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POLICY AND ECONOMICS DIVISION

Farm Incomes in Northern Ireland

2011/12



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

**FARM INCOMES
IN
NORTHERN IRELAND
2011/12**

A National Statistics Publication

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Foreword and Acknowledgements

This report on Farm Incomes in Northern Ireland, the twentieth 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 2011/12 account year, which has an average year end of mid-February 2012 for the 387 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 David Playfair who assisted in preparation of the report and the vital contributions made by administrative staff 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:

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Director of Policy and Economics
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EXECUTIVE SUMMARY

1. The average Farm Business Income across all farm businesses above 0.5 Standard Labour Requirements (SLRs) increased from £29,436 to £34,184 per farm between 2010/11 and 2011/12. This resulted from an increase of 11.5% in the average value of farm output and an average increase in expenditure on inputs of 10.2%.
2. For the main farming enterprises, increases in gross margin between 2010/11 and 2011/12 were recorded for dairy cows, SDA beef cows, DA beef cows, Lowland beef cows, SDA breeding ewes, DA breeding ewes, Lowland breeding ewes and winter barley, whereas, decreases were recorded for pigs, spring barley, winter wheat and potatoes.
3. Between 2010/11 and 2011/12 increases in Farm Business Income were recorded on 4 of the 7 main types of farm covered in the Farm Business Survey (FBS). The four farm types showing an increase in average Farm Business Income were Dairy, Cattle and Sheep (LFA), Cattle and Sheep (Lowland) and Mixed Farms. Income results show that average Farm Business Income increased by £5,153 on Dairy farms, £4,423 on Cattle and Sheep (LFA) farms, £9,305 on Cattle and Sheep (Lowland) farms and £11,625 on Mixed farms.
4. A Farm Business Income above £10,000 was achieved by 77% of the farm businesses in the FBS in 2011/12; 9% of the farms incurred a loss.
5. Cash Income per farm, which is the difference between cash receipts and expenditure, increased from an average of £43,942 in 2010/11 to £47,926 in 2011/12. This income measure provides the average amount of cash available per farm to cover living expenses and investment expenditure.
6. Direct payments decreased by £540 per farm between 2010/11 and 2011/12 and averaged £26,497 per farm and £302 per hectare in 2011/12. (Section 2.4). Direct payments represented 78% of Farm Business Income and 55% of Cash Income generated across all types of farm in Northern Ireland.
7. Five of the seven main types of farm business generated a positive Farm Business Income in 2011/12 when direct subsidy receipts were not included in the value of farm output. (Section 2.5). Those generating a negative Farm Business Income were Cattle & Sheep (LFA) and Cattle & Sheep (Lowland).
8. During the past 8 years the Farm Business Income on Dairy farms has been on average £23,530 per farm higher than that for Cattle and Sheep (LFA) farms. Dairy and LFA Cattle and Sheep type farms account for 67% of the farms classified as full-time businesses. (Section 2.6)
9. Off-farm income of the farmer and spouse averaged £6,675 per farm in 2011/12. However, on 47% 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 2011/12, only the spouse of the farmer on 25% of the farms had off-farm employment, on a further 5% of farms the farmer had off-farm employment and on another 2% of farms both the farmer and spouse had off-farm employment.
11. The average level of net investment per farm increased from £21,932 in 2010/11 to £24,774 in 2011/12. Investment levels in 2011/12 were the third highest recorded in the past 10 years when inflation is taken into account. (Section 2.8).
12. External liabilities (mainly bank borrowings) averaged £42,916 per farm and equated to 3.3% of the total value of farm assets. On only 4% of farms, external liabilities represented more than 15% of the value of farm assets. (Section 3.1).
13. There were no bank borrowings recorded by 47% of farms in 2011/12 and 86% had borrowings of less than £50,000 per farm. (Section 3.3).
14. At farm enterprise level:

Dairy Cows

- (i) The average gross margin per dairy cow increased by £63, from £909 in 2010/11 to £972 in 2011/12. This increase was due to a rise in milk receipts.
- (ii) The difference in herd gross margin between those in the top 25% and bottom 25% performance groups amounted to £54,114 for a herd of average size in the Farm Business Survey. (Section 4.1).

Suckler Cows

- (i) The average gross margins for Lowland, DA and SDA cows increased by £31, £41 and £9 per cow respectively between 2010/11 and 2011/12.
- (ii) DA suckler cow herds had the highest average gross margin per cow, at £191, while SDA herds averaged £166 and Lowland herds £153 in 2011/12. (Section 4.2).

Sheep

- (i) The average gross margins for Lowland, DA and SDA breeding ewes increased by £15, £13 and £4 per ewe respectively between 2010/11 and 2011/12
- (ii) In 2011/12, the highest average gross margin per ewe of £77 was achieved by the Lowland flocks. This gross margin was £16 higher than for ewes in DA flocks and £43 higher than for ewes in SDA flocks. (Section 4.3).

Pigs

On birth to bacon pig units the average gross margin per pig decreased from £28.62 in 2010/11 to £21.70 in 2011/12. Between 2010/11 and 2011/12, the average output for pigs increased by £5.52 per pig and the average cost of feedstuffs increased by £12.00 per pig. (Section 4.4).

Cereals

- (i) The average gross margins per hectare for spring barley and winter wheat crops were lower in 2011/12 than in 2010/11. Decreases in gross margin per hectare were spring barley (£140) and winter wheat (£131). The average gross margin per hectare for winter barley crops were higher and had increased by £18.
- (ii) The winter wheat crop had the highest average gross margin of the three main cereal crops, at £1,123 per hectare, followed by winter barley at £1,004 and spring barley at £558. (Sections 4.5-4.7).

Potatoes

The average gross margin for ware potatoes decreased from £2,949 per hectare in 2010/11 to £1,492 per hectare in 2011/12, a decrease of £1,457. The ware crop yield per hectare increased from 32.5 tonnes in 2010/11 to 33.7 tonnes in 2011/12, whereas, the ware potato price per tonne decreased by £50 per tonne from £138 per tonne in 2010/11 to £88 per tonne in 2011/12. (Sections 4.8).

Fixed Costs

15. The average levels of fixed costs (excluding labour) per hectare across all farm types were higher in 2011/12 than in 2010/11, at £516 and £493 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://www.defra.gov.uk/statistics/foodfarm/cross-cutting/auk/> 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 types of farm business excluded from the FBS are Horticulture and Poultry.

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 12,758 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 387 farm businesses for the 2011/12 accounting year. All of these farms participate on a voluntary basis with 65% having provided information for at least 10 years. A smaller sample of 291 farm businesses over 0.5 SLRs in size provided information for both the 2010/11 and 2011/12 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 2011/12 account year information presented in this report refers to the 2011 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, 2011/12

Type of Farm Business ^{***}	Number of Farm Businesses	
	Northern Ireland*	FBS Sample**
Cereals	115	7
General Cropping	184	9
Horticulture	216	-
Pigs	142	9
Poultry	483	-
Dairy	2,683	104
Cattle and Sheep (LFA)	4,369	111
Cattle and Sheep (Lowland)	1,661	36
Mixed	411	15
Others	256	-
All Types	10,520	291

* Number of farm businesses above 0.5 SLRs in size at June 2011 Census; there are 13,916 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 2010/11 and 2011/12 account years, and which were used in the analyses. A further 50 cattle and sheep farms of less than 0.5 SLRs in size provided information in both years.

*** The EU and UK system for classification of farms into particular types was revised in the 2010/11 year. Farms are now classified in terms of Standard Output (SO) compared to Standard Gross Margin (SGM) previously. Further details of this change and its impact on the measurement of Farm Incomes are presented in section 6 of the Farm Incomes in Northern Ireland 2010/11 publication.

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.

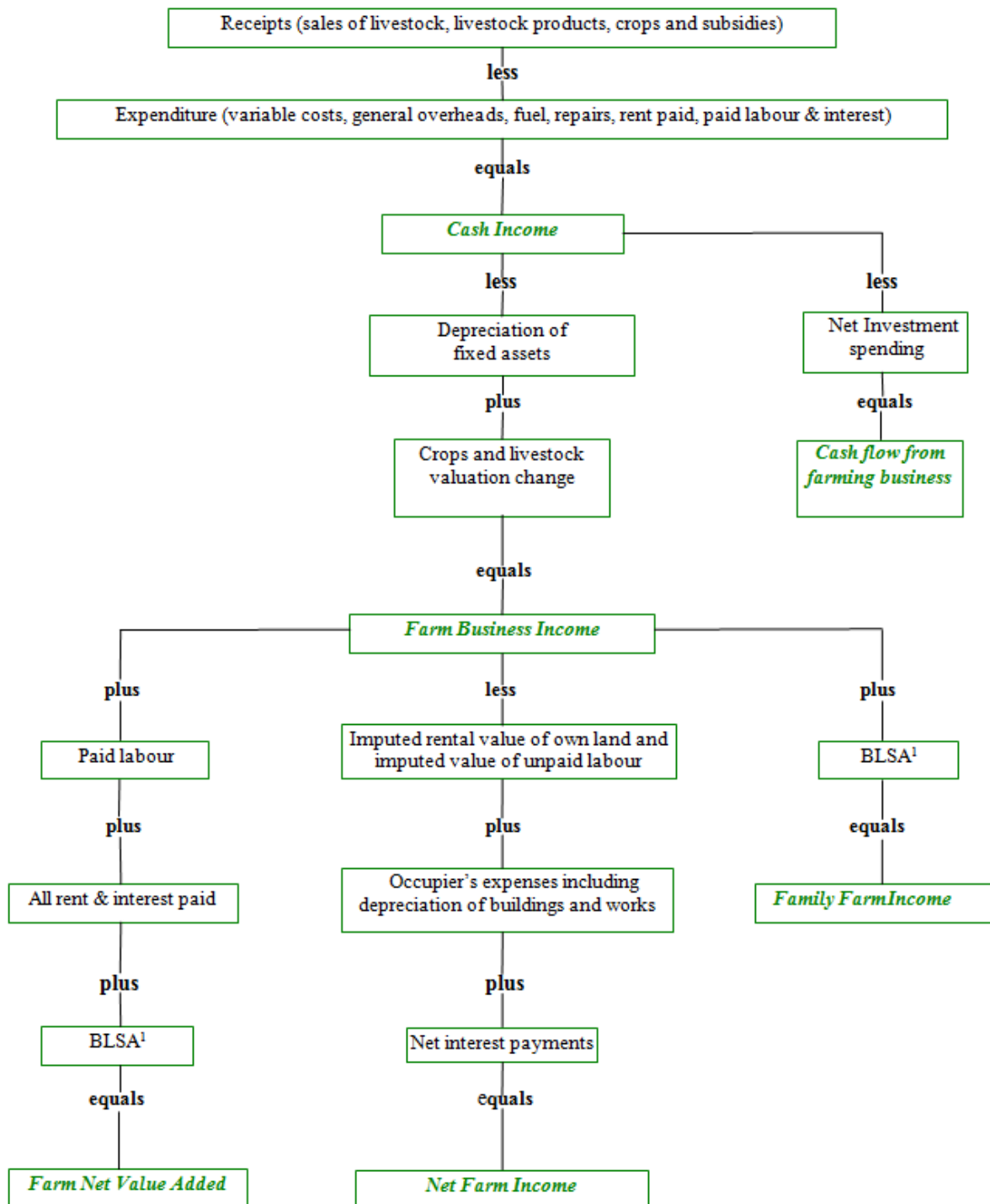
FBI differs from NFI in that it represents the return to all unpaid labour, not just the farmer and spouse and it treats the tenure of farms as it is: tenants as tenants, owner occupiers as owner occupiers and those with both types of tenure as mixed.

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: Measures of Farm Income



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 2010/11 and 2011/12

Average Farm Business Income, Cash Income, and Net Farm Income measured across all farm types is shown in Table 2a for the accounting years 2010/11 and 2011/12. As shown, average Farm Business Income increased between 2010/11 and 2011/12 by £4,748 or 16.1% per farm. This resulted from a 11.5% increase in the value of outputs and a 10.2% increase in expenditure on inputs between 2010/11 and 2011/12. On the other hand, average Cash Income increased by £3,984 or 9.1% when compared to the previous year. When measuring Farm Income using the previous headline measure Net Farm Income, an average increase of £4,895 or 22.0% per farm occurred between 2010/11 and 2011/12.

Table 2a Average farm income (all types, above 0.5 SLRs) ¹

	2010/11 £	2011/12 £
Farm Business Income	29,436	34,184
Cash Income	43,942	47,926
Net Farm Income	22,246	27,141

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

Farm Business Incomes by individual farm types are presented in Table 2b for the 2010/11 and 2011/12 account years. This shows that Average Farm Business Income increased between 2010/11 and 2011/12 on 4 of the 7 main farm types. The four farm types which showed an increase in Average Farm Business Income were Dairy, Cattle and Sheep (LFA), Cattle and Sheep (Lowland) and Mixed farms.

On Dairy farms the average Farm Business Income increased from £52,971 in 2010/11 to £58,124 in 2011/12, which is an increase of £5,153 per farm. This resulted from an 11.9% (£28,255) increase in the value of outputs and a 12.6% (£23,101) increase in expenditure on inputs between 2010/11 and 2011/12. The main reason for the increase in output between the years was the £22,234 increase in milk value that arose from the higher milk prices and yields in 2011. In terms of inputs, the main increases in expenditure were recorded for purchased concentrate

feed and fodder (£10,762), fertilisers (£2,850), and machinery running costs (£2,664).

Cattle and Sheep farms (LFA) generated an average Farm Business Income of £23,091 per farm in 2011/12, which was 23.7% higher than the 2010/11 income of £18,668 per farm. This increase in income was the net result of a 10.3% (£7,580) increase in the value of farm output and an 5.8% (£3,157) increase in expenditure on inputs. The main reason for the increase in output value was the £5,897 increase in the value achieved for cattle rearing & fattening activities. The main increases in expenditure on inputs were recorded for machinery running costs (£870) and fertilisers (£851).

Cattle and Sheep (Lowland) farms also recorded an increase in Farm Business Income between 2010/11 and 2011/12. For this farm type, Farm Business Income increased from £9,457 to £18,762, which is an increase of 98.4%. This was the net result of a 19.6% (£14,581) increase in the value of farm output and a 8.1% (£5,278) increase in expenditure on inputs. The main factors contributing to the increase in output value were increases in returns from both Cattle Rearing & Fattening activities (£13,243) and in the value achieved for sheep & wool products (£1,940). The main changes within expenditure on inputs were increases in machinery running costs (£1,526), fertilisers (£1,258) and purchased concentrate feed and fodder (£1,246).

On the other 4 types of farm, which account for 8.9% of farms above 0.5 SLR's, changes in the total value of farm output between 2010/11 and 2011/12 ranged from -10.9% (Cereal farms) to 11.0% (Mixed). Whereas, change in expenditure on inputs between years ranged from -2.0% (Cereal farms) to 17.8% (Pig farms). These four farm types showed changes in average Farm Business Income between years, which ranged from -£22,436 on General Cropping farms to £11,625 on Mixed farms.

Comprehensive data on the values of livestock output, crop output, inputs, and incomes for each of the 7 farm types are given in Appendix 1. Information is also provided for 4 farm size groupings for Dairy and Cattle and Sheep (LFA) farms and for 2 size groupings for lowland Cattle and Sheep farms. These data include information on the physical and financial characteristics of the average farm within each farm type and size in the FBS sample and for the "all sizes" Northern Ireland weighted averages for each farm type. They show, amongst other things, that the levels of changes in the various components of output and input recorded between 2010/11 and 2011/12 may differ for each farm size grouping within farm types. For instance, in the case of dairy farms, the total value of farm inputs increased by 6.3% in the 0.5 < 1 SLR size group which compares with a 17.8% increase in the 1 < 2 SLR size group.

The average levels of income per farm included in this report for each of the 7 farm types in 2010/11 (i.e. the 2010/11 – 2011/12 identical sample) are different to those in the previous year's report (i.e. the 2009/10 – 2010/11 identical sample). This occurs when an identical sample basis for reporting farm incomes is used, because the sample of farms for 2010/11 in the 2010/11– 2011/12 identical samples will not be exactly the same as those for the same year in the 2009/10 – 2010/11 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 9,565 farm businesses of which 5,233 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 2010/11 and 2011/12 (£ per farm) ¹

		Farm Business Income	Cash Income	Net Farm Income
Cereals	10/11	38,540	65,686	30,077
	11/12	26,856	47,588	18,091
General Cropping	10/11	69,733	85,390	52,294
	11/12	47,297	78,222	31,370
Pigs	10/11	55,732	71,863	65,401
	11/12	37,161	53,298	48,759
Dairy	10/11	52,971	78,401	50,166
	11/12	58,124	82,500	55,364
Cattle and Sheep (LFA)	10/11	18,668	27,959	9,743
	11/12	23,091	30,630	14,462
Cattle and Sheep (Lowland)	10/11	9,457	17,896	832
	11/12	18,762	27,264	9,944
Mixed	10/11	40,676	59,044	28,069
	11/12	52,301	72,924	39,185
All Types	10/11	29,436	43,942	22,246
	11/12	34,184	47,926	27,141

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

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 2011/12 the average level of Cash Income per farm generated across all types of farm in Northern Ireland was £47,926 which is £3,984 higher than in 2010/11.

