Department of
Agriculture, Environment
and Rural Affairs
www.daera-ni.gov.uk

CAP POLICY, ECONOMICS AND STATISTICS DIVISION

Farm Incomes in Northern Ireland

2015/16

NATIONAL STATISTICS

Department of Agriculture, Environment and Rural Affairs
CAP Policy, Economics and Statistics Division

FARM INCOMES

IN

NORTHERN IRELAND

2015/16

A National Statistics Publication

A National Statistics Publication

The United Kingdom Statistics Authority has designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the Code of Practice for Official Statistics.

National Statistics status means that official statistics meet the highest standards of trustworthiness, quality and public value.

All official statistics should comply with all aspects of the Code of Practice for Official Statistics. They are awarded National Statistics status following an assessment by the Authority's regulatory arm. The Authority considers whether the statistics meet the highest standards of Code compliance, including the value they add to public decisions and debate.

It is a producer's responsibility to maintain compliance with the standards expected of National Statistics. If we become concerned about whether these statistics are still meeting the appropriate standards, we will discuss any concerns with the Authority promptly. National Statistics status can be removed at any point when the highest standards are not maintained, and reinstated when standards are restored.

You can find out more about National Statistics on the internet:
www.statisticsauthority.gov.uk

Cover design by DAERA Media Services - Publications

Contents

Foreword and Acknowledgements

This report on Farm Incomes in Northern Ireland, the twenty-forth in the series, is based on information collected in the annual Farm Business Survey (FBS) which is undertaken by CAP Policy, Economics and Statistics Division within the Department of Agriculture, Environment and Rural Affairs. 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 2015/16 account year, which has an average year end of mid-February 2016 for the 360 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:

Paul Keatley
Room 811A
Dundonald House
Upper Newtownards Rd
Ballymiscaw
BELFAST BT4 3SB
Tel. (028-) 90 524063
E-mail Paul.Keatley@daera-ni.gov.uk

PAUL CASKIE
Director of CAP Policy, Economics and Statistics
March 2017

EXECUTIVE SUMMARY

1. The average Farm Business Income across all farm businesses above 0.5 Standard Labour Requirements (SLRs) decreased from £25,094 to £14,788 per farm between 2014/15 and 2015/16. This resulted from a decrease of 12.7% in the average value of farm output and an average decrease in expenditure on inputs of 6.7%.

2. For the main farming enterprises, increases in gross margin between 2014/15 and 2015/16 were recorded for SDA beef cows, DA beef cows, Lowland beef cows, Winter Barley and Potato enterprises. Whereas, decreases were recorded for Dairy cows, SDA breeding ewes, DA breeding ewes, Lowland breeding ewes, Pigs, Spring Barley and Winter Wheat enterprises.

3. Between 2014/15 and 2015/16 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 General Cropping and Cattle & Sheep (LFA) farms. Income results show that average Farm Business Income increased by £4,009 on General Cropping farms and £1,522 on Cattle & Sheep (LFA) farms.

4. A Farm Business Income above £10,000 was achieved by 56% of the farm businesses in the FBS in 2015/16; 24% 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 £42,784 in 2014/15 to £33,673 in 2015/16. This income measure provides the average amount of cash available per farm to cover living expenses and investment expenditure.

6. Direct payments decreased by £495 per farm between 2014/15 and 2015/16 and averaged £24,972 per farm and £281 per hectare in 2015/16 (Section 2.4). Direct payments represented 169% of Farm Business Income and 74% of Cash Income generated across all types of farm in Northern Ireland.

7. Within the seven main types of farm business, only Pigs generated a positive Farm Business Income in 2015/16 when direct subsidy receipts were not included in the value of farm output (Section 2.5). Those generating a negative Farm Business Income were Cereals, General Cropping, Dairy, Cattle and Sheep (LFA), Cattle and Sheep (Lowland), and Mixed farm types.

8. During the past 8 years the Farm Business Income on Dairy farms has been on average £22,408 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 £9,035 per farm in 2015/16. However, on 34% 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 2015/16, only the spouse of the farmer on 26% of the farms had off-farm employment, on a further 5% of farms the farmer had off-farm employment and on another 2% of farms both the farmer and spouse had off-farm employment.

11. The average level of net investment per farm decreased from £23,634 in 2014/15 to £22,462 in 2015/16. Investment levels in 2015/16 were the sixth highest recorded in the past 10 years when inflation is taken into account. (Section 2.8)

12. External liabilities (mainly bank borrowings) averaged £51,177 per farm and equated to 4.0% of the total value of farm assets. On only 7% 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 44% of farms in 2015/16 and 80% 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 £375, from £890 in 2014/15 to £516 in 2015/16. This decrease was due to a fall in milk prices.

(ii) The difference in herd gross margin between those in the top 25% and bottom 25% performance groups amounted to £56,655 for a herd of average size in the Farm Business Survey. (Section 4.1)

Suckler Cows

(i) The average gross margins for SDA, DA and Lowland cows increased by £55, £19 and £47 per cow respectively between 2014/15 and 2015/16.

(ii) Lowland suckler cow herds had the highest average gross margin per cow, at £250, while DA herds averaged £211 and SDA herds £190 in 2015/16. (Section 4.2)

Sheep

(i) The average gross margins for Lowland, DA and SDA breeding ewes decreased by £2, £6 and £5 per ewe respectively between 2014/15 and 2015/16.

(ii) In 2015/16, the highest average gross margin per ewe of £56 was achieved by the Lowland flocks. This gross margin was £24 higher than for ewes in DA flocks and £37 higher than for ewes in SDA (hill) flocks. (Section 4.3)

Pigs

On birth to bacon pig units the average gross margin per pig decreased from £31.15 in 2014/15 to £17.01 in 2015/16. Between 2014/15 and 2015/16, the average output for pigs decreased by £20.16 per pig and the average cost of variable inputs decreased by £6.02 per pig. (Section 4.4)

Cereals

(i) The average gross margins per hectare for spring barley and winter wheat crops were lower in 2015/16 than in 2014/15. Decreases in gross margin per hectare were spring barley (£118) and winter wheat (£28). The average gross margin per hectare for winter barley crops were higher and had increased by £8.

(ii) The winter wheat crop had the highest average gross margin of the three main cereal crops, at £856 per hectare, followed by winter barley at £723 and spring barley at £457. (Sections 4.5-4.7)

Potatoes

The average gross margin for ware potatoes increased from £2,544 per hectare in 2014/15 to £3,389 per hectare in 2015/16, an increase of £844. The ware crop yield per hectare decreased from 39.1 tonnes in 2014/15 to 34.8 tonnes in 2015/16, whereas, the ware potato price per tonne increased by £40 per tonne from £109 per tonne in 2014/15 to £150 per tonne in 2015/16. (Sections 4.8)

Fixed Costs

15. The average levels of fixed costs (excluding labour) per hectare across all farm types were lower in 2015/16 than in 2014/15, at £512 and £517 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 CAP Policy, Economics and Statistics Division of the Department of Agriculture, Environment and Rural Affairs. 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 https://www.gov.uk/agriculture-in-the-united-kingdom 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 13,478 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 355 farm businesses for the 2015/16 accounting year. All of these farms participate on a voluntary basis with 64% having provided information for at least 10 years. A smaller sample of 285 farm businesses over 0.5 SLRs in size provided information for both the 2014/15 and 2015/16 account years and this constitutes the 'identical sample' of farms. The end of the account year for 85% of the farms falls between 31 December and 30 April. Thus, the 2015/16 account year information presented in this report refers to the 2015 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, 2015/16

Type of Farm Business***	**Number of Farm Businesses**	
	Northern Ireland*	**FBS Sample****
Cereals	115	7
General Cropping	129	5
Horticulture	224	0
Pigs	149	14
Poultry	519	0
Dairy	2686	109
Cattle and Sheep (LFA)	4288	100
Cattle and Sheep (Lowland)	1745	36
Mixed	395	14
Others	98	0
All Types	**10,348 ***	**285 ****

* Number of farm businesses above 0.5 SLRs in size at June 2015 Census; there are 14,559 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 2014/15 and 2015/16 account years, and which were used in the analyses. A further 43 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 DAERA 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.

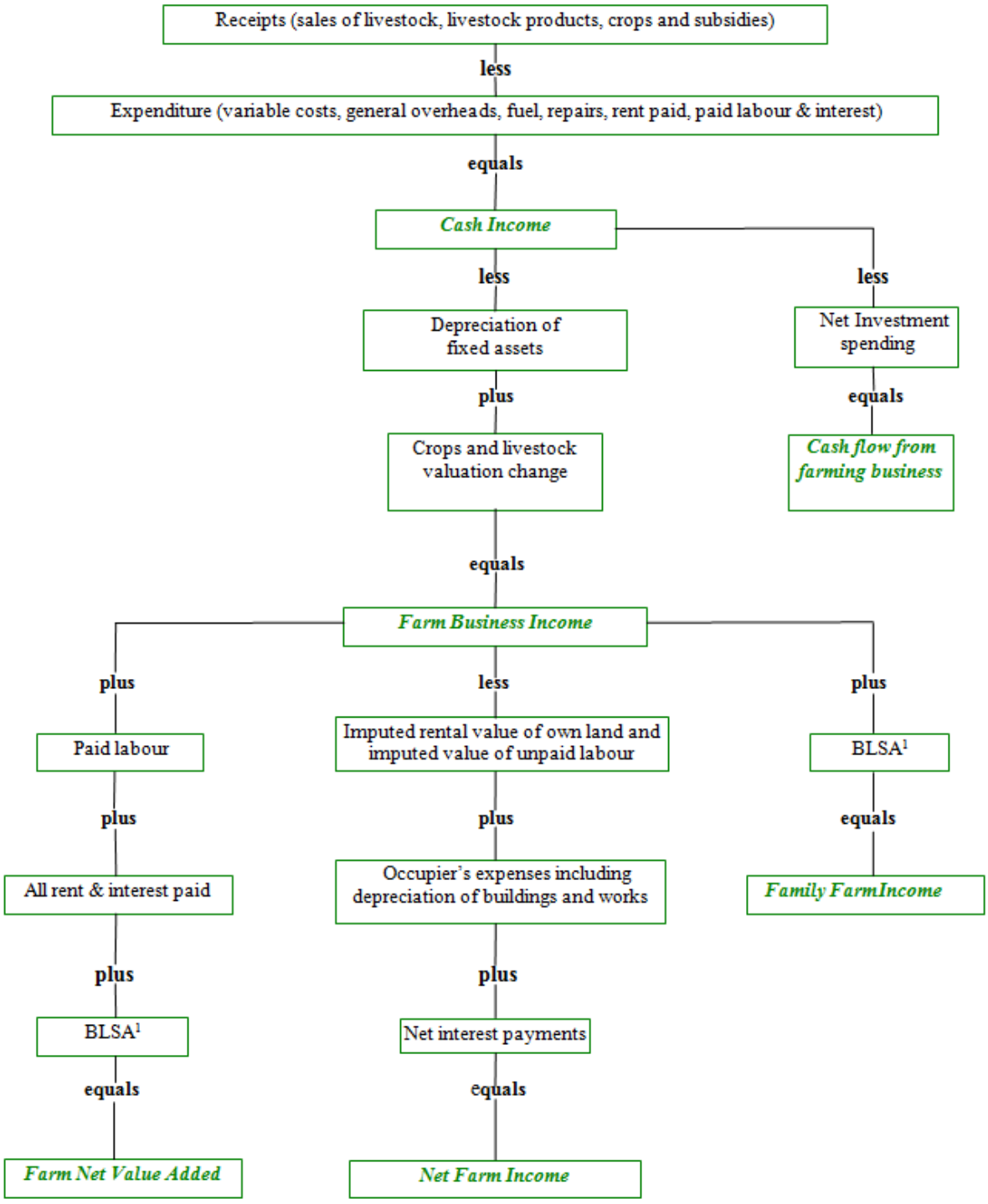
FBI differs from NFI in that it represents the return to all unpaid labour, not just the farmer and spouse and it treats the tenure of farms as it is: tenants as tenants, owner occupiers as owner occupiers and those with both types of tenure as mixed.

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 2014/15 and 2015/16

Average Farm Business Income, Cash Income, and Net Farm Income measured across all farm types is shown in Table 2a for the accounting years 2014/15 and 2015/16. As shown, average Farm Business Income decreased between 2014/15 and 2015/16 by £10,306 or 41.1% per farm. This resulted from a 12.7% decrease in the value of outputs and a 6.7% decrease in expenditure on inputs between 2014/15 and 2015/16. On the other hand, average Cash Income decreased by £9,111 or 21.3% when compared to the previous year. When measuring Farm Income using the previous headline measure Net Farm Income, an average decrease of £10,352 or 50.7% per farm occurred between 2014/15 and 2015/16.

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

	2014/15	2015/16
	£	£
Farm Business Income	25,094	14,788
Cash Income	42,784	33,673
Net Farm Income	20,433	10,082

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

Farm Business Incomes by individual farm types are presented in Table 2b for the 2014/15 and 2015/16 account years. This shows that average Farm Business Income increased between 2014/15 and 2015/16 on 2 of the 7 main farm types. The two farm types which showed an increase in average Farm Business Income were General Cropping and Cattle and Sheep (LFA) farms.

On Dairy farms the average Farm Business Income decreased from £45,175 in 2014/15 to £11,925 in 2015/16, which is a decrease of £33,250 per farm. This resulted from a 19.7% (£53,807) decrease in the value of outputs and a 9.0% (£20,558) decrease in expenditure on inputs between 2014/15 and 2015/16. The main reason for the decrease in output between the years was the £53,220 decrease in milk value that arose from lower milk prices in 2015. In terms of inputs, the main decreases in expenditure were recorded for purchased concentrate feed and fodder (£9,906), machinery running costs (£3,345) and fertilisers (£2,923).

Cattle and Sheep farms (LFA) generated an average Farm Business Income of £16,837 per farm in 2015/16, which was 9.9% higher than the 2014/15 income of £15,315 per farm. This increase in income was the net result of a 1.6% (£1,262) decrease in the value of farm output and a 4.5% (£2,783) decrease in expenditure on inputs. The main reasons for the decrease in output value were the £988 decrease in value of sheep and wool and the £552 decrease in miscellaneous crops. The main decreases in expenditure on inputs were recorded for purchased concentrate feed and fodder (£1,192), fertilisers (£509) and purchased and home grown seed (£159).

Cattle and Sheep (Lowland) farms recorded a decrease in Farm Business Income between 2014/15 and 2015/16. For this farm type, Farm Business Income decreased from £16,325 to £13,456, which is a decrease of 17.6%. This was the net result of a 6.5% (£5,843) decrease in the value of farm output and a 4.0% (£2,974) decrease in expenditure on inputs. The main factors contributing to the decrease in output value were the decreases in single payment (£2,839), cereal crops (£892) and miscellaneous crops (£819). The main changes within expenditure on inputs were decreases in machinery running costs (£1,467), purchased concentrate feed and fodder (£932) and fertilisers (£585).

On the other 4 types of farm, which account for 8.3% of farms above 0.5 SLR's, changes in the total value of farm output between 2014/15 and 2015/16 ranged from -11.6% (Pig farms) to 5.7% (General Cropping farms). Whereas, change in expenditure on inputs between years ranged from -4.2% (Pig farms) to 2.5% (Cereal farms). These four farm types showed changes in average Farm Business Income between years, which ranged from -£29,986 on Pig farms to £4,009 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 2014/15 and 2015/16 may differ for each farm size grouping within farm types. For instance, in the case of dairy farms, the total value of farm inputs decreased by 13.6% in the 0.5 < 1 SLR size group which compares with a 7.1% decrease 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 2014/15 (i.e. the 2014/15 – 2015/16 identical sample) are different to those in the previous year's report (i.e. the 2013/14 – 2014/15 identical sample). This occurs when an identical sample basis for reporting farm incomes is used, because the sample of farms for 2014/15 in the 2014/15– 2015/16 identical samples will not be exactly the same as those for the same year in the 2013/14 – 2014/15 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 9,507 farm businesses of which 5,194 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 2014/15 and 2015/16 (£ per farm) [1]

		Farm Business Income	Cash Income	Net Farm Income
Cereals	14/15	26,996	49,594	20,060
	15/16	22,658	44,286	16,284
General Cropping	14/15	5,460	22,417	-5,279
	15/16	9,469	31,793	-1,563
Pigs	14/15	48,538	69,496	62,067
	15/16	18,552	45,512	33,060
Dairy	14/15	45,175	75,909	46,844
	15/16	11,925	44,242	14,139
Cattle and Sheep (LFA)	14/15	15,315	25,665	8,846
	15/16	16,837	30,527	9,720
Cattle and Sheep (Lowland)	14/15	16,325	28,349	7,022
	15/16	13,456	24,927	4,291
Mixed	14/15	28,309	59,508	15,877
	15/16	15,340	27,447	4,064
All Types	**14/15**	**25,094**	**42,784**	**20,433**
	15/16	**14,788**	**33,673**	**10,082**

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 2015/16 the average level of Cash Income per farm generated across all types of farm in Northern Ireland was £33,673 which is £9,111 lower than in 2014/15. Increases in average Cash Income occurred in 2015/16 on 2 of the 7 farm types and these increases were £4,862 per farm on Cattle and Sheep (LFA) farms and £9,376 per farm

on General Cropping farms. Decreases in average Cash Income occurred in 2015/16 on Cereal, Pig, Dairy, Cattle and Sheep (Lowland) and Mixed farms. These decreases ranged from £3,422 per farm on Cattle and Sheep (Lowland) farms to £32,061 per farm on Mixed farms. The lowest level of Cash Income in 2015/16 was recorded for Cattle and Sheep (Lowland) farms at £24,927 per farm, whereas the highest was recorded on Pig farms at £45,512 per farm.

