



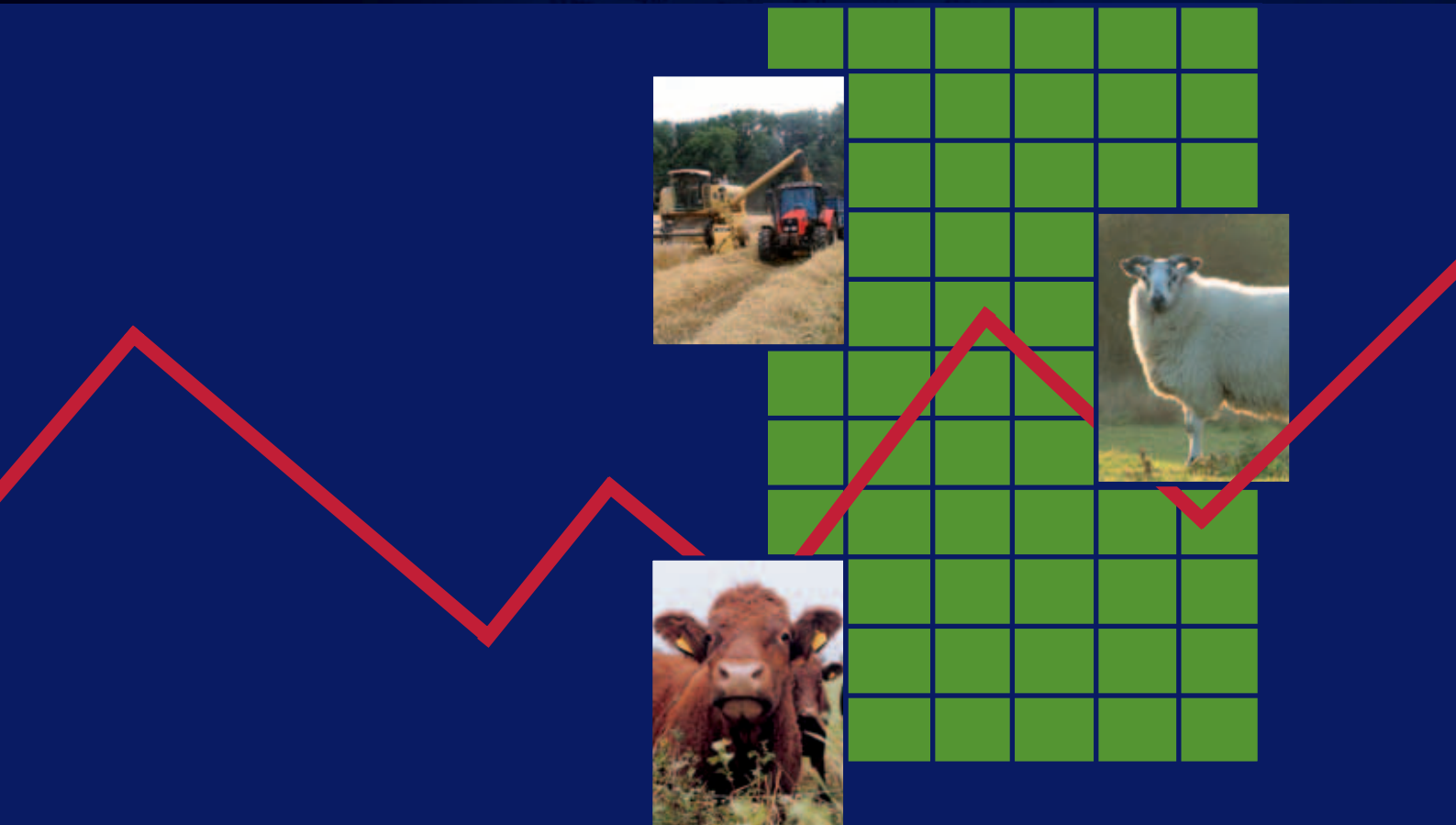
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POLICY AND ECONOMICS DIVISION

Farm Incomes in Northern Ireland

2006/07



Department of Agriculture and Rural Development
Policy and Economics Division

FARM INCOMES
IN
NORTHERN IRELAND
2006/07

A National Statistics Publication

A National Statistics Publication

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FOREWORD AND ACKNOWLEDGEMENTS

This report on Farm Incomes in Northern Ireland, the fifteenth 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 2006/07 account year, which has an average year end of mid-February 2007 for the 349 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.

Farm Business Income was introduced this year as the headline measure of farm income following consultation in 2006/07. In light of views expressed during the consultation it was decided that the previous headline measure, Net Farm Income, would continue to be published for an interim period, but as a secondary measure.

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 Paul Keatley 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 the vital contributions made by administrative staff, especially Blinnia Cunningham and Frankie Quinn who are 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 2008

EXECUTIVE SUMMARY

1. The average Farm Business Income across all farm businesses above 0.5 Standard Labour Requirements (SLRs) increased from £17,671 to £18,135 per farm between 2005/06 and 2006/07. This resulted from an increase of 3.9% in the average value of farm output and an average increase in expenditure on inputs of 4.3%.
2. All of the main farming enterprises except dairy cows and lowland suckler cows recorded higher gross margins per head and per hectare in 2006/07 than in 2005/06.
3. Between 2005/06 and 2006/07 increases in Farm Business Income were recorded on 6 of the 7 main types of farm covered in the Farm Business Survey (FBS). Dairy was the only farm type to show a decline in average Farm Business Income. Income results show that average Farm Business Income declined by £4,066 on Dairy farms and increased by £1,214 on LFA Cattle and Sheep farms.
4. A Farm Business Income above £10,000 was achieved by 59% of the farm businesses in the FBS in 2006/07; 13% of the farms incurred a loss.
5. Cash Income per farm, which is the difference between cash receipts and expenditure, decreased from an average of £29,852 in 2005/06 to £28,536 in 2006/07. This income measure provides the average amount of cash available per farm to cover living expenses and investment expenditure.
6. Direct payments decreased by £469 per farm between 2005/06 and 2006/07 and averaged £20,091 per farm and £263 per hectare in 2006/07. (Section 2.4). Direct payments represented 111% of Farm Business Income and 70% of Cash Income generated across all types of farm in Northern Ireland.
7. Only three of the seven main types of farm business generated a positive Farm Business Income in 2006/07 when direct subsidy receipts were not included in the value of farm output.
8. During the past 8 years the Farm Business Income on Dairy farms has been on average £14,095 per farm higher than that for Cattle and Sheep (LFA) farms. Dairy and LFA Cattle and Sheep types of farm account for 71% of the farms classified as full-time businesses. (Section 2.6)
9. Off-farm income of the farmer and spouse averaged £6,256 per farm in 2006/07. However, on 45% 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 2006/07, only the spouse of the farmer on 25% of the farms had off-farm employment, on a further 5% of farms the farmer had off-farm employment and on another 5% of farms both the farmer and spouse had off-farm employment. This is the same situation as in 2005/06.

11. The average level of net investment per farm increased from £8,136 in 2005/06 to £13,043 in 2006/07. Investment in 2006/07 was much higher than that recorded in the mid-1990s when inflation is taken into account. (Section 2.8).
12. External liabilities (mainly bank borrowings) averaged £28,268 per farm and equated to 2.9% of the total value of farm assets. On only 4% 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 57% of farms in 2006/07 and 90% 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 £95, from £643 in 2005/06 to £548 in 2006/07. Lower milk receipts and increases in concentrates and herd replacement 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 £27,360 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 the SDA and DA regions increased by £20 and £4 in 2006/07. Lowland Suckler cow gross margin remained the same as the previous year.
- (ii) DA suckler cow herds had the highest average gross margin per cow, at £98, while Lowland herds averaged £85 and SDA herds £94 in 2006/07. (Section 4.2).

Sheep

- (i) Between 2005/06 and 2006/07 the average gross margins per breeding ewe increased for all three flock types. The increase in gross margin was £2 per ewe for SDA flocks, £1 per ewe in DA flocks and £4 per ewe in Lowland flocks.
- (ii) The highest average gross margin per ewe of £36 was achieved by the Lowland flocks and this was £8 higher than for ewes in upland flocks and £26 higher than for ewes in SDA flocks.

Pigs

On birth to bacon pig units the average gross margin per pig increased from £20.50 in 2005/06 to £20.93 in 2006/07. The average finished price for pigs increased by £3.73 between years but the cost of feedstuffs also increased by £2.92 between 2005/06 and 2006/07.

Cereals

- (i) The average gross margins per hectare for spring barley, winter barley and winter wheat crops were higher in 2006/07 than in 2005/06. Increases in gross margin per hectare were spring barley (£28), winter barley (£227), and winter wheat (£236).
- (ii) The winter wheat crop had the highest average gross margin of the three main cereal crops, at £877 per hectare, followed by winter barley at £739 and spring barley at £419. (Section 4.7).

Potatoes

In 2006/07 the average gross margin for ware potatoes increased from £2,796 per hectare in 2005/06 to £3,516 per hectare in 2006/07, an increase of £720. The crop yields per hectare were similar in both 2005/06 and 2006/07 at 27.4 and 29.7 tonnes. The ware potato price per tonne rose by £26 per tonne from £136 per tonne in 2005/06 to £162 per tonne in 2006/07. The 2006/07 crop had higher variable costs, up by £205 per hectare on the 2005/06 figure. This was mainly due to large increases in seed, contract/casual wages and sundry costs.

Fixed Costs

- 15. The average levels of fixed costs (excluding labour) per hectare across all farm types were higher in 2006/07 than in 2005/06, at £369 and £361 respectively. (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 about 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 349 farm businesses for the 2006/07 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 267 farm businesses over 0.5 SLRs in size provided information for both the 2005/06 and 2006/07 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 2006/07 account year information presented in this report refers to the 2006 crop and grassland production years.

Each year, a small proportion of farms in the survey are 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, 2006/07

Type of Farm Business	Number of Farm Businesses	
	Northern Ireland*	FBS Sample**
Cereals	151	4
General Cropping	146	4
Horticulture	217	-
Pigs and Poultry	410	3
Dairy	3,547	104
Cattle and Sheep (LFA)	4,475	123
Cattle and Sheep (Lowland)	1,530	21
Mixed	622	8
Others	195	-
All Types	11,293	267

* Number of farm businesses above 0.5 SLRs in size at June 2006 Census; there are 15,446 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 2005/06 and 2006/07 account years, and which were used in the analyses. A further 39 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. **Farm Business Income (FBI)** was introduced this year as the new headline measure of farm income following consultation in 2006-07. FBI will also be introduced in England, Scotland, and Wales and will be used for UK farm income statistics. It is closely aligned to the main EU measure of farm incomes 'Family Farm Income' and therefore allows easier comparison between Northern Ireland and other Member States. FBI is the return to all unpaid labour (farmer, spouses and others with an entrepreneurial interest in the farm business) and to their capital invested in the farm business which includes land and buildings.

Net Farm Income (NFI), the previous headline measure of farm income will continue to be published for an interim period, but as a secondary measure as decided during the consultation. NFI represents the return to the farmer and spouse for their manual and managerial labour and tenant-type capital invested in the farm business. In order for NFI to represent the return to farmer and spouse alone, a notional deduction is made for any unpaid labour that is provided in addition to that of the farmer or spouse. Also, to confine NFI to tenant type activities and assets of the business an imputed rent is firstly deducted for owner occupied land and buildings and for landlord-type improvements made by the tenant. Secondly, no account is taken of interest paid on any farming loans, overdrafts or mortgages or any interest earned on financial assets.

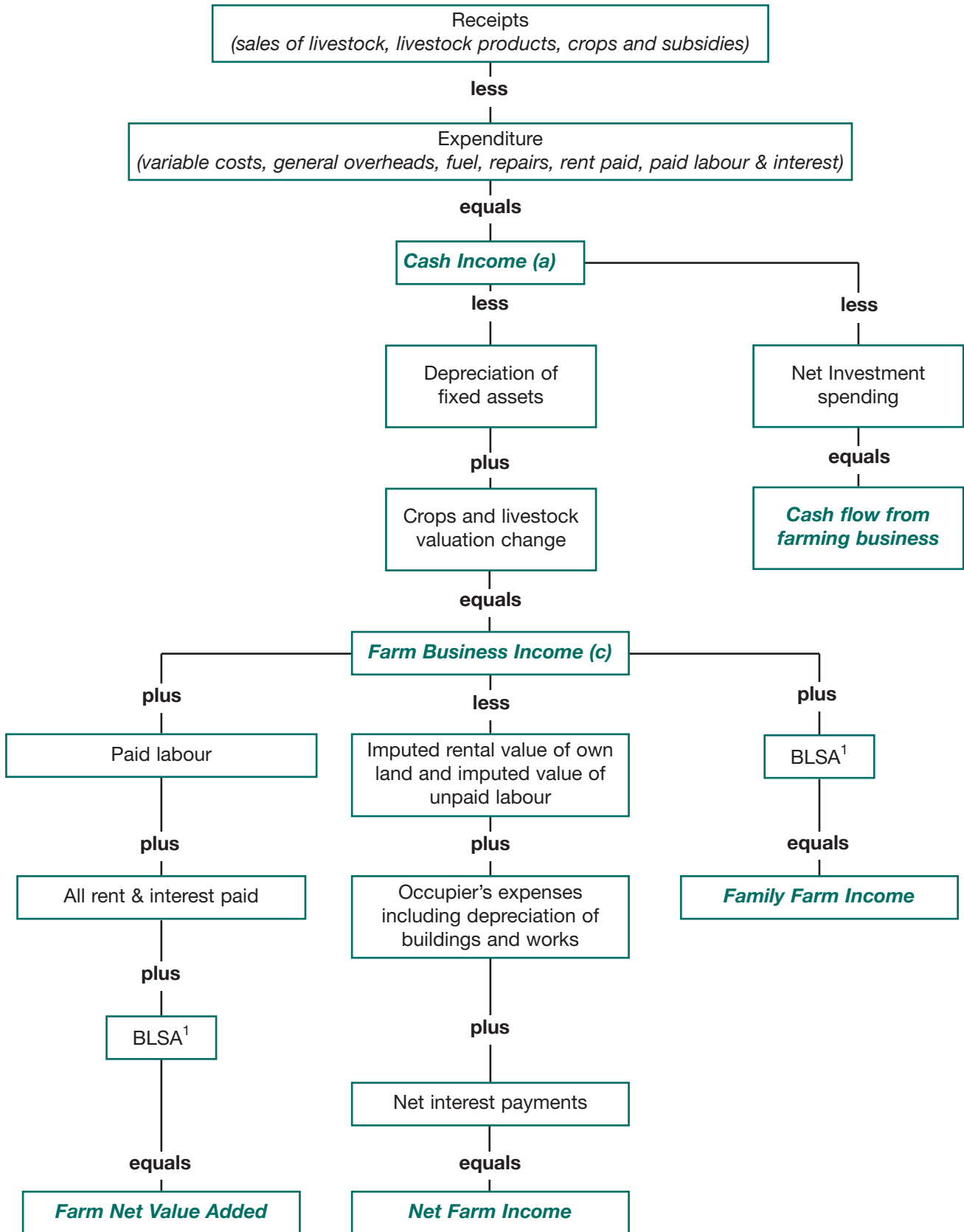
FBI differs from NFI in that it represents the return to all unpaid labour, not just the farmer and spouse and it treats the tenure of farms as it is: tenants as tenants, owner occupiers as owner occupiers and those with both types of tenure as mixed.

Another useful income measure is **Cash Income (CI)** 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. **Cash flow** from the farm business may be derived from Cash Income 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 factors of production i.e. 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 is almost identical to Farm Business 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



¹ Breeding Livestock Stock Appreciation

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. Farm Business Income is an appropriate measure of the return to the farm household for their labour and capital resources invested in the farm business. Net Farm Income is an appropriate measure of income where the aim is to put different types of farm tenure on an equal basis. Cash Income is calculated as the difference between cash receipts and cash expenditures (excluding investments) and therefore provides a measure of the cash available to the farm household.

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 2005/06 and 2006/07

Average Farm Business Income, Cash Income, and Net Farm Income measured across all farm types is shown in table 2a for the accounting years 2005/06 and 2006/07. As shown, average Farm Business Income increased between 2005/06 and 2006/07 by £464 or 2.6% per farm. This resulted from a 3.9% increase in the value of outputs and a 4.3% increase in expenditure on inputs between 2005/06 and 2006/07. On the other hand, average Cash Income decreased by £1,316 or 4.4% when compared to the previous year. When measuring Farm Income using the previous headline measure Net Farm Income, an average increase of £601 or 5.5% per farm occurred between 2005/06 and 2006/07.

Table 2a Average farm income (all types, above 0.5 SLRs)

	2005/06	2006/07
	£	£
Farm Business Income	17,671	18,135
Cash Income	29,852	28,536
Net Farm Income	10,891	11,492

Farm Business Incomes by individual farm types are presented in table 2b for the 2005/06 and 2006/07 account years. This shows that Average Farm Business Income increased between 2005/06 and 2006/07 on 6 of the 7 main farm types. Dairy was the only main farm type to show a decline in average Farm Business Income. Income results for Dairy farms show that average Farm Business Income decreased from £31,327 in 2005/06 to £27,261 in 2006/07, which is a decline of £4,066 per farm. This resulted from a 0.7% increase in the value of outputs and a 5.4% increase in expenditure on inputs between 2005/06 and 2006/07. The main increases in expenditure on inputs were

recorded for purchased concentrate feed and fodder (£2,251), machinery running costs (£1,422), and depreciation of buildings and works (£1,173).