Increases in average Cash Income occurred in 2011/12 on 4 of the 7 farm types and these increases ranged from £2,671 per farm on Cattle and Sheep (LFA) farms to £13,880 per farm on Mixed farms. Decreases in average Cash Income occurred in 2011/12 on Cereals, General Cropping and Pig farms. These decreases ranged from £7,168 on General Cropping farms to £18,565 on Pig farms. The lowest level of Cash Income in 2011/12 was recorded for Cattle and Sheep (Lowland) farms at £27,264 per farm, whereas the highest was recorded on Dairy farms at £82,500 per farm.

Net Farm Income showed similar changes to Farm Business Income between 2010/11 and 2011/12 for each of the farm types. However, on average, Farm Business Income was £7,043 higher than Net Farm Income in 2011/12. 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 Pig 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 2006/07 and 2011/12 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 2008/09 and 2009/10.

When comparing the average income figures measured across all farm types for 2011/12 against those of 2006/07, the results show that average Farm Business Income increased by 89%, Cash Income increased by 68% and Net Farm Income increased by 136% per farm between the two years.

Table 3 Income per farm, 2006/07 to 2011/12 (£ per farm) ¹

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Farm Business Income	18,135	30,127	27,195	21,586	29,159	34,184
Cash Income	28,536	40,563	38,751	35,091	43,331	47,926
Net Farm Income	11,492	22,619	19,910	14,223	21,727	27,141

1. Based on data from all farms.

The distributions of farms by income level as presented in Table 4 provides a more comprehensive picture of income levels generated in 2011/12. When compared with those in 2010/11 they show that the increase in average Farm Business Income across all types of farm between 2010/11 and 2011/12 contributed to a reduction in the number of farms which incurred a negative Farm Business Income (13% in 2010/11 and 9% in 2011/12) and resulted in 6% more farms (i.e. 40% in 2011/12) which incurred a Farm Business Income of at least £30,000. In comparison, the rise in average Net Farm Income across all types of farm in 2011/12 resulted in 12% less

farms (i.e. 16% in 2011/12) recording a negative Net Farm Income and 5% more farms (i.e. 29% in 2011/12) recording a Net Farm Income of at least £30,000. In Cash Income terms, the proportion of farms with negative incomes decreased by 3% (i.e. to 3% of farms) in 2011/12. The proportion of farms with a Cash Income of at least £30,000 increased by 4% (i.e. 51%) in 2011/12. Finally, 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.

Table 4 Distribution of farms by level of income, 2010/11 and 2011/12¹

Income £ per farm	Farm Business Income		Cash Income (% of farms)		Net Farm Income	
	10/11	11/12	10/11	11/12	10/11	11/12
<0	13	9	6	3	28	16
0 - 4,999	7	6	2	3	9	11
5 - 9,999	12	8	9	4	8	7
10 - 19,999	18	20	19	22	17	21
20 - 29,999	16	17	17	17	14	16
30,000 and over	34	40	47	51	24	29

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

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 13,916 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 2010/11 and 2011/12 that were above the break-even point.

Table 5 Incomes for ‘spare-time’¹ Cattle and Sheep farms in the LFA and Lowland in 2010/11 and 2011/12 (£ per farm)²

		Farm Business Income	Cash Income	Net Farm Income
Cattle and Sheep (LFA)	2010/11	5,913	9,953	2,728
	2011/12	7,365	9,067	4,313
Cattle and Sheep (Lowland)	2010/11	213	5,036	-4,420
	2011/12	4,380	9,472	372

1. Under 0.5 SLRs

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

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 2010/11 and 2011/12.

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 2010/11 and 2011/12 represents the 6th and 7th years of SFP scheme.

As shown in table 6, direct subsidy receipts per farm decreased between 2010/11 and 2011/12 on 4 out of the 7 main types of farm. The farm types showing a decrease were Pig, Dairy, Cattle & Sheep (LFA) and Mixed enterprises. Table 6 also

shows that Cattle and Sheep (Lowland), Cereal and General Cropping farm types showed an increase in direct payments between 2010/11 and 2011/12. When averaged across all Farm Types, table 6 shows that direct subsidy receipts per farm decreased from £27,037 in 2010/11 to £26,497 in 2011/12 (i.e. £540 less per farm).

General Cropping farms received the highest level of direct subsidy receipts, averaging £32,624 per farm in 2011/12. Cattle and Sheep (LFA) farms were close behind in the amount of direct subsidy receipts received at £30,834 per farm in 2011/12. Whereas Pig farms recorded the lowest average of the 7 main types of farms, at £10,438 per farm.

Dairy type farms showed a decrease in direct payments of £1,831 per farm between 2010/11 and 2011/12. This was the result of decreases in Single Farm Payment (£310 per farm), LFA Compensatory payments (£42 per farm), Agri-Environmental Scheme payments and miscellaneous subsidies (£1,479 per farm) between 2010/11 and 2011/12. The decrease in miscellaneous subsidies was mainly due to Dairy farms receiving an EU Dairy Fund Payment in 2010/11 and not receiving this in 2011/12.

Cattle and Sheep (LFA) type farms showed a decrease in direct payments of £249 per farm between 2010/11 and 2011/12. This was the net result of decreases in Single Farm Payment (£159 per farm) and LFA Compensatory payments (£119 per farm) and an increase in Agri-Environmental Scheme payments and miscellaneous subsidies (£29 per farm) between 2010/11 and 2011/12.

For the remaining farm types there was firstly an increase in direct payments between 2010/11 and 2011/12 of £924 for Cereal type farms, £3,445 for General Cropping type farms, and £228 for Cattle and Sheep (Lowland) type farms. The increase in direct payments for these farm types is mainly attributable to higher Agri-Environmental Scheme payments and miscellaneous subsidies received in the 2011/12 year. Secondly, there was a decrease in direct payments of £506 for Pig type farms and £464 for Mixed type farms. The reduction in direct payments for these farm types is mainly attributable to lower Agri-Environmental Scheme payments and miscellaneous subsidies received in the 2011/12 year.

The data presented in Tables 6 and 7 shows how important direct payments are to farmers in Northern Ireland. In 2011/12 direct payments ranged from 3% of the value of total farm output on Pig farms to 38% on Cattle and Sheep (LFA) farms. When expressed on a per hectare basis direct payments range from £256 per hectare on Dairy farms to £405 per hectare on Pig farms.

When measured across all farm types, average direct payments represented 78% of the value of average Farm Business Income, 55% of the value of average Cash Income and 98% of the value of average Net Farm Income for farms in Northern Ireland. Moreover, for Cattle and Sheep (LFA) farms and Cattle and Sheep (Lowland) farms, the average direct payments they received were greater than their average Farm Business Income and average Net Farm Income generated per farm in 2011/12. Cattle and Sheep (LFA) also had average direct payments that were greater than their average Cash Income.

Table 6 'As due' Direct payments by type of farm in 2010/11 and 2011/12¹

	2010/11	2011/12
	£ per farm	
Cereal	23,084	24,008
General Cropping	29,179	32,624
Pigs	10,944	10,438
Dairy	23,294	21,463
Cattle and Sheep (LFA)	31,083	30,834
Cattle and Sheep (Lowland)	23,833	24,061
Mixed	27,350	26,886
All Types	27,037	26,497

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

Table 7 'As due' Direct payments by type of farm, 2011/12⁵

	% TFO ¹	£ per ha	% FBI ²	% CI ³	% NFI ⁴
Cereals	22	293	89	50	133
General Cropping	16	287	69	42	104
Pigs	3	405	28	20	21
Dairy	8	256	37	26	39
Cattle and Sheep (LFA)	38	304	134	101	213
Cattle and Sheep (Lowland)	27	385	128	88	242
Mixed	15	334	51	37	69
All Types	18	302	78	55	98

1. Total Farm Output.

2. Farm Business Income.

3. Cash Income.

4. Net Farm Income

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

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 Cereal, General Cropping, Pig, Dairy, and Mixed farm types return a positive Farm Business Income when direct payments are removed. Whereas, both Cattle and Sheep (LFA) and Cattle and Sheep (Lowland) farm types generate losses. When measured across all farm types the average Farm Business Income with direct payments removed is £7,687 per farm.

Table 7(a) Farm Business Incomes including and excluding direct payments in 2011/12 (£ per farm) ¹

	FBI	Direct Payments	FBI minus Direct Payments
Cereals	26,856	24,008	2,848
General Cropping	47,297	32,624	14,673
Pigs	37,161	10,438	26,723
Dairy	58,124	21,463	36,661
C&S (LFA)	23,091	30,834	-7,743
C&S (Lowland)	18,762	24,061	-5,299
Mixed	52,301	26,886	25,415
All Types	34,184	26,497	7,687

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

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 Pig farms. In this instance, the data indicates that Pig, Dairy and Mixed farm types also return a positive Net Farm Income when direct payments are removed. Whereas, Cereal and General Cropping farm types generated a loss under this measure as opposed to obtaining a gain using the Farm Business Income measure. Cattle and Sheep (LFA) and Cattle and Sheep (Lowland) farm types also generate more substantial losses. When measured across all farm types the average Net Farm Income with direct payments removed is a gain of £644 per farm.

Table 7(b) Net Farm Incomes including and excluding direct payments in 2011/12 (£ per farm) ¹

	NFI	Direct Payments	NFI minus Direct Payments
Cereals	18,091	24,008	-5,917
General Cropping	31,370	32,624	-1,254
Pigs	48,759	10,438	38,321
Dairy	55,364	21,463	33,901
C&S (LFA)	14,462	30,834	-16,372
C&S (Lowland)	9,944	24,061	-14,117
Mixed	39,185	26,886	12,299
All Types	27,141	26,497	644

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

2.6 Trends in Farm Incomes between 2004/05 and 2011/12

Table 8 presents a time series (2004/05 – 2011/12) of average Farm Business Income expressed in real terms for Dairy and Cattle and Sheep (LFA) farm types. These two farm types account for approximately 67% of the farm businesses over 0.5 SLRs in Northern Ireland. These time-series of income shows that in the four most recent years (08/09 to 11/12) the average Farm Business Income for Dairy farms in real terms was 6.9% higher than that in the first four years (04/05 to 07/08) 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 56.0% higher than that in the first four years of the 8 year period.

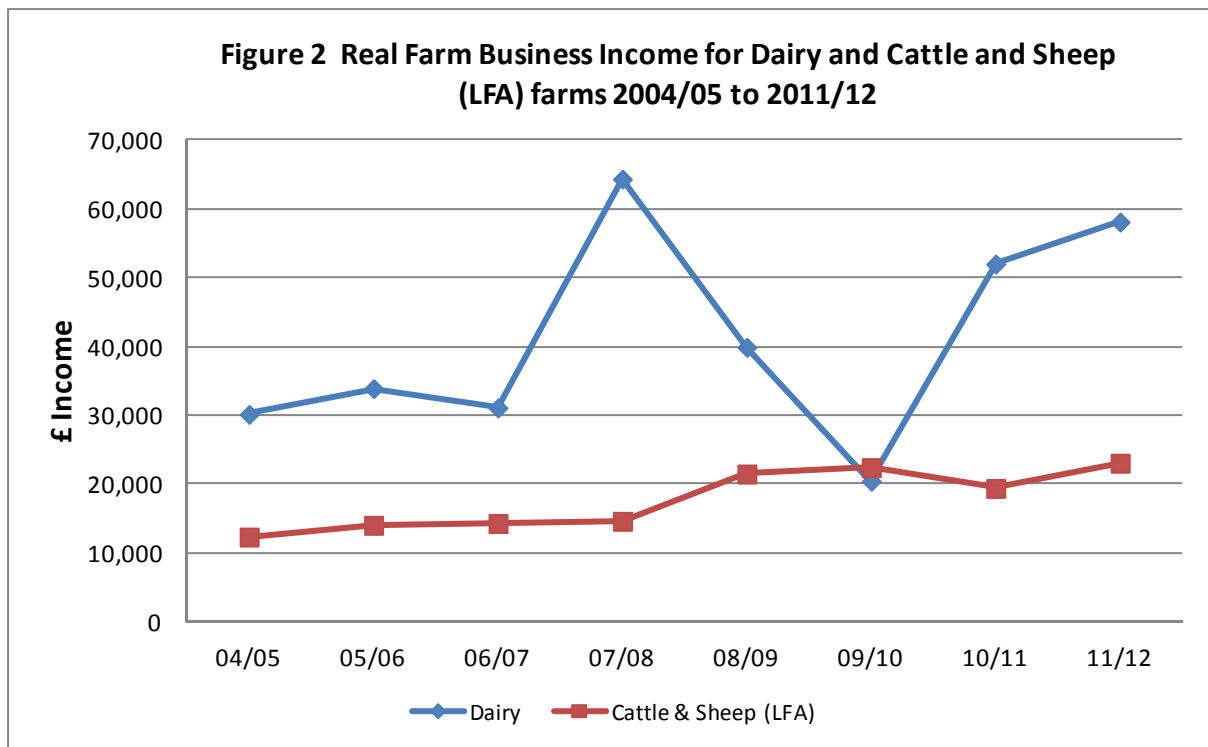
Table 8 Real Farm Business Income for Dairy and Cattle and Sheep farms (LFA) – 2004/05 to 2011/12^{1,2}

	Dairy	Cattle and Sheep (LFA)
2004/05	100	100
2005/06	112	114
2006/07	103	116
2007/08	213	118
2008/09	132	174
2009/10	68	182
2010/11	172	157
2011/12	193	187

1. Expressed as an index in real terms, 2004/05 = 100

2. Based on data from all farms

The time series (2004/05 – 2011/12) 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 £23,530 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 £41,272, compared to £17,742 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 84 hectares in Northern Ireland, is valued at 10% more than the average Cattle and Sheep (LFA) farm of 101 hectares and has generated about 2.3 times as much Farm Business Income over the past 8 years.



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 £6,675 per farm in 2011/12, of which £4,081 was earned income and £2,594 unearned income. However, it should be noted that on 47% 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 £7,435 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, 2011/12 (£ per farm)

	Off-farm Total Income	Employment & Self- employment	Investments, Pensions, Social Payments
Dairy	5,693	2,956	2,737
Cattle and Sheep (LFA)	7,435	4,456	2,979
Mixed	2,788	1,953	835
All Types	6,675	4,081	2,594

The two most common off-farm income sources were other employment and pensions, as shown in Table 10. In 2011/12, on 74 of the 291 farms only the spouse of the farmer had off-farm employment, on a further 16 farms only the farmer had off-farm employment and on another 7 farms both the farmer and spouse had off-farm employment. This equates to 33% of farms having an off-farm employment source of income. The percentages of farms receiving pensions and social payments were 22% and 12% 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, 2011/12

	£				
	Zero	1-999	1,000-4,999	5,000- 19,999	20,000+
(% of farms)					
Employment	70	-	3	21	6
Self-employment	98	-	-	1	1
Investments	96	3	1	-	-
Pensions	78	-	3	18	1
Social payments	88	3	5	4	-
All sources	47	2	5	37	9

2.8 Investment Levels on Farms

As shown in table 11, the real level of investment made on FBS farms increased between 2002/03 and 2003/04 by 29% from the previous year. 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. Then in the 2010/11 year, the real level of investment decreased by 32% from the previous year. In the most recent year (2011/12), the real level of investment increased slightly by 4%.

Table 11 Net investment index per farm, 2002/03 to 2011/12

	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12
Current price index	117	155	92	148	230	270	438	579	415	437
Real terms index ¹	113	146	84	131	197	222	350	460	314	328

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 £24,774 per farm in 2011/12, which is £2,842 more than the previous year. The total average net investment in 2011/12 was composed of plant, machinery and vehicles at £13,633 per farm (which is £2,908 higher than in 2010/11), land and buildings at £4,354 per farm (which is £1,224 higher than in 2010/11) and investment on capital improvements at £7,013 per farm (which is £1,249 lower than 2010/11). Capital grants received were £226 in 2011/12 (which is £41 higher than in 2010/11). Average levels of net investment were higher in 2011/12 than 2010/11 for General Cropping, Dairy, Cattle & Sheep (Lowland) and Mixed farm types.

