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POLICY AND ECONOMICS DIVISION

Farm Incomes in Northern Ireland

2007/08



**Department of Agriculture and Rural Development
Policy and Economics Division**

**FARM INCOMES
IN
NORTHERN IRELAND
2007/08**

A National Statistics Publication

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FOREWORD AND ACKNOWLEDGEMENTS

This report on Farm Incomes in Northern Ireland, the sixteenth 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 2007/08 account year, which has an average year end of mid-February 2008 for the 364 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 last 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 Frankie Quinn and Heather Barclay 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 2009

EXECUTIVE SUMMARY

1. The average Farm Business Income across all farm businesses above 0.5 Standard Labour Requirements (SLRs) increased from £19,385 to £30,127 per farm between 2006/07 and 2007/08. This resulted from an increase of 21.5% in the average value of farm output and an average increase in expenditure on inputs of 11.8%.
2. All of the main farming enterprises except lowland breeding ewes, pigs and ware potatoes recorded higher gross margins in 2007/08 than in 2006/07.
3. Between 2006/07 and 2007/08 increases in Farm Business Income were recorded on 5 of the 7 main types of farm covered in the Farm Business Survey (FBS). General Cropping and Pigs and Poultry were the only farm types to show a decline in average Farm Business Income. Income results show that average Farm Business Income declined by £34,233 on General Cropping farms and by £14,814 on Pigs and Poultry farms.
4. A Farm Business Income above £10,000 was achieved by 68% of the farm businesses in the FBS in 2007/08; 10% of the farms incurred a loss.
5. Cash Income per farm, which is the difference between cash receipts and expenditure, increased from an average of £29,752 in 2006/07 to £40,563 in 2007/08. This income measure provides the average amount of cash available per farm to cover living expenses and investment expenditure.
6. Direct payments increased by £380 per farm between 2006/07 and 2007/08 and averaged £20,431 per farm and £260 per hectare in 2007/08. (Section 2.4). Direct payments represented 68% of Farm Business Income and 50% of Cash Income generated across all types of farm in Northern Ireland.
7. Four of the seven main types of farm business generated a positive Farm Business Income in 2007/08 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 £18,276 per farm higher than that for Cattle and Sheep (LFA) farms. Dairy and LFA Cattle and Sheep type farms account for 71% of the farms classified as full-time businesses. (Section 2.6)
9. Off-farm income of the farmer and spouse averaged £5,869 per farm in 2007/08. However, on 43% 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 2007/08, only the spouse of the farmer on 25% of the farms had off-farm employment, on a further 4% of farms the farmer had off-farm employment and on another 4% of farms both the farmer and spouse had off-farm employment.

11. The average level of net investment per farm increased from £12,859 in 2006/07 to £15,299 in 2007/08. Investment levels in 2007/08 were the highest recorded in the past 10 years when inflation is taken into account. (Section 2.8).
12. External liabilities (mainly bank borrowings) averaged £28,394 per farm and equated to 2.8% 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 2007/08 and 87% had borrowings of less than £50,000 per farm. (Section 3.3).
14. At farm enterprise level:

Dairy Cows

- (i) The average gross margin per dairy cow increased by £307, from £544 in 2006/07 to £851 in 2007/08. This increase was due to the substantial rise in milk receipts.
- (ii) The difference in herd gross margin between those in the top 25% and bottom 25% performance groups amounted to £31,692 for a herd of average size in the Farm Business Survey. (Section 4.1).

Suckler Cows

- (i) The average gross margins for SDA, DA and Lowland cows increased by £15, £20 and £6 per cow respectively between 2006/07 and 2007/08.
- (ii) Lowland suckler cow herds had the highest average gross margin per cow, at £132, while DA herds averaged £113 and SDA herds £108 in 2007/08. (Section 4.2).

Sheep

- (i) Between 2006/07 and 2007/08 the average gross margins per breeding ewe increased for SDA and DA flocks but decreased for Lowland flocks. Average gross margins of SDA and DA flocks increased by £2 and £0.66 per ewe respectively, whereas the average gross margin for Lowland flocks decreased by £4.04 per ewe.
- (ii) The highest average gross margin per ewe of £33 was achieved by the Lowland flocks and this was £3 higher than for ewes in upland flocks and £20 higher than for ewes in SDA flocks. (Section 4.3).

Pigs

On birth to bacon pig units the average gross margin per pig decreased from £18.95 in 2006/07 to £10.30 in 2007/08. Between 2006/07 and 2007/08, the average finished price for pigs decreased by £2.28 per pig and the average cost of feedstuffs increased by £6.81 per pig. (Section 4.4).

Cereals

- (i) The average gross margins per hectare for spring barley, winter barley and winter wheat crops were higher in 2007/08 than in 2006/07. Increases in gross margin per hectare were spring barley (£375), winter barley (£233), and winter wheat (£412).
- (ii) The winter wheat crop had the highest average gross margin of the three main cereal crops, at £1,293 per hectare, followed by winter barley at £981 and spring barley at £756. (Sections 4.5-4.7).

Potatoes

In 2007/08 the average gross margin for ware potatoes decreased from £4,692 per hectare in 2006/07 to £3,214 per hectare in 2007/08, a decrease of £1,478. The crop yields per hectare were similar in both 2006/07 and 2007/08 at 35.6 and 35.4 tonnes. The ware potato price per tonne fell by £49 per tonne from £187 per tonne in 2006/07 to £138 per tonne in 2007/08. (Sections 4.8).

Fixed Costs

- 15. The average levels of fixed costs (excluding labour) per hectare across all farm types were higher in 2007/08 than in 2006/07, at £405 and £381 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. Further information on FADN and the results for all Member States are available on the following websites:

- <http://ec.europa.eu/agriculture/rica/index.cfm>
- http://ec.europa.eu/agriculture/analysis/fadn/index_en.htm

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 <http://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 13,585 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 364 farm businesses for the 2007/08 accounting year. All of these farms participate on a voluntary basis with 68% having provided information for at least 10 years. A smaller sample of 277 farm businesses over 0.5 SLRs in size provided information for both the 2006/07 and 2007/08 account years and this constitutes the 'identical sample' of farms. The end of the account year for 89% of the farms falls between 31 December and 30 April. Thus, the 2007/08 account year information presented in this report refers to the 2007 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 above 0.5 SLR's by type of farming, 2007/08

Type of Farm Business	Number of Farm Businesses	
	Northern Ireland*	FBS Sample**
Cereals	148	8
General Cropping	148	5
Horticulture	206	-
Pigs and Poultry	399	4
Dairy	3,440	103
Cattle and Sheep (LFA)	4,319	118
Cattle and Sheep (Lowland)	1,516	24
Mixed	519	14
Others	202	-
All Types	10,897	276

* Number of farm businesses above 0.5 SLRs in size at June 2007 Census; there are 15,249 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 2006/07 and 2007/08 account years, and which were used in the analyses. A further 37 cattle and sheep farms of less than 0.5 SLRs in size provided information in both years.

2. FARMING INCOMES

2.1 Measures of Income

As indicated in Figure 1, it is possible to define farm income in a number of ways. **Farm Business Income (FBI)** was introduced last year as the new headline measure of farm income following consultation in 2006-07. FBI was also 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.

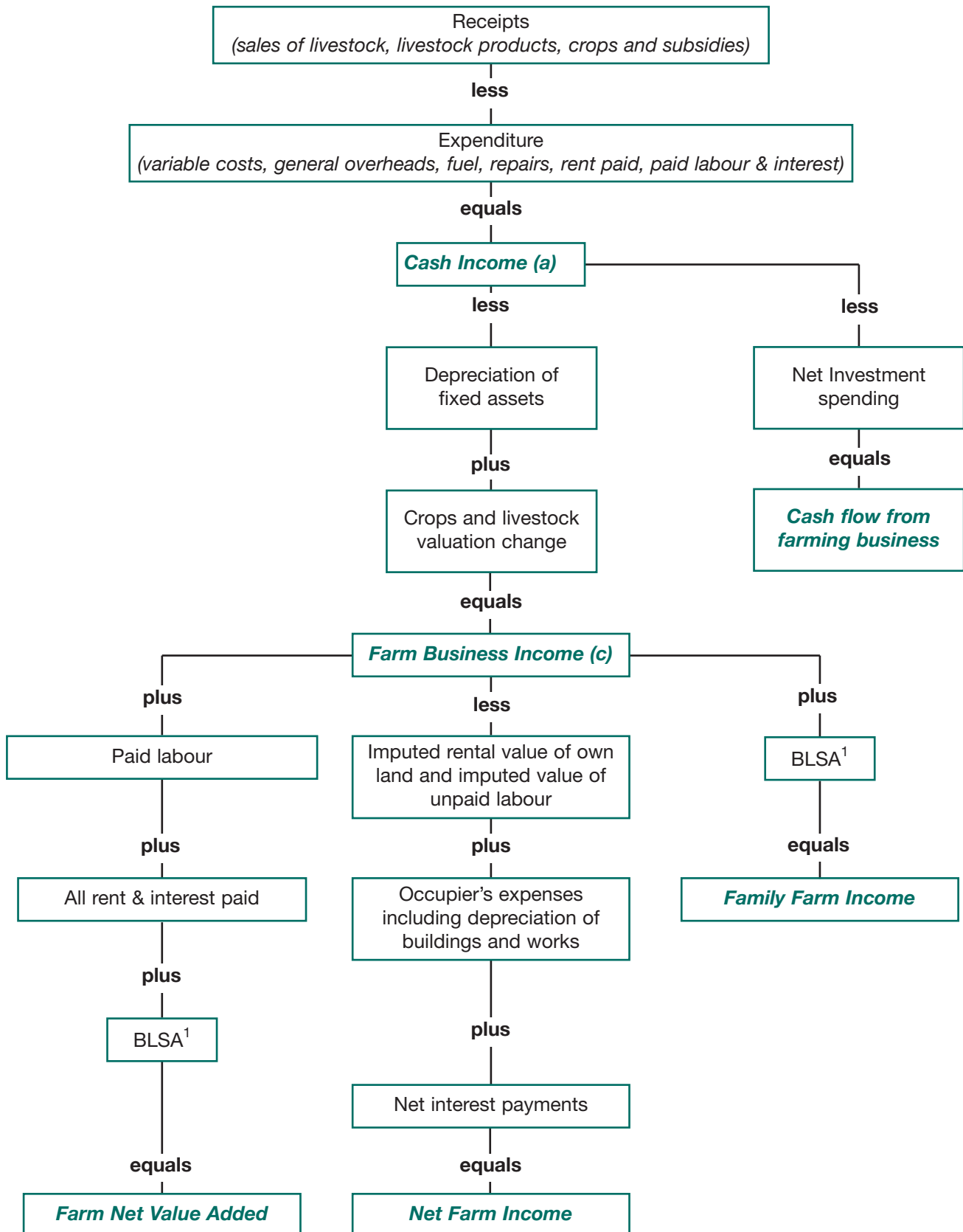
FBI differs from NFI in that it represents the return to all unpaid labour, not just the farmer and spouse and it treats the tenure of farms as it is: tenants as tenants, owner occupiers as owner occupiers and those with both types of tenure as mixed.

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 relationship between each of these 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 2006/07 and 2007/08

Average Farm Business Income, Cash Income, and Net Farm Income measured across all farm types is shown in table 2a for the accounting years 2006/07 and 2007/08. As shown, average Farm Business Income increased between 2006/07 and 2007/08 by £10,742 or 55.4% per farm. This resulted from a 21.5% increase in the value of outputs and an 11.8% increase in expenditure on inputs between 2006/07 and 2007/08. On the other hand, average Cash Income increased by £10,811 or 36.3% when compared to the previous year. When measuring Farm Income using the previous headline measure Net Farm Income, an average increase of £10,753 or 90.6% per farm occurred between 2006/07 and 2007/08.

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

	2006/07	2007/08
	£	£
Farm Business Income	19,385	30,127
Cash Income	29,752	40,563
Net Farm Income	11,866	22,619

Farm Business Incomes by individual farm types are presented in table 2b for the 2006/07 and 2007/08 account years. This shows that Average Farm Business Income increased between 2006/07 and 2007/08 on 5 of the 7 main farm types. The two farm types which showed a decrease in Average Farm Business Income were General Cropping and Pigs and Poultry farms.

On Dairy farms the average Farm Business Income increased from £30,435 in 2006/07 to £58,737 in 2007/08, which is an increase of £28,302 per farm. This resulted from a 34.3% increase in the value of outputs and a 16.9% increase in expenditure on inputs between 2006/07 and 2007/08. The main increases in expenditure on inputs were recorded for purchased concentrate feed and fodder (£8,869), depreciation of buildings and works (£1,679) and land and building inputs (£1,324).

Cattle and Sheep farms (LFA) generated an average Farm Business Income of £13,371 per farm in 2007/08, which was 19.2% higher than the 2006/07 income of £11,213 per farm. This improvement in income was the net result of a 5.6% increase in the value of farm output and a 1.9% increase in expenditure on inputs. The main reasons for the increase in output value between the years were the £1,295 increase in cattle rearing and fattening, £997 increase in Agri-Environment Schemes and a £602 increase in sheep and wool.

Cattle and Sheep farms (Lowland) in contrast to Cattle and Sheep (LFA) recorded a higher percentage increase in Farm Business Income between 2006/07 and 2007/08. For this farm type, Farm Business Income increased from £9,338 to £14,630, which is an increase of 56.7%. This was the net result of a 15.0% increase in the value of farm output and a 7.3% increase in expenditure on inputs. The main components of the increase in output value were cattle rearing/fattening activities (£3,198) and miscellaneous revenue (£2,101), whereas the main change within expenditure on inputs was a £1,670 increase for purchased concentrate feed and fodder and a £1,377 increase in machinery running costs.

On the other 4 types of farm, which account for 11.1% of farms above 0.5 SLR's, changes in the total value of farm output between 2006/07 and 2007/08 ranged from -11.0% (General Cropping farms) to 22.6% (Mixed farms). Whereas, change in expenditure on inputs between years ranged from 4.6% (Pig and Poultry farms) to 30.1% (Mixed farms). These four farm types showed changes in average Farm Business Income between years, which ranged from -£34,233 on General Cropping farms to £11,413 on Cereal 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 2006/07 and 2007/08 may differ for each farm size grouping within farm types. For instance, in the case of dairy farms, the total value of farm output increased by 23.2% in the $0.5 < 1$ SLR size group which compares with a 35.4% 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 2006/07 (i.e. the 2006/07 – 2007/08 identical sample) are different to those in the previous year's report (i.e. the 2005/06 – 2006/07 identical sample). This occurs when an identical sample basis for reporting farm incomes is used, because the sample of farms for 2006/07 in the 2006/07– 2007/08 identical samples will not be exactly the same as those for the same year in the 2005/06 – 2006/07 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.

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 10,489 farm businesses of which 5,872 are considered to be of sufficient size to employ at least one person on a full-time basis.

