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MÄNNYSTRIE O
Fairms an
Kintra Fordèrin

POLICY AND ECONOMICS DIVISION

Farm Incomes in Northern Ireland

2009/10

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Department of Agriculture and Rural Development

Policy and Economics Division

FARM INCOMES

IN

NORTHERN IRELAND

2009/10

A National Statistics Publication

A National Statistics Publication

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FOREWORD AND ACKNOWLEDGEMENTS

This report on Farm Incomes in Northern Ireland, the eighteenth 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 2009/10 account year, which has an average year end of mid-February 2010 for the 375 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.

Within the report, Farm Business Income is the headline measure of farm incomes. This measure was introduced in 2008 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 within the Farm Business Survey. 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 Rosemary Kerr and Frankie Quinn who are involved in the preparation and analysis of the accounting information.

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

NORMAN FULTON
Director of Policy and Economics
March 2011

EXECUTIVE SUMMARY

1. The average Farm Business Income across all farm businesses above 0.5 Standard Labour Requirements (SLRs) decreased from £25,663 to £21,586 per farm between 2008/09 and 2009/10. This resulted from a decrease of 1.8% in the average value of farm output and an average increase in expenditure on inputs of 2.2%.

2. For the main farming enterprises, increases in gross margin between 2008/09 and 2009/10 were recorded for SDA beef cows, DA beef cows, pigs, spring barley and all breeding ewe enterprises, whereas, decreases were recorded for dairy cows, lowland beef cows, winter barley, winter wheat and ware potatoes.

3. Between 2008/09 and 2009/10 increases in Farm Business Income were recorded on 2 of the 6 main types of farm covered in the Farm Business Survey (FBS). Pigs & Poultry and Cattle & Sheep (LFA) were the only farm types to show an increase in average Farm Business Income. Income results show that average Farm Business Income increased by £27,600 on Pig and Poultry farms and by £1,737 on Cattle and Sheep (LFA) farms.

4. A Farm Business Income above £10,000 was achieved by 67% of the farm businesses in the FBS in 2009/10; 14% of the farms incurred a loss.

5. Cash Income per farm, which is the difference between cash receipts and expenditure, decreased from an average of £37,901 in 2008/09 to £35,091 in 2009/10. This income measure provides the average amount of cash available per farm to cover living expenses and investment expenditure.

6. Direct payments increased by £2,502 per farm between 2008/09 and 2009/10 and averaged £26,389 per farm and £315 per hectare in 2009/10. (Section 2.4). Direct payments represented 122% of Farm Business Income and 75% of Cash Income generated across all types of farm in Northern Ireland.

7. Two of the six main types of farm business generated a positive Farm Business Income in 2009/10 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 £17,384 per farm higher than that for Cattle and Sheep (LFA) farms. Dairy and LFA Cattle and Sheep type farms account for 70% of the farms classified as full-time businesses. (Section 2.6)

9. Off-farm income of the farmer and spouse averaged £6,284 per farm in 2009/10. However, on 46% 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 2009/10, only the spouse of the farmer on 26% of the farms had off-farm employment, on a further 5% of farms the farmer had off-farm employment

and on another 3% of farms both the farmer and spouse had off-farm employment.

11. The average level of net investment per farm increased from £32,687 in 2008/09 to £32,822 in 2009/10. Investment levels in 2009/10 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 £39,384 per farm and equated to 3.4% of the total value of farm assets. On only 5% of farms, external liabilities represented more than 15% of the value of farm assets. (Section 3.1).

13. There were no bank borrowings recorded by 53% of farms in 2009/10 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 decreased by £131, from £667 in 2008/09 to £536 in 2009/10. This decrease was due to a fall in milk receipts.

(ii) The difference in herd gross margin between those in the top 25% and bottom 25% performance groups amounted to £32,224 for a herd of average size in the Farm Business Survey. (Section 4.1).

Suckler Cows

(i) The average gross margins for SDA and DA cows increased by £27, and £28 per cow respectively between 2008/09 and 2009/10, whereas the gross margin of Lowland cows decreased by £21 per cow.

(ii) DA suckler cow herds had the highest average gross margin per cow, at £150, while Lowland herds averaged £131 and SDA herds £128 in 2009/10. (Section 4.2).

Sheep

(i) Between 2008/09 and 2009/10 the average gross margins per breeding ewe in the SDA, DA and lowland flocks increased by £8, £11 and £8 respectively.

(ii) The highest average gross margin per ewe of £54 was achieved by both the Lowland and DA flocks and this was £35 higher than for ewes in SDA flocks. (Section 4.3).

Pigs

On birth to bacon pig units the average gross margin per pig increased from £22.70 in 2008/09 to £38.06 in 2009/10. Between 2008/09 and 2009/10, the average output for pigs increased by £14.96 per pig and the average cost of feedstuffs decreased by £0.53 per pig. (Section 4.4).

Cereals

(i) The average gross margins per hectare for winter barley and winter wheat crops were lower in 2009/10 than in 2008/09. Decreases in gross margin per hectare were winter barley (£170), and winter wheat (£74). The average gross margin for spring barley increased by £9 per hectare between 2008/09 and 2009/10.

(ii) The winter barley crop had the highest average gross margin of the three main cereal crops, at £600 per hectare, followed by winter wheat at £554 and spring barley at £386. (Sections 4.5-4.7).

Potatoes

The average gross margin for ware potatoes decreased from £3,520 per hectare in 2008/09 to £1,606 per hectare in 2009/10, a decrease of £1,914. The ware crop yield per hectare decreased from 31.9 tonnes in 2008/09 to 24.7 tonnes in 2009/10, whereas, the ware potato price per tonne decreased by £26 per tonne from £169 per tonne in 2008/09 to £143 per tonne in 2009/10. (Sections 4.8).

Fixed Costs

15. The average levels of fixed costs (excluding labour) per hectare across all farm types were higher in 2009/10 than in 2008/09, at £472 and £455 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 only significant type of farm business excluded from the FBS is horticulture. However, in the 2009/10 accounting period, it was not possible to obtain an adequate sample to permit the estimation of robust average income figures for General Cropping type farms. Those General Cropping type farms within the sample are included in the estimation of average incomes for the 'All types' category.

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 13,232 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 375 farm businesses for the 2009/10 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 293 farm businesses over 0.5 SLRs in size provided information for both the 2008/09 and 2009/10 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 2009/10 account year information presented in this report refers to the 2009 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, 2009/10

Type of Farm Business	Number of Farm Businesses	
	Northern Ireland*	FBS Sample**
Cereals	180	10
General Cropping	158	3
Horticulture	202	-
Pigs and Poultry	392	4
Dairy	3,230	109
Cattle and Sheep (LFA)	4,160	123
Cattle and Sheep (Lowland)	1,477	31
Mixed	526	13
Others	226	-
All Types	**10,551**	**293**

* Number of farm businesses above 0.5 SLRs in size at June 2009 Census; there are 14,713 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 2008/09 and 2009/10 account years, and which were used in the analyses. A further 46 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 in 2008 as the headline measure of farm income following consultation by DARD 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.

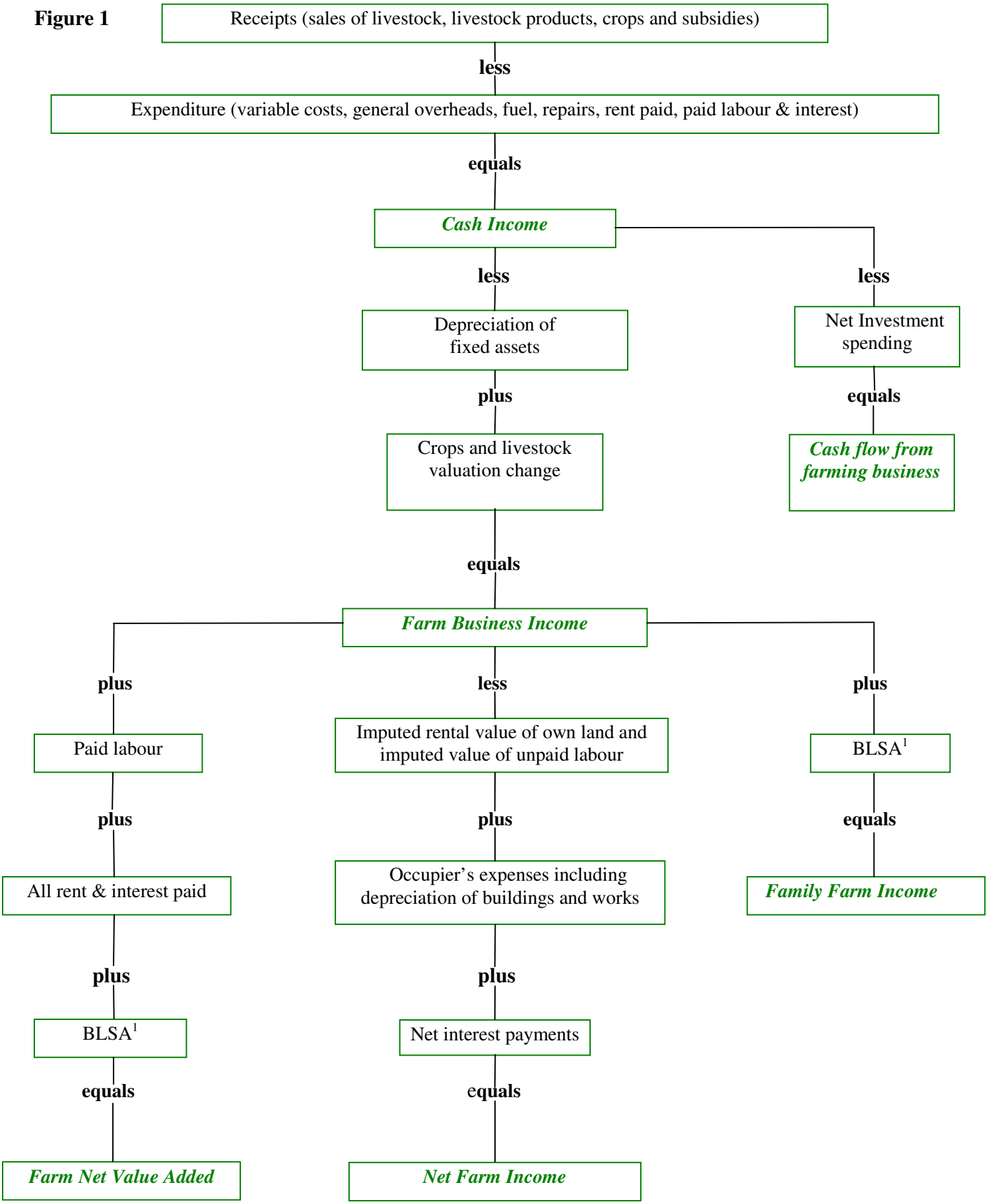
FBI differs from NFI in that it represents the return to all unpaid labour, not just the farmer and spouse and it treats the tenure of farms as it is: tenants as tenants, owner occupiers as owner occupiers and those with both types of tenure as mixed.

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 2008/09 and 2009/10

Average Farm Business Income, Cash Income, and Net Farm Income measured across all farm types is shown in table 2a for the accounting years 2008/09 and 2009/10. As shown, average Farm Business Income decreased between 2008/09 and 2009/10 by £4,077 or 15.9% per farm. This resulted from a 1.8% decrease in the value of outputs and a 2.2% increase in expenditure on inputs between 2008/09 and 2009/10. On the other hand, average Cash Income decreased by £2,810 or 7.4% when compared to the previous year. When measuring Farm Income using the previous headline measure Net Farm Income, an average decrease of £4,377 or 23.5% per farm occurred between 2008/09 and 2009/10.

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

	2008/09 £	2009/10 £
Farm Business Income	25,663	21,586
Cash Income	37,901	35,091
Net Farm Income	18,600	14,223

Farm Business Incomes by individual farm types are presented in table 2b for the 2008/09 and 2009/10 account years. This shows that Average Farm Business Income increased between 2008/09 and 2009/10 on 2 of the 6 main farm types. The two farm types which showed an increase in Average Farm Business Income were Pigs & Poultry and Cattle & Sheep (LFA) farms.

On Dairy farms the average Farm Business Income decreased from £35,869 in 2008/09 to £19,341 in 2009/10, which is a decrease of £16,528 per farm. This resulted from a 7.6% decrease in the value of outputs and a 1.6% increase in expenditure on inputs between 2008/09 and 2009/10. The main reason for the decrease in output between the years was the £13,982 decrease in milk value that arose from the lower milk prices and yields in 2009.

Cattle and Sheep farms (LFA) generated an average Farm Business Income of £21,200 per farm in 2009/10, which was 8.9% higher than the 2008/09 income of £19,463 per farm. This improvement in income was the net result of a 5.4% increase in the value of farm output and a 4.0% increase in expenditure on inputs. The main reasons for the increase in output value between the years were the £3,021 increase in Single Farm Payment, £1,032 increase in sheep and wool activities, and £345 increase in LFA Compensatory Allowance Payments. The main increases in expenditure on inputs were recorded for purchased concentrate feed and fodder (£816) and depreciation of plant, machinery & vehicles (£482).

Cattle and Sheep farms (Lowland) in contrast to Cattle and Sheep (LFA) recorded a decrease in Farm Business Income between 2008/09 and 2009/10. For this farm type, Farm Business Income decreased from £17,907 to £15,985, which is a decrease of 10.7%. This was the net result of a 2.6% increase in the value of farm output and a 6.5% increase in expenditure on inputs. The main components of the increase in output value were increases in Single Farm Payment (£2,951) and Sheep and wool activities (£541), whereas the main changes within expenditure on inputs were a £1,500 increase for purchased concentrate feed and fodder, a £1,381 increase in depreciation of plant, machinery and vehicles, and a £578 increase in building and land inputs.

On the other 3 types of farm, which account for 10.4% of farms above 0.5 SLR's, changes in the total value of farm output between 2008/09 and 2009/10 ranged from -6.9% (Cereal farms) to 15.8% (Pig and Poultry farms). Whereas, change in expenditure on inputs between years ranged from -4.2% (Cereal farms) to 0.1% (Pig and Poultry farms). These three farm types showed changes in average Farm Business Income between years, which ranged from -£3,333 on Cereal farms to £27,600 on Pig and Poultry farms.

Comprehensive data on the values of livestock output, crop output, inputs, and incomes for each of the 6 farm types are given in Appendix 1. Information is also provided for 4 farm size groupings for Dairy and Cattle and Sheep (LFA) farms and for 2 size groupings for lowland Cattle and Sheep farms. These data include information on the physical and financial characteristics of the average farm within each farm type and size in the FBS sample and for the "all sizes" Northern Ireland weighted averages for each farm type. They show, amongst other things, that the levels of changes in the various components of output and input recorded between 2008/09 and 2009/10 may differ for each farm size grouping within farm types. For instance, in the case of dairy farms, the total value of farm inputs decreased by 2.1% in the 0.5 < 1 SLR size group which compares with a 3.3% increase in the >3 SLR size group.

The average levels of income per farm included in this report for each of the 6 farm types in 2008/09 (i.e. the 2008/09 – 2009/10 identical sample) are different to those in the previous year's report (i.e. the 2007/08 – 2008/09 identical sample). This occurs when an identical sample basis for reporting farm incomes is used, because the sample of farms for 2008/09 in the 2008/09– 2009/10 identical samples will not be exactly the same as those for the same year in the 2007/08 – 2008/09 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 10,123 farm businesses of which 5,637 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 2008/09 and 2009/10 (£ per farm)

		Farm Business Income	Cash Income	Net Farm Income
Cereals	08/09	16,152	41,690	8,708
	09/10	12,819	34,024	3,954
Pigs & Poultry	08/09	26,836	22,247	29,914
	09/10	54,436	59,910	57,261
Dairy	08/09	35,869	57,368	31,125
	09/10	19,341	40,415	14,817
Cattle and Sheep (LFA)	08/09	19,463	26,997	10,833
	09/10	21,200	30,169	12,285
Cattle and Sheep (Lowland)	08/09	17,907	22,354	9,869
	09/10	15,985	24,312	7,018
Mixed	08/09	36,758	55,217	23,739
	09/10	35,965	54,833	21,542
All Types	**08/09**	**25,663**	**37,901**	**18,600**
	09/10	**21,586**	**35,091**	**14,223**

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 2009/10 the average level of Cash Income per farm generated across all types of farm in Northern Ireland was £35,091 which is £2,810 lower than in 2008/09. Increases in average Cash Income occurred in 2009/10 on 3 of the 6 farm types and these increases ranged from £1,958 per farm on Cattle and Sheep (Lowland) farms to £37,663 per farm on Pig & Poultry farms. Decreases in average Cash Income occurred in 2009/10 on Cereal, Dairy, and Mixed farms. These decreases ranged

from £384 on Mixed farms to £16,953 on Dairy farms. The lowest level of Cash Income in 2009/10 was recorded for Cattle and Sheep (Lowland) farms at £24,312 per farm, whereas the highest was recorded on Pigs and Poultry farms at £59,910 per farm.

