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CAP POLICY, ECONOMICS AND STATISTICS DIVISION

Farm Incomes in Northern Ireland

2016/17

NATIONAL STATISTICS

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

FARM INCOMES

IN

NORTHERN IRELAND

2016/17

A National Statistics Publication

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Foreword and Acknowledgements

This report on Farm Incomes in Northern Ireland, the twenty-fifth 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 2016/17 account year, which has an average year end of mid-February 2017 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

Seamus McErlean
Director of CAP Policy, Economics and Statistics
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EXECUTIVE SUMMARY

1. The average Farm Business Income across all farm businesses above 0.5 Standard Labour Requirements (SLRs) increased from £14,200 to £21,928 per farm between 2015/16 and 2016/17. This resulted from an increase of 5.0% in the average value of farm output and an average decrease in expenditure on inputs of 1.4%.

2. For the main farming enterprises, increases in gross margin between 2015/16 and 2016/17 were recorded for Dairy Cows, SDA beef cows, DA beef cows, DA breeding ewes, Lowland breeding ewes, Pigs, Spring Barley, Winter Barley, Winter Wheat and Potato enterprises. Whereas, decreases were recorded for Lowland beef cows and SDA breeding ewes enterprises.

3. Between 2015/16 and 2016/17 increases in Farm Business Income were recorded on each of the 7 main types of farm covered in the Farm Business Survey (FBS). Income results show that average Farm Business Income increased by £960 on Cereal farms, £21,833 on General Cropping farms, £42,617 on Pig farms, £11,604 on Dairy farms, £4,235 on Cattle & Sheep (LFA) farms, £6,169 on Cattle & Sheep (Lowland) farms and £12,704 on Mixed farms.

4. A Farm Business Income above £10,000 was achieved by 66% of the farm businesses in the FBS in 2016/17; 12% of the farms incurred a loss.

5. Cash Income per farm, which is the difference between cash receipts and expenditure, increased from an average of £33,886 in 2015/16 to £38,741 in 2016/17. This income measure provides the average amount of cash available per farm to cover living expenses and investment expenditure.

6. Direct payments increased by £2,669 per farm between 2015/16 and 2016/17 and averaged £27,648 per farm and £313 per hectare in 2016/17 (Section 2.4). Direct payments represented 126% of Farm Business Income and 71% of Cash Income generated across all types of farm in Northern Ireland.

7. Three of the seven main types of farm business generated a positive Farm Business Income in 2016/17 when direct subsidy receipts were not included in the value of farm output (Section 2.5). These three farm types are General Cropping, Pigs and Mixed farm types. Those generating a negative Farm Business Income were Cereals, Dairy, Cattle and Sheep (LFA) and Cattle and Sheep (Lowland) farm types.

8. During the past 8 years the Farm Business Income on Dairy farms has been on average £20,717 per farm higher than that for Cattle and Sheep (LFA) farms. Dairy and LFA Cattle and Sheep type farms account for 68% of the farms classified as full-time businesses. (Section 2.6)

9. Off-farm income of the farmer and spouse averaged £9,225 per farm in 2016/17. However, on 31% of farm businesses no off-farm income was received by the farmer and spouse. This income source includes other employment off the farm, investments, pensions and social payments. (Section 2.7)

10. In 2016/17, only the spouse of the farmer on 26% of the farms had off-farm employment, on a further 4% of farms the farmer had off-farm employment and on another 3% of farms both the farmer and spouse had off-farm employment.

11. The average level of net investment per farm decreased from £22,476 in 2015/16 to £12,031 in 2016/17. Investment levels in 2016/17 were the lowest recorded in the past 10 years when inflation is taken into account. (Section 2.8)

12. External liabilities (mainly bank borrowings) averaged £51,327 per farm and equated to 3.9% of the total value of farm assets. On only 5% of farms, external liabilities represented more than 15% of the value of farm assets. (Section 3.1)

13. There were no bank borrowings recorded by 43% of farms in 2016/17 and 79% had borrowings of less than £50,000 per farm. (Section 3.3)

14. At farm enterprise level:

Dairy Cows

(i) The average gross margin per dairy cow increased by £88, from £513 in 2015/16 to £600 in 2016/17. This increase was due to a rise in milk prices.

(ii) The difference in herd gross margin between those in the top 25% and bottom 25% performance groups amounted to £62,718 for a herd of average size in the Farm Business Survey. (Section 4.1)

Suckler Cows

(i) The average gross margins for SDA and DA cows increased by £27 and £64 per cow respectively between 2015/16 and 2016/17, whereas the gross margin of Lowland cows decreased by £7 per cow.

(ii) DA suckler cow herds had the highest average gross margin per cow, at £260, while SDA herds averaged £222 and Lowland herds £218 in 2016/17. (Section 4.2)

Sheep

(i) The average gross margins for Lowland and DA breeding ewes increased by £8 and £10 per ewe respectively between 2015/16 and 2016/17, whereas the gross margin of SDA breeding ewes decreased by £2 per ewe.

(ii) In 2016/17, the highest average gross margin per ewe of £56 was achieved by the Lowland flocks. This gross margin was £7 higher than for ewes in DA flocks and £34 higher than for ewes in SDA (hill) flocks. (Section 4.3)

Pigs

On birth to bacon pig units the average gross margin per pig increased from £16.89 in 2015/16 to £27.59 in 2016/17. Between 2015/16 and 2016/17, the average output for pigs increased by £8.74 per pig and the average cost of variable inputs decreased by £1.96 per pig. (Section 4.4)

Cereals

(i) The average gross margins per hectare for spring barley, winter barley and winter wheat crops were higher in 2016/17 than in 2015/16. Increases in gross margin per hectare were spring barley (£123), winter barley (£16) and winter wheat (£75).

(ii) The winter wheat crop had the highest average gross margin of the three main cereal crops, at £936 per hectare, followed by winter barley at £797 and spring barley at £576. (Sections 4.5-4.7)

Potatoes

The average gross margin for ware potatoes increased from £3,389 per hectare in 2015/16 to £4,562 per hectare in 2016/17, an increase of £1,173. The ware crop yield per hectare decreased from 34.8 tonnes in 2015/16 to 34.0 tonnes in 2016/17, whereas, the ware potato price per tonne increased by £44 per tonne from £150 per tonne in 2015/16 to £194 per tonne in 2016/17. (Sections 4.8)

Fixed Costs

15. The average levels of fixed costs (excluding labour) per hectare across all farm types were lower in 2016/17 than in 2015/16, at £519 and £526 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 13,177 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 360 farm businesses for the 2016/17 accounting year. All of these farms participate on a voluntary basis with 67% having provided information for at least 10 years. A smaller sample of 270 farm businesses over 0.5 SLRs in size provided information for both the 2015/16 and 2016/17 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 2016/17 account year information presented in this report refers to the 2016 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, 2016/17

Type of Farm Business* **	**Number of Farm Businesses**	
	Northern Ireland*	**FBS Sample****
Cereals	107	7
General Cropping	136	5
Horticulture	216	0
Pigs	145	11
Poultry	522	0
Dairy	2642	101
Cattle and Sheep (LFA)	4349	95
Cattle and Sheep (Lowland)	1768	37
Mixed	386	14
Others	73	0
All Types	**10,344 ***	**270 ****

* Number of farm businesses above 0.5 SLRs in size at June 2016 Census; there are 14,184 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 2015/16 and 2016/17 account years, and which were used in the analyses. A further 48 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.

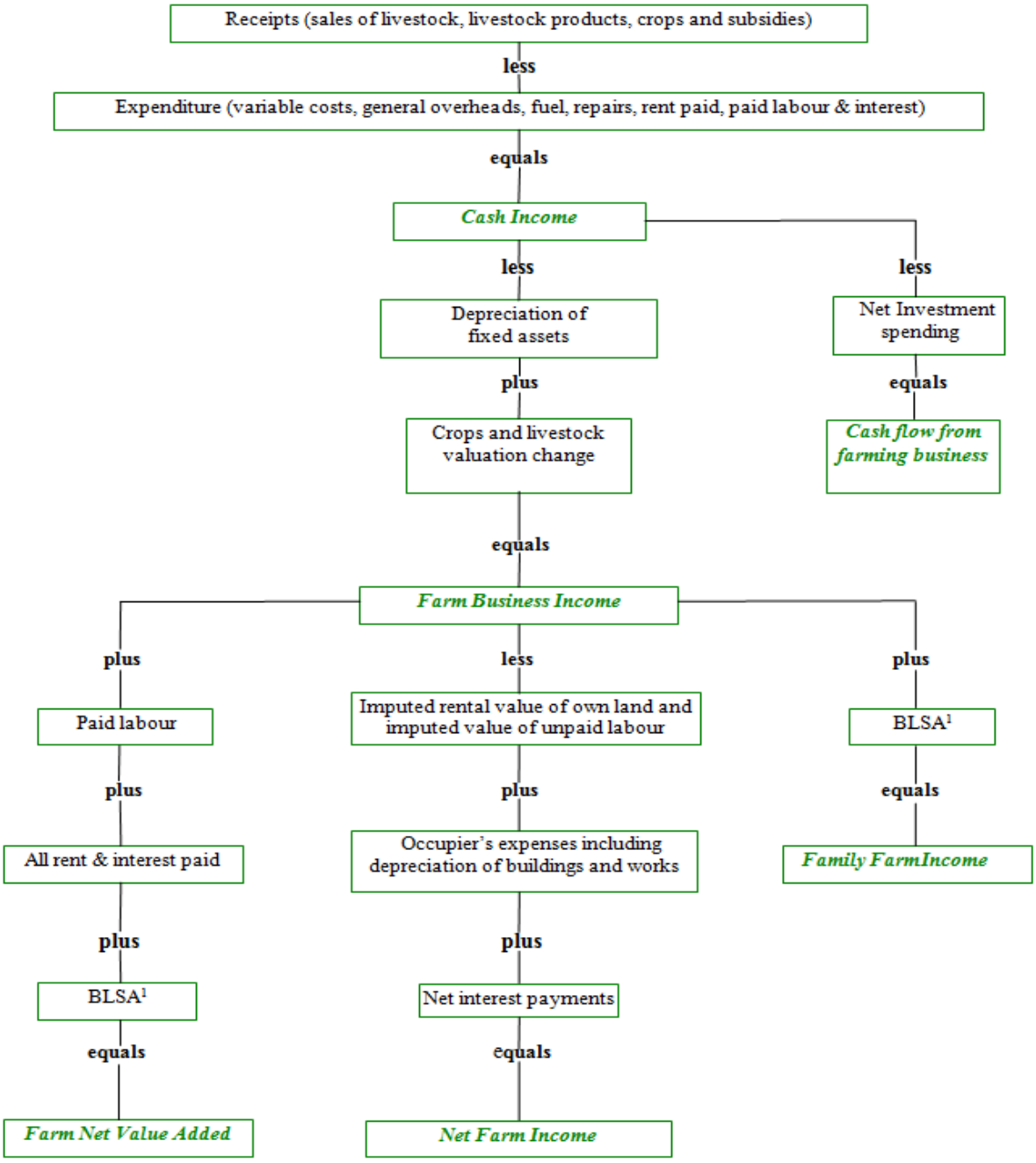
FBI differs from NFI in that it represents the return to all unpaid labour, not just the farmer and spouse and it treats the tenure of farms as it is: tenants as tenants, owner occupiers as owner occupiers and those with both types of tenure as mixed.

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 2015/16 and 2016/17

Average Farm Business Income, Cash Income, and Net Farm Income measured across all farm types is shown in Table 2a for the accounting years 2015/16 and 2016/17. As shown, average Farm Business Income increased between 2015/16 and 2016/17 by £7,728 or 54.4% per farm. This resulted from a 5.0% increase in the value of outputs and a 1.4% decrease in expenditure on inputs between 2015/16 and 2016/17. On the other hand, average Cash Income increased by £4,855 or 14.3% when compared to the previous year. When measuring Farm Income using the previous headline measure Net Farm Income, an average increase of £7,121 or 76.9% per farm occurred between 2015/16 and 2016/17.

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

	2015/16	2016/17
	£	£
Farm Business Income	14,200	21,928
Cash Income	33,886	38,741
Net Farm Income	9,266	16,387

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

Farm Business Incomes by individual farm types are presented in Table 2b for the 2015/16 and 2016/17 account years. This shows that average Farm Business Income increased between 2015/16 and 2016/17 on each of the 7 main farm types.

On Dairy farms the average Farm Business Income increased from £12,014 in 2015/16 to £23,618 in 2016/17, which is an increase of £11,604 per farm. This resulted from a 2.0% (£4,378) increase in the value of outputs and a 3.5% (£7,226) decrease in expenditure on inputs between 2015/16 and 2016/17. The main reason for the increase in output between the years was the £3,975 increase in milk value that arose from higher milk prices in 2016. In terms of inputs, the main decreases in expenditure were recorded for purchased concentrate feed and fodder (£6,231), fertilisers (£1,364) and machinery running costs (£307).

Cattle and Sheep farms (LFA) generated an average Farm Business Income of £21,352 per farm in 2016/17, which was 24.7% higher than the 2015/16 income of £17,118 per farm. This increase in income was the combined result of a 5.4% (£4,030) increase in the value of farm output and a 0.4% (£205) decrease in expenditure on inputs. The main reasons for the increase in output value were the £4,336 increase in Single Payment receipts and the £800 increase in value of sheep and wool. The main decreases in expenditure on inputs were recorded for fertilisers (£697), depreciation of buildings and

works (£295) and regular & casual labour (£153). These decreases were counteracted by increases in expenditure for some inputs such as purchased concentrate feed and fodder (£746).

Cattle and Sheep (Lowland) farms recorded an increase in Farm Business Income between 2015/16 and 2016/17. For this farm type, Farm Business Income increased from £10,409 to £16,578, which is an increase of 59.3%. This was the net result of a 7.4% (£5,929) increase in the value of farm output and a 0.3% (£239) decrease in expenditure on inputs. The main factors contributing to the increase in output value were the increases in cattle rearing and fattening (£4,043), Single Payment receipts (£2,405) and sheep and wool (£517). The main changes within expenditure on inputs were decreases in fertilisers (£875), other crop costs (£500) and depreciation of buildings and works (£490). There was also an increase in expenditure on some other inputs such as purchased concentrate feed and fodder (£1,116).

On the other 4 types of farm, which account for 8.1% of farms above 0.5 SLR's, changes in the total value of farm output between 2015/16 and 2016/17 ranged from -8.3% (Cereal farms) to 25.9% (General Cropping farms). Whereas, change in expenditure on inputs between years ranged from -10.1% (Cereal farms) to 9.0% (Mixed farms). These four farm types showed changes in average Farm Business Income between years, which ranged from £960 on Cereal farms to £42,617 on Pig 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 2015/16 and 2016/17 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 4.9% in the 0.5 < 1 SLR size group which compares with a 3.4% 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 2015/16 (i.e. the 2015/16 – 2016/17 identical sample) are different to those in the previous year's report (i.e. the 2014/15 – 2015/16 identical sample). This occurs when an identical sample basis for reporting farm incomes is used, because the sample of farms for 2015/16 in the 2015/16– 2016/17 identical samples will not be exactly the same as those for the same year in the 2014/15 – 2015/16 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 9,533 farm businesses of which 5,245 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 2015/16 and 2016/17 (£ per farm) [1]

		Farm Business Income	Cash Income	Net Farm Income
Cereals	15/16	15,532	43,351	9,066
	16/17	16,492	48,743	9,104
General Cropping	15/16	5,782	26,657	-9,393
	16/17	27,616	50,393	13,098
Pigs	15/16	16,055	45,482	31,667
	16/17	58,673	75,596	73,862
Dairy	15/16	12,014	43,698	12,291
	16/17	23,618	56,026	23,113
Cattle and Sheep (LFA)	15/16	17,118	31,458	9,886
	16/17	21,352	30,724	13,607
Cattle and Sheep (Lowland)	15/16	10,409	24,031	2,572
	16/17	16,578	24,349	7,812
Mixed	15/16	14,932	33,680	8,390
	16/17	27,637	56,329	21,840
All Types	**15/16**	**14,200**	**33,886**	**9,266**
	16/17	**21,928**	**38,741**	**16,387**

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 2016/17 the average level of Cash Income per farm generated across all types of farm in Northern Ireland was £38,741 which is £4,855 higher than in 2015/16. Increases in average Cash Income occurred in 2016/17 on 6 of the 7 farm types. These increases ranged from £318 per farm on Cattle and Sheep (Lowland) farms to £30,114 per farm on Pig farms. The only decrease in average Cash Income occurred in 2016/17 on Cattle and Sheep (LFA) farms and this decrease was £733. The lowest level of Cash Income in 2016/17 was recorded for Cattle and Sheep (Lowland) farms at £24,349 per farm, whereas the highest was recorded on Pig farms at £75,596 per farm.

