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POLICY AND ECONOMICS DIVISION

# Farm Incomes in Northern Ireland

2013/14



**Department of Agriculture and Rural Development  
Policy and Economics Division**

**FARM INCOMES  
IN  
NORTHERN IRELAND  
2013/14**

**A National Statistics Publication**

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## Foreword and Acknowledgements

This report on Farm Incomes in Northern Ireland, the twenty-second 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 2013/14 account year, which has an average year end of mid-February 2014 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 the vital contributions made by administrative staff involved in the preparation and analysis of the accounting information.

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

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## EXECUTIVE SUMMARY

1. The average Farm Business Income across all farm businesses above 0.5 Standard Labour Requirements (SLRs) increased from £19,358 to £29,606 per farm between 2012/13 and 2013/14. This resulted from an increase of 14.8% in the average value of farm output and an average increase in expenditure on inputs of 8.2%.
2. For the main farming enterprises, increases in gross margin between 2012/13 and 2013/14 were recorded for dairy cows, pig and winter wheat enterprises. Whereas, decreases were recorded for SDA beef cows, DA beef cows, Lowland beef cows, SDA breeding ewes, DA breeding ewes, Lowland breeding ewes, spring barley, winter barley and potato enterprises.
3. Between 2012/13 and 2013/14 increases in Farm Business Income were recorded on 5 of the 7 main types of farm covered in the Farm Business Survey (FBS). The five farm types showing an increase in average Farm Business Income were Dairy, Pig, Cattle & Sheep (LFA), Cattle & Sheep (Lowland) and Mixed farms. Income results show that average Farm Business Income increased by £32,057 on Dairy farms, £42,898 on Pig farms, £1,657 on Cattle & Sheep (LFA) farms, £3,525 on Cattle & Sheep (Lowland) farms and £11,775 on Mixed farms.
4. A Farm Business Income above £10,000 was achieved by 67% of the farm businesses in the FBS in 2013/14; 14% of the farms incurred a loss.
5. Cash Income per farm, which is the difference between cash receipts and expenditure, increased from an average of £37,065 in 2012/13 to £46,936 in 2013/14. This income measure provides the average amount of cash available per farm to cover living expenses and investment expenditure.
6. Direct payments increased by £1,468 per farm between 2012/13 and 2013/14 and averaged £25,826 per farm and £291 per hectare in 2013/14 (Section 2.4). Direct payments represented 87% of Farm Business Income and 55% 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 2013/14 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 £27,393 per farm higher than that for Cattle and Sheep (LFA) farms. Dairy and LFA Cattle and Sheep type farms account for 66% of the farms classified as full-time businesses. (Section 2.6)
9. Off-farm income of the farmer and spouse averaged £7,361 per farm in 2013/14. However, on 43% 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 2013/14, only the spouse of the farmer on 22% of the farms had off-farm employment, on a further 5% of farms the farmer had off-farm employment and on another 2% of farms both the farmer and spouse had off-farm employment.
11. The average level of net investment per farm decreased from £21,200 in 2012/13 to £20,058 in 2013/14. Investment levels in 2013/14 were the fifth highest recorded in the past 10 years when inflation is taken into account. (Section 2.8)
12. External liabilities (mainly bank borrowings) averaged £41,946 per farm and equated to 3.2% 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 47% of farms in 2013/14 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 increased by £334, from £758 in 2012/13 to £1,092 in 2013/14. This increase was mainly due to a rise in milk prices.
- (ii) The difference in herd gross margin between those in the top 25% and bottom 25% performance groups amounted to £78,111 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 decreased by £12, £5 and £29 per cow respectively between 2012/13 and 2013/14.
- (ii) Lowland suckler cow herds had the highest average gross margin per cow, at £164, while DA herds averaged £154 and SDA herds £134 in 2013/14. (Section 4.2)

### **Sheep**

- (i) The average gross margins for Lowland, DA and SDA breeding ewes decreased by £2, £7 and £8 per ewe respectively between 2012/13 and 2013/14.

- (ii) In 2013/14, the highest average gross margin per ewe of £47 was achieved by the Lowland flocks. This gross margin was £17 higher than for ewes in DA flocks and £46 higher than for ewes in SDA (hill) flocks. (Section 4.3)

## Pigs

On birth to bacon pig units the average gross margin per pig increased from £20.52 in 2012/13 to £31.74 in 2013/14. Between 2012/13 and 2013/14, the average output for pigs increased by £12.33 per pig and the average cost of variable inputs increased by £1.11 per pig. (Section 4.4)

## Cereals

- (i) The average gross margins per hectare for spring barley and winter barley crops were lower in 2013/14 than in 2012/13. Decreases in gross margin per hectare were spring barley (£143) and winter barley (£109). The average gross margin per hectare for winter wheat crops were higher and had increased by £133.
- (ii) The winter wheat crop had the highest average gross margin of the three main cereal crops, at £1,089 per hectare, followed by winter barley at £940 and spring barley at £704. (Sections 4.5-4.7)

## Potatoes

The average gross margin for ware potatoes decreased from £7,350 per hectare in 2012/13 to £1,855 per hectare in 2013/14, a decrease of £5,495. The ware crop yield per hectare increased from 30.9 tonnes in 2012/13 to 33.5 tonnes in 2013/14, whereas, the ware potato price per tonne decreased by £187 per tonne from £307 per tonne in 2012/13 to £120 per tonne in 2013/14. (Sections 4.8)

## Fixed Costs

- 15. The average levels of fixed costs (excluding labour) per hectare across all farm types were higher in 2013/14 than in 2012/13, at £519 and £502 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](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 12,653 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 2013/14 accounting year. All of these farms participate on a voluntary basis with 65% having provided information for at least 10 years. A smaller sample of 278 farm businesses over 0.5 SLRs in size provided information for both the 2012/13 and 2013/14 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 2013/14 account year information presented in this report refers to the 2013 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, 2013/14**

Type of Farm Business <sup>***</sup>	Number of Farm Businesses	
	Northern Ireland*	FBS Sample**
Cereals	118	9
General Cropping	150	5
Horticulture	211	0
Pigs	145	8
Poultry	492	0
Dairy	2,523	107
Cattle and Sheep (LFA)	4,378	97
Cattle and Sheep (Lowland)	1,710	36
Mixed	369	16
Others	333	0
<b>All Types</b>	<b>10,429 *</b>	<b>278 **</b>

\* Number of farm businesses above 0.5 SLRs in size at June 2013 Census; there are 14,074 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 2012/13 and 2013/14 account years, and which were used in the analyses. A further 41 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.

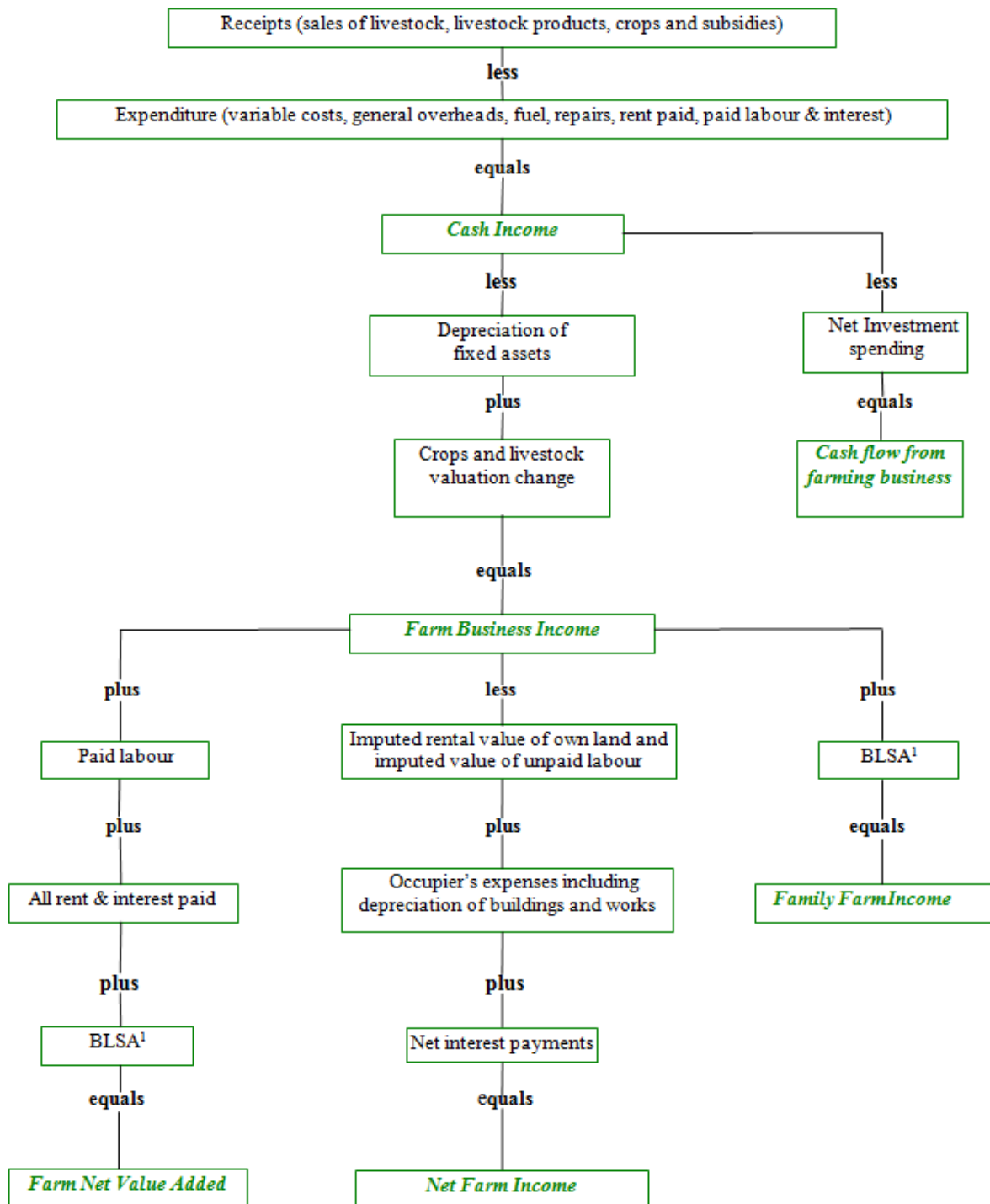
FBI differs from NFI in that it represents the return to all unpaid labour, not just the farmer and spouse and it treats the tenure of farms as it is: tenants as tenants, owner occupiers as owner occupiers and those with both types of tenure as mixed.

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 2012/13 and 2013/14

Average Farm Business Income, Cash Income, and Net Farm Income measured across all farm types is shown in Table 2a for the accounting years 2012/13 and 2013/14. As shown, average Farm Business Income increased between 2012/13 and 2013/14 by £10,248 or 52.9% per farm. This resulted from a 14.8% increase in the value of outputs and an 8.2% increase in expenditure on inputs between 2012/13 and 2013/14. On the other hand, average Cash Income increased by £9,871 or 26.6% when compared to the previous year. When measuring Farm Income using the previous headline measure Net Farm Income, an average increase of £12,098 or 100.4% per farm occurred between 2012/13 and 2013/14.

**Table 2a Average farm income (all types, above 0.5 SLRs) <sup>1</sup>**

	2012/13	2013/14
	£	£
Farm Business Income	19,358	29,606
Cash Income	37,065	46,936
Net Farm Income	12,055	24,153

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

Farm Business Incomes by individual farm types are presented in Table 2b for the 2012/13 and 2013/14 account years. This shows that Average Farm Business Income increased between 2012/13 and 2013/14 on 5 of the 7 main farm types. The five farm types which showed an increase in Average Farm Business Income were Dairy, Pig, Cattle and Sheep (LFA), Cattle and Sheep (Lowland), and Mixed farms.

On Dairy farms the average Farm Business Income increased from £29,492 in 2012/13 to £61,549 in 2013/14, which is an increase of £32,057 per farm. This was the net result from a 23.4% (£53,782) increase in the value of outputs and a 10.8% (£21,725) increase in expenditure on inputs between 2012/13 and 2013/14. The main reason for the increase in output between the years was the £45,415 increase in milk value that arose from the higher milk prices in 2013. In terms of inputs, the main increases in expenditure were recorded for purchased concentrate feed and fodder (£11,300), fertilisers (£2,061), and machinery running costs (£1,967).