Table 12 Net investment by type of farm, 2010/11 and 2011/12¹

	2010/11	2011/12
	£ per farm	
Cereals	19,070	12,581
General Cropping	15,803	33,443
Pigs	40,169	31,392
Dairy	37,725	39,087
Cattle & Sheep (LFA)	14,645	14,585
Cattle & Sheep (Lowland)	15,148	24,391
Mixed	20,338	37,407
All Types	21,932	24,774

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

As in 2010/11, the average levels of net investment in 2011/12 were different on each of the farm types. The average levels of net investment in 2011/12 ranged from £12,581 per farm on Cereal farms to £39,087 per farm on Dairy 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 2010/11 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, 1996/97, and 2006/07 account years. The recent revaluation resulted in an average increase in book values of land and buildings from £1,054,046 in the closing valuation of the 2009/10 account to £1,149,338 in the closing valuation of the 2010/11 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 2011/12 account year is presented in Table 13. This shows that average total assets per farm measured across all farm types were £1,284,273 in 2011/12. Whereas, average external liabilities per farm measured across all farm types were £42,916 in 2011/12, which is 5.4% higher than the previous year. When measured across all farm types the average external liabilities (i.e. mainly bank borrowings) per farm in 2011/12 were equivalent to 3.3% of total farm assets. Given these values for assets and liabilities the average net worth per farm measured across all farm types was £1,241,358 in 2011/12. When measured across all farm types, net worth expressed as a percentage of total assets was 96.7% in 2011/12. 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 2010/11 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 2011/12 ranged from £805,333 per farm on Pig type farms to £1,727,811 per farm on General Cropping type farms. Also, in 2011/12, Pig type farms had the highest average amount of external liabilities at £136,118 per farm, whereas Cattle and Sheep (LFA) farms had the lowest external liabilities at £10,980 per farm. When measured as a percentage of total assets, external liabilities ranged from 0.9% on Cattle and Sheep (LFA) type farms to 16.9% on Pig type farms. When compared to the previous year, external liabilities increased on Pig, Dairy and Cattle and Sheep (Lowland) type farms, and decreased on Cereals, General Cropping, Cattle and Sheep (LFA) and Mixed type farms.

In terms of net worth, average values by farm type in 2011/12 ranged from £669,215 on Pig farms to £1,687,577 on General Cropping farms. When net worth is expressed as a percentage of total assets, average values range from 83.1% on Pig farms to 99.1% on Cattle and Sheep (LFA) farms.

Table 13 Financial stability of farms in Northern Ireland 2010/11 and 2011/12¹

		Farm Area (ha)	Total Assets (£'000)	External Liabilities (£'000)	Net Worth (£'000)	Net Worth (as % of Total Assets)
Cereals	10/11	87.6	1562.2	83.1	1479.1	94.7
	11/12	81.8	1538.6	79.7	1459.0	94.8
General Cropping	10/11	109.7	1668.4	40.5	1627.9	97.6
	11/12	113.5	1727.8	40.2	1687.6	97.7
Pigs	10/11	25.8	796.9	133.4	663.5	83.3
	11/12	25.8	805.3	136.1	669.2	83.1
Dairy	10/11	81.9	1354.5	99.2	1255.4	92.7
	11/12	83.7	1364.1	104.9	1259.2	92.3
Cattle and Sheep (LFA)	10/11	101.4	1233.3	11.2	1222.0	99.1
	11/12	101.3	1242.6	11.0	1231.7	99.1
Cattle and Sheep (Lowland)	10/11	62.2	1163.5	10.9	1152.5	99.1
	11/12	62.5	1179.2	16.2	1163.0	98.6
Mixed	10/11	79.9	1508.9	47.3	1461.7	96.9
	11/12	80.6	1527.6	42.4	1485.2	97.2
All Types	10/11	87.0	1272.8	40.7	1232.0	96.8
	11/12	87.6	1284.3	42.9	1241.4	96.7

1. Based on data from all farms.

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 2011/12 only 4% of farm businesses had liabilities which were more than 15% of the value of total farm assets and that 87% 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 assets¹

	Net Worth %				
	Under 75	75-84.9	85-94.9	95-99.99	100
	% of Farms				
2010/11	1	3	9	49	38
2011/12	1	3	9	49	38

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

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 2011/12 the average capital required across all farm types was £14,661 per hectare. At the individual farm type level the average capital required ranged from £12,267 per hectare on Cattle and Sheep (LFA) type farms to £31,214 per hectare on Pigs 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 89% of the average capital requirement on Northern Ireland farms in 2011/12. When measured by individual farm type, the percentage of total assets tied up in land and buildings ranged from 79% on Pig farms to 95% on Cereal farms.

Assets other than land and buildings are collectively referred to as operating capital. As shown in table 15, in 2011/12 the average amount of operating capital (which excludes debtors) measured across all farm types was £126,833 per farm or 9.9% of total assets. This operating capital can be broken down into breeding livestock (30% of operating capital), machinery (33%), trading livestock (30%), and crops and stocks (7%). When measured at the individual farm type level, the average operating capital in 2011/12 ranged from £75,471 for Cereal farms to £188,059 for Mixed farms. Alternatively, when measuring average operating capital as a percentage of average total assets for individual farm types in 2011/12, the values ranged from 4.9% for Cereal farms to 20.9% for Pig farms.

Table 15 Amount of operating capital by type of farm, 2011/12

	Operating Capital	
	£ Per farm	% of total farm Capital
Cereals	75,471	4.9
General Cropping	153,345	8.9
Pigs	167,936	20.9
Dairy	181,270	13.3
Cattle and Sheep (LFA)	90,325	7.3
Cattle and Sheep (Lowland)	115,934	9.8
Mixed	188,059	12.3
All Types	126,833	9.9

3.2 Rate of Return on Capital

There is a number of ways to calculate the rate of return on capital employed on farms. For many years, management and investment income (Net Farm Income minus the value of farmer and spouse labour) expressed as a percentage of tenant's capital was the most widely used measure. However, as this measure was not very meaningful for owner occupied farms, another measure, Occupier's Net Income expressed as a percentage of net worth, was used. This expression represents the rate of return that the farmer and spouse obtain for their manual and managerial labour on all of their investment in the business. From 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 2011/12 is low when compared to other investment opportunities. The average rate of return in 2011/12 ranged from 1.6% on Cattle and Sheep (Lowland) farms to 5.6% on Pig farms.

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

	Farm Business Income as a % of Net Worth
	11/12
Cereals	1.8
General Cropping	2.8
Pigs	5.6
Dairy	4.6
Cattle and Sheep (LFA)	1.9
Cattle and Sheep (Lowland)	1.6
Mixed	3.5
All Types	2.8

3.3 Bank Borrowings

In the 2011/12 year, the average level of bank borrowings measured across all farm types was £36,990 per farm. This is an average increase of £1,778 per farm when compared to 2010/11. As shown in Table 17, Pig farms had the highest level of borrowings with an average of £126,880 per farm in 2011/12. The largest increase in borrowings between 2010/11 and 2011/12 also occurred on Pig farms, with an average increase of £8,181 per farm. The largest decrease in borrowing was on Mixed farms where borrowing decreased on average by £2,686 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 £5,925 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, 2010/11 and 2011/12¹

	Bank borrowings (£ per farm)	
	2010/11	2011/12
Cereals	71,736	71,495
General Cropping	19,764	22,197
Pigs	118,699	126,880
Dairy	88,066	91,577
Cattle and Sheep (LFA)	9,671	9,848
Cattle and Sheep (Lowland)	8,149	11,930
Mixed	37,616	34,930
All Types	35,212	36,990

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

The distribution of farms by level of borrowing per farm in 2010/11 and 2011/12 are presented in Table 18. This shows that 47% of the farms recorded no bank borrowings in 2011/12 whereas 14% of farms recorded borrowings in excess of £50,000. When comparing the distributions for 2010/11 and 2011/12 the overall picture is very similar with a 1% decrease in the number of farms with borrowing in excess of £50,000 in 2011/12.

Table 18 Distributions of farms by level of bank borrowings, 2010/11 and 2011/12¹

Bank Borrowings (£ per farm)	2010/11	2011/12
	% of farms	
Nil	51	47
1 to 20,000	24	28
20,000 to 49,999	10	11
50,000 to 99,999	6	5
100,000 and over	9	9

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

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 2011 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 (35%) and Pig (48%) 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 2010/11 and 2011/12. As the average account year end for the sample of farms is mid-February, the results refer to the 2010 and 2011 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 2011/12 for dairy cows, SDA beef cows, DA beef cows, Lowland beef cows, SDA breeding ewes, DA breeding ewes, Lowland breeding ewes and winter barley. Whereas, lower gross margins were recorded for pig, spring barley, winter wheat and potato enterprises.

Table 19(a) Average gross margins by enterprise in 2010/11 and 2011/12¹

	Average gross margins	
	2010/11	2011/12
	£ per head	
Dairy Cows	909	972
Suckler Cows - SDA	157	166
- DA	150	191
- Lowland	122	153
Breeding Ewes- SDA	30	34
- DA	48	61
- Lowland	62	77
Pigs	28.62	21.70
	£ per hectare	
Spring Barley	698	558
Winter Barley	986	1,004
Winter Wheat	1,254	1,123
Potatoes – ware	2,949	1,492

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

4.1 Dairy Cows

As shown in Table 19(b), the average gross margin per dairy cow increased from £909 in 2010/11 to £972 in 2011/12 for the 109 dairy herds which provided information in both years. This increase of £63 in average gross margin is the net result of a £164 increase in output value and a £101 increase in total variable costs in 2011/12. The main reason for the increase in output value was that milk receipts were on average £167 higher per cow in 2011/12. The higher milk receipts per cow were due to increases in milk price of 2.0 pence per litre and milk yield of 136 litres per cow. The increase in total variable costs per cow resulted mainly from a £73 increase in concentrate cost per cow. The increase in concentrate costs per cow was due to higher concentrate prices in 2011/12.

Stocking rates remained the same at 2.00 cow equivalents per hectare in 2011/12. Given this and the increase in average gross margin per cow, then average gross margin per hectare also increased from £1,800 in 2010/11 to £1,928 in 2011/12, which is an increase of £128 per hectare.

Table 19(b) Average outputs, variable costs and gross margins per dairy cow in 2010/11 and 2011/12¹

	2010/11	2011/12
Number of herds		109
Enterprise output		£ per cow
Milk	1,676	1,843
Calves	89	101
Herd replacement	-124	-139
Output	1,641	1,805
Quota leasing receipts	-	-
Quota leasing costs	-	-
Super levy	-	-
Adjusted Output	1,641	1,805
Variable Costs		
Concentrates	469	542
Hay, silage & grazing	143	162
Sundries & Vet	120	129
Total Variable Costs	732	833
Gross Margin	909	972
Average herd size (cows)	86	87
Concentrates per litre (kg)	0.33	0.33
Stocking rate (ce/ha)	2.00	2.00
Summer milk (%)	54	54
Milk yield (l/cow)	6,562	6,698
Milk price (p/l)	25.5	27.5

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

As shown in Table 20, the difference in performance in 2011/12 between the 'top' and 'bottom' quartiles was, as in previous years, substantial. The 'top' quartile had an average gross margin per cow of £1,253 compared with £631 for the 'bottom' quartile. The main reasons for this difference in performance are that the 'top' quartile had an average milk yield 2,297 litres per cow above and a milk price 1.1 pence per litre above the 'bottom' quartile. For the average herd size of 87 dairy cows in the sample, the difference in gross margin between the 'top' and 'bottom' quartiles equates to a total value of £54,114 per herd.

Table 20 Average outputs, variable costs and gross margins per dairy cow in the top 25% and bottom 25% groups, 2011/12

	Top 25%	Bottom 25%
	£ per cow	
Gross Margin	1,253	631
Milk Sales	2,121	1,422
Calf Sales	115	91
Total Output	2,115	1,336
Variable Costs	862	705
Milk Yield – litres	7,608	5,311
Av milk price – ppl	27.9	26.8
Stocking rate - ce/ha	1.89	1.78

4.2 Suckler Cows

In the 2011/12 account year all of the three main categories of suckler herds had average gross margins that were very similar to those in 2010/11 (Table 21). For SDA suckler cows the average gross margin per cow increased from £157 in 2010/11 to £166 in 2011/12. This increase was the net result of a £27 increase in total output and a £18 increase in total variable costs. The £27 increase in output resulted from a £23 increase in value of calves and a £4 decrease in herd replacement cost. For DA suckler cows the average gross margin increased by £41 per cow due to the net result of a £59 increase in total output and a £18 increase in total variable costs. The £59 increase in output value was due to a £44 increase in the value of calves and a £15 decrease in herd replacement cost. For Lowland suckler cows the average gross margin increased by £31 per cow, due to an increase of £44 in total output and an increase of £13 in total variable costs. The £44 increase in output value was due to a £32 increase in the value of calves and a £12 decrease in herd replacement cost. Across all 3 herd types, there were increases in total variable costs between 2010/11 and 2011/12, which ranged from £13 per cow in the Lowland to £18 per cow in the SDA and DA.

Table 21 Average outputs, variable costs and gross margins per cow for SDA, DA and Lowland suckler herds, 2010/11 and 2011/12¹

	SDA		DA		Lowland	
	10/11	11/12	10/11	11/12	10/11	11/12
Number of herds	67		29		24	
Enterprise Output	£ per cow					
Calves	412	435	396	440	360	392
Herd rep	-43	-39	-49	-34	-45	-33
Total Output	369	396	347	406	315	359
Variable Costs						
Concentrates	51	50	37	41	23	26
HSG	117	130	107	119	113	117
Sundries & Vet	44	50	53	55	57	63
Total Variable Costs	212	230	197	215	193	206
Gross Margin	157	166	150	191	122	153
Calves reared per cow	0.96	0.94	0.95	0.99	0.88	0.90
Av price per calf sold/trans (£)	418	459	417	442	418	444

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

The data presented in Table 22 for the 'top 25%' and 'bottom 25%' of suckler herds show that there were a difference of £267 in gross margin per cow between the 'top' and 'bottom' groups of SDA suckler herds in 2011/12. This is accounted for by differences of £140 in calf returns, £83 in herd replacement costs, and £44 in total variable costs between the top and bottom groups. Similarly for DA suckler herds there were a difference of £258 in gross margin per cow between the 'top' and 'bottom' groups of herds in 2011/12. This is accounted for by differences of £79 in calf returns, £78 in herd replacement costs, and £102 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, 2011/12

	Top 25%	Bottom 25%
	£ per cow	
Gross Margin		
- SDA	297	30
- DA	292	34
Calf Returns		
- SDA	522	382
- DA	495	416
Herd replacement cost		
- SDA	-	-83
- DA	4	-74
Variable Costs		
- SDA	225	269
- DA	206	308

4.3 Breeding Ewes

As shown in Table 23, gross margins per ewe for Lowland, Upland and Hill flocks showed a noticeable increase between 2010/11 and 2011/12. For Lowland breeding ewes the average gross margin per ewe increased from £61.59 in 2010/11 to £76.95 in 2011/12, which is a increase of £15.36. This increase was the net result of a £16.73 increase in output and a £1.37 increase in total variable costs. For Upland breeding ewes the average gross margin per ewe increased from £48.14 in 2010/11 to £60.58 in 2011/12, which is an increase of £12.44. This increase was the net result of a £14.81 increase in output and a £2.37 increase in total variable costs. For Hill breeding ewes the average gross margin per ewe increased from £30.29 in 2010/11 to £34.45 in 2011/12, which is an increase of £4.16. This increase was the net result of a £9.19 increase in output and a £5.05 increase in total variable costs.

Table 24 presents the gross margin per ewe results for the 'top 25%' and 'bottom 25%' of Lowland, Upland, and Hill flocks in 2011/12. This shows that there were a difference in gross margin between the 'top 25%' and 'bottom 25%' of £59 per ewe in the Lowland, £56 per ewe in the Upland, and £68 in the Hill. The main reason for these differences in gross margin between the 'top 25%' and 'bottom 25%', is the considerable range found in the value of lamb sales per ewe which averaged £121 in the top group and £77 in the bottom group.

Table 23 Average outputs, variable costs and gross margins per ewe for Lowland, DA and SDA breeding flocks, 2010/11 and 2011/12¹

	Lowland		Upland (DA)		Hill (SDA)	
	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12
Number of flocks	27		24		28	
Output						
Lambs	98.82	109.30	92.58	106.02	64.22	74.09
Wool	2.09	3.53	2.07	3.39	1.83	2.98
Flock Replacements	2.23	7.04	-1.21	-1.16	8.52	6.71
TOTAL OUTPUT	103.14	119.87	93.44	108.25	74.57	83.78
Variable Costs						
Concentrates + OPF	11.81	11.23	15.15	16.79	18.08	18.12
Hay, silage, & grazing	18.26	19.11	18.45	18.96	15.66	18.87
Sundries + Vet	11.48	12.58	11.70	11.92	10.54	12.34
TOTAL VARIABLE COSTS	41.55	42.92	45.30	47.67	44.28	49.33
GROSS MARGIN	61.59	76.95	48.14	60.58	30.29	34.45
Lambs reared per ewe	1.44	1.44	1.40	1.41	1.12	1.19
Ave fat lamb price (£)	76.12	87.20	76.03	87.62	75.66	82.84
Av store lamb price (£)	63.82	71.00	59.27	68.23	57.70	60.33
Ewe mortality %	5.8	4.2	7.6	6.1	8.4	7.5
Lamb mortality %	9.7	8.3	9.2	8.7	11.5	9.1
Ave flock size (ewes)	196	208	139	144	266	280

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

Table 24 Average gross margins, lamb sales and lambs reared per ewe for the top 25% and bottom 25% groups, 2011/12

	Top 25%	Bottom 25%
	Per Ewe	
Gross Margin (£)		
- Lowland	106	47
- Upland	91	35
- Hill	66	-2
Lamb Sales (£)		
- Lowland	119	102
- Upland	143	85
- Hill	101	43
Lambs Reared		
- Lowland	1.51	1.31
- Upland	1.61	1.30
- Hill	1.38	0.93

4.4 Pigs

On the 7 farms which had rearing and finishing units, the average gross margin per pig decreased from £28.62 in 2010/11 to £21.70 in 2011/12 (Table 25). This decrease in margin of £6.92 per pig between 2010/11 and 2011/12 was the net result of an increase in output of £5.52 per pig and an increase in total variable costs of £12.44 per pig. The increase in output was due to the more favourable pig prices in 2011/12, whereas, the increase in total variable costs was due to the £12.00 increase in the cost of feedstuffs per pig and the £0.44 increase in the cost of veterinary, medicine and sundries per pig. The increase in cost of feedstuffs was due to higher concentrate prices in 2011/12. The average gross margin of £22 per pig is the third highest result in the 10 years since 2002/03. The average gross margins per pig in previous years were £15 in 2002/03, £16 in 2003/04, £15 in 2004/05, £20 in 2005/06, £21 in 2006/07, £10 in 2007/08, £21 in 2008/09, £38 in 2009/10 and £28 in 2010/11.

