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Talmhaíochta agus
Forbartha Tuaithe

MÄNNYSTRIE O
Fairms an
Kintra Fordèrin

POLICY AND ECONOMICS DIVISION

Farm Incomes in Northern Ireland

2014/15

NATIONAL STATISTICS

Department of Agriculture and Rural Development
Policy and Economics Division

FARM INCOMES

IN

NORTHERN IRELAND

2014/15

A National Statistics Publication

A National Statistics Publication

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Foreword and Acknowledgements

This report on Farm Incomes in Northern Ireland, the twenty-third in the series, is based on information collected in the annual Farm Business Survey (FBS) which is undertaken by Policy and Economics Division within the Department of Agriculture and Rural Development. The report includes much of the detailed information collected in the FBS and also provides an analytical commentary on the figures.

Most of the data in this report refer to the 2014/15 account year, which has an average year end of mid-February 2015 for the 360 farms in the survey. The farmers who participate in the survey do so voluntarily and their accounting information is provided on a confidential basis. Their co-operation in this survey is greatly appreciated, both for the information it provides on income levels and for the contribution it makes to knowledge of the economics of production.

Within the report, Farm Business Income is the headline measure of farm incomes. This measure was introduced in 2008 following consultation in 2006/07. In light of views expressed during the consultation it was decided that the previous headline measure, Net Farm Income, would continue to be published for an interim period, but as a secondary measure.

There are a number of key personnel in the Division whose contributions are important to the smooth operation of the data collection and analysis within the Farm Business Survey. These include Paul Caskie and Paul Keatley who have day to day responsibility for managing the survey, and the Farm Accounts Officers who provide guidance to the farmers in the FBS on the keeping of accounts and ensure that the information collected is comprehensive and accurate. Acknowledgement is also made of David Playfair who assisted in preparation of the report and the vital contributions made by administrative staff involved in the preparation and analysis of the accounting information.

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

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EXECUTIVE SUMMARY

1. The average Farm Business Income across all farm businesses above 0.5 Standard Labour Requirements (SLRs) decreased from £30,047 to £24,942 per farm between 2013/14 and 2014/15. This resulted from a decrease of 6.3% in the average value of farm output and an average decrease in expenditure on inputs of 3.7%.

2. For the main farming enterprises, increases in gross margin between 2013/14 and 2014/15 were recorded for SDA beef cows, DA beef cows, Lowland beef cows, SDA breeding ewes, DA breeding ewes, Lowland breeding ewes and Potato enterprises. Whereas, decreases were recorded for dairy cows, pigs, spring barley, winter barley and winter wheat enterprises.

3. Between 2013/14 and 2014/15 increases in Farm Business Income were recorded on 2 of the 7 main types of farm covered in the Farm Business Survey (FBS). The two farm types showing an increase in average Farm Business Income were Cereals and Cattle & Sheep (LFA) farms. Income results show that average Farm Business Income increased by £2,729 on Cereal farms and £1,286 on Cattle & Sheep (LFA) farms.

4. A Farm Business Income above £10,000 was achieved by 66% of the farm businesses in the FBS in 2014/15; 15% of the farms incurred a loss.

5. Cash Income per farm, which is the difference between cash receipts and expenditure, decreased from an average of £48,141 in 2013/14 to £42,411 in 2014/15. This income measure provides the average amount of cash available per farm to cover living expenses and investment expenditure.

6. Direct payments decreased by £311 per farm between 2013/14 and 2014/15 and averaged £25,582 per farm and £285 per hectare in 2014/15 (Section 2.4). Direct payments represented 103% of Farm Business Income and 60% of Cash Income generated across all types of farm in Northern Ireland.

7. Four of the seven main types of farm business generated a positive Farm Business Income in 2014/15 when direct subsidy receipts were not included in the value of farm output (Section 2.5). Those generating a negative Farm Business Income were Cereals, Cattle & Sheep (LFA) and Cattle & Sheep (Lowland).

8. During the past 8 years the Farm Business Income on Dairy farms has been on average £29,506 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 £8,335 per farm in 2014/15. However, on 36% of farm businesses no off-farm income was received by the farmer and spouse. This income source includes other employment off the farm and social payments. (Section 2.7)

10. In 2014/15, only the spouse of the farmer on 26% of the farms had off-farm employment, on a further 4% of farms the farmer had off-farm employment and on another 2% of farms both the farmer and spouse had off-farm employment.

11. The average level of net investment per farm increased from £21,844 in 2013/14 to £25,904 in 2014/15. Investment levels in 2014/15 were the fourth highest recorded in the past 10 years when inflation is taken into account. (Section 2.8)

12. External liabilities (mainly bank borrowings) averaged £43,635 per farm and equated to 3.3% of the total value of farm assets. On only 4% of farms, external liabilities represented more than 15% of the value of farm assets. (Section 3.1)

13. There were no bank borrowings recorded by 46% of farms in 2014/15 and 82% had borrowings of less than £50,000 per farm. (Section 3.3)

14. At farm enterprise level:

Dairy Cows

(i) The average gross margin per dairy cow decreased by £176, from £1,088 in 2013/14 to £912 in 2014/15. This decrease was due to a fall in milk prices.

(ii) The difference in herd gross margin between those in the top 25% and bottom 25% performance groups amounted to £69,930 for a herd of average size in the Farm Business Survey. (Section 4.1)

Suckler Cows

(i) The average gross margins for SDA, DA and Lowland cows increased by £11, £29 and £45 per cow respectively between 2013/14 and 2014/15.

(ii) Lowland suckler cow herds had the highest average gross margin per cow, at £210, while DA herds averaged £199 and SDA herds £142 in 2014/15. (Section 4.2)

Sheep

(i) The average gross margins for Lowland, DA and SDA breeding ewes increased by £10, £10 and £21 per ewe respectively between 2013/14 and 2014/15.

(ii) In 2014/15, the highest average gross margin per ewe of £58 was achieved by the Lowland flocks. This gross margin was £18 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 decreased from £27.85 in 2013/14 to £26.49 in 2014/15. Between 2013/14 and 2014/15, the average output for pigs decreased by £9.62 per pig and the average cost of variable inputs decreased by £8.27 per pig. (Section 4.4)

Cereals

(i) The average gross margins per hectare for spring barley, winter barley and winter wheat crops were lower in 2014/15 than in 2013/14. Decreases in gross margin per hectare were spring barley (£155), winter barley (£217) and winter wheat (£278).

(ii) The winter wheat crop had the highest average gross margin of the three main cereal crops, at £914 per hectare, followed by winter barley at £706 and spring barley at £602. (Sections 4.5-4.7)

Potatoes

The average gross margin for ware potatoes increased from £2,450 per hectare in 2013/14 to £2,651 per hectare in 2014/15, an increase of £201. The ware crop yield per hectare increased from 32.6 tonnes in 2013/14 to 38.8 tonnes in 2014/15, whereas, the ware potato price per tonne decreased by £31 per tonne from £144 per tonne in 2013/14 to £113 per tonne in 2014/15. (Sections 4.8)

Fixed Costs

15. The average levels of fixed costs (excluding labour) per hectare across all farm types were almost the same in 2013/14 and 2014/15, at £521 and £522 respectively. (Section 5.0)

1. THE FARM BUSINESS SURVEY

1.1 Introduction

The data on farm incomes presented in this report are based on accounting information collected in the Farm Business Survey (FBS), which is conducted annually by the Policy and Economics Division of the Department of Agriculture and Rural Development. Similar surveys are carried out in the other countries of the UK and these, along with the Northern Ireland FBS constitute the UK's contribution to the Farm Accounts Data Network (FADN) of the European Union, which was established under EC Regulation 79/65. The Northern Ireland accounting data, along with those for the other regions of the UK are forwarded to the EU Commission in Brussels. There, the information together with that from the other EU Member States is used in the formulation and appraisal of agricultural policy as well as in monitoring the income levels in each Member State. Further information on FADN and the results for all Member States are available on the following websites:

- http://ec.europa.eu/agriculture/rica/index.cfm
- http://ec.europa.eu/agriculture/analysis/fadn/index_en.htm

Extensive use of the Northern Ireland data is also made at regional and UK levels to monitor and assess the impact of policy changes and for advisory, teaching and research purposes. UK farm incomes data are published on the Internet at 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 13,067 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 2014/15 accounting year. All of these farms participate on a voluntary basis with 63% having provided information for at least 10 years. A smaller sample of 285 farm businesses over 0.5 SLRs in size provided information for both the 2013/14 and 2014/15 account years and this constitutes the 'identical sample' of farms. The end of the account year for 90% of the farms falls between 31 December and 30 April. Thus, the 2014/15 account year information presented in this report refers to the 2014 crop and grassland production years.

Each year, a small proportion of farms in the survey are replaced. This occurs for a number of reasons such as retirement or simply a decision by the farmers concerned not to continue to record farming activities in the detail required for the FBS. When farms cease to participate, their replacements are selected on a random basis so that the sample is representative of the total farm population. To ensure that changes in the sample do not affect comparisons between years, an identical sample of farms in both years is used.

With crops utilising only 5%, and forestry 1%, of the land on agricultural holdings in Northern Ireland, the main land using farm enterprises are grass based. The main enterprises are, therefore, dairying, beef cattle and sheep. This is reflected in the FBS sample of farms, details of which are given in Table 1. On average, a target sampling rate of farms of 2.75% has been used across all farm types since 1992/93.

Table 1 Numbers of farms in Northern Ireland and in the Farm Business Survey above 0.5 SLR's by type of farming, 2014/15

Type of Farm Business* **	**Number of Farm Businesses**	
	Northern Ireland*	**FBS Sample****
Cereals	120	10
General Cropping	153	5
Horticulture	204	0
Pigs	145	9
Poultry	499	0
Dairy	2589	109
Cattle and Sheep (LFA)	4310	105
Cattle and Sheep (Lowland)	1714	32
Mixed	385	15
Others	108	0
All Types	**10,227 ***	**285 ****

* Number of farm businesses above 0.5 SLRs in size at June 2014 Census; there are 14,001 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 2013/14 and 2014/15 account years, and which were used in the analyses. A further 43 cattle and sheep farms of less than 0.5 SLRs in size provided information in both years.

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

2. FARMING INCOMES

2.1 Measures of Income

As indicated in Figure 1, it is possible to define farm income in a number of ways. **Farm Business Income (FBI)** was introduced in 2008 as the headline measure of farm income following consultation by DARD in 2006-07. FBI was also introduced in England, Scotland, and Wales and is now used for UK farm income statistics. It is closely aligned to the main EU measure of farm incomes 'Family Farm Income' and therefore allows easier comparison between Northern Ireland and other Member States. FBI is the return to all unpaid labour (farmer, spouses and others with an entrepreneurial interest in the farm business) and to their capital invested in the farm business which includes land and buildings.

Net Farm Income (NFI), the previous headline measure of farm income will continue to be published for an interim period, but as a secondary measure as decided during the consultation. NFI represents the return to the farmer and spouse for their manual and managerial labour and tenant-type capital invested in the farm business. In order for NFI to represent the return to farmer and spouse alone, a notional deduction is made for any unpaid labour that is provided in addition to that of the farmer or spouse. Also, to confine NFI to tenant type activities and assets of the business an imputed rent is firstly deducted for owner occupied land and buildings and for landlord-type improvements made by the tenant. Secondly, no account is taken of interest paid on any farming loans, overdrafts or mortgages or any interest earned on financial assets.

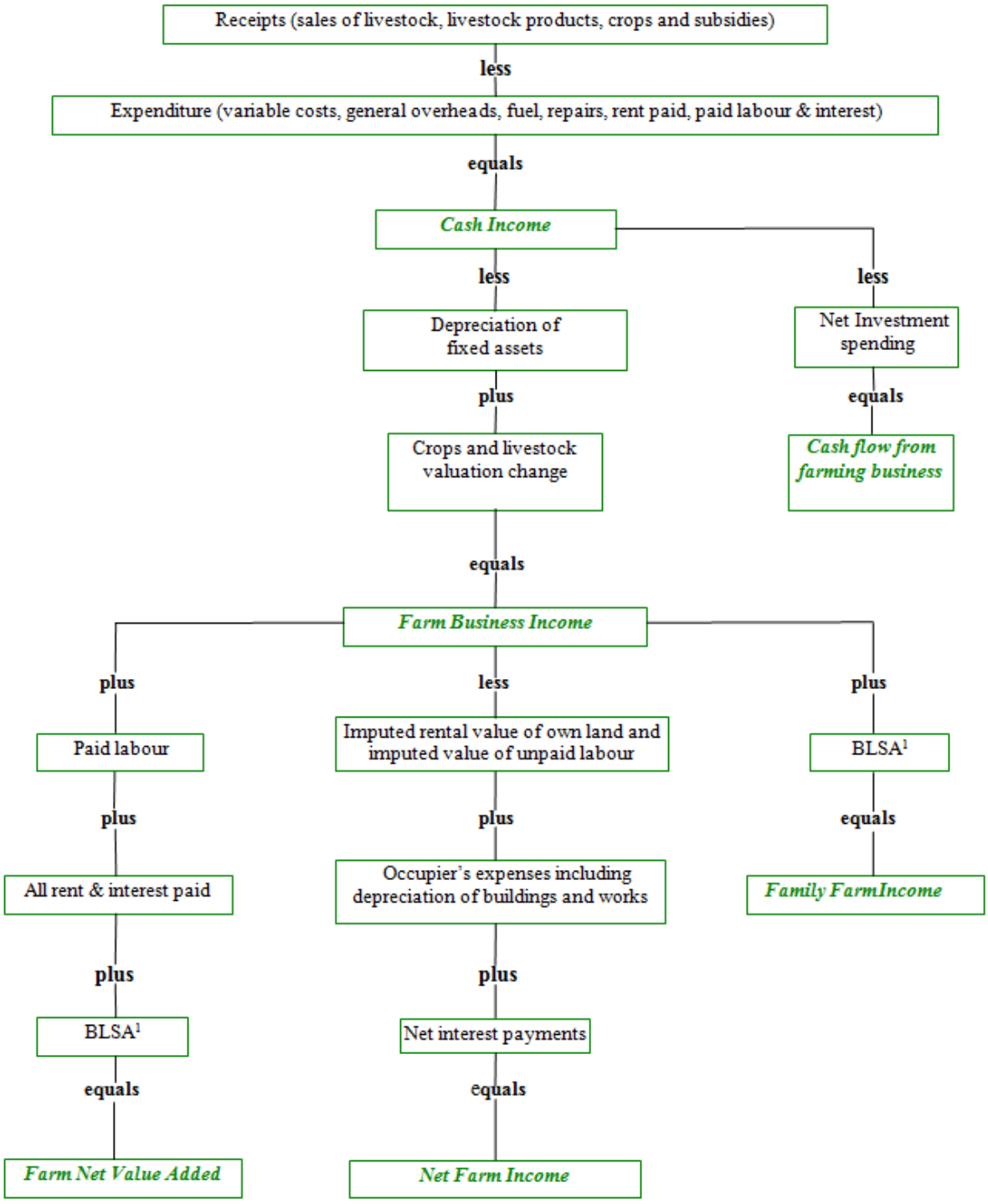
FBI differs from NFI in that it represents the return to all unpaid labour, not just the farmer and spouse and it treats the tenure of farms as it is: tenants as tenants, owner occupiers as owner occupiers and those with both types of tenure as mixed.

Another useful income measure is **Cash Income (CI)** which is simply cash receipts less expenditure. This measure excludes notional items such as depreciation and the effects of livestock and crop valuation changes. It is a measure of the return to all those with an entrepreneurial stake in the business. **Cash flow** from the farm business may be derived from Cash Income by deducting net investment expenditure.

Farm Net Value Added (FNVA) and **Family Farm Income (FFI)** are the two measures used in EU farm incomes publications. FNVA is the sum which is available to reward all factors of production i.e. all the labour, land, and capital used on the farm, irrespective of who owns them. Thus, no charge is made against these factors in the determination of FNVA. Family Farm Income is almost identical to Farm Business Income.

These various measures of income make it possible to provide a more comprehensive assessment of the changes which take place between years on farms than would the use of one measure on its own. The relationship between each of these measures is shown in Figure 1.

Figure 1: Measures of Farm Income



1. Breeding Livestock Stock Appreciation

Having different measures of income, the infrequent user of income data may be in a quandary as to which income measure to use. However, as with many statistics, the various income measures have specific roles. Quite often the wrong income measure is used. Farm Business Income is an appropriate measure of the return to the farm household for their labour and capital resources invested in the farm business. Net Farm Income is an appropriate measure of income where the aim is to put different types of farm tenure on an equal basis. Cash Income is calculated as the difference between cash receipts and cash expenditures (excluding investments) and therefore provides a measure of the cash available to the farm household.

There are many measures of farm income available to enable users to have at their disposal a range of measures which can be used to assist with descriptions of a number of specific farming situations. Their misuse can of course result in misleading conclusions. This is very evident when the range in the absolute levels of income from the different measures is considered.

2.2 Income Levels in 2013/14 and 2014/15

Average Farm Business Income, Cash Income, and Net Farm Income measured across all farm types is shown in Table 2a for the accounting years 2013/14 and 2014/15. As shown, average Farm Business Income decreased between 2013/14 and 2014/15 by £5,105 or 17.0% per farm. This resulted from a 6.3% decrease in the value of outputs and a 3.7% decrease in expenditure on inputs between 2013/14 and 2014/15. On the other hand, average Cash Income decreased by £5,730 or 11.9% when compared to the previous year. When measuring Farm Income using the previous headline measure Net Farm Income, an average decrease of £5,016 or 20.1% per farm occurred between 2013/14 and 2014/15.

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

	2013/14	2014/15
	£	£
Farm Business Income	30,047	24,942
Cash Income	48,141	42,411
Net Farm Income	24,915	19,899

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

Farm Business Incomes by individual farm types are presented in Table 2b for the 2013/14 and 2014/15 account years. This shows that Average Farm Business Income increased between 2013/14 and 2014/15 on 2 of the 7 main farm types. The two farm types which showed an increase in average Farm Business Income were Cereals and Cattle and Sheep (LFA) farms.

On Dairy farms the average Farm Business Income decreased from £60,573 in 2013/14 to £45,728 in 2014/15, which is a decrease of £14,845 per farm. This resulted from a 4.8% (£13,744) decrease in the value of outputs and a 0.5% (£1,101) increase in expenditure on inputs between 2013/14 and 2014/15. The reason for the decrease in output between the years was the £13,751 decrease in milk value that arose from lower milk prices in 2014. In terms of inputs, the main increases in expenditure were recorded for machinery running costs (£1,439), land and building inputs (£1,121), and depreciation of plant, machinery and vehicles (£905).

Cattle and Sheep farms (LFA) generated an average Farm Business Income of £14,745 per farm in 2014/15, which was 9.6% higher than the 2013/14 income of £13,459 per farm. This increase in income was the net result of a 5.6% (£4,558) decrease in the value of farm output and an 8.7% (£5,844) decrease in expenditure on inputs. The main reasons for the decrease in output value were the £3,610 decrease in value of cattle rearing and fattening output and the £644 decrease in Agri Environment scheme receipts. The main decreases in expenditure on inputs were recorded for purchased concentrate feed and fodder (£4,659), fertilisers (£1,078) and machinery running costs (£613).