Cattle and Sheep farms (LFA) generated an average Farm Business Income of £14,293 per farm in 2013/14, which was 13.1% higher than the 2012/13 income of £12,636 per farm. This increase in income was the net result of a 6.9% (£5,296) increase in the value of farm output and a 5.7% (£3,639) increase in expenditure on inputs. The main reasons for the increase in output value were the £2,408 increase in value of cattle products and the £1,701 increase in Single Farm Payment receipts. The main increases in expenditure on inputs were recorded for purchased concentrate feed and fodder (£1,668), fertilisers (£1,002) and machinery running costs (£841).

Cattle and Sheep (Lowland) farms also recorded an increase in Farm Business Income between 2012/13 and 2013/14. For this farm type, Farm Business Income increased from £9,195 to £12,720, which is an increase of 38.3%. This was the net result of a 7.9% (£6,510) increase in the value of farm output and a 4.1% (£2,985) increase in expenditure on inputs. The main factors contributing to the increase in output value were the increases in returns from cattle products (£2,100), miscellaneous revenue (£1,773), and Single Farm Payment receipts (£1,577). The main changes within expenditure on inputs were increases in depreciation of buildings & works (£915) and machinery running costs (£688).

On the other 4 types of farm, which account for 8.3% of farms above 0.5 SLR's, changes in the total value of farm output between 2012/13 and 2013/14 ranged from -20.5% (General Cropping farms) to 17.8% (Pig farms). Whereas, change in expenditure on inputs between years ranged from 4.9% (Pig farms) to 14.8% (General Cropping farms). These four farm types showed changes in average Farm Business Income between years, which ranged from -£73,160 on General Cropping farms to £42,898 on Pig farms.

Comprehensive data on the values of livestock output, crop output, inputs, and incomes for each of the 7 farm types are given in Appendix 1. Information is also provided for 4 farm size groupings for Dairy and Cattle and Sheep (LFA) farms and for 2 size groupings for Lowland Cattle and Sheep farms. These data include information on the physical and financial characteristics of the average farm within each farm type and size in the FBS sample and for the "all sizes" Northern Ireland weighted averages for each farm type. They show, amongst other things, that the levels of changes in the various components of output and input recorded between 2012/13 and 2013/14 may differ for each farm size grouping within farm types. For instance, in the case of dairy farms, the total value of farm inputs increased by 12.7% in the 0.5 < 1 SLR size group which compares with a 6.0% increase in the 1 < 2 SLR size group.

The average levels of income per farm included in this report for each of the 7 farm types in 2012/13 (i.e. the 2012/13 – 2013/14 identical sample) are different to those in the previous year's report (i.e. the 2011/12 – 2012/13 identical sample). This occurs when an identical sample basis for reporting farm incomes is used, because the sample of farms for 2012/13 in the 2012/13– 2013/14 identical samples will not be exactly the same as those for the same year in the 2011/12 – 2012/13 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 9,393 farm businesses of which 5,113 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 2012/13 and 2013/14 (£ per farm) <sup>1</sup>**

		<b>Farm Business Income</b>	<b>Cash Income</b>	<b>Net Farm Income</b>
Cereals	12/13	32,732	74,377	25,905
	13/14	25,249	78,433	21,681
General Cropping	12/13	101,240	116,701	84,438
	13/14	28,080	54,023	12,497
Pigs	12/13	32,338	49,483	39,491
	13/14	75,236	88,805	86,472
Dairy	12/13	29,492	56,652	25,107
	13/14	61,549	87,238	60,187
Cattle and Sheep (LFA)	12/13	12,636	26,030	4,662
	13/14	14,293	25,696	7,716
Cattle and Sheep (Lowland)	12/13	9,195	20,814	693
	13/14	12,720	27,749	5,530
Mixed	12/13	41,855	67,152	25,129
	13/14	53,630	81,635	37,448
<b>All Types</b>	<b>12/13</b>	<b>19,358</b>	<b>37,065</b>	<b>12,055</b>
	<b>13/14</b>	<b>29,606</b>	<b>46,936</b>	<b>24,153</b>

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 2013/14 the average level of Cash Income per farm generated across all types of farm in Northern Ireland was £46,936 which is £9,871 higher than in 2012/13. Increases in average Cash Income occurred in 2013/14 on 5 of the 7 farm types.

These increases ranged from £4,056 per farm on Cereal farms to £30,586 per farm on Dairy farms. Decreases in average Cash Income occurred in 2013/14 on General Cropping and Cattle and Sheep (LFA) farms. These decreases were £62,678 per farm on General Cropping farms and £334 per farm on Cattle and Sheep (LFA) farms. The lowest level of Cash Income in 2013/14 was recorded for Cattle and Sheep (LFA) farms at £25,696 per farm, whereas the highest was recorded on Dairy farms at £87,238 per farm.

Net Farm Income showed similar changes to Farm Business Income between 2012/13 and 2013/14 for each of the farm types. However, on average, Farm Business Income was £5,453 higher than Net Farm Income in 2013/14. This occurred because the level of imputed rent and labour, which is deducted in the calculation of Net Farm Income, is more than the sum of interest payments, depreciation charges for buildings and works, and other ownership expenses which replace them in the calculation of Farm Business Income. This was also the case for each individual farm type in both years with the exception of Pig farms. In Northern Ireland, Farm Business Income is a better absolute measure of income than Net Farm Income because almost all of the land farmed is either owned or farmed on short-term lettings (i.e. conacre) and almost all labour is provided from within the farm family.

Table 3 shows the variations that occurred between 2008/09 and 2013/14 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 2009/10 and 2012/13.

When comparing the average income figures measured across all farm types for 2013/14 against those of 2008/09, the results show that average Farm Business Income increased by 9%, Cash Income increased by 21% and Net Farm Income increased by 21% per farm between the two years.

**Table 3      Income per farm, 2008/09 to 2013/14 (£ per farm) <sup>1</sup>**

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Farm Business Income	27,195	21,586	29,159	34,184	19,336	29,606
Cash Income	38,751	35,091	43,331	47,926	36,485	46,936
Net Farm Income	19,910	14,223	21,727	27,141	12,888	24,153

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 2013/14. When compared with those in 2012/13 they show that the increase in average Farm Business Income across all types of farm between 2012/13 and 2013/14 contributed to a decrease in the number of farms which incurred a negative Farm Business Income (23% in 2012/13 and 14% in 2013/14) and resulted in 13% more farms (i.e. 35% in 2013/14) which incurred a Farm Business Income of at least £30,000. In comparison, the rise in average Net Farm Income across all types of farm in 2013/14 resulted in 8% less farms (i.e. 26% in 2013/14) recording a negative Net Farm Income and 11% more farms (i.e. 28% in 2013/14) recording a Net Farm Income of at least £30,000. In Cash Income terms, the proportion of farms with negative incomes decreased by 3% (i.e. to 4% of farms) in 2013/14. The proportion of farms with a Cash Income of at least £30,000 increased by 4% (i.e. 52%) in 2013/14. 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, 2012/13 and 2013/14<sup>1</sup>**

Income £ per farm	Farm Business Income		Cash Income (% of farms)		Net Farm Income	
	12/13	13/14	12/13	13/14	12/13	13/14
<0	23	14	7	4	34	26
0 - 4,999	8	7	8	5	12	10
5 - 9,999	12	12	6	8	12	14
10 - 19,999	20	23	19	16	14	13
20 - 29,999	15	9	12	15	12	10
30,000 and over	22	35	48	52	17	28

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 14,074 spare-time farms in Northern Ireland which make a significant contribution to the value of agricultural output. As such, it is important to know the level of income they generate. Most of these farms are managed alongside off-farm employment and their farm income is a small part of overall farm household income. Some 90% of this size group of farms consists of Cattle and Sheep farms. The average incomes for Cattle and Sheep farms below 0.5 SLRs are given in Table 5. This shows that spare-time Cattle and Sheep farms generated average Farm Business Income levels in 2013/14 that were above the break-even point. This is an improvement on the previous year (2012/13) when Cattle and Sheep (Lowland) farms were below the break-even point.

**Table 5 Incomes for ‘spare-time’<sup>1</sup> Cattle and Sheep farms in the LFA and Lowland in 2012/13 and 2013/14 (£ per farm)<sup>2</sup>**

		<b>Farm Business Income</b>	<b>Cash Income</b>	<b>Net Farm Income</b>
Cattle and Sheep (LFA)	2012/13	2,620	8,721	-130
	2013/14	4,718	8,667	2,064
Cattle and Sheep (Lowland)	2012/13	-883	7,103	-3,916
	2013/14	7,289	12,593	4,587

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 2012/13 and 2013/14.

## 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 (1<sup>st</sup> year of SFP) accrue to the 2005/06 FBS accounting period, irrespective of when the money is actually paid. Hence 2012/13 and 2013/14 represents the 8<sup>th</sup> and 9<sup>th</sup> years of SFP scheme.

As shown in table 6, direct subsidy receipts per farm increased between 2012/13 and 2013/14 for each of the 7 main types of farm. Also, when averaged across all Farm Types, table 6 shows that direct subsidy receipts per farm increased from £24,358 in 2012/13 to £25,826 in 2013/14 (i.e. £1,468 more per farm).

Cereal farms received the highest level of direct subsidy receipts, averaging £35,051 per farm in 2013/14. Cattle and Sheep (LFA) farms had the next highest amount of direct subsidy receipts received at £30,056 per farm in 2013/14. Whereas Pig farms recorded the lowest average of the 7 main types of farms, at £14,577 per farm.

Dairy type farms showed an increase in direct payments of £1,312 per farm between 2012/13 and 2013/14. This was the net result of increases in Single Farm Payment (£1,525 per farm), LFA Compensatory payments (£26 per farm) and miscellaneous

subsidies (£40 per farm) and a decrease in Agri-Environmental Scheme payments (£279 per farm) between 2012/13 and 2013/14.

Cattle and Sheep (LFA) type farms showed an increase in direct payments of £1,409 per farm between 2012/13 and 2013/14. This was the net result of increases in Single Farm Payment (£1,701 per farm) and miscellaneous subsidies (£207 per farm) and decreases in LFA Compensatory payments (£8 per farm) and Agri-Environmental Scheme payments (£491 per farm) between 2012/13 and 2013/14.

For the remaining farm types there were increases in direct payments between 2012/13 and 2013/14 of £1,019 for Cereal type farms, £813 for General Cropping type farms, £905 for Pig type farms, £1,766 for Cattle and Sheep (Lowland) type farms and £2,410 for Mixed type farms. The increase in direct payments for these farm types is mainly attributable to higher Single Farm Payment amounts received in the 2013/14 year.

The data presented in tables 6 and 7 shows how important direct payments are to farmers in Northern Ireland. In 2013/14 direct payments ranged from 4% of the value of total farm output on Pig farms to 37% on Cattle and Sheep (LFA) farms. When expressed on a per hectare basis direct payments range from £131 per hectare on General Cropping farms to £470 per hectare on Pig farms.

When measured across all farm types, average direct payments represented 87% of the value of average Farm Business Income, 55% of the value of average Cash Income and 107% 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 2013/14. 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 2012/13 and 2013/14<sup>1</sup>**

	2012/13	2013/14
	£ per farm	
Cereal	34,032	35,051
General Cropping	11,448	12,261
Pigs	13,672	14,577
Dairy	19,645	20,957
Cattle and Sheep (LFA)	28,647	30,056
Cattle and Sheep (Lowland)	21,035	22,801
Mixed	26,559	28,969
<b>All types</b>	<b>24,358</b>	<b>25,826</b>

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

**Table 7 'As due' direct payments by type of farm, 2013/14<sup>5</sup>**

	% TFO <sup>1</sup>	£ per ha	% FBI <sup>2</sup>	% CI <sup>3</sup>	% NFI <sup>4</sup>
Cereals	19	328	139	45	162
General Cropping	6	131	44	23	98
Pigs	4	470	19	16	17
Dairy	7	262	34	24	35
Cattle and Sheep (LFA)	37	288	210	117	390
Cattle and Sheep (Lowland)	26	348	179	82	412
Mixed	14	325	54	35	77
<b>All Types</b>	<b>17</b>	<b>291</b>	<b>87</b>	<b>55</b>	<b>107</b>

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 £3,780 per farm.