Table 2b Incomes by type of farm in 2006/07 and 2007/08 (£ per farm)

		Farm Business Income	Cash Income	Net Farm Income
Cereals	06/07	25,746	40,509	19,885
	07/08	37,159	50,949	28,753
General Cropping	06/07	98,797	122,624	91,865
	07/08	64,564	91,585	56,300
Pigs & Poultry	06/07	26,822	33,210	25,839
	07/08	12,008	27,509	12,581
Dairy	06/07	30,435	44,751	22,893
	07/08	58,737	71,827	52,268
Cattle and Sheep (LFA)	06/07	11,213	19,955	4,124
	07/08	13,371	22,575	5,990
Cattle and Sheep (Lowland)	06/07	9,338	16,275	1,398
	07/08	14,630	23,306	5,188
Mixed	06/07	21,655	26,883	8,893
	07/08	21,674	23,522	9,122
All Types	06/07	19,385	29,752	11,866
	07/08	30,127	40,563	22,619

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 2007/08 the average level of Cash Income per farm generated across all types of farm in Northern Ireland was £40,563, which is £10,811 higher than in 2006/07. Increases in average Cash Income occurred in 2007/08 on 4 of the 7 farm types and these increases ranged from £2,620 per farm on Cattle and Sheep (LFA) farms to £27,076 per farm on Dairy farms. Decreases in average Cash Income occurred in 2007/08 on General Cropping, Pigs and Poultry and Mixed farms. These decreases

ranged from £3,361 on Mixed farms to £31,039 on General Cropping farms. The lowest level of Cash Income in 2007/08 was recorded for Cattle and Sheep (LFA) farms at £22,575 per farm, whereas the highest was recorded on General Cropping farms at £91,585 per farm.

Net Farm Income showed similar changes to Farm Business Income between 2006/07 and 2007/08 for each of the farm types. However, on average, Farm Business Income was £7,508 higher than Net Farm Income in 2007/08. 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 years with the exception of Pigs and Poultry farms. 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 2002/03 and 2007/08 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, whereas Cash Income showed an increase each year with the exception of 2006/07.

When comparing the average income figures measured across all farm types for 2007/08 against those of 2002/03, the results show that average Farm Business Income increased by 202%, Cash Income increased by 115% and Net Farm Income increased by 403% per farm between the two years.

Table 3 Income per farm, 2002/03 to 2007/08 (£ per farm)

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Farm Business Income	9,978	14,332	15,455	17,328	18,135	30,127
Cash Income	18,830	23,465	25,957	29,340	28,536	40,563
Net Farm Income	4,499	8,652	9,413	10,165	11,492	22,619

The distributions of farms by income level as presented in Table 4 provides a more comprehensive picture of income levels generated in 2007/08. When compared with those in 2006/07 they show that the increase in average Farm Business Income across all types of farm between 2006/07 and 2007/08 resulted in 3% fewer farms (i.e. 10%) which incurred a negative FBI. Also, although the proportion of farms that had a negative Net Farm Income in 2007/08 was 4% lower than in 2006/07, it is still relatively high at 26%. In Cash Income terms, the proportion of farms with negative incomes was 1% lower (i.e. 5%) in 2007/08 than in 2006/07. 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 2007/08 income distributions are compared with those for 2006/07 they show that the number of farms with a Farm Business Income above £10,000 increased by 9%. In

terms of Cash Income the number of farms with a return of over £10,000 increased by 5% between 2006/07 and 2007/08.

Table 4 Distribution of farms by level of income, 2006/07 and 2007/08

Income £ per farm	Farm Business Income		Cash Income (% of farms)		Net Farm Income	
	06/07	07/08	06/07	07/08	06/07	07/08
<0	13	10	6	5	30	26
0 - 4,999	14	10	3	4	14	11
5 - 9,999	14	12	15	10	12	12
10 - 19,999	23	22	25	23	19	13
20 - 29,999	15	13	15	10	9	12
30,000 and over	21	33	36	48	16	26

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 spare-time. There are 15,249 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 0.5 SLRs are given in Table 5. This shows that spare-time Cattle and Sheep farms generated average Farm Business Income levels in 2006/07 and 2007/08 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 2006/07 and 2007/08 (£ per farm)

		Farm Business Income	Cash Income	Net Farm Income
Cattle and Sheep (LFA)	2006/07	2,413	5,718	-202
	2007/08	1,964	7,227	-637
Cattle and sheep (Lowland)	2006/07	-74	2,460	-1,571
	2007/08	489	3,773	103

* 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 2006/07 and 2007/08.

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 2006/07 and 2007/08 represents the 2nd and 3rd years of SFP scheme.

On average, direct subsidy receipts per farm (inclusive of BSE related payments) increased from £20,051 in 2006/07 to £20,431 in 2007/08, on an 'as due' basis of accounting. On all farm types there was a decrease of £458 in BSE related receipts between 2006/07 and 2007/08 reflecting the fact that the Over Thirty Months Scheme (OTMS) ended in 2006 and then only those cattle born before 1 August 1996 were sent for disposal through its successor the Older Cattle Disposal Scheme (OCDS). In conjunction with removing the OTMS scheme, the majority of all remaining cattle over thirty months (born after 1 August 1996) were then eligible to enter the food chain. Therefore these cattle would not have received compensation from the OTMS or OCDS but instead received a receipt from the market place.

Cattle and Sheep (LFA) farms received the highest level of direct subsidy receipts, averaging £24,134 per farm in 2007/08, whereas Pigs and Poultry farms recorded the lowest average of the 7 main types of farms, at £3,955 per farm.

Cattle and Sheep (LFA) type farms also showed the most significant increase in direct payments at £1,006 per farm between 2006/07 and 2007/08. This was the net

result of increases in Single Farm Payment (£422 per farm) and Agri-Environmental payments (£997 per farm) and decreases in other subsidies (£413 per farm) between 2006/07 and 2007/08. Other farm types which showed an increase in direct payments were General Cropping (£582), Pigs and Poultry (£46), Lowland Cattle and Sheep (£974) and Mixed (£538) farms

Dairy type farms showed the most significant decrease in direct payments at £646 per farm between 2006/07 and 2007/08. This was the net result of increases in Agri-Environmental payments (£605 per farm) and Single Farm Payment (£207 per farm) and decreases in BSE related receipts (£1,085 per farm) and other subsidies (£373 per farm) between 2006/07 and 2007/08. The only other farm type showing a decrease in direct payments was Cereals which showed an average decrease of £248 per farm between 2006/07 and 2007/08.

The data presented in Tables 6 and 7 shows how important direct payments are to farmers in Northern Ireland. In 2007/08 direct payments ranged from 3% of the value of total farm output on Pig and Poultry farms to 44% on Cattle and Sheep (LFA) farms. When expressed on a per hectare basis direct payments range from £109 per hectare on General Cropping farms to £302 per hectare on Cattle and Sheep (Lowland) farms.

When measured across all farm types, average direct payments represented 68% of the value of average Farm Business Income, 50% of the value of average Cash Income and 90% of the value of average Net Farm Income for farms in Northern Ireland. Moreover, for Cattle and Sheep (LFA) and Cattle and Sheep (lowland) average direct payments were greater than the average Farm Business Income generated per farm in 2007/08. Also, for Cattle and Sheep (LFA) farms, average direct payments also exceeded average Cash Income.

Table 6 'As due' Direct payments by type of farm in 2006/07 and 2007/08¹

	2006/07		2007/08	
	£ per farm			
Cereals	18,874	(-)	18,626	(-)
General Cropping	7,442	(15)	8,024	(-)
Pigs and Poultry	3,909	(-)	3,955	(-)
Dairy	19,324	(1,700)	18,678	(615)
Cattle and Sheep (LFA)	23,128	(526)	24,134	(327)
Cattle and Sheep (Lowland)	17,290	(301)	18,264	(269)
Mixed	16,870	(126)	17,408	(66)
All Types (Inclusive BSE)	20,051	(846)	20,431	(388)

1. Of which BSE related payments shown in brackets.

Table 7 'As due' Direct payments by type of farm, 2007/08

	% TFO¹	£ per ha	% FBI²	% CI³	% NFI⁴
Cereals	16	217	50	37	65
General Cropping	4	109	12	9	14
Pigs and Poultry	3	252	33	14	31
Dairy	10	260	32	26	36
Cattle and Sheep (LFA)	44	252	180	107	403
Cattle and Sheep (Lowland)	27	302	125	78	352
Mixed	16	294	80	74	191
All Types	19	260	68	50	90
All Types (exclusive BSE)	19	255	67	49	89

- 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 Cereals, General Cropping, Pigs and Poultry and Dairy type farms return a positive Farm Business Income when direct payments are removed. All remaining farm types generate losses with those on LFA Cattle and Sheep farms being quite substantial.

Table 7(a) Farm Business Incomes including and excluding direct payments in 2007/08 (£ per farm)

	FBI	Direct Payments*	FBI minus Direct Payments
Cereals	37,159	18,626	18,533
General Cropping	64,564	8,024	56,540
Pigs and Poultry	12,008	3,955	8,053
Dairy	58,737	18,063	40,674
C&S (LFA)	13,371	23,807	-10,436
C&S (Lowland)	14,630	17,995	-3,365
Mixed	21,674	17,342	-4,332
All Types	30,127	20,043	10,084

*Excluding BSE related receipts

Table 7(b) presents Net Farm Incomes including and excluding direct subsidy receipts. In using this measure as opposed to Farm Business Income, lower levels of income are returned for all the different farm types with the exception of Pigs & Poultry farms. On saying this, the same pattern is arising in that Cereals, General Cropping, Pigs and Poultry, and Dairy farms are returning a positive Income when direct payments are removed, whereas the remaining farm types generate losses. In this instance the losses from farming activities on the Cattle and Sheep (LFA), and Cattle and Sheep (Lowland) and Mixed farm types are very substantial.

Table 7(b) Net Farm Incomes including and excluding direct payments in 2007/08 (£ per farm)

	NFI	Direct Payments*	NFI minus Direct Payments
Cereals	28,753	18,626	10,127
General Cropping	56,300	8,024	48,276
Pigs and Poultry	12,581	3,955	8,626
Dairy	52,268	18,063	34,205
C&S (LFA)	5,990	23,807	-17,817
C&S (Lowland)	5,188	17,995	-12,807
Mixed	9,122	17,342	-8,220
All Types	22,619	20,043	2,576

*Excluding BSE related receipts

2.6 Trends in Farm Incomes between 2000/01 and 2007/08

Table 8 presents a time series (2000/01 – 2007/08) 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 (04/05 to 07/08) the average Farm Business Income for Dairy farms in real terms was 47.3% higher than that in the first four years (00/01 to 03/04) 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 47.9% higher than that in the first four years of the 8 year period.

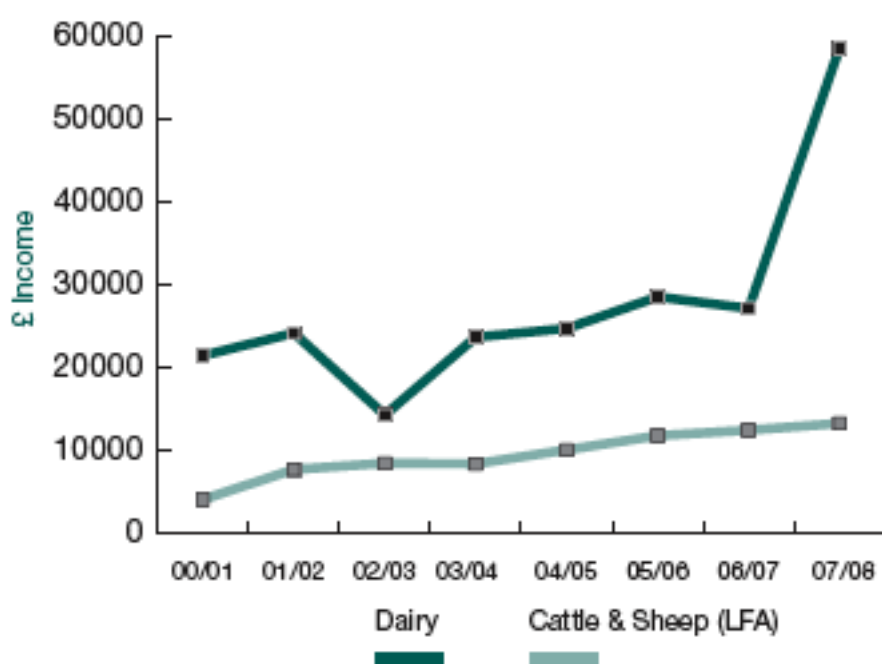
Table 8 Real Farm Business Income for Dairy and Cattle and Sheep farms (LFA) - 2000/01 to 2007/08¹

	Dairy	Cattle and Sheep (LFA)
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
2007/08	349	703

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

The time series (2000/01 – 2007/08) 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 for both of these farm types, Farm Business Income has generally increased over the period. On saying this, the annual average Farm Business Income for Dairy farms has been some £18,276 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 £27,907, compared to £9,631 for Cattle and Sheep (LFA) farms. When considering the total asset values of both farm types it can be said that the average Dairy farm of 72 hectares in Northern Ireland, is valued at 28% more than the average Cattle and Sheep (LFA) farm of 96 hectares and has generated about 2.9 times as much Farm Business Income over the past 8 years.

Figure 2 Farm Business Income for Dairy and Cattle and Sheep (LFA) farms 2000/01 to 2007/08



2.7 Other Sources of Income

In the FBS, farmers are asked to indicate into which of 8 ranges of income the joint income of the farmer and spouse falls for each of six off-farm sources of income. Off-farm income includes both earned and unearned sources, such as other employment and social payments. In total, these receipts averaged £5,869 per farm in 2007/08, of which £3,912 was earned income and £1,957 unearned income. However, it should be noted that on 43% 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 Social Security payments only. In other cases, the earned income of the spouse was the main off-farm income source. The average amount of off-farm income was highest, at £6,500 per farm for Cattle and Sheep (LFA) 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, 2007/08 (£ per farm)

	Off-farm Total Income	Employment & Self- employment	Investments, Pensions, Social Payments
Dairy	5,740	3,574	2,166
Cattle and Sheep (LFA)	6,500	4,499	2,001
Mixed	4,229	1,067	3,162
All Types	5,869	3,912	1,957

The two most common off-farm income sources were other employment and pensions, as shown in Table 10. In 2007/08, on 69 of the 277 farms only the spouse of the farmer had off-farm employment, on a further 12 farms only the farmer had off-farm employment and on another 10 farms both the farmer and spouse had off-farm employment. This equates to 33% of farms having an off-farm employment source of income. The percentages of farms receiving pensions and social payments were 21% and 16% respectively. In many instances social payments relate to child benefit payments and not an income support payment.

Table 10 Off-farm income by type and level of Income, 2007/08

	Zero	1-999	£ 1,000-4,999	5,000- 19,999	20,000+
	(% of farms)				
Employment	75	-	3	19	3
Self-employment	95	-	3	2	-
Investments	90	5	5	-	-
Pensions	79	-	4	16	1
Social payments	84	12	3	1	-
All sources	43	3	8	40	6

2.8 Investment Levels on Farms

As shown in table 11, the real level of investment made on FBS farms fell between 1998/99 and 1999/00. Then in 2000/01 the real level of investment increased to a level similar to that in 1998/99. In 2001/02 there was an increase of 50% on the level of investment made when compared to the previous year. Since then, investment levels on FBS farms declined in 2002/03, increased in 2003/4 and then fell to a 10 year low in 2004/05. During the period 2005/06 to 2007/08 investment levels have shown year on year increases. These yearly increases were 56% in 2005/06, 50% in 2006/07 and 12% in 2007/08.

Table 11 Net investment index per farm, 1998/99 to 2007/08

	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08
Current price index	113	100	118	179	138	183	108	174	271	318
Real terms index ¹	115	100	114	171	129	167	96	150	225	253

¹ Deflated using the Retail Price Index, 1999/00=100

As shown in table 12 the average net investment (excluding capital grants received) was £15,299 per farm in 2007/08, which is £2,440 more than the previous year. The total average net investment in 2007/08 was composed of plant, machinery and vehicles at £8,765 per farm (which is £1,901 higher than in 2006/07), land and buildings at -£171 per farm (which is £701 lower than in 2006/07) and investment on capital improvements at 8,391 per farm (which is £1,110 higher than 2006/07). Capital grants received were £1,685 in 2007/08 (which is £131 lower than in 2006/07). Average levels of net investment were higher in 2007/08 than 2006/07 for Cereals, Pigs and Poultry and Dairy farm types.