Cattle and Sheep farms (LFA) generated an average Farm Business Income of £12,561 per farm in 2006/07, which was 10.7% higher than the 2005/06 income of £11,347 per farm. This improvement in income was the net result of a 3% increase in the value of farm output and a 0.8% increase in expenditure on inputs. The main reason for the increase in output value was the £1,778 increase for cattle rearing and fattening activities between the years.

Cattle and Sheep farms (Lowland) in contrast to Cattle and Sheep (LFA) recorded a higher percentage increase in Farm Business Income between 2005/06 and 2006/07. For this farm type, Farm Business Income increased from £7,008 to £10,678, which is an increase of 52.4%. This was the net result of a 13.1% increase in the value of farm output and a 7.7% increase in expenditure on inputs. The main components of the increase in output value were cattle rearing/fattening activities (£4,746) and miscellaneous revenue (£1,987), whereas the main change within expenditure on inputs was a £1,188 increase for purchased concentrate feed and fodder.

On the other 4 types of farm, which account for 11.8% of full-time farms, changes in the total value of farm output between 2005/06 and 2006/07 ranged from 5.7% (pigs and poultry) to 25.5% (General Cropping). Whereas, change in expenditure on inputs between years ranged from -5.2% (Cereals) to 7.1% (Mixed). These four farm types showed increases in average Farm Business Income, which ranged from £4,506 on Pig and Poultry farms to £15,031 on General Cropping farms.

Comprehensive data on the values of livestock output, crop output, inputs, and incomes for each of the 7 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 2005/06 and 2006/07 may differ for each farm size grouping within farm types. For instance, in the case of dairy farms, the total value of farm output decreased by 8.2% in the 0.5 < 1 SLR size group which compares with a 3.6% increase in the > 3 SLR size group.

The average levels of income per farm included in this report for each of the 7 farm types in 2005/06 (i.e. the 2005/06 – 2006/07 identical sample) are different to those in the previous year's report (i.e. the 2004/05 – 2005/06 identical sample). This occurs when an identical sample basis for reporting farm incomes is used, because the sample of farms for 2005/06 in the 2005/06– 2006/07 identical samples will not be exactly the same as those for the same year in the 2004/05 – 2005/06 sample. However, for the 'all types' averages the Net Farm Income, Farm Business Income, and Cash Income should not be significantly different between the same years of the different matched samples.

Table 2b Incomes by type of farm in 2005/06 and 2006/07, £ per farm

		Farm Business Income	Cash Income	Net Farm Income
Cereals	05/06	7,325	24,155	366
	06/07	13,174	27,326	5,035
General Cropping	05/06	14,499	23,780	-913
	06/07	29,530	41,672	14,227
Pigs & Poultry	05/06	28,869	32,872	26,594
	06/07	33,375	40,857	31,548
Dairy	05/06	31,327	44,853	24,864
	06/07	27,261	42,790	21,623
Cattle and Sheep (LFA)	05/06	11,347	22,221	4,820
	06/07	12,561	20,082	5,673
Cattle and Sheep (Lowland)	05/06	7,008	20,537	-2,907
	06/07	10,678	16,602	906
Mixed	05/06	9,109	22,305	6,170
	06/07	18,154	31,279	15,022
All Types	05/06	17,671	29,852	10,891
	06/07	18,135	28,536	11,492

On many farm businesses, decisions about future levels of investment in 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 Farm Business Income. Cash Income may be regarded as the net amount of cash that is generated (receipts less expenditure) by the business and is available to cover living expenses, income tax payments and net investment expenditure. Any surplus that remains is credited to the farm bank account. In 2006/07 the average level of Cash Income per farm generated across all types of farm in Northern Ireland was £28,536, which is £1,316 lower than in 2005/06. Increases in average Cash Income occurred in 2006/07 on 4 of the 7 farm types and these increases ranged from £3,171 per farm on Cereal farms to £17,892 per farm on General Cropping farms. Decreases in average Cash Income occurred in 2006/07 on Dairy, Cattle and Sheep (LFA), and Cattle and Sheep (lowland) farms. These decreases ranged from £2,063 on Dairy farms to £3,935 on Cattle and Sheep (lowland) farms. The lowest level of Cash Income in 2006/07 was recorded for Cattle and Sheep (Lowland) farms at £16,602 per farm, whereas the highest was recorded on Dairy farms at £42,790 per farm.

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 have produced a more accurate and meaningful measure of farm business sizes. Overall, the FBS is representative of 10,881 farm businesses of which 6,132 are considered to be of sufficient size to employ at least one person on a full-time basis.

Net Farm Income showed similar changes to Farm Business Income between 2005/06 and 2006/07 for each of the farm types. However, on average Farm Business Income was £6,643 higher than Net Farm Income in 2006/07. This occurred because the level of imputed rent and labour, 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 them in the calculation of Farm Business Income. This was also the case for each individual farm type in both the 2005/06 and 2006/07 account years. In Northern Ireland, Farm Business Income is a better absolute measure of income than Net Farm Income because almost all of the land farmed is either owned or farmed on short-term lettings (i.e. conacre) and almost all labour is provided from within the farm family.

Table 3 shows the variations that occurred between 2001/02 and 2006/07 in average Farm Business Income, Cash Income, and Net Farm Income when measured across all farm types. Over the period Cash Income was always higher than Farm Business Income and Farm Business Income was always higher than Net Farm Income. Increases in Farm Business Income and Net Farm Income from the previous year were also observed each year over the period with the exception of 2002/03, whereas Cash Income showed a decrease from the previous year in both 2002/03 and 2006/07.

When comparing the average income figures measured across all farm types for 2006/07 against those of 2001/02, the results show that average Farm Business Income increased by 36%, Cash Income increased by 42% and Net Farm Income increased by 39% per farm between the two years.

Table 3 Income per farm, 2001/02 to 2006/07 (£ per farm)

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Farm Business Income	13,383	9,978	14,332	15,455	17,328	18,135
Cash Income	20,098	18,830	23,465	25,957	29,340	28,536
Net Farm Income	8,278	4,499	8,652	9,413	10,165	11,492

The distributions of farms by income level presented in Table 4 provide a more comprehensive picture of income levels generated in 2006/07. When compared with those in 2005/06 they show that the increase in average Farm Business Income across all types of farm between 2005/06 and 2006/07 resulted in 1% fewer farms (i.e. 13%) which incurred a negative FBI.

Likewise, the proportion of farms that had a negative Net Farm Income in 2006/07 was relatively high at 30%. The proportion of farms with negative cash incomes recorded in 2006/07 was 3% higher than in 2005/06. It goes without saying that on those farms with

a negative Cash Income, unless an additional source of income is available, a difficult financial situation will arise. Also when 2006/07 income distributions are compared with those for 2005/06 they show that the number of farms with a Farm Business Income above £10,000 increased by 3%. In terms of Cash Income the number of farms with a return of over £10,000 decreased by 2% between 2005/06 and 2006/07.

Table 4 Distribution of farms by level of income, 2005/06 and 2006/07

Income £ per farm	Farm Business Income		Cash Income (% of farms)		Net Farm Income	
	05/06	06/07	05/06	06/07	05/06	06/07
	<0	14	13	3	6	27
0 - 4,999	14	14	9	3	16	14
5 - 9,999	16	14	10	15	13	12
10 - 19,999	28	23	22	25	23	19
20 - 29,999	16	15	21	15	9	9
30,000 and over	12	21	35	36	12	16

2.3 Spare-time Farms (< 0.5 SLRs)

The average levels of incomes presented in section 2.2 relate to farms above 0.5 SLR's. This therefore excludes those farms which are less than 0.5 SLR's i.e. classified as sparetime. There are 15,446 spare-time farms in Northern Ireland which make a significant contribution to the value of agricultural output. 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 90% of this size group of farms consists of Cattle and Sheep farms. The average incomes for Cattle and Sheep farms below 0.50 SLRs are given in Table 5. This shows that spare-time Cattle and Sheep farms generated average Farm Business Income levels in 2005/06 and 2006/07 that were very close to the break-even point.

Table 5 Incomes for 'spare-time*' Cattle and Sheep farms in the LFA and Lowland in 2005/06 and 2006/07 (£ per farm)

		Farm Business Income	Cash Income	Net Farm Income
Cattle and Sheep (LFA)	2005/06	-1,269	5,242	-3,366
	2006/07	-74	4,242	-1,926
Cattle and Sheep (Lowland)	2005/06	-325	4,604	-2,116
	2006/07	29	3,331	-2,085

* 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 by these spare-time 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 2005/06 and 2006/07.

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 have been 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 or total levels of support. For instance, prices in a number of sectors continue to be supported to some extent in the market through tariffs on imports into the EU.

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 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 and 2006/07 represents the 1st and 2nd years of SFP scheme.

Cattle and Sheep (LFA) farms received the highest level of direct subsidy receipts, averaging £23,281 per farm in 2006/07, whereas Pigs and Poultry farms recorded the lowest average of the 7 main types of farms, at £4,862 per farm.

On average, direct subsidy receipts per farm (inclusive of BSE related payments) decreased from £20,560 in 2005/06 to £20,091 in 2006/07, on an 'as due' basis of accounting. On all farm types there was a significant decrease in BSE related receipts between 2005/06 and 2006/07 reflecting the fact that a higher proportion of cattle over thirty months were not sent for disposal through the Over Thirty Months Scheme or its successor, the Older Cattle Disposal Scheme but instead entered the food chain. Therefore these cattle would not have received compensation through the OTMS or OCDS but instead received a receipt from the market place.

General Cropping type farms showed the most significant increase in direct payments at £1,533 per farm between 2005/06 and 2006/07. This was the net result of a decrease in Single Farm Payment (£637 per farm) and increases in Agri-Environmental payments

(£943 per farm) and other subsidies (£1,227 per farm) between 2005/06 and 2006/07. The main component of other subsidies being Rural Development grants. Cattle and Sheep (LFA) type farms showed the most significant decrease in direct payments at £1,272 per farm between 2005/06 and 2006/07. This was the net result of a decrease in BSE related receipts (£1,006 per farm), a decrease in Single Farm Payment (£1,013) and an increase in other subsidies (£747 per farm) between 2005/06 and 2006/07.

Although the level of BSE related receipts to Dairy farms decreased (£2,723 per farm) between 2005/06 and 2006/07 the total direct payments increased by £844 per farm. This was due to the fact that increases in Single Farm Payment (£2,894) and other subsidies (£673) between 2005/06 and 2006/07 more than compensated for the decrease in BSE related receipts. Single Farm Payment increased on Dairy farms between 2005/06 and 2006/07 due to the fact that dairy premium (part of SFP in 2006/07) increased compared to the previous year as a result of CAP reform.

The data presented in Tables 6 and 7 show how important direct payments are to farmers in Northern Ireland. In 2006/07 direct payments ranged from 3% of the value of total farm output on Pig and Poultry farms to 44% on Cattle and Sheep farms (LFA). When expressed on a per hectare basis direct payments range from £245 per hectare on Cattle and Sheep (LFA) farms to £340 per hectare on Pig and Poultry farms.

When measured across all farm types, average direct payments represented 11% more than the value of average Farm Business Income, 75% more than the value of average Net Farm Income and 70% of the value of average Cash Income for farms in Northern Ireland. Moreover, for Cereals, Cattle and Sheep (LFA), Cattle and Sheep (lowland) and Mixed farm types, average direct payments were greater than the average Farm Business Income and average Net Farm Income generated per farm in 2006/07. On both LFA and Lowland Cattle and Sheep farm types, average direct payments also exceeded average Cash Income.

Table 6 'As due' Direct payments by type of farm in 2005/06 and 2006/07¹

	2005/06		2006/07	
	£ per farm			
Cereals	15,237	(-)	16,123	(-)
General Cropping	11,156	(-)	12,689	(-)
Pigs & Poultry	5,177	(-)	4,862	(82)
Dairy	17,854	(4,434)	18,698	(1,711)
Cattle and Sheep (LFA)	24,553	(1,575)	23,281	(569)
Cattle and Sheep (Lowland)	18,310	(1,686)	16,789	(226)
Mixed	19,964	(696)	19,888	(137)
All Types (Inclusive BSE)	20,560	(2,450)	20,091	(861)

1. Of which BSE related payments shown in brackets.

Table 7 'As due' Direct payments by type of farm, 2006/07

	% TFO ¹	£ per ha	% FBI ²	% CI ³	% NFI ⁴
Cereals	27	284	122	59	320
General Cropping	14	275	43	30	89
Pigs & Poultry	3	340	15	12	15
Dairy	15	279	69	44	86
Cattle and Sheep (LFA)	44	245	185	116	410
Cattle and Sheep (Lowland)	26	292	157	101	1,853
Mixed	27	277	110	64	132
All Types	24	263	111	70	175
All Types (exclusive BSE)	23	252	106	67	167

¹ Total Farm Output

² Farm Business Income

³ Cash Income

⁴ Net Farm Income

2.5 Farm Business Income and Net Farm Income excluding direct subsidy receipts

Farm Business Incomes including and excluding direct subsidy receipts are presented in Table 7(a). By excluding direct subsidy receipts this provides an indication of the incomes generated from farming activities. The data indicates that only General Cropping, Pigs and Poultry, and Dairy farms return a positive Farm Business Income when direct payments are removed. All remaining farm types generate losses with those on both LFA and Lowland Cattle and Sheep farm types being quite substantial.

Table 7(a) Farm Business Incomes including and excluding direct payments in 2006/07, £ per farm

	FBI	Direct Payments*	FBI minus Direct Payments
Cereals	13,174	16,123	-2,949
General Cropping	29,530	12,689	16,841
Pigs & Poultry	33,375	4,780	28,595
Dairy	27,261	16,987	10,274
Cattle and Sheep (LFA)	12,561	22,712	-10,151
Cattle and Sheep (Lowland)	10,678	16,563	-5,885
Mixed	18,154	19,751	-1,597
All Types	18,135	19,230	-1,095

* Excluding BSE related receipts

Table 7(b) presents Net Farm Incomes including and excluding direct subsidy receipts. In using this measure lower levels of income are returned from farming activities. On saying this, the same pattern is arising in that only General Cropping, Pigs and Poultry, and Dairy farms are returning a positive Income when direct payments are removed, whereas all other farm types generate losses. In this instance the losses from farming activities on Cereal, Cattle and Sheep (LFA), and Cattle and Sheep (lowland) are very substantial.

Table 7(b) Net Farm Incomes including and excluding direct payments in 2006/07 (£ per farm)

	NFI	Direct Payments*	NFI minus Direct Payments
Cereals	5,035	16,123	-11,088
General Cropping	14,227	12,689	1,538
Pigs & Poultry	31,548	4,780	26,768
Dairy	21,623	16,987	4,636
Cattle and Sheep (LFA)	5,673	22,712	-17,039
Cattle and Sheep (Lowland)	906	16,563	-15,657
Mixed	15,022	19,751	-4,729
All Types	11,492	19,230	-7,738

* Excluding BSE related receipts

2.6 Trends in Farm Incomes between 1999/00 and 2006/07

Table 8 presents a time series (1999/00 – 2006/07) of average Farm Business Income expressed in real terms for Dairy and Cattle and Sheep (LFA) farm types. These two farm types account for 71% of the farm businesses over 0.5 SLRs in Northern Ireland. These time-series of income shows that in the four most recent years (03/04 to 06/07) the average Farm Business Income for Dairy farms in real terms was 28.7% higher than that in the first four years (99/00 to 02/03) of the 8 year period. Whereas for the Cattle and Sheep farms (LFA) the four most recent years resulted in an average Farm Business Income in real terms which was 78% higher than that in the first four years of the 8 year period.

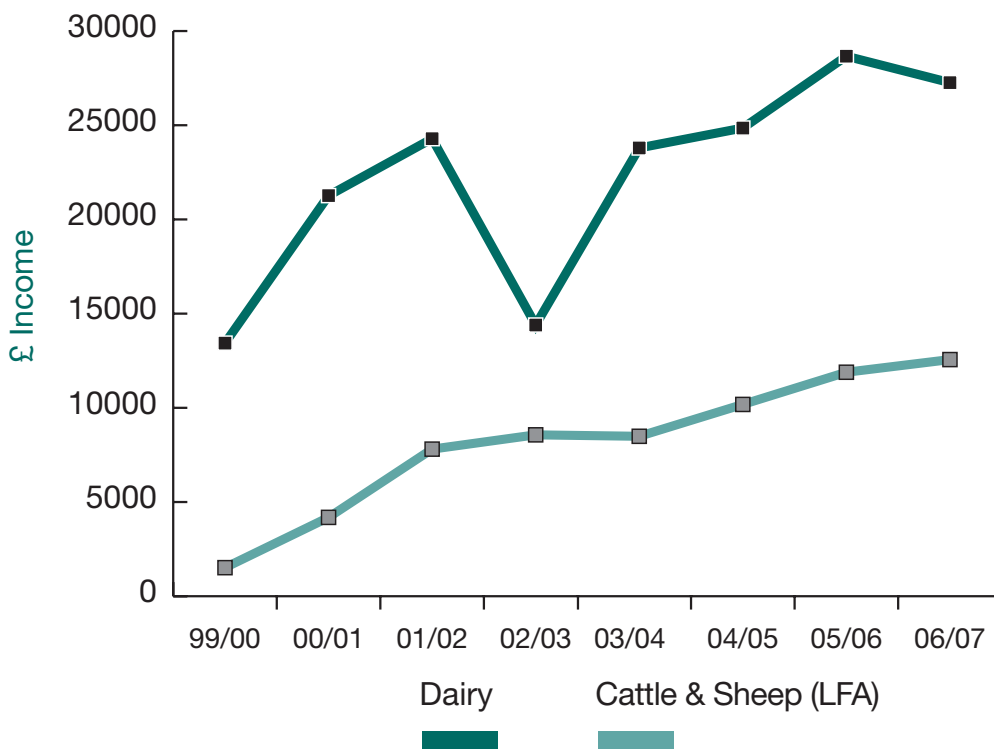
Table 8 Real Farm Business Income for Dairy and Cattle and Sheep (LFA) farms - 1999/00 to 2006/07¹

	Dairy	Cattle and Sheep (LFA)
1999/00	100	100
2000/01	154	268
2001/02	173	493
2002/03	100	529
2003/04	161	510
2004/05	164	594
2005/06	184	676
2006/07	169	689

1. Expressed as an index in real terms, 1999/00 = 100

The time series (1999/00 – 2006/07) of average Farm Business Income expressed in real terms for Dairy and Cattle and Sheep (LFA) farm types is 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 average Farm Business Income for Dairy farms has been some £14,095 per farm higher over the period than that of Cattle and Sheep (LFA) farms. Over the 8 year period Dairy farms had an average annual Farm Business Income of £22,244, compared to £8,149 for 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 67 hectares in Northern Ireland, is valued at 20% more than the average Cattle and Sheep (LFA) farm of 95 hectares and has generated about 2.7 times as much Farm Business Income over the past 8 years.

