and medicines	1.15	1.45	1.34
Sundries	3.80	1.72	2.48
TOTAL VARIABLE COSTS	54.81	56.06	55.61
GROSS MARGIN	24.43	17.81	20.22
Price of meal equivalent per tonne (£)	151	177	167
Meal equivalent per finished pig (kg)	330	298	310
Litters per sow per year	1.8	1.9	1.9
Live births per litter	10.7	9.9	10.2
Pigs weaned per litter	9.7	9.9	9.8
Pigs weaned per sow per year	18.0	18.4	18.3
Price of finished pig sold (£)	79.25	73.91	75.84
Mortality - suckers (%)	10.0	3.8	6.2
Mortality - weaners (%)	5.2	2.5	3.5

SPRING BARLEY (2005 CROP)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	12	30	37	21	100
Hectares per farm	10.3	15.8	7.9	6.7	10.3
Enterprise Output	£ per hectare				
Grain	543	454	339	246	403
Straw	192	165	142	129	156
TOTAL ENTERPRISE OUTPUT	736	619	480	375	560
Variable Costs					
Seeds	48	52	41	39	47
Fertilisers	80	81	71	76	78
Sprays	67	73	62	52	66
Sundries	29	12	14	23	16
TOTAL VARIABLE COSTS	226	218	188	191	207
GROSS MARGIN	509	401	293	184	353
Grain (tonnes per ha)	6.63	5.32	4.30	2.95	4.86
Straw (tonnes per ha)	7.42	4.13	3.30	2.80	4.10
Fertilisers used per hectare (product weight, kg)	608	526	456	473	508
Grain per tonne (£)	82	85	79	83	83
Straw per tonne (£)	26	40	43	46	38

APPENDIX 3 (contd)

WINTER BARLEY (2005 CROP)

	Above Average	Below Average	Average
% of survey farms	38	62	100
Hectares per farm	6.2	11.1	9.3
Enterprise Output		£ per hectare	
Grain	676	498	543
Straw	195	221	214
TOTAL ENTERPRISE OUTPUT	871	719	757
Variable Costs			
Seeds	50	48	48
Fertilisers	75	93	88
Sprays	75	87	84
Sundries	34	1	9
TOTAL VARIABLE COSTS	234	229	229
GROSS MARGIN	637	490	528
Grain (tonnes per ha)	7.22	5.93	6.26
Straw (tonnes per ha)	6.80	6.20	6.35
Fertilisers used per hectare (product weight, kg)	738	655	676
Grain per tonne (£)	94	84	87
Straw per tonne (£)	29	36	34

WINTER WHEAT (2005 CROP)

	Above Average	Below Average	Average
% of survey farms	50	50	100
Hectares per farm	21.0	4.9	12.9
Enterprise Output		£ per hectare	
Grain	731	553	697
Straw	195	217	199
TOTAL ENTERPRISE OUTPUT	925	770	896
Variable Costs			
Seeds	61	55	59
Fertilisers	82	100	86
Sprays	119	95	115
Sundries	23	31	25
TOTAL VARIABLE COSTS	285	280	285
GROSS MARGIN	640	490	612
Grain (tonnes per ha)	8.47	6.87	8.17
Straw (tonnes per ha)	6.15	7.51	6.41
Fertilisers used per hectare (product weight, kg)	943	712	899
Grain per tonne (£)	86	81	85
Straw per tonne (£)	32	29	31

APPENDIX 3 (contd)

WARE POTATOES (2005 CROP)

	Above Average	Below Average	Average
% of survey farms	43	57	100
Hectares per farm	4.9	8.0	6.7
Enterprise Output		£ per hectare	
Current Crop	3935	3131	3386
Variable Costs			
Seeds	214	410	348
Fertilisers	153	135	140
Sprays	220	269	254
Contract/Casual Wages	74	289	221
Sundries	45	202	152
TOTAL VARIABLE COSTS	706	1305	1115
GROSS MARGIN	3229	1826	2271
Yield of ware per hectare (tonnes)	32	28	29
Seed used per hectare (tonnes)	2.40	2.12	2.21
Fertiliser used per hectare (product weight, kg)	919	940	934
Price per tonne sold (£)	119	109	113

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.

APPENDIX 4 (contd)

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 2005 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.

APPENDIX 4 (contd)

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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Policy and Economics Division
Department of Agriculture
and Rural Development
Dundonald House
BELFAST BT4 3SB



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