Net Farm Income showed similar changes to Farm Business Income between 2015/16 and 2016/17 for each of the farm types. However, on average, Farm Business Income was £5,541 higher than Net Farm Income in 2016/17. This occurred because the level

of imputed rent and labour, which is deducted in the calculation of Net Farm Income, is more than the sum of interest payments, depreciation charges for buildings and works, and other ownership expenses which replace them in the calculation of Farm Business Income. This was also the case for each individual farm type in both years with the exception of Pig farms. In Northern Ireland, Farm Business Income is a better absolute measure of income than Net Farm Income because almost all of the land farmed is either owned or farmed on short-term lettings (i.e. conacre) and almost all labour is provided from within the farm family.

Table 3 shows the variations that occurred between 2011/12 and 2016/17 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 2013/14 and 2016/17, whereas, decreases were recorded in 2012/13, 2014/15 and 2015/16. When comparing the average income figures measured across all farm types for 2016/17 against those of 2011/12, the results show that average Farm Business Income decreased by 36%, Cash Income decreased by 19% and Net Farm Income decreased by 40% per farm between the two years.

Table 3 Income per farm, 2011/12 to 2016/17 (£ per farm) [1]

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Farm Business Income	34,184	19,336	29,606	24,942	14,788	21,928
Cash Income	47,926	36,485	46,936	42,411	33,673	38,741
Net Farm Income	27,141	12,888	24,153	19,899	10,082	16,387

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 2016/17. When compared with those in 2015/16 they show that the increase in average Farm Business Income across all types of farm between 2015/16 and 2016/17 contributed to a decrease in the number of farms which incurred a negative Farm Business Income (24% in 2015/16 and 12% in 2016/17) and resulted in an 8% increase in the number of farms (i.e. 28% in 2016/17) which incurred a Farm Business Income of at least £30,000. In comparison, the rise in average Net Farm Income across all types of farm in 2016/17 resulted in 7% less farms (i.e. 28% in 2016/17) recording a negative Net Farm Income and 11% more farms (i.e. 26% in 2016/17) recording a Net Farm Income of at least £30,000. In Cash Income terms, the proportion of farms with negative incomes decreased by 1% (i.e. 4% of farms) in 2016/17, whereas, the proportion of farms with a Cash Income of at least £30,000 increased by 8% (i.e. 48%) in 2016/17. 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, 2015/16 and 2016/17[1]

Income £ per farm	Farm Business Income		Cash Income (% of farms)		Net Farm Income	
	15/16	16/17	15/16	16/17	15/16	16/17
<0	24	12	5	4	35	28
0-4,999	7	8	4	4	11	9
5-9,999	13	13	8	5	11	9
10-19,999	26	25	19	23	20	21
20-29,999	10	14	25	16	9	7
30,000 and over	20	28	40	48	15	26

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 14,184 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 2016/17 that were above the break-even point. This is an improvement on the previous year (2015/16) when Cattle and Sheep (Lowland) farms were below the break-even point.

Table 5 Incomes for 'spare-time[1]' Cattle and Sheep farms in the LFA and Lowland in 2015/16 and 2016/17 (£ per farm) [2]

		Farm Business Income	Cash Income	Net Farm Income
Cattle and Sheep (LFA)	2015/16	1,782	9,892	-1,101
	2016/17	4,123	12,642	949
Cattle and Sheep (Lowland)	2015/16	-3,889	1,623	-7,453
	2016/17	2,029	13,425	-2,105

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 2015/16 and 2016/17.

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, 2015/16 and 2016/17 represents the 1st year and 2nd years of the BPS scheme.

As shown in table 6, direct subsidy receipts per farm increased between 2015/16 and 2016/17 on each of the 7 main types of farm. When averaged across all Farm Types, table 6 shows that direct subsidy receipts per farm increased from £24,979 in 2015/16 to £27,648 in 2016/17 (i.e. £2,669 more per farm).

Cattle and Sheep (LFA) farms received the highest level of direct subsidy receipts, averaging £32,027 per farm in 2016/17. Cereal farms had the next highest amount of direct subsidy receipts received at £30,023 per farm in 2016/17. Whereas Pig farms recorded the lowest average of the 7 main types of farms, at £14,387 per farm.

Dairy type farms showed an increase in direct payments of £2,343 per farm between 2015/16 and 2016/17. This was the net result of an increase in Single Payment (£3,628 per farm) and decreases in LFA Compensatory payments (£72 per farm), Agri-Environmental Scheme payments (£235 per farm) and miscellaneous subsidies (£979 per farm) between 2015/16 and 2016/17.

Cattle and Sheep (LFA) type farms showed an increase in direct payments of £3,181 per farm between 2015/16 and 2016/17. This was the net result of increases in Single Payment (£4,336 per farm) and miscellaneous subsidies (£41 per farm) and decreases in LFA Compensatory payments (£1,005 per farm) and Agri-Environmental Scheme payments (£192 per farm) between 2015/16 and 2016/17.

For the remaining farm types there were increases in direct payments between 2015/16 and 2016/17 of £1,281 for Cereal type farms, £3,325 for General Cropping type farms, £601 for Pig type farms, £2,045 for Cattle and Sheep (Lowland) type farms and £3,048

for Mixed type farms. The increase in direct payments for these farm types is mainly attributable to higher Single Payment amounts received in the 2016/17 year.

The data presented in tables 6 and 7 shows how important direct payments are to farmers in Northern Ireland. In 2016/17 direct payments ranged from 4% of the value of total farm output on Pig farms to 41% on Cattle and Sheep (LFA) farms. When expressed on a per hectare basis direct payments range from £242 per hectare on General Cropping farms to £436 per hectare on Pig farms.

When measured across all farm types, average direct payments represented 126% of the value of average Farm Business Income, 71% of the value of average Cash Income and 169% 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 Net Farm Income generated per farm in 2016/17. Cereal farms and Dairy farms also had average direct payments that were greater than their average Farm Business Income generated per farm in 2016/17 whereas, for Cattle and Sheep (LFA) and Cattle and Sheep (Lowland) farms the direct payments they received were greater than both the average Farm Business Income and average Cash Income that they generated for 2016/17.

Table 6 'As due' direct payments by type of farm in 2015/16 and 2016/17[1]

	2015/16	2016/17
	£ per farm	
Cereal	28,743	30,023
General Cropping	14,795	18,119
Pigs	13,786	14,387
Dairy	21,693	24,036
Cattle & Sheep (LFA)	28,846	32,027
Cattle & Sheep (Lowland)	22,380	24,424
Mixed	21,859	24,907
All types	**24,979**	**27,648**

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

Table 7 'As due' direct payments by type of farm, 2016/17[5]

	% TFO[1]	£ per ha	% FBI[2]	% CI[3]	% NFI[4]
Cereals	23	329	182	62	330
General Cropping	15	242	66	36	138
Pigs	4	436	25	19	19
Dairy	11	281	102	43	104
Cattle and Sheep (LFA)	41	319	150	104	235
Cattle and Sheep (Lowland)	28	346	147	100	313
Mixed	14	328	90	44	114
All Types	**21**	**313**	**126**	**71**	**169**

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 General Cropping, Pig and Mixed farm types return a positive Farm Business Income when direct payments are removed. Whereas, Cereal, Dairy, Cattle and Sheep (LFA) and Cattle and Sheep (Lowland) farm types generate losses. When measured across all farm types the average Farm Business Income with direct payments removed is a loss of £5,720 per farm.

Table 7(a) Farm Business Incomes including and excluding direct payments in 2016/17 (£ per farm) [1]

	FBI	Direct Payments	FBI minus Direct Payments
Cereals	16,492	30,023	-13,532
General Cropping	27,616	18,119	9,496
Pigs	58,673	14,387	44,285
Dairy	23,618	24,036	-418
Cattle and Sheep (LFA)	21,352	32,027	-10,674
Cattle and Sheep (Lowland)	16,578	24,424	-7,847
Mixed	27,637	24,907	2,730
All Types	**21,928**	**27,648**	**-5,720**

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 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 with both General Cropping and Mixed Farms now showing negative incomes. Furthermore, Cereal, General Cropping, Dairy, 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 £11,261 per farm.

Table 7(b) Net Farm Incomes including and excluding direct payments in 2016/17 (£ per farm) [1]

	NFI	Direct Payments	NFI minus Direct Payments
Cereals	9,104	30,023	-20,919
General Cropping	13,098	18,119	-5,021
Pigs	73,862	14,387	59,475
Dairy	23,113	24,036	-923
Cattle and Sheep (LFA)	13,607	32,027	-18,420
Cattle and Sheep (Lowland)	7,812	24,424	-16,612
Mixed	21,840	24,907	-3,067
All Types	**16,387**	**27,648**	**-11,261**

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

2.6 Trends in Farm Incomes between 2009/10 and 2016/17

Table 8 presents a time series (2009/10 – 2016/17) 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 68% of the farm businesses over 0.5 SLRs in Northern Ireland. These time-series of income shows that in the four most recent years (13/14 to 16/17) the average Farm Business Income for Dairy farms in real terms was 14.0% lower than that in the first four years (09/10 to 12/13) 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 17.9% 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) – 2009/10 to 2016/17[1,2]

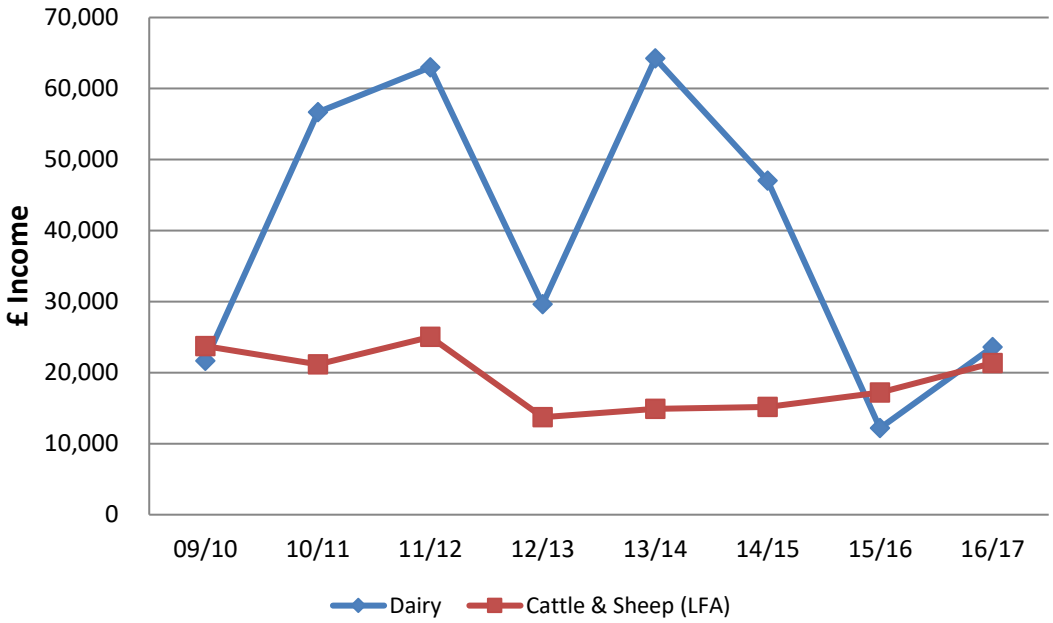
	Dairy	Cattle & Sheep (LFA)
2009/10	100	100
2010/11	262	89
2011/12	291	105
2012/13	137	58
2013/14	297	63
2014/15	217	64
2015/16	56	73
2016/17	109	90

1. Expressed as an index in real terms, 2009/10 = 100
2. Based on data from all farms

The time series (2009/10 – 2016/17) 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 £20,717 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 £39,753, compared to £19,036 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 86 hectares in Northern Ireland, is valued at 24% more than the average Cattle and Sheep (LFA) farm of 100 hectares and has generated about 2.1 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 2009/10 to 2016/17



1. Based on series 2016/17 = 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 £9,225 per farm in 2016/17, of which £4,685 was earned income and £4,540 unearned income. However, it should be noted that on 31% 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. 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 £12,036 per farm for Mixed farms because of the significantly higher amount of investments, pensions and social payments income in this farm type.

Table 9 Off-farm income, 2016/17 (£ per farm)

	Off-farm Total Income	Employments & Self-employment	Investments, Pensions, Social Payments
Dairy	8,469	5,310	3,159
Cattle & Sheep (LFA)	9,262	4,400	4,862
Mixed	12,036	2,867	9,169
All Types	**9,225**	**4,685**	**4,540**

The two most common off-farm income sources were other employment and pensions, as shown in Table 10. In 2016/17, on 71 of the 270 farms only the spouse of the farmer had off-farm employment, on a further 11 farms only the farmer had off-farm employment and on another 7 farms both the farmer and spouse had off-farm employment. This equates to 33% of farms having an off-farm employment source of income. The percentages of farms receiving pensions and social payments were 37% and 8% respectively.

Table 10 Off-farm income by type and level of Income, 2016/17

	Zero	1-999	£ 1,000-4,999	5,000-19,999	20,000+
			(% of farms)		
Employment	70	0	4	17	9
Self-employment	96	0	0	1	2
Investments	96	1	0	2	0
Pensions	63	0	4	32	1
Social payments	92	2	2	4	0
All sources	**31**	**1**	**5**	**48**	**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 from 2007/08 investment levels showed year on year increases until 2009/10. The real levels of increase were 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, increased by 27% in 2014/15 and decreased by 14% in 2015/16. In the most recent year (2016/17), the real level of investment decreased by 48% to the lowest level in the 10 year period.

Table 11 Net investment index per farm, 2007/08 to 2016/17

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17
Current price Index	100	162	215	154	162	118	131	169	147	79
Real terms index[1]	100	158	206	145	151	108	117	150	129	67

1. Deflated using the GDP deflator, 2007/08 = 100
2. Based on data from all farms.

As shown in table 12 the average net investment (excluding capital grants received) was £12,031 per farm in 2016/17, which is £10,445 less than the previous year. The total average net investment in 2016/17 was composed of plant, machinery and vehicles at £8,602 per farm (which is £962 higher than in 2015/16), land and buildings at (-) £1,201 per farm (which is £9,738 lower than in 2015/16) and investment on capital improvements at £4,630 per farm (which is £1,674 lower than 2015/16). It is worth noting that the reason for the negative land and buildings net investment figure is that the sale of land and buildings was of higher value than the purchases. Capital grants received were zero in 2016/17 (which is £5 lower than in 2015/16). Average levels of net investment were lower in 2016/17 than 2015/16 for each of the farm types.

Table 12 Net investment by type of farm, 2015/16 and 2016/17[1]

	2015/16	2016/17
	£ per farm	
Cereal	46,289	21,387
General Cropping	27,735	11,167
Pigs	24,368	23,777
Dairy	31,588	20,357
Cattle & Sheep (LFA)	12,382	9,190
Cattle & Sheep (Lowland)	19,241	3,261
Mixed	78,902	20,104
All types	**22,476**	**12,031**

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

As in 2015/16, the average levels of net investment in 2016/17 were different on each of the farm types. The average levels of net investment in 2016/17 ranged from £3,261 per farm on Cattle & Sheep (Lowland) farms to £23,777 per farm on Pig 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 2016/17 account year is presented in Table 13. This shows that average total assets per farm measured across all farm types were £1,299,584 in 2016/17. Whereas, average external liabilities per farm measured across all farm types were £51,327 in 2016/17, which is 1.6% lower than the previous year. When measured across all farm types the average external liabilities (i.e. mainly bank borrowings) per farm in 2016/17 were equivalent to 3.9% of total farm assets. Given these values for assets and liabilities the average net worth per farm measured across all farm types was £1,248,257 in 2016/17. When measured across all farm types, net worth expressed as a percentage of total assets was 96.1% in 2016/17. 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 2016/17 ranged from £921,696 per farm on Pig type farms to £1,808,775 per farm on Cereal type farms. Also, in 2016/17, Dairy type farms had the highest average amount of external liabilities at £125,535 per farm, whereas Cattle and Sheep (LFA) farms had the lowest external liabilities at £16,612 per farm. When measured as a percentage of total assets, external liabilities ranged from 1.1% on Cereal type farms to 8.7% on Dairy type farms. When compared to the previous year, external liabilities increased on Dairy and Cattle and Sheep (LFA) type farms, and decreased on Cereal, General Cropping, Pig, Cattle and Sheep (Lowland) and Mixed type farms.

In terms of net worth, average values by farm type in 2016/17 ranged from £884,623 on Pig farms to £1,788,079 on Cereal farms. When net worth is expressed as a percentage of total assets, average values range from 91.3% on Dairy farms to 98.9% on Cereal farms.