Figure 2 Farm Business Income for Dairy and Cattle and Sheep (LFA) farms - 1999/00 to 2006/07



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 £6,256 per farm in 2006/07, of which £4,493 was earned income and £1,762 unearned income. However, it should be noted that on 45% of the farm businesses no off-farm income was received. Off-farm income per farm ranged from under £1,000 to in excess of £20,000 per year 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 £9,169 per farm for Mixed farms which is mainly because a relatively higher proportion of spouses were in full-time employment in this farm type.

Table 9 Off-farm Income, 2006/07 (£ per farm)

	Off-farm Total Income	Employment & Self-employment	Investments, Pensions, Social Payments
Dairy	6,030	3,652	2,379
Cattle and Sheep (LFA)	6,346	4,803	1,544
Mixed	9,169	9,006	163
All Types	6,256	4,493	1,762

The two most common off-farm income sources were other employment and social payments, as shown in Table 10. In 2006/07, on 67 of the 267 farms only the spouse of the farmer had off-farm employment, on a further 13 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 35% of farms having an off-farm employment source of income. This was the same level as in 2005/06. The proportion of farms receiving social payments was 22%. In many instances these social payments relate to child benefit payments and not an income support payment.

Table 10 Off-farm income by type and level of Income, 2006/07

	£				
	Zero	0-999	1,000-4,999	5,000-19,999	20,000+
	(% of farms)				
Employment	66	-	4	23	7
Self-employment	98	-	1	1	-
Investments	93	5	2	-	-
Pensions	84	-	5	11	-
Social payments	80	10	7	3	-
All sources	45	1	9	36	9

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 between 1994/5 and 1996/97. Then in 1997/98 the real level of investment fell below its 1995/96 level and remained at a low level until 2001/02. 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 real level of investment increased by 56% from 2004/05, whereas in 2006/07 investment levels were 50% higher than in 2005/06.

Table 11 Net investment index per farm, 1997/98 to 2006/07

	97/98	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07
Current price index	75	65	58	68	104	80	106	63	100	157
Real terms index ¹	71	60	52	60	89	67	87	50	78	117

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

As shown in table 12 the average net investment (excluding capital grants received) was £13,043 per farm in 2006/07, which is £4,907 more than the previous year. The total average net investment in 2006/07 was composed of plant, machinery and vehicles at £6,509 per farm (which is £208 lower than in 2005/06), land and buildings at £866 per farm (which is £2,069 higher than in 2005/06) and investment on capital improvements at 7,569 per farm (which is £4,811 higher than 2005/06). Capital grants received were £1,902 in 2006/07 (which is £1,766 higher than in 2005/06). For all the different farm types average levels of net investment were higher in 2006/07 than 2005/06.

Table 12 Net investment by type of farm, 2005/06 and 2006/07

	2005/06	2006/07
	£ per farm	
Cereals	1,847	8,344
General Cropping	8,256	13,670
Pigs & Poultry	3,224	10,931
Dairy	7,759	11,251
Cattle and Sheep (LFA)	7,738	14,640
Cattle and Sheep (Lowland)	8,697	11,671
Mixed	14,023	16,307
All Types	8,136	13,043

As in 2005/06, the average levels of net investment in 2006/07 were different on each of the farm types. The average levels of net investment in 2006/07 ranged from £8,344 per farm on Cereals farms to £16,307 per farm 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 the need for replacement of assets. In general, the pattern of investment would tend to indicate that farmers 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 2006/07 account year, the values for land and buildings were revalued on each FBS farm in line with current market prices for farms in each locality. Previous revaluations took place in the 1989/90 and 1996/97 account years. The recent revaluation resulted in an average increase in book values of land and buildings from £401,579 in the closing valuation of the 2005/06 account to £879,499 in the closing valuation of the 2006/07 account. If comparisons are being made with farm asset values reported for earlier years then recent and previous revaluations should be taken into consideration.

3.1 Assets, Liabilities, and Net Worth of Farms

Information on the values of total assets, external liabilities, and net worth by farm type for the 2006/07 account year are presented in Table 13. This shows that average total assets per farm measured across all farm types were £970,154 in 2006/07. Whereas, average external liabilities per farm measured across all farm types were £28,268 in 2006/07, which is an increase of £5,243 on the previous year. When measured across all farm types the average external liabilities (i.e. mainly bank borrowings) per farm in 2006/07 were equivalent to 2.9% of total farm assets. Given these values for assets and liabilities the average net worth per farm measured across all farm types was £941,886 in 2006/07. When measured across all farm types, net worth expressed as a percentage of total assets was 97% in 2006/07. When making comparisons with earlier years it is important to remember that due to revaluations of book values for land and buildings undertaken in the 2006/07 account year, total assets and net worth values are showing a substantial step-change increase.

Table 13 also shows that when expressed by farm type total average assets in 2006/07 ranged from £374,239 per farm on pigs and poultry type farms to £1,290,773 per farm on cereal type farms. Also, in 2006/07 dairy type farms had the highest average amount of external liabilities at £52,096 per farm, whereas pig and poultry farms were the lowest with no external liabilities. When measured as a percentage of total assets, external liabilities ranged from 0% on pig and poultry type farm to 5% on dairy type farms. When compared to the previous year, external liabilities increased on all farm types with the exception of cereal and pig and poultry type farms. Average increases in external liabilities range from £278 on cattle and sheep (lowland) type farms to £7,644 on cattle and sheep (LFA) farms. Average external liabilities decreased by £1,699 on cereal farms and £1,887 on pig and poultry farms. In terms of net worth, average values in 2006/07 ranged from £374,239 on pig and poultry farms to £1,286,505 on cereal farms. When net worth is expressed as a percentage of total assets average values ranged from 95% on dairy farms to 100% on pig and poultry farms.

Table 13 Financial stability of farms in Northern Ireland 2005/06 and 2006/07¹

		Farm Area (ha)	Total Assets (£'000)	External Liabilities (£'000)	Net Worth (£'000)	Net Worth (as % of Total Assets)
Cereals	05/06	60.5	511.1	6.0	505.2	98.8
	06/07	56.7	1290.8	4.3	1286.5	99.7
General Cropping	05/06	47.0	416.3	3.4	412.9	99.2
	06/07	46.2	1077.8	5.2	1072.6	99.5
Pigs and Poultry	05/06	14.3	330.3	1.9	328.4	99.4
	06/07	14.3	374.2	-	374.2	100.0
Dairy	05/06	66.1	529.8	46.6	483.2	91.2
	06/07	66.9	1052.2	52.1	1000.1	95.0
Cattle and Sheep (LFA)	05/06	93.9	451.0	12.5	438.5	97.2
	06/07	94.9	875.4	20.1	855.2	97.7
Cattle and Sheep (Lowland)	05/06	56.6	546.7	10.1	536.6	98.2
	06/07	57.4	1051.3	10.3	1041.0	99.0
Mixed	05/06	69.6	480.7	7.8	473.0	98.4
	06/07	71.8	1130.8	10.0	1120.8	99.1
All Types	05/06	75.5	491.0	23.0	467.9	95.3
	06/07	76.4	970.2	28.3	941.9	97.1

1. Land and building were re-valued in the 2006/07 account year.

The distribution of farms by their net worth expressed as a percentage of total farm assets is presented in Table 14. Overall, the distribution indicates that in 2006/07 only 4% of farm businesses had liabilities which were more than 15% of the value of total farm assets and that 84% 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 as a percentage of total assets

	Net Worth %				
	Under 75	75-84.9	85-94.9	95-99.9	100
	% of farms				
2006/07	1	3	12	41	43

When total farm assets are expressed on an area basis this indicates the amount of capital required to farm one hectare of land. This amount differs between farm types and is affected by factors such as the quality of land and types of enterprise farmed. In 2006/07 the average capital required across all farm types was £12,699 per hectare. At the individual farm type level the average capital required ranged from £9,224 per hectare on cattle and sheep (LFA) type farms to £26,171 per hectare on pig and poultry

type farms. Cattle and sheep (LFA) farms have a relatively low capital requirement, as they tend to operate extensive enterprises on comparatively lower valued land. Whereas, pig and poultry farms have a relatively high capital requirement per hectare as they operate an intensive enterprise on a small area of land.

Measured across all farm types the average value of land and buildings accounted for 91% of the average capital requirement on Northern Ireland farms in 2006/07. When measured by individual farm type, the percentage of total assets tied up in land and buildings ranged from 83% on Pig and Poultry farms to 96% on Cereal farms.

Assets other than land and buildings are collectively referred to as operating capital. In 2006/07 the average amount of operating capital (which excludes debtors) measured across all farm types was £84,403 per farm or 8.7% of total assets. This operating capital can be broken down into breeding livestock (3% of operating capital), machinery (3%), trading livestock (2%), and crops and stocks (1%). When measured at the individual farm type level, the average operating capital in 2006/07 ranged from £54,166 for Cereal farms to £110,156 for Dairy farms. Alternatively, when measuring average operating capital as a percentage of average total assets for individual farm types in 2006/07, the values ranged from 4.2% for cereal farms to 17.3% for pig and poultry farms.

Table 15 Amount of operating capital by type of farm, 2006/07

	Operating Capital	
	£ per farm	% of total farm capital
Cereals	54,166	4.2
General Cropping	78,002	7.2
Pigs and Poultry	64,786	17.3
Dairy	110,156	10.5
Cattle and Sheep (LFA)	64,059	7.3
Cattle and Sheep (Lowland)	86,136	8.2
Mixed	89,536	7.9
All Types	84,403	8.7

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 measure was not very meaningful for owner occupied farms, another measure, Occupier's Net Income expressed as a percentage of net worth, was used. This expression represents the rate of return that the farmer and spouse obtain for their manual and managerial labour on all of their investment in the business. From this year the new headline income measure (i.e. Farm Business Income) expressed as a percentage of net worth is used. This expression represents the return of return that all unpaid labour (farmer, spouses and others with an entrepreneurial interest in the farm business) obtains for their manual and managerial labour on all of their investment in the business.

As indicated in Table 16, the rate of return to capital and labour achieved by some farm types in 2006/07 is low when compared to other investment opportunities e.g. saving rates. The average rate of return in 2006/07 ranged from 1.0% on cattle and sheep (lowland) farms to 8.9% on pig and poultry farms.

Table 16 Farm Business Income as a percentage of net worth by type of farm 2006/07

Farm Business Income as a % of net worth	
Cereals	1.0
General Cropping	2.8
Pigs and Poultry	8.9
Dairy	2.7
Cattle and Sheep (LFA)	1.5
Cattle and Sheep (Lowland)	1.0
Mixed	1.6
All Types	1.9

3.3 Bank Borrowings

In the 2006/07 year, the average level of bank borrowings measured across all farm types was £24,477 per farm. This is an increase of £4,811 per farm when compared to 2005/06. As shown in Table 17, Cereal farms and Pigs and Poultry farms had no bank borrowings in both years. Dairy farms had the highest borrowings with an average of £45,286 per farm in 2006/07. The largest increase in borrowings between 2005/06 and 2006/07 occurred on Cattle and Sheep (LFA) farms, with an average increase of £8,379 per farm. Whereas the largest decrease in borrowing was on mixed farms at an average of £174 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 £3,791 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.

Table 17 Average bank borrowings per farm by type of farm, 2005/06 and 2006/07

Bank Borrowings (£ per farm)	2005/06	2006/07
	% of farms	
Cereals	-	-
General Cropping	2,877	2,802
Pigs and Poultry	-	-
Dairy	41,489	45,286
Cattle and Sheep (LFA)	10,469	18,848
Cattle and Sheep (Lowland)	5,524	5,458
Mixed	6,851	6,677
All Types	19,666	24,477

The distribution of farms by level of borrowing per farm in 2005/06 and 2006/07 are presented in Table 18. This shows that 57% of the farms recorded no bank borrowings in 2006/07 whereas 10% of farms recorded borrowings in excess of £50,000. When comparing the distributions for 2005/06 and 2006/07 the overall picture is very similar with only a 1% increase in the number of farms with borrowing in excess of £50,000 in 2006/07.

Table 18 Distributions of farms by level of bank borrowings, 2005/06 and 2006/07

Bank Borrowings (£ per farm)	2005/06	2006/07
	% of farms	
Nil	55	57
Under 20,000	22	19
20,000 to 49,999	14	14
50,000 to 99,999	2	4
100,000 and over	7	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 2006/07, borrowings of £50,000 would have incurred interest costs of around £3,400 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 (22%) and Cattle and Sheep Lowland (11%) 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 other farms 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 2005/06 and 2006/07. As the average account year end for the sample of farms is mid-February, the results refer to the 2005 and 2006 grassland and crop years. Average Gross Margin by enterprise is presented in Table 19(a). It is important to note that as the Single Farm Payment is decoupled from production and not linked to any particular enterprise it is not included in the gross margin figures. For similar reasons Less Favoured Area Compensatory Allowance is also not included. The overall situation was that higher gross margins were recorded in 2006 for all enterprises except dairy cows and lowland suckler cows.

Table 19(a) Average gross margins by enterprise in 2005/06 and 2006/07

	Average gross margins	
	2005/06	2006/07
	£ per head	
Dairy Cows	643	548
Suckler Cows - SDA	74	94
- DA	94	98
- Lowland	85	85
Breeding Ewes - SDA	8	10
- DA	27	28
- Lowland	32	36
Pigs	20.50	20.93
	£ per hectare	
Spring Barley	391	419
Winter Barley	512	739
Winter Wheat	641	877
Potatoes – ware	2,796	3,516

4.1 Dairy Cows

As shown in Table 19(b) the average gross margin per cow decreased from £643 in 2005/06 to £548 in 2006/07 for the 93 dairy herds which provided information in both years. This reduction of £95 in average gross margin resulted from a £83 decline in output value and a £12 increase in total variable costs in 2006/07. The main reason for the decline in output value was that milk receipts were on average £76 lower per cow in 2006/07. The lower milk receipts per cow were due to a fall in average milk yield of 74 litres per cow and a fall in milk price of 1.1 pence per litre. Herd replacement costs were also an important contributor to the fall in output value as they were £13 higher per cow in 2006/07. The increase in total variable costs per cow resulted mainly from a £9 increase in concentrate cost which was due to higher concentrate prices in 2006/07.

Stocking rates remained unchanged at 1.99 cow equivalents per hectare in 2006/07. Given this and the decrease in average gross margin per cow, then average gross margin per hectare also decreased from £1,280 in 2005/06 to £1,091 in 2006/07, which is a decrease of £189 per hectare.

Table 19(b) Average outputs, variable costs and gross margins per dairy cow in 2005/06 and 2006/07

	2005/06	2006/07
Number of herds		93
Enterprise output		£ per cow
Milk	1,073	997
Calves	59	61
Herd replacement	-80	-93
Output	1,052	965
Quota leasing receipts	-	-
Quota leasing costs	4	-
Super levy	-	-
Adjusted Output	1,048	965
Variable Costs		
Concentrates	236	245
Hay, silage & grazing	101	104
Sundries	68	68
Total Variable Costs	405	417
Gross Margin	643	548
Average herd size (cows)	72	76
Concentrates per litre (kg)	0.27	0.27
Stocking rate (ce/ha)	1.99	1.99
Summer milk (%)	54	55
Milk yield (l/cow)	6,003	5,929
Milk price (p/l)	17.9	16.8

As shown in Table 20, the difference in performance in 2006/07 between the 'top' and 'bottom' quartiles was, as in previous years, substantial. The 'top' quartile had an average gross margin per cow of £726 compared with £366 for the 'bottom' quartile. The main reasons for this difference in performance are that the 'top' quartile had an average milk yield 1,995 litres per cow above and a milk price 0.4 pence per litre above the 'bottom' quartile. For the average herd size of 76 dairy cows in the sample, the difference in gross margin between the 'top' and 'bottom' quartiles equates to a total value of £27,360 per herd.