Net Farm Income showed similar changes to Farm Business Income between 2008/09 and 2009/10 for each of the farm types. However, on average, Farm Business Income was £7,363 higher than Net Farm Income in 2009/10. 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 2004/05 and 2009/10 in average Farm Business Income, Cash Income and Net Farm Income when measured across all farm types. Over the period Cash Income was always higher than Farm Business Income and Farm Business Income was always higher than Net Farm Income. Increases in Farm Business Income and Net Farm Income from the previous year were also observed each year over the period, with the exception of both 2008/09 and 2009/10, whereas Cash Income showed an increase each year with the exception of 2006/07, 2008/09 and 2009/10.

When comparing the average income figures measured across all farm types for 2009/10 against those of 2004/05, the results show that average Farm Business Income increased by 40%, Cash Income increased by 35% and Net Farm Income increased by 51% per farm between the two years.

Table 3 Income per farm, 2004/05 to 2009/10 (£ per farm)

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Farm Business Income	15,455	17,328	18,135	30,127	27,195	21,586
Cash Income	25,957	29,340	28,536	40,563	38,751	35,091
Net Farm Income	9,413	10,165	11,492	22,619	19,910	14,223

The distributions of farms by income level as presented in Table 4 provides a more comprehensive picture of income levels generated in 2009/10. When compared with those in 2008/09 they show that the decrease in average Farm Business Income across all types of farm between 2008/09 and 2009/10 resulted in 3% more farms (i.e. 14%) which incurred a negative Farm Business Income. Similarly the fall in average Net Farm Income across all types of farm in 2009/10 resulted in 5% more farms (i.e. 27%) recording a negative Net Farm Income. In Cash Income terms, the proportion of farms with negative incomes was 3% higher (i.e. 6%) in 2009/10 than in 2008/09. 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 2009/10 income distributions are compared with those for 2008/09 they show that the number of farms with a Farm Business Income above £10,000

decreased by 4%. In terms of Cash Income the number of farms with a return of over £10,000 remained unchanged between 2008/09 and 2009/10.

Table 4 Distribution of farms by level of income, 2008/09 and 2009/10

Income £ per farm	Farm Business Income		Cash Income (% of farms)		Net Farm Income	
	08/09	09/10	08/09	09/10	08/09	09/10
<0	11	14	3	6	22	27
0 - 4,999	8	6	4	4	9	11
5 - 9,999	10	13	10	7	11	11
10 - 19,999	21	20	21	19	20	18
20 - 29,999	17	19	19	17	14	16
30,000 and over	33	28	43	47	24	17

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 14,713 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 2008/09 and 2009/10 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 2008/09 and 2009/10 (£ per farm)

		Farm Business Income	Cash Income	Net Farm Income
Cattle and Sheep (LFA)	2008/09	3,911	9,205	1,498
	2009/10	6,087	7,934	2,935
Cattle and Sheep (Lowland)	2008/09	6,126	13,442	-231
	2009/10	957	9,523	-3,675

* 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 2008/09 and 2009/10.

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 2008/09 and 2009/10 represents the 4th and 5th years of SFP scheme.

As shown in table 6, direct subsidy receipts per farm (inclusive of BSE related payments) increased between 2008/09 and 2009/10 for each of the 6 main types of farm when measured on an 'as due' basis of accounting. On average, direct subsidy receipts per farm (inclusive of BSE related payments) increased from £23,887 in 2008/09 to £26,389 in 2009/10.

Cattle and Sheep (LFA) farms received the highest level of direct subsidy receipts, averaging £31,405 per farm in 2009/10, whereas Pigs and Poultry farms recorded the lowest average of the 6 main types of farms, at £6,288 per farm.

Cattle and Sheep (LFA) type farms showed an increase in direct payments of £2,595 per farm between 2008/09 and 2009/10. This was the net result of increases in Single Farm Payment (£3,021 per farm) and LFA Compensatory payments (£345 per farm) and decreases in Agri-Environmental Scheme payments (£430 per farm) and other subsidies (£341 per farm) between 2008/09 and 2009/10.

Similarly, Dairy type farms showed an increase in direct payments of £2,521 per farm between 2008/09 and 2009/10. This was the mainly the result of an increase in Single Farm Payment of £2,601 per farm between 2008/09 and 2009/10.

For the remaining farm types, the increases in direct payments between 2008/09 and 2009/10 were Cereals (£2,605), Pigs and Poultry (£771), Lowland Cattle and Sheep (£2,887) and Mixed (£2,242) farms

The data presented in Tables 6 and 7 shows how important direct payments are to farmers in Northern Ireland. In 2009/10 direct payments ranged from 3% of the value of total farm output on Pig and Poultry farms to 43% on Cattle and Sheep (LFA) farms. When expressed on a per hectare basis direct payments range from £285 per hectare on Dairy farms to £873 per hectare on Pigs and Poultry farms.

When measured across all farm types, average direct payments represented 122% of the value of average Farm Business Income, 75% of the value of average Cash Income and 186% of the value of average Net Farm Income for farms in Northern Ireland. Moreover, for Cereal, Dairy, Cattle and Sheep (LFA) and Cattle and Sheep (lowland) average direct payments were greater than the average Farm Business Income generated per farm in 2009/10. Also, for both LFA and Lowland Cattle and Sheep farms, their average direct payments exceeded average Cash Income.

Table 6 'As due' Direct payments by type of farm in 2008/09 and 2009/10[1]

	2008/09		2009/10	
	£ per farm			
Cereal	22,099	(-)	24,704	(-)
Pigs and Poultry	5,517	(-)	6,288	(-)
Dairy	20,445	(339)	22,966	(24)
Cattle and Sheep (LFA)	28,810	(392)	31,405	(33)
Cattle and Sheep (Lowland)	23,761	(320)	26,648	(-)
Mixed	21,576	(448)	23,818	(-)
All Types (Inclusive BSE)	**23,887**	**(344)**	**26,389**	**(21)**

1. Of which BSE related payments shown in brackets.

Table 7 'As due' Direct payments by type of farm, 2009/10

	% TFO[1]	£ per ha	% FBI[2]	% CI[3]	% NFI[4]
Cereals	26	349	193	73	625
Pigs and Poultry	3	873	12	10	11
Dairy	13	285	119	57	155
Cattle and Sheep (LFA)	43	306	148	104	256
Cattle and Sheep (Lowland)	33	397	167	110	380
Mixed	15	374	66	43	111
All Types	**23**	**315**	**122**	**75**	**186**
All Types (exclusive BSE)	**23**	**314**	**122**	**75**	**185**

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

Table 7(a) Farm Business Incomes including and excluding direct payments in 2009/10 (£ per farm)

	FBI	Direct Payments*	FBI minus Direct Payments
Cereals	12,819	24,704	-11,885
Pigs and Poultry	54,436	6,288	48,148
Dairy	19,341	22,942	-3,601
C&S (LFA)	21,200	31,372	-10,172
C&S (Lowland)	15,985	26,648	-10,663
Mixed	35,965	23,818	12,147
All Types	21,586	26,368	-4,782

*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. Mixed farms are also now returning a negative Income when direct payments are removed. Therefore, only Pigs and Poultry farms are returning a positive Income when direct payments are removed from Net Farm Income. In this instance, the losses from farming activities on Cereal, Cattle and Sheep (LFA), and Cattle and Sheep (Lowland) farm types are very substantial.

Table 7(b) Net Farm Incomes including and excluding direct payments in 2009/10 (£ per farm)

	NFI	Direct Payments*	NFI minus Direct Payments
Cereals	3,954	24,704	-20,750
Pigs and Poultry	57,261	6,288	50,973
Dairy	14,817	22,942	-8,125
C&S (LFA)	12,285	31,372	-19,087
C&S (Lowland)	7,018	26,648	-19,630
Mixed	21,542	23,818	-2,276
All Types	14,223	26,368	-12,145

*Excluding BSE related receipts.

2.6 Trends in Farm Incomes between 2002/03 and 2009/10

Table 8 presents a time series (2002/03 – 2009/10) of average Farm Business Income expressed in real terms for Dairy and Cattle and Sheep (LFA) farm types. These two farm types account for 70% of the farm businesses over 0.5 SLRs in Northern Ireland. These time-series of income shows that in the four most recent years (06/07 to 09/10) the average Farm Business Income for Dairy farms in real terms was 38.9% higher than that in the first four years (02/03 to 05/06) 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 51.8% higher than that in the first four years of the 8 year period.

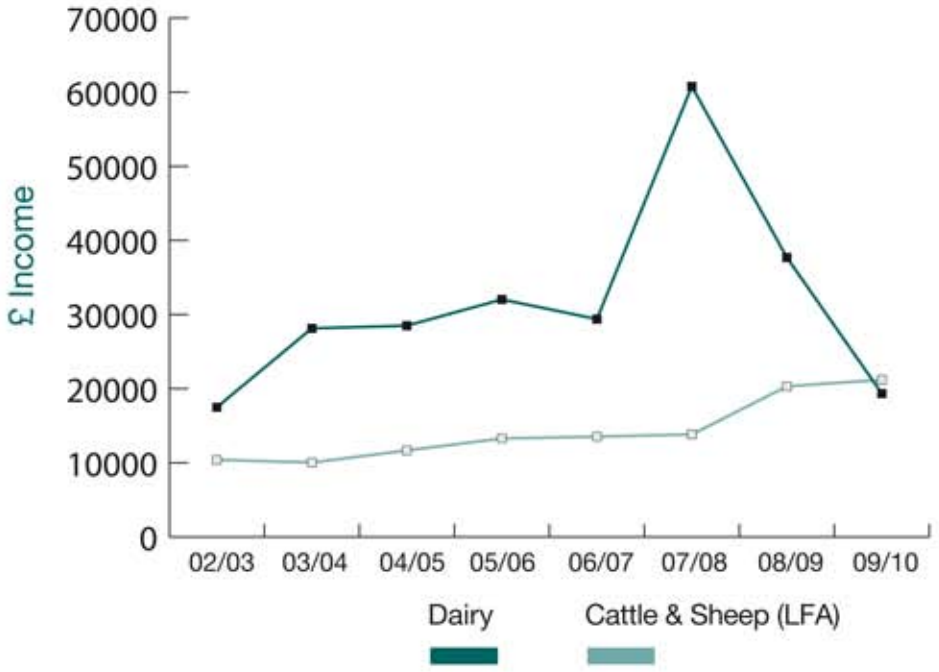
Table 8 **Real Farm Business Income for Dairy and Cattle and Sheep farms (LFA) – 2002/03 to 2009/10[1]**

	Dairy	Cattle and Sheep (LFA)
2002/03	65	198
2003/04	105	190
2004/05	106	221
2005/06	120	252
2006/07	110	257
2007/08	227	262
2008/09	141	386
2009/10	72	402

[1] Expressed as an index in real terms, 2000/01 = 100

The time series (2002/03 – 2009/10) of average Farm Business Income expressed in real terms for Dairy and Cattle and Sheep (LFA) farm types is shown graphically in figure 2. This indicates that the patterns of change in the average incomes for these farm types are very different. For Dairy Farms, levels of Farm Business Income have been relatively volatile over the period with dramatic ups and downs, whereas for LFA Cattle & Sheep Farms they have been gradually increasing. On saying this, the annual average Farm Business Income for Dairy farms has been some £17,384 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 £31,675, compared to £14,291 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 81 hectares in Northern Ireland, is valued at 13% more than the average Cattle and Sheep (LFA) farm of 103 hectares and has generated about 2.2 times as much Farm Business Income over the past 8 years.

Figure 2 **Farm Business Income for Dairy and Cattle and Sheep (LFA) farms 2001/02 to 2009/10**



2.7 Other Sources of Income

In the FBS, farmers are asked to indicate into which of 8 ranges of income the joint income of the farmer and spouse falls for each of six off-farm sources of income. Off-farm income includes both earned and unearned sources, such as other employment and social payments. In total, these receipts averaged £6,284 per farm in 2009/10, of which £4,264 was earned income and £2,020 unearned income. However, it should be noted that on 46% 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 £7,087 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, 2009/10 (£ per farm)

	Off-farm Total Income	Employment & Self-employment	Investments, Pensions, Social Payments
Dairy	5,118	3,026	2,093
Cattle and Sheep (LFA)	7,087	4,910	2,177
Mixed	2,360	811	1,549
All Types	**6,284**	**4,264**	**2,020**

The two most common off-farm income sources were other employment and pensions, as shown in Table 10. In 2009/10, on 78 of the 293 farms only the spouse of the farmer had off-farm employment, on a further 15 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 35% of farms having an off-farm employment source of income. The percentages of farms receiving pensions and social payments were 19% and 13% 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, 2009/10

	Zero	1-999	£ 1,000-4,999	5,000-19,999	20,000+
			(% of farms)		
Employment	71	-	4	19	6
Self-employment	96	-	1	2	1
Investments	95	4	1	-	-
Pensions	81	-	3	15	1
Social payments	87	5	6	2	-
All sources	**46**	**2**	**9**	**34**	**9**

2.8 Investment Levels on Farms

As shown in table 11, the real level of investment made on FBS farms increased between 2000/01 and 2001/02. Then in 2002/03 the real level of investment decreased from the previous year. In 2003/04 there was an increase of 29% on the level of investment made when compared to the previous year, whereas, in 2004/05 investment levels fell to a 10 year low which was 42% below the levels of 2003/04. During the period 2005/06 to 2009/10 investment levels have shown year on year increases of 56% in 2005/06, 50% in 2006/07, 13% in 2007/08, 58% in 2008/09 and 31% in 2009/10.

Table 11 Net investment index per farm, 2000/01 to 2009/10

	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10
Current price index	100	152	117	155	92	148	230	270	438	579
Real terms index[1]	100	150	113	146	84	131	197	222	350	460

1 Deflated using the Retail Price Index, 2000/01=100
2 Based on data from all farms.

As shown in table 12 the average net investment (excluding capital grants received) was £32,822 per farm in 2009/10, which is £135 more than the previous year. The total average net investment in 2009/10 was composed of plant, machinery and vehicles at £9,957 per farm (which is £1,086 higher than in 2008/09), land and buildings at £9,661 per farm (which is £1,758 higher than in 2008/09) and investment on capital improvements at £20,209 per farm (which is £1,151 higher than 2008/09). Capital grants received were £7,005 in 2009/10 (which is £3,860 higher than in 2008/09). Average levels of net investment were higher in 2009/10 than 2008/09 for Cattle and Sheep (LFA) and Mixed farm types.

Table 12 Net investment by type of farm, 2008/09 and 2009/10

	2008/09	2009/10
	£ per farm	
Cereals	32,796	11,920
Pigs and Poultry	15,766	4,962
Dairy	55,317	37,209
Cattle & Sheep (LFA)	20,663	34,915
Cattle & Sheep (Lowland)	24,001	19,198
Mixed	27,633	50,363
All Types	**32,687**	**32,822**

1. Based on data from an identical sample of farms.

As in 2008/09, the average levels of net investment in 2009/10 were different on each of the farm types. The average levels of net investment in 2009/10 ranged from £4,962 per farm on Pigs and Poultry farms to £50,363 per farm on Mixed farms. Differences in levels of investment by farm type occur for a number of reasons including dissimilarities in farm size, levels of Cash Income and the need for replacement/establishment 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. However, in recent years there has also been an increase in net investment as farmers have undertaken investment to satisfy the slurry storage requirements of the Nitrates Directive Action Programme.

