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Talmhaíochta agus
Forbartha Tuaithe

MÄNNYSTRIE O
Fairms an
Kintra Fordèrin

POLICY AND ECONOMICS DIVISION

Farm Incomes in Northern Ireland

2012/13

NATIONAL STATISTICS

Department of Agriculture and Rural Development
Policy and Economics Division

FARM INCOMES

IN

NORTHERN IRELAND

2012/13

A National Statistics Publication

A National Statistics Publication

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Foreword and Acknowledgements

This report on Farm Incomes in Northern Ireland, the twenty-first 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 2012/13 account year, which has an average year end of mid-February 2013 for the 365 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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EXECUTIVE SUMMARY

1. The average Farm Business Income across all farm businesses above 0.5 Standard Labour Requirements (SLRs) decreased from £31,992 to £19,336 per farm between 2011/12 and 2012/13. This resulted from a decrease of 3.5% in the average value of farm output and an average increase in expenditure on inputs of 7.7%.

2. For the main farming enterprises, increases in gross margin between 2011/12 and 2012/13 were recorded for Lowland beef cows, spring barley and potato enterprises. Whereas, decreases were recorded for dairy cows, SDA beef cows, DA beef cows, SDA breeding ewes, DA breeding ewes, Lowland breeding ewes, pig, winter barley and winter wheat enterprises.

3. Between 2011/12 and 2012/13 increases in Farm Business Income were recorded on 2 of the 7 main types of farm covered in the Farm Business Survey (FBS). The two farm types showing an increase in average Farm Business Income were Cereal and General Cropping Farms. Income results show that average Farm Business Income increased by £3,623 on Cereal farms and £42,125 on General Cropping farms.

4. A Farm Business Income above £10,000 was achieved by 57% of the farm businesses in the FBS in 2012/13; 23% of the farms incurred a loss.

5. Cash Income per farm, which is the difference between cash receipts and expenditure, decreased from an average of £45,325 in 2011/12 to £36,485 in 2012/13. This income measure provides the average amount of cash available per farm to cover living expenses and investment expenditure.

6. Direct payments decreased by £1,834 per farm between 2011/12 and 2012/13 and averaged £23,822 per farm and £280 per hectare in 2012/13 (Section 2.4). Direct payments represented 123% of Farm Business Income and 65% 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 2012/13 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 £24,172 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 £6,808 per farm in 2012/13. However, on 46% of farm businesses no off-farm income was received by the farmer and spouse. This income source includes other employment off the farm and social payments. (Section 2.7)
10. In 2012/13, only the spouse of the farmer on 23% 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 decreased from £22,624 in 2011/12 to £18,093 in 2012/13. Investment levels in 2012/13 were the fifth highest recorded in the past 10 years when inflation is taken into account. (Section 2.8)

12. External liabilities (mainly bank borrowings) averaged £39,646 per farm and equated to 3.1% of the total value of farm assets. On only 5% of farms, external liabilities represented more than 15% of the value of farm assets. (Section 3.1)

13. There were no bank borrowings recorded by 45% of farms in 2012/13 and 85% had borrowings of less than £50,000 per farm. (Section 3.3)

14. At farm enterprise level:

Dairy Cows

(i) The average gross margin per dairy cow decreased by £196, from £952 in 2011/12 to £756 in 2012/13. This decrease was due to a fall in milk receipts and a rise in concentrate costs.

(ii) The difference in herd gross margin between those in the top 25% and bottom 25% performance groups amounted to £57,309 for a herd of average size in the Farm Business Survey. (Section 4.1)

Suckler Cows

(i) The average gross margins for DA and SDA cows decreased by £2 and £8 per cow respectively between 2011/12 and 2012/13, whereas the gross margin of Lowland cows increased by £21 per cow.

(ii) DA suckler cow herds had the highest average gross margin per cow, at £200, while SDA herds averaged £150 and Lowland herds £172 in 2012/13. (Section 4.2)

Sheep

(i) The average gross margins for Lowland, DA and SDA breeding ewes decreased by £24, £21 and £21 per ewe respectively between 2011/12 and 2012/13.

(ii) In 2012/13, the highest average gross margin per ewe of £52 was achieved by the Lowland flocks. This gross margin was £15 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 £23.50 in 2011/12 to £21.25 in 2012/13. Between 2011/12 and 2012/13, the average output for pigs increased by £4.75 per pig and the average cost of feedstuffs increased by £6.66 per pig. (Section 4.4)

Cereals

(i) The average gross margins per hectare for winter barley and winter wheat crops were lower in 2012/13 than in 2011/12. Decreases in gross margin per hectare were winter barley (£137) and winter wheat (£186). The average gross margin per hectare for spring barley crops were higher and had increased by £187.

(ii) The winter barley crop had the highest average gross margin of the three main cereal crops, at £1,036 per hectare, followed by winter wheat at £908 and spring barley at £863. (Sections 4.5-4.7)

Potatoes

The average gross margin for ware potatoes increased from £1,735 per hectare in 2011/12 to £7,248 per hectare in 2012/13, an increase of £5,513. The ware crop yield per hectare decreased from 34.7 tonnes in 2011/12 to 30.5 tonnes in 2012/13, whereas, the ware potato price per tonne increased by £207 per tonne from £100 per tonne in 2011/12 to £307 per tonne in 2012/13. (Sections 4.8)

Fixed Costs

15. The average levels of fixed costs (excluding labour) per hectare across all farm types were higher in 2012/13 than in 2011/12, at £513 and £500 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 12,593 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 365 farm businesses for the 2012/13 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 281 farm businesses over 0.5 SLRs in size provided information for both the 2011/12 and 2012/13 account years and this constitutes the 'identical sample' of farms. The end of the account year for 90% of the farms falls between 31 December and 30 April. Thus, the 2012/13 account year information presented in this report refers to the 2012 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, 2012/13

Type of Farm Business***	Number of Farm Businesses	
	Northern Ireland*	FBS Sample**
Cereals	119	8
General Cropping	154	5
Horticulture	206	-
Pigs	142	9
Poultry	487	-
Dairy	2,595	107
Cattle and Sheep (LFA)	4,483	102
Cattle and Sheep (Lowland)	1,710	31
Mixed	410	19
Others	240	-
All Types	**10,546**	**281**

* Number of farm businesses above 0.5 SLRs in size at June 2012 Census; there are 13,739 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 2011/12 and 2012/13 account years, and which were used in the analyses. A further 42 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 is now 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.

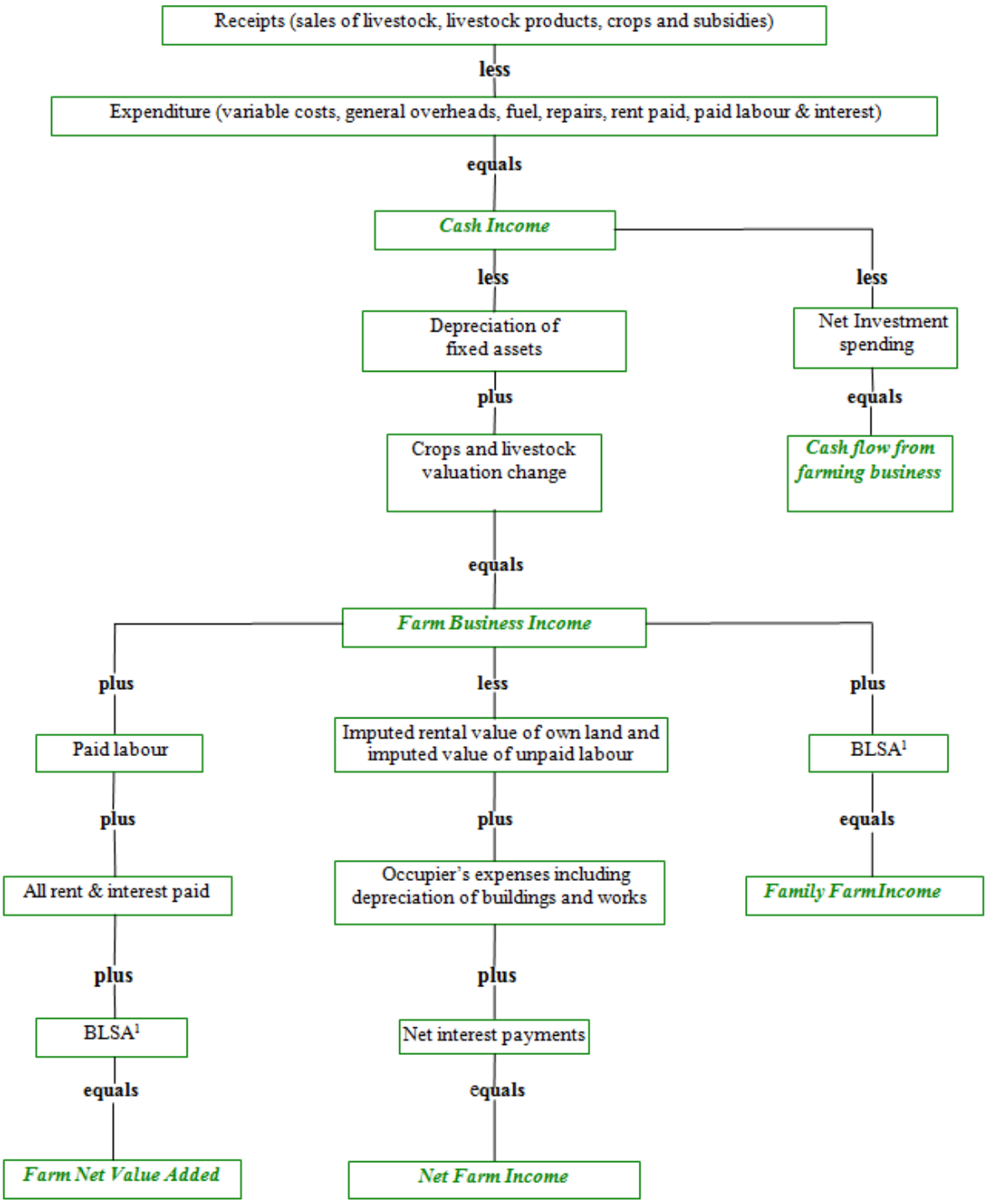
FBI differs from NFI in that it represents the return to all unpaid labour, not just the farmer and spouse and it treats the tenure of farms as it is: tenants as tenants, owner occupiers as owner occupiers and those with both types of tenure as mixed.

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 2011/12 and 2012/13

Average Farm Business Income, Cash Income, and Net Farm Income measured across all farm types is shown in Table 2a for the accounting years 2011/12 and 2012/13. As shown, average Farm Business Income decreased between 2011/12 and 2012/13 by £12,656 or 39.6% per farm. This resulted from a 3.5% decrease in the value of outputs and a 7.7% increase in expenditure on inputs between 2011/12 and 2012/13. On the other hand, average Cash Income decreased by £8,840 or 19.5% when compared to the previous year. When measuring Farm Income using the previous headline measure Net Farm Income, an average decrease of £12,466 or 49.2% per farm occurred between 2011/12 and 2012/13.

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

	2011/12	2012/13
	£	£
Farm Business Income	31,992	19,336
Cash Income	45,325	36,485
Net Farm Income	25,354	12,888

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

Farm Business Incomes by individual farm types are presented in Table 2b for the 2011/12 and 2012/13 account years. This shows that Average Farm Business Income increased between 2011/12 and 2012/13 on 2 of the 7 main farm types. The two farm types which showed an increase in Average Farm Business Income were Cereal and General Cropping farms.

On Dairy farms the average Farm Business Income decreased from £56,333 in 2011/12 to £27,928 in 2012/13, which is a decrease of £28,405 per farm. This resulted from a 4.3% (£10,800) decrease in the value of outputs and a 9.0% (£17,605) increase in expenditure on inputs between 2011/12 and 2012/13. The main reason for the decrease in output between the years was the £4,772 decrease in milk value that arose from the lower milk prices in 2012. In terms of inputs, the main increases in expenditure were recorded for purchased concentrate feed and

fodder (£14,025), machinery running costs (£1,311) and other livestock input costs (£981).

Cattle and Sheep farms (LFA) generated an average Farm Business Income of £12,931 per farm in 2012/13, which was 37.6% lower than the 2011/12 income of £20,726 per farm. This decrease in income was the combined result of a 5.9% (£4,461) decrease in the value of farm output and a 6.0% (£3,335) increase in expenditure on inputs. The main reason for the decrease in output value was the £2,357 decrease in the value achieved for sheep & wool products. The main increase in expenditure on inputs was recorded for purchased concentrate feed and fodder (£2,916).

Cattle and Sheep (Lowland) farms also recorded a decrease in Farm Business Income between 2011/12 and 2012/13. For this farm type, Farm Business Income decreased from £19,448 to £11,491, which is a decrease of 40.9%. This was the combined result of a 5.3% (£4,475) decrease in the value of farm output and a 5.3% (£3,482) increase in expenditure on inputs. The main factors contributing to the decrease in output value were the decreases in returns from Single Farm Payment receipts (£1935) and crop production activities (£1721). The main changes within expenditure on inputs were increases in purchased concentrate feed and fodder (£1887) and depreciation of plant machinery & vehicles (£1109).

On the other 4 types of farm, which account for 8.6% of farms above 0.5 SLR's, changes in the total value of farm output between 2011/12 and 2012/13 ranged from 2.7% (Mixed farms) to 29.4% (General Cropping farms). Whereas, change in expenditure on inputs between years ranged from -4.4% (General Cropping farms) to 16.3% (Pig farms). These four farm types showed changes in average Farm Business Income between years, which ranged from -£16,976 on Pig farms to £42,125 on General Cropping farms.

Comprehensive data on the values of livestock output, crop output, inputs, and incomes for each of the 7 farm types are given in Appendix 1. Information is also provided for 4 farm size groupings for Dairy and Cattle and Sheep (LFA) farms and for 2 size groupings for Lowland Cattle and Sheep farms. These data include information on the physical and financial characteristics of the average farm within each farm type and size in the FBS sample and for the "all sizes" Northern Ireland weighted averages for each farm type. They show, amongst other things, that the levels of changes in the various components of output and input recorded between 2011/12 and 2012/13 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 2.1% in the 0.5 < 1 SLR size group which compares with a 7.4% 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 2011/12 (i.e. the 2011/12 – 2012/13 identical sample) are different to those in the previous year's report (i.e. the 2010/11 – 2011/12 identical sample). This occurs when an identical sample basis for reporting farm incomes is used, because the sample of farms for 2011/12 in the 2011/12– 2012/13 identical samples will not be exactly the same as those for the same year in the 2010/11 – 2011/12 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 9,613 farm businesses of which 5,208 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 2011/12 and 2012/13 (£ per farm) [1]

		Farm Business Income	Cash Income	Net Farm Income
Cereals	11/12	34,558	70,721	26,866
	12/13	38,181	69,599	31,107
General Cropping	11/12	24,292	41,141	17,192
	12/13	66,417	81,366	58,506
Pigs	11/12	48,449	66,038	54,895
	12/13	31,473	48,032	38,455
Dairy	11/12	56,333	81,300	52,418
	12/13	27,928	56,385	24,461
Cattle and Sheep (LFA)	11/12	20,726	27,959	13,116
	12/13	12,931	24,941	5,612
Cattle and Sheep (Lowland)	11/12	19,448	28,360	13,006
	12/13	11,491	22,504	4,551
Mixed	11/12	46,581	61,037	28,202
	12/13	43,992	66,888	25,992
All Types	**11/12**	**31,992**	**45,325**	**25,354**
	12/13	**19,336**	**36,485**	**12,888**

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 2012/13 the average level of Cash Income per farm generated across all types of farm in Northern Ireland was £36,485 which is £8,840 lower than in 2011/12. Increases in average Cash Income occurred in 2012/13 on 2 of the 7 farm types and

these increases were £5,851 per farm on Mixed farms and £40,225 per farm on General Cropping farms. Decreases in average Cash Income occurred in 2012/13 on Cereal, Dairy, Pig, Cattle and Sheep (LFA) and Cattle and Sheep (Lowland) farms. These decreases ranged from £1,122 on Cereal farms to £24,915 on Dairy farms. The lowest level of Cash Income in 2012/13 was recorded for Cattle and Sheep (Lowland) farms at £22,504 per farm, whereas the highest was recorded on General Cropping farms at £81,366 per farm.

Net Farm Income showed similar changes to Farm Business Income between 2011/12 and 2012/13 for each of the farm types. However, on average, Farm Business Income was £6,448 higher than Net Farm Income in 2012/13. 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 2007/08 and 2012/13 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, Cash Income and Net Farm Income from the previous year were also observed over the period for the years 2010/11 and 2011/12, whereas, decreases were recorded in 2008/09, 2009/10 and 2012/13.