Table 20 Average outputs, variable costs and gross margins per dairy cow in the top 25% and bottom 25% groups, 2006/07

	Top 25%	Bottom 25%
	£ per cow	
Gross Margin	726	366
Milk Sales	1,182	824
Calf Sales	70	52
Total Output	1,177	745
Variable Costs	451	379
Milk Yield - litres	6,948	4,953
Av milk price - ppl	17.0	16.6
Stocking rate - ce/ha	1.94	1.98

4.2 Suckler Cows

In the 2006/07 account year all of the three main categories of suckler herds had average gross margins that were either equal to or higher than in 2005/06 (Table 21). For SDA suckler cows the average gross margin per cow increased from £74 in 2005/06 to £94 in 2006/07. This increase was due to a £19 increase in output and £1 decrease in total variable costs. The £19 increase in output resulted from a £5 increase in value of calves and a £14 decrease in herd replacement cost. For DA suckler cows the average gross margin increased by £4 per cow due to a £10 increase in total output and a £6 increase in total variable costs. For lowland suckler cows the average gross margin remained unchanged, although, total output did increase by £22 per cow but this was offset by an equal increase in total variable costs.

Table 21 Average outputs, variable costs and gross margins per cow for SDA, DA and Lowland suckler herds, 2005/06 and 2006/07

	SDA		DA		Lowland	
	05/06	06/07	05/06	06/07	05/06	06/07
Number of herds	85		22		11	
Enterprise Output	£ per cow					
Calves	263	268	278	280	249	243
Herd rep	-46	-32	-46	-38	-47	-19
Total Output	217	236	232	242	202	224
Variable Costs						
Concentrates	34	34	28	28	18	24
HSG	75	76	74	78	61	73
Sundries & Vet	34	32	36	38	38	42
Total Variable Costs	143	142	138	144	117	139
Gross Margin	74	94	94	98	85	85
Calves reared per cow	0.91	0.90	1.00	0.86	0.86	0.81
Av price per calf sold/trans (£)	290	304	287	309	303	297

The data presented in Table 22 for the 'top 25%' and 'bottom 25%' of suckler herds show that there were a difference of £175 per cow between the 'top' and 'bottom' groups of SDA suckler herds in 2006/07. This is accounted for by differences of £101 in calf returns, £33 in herd replacement costs, and £42 in total variable costs. Similarly for DA suckler herds there were a difference of £145 per cow between the 'top' and 'bottom' groups of SDA suckler herds in 2006/07. This is accounted for by differences of £37 in calf returns, £6 in herd replacement costs, and £101 in total variable costs.

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, 2006/07

	Top 25%	Bottom 25%
	£ per cow	
Gross Margin		
– SDA	181	6
– DA	171	26
Calf Returns		
– SDA	316	215
– DA	301	264
Herd replacement cost		
– SDA	-19	-52
– DA	-29	-35
Variable Costs		
– SDA	116	158
– DA	101	202

4.3 Breeding Ewes

As shown in Table 23 gross margins per ewe for each of the three flock types increased slightly in 2006/07 from that of 2005/06. For lowland breeding ewes the average gross margin per ewe increased from £32.46 in 2005/06 to £35.69 in 2006/07, which is an increase of £3.23. This increase was due to a £2.68 increase in output and a £0.55 decrease in total variable costs. For upland breeding ewes the average gross margin per ewe increased from £26.83 in 2005/06 to £28.20 in 2006/07, which is an increase of £1.37. This increase was due to a £1.43 increase in output and a £0.06 increase in total variable costs. For hill breeding ewes the average gross margin per ewe increased from £8.47 in 2005/06 to £10.06 in 2006/07, which is an increase of £1.59. This increase was due to a £2.09 increase in output and a £0.50 increase in total variable costs.

Table 23 Average outputs, variable costs and gross margins per ewe for Lowland, DA and SDA breeding flocks, 2005/06 and 2006/07

	Lowland		Upland (DA)		Hill (SDA)	
	2005/06	2006/07	2005/06	2006/07	2005/06	2006/07
Number of flocks	17		19		28	
Output	£ per ewe					
Lambs	60.69	62.03	59.32	60.07	37.42	38.93
Wool	1.76	1.45	1.72	1.53	1.65	1.35
Flock Replacements	-3.23	-1.58	-4.51	-3.64	-0.73	0.15
Total Output	59.22	61.90	56.53	57.96	38.34	40.43
Variable Costs						
Concentrates + OPF	6.71	7.38	8.53	8.20	9.16	9.40
Hay, silage & grazing	11.98	11.51	13.27	14.45	13.11	13.36
Sundries + Vet	8.07	7.32	7.90	7.11	7.60	7.61
Total Variable Costs	26.76	26.21	29.70	29.76	29.87	30.37
Gross Margin	32.46	35.69	26.83	28.20	8.47	10.06
Lambs reared per ewe	1.38	1.39	1.35	1.15	1.16	1.16
Av fat lamb price (£)	50.09	51.72	47.24	50.29	44.50	45.61
Av store lamb price (£)	34.58	31.40	32.40	37.38	32.43	34.73
Ewe mortality (%)	4.2	4.7	5.1	5.6	6.1	6.6
Lamb mortality (%)	8.4	7.7	8.9	8.0	8.6	10.0
Av flock sizes (ewes)	180	193	152	149	259	271

In 2006/07, 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 (Table 24). The main reason for these differences is the considerable range found in the value of lamb sales per ewe which averaged £65 in the top group and £36 in the bottom group. Additionally, differing levels of variable costs due to associated levels of input usage also account for some of the variation.

Table 24 Average gross margins, lamb sales and lambs reared per ewe for the top 25% and bottom 25% groups, 2006/07

	Top 25%	Bottom 25%
	per ewe	
Gross Margin (£)		
– Lowland	51	13
– Upland	41	3
– Hill	30	-6
Lamb Sales (£)		
– Lowland	73	39
– Upland	68	45
– Hill	54	24
Lambs Reared		
– Lowland	1.57	1.18
– Upland	1.48	1.19
– Hill	1.42	0.89

4.4 Pigs

On the 6 farms which had rearing and finishing units, the average gross margin per pig rose from £20.50 in 2005/06 to £20.93 in 2006/07 (Table 25). This improved margin was due to finished pig prices increasing from £73.79 in 2005/06 to £77.52 in 2006/07. However, this increase in finished pig price was partly offset by a £3.30 increase in total variable costs. The increase in total variable resulted mainly from a £2.92 increase in the cost of feedstuffs per pig due to higher concentrate prices in 2006/07. Veterinary and medicine and sundries rose by £0.38 per pig between 2005/06 and 2006/07. The average gross margin per pig of £20.93 is considerably higher than in any of the years since 1998/99. The average gross margins per pig in the previous 7 years were -£2.50 in 1998/99, £7 in 1999/00, £19 in 2000/01 and 2001/02, £16 in 2003/04, £15 in 2004/05 and £20.50 in 2005/06.

Table 25 Average sales, variable costs and gross margins per pig for pig rearing and finishing units, 2005/06 and 2006/07

	2005/06	2006/07
Number of herds		6
		£ per pig
Av finished pig price	73.79	77.52
Variable Costs		
Feedingstuffs	50.70	53.62
Vet and medicines	1.17	1.36
Sundries	1.42	1.61
Total Variable Costs	53.29	56.59
Gross Margin	20.50	20.93
Meal equivalent per pig (kg)	322	330
Price of concentrates (£/tonne)	157	163
Pigs weaned per sow	18.92	18.49

4.5 Spring Barley

As shown in Table 26 the average gross margin per hectare for the spring barley crop increased from £391 in 2005 to £419 in 2006, which is a gain of £28. In 2006 the average grain yield decreased by 0.32 tonnes per hectare, whereas straw yield decreased by 0.76 tonnes per hectare from 2005. The grain price per tonne increased from £84 in 2005 to £95 in 2006, whereas straw price increased from £42 in 2005 to £51 in 2006. This increase in cereal and straw prices more than offset the decrease in grain and straw yields so that overall there was a net increase in output value of £25 per hectare. The total variable costs of the spring barley crop also decreased by £3 per hectare in 2006.

Table 26 Average outputs, variable costs and gross margins per hectare for spring barley, 2005/06 and 2006/07

	2005/06	2006/07
Number of farms		29
Output		£ per hectare
Grain	431	458
Straw	173	171
Total Output	604	629
Variable Costs		
Seed	51	50
Fertilisers	83	81
Sprays	68	64
Sundries	11	15
Total Variable Costs	213	210
Gross Margin	391	419
Grain yield (tonnes per ha)	5.15	4.83
Straw yield (tonnes per ha)	4.13	3.37

The 'top' performance group of farms in 2006 had an average grain yield of 5.80 tonnes per hectare compared with 3.80 tonnes in the 'bottom' group. Associated with this higher grain yield was a higher straw yield which generated straw sales of £207 per hectare in the 'top' group compared with £137 in the 'bottom' group. The average grain price per tonne received by the 'top group was £24 higher than the 'bottom' group. Also, the average straw price per tonne in the 'top' performance group was £2 higher than the 'bottom' group. 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 £585 per hectare for the 'top' group and £215 per hectare for the 'bottom' group.

4.6 Winter Barley

As shown in Table 27 the average gross margin per hectare for the winter barley crop increased from £512 in 2005 to £739 in 2006, which is a gain of £227. In 2006 the average grain yield increased by 0.61 tonnes per hectare, whereas straw yield decreased by 0.33 tonnes per hectare from 2005. In addition to increased grain yield there were also increases in grain and straw prices in 2006. The grain price per tonne increased from £84 in 2005 to £98 in 2006, whereas straw price per tonne increased from £32 in 2005 to £43 in 2006. As a result of these changes in yields and prices, total output increased from £760 in 2005 to £977 in 2006. The total variable costs of the winter barley crop also decreased by £10 per hectare in 2006.

Table 27 Average outputs, variable costs and gross margins per hectare for winter barley, 2005/06 and 2006/07

	2005/06	2006/07
Number of farms		6
Output		£ per hectare
Grain	555	709
Straw	205	268
Total Output	760	977
Variable Costs		
Seed	47	46
Fertilisers	104	98
Sprays	96	82
Sundries	1	12
Total Variable Costs	248	238
Gross Margin	512	739
Grain yield (tonnes per ha)	6.61	7.22
Straw yield (tonnes per ha)	6.51	6.18

On average, the winter barley crop gross margin in 2006 was £313 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

As shown in Table 28 the average gross margin per hectare for the winter wheat crop increased from £641 in 2005 to £877 in 2006, which is a gain of £236. In 2006 the average grain yield increased by 0.57 tonnes per hectare, whereas straw yield decreased by 0.3 tonnes per hectare from 2005. In addition to increased grain yield there were also increases in grain and straw prices in 2006. The grain price per tonne increased from £86 in 2005 to £97 in 2006, whereas straw price per tonne increased from £32 in 2005 to £43 in 2006. As a result of these changes in yields and prices, total output increased from £926 in 2005 to £1,126 in 2006. The total variable costs of the winter barley crop also decreased by £36 per hectare in 2006 mainly due to lower costs of seed and fertiliser.

Table 28 Average outputs, variable costs and gross margins per hectare for winter wheat, 2005/06 and 2006/07

	2005/06	2006/07
Number of farms		3
Output		£ per hectare
Grain	731	877
Straw	195	249
Total Output	926	1,126
Variable Costs		
Seed	61	34
Fertilisers	82	70
Sprays	119	117
Sundries	23	28
Total Variable Costs	285	249
Gross Margin	641	877
Grain yield (tonnes per ha)	8.47	9.04
Straw yield (tonnes per ha)	6.15	5.85

In the 2006/07 account year the 'above average' group of winter wheat farms had an average grain yield of 10.03 tonnes per hectare, and this was 2.47 tonnes more than the 'below average' group. Higher values for grain and straw output resulted in an output value of £1,296 per hectare for the top group, some £369 above that of the bottom group. Total variable costs per hectare were £72 higher in the 'above average' at £319 per hectare. The gross margins per hectare were £977 for the above average group and £680 for the below average group.

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 2006 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 2006 the average gross margin per hectare for winter wheat was £877 compared with £739 for winter barley and £419 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 2005 and 2006 ware potato crops were £2,796 and £3,516 per hectare respectively. In the 2005/06 crop year the average yield of ware potatoes was 27.4 tonnes, whereas in 2006/07 the average was 29.7 tonnes per hectare. Prices per tonne of potatoes were £136 and £162 per tonne in respective crop years.

Total variable costs per hectare were higher in 2006/07 at £1060 per hectare compared with £855 in 2005/06. Seed costs showed a substantial increase in 2006, rising from £229 per hectare to £284. Total fertiliser and spray costs per hectare were £26 higher for the 2006 crop. The average variable costs of production per tonne for the ware crop increased from £31.20 in 2005 to £35.69 in 2006. 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, 2005/06 and 2006/07

	Ware Crop	
	2005/06	2006/07
Number of farms	6	
	£ per hectare	
Potato Output	3,651	4,576
Variable Costs		
Seed	229	284
Fertiliser	175	184
Sprays	225	242
Contract/Casual Wages	137	180
Sundries	89	170
Total Variable Costs	855	1,060
Gross Margin	2,796	3,516
Total yield (tonnes/ha)	27.4	29.7
Av price per tonne (£)	136	162

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, 2006/07

	Top ¹ Group	Bottom ¹ Group
	£ per head	
Dairy cows	726	366
Suckler cows – DA	171	26
– SDA	181	6
Breeding ewes – DA	41	3
– SDA	30	-6
– Lowland	51	13
Spring barley	585	215

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

As shown in table 31 the average levels of fixed costs per hectare (excluding labour costs) measured across all farm types increased from £361 in 2005/06 to £369 in 2006/07. At the individual farm type level, five of the seven farm types recorded increases in fixed costs, with the exceptions being Cattle and Sheep (LFA) and Mixed farms. Increases in fixed costs per hectare ranged from £15 on Cattle and Sheep (lowland) to £120 on General Cropping farms. Mixed farms were the only farm type to record a decrease in fixed costs (£5 per hectare) whereas on Cattle and Sheep (LFA) farms they remained constant.

Table 31 Fixed costs per hectare * by type of farm, 2005/06 and 2006/07

	2005/06	2006/07
	£ per ha	
Cereals	453	476
General Cropping	627	747
Pigs and Poultry	1260	1383
Dairy	542	562
Cattle and Sheep (LFA)	233	233
Cattle and Sheep (Lowland)	416	431
Mixed	359	354
All Types	361	369

* Excludes labour costs.

Two major components of fixed costs (excluding labour) are depreciation of buildings and works and machinery depreciation. In both 2005/06 and 2006/07, these two cost categories, on average, accounted for 44% of total fixed costs across all types of farm. Table 32 gives a breakdown of fixed costs in both years.

Table 32 Fixed costs per hectare, by category, 2005/06 and 2006/07

	2005/06	2006/07
	£ per ha	
Depreciation of buildings and works	62	69
Depreciation of machinery	97	93
Machinery running costs	83	88
Farm insurance	13	13
Farm fuel	16	16
Rates and water charges	10	10
Building repairs and miscellaneous	59	60
Interest payments	21	20
Total	361	369

When cost savings are sought they are most likely to be found in the main expenditure areas. During low-income periods 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.

APPENDICES 1.1 to 1.7

APPENDIX 1

TABLE 1.1 - CEREAL AND GENERAL CROPPING FARMS – ALL SIZES – OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2005/06 AND 2006/07

	Cereals			General Cropping		
	2005/06	2006/07	% Change	2005/06	2006/07	% Change
Number of farms						
Average size of business (ESUs)		23.5			23.9	
Total Area of Farm (ha)	60.5	56.7	-6.3	47.0	46.2	-1.7
of which: Crops and grass	57.1	54.7	-4.2	45.1	44.3	-1.8
Rough grazing	0.1	0.1	-	-	-	-
Size of Enterprises:						
Hectares – Total crops	49.8	49.4	-0.8	27.1	25.7	-5.2
(of which cereals)	43.1	39.2	-9.0	20.0	16.1	-19.5
Av. no. – Dairy cows	1.1	-	-	-	-	-
Av. no. – Beef cows	-	0.3	-	-	-	-
Av. no. – Other cattle	10.5	4.5	-57.1	28.8	25.4	-11.8
Av. no. – Ewes	20.4	19.4	-4.9	117.2	121.2	3.4
Av. no. – Sows/gilts	-	-	-	-	-	-
Crop Output:		£ per farm			£ per farm	
Cereals	20477	22778	11.2	12087	11973	-0.9
Potatoes	-	-	-	20556	32285	57.1
Misc. crop output	8269	11046	33.6	3087	5289	71.3
Total Crop Production	28745	33824	17.7	35730	49547	38.7
Livestock Output:						
Cattle – rearing & fattening	3688	1694	-54.1	6544	8165	24.8
Cattle – dairy	-443	-	-	-	-	-
Milk	1094	-	-	-	-	-
Sheep and wool	601	902	50.1	8280	8454	2.1
Pigs	-	-	-	-	-	-
Poultry and eggs	-	-	-	-	-	-
Other livestock	-	-	-	-	-	-
Total Livestock Output	4939	2596	-47.4	14825	16619	12.1
Single Farm Payment	13928	13416	-3.7	11133	10496	-5.7
LFA Compensatory Allowance Scheme	-	-	-	-	33	-
Agri Environmental Scheme	1202	2617	117.7	-	943	-
Miscellaneous subsidies	107	90	-15.9	23	1217	5191.3
Miscellaneous revenue	4312	3538	-17.9	3195	3055	-4.4
On Farm - Non Farm Income	2250	2375	5.6	5169	6202	20.0
Adjustment for disposal of previous years crop	57	428	650.9	145	-	-
Total Farm Output	55541	58884	6.0	70219	88111	25.5

TABLE 1.1 - CEREAL AND GENERAL CROPPING FARMS – ALL SIZES – OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2005/06 AND 2006/07 (contd)