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 2009/10 account year is presented in Table 13. This shows that average total assets per farm measured across all farm types were £1,143,374 in 2009/10. Whereas, average external liabilities per farm measured across all farm types were £39,384 in 2009/10, which is 1% lower than the previous year. When measured across all farm types the average external liabilities (i.e. mainly bank borrowings) per farm in 2009/10 were equivalent to 3.4% of total farm assets. Given these values for assets and liabilities the average net worth per farm measured across all farm types was £1,103,990 in 2009/10. When measured across all farm types, net worth expressed as a percentage of total assets was 96.6% in 2009/10. 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 2009/10 ranged from £479,664 per farm on Pigs and Poultry type farms to £1,939,239 per farm on Cereal type farms. Also, in 2009/10, Dairy type farms had the highest average amount of external liabilities at £86,361 per farm, whereas Cattle and Sheep (Lowland) farms had the lowest external liabilities at £12,188 per farm. When measured as a percentage of total assets, external liabilities ranged from 1.0% on Cattle and Sheep (Lowland) type farms to 7.0% on Dairy type farms. When compared to the previous year, external liabilities increased on Cattle and Sheep (LFA) and Mixed type farms, and decreased on Cereals, Pigs and Poultry, Dairy, and Cattle and Sheep (lowland) type farms.

In terms of net worth, average values by farm type in 2009/10 ranged from £466,190 on Pig and Poultry farms to £1,892,986 on Cereal farms. When net worth is expressed as a percentage of total assets, average values range from 93.0% on Dairy farms to 99.0% on Cattle and Sheep (Lowland) farms.

Table 13 Financial stability of farms in Northern Ireland 2008/09 and 2009/10

		Farm Area (ha)	Total Assets (£'000)	External Liabilities (£'000)	Net Worth (£'000)	Net Worth (as % of Total Assets)
Cereals	08/09	77.7	1957.8	48.0	1909.7	97.5
	09/10	70.8	1939.2	46.3	1893.0	97.6
Pigs and Poultry	08/09	7.2	470.5	24.9	445.6	94.7
	09/10	7.2	479.7	13.5	466.2	97.2
Dairy	08/09	78.2	1188.2	89.3	1098.9	92.5
	09/10	80.6	1232.2	86.4	1145.9	93.0
Cattle and Sheep (LFA)	08/09	101.4	1058.6	14.8	1043.8	98.6
	09/10	102.5	1088.5	16.0	1072.6	98.5
Cattle and Sheep (Lowland)	08/09	65.0	1171.4	12.2	1158.8	98.9
	09/10	67.1	1201.9	12.2	1189.8	99.0
Mixed	08/09	62.6	1062.4	23.8	1038.6	97.8
	09/10	63.7	1108.1	33.9	1074.3	96.9
All Types	**08/09**	**82.5**	**1109.4**	**39.8**	**1069.6**	**96.4**
	09/10	**83.9**	**1143.4**	**39.4**	**1104.0**	**96.6**

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 2009/10 only 5% of farm businesses had liabilities which were more than 15% of the value of total farm assets and that 85% 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		
2008/09	1	5	10	40	44
2009/10	1	4	10	44	41

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 2009/10 the average capital required across all farm types was £13,628 per hectare. At the individual farm type level the average capital required ranged from £10,620 per hectare on Cattle and Sheep (LFA) type farms to £66,620 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 2009/10. When measured by individual farm type, the percentage of total assets tied up in land and buildings ranged from 84% on Pigs and Poultry 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 2009/10 the average amount of operating capital (which excludes debtors) measured across all farm types was £107,618 per farm or 9.4% of total assets. This operating capital can be broken down into breeding livestock (29% of operating capital), machinery (32%), trading livestock (32%), and crops and stocks (7%). When measured at the individual farm type level, the average operating capital in 2009/10 ranged from £74,410 for Pigs and Poultry farms to £157,192 for Mixed farms. Alternatively, when measuring average operating capital as a percentage of average total assets for individual farm types in 2009/10, the values ranged from 4.7% for cereal farms to 15.5% for Pigs and Poultry farms.

Table 15 Amount of operating capital by type of farm, 2009/10

	Operating Capital	
	£ Per farm	% of total farm Capital
Cereals	90,567	4.7
Pigs and Poultry	74,410	15.5
Dairy	144,798	11.8
Cattle and Sheep (LFA)	78,642	7.2
Cattle and Sheep (Lowland)	99,970	8.3
Mixed	157,192	14.2
All Types	**107,618**	**9.4**

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 the 2007/08 account 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 2009/10 is low when compared to other investment opportunities. The average rate of return in 2009/10 ranged from 0.7% on Cereal farms to 11.7% on Pigs and Poultry farms.

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

	Farm Business Income as a % of Net Worth 09/10
Cereals	0.7
Pigs and Poultry	11.7
Dairy	1.7
Cattle and Sheep (LFA)	2.0
Cattle and Sheep (Lowland)	1.3
Mixed	3.3
All Types	**2.0**

3.3 Bank Borrowings

In the 2009/10 year, the average level of bank borrowings measured across all farm types was £34,610 per farm. This is an average decrease of £940 per farm when compared to 2008/09. As shown in Table 17, Dairy farms had the highest level of borrowings with an average of £79,881 per farm in 2009/10. The largest increase in borrowings between 2008/09 and 2009/10 occurred on Mixed farms, with an average increase of £10,495 per farm. The largest decrease in borrowing was on Pigs and Poultry farms where borrowing decreased on average by £9,535 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 £4,774 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, 2008/09 and 2009/10

	Bank borrowings (£ per farm)	
	2008/09	2009/10
Cereals	40,222	39,533
Pigs and Poultry	18,988	9,453
Dairy	82,797	79,881
Cattle and Sheep (LFA)	12,618	14,170
Cattle and Sheep (Lowland)	11,248	5,251
Mixed	10,875	21,370
All Types	**35,550**	**34,610**

The distribution of farms by level of borrowing per farm in 2008/09 and 2009/10 are presented in Table 18. This shows that 53% of the farms recorded no bank borrowings in 2009/10 whereas 13% of farms recorded borrowings in excess of £50,000. When comparing the distributions for 2008/09 and 2009/10 the overall picture is very similar with only a 1% decrease in the number of farms with borrowing in excess of £50,000 in 2009/10.

Table 18 Distributions of farms by level of bank borrowings, 2008/09 and 2009/10

Bank Borrowings (£ per farm)	2008/09	2009/10
	% of farms	
Nil	55	53
1 to 20,000	17	22
20,000 to 49,999	14	12
50,000 to 99,999	4	4
100,000 and over	10	9

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 2009 borrowings of £50,000 would have incurred interest costs of around £2,250 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 (31%) and Mixed (15%) farms in this position. Some of these farms have borrowed to purchase land, buildings, machinery and farm improvement materials. For other farms poor market and/or physical performance has 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 2008/09 and 2009/10. As the average account year end for the sample of farms is mid-February, the results refer to the 2008 and 2009 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 2009/10 for SDA beef cows, DA beef cows, pigs, spring barley and all breeding ewe enterprises, whereas, lower gross margins were recorded for dairy cows, lowland beef cows, winter barley, winter wheat and ware potatoes.

Table 19(a) Average gross margins by enterprise in 2008/09 and 2009/10

	Average gross margins	
	2008/09	2009/10
	£ per head	
Dairy Cows	667	536
Suckler Cows - SDA	101	128
- DA	122	150
- Lowland	152	131
Breeding Ewes- SDA	11	19
- DA	43	54
- Lowland	46	54
Pigs	22.70	38.06
	£ per hectare	
Spring Barley	377	386
Winter Barley	770	600
Winter Wheat	628	554
Potatoes – ware	3,520	1,606

4.1 Dairy Cows

As shown in Table 19(b), the average gross margin per dairy cow decreased from £667 in 2008/09 to £536 in 2009/10 for the 95 dairy herds which provided information in both years. This decrease of £131 in average gross margin is the net result of a £156 decrease in output value and a £25 decrease in total variable costs in 2009/10. The main reason for the decrease in output value was that milk receipts were on average £152 lower per cow in 2009/10. The lower milk receipts per cow were due to decreases in milk price of 2.1 pence per litre and milk yield of 151 litres per cow. The decrease in total variable costs per cow resulted mainly from a £30 decrease in concentrate cost per cow. The decrease in concentrate costs per cow was due to lower concentrate prices and usage in 2009/10

Stocking rates also decreased slightly to 1.93 cow equivalents per hectare in 2009/10. Given this and the decrease in average gross margin per cow, then average gross margin per hectare also decreased from £1,311 in 2008/09 to £1,022 in 2009/10, which is a decrease of £289 per hectare.

Table 19(b) Average outputs, variable costs and gross margins per dairy cow in 2008/09 and 2009/10

	2008/09		2009/10
Number of herds		95	
Enterprise output		**£ per cow**	
Milk	1,328		1,176
Calves	71		83
Herd replacement	-100		-116
Output	**1,299**		**1,143**
Quota leasing receipts	-		-
Quota leasing costs	-		-
Super levy	-		-
Adjusted Output	**1,299**		**1,143**
Variable Costs			
Concentrates	404		374
Hay, silage & grazing	139		137
Sundries & Vet	89		96
Total Variable Costs	**632**		**607**
Gross Margin	**667**		**536**
Average herd size (cows)	79		76
Concentrates per litre (kg)	0.32		0.32
Stocking rate (ce/ha)	1.99		1.93
Summer milk (%)	55		54
Milk yield (l/cow)	5,961		5,810
Milk price (p/l)	22.3		20.2

As shown in Table 20, the difference in performance in 2009/10 between the 'top' and 'bottom' quartiles was, as in previous years, substantial. The 'top' quartile had an average gross margin per cow of £732 compared with £308 for the 'bottom' quartile. The main reasons for this difference in performance are that the 'top' quartile had an average milk yield 1,632 litres per cow above and a milk price 0.8 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 £32,224 per herd.

Table 20 Average outputs, variable costs and gross margins per dairy cow in the top 25% and bottom 25% groups, 2009/10

	Top 25%		Bottom 25%
		£ per cow	
Gross Margin	732		308
Milk Sales	1,362		989
Calf Sales	87		81
Total Output	1,367		922
Variable Costs	635		614
Milk Yield – litres	6,642		5,010
Av milk price – ppl	20.5		19.7
Stocking rate - ce/ha	1.94		1.80

4.2 Suckler Cows

In the 2009/10 account year all of the three main categories of suckler herds had average gross margins that were very similar to those in 2008/09 (Table 21). For SDA suckler cows the average gross margin per cow increased from £101 in 2008/09 to £128 in 2009/10. This increase was the net result of a £35 increase in output and £8 increase in total variable costs. The £35 increase in output resulted from a £18 increase in value of calves and a £17 decrease in herd replacement cost. For DA suckler cows the average gross margin increased by £28 per cow due to a £40 increase in total output and a £12 increase in total variable costs. The £40 increase in output value was due to a £17 increase in the value of calves and a £23 decrease in herd replacement cost. For lowland suckler cows the average gross margin decreased by £21 per cow, due to an increase of £8 in total output and £29 in total variable costs. The £8 increase in output value was due to a £4 decrease in the value of calves and a £12 decrease in herd replacement cost. Across all 3 herd types, there were increases in the costs of concentrates, forage, veterinary and sundries between 2008/09 and 2009/10.

Table 21 Average outputs, variable costs and gross margins per cow for SDA, DA and Lowland suckler herds, 2008/09 and 2009/10

	SDA		DA		Lowland	
	08/09	**09/10**	**08/09**	**09/10**	**08/09**	**09/10**
Number of herds	72		24		16	
Enterprise Output			**£ per cow**			
Calves	331	349	333	350	340	336
Herd rep	-52	-35	-47	-24	-35	-23
Total Output	**279**	**314**	**286**	**326**	**305**	**313**
Variable Costs						
Concentrates	37	43	30	33	14	16
HSG	103	104	93	98	95	119
Sundries & Vet	38	39	41	45	44	47
Total Variable Costs	**178**	**186**	**164**	**176**	**153**	**182**
Gross Margin	**101**	**128**	**122**	**150**	**152**	**131**
Calves reared per cow	0.88	0.90	0.86	0.93	0.93	0.84
Av price per calf sold/trans (£)	366	392	359	389	353	394

The data presented in Table 22 for the 'top 25%' and 'bottom 25%' of suckler herds show that there were a difference of £211 in gross margin per cow between the 'top' and 'bottom' groups of SDA suckler herds in 2009/10. This is accounted for by differences of £123 in calf returns, £45 in herd replacement costs, and £43 in total variable costs between the top and bottom groups. Similarly for DA suckler herds there were a difference of £231 in gross margin per cow between the 'top' and 'bottom' groups of herds in 2009/10. This is accounted for by differences of £138 in calf returns, £22 in herd replacement costs, and £71 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, 2009/10

	Top 25%	Bottom 25%
	£ per cow	
Gross Margin		
- SDA	230	19
- DA	248	17
Calf Returns		
- SDA	417	294
- DA	406	268
Herd replacement cost		
- SDA	-8	-53
- DA	-8	-30
Variable Costs		
- SDA	179	222
- DA	150	221

4.3 Breeding Ewes

As shown in Table 23, gross margins per ewe for the each of the three flock types increased between 2008/09 and 2009/10. For lowland breeding ewes the average gross margin per ewe increased from £46.39 in 2008/09 to £54.25 in 2009/10, which is an increase of £7.86. This increase was the net result of a £13.45 increase in output and a £5.59 increase in total variable costs. For upland breeding ewes the average gross margin per ewe increased from £43.43 in 2008/09 to £54.01 in 2009/10, which is an increase of £10.58. This increase was the net result of a £12.59 increase in output and a £2.01 increase in total variable costs. For hill breeding ewes the average gross margin per ewe increased from £10.83 in 2008/09 to £18.86 in 2009/10, which is an increase of £8.03. This increase was the net result of a £11.23 increase in output and a £3.20 increase in total variable costs.

Table 23 Average outputs, variable costs and gross margins per ewe for Lowland, DA and SDA breeding flocks, 2008/09 and 2009/10

	Lowland		Upland (DA)		Hill (SDA)	
	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10
Number of flocks	**19**		**19**		**25**	
Output						
Lambs	82.85	92.04	83.71	87.48	40.18	48.02
Wool	1.78	1.49	1.43	1.27	1.06	0.99
Flock Replacements	-4.36	0.19	-5.24	3.74	1.09	4.55
TOTAL OUTPUT	**80.27**	**93.72**	**79.90**	**92.49**	**42.33**	**53.56**
Variable Costs						
Concentrates + OPF	13.04	11.73	12.48	14.22	10.31	11.38
Hay, silage, & grazing	11.97	18.16	16.37	15.72	13.42	14.05
Sundries + Vet	8.87	9.58	7.62	8.54	7.77	9.27
TOTAL VARIABLE COSTS	**33.88**	**39.47**	**36.47**	**38.48**	**31.50**	**34.70**
GROSS MARGIN	**46.39**	**54.25**	**43.43**	**54.01**	**10.83**	**18.86**
Lambs reared per ewe	1.40	1.51	1.46	1.39	1.08	1.05
Ave fat lamb price (£)	59.12	67.19	61.03	69.14	53.61	61.88
Av store lamb price (£)	45.15	52.16	36.98	44.13	37.26	45.35
Ewe mortality %	4.3	5.0	3.8	4.9	8.4	9.5
Lamb mortality %	9.9	10.2	6.5	7.5	10.0	11.2
Ave flock size (ewes)	186	174	177	167	326	313

In 2009/10, 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 £94 in the top group and £51 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, 2009/10

	Top 25%	Bottom 25%
	Per Ewe	
Gross Margin (£)		
- Lowland	72	36
- Upland	93	11
- Hill	37	-
Lamb Sales (£)		
- Lowland	108	72
- Upland	112	52
- Hill	61	30
Lambs Reared		
- Lowland	1.63	1.50
- Upland	1.53	1.21
- Hill	1.18	0.80

4.4 Pigs

On the 6 farms which had rearing and finishing units, the average gross margin per pig increased from £22.70 in 2008/09 to £38.06 in 2009/10 (Table 25). This increase in margin of £15.36 per pig between 2008/09 and 2009/10 was the net result of an increase in output of £14.96 per pig and a decrease in total variable cost of £0.40 per pig. The increase in output was due to the more favourable pig prices in 2009/10, whereas, the decrease in total variable costs was the net effect of a £0.53 decrease in the cost of feedstuffs per pig and a £0.13 increase in the cost of veterinary, medicine and sundries per pig. The decrease in cost of feedstuffs was due to lower concentrate prices in 2009/10, although these were counteracted to some extent by higher concentrate usage in 2009/10. The average gross margin of £38 per pig is the highest result in the 10 years since 2000/01. The average gross margins per pig in previous years were £18 in 2000/01, £19 in 2001/02, £15 in 2002/03, £16 in 2003/04, £15 in 2004/05, £20 in 2005/06, £21 in 2006/07, £10 in 2007/08 and £21 in 2008/09.