Table 12 Net investment by type of farm, 2006/07 and 2007/08

	2006/07	2007/08
	£ per farm	
Cereals	26,968	54,318
General Cropping	24,490	15,866
Pigs and Poultry	8,677	15,608
Dairy	9,872	27,779
Cattle & Sheep (LFA)	14,564	6,699
Cattle & Sheep (Lowland)	13,264	8,926
Mixed	13,126	11,895
All Types	12,859	15,299

As in 2006/07, the average levels of net investment in 2007/08 were different on each of the farm types. The average levels of net investment in 2007/08 ranged from £6,699 per farm on Cattle and Sheep (LFA) farms to £54,318 per farm on Cereals 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 2007/08 account year is presented in Table 13. This shows that average total assets per farm measured across all farm types were £1,007,876 in 2007/08. Whereas, average external liabilities per farm measured across all farm types were £28,394 in 2007/08, which is almost the same as the previous year. When measured across all farm types the average external liabilities (i.e. mainly bank borrowings) per farm in 2007/08 were equivalent to 2.8% of total farm assets. Given these values for assets and liabilities the average net worth per farm measured across all farm types was £979,482 in 2007/08. When measured across all farm types, net worth expressed as a percentage of total assets was 97% in 2007/08. 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 2007/08 ranged from £662,212 per farm on Pigs and Poultry type farms to £2,251,473 per farm on Cereal type farms. Also, in 2007/08, Cereal type farms had the highest average amount of external liabilities at £76,532 per farm, whereas Mixed farms had the lowest external liabilities at £7,077 per farm. When measured as a percentage of total assets, external liabilities ranged from 0.7% on Mixed type farms to 4.8% on Dairy type farms. When compared to the previous year, external liabilities increased on Cereals, Pigs and Poultry and Cattle and Sheep (Lowland) type farms and decreased on General Cropping, Dairy, Cattle and Sheep (LFA) and Mixed type farms.

In terms of net worth, average values by farm type in 2007/08 ranged from £630,750 on Pig and Poultry farms to £2,174,941 on cereal farms. When net worth is expressed as a percentage of total assets, average values range from 95.2% on Dairy farms to 99.3% on Mixed farms.

Table 13 Financial stability of farms in Northern Ireland 2006/07 and 2007/08

		Farm Area (ha)	Total Assets (£'000)	External Liabilities (£'000)	Net Worth (£'000)	Net Worth (as % of Total Assets)
Cereals	06/07	84.0	2159.1	28.3	2130.9	98.7
	07/08	85.8	2251.5	76.5	2174.9	96.6
General Cropping	06/07	67.9	942.1	73.9	868.2	92.2
	07/08	73.6	930.0	38.4	891.5	95.9
Pigs and Poultry	06/07	15.7	660.9	-	660.9	100.0
	07/08	15.7	662.2	31.5	630.8	95.2
Dairy	06/07	70.5	1096.7	57.0	1039.7	94.8
	07/08	71.9	1131.9	54.3	1077.6	95.2
Cattle and Sheep (LFA)	06/07	95.3	871.7	13.9	857.8	98.4
	07/08	95.6	882.9	13.6	869.4	98.5
Cattle and Sheep (Lowland)	06/07	56.5	1027.3	12.1	1015.2	98.8
	07/08	60.5	1032.3	13.3	1018.8	98.7
Mixed	06/07	57.8	964.2	7.2	957.0	99.3
	07/08	59.2	981.6	7.1	974.6	99.3
All Types	06/07	77.2	988.6	28.4	960.2	97.1
	07/08	78.6	1007.9	28.4	979.5	97.2

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 2007/08 only 4% of farm businesses had liabilities which were more than 15% of the value of total farm assets and that 86% 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	95-99.99	100
	% of Farms				
2006/07	1	3	12	40	44
2007/08	1	3	10	42	44

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 2007/08 the average capital required across all farm types was £12,823 per hectare. At the individual farm type level the average capital required ranged from £9,236 per hectare on Cattle and Sheep (LFA) type farms to £42,179 per hectare on Pigs 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 90% of the average capital requirement on Northern Ireland farms in 2007/08. When measured by individual farm type, the percentage of total assets tied up in land and buildings ranged from 87% on General Cropping farms to 96% on Cereal farms.

Assets other than land and buildings are collectively referred to as operating capital. As shown in table 15, in 2007/08 the average amount of operating capital (which excludes debtors) measured across all farm types was £89,632 per farm or 8.9% of total assets. This operating capital can be broken down into breeding livestock (34% of operating capital), machinery (32%), trading livestock (27%), and crops and stocks (7%). When measured at the individual farm type level, the average operating capital in 2007/08 ranged from £64,412 for Cattle and Sheep (LFA) farms to £129,032 for General Cropping farms. Alternatively, when measuring average operating capital as a percentage of average total assets for individual farm types in 2007/08, the values ranged from 4.1% for cereal farms to 13.9% for General Cropping farms.

Table 15 Amount of operating capital by type of farm, 2007/08

	Operating Capital	
	£ Per farm	% of total farm Capital
Cereals	92,554	4.1
General Cropping	129,032	13.9
Pigs and Poultry	78,205	11.8
Dairy	121,964	10.8
Cattle and Sheep (LFA)	64,412	7.3
Cattle and Sheep (Lowland)	86,955	8.4
Mixed	86,032	8.8
All Types	89,632	8.9

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 last 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 that all unpaid labour (farmer, spouses and others with an entrepreneurial interest in the farm business) obtains for their manual and managerial labour and 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 2007/08 is low when compared to other investment opportunities e.g. saving rates. The average rate of return in 2007/08 ranged from 1.4% on Cattle and Sheep (Lowland) farms to 7.2% on General Cropping farms.

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

Farm Business Income as a % of Net Worth	
	07/08
Cereals	1.7
General Cropping	7.2
Pigs and Poultry	1.9
Dairy	5.5
Cattle and Sheep (LFA)	1.5
Cattle and Sheep (Lowland)	1.4
Mixed	2.2
All Types	3.1

3.3 Bank Borrowings

In the 2007/08 year, the average level of bank borrowings measured across all farm types was £24,297 per farm. This is an average decrease of only £52 per farm when compared to 2006/07. As shown in Table 17, Cereal farms had the highest level of borrowings with an average of £72,547 per farm in 2007/08. The largest increase in borrowings between 2006/07 and 2007/08 also occurred on Cereal farms, with an average increase of £49,656 per farm. The largest decrease in borrowing was on General Cropping farms where borrowing decreased on average by £33,302 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 £4,097 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, 2006/07 and 2007/08

	Bank borrowings (£ per farm)	
	2006/07	2007/08
Cereals	22,891	72,547
General Cropping	59,969	26,667
Pigs and Poultry	-	19,951
Dairy	49,462	47,801
Cattle and Sheep (LFA)	12,675	12,016
Cattle and Sheep (Lowland)	7,167	8,004
Mixed	6,532	6,188
All Types	24,349	24,297

The distribution of farms by level of borrowing per farm in 2006/07 and 2007/08 are presented in Table 18. This shows that 57% of the farms recorded no bank borrowings in 2007/08 whereas 13% of farms recorded borrowings in excess of £50,000. When comparing the distributions for 2006/07 and 2007/08 the overall picture is very similar with only a 1% increase in the number of farms with borrowing in excess of £50,000 in 2007/08.

Table 18 Distributions of farms by level of bank borrowings, 2006/07 and 2007/08

Bank Borrowings (£ per farm)	2006/07	2007/08
	% of farms	
Nil	56	57
1 to 20,000	18	17
20,000 to 49,999	14	13
50,000 to 99,999	5	6
100,000 and over	7	7

The ability of farms to carry different levels of borrowings depends on their profitability, which in turn, is closely related to the size of business. For this reason, those farms with borrowings in excess of £50,000 cannot necessarily be considered to be in financial difficulty. Even so, borrowings in excess of £50,000 do incur a significant interest cost. At the average bank lending rate recorded during 2007 borrowings of £50,000 would have incurred interest costs of around £3,750 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 (25%) and Cattle and Sheep Lowland (5%) 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 2006/07 and 2007/08. As the average account year end for the sample of farms is mid-February, the results refer to the 2006 and 2007 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 2007/08 for all enterprises except lowland breeding ewes, pigs and ware potatoes.

Table 19(a) Average gross margins by enterprise in 2006/07 and 2007/08

		Average gross margins	
		2006/07	2007/08
		£ per head	
Dairy Cows		544	851
Suckler Cows	- SDA	93	108
	- DA	93	113
	- Lowland	126	132
Breeding Ewes	- SDA	11	13
	- DA	29	30
	- Lowland	37	33
Pigs		18.95	10.30
		£ per hectare	
Spring Barley		381	756
Winter Barley		748	981
Winter Wheat		881	1,293
Potatoes – ware		4,692	3,214

4.1 Dairy Cows

As shown in Table 19(b), the average gross margin per dairy cow increased from £544 in 2006/07 to £851 in 2007/08 for the 87 dairy herds which provided information in both years. This increase of £307 in average gross margin is the net result of a £381 increase in output value and a £74 increase in total variable costs in 2007/08. The main reason for the increase in output value was that milk receipts were on average £387 higher per cow in 2007/08. The higher milk receipts per cow were due to an increase in milk price of 5.8 pence per litre and milk yield of 214 litres per cow. The increase in total variable costs per cow resulted mainly from a £65 increase in concentrate cost per cow which was due to higher concentrate prices and usage in 2007/08.

Stocking rates also increased slightly to 1.99 cow equivalents per hectare in 2007/08. Given this and the increase in average gross margin per cow, then average gross margin per hectare also increased from £1,077 in 2006/07 to £1,694 in 2007/08, which is an increase of £617 per hectare.

Table 19(b) Average outputs, variable costs and gross margins per dairy cow in 2006/07 and 2007/08

	2006/07	2007/08
Number of herds		87
Enterprise output		£ per cow
Milk	985	1,372
Calves	61	66
Herd replacement	-93	-104
Output	953	1,334
Quota leasing receipts	-	-
Quota leasing costs	-	-
Super levy	-	-
Adjusted Output	953	1,334
Variable Costs		
Concentrates	239	304
Hay, silage & grazing	103	104
Sundries	67	75
Total Variable Costs	409	483
Gross Margin	544	851
Average herd size (cows)	76	76
Concentrates per litre (kg)	0.27	0.28
Stocking rate (ce/ha)	1.98	1.99
Summer milk (%)	55	55
Milk yield (l/cow)	5,854	6,068
Milk price (p/l)	16.8	22.6

As shown in Table 20, the difference in performance in 2007/08 between the 'top' and 'bottom' quartiles was, as in previous years, substantial. The 'top' quartile had an average gross margin per cow of £1049 compared with £632 for the 'bottom' quartile. The main reasons for this difference in performance are that the 'top' quartile had an average milk yield 1,815 litres per cow above and a milk price 0.7 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 £31,692 per herd.

Table 20 Average outputs, variable costs and gross margins per dairy cow in the top 25% and bottom 25% groups, 2007/08

	Top 25%	Bottom 25%
		£ per cow
Gross Margin	1,049	632
Milk Sales	1,582	1,132
Calf Sales	70	57
Total Output	1,567	1,065
Variable Costs	518	433
Milk Yield – litres	6,893	5,078
Av milk price – ppl	23.0	22.3
Stocking rate - ce/ha	2.01	1.95

4.2 Suckler Cows

In the 2007/08 account year all of the three main categories of suckler herds had average gross margins that were higher than in 2006/07 (Table 21). For SDA suckler cows the average gross margin per cow increased from £93 in 2006/07 to £108 in 2007/08. This increase was the net result of a £28 increase in output and £13 increase in total variable costs. The £28 increase in output resulted from a £41 increase in value of calves and a £13 increase in herd replacement cost. For DA suckler cows the average gross margin increased by £20 per cow due to a £21 increase in total output and a £1 increase in total variable costs. The £21 increase in output value was due to an increase in the value of calves per cow. For lowland suckler cows the average gross margin increased by £6 per cow, due to a decrease of £5 in total output and £11 in total variable costs.

Table 21 Average outputs, variable costs and gross margins per cow for SDA, DA and Lowland suckler herds, 2006/07 and 2007/08

	SDA		DA		Lowland	
	06/07	07/08	06/07	07/08	06/07	07/08
Number of herds	86		18		12	
Enterprise Output			£ per cow			
Calves	266	307	269	290	281	292
Herd rep	-34	-47	-38	-38	-25	-41
Total Output	232	260	231	252	256	251
Variable Costs						
Concentrates	33	36	27	26	19	17
HSG	75	80	75	76	76	67
Sundries & Vet	31	36	36	37	35	35
Total Variable Costs	139	152	138	139	130	119
Gross Margin	93	108	93	113	126	132
Calves reared per cow	0.90	0.94	0.81	0.91	0.96	0.89
Av price per calf sold/trans (£)	298	315	308	323	299	325

The data presented in Table 22 for the 'top 25%' and 'bottom 25%' of suckler herds show that there were a difference of £177 in gross margin per cow between the 'top' and 'bottom' groups of SDA suckler herds in 2007/08. This is accounted for by differences of £128 in calf returns, £29 in herd replacement costs, and £20 in total variable costs between the top and bottom groups. Similarly for DA suckler herds there were a difference of £201 in gross margin per cow between the 'top' and 'bottom' groups of herds in 2007/08. This is accounted for by differences of £126 in calf returns, £27 in herd replacement costs, and £48 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, 2007/08

	Top 25%	Bottom 25%
	£ per cow	
Gross Margin		
- SDA	194	17
-DA	222	21
Calf Returns		
- SDA	360	232
- DA	341	215
Herd replacement cost		
- SDA	-31	-60
- DA	-23	-50
Variable Costs		
- SDA	135	155
- DA	96	144

4.3 Breeding Ewes

As shown in Table 23, gross margins per ewe for the each of the three flock types were similar in both 2006/07 and 2007/08. For lowland breeding ewes the average gross margin per ewe decreased from £37.14 in 2006/07 to £33.10 in 2007/08, which is a decrease of £4.04. This decrease was due to a £0.32 decrease in output and a £3.72 increase in total variable costs. For upland breeding ewes the average gross margin per ewe increased from £29.06 in 2006/07 to £29.72 in 2007/08, which is an increase of £0.66. This increase was due to a £1.45 increase in output and a £0.79 increase in total variable costs. For hill breeding ewes the average gross margin per ewe increased from £11.02 in 2006/07 to £13.02 in 2007/08, which is an increase of £2. This increase was due to a £3.48 increase in output and a £1.48 increase in total variable costs.

Table 23 Average outputs, variable costs and gross margins per ewe for Lowland, DA and SDA breeding flocks, 2006/07 and 2007/08

	Lowland		Upland (DA)		Hill (SDA)	
	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08
Number of flocks	23		22		29	
Output						
Lambs	62.90	63.58	60.41	63.28	38.88	44.01
Wool	1.53	0.76	1.52	0.85	1.35	1.03
Flock Replacements	-0.12	-0.35	-2.99	-3.74	0.19	-1.14
TOTAL OUTPUT	64.31	63.99	58.94	60.39	40.42	43.90
Variable Costs						
Concentrates + OPF	7.41	9.87	8.37	8.94	9.12	10.64
Hay, silage, & grazing	12.24	12.35	14.41	13.47	12.93	12.47
Sundries + Vet	7.52	8.67	7.10	8.26	7.35	7.77
TOTAL VARIABLE COSTS	27.17	30.89	29.88	30.67	29.40	30.88
GROSS MARGIN	37.14	33.10	29.06	29.72	11.02	13.02
Lambs reared per ewe	1.42	1.51	1.17	1.40	1.17	1.19
Ave fat lamb price (£)	50.75	50.28	50.15	51.10	45.52	48.66
Av store lamb price (£)	31.98	22.55	37.38	37.60	34.82	33.61
Ewe mortality %	4.1	5.4	5.7	5.1	6.8	6.1
Lamb mortality %	8.1	7.4	8.8	8.8	9.8	7.6
Ave flock size (ewes)	187	182	141	145	277	277

In 2007/08, 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). One of the reasons for these differences is the considerable range found in the value of lamb sales per ewe which averaged £67 in the top group and £41 in the bottom group. Another reason is the differing levels of variable costs due to associated levels of input usage.