Table 13 Financial stability of farms in Northern Ireland 2015/16 and 2016/17[1]

		Farm Area (ha)	Total Assets (£'000)	External Liabilities (£'000)	Net Worth (£'000)	Net Worth (as a % of Total Assets)
Cereals	15/16	99.9	1811.5	28.4	1783.1	98.4
	16/17	91.3	1808.8	20.7	1788.1	98.9
General Cropping	15/16	68.0	995.1	29.8	965.3	97.0
	16/17	74.8	985.2	27.5	957.7	97.2
Pigs	15/16	35.7	888.7	47.5	841.1	94.6
	16/17	33.0	921.7	37.1	884.6	96.0
Dairy	15/16	84.5	1424.2	124.7	1299.5	91.2
	16/17	85.5	1443.8	125.5	1318.2	91.3
Cattle and Sheep (LFA)	15/16	100.7	1143.3	16.6	1126.7	98.5
	16/17	100.5	1160.4	16.6	1143.8	98.6
Cattle and Sheep (Lowland)	15/16	69.2	1354.7	28.3	1326.5	97.9
	16/17	70.5	1355.9	25.3	1330.5	98.1
Mixed	15/16	72.9	1674.6	75.7	1598.9	95.5
	16/17	76.0	1682.6	69.0	1613.6	95.9
All Types	**15/16**	**87.8**	**1285.4**	**52.2**	**1233.2**	**95.9**
	16/17	**88.3**	**1299.6**	**51.3**	**1248.3**	**96.1**

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 2016/17 only 5% of farm businesses had liabilities which were more than 15% of the value of total farm assets and that 81% 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)		
2015/16	2	5	15	53	25
2016/17	1	4	13	54	27

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 2016/17 the average capital required across all farm types was £14,717 per hectare. At the individual farm type level the average capital required ranged from £11,547 per hectare on Cattle and Sheep (LFA) type farms to £27,946 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 2016/17. When measured by individual farm type, the percentage of total assets tied up in land and buildings ranged from 81% on Pig farms to 93% on Cereal farms.

Assets other than land and buildings are collectively referred to as operating capital. As shown in table 15, in 2016/17 the average amount of operating capital (which excludes debtors) measured across all farm types was £144,816 per farm or 11.1% of total assets. This operating capital can be broken down into breeding livestock (34% of operating capital), machinery (28%), trading livestock (30%), and crops and stocks (9%). When measured at the individual farm type level, the average operating capital in 2016/17 ranged from £90,077 for General Cropping farms to £212,851 for Dairy farms. Alternatively, when measuring average operating capital as a percentage of average total assets for individual farm types in 2016/17, the values ranged from 6.2% for Cereal farms to 17.4% for Pig farms.

Table 15 Amount of operating capital by type of farm, 2016/17

	Operating Capital	
	£ per farm	% of total farm Capital
Cereal	112,904	6.2
General Cropping	90,077	9.1
Pigs	160,137	17.4
Dairy	212,851	14.7
Cattle & Sheep (LFA)	104,765	9.0
Cattle & Sheep (Lowland)	136,518	10.1
Mixed	179,876	10.7
All types	**144,816**	**11.1**

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 2016/17 is low when compared to other investment opportunities. The average rate of return in 2016/17 ranged from 0.9% on Cereal farms to 6.6% on Pig farms.

Table 16 Farm Business Income as a percentage of net worth by type of farm, 2016/17

	Farm Business Income as a % of Net Worth 2016/17
Cereal	0.9
General Cropping	2.9
Pigs	6.6
Dairy	1.8
Cattle & Sheep (LFA)	1.9
Cattle & Sheep (Lowland)	1.2
Mixed	1.7
All types	**1.8**

3.3 Bank Borrowings

In the 2016/17 year, the average level of bank borrowings measured across all farm types was £44,788 per farm. This is an average decrease of £1,037 per farm when compared to 2015/16. As shown in Table 17, Dairy farms had the highest level of borrowings with an average of £109,515 per farm in 2016/17. The largest increase in borrowings between 2015/16 and 2016/17 occurred on Cattle and Sheep (LFA) farms, with an average increase of £187 per farm. The largest decrease in borrowings was on Pig farms with an average decrease of £12,177 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 £6,539 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, 2015/16 and 2016/17[1]

	2015/16	2016/17
	£ per farm	
Cereal	16,635	13,797
General Cropping	14,721	14,548
Pigs	39,885	27,708
Dairy	109,673	109,515
Cattle & Sheep (LFA)	15,072	15,259
Cattle & Sheep (Lowland)	25,593	22,736
Mixed	62,135	54,237
All types	**45,826**	**44,788**

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

The distribution of farms by level of borrowing per farm in 2015/16 and 2016/17 are presented in Table 18. This shows that 43% of the farms recorded no bank borrowings in 2016/17 whereas 21% of farms recorded borrowings in excess of £50,000. When comparing the distributions for 2015/16 and 2016/17 the overall picture is very similar but with a 1% increase in the number of farms having borrowings in excess of £20,000 in 2016/17.

Table 18 Distributions of farms by level of bank borrowings, 2015/16 and 2016/17[1]

Bank Borrowings (£ per farm)	2015/16	2016/17
	% of farms	
Nil	42	43
1 to 20,000	22	20
20,000 to 49,999	15	16
50,000 to 99,999	8	10
100,000 and over	13	11

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 an average bank lending rate of 4.5% 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 2015/16 and 2016/17. As the average account year end for the sample of farms is mid-February, the results refer to the 2015 and 2016 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 2016/17 for Dairy cows, SDA beef cows, DA beef cows, DA breeding ewes, Lowland breeding ewes, Pigs, Spring Barley, Winter Barley, Winter Wheat and Potato enterprises. Whereas, lower gross margins were recorded for Lowland beef cows and SDA breeding ewes enterprises.

Table 19(a) Average gross margins by enterprise in 2015/16 and 2016/17[1]

	Average gross margins	
	2015/2016	**2016/2017**
	£ per head	
Dairy Cows	513	600
Suckler Cows - SDA	195	222
- DA	197	260
- Lowland	225	218
Breeding Ewes - SDA	24	21
- DA	39	49
- Lowland	48	56
Pigs	16.89	27.59
	£ per hectare	
Spring Barley	452	576
Winter Barley	781	797
Winter Wheat	861	936
Potatoes – ware	3,389	4,562

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

4.1 Dairy Cows

As shown in Table 19(b), the average gross margin per dairy cow increased from £513 in 2015/16 to £600 in 2016/17 for the 110 dairy herds which provided information in both years. This increase of £88 in average gross margin is the combined result of a £38 increase in output value and a £50 decrease in total variable costs in 2016/17. The reason for the increase in output value was that milk receipts were on average £44 higher per cow in 2016/17. The higher milk receipts per cow were due to a slight increase in milk price of 1.2 pence per litre. The decrease in total variable costs per cow resulted mainly from a £38 decrease in concentrate cost and a £13 decrease in hay, silage and grazing costs per cow. The decrease in these costs is mainly due to lower concentrate and fertiliser prices in 2016/17.

Stocking rates decreased slightly from 2.14 cow equivalents per hectare in 2015/16 to 2.12 cow equivalents per hectare in 2016/17. Given these very similar stocking rates and the increase in average gross margin per cow, then average gross margin per hectare also increased from £1,087 in 2015/16 to £1,260 in 2016/17, which is an increase of £173 per hectare.

Table 19(b) Average outputs, variable costs and gross margins per dairy cow in 2015/16 and 2016/17[1]

	2015/2016	2016/2017
Number of herds	110	
Enterprise output	**£ per cow**	
Milk	1,488	1,532
Calves	103	101
Herd replacement	-174	-178
Output	**1,417**	**1,455**
Quota leasing receipts	-	-
Quota leasing costs	-	-
Super levy	-	-
Adjusted Output	**1,417**	**1,455**
Variable Costs		
Concentrates	591	553
Hay, silage & grazing	168	155
Sundries & Vet	146	147
Total Variable Costs	**904**	**855**
Gross Margin	**513**	**600**
Average herd size (cows)	109	109
Concentrates per litre (kg)	0.36	0.37
Stocking rate (ce/ha)	2.14	2.12
Summer milk (%)	52	51
Milk yield (l/cow)	7,241	7,053
Milk price (p/l)	20.6	21.7

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

As shown in Table 20, the difference in performance in 2016/17 between the 'top' and 'bottom' quartiles was, as in previous years, substantial. The 'top' quartile had an average gross margin per cow of £878 compared with £304 for the 'bottom' quartile. The main reasons for this difference in performance are that the 'top' quartile had an average milk yield 1,533 litres per cow above and a milk price 2.6 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 £62,718 per herd.

Table 20 Average outputs, variable costs and gross margins per dairy cow in the top 25% and bottom 25% groups, 2016/17

	Top 25%	Bottom 25%
	£ per cow	
Gross Margin	878	304
Milk Sales	1,849	1,328
Calf Sales	111	93
Total Output	1,802	1,195
Variable Costs	924	891
Milk Yield – litres	7,971	6,438
Av milk price – ppl	23.2	20.6
Stocking rate - ce/ha	2.09	2.16

4.2 Suckler Cows

In the 2016/17 account year both SDA and DA suckler herds had average gross margins that were higher than those of 2015/16, whereas for Lowland suckler herds their average gross margin was lower than that of the previous year (Table 21). For SDA suckler cows the average gross margin per cow increased from £195 in 2015/16 to £222 in 2016/17. This increase of £27 per cow was the combined result of a £22 increase in the value of calves and a £5 decrease in herd replacement cost. For DA suckler cows the average gross margin increased by £64 per cow due to a £56 increase in total output and a £8 decrease in total variable costs. The £56 increase in output value was the net result of a £60 increase in the value of calves and a £4 increase in herd replacement cost. For Lowland suckler cows the average gross margin decreased by £7 per cow, which was the net result from a decrease of £9 in total output and a decrease of £3 in total variable costs. The £9 decrease in output value was the combined result of a £5 decrease in the value of calves and a £4 increase in herd replacement cost. Across all 3 herd types, there were decreases in total variable costs between 2015/16 and 2016/17. The decreases in variable costs ranged from £0.50 per cow in the SDA to £8 per cow in the DA.

Table 21 Average outputs, variable costs and gross margins per cow for SDA, DA and Lowland suckler herds, 2015/16 and 2016/17[1]

	SDA		DA		Lowland	
	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017
Number of herds	66		22		27	
Enterprise Output			£ per cow			
Calves	491	513	497	557	505	500
Herd replacement	-62	-57	-69	-74	-62	-66
Total Output	**429**	**456**	**427**	**483**	**443**	**434**
Variable Costs						
Concentrates	51	53	39	40	26	29
HSG	121	117	123	115	129	118
Sundries & Vet	62	63	69	67	64	69
Total Variable Costs	**234**	**234**	**230**	**222**	**218**	**216**
Gross Margin	**195**	**222**	**197**	**260**	**225**	**218**
Calves reared per cow	0.96	0.97	0.98	0.99	1.00	0.96
Av price per calf sold/trans (£)	528	535	533	550	516	534

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 £292 in gross margin per cow between the 'top' and 'bottom' groups of SDA suckler herds in 2016/17. This is accounted for by differences of £197 in calf returns, £31 in herd replacement costs, and £63 in total variable costs between the top and bottom groups. Similarly for DA suckler herds there were a difference of £482 in gross margin per cow between the 'top' and 'bottom' groups of herds in 2016/17. This is accounted for by differences of £217 in calf returns, £50 in herd replacement costs, and £214 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, 2016/17

	Top 25%	Bottom 25%
	£ per cow	
Gross Margin		
- SDA	341	50
- DA	433	-48
Calf Returns		
- SDA	599	402
- DA	673	456
Herd replacement cost		
- SDA	-44	-75
- DA	-63	-113
Variable Costs		
- SDA	214	277
- DA	177	391

4.3 Breeding Ewes

As shown in Table 23, gross margins per ewe for Lowland and Upland flocks showed an increase between 2015/16 and 2016/17, whereas, the gross margin per ewe for Hill flocks showed a decrease. For Lowland breeding ewes the average gross margin per ewe increased from £47.60 in 2015/16 to £55.75 in 2016/17, which is an increase of £8.15. This increase was the net result of a £8.22 increase in output and a £0.07 increase in total variable costs. For Upland breeding ewes the average gross margin per ewe increased from £38.51 in 2015/16 to £48.54 in 2016/17, which is an increase of £10.03. This increase was the combined result of a £9.69 increase in output and a £0.34 decrease in total variable costs. For Hill breeding ewes the average gross margin per ewe decreased from £23.62 in 2015/16 to £21.33 in 2016/17, which is a decrease of £2.29. This decrease was the combined result of a £0.56 decrease in output and a £1.73 increase in total variable costs.

Table 24 presents the gross margin per ewe results for the 'top 25%' and 'bottom 25%' of Lowland, Upland, and Hill flocks in 2016/17. This shows a difference in gross margin between the 'top 25%' and 'bottom 25%' of £41 per ewe in the Lowland, £75 per ewe in the Upland, and £49 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 £106 in the top group and £67 in the bottom group.

Table 23 Average outputs, variable costs and gross margins per ewe for Lowland, DA and SDA breeding flocks, 2015/16 and 2016/17[1]

	Lowland		Upland (DA)		Hill (SDA)	
	2015/2016	**2016/2017**	**2015/2016**	**2016/2017**	**2015/2016**	**2016/2017**
Number of flocks	25		18		25	
Output			**£ per ewe**			
Lambs	91.30	100.96	88.22	100.70	58.02	67.16
Wool	3.35	3.46	3.28	3.24	2.55	2.06
Flock Replacements	2.69	1.15	-3.11	-5.86	9.16	-0.04
Total Output	**97.35**	**105.57**	**88.39**	**98.07**	**69.73**	**69.17**
Variable Costs						
Concentrates + OPF	12.23	13.22	14.56	15.24	15.11	18.05
Hay, silage, & grazing	21.74	20.01	21.59	19.16	17.38	17.17
Sundries + Vet	15.78	16.59	13.72	15.13	13.62	12.62
Total Variable Costs	**49.75**	**49.82**	**49.87**	**49.53**	**46.11**	**47.84**
Gross Margin	**47.60**	**55.75**	**38.51**	**48.54**	**23.62**	**21.33**
Lambs reared per ewe	1.50	1.50	1.45	1.42	1.19	1.16
Ave lamb price (£)	68.80	75.21	67.48	75.81	63.53	71.51
Ewe mortality %	5.6	4.8	7.2	6.7	6.5	5.6
Lamb mortality per 100 ewes	10.0	8.2	7.0	7.0	7.3	7.1
Ave flock size (ewes)	190	193	153	154	275	278

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, 2016/17

	Top 25%	Bottom 25%
	Per Ewe	
Gross Margin (£)		
- Lowland	74	33
- Upland	78	2
- Hill	45	-5
Lamb Sales (£)		
- Lowland	113	93
- Upland	120	71
- Hill	86	37
Lambs Reared		
- Lowland	1.65	1.31
- Upland	1.65	1.24
- Hill	1.26	0.89

4.4 Pigs

On the 11 farms which had rearing and finishing units, the average gross margin per pig increased from £16.89 in 2015/16 to £27.59 in 2016/17 (Table 25). This increase in margin of £10.70 per pig between 2015/16 and 2016/17 was the combined result of an increase in output of £8.74 per pig and a decrease in total variable costs of £1.96 per pig. The increase in output was due to the more favourable pig prices in 2016/17, whereas, the decrease in total variable costs was due to the £1.57 decrease in the cost of feedstuffs per pig and the £0.39 decrease in the cost of veterinary, medicine and sundries per pig. The decrease in cost of feedstuffs was due to lower concentrate prices and usage in 2016/17. The average gross margin of £28 per pig is the fourth highest result in the 10 years since 2007/08. The average gross margins per pig in previous years were £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, £26 in 2014/15 and £17 in 2015/16.

Table 25 Average sales, variable costs and gross margins per pig for pig rearing and finishing units, 2015/16 and 2016/17[1]

	2015/2016	2016/2017
Number of herds	11	
	£ per pig	
Output	**97.82**	**106.56**
Variable Costs		
Feeding stuffs	72.28	70.72
Vet and medicines	3.63	3.64
Sundries	5.01	4.61
Total Variable Costs	**80.92**	**78.97**
Gross Margin	**16.89**	**27.59**
Meal equivalent per pig (kg)	305	299
Price of concentrates (£/tonne)	237	236
Pigs weaned per sow	22.58	24.29

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

4.5 Spring Barley

As shown in Table 26 the average gross margin per hectare for the spring barley crop increased from £452 in 2015 to £576 in 2016 (a rise of £123 per hectare). This increase was the combined result of a £87 increase in output value and a £37 decrease in total variable costs in 2016. The rise in output value was due to higher grain and straw prices in 2016. Grain prices per tonne increased from £118 in 2015 to £126 in 2016, whereas, straw prices per tonne increased from £53 in 2015 to £63 in 2016. In comparison to 2015 levels, average grain yield increased by 0.06 tonnes per hectare and average straw yield decreased by 0.02 tonnes per hectare. The decrease in variable costs between 2015 and 2016 was the result of lower seed, fertiliser and spray costs in 2016.