**Table 7(a) Farm Business Incomes including and excluding direct payments in 2013/14 (£ per farm) <sup>1</sup>**

	<b>FBI</b>	<b>Direct Payments</b>	<b>FBI minus Direct Payments</b>
Cereals	25,249	35,051	-9,802
General Cropping	28,080	12,261	15,819
Pigs	75,236	14,577	60,659
Dairy	61,549	20,957	40,592
C&S (LFA)	14,293	30,056	-15,763
C&S (Lowland)	12,720	22,801	-10,081
Mixed	53,630	28,969	24,661
<b>All Types</b>	<b>29,606</b>	<b>25,826</b>	<b>3,780</b>

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

Table 7(b) presents Net Farm Incomes including and excluding direct subsidy receipts. In using this measure as opposed to Farm Business Income, lower levels of income are returned for all the different farm types with the exception of Pig farms. In this instance, the data indicates that General Cropping, Pig, Dairy and Mixed farm types also return a positive Net Farm Income when direct payments are removed. 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 £1,673 per farm.

**Table 7(b) Net Farm Incomes including and excluding direct payments in 2013/14 (£ per farm) <sup>1</sup>**

	<b>NFI</b>	<b>Direct Payments</b>	<b>NFI minus Direct Payments</b>
Cereals	21,681	35,051	-13,370
General Cropping	12,497	12,261	236
Pigs	86,472	14,577	71,895
Dairy	60,187	20,957	39,230
C&S (LFA)	7,716	30,056	-22,340
C&S (Lowland)	5,530	22,801	-17,271
Mixed	37,448	28,969	8,479
All Types	24,153	25,826	-1,673

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

## 2.6 Trends in Farm Incomes between 2006/07 and 2013/14

Table 8 presents a time series (2006/07 – 2013/14) 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 66% of the farm businesses over 0.5 SLRs in Northern Ireland. These time-series of income shows that in the four most recent years (10/11 to 13/14) the average Farm Business Income for Dairy farms in real terms was 26.1% higher than that in the first four years (06/07 to 09/10) 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 5.3% lower than that in the first four years of the 8 year period.

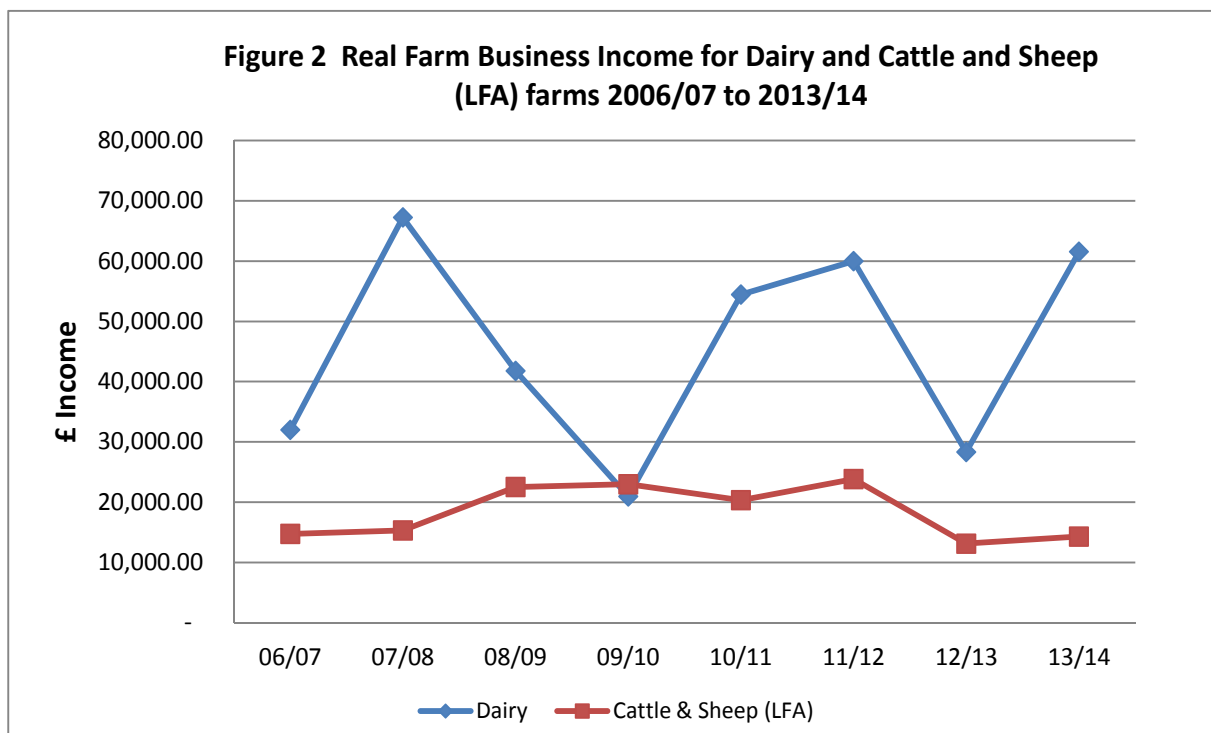
**Table 8 Real Farm Business Income for Dairy and Cattle and Sheep farms (LFA) – 2006/07 to 2013/14<sup>1,2</sup>**

	<b>Dairy</b>	<b>Cattle and Sheep (LFA)</b>
2006/07	31,992	14,741
2007/08	67,240	15,307
2008/09	41,772	22,521
2009/10	20,958	22,972
2010/11	54,443	20,336
2011/12	59,984	23,830
2012/13	28,322	13,113
2013/14	61,549	14,293

1. Expressed as an index in real terms, 2005/06 = 100

2. Based on data from all farms

The time series (2006/07 – 2013/14) of average Farm Business Income expressed in real terms for Dairy and Cattle and Sheep (LFA) farm types is shown graphically in figure 2. This indicates that the patterns of change in the average incomes for these farm types are very different. For Dairy Farms, levels of Farm Business Income have been relatively volatile over the period with dramatic ups and downs, whereas for LFA Cattle & Sheep Farms they have been relatively steady. On saying this, the annual average Farm Business Income for Dairy farms has been some £27,393 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 £45,782, compared to £18,389 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 80 hectares in Northern Ireland, is valued at 20% more than the average Cattle and Sheep (LFA) farm of 104 hectares and has generated about 2.5 times as much Farm Business Income over the past 8 years.



## 2.7 Other Sources of Income

In the FBS, farmers are asked to indicate into which of 8 ranges of income the joint income of the farmer and spouse falls for each of six off-farm sources of income. Off-farm income includes both earned and unearned sources, such as other employment and social payments. In total, these receipts averaged £7,361 per farm in 2013/14, of which £4,345 was earned income and £3,016 unearned income. However, it should be noted that on 43% of the farm businesses no off-farm income was received. Off-farm income per farm ranged from under £1,000 to in excess of £20,000 per year and included in some situations Social Security payments only. In other cases, the earned income of the spouse was the main off-farm income source. The average amount of off-farm income was highest, at £8,265 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, 2013/14 (£ per farm)**

	<b>Off-farm Total Income</b>	<b>Employment &amp; Self- employment</b>	<b>Investments, Pensions, Social Payments</b>
Dairy	5,993	3,834	2,159
Cattle and Sheep (LFA)	8,265	4,589	3,676
Mixed	1,712	0	1,712
<b>All Types</b>	<b>7,361</b>	<b>4,345</b>	<b>3,016</b>

The two most common off-farm income sources were other employment and pensions, as shown in Table 10. In 2013/14, on 62 of the 278 farms only the spouse of the farmer had off-farm employment, on a further 13 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 29% of farms having an off-farm employment source of income. The percentages of farms receiving pensions and social payments were 26% and 9% 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, 2013/14**

	£				
	Zero	1-999	1,000-4,999	5,000- 19,999	20,000+
	(% of farms)				
Employment	73	-	4	16	7
Self-employment	95	-	1	3	1
Investments	96	3	-	1	-
Pensions	74	-	4	21	1
Social payments	91	2	3	4	-
<b>All sources</b>	<b>43</b>	<b>2</b>	<b>5</b>	<b>38</b>	<b>11</b>



## 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 2004/05 i.e. the first year in the period. From 2004/05, investment levels then showed year on year increases until 2009/10. The real levels of increase were 57% in 2005/06, 52% in 2006/07, 14% in 2007/08, 58% in 2008/09 and 29% in 2009/10. Following this period, the real level of investment then decreased by 30% in the 2010/11 year, before increasing by 3% in 2011/12 and then falling again by 28% in 2012/13. In the most recent year (2013/14), the real level of investment increased by 9%.

**Table 11 Net investment index per farm, 2004/05 to 2013/14**

	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14
Current price index	100	160	250	293	476	629	451	475	347	384
Real terms index <sup>1</sup>	100	157	239	273	431	554	387	399	286	313

1 Deflated using the GDP deflator, 2004/05 = 100

2 Based on data from all farms.

As shown in table 12 the average net investment (excluding capital grants received) was £20,058 per farm in 2013/14, which is £1,142 less than the previous year. The total average net investment in 2013/14 was composed of plant, machinery and vehicles at £9,342 per farm (which is £677 lower than in 2012/13), land and buildings at £4,326 per farm (which is £1,245 lower than in 2012/13) and investment on capital improvements at £6,972 per farm (which is £1,268 higher than 2012/13). Capital grants received were £581 in 2013/14 (which is £486 higher than in 2012/13). Average levels of net investment were higher in 2013/14 than 2012/13 for Cereal, Pig, and Cattle & Sheep (LFA) farm types.

**Table 12 Net investment by type of farm, 2012/13 and 2013/14<sup>1</sup>**

	2012/13	2013/14
	£ per farm	
Cereals	42,829	142,563
General Cropping	12,107	10,781
Pigs	7,253	39,459
Dairy	33,390	30,006
Cattle & Sheep (LFA)	10,869	11,576
Cattle & Sheep (Lowland)	21,997	13,359
Mixed	57,120	38,974
<b>All Types</b>	<b>21,200</b>	<b>20,058</b>

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

As in 2012/13, the average levels of net investment in 2013/14 were different on each of the farm types. The average levels of net investment in 2013/14 ranged from £10,781 per farm on General Cropping farms to £142,563 per farm on Cereal farms. Differences in levels of investment by farm type occur for a number of reasons including dissimilarities in farm size, levels of Cash Income and the need for replacement/establishment of assets. In general, the pattern of investment would tend to indicate that farmers increase capital expenditure in or immediately following

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

### **3. FINANCIAL POSITION OF FARM BUSINESSES**

In the 2010/11 account year, the values for land and buildings were revalued on each FBS farm in line with current market prices for farms in each locality. Previous revaluations took place in the 1989/90, 1996/97, and 2006/07 account years. The recent revaluation resulted in an average increase in book values of land and buildings from £1,054,046 in the closing valuation of the 2009/10 account to £1,149,338 in the closing valuation of the 2010/11 account. If comparisons are being made with farm asset values reported for earlier years then recent and previous revaluations should be taken into consideration.

#### **3.1 Assets, Liabilities, and Net Worth of Farms**

Information on the values of total assets, external liabilities and net worth by farm type for the 2013/14 account year is presented in Table 13. This shows that average total assets per farm measured across all farm types were £1,308,863 in 2013/14. Whereas, average external liabilities per farm measured across all farm types were £41,946 in 2013/14, which is 11.9% higher than the previous year. When measured across all farm types the average external liabilities (i.e. mainly bank borrowings) per farm in 2013/14 were equivalent to 3.2% of total farm assets. Given these values for assets and liabilities the average net worth per farm measured across all farm types was £1,266,917 in 2013/14. When measured across all farm types, net worth expressed as a percentage of total assets was 96.8% in 2013/14. 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 2013/14 ranged from £785,385 per farm on Pig type farms to £2,534,278 per farm on Cereal type farms. Also, in 2013/14, Dairy type farms had the highest average amount of external liabilities at £96,440 per farm, whereas Cattle and Sheep (LFA) farms had the lowest external liabilities at £17,040 per farm. When measured as a percentage of total assets, external liabilities ranged from 1.4% on Cattle and Sheep (Lowland) type farms to 6.8% on Dairy type farms. When compared to the previous year, external liabilities increased on each of the seven individual farm types.