Net Farm Income showed similar changes to Farm Business Income between 2014/15 and 2015/16 for each of the farm types. However, on average, Farm Business Income was £4,706 higher than Net Farm Income in 2015/16. 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 exceptions of Pig and Dairy 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 2010/11 and 2015/16 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 2011/12 and 2013/14, whereas, decreases were recorded in 2012/13, 2014/15 and 2015/16. When comparing the average income figures measured across all farm types for 2015/16 against those of 2010/11, the results show that average Farm Business Income decreased by 49%, Cash Income decreased by 22% and Net Farm Income decreased by 54% per farm between the two years.

Table 3 Income per farm, 2010/11 to 2015/16 (£ per farm) [1]

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Farm Business Income	29,159	34,184	19,336	29,606	24,942	14,788
Cash Income	43,331	47,926	36,485	46,936	42,411	33,673
Net Farm Income	21,727	27,141	12,888	24,153	19,899	10,082

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 2015/16. When compared with those in 2014/15 they show that the decrease in average Farm Business Income across all types of farm between 2014/15 and 2015/16 contributed to an increase in the number of farms which incurred a negative Farm Business Income (14% in 2014/15 and 24% in 2015/16) and resulted in an 8% decrease in the number of farms (i.e. 21% in 2015/16) 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 2015/16 resulted in 6% more farms (i.e. 35% in 2015/16) recording a negative Net Farm Income and 10% less farms (i.e. 16% in 2015/16) recording a Net Farm Income of at least £30,000. In Cash Income terms, the proportion of farms with negative incomes increased by 2% (i.e. 7% of farms) in 2015/16, whereas, the proportion of farms with a Cash Income of at least £30,000 decreased by 7% (i.e. 39%) in 2015/16. 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, 2014/15 and 2015/16[1]

Income £ per farm	Farm Business Income		Cash Income (% of farms)		Net Farm Income	
	14/15	15/16	14/15	15/16	14/15	15/16
<0	14	24	5	7	29	35
0-4,999	9	7	6	3	11	11
5-9,999	10	13	4	8	7	10
10-19,999	22	27	20	19	17	19
20-29,999	16	9	17	24	9	8
30,000 and over	29	21	46	39	26	16

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 14,559 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 93% 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 2014/15 that were above the break-even point. However in 2015/16 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 2014/15 and 2015/16 (£ per farm)[2]

		Farm Business Income	Cash Income	Net Farm Income
Cattle and Sheep (LFA)	2014/15	3,651	7,879	1,200
	2015/16	1,973	9,192	-419
Cattle and Sheep (Lowland)	2014/15	1,228	10,129	-2,830
	2015/16	-1,722	4,015	-5,933

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 2014/15 and 2015/16.

2.4 Direct Payments

From 1 January 2005, direct payments to farmers were replaced by decoupled payments under the Single Farm Payment (SFP) scheme and subsequently the Basic Payment Scheme (BPS) from 1 January 2015. These decoupled payments are referred to as the Single Payment (SP) in this report. Under these decoupled schemes, farmers in Northern Ireland receive an annual SP which takes into account their historic receipts of direct payments and an area payment.

As SP 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. SP is recorded on an 'as due' basis of accounting. This means that payments relating to the 2005 SP scheme year (1st year of SFP) accrue to the 2005/06 FBS accounting period, irrespective of when the money is actually paid. Hence, 2014/15 and 2015/16 represent the 10th year of the SFP scheme and the 1st year of the BPS scheme respectively.

As shown in table 6, direct subsidy receipts per farm decreased between 2014/15 and 2015/16 on 4 out of the 7 main types of farm. The farm types showing a decrease were Cereal, Pig, Cattle and Sheep (Lowland) and Mixed enterprises. Table 6 also shows that General Cropping, Dairy and Cattle and Sheep (LFA) farm types showed an increase in direct payments between 2014/15 and 2015/16. When averaged across all Farm Types, table 6 shows that direct subsidy receipts per farm decreased from £25,467 in 2014/15 to £24,972 in 2015/16 (i.e. £495 less per farm).

Cattle and Sheep (LFA) farms received the highest level of direct subsidy receipts, averaging £29,093 per farm in 2015/16. Cereal farms had the next highest amount of direct subsidy receipts received at £25,744 per farm in 2015/16. Whereas Pig farms recorded the lowest average of the 7 main types of farms, at £12,552 per farm.

Dairy type farms showed an increase in direct payments of £99 per farm between 2014/15 and 2015/16. This was the net result of increases in LFA Compensatory payments (£8 per farm), Agri-Environmental Scheme payments (£79 per farm) and miscellaneous subsidies (£1,575 per farm) and a decrease in Single Payment (£1,563 per farm) between 2014/15 and 2015/16.

Cattle and Sheep (LFA) type farms showed an increase in direct payments of £414 per farm between 2014/15 and 2015/16. This was the net result of increases in Single Payment (£78 per farm), LFA Compensatory payments (£268 per farm) and Agri-Environmental Scheme payments (£260 per farm) and a decrease in miscellaneous subsidies (£192 per farm) between 2014/15 and 2015/16.

For the remaining farm types there was firstly an increase in direct payments between 2014/15 and 2015/16 of £2,289 for General Cropping type farms. The increase in direct payments for this farm type is mainly attributable to higher Single Payment amounts received in the 2015/16 year. Secondly, there was a decrease in direct payments of £3,405 for Cereal type farms, £1,025 for Pig type farms, £3,225 for Cattle and Sheep (Lowland) type farms and £1,898 for Mixed type farms. The reduction in direct payments for the Cereal, Pig, Cattle and Sheep (Lowland) and Mixed farm types is mainly attributable to lower Single Payment receipts.

The data presented in tables 6 and 7 shows how important direct payments are to farmers in Northern Ireland. In 2015/16 direct payments ranged from 4% of the value of total farm output on Pig farms to 39% on Cattle and Sheep (LFA) farms. When expressed on a per hectare basis direct payments range from £224 per hectare on General Cropping farms to £341 per hectare on Pig farms.

When measured across all farm types, average direct payments represented 169% of the value of average Farm Business Income, 74% of the value of average Cash Income and 248% of the value of average Net Farm Income for farms in Northern Ireland. Moreover, for Cereal farms, General Cropping farms, Dairy farms, Cattle and Sheep (LFA) farms, Cattle and Sheep (Lowland) farms and Mixed farms, the average direct payments they received were greater than their average Farm Business Income and average Net Farm Income generated per farm in 2015/16. None of the farm types had average direct payments that were greater than their average Cash Income.

Table 6 'As due' direct payments by type of farm in 2014/15 and 2015/16[1]

	2014/15	2015/16
	£ per farm	
Cereal	29,149	25,744
General Cropping	11,194	13,483
Pigs	13,576	12,552
Dairy	21,892	21,991
Cattle & Sheep (LFA)	28,679	29,093
Cattle & Sheep (Lowland)	25,672	22,447
Mixed	20,518	18,620
All types	**25,467**	**24,972**

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

Table 7 'As due' direct payments by type of farm, 2015/16[5]

	% TFO[1]	£ per ha	% FBI[2]	% CI[3]	% NFI[4]
Cereals	20	277	114	58	158
General Cropping	13	224	142	42	-863
Pigs	4	341	68	28	38
Dairy	10	262	184	50	156
Cattle and Sheep (LFA)	39	278	173	95	299
Cattle and Sheep (Lowland)	27	333	167	90	523
Mixed	13	271	121	68	458
All Types	**20**	**281**	**169**	**74**	**248**

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 Pig farm types return a positive Farm Business Income when direct payments are removed. Whereas, Cereal, General Cropping, Dairy, Cattle and Sheep (LFA), Cattle and Sheep (Lowland) and Mixed farm types generate losses. When measured across all farm types the average Farm Business Income with direct payments removed is a loss of £10,184 per farm.

Table 7(a) Farm Business Incomes including and excluding direct payments in 2015/16 (£ per farm) [1]

	FBI	Direct Payments	FBI minus Direct Payments
Cereals	22,658	25,744	-3,086
General Cropping	9,469	13,483	-4,014
Pigs	18,552	12,552	6,000
Dairy	11,925	21,991	-10,066
Cattle and Sheep (LFA)	16,837	29,093	-12,256
Cattle and Sheep (Lowland)	13,456	22,447	-8,992
Mixed	15,340	18,620	-3,280
All Types	**14,788**	**24,972**	**-10,184**

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 each individual farm type with the exceptions of Pig and Dairy farms. In this instance, the data indicates that Pigs are the only farm type to return a positive Net Farm Income when direct payments are removed. Whereas, Cereal, General

Cropping, Cattle and Sheep (LFA), Cattle and Sheep (Lowland) and Mixed farm types generate more substantial losses. When measured across all farm types the average Net Farm Income with direct payments removed is a loss of £14,890 per farm.

Table 7(b) Net Farm Incomes including and excluding direct payments in 2015/16 (£ per farm) [1]

	NFI	Direct Payments	NFI minus Direct Payments
Cereals	16,284	25,744	-9,460
General Cropping	-1,563	13,483	-15,046
Pigs	33,060	12,552	20,508
Dairy	14,139	21,991	-7,852
Cattle and Sheep (LFA)	9,720	29,093	-19,373
Cattle and Sheep (Lowland)	4,291	22,447	-18,157
Mixed	4,064	18,620	-14,555
All Types	**10,082**	**24,972**	**-14,890**

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

2.6 Trends in Farm Incomes between 2008/09 and 2015/16

Table 8 presents a time series (2008/09 – 2015/16) 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 (12/13 to 15/16) the average Farm Business Income for Dairy farms in real terms was 16.7% lower than that in the first four years (08/09 to 11/12) 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 34.3% lower 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) – 2008/09 to 2015/16[1,2]

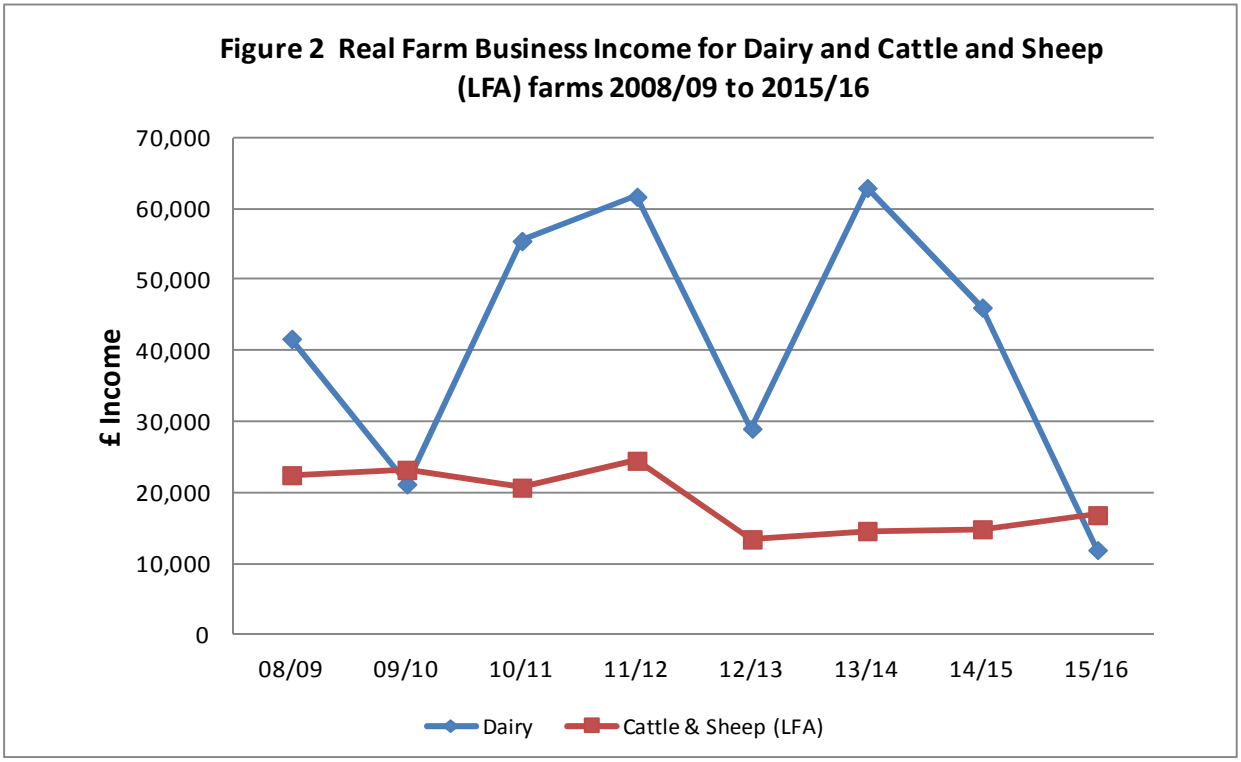
	Dairy	Cattle & Sheep (LFA)
2008/09	100	100
2009/10	51	103
2010/11	133	92
2011/12	148	109
2012/13	70	60
2013/14	151	65
2014/15	111	66
2015/16	29	75

1. Expressed as an index in real terms, 2008/09 = 100
2. Based on data from all farms

The time series (2008/09 – 2015/16) 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 relatively steady. On saying this, the annual average Farm Business Income for Dairy farms has been some £22,408 per farm higher over the period than that of Cattle and Sheep (LFA) farms. Over the 8 year period Dairy farms had an average annual Farm Business Income of £41,237, compared to £18,829 for Cattle and Sheep (LFA) farms. When considering the total asset values of both farm types it can be said that the average Dairy farm of 84 hectares in Northern Ireland, is valued at 28% more than the average Cattle and Sheep (LFA) farm of 105 hectares and has generated about 2.2 times as much Farm Business Income over the past 8 years.

Figure 2 Real Farm Business Income for Dairy and Cattle and Sheep (LFA) farms 2008/09 to 2015/16



1. Based on series 2015/16 = 100

2.7 Other Sources of Income

In the FBS, farmers are asked to indicate into which of 9 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 £9,035 per farm in 2015/16, of which £4,930 was earned income and £4,106 unearned income. However, it should be noted that on 34% of 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 £9,384 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, 2015/16 (£ per farm)

	Off-farm Total Income	Employments & Self-employment	Investments, Pensions, Social Payments
Dairy	7,922	5,229	2,694
Cattle & Sheep (LFA)	9,384	4,852	4,532
Mixed	9,223	2,801	6,422
All Types	**9,035**	**4,930**	**4,106**

The two most common off-farm income sources were other employment and pensions, as shown in Table 10. In 2015/16, on 74 of the 285 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 6 farms both the farmer and spouse had off-farm employment. This equates to 33% of farms having an off-farm employment source of income. The percentages of farms receiving pensions and social payments were 34% and 9% respectively.

Table 10 Off-farm income by type and level of Income, 2015/16

	Zero	1-999	£ 1,000-4,999	5,000-19,999	20,000+
			(% of farms)		
Employment	69	0	4	18	9
Self-employment	95	0	0	2	2
Investments	96	1	1	2	0
Pensions	66	0	4	29	1
Social payments	91	2	2	5	0
All sources	**34**	**1**	**6**	**45**	**15**

2.8 Investment Levels on Farms

Within table 11, the real level of investment made on FBS farms over the past 10 years is shown. This shows that investment levels were at their lowest point in 2006/07 i.e. the first year in the period. From 2006/07, investment levels then showed year on year increases until 2009/10. The real levels of increase were 15% in 2007/08, 58% in 2008/09 and 30% in 2009/10. Following this period of increases, the real level of investment then decreased by 30% in 2010/11, increased by 4% in 2011/12, decreased by 28% in 2012/13, increased by 9% in 2013/14, and increased by 27% in 2014/15. In the most recent year (2015/16), the real level of investment decreased by 14%.

Table 11 Net investment index per farm, 2006/07 to 2015/16

	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16
Current price Index	100	117	191	252	180	190	139	154	199	172
Real terms index[1]	100	115	181	236	166	172	123	135	171	147

1. Deflated using the GDP deflator, 2006/07 = 100
2. Based on data from all farms.

As shown in table 12 the average net investment (excluding capital grants received) was £22,462 per farm in 2015/16, which is £1,172 less than the previous year. The total average net investment in 2015/16 was composed of plant, machinery and vehicles at £7,870 per farm (which is £1,466 lower than in 2014/15), land and buildings at £8,216 per farm (which is £1,121 higher than in 2014/15) and investment on capital improvements at £6,379 per farm (which is £882 lower than 2014/15). Capital grants received were £4 in 2015/16 (which is £54 lower than in 2014/15). Average levels of net investment were higher in 2015/16 than 2014/15 for Cereal, General Cropping, Cattle & Sheep (LFA) and Mixed farm types.

Table 12 Net investment by type of farm, 2014/15 and 2015/16[1]

	2014/15	2015/16
	£ per farm	
Cereal	-400	54,817
General Cropping	3,545	38,240
Pigs	32,808	24,481
Dairy	42,625	29,978
Cattle & Sheep (LFA)	9,446	13,977
Cattle & Sheep (Lowland)	30,591	23,657
Mixed	25,700	44,555
All types	**23,634**	**22,462**

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

As in 2014/15, the average levels of net investment in 2015/16 were different on each of the farm types. The average levels of net investment in 2015/16 ranged from £13,977 per farm on Cattle & Sheep (LFA) farms to £54,817 per farm on Cereal 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.