Table 25 Average sales, variable costs and gross margins per pig for pig rearing and finishing units, 2008/09 and 2009/10

	2008/09	2009/10
Number of herds	6	
	£ per pig	
Output	93.86	108.82
Variable Costs		
Feeding stuffs	66.82	66.29
Vet and medicines	2.01	2.35
Sundries	2.33	2.12
Total Variable Costs	**71.16**	**70.76**
Gross Margin	**22.70**	**38.06**
Meal equivalent per pig (kg)	291	312
Price of concentrates (£/tonne)	230	212
Pigs weaned per sow	19.59	18.26

4.5 Spring Barley

As shown in Table 26 the average gross margin per hectare for the spring barley crop increased from £377 in 2008 to £386 in 2009, which is a small rise of £9. This increase was the net effect of a £45 increase in output value and a £36 increase in total variable costs in 2009. The rise in output value was the net result of higher crop yields and lower prices in 2009. The average grain yield increased by 0.56 tonnes per hectare and the average straw yield increased by 0.82 tonnes per hectare above 2008 levels. On the other hand, grain prices per tonne decreased from £120 in 2008 to £103 in 2009, whereas, straw prices per tonne increased from £54 in 2008 to £60 in 2009. The increase in variable costs between 2008 and 2009 was mainly the result of higher fertiliser and spray costs in 2009.

Table 26 Average outputs, variable costs and gross margins per hectare for spring barley, 2008/09 and 2009/10

	2008/09	2009/10
Number of farms	34	
Output	**£ per hectare**	
Grain	543	523
Straw	135	199
Total Output	**677**	**722**
Variable Costs		
Seed	65	65
Fertilisers	144	169
Sprays	73	83
Sundries	19	21
Total Variable Costs	**301**	**337**
Gross Margin	**377**	**386**
Grain yield (tonnes per ha)	4.54	5.10
Straw yield (tonnes per ha)	2.49	3.31

The 'top' performance group of farms in 2009 had an average grain yield of 5.40 tonnes per hectare compared with 3.99 tonnes in the 'bottom' group. These yields generated grain sales of £552 for the 'top group' and £402 for the 'bottom group'. Associated with the higher grain yield was also a higher straw yield which generated straw sales of £263 per hectare in the 'top' group compared with £152 in the 'bottom' group. The average grain price per tonne received by the 'top' group was £1 higher than the 'bottom' group, whereas, the average straw price per tonne in the 'top' performance group was £11 higher than the 'bottom' group. In terms of costs, there are important differences between the performance groups for both fertilisers and sprays. Fertiliser costs were £147 per hectare for the 'top' group and £184 per hectare in the 'bottom' group, whereas, spray costs were £61 per hectare for the 'top' group and £88 per hectare in the 'bottom' group. Overall, total variable costs were £285 per hectare for the 'top group' and £344 for the 'bottom group'. These differences in output and inputs between the 'top' and 'bottom' groups resulted in a gross margin of £530 per hectare for the 'top' group and £210 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 decreased from £770 in 2008 to £600 in 2009, which is a fall of £170. This decrease was the combined effect of a £156 decrease in output and a £15 increase in variable costs in 2009. This decrease in output value resulted from decreases in grain yield and price between 2008 and 2009. In this instance, grain yield decreased by 0.41 tonnes per hectare whereas, straw yield increased by 0.48 tonnes per hectare. Grain price also decreased by £24 per tonne, whereas, straw prices increased by £9 per tonne. The increase in total variable costs from £410 per hectare in 2008 to £425 per hectare in 2009 was mainly caused by higher fertiliser and spray costs in 2009.

Table 27 Average outputs, variable costs and gross margins per hectare for winter barley, 2008/09 and 2009/10

	2008/09	2009/10
Number of farms	9	
Output	**£ per hectare**	
Grain	963	739
Straw	217	285
Total Output	**1,180**	**1,024**
Variable Costs		
Seed	60	58
Fertilisers	191	214
Sprays	122	134
Sundries	38	19
Total Variable Costs	**410**	**425**
Gross Margin	**770**	**600**
Grain yield (tonnes per ha)	7.43	7.02
Straw yield (tonnes per ha)	4.49	4.97

The 'above average' group of farms in 2009 had an average grain yield of 7.03 tonnes per hectare, and this was 0.29 tonnes less than the 'below average' group. Higher values for grain and straw output resulted in an output value of £1,141 per hectare for the above average group, some £178 above that of the below average group. Total variable costs per hectare were £157 lower in the 'above average' group at £345 per hectare. The gross margins per hectare were £796 for the above average group and £461 for the below average group.

On average, the winter barley crop gross margin in 2009 was £207 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 decreased from £628 in 2008 to £554 in 2009, which is a fall of £74. This was the effect of a £47 decrease in output and a £27 increase in variable costs in 2009. The fall in output value was the result of lower average grain prices and yields in 2009. Average grain prices decreased from £118 per tonne in 2008 to £105 in 2009. Straw price received was almost unchanged between years. The average grain yield decreased by 0.28 tonnes per hectare, whereas, straw yield increased by 1.75 tonnes per hectare. As a result of these changes in yields and prices, total output decreased from £1,074 in 2008 to £1,027 in 2009. The increase in total variable costs of £27 per hectare in 2009 was mainly the result of higher fertiliser and spray costs in 2009.

Table 28 Average outputs, variable costs and gross margins per hectare for winter wheat, 2008/09 and 2009/10

	2008/09	2009/10
Number of farms	12	
Output	**£ per hectare**	
Grain	911	777
Straw	163	250
Total Output	**1,074**	**1,027**
Variable Costs		
Seed	74	73
Fertilisers	185	213
Sprays	138	150
Sundries	48	37
Total Variable Costs	**446**	**473**
Gross Margin	**628**	**554**
Grain yield (tonnes per ha)	7.70	7.42
Straw yield (tonnes per ha)	3.62	5.37

The 'above average' group of farms in 2009 had an average grain yield of 9.64 tonnes per hectare, and this was 2.11 tonnes more than the 'below average' group. Higher values for grain and straw output resulted in an output value of £1,206 per hectare for the above average group, some £170 above that of the below average group. Total variable costs per hectare were £180 lower in the 'above average' group at £356 per hectare. The gross margins per hectare were £850 for the above average group and £500 for the below average group.

The 2009 crop results show that the highest gross margin per hectare was obtained by winter barley (£600) followed by winter wheat (£554) and then spring barley (£386). This order is not what would be expected in a normal year as usually winter wheat is highest, followed by winter barley and then spring barley. In fact, in the past 10 years this is only the third time that the gross margin for winter barley has exceeded the gross margin for winter wheat. On saying this, the ranges in performances for the winter barley and wheat crops show that they overlap to quite

an extent with many of the better performing winter wheat crops having higher gross margins than the poorer performing winter barley crops.

4.8 Potatoes

The gross margin performances for the 2008 and 2009 ware potato crops were £3,520 and £1,606 per hectare respectively. This decrease in gross margin of £1,914 per hectare was the combined result of a £1,793 decrease in output and a £121 increase in variable costs between 2008 and 2009. The decrease in output resulted from decreases in both ware potato prices and yields in 2009. Ware potatoes prices decreased from £169 per tonne in 2008/09 to £143 per tonne in 2009/10, whereas, ware potato yield decreased from 31.9 tonnes per hectare in 2008 to 24.7 tonnes per hectare in 2009. The total variable costs incurred increased from £1,684 per hectare in 2008/09 to £1,805 per hectare in 2009/10, which is an increase of £121 per hectare. In terms of individual costs, contract/casual wages showed the most increase, rising from £279 per hectare in 2008/09 to £336 per hectare in 2009/10. In addition, there were also important increases in the costs of fertiliser (£45 per hectare) and seed (£32 per hectare) between 2008 and 2009. In total, the average variable costs of production per tonne for the ware crop increased from £52.79 in 2008 to £73.08 in 2009. 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, 2008/09 and 2009/10

	Ware Crop	
	2008/09	**2009/10**
Number of farms	9	
	£ per hectare	
Potato Output	**5,204**	**3,411**
Variable costs		
Seed	460	492
Fertiliser	448	493
Sprays	319	319
Contract/Casual Wages	279	336
Sundries	177	165
Total Variable costs	**1,684**	**1,805**
Gross Margin	**3,520**	**1,606**
Total yield (tonnes/ha)	31.9	24.7
Av price per tonne (£)	169	143

Gross margins for the 'top' and 'bottom' performance groups for the main enterprises are summarised in Table 30. They show that for all 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, 2009/10

			Top[1] Group	Bottom[1] Group
			£ Per head	
Dairy cows			732	308
Suckler cows	-	DA	248	17
	-	SDA	230	19
Breeding ewes	-	DA	93	11
	-	SDA	37	0
	-	Lowland	72	36
Spring barley			530	210

[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 £455 in 2008/09 to £472 in 2009/10. At the individual farm type level, five of the six farm types recorded increases in fixed costs, with the exception being Pigs and Poultry. Increases in fixed costs per hectare ranged from £3 on Mixed farms to £28 on both Dairy and Cattle and Sheep (Lowland) farms. Pigs and Poultry farms recorded a decrease in fixed costs of £83 per hectare.

Table 31 Fixed costs per hectare * by type of farm, 2008/09 and 2009/10

	2008/09	2009/10
	£ per ha	
Cereals	578	586
Pigs and Poultry	3210	3127
Dairy	675	703
Cattle and Sheep (LFA)	265	273
Cattle and Sheep (Lowland)	413	441
Mixed	818	821
All Types	**455**	**472**

* 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 2008/09 and 2009/10, these two cost categories, on average accounted for 45% and 46% respectively of total fixed costs across all types of farm.

Table 32 Fixed costs per hectare, by category, 2008/09 and 2009/10

	2008/09	2009/10
	£ per ha	
Depreciation of buildings and works	92	99
Depreciation of machinery	111	119
Machinery running costs	115	112
Farm insurance	12	12
Farm fuel	19	22
Rates and water charges	11	12
Building repairs and miscellaneous	70	72
Interest payments	25	24
Total	**455**	**472**

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 FARMS – ALL SIZES OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2008/09 AND 2009/10

	Cereals		
	2008/09	**2009/10**	**% Change**
Number of farms			
Average size of business (ESUs)		41.4	
Total Area of Farm (ha)	77.7	70.8	-8.9
of which: Crops and grass	75.4	68.3	-9.4
Rough grazing	0.3	0.6	100.0
SIZE OF ENTERPRISES:			
Hectares - Total crops	66.2	59.3	-10.4
(of which cereals)	58.1	52.3	-10.0
Av. no. - Dairy cows	-	-	-
Av. no. - Beef cows	-	-	-
Av. no. - Other cattle	9.1	10.2	12.1
Av. no. - Ewes	27.6	25.8	-6.5
Av. no. - Sows/gilts	-	-	-
CROP OUTPUT:			
Cereals	48407	37934	-21.6
Potatoes	1321	1991	50.7
Misc. crop output	13936	14992	7.6
TOTAL CROP PRODUCTION	**63665**	**54917**	**-13.7**
LIVESTOCK OUTPUT:			
Cattle – rearing & fattening	3581	3979	11.1
Cattle – dairy	-	-	-
Milk	-	-	-
Sheep and wool	2761	3300	19.5
Pigs	-	-	-
Poultry and eggs	-	-	-
Other livestock	-	-	-
TOTAL LIVESTOCK OUTPUT	**6343**	**7279**	**14.8**
Single Farm Payment	19105	21781	14.0
LFA Compensatory Allowance Scheme	-	-	-
Agri Environmental Scheme	2994	2923	-2.4
Miscellaneous Subsidies	-	-	-
Miscellaneous revenue	5623	6566	16.8
On Farm - Non Farm Income	1788	-	-100.0
Adjustment for disposal of previous years crop	1239	386	-68.8
TOTAL FARM OUTPUT	**100758**	**93851**	**-6.9**

	Cereals		
	2008/09	2009/10	% Change
INPUTS	£ per farm		
Purchased concentrate feed & fodder	813	1684	107.1
Home grown concentrate feed	269	630	134.2
Veterinary fees & medicines	333	500	50.2
Other livestock costs	71	155	118.3
Purchased & home grown seed	4396	3998	-9.1
Fertilisers	13341	13754	3.1
Other crop costs	8202	8563	4.4
Regular & casual labour	954	576	-39.6
Machinery excluding depreciation	18559	17535	-5.5
Depreciation of plant machinery & vehicles	18299	15837	-13.5
Depreciation of building & works	3563	3377	-5.2
Land & building inputs	6949	5370	-22.7
Interest payments	2335	2164	-7.3
Other general farming costs	6521	6888	5.6
TOTAL VARIABLE COSTS	**36794**	**37236**	**1.2**
TOTAL FIXED COSTS	**47812**	**43797**	**-8.4**
TOTAL INPUTS	**84606**	**81033**	**-4.2**
FARM BUSINESS INCOME	**16152**	**12819**	**-20.6**
(plus) depreciation of buildings & works	3563	3377	-5.2
(plus) depreciation of plant machinery & vehicles	18299	15837	-13.5
(minus) valuation change	-3677	-1991	45.9
(equals) CASH INCOME	**41690**	**34024**	**-18.4**
(minus) Net capital investment	32796	11920	-63.7
CASH FLOW FARM BUSINESS	**8894**	**22104**	**148.5**
AVERAGE VALUATIONS	**91005**	**90567**	**-0.5**

TABLE 1.2 –MIXED FARMS AND PIGS & POULTRY– ALL SIZES OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2008/09 AND 2009/10

	Mixed			Pigs and Poultry		
	2008/09	2009/10	% Change	2008/09	2009/10	% Change
Number of farms						
Average size of business (ESUs)		39.6			28.0	
Total Area of Farm (ha)	62.6	63.7	1.8	7.2	7.2	-
of which: Crops and grass	60.2	61.6	2.3	6.8	6.8	-
Rough grazing	0.6	0.2	-66.7	-	-	-
SIZE OF ENTERPRISES:						
Hectares - Total crops	16.3	15.9	-2.5	-	-	-
(of which cereals)	14.3	13.8	-3.5	-	-	-
Av. no. - Dairy cows	-	-	-	-	-	-
Av. no. - Beef cows	18.5	16.5	-10.8	-	-	-
Av. no. - Other cattle	90.4	86.6	-4.2	13.4	11.4	-14.9
Av. no. - Ewes	84.8	75.1	-11.4	13.1	13.1	-
Av. no. - Sows/gilts	26.4	24.4	-7.6	116.3	120.3	3.4
CROP OUTPUT:		**£ per farm**			**£ per farm**	
Cereals	9907	9135	-7.8	-	-	-
Potatoes	7701	6730	-12.6	-	-	-
Misc. crop output	2753	4232	53.7	-304	169	155.6
TOTAL CROP PRODUCTION	**20362**	**20097**	**-1.3**	**-304**	**169**	**155.6**
LIVESTOCK OUTPUT:						
Cattle – rearing & fattening	41017	33201	-19.1	6167	5539	-10.2
Cattle – dairy	-	-	-	-	-	-
Milk	-	-	-	-	-	-
Sheep and wool	7851	8607	9.6	1482	1463	-1.3
Pigs	46478	49313	6.1	161768	188826	16.7
Poultry and eggs	-	-	-	-	-	-
Other livestock	-	-	-	-	-	-
TOTAL LIVESTOCK OUTPUT	**95346**	**91121**	**-4.4**	**169417**	**195828**	**15.6**
Single Farm Payment	19229	21937	14.1	5517	6288	14.0
LFA Compensatory scheme	226	250	10.6	-	-	-
Agri Environmental Scheme	1551	1497	-3.5	-	-	-
Miscellaneous subsidies	122	134	9.8	-	-	-
Miscellaneous revenue	19960	18508	-7.3	1326	1493	12.6
On Farm - Non Farm Income	5247	5247	-	-	-	-
Adjustment for disposal of previous years crop	139	124	-10.8	-	-	-
TOTAL FARM OUTPUT	**162182**	**158915**	**-2.0**	**175956**	**203778**	**15.8**