Table 26 Average outputs, variable costs and gross margins per hectare for spring barley, 2015/16 and 2016/17[1]

	2015/2016	2016/2017
Number of farms	43	
	£ per hectare	
Output		
Grain	604	657
Straw	178	212
Total Output	**782**	**868**
Variable Costs		
Seed	61	58
Fertilisers	141	115
Sprays	100	87
Sundries	28	33
Total Variable Costs	**330**	**293**
Gross Margin	**452**	**576**
Grain yield (tonnes per ha)	5.14	5.20
Straw yield (tonnes per ha)	3.38	3.37

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

The 'top 25%' performance group of farms in 2016 had an average grain yield of 6.04 tonnes per hectare compared with 4.35 tonnes in the 'bottom 25%' group. These yields generated grain sales of £753 for the 'top' group and £557 for the 'bottom' group. Associated with the higher grain yield was also a higher straw yield which generated straw sales of £339 per hectare in the 'top' group compared with £162 in the 'bottom' group. The average grain price per tonne received by the 'top' group was £3 lower 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 £242 per hectare for the 'top' group and £369 for the 'bottom' group. These differences in output and inputs between the 'top' and 'bottom' groups resulted in a gross margin of £851 per hectare for the 'top' group and £351 per hectare for the 'bottom' group i.e. a difference of £500 per hectare.

4.6 Winter Barley

As shown in Table 27, the average gross margin per hectare for the winter barley crop increased from £781 in 2015 to £797 in 2016, which is a rise of £16. This increase was the net effect of a £30 decrease in output and a £46 decrease in variable costs in 2016. The decrease in output value resulted from the lower grain and straw yields in 2016. In comparison to 2015 levels, average grain yield decreased by 0.75 tonnes per hectare and average straw yield decreased by 1.40 tonnes per hectare. Grain prices per tonne increased from £124 in 2015 to £138 in 2016, whereas, straw prices per tonne increased from £61 in 2015 to £75 in 2016. The decrease in variable costs between 2015 and 2016 was the result of lower seed, fertiliser, spray and sundry costs in 2016.

Table 27 Average outputs, variable costs and gross margins per hectare for winter barley, 2015/16 and 2016/17[1]

	2015/2016	2016/2017
Number of farms	22	
	£ per hectare	
Output		
Grain	954	962
Straw	289	250
Total Output	**1,243**	**1,212**
Variable Costs		
Seed	82	73
Fertilisers	182	152
Sprays	165	159
Sundries	33	32
Total Variable Costs	**462**	**415**
Gross Margin	**781**	**797**
Grain yield (tonnes per ha)	7.72	6.97
Straw yield (tonnes per ha)	4.75	3.35

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

The 'top 25%' group of farms in 2016 had an average grain yield of 7.80 tonnes per hectare, and this was 2.23 tonnes more than the 'bottom 25%' group. Higher values for grain and straw output resulted in an output value of £1,486 per hectare for the 'top' group, some £576 above that of the 'bottom' group. Total variable costs per hectare were £84 higher in the 'top' group at £448 per hectare. The gross margins per hectare were £1,038 for the 'top' group and £546 for the 'bottom' group.

On average, the winter barley crop gross margin in 2016 was £221 per hectare higher than that for the spring crop. It is usually the case that the winter barley crop out-performs the spring barley crop as the higher returns associated with the higher yield of the winter barley crop more than cover the additional variable costs incurred when compared with the spring barley crop. The last time the average spring barley crop outperformed the average winter barley crop was in 2001.

4.7 Winter Wheat

As shown in Table 28 the average gross margin per hectare for the winter wheat crop increased from £861 in 2015 to £936 in 2016, which is a rise of £75. This was the net effect of a £84 increase in output and a £10 increase in variable costs in 2016. The rise in output value was the result of higher grain and straw prices in 2016. Average grain prices increased by £22 per tonne, whereas, average straw prices increased by £17 per tonne. In terms of yields, average grain yield decreased by 0.99 tonnes per hectare and average straw yield decreased by 0.71 tonnes per hectare. However, these decreases in yields were sufficiently offset by the increase in grain and straw prices. As a result of these changes in yields and prices, total output increased from £1,324 in 2015 to £1,408 in 2016. The increase in total variable costs of £10 per hectare in 2016 was the result of higher seed and spray costs in 2016.

Table 28 Average outputs, variable costs and gross margins per hectare for winter wheat, 2015/16 and 2016/17[1]

	2015/2016	2016/2017
Number of farms	18	
	£ per hectare	
Output		
Grain	1,094	1,149
Straw	230	259
Total Output	**1,324**	**1,408**
Variable Costs		
Seed	65	77
Fertilisers	184	167
Sprays	179	198
Sundries	34	30
Total Variable Costs	**463**	**473**
Gross Margin	**861**	**936**
Grain yield (tonnes per ha)	8.87	7.88
Straw yield (tonnes per ha)	4.55	3.84

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

The 'top 25%' group of farms in 2016 had an average grain yield of 9.10 tonnes per hectare, and this was 2.87 tonnes more than the 'bottom 25%' group. Higher grain and straw yields resulted in an output value of £1,698 per hectare for the 'top' group, some £652 above that of the 'bottom' group. Total variable costs per hectare were £124 higher in the 'top' group at £512 per hectare. The gross margins per hectare were £1,185 for the 'top' group and £657 for the 'bottom' group.

The 2016 crop results show that the highest gross margin per hectare was obtained by winter wheat (£936) followed by winter barley (£797) and then spring barley (£576). 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 2015 and 2016 ware potato crops were £3,389 and £4,562 per hectare respectively. This increase in gross margin of £1,173 per hectare was the net result of an £1,238 increase in output and a £65 increase in variable costs between 2015 and 2016. The increase in output resulted from increases in ware potato prices in 2016. Ware potatoes prices increased from £150 per tonne in 2015/16 to £194 per tonne in 2016/17, whereas, ware potato yield decreased from 34.8 tonnes per hectare in 2015 to 34.0 tonnes per hectare in 2016. The total variable costs incurred increased from £1,449 per hectare in 2015/16 to £1,514 per hectare in 2016/17, which is an increase of £65 per hectare. In terms of individual costs, contract / casual wages showed the most decrease, falling from £273 per hectare in 2015/16 to £222 per hectare in 2016/17 (i.e. a decrease of £51 per hectare). Whereas, seed costs showed the most increase, by rising from £335 per hectare in 2015/16 to £477 per hectare in 2016/17 (i.e. an increase of £142 per hectare). Overall, the average variable costs of production per tonne for the ware crop increased from £41.64 in 2015 to £44.48 in 2016. 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, 2015/16 and 2016/17[1]

	Ware Crop	
	2015/2016	**2016/2017**
Number of farms	7	
	£ per hectare	
Potato Output	**4,838**	**6,076**
Variable costs		
Seed	335	477
Fertiliser	393	367
Sprays	338	329
Contract/Casual Wages	273	222
Sundries	111	120
Total Variable costs	**1,449**	**1,514**
Gross Margin	**3,389**	**4,562**
Total yield (tonnes/ha)	34.8	34.0
Av price per tonne (£)	150	194

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 80% 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, 2016/17

		Top[1] Group	Bottom[1] Group
		£ Per head	
Dairy cows		878	304
Suckler cows	- DA	433	-48
	- SDA	341	50
Breeding ewes	- DA	78	2
	- SDA	45	-5
	- Lowland	74	33
Spring barley		851	351
Winter barley		1,038	546
Winter wheat		1,185	657

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 £526 in 2015/16 to £519 in 2016/17. At the individual farm type level, five of the seven farm types recorded decreases in fixed costs, with the exceptions being Cereal and Pigs. Increases in fixed costs per hectare were £13 on Cereal farms and £67 on Pig farms. Decreases in fixed costs per hectare ranged from £1 on Cattle and Sheep (LFA) farms to £103 on General Cropping farms.

Table 31 Fixed costs per hectare by type of farm, 2015/16 and 2016/17[1, 2]

	2015/16	2016/17
	£ per ha	
Cereal	658	671
General Cropping	718	615
Pigs	1,588	1,655
Dairy	823	803
Cattle & Sheep (LFA)	324	323
Cattle & Sheep (Lowland)	492	475
Mixed	756	752
All Types	**526**	**519**

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 2015/16 and 2016/17, these three cost categories on average accounted for 70% of total fixed costs across all types of farm.

Table 32 Fixed costs per hectare, by category, 2015/16 and 2016/17[1]

	2015/16	2016/17
	£ per ha	
Depreciation of buildings and works	119	115
Depreciation of machinery	122	121
Machinery running costs	128	127
Farm insurance	15	16
Farm fuel	23	21
Rates and water charges	14	14
Building repairs and miscellaneous	80	79
Interest payments	25	25
Total	**526**	**519**

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 2015/16 AND 2016/17[1]

	Cereals			General Cropping		
	2015/16	2016/17	% Change	2015/16	2016/17	% Change
Average size of business (SLRs)		1.2			1.6	
Total area of farm (ha)	99.9	91.3	-8.6	68.0	74.8	10.0
of which: crops & grass	95.9	87.6	-8.7	64.4	70.4	9.4
rough grazing	0.8	0.8	0.0	0.0	0.1	-
Hectares - Total crops	92.0	83.7	-9.0	59.6	60.2	1.0
(of which cereals)	75.0	62.3	-17.0	43.8	45.6	4.2
Av.no - Dairy cows	0.0	0.0	-	0.0	0.0	-
Av.no - Beef cows	0.0	1.8	-	0.0	0.0	-
Av.no - Other cattle	7.1	5.2	-26.2	9.8	12.7	29.2
Av.no - Ewes	7.2	9.0	25.7	0.0	0.0	-
Av.no - Sows/gilts	0.0	0.0	-	0.0	0.0	-
Crop output :	**£ per farm**			**£ per farm**		
Cereals	62,650	56,193	-10.3	23,986	34,997	45.9
Potatoes	0	0	-	40,320	50,903	26.2
Misc. crop output	33,677	30,304	-10.0	13,017	11,465	-11.9
Total crop output	**96,326**	**86,498**	**-10.2**	**77,323**	**97,366**	**25.9**
Livestock output :						
Cattle rearing & fattening	1,791	2,192	22.4	2,952	4,422	49.8
Cattle - dairy	0	0	-	0	0	-
Milk	0	0	-	0	0	-
Sheep & wool	696	857	23.1	0	0	-
Pigs	0	0	-	0	0	-
Poultry & eggs	0	0	-	0	0	-
Other livestock	0	0	-	0	0	-
Total livestock output	**2,487**	**3,049**	**22.6**	**2,952**	**4,422**	**49.8**
Single Payment	22,789	25,527	12.0	13,596	16,889	24.2
ANC/LFA Compensatory scheme	0	0	-	0	0	-
Agri Environment schemes	5,953	4,344	-27.0	1,198	1,161	-3.1
Miscellaneous subsidies	0	153	-	0	69	-
Miscellaneous revenue	15,527	11,216	-27.8	578	1,652	185.9
On farm - non farm income	0	0	-	0	0	-
Adjustments for disposal of previous year's crop	-133	274	306.5	1,582	877	-44.5
Total farm output	**142,950**	**131,061**	**-8.3**	**97,230**	**122,437**	**25.9**

Table 1.1 Contd.

	Cereals			General Cropping		
	2015/16	2016/17	% Change	2015/16	2016/17	% Change
Inputs :	**£ per farm**			**£ per farm**		
Purchased concentrate feed & fodder	747	744	-0.4	913	1,400	53.4
Home grown concentrate feed	0	0	-	129	212	64.0
Veterinary fees & medicines	184	209	13.7	118	206	75.0
Other livestock costs	58	203	252.1	222	320	44.2
Purchased & home grown seed	5,413	5,413	0.0	7,069	8,808	24.6
Fertilisers	18,622	14,404	-22.6	12,095	12,533	3.6
Other crop costs	13,883	12,784	-7.9	8,848	10,274	16.1
Regular & casual labour	5,243	5,257	0.3	1,082	1,231	13.9
Machinery excluding depreciation	29,403	26,564	-9.7	18,151	16,976	-6.5
Depreciation of plant machinery & vehicles	25,744	24,075	-6.5	20,084	18,021	-10.3
Depreciation of buildings & works	6,283	5,324	-15.3	238	243	1.8
Land & building inputs	8,727	8,349	-4.3	12,441	14,830	19.2
Interest payments	1,450	1,357	-6.4	1,557	1,447	-7.0
Other general farming costs	11,660	9,884	-15.2	8,500	8,319	-2.1
Total variable costs	**53,685**	**45,883**	**-14.5**	**34,954**	**38,472**	**10.1**
Total fixed costs	**73,733**	**68,685**	**-6.8**	**56,493**	**56,349**	**-0.3**
Total farm inputs	**127,418**	**114,569**	**-10.1**	**91,447**	**94,821**	**3.7**
Farm Business Income	**15,532**	**16,492**	**6.2**	**5,782**	**27,616**	**377.6**
(plus) depreciation of buildings & works	6,283	5,324	-15.3	238	243	1.8
(plus) depreciation of plant machinery & vehicles	25,744	24,075	-6.5	20,084	18,021	-10.3
(minus) valuation change	4,209	-2,851	-167.8	-552	-4,514	-717.9
(equals) cash income	**43,351**	**48,743**	**12.4**	**26,657**	**50,393**	**89.0**
(minus) net investment	46,289	21,387	-53.8	27,735	11,167	-59.7
(equals) Cash flow	**-2,938**	**27,356**	**1030.9**	**-1,078**	**39,227**	**3739.0**
Average valuations	**119,213**	**112,904**	**-5.3**	**92,367**	**90,077**	**-2.5**

Table 1.2 – MIXED & PIG FARMS – ALL SIZES
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2015/16 AND 2016/17[1]

	Mixed			Pigs		
	2015/16	2016/17	% Change	2015/16	2016/17	% Change
Average size of business (SLRs)		2.1			2.9	
Total area of farm (ha)	72.9	76.0	4.2	35.7	33.0	-7.7
of which: crops & grass	69.3	72.8	5.0	33.7	31.0	-8.2
rough grazing	1.7	1.3	-23.6	1.2	1.2	0.0
Hectares - Total crops	17.3	19.0	9.7	2.0	1.6	-18.3
(of which cereals)	13.9	16.7	19.5	2.0	1.6	-18.3
Av.no - Dairy cows	26.4	26.7	1.0	0.0	0.0	-
Av.no - Beef cows	11.1	10.7	-3.8	8.4	8.8	3.9
Av.no - Other cattle	89.9	90.2	0.3	34.0	34.1	0.3
Av.no - Ewes	53.1	53.0	-0.2	100.7	101.2	0.5
Av.no - Sows/gilts	15.0	14.4	-4.0	154.2	153.8	-0.2
Crop output :	**£ per farm**			**£ per farm**		
Cereals	12,945	14,409	11.3	1,655	1,514	-8.5
Potatoes	5,043	6,808	35.0	0	0	-
Misc. crop output	4,880	3,942	-19.2	771	774	0.4
Total crop output	**22,868**	**25,159**	**10.0**	**2,426**	**2,288**	**-5.7**
Livestock output :						
Cattle rearing & fattening	35,041	38,433	9.7	15,183	14,878	-2.0
Cattle - dairy	-1,900	-2,411	-26.9	0	0	-
Milk	38,250	38,700	1.2	0	0	-
Sheep & wool	4,317	5,531	28.1	11,142	13,727	23.2
Pigs	22,628	38,302	69.3	296,135	348,681	17.7
Poultry & eggs	7,186	6,739	-6.2	0	0	-
Other livestock	0	0	-	0	0	-
Total livestock output	**105,522**	**125,294**	**18.7**	**322,460**	**377,286**	**17.0**
Single Payment	19,358	22,809	17.8	11,970	13,566	13.3
ANC/LFA Compensatory scheme	397	101	-74.5	1,657	557	-66.4
Agri Environment schemes	1,577	1,641	4.1	140	28	-79.8
Miscellaneous subsidies	528	356	-32.6	19	236	1157.8
Miscellaneous revenue	8,757	8,676	-0.9	1,472	2,085	41.7
On farm - non farm income	0	0	-	0	0	-
Adjustments for disposal of previous year's crop	-401	146	136.5	0	0	-
Total farm output	**158,605**	**184,182**	**16.1**	**340,145**	**396,046**	**16.4**

Table 1.2 Contd.