When comparing the average income figures measured across all farm types for 2012/13 against those of 2007/09, the results show that average Farm Business Income decreased by 36%, Cash Income decreased by 10% and Net Farm Income decreased by 43% per farm between the two years.

Table 3 Income per farm, 2007/08 to 2012/13 (£ per farm) [1]

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Farm Business Income	30,127	27,195	21,586	29,159	34,184	19,336
Cash Income	40,563	38,751	35,091	43,331	47,926	36,485
Net Farm Income	22,619	19,910	14,223	21,727	27,141	12,888

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 2012/13. When compared with those in 2011/12 they show that the decrease in average Farm Business Income across all types of farm between 2011/12 and 2012/13 contributed to an increase in the number of farms which incurred a negative Farm Business Income (8% in 2011/12 and 23% in 2012/13) and resulted in 16% less farms (i.e. 21% in 2012/13) which incurred a Farm Business Income of at least £30,000. In comparison, the fall in average Net Farm Income across all types of farm in 2012/13 resulted in 16% more farms (i.e. 34% in 2012/13) recording a negative Net Farm Income and 13% less farms (i.e. 17% in 2012/13) recording a Net Farm Income of at least £30,000. In

Cash Income terms, the proportion of farms with negative incomes increased by 4% (i.e. to 6% of farms) in 2012/13. The proportion of farms with a Cash Income of at least £30,000 decreased by 2% (i.e. 47%) in 2012/13. 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, 2011/12 and 2012/13[1]

Income £ per farm	Farm Business Income		Cash Income (% of farms)		Net Farm Income	
	11/12	12/13	11/12	12/13	11/12	12/13
<0	8	23	2	6	18	34
0 - 4,999	7	8	4	8	11	11
5 - 9,999	9	12	5	6	9	12
10 - 19,999	20	20	23	20	20	15
20 - 29,999	19	16	17	13	13	12
30,000 and over	37	21	49	47	30	17

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 13,739 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 2011/12 that were above the break-even point. However in 2012/13 Cattle and Sheep (Lowland) farms no longer generated a Farm Business Income above the break-even point.

Table 5 Incomes for 'spare-time[1]' Cattle and Sheep farms in the LFA and Lowland in 2011/12 and 2012/13 (£ per farm) [2]

		Farm Business Income	Cash Income	Net Farm Income
Cattle and Sheep (LFA)	2011/12	4,665	5,795	2,010
	2012/13	2,271	7,181	-433
Cattle and Sheep (Lowland)	2011/12	4,808	10,694	259
	2012/13	-2,030	4,824	-5,546

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 2011/12 and 2012/13.

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 2011/12 and 2012/13 represents the 7th and 8th years of SFP scheme.

As shown in table 6, direct subsidy receipts per farm decreased between 2011/12 and 2012/13 for each of the 7 main types of farm. Also, when averaged across all

Farm Types, table 6 shows that direct subsidy receipts per farm decreased from £25,656 in 2011/12 to £23,822 in 2012/13 (i.e. £1,834 less per farm).

Cereal farms received the highest level of direct subsidy receipts, averaging £29,857 per farm in 2012/13. Cattle and Sheep (LFA) farms were close behind in the amount of direct subsidy receipts received at £27,263 per farm in 2012/13. Whereas Pig farms recorded the lowest average of the 7 main types of farms, at £14,209 per farm.

Dairy type farms showed a decrease in direct payments of £1,493 per farm between 2011/12 and 2012/13. This was the result of decreases in Single Farm Payment (£1,505 per farm), LFA Compensatory payments (£46 per farm) and miscellaneous subsidies (£56 per farm) and an increase in Agri-Environmental Scheme payments (£114 per farm) between 2011/12 and 2012/13.

Cattle and Sheep (LFA) type farms showed a decrease in direct payments of £1,844 per farm between 2011/12 and 2012/13. This was the net result of decreases in Single Farm Payment (£1,727 per farm), LFA Compensatory payments (£158 per farm) and Agri-Environmental Scheme payments (£11 per farm) and an increase in miscellaneous subsidies (£52 per farm) between 2011/12 and 2012/13.

For the remaining farm types there was a decrease in direct payments between 2011/12 and 2012/13 of £2,542 for Cereal type farms, £1,843 for General Cropping type farms, £697 for Pig type farms, £2,264 for Cattle and Sheep (Lowland) type farms and £2,308 for Mixed type farms. The decrease in direct payments for these farm types is mainly attributable to lower Single Farm Payment amounts received in the 2012/13 year.

The data presented in Tables 6 and 7 shows how important direct payments are to farmers in Northern Ireland. In 2012/13 direct payments ranged from 4% 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 £240 per hectare on Dairy farms to £435 per hectare on Pig farms.

When measured across all farm types, average direct payments represented 123% of the value of average Farm Business Income, 65% of the value of average Cash Income and 185% 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 2012/13. 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 2011/12 and 2012/13[1]

	2011/12	2012/13
	£ per farm	
Cereal	32,399	29,857
General Cropping	20,419	18,576
Pigs	14,906	14,209
Dairy	21,476	19,983
Cattle and Sheep (LFA)	29,107	27,263
Cattle and Sheep (Lowland)	23,083	20,819
Mixed	29,055	26,747
All types	**25,656**	**23,822**

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

Table 7 'As due' direct payments by type of farm, 2012/13[5]

	% TFO[1]	£ per ha	% FBI[2]	% CI[3]	% NFI[4]
Cereals	18	328	78	43	96
General Cropping	11	274	28	23	32
Pigs	4	435	45	30	37
Dairy	8	240	72	35	82
Cattle and Sheep (LFA)	38	283	211	109	486
Cattle and Sheep (Lowland)	26	323	181	93	457
Mixed	15	321	61	40	103
All Types	**18**	**280**	**123**	**65**	**185**

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 a loss of £4,486 per farm.

Table 7(a) Farm Business Incomes including and excluding direct payments in 2012/13 (£ per farm) [1]

	FBI	Direct Payments	FBI minus Direct Payments
Cereals	38,181	29,857	8,324
General Cropping	66,417	18,576	47,841
Pigs	31,473	14,209	17,264
Dairy	27,928	19,983	7,945
C&S (LFA)	12,931	27,263	-14,332
C&S (Lowland)	11,491	20,819	-9,328
Mixed	43,992	26,747	17,245
All Types	19,336	23,822	-4,486

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 Cereals, General Cropping, Pig and Dairy farm types also return a positive Net Farm Income when direct payments are removed. Whereas, Mixed 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 loss of £10,934 per farm.

Table 7(b) Net Farm Incomes including and excluding direct payments in 2012/13 (£ per farm) [1]

	NFI	Direct Payments	NFI minus Direct Payments
Cereals	31,107	29,857	1,250
General Cropping	58,506	18,576	39,930
Pigs	38,455	14,209	24,246
Dairy	24,461	19,983	4,478
C&S (LFA)	5,612	27,263	-21,651
C&S (Lowland)	4,551	20,819	-16,268
Mixed	25,992	26,747	-755
All Types	12,888	23,822	-10,934

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

2.6 Trends in Farm Incomes between 2005/06 and 2012/13

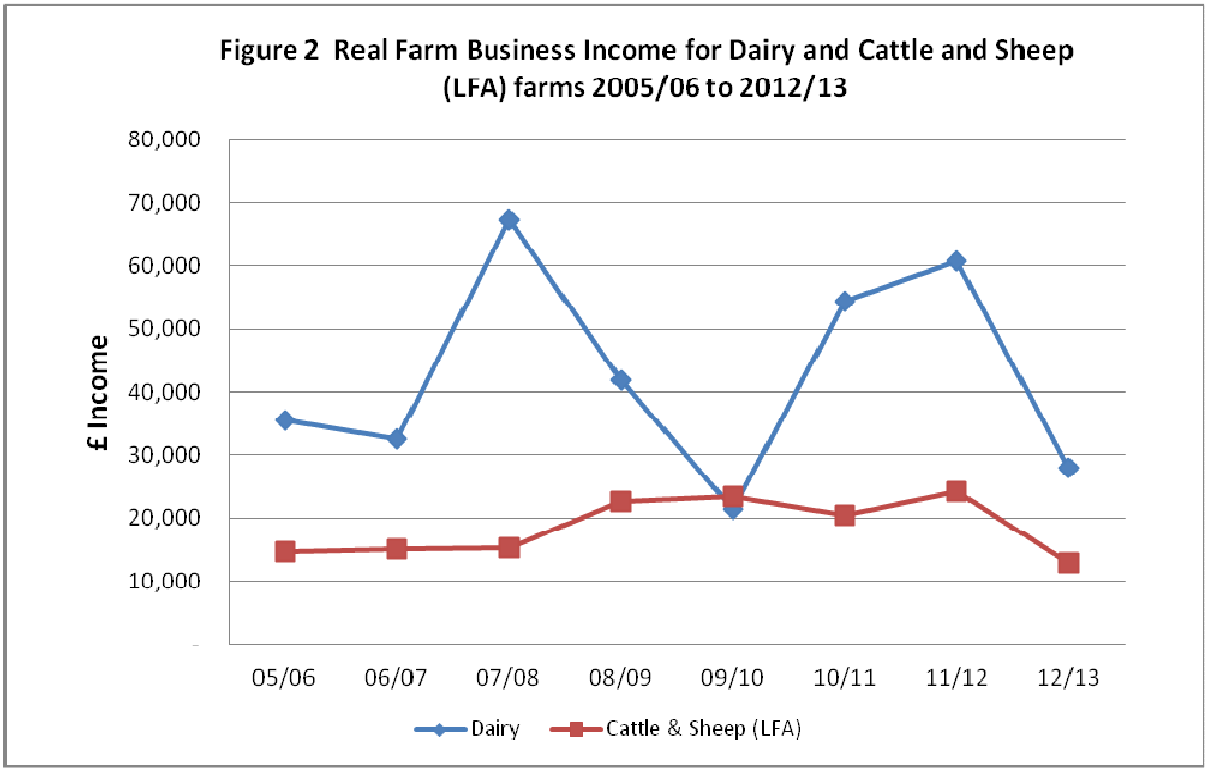
Table 8 presents a time series (2005/06 – 2012/13) of average Farm Business Income expressed in real terms for Dairy and Cattle and Sheep (LFA) farm types. These two farm types account for approximately 67% of the farm businesses over 0.5 SLRs in Northern Ireland. These time-series of income shows that in the four most recent years (09/10 to 12/13) the average Farm Business Income for Dairy farms in real terms was 7.1% lower than that in the first four years (05/06 to 08/09) 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 19.7% 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) – 2005/06 to 2012/13[1,2]

	Dairy	Cattle and Sheep (LFA)
2005/06	100	100
2006/07	92	102
2007/08	190	104
2008/09	118	153
2009/10	60	160
2010/11	153	138
2011/12	171	164
2012/13	79	88

1. Expressed as an index in real terms, 2005/06 = 100
2. Based on data from all farms

The time series (2005/06 – 2012/13) 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 with the exception of 2012/13 where Farm Business Income fell. On saying this, the annual average Farm Business Income for Dairy farms has been some £24,172 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 £42,741, compared to £18,570 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 83 hectares in Northern Ireland, is valued at 23% more than the average Cattle and Sheep (LFA) farm of 96 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 £6,808 per farm in 2012/13, of which £4,082 was earned income and £2,726 unearned income. However, it should be noted that on 46% of the farm businesses no off-farm income was received. Off-farm income per farm ranged from under £1,000 to in excess of £20,000 per year and included in some situations Social Security payments only. In other cases, the earned income of the spouse was the main off-farm income source. The average amount of off-farm income was highest, at £7,559 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, 2012/13 (£ per farm)

	Off-farm Total Income	Employment & Self-employment	Investments, Pensions, Social Payments
Dairy	6,198	3,700	2,499
Cattle and Sheep (LFA)	7,559	4,364	3,196
Mixed	3,996	2,746	1,250
All Types	**6,808**	**4,082**	**2,726**

The two most common off-farm income sources were other employment and pensions, as shown in Table 10. In 2012/13, on 66 of the 281 farms only the spouse of the farmer had off-farm employment, on a further 15 farms only the farmer had off-farm employment and on another 7 farms both the farmer and spouse had off-farm employment. This equates to 31% of farms having an off-farm employment source of income. The percentages of farms receiving pensions and social payments were 23% and 11% 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, 2012/13

	Zero	1-999	£ 1,000-4,999	5,000-19,999	20,000+
			(% of farms)		
Employment	71	-	4	19	6
Self-employment	97	-	1	2	1
Investments	97	3	-	-	-
Pensions	77	-	4	18	1
Social payments	90	3	3	5	-
All sources	**46**	**2**	**5**	**38**	**9**

2.8 Investment Levels on Farms

As shown in table 11, the real level of investment made on FBS farms decreased between 2003/04 and 2004/05 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 before increasing slightly by 4% in 2011/12. In the most recent year (2012/13), the real level of investment decreased by 30%.

Table 11 Net investment index per farm, 2003/04 to 2012/13

	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13
Current price index	100	59	95	148	174	282	373	267	281	206
Real terms index[1]	100	57	90	135	152	240	315	215	225	157

1 Deflated using the Retail Price Index, 2003/04 = 100
2 Based on data from all farms.

As shown in table 12 the average net investment (excluding capital grants received) was £18,093 per farm in 2012/13, which is £4,531 less than the previous year. The total average net investment in 2012/13 was composed of plant, machinery and vehicles at £9,247 per farm (which is £2,981 lower than in 2011/12), land and buildings at £3,746 per farm (which is £198 lower than in 2011/12) and investment on capital improvements at £5,194 per farm (which is £1,505 lower than 2011/12). Capital grants received were £95 in 2012/13 (which is £153 lower than in 2011/12). Average levels of net investment were higher in 2012/13 than 2011/12 for Cereal, Cattle & Sheep (Lowland) and Mixed farm types.

Table 12 Net investment by type of farm, 2011/12 and 2012/13[1]

	2011/12	2012/13
	£ per farm	
Cereals	28,687	36,837
General Cropping	35,978	10,369
Pigs	21,452	6,852
Dairy	35,374	26,762
Cattle & Sheep (LFA)	14,354	9,920
Cattle & Sheep (Lowland)	17,968	19,173
Mixed	45,009	46,820
All Types	**22,624**	**18,093**

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

As in 2011/12, the average levels of net investment in 2012/13 were different on each of the farm types. The average levels of net investment in 2012/13 ranged from £6,852 per farm on Pig farms to £46,820 per farm on Mixed farms. Differences in levels of investment by farm type occur for a number of reasons including dissimilarities in farm size, levels of Cash Income and the need for replacement/establishment of assets. In general, the pattern of investment would tend to indicate that farmers increase capital expenditure in or immediately following

years when they have a substantial increase in cash income. However, in recent years there has also been an increase in net investment as farmers have undertaken investment to satisfy the slurry storage requirements of the Nitrates Directive Action Programme.

3. FINANCIAL POSITION OF FARM BUSINESSES

In the 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 2012/13 account year is presented in Table 13. This shows that average total assets per farm measured across all farm types were £1,262,898 in 2012/13. Whereas, average external liabilities per farm measured across all farm types were £39,646 in 2012/13, which is 2.7% higher than the previous year. When measured across all farm types the average external liabilities (i.e. mainly bank borrowings) per farm in 2012/13 were equivalent to 3.1% of total farm assets. Given these values for assets and liabilities the average net worth per farm measured across all farm types was £1,223,253 in 2012/13. When measured across all farm types, net worth expressed as a percentage of total assets was 96.9% in 2012/13. 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 2012/13 ranged from £782,303 per farm on Pig type farms to £2,433,435 per farm on Cereal type farms. Also, in 2012/13, Dairy type farms had the highest average amount of external liabilities at £106,333 per farm, whereas Cattle and Sheep (LFA) farms had the lowest external liabilities at £10,235 per farm. When measured as a percentage of total assets, external liabilities ranged from 0.9% on Cattle and Sheep (LFA) type farms to 7.7% on Dairy type farms. When compared to the previous year, external liabilities increased on Cereal, Dairy, Cattle and Sheep (LFA), Cattle and Sheep (Lowland) and Mixed type farms, and decreased on General Cropping and Pig type farms.

In terms of net worth, average values by farm type in 2012/13 ranged from £751,027 on Pig farms to £2,381,717 on Cereal farms. When net worth is expressed as a percentage of total assets, average values range from 92.3% on Dairy farms to 99.1% on Cattle and Sheep (LFA) farms.