In terms of net worth, average values by farm type in 2013/14 ranged from £752,216 on Pig farms to £2,467,199 on Cereal farms. When net worth is expressed as a percentage of total assets, average values range from 93.2% on Dairy farms to 98.6% on Cattle and Sheep (Lowland) farms.

**Table 13 Financial stability of farms in Northern Ireland 2012/13 and 2013/14<sup>1</sup>**

		<b>Farm Area (ha)</b>	<b>Total Assets (£'000)</b>	<b>External Liabilities (£'000)</b>	<b>Net Worth (£'000)</b>	<b>Net Worth (as % of Total Assets)</b>
Cereals	12/13	103.5	2,436.5	57.7	2,378.8	97.6
	13/14	107.0	2,534.3	67.1	2,467.2	97.4
General Cropping	12/13	78.8	1,244.1	67.6	1,176.5	94.6
	13/14	93.6	1,232.1	81.4	1,150.7	93.4
Pigs	12/13	30.8	751.4	31.9	719.5	95.7
	13/14	31.0	785.4	33.2	752.2	95.8
Dairy	12/13	80.2	1,395.3	86.0	1,309.3	93.8
	13/14	80.1	1,422.1	96.4	1,325.6	93.2
Cattle and Sheep (LFA)	12/13	104.1	1,175.9	15.0	1,160.9	98.7
	13/14	104.3	1,189.1	17.0	1,172.1	98.6
Cattle and Sheep (Lowland)	12/13	65.4	1,299.4	17.3	1,282.1	98.7
	13/14	65.6	1,304.5	18.5	1,286.0	98.6
Mixed	12/13	87.5	1,757.3	51.0	1,706.2	97.1
	13/14	89.2	1,802.4	54.7	1,747.8	97.0
<b>All Types</b>	<b>12/13</b>	<b>88.4</b>	<b>1,291.1</b>	<b>37.5</b>	<b>1,253.6</b>	<b>97.1</b>
	<b>13/14</b>	<b>88.8</b>	<b>1,308.9</b>	<b>41.9</b>	<b>1,266.9</b>	<b>96.8</b>

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 2013/14 only 4% of farm businesses had liabilities which were more than 15% of the value of total farm assets and that 83% 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<sup>1</sup>**

	Net Worth %				
	Under 75	75-84.9	85-94.9	95-99.99	100
	% of Farms				
2012/13	1	3	10	48	37
2013/14	1	3	14	44	39

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

When total farm assets are expressed on an area basis this indicates the amount of capital required to farm one hectare of land. This amount differs between farm types and is affected by factors such as the quality of land and types of enterprise farmed. In 2013/14 the average capital required across all farm types was £14,739 per hectare. At the individual farm type level the average capital required ranged from £11,401 per hectare on Cattle and Sheep (LFA) type farms to £25,335 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 89% of the average capital requirement on Northern Ireland farms in 2013/14. 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 2013/14 the average amount of operating capital (which excludes debtors) measured across all farm types was £133,282 per farm or 10.2% of total assets. This operating capital can be broken down into breeding livestock (30% of operating capital), machinery (32%), trading livestock (30%), and crops and stocks (8%). When measured at the individual farm type level, the average operating capital in 2013/14 ranged from £93,810 for Cattle and Sheep (LFA) farms to £204,601 for Mixed farms. Alternatively, when measuring average operating capital as a percentage of average total assets for individual farm types in 2013/14, the values ranged from 7.0% for Cereal farms to 17.1% for Pig farms.

**Table 15 Amount of operating capital by type of farm, 2013/14**

	Operating Capital	
	£ Per farm	% of total farm Capital
Cereals	178,178	7.0
General Cropping	125,207	10.2
Pigs	133,969	17.1
Dairy	194,581	13.7
Cattle and Sheep (LFA)	93,810	7.9
Cattle and Sheep (Lowland)	125,097	9.6
Mixed	204,601	11.4
<b>All Types</b>	<b>133,282</b>	<b>10.2</b>

### 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 2013/14 is low when compared to other investment opportunities. The average rate of return in 2013/14 ranged from 1.0% on Cattle and Sheep (Lowland) farms to 10.0% on Pig farms.

**Table 16 Farm Business Income as a percentage of net worth by type of farm, 2013/14**

	Farm Business Income as a % of Net Worth 2013/14
Cereals	1.0
General Cropping	2.4
Pigs	10.0
Dairy	4.6
Cattle and Sheep (LFA)	1.2
Cattle and Sheep (Lowland)	1.0
Mixed	3.1
<b>All Types</b>	<b>2.3</b>

### 3.3 Bank Borrowings

In the 2013/14 year, the average level of bank borrowings measured across all farm types was £37,553 per farm. This is an average increase of £4,568 per farm when compared to 2012/13. As shown in Table 17, Dairy farms had the highest level of borrowings with an average of £86,870 per farm in 2013/14. Also, it can be seen that each of the individual farm types with the exception of Pigs, showed an increase in borrowing between 2012/13 and 2013/14. The largest increase in borrowings between 2012/13 and 2013/14 occurred on General Cropping farms, with an average increase of £20,119 per farm. The decrease in borrowing for Pigs was an average of £2,160 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 £4,393 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, 2012/13 and 2013/14<sup>1</sup>**

	Bank borrowings (£ per farm)	
	2012/13	2013/14
Cereals	49,277	60,765
General Cropping	51,575	71,694
Pigs	30,032	27,872
Dairy	76,925	86,870
Cattle and Sheep (LFA)	13,989	15,977
Cattle and Sheep (Lowland)	12,607	15,027
Mixed	40,884	44,678
<b>All Types</b>	<b>32,985</b>	<b>37,553</b>

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

The distribution of farms by level of borrowing per farm in 2012/13 and 2013/14 are presented in Table 18. This shows that 47% of the farms recorded no bank borrowings in 2013/14 whereas 18% of farms recorded borrowings in excess of £50,000. When comparing the distributions for 2012/13 and 2013/14 the overall picture is very similar but with a 3% increase in the number of farms having borrowings in excess of £50,000 in 2013/14.

**Table 18 Distributions of farms by level of bank borrowings, 2012/13 and 2013/14<sup>1</sup>**

<b>Bank Borrowings (£ per farm)</b>	<b>2012/13</b>	<b>2013/14</b>
	<b>% of farms</b>	
Nil	45	47
1 to 20,000	28	23
20,000 to 49,999	12	12
50,000 to 99,999	6	8
100,000 and over	9	10

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 2013 borrowings of £50,000 would have incurred interest costs of around £2,250 per annum.

Farms with borrowings in excess of £50,000 are found across most types of farm. In particular, there are relatively high proportions of Dairy (39%) and Pig (30%) farms in this position. Some of these farms have borrowed to purchase land, buildings, machinery and farm improvement materials. For other farms poor market and/or physical performance has contributed to their high levels of borrowings. The difficulty with such high levels of borrowing is that the annual interest cost may reach a level where the farm cash income is inadequate to cover living expenses and essential new on-farm investment.



## 4. ENTERPRISE GROSS MARGINS

In this section of the report, the gross margins generated by each of the main enterprises in Northern Ireland are compared for the two accounting years 2012/13 and 2013/14. As the average account year end for the sample of farms is mid-February, the results refer to the 2012 and 2013 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 2013/14 for Dairy cows, pigs and winter wheat enterprises. Whereas, lower gross margins were recorded for SDA beef cows, DA beef cows, Lowland beef cows, SDA breeding ewes, DA breeding ewes, Lowland breeding ewes, spring barley, winter barley and potato enterprises.

**Table 19(a) Average gross margins by enterprise in 2012/13 and 2013/14<sup>1</sup>**

	Average gross margins	
	2012/13	2013/14
	£ per head	
Dairy Cows	758	1,092
Suckler Cows - SDA	146	134
- DA	159	154
- Lowland	193	164
Breeding Ewes- SDA	9	1
- DA	36	29
- Lowland	49	47
Pigs	20.52	31.74
	£ per hectare	
Spring Barley	847	704
Winter Barley	1,049	940
Winter Wheat	956	1,089
Potatoes – ware	7,350	1,855

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

### 4.1 Dairy Cows

As shown in Table 19(b), the average gross margin per dairy cow increased from £758 in 2012/13 to £1,092 in 2013/14 for the 117 dairy herds which provided information in both years. This increase of £334 in average gross margin is the net result of a £449 increase in output value and a £115 increase in total variable costs in 2013/14. The reason for the increase in output value was that milk receipts were on average £456 higher per cow in 2013/14. The higher milk receipts per cow were due to increases in milk price of 6.2 pence per litre and milk yield of 122 litres per cow. The increase in total variable costs per cow resulted mainly from a £69 increase in concentrate cost per cow. The increase in concentrate costs per cow was due to higher concentrate prices and usage in 2013/14.

Stocking rates remained the same at 2.09 cow equivalents per hectare in both 2012/13 and 2013/14. Given these unchanged stocking rates and the increase in average gross margin per cow, then average gross margin per hectare also increased from £1,569 in 2012/13 to £2,266 in 2013/14, which is an increase of £697 per hectare.

**Table 19(b) Average outputs, variable costs and gross margins per dairy cow in 2012/13 and 2013/14<sup>1</sup>**

	2012/13	2013/14
<b>Number of herds</b>		117
<b>Enterprise output</b>		<b>£ per cow</b>
Milk	1,767	2,223
Calves	97	91
Herd replacement	-173	-174
<b>Output</b>	<b>1,691</b>	<b>2,140</b>
Quota leasing receipts	-	-
Quota leasing costs	-	-
Super levy	-	-
<b>Adjusted Output</b>	<b>1,691</b>	<b>2,140</b>
<b>Variable Costs</b>		
Concentrates	627	696
Hay, silage & grazing	174	209
Sundries & Vet	132	143
<b>Total Variable Costs</b>	<b>933</b>	<b>1,048</b>
<b>Gross Margin</b>	<b>758</b>	<b>1,092</b>
Average herd size (cows)	98	99
Concentrates per litre (kg)	0.35	0.37
Stocking rate (ce/ha)	2.09	2.09
Summer milk (%)	53	52
Milk yield (l/cow)	6,747	6,869
Milk price (p/l)	26.2	32.4

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

As shown in Table 20, the difference in performance in 2013/14 between the 'top' and 'bottom' quartiles was, as in previous years, substantial. The 'top' quartile had an average gross margin per cow of £1,437 compared with £648 for the 'bottom' quartile. The main reasons for this difference in performance are that the 'top' quartile had an average milk yield 3,189 litres per cow above and a milk price 2.1 pence per litre above the 'bottom' quartile. For the average herd size of 99 dairy cows in the sample, the difference in gross margin between the 'top' and 'bottom' quartiles equates to a total value of £78,111 per herd.

**Table 20 Average outputs, variable costs and gross margins per dairy cow in the top 25% and bottom 25% groups, 2013/14**

	Top 25%	Bottom 25%
	<b>£ per cow</b>	
Gross Margin	1,437	648
Milk Sales	2,682	1,515
Calf Sales	85	87
Total Output	2,611	1,432
Variable Costs	1,174	784
Milk Yield – litres	8,043	4,854
Av milk price – ppl	33.3	31.2
Stocking rate - ce/ha	2.16	1.86

#### 4.2 Suckler Cows

In the 2013/14 account year all of the three main categories of suckler herds had average gross margins that were similar to but lower than those in 2012/13 (Table 21). For SDA suckler cows the average gross margin per cow decreased from £146 in 2012/13 to £134 in 2013/14. This decrease was the net result of a £22 increase in total output and a £34 increase in total variable costs. The £22 increase in output was the net result of a £29 increase in value of calves and a £7 increase in herd replacement cost. For DA suckler cows the average gross margin decreased by £5 per cow due to the net result of a £31 increase in total output and a £36 increase in total variable costs. The £31 increase in output value was due to a £22 increase in the value of calves and a £9 decrease in herd replacement cost. For Lowland suckler cows the average gross margin decreased by £29 per cow, which was the net result from an increase of £25 in total output and an increase of £54 in total variable costs. The £25 increase in output value was the combined result of a £13 increase in the value of calves and a £12 decrease in herd replacement cost. Across all 3 herd types, there were increases in total variable costs between 2012/13 and 2013/14, which ranged from £34 per cow in the SDA to £54 per cow in the Lowland.