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 2015/16 account year is presented in Table 13. This shows that average total assets per farm measured across all farm types were £1,287,480 in 2015/16. Whereas, average external liabilities per farm measured across all farm types were £51,177 in 2015/16, which is 12.6% higher than the previous year. When measured across all farm types the average external liabilities (i.e. mainly bank borrowings) per farm in 2015/16 were equivalent to 4.0% of total farm assets. Given these values for assets and liabilities the average net worth per farm measured across all farm types was £1,236,303 in 2015/16. When measured across all farm types, net worth expressed as a percentage of total assets was 96.0% in 2015/16. 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 2015/16 ranged from £917,721 per farm on Pig type farms to £1,889,211 per farm on Cereal type farms. Also, in 2015/16, Dairy type farms had the highest average amount of external liabilities at £120,178 per farm, whereas Cattle and Sheep (LFA) farms had the lowest external liabilities at £17,153 per farm. When measured as a percentage of total assets, external liabilities ranged from 1.5% on Cattle and Sheep (LFA) type farms to 8.3% on Dairy type farms. When compared to the previous year, external liabilities increased on Cereal, General Cropping, Dairy, Cattle and Sheep (LFA), Cattle and Sheep (Lowland) and Mixed type farms, and decreased on Pig type farms.

In terms of net worth, average values by farm type in 2015/16 ranged from £872,919 on Pig farms to £1,855,932 on Cereal farms. When net worth is expressed as a percentage of total assets, average values range from 91.7% on Dairy farms to 98.5% on Cattle and Sheep (LFA) farms.

Table 13 Financial stability of farms in Northern Ireland 2014/15 and 2015/16[1]

		Farm Area (ha)	Total Assets (£'000)	External Liabilities (£'000)	Net Worth (£'000)	Net Worth (as a % of Total Assets)
Cereals	14/15	89.3	1889.3	25.7	1863.6	98.6
	15/16	92.8	1889.2	33.3	1855.9	98.2
General Cropping	14/15	61.3	963.6	33.0	930.6	96.6
	15/16	60.2	971.7	49.8	921.9	94.9
Pigs	14/15	35.3	934.4	51.0	883.3	94.5
	15/16	36.8	917.7	44.8	872.9	95.1
Dairy	14/15	83.2	1484.3	106.0	1378.3	92.9
	15/16	84.1	1446.2	120.2	1326.1	91.7
Cattle and Sheep (LFA)	14/15	108.6	1138.1	16.5	1121.6	98.6
	15/16	104.8	1131.7	17.2	1114.5	98.5
Cattle and Sheep (Lowland)	14/15	70.5	1393.0	24.0	1369.0	98.3
	15/16	67.3	1391.8	25.7	1366.1	98.2
Mixed	14/15	73.6	1471.7	49.4	1422.3	96.6
	15/16	68.8	1471.8	71.7	1400.1	95.1
All Types	**14/15**	**91.1**	**1301.6**	**45.5**	**1256.2**	**96.5**
	15/16	**88.9**	**1287.5**	**51.2**	**1236.3**	**96.0**

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 2015/16 only 7% of farm businesses had liabilities which were more than 15% of the value of total farm assets and that 79% 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)		
2014/15	1	3	14	56	26
2015/16	2	5	15	53	26

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 2015/16 the average capital required across all farm types was £14,483 per hectare. At the individual farm type level the average capital required ranged from £10,798 per hectare on Cattle and Sheep (LFA) type farms to £24,954 per hectare on Pig type farms. Cattle and sheep (LFA) farms have a relatively low capital requirement as they tend to operate extensive enterprises on comparatively lower valued land, whereas, Pig farms have a relatively high capital requirement per hectare as they operate an intensive enterprise on a small area of land.

Measured across all farm types the average value of land and buildings accounted for 88% of the average capital requirement on Northern Ireland farms in 2015/16. When measured by individual farm type, the percentage of total assets tied up in land and buildings ranged from 82% 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 2015/16 the average amount of operating capital (which excludes debtors) measured across all farm types was £144,272 per farm or 11.2% of total assets. This operating capital can be broken down into breeding livestock (34% of operating capital), machinery (28%), trading livestock (29%), and crops and stocks (9%). When measured at the individual farm type level, the average operating capital in 2015/16 ranged from £93,843 for Cereal farms to £213,236 for Dairy farms. Alternatively, when measuring average operating capital as a percentage of average total assets for individual farm types in 2015/16, the values ranged from 5.0% for Cereal farms to 16.7% for Pig farms.

Table 15 Amount of operating capital by type of farm, 2015/16

	Operating Capital	
	£ per farm	% of total farm Capital
Cereal	93,843	5.0
General Cropping	99,809	10.3
Pigs	153,389	16.7
Dairy	213,236	14.7
Cattle & Sheep (LFA)	102,977	9.1
Cattle & Sheep (Lowland)	138,053	9.9
Mixed	172,004	11.7
All types	**144,272**	**11.2**

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 2015/16 is low when compared to other investment opportunities. The average rate of return in 2015/16 ranged from 0.9% on Dairy farms to 2.1% on Pig farms.

Table 16 Farm Business Income as a percentage of net worth by type of farm, 2015/16

	Farm Business Income as a % of Net Worth 2015/16
Cereal	1.2
General Cropping	1.0
Pigs	2.1
Dairy	0.9
Cattle & Sheep (LFA)	1.5
Cattle & Sheep (Lowland)	1.0
Mixed	1.1
All types	**1.2**

3.3 Bank Borrowings

In the 2015/16 year, the average level of bank borrowings measured across all farm types was £44,887 per farm. This is an average increase of £4,390 per farm when compared to 2014/15. As shown in Table 17, Dairy farms had the highest level of borrowings with an average of £106,686 per farm in 2015/16. The largest increase in borrowings between 2014/15 and 2015/16 occurred on Mixed farms, with an average increase of £13,752 per farm. The largest decrease in borrowings was on Pig farms with an average decrease of £5,870 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 £6,290 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, 2014/15 and 2015/16[1]

	2014/15	2015/16
	£ per farm	
Cereal	19,017	22,741
General Cropping	25,545	22,752
Pigs	40,472	34,602
Dairy	94,123	106,686
Cattle & Sheep (LFA)	15,009	15,612
Cattle & Sheep (Lowland)	22,743	23,011
Mixed	40,479	54,231
All types	**40,497**	**44,887**

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

The distribution of farms by level of borrowing per farm in 2014/15 and 2015/16 are presented in Table 18. This shows that 44% of the farms recorded no bank borrowings in 2015/16 whereas 20% of farms recorded borrowings in excess of £50,000. When comparing the distributions for 2014/15 and 2015/16 the overall picture is very similar but with a 2% increase in the number of farms having borrowings in excess of £20,000 in 2015/16.

Table 18 Distributions of farms by level of bank borrowings, 2014/15 and 2015/16[1]

Bank Borrowings (£ per farm)	2014/15	2015/16
	% of farms	
Nil	47	44
1 to 20,000	19	20
20,000 to 49,999	15	16
50,000 to 99,999	7	7
100,000 and over	12	13

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 2015 borrowings of £50,000 would have incurred interest costs of around £2,250 per annum.

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 2014/15 and 2015/16. As the average account year end for the sample of farms is mid-February, the results refer to the 2014 and 2015 grassland and crop years. Average Gross Margin by enterprise is presented in Table 19(a). It is important to note that as the Single Payment is decoupled from production and not linked to any particular enterprise it is not included in the gross margin figures. For similar reasons, Areas of Natural Constraint payments are also not included. The overall situation was that higher gross margins were recorded in 2015/16 for SDA beef cows, DA beef cows, Lowland beef cows, Winter Barley, and Potato enterprises. Whereas, lower gross margins were recorded for Dairy cows, SDA breeding ewes, DA breeding ewes, Lowland breeding ewes, Pigs, Spring Barley and Winter Wheat enterprises.

Table 19(a) Average gross margins by enterprise in 2014/15 and 2015/16[1]

	Average gross margins	
	2014/2015	**2015/2016**
	£ per head	
Dairy Cows	890	516
Suckler Cows - SDA	136	190
- DA	193	211
- Lowland	203	250
Breeding Ewes - SDA	24	19
- DA	39	32
- Lowland	58	56
Pigs	31.15	17.01
	£ per hectare	
Spring Barley	575	457
Winter Barley	716	723
Winter Wheat	883	856
Potatoes – ware	2,544	3,389

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 £890 in 2014/15 to £516 in 2015/16 for the 116 dairy herds which provided information in both years. This decrease of £375 in average gross margin is the net result of a £512 decrease in output value and a £137 decrease in total variable costs in 2015/16. The reason for the decrease in output value was that milk receipts were on average £539 lower per cow in 2015/16. The lower milk receipts per cow were due to decreases in milk price of 7.7 pence per litre. The decrease in total variable costs per cow resulted mainly from a £101 decrease in concentrate cost per cow. The decrease in concentrate costs per cow was due to lower concentrate prices and usage in 2015/16.

Stocking rates increased slightly from 2.11 cow equivalents per hectare in 2014/15 to 2.13 cow equivalents per hectare in 2015/16. Given these very similar stocking rates

and the decrease in average gross margin per cow, then average gross margin per hectare also decreased from £1,864 in 2014/15 to £1,087 in 2015/16, which is a decrease of £777 per hectare.

Table 19(b) Average outputs, variable costs and gross margins per dairy cow in 2014/15 and 2015/16[1]

	2014/2015	2015/2016
Number of herds	116	
Enterprise output	**£ per cow**	
Milk	2,014	1,475
Calves	97	102
Herd replacement	-192	-169
Output	**1,920**	**1,408**
Quota leasing receipts	-	-
Quota leasing costs	-	-
Super levy	-	-
Adjusted Output	**1,920**	**1,408**
Variable Costs		
Concentrates	682	580
Hay, silage & grazing	195	167
Sundries & Vet	153	145
Total Variable Costs	**1,029**	**892**
Gross Margin	**890**	**516**
Average herd size (cows)	106	109
Concentrates per litre (kg)	0.38	0.36
Stocking rate (ce/ha)	2.11	2.13
Summer milk (%)	52	52
Milk yield (l/cow)	7,123	7,178
Milk price (p/l)	28.3	20.5

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

As shown in Table 20, the difference in performance in 2015/16 between the 'top' and 'bottom' quartiles was, as in previous years, substantial. The 'top' quartile had an average gross margin per cow of £778 compared with £258 for the 'bottom' quartile. The main reasons for this difference in performance are that the 'top' quartile had an average milk yield 991 litres per cow above and a milk price 1.9 pence per litre above the 'bottom' quartile. For the average herd size of 109 dairy cows in the sample, the difference in gross margin between the 'top' and 'bottom' quartiles equates to a total value of £56,655 per herd.

Table 20 Average outputs, variable costs and gross margins per dairy cow in the top 25% and bottom 25% groups, 2015/16

	Top 25%	Bottom 25%
	£ per cow	
Gross Margin	778	258
Milk Sales	1,581	1,247
Calf Sales	119	102
Total Output	1,577	1,125
Variable Costs	799	867
Milk Yield – litres	7,347	6,355
Av milk price – ppl	21.5	19.6
Stocking rate - ce/ha	2.04	2.00

4.2 Suckler Cows

In the 2015/16 account year all of the three main categories of suckler herds had average gross margins that were higher than those in 2014/15 (Table 21). For SDA suckler cows the average gross margin per cow increased from £136 in 2014/15 to £190 in 2015/16. This increase of £55 per cow was the combined result of a £37 increase in total output and a £18 decrease in total variable costs. The £37 increase in output was the combined result of a £28 increase in the value of calves and a £9 decrease in herd replacement cost. For DA suckler cows the average gross margin increased by £19 per cow due to a £9 increase in total output and a £10 decrease in total variable costs. The £9 increase in output value was the net result of a £14 increase in the value of calves and a £5 increase in herd replacement cost. For Lowland suckler cows the average gross margin increased by £47 per cow, which was the combined result from an increase of £32 in total output and a decrease of £16 in total variable costs. The £32 increase in output value was the combined result of a £24 increase in the value of calves and a £8 decrease in herd replacement cost. Across all 3 herd types, there were increases in output and decreases in total variable costs between 2014/15 and 2015/16. The increases in output ranged from £9 per cow in the DA to £36 per cow in the SDA. The decreases in variable costs ranged from £10 per cow in the DA to £18 per cow in the SDA.

Table 21 Average outputs, variable costs and gross margins per cow for SDA, DA and Lowland suckler herds, 2014/15 and 2015/16[1]

	SDA		DA		Lowland	
	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016
Number of herds	62		22		31	
Enterprise Output			£ per cow			
Calves	455	483	489	503	504	528
Herd replacement	-66	-57	-63	-67	-73	-65
Total Output	**390**	**426**	**427**	**436**	**431**	**462**
Variable Costs						
Concentrates	55	51	39	38	28	23
HSG	139	124	120	116	136	126
Sundries & Vet	59	61	75	71	64	63
Total Variable Costs	**254**	**236**	**234**	**225**	**228**	**213**
Gross Margin	**136**	**190**	**193**	**211**	**203**	**250**
Calves reared per cow	0.92	0.95	0.91	0.98	0.94	0.99
Av price per calf sold/trans (£)	515	518	524	533	543	544

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 £293 in gross margin per cow between the 'top' and 'bottom' groups of SDA suckler herds in 2015/16. This is accounted for by differences of £161 in calf returns, £38 in herd replacement costs, and £94 in total variable costs between the top and bottom groups. Similarly for DA suckler herds there were a difference of £346 in gross margin per cow between the 'top' and 'bottom' groups of herds in 2015/16. This is accounted for by differences of £80 in calf returns, £62 in herd replacement costs, and £203 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, 2015/16

	Top 25%	Bottom 25%
	£ per cow	
Gross Margin		
- SDA	340	47
- DA	317	-29
Calf Returns		
- SDA	568	408
- DA	562	482
Herd replacement cost		
- SDA	-31	-69
- DA	-64	-126
Variable Costs		
- SDA	198	292
- DA	181	384

4.3 Breeding Ewes

As shown in Table 23, gross margins per ewe for Lowland, Upland and Hill flocks showed a decrease between 2014/15 and 2015/16. For Lowland breeding ewes the average gross margin per ewe decreased from £58.18 in 2014/15 to £56.22 in 2015/16, which is a decrease of £1.96. This decrease was the net result of a £2.96 decrease in output and a £1.00 decrease in total variable costs. For Upland breeding ewes the average gross margin per ewe decreased from £38.51 in 2014/15 to £32.35 in 2015/16, which is a decrease of £6.16. This decrease was the combined result of a £4.12 decrease in output and a £2.04 increase in total variable costs. For Hill breeding ewes the average gross margin per ewe decreased from £24.47 in 2014/15 to £19.04 in 2015/16, which is a decrease of £5.43. This decrease was the net result of a £6.59 decrease in output and a £1.16 decrease 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 2015/16. This shows that there was a difference in gross margin between the 'top 25%' and 'bottom 25%' of £57 per ewe in the Lowland, £61 per ewe in the Upland, and £56 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 £109 in the top group and £63 in the bottom group.

Table 23 Average outputs, variable costs and gross margins per ewe for Lowland, DA and SDA breeding flocks, 2014/15 and 2015/16[1]

	Lowland		Upland (DA)		Hill (SDA)	
	2014/2015	**2015/2016**	**2014/2015**	**2015/2016**	**2014/2015**	**2015/2016**
Number of flocks	35		18		22	
Output			**£ per ewe**			
Lambs	106.42	101.99	89.21	85.49	66.48	55.49
Wool	3.52	4.00	2.82	3.16	2.52	2.43
Flock Replacements	-1.15	-0.16	-3.18	-3.92	3.37	7.87
Total Output	**108.79**	**105.83**	**88.85**	**84.73**	**72.38**	**65.79**
Variable Costs						
Concentrates + OPF	12.90	11.46	14.98	16.09	14.74	15.75
Hay, silage, & grazing	21.65	22.01	21.68	22.59	20.42	17.48
Sundries + Vet	16.06	16.14	13.68	13.70	12.75	13.51
Total Variable Costs	**50.61**	**49.61**	**50.34**	**52.38**	**47.91**	**46.74**
Gross Margin	**58.18**	**56.22**	**38.51**	**32.35**	**24.47**	**19.04**
Lambs reared per ewe	1.47	1.54	1.28	1.37	1.13	1.15
Ave lamb price (£)	80.03	72.12	74.68	66.64	70.40	64.07
Ewe mortality %	4.9	5.6	6.9	7.1	8.1	6.7
Lamb mortality per 100 ewes	8.8	8.8	8.0	7.1	9.4	6.5
Ave flock size (ewes)	200	194	141	130	300	301

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, 2015/16

	Top 25%	Bottom 25%
	Per Ewe	
Gross Margin (£)		
- Lowland	80	23
- Upland	59	-2
- Hill	48	-8
Lamb Sales (£)		
- Lowland	123	85
- Upland	105	68
- Hill	100	35
Lambs Reared		
- Lowland	1.64	1.34
- Upland	1.60	1.18
- Hill	1.39	0.97

4.4 Pigs

On the 11 farms which had rearing and finishing units, the average gross margin per pig decreased from £31.15 in 2014/15 to £17.01 in 2015/16 (Table 25). This decrease in margin of £14.14 per pig between 2014/15 and 2015/16 was the net result of a decrease in output of £20.16 per pig and a decrease in total variable costs of £6.02 per pig. The decrease in output was due to the less favourable pig prices in 2015/16, whereas, the decrease in total variable costs was due to the £6.61 decrease in the cost of feedstuffs per pig and the £0.60 increase in the cost of veterinary, medicine and sundries per pig. The decrease in cost of feedstuffs was due to lower concentrate prices in 2015/16. The average gross margin of £17 per pig is the second lowest result in the 10 years since 2006/07. The average gross margins per pig in previous years were £21 in 2006/07, £10 in 2007/08, £21 in 2008/09, £38 in 2009/10, £28 in 2010/11, £22 in 2011/12, £21 in 2012/13, £32 in 2013/14 and £26 in 2014/15.