Cattle and Sheep (Lowland) farms recorded a decrease in Farm Business Income between 2013/14 and 2014/15. For this farm type, Farm Business Income decreased from £16,419 to £15,726, which is a decrease of 4.2%. This was the net result of a 9.9% (£9,858) decrease in the value of farm output and an 11.0% (£9,165) decrease in expenditure on inputs. The main factors contributing to the decrease in output value were the decreases in returns from cattle products (£10,045), miscellaneous crops (£706), and agri-environment scheme receipts (£227). The main changes within expenditure on inputs were decreases in purchased concentrate feed and fodder (£5,231), depreciation of plant, machinery and vehicles (£1,095), and fertilisers (£957).

On the other 4 types of farm, which account for 8.5% of farms above 0.5 SLR's, changes in the total value of farm output between 2013/14 and 2014/15 ranged from -28.2% (General Cropping farms) to 5.0% (Cereal farms). Whereas, change in expenditure on inputs between years ranged from -19.1% (General Cropping farms) to 3.5% (Cereal farms). These four farm types showed changes in average Farm Business Income between years, which ranged from -£29,923 on Pig farms to £2,729 on Cereal 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 2013/14 and 2014/15 may differ for each farm size grouping within farm types. For instance, in the case of dairy farms, the total value of farm inputs decreased by 2.6% in the 0.5 < 1 SLR size group which compares with a 3.7% decrease in the 1 < 2 SLR size group.

The average levels of income per farm included in this report for each of the 7 farm types in 2013/14 (i.e. the 2013/14 – 2014/15 identical sample) are different to those in the previous year's report (i.e. the 2012/13 – 2013/14 identical sample). This occurs when an identical sample basis for reporting farm incomes is used, because the sample of farms for 2013/14 in the 2013/14– 2014/15 identical samples will not be exactly the same as those for the same year in the 2012/13 – 2013/14 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 9,416 farm businesses of which 5,122 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 2013/14 and 2014/15 (£ per farm) [1]

		Farm Business Income	Cash Income	Net Farm Income
Cereals	13/14	20,928	58,200	13,735
	14/15	23,657	53,334	17,584
General Cropping	13/14	28,410	47,565	21,683
	14/15	11,375	29,429	4,649
Pigs	13/14	74,935	87,476	86,060
	14/15	45,012	67,940	59,664
Dairy	13/14	60,573	89,574	61,193
	14/15	45,728	76,424	47,139
Cattle and Sheep (LFA)	13/14	13,459	25,497	6,842
	14/15	14,745	25,227	8,096
Cattle and Sheep (Lowland)	13/14	16,419	32,038	8,379
	14/15	15,726	27,735	6,111
Mixed	13/14	57,289	77,397	37,981
	14/15	37,138	62,651	20,400
All Types	**13/14**	**30,047**	**48,141**	**24,915**
	14/15	**24,942**	**42,411**	**19,899**

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 2014/15 the average level of Cash Income per farm generated across all types of farm in Northern Ireland was £42,411 which is £5,730 lower than in 2013/14. Decreases in average Cash Income occurred in 2014/15 on all of the 7 farm types. These decreases ranged from £270 per farm on Cattle and Sheep (LFA) farms to £19,536 per farm on

Pig farms. The lowest level of Cash Income in 2014/15 was recorded for Cattle and Sheep (LFA) farms at £25,227 per farm, whereas the highest was recorded on Dairy farms at £76,424 per farm.

Net Farm Income showed similar changes to Farm Business Income between 2013/14 and 2014/15 for each of the farm types. However, on average, Farm Business Income was £5,043 higher than Net Farm Income in 2014/15. This occurred because the level of imputed rent and labour, which is deducted in the calculation of Net Farm Income, is more than the sum of interest payments, depreciation charges for buildings and works, and other ownership expenses which replace them in the calculation of Farm Business Income. This was also the case for each individual farm type in both years with the exceptions of Pig and Dairy farms. In Northern Ireland, Farm Business Income is a better absolute measure of income than Net Farm Income because almost all of the land farmed is either owned or farmed on short-term lettings (i.e. conacre) and almost all labour is provided from within the farm family.

Table 3 shows the variations that occurred between 2009/10 and 2014/15 in average Farm Business Income, Cash Income and Net Farm Income when measured across all farm types. Over the period Cash Income was always higher than Farm Business Income and Farm Business Income was always higher than Net Farm Income. Increases in Farm Business Income, Cash Income and Net Farm Income from the previous year were also observed over the period for the years 2010/11, 2011/12 and 2013/14, whereas, decreases were recorded in 2012/13 and 2014/15.

When comparing the average income figures measured across all farm types for 2014/15 against those of 2009/10, the results show that average Farm Business Income increased by 16%, Cash Income increased by 21% and Net Farm Income increased by 40% per farm between the two years.

Table 3 Income per farm, 2009/10 to 2014/15 (£ per farm) [1]

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Farm Business Income	21,586	29,159	34,184	19,336	29,606	24,942
Cash Income	35,091	43,331	47,926	36,485	46,936	42,411
Net Farm Income	14,223	21,727	27,141	12,888	24,153	19,899

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 2014/15. When compared with those in 2013/14 they show that the decrease in average Farm Business Income across all types of farm between 2013/14 and 2014/15 had no impact on the number of farms which incurred a negative Farm Business Income (i.e. 15% in both years) but resulted in a 7% decrease in the number of farms (i.e. 28% in 2014/15) which incurred a Farm Business Income of at least £30,000. In comparison, the fall in average Net Farm Income across all types of farm in 2014/15 resulted in 3% more farms (i.e. 28% in 2014/15) recording a negative Net Farm Income and 4% less farms (i.e. 25% in 2014/15) recording a Net Farm Income of at least £30,000. In Cash Income terms, the proportion of farms with negative incomes also remained the same (i.e. 4% of farms) in 2014/15, whereas, the proportion of farms with a Cash Income of at least £30,000 decreased by 5% (i.e. 46%) in 2014/15. 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, 2013/14 and 2014/15[1]

Income £ per farm	Farm Business Income		Cash Income (% of farms)		Net Farm Income	
	13/14	14/15	13/14	14/15	13/14	14/15
<0	15	15	4	4	25	28
0-4,999	7	9	4	7	11	13
5-9,999	10	10	9	4	13	7
10-19,999	24	22	17	23	12	18
20-29,999	8	16	15	16	9	10
30,000 and over	35	28	51	46	29	25

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 14,001 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 2013/14 and 2014/15 that were above the break-even point.

Table 5 Incomes for 'spare-time[1]' Cattle and Sheep farms in the LFA and Lowland in 2013/14 and 2014/15 (£ per farm) [2]

		Farm Business Income	Cash Income	Net Farm Income
Cattle and Sheep (LFA)	2013/14	3,445	8,540	968
	2014/15	3,631	5,988	1,252
Cattle and Sheep (Lowland)	2013/14	2,392	7,877	-3,141
	2014/15	1,930	10,687	-2,867

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 2013/14 and 2014/15.

2.4 Direct Payments

From 1 January 2005, direct payments to farmers were replaced by a decoupled Single Farm Payment (SFP) as an outcome of June 2003 CAP reforms. As a result of this, farmers in Northern Ireland receive an annual SFP which takes into account their historic receipts of direct payments and an area payment.

As SFP is decoupled from production it is not included in the gross margin of any particular enterprise. It is however included in total farm output and the various income measures. Previously coupled subsidy receipts were included in enterprise gross margins and therefore the introduction of decoupling has resulted in a significant reduction in many gross margins. SFP is recorded on an 'as due' basis of accounting. This means that payments relating to the 2005 SFP scheme year (1st year of SFP) accrue to the 2005/06 FBS accounting period, irrespective of when the money is actually paid. Hence 2013/14 and 2014/15 represents the 9th and 10th years of SFP scheme.

As shown in table 6, direct subsidy receipts per farm decreased between 2013/14 and 2014/15 on 4 out of the 7 main types of farm. The farm types showing a decrease were Cereal, Pig, Cattle and Sheep (LFA) and Mixed enterprises. Table 6 also shows that General Cropping, Dairy and Cattle and Sheep (Lowland) farm types showed an increase in direct payments between 2013/14 and 2014/15. When averaged across all Farm Types, table 6 shows that direct subsidy receipts per farm decreased from £25,893 in 2013/14 to £25,582 in 2014/15 (i.e. £311 less per farm).

Cattle and Sheep (LFA) farms received the highest level of direct subsidy receipts, averaging £28,726 per farm in 2014/15. Cereal farms had the next highest amount of direct subsidy receipts received at £27,838 per farm in 2014/15. Whereas General Cropping farms recorded the lowest average of the 7 main types of farms, at £9,541 per farm.

Dairy type farms showed an increase in direct payments of £338 per farm between 2013/14 and 2014/15. This was the net result of increases in Single Farm Payment (£666 per farm) and LFA Compensatory payments (£9 per farm) and decreases in Agri-Environmental Scheme payments (£299 per farm) and miscellaneous subsidies (£38 per farm) between 2013/14 and 2014/15.

Cattle and Sheep (LFA) type farms showed a decrease in direct payments of £857 per farm between 2013/14 and 2014/15. This was the net result of an increase in Single Farm Payment (£23 per farm) and decreases in LFA Compensatory payments (£19 per farm), Agri-Environmental Scheme payments (£644 per farm) and miscellaneous subsidies (£216 per farm) between 2013/14 and 2014/15.

For the remaining farm types there was firstly an increase in direct payments between 2013/14 and 2014/15 of £727 for General Cropping type farms and £256 for Cattle and Sheep (Lowland) type farms. The increase in direct payments for these farm types is mainly attributable to higher Single Farm Payment amounts received in the 2014/15 year. Secondly, there was a decrease in direct payments of £1,099 for Cereal type farms, £1,460 for Pig type farms and £726 for Mixed type farms. The reduction in direct payments for the Cereal and Mixed farm types is mainly attributable to lower Agri-Environmental Scheme payments, whereas, for Pigs it was lower Single Farm Payment receipts.

The data presented in tables 6 and 7 shows how important direct payments are to farmers in Northern Ireland. In 2014/15 direct payments ranged from 4% of the value of total farm output on Pig farms to 38% on Cattle and Sheep (LFA) farms. When expressed on a per hectare basis direct payments range from £167 per hectare on General Cropping farms to £439 per hectare on Pig farms.

When measured across all farm types, average direct payments represented 103% of the value of average Farm Business Income, 60% of the value of average Cash Income and 129% of the value of average Net Farm Income for farms in Northern Ireland. Moreover, for Cereal farms, Cattle and Sheep (LFA) farms and Cattle and Sheep (Lowland) farms, the average direct payments they received were greater than their average Farm Business Income and average Net Farm Income generated per farm in 2014/15. Cattle and Sheep (LFA) also had average direct payments that were greater than their average Cash Income.

Table 6 'As due' direct payments by type of farm in 2013/14 and 2014/15[1]

	2013/14	2014/15
	£ per farm	
Cereal	28,937	27,838
General Cropping	8,814	9,541
Pigs	14,673	13,213
Dairy	21,393	21,731
Cattle & Sheep (LFA)	29,583	28,726
Cattle & Sheep (Lowland)	25,589	25,845
Mixed	24,539	23,813
All types	**25,893**	**25,582**

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

Table 7 'As due' direct payments by type of farm, 2014/15[5]

	% TFO[1]	£ per ha	% FBI[2]	% CI[3]	% NFI[4]
Cereals	20	290	118	52	158
General Cropping	10	167	84	32	205
Pigs	4	439	29	19	22
Dairy	8	263	48	28	46
Cattle and Sheep (LFA)	38	269	195	114	355
Cattle and Sheep (Lowland)	29	383	164	93	423
Mixed	15	301	64	38	117
All Types	**18**	**285**	**103**	**60**	**129**

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

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

Farm Business Incomes including and excluding direct subsidy receipts are presented in Table 7(a). By excluding direct subsidy receipts this provides an indication of the incomes generated from farming activities. The data indicates that General Cropping, Pig, Dairy, and Mixed farm types return a positive Farm Business Income when direct payments are removed. Whereas, Cereal, Cattle and Sheep (LFA) and Cattle and Sheep (Lowland) farm types generate losses. When measured across all farm types the average Farm Business Income with direct payments removed is a loss of £640 per farm.

Table 7(a) Farm Business Incomes including and excluding direct payments in 2014/15 (£ per farm) [1]

	FBI	Direct Payments	FBI minus Direct Payments
Cereals	23,657	27,838	-4,181
General Cropping	11,375	9,541	1,835
Pigs	45,012	13,213	31,799
Dairy	45,728	21,731	23,997
Cattle and Sheep (LFA)	14,745	28,726	-13,981
Cattle and Sheep (Lowland)	15,726	25,845	-10,119
Mixed	37,138	23,813	13,325
All Types	**24,942**	**25,582**	**-640**

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

Table 7(b) presents Net Farm Incomes including and excluding direct subsidy receipts. In using this measure as opposed to Farm Business Income, lower levels of income are returned for each individual farm type with the exceptions of Pig and Dairy farms. The data also indicates that Pig and Dairy farm types are the only farm types to return a

positive Net Farm Income when direct payments are removed, given that General Cropping and Mixed farm types are now also negative. Whereas, Cereal, 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 loss of £5,683 per farm.

Table 7(b) Net Farm Incomes including and excluding direct payments in 2014/15 (£ per farm) [1]

	NFI	Direct Payments	NFI minus Direct Payments
Cereals	17,584	27,838	-10,254
General Cropping	4,649	9,541	-4,891
Pigs	59,664	13,213	46,451
Dairy	47,139	21,731	25,408
Cattle and Sheep (LFA)	8,096	28,726	-20,630
Cattle and Sheep (Lowland)	6,111	25,845	-19,734
Mixed	20,400	23,813	-3,413
All Types	**19,899**	**25,582**	**-5,683**

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

2.6 Trends in Farm Incomes between 2007/08 and 2014/15

Table 8 presents a time series (2007/08 – 2014/15) 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 (11/12 to 14/15) the average Farm Business Income for Dairy farms in real terms was 6.1% higher than that in the first four years (07/08 to 10/11) 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 18.7% lower than that in the first four years of the 8 year period.

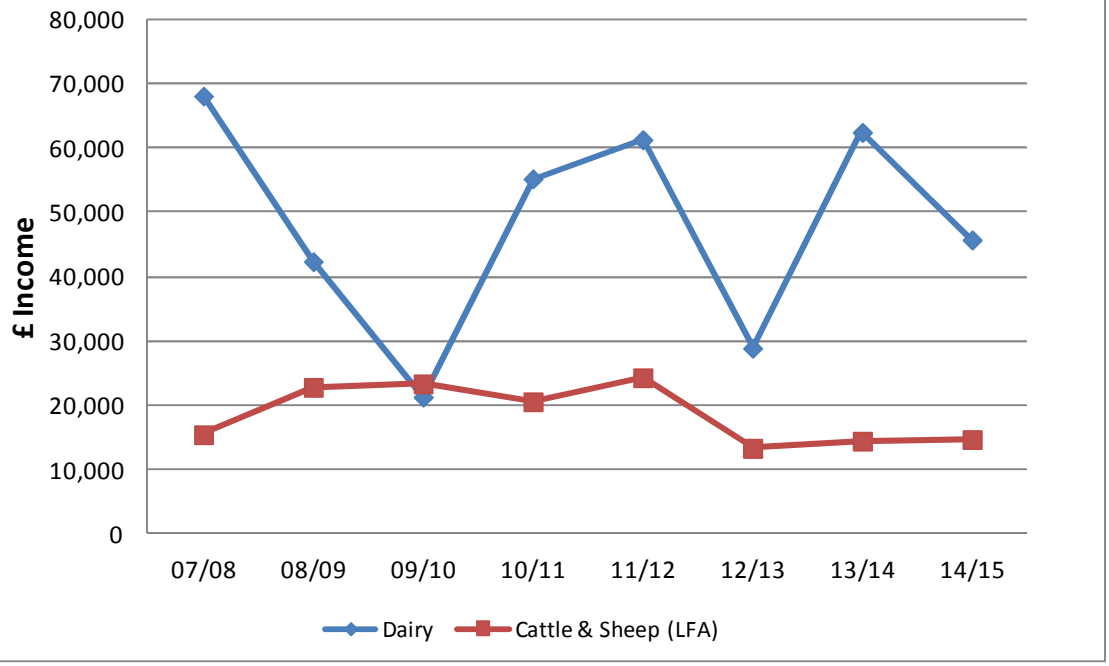
Table 8 Real Farm Business Income for Dairy and Cattle and Sheep farms (LFA) – 2007/08 to 2014/15[1,2]

	Dairy	Cattle & Sheep (LFA)
2007/08	100	100
2008/09	62	147
2009/10	31	151
2010/11	81	133
2011/12	90	157
2012/13	42	86
2013/14	92	94
2014/15	67	95

1. Expressed as an index in real terms, 2007/08 = 100
2. Based on data from all farms

The time series (2007/08 – 2014/15) 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 £29,506 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 £48,174, compared to £18,668 for Cattle and Sheep (LFA) farms. When considering the total asset values of both farm types it can be said that the average Dairy farm of 83 hectares in Northern Ireland, is valued at 27% more than the average Cattle and Sheep (LFA) farm of 107 hectares and has generated about 2.6 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 2007/08 to 2014/15



1. Based on series 2014/15 = 100

2.7 Other Sources of Income

In the FBS, farmers are asked to indicate into which of 8 ranges of income the joint income of the farmer and spouse falls for each of six off-farm sources of income. Off-farm income includes both earned and unearned sources, such as other employment and social payments. In total, these receipts averaged £8,335 per farm in 2014/15, of which £4,646 was earned income and £3,689 unearned income. However, it should be noted that on 36% of farm businesses no off-farm income was received. Off-farm income per farm ranged from under £1,000 to in excess of £20,000 per year and included in some situations Social Security payments only. In other cases, the earned income of the spouse was the main off-farm income source. The average amount of off-farm income was highest, at £8,971 per farm for Cattle and Sheep (LFA) farms

which is mainly because a relatively higher proportion of spouses were in full-time employment in this farm type.

Table 9 Off-farm income, 2014/15 (£ per farm)

	Off-farm Total Income	Employment & Self-employment	Investments, Pensions, Social Payments
Dairy	7,371	4,438	2,933
Cattle & Sheep (LFA)	8,971	4,861	4,110
Mixed	6,625	3,477	3,148
All Types	**8,335**	**4,646**	**3,689**

The two most common off-farm income sources were other employment and pensions, as shown in Table 10. In 2014/15, on 73 of the 285 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 6 farms both the farmer and spouse had off-farm employment. This equates to 32% of farms having an off-farm employment source of income. The percentages of farms receiving pensions and social payments were 30% and 11% respectively. In many instances social payments relate to child benefit payments and not an income support payment.