**Table 21 Average outputs, variable costs and gross margins per cow for SDA, DA and Lowland suckler herds, 2012/13 and 2013/14<sup>1</sup>**

	SDA		DA		Lowland	
	12/13	13/14	12/13	13/14	12/13	13/14
<b>Number of herds</b>	60		23		26	
<b>Enterprise Output</b>	<b>£ per cow</b>					
Calves	430	459	448	470	471	484
Herd rep	-32	-39	-37	-28	-64	-52
<b>Total Output</b>	<b>398</b>	<b>420</b>	<b>410</b>	<b>441</b>	<b>407</b>	<b>432</b>
Variable Costs						
Concentrates	64	71	64	64	29	36
HSG	134	163	134	160	124	159
Sundries & Vet	54	52	53	63	62	74
<b>Total Variable Costs</b>	<b>252</b>	<b>286</b>	<b>251</b>	<b>287</b>	<b>214</b>	<b>268</b>
<b>Gross Margin</b>	<b>146</b>	<b>134</b>	<b>159</b>	<b>154</b>	<b>193</b>	<b>164</b>
Calves reared per cow	0.92	0.91	0.97	0.98	0.98	0.94
Av price per calf sold/trans (£)	466	494	470	480	486	511

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 £345 in gross margin per cow between the 'top' and 'bottom' groups of SDA suckler herds in 2013/14. This is accounted for by differences of £178 in calf returns, £74 in herd replacement costs, and £92 in total variable costs between the top and bottom groups. Similarly for DA suckler herds there were a difference of £272 in gross margin per cow between the 'top' and 'bottom' groups of herds in 2013/14. This is accounted for by differences of £47 in calf returns, £101 in herd replacement costs, and £123 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, 2013/14**

	Top 25%	Bottom 25%
	£ per cow	
Gross Margin		
- SDA	289	-56
- DA	255	-17
Calf Returns		
- SDA	559	381
- DA	495	448
Herd replacement cost		
- SDA	-26	-100
- DA	-2	-103
Variable Costs		
- SDA	245	337
- DA	239	362

### 4.3 Breeding Ewes

As shown in Table 23, gross margins per ewe for Lowland, Upland and Hill flocks showed a decrease between 2012/13 and 2013/14. For Lowland breeding ewes the average gross margin per ewe decreased from £48.71 in 2012/13 to £46.84 in 2013/14, which is a decrease of £1.87. This decrease was the net result of a £3.48 increase in output and a £5.35 increase in total variable costs. For Upland breeding ewes the average gross margin per ewe decreased from £36.02 in 2012/13 to £29.47 in 2013/14, which is a decrease of £6.55. This decrease was the net result of a £3.53 increase in output and a £10.08 increase in total variable costs. For Hill breeding ewes the average gross margin per ewe decreased from £8.95 in 2012/13 to £0.79 in 2013/14, which is a decrease of £8.16. This decrease was the combined result of a £2.90 decrease in output and a £5.26 increase in total variable costs.

Table 24 presents the gross margin per ewe results for the 'top 25%' and 'bottom 25%' of Lowland, Upland, and Hill flocks in 2013/14. This shows that there were a difference in gross margin between the 'top 25%' and 'bottom 25%' of £72 per ewe in the Lowland, £44 per ewe in the Upland, and £59 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 £107 in the top group and £69 in the bottom group.

**Table 23 Average outputs, variable costs and gross margins per ewe for Lowland, DA and SDA breeding flocks, 2012/13 and 2013/14<sup>1</sup>**

	Lowland		Upland (DA)		Hill (SDA)	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
<b>Number of flocks</b>	28		17		26	
<b>Output</b>						
Lambs	97.81	103.42	89.4	96.52	57.93	58.78
Wool	4.56	2.76	3.39	2.91	2.84	2.18
Flock Replacements	-3.38	-3.71	-4.27	-7.38	3.37	0.28
<b>TOTAL OUTPUT</b>	<b>98.99</b>	<b>102.47</b>	<b>88.52</b>	<b>92.05</b>	<b>64.14</b>	<b>61.24</b>
<b>Variable Costs</b>						
Concentrates + OPF	15.43	15.45	20.70	23.32	22.94	27.43
Hay, silage, & grazing	21.25	24.78	19.80	25.08	18.99	20.79
Sundries + Vet	13.60	15.40	12.00	14.18	13.26	12.23
<b>TOTAL VARIABLE COSTS</b>	<b>50.28</b>	<b>55.63</b>	<b>52.50</b>	<b>62.58</b>	<b>55.19</b>	<b>60.45</b>
<b>GROSS MARGIN</b>	<b>48.71</b>	<b>46.84</b>	<b>36.02</b>	<b>29.47</b>	<b>8.95</b>	<b>0.79</b>
Lambs reared per ewe	1.40	1.35	1.35	1.36	1.14	1.00
Ave fat lamb price (£)	73.69	81.71	75.19	80.02	72.43	73.81
Av store lamb price (£)	50.00	62.41	57.1	60.93	46.83	55.05
Ewe mortality %	4.6	4.2	6.8	7.0	7.4	10.2
Lamb mortality %	8.5	8.0	11.0	9.6	9.4	13.6
Ave flock size (ewes)	198	203	135	133	276	281

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, 2013/14**

	Top 25%	Bottom 25%
	Per Ewe	
Gross Margin (£)		
- Lowland	96	24
- Upland	49	5
- Hill	26	-33
Lamb Sales (£)		
- Lowland	137	104
- Upland	119	68
- Hill	66	34
Lambs Reared		
- Lowland	1.57	1.27
- Upland	1.47	1.30
- Hill	1.13	0.67

#### 4.4 Pigs

On the 8 farms which had rearing and finishing units, the average gross margin per pig increased from £20.52 in 2012/13 to £31.74 in 2013/14 (Table 25). This increase in margin of £11.22 per pig between 2012/13 and 2013/14 was the net result of an increase in output of £12.33 per pig and an increase in total variable costs of £1.11 per pig. The increase in output was due to the more favourable pig prices in 2013/14, whereas, the increase in total variable costs was due to the £0.55 increase in the cost of feedstuffs per pig and the £0.56 increase in the cost of veterinary, medicine and sundries per pig. The increase in cost of feedstuffs was due to higher concentrate prices in 2013/14. The average gross margin of £32 per pig is the second highest result in the 10 years since 2004/05. The average gross margins per pig in previous years were £15 in 2004/05, £20 in 2005/06, £21 in 2006/07, £10 in 2007/08, £21 in 2008/09, £38 in 2009/10, £28 in 2010/11 and £22 in 2011/12, and £21 in 2012/13.

**Table 25 Average sales, variable costs and gross margins per pig for pig rearing and finishing units, 2012/13 and 2013/14<sup>1</sup>**

	2012/13	2013/14
<b>Number of herds</b>		8
		<b>£ per pig</b>
Output	113.85	126.18
Variable Costs		
Feeding stuffs	86.91	87.46
Vet and medicines	3.30	3.57
Sundries	3.12	3.41
<b>Total Variable Costs</b>	<b>93.33</b>	<b>94.44</b>
<b>Gross Margin</b>	<b>20.52</b>	<b>31.74</b>
Meal equivalent per pig (kg)	304	298
Price of concentrates (£/tonne)	286	294
Pigs weaned per sow	20.65	20.73

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 £847 in 2012 to £704 in 2013 (a fall of £143 per hectare). This decrease was the combined result of a £136 decrease in output value and a £7 increase in total variable costs in 2013. The fall in output value was mainly due to lower grain prices in 2013. Grain prices per tonne decreased from £188 in 2012 to £154 in 2013, whereas, straw prices per tonne increased from £64 in 2012 to £73 in 2013. In comparison to 2012 levels, average grain yield increased by 0.04 tonnes per hectare and average straw yield decreased by 0.06 tonnes per hectare. The increase in variable costs between 2012 and 2013 was the result of higher seed, spray and sundry costs in 2013.

**Table 26 Average outputs, variable costs and gross margins per hectare for spring barley, 2012/13 and 2013/14<sup>1</sup>**

	2012/13	2013/14
<b>Number of farms</b>		53
<b>Output</b>		<b>£ per hectare</b>
Grain	949	785
Straw	223	250
<b>Total Output</b>	<b>1171</b>	<b>1,035</b>
<b>Variable Costs</b>		
Seed	71	76
Fertilisers	146	145
Sprays	90	92
Sundries	17	19
<b>Total Variable Costs</b>	<b>325</b>	<b>332</b>
<b>Gross Margin</b>	<b>847</b>	<b>704</b>
Grain yield (tonnes per ha)	5.05	5.09
Straw yield (tonnes per ha)	3.49	3.43

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

The 'top' performance group of farms in 2013 had an average grain yield of 6.29 tonnes per hectare compared with 3.46 tonnes in the 'bottom' group. These yields generated grain sales of £966 for the 'top group' and £531 for the 'bottom group'. Associated with the higher grain yield was also a higher straw yield which generated straw sales of £317 per hectare in the 'top' group compared with £185 in the 'bottom' group. The average grain price per tonne received by the 'top' group was £1 lower than the 'bottom' group, whereas, the average straw price per tonne in the 'top' performance group was £9 higher than the 'bottom' group. In terms of inputs, the total variable costs were £311 per hectare for the 'top group' and £324 for the 'bottom group'. These differences in output and inputs between the 'top' and 'bottom' groups resulted in a gross margin of £972 per hectare for the 'top' group and £393 per hectare for the 'bottom' group i.e. a difference of £579 per hectare.

#### 4.6 Winter Barley

As shown in Table 27, the average gross margin per hectare for the winter barley crop decreased from £1,049 in 2012 to £940 in 2013, which is a fall of £109. This decrease was the net effect of a £146 decrease in output and a £36 decrease in variable costs in 2013. The decrease in output value resulted from the lower grain prices in 2013. Grain prices per tonne decreased from £189 in 2012 to £156 in 2013, whereas, straw prices per tonne increased from £71 in 2012 to £83 in 2013. In comparison to 2012 levels, average grain yield increased by 0.25 tonnes per hectare and average straw yield decreased by 0.26 tonnes per hectare. The decrease in variable costs between 2012 and 2013 was the result of lower fertiliser costs in 2013.

**Table 27 Average outputs, variable costs and gross margins per hectare for winter barley, 2012/13 and 2013/14<sup>1</sup>**

	2012/13	2013/14
<b>Number of farms</b>		12
<b>Output</b>		<b>£ per hectare</b>
Grain	1,207	1,033
Straw	302	331
<b>Total Output</b>	<b>1,509</b>	<b>1,363</b>
<b>Variable Costs</b>		
Seed	74	79
Fertilisers	236	179
Sprays	123	133
Sundries	26	33
<b>Total Variable Costs</b>	<b>460</b>	<b>424</b>
<b>Gross Margin</b>	<b>1,049</b>	<b>940</b>
Grain yield (tonnes per ha)	6.37	6.62
Straw yield (tonnes per ha)	4.27	4.01

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

The 'above average' group of farms in 2013 had an average grain yield of 7.45 tonnes per hectare, and this was 1.19 tonnes more than the 'below average' group. Higher values for grain and straw output resulted in an output value of £1,541 per hectare for the 'above average' group, some £306 above that of the 'below average' group. Total variable costs per hectare were £20 lower in the 'above average' group at £422 per hectare. The gross margins per hectare were £1,119 for the 'average average' group and £794 for the 'below average' group.

On average, the winter barley crop gross margin in 2013 was £236 per hectare higher than that for the spring crop. It is usually the case that the winter barley crop out-performs the spring barley crop as the higher returns associated with the higher yield of the winter barley crop more than cover the additional variable costs incurred when compared with the spring barley crop. The last time the average spring barley crop outperformed the average winter barley crop was in 2001.

