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POLICY, ECONOMICS AND STATISTICS DIVISION

Farm Incomes in Northern Ireland

2017/18

NATIONAL STATISTICS

Department of Agriculture, Environment and Rural Affairs
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FARM INCOMES

IN

NORTHERN IRELAND

2017/18

A National Statistics Publication

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Foreword and Acknowledgements

This report on Farm Incomes in Northern Ireland, the twenty-sixth in the series, is based on information collected in the annual Farm Business Survey (FBS) which is undertaken by 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 2017/18 account year, which has an average year end of mid-February 2018 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 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 Keatley who has day to day responsibility for managing the survey, and the Farm Accounts Officers who provide guidance to the farmers in the FBS on the keeping of accounts and ensure that the information collected is comprehensive and accurate. Acknowledgement is also made of David Playfair who assisted in preparation of the report and the vital contributions made by administrative staff involved in the preparation and analysis of the accounting information.

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

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EXECUTIVE SUMMARY

1. The average Farm Business Income across all farm businesses above 0.5 Standard Labour Requirements (SLRs) increased from £20,206 to £33,870 per farm between 2016/17 and 2017/18. This resulted from an increase of 19.6% in the average value of farm output and an average increase in expenditure on inputs of 10.7%.

2. For the main farming enterprises, increases in gross margin between 2016/17 and 2017/18 were recorded for Dairy cows, Lowland beef cows, Pigs, Winter Barley and Winter Wheat enterprises. Whereas, decreases were recorded for SDA beef cows, DA beef cows, SDA breeding ewes, DA breeding ewes, Lowland breeding ewes, Spring Barley and Potato enterprises.

3. Between 2016/17 and 2017/18 increases in Farm Business Income were recorded on 5 of the 7 main types of farm covered in the Farm Business Survey (FBS). Income results show that average Farm Business Income increased by £14,324 on Cereal farms, £46,872 on Pig farms, £45,339 on Dairy farms, £820 on Cattle & Sheep (Lowland) farms and £16,679 on Mixed farms.

4. A Farm Business Income above £10,000 was achieved by 73% of the farm businesses in the FBS in 2017/18; 11% 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 £37,986 in 2016/17 to £53,345 in 2017/18. This income measure provides the average amount of cash available per farm to cover living expenses and investment expenditure.

6. Direct payments increased by £496 per farm between 2016/17 and 2017/18 and averaged £27,125 per farm and £318 per hectare in 2017/18 (Section 2.4). Direct payments represented 80% of Farm Business Income and 51% 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 2017/18 when direct subsidy receipts were not included in the value of farm output (Section 2.5). These three farm types are Pigs, Dairy and Mixed farm types. Those generating a negative Farm Business Income were Cereals, General Cropping, 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 £27,686 per farm higher than that for Cattle and Sheep (LFA) farms. Dairy and LFA Cattle and Sheep type farms account for 67% of the farms classified as full-time businesses. (Section 2.6)

9. Off-farm income of the farmer and spouse averaged £10,108 per farm in 2017/18. However, on 28% 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 2017/18, only the spouse of the farmer on 25% 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 increased from £13,048 in 2016/17 to £19,685 in 2017/18. Investment levels in 2017/18 were the third lowest recorded in the past 10 years when inflation is taken into account. (Section 2.8)

12. External liabilities (mainly bank borrowings) averaged £48,183 per farm and equated to 3.7% of the total value of farm assets. On only 4% of farms, external liabilities represented more than 15% of the value of farm assets. (Section 3.1)

13. There were no bank borrowings recorded by 46% of farms in 2017/18 and 81% 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 £458, from £591 in 2016/17 to £1,049 in 2017/18. 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 £76,691 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 decreased by £36 and £42 per cow respectively between 2016/17 and 2017/18, whereas the gross margin of Lowland cows increased by £40 per cow.

(ii) Lowland suckler cow herds had the highest average gross margin per cow, at £293, while DA herds averaged £222 and SDA herds £198 in 2017/18. (Section 4.2)

Sheep

(i) The average gross margins for Lowland, DA and SDA breeding ewes decreased by £3, £5 and £1 per ewe respectively between 2016/17 and 2017/18.

(ii) In 2017/18, the highest average gross margin per ewe of £57 was achieved by the Lowland flocks. This gross margin was £10 higher than for ewes in DA flocks and £36 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 £28.99 in 2016/17 to £45.34 in 2017/18. Between 2016/17 and 2017/18, the average output for pigs increased by £26.81 per pig and the average cost of variable inputs increased by £10.46 per pig. (Section 4.4)

Cereals

(i) The average gross margins per hectare for winter barley and winter wheat crops were higher in 2017/18 than in 2016/17. Increases in gross margin per hectare were winter barley (£354) and winter wheat (£246). The average gross margin per hectare for spring barley crops was lower and had decreased by £50.

(ii) The winter wheat crop had the highest average gross margin of the three main cereal crops, at £1,194 per hectare, followed by winter barley at £1,136 and spring barley at £539. (Sections 4.5-4.7)

Potatoes

The average gross margin for ware potatoes decreased from £3,542 per hectare in 2016/17 to £2,223 per hectare in 2017/18, a decrease of £1,319. The ware crop yield per hectare decreased from 29.8 tonnes in 2016/17 to 25.8 tonnes in 2017/18, whereas, the ware potato price per tonne decreased by £45 per tonne from £196 per tonne in 2016/17 to £151 per tonne in 2017/18. (Sections 4.8)

Fixed Costs

15. The average levels of fixed costs (excluding labour) per hectare across all farm types were higher in 2017/18 than in 2016/17, at £563 and £535 respectively. (Section 5.0)

1. THE FARM BUSINESS SURVEY

1.1 Introduction

The data on farm incomes presented in this report are based on accounting information collected in the Farm Business Survey (FBS), which is conducted annually by the Policy, 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 13,681 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 2017/18 accounting year. All of these farms participate on a voluntary basis with 69% having provided information for at least 10 years. A smaller sample of 279 farm businesses over 0.5 SLRs in size provided information for both the 2016/17 and 2017/18 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 2017/18 account year information presented in this report refers to the 2017 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 2%, 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, 2017/18

Type of Farm Business* **	**Number of Farm Businesses**	
	Northern Ireland*	**FBS Sample****
Cereals	108	5
General Cropping	138	3
Horticulture	213	0
Pigs	150	9
Poultry	575	0
Dairy	2587	100
Cattle and Sheep (LFA)	4335	106
Cattle and Sheep (Lowland)	1768	40
Mixed	382	16
Others	62	0
All Types	**10,318 ***	**279 ****

* Number of farm businesses above 0.5 SLRs in size at June 2017 Census; there are 14,638 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 2016/17 and 2017/18 account years, and which were used in the analyses. A further 46 cattle and sheep farms of less than 0.5 SLRs in size provided information in both years.

*** 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 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.

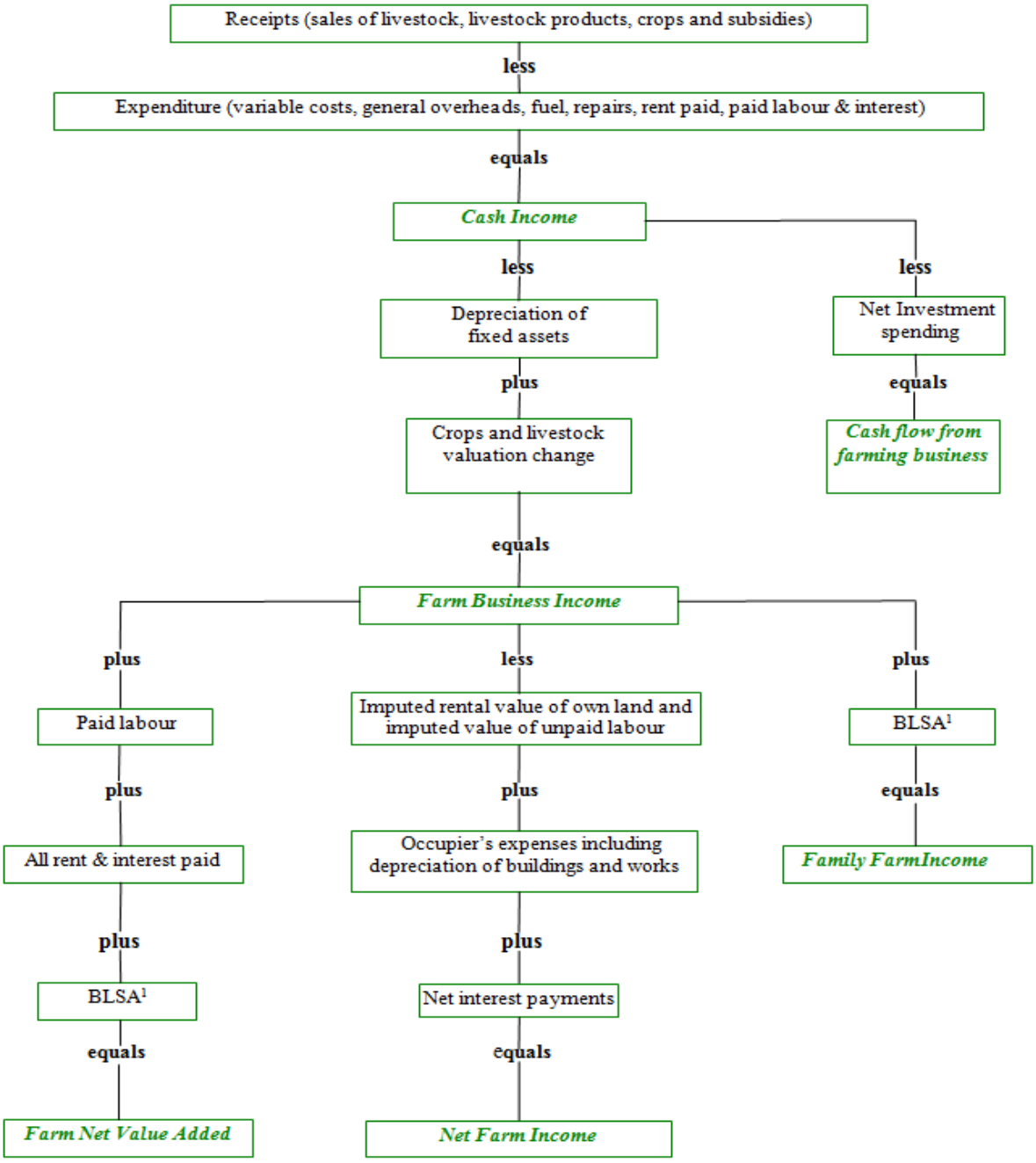
FBI differs from NFI in that it represents the return to all unpaid labour, not just the farmer and spouse and it treats the tenure of farms as it is: tenants as tenants, owner occupiers as owner occupiers and those with both types of tenure as mixed.

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 2016/17 and 2017/18

Average Farm Business Income, Cash Income, and Net Farm Income measured across all farm types is shown in Table 2a for the accounting years 2016/17 and 2017/18. As shown, average Farm Business Income increased between 2016/17 and 2017/18 by £13,664 or 67.6% per farm. This resulted from a 19.6% increase in the value of outputs and a 10.7% increase in expenditure on inputs between 2016/17 and 2017/18. On the other hand, average Cash Income increased by £15,359 or 40.4% when compared to the previous year. When measuring Farm Income using the previous headline measure Net Farm Income, an average increase of £12,809 or 81.4% per farm occurred between 2016/17 and 2017/18.

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

	2016/17	2017/18
	£	£
Farm Business Income	20,206	33,870
Cash Income	37,986	53,345
Net Farm Income	15,740	28,550

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

Farm Business Incomes by individual farm types are presented in Table 2b for the 2016/17 and 2017/18 account years. This shows that average Farm Business Income increased between 2016/17 and 2017/18 on 5 of the 7 main farm types. The five farm types which showed an increase in average Farm Business Income were Cereal, Pig, Dairy, Cattle and Sheep (Lowland) and Mixed farms.

On Dairy farms the average Farm Business Income increased from £22,809 in 2016/17 to £68,148 in 2017/18, which is an increase of £45,339 per farm. This resulted from a 33.6% (£74,257) increase in the value of outputs and a 14.6% (£28,919) increase in expenditure on inputs between 2016/17 and 2017/18. The main reason for the increase in output between the years was the £69,434 increase in milk value that arose from higher milk prices in 2017. In terms of inputs, the main increases in expenditure were recorded for purchased concentrate feed and fodder (£16,341), machinery running costs (£4,550) and other livestock costs (£2,118).

Cattle and Sheep farms (LFA) generated an average Farm Business Income of £17,725 per farm in 2017/18, which was 6.4% lower than the 2016/17 income of £18,945 per farm. This decrease in income was the net result of a 1.7% (£1,318) increase in the value of farm output and a 4.4% (£2,538) increase in expenditure on inputs. The main reasons for the increase in output value were the increases in cattle rearing and fattening (£1,641)

and Single Payment receipts (£1,197). The main increases in expenditure on inputs were recorded for purchased concentrate feed and fodder (£1,367), land and building inputs (£758) and fertilisers (£387). These increases were counteracted by decreases in expenditure for some inputs such as depreciation of building and works (£241).

Cattle and Sheep (Lowland) farms recorded an increase in Farm Business Income between 2016/17 and 2017/18. For this farm type, Farm Business Income increased from £15,817 to £16,637, which is an increase of 5.2%. This was the net result of a 6.3% (£5,524) increase in the value of farm output and a 6.6% (£4,704) increase in expenditure on inputs. The main factors contributing to the increase in output value were the increases in cattle rearing and fattening (£6,297), Single Payment receipts (£365) and sheep and wool (£199). The main changes within expenditure on inputs were increases in purchased concentrate feed and fodder (£1,331), land and building inputs (£1,042) and machinery running costs (£904). There was also a decrease in expenditure on some other inputs such as purchased and home grown seed (£77).

On the other 4 types of farm, which account for 8.2% of farms above 0.5 SLR's, changes in the total value of farm output between 2016/17 and 2017/18 ranged from -14.9% (General Cropping farms) to 27.0% (Pig farms). Whereas, change in expenditure on inputs between years ranged from 2.8% (General Cropping farms) to 15.0% (Pig farms). These four farm types showed changes in average Farm Business Income between years, which ranged from -£21,992 on General Cropping farms to £46,872 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 2016/17 and 2017/18 may differ for each farm size grouping within farm types. For instance, in the case of dairy farms, the total value of farm inputs increased by 11.6% in the 0.5 < 1 SLR size group which compares with a 10.8% increase in the 1 < 2 SLR size group.

The average levels of income per farm included in this report for each of the 7 farm types in 2016/17 (i.e. the 2016/17 – 2017/18 identical sample) are different to those in the previous year's report (i.e. the 2015/16 – 2016/17 identical sample). This occurs when an identical sample basis for reporting farm incomes is used, because the sample of farms for 2016/17 in the 2016/17– 2017/18 identical samples will not be exactly the same as those for the same year in the 2015/16 – 2016/17 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 9,468 farm businesses of which 5,208 are considered to be of sufficient size to employ at least one person on a full-time basis.

Table 2b Incomes by type of farm in 2016/17 and 2017/18 (£ per farm) [1]

		Farm Business Income	Cash Income	Net Farm Income
Cereals	16/17	12,656	70,951	7,172
	17/18	26,980	64,956	23,749
General Cropping	16/17	36,445	58,601	18,928
	17/18	14,453	20,627	-2,244
Pigs	16/17	39,315	61,328	63,593
	17/18	86,188	129,399	110,419
Dairy	16/17	22,809	56,280	22,844
	17/18	68,148	99,119	64,733
Cattle and Sheep (LFA)	16/17	18,945	29,073	13,054
	17/18	17,725	28,592	11,850
Cattle and Sheep (Lowland)	16/17	15,817	25,794	6,206
	17/18	16,637	33,945	7,447
Mixed	16/17	28,234	53,926	23,661
	17/18	44,914	82,862	40,457
All Types	**16/17**	**20,206**	**37,986**	**15,740**
	17/18	**33,870**	**53,345**	**28,550**

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 2017/18 the average level of Cash Income per farm generated across all types of farm in Northern Ireland was £53,345 which is £15,359 higher than in 2016/17. Increases in average Cash Income occurred in 2017/18 on 4 of the 7 farm types. These increases ranged from £8,152 per farm on Cattle and Sheep (Lowland) farms to £68,071 per farm on Pig farms. The decreases in average Cash Income ranged from £481 per farm on Cattle and Sheep (LFA) farms to £37,974 per farm on General Cropping farms. The lowest level of Cash Income in 2017/18 was recorded for General Cropping farms at £20,627 per farm, whereas the highest was recorded on Pig farms at £129,399 per farm.