Table 13 Financial stability of farms in Northern Ireland 2011/12 and 2012/13[1]

		Farm Area (ha)	Total Assets (£'000)	External Liabilities (£'000)	Net Worth (£'000)	Net Worth (as % of Total Assets)
Cereals	11/12	92.2	2,431.5	49.4	2,382.0	98.0
	12/13	90.9	2,433.4	51.7	2,381.7	97.9
General Cropping	11/12	69.7	1,147.0	40.8	1,106.2	96.4
	12/13	67.8	1,233.7	36.1	1,197.6	97.1
Pigs	11/12	32.8	805.8	38.5	767.3	95.2
	12/13	32.7	782.3	31.3	751.0	96.0
Dairy	11/12	82.4	1,364.4	103.9	1,260.6	92.4
	12/13	83.2	1,384.6	106.3	1,278.3	92.3
Cattle and Sheep (LFA)	11/12	96.6	1,151.0	9.4	1,141.6	99.2
	12/13	96.4	1,129.0	10.2	1,118.7	99.1
Cattle and Sheep (Lowland)	11/12	64.2	1,208.0	16.9	1,191.1	98.6
	12/13	64.5	1,242.0	17.1	1,224.8	98.6
Mixed	11/12	83.3	1,823.6	24.6	1,799.0	98.7
	12/13	83.2	1,849.2	27.0	1,822.3	98.5
All Types	**11/12**	**85.0**	**1,259.7**	**38.6**	**1,221.1**	**96.9**
	12/13	**85.1**	**1,262.9**	**39.6**	**1,223.3**	**96.9**

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 2012/13 only 5% of farm businesses had liabilities which were more than 15% of the value of total farm assets and that 86% have liabilities which are less than 5% of the value of the farm assets. This is a relatively financially stable status for the farm sector.

Table 14 Distribution of farms by net worth as a percentage of total assets[1]

	Net Worth %				
	Under 75	75-84.9	85-94.9	95-99.99	100
	% of Farms				
2011/12	2	2	9	48	39
2012/13	2	3	9	47	39

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 2012/13 the average capital required across all farm types was £14,840 per hectare. At the individual farm type level the average capital required ranged from £11,711 per hectare on Cattle and Sheep (LFA) type farms to £26,770 per hectare on Cereal 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, Cereal farms have a relatively high capital requirement per hectare as they have large intensive cereal growing enterprises on areas of better quality 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 2012/13. When measured by individual farm type, the percentage of total assets tied up in land and buildings ranged from 83% on Pig farms to 94% on Cereal farms.

Assets other than land and buildings are collectively referred to as operating capital. As shown in table 15, in 2012/13 the average amount of operating capital (which excludes debtors) measured across all farm types was £126,808 per farm or 10.0% of total assets. This operating capital can be broken down into breeding livestock (31% of operating capital), machinery (32%), trading livestock (30%), and crops and stocks (7%). When measured at the individual farm type level, the average operating capital in 2012/13 ranged from £88,374 for Cattle and Sheep (LFA) farms to £196,567 for Mixed farms. Alternatively, when measuring average operating capital as a percentage of average total assets for individual farm types in 2012/13, the values ranged from 5.4% for Cereal farms to 17.4% for Pig farms.

Table 15 Amount of operating capital by type of farm, 2012/13

	Operating Capital	
	£ Per farm	% of total farm Capital
Cereals	132,437	5.4
General Cropping	111,874	9.1
Pigs	136,310	17.4
Dairy	186,726	13.5
Cattle and Sheep (LFA)	88,374	7.8
Cattle and Sheep (Lowland)	117,669	9.5
Mixed	196,567	10.6
All Types	**126,808**	**10.0**

3.2 Rate of Return on Capital

There is a number of ways to calculate the rate of return on capital employed on farms. For many years, management and investment income (Net Farm Income minus the value of farmer and spouse labour) expressed as a percentage of tenant's capital was the most widely used measure. However, as this 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 2012/13 is low when compared to other investment opportunities. The average rate of return in 2012/13 ranged from 0.9% on Cattle and Sheep (Lowland) farms to 5.5% on General Cropping farms.

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

	Farm Business Income as a % of Net Worth 2012/13
Cereals	1.6
General Cropping	5.5
Pigs	4.2
Dairy	2.2
Cattle and Sheep (LFA)	1.2
Cattle and Sheep (Lowland)	0.9
Mixed	2.4
All Types	**1.6**

3.3 Bank Borrowings

In the 2012/13 year, the average level of bank borrowings measured across all farm types was £34,987 per farm. This is an average increase of £1,485 per farm when compared to 2011/12. As shown in Table 17, Dairy farms had the highest level of borrowings with an average of £94,694 per farm in 2012/13. The largest increase in borrowings between 2011/12 and 2012/13 also occurred on Dairy farms, with an average increase of £3,867 per farm. The largest decrease in borrowing was on General Cropping farms where borrowing decreased on average by £6,208 per farm.

Banks are the main source of lending to farming with others such as family loans, hire purchase and leasing, providing on average a further £4,659 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, 2011/12 and 2012/13[1]

	Bank borrowings (£ per farm)	
	2011/12	**2012/13**
Cereals	40,515	43,821
General Cropping	25,709	19,501
Pigs	29,219	29,471
Dairy	90,827	94,694
Cattle and Sheep (LFA)	8,600	9,596
Cattle and Sheep (Lowland)	13,524	13,537
Mixed	22,347	22,085
All Types	**33,502**	**34,987**

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

The distribution of farms by level of borrowing per farm in 2011/12 and 2012/13 are presented in Table 18. This shows that 45% of the farms recorded no bank borrowings in 2012/13 whereas 15% of farms recorded borrowings in excess of £50,000. When comparing the distributions for 2011/12 and 2012/13 the overall picture is very similar with a 1% increase in the number of farms with borrowing in excess of £50,000 in 2012/13.

Table 18 Distributions of farms by level of bank borrowings, 2011/12 and 2012/13[1]

Bank Borrowings (£ per farm)	2011/12	2012/13
	% of farms	
Nil	47	45
1 to 20,000	27	29
20,000 to 49,999	12	11
50,000 to 99,999	6	6
100,000 and over	8	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 2012 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 (38%) and Pig (30%) 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 2011/12 and 2012/13. As the average account year end for the sample of farms is mid-February, the results refer to the 2011 and 2012 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 2012/13 for Lowland beef cows, spring barley and potato enterprises. Whereas, lower gross margins were recorded for dairy cows, SDA beef cows, DA beef cows, SDA breeding ewes, DA breeding ewes, Lowland breeding ewes, pig, winter barley and winter wheat enterprises.

Table 19(a) Average gross margins by enterprise in 2011/12 and 2012/13[1]

		Average gross margins	
		2011/12	2012/13
		£ per head	
Dairy Cows		952	756
Suckler Cows -	SDA	158	150
-	DA	202	200
-	Lowland	151	172
Breeding Ewes-	SDA	30	9
-	DA	58	37
-	Lowland	76	52
Pigs		23.50	21.25
		£ per hectare	
Spring Barley		676	863
Winter Barley		1,173	1,036
Winter Wheat		1,094	908
Potatoes – ware		1,735	7,248

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 decreased from £952 in 2011/12 to £756 in 2012/13 for the 116 dairy herds which provided information in both years. This decrease of £196 in average gross margin is the combined result of a £116 decrease in output value and a £79 increase in total variable costs in 2012/13. The main reason for the decrease in output value was that milk receipts were on average £100 lower per cow in 2012/13. The lower milk receipts per cow were due to decreases in milk price of 1.3 pence per litre and milk yield of 37 litres per cow. The increase in total variable costs per cow resulted mainly from a £67 increase in concentrate cost per cow. The increase in concentrate costs per cow was due to higher concentrate prices and concentrate usage in 2012/13.

Stocking rates increased slightly from 2.02 cow equivalents in 2011/12 to 2.04 cow equivalents per hectare in 2012/13. Given these very similar stocking rates and the decrease in average gross margin per cow, then average gross margin per hectare also decreased from £1,923 in 2011/12 to £1,543 in 2012/13, which is a decrease of £380 per hectare.

Table 19(b) Average outputs, variable costs and gross margins per dairy cow in 2011/12 and 2012/13[1]

	2011/12	2012/13
Number of herds	116	
Enterprise output	**£ per cow**	
Milk	1,831	1,731
Calves	99	93
Herd replacement	-148	-159
Output	**1,782**	**1,666**
Quota leasing receipts	-	-
Quota leasing costs	-	-
Super levy	-	-
Adjusted Output	**1,782**	**1,666**
Variable Costs		
Concentrates	543	610
Hay, silage & grazing	161	173
Sundries & Vet	126	127
Total Variable Costs	**830**	**909**
Gross Margin	**952**	**756**
Average herd size (cows)	90	92
Concentrates per litre (kg)	0.33	0.35
Stocking rate (ce/ha)	2.02	2.04
Summer milk (%)	53	53
Milk yield (l/cow)	6,653	6,616
Milk price (p/l)	27.5	26.2

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

As shown in Table 20, the difference in performance in 2012/13 between the 'top' and 'bottom' quartiles was, as in previous years, substantial. The 'top' quartile had an average gross margin per cow of £1,032 compared with £409 for the 'bottom' quartile. The main reasons for this difference in performance are that the 'top' quartile had an average milk yield 2,449 litres per cow above and a milk price 1.5 pence per litre above the 'bottom' quartile. For the average herd size of 92 dairy cows in the sample, the difference in gross margin between the 'top' and 'bottom' quartiles equates to a total value of £57,316 per herd.

Table 20 Average outputs, variable costs and gross margins per dairy cow in the top 25% and bottom 25% groups, 2012/13

	Top 25%	Bottom 25%
	£ per cow	
Gross Margin	1,032	409
Milk Sales	2,074	1,336
Calf Sales	102	74
Total Output	2,043	1,235
Variable Costs	1,011	826
Milk Yield – litres	7,719	5,270
Av milk price – ppl	26.9	25.4
Stocking rate - ce/ha	2.08	1.89

4.2 Suckler Cows

In the 2012/13 account year all of the three main categories of suckler herds had average gross margins that were very similar to those in 2011/12 (Table 21). For SDA suckler cows the average gross margin per cow decreased from £158 in 2011/12 to £150 in 2012/13. This decrease was the net result of a £15 increase in total output and a £23 increase in total variable costs. The £15 increase in output resulted from a £8 increase in value of calves and a £8 decrease in herd replacement cost. For DA suckler cows the average gross margin decreased by £2 per cow due to the net result of a £25 increase in total output and a £27 increase in total variable costs. The £25 increase in output value was due to a £14 increase in the value of calves and a £11 decrease in herd replacement cost. For Lowland suckler cows the average gross margin increased by £21 per cow, which was the net result from an increase of £34 in total output and an increase of £13 in total variable costs. The £34 increase in output value was the net result of a £55 increase in the value of calves and a £20 increase in herd replacement cost. Across all 3 herd types, there were increases in total variable costs between 2011/12 and 2012/13, which ranged from £13 per cow in the Lowland to £27 per cow in the DA.

Table 21 Average outputs, variable costs and gross margins per cow for SDA, DA and Lowland suckler herds, 2011/12 and 2012/13[1]

	SDA		DA		Lowland	
	11/12	12/13	11/12	12/13	11/12	12/13
Number of herds	54		21		20	
Enterprise Output			£ per cow			
Calves	435	443	449	463	391	446
Herd rep	-44	-36	-35	-24	-36	-56
Total Output	**392**	**407**	**414**	**439**	**356**	**390**
Variable Costs						
Concentrates	49	63	43	61	24	28
HSG	133	138	115	124	120	130
Sundries & Vet	51	56	54	54	60	59
Total Variable Costs	**234**	**257**	**212**	**239**	**205**	**218**
Gross Margin	**158**	**150**	**202**	**200**	**151**	**172**
Calves reared per cow	0.94	0.92	0.98	0.97	0.91	0.99
Av price per calf sold/trans (£)	457	476	451	477	440	459

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 £319 in gross margin per cow between the 'top' and 'bottom' groups of SDA suckler herds in 2012/13. This is accounted for by differences of £162 in calf returns, £42 in herd replacement costs, and £115 in total variable costs between the top and bottom groups. Similarly for DA suckler herds there were a difference of £268 in gross margin per cow between the 'top' and 'bottom' groups of herds in 2012/13. This is accounted for by differences of £28 in calf returns, £84 in herd replacement costs, and £156 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, 2012/13

	Top 25%	Bottom 25%
	£ per cow	
Gross Margin		
- SDA	308	-11
- DA	309	41
Calf Returns		
- SDA	541	379
- DA	490	462
Herd replacement cost		
- SDA	-8	-50
- DA	5	-79
Variable Costs		
- SDA	225	340
- DA	186	342

4.3 Breeding Ewes

As shown in Table 23, gross margins per ewe for Lowland, Upland and Hill flocks showed a noticeable decrease between 2011/12 and 2012/13. For Lowland breeding ewes the average gross margin per ewe decreased from £76.09 in 2011/12 to £51.59 in 2012/13, which is a decrease of £24.50. This decrease was the combined result of a £21.45 decrease in output and a £3.05 increase in total variable costs. For Upland breeding ewes the average gross margin per ewe decreased from £58.43 in 2011/12 to £36.94 in 2012/13, which is a decrease of £21.49. This decrease was the combined result of a £18.60 decrease in output and a £2.89 increase in total variable costs. For Hill breeding ewes the average gross margin per ewe decreased from £30.09 in 2011/12 to £8.64 in 2012/13, which is a decrease of £21.45. This decrease was the combined result of a £15.81 decrease in output and a £5.64 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 2012/13. This shows that there were a difference in gross margin between the 'top 25%' and 'bottom 25%' of £48 per ewe in the Lowland, £60 per ewe in the Upland, and £47 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 £94 in the top group and £64 in the bottom group.

Table 23 Average outputs, variable costs and gross margins per ewe for Lowland, DA and SDA breeding flocks, 2011/12 and 2012/13[1]

	Lowland		Upland (DA)		Hill (SDA)	
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13
Number of flocks	26		21		25	
Output						
Lambs	110.25	95.51	103.81	89.85	70.05	57.46
Wool	3.53	4.56	3.38	3.51	3.07	2.85
Flock Replacements	5.96	-1.78	-0.18	-4.95	6.30	3.30
TOTAL OUTPUT	**119.74**	**98.29**	**107.01**	**88.41**	**79.42**	**63.61**
Variable Costs						
Concentrates + OPF	11.79	13.00	17.00	20.16	18.30	22.56
Hay, silage, & grazing	19.19	20.35	19.50	18.58	18.94	19.04
Sundries + Vet	12.67	13.35	12.08	12.73	12.09	13.37
TOTAL VARIABLE COSTS	**43.65**	**46.70**	**48.58**	**51.47**	**49.33**	**54.97**
GROSS MARGIN	**76.09**	**51.59**	**58.43**	**36.94**	**30.09**	**8.64**
Lambs reared per ewe	1.44	1.41	1.40	1.38	1.17	1.16
Ave fat lamb price (£)	87.31	73.14	88.44	75.46	82.54	72.48
Av store lamb price (£)	71.66	45.48	68.23	54.74	60.46	46.83
Ewe mortality %	4.4	4.1	6.3	7.2	8.1	7.6
Lamb mortality %	8.2	8.3	8.7	10.2	9.3	9.6
Ave flock size (ewes)	217	222	138	144	283	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, 2012/13

	Top 25%	Bottom 25%
	Per Ewe	
Gross Margin (£)		
- Lowland	74	26
- Upland	65	5
- Hill	30	-17
Lamb Sales (£)		
- Lowland	103	92
- Upland	113	56
- Hill	65	45
Lambs Reared		
- Lowland	1.48	1.32
- Upland	1.52	1.21
- Hill	1.24	1.00

4.4 Pigs

On the 6 farms which had rearing and finishing units, the average gross margin per pig decreased from £23.50 in 2011/12 to £21.25 in 2012/13 (Table 25). This decrease in margin of £2.25 per pig between 2011/12 and 2012/13 was the net result of an increase in output of £4.75 per pig and an increase in total variable costs of £7.00 per pig. The increase in output was due to the more favourable pig prices in 2012/13, whereas, the increase in total variable costs was due to the £6.66 increase in the cost of feedstuffs per pig and the £0.34 increase in the cost of veterinary, medicine and sundries per pig. The increase in cost of feedstuffs was due to higher concentrate prices in 2012/13. The average gross margin of £21 per pig is the fourth highest result in the 10 years since 2003/04. The average gross margins per pig in previous years were £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, £28 in 2010/11 and £22 in 2011/12.