	Mixed			Pigs		
	2015/16	2016/17	% Change	2015/16	2016/17	% Change
Inputs :	**£ per farm**			**£ per farm**		
Purchased concentrate feed & fodder	42,247	49,658	17.5	215,199	228,286	6.1
Home grown concentrate feed	3,391	3,726	9.9	0	0	-
Veterinary fees & medicines	4,087	4,269	4.5	14,633	16,735	14.4
Other livestock costs	4,769	6,061	27.1	18,862	20,621	9.3
Purchased & home grown seed	1,900	2,582	35.9	204	170	-16.9
Fertilisers	10,468	8,847	-15.5	2,179	1,634	-25.0
Other crop costs	5,724	4,583	-19.9	597	651	9.1
Regular & casual labour	9,439	9,373	-0.7	10,875	10,993	1.1
Machinery excluding depreciation	16,154	19,480	20.6	9,730	8,426	-13.4
Depreciation of plant machinery & vehicles	13,133	11,698	-10.9	9,087	9,132	0.5
Depreciation of buildings & works	13,780	13,920	1.0	17,008	16,846	-0.9
Land & building inputs	6,708	9,162	36.6	9,347	8,891	-4.9
Interest payments	1,493	2,211	48.1	1,442	1,390	-3.6
Other general farming costs	10,380	10,974	5.7	14,927	13,598	-8.9
Total variable costs	**80,713**	**89,778**	**11.2**	**259,173**	**274,914**	**6.1**
Total fixed costs	**62,961**	**66,768**	**6.0**	**64,916**	**62,460**	**-3.8**
Total farm inputs	**143,673**	**156,546**	**9.0**	**324,089**	**337,374**	**4.1**
Farm Business Income	**14,932**	**27,637**	**85.1**	**16,055**	**58,673**	**265.4**
(plus) depreciation of buildings & works	13,780	13,920	1.0	17,008	16,846	-0.9
(plus) depreciation of plant machinery & vehicles	13,133	11,698	-10.9	9,087	9,132	0.5
(minus) valuation change	8,165	-3,074	-137.6	-3,332	9,055	371.8
(equals) cash income	**33,680**	**56,329**	**67.2**	**45,482**	**75,596**	**66.2**
(minus) net investment	78,902	20,104	-74.5	24,368	23,777	-2.4
(equals) Cash flow	**-45,222**	**36,225**	**180.1**	**21,114**	**51,819**	**145.4**
Average valuations	**181,833**	**179,876**	**-1.1**	**154,148**	**160,137**	**3.9**

TABLE 1.3 LOWLAND CATTLE AND SHEEP OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2015/16 AND 2016/17[1]

	0.5 < 1 SLR			1 < 2 SLR			All SIZES		
	2015/16	2016/17	% Change	2015/16	2016/17	% Change	2015/16	2016/17	% Change
Average size of business (SLRs)		0.8			1.4			1.2	
Total area of farm (ha)	50.4	50.7	0.6	70.9	73.6	3.8	69.2	70.5	1.9
of which: crops & grass	47.4	47.7	0.7	69.4	72.1	3.9	63.2	64.6	2.1
rough grazing	1.3	1.3	0.0	0.2	0.2	0.0	1.0	1.0	0.0
Size of enterprises :									
Hectares - Total crops	4.5	3.7	-17.5	7.3	5.1	-29.8	6.0	4.8	-20.0
Av.no - Dairy cows	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Av.no - Beef cows	23.0	23.0	0.0	33.7	34.8	3.3	32.1	32.1	0.0
Av.no - Other cattle	59.1	56.9	-3.7	115.7	128.6	11.1	90.4	95.0	5.1
Av.no - Ewes	53.7	54.5	1.7	69.8	70.5	1.0	85.8	89.5	4.3
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	2,953	2,083	-29.4	2,847	3,034	6.6	3,007	2,540	-15.5
Potatoes	0	0	-	0	0	-	245	233	-5.1
Misc. crop output	478	1,769	270.1	3,529	674	-80.9	1,983	1,669	-15.8
Total crop output	**3,431**	**3,852**	**12.3**	**6,375**	**3,708**	**-41.8**	**5,235**	**4,441**	**-15.2**
Livestock output :									
Cattle rearing & fattening	22,966	25,389	10.6	49,719	53,726	8.1	39,676	43,719	10.2
Cattle - dairy	0	0	-	0	0	-	0	0	-
Milk	0	0	-	0	0	-	0	0	-
Sheep & wool	4,222	5,160	22.2	5,755	7,107	23.5	8,811	9,328	5.9
Pigs	0	0	-	118	118	0.0	36	36	0.0
Poultry & eggs	0	0	-	0	0	-	0	0	-
Other livestock	0	0	-	0	0	-	0	0	-
Total livestock output	**27,188**	**30,549**	**12.4**	**55,592**	**60,951**	**9.6**	**48,523**	**53,082**	**9.4**
Single Payment	14,873	16,417	10.4	22,610	25,125	11.1	20,703	23,108	11.6
ANC/LFA Compensatory scheme	190	0	-100.0	244	0	-100.0	595	216	-63.7
Agri Environment schemes	725	737	1.6	1,055	826	-21.7	900	799	-11.2
Miscellaneous subsidies	34	71	109.7	44	112	154.9	181	301	66.3
Miscellaneous revenue	3,589	4,008	11.7	1,364	1,429	4.7	3,152	3,331	5.7
On farm - non farm income	536	536	0.0	853	853	0.0	570	570	0.0
Adjustments for disposal of previous year's crop	2	-8	-530.1	0	3	-	125	64	-48.4
Total farm output	**50,567**	**56,162**	**11.1**	**88,138**	**93,007**	**5.5**	**79,984**	**85,913**	**7.4**

Table 1.3 Contd.

	0.5 < 1 SLR			1 < 2 SLR			All SIZES		
	2015/16	2016/17	% Change	2015/16	2016/17	% Change	2015/16	2016/17	% Change
Inputs :	**£ per farm**			**£ per farm**			**£ per farm**		
Purchased concentrate feed & fodder	5,281	6,036	14.3	12,174	14,412	18.4	10,954	12,070	10.2
Home grown concentrate feed	474	502	5.9	2,031	1,820	-10.4	1,289	1,278	-0.9
Veterinary fees & medicines	1,698	1,597	-5.9	3,182	3,402	6.9	2,894	2,913	0.7
Other livestock costs	1,623	1,557	-4.1	3,182	3,306	3.9	2,485	2,463	-0.9
Purchased & home grown seed	568	375	-33.9	942	685	-27.2	735	567	-22.9
Fertilisers	4,001	3,777	-5.6	7,221	5,569	-22.9	6,152	5,278	-14.2
Other crop costs	1,278	759	-40.6	1,512	1,833	21.3	1,888	1,388	-26.5
Regular & casual labour	661	696	5.2	2,113	1,822	-13.8	1,803	1,783	-1.1
Machinery excluding depreciation	8,838	8,586	-2.9	13,539	12,442	-8.1	11,652	11,375	-2.4
Depreciation of plant machinery & vehicles	5,340	5,262	-1.5	9,401	10,421	10.8	8,179	8,737	6.8
Depreciation of buildings & works	2,894	2,436	-15.8	5,024	5,150	2.5	5,329	4,839	-9.2
Land & building inputs	4,270	5,100	19.4	8,741	9,005	3.0	8,614	8,893	3.2
Interest payments	400	454	13.3	1,536	1,034	-32.7	1,179	1,035	-12.3
Other general farming costs	5,855	6,048	3.3	6,486	6,775	4.5	6,421	6,720	4.7
Total variable costs	**18,917**	**19,086**	**0.9**	**36,668**	**36,174**	**-1.3**	**31,959**	**31,664**	**-0.9**
Total fixed costs	**24,264**	**24,098**	**-0.7**	**40,416**	**41,502**	**2.7**	**37,615**	**37,672**	**0.1**
Total farm inputs	**43,181**	**43,184**	**0.0**	**77,084**	**77,676**	**0.8**	**69,575**	**69,336**	**-0.3**
Farm Business Income	**7,387**	**12,978**	**75.7**	**11,054**	**15,330**	**38.7**	**10,409**	**16,578**	**59.3**
(plus) depreciation of buildings & works	2,894	2,436	-15.8	5,024	5,150	2.5	5,329	4,839	-9.2
(plus) depreciation of plant machinery & vehicles	5,340	5,262	-1.5	9,401	10,421	10.8	8,179	8,737	6.8
(minus) valuation change	-3,039	2,629	186.5	2,739	8,295	202.8	-114	5,804	5206.3
(equals) cash income	**18,660**	**18,047**	**-3.3**	**22,739**	**22,606**	**-0.6**	**24,031**	**24,349**	**1.3**
(minus) net investment	5,039	-9,593	-290.4	42,393	15,404	-63.7	19,241	3,261	-83.1
(equals) Cash flow	**13,621**	**27,639**	**102.9**	**-19,654**	**7,202**	**136.6**	**4,790**	**21,089**	**340.3**
Average valuations	**89,183**	**88,078**	**-1.2**	**153,468**	**159,122**	**3.7**	**133,424**	**136,518**	**2.3**

TABLE 1.4 – DAIRY FARMS
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2015/16 AND 2016/17[1]

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2015/16	2016/17	% Change	2015/16	2016/17	% Change	2015/16	2016/17	% Change	2015/16	2016/17	% Change
Average size of business (SLRs)		0.8			1.5			2.5			5.0	
Total area of farm (ha)	29.3	29.2	-0.4	47.8	47.7	-0.1	69.4	72.4	4.3	132.3	133.0	0.5
of which: crops & grass	26.4	26.3	-0.4	45.3	45.3	-0.1	64.0	66.3	3.6	126.4	127.5	0.8
rough grazing	2.0	2.0	0.0	1.2	1.2	0.0	4.3	5.1	17.6	3.9	3.4	-11.4
Size of enterprises :												
Hectares - Total crops	0.0	0.0	-	1.1	1.1	-5.9	1.8	0.8	-53.5	5.2	4.7	-10.4
Av.no - Dairy cows	33.7	32.2	-4.4	58.9	58.3	-1.1	95.9	97.4	1.5	208.2	208.5	0.1
Av.no - Beef cows	0.2	0.0	-100.0	2.9	3.2	10.9	3.3	2.0	-38.4	1.2	1.4	20.4
Av.no - Other cattle	18.4	15.3	-17.3	49.4	49.7	0.6	73.9	71.2	-3.7	145.3	150.8	3.8
Av.no - Ewes	0.0	0.0	-	6.5	5.3	-18.7	15.9	14.6	-7.8	9.4	9.2	-1.6
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	-	560	445	-20.6	494	374	-24.3	1,854	1,983	7.0
Potatoes	0	0	-	0	0	-	0	0	-	0	0	-
Misc. crop output	291	-241	-182.8	221	320	44.7	1,069	225	-79.0	940	34	-96.4
Total crop output	**291**	**-241**	**-182.8**	**781**	**765**	**-2.1**	**1,563**	**599**	**-61.7**	**2,793**	**2,017**	**-27.8**
Livestock output :												
Cattle rearing & fattening	6,455	7,099	10.0	19,378	18,789	-3.0	31,728	29,526	-6.9	61,590	58,781	-4.6
Cattle - dairy	-1,815	-722	60.2	-657	-182	72.3	-4,846	-5,253	-8.4	-16,944	-17,058	-0.7
Milk	30,661	32,549	6.2	63,993	63,758	-0.4	118,042	118,113	0.1	279,065	288,828	3.5
Sheep & wool	0	0	-	597	802	34.3	1,697	1,474	-13.1	835	880	5.4
Pigs	0	0	-	0	0	-	0	0	-	0	0	-
Poultry & eggs	0	0	-	0	0	-	988	879	-11.1	665	617	-7.1
Other livestock	0	0	-	1	1	100.0	0	0	-	0	0	-
Total livestock output	**35,301**	**38,926**	**10.3**	**83,311**	**83,168**	**-0.2**	**147,609**	**144,738**	**-1.9**	**325,210**	**332,048**	**2.1**
Single Payment	5,929	6,914	16.6	10,609	12,459	17.4	16,974	19,559	15.2	28,560	34,675	21.4
ANC/LFA Compensatory scheme	120	269	124.3	271	170	-37.1	505	319	-36.8	108	75	-31.1
Agri Environment schemes	363	314	-13.6	671	528	-21.3	580	442	-23.8	898	498	-44.6
Miscellaneous subsidies	385	94	-75.5	761	517	-32.1	1,590	860	-45.9	3,405	1,599	-53.0
Miscellaneous revenue	89	83	-6.5	1,072	2,220	107.0	3,523	4,687	33.0	5,851	5,125	-12.4
On farm - non farm income	0	0	-	0	0	-	0	0	-	0	0	-
Adjustments for disposal of previous year's crop	0	0	-	0	0	-	0	0	-	0	0	-
Total farm output	**42,478**	**46,360**	**9.1**	**97,477**	**99,826**	**2.4**	**172,343**	**171,204**	**-0.7**	**366,826**	**376,038**	**2.5**

Table 1.4 Contd.

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2015/16	2016/17	% Change	2015/16	2016/17	% Change	2015/16	2016/17	% Change	2015/16	2016/17	% Change
Inputs :	**£ per farm**			**£ per farm**			**£ per farm**			**£ per farm**		
Purchased concentrate feed & fodder	13,000	12,067	-7.2	26,461	24,641	-6.9	46,854	46,125	-1.6	139,675	125,831	-9.9
Home grown concentrate feed	2,789	2,768	-0.8	1,938	1,978	2.1	2,401	2,758	14.9	4,908	5,285	7.7
Veterinary fees & medicines	1,957	1,836	-6.2	3,132	3,310	5.7	5,688	5,587	-1.8	12,500	12,663	1.3
Other livestock costs	1,916	1,497	-21.9	4,710	4,311	-8.5	7,832	7,701	-1.7	17,451	18,686	7.1
Purchased & home grown seed	66	0	-100.0	253	178	-29.5	408	148	-63.8	834	922	10.5
Fertilisers	2,565	2,452	-4.4	6,069	5,343	-12.0	9,818	8,645	-11.9	18,040	15,824	-12.3
Other crop costs	296	316	6.8	696	614	-11.8	1,384	1,062	-23.3	3,905	3,574	-8.5
Regular & casual labour	383	378	-1.2	1,607	1,045	-35.0	3,180	3,883	22.1	14,374	14,234	-1.0
Machinery excluding depreciation	6,467	6,702	3.6	11,756	11,945	1.6	17,373	17,490	0.7	39,855	38,821	-2.6
Depreciation of plant machinery & vehicles	3,155	3,315	5.0	7,146	7,616	6.6	11,859	11,402	-3.9	21,761	21,091	-3.1
Depreciation of buildings & works	2,267	1,936	-14.6	7,872	7,640	-2.9	17,210	16,918	-1.7	32,164	32,151	0.0
Land & building inputs	2,657	2,317	-12.8	5,761	5,631	-2.3	8,800	9,242	5.0	23,523	25,950	10.3
Interest payments	185	168	-9.1	1,049	1,044	-0.4	3,939	3,830	-2.8	9,018	9,159	1.6
Other general farming costs	5,958	5,791	-2.8	8,586	8,750	1.9	11,046	10,412	-5.7	20,127	19,787	-1.7
Total variable costs	**25,879**	**24,135**	**-6.7**	**48,997**	**46,028**	**-6.1**	**85,125**	**83,129**	**-2.3**	**224,621**	**209,998**	**-6.5**
Total fixed costs	**17,781**	**17,407**	**-2.1**	**38,040**	**38,018**	**-0.1**	**62,668**	**62,075**	**-0.9**	**133,514**	**133,980**	**0.3**
Total farm inputs	**43,660**	**41,542**	**-4.9**	**87,036**	**84,046**	**-3.4**	**147,793**	**145,204**	**-1.8**	**358,135**	**343,978**	**-4.0**
Farm Business Income	**-1,182**	**4,818**	**507.6**	**10,440**	**15,780**	**51.1**	**24,550**	**26,000**	**5.9**	**8,691**	**32,059**	**268.9**
(plus) depreciation of buildings & works	2,267	1,936	-14.6	7,872	7,640	-2.9	17,210	16,918	-1.7	32,164	32,151	0.0
(plus) depreciation of plant machinery & vehicles	3,155	3,315	5.0	7,146	7,616	6.6	11,859	11,402	-3.9	21,761	21,091	-3.1
(minus) valuation change	-2,194	-955	56.5	-544	-1,083	-99.0	-472	725	253.6	4,022	576	-85.7
(equals) cash income	**6,434**	**11,023**	**71.3**	**26,002**	**32,118**	**23.5**	**54,092**	**53,595**	**-0.9**	**58,595**	**84,726**	**44.6**
(minus) net investment	4,873	3,590	-26.3	8,566	17,363	102.7	50,355	11,386	-77.4	42,885	31,643	-26.2
(equals) Cash flow	**1,562**	**7,433**	**376.0**	**17,435**	**14,756**	**-15.4**	**3,737**	**42,209**	**1029.5**	**15,710**	**53,084**	**237.9**
Average valuations	**48,589**	**47,700**	**-1.8**	**107,659**	**107,275**	**-0.4**	**170,421**	**167,663**	**-1.6**	**354,548**	**352,403**	**-0.6**