Table 25 Average sales, variable costs and gross margins per pig for pig rearing and finishing units, 2010/2011 and 2011/12¹

	2010/11	7 £ per pig	2011/12
Number of herds			
Output	101.91		107.43
Variable Costs			
Feeding stuffs	68.69		80.69
Vet and medicines	2.08		1.87
Sundries	2.52		3.17
Total Variable Costs	73.29		85.73
Gross Margin	28.62		21.70
Meal equivalent per pig (kg)	306		301
Price of concentrates (£/tonne)	224		265
Pigs weaned per sow	21.52		21.48

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

4.5 Spring Barley

As shown in Table 26 the average gross margin per hectare for the spring barley crop decreased from £698 in 2010 to £558 in 2011 (a fall of £140 per hectare). This decrease was the result of a £104 decrease in output value and a £36 increase in total variable costs in 2011. The fall in output value was mainly due to lower crop yields in 2011. In comparison to 2010 levels, average grain yield decreased by 0.52 tonnes per hectare and average straw yield decreased by 0.78 tonnes per hectare. The increase in variable costs between 2010 and 2011 was the result of higher fertiliser and seed costs in 2011. Grain prices per tonne increased from £139 in 2010 to £146 in 2011, whereas, straw prices per tonne decreased from £63 in 2010 to £57 in 2011.

Table 26 Average outputs, variable costs and gross margins per hectare for spring barley, 2010/11 and 2011/12¹

	2010/11	2011/12
Number of farms		35
Output		£ per hectare
Grain	743	706
Straw	231	164
Total Output	974	870
Variable Costs		
Seed	54	63
Fertilisers	118	140
Sprays	82	82
Sundries	22	27
Total Variable Costs	276	312
Gross Margin	698	558
Grain yield (tonnes per ha)	5.36	4.84
Straw yield (tonnes per ha)	3.65	2.87

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

The 'top' performance group of farms in 2011 had an average grain yield of 6.33 tonnes per hectare compared with 3.75 tonnes in the 'bottom' group. These yields generated grain sales of £1020 for the 'top group' and £539 for the 'bottom group'. Associated with the higher grain yield was also a higher straw yield which generated straw sales of £253 per hectare in the 'top' group compared with £133 in the 'bottom' group. The average grain price per tonne received by the 'top' group was £17 higher than the 'bottom' group, whereas, the average straw price per tonne in the 'top' performance group was £5 lower than the 'bottom' group. In terms of inputs, the total variable costs were £287 per hectare for the 'top group' and £298 for the 'bottom group'. These differences in output and inputs between the 'top' and 'bottom' groups resulted in a gross margin of £986 per hectare for the 'top' group and £374 per hectare for the 'bottom' group i.e. a difference of £612 per hectare.

4.6 Winter Barley

As shown in Table 27, the average gross margin per hectare for the winter barley crop increased from £986 in 2010 to £1,004 in 2011, which is a rise of £18. This increase was the combined effect of a £61 increase in output and a £43 increase in variable costs in 2011. The increase in output value resulted from an increase in grain price of £19 per tonne between 2010 and 2011 which more than compensated for lower yields. In this instance, grain yield decreased by 0.08 tonnes per hectare whereas, straw yield decreased by 0.58 tonnes per hectare. The increase in total variable costs from £339 per hectare in 2010 to £382 per hectare in 2011 was mainly caused by higher fertiliser costs in 2011.

Table 27 Average outputs, variable costs and gross margins per hectare for winter barley, 2010/11 and 2011/12¹

	2010/11	2011/12
Number of farms		18
Output		£ per hectare
Grain	992	1,117
Straw	333	269
Total Output	1,325	1,386
Variable Costs		
Seed	64	75
Fertilisers	132	180
Sprays	118	111
Sundries	25	16
Total Variable Costs	339	382
Gross Margin	986	1,004
Grain yield (tonnes per ha)	7.12	7.04
Straw yield (tonnes per ha)	5.02	4.44

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

The 'top' group of farms in 2011 had an average grain yield of 8.65 tonnes per hectare, and this was 2.79 tonnes more than the 'bottom' group. Higher values for grain and straw output resulted in an output value of £1,806 per hectare for the 'top' group, some £752 above that of the 'bottom' group. Total variable costs per hectare were £32 higher in the 'top' group at £434 per hectare. The gross margins per hectare were £1,372 for the 'top' group and £652 for the 'bottom' group.

On average, the winter barley crop gross margin in 2011 was £446 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 £1,254 in 2010 to £1,123 in 2011, which is a fall of £131. This was the effect of a £105 decrease in output and a £26 increase in variable costs in 2011. The fall in output value was the result of lower average grain yields and lower straw prices in 2011. Average grain prices showed a negligible increase of £0.51 per tonne in 2011. Average straw prices decreased from £64 per tonne in 2010 to £51 per tonne in 2011. The average grain yield decreased by 0.21 tonnes per hectare, whereas, straw yield decreased by 0.22 tonnes per hectare. As a result of these changes in yields and prices, total output decreased from £1,691 in 2010 to £1,586 in 2011. The increase in total variable costs of £26 per hectare in 2011 was the result of higher fertiliser and seed costs in 2011.

Table 28 Average outputs, variable costs and gross margins per hectare for winter wheat, 2010/11 and 2011/12¹

	2010/11	2011/12
Number of farms		15
Output		£ per hectare
Grain	1,383	1,354
Straw	308	232
Total Output	1,691	1,586
Variable Costs		
Seed	60	73
Fertilisers	178	199
Sprays	157	150
Sundries	42	41
Total Variable Costs	437	463
Gross Margin	1,254	1,123
Grain yield (tonnes per ha)	8.71	8.50
Straw yield (tonnes per ha)	4.81	4.59

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

The 'top' group of farms in 2011 had an average grain yield of 9.74 tonnes per hectare, and this was 3.65 tonnes more than the 'bottom' group. Higher values for grain resulted in an output value of £1,868 per hectare for the 'top' group, some £743 above that of the 'bottom' group. Total variable costs per hectare were £37 lower in the 'top' group at £430 per hectare. The gross margins per hectare were £1,438 for the 'top' group and £658 for the 'bottom' group.

The 2011 crop results show that the highest gross margin per hectare was obtained by winter wheat (£1,123) followed by winter barley (£1,004) and then spring barley (£558). This order is what would be expected in a normal year, as usually winter wheat is highest, followed by winter barley and then spring barley. In saying this, the ranges in performances for the crops show that they overlap to quite an extent with many of the better performing winter barley crops having higher gross margins than the poorer performing winter wheat crops and some of the better performing spring barley crops having higher gross margins than the poorer performing winter barley crops.

4.8 Potatoes

The gross margin performances for the 2010 and 2011 ware potato crops were £2,949 and £1,492 per hectare respectively. This decrease in gross margin of £1,457 per hectare was the combined result of a £1,454 decrease in output and a £3 increase in variable costs between 2010 and 2011. The decrease in output resulted from decreases in ware potato prices in 2011. Ware potatoes prices decreased from £138 per tonne in 2010/11 to £88 per tonne in 2011/12, whereas, ware potato yield increased from 32.5 tonnes per hectare in 2010 to 33.7 tonnes per hectare in 2011. The total variable costs incurred increased from £1,435 per hectare in 2010/11 to £1,438 per hectare in 2011/12, which is a negligible increase of £3 per hectare. In terms of individual costs, seeds showed the most increase, rising from £486 per hectare in 2010/11 to £538 per hectare in 2011/12 (i.e. an increase of £52 per hectare). Whereas, contract & casual wages showed the most decrease, by falling from £260 per hectare in 2010/11 to £205 per hectare in 2011/12 (i.e. a decrease of

£55 per hectare). Overall, the average variable costs of production per tonne for the ware crop decreased from £44.15 in 2010 to £42.67 in 2011. 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, 2010/11 and 2011/12¹

	Ware Crop	
	2010/11	2011/12
Number of farms		6
		£ per hectare
Potato Output	4,384	2,930
Variable costs		
Seed	486	538
Fertiliser	312	326
Sprays	265	252
Contract/Casual Wages	260	205
Sundries	112	117
Total Variable costs	1,435	1,438
Gross Margin	2,949	1,492
Total yield (tonnes/ha)	32.5	33.7
Av price per tonne (£)	138	88

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

Gross margins for the 'top' and 'bottom' performance groups for the main enterprises are summarised in Table 30. They show that for all 9 enterprises, the gross margin for the 'top' group is at least 90% more than 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, 2011/12

		Top ¹ Group	Bottom ¹ Group
		£ Per head	
Dairy cows		1,253	631
Suckler cows	- DA	292	34
	- SDA	297	30
Breeding ewes	- DA	91	35
	- SDA	66	-2
	- Lowland	106	47
Spring barley		986	374
Winter barley		1,372	652
Winter wheat		1,438	658

1 For livestock enterprises the 'top' and 'bottom' groups refer to 25% of the samples and for crop enterprises approximately 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 £493 in 2010/11 to £516 in 2011/12. At the individual farm type level, all of the seven farm types recorded increases in fixed costs. Increases in fixed costs per hectare ranged from £8 on Cattle and Sheep (LFA) farms to £135 on Pig farms.

Table 31 Fixed costs per hectare by type of farm, 2010/11 and 2011/12^{1, 2}

	2010/11	2011/12
	£ per ha	
Cereals	444	459
General cropping	617	706
Pigs	2,121	2,256
Dairy	787	825
Cattle and Sheep (LFA)	303	311
Cattle and Sheep (Lowland)	450	473
Mixed	762	781
All Types	493	516

1. Excludes labour costs.

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

Table 32 gives a breakdown of fixed costs in both years. Three major components of fixed costs (excluding labour) are depreciation of buildings and works, machinery depreciation, and machinery running costs. In 2010/11 and 2011/12, these three cost categories on average accounted for 70% and 71% respectively of total fixed costs across all types of farm.

Table 32 Fixed costs per hectare, by category, 2010/11 and 2011/12¹

	2010/11	2011/12
	£ per ha	
Depreciation of buildings and works	97	94
Depreciation of machinery	125	132
Machinery running costs	123	140
Farm insurance	12	13
Farm fuel	22	23
Rates and water charges	13	13
Building repairs and miscellaneous	77	78
Interest payments	24	23
Total	493	516

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

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 & GENERAL CROPPING FARMS – ALL SIZES
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING -
IDENTICAL SAMPLE 2010/11 AND 2011/12¹**

	Cereals			General Cropping		
	2010/11	2011/12	% Change	2010/11	2011/12	% Change
Number of farms						
Average size of business (ESUs)		45.4			86.7	
Total Area of Farm (ha)	87.6	81.8	-6.6	109.7	113.5	3.5
of which: Crops and grass	83.9	78.4	-6.6	103.3	106.6	3.2
Rough grazing	1.9	1.6	-15.8	2.6	3.1	19.2
SIZE OF ENTERPRISES:						
Hectares - Total crops	69.1	63.2	-8.5	88.7	89.9	1.4
(of which cereals)	65.3	59.0	-9.6	64.3	62.6	-2.6
Av. No. - Dairy cows	-	-	-	-	-	-
Av. No. - Beef cows	-	-	-	11.5	11.2	-2.6
Av. No. - Other cattle	8.6	6.9	-19.8	13.4	21.6	61.2
Av. No. - Ewes	41.7	40.9	-1.9	18.2	12.0	-34.1
Av. No. - Sows/gilts	-	-	-	-	-	-
CROP OUTPUT:						
Cereals	65322	59775	-8.5	76080	77634	2.0
Potatoes	-	-	-	61103	46170	-24.4
Misc. Crop output	17841	12308	-31.0	22636	22610	-0.1
TOTAL CROP PRODUCTION	83163	72083	-13.3	159819	146414	-8.4
LIVESTOCK OUTPUT:						
Cattle – rearing & fattening	1966	1766	-10.2	6467	9809	51.7
Cattle – dairy	-	-	-	-	-	-
Milk	-	-	-	-	-	-
Sheep and wool	9991	6395	-36.0	1746	1585	-9.2
Pigs	-	-	-	-	-	-
Poultry and eggs	-	-	-	-	-	-
Other livestock	-	-	-	-	-	-
TOTAL LIVESTOCK OUTPUT	11957	8161	-31.7	8212	11394	38.7
Single Farm Payment	20287	20205	-0.4	25838	26038	0.8
LFA Compensatory Allowance Scheme	-	-	-	249	230	-7.6
Agri Environmental Scheme	2797	3803	36.0	2446	5885	140.6
Miscellaneous Subsidies	-	-	-	646	471	-27.1
Miscellaneous revenue	3770	3232	-14.3	8328	12025	44.4
On Farm – Non Farm Income	-	-	-	-	2446	-
Adjustment for disposal of previous years crop	1021	2121	107.7	3119	2381	-23.7
TOTAL FARM OUTPUT	122995	109606	-10.9	208657	207284	-0.7

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

INPUTS	Cereals			General Cropping		
	2010/11 £ per farm	2011/12	% Change	2010/11 £ per farm	2011/12	% Change
Purchased concentrate feed & fodder	2198	713	-67.6	1353	1241	-8.3
Home grown concentrate feed	259	284	9.7	614	1333	117.1
Veterinary fees & medicines	1149	681	-40.7	618	910	47.2
Other livestock costs	137	166	21.2	287	409	42.5
Purchased & home grown seed	5138	5691	10.8	8433	10870	28.9
Fertilisers	8796	10457	18.9	14227	17796	25.1
Other crop costs	8949	8847	-1.1	18081	17829	-1.4
Regular & casual labour	642	788	22.7	8443	10179	20.6
Machinery excluding depreciation	22069	21999	-0.3	27591	31762	15.1
Depreciation of plant machinery & vehicles	13908	13256	-4.7	24090	26401	9.6
Depreciation of building & works	2086	2139	2.5	3115	3049	-2.1
Land & building inputs	9557	8969	-6.2	18165	22345	23.0
Interest payments	3451	3101	-10.1	2183	2911	33.3
Other general farming costs	6115	5661	-7.4	11723	12952	10.5
TOTAL VARIABLE COSTS	39298	39351	0.1	53558	60305	12.6
TOTAL FIXED COSTS	45156	43399	-3.9	85366	99681	16.8
TOTAL INPUTS	84455	82750	-2.0	138924	159986	15.2
FARM BUSINESS INCOME	38540	26856	-30.3	69733	47297	-32.2
(plus) depreciation of buildings & works	2086	2139	2.5	3115	3049	-2.1
(plus) depreciation of plant machinery & vehicles	13908	13256	-4.7	24090	26401	9.6
(minus) valuation change	-11152	-5338	52.1	11547	-1474	-112.8
(equals) CASH INCOME	65686	47588	-27.6	85390	78222	-8.4
(minus) Net capital investment	19070	12581	-34.0	15803	33443	111.6
CASH FLOW FARM BUSINESS	46616	35007	-24.9	69587	44778	-35.7
AVERAGE VALUATIONS	83790	75471	-9.9	146735	153345	4.5

**TABLE 1.2 – MIXED AND PIG FARMS – ALL SIZES
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING -
IDENTICAL SAMPLE 2010/11 AND 2011/12¹**