	Cereals			General Cropping		
	2005/06	2006/07	% Change	2005/06	2006/07	% Change
INPUTS	£ per farm			£ per farm		
Purchased concentrate feed & fodder	1262	421	-66.6	2097	3047	45.3
Home grown concentrate feed	550	323	-41.3	39	-	-
Veterinary fees & medicines	220	283	28.6	1777	1744	-1.9
Other livestock costs	189	93	-50.8	370	420	13.5
Purchased & home grown seed	2345	2307	-1.6	3521	3148	-10.6
Fertilisers	6253	5470	-12.5	5368	5210	-2.9
Other crop costs	3901	3644	-6.6	5479	3861	-29.5
Labour (exc. farmer & spouse)	2125	2283	7.4	16035	16451	2.6
Machinery running costs	11476	12112	5.5	10940	10675	-2.4
Depreciation of machinery	10930	9817	-10.2	10442	11623	11.3
Land and building costs	10651	12178	14.3	9955	11440	14.9
Other general farming costs	5275	4919	-6.7	5108	6264	22.6
Total Variable Costs	21717	18889	-13.0	22139	19933	-10.0
Total Fixed Costs	33458	34960	4.5	48993	53952	10.1
Total Inputs¹	55175	53849	-2.4	71132	73885	3.9
Net Farm Income Excl. BLSA	366	5035	1275.7	-913	14227	-
(plus) imputed rent	8688	9431	8.6	5634	5360	-4.9
(plus) imputed labour	1520	1847	21.5	13069	13253	1.4
(minus) occupier's expenses	696	639	-8.2	749	854	14.0
(minus) interest payments	497	162	-67.4	387	177	-54.3
(minus) depreciation of buildings and works	2056	2338	13.7	2155	2278	5.7
Farm Business Income	7325	13174	79.8	14499	29530	103.7
(plus) depreciation of fixed assets	12986	12155	-6.4	12598	13902	10.4
(minus) valuation change	-3845	-1997	48.1	3317	1759	-47.0
(equals) Cash Income	24155	27326	13.1	23780	41672	75.2
Net Capital Investment	1847	8344	351.8	8256	13670	65.6
Cash Flow Farm Business	22308	18982	-14.9	15523	28003	80.4
Average Valuations	56466	54166	-4.1	77305	78002	0.9

¹ Total Inputs in terms of Net Farm Income

TABLE 1.2 - MIXED AND PIG AND POULTRY FARMS – ALL SIZES – OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2005/06 AND 2006/07

	Mixed			Pigs and Poultry		
	2005/06	2006/07	% Change	2005/06	2006/07	% Change
Number of farms						
Average size of business (ESUs)		31.3			31.3	
Total Area of Farm (ha)	69.6	71.8	3.2	14.3	14.3	-
of which: Crops and grass	66.3	68.0	2.6	13.3	13.3	-
Rough grazing	1.0	1.0	-	-	-	-
Size of Enterprises:						
Hectares – Total crops	8.8	9.5	8.0	-	-	-
(of which cereals)	7.3	7.4	1.4	-	-	-
Av. no. – Dairy cows	-	-	-	-	-	-
Av. no. – Beef cows	19.4	19.8	2.1	5.3	5.9	11.3
Av. no. – Other cattle	57.9	55.8	-3.6	29.9	30.0	0.3
Av. no. – Ewes	287.0	274.4	-4.4	10.6	10.6	-
Av. no. – Sows/gilts	4.4	4.4	-	123.8	121.9	-1.5
Crop Output:		£ per farm			£ per farm	
Cereals	2831	3820	34.9	-	-	-
Potatoes	4781	8993	88.1	-	-	-
Misc. crop output	960	664	-30.8	-255	-	-
Total Crop Production	8572	13477	57.2	-255	-	-
Livestock Output:						
Cattle – rearing & fattening	11752	17958	52.8	7389	8062	9.1
Cattle – dairy	-	-	-	-	-	-
Milk	-	-	-	-	-	-
Sheep and wool	15577	16704	7.2	424	531	25.2
Pigs	5966	6132	2.8	119564	126900	6.1
Poultry and eggs	-	-	-	-	-	-
Other livestock	37	-	-	-	-	-
Total Livestock Output	33333	40794	22.4	127377	135493	6.4
Single Farm Payment	18592	17878	-3.8	4472	4230	-5.4
LFA Compensatory Scheme	188	-	-	421	418	-0.7
Agri Environmental Scheme	130	1584	1118.5	224	-	-
Miscellaneous subsidies	358	289	-19.3	-	50	-
Miscellaneous revenue	1045	970	-7.2	551	161	-70.8
On Farm - Non Farm Income	-	-	-	-	-	-
Adjustment for disposal of previous years crop	-15	4	-	-	-	-
Total Farm Output	62203	74996	20.6	132790	140352	5.7

APPENDIX 1 (contd)

TABLE 1.2 - MIXED AND PIG AND POULTRY FARMS – ALL SIZES – OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2005/06 AND 2006/07 (contd)

	2005/06	Mixed 2006/07	% Change	2005/06	Pigs and Poultry 2006/07	% Change
INPUTS		£ per farm			£ per farm	
Purchased concentrate feed & fodder	7170	7931	10.6	75661	73358	-3.0
Home grown concentrate feed	1673	2206	31.9	-	-	-
Veterinary fees & medicines	2284	1877	-17.8	5250	5321	1.4
Other livestock costs	1162	1101	-5.2	2600	5546	113.3
Purchased & home grown seed	682	975	43.0	24	-	-
Fertilisers	3880	4598	18.5	173	193	11.6
Other crop costs	1267	1610	27.1	28	109	289.3
Labour (exc. farmer & spouse)	5834	7243	24.2	3871	4651	20.1
Machinery running costs	6363	7341	15.4	3899	3752	-3.8
Depreciation of machinery	8322	7615	-8.5	2101	1832	-12.8
Land and building costs	13201	13025	-1.3	4203	6919	64.6
Other general farming costs	4196	4452	6.1	8387	7123	-15.1
Total Variable Costs	22459	25437	13.3	85944	87242	1.5
Total Fixed Costs	33575	34537	2.9	20252	21562	6.5
Total Inputs¹	56034	59973	7.0	106196	108804	2.5
Net Farm Income Excl. BLSA	6170	15022	143.5	26594	31548	18.6
(plus) imputed rent	6247	6163	-1.3	1718	1718	-
(plus) imputed labour	1997	2955	48.0	2392	2901	21.3
(minus) occupier's expenses	474	507	7.0	339	344	1.5
(minus) interest payments	497	489	-1.6	43	66	53.5
(minus) depreciation of buildings and works	4334	4991	15.2	1453	2381	63.9
Farm Business Income	9109	18154	99.3	28869	33375	15.6
(plus) depreciation of fixed assets	12656	12605	-0.4	3554	4214	18.6
(minus) valuation change	-539	-519	3.7	-449	-3269	-628.1
(equals) Cash Income	22305	31279	40.2	32872	40857	24.3
Net Capital Investment	14023	16307	16.3	3224	10931	239.1
Cash Flow Farm Business	8281	14972	80.8	29648	29926	0.9
Average Valuations	89506	89536	-	66523	64786	-2.6

¹ Total Inputs in terms of Net Farm Income

TABLE 1.3 - LOWLAND CATTLE AND SHEEP FARMS - OUTPUTS, INPUTS AND INCOMES BY FARM SIZE - IDENTICAL SAMPLE 2005/06 AND 2006/07¹

	0.5<1 SLR			1<2 SLR			ALL SIZES		
	2005/06	2006/07	% Change	2005/06	2006/07	% Change	2005/06	2006/07	% Change
Number of farms		6			12				
Average size of business (ESUs)		12.8			22.2			20.0	
Total Area of Farm (ha)	40.0	42.5	6.3	67.6	66.2	-2.1	56.6	57.4	1.4
of which: Crops and grass	35.0	37.4	6.9	65.5	63.9	-2.4	52.4	53.1	1.3
Rough grazing	1.8	1.8	-	0.5	1.0	100.0	1.5	1.7	13.3
Size of Enterprises:									
Hectares – Total crops	1.4	3.6	157.1	4.1	3.6	-12.2	4.1	5.3	29.3
Av. no. – Dairy cows	3.7	-	-	-	-	-	3.6	1.8	-50.0
Av. no. – Beef cows	23.0	21.9	-4.8	31.1	30.6	-1.6	26.1	25.1	-3.8
Av. no. – Other cattle	75.7	67.6	-10.7	124.9	129.6	3.8	101.6	99.5	-2.1
Av. no. – Ewes	25.6	25.7	0.4	58.0	59.5	2.6	36.1	37.3	3.3
Av. no. – Sows/gilts	-	-	-	4.4	4.4	-	4.6	4.4	-4.3
Crop Output:		£ per farm			£ per farm			£ per farm	
Cereals	684	1598	133.6	1643	1226	-25.4	2006	2578	28.5
Potatoes	-	-	-	804	518	-35.6	1110	1077	-3.0
Misc. crop output	-913	643	-	1133	1172	3.4	298	924	210.1
Total Crop Production	-229	2241	-	3580	2915	-18.6	3414	4579	34.1
Livestock Output:									
Cattle – rearing & fattening	14803	18428	24.5	27471	34994	27.4	21379	26125	22.2
Cattle – dairy	-708	-	-	-	-	-	-659	-1	99.8
Milk	1777	-	-	-	-	-	2923	1809	-38.1
Sheep and wool	1815	953	-47.5	3291	3867	17.5	2308	2013	-12.8
Pigs	-	-	-	4927	5935	20.5	5761	6262	8.7
Poultry and eggs	-	-	-	-	-	-	-	-	-
Other livestock	-	-	-	25	-	-	42	-	-
Total Livestock Output	17687	19381	9.6	35714	44796	25.4	31755	36209	14.0
Single Farm Payment	10477	10833	3.4	21763	20451	-6.0	16040	15792	-1.5
LFA Compensatory Scheme	181	-	-	152	112	-26.3	163	47	-71.2
Agri Environmental Scheme	-	-	-	579	1060	83.1	191	600	214.1
Miscellaneous subsidies	89	102	14.6	405	150	-63.0	230	124	-46.1
Miscellaneous revenue	401	1120	179.3	9557	14327	49.9	3401	5388	58.4
On Farm - Non Farm Income	3833	3833	-	521	521	-	2369	2369	-
Adjustment for disposal of previous years crop	-	-	-	2	-	-	2	-	-
Total Farm Output	32439	37511	15.6	72274	84333	16.7	57565	65107	13.1

¹. Insufficient farms in size categories above 2 SLR. Disclosure of data withheld on grounds of confidentiality

TABLE 1.3 - LOWLAND CATTLE AND SHEEP FARMS - OUTPUTS, INPUTS AND INCOMES BY FARM SIZE - IDENTICAL SAMPLE 2005/06 AND 2006/07¹ (contd)

	0.5<1 SLR			1<2 SLR			ALL SIZES		
	2005/06	2006/07 £ per farm	% Change	2005/06	2006/07 £ per farm	% Change	2005/06	2006/07 £ per farm	% Change
INPUTS									
Purchased concentrate feed & fodder	6606	6642	0.5	11809	15001	27.0	11535	12723	10.3
Home grown concentrate feed	639	453	-29.1	1178	1276	8.3	1085	1149	5.9
Veterinary fees & medicines	1237	942	-23.8	2233	2333	4.5	1767	1715	-2.9
Other livestock costs	1478	1456	-1.5	797	1391	74.5	1278	1497	17.1
Purchased & home grown seed	281	431	53.4	582	535	-8.1	502	559	11.4
Fertilisers	1972	2584	31.0	3547	3527	-0.6	2759	3180	15.3
Other crop costs	252	399	58.3	983	1009	2.6	783	941	20.2
Labour (exc. farmer & spouse)	6863	7172	4.5	12272	12453	1.5	10994	11315	2.9
Machinery running costs	4655	5239	12.5	10131	11197	10.5	7048	7820	11.0
Depreciation of machinery	3775	3616	-4.2	11282	12547	11.2	6978	7287	4.4
Land and building costs	8171	8460	3.5	12640	12916	2.2	10873	11137	2.4
Other general farming costs	3991	3632	-9.0	5357	5788	8.0	4870	4877	0.1
Total Variable Costs	14549	15837	8.9	25459	29360	15.3	22601	25169	11.4
Total Fixed Costs	25372	25189	-0.7	47350	50613	6.9	37871	39032	3.1
Total Inputs²	39921	41026	2.8	72809	79973	9.8	60472	64201	6.2
Net Farm Income Excl. BLSA	-7483	-3515	53.0	-536	4360	-	-2907	906	-
(plus) imputed rent	5889	5612	-4.7	6326	6377	0.8	6366	6200	-2.6
(plus) imputed labour	3231	3463	7.2	8030	7903	-1.6	7481	7653	2.3
(minus) occupier's expenses	770	675	-12.3	618	640	3.6	704	666	-5.4
(minus) interest payments	20	-	-	1882	1703	-9.5	703	575	-18.2
(minus) depreciation of buildings and works	2646	2934	10.9	1882	2285	21.4	2525	2840	12.5
Farm Business Income	-1799	1950	-	9439	14011	48.4	7008	10678	52.4
(plus) depreciation of fixed assets	6422	6550	2.0	13163	14833	12.7	9503	10127	6.6
(minus) valuation change	-7234	4176	-	-44	6651	-	-4026	4203	-
(equals) Cash Income	11857	4323	-63.5	22647	22193	-2.0	20537	16602	-19.2
Net Capital Investment	5859	4469	-23.7	11475	24062	109.7	8697	11671	34.2
Cash Flow Farm Business	5998	-146	-	11172	-1869	-	11840	4931	-58.4
Average Valuations	54118	52777	-2.5	119219	124445	4.4	84895	86136	1.5

¹ Insufficient farms in size categories above 2 SLR. Disclosure of data withheld on grounds of confidentiality

² Total Inputs in terms of Net Farm Income

TABLE 1.4 – DAIRY FARMS - OUTPUTS, INPUTS AND INCOMES BY FARM SIZE - IDENTICAL SAMPLE 2005/06 AND 2006/07

	0.5<1 SLR			1<2 SL			2<3 SLR			>3 SLR		
	2005/06	2006/07	% Change	2005/06	2006/07	% Change	2005/06	2006/07	% Change	2005/06	2006/07	% Change
Number of farms		7			47			20			30	
Average size of business (ESUs)		23.1			43.9			78.7			140.5	
Total Area of Farm (ha)	27.7	27.7	-	44.6	45.4	1.8	66.5	69.2	4.1	123.1	122.7	-0.3
of which: Crops and grass	26.0	26.0	-	42.1	43.1	2.4	61.7	64.4	4.4	118.9	117.7	-1.0
Rough grazing	0.3	0.6	100	1.0	0.9	-10.0	3.3	3.7	12.1	2.0	2.8	40.0
Size of Enterprises:												
Hectares – Total crops	0.3	0.2	-33.3	1.2	0.3	-75.0	1.2	1.3	8.3	3.1	2.2	-29.0
Av. no. – Dairy cows	27.1	28.0	3.3	53.8	54.6	1.5	103.3	107.0	3.6	185.2	190.7	3.0
Av. no. – Beef cows	4.2	3.8	-9.5	1.7	1.7	-	2.5	1.6	-36.0	2.4	2.5	4.2
Av. no. – Other cattle	30.6	28.1	-8.2	46.8	46.9	0.2	72.7	69.9	-3.9	138.3	144.9	4.8
Av. no. – Ewes	1.4	1.5	7.1	4.9	3.7	-24.5	3.4	2.5	-26.5	18.5	16.5	-10.8
Av. no. – Sows/gilts	-	-	-	-	-	-	-	-	-	4.0	3.7	-7.5
Crop Output:		£ per farm			£ per farm			£ per farm			£ per farm	
Cereals	94	81	-13.8	269	121	-55.0	406	459	13.1	1459	1154	-20.9
Potatoes	-	-	-	-	-	-	223	408	83.0	-	-	-
Misc. crop output	298	-370	-	461	83	-82.0	260	-481	-	411	1314	219.7
Total Crop Production	392	-290	-	731	204	-72.1	889	387	-56.5	1870	2469	32.0
Livestock Output:												
Cattle – rearing & fattening	8099	8122	0.3	12627	11577	-8.3	20774	20319	-2.2	42939	37107	-13.6
Cattle – dairy	-481	-1237	-157.2	-3205	-2042	36.3	-6018	-6932	-15.2	-15176	-10772	29.0
Milk	26335	24464	-7.1	49925	47592	-4.7	97485	92949	-4.7	184561	187306	1.5
Sheep and wool	89	87	-2.2	227	270	18.9	154	153	-0.6	1510	1149	-23.9
Pigs	-	-	-	-	-	-	-	-	-	5672	5200	-8.3
Poultry and eggs	-	-	-	-	-	-	2465	2629	6.7	-	-	-
Other livestock	-	-	-	-	-	-	-	-	-	1	-	-
Total Livestock Output	34042	31436	-7.7	59574	57397	-3.7	114859	109117	-5.0	219508	219991	0.2
Single Farm Payment	5765	6559	13.8	8537	10233	19.9	14268	18060	26.6	22528	27764	23.2
LFA Compensatory Scheme	274	270	-1.5	165	182	10.3	166	174	4.8	99	112	13.1
Agricultural Environment Schemes	-	50	-	361	569	57.6	150	832	454.7	112	291	159.8
Miscellaneous subsidies	113	198	75.2	177	162	-8.5	297	127	-57.2	374	2055	449.5
Miscellaneous revenue	398	118	-70.4	316	352	11.4	589	404	-31.4	1614	2234	38.4
On Farm - Non Farm Income	1192	397	-66.7	-	-	-	246	287	16.7	513	513	-
Adjustment for disposal of previous years crop	-	-	-	-	-	-	12	-	-	-	-	-
Total Farm Output	42177	38738	-8.2	69861	69100	-1.1	131476	129389	-1.6	246618	255428	3.6