TABLE 1.5 – LFA CATTLE AND SHEEP OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2015/16 AND 2016/17[1]

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2015/16	2016/17	% Change	2015/16	2016/17	% Change	2015/16	2016/17	% Change	2015/16	2016/17	% Change
Average size of business (SLRs)		0.7			1.4			2.4			3.6	
Total area of farm (ha)	72.2	71.6	-0.8	117.4	115.9	-1.3	242.7	252.5	4.0	351.1	351.7	0.2
of which: crops & grass	42.6	42.7	0.2	76.0	74.1	-2.4	105.5	110.7	4.9	172.0	169.2	-1.6
rough grazing	19.6	18.5	-5.5	32.7	32.3	-1.2	99.7	99.7	0.0	48.7	52.1	7.0
Size of enterprises :												
Hectares - Total crops	0.6	0.6	9.6	2.2	2.0	-10.4	0.0	0.0	-	2.6	2.9	13.3
Av.no - Dairy cows	0.1	0.0	-87.5	1.0	1.1	4.2	0.0	0.0	-	0.0	0.0	-
Av.no - Beef cows	20.4	20.4	0.1	41.8	42.2	1.1	82.3	79.8	-3.0	81.9	82.1	0.3
Av.no - Other cattle	35.3	36.4	3.2	78.1	77.1	-1.3	127.9	135.3	5.8	251.6	258.8	2.9
Av.no - Ewes	102.2	103.1	0.9	204.8	200.8	-1.9	340.3	339.3	-0.3	491.6	492.9	0.3
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	27	49	81.8	1,417	1,308	-7.7	0	0	-	907	1,351	49.0
Potatoes	0	0	-	0	0	-	0	0	-	0	0	-
Misc. crop output	416	184	-55.8	1,473	647	-56.1	744	-1,109	-249.1	-2,941	6,555	322.9
Total crop output	**443**	**232**	**-47.5**	**2,890**	**1,955**	**-32.4**	**744**	**-1,109**	**-249.1**	**-2,034**	**7,907**	**488.7**
Livestock output :												
Cattle rearing & fattening	17,955	18,034	0.4	39,219	41,168	5.0	75,339	73,082	-3.0	113,763	106,183	-6.7
Cattle - dairy	0	0	-	23	57	153.0	0	0	-	0	0	-
Milk	0	0	-	1,109	1,162	4.8	0	0	-	0	0	-
Sheep & wool	9,532	10,075	5.7	17,466	18,424	5.5	23,024	23,882	3.7	38,574	44,157	14.5
Pigs	0	0	-	0	0	-	0	0	-	0	0	-
Poultry & eggs	0	0	-	0	0	-	0	0	-	0	0	-
Other livestock	201	0	-100.0	0	30	-	0	0	-	109	437	300.7
Total livestock output	**27,689**	**28,109**	**1.5**	**57,816**	**60,840**	**5.2**	**98,363**	**96,964**	**-1.4**	**152,446**	**150,777**	**-1.1**
Single Payment	15,117	18,636	23.3	27,573	31,426	14.0	52,812	67,753	28.3	72,504	80,394	10.9
ANC/LFA Compensatory scheme	3,203	2,460	-23.2	4,975	3,873	-22.1	10,865	9,075	-16.5	13,826	8,842	-36.1
Agri Environment schemes	2,085	2,153	3.3	2,397	1,538	-35.8	4,164	5,004	20.2	3,624	1,687	-53.5
Miscellaneous subsidies	79	99	25.0	262	401	53.2	951	699	-26.5	169	323	91.7
Miscellaneous revenue	1,526	1,440	-5.7	1,223	907	-25.8	2,493	1,837	-26.3	23,164	34,546	49.1
On farm - non farm income	0	0	-	0	0	-	0	0	-	0	0	-
Adjustments for disposal of previous year's crop	2	0	-100.0	0	0	-	0	0	-	0	0	-
Total farm output	**50,144**	**53,128**	**6.0**	**97,135**	**100,941**	**3.9**	**170,390**	**180,222**	**5.8**	**263,699**	**284,477**	**7.9**

Table 1.5 Contd.

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2015/16	2016/17	% Change	2015/16	2016/17	% Change	2015/16	2016/17	% Change	2015/16	2016/17	% Change
Inputs :	**£ per farm**			**£ per farm**			**£ per farm**			**£ per farm**		
Purchased concentrate feed & fodder	6,871	7,599	10.6	13,351	14,354	7.5	20,996	20,576	-2.0	34,882	35,864	2.8
Home grown concentrate feed	24	35	44.7	1,420	1,397	-1.6	0	0	-	1,775	1,427	-19.6
Veterinary fees & medicines	2,084	2,088	0.2	3,766	4,217	12.0	6,477	6,229	-3.8	10,199	10,585	3.8
Other livestock costs	1,315	1,282	-2.5	2,906	3,083	6.1	3,461	4,120	19.0	5,505	4,956	-10.0
Purchased & home grown seed	104	39	-62.6	329	245	-25.5	75	155	106.3	317	568	79.0
Fertilisers	3,298	3,305	0.2	7,773	6,179	-20.5	11,380	7,474	-34.3	14,648	12,293	-16.1
Other crop costs	579	474	-18.2	1,179	1,301	10.4	1,220	1,155	-5.3	1,393	991	-28.9
Regular & casual labour	885	629	-29.0	3,150	3,149	0.0	2,687	2,463	-8.3	2,768	3,784	36.7
Machinery excluding depreciation	7,285	7,903	8.5	11,652	11,387	-2.3	19,614	17,686	-9.8	23,931	23,675	-1.1
Depreciation of plant machinery & vehicles	5,418	5,110	-5.7	9,195	9,008	-2.0	14,454	17,589	21.7	14,989	15,395	2.7
Depreciation of buildings & works	2,972	2,666	-10.3	7,351	6,887	-6.3	12,890	12,620	-2.1	11,375	13,085	15.0
Land & building inputs	4,557	4,614	1.2	7,557	7,462	-1.3	22,012	18,588	-15.6	11,530	13,327	15.6
Interest payments	370	390	5.4	612	625	2.1	1,217	2,406	97.7	6,025	6,110	1.4
Other general farming costs	4,716	4,890	3.7	6,233	6,064	-2.7	9,587	8,951	-6.6	12,494	12,440	-0.4
Total variable costs	**17,273**	**17,933**	**3.8**	**35,844**	**35,813**	**-0.1**	**51,588**	**47,535**	**-7.9**	**79,501**	**77,951**	**-1.9**
Total fixed costs	**23,204**	**23,090**	**-0.5**	**40,629**	**39,547**	**-2.7**	**74,480**	**72,474**	**-2.7**	**72,332**	**76,548**	**5.8**
Total farm inputs	**40,478**	**41,023**	**1.3**	**76,473**	**75,360**	**-1.5**	**126,067**	**120,010**	**-4.8**	**151,832**	**154,499**	**1.8**
Farm Business Income	**9,667**	**12,106**	**25.2**	**20,662**	**25,581**	**23.8**	**44,323**	**60,213**	**35.9**	**111,867**	**129,977**	**16.2**
(plus) depreciation of buildings & works	2,972	2,666	-10.3	7,351	6,887	-6.3	12,890	12,620	-2.1	11,375	13,085	15.0
(plus) depreciation of plant machinery & vehicles	5,418	5,110	-5.7	9,195	9,008	-2.0	14,454	17,589	21.7	14,989	15,395	2.7
(minus) valuation change	-2,249	1,313	158.4	-734	1,896	358.2	-7,913	15,630	297.5	-6,938	5,003	172.1
(equals) cash income	**20,306**	**18,569**	**-8.6**	**37,942**	**39,580**	**4.3**	**79,580**	**74,792**	**-6.0**	**145,169**	**153,455**	**5.7**
(minus) net investment	5,863	5,345	-8.8	11,815	11,757	-0.5	52,859	29,527	-44.1	98,907	36,980	-62.6
(equals) Cash flow	**14,443**	**13,224**	**-8.4**	**26,127**	**27,823**	**6.5**	**26,721**	**45,265**	**69.4**	**46,262**	**116,475**	**151.8**
Average valuations	**70,414**	**69,156**	**-1.8**	**138,005**	**139,676**	**1.2**	**232,415**	**249,097**	**7.2**	**338,210**	**337,331**	**-0.3**

TABLE 1.6 – DAIRY AND LFA CATTLE AND SHEEP – ALL SIZES OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2015/16 AND 2016/17[1]

	Dairy			LFA Cattle & Sheep		
	2015/16	2016/17	% Change	2015/16	2016/17	% Change
Average size of business (SLRs)		3.1			1.1	
Total area of farm (ha)	84.5	85.5	1.1	100.7	100.5	-0.2
of which: crops & grass	80.0	81.0	1.2	58.4	58.1	-0.4
rough grazing	3.1	3.1	0.1	28.2	27.5	-2.6
Hectares - Total crops	2.8	2.3	-16.3	1.0	1.0	-1.7
Av.no - Dairy cows	124.3	124.4	0.1	0.3	0.3	-6.7
Av.no - Beef cows	2.1	1.9	-6.3	31.1	31.1	0.0
Av.no - Other cattle	90.2	91.6	1.5	57.4	58.4	1.8
Av.no - Ewes	9.3	8.6	-7.5	152.7	152.2	-0.3
Av.no - Sows/gilts	0.0	0.0	-	0.0	0.0	-
Crop output :	**£ per farm**			**£ per farm**		
Cereals	1,005	995	-0.9	423	420	-0.9
Potatoes	0	0	-	0	0	-
Misc. crop output	710	134	-81.1	634	402	-36.5
Total crop output	**1,715**	**1,130**	**-34.1**	**1,057**	**822**	**-22.3**
Livestock output :						
Cattle rearing & fattening	37,776	36,044	-4.6	29,243	29,505	0.9
Cattle - dairy	-8,174	-8,083	1.1	6	15	153.0
Milk	158,579	162,554	2.5	300	314	4.8
Sheep & wool	895	918	2.6	13,146	13,946	6.1
Pigs	0	0	-	0	0	-
Poultry & eggs	494	450	-9.0	0	0	-
Other livestock	0	0	100.0	134	19	-85.5
Total livestock output	**189,571**	**191,884**	**1.2**	**42,828**	**43,800**	**2.3**
Single Payment	18,768	22,396	19.3	21,981	26,318	19.7
ANC/LFA Compensatory scheme	248	176	-28.9	4,366	3,361	-23.0
Agri Environment schemes	712	477	-33.0	2,320	2,129	-8.3
Miscellaneous subsidies	1,965	987	-49.8	178	219	23.0
Miscellaneous revenue	3,445	3,753	8.9	2,049	2,163	5.5
On farm - non farm income	0	0	-	0	0	-
Adjustments for disposal of previous year's crop	0	0	-	2	0	-100.0
Total farm output	**216,424**	**220,802**	**2.0**	**74,782**	**78,812**	**5.4**

Table 1.6 Contd.

	Dairy			LFA Cattle & Sheep		
	2015/16	2016/17	% Change	2015/16	2016/17	% Change
Inputs :	**£ per farm**			**£ per farm**		
Purchased concentrate feed & fodder	74,728	68,497	-8.3	10,100	10,846	7.4
Home grown concentrate feed	3,296	3,538	7.3	445	437	-1.8
Veterinary fees & medicines	7,324	7,404	1.1	2,983	3,104	4.1
Other livestock costs	10,221	10,528	3.0	1,967	2,016	2.5
Purchased & home grown seed	502	449	-10.6	168	114	-32.2
Fertilisers	11,359	9,995	-12.0	5,233	4,536	-13.3
Other crop costs	2,088	1,861	-10.9	796	747	-6.1
Regular & casual labour	6,906	6,858	-0.7	1,642	1,489	-9.3
Machinery excluding depreciation	23,691	23,384	-1.3	9,555	9,775	2.3
Depreciation of plant machinery & vehicles	13,662	13,437	-1.7	7,170	7,099	-1.0
Depreciation of buildings & works	19,148	18,980	-0.9	4,905	4,610	-6.0
Land & building inputs	13,207	14,201	7.5	6,487	6,359	-2.0
Interest payments	4,795	4,823	0.6	626	708	13.2
Other general farming costs	13,483	13,230	-1.9	5,587	5,619	0.6
Total variable costs	**124,725**	**117,494**	**-5.8**	**25,731**	**25,894**	**0.6**
Total fixed costs	**79,685**	**79,690**	**0.0**	**31,932**	**31,565**	**-1.1**
Total farm inputs	**204,410**	**197,184**	**-3.5**	**57,664**	**57,459**	**-0.4**
Farm Business Income	**12,014**	**23,618**	**96.6**	**17,118**	**21,352**	**24.7**
(plus) depreciation of buildings & works	19,148	18,980	-0.9	4,905	4,610	-6.0
(plus) depreciation of plant machinery & vehicles	13,662	13,437	-1.7	7,170	7,099	-1.0
(minus) valuation change	1,127	8	-99.3	-2,265	2,336	203.2
(equals) cash income	**43,698**	**56,027**	**28.2**	**31,458**	**30,724**	**-2.3**
(minus) net investment	31,588	20,357	-35.6	12,382	9,190	-25.8
(equals) Cash flow	**12,110**	**35,670**	**194.6**	**19,075**	**21,535**	**12.9**
Average valuations	**214,532**	**212,851**	**-0.8**	**104,255**	**104,765**	**0.5**

TABLE 1.7 – ALL TYPES – 4 SIZE GROUPS
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2015/16 AND 2016/17[1]

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			All Sizes		
	2015/16	2016/17	% Change	2015/16	2016/17	% Change	2015/16	2016/17	% Change	2015/16	2016/17	% Change
Average size of business (SLRs)		0.7			1.4			2.4			1.7	
Total area of farm (ha)	63.3	62.9	-0.7	85.1	84.7	-0.4	110.7	115.0	3.9	87.8	88.3	0.5
of which: crops & grass	43.0	43.0	0.0	65.7	65.1	-0.8	77.6	80.5	3.8	65.9	66.3	0.7
rough grazing	13.2	12.5	-5.3	14.8	14.6	-1.1	24.2	24.6	1.8	14.0	13.7	-2.4
Size of enterprises :												
Hectares - Total crops	3.0	2.7	-9.7	5.7	4.9	-14.6	5.5	5.3	-3.1	4.7	4.4	-8.1
Av.no - Dairy cows	1.9	1.8	-6.0	16.9	16.8	-1.0	56.0	56.7	1.3	36.0	36.0	0.1
Av.no - Beef cows	19.3	19.3	0.1	26.1	26.8	2.3	28.6	26.8	-6.2	21.3	21.3	-0.1
Av.no - Other cattle	39.5	39.7	0.6	77.3	79.6	3.1	90.5	91.8	1.4	72.7	74.4	2.4
Av.no - Ewes	80.3	81.1	1.0	109.1	106.9	-2.0	118.0	115.1	-2.5	92.1	92.3	0.3
Av.no - Sows/gilts	0.6	0.6	-9.1	1.2	1.0	-15.4	4.0	3.7	-8.6	3.0	3.0	-1.0
Crop output :	**£ per farm**			**£ per farm**			**£ per farm**			**£ per farm**		
Cereals	1,678	1,350	-19.6	2,982	3,040	1.9	2,729	2,918	6.9	2,535	2,535	0.0
Potatoes	210	296	41.0	363	445	22.7	3,485	4,466	28.1	645	818	26.8
Misc. crop output	917	1,039	13.3	2,298	1,102	-52.0	2,270	1,410	-37.9	1,578	1,161	-26.4
Total crop output	**2,805**	**2,685**	**-4.3**	**5,643**	**4,587**	**-18.7**	**8,484**	**8,793**	**3.7**	**4,758**	**4,514**	**-5.1**
Livestock output :												
Cattle rearing & fattening	18,232	18,971	4.1	34,405	36,332	5.6	45,283	43,397	-4.2	33,037	33,582	1.6
Cattle - dairy	-101	-40	60.2	-174	-26	85.1	-2,924	-3,013	-3.1	-2,362	-2,353	0.4
Milk	1,702	1,807	6.2	18,394	18,352	-0.2	68,981	68,885	-0.1	46,063	47,200	2.5
Sheep & wool	7,335	7,940	8.2	9,188	9,988	8.7	9,778	10,042	2.7	8,246	8,805	6.8
Pigs	1,219	1,216	-0.2	2,319	2,328	0.4	9,566	10,145	6.1	5,478	6,926	26.4
Poultry & eggs	0	0	-	400	391	-2.2	892	867	-2.9	432	401	-7.1
Other livestock	131	0	-100.0	0	14	7505.6	0	0	-	61	9	-85.4
Total livestock output	**28,518**	**29,893**	**4.8**	**64,532**	**67,379**	**4.4**	**131,576**	**130,323**	**-1.0**	**90,957**	**94,571**	**4.0**
Single Payment	14,376	17,200	19.6	21,219	24,136	13.7	27,073	32,444	19.8	20,510	24,180	17.9
ANC/LFA Compensatory scheme	2,167	1,635	-24.6	2,325	1,756	-24.5	2,853	2,185	-23.4	2,212	1,634	-26.1
Agri Environment schemes	1,652	1,699	2.8	1,642	1,106	-32.7	1,422	1,459	2.5	1,571	1,381	-12.1
Miscellaneous subsidies	85	93	10.2	343	357	4.2	1,206	796	-34.0	687	453	-34.1
Miscellaneous revenue	1,952	2,016	3.3	1,727	1,804	4.4	3,735	4,484	20.0	3,050	3,189	4.6
On farm - non farm income	127	127	0.0	175	175	0.0	0	0	-	107	107	0.0
Adjustments for disposal of previous year's crop	-2	5	346.3	30	24	-21.0	224	146	-35.1	22	30	37.4
Total farm output	**51,680**	**55,352**	**7.1**	**97,637**	**101,324**	**3.8**	**176,575**	**180,629**	**2.3**	**123,872**	**130,058**	**5.0**

Table 1.7 Contd.