	Mixed			Pigs and Poultry		
	2008/09	2009/10	% change	2008/09	2009/10	% change
INPUTS	£ per farm			£ per farm		
Purchased concentrate feed & fodder	41135	37970	-7.7	116606	115148	-1.3
Home grown concentrate feed	3409	3230	-5.3	-	-	-
Veterinary fees & medicines	3116	3261	4.7	4637	5725	23.5
Other livestock costs	2600	2002	-23.0	3185	3986	25.1
Purchased & home grown seed	1820	2543	39.7	27	-	-100..0
Fertilisers	7442	7160	-3.8	145	303	109.0
Other crop costs	2968	2984	0.5	98	77	-21.4
Regular & casual labour	5271	5064	-3.9	1994	1989	-0.3
Machinery excluding depreciation	17970	17499	-2.6	3679	3835	4.2
Depreciation of plant machinery & vehicles	18012	19564	8.6	3913	4515	15.4
Depreciation of building & works	3739	3658	-2.2	3064	3083	0.6
Land & building inputs	7967	8506	6.8	3882	2575	-33.7
Interest payments	1148	1350	17.6	1148	820	-28.6
Other general farming costs	8826	8158	-7.6	6742	7287	8.1
TOTAL VARIABLE COSTS	**66329**	**64304**	**-3.1**	**126888**	**127713**	**0.7**
TOTAL FIXED COSTS	**59095**	**58646**	**-0.8**	**22231**	**21628**	**-2.7**
TOTAL INPUTS	**125424**	**122950**	**-2.0**	**149120**	**149342**	**0.1**
FARM BUSINESS INCOME	**36758**	**35965**	**-2.2**	**26836**	**54436**	**102.8**
(plus) depreciation of buildings & works	3739	3658	-2.2	3064	3083	0.6
(plus) depreciation of plant machinery & vehicles	18012	19564	8.6	3913	4515	15.4
(minus) valuation change	3292	4353	32.2	11565	2124	-81.6
(equals) CASH INCOME	**55217**	**54833**	**-0.7**	**22247**	**59910**	**169.3**
(minus) Net capital investment	27633	50363	82.3	15766	4962	-68.5
(equals) CASH FLOW FARM BUSINESS	**27584**	**4470**	**-83.8**	**6481**	**54948**	**747.8**
AVERAGE VALUATIONS	**145419**	**157192**	**8.1**	**66058**	**74410**	**12.6**

TABLE 1.3 LOWLAND CATTLE AND SHEEP OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2008/09 AND 2009/10

	0.5 < 1 SLR			1 < 2 SLR			ALL SIZES		
	2008/09	2009/10	% Change	2008/09	2009/10	% Change	2008/09	2009/10	% Change
Number of farms		11			15			31	
Average size of business (ESUs)		17.2			32.1			27.4	
Total Area of Farm (ha)	48.0	50.2	4.6	78.7	80.9	2.8	65.0	67.1	3.2
of which: Crops and grass	42.6	44.9	5.4	74.4	76.5	2.8	60.0	62.2	3.7
Rough grazing	2.9	2.7	-6.9	2.7	2.7	-	2.9	2.7	-6.9
SIZE OF ENTERPRISES:									
Hectares - Total crops	2.9	2.7	-6.9	6.0	5.1	-15.0	4.8	4.4	-8.3
Av. No. - Dairy cows	-	-	-	-	-	-	-	-	-
Av. No. - Beef cows	22.5	21.4	-4.9	33.2	31.3	-5.7	34.6	32.9	-4.9
Av. No. - Other cattle	64.6	61.4	-5.0	126.3	126.5	0.2	96.7	96.5	-0.2
Av. No. - Ewes	60.5	54.2	-10.4	85.0	75.7	-10.9	80.0	73.0	-8.8
Av. No. - Sows/gilts	-	-	-	-	-	-	-	-	-
CROP OUTPUT:									
Cereals	1701	994	-41.6	3040	2208	-27.4	2347	1669	-28.9
Potatoes	-	-	-	1458	1463	0.3	1339	1068	-20.2
Misc. crop output	296	853	188.2	827	807	-2.4	990	1011	2.1
Total Crop Production	**1997**	**1847**	**-7.5**	**5325**	**4478**	**-15.9**	**4676**	**3749**	**-19.8**
Livestock Output:									
Cattle – rearing & fattening	26486	24835	-6.2	55167	50239	-8.9	42761	41302	-3.4
Cattle – dairy	-	-	-	-	-	-	-	-	-
Milk	-	-	-	-	-	-	-	-	-
Sheep and wool	3880	4460	14.9	6440	6167	-4.2	5969	6510	9.1
Pigs	-	-	-	304	240	-21.1	95	75	-21.1
Poultry and eggs	-	-	-	-	-	-	-	-	-
Other livestock	-	-	-	-	-	-	9	-	-100.0
TOTAL LIVESTOCK OUTPUT	**30366**	**29295**	**-3.5**	**61911**	**56646**	**-8.5**	**48834**	**47887**	**-1.9**
Single Farm Payment	13223	15160	14.6	24334	27706	13.9	20839	23790	14.2
LFA Compensatory scheme	134	149	11.2	490	485	-1.0	283	294	3.9
Agri Environmental Scheme	1874	2543	35.7	2658	2262	-14.9	2179	2474	13.5
Miscellaneous subsidies	21	-	-100.0	15	68	353.3	140	90	-35.7
Miscellaneous revenue	418	1298	210.5	488	581	19.1	698	1406	101.4
On Farm - Non Farm Income	-	-	-	433	433	-	135	135	-
Adjustment for disposal of previous years crop	76	-31	-140.8	-23	-5	78.3	37	-8	-121.6
TOTAL FARM OUTPUT	**48110**	**50260**	**4.5**	**95631**	**92655**	**-3.1**	**77822**	**79818**	**2.6**

	0.5 < 1 SLR			1 < 2 SLR			ALL SIZES		
	2008/09	2009/10	% Change	2008/09	2009/10	% Change	2008/09	2009/10	% Change
INPUTS	£ per farm			£ per farm			£ per farm		
Purchased concentrate feed & fodder	8604	8054	-6.4	12465	14662	17.6	11594	13094	12.9
Home grown concentrate feed	903	676	-25.1	2563	1865	-27.2	1790	1318	-26.4
Veterinary fees & medicines	1186	1155	-2.6	2212	1767	-20.1	1921	1816	-5.5
Other livestock costs	1455	1366	-6.1	1317	1559	18.4	1570	1646	4.8
Purchased & home grown seed	408	532	30.4	576	582	1.0	526	617	17.3
Fertilisers	3363	3796	12.9	6414	5742	-10.5	5569	5465	-1.9
Other crop costs	482	620	28.6	822	1101	33.9	1017	1076	5.8
Regular & casual labour	2849	3219	13.0	2239	1849	-17.4	2603	2778	6.7
Machinery excluding depreciation	7661	7649	-0.2	10864	10788	-0.7	9717	9801	0.9
Depreciation of plant machinery & vehicles	3353	4351	29.8	7287	8208	12.6	6384	7765	21.6
Depreciation of building & works	2662	3024	13.6	4011	3625	-9.6	4726	5034	6.5
Land & building inputs	3502	3497	-0.1	8370	8647	3.3	6360	6938	9.1
Interest payments	845	800	-5.3	1250	973	-22.2	1034	955	-7.6
Other general farming costs	4297	4670	8.7	5801	5791	-0.2	5104	5529	8.3
TOTAL VARIABLE COSTS	**20684**	**20459**	**-1.1**	**31434**	**32095**	**2.1**	**28933**	**29957**	**3.5**
TOTAL FIXED COSTS	**20885**	**22948**	**9.9**	**34757**	**35066**	**0.9**	**30982**	**33875**	**9.3**
TOTAL INPUTS	**41569**	**43408**	**4.4**	**66191**	**67161**	**1.5**	**59915**	**63832**	**6.5**
FARM BUSINESS INCOME	**6541**	**6852**	**4.8**	**29440**	**25493**	**-13.4**	**17907**	**15985**	**-10.7**
(plus) depreciation of buildings & works	2662	3024	13.6	4011	3625	-9.6	4726	5034	6.5
(plus) depreciation of plant machinery & vehicles	3353	4351	29.8	7287	8208	12.6	6384	7765	21.6
(minus) valuation change	3002	1156	-61.5	10618	2455	-76.9	6663	4472	-32.9
(equals) CASH INCOME	**9553**	**13071**	**36.8**	**30121**	**34872**	**15.8**	**22354**	**24312**	**8.8**
(minus) Net capital investment	23701	13059	-44.9	12545	13681	9.1	24001	19198	-20.0
(equals) CASH FLOW FARM BUSINESS	**-14148**	**12**	**100.1**	**17576**	**21190**	**20.6**	**-1648**	**5113**	**410.3**
AVERAGE VALUATIONS	**57336**	**60771**	**6.0**	**115906**	**123968**	**7.0**	**92235**	**99970**	**8.4**

TABLE 1.4 – DAIRY FARMS
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2008/09 AND 2009/10

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2008/09	2009/10	% Change	2008/09	2009/10	% Change	2008/09	2009/10	% Change	2008/09	2009/10	% Change
Number of farms		17			37			27			28	
Average size of business (ESUs)		29.1			48.8			84.5			174.1	
Total Area of Farm (ha)	33.5	34.1	1.8	47.8	48.5	1.5	73.5	74.4	1.2	134.8	140.7	4.4
of which: Crops and grass	32.2	32.7	1.6	44.7	45.4	1.6	67.3	68.4	1.6	125.5	131.7	4.9
Rough grazing	0.1	0.1	-	1.8	1.8	-	5.0	4.8	-4.0	6.9	6.7	-2.9
SIZE OF ENTERPRISES:												
Hectares - Total crops	0.5	0.5	-	0.8	0.7	-12.5	1.7	1.4	-17.6	6.1	4.8	-21.3
Av. no - Dairy cows	33.7	31.1	-7.7	57.8	54.6	-5.5	102.8	100.1	-2.6	204.5	210.8	3.1
Av. no - Beef cows	2.5	2.7	8.0	2.3	2.6	13.0	1.2	1.1	-8.3	3.2	2.6	-18.8
Av. no - Other cattle	31.9	31.9	-	48.8	49.1	0.6	75.5	80.8	7.0	139.5	145.5	4.3
Av. no - Ewes	0.7	0.7	-	3.1	3.1	-	-	-	-	20.0	16.9	-15.5
Av. no - Sows/gilts	-	-	-	-	-	-	-	-	-	3.6	9.6	166.7
CROP OUTPUT:												
Cereals	255	295	15.7	348	294	-15.5	756	433	-42.7	4361	2172	-50.2
Potatoes	-	-	-	-	-	-	-	-	-	-	-	-
Misc. crop output	103	167	62.1	106	282	166.0	495	591	19.4	1125	1421	26.3
Total Crop Production	**358**	**462**	29.1	**455**	**576**	**26.6**	**1251**	**1024**	**-18.1**	**5487**	**3593**	**-34.5**
Livestock Output:												
Cattle – rearing & fattening	10332	10306	-0.3	17028	15973	-6.2	29897	26780	-10.4	42927	49600	15.5
Cattle – dairy	395	654	65.6	-324	-597	-84.3	-4167	-3496	16.1	-2138	-12374	-478.8
Milk	37837	29460	-22.1	66201	55776	-15.7	109315	93015	-14.9	265012	246413	-7.0
Sheep and wool	67	36	-46.3	290	342	17.9	43	56	30.2	1695	1713	1.1
Pigs	-	-	-	-	-	-	-	-	-	11571	8568	-26.0
Poultry and eggs	-	-	-	-	-	-	1858	1428	-23.1	-	-	-
Other livestock	-	-	-	-	-	-	-	-	-	-	10	-
TOTAL LIVESTOCK OUTPUT	**48631**	**40455**	**-16.8**	**83196**	**71493**	**-14.1**	**136946**	**117784**	**-14.0**	**319067**	**293930**	**-7.9**
Single Farm Payment	7820	8889	13.7	12250	13960	14.0	19173	21656	13.0	30380	34722	14.3
LFA Compensatory scheme	97	117	20.6	239	290	21.3	86	102	18.6	318	283	-11.0
Agricultural Environment Schemes	360	342	-5.0	842	522	-38.0	1307	1465	12.1	1463	1486	1.6
Miscellaneous Subsidies	11	8	-27.3	34	52	52.9	164	444	170.7	57	775	1259.6
Miscellaneous Revenue	162	394	143.2	138	299	116.7	585	1651	182.2	2032	2188	7.7
On Farm - Non Farm Income	486	486	-	-	-	-	-	-	-	704	1407	99.9
Adjustment for disposal of previous years crop	-2	-1	50.0	-	-	-	-23	-	-100.0	-	-	-
Total Farm Output	**57924**	**51153**	**-11.7**	**97154**	**87192**	**-10.3**	**159490**	**144125**	**-9.6**	**359507**	**338385**	**-5.9**

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2008/09	2009/10	% Change	2008/09	2009/10	% Change	2008/09	2009/10	% Change	2008/09	2009/10	% Change
	£ per farm			£ per farm			£ per farm			£ per farm		
INPUTS												
Purchased concentrate feed & fodder	14030	13133	-6.4	24871	22869	-8.0	38246	36798	-3.8	112214	109455	-2.5
Home grown concentrate feed	1214	1123	-7.5	1626	1565	-3.8	2453	2320	-5.4	8455	6025	-28.7
Veterinary fees & medicines	1765	1750	-0.8	2484	2824	13.7	4109	3970	-3.4	9894	10582	7.0
Other livestock costs	1906	2037	6.9	2956	3007	1.7	3961	4595	16.0	11459	15150	32.2
Purchased & home grown seed	100	93	-7.0	176	144	-18.2	269	425	58.0	1586	1866	17.7
Fertilisers	3073	3211	4.5	6360	5888	-7.4	11184	9542	-14.7	19873	18369	-7.6
Other crop costs	325	305	-6.2	555	452	-18.6	1138	873	-23.3	3341	3749	12.2
Regular & casual labour	628	556	-11.5	1197	1165	-2.7	3283	3073	-6.4	9085	9595	5.6
Machinery excluding depreciation	6729	6591	-2.1	9944	10032	0.9	14700	14969	1.8	32926	33263	1.0
Depreciation of plant machinery & vehicles	3575	3753	5.0	5795	5934	2.4	10220	11461	12.1	18594	20333	9.4
Depreciation of building & works	3333	2979	-10.6	6388	6085	-4.7	11680	13429	15.0	26858	32095	19.5
Land & building inputs	2913	2896	-0.6	4223	4444	5.2	9385	9237	-1.6	21848	22685	3.8
Interest payments	613	602	-1.8	1027	913	-11.1	3666	3679	0.4	8405	8614	2.5
Other general farming costs	5516	5743	4.1	6984	7499	7.4	9347	9724	4.0	14102	16638	18.0
TOTAL VARIABLE COSTS	**25790**	**25019**	**-3.0**	**43925**	**41816**	**-4.8**	**70279**	**67540**	**-3.9**	**185868**	**185292**	**-0.3**
TOTAL FIXED COSTS	**19930**	**19753**	**-0.9**	**30661**	**31005**	**1.1**	**53360**	**56553**	**6.0**	**112772**	**123128**	**9.2**
TOTAL INPUTS	**45720**	**44772**	**-2.1**	**74586**	**72821**	**-2.4**	**123639**	**124093**	**0.4**	**298640**	**308420**	**3.3**
FARM BUSINESS INCOME	**12204**	**6381**	**-47.7**	**22569**	**14372**	**-36.3**	**35851**	**20032**	**-44.1**	**60867**	**29966**	**-50.8**
(plus) depreciation of buildings & works	3333	2979	-10.6	6388	6085	-4.7	11680	13429	15.0	26858	32095	19.5
(plus) depreciation of plant machinery & vehicles	3575	3753	5.0	5795	5934	2.4	10220	11461	12.1	18594	20333	9.4
(minus) valuation change	-588	-54	90.8	903	255	-71.8	3521	3462	-1.7	4245	15134	256.5
(equals) CASH INCOME	**19700**	**13167**	**-33.2**	**33848**	**26136**	**-22.8**	**54229**	**41460**	**-23.5**	**102073**	**67260**	**-34.1**
(minus) Net capital investment	5941	12382	108.4	12819	14530	13.3	39844	35001	-12.2	135265	74646	-44.8
(equals) CASH FLOW FARM BUSINESS	**13760**	**784**	**-94.3**	**21029**	**11606**	**-44.8**	**14386**	**6459**	**-55.1**	**-33192**	**-7386**	**77.7**
AVERAGE VALUATIONS	**48776**	**49744**	**2.0**	**76783**	**78548**	**2.3**	**130249**	**137069**	**5.2**	**249022**	**265030**	**6.4**