Table 10 Off-farm income by type and level of Income, 2014/15

	Zero	1-999	£ 1,000-4,999	5,000-19,999	20,000+
			(% of farms)		
Employment	72	0	3	16	8
Self-employment	95	0	0	2	2
Investments	96	2	0	1	1
Pensions	70	0	5	24	1
Social payments	89	2	3	6	0
All sources	**36**	**1**	**6**	**43**	**14**

2.8 Investment Levels on Farms

Within table 11, the real level of investment made on FBS farms over the past 10 years is shown. This shows that investment levels were at their lowest point in 2005/06 i.e. the first year in the period. From 2005/06, investment levels then showed year on year increases until 2009/10. The real levels of increase were 51% in 2006/07, 15% in 2007/08, 58% in 2008/09 and 29% in 2009/10. Following this period of increases, the real level of investment then decreased by 31% in 2010/11, increased by 4% in 2011/12, decreased by 28% in 2012/13, and increased by 9% in 2013/14. In the most recent year (2014/15), the real level of investment increased by 27%.

Table 11 Net investment index per farm, 2005/06 to 2014/15

	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15
Current price Index	100	156	183	297	392	281	296	216	240	310
Real terms index[1]	100	151	173	273	353	245	254	182	198	252

1. Deflated using the GDP deflator, 2005/06 = 100
2. Based on data from all farms.

As shown in table 12 the average net investment (excluding capital grants received) was £25,904 per farm in 2014/15, which is £4,060 more than the previous year. The total average net investment in 2014/15 was composed of plant, machinery and vehicles at £9,876 per farm (which is £555 higher than in 2013/14), land and buildings at £9,111 per farm (which is £2,726 higher than in 2013/14) and investment on capital improvements at £6,978 per farm (which is £385 higher than 2013/14). Capital grants received were £61 in 2014/15 (which is £395 lower than in 2013/14). Average levels of net investment were higher in 2014/15 than 2013/14 for General Cropping, Dairy, Cattle & Sheep (LFA) and Cattle & Sheep (Lowland) farm types.

Table 12 Net investment by type of farm, 2013/14 and 2014/15[1]

	2013/14	2014/15
	£ per farm	
Cereal	75,087	8,766
General Cropping	3,184	3,760
Pigs	38,033	32,969
Dairy	41,565	42,730
Cattle & Sheep (LFA)	10,634	13,911
Cattle & Sheep (Lowland)	14,123	31,205
Mixed	33,801	31,951
All types	**21,844**	**25,904**

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

As in 2013/14, the average levels of net investment in 2014/15 were different on each of the farm types. The average levels of net investment in 2014/15 ranged from £3,760 per farm on General Cropping farms to £42,730 per farm on Dairy farms. Differences in levels of investment by farm type occur for a number of reasons including dissimilarities in farm size, levels of Cash Income and the need for replacement/establishment of assets. In general, the pattern of investment would tend to indicate that farmers increase capital expenditure in or immediately following years when they have a substantial increase in cash income.

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 2014/15 account year is presented in Table 13. This shows that average total assets per farm measured across all farm types were £1,307,456 in 2014/15. Whereas, average external liabilities per farm measured across all farm types were £43,635 in 2014/15, which is 9.6% higher than the previous year. When measured across all farm types the average external liabilities (i.e. mainly bank borrowings) per farm in 2014/15 were equivalent to 3.3% of total farm assets. Given these values for assets and liabilities the average net worth per farm measured across all farm types was £1,263,822 in 2014/15. When measured across all farm types, net worth expressed as a percentage of total assets was 96.7% in 2014/15. 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 2014/15 ranged from £797,657 per farm on Pig type farms to £1,911,152 per farm on Cereal type farms. Also, in 2014/15, Dairy type farms had the highest average amount of external liabilities at £105,738 per farm, whereas Cattle and Sheep (LFA) farms had the lowest external liabilities at £15,353 per farm. When measured as a percentage of total assets, external liabilities ranged from 1.3% on Cattle and Sheep (LFA) type farms to 7.2% on Dairy type farms. When compared to the previous year, external liabilities increased on General Cropping, Pig, Dairy, Cattle and Sheep (LFA), Cattle and Sheep (Lowland) type farms, and decreased on Cereals and Mixed type farms.

In terms of net worth, average values by farm type in 2014/15 ranged from £762,184 on Pig farms to £1,874,066 on Cereal farms. When net worth is expressed as a percentage of total assets, average values range from 92.8% on Dairy farms to 98.7% on Cattle and Sheep (LFA) farms.

Table 13 Financial stability of farms in Northern Ireland 2013/14 and 2014/15[1]

		Farm Area (ha)	Total Assets (£'000)	External Liabilities (£'000)	Net Worth (£'000)	Net Worth (as a % of Total Assets)
Cereals	13/14	83.1	1933.6	39.6	1894.0	98.0
	14/15	95.9	1911.2	37.1	1874.1	98.1
General Cropping	13/14	64.1	917.9	24.0	893.9	97.4
	14/15	57.2	907.3	32.7	874.6	96.4
Pigs	13/14	30.1	778.5	33.4	745.1	95.7
	14/15	30.1	797.7	35.5	762.2	95.6
Dairy	13/14	79.6	1447.0	96.8	1350.1	93.3
	14/15	82.7	1467.7	105.7	1362.0	92.8
Cattle and Sheep (LFA)	13/14	107.0	1144.3	15.0	1129.3	98.7
	14/15	106.7	1154.3	15.4	1139.0	98.7
Cattle and Sheep (Lowland)	13/14	68.3	1362.5	17.9	1344.6	98.7
	14/15	67.4	1384.6	24.3	1360.4	98.2
Mixed	13/14	78.8	1728.6	39.4	1689.2	97.7
	14/15	79.2	1742.9	37.0	1706.0	97.9
All Types	**13/14**	**89.2**	**1292.5**	**39.8**	**1252.7**	**96.9**
	14/15	**89.8**	**1307.5**	**43.6**	**1263.8**	**96.7**

1. Based on data from all farms.

The distribution of farms by their net worth expressed as a percentage of total farm assets is presented in Table 14. Overall, the distribution indicates that in 2014/15 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)		
2013/14	1	3	12	46	38
2014/15	1	3	14	57	25

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 2014/15 the average capital required across all farm types was £14,560 per hectare. At the individual farm type level the average capital required ranged from £10,818 per hectare on Cattle and Sheep (LFA) type farms to £26,500 per hectare on Pig type farms. Cattle and sheep (LFA) farms have a relatively low capital requirement as they tend to operate extensive enterprises on comparatively lower valued land, whereas, Pig farms have a relatively high capital requirement per hectare as they operate an intensive enterprise on a small area of land.

Measured across all farm types the average value of land and buildings accounted for 88% of the average capital requirement on Northern Ireland farms in 2014/15. When measured by individual farm type, the percentage of total assets tied up in land and buildings ranged from 83% on Pig farms to 93% on Cereal farms.

Assets other than land and buildings are collectively referred to as operating capital. As shown in table 15, in 2014/15 the average amount of operating capital (which excludes debtors) measured across all farm types was £142,517 per farm or 10.9% of total assets. This operating capital can be broken down into breeding livestock (34% of operating capital), machinery (29%), trading livestock (29%), and crops and stocks (8%). When measured at the individual farm type level, the average operating capital in 2014/15 ranged from £82,108 for General Cropping farms to £209,351 for Dairy farms. Alternatively, when measuring average operating capital as a percentage of average total assets for individual farm types in 2014/15, the values ranged from 5.9% for Cereal farms to 16.7% for Pig farms.

Table 15 Amount of operating capital by type of farm, 2014/15

	Operating Capital	
	£ per farm	% of total farm Capital
Cereal	112,197	5.9
General Cropping	82,108	9.0
Pigs	132,938	16.7
Dairy	209,351	14.3
Cattle & Sheep (LFA)	103,398	9.0
Cattle & Sheep (Lowland)	138,520	10.0
Mixed	178,509	10.2
All types	**142,517**	**10.9**

3.2 Rate of Return on Capital

There is a number of ways to calculate the rate of return on capital employed on farms. For many years, management and investment income (Net Farm Income minus the value of farmer and spouse labour) expressed as a percentage of tenant's capital was the most widely used measure. However, as this measure was not very meaningful for owner occupied farms, another measure, Occupier's Net Income expressed as a percentage of net worth, was used. This expression represents the rate of return that the farmer and spouse obtain for their manual and managerial labour on all of their investment in the business. From the 2007/08 account year, the new headline income measure (i.e. Farm Business Income) expressed as a percentage of net worth is used. This expression represents the return that all unpaid labour (farmer, spouses and others with an entrepreneurial interest in the farm business) obtains for their manual and managerial labour and all of their investment in the business.

As indicated in Table 16, the rate of return to capital and labour achieved by some farm types in 2014/15 is low when compared to other investment opportunities. The average rate of return in 2014/15 ranged from 1.2% on Cattle and Sheep (Lowland) farms to 5.9% on Pig farms.

Table 16 Farm Business Income as a percentage of net worth by type of farm, 2014/15

	Farm Business Income as a % of Net Worth
	2014/15
Cereal	1.3
General Cropping	1.3
Pigs	5.9
Dairy	3.4
Cattle & Sheep (LFA)	1.3
Cattle & Sheep (Lowland)	1.2
Mixed	2.2
All types	**2.0**

3.3 Bank Borrowings

In the 2014/15 year, the average level of bank borrowings measured across all farm types was £38,657 per farm. This is an average increase of £2,767 per farm when compared to 2013/14. As shown in Table 17, Dairy farms had the highest level of borrowings with an average of £93,247 per farm in 2014/15. The largest increase in borrowings between 2013/14 and 2014/15 occurred on General Cropping farms, with an average increase of £13,248 per farm. The largest decrease in borrowings was on Cereal farms with an average decrease of £4,233 per farm.

Banks are the main source of lending to farming with others such as family loans, hire purchase and leasing, providing on average a further £4,977 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, 2013/14 and 2014/15[1]

	2013/14	2014/15
	£ per farm	
Cereal	31,631	27,398
General Cropping	13,833	27,081
Pigs	28,226	32,752
Dairy	87,334	93,247
Cattle & Sheep (LFA)	13,839	13,548
Cattle & Sheep (Lowland)	15,970	22,835
Mixed	36,103	31,912
All types	**35,890**	**38,657**

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

The distribution of farms by level of borrowing per farm in 2013/14 and 2014/15 are presented in Table 18. This shows that 46% of the farms recorded no bank borrowings in 2014/15 whereas 18% of farms recorded borrowings in excess of £50,000. When comparing the distributions for 2013/14 and 2014/15 the overall picture is very similar but with a 5% increase in the number of farms having borrowings in excess of £20,000 in 2014/15.

Table 18 Distributions of farms by level of bank borrowings, 2013/14 and 2014/15[1]

Bank Borrowings (£ per farm)	2013/14	2014/15
	% of farms	
Nil	46	46
1 to 20,000	25	20
20,000 to 49,999	12	16
50,000 to 99,999	8	7
100,000 and over	9	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 the average bank lending rate recorded during 2014 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 2013/14 and 2014/15. As the average account year end for the sample of farms is mid-February, the results refer to the 2013 and 2014 grassland and crop years. Average Gross Margin by enterprise is presented in Table 19(a). It is important to note that as the Single Farm Payment is decoupled from production and not linked to any particular enterprise it is not included in the gross margin figures. For similar reasons, Less Favoured Area Compensatory Allowance is also not included. The overall situation was that higher gross margins were recorded in 2014/15 for SDA beef cows, DA beef cows, Lowland beef cows, SDA breeding ewes, DA breeding ewes, Lowland breeding ewes and Potato enterprises. Whereas, lower gross margins were recorded for Dairy cows, Pigs, Spring Barley, Winter Barley and Winter Wheat enterprises.

Table 19(a) Average gross margins by enterprise in 2013/14 and 2014/15[1]

		Average gross margins	
		2013/2014	2014/2015
		£ per head	
Dairy Cows		1,088	912
Suckler Cows	- SDA	131	142
	- DA	170	199
	- Lowland	165	210
Breeding Ewes	- SDA	0	21
	- DA	29	39
	- Lowland	47	58
Pigs		27.85	26.49
		£ per hectare	
Spring Barley		757	602
Winter Barley		923	706
Winter Wheat		1,192	914
Potatoes – ware		2,450	2,651

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

4.1 Dairy Cows

As shown in Table 19(b), the average gross margin per dairy cow decreased from £1,088 in 2013/14 to £912 in 2014/15 for the 117 dairy herds which provided information in both years. This decrease of £176 in average gross margin is the net result of a £237 decrease in output value and a £61 decrease in total variable costs in 2014/15. The reason for the decrease in output value was that milk receipts were on average £233 lower per cow in 2014/15. The lower milk receipts per cow were due to decreases in milk price of 4.0 pence per litre. This milk price decrease was partially counteracted by a milk yield increase of 169 litres per cow. The decrease in total variable costs per cow resulted mainly from a £49 decrease in concentrate cost per cow. The decrease in concentrate costs per cow was due to lower concentrate prices and usage in 2014/15.

Stocking rates decreased slightly from 2.12 cow equivalents per hectare in 2013/14 to 2.10 cow equivalents per hectare in 2014/15. Given these very similar stocking rates and the decrease in average gross margin per cow, then average gross margin per hectare also decreased from £2,283 in 2013/14 to £1,899 in 2014/15, which is a decrease of £384 per hectare.

Table 19(b) Average outputs, variable costs and gross margins per dairy cow in 2013/14 and 2014/15[1]

	2013/2014	2014/2015
Number of herds	117	
Enterprise output	**£ per cow**	
Milk	2,252	2,019
Calves	87	93
Herd replacement	-169	-180
Output	**2,169**	**1,932**
Quota leasing receipts	-	-
Quota leasing costs	-	-
Super levy	-	-
Adjusted Output	**2,169**	**1,932**
Variable Costs		
Concentrates	722	673
Hay, silage & grazing	212	197
Sundries & Vet	148	150
Total Variable Costs	**1,081**	**1,020**
Gross Margin	**1,088**	**912**
Average herd size (cows)	100	105
Concentrates per litre (kg)	0.38	0.37
Stocking rate (ce/ha)	2.12	2.10
Summer milk (%)	52	52
Milk yield (l/cow)	6,941	7,110
Milk price (p/l)	32.4	28.4

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

As shown in Table 20, the difference in performance in 2014/15 between the 'top' and 'bottom' quartiles was, as in previous years, substantial. The 'top' quartile had an average gross margin per cow of £1,246 compared with £580 for the 'bottom' quartile. The main reasons for this difference in performance are that the 'top' quartile had an average milk yield 608 litres per cow above and a milk price 3.3 pence per litre above the 'bottom' quartile. For the average herd size of 105 dairy cows in the sample, the difference in gross margin between the 'top' and 'bottom' quartiles equates to a total value of £69,930 per herd.

Table 20 Average outputs, variable costs and gross margins per dairy cow in the top 25% and bottom 25% groups, 2014/15

	Top 25%	Bottom 25%
	£ per cow	
Gross Margin	1,246	580
Milk Sales	2,266	1,852
Calf Sales	103	82
Total Output	2,224	1,733
Variable Costs	978	1,153
Milk Yield – litres	7,545	6,937
Av milk price – ppl	30.0	26.7
Stocking rate - ce/ha	2.11	2.13

4.2 Suckler Cows

In the 2014/15 account year all of the three main categories of suckler herds had average gross margins that were higher than those in 2013/14 (Table 21). For SDA suckler cows the average gross margin per cow increased from £131 in 2013/14 to £142 in 2014/15. This increase of £11 per cow was the net result of a £17 decrease in total output and a £28 decrease in total variable costs. The £17 decrease in output was down to an increase in the herd replacement cost. For DA suckler cows the average gross margin increased by £29 per cow due to a £6 increase in total output and a £24 decrease in total variable costs. The £6 increase in output value was the net result of a £23 increase in the value of calves and a £17 increase in herd replacement cost. For Lowland suckler cows the average gross margin increased by £45 per cow, which was the combined result from an increase of almost £14 in total output and a decrease of £30 in total variable costs. The £14 increase in output value was the net result of a £37 increase in the value of calves and a £23 increase in herd replacement cost. Across all 3 herd types, there were decreases in total variable costs between 2013/14 and 2014/15, which ranged from £24 per cow in the DA to £30 per cow in the Lowland.

Table 21 Average outputs, variable costs and gross margins per cow for SDA, DA and Lowland suckler herds, 2013/14 and 2014/15[1]

	SDA		DA		Lowland	
	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015
Number of herds	62		25		29	
Enterprise Output			£ per cow			
Calves	457	458	466	489	471	508
Herd replacement	-44	-61	-39	-56	-50	-73
Total Output	**414**	**397**	**427**	**433**	**421**	**435**
Variable Costs						
Concentrates	70	56	51	43	32	25
HSG	158	140	140	124	152	139
Sundries & Vet	55	59	67	68	71	61
Total Variable Costs	**283**	**255**	**258**	**234**	**255**	**225**
Gross Margin	**131**	**142**	**170**	**199**	**165**	**210**
Calves reared per cow	0.92	0.92	0.96	0.95	0.92	0.94
Average price per calf sold/trans (£)	492	515	486	512	506	545

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

The data presented in table 22 for the 'top 25%' and 'bottom 25%' of suckler herds show that there were a difference of £323 in gross margin per cow between the 'top' and 'bottom' groups of SDA suckler herds in 2014/15. This is accounted for by differences of £166 in calf returns, £65 in herd replacement costs, and £93 in total variable costs between the top and bottom groups. Similarly for DA suckler herds there were a difference of £263 in gross margin per cow between the 'top' and 'bottom' groups of herds in 2014/15. This is accounted for by differences of £173 in calf returns, £34 in herd replacement costs, and £57 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, 2014/15

	Top 25%	Bottom 25%
	£ per cow	
Gross Margin		
- SDA	292	-31
- DA	297	34
Calf Returns		
- SDA	543	377
- DA	528	355
Herd replacement cost		
- SDA	-39	-104
- DA	-25	-59
Variable Costs		
- SDA	211	304
- DA	205	262

4.3 Breeding Ewes

As shown in Table 23, gross margins per ewe for Lowland, Upland and Hill flocks showed an increase between 2013/14 and 2014/15. For Lowland breeding ewes the average gross margin per ewe increased from £47.40 in 2013/14 to £57.58 in 2014/15, which is an increase of £10.18. This increase was the combined result of a £8.29 increase in output and a £1.90 decrease in total variable costs. For Upland breeding ewes the average gross margin per ewe increased from £28.99 in 2013/14 to £39.25 in 2014/15, which is an increase of £10.26. This increase was the combined result of a £0.13 increase in output and a £10.13 decrease in total variable costs. For Hill breeding ewes the average gross margin per ewe increased from £0.15 in 2013/14 to £21.39 in 2014/15, which is an increase of £21.24. This increase was the combined result of a £11.48 increase in output and a £9.76 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 2014/15. This shows that there was a difference in gross margin between the 'top 25%' and 'bottom 25%' of £57 per ewe in the Lowland, £66 per ewe in the Upland, and £56 in the Hill. The main reason for these differences in gross margin between the 'top 25%' and 'bottom 25%', is the considerable range found in the value of lamb sales per ewe which averaged £105 in the top group and £76 in the bottom group.