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			All Sizes		
	2015/16	2016/17	% Change	2015/16	2016/17	% Change	2015/16	2016/17	% Change	2015/16	2016/17	% Change
Inputs :	**£ per farm**			**£ per farm**			**£ per farm**			**£ per farm**		
Purchased concentrate feed & fodder	7,592	8,199	8.0	18,166	18,335	0.9	40,120	39,893	-0.6	32,607	31,922	-2.1
Home grown concentrate feed	317	325	2.6	1,715	1,705	-0.6	2,140	2,484	16.1	1,506	1,582	5.1
Veterinary fees & medicines	1,980	1,963	-0.8	3,374	3,640	7.9	5,791	5,673	-2.0	4,345	4,467	2.8
Other livestock costs	1,434	1,447	0.9	3,403	3,404	0.0	6,249	6,404	2.5	4,708	4,895	4.0
Purchased & home grown seed	314	259	-17.8	649	519	-20.0	768	825	7.4	566	539	-4.7
Fertilisers	3,714	3,549	-4.4	7,283	5,940	-18.4	10,744	8,900	-17.2	7,504	6,524	-13.1
Other crop costs	927	764	-17.6	1,548	1,484	-4.1	2,763	2,167	-21.6	1,787	1,563	-12.5
Regular & casual labour	788	634	-19.6	2,728	2,508	-8.1	3,732	4,198	12.5	3,641	3,554	-2.4
Machinery excluding depreciation	8,012	8,299	3.6	12,305	12,042	-2.1	17,997	18,103	0.6	14,483	14,518	0.2
Depreciation of plant machinery & vehicles	5,304	5,071	-4.4	9,557	9,703	1.5	13,633	14,123	3.6	9,785	9,696	-0.9
Depreciation of buildings & works	2,890	2,568	-11.1	6,964	6,704	-3.7	14,871	14,203	-4.5	9,488	9,207	-3.0
Land & building inputs	4,333	4,549	5.0	7,290	7,292	0.0	13,501	13,229	-2.0	8,901	9,286	4.3
Interest payments	366	396	8.1	963	863	-10.3	3,241	3,451	6.5	1,962	2,007	2.3
Other general farming costs	5,155	5,311	3.0	7,280	7,310	0.4	10,588	10,041	-5.2	8,389	8,370	-0.2
Total variable costs	**19,820**	**20,160**	**1.7**	**41,676**	**40,254**	**-3.4**	**78,125**	**76,524**	**-2.0**	**60,829**	**59,383**	**-2.4**
Total fixed costs	**23,307**	**23,174**	**-0.6**	**41,549**	**41,195**	**-0.9**	**68,012**	**67,170**	**-1.2**	**48,843**	**48,747**	**-0.2**
Total farm inputs	**43,127**	**43,334**	**0.5**	**83,225**	**81,449**	**-2.1**	**146,137**	**143,695**	**-1.7**	**109,672**	**108,130**	**-1.4**
Farm Business Income	**8,553**	**12,018**	**40.5**	**14,413**	**19,875**	**37.9**	**30,437**	**36,934**	**21.3**	**14,200**	**21,928**	**54.4**
(plus) depreciation of buildings & works	2,890	2,568	-11.1	6,964	6,704	-3.7	14,871	14,203	-4.5	9,488	9,207	-3.0
(plus) depreciation of plant machinery & vehicles	5,304	5,071	-4.4	9,557	9,703	1.5	13,633	14,123	3.6	9,785	9,696	-0.9
(minus) valuation change	-2,170	1,526	170.3	697	1,786	156.3	-595	3,802	739.0	-413	2,091	605.8
(equals) cash income	**18,916**	**18,130**	**-4.2**	**30,236**	**34,496**	**14.1**	**59,536**	**61,458**	**3.2**	**33,886**	**38,741**	**14.3**
(minus) net investment	5,766	1,686	-70.8	17,634	14,556	-17.5	57,487	17,761	-69.1	22,476	12,031	-46.5
(equals) Cash flow	**13,150**	**16,444**	**25.0**	**12,603**	**19,941**	**58.2**	**2,049**	**43,697**	**2032.6**	**11,410**	**26,709**	**134.1**
Average valuations	**73,433**	**72,299**	**-1.5**	**134,898**	**136,423**	**1.1**	**192,452**	**195,369**	**1.5**	**144,557**	**144,816**	**0.2**

INCOMES ON CATTLE & SHEEP (LFA & LOWLAND), DAIRY AND ALL FARM TYPES ABOVE 1SLR IN 2015/16 AND 2016/17[1]

£ PER FARM

		Farm Business Income	Cash Income	Net Farm Income
Dairy	15/16	13,320	47,387	13,988
	16/17	25,479	60,482	25,334
Cattle and Sheep (LFA)	15/16	30,975	52,198	18,808
	16/17	38,550	53,331	25,527
Cattle and Sheep (Lowland)	15/16	14,483	31,271	6,745
	16/17	21,430	32,845	12,255
All Types	**15/16**	**18,897**	**46,335**	**14,368**
	16/17	**30,170**	**55,881**	**24,843**

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

APPENDIX 2

ASSETS AND LIABILITIES OF CEREAL FARMS, 2016/17
AVERAGE FARM SIZE 91.3 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	1,675,738	1,678,019
Other fixed assets	100,516	97,965
TOTAL FIXED ASSETS	**1,776,254**	**1,775,984**
Trading livestock, crops & stores	15,550	11,518
Debtors and short-term lending	5,322	4,398
Cash in hand and at bank	14,416	16,874
TOTAL CURRENT ASSETS	**35,288**	**32,791**
TOTAL ASSETS	**1,811,542**	**1,808,775**
Bank & other institutional loans	9,007	7,243
Family & other loans	0	0
TOTAL LONG-TERM LOANS	**9,007**	**7,243**
Bank overdraft	7,629	6,554
Other short-term borrowing	11,795	6,900
TOTAL SHORT-TERM LOANS	**19,424**	**13,453**
TOTAL EXTERNAL LIABILITIES	**28,430**	**20,696**
NET WORTH	**1,783,111**	**1,788,079**

ASSETS AND LIABILITIES OF GENERAL CROPPING FARMS, 2016/17
AVERAGE FARM SIZE 74.8 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	894,359	899,046
Other fixed assets	73,697	67,509
TOTAL FIXED ASSETS	**968,056**	**966,556**
Trading livestock, crops & stores	21,670	17,274
Debtors and short-term lending	0	0
Cash in hand and at bank	5,355	1,359
TOTAL CURRENT ASSETS	**27,025**	**18,633**
TOTAL ASSETS	**995,081**	**985,188**
Bank & other institutional loans	0	0
Family & other loans	0	0
TOTAL LONG-TERM LOANS	**0**	**0**
Bank overdraft	14,721	14,548
Other short-term borrowing	15,048	12,954
TOTAL SHORT-TERM LOANS	**29,769**	**27,502**
TOTAL EXTERNAL LIABILITIES	**29,769**	**27,502**
NET WORTH	**965,313**	**957,686**

ASSETS AND LIABILITIES OF PIGS FARMS, 2016/17
AVERAGE FARM SIZE 33.0 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	726,969	746,739
Other fixed assets	68,570	72,058
TOTAL FIXED ASSETS	**795,540**	**818,796**
Trading livestock, crops & stores	85,462	92,925
Debtors and short-term lending	775	2,572
Cash in hand and at bank	6,909	7,403
TOTAL CURRENT ASSETS	**93,146**	**102,899**
TOTAL ASSETS	**888,686**	**921,696**
Bank & other institutional loans	18,410	15,272
Family & other loans	0	0
TOTAL LONG-TERM LOANS	**18,410**	**15,272**
Bank overdraft	21,475	12,436
Other short-term borrowing	7,664	9,365
TOTAL SHORT-TERM LOANS	**29,139**	**21,801**
TOTAL EXTERNAL LIABILITIES	**47,549**	**37,073**
NET WORTH	**841,137**	**884,623**

ASSETS AND LIABILITIES OF DAIRY FARMS, 2016/17
AVERAGE FARM SIZE 85.5 HECTARES

	Opening Valuation	£	Closing Valuation
Land and Buildings	1,192,071		1,207,744
Other fixed assets	151,327		151,327
TOTAL FIXED ASSETS	**1,343,398**		**1,359,071**
Trading livestock, crops & stores	61,155		61,090
Debtors and short-term lending	12,281		16,694
Cash in hand and at bank	7,325		6,895
TOTAL CURRENT ASSETS	**80,761**		**84,679**
TOTAL ASSETS	**1,424,159**		**1,443,750**
Bank & other institutional loans	80,672		81,698
Family & other loans	938		938
TOTAL LONG-TERM LOANS	**81,610**		**82,636**
Bank overdraft	29,001		27,818
Other short-term borrowing	14,064		15,081
TOTAL SHORT-TERM LOANS	**43,065**		**42,898**
TOTAL EXTERNAL LIABILITIES	**124,675**		**125,535**
NET WORTH	**1,299,484**		**1,318,216**

ASSETS AND LIABILITIES OF CATTLE AND SHEEP FARMS (LFA), 2016/17
AVERAGE FARM SIZE 100.5 HECTARES

	Opening Valuation	£	Closing Valuation
Land and Buildings	1,031,377		1,044,801
Other fixed assets	61,486		61,750
TOTAL FIXED ASSETS	**1,092,863**		**1,106,551**
Trading livestock, crops & stores	41,449		44,126
Debtors and short-term lending	191		455
Cash in hand and at bank	8,810		9,285
TOTAL CURRENT ASSETS	**50,449**		**53,865**
TOTAL ASSETS	**1,143,313**		**1,160,416**
Bank & other institutional loans	7,000		7,888
Family & other loans	0		0
TOTAL LONG-TERM LOANS	**7,000**		**7,888**
Bank overdraft	8,072		7,371
Other short-term borrowing	1,523		1,353
TOTAL SHORT-TERM LOANS	**9,595**		**8,723**
TOTAL EXTERNAL LIABILITIES	**16,595**		**16,612**
NET WORTH	**1,126,717**		**1,143,805**

ASSETS AND LIABILITIES OF CATTLE AND SHEEP FARMS (LOWLAND) 2016/17
AVERAGE FARM SIZE 70.5 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	1,210,794	1,200,799
Other fixed assets	63,430	65,300
TOTAL FIXED ASSETS	**1,274,224**	**1,266,098**
Trading livestock, crops & stores	68,668	74,728
Debtors and short-term lending	216	381
Cash in hand and at bank	11,633	14,646
TOTAL CURRENT ASSETS	**80,517**	**89,754**
TOTAL ASSETS	**1,354,741**	**1,355,852**
Bank & other institutional loans	16,466	14,783
Family & other loans	0	0
TOTAL LONG-TERM LOANS	**16,466**	**14,783**
Bank overdraft	9,127	7,953
Other short-term borrowing	2,682	2,606
TOTAL SHORT-TERM LOANS	**11,809**	**10,560**
TOTAL EXTERNAL LIABILITIES	**28,275**	**25,343**
NET WORTH	**1,326,466**	**1,330,510**

ASSETS AND LIABILITIES OF MIXED FARMS, 2016/17
AVERAGE FARM SIZE 76.0 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	1,482,187	1,489,094
Other fixed assets	90,967	85,746
TOTAL FIXED ASSETS	**1,573,155**	**1,574,840**
Trading livestock, crops & stores	93,023	89,726
Debtors and short-term lending	3,513	5,259
Cash in hand and at bank	4,919	12,776
TOTAL CURRENT ASSETS	**101,455**	**107,761**
TOTAL ASSETS	**1,674,610**	**1,682,600**
Bank & other institutional loans	54,164	47,539
Family & other loans	6,606	6,606
TOTAL LONG-TERM LOANS	**60,770**	**54,145**
Bank overdraft	7,971	6,698
Other short-term borrowing	7,007	8,186
TOTAL SHORT-TERM LOANS	**14,977**	**14,883**
TOTAL EXTERNAL LIABILITIES	**75,748**	**69,028**
NET WORTH	**1,598,862**	**1,613,572**

ASSETS AND LIABILITIES OF ALL TYPES, 2016/17
AVERAGE FARM SIZE 88.3 HECTARES

	Opening Valuation	£	Closing Valuation
Land and Buildings	1,129,638		1,138,926
Other fixed assets	88,858		89,080
TOTAL FIXED ASSETS	**1,218,496**		**1,228,006**
Trading livestock, crops & stores	54,355		56,583
Debtors and short-term lending	3,779		5,253
Cash in hand and at bank	8,765		9,743
TOTAL CURRENT ASSETS	**66,898**		**71,578**
TOTAL ASSETS	**1,285,395**		**1,299,584**
Bank & other institutional loans	31,440		31,478
Family & other loans	533		533
TOTAL LONG-TERM LOANS	**31,972**		**32,010**
Bank overdraft	14,386		13,311
Other short-term borrowing	5,815		6,006
TOTAL SHORT-TERM LOANS	**20,201**		**19,317**
TOTAL EXTERNAL LIABILITIES	**52,173**		**51,327**
NET WORTH	**1,233,222**		**1,248,257**

APPENDIX 3

ENTERPRISE GROSS MARGIN RESULTS CLASSIFIED INTO PERFORMANCE CATEGORIES

This Appendix contains the 2016/17 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 2017.