	Mixed			Pigs		
	2010/11	2011/12	% Change	2010/11	2011/12	% Change
Number of farms						
Average size of business (ESUs)		54.3			51.1	
Total Area of Farm (ha)	79.9	80.6	0.9	25.8	25.8	-
of which: Crops and grass	75.6	76.2	0.8	24.8	24.7	-0.4
Rough grazing	0.5	0.5	-	0.2	0.2	-
SIZE OF ENTERPRISES:						
Hectares - Total crops	20.6	22.9	11.2	1.8	1.7	-5.6
(of which cereals)	19.5	21.2	8.7	1.6	1.4	-12.5
Av. no. - Dairy cows	11.5	12.4	7.8	-	-	-
Av. no. - Beef cows	25.3	26.4	4.3	-	-	-
Av. no. - Other cattle	91.2	92.1	1.0	40.7	37.3	-8.4
Av. no. - Ewes	86.0	88.0	2.3	48.6	51.4	5.8
Av. no. - Sows/gilts	10.4	9.8	-5.8	157.2	159.4	1.4
CROP OUTPUT:						
	£ per farm			£ per farm		
Cereals	19414	21825	12.4	1546	2009	29.9
Potatoes	3560	2333	-34.5	-	-	-
Misc. crop output	6556	3678	-43.9	351	797	127.1
TOTAL CROP PRODUCTION	29530	27836	-5.7	1897	2806	47.9
LIVESTOCK OUTPUT:						
Cattle – rearing & fattening	36541	44540	21.9	12810	18039	40.8
Cattle – dairy	-151	-42	72.2	-	-	-
Milk	17559	19489	11.0	-	-	-
Sheep and wool	9359	11558	23.5	7438	8465	13.8
Pigs	15280	15546	1.7	320209	348089	8.7
Poultry and eggs	3155	5456	72.9	-	-	-
Other livestock	11	9	-18.2	-	-	-
TOTAL LIVESTOCK OUTPUT	81754	96556	18.1	340458	374593	10.0
Single Farm Payment	24909	24739	-0.7	9376	9263	-1.2
LFA Compensatory scheme	285	333	16.8	293	287	-2.0
Agri Environmental Scheme	2010	1770	-11.9	422	288	-31.8
Miscellaneous subsidies	146	44	-69.9	853	600	-29.7
Miscellaneous revenue	14504	19070	31.5	537	601	11.9
On Farm - Non Farm Income	9063	9063	-	218	218	-
Adjustment for disposal of previous years crop	168	757	350.6	-	-	-
TOTAL FARM OUTPUT	162369	180167	11.0	354054	388655	9.8

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

INPUTS	Mixed			Pigs		
	2010/11 £ per farm	2011/12	% change	2010/11 £ per farm	2011/12	% change
Purchased concentrate feed & fodder	24045	24918	3.6	210316	255123	21.3
Home grown concentrate feed	4886	5929	21.3	-	-	-
Veterinary fees & medicines	3093	3702	19.7	8867	8978	1.3
Other livestock costs	2401	2082	-13.3	10598	13865	30.8
Purchased & home grown seed	1921	2078	8.2	204	196	-3.9
Fertilisers	8007	9477	18.4	1489	1312	-11.9
Other crop costs	3773	3578	-5.2	325	496	52.6
Regular & casual labour	5688	5390	-5.2	9043	10747	18.8
Machinery excluding depreciation	20799	23932	15.1	9143	10770	17.8
Depreciation of plant machinery & vehicles	20349	19900	-2.2	10609	9437	-11.0
Depreciation of building & works	6184	6237	0.9	10731	12213	13.8
Land & building inputs	9651	9805	1.6	8517	7677	-9.9
Interest payments	2214	1899	-14.2	3642	3989	9.5
Other general farming costs	8682	8939	3.0	14838	16691	12.5
TOTAL VARIABLE COSTS	55638	59812	7.5	236083	284062	20.3
TOTAL FIXED COSTS	66056	68054	3.0	62239	67432	8.3
TOTAL INPUTS	121694	127867	5.1	298322	351494	17.8
FARM BUSINESS INCOME	40676	52301	28.6	55732	37161	-33.3
(plus) depreciation of buildings & works	6184	6237	0.9	10731	12213	13.8
(plus) depreciation of plant machinery & vehicles	20349	19900	-2.2	10609	9437	-11.0
(minus) valuation change	8165	5514	-32.5	5210	5514	5.8
(equals) CASH INCOME	59044	72924	23.5	71863	53298	-25.8
(minus) Net capital investment	20338	37407	83.9	40169	31392	-21.9
(equals) CASH FLOW FARM BUSINESS	38706	35517	-8.2	31694	21906	-30.9
AVERAGE VALUATIONS	178373	188059	5.4	163698	167936	2.6

**TABLE 1.3 LOWLAND CATTLE AND SHEEP
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING -
IDENTICAL SAMPLE 2010/11 AND 2011/12¹**

	0.5 < 1 SLR			1 < 2 SLR			ALL SIZES		
	2010/11	2011/12	% Change	2010/11	2011/12	% Change	2010/11	2011/12	% Change
Number of farms		12			19				
Average size of business (ESUs)		17.3			29.8			28.0	
Total Area of Farm (ha)	47.2	46.1	-2.3	67.9	68.2	0.4	62.2	62.5	0.5
of which: Crops and grass	41.6	39.5	-5.0	65.2	65.4	0.3	57.6	57.4	-0.3
Rough grazing	3.9	4.9	25.6	1.4	1.4	-	3.0	3.6	20.0
SIZE OF ENTERPRISES:									
Hectares - Total crops	2.2	2.2	-	3.1	3.4	9.7	3.8	3.9	2.6
Av. No. - Dairy cows	-	-	-	2.0	1.7	-15.0	0.6	0.5	-16.7
Av. No. - Beef cows	21.6	20.1	-6.9	25.3	26.6	5.1	32.3	31.7	-1.9
Av. No. - Other cattle	65.2	63.0	-3.4	112.3	111.0	-1.2	97.5	97.2	-0.3
Av. No. - Ewes	54.8	55.7	1.6	86.0	89.5	4.1	75.7	77.7	2.6
Av. No. - Sows/gilts	-	-	-	-	-	-	-	-	-
CROP OUTPUT:									
Cereals	1519	1384	-8.9	2452	2632	7.3	2636	2451	-7.0
Potatoes	-	-	-	331	321	-3.0	1107	841	-24.0
Misc. crop output	572	-399	-169.8	573	697	21.6	828	548	-33.8
Total Crop Production	2091	985	-52.9	3356	3649	8.7	4571	3840	-16.0
Livestock Output:									
Cattle – rearing & fattening	23361	33098	41.9	39089	53352	36.5	36675	49918	36.1
Cattle – dairy	-	-	-	70	96	37.1	21	30	42.9
Milk	-	-	-	2306	1647	-28.6	707	505	-28.6
Sheep and wool	4414	6919	56.8	9438	10441	10.6	7521	9461	25.8
Pigs	-	-	-	211	270	28.0	65	83	27.7
Poultry and eggs	-	-	-	256	151	-41.0	79	46	-41.8
Other livestock	11	-	-100.0	-	-	-	6	-	-100.0
TOTAL LIVESTOCK OUTPUT	27786	40017	44.0	51370	65957	28.4	45073	60042	33.2
Single Farm Payment	14075	13970	-0.7	21757	21663	-0.4	21850	21743	-0.5
LFA Compensatory scheme	114	102	-10.5	566	420	-25.8	306	249	-18.6
Agri Environmental Scheme	763	1951	155.7	1848	1072	-42.0	1418	1801	27.0
Miscellaneous subsidies	-	46	-	70	162	131.4	259	268	3.5
Miscellaneous revenue	195	269	37.9	965	644	-33.3	708	756	6.8
On Farm - Non Farm Income	-	-	-	342	342	-	105	105	-
Adjustment for disposal of previous years crop	-	-	-	16	-	-100.0	-11	58	627.3
TOTAL FARM OUTPUT	45024	57341	27.4	80289	93911	17.0	74280	88861	19.6

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

	0.5 < 1 SLR			1 < 2 SLR			ALL SIZES		
	2010/11	2011/12	% Change	2010/11	2011/12	% Change	2010/11	2011/12	% Change
INPUTS	£ per farm			£ per farm			£ per farm		
Purchased concentrate feed & fodder	8867	9245	4.3	16464	18834	14.4	15364	16610	8.1
Home grown concentrate feed	604	514	-14.9	1869	2063	10.4	1698	1726	1.6
Veterinary fees & medicines	1350	1594	18.1	2209	2446	10.7	2232	2449	9.7
Other livestock costs	1217	1674	37.6	1480	1367	-7.6	1589	1810	13.9
Purchased & home grown seed	293	241	-17.7	501	513	2.4	544	471	-13.4
Fertilisers	2771	3879	40.0	5481	5783	5.5	5275	6533	23.8
Other crop costs	432	337	-22.0	782	991	26.7	860	926	7.7
Regular & casual labour	2734	2717	-0.6	1623	1847	13.8	2283	2564	12.3
Machinery excluding depreciation	7320	8410	14.9	9554	10931	14.4	9644	11170	15.8
Depreciation of plant machinery & vehicles	5262	4614	-12.3	6134	6299	2.7	8085	8306	2.7
Depreciation of building & works	2487	2485	-0.1	3621	3701	2.2	4270	4138	-3.1
Land & building inputs	3294	4089	24.1	8092	7921	-2.1	6603	7036	6.6
Interest payments	292	429	46.9	668	869	30.1	649	725	11.7
Other general farming costs	4719	4681	-0.8	5615	6047	7.7	5725	5636	-1.6
TOTAL VARIABLE COSTS	19307	21461	11.2	32925	36464	10.7	31922	35232	10.4
TOTAL FIXED COSTS	22335	23449	5.0	31168	33148	6.4	32901	34868	6.0
TOTAL INPUTS	41643	44909	7.8	64093	69612	8.6	64822	70100	8.1
FARM BUSINESS INCOME	3382	12431	267.6	16196	24299	50.0	9457	18762	98.4
(plus) depreciation of buildings & works	2487	2485	-0.1	3621	3701	2.2	4270	4138	-3.1
(plus) depreciation of plant machinery & vehicles	5262	4614	-12.3	6134	6299	2.7	8085	8306	2.7
(minus) valuation change	1006	4570	354.3	4227	4205	-0.5	3917	3942	0.6
(equals) CASH INCOME	10125	14961	47.8	21724	30094	38.5	17896	27264	52.3
(minus) Net capital investment	7257	5020	-30.8	11245	31881	183.5	15148	24391	61.0
(equals) CASH FLOW FARM BUSINESS	2868	9941	246.6	10479	-1787	-117.1	2748	2873	4.5
AVERAGE VALUATIONS	72631	74997	3.3	113598	120466	6.0	110224	115934	5.2

**TABLE 1.4 – DAIRY FARMS
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING -
IDENTICAL SAMPLE 2010/11 AND 2011/12¹**

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2010/11	2011/12	% Change	2010/11	2011/12	% Change	2010/11	2011/12	% Change	2010/11	2011/12	% Change
Number of farms		13			34			26			31	
Average size of business (ESUs)		26.3			47.6			89.4			188.5	
Total Area of Farm (ha)	33.4	32.9	-1.5	44.7	45.3	1.3	69.4	69.1	-0.4	138.5	143.5	3.6
of which: Crops and grass	31.2	31.1	-0.3	42.6	43.2	1.4	63.5	63.2	-0.5	129.5	134.1	3.6
Rough grazing	0.9	0.9	-	1.0	1.1	10.0	3.8	3.9	2.6	5.8	5.8	-
SIZE OF ENTERPRISES:												
Hectares - Total crops	0.5	0.6	20.0	1.0	1.0	-	3.1	3.7	19.4	6.2	7.6	22.6
Av. no - Dairy cows	30.0	29.7	-1.0	52.3	53.9	3.1	94.4	95.1	0.7	216.0	229.9	6.4
Av. no - Beef cows	1.1	0.9	-18.2	2.8	3.0	7.1	1.4	1.5	7.1	2.8	1.7	-39.3
Av. no - Other cattle	25.5	24.2	-5.1	40.6	43.5	7.1	69.9	73.8	5.6	164.7	158.3	-3.9
Av. no - Ewes	-	-	-	4.7	4.8	2.1	-	-	-	14.0	14.8	5.7
Av. no - Sows/gilts	-	-	-	-	-	-	-	-	-	-	-	-
CROP OUTPUT:												
Cereals	357	687	92.4	581	496	-14.6	2841	2821	-0.7	3965	4106	3.6
Potatoes	-	-	-	-	-	-	-	-	-	-	-	-
Misc. crop output	863	374	-56.7	743	374	-49.7	1708	653	-61.8	436	942	116.1
Total Crop Production	1220	1060	-13.1	1324	870	-34.3	4549	3474	-23.6	4401	5049	14.7
Livestock Output:												
Cattle – rearing & fattening	7622	10619	39.3	14362	18472	28.6	23696	26813	13.2	53444	68525	28.2
Cattle – dairy	-45	-1061	-2257.8	-1447	-650	55.1	-3210	-2520	21.5	-8842	-8789	0.6
Milk	37295	41445	11.1	70199	80160	14.2	132844	148602	11.9	361225	404412	12.0
Sheep and wool	-	-	-	418	617	47.6	-	-	-	1308	1783	36.3
Pigs	-	-	-	-	-	-	-	-	-	-	-	-
Poultry and eggs	-	-	-	-	-	-	2195	2389	8.8	-	-	-
Other livestock	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIVESTOCK OUTPUT	44872	51004	13.7	83532	98599	18.0	155525	175285	12.7	407135	465931	14.4
Single Farm Payment	7484	7431	-0.7	11603	11501	-0.9	18133	17921	-1.2	32914	32274	-1.9
LFA Compensatory scheme	41	70	70.7	298	245	-17.8	183	199	8.7	217	122	-43.8
Agricultural Environment Schemes	444	448	0.9	996	726	-27.1	780	1039	33.2	1892	1549	-18.1
Miscellaneous Subsidies	347	56	-83.9	830	396	-52.3	1512	623	-58.8	3315	548	-83.5
Miscellaneous Revenue	389	607	56.0	347	485	39.8	1001	1116	11.5	2608	1970	-24.5
On Farm - Non Farm Income	387	387	-	-	-	-	-	-	-	1434	1434	-
Adjustment for disposal of previous years crop	11	9	-18.2	-	-	-	-	-	-	-	-	-
Total Farm Output	55195	61071	10.6	98929	112822	14.0	181684	199657	9.9	453915	508876	12.1

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

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2010/11	2011/12	% Change	2010/11	2011/12	% Change	2010/11	2011/12	% Change	2010/11	2011/12	% Change
	£ per farm			£ per farm			£ per farm			£ per farm		
INPUTS												
Purchased concentrate feed & fodder	12426	13179	6.1	20375	26742	31.2	39402	47440	20.4	140545	160213	14.0
Home grown concentrate feed	1174	2279	94.1	1988	2566	29.1	2938	3122	6.3	7464	9204	23.3
Veterinary fees & medicines	2027	2122	4.7	2635	3032	15.1	4502	4980	10.6	13023	14668	12.6
Other livestock costs	2065	2258	9.3	3129	3468	10.8	5146	5604	8.9	17817	20476	14.9
Purchased & home grown seed	125	160	28.0	278	218	-21.6	553	606	9.6	2594	2403	-7.4
Fertilisers	2946	3085	4.7	5916	6950	17.5	9022	10785	19.5	19118	25165	31.6
Other crop costs	290	311	7.2	579	571	-1.4	1301	1232	-5.3	4816	4908	1.9
Regular & casual labour	774	711	-8.1	1122	1788	59.4	2917	3438	17.9	10993	12756	16.0
Machinery excluding depreciation	6443	6810	5.7	10315	10818	4.9	17733	19153	8.0	38778	44917	15.8
Depreciation of plant machinery & vehicles	3123	3060	-2.0	6689	8224	22.9	11521	14659	27.2	22061	25141	14.0
Depreciation of building & works	2480	2194	-11.5	6405	6466	1.0	12873	11659	-9.4	32778	30576	-6.7
Land & building inputs	3063	3515	14.8	4203	5184	23.3	9850	10028	1.8	25221	27261	8.1
Interest payments	558	387	-30.6	933	1027	10.1	3191	2827	-11.4	10029	10258	2.3
Other general farming costs	6068	6252	3.0	7505	7867	4.8	9555	10110	5.8	18182	19455	7.0
TOTAL VARIABLE COSTS	24086	26215	8.8	39593	48563	22.7	72704	84420	16.1	233885	268189	14.7
TOTAL FIXED COSTS	19476	20108	3.2	32480	36358	11.9	57801	61223	5.9	129534	139212	7.5
TOTAL INPUTS	43562	46323	6.3	72073	84922	17.8	130505	145643	11.6	363419	407401	12.1
FARM BUSINESS INCOME	11632	14748	26.8	26856	27901	3.9	51179	54014	5.5	90496	101476	12.1
(plus) depreciation of buildings & works	2480	2194	-11.5	6405	6466	1.0	12873	11659	-9.4	32778	30576	-6.7
(plus) depreciation of plant machinery & vehicles	3123	3060	-2.0	6689	8224	22.9	11521	14659	27.2	22061	25141	14.0
(minus) valuation change	-35	2178	6322.9	2693	2953	9.7	3485	3755	7.7	6773	12136	79.2
(equals) CASH INCOME	17270	17824	3.2	37257	39638	6.4	72088	76576	6.2	138563	145057	4.7
(minus) Net capital investment	2428	4406	81.5	18335	19931	8.7	24699	30813	24.8	74846	72642	-2.9
(equals) CASH FLOW FARM BUSINESS	14842	13418	-9.6	18922	19707	4.1	47389	45763	-3.4	63717	72415	13.7
AVERAGE VALUATIONS	46733	49838	6.6	81349	91227	12.1	137830	151601	10.0	293580	322724	9.9

**TABLE 1.5 – LFA CATTLE AND SHEEP
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING -
IDENTICAL SAMPLE 2010/11 AND 2011/12¹**