Table 25 Average sales, variable costs and gross margins per pig for pig rearing and finishing units, 2014/15 and 2015/16[1]

	2014/2015	2015/2016
Number of herds	11	
	£ per pig	
Output	**118.41**	**98.25**
Variable Costs		
Feeding stuffs	79.02	72.40
Vet and medicines	3.60	3.65
Sundries	4.65	5.19
Total Variable Costs	**87.26**	**81.25**
Gross Margin	**31.15**	**17.01**
Meal equivalent per pig (kg)	291	308
Price of concentrates (£/tonne)	272	235
Pigs weaned per sow	22.16	23.18

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

4.5 Spring Barley

As shown in Table 26 the average gross margin per hectare for the spring barley crop decreased from £575 in 2014 to £457 in 2015 (a fall of £118 per hectare). This decrease was the net result of a £126 decrease in output value and a £9 decrease in total variable costs in 2015. The fall in output value was due to lower grain and straw prices and yield in 2015. Grain prices per tonne decreased from £127 in 2014 to £117 in 2015, whereas, straw prices per tonne decreased from £59 in 2014 to £52 in 2015. In comparison to 2014 levels, average grain yield decreased by 0.33 tonnes per hectare and average straw yield decreased by 0.19 tonnes per hectare. The decrease in variable costs between 2014 and 2015 was the result of lower seed, fertiliser and spray costs in 2015.

Table 26 Average outputs, variable costs and gross margins per hectare for spring barley, 2014/15 and 2015/16[1]

	2014/2015	2015/2016
Number of farms	51	
	£ per hectare	
Output		
Grain	704	614
Straw	217	181
Total Output	**921**	**795**
Variable Costs		
Seed	66	61
Fertilisers	148	142
Sprays	104	103
Sundries	29	31
Total Variable Costs	**347**	**338**
Gross Margin	**575**	**457**
Grain yield (tonnes per ha)	5.55	5.23
Straw yield (tonnes per ha)	3.66	3.47

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

The 'top 25%' performance group of farms in 2015 had an average grain yield of 6.73 tonnes per hectare compared with 4.15 tonnes in the 'bottom 25%' group. These yields generated grain sales of £785 for the 'top' group and £474 for the 'bottom' group. Associated with the higher grain yield was also a higher straw yield which generated straw sales of £238 per hectare in the 'top' group compared with £126 in the 'bottom' group. The average grain price per tonne received by the 'top' group was £3 higher than the 'bottom' group, whereas, the average straw price per tonne in the 'top' performance group was £7 higher than the 'bottom' group. In terms of inputs, the total variable costs were £316 per hectare for the 'top' group and £317 for the 'bottom' group. These differences in output and inputs between the 'top' and 'bottom' groups resulted in a gross margin of £707 per hectare for the 'top' group and £283 per hectare for the 'bottom' group i.e. a difference of £424 per hectare.

4.6 Winter Barley

As shown in Table 27, the average gross margin per hectare for the winter barley crop increased from £716 in 2014 to £723 in 2015, which is a rise of £8. This increase was the net effect of a £36 increase in output and a £29 increase in variable costs in 2015. The increase in output value resulted from the higher grain and straw yields in 2015. In comparison to 2014 levels, average grain yield increased by 0.76 tonnes per hectare and average straw yield increased by 0.81 tonnes per hectare Grain prices per tonne decreased from £130 in 2014 to £120 in 2015, whereas, straw prices per tonne decreased from £65 in 2014 to £57 in 2015. The increase in variable costs between 2014 and 2015 was the result of higher seed, spray and sundry costs in 2015.

Table 27 Average outputs, variable costs and gross margins per hectare for winter barley, 2014/15 and 2015/16[1]

	2014/2015	2015/2016
Number of farms	17	
	£ per hectare	
Output		
Grain	886	910
Straw	255	267
Total Output	**1,141**	**1,177**
Variable Costs		
Seed	84	90
Fertilisers	183	182
Sprays	140	149
Sundries	18	33
Total Variable Costs	**426**	**454**
Gross Margin	**716**	**723**
Grain yield (tonnes per ha)	6.81	7.57
Straw yield (tonnes per ha)	3.92	4.73

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

The 'top 25%' group of farms in 2015 had an average grain yield of 8.86 tonnes per hectare, and this was 2.71 tonnes more than the 'bottom 25%' group. Higher values for grain and straw output resulted in an output value of £1,437 per hectare for the 'top' group, some £530 above that of the 'bottom' group. Total variable costs per hectare were £34 higher in the 'top' group at £459 per hectare. The gross margins per hectare were £977 for the 'top' group and £482 for the 'bottom' group.

On average, the winter barley crop gross margin in 2015 was £266 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 £883 in 2014 to £856 in 2015, which is a fall of £28. This was the net effect of a £60 decrease in output and a £32 decrease in variable costs in 2015. The fall in output value was the result of lower grain and straw prices in 2015. Average grain prices decreased by £10 per tonne, whereas, average straw prices decreased by £13 per tonne. In terms of yields, average grain yield increased by 0.45 tonnes per hectare and average straw yield increased by 0.49 tonnes per hectare. However, these increases in yields were not sufficient to offset the decrease in grain and straw prices. As a result of these changes in yields and prices, total output decreased from £1,380 in 2014 to £1,320 in 2015. The decrease in total variable costs of £32 per hectare in 2015 was the result of lower seed and fertiliser costs in 2015.

Table 28 Average outputs, variable costs and gross margins per hectare for winter wheat, 2014/15 and 2015/16[1]

	2014/2015	2015/2016
Number of farms	17	
	£ per hectare	
Output		
Grain	1,116	1,089
Straw	265	232
Total Output	**1,380**	**1,320**
Variable Costs		
Seed	93	66
Fertilisers	208	188
Sprays	170	171
Sundries	25	41
Total Variable Costs	**497**	**465**
Gross Margin	**883**	**856**
Grain yield (tonnes per ha)	8.38	8.84
Straw yield (tonnes per ha)	4.23	4.71

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

The 'top 25%' group of farms in 2015 had an average grain yield of 11.58 tonnes per hectare, and this was 5.12 tonnes more than the 'bottom 25%' group. Higher grain and straw yields resulted in an output value of £1,781 per hectare for the 'top' group, some £880 above that of the 'bottom' group. Total variable costs per hectare were £41 higher in the 'top' group at £533 per hectare. The gross margins per hectare were £1,248 for the 'top' group and £409 for the 'bottom' group.

The 2015 crop results show that the highest gross margin per hectare was obtained by winter wheat (£856) followed by winter barley (£723) and then spring barley (£457). This order is 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 2014 and 2015 ware potato crops were £2,544 and £3,389 per hectare respectively. This increase in gross margin of £844 per hectare was the net result of an £883 increase in output and a £38 increase in variable costs between 2014 and 2015. The increase in output resulted from increases in ware potato prices in 2015. Ware potatoes prices increased from £109 per tonne in 2014/15 to £150 per tonne in 2015/16, whereas, ware potato yield decreased from 39.1 tonnes per hectare in 2014 to 34.8 tonnes per hectare in 2015. The total variable costs incurred increased from £1,411 per hectare in 2014/15 to £1,449 per hectare in 2015/16, which is an increase of £38 per hectare. In terms of individual costs, sundries showed the most decrease, falling from £163 per hectare in 2014/15 to £111 per hectare in 2015/16 (i.e. a decrease of £52 per hectare). Whereas, contract / casual wages showed the most increase, by rising from £213 per hectare in 2014/15 to £273 per hectare in 2015/16 (i.e. an increase of £60 per hectare). Overall, the average variable costs of production per tonne for the ware crop increased from £36.06 in 2014 to £41.64 in 2015. 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, 2014/15 and 2015/16[1]

	Ware Crop	
	2014/2015	**2015/2016**
Number of farms	7	
	£ per hectare	
Potato Output	**3,955**	**4,838**
Variable costs		
Seed	347	335
Fertiliser	360	393
Sprays	328	338
Contract/Casual Wages	213	273
Sundries	163	111
Total Variable costs	**1,411**	**1,449**
Gross Margin	**2,544**	**3,389**
Total yield (tonnes/ha)	39.1	34.8
Av price per tonne (£)	109	150

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 103% 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, 2015/16

		Top[1] Group	Bottom[1] Group
		£ Per head	
Dairy cows		778	258
Suckler cows	- DA	317	-29
	- SDA	340	47
Breeding ewes	- DA	59	-2
	- SDA	48	-8
	- Lowland	80	23
Spring barley		707	283
Winter barley		977	482
Winter wheat		1,248	409

1. For all enterprises the 'top' and 'bottom'' groups refer to 25% 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 decreased from £517 in 2014/15 to £512 in 2015/16. At the individual farm type level, four of the seven farm types recorded increases in fixed costs, with the exceptions being Cereal, Pigs and Dairy. Increases in fixed costs per hectare ranged from £3 on Cattle and Sheep (LFA) farms to £163 on General Cropping farms. Decreases in fixed costs per hectare ranged from £8 on Cereal farms to £55 on Dairy farms.

Table 31 Fixed costs per hectare by type of farm, 2014/15 and 2015/16[1, 2]

	2014/15	2015/16
	£ per ha	
Cereal	595	587
General Cropping	712	875
Pigs	1,561	1,527
Dairy	889	833
Cattle & Sheep (LFA)	302	305
Cattle & Sheep (Lowland)	454	473
Mixed	762	781
All Types	**517**	**512**

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 2014/15 and 2015/16, these three cost categories on average accounted for 71% and 70% respectively of total fixed costs across all types of farm.

Table 32 Fixed costs per hectare, by category, 2014/15 and 2015/16[1]

	2014/15	2015/16
	£ per ha	
Depreciation of buildings and works	111	117
Depreciation of machinery	120	118
Machinery running costs	136	124
Farm insurance	14	15
Farm fuel	23	23
Rates and water charges	13	13
Building repairs and miscellaneous	77	79
Interest payments	21	23
Total	**517**	**512**

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 2014/15 AND 2015/16[1]

	Cereals			General Cropping		
	2014/15	2015/16	% Change	2014/15	2015/16	% Change
Average size of business (SLRs)		1.3			1.4	
Total area of farm (ha)	89.3	92.8	4.0	61.3	60.2	-1.8
of which: crops & grass	82.3	85.6	4.1	60.0	57.7	-3.8
rough grazing	2.5	2.5	0.0	0.0	0.0	-
Hectares - Total crops	74.8	80.3	7.5	49.8	50.5	1.3
(of which cereals)	66.5	68.9	3.7	36.3	36.1	-0.6
Av.no - Dairy cows	0.1	0.0	-100.0	0.0	0.0	-
Av.no - Beef cows	0.0	0.0	-	0.0	0.0	-
Av.no - Other cattle	4.5	5.2	17.3	15.2	17.8	17.1
Av.no - Ewes	14.2	12.7	-10.8	0.0	0.0	-
Av.no - Sows/gilts	0.0	0.0	-	0.0	0.0	-
Crop output :	**£ per farm**			**£ per farm**		
Cereals	61,079	60,382	-1.1	26,085	22,045	-15.5
Potatoes	0	0	-	42,390	50,814	19.9
Misc. crop output	23,907	26,255	9.8	9,464	9,244	-2.3
Total crop output	**84,985**	**86,636**	**1.9**	**77,938**	**82,103**	**5.3**
Livestock output :						
Cattle rearing & fattening	2,725	1,326	-51.3	6,426	5,867	-8.7
Cattle - dairy	0	0	-	0	0	-
Milk	0	0	-	0	0	-
Sheep & wool	2,330	1,229	-47.3	0	0	-
Pigs	0	0	-	0	0	-
Poultry & eggs	0	0	-	0	0	-
Other livestock	0	0	-	0	0	-
Total livestock output	**5,056**	**2,555**	**-49.5**	**6,426**	**5,867**	**-8.7**
Single Payment	26,552	23,221	-12.5	10,006	12,531	25.2
ANC/LFA Compensatory scheme	0	0	-	0	0	-
Agri Environment schemes	2,597	2,523	-2.8	1,111	952	-14.3
Miscellaneous subsidies	0	0	-	77	0	-100.0
Miscellaneous revenue	6,876	9,754	41.9	1,597	1,439	-9.9
On farm - non farm income	0	0	-	0	0	-
Adjustments for disposal of previous year's crop	1,597	1,129	-29.3	1,357	1,217	-10.3
Total farm output	**127,663**	**125,818**	**-1.4**	**98,512**	**104,110**	**5.7**

Table 1.1 Contd.

	Cereals			General Cropping		
	2014/15	2015/16	% Change	2014/15	2015/16	% Change
Inputs :	**£ per farm**			**£ per farm**		
Purchased concentrate feed & fodder	880	635	-27.9	1,224	1,855	51.5
Home grown concentrate feed	0	0	-	184	127	-31.3
Veterinary fees & medicines	243	269	10.6	279	208	-25.3
Other livestock costs	74	65	-12.3	426	482	12.9
Purchased & home grown seed	4,755	4,366	-8.2	6,747	6,448	-4.4
Fertilisers	14,684	14,849	1.1	13,509	11,213	-17.0
Other crop costs	10,396	12,225	17.6	10,413	9,800	-5.9
Regular & casual labour	2,525	2,640	4.6	1,360	1,434	5.4
Machinery excluding depreciation	22,871	21,881	-4.3	17,649	18,037	2.2
Depreciation of plant machinery & vehicles	19,088	18,019	-5.6	16,794	22,568	34.4
Depreciation of buildings & works	6,215	6,507	4.7	886	781	-11.9
Land & building inputs	9,291	9,317	0.3	13,837	11,306	-18.3
Interest payments	799	1,648	106.2	1,926	2,018	4.8
Other general farming costs	8,845	10,739	21.4	7,816	8,364	7.0
Total variable costs	**41,566**	**43,150**	**3.8**	**38,084**	**35,593**	**-6.5**
Total fixed costs	**59,101**	**60,011**	**1.5**	**54,968**	**59,048**	**7.4**
Total farm inputs	**100,667**	**103,160**	**2.5**	**93,052**	**94,641**	**1.7**
Farm Business Income	**26,996**	**22,658**	**-16.1**	**5,460**	**9,469**	**73.4**
(plus) depreciation of buildings & works	6,215	6,507	4.7	886	781	-11.9
(plus) depreciation of plant machinery & vehicles	19,088	18,019	-5.6	16,794	22,568	34.4
(minus) valuation change	2,705	2,898	7.1	723	1,025	41.8
(equals) cash income	**49,594**	**44,286**	**-10.7**	**22,417**	**31,793**	**41.8**
(minus) net investment	-400	54,817	13787.6	3,545	38,240	978.8
(equals) Cash flow	**49,994**	**-10,531**	**-121.1**	**18,872**	**-6,447**	**-134.2**
Average valuations	**97,152**	**93,843**	**-3.4**	**97,342**	**99,809**	**2.5**

Table 1.2 – MIXED & PIG FARMS – ALL SIZES
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2014/15 AND 2015/16[1]

	Mixed			Pigs		
	2014/15	2015/16	% Change	2014/15	2015/16	% Change
Average size of business (SLRs)		1.9			3.0	
Total area of farm (ha)	73.6	68.8	-6.4	35.3	36.8	4.1
of which: crops & grass	69.0	64.8	-6.2	33.6	35.0	4.4
rough grazing	2.2	1.8	-20.3	0.9	0.9	0.0
Hectares - Total crops	21.4	17.2	-19.5	4.1	4.3	4.3
(of which cereals)	17.7	15.1	-14.5	2.3	2.4	2.1
Av.no - Dairy cows	28.9	27.4	-5.1	0.0	0.0	-
Av.no - Beef cows	10.1	11.0	9.5	8.5	8.4	-0.8
Av.no - Other cattle	63.4	69.7	9.8	35.2	38.0	7.9
Av.no - Ewes	81.6	81.8	0.1	88.6	95.3	7.5
Av.no - Sows/gilts	4.1	16.1	291.2	153.5	148.8	-3.1
Crop output :	**£ per farm**			**£ per farm**		
Cereals	14,992	14,058	-6.2	2,114	1,952	-7.7
Potatoes	6,914	5,514	-20.2	0	0	-
Misc. crop output	5,853	4,279	-26.9	3,570	3,018	-15.5
Total crop output	**27,759**	**23,851**	**-14.1**	**5,684**	**4,970**	**-12.6**
Livestock output :						
Cattle rearing & fattening	28,928	29,219	1.0	16,429	16,429	0.0
Cattle - dairy	-2,574	-2,083	19.1	0	0	-
Milk	51,467	37,533	-27.1	0	0	-
Sheep & wool	9,864	7,529	-23.7	9,090	10,525	15.8
Pigs	13,287	18,880	42.1	329,735	287,141	-12.9
Poultry & eggs	9,721	8,693	-10.6	0	0	-
Other livestock	0	0	-	24	625	2520.9
Total livestock output	**110,693**	**99,772**	**-9.9**	**355,278**	**314,719**	**-11.4**
Single Payment	19,158	16,987	-11.3	12,199	11,294	-7.4
ANC/LFA Compensatory scheme	294	336	14.3	839	1,138	35.6
Agri Environment schemes	960	811	-15.4	333	84	-74.8
Miscellaneous subsidies	106	485	359.3	206	35	-82.8
Miscellaneous revenue	2,096	2,126	1.5	3,112	1,651	-47.0
On farm - non farm income	684	684	0.0	0	0	-
Adjustments for disposal of previous year's crop	209	-37	-117.9	0	0	-
Total farm output	**161,958**	**145,015**	**-10.5**	**377,650**	**333,892**	**-11.6**

Table 1.2 Contd.