DAIRY COWS (CLASSIFIED BY GROSS MARGIN PER COW) 2016/17

	Excellent	Good	Moderate	Poor	Average
% of survey farms	16	37	35	12	100
Average herd size	129	110	81	109	103
Enterprise Output			**£ per cow**		
Milk	1,894	1,503	1,298	1,179	1,483
Calves	118	96	103	93	102
Herd replacement	-157	-170	-165	-243	-175
Leasing receipts	-	-	-	-	-
TOTAL ENTERPRISE OUTPUT	1,855	1,429	1,236	1,029	1,409
Variable Costs					
Concentrates	645	502	484	469	521
Hay, silage, forage & grazing	160	159	139	132	150
Vet, medicines & sundries	165	132	123	133	136
Leasing costs	-	-	-	-	-
TOTAL VARIABLE COSTS	969	793	746	733	807
GROSS MARGIN					
- per cow	886	636	490	296	602
- per hectare	1,894	1,352	945	705	1,262
- per 1000 litres	108	90	79	49	87
Milk yield per cow (litres)	8,170	7,042	6,242	6,030	6,915
Milk price per litre (pence)	23.2	21.3	20.8	19.6	21.4
Concentrates per litre (kg)	0.39	0.34	0.36	0.37	0.36
Concentrates price per tonne (£)	195	207	209	201	204
Stocking rate (ce per ha)	2.15	2.14	1.94	2.41	2.11
Nitrogen per hectare (kg)	161	146	130	147	144

DAIRY COWS (CLASSIFIED BY GROSS MARGIN PER HECTARE) 2016/17

	Excellent	Good	Moderate	Poor	Average
% of survey farms	10	34	44	12	100
Average herd size	131	112	87	69	98
Enterprise Output			**£ per cow**		
Milk	1,672	1,598	1,315	1,035	1,450
Calves	108	112	92	96	102
Herd replacement	-149	-186	-169	-205	-176
Leasing receipts	-	-	-	-	-
TOTAL ENTERPRISE OUTPUT	1,631	1,523	1,238	926	1,376
Variable Costs					
Concentrates	536	567	463	369	506
Hay, silage, forage & grazing	167	160	142	153	153
Vet, medicines & sundries	135	142	132	120	135
Leasing costs	-	-	-	-	-
TOTAL VARIABLE COSTS	837	868	737	643	794
GROSS MARGIN					
- per cow	794	654	501	283	582
- per hectare	1,863	1,480	933	496	1,193
- per 1000 litres	109	88	78	55	85
Milk yield per cow (litres)	7,298	7,446	6,394	5,148	6,824
Milk price per litre (pence)	22.9	21.5	20.6	20.1	21.2
Concentrates per litre (kg)	0.36	0.36	0.34	0.33	0.35
Concentrates price per tonne (£)	194	206	207	214	205
Stocking rate (ce per ha)	2.35	2.26	1.86	1.76	2.05
Nitrogen per hectare (kg)	187	152	125	124	141

DAIRY CALVES REARED AS REPLACEMENTS, 2016/17
(CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	20	36	23	20	100
Enterprise Output			**£ per hectare**		
	1,742	1,349	1,236	886	1,296
Variable Costs					
Concentrates	499	410	417	357	417
Hay, silage, forage & grazing	247	288	299	330	292
Vet and medicines	60	42	77	57	56
Sundries	89	47	85	53	64
TOTAL VARIABLE COSTS	896	787	879	798	829
GROSS MARGIN	846	562	357	88	467
Concentrates per ce (kg)	691	704	603	685	679
Concentrates price per tonne (£)	201	191	216	209	201
Stocking rate (ce per ha)	2.46	2.21	2.11	1.89	2.16
Price per calf bought/transferred in (£)	107	115	133	105	115
Price per heifer sold/transferred out (£)	1,112	1,084	1,166	836	1,052
Mortality %	3.5	3.1	4.2	1.7	3.1

SUCKLER COWS - SEVERELY DISADVANTAGED AREA, 2016/17
(CLASSIFIED BY GROSS MARGIN PER COW)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	15	38	27	20	100
Number of cows per farm	55	37	42	27	39
Enterprise Output			**£ per cow**		
Calves	609	535	482	400	517
Herd replacement	-34	-51	-70	-71	-56
TOTAL ENTERPRISE OUTPUT	575	484	412	328	461
Variable Costs					
Concentrates	48	48	62	71	55
Hay, silage, forage & grazing	113	110	116	151	118
Vet and medicines	43	34	50	34	41
Sundries	20	22	26	24	23
TOTAL VARIABLE COSTS	223	214	254	280	237
GROSS MARGIN	353	269	157	48	224
GROSS MARGIN PER COW EQUIVALENT	333	252	150	46	212
Calves reared per cow	1.06	0.96	0.95	0.86	0.97
Price per calf sold or transferred-out (£)	595	547	507	493	540
Mortality - birth to weaning (%)	1.2	3.1	3.0	1.9	2.5
Concentrates per cow (kg)	235	266	332	357	291
Concentrates price per tonne (£)	197	177	185	195	186

SUCKLER COWS - DISADVANTAGED AREA, 2016/17
(CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	13	30	35	22	100
Number of cows per farm	53	64	30	38	45
Enterprise Output			**£ per cow**		
Calves	714	586	481	456	558
Herd replacement	-70	-69	-54	-113	-74
TOTAL ENTERPRISE OUTPUT	644	517	427	343	483
Variable Costs					
Concentrates	35	39	45	70	45
Hay, silage, forage & grazing	76	93	127	210	119
Vet and medicines	28	36	28	73	39
Sundries	19	28	22	38	27
TOTAL VARIABLE COSTS	158	195	222	391	231
GROSS MARGIN	486	321	205	-48	252
GROSS MARGIN PER COW EQUIVALENT	460	303	201	-47	241
Calves reared per cow	1.02	1.01	0.90	0.92	0.97
Price per calf sold or transferred-out (£)	613	553	531	544	557
Mortality - birth to weaning (%)	0.6	1.7	4.4	1.7	2.1
Concentrates per cow (kg)	202	258	246	285	252
Concentrates price per tonne (£)	169	151	181	194	169

BREEDING EWES - SEVERELY DISADVANTAGED AREA (CROSS BRED FLOCKS), 2016/17 (CLASSIFIED BY GROSS MARGIN PER EWE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	14	40	33	14	100
Number of ewes per farm	237	178	179	242	196
Enterprise Output			**£ per ewe**		
Lambs	118	113	88	79	100
Wool	2	3	3	1	2
Flock replacement	4	0	-7	-13	-4
TOTAL ENTERPRISE OUTPUT	124	116	83	67	99
Variable Costs					
Concentrates	16	22	21	25	21
Hay, silage, forage & grazing	18	22	22	13	20
Vet, medicines and sundries	14	18	16	24	18
TOTAL VARIABLE COSTS	48	62	59	62	59
GROSS MARGIN	77	53	24	5	40
Price per lamb sold (£)	77	79	73	77	77
Lambing percentage	173	166	143	123	153
Lambs reared per 100 ewes	168	158	134	114	145
Wool per ewe (kg)	2.9	2.9	2.8	2.0	2.7
Wool per kg (p)	83	91	95	65	87
Concentrates per ewe (kg)	72	106	97	111	98
Concentrates price per tonne (£)	215	200	204	222	207
Mortality - ewes (%)	4.2	6.6	7.4	5.2	6.2
Mortality - lambs per 100 ewes	5.5	8.1	9.7	8.8	8.2

BREEDING EWES - SEVERELY DISADVANTAGED AREA (HARDY HILL BREEDS), 2016/17 (CLASSIFIED BY GROSS MARGIN PER EWE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	18	41	18	23	100
Number of ewes per farm	121	357	344	349	310
Enterprise Output			**£ per ewe**		
Lambs	103	69	82	36	66
Wool	3	2	2	2	2
Flock replacement	0	3	-3	0	1
TOTAL ENTERPRISE OUTPUT	105	74	81	38	68
Variable Costs					
Concentrates	24	13	27	16	17
Hay, silage, forage & grazing	20	14	23	15	17
Vet, medicines and sundries	13	13	14	12	13
TOTAL VARIABLE COSTS	57	40	64	42	47
GROSS MARGIN	48	34	17	-4	22
Price per lamb sold (£)	79	69	82	57	71
Lambing percentage	153	128	130	95	122
Lambs reared per 100 ewes	145	121	123	87	115
Wool per ewe (kg)	3.3	2.5	2.9	2.5	2.6
Wool per kg (p)	84	77	81	74	78
Concentrates per ewe (kg)	111	60	125	63	77
Concentrates price per tonne (£)	214	206	210	212	209
Mortality - ewes (%)	6.6	6.2	6.4	4.5	5.8
Mortality - lambs per 100 ewes	8.0	7.0	6.8	7.7	7.2

BREEDING EWES - DISADVANTAGED AREA, 2016/17
(CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	16	32	37	16	100
Number of ewes per farm	407	122	101	142	162
Enterprise Output			**£ per ewe**		
Lambs	117	102	102	72	104
Wool	4	2	3	2	3
Flock replacement	-7	1	-14	-2	-6
TOTAL ENTERPRISE OUTPUT	114	106	91	72	101
Variable Costs					
Concentrates	8	18	18	23	15
Hay, silage, forage & grazing	23	14	15	26	19
Vet, medicines and sundries	16	11	16	25	16
TOTAL VARIABLE COSTS	47	42	49	75	50
GROSS MARGIN	67	63	42	-3	51
Price per lamb sold (£)	78	77	75	62	75
Lambing percentage	153	155	155	134	151
Lambs reared per 100 ewes	148	147	148	128	145
Wool per ewe (kg)	4.1	2.6	2.7	2.7	3.2
Wool per kg (p)	102	91	97	80	97
Concentrates per ewe (kg)	30	87	77	84	62
Concentrates price per tonne (£)	215	192	192	261	209
Ewes per hectare	8.84	6.55	6.00	6.92	7.19
Stocking rate (ce per ha)	1.67	1.34	1.36	1.56	1.48
Mortality - ewes (%)	4.8	8.2	8.7	3.7	6.3
Mortality - lambs per 100 ewes	4.8	8.2	6.6	6.6	6.3

BREEDING EWES - NON LFA, 2016/17
(CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	12	31	50	8	100
Number of ewes per farm	274	133	206	76	182
Enterprise Output			**£ per ewe**		
Lambs	119	112	92	103	102
Wool	2	3	4	2	3
Flock replacement	-3	3	1	-17	0
TOTAL ENTERPRISE OUTPUT	118	119	97	88	105
Variable Costs					
Concentrates	14	14	13	24	13
Hay, silage, forage & grazing	16	21	19	23	19
Vet, medicines and sundries	20	18	16	15	17
TOTAL VARIABLE COSTS	50	54	48	63	50
GROSS MARGIN	67	65	49	25	55
Price per lamb sold (£)	82	82	71	71	76
Lambing percentage	165	162	153	164	158
Lambs reared per 100 ewes	156	153	144	157	149
Wool per ewe (kg)	2.6	3.0	3.2	2.0	3.0
Wool per kg (p)	86	105	122	114	113
Concentrates per ewe (kg)	65	56	57	103	59
Concentrates price per tonne (£)	209	231	205	235	213
Ewes per hectare	10.25	8.34	7.12	6.56	7.77
Stocking rate (ce per ha)	1.59	1.73	1.43	1.71	1.53
Mortality - ewes (%)	2.4	5.6	5.2	1.3	4.7
Mortality - lambs per 100 ewes	8.3	9.3	9.2	6.6	9.0

PIGS - BIRTH TO BACON, 2016/17
(CLASSIFIED BY GROSS MARGIN PER FINISHED PIG)

	Above	Below	Average
% of survey farms	45	55	100
Number of pigs finished per farm	3,078	2,332	2,671
Number of sows per farm	120	101	109
		£ per pig	
ENTERPRISE OUTPUT	103.60	109.82	106.56
Variable Costs			
Feedingstuffs	63.75	78.38	70.71
Vet. and medicines	4.28	2.93	3.64
Sundries	4.75	4.46	4.61
TOTAL VARIABLE COSTS	72.78	85.77	78.97
GROSS MARGIN	30.82	24.04	27.59
Price of meal equivalent per tonne (£)	228	244	236
Meal equivalent per finished pig (kg)	280	321	299
Litters per sow per year	2.1	2.0	2.0
Live births per litter	14.2	11.9	13.0
Pigs weaned per litter	12.6	11.3	11.9
Pigs weaned per sow per year	25.8	22.8	24.3
Price of finished pig sold (£)	104.05	109.69	106.86
Mortality - suckers %	11.2	4.6	8.2
Mortality - weaners %	3.4	1.4	2.5

SPRING BARLEY (2016 CROP)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	17	24	39	20	100
Hectares per farm	10.3	22.7	8.1	9.6	12.3
Enterprise Output			**£ per hectare**		
Grain	781	735	586	540	673
Straw	329	222	201	178	226
TOTAL ENTERPRISE OUTPUT	1,111	957	787	718	899
Variable Costs					
Seed	53	55	54	78	58
Fertilisers	82	99	143	137	114
Sprays	101	68	85	133	87
Sundries	19	55	9	35	35
TOTAL VARIABLE COSTS	256	278	291	383	294
GROSS MARGIN	855	680	495	335	605
Grain (tonnes per ha)	5.81	5.77	4.77	4.16	5.27
Straw (tonnes per ha)	4.46	3.30	2.99	2.71	3.30
Fertilisers used per hectare (kg)	321	402	592	531	459
Grain per tonne (£)	135	127	123	130	128
Straw per tonne (£)	74	67	67	65	68

WINTER BARLEY (2016 CROP)

	Above	Below	Average
% of survey farms	52	48	100
Hectares per farm	19.2	10.2	14.9
Enterprise Output		**£ per hectare**	
Grain	948	689	863
Straw	239	206	228
TOTAL ENTERPRISE OUTPUT	1,187	895	1,090
Variable Costs			
Seed	76	74	76
Fertilisers	156	126	146
Sprays	144	116	135
Sundries	32	41	35
TOTAL VARIABLE COSTS	409	358	392
GROSS MARGIN	778	537	698
Grain (tonnes per ha)	7.07	5.36	6.51
Straw (tonnes per ha)	3.33	3.12	3.26
Fertilisers used per hectare (kg)	597	560	585
Grain per tonne (£)	134	129	133
Straw per tonne (£)	72	66	70

WINTER WHEAT (2016 CROP)

	Above	Below	Average
% of survey farms	42	58	100
Hectares per farm	19.3	9.0	13.3
Enterprise Output		**£ per hectare**	
Grain	1,205	903	1,086
Straw	221	298	251
TOTAL ENTERPRISE OUTPUT	1,425	1,201	1,337
Variable Costs			
Seed	77	88	81
Fertilisers	176	157	169
Sprays	174	190	180
Sundries	34	25	31
TOTAL VARIABLE COSTS	461	458	460
GROSS MARGIN	964	743	876
Grain (tonnes per ha)	8.22	7.02	7.74
Straw (tonnes per ha)	3.45	4.62	3.92
Fertilisers used per hectare (kg)	714	645	687
Grain per tonne (£)	147	129	140
Straw per tonne (£)	64	64	64

WARE POTATOES (2016 CROP)

	Above	Below	Average
% of survey farms	57	43	100
Hectares per farm	16.8	7.8	12.9
Enterprise Output		**£ per hectare**	
Current Crop	6,819	3,935	6,076
Variable Costs			
Seed	474	486	477
Fertilisers	375	342	367
Sprays	341	295	329
Contract/Casual Wages	219	230	222
Sundries	93	197	120
TOTAL VARIABLE COSTS	1,501	1,550	1,514
GROSS MARGIN	5,318	2,385	4,562
Yield of ware per hectare (tonnes)	32	20	29
Seed used per hectare (tonnes)	2.38	2.18	2.33
Fertiliser used per hectare (kg)	1,189	1,086	1,162
Price per tonne sold (£)	198	172	194

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 2016 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: Single Payment (Single Farm Payment prior to 2015/16 year and Basic, Greening and Young Farmers' Payment after), Areas of Natural Constraint, Agri-environmental payments and other miscellaneous subsidies.

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

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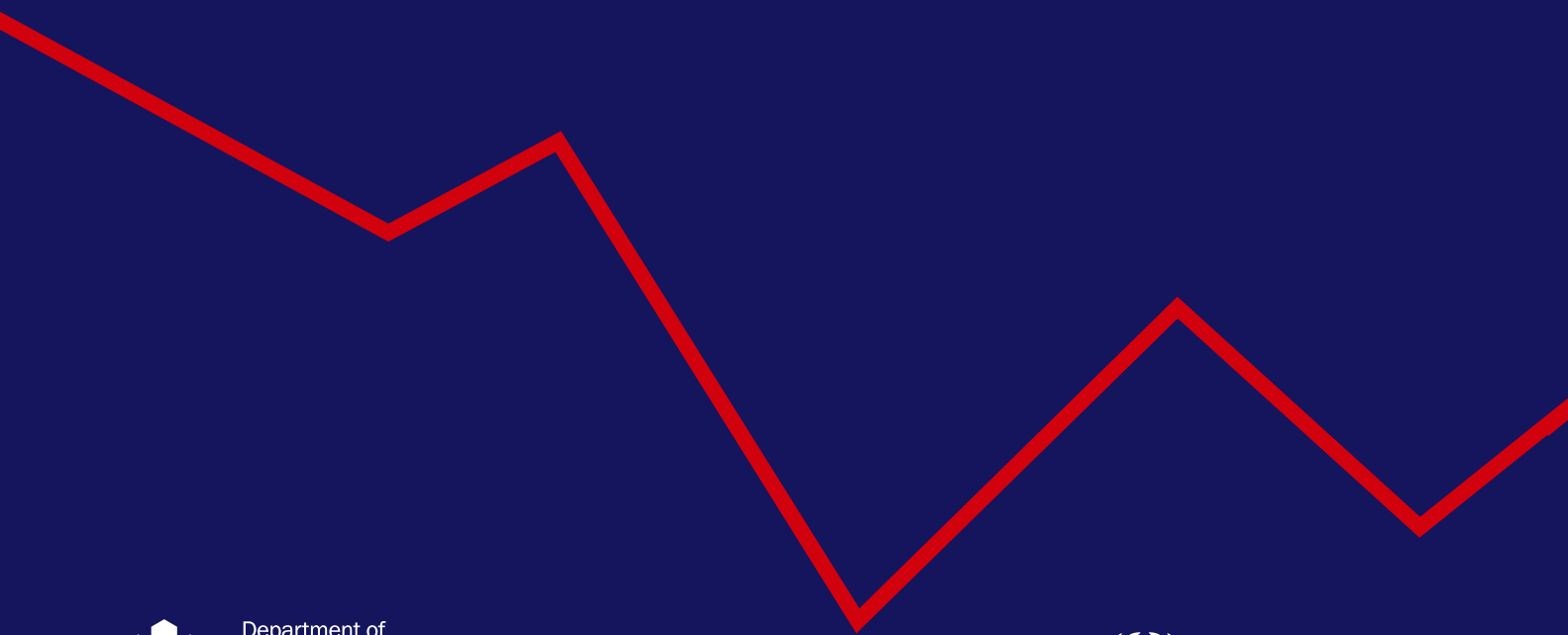

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