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2010/11	2011/12	% Change	2010/11	2011/12	% Change	2010/11	2011/12	% Change	2010/11	2011/12	% Change
Number of farms		49			44			13			5	
Average size of business (SLRs)		17.0			32.2			54.9			72.5	
Total Area of Farm (ha)	73.8	73.2	-0.8	116.1	116.8	0.6	218.6	218.4	-0.1	426.4	428.1	0.4
of which: Crops and grass	46.4	46.7	0.6	71.8	72.4	0.8	102.8	103.6	0.8	138.9	120.4	-13.3
Rough grazing	21.3	20.6	-3.3	37.8	37.9	0.3	79.9	78.9	-1.3	171.7	191.9	11.8
SIZE OF ENTERPRISES:												
Hectares - Total crops	1.0	1.2	20.0	1.0	1.1	10.0	3.7	3.7	-	3.5	3.5	-
Av. no. - Dairy cows	-	-	-	0.5	0.5	-	-	-	-	-	-	-
Av. no. - Beef cows	25.6	25.2	-1.6	41.5	42.2	1.7	74.8	75.0	0.3	35.5	40.2	13.2
Av. no. - Other cattle	46.7	45.0	-3.6	74.9	76.1	1.6	131.1	138.6	5.7	286.5	266.2	-7.1
Av. no. - Ewes	81.3	85.0	4.6	196.2	204.5	4.2	330.8	294.0	-11.1	703.0	658.4	-6.3
Av. no. - Sows/gilts	-	-	-	-	-	-	-	-	-	-	-	-
CROP OUTPUT:												
Cereals	203	211	3.9	916	1069	16.7	1834	1746	-4.8	1612	2715	68.4
Potatoes	-	-	-	-	-	-	1812	529	-70.8	-	-	-
Misc. crop output	923	636	-31.1	290	21	-92.8	583	-512	-187.8	175	1058	504.6
Total Crop Production	1126	848	-24.7	1206	1090	-9.6	4229	1762	-58.3	1788	3773	111.0
Livestock Output:												
Cattle – rearing & fattening	18121	22775	25.7	33653	41928	24.6	62871	70485	12.1	84387	92278	9.4
Cattle – dairy	-	-	-	50	39	-22.0	-	-	-	-	-	-
Milk	-	-	-	662	919	38.8	-	-	-	-	-	-
Sheep and wool	8084	9005	11.4	17774	21485	20.9	25392	26948	6.1	43231	49204	13.8
Pigs	-	-	-	-	-	-	-	-	-	-	-	-
Poultry and eggs	-	-	-	-	-	-	-	-	-	-	-	-
Other livestock	-	5	-	-	7	-	-	-	-	-	-	-
Total Livestock Output	26205	31785	21.3	52138	64379	23.5	88262	97433	10.4	127617	141482	10.9
Single Farm Payment	16897	16703	-1.1	27630	27751	0.4	55812	55414	-0.7	77444	75317	-2.7
LFA Compensatory scheme	3228	3046	-5.6	4991	5035	0.9	9302	9645	3.7	16656	15095	-9.4
Agricultural Environment Schemes	2555	2790	9.2	3632	3575	-1.6	5217	3601	-31.0	9188	7015	-23.7
Miscellaneous Subsidies	74	119	60.8	259	310	19.7	831	591	-28.9	-	132	-
Miscellaneous Revenue	1400	1836	31.1	2145	2077	-3.2	3413	4065	19.1	2722	2010	-26.2
On Farm – Non Farm Income	-	-	-	-	-	-	-	-	-	-	1963	-
Adjustment for disposal of previous years crop	5	5	-	-	-	-	-	-	-	-	-	-
Total Farm Output	51489	57134	11.0	92002	104217	13.3	167066	172510	3.3	235415	246787	4.8

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

INPUTS	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2010/11 £ per fam	2011/12	% Change	2010/11 £ per fam	2011/12	% Change	2010/11 £ per fam	2011/12	% Change	2010/11 £ per fam	2011/12	% Change
Purchased concentrate feed & fodder	6541	6684	2.2	13197	13208	0.1	22441	21458	-4.4	51345	69883	36.1
Home grown concentrate feed	61	46	-24.6	782	889	13.7	1723	2138	24.1	1612	2715	68.4
Veterinary fees & medicines	1649	1908	15.7	3051	3451	13.1	4710	5190	10.2	5787	7455	28.8
Other livestock costs	1195	1221	2.2	2180	2499	14.6	3052	3536	15.9	3726	2587	-30.6
Purchased & home grown seed	120	136	13.3	322	288	-10.6	1051	888	-15.5	140	411	193.6
Fertilisers	3558	4154	16.8	6533	7758	18.8	12441	13630	9.6	13596	16341	20.2
Other crop costs	566	487	-14.0	594	858	44.4	1459	1821	24.8	1323	1489	12.5
Regular & casual labour	793	903	13.9	1623	2037	25.5	7268	8466	16.5	1167	1097	-6.0
Machinery excluding depreciation	7569	8137	7.5	11358	12424	9.4	19854	21961	10.6	17933	22015	22.8
Depreciation of plant machinery & vehicles	6153	6058	-1.5	9549	9807	2.7	12582	12978	3.1	12164	12729	4.6
Depreciation of building & works	2783	2869	3.1	6198	6298	1.6	9797	10566	7.8	10074	10467	3.9
Land & building inputs	4659	3907	-16.1	5982	6827	14.1	15215	14209	-6.6	11486	11068	-3.6
Interest payments	512	448	-12.5	666	654	-1.8	1327	1233	-7.1	770	538	-30.1
Other general farming costs	4250	4555	7.2	5468	5771	5.5	7763	8665	11.6	7949	9794	23.2
TOTAL VARIABLE COSTS	16487	17715	7.4	30700	33317	8.5	54656	57773	5.7	84176	108449	28.8
TOTAL FIXED COSTS	23924	23798	-0.5	36805	39454	7.2	66027	68964	4.4	54895	60139	9.6
TOTAL INPUTS	40410	41513	2.7	67505	72771	7.8	120683	126737	5.0	139071	168588	21.2
FARM BUSINESS INCOME	11079	15621	41.0	24497	31446	28.4	46383	45773	-1.3	96344	78199	-18.8
(plus) depreciation of buildings & works	2783	2869	3.1	6198	6298	1.6	9797	10566	7.8	10074	10467	3.9
(plus) depreciation of plant machinery & vehicles	6153	6058	-1.5	9549	9807	2.7	12582	12978	3.1	12164	12729	4.6
(minus) valuation change	547	3563	551.4	6424	6758	5.2	9706	5507	-43.3	-4511	1934	142.9
(equals) CASH INCOME	19468	20985	7.8	33821	40794	20.6	59056	63810	8.0	123092	99461	-19.2
(minus) Net capital investment	8236	8621	4.7	28177	25269	-10.3	19701	25225	28.0	18471	26909	45.7
(equals) CASH FLOW FARM BUSINESS	11233	12364	10.1	5644	15524	175.1	39356	38585	-2.0	104621	72552	-30.7
AVERAGE VALUATIONS	64528	67772	5.0	99320	109590	10.3	175195	188642	7.7	250071	254243	1.7

**TABLE 1.6 – DAIRY AND LFA CATTLE AND SHEEP – ALL SIZES
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING -
IDENTICAL SAMPLE 2010/11 AND 2011/12¹**

	DAIRY			LFA CATTLE AND SHEEP		
	2010/11	2011/12	% Change	2010/11	2011/12	% Change
Number of farms						
Average size of business (SLRs)		104.0			24.6	
Total Area of Farm (ha)	81.9	83.7	2.2	101.4	101.3	-0.1
of which: Crops and grass	76.5	78.2	2.2	58.6	58.6	-
Rough grazing	3.3	3.4	3.0	32.5	32.5	-
SIZE OF ENTERPRISES:						
Hectares - Total crops	3.2	3.9	21.9	1.2	1.4	16.7
Av. No. - Dairy cows	116.6	122.1	4.7	0.1	0.1	-
Av. No. - Beef cows	2.2	2.1	-4.5	33.0	33.1	0.3
Av. No. - Other cattle	88.9	88.4	-0.6	64.5	63.8	-1.1
Av. No. - Ewes	6.3	6.6	4.8	140.9	142.6	1.2
Av. No. - Sows/gilts	-	-	-	-	-	-
CROP OUTPUT:						
Cereals	2259	2315	2.5	524	591	12.8
Potatoes	-	-	-	104	30	-71.2
Misc. crop output	873	637	-27.0	712	409	-42.6
Total Crop Production	3132	2951	-5.8	1340	1031	-23.1
Livestock Output:						
Cattle – rearing & fattening	29392	36971	25.8	26425	32322	22.3
Cattle – dairy	-4276	-3966	7.2	14	11	-21.4
Milk	182463	204697	12.2	184	255	38.6
Sheep and wool	584	812	39.0	12523	14364	14.7
Pigs	-	-	-	-	-	-
Poultry and eggs	509	554	8.8	-	-	-
Other livestock	-	-	-	-	5	-
TOTAL LIVESTOCK OUTPUT	208672	239067	14.6	39145	46958	20.0
Single Farm Payment	20083	19773	-1.5	23411	23252	-0.7
LFA Compensatory scheme	214	172	-19.6	4355	4236	-2.7
Agricultural Environment Schemes	1197	1054	-11.9	3150	3146	-0.1
Miscellaneous Subsidies	1800	464	-74.2	167	200	19.8
Miscellaneous Revenue	1291	1162	-10.0	1751	2034	16.2
On Farm - Non Farm Income	543	543	-	-	43	-
Adjustment for disposal of previous years crop	1	1	-	3	3	-
TOTAL FARM OUTPUT	236933	265188	11.9	73322	80902	10.3

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

Purchased concentrate feed & fodder	65775	76537	16.4	10268	10708	4.3
Home grown concentrate feed	4026	4976	23.6	390	457	17.2
Veterinary fees & medicines	6620	7437	12.3	2303	2644	14.8
Other livestock costs	8596	9755	13.5	1630	1738	6.6
Purchased & home grown seed	1132	1063	-6.1	230	227	-1.3
Fertilisers	10905	13755	26.1	5109	5960	16.7
Other crop costs	2191	2206	0.7	641	688	7.3
Regular & casual labour	4939	5873	18.9	1402	1654	18.0
Machinery excluding depreciation	21521	24185	12.4	9547	10417	9.1
Depreciation of plant machinery & vehicles	12768	15034	17.7	7593	7638	0.6
Depreciation of building & works	16657	15594	-6.4	4290	4425	3.1
Land & building inputs	12709	13814	8.7	5777	5462	-5.5
Interest payments	4585	4590	0.1	607	552	-9.1
Other general farming costs	11540	12245	6.1	4869	5241	7.6
TOTAL VARIABLE COSTS	113244	130914	15.6	24079	26300	9.2
TOTAL FIXED COSTS	70718	76149	7.7	30575	31511	3.1
TOTAL INPUTS	183963	207064	12.6	54654	57811	5.8
FARM BUSINESS INCOME	52971	58124	9.7	18668	23091	23.7
(plus) depreciation of buildings & works	16657	15594	-6.4	4290	4425	3.1
(plus) depreciation of plant machinery & vehicles	12768	15034	17.7	7593	7638	0.6
(minus) valuation change	3994	6252	56.5	2591	4525	74.6
(equals) CASH INCOME	78401	82500	5.2	27959	30630	9.6
(minus) Net capital investment	37725	39087	3.6	14645	14585	-0.4
(equals) CASH FLOW FARM BUSINESS	40676	43412	6.7	13315	16045	20.5
AVERAGE VALUATIONS	164533	181270	10.2	84528	90325	6.9

**TABLE 1.7 – ALL TYPES – 4 SIZE GROUPS
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING -
IDENTICAL SAMPLE 2010/11 AND 2011/12¹**

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			ALL SIZES		
	2010/11	2011/12	% Change	2010/11	2011/12	% Change	2010/11	2011/12	% Change	2010/11	2011/12	% Change
Number of farms		82			107			52			291	
Average size of business (ESUs)		17.9			37.9			76.5			50.7	
Total Area of Farm (ha)	63.0	62.2	-1.3	82.4	83.2	1.0	110.6	110.1	-0.5	87.0	87.6	0.7
of which: Crops and grass	43.6	43.2	-0.9	61.8	62.5	1.1	80.9	80.7	-0.2	64.9	65.3	0.6
Rough grazing	14.7	14.5	-1.4	17.1	17.2	0.6	20.1	19.9	-1.0	16.3	16.4	0.6
SIZE OF ENTERPRISES:												
Hectares - Total crops	2.4	2.6	8.3	4.4	4.7	6.8	9.9	10.1	2.0	5.5	5.9	7.3
Av. no. - Dairy cows	2.1	2.1	-	16.2	16.6	2.5	53.3	53.6	0.6	33.5	35.0	4.5
Av. no. - Beef cows	22.1	21.7	-1.8	24.1	24.6	2.1	26.5	26.5	-	22.6	22.6	-
Av. no. - Other cattle	47.6	45.8	-3.8	71.0	72.5	2.1	91.8	95.2	3.7	76.3	75.9	-0.5
Av. no. - Ewes	65.6	68.3	4.1	106.7	110.5	3.6	100.8	93.6	-7.1	84.4	85.6	1.4
Av. no. - Sows/gilts	0.3	0.3	-	1.2	1.2	-	5.5	5.3	-3.6	2.8	2.8	-
CROP OUTPUT:												
Cereals	1629	1698	4.2	3581	3972	10.9	7272	7067	-2.8	4399	4492	2.1
Potatoes	-	-	-	1386	1277	-7.9	3654	2437	-33.3	1574	1153	-26.7
Misc. crop output	1187	629	-47.0	1164	630	-45.9	2694	2280	-15.4	1640	1207	-26.4
Total Crop Production	2815	2327	-17.3	6131	5879	-4.1	13619	11784	-13.5	7614	6851	-10.0
Livestock Output:												
Cattle – rearing & fattening	17965	23260	29.5	28114	35928	27.8	35564	41593	17.0	28621	36236	26.6
Cattle – dairy	-3	-73	-2333.3	-397	-159	59.9	-1742	-1369	21.4	-1201	-1109	7.7
Milk	2583	2870	11.1	21675	24641	13.7	74823	83543	11.7	52361	58704	12.1
Sheep and wool	6266	7451	18.9	10199	11921	16.9	8630	9520	10.3	7839	9146	16.7
Pigs	563	695	23.4	2031	2076	2.2	8664	8343	-3.7	5444	5875	7.9
Poultry and eggs	-	-	-	240	569	137.1	1214	1322	8.9	293	399	36.2
Other livestock	2	3	50.0	-	3	-	-	-	-	2	3	50.0
Total Livestock Output	27376	34206	24.9	61862	74979	21.2	127154	142952	12.4	93359	109254	17.0
Single Farm Payment	15320	15163	-1.0	21170	21165	-	30240	30012	-0.8	22069	21884	-0.8
LFA Compensatory scheme	2108	1991	-5.6	2377	2354	-1.0	2251	2351	4.4	2118	2044	-3.5
Agricultural Environment Schemes	1942	2415	24.4	2470	2151	-12.9	2162	1834	-15.2	2190	2281	4.2
Miscellaneous Subsidies	71	95	33.8	374	283	-24.3	1504	721	-52.1	660	288	-56.4
Miscellaneous Revenue	1019	1343	31.8	3390	3947	16.4	1796	2266	26.2	2121	2486	17.2
On Farm - Non Farm Income	887	887	-	63	63	-	28	428	1428.6	566	632	11.7
Adjustment for disposal of previous years crop	47	85	80.9	-18	-	100.0	76	375	393.4	79	114	44.3
Total Farm Output	51585	58510	13.4	97819	110821	13.3	178831	192723	7.8	130775	145835	11.5

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

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			ALL SIZES		
	2010/11	2011/12	% Change	2010/11	2011/12	% Change	2010/11	2011/12	% Change	2010/11	2011/12	% Change
	£ per farm			£ per farm			£ per farm			£ per farm		
INPUTS												
Purchased concentrate feed & fodder	7422	7757	4.5	17106	19307	12.9	34277	39114	14.1	30106	34242	13.7
Home grown concentrate feed	405	481	18.8	1497	1861	24.3	3288	3612	9.9	1833	2196	19.8
Veterinary fees & medicines	1555	1799	15.7	2710	3045	12.4	4394	4754	8.2	3593	4044	12.6
Other livestock costs	1244	1360	9.3	2244	2438	8.6	3995	4362	9.2	3709	4161	12.2
Purchased & home grown seed	227	247	8.8	607	636	4.8	1330	1378	3.6	825	851	3.2
Fertilisers	3326	4027	21.1	6214	7241	16.5	10934	12099	10.7	7059	8617	22.1
Other crop costs	629	567	-9.9	1150	1292	12.3	2184	2326	6.5	1677	1702	1.5
Regular & casual labour	1181	1244	5.3	1678	2073	23.5	4488	5291	17.9	2978	3453	16.0
Machinery excluding depreciation	7579	8203	8.2	11903	13014	9.3	18709	20772	11.0	13905	15557	11.9
Depreciation of plant machinery & vehicles	5725	5506	-3.8	9695	10265	5.9	13362	16077	20.3	10121	10819	6.9
Depreciation of building & works	2549	2588	1.5	5749	5802	0.9	11073	10491	-5.3	7900	7663	-3.0
Land & building inputs	4153	3866	-6.9	6110	6728	10.1	12370	12359	-0.1	8364	8675	3.7
Interest payments	460	444	-3.5	863	874	1.3	2700	2406	-10.9	1912	1903	-0.5
Other general farming costs	4524	4757	5.2	6334	6661	5.2	9383	9589	2.2	7357	7766	5.6
TOTAL VARIABLE COSTS	17974	19560	8.8	36015	40611	12.8	69938	78126	11.7	55825	63418	13.6
TOTAL FIXED COSTS	23006	23284	1.2	37847	40625	7.3	62549	66506	6.3	45514	48233	6.0
TOTAL INPUTS	40979	42844	4.6	73861	81236	10.0	132487	144631	9.2	101339	111650	10.2
FARM BUSINESS INCOME	10606	15666	47.7	23957	29584	23.5	46344	48092	3.8	29436	34184	16.1
(plus) depreciation of buildings & works	2549	2588	1.5	5749	5802	0.9	11073	10491	-5.3	7900	7663	-3.0
(plus) depreciation of plant machinery & vehicles	5725	5506	-3.8	9695	10265	5.9	13362	16077	20.3	10121	10819	6.9
(minus) valuation change	538	3267	507.2	4289	5589	30.3	4839	3479	-28.1	3515	4741	34.9
(equals) CASH INCOME	18342	20493	11.7	35112	40062	14.1	65940	71180	7.9	43942	47926	9.1
(minus) Net capital investment	7318	7434	1.6	22113	24940	12.8	23166	31231	34.8	21932	24774	13.0
(equals) CASH FLOW FARM BUSINESS	11024	13058	18.5	13000	15122	16.3	42774	39950	-6.6	22010	23152	5.2
AVERAGE VALUATIONS	64870	67707	4.4	102908	112061	8.9	159505	172199	8.0	117968	126833	7.5