TABLE 1.4 – DAIRY FARMS - OUTPUTS, INPUTS AND INCOMES BY FARM SIZE - IDENTICAL SAMPLE 2005/06 AND 2006/07 (contd)

	0.5<1 SLR			1<2 SL			2<3 SLR			>3 SLR		
	2005/06	2006/07	% Change	2005/06	2006/07	% Change	2005/06	2006/07	% Change	2005/06	2006/07	% Change
INPUTS	£ per farm			£ per farm			£ per farm			£ per farm		
Purchased concentrate feed & fodder	7110	7321	3.0	13982	14128	1.0	26418	29445	11.5	60133	66222	10.1
Home grown concentrate feed	905	765	-15.5	1568	1402	-10.6	2219	2095	-5.6	4818	4439	-7.9
Veterinary fees & medicines	1118	1239	10.8	2057	2299	11.8	3290	3408	3.6	6015	6794	13.0
Other livestock costs	1181	1381	16.9	2241	2125	-5.2	3471	3276	-5.6	9532	9024	-5.3
Purchased & home grown seed	70	38	-45.7	279	223	-20.1	331	441	33.2	1370	1218	-11.1
Fertilisers	2224	2265	1.8	4058	4090	0.8	6909	7138	3.3	12475	12160	-2.5
Other crop costs	372	222	-40.3	576	419	-27.3	893	871	-2.5	1986	2330	17.3
Labour (exc. farmer & spouse)	4245	3961	-6.7	6182	6781	9.7	17258	17610	2.0	26994	28449	5.4
Machinery running costs	4218	5240	24.2	7179	7362	2.5	10229	11514	12.6	21510	25244	17.4
Depreciation of machinery	4689	4770	1.7	4555	4409	-3.2	9688	8969	-7.4	14925	14253	-4.5
Land and building costs	4678	4495	-3.9	8495	8691	2.3	12343	12359	0.1	26031	26524	1.9
Other general farming costs	4057	4020	-0.9	5476	5821	6.3	8020	7772	-3.1	11998	12194	1.6
Total Variable Costs	15716	16086	2.4	28308	28482	0.6	48656	52856	8.6	111771	120210	7.6
Total Fixed Costs	19150	19633	2.5	28342	29271	3.3	52412	52041	-0.7	86016	88642	3.1
Total Inputs¹	34867	35718	2.4	56650	57752	1.9	101068	104897	3.8	197787	208851	5.6
Net Farm Income Excl. BLSA	7311	3020	-58.7	13211	11347	-14.1	30408	24491	-19.5	48832	46577	-4.6
(plus) imputed rent	2877	2965	3.1	5075	5125	1.0	6903	6779	-1.8	9876	9871	-0.1
(plus) imputed labour	3208	2978	-7.2	5320	5896	10.8	14855	14949	0.6	19824	20657	4.2
(minus) occupier's expenses	297	287	-3.4	484	470	-2.9	585	628	7.4	860	924	7.4
(minus) interest payments	261	268	2.7	1148	1133	-1.3	2508	2892	15.3	8196	8034	-2.0
(minus) depreciation of buildings and works	2692	3103	15.3	4021	4842	20.4	7779	7938	2.0	13355	16493	23.5
Farm Business Income	10145	5305	-47.7	17954	15923	-11.3	41295	34761	-15.8	56120	51654	-8.0
(plus) depreciation of fixed assets	7382	7873	6.7	8576	9251	7.9	17467	16907	-3.2	28280	30746	8.7
(minus) valuation change	306	-349	-	1043	270	-74.1	-143	276	-	5177	1468	-71.6
(equals) Cash Income	17221	13527	-21.5	25487	24905	-2.3	58905	51392	-12.8	79224	80932	2.2
Net Capital Investment	2375	8671	265.1	10178	8849	-13.1	-16601	11305	-	29993	16560	-44.8
Cash Flow Farm Business	14846	4856	-67.3	15309	16055	4.9	75506	40087	-46.9	49232	64373	30.8
Average Valuations	45318	44618	-1.5	64656	64554	-0.2	114109	115629	1.3	211792	217078	2.5

¹ Total Inputs in terms of Net Farm Income

TABLE 1.5 – LFA CATTLE AND SHEEP FARMS - OUTPUTS, INPUTS AND INCOMES BY FARM SIZE -IDENTICAL SAMPLE 2005/06 AND 2006/07

	0.5<1 SLR			1<2 SL			2<3 SLR			>3 SLR		
	2005/06	2006/07	% Change	2005/06	2006/07	% Change	2005/06	2006/07	% Change	2005/06	2006/07	% Change
Number of farms		52			49			16			6	
Average size of business (SLRs)		14.7			26.3			46.5			76.7	
Total Area of Farm (ha)	70.2	72.7	3.6	107.1	107.1	-	195.3	191.6	-1.9	374.4	358.2	-4.3
of which: Crops and grass	44.5	44.7	0.4	68.5	70.5	2.9	104.1	104.2	0.1	145.5	132.9	-8.7
Rough grazing	20.9	23.2	11.0	35.0	33.9	-3.1	73.8	70.1	-5.0	141.5	148.1	4.7
Size of Enterprises:												
Hectares – Total crops	0.8	0.7	-12.5	1.1	1.1	-	3.3	5.3	60.6	7.4	7.5	1.4
Av. no. – Dairy cows	0.8	0.2	-75.0	1.1	0.9	-18.2	-	-	-	-	-	-
Av. no. – Beef cows	27.2	25.9	-4.8	41.9	40.6	-3.1	74.3	75.9	2.2	139.7	141.0	0.9
Av. no. – Other cattle	47.5	42.8	-9.9	77.4	78.3	1.2	121.7	128.4	5.5	236.8	246.1	3.9
Av. no. – Ewes	98.0	100.2	2.2	204.2	202.6	-0.8	277.2	281.6	1.6	372.6	378.6	1.6
Av. no. – Sows/gilts	-	-	-	-	-	-	9.5	9.3	-2.1	-	-	-
Crop Output:		£ per farm			£ per farm			£ per farm			£ per farm	
Cereals	96	102	6.3	253	380	50.2	1160	1193	2.8	2187	2940	34.4
Potatoes	132	136	3.0	1034	1123	8.6	3078	3517	14.3	4995	7347	47.1
Misc. crop output	175	254	45.1	189	-95	-	-263	1431	-	921	2497	171.1
Total Crop Production	402	492	22.4	1476	1408	-4.6	3975	6141	54.5	8103	12784	57.8
Livestock Output:												
Cattle – rearing & fattening	12550	13476	7.4	21348	24540	15.0	37662	42311	12.3	80952	82172	1.5
Cattle – dairy	-44	24	-	23	-150	-	-	-	-	-	-	-
Milk	654	113	-82.7	971	716	-26.3	-	-	-	-	-	-
Sheep and wool	5182	5510	6.3	10355	10300	-0.5	12756	13286	4.2	16210	14023	-13.5
Pigs	-	-	-	-	-	-	12086	12747	5.5	-	-	-
Poultry and eggs	-	-	-	826	817	-1.1	-	-	-	-	-	-
Other livestock	67	-	-	28	-	-	-	418	-	338	614	81.7
Total Livestock Output	18409	19123	3.9	33551	36223	8.0	62504	68762	10.0	97499	96809	-0.7
Single Farm Payment	13176	12504	-5.1	21309	20022	-6.0	37093	34802	-6.2	70876	66426	-6.3
LFA Compensatory Scheme	2490	2646	6.3	3899	4047	3.8	7537	7078	-6.1	8932	11665	30.6
Agricultural Environment Schemes	1177	1697	44.2	1639	2043	24.6	3098	3202	3.4	2103	1854	-11.8
Miscellaneous subsidies	170	316	85.9	364	484	33.0	294	461	56.8	959	539	-43.8
Miscellaneous revenue	846	622	-26.5	1251	1602	28.1	947	2035	114.9	1190	949	-20.3
On Farm – Non Farm Income	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment for disposal of previous years crop	10	-3	-	16	-40	-	-	13	-	-	-	-
Total Farm Output	36679	37398	2.0	63506	65789	3.6	115447	122493	6.1	189663	191026	0.7

TABLE 1.5 – LFA CATTLE AND SHEEP FARMS - OUTPUTS, INPUTS AND INCOMES BY FARM SIZE -IDENTICAL SAMPLE 2005/06 AND 2006/07 (contd)

	0.5<1 SLR			1<2 SL			2<3 SLR			>3 SLR		
	2005/06	2006/07	% Change	2005/06	2006/07	% Change	2005/06	2006/07	% Change	2005/06	2006/07	% Change
INPUTS	£ per farm			£ per farm			£ per farm			£ per farm		
Purchased concentrate feed & fodder	4958	4582	-7.6	9933	10166	2.3	20540	22790	11.0	22766	26645	17.0
Home grown concentrate feed	141	54	-61.7	311	305	-1.9	1060	832	-21.5	1820	2994	64.5
Veterinary fees & medicines	1410	1253	-11.1	2025	1983	-2.1	4137	4455	7.7	4021	5490	36.5
Other livestock costs	811	852	5.1	1409	1483	5.3	2965	3031	2.2	2676	2939	9.8
Purchased & home grown seed	110	108	-1.8	239	204	-14.6	532	763	43.4	990	943	-4.7
Fertilisers	2477	2517	1.6	4609	4276	-7.2	6485	6168	-4.9	13423	13901	3.6
Other crop costs	322	281	-12.7	389	378	-2.8	1253	1166	-6.9	1503	1774	18.0
Labour (exc. farmer & spouse)	2882	3426	18.9	4523	4919	8.8	17760	20188	13.7	24559	25810	5.1
Machinery running costs	4665	5088	9.1	6806	7260	6.7	11568	12488	8.0	14102	15029	6.6
Depreciation of machinery	4893	4655	-4.9	6429	6873	6.9	8987	9063	0.8	12797	14278	11.6
Land and building costs	9537	9055	-5.1	13701	13770	0.5	21668	21998	1.5	36768	33467	-9.0
Other general farming costs	3465	3414	-1.5	4091	4269	4.4	6422	6784	5.6	6954	7269	4.5
Total Variable Costs	12168	11877	-2.4	21827	21664	-0.7	43393	45890	5.8	51223	59328	15.8
Total Fixed Costs	23502	23408	-0.4	32638	34222	4.9	59985	63835	6.4	91156	91210	0.1
Total Inputs¹	35670	35285	-1.1	54465	55886	2.6	103378	109725	6.1	142379	150539	5.7
Net Farm Income Excl. BLSA	1010	2112	109.1	9041	9903	9.5	12069	12768	5.8	47285	40487	-14.4
(plus) imputed rent	6250	6153	-1.6	8519	8733	2.5	13260	13481	1.7	17809	17702	-0.6
(plus) imputed labour	2133	2641	23.8	3637	4132	13.6	10826	12223	12.9	18633	20081	7.8
(minus) occupier's expenses	332	339	2.1	375	388	3.5	559	517	-7.5	629	642	2.1
(minus) interest payments	502	562	12.0	801	743	-7.2	2376	2680	12.8	1680	1756	4.5
(minus) depreciation of buildings and works	2235	2363	5.7	4062	4150	2.2	6638	7671	15.6	17286	17575	1.7
Farm Business Income	6324	7642	20.8	15959	17486	9.6	26582	27604	3.8	64132	58297	-9.1
(plus) depreciation of fixed assets	7127	7018	-1.5	10490	11023	5.1	15626	16734	7.1	30084	31853	5.9
(minus) valuation change	-1947	-496	74.5	-1830	3161	-	-1434	15022	-	-421	12183	-
(equals) Cash Income	15399	15156	-1.6	28280	25348	-10.4	43641	29315	-32.8	94636	77966	-17.6
Net Capital Investment	7037	7537	7.1	6772	30264	346.9	20324	16853	-17.1	7274	19396	166.6
Cash Flow from Farm Business	8362	7619	-8.9	21507	-4916	-	23317	12463	-46.5	87363	58570	-33.0
Average Valuations	48408	47011	-2.9	80389	80662	0.3	120019	125961	5.0	195694	200915	2.7

¹ Total Inputs in terms of Net Farm Income

TABLE 1.6 - DAIRY AND LFA CATTLE AND SHEEP FARMS – ALL SIZES - OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING -IDENTICAL SAMPLE 2005/06 AND 2006/07

	Dairy			LFA Cattle and Sheep		
	2005/06	2006/07	% Change	2005/06	2006/07	% Change
Number of farms						
Average size of business (SLRs)		72.1			21.0	
Total Area of Farm (ha)	66.1	66.9	1.2	93.9	94.9	1.1
of which: Crops and grass	62.7	63.5	1.3	56.7	57.1	0.7
Rough grazing	1.7	2.0	17.6	30.3	31.4	3.6
Size of Enterprises:						
Hectares – Total crops	1.5	1.0	-33.3	1.2	1.2	-
Av. no. – Dairy cows	92.9	95.5	2.8	0.8	0.4	-50.0
Av. no. – Beef cows	2.4	2.1	-12.5	36.3	35.2	-3.0
Av. no. – Other cattle	72.5	73.0	0.7	64.0	61.8	-3.4
Av. no. – Ewes	7.3	6.2	-15.1	143.5	144.8	0.9
Av. no. – Sows/gilts	1.0	0.9	-10.0	0.6	0.5	-16.7
Crop Output:		£ per farm			£ per farm	
Cereals	563	443	-21.3	244	300	23.0
Potatoes	50	92	84.0	652	752	15.3
Misc. crop output	379	186	-50.9	168	271	61.3
Total Crop Production	992	721	-27.3	1604	1323	24.3
Livestock Output:						
Cattle – rearing & fattening	21151	19236	-9.1	17836	19614	10.0
Cattle – dairy	-6339	-5147	18.8	-22	-26	-18.2
Milk	89834	88306	-1.7	691	272	-60.6
Sheep and wool	501	429	-14.4	7283	7465	2.5
Pigs	1378	1264	-8.3	700	739	5.6
Poultry and eggs	557	594	6.6	230	227	-1.3
Other livestock	-	-	-	58	37	-36.2
Total Livestock Output	107083	104682	-2.2	26775	28327	5.8
Single Farm Payment	12814	15708	22.6	17991	16978	-5.6
LFA Compensatory Scheme	166	176	6.0	3305	3475	5.1
Agricultural Environment Schemes	198	483	143.9	1435	1883	31.2
Miscellaneous subsidies	242	620	156.2	247	376	52.2
Miscellaneous revenue	706	786	11.3	971	983	1.2
On Farm - Non Farm Income	361	250	-30.7	-	-	-
Adjustment for disposal of previous years crop	3	-	-	11	-12	-
Total Farm Output	122565	123425	0.7	51799	53333	3.0

TABLE 1.6 - DAIRY AND LFA CATTLE AND SHEEP FARMS – ALL SIZES - OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING -IDENTICAL SAMPLE 2005/06 AND 2006/07 (contd)

	Dairy			LFA Cattle and Sheep		
	2005/06	2006/07	% Change	2005/06	2006/07	% Change
INPUTS	£ per farm			£ per farm		
Purchased concentrate feed & fodder	26971	29222	8.3	7605	7637	0.4
Home grown concentrate feed	2405	2201	-8.5	275	229	-16.7
Veterinary fees & medicines	3156	3482	10.3	1792	1727	-3.6
Other livestock costs	4131	3950	-4.4	1139	1196	5.0
Purchased & home grown seed	524	486	-7.3	188	189	0.5
Fertilisers	6471	6465	-0.1	3524	3448	-2.2
Other crop costs	960	956	-0.4	418	390	-6.7
Labour (exc. farmer & spouse)	13451	14069	4.6	4639	5265	13.5
Machinery running costs	10904	12326	13.0	5851	6322	8.0
Depreciation of machinery	8256	7887	-4.5	5717	5722	0.1
Land and building costs	13050	13220	1.3	11949	11610	-2.8
Other general farming costs	7422	7539	1.6	3881	3925	1.1
Total Variable Costs	51289	54412	6.1	17454	17530	0.4
Total Fixed Costs	46411	47391	2.1	29525	30130	2.0
Total Inputs¹	97701	101803	4.2	46979	47660	1.4
Net Farm Income Excl. BLSA	24864	21623	-13.0	4820	5673	17.7
(plus) imputed rent	6323	6326	-	7521	7529	0.1
(plus) imputed labour	10681	11089	3.8	3389	3963	16.9
(minus) occupier's expenses	570	588	3.2	363	369	1.7
(minus) interest payments	3034	3077	1.4	717	759	5.9
(minus) depreciation of buildings and works	6938	8111	16.9	3302	3475	5.2
Farm Business Income	31327	27261	-13.0	11347	12561	10.7
(plus) depreciation of fixed assets	15194	15998	5.3	9019	9197	2.0
(minus) valuation change	1668	469	-71.9	-1854	1677	-
(equals) Cash Income	44853	42790	-4.6	22221	20082	-9.6
Net Capital Investment	7759	11251	45.0	7738	14640	89.2
Cash Flow Farm Business	37094	31539	-15.0	14483	5442	-62.4
Average Valuations	108673	110156	1.4	64432	64059	-0.6