Table 23 Average outputs, variable costs and gross margins per ewe for Lowland, DA and SDA breeding flocks, 2013/14 and 2014/15[1]

	Lowland		Upland (DA)		Hill (SDA)	
	2013/2014	**2014/2015**	**2013/2014**	**2014/2015**	**2013/2014**	**2014/2015**
Number of flocks	30		22		24	
Output			**£ per ewe**			
Lambs	98.66	105.77	96.88	91.04	55.91	66.33
Wool	2.63	3.64	2.91	2.84	2.17	2.58
Flock Replacements	-1.17	-1.01	-9.12	-3.09	0.37	1.02
Total Output	**100.11**	**108.40**	**90.66**	**90.79**	**58.45**	**69.93**
Variable Costs						
Concentrates + OPF	14.33	12.86	23.44	15.28	25.32	15.11
Hay, silage, & grazing	23.42	22.18	24.41	22.38	21.11	20.56
Sundries + Vet	14.96	15.78	13.81	13.88	11.87	12.87
Total Variable Costs	**52.72**	**50.82**	**61.67**	**51.54**	**58.30**	**48.54**
Gross Margin	**47.40**	**57.58**	**28.99**	**39.25**	**0.15**	**21.39**
Lambs reared per ewe	1.31	1.45	1.39	1.30	0.97	1.14
Ave lamb price (£)	82.21	80.41	77.91	75.38	69.92	68.43
Ewe mortality %	3.6	4.9	7.6	6.5	10.8	8.4
Lamb mortality per 100 ewes	7.5	9.0	9.3	8.1	13.1	9.7
Ave flock size (ewes)	221	204	119	125	285	270

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, 2014/15

	Top 25%	Bottom 25%
	Per Ewe	
Gross Margin (£)		
- Lowland	94	37
- Upland	74	8
- Hill	45	-11
Lamb Sales (£)		
- Lowland	130	91
- Upland	106	91
- Hill	78	45
Lambs Reared		
- Lowland	1.53	1.33
- Upland	1.52	1.39
- Hill	1.15	0.97

4.4 Pigs

On the 6 farms which had rearing and finishing units, the average gross margin per pig decreased from £27.85 in 2013/14 to £26.49 in 2014/15 (Table 25). This decrease in margin of £1.36 per pig between 2013/14 and 2014/15 was the net result of a decrease in output of £9.62 per pig and a decrease in total variable costs of £8.27 per pig. The decrease in output was due to the less favourable pig prices in 2014/15, whereas, the decrease in total variable costs was due to the £9.33 decrease in the cost of feedstuffs per pig and the £1.06 increase in the cost of veterinary, medicine and sundries per pig. The decrease in cost of feedstuffs was due to lower concentrate prices in 2014/15. The average gross margin of £26 per pig is the fourth highest result in the 10 years since 2005/06. The average gross margins per pig in previous years were £20 in 2005/06, £21 in 2006/07, £10 in 2007/08, £21 in 2008/09, £38 in 2009/10, £28 in 2010/11, £22 in 2011/12, £21 in 2012/13, and £32 in 2013/14.

Table 25 Average sales, variable costs and gross margins per pig for pig rearing and finishing units, 2013/14 and 2014/15[1]

	2013/2014	2014/2015
Number of herds	6	
	£ per pig	
Output	128.08	118.46
Variable Costs		
Feeding stuffs	94.27	84.94
Vet and medicines	3.45	3.34
Sundries	2.51	3.68
Total Variable Costs	**100.23**	**91.96**
Gross Margin	**27.85**	**26.49**
Meal equivalent per pig (kg)	312	305
Price of concentrates (£/tonne)	302	278
Pigs weaned per sow	20.02	21.53

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 £757 in 2013 to £602 in 2014 (a fall of £155 per hectare). This decrease was the net result of a £158 decrease in output value and a £2 decrease in total variable costs in 2014. The fall in output value was due to lower grain and straw prices in 2014. Grain prices per tonne decreased from £155 in 2013 to £128 in 2014, whereas, straw prices per tonne decreased from £77 in 2013 to £61 in 2014. In comparison to 2013 levels, average grain yield increased by 0.27 tonnes per hectare and average straw yield increased by 0.15 tonnes per hectare. The decrease in variable costs between 2013 and 2014 was the result of lower seed and fertiliser costs in 2014.

Table 26 Average outputs, variable costs and gross margins per hectare for spring barley, 2013/14 and 2014/15[1]

	2013/2014	2014/2015
Number of farms	54	
	£ per hectare	
Output		
Grain	837	724
Straw	272	227
Total Output	**1,109**	**951**
Variable Costs		
Seed	79	67
Fertilisers	150	148
Sprays	101	106
Sundries	21	27
Total Variable Costs	**351**	**349**
Gross Margin	**757**	**602**
Grain yield (tonnes per ha)	5.40	5.67
Straw yield (tonnes per ha)	3.55	3.70

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

The 'top 25%' performance group of farms in 2014 had an average grain yield of 6.50 tonnes per hectare compared with 5.02 tonnes in the 'bottom 25%' group. These yields generated grain sales of £882 for the 'top' group and £608 for the 'bottom' group. Associated with the higher grain yield was also a higher straw yield which generated straw sales of £307 per hectare in the 'top' group compared with £206 in the 'bottom' group. The average grain price per tonne received by the 'top' group was £15 higher than the 'bottom' group, whereas, the average straw price per tonne in the 'top' performance group was £5 higher than the 'bottom' group. In terms of inputs, the total variable costs were £373 per hectare for the 'top' group and £356 for the 'bottom' group. These differences in output and inputs between the 'top' and 'bottom' groups resulted in a gross margin of £816 per hectare for the 'top' group and £458 per hectare for the 'bottom' group i.e. a difference of £358 per hectare.

4.6 Winter Barley

As shown in Table 27, the average gross margin per hectare for the winter barley crop decreased from £923 in 2013 to £706 in 2014, which is a fall of £217. This decrease was the net effect of a £232 decrease in output and a £15 decrease in variable costs in 2014. The decrease in output value mainly resulted from the lower grain and straw prices in 2014. Grain prices per tonne decreased from £148 in 2013 to £130 in 2014, whereas, straw prices per tonne decreased from £78 in 2013 to £66 in 2014. In comparison to 2013 levels, average grain yield decreased by 0.12 tonnes per hectare and average straw yield decreased by 0.53 tonnes per hectare. The decrease in variable costs between 2013 and 2014 was the result of lower seed, fertiliser and sundry costs in 2014.

Table 27 Average outputs, variable costs and gross margins per hectare for winter barley, 2013/14 and 2014/15[1]

	2013/2014	2014/2015
Number of farms	13	
	£ per hectare	
Output		
Grain	1,025	883
Straw	347	258
Total Output	**1,373**	**1,141**
Variable Costs		
Seed	88	84
Fertilisers	210	194
Sprays	131	138
Sundries	21	20
Total Variable Costs	**450**	**435**
Gross Margin	**923**	**706**
Grain yield (tonnes per ha)	6.92	6.80
Straw yield (tonnes per ha)	4.46	3.93

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

The 'top 25%' group of farms in 2014 had an average grain yield of 8.00 tonnes per hectare, and this was 2.11 tonnes more than the 'bottom 25%' group. Higher values for grain and straw output resulted in an output value of £1,454 per hectare for the 'top' group, some £511 above that of the 'bottom' group. Total variable costs per hectare were £140 lower in the 'top' group at £393 per hectare. The gross margins per hectare were £1,061 for the 'top' group and £410 for the 'bottom' group.

On average, the winter barley crop gross margin in 2014 was £104 per hectare higher than that for the spring crop. It is usually the case that the winter barley crop out-performs the spring barley crop as the higher returns associated with the higher yield of the winter barley crop more than cover the additional variable costs incurred when compared with the spring barley crop. The last time the average spring barley crop outperformed the average winter barley crop was in 2001.

4.7 Winter Wheat

As shown in Table 28 the average gross margin per hectare for the winter wheat crop decreased from £1,192 in 2013 to £914 in 2014, which is a fall of £278. This was the combined effect of a £260 decrease in output and a £19 increase in variable costs in 2014. The fall in output value was the result of lower grain and straw prices in 2014. The average grain yield increased by 0.39 tonnes per hectare, whereas, straw yield increased by 0.54 tonnes per hectare. However, these increases in yields were not sufficient to offset the decrease in grain and straw prices. In 2014, average grain prices decreased by £34 per tonne, whereas, average straw prices decreased by £14 per tonne. As a result of these changes in yields and prices, total output decreased from £1,694 in 2013 to £1,434 in 2014. The increase in total variable costs of £19 per hectare in 2014 was the result of higher spray costs in 2014.

Table 28 Average outputs, variable costs and gross margins per hectare for winter wheat, 2013/14 and 2014/15[1]

	2013/2014	2014/2015
Number of farms	10	
	£ per hectare	
Output		
Grain	1,334	1,106
Straw	360	328
Total Output	**1,694**	**1,434**
Variable Costs		
Seed	93	87
Fertilisers	195	191
Sprays	166	201
Sundries	47	42
Total Variable Costs	**502**	**521**
Gross Margin	**1,192**	**914**
Grain yield (tonnes per ha)	8.12	8.51
Straw yield (tonnes per ha)	4.81	5.35

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

The 'top 25%' group of farms in 2014 had an average grain yield of 11.11 tonnes per hectare, and this was 6.53 tonnes more than the 'bottom 25%' group. Higher grain and straw yields resulted in an output value of £1,898 per hectare for the 'top' group, some £1,081 above that of the 'bottom' group. Total variable costs per hectare were £169 higher in the 'top' group at £551 per hectare. The gross margins per hectare were £1,346 for the 'top' group and £434 for the 'bottom' group.

The 2014 crop results show that the highest gross margin per hectare was obtained by winter wheat (£914) followed by winter barley (£706) and then spring barley (£602). 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 2013 and 2014 ware potato crops were £2,450 and £2,651 per hectare respectively. This increase in gross margin of £201 per hectare was the net result of a £66 decrease in output and a £267 decrease in variable costs between 2013 and 2014. The decrease in output resulted from decreases in ware potato prices in 2014. Ware potatoes prices decreased from £144 per tonne in 2013/14 to £113 per tonne in 2014/15, whereas, ware potato yield increased from 32.6 tonnes per hectare in 2013 to 38.8 tonnes per hectare in 2014. The total variable costs incurred decreased from £1,673 per hectare in 2013/14 to £1,406 per hectare in 2014/15, which is a decrease of £267 per hectare. In terms of individual costs, seeds showed the most decrease, falling from £608 per hectare in 2013/14 to £355 per hectare in 2014/15 (i.e. a decrease of £253 per hectare). Whereas, sundries showed the most increase, by rising from £138 per hectare in 2013/14 to £165 per hectare in 2014/15 (i.e. an increase of £27 per hectare). Overall, the average variable costs of production per tonne for the ware crop decreased from £51.32 in 2013 to £36.24 in 2014. 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, 2013/14 and 2014/15[1]

	Ware Crop	
	2013/2014	**2014/2015**
Number of farms	7	
	£ per hectare	
Potato Output	**4,123**	**4,057**
Variable costs		
Seed	608	355
Fertiliser	404	356
Sprays	317	333
Contract/Casual Wages	207	198
Sundries	138	165
Total Variable costs	**1,673**	**1,406**
Gross Margin	**2,450**	**2,651**
Total yield (tonnes/ha)	32.6	38.8
Av price per tonne (£)	144	113

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 78% 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, 2014/15

		Top[1] Group	Bottom[1] Group
		£ Per head	
Dairy cows		1,246	580
Suckler cows	- DA	297	34
	- SDA	292	-31
Breeding ewes	- DA	74	8
	- SDA	45	-11
	- Lowland	94	37
Spring barley		816	458
Winter barley		1,061	410
Winter wheat		1,346	434

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 £521 in 2013/14 to £522 in 2014/15. At the individual farm type level, three of the seven farm types recorded increases in fixed costs, with the exceptions being Cereal, General Cropping, Dairy and Cattle & Sheep (Lowland). Increases in fixed costs per hectare ranged from £1 on Cattle and Sheep (LFA) farms to £190 on Pig farms. Decreases in fixed costs per hectare ranged from £1 on Dairy farms to £160 on Cereal farms.

Table 31 Fixed costs per hectare by type of farm, 2013/14 and 2014/15[1, 2]

	2013/14	2014/15
	£ per ha	
Cereal	784	624
General Cropping	706	668
Pigs	1,579	1,769
Dairy	885	884
Cattle & Sheep (LFA)	313	314
Cattle & Sheep (Lowland)	495	477
Mixed	675	682
All Types	**521**	**522**

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 2013/14 and 2014/15, these three cost categories on average accounted for 71% and 70% respectively of total fixed costs across all types of farm.

Table 32 Fixed costs per hectare, by category, 2013/14 and 2014/15[1]

	2013/14	2014/15
	£ per ha	
Depreciation of buildings and works	107	109
Depreciation of machinery	123	122
Machinery running costs	141	137
Farm insurance	14	15
Farm fuel	23	24
Rates and water charges	13	13
Building repairs and miscellaneous	80	81
Interest payments	20	21
Total	**521**	**522**

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

When cost savings are sought they are most likely to be found in the main expenditure areas. During low-income periods this has resulted in a reduction in the level of capital expenditure on machinery and equipment, as farmers have tended to replace machinery less frequently. Other fixed costs such as farm fuel, rates, building repairs and insurance cannot be reduced so readily.

APPENDICES 1.1 – 1.7

Appendix 1

Table 1.1 – CEREAL & GENERAL CROPPING FARMS – ALL SIZES OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2013/14 AND 2014/15[1]

	Cereals			General Cropping		
	2013/14	2014/15	% Change	2013/14	2014/15	% Change
Average size of business (SLRs)		1.3			1.3	
Total area of farm (ha)	83.1	95.9	15.3	64.1	57.2	-10.8
of which: crops & grass	77.9	89.4	14.8	61.8	54.5	-11.7
rough grazing	1.7	1.7	0.8	0.5	0.5	0.0
Hectares - Total crops	69.4	82.4	18.7	54.2	45.9	-15.3
(of which cereals)	55.8	67.8	21.4	38.4	33.1	-13.9
Av.no - Dairy cows	0.6	0.1	-87.2	0.0	0.0	-
Av.no - Beef cows	1.3	0.0	-100.0	0.0	0.0	-
Av.no - Other cattle	5.3	7.4	39.8	16.7	17.2	3.5
Av.no - Ewes	28.7	21.9	-23.8	0.0	0.0	-
Av.no - Sows/gilts	0.0	0.0	-	0.0	0.0	-
Crop output :	**£ per farm**			**£ per farm**		
Cereals	57,948	61,390	5.9	34,126	24,146	-29.2
Potatoes	0	0	-	58,039	39,801	-31.4
Misc. crop output	27,088	31,306	15.6	12,737	8,955	-29.7
Total crop output	**85,035**	**92,696**	**9.0**	**104,902**	**72,902**	**-30.5**
Livestock output :						
Cattle rearing & fattening	2,400	3,834	59.7	9,028	6,347	-29.7
Cattle - dairy	0	0	-	0	0	-
Milk	0	0	-	0	0	-
Sheep & wool	3,449	3,972	15.2	0	0	-
Pigs	0	0	-	0	0	-
Poultry & eggs	0	0	-	0	0	-
Other livestock	0	0	-	0	0	-
Total livestock output	**5,849**	**7,806**	**33.5**	**9,028**	**6,347**	**-29.7**
Single Farm Payment	25,681	25,227	-1.8	7,810	8,789	12.5
LFA Compensatory scheme	0	0	-	0	0	-
Agri Environment schemes	3,256	2,611	-19.8	610	677	11.0
Miscellaneous subsidies	0	0	-	393	74	-81.2
Miscellaneous revenue	10,024	7,796	-22.2	2,458	2,176	-11.5
On farm - non farm income	0	0	-	0	0	-
Adjustments for disposal of previous year's crop	897	1,130	26.0	1,974	340	-82.8
Total farm output	**130,742**	**137,266**	**5.0**	**127,176**	**91,306**	**-28.2**

Table 1.1 Contd.

	Cereals			General Cropping		
	2013/14	2014/15	% Change	2013/14	2014/15	% Change
Inputs :	**£ per farm**			**£ per farm**		
Purchased concentrate feed & fodder	1,138	2,061	81.0	2,125	1,318	-38.0
Home grown concentrate feed	396	164	-58.6	0	0	-
Veterinary fees & medicines	585	495	-15.4	314	373	18.6
Other livestock costs	421	208	-50.7	767	646	-15.8
Purchased & home grown seed	5,767	5,591	-3.1	8,704	5,903	-32.2
Fertilisers	13,475	16,752	24.3	14,741	11,904	-19.2
Other crop costs	9,502	11,363	19.6	10,412	9,637	-7.4
Regular & casual labour	2,079	2,133	2.6	3,340	1,333	-60.1
Machinery excluding depreciation	23,580	24,779	5.1	18,988	15,326	-19.3
Depreciation of plant machinery & vehicles	25,064	23,227	-7.3	14,940	12,431	-16.8
Depreciation of buildings & works	6,815	6,915	1.5	1,324	1,265	-4.5
Land & building inputs	10,566	10,100	-4.4	14,349	11,313	-21.2
Interest payments	1,639	1,280	-21.9	1,711	1,702	-0.5
Other general farming costs	8,787	8,542	-2.8	7,052	6,779	-3.9
Total variable costs	**38,988**	**47,729**	**22.4**	**41,490**	**33,503**	**-19.3**
Total fixed costs	**70,826**	**65,880**	**-7.0**	**57,276**	**46,427**	**-18.9**
Total farm inputs	**109,814**	**113,609**	**3.5**	**98,767**	**79,930**	**-19.1**
Farm Business Income	**20,928**	**23,657**	**13.0**	**28,410**	**11,375**	**-60.0**
(plus) depreciation of buildings & works	6,815	6,915	1.5	1,324	1,265	-4.5
(plus) depreciation of plant machinery & vehicles	25,064	23,227	-7.3	14,940	12,431	-16.8
(minus) valuation change	-5,393	466	108.6	-2,890	-4,357	-50.8
(equals) cash income	**58,200**	**53,334**	**-8.4**	**47,565**	**29,429**	**-38.1**
(minus) net investment	75,087	8,766	-88.3	3,184	3,760	18.1
(equals) Cash flow	**-16,886**	**44,568**	**363.9**	**44,380**	**25,669**	**-42.2**
Average valuations	**114,334**	**112,197**	**-1.9**	**95,413**	**82,108**	**-13.9**

Table 1.2 – MIXED & PIG FARMS – ALL SIZES
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2013/14 AND 2014/15[1]

	Mixed			Pigs		
	2013/14	2014/15	% Change	2013/14	2014/15	% Change
Average size of business (SLRs)		1.9			2.6	
Total area of farm (ha)	78.8	79.2	0.5	30.1	30.1	0.0
of which: crops & grass	74.9	74.9	-0.1	28.7	27.8	-3.0
rough grazing	1.2	1.7	39.2	0.6	1.5	148.8
Hectares - Total crops	24.1	23.0	-4.3	1.9	1.9	0.0
(of which cereals)	21.1	20.5	-3.2	1.9	1.9	0.0
Av.no - Dairy cows	25.3	25.7	1.6	0.0	0.0	-
Av.no - Beef cows	16.5	18.4	11.0	0.9	0.8	-10.8
Av.no - Other cattle	85.7	81.9	-4.4	39.2	39.5	0.8
Av.no - Ewes	48.9	48.3	-1.2	62.8	62.3	-0.8
Av.no - Sows/gilts	3.7	0.8	-77.9	154.8	152.4	-1.6
Crop output :	**£ per farm**			**£ per farm**		
Cereals	21,072	17,438	-17.2	2,145	1,736	-19.1
Potatoes	4,330	4,763	10.0	0	0	-
Misc. crop output	9,850	7,243	-26.5	2,004	211	-89.5
Total crop output	**35,252**	**29,445**	**-16.5**	**4,150**	**1,947**	**-53.1**
Livestock output :						
Cattle rearing & fattening	43,527	39,666	-8.9	23,719	15,357	-35.3
Cattle - dairy	-1,194	-2,134	-78.8	0	0	-
Milk	52,902	47,321	-10.5	0	0	-
Sheep & wool	6,184	5,179	-16.2	6,294	7,512	19.4
Pigs	11,449	3,856	-66.3	306,679	299,979	-2.2
Poultry & eggs	9,625	9,864	2.5	0	0	-
Other livestock	0	0	-	0	19	-
Total livestock output	**122,493**	**103,753**	**-15.3**	**336,692**	**322,868**	**-4.1**
Single Farm Payment	21,636	21,955	1.5	13,050	11,860	-9.1
LFA Compensatory scheme	275	291	5.8	865	834	-3.7
Agri Environment schemes	2,399	1,337	-44.3	425	369	-13.1
Miscellaneous subsidies	229	231	0.8	333	151	-54.6
Miscellaneous revenue	1,694	2,292	35.3	2,215	1,961	-11.5
On farm - non farm income	5,126	961	-81.2	2,483	0	-100.0
Adjustments for disposal of previous year's crop	721	222	-69.3	0	0	-
Total farm output	**189,824**	**160,485**	**-15.5**	**360,212**	**339,989**	**-5.6**

Table 1.2 Contd.