Table 24 Average gross margins, lamb sales and lambs reared per ewe for the top 25% and bottom 25% groups, 2007/08

	Top 25%	Bottom 25%
	Per Ewe	
Gross Margin (£)		
- Lowland	48	14
- Upland	49	13
- Hill	35	-3
Lamb Sales (£)		
- Lowland	70	44
- Upland	62	57
- Hill	70	23
Lambs Reared		
- Lowland	1.54	1.41
- Upland	1.43	1.32
- Hill	1.33	0.94

4.4 Pigs

On the 9 farms which had rearing and finishing units, the average gross margin per pig decreased from £18.95 in 2006/07 to £10.30 in 2007/08 (Table 25). This reduction in margin of £8.65 per pig between 2006/07 and 2007/08 was the result of a decrease in average finished pig price of £2.28 per pig and an increase in total variable cost of £6.37 per pig. The increase in total variable was the net result of a £6.81 increase in the cost of feedstuffs per pig and a £0.44 decrease in the cost of veterinary, medicine and sundry costs. The increase in cost of feedstuffs per pig was solely due to the higher concentrate prices in 2007/08. The average gross margin of £10 per pig is the third lowest result in the 10 years since 1998/99. The average gross margins per pig in the previous years were -£3 in 1998/99, £6 in 1999/00, £18 in 2000/01, £19 in 2001/02, £15 in 2002/03, £16 in 2003/04, £15 in 2004/05, £20 in 2005/06, and £21 in 2006/07.

Table 25 Average sales, variable costs and gross margins per pig for pig rearing and finishing units, 2006/07 and 2007/08

	2006/07	2007/08
Number of herds	9	
	£ per pig	
Av finished pig price	75.02	72.74
Variable Costs		
Feedingstuffs	51.74	58.55
Vet and medicines	2.42	2.36
Sundries	1.91	1.53
Total Variable Costs	56.07	62.44
Gross Margin	18.95	10.30
Meal equivalent per pig (kg)	324	310
Price of concentrates (£/tonne)	159	189
Pigs weaned per sow	16.62	17.00

4.5 Spring Barley

As shown in Table 26 the average gross margin per hectare for the spring barley crop increased from £381 in 2006 to £756 in 2007, which is a gain of £375. This increase was the result of higher crop yields and prices in 2007. The average grain yield increased by 0.58 tonnes per hectare and the average straw yield increased by 0.80 tonnes per hectare above 2006 levels. The grain price per tonne also increased from £94 in 2006 to £149 in 2007, whereas the straw price per tonne increased from £51 in 2006 to £55 in 2007. These increases in price and yield for both grain and straw resulted in an increase in output value of £391 per hectare. The total variable costs of the spring barley crop also increased by £16 per hectare in 2007.

Table 26 Average outputs, variable costs and gross margins per hectare for spring barley, 2006/07 and 2007/08

	2006/07	2007/08
Number of farms	41	
Output	£ per hectare	
Grain	429	765
Straw	154	209
Total Output	583	974
Variable Costs		
Seed	49	47
Fertilisers	81	79
Sprays	60	74
Sundries	12	18
Total Variable Costs	202	218
Gross Margin	381	756
Grain yield (tonnes per ha)	4.57	5.15
Straw yield (tonnes per ha)	3.00	3.80

The 'top' performance group of farms in 2007 had an average grain yield of 5.94 tonnes per hectare compared with 4.11 tonnes in the 'bottom' group. Associated with this higher grain yield was a higher straw yield which generated straw sales of £259 per hectare in the 'top' group compared with £182 in the 'bottom' group. The average grain price per tonne received by the 'top' group was £11 higher than the 'bottom' group. The average straw price per tonne in the 'top' performance group was £2 lower 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 £919 per hectare for the 'top' group and £523 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 £748 in 2006 to £981 in 2007, which is a gain of £233. This

increase was the result of higher grain and straw prices in 2007. The grain price per tonne increased from £103 in 2006 to £148 in 2007, whereas straw price per tonne increased from £50 in 2006 to £53 in 2007. The average grain yield decreased by 0.17 tonnes per hectare in 2007 and straw yield also decreased by 0.90 tonnes per hectare. As a result of these changes in yields and prices, total output increased from £1004 in 2006 to £1264 in 2007. The total variable costs of the winter barley crop also increased by £27 per hectare in 2007.

Table 27 Average outputs, variable costs and gross margins per hectare for winter barley, 2006/07 and 2007/08

	2006/07	2007/08
Number of farms		9
Output		£ per hectare
Grain	733	1,027
Straw	271	237
Total Output	1,004	1,264
Variable Costs		
Seed	50	59
Fertilisers	101	104
Sprays	96	115
Sundries	9	5
Total Variable Costs	256	283
Gross Margin	748	981
Grain yield (tonnes per ha)	7.10	6.93
Straw yield (tonnes per ha)	5.39	4.49

The 'above average' group of farms in 2007 had an average grain yield of 7.30 tonnes per hectare, and this was 1.4 tonnes more than the 'below average' group. Higher values for grain and straw output resulted in an output value of £1,416 per hectare for the above average group, some £493 above that of the below average group. Total variable costs per hectare were £48 lower in the 'above average' group at £266 per hectare. The gross margins per hectare were £1150 for the above average group and £609 for the below average group.

On average, the winter barley crop gross margin in 2007 was £225 per hectare higher than that for the spring crop. It is usually the case that the winter barley crop out-performs the spring barley crop as the higher returns associated with the higher yield of the winter barley crop more than cover the additional variable costs incurred when compared with the spring barley crop. The last time the average spring barley crop outperformed the average winter barley crop was in 2001.

4.7 Winter Wheat

As shown in Table 28 the average gross margin per hectare for the winter wheat crop increased from £881 in 2006 to £1293 in 2007, which is a gain of £412. This was mainly the result of increases in average grain prices from £104 in 2006 to £161 in 2007. Straw price received also increased from £47 per tonne in 2006 to £48 per

tonne in 2007. The average grain yield decreased by 0.40 tonnes per hectare, whereas straw yield increased by 0.25 tonnes per hectare. As a result of these changes in yields and prices, total output increased from £1,177 in 2006 to £1,648 in 2007. The total variable costs of the winter barley crop increased by £59 per hectare in 2007.

Table 28 Average outputs, variable costs and gross margins per hectare for winter wheat, 2006/07 and 2007/08

	2006/07	2007/08
Number of farms		6
Output		£ per hectare
Grain	964	1420
Straw	213	228
Total Output	1,177	1,648
Variable Costs		
Seed	40	56
Fertilisers	92	97
Sprays	144	152
Sundries	20	50
Total Variable Costs	296	355
Gross Margin	881	1,293
Grain yield (tonnes per ha)	9.23	8.83
Straw yield (tonnes per ha)	4.55	4.80

The 'above average' group of farms in 2007 had an average grain yield of 8.81 tonnes per hectare, and this was 1.4 tonnes more than the 'below average' group. Higher values for grain and straw output resulted in an output value of £1,646 per hectare for the above average group, some £307 above that of the below average group. Total variable costs per hectare were £68 lower in the 'above average' group at £318 per hectare. The gross margins per hectare were £1328 for the above average group and £953 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 2007 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 2007 the average gross margin per hectare for winter wheat was £1,293 compared with £981 for winter barley and £756 for the spring barley crop. The average gross margin for spring barley has only exceeded that for winter barley in two of the past 10 years.

4.8 Potatoes

The gross margin performances for the 2006 and 2007 ware potato crops were £4,692 and £3,214 per hectare respectively. This reduction in gross margin was the result of ware potato prices falling from £187 per tonne in 2006/07 to £138 per tonne in 2007/08. Similar yields of ware potatoes were achieved in both years. Also, total variable costs per hectare were very similar at £1,298 per hectare in 2006/07

and £1,290 per hectare in 2007/08. In terms of individual costs, spays showed a substantial increase in 2007, rising from £245 per hectare to £305, whereas sundry costs decreased by £57 per hectare in 2007. The average variable costs of production per tonne for the ware crop were £36.46 in 2006 to £36.44 in 2007. 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, 2006/07 and 2007/08

	Ware Crop	
	2006/07	2007/08
Number of farms	10	
	£ per hectare	
Potato Output	5,990	4,504
Variable costs		
Seed	415	403
Fertiliser	199	197
Sprays	245	305
Contract/Casual Wages	256	259
Sundries	183	126
Total Variable costs	1,298	1,290
Gross Margin	4,692	3,214
Total yield (tonnes/ha)	35.6	35.4
Av price per tonne (£)	187	138

Gross margins for the 'top' and 'bottom' performance groups for the main enterprises are summarised in Table 30. They show that for 5 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 suggests that there is a possibility for improvements on some farms.

Table 30 Gross margins of the 'top' and 'bottom' performance groups for selected enterprises, 2007/08

		Top ¹ Group	Bottom ¹ Group
		£ Per head	
Dairy cows		1,049	632
Suckler cows -	DA	222	21
	SDA	194	17
Breeding ewes -	DA	49	13
	SDA	35	-3
	Lowland	48	14
Spring barley		919	523

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 £381 in 2006/07 to £405 in 2007/08. At the individual farm type level, five of the seven farm types recorded increases in fixed costs, with the exceptions being General Cropping and Cattle and Sheep (Lowland) farms. Increases in fixed costs per hectare ranged from £5 on Cattle and Sheep (LFA) to £338 on Pigs and Poultry farms. General Cropping farms and Cattle and Sheep (Lowland) farms recorded a decrease in fixed costs of £183 and £14 per hectare respectively.

Table 31 Fixed costs per hectare * by type of farm, 2006/07 and 2007/08

	2006/07	2007/08
	£ per ha	
Cereals	487	540
General Cropping	919	736
Pigs and Poultry	1238	1576
Dairy	560	618
Cattle and Sheep (LFA)	236	241
Cattle and Sheep (Lowland)	441	427
Mixed	401	445
All Types	381	405

* Excludes labour costs.

Table 32 gives a breakdown of fixed costs in both years. Two major components of fixed costs (excluding labour) are depreciation of buildings and works and machinery depreciation. In both 2006/07 and 2007/08, these two cost categories, on average, accounted for 43% of total fixed costs across all types of farm.

Table 32 Fixed costs per hectare, by category, 2006/07 and 2007/08

	2006/07	2007/08
	£ per ha	
Depreciation of buildings and works	65	72
Depreciation of machinery	98	101
Machinery running costs	93	99
Farm insurance	13	13
Farm fuel	16	18
Rates and water charges	10	11
Building repairs and miscellaneous	63	67
Interest payments	23	24
Total	381	405

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 – 1.7

APPENDIX 1

**Table 1.1 – CEREAL AND GENERAL CROPPING FARMS – ALL SIZES
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING -
IDENTICAL SAMPLE 2006/07 AND 2007/08**

	Cereals			General Cropping		
	2006/07	2007/08	% Change	2006/07	2007/08	% Change
Number of farms						
Average size of business (ESUs)		42.9			117.3	
Total Area of Farm (ha)	84.0	85.8	2.1	67.9	73.6	8.4
of which: Crops and grass	81.5	83.3	2.2	65.6	72.4	10.4
Rough grazing	0.1	0.1	-	0.2	0.2	-
SIZE OF ENTERPRISES:						
Hectares - Total crops	74.7	75.6	1.2	63.8	70.6	10.7
(of which cereals)	54.7	55.8	2.0	31.1	37.4	20.3
Av. no. - Dairy cows	-	-	-	-	-	-
Av. no. - Beef cows	0.2	0.2	-	1.8	1.9	5.6
Av. no. - Other cattle	10.4	11.5	10.6	3.6	3.6	-
Av. no. - Ewes	26.9	18.7	-30.5	-	-	-
Av. no. - Sows/gilts	-	-	-	-	-	-
CROP OUTPUT:						
Cereals	38274	60648	58.5	15621	34017	117.8
Potatoes	13281	-	-	203501	160965	-20.9
Misc. crop output	17323	25815	49.0	6534	9714	48.7
TOTAL CROP PRODUCTION	68877	86462	25.5	225656	204696	-9.3
LIVESTOCK OUTPUT:						
Cattle – rearing & fattening	1782	1760	-1.2	725	1225	69.0
Cattle – dairy	-	-	-	-	-	-
Milk	-	-	-	-	-	-
Sheep and wool	2431	1192	-51.0	-	-	-
Pigs	-	-	-	-	-	-
Poultry and eggs	-	-	-	-	-	-
Other livestock	-	-	-	-	-	-
TOTAL LIVESTOCK OUTPUT	4213	2952	-29.9	725	1225	69.0
Single Farm Payment	17079	16770	-1.8	6523	6943	6.4
LFA Compensatory Allowance Scheme	-	-	-	-	-	-
Agri Environmental Scheme	1642	1856	13.0	904	1081	19.6
Miscellaneous Subsidies	153	-	-	-	-	-
Miscellaneous revenue	5708	5883	3.1	6866	141	-97.9
On Farm - Non Farm Income	1334	1334	-	-	-	-
Adjustment for disposal of previous years crop	270	2755	920.4	-	111	-
TOTAL FARM OUTPUT	99276	118012	18.9	240674	214197	-11.0

INPUTS	Cereals			General Cropping		
	2006/07 £ per farm	2007/08	% Change	2006/07 £ per farm	2007/08	% Change
Purchased concentrate feed & fodder	354	237	-33.1	25	-	-
Home grown concentrate feed	523	584	11.7	-	-	-
Veterinary fees & medicines	317	304	-4.1	42	43	2.4
Other livestock costs	119	245	105.9	3	37	1133.3
Purchased & home grown seed	4202	3179	-24.3	16247	15317	-5.7
Fertilisers	8079	9285	14.9	10056	10603	5.4
Other crop costs	7715	8831	14.5	19406	20099	3.6
Regular & casual labour	1809	1385	-23.4	10973	16449	49.9
Machinery excluding depreciation	16831	19411	15.3	23053	26107	13.2
Depreciation of plant machinery & vehicles	15924	16726	5.0	24784	23313	-5.9
Depreciation of building & works	3797	4100	8.0	2716	2702	-0.5
Land & building inputs	5707	5878	3.0	18306	22472	22.8
Interest payments	1335	3409	155.4	5531	3774	-31.8
Other general farming costs	6817	7280	6.8	10736	8716	-18.8
TOTAL VARIABLE COSTS	29655	31654	6.7	60110	62399	3.8
TOTAL FIXED COSTS	43874	49199	12.1	81767	87233	6.7
TOTAL INPUTS	73530	80853	10.0	141878	149632	5.5
FARM BUSINESS INCOME	25746	37159	44.3	98797	64564	-34.6
(plus) depreciation of buildings & works	3797	4100	8.0	2716	2702	-0.5
(plus) depreciation of plant machinery & vehicles	15924	16726	5.0	24784	23313	-5.9
(minus) valuation change	4959	7037	41.9	3672	-1007	-
(equals) CASH INCOME	40509	50949	25.8	122624	91585	-25.3
(minus) Net capital investment	26968	54318	101.4	24490	15866	-35.2
CASH FLOW FARM BUSINESS	13541	-3369	-	98134	75719	-22.8
AVERAGE VALUATIONS	88057	92554	5.1	130450	129032	-1.1