Net Farm Income showed similar changes to Farm Business Income between 2016/17 and 2017/18 for each of the farm types. However, on average, Farm Business Income

was £5,321 higher than Net Farm Income in 2017/18. 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 2012/13 and 2017/18 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, 2016/17 and 2017/18, whereas, decreases were recorded in 2014/15 and 2015/16. When comparing the average income figures measured across all farm types for 2017/18 against those of 2012/13, the results show that average Farm Business Income increased by 75%, Cash Income increased by 46% and Net Farm Income increased by 122% per farm between the two years.

Table 3 Income per farm, 2012/13 to 2017/18 (£ per farm) [1]

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Farm Business Income	19,336	29,606	24,942	14,788	21,928	33,870
Cash Income	36,485	46,936	42,411	33,673	38,741	53,345
Net Farm Income	12,888	24,153	19,899	10,082	16,387	28,550

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 2017/18. When compared with those in 2016/17 they show that the increase in average Farm Business Income across all types of farm between 2016/17 and 2017/18 contributed to a decrease in the number of farms which incurred a negative Farm Business Income (15% in 2016/17 and 11% in 2017/18) and resulted in a 10% increase in the number of farms (i.e. 37% in 2017/18) 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 2017/18 resulted in 4% less farms (i.e. 24% in 2017/18) recording a negative Net Farm Income and 6% more farms (i.e. 31% in 2017/18) recording a Net Farm Income of at least £30,000. In Cash Income terms, the proportion of farms with negative incomes increased by 1% (i.e. 6% of farms) in 2017/18, whereas, the proportion of farms with a Cash Income of at least £30,000 increased by 7% (i.e. 55%) in 2017/18. 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, 2016/17 and 2017/18[1]

Income £ per farm	Farm Business Income		Cash Income (% of farms)		Net Farm Income	
	16/17	17/18	16/17	17/18	16/17	17/18
<0	15	11	5	6	28	24
0-4,999	9	4	4	2	9	7
5-9,999	12	12	5	7	9	9
10-19,999	24	23	22	14	21	17
20-29,999	13	13	16	16	7	12
30,000 and over	27	37	48	55	25	31

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 14,638 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 and 2017/18 that were above the break-even point.

Table 5 Incomes for 'spare-time[1]' Cattle and Sheep farms in the LFA and Lowland in 2016/17 and 2017/18 (£ per farm) [2]

		Farm Business Income	Cash Income	Net Farm Income
Cattle and Sheep (LFA)	2016/17	4,785	12,650	1,221
	2017/18	4,595	10,590	971
Cattle and Sheep (Lowland)	2016/17	4,561	15,453	1,141
	2017/18	4,188	10,811	1,417

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 2016/17 and 2017/18.

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, 2016/17 and 2017/18 represents the 2nd year and 3rd years of the BPS scheme.

As shown in table 6, direct subsidy receipts per farm increased between 2016/17 and 2017/18 on 6 out of the 7 main types of farm. The only farm type showing a decrease were Cereal farms. When averaged across all Farm Types, table 6 shows that direct subsidy receipts per farm increased from £26,630 in 2016/17 to £27,125 in 2017/18 (i.e. £496 more per farm).

Cereal farms received the highest level of direct subsidy receipts, averaging £34,257 per farm in 2017/18. Cattle and Sheep (LFA) farms had the next highest amount of direct subsidy receipts received at £29,883 per farm in 2017/18. Whereas Pig farms recorded the lowest average of the 7 main types of farms, at £12,814 per farm.

Dairy type farms showed an increase in direct payments of £1,343 per farm between 2016/17 and 2017/18. This was the net result of increases in Single Payment (£1,353 per farm), LFA Compensatory payments (£4 per farm) and miscellaneous subsidies (£243 per farm) and a decrease in Agri-Environmental Scheme payments (£257 per farm) between 2016/17 and 2017/18.

Cattle and Sheep (LFA) type farms showed an increase in direct payments of £39 per farm between 2016/17 and 2017/18. This was the net result of increases in Single Payment (£1,197 per farm), LFA Compensatory payments (£51 per farm) and miscellaneous subsidies (£193 per farm) and a decrease in Agri-Environmental Scheme payments (£1,402 per farm) between 2016/17 and 2017/18.

For the remaining farm types there was firstly an increase in direct payments between 2016/17 and 2017/18 of £827 for General Cropping type farms, £2,130 for Pig type farms, £341 for Cattle and Sheep (Lowland) type farms and £158 for Mixed type farms. The increase in direct payments for General Cropping type farms and Cattle and Sheep (Lowland) type farms is mainly attributable to higher Single Payment amounts received. Whereas, the increase in direct payments for Pig type farms and Mixed type farms is

mainly attributable to higher miscellaneous subsidies amounts received. Secondly, there was a decrease in direct payments of £1,639 for Cereal type farms. The reduction in direct payments for Cereal type farms is mainly attributable to lower Agri-Environment Scheme payments.

The data presented in tables 6 and 7 shows how important direct payments are to farmers in Northern Ireland. In 2017/18 direct payments ranged from 3% of the value of total farm output on Pig farms to 38% on Cattle and Sheep (LFA) farms. When expressed on a per hectare basis direct payments range from £211 per hectare on General Cropping farms to £411 per hectare on Pig farms.

When measured across all farm types, average direct payments represented 80% of the value of average Farm Business Income, 51% of the value of average Cash Income and 95% of the value of average Net Farm Income for farms in Northern Ireland. Moreover, for Cereal farms, General Cropping farms, Cattle and Sheep (LFA) farms and Cattle and Sheep (Lowland) farms the average direct payments they received were greater than their average Net Farm Income generated per farm in 2017/18. Cereal farms, General Cropping farms and Cattle and Sheep (Lowland) farms also had average direct payments that were greater than their average Farm Business Income generated per farm in 2017/18 whereas, for Cattle and Sheep (LFA) farms the direct payments they received were greater than both the average Farm Business Income and average Cash Income that they generated for 2017/18.

Table 6 'As due' direct payments by type of farm in 2016/17 and 2017/18[1]

	2016/17	2017/18
	£ per farm	
Cereal	35,895	34,257
General Cropping	15,152	15,979
Pigs	10,684	12,814
Dairy	24,117	25,460
Cattle & Sheep (LFA)	29,844	29,883
Cattle & Sheep (Lowland)	23,708	24,048
Mixed	27,883	28,040
All types	**26,630**	**27,125**

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

Table 7 'As due' direct payments by type of farm, 2017/18[5]

	% TFO[1]	£ per ha	% FBI[2]	% CI[3]	% NFI[4]
Cereals	16	268	127	53	144
General Cropping	14	211	111	77	-712
Pigs	3	411	15	10	12
Dairy	9	296	37	26	39
Cattle and Sheep (LFA)	38	316	169	105	252
Cattle and Sheep (Lowland)	26	362	145	71	323
Mixed	13	343	62	34	69
All Types	**18**	**318**	**80**	**51**	**95**

1. Total Farm Output.
2. Farm Business Income.
3. Cash Income.
4. Net Farm Income.
5. Based on data from an identical sample of farms.

2.5 Farm Business Income and Net Farm Income excluding direct subsidy receipts

Farm Business Incomes including and excluding direct subsidy receipts are presented in Table 7(a). By excluding direct subsidy receipts this provides an indication of the incomes generated from farming activities. The data indicates that Pig, Dairy and Mixed farm types return a positive Farm Business Income when direct payments are removed. Whereas, Cereal, General Cropping, 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 gain of £6,745 per farm.

Table 7(a) Farm Business Incomes including and excluding direct payments in 2017/18 (£ per farm) [1]

	FBI	Direct Payments	FBI minus Direct Payments
Cereals	26,980	34,257	-7,277
General Cropping	14,453	15,979	-1,526
Pigs	86,188	12,814	73,374
Dairy	68,148	25,460	42,688
Cattle and Sheep (LFA)	17,725	29,883	-12,158
Cattle and Sheep (Lowland)	16,637	24,048	-7,411
Mixed	44,914	28,040	16,873
All Types	**33,870**	**27,125**	**6,745**

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, Dairy and Mixed farm types return a positive Net Farm Income when direct payments are removed. Furthermore, Cereal, General Cropping, Cattle and Sheep (LFA) and Cattle and Sheep (Lowland) farm types generate more

substantial losses. When measured across all farm types the average Net Farm Income with direct payments removed is a gain of £1,425 per farm.

Table 7(b) Net Farm Incomes including and excluding direct payments in 2017/18 (£ per farm) [1]

	NFI	Direct Payments	NFI minus Direct Payments
Cereals	23,749	34,257	-10,508
General Cropping	-2,244	15,979	-18,223
Pigs	110,419	12,814	97,605
Dairy	64,733	25,460	39,273
Cattle and Sheep (LFA)	11,850	29,883	-18,033
Cattle and Sheep (Lowland)	7,447	24,048	-16,601
Mixed	40,457	28,040	12,416
All Types	**28,550**	**27,125**	**1,425**

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

2.6 Trends in Farm Incomes between 2010/11 and 2017/18

Table 8 presents a time series (2010/11 – 2017/18) of average Farm Business Income expressed in real terms for Dairy and Cattle and Sheep (LFA) farm types. These two farm types account for approximately 67% of the farm businesses over 0.5 SLRs in Northern Ireland. These time-series of income shows that in the four most recent years (14/15 to 17/18) the average Farm Business Income for Dairy farms in real terms was 29.9% lower than that in the first four years (10/11 to 13/14) 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 4.9% 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) – 2010/11 to 2017/18[1,2]

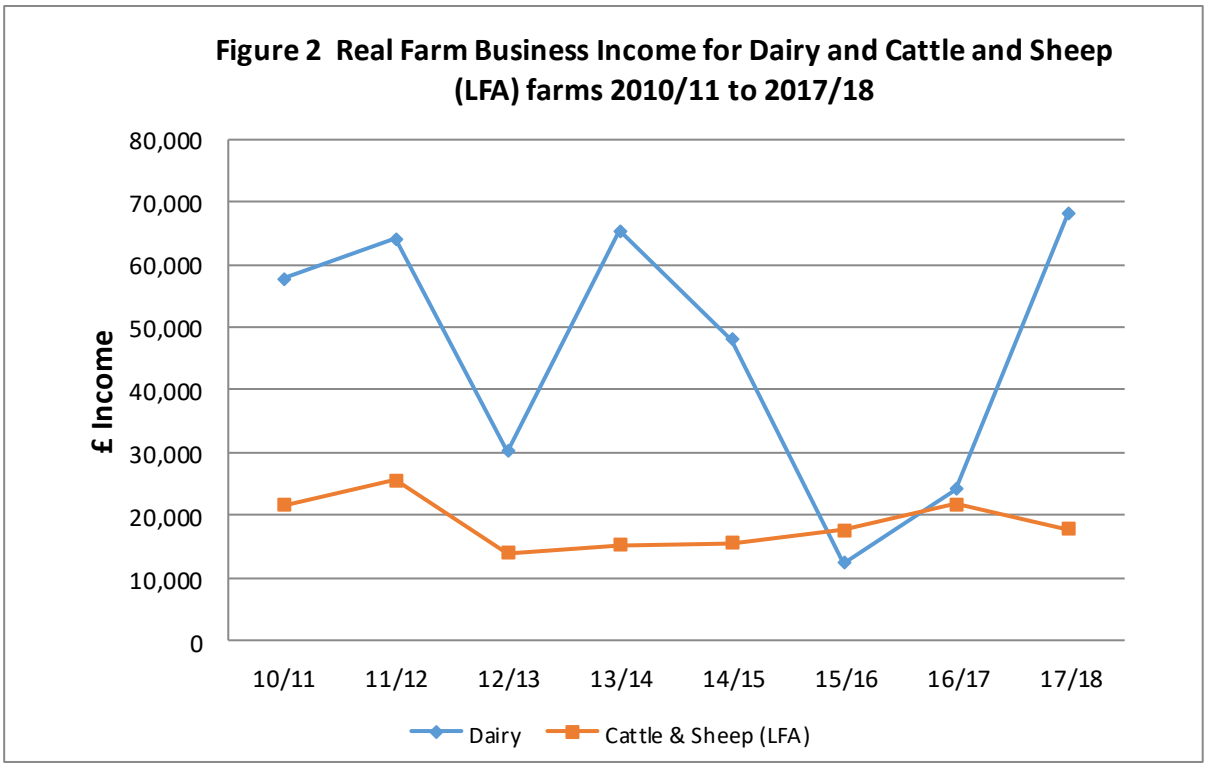
	Dairy	Cattle & Sheep (LFA)
2010/11	100	100
2011/12	111	118
2012/13	52	65
2013/14	113	71
2014/15	83	72
2015/16	22	81
2016/17	42	101
2017/18	118	82

1. Expressed as an index in real terms, 2010/11 = 100
2. Based on data from all farms

The time series (2010/11 – 2017/18) 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 £27,686 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 £46,281, compared to £18,595 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 95 hectares and has generated about 2.5 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 2010/11 to 2017/18



1. Based on series 2017/18 = 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 £10,108 per farm in 2017/18, of which £4,899 was earned income and £5,209 unearned income. However, it should be noted that on 28% 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 £12,983 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, 2017/18 (£ per farm)

	Off-farm Total Income	Employments & Self-employment	Investments, Pensions, Social Payments
Dairy	9,090	5,047	4,043
Cattle & Sheep (LFA)	10,552	5,149	5,404
Mixed	12,983	3,228	9,755
All Types	**10,108**	**4,899**	**5,209**

The two most common off-farm income sources were other employment and pensions, as shown in Table 10. In 2017/18, on 71 of the 279 farms only the spouse of the farmer had off-farm employment, on a further 12 farms only the farmer had off-farm employment and on another 9 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 42% and 8% respectively.

Table 10 Off-farm income by type and level of Income, 2017/18

	Zero	1-999	£ 1,000-4,999	5,000-19,999	20,000+
			(% of farms)		
Employment	70	0	3	18	9
Self-employment	96	0	0	2	2
Investments	96	1	0	2	0
Pensions	58	0	4	36	2
Social payments	92	2	3	4	0
All sources	**28**	**1**	**3**	**52**	**16**

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 2008/09 investment levels showed a year on year increase to 2009/10. The real level of increase was 30% in 2009/10. Following this period of increase, 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 28% in 2014/15, decreased by 14% in 2015/16 and decreased by 48% in 2016/17. In the most recent year (2017/18), the real level of investment increased by 61%.

Table 11 Net investment index per farm, 2008/09 to 2017/18

	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Current price Index	100	132	95	100	73	81	104	90	48	79
Real terms index[1]	100	130	92	95	68	74	95	81	43	69

1. Deflated using the GDP deflator, 2008/09 = 100
2. Based on data from all farms.

As shown in table 12 the average net investment (excluding capital grants received) was £19,685 per farm in 2017/18, which is £6,638 more than the previous year. The total average net investment in 2017/18 was composed of plant, machinery and vehicles at £11,887 per farm (which is £2,960 higher than in 2016/17), land and buildings at £1,032 per farm (which is £1,885 higher than in 2016/17) and investment on capital improvements at £6,985 per farm (which is £2,012 higher than 2016/17). 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 £219 in 2017/18 (which is £219 higher than in 2016/17). Average levels of net investment were higher in 2017/18 than 2016/17 for Cereal, Pig, Dairy, Cattle and Sheep (Lowland) and Mixed farm types.

Table 12 Net investment by type of farm, 2016/17 and 2017/18[1]

	2016/17	2017/18
	£ per farm	
Cereal	43,522	68,192
General Cropping	8,027	865
Pigs	31,413	79,621
Dairy	21,771	31,717
Cattle & Sheep (LFA)	9,545	9,151
Cattle & Sheep (Lowland)	4,927	16,179
Mixed	20,256	44,970
All types	**13,048**	**19,685**

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

As in 2016/17, the average levels of net investment in 2017/18 were different on each of the farm types. The average levels of net investment in 2017/18 ranged from £865 per farm on General Cropping farms to £79,621 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 2017/18 account year is presented in Table 13. This shows that average total assets per farm measured across all farm types were £1,310,140 in 2017/18. Whereas, average external liabilities per farm measured across all farm types were £48,183 in 2017/18, which is 7.7% lower than the previous year. When measured across all farm types the average external liabilities (i.e. mainly bank borrowings) per farm in 2017/18 were equivalent to 3.7% of total farm assets. Given these values for assets and liabilities the average net worth per farm measured across all farm types was £1,261,957 in 2017/18. When measured across all farm types, net worth expressed as a percentage of total assets was 96.3% in 2017/18. 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 2017/18 ranged from £864,878 per farm on Pig type farms to £1,932,251 per farm on Cereal type farms. Also, in 2017/18, Dairy type farms had the highest average amount of external liabilities at £111,760 per farm, whereas Cattle and Sheep (LFA) farms had the lowest external liabilities at £15,398 per farm. When measured as a percentage of total assets, external liabilities ranged from 1.3% on Cattle and Sheep (LFA) type farms to 8.8% on Pig type farms. When compared to the previous year, external liabilities increased on Cereal, General Cropping, Pig and Cattle and Sheep (LFA) type farms, and decreased on Dairy, Cattle and Sheep (Lowland) and Mixed type farms.