#### 4.7 Winter Wheat

As shown in Table 28 the average gross margin per hectare for the winter wheat crop increased from £956 in 2012 to £1,089 in 2013, which is a rise of £133. This was the net effect of a £159 increase in output and a £26 increase in variable costs in 2013. The rise in output value was the result of higher average crop yields in 2013. The average grain yield increased by 1.67 tonnes per hectare, whereas, straw yield increased by 0.46 tonnes per hectare. However, these increases in yields were partially offset by a decrease in grain prices. In 2013, average grain prices decreased by £29 per tonne, whereas, average straw prices increased by £7 per tonne. As a result of these changes in yields and prices, total output increased from £1,465 in 2012 to £1,624 in 2013. The increase in total variable costs of £26 per hectare in 2013 was the result of higher spray and sundry costs in 2013.



**Table 28 Average outputs, variable costs and gross margins per hectare for winter wheat, 2012/13 and 2013/14<sup>1</sup>**

	2012/13	2013/14
<b>Number of farms</b>		10
<b>Output</b>		<b>£ per hectare</b>
Grain	1,197	1,295
Straw	268	330
<b>Total Output</b>	<b>1,465</b>	<b>1,624</b>
<b>Variable Costs</b>		
Seed	92	89
Fertilisers	218	208
Sprays	148	176
Sundries	51	62
<b>Total Variable Costs</b>	<b>509</b>	<b>535</b>
<b>Gross Margin</b>	<b>956</b>	<b>1,089</b>
Grain yield (tonnes per ha)	6.19	7.86
Straw yield (tonnes per ha)	4.14	4.60

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

The 'above average' group of farms in 2013 had an average grain yield of 9.05 tonnes per hectare, and this was 2.38 tonnes more than the 'below average' group. Higher grain and straw yields resulted in an output value of £1,899 per hectare for the 'above average' group, some £528 above that of the 'below average' group. Total variable costs per hectare were £55 lower in the 'above average' group at £515 per hectare. The gross margins per hectare were £1,384 for the 'above average' group and £801 for the 'below average' group.

The 2013 crop results show that the highest gross margin per hectare was obtained by winter wheat (£1,089) followed by winter barley (£940) and then spring barley (£704). 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 2012 and 2013 ware potato crops were £7,350 and £1,855 per hectare respectively. This decrease in gross margin of £5,495 per hectare was the combined result of a £5,164 decrease in output and a £331 increase in variable costs between 2012 and 2013. The increase in output resulted from decreases in ware potato prices in 2013. Ware potatoes prices decreased from £307 per tonne in 2012/13 to £120 per tonne in 2013/14, whereas, ware potato yield increased from 30.9 tonnes per hectare in 2012 to 33.5 tonnes per hectare in 2013. The total variable costs incurred increased from £1,379 per hectare in 2012/13 to £1,710 per hectare in 2013/14, which is an increase of £331 per hectare. In terms of individual costs, seeds showed the most increase, rising from £290 per hectare in 2012/13 to £635 per hectare in 2013/14 (i.e. an increase of £345 per hectare). Whereas, sundries showed the most decrease, by falling from £198

per hectare in 2012/13 to £129 per hectare in 2013/14 (i.e. a decrease of £69 per hectare). Overall, the average variable costs of production per tonne for the ware crop increased from £44.63 in 2012 to £51.05 in 2013. 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, 2012/13 and 2013/14<sup>1</sup>**

	Ware Crop	
	2012/13	2013/14
<b>Number of farms</b>		5
		<b>£ per hectare</b>
<b>Potato Output</b>	<b>8,729</b>	<b>3,565</b>
Variable costs		
Seed	290	635
Fertiliser	366	404
Sprays	278	314
Contract/Casual Wages	248	229
Sundries	198	129
<b>Total Variable costs</b>	<b>1,379</b>	<b>1,710</b>
<b>Gross Margin</b>	<b>7,350</b>	<b>1,855</b>
Total yield (tonnes/ha)	30.9	33.5
Av price per tonne (£)	307	120

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 120% 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, 2013/14**

		Top <sup>1</sup> Group	Bottom <sup>1</sup> Group
		£ Per head	
Dairy cows		1,437	648
Suckler cows -	DA	255	-17
	SDA	289	-56
Breeding ewes -	DA	49	5
	SDA	26	-33
	Lowland	96	24
Spring barley		972	393

1 For livestock enterprises the 'top' and 'bottom' groups refer to 25% of the samples and for crop enterprises approximately 15% of the samples.

## 5. FIXED COSTS

As shown in table 31, the average levels of fixed costs per hectare (excluding labour costs) measured across all farm types increased from £502 in 2012/13 to £519 in 2013/14. At the individual farm type level, six of the seven farm types recorded increases in fixed costs, with the exception being General Cropping. Increases in fixed costs per hectare ranged from £3 on Cattle and Sheep (LFA) farms to £132 on Pig farms. General Cropping recorded a decrease in fixed costs of £155 per hectare.

**Table 31 Fixed costs per hectare by type of farm, 2012/13 and 2013/14<sup>1, 2</sup>**

	2012/13	2013/14
	£ per ha	
Cereals	824	868
General cropping	856	701
Pigs	1,506	1,638
Dairy	797	844
Cattle and Sheep (LFA)	316	319
Cattle and Sheep (Lowland)	503	508
Mixed	663	680
<b>All Types</b>	<b>502</b>	<b>519</b>

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 2012/13 and 2013/14, these three cost categories on average accounted for 71% of total fixed costs across all types of farm.

**Table 32 Fixed costs per hectare, by category, 2012/13 and 2013/14<sup>1</sup>**

	2012/13	2013/14
	£ per ha	
Depreciation of buildings and works	89	99
Depreciation of machinery	129	126
Machinery running costs	137	144
Farm insurance	14	14
Farm fuel	24	23
Rates and water charges	12	13
Building repairs and miscellaneous	77	79
Interest payments	20	21
<b>Total</b>	<b>502</b>	<b>519</b>

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 2012/13 AND 2013/14<sup>1</sup>**

	2012/13	Cereals 2013/14	% Change	General Cropping 2012/13	2013/14	% Change
Number of farms						
Average size of business (ESU's)		57.5			109.8	
Total Area of Farm (ha)	103.5	107.0	3.4	78.8	93.6	18.8
of which: Crops and grass	99.5	102.1	2.6	76.2	91.5	20.1
Rough grazing	1.2	1.2	0.0	1.7	1.2	-29.4
<b>SIZE OF ENTERPRISES:</b>						
Hectares - Total crops	91.3	95.3	4.4	64.5	79.6	23.4
(of which cereals)	65.6	73.7	12.3	39.4	49.2	24.9
Av. No. - Dairy cows	2.6	1.3	-50.0	-	-	-
Av. No. - Beef cows	-	-	-	4.6	4.2	-8.7
Av. No. - Other cattle	11.4	11.3	-0.9	16.3	21.9	34.4
Av. No. - Ewes	9.3	9.4	1.1	14.6	12.7	-13.0
Av. No. - Sows/gilts	-	-	-	-	-	-
<b>CROP OUTPUT:</b>						
Cereals	75439	80139	6.2	38854	41512	6.8
Potatoes	-	-	-	174367	108808	-37.6
Misc. Crop output	38953	40998	5.2	10707	16367	52.9
<b>TOTAL CROP PRODUCTION</b>	<b>114391</b>	<b>121137</b>	<b>5.9</b>	<b>223928</b>	<b>166687</b>	<b>-25.6</b>
<b>LIVESTOCK OUTPUT:</b>						
Cattle – rearing & fattening	4484	2943	-34.4	9247	12479	35.0
Cattle – dairy	-	-	-	-	-	-
Milk	-	-	-	-	-	-
Sheep and wool	1001	1419	41.8	1304	1266	-2.9
Pigs	-	-	-	-	-	-
Poultry and eggs	-	-	-	-	-	-
Other livestock	-	-	-	-	-	-
<b>TOTAL LIVESTOCK OUTPUT</b>	<b>5486</b>	<b>4363</b>	<b>-20.5</b>	<b>10551</b>	<b>13745</b>	<b>30.3</b>
Single Farm Payment	30019	32266	7.5	9933	10889	9.6
LFA Compensatory Allowance Scheme	-	-	-	277	276	-0.4
Agri Environmental Scheme	4013	2773	-30.9	905	692	-23.5
Miscellaneous Subsidies	-	12	-	333	404	21.3
Miscellaneous revenue	21661	18156	-16.2	3507	4012	14.4
On Farm – Non Farm Income	-	-	-	-	-	-
Adjustment for disposal of previous year's crop	1161	1063	-8.4	232	1829	688.4
<b>TOTAL FARM OUTPUT</b>	<b>176731</b>	<b>179769</b>	<b>1.7</b>	<b>249668</b>	<b>198534</b>	<b>-20.5</b>

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

INPUTS	Cereals			General Cropping		
	2012/13 £ per farm	2013/14	% Change	2012/13 £ per farm	2013/14	% Change
Purchased concentrate feed & fodder	2028	1542	-24.0	1511	3366	122.8
Home grown concentrate feed	178	267	50.0	636	40	-93.7
Veterinary fees & medicines	154	159	3.2	776	661	-14.8
Other livestock costs	34	119	250.0	232	206	-11.2
Purchased & home grown seed	6016	7845	30.4	10562	17851	69.0
Fertilisers	18559	18206	-1.9	19335	25429	31.5
Other crop costs	12319	14424	17.1	18762	17754	-5.4
Regular & casual labour	3536	3478	-1.6	9736	12157	24.9
Machinery excluding depreciation	33711	31914	-5.3	33577	30482	-9.2
Depreciation of plant machinery & vehicles	35820	39392	10.0	22343	19956	-10.7
Depreciation of building & works	6818	9870	44.8	2102	1142	-45.7
Land & building inputs	10916	13626	24.8	12853	24815	93.1
Interest payments	2023	2217	9.6	6362	5715	-10.2
Other general farming costs	11886	11460	-3.6	9641	10883	12.9
<b>TOTAL VARIABLE COSTS</b>	<b>52536</b>	<b>53359</b>	<b>1.6</b>	<b>64473</b>	<b>76756</b>	<b>19.1</b>
<b>TOTAL FIXED COSTS</b>	<b>91462</b>	<b>101162</b>	<b>10.6</b>	<b>83954</b>	<b>93698</b>	<b>11.6</b>
<b>TOTAL INPUTS</b>	<b>143999</b>	<b>154520</b>	<b>7.3</b>	<b>148427</b>	<b>170455</b>	<b>14.8</b>
<b>FARM BUSINESS INCOME</b>	<b>32732</b>	<b>25249</b>	<b>-22.9</b>	<b>101240</b>	<b>28080</b>	<b>-72.3</b>
(plus) depreciation of buildings & works	6818	9870	44.8	2102	1142	-45.7
(plus) depreciation of plant machinery & vehicles	35820	39392	10.0	22343	19956	-10.7
(minus) valuation change	994	-3922	-494.6	8984	-4845	-153.9
<b>(equals) CASH INCOME</b>	<b>74377</b>	<b>78433</b>	<b>5.5</b>	<b>116701</b>	<b>54023</b>	<b>-53.7</b>
(minus) Net capital investment	42829	142563	232.9	12107	10781	-11.0
<b>CASH FLOW FARM BUSINESS</b>	<b>31548</b>	<b>-64129</b>	<b>-303.3</b>	<b>104593</b>	<b>43241</b>	<b>-58.7</b>
<b>AVERAGE VALUATIONS</b>	<b>169563</b>	<b>178178</b>	<b>5.1</b>	<b>130739</b>	<b>125207</b>	<b>-4.2</b>

**TABLE 1.2 – MIXED AND PIG FARMS – ALL SIZES  
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING -  
IDENTICAL SAMPLE 2012/13 AND 2013/14<sup>1</sup>**