Table 25 Average sales, variable costs and gross margins per pig for pig rearing and finishing units, 2010/2011 and 2012/13[1]

	2011/12	2012/13
Number of herds	6	
	£ per pig	
Output	108.12	112.87
Variable Costs		
Feeding stuffs	77.85	84.51
Vet and medicines	3.51	3.48
Sundries	3.26	3.63
Total Variable Costs	**84.62**	**91.62**
Gross Margin	**23.50**	**21.25**
Meal equivalent per pig (kg)	302	301
Price of concentrates (£/tonne)	258	281
Pigs weaned per sow	20.42	20.86

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 increased from £676 in 2011 to £863 in 2012 (a rise of £187 per hectare). This increase was the net result of a £219 increase in output value and a £32 increase in total variable costs in 2012. The rise in output value was mainly due to higher crop prices in 2012. In comparison to 2011 levels, average grain yield decreased by 0.06 tonnes per hectare and average straw yield increased by 0.53 tonnes per hectare. The increase in variable costs between 2011 and 2012 was the result of higher fertiliser, seed and spray costs in 2012. Grain prices per tonne increased from £151 in 2011 to £183 in 2012, whereas, straw prices per tonne increased from £58 in 2011 to £66 in 2012.

Table 26 Average outputs, variable costs and gross margins per hectare for spring barley, 2011/12 and 2012/13[1]

	2011/12	2012/13
Number of farms	42	
Output	**£ per hectare**	
Grain	784	938
Straw	191	256
Total Output	**975**	**1,194**
Variable Costs		
Seed	65	73
Fertilisers	133	146
Sprays	76	95
Sundries	25	17
Total Variable Costs	**299**	**331**
Gross Margin	**676**	**863**
Grain yield (tonnes per ha)	5.18	5.12
Straw yield (tonnes per ha)	3.32	3.85

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

The 'top' performance group of farms in 2012 had an average grain yield of 5.84 tonnes per hectare compared with 3.18 tonnes in the 'bottom' group. These yields generated grain sales of £1,105 for the 'top group' and £552 for the 'bottom group'. Associated with the higher grain yield was also a higher straw yield which generated straw sales of £281 per hectare in the 'top' group compared with £195 in the 'bottom' group. The average grain price per tonne received by the 'top' group was £15 higher than the 'bottom' group, whereas, the average straw price per tonne in the 'top' performance group was £14 higher than the 'bottom' group. In terms of inputs, the total variable costs were £339 per hectare for the 'top group' and £326 for the 'bottom group'. These differences in output and inputs between the 'top' and 'bottom' groups resulted in a gross margin of £1,048 per hectare for the 'top' group and £422 per hectare for the 'bottom' group i.e. a difference of £626 per hectare.

4.6 Winter Barley

As shown in Table 27, the average gross margin per hectare for the winter barley crop decreased from £1,173 in 2011 to £1,036 in 2012, which is a fall of £137. This decrease was the combined effect of a £102 decrease in output and a £35 increase in variable costs in 2012. The decrease in output value resulted from the lower crop yields in 2012. In this instance, grain yield decreased by 1.48 tonnes per hectare whereas, straw yield decreased by 0.71 tonnes per hectare. However, these decreases in yields were partially offset by the grain and straw price increases of £27 and £4 per tonne between 2011 and 2012. The increase in total variable costs from £411 per hectare in 2011 to £446 per hectare in 2012 was mainly caused by higher fertiliser and sundry costs in 2012.

Table 27 Average outputs, variable costs and gross margins per hectare for winter barley, 2011/12 and 2012/13[1]

	2011/12		2012/13
Number of farms		14	
Output		**£ per hectare**	
Grain	1,274		1,200
Straw	310		282
Total Output	**1,584**		**1,482**
Variable Costs			
Seed	73		77
Fertilisers	195		216
Sprays	125		124
Sundries	18		30
Total Variable Costs	**411**		**446**
Gross Margin	**1,173**		**1,036**
Grain yield (tonnes per ha)	7.70		6.22
Straw yield (tonnes per ha)	4.88		4.17

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

The 'top' group of farms in 2012 had an average grain yield of 6.82 tonnes per hectare, and this was 1.75 tonnes more than the 'bottom' group. Higher values for grain and straw output resulted in an output value of £1,710 per hectare for the 'top' group, some £781 above that of the 'bottom' group. Total variable costs per hectare were £18 higher in the 'top' group at £449 per hectare. The gross margins per hectare were £1,260 for the 'top' group and £498 for the 'bottom' group.

On average, the winter barley crop gross margin in 2012 was £173 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 £1,094 in 2011 to £908 in 2012, which is a fall of £186. This was the effect of a £174 decrease in output and a £11 increase in variable costs in 2012. The fall in output value was the result of lower average grain yields in 2012. The average grain yield decreased by 2.43 tonnes per hectare, whereas, straw yield decreased by a negligible 0.01 tonnes per hectare. However, the decrease in grain yield was again partially offset by increases in grain and straw prices. In 2012, average grain prices increased by £28 per tonne, whereas, average straw prices increased by £12 per tonne. As a result of these changes in yields and prices, total output decreased from £1,590 in 2011 to £1,416 in 2012. The increase in total variable costs of £11 per hectare in 2012 was the result of higher fertiliser, seed and spray costs in 2012.

Table 28 Average outputs, variable costs and gross margins per hectare for winter wheat, 2011/12 and 2012/13[1]

	2011/12	2012/13
Number of farms	14	
Output	**£ per hectare**	
Grain	1,367	1,143
Straw	223	272
Total Output	**1,590**	**1,416**
Variable Costs		
Seed	71	85
Fertilisers	209	216
Sprays	157	165
Sundries	59	42
Total Variable Costs	**497**	**508**
Gross Margin	**1,094**	**908**
Grain yield (tonnes per ha)	8.47	6.04
Straw yield (tonnes per ha)	4.18	4.17

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

The 'above average' group of farms in 2012 had an average grain yield of 7.97 tonnes per hectare, and this was 2.55 tonnes more than the 'below average' group. Higher grain and straw yields resulted in an output value of £1,790 per hectare for the 'above average' group, some £492 above that of the 'below average' group. Total variable costs per hectare were £57 lower in the 'above average' group at £463 per hectare. The gross margins per hectare were £1,327 for the 'above average' group and £778 for the 'below average' group.

The 2012 crop results show that the highest gross margin per hectare was obtained by winter barley (£1,036) followed by winter wheat (£908) and then spring barley (£863). This order is not typical of 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 2011 and 2012 ware potato crops were £1,735 and £7,248 per hectare respectively. This increase in gross margin of £5,513 per hectare was the combined result of a £5,339 increase in output and a £175 decrease in variable costs between 2011 and 2012. The increase in output resulted from increases in ware potato prices in 2012. Ware potatoes prices increased from £100 per tonne in 2011/12 to £307 per tonne in 2012/13, whereas, ware potato yield decreased from 34.7 tonnes per hectare in 2011 to 30.5 tonnes per hectare in 2012. The total variable costs incurred decreased from £1,549 per hectare in 2011/12 to £1,374 per hectare in 2012/13, which is a decrease of £175 per hectare. In terms of individual costs, seeds showed the most decrease, falling from £470 per hectare in 2011/12 to £290 per hectare in 2012/13 (i.e. a decrease of £180 per hectare). Whereas, sundries showed the most increase, by rising from £127 per hectare in

2011/12 to £197 per hectare in 2012/13 (i.e. an increase of £70 per hectare). Overall, the average variable costs of production per tonne for the ware crop increased from £44.64 in 2011 to £45.05 in 2012. 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, 2011/12 and 2012/13[1]

	Ware Crop	
	2011/12	**2012/13**
Number of farms	6	
	£ per hectare	
Potato Output	**3,284**	**8,623**
Variable costs		
Seed	470	290
Fertiliser	417	368
Sprays	252	275
Contract/Casual Wages	282	244
Sundries	127	197
Total Variable costs	**1,549**	**1,374**
Gross Margin	**1,735**	**7,248**
Total yield (tonnes/ha)	34.7	30.5
Av price per tonne (£)	100	307

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 140% 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, 2012/13

			Top[1] Group	**Bottom[1] Group**
			£ Per head	
Dairy cows			1,032	409
Suckler cows	-	DA	309	41
	-	SDA	308	-11
Breeding ewes	-	DA	65	5
	-	SDA	30	-17
	-	Lowland	74	26
Spring barley			1,048	422
Winter barley			1,260	498

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 £500 in 2011/12 to £513 in 2012/13. 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 £3 on Mixed farms to £74 on General Cropping farms.

Table 31 Fixed costs per hectare by type of farm, 2011/12 and 2012/13[1, 2]

	2011/12	2012/13
	£ per ha	
Cereals	757	807
General cropping	723	797
Pigs	1,365	1,388
Dairy	797	810
Cattle and Sheep (LFA)	316	320
Cattle and Sheep (Lowland)	452	482
Mixed	664	667
All Types	**500**	**513**

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 2011/12 and 2012/13, these three cost categories on average accounted for 70% of total fixed costs across all types of farm.

Table 32 Fixed costs per hectare, by category, 2011/12 and 2012/13[1]

	2011/12	2012/13
	£ per ha	
Depreciation of buildings and works	88	93
Depreciation of machinery	128	128
Machinery running costs	135	140
Farm insurance	13	14
Farm fuel	22	25
Rates and water charges	13	13
Building repairs and miscellaneous	79	78
Interest payments	22	22
Total	**500**	**513**

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 2011/12 AND 2012/13[1]

	Cereals			General Cropping		
	2011/12	2012/13	% Change	2011/12	2012/13	% Change
Number of farms						
Average size of business (ESU's)		50			55.3	
Total Area of Farm (ha)	92.2	90.9	-1.4	69.7	67.8	-2.7
of which: Crops and grass	89.5	88.2	-1.5	66.3	62.8	-5.3
Rough grazing	0.6	0.6	0.0	2.6	2.6	-
SIZE OF ENTERPRISES:						
Hectares - Total crops	82.9	83.4	0.6	60.3	55.5	-8.0
(of which cereals)	69.0	64.0	-7.2	39.8	35.7	-10.3
Av. No. - Dairy cows	-	-	-	-	-	-
Av. No. - Beef cows	2.9	2.5	-13.8	-	-	-
Av. No. - Other cattle	5	4.6	-8.0	8.6	9.2	7.0
Av. No. - Ewes	10.8	14	29.6	-	-	-
Av. No. - Sows/gilts	-	-	-	-	-	-
CROP OUTPUT:						
Cereals	78318	74517	-4.9	38770	37462	-3.4
Potatoes	-	-	-	47982	92881	93.6
Misc. Crop output	27839	36,431	30.9	10706	6860	-35.9
TOTAL CROP PRODUCTION	**106158**	**110949**	**4.5**	**97457**	**137204**	**40.8**
LIVESTOCK OUTPUT:						
Cattle – rearing & fattening	2096	2289	9.2	3060	5242	71.3
Cattle – dairy	-	-	-	-	-	-
Milk	-	-	-	-	-	-
Sheep and wool	2288	1580	-30.9	-	-	-
Pigs	-	-	-	-	-	-
Poultry and eggs	-	-	-	-	-	-
Other livestock	-	-	-	-	-	-
TOTAL LIVESTOCK OUTPUT	**4385**	**3869**	**-11.8**	**3060**	**5242**	**71.3**
Single Farm Payment	27904	25696	-7.9	17569	16173	-7.9
LFA Compensatory Allowance Scheme	-	-	-	-	-	-
Agri Environmental Scheme	4495	4161	-7.4	2342	2061	-12.0
Miscellaneous Subsidies	-	-	-	508	342	-32.7
Miscellaneous revenue	14152	19729	39.4	2378	3325	39.8
On Farm – Non Farm Income	-	-	-	2636	-	-100.0
Adjustment for disposal of previous year's crop	1765	1002	-43.2	1851	1019	-44.9
TOTAL FARM OUTPUT	**158859**	**165406**	**4.1**	**127801**	**165367**	**29.4**

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

	Cereals			General Cropping		
	2011/12	2012/13	% Change	2011/12	2012/13	% Change
INPUTS	£ per farm			£ per farm		
Purchased concentrate feed & fodder	555	457	-17.7	341	335	-1.8
Home grown concentrate feed	359	565	57.4	253	585	131.2
Veterinary fees & medicines	398	349	-12.3	122	176	44.3
Other livestock costs	57	31	-45.6	117	15	-87.2
Purchased & home grown seed	6799	6052	-11.0	8538	6119	-28.3
Fertilisers	17132	17550	2.4	13386	13029	-2.7
Other crop costs	13892	12101	-12.9	11024	9941	-9.8
Regular & casual labour	2209	2548	15.3	3557	2956	-16.9
Machinery excluding depreciation	28747	32045	11.5	17419	22374	28.4
Depreciation of plant machinery & vehicles	26681	28993	8.7	21211	18827	-11.2
Depreciation of building & works	6409	6854	6.9	2192	2077	-5.2
Land & building inputs	8671	8208	-5.3	14539	11583	-20.3
Interest payments	2242	1832	-18.3	2634	2464	-6.5
Other general farming costs	10151	9640	-5.0	8175	8470	3.6
TOTAL VARIABLE COSTS	**50974**	**50295**	**-1.3**	**40082**	**35670**	**-11.0**
TOTAL FIXED COSTS	**73327**	**76930**	**4.9**	**63427**	**63281**	**-0.2**
TOTAL INPUTS	**124301**	**127225**	**2.4**	**103509**	**98950**	**-4.4**
FARM BUSINESS INCOME	**34558**	**38181**	**10.5**	**24292**	**66417**	**173.4**
(plus) depreciation of buildings & works	6409	6854	6.9	2192	2077	-5.2
(plus) depreciation of plant machinery & vehicles	26681	28993	8.7	21211	18827	-11.2
(minus) valuation change	-3074	4430	244.1	6554	5954	-9.2
(equals) CASH INCOME	**70721**	**69599**	**-1.6**	**41141**	**81366**	**97.8**
(minus) Net capital investment	28687	36837	28.4	35978	10369	-71.2
CASH FLOW FARM BUSINESS	**42034**	**32762**	**-22.1**	**5163**	**70998**	**1275.1**
AVERAGE VALUATIONS	**128780**	**132437**	**2.8**	**101206**	**111874**	**10.5**

TABLE 1.2 –MIXED AND PIG FARMS – ALL SIZES OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2011/12 AND 2012/13[1]

	Mixed			Pigs		
	2011/12	2012/13	% Change	2011/12	2012/13	% Change
Number of farms						
Average size of business (ESU's)		56.9			46.6	
Total Area of Farm (ha)	83.3	83.2	-0.1	32.8	32.7	-0.3
of which: Crops and grass	79.2	79.3	0.1	31.5	31.3	-0.6
Rough grazing	1.7	1.6	-5.9	0.5	0.6	20.0
SIZE OF ENTERPRISES:						
Hectares - Total crops	25.9	25.9	-	4.2	4.8	14.3
(of which cereals)	21.7	21.9	0.9	3.6	4.2	16.7
Av. no. - Dairy cows	16.8	17	1.2	-	-	-
Av. no. - Beef cows	17.3	17.5	1.2	0.8	0.8	-
Av. no. - Other cattle	96.1	93.8	-2.4	43	42.1	-2.1
Av. no. - Ewes	96.5	98.8	2.4	65.8	65.1	-1.1
Av. no. - Sows/gilts	5.3	4.9	-7.5	140.9	151.5	7.5
CROP OUTPUT:						
Cereals	23517	23339	-0.8	5055	4,011	-20.7
Potatoes	5733	12599	119.8	-	-	-
Misc. crop output	4981	6296	26.4	1695	1277	-24.7
TOTAL CROP PRODUCTION	**34231**	**42234**	**23.4**	**6750**	**5288**	**-21.7**
LIVESTOCK OUTPUT:						
Cattle – rearing & fattening	46551	49019	5.3	21204	19077	-10.0
Cattle – dairy	-270	-699	-158.9	-	-	-
Milk	25833	25218	-2.4	-	-	-
Sheep and wool	13908	11272	-19.0	10061	8624	-14.3
Pigs	14412	13837	-4.0	237936	266529	12.0
Poultry and eggs	4903	5048	3.0	-	-	-
Other livestock	15	0	-100.0	-	-	-
TOTAL LIVESTOCK OUTPUT	**105352**	**103696**	**-1.6**	**269201**	**294231**	**9.3**
Single Farm Payment	26546	24626	-7.2	13408	12275	-8.5
LFA Compensatory scheme	454	445	-2.0	587	772	31.5
Agri Environmental Scheme	1988	1428	-28.2	426	398	-6.6
Miscellaneous subsidies	67	248	270.1	485	764	57.5
Miscellaneous revenue	2010	3321	65.2	899	909	1.1
On Farm - Non Farm Income	2293	2006	-12.5	1479	1479	-
Adjustment for disposal of previous years crop	898	530	-41.0	-	-	-
TOTAL FARM OUTPUT	**173838**	**178533**	**2.7**	**293235**	**316115**	**7.8**