	Mixed			Pigs		
	2013/14	2014/15	% Change	2013/14	2014/15	% Change
Inputs :	**£ per farm**			**£ per farm**		
Purchased concentrate feed & fodder	32,886	24,103	-26.7	196,416	193,948	-1.3
Home grown concentrate feed	5,522	4,799	-13.1	0	0	-
Veterinary fees & medicines	3,016	3,579	18.7	11,366	12,669	11.5
Other livestock costs	4,121	4,314	4.7	12,391	15,859	28.0
Purchased & home grown seed	3,835	2,839	-26.0	138	119	-13.2
Fertilisers	13,374	11,716	-12.4	1,816	1,758	-3.2
Other crop costs	3,569	4,541	27.2	215	970	351.4
Regular & casual labour	4,586	4,922	7.3	11,760	13,284	13.0
Machinery excluding depreciation	21,269	19,772	-7.0	10,158	9,966	-1.9
Depreciation of plant machinery & vehicles	15,220	15,881	4.3	5,752	5,400	-6.1
Depreciation of buildings & works	6,856	7,791	13.6	13,031	15,954	22.4
Land & building inputs	7,290	7,739	6.2	7,953	9,249	16.3
Interest payments	1,310	1,316	0.5	1,010	1,521	50.6
Other general farming costs	9,682	10,035	3.6	13,273	14,281	7.6
Total variable costs	**75,335**	**64,373**	**-14.6**	**232,480**	**235,204**	**1.2**
Total fixed costs	**57,201**	**58,974**	**3.1**	**52,797**	**59,773**	**13.2**
Total farm inputs	**132,536**	**123,347**	**-6.9**	**285,277**	**294,977**	**3.4**
Farm Business Income	**57,289**	**37,138**	**-35.2**	**74,935**	**45,012**	**-39.9**
(plus) depreciation of buildings & works	6,856	7,791	13.6	13,031	15,954	22.4
(plus) depreciation of plant machinery & vehicles	15,220	15,881	4.3	5,752	5,400	-6.1
(minus) valuation change	1,967	-1,841	-193.6	6,242	-1,574	-125.2
(equals) cash income	**77,397**	**62,651**	**-19.1**	**87,476**	**67,940**	**-22.3**
(minus) net investment	33,801	31,951	-5.5	38,033	32,969	-13.3
(equals) Cash flow	**43,596**	**30,700**	**-29.6**	**49,443**	**34,971**	**-29.3**
Average valuations	**173,923**	**178,509**	**2.6**	**131,547**	**132,938**	**1.1**

TABLE 1.3 LOWLAND CATTLE AND SHEEP OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2013/14 AND 2014/15[1]

	0.5 < 1 SLR			1 < 2 SLR			All SIZES		
	2013/14	2014/15	% Change	2013/14	2014/15	% Change	2013/14	2014/15	% Change
Average size of business (SLRs)		0.8			1.3			1.2	
Total area of farm (ha)	55.2	53.5	-3.0	70.2	69.2	-1.4	68.3	67.4	-1.3
of which: crops & grass	50.2	48.2	-3.9	68.5	67.5	-1.5	64.5	63.4	-1.7
rough grazing	3.7	4.0	9.7	0.2	0.2	0.0	2.5	2.7	8.4
Size of enterprises :									
Hectares - Total crops	3.2	3.0	-7.0	4.4	5.0	13.1	4.6	4.4	-4.0
Av.no - Dairy cows	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Av.no - Beef cows	19.9	20.4	2.7	37.5	38.4	2.3	33.1	33.2	0.2
Av.no - Other cattle	73.2	66.2	-9.6	107.7	104.4	-3.1	95.3	90.1	-5.5
Av.no - Ewes	51.0	51.7	1.4	74.2	67.8	-8.6	95.0	93.3	-1.8
Av.no - Sows/gilts	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Crop output :	**£ per farm**			**£ per farm**			**£ per farm**		
Cereals	1,983	1,722	-13.2	2,595	3,119	20.2	2,697	2,516	-6.7
Potatoes	0	0	-	0	151	-	398	363	-8.8
Misc. crop output	2,637	1,470	-44.3	4,596	3,454	-24.8	3,576	2,870	-19.8
Total crop output	**4,621**	**3,192**	**-30.9**	**7,191**	**6,725**	**-6.5**	**6,671**	**5,748**	**-13.8**
Livestock output :									
Cattle rearing & fattening	35,673	26,085	-26.9	58,021	50,039	-13.8	53,518	43,473	-18.8
Cattle - dairy	0	0	-	0	0	-	0	0	-
Milk	0	0	-	0	0	-	0	0	-
Sheep & wool	4,284	4,984	16.3	8,281	7,399	-10.6	10,075	10,649	5.7
Pigs	0	0	-	402	423	5.3	125	132	5.3
Poultry & eggs	0	0	-	0	0	-	66	80	21.0
Other livestock	0	0	-	0	0	-	0	0	-
Total livestock output	**39,957**	**31,069**	**-22.2**	**66,704**	**57,861**	**-13.3**	**63,784**	**54,334**	**-14.8**
Single Farm Payment	16,426	17,120	4.2	24,005	23,920	-0.4	23,500	23,939	1.9
LFA Compensatory scheme	219	220	0.4	189	160	-15.2	288	266	-7.8
Agri Environment schemes	1,022	994	-2.7	2,382	1,579	-33.7	1,556	1,329	-14.6
Miscellaneous subsidies	53	114	113.5	55	77	40.7	245	311	27.1
Miscellaneous revenue	3,538	3,494	-1.2	2,431	1,048	-56.9	3,662	3,520	-3.9
On farm - non farm income	0	0	-	0	1,115	-	0	348	-
Adjustments for disposal of previous year's crop	0	2	-	0	0	-	132	184	39.6
Total farm output	**65,835**	**56,204**	**-14.6**	**102,957**	**92,485**	**-10.2**	**99,837**	**89,979**	**-9.9**

Table 1.3 Contd.

	0.5 < 1 SLR			1 < 2 SLR			All SIZES		
	2013/14	2014/15	% Change	2013/14	2014/15	% Change	2013/14	2014/15	% Change
Inputs :	**£ per farm**			**£ per farm**			**£ per farm**		
Purchased concentrate feed & fodder	13,310	9,200	-30.9	20,447	14,075	-31.2	18,966	13,735	-27.6
Home grown concentrate feed	663	431	-35.0	3,101	2,673	-13.8	1,964	1,483	-24.5
Veterinary fees & medicines	1,646	1,440	-12.5	2,669	2,639	-1.1	2,997	2,706	-9.7
Other livestock costs	1,769	1,395	-21.1	3,116	2,939	-5.7	3,008	2,681	-10.9
Purchased & home grown seed	428	307	-28.2	748	790	5.7	736	592	-19.6
Fertilisers	5,653	4,496	-20.5	8,387	7,791	-7.1	7,810	6,853	-12.2
Other crop costs	649	849	30.7	1,014	1,209	19.2	1,228	1,405	14.5
Regular & casual labour	1,048	794	-24.2	2,872	2,922	1.8	2,999	3,068	2.3
Machinery excluding depreciation	10,397	9,437	-9.2	13,976	14,474	3.6	13,537	13,246	-2.2
Depreciation of plant machinery & vehicles	6,682	5,548	-17.0	9,632	8,785	-8.8	9,105	8,010	-12.0
Depreciation of buildings & works	2,962	2,857	-3.5	5,053	5,097	0.9	5,025	5,007	-0.3
Land & building inputs	5,404	4,324	-20.0	9,195	9,166	-0.3	8,608	7,887	-8.4
Interest payments	481	462	-4.0	1,393	1,197	-14.1	869	959	10.4
Other general farming costs	5,590	5,496	-1.7	6,832	6,976	2.1	6,568	6,619	0.8
Total variable costs	**29,516**	**22,709**	**-23.1**	**45,960**	**38,797**	**-15.6**	**43,404**	**35,901**	**-17.3**
Total fixed costs	**27,168**	**24,327**	**-10.5**	**42,475**	**41,937**	**-1.3**	**40,014**	**38,352**	**-4.2**
Total farm inputs	**56,684**	**47,036**	**-17.0**	**88,435**	**80,734**	**-8.7**	**83,418**	**74,253**	**-11.0**
Farm Business Income	**9,151**	**9,168**	**0.2**	**14,522**	**11,751**	**-19.1**	**16,419**	**15,726**	**-4.2**
(plus) depreciation of buildings & works	2,962	2,857	-3.5	5,053	5,097	0.9	5,025	5,007	-0.3
(plus) depreciation of plant machinery & vehicles	6,682	5,548	-17.0	9,632	8,785	-8.8	9,105	8,010	-12.0
(minus) valuation change	-3,076	2,365	176.9	-1,811	-414	77.2	-1,489	1,008	167.7
(equals) cash income	**21,871**	**15,208**	**-30.5**	**31,018**	**26,046**	**-16.0**	**32,038**	**27,735**	**-13.4**
(minus) net investment	6,850	1,837	-73.2	19,973	6,240	-68.8	14,123	31,205	121.0
(equals) Cash flow	**15,021**	**13,371**	**-11.0**	**11,046**	**19,807**	**79.3**	**17,914**	**-3,471**	**-119.4**
Average valuations	**98,109**	**96,009**	**-2.1**	**144,998**	**147,010**	**1.4**	**138,841**	**138,520**	**-0.2**

TABLE 1.4 – DAIRY FARMS
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2013/14 AND 2014/15[1]

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2013/14	2014/15	% Change	2013/14	2014/15	% Change	2013/14	2014/15	% Change	2013/14	2014/15	% Change
Average size of business (SLRs)		0.8			1.5			2.4			5.0	
Total area of farm (ha)	31.1	31.1	0.0	45.7	47.6	4.1	67.4	69.1	2.5	126.3	131.9	4.5
of which: crops & grass	28.2	28.2	0.0	43.4	44.7	3.1	63.1	64.8	2.6	121.1	126.5	4.5
rough grazing	2.0	2.0	0.0	1.4	1.8	35.3	2.7	2.7	0.0	3.2	3.4	8.4
Size of enterprises :												
Hectares - Total crops	0.0	0.0	-	1.4	1.3	-4.6	1.6	1.0	-39.6	6.9	6.8	-1.5
Av.no - Dairy cows	31.0	32.6	5.3	55.2	58.6	6.1	95.6	96.7	1.1	196.9	208.4	5.8
Av.no - Beef cows	0.4	0.1	-66.4	2.7	2.4	-11.8	2.6	2.3	-11.5	0.9	0.6	-34.9
Av.no - Other cattle	28.0	24.7	-11.9	46.4	44.1	-4.9	72.2	72.5	0.3	146.9	142.4	-3.1
Av.no - Ewes	0.0	0.0	-	6.8	6.5	-4.7	3.1	3.4	9.6	10.0	9.3	-6.3
Av.no - Sows/gilts	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Crop output :	**£ per farm**			**£ per farm**			**£ per farm**			**£ per farm**		
Cereals	0	0	-	450	361	-19.9	846	494	-41.6	2,162	1,966	-9.0
Potatoes	0	0	-	0	0	-	0	0	-	0	0	-
Misc. crop output	1,127	496	-56.0	2,671	1,578	-40.9	2,307	2,025	-12.2	10,429	6,937	-33.5
Total crop output	**1,127**	**496**	**-56.0**	**3,121**	**1,939**	**-37.9**	**3,153**	**2,519**	**-20.1**	**12,590**	**8,904**	**-29.3**
Livestock output :												
Cattle rearing & fattening	11,817	10,225	-13.5	17,392	17,635	1.4	29,836	30,151	1.1	60,757	65,416	7.7
Cattle - dairy	227	-23	-110.2	-2,197	-1,803	17.9	-5,897	-1,632	72.3	-17,238	-20,912	-21.3
Milk	40,712	44,148	8.4	93,961	88,610	-5.7	164,759	155,818	-5.4	423,447	395,599	-6.6
Sheep & wool	0	0	-	816	732	-10.4	326	385	18.3	982	1,005	2.3
Pigs	0	0	-	0	0	-	0	0	-	0	0	-
Poultry & eggs	0	0	-	368	276	-24.9	0	0	-	551	560	1.6
Other livestock	0	0	-	0	0	-	0	0	-	0	6	-
Total livestock output	**52,756**	**54,350**	**3.0**	**110,340**	**105,449**	**-4.4**	**189,024**	**184,723**	**-2.3**	**468,499**	**441,673**	**-5.7**
Single Farm Payment	6,749	6,151	-8.9	12,003	11,648	-3.0	18,042	18,743	3.9	30,451	32,217	5.8
LFA Compensatory scheme	152	156	3.2	164	159	-2.7	225	270	19.8	94	93	-0.8
Agri Environment schemes	484	48	-90.0	646	548	-15.1	1,262	1,300	2.9	1,310	685	-47.8
Miscellaneous subsidies	114	114	0.0	342	253	-25.9	201	241	19.8	641	583	-9.1
Miscellaneous revenue	1,787	305	-82.9	770	653	-15.2	1,182	1,917	62.1	2,435	2,773	13.9
On farm - non farm income	0	0	-	0	0	-	0	0	-	2,206	2,470	12.0
Adjustments for disposal of previous year's crop	0	0	-	0	0	-	0	0	-	0	-67	-
Total farm output	**63,169**	**61,621**	**-2.5**	**127,386**	**120,650**	**-5.3**	**213,091**	**209,713**	**-1.6**	**518,226**	**489,331**	**-5.6**

Table 1.4 Contd.

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2013/14	2014/15	% Change	2013/14	2014/15	% Change	2013/14	2014/15	% Change	2013/14	2014/15	% Change
Inputs :	**£ per farm**			**£ per farm**			**£ per farm**			**£ per farm**		
Purchased concentrate feed & fodder	17,389	15,661	-9.9	35,436	30,359	-14.3	54,881	48,601	-11.4	174,907	169,801	-2.9
Home grown concentrate feed	4,877	3,847	-21.1	2,582	2,274	-11.9	3,756	3,560	-5.2	6,897	5,795	-16.0
Veterinary fees & medicines	1,936	2,196	13.4	3,102	3,432	10.6	5,773	6,122	6.0	12,810	13,617	6.3
Other livestock costs	1,867	2,321	24.3	4,333	4,591	5.9	7,155	7,758	8.4	20,054	20,405	1.7
Purchased & home grown seed	0	78	-	488	448	-8.2	646	461	-28.6	1,872	2,254	20.4
Fertilisers	2,869	2,777	-3.2	7,429	7,660	3.1	12,221	12,356	1.1	24,984	24,740	-1.0
Other crop costs	136	292	114.4	679	964	42.0	1,296	1,490	15.0	4,663	5,062	8.6
Regular & casual labour	575	739	28.5	1,282	1,323	3.2	6,990	6,870	-1.7	17,016	18,581	9.2
Machinery excluding depreciation	7,222	8,172	13.2	13,304	13,179	-0.9	20,857	20,268	-2.8	43,519	47,550	9.3
Depreciation of plant machinery & vehicles	2,687	2,410	-10.3	7,913	7,736	-2.2	11,229	12,928	15.1	23,904	25,457	6.5
Depreciation of buildings & works	3,078	2,880	-6.4	7,955	7,943	-0.1	13,575	15,597	14.9	32,540	33,234	2.1
Land & building inputs	3,277	2,484	-24.2	5,891	6,158	4.5	9,511	10,336	8.7	22,278	24,755	11.1
Interest payments	248	103	-58.4	1,211	1,168	-3.6	2,000	2,677	33.8	8,456	8,522	0.8
Other general farming costs	5,839	6,694	14.7	8,348	9,014	8.0	10,579	11,412	7.9	20,064	20,328	1.3
Total variable costs	**31,672**	**30,899**	**-2.4**	**60,378**	**56,307**	**-6.7**	**97,543**	**92,584**	**-5.1**	**275,340**	**274,564**	**-0.3**
Total fixed costs	**20,327**	**19,755**	**-2.8**	**39,575**	**39,942**	**0.9**	**62,926**	**67,851**	**7.8**	**138,626**	**145,538**	**5.0**
Total farm inputs	**51,999**	**50,654**	**-2.6**	**99,953**	**96,249**	**-3.7**	**160,469**	**160,435**	**0.0**	**413,965**	**420,102**	**1.5**
Farm Business Income	**11,169**	**10,967**	**-1.8**	**27,433**	**24,400**	**-11.1**	**52,621**	**49,278**	**-6.4**	**104,261**	**69,229**	**-33.6**
(plus) depreciation of buildings & works	3,078	2,880	-6.4	7,955	7,943	-0.1	13,575	15,597	14.9	32,540	33,234	2.1
(plus) depreciation of plant machinery & vehicles	2,687	2,410	-10.3	7,913	7,736	-2.2	11,229	12,928	15.1	23,904	25,457	6.5
(minus) valuation change	969	77	-92.1	1,783	1,041	-41.6	3,781	2,560	-32.3	4,491	5,857	30.4
(equals) cash income	**15,965**	**16,180**	**1.3**	**41,519**	**39,039**	**-6.0**	**73,645**	**75,243**	**2.2**	**156,215**	**122,064**	**-21.9**
(minus) net investment	-696	1,635	335.0	13,624	10,612	-22.1	20,319	44,081	116.9	87,666	77,544	-11.5
(equals) Cash flow	**16,661**	**14,545**	**-12.7**	**27,895**	**28,427**	**1.9**	**53,326**	**31,162**	**-41.6**	**68,549**	**44,520**	**-35.1**
Average valuations	**49,899**	**50,353**	**0.9**	**102,001**	**104,619**	**2.6**	**152,633**	**166,012**	**8.8**	**338,691**	**359,596**	**6.2**