In terms of net worth, average values by farm type in 2017/18 ranged from £788,724 on Pig farms to £1,857,667 on Cereal farms. When net worth is expressed as a percentage of total assets, average values range from 91.2% on Pig farms to 98.7% on Cattle and Sheep (LFA) farms.

Table 13 Financial stability of farms in Northern Ireland 2016/17 and 2017/18[1]

		Farm Area (ha)	Total Assets (£'000)	External Liabilities (£'000)	Net Worth (£'000)	Net Worth (as a % of Total Assets)
Cereals	16/17	127.9	1898.5	65.3	1833.2	96.6
	17/18	128.0	1932.3	74.6	1857.7	96.1
General Cropping	16/17	71.6	1163.0	53.8	1109.2	95.4
	17/18	75.7	1163.6	66.9	1096.7	94.2
Pigs	16/17	33.5	814.4	55.9	758.5	93.1
	17/18	31.2	864.9	76.2	788.7	91.2
Dairy	16/17	85.2	1430.0	125.1	1304.9	91.2
	17/18	86.0	1451.6	111.8	1339.8	92.3
Cattle and Sheep (LFA)	16/17	94.6	1164.1	15.3	1148.8	98.7
	17/18	94.6	1170.8	15.4	1155.4	98.7
Cattle and Sheep (Lowland)	16/17	66.7	1330.7	26.7	1304.0	98.0
	17/18	66.4	1342.9	24.4	1318.5	98.2
Mixed	16/17	81.0	1848.4	85.8	1762.5	95.4
	17/18	81.8	1873.2	77.1	1796.1	95.9
All Types	**16/17**	**85.1**	**1296.7**	**52.2**	**1244.5**	**96.0**
	17/18	**85.3**	**1310.1**	**48.2**	**1262.0**	**96.3**

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 2017/18 only 4% of farm businesses had liabilities which were more than 15% of the value of total farm assets and that 82% 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)		
2016/17	1	4	13	53	28
2017/18	1	3	14	55	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 2017/18 the average capital required across all farm types was £15,352 per hectare. At the individual farm type level the average capital required ranged from £12,370 per hectare on Cattle and Sheep (LFA) type farms to £27,732 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 87% of the average capital requirement on Northern Ireland farms in 2017/18. When measured by individual farm type, the percentage of total assets tied up in land and buildings ranged from 80% on Pig farms to 95% on General Cropping farms.

Assets other than land and buildings are collectively referred to as operating capital. As shown in table 15, in 2017/18 the average amount of operating capital (which excludes debtors) measured across all farm types was £150,617 per farm or 11.5% of total assets. This operating capital can be broken down into breeding livestock (34% of operating capital), machinery (27%), trading livestock (31%), and crops and stocks (8%). When measured at the individual farm type level, the average operating capital in 2017/18 ranged from £57,376 for General Cropping farms to £219,995 for Cereal farms. Alternatively, when measuring average operating capital as a percentage of average total assets for individual farm types in 2017/18, the values ranged from 4.9% for General Cropping farms to 18.5% for Pig farms.

Table 15 Amount of operating capital by type of farm, 2017/18

	Operating Capital	
	£ per farm	% of total farm Capital
Cereal	219,995	11.4
General Cropping	57,376	4.9
Pigs	160,085	18.5
Dairy	217,288	15.0
Cattle & Sheep (LFA)	109,028	9.3
Cattle & Sheep (Lowland)	144,013	10.7
Mixed	194,524	10.4
All types	**150,617**	**11.5**

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 2017/18 is low when compared to other investment opportunities. The average rate of return in 2017/18 ranged from 1.3% on Cattle and Sheep (Lowland) farms to 10.9% on Pig farms.

Table 16 Farm Business Income as a percentage of net worth by type of farm, 2017/18

	Farm Business Income as a % of Net Worth 2017/18
Cereal	1.5
General Cropping	1.3
Pigs	10.9
Dairy	5.1
Cattle & Sheep (LFA)	1.5
Cattle & Sheep (Lowland)	1.3
Mixed	2.5
All types	**2.7**

3.3 Bank Borrowings

In the 2017/18 year, the average level of bank borrowings measured across all farm types was £40,859 per farm. This is an average decrease of £4,643 per farm when compared to 2016/17. As shown in Table 17, Dairy farms had the highest level of borrowings with an average of £94,883 per farm in 2017/18. The largest increase in borrowings between 2016/17 and 2017/18 occurred on Pig farms, with an average increase of £18,067 per farm. The largest decrease in borrowings was on Dairy farms with an average decrease of £14,144 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 £7,324 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, 2016/17 and 2017/18[1]

	2016/17	2017/18
	£ per farm	
Cereal	51,313	42,386
General Cropping	50,504	64,731
Pigs	42,302	60,369
Dairy	109,026	94,883
Cattle & Sheep (LFA)	13,712	13,355
Cattle & Sheep (Lowland)	23,760	20,883
Mixed	71,033	63,718
All types	**45,502**	**40,859**

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

The distribution of farms by level of borrowing per farm in 2016/17 and 2017/18 are presented in Table 18. This shows that 46% of the farms recorded no bank borrowings in 2017/18 whereas 19% of farms recorded borrowings in excess of £50,000. When comparing the distributions for 2016/17 and 2017/18 the overall picture is very similar but with a 1% decrease in the number of farms having borrowings in excess of £20,000 in 2017/18.

Table 18 Distributions of farms by level of bank borrowings, 2016/17 and 2017/18[1]

Bank Borrowings (£ per farm)	2016/17	2017/18
	% of farms	
Nil	46	46
1 to 20,000	18	20
20,000 to 49,999	14	15
50,000 to 99,999	9	8
100,000 and over	12	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 2016/17 and 2017/18. As the average account year end for the sample of farms is mid-February, the results refer to the 2016 and 2017 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 2017/18 for Dairy cows, Lowland beef cows, Pigs, Winter Barley and Winter Wheat enterprises. Whereas, lower gross margins were recorded for SDA beef cows, DA beef cows, SDA breeding ewes, DA breeding ewes, Lowland breeding ewes, Spring Barley and Potato enterprises.

Table 19(a) Average gross margins by enterprise in 2016/17 and 2017/18[1]

	Average gross margins	
	2016/2017	**2017/2018**
	£ per head	
Dairy Cows	591	1,049
Suckler Cows - SDA	234	198
- DA	264	222
- Lowland	252	293
Breeding Ewes - SDA	21	21
- DA	52	47
- Lowland	60	57
Pigs	28.99	45.34
	£ per hectare	
Spring Barley	589	539
Winter Barley	782	1,136
Winter Wheat	948	1,194
Potatoes – ware	3,542	2,223

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 £591 in 2016/17 to £1,049 in 2017/18 for the 107 dairy herds which provided information in both years. This increase of £458 in average gross margin is the combined result of a £602 increase in output value and a £144 increase in total variable costs in 2017/18. The main reason for the increase in output value was that milk receipts were on average £595 higher per cow in 2017/18. The higher milk receipts per cow were due to an increase in milk price of 7.6 pence per litre. The increase in total variable costs per cow resulted mainly from a £112 increase in concentrate cost and also from a £16 increase in hay, silage and grazing costs and a £16 increase in sundries and veterinary costs per cow. The increase in concentrate costs per cow was due to higher concentrate prices and usage in 2017/18.

Stocking rates increased slightly from 2.12 cow equivalents per hectare in 2016/17 to 2.13 cow equivalents per hectare in 2017/18. Given these very similar stocking rates and the increase in average gross margin per cow, then average gross margin per hectare also increased from £1,242 in 2016/17 to £2,218 in 2017/18, which is an increase of £976 per hectare.

Table 19(b) Average outputs, variable costs and gross margins per dairy cow in 2016/17 and 2017/18[1]

	2016/2017	2017/2018
Number of herds	107	
Enterprise output	**£ per cow**	
Milk	1,516	2,111
Calves	102	102
Herd replacement	-182	-175
Output	**1,437**	**2,039**
Quota leasing receipts	-	-
Quota leasing costs	-	-
Super levy	-	-
Adjusted Output	**1,437**	**2,039**
Variable Costs		
Concentrates	552	664
Hay, silage & grazing	154	170
Sundries & Vet	140	156
Total Variable Costs	**846**	**990**
Gross Margin	**591**	**1,049**
Average herd size (cows)	108	111
Concentrates per litre (kg)	0.37	0.39
Stocking rate (ce/ha)	2.12	2.13
Summer milk (%)	52	52
Milk yield (l/cow)	7,030	7,233
Milk price (p/l)	21.6	29.2

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

As shown in Table 20, the difference in performance in 2017/18 between the 'top' and 'bottom' quartiles was, as in previous years, substantial. The 'top' quartile had an average gross margin per cow of £1,390 compared with £702 for the 'bottom' quartile. The main reasons for this difference in performance are that the 'top' quartile had an average milk yield 2,641 litres per cow above and a milk price 1.6 pence per litre above the 'bottom' quartile. For the average herd size of 111 dairy cows in the sample, the difference in gross margin between the 'top' and 'bottom' quartiles equates to a total value of £76,691 per herd.

Table 20 Average outputs, variable costs and gross margins per dairy cow in the top 25% and bottom 25% groups, 2017/18

	Top 25%	Bottom 25%
	£ per cow	
Gross Margin	1,390	702
Milk Sales	2,484	1,601
Calf Sales	118	91
Total Output	2,465	1,509
Variable Costs	1,076	807
Milk Yield – litres	8,299	5,658
Av milk price – ppl	29.9	28.3
Stocking rate - ce/ha	1.97	2.07

4.2 Suckler Cows

In the 2017/18 account year both SDA and DA suckler herds had average gross margins that were lower than those of 2016/17, whereas for Lowland suckler herds their average gross margin was higher than that of the previous year (Table 21). For SDA suckler cows the average gross margin per cow decreased from £234 in 2016/17 to £198 in 2017/18. This decrease of £36 per cow was the combined result of a £21 decrease in total output and a £15 increase in total variable costs. The £21 decrease in output value was the net result of a £26 decrease in the value of calves and a £6 decrease in herd replacement cost. For DA suckler cows the average gross margin decreased by £42 per cow due to a £13 decrease in total output and a £29 increase in total variable costs. The £13 decrease in output value was the net result of a £34 decrease in the value of calves and a £21 decrease in herd replacement cost. For Lowland suckler cows the average gross margin increased by £40 per cow, which was the net result from an increase of £53 in total output and an increase of £12 in total variable costs. The £53 increase in output value was the combined result of a £24 increase in the value of calves and a £28 decrease in herd replacement cost. Across all 3 herd types, there were increases in total variable costs between 2016/17 and 2017/18. The increases in variable costs ranged from £12 per cow in the Lowland to £29 per cow in the DA.

Table 21 Average outputs, variable costs and gross margins per cow for SDA, DA and Lowland suckler herds, 2016/17 and 2017/18[1]

	SDA		DA		Lowland	
	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018
Number of herds	64		21		29	
Enterprise Output			£ per cow			
Calves	523	497	554	520	522	547
Herd replacement	-54	-48	-71	-50	-56	-28
Total Output	**469**	**448**	**482**	**470**	**466**	**519**
Variable Costs						
Concentrates	47	51	39	46	29	32
HSG	121	132	111	125	118	121
Sundries & Vet	66	68	69	76	67	73
Total Variable Costs	**235**	**251**	**218**	**247**	**214**	**226**
Gross Margin	**234**	**198**	**264**	**222**	**252**	**293**
Calves reared per cow	0.98	0.95	0.98	0.93	0.97	0.99
Av price per calf sold/trans (£)	537	536	556	565	547	555

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 was a difference of £319 in gross margin per cow between the 'top' and 'bottom' groups of SDA suckler herds in 2017/18. This is accounted for by differences of £161 in calf returns, £62 in herd replacement costs, and £96 in total variable costs between the top and bottom groups. Similarly for DA suckler herds there was a difference of £303 in gross margin per cow between the 'top' and 'bottom' groups of herds in 2017/18. This is accounted for by differences of £39 in calf returns, £107 in herd replacement costs, and £156 in total variable costs.

Table 22 Average calf receipts, variable costs and gross margins per cow for SDA and DA suckler herds in the top 25% and bottom 25% groups, 2017/18

	Top 25%	Bottom 25%
	£ per cow	
Gross Margin		
- SDA	366	47
- DA	329	26
Calf Returns		
- SDA	597	436
- DA	593	554
Herd replacement cost		
- SDA	-19	-81
- DA	-25	-132
Variable Costs		
- SDA	211	307
- DA	239	396

4.3 Breeding Ewes

As shown in table 23, gross margins per ewe for Lowland, Upland and Hill flocks showed a decrease between 2016/17 and 2017/18. For Lowland breeding ewes the average gross margin per ewe decreased from £59.51 in 2016/17 to £57.00 in 2017/18, which is a decrease of £2.51. This decrease was the net result of a £1.50 increase in output and a £4.01 increase in total variable costs. For Upland breeding ewes the average gross margin per ewe decreased from £52.07 in 2016/17 to £46.78 in 2017/18, which is a decrease of £5.28. This decrease was the combined result of a £3.19 decrease in output and a £2.09 increase in total variable costs. For Hill breeding ewes the average gross margin per ewe decreased from £21.46 in 2016/17 to £20.57 in 2017/18, which is a decrease of £0.89. This decrease was the net result of a £1.04 decrease in output and a £0.14 decrease in total variable costs.

Table 24 presents the gross margin per ewe results for the 'top 25%' and 'bottom 25%' of Lowland, Upland, and Hill flocks in 2017/18. This shows a difference in gross margin between the 'top 25%' and 'bottom 25%' of £77 per ewe in the Lowland, £62 per ewe in the Upland, and £68 in the Hill. The main reason for these differences in gross margin between the 'top 25%' and 'bottom 25%', is the considerable range found in the value of lamb sales per ewe which averaged £127 in the top group and £68 in the bottom group.

Table 23 Average outputs, variable costs and gross margins per ewe for Lowland, DA and SDA breeding flocks, 2016/17 and 2017/18[1]

	Lowland		Upland (DA)		Hill (SDA)	
	2016/2017	**2017/2018**	**2016/2017**	**2017/2018**	**2016/2017**	**2017/2018**
Number of flocks	30		15		24	
Output			**£ per ewe**			
Lambs	105.06	110.15	103.31	98.21	67.08	62.80
Wool	3.23	2.35	3.21	2.38	2.05	1.48
Flock Replacements	0.78	-1.93	-5.88	-3.14	-0.21	3.60
Total Output	**109.07**	**110.57**	**100.63**	**97.44**	**68.92**	**67.88**
Variable Costs						
Concentrates + OPF	13.32	14.92	14.33	14.80	18.00	17.25
Hay, silage, & grazing	19.73	19.45	19.19	20.95	16.91	16.45
Sundries + Vet	16.51	19.20	15.05	14.91	12.55	13.62
Total Variable Costs	**49.56**	**53.57**	**48.57**	**50.66**	**47.46**	**47.32**
Gross Margin	**59.51**	**57.00**	**52.07**	**46.78**	**21.46**	**20.57**
Lambs reared per ewe	1.53	1.45	1.43	1.45	1.16	1.11
Ave lamb price (£)	76.51	83.15	76.12	77.10	71.53	72.23
Ewe mortality %	5.1	6.0	6.0	5.2	5.6	7.7
Lamb mortality per 100 ewes	8.4	9.7	7.3	6.9	7.1	6.9
Ave flock size (ewes)	199	196	176	181	288	292

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, 2017/18

	Top 25%	Bottom 25%
	Per Ewe	
Gross Margin (£)		
- Lowland	103	26
- Upland	81	19
- Hill	56	-12
Lamb Sales (£)		
- Lowland	143	91
- Upland	125	76
- Hill	112	37
Lambs Reared		
- Lowland	1.93	1.25
- Upland	1.65	1.41
- Hill	1.46	0.89

4.4 Pigs

On the 8 farms which had rearing and finishing units, the average gross margin per pig increased from £28.99 in 2016/17 to £45.34 in 2017/18 (Table 25). This increase in margin of £16.35 per pig between 2016/17 and 2017/18 was the net result of an increase in output of £26.81 per pig and an increase in total variable costs of £10.46 per pig. The increase in output was due to the more favourable pig prices in 2017/18, whereas, the increase in total variable costs was due to the £10.73 increase in the cost of feedstuffs per pig and the £0.28 decrease in the cost of veterinary, medicine and sundries per pig. The increase in cost of feedstuffs was due to higher concentrate prices and usage in 2017/18. The average gross margin of £45 per pig is the highest result in the 10 years since 2008/09. The average gross margins per pig in previous years were £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, £17 in 2015/16 and £28 in 2016/17.