	Mixed			Pigs		
	2014/15	2015/16	% Change	2014/15	2015/16	% Change
Inputs :	**£ per farm**			**£ per farm**		
Purchased concentrate feed & fodder	35,078	39,904	13.8	221,320	207,335	-6.3
Home grown concentrate feed	4,370	3,225	-26.2	0	0	-
Veterinary fees & medicines	3,585	3,662	2.1	12,799	14,172	10.7
Other livestock costs	3,833	3,545	-7.5	16,393	18,076	10.3
Purchased & home grown seed	3,088	2,034	-34.1	323	229	-29.3
Fertilisers	9,997	9,662	-3.4	2,815	2,535	-10.0
Other crop costs	4,532	4,672	3.1	1,036	779	-24.8
Regular & casual labour	4,614	4,179	-9.4	14,105	11,300	-19.9
Machinery excluding depreciation	18,868	14,920	-20.9	12,743	10,710	-16.0
Depreciation of plant machinery & vehicles	15,966	14,564	-8.8	8,667	9,083	4.8
Depreciation of buildings & works	9,882	10,378	5.0	14,709	15,967	8.6
Land & building inputs	8,785	7,376	-16.0	9,365	8,850	-5.5
Interest payments	1,757	2,495	42.0	1,713	1,478	-13.7
Other general farming costs	9,292	9,062	-2.5	13,124	14,827	13.0
Total variable costs	**72,309**	**72,299**	**0.0**	**264,990**	**250,689**	**-5.4**
Total fixed costs	**61,340**	**57,376**	**-6.5**	**64,122**	**64,650**	**0.8**
Total farm inputs	**133,649**	**129,675**	**-3.0**	**329,112**	**315,339**	**-4.2**
Farm Business Income	**28,309**	**15,340**	**-45.8**	**48,538**	**18,552**	**-61.8**
(plus) depreciation of buildings & works	9,882	10,378	5.0	14,709	15,967	8.6
(plus) depreciation of plant machinery & vehicles	15,966	14,564	-8.8	8,667	9,083	4.8
(minus) valuation change	-5,350	12,834	339.9	2,418	-1,910	-179.0
(equals) cash income	**59,508**	**27,447**	**-53.9**	**69,496**	**45,512**	**-34.5**
(minus) net investment	25,700	44,555	73.4	32,808	24,481	-25.4
(equals) Cash flow	**33,808**	**-17,108**	**-150.6**	**36,688**	**21,031**	**-42.7**
Average valuations	**170,966**	**172,004**	**0.6**	**152,269**	**153,389**	**0.7**

TABLE 1.3 LOWLAND CATTLE AND SHEEP OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2014/15 AND 2015/16[1]

	0.5 < 1 SLR			1 < 2 SLR			All SIZES		
	2014/15	2015/16	% Change	2014/15	2015/16	% Change	2014/15	2015/16	% Change
Average size of business (SLRs)		0.8			1.3			1.2	
Total area of farm (ha)	52.1	49.4	-5.1	70.8	71.2	0.6	70.5	67.3	-4.5
of which: crops & grass	48.0	47.1	-1.8	69.2	69.6	0.6	64.0	63.4	-0.9
rough grazing	2.9	1.1	-62.4	0.2	0.2	0.0	5.2	0.9	-82.1
Size of enterprises :									
Hectares - Total crops	3.2	3.0	-6.7	7.1	7.7	8.6	4.9	5.1	2.4
Av.no - Dairy cows	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Av.no - Beef cows	20.3	22.1	8.8	37.4	37.9	1.5	32.7	33.8	3.2
Av.no - Other cattle	65.1	66.4	2.1	109.0	109.5	0.5	91.0	92.5	1.7
Av.no - Ewes	53.0	59.6	12.5	60.9	66.3	8.9	89.8	93.1	3.6
Av.no - Sows/gilts	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Crop output :	**£ per farm**			**£ per farm**			**£ per farm**		
Cereals	1,901	1,525	-19.8	4,731	2,896	-38.8	3,021	2,130	-29.5
Potatoes	0	0	-	151	0	-100.0	357	208	-41.6
Misc. crop output	1,549	373	-76.0	4,349	4,258	-2.1	3,018	2,199	-27.1
Total crop output	**3,450**	**1,897**	**-45.0**	**9,231**	**7,154**	**-22.5**	**6,396**	**4,537**	**-29.1**
Livestock output :									
Cattle rearing & fattening	25,597	26,489	3.5	52,163	50,839	-2.5	43,745	43,620	-0.3
Cattle - dairy	0	0	-	0	0	-	0	0	-
Milk	0	0	-	0	0	-	0	0	-
Sheep & wool	5,010	4,502	-10.1	6,810	5,948	-12.7	10,388	9,887	-4.8
Pigs	0	0	-	423	154	-63.6	131	48	-63.6
Poultry & eggs	0	0	-	0	0	-	79	0	-100.0
Other livestock	0	0	-	0	0	-	0	0	-
Total livestock output	**30,607**	**30,991**	**1.3**	**59,396**	**56,941**	**-4.1**	**54,342**	**53,555**	**-1.4**
Single Payment	16,335	14,487	-11.3	24,875	22,043	-11.4	23,604	20,765	-12.0
ANC/LFA Compensatory scheme	192	240	24.7	199	256	28.5	419	505	20.5
Agri Environment schemes	1,297	1,059	-18.4	1,324	908	-31.4	1,379	1,016	-26.3
Miscellaneous subsidies	122	45	-62.9	77	58	-25.0	270	162	-40.1
Miscellaneous revenue	3,089	3,199	3.6	1,020	1,372	34.6	2,906	2,946	1.4
On farm - non farm income	0	0	-	1,115	1,115	0.0	345	345	0.0
Adjustments for disposal of previous year's crop	1	2	19.4	0	0	-	112	100	-10.7
Total farm output	**55,094**	**51,920**	**-5.8**	**97,237**	**89,847**	**-7.6**	**89,772**	**83,929**	**-6.5**

Table 1.3 Contd.

	0.5 < 1 SLR			1 < 2 SLR			All SIZES		
	2014/15	2015/16	% Change	2014/15	2015/16	% Change	2014/15	2015/16	% Change
Inputs :	**£ per farm**			**£ per farm**			**£ per farm**		
Purchased concentrate feed & fodder	7,842	7,287	-7.1	13,929	13,167	-5.5	13,170	12,239	-7.1
Home grown concentrate feed	622	412	-33.8	2,816	2,257	-19.8	1,657	1,251	-24.5
Veterinary fees & medicines	1,500	1,791	19.4	2,633	2,871	9.1	2,684	2,891	7.7
Other livestock costs	1,398	1,685	20.5	3,124	3,394	8.6	2,692	2,836	5.4
Purchased & home grown seed	320	333	4.0	1,009	950	-5.9	640	585	-8.6
Fertilisers	4,587	4,314	-6.0	7,729	6,950	-10.1	6,768	6,183	-8.6
Other crop costs	826	959	16.1	1,602	1,603	0.0	1,435	1,606	11.9
Regular & casual labour	750	649	-13.5	2,980	2,561	-14.1	3,045	2,848	-6.5
Machinery excluding depreciation	9,130	8,793	-3.7	14,882	11,898	-20.0	12,847	11,380	-11.4
Depreciation of plant machinery & vehicles	5,337	5,439	1.9	9,509	8,438	-11.3	7,948	7,709	-3.0
Depreciation of buildings & works	3,628	3,684	1.6	4,794	4,668	-2.6	5,205	5,266	1.2
Land & building inputs	4,252	4,459	4.9	8,865	8,974	1.2	7,742	8,322	7.5
Interest payments	388	349	-10.0	1,178	1,248	5.9	1,010	975	-3.5
Other general farming costs	5,518	5,608	1.6	6,886	6,580	-4.4	6,603	6,383	-3.3
Total variable costs	**21,654**	**21,049**	**-2.8**	**39,583**	**36,657**	**-7.4**	**35,513**	**33,446**	**-5.8**
Total fixed costs	**24,443**	**24,712**	**1.1**	**42,352**	**38,901**	**-8.1**	**37,935**	**37,028**	**-2.4**
Total farm inputs	**46,097**	**45,761**	**-0.7**	**81,936**	**75,558**	**-7.8**	**73,447**	**70,474**	**-4.0**
Farm Business Income	**8,996**	**6,159**	**-31.5**	**15,301**	**14,289**	**-6.6**	**16,325**	**13,456**	**-17.6**
(plus) depreciation of buildings & works	3,628	3,684	1.6	4,794	4,668	-2.6	5,205	5,266	1.2
(plus) depreciation of plant machinery & vehicles	5,337	5,439	1.9	9,509	8,438	-11.3	7,948	7,709	-3.0
(minus) valuation change	2,272	-1,855	-181.7	515	5,368	941.6	1,129	1,504	33.2
(equals) cash income	**15,689**	**17,137**	**9.2**	**29,089**	**22,027**	**-24.3**	**28,349**	**24,927**	**-12.1**
(minus) net investment	2,159	7,872	264.6	6,136	50,817	728.1	30,591	23,657	-22.7
(equals) Cash flow	**13,531**	**9,266**	**-31.5**	**22,953**	**-28,789**	**-225.4**	**-2,242**	**1,270**	**156.6**
Average valuations	**95,044**	**94,147**	**-0.9**	**150,256**	**150,584**	**0.2**	**138,139**	**138,053**	**-0.1**

TABLE 1.4 – DAIRY FARMS
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2014/15 AND 2015/16[1]

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2014/15	2015/16	% Change	2014/15	2015/16	% Change	2014/15	2015/16	% Change	2014/15	2015/16	% Change
Average size of business (SLRs)		0.8			1.5			2.5			5.1	
Total area of farm (ha)	29.6	29.6	0.0	47.0	47.0	0.1	68.5	68.7	0.4	133.0	135.2	1.7
of which: crops & grass	26.9	26.9	0.0	44.2	44.7	1.2	64.3	64.5	0.2	127.0	128.8	1.5
rough grazing	1.6	1.6	0.0	1.7	1.1	-35.4	2.6	2.7	5.3	3.1	3.4	10.1
Size of enterprises :												
Hectares - Total crops	0.0	0.0	-	1.8	2.0	10.7	0.6	0.6	-3.9	7.4	7.4	-0.5
Av.no - Dairy cows	33.1	33.9	2.4	59.1	60.3	2.2	92.7	97.3	4.9	205.2	210.8	2.7
Av.no - Beef cows	0.1	0.2	71.0	3.0	2.6	-10.6	2.4	2.3	-4.7	0.9	1.2	31.2
Av.no - Other cattle	20.2	18.4	-9.1	46.3	46.1	-0.6	72.8	73.0	0.3	144.2	147.7	2.4
Av.no - Ewes	0.0	0.0	-	6.2	6.1	-0.7	3.5	3.5	1.8	13.6	13.5	-0.9
Av.no - Sows/gilts	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Crop output :	**£ per farm**			**£ per farm**			**£ per farm**			**£ per farm**		
Cereals	0	0	-	629	525	-16.5	261	370	41.8	2,483	1,926	-22.4
Potatoes	0	0	-	0	0	-	0	0	-	0	0	-
Misc. crop output	371	-321	-186.6	2,414	1,432	-40.7	1,689	386	-77.1	7,094	1,277	-82.0
Total crop output	**371**	**-321**	**-186.6**	**3,043**	**1,957**	**-35.7**	**1,951**	**757**	**-61.2**	**9,577**	**3,203**	**-66.6**
Livestock output :												
Cattle rearing & fattening	9,080	6,514	-28.3	18,226	18,374	0.8	29,517	29,682	0.6	65,138	61,643	-5.4
Cattle - dairy	-834	-1,751	-109.9	-1,834	-616	66.4	-4,904	-3,022	38.4	-18,940	-15,897	16.1
Milk	51,426	34,412	-33.1	87,942	65,989	-25.0	157,906	120,121	-23.9	382,590	287,274	-24.9
Sheep & wool	0	0	-	700	557	-20.5	396	311	-21.5	1,277	1,032	-19.2
Pigs	0	0	-	0	0	-	0	0	-	0	0	-
Poultry & eggs	0	0	-	0	0	-	904	1,072	18.5	515	545	5.8
Other livestock	0	0	-	0	1	-	0	0	-	5	0	-100.0
Total livestock output	**59,672**	**39,175**	**-34.4**	**105,034**	**84,305**	**-19.7**	**183,819**	**148,164**	**-19.4**	**430,584**	**334,596**	**-22.3**
Single Payment	6,928	6,474	-6.6	11,052	10,475	-5.2	18,874	17,546	-7.0	32,148	29,421	-8.5
ANC/LFA Compensatory scheme	100	76	-23.2	188	211	11.8	236	225	-4.7	200	216	8.0
Agri Environment schemes	48	241	406.6	578	654	13.1	1,273	1,157	-9.2	849	1,020	20.1
Miscellaneous subsidies	99	448	352.4	258	775	199.7	295	1,578	434.1	557	3,418	513.1
Miscellaneous revenue	175	424	142.3	1,099	1,081	-1.6	1,469	2,994	103.9	2,661	7,313	174.8
On farm - non farm income	0	0	-	0	0	-	0	0	-	2,275	2,362	3.9
Adjustments for disposal of previous year's crop	0	0	-	0	0	-	0	0	-	-61	-125	-103.2
Total farm output	**67,392**	**46,517**	**-31.0**	**121,252**	**99,457**	**-18.0**	**207,918**	**172,420**	**-17.1**	**478,790**	**381,424**	**-20.3**

Table 1.4 Contd.

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2014/15	2015/16	% Change	2014/15	2015/16	% Change	2014/15	2015/16	% Change	2014/15	2015/16	% Change
Inputs :	**£ per farm**			**£ per farm**			**£ per farm**			**£ per farm**		
Purchased concentrate feed & fodder	17,273	13,871	-19.7	29,706	27,044	-9.0	50,053	43,181	-13.7	164,787	145,949	-11.4
Home grown concentrate feed	3,003	2,124	-29.3	2,257	1,853	-17.9	3,494	2,628	-24.8	6,141	4,607	-25.0
Veterinary fees & medicines	2,118	1,949	-8.0	3,466	3,249	-6.3	6,151	5,797	-5.8	13,454	13,412	-0.3
Other livestock costs	2,190	2,006	-8.4	4,517	4,952	9.6	7,768	8,006	3.1	19,790	17,790	-10.1
Purchased & home grown seed	0	65	-	521	263	-49.5	440	222	-49.6	2,263	1,270	-43.9
Fertilisers	3,811	3,231	-15.2	7,659	6,235	-18.6	12,389	11,287	-8.9	24,302	18,541	-23.7
Other crop costs	279	426	52.4	858	757	-11.7	1,746	1,422	-18.5	4,976	4,278	-14.0
Regular & casual labour	675	379	-43.8	1,545	1,686	9.1	6,974	6,417	-8.0	18,097	17,633	-2.6
Machinery excluding depreciation	8,721	6,492	-25.6	13,181	12,261	-7.0	19,230	16,563	-13.9	46,683	40,832	-12.5
Depreciation of plant machinery & vehicles	2,882	3,420	18.7	7,430	7,014	-5.6	12,096	11,321	-6.4	25,566	22,382	-12.5
Depreciation of buildings & works	1,995	1,811	-9.3	8,167	8,067	-1.2	16,371	17,259	5.4	33,513	34,020	1.5
Land & building inputs	2,126	2,845	33.8	6,063	5,560	-8.3	10,364	8,779	-15.3	24,190	23,787	-1.7
Interest payments	198	195	-1.4	1,153	1,182	2.5	2,810	2,938	4.6	8,227	9,017	9.6
Other general farming costs	6,982	6,308	-9.7	9,054	8,694	-4.0	11,082	11,709	5.7	20,416	20,227	-0.9
Total variable costs	**32,831**	**27,112**	**-17.4**	**55,153**	**50,477**	**-8.5**	**94,295**	**83,472**	**-11.5**	**267,398**	**234,895**	**-12.2**
Total fixed costs	**19,424**	**18,011**	**-7.3**	**40,423**	**38,341**	**-5.2**	**66,674**	**64,059**	**-3.9**	**145,008**	**138,851**	**-4.2**
Total farm inputs	**52,255**	**45,122**	**-13.6**	**95,577**	**88,817**	**-7.1**	**160,969**	**147,531**	**-8.3**	**412,406**	**373,746**	**-9.4**
Farm Business Income	**15,138**	**1,394**	**-90.8**	**25,676**	**10,640**	**-58.6**	**46,949**	**24,889**	**-47.0**	**66,383**	**7,678**	**-88.4**
(plus) depreciation of buildings & works	1,995	1,811	-9.3	8,167	8,067	-1.2	16,371	17,259	5.4	33,513	34,020	1.5
(plus) depreciation of plant machinery & vehicles	2,882	3,420	18.7	7,430	7,014	-5.6	12,096	11,321	-6.4	25,566	22,382	-12.5
(minus) valuation change	-2,042	-1,921	6.0	2,203	-179	-108.1	1,448	1,621	11.9	6,994	1,591	-77.3
(equals) cash income	**22,058**	**8,545**	**-61.3**	**39,070**	**25,900**	**-33.7**	**73,968**	**51,849**	**-29.9**	**118,469**	**62,489**	**-47.3**
(minus) net investment	893	5,026	463.0	12,342	7,421	-39.9	43,048	29,452	-31.6	75,714	53,546	-29.3
(equals) Cash flow	**21,165**	**3,519**	**-83.4**	**26,727**	**18,479**	**-30.9**	**30,920**	**22,397**	**-27.6**	**42,755**	**8,943**	**-79.1**
Average valuations	**51,572**	**49,346**	**-4.3**	**104,180**	**106,991**	**2.7**	**164,119**	**167,311**	**1.9**	**358,345**	**362,905**	**1.3**