TABLE 1.5 – LFA CATTLE AND SHEEP OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2008/09 AND 2009/10

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2008/09	2009/10	% Change	2008/09	2009/10	% Change	2008/09	2009/10	% Change	2008/09	2009/10	% Change
Number of farms		51			50			16			6	
Average size of business (SLRs)		17.2			30.1			59.0			76.8	
Total Area of Farm (ha)	72.2	73.2	1.4	125.9	125.2	-0.6	207.3	203.4	-1.9	361.9	393.8	8.8
of which: Crops and grass	45.6	45.5	-0.2	68.6	68.1	-0.7	111.7	105.6	-5.5	152.6	171.6	12.5
Rough grazing	19.8	20.8	5.1	50.6	51.4	1.6	75.7	75.7	-	106.2	118.3	11.4
SIZE OF ENTERPRISES:												
Hectares - Total crops	0.6	0.9	50.0	1.9	1.1	-42.1	3.5	3.6	2.9	1.0	1.3	30.0
Av. no. - Dairy cows	-	-	-	0.1	-	-100.0	-	-	-	-	-	-
Av. no. - Beef cows	26.5	26.1	-1.5	39.5	38.3	-3.0	85.4	80.1	-6.2	74.4	58.6	-21.2
Av. no. - Other cattle	45.7	44.3	-3.1	76.5	76.3	-0.3	149.4	138.1	-7.6	291.3	312.5	7.3
Av. no. - Ewes	95.5	87.2	-8.7	211.2	206.2	-2.4	282.1	260.6	-7.6	579.1	561.6	-3.0
Av. no. - Sows/gilts	-	-	-	-	-	-	3.8	0.8	-78.9	-	-	-
CROP OUTPUT:												
Cereals	119	123	3.4	1211	644	-46.8	2013	1281	-36.4	556	525	-5.6
Potatoes	-	-	-	-	-	-	2832	4464	57.6	-	-	-
Misc. crop output	112	807	620.5	523	874	67.1	1015	1338	31.8	1882	1634	-13.2
Total Crop Production	**231**	**930**	**302.6**	**1733**	**1518**	**-12.4**	**5859**	**7082**	**20.9**	**2438**	**2159**	**-11.4**
Livestock Output:												
Cattle – rearing & fattening	18457	17313	-6.2	35761	34118	-4.6	77142	68353	-11.4	113958	148917	30.7
Cattle – dairy	-	-	-	-	-	-	-	-	-	-	-	-
Milk	-	-	-	-	-	-	-	-	-	-	-	-
Sheep and wool	6583	7136	8.4	12854	15150	17.9	20010	19601	-2.0	30070	33578	11.7
Pigs	-	-	-	-	-	-	6502	5518	-15.1	-	-	-
Poultry and eggs	-	-	-	590	485	-17.8	-	-	-	-	-	-
Other livestock	2	-	-100.0	69	4	-94.2	-	-	-	100	-	-100.0
Total Livestock Output	**25042**	**24449**	**-2.4**	**49273**	**49757**	**1.0**	**103655**	**93472**	**-9.8**	**144128**	**182495**	**26.6**
Single Farm Payment	16332	18581	13.8	24990	28663	14.7	50290	57216	13.8	63353	70787	11.7
LFA Compensatory scheme	2598	2802	7.9	4643	5260	13.3	7803	8618	10.4	10816	10951	1.2
Agricultural Environment Schemes	2427	2230	-8.1	3897	3271	-16.1	4253	3024	-28.9	5476	2915	-46.8
Miscellaneous Subsidies	43	23	-46.5	75	194	158.7	19	14	-26.3	-	-	-
Miscellaneous Revenue	706	768	8.8	1275	1466	15.0	1427	2486	74.2	2351	1941	-17.4
On Farm – Non Farm Income	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment for disposal of previous years crop	-	-	-	-	-	-	-	-	-	-	-	-
Total Farm Output	**47379**	**49783**	**5.1**	**85887**	**90129**	**4.9**	**173307**	**171911**	**-0.8**	**228562**	**271248**	**18.7**

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2008/09	2009/10	% Change	2008/09	2009/10	% Change	2008/09	2009/10	% Change	2008/09	2009/10	% Change
INPUTS	£ per farm			£ per farm			£ per farm			£ per farm		
Purchased concentrate feed & fodder	6019	6664	10.7	11416	12861	12.7	26606	28424	6.8	56487	53105	-6.0
Home grown concentrate feed	126	63	-50.0	715	555	-22.4	2996	598	-80.0	556	525	-5.6
Veterinary fees & medicines	1692	1663	-1.7	2527	2606	3.1	3712	3978	7.2	5417	6093	12.5
Other livestock costs	954	1121	17.5	1589	1842	15.9	2337	2843	21.7	1378	2078	50.8
Purchased & home grown seed	64	108	68.8	368	333	-9.5	722	999	38.4	58	235	305.2
Fertilisers	3677	3818	3.8	5967	5536	-7.2	11636	12182	4.7	14184	7676	-45.9
Other crop costs	298	344	15.4	810	550	-32.1	1525	1719	12.7	1073	434	-59.6
Regular & casual labour	757	960	26.8	1825	1803	-1.2	5102	3740	-26.7	4670	6209	33.0
Machinery excluding depreciation	6698	6803	1.6	9122	9787	7.3	15704	15558	-0.9	16096	16800	4.4
Depreciation of plant machinery & vehicles	5266	5661	7.5	7700	8279	7.5	11148	12914	15.8	13935	12848	-7.8
Depreciation of building & works	2697	2840	5.3	4458	4953	11.1	13869	8973	-35.3	8531	16511	93.5
Land & building inputs	3827	4216	10.2	5178	5449	5.2	12219	11226	-8.1	15406	16570	7.6
Interest payments	514	521	1.4	1140	1024	-10.2	1045	1186	13.5	8551	6991	-18.2
Other general farming costs	4169	4158	-0.3	5011	5366	7.1	6814	6951	2.0	9568	8574	-10.4
TOTAL VARIABLE COSTS	**15526**	**16744**	**7.8**	**27187**	**28385**	**4.4**	**55861**	**56496**	**1.1**	**83581**	**77176**	**-7.7**
TOTAL FIXED COSTS	**21232**	**22195**	**4.5**	**30639**	**32559**	**6.3**	**59575**	**54794**	**-8.0**	**72329**	**77473**	**7.1**
TOTAL INPUTS	**36758**	**38938**	**5.9**	**57826**	**60944**	**5.4**	**115436**	**111290**	**-3.6**	**155910**	**154649**	**-0.8**
FARM BUSINESS INCOME	**10621**	**10845**	**2.1**	**28061**	**29185**	**4.0**	**57871**	**60621**	**4.8**	**72652**	**116599**	**60.5**
(plus) depreciation of buildings & works	2697	2840	5.3	4458	4953	11.1	13869	8973	-35.3	8531	16511	93.5
(plus) depreciation of plant machinery & vehicles	5266	5661	7.5	7700	8279	7.5	11148	12914	15.8	13935	12848	-7.8
(minus) valuation change	1763	2015	14.3	4897	-26	-100.5	4295	-4365	-201.6	7038	38467	446.6
(equals) CASH INCOME	**16820**	**17330**	**3.0**	**35322**	**42444**	**20.2**	**78593**	**86872**	**10.5**	**88080**	**107492**	**22.0**
(minus) Net capital investment	10161	40629	299.9	45011	18676	-58.5	18092	27326	51.0	45452	71100	56.4
(equals) CASH FLOW FARM BUSINESS	**6660**	**-23299**	**-449.8**	**-9690**	**23767**	**345.3**	**60500**	**59546**	**-1.6**	**42628**	**36391**	**-14.6**
AVERAGE VALUATIONS	**53156**	**56720**	**6.7**	**90488**	**95435**	**5.5**	**154826**	**158191**	**2.2**	**269022**	**290174**	**7.9**

TABLE 1.6 – DAIRY AND LFA CATTLE AND SHEEP – ALL SIZES OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2008/09 AND 2009/10

	DAIRY			LFA CATTLE AND SHEEP		
	2008/09	**2009/10**	**% Change**	**2008/09**	**2009/10**	**% Change**
Number of farms						
Average size of business (SLRs)		92.4			24.5	
Total Area of Farm (ha)	78.2	80.6	3.1	101.4	102.5	1.1
of which: Crops and grass	72.8	75.2	3.3	58.1	58.1	-
Rough grazing	3.9	3.8	-2.6	33.2	34.4	3.6
SIZE OF ENTERPRISES:						
Hectares - Total crops	2.6	2.1	-19.2	1.1	1.1	-
Av. No. - Dairy cows	109.4	109.3	-0.1	-	-	-
Av. No. - Beef cows	2.4	2.2	-8.3	34.5	33.2	-3.8
Av. No. - Other cattle	80.2	83.3	3.9	65.9	65.0	-1.4
Av. No . - Ewes	7.2	6.3	-12.5	148.9	140.5	-5.6
Av. No. - Sows/gilts	1.1	2.9	163.6	0.2	-	-100
CROP OUTPUT:						
Cereals	1649	897	-45.6	523	335	-35.9
Potatoes	-	-	-	159	251	57.9
Misc. crop output	505	684	35.4	316	876	177.2
Total Crop Production	**2154**	**1581**	**-26.6**	**999**	**1462**	**46.3**
Livestock Output:						
Cattle – rearing & fattening	26955	27914	3.6	28775	28008	-2.7
Cattle – dairy	-1660	-4674	-181.6	-	-	-
Milk	132728	118746	-10.5	-	-	-
Sheep and wool	631	653	3.5	9593	10625	10.8
Pigs	3518	2605	-26.0	366	310	-15.3
Poultry and eggs	426	327	-23.2	155	127	-18.1
Other livestock	-	3	-	22	1	-95.5
TOTAL LIVESTOCK OUTPUT	**162598**	**145574**	**-10.5**	**38911**	**39072**	**0.4**
Single Farm Payment	18756	21357	13.9	21733	24754	13.9
LFA Compensatory scheme	209	222	6.2	3641	3986	9.5
Agricultural Environment Schemes	1073	1007	-6.2	2995	2565	-14.4
Miscellaneous Subsidies	68	356	423.5	49	67	36.7
Miscellaneous Revenue	819	1196	46.0	938	1078	14.9
On Farm - Non Farm Income	279	493	76.7	-	-	-
Adjustment for disposal of previous years crop	-5	-	100.0	-	-	-
TOTAL FARM OUTPUT	**185950**	**171785**	**-7.6**	**69265**	**72984**	**5.4**

Purchased concentrate feed & fodder	53040	51082	-3.7	9903	10719	8.2
Home grown concentrate feed	3837	3035	-20.9	453	234	-48.3
Veterinary fees & medicines	5013	5301	5.7	2121	2155	1.6
Other livestock costs	5631	6933	23.1	1209	1431	18.4
Purchased & home grown seed	616	725	17.7	181	221	22.1
Fertilisers	11134	10162	-8.7	4998	4839	-3.2
Other crop costs	1505	1531	1.7	521	478	-8.3
Regular & casual labour	3997	4084	2.2	1383	1474	6.6
Machinery excluding depreciation	17591	17766	1.0	8084	8338	3.1
Depreciation of plant machinery & vehicles	10403	11286	8.5	6460	6942	7.5
Depreciation of building & works	13415	15260	13.8	3939	4094	3.9
Land & building inputs	10589	10881	2.8	4954	5254	6.1
Interest payments	3820	3846	0.7	917	858	-6.4
Other general farming costs	9493	10552	11.2	4679	4747	1.5
TOTAL VARIABLE COSTS	**90691**	**89083**	**-1.8**	**22620**	**23602**	**4.3**
TOTAL FIXED COSTS	**59390**	**63361**	**6.7**	**27182**	**28182**	**3.7**
TOTAL INPUTS	**150081**	**152444**	**1.6**	**49803**	**51783**	**4.0**
FARM BUSINESS INCOME	**35869**	**19341**	**-46.1**	**19463**	**21200**	**8.9**
(plus) depreciation of buildings & works	13415	15260	13.8	3939	4094	3.9
(plus) depreciation of plant machinery & vehicles	10403	11286	8.5	6460	6942	7.5
(minus) valuation change	2319	5472	136.0	2865	2067	-27.9
(equals) CASH INCOME	**57368**	**40415**	**-29.6**	**26997**	**30169**	**11.7**
(minus) Net capital investment	55317	37209	-32.7	20663	34915	69.0
(equals) CASH FLOW FARM BUSINESS	**2051**	**3206**	**56.3**	**6334**	**-4746**	**-174.9**
AVERAGE VALUATIONS	**137651**	**144798**	**5.2**	**74270**	**78642**	**5.9**

TABLE 1.7 – ALL TYPES – 4 SIZE GROUPS
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2008/09 AND 2009/10

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			ALL SIZES		
	2008/09	2009/10	% Change	2008/09	2009/10	% Change	2008/09	2009/10	% Change	2008/09	2009/10	% Change
Number of farms		87			113			56			293	
Average size of business (ESUs)		18.5			38.5			75.3			48.5	
Total Area of Farm (ha)	59.2	60.1	1.5	80.6	80.8	0.2	101.4	101.9	0.5	82.5	83.9	1.7
of which: Crops and grass	41.7	41.9	0.5	58.3	58.5	0.3	78.8	79.1	0.4	61.8	62.8	1.6
Rough grazing	12.6	13.2	4.8	19.1	19.4	1.6	17.7	17.4	-1.7	15.6	16.0	2.6
SIZE OF ENTERPRISES:												
Hectares - Total crops	2.4	2.4	-	5.4	4.7	-13.0	7.5	7.7	2.7	4.5	4.1	-8.9
Av. no. - Dairy cows	3.2	3.0	-6.3	20.4	19.2	-5.9	61.4	59.8	-2.6	35.5	35.4	-0.3
Av. no. - Beef cows	21.0	20.5	-2.4	21.3	20.4	-4.2	23.8	22.4	-5.9	21.3	20.3	-4.7
Av. no. - Other cattle	46.2	44.4	-3.9	71.0	70.6	-0.6	92.8	94.2	1.5	73.1	73.3	0.3
Av. no. - Ewes	72.9	66.5	-8.8	92.7	89.3	-3.7	77.9	72.6	-6.8	81.5	76.2	-6.5
Av. no. - Sows/gilts	2.4	1.9	-20.8	6.2	6.3	1.6	12.4	13.5	8.9	5.5	6.0	9.1
CROP OUTPUT:												
Cereals	1492	1154	-22.7	3003	2421	-19.4	3999	3554	-11.1	2582	1961	-24.1
Potatoes	277	270	- 2.5	1957	2656	35.7	4173	3892	-6.7	1631	1659	1.7
Misc. crop output	450	974	116.4	943	1371	45.4	1764	1970	11.7	856	1260	47.2
Total Crop Production	**2219**	**2399**	**8.1**	**5903**	**6448**	**9.2**	**9935**	**9415**	**-5.2**	**5069**	**4880**	**-3.7**
Livestock Output:												
Cattle – rearing & fattening	18631	17397	-6.6	30385	27860	-8.3	41210	37207	-9.7	29444	28795	-2.2
Cattle – dairy	38	63	65.8	-114	-210	-84.2	-2489	-2088	16.1	-537	-1512	-181.6
Milk	3644	2837	-22.1	23301	19632	-15.7	65289	55554	-14.9	42931	38409	-10.5
Sheep and wool	5061	5588	10.4	5972	6761	13.2	6114	6354	3.9	5590	6155	10.1
Pigs	4082	3860	-5.4	10118	11552	14.2	13618	16700	22.6	8790	9461	7.6
Poultry and eggs	133	109	-18.0	211	173	-18.0	1110	853	-23.2	262	208	-20.6
Other livestock	1	-	-100.0	25	1	-96.0	11	0	-100	11	1	-90.9
Total Livestock Output	**31589**	**29853**	-5.5	**69897**	**65769**	**-5.9**	**124864**	**114580**	**-8.2**	**86491**	**81517**	**-5.8**
Single Farm Payment	14009	15960	13.9	18998	21711	14.3	27038	30668	13.4	19754	22509	13.9
LFA Compensatory scheme	1615	1744	8.0	1832	2069	12.9	1585	1752	10.5	1638	1789	9.2
Agricultural Environment Schemes	2011	1994	-0.8	2225	1838	-17.4	2021	1871	-7.4	2065	1904	-7.8
Miscellaneous Subsidies	34	15	-55.9	62	118	90.3	314	377	20.1	86	166	93.0
Miscellaneous Revenue	780	986	26.4	4079	4065	-0.3	908	1803	98.6	1957	2184	11.6
On Farm - Non Farm Income	730	662	-9.3	65	65	-	-	-	-	417	456	9.4
Adjustment for disposal of previous years crop	37	-11	-129.7	25	20	-20.0	73	84	15.1	33	12	-63.6
Total Farm Output	**53024**	**53603**	**1.1**	**103086**	**102104**	**-1.0**	**166738**	**160549**	**-3.7**	**117511**	**115416**	**-1.8**