¹ Total Inputs in terms of Net Farm Income

TABLE 1.7 – ALL FARM TYPES – OUTPUTS, INPUTS AND INCOMES BY FARM SIZE -IDENTICAL SAMPLE 2005/06 AND 2006/07

	0.5<1 SLR			1<2 SL			2<3 SLR			ALL SIZES		
	2005/06	2006/07	% Change	2005/06	2006/07	% Change	2005/06	2006/07	% Change	2005/06	2006/07	% Change
Number of farms		71			116			42				
Average size of business (ESUs)		15.3			32.6			65.9			39.0	
Total Area of Farm (ha)	57.1	59.0	3.3	71.4	71.6	0.3	97.1	97.6	0.5	75.5	76.4	1.2
of which: Crops and grass	39.8	40.3	1.3	56.1	57.0	1.6	74.9	76.1	1.6	57.7	58.3	1.0
Rough grazing	13.3	14.8	11.3	13.0	12.7	-2.3	17.0	16.5	-2.9	13.7	14.3	4.4
Size of Enterprises:												
Hectares – Total crops	1.7	2.0	17.6	2.2	1.8	-18.2	5.3	5.6	5.7	2.7	2.7	-
Av. no. – Dairy cows	4.3	3.4	-20.9	21.1	21.4	1.4	63.3	65.6	3.6	32.3	32.7	1.2
Av. no. – Beef cows	21.8	20.7	-5.0	21.2	20.7	-2.4	20.3	19.4	-4.4	21.2	20.6	-2.8
Av. no. – Other cattle	48.1	43.1	-10.4	69.7	70.7	1.4	89.9	90.6	0.8	70.6	69.5	-1.6
Av. no. – Ewes	78.6	78.4	-0.3	104.8	103.5	-1.2	76.4	78.3	2.5	86.8	86.4	-0.5
Av. no. – Sows/gilts	-	-	-	3.8	3.7	-2.6	15.1	15.1	-	3.9	3.8	-2.6
Crop Output:		£ per farm			£ per farm			£ per farm			£ per farm	
Cereals	608	857	41.0	683	621	-9.1	2388	2686	12.5	981	1120	14.2
Potatoes	82	84	2.4	1005	1294	28.8	1731	2004	15.8	912	1312	43.9
Misc. crop output	108	429	297.2	497	237	-52.3	968	476	-50.8	372	464	24.7
Total Crop Production	798	1370	71.7	2185	2152	-1.5	5088	5166	1.5	2265	2896	27.9
Livestock Output:												
Cattle – rearing & fattening	11708	12976	10.8	17422	19715	13.2	24980	26037	4.2	18721	19901	6.3
Cattle – dairy	-224	-129	42.4	-1226	-839	31.6	-3690	-4251	-15.2	-2247	-1748	22.2
Milk	3815	2909	-23.7	19563	18575	-5.1	59773	56991	-4.7	31034	30172	-2.8
Sheep and wool	4226	4198	-0.7	5375	5529	2.9	3808	4258	11.8	4594	4676	1.8
Pigs	-	-	-	4767	4986	4.6	13292	14467	8.8	4307	4512	4.8
Poultry and eggs	-	-	-	293	289	-1.4	1511	1612	6.7	285	297	4.2
Other livestock	42	-	-	13	-	-	57	82	43.9	33	16	-51.5
Total Livestock Output	19566	19954	2.0	46208	48255	4.4	99732	99197	-0.5	56728	57825	1.9
Single Farm Payment	11372	11089	-2.5	15519	15439	-0.5	21117	22768	7.8	15647	16102	2.9
LFA Compensatory Scheme	1611	1673	3.8	1491	1545	3.6	1599	1514	-5.3	1499	1547	3.2
Agricultural Environment Schemes	751	1143	52.2	816	1276	56.4	752	1569	108.6	722	1166	61.5
Miscellaneous subsidies	137	267	94.9	269	269	-	375	266	-29.1	242	415	71.5
Miscellaneous revenue	752	727	-3.3	2084	2860	37.2	783	890	13.7	1271	1574	23.8
On Farm - Non Farm Income	997	927	-7.0	75	75	-	151	176	16.6	524	496	-5.3
Adjustment for disposal of previous years crop	7	4	-42.9	10	-14	-	2	4	100.0	7	-2	-
Total Farm Output	35991	37155	3.2	68657	71857	4.7	129599	131550	1.5	78904	82019	3.9

TABLE 1.7 – ALL FARM TYPES – OUTPUTS, INPUTS AND INCOMES BY FARM SIZE -IDENTICAL SAMPLE 2005/06 AND 2006/07 (contd)

	0.5<1 SLR			1<2 SL			2<3 SLR			ALL SIZES		
	2005/06	2006/07	% Change	2005/06	2006/07	% Change	2005/06	2006/07	% Change	2005/06	2006/07	% Change
INPUTS	£ per farm			£ per farm			£ per farm			£ per farm		
Purchased concentrate feed & fodder	5246	5063	-3.5	13831	14336	3.7	26195	28477	8.7	15940	16888	5.9
Home grown concentrate feed	322	213	-33.9	988	990	0.2	2099	2153	2.6	1189	1139	-4.2
Veterinary fees & medicines	1319	1155	-12.4	2080	2196	5.6	3732	3795	1.7	2336	2388	2.2
Other livestock costs	934	973	4.2	1638	1878	14.7	3025	2946	-2.6	2187	2235	2.2
Purchased & home grown seed	174	206	18.4	374	332	-11.2	569	661	16.2	415	424	2.2
Fertilisers	2322	2457	5.8	3950	3888	-1.6	6294	6458	2.6	4394	4458	1.5
Other crop costs	372	347	-6.7	636	564	-11.3	1302	1298	-0.3	761	777	2.1
Labour (exc. farmer & spouse)	3822	4196	9.8	6394	6838	6.9	18452	19597	6.2	8673	9297	7.2
Machinery running costs	4580	5108	11.5	7278	7729	6.2	10466	11486	9.7	7800	8648	10.9
Depreciation of machinery	4572	4380	-4.2	6459	6782	5.0	9708	9065	-6.6	6912	6791	-1.8
Land and building costs	8488	8206	-3.3	11060	11179	1.1	14887	15621	4.9	12060	12078	0.1
Other general farming costs	3620	3508	-3.1	4979	5171	3.9	7560	7627	0.9	5346	5403	1.1
Total Variable Costs	12758	12827	0.5	26875	27594	2.7	48619	51946	6.8	31330	32955	5.2
Total Fixed Costs	23014	22985	-0.1	32792	34287	4.6	55671	57238	2.8	36683	37573	2.4
Total Inputs¹	35772	35812	0.1	59667	61881	3.7	104289	109184	4.7	68013	70527	3.7
Net Farm Income Excl. BLSA	219	1342	512.8	8990	9976	11.0	25310	22367	-11.6	10891	11492	5.5
(plus) imputed rent	5704	5610	-1.6	6562	6650	1.3	8462	8403	-0.7	6750	6728	-0.3
(plus) imputed labour	2523	2862	13.4	4867	5347	9.9	14550	15233	4.7	6413	6889	7.4
(minus) occupier's expenses	410	394	-3.9	466	476	2.1	588	618	5.1	494	500	1.2
(minus) interest payments	354	383	8.2	1056	1004	-4.9	2121	2403	13.3	1466	1476	0.7
(minus) depreciation of buildings and works	2566	2576	0.4	3474	3938	13.4	6905	7526	9.0	4423	4998	13.0
Farm Business Income	5117	6462	26.3	15422	16555	7.3	38707	35455	-8.4	17671	18135	2.6
(plus) depreciation of fixed assets	7138	6956	-2.5	9933	10720	7.9	16614	16590	-0.1	11336	11789	4.0
(minus) valuation change	-2525	378	-	588	1898	222.8	-470	2041	-	-845	1388	-
(equals) Cash Income	14779	13039	-11.8	24768	25377	2.5	55791	50005	-10.4	29852	28536	-4.4
Net Capital Investment	5924	6711	13.3	8974	18947	111.1	-2207	13889	-	8136	13043	60.3
Cash Flow Farm Business	8855	6327	-28.5	15794	6431	-59.3	57998	36115	-37.7	21716	15493	-28.7
Average Valuations	48017	46749	-2.6	80167	81312	1.4	117998	120058	1.7	83921	84403	0.6

¹ Total Inputs in terms of Net Farm Income

**TABLE 1.8 INCOME BY TYPE OF FARM IN 2005/06 AND 2006/07
£ PER FARM FOR FARMS ABOVE 1 SLR**

		Farm Business Income	Cash Income	Net Farm Income
Cereals	05/06	-	-	-
	06/07	-	-	-
General Cropping	05/06	2,943	22,310	-4,272
	06/07	25,469	46,593	18,595
Pigs and Poultry	05/06	28,869	32,872	26,594
	06/07	33,375	40,857	31,548
Dairy	05/06	35,097	49,772	27,989
	06/07	31,170	47,999	24,934
Cattle and Sheep (LFA)	05/06	20,418	34,540	11,702
	06/07	21,445	28,977	12,103
Cattle and Sheep (Lowland)	05/06	18,835	32,194	3,238
	06/07	22,401	33,093	6,844
Mixed	05/06	14,399	30,786	8,143
	06/07	26,182	43,742	21,697
All Types	05/06	27,510	41,663	19,254
	06/07	27,283	40,681	19,445

APPENDIX 2

ASSETS AND LIABILITIES OF CEREAL FARMS, 2006/07 AVERAGE FARM SIZE 56.7 HECTARES¹

	Opening Valuation	£	Closing Valuation
Land and Buildings	453,732		1,239,829
Other fixed assets	42,514		40,271
TOTAL FIXED ASSETS	496,246		1,280,100
Trading livestock, crops & stores	14,874		10,673
Debtors and short-term lending	-		-
Cash in hand and at bank	-		-
TOTAL CURRENT ASSETS	14,874		10,673
TOTAL ASSETS	511,120		1,290,773
Bank & other institutional loans	-		-
Family & other loans	-		-
TOTAL LONG-TERM LOANS	-		-
Bank overdraft	-		-
Other short-term borrowing	5,967		4,268
TOTAL SHORT-TERM LOANS	5,967		4,268
TOTAL EXTERNAL LIABILITIES	5,967		4,268
NET WORTH	505,153		1,286,505

¹ Land and building were re-valued in the 2006/07 account year.

APPENDIX 2 (contd)

ASSETS AND LIABILITIES OF GENERAL CROPPING FARMS, 2006/07 AVERAGE FARM SIZE 46.2 HECTARES¹

	Opening Valuation	£	Closing Valuation
Land and Buildings	340,054		998,071
Other fixed assets	51,481		54,193
TOTAL FIXED ASSETS	391,535		1,052,264
Trading livestock, crops & stores	24,813		25,516
Debtors and short-term lending	-		-
Cash in hand and at bank	-		-
TOTAL CURRENT ASSETS	24,813		25,516
TOTAL ASSETS	416,348		1,077,780
Bank & other institutional loans	-		-
Family & other loans	-		-
TOTAL LONG-TERM LOANS	-		-
Bank overdraft	2,877		2,802
Other short-term borrowing	529		2,366
TOTAL SHORT-TERM LOANS	3,406		5,168
TOTAL EXTERNAL LIABILITIES	3,406		5,168
NET WORTH	412,942		1,072,612

¹ Land and building were re-valued in the 2006/07 account year.

APPENDIX 2 (contd)

ASSETS AND LIABILITIES OF PIGS AND POULTRY FARMS, 2006/07 AVERAGE FARM SIZE 14.3 HECTARES¹

	Opening Valuation	Closing Valuation
Land and Buildings	263,114	309,936
Other fixed assets	22,631	21,808
TOTAL FIXED ASSETS	285,745	331,744
Trading livestock, crops & stores	43,880	41,294
Debtors and short-term lending	698	1,201
Cash in hand and at bank	-	-
TOTAL CURRENT ASSETS	44,578	42,495
TOTAL ASSETS	330,323	374,239
Bank & other institutional loans	-	-
Family & other loans	-	-
TOTAL LONG-TERM LOANS	-	-
Bank overdraft	-	-
Other short-term borrowing	1,887	-
TOTAL SHORT-TERM LOANS	1,887	-
TOTAL EXTERNAL LIABILITIES	1,887	-
NET WORTH	328,436	374,239

¹ Land and building were re-valued in the 2006/07 account year.

APPENDIX 2 (contd)

ASSETS AND LIABILITIES OF DAIRY FARMS, 2006/07 AVERAGE FARM SIZE 66.9 HECTARES¹

	Opening Valuation	£	Closing Valuation
Land and Buildings	411,962		934,525
Other fixed assets	83,519		83,454
TOTAL FIXED ASSETS	495,481		1,017,979
Trading livestock, crops & stores	26,746		26,511
Debtors and short-term lending	7,185		7,556
Cash in hand and at bank	398		124
TOTAL CURRENT ASSETS	34,329		34,191
TOTAL ASSETS	529,810		1,052,170
Bank & other institutional loans	28,074		29,856
Family & other loans	4		1,301
TOTAL LONG-TERM LOANS	28,078		31,157
Bank overdraft	13,415		15,430
Other short-term borrowing	5,080		5,509
TOTAL SHORT-TERM LOANS	18,495		20,939
TOTAL EXTERNAL LIABILITIES	46,573		52,096
NET WORTH	483,237		1,000,074

¹ Land and building were re-valued in the 2006/07 account year.

APPENDIX 2 (contd)

ASSETS AND LIABILITIES OF CATTLE AND SHEEP FARMS (LFA), 2006/07 AVERAGE FARM SIZE 94.9 HECTARES¹

	Opening Valuation	£	Closing Valuation
Land and Buildings	381,387		803,932
Other fixed assets	44,744		44,849
TOTAL FIXED ASSETS	426,131		848,781
Trading livestock, crops & stores	24,782		26,552
Debtors and short-term lending	36		16
Cash in hand and at bank	-		14
TOTAL CURRENT ASSETS	24,818		26,582
TOTAL ASSETS	450,949		875,363
Bank & other institutional loans	5,301		12,994
Family & other loans	90		72
TOTAL LONG-TERM LOANS	5,391		13,066
Bank overdraft	5,168		5,854
Other short-term borrowing	1,915		1,198
TOTAL SHORT-TERM LOANS	7,083		7,052
TOTAL EXTERNAL LIABILITIES	12,474		20,118
NET WORTH	438,475		855,245

¹ Land and building were re-valued in the 2006/07 account year.

APPENDIX 2 (contd)

ASSETS AND LIABILITIES OF CATTLE AND SHEEP FARMS (LOWLAND) 2006/07 AVERAGE FARM SIZE 57.4 HECTARES¹

	Opening Valuation	£	Closing Valuation
Land and Buildings	461,302		960,231
Other fixed assets	40,579		42,358
TOTAL FIXED ASSETS	501,881		1,002,589
Trading livestock, crops & stores	44,650		48,602
Debtors and short-term lending	157		149
Cash in hand and at bank	-		-
TOTAL CURRENT ASSETS	44,807		48,751
TOTAL ASSETS	546,688		1,051,340
Bank & other institutional loans	3,253		3,264
Family & other loans	-		-
TOTAL LONG-TERM LOANS	3,253		3,264
Bank overdraft	2,271		2,194
Other short-term borrowing	4,547		4,891
TOTAL SHORT-TERM LOANS	6,818		7,085
TOTAL EXTERNAL LIABILITIES	10,071		10,349
NET WORTH	536,617		1,040,991

¹ Land and building were re-valued in the 2006/07 account year.

APPENDIX 2 (contd)

ASSETS AND LIABILITIES OF MIXED FARMS, 2006/07 AVERAGE FARM SIZE 71.8 HECTARES¹

	Opening Valuation	£	Closing Valuation
Land and Buildings	389,449		1,043,051
Other fixed assets	58,138		56,243
TOTAL FIXED ASSETS	447,587		1,099,294
Trading livestock, crops & stores	33,144		31,513
Debtors and short-term lending	-		-
Cash in hand and at bank	-		-
TOTAL CURRENT ASSETS	33,144		31,513
TOTAL ASSETS	480,731		1,130,807
Bank & other institutional loans	4,173		3,757
Family & other loans	-		-
TOTAL LONG-TERM LOANS	4,173		3,757
Bank overdraft	2,678		2,920
Other short-term borrowing	927		3,340
TOTAL SHORT-TERM LOANS	3,605		6,260
TOTAL EXTERNAL LIABILITIES	7,778		10,017
NET WORTH	472,953		1,120,790

¹ Land and building were re-valued in the 2006/07 account year.

APPENDIX 2 (contd)

ASSETS AND LIABILITIES OF ALL TYPES, 2006/07 AVERAGE FARM SIZE 76.4 HECTARES¹

	Opening Valuation	£	Closing Valuation
Land and Buildings	401,579		879,499
Other fixed assets	57,621		57,782
TOTAL FIXED ASSETS	459,200		937,281
Trading livestock, crops & stores	29,146		30,224
Debtors and short-term lending	2,476		2,601
Cash in hand and at bank	134		48
TOTAL CURRENT ASSETS	31,756		32,873
TOTAL ASSETS	490,956		970,154
Bank & other institutional loans	12,438		16,275
Family & other loans	39		469
TOTAL LONG-TERM LOANS	12,477		16,744
Bank overdraft	7,228		8,202
Other short-term borrowing	3,320		3,322
TOTAL SHORT-TERM LOANS	10,548		11,524
TOTAL EXTERNAL LIABILITIES	23,025		28,268
NET WORTH	467,931		941,886

¹ Land and building were re-valued in the 2006/07 account year.