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

	Mixed			Pigs		
	2011/12	2012/13	% change	2011/12	2012/13	% change
INPUTS	£ per farm			£ per farm		
Purchased concentrate feed & fodder	26700	32224	20.7	167661	201532	20.2
Home grown concentrate feed	5530	4839	-12.5	-	-	-
Veterinary fees & medicines	3998	4152	3.9	10244	10278	0.3
Other livestock costs	2479	2788	12.5	7000	9401	34.3
Purchased & home grown seed	2643	2810	6.3	380	278	-26.8
Fertilisers	11472	12100	5.5	2031	2052	1.0
Other crop costs	3960	3905	-1.4	737	706	-4.2
Regular & casual labour	6131	6247	1.9	7124	10077	41.5
Machinery excluding depreciation	19177	20362	6.2	10610	12045	13.5
Depreciation of plant machinery & vehicles	18721	18521	-1.1	9031	7560	-16.3
Depreciation of building & works	5759	6536	13.5	8428	9043	7.3
Land & building inputs	9857	8998	-8.7	8249	6924	-16.1
Interest payments	1098	1121	2.1	923	881	-4.6
Other general farming costs	9732	9938	2.1	12369	13865	12.1
TOTAL VARIABLE COSTS	**65369**	**72898**	**11.5**	**193635**	**233193**	**20.4**
TOTAL FIXED COSTS	**61887**	**61643**	**-0.4**	**51151**	**51449**	**0.6**
TOTAL INPUTS	**127257**	**134542**	**5.7**	**244786**	**284642**	**16.3**
FARM BUSINESS INCOME	**46581**	**43992**	**-5.6**	**48449**	**31473**	**-35.0**
(plus) depreciation of buildings & works	5759	6536	13.5	8428	9043	7.3
(plus) depreciation of plant machinery & vehicles	18721	18521	-1.1	9031	7560	-16.3
(minus) valuation change	10024	2160	-78.5	-131	44	133.6
(equals) CASH INCOME	**61037**	**66888**	**9.6**	**66038**	**48032**	**-27.3**
(minus) Net capital investment	45009	46820	4.0	21452	6852	-68.1
(equals) CASH FLOW FARM BUSINESS	**16028**	**20068**	**25.2**	**44587**	**41180**	**-7.6**
AVERAGE VALUATIONS	**185032**	**196567**	**6.2**	**139590**	**136310**	**-2.3**

TABLE 1.3 LOWLAND CATTLE AND SHEEP OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2011/12 AND 2012/13[1]

	0.5 < 1 SLR			1 < 2 SLR			ALL SIZES		
	2011/12	2012/13	% Change	2011/12	2012/13	% Change	2011/12	2012/13	% Change
Number of farms									
Average size of business (ESU's)		17.4			30.5			26.6	
Total Area of Farm (ha)	52.9	51.7	-2.3	68.9	69.3	0.6	64.2	64.5	0.5
of which: Crops and grass	46.5	45.3	-2.6	67	67.4	0.6	59.4	59.7	0.5
Rough grazing	5.2	5.2	-	0.5	0.5	-	3.4	3.4	-
SIZE OF ENTERPRISES:									
Hectares - Total crops	4.5	3.1	-31.1	4.1	3.1	-24.4	6.1	4.7	-23.0
Av. No. - Dairy cows	-	-	-	-	-	-	-	-	-
Av. No. - Beef cows	19.4	17.8	-8.2	31	29.8	-3.9	28.7	27.3	-4.9
Av. No. - Other cattle	63.3	64.1	1.3	110	112.2	2.0	83.7	86.3	3.1
Av. No. - Ewes	45.3	51.7	14.1	106.7	114.9	7.7	98.5	107.0	8.6
Av. No. - Sows/gilts	-	-	-	-	-	-	-	-	-
CROP OUTPUT:									
Cereals	3175	2276	-28.3	3253	2501	-23.1	3766	3557	-5.5
Potatoes	-	-	-	359	-	-100.0	1813	-	-100.0
Misc. crop output	-54	187	446.3	771	187	-75.7	802	1102	37.4
Total Crop Production	**3121**	**2463**	**-21.1**	**4382**	**2688**	**-38.7**	**6381**	**4660**	**-27.0**
Livestock Output:									
Cattle – rearing & fattening	31562	28022	-11.2	52068	56706	8.9	42217	42062	-0.4
Cattle – dairy	-	-	-	-	-	-	-	-	-
Milk	-	-	-	-	-	-	-	-	-
Sheep and wool	4426	4395	-0.7	12484	11432	-8.4	10754	10153	-5.6
Pigs	-	-	-	302	498	64.9	93	154	65.6
Poultry and eggs	-	-	-	168	238	41.7	52	73	40.4
Other livestock	-	-	-	-	38	-	-	12	-
TOTAL LIVESTOCK OUTPUT	**35989**	**32417**	**-9.9**	**65022**	**68913**	**6.0**	**53117**	**52454**	**-1.2**
Single Farm Payment	15478	14245	-8.0	24358	21582	-11.4	21142	19207	-9.2
LFA Compensatory scheme	126	135	7.1	263	254	-3.4	207	209	1.0
Agri Environmental Scheme	1319	825	-37.5	1265	1332	5.3	1526	1112	-27.1
Miscellaneous subsidies	50	-	-100.0	169	71	-58.0	208	291	39.9
Miscellaneous revenue	2059	2255	9.5	898	753	-16.1	1910	2181	14.2
On Farm - Non Farm Income	-	-	-	382	-	-100.0	118	-	-100.0
Adjustment for disposal of previous years crop	-	51	-	-	-88	-	175	195	11.4
TOTAL FARM OUTPUT	**58142**	**52392**	**-9.9**	**96739**	**95504**	**-1.3**	**84784**	**80309**	**-5.3**

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

	0.5 < 1 SLR			1 < 2 SLR			ALL SIZES		
	2011/12	2012/13	% Change	2011/12	2012/13	% Change	2011/12	2012/13	% Change
INPUTS	£ per farm			£ per farm			£ per farm		
Purchased concentrate feed & fodder	6265	7224	15.3	18570	23164	24.7	11260	13147	16.8
Home grown concentrate feed	863	777	-10.0	2901	2806	-3.3	2196	2142	-2.5
Veterinary fees & medicines	1402	1308	-6.7	2711	2707	-0.1	2317	2304	-0.6
Other livestock costs	1185	1079	-8.9	1478	1621	9.7	1466	1346	-8.2
Purchased & home grown seed	393	461	17.3	565	608	7.6	827	587	-29.0
Fertilisers	4045	3825	-5.4	6821	7010	2.8	6230	6619	6.2
Other crop costs	589	614	4.2	1077	847	-21.4	1550	1075	-30.6
Regular & casual labour	899	885	-1.6	2164	2199	1.6	1887	1976	4.7
Machinery excluding depreciation	9263	8885	-4.1	11925	12451	4.4	11749	12002	2.2
Depreciation of plant machinery & vehicles	5721	6572	14.9	8263	8657	4.8	7985	9094	13.9
Depreciation of building & works	1394	1450	4.0	4230	4360	3.1	3263	3391	3.9
Land & building inputs	5429	4890	-9.9	8773	9553	8.9	7920	8099	2.3
Interest payments	535	499	-6.7	920	964	4.8	821	717	-12.7
Other general farming costs	5110	5724	12.0	6224	6471	4.0	5863	6318	7.8
TOTAL VARIABLE COSTS	**19065**	**19048**	**-0.1**	**38728**	**43602**	**12.6**	**31165**	**32391**	**3.9**
TOTAL FIXED COSTS	**24029**	**25145**	**4.6**	**37895**	**39813**	**5.1**	**34171**	**36426**	**6.6**
TOTAL INPUTS	**43094**	**44194**	**2.6**	**76623**	**83415**	**8.9**	**65336**	**68818**	**5.3**
FARM BUSINESS INCOME	**15048**	**8198**	**-45.5**	**20116**	**12089**	**-39.9**	**19448**	**11491**	**-40.9**
(plus) depreciation of buildings & works	1394	1450	4.0	4230	4360	3.1	3263	3391	3.9
(plus) depreciation of plant machinery & vehicles	5721	6572	14.9	8263	8657	4.8	7985	9094	13.9
(minus) valuation change	2619	585	-77.7	3031	1743	-42.5	2337	1473	-37.0
(equals) CASH INCOME	**19544**	**15634**	**-20.0**	**29578**	**23362**	**-21.0**	**28360**	**22504**	**-20.6**
(minus) Net capital investment	6788	6866	1.1	38288	35856	-6.4	17968	19173	6.7
(equals) CASH FLOW FARM BUSINESS	**12755**	**8769**	**-31.3**	**-8711**	**-12494**	**-43.4**	**10392**	**3331**	**-67.9**
AVERAGE VALUATIONS	**77797**	**80247**	**3.1**	**132336**	**137435**	**3.9**	**113081**	**117669**	**4.1**

TABLE 1.4 – DAIRY FARMS
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2011/12 AND 2012/13[1]

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2011/12	2012/13	% Change	2011/12	2012/13	% Change	2011/12	2012/13	% Change	2011/12	2012/13	% Change
Number of farms												
Average size of business (ESU's)		27.4			48.2			84.3			172.6	
Total Area of Farm (ha)	33.1	33.3	0.6	45.3	45.8	1.1	67.9	68.3	0.6	134.2	135.7	1.1
of which: Crops and grass	30.1	30.1	-	43.1	43.8	1.6	63.1	63.3	0.3	126.5	127.4	0.7
Rough grazing	1.7	1.7	-	1.1	0.9	-18.2	3.0	2.9	-3.3	4.7	4.7	-
SIZE OF ENTERPRISES:												
Hectares - Total crops	0.6	0.8	33.3	1.3	1.2	-7.7	2.9	2.7	-6.9	5.7	6.1	7.0
Av. no - Dairy cows	32.1	30.5	-5.0	53	52.4	-1.1	93.8	93.6	-0.2	206.9	207	-
Av. no - Beef cows	0.6	1	66.7	3.3	3.1	-6.1	1.5	1.9	26.7	2.6	2.5	-3.8
Av. no - Other cattle	19.8	23.1	16.7	43.2	44.1	2.1	72	69.9	-2.9	146.1	157.2	7.6
Av. no - Ewes	-	-	-	3.5	3.9	11.4	2.3	2.7	17.4	12.7	12.7	-
Av. no - Sows/gilts	-	-	-	-	-	-	-	-	-	-	-	-
CROP OUTPUT:												
Cereals	750	723	-3.6	651	695	6.8	2186	1172	-46.4	2,772	2,657	-4.1
Potatoes	-	-	-	-	-	-	-	-	-	-	-	-
Misc. crop output	721	1113	54.4	308	324	5.2	508	281	-44.7	1,593	-957	-160.1
Total Crop Production	**1471**	**1836**	**24.8**	**959**	**1019**	**6.3**	**2694**	**1453**	**-46.1**	**4364**	**1700**	**-61.0**
Livestock Output:												
Cattle – rearing & fattening	8425	8410	-0.2	17922	16646	-7.1	28007	27253	-2.7	59980	60504	0.9
Cattle – dairy	-1019	685	167.2	-841	-1157	-37.6	-3000	-5527	-84.2	-9006	-15629	-73.5
Milk	50649	44736	-11.7	75312	69988	-7.1	146266	135718	-7.2	356852	356264	-0.2
Sheep and wool	-	-	-	410	339	-17.3	276	297	7.6	1408	821	-41.7
Pigs	-	-	-	-	-	-	-	-	-	-	-	-
Poultry and eggs	-	-	-	-	-	-	1708	1588	-7.0	-	-	-
Other livestock	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIVESTOCK OUTPUT	**58056**	**53831**	**-7.3**	**92803**	**85817**	**-7.5**	**173256**	**159328**	**-8.0**	**409234**	**401960**	**-1.8**
Single Farm Payment	7845	7118	-9.3	11295	10394	-8.0	18449	16797	-9.0	30977	28862	-6.8
LFA Compensatory scheme	12	6	-50.0	251	249	-0.8	238	203	-14.7	134	36	-73.1
Agricultural Environment Schemes	361	360	-0.3	839	606	-27.8	1205	1627	35.0	1001	1246	24.5
Miscellaneous Subsidies	42	42	-	413	242	-41.4	475	418	-12.0	566	588	3.9
Miscellaneous Revenue	859	1048	22.0	449	336	-25.2	990	913	-7.8	1551	2375	53.1
On Farm - Non Farm Income	692	692	-	-	-	-	-	-	-	-	-	-
Adjustment for disposal of previous year's crop	10	-	-100.0	-	-	-	-	-	-	-	-	-
Total Farm Output	**69347**	**64933**	**-6.4**	**107008**	**98663**	**-7.8**	**197306**	**180739**	**-8.4**	**447827**	**436766**	**-2.5**

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

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2011/12	2012/13	% Change	2011/12	2012/13	% Change	2011/12	2012/13	% Change	2011/12	2012/13	% Change
	£ per farm			£ per farm			£ per farm			£ per farm		
INPUTS												
Purchased concentrate feed & fodder	13427	15963	18.9	23780	28870	21.4	44929	51555	14.7	141685	170396	20.3
Home grown concentrate feed	1668	1885	13.0	2475	2327	-6.0	3313	3255	-1.8	6959	6663	-4.3
Veterinary fees & medicines	2327	2815	21.0	2764	2726	-1.4	4921	5231	6.3	12565	12454	-0.9
Other livestock costs	2452	2220	-9.5	3232	3363	4.1	5805	6290	8.4	17209	19498	13.3
Purchased & home grown seed	142	107	-24.6	255	236	-7.5	569	415	-27.1	1845	1579	-14.4
Fertilisers	3932	3927	-0.1	6762	6515	-3.7	11270	11106	-1.5	21873	20934	-4.3
Other crop costs	468	324	-30.8	446	546	22.4	1243	1138	-8.4	3687	3806	3.2
Regular & casual labour	911	595	-34.7	1086	1476	35.9	4664	5399	15.8	10836	12465	15.0
Machinery excluding depreciation	7700	6843	-11.1	10777	11101	3.0	18595	20156	8.4	40501	43040	6.3
Depreciation of plant machinery & vehicles	4167	4207	1.0	7083	6871	-3.0	14453	14034	-2.9	22507	21694	-3.6
Depreciation of building & works	2160	2582	19.5	5602	6255	11.7	11830	13128	11.0	26352	27082	2.8
Land & building inputs	3560	2797	-21.4	4995	4645	-7.0	9611	9658	0.5	23965	23446	-2.2
Interest payments	325	237	-27.1	1150	1106	-3.8	2620	3170	21.0	9203	9501	3.2
Other general farming costs	6661	6440	-3.3	7922	8066	1.8	9793	11169	14.1	18536	20034	8.1
TOTAL VARIABLE COSTS	**27821**	**30072**	**8.1**	**44865**	**50024**	**11.5**	**81822**	**90339**	**10.4**	**231848**	**264031**	**13.9**
TOTAL FIXED COSTS	**22078**	**20870**	**-5.5**	**33464**	**34078**	**1.8**	**61796**	**65366**	**5.8**	**125875**	**128563**	**2.1**
TOTAL INPUTS	**49900**	**50942**	**2.1**	**78329**	**84102**	**7.4**	**143618**	**155705**	**8.4**	**357723**	**392594**	**9.7**
FARM BUSINESS INCOME	**19448**	**13991**	**-28.1**	**28679**	**14561**	**-49.2**	**53689**	**25034**	**-53.4**	**90104**	**44172**	**-51.0**
(plus) depreciation of buildings & works	2160	2582	19.5	5602	6255	11.7	11830	13128	11.0	26352	27082	2.8
(plus) depreciation of plant machinery & vehicles	4167	4207	1.0	7083	6871	-3.0	14453	14034	-2.9	22507	21694	-3.6
(minus) valuation change	-329	1726	624.6	1633	181	-88.9	4953	-3863	-178.0	5591	3060	-45.3
(equals) CASH INCOME	**26104**	**19054**	**-27.0**	**39730**	**27505**	**-30.8**	**75019**	**56059**	**-25.3**	**133373**	**89888**	**-32.6**
(minus) Net capital investment	1645	8826	436.5	17578	16788	-4.5	30540	41636	36.3	61644	30770	-50.1
(equals) CASH FLOW FARM BUSINESS	**24459**	**10227**	**-58.2**	**22153**	**10717**	**-51.6**	**44479**	**14422**	**-67.6**	**71729**	**59118**	**-17.6**
AVERAGE VALUATIONS	**55410**	**56520**	**2.0**	**85600**	**90082**	**5.2**	**153718**	**160567**	**4.5**	**302720**	**315162**	**4.1**

TABLE 1.5 – LFA CATTLE AND SHEEP OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2011/12 AND 2012/13[1]