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			ALL SIZES		
	2008/09	2009/10	% Change	2008/09	2009/10	% Change	2008/09	2009/10	% Change	2008/09	2009/10	% Change
	£ per farm			£ per farm			£ per farm			£ per farm		
INPUTS												
Purchased concentrate feed & fodder	10029	9565	-4.6	23023	23236	0.9	37013	36782	-0.6	28808	28540	-0.9
Home grown concentrate feed	435	351	-19.3	1418	1225	-13.6	2976	2259	-24.1	1879	1455	-22.6
Veterinary fees & medicines	1554	1545	-0.6	2449	2617	6.9	4165	4187	0.5	3103	3240	4.4
Other livestock costs	1140	1299	13.9	2027	2132	5.2	3325	3828	15.1	2795	3314	18.6
Purchased & home grown seed	274	331	20.8	577	665	15.3	1066	1232	15.6	627	743	18.5
Fertilisers	3616	3838	6.1	6316	5722	-9.4	11472	10742	-6.4	7263	6859	-5.6
Other crop costs	478	522	9.2	1132	1123	-0.8	2134	2060	-3.5	1250	1271	1.7
Regular & casual labour	1112	1302	17.1	2228	1955	-12.3	4237	3979	-6.1	2700	2729	1.1
Machinery excluding depreciation	7002	6959	-0.6	10924	10973	0.4	15271	15475	1.3	12035	12139	0.9
Depreciation of plant machinery & vehicles	4640	5119	10.3	9275	9649	4.0	11444	13445	17.5	8575	9338	8.9
Depreciation of building & works	2629	2736	4.1	4878	4971	1.9	11618	12048	3.7	7074	7781	10.0
Land & building inputs	3546	3758	6.0	5407	5677	5.0	10924	10763	-1.5	7210	7500	4.0
Interest payments	556	548	-1.4	1223	1137	-7.0	2796	2817	0.8	1909	1879	-1.6
Other general farming costs	4443	4511	1.5	6305	6546	3.8	8745	9248	5.8	6621	7041	6.3
TOTAL VARIABLE COSTS	**20641**	**20673**	**0.2**	**41270**	**41302**	**0.1**	**70477**	**69674**	**-1.1**	**51517**	**51502**	**-**
TOTAL FIXED COSTS	**20812**	**21709**	**4.3**	**35911**	**36326**	**1.2**	**56711**	**59190**	**4.4**	**40331**	**42328**	**5.0**
TOTAL INPUTS	**41453**	**42382**	**2.2**	**77180**	**77628**	**0.6**	**127188**	**128865**	**1.3**	**91848**	**93829**	**2.2**
FARM BUSINESS INCOME	**11571**	**11220**	**-3.0**	**25906**	**24476**	**-5.5**	**39550**	**31684**	**-19.9**	**25663**	**21586**	**-15.9**
(plus) depreciation of buildings & works	2629	2736	4.1	4878	4971	1.9	11618	12048	3.7	7074	7781	10.0
(plus) depreciation of plant machinery & vehicles	4640	5119	10.3	9275	9649	4.0	11444	13445	17.5	8575	9338	8.9
(minus) valuation change	1657	1484	-10.4	4182	823	-80.3	4763	3994	-16.1	3411	3615	6.0
(equals) CASH INCOME	**17183**	**17591**	**2.4**	**35876**	**38274**	**6.7**	**57850**	**53183**	**-8.1**	**37901**	**35091**	**-7.4**
(minus) Net capital investment	11755	29063	147.2	28714	21998	-23.4	32631	34993	7.2	32687	32822	0.4
(equals) CASH FLOW FARM BUSINESS	**5428**	**-11472**	**-311.3**	**7162**	**16276**	**127.3**	**25219**	**18190**	**-27.9**	**5214**	**2269**	**-56.5**
AVERAGE VALUATIONS	**53471**	**56569**	**5.8**	**97257**	**102300**	**5.2**	**141155**	**149802**	**6.1**	**101410**	**107618**	**6.1**

INCOMES ON CATTLE & SHEEP (LFA & LOWLAND), DAIRY AND ALL FARM TYPES ABOVE 1SLR IN 2008/09 AND 2009/10

£ PER FARM

		Farm Business Income	Cash Income	Net Farm Income
Dairy	08/09	39,523	63,183	34,429
	09/10	21,342	44,622	16,633
Cattle and Sheep (LFA)	08/09	36,289	46,364	23,667
	09/10	40,907	54,601	28,096
Cattle and Sheep (Lowland)	08/09	34,427	40,959	24,631
	09/10	29,260	40,649	17,052
All Types	**08/09**	**37,157**	**54,800**	**29,389**
	09/10	**30,041**	**49,365**	**22,006**

APPENDIX 2

ASSETS AND LIABILITIES OF CEREAL FARMS, 2009/10
AVERAGE FARM SIZE 70.8 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	1,861,900	1,854,139
Other fixed assets	68,092	61,598
TOTAL FIXED ASSETS	**1,929,992**	**1,915,737**
Trading livestock, crops & stores	27,777	23,502
Debtors and short-term lending	-	-
Cash in hand and at bank	-	-
TOTAL CURRENT ASSETS	**27,777**	**23,502**
TOTAL ASSETS	**1,957,769**	**1,939,239**
Bank & other institutional loans	849	396
Family & other loans	-	-
TOTAL LONG-TERM LOANS	**849**	**396**
Bank overdraft	39,373	39,137
Other short-term borrowing	7,818	6,720
TOTAL SHORT-TERM LOANS	**47,191**	**45,857**
TOTAL EXTERNAL LIABILITIES	**48,040**	**46,253**
NET WORTH	**1,909,729**	**1,892,986**

ASSETS AND LIABILITIES OF PIGS AND POULTRY FARMS, 2009/10
AVERAGE FARM SIZE 7.2 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	398,844	402,973
Other fixed assets	26,176	29,100
TOTAL FIXED ASSETS	**425,020**	**432,073**
Trading livestock, crops & stores	45,468	47,591
Debtors and short-term lending	-	-
Cash in hand and at bank	-	-
TOTAL CURRENT ASSETS	**45,468**	**47,591**
TOTAL ASSETS	**470,488**	**479,664**
Bank & other institutional loans	-	-
Family & other loans	-	-
TOTAL LONG-TERM LOANS	**-**	**-**
Bank overdraft	18,988	9,453
Other short-term borrowing	5,907	4,021
TOTAL SHORT-TERM LOANS	**24,895**	**13,474**
TOTAL EXTERNAL LIABILITIES	**24,895**	**13,474**
NET WORTH	**445,593**	**466,190**

ASSETS AND LIABILITIES OF DAIRY FARMS, 2009/10
AVERAGE FARM SIZE 80.6 HECTARES

	Opening Valuation	£	Closing Valuation
Land and Buildings	1,039,169		1,071,194
Other fixed assets	101,498		107,636
TOTAL FIXED ASSETS	**1,140,667**		**1,178,830**
Trading livestock, crops & stores	38,698		41,908
Debtors and short-term lending	8,812		11479
Cash in hand and at bank	30		20
TOTAL CURRENT ASSETS	**47,540**		**53,407**
TOTAL ASSETS	**1,188,207**		**1,232,237**
Bank & other institutional loans	62,806		60,550
Family & other loans	2,309		2,516
TOTAL LONG-TERM LOANS	**65,115**		**63,066**
Bank overdraft	19,991		19,331
Other short-term borrowing	4,215		3,964
TOTAL SHORT-TERM LOANS	**24,206**		**23,295**
TOTAL EXTERNAL LIABILITIES	**89,321**		**18,361**
NET WORTH	**1,098,886**		**1,145,876**

ASSETS AND LIABILITIES OF CATTLE AND SHEEP FARMS (LFA), 2009/10
AVERAGE FARM SIZE 102.5 HECTARES

	Opening Valuation		Closing Valuation
		£	
Land and Buildings	976,146		1,000,926
Other fixed assets	49,464		51,329
TOTAL FIXED ASSETS	**1,025,610**		**1,052,255**
Trading livestock, crops & stores	32,984		36,277
Debtors and short-term lending	-		-
Cash in hand and at bank	-		3
TOTAL CURRENT ASSETS	**32,984**		**36,280**
TOTAL ASSETS	**1,058,594**		**1,088,535**
Bank & other institutional loans	4,661		4,300
Family & other loans	313		63
TOTAL LONG-TERM LOANS	**4,974**		**4,363**
Bank overdraft	7,957		9,870
Other short-term borrowing	1,903		1,719
TOTAL SHORT-TERM LOANS	**9,860**		**11,589**
TOTAL EXTERNAL LIABILITIES	**14,834**		**15,952**
NET WORTH	**1,043,760**		**1,072,583**

ASSETS AND LIABILITIES OF CATTLE AND SHEEP FARMS (LOWLAND) 2009/10
AVERAGE FARM SIZE 67.1 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	1,070,806	1,092,090
Other fixed assets	45,974	50,589
TOTAL FIXED ASSETS	**1,116,780**	**1,142,679**
Trading livestock, crops & stores	54,614	59,269
Debtors and short-term lending	-	-
Cash in hand and at bank	-	-
TOTAL CURRENT ASSETS	**54,614**	**59,269**
TOTAL ASSETS	**1,171,394**	**1,201,948**
Bank & other institutional loans	6,957	2,238
Family & other loans	-	-
TOTAL LONG-TERM LOANS	**6,957**	**2,238**
Bank overdraft	4,291	3,013
Other short-term borrowing	1,323	6,937
TOTAL SHORT-TERM LOANS	**5,614**	**9,950**
TOTAL EXTERNAL LIABILITIES	**12,571**	**12,188**
NET WORTH	**1,158,823**	**1,189,760**

.

ASSETS AND LIABILITIES OF MIXED FARMS, 2009/10
AVERAGE FARM SIZE 63.7 HECTARES

	Opening Valuation	£	Closing Valuation
Land and Buildings	910,091		942,280
Other fixed assets	82,305		89,518
TOTAL FIXED ASSETS	**992,396**		**1,031,798**
Trading livestock, crops & stores	69,978		76,347
Debtors and short-term lending	-		-
Cash in hand and at bank	-		-
TOTAL CURRENT ASSETS	**69,978**		**76,347**
TOTAL ASSETS	**1,062,374**		**1,108,145**
Bank & other institutional loans	-		12,177
Family & other loans	-		-
TOTAL LONG-TERM LOANS	**-**		**12,177**
Bank overdraft	10,875		9,193
Other short-term borrowing	12,944		12,517
TOTAL SHORT-TERM LOANS	**23,819**		**21,710**
TOTAL EXTERNAL LIABILITIES	**23,819**		**33,887**
NET WORTH	**1,038,555**		**1,074,258**

ASSETS AND LIABILITIES OF ALL TYPES, 2009/10
AVERAGE FARM SIZE 83.9 HECTARES

	Opening Valuation		Closing Valuation
		£	
Land and Buildings	999,097		1,024,828
Other fixed assets	67,329		71,217
TOTAL FIXED ASSETS	**1,066,426**		**1,096,045**
Trading livestock, crops & stores	40,157		43,608
Debtors and short-term lending	2,850		3,713
Cash in hand and at bank	10		8
TOTAL CURRENT ASSETS	**43,017**		**47,329**
TOTAL ASSETS	**1,109,443**		**1,143,374**
Bank & other institutional loans	23,300		22,355
Family & other loans	877		840
TOTAL LONG-TERM LOANS	**24,177**		**23,195**
Bank overdraft	12,250		12,255
Other short-term borrowing	3,384		3,934
TOTAL SHORT-TERM LOANS	**15,634**		**16,189**
TOTAL EXTERNAL LIABILITIES	**39,811**		**39,384**
NET WORTH	**1,069,632**		**1,103,990**

APPENDIX 3

ENTERPRISE GROSS MARGIN RESULTS CLASSIFIED INTO FOUR PERFORMANCE CATEGORIES

This Appendix contains the 2009/10 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 2010.

DAIRY COWS (CLASSIFIED BY GROSS MARGIN PER COW) 2009/10

	Excellent	Good	Moderate	Poor	Average
% of survey farms	14	36	34	16	100
Average herd size	70	98	80	59	82
ENTERPRISE OUTPUT			**£ per cow**		
Milk	1371	1277	1071	984	1187
Calves	96	84	82	74	84
Herd replacement	-86	-118	-129	-146	-121
Leasing receipts	-	-	-	-	-
TOTAL ENTERPRISE OUTPUT	1381	1243	1024	912	1150
Variable Costs					
Concentrates	409	407	372	397	394
Hay, silage, forage & grazing	119	144	127	133	134
Vet, medicines & sundries	98	96	88	88	93
Leasing costs	-	-	-	-	-
TOTAL VARIABLE COSTS	626	647	587	618	621
GROSS MARGIN					
- per cow	755	597	437	294	529
- per hectare	1464	1217	848	533	1042
- per 1000 litres	114	95	82	57	90
Milk yield per cow (litres)	6616	6249	5331	5178	5868
Milk price per litre (pence)	20.7	20.4	20.1	19.0	20.2
Concentrates per litre (kg)	0.30	0.33	0.35	0.36	0.33
Concentrates price per tonne (£)	195	187	189	201	190
Stocking rate (ce per ha)	1.94	2.04	1.94	1.81	1.97
Nitrogen per hectare (kg)	123	150	130	120	136

DAIRY COWS (CLASSIFIED BY GROSS MARGIN PER HECTARE) 2009/10

	Excellent	Good	Moderate	Poor	Average
% of survey farms	10	38	35	17	100
Average herd size	122	98	71	53	83
ENTERPRISE OUTPUT			**£ per cow**		
Milk	1320	1274	1046	926	1175
Calves	103	73	92	73	83
Herd replacement	-109	-123	-116	-151	-122
Leasing receipts	-	-	-	-	-
TOTAL ENTERPRISE OUTPUT	1314	1224	1022	848	1136
Variable Costs					
Concentrates	446	407	356	381	395
Hay, silage, forage & grazing	121	137	139	136	135
Vet, medicines & sundries	95	94	87	96	92
Leasing Costs	-	-	-	-	-
TOTAL VARIABLE COSTS	662	638	582	613	622
GROSS MARGIN					
- per cow	652	586	440	235	514
- per hectare	1617	1231	766	390	1008
- per 1000 litres	102	94	84	49	88
Milk yield per cow (litres)	6385	6257	5234	4833	5815
Milk price per litre (pence)	20.7	20.4	20.0	19.2	20.2
Concentrates per litre (kg)	0.33	0.34	0.34	0.36	0.34
Concentrates price per tonne (£)	191	185	197	206	191
Stocking rate (ce per ha)	2.48	2.10	1.74	1.66	1.96
Nitrogen used per hectare (kg)	145	157	117	105	135

DAIRY CALVES REARED AS REPLACEMENTS, 2009/10
(CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	22	27	32	19	100
ENTERPRISE OUTPUT	1488	1069	878	965	1042
Variable Costs					
Concentrates*	319	254	338	434	334
Hay, silage, forage and grazing	358	269	234	392	302
Vet and medicines	26	25	34	63	38
Sundries	23	30	47	71	45
TOTAL VARIABLE COSTS	726	578	653	960	719
GROSS MARGIN	762	491	225	5	323
Concentrates per ce (kg)	624	410	577	820	596
Concentrates price per tonne (£)	187	200	220	180	196
Stocking rate (ce per ha)	2.13	2.12	1.93	2.17	2.07
Price per calf bought/transferred in (£)	100	104	100	82	94
Price per heifer sold/transferred out (£)	877	891	842	791	846
Mortality %	0.4	1.8	3.5	2.0	2.1