TABLE 1.5 – LFA CATTLE AND SHEEP OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2014/15 AND 2015/16[1]

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2014/15	2015/16	% Change	2014/15	2015/16	% Change	2014/15	2015/16	% Change	2014/15	2015/16	% Change
Average size of business (SLRs)		0.7			1.5			2.4			3.5	
Total area of farm (ha)	72.7	69.9	-3.8	122.2	120.8	-1.1	263.1	242.4	-7.9	496.5	480.1	-3.3
of which: crops & grass	43.6	43.1	-1.1	69.1	70.5	2.1	111.7	111.2	-0.4	123.6	126.8	2.5
rough grazing	19.0	16.3	-14.2	43.2	38.8	-10.1	116.7	113.6	-2.7	290.9	278.2	-4.4
Size of enterprises :												
Hectares - Total crops	1.0	0.5	-49.1	2.4	1.9	-21.3	1.4	1.4	-1.2	2.9	1.8	-35.9
Av.no - Dairy cows	0.4	0.3	-19.6	1.6	2.5	51.5	0.0	0.0	-	0.0	0.0	-
Av.no - Beef cows	18.5	19.3	4.1	36.1	37.0	2.4	92.2	90.4	-1.9	77.5	79.3	2.3
Av.no - Other cattle	36.8	35.3	-4.2	79.6	78.5	-1.5	149.6	147.4	-1.5	189.2	187.6	-0.9
Av.no - Ewes	102.7	104.4	1.7	208.5	213.2	2.2	318.3	299.7	-5.8	601.5	590.5	-1.8
Av.no - Sows/gilts	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Crop output :	**£ per farm**			**£ per farm**			**£ per farm**			**£ per farm**		
Cereals	103	34	-67.4	1,210	1,164	-3.8	496	467	-6.0	1,647	631	-61.7
Potatoes	0	0	-	0	0	-	0	0	-	0	0	-
Misc. crop output	782	443	-43.3	1,612	1,159	-28.1	3,260	1,232	-62.2	1,941	-1,585	-181.7
Total crop output	**885**	**477**	**-46.1**	**2,822**	**2,324**	**-17.7**	**3,757**	**1,699**	**-54.8**	**3,588**	**-953**	**-126.6**
Livestock output :												
Cattle rearing & fattening	17,767	17,653	-0.6	39,060	39,087	0.1	89,313	83,487	-6.5	77,347	92,301	19.3
Cattle - dairy	9	-3	-137.2	93	-505	-640.9	0	0	-	0	0	-
Milk	312	220	-29.6	2,330	2,498	7.2	0	0	-	0	0	-
Sheep & wool	10,389	9,628	-7.3	18,616	17,737	-4.7	24,782	22,483	-9.3	43,324	38,691	-10.7
Pigs	0	0	-	0	0	-	0	0	-	0	0	-
Poultry & eggs	0	0	-	670	552	-17.5	0	0	-	0	0	-
Other livestock	121	202	67.2	28	0	-100.0	0	0	-	0	87	-
Total livestock output	**28,597**	**27,699**	**-3.1**	**60,797**	**59,369**	**-2.3**	**114,096**	**105,970**	**-7.1**	**120,670**	**131,079**	**8.6**
Single Payment	15,353	15,212	-0.9	24,799	25,252	1.8	56,845	54,422	-4.3	66,955	73,107	9.2
ANC/LFA Compensatory scheme	2,960	3,145	6.3	4,634	4,996	7.8	10,952	11,494	4.9	22,165	22,883	3.2
Agri Environment schemes	2,234	1,918	-14.2	2,073	2,421	16.8	4,227	4,764	12.7	1,004	12,834	1178.0
Miscellaneous subsidies	123	81	-34.1	539	376	-30.3	2,696	600	-77.7	661	407	-38.5
Miscellaneous revenue	1,370	1,494	9.0	2,043	1,834	-10.2	3,464	2,288	-33.9	9,244	12,925	39.8
On farm - non farm income	0	0	-	0	0	-	0	0	-	0	0	-
Adjustments for disposal of previous year's crop	0	3	-	0	0	-	0	0	-	0	0	-
Total farm output	**51,523**	**50,029**	**-2.9**	**97,708**	**96,572**	**-1.2**	**196,035**	**181,238**	**-7.5**	**224,288**	**252,281**	**12.5**

Table 1.5 Contd.

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2014/15	2015/16	% Change	2014/15	2015/16	% Change	2014/15	2015/16	% Change	2014/15	2015/16	% Change
Inputs :	**£ per farm**			**£ per farm**			**£ per farm**			**£ per farm**		
Purchased concentrate feed & fodder	8,083	7,100	-12.2	17,037	15,052	-11.6	22,341	22,005	-1.5	35,519	35,440	-0.2
Home grown concentrate feed	47	42	-9.9	1,237	1,222	-1.2	267	532	99.2	1,340	1,203	-10.2
Veterinary fees & medicines	1,916	2,049	6.9	3,766	3,959	5.1	7,163	6,436	-10.2	11,058	10,362	-6.3
Other livestock costs	1,433	1,346	-6.0	3,178	3,042	-4.3	4,205	3,463	-17.6	3,965	4,759	20.0
Purchased & home grown seed	140	104	-25.9	697	299	-57.1	482	205	-57.5	864	406	-53.0
Fertilisers	3,700	3,157	-14.7	7,696	7,308	-5.0	13,162	12,520	-4.9	14,135	13,529	-4.3
Other crop costs	481	608	26.5	1,511	1,430	-5.4	1,448	1,058	-26.9	1,758	1,451	-17.4
Regular & casual labour	965	923	-4.4	2,661	2,741	3.0	6,426	6,972	8.5	3,567	2,985	-16.3
Machinery excluding depreciation	8,031	7,147	-11.0	12,603	11,662	-7.5	22,530	21,418	-4.9	23,526	21,788	-7.4
Depreciation of plant machinery & vehicles	5,395	5,216	-3.3	8,633	9,035	4.7	12,751	14,253	11.8	16,498	14,089	-14.6
Depreciation of buildings & works	2,959	2,899	-2.0	7,830	8,044	2.7	12,267	13,368	9.0	8,455	8,871	4.9
Land & building inputs	4,267	4,274	0.2	8,222	7,780	-5.4	21,228	23,375	10.1	15,482	15,197	-1.8
Interest payments	387	346	-10.6	917	848	-7.6	969	1,059	9.3	3,229	3,430	6.2
Other general farming costs	4,846	4,800	-0.9	6,495	6,267	-3.5	9,942	10,657	7.2	9,352	9,471	1.3
Total variable costs	**18,981**	**17,448**	**-8.1**	**39,901**	**37,271**	**-6.6**	**60,276**	**57,514**	**-4.6**	**82,517**	**79,333**	**-3.9**
Total fixed costs	**23,669**	**22,564**	**-4.7**	**42,582**	**41,418**	**-2.7**	**74,904**	**79,805**	**6.5**	**66,233**	**63,647**	**-3.9**
Total farm inputs	**42,650**	**40,011**	**-6.2**	**82,482**	**78,690**	**-4.6**	**135,180**	**137,320**	**1.6**	**148,749**	**142,979**	**-3.9**
Farm Business Income	**8,873**	**10,018**	**12.9**	**15,225**	**17,882**	**17.5**	**60,855**	**43,918**	**-27.8**	**75,539**	**109,302**	**44.7**
(plus) depreciation of buildings & works	2,959	2,899	-2.0	7,830	8,044	2.7	12,267	13,368	9.0	8,455	8,871	4.9
(plus) depreciation of plant machinery & vehicles	5,395	5,216	-3.3	8,633	9,035	4.7	12,751	14,253	11.8	16,498	14,089	-14.6
(minus) valuation change	1,329	-907	-168.3	1,708	-1,380	-180.8	1,693	-11,674	-789.4	5,450	-3,001	-155.1
(equals) cash income	**15,898**	**19,040**	**19.8**	**29,980**	**36,341**	**21.2**	**84,179**	**83,212**	**-1.1**	**95,042**	**135,263**	**42.3**
(minus) net investment	6,445	6,380	-1.0	8,786	15,154	72.5	17,333	66,235	282.1	68,067	75,740	11.3
(equals) Cash flow	**9,453**	**12,661**	**33.9**	**21,194**	**21,187**	**0.0**	**66,847**	**16,977**	**-74.6**	**26,975**	**59,523**	**120.7**
Average valuations	**69,170**	**68,993**	**-0.3**	**133,586**	**134,593**	**0.8**	**254,988**	**252,305**	**-1.1**	**291,586**	**290,601**	**-0.3**

TABLE 1.6 – DAIRY AND LFA CATTLE AND SHEEP – ALL SIZES OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2014/15 AND 2015/16[1]

	Dairy			LFA Cattle & Sheep		
	2014/15	2015/16	% Change	2014/15	2015/16	% Change
Average size of business (SLRs)		3.0			1.1	
Total area of farm (ha)	83.2	84.1	1.1	108.6	104.8	-3.5
of which: crops & grass	78.8	79.7	1.1	56.4	56.6	0.3
rough grazing	2.4	2.4	-0.7	38.6	35.2	-9.0
Hectares - Total crops	3.5	3.5	1.0	1.5	1.0	-33.9
Av.no - Dairy cows	120.2	123.9	3.0	0.7	0.9	24.8
Av.no - Beef cows	1.8	1.8	0.0	28.9	29.6	2.3
Av.no - Other cattle	87.3	88.5	1.3	58.8	57.4	-2.5
Av.no - Ewes	7.8	7.7	-0.6	157.3	158.4	0.7
Av.no - Sows/gilts	0.0	0.0	-	0.0	0.0	-
Crop output :	**£ per farm**			**£ per farm**		
Cereals	1,189	972	-18.3	468	379	-18.9
Potatoes	0	0	-	0	0	-
Misc. crop output	3,831	954	-75.1	1,173	620	-47.1
Total crop output	**5,020**	**1,926**	**-61.6**	**1,640**	**1,000**	**-39.1**
Livestock output :						
Cattle rearing & fattening	37,898	36,387	-4.0	29,089	29,142	0.2
Cattle - dairy	-8,994	-7,135	20.7	31	-138	-547.9
Milk	213,355	160,136	-24.9	831	816	-1.8
Sheep & wool	780	625	-19.8	14,337	13,349	-6.9
Pigs	0	0	-	0	0	-
Poultry & eggs	409	459	12.4	181	149	-17.5
Other livestock	2	0	-90.2	86	133	55.2
Total livestock output	**243,450**	**190,472**	**-21.8**	**44,554**	**43,451**	**-2.5**
Single Payment	20,540	18,977	-7.6	21,629	21,707	0.4
ANC/LFA Compensatory scheme	195	203	3.9	4,397	4,665	6.1
Agri Environment schemes	792	870	10.0	2,263	2,523	11.5
Miscellaneous subsidies	366	1,941	430.9	390	198	-49.1
Miscellaneous revenue	1,691	3,847	127.5	1,892	1,959	3.5
On farm - non farm income	870	903	3.9	0	0	-
Adjustments for disposal of previous year's crop	-23	-48	-103.2	0	2	-
Total farm output	**272,899**	**219,092**	**-19.7**	**76,766**	**75,504**	**-1.6**

Table 1.6 Contd.

	Dairy			LFA Cattle & Sheep		
	2014/15	2015/16	% Change	2014/15	2015/16	% Change
Inputs :	**£ per farm**			**£ per farm**		
Purchased concentrate feed & fodder	84,884	74,977	-11.7	12,060	10,868	-9.9
Home grown concentrate feed	4,106	3,114	-24.1	417	421	0.8
Veterinary fees & medicines	7,780	7,602	-2.3	2,962	3,041	2.6
Other livestock costs	10,887	10,283	-5.5	2,126	2,017	-5.2
Purchased & home grown seed	1,117	619	-44.6	330	171	-48.2
Fertilisers	14,748	11,825	-19.8	5,590	5,081	-9.1
Other crop costs	2,583	2,226	-13.8	848	879	3.6
Regular & casual labour	9,059	8,761	-3.3	1,792	1,799	0.4
Machinery excluding depreciation	26,964	23,619	-12.4	10,494	9,558	-8.9
Depreciation of plant machinery & vehicles	15,005	13,541	-9.8	6,986	6,990	0.1
Depreciation of buildings & works	19,166	19,521	1.9	4,933	5,024	1.8
Land & building inputs	13,610	13,013	-4.4	6,572	6,565	-0.1
Interest payments	4,151	4,491	8.2	644	609	-5.4
Other general farming costs	13,667	13,572	-0.7	5,696	5,646	-0.9
Total variable costs	**143,253**	**126,394**	**-11.8**	**28,687**	**26,744**	**-6.8**
Total fixed costs	**84,471**	**80,773**	**-4.4**	**32,763**	**31,923**	**-2.6**
Total farm inputs	**227,724**	**207,167**	**-9.0**	**61,450**	**58,667**	**-4.5**
Farm Business Income	**45,175**	**11,925**	**-73.6**	**15,315**	**16,837**	**9.9**
(plus) depreciation of buildings & works	19,166	19,521	1.9	4,933	5,024	1.8
(plus) depreciation of plant machinery & vehicles	15,005	13,541	-9.8	6,986	6,990	0.1
(minus) valuation change	3,436	746	-78.3	1,570	-1,675	-206.7
(equals) cash income	**75,909**	**44,242**	**-41.7**	**25,665**	**30,527**	**18.9**
(minus) net investment	42,625	29,978	-29.7	9,446	13,977	48.0
(equals) Cash flow	**33,284**	**14,263**	**-57.1**	**16,219**	**16,549**	**2.0**
Average valuations	**210,168**	**213,236**	**1.5**	**102,993**	**102,977**	**0.0**

TABLE 1.7 – ALL TYPES – 4 SIZE GROUPS
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2014/15 AND 2015/16[1]

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			All Sizes		
	2014/15	2015/16	% Change	2014/15	2015/16	% Change	2014/15	2015/16	% Change	2014/15	2015/16	% Change
Average size of business (SLRs)		0.7			1.5			2.5			1.7	
Total area of farm (ha)	63.3	60.9	-3.8	87.0	86.4	-0.6	123.6	115.6	-6.5	91.1	88.9	-2.4
of which: crops & grass	43.2	42.7	-1.1	62.5	63.3	1.3	83.5	82.1	-1.8	64.7	64.8	0.1
rough grazing	13.0	10.9	-16.6	19.5	17.4	-10.9	31.3	25.7	-18.0	19.3	16.9	-12.3
Size of enterprises :												
Hectares - Total crops	2.7	2.4	-11.0	5.9	5.8	-1.0	7.9	6.8	-14.7	4.9	4.6	-5.9
Av.no - Dairy cows	2.3	2.3	-0.1	18.4	19.1	3.8	53.0	55.6	4.9	35.6	36.7	3.0
Av.no - Beef cows	17.1	18.1	5.4	24.7	25.2	2.1	28.0	27.3	-2.6	20.2	20.7	2.7
Av.no - Other cattle	41.2	40.7	-1.3	73.6	73.2	-0.5	94.4	94.8	0.4	71.6	71.9	0.4
Av.no - Ewes	80.7	83.4	3.4	108.4	111.6	2.9	118.1	113.1	-4.2	95.0	96.2	1.2
Av.no - Sows/gilts	0.2	0.2	-3.2	0.6	0.6	-3.2	4.9	5.5	10.3	2.6	3.0	16.4
Crop output :	**£ per farm**			**£ per farm**			**£ per farm**			**£ per farm**		
Cereals	1,441	1,350	-6.3	3,487	2,954	-15.3	5,495	4,901	-10.8	2,745	2,392	-12.9
Potatoes	96	191	99.0	1,378	1,105	-19.8	2,155	2,525	17.2	740	730	-1.2
Misc. crop output	1,254	661	-47.3	3,083	2,511	-18.6	4,338	2,921	-32.7	2,852	1,586	-44.4
Total crop output	**2,791**	**2,203**	**-21.1**	**7,949**	**6,570**	**-17.3**	**11,988**	**10,347**	**-13.7**	**6,336**	**4,709**	**-25.7**
Livestock output :												
Cattle rearing & fattening	18,574	18,544	-0.2	34,453	33,926	-1.5	46,392	45,706	-1.5	33,559	33,121	-1.3
Cattle - dairy	-46	-111	-140.3	-613	-482	21.3	-2,804	-1,728	38.4	-2,646	-2,175	17.8
Milk	3,385	2,272	-32.9	27,553	20,912	-24.1	90,293	68,687	-23.9	63,077	47,385	-24.9
Sheep & wool	8,139	7,472	-8.2	10,072	9,343	-7.2	11,658	10,802	-7.3	9,215	8,544	-7.3
Pigs	351	269	-23.5	1,706	1,275	-25.3	11,729	12,073	2.9	5,770	5,317	-7.8
Poultry & eggs	0	0	-	845	670	-20.7	517	613	18.5	618	561	-9.3
Other livestock	78	151	93.0	12	0	-98.6	0	0	-	40	70	76.7
Total livestock output	**30,482**	**28,597**	**-6.2**	**74,028**	**65,643**	**-11.3**	**157,786**	**136,153**	**-13.7**	**109,634**	**92,823**	**-15.3**
Single Payment	14,868	14,232	-4.3	20,601	19,993	-3.0	30,223	28,089	-7.1	21,387	20,333	-4.9
ANC/LFA Compensatory scheme	1,956	2,086	6.6	2,154	2,332	8.2	2,776	2,927	5.4	2,151	2,296	6.8
Agri Environment schemes	1,807	1,542	-14.6	1,445	1,549	7.2	1,883	1,897	0.7	1,591	1,652	3.8
Miscellaneous subsidies	116	92	-20.7	332	413	24.3	922	1,096	19.0	338	691	104.3
Miscellaneous revenue	1,759	1,802	2.4	1,589	1,714	7.9	3,457	3,832	10.8	2,108	2,769	31.4
On farm - non farm income	63	63	0.0	226	226	0.0	0	0	-	339	348	2.8
Adjustments for disposal of previous year's crop	30	33	8.4	66	21	-68.3	247	187	-24.3	54	29	-46.7
Total farm output	**53,872**	**50,649**	**-6.0**	**108,390**	**98,461**	**-9.2**	**209,282**	**184,528**	**-11.8**	**143,938**	**125,650**	**-12.7**

Table 1.7 Contd.