TABLE 1.5 – LFA CATTLE AND SHEEP OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2013/14 AND 2014/15[1]

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2013/14	2014/15	% Change	2013/14	2014/15	% Change	2013/14	2014/15	% Change	2013/14	2014/15	% Change
Average size of business (SLRs)		0.7			1.4			2.4			3.5	
Total area of farm (ha)	74.9	73.5	-1.9	118.6	120.4	1.6	288.3	289.1	0.3	378.2	381.7	0.9
of which: crops & grass	44.2	43.3	-2.1	70.9	71.3	0.6	104.3	103.8	-0.5	137.6	147.3	7.1
rough grazing	23.0	22.8	-0.6	37.9	37.5	-1.1	103.2	105.8	2.5	164.7	175.0	6.3
Size of enterprises :												
Hectares - Total crops	0.9	1.1	23.8	1.6	2.1	33.2	4.0	3.7	-7.1	2.7	2.5	-7.6
Av.no - Dairy cows	0.0	0.1	1280.0	2.1	3.4	64.8	0.0	0.0	-	10.2	9.5	-6.3
Av.no - Beef cows	21.8	21.1	-3.3	41.7	38.2	-8.3	81.5	75.3	-7.6	65.3	64.6	-1.1
Av.no - Other cattle	40.3	39.0	-3.3	79.9	79.2	-0.9	134.0	130.1	-2.9	170.6	176.1	3.2
Av.no - Ewes	95.9	94.2	-1.9	201.8	201.9	0.0	342.5	341.0	-0.4	595.5	568.7	-4.5
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	114	96	-15.9	976	963	-1.4	2,639	2,271	-13.9	1,042	1,449	39.0
Potatoes	0	0	-	277	342	23.2	0	0	-	0	0	-
Misc. crop output	1,079	939	-13.0	2,249	1,536	-31.7	3,903	3,305	-15.3	3,464	1,655	-52.2
Total crop output	**1,194**	**1,035**	**-13.3**	**3,503**	**2,841**	**-18.9**	**6,541**	**5,577**	**-14.8**	**4,507**	**3,104**	**-31.1**
Livestock output :												
Cattle rearing & fattening	21,634	18,436	-14.8	46,078	43,088	-6.5	68,744	67,417	-1.9	95,128	71,240	-25.1
Cattle - dairy	0	0	-	3	114	3344.7	0	0	-	60	-128	-315.2
Milk	0	0	-	3,428	2,858	-16.6	0	0	-	13,395	13,717	2.4
Sheep & wool	9,737	9,515	-2.3	16,950	18,471	9.0	17,816	20,324	14.1	42,508	48,179	13.3
Pigs	0	0	-	0	0	-	0	0	-	0	0	-
Poultry & eggs	0	0	-	0	0	-	0	0	-	0	0	-
Other livestock	0	129	-	0	22	-	0	0	-	0	0	-
Total livestock output	**31,372**	**28,080**	**-10.5**	**66,459**	**64,554**	**-2.9**	**86,561**	**87,741**	**1.4**	**151,091**	**133,008**	**-12.0**
Single Farm Payment	16,070	15,829	-1.5	28,035	28,029	0.0	44,667	47,295	5.9	52,223	53,511	2.5
LFA Compensatory scheme	2,983	2,935	-1.6	4,745	4,688	-1.2	10,437	11,144	6.8	14,279	13,883	-2.8
Agri Environment schemes	2,253	2,330	3.4	3,420	2,057	-39.8	5,640	3,072	-45.5	7,930	1,466	-81.5
Miscellaneous subsidies	236	149	-37.0	676	521	-22.9	3,349	1,723	-48.5	1,382	335	-75.8
Miscellaneous revenue	1,565	1,253	-20.0	1,905	1,366	-28.3	2,426	2,139	-11.9	2,146	7,272	238.9
On farm - non farm income	0	0	-	0	0	-	0	0	-	988	0	-100.0
Adjustments for disposal of previous year's crop	1	0	-100.0	0	0	-	0	0	-	0	0	-
Total farm output	**55,674**	**51,610**	**-7.3**	**108,743**	**104,056**	**-4.3**	**159,621**	**158,692**	**-0.6**	**234,546**	**212,579**	**-9.4**

Table 1.5 Contd.

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2013/14	2014/15	% Change	2013/14	2014/15	% Change	2013/14	2014/15	% Change	2013/14	2014/15	% Change
Inputs :	£ per farm			£ per farm			£ per farm			£ per farm		
Purchased concentrate feed & fodder	10,350	7,156	-30.9	22,213	16,126	-27.4	29,301	19,766	-32.5	54,587	39,686	-27.3
Home grown concentrate feed	47	32	-31.5	1,442	923	-36.0	2,114	2,743	29.7	1,677	2,146	28.0
Veterinary fees & medicines	2,056	1,928	-6.2	3,759	3,752	-0.2	6,857	6,396	-6.7	9,494	9,463	-0.3
Other livestock costs	1,497	1,416	-5.4	2,693	3,069	14.0	3,699	4,266	15.3	4,720	4,976	5.4
Purchased & home grown seed	228	152	-33.5	602	750	24.4	672	724	7.7	826	690	-16.4
Fertilisers	4,851	4,031	-16.9	9,749	8,512	-12.7	14,247	11,123	-21.9	14,689	13,265	-9.7
Other crop costs	612	498	-18.8	1,088	1,388	27.6	1,649	2,054	24.5	912	1,614	76.9
Regular & casual labour	1,106	818	-26.0	3,348	3,490	4.2	3,979	4,674	17.5	5,443	5,514	1.3
Machinery excluding depreciation	8,474	8,082	-4.6	13,993	13,381	-4.4	21,316	18,908	-11.3	23,971	21,751	-9.3
Depreciation of plant machinery & vehicles	5,315	5,619	5.7	9,227	8,565	-7.2	16,093	13,734	-14.7	13,835	13,675	-1.2
Depreciation of buildings & works	2,935	2,890	-1.5	8,153	8,191	0.5	9,239	9,684	4.8	8,011	7,876	-1.7
Land & building inputs	4,457	4,512	1.2	7,082	9,176	29.6	16,510	17,173	4.0	19,750	21,722	10.0
Interest payments	370	426	15.2	812	863	6.3	1,815	1,797	-1.0	2,494	3,077	23.4
Other general farming costs	4,819	4,897	1.6	6,580	6,457	-1.9	9,816	10,352	5.5	9,300	9,372	0.8
Total variable costs	**23,276**	**18,478**	**-20.6**	**47,404**	**39,730**	**-16.2**	**68,206**	**56,104**	**-17.7**	**101,996**	**86,631**	**-15.1**
Total fixed costs	**23,840**	**23,979**	**0.6**	**43,336**	**44,913**	**3.6**	**69,100**	**67,289**	**-2.6**	**67,713**	**68,197**	**0.7**
Total farm inputs	**47,117**	**42,457**	**-9.9**	**90,740**	**84,643**	**-6.7**	**137,306**	**123,393**	**-10.1**	**169,709**	**154,828**	**-8.8**
Farm Business Income	**8,557**	**9,153**	**7.0**	**18,003**	**19,414**	**7.8**	**22,315**	**35,298**	**58.2**	**64,837**	**57,751**	**-10.9**
(plus) depreciation of buildings & works	2,935	2,890	-1.5	8,153	8,191	0.5	9,239	9,684	4.8	8,011	7,876	-1.7
(plus) depreciation of plant machinery & vehicles	5,315	5,619	5.7	9,227	8,565	-7.2	16,093	13,734	-14.7	13,835	13,675	-1.2
(minus) valuation change	-358	950	365.5	413	4,009	871.6	42	-6,135	-14797.3	5,269	3,383	-35.8
(equals) cash income	**17,165**	**16,712**	**-2.6**	**34,970**	**32,161**	**-8.0**	**47,606**	**64,851**	**36.2**	**81,414**	**75,918**	**-6.8**
(minus) net investment	7,624	14,069	84.5	12,818	9,677	-24.5	31,052	13,508	-56.5	18,513	53,151	187.1
(equals) Cash flow	**9,541**	**2,643**	**-72.3**	**22,152**	**22,484**	**1.5**	**16,554**	**51,343**	**210.2**	**62,901**	**22,767**	**-63.8**
Average valuations	**69,318**	**70,847**	**2.2**	**131,531**	**135,968**	**3.4**	**248,709**	**238,835**	**-4.0**	**258,767**	**268,708**	**3.8**

TABLE 1.6 – DAIRY AND LFA CATTLE AND SHEEP – ALL SIZES OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2013/14 AND 2014/15[1]

	Dairy			LFA Cattle & Sheep		
	2013/14	2014/15	% Change	2013/14	2014/15	% Change
Average size of business (SLRs)		3.0			1.1	
Total area of farm (ha)	79.6	82.7	3.8	107.0	106.7	-0.2
of which: crops & grass	75.7	78.5	3.7	57.4	57.2	-0.4
rough grazing	2.4	2.7	9.8	35.4	35.6	0.6
Hectares - Total crops	3.4	3.2	-6.1	1.3	1.5	19.9
Av.no - Dairy cows	115.5	121.2	4.9	0.9	1.3	50.8
Av.no - Beef cows	1.7	1.4	-17.1	31.7	30.0	-5.6
Av.no - Other cattle	88.4	85.8	-3.0	59.9	58.8	-1.8
Av.no - Ewes	6.4	6.2	-4.0	152.3	150.4	-1.3
Av.no - Sows/gilts	0.0	0.0	-	0.0	0.0	-
Crop output :	**£ per farm**			**£ per farm**		
Cereals	1,140	959	-15.9	515	491	-4.7
Potatoes	0	0	-	76	94	23.2
Misc. crop output	5,343	3,587	-32.9	1,621	1,252	-22.8
Total crop output	**6,484**	**4,546**	**-29.9**	**2,212**	**1,837**	**-17.0**
Livestock output :						
Cattle rearing & fattening	36,051	37,783	4.8	32,958	29,348	-11.0
Cattle - dairy	-8,473	-8,764	-3.4	3	28	989.4
Milk	229,024	215,273	-6.0	1,312	1,164	-11.3
Sheep & wool	679	678	-0.2	13,066	13,635	4.4
Pigs	0	0	-	0	0	-
Poultry & eggs	312	289	-7.3	0	0	-
Other livestock	0	2	-	0	89	-
Total livestock output	**257,593**	**245,260**	**-4.8**	**47,338**	**44,264**	**-6.5**
Single Farm Payment	19,820	20,486	3.4	21,921	21,944	0.1
LFA Compensatory scheme	151	160	6.3	4,187	4,168	-0.5
Agri Environment schemes	1,024	725	-29.2	2,916	2,272	-22.1
Miscellaneous subsidies	398	360	-9.5	559	343	-38.7
Miscellaneous revenue	1,598	1,712	7.1	1,722	1,498	-13.0
On farm - non farm income	829	929	12.0	27	0	-100.0
Adjustments for disposal of previous year's crop	0	-25	-	1	0	-100.0
Total farm output	**287,896**	**274,152**	**-4.8**	**80,883**	**76,325**	**-5.6**

Table 1.6 Contd.

	Dairy			LFA Cattle & Sheep		
	2013/14	2014/15	% Change	2013/14	2014/15	% Change
Inputs :	**£ per farm**			**£ per farm**		
Purchased concentrate feed & fodder	90,593	85,567	-5.5	15,868	11,209	-29.4
Home grown concentrate feed	4,716	4,062	-13.9	588	484	-17.8
Veterinary fees & medicines	7,261	7,767	7.0	2,992	2,882	-3.7
Other livestock costs	10,654	11,048	3.7	2,035	2,124	4.4
Purchased & home grown seed	995	1,092	9.7	372	362	-2.6
Fertilisers	14,688	14,685	0.0	6,983	5,905	-15.4
Other crop costs	2,266	2,559	12.9	808	858	6.2
Regular & casual labour	8,468	9,056	6.9	1,999	1,893	-5.3
Machinery excluding depreciation	25,816	27,255	5.6	11,121	10,508	-5.5
Depreciation of plant machinery & vehicles	14,168	15,073	6.4	7,215	7,095	-1.7
Depreciation of buildings & works	18,019	18,733	4.0	4,854	4,856	0.1
Land & building inputs	12,635	13,756	8.9	6,260	6,961	11.2
Interest payments	4,022	4,179	3.9	629	694	10.4
Other general farming costs	13,020	13,594	4.4	5,700	5,748	0.8
Total variable costs	**146,991**	**144,289**	**-1.8**	**34,538**	**28,258**	**-18.2**
Total fixed costs	**80,331**	**84,135**	**4.7**	**32,886**	**33,322**	**1.3**
Total farm inputs	**227,323**	**228,424**	**0.5**	**67,424**	**61,580**	**-8.7**
Farm Business Income	**60,573**	**45,728**	**-24.5**	**13,459**	**14,745**	**9.6**
(plus) depreciation of buildings & works	18,019	18,733	4.0	4,854	4,856	0.1
(plus) depreciation of plant machinery & vehicles	14,168	15,073	6.4	7,215	7,095	-1.7
(minus) valuation change	3,187	3,110	-2.4	31	1,470	4649.1
(equals) cash income	**89,574**	**76,424**	**-14.7**	**25,497**	**25,227**	**-1.1**
(minus) net investment	41,565	42,730	2.8	10,634	13,911	30.8
(equals) Cash flow	**48,009**	**33,694**	**-29.8**	**14,863**	**11,316**	**-23.9**
Average valuations	**197,548**	**209,351**	**6.0**	**101,462**	**103,398**	**1.9**

TABLE 1.7 – ALL TYPES – 4 SIZE GROUPS
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING - IDENTICAL SAMPLE 2013/14 AND 2014/15[1]

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			All Sizes		
	2013/14	2014/15	% Change	2013/14	2014/15	% Change	2013/14	2014/15	% Change	2013/14	2014/15	% Change
Average size of business (SLRs)		0.7			1.4			2.5			1.7	
Total area of farm (ha)	65.6	64.6	-1.6	85.1	86.2	1.2	122.7	124.1	1.2	89.2	89.8	0.7
of which: crops & grass	44.2	43.4	-1.9	62.8	63.0	0.3	79.0	80.2	1.4	64.3	64.8	0.8
rough grazing	15.9	15.9	0.0	17.3	17.3	-0.3	24.7	25.3	2.3	17.5	17.7	1.4
Size of enterprises :												
Hectares - Total crops	2.8	3.0	8.7	4.8	5.0	4.5	8.1	7.1	-12.0	4.8	4.9	0.7
Av.no - Dairy cows	1.9	2.1	9.6	16.8	18.3	9.3	55.4	56.1	1.2	33.4	35.2	5.4
Av.no - Beef cows	19.2	18.9	-1.7	26.9	25.4	-5.5	27.8	25.8	-7.2	21.9	21.0	-3.8
Av.no - Other cattle	46.1	43.2	-6.3	75.3	73.6	-2.3	90.5	90.3	-0.2	73.9	71.6	-3.1
Av.no - Ewes	75.3	74.4	-1.3	108.6	107.2	-1.3	121.9	121.2	-0.6	92.6	91.2	-1.5
Av.no - Sows/gilts	0.2	0.2	3.1	0.7	0.6	-1.8	4.6	3.9	-14.4	2.6	2.4	-6.1
Crop output :	**£ per farm**			**£ per farm**			**£ per farm**			**£ per farm**		
Cereals	1,682	1,518	-9.7	3,562	3,286	-7.7	4,711	3,866	-17.9	3,011	2,680	-11.0
Potatoes	0	0	-	1,549	858	-44.6	4,055	4,167	2.8	981	782	-20.3
Misc. crop output	1,920	1,551	-19.2	3,810	2,656	-30.3	3,924	3,682	-6.2	3,774	2,857	-24.3
Total crop output	**3,602**	**3,069**	**-14.8**	**8,921**	**6,801**	**-23.8**	**12,690**	**11,715**	**-7.7**	**7,766**	**6,319**	**-18.6**
Livestock output :												
Cattle rearing & fattening	23,693	19,245	-18.8	39,588	36,189	-8.6	43,519	42,594	-2.1	37,237	33,910	-8.9
Cattle - dairy	14	-1	-110.2	-684	-538	21.3	-3,256	-891	72.7	-2,391	-2,498	-4.5
Milk	2,523	2,735	8.4	28,551	26,837	-6.0	96,007	90,528	-5.7	66,104	62,004	-6.2
Sheep & wool	7,543	7,515	-0.4	9,655	10,107	4.7	8,955	9,822	9.7	8,440	8,790	4.1
Pigs	506	501	-1.1	1,419	1,727	21.7	13,930	10,476	-24.8	5,245	4,830	-7.9
Poultry & eggs	0	0	-	567	573	1.0	0	0	-	494	500	1.2
Other livestock	0	84	-	0	10	-	0	0	-	0	42	-
Total livestock output	**34,279**	**30,079**	**-12.3**	**79,097**	**74,904**	**-5.3**	**159,155**	**152,529**	**-4.2**	**115,130**	**107,579**	**-6.6**
Single Farm Payment	15,452	15,378	-0.5	22,028	21,936	-0.4	26,735	27,964	4.6	21,354	21,630	1.3
LFA Compensatory scheme	2,001	1,971	-1.5	2,203	2,172	-1.4	2,554	2,730	6.9	2,047	2,037	-0.5
Agri Environment schemes	1,835	1,790	-2.5	2,290	1,515	-33.8	2,328	1,775	-23.8	2,060	1,588	-22.9
Miscellaneous subsidies	173	131	-24.5	414	327	-21.1	1,074	770	-28.3	432	327	-24.2
Miscellaneous revenue	2,026	1,782	-12.0	2,130	1,425	-33.1	2,388	3,277	37.3	2,152	2,047	-4.9
On farm - non farm income	460	86	-81.2	135	224	65.4	0	0	-	491	360	-26.7
Adjustments for disposal of previous year's crop	27	15	-43.2	94	21	-77.3	405	405	-0.1	88	53	-39.9
Total farm output	**59,856**	**54,302**	**-9.3**	**117,311**	**109,324**	**-6.8**	**207,329**	**201,165**	**-3.0**	**151,519**	**141,940**	**-6.3**

Table 1.7 Contd.