**TABLE 1.2 –MIXED FARMS AND PIGS & POULTRY– ALL SIZES
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING -
IDENTICAL SAMPLE 2006/07 AND 2007/08**

	2006/07	Mixed 2007/08	% Change	2006/07	Pigs and Poultry 2007/08	% Change
Number of farms						
Average size of business (ESUs)		37.6			31.8	
Total Area of Farm (ha)	57.8	59.2	2.4	15.7	15.7	-
of which: Crops and grass	55.5	57.0	2.7	14.8	14.8	-
Rough grazing	0.9	0.9	-	-	-	-
SIZE OF ENTERPRISES:						
Hectares - Total crops	11.6	12.1	4.3	-	-	-
(of which cereals)	9.3	9.7	4.3	-	-	-
Av. no. - Dairy cows	-	-	-	-	-	-
Av. no. - Beef cows	13.7	14.2	3.6	0.3	-	-
Av. no. - Other cattle	69.0	70.6	2.3	38.3	38.9	1.6
Av. no. - Ewes	129.2	128.4	-0.6	31.6	25.2	-20.3
Av. no. - Sows/gilts	18.1	27.4	51.4	121.0	115.7	-4.4
CROP OUTPUT:		£ per farm			£ per farm	
Cereals	5725	9141	59.7	-	-	-
Potatoes	5157	4665	-9.5	-	-	-
Misc. crop output	3232	3925	21.4	399.0	76.0	-81.0
TOTAL CROP PRODUCTION	14113	17731	25.6	399.0	76.0	-81.0
LIVESTOCK OUTPUT:						
Cattle – rearing & fattening	18949	20127	6.2	9590	12601	31.4
Cattle – dairy	-	-	-	-	-	-
Milk	-	-	-	-	-	-
Sheep and wool	8729	8433	-3.4	2417	1597	-33.9
Pigs	24863	39498	58.9	147883	134801	-8.8
Poultry and eggs	175	258	47.4	-	-	-
Other livestock	-	-	-	-	-	-
TOTAL LIVESTOCK OUTPUT	52716	68316	29.6	159890	149000	-6.8
Single Farm Payment	14942	15268	2.2	3860	3955	2.5
LFA Compensatory scheme	578	587	1.6	-	-	-
Agri Environmental Scheme	783	1252	59.9	-	-	-
Miscellaneous subsidies	441	235	-46.7	49	-	-
Miscellaneous revenue	1250	723	-42.2	47	2728	5704.3
On Farm - Non Farm Income	1526	1526	-	-	-	-
Adjustment for disposal of previous years crop	-63	120	-	-	-	-
TOTAL FARM OUTPUT	86287	105758	22.6	164245	155759	-5.2

INPUTS	Mixed			Pigs and Poultry		
	2006/07 £ per farm	2007/08	% change	2006/07 £ per farm	2007/08	% change
Purchased concentrate feed & fodder	21128	35455	67.8	101393	105406	4.0
Home grown concentrate feed	1356	1918	41.4	-	-	-
Veterinary fees & medicines	2142	2725	27.2	6766	6133	-9.4
Other livestock costs	1452	1741	19.9	7487	5646	-24.6
Purchased & home grown seed	834	1003	20.3	-	-	-
Fertilisers	4241	4127	-2.7	390	282	-27.7
Other crop costs	1631	1775	8.8	200	89	-55.5
Regular & casual labour	3661	3382	-7.6	1277	1257	-1.6
Machinery excluding depreciation	7457	8485	13.8	4205	4400	4.6
Depreciation of plant machinery & vehicles	6279	6785	8.1	3588	5827	62.4
Depreciation of building & works	2643	2943	11.4	1490	1791	20.2
Land & building inputs	5671	6602	16.4	5138	3658	-28.8
Interest payments	447	574	28.4	-	1352	-
Other general farming costs	5690	6569	15.4	5488	7909	44.1
TOTAL VARIABLE COSTS	35830	51693	44.3	118525	119931	1.2
TOTAL FIXED COSTS	28803	32392	12.5	18897	23820	26.1
TOTAL INPUTS	64632	84085	30.1	137422	143751	4.6
FARM BUSINESS INCOME	21655	21674	0.1	26822	12008	-55.2
(plus) depreciation of buildings & works	2643	2943	11.4	1490	1791	20.2
(plus) depreciation of plant machinery & vehicles	6279	6785	8.1	3588	5827	62.4
(minus) valuation change	3693	7880	113.4	-1310	-7883	-501.8
(equals) CASH INCOME	26883	23522	-12.5	33210	27509	-17.2
(minus) Net capital investment	13126	11895	-9.4	8677	15608	79.9
(equals) CASH FLOW FARM BUSINESS	13757	11626	-15.5	24533	11901	-51.5
AVERAGE VALUATIONS	77999	86032	10.3	79969	78205	-2.2

**TABLE 1.3 LOWLAND CATTLE AND SHEEP
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING -
IDENTICAL SAMPLE 2006/07 AND 2007/08**

	0.5 < 1 SLR			1 < 2 SLR			ALL SIZES		
	2006/07	2007/08	% Change	2006/07	2007/08	% Change	2006/07	2007/08	% Change
Number of farms		7			12				
Average size of business (ESUs)		17.7			31.8			27.1	
Total Area of Farm (ha)	41.4	47.5	14.7	70.9	72.6	2.4	56.5	60.5	7.1
of which: Crops and grass	36.6	40.0	9.3	67.6	69.4	2.7	52.1	54.9	5.4
Rough grazing	1.5	4.2	180.0	1.7	1.3	-23.5	1.5	3.0	100.0
SIZE OF ENTERPRISES:									
Hectares - Total crops	3.9	3.9	-	5.1	6.6	29.4	4.6	5.3	15.2
Av. No. - Dairy cows	-	-	-	-	-	-	1.1	1.2	9.1
Av. No. - Beef cows	23.7	25.3	6.8	26.4	25.9	-1.9	28.5	29.3	2.8
Av. No. - Other cattle	61.6	62.1	0.8	115.2	116.4	1.0	87.9	89.1	1.4
Av. No. - Ewes	22.0	21.3	-3.2	113.0	101.5	-10.2	67.6	65.3	-3.4
Av. No. - Sows/gilts	-	-	-	-	-	-	1.8	1.9	5.6
CROP OUTPUT:									
Cereals	1642	2697	64.3	2307	5056	119.2	1944	3460	78.0
Potatoes	-	-	-	442	897	102.9	1160	926	-20.2
Misc. crop output	393	368	-6.4	530	758	43.0	557	1111	99.5
Total Crop Production	2035	3065	50.6	3278	6711	104.7	3661	5497	50.2
Livestock Output:									
Cattle – rearing & fattening	17282	17247	-0.2	30688	38477	25.4	24585	27783	13.0
Cattle – dairy	-	-	-	-	-	-	-1	-179	-17800.0
Milk	-	-	-	-	-	-	1104	1742	57.8
Sheep and wool	817	1429	74.9	6311	6836	8.3	3675	4191	14.0
Pigs	-	-	-	123	349	183.7	2664	2391	-10.2
Poultry and eggs	-	-	-	-	-	-	-	-	-
Other livestock	-	-	-	-	57	-	35	17	-51.4
TOTAL LIVESTOCK OUTPUT	18099	18676	3.2	37122	45719	23.2	32062	35945	12.1
Single Farm Payment	10531	10910	3.6	21374	21592	1.0	16039	16398	2.2
LFA Compensatory scheme	-	135	-	118	129	9.3	58	131	125.9
Agri Environmental Scheme	-	835	-	1542	1935	25.5	702	1345	91.6
Miscellaneous subsidies	88	29	-67.0	60	-	-	190	121	-36.3
Miscellaneous revenue	987	1520	54.0	14085	19189	36.2	5146	7247	40.8
On Farm - Non Farm Income	3286	3571	8.7	-	-	-	2078	2252	8.4
Adjustment for disposal of previous years crop	-	2	-	-	4	-	-	-24	-
TOTAL FARM OUTPUT	35025	38744	10.6	77579	95280	22.8	59936	68912	15.0

INPUTS	0.5 < 1 SLR			1 < 2 SLR			ALL SIZES		
	2006/07	2007/08	% Change	2006/07	2007/08	% Change	2006/07	2007/08	% Change
	£ per farm			£ per farm			£ per farm		
Purchased concentrate feed & fodder	5784	6310	9.1	8792	11027	25.4	9880	11550	16.9
Home grown concentrate feed	530	1044	97.0	1690	2485	47.0	1109	1612	45.4
Veterinary fees & medicines	970	960	-1.0	1874	1865	-0.5	1616	1583	-2.0
Other livestock costs	1319	1370	3.9	937	619	-33.9	1364	1246	-8.7
Purchased & home grown seed	418	307	-26.6	628	620	-1.3	541	460	-15.0
Fertilisers	2488	2155	-13.4	3771	3376	-10.5	3375	2982	-11.6
Other crop costs	443	512	15.6	1005	1151	14.5	766	861	12.4
Regular & casual labour	3429	3421	-0.2	3482	3593	3.2	3183	3230	1.5
Machinery excluding depreciation	4916	5005	1.8	11308	12812	13.3	7441	8818	18.5
Depreciation of plant machinery & vehicles	3233	2841	-12.1	13510	15157	12.2	7355	7593	3.2
Depreciation of building & works	2613	2185	-16.4	2365	2588	9.4	3118	2709	-13.1
Land & building inputs	2646	3954	49.4	5356	5833	8.9	4813	5619	16.7
Interest payments	-	-	-	1637	1970	20.3	633	749	18.3
Other general farming costs	4353	4288	-1.5	6409	6227	-2.8	5403	5268	-2.5
TOTAL VARIABLE COSTS	14778	15514	5.0	22898	24104	5.3	22113	24105	9.0
TOTAL FIXED COSTS	18364	18836	2.6	39865	45220	13.4	28484	30177	5.9
TOTAL INPUTS	33142	34349	3.6	62763	69324	10.5	50597	54282	7.3
FARM BUSINESS INCOME	1882	4395	133.5	14816	25956	75.2	9338	14630	56.7
(plus) depreciation of buildings & works	2613	2185	-16.4	2365	2588	9.4	3118	2709	-13.1
(plus) depreciation of plant machinery & vehicles	3233	2841	-12.1	13510	15157	12.2	7355	7593	3.2
(minus) valuation change	3966	2379	-40.0	3363	-2090	-	3536	1627	-54.0
(equals) CASH INCOME	3763	7041	87.1	27327	45791	67.6	16275	23306	43.2
(minus) Net capital investment	4145	402	-90.3	26253	24212	-7.8	13264	8926	-32.7
(equals) CASH FLOW FARM BUSINESS	-382	6639	-	1074	21579	1909.2	3011	14380	377.6
AVERAGE VALUATIONS	49292	52487	6.5	123826	130614	5.5	82210	86955	5.8

**TABLE 1.4 – DAIRY FARMS
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING -
IDENTICAL SAMPLE 2006/07 AND 2007/08**

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2006/07	2007/08	% Change	2006/07	2007/08	% Change	2006/07	2007/08	% Change	2006/07	2007/08	% Change
Number of farms		11			39			24			29	
Average size of business (ESUs)		26.2			50.7			86.3			165.6	
Total Area of Farm (ha)	33.0	31.9	-3.3	46.9	46.4	-1.1	68.5	71.6	4.5	123.2	127.0	3.1
of which: Crops and grass	31.4	30.2	-3.8	44.4	43.6	-1.8	64.2	65.2	1.6	117.9	121.6	3.1
Rough grazing	0.5	0.5	-	1.0	1.3	30.0	3.2	5.2	62.5	3.2	3.3	3.1
SIZE OF ENTERPRISES:												
Hectares - Total crops	0.1	2.6	2500.0	0.4	0.6	50.0	1.4	1.9	35.7	1.8	3.3	83.3
Av. no - Dairy cows	34.2	30.9	-9.6	56.9	57.5	1.1	104.1	105.4	1.2	197.6	205.3	3.9
Av. no - Beef cows	0.4	0.7	75.0	1.8	2.0	11.1	2.1	1.9	-9.5	3.2	3.7	15.6
Av. no - Other cattle	32.4	24.9	-23.1	50.8	48.3	-4.9	63.8	64.2	0.6	144.4	137.6	-4.7
Av. no - Ewes	1.0	1.0	-	4.4	2.5	-43.2	2.1	1.4	-33.3	8.0	7.6	-5.0
Av. no - Sows/gilts	-	-	-	-	-	-	-	-	-	4.0	3.2	-20.0
CROP OUTPUT:												
Cereals	54	91	68.5	149	455	205.4	508	1105	117.5	989	2698	172.8
Potatoes	-	-	-	-	-	-	387	330	-14.7	-	-	-
Misc. crop output	-468	1190	-	138	205	48.6	-432	8	-	1434	1963	36.9
Total Crop Production	-414	1281	-	288	659	128.8	463	1443	211.7	2422	4661	92.4
Livestock Output:												
Cattle – rearing & fattening	8794	10233	16.4	12530	13365	6.7	19280	24503	27.1	37610	48067	27.8
Cattle – dairy	-853	531	-	-1393	-1175	15.6	-6310	-5140	18.5	-11996	-13746	-14.6
Milk	32226	38174	18.5	49124	70894	44.3	89019	125757	41.3	195911	281733	43.8
Sheep and wool	59	67	13.6	323	211	-34.7	126	149	18.3	493	435	-11.8
Pigs	-	-	-	-	-	-	-	-	-	5672	4706	-17.0
Poultry and eggs	-	-	-	-	-	-	2051	1717	-16.3	-	-	-
Other livestock	-	-	-	-	-	-	-	-	-	-	101	-
TOTAL LIVESTOCK OUTPUT	40225	49004	21.8	60584	83295	37.5	104167	146986	41.1	227690	321296	41.1
Single Farm Payment	7054	7198	2.0	10293	10496	2.0	17904	18515	3.4	27764	27680	-0.3
LFA Compensatory scheme	98	105	7.1	174	205	17.8	210	208	-1.0	204	213	4.4
Agricultural Environment Schemes	46	148	221.7	748	1052	40.6	660	1470	122.7	314	1413	350.0
Miscellaneous Subsidies	47	-	-	164	11	-93.3	142	17	-88	2037	948	-53.5
Miscellaneous Revenue	296	552	86.5	381	242	-36.5	385	495	28.6	3835	1808	-52.9
On Farm - Non Farm Income	371	495	33.4	-	-	-	272	-	-	553	553	-
Adjustment for disposal of previous years crop	-	-	-	-	-	-	-	-	-	-	73	-
Total Farm Output	47724	58784	23.2	72632	95960	32.1	124205	169133	36.2	264818	358644	35.4