* Includes milk fed to calves

SUCKLER COWS - SEVERELY DISADVANTAGED AREA, 2009/10
(CLASSIFIED BY GROSS MARGIN PER COW)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	12	26	48	14	100
Number of cows per farm	47	46	39	29	41
ENTERPRISE OUTPUT			**£ per cow**		
Calves	373	388	319	263	342
Herd Replacement	-25	-26	-38	-52	-34
TOTAL ENTERPRISE OUTPUT	348	362	281	211	308
Variable Costs					
Concentrates	33	35	48	52	42
Hay, silage, forage and grazing	70	111	110	131	107
Vet and medicines	20	18	27	21	23
Sundries	13	16	18	18	17
TOTAL VARIABLE COSTS	136	180	203	222	189
GROSS MARGIN	212	182	78	-11	119
GROSS MARGIN PER COW EQUIVALENT	195	167	73	-10	111
Calves reared per cow	0.89	0.96	0.86	0.86	0.89
Price per calf sold or transferred-out (£)	403	406	375	342	386
Mortality - birth to weaning (%)	0.8	1.8	1.6	2.7	1.6
Concentrates per cow (kg)	219	202	280	305	251
Concentrates price per tonne (£)	150	171	170	172	168

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

SUCKLER COWS - DISADVANTAGED AREA, 2009/10
(CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	12	28	48	12	100
Number of cows per farm	64	51	31	37	42
ENTERPRISE OUTPUT		**£ per cow**			
Calves	417	339	322	263	339
Herd replacement	-12	-5	-38	-47	-22
TOTAL ENTERPRISE OUTPUT	405	334	284	216	317
Variable Costs					
Concentrates	40	31	38	54	38
Hay, silage, forage and grazing	95	104	117	115	108
Vet and medicines	21	20	25	37	24
Sundries	17	19	24	22	21
TOTAL VARIABLE COSTS	173	174	204	228	191
GROSS MARGIN	232	160	80	-12	126
GROSS MARGIN PER COW EQUIVALENT	216	148	76	-11	118
Calves reared per cow	0.98	0.90	0.92	0.83	0.92
Price per calf sold or transferred out (£)	427	379	366	341	380
Mortality - birth to weaning (%)	1.6	1.5	1.1	5.2	1.8
Concentrates per cow (kg)	260	250	197	312	239
Price of concentrates per tonne (£)	153	109	184	175	149

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

BREEDING EWES - SEVERELY DISADVANTAGED AREA (CROSS BRED FLOCKS), 2009/10 (CLASSIFIED BY GROSS MARGIN PER EWE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	16	37	37	10	100
Number of ewes per farm	81	145	198	440	185
ENTERPRISE OUTPUT			**£ per ewe**		
Lambs	109	74	66	78	74
Wool	2	1	1	1	1
Flock replacement	4	8	5	-17	0
TOTAL ENTERPRISE OUTPUT	115	83	72	62	75
Variable Costs					
Concentrates	19	13	15	23	17
Hay, silage, forage and grazing	17	16	19	16	17
Vet, medicines and sundries	11	8	12	18	12
TOTAL VARIABLE COSTS	47	37	46	57	46
GROSS MARGIN	68	46	26	5	29
Price per lamb sold (£)	70	61	64	60	63
Lambing percentage	166	145	137	143	143
Lambs reared per 100 ewes	156	137	130	135	135
Wool per ewe (kg)	2.7	2.6	3.0	2.5	2.7
Wool per kg (p)	59	50	40	41	44
Concentrates per ewe (kg)	98	68	84	115	88
Concentrates price per tonne (£)	193	189	178	194	187
Mortality - ewes (%)	3.7	3.9	4.5	5.5	4.5
Mortality - lambs per 100 ewes	10.9	8.3	6.9	8.4	8.0

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

BREEDING EWES - SEVERELY DISADVANTAGED AREA (HARDY HILL BREEDS), 2009/10 (CLASSIFIED BY GROSS MARGIN PER EWE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	19	31	38	12	100
Number of ewes per farm	351	229	264	373	283
ENTERPRISE OUTPUT			**£ per ewe**		
Lambs	63	55	52	24	51
Wool	1	1	1	1	1
Flock replacement	5	12	4	1	6
TOTAL ENTERPRISE OUTPUT	69	68	57	26	58
Variable Costs					
Concentrates	11	16	14	4	12
Hay, silage, forage and grazing	9	16	16	14	14
Vet, medicines and sundries	11	9	10	8	10
Leasing costs					
TOTAL VARIABLE COSTS	31	41	40	26	36
GROSS MARGIN	38	27	17	0	22
Price per lamb sold (£)	63	60	56	48	58
Lambing percentage	131	129	123	91	122
Lambs reared per 100 ewes	119	122	114	72	111
Wool per ewe (kg)	2.4	2.2	2.9	1.5	2.4
Wool per kg (p)	35	59	39	40	43
Concentrates per ewe (kg)	59	84	72	20	64
Concentrates price per tonne (£)	179	184	190	200	186
Mortality - ewes %	10.9	5.3	7.3	15.0	8.8
Mortality - lambs %	12.1	7.4	9.5	18.7	11.0

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

BREEDING EWES - DISADVANTAGED AREA, 2009/10
(CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	18	27	41	14	100
Number of ewes per farm	226	191	95	111	147
ENTERPRISE OUTPUT		**£ per Ewe**			
Lambs	95	98	80	44	87
Wool	1	1	1	1	1
Flock replacement	4	2	8	0	4
TOTAL ENTERPRISE OUTPUT	100	101	89	45	92
Variable Costs					
Concentrates	9	14	21	14	14
Hay, silage, forage and grazing	14	16	14	22	16
Vet, medicines and sundries	6	8	9	16	9
TOTAL VARIABLE COSTS	29	38	44	52	39
GROSS MARGIN	71	63	45	-7	53
Price per lamb sold (£)	72	68	67	49	68
Lambing percentage	146	153	150	115	146
Lambs reared per 100 ewes	137	145	142	110	139
Wool per ewe (kg)	2.5	2.7	2.9	1.7	2.6
Wool per kg (p)	49	49	44	77	49
Concentrates per ewe (kg)	43	69	104	56	70
Concentrates price per tonne (£)	206	195	197	245	202
Ewes per hectare	10.11	7.01	6.52	7.22	7.53
Stocking rate (ce per ha)	1.96	1.40	1.30	1.69	1.52
Mortality - ewes %	4.5	4.4	6.1	5.1	4.9
Mortality - lambs per 100 ewes	8.6	7.7	7.7	5.4	7.7

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

BREEDING EWES - NON LFA, 2009/10
(CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	22	30	39	9	100
Number of ewes per farm	240	183	148	19	167
ENTERPRISE OUTPUT		**£ per ewe**			
Lambs	91	102	82	52	91
Wool	2	1	1	1	2
Flock replacement	10	-6	2	9	2
TOTAL ENTERPRISE OUTPUT	103	97	85	62	95
Variable Costs					
Concentrates	12	8	16	9	12
Hay, silage, forage and grazing	19	18	15	30	18
Vet, medicines and sundries	11	10	8	5	10
TOTAL VARIABLE COSTS	42	36	39	44	40
GROSS MARGIN	61	61	46	18	55
Gross Margin (per hectare)	592	461	271	121	407
Price per lamb sold (£)	67	69	66	59	68
Lambing percentage	161	166	156	138	161
Lambs reared per 100 ewes	155	153	145	122	151
Wool per ewe (kg)	3.4	3.6	3.0	2.1	3.3
Wool per kg (p)	49	36	48	46	44
Concentrates per ewe (kg)	59	43	89	49	64
Concentrates price per tonne (£)	195	199	182	179	190
Ewes per hectare	9.76	7.54	5.96	6.75	7.38
Stocking rate (ce per ha)	1.89	1.45	1.34	1.30	1.51
Mortality - ewes %	2.5	5.9	5.0	13.5	4.6
Mortality - lambs per 100 ewes	6.2	12.7	10.8	16.2	10.0

PIGS - BIRTH TO BACON, 2009/10
(CLASSIFIED BY GROSS MARGIN PER FINISHED PIG)

	Above	Below	Average
% of survey farms	50	50	100
Number of pigs finished per farm	2678	1628	2153
Number of sows per farm	119	93	107
	£ per pig		
ENTERPRISE OUTPUT	107	106	106
Variable Costs			
Feedingstuffs	57	71	62
Vet. and medicines	1	2	2
Sundries	3	2	2
TOTAL VARIABLE COSTS	61	75	66
GROSS MARGIN	46	31	40
Price of meal equivalent per tonne (£)	194	218	203
Meal equivalent per finished pig (kg)	293	325	305
Litters per sow per year	2.2	1.8	2.0
Live births per litter	12.5	10.7	11.8
Pigs weaned per litter	10.6	9.3	10.1
Pigs weaned per sow per year	23.1	17.2	20.5
Price of finished pig sold (£)	106.71	105.74	106.34
Mortality - suckers %	14.8	9.3	12.8
Mortality - weaners %	3.5	3.2	3.4

SPRING BARLEY (2009 CROP)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	14	42	28	16	100
Hectares per farm	12.2	16.1	17.7	15.6	15.9
ENTERPRISE OUTPUT		**£ per hectare**			
Grain	552	556	496	402	512
Straw	263	189	214	152	199
TOTAL ENTERPRISE OUTPUT	815	745	710	554	711
Variable Costs					
Seed	59	61	75	55	64
Fertilisers	147	146	183	184	164
Sprays	61	69	102	88	81
Sundries	18	20	24	17	21
TOTAL VARIABLE COSTS	285	296	384	344	330
GROSS MARGIN	530	449	326	210	381
Grain (tonnes per ha)	5.40	5.15	5.18	3.99	5.00
Straw (tonnes per ha)	4.16	2.82	3.83	2.90	3.29
Fertilisers used per hectare (kg)	608	480	532	587	527
Grain per tonne (£)	102	108	96	101	102
Straw per tonne (£)	63	67	56	52	60

WINTER BARLEY (2009 CROP)

	Above Average	Below Average	Average
% of survey farms	45	55	100
Hectares per farm	10.7	14.5	12.8
Enterprise Output		**£ per hectare**	
Grain	757	745	749
Straw	384	218	281
TOTAL ENTERPRISE OUTPUT	**1141**	**963**	**1030**
Variable Costs			
Seed	51	66	60
Fertilisers	150	247	210
Sprays	127	124	125
Sundries	17	65	47
TOTAL VARIABLE COSTS	**345**	**502**	**442**
GROSS MARGIN	**796**	**461**	**588**
Grain (tonnes per ha)	7.03	7.32	7.21
Straw (tonnes per ha)	5.58	4.72	5.05
Fertilisers used per hectare (kg)	519	778	679
Grain per tonne (£)	108	102	104
Straw per tonne (£)	69	46	56

WINTER WHEAT (2009 CROP)

	Above Average	Below Average	Average
% of survey farms	43	57	100
Hectares per farm	7.9	19.2	14.3
ENTERPRISE OUTPUT		**£ per hectare**	
Grain	880	804	822
Straw	326	232	254
TOTAL ENTERPRISE OUTPUT	1206	1036	1076
Variable Costs			
Seed	84	72	75
Fertilisers	152	223	206
Sprays	118	152	144
Sundries	2	89	68
TOTAL VARIABLE COSTS	356	536	493
GROSS MARGIN	850	500	583
Grain (tonnes per ha)	9.64	7.53	8.03
Straw (tonnes per ha)	5.39	5.30	5.32
Fertilisers used per hectare (kg)	527	817	748
Grain per tonne (£)	91	107	102
Straw per tonne (£)	60	44	48

WARE POTATOES (2009 CROP)

	Above Average	Below Average	Average
% of survey farms	50	50	100
Hectares per farm	6.2	23.8	15.0
ENTERPRISE OUTPUT		**£ per hectare**	
Current Crop	4708	3113	3443
Variable Costs			
Seed	457	499	491
Fertilisers	385	518	491
Sprays	308	330	325
Contract/Casual Wages	55	399	327
Sundries	154	165	163
TOTAL VARIABLE COSTS	1359	1911	1797
GROSS MARGIN	3349	1202	1646
Yield of ware per hectare (tonnes)	27	22	23
Seed used per hectare (tonnes)	2.43	2.31	2.33
Fertiliser used per hectare (kg)	981	1292	1228
Price per tonne sold (£)	163	137	144

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 2009 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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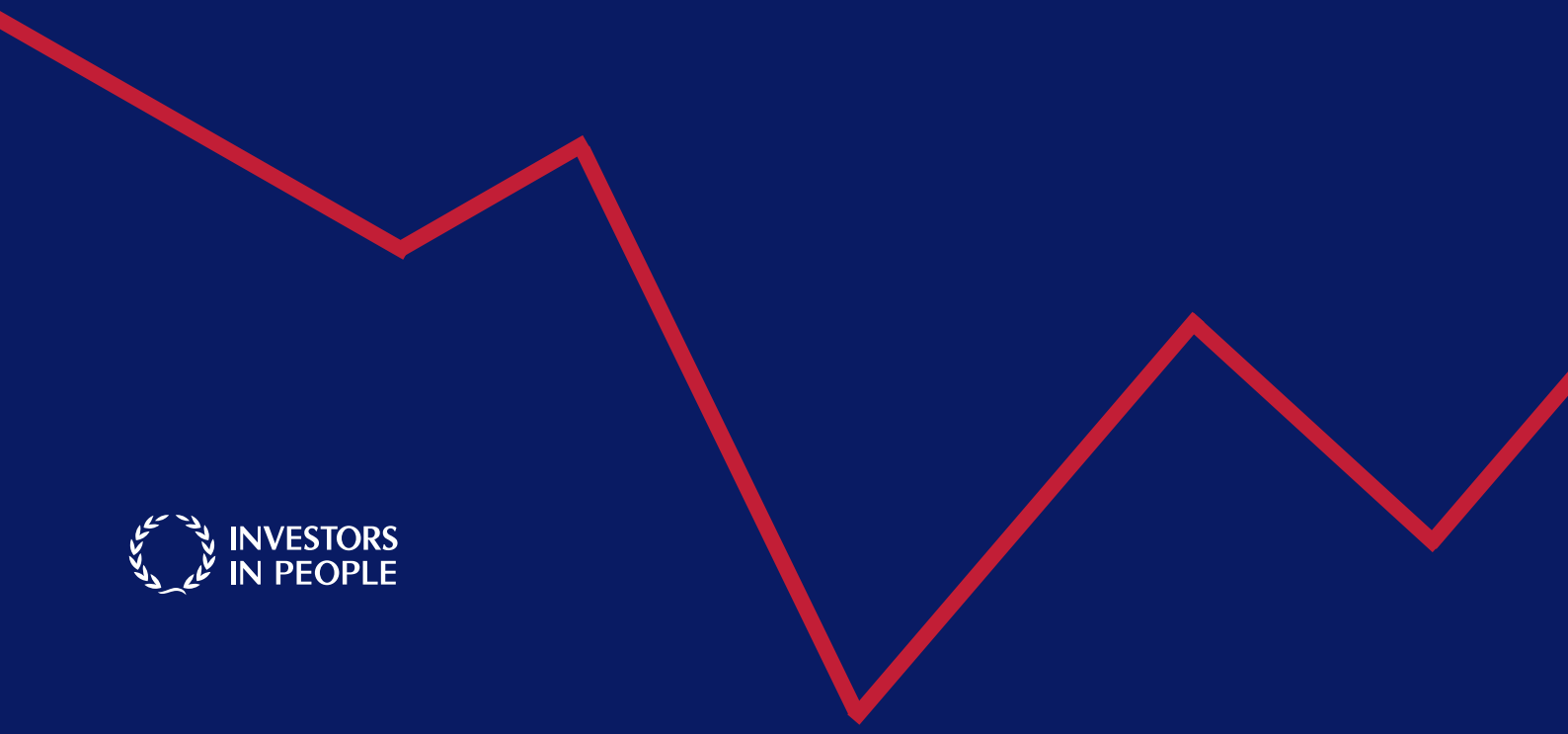

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