Table 25 Average sales, variable costs and gross margins per pig for pig rearing and finishing units, 2016/17 and 2017/18[1]

	2016/2017	2017/2018
Number of herds	8	
	£ per pig	
Output	**104.12**	**130.93**
Variable Costs		
Feeding stuffs	67.54	78.28
Vet and medicines	3.56	3.99
Sundries	4.04	3.32
Total Variable Costs	**75.14**	**85.59**
Gross Margin	**28.99**	**45.34**
Meal equivalent per pig (kg)	294	313
Price of concentrates (£/tonne)	229	250
Pigs weaned per sow	24.50	24.20

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

4.5 Spring Barley

As shown in table 26 the average gross margin per hectare for the spring barley crop decreased from £589 in 2016 to £539 in 2017 (a fall of £50 per hectare). This decrease was the combined result of a £21 decrease in output value and a £29 increase in total variable costs in 2017. The fall in output value was due to lower straw yields in 2017. Grain prices per tonne increased from £126 in 2016 to £141 in 2017, whereas, straw prices per tonne increased from £64 in 2016 to £75 in 2017. In comparison to 2016 levels, average grain yield decreased by 0.38 tonnes per hectare and average straw yield decreased by 1.16 tonnes per hectare. The increase in variable costs between 2016 and 2017 was the result of higher seed, fertiliser and spray costs in 2017.

Table 26 Average outputs, variable costs and gross margins per hectare for spring barley, 2016/17 and 2017/18[1]

	2016/2017	2017/2018
Number of farms	37	
	£ per hectare	
Output		
Grain	667	696
Straw	213	163
Total Output	**880**	**859**
Variable Costs		
Seed	59	68
Fertilisers	112	122
Sprays	87	99
Sundries	33	31
Total Variable Costs	**291**	**320**
Gross Margin	**589**	**539**
Grain yield (tonnes per ha)	5.31	4.93
Straw yield (tonnes per ha)	3.34	2.18

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

The 'top 25%' performance group of farms in 2017 had an average grain yield of 6.31 tonnes per hectare compared with 2.74 tonnes in the 'bottom 25%' group. These yields generated grain sales of £884 for the 'top' group and £373 for the 'bottom' group. Associated with the higher grain yield was also a higher straw yield which generated straw sales of £260 per hectare in the 'top' group compared with £83 in the 'bottom' group. The average grain price per tonne received by the 'top' group was £4 higher than the 'bottom' group, whereas, the average straw price per tonne in the 'top' performance group was £16 higher than the 'bottom' group. In terms of inputs, the total variable costs were £310 per hectare for the 'top' group and £344 for the 'bottom' group. These differences in output and inputs between the 'top' and 'bottom' groups resulted in a gross margin of £835 per hectare for the 'top' group and £113 per hectare for the 'bottom' group i.e. a difference of £722 per hectare.

4.6 Winter Barley

As shown in Table 27, the average gross margin per hectare for the winter barley crop increased from £782 in 2016 to £1,136 in 2017, which is a rise of £354. This increase was the combined effect of a £352 increase in output and a £2 decrease in variable costs in 2017. The increase in output value resulted from the higher grain and straw yields and prices in 2017. In comparison to 2016 levels, average grain yield increased by 0.84 tonnes per hectare and average straw yield increased by 1.33 tonnes per hectare. Grain prices per tonne increased from £136 in 2016 to £152 in 2017, whereas, straw prices per tonne increased from £74 in 2016 to £76 in 2017. The decrease in variable costs between 2016 and 2017 was the result of lower seed, fertiliser and sundry costs in 2017.

Table 27 Average outputs, variable costs and gross margins per hectare for winter barley, 2016/17 and 2017/18[1]

	2016/2017	2017/2018
Number of farms	23	
	£ per hectare	
Output		
Grain	941	1,185
Straw	254	363
Total Output	**1,195**	**1,548**
Variable Costs		
Seed	73	71
Fertilisers	159	159
Sprays	152	158
Sundries	28	24
Total Variable Costs	**413**	**411**
Gross Margin	**782**	**1,136**
Grain yield (tonnes per ha)	6.94	7.78
Straw yield (tonnes per ha)	3.43	4.75

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

The 'top 25%' group of farms in 2017 had an average grain yield of 9.01 tonnes per hectare, and this was 2.98 tonnes more than the 'bottom 25%' group. Higher values for grain and straw output resulted in an output value of £1,897 per hectare for the 'top' group, some £745 above that of the 'bottom' group. Total variable costs per hectare were £15 lower in the 'top' group at £426 per hectare. The gross margins per hectare were £1,471 for the 'top' group and £711 for the 'bottom' group.

On average, the winter barley crop gross margin in 2017 was £598 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 £948 in 2016 to £1,194 in 2017, which is a rise of £246. This was the net effect of a £250 increase in output and a £4 increase in variable costs in 2017. The rise in output value was the result of higher grain yield and higher grain and straw prices in 2017. Average grain prices increased by £7 per tonne, whereas, average straw prices increased by £8 per tonne. In terms of yields, average grain yield increased by 1.10 tonnes per hectare and average straw yield decreased by 0.02 tonnes per hectare. However, the marginal decrease in straw yield was sufficiently offset by the increase in straw prices. As a result of these changes in yields and prices, total output increased from £1,416 in 2016 to £1,666 in 2017. The increase in total variable costs of £4 per hectare in 2017 was the result of higher fertiliser and sundry costs in 2017.

Table 28 Average outputs, variable costs and gross margins per hectare for winter wheat, 2016/17 and 2017/18[1]

	2016/2017	2017/2018
Number of farms	19	
	£ per hectare	
Output		
Grain	1,150	1,373
Straw	265	293
Total Output	**1,416**	**1,666**
Variable Costs		
Seed	78	78
Fertilisers	163	168
Sprays	196	192
Sundries	30	35
Total Variable Costs	**468**	**472**
Gross Margin	**948**	**1,194**
Grain yield (tonnes per ha)	8.00	9.10
Straw yield (tonnes per ha)	3.88	3.86

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

The 'top 25%' group of farms in 2017 had an average grain yield of 9.93 tonnes per hectare, and this was 4.65 tonnes more than the 'bottom 25%' group. Higher grain and straw yields resulted in an output value of £1,896 per hectare for the 'top' group, some £874 above that of the 'bottom' group. Total variable costs per hectare were £106 higher in the 'top' group at £489 per hectare. The gross margins per hectare were £1,407 for the 'top' group and £638 for the 'bottom' group.

The 2017 crop results show that the highest gross margin per hectare was obtained by winter wheat (£1,194) followed by winter barley (£1,136) and then spring barley (£539). 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 2016 and 2017 ware potato crops were £3,542 and £2,223 per hectare respectively. This decrease in gross margin of £1,319 per hectare was the net result of a £1,397 decrease in output and a £78 decrease in variable costs between 2016 and 2017. The decrease in output resulted from decreases in ware potato prices and yields in 2017. Ware potatoes prices decreased from £196 per tonne in 2016/17 to £151 per tonne in 2017/18, whereas, ware potato yield decreased from 29.8 tonnes per hectare in 2016 to 25.8 tonnes per hectare in 2017. The total variable costs incurred decreased from £1,733 per hectare in 2016/17 to £1,655 per hectare in 2017/18, which is a decrease of £78 per hectare. In terms of individual costs, fertiliser costs showed the most decrease, falling from £393 per hectare in 2016/17 to £343 per hectare in 2017/18 (i.e. a decrease of £50 per hectare). Whereas, contract / casual wages showed the most increase, by rising from £332 per hectare in 2016/17 to £350 per hectare in 2017/18 (i.e. an increase of £17 per hectare). Overall, the average variable costs of production per tonne for the ware crop increased from £58.21 in 2016 to £64.14 in 2017. 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, 2016/17 and 2017/18[1]

	Ware Crop	
	2016/2017	**2017/2018**
Number of farms	5	
	£ per hectare	
Potato Output	**5,275**	**3,878**
Variable costs		
Seed	500	488
Fertiliser	393	343
Sprays	325	310
Contract/Casual Wages	332	350
Sundries	182	165
Total Variable costs	**1,733**	**1,655**
Gross Margin	**3,542**	**2,223**
Total yield (tonnes/ha)	29.8	25.8
Av price per tonne (£)	196	151

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 98% 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, 2017/18

		Top[1] Group	Bottom[1] Group
		£ Per head	
Dairy cows		1,390	702
Suckler cows	- DA	329	26
	- SDA	366	47
Breeding ewes	- DA	81	19
	- SDA	56	-12
	- Lowland	103	26
Spring barley		835	113
Winter barley		1,471	711
Winter wheat		1,407	638

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 increased from £535 in 2016/17 to £563 in 2017/18. At the individual farm type level, six of the seven farm types recorded increases in fixed costs, with the exception being General Cropping. Increases in fixed costs per hectare ranged from £5 on Cattle and Sheep (LFA) farms to £610 on Pig farms. A decrease in fixed costs per hectare of £23 was found on General Cropping farms.

Table 31 Fixed costs per hectare by type of farm, 2016/17 and 2017/18[1, 2]

	2016/17	2017/18
	£ per ha	
Cereal	719	773
General Cropping	619	596
Pigs	1,919	2,529
Dairy	817	856
Cattle & Sheep (LFA)	332	336
Cattle & Sheep (Lowland)	512	553
Mixed	732	799
All Types	**535**	**563**

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 2016/17 and 2017/18, 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, 2016/17 and 2017/18[1]

	2016/17	2017/18
	£ per ha	
Depreciation of buildings and works	127	122
Depreciation of machinery	125	129
Machinery running costs	126	141
Farm insurance	16	16
Farm fuel	22	24
Rates and water charges	15	15
Building repairs and miscellaneous	79	91
Interest payments	26	24
Total	**535**	**563**

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

Table 1.1 – CEREAL & GENERAL CROPPING FARMS – ALL SIZES OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2016/17 AND 2017/18[1]

	Cereals			General Cropping		
	2016/17	2017/18	% Change	2016/17	2017/18	% Change
Average size of business (SLRs)		1.9			1.6	
Total area of farm (ha)	127.9	128.0	0.0	71.6	75.7	5.6
of which: crops & grass	124.3	123.7	-0.5	67.5	70.1	3.8
rough grazing	0.5	0.5	0.0	0.0	0.0	-
Hectares - Total crops	116.0	113.3	-2.3	59.1	60.3	2.0
(of which cereals)	94.5	87.7	-7.2	43.6	42.0	-3.7
Av.no - Dairy cows	0.0	0.0	-	0.0	0.0	-
Av.no - Beef cows	7.5	13.5	80.3	0.0	0.0	-
Av.no - Other cattle	26.4	26.5	0.6	8.3	9.6	15.9
Av.no - Ewes	11.1	9.1	-18.7	0.0	0.0	-
Av.no - Sows/gilts	0.0	0.0	-	0.0	0.0	-
Crop output :	**£ per farm**			**£ per farm**		
Cereals	90,242	93,780	3.9	33,967	32,455	-4.5
Potatoes	2,911	0	-100.0	64,771	39,439	-39.1
Misc. crop output	30,402	49,435	62.6	10,172	14,757	45.1
Total crop output	**123,555**	**143,215**	**15.9**	**108,910**	**86,651**	**-20.4**
Livestock output :						
Cattle rearing & fattening	10,537	15,872	50.6	3,041	5,429	78.6
Cattle - dairy	0	0	-	0	0	-
Milk	0	0	-	0	0	-
Sheep & wool	1,055	716	-32.1	0	0	-
Pigs	0	0	-	0	0	-
Poultry & eggs	0	0	-	0	0	-
Other livestock	0	0	-	0	0	-
Total livestock output	**11,592**	**16,588**	**43.1**	**3,041**	**5,429**	**78.6**
Single Payment	30,928	33,106	7.0	14,236	15,533	9.1
ANC/LFA Compensatory scheme	0	0	-	0	0	-
Agri Environment schemes	4,348	0	-100.0	876	0	-100.0
Miscellaneous subsidies	619	1,151	85.9	40	446	1014.7
Miscellaneous revenue	15,328	15,569	1.6	2,375	2,734	15.1
On farm - non farm income	0	0	-	0	0	-
Adjustments for disposal of previous year's crop	1,122	1,182	5.3	707	0	-100.0
Total farm output	**187,493**	**210,810**	**12.4**	**130,184**	**110,793**	**-14.9**

Table 1.1 Contd.

	Cereals			General Cropping		
	2016/17	2017/18	% Change	2016/17	2017/18	% Change
Inputs :	**£ per farm**			**£ per farm**		
Purchased concentrate feed & fodder	3,653	3,803	4.1	708	991	40.0
Home grown concentrate feed	157	224	42.9	80	0	-100.0
Veterinary fees & medicines	568	532	-6.3	143	110	-23.0
Other livestock costs	1,014	2,559	152.2	123	96	-21.5
Purchased & home grown seed	7,580	6,966	-8.1	9,320	8,648	-7.2
Fertilisers	21,055	20,954	-0.5	14,043	12,291	-12.5
Other crop costs	18,122	16,545	-8.7	11,219	11,014	-1.8
Regular & casual labour	5,730	6,136	7.1	2,338	3,737	59.8
Machinery excluding depreciation	32,017	31,215	-2.5	20,127	22,651	12.5
Depreciation of plant machinery & vehicles	37,033	40,193	8.5	12,456	9,813	-21.2
Depreciation of buildings & works	8,686	11,066	27.4	98	188	92.2
Land & building inputs	22,557	25,611	13.5	9,833	12,243	24.5
Interest payments	2,981	2,406	-19.3	3,880	3,508	-9.6
Other general farming costs	13,684	15,621	14.2	9,373	11,051	17.9
Total variable costs	**62,437**	**62,830**	**0.6**	**43,690**	**44,198**	**1.2**
Total fixed costs	**112,399**	**121,000**	**7.7**	**50,049**	**52,142**	**4.2**
Total farm inputs	**174,837**	**183,830**	**5.1**	**93,740**	**96,340**	**2.8**
Farm Business Income	**12,656**	**26,980**	**113.2**	**36,445**	**14,453**	**-60.3**
(plus) depreciation of buildings & works	8,686	11,066	27.4	98	188	92.2
(plus) depreciation of plant machinery & vehicles	37,033	40,193	8.5	12,456	9,813	-21.2
(minus) valuation change	-12,576	13,283	205.6	-9,603	3,827	139.9
(equals) cash income	**70,951**	**64,956**	**-8.4**	**58,601**	**20,627**	**-64.8**
(minus) net investment	43,522	68,192	56.7	8,027	865	-89.2
(equals) Cash flow	**27,429**	**-3,236**	**-111.8**	**50,574**	**19,762**	**-60.9**
Average valuations	**215,859**	**219,995**	**1.9**	**67,336**	**57,376**	**-14.8**

Table 1.2 – MIXED & PIG FARMS – ALL SIZES
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2016/17 AND 2017/18[1]

	Mixed			Pigs		
	2016/17	2017/18	% Change	2016/17	2017/18	% Change
Average size of business (SLRs)		2.1			2.8	
Total area of farm (ha)	81.0	81.8	1.0	33.5	31.2	-6.8
of which: crops & grass	77.9	78.7	1.0	31.6	29.3	-7.2
rough grazing	1.2	1.2	0.0	1.0	1.0	0.0
Hectares - Total crops	22.2	22.9	3.2	1.0	1.5	47.9
(of which cereals)	20.7	20.4	-1.4	1.0	1.2	21.1
Av.no - Dairy cows	23.0	23.1	0.6	0.0	0.0	-
Av.no - Beef cows	15.4	15.6	1.6	4.4	1.3	-70.3
Av.no - Other cattle	101.1	93.7	-7.4	29.8	27.8	-6.7
Av.no - Ewes	51.5	49.8	-3.4	98.8	92.7	-6.2
Av.no - Sows/gilts	14.2	14.9	4.9	155.3	169.4	9.1
Crop output :	**£ per farm**			**£ per farm**		
Cereals	17,033	19,077	12.0	945	704	-25.5
Potatoes	3,371	2,503	-25.8	0	0	-
Misc. crop output	5,012	5,458	8.9	978	-259	-126.5
Total crop output	**25,416**	**27,038**	**6.4**	**1,923**	**446**	**-76.8**
Livestock output :						
Cattle rearing & fattening	45,443	52,478	15.5	12,295	17,411	41.6
Cattle - dairy	-2,095	-2,172	-3.7	0	0	-
Milk	34,757	48,038	38.2	0	0	-
Sheep & wool	6,154	6,116	-0.6	14,289	14,446	1.1
Pigs	36,225	45,008	24.2	300,704	386,522	28.5
Poultry & eggs	6,095	5,949	-2.4	0	0	-
Other livestock	0	0	-	0	0	-
Total livestock output	**126,579**	**155,417**	**22.8**	**327,287**	**418,379**	**27.8**
Single Payment	25,820	26,178	1.4	10,112	9,090	-10.1
ANC/LFA Compensatory scheme	50	56	12.3	342	355	3.8
Agri Environment schemes	1,533	381	-75.1	32	0	-100.0
Miscellaneous subsidies	480	1,425	197.1	197	3,369	1606.5
Miscellaneous revenue	7,569	8,840	16.8	3,298	4,072	23.4
On farm - non farm income	0	0	-	0	0	-
Adjustments for disposal of previous year's crop	80	623	676.2	0	0	-
Total farm output	**187,526**	**219,958**	**17.3**	**343,192**	**435,709**	**27.0**

Table 1.2 Contd.