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2006/07	2007/08	% Change	2006/07	2007/08	% Change	2006/07	2007/08	% Change	2006/07	2007/08	% Change
	£ per farm			£ per farm			£ per farm			£ per farm		
INPUTS												
Purchased concentrate feed & fodder	10146	9695	-4.4	15463	19173	24.0	26742	33894	26.7	69371	91435	31.8
Home grown concentrate feed	1321	2626	98.8	1342	1790	33.4	2093	2488	18.9	4671	5859	25.4
Veterinary fees & medicines	1551	1364	-12.1	2495	2454	-1.6	3178	3862	21.5	6707	8031	19.7
Other livestock costs	1313	1814	38.2	2315	2652	14.6	3309	3618	9.3	9686	11673	20.5
Purchased & home grown seed	42	21	-50.0	266	134	-49.6	467	460	-1.5	1243	1774	42.7
Fertilisers	2711	2172	-19.9	4321	4203	-2.7	6804	6733	-1.0	12415	12514	0.8
Other crop costs	315	288	-8.6	448	492	9.8	833	848	1.8	2061	2767	34.3
Regular & casual labour	481	509	5.8	737	878	19.1	2753	2354	-14.5	7398	8076	9.2
Machinery excluding depreciation	4936	5282	7.0	7900	8609	9.0	11523	12516	8.6	26203	28608	9.2
Depreciation of plant machinery & vehicles	3492	4188	19.9	4522	4941	9.3	8715	8943	2.6	15270	17274	13.1
Depreciation of building & works	3033	3586	18.2	4742	5835	23.0	8192	10055	22.7	14132	17034	20.5
Land & building inputs	1826	2384	30.6	3649	3862	5.8	5633	6992	24.1	17679	20827	17.8
Interest payments	274	400	46.0	837	882	5.4	3230	3382	4.7	8396	9203	9.6
Other general farming costs	4897	4826	-1.4	6564	6921	5.4	8467	8468	-	12902	15075	16.8
TOTAL VARIABLE COSTS	19914	20704	4.0	30389	34821	14.6	49756	58632	17.8	123727	152609	23.3
TOTAL FIXED COSTS	16424	18450	12.3	25211	28004	11.1	42180	45982	9.0	84408	97541	15.6
TOTAL INPUTS	36337	39155	7.8	55600	62826	13.0	91936	104614	13.8	208135	250150	20.2
FARM BUSINESS INCOME	11387	19629	72.4	17032	33135	94.5	32269	64519	99.7	56683	108494	91.4
(plus) depreciation of buildings & works	3033	3586	18.2	4742	5835	23.0	8192	10055	22.7	14132	17034	20.5
(plus) depreciation of plant machinery & vehicles	3492	4188	19.9	4522	4941	9.3	8715	8943	2.6	15270	17274	13.1
(minus) valuation change	-914	-1833	-100.5	661	1606	143.0	2282	6492	184.5	4193	13767	228.3
(equals) CASH INCOME	18826	29236	55.3	25635	42305	65.0	46894	77025	64.3	81892	129035	57.6
(minus) Net capital investment	5994	9910	65.3	7208	15325	112.6	14098	30348	115.3	11958	51547	331.1
(equals) CASH FLOW FARM BUSINESS	12832	19326	50.6	18427	26980	46.4	32796	46677	42.3	69934	77488	10.8
AVERAGE VALUATIONS	43752	43431	-0.7	67875	69744	2.8	113452	117929	3.9	221902	235820	6.3

**TABLE 1.5 – LFA CATTLE AND SHEEP
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING -
IDENTICAL SAMPLE 2006/07 AND 2007/08**

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2006/07	2007/08	% Change	2006/07	2007/08	% Change	2006/07	2007/08	% Change	2006/07	2007/08	% Change
Number of farms		49			53			11			5	
Average size of business (SLRs)		17.4			31.0			60.9			92.0	
Total Area of Farm (ha)	71.1	70.2	-1.3	119.6	120.4	0.7	152.3	163.0	7.0	443.8	447.1	0.7
of which: Crops and grass	45.0	42.9	-4.7	70.1	66.0	-5.8	105.3	107.1	1.7	124.9	137.8	10.3
Rough grazing	22.1	22.9	3.6	46.2	51.1	10.6	30.2	39.0	29.1	209.3	199.8	-4.5
SIZE OF ENTERPRISES:												
Hectares - Total crops	0.5	0.5	-	0.9	1.2	33.3	4.7	4.3	-8.5	6.5	8.6	32.3
Av. no. - Dairy cows	0.2	-	-	0.7	0.1	-85.7	-	-	-	-	-	-
Av. no. - Beef cows	27.8	25.7	-7.6	41.5	40.5	-2.4	81.7	87.8	7.5	131.3	127.1	-3.2
Av. no. - Other cattle	44.7	41.6	-6.9	74.6	73.9	-0.9	125.8	124.0	-1.4	214.0	216.9	1.4
Av. no. - Ewes	98.1	97.7	-0.4	213.9	204.8	-4.3	261.2	262.1	0.3	487.1	465.8	-4.4
Av. no. - Sows/gilts	-	-	-	-	-	-	-	-	-	-	-	-
CROP OUTPUT:												
Cereals	47	153	225.5	357	754	111.2	930	1701	82.9	3275	7348	124.4
Potatoes	77	59	-23.4	396	293	-26.0	8837	3476	-60.7	-	-	-
Misc. crop output	233	211	-9.4	-56	103	283.9	656	-146	-122.3	670	641	-4.3
Total Crop Production	357	423	18.5	697	1151	65.1	10423	5031	-51.7	3946	7989	102.5
Livestock Output:												
Cattle – rearing & fattening	14237	13883	-2.5	22903	25895	13.1	45284	54450	20.2	68061	78734	15.7
Cattle – dairy	19	-	-	-160	-17	89.4	-	-	-	-	-	-
Milk	90	-	-	613	-	-	-	-	-	-	-	-
Sheep and wool	5504	6117	11.1	10355	11061	6.8	14859	13847	-6.8	16519	20428	23.7
Pigs	-	-	-	-	-	-	-	-	-	-	-	-
Poultry and eggs	-	-	-	682	724	6.2	-	-	-	-	-	-
Other livestock	-	-	-	-	68	-	53	-	-	-	65	-
Total Livestock Output	19850	20000	0.8	34393	37730	9.7	60196	68298	13.5	84580	99228	17.3
Single Farm Payment	13081	13470	3.0	19811	20237	2.2	34201	34663	1.4	64002	65493	2.3
LFA Compensatory scheme	2696	2624	-2.7	4443	4448	0.1	5087	5571	9.5	16235	16180	-0.3
Agricultural Environment Schemes	1548	2404	55.3	2105	3268	55.2	3511	3789	7.9	1256	7467	494.5
Miscellaneous Subsidies	165	14	-91.5	432	63	-85.4	473	311	-34.2	631	1520	140.9
Miscellaneous Revenue	787	840	6.7	1325	1709	29.0	2159	935	-56.7	1355	956	-29.4
On Farm – Non Farm Income	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment for disposal of previous years crop	-	5	-	6	12	100.0	-	-	-	-	-	-
Total Farm Output	38485	39779	3.4	63213	68618	8.6	116049	118599	2.2	172004	198834	15.6

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2006/07	2007/08	% Change	2006/07	2007/08	% Change	2006/07	2007/08	% Change	2006/07	2007/08	% Change
INPUTS	£ per fam			£ per fam			£ per fam			£ per fam		
Purchased concentrate feed & fodder	4818	4704	-2.4	9625	10515	9.2	14950	15934	6.6	21742	26970	24.0
Home grown concentrate feed	19	46	142.1	281	402	43.1	983	1770	80.1	3353	6963	107.7
Veterinary fees & medicines	1327	1343	1.2	2003	2144	7.0	3728	4100	10.0	4683	6487	38.5
Other livestock costs	885	965	9.0	1433	1421	-0.8	1693	2071	22.3	2615	2738	4.7
Purchased & home grown seed	104	69	-33.7	203	167	-17.7	1262	1889	49.7	623	737	18.3
Fertilisers	2704	2217	-18.0	4017	3967	-1.2	7921	8330	5.2	12339	14936	21.0
Other crop costs	302	334	10.6	332	444	33.7	2235	1524	-31.8	813	1456	79.1
Regular & casual labour	623	581	-6.7	932	876	-6.0	8710	8632	-0.9	7511	8735	16.3
Machinery excluding depreciation	5514	5862	6.3	7612	8008	5.2	13960	14184	1.6	14488	15858	9.5
Depreciation of plant machinery & vehicles	5225	4720	-9.7	6808	7289	7.1	9649	9024	-6.5	9789	9212	-5.9
Depreciation of building & works	2649	2688	1.5	3545	3820	7.8	6380	7042	10.4	16384	18140	10.7
Land & building inputs	3066	3079	0.4	5159	4637	-10.1	8866	9572	8.0	12273	12624	2.9
Interest payments	577	580	0.5	805	847	5.2	2552	2777	8.8	2520	2727	8.2
Other general farming costs	3843	4016	4.5	4736	4753	0.4	6745	7138	5.8	7325	8166	11.5
TOTAL VARIABLE COSTS	12571	11967	-4.8	20796	22041	6.0	42209	45360	7.5	50441	66462	31.8
TOTAL FIXED COSTS	19085	19238	0.8	26695	27247	2.1	47424	48627	2.5	66015	69287	5.0
TOTAL INPUTS	31656	31205	-1.4	47491	49289	3.8	89633	93987	4.9	116456	135749	16.6
FARM BUSINESS INCOME	6829	8574	25.6	15722	19329	22.9	26416	24612	-6.8	55547	63085	13.6
(plus) depreciation of buildings & works	2649	2688	1.5	3545	3820	7.8	6380	7042	10.4	16384	18140	10.7
(plus) depreciation of plant machinery & vehicles	5225	4720	-9.7	6808	7289	7.1	9649	9024	-6.5	9789	9212	-5.9
(minus) valuation change	-1191	-102	91.4	3277	-1023	-	4366	8865	103.0	12226	-5918	-
(equals) CASH INCOME	15894	16085	1.2	22798	31461	38.0	38079	31812	-16.5	69494	96355	38.7
(minus) Net capital investment	8650	5542	-35.9	28521	7399	-74.1	17012	12960	-23.8	4330	18890	336.3
(equals) CASH FLOW FARM BUSINESS	7244	10542	45.5	-5723	24062	-	21066	18852	-10.5	65164	77466	18.9
AVERAGE VALUATIONS	50361	48805	-3.1	78416	81097	3.4	116209	122650	5.5	197522	63085	13.6

**TABLE 1.6 – DAIRY AND LFA CATTLE AND SHEEP – ALL SIZES
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING -
IDENTICAL SAMPLE 2006/07 AND 2007/08**

	DAIRY			LFA CATTLE AND SHEEP		
	2006/07	2007/08	% Change	2006/07	2007/08	% Change
Number of farms						
Average size of business (SLRs)		86.4			24.9	
Total Area of Farm (ha)	70.5	71.9	2.0	95.3	95.6	0.3
of which: Crops and grass	67.0	67.7	1.0	56.7	54.5	-3.9
Rough grazing	2.0	2.6	30.0	32.4	34.6	6.8
SIZE OF ENTERPRISES:						
Hectares - Total crops	1.0	1.9	90.0	0.9	1.1	22.2
Av. No. - Dairy cows	102.5	104.6	2.0	0.3	-	-
Av. No. - Beef cows	2.1	2.3	9.5	36.4	35.0	-3.8
Av. No. - Other cattle	76.5	72.7	-5.0	60.3	58.2	-3.5
Av. No. - Ewes	4.3	3.4	-20.9	145.9	142.8	-2.1
Av. No. - Sows/gilts	1.1	0.9	-18.2	-	-	-
CROP OUTPUT:						
Cereals	445	1159	160.4	237	527	122.4
Potatoes	87	74	-14.9	659	316	-52.0
Misc. crop output	272	788	189.7	184	168	-8.7
Total Crop Production	804	2021	151.4	1080	1011	-6.4
Livestock Output:						
Cattle – rearing & fattening	20333	24873	22.3	19291	20586	6.7
Cattle – dairy	-5312	-5242	1.3	-32	-5	84.4
Milk	95628	135872	42.1	228	-	-
Sheep and wool	285	236	-17.2	7562	8164	8.0
Pigs	1548	1285	-17.0	-	-	-
Poultry and eggs	462	386	-16.5	189	201	6.3
Other livestock	-	27	-	3	20	566.7
TOTAL LIVESTOCK OUTPUT	112945	157438	39.4	27241	28966	6.3
Single Farm Payment	16288	16495	1.3	16988	17410	2.5
LFA Compensatory scheme	179	193	7.8	3541	3522	-0.5
Agricultural Environment Schemes	504	1109	120.0	1809	2806	55.1
Miscellaneous Subsidies	653	266	-59.3	264	69	-73.9
Miscellaneous Revenue	1312	773	-41.1	1024	1089	6.3
On Farm - Non Farm Income	268	225	-16.0	-	-	-
Adjustment for disposal of previous years crop	-	20	-	2	6	200.0
TOTAL FARM OUTPUT	132953	178540	34.3	51949	54880	5.6

INPUTS	DAIRY			LFA CATTLE AND SHEEP		
	2006/07 £ per farm	2007/08	% Change	2006/07 £ per farm	2007/08	% Change
Purchased concentrate feed & fodder	31917	40786	27.8	7006	7321	4.5
Home grown concentrate feed	2417	3183	31.7	202	357	76.7
Veterinary fees & medicines	3656	4129	12.9	1706	1807	5.9
Other livestock costs	4400	5206	18.3	1112	1183	6.4
Purchased & home grown seed	544	638	17.3	205	210	2.4
Fertilisers	6847	6736	-1.6	3523	3259	-7.5
Other crop costs	955	1162	21.7	428	450	5.1
Regular & casual labour	2970	3119	5.0	1280	1254	-2.0
Machinery excluding depreciation	13266	14447	8.9	6722	7094	5.5
Depreciation of plant machinery & vehicles	8244	9095	10.3	5990	5751	-4.0
Depreciation of building & works	7825	9504	21.5	3337	3505	5.0
Land & building inputs	7651	8975	17.3	4127	4037	-2.2
Interest payments	3354	3644	8.6	784	814	3.8
Other general farming costs	8472	9180	8.4	4312	4466	3.6
TOTAL VARIABLE COSTS	58650	70209	19.7	17158	17555	2.3
TOTAL FIXED COSTS	43867	49595	13.1	23578	23953	1.6
TOTAL INPUTS	102517	119804	16.9	40735	41508	1.9
FARM BUSINESS INCOME	30435	58737	93.0	11213	13371	19.2
(plus) depreciation of buildings & works	7825	9504	21.5	3337	3505	5.0
(plus) depreciation of plant machinery & vehicles	8244	9095	10.3	5990	5751	-4.0
(minus) valuation change	1753	5508	214.2	586	52	-91.1
(equals) CASH INCOME	44751	71827	60.5	19955	22575	13.1
(minus) Net capital investment	9872	27779	181.4	14564	6699	-54.0
(equals) CASH FLOW FARM BUSINESS	34879	44048	26.3	5390	15876	194.5
AVERAGE VALUATIONS	116548	121964	4.6	64313	64412	0.2

**TABLE 1.7 – ALL TYPES – 4 SIZE GROUPS
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING -
IDENTICAL SAMPLE 2006/07 AND 2007/08**