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			All Sizes		
	2014/15	2015/16	% Change	2014/15	2015/16	% Change	2014/15	2015/16	% Change	2014/15	2015/16	% Change
Inputs :	**£ per farm**			**£ per farm**			**£ per farm**			**£ per farm**		
Purchased concentrate feed & fodder	8,434	7,452	-11.6	20,426	18,581	-9.0	45,113	40,773	-9.6	36,954	33,415	-9.6
Home grown concentrate feed	422	311	-26.3	2,003	1,682	-16.0	3,095	2,389	-22.8	1,844	1,441	-21.9
Veterinary fees & medicines	1,800	1,935	7.5	3,350	3,442	2.8	6,296	5,926	-5.9	4,402	4,450	1.1
Other livestock costs	1,485	1,452	-2.2	3,552	3,667	3.3	6,369	6,248	-1.9	4,972	4,793	-3.6
Purchased & home grown seed	257	250	-2.9	1,050	681	-35.2	1,149	727	-36.8	837	561	-33.0
Fertilisers	4,076	3,621	-11.2	8,006	7,127	-11.0	12,817	12,078	-5.8	8,729	7,524	-13.8
Other crop costs	710	858	20.7	1,731	1,659	-4.1	3,079	3,102	0.8	1,808	1,771	-2.1
Regular & casual labour	875	784	-10.4	2,432	2,403	-1.2	7,447	7,073	-5.0	4,402	4,224	-4.0
Machinery excluding depreciation	8,535	7,708	-9.7	13,710	12,260	-10.6	20,781	18,356	-11.7	16,203	14,353	-11.4
Depreciation of plant machinery & vehicles	5,286	5,217	-1.3	9,274	9,120	-1.7	14,187	13,896	-2.1	10,077	9,607	-4.7
Depreciation of buildings & works	2,974	2,933	-1.4	7,138	7,182	0.6	14,924	15,723	5.3	9,362	9,558	2.1
Land & building inputs	4,048	4,205	3.9	8,013	7,475	-6.7	14,535	14,080	-3.1	9,020	8,865	-1.7
Interest payments	381	356	-6.6	1,067	1,066	-0.1	2,727	2,912	6.8	1,783	1,896	6.3
Other general farming costs	5,202	5,155	-0.9	7,491	7,244	-3.3	10,727	11,361	5.9	8,450	8,405	-0.5
Total variable costs	**20,865**	**19,272**	**-7.6**	**45,902**	**42,400**	**-7.6**	**89,478**	**81,864**	**-8.5**	**68,244**	**61,969**	**-9.2**
Total fixed costs	**23,622**	**22,963**	**-2.8**	**43,342**	**41,190**	**-5.0**	**73,770**	**72,778**	**-1.3**	**50,600**	**48,894**	**-3.4**
Total farm inputs	**44,486**	**42,235**	**-5.1**	**89,244**	**83,590**	**-6.3**	**163,248**	**154,642**	**-5.3**	**118,844**	**110,862**	**-6.7**
Farm Business Income	**9,386**	**8,414**	**-10.4**	**19,146**	**14,871**	**-22.3**	**46,034**	**29,886**	**-35.1**	**25,094**	**14,788**	**-41.1**
(plus) depreciation of buildings & works	2,974	2,933	-1.4	7,138	7,182	0.6	14,924	15,723	5.3	9,362	9,558	2.1
(plus) depreciation of plant machinery & vehicles	5,286	5,217	-1.3	9,274	9,120	-1.7	14,187	13,896	-2.1	10,077	9,607	-4.7
(minus) valuation change	1,144	-1,003	-187.7	1,510	950	-37.1	1,414	-937	-166.2	1,749	280	-84.0
(equals) cash income	**16,501**	**17,567**	**6.5**	**34,048**	**30,223**	**-11.2**	**73,732**	**60,441**	**-18.0**	**42,784**	**33,673**	**-21.3**
(minus) net investment	5,406	6,731	24.5	9,789	22,267	127.5	32,450	45,334	39.7	23,634	22,462	-5.0
(equals) Cash flow	**11,095**	**10,835**	**-2.3**	**24,259**	**7,956**	**-67.2**	**41,281**	**15,107**	**-63.4**	**19,150**	**11,211**	**-41.5**
Average valuations	**73,620**	**73,228**	**-0.5**	**130,174**	**131,506**	**1.0**	**198,102**	**198,723**	**0.3**	**143,381**	**144,272**	**0.6**

INCOMES ON CATTLE & SHEEP (LFA & LOWLAND), DAIRY AND ALL FARM TYPES ABOVE 1SLR IN 2014/15 AND 2015/16[1]

£ PER FARM

		Farm Business Income	Cash Income	Net Farm Income
Dairy	14/15	48,490	81,853	50,647
	15/16	13,087	48,182	15,875
Cattle and Sheep (LFA)	14/15	27,143	43,596	17,824
	15/16	29,357	51,615	18,219
Cattle and Sheep (Lowland)	14/15	26,491	45,909	17,270
	15/16	23,577	35,732	14,998
All Types	**14/15**	**38,246**	**64,790**	**34,682**
	15/16	**20,125**	**47,158**	**16,539**

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

ASSETS AND LIABILITIES OF CEREAL FARMS, 2015/16
AVERAGE FARM SIZE 92.8 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	1,779,196	1,776,924
Other fixed assets	76,539	73,675
TOTAL FIXED ASSETS	**1,855,735**	**1,850,599**
Trading livestock, crops & stores	18,107	20,274
Debtors and short-term lending	0	9,142
Cash in hand and at bank	15,474	9,196
TOTAL CURRENT ASSETS	**33,581**	**38,612**
TOTAL ASSETS	**1,889,316**	**1,889,211**
Bank & other institutional loans	5,498	7,787
Family & other loans	0	0
TOTAL LONG-TERM LOANS	**5,498**	**7,787**
Bank overdraft	13,519	14,954
Other short-term borrowing	6,710	10,538
TOTAL SHORT-TERM LOANS	**20,229**	**25,491**
TOTAL EXTERNAL LIABILITIES	**25,727**	**33,278**
NET WORTH	**1,863,589**	**1,855,932**

ASSETS AND LIABILITIES OF GENERAL CROPPING FARMS, 2015/16
AVERAGE FARM SIZE 60.2 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	867,263	860,642
Other fixed assets	66,351	81,956
TOTAL FIXED ASSETS	**933,614**	**942,599**
Trading livestock, crops & stores	25,573	25,736
Debtors and short-term lending	0	0
Cash in hand and at bank	4,461	3,385
TOTAL CURRENT ASSETS	**30,034**	**29,120**
TOTAL ASSETS	**963,648**	**971,719**
Bank & other institutional loans	0	0
Family & other loans	0	0
TOTAL LONG-TERM LOANS	**0**	**0**
Bank overdraft	25,545	22,752
Other short-term borrowing	7,466	27,061
TOTAL SHORT-TERM LOANS	**33,011**	**49,814**
TOTAL EXTERNAL LIABILITIES	**33,011**	**49,814**
NET WORTH	**930,637**	**921,905**

ASSETS AND LIABILITIES OF PIGS FARMS, 2015/16
AVERAGE FARM SIZE 36.8 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	772,883	756,994
Other fixed assets	66,189	67,567
TOTAL FIXED ASSETS	**839,071**	**824,561**
Trading livestock, crops & stores	87,156	86,202
Debtors and short-term lending	413	464
Cash in hand and at bank	7,751	6,494
TOTAL CURRENT ASSETS	**95,320**	**93,160**
TOTAL ASSETS	**934,391**	**917,721**
Bank & other institutional loans	18,749	14,608
Family & other loans	0	0
TOTAL LONG-TERM LOANS	**18,749**	**14,608**
Bank overdraft	21,723	19,995
Other short-term borrowing	10,577	10,199
TOTAL SHORT-TERM LOANS	**32,300**	**30,194**
TOTAL EXTERNAL LIABILITIES	**51,049**	**44,801**
NET WORTH	**883,343**	**872,919**

ASSETS AND LIABILITIES OF DAIRY FARMS, 2015/16
AVERAGE FARM SIZE 84.1 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	1,241,749	1,214,871
Other fixed assets	156,639	151,402
TOTAL FIXED ASSETS	**1,398,388**	**1,366,272**
Trading livestock, crops & stores	59,028	59,548
Debtors and short-term lending	14,706	12,281
Cash in hand and at bank	12,171	8,136
TOTAL CURRENT ASSETS	**85,904**	**79,965**
TOTAL ASSETS	**1,484,292**	**1,446,237**
Bank & other institutional loans	70,430	78,742
Family & other loans	818	782
TOTAL LONG-TERM LOANS	**71,247**	**79,525**
Bank overdraft	23,693	27,943
Other short-term borrowing	11,050	12,710
TOTAL SHORT-TERM LOANS	**34,743**	**40,653**
TOTAL EXTERNAL LIABILITIES	**105,990**	**120,178**
NET WORTH	**1,378,302**	**1,326,059**

ASSETS AND LIABILITIES OF CATTLE AND SHEEP FARMS (LFA), 2015/16
AVERAGE FARM SIZE 104.8 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	1,025,435	1,020,659
Other fixed assets	60,161	61,044
TOTAL FIXED ASSETS	**1,085,597**	**1,081,703**
Trading livestock, crops & stores	43,218	40,950
Debtors and short-term lending	77	262
Cash in hand and at bank	9,199	8,739
TOTAL CURRENT ASSETS	**52,493**	**49,951**
TOTAL ASSETS	**1,138,090**	**1,131,653**
Bank & other institutional loans	6,131	6,575
Family & other loans	0	0
TOTAL LONG-TERM LOANS	**6,131**	**6,575**
Bank overdraft	8,877	9,037
Other short-term borrowing	1,454	1,541
TOTAL SHORT-TERM LOANS	**10,331**	**10,578**
TOTAL EXTERNAL LIABILITIES	**16,462**	**17,153**
NET WORTH	**1,121,628**	**1,114,500**

ASSETS AND LIABILITIES OF CATTLE AND SHEEP FARMS (LOWLAND) 2015/16
AVERAGE FARM SIZE 67.3 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	1,245,707	1,233,327
Other fixed assets	65,022	64,544
TOTAL FIXED ASSETS	**1,310,729**	**1,297,871**
Trading livestock, crops & stores	72,348	73,872
Debtors and short-term lending	308	569
Cash in hand and at bank	9,651	19,480
TOTAL CURRENT ASSETS	**82,307**	**93,920**
TOTAL ASSETS	**1,393,036**	**1,391,790**
Bank & other institutional loans	15,825	16,002
Family & other loans	0	0
TOTAL LONG-TERM LOANS	**15,825**	**16,002**
Bank overdraft	6,917	7,009
Other short-term borrowing	1,303	2,716
TOTAL SHORT-TERM LOANS	**8,220**	**9,726**
TOTAL EXTERNAL LIABILITIES	**24,045**	**25,728**
NET WORTH	**1,368,991**	**1,366,063**

ASSETS AND LIABILITIES OF MIXED FARMS, 2015/16
AVERAGE FARM SIZE 68.8 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	1,288,122	1,285,872
Other fixed assets	104,276	99,762
TOTAL FIXED ASSETS	**1,392,398**	**1,385,634**
Trading livestock, crops & stores	64,222	75,683
Debtors and short-term lending	5,512	3,965
Cash in hand and at bank	9,602	6,484
TOTAL CURRENT ASSETS	**79,336**	**86,132**
TOTAL ASSETS	**1,471,734**	**1,471,766**
Bank & other institutional loans	30,165	44,231
Family & other loans	0	3,924
TOTAL LONG-TERM LOANS	**30,165**	**48,155**
Bank overdraft	10,314	10,001
Other short-term borrowing	8,949	13,501
TOTAL SHORT-TERM LOANS	**19,263**	**23,501**
TOTAL EXTERNAL LIABILITIES	**49,428**	**71,656**
NET WORTH	**1,422,306**	**1,400,110**

ASSETS AND LIABILITIES OF ALL TYPES, 2015/16
AVERAGE FARM SIZE 88.9 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	1,142,152	1,129,645
Other fixed assets	90,631	89,396
TOTAL FIXED ASSETS	**1,232,782**	**1,219,041**
Trading livestock, crops & stores	54,179	54,071
Debtors and short-term lending	4,502	3,993
Cash in hand and at bank	10,153	10,376
TOTAL CURRENT ASSETS	**68,834**	**68,440**
TOTAL ASSETS	**1,301,616**	**1,287,480**
Bank & other institutional loans	27,306	30,448
Family & other loans	232	386
TOTAL LONG-TERM LOANS	**27,538**	**30,834**
Bank overdraft	13,191	14,438
Other short-term borrowing	4,724	5,904
TOTAL SHORT-TERM LOANS	**17,915**	**20,343**
TOTAL EXTERNAL LIABILITIES	**45,453**	**51,177**
NET WORTH	**1,256,163**	**1,236,303**

APPENDIX 3

ENTERPRISE GROSS MARGIN RESULTS CLASSIFIED INTO PERFORMANCE CATEGORIES

This Appendix contains the 2015/16 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 2016.

DAIRY COWS (CLASSIFIED BY GROSS MARGIN PER COW) 2015/16

	Excellent	Good	Moderate	Poor	Average
% of survey farms	15	38	34	12	100
Average herd size	108	111	105	109	108
Enterprise Output			**£ per cow**		
Milk	1,584	1,493	1,461	1,220	1,462
Calves	112	98	97	115	102
Herd replacement	-115	-159	-172	-279	-172
Leasing receipts	-	-	-	-	-
TOTAL ENTERPRISE OUTPUT	1,581	1,431	1,386	1,056	1,392
Variable Costs					
Concentrates	523	559	639	543	578
Hay, silage, forage & grazing	162	144	189	154	163
Vet, medicines & sundries	115	131	154	134	137
Leasing costs	-	-	-	-	-
TOTAL VARIABLE COSTS	800	835	982	831	878
GROSS MARGIN					
- per cow	781	596	404	225	514
- per hectare	1,660	1,256	907	412	1,086
- per 1000 litres	108	83	55	36	72
Milk yield per cow (litres)	7,258	7,217	7,282	6,341	7,136
Milk price per litre (pence)	21.8	20.7	20.1	19.2	20.5
Concentrates per litre (kg)	0.32	0.35	0.38	0.41	0.36
Concentrates price per tonne (£)	212	216	226	206	218
Stocking rate (ce per ha)	2.14	2.12	2.26	1.85	2.13
Nitrogen per hectare (kg)	179	138	155	129	148

DAIRY COWS (CLASSIFIED BY GROSS MARGIN PER HECTARE) 2015/16

	Excellent	Good	Moderate	Poor	Average
% of survey farms	17	30	35	18	100
Average herd size	134	119	83	97	105
Enterprise Output			**£ per cow**		
Milk	1,579	1,555	1,382	1,205	1,454
Calves	115	101	94	108	103
Herd replacement	-132	-167	-172	-229	-171
Leasing receipts	-	-	-	-	-
TOTAL ENTERPRISE OUTPUT	1,562	1,489	1,304	1,084	1,386
Variable Costs					
Concentrates	590	643	498	561	578
Hay, silage, forage & grazing	148	144	194	155	160
Vet, medicines & sundries	120	135	154	143	138
Leasing costs	-	-	-	-	-
TOTAL VARIABLE COSTS	857	922	846	859	876
GROSS MARGIN					
- per cow	705	567	458	225	510
- per hectare	1,741	1,330	854	399	1,075
- per 1000 litres	97	75	67	37	72
Milk yield per cow (litres)	7,254	7,595	6,884	6,121	7,078
Milk price per litre (pence)	21.8	20.5	20.1	19.7	20.5
Concentrates per litre (kg)	0.36	0.36	0.32	0.43	0.36
Concentrates price per tonne (£)	212	224	219	211	218
Stocking rate (ce per ha)	2.47	2.35	1.86	1.77	2.11
Nitrogen per hectare (kg)	165	150	146	117	144

DAIRY CALVES REARED AS REPLACEMENTS, 2015/16
(CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	13	33	35	19	100
Enterprise Output			**£ per hectare**		
	2,065	1,479	1,272	1,116	1,391
Variable Costs					
Concentrates	701	455	504	571	529
Hay, silage, forage & grazing	307	310	431	481	395
Vet and medicines	75	53	58	62	60
Sundries	48	43	70	57	57
TOTAL VARIABLE COSTS	1,131	860	1,064	1,170	1,041
GROSS MARGIN	933	619	208	-55	350
Concentrates per ce (kg)	1,048	645	842	1,042	858
Concentrates price per tonne (£)	203	209	207	204	206
Stocking rate (ce per ha)	2.55	2.26	1.93	2.03	2.11
Price per calf bought/transferred in (£)	105	110	97	94	101
Price per heifer sold/transferred out (£)	1,212	1,056	968	957	1,023
Mortality %	3.3	2.2	2.0	3.1	2.5