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			All Sizes		
	2013/14	2014/15	% Change	2013/14	2014/15	% Change	2013/14	2014/15	% Change	2013/14	2014/15	% Change
Inputs :	**£ per farm**			**£ per farm**			**£ per farm**			**£ per farm**		
Purchased concentrate feed & fodder	11,310	8,194	-27.6	25,740	20,174	-21.6	50,532	42,475	-15.9	40,262	35,370	-12.1
Home grown concentrate feed	593	435	-26.5	2,232	1,789	-19.9	3,857	3,619	-6.2	2,166	1,817	-16.1
Veterinary fees & medicines	1,895	1,794	-5.4	3,217	3,314	3.0	6,093	6,127	0.6	4,245	4,324	1.9
Other livestock costs	1,594	1,498	-6.0	3,253	3,485	7.1	5,840	6,403	9.6	4,809	4,957	3.1
Purchased & home grown seed	357	282	-21.0	864	860	-0.4	1,987	1,434	-27.8	910	830	-8.9
Fertilisers	5,024	4,258	-15.2	8,960	8,270	-7.7	13,653	12,406	-9.1	9,614	8,876	-7.7
Other crop costs	733	726	-1.0	1,393	1,670	19.9	2,568	2,917	13.6	1,606	1,806	12.5
Regular & casual labour	1,022	776	-24.0	2,634	2,733	3.8	6,939	7,181	3.5	4,245	4,386	3.3
Machinery excluding depreciation	9,084	8,655	-4.7	14,366	13,946	-2.9	21,910	20,851	-4.8	16,264	16,232	-0.2
Depreciation of plant machinery & vehicles	5,420	5,447	0.5	9,956	9,266	-6.9	13,938	14,008	0.5	10,085	10,050	-0.3
Depreciation of buildings & works	2,857	2,805	-1.8	7,382	7,420	0.5	12,450	13,791	10.8	8,714	8,994	3.2
Land & building inputs	4,499	4,263	-5.2	7,377	8,245	11.8	12,999	13,681	5.2	8,667	9,165	5.7
Interest payments	382	396	3.6	1,053	1,056	0.2	1,949	2,405	23.4	1,669	1,763	5.6
Other general farming costs	5,124	5,212	1.7	7,358	7,502	2.0	10,363	10,936	5.5	8,215	8,429	2.6
Total variable costs	**25,504**	**20,899**	**-18.1**	**51,848**	**45,571**	**-12.1**	**96,009**	**86,675**	**-9.7**	**72,133**	**66,715**	**-7.5**
Total fixed costs	**24,390**	**23,842**	**-2.2**	**43,938**	**44,158**	**0.5**	**69,067**	**71,558**	**3.6**	**49,340**	**50,283**	**1.9**
Total farm inputs	**49,894**	**44,741**	**-10.3**	**95,786**	**89,729**	**-6.3**	**165,076**	**158,233**	**-4.1**	**121,472**	**116,998**	**-3.7**
Farm Business Income	**9,962**	**9,560**	**-4.0**	**21,525**	**19,595**	**-9.0**	**42,252**	**42,932**	**1.6**	**30,047**	**24,942**	**-17.0**
(plus) depreciation of buildings & works	2,857	2,805	-1.8	7,382	7,420	0.5	12,450	13,791	10.8	8,714	8,994	3.2
(plus) depreciation of plant machinery & vehicles	5,420	5,447	0.5	9,956	9,266	-6.9	13,938	14,008	0.5	10,085	10,050	-0.3
(minus) valuation change	-807	1,091	235.2	2	1,940	77818.9	1,348	208	-84.5	705	1,574	123.4
(equals) cash income	**19,046**	**16,721**	**-12.2**	**38,860**	**34,341**	**-11.6**	**67,292**	**70,523**	**4.8**	**48,141**	**42,411**	**-11.9**
(minus) net investment	6,896	10,624	54.1	17,423	9,610	-44.8	23,996	32,193	34.2	21,844	25,904	18.6
(equals) Cash flow	**12,150**	**6,097**	**-49.8**	**21,437**	**24,732**	**15.4**	**43,296**	**38,329**	**-11.5**	**26,298**	**16,508**	**-37.2**
Average valuations	**74,099**	**74,825**	**1.0**	**128,180**	**131,014**	**2.2**	**189,427**	**193,793**	**2.3**	**138,394**	**142,517**	**3.0**

INCOMES ON CATTLE & SHEEP (LFA & LOWLAND), DAIRY AND ALL FARM TYPES ABOVE 1SLR IN 2013/14 AND 2014/15[1]

£ PER FARM

		Farm Business Income	Cash Income	Net Farm Income
Dairy	13/14	66,233	98,006	67,726
	14/15	49,710	83,325	52,164
Cattle and Sheep (LFA)	13/14	22,286	40,499	12,340
	14/15	24,814	40,557	15,048
Cattle and Sheep (Lowland)	13/14	26,381	45,973	17,836
	14/15	24,714	44,904	14,472
All Types	**13/14**	**47,064**	**72,792**	**42,559**
	14/15	**37,974**	**64,177**	**33,912**

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

ASSETS AND LIABILITIES OF CEREAL FARMS, 2014/15
AVERAGE FARM SIZE 95.9 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	1,819,054	1,782,410
Other fixed assets	101,399	93,787
TOTAL FIXED ASSETS	**1,920,453**	**1,876,196**
Trading livestock, crops & stores	13,114	16,091
Debtors and short-term lending	0	0
Cash in hand and at bank	0	18,865
TOTAL CURRENT ASSETS	**13,114**	**34,955**
TOTAL ASSETS	**1,933,567**	**1,911,152**
Bank & other institutional loans	19,951	15,551
Family & other loans	0	0
TOTAL LONG-TERM LOANS	**19,951**	**15,551**
Bank overdraft	11,679	11,847
Other short-term borrowing	7,937	9,688
TOTAL SHORT-TERM LOANS	**19,616**	**21,535**
TOTAL EXTERNAL LIABILITIES	**39,567**	**37,086**
NET WORTH	**1,894,000**	**1,874,066**

ASSETS AND LIABILITIES OF GENERAL CROPPING FARMS, 2014/15
AVERAGE FARM SIZE 57.2 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	829,625	828,816
Other fixed assets	60,813	52,750
TOTAL FIXED ASSETS	**890,438**	**881,567**
Trading livestock, crops & stores	27,500	23,152
Debtors and short-term lending	0	0
Cash in hand and at bank	0	2,577
TOTAL CURRENT ASSETS	**27,500**	**25,729**
TOTAL ASSETS	**917,938**	**907,296**
Bank & other institutional loans	0	0
Family & other loans	0	0
TOTAL LONG-TERM LOANS	**0**	**0**
Bank overdraft	13,833	27,081
Other short-term borrowing	10,201	5,662
TOTAL SHORT-TERM LOANS	**24,035**	**32,744**
TOTAL EXTERNAL LIABILITIES	**24,035**	**32,744**
NET WORTH	**893,903**	**874,552**

ASSETS AND LIABILITIES OF PIGS FARMS, 2014/15
AVERAGE FARM SIZE 30.1 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	644,104	658,630
Other fixed assets	46,427	46,740
TOTAL FIXED ASSETS	**690,531**	**705,370**
Trading livestock, crops & stores	87,972	85,527
Debtors and short-term lending	0	730
Cash in hand and at bank	0	6,030
TOTAL CURRENT ASSETS	**87,972**	**92,287**
TOTAL ASSETS	**778,503**	**797,657**
Bank & other institutional loans	0	7,325
Family & other loans	0	0
TOTAL LONG-TERM LOANS	**0**	**7,325**
Bank overdraft	28,226	25,427
Other short-term borrowing	5,214	2,721
TOTAL SHORT-TERM LOANS	**33,440**	**28,148**
TOTAL EXTERNAL LIABILITIES	**33,440**	**35,473**
NET WORTH	**745,063**	**762,184**

ASSETS AND LIABILITIES OF DAIRY FARMS, 2014/15
AVERAGE FARM SIZE 82.7 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	1,223,182	1,226,206
Other fixed assets	146,749	156,614
TOTAL FIXED ASSETS	**1,369,931**	**1,382,820**
Trading livestock, crops & stores	56,061	57,885
Debtors and short-term lending	20,975	14,875
Cash in hand and at bank	0	12,147
TOTAL CURRENT ASSETS	**77,036**	**84,907**
TOTAL ASSETS	**1,446,967**	**1,467,727**
Bank & other institutional loans	64,548	70,177
Family & other loans	1,086	846
TOTAL LONG-TERM LOANS	**65,634**	**71,023**
Bank overdraft	22,786	23,071
Other short-term borrowing	8,418	11,644
TOTAL SHORT-TERM LOANS	**31,204**	**34,715**
TOTAL EXTERNAL LIABILITIES	**96,838**	**105,738**
NET WORTH	**1,350,129**	**1,361,989**

ASSETS AND LIABILITIES OF CATTLE AND SHEEP FARMS (LFA), 2014/15
AVERAGE FARM SIZE 106.7 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	1,042,614	1,041,471
Other fixed assets	60,167	61,219
TOTAL FIXED ASSETS	**1,102,781**	**1,102,690**
Trading livestock, crops & stores	41,387	42,954
Debtors and short-term lending	84	95
Cash in hand and at bank	0	8,588
TOTAL CURRENT ASSETS	**41,471**	**51,638**
TOTAL ASSETS	**1,144,253**	**1,154,328**
Bank & other institutional loans	5,153	6,250
Family & other loans	0	0
TOTAL LONG-TERM LOANS	**5,153**	**6,250**
Bank overdraft	8,686	7,299
Other short-term borrowing	1,127	1,804
TOTAL SHORT-TERM LOANS	**9,813**	**9,103**
TOTAL EXTERNAL LIABILITIES	**14,966**	**15,353**
NET WORTH	**1,129,287**	**1,138,975**

ASSETS AND LIABILITIES OF CATTLE AND SHEEP FARMS (LOWLAND) 2014/15
AVERAGE FARM SIZE 67.4 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	1,223,868	1,238,529
Other fixed assets	68,125	66,032
TOTAL FIXED ASSETS	**1,291,993**	**1,304,561**
Trading livestock, crops & stores	70,476	71,815
Debtors and short-term lending	41	329
Cash in hand and at bank	0	7,935
TOTAL CURRENT ASSETS	**70,517**	**80,080**
TOTAL ASSETS	**1,362,510**	**1,384,640**
Bank & other institutional loans	9,242	14,437
Family & other loans	0	0
TOTAL LONG-TERM LOANS	**9,242**	**14,437**
Bank overdraft	6,729	8,398
Other short-term borrowing	1,965	1,450
TOTAL SHORT-TERM LOANS	**8,694**	**9,848**
TOTAL EXTERNAL LIABILITIES	**17,935**	**24,285**
NET WORTH	**1,344,574**	**1,360,356**

ASSETS AND LIABILITIES OF MIXED FARMS, 2014/15
AVERAGE FARM SIZE 79.2 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	1,548,050	1,546,760
Other fixed assets	96,345	102,915
TOTAL FIXED ASSETS	**1,644,395**	**1,649,675**
Trading livestock, crops & stores	79,566	76,982
Debtors and short-term lending	4,624	4,308
Cash in hand and at bank	0	11,964
TOTAL CURRENT ASSETS	**84,190**	**93,255**
TOTAL ASSETS	**1,728,584**	**1,742,930**
Bank & other institutional loans	29,204	26,087
Family & other loans	0	0
TOTAL LONG-TERM LOANS	**29,204**	**26,087**
Bank overdraft	6,899	5,825
Other short-term borrowing	3,315	5,057
TOTAL SHORT-TERM LOANS	**10,214**	**10,882**
TOTAL EXTERNAL LIABILITIES	**39,419**	**36,969**
NET WORTH	**1,689,166**	**1,705,961**

ASSETS AND LIABILITIES OF ALL TYPES, 2014/15
AVERAGE FARM SIZE 89.8 HECTARES

	Opening Valuation	Closing Valuation
	£	
Land and Buildings	1,146,592	1,149,334
Other fixed assets	87,314	90,235
TOTAL FIXED ASSETS	**1,233,906**	**1,239,569**
Trading livestock, crops & stores	52,577	53,886
Debtors and short-term lending	6,036	4,406
Cash in hand and at bank	0	9,596
TOTAL CURRENT ASSETS	**58,613**	**67,888**
TOTAL ASSETS	**1,292,519**	**1,307,456**
Bank & other institutional loans	23,340	26,288
Family & other loans	300	234
TOTAL LONG-TERM LOANS	**23,640**	**26,522**
Bank overdraft	12,551	12,369
Other short-term borrowing	3,635	4,743
TOTAL SHORT-TERM LOANS	**16,186**	**17,113**
TOTAL EXTERNAL LIABILITIES	**39,826**	**43,635**
NET WORTH	**1,252,693**	**1,263,822**

APPENDIX 3

ENTERPRISE GROSS MARGIN RESULTS CLASSIFIED INTO PERFORMANCE CATEGORIES

This Appendix contains the 2014/15 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 2015.

DAIRY COWS (CLASSIFIED BY GROSS MARGIN PER COW) 2014/15

	Excellent	Good	Moderate	Poor	Average
% of survey farms	19	36	36	10	100
Average herd size	105	116	106	89	108
Enterprise Output			**£ per cow**		
Milk	2,346	2,141	1,863	1,708	2,044
Calves	106	97	89	74	94
Herd replacement	-157	-180	-176	-223	-178
Leasing receipts	-	-	-	-	-
TOTAL ENTERPRISE OUTPUT	2,295	2,058	1,776	1,558	1,960
Variable Costs					
Concentrates	688	681	680	702	684
Hay, silage, forage & grazing	183	196	208	188	197
Vet, medicines & sundries	152	155	152	157	154
Leasing costs	-	-	-	-	-
TOTAL VARIABLE COSTS	1,023	1,032	1,040	1,046	1,034
GROSS MARGIN					
- per cow	1,273	1,026	736	512	926
- per hectare	2,687	2,153	1,537	1,043	1,937
- per 1000 litres	164	137	109	81	129
Milk yield per cow (litres)	7,780	7,490	6,756	6,309	7,185
Milk price per litre (pence)	30.2	28.6	27.6	27.1	28.5
Concentrates per litre (kg)	0.35	0.36	0.39	0.45	0.38
Concentrates price per tonne (£)	234	238	250	241	242
Stocking rate (ce per ha)	2.13	2.12	2.11	2.06	2.11
Nitrogen per hectare (kg)	163	180	139	162	161

DAIRY COWS (CLASSIFIED BY GROSS MARGIN PER HECTARE) 2014/15

	Excellent	Good	Moderate	Poor	Average
% of survey farms	9	34	45	11	100
Average herd size	95	143	79	97	104
Enterprise Output			**£ per cow**		
Milk	2,050	2,245	1,736	1,510	1,976
Calves	117	89	92	85	92
Herd replacement	-140	-186	-174	-200	-179
Leasing receipts	-	-	-	-	-
TOTAL ENTERPRISE OUTPUT	2,027	2,148	1,654	1,396	1,889
Variable Costs					
Concentrates	562	776	554	588	661
Hay, silage, forage & grazing	196	213	187	172	198
Vet, medicines & sundries	144	166	141	136	152
Leasing costs	-	-	-	-	-
TOTAL VARIABLE COSTS	902	1,154	882	896	1,012
GROSS MARGIN					
- per cow	1,126	994	772	500	877
- per hectare	2,780	2,242	1,500	781	1,807
- per 1000 litres	161	128	122	90	126
Milk yield per cow (litres)	6,997	7,784	6,314	5,582	6,980
Milk price per litre (pence)	29.3	28.8	27.5	27.1	28.3
Concentrates per litre (kg)	0.33	0.38	0.36	0.43	0.37
Concentrates price per tonne (£)	237	245	236	242	241
Stocking rate (ce per ha)	2.47	2.26	1.94	1.56	2.06
Nitrogen per hectare (kg)	195	183	138	120	157

DAIRY CALVES REARED AS REPLACEMENTS, 2014/15
(CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	20	35	31	14	100
Enterprise Output			**£ per hectare**		
	1,774	1,512	1,058	1,435	1,428
Variable Costs					
Concentrates	569	540	489	793	591
Hay, silage,forage & grazing	331	417	339	534	403
Vet and medicines	63	51	44	62	54
Sundries	45	43	41	119	60
TOTAL VARIABLE COSTS	1,008	1,051	913	1,508	1,109
GROSS MARGIN	766	461	145	-73	319
Concentrates per ce (kg)	736	706	889	1,081	846
Concentrates price per tonne (£)	225	238	235	232	232
Stocking rate (ce per ha)	2.32	2.12	1.89	2.13	2.10
Price per calf bought/ transferred in (£)	107	109	104	97	104
Price per heifer sold/ transferred out (£)	1,085	1,092	912	1,027	1,036
Mortality %	2.2	2.2	2.3	2.6	2.3

SUCKLER COWS - SEVERELY DISADVANTAGED AREA, 2014/15
(CLASSIFIED BY GROSS MARGIN PER COW)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	9	42	36	12	100
Number of cows per farm	35	43	32	27	37
Enterprise Output			**£ per cow**		
Calves	626	496	423	352	471
Herd replacement	-37	-56	-70	-112	-64
TOTAL ENTERPRISE OUTPUT	589	440	353	240	407
Variable Costs					
Concentrates	75	52	66	80	61
Hay, silage, forage & grazing	142	136	136	148	138
Vet and medicines	24	35	33	42	34
Sundries	16	21	31	28	24
TOTAL VARIABLE COSTS	258	244	267	298	257
GROSS MARGIN	331	196	87	-58	150
GROSS MARGIN PER COW EQUIVALENT	308	184	84	-56	142
Calves reared per cow	1.00	0.98	0.88	0.72	0.92
Price per calf sold or transferred-out (£)	653	531	493	500	529
Mortality - birth to weaning (%)	0.9	1.1	1.9	6.0	1.7
Concentrates per cow (kg)	367	250	307	373	289
Concentrates price per tonne (£)	204	207	214	213	210

SUCKLER COWS - DISADVANTAGED AREA, 2014/15
(CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	17	35	30	17	100
Number of cows per farm	52	51	40	29	44
Enterprise Output			**£ per cow**		
Calves	533	483	478	421	485
Herd replacement	-34	-56	-95	-85	-65
TOTAL ENTERPRISE OUTPUT	499	427	384	335	420
Variable Costs					
Concentrates	44	46	39	50	44
Hay, silage, forage & grazing	121	116	128	148	124
Vet and medicines	40	29	46	51	38
Sundries	32	20	37	20	27
TOTAL VARIABLE COSTS	237	211	250	268	234
GROSS MARGIN	262	216	134	67	186
GROSS MARGIN PER COW EQUIVALENT	241	206	130	63	177
Calves reared per cow	0.95	1.00	0.93	0.90	0.96
Price per calf sold or transferred-out (£)	544	499	496	505	509
Mortality - birth to weaning (%)	1.0	0.7	1.5	5.5	1.5
Concentrates per cow (kg)	266	225	186	249	226
Concentrates price per tonne (£)	165	190	199	199	187

BREEDING EWES - SEVERELY DISADVANTAGED AREA (CROSS BRED FLOCKS), 2014/15 (CLASSIFIED BY GROSS MARGIN PER EWE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	13	42	29	16	100
Number of ewes per farm	301	110	219	356	206
Enterprise Output			**£ per ewe**		
Lambs	104	110	92	80	95
Wool	3	3	3	2	3
Flock replacement	1	5	1	-14	-2
TOTAL ENTERPRISE OUTPUT	107	118	96	68	95
Variable Costs					
Concentrates	12	25	20	18	19
Hay, silage, forage & grazing	19	23	27	19	22
Vet, medicines and sundries	13	15	16	15	15
TOTAL VARIABLE COSTS	44	64	63	52	57
GROSS MARGIN	64	55	32	16	39
Price per lamb sold (£)	69	77	76	72	74
Lambing percentage	164	166	149	132	151
Lambs reared per 100 ewes	156	158	139	123	142
Wool per ewe (kg)	2.6	2.7	2.9	2.2	2.6
Wool per kg (p)	108	102	99	95	100
Concentrates per ewe (kg)	51	104	84	78	80
Concentrates price per tonne (£)	236	234	233	236	235
Mortality - ewes (%)	4.4	4.9	4.3	5.5	4.8
Mortality - lambs per 100 ewes	7.9	7.9	9.6	8.6	8.6