APPENDIX 3

ENTERPRISE GROSS MARGIN RESULTS CLASSIFIED INTO FOUR PERFORMANCE CATEGORIES

This Appendix contains the 2006/07 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 2007.

APPENDIX 3 (contd)

DAIRY COWS (CLASSIFIED BY GROSS MARGIN PER COW) 2006/07

	Excellent	Good	Moderate	Poor	Average
% of survey farms	24	25	26	25	100
Average herd size	82	88	62	71	76
Enterprise Output	£ per cow				
Milk	1182	1033	902	824	997
Calves	70	57	64	52	61
Herd replacement	-74	-85	-87	-131	-93
Leasing receipts	-	-	-	-	-
TOTAL ENTERPRISE OUTPUT	1178	1005	879	745	965
Variable Costs					
Concentrates	281	253	235	205	245
Hay, silage, forage & grazing	103	106	90	116	104
Vet, medicines & sundries	67	77	67	58	68
Leasing costs	1	-	-	-	-
TOTAL VARIABLE COSTS	452	435	392	379	417
GROSS MARGIN					
- per cow	726	570	487	366	548
- per hectare	1408	1173	954	725	1090
- per 1000 litres	104	93	89	74	92
Milk yield per cow (litres)	6948	6107	5463	4953	5929
Milk price per litre (pence)	17.0	16.9	16.5	16.6	16.8
Concentrates per litre (kg)	0.26	0.28	0.28	0.27	0.27
Concentrates price per tonne (£)	147	139	146	142	143
Stocking rate (ce per ha)	1.94	2.06	1.96	1.98	1.99
Nitrogen per hectare (kg)	149	166	143	150	152

APPENDIX 3 (contd)

DAIRY COWS (CLASSIFIED BY GROSS MARGIN PER HECTARE) 2006/07

	Excellent	Good	Moderate	Poor	Average
% of survey farms	14	38	33	15	100
Average herd size	104	91	61	46	76
Enterprise Output	£ per cow				
Milk	1169	1027	936	768	1007
Calves	69	57	60	57	60
Herd replacement	-81	-88	-88	-142	-92
Leasing receipts	-	-	-	-	-
TOTAL ENTERPRISE OUTPUT	1157	996	908	683	975
Variable Costs					
Concentrates	295	246	239	193	249
Hay, silage, forage & grazing	90	113	98	90	102
Vet, medicines & sundries	66	73	70	49	69
Leasing costs	-	-	-	-	-
TOTAL VARIABLE COSTS	451	432	407	332	420
GROSS MARGIN					
- per cow	706	564	501	351	555
- per hectare	1631	1235	847	541	1099
- per 1000 litres	103	92	89	75	93
Milk yield per cow (litres)	6835	6106	5606	4690	5986
Milk price per litre (pence)	17.1	16.8	16.7	16.4	16.8
Concentrates per litre (kg)	0.29	0.27	0.27	0.26	0.28
Concentrates price per tonne (£)	139	140	147	149	142
Stocking rate (ce per ha)	2.31	2.19	1.69	1.54	1.98
Nitrogen per hectare (kg)	185	179	120	119	153

APPENDIX 3 (contd)

DAIRY CALVES REARED AS REPLACEMENTS, 2006/07 (CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	15	42	25	18	100
Enterprise Output	966	856	806	664	824
Variable Costs					
Concentrates*	205	217	393	240	287
Hay, silage, forage & grazing	191	214	215	342	231
Vet and medicines	38	39	41	52	42
Sundries	31	29	30	45	32
TOTAL VARIABLE COSTS	465	499	679	679	592
GROSS MARGIN	501	357	127	-15	232
Concentrates per ce (kg)	681	515	1313	589	859
Concentrates price per tonne (£)	141	150	128	142	135
Stocking rate (ce per ha)	1.69	2.12	20.9	2.35	2.08
Price per calf bought/transferred in (£)	83	84	70	74	76
Price per heifer sold/transferred out (£)	749	739	672	633	701
Mortality %	0.3	2.3	1.5	4.1	2.1

* Includes milk fed to calves

APPENDIX 3 (contd)

SUCKLER COWS - SEVERELY DISADVANTAGED AREA, 2006/07 (CLASSIFIED BY GROSS MARGIN PER COW)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	14	34	37	15	100
Number of cows per farm	43	49	47	43	47
Enterprise Output					
					£ per cow
Calves	334	289	245	208	267
Herd replacement	-10	-26	-38	-48	-32
TOTAL ENTERPRISE OUTPUT	325	263	207	160	235
Variable Costs					
Concentrates	36	32	30	44	33
Hay, silage, forage & grazing	60	69	86	80	76
Vet and medicines	21	23	19	21	21
Sundries	13	12	11	10	12
TOTAL VARIABLE COSTS	130	137	146	155	142
GROSS MARGIN	195	126	61	5	94
GROSS MARGIN PER COW EQUIVALENT	179	115	57	5	87
Calves reared per cow	1.02	0.97	0.85	0.70	0.90
Price per calf sold or transferred out (£)	323	306	298	287	303
Mortality - birth to weaning %	1.5	3.8	2.6	3.7	3.1
Concentrates per cow (kg)	282	257	236	320	261
Concentrates price per tonne (£)	129	121	126	133	126

* LFA compensatory allowances are excluded from this analysis

APPENDIX 3 (contd)

SUCKLER COWS - DISADVANTAGED AREA, 2006/07 (CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	27	23	32	18	100
Number of cows per farm	82	38	44	33	51
Enterprise Output					
	£ per cow				
Calves	286	303	224	275	270
Herd replacement	-38	-33	-37	-16	-34
TOTAL ENTERPRISE OUTPUT	248	270	187	259	236
Variable Costs					
Concentrates	16	36	16	51	23
Hay, silage, forage & grazing	67	87	71	122	78
Vet and medicines	22	15	16	36	21
Sundries	13	12	17	21	15
TOTAL VARIABLE COSTS	118	150	120	230	137
GROSS MARGIN	130	120	67	29	99
GROSS MARGIN PER COW EQUIVALENT	130	113	68	25	97
Calves reared per cow	0.89	0.96	0.77	0.88	0.87
Price per calf sold or transferred out (£)	307	311	281	307	301
Mortality - birth to weaning %	2.7	3.2	5.2	0.9	3.2
Concentrates per cow (kg)	132	343	130	406	199
Concentrates price per tonne (£)	117	104	122	127	117

* LFA compensatory allowances are excluded from this analysis

APPENDIX 3 (contd)

BREEDING EWES - SEVERELY DISADVANTAGED AREA (CROSS BRED FLOCKS), 2006/07 (CLASSIFIED BY GROSS MARGIN PER EWE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	7	44	29	20	100
Number of ewes per farm	306	171	201	166	189
Enterprise Output					
	£ per ewe				
Lambs	77	70	66	51	66
Wool	1	2	1	1	2
Flock replacement	-4	-8	-8	-9	-8
TOTAL ENTERPRISE OUTPUT	74	64	60	44	60
Variable Costs					
Concentrates	9	9	13	11	11
Hay, silage, forage & grazing	11	13	15	19	14
Vet, medicines and sundries	8	8	9	10	9
TOTAL VARIABLE COSTS	28	30	36	39	33
GROSS MARGIN	46	34	24	4	27
Price per lamb sold (£)	48	49	48	43	48
Lambing percentage	178	155	152	140	154
Lambs reared per 100 ewes	175	147	144	133	147
Wool per ewe (kg)	3.0	3.0	2.9	2.4	2.9
Wool per kg (p)	47	56	51	49	52
Concentrates per ewe (kg)	67	70	97	66	77
Concentrates price per tonne (£)	136	133	128	147	134
Mortality - ewes (%)	5.2	5.7	4.7	6.5	5.5
Mortality - lambs per 100 ewes	2.4	7.6	8.1	6.8	7.0

* LFA compensatory allowances are excluded from this analysis

APPENDIX 3 (contd)

BREEDING EWES - SEVERELY DISADVANTAGED AREA (HARDY HILL BREEDS), 2006/07 (CLASSIFIED BY GROSS MARGIN PER EWE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	13	30	37	20	100
Number of ewes per farm	180	254	329	274	276
Enterprise Output					
	£ per ewe				
Lambs	58	45	39	23	39
Wool	2	2	1	1	1
Flock replacement	3	3	-1	-2	-
TOTAL ENTERPRISE OUTPUT	62	50	39	22	41
Variable Costs					
Concentrates	8	11	10	8	9
Hay, silage, forage & grazing	14	12	13	15	13
Vet, medicines and sundries	6	7	9	6	7
TOTAL VARIABLE COSTS	28	30	31	30	30
GROSS MARGIN	34	20	8	-7	10
Price per lamb sold (£)	45	44	40	39	42
Lambing percentage	156	138	131	95	128
Lambs reared per 100 ewes	149	130	119	84	118
Wool per ewe (kg)	2.7	2.8	2.7	2.1	2.6
Wool per kg (p)	59	55	52	49	53
Concentrates per ewe (kg)	61	77	65	59	67
Concentrates price per tonne (£)	128	138	143	135	139
Mortality - ewes (%)	6.5	5.9	6.1	9.6	6.8
Mortality - lambs (%)	7.8	7.9	11.4	10.5	9.9

* LFA compensatory allowances are excluded from this analysis

APPENDIX 3 (contd)

BREEDING EWES - DISADVANTAGED AREA, 2006/07 (CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	9	33	48	10	100
Number of ewes per farm	138	121	93	133	110
Enterprise Output					
	£ per ewe				
Lambs	56	68	64	71	65
Wool	1	2	1	1	1
Flock replacement	10	-6	-3	-14	-4
TOTAL ENTERPRISE OUTPUT	67	64	62	58	63
Variable Costs					
Concentrates	5	7	13	9	9
Hay, silage, forage & grazing	13	12	16	18	15
Vet, medicines and sundries	7	7	6	7	7
TOTAL VARIABLE COSTS	25	27	35	34	31
GROSS MARGIN	43	37	27	24	32
Price per lamb sold (£)	48	50	50	50	50
Lambing percentage	162	155	146	154	152
Lambs reared per 100 ewes	147	146	139	146	144
Wool per ewe (kg)	2.4	2.9	2.8	2.1	2.7
Wool per kg (p)	53	56	53	56	54
Concentrates per ewe (kg)	34	51	88	61	65
Concentrates price per tonne (£)	144	141	142	1.47	143
Ewes per hectare	11.33	8.25	6.47	4.39	7.00
Stocking rate (ce per ha)	2.08	1.65	1.34	1.09	1.45
Mortality - ewes (%)	6.9	5.8	3.5	6.4	5.1
Mortality - lambs per 100 ewes	14.9	8.9	6.1	8.3	8.4

* LFA compensatory allowances are excluded from this analysis

APPENDIX 3 (contd)

BREEDING EWES - NON LFA, 2006/07 (CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	21	37	21	21	100
Number of ewes per farm	280	179	61	178	175
Enterprise Output					
	£ per ewe				
Lambs	72	63	59	42	61
Wool	2	2	1	1	2
Flock replacement	-	-1	-2	-2	-1
TOTAL ENTERPRISE OUTPUT	73	64	58	41	62
Variable Costs					
Concentrates	7	7	8	11	8
Hay, silage, forage & grazing	15	13	13	9	13
Vet, medicines and sundries	8	8	8	6	8
TOTAL VARIABLE COSTS	30	27	29	27	28
GROSS MARGIN	43	37	29	15	34
Price per lamb sold (£)	52	50	47	41	49
Lambing percentage	156	146	162	135	148
Lambs reared per 100 ewes	148	138	143	126	139
Wool per ewe (kg)	3.4	2.9	2.7	2.0	2.9
Wool per kg (p)	50	54	46	64	53
Concentrates per ewe (kg)	45	47	60	68	52
Concentrates price per tonne (£)	145	127	122	161	141
Ewes per hectare	9.50	8.20	6.83	8.17	8.46
Stocking rate (ce per ha)	1.71	1.64	1.56	1.90	1.71
Mortality - ewes (%)	4.0	4.3	5.7	5.1	4.5
Mortality - lambs per 100 ewes	7.9	8.4	19.6	8.9	9.1

APPENDIX 3 (contd)

PIGS - BIRTH TO BACON, 2006/07 (CLASSIFIED BY GROSS MARGIN PER FINISHED PIG)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	18	27	37	18	100
Number of pigs finished per farm	1559	1737	1719	2668	1867
Number of sows per farm	84	94	95	206	113
	£ per pig				
Enterprise Output	77	78	77	70	75
Variable Costs					
Feedingstuffs	39	52	56	55	52
Vet. and medicines	3	2	2	4	2
Sundries	3	3	2	3	2
TOTAL VARIABLE COSTS	45	56	59	62	57
GROSS MARGIN	33	22	17	8	18
Price of meal equivalent per tonne (£)	143	156	168	153	157
Meal equivalent per finished pig (kg)	274	330	335	361	331
Litters per sow per year	2.0	1.9	1.9	1.8	1.9
Live births per litter	10.2	10.4	10.6	8.6	9.9
Pigs weaned per litter	9.3	9.5	9.8	7.4	8.9
Pigs weaned per sow per year	19.0	17.9	18.6	13.5	16.8
Price of finished pig sold (£)	77.31	78.17	76.71	70.37	75.49
Mortality - suckers %	8.9	9.2	8.1	13.9	10.1
Mortality - weaners %	2.7	1.3	2.0	3.8	2.4

APPENDIX 3 (contd)

SPRING BARLEY (2006 CROP)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	15	26	44	15	100
Hectares per farm	14.7	10.4	14.2	7.7	12.3
Enterprise Output	£ per hectare				
Grain	597	459	391	301	435
Straw	207	158	126	137	149
TOTAL ENTERPRISE OUTPUT	804	617	517	438	584
Variable Costs					
Seeds	49	46	51	55	50
Fertilisers	86	75	76	71	77
Sprays	73	47	54	77	58
Sundries	11	10	16	20	14
TOTAL VARIABLE COSTS	219	178	197	223	199
GROSS MARGIN	585	439	320	215	385
Grain (tonnes per ha)	5.80	4.93	4.27	3.80	4.65
Straw (tonnes per ha)	3.97	3.42	2.30	2.74	2.89
Fertilisers used per hectare (kg)	570	454	455	403	471
Grain per tonne (£)	103	93	92	79	94
Straw per tonne (£)	52	46	55	50	51

APPENDIX 3 (contd)

WINTER BARLEY (2006 CROP)

	Above Average	Below Average	Average
% of survey farms	45	55	100
Hectares per farm	11.6	12.8	12.3
Enterprise Output		£ per hectare	
Grain	783	630	696
Straw	267	262	264
TOTAL ENTERPRISE OUTPUT	1050	892	960
Variable Costs			
Seeds	49	57	53
Fertilisers	100	104	102
Sprays	114	79	94
Sundries	13	13	13
TOTAL VARIABLE COSTS	276	253	262
GROSS MARGIN	774	639	698
Grain (tonnes per ha)	6.85	6.91	6.88
Straw (tonnes per ha)	4.29	5.37	4.91
Fertilisers used per hectare (kg)	725	690	705
Grain per tonne (£)	114	91	101
Straw per tonne (£)	62	49	54

APPENDIX 3 (contd)

WINTER WHEAT (2006 CROP)

	Above Average	Below Average	Average
% of survey farms	50	50	100
Hectares per farm	31.2	14.9	23.1
Enterprise Output		£ per hectare	
Grain	1065	752	964
Straw	231	175	213
TOTAL ENTERPRISE OUTPUT	1296	927	1177
Variable Costs			
Seeds	44	33	40
Fertilisers	111	53	92
Sprays	154	122	144
Sundries	11	40	20
TOTAL VARIABLE COSTS	319	247	295
GROSS MARGIN	977	680	882
Grain (tonnes per ha)	10.03	7.56	9.23
Straw (tonnes per ha)	4.93	3.73	4.55
Fertilisers used per hectare (kg)	804	769	792
Grain per tonne (£)	106	100	104
Straw per tonne (£)	47	47	47

APPENDIX 3 (contd)

WARE POTATOES (2006 CROP)

	Above Average	Below Average	Average
% of survey farms	50	50	100
Hectares per farm	30.3	6.4	18.3
Enterprise Output		£ per hectare	
Current Crop	6426	4094	6019
Variable Costs			
Seeds	410	362	402
Fertilisers	225	167	215
Sprays	368	180	336
Contract/Casual Wages	318	120	284
Sundries	163	131	157
TOTAL VARIABLE COSTS	1484	960	1394
GROSS MARGIN	4942	3134	4625
Yield of ware per hectare (tonnes)	35	25	33
Seed used per hectare (tonnes)	2.13	2.30	2.16
Fertiliser used per hectare (kg)	1235	898	1176
Price per tonne sold (£)	196	161	192

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 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 Cropping** 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 2006 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. **Single farm payment is not included in enterprise output of a crop.**

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; 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. **Single Farm Payment and LFA compensatory allowance is not included in livestock enterprise output.**

Direct Subsidy receipts includes: Less Favoured Area Compensatory Allowance, Single Farm Payment, Agri-environmental payments, Rural Development payments and BSE related receipts.

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 imputed at the appropriate rate for comparable paid labour. No charge is made for farmer and spouse labour.

APPENDIX 4 (contd)

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: Depreciation costs for machinery calculated on a diminishing balance basis, whereas depreciation costs for buildings, fixed equipment and land improvements calculated on a linear 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.

Farm Business Income is the return to all unpaid labour (farmer, spouses and others with an entrepreneurial interest in the farm business) and to their capital invested in the farm business which includes land and buildings.

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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