	2012/13	Mixed 2013/14	% Change	2012/13	Pigs 2013/14	% Change
Number of farms						
Average size of business (ESU's)		60.8			48.9	
Total Area of Farm (ha)	87.5	89.2	1.9	30.8	31.0	0.6
of which: Crops and grass	83.4	85.4	2.4	29.4	29.6	0.7
Rough grazing	0.9	0.9	-	0.5	0.5	-
<b>SIZE OF ENTERPRISES:</b>						
Hectares - Total crops	26.1	25.3	-3.1	5.3	3.5	-34.0
(of which cereals)	23	22.8	-0.9	4.6	3.5	-23.9
Av. no. - Dairy cows	17.7	19.2	8.5	-	-	-
Av. no. - Beef cows	17.5	16.6	-5.1	1.2	0.9	-25.0
Av. no. - Other cattle	99.5	96	-3.5	33.9	31.9	-5.9
Av. no. - Ewes	95.9	94.0	-2.0	67.3	71.7	6.5
Av. no. - Sows/gilts	6.7	7	4.5	152.3	159.4	4.7
<b>CROP OUTPUT:</b>						
Cereals	25747	22663	-12.0	4381	4014	-8.4
Potatoes	2342	1823	-22.2	-	-	-
Misc. crop output	6089	9978	63.9	1370	2423	76.9
<b>TOTAL CROP PRODUCTION</b>	<b>34178</b>	<b>34463</b>	<b>0.8</b>	<b>5751</b>	<b>6437</b>	<b>11.9</b>
<b>LIVESTOCK OUTPUT:</b>						
Cattle – rearing & fattening	53364	52666	-1.3	15752	19229	22.1
Cattle – dairy	-1326	-1184	10.7	-	-	-
Milk	28888	40998	41.9	-	-	-
Sheep and wool	10456	11134	6.5	8854	6711	-24.2
Pigs	14738	15872	7.7	271321	324095	19.0
Poultry and eggs	7923	8303	4.8	-	-	-
Other livestock	-	-	-	1	-	-100.0
<b>TOTAL LIVESTOCK OUTPUT</b>	<b>114044</b>	<b>127789</b>	<b>12.1</b>	<b>295928</b>	<b>350035</b>	<b>18.3</b>
Single Farm Payment	24396	26323	7.9	11526	12579	9.1
LFA Compensatory scheme	296	298	0.7	879	937	6.6
Agri Environmental Scheme	1617	2051	26.8	433	438	1.2
Miscellaneous subsidies	250	297	18.8	834	623	-25.3
Miscellaneous revenue	2776	5950	114.3	905	2011	122.2
On Farm - Non Farm Income	3178	3631	14.3	2345	2345	-
Adjustment for disposal of previous years crop	521	1048	101.2	-	-	-
<b>TOTAL FARM OUTPUT</b>	<b>181255</b>	<b>201850</b>	<b>11.4</b>	<b>318601</b>	<b>375405</b>	<b>17.8</b>

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

INPUTS	Mixed			Pigs		
	2012/13 £ per farm	2013/14	% change	2012/13 £ per farm	2013/14	% change
Purchased concentrate feed & fodder	34659	34733	0.2	203094	207327	2.1
Home grown concentrate feed	6139	6107	-0.5	-	-	-
Veterinary fees & medicines	3745	4015	7.2	10347	11783	13.9
Other livestock costs	2974	3702	24.5	9582	12261	28.0
Purchased & home grown seed	2372	3102	30.8	304	257	-15.5
Fertilisers	11949	14572	22.0	1987	1908	-4.0
Other crop costs	3717	4182	12.5	720	269	-62.6
Regular & casual labour	6447	7093	10.0	9216	12222	32.6
Machinery excluding depreciation	19757	22800	15.4	11945	10629	-11.0
Depreciation of plant machinery & vehicles	17967	18860	5.0	8035	7167	-10.8
Depreciation of building & works	7317	7586	3.7	9313	13124	40.9
Land & building inputs	10377	9289	-10.5	7088	8467	19.5
Interest payments	2076	2068	-0.4	903	1002	11.0
Other general farming costs	9904	10111	2.1	13726	13753	0.2
<b>TOTAL VARIABLE COSTS</b>	<b>74002</b>	<b>79841</b>	<b>7.9</b>	<b>234887</b>	<b>244041</b>	<b>3.9</b>
<b>TOTAL FIXED COSTS</b>	<b>65398</b>	<b>68379</b>	<b>4.6</b>	<b>51375</b>	<b>56128</b>	<b>9.3</b>
<b>TOTAL INPUTS</b>	<b>139400</b>	<b>148219</b>	<b>7.1</b>	<b>286263</b>	<b>300169</b>	<b>4.9</b>
<b>FARM BUSINESS INCOME</b>	<b>41855</b>	<b>53630</b>	<b>28.1</b>	<b>32338</b>	<b>75236</b>	<b>132.7</b>
(plus) depreciation of buildings & works	7317	7586	3.7	9313	13124	40.9
(plus) depreciation of plant machinery & vehicles	17967	18860	5.0	8035	7167	-10.8
(minus) valuation change	-12	-1559	-12891.7	204	6722	3195.1
<b>(equals) CASH INCOME</b>	<b>67152</b>	<b>81635</b>	<b>21.6</b>	<b>49483</b>	<b>88805</b>	<b>79.5</b>
(minus) Net capital investment	57120	38974	-31.8	7253	39459	444.0
<b>( equals ) CASH FLOW FARM BUSINESS</b>	<b>10032</b>	<b>42661</b>	<b>325.2</b>	<b>42229</b>	<b>49346</b>	<b>16.9</b>
<b>AVERAGE VALUATIONS</b>	<b>201173</b>	<b>204601</b>	<b>1.7</b>	<b>133060</b>	<b>133969</b>	<b>0.7</b>



**TABLE 1.3 LOWLAND CATTLE AND SHEEP  
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING -  
IDENTICAL SAMPLE 2012/13 AND 2013/14<sup>1</sup>**

	0.5 < 1 SLR			1 < 2 SLR			ALL SIZES		
	2012/13	2013/14	% Change	2012/13	2013/14	% Change	2012/13	2013/14	% Change
Number of farms									
Average size of business (ESU's)		18			29.6			27.2	
Total Area of Farm (ha)	51.5	51.2	-0.6	70.6	71.2	0.8	65.4	65.6	0.3
of which: Crops and grass	45.0	45.3	0.7	68.7	69.3	0.9	60.7	61.2	0.8
Rough grazing	5.1	4.4	-13.7	0.4	0.4	-	3.3	3.0	-9.1
<b>SIZE OF ENTERPRISES:</b>									
Hectares - Total crops	2.6	3.0	15.4	6.0	5.7	-5.0	5.5	5.9	7.3
Av. No. - Dairy cows	1.2	1.5	25.0	-	-	-	0.7	0.8	14.3
Av. No. - Beef cows	21.2	19.3	-9.0	27.3	28.6	4.8	29.1	28.4	-2.4
Av. No. - Other cattle	61.2	62.3	1.8	119.3	116.3	-2.5	87.4	87.3	-0.1
Av. No. - Ewes	44.9	44.6	-0.7	82.2	74.1	-9.9	97.1	91.1	-6.2
Av. No. - Sows/gilts	-	-	-	-	-	-	-	-	-
<b>CROP OUTPUT:</b>									
Cereals	1993	1795	-9.9	5055	3878	-23.3	4285	3580	-16.5
Potatoes	-	-	-	-	-	-	-	-	-
Misc. crop output	119	2136	1695.0	1581	4217	166.7	1613	2833	75.6
<b>Total Crop Production</b>	<b>2113</b>	<b>3931</b>	<b>86.0</b>	<b>6636</b>	<b>8095</b>	<b>22.0</b>	<b>5897</b>	<b>6412</b>	<b>8.7</b>
<b>Livestock Output:</b>									
Cattle – rearing & fattening	26268	28936	10.2	59588	60759	2.0	42460	44560	4.9
Cattle – dairy	165	185	12.1	-	-	-	94	105	11.7
Milk	1429	1924	34.6	-	-	-	814	1096	34.6
Sheep and wool	3833	3733	-2.6	8555	8572	0.2	9374	9475	1.1
Pigs	-	-	-	498	307	-38.4	154	95	-38.3
Poultry and eggs	-	-	-	238	259	8.8	73	80	9.6
Other livestock	-	-	-	38	-	-100.0	12	-	-100.0
<b>TOTAL LIVESTOCK OUTPUT</b>	<b>31695</b>	<b>34778</b>	<b>9.7</b>	<b>68918</b>	<b>69897</b>	<b>1.4</b>	<b>52981</b>	<b>55411</b>	<b>4.6</b>
Single Farm Payment	13805	14706	6.5	21407	23711	10.8	19186	20763	8.2
LFA Compensatory scheme	449	431	-4.0	174	161	-7.5	368	353	-4.1
Agri Environmental Scheme	867	920	6.1	1299	2273	75.0	1145	1486	29.8
Miscellaneous subsidies	23	47	104.3	49	50	2.0	336	199	-40.8
Miscellaneous revenue	1616	2757	70.6	612	2866	368.3	1835	3608	96.6
On Farm - Non Farm Income	-	-	-	-	-	-	-	-	-
Adjustment for disposal of previous years crop	35	-	-100.0	-88	-	100.0	206	232	12.6
<b>TOTAL FARM OUTPUT</b>	<b>50602</b>	<b>57569</b>	<b>13.8</b>	<b>99006</b>	<b>107053</b>	<b>8.1</b>	<b>81954</b>	<b>88464</b>	<b>7.9</b>

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

	0.5 < 1 SLR			1 < 2 SLR			ALL SIZES		
	2012/13	2013/14	% Change	2012/13	2013/14	% Change	2012/13	2013/14	% Change
<b>INPUTS</b>	£ per farm			£ per farm			£ per farm		
Purchased concentrate feed & fodder	9518	10163	6.8	22530	22841	1.4	14378	14488	0.8
Home grown concentrate feed	1205	950	-21.2	3273	2742	-16.2	2603	2441	-6.2
Veterinary fees & medicines	1352	1357	0.4	2635	2951	12.0	2366	2595	9.7
Other livestock costs	990	1155	16.7	1392	2132	53.2	1233	1670	35.4
Purchased & home grown seed	362	371	2.5	952	854	-10.3	643	743	15.6
Fertilisers	4252	5274	24.0	7310	7575	3.6	7126	7362	3.3
Other crop costs	509	775	52.3	1203	1180	-1.9	1162	1534	32.0
Regular & casual labour	958	1016	6.1	2202	2769	25.7	2113	2394	13.3
Machinery excluding depreciation	8237	9040	9.7	13020	14207	9.1	12028	12716	5.7
Depreciation of plant machinery & vehicles	7536	6659	-11.6	9267	9902	6.9	10038	9330	-7.1
Depreciation of building & works	1942	2212	13.9	4460	5055	13.3	3821	4736	23.9
Land & building inputs	4632	4998	7.9	9226	9093	-1.4	7993	8351	4.5
Interest payments	392	381	-2.8	1033	1309	26.7	686	901	31.3
Other general farming costs	6005	5794	-3.5	6629	6740	1.7	6568	6483	-1.3
<b>TOTAL VARIABLE COSTS</b>	<b>21642</b>	<b>24515</b>	<b>13.3</b>	<b>44613</b>	<b>47034</b>	<b>5.4</b>	<b>34777</b>	<b>37098</b>	<b>6.7</b>
<b>TOTAL FIXED COSTS</b>	<b>26245</b>	<b>25631</b>	<b>-2.3</b>	<b>40520</b>	<b>42317</b>	<b>4.4</b>	<b>37982</b>	<b>38645</b>	<b>1.7</b>
<b>TOTAL INPUTS</b>	<b>47887</b>	<b>50146</b>	<b>4.7</b>	<b>85132</b>	<b>89351</b>	<b>5.0</b>	<b>72759</b>	<b>75744</b>	<b>4.1</b>
<b>FARM BUSINESS INCOME</b>	<b>2715</b>	<b>7423</b>	<b>173.4</b>	<b>13874</b>	<b>17702</b>	<b>27.6</b>	<b>9195</b>	<b>12720</b>	<b>38.3</b>
(plus) depreciation of buildings & works	1942	2212	13.9	4460	5055	13.3	3821	4736	23.9
(plus) depreciation of plant machinery & vehicles	7536	6659	-11.6	9267	9902	6.9	10038	9330	-7.1
(minus) valuation change	1290	1259	-2.4	2744	-3956	-244.2	2241	-963	-143.0
<b>(equals) CASH INCOME</b>	<b>10902</b>	<b>15035</b>	<b>37.9</b>	<b>24857</b>	<b>36616</b>	<b>47.3</b>	<b>20814</b>	<b>27749</b>	<b>33.3</b>
(minus) Net capital investment	10542	5563	-47.2	37167	19030	-48.8	21997	13359	-39.3
<b>( equals ) CASH FLOW FARM BUSINESS</b>	<b>360</b>	<b>9472</b>	<b>2531.1</b>	<b>-12310</b>	<b>17586</b>	<b>242.9</b>	<b>-1183</b>	<b>14390</b>	<b>1316.4</b>
<b>AVERAGE VALUATIONS</b>	<b>81603</b>	<b>84211</b>	<b>3.2</b>	<b>142298</b>	<b>145736</b>	<b>2.4</b>	<b>122050</b>	<b>125097</b>	<b>2.5</b>