	Mixed			Pigs		
	2016/17	2017/18	% Change	2016/17	2017/18	% Change
Inputs :	**£ per farm**			**£ per farm**		
Purchased concentrate feed & fodder	49,072	57,154	16.5	189,418	221,091	16.7
Home grown concentrate feed	3,226	3,943	22.2	0	0	-
Veterinary fees & medicines	4,280	4,631	8.2	16,496	16,837	2.1
Other livestock costs	5,703	5,097	-10.6	20,189	17,180	-14.9
Purchased & home grown seed	2,405	2,575	7.1	74	104	41.1
Fertilisers	9,241	8,632	-6.6	499	1,176	135.6
Other crop costs	4,367	4,792	9.7	608	359	-40.9
Regular & casual labour	10,996	11,552	5.1	9,580	10,739	12.1
Machinery excluding depreciation	19,520	20,430	4.7	8,069	12,164	50.8
Depreciation of plant machinery & vehicles	12,626	16,844	33.4	9,786	9,076	-7.3
Depreciation of buildings & works	14,149	14,999	6.0	23,991	31,378	30.8
Land & building inputs	9,597	10,242	6.7	6,996	11,665	66.7
Interest payments	3,256	2,975	-8.6	3,010	1,826	-39.3
Other general farming costs	10,855	11,178	3.0	15,161	15,926	5.0
Total variable costs	**88,243**	**96,645**	**9.5**	**236,150**	**268,110**	**13.5**
Total fixed costs	**71,049**	**78,399**	**10.3**	**67,727**	**81,412**	**20.2**
Total farm inputs	**159,292**	**175,044**	**9.9**	**303,877**	**349,522**	**15.0**
Farm Business Income	**28,234**	**44,914**	**59.1**	**39,315**	**86,188**	**119.2**
(plus) depreciation of buildings & works	14,149	14,999	6.0	23,991	31,378	30.8
(plus) depreciation of plant machinery & vehicles	12,626	16,844	33.4	9,786	9,076	-7.3
(minus) valuation change	1,083	-6,105	-663.7	11,765	-2,758	-123.4
(equals) cash income	**53,926**	**82,862**	**53.7**	**61,328**	**129,399**	**111.0**
(minus) net investment	20,256	44,970	122.0	31,413	79,621	153.5
(equals) Cash flow	**33,670**	**37,892**	**12.5**	**29,915**	**49,777**	**66.4**
Average valuations	**190,698**	**194,524**	**2.0**	**155,390**	**160,085**	**3.0**

TABLE 1.3 LOWLAND CATTLE AND SHEEP OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2016/17 AND 2017/18[1]

	0.5 < 1 SLR			1 < 2 SLR			All SIZES		
	2016/17	2017/18	% Change	2016/17	2017/18	% Change	2016/17	2017/18	% Change
Average size of business (SLRs)		0.8			1.3			1.2	
Total area of farm (ha)	50.0	49.7	-0.6	72.1	72.0	-0.1	66.7	66.4	-0.5
of which: crops & grass	47.2	46.9	-0.6	70.7	70.7	-0.1	63.0	62.7	-0.6
rough grazing	1.1	1.1	0.0	0.2	0.2	0.0	1.0	1.0	0.0
Size of enterprises :									
Hectares - Total crops	3.4	3.2	-5.9	5.0	4.7	-6.7	4.3	4.0	-6.9
Av.no - Dairy cows	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Av.no - Beef cows	20.1	19.3	-4.0	36.3	35.9	-1.1	32.1	30.9	-3.9
Av.no - Other cattle	53.8	55.4	3.0	121.3	125.6	3.5	96.2	95.8	-0.5
Av.no - Ewes	67.9	67.5	-0.5	77.0	73.1	-5.0	88.2	87.7	-0.5
Av.no - Sows/gilts	0.0	0.0	-	2.5	0.8	-68.4	0.8	0.2	-68.5
Crop output :	**£ per farm**			**£ per farm**			**£ per farm**		
Cereals	1,909	1,577	-17.4	2,910	3,225	10.8	2,294	2,385	4.0
Potatoes	0	0	-	0	0	-	410	191	-53.4
Misc. crop output	1,569	868	-44.7	336	1,321	292.7	1,321	813	-38.5
Total crop output	**3,478**	**2,445**	**-29.7**	**3,247**	**4,546**	**40.0**	**4,025**	**3,389**	**-15.8**
Livestock output :									
Cattle rearing & fattening	23,617	27,207	15.2	53,152	64,201	20.8	45,762	52,059	13.8
Cattle - dairy	0	0	-	0	0	-	0	0	-
Milk	0	0	-	0	0	-	0	0	-
Sheep & wool	6,392	6,376	-0.3	8,172	8,348	2.2	9,048	9,247	2.2
Pigs	0	0	-	2,983	1,160	-61.1	915	356	-61.1
Poultry & eggs	0	0	-	0	0	-	0	0	-
Other livestock	0	0	-	0	0	-	0	0	-
Total livestock output	**30,009**	**33,582**	**11.9**	**64,307**	**73,710**	**14.6**	**55,725**	**61,662**	**10.7**
Single Payment	15,978	16,032	0.3	22,906	24,090	5.2	22,550	22,915	1.6
ANC/LFA Compensatory scheme	0	0	-	32	51	59.4	93	99	5.5
Agri Environment schemes	699	500	-28.5	823	738	-10.3	761	607	-20.2
Miscellaneous subsidies	62	108	73.3	123	481	290.9	304	428	40.8
Miscellaneous revenue	3,527	3,294	-6.6	1,611	1,110	-31.1	2,911	2,817	-3.3
On farm - non farm income	1,375	1,375	0.0	0	0	-	797	797	0.0
Adjustments for disposal of previous year's crop	-7	7	197.0	3	1	-73.2	37	13	-63.6
Total farm output	**55,121**	**57,343**	**4.0**	**93,052**	**104,728**	**12.5**	**87,203**	**92,727**	**6.3**

Table 1.3 Contd.

	0.5 < 1 SLR			1 < 2 SLR			All SIZES		
	2016/17	2017/18	% Change	2016/17	2017/18	% Change	2016/17	2017/18	% Change
Inputs :	**£ per farm**			**£ per farm**			**£ per farm**		
Purchased concentrate feed & fodder	5,924	7,157	20.8	15,312	17,680	15.5	14,219	15,550	9.4
Home grown concentrate feed	496	605	22.0	1,649	1,735	5.2	1,103	1,394	26.3
Veterinary fees & medicines	1,620	1,599	-1.3	3,289	3,078	-6.4	2,913	2,842	-2.5
Other livestock costs	1,608	1,718	6.8	3,318	3,452	4.1	2,535	2,878	13.5
Purchased & home grown seed	351	289	-17.6	654	644	-1.6	558	481	-13.9
Fertilisers	3,453	3,643	5.5	5,930	6,459	8.9	5,174	5,566	7.6
Other crop costs	728	663	-8.8	1,868	1,864	-0.2	1,306	1,433	9.7
Regular & casual labour	712	756	6.3	949	915	-3.6	1,229	1,310	6.6
Machinery excluding depreciation	8,547	8,777	2.7	11,741	13,440	14.5	11,156	12,060	8.1
Depreciation of plant machinery & vehicles	5,430	5,067	-6.7	10,622	11,212	5.6	9,416	9,368	-0.5
Depreciation of buildings & works	2,674	2,818	5.4	5,949	6,046	1.6	5,531	5,705	3.2
Land & building inputs	5,351	6,050	13.1	8,858	8,674	-2.1	8,447	9,489	12.3
Interest payments	397	341	-14.2	1,062	1,027	-3.3	995	960	-3.6
Other general farming costs	6,151	6,326	2.8	6,741	6,834	1.4	6,802	7,055	3.7
Total variable costs	**18,444**	**19,516**	**5.8**	**36,954**	**40,344**	**9.2**	**32,996**	**35,213**	**6.7**
Total fixed costs	**24,999**	**26,293**	**5.2**	**40,988**	**42,716**	**4.2**	**38,390**	**40,877**	**6.5**
Total farm inputs	**43,443**	**45,809**	**5.4**	**77,941**	**83,060**	**6.6**	**71,386**	**76,090**	**6.6**
Farm Business Income	**11,679**	**11,534**	**-1.2**	**15,111**	**21,667**	**43.4**	**15,817**	**16,637**	**5.2**
(plus) depreciation of buildings & works	2,674	2,818	5.4	5,949	6,046	1.6	5,531	5,705	3.2
(plus) depreciation of plant machinery & vehicles	5,430	5,067	-6.7	10,622	11,212	5.6	9,416	9,368	-0.5
(minus) valuation change	1,367	907	-33.6	4,854	3,006	-38.1	4,970	-2,235	-145.0
(equals) cash income	**18,417**	**18,511**	**0.5**	**26,828**	**35,920**	**33.9**	**25,794**	**33,945**	**31.6**
(minus) net investment	-8,294	10,883	231.2	16,642	17,123	2.9	4,927	16,179	228.3
(equals) Cash flow	**26,710**	**7,627**	**-71.4**	**10,186**	**18,797**	**84.5**	**20,866**	**17,766**	**-14.9**
Average valuations	**86,231**	**86,688**	**0.5**	**162,120**	**168,578**	**4.0**	**141,345**	**144,013**	**1.9**

TABLE 1.4 – DAIRY FARMS
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2016/17 AND 2017/18[1]

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2016/17	2017/18	% Change	2016/17	2017/18	% Change	2016/17	2017/18	% Change	2016/17	2017/18	% Change
Average size of business (SLRs)		0.8			1.5			2.5			5.1	
Total area of farm (ha)	29.0	30.4	4.7	48.0	48.1	0.2	69.6	72.1	3.6	132.2	132.4	0.1
of which: crops & grass	27.8	27.8	0.0	46.0	46.1	0.3	64.6	66.0	2.1	126.9	126.1	-0.7
rough grazing	0.4	0.4	0.0	0.7	0.7	0.0	3.6	4.7	30.6	3.3	4.1	24.0
Size of enterprises :												
Hectares - Total crops	0.4	0.2	-46.2	1.0	0.9	-13.4	0.8	1.2	48.9	4.7	4.4	-6.1
Av.no - Dairy cows	29.2	29.8	1.9	56.3	56.5	0.5	96.4	96.0	-0.3	206.9	209.0	1.0
Av.no - Beef cows	0.0	1.2	-	4.4	4.4	0.5	1.9	1.9	1.1	1.8	1.9	8.1
Av.no - Other cattle	21.2	20.5	-3.5	48.6	49.8	2.4	74.0	78.3	5.8	150.4	154.9	3.0
Av.no - Ewes	0.0	0.0	-	6.2	6.1	-0.3	6.7	8.0	19.6	9.1	11.5	27.0
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	221	162	-26.8	474	454	-4.4	269	730	171.7	1,988	2,055	3.4
Potatoes	0	0	-	0	0	-	0	0	-	0	0	-
Misc. crop output	-20	-253	-1197.3	338	-416	-223.3	218	-138	-163.4	161	-1,658	-1132.1
Total crop output	**201**	**-92**	**-145.7**	**812**	**38**	**-95.4**	**487**	**591**	**21.5**	**2,149**	**397**	**-81.5**
Livestock output :												
Cattle rearing & fattening	9,081	11,113	22.4	18,885	20,990	11.1	29,518	32,477	10.0	59,379	64,278	8.3
Cattle - dairy	671	886	32.2	-366	-312	14.6	-5,274	-4,869	7.7	-16,989	-15,604	8.2
Milk	27,458	38,812	41.3	61,302	88,888	45.0	114,034	172,058	50.9	290,066	407,779	40.6
Sheep & wool	0	0	-	935	763	-18.4	543	489	-10.0	870	1,030	18.3
Pigs	0	0	-	0	0	-	0	0	-	0	0	-
Poultry & eggs	0	0	-	0	0	-	864	939	8.6	621	827	33.1
Other livestock	0	0	-	2	15	880.9	0	0	-	0	0	-
Total livestock output	**37,210**	**50,811**	**36.6**	**80,758**	**110,344**	**36.6**	**139,685**	**201,095**	**44.0**	**333,948**	**458,310**	**37.2**
Single Payment	7,083	7,469	5.4	12,375	12,992	5.0	18,117	19,011	4.9	35,457	37,799	6.6
ANC/LFA Compensatory scheme	472	497	5.2	196	191	-2.6	198	198	0.1	72	81	12.8
Agri Environment schemes	174	0	-100.0	400	37	-90.8	400	134	-66.5	504	308	-38.9
Miscellaneous subsidies	91	378	318.0	571	917	60.5	843	1,658	96.7	1,612	1,439	-10.8
Miscellaneous revenue	60	51	-15.6	561	628	12.0	5,496	4,390	-20.1	5,137	6,216	21.0
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	**45,291**	**59,114**	**30.5**	**95,673**	**125,147**	**30.8**	**165,226**	**227,077**	**37.4**	**378,879**	**504,550**	**33.2**

Table 1.4 Contd.

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2016/17	2017/18	% Change	2016/17	2017/18	% Change	2016/17	2017/18	% Change	2016/17	2017/18	% Change
Inputs :	**£ per farm**			**£ per farm**			**£ per farm**			**£ per farm**		
Purchased concentrate feed & fodder	11,880	13,223	11.3	22,974	27,648	20.3	46,545	57,889	24.4	125,393	156,003	24.4
Home grown concentrate feed	4,701	6,414	36.4	2,032	2,712	33.5	2,494	3,635	45.7	5,188	5,812	12.0
Veterinary fees & medicines	1,585	1,845	16.4	3,330	3,734	12.1	5,380	5,812	8.0	12,649	14,356	13.5
Other livestock costs	2,121	2,003	-5.6	4,232	4,861	14.9	7,341	9,198	25.3	18,749	22,536	20.2
Purchased & home grown seed	73	53	-28.3	165	181	10.0	139	347	149.5	927	1,080	16.5
Fertilisers	1,733	1,757	1.4	5,339	5,362	0.4	8,389	9,347	11.4	15,975	18,812	17.8
Other crop costs	291	273	-6.3	610	736	20.7	971	1,383	42.5	3,559	4,239	19.1
Regular & casual labour	389	526	35.4	865	1,219	40.9	3,672	4,740	29.1	14,032	15,828	12.8
Machinery excluding depreciation	5,577	6,415	15.0	11,030	12,593	14.2	17,370	19,749	13.7	38,737	47,435	22.5
Depreciation of plant machinery & vehicles	2,336	2,139	-8.4	7,405	7,095	-4.2	11,553	11,884	2.9	21,068	23,643	12.2
Depreciation of buildings & works	3,236	2,896	-10.5	7,274	6,659	-8.5	16,390	14,745	-10.0	34,933	32,614	-6.6
Land & building inputs	2,112	3,084	46.0	5,554	6,615	19.1	9,686	11,586	19.6	25,621	26,333	2.8
Interest payments	71	50	-28.7	1,053	1,111	5.5	3,502	3,107	-11.3	9,351	8,529	-8.8
Other general farming costs	5,678	5,934	4.5	8,374	8,405	0.4	10,360	11,369	9.7	19,817	21,594	9.0
Total variable costs	**25,186**	**28,921**	**14.8**	**44,617**	**52,136**	**16.9**	**81,867**	**100,338**	**22.6**	**209,344**	**254,669**	**21.7**
Total fixed costs	**16,598**	**17,691**	**6.6**	**35,620**	**36,794**	**3.3**	**61,925**	**64,452**	**4.1**	**136,656**	**144,144**	**5.5**
Total farm inputs	**41,784**	**46,612**	**11.6**	**80,237**	**88,930**	**10.8**	**143,792**	**164,791**	**14.6**	**346,000**	**398,813**	**15.3**
Farm Business Income	**3,507**	**12,502**	**256.5**	**15,436**	**36,216**	**134.6**	**21,434**	**62,286**	**190.6**	**32,879**	**105,737**	**221.6**
(plus) depreciation of buildings & works	3,236	2,896	-10.5	7,274	6,659	-8.5	16,390	14,745	-10.0	34,933	32,614	-6.6
(plus) depreciation of plant machinery & vehicles	2,336	2,139	-8.4	7,405	7,095	-4.2	11,553	11,884	2.9	21,068	23,643	12.2
(minus) valuation change	-1,906	2,434	227.7	-1,541	1,833	218.9	784	2,485	217.0	1,249	1,938	55.2
(equals) cash income	**10,985**	**15,103**	**37.5**	**31,657**	**48,138**	**52.1**	**48,592**	**86,430**	**77.9**	**87,631**	**160,056**	**82.6**
(minus) net investment	5,276	2,987	-43.4	20,951	13,246	-36.8	9,499	24,324	156.1	33,052	55,067	66.6
(equals) Cash flow	**5,709**	**12,116**	**112.2**	**10,706**	**34,892**	**225.9**	**39,093**	**62,106**	**58.9**	**54,579**	**104,989**	**92.4**
Average valuations	**40,073**	**41,929**	**4.6**	**103,639**	**106,088**	**2.4**	**171,134**	**173,363**	**1.3**	**351,436**	**358,036**	**1.9**