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			ALL SIZES		
	2006/07	2007/08	% Change	2006/07	2007/08	% Change	2006/07	2007/08	% Change	2006/07	2007/08	% Change
Number of farms		74			114			47				
Average size of business (ESUs)		18.6			39.1			74.9			48.0	
Total Area of Farm (ha)	58.8	59.4	1.0	75.9	76.3	0.5	86.0	89.9	4.5	77.2	78.6	1.8
of which: Crops and grass	41.3	40.6	-1.7	56.4	55.0	-2.5	73.5	74.9	1.9	59.0	58.9	-0.2
Rough grazing	14.1	15.1	7.1	17.4	19.2	10.3	7.8	10.7	37.2	14.5	15.8	9.0
SIZE OF ENTERPRISES:												
Hectares - Total crops	2.4	2.8	16.7	3.2	3.8	18.7	5.2	5.9	13.5	3.6	4.2	16.7
Av. no. - Dairy cows	4.1	3.5	-14.6	21.3	21.4	0.5	63.1	63.8	1.1	34.9	35.6	2.0
Av. no. - Beef cows	22.1	21.1	-4.5	20.3	19.8	-2.5	21.8	22.8	4.6	21.0	20.5	-2.4
Av. no. - Other cattle	44.8	42.3	-5.6	68.7	68.2	-0.7	80.9	80.7	-0.2	68.8	66.7	-3.1
Av. no. - Ewes	72.7	72.4	-0.4	99.7	93.3	-6.4	80.4	80.4	-	80.3	78.0	-2.9
Av. no. - Sows/gilts	-	-	-	5.3	5.1	-3.8	11.0	11.1	0.9	4.0	4.3	7.5
CROP OUTPUT:												
Cereals	974	1639	68.3	1498	2838	89.5	1892	3426	81.1	1485	2728	83.7
Potatoes	436	37	-91.5	2120	2025	-4.5	4689	2823	-39.8	3069	2240	-27.0
Misc. crop output	463	820	77.1	749	976	30.3	285	1347	372.6	716	1136	58.7
Total Crop Production	1872	2496	33.3	4367	5839	33.7	6865	7597	10.7	5269	6105	15.9
Livestock Output:												
Cattle – rearing & fattening	13592	13523	-0.5	18957	21669	14.3	25107	30161	20.1	19800	22478	13.5
Cattle – dairy	-87	62	-	-573	-441	23.0	-3824	-3115	18.5	-1808	-1799	0.5
Milk	3798	4433	16.7	18411	26249	42.6	53955	76222	41.3	32565	46159	41.7
Sheep and wool	4028	4576	13.6	5099	5266	3.3	4826	4523	-6.3	4336	4602	6.1
Pigs	-	-	-	7148	6538	-8.5	12778	12968	1.5	5135	5490	6.9
Poultry and eggs	20	30	50.0	247	262	6.1	1243	1040	-16.3	244	228	-6.6
Other livestock	-	-	-	-	33	-	10	-	-	6	20	233.3
Total Livestock Output	21351	22624	6.0	49289	59576	20.9	94095	121799	29.4	60279	77177	28.0
Single Farm Payment	11547	11892	3.0	15199	15459	1.7	21341	21908	2.7	16135	16454	2.0
LFA Compensatory scheme	1692	1675	-1.0	1721	1739	1.0	1116	1198	7.3	1582	1590	0.5
Agricultural Environment Schemes	1002	1748	74.5	1357	1954	44.0	1363	1973	44.8	1103	1850	67.7
Miscellaneous Subsidies	162	14	-91.4	236	54	-77.1	326	209	-35.9	385	149	-61.3
Miscellaneous Revenue	929	1015	9.3	2753	3778	37.2	1520	840	-44.7	1849	1964	6.2
On Farm - Non Farm Income	919	991	7.8	-	-	-	335	176	-47.5	495	506	2.2
Adjustment for disposal of previous years crop	-1	1	-	-2	99	-	8	29	262.5	1	48	4700.0
Total Farm Output	39474	42457	7.6	74919	88496	18.1	126969	155730	22.7	87097	105843	21.5

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			ALL SIZES		
	2006/07	2007/08	% Change	2006/07	2007/08	% Change	2006/07	2007/08	% Change	2006/07	2007/08	% Change
	£ per farm			£ per farm			£ per farm			£ per farm		
INPUTS												
Purchased concentrate feed & fodder	5484	5477	-0.1	15835	18496	16.8	27619	33213	20.3	18291	22477	22.9
Home grown concentrate feed	287	572	99.3	892	1234	38.3	1974	2338	18.4	1142	1570	37.5
Veterinary fees & medicines	1262	1243	-1.5	2262	2244	-0.8	3510	4027	14.7	2439	2653	8.8
Other livestock costs	980	1100	12.2	1934	1864	-3.6	2958	3152	6.6	2380	2645	11.1
Purchased & home grown seed	242	158	-34.7	437	452	3.4	912	1112	21.9	619	626	1.1
Fertilisers	2701	2312	-14.4	3969	3842	-3.2	6586	6561	-0.4	4725	4532	-4.1
Other crop costs	425	482	13.4	758	848	11.9	1456	1345	-7.6	1007	1128	12.0
Regular & casual labour	1158	1126	-2.8	1618	1672	3.3	4292	4032	-6.1	2365	2450	3.6
Machinery excluding depreciation	5391	5768	7.0	8252	8945	8.4	11476	13215	15.2	9329	10211	9.5
Depreciation of plant machinery & vehicles	4612	4304	-6.7	7255	8006	10.4	9115	9161	0.5	7248	7535	4.0
Depreciation of building & works	2596	2607	0.4	3607	4135	14.6	7326	8493	15.9	4747	5349	12.7
Land & building inputs	2780	3106	11.7	4464	4486	0.5	7727	8334	7.9	5689	6283	10.4
Interest payments	397	415	4.5	871	1027	17.9	2748	2741	-0.3	1655	1823	10.2
Other general farming costs	4126	4208	2.0	5807	6020	3.7	7935	8131	2.5	6074	6435	5.9
TOTAL VARIABLE COSTS	13854	13795	-0.4	29453	32280	9.6	51721	59640	15.3	35500	40754	14.8
TOTAL FIXED COSTS	18588	19082	2.7	28508	30990	8.7	43913	46214	5.2	32212	34963	8.5
TOTAL INPUTS	32442	32878	1.3	57961	63270	9.2	95634	105854	10.7	67711	75717	11.8
FARM BUSINESS INCOME	7032	9579	36.2	16958	25226	48.8	31335	49875	59.2	19385	30127	55.4
(plus) depreciation of buildings & works	2596	2607	0.4	3607	4135	14.6	7326	8493	15.9	4747	5349	12.7
(plus) depreciation of plant machinery & vehicles	4612	4304	-6.7	7255	8006	10.4	9115	9161	0.5	7248	7535	4.0
(minus) valuation change	35	409	1068.6	2331	-184	-	1741	6963	299.9	1629	2448	50.3
(equals) CASH INCOME	14204	16081	13.2	25488	37551	47.3	46034	60567	31.6	29752	40563	36.3
(minus) Net capital investment	7198	5115	-28.9	18845	13111	-30.4	15640	23383	49.5	12859	15299	19.0
(equals) CASH FLOW FARM BUSINESS	7006	10966	56.5	6643	24440	267.9	30394	37184	22.3	16894	25264	49.5
AVERAGE VALUATIONS	48676	48489	-0.4	81938	85140	3.9	115015	119280	3.7	86638	89632	3.5

**INCOMES ON CATTLE & SHEEP (LFA & LOWLAND),
DAIRY AND ALL FARM TYPES ABOVE 1SLR IN 2006/07 AND 2007/08**

£ PER FARM

		Farm Business Income	Cash Income	Net Farm Income
Dairy	06/07	33,804	49,337	26,164
	07/08	65,633	79,360	59,033
Cattle and Sheep (LFA)	06/07	20,418	34,540	11,702
	07/08	21,445	28,977	12,103
Cattle and Sheep (Lowland)	06/07	18,835	32,194	3,238
	07/08	22,401	33,093	6,844
All Types	06/07	28,411	41,117	19,573
	07/08	45,181	58,569	36,681

APPENDIX 2

ASSETS AND LIABILITIES OF CEREAL FARMS, 2007/08 AVERAGE FARM SIZE 85.8 HECTARES

	Opening Valuation	£	Closing Valuation
Land and Buildings	2,072,581		2,152,700
Other fixed assets	65,137		67,803
TOTAL FIXED ASSETS	2,137,718		2,220,503
Trading livestock, crops & stores	21,431		30,970
Debtors and short-term lending	-		-
Cash in hand and at bank	-		-
TOTAL CURRENT ASSETS	21,431		30,970
TOTAL ASSETS	2,159,149		2,251,473
Bank & other institutional loans	3,525		2,739
Family & other loans	-		-
TOTAL LONG-TERM LOANS	3,525		2,739
Bank overdraft	19,366		69,808
Other short-term borrowing	5,387		3,985
TOTAL SHORT-TERM LOANS	24,753		73,793
TOTAL EXTERNAL LIABILITIES	28,278		76,532
NET WORTH	2,130,871		2,174,941

ASSETS AND LIABILITIES OF GENERAL CROPPING FARMS, 2007/08
AVERAGE FARM SIZE 73.6 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	804,117	804,837
Other fixed assets	99,960	92,945
TOTAL FIXED ASSETS	904,077	897,782
Trading livestock, crops & stores	32,987	32,170
Debtors and short-term lending	4,992	-
Cash in hand and at bank	-	-
TOTAL CURRENT ASSETS	37,979	32,170
TOTAL ASSETS	942,056	929,952
Bank & other institutional loans	-	-
Family & other loans	-	-
TOTAL LONG-TERM LOANS	-	-
Bank overdraft	59,969	26,667
Other short-term borrowing	13,926	11,746
TOTAL SHORT-TERM LOANS	73,895	38,413
TOTAL EXTERNAL LIABILITIES	73,895	38,413
NET WORTH	868,161	891,539

ASSETS AND LIABILITIES OF PIGS AND POULTRY FARMS, 2007/08
AVERAGE FARM SIZE 15.7 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	582,114	584,632
Other fixed assets	26,902	32,931
TOTAL FIXED ASSETS	609,016	617,563
Trading livestock, crops & stores	51,927	44,649
Debtors and short-term lending	-	-
Cash in hand and at bank	-	-
TOTAL CURRENT ASSETS	51,927	44,649
TOTAL ASSETS	660,943	662,212
Bank & other institutional loans	-	-
Family & other loans	-	-
TOTAL LONG-TERM LOANS	-	-
Bank overdraft	-	19,951
Other short-term borrowing	-	11,511
TOTAL SHORT-TERM LOANS	-	31,462
TOTAL EXTERNAL LIABILITIES	-	31,462
NET WORTH	660,943	630,750

ASSETS AND LIABILITIES OF DAIRY FARMS, 2007/08
AVERAGE FARM SIZE 71.9 HECTARES

	Opening Valuation	£	Closing Valuation
Land and Buildings	971,414		992,066
Other fixed assets	89,363		95,718
TOTAL FIXED ASSETS	1,060,777		1,087,784
Trading livestock, crops & stores	27,540		31,536
Debtors and short-term lending	8,271		12,407
Cash in hand and at bank	111		208
TOTAL CURRENT ASSETS	35,922		44,151
TOTAL ASSETS	1,096,699		1,131,935
Bank & other institutional loans	33,008		33,737
Family & other loans	1,507		1,269
TOTAL LONG-TERM LOANS	34,515		35,006
Bank overdraft	16,454		14,064
Other short-term borrowing	6,031		5,223
TOTAL SHORT-TERM LOANS	22,485		19,287
TOTAL EXTERNAL LIABILITIES	57,000		54,293
NET WORTH	1,039,699		1,077,642

ASSETS AND LIABILITIES OF CATTLE AND SHEEP FARMS (LFA), 2007/08
AVERAGE FARM SIZE 95.6 HECTARES

	Opening Valuation	£	Closing Valuation
Land and Buildings	801,548		813,067
Other fixed assets	45,714		44,279
TOTAL FIXED ASSETS	847,262		857,346
Trading livestock, crops & stores	24,416		25,574
Debtors and short-term lending	15		-
Cash in hand and at bank	16		-
TOTAL CURRENT ASSETS	24,447		25,574
TOTAL ASSETS	871,709		882,920
Bank & other institutional loans	7,534		6,499
Family & other loans	95		71
TOTAL LONG-TERM LOANS	7,629		6,570
Bank overdraft	5,141		5,517
Other short-term borrowing	1,100		1,465
TOTAL SHORT-TERM LOANS	6,241		6,982
TOTAL EXTERNAL LIABILITIES	13,870		13,552
NET WORTH	857,839		869,368

**ASSETS AND LIABILITIES OF CATTLE AND SHEEP FARMS
(LOWLAND) 2007/08
AVERAGE FARM SIZE 60.5 HECTARES**

	Opening Valuation	£	Closing Valuation
Land and Buildings	939,612		940,895
Other fixed assets	45,478		46,611
TOTAL FIXED ASSETS	985,090		987,506
Trading livestock, crops & stores	42,162		44,580
Debtors and short-term lending	91		171
Cash in hand and at bank	-		-
TOTAL CURRENT ASSETS	42,253		44,751
TOTAL ASSETS	1,027,343		1,032,257
Bank & other institutional loans	4,526		4,308
Family & other loans	-		-
TOTAL LONG-TERM LOANS	4,526		4,308
Bank overdraft	2,641		3,696
Other short-term borrowing	4,963		5,433
TOTAL SHORT-TERM LOANS	7,604		9,129
TOTAL EXTERNAL LIABILITIES	12,130		13,347
NET WORTH	1,015,213		1,018,820

ASSETS AND LIABILITIES OF MIXED FARMS, 2007/08
AVERAGE FARM SIZE 59.2 HECTARES

	Opening Valuation	£	Closing Valuation
Land and Buildings	880,596		886,979
Other fixed assets	37,458		40,931
TOTAL FIXED ASSETS	918,054		927,910
Trading livestock, crops & stores	45,813		53,379
Debtors and short-term lending	298		345
Cash in hand and at bank	-		-
TOTAL CURRENT ASSETS	46,111		53,724
TOTAL ASSETS	964,165		981,634
Bank & other institutional loans	593		396
Family & other loans	-		-
TOTAL LONG-TERM LOANS	593		396
Bank overdraft	5,939		5,792
Other short-term borrowing	672		889
TOTAL SHORT-TERM LOANS	6,611		6,681
TOTAL EXTERNAL LIABILITIES	7,204		7,077
NET WORTH	956,961		974,557

ASSETS AND LIABILITIES OF ALL TYPES, 2007/08
AVERAGE FARM SIZE 78.6 HECTARES

	Opening Valuation	£	Closing Valuation
Land and Buildings	895,394		908,795
Other fixed assets	60,452		62,423
TOTAL FIXED ASSETS	955,846		971,218
Trading livestock, crops & stores	29,805		32,354
Debtors and short-term lending	2,882		4,234
Cash in hand and at bank	44		70
TOTAL CURRENT ASSETS	32,731		36,658
TOTAL ASSETS	988,577		1,007,876
Bank & other institutional loans	15,057		14,817
Family & other loans	549		459
TOTAL LONG-TERM LOANS	15,606		15,276
Bank overdraft	9,292		9,480
Other short-term borrowing	3,488		3,638
TOTAL SHORT-TERM LOANS	12,780		13,118
TOTAL EXTERNAL LIABILITIES	28,386		28,394
NET WORTH	960,191		979,482

APPENDIX 3

ENTERPRISE GROSS MARGIN RESULTS CLASSIFIED INTO FOUR PERFORMANCE CATEGORIES

This Appendix contains the 2007/08 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 are 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 2008.