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2011/12	2012/13	% Change	2011/12	2012/13	% Change	2011/12	2012/13	% Change	2011/12	2012/13	% Change
Number of farms												
Average size of business (ESU's)		16.8			32.7			55.3			70.8	
Total Area of Farm (ha)	72.3	71.6	-1.0	117.9	118.7	0.7	174.8	174.7	-0.1	403.9	406.0	0.5
of which: Crops and grass	46.5	46.1	-0.9	69.4	68.8	-0.9	100.2	99.9	-0.3	125.8	127.2	1.1
Rough grazing	19.9	19.7	-1.0	39.5	40.8	3.3	51.1	51.3	0.4	173.3	158.8	-8.4
SIZE OF ENTERPRISES:												
Hectares - Total crops	1.3	1.0	-23.1	0.9	1.0	11.1	4.6	4.9	6.5	3.1	1.6	-48.4
Av. no. - Dairy cows	0.3	0.1	-66.7	0.4	0.4	-	-	-	-	-	-	-
Av. no. - Beef cows	22.9	23.5	2.6	46.4	46.2	-0.4	77	80.1	4.0	41.3	44.3	7.3
Av. no. - Other cattle	42.7	43.7	2.3	72.5	72.1	-0.6	139.9	139.4	-0.4	247.2	246.5	-0.3
Av. no. - Ewes	87.5	91.0	4.0	204.4	209.6	2.5	241.5	246.8	2.2	616.7	636	3.1
Av. no. - Sows/gilts	-	-	-	-	-	-	-	-	-	-	-	-
CROP OUTPUT:												
Cereals	251	196	-21.9	914	1144	25.2	2422	3231	33.4	2399	1105	-53.9
Potatoes	-	-	-	-	-	-	502	1270	153.0	-	-	-
Misc. crop output	570	469	-17.7	2	-25	-1350.0	-190	-1674	-781.1	911	53	-94.2
Total Crop Production	**820**	**665**	**-18.9**	**916**	**1119**	**22.2**	**2733**	**2827**	**3.4**	**3310**	**1159**	**-65.0**
Livestock Output:												
Cattle – rearing & fattening	20629	21140	2.5	40617	37454	-7.8	70968	82161	15.8	85500	102053	19.4
Cattle – dairy	32	-22	-168.8	31	50	61.3	-	-	-	-	-	-
Milk	495	171	-65.5	733	659	-10.1	-	-	-	-	-	-
Sheep and wool	9321	7798	-16.3	20737	17130	-17.4	19495	15325	-21.4	51220	43226	-15.6
Pigs	-	-	-	-	-	-	-	-	-	-	-	-
Poultry and eggs	-	-	-	-	-	-	-	-	-	-	-	-
Other livestock	5	-	-100.0	9	21	133.3	-	-	-	-	-	-
Total Livestock Output	**30481**	**29087**	**-4.6**	**62127**	**55314**	**-11.0**	**90464**	**97486**	**7.8**	**136720**	**145280**	**6.3**
Single Farm Payment	15419	14167	-8.1	27684	25503	-7.9	55318	50927	-7.9	69879	64879	-7.2
LFA Compensatory scheme	3021	2914	-3.5	5271	5044	-4.3	7711	7423	-3.7	14159	13626	-3.8
Agricultural Environment Schemes	2624	2252	-14.2	3804	4039	6.2	3350	5556	65.9	5838	9170	57.1
Miscellaneous Subsidies	119	98	-17.6	418	621	48.6	649	774	19.3	185	374	102.2
Miscellaneous Revenue	1785	1479	-17.1	1357	1114	-17.9	4479	5526	23.4	1623	763	-53.0
On Farm – Non Farm Income	-	-	-	-	-	-	-	-	-	1734	3083	77.8
Adjustment for disposal of previous years crop	6	23	283.3	-	-	-	-	-	-	-	-	-
Total Farm Output	**54276**	**50686**	**-6.6**	**101577**	**92753**	**-8.7**	**164704**	**170519**	**3.5**	**233447**	**238334**	**2.1**

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

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2011/12	2012/13	% Change	2011/12	2012/13	% Change	2011/12	2012/13	% Change	2011/12	2012/13	% Change
INPUTS	£ per farm			£ per farm			£ per farm			£ per farm		
Purchased concentrate feed & fodder	6719	8947	33.2	11755	15866	35.0	19126	27449	43.5	62364	60069	-3.7
Home grown concentrate feed	65	60	-7.7	750	1061	41.5	2564	2528	-1.4	2399	1105	-53.9
Veterinary fees & medicines	1794	1957	9.1	3732	3690	-1.1	4819	5460	13.3	7332	6992	-4.6
Other livestock costs	968	1127	16.4	2723	2738	0.6	3412	3344	-2.0	2927	3217	9.9
Purchased & home grown seed	128	57	-55.5	262	468	78.6	851	713	-16.2	362	293	-19.1
Fertilisers	3886	4108	5.7	7914	8127	2.7	14753	14316	-3.0	14336	13783	-3.9
Other crop costs	467	429	-8.1	705	777	10.2	2435	2794	14.7	1365	545	-60.1
Regular & casual labour	780	677	-13.2	2443	2422	-0.9	7541	7625	1.1	2182	2430	11.4
Machinery excluding depreciation	8307	7977	-4.0	11894	11636	-2.2	21548	21127	-2.0	20630	19624	-4.9
Depreciation of plant machinery & vehicles	5576	5384	-3.4	9786	9875	0.9	12072	12255	1.5	13172	12094	-8.2
Depreciation of building & works	2632	2730	3.7	6707	7502	11.9	9033	8591	-4.9	10379	9418	-9.3
Land & building inputs	3953	4131	4.5	7567	7588	0.3	13430	11262	-16.1	11911	14299	20.0
Interest payments	466	438	-6.0	500	662	32.4	1468	1359	-7.4	398	305	-23.4
Other general farming costs	4606	4659	1.2	5734	6049	5.5	8397	8359	-0.5	9728	10111	3.9
TOTAL VARIABLE COSTS	**16958**	**19305**	**13.8**	**32432**	**37440**	**15.4**	**55946**	**65149**	**16.4**	**99470**	**93477**	**-6.0**
TOTAL FIXED COSTS	**23387**	**23376**	**-**	**40038**	**41021**	**2.5**	**65501**	**62032**	**-5.3**	**60017**	**60808**	**1.3**
TOTAL INPUTS	**40345**	**42680**	**5.8**	**72470**	**78461**	**8.3**	**121448**	**127181**	**4.7**	**159487**	**154285**	**-3.3**
FARM BUSINESS INCOME	**13931**	**8005**	**-42.5**	**29108**	**14293**	**-50.9**	**43256**	**43338**	**0.2**	**73960**	**84049**	**13.6**
(plus) depreciation of buildings & works	2632	2730	3.7	6707	7502	11.9	9033	8591	-4.9	10379	9418	-9.3
(plus) depreciation of plant machinery & vehicles	5576	5384	-3.4	9786	9875	0.9	12072	12255	1.5	13172	12094	-8.2
(minus) valuation change	3485	82	-97.6	5360	-1825	-134.0	7818	2485	-68.2	2493	-5889	-336.2
(equals) CASH INCOME	**18655**	**16038**	**-14.0**	**40240**	**33494**	**-16.8**	**56543**	**61700**	**9.1**	**95019**	**111450**	**17.3**
(minus) Net capital investment	7525	5401	-28.2	28013	18434	-34.2	21636	21445	-0.9	31141	14615	-53.1
(equals) CASH FLOW FARM BUSINESS	**11130**	**10637**	**-4.4**	**12227**	**15061**	**23.2**	**34907**	**40255**	**15.3**	**63878**	**96835**	**51.6**
AVERAGE VALUATIONS	**63652**	**65877**	**3.5**	**107932**	**113147**	**4.8**	**185264**	**191475**	**3.4**	**246832**	**246726**	**-**

TABLE 1.6 – DAIRY AND LFA CATTLE AND SHEEP – ALL SIZES OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2011/12 AND 2012/13[1]

	DAIRY			LFA CATTLE AND SHEEP		
	2011/12	**2012/13**	**% Change**	**2011/12**	**2012/13**	**% Change**
Number of farms						
Average size of business (ESU's)		100.7			24.1	
Total Area of Farm (ha)	82.4	83.2	1.0	96.6	96.4	-0.2
of which: Crops and grass	77.5	78.1	0.8	56.9	56.5	-0.7
Rough grazing	2.9	2.9	-	30.1	29.9	-0.7
SIZE OF ENTERPRISES:						
Hectares - Total crops	3.2	3.3	3.1	1.3	1.2	-7.7
Av. No. - Dairy cows	117.6	117.3	-0.3	0.3	0.2	-33.3
Av. No. - Beef cows	2.4	2.4	-	32.1	32.6	1.6
Av. No. - Other cattle	85.9	90.1	4.9	59.8	60.1	0.5
Av. No. - Ewes	6.3	6.5	3.2	138.2	142.6	3.2
Av. No. - Sows/gilts	-	-	-	-	-	-
CROP OUTPUT:						
Cereals	1797	1539	-14.4	575	610	6.1
Potatoes	-	-	-	21	54	157.1
Misc. crop output	875	-86	-109.8	386	230	-40.4
Total Crop Production	**2672**	**1453**	**-45.6**	**983**	**895**	**-9.0**
Livestock Output:						
Cattle – rearing & fattening	34970	34611	-1.0	29770	30065	1.0
Cattle – dairy	-4398	-7367	-67.5	30	-1	-103.3
Milk	194100	189328	-2.5	529	296	-44.0
Sheep and wool	713	476	-33.2	13852	11495	-17.0
Pigs	-	-	-	-	-	-
Poultry and eggs	380	354	-6.8	-	-	-
Other livestock	-	-		5	6	20.0
TOTAL LIVESTOCK OUTPUT	**225766**	**217402**	**-3.7**	**44187**	**41861**	**-5.3**
Single Farm Payment	19915	18410	-7.6	21734	20007	-7.9
LFA Compensatory scheme	180	134	-25.6	4092	3934	-3.9
Agricultural Environment Schemes	934	1048	12.2	3054	3043	-0.4
Miscellaneous Subsidies	447	391	-12.5	227	279	22.9
Miscellaneous Revenue	1023	1300	27.1	1778	1535	-13.7
On Farm - Non Farm Income	69	69	-	38	67	76.3
Adjustment for disposal of previous year's crop	1	-	-100.0	4	15	275.0
TOTAL FARM OUTPUT	**251007**	**240207**	**-4.3**	**76097**	**71636**	**-5.9**

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

Purchased concentrate feed & fodder	71616	85641	19.6	9868	12784	29.6
Home grown concentrate feed	4261	4114	-3.4	414	467	12.8
Veterinary fees & medicines	6872	6937	0.9	2584	2700	4.5
Other livestock costs	8963	9944	10.9	1604	1716	7.0
Purchased & home grown seed	909	766	-15.7	201	205	2.0
Fertilisers	13142	12679	-3.5	5701	5876	3.1
Other crop costs	1840	1877	2.0	637	630	-1.1
Regular & casual labour	5517	6378	15.6	1563	1499	-4.1
Machinery excluding depreciation	23344	24655	5.6	10142	9814	-3.2
Depreciation of plant machinery & vehicles	14210	13751	-3.2	7193	7076	-1.6
Depreciation of building & works	14416	15219	5.6	4211	4457	5.8
Land & building inputs	12985	12619	-2.8	5539	5622	1.5
Interest payments	4411	4623	4.8	517	537	3.9
Other general farming costs	12188	13077	7.3	5194	5324	2.5
TOTAL VARIABLE COSTS	**121426**	**137164**	**13.0**	**24741**	**27940**	**12.9**
TOTAL FIXED COSTS	**73248**	**75114**	**2.5**	**30629**	**30764**	**0.4**
TOTAL INPUTS	**194674**	**212279**	**9.0**	**55370**	**58705**	**6.0**
FARM BUSINESS INCOME	**56333**	**27928**	**-50.4**	**20726**	**12931**	**-37.6**
(plus) depreciation of buildings & works	14416	15219	5.6	4211	4457	5.8
(plus) depreciation of plant machinery & vehicles	14210	13751	-3.2	7193	7076	-1.6
(minus) valuation change	3658	514	-85.9	4171	-477	-111.4
(equals) CASH INCOME	**81300**	**56385**	**-30.6**	**27959**	**24941**	**-10.8**
(minus) Net capital investment	35374	26762	-24.3	14354	9920	-30.9
(equals) CASH FLOW FARM BUSINESS	**45926**	**29623**	**-35.5**	**13606**	**15021**	**10.4**
AVERAGE VALUATIONS	**179073**	**186726**	**4.3**	**85197**	**88374**	**3.7**

TABLE 1.7 – ALL TYPES – 4 SIZE GROUPS
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2011/12 AND 2012/13[1]

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			ALL SIZES		
	2011/12	2012/13	% Change	2011/12	2012/13	% Change	2011/12	2012/13	% Change	2011/12	2012/13	% Change
Number of farms												
Average size of business (ESU's)		17.8			38			74.5			48.0	
Total Area of Farm (ha)	64.3	63.5	-1.2	83.8	84.5	0.8	95.8	95.3	-0.5	85.0	85.1	0.1
of which: Crops and grass	45.6	44.8	-1.8	61.2	61.4	0.3	77.5	77.0	-0.6	64.1	64.1	-
Rough grazing	14.4	14.3	-0.7	17.9	18.4	2.8	12.3	12.3	-	15.5	15.4	-0.6
SIZE OF ENTERPRISES:												
Hectares - Total crops	3.8	3.2	-15.8	4.8	4.9	2.1	10.8	10.2	-5.6	5.5	5.2	-5.5
Av. no. - Dairy cows	2.1	1.9	-9.5	15.8	15.6	-1.3	54.0	53.8	-0.4	33.1	33.0	-0.3
Av. no. - Beef cows	19.6	19.8	1.0	27.5	27.0	-1.8	23.2	24.0	3.4	21.6	21.5	-0.5
Av. no. - Other cattle	44.8	45.8	2.2	70.6	71.2	0.8	87.6	85.8	-2.1	71.3	72.9	2.2
Av. no. - Ewes	68.9	72.6	5.4	113.6	117.4	3.3	103.7	106.8	3.0	88.9	92.6	4.2
Av. no. - Sows/gilts	0.2	0.2	-	1.2	1.1	-8.3	2.5	2.6	4.0	2.3	2.5	8.7
CROP OUTPUT:												
Cereals	2477	2102	-15.1	4366	4225	-3.2	7024	6317	-10.1	3964	3786	-4.5
Potatoes	-	-	-	1008	1260	25.0	5095	12072	136.9	1142	1648	44.3
Misc. crop output	794	881	11.0	1375	1345	-2.2	2557	2599	1.6	1278	1111	-13.1
Total Crop Production	**3271**	**2983**	**-8.8**	**6750**	**6831**	**1.2**	**14676**	**20988**	**43.0**	**6384**	**6544**	**2.5**
Livestock Output:												
Cattle – rearing & fattening	21681	21358	-1.5	35017	34424	-1.7	40169	42756	6.4	33379	33492	0.3
Cattle – dairy	-39	26	166.7	-250	-372	-48.8	-1725	-3179	-84.3	-1202	-2047	-70.3
Milk	3313	2753	-16.9	22412	20844	-7.0	84121	78055	-7.2	54500	53059	-2.6
Sheep and wool	7316	6262	-14.4	11888	10005	-15.8	10908	9297	-14.8	9336	7926	-15.1
Pigs	421	486	15.4	2082	2293	10.1	5994	6847	14.2	4205	4619	9.8
Poultry and eggs	-	-	-	507	598	17.9	982	913	-7.0	326	328	0.6
Other livestock	3	-	-100.0	4	17	325.0	-	-	-	3	5	66.7
Total Livestock Output	**32695**	**30884**	**-5.5**	**71659**	**67808**	**-5.4**	**140449**	**134689**	**-4.1**	**100547**	**97382**	**-3.1**
Single Farm Payment	15136	13908	-8.1	21779	19892	-8.7	28555	26185	-8.3	21242	19536	-8.0
LFA Compensatory scheme	2016	1952	-3.2	2461	2362	-4.0	1775	1704	-4.0	2011	1929	-4.1
Agricultural Environment Schemes	2228	1824	-18.1	2272	2356	3.7	2041	2524	23.7	2122	2042	-3.8
Miscellaneous Subsidies	96	67	-30.2	338	365	8.0	734	989	34.7	281	315	12.1
Miscellaneous Revenue	1889	1695	-10.3	1446	1755	21.4	2458	2767	12.6	1754	1904	8.6
On Farm - Non Farm Income	302	275	-8.9	73	-	-100.0	289	-	-100.0	210	159	-24.3
Adjustment for disposal of previous years crop	70	60	-14.3	62	30	-51.6	464	292	-37.1	116	90	-22.4
Total Farm Output	**57705**	**53649**	**-7.0**	**106840**	**101399**	**-5.1**	**191441**	**190138**	**-0.7**	**134667**	**129900**	**-3.5**