TABLE 1.5 – LFA CATTLE AND SHEEP OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2016/17 AND 2017/18[1]

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2016/17	2017/18	% Change	2016/17	2017/18	% Change	2016/17	2017/18	% Change	2016/17	2017/18	% Change
Average size of business (SLRs)		0.7			1.4			2.4			3.7	
Total area of farm (ha)	66.7	66.7	0.0	116.0	116.8	0.8	258.4	253.2	-2.0	244.2	248.5	1.8
of which: crops & grass	43.2	43.0	-0.5	73.5	74.2	1.0	93.6	96.1	2.7	199.7	204.1	2.2
rough grazing	16.0	16.1	0.4	31.6	31.6	0.1	107.9	100.3	-7.1	28.9	28.9	-0.1
Size of enterprises :												
Hectares - Total crops	0.6	0.7	22.0	1.1	0.9	-18.4	1.6	1.6	-2.2	3.9	4.3	11.7
Av.no - Dairy cows	0.8	0.3	-53.7	0.6	0.6	2.2	10.4	11.4	9.9	0.0	0.0	-
Av.no - Beef cows	23.5	22.7	-3.5	41.5	40.2	-3.3	58.1	54.0	-7.1	98.2	105.0	6.9
Av.no - Other cattle	41.3	41.3	0.0	73.4	74.0	0.8	129.8	139.0	7.1	300.9	295.7	-1.7
Av.no - Ewes	91.6	87.7	-4.3	207.8	212.5	2.3	338.4	320.1	-5.4	424.5	412.5	-2.8
Av.no - Sows/gilts	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Crop output :	**£ per farm**			**£ per farm**			**£ per farm**			**£ per farm**		
Cereals	34	24	-29.5	756	645	-14.7	1,041	1,021	-2.0	1,810	380	-79.0
Potatoes	0	0	-	0	0	-	0	0	-	0	0	-
Misc. crop output	227	109	-52.1	76	-693	-1011.1	129	-1,580	-1320.6	2,963	-1,531	-151.7
Total crop output	**261**	**133**	**-49.2**	**832**	**-48**	**-105.8**	**1,171**	**-559**	**-147.7**	**4,773**	**-1,150**	**-124.1**
Livestock output :												
Cattle rearing & fattening	19,562	21,283	8.8	40,982	40,441	-1.3	59,164	64,612	9.2	128,224	146,835	14.5
Cattle - dairy	-14	33	334.1	15	50	233.9	-1,891	-186	90.2	0	0	-
Milk	479	280	-41.6	654	905	38.4	8,305	9,615	15.8	0	0	-
Sheep & wool	8,841	8,663	-2.0	20,504	20,781	1.4	21,508	20,666	-3.9	47,685	50,459	5.8
Pigs	0	0	-	0	0	-	0	0	-	0	0	-
Poultry & eggs	0	0	-	0	0	-	0	0	-	0	0	-
Other livestock	0	2	-	34	0	-100.0	0	0	-	499	0	-100.0
Total livestock output	**28,867**	**30,261**	**4.8**	**62,189**	**62,177**	**0.0**	**87,087**	**94,708**	**8.8**	**176,408**	**197,294**	**11.8**
Single Payment	17,685	18,508	4.7	28,408	30,245	6.5	62,497	64,161	2.7	78,382	81,520	4.0
ANC/LFA Compensatory scheme	2,212	2,267	2.5	3,767	3,841	2.0	9,305	9,227	-0.8	4,853	4,833	-0.4
Agri Environment schemes	2,169	839	-61.3	1,536	567	-63.1	5,265	937	-82.2	1,497	0	-100.0
Miscellaneous subsidies	105	206	96.4	412	750	82.2	528	880	66.7	269	973	262.1
Miscellaneous revenue	1,612	1,703	5.7	670	753	12.4	3,867	1,845	-52.3	23,185	28,633	23.5
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	**52,910**	**53,917**	**1.9**	**97,814**	**98,285**	**0.5**	**169,718**	**171,199**	**0.9**	**289,367**	**312,103**	**7.9**

Table 1.5 Contd.

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2016/17	2017/18	% Change	2016/17	2017/18	% Change	2016/17	2017/18	% Change	2016/17	2017/18	% Change
Inputs :	**£ per farm**			**£ per farm**			**£ per farm**			**£ per farm**		
Purchased concentrate feed & fodder	7,392	8,137	10.1	13,909	15,713	13.0	27,193	32,836	20.8	39,963	43,395	8.6
Home grown concentrate feed	98	56	-43.4	825	770	-6.7	1,746	2,329	33.4	1,859	800	-57.0
Veterinary fees & medicines	1,995	2,182	9.4	4,435	4,247	-4.2	6,427	5,741	-10.7	11,823	11,139	-5.8
Other livestock costs	1,287	1,397	8.5	3,144	3,231	2.8	4,484	4,159	-7.3	5,479	7,663	39.9
Purchased & home grown seed	41	102	150.1	224	247	10.1	292	195	-33.2	715	459	-35.8
Fertilisers	3,218	3,389	5.3	6,370	7,164	12.5	7,285	8,181	12.3	13,881	14,199	2.3
Other crop costs	466	523	12.2	1,250	942	-24.6	1,110	1,078	-2.9	1,190	1,421	19.4
Regular & casual labour	667	805	20.7	3,050	2,988	-2.1	3,826	5,047	31.9	4,553	3,941	-13.5
Machinery excluding depreciation	7,849	7,748	-1.3	10,903	11,684	7.2	18,607	16,989	-8.7	25,046	30,870	23.3
Depreciation of plant machinery & vehicles	5,527	5,237	-5.2	9,377	9,506	1.4	13,447	12,936	-3.8	17,363	18,798	8.3
Depreciation of buildings & works	3,116	2,909	-6.7	7,445	7,256	-2.5	10,862	10,538	-3.0	11,869	10,076	-15.1
Land & building inputs	4,095	4,906	19.8	8,380	8,787	4.9	14,623	16,372	12.0	15,898	17,022	7.1
Interest payments	309	300	-3.1	623	677	8.7	1,664	1,197	-28.1	6,993	6,922	-1.0
Other general farming costs	4,949	4,999	1.0	5,804	5,893	1.5	9,120	8,654	-5.1	13,265	13,604	2.6
Total variable costs	**17,685**	**18,988**	**7.4**	**35,275**	**37,539**	**6.4**	**59,114**	**64,194**	**8.6**	**87,832**	**92,223**	**5.0**
Total fixed costs	**23,325**	**23,700**	**1.6**	**40,464**	**41,567**	**2.7**	**61,571**	**62,060**	**0.8**	**82,065**	**88,085**	**7.3**
Total farm inputs	**41,009**	**42,688**	**4.1**	**75,739**	**79,106**	**4.4**	**120,686**	**126,253**	**4.6**	**169,897**	**180,308**	**6.1**
Farm Business Income	**11,901**	**11,229**	**-5.6**	**22,075**	**19,179**	**-13.1**	**49,033**	**44,946**	**-8.3**	**119,470**	**131,795**	**10.3**
(plus) depreciation of buildings & works	3,116	2,909	-6.7	7,445	7,256	-2.5	10,862	10,538	-3.0	11,869	10,076	-15.1
(plus) depreciation of plant machinery & vehicles	5,527	5,237	-5.2	9,377	9,506	1.4	13,447	12,936	-3.8	17,363	18,798	8.3
(minus) valuation change	1,256	-461	-136.7	1,675	2,132	27.3	11,053	5,806	-47.5	8,570	16,000	86.7
(equals) cash income	**19,288**	**19,836**	**2.8**	**37,222**	**33,810**	**-9.2**	**62,289**	**62,614**	**0.5**	**140,132**	**144,668**	**3.2**
(minus) net investment	6,273	5,406	-13.8	12,843	17,010	32.4	19,230	7,159	-62.8	42,737	27,302	-36.1
(equals) Cash flow	**13,015**	**14,430**	**10.9**	**24,379**	**16,800**	**-31.1**	**43,059**	**55,455**	**28.8**	**97,395**	**117,366**	**20.5**
Average valuations	**74,394**	**75,132**	**1.0**	**139,306**	**142,017**	**1.9**	**219,652**	**235,066**	**7.0**	**377,841**	**396,611**	**5.0**

TABLE 1.6 – DAIRY AND LFA CATTLE AND SHEEP – ALL SIZES OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2016/17 AND 2017/18[1]

	Dairy			LFA Cattle & Sheep		
	2016/17	2017/18	% Change	2016/17	2017/18	% Change
Average size of business (SLRs)		3.1			1.1	
Total area of farm (ha)	85.2	86.0	0.9	94.6	94.6	0.0
of which: crops & grass	81.2	81.2	0.0	57.5	57.8	0.5
rough grazing	2.4	3.0	23.9	25.7	25.4	-1.5
Hectares - Total crops	2.4	2.3	-3.2	0.9	0.9	3.7
Av.no - Dairy cows	123.7	124.6	0.7	1.2	1.0	-16.2
Av.no - Beef cows	2.4	2.5	7.1	31.9	30.9	-3.2
Av.no - Other cattle	93.0	96.1	3.3	60.3	60.9	1.0
Av.no - Ewes	6.9	8.2	18.5	144.2	141.7	-1.7
Av.no - Sows/gilts	0.0	0.0	-	0.0	0.0	-
Crop output :	**£ per farm**			**£ per farm**		
Cereals	1,011	1,135	12.3	325	259	-20.5
Potatoes	0	0	-	0	0	-
Misc. crop output	208	-834	-500.7	235	-241	-202.6
Total crop output	**1,219**	**301**	**-75.3**	**560**	**18**	**-96.7**
Livestock output :						
Cattle rearing & fattening	36,759	40,177	9.3	29,877	31,519	5.5
Cattle - dairy	-8,086	-7,403	8.4	-111	25	122.3
Milk	162,395	231,829	42.8	958	972	1.5
Sheep & wool	737	740	0.4	13,553	13,522	-0.2
Pigs	0	0	-	0	0	-
Poultry & eggs	452	551	22.1	0	0	-
Other livestock	0	4	869.8	19	1	-94.0
Total livestock output	**192,257**	**265,899**	**38.3**	**44,296**	**46,039**	**3.9**
Single Payment	22,514	23,867	6.0	24,379	25,576	4.9
ANC/LFA Compensatory scheme	170	175	2.6	3,094	3,145	1.7
Agri Environment schemes	422	165	-60.9	2,154	753	-65.1
Miscellaneous subsidies	1,011	1,254	24.0	217	409	88.9
Miscellaneous revenue	3,509	3,699	5.4	1,908	1,985	4.0
On farm - non farm income	0	0	-	0	0	-
Adjustments for disposal of previous year's crop	0	0	-	0	0	-
Total farm output	**221,102**	**295,359**	**33.6**	**76,608**	**77,925**	**1.7**

Table 1.6 Contd.

	Dairy			LFA Cattle & Sheep		
	2016/17	2017/18	% Change	2016/17	2017/18	% Change
Inputs :	**£ per farm**			**£ per farm**		
Purchased concentrate feed & fodder	68,572	84,913	23.8	10,957	12,324	12.5
Home grown concentrate feed	3,632	4,486	23.5	427	396	-7.3
Veterinary fees & medicines	7,394	8,314	12.4	3,115	3,131	0.5
Other livestock costs	10,595	12,713	20.0	2,064	2,184	5.8
Purchased & home grown seed	456	569	24.7	119	154	29.7
Fertilisers	10,006	11,375	13.7	4,531	4,918	8.5
Other crop costs	1,848	2,251	21.8	733	688	-6.2
Regular & casual labour	6,756	7,836	16.0	1,581	1,710	8.1
Machinery excluding depreciation	23,148	27,697	19.7	9,641	9,817	1.8
Depreciation of plant machinery & vehicles	13,417	14,422	7.5	7,273	7,121	-2.1
Depreciation of buildings & works	20,144	18,629	-7.5	4,924	4,683	-4.9
Land & building inputs	14,266	15,376	7.8	6,108	6,865	12.4
Interest payments	4,867	4,459	-8.4	605	586	-3.1
Other general farming costs	13,192	14,171	7.4	5,585	5,623	0.7
Total variable costs	**117,664**	**142,570**	**21.2**	**26,277**	**28,120**	**7.0**
Total fixed costs	**80,629**	**84,641**	**5.0**	**31,386**	**32,081**	**2.2**
Total farm inputs	**198,293**	**227,211**	**14.6**	**57,663**	**60,201**	**4.4**
Farm Business Income	**22,809**	**68,148**	**198.8**	**18,945**	**17,725**	**-6.4**
(plus) depreciation of buildings & works	20,144	18,629	-7.5	4,924	4,683	-4.9
(plus) depreciation of plant machinery & vehicles	13,417	14,422	7.5	7,273	7,121	-2.1
(minus) valuation change	91	2,079	2196.0	2,069	937	-54.7
(equals) cash income	**56,280**	**99,119**	**76.1**	**29,073**	**28,592**	**-1.7**
(minus) net investment	21,771	31,717	45.7	9,545	9,151	-4.1
(equals) Cash flow	**34,509**	**67,403**	**95.3**	**19,528**	**19,442**	**-0.4**
Average valuations	**213,279**	**217,288**	**1.9**	**106,560**	**109,028**	**2.3**

TABLE 1.7 – ALL TYPES – 4 SIZE GROUPS
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2016/17 AND 2017/18[1]

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			All Sizes		
	2016/17	2017/18	% Change	2016/17	2017/18	% Change	2016/17	2017/18	% Change	2016/17	2017/18	% Change
Average size of business (SLRs)		0.7			1.4			2.4			1.7	
Total area of farm (ha)	59.6	59.5	0.0	84.6	85.1	0.6	119.8	119.9	0.0	85.1	85.3	0.2
of which: crops & grass	43.1	42.9	-0.5	64.6	65.0	0.6	77.5	78.6	1.4	66.0	66.1	0.1
rough grazing	10.9	11.0	0.3	14.5	14.5	0.1	26.4	25.3	-4.1	12.8	12.8	-0.1
Size of enterprises :												
Hectares - Total crops	1.7	1.7	1.5	3.4	3.2	-5.9	5.7	6.0	4.9	3.8	3.7	-0.9
Av.no - Dairy cows	2.1	1.8	-11.7	15.7	15.8	0.5	58.1	58.2	0.2	36.1	36.2	0.5
Av.no - Beef cows	21.1	20.5	-3.1	27.6	26.9	-2.7	21.3	20.0	-6.1	22.3	21.6	-3.0
Av.no - Other cattle	43.5	43.9	0.8	77.2	78.1	1.1	92.0	96.0	4.4	77.0	77.7	0.9
Av.no - Ewes	78.5	75.8	-3.4	113.8	115.0	1.0	121.1	118.9	-1.8	89.1	88.0	-1.2
Av.no - Sows/gilts	0.5	0.4	-1.8	1.7	1.5	-12.0	3.4	3.5	5.4	3.2	3.4	4.8
Crop output :	**£ per farm**			**£ per farm**			**£ per farm**			**£ per farm**		
Cereals	909	772	-15.1	1,880	1,789	-4.9	3,386	4,313	27.4	2,257	2,369	5.0
Potatoes	0	0	-	1,099	687	-37.5	1,772	1,115	-37.1	597	361	-39.4
Misc. crop output	642	388	-39.5	539	300	-44.3	1,605	1,081	-32.6	859	377	-56.2
Total crop output	**1,551**	**1,160**	**-25.2**	**3,519**	**2,777**	**-21.1**	**6,763**	**6,509**	**-3.7**	**3,713**	**3,107**	**-16.3**
Livestock output :												
Cattle rearing & fattening	20,147	22,556	12.0	36,934	39,961	8.2	39,818	43,814	10.0	34,939	38,268	9.5
Cattle - dairy	26	69	162.9	-94	-63	32.5	-3,451	-2,897	16.1	-2,398	-2,147	10.4
Milk	1,777	2,248	26.5	17,113	24,795	44.9	68,550	102,404	49.4	47,260	67,219	42.2
Sheep & wool	7,602	7,485	-1.5	11,498	11,622	1.1	9,848	9,665	-1.9	8,675	8,699	0.3
Pigs	1,201	1,459	21.5	2,812	3,219	14.5	9,307	11,586	24.5	6,542	8,188	25.2
Poultry & eggs	0	0	-	328	341	4.0	949	985	3.8	378	400	5.8
Other livestock	0	1	-	16	4	-74.2	0	0	-	9	2	-81.3
Total livestock output	**30,752**	**33,817**	**10.0**	**68,608**	**79,880**	**16.4**	**125,022**	**165,557**	**32.4**	**95,405**	**120,629**	**26.4**
Single Payment	16,468	17,066	3.6	22,376	23,622	5.6	31,242	32,198	3.1	23,314	24,331	4.4
ANC/LFA Compensatory scheme	1,494	1,532	2.5	1,764	1,800	2.1	2,360	2,344	-0.7	1,500	1,526	1.8
Agri Environment schemes	1,666	684	-59.0	1,046	416	-60.2	1,543	452	-70.7	1,349	525	-61.1
Miscellaneous subsidies	97	247	154.9	377	733	94.4	726	1,499	106.4	467	743	59.1
Miscellaneous revenue	2,020	2,036	0.8	1,203	1,228	2.1	5,023	4,208	-16.2	2,877	3,015	4.8
On farm - non farm income	339	339	0.0	0	0	-	0	0	-	152	152	0.0
Adjustments for disposal of previous year's crop	-6	19	429.0	29	22	-22.5	97	17	-82.4	20	35	70.5
Total farm output	**54,382**	**56,900**	**4.6**	**98,920**	**110,478**	**11.7**	**172,777**	**212,784**	**23.2**	**128,797**	**154,064**	**19.6**

Table 1.7 Contd.