BREEDING EWES - SEVERELY DISADVANTAGED AREA (HARDY HILL BREEDS), 2014/15 (CLASSIFIED BY GROSS MARGIN PER EWE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	23	27	42	8	100
Number of ewes per farm	337	250	278	218	280
Enterprise Output			**£ per ewe**		
Lambs	83	68	69	30	70
Wool	2	3	3	2	3
Flock replacement	-2	9	-2	10	1
TOTAL ENTERPRISE OUTPUT	84	79	69	42	74
Variable Costs					
Concentrates	15	16	17	15	16
Hay, silage, forage & grazing	14	16	25	22	20
Vet, medicines and sundries	9	13	15	11	13
TOTAL VARIABLE COSTS	38	46	58	47	49
GROSS MARGIN	46	34	11	-5	25
Price per lamb sold (£)	72	67	67	60	68
Lambing percentage	131	127	127	109	127
Lambs reared per 100 ewes	121	121	120	90	119
Wool per ewe (kg)	2.3	2.3	2.6	3.2	2.5
Wool per kg (p)	95	112	110	74	104
Concentrates per ewe (kg)	67	62	69	62	66
Concentrates price per tonne (£)	225	223	233	240	229
Mortality - ewes (%)	9.2	4.5	6.5	11.3	7.0
Mortality - lambs per 100 ewes	9.9	5.4	6.6	19.3	8.0

BREEDING EWES - DISADVANTAGED AREA, 2014/15
(CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	11	33	44	11	100
Number of ewes per farm	63	125	96	195	113
Enterprise Output			**£ per ewe**		
Lambs	111	104	82	78	91
Wool	4	2	3	3	3
Flock replacement	4	-5	-2	0	-3
TOTAL ENTERPRISE OUTPUT	118	100	83	82	91
Variable Costs					
Concentrates	10	18	16	19	17
Hay, silage, forage & grazing	24	21	25	32	25
Vet, medicines and sundries	12	14	13	26	16
TOTAL VARIABLE COSTS	46	53	54	77	57
GROSS MARGIN	72	48	30	4	34
Price per lamb sold (£)	80	80	77	65	76
Lambing percentage	167	145	126	146	139
Lambs reared per 100 ewes	156	136	117	140	131
Wool per ewe (kg)	3.4	1.9	2.8	2.6	2.5
Wool per kg (p)	108	115	109	116	112
Concentrates per ewe (kg)	48	73	66	75	69
Concentrates price per tonne (£)	210	236	216	253	231
Ewes per hectare	10.28	7.72	6.19	7.77	7.17
Stocking rate (ce per ha)	2.06	1.55	1.32	1.79	1.51
Mortality - ewes (%)	8.7	4.8	11.0	2.1	6.9
Mortality - lambs per 100 ewes	11.1	9.2	8.7	6.2	8.5

BREEDING EWES - NON LFA, 2014/15
(CLASSIFIED BY GROSS MARGIN PER HECTARE)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	10	29	52	10	100
Number of ewes per farm	490	151	208	50	204
Enterprise Output			**£ per ewe**		
Lambs	106	117	101	86	105
Wool	5	4	3	3	4
Flock replacement	15	3	-8	-15	0
TOTAL ENTERPRISE OUTPUT	127	124	96	74	109
Variable Costs					
Concentrates	7	16	14	11	13
Hay, silage, forage & grazing	25	18	22	23	22
Vet, medicines and sundries	20	18	14	12	16
TOTAL VARIABLE COSTS	52	52	51	46	51
GROSS MARGIN	75	72	45	28	58
Price per lamb sold (£)	80	83	78	76	80
Lambing percentage	161	167	151	138	157
Lambs reared per 100 ewes	157	158	140	126	148
Wool per ewe (kg)	4.4	3.1	2.8	2.6	3.3
Wool per kg (p)	121	113	104	119	112
Concentrates per ewe (kg)	31	60	59	43	53
Concentrates price per tonne (£)	200	241	235	237	232
Ewes per hectare	11.04	7.92	7.46	6.85	8.16
Stocking rate (ce per ha)	2.28	1.70	1.35	1.49	1.59
Mortality - ewes (%)	2.6	4.6	6.2	10.1	5.1
Mortality - lambs per 100 ewes	3.9	8.4	11.5	12.1	9.1

PIGS - BIRTH TO BACON, 2014/15
(CLASSIFIED BY GROSS MARGIN PER FINISHED PIG)

	Above	Below	Average
% of survey farms	67	33	100
Number of pigs finished per farm	1,503	1,513	1,506
Number of sows per farm	76	86	79
		£ per pig	
ENTERPRISE OUTPUT	120.07	118.43	119.52
Variable Costs			
Feedingstuffs	78.00	98.78	84.96
Vet. and medicines	2.82	3.47	3.04
Sundries	3.33	3.61	3.43
TOTAL VARIABLE COSTS	84.15	105.86	91.42
GROSS MARGIN	35.92	12.57	28.10
Price of meal equivalent per tonne (£)	263	313	281
Meal equivalent per finished pig (kg)	297	315	303
Litters per sow per year	2.0	1.8	1.9
Live births per litter	12.1	11.5	11.9
Pigs weaned per litter	10.8	10.4	10.7
Pigs weaned per sow per year	21.6	19.2	20.7
Price of finished pig sold (£)	119.78	118.89	119.49
Mortality - suckers %	10.4	5.9	8.9
Mortality - weaners %	2.5	1.3	2.1

SPRING BARLEY (2014 CROP)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	11	28	49	11	100
Hectares per farm	10.6	22.4	14.8	10.9	16.0
Enterprise Output			**£ per hectare**		
Grain	853	764	657	588	708
Straw	346	238	190	163	218
TOTAL ENTERPRISE OUTPUT	1,199	1,002	846	751	927
Variable Costs					
Seed	68	66	67	75	67
Fertilisers	118	152	147	191	150
Sprays	123	102	97	131	103
Sundries	33	36	18	26	27
TOTAL VARIABLE COSTS	341	356	330	422	348
GROSS MARGIN	857	646	516	329	578
Grain (tonnes per ha)	6.62	5.82	5.37	4.81	5.60
Straw (tonnes per ha)	5.19	3.66	3.45	2.80	3.61
Fertilisers used per hectare (kg)	430	526	506	608	516
Grain per tonne (£)	129	131	122	122	126
Straw per tonne (£)	67	65	55	58	60

WINTER BARLEY (2014 CROP)

	Above	Below	Average
% of survey farms	50	50	100
Hectares per farm	9.6	23.8	16.7
Enterprise Output		**£ per hectare**	
Grain	938	836	866
Straw	334	231	260
TOTAL ENTERPRISE OUTPUT	1,273	1,067	1,126
Variable Costs			
Seed	70	90	84
Fertilisers	160	193	184
Sprays	124	134	131
Sundries	25	16	18
TOTAL VARIABLE COSTS	378	432	417
GROSS MARGIN	894	635	709
Grain (tonnes per ha)	6.95	6.60	6.70
Straw (tonnes per ha)	5.22	3.52	4.01
Fertilisers used per hectare (kg)	588	687	658
Grain per tonne (£)	135	127	129
Straw per tonne (£)	64	65	65

WINTER WHEAT (2014 CROP)

	Above	Below	Average
% of survey farms	47	53	100
Hectares per farm	20.4	12.4	16.2
Enterprise Output		**£ per hectare**	
Grain	1,174	859	1,046
Straw	217	258	233
TOTAL ENTERPRISE OUTPUT	1,390	1,117	1,279
Variable Costs			
Seed	97	87	93
Fertilisers	217	199	210
Sprays	144	179	158
Sundries	14	41	25
TOTAL VARIABLE COSTS	472	506	486
GROSS MARGIN	918	611	793
Grain (tonnes per ha)	8.88	6.71	8.00
Straw (tonnes per ha)	3.45	4.26	3.78
Fertilisers used per hectare (kg)	805	682	755
Grain per tonne (£)	132	128	131
Straw per tonne (£)	63	61	62

WARE POTATOES (2014 CROP)

	Above	Below	Average
% of survey farms	25	75	100
Hectares per farm	4.3	15.8	12.9
Enterprise Output		**£ per hectare**	
Current Crop	6,716	3,742	3,990
Variable Costs			
Seed	548	331	349
Fertilisers	301	362	357
Sprays	457	320	331
Contract/Casual Wages	134	219	212
Sundries	206	155	160
TOTAL VARIABLE COSTS	1,646	1,387	1,408
GROSS MARGIN	5,071	2,356	2,582
Yield of ware per hectare (tonnes)	24	34	33
Seed used per hectare (tonnes)	2.33	2.31	2.31
Fertiliser used per hectare (kg)	837	1,043	1,026
Price per tonne sold (£)	268	100	110

APPENDIX 4

DEFINITIONS OF TERMS USED

A4.1 Farm Business Size

Farm business size is determined by calculating each farm's total Standard Labour Requirement (SLR). Standards or norms have been calculated for all major enterprises (see section A4.4). The total SLR for each farm is calculated by multiplying its crop areas and livestock numbers by the appropriate SLR and then summing the result for all enterprises on the farm.

In UK agricultural statistics from 2003/04 onwards, business size is described in terms of four SLR size bands. These are:-

Term	SLR*
Part-time	≥ 0.5 <1
Small	≥ 1 to <2
Medium	≥ 2 to <3
Large	≥ 3 to <5
Very large	≥ 5

*1 Standard Labour Requirement = 1900 hours

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

A4.2 Farm Business Type[1]

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

Depending on the amount of detail required, farms can be classified into 1 of 62 types. Individual farms are allocated to a type category on the basis of the aggregate value of farm outputs. As it is not feasible to estimate the value of outputs on a farm-by-farm basis, Standard Outputs (SOs) are calculated as reference values for a variety of farm products. The SO of a specific product (crop or livestock) is the average monetary value (per ha or head) of agricultural output based on regional farm-gate prices over a 5 year period. The SO excludes direct payments and no costs are deducted. Once the numbers of livestock and hectares of crop for an individual farm have been multiplied by the relevant SOs, it is allocated to a type category depending on where most of the total SO comes from. To ensure a stable framework for comparison and analysis SO values, once calculated, are held constant for a number of years. The SO values in use at the moment cover the five year period centred on 2010 and can be found below in section A4.5.

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

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

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

A4.3 Other Terms

Weighted sample averages are calculated for each type of farm by weighting the sample data within each size group according to the distribution of farm businesses by size in the June 2014 Agricultural Census. Data, where given, for individual size groups within farm types are simple sample averages.

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

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

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

Breeding Livestock Stock Appreciation (BLSA) is that part of the change between the opening and closing valuations of breeding animals due to changes in value.

Enterprise output of a crop is the sum of: crop sales, market value of crop unsold, fed to livestock, used for seed, consumed in the farmhouse and by farm workers, and subsidies received. **Single farm payment is not included in enterprise output of a crop.**

Enterprise output of a livestock enterprise is the total of livestock and product sales; transfers to other enterprises; produce consumed in the farmhouse and by farm workers; compensation payments and net leasing receipts/payments; and closing valuation **minus** purchases of livestock, transfers-in of livestock from other enterprises and opening valuation of livestock. **Single Farm Payment and LFA compensatory allowance is not included in livestock enterprise output.**

Direct Subsidy receipts includes: Less Favoured Area Compensatory Allowance, Single Farm Payment, Agri-environmental payments, Rural Development payments and BSE related receipts.

Miscellaneous receipts include hire work, adjustments for the difference between the opening valuation of any stocks of previous crops and their ultimate disposal value.

Feedingstuffs: Expenditure on feed and feed additives including the value of milk transferred from the dairy herd and fed to livestock; adjustments for changes in stock; market value of home-grown cereals fed.

Seeds: Expenditure on seed; adjustments for changes in stock; market value of home-grown seeds used including potatoes.

Labour: Salaries; wages; employers' insurance contributions; unpaid family labour imputed at the appropriate rate for comparable paid labour. No charge is made for farmer and spouse labour.

Fertilisers: Expenditure on fertilisers and lime.

Machinery and Power: Expenditure on vehicle fuel and oil; repairs; contract work; small tools.

Miscellaneous: Veterinary charges; AI fees; twine; sprays for crop protection; electricity; insurance; vehicle taxation; water rates; other general farming costs.

Land and Building Costs: Imputed rental value of own land farmed; conacre and other paid rents; farm rates (at one-third); minor building repair costs.

Depreciation: Depreciation costs for machinery calculated on a diminishing balance basis, whereas depreciation costs for buildings, fixed equipment and land improvements calculated on a linear basis.

Variable costs are those costs which can both be readily allocated to a specific enterprise and will vary in approximately direct proportion to changes in the scale of that enterprise. They include fertilisers, sprays, seed, concentrate feedingstuffs and veterinary costs.

Fixed costs are those costs which do not vary with small changes in the scale of individual enterprises or cannot be readily allocated to individual enterprises. Examples are regular labour, machinery costs, rent and rates, and general overhead expenses.

Gross Margin of an enterprise is its enterprise output less its variable costs. For a livestock enterprise the variable costs include the allocated variable costs of grass and other forage crops.

Farm Business Income is the return to all unpaid labour (farmer, spouses and others with an entrepreneurial interest in the farm business) and to their capital invested in the farm business which includes land and buildings.

Net Farm Income is the total gross margin less fixed costs including notional labour costs and a notional rent but excluding interest paid and ownership expenses. It represents the reward to the farmer and spouse for their manual labour and management and their return on tenant-type capital invested in the farm.

Occupier's expenses: Farm rates and fire insurance premia.

Occupier's Net Income is net farm income plus imputed rent less depreciation of buildings and improvements and land ownership expenses and interest payments. It represents the return to the farmer and spouse for their manual and managerial labour and investment in the farm business.

Cash income is receipts less expenditure.

Total assets comprise fixed assets and current assets. Fixed assets consist of land, buildings, quotas, machinery, equipment and breeding livestock. Current assets comprise trading livestock, harvested and growing crops, stocks of livestock products and stocks of inputs, cash and sundry debtors.

Valuations

Land, buildings, improvements, fixed equipment and quotas are valued at conservative market prices.

Plant, machinery, vehicles, glasshouses and permanent crops are valued on a current replacement cost basis.

Breeding livestock and trading livestock are valued on an estimated conservative market value basis less the cost of marketing.

Stocks of livestock products, purchased feed, seeds, fertilisers and other miscellaneous items are valued at estimated cost.

Tenant's capital/Operating Capital includes investment in machinery, livestock and crops, stocks, work in progress, cash and other assets (excluding land and buildings) needed to run the business. It is calculated by averaging the opening and closing valuations of these items.

Liabilities are claims on the assets of the business by the suppliers of funds to it. They comprise long and medium-term loans, which are not usually liable to recall within 12 months, and short-term loans, such as bank overdrafts, hire purchase and leasing debt which may have to be repaid within the next 12 months.

Net Worth/Owner's equity represents the interest of the owner in the business. It is the balance sheet value of assets available to the owner of the business after all other claims against the assets have been met.

A4.4 Standard Labour Requirements

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

	Item	Unit	Standard Labour Requirement (hours)	Units per 1900 hours
Crops	Cereals	ha	**30**	**63**
	Oilseeds	ha	**22.5**	**84**
	Potatoes	ha	**135**	**14**
	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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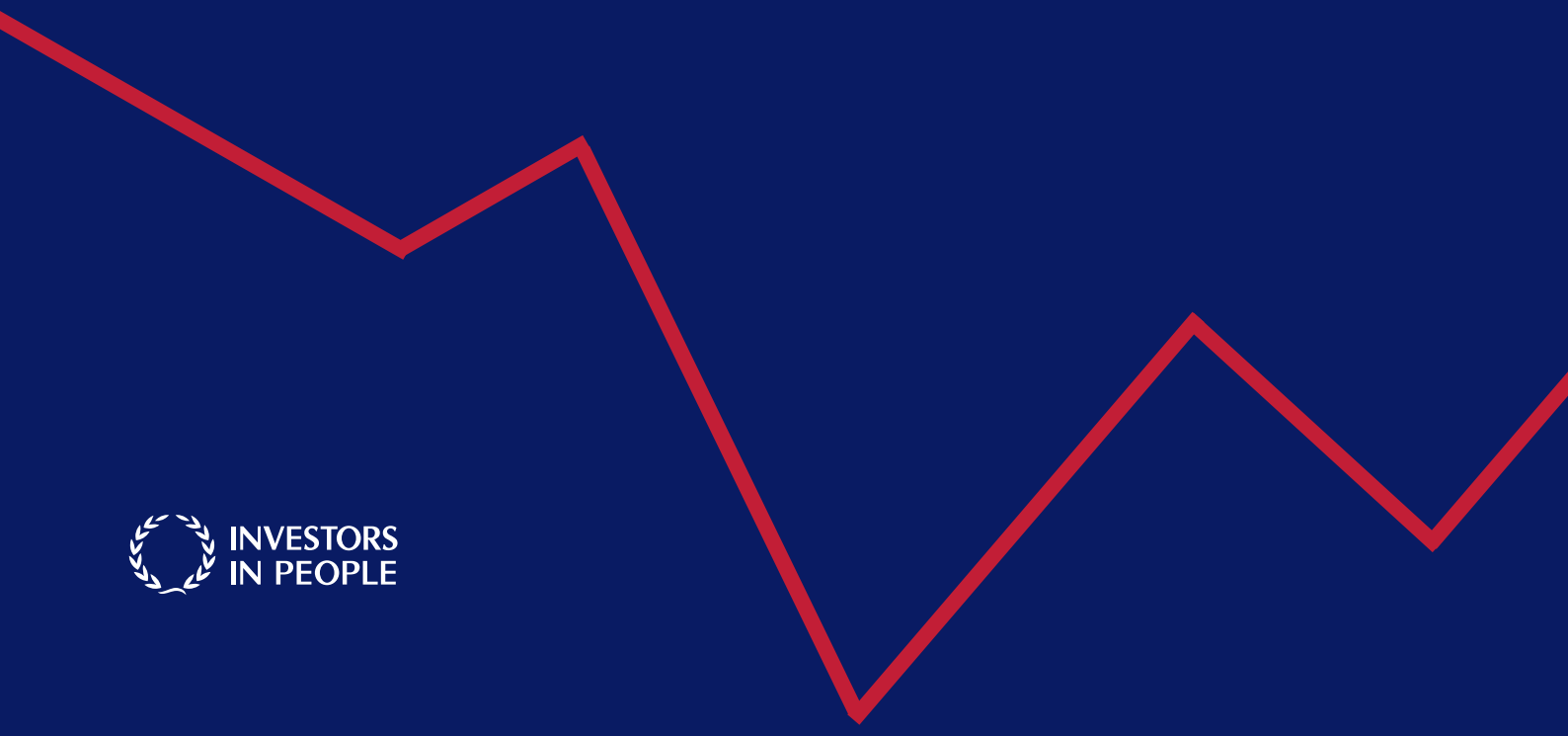

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