SUCKLER COWS - SEVERELY DISADVANTAGED AREA, 2015/16
(CLASSIFIED BY GROSS MARGIN PER COW)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	10	36	44	10	100
Number of cows per farm	33	47	38	23	39
Enterprise Output			**£ per cow**		
Calves	600	502	468	431	492
Herd replacement	-16	-51	-75	-92	-61
TOTAL ENTERPRISE OUTPUT	584	451	393	339	431
Variable Costs					
Concentrates	61	33	77	88	58
Hay, silage, forage & grazing	93	115	127	168	121
Vet and medicines	35	35	41	37	38
Sundries	17	28	22	28	24
TOTAL VARIABLE COSTS	206	211	267	321	241
GROSS MARGIN	378	240	127	18	190
GROSS MARGIN PER COW EQUIVALENT	362	226	119	17	179
Calves reared per cow	1.02	0.97	0.95	0.89	0.96
Price per calf sold or transferred-out (£)	594	521	518	515	526
Mortality - birth to weaning (%)	1.0	1.6	2.2	1.6	1.8
Concentrates per cow (kg)	309	173	399	457	298
Concentrates price per tonne (£)	186	183	189	194	188

SUCKLER COWS - DISADVANTAGED AREA, 2015/16
(CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	20	40	20	20	100
Number of cows per farm	78	42	43	29	47
Enterprise Output			**£ per cow**		
Calves	541	481	393	490	486
Herd replacement	-42	-64	-87	-113	-67
TOTAL ENTERPRISE OUTPUT	499	416	305	376	419
Variable Costs					
Concentrates	26	45	53	61	42
Hay, silage, forage & grazing	112	120	97	216	125
Vet and medicines	38	35	42	69	41
Sundries	18	26	31	46	27
TOTAL VARIABLE COSTS	194	226	222	392	235
GROSS MARGIN	305	191	83	-16	184
GROSS MARGIN PER COW EQUIVALENT	289	180	82	-15	176
Calves reared per cow	1.03	0.99	0.78	0.91	0.96
Price per calf sold or transferred-out (£)	538	519	528	563	534
Mortality - birth to weaning (%)	0.6	1.5	2.2	4.6	1.6
Concentrates per cow (kg)	153	261	288	317	237
Concentrates price per tonne (£)	169	169	173	179	172

BREEDING EWES - SEVERELY DISADVANTAGED AREA (CROSS BRED FLOCKS), 2015/16 (CLASSIFIED BY GROSS MARGIN PER EWE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	15	34	34	17	100
Number of ewes per farm	236	113	281	154	195
Enterprise Output			**£ per ewe**		
Lambs	108	98	81	71	88
Wool	3	3	3	3	3
Flock replacment	1	4	-5	-2	-2
TOTAL ENTERPRISE OUTPUT	112	105	79	71	89
Variable Costs					
Concentrates	15	18	18	28	19
Hay, silage, forage & grazing	22	22	21	16	20
Vet, medicines and sundries	11	16	14	15	14
TOTAL VARIABLE COSTS	48	55	53	58	53
GROSS MARGIN	64	50	26	13	36
Price per lamb sold (£)	68	68	66	64	67
Lambing percentage	174	175	144	135	154
Lambs reared per 100 ewes	163	163	136	124	145
Wool per ewe (kg)	3.2	3.1	2.8	2.7	2.9
Wool per kg (p)	108	108	103	97	104
Concentrates per ewe (kg)	66	81	81	115	83
Concentrates price per tonne (£)	212	218	214	226	217
Mortality - ewes (%)	4.3	5.7	5.5	7.7	5.6
Mortality - lambs per 100 ewes	11.3	11.6	7.7	10.5	9.5

BREEDING EWES - SEVERELY DISADVANTAGED AREA (HARDY HILL BREEDS), 2015/16 (CLASSIFIED BY GROSS MARGIN PER EWE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	24	24	28	24	100
Number of ewes per farm	312	187	399	319	308
Enterprise Output			**£ per ewe**		
Lambs	80	45	54	39	55
Wool	2	3	3	2	2
Flock replacment	5	20	6	9	9
TOTAL ENTERPRISE OUTPUT	87	68	63	50	66
Variable Costs					
Concentrates	17	13	16	20	17
Hay, silage, forage & grazing	13	17	17	24	18
Vet, medicines and sundries	13	10	18	14	14
TOTAL VARIABLE COSTS	43	40	51	57	49
GROSS MARGIN	45	28	12	-7	17
Price per lamb sold (£)	76	55	60	62	64
Lambing percentage	133	134	122	106	123
Lambs reared per 100 ewes	127	125	114	101	116
Wool per ewe (kg)	2.5	2.9	2.2	2.4	2.4
Wool per kg (p)	89	99	112	95	100
Concentrates per ewe (kg)	75	62	66	91	74
Concentrates price per tonne (£)	224	206	208	220	215
Mortality - ewes (%)	6.9	4.7	5.9	8.1	6.5
Mortality - lambs per 100 ewes	6.3	8.6	8.7	5.1	7.2

BREEDING EWES - DISADVANTAGED AREA, 2015/16
(CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	16	26	42	16	100
Number of ewes per farm	338	187	95	156	168
Enterprise Output			**£ per ewe**		
Lambs	93	98	80	67	87
Wool	4	3	3	3	3
Flock replacment	2	-9	1	-8	-3
TOTAL ENTERPRISE OUTPUT	98	93	84	62	88
Variable Costs					
Concentrates	8	11	26	13	14
Hay, silage, forage & grazing	21	19	20	31	21
Vet, medicines and sundries	10	13	13	17	13
TOTAL VARIABLE COSTS	38	42	59	61	48
GROSS MARGIN	60	50	25	1	40
Price per lamb sold (£)	69	69	67	60	68
Lambing percentage	157	150	146	121	147
Lambs reared per 100 ewes	151	145	136	117	141
Wool per ewe (kg)	3.6	2.9	2.9	2.7	3.1
Wool per kg (p)	103	105	112	113	107
Concentrates per ewe (kg)	26	49	120	60	60
Concentrates price per tonne (£)	230	215	204	221	213
Ewes per hectare	9.20	8.62	6.02	7.30	7.76
Stocking rate (ce per ha)	1.59	1.90	1.30	1.62	1.59
Mortality - ewes (%)	5.9	7.3	8.1	6.6	6.9
Mortality - lambs per 100 ewes	6.3	5.3	10.2	3.8	6.6

BREEDING EWES - NON LFA, 2015/16
(CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	14	24	48	14	100
Number of ewes per farm	95	316	150	77	172
Enterprise Output			**£ per ewe**		
Lambs	118	102	88	92	97
Wool	4	3	3	3	3
Flock replacment	-4	1	2	-11	0
TOTAL ENTERPRISE OUTPUT	117	106	93	85	100
Variable Costs					
Concentrates	15	10	15	18	13
Hay, silage, forage & grazing	15	22	20	28	21
Vet, medicines and sundries	11	16	15	24	16
TOTAL VARIABLE COSTS	40	48	49	70	49
GROSS MARGIN	77	59	44	14	51
Price per lamb sold (£)	79	69	68	74	70
Lambing percentage	167	169	157	148	163
Lambs reared per 100 ewes	155	159	147	133	152
Wool per ewe (kg)	2.9	3.8	3.1	3.1	3.4
Wool per kg (p)	124	86	111	106	99
Concentrates per ewe (kg)	65	49	66	58	58
Concentrates price per tonne (£)	233	198	202	222	204
Ewes per hectare	8.97	8.94	6.64	8.23	7.77
Stocking rate (ce per ha)	1.88	1.48	1.48	1.77	1.52
Mortality - ewes (%)	8.7	5.4	6.1	6.8	6.0
Mortality - lambs per 100 ewes	11.6	9.7	10.1	14.9	10.3

PIGS - BIRTH TO BACON, 2015/16
(CLASSIFIED BY GROSS MARGIN PER FINISHED PIG)

	Above	Below	Average
% of survey farms	40	60	100
Number of pigs finished per farm	3,135	1,214	1,982
Number of sows per farm	128	77	98
		£ per pig	
ENTERPRISE OUTPUT	95.32	101.98	97.77
Variable Costs			
Feedingstuffs	61.14	82.63	69.04
Vet. and medicines	3.82	3.37	3.66
Sundries	3.74	4.62	4.06
TOTAL VARIABLE COSTS	68.71	90.62	76.76
GROSS MARGIN	26.61	11.36	21.01
Price of meal equivalent per tonne (£)	225	253	237
Meal equivalent per finished pig (kg)	271	326	291
Litters per sow per year	2.1	1.8	1.9
Live births per litter	14.3	11.9	13.2
Pigs weaned per litter	12.5	10.3	11.5
Pigs weaned per sow per year	25.9	18.0	22.1
Price of finished pig sold (£)	95.35	102.95	98.24
Mortality - suckers %	11.5	9.9	10.9
Mortality - weaners %	3.5	3.3	3.4

SPRING BARLEY (2015 CROP)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	12	28	49	11	100
Hectares per farm	7.9	13.2	14.5	6.6	12.5
Enterprise Output			**£ per hectare**		
Grain	756	739	541	472	613
Straw	311	194	164	126	182
TOTAL ENTERPRISE OUTPUT	1,068	934	705	598	795
Variable Costs					
Seed	74	74	54	53	61
Fertilisers	141	174	134	151	147
Sprays	101	120	94	135	105
Sundries	30	26	39	29	34
TOTAL VARIABLE COSTS	346	393	321	367	347
GROSS MARGIN	722	541	384	230	448
Grain (tonnes per ha)	6.70	6.37	4.61	4.26	5.27
Straw (tonnes per ha)	5.34	3.76	3.17	2.49	3.47
Fertilisers used per hectare (kg)	471	593	462	528	505
Grain per tonne (£)	113	116	117	111	116
Straw per tonne (£)	58	52	52	51	52

WINTER BARLEY (2015 CROP)

	Above	Below	Average
% of survey farms	50	50	100
Hectares per farm	16.7	7.9	12.3
Enterprise Output		**£ per hectare**	
Grain	973	695	885
Straw	275	217	257
TOTAL ENTERPRISE OUTPUT	1,248	912	1,141
Variable Costs			
Seed	93	60	83
Fertilisers	197	168	188
Sprays	157	162	159
Sundries	32	38	34
TOTAL VARIABLE COSTS	480	428	463
GROSS MARGIN	769	484	678
Grain (tonnes per ha)	8.04	6.03	7.40
Straw (tonnes per ha)	4.86	3.96	4.57
Fertilisers used per hectare (kg)	670	617	653
Grain per tonne (£)	121	115	120
Straw per tonne (£)	57	55	56

WINTER WHEAT (2015 CROP)

	Above	Below	Average
% of survey farms	42	58	100
Hectares per farm	27.1	11.3	18.0
Enterprise Output		**£ per hectare**	
Grain	1,160	825	1,038
Straw	205	224	212
TOTAL ENTERPRISE OUTPUT	1,365	1,049	1,250
Variable Costs			
Seed	63	62	63
Fertilisers	179	197	185
Sprays	168	182	173
Sundries	40	39	40
TOTAL VARIABLE COSTS	450	480	461
GROSS MARGIN	915	569	789
Grain (tonnes per ha)	9.08	6.95	8.31
Straw (tonnes per ha)	4.20	4.74	4.39
Fertilisers used per hectare (kg)	676	712	689
Grain per tonne (£)	128	119	125
Straw per tonne (£)	49	47	48

WARE POTATOES (2015 CROP)

	Above	Below	Average
% of survey farms	57	43	100
Hectares per farm	5.4	12.3	8.4
Enterprise Output		**£ per hectare**	
Current Crop	6,392	4,442	5,164
Variable Costs			
Seed	411	317	352
Fertilisers	378	437	415
Sprays	323	326	325
Contract/Casual Wages	241	465	382
Sundries	197	163	175
TOTAL VARIABLE COSTS	1,551	1,707	1,649
GROSS MARGIN	4,841	2,736	3,515
Yield of ware per hectare (tonnes)	31	26	28
Seed used per hectare (tonnes)	2.72	2.23	2.41
Fertiliser used per hectare (kg)	1,088	1,157	1,131
Price per tonne sold (£)	187	161	172

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 constant for a number of years. The SO values in use at the moment cover the five year period centred on 2010 and can be found below in section A4.5.

[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.

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 2015 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. **Area based subsidy payments are 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. **Area based subsidy payments are not included in livestock enterprise output.**

Direct Subsidy receipts includes: Less Favoured Area Compensatory Allowance / Areas of Natural Constraint, Single Payment (Single Farm Payment prior to 2015/16 year and Basic, Greening and Young Farmers' Payment after), 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**
	Outdoor 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

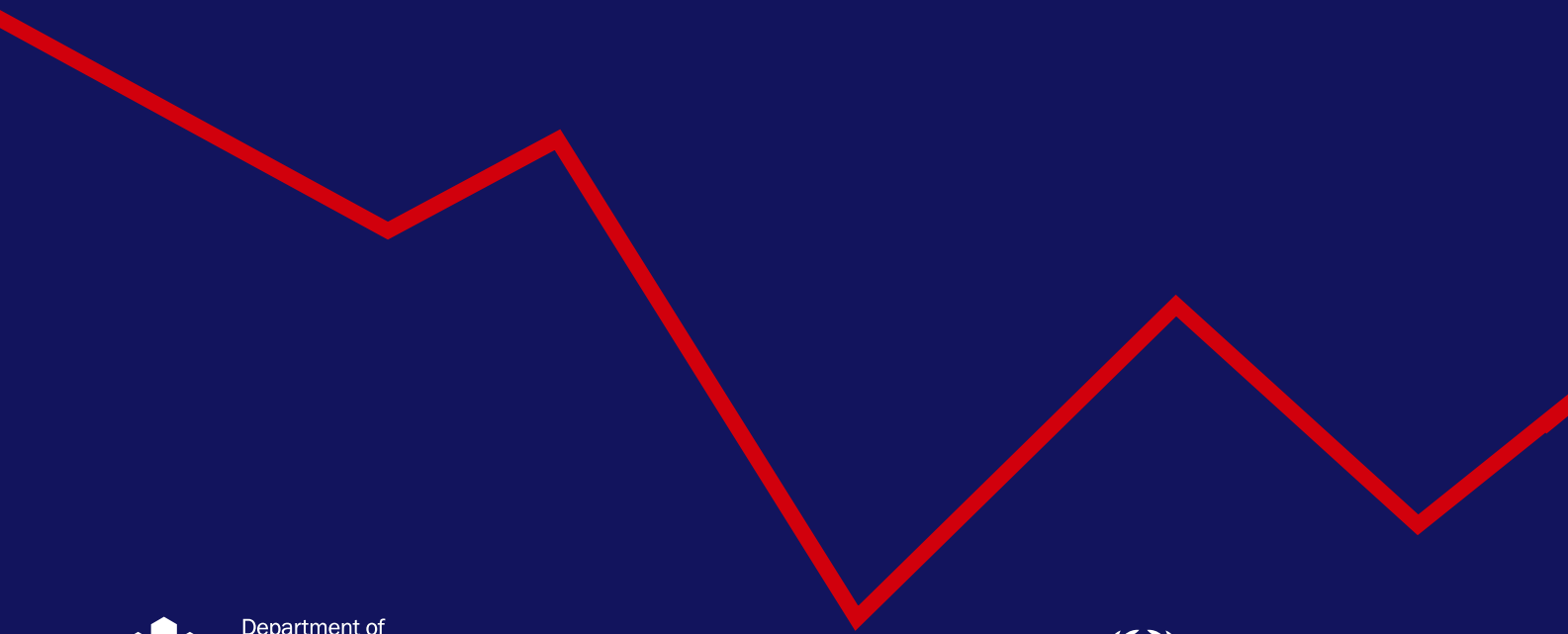
		€	
Crops	Wheat	**1,642**	per ha
	Barley	**1,166**	per ha
	Oats	**949**	per ha
	Mixed corn	**1,037**	per ha
	Potatoes	**5,941**	per ha
	Oilseed rape	**1,354**	per ha
	Linseed	**638**	per ha
	Open-air horticulture		
	Vegetables	**4,140**	per ha
	Fruit	**9,021**	per ha
	Flowers/nursery	**51,404**	per ha
	Glasshouses:		
	Vegetables	**155,309**	per ha
	Flowers	**348,608**	per ha
	Mushrooms	**35,276**	per 100 m_2
	Forage Maize	**571**	per ha
	Other fodder crops	**557**	per ha
	Other crops	**650**	per ha
	Grassland	**238**	per ha
Cattle	Dairy cows	**2,050**	per head
	Beef cows	**404**	per head
	Heifers 2 yrs +	**419**	per head
	Heifers 1-2 yrs	**419**	per head
	Bulls/steers 2 yrs +	**482**	per head
	Bulls/steers 1-2 yrs	**474**	per head
	Calves under 1 year	**430**	per head
Sheep	Ewes	**97**	per head
	Other sheep	**1**	per head
	Lambs	**0**	per head (included with ewe)
Horses	Mares, stallions	**513**	per head
	Others	**0**	per head
Pigs	Sows	**819**	per head
	Piglets (under 20kg)	**2**	per head
	Other pigs	**207**	per head
Poultry	Hens	**1,778**	per 100
	Broilers	**857**	per 100
	Others	**5,813**	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 (2008-2012) centred on 2010.
3. At the time of calculation, 1 euro = £0.85

CAP Policy, Economics and Statistics Division
Department of Agriculture, Environment and Rural Affairs
Dundonald House
Upper Newtownards Road
Ballymiscaw
BELFAST BT4 3SB

ISBN 978-1-84807-782-9



Department of
Agriculture, Environment
and Rural Affairs
www.daera-ni.gov.uk

INVESTORS IN PEOPLE

DMS 16.17.285