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			All Sizes		
	2016/17	2017/18	% Change	2016/17	2017/18	% Change	2016/17	2017/18	% Change	2016/17	2017/18	% Change
Inputs :	**£ per farm**			**£ per farm**			**£ per farm**			**£ per farm**		
Purchased concentrate feed & fodder	8,096	8,920	10.2	18,292	21,476	17.4	41,750	51,112	22.4	32,050	38,350	19.7
Home grown concentrate feed	468	606	29.5	1,354	1,511	11.6	2,418	3,468	43.4	1,557	1,866	19.9
Veterinary fees & medicines	1,939	2,076	7.0	3,710	3,681	-0.8	5,780	6,001	3.8	4,507	4,778	6.0
Other livestock costs	1,538	1,555	1.1	3,384	3,667	8.4	6,213	7,295	17.4	4,966	5,612	13.0
Purchased & home grown seed	157	188	20.1	458	446	-2.7	681	863	26.8	482	515	7.0
Fertilisers	3,270	3,430	4.9	6,039	6,499	7.6	8,482	9,307	9.7	6,454	7,065	9.5
Other crop costs	600	608	1.4	1,372	1,318	-4.0	1,817	2,264	24.6	1,453	1,573	8.2
Regular & casual labour	654	772	18.0	2,423	2,521	4.0	3,978	4,844	21.8	3,504	3,933	12.2
Machinery excluding depreciation	8,013	8,076	0.8	11,388	12,534	10.1	17,967	19,668	9.5	14,264	15,904	11.5
Depreciation of plant machinery & vehicles	5,239	4,930	-5.9	9,515	9,686	1.8	13,240	13,240	0.0	9,848	10,214	3.7
Depreciation of buildings & works	3,008	2,886	-4.1	7,211	6,965	-3.4	14,019	13,188	-5.9	9,976	9,642	-3.3
Land & building inputs	4,237	5,060	19.4	7,672	8,122	5.9	12,822	14,830	15.7	9,101	10,091	10.9
Interest payments	317	291	-8.4	1,039	987	-5.0	3,206	2,774	-13.5	2,050	1,885	-8.1
Other general farming costs	5,374	5,461	1.6	6,967	7,081	1.6	9,982	10,553	5.7	8,380	8,765	4.6
Total variable costs	**19,525**	**20,840**	**6.7**	**40,073**	**44,418**	**10.8**	**77,428**	**91,651**	**18.4**	**59,347**	**68,450**	**15.3**
Total fixed costs	**23,385**	**24,019**	**2.7**	**40,752**	**42,076**	**3.2**	**64,927**	**67,755**	**4.4**	**49,244**	**51,744**	**5.1**
Total farm inputs	**42,910**	**44,859**	**4.5**	**80,825**	**86,494**	**7.0**	**142,355**	**159,406**	**12.0**	**108,591**	**120,194**	**10.7**
Farm Business Income	**11,472**	**12,042**	**5.0**	**18,095**	**23,984**	**32.5**	**30,422**	**53,378**	**75.5**	**20,206**	**33,870**	**67.6**
(plus) depreciation of buildings & works	3,008	2,886	-4.1	7,211	6,965	-3.4	14,019	13,188	-5.9	9,976	9,642	-3.3
(plus) depreciation of plant machinery & vehicles	5,239	4,930	-5.9	9,515	9,686	1.8	13,240	13,240	0.0	9,848	10,214	3.7
(minus) valuation change	1,129	68	-94.0	1,358	1,016	-25.2	3,115	3,250	4.3	2,043	381	-81.3
(equals) cash income	**18,591**	**19,789**	**6.4**	**33,463**	**39,619**	**18.4**	**54,566**	**76,557**	**40.3**	**37,986**	**53,345**	**40.4**
(minus) net investment	2,501	6,461	158.3	16,359	16,120	-1.5	13,979	20,783	48.7	13,048	19,685	50.9
(equals) Cash flow	**16,090**	**13,328**	**-17.2**	**17,104**	**23,499**	**37.4**	**40,587**	**55,773**	**37.4**	**24,938**	**33,660**	**35.0**
Average valuations	**75,887**	**76,557**	**0.9**	**136,025**	**138,845**	**2.1**	**188,758**	**194,106**	**2.8**	**147,649**	**150,617**	**2.0**

INCOMES ON CATTLE & SHEEP (LFA & LOWLAND), DAIRY AND ALL FARM TYPES ABOVE 1SLR IN 2016/17 AND 2017/18[1]

£ PER FARM

		Farm Business Income	Cash Income	Net Farm Income
Dairy	16/17	24,612	60,511	25,417
	17/18	73,346	106,967	70,442
Cattle and Sheep (LFA)	16/17	31,868	47,025	23,220
	17/18	29,641	44,657	21,072
Cattle and Sheep (Lowland)	16/17	21,526	35,970	11,715
	17/18	23,677	55,238	13,237
All Types	**16/17**	**27,334**	**53,815**	**24,072**
	17/18	**51,686**	**80,733**	**46,685**

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

ASSETS AND LIABILITIES OF CEREAL FARMS, 2017/18
AVERAGE FARM SIZE 128.0 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	1,674,311	1,695,772
Other fixed assets	170,041	179,630
TOTAL FIXED ASSETS	**1,844,352**	**1,875,402**
Trading livestock, crops & stores	44,108	46,210
Debtors and short-term lending	5,418	5,572
Cash in hand and at bank	4,667	5,067
TOTAL CURRENT ASSETS	**54,193**	**56,849**
TOTAL ASSETS	**1,898,544**	**1,932,251**
Bank & other institutional loans	30,612	27,080
Family & other loans	0	0
TOTAL LONG-TERM LOANS	**30,612**	**27,080**
Bank overdraft	20,701	15,306
Other short-term borrowing	14,026	32,199
TOTAL SHORT-TERM LOANS	**34,727**	**47,505**
TOTAL EXTERNAL LIABILITIES	**65,339**	**74,585**
NET WORTH	**1,833,206**	**1,857,667**

ASSETS AND LIABILITIES OF GENERAL CROPPING FARMS, 2017/18
AVERAGE FARM SIZE 75.7 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	1,102,076	1,108,188
Other fixed assets	47,836	38,504
TOTAL FIXED ASSETS	**1,149,912**	**1,146,692**
Trading livestock, crops & stores	12,342	16,069
Debtors and short-term lending	0	0
Cash in hand and at bank	758	852
TOTAL CURRENT ASSETS	**13,099**	**16,920**
TOTAL ASSETS	**1,163,011**	**1,163,612**
Bank & other institutional loans	0	0
Family & other loans	0	0
TOTAL LONG-TERM LOANS	**0**	**0**
Bank overdraft	50,504	64,731
Other short-term borrowing	3,308	2,202
TOTAL SHORT-TERM LOANS	**53,812**	**66,933**
TOTAL EXTERNAL LIABILITIES	**53,812**	**66,933**
NET WORTH	**1,109,200**	**1,096,679**

ASSETS AND LIABILITIES OF PIGS FARMS, 2017/18
AVERAGE FARM SIZE 31.2 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	641,456	692,200
Other fixed assets	71,808	65,201
TOTAL FIXED ASSETS	**713,264**	**757,401**
Trading livestock, crops & stores	91,613	92,393
Debtors and short-term lending	4,110	4,172
Cash in hand and at bank	5,376	10,911
TOTAL CURRENT ASSETS	**101,099**	**107,476**
TOTAL ASSETS	**814,362**	**864,878**
Bank & other institutional loans	26,922	23,310
Family & other loans	0	0
TOTAL LONG-TERM LOANS	**26,922**	**23,310**
Bank overdraft	15,380	37,059
Other short-term borrowing	13,590	15,785
TOTAL SHORT-TERM LOANS	**28,970**	**52,844**
TOTAL EXTERNAL LIABILITIES	**55,892**	**76,154**
NET WORTH	**758,470**	**788,724**

ASSETS AND LIABILITIES OF DAIRY FARMS, 2017/18
AVERAGE FARM SIZE 86.0 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	1,193,068	1,198,835
Other fixed assets	151,344	157,717
TOTAL FIXED ASSETS	**1,344,411**	**1,356,552**
Trading livestock, crops & stores	61,708	62,776
Debtors and short-term lending	16,706	20,766
Cash in hand and at bank	7,180	11,488
TOTAL CURRENT ASSETS	**85,595**	**95,030**
TOTAL ASSETS	**1,430,006**	**1,451,582**
Bank & other institutional loans	79,847	72,352
Family & other loans	994	1,013
TOTAL LONG-TERM LOANS	**80,840**	**73,365**
Bank overdraft	29,180	22,531
Other short-term borrowing	15,119	15,865
TOTAL SHORT-TERM LOANS	**44,299**	**38,395**
TOTAL EXTERNAL LIABILITIES	**125,140**	**111,760**
NET WORTH	**1,304,866**	**1,339,822**

ASSETS AND LIABILITIES OF CATTLE AND SHEEP FARMS (LFA), 2017/18
AVERAGE FARM SIZE 94.6 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	1,046,937	1,050,788
Other fixed assets	62,990	63,211
TOTAL FIXED ASSETS	**1,109,927**	**1,113,999**
Trading livestock, crops & stores	44,488	46,192
Debtors and short-term lending	382	674
Cash in hand and at bank	9,320	9,892
TOTAL CURRENT ASSETS	**54,190**	**56,759**
TOTAL ASSETS	**1,164,117**	**1,170,758**
Bank & other institutional loans	7,047	6,225
Family & other loans	0	0
TOTAL LONG-TERM LOANS	**7,047**	**6,225**
Bank overdraft	6,665	7,130
Other short-term borrowing	1,595	2,044
TOTAL SHORT-TERM LOANS	**8,260**	**9,173**
TOTAL EXTERNAL LIABILITIES	**15,306**	**15,398**
NET WORTH	**1,148,811**	**1,155,360**

ASSETS AND LIABILITIES OF CATTLE AND SHEEP FARMS (LOWLAND) 2017/18
AVERAGE FARM SIZE 66.4 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	1,172,968	1,185,051
Other fixed assets	67,205	66,823
TOTAL FIXED ASSETS	**1,240,172**	**1,251,874**
Trading livestock, crops & stores	77,138	75,653
Debtors and short-term lending	449	577
Cash in hand and at bank	12,950	14,815
TOTAL CURRENT ASSETS	**90,536**	**91,045**
TOTAL ASSETS	**1,330,709**	**1,342,920**
Bank & other institutional loans	16,298	15,421
Family & other loans	0	0
TOTAL LONG-TERM LOANS	**16,298**	**15,421**
Bank overdraft	7,462	5,462
Other short-term borrowing	2,936	3,535
TOTAL SHORT-TERM LOANS	**10,398**	**8,996**
TOTAL EXTERNAL LIABILITIES	**26,696**	**24,417**
NET WORTH	**1,304,013**	**1,318,502**

ASSETS AND LIABILITIES OF MIXED FARMS, 2017/18
AVERAGE FARM SIZE 81.8 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	1,645,511	1,652,647
Other fixed assets	89,917	108,680
TOTAL FIXED ASSETS	**1,735,428**	**1,761,327**
Trading livestock, crops & stores	98,612	91,778
Debtors and short-term lending	3,802	4,953
Cash in hand and at bank	10,517	15,112
TOTAL CURRENT ASSETS	**112,931**	**111,843**
TOTAL ASSETS	**1,848,359**	**1,873,170**
Bank & other institutional loans	64,115	57,124
Family & other loans	5,550	5,550
TOTAL LONG-TERM LOANS	**69,665**	**62,673**
Bank overdraft	6,917	6,594
Other short-term borrowing	9,251	7,810
TOTAL SHORT-TERM LOANS	**16,168**	**14,404**
TOTAL EXTERNAL LIABILITIES	**85,833**	**77,077**
NET WORTH	**1,762,526**	**1,796,093**

ASSETS AND LIABILITIES OF ALL TYPES, 2017/18
AVERAGE FARM SIZE 85.3 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	1,133,607	1,140,567
Other fixed assets	90,222	92,698
TOTAL FIXED ASSETS	**1,223,829**	**1,233,265**
Trading livestock, crops & stores	58,351	58,914
Debtors and short-term lending	5,183	6,526
Cash in hand and at bank	9,328	11,434
TOTAL CURRENT ASSETS	**72,862**	**76,874**
TOTAL ASSETS	**1,296,691**	**1,310,140**
Bank & other institutional loans	31,921	28,914
Family & other loans	507	512
TOTAL LONG-TERM LOANS	**32,428**	**29,426**
Bank overdraft	13,581	11,945
Other short-term borrowing	6,216	6,812
TOTAL SHORT-TERM LOANS	**19,798**	**18,757**
TOTAL EXTERNAL LIABILITIES	**52,225**	**48,183**
NET WORTH	**1,244,466**	**1,261,957**

APPENDIX 3

ENTERPRISE GROSS MARGIN RESULTS CLASSIFIED INTO PERFORMANCE CATEGORIES

This Appendix contains the 2017/18 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 2018.