**INCOMES ON CATTLE & SHEEP (LFA & LOWLAND),
DAIRY AND ALL FARM TYPES ABOVE 1SLR IN 2010/11 AND 2011/12¹**

£ PER FARM

		Farm Business Income	Cash Income	Net Farm Income
Dairy	10/11	58,175	86,097	55,414
	11/12	63,585	90,642	61,036
Cattle and Sheep (LFA)	10/11	32,382	43,303	19,685
	11/12	36,590	48,058	24,053
Cattle and Sheep (Lowland)	10/11	17,716	28,459	4,619
	11/12	27,367	43,988	13,849
All Types	10/11	45,144	65,297	37,096
	11/12	49,632	70,811	41,734

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

APPENDIX 2

ASSETS AND LIABILITIES OF CEREAL FARMS, 2011/12
AVERAGE FARM SIZE 81.8 HECTARES

	Opening Valuation	£	Closing Valuation
Land and Buildings	1,480,322		1,467,892
Other fixed assets	58,055		55,890
TOTAL FIXED ASSETS	1,538,377		1,523,782
Trading livestock, crops & stores	21,913		14,823
Debtors and short-term lending	-		-
Cash in hand and at bank	1,916		-
TOTAL CURRENT ASSETS	23,829		14,823
TOTAL ASSETS	1,562,206		1,538,605
Bank & other institutional loans	-		-
Family & other loans	-		-
TOTAL LONG-TERM LOANS	-		-
Bank overdraft	71,736		71,495
Other short-term borrowing	11,329		8,157
TOTAL SHORT-TERM LOANS	83,065		79,652
TOTAL EXTERNAL LIABILITIES	83,065		79,652
NET WORTH	1,479,141		1,458,953

**ASSETS AND LIABILITIES OF GENERAL CROPPING FARMS, 2011/12
AVERAGE FARM SIZE 113.5 HECTARES**

	Opening Valuation	£	Closing Valuation
Land and Buildings	1,518,325		1,572,471
Other fixed assets	101,788		109,993
TOTAL FIXED ASSETS	1,620,113		1,682,464
Trading livestock, crops & stores	48,332		45,347
Debtors and short-term lending	-		-
Cash in hand and at bank	-		-
TOTAL CURRENT ASSETS	48,332		45,347
TOTAL ASSETS	1,668,445		1,727,811
Bank & other institutional loans	-		-
Family & other loans	-		-
TOTAL LONG-TERM LOANS	-		-
Bank overdraft	19,764		22,197
Other short-term borrowing	20,764		18,037
TOTAL SHORT-TERM LOANS	40,528		40,234
TOTAL EXTERNAL LIABILITIES	40,528		40,234
NET WORTH	1,627,917		1,687,577

ASSETS AND LIABILITIES OF PIGS FARMS, 2011/12
AVERAGE FARM SIZE 25.8 HECTARES

	Opening Valuation	£	Closing Valuation
Land and Buildings	630,367		636,416
Other fixed assets	64,353		61,994
TOTAL FIXED ASSETS	694,720		698,410
Trading livestock, crops & stores	102,143		106,923
Debtors and short-term lending	-		-
Cash in hand and at bank	-		-
TOTAL CURRENT ASSETS	102,143		106,923
TOTAL ASSETS	796,863		805,333
Bank & other institutional loans	90,317		84,597
Family & other loans	-		-
TOTAL LONG-TERM LOANS	90,317		84,597
Bank overdraft	28,382		42,283
Other short-term borrowing	14,662		9,238
TOTAL SHORT-TERM LOANS	43,044		51,521
TOTAL EXTERNAL LIABILITIES	133,361		136,118
NET WORTH	663,502		669,215

**ASSETS AND LIABILITIES OF DAIRY FARMS, 2011/12
AVERAGE FARM SIZE 83.7 HECTARES**

	Opening Valuation	£	Closing Valuation
Land and Buildings	1,168,628		1,157,050
Other fixed assets	124,633		140,837
TOTAL FIXED ASSETS	1,293,261		1,297,887
Trading livestock, crops & stores	45,419		49,034
Debtors and short-term lending	15,722		17,184
Cash in hand and at bank	126		-
TOTAL CURRENT ASSETS	61,267		66,218
TOTAL ASSETS	1,354,528		1,364,105
Bank & other institutional loans	73,651		76,512
Family & other loans	2,490		1,965
TOTAL LONG-TERM LOANS	76,141		78,477
Bank overdraft	14,415		15,065
Other short-term borrowing	8,616		11,391
TOTAL SHORT-TERM LOANS	23,031		26,456
TOTAL EXTERNAL LIABILITIES	99,172		104,933
NET WORTH	1,255,356		1,259,172

**ASSETS AND LIABILITIES OF CATTLE AND SHEEP FARMS (LFA), 2011/12
AVERAGE FARM SIZE 101.3 HECTARES**

	Opening Valuation	£	Closing Valuation
Land and Buildings	1,139,359		1,141,036
Other fixed assets	56,894		61,125
TOTAL FIXED ASSETS	1,196,253		1,202,161
Trading livestock, crops & stores	37,016		40,462
Debtors and short-term lending	14		23
Cash in hand and at bank	-		-
TOTAL CURRENT ASSETS	37,030		40,485
TOTAL ASSETS	1,233,283		1,242,646
Bank & other institutional loans	4,197		4,113
Family & other loans	65		65
TOTAL LONG-TERM LOANS	4,262		4,178
Bank overdraft	5,474		5,735
Other short-term borrowing	1,501		1,067
TOTAL SHORT-TERM LOANS	6,975		6,802
TOTAL EXTERNAL LIABILITIES	11,237		10,980
NET WORTH	1,222,046		1,231,666

**ASSETS AND LIABILITIES OF CATTLE AND SHEEP FARMS
(LOWLAND) 2011/12
AVERAGE FARM SIZE 62.5 HECTARES**

	Opening Valuation	£	Closing Valuation
Land and Buildings	1,045,643		1,055,055
Other fixed assets	55,304		58,395
TOTAL FIXED ASSETS	1,100,947		1,113,450
Trading livestock, crops & stores	62,490		65,751
Debtors and short-term lending	39		21
Cash in hand and at bank	-		-
TOTAL CURRENT ASSETS	62,529		65,772
TOTAL ASSETS	1,163,476		1,179,222
Bank & other institutional loans	2,405		4,254
Family & other loans	-		-
TOTAL LONG-TERM LOANS	2,405		4,254
Bank overdraft	5,744		7,676
Other short-term borrowing	2,798		4,281
TOTAL SHORT-TERM LOANS	8,542		11,957
TOTAL EXTERNAL LIABILITIES	10,947		16,211
NET WORTH	1,152,529		1,163,011

**ASSETS AND LIABILITIES OF MIXED FARMS, 2011/12
AVERAGE FARM SIZE 80.6 HECTARES**

	Opening Valuation	£	Closing Valuation
Land and Buildings	1,324,236		1,332,089
Other fixed assets	113,710		118,920
TOTAL FIXED ASSETS	1,437,946		1,451,009
Trading livestock, crops & stores	69,594		75,279
Debtors and short-term lending	1,395		1,355
Cash in hand and at bank	-		-
TOTAL CURRENT ASSETS	70,989		76,634
TOTAL ASSETS	1,508,935		1,527,643
Bank & other institutional loans	29,778		26,649
Family & other loans	-		-
TOTAL LONG-TERM LOANS	29,778		26,649
Bank overdraft	7,838		8,281
Other short-term borrowing	9,634		7,487
TOTAL SHORT-TERM LOANS	17,472		15,768
TOTAL EXTERNAL LIABILITIES	47,250		42,417
NET WORTH	1,461,685		1,485,226

**ASSETS AND LIABILITIES OF ALL TYPES, 2011/12
AVERAGE FARM SIZE 87.6 HECTARES**

	Opening Valuation	£	Closing Valuation
Land and Buildings	1,142,801		1,143,280
Other fixed assets	79,141		86,494
TOTAL FIXED ASSETS	1,221,942		1,229,774
Trading livestock, crops & stores	46,251		49,586
Debtors and short-term lending	4,502		4,913
Cash in hand and at bank	57		-
TOTAL CURRENT ASSETS	50,810		54,499
TOTAL ASSETS	1,272,752		1,284,273
Bank & other institutional loans	25,708		26,577
Family & other loans	731		583
TOTAL LONG-TERM LOANS	26,439		27,160
Bank overdraft	9,504		10,413
Other short-term borrowing	4,761		5,342
TOTAL SHORT-TERM LOANS	14,265		15,755
TOTAL EXTERNAL LIABILITIES	40,704		42,915
NET WORTH	1,232,048		1,241,358

APPENDIX 3

ENTERPRISE GROSS MARGIN RESULTS CLASSIFIED INTO FOUR PERFORMANCE CATEGORIES

This Appendix contains the 2011/12 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 2012.

DAIRY COWS (CLASSIFIED BY GROSS MARGIN PER COW) 2011/12

	Excellent	Good	Moderate	Poor	Average
% of survey farms	13	37	37	13	100
Average herd size	86	93	91	59	87
ENTERPRISE OUTPUT	£ per cow				
Milk	2158	1946	1717	1372	1834
Calves	108	102	104	87	102
Herd replacement	-103	-130	-166	-170	-144
Leasing receipts	-	-	-	-	-
TOTAL ENTERPRISE OUTPUT	2163	1918	1655	1288	1793
Variable Costs					
Concentrates	555	563	519	458	536
Hay, silage, forage & grazing	169	150	176	153	163
Vet, medicines & sundries	113	125	127	118	124
Leasing costs	-	-	-	-	-
TOTAL VARIABLE COSTS	837	838	822	730	822
GROSS MARGIN					
- per cow	1326	1080	832	558	970
- per hectare	2494	2160	1756	983	1941
- per 1000 litres	169	154	131	109	145
Milk yield per cow (litres)	7836	6999	6339	5129	6688
Milk price per litre (pence)	27.5	27.8	27.1	26.7	27.4
Concentrates per litre (kg)	0.29	0.32	0.33	0.39	0.33
Concentrates price per tonne (£)	239	226	239	221	232
Stocking rate (ce per ha)	1.88	2.00	2.11	1.76	2.00
Nitrogen per hectare (kg)	143	152	149	123	146

DAIRY COWS (CLASSIFIED BY GROSS MARGIN PER HECTARE) 2011/12

	Excellent	Good	Moderate	Poor	Average
% of survey farms	16	30	37	17	100
Average herd size	119	113	67	52	86
ENTERPRISE OUTPUT	£ per cow				
Milk	2123	1928	1633	1390	1831
Calves	103	100	107	93	102
Herd replacement	-120	-147	-150	-163	-144
Leasing receipts	-	-	-	-	-
TOTAL ENTERPRISE OUTPUT	2106	1881	1590	1320	1789
Variable Costs					
Concentrates	664	547	453	444	535
Hay, silage, forage & grazing	174	166	156	145	163
Vet, medicines & sundries	151	128	101	112	124
Leasing Costs	-	-	-	-	-
TOTAL VARIABLE COSTS	989	841	710	701	822
GROSS MARGIN					
- per cow	1117	1040	880	619	967
- per hectare	2938	2226	1531	929	1934
- per 1000 litres	145	149	146	120	145
Milk yield per cow (litres)	7691	6968	6044	5167	6676
Milk price per litre (pence)	27.6	27.7	27.0	26.9	27.4
Concentrates per litre (kg)	0.36	0.31	0.31	0.37	0.33
Concentrates price per tonne (£)	232	234	233	227	232
Stocking rate (ce per ha)	2.63	2.14	1.74	1.50	2.00
Nitrogen used per hectare (kg)	197	166	120	106	146

**DAIRY CALVES REARED AS REPLACEMENTS, 2011/12
(CLASSIFIED BY GROSS MARGIN PER HECTARE)**

	Excellent	Good	Moderate	Poor	Average
% of survey farms	13	31	46	10	100
ENTERPRISE OUTPUT	2177	1598	1237	746	1381
Variable Costs					
Concentrates*	536	426	448	347	438
Hay, silage, forage and grazing	383	399	345	192	355
Vet and medicines	71	74	52	44	60
Sundries	78	45	40	37	44
TOTAL VARIABLE COSTS	1068	944	885	620	897
GROSS MARGIN	1109	654	352	126	484
Concentrates per ce (kg)	599	584	695	607	645
Concentrates price per tonne (£)	229	256	215	216	229
Stocking rate (ce per ha)	2.39	2.20	2.16	1.33	2.13
Price per calf bought/transferred in (£)	135	116	93	129	104
Price per heifer sold/transferred out (£)	957	1012	928	952	964
Mortality %	-	1.6	2.2	4.1	1.9

* Includes milk fed to calves

**SUCKLER COWS - SEVERELY DISADVANTAGED AREA, 2011/12
(CLASSIFIED BY GROSS MARGIN PER COW)**

	Excellent	Good	Moderate	Poor	Average
% of survey farms	17	32	40	11	100
Number of cows per farm	42	44	41	21	40
ENTERPRISE OUTPUT					
			£ per cow		
Calves	498	432	373	405	418
Herd Replacement	1	-28	-61	-83	-39
TOTAL ENTERPRISE OUTPUT	499	404	312	322	379
Variable Costs					
Concentrates	45	41	49	77	47
Hay, silage, forage and grazing	131	126	129	182	131
Vet and medicines	32	27	32	36	30
Sundries	15	18	18	39	19
TOTAL VARIABLE COSTS	224	212	228	334	228
GROSS MARGIN	275	192	84	-12	151
GROSS MARGIN PER COW EQUIVALENT	247	178	79	-11	140
Calves reared per cow	1.01	0.95	0.87	0.88	0.92
Price per calf sold or transferred-out (£)	466	444	434	442	444
Mortality - birth to weaning (%)	1.5	2.1	2.5	3.0	2.2
Concentrates per cow (kg)	213	201	239	375	229
Concentrates price per tonne (£)	211	200	202	204	203

* LFA compensatory allowances are excluded from this analysis

**SUCKLER COWS - DISADVANTAGED AREA, 2011/12
(CLASSIFIED BY GROSS MARGIN PER HECTARE)**

	Excellent	Good	Moderate	Poor	Average
% of survey farms	22	22	41	15	100
Number of cows per farm	61	57	30	45	45
ENTERPRISE OUTPUT	£ per cow				
Calves	492	428	405	420	440
Herd replacement	3	-52	-44	-81	-38
TOTAL ENTERPRISE OUTPUT	495	376	361	339	402
Variable Costs					
Concentrates	41	44	45	43	43
Hay, silage, forage and grazing	112	104	117	178	121
Vet and medicines	22	19	31	39	26
Sundries	23	18	28	73	31
TOTAL VARIABLE COSTS	198	185	221	333	221
GROSS MARGIN	297	191	140	6	181
GROSS MARGIN PER COW EQUIVALENT	274	178	129	6	169
Calves reared per cow	1.02	0.93	0.96	0.99	0.98
Price per calf sold or transferred out (£)	466	434	421	436	441
Mortality - birth to weaning (%)	0.8	1.9	2.2	-	1.3
Concentrates per cow (kg)	240	223	216	193	222
Price of concentrates per tonne (£)	173	199	205	216	194