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

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			ALL SIZES		
	2011/12	2012/13	% Change	2011/12	2012/13	% Change	2011/12	2012/13	% Change	2011/12	2012/13	% Change
	£ per farm			£ per farm			£ per farm			£ per farm		
INPUTS												
Purchased concentrate feed & fodder	6993	8918	27.5	17770	22501	26.6	35189	42711	21.4	29888	36163	21.0
Home grown concentrate feed	523	441	-15.7	1813	1928	6.3	3483	3419	-1.8	2001	1952	-2.4
Veterinary fees & medicines	1688	1813	7.4	3106	3075	-1.0	4789	5161	7.8	3830	3906	2.0
Other livestock costs	1079	1143	5.9	2496	2627	5.2	4286	4531	5.7	3676	4023	9.4
Purchased & home grown seed	344	287	-16.6	571	664	16.3	1660	1375	-17.2	796	683	-14.2
Fertilisers	4129	4190	1.5	7699	7822	1.6	12720	12615	-0.8	8261	8314	0.6
Other crop costs	683	621	-9.1	1343	1258	-6.3	2894	2726	-5.8	1563	1446	-7.5
Regular & casual labour	817	706	-13.6	2002	2108	5.3	6380	7175	12.5	3016	3284	8.9
Machinery excluding depreciation	8684	8428	-2.9	12154	12447	2.4	20696	21997	6.3	14762	15186	2.9
Depreciation of plant machinery & vehicles	5829	5808	-0.4	9964	10051	0.9	15954	15609	-2.2	10190	10181	-0.1
Depreciation of building & works	2274	2394	5.3	5940	6534	10.0	10336	11108	7.5	6968	7372	5.8
Land & building inputs	4274	4172	-2.4	7055	7097	0.6	11528	10978	-4.8	8378	8251	-1.5
Interest payments	488	443	-9.2	804	865	7.6	2432	2546	4.7	1715	1757	2.4
Other general farming costs	4948	5093	2.9	6787	7072	4.2	9524	10371	8.9	7630	8044	5.4
TOTAL VARIABLE COSTS	**18812**	**20423**	**8.6**	**39690**	**45033**	**13.5**	**74881**	**83687**	**11.8**	**57164**	**64035**	**12.0**
TOTAL FIXED COSTS	**23942**	**24034**	**0.4**	**39814**	**41015**	**3.0**	**66991**	**68634**	**2.5**	**45512**	**46530**	**2.2**
TOTAL INPUTS	**42754**	**44457**	**4.0**	**79503**	**86048**	**8.2**	**141872**	**152321**	**7.4**	**102675**	**110564**	**7.7**
FARM BUSINESS INCOME	**14950**	**9192**	**-38.5**	**27336**	**15351**	**-43.8**	**49569**	**37817**	**-23.7**	**31992**	**19336**	**-39.6**
(plus) depreciation of buildings & works	2274	2394	5.3	5940	6534	10.0	10336	11108	7.5	6968	7372	5.8
(plus) depreciation of plant machinery & vehicles	5829	5808	-0.4	9964	10051	0.9	15954	15609	-2.2	10190	10181	-0.1
(minus) valuation change	3135	140	-95.5	3854	90	-97.7	4483	-410	-109.1	3825	404	-89.4
(equals) CASH INCOME	**19918**	**17253**	**-13.4**	**39387**	**31846**	**-19.1**	**71376**	**64944**	**-9.0**	**45325**	**36485**	**-19.5**
(minus) Net capital investment	7277	5950	-18.2	27202	22465	-17.4	29046	42259	45.5	22624	18093	-20.0
(equals) CASH FLOW FARM BUSINESS	**12642**	**11303**	**-10.6**	**12185**	**9381**	**-23.0**	**42330**	**22685**	**-46.4**	**22702**	**18392**	**-19.0**
AVERAGE VALUATIONS	**67574**	**69472**	**2.8**	**110213**	**115598**	**4.9**	**172335**	**179705**	**4.3**	**121793**	**126808**	**4.1**

INCOMES ON CATTLE & SHEEP (LFA & LOWLAND), DAIRY AND ALL FARM TYPES ABOVE 1SLR IN 2011/12 AND 2012/13[1]

£ PER FARM

		Farm Business Income	Cash Income	Net Farm Income
Dairy	11/12	60,440	87,446	56,532
	12/13	29,480	60,542	26,090
Cattle and Sheep (LFA)	11/12	33,727	45,760	22,710
	12/13	22,354	41,973	12,495
Cattle and Sheep (Lowland)	11/12	25,571	40,628	18,273
	12/13	16,074	32,064	7,882
All Types	**11/12**	**46,787**	**67,382**	**39,525**
	12/13	**28,142**	**53,181**	**21,415**

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

ASSETS AND LIABILITIES OF CEREAL FARMS, 2012/13
AVERAGE FARM SIZE 90.9 HECTARES

	Opening Valuation	£	Closing Valuation
Land and Buildings	2,305,581		2,294,464
Other fixed assets	111,438		120,232
TOTAL FIXED ASSETS	**2,417,019**		**2,414,696**
Trading livestock, crops & stores	14,465		18,739
Debtors and short-term lending	-		-
Cash in hand and at bank	-		-
TOTAL CURRENT ASSETS	**14,465**		**18,739**
TOTAL ASSETS	**2,431,484**		**2,433,435**
Bank & other institutional loans	10,912		16,027
Family & other loans	-		-
TOTAL LONG-TERM LOANS	**10,912**		**16,027**
Bank overdraft	29,603		27,794
Other short-term borrowing	8,924		7,897
TOTAL SHORT-TERM LOANS	**38,527**		**35,691**
TOTAL EXTERNAL LIABILITIES	**49,439**		**51,718**
NET WORTH	**2,382,045**		**2,381,717**

ASSETS AND LIABILITIES OF GENERAL CROPPING FARMS, 2012/13
AVERAGE FARM SIZE 67.8 HECTARES

	Opening Valuation	£	Closing Valuation
Land and Buildings	1,035,004		1,121,958
Other fixed assets	80,453		74,470
TOTAL FIXED ASSETS	**1,115,457**		**1,196,428**
Trading livestock, crops & stores	31,577		37,248
Debtors and short-term lending	-		-
Cash in hand and at bank	-		-
TOTAL CURRENT ASSETS	**31,577**		**37,248**
TOTAL ASSETS	**1,147,034**		**1,233,676**
Bank & other institutional loans	-		-
Family & other loans	-		-
TOTAL LONG-TERM LOANS	**-**		**-**
Bank overdraft	25,709		19,501
Other short-term borrowing	15,140		16,584
TOTAL SHORT-TERM LOANS	**40,849**		**36,085**
TOTAL EXTERNAL LIABILITIES	**40,849**		**36,085**
NET WORTH	**1,106,185**		**1,197,591**

ASSETS AND LIABILITIES OF PIGS FARMS, 2012/13
AVERAGE FARM SIZE 32.7 HECTARES

	Opening Valuation	£	Closing Valuation
Land and Buildings	667,846		647,978
Other fixed assets	56,109		53,304
TOTAL FIXED ASSETS	**723,955**		**701,282**
Trading livestock, crops & stores	81,892		80,794
Debtors and short-term lending	-		227
Cash in hand and at bank	-		-
TOTAL CURRENT ASSETS	**81,892**		**81,021**
TOTAL ASSETS	**805,847**		**782,303**
Bank & other institutional loans	-		-
Family & other loans	-		-
TOTAL LONG-TERM LOANS	**-**		**-**
Bank overdraft	29,219		29,471
Other short-term borrowing	9,315		1,805
TOTAL SHORT-TERM LOANS	**38,534**		**31,276**
TOTAL EXTERNAL LIABILITIES	**38,534**		**31,276**
NET WORTH	**767,313**		**751,027**

ASSETS AND LIABILITIES OF DAIRY FARMS, 2012/13
AVERAGE FARM SIZE 83.2 HECTARES

	Opening Valuation	£	Closing Valuation
Land and Buildings	1,163,252		1,180,576
Other fixed assets	136,566		137,452
TOTAL FIXED ASSETS	**1,299,818**		**1,318,028**
Trading livestock, crops & stores	48,548		49,387
Debtors and short-term lending	16,074		17,213
Cash in hand and at bank	-		-
TOTAL CURRENT ASSETS	**64,622**		**66,600**
TOTAL ASSETS	**1,364,440**		**1,384,628**
Bank & other institutional loans	72,770		71,424
Family & other loans	2,258		1,965
TOTAL LONG-TERM LOANS	**75,028**		**73,389**
Bank overdraft	18,057		23,270
Other short-term borrowing	10,797		9,674
TOTAL SHORT-TERM LOANS	**28,854**		**32,944**
TOTAL EXTERNAL LIABILITIES	**103,882**		**106,333**
NET WORTH	**1,260,558**		**1,278,295**

ASSETS AND LIABILITIES OF CATTLE AND SHEEP FARMS (LFA), 2012/13
AVERAGE FARM SIZE 96.4 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	1,054,699	1,032,142
Other fixed assets	57,979	58,140
TOTAL FIXED ASSETS	**1,112,678**	**1,090,282**
Trading livestock, crops & stores	38,321	38,687
Debtors and short-term lending	33	12
Cash in hand and at bank	-	-
TOTAL CURRENT ASSETS	**38,354**	**38,699**
TOTAL ASSETS	**1,151,032**	**1,128,981**
Bank & other institutional loans	3,733	4,877
Family & other loans	-	-
TOTAL LONG-TERM LOANS	**3,733**	**4,877**
Bank overdraft	4,867	4,719
Other short-term borrowing	810	639
TOTAL SHORT-TERM LOANS	**5,677**	**5,358**
TOTAL EXTERNAL LIABILITIES	**9,410**	**10,235**
NET WORTH	**1,141,622**	**1,118,746**

ASSETS AND LIABILITIES OF CATTLE AND SHEEP FARMS (LOWLAND) 2012/13
AVERAGE FARM SIZE 64.5 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	1,092,952	1,120,696
Other fixed assets	57,323	62,193
TOTAL FIXED ASSETS	**1,150,275**	**1,182,889**
Trading livestock, crops & stores	57,763	59,062
Debtors and short-term lending	-	-
Cash in hand and at bank	-	-
TOTAL CURRENT ASSETS	**57,763**	**59,062**
TOTAL ASSETS	**1,208,038**	**1,241,951**
Bank & other institutional loans	5,394	7,368
Family & other loans	-	-
TOTAL LONG-TERM LOANS	**5,394**	**7,368**
Bank overdraft	8,130	6,169
Other short-term borrowing	3,400	3,587
TOTAL SHORT-TERM LOANS	**11,530**	**9,756**
TOTAL EXTERNAL LIABILITIES	**16,924**	**17,124**
NET WORTH	**1,191,114**	**1,224,827**

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ASSETS AND LIABILITIES OF MIXED FARMS, 2012/13
AVERAGE FARM SIZE 83.2 HECTARES

	Opening Valuation		Closing Valuation
		£	
Land and Buildings	1,626,158		1,647,242
Other fixed assets	110,147		113,377
TOTAL FIXED ASSETS	**1,736,305**		**1,760,619**
Trading livestock, crops & stores	85,181		86,217
Debtors and short-term lending	2,153		2,387
Cash in hand and at bank	-		-
TOTAL CURRENT ASSETS	**87,334**		**88,604**
TOTAL ASSETS	**1,823,639**		**1,849,223**
Bank & other institutional loans	12,396		11,806
Family & other loans	-		-
TOTAL LONG-TERM LOANS	**12,396**		**11,806**
Bank overdraft	9,951		10,279
Other short-term borrowing	2,258		4,875
TOTAL SHORT-TERM LOANS	**12,209**		**15,154**
TOTAL EXTERNAL LIABILITIES	**24,605**		**26,960**
NET WORTH	**1,799,034**		**1,822,263**

ASSETS AND LIABILITIES OF ALL TYPES, 2012/13
AVERAGE FARM SIZE 85.1 HECTARES

	Opening Valuation	£	Closing Valuation
Land and Buildings	1,125,715		1,126,493
Other fixed assets	82,535		83,870
TOTAL FIXED ASSETS	**1,208,250**		**1,210,363**
Trading livestock, crops & stores	46,930		47,711
Debtors and short-term lending	4,509		4,824
Cash in hand and at bank	-		-
TOTAL CURRENT ASSETS	**51,439**		**52,535**
TOTAL ASSETS	**1,259,689**		**1,262,898**
Bank & other institutional loans	23,298		23,855
Family & other loans	618		538
TOTAL LONG-TERM LOANS	**23,916**		**24,393**
Bank overdraft	10,204		11,132
Other short-term borrowing	4,469		4,121
TOTAL SHORT-TERM LOANS	**14,673**		**15,253**
TOTAL EXTERNAL LIABILITIES	**38,589**		**39,646**
NET WORTH	**1,221,100**		**1,223,252**

APPENDIX 3

ENTERPRISE GROSS MARGIN RESULTS CLASSIFIED INTO FOUR PERFORMANCE CATEGORIES

This Appendix contains the 2012/13 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 2013.

DAIRY COWS (CLASSIFIED BY GROSS MARGIN PER COW) 2012/13

	Excellent	Good	Moderate	Poor	Average
% of survey farms	15	40	29	16	100
Average herd size	99	104	84	82	94
ENTERPRISE OUTPUT			**£ per cow**		
Milk	2,028	1,858	1,565	1,394	1,747
Calves	91	102	103	73	97
Herd replacement	-104	-164	-216	-184	-170
Leasing receipts	-	-	-	-	-
TOTAL ENTERPRISE OUTPUT	2,015	1,795	1,453	1,283	1,674
Variable Costs					
Concentrates	641	651	566	565	616
Hay, silage, forage & grazing	183	178	178	184	179
Vet, medicines & sundries	130	140	122	134	133
Leasing costs	-		-	-	-
TOTAL VARIABLE COSTS	954	969	866	883	928
GROSS MARGIN					
- per cow	1,060	826	587	400	745
- per hectare	2,068	1,810	1,192	792	1,550
- per 1000 litres	137	117	96	73	111
Milk yield per cow (litres)	7,732	7,040	6,117	5,502	6,707
Milk price per litre (pence)	26.2	26.4	25.6	25.3	26.1
Concentrates per litre (kg)	0.32	0.36	0.35	0.41	0.35
Concentrates price per tonne (£)	252	252	255	250	252
Stocking rate (ce per ha)	1.95	2.19	2.03	1.98	2.08
Nitrogen per hectare (kg)	157	149	152	143	150

DAIRY COWS (CLASSIFIED BY GROSS MARGIN PER HECTARE) 2012/13

	Excellent	Good	Moderate	Poor	Average
% of survey farms	17	31	37	15	100
Average herd size	138	106	75	68	94
ENTERPRISE OUTPUT			**£ per cow**		
Milk	2,071	1,768	1,621	1,256	1,748
Calves	99	97	99	84	97
Herd replacement	-163	-146	-214	-148	-171
Leasing receipts	-	-	-	-	-
TOTAL ENTERPRISE OUTPUT	2,007	1,718	1,505	1,193	1,674
Variable Costs					
Concentrates	749	587	581	490	617
Hay, silage, forage & grazing	186	173	189	162	180
Vet, medicines & sundries	153	129	126	115	133
Leasing Costs	-	-	-	-	-
TOTAL VARIABLE COSTS	1,088	889	896	767	929
GROSS MARGIN					
- per cow	919	829	609	426	745
- per hectare	2,416	1,741	1,164	674	1,541
- per 1000 litres	118	122	96	86	111
Milk yield per cow (litres)	7,785	6,784	6,317	4949	6,707
Milk price per litre (pence)	26.6	26.1	25.7	25.4	26.1
Concentrates per litre (kg)	0.37	0.33	0.36	0.38	0.35
Concentrates price per tonne (£)	253	252	251	252	252
Stocking rate (ce per ha)	2.63	2.10	1.91	1.58	2.07
Nitrogen used per hectare (kg)	174	159	143	115	150

DAIRY CALVES REARED AS REPLACEMENTS, 2012/13
(CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	14	27	43	16	100
ENTERPRISE OUTPUT			**£ per hectare**		
	1,852	1,475	990	1,093	1,243
Variable Costs					
Concentrates*	579	618	428	533	512
Hay, silage, forage and grazing	348	294	343	540	367
Vet and medicines	55	49	53	41	51
Sundries	56	44	45	69	51
TOTAL VARIABLE COSTS	1,039	1,005	870	1,183	980
GROSS MARGIN	813	470	120	-90	263
Concentrates per ce (kg)	576	770	564	683	632
Concentrates price per tonne (£)	255	239	274	268	260
Stocking rate (ce per ha)	2.65	2.05	2.08	2.16	2.17
Price per calf bought/transferred in (£)	102	116	100	91	102
Price per heifer sold/transferred out (£)	1,107	995	965	921	993
Mortality %	2.0	2.4	2.6	1.0	2.1