DAIRY COWS (CLASSIFIED BY GROSS MARGIN PER COW) 2007/08

	Excellent	Good	Moderate	Poor	Average
% of survey farms	12	39	32	17	100
Average herd size	101	80	86	61	81
ENTERPRISE OUTPUT			£ per cow		
Milk	1659	1499	1269	1111	1397
Calves	70	69	62	61	66
Herd replacement	-88	-119	-110	-122	-111
Leasing receipts	-	-	-	-	-
TOTAL ENTERPRISE OUTPUT	1641	1449	1221	1050	1352
Variable Costs					
Concentrates	371	349	284	277	321
Hay, silage, forage & grazing	114	94	110	99	103
Vet, medicines & sundries	93	80	73	73	79
Leasing costs	1	-	-	-	-
TOTAL VARIABLE COSTS	579	524	467	449	503
GROSS MARGIN					
- per cow	1062	925	754	601	849
- per hectare	2231	1842	1629	1147	1740
- per 1000 litres	150	142	132	118	138
Milk yield per cow (litres)	7064	6535	5703	5073	6150
Milk price per litre (pence)	23.5	22.9	22.2	21.9	22.7
Concentrates per litre (kg)	0.29	0.28	0.28	0.31	0.29
Concentrates price per tonne (£)	176	173	164	173	171
Stocking rate (ce per ha)	2.10	1.99	2.16	1.91	2.05
Nitrogen per hectare (kg)	156	148	167	137	154

DAIRY COWS (CLASSIFIED BY GROSS MARGIN PER HECTARE) 2007/08

	Excellent	Good	Moderate	Poor	Average
% of survey farms	16	31	35	18	100
Average herd size	108	99	64	53	80
ENTERPRISE OUTPUT	£ per cow				
Milk	1573	1424	1296	1155	1389
Calves	74	64	65	62	66
Herd replacement	-118	-112	-102	-114	-111
Leasing receipts	-	-	-	-	-
TOTAL ENTERPRISE OUTPUT	1529	1376	1259	1103	1344
Variable Costs					
Concentrates	350	333	295	269	319
Hay, silage, forage & grazing	101	102	102	107	103
Vet, medicines & sundries	90	77	74	78	79
Leasing Costs	-	-	-	-	-
TOTAL VARIABLE COSTS	541	512	471	454	501
GROSS MARGIN					
- per cow	988	864	788	649	843
- per hectare	2421	1892	1497	967	1720
- per 1000 litres	146	138	136	125	138
Milk yield per cow (litres)	6761	6280	5790	5175	6117
Milk price per litre (pence)	23.3	22.7	22.4	22.3	22.7
Concentrates per litre (kg)	0.28	0.29	0.29	0.29	0.29
Concentrates price per tonne (£)	164	175	169	172	170
Stocking rate (ce per ha)	2.45	2.19	1.90	1.49	2.04
Nitrogen used per hectare (kg)	190	167	137	106	151

DAIRY CALVES REARED AS REPLACEMENTS, 2007/08
(CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	18	28	42	12	100
ENTERPRISE OUTPUT	1584	1177	919	759	1071
Variable Costs					
Concentrates*	271	250	351	310	307
Hay, silage, forage and grazing	328	245	189	264	233
Vet and medicines	50	33	43	73	45
Sundries	41	35	28	69	36
TOTAL VARIABLE COSTS	690	563	611	716	621
GROSS MARGIN	894	614	308	43	450
Concentrates per ce (kg)	534	505	853	426	657
Concentrates price per tonne (£)	178	171	168	176	171
Stocking rate (ce per ha)	2.39	2.02	2.02	2.38	2.12
Price per calf bought/transferred in (£)	91	91	84	77	86
Price per heifer sold/transferred out (£)	882	811	728	614	772
Mortality %	1.0	3.2	1.1	2.2	1.8

* Includes milk fed to calves

**SUCKLER COWS - SEVERELY DISADVANTAGED AREA, 2007/08
(CLASSIFIED BY GROSS MARGIN PER COW)**

	Excellent	Good	Moderate	Poor	Average
% of survey farms	16	33	38	13	100
Number of cows per farm	42	45	48	39	45
ENTERPRISE OUTPUT			£ per cow		
Calves	353	340	279	228	304
Herd Replacement	-17	-47	-54	-69	-48
TOTAL ENTERPRISE OUTPUT	336	293	226	160	256
Variable Costs					
Concentrates	37	39	34	38	37
Hay, silage, forage and grazing	74	76	85	90	81
Vet and medicines	15	24	20	18	20
Sundries	12	16	15	13	15
TOTAL VARIABLE COSTS	138	154	154	159	153
GROSS MARGIN	198	139	71	1	103
GROSS MARGIN PER COW EQUIVALENT	177	128	66	1	96
Calves reared per cow	1.05	0.98	0.90	0.78	0.93
Price per calf sold or transferred-out (£)	313	335	302	306	316
Mortality - birth to weaning (%)	1.0	3.6	3.3	2.7	3.0
Concentrates per cow (kg)	242	262	222	263	243
Concentrates price per tonne (£)	155	148	146	144	148

* LFA compensatory allowances are excluded from this analysis

**SUCKLER COWS - DISADVANTAGED AREA, 2007/08
(CLASSIFIED BY GROSS MARGIN PER HECTARE)**

	Excellent	Good	Moderate	Poor	Average
% of survey farms	16	28	39	17	100
Number of cows per farm	50	36	53	41	46
ENTERPRISE OUTPUT	£ per cow				
Calves	322	276	263	212	269
Herd replacement	-17	-28	-44	-42	-35
TOTAL ENTERPRISE OUTPUT	305	248	219	170	234
Variable Costs					
Concentrates	15	11	19	41	20
Hay, silage, forage and grazing	62	68	83	81	76
Vet and medicines	5	14	18	18	15
Sundries	18	17	27	17	22
TOTAL VARIABLE COSTS	100	110	147	157	133
GROSS MARGIN	205	138	72	13	101
GROSS MARGIN PER COW EQUIVALENT	188	129	72	12	97
Calves reared per cow	0.95	0.96	0.88	0.69	0.88
Price per calf sold or transferred out (£)	350	300	304	306	312
Mortality - birth to weaning (%)	2.1	1.7	4.7	4.5	3.5
Concentrates per cow (kg)	97	80	124	268	131
Price of concentrates per tonne (£)	150	128	156	150	150

* LFA compensatory allowances are excluded from this analysis

**BREEDING EWES - SEVERELY DISADVANTAGED AREA
(CROSS BRED FLOCKS), 2007/08
(CLASSIFIED BY GROSS MARGIN PER EWE)**

	Excellent	Good	Moderate	Poor	Average
% of survey farms	16	51	23	10	100
Number of ewes per farm	281	147	180	216	183
ENTERPRISE OUTPUT					
	£ per ewe				
Lambs	81	63	66	55	67
Wool	1	1	1	1	1
Flock replacement	-13	2	-8	-8	-5
TOTAL ENTERPRISE OUTPUT	69	66	60	48	63
Variable Costs					
Concentrates	10	10	16	8	12
Hay, silage, forage and grazing	8	16	14	21	14
Vet, medicines and sundries	8	7	12	9	8
TOTAL VARIABLE COSTS	26	33	42	38	34
GROSS MARGIN	43	33	18	10	29
Price per lamb sold (£)	50	50	50	43	49
Lambing percentage	163	147	157	146	153
Lambs reared per 100 ewes	157	140	148	138	146
Wool per ewe (kg)	3.7	2.6	2.9	1.7	2.8
Wool per kg (p)	40	33	32	34	35
Concentrates per ewe (kg)	68	68	105	52	74
Concentrates price per tonne (£)	151	152	157	164	154
Mortality - ewes (%)	6.4	4.4	6.7	5.8	5.6
Mortality - lambs per 100 ewes	5.6	6.2	8.9	8.6	6.9

* LFA compensatory allowances are excluded from this analysis

**BREEDING EWES - SEVERELY DISADVANTAGED AREA
(HARDY HILL BREEDS), 2007/08
(CLASSIFIED BY GROSS MARGIN PER EWE)**

	Excellent	Good	Moderate	Poor	Average
% of survey farms	13	34	34	19	100
Number of ewes per farm	256	270	310	452	316
ENTERPRISE OUTPUT			£ per ewe		
Lambs	75	49	43	17	41
Wool	1	1	1	1	1
Flock replacement	-4	-	-2	-1	-1
TOTAL ENTERPRISE OUTPUT	72	50	42	17	41
Variable Costs					
Concentrates	13	10	13	4	10
Hay, silage, forage and grazing	15	10	12	10	11
Vet, medicines and sundries	9	8	8	7	8
Leasing costs					
TOTAL VARIABLE COSTS	37	28	33	21	29
GROSS MARGIN	35	22	9	-4	12
Price per lamb sold (£)	50	46	42	29	43
Lambing percentage	143	135	129	97	123
Lambs reared per 100 ewes	135	127	122	87	116
Wool per ewe (kg)	3.0	2.8	2.7	3.0	2.9
Wool per kg (p)	38	36	35	23	32
Concentrates per ewe (kg)	71	71	74	25	60
Concentrates price per tonne (£)	183	148	168	159	162
Mortality - ewes %	4.6	5.0	4.3	9.5	5.9
Mortality - lambs %	7.6	7.5	6.7	10.0	7.9

* **LFA compensatory allowances are excluded from this analysis**

**BREEDING EWES - DISADVANTAGED AREA, 2007/08
(CLASSIFIED BY GROSS MARGIN PER HECTARE)**

	Excellent	Good	Moderate	Poor	Average
% of survey farms	9	33	50	8	100
Number of ewes per farm	97	146	127	165	134
ENTERPRISE OUTPUT					
	£ per Ewe				
Lambs	67	68	62	48	63
Wool	1	1	1	1	1
Flock replacement	4	1	-5	-9	-3
TOTAL ENTERPRISE OUTPUT	72	70	58	40	61
Variable Costs					
Concentrates	5	11	10	9	10
Hay, silage, forage and grazing	13	15	12	19	14
Vet, medicines and sundries	6	9	7	10	8
TOTAL VARIABLE COSTS	24	35	29	38	32
GROSS MARGIN	48	35	29	2	29
Price per lamb sold (£)	56	52	49	41	50
Lambing percentage	155	152	150	125	148
Lambs reared per 100 ewes	148	144	141	121	140
Wool per ewe (kg)	2.4	2.2	2.5	1.6	2.3
Wool per kg (p)	31	41	40	40	40
Concentrates per ewe (kg)	22	63	57	48	56
Concentrates price per tonne (£)	169	174	165	190	171
Ewes per hectare	10.51	8.90	6.46	7.82	7.52
Stocking rate (ce per ha)	2.45	1.68	1.30	1.81	1.51
Mortality - ewes %	5.2	3.2	4.4	3.3	3.9
Mortality - lambs per 100 ewes	7.8	7.8	8.9	4.3	8.0

* LFA compensatory allowances are excluded from this analysis

BREEDING EWES - NON LFA, 2007/08
(CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	12	27	46	15	100
Number of ewes per farm	173	216	157	128	170
ENTERPRISE OUTPUT		£ per ewe			
Lambs	69	75	60	51	65
Wool	1	1	1	1	1
Flock replacement	6	-6	-3	-12	-4
TOTAL ENTERPRISE OUTPUT	76	70	58	40	62
Variable Costs					
Concentrates	8	9	13	10	11
Hav. silage, forage and grazing	16	14	12	14	13
Vet, medicines and sundries	8	9	8	11	9
TOTAL VARIABLE COSTS	32	32	33	35	33
GROSS MARGIN	44	38	25	5	29
Price per lamb sold (£)	52	52	48	47	50
Lambing percentage	157	163	168	124	160
Lambs reared per 100 ewes	149	157	157	105	150
Wool per ewe (kg)	2.3	2.7	2.9	2.9	2.8
Wool per kg (p)	46	29	27	32	30
Concentrates per ewe (kg)	46	52	73	60	61
Concentrates price per tonne (£)	168	179	171	167	172
Ewes per hectare	9.67	8.40	7.48	9.44	8.20
Stocking rate (ce per ha)	2.00	1.69	1.58	1.98	1.70
Mortality - ewes %	5.0	5.6	6.1	3.1	5.5
Mortality - lambs per 100 ewes	7.7	5.9	10.6	19.4	9.7

PIGS - BIRTH TO BACON, 2007/08
(CLASSIFIED BY GROSS MARGIN PER FINISHED PIG)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	20	30	30	20	100
Number of pigs finished per farm	2536	1338	1374	3156	1952
Number of sows per farm	127	71	82	212	114
	£ per pig				
ENTERPRISE OUTPUT	79	80	75	66	74
Variable Costs					
Feedingstuffs	52	63	63	57	58
Vet. and medicines	3	1	2	3	2
Sundries	3	1	2	1	2
TOTAL VARIABLE COSTS	58	65	67	61	62
GROSS MARGIN	21	15	8	5	12
Price of meal equivalent per tonne (£)	177	194	192	189	188
Meal equivalent per finished pig (kg)	295	324	331	302	311
Litters per sow per year	2.2	1.9	1.9	1.9	1.9
Live births per litter	10.1	11.0	10.5	8.9	9.9
Pigs weaned per litter	9.4	9.8	9.3	8.2	9.0
Pigs weaned per sow per year	20.3	18.4	17.6	15.2	17.5
Price of finished pig sold (£)	78.67	80.07	74.98	65.80	73.92
Mortality - suckers %	6.7	10.4	11.1	8.0	8.9
Mortality - weaners %	1.3	2.3	3.7	2.3	2.3

SPRING BARLEY (2007 CROP)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	19	35	27	19	100
Hectares per farm	10.8	17.9	7.3	5.5	11.4
ENTERPRISE OUTPUT		£ per hectare			
Grain	881	778	674	564	759
Straw	259	201	188	182	207
TOTAL ENTERPRISE OUTPUT	1140	979	862	746	966
Variable Costs					
Seed	52	44	46	46	46
Fertilisers	80	83	73	73	80
Sprays	71	77	61	61	72
Sundries	18	16	22	43	20
TOTAL VARIABLE COSTS	221	220	202	223	218
GROSS MARGIN	919	759	660	523	748
Grain (tonnes per ha)	5.94	5.07	4.92	4.11	5.11
Straw (tonnes per ha)	5.25	3.55	3.71	3.60	3.88
Fertilisers used per hectare (kg)	488	506	451	469	490
Grain per tonne (£)	148	153	137	137	148
Straw per tonne (£)	49	57	51	51	53

WINTER BARLEY (2007 CROP)

	Above Average	Below Average	Average
% of survey farms	45	55	100
Hectares per farm	22.3	17.0	19.4
Enterprise Output		£ per hectare	
Grain	1148	750	958
Straw	268	173	223
TOTAL ENTERPRISE OUTPUT	1416	923	1181
Variable Costs			
Seed	64	46	55
Fertilisers	90	135	112
Sprays	105	125	115
Sundries	7	8	7
TOTAL VARIABLE COSTS	266	314	289
GROSS MARGIN	1150	609	892
Grain (tonnes per ha)	7.30	5.90	6.63
Straw (tonnes per ha)	4.71	4.03	4.39
Fertilisers used per hectare (kg)	651	859	750
Grain per tonne (£)	157	127	144
Straw per tonne (£)	57	43	51

WINTER WHEAT (2007 CROP)

	Above Average	Below Average	Average
% of survey farms	44	56	100
Hectares per farm	23.3	19.0	20.9
ENTERPRISE OUTPUT		£ per hectare	
Grain	1421	1180	1298
Straw	225	159	191
TOTAL ENTERPRISE OUTPUT	1646	1339	1489
Variable Costs			
Seed	54	51	53
Fertilisers	101	118	110
Sprays	150	200	175
Sundries	13	17	15
TOTAL VARIABLE COSTS	318	386	353
GROSS MARGIN	1328	953	1136
Grain (tonnes per ha)	8.81	7.41	8.09
Straw (tonnes per ha)	4.65	3.96	4.30
Fertilisers used per hectare (kg)	807	711	758
Grain per tonne (£)	161	159	160
Straw per tonne (£)	48	40	45

WARE POTATOES (2007 CROP)

	Above Average	Below Average	Average
% of survey farms	45	55	100
Hectares per farm	24.9	5.9	14.5
ENTERPRISE OUTPUT		£ per hectare	
Current Crop	4959	2812	4482
Variable Costs			
Seed	376	512	406
Fertilisers	197	192	196
Sprays	324	236	304
Contract/Casual Wages	305	97	259
Sundries	140	94	130
TOTAL VARIABLE COSTS	1342	1131	1295
GROSS MARGIN	3617	1681	3187
Yield of ware per hectare (tonnes)	37	20	33
Seed used per hectare (tonnes)	2.19	2.67	2.30
Fertiliser used per hectare (kg)	1140	1062	1123
Price per tonne sold (£)	140	124	137

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.
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 2007 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.

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.

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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