DAIRY COWS (CLASSIFIED BY GROSS MARGIN PER COW) 2017/18

	Excellent	Good	Moderate	Poor	Average
% of survey farms	13	38	38	10	100
Average herd size	95	120	99	70	104
Enterprise Output			**£ per cow**		
Milk	2,417	2,223	1,830	1,473	2,054
Calves	118	106	95	98	103
Herd replacement	-121	-177	-198	-177	-178
Leasing receipts	-	-	-	-	-
TOTAL ENTERPRISE OUTPUT	2,415	2,151	1,727	1,395	1,980
Variable Costs					
Concentrates	663	650	587	507	619
Hay, silage, forage & grazing	171	187	146	117	165
Vet, medicines & sundries	171	164	125	148	150
Leasing costs	-	-	-	-	-
TOTAL VARIABLE COSTS	1,005	1,001	858	772	934
GROSS MARGIN					
- per cow	1,410	1,150	869	623	1,045
- per hectare	2,557	2,504	1,798	1,337	2,178
- per 1000 litres	175	152	136	118	148
Milk yield per cow (litres)	8,068	7,551	6,379	5,296	7,039
Milk price per litre (pence)	30.0	29.4	28.7	27.8	29.2
Concentrates per litre (kg)	0.34	0.38	0.40	0.41	0.38
Concentrates price per tonne (£)	232	223	218	232	223
Stocking rate (ce per ha)	1.83	2.19	2.09	2.16	2.10
Nitrogen per hectare (kg)	142	168	138	128	150

DAIRY COWS (CLASSIFIED BY GROSS MARGIN PER HECTARE) 2017/18

	Excellent	Good	Moderate	Poor	Average
% of survey farms	13	34	36	16	100
Average herd size	136	122	88	67	103
Enterprise Output			**£ per cow**		
Milk	2,216	2,220	1,894	1,553	2,048
Calves	104	111	93	115	105
Herd replacement	-168	-179	-189	-158	-178
Leasing receipts	-	-	-	-	-
TOTAL ENTERPRISE OUTPUT	2,152	2,153	1,798	1,510	1,975
Variable Costs					
Concentrates	670	663	554	499	613
Hay, silage, forage & grazing	149	179	168	144	167
Vet, medicines & sundries	162	161	135	133	150
Leasing costs	-	-	-	-	-
TOTAL VARIABLE COSTS	981	1,003	857	776	930
GROSS MARGIN					
- per cow	1,171	1,150	941	734	1,045
- per hectare	3,062	2,543	1,834	1,100	2,170
- per 1000 litres	158	152	143	135	149
Milk yield per cow (litres)	7,398	7,554	6,592	5,430	7,004
Milk price per litre (pence)	30.0	29.4	28.7	28.6	29.2
Concentrates per litre (kg)	0.39	0.39	0.37	0.37	0.38
Concentrates price per tonne (£)	223	222	222	238	223
Stocking rate (ce per ha)	2.61	2.21	1.95	1.50	2.08
Nitrogen per hectare (kg)	146	167	158	93	148

DAIRY CALVES REARED AS REPLACEMENTS, 2017/18
(CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	12	29	37	22	100
Enterprise Output			**£ per hectare**		
	2,028	1,713	1,313	1,128	1,449
Variable Costs					
Concentrates	568	591	580	619	593
Hay, silage, forage & grazing	346	327	345	422	364
Vet and medicines	77	78	48	78	68
Sundries	58	120	89	75	88
TOTAL VARIABLE COSTS	1,049	1,116	1,062	1,195	1,113
GROSS MARGIN	978	597	251	-67	337
Concentrates per ce (kg)	733	727	929	920	842
Concentrates price per tonne (£)	218	226	210	210	214
Stocking rate (ce per ha)	2.75	2.31	1.97	2.07	2.19
Price per calf bought/transferred in (£)	117	122	109	96	110
Price per heifer sold/transferred out (£)	1,066	1,188	1,028	943	1,060
Mortality %	1.1	5.5	4.0	3.7	3.9

SUCKLER COWS - SEVERELY DISADVANTAGED AREA, 2017/18
(CLASSIFIED BY GROSS MARGIN PER COW)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	15	28	39	18	100
Number of cows per farm	29	43	39	33	37
Enterprise Output			**£ per cow**		
Calves	623	503	466	453	495
Herd replacement	-10	-52	-57	-89	-55
TOTAL ENTERPRISE OUTPUT	614	451	410	364	440
Variable Costs					
Concentrates	57	33	55	80	52
Hay, silage, forage & grazing	112	107	140	176	131
Vet and medicines	37	32	39	56	39
Sundries	31	32	24	29	28
TOTAL VARIABLE COSTS	236	204	258	341	251
GROSS MARGIN	378	247	152	22	189
GROSS MARGIN PER COW EQUIVALENT	352	238	147	22	182
Calves reared per cow	1.06	0.97	0.92	0.93	0.95
Price per calf sold or transferred-out (£)	585	526	522	516	531
Mortality - birth to weaning (%)	1.6	1.5	1.8	1.6	1.6
Concentrates per cow (kg)	283	151	283	387	256
Concentrates price per tonne (£)	199	200	190	207	197

SUCKLER COWS - DISADVANTAGED AREA, 2017/18
(CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	14	29	43	14	100
Number of cows per farm	45	74	30	45	47
Enterprise Output			**£ per cow**		
Calves	602	521	455	487	509
Herd replacement	-62	-34	-69	-121	-59
TOTAL ENTERPRISE OUTPUT	541	487	386	366	450
Variable Costs					
Concentrates	72	32	63	71	51
Hay, silage, forage & grazing	89	126	132	179	130
Vet and medicines	29	41	35	91	45
Sundries	42	23	31	34	29
TOTAL VARIABLE COSTS	232	222	261	374	255
GROSS MARGIN	308	265	125	-8	195
GROSS MARGIN PER COW EQUIVALENT	287	252	120	-8	185
Calves reared per cow	1.05	0.91	0.89	0.96	0.93
Price per calf sold or transferred-out (£)	568	576	526	527	555
Mortality - birth to weaning (%)	0.7	1.5	6.6	3.0	3.0
Concentrates per cow (kg)	427	174	284	291	255
Concentrates price per tonne (£)	169	179	201	209	188

BREEDING EWES - SEVERELY DISADVANTAGED AREA (CROSS BRED FLOCKS), 2017/18 (CLASSIFIED BY GROSS MARGIN PER EWE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	18	28	43	13	100
Number of ewes per farm	207	184	262	146	216
Enterprise Output			**£ per ewe**		
Lambs	122	111	84	91	97
Wool	2	2	2	2	2
Flock replacement	0	-3	-2	-12	-2
TOTAL ENTERPRISE OUTPUT	124	111	84	80	97
Variable Costs					
Concentrates	23	25	20	33	22
Hay, silage, forage & grazing	21	24	19	23	21
Vet, medicines and sundries	15	15	17	18	16
TOTAL VARIABLE COSTS	59	64	55	74	59
GROSS MARGIN	65	46	29	6	37
Price per lamb sold (£)	79	78	75	72	77
Lambing percentage	174	158	136	145	148
Lambs reared per 100 ewes	169	150	128	131	140
Wool per ewe (kg)	2.8	3.0	2.7	2.8	2.8
Wool per kg (p)	62	70	64	56	65
Concentrates per ewe (kg)	104	107	85	121	97
Concentrates price per tonne (£)	218	217	221	236	221
Mortality - ewes (%)	3.7	4.5	6.2	6.3	5.4
Mortality - lambs per 100 ewes	4.8	8.1	8.3	13.6	8.1

BREEDING EWES - SEVERELY DISADVANTAGED AREA (HARDY HILL BREEDS), 2017/18 (CLASSIFIED BY GROSS MARGIN PER EWE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	22	30	30	17	100
Number of ewes per farm	132	291	379	280	281
Enterprise Output			**£ per ewe**		
Lambs	100	66	55	28	59
Wool	2	1	2	1	1
Flock replacement	7	5	1	4	3
TOTAL ENTERPRISE OUTPUT	109	73	57	33	63
Variable Costs					
Concentrates	24	12	15	14	15
Hay, silage, forage & grazing	22	14	15	21	16
Vet, medicines and sundries	13	15	14	10	13
TOTAL VARIABLE COSTS	60	41	43	46	45
GROSS MARGIN	50	32	14	-13	19
Price per lamb sold (£)	77	73	64	55	68
Lambing percentage	159	122	109	94	116
Lambs reared per 100 ewes	151	118	102	84	109
Wool per ewe (kg)	3.0	2.3	2.5	2.4	2.5
Wool per kg (p)	54	61	61	50	58
Concentrates per ewe (kg)	105	55	60	63	63
Concentrates price per tonne (£)	226	214	205	226	215
Mortality - ewes (%)	7.4	6.8	6.4	13.7	7.9
Mortality - lambs per 100 ewes	7.6	4.5	7.1	10.1	6.8

BREEDING EWES - DISADVANTAGED AREA, 2017/18
(CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	14	36	29	21	100
Number of ewes per farm	61	311	114	153	185
Enterprise Output			**£ per ewe**		
Lambs	120	105	104	62	98
Wool	2	3	2	2	2
Flock replacement	1	-8	-5	11	-4
TOTAL ENTERPRISE OUTPUT	122	100	102	75	97
Variable Costs					
Concentrates	11	12	14	24	15
Hay, silage, forage & grazing	26	20	19	26	21
Vet, medicines and sundries	17	14	15	16	15
TOTAL VARIABLE COSTS	54	47	48	66	51
GROSS MARGIN	68	53	54	9	46
Price per lamb sold (£)	76	79	82	61	77
Lambing percentage	182	150	157	143	152
Lambs reared per 100 ewes	170	145	145	135	145
Wool per ewe (kg)	2.6	3.5	2.7	3.0	3.2
Wool per kg (p)	64	76	82	61	74
Concentrates per ewe (kg)	48	44	62	69	52
Concentrates price per tonne (£)	227	224	217	244	228
Ewes per hectare	11.66	8.56	5.48	7.14	7.63
Stocking rate (ce per ha)	1.85	1.54	1.11	1.61	1.46
Mortality - ewes (%)	5.7	5.3	4.8	4.6	5.1
Mortality - lambs per 100 ewes	12.3	4.8	11.4	8.1	6.9

BREEDING EWES - NON LFA, 2017/18
(CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	15	33	36	15	100
Number of ewes per farm	169	195	165	256	189
Enterprise Output			**£ per ewe**		
Lambs	147	128	103	90	115
Wool	3	2	2	3	2
Flock replacement	12	-8	-4	-13	-5
TOTAL ENTERPRISE OUTPUT	163	122	101	80	112
Variable Costs					
Concentrates	16	13	15	14	14
Hay, silage, forage & grazing	26	21	15	23	20
Vet, medicines and sundries	19	19	17	24	19
TOTAL VARIABLE COSTS	61	53	47	61	54
GROSS MARGIN	102	70	54	19	59
Price per lamb sold (£)	86	87	84	77	84
Lambing percentage	198	160	140	139	155
Lambs reared per 100 ewes	190	152	128	129	145
Wool per ewe (kg)	3.6	2.8	2.8	3.4	3.0
Wool per kg (p)	90	81	74	86	81
Concentrates per ewe (kg)	84	56	66	57	63
Concentrates price per tonne (£)	189	222	222	215	215
Ewes per hectare	10.44	8.73	6.89	6.94	7.83
Stocking rate (ce per ha)	2.35	1.75	1.46	1.28	1.60
Mortality - ewes (%)	5.3	5.8	6.7	5.9	6.0
Mortality - lambs per 100 ewes	7.6	8.1	11.8	9.8	9.5

PIGS - BIRTH TO BACON, 2017/18
(CLASSIFIED BY GROSS MARGIN PER FINISHED PIG)

	Above	Below	Average
% of survey farms	71	29	100
Number of pigs finished per farm	2,998	2,338	2,810
Number of sows per farm	123	112	120
		£ per pig	
ENTERPRISE OUTPUT	131.49	132.95	131.83
Variable Costs			
Feedingstuffs	74.09	89.33	77.71
Vet. and medicines	4.77	1.89	4.08
Sundries	3.47	3.22	3.41
TOTAL VARIABLE COSTS	82.33	94.45	85.21
GROSS MARGIN	49.16	38.50	46.63
Price of meal equivalent per tonne (£)	247	260	251
Meal equivalent per finished pig (kg)	300	343	310
Litters per sow per year	2.0	2.0	2.0
Live births per litter	14.6	11.0	13.6
Pigs weaned per litter	12.9	10.4	12.2
Pigs weaned per sow per year	25.8	21.0	24.5
Price of finished pig sold (£)	131.46	132.74	131.78
Mortality - suckers %	10.1	5.4	9.1
Mortality - weaners %	2.8	0.8	2.3

SPRING BARLEY (2017 CROP)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	7	36	43	14	100
Hectares per farm	19.2	19.0	12.6	7.7	14.6
Enterprise Output			**£ per hectare**		
Grain	941	787	567	384	690
Straw	275	172	144	66	163
TOTAL ENTERPRISE OUTPUT	1,217	959	711	450	853
Variable Costs					
Seed	57	65	74	64	67
Fertilisers	97	109	136	157	122
Sprays	116	92	101	93	98
Sundries	26	29	27	64	31
TOTAL VARIABLE COSTS	296	295	338	378	317
GROSS MARGIN	920	663	372	72	536
Grain (tonnes per ha)	6.11	5.58	4.15	2.83	4.90
Straw (tonnes per ha)	3.39	2.26	1.97	1.16	2.18
Fertilisers used per hectare (kg)	447	417	548	591	481
Grain per tonne (£)	154	141	137	136	141
Straw per tonne (£)	81	76	73	57	75

WINTER BARLEY (2017 CROP)

	Above	Below	Average
% of survey farms	38	62	100
Hectares per farm	24.7	11.2	16.4
Enterprise Output		**£ per hectare**	
Grain	1,262	919	1,118
Straw	427	279	364
TOTAL ENTERPRISE OUTPUT	1,689	1,198	1,482
Variable Costs			
Seed	73	68	71
Fertilisers	166	155	161
Sprays	153	138	147
Sundries	24	21	22
TOTAL VARIABLE COSTS	416	382	402
GROSS MARGIN	1,273	816	1,080
Grain (tonnes per ha)	8.30	6.47	7.53
Straw (tonnes per ha)	5.47	3.82	4.77
Fertilisers used per hectare (kg)	680	620	655
Grain per tonne (£)	152	140	148
Straw per tonne (£)	78	73	76

WINTER WHEAT (2017 CROP)

	Above	Below	Average
% of survey farms	50	50	100
Hectares per farm	17.3	6.4	11.9
Enterprise Output		**£ per hectare**	
Grain	1,536	915	1,368
Straw	307	242	289
TOTAL ENTERPRISE OUTPUT	1,843	1,157	1,657
Variable Costs			
Seed	82	67	78
Fertilisers	175	139	166
Sprays	185	196	188
Sundries	49	41	47
TOTAL VARIABLE COSTS	493	443	479
GROSS MARGIN	1,350	714	1,178
Grain (tonnes per ha)	10.12	6.18	9.05
Straw (tonnes per ha)	4.12	2.80	3.77
Fertilisers used per hectare (kg)	785	557	724
Grain per tonne (£)	152	148	151
Straw per tonne (£)	74	86	77

WARE POTATOES (2017 CROP)

	Above	Below	Average
% of survey farms	57	43	100
Hectares per farm	8.6	9.3	8.9
Enterprise Output		**£ per hectare**	
Current Crop	4,673	1,737	3,356
Variable Costs			
Seed	488	597	537
Fertilisers	365	385	374
Sprays	321	341	330
Contract/Casual Wages	457	223	352
Sundries	184	114	153
TOTAL VARIABLE COSTS	1,815	1,660	1,745
GROSS MARGIN	2,859	78	1,611
Yield of ware per hectare (tonnes)	27	19	24
Seed used per hectare (tonnes)	2.02	2.77	2.36
Fertiliser used per hectare (kg)	1,137	1,172	1,153
Price per tonne sold (£)	154	84	128

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 2017 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

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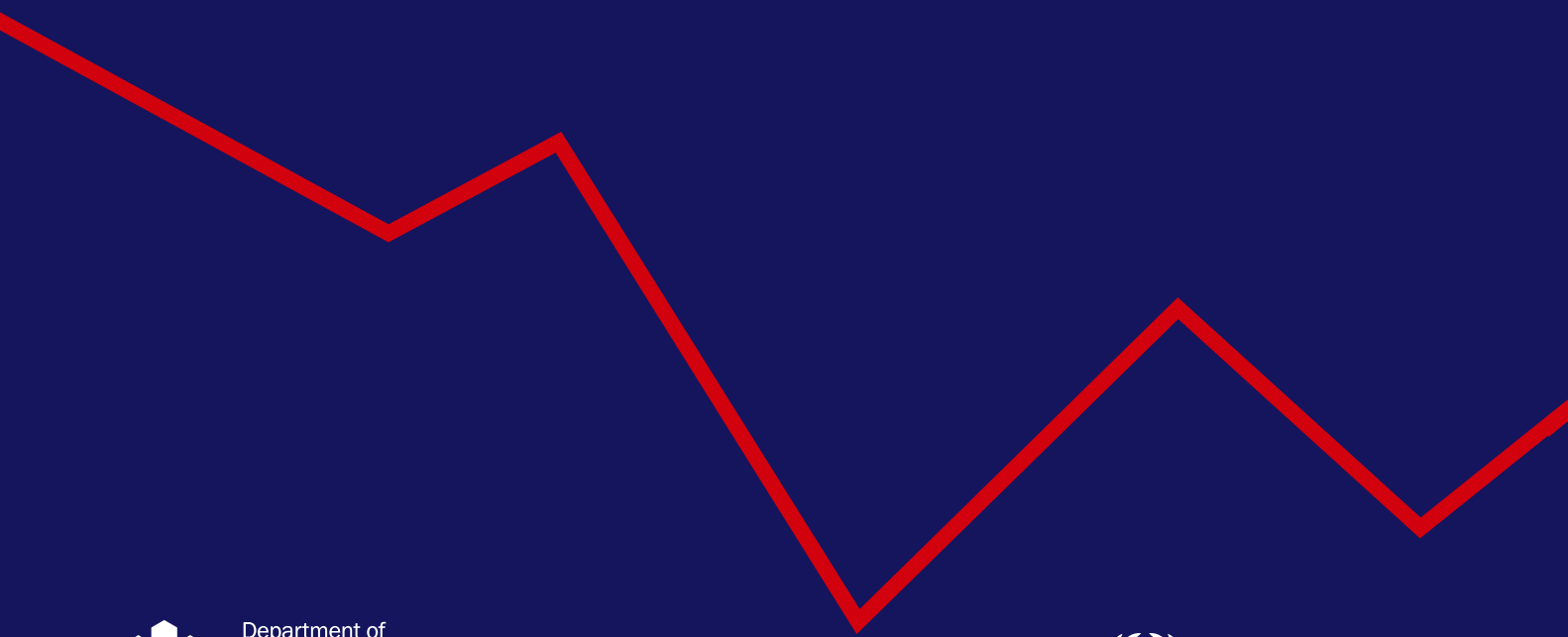

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