* Includes milk fed to calves

SUCKLER COWS - SEVERELY DISADVANTAGED AREA, 2012/13
(CLASSIFIED BY GROSS MARGIN PER COW)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	14	37	38	11	100
Number of cows per farm	50	44	41	19	41
ENTERPRISE OUTPUT			**£ per cow**		
Calves	576	447	396	342	445
Herd Replacement	-4	-42	-43	-46	-36
TOTAL ENTERPRISE OUTPUT	572	406	354	295	409
Variable Costs					
Concentrates	71	56	70	94	66
Hay, silage, forage and grazing	127	120	148	168	134
Vet and medicines	29	29	42	40	34
Sundries	16	20	23	43	22
TOTAL VARIABLE COSTS	243	224	284	345	256
GROSS MARGIN	329	181	70	-50	153
GROSS MARGIN PER COW EQUIVALENT	302	169	65	-47	142
Calves reared per cow	1.02	0.93	0.90	0.72	0.92
Price per calf sold or transferred-out (£)	558	468	450	466	477
Mortality - birth to weaning (%)	1.9	2.6	3.2	8.5	2.9
Concentrates per cow (kg)	339	232	297	454	286
Concentrates price per tonne (£)	208	228	227	205	222

* LFA compensatory allowances are excluded from this analysis

SUCKLER COWS - DISADVANTAGED AREA, 2012/13
(CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	14	29	33	24	100
Number of cows per farm	102	28	43	34	45
ENTERPRISE OUTPUT			**£ per cow**		
Calves	511	436	408	482	459
Herd replacement	-5	11	-55	-85	-32
TOTAL ENTERPRISE OUTPUT	506	447	353	397	427
Variable Costs					
Concentrates	64	63	53	87	64
Hay, silage, forage and grazing	121	130	105	199	132
Vet and medicines	28	25	26	57	32
Sundries	18	17	30	19	22
TOTAL VARIABLE COSTS	230	235	214	363	250
GROSS MARGIN	276	212	139	35	177
GROSS MARGIN PER COW EQUIVALENT	259	200	135	31	167
Calves reared per cow	0.99	1.02	0.90	1.02	0.97
Price per calf sold or transferred out (£)	510	460	442	487	476
Mortality - birth to weaning (%)	1.9	2.3	5.2	1.7	3.0
Concentrates per cow (kg)	274	355	247	353	294
Price of concentrates per tonne (£)	231	176	203	246	215

* LFA compensatory allowances are excluded from this analysis

BREEDING EWES - SEVERELY DISADVANTAGED AREA (CROSS BRED FLOCKS), 2012/13 (CLASSIFIED BY GROSS MARGIN PER EWE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	15	43	27	15	100
Number of ewes per farm	128	202	137	244	179
ENTERPRISE OUTPUT			**£ per ewe**		
Lambs	111	96	87	79	92
Wool	2	4	3	3	3
Flock replacement	7	-1	-1	-25	-5
TOTAL ENTERPRISE OUTPUT	120	99	89	57	91
Variable Costs					
Concentrates	21	27	25	24	25
Hay, silage, forage and grazing	20	23	28	24	24
Vet, medicines and sundries	12	15	18	15	15
TOTAL VARIABLE COSTS	53	64	71	64	64
GROSS MARGIN	67	35	18	-7	26
Price per lamb sold (£)	75	70	70	71	71
Lambing percentage	171	161	156	128	154
Lambs reared per 100 ewes	166	153	144	120	146
Wool per ewe (kg)	2.6	2.9	2.7	2.0	2.7
Wool per kg (p)	92	124	101	130	117
Concentrates per ewe (kg)	93	109	105	104	105
Concentrates price per tonne (£)	225	245	242	234	240
Mortality - ewes (%)	2.8	6.3	6.7	4.9	5.7
Mortality - lambs per 100 ewes	5.8	8.3	11.4	7.6	8.5

* LFA compensatory allowances are excluded from this analysis

BREEDING EWES - SEVERELY DISADVANTAGED AREA (HARDY HILL BREEDS), 2012/13 (CLASSIFIED BY GROSS MARGIN PER EWE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	11	48	22	19	100
Number of ewes per farm	433	261	150	394	280
ENTERPRISE OUTPUT			**£ per ewe**		
Lambs	62	65	78	41	60
Wool	3	3	3	3	3
Flock replacement	7	4	2	-2	3
TOTAL ENTERPRISE OUTPUT	72	72	83	41	65
Variable Costs					
Concentrates	21	23	37	19	23
Hay, silage, forage and grazing	8	19	15	29	19
Vet, medicines and sundries	12	12	27	11	14
Leasing costs					
TOTAL VARIABLE COSTS	41	54	79	59	56
GROSS MARGIN	31	18	3	-18	9
Price per lamb sold (£)	69	67	73	68	68
Lambing percentage	132	129	141	107	125
Lambs reared per 100 ewes	122	122	130	95	116
Wool per ewe (kg)	2.2	2.8	2.5	2.8	2.7
Wool per kg (p)	118	107	127	95	107
Concentrates per ewe (kg)	80	95	147	80	95
Concentrates price per tonne (£)	227	235	250	238	237
Mortality - ewes %	3.2	6.5	6.1	11.6	7.2
Mortality - lambs per 100 ewes	9.7	7.7	10.6	12.2	9.6

* LFA compensatory allowances are excluded from this analysis

BREEDING EWES - DISADVANTAGED AREA, 2012/13
(CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	20	35	20	25	100
Number of ewes per farm	236	134	120	87	140
ENTERPRISE OUTPUT		**£ per ewe**			
Lambs	102	95	74	52	87
Wool	4	3	4	4	3
Flock replacement	-7	-8	-2	4	-5
TOTAL ENTERPRISE OUTPUT	98	90	76	60	85
Variable Costs					
Concentrates	15	21	31	21	21
Hay, silage, forage and grazing	20	16	13	27	19
Vet, medicines and sundries	11	12	19	11	13
TOTAL VARIABLE COSTS	46	49	63	59	52
GROSS MARGIN	51	41	13	1	33
Price per lamb sold (£)	74	76	64	61	72
Lambing percentage	154	145	145	134	146
Lambs reared per 100 ewes	146	136	136	113	136
Wool per ewe (kg)	3.0	2.6	3.4	3.4	3.0
Wool per kg (p)	120	106	108	124	114
Concentrates per ewe (kg)	62	87	129	48	80
Concentrates price per tonne (£)	245	233	238	304	244
Ewes per hectare	8.70	7.90	6.00	8.51	7.81
Stocking rate (ce per ha)	1.83	1.57	1.43	2.05	1.69
Mortality - ewes %	8.7	8.1	4.4	6.4	7.4
Mortality - lambs per 100 ewes	7.4	8.9	9.2	21.5	10.4

* LFA compensatory allowances are excluded from this analysis

BREEDING EWES - NON LFA, 2012/13
(CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	18	17	48	17	100
Number of ewes per farm	148	125	203	264	190
ENTERPRISE OUTPUT		**£ per ewe**			
Lambs	106	87	94	102	97
Wool	4	4	5	4	4
Flock replacement	1	8	-8	-18	-7
TOTAL ENTERPRISE OUTPUT	111	98	91	88	94
Variable Costs					
Concentrates	19	9	15	25	17
Hay, silage, forage and grazing	19	23	17	28	21
Vet, medicines and sundries	10	13	14	12	13
TOTAL VARIABLE COSTS	48	45	46	65	51
GROSS MARGIN	63	54	45	24	43
Gross Margin (per hectare)	715	452	302	178	324
Price per lamb sold (£)	79	75	71	75	73
Lambing percentage	158	149	148	140	148
Lambs reared per 100 ewes	152	138	139	133	139
Wool per ewe (kg)	3.3	2.9	3.4	2.9	3.2
Wool per kg (p)	124	127	138	130	133
Concentrates per ewe (kg)	64	37	60	87	64
Concentrates price per tonne (£)	252	237	250	256	251
Ewes per hectare	11.42	8.45	6.79	7.51	7.55
Stocking rate (ce per ha)	2.20	1.50	1.35	1.58	1.49
Mortality - ewes %	3.7	5.0	5.1	4.3	4.7
Mortality - lambs per 100 ewes	6.1	11.4	9.3	7.0	8.6

PIGS - BIRTH TO BACON, 2012/13
(CLASSIFIED BY GROSS MARGIN PER FINISHED PIG)

	Above	Below	Average
% of survey farms	50	50	100
Number of pigs finished per farm	2,360	1,723	2,041
Number of sows per farm	112	90	101
		£ per pig	
ENTERPRISE OUTPUT	111.63	116.89	113.85
Variable Costs			
Feedingstuffs	79.99	96.39	86.91
Vet. and medicines	3.25	3.38	3.30
Sundries	4.39	1.37	3.12
TOTAL VARIABLE COSTS	87.63	101.14	93.33
GROSS MARGIN	24.00	15.75	20.52
Price of meal equivalent per tonne (£)	273	303	286
Meal equivalent per finished pig (kg)	293	318	304
Litters per sow per year	2.0	2.0	2.0
Live births per litter	11.9	10.6	11.3
Pigs weaned per litter	10.8	9.8	10.3
Pigs weaned per sow per year	21.4	19.7	20.6
Price of finished pig sold (£)	111.35	117.74	114.43
Mortality - suckers %	9.3	8.9	9.1
Mortality - weaners %	3.2	3.9	3.5

SPRING BARLEY (2012 CROP)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	18	27	38	17	100
Hectares per farm	25.7	16.4	9.0	8.8	14.0
ENTERPRISE OUTPUT			**£ per hectare**		
Grain	1,105	898	827	552	914
Straw	281	231	186	195	233
TOTAL ENTERPRISE OUTPUT	1,386	1,129	1,013	747	1,147
Variable Costs					
Seed	77	63	69	78	71
Fertilisers	140	148	159	124	145
Sprays	100	86	98	75	92
Sundries	21	9	25	49	21
TOTAL VARIABLE COSTS	339	306	350	326	330
GROSS MARGIN	1,048	823	663	422	817
Grain (tonnes per ha)	5.84	4.81	4.61	3.18	4.94
Straw (tonnes per ha)	4.14	3.40	2.84	3.62	3.53
Fertilisers used per hectare (kg)	479	461	495	401	470
Grain per tonne (£)	189	186	180	174	185
Straw per tonne (£)	68	68	66	54	66

WINTER BARLEY (2012 CROP)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	16	42	26	16	100
Hectares per farm	27.3	12.7	8.9	5.8	12.9
ENTERPRISE OUTPUT			**£ per hectare**		
Grain	1,411	1,193	916	738	1,183
Straw	298	274	292	191	280
TOTAL ENTERPRISE OUTPUT	**1,710**	**1,467**	**1,209**	**929**	**1,463**
Variable Costs					
Seed	75	79	59	79	74
Fertilisers	198	219	222	219	213
Sprays	130	143	94	129	129
Sundries	46	12	36	4	27
TOTAL VARIABLE COSTS	449	453	412	431	443
GROSS MARGIN	1,260	1,014	797	498	1,020
Grain (tonnes per ha)	6.82	6.60	4.93	5.07	6.26
Straw (tonnes per ha)	4.71	3.74	4.33	3.14	4.13
Fertilisers used per hectare (kg)	678	746	764	701	724
Grain per tonne (£)	207	181	186	145	189
Straw per tonne (£)	63	73	68	61	68

WINTER WHEAT (2012 CROP)

	Above Average	Below Average	Average
% of survey farms	40	60	100
Hectares per farm	9.0	17.8	14.3
ENTERPRISE OUTPUT		**£ per hectare**	
Grain	1,441	1,045	1,144
Straw	348	254	278
TOTAL ENTERPRISE OUTPUT	1,790	1,298	1,422
Variable Costs			
Seed	96	77	82
Fertilisers	164	228	212
Sprays	169	168	168
Sundries	34	47	44
TOTAL VARIABLE COSTS	463	520	506
GROSS MARGIN	1,327	778	916
Grain (tonnes per ha)	7.97	5.42	6.06
Straw (tonnes per ha)	5.48	3.84	4.25
Fertilisers used per hectare (kg)	569	784	730
Grain per tonne (£)	181	193	189
Straw per tonne (£)	64	66	65

WARE POTATOES (2012 CROP)

	Above Average	Below Average	Average
% of survey farms	38	62	100
Hectares per farm	19.0	9.9	13.3
ENTERPRISE OUTPUT		**£ per hectare**	
Current Crop	10,951	6,119	8701
Variable Costs			
Seed	272	330	299
Fertilisers	389	337	365
Sprays	291	276	284
Contract/Casual Wages	136	330	226
Sundries	52	380	204
TOTAL VARIABLE COSTS	1,140	1,652	1,378
GROSS MARGIN	9,811	4,467	7,322
Yield of ware per hectare (tonnes)	31	24	28
Seed used per hectare (tonnes)	2.21	1.98	2.10
Fertiliser used per hectare (kg)	1,093	849	979
Price per tonne sold (£)	342	286	322

APPENDIX 4

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 Type[1]

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**	**49**
	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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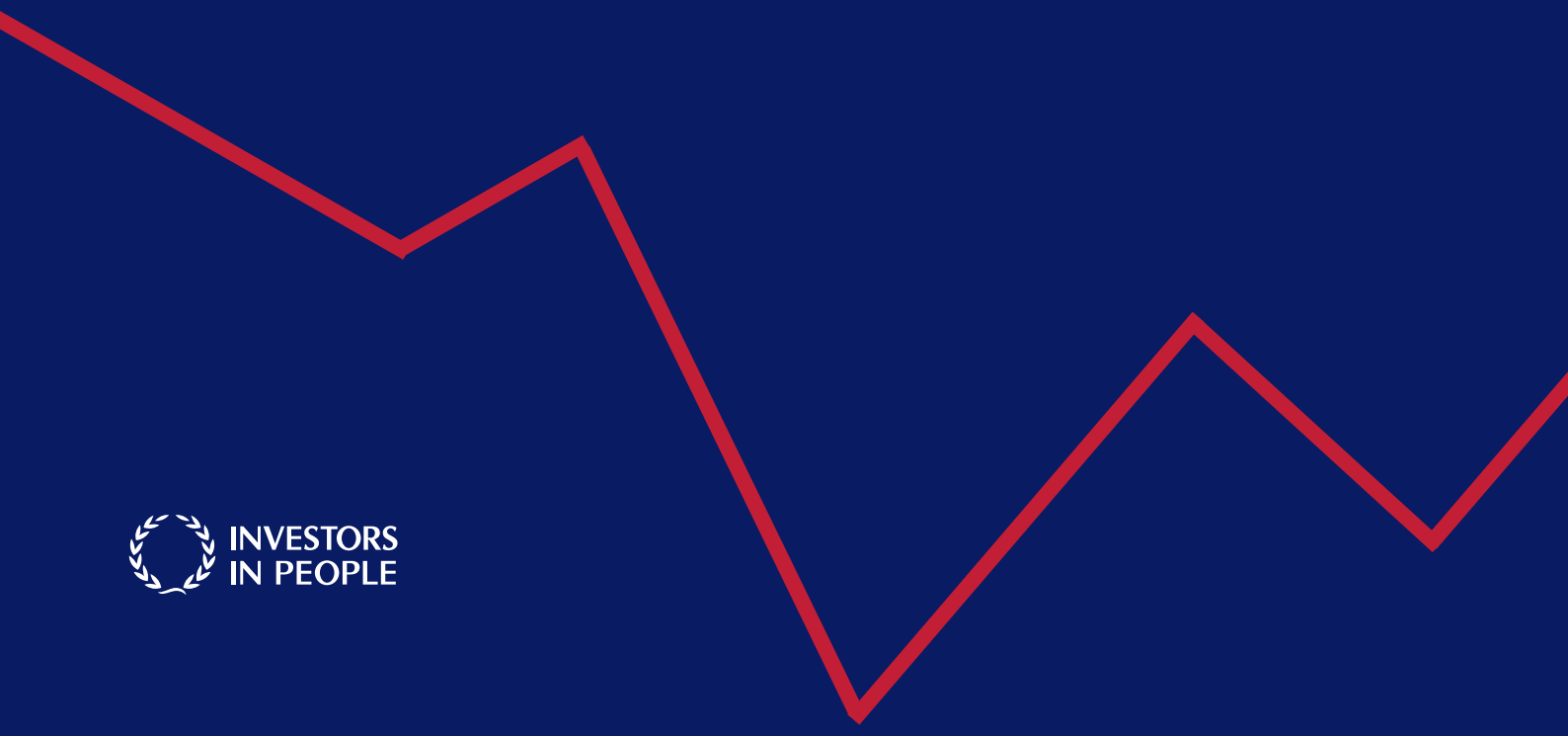

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