* LFA compensatory allowances are excluded from this analysis

**BREEDING EWES - SEVERELY DISADVANTAGED AREA
(CROSS BRED FLOCKS), 2011/12
(CLASSIFIED BY GROSS MARGIN PER EWE)**

	Excellent	Good	Moderate	Poor	Average
% of survey farms	11	49	31	9	100
Number of ewes per farm	280	185	175	298	202
ENTERPRISE OUTPUT	£ per ewe				
Lambs	132	108	102	105	110
Wool	3	3	3	2	3
Flock replacement	3	7	-5	-34	-2
TOTAL ENTERPRISE OUTPUT	138	118	100	73	111
Variable Costs					
Concentrates	14	17	22	29	20
Hay, silage, forage and grazing	17	23	24	22	22
Vet, medicines and sundries	12	11	17	15	13
TOTAL VARIABLE COSTS	43	51	63	67	55
GROSS MARGIN	95	67	37	6	55
Price per lamb sold (£)	84	85	79	83	83
Lambing percentage	175	155	157	127	155
Lambs reared per 100 ewes	171	148	150	121	149
Wool per ewe (kg)	2.7	2.6	2.8	1.7	2.6
Wool per kg (p)	118	106	109	110	109
Concentrates per ewe (kg)	65	85	98	126	90
Concentrates price per tonne (£)	221	205	231	225	218
Mortality - ewes (%)	3.8	4.1	4.9	3.8	4.2
Mortality - lambs per 100 ewes	3.8	6.9	6.7	5.8	6.2

* LFA compensatory allowances are excluded from this analysis

**BREEDING EWES - SEVERELY DISADVANTAGED AREA
(HARDY HILL BREEDS), 2011/12
(CLASSIFIED BY GROSS MARGIN PER EWE)**

	Excellent	Good	Moderate	Poor	Average
% of survey farms	16	46	21	17	100
Number of ewes per farm	279	331	116	345	280
ENTERPRISE OUTPUT	£ per ewe				
Lambs	95	76	98	51	76
Wool	3	3	3	3	3
Flock replacement	14	5	2	10	7
TOTAL ENTERPRISE OUTPUT	112	84	103	64	86
Variable Costs					
Concentrates	24	15	26	22	19
Hay, silage, forage and grazing	15	14	33	26	18
Vet, medicines and sundries	14	12	20	12	13
Leasing costs					
TOTAL VARIABLE COSTS	53	41	79	60	50
GROSS MARGIN	59	43	24	4	36
Price per lamb sold (£)	83	77	83	76	78
Lambing percentage	140	132	149	111	130
Lambs reared per 100 ewes	136	122	142	102	122
Wool per ewe (kg)	2.6	2.6	3.8	2.9	2.8
Wool per kg (p)	104	118	85	97	107
Concentrates per ewe (kg)	99	68	122	99	84
Concentrates price per tonne (£)	226	219	217	219	220
Mortality - ewes %	5.5	7.7	4.1	4.9	6.4
Mortality - lambs per 100 ewes	4.3	9.6	6.9	8.9	8.3

* LFA compensatory allowances are excluded from this analysis

**BREEDING EWES - DISADVANTAGED AREA, 2011/12
(CLASSIFIED BY GROSS MARGIN PER HECTARE)**

	Excellent	Good	Moderate	Poor	Average
% of survey farms	14	34	33	19	100
Number of ewes per farm	145	199	136	98	151
ENTERPRISE OUTPUT	£ per Ewe				
Lambs	111	113	89	84	102
Wool	2	4	3	4	3
Flock replacement	11	-3	3	-7	1
TOTAL ENTERPRISE OUTPUT	124	114	95	81	106
Variable Costs					
Concentrates	18	15	20	15	17
Hay, silage, forage and grazing	23	19	10	35	19
Vet, medicines and sundries	8	12	13	14	12
TOTAL VARIABLE COSTS	49	46	43	64	48
GROSS MARGIN	75	68	52	17	58
Price per lamb sold (£)	90	86	82	80	85
Lambing percentage	153	154	141	142	149
Lambs reared per 100 ewes	147	145	131	137	140
Wool per ewe (kg)	1.7	2.9	2.8	3.2	2.7
Wool per kg (p)	99	128	118	123	122
Concentrates per ewe (kg)	84	66	88	51	73
Concentrates price per tonne (£)	220	227	232	288	233
Ewes per hectare	9.79	8.26	5.78	7.74	7.41
Stocking rate (ce per ha)	2.03	1.70	1.30	1.81	1.59
Mortality - ewes %	5.8	6.5	6.6	5.9	6.4
Mortality - lambs per 100 ewes	6.5	8.9	10.9	4.6	8.6

* LFA compensatory allowances are excluded from this analysis

BREEDING EWES - NON LFA, 2011/12
(CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	17	24	45	14	100
Number of ewes per farm	225	144	179	183	179
ENTERPRISE OUTPUT	£ per ewe				
Lambs	120	119	108	90	110
Wool	4	3	3	3	3
Flock replacement	9	8	2	-17	2
TOTAL ENTERPRISE OUTPUT	133	130	113	76	115
Variable Costs					
Concentrates	18	13	12	13	14
Hay, silage, forage and grazing	17	25	17	19	19
Vet, medicines and sundries	11	14	13	15	13
TOTAL VARIABLE COSTS	46	52	42	47	46
GROSS MARGIN	87	78	71	29	69
Gross Margin (per hectare)	1053	671	464	212	544
Price per lamb sold (£)	91	87	85	86	87
Lambing percentage	154	161	152	136	152
Lambs reared per 100 ewes	151	153	143	122	144
Wool per ewe (kg)	2.8	3.1	2.9	3.1	3.0
Wool per kg (p)	130	107	98	109	108
Concentrates per ewe (kg)	65	59	54	60	58
Concentrates price per tonne (£)	204	224	222	196	214
Ewes per hectare	12.07	8.64	6.62	7.16	7.82
Stocking rate (ce per ha)	2.36	1.71	1.23	1.50	1.51
Mortality - ewes %	3.1	5.6	4.1	6.7	4.5
Mortality - lambs per 100 ewes	3.7	8.2	9.6	13.4	8.6

PIGS - BIRTH TO BACON, 2011/12
(CLASSIFIED BY GROSS MARGIN PER FINISHED PIG)

	Above	Below	Average
% of survey farms	44	56	100
Number of pigs finished per farm	3634	1674	2545
Number of sows per farm	154	97	122
		£ per pig	
ENTERPRISE OUTPUT	105	110	107
Variable Costs			
Feedingstuffs	74	89	79
Vet. and medicines	2	2	2
Sundries	4	3	4
TOTAL VARIABLE COSTS	80	94	85
GROSS MARGIN	25	16	22
Price of meal equivalent per tonne (£)	253	284	265
Meal equivalent per finished pig (kg)	291	314	299
Litters per sow per year	2.2	1.9	2.1
Live births per litter	12.6	10.3	11.7
Pigs weaned per litter	11.0	9.5	10.4
Pigs weaned per sow per year	24.6	17.9	21.7
Price of finished pig sold (£)	105.23	110.07	107.11
Mortality - suckers %	13.6	8.8	11.9
Mortality - weaners %	2.8	2.9	2.8

SPRING BARLEY (2011 CROP)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	17	27	40	16	100
Hectares per farm	17.2	10.2	13.2	16.4	13.6
ENTERPRISE OUTPUT	£ per hectare				
Grain	1020	896	745	539	797
Straw	253	190	166	133	184
TOTAL ENTERPRISE OUTPUT	1273	1086	911	672	981
Variable Costs					
Seed	64	72	65	72	68
Fertilisers	104	131	156	123	133
Sprays	81	78	81	83	81
Sundries	38	25	23	20	26
TOTAL VARIABLE COSTS	287	306	325	298	308
GROSS MARGIN	986	780	586	374	673
Grain (tonnes per ha)	6.33	5.73	5.00	3.75	5.21
Straw (tonnes per ha)	4.40	3.19	3.01	2.12	3.19
Fertilisers used per hectare (kg)	378	424	503	409	442
Grain per tonne (£)	161	156	149	144	153
Straw per tonne (£)	58	59	55	63	58

WINTER BARLEY (2011 CROP)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	20	33	33	14	100
Hectares per farm	24.0	11.1	8.7	14.5	13.3
ENTERPRISE OUTPUT	£ per hectare				
Grain	1452	1150	1073	847	1198
Straw	354	298	221	207	288
TOTAL ENTERPRISE OUTPUT	1806	1448	1294	1054	1486
Variable Costs					
Seed	80	74	71	89	78
Fertilisers	212	162	182	213	192
Sprays	127	122	134	100	123
Sundries	15	18	39	-	19
TOTAL VARIABLE COSTS	434	376	426	402	412
GROSS MARGIN	1372	1072	868	652	1074
Grain (tonnes per ha)	8.65	7.06	6.93	5.86	7.43
Straw (tonnes per ha)	5.71	4.94	3.24	3.37	4.62
Fertilisers used per hectare (kg)	736	590	550	672	646
Grain per tonne (£)	168	163	155	145	161
Straw per tonne (£)	62	60	68	61	62

WINTER WHEAT (2011 CROP)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	12	42	34	12	100
Hectares per farm	66.5	20.8	20.9	12.7	25.1
ENTERPRISE OUTPUT	£ per hectare				
Grain	1761	1449	1276	952	1465
Straw	107	249	201	173	188
TOTAL ENTERPRISE OUTPUT	1868	1698	1477	1125	1653
Variable Costs					
Seed	45	61	83	63	63
Fertilisers	133	207	208	251	187
Sprays	197	150	165	151	169
Sundries	55	62	36	2	49
TOTAL VARIABLE COSTS	430	480	492	467	468
GROSS MARGIN	1438	1218	985	658	1185
Grain (tonnes per ha)	9.74	8.80	8.03	6.09	8.71
Straw (tonnes per ha)	2.04	4.42	4.31	3.00	3.58
Fertilisers used per hectare (kg)	424	766	698	850	647
Grain per tonne (£)	181	165	159	156	168
Straw per tonne (£)	52	56	47	58	52

WARE POTATOES (2011 CROP)

	Above Average	Below Average	Average
% of survey farms	44	56	100
Hectares per farm	15.2	14.1	14.6
ENTERPRISE OUTPUT		£ per hectare	
Current Crop	3766	2889	3294
Variable Costs			
Seed	392	587	497
Fertilisers	426	334	377
Sprays	261	281	272
Contract/Casual Wages	357	194	269
Sundries	186	134	158
TOTAL VARIABLE COSTS	1622	1530	1573
GROSS MARGIN	2144	1359	1721
Yield of ware per hectare (tonnes)	31	32	32
Seed used per hectare (tonnes)	2.27	2.83	2.57
Fertiliser used per hectare (kg)	1033	956	992
Price per tonne sold (£)	114	85	99

DEFINITIONS OF TERMS USED

A4.1 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 (see section A4.4). 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

*1 Standard Labour Requirement = 1900 hours

Since there are very few farms in the Very Large size range in Northern Ireland, these are included in the Large category for the purposes Farm Business Survey analyses.

A4.2 Farm Business Type¹

The system of classifying farms according to the type of farming found on a holding is set out in Commission Regulation (EC) 1242/2008 and explained in greater detail in the EU Farm Accountancy Data Network (FADN) Typology Handbook RI/CC 1500 rev.3.

Depending on the amount of detail required, farms can be classified into 1 of 62 types. Individual farms are allocated to a type category on the basis of the aggregate value of farm outputs. As it is not feasible to estimate the value of outputs on a farm-by-farm basis, Standard Outputs (SOs) are calculated as reference values for a variety of farm products. The SO of a specific product (crop or livestock) is the average monetary value (per ha or head) of agricultural output based on regional farm-gate prices over a 5 year period. The SO excludes direct payments and no costs are deducted. Once the numbers of livestock and hectares of crop for an individual farm have been multiplied by the relevant SOs, it is allocated to a type category depending on where most of the total SO comes from. To ensure a stable framework for comparison and analysis SO values, once calculated, are held

¹ The EU typology in operation between 1985 and 2010 classified farms based on the distribution of Standard Gross Margin (SGM) between enterprises. The impact of the change from SGM to SO can be seen in section 6 of Farm Incomes in Northern Ireland 2010/11.

constant for a number of years. The SO values in use at the moment cover the five year period centred on 2007 and can be found below in section A4.5.

For UK statistical purposes, the 62 farm types (not all of which are found in Northern Ireland) are grouped into 10 'robust' categories which have particular relevance to UK conditions. These are:

- | | |
|-------------------------------------|--|
| Cereals | Farms on which cereals and combinable crops account for more than two-thirds of the total SO. |
| General cropping | Farms which do not qualify as cereals farms but have more than two-thirds of the total SO in arable, including field scale vegetable, crops or in a mixture of arable and horticultural crops where arable crops account for more than one-third of the total SO and no other grouping accounts for more than one-third. |
| Horticulture | Farms with more than two-thirds of the total SO in horticultural crops (including specialist mushroom growers). |
| Specialist pigs | Farms of which pigs account for more than two-thirds of total SO. |
| Specialist poultry | Farms on which poultry account for more than two-thirds of total SO. |
| Dairy | Farms on which dairy cows account for more than two-thirds of the total SO. |
| Cattle & Sheep (LFA) | Farms wholly or mainly in the Less Favoured Area which do not qualify as Dairy farms but have more than two-thirds of the total SO in grazing livestock (cattle and sheep). |
| Cattle & Sheep (Lowland) | Farms wholly or mainly outside the Less Favoured Area which do not qualify as Dairy farms but have more than two-thirds of the total SO in grazing livestock (cattle and sheep). |
| Mixed | Farms that have no dominant enterprise and do not fit into the above categories. |
| Other types | Farms that specialise in enterprises which do not fit the definitions of mainstream agricultural activities. For the most part this category is made up of specialist horse farms plus other farms that are unclassified. |

A4.3 Other Terms

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 2010 Agricultural Census. Data, where given, for individual size groups within farm types are simple sample averages.

Standard Output (SO) for a specific enterprise (crop or livestock) is the average monetary value (per ha or head) of its output. It is based on regional farm-gate prices over a 5 year period. The SO excludes direct payments and no costs are deducted.

Standard Gross Margin (SGM) for a specific enterprise (crop or livestock) is the average monetary value (per ha or head) of its output *minus* associated variable costs. It is based on regional farm-gate prices and costs over a 3 year period. The SGM excludes direct payments and only variable costs are deducted.

Standard Labour Requirement (SLR) for a specific enterprise (crop or livestock) is its annual labour requirement (per ha or head) under typical conditions.

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.

A4.4 Standard Labour Requirements

The following factors have been used to classify farms into size categories

	Item	Unit	Standard Labour Requirement (hours)	Units per 1900 hours
Crops	Cereals	ha	30	63
	Oilseeds	ha	22.5	84
	Potatoes	ha	135	14
	Out door vegetables	ha	150	12.7
	Fruit	ha	450	4.2
	Ornamentals	ha	1,500	1.3
	Glasshouse vegetables	ha	5,000	0.4
	Other glasshouse	ha	25,000	0.1
	Mushrooms	house	1,050	1.8
	Setaside	ha	1.5	1,267
	Forage crops	ha	9	211
	Grass	ha	6	317
	Rough grazing	ha	2.25	844
	Cattle	Dairy cows	head	39
Beef cows		head	12	158
Other cattle		head	9	211
Sheep	Ewes and rams: Lowland	head	5.2	365
	Ewes and rams: LFA	head	4.2	452
	Other sheep: Lowland	head	3.3	576
	Other sheep: LFA	head	2.6	730
Pigs	Sows and gilts	head	16	119
	Piglets	head	1.0	1,900
	Other pigs	head	1.3	1,462
Poultry	Laying hens	head	0.17	11,176
	Pullets	head	0.12	15,833
	Broilers	head	0.04	47,500
	Turkeys, Ducks etc.	head	0.045	42,222
Other	Horses	head	150	12
	Goats	head	20	95
	Deer	head	15	127

A4.5 Standard Outputs

		€	
Crops	Wheat	1,554	per ha
	Barley	1,025	per ha
	Oats	892	per ha
	Mixed corn	889	per ha
	Potatoes	6,054	per ha
	Oilseed rape	940	per ha
	Linseed	526	per ha
	Open-air horticulture		
	Vegetables	7,254	per ha
	Fruit	8,795	per ha
	Flowers/nursery	41,348	per ha
	Glasshouses:		
	Vegetables	177,234	per ha
	Flowers	404,400	per ha
	Mushrooms	37,787	per 100 m ²
	Forage Maize	539	per ha
Other fodder crops	489	per ha	
Other crops	689	per ha	
Grassland	221	per ha	
Cattle	Dairy cows	1,808	per head
	Beef cows	347	per head
	Heifers 2 yrs +	301	per head
	Heifers 1-2 yrs	351	per head
	Bulls/steers 2 yrs +	532	per head
	Bulls/steers 1-2 yrs	271	per head
	Calves under 1 year	332	per head
Sheep	Ewes	81	per head
	Other sheep	1	per head
	Lambs	0	per head (included with ewe)
Horses	Mares, stallions	1,576	per head
	Others	0	per head
Pigs	Sows	693	per head
	Piglets (under 20kg)	0	per head (included with sow)
	Other pigs	189	per head
Poultry	Hens	1,457	per 100
	Broilers	877	per 100
	Others	6,368	per 100

Notes:

1. These SOs are applied to the average crop areas and livestock numbers of the farm.
2. These SOs refer cover a five year period (2005-2009) centred on 2007.
3. At the time of calculation, 1 euro = £0.75

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