**TABLE 1.4 – DAIRY FARMS  
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING -  
IDENTICAL SAMPLE 2012/13 AND 2013/14<sup>1</sup>**

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2012/13	2013/14	% Change	2012/13	2013/14	% Change	2012/13	2013/14	% Change	2012/13	2013/14	% Change
Number of farms												
Average size of business (ESU's)		27.6			50.9			81			163.2	
Total Area of Farm (ha)	30.1	31.1	3.3	46.2	46.6	0.9	72.1	72.1	-	128.4	127.8	-0.5
of which: Crops and grass	27.2	28.2	3.7	43.8	44	0.5	68.1	68.4	0.4	120.8	121.4	0.5
Rough grazing	2.0	2.0	-	1.2	1.3	8.3	2.3	2.3	-	4.5	3.0	-33.3
<b>SIZE OF ENTERPRISES:</b>												
Hectares - Total crops	-	-	-	1.1	1.8	63.6	4.6	3.7	-19.6	5.5	6.0	9.1
Av. no - Dairy cows	31.1	31.0	-0.3	57.4	56.1	-2.3	93.7	94.9	1.3	193.4	194.9	0.8
Av. no - Beef cows	0.5	0.3	-40.0	2.4	2.4	-	1.8	1.9	5.6	2.4	2.1	-12.5
Av. no - Other cattle	26.5	28.0	5.7	43.5	46.1	6.0	76.3	74.3	-2.6	149.1	152.9	2.5
Av. no - Ewes	-	-	-	9.0	8.7	-3.3	0.5	0.8	60.0	9.9	9.5	-4.0
Av. no - Sows/gilts	-	-	-	-	-	-	-	-	-	-	-	-
<b>CROP OUTPUT:</b>												
Cereals	-	-	-	621	603	-2.9	2257	740	-67.2	2679	1660	-38.0
Potatoes	-	-	-	-	-	-	-	-	-	-	-	-
Misc. crop output	-187	1130	704.3	627	2581	311.6	809	5278	552.4	-2060	9539	563.1
<b>Total Crop Production</b>	<b>-187</b>	<b>1130</b>	<b>704.3</b>	<b>1247</b>	<b>3185</b>	<b>155.4</b>	<b>3066</b>	<b>6018</b>	<b>96.3</b>	<b>620</b>	<b>11199</b>	<b>1706.3</b>
<b>Livestock Output:</b>												
Cattle – rearing & fattening	8622	11874	37.7	16210	17228	6.3	32104	31263	-2.6	61024	65040	6.6
Cattle – dairy	365	253	-30.7	-1823	-2637	-44.7	-5623	-6959	-23.8	-14916	-16545	-10.9
Milk	35961	40668	13.1	81720	97571	19.4	140365	175961	25.4	326255	414573	27.1
Sheep and wool	-	-	-	1044	1074	2.9	30	40	33.3	672	951	41.5
Pigs	-	-	-	-	-	-	-	-	-	-	-	-
Poultry and eggs	-	-	-	343	402	17.2	-	-	-	459	552	20.3
Other livestock	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL LIVESTOCK OUTPUT</b>	<b>44947</b>	<b>52795</b>	<b>17.5</b>	<b>97493</b>	<b>113638</b>	<b>16.6</b>	<b>166876</b>	<b>200304</b>	<b>20.0</b>	<b>373494</b>	<b>464571</b>	<b>24.4</b>
Single Farm Payment	6087	6746	10.8	10875	11830	8.8	18614	20152	8.3	27394	29645	8.2
LFA Compensatory scheme	159	153	-3.8	177	168	-5.1	190	176	-7.4	40	129	222.5
Agricultural Environment Schemes	498	484	-2.8	515	705	36.9	1956	1164	-40.5	1218	776	-36.3
Miscellaneous Subsidies	53	115	117.0	248	285	14.9	157	257	63.7	583	581	-0.3
Miscellaneous Revenue	324	1800	455.6	375	1158	208.8	817	3410	317.4	2077	1815	-12.6
On Farm - Non Farm Income	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment for disposal of previous year's crop	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Farm Output</b>	<b>51883</b>	<b>63223</b>	<b>21.9</b>	<b>110930</b>	<b>130969</b>	<b>18.1</b>	<b>191677</b>	<b>231482</b>	<b>20.8</b>	<b>405425</b>	<b>508716</b>	<b>25.5</b>

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

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2012/13 £ per farm	2013/14	% Change	2012/13 £ per farm	2013/14	% Change	2012/13 £ per farm	2013/14	% Change	2012/13 £ per farm	2013/14	% Change
<b>INPUTS</b>												
Purchased concentrate feed & fodder	15031	17387	15.7	33769	35711	5.8	51151	61336	19.9	152635	175161	14.8
Home grown concentrate feed	3810	4906	28.8	2330	2687	15.3	3933	3733	-5.1	6553	6966	6.3
Veterinary fees & medicines	2596	1938	-25.3	3215	3263	1.5	5415	5828	7.6	12091	12471	3.1
Other livestock costs	1944	1863	-4.2	3788	4031	6.4	6819	7812	14.6	17445	19054	9.2
Purchased & home grown seed	60	-	-100.0	217	527	142.9	668	971	45.4	1345	1832	36.2
Fertilisers	2097	2867	36.7	7002	7929	13.2	12623	13170	4.3	20514	24839	21.1
Other crop costs	158	135	-14.6	758	749	-1.2	1416	1713	21.0	3380	4339	28.4
Regular & casual labour	581	577	-0.7	1424	1373	-3.6	6489	8051	24.1	11199	14116	26.0
Machinery excluding depreciation	5741	7223	25.8	11797	13293	12.7	21237	22716	7.0	40578	43384	6.9
Depreciation of plant machinery & vehicles	3207	2692	-16.1	8283	7943	-4.1	14492	12462	-14.0	21063	22506	6.9
Depreciation of building & works	2589	2897	11.9	7000	7616	8.8	12684	13005	2.5	24818	28121	13.3
Land & building inputs	1947	3281	68.5	5149	5603	8.8	9406	10490	11.5	21518	22570	4.9
Interest payments	263	246	-6.5	1189	1116	-6.1	3349	3058	-8.7	7026	7858	11.8
Other general farming costs	5973	5833	-2.3	8600	8378	-2.6	11644	11484	-1.4	18353	19664	7.1
<b>TOTAL VARIABLE COSTS</b>	<b>28182</b>	<b>31688</b>	<b>12.4</b>	<b>56581</b>	<b>61447</b>	<b>8.6</b>	<b>94168</b>	<b>108294</b>	<b>15.0</b>	<b>240678</b>	<b>273461</b>	<b>13.6</b>
<b>TOTAL FIXED COSTS</b>	<b>17815</b>	<b>20157</b>	<b>13.1</b>	<b>37942</b>	<b>38774</b>	<b>2.2</b>	<b>67157</b>	<b>67537</b>	<b>0.6</b>	<b>117841</b>	<b>129420</b>	<b>9.8</b>
<b>TOTAL INPUTS</b>	<b>45997</b>	<b>51845</b>	<b>12.7</b>	<b>94523</b>	<b>100221</b>	<b>6.0</b>	<b>161325</b>	<b>175831</b>	<b>9.0</b>	<b>358519</b>	<b>402881</b>	<b>12.4</b>
<b>FARM BUSINESS INCOME</b>	<b>5885</b>	<b>11378</b>	<b>93.3</b>	<b>16408</b>	<b>30747</b>	<b>87.4</b>	<b>30352</b>	<b>55651</b>	<b>83.4</b>	<b>46906</b>	<b>105835</b>	<b>125.6</b>
(plus) depreciation of buildings & works	2589	2897	11.9	7000	7616	8.8	12684	13005	2.5	24818	28121	13.3
(plus) depreciation of plant machinery & vehicles	3207	2692	-16.1	8283	7943	-4.1	14492	12462	-14.0	21063	22506	6.9
(minus) valuation change	964	931	-3.4	669	3001	348.6	-3195	470	114.7	3571	7277	103.8
<b>(equals) CASH INCOME</b>	<b>10717</b>	<b>16037</b>	<b>49.6</b>	<b>31022</b>	<b>43307</b>	<b>39.6</b>	<b>60722</b>	<b>80648</b>	<b>32.8</b>	<b>89216</b>	<b>149185</b>	<b>67.2</b>
(minus) Net capital investment	4891	-649	-113.3	18126	13890	-23.4	48485	15735	-67.5	45360	61288	35.1
<b>( equals ) CASH FLOW FARM BUSINESS</b>	<b>5826</b>	<b>16686</b>	<b>186.4</b>	<b>12895</b>	<b>29416</b>	<b>128.1</b>	<b>12237</b>	<b>64913</b>	<b>430.5</b>	<b>43855</b>	<b>87897</b>	<b>100.4</b>
<b>AVERAGE VALUATIONS</b>	<b>47911</b>	<b>50085</b>	<b>4.5</b>	<b>99339</b>	<b>102657</b>	<b>3.3</b>	<b>177224</b>	<b>178436</b>	<b>0.7</b>	<b>310529</b>	<b>324348</b>	<b>4.5</b>

**TABLE 1.5 – LFA CATTLE AND SHEEP  
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING -  
IDENTICAL SAMPLE 2012/13 AND 2013/14<sup>1</sup>**

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2012/13	2013/14	%Change	2012/13	2013/14	%Change	2012/13	2013/14	%Change	2012/13	2013/14	%Change
Number of farms												
Average size of business (ESU's)		16.7			33.6			57.9			70.4	
Total Area of Farm (ha)	75.2	75.3	0.1	119.4	118.3	-0.9	222.2	229.4	3.2	411.5	413.4	0.5
of which: Crops and grass	49.1	48.1	-2.0	68.2	69.5	1.9	104.3	106.8	2.4	132.7	135.7	2.3
Rough grazing	19.3	19.5	1.0	44.7	42.2	-5.6	70.9	75.7	6.8	141.2	141	-0.1
<b>SIZE OF ENTERPRISES:</b>												
Hectares - Total crops	1.0	0.9	-10.0	2.3	2.0	-13.0	1.7	1.6	-5.9	2.7	3.3	22.2
Av. no. - Dairy cows	-	-	-	2.1	2.3	9.5	-	-	-	-	-	-
Av. no. - Beef cows	27.6	25.3	-8.3	43.3	39.4	-9.0	89.6	85.7	-4.4	51.2	47.0	-8.2
Av. no. - Other cattle	44.4	43.6	-1.8	79	75.7	-4.2	142.4	148.3	4.1	186.6	180.4	-3.3
Av. no. - Ewes	92.7	80.2	-13.5	228.9	219.5	-4.1	304.8	306.6	0.6	771.8	803.4	4.1
Av. no. - Sows/gilts	-	-	-	-	-	-	-	-	-	-	-	-
<b>CROP OUTPUT:</b>												
Cereals	242	117	-51.7	2058	1123	-45.4	-	-	-	666	1215	82.4
Potatoes	-	-	-	-	-	-	1451	1138	-21.6	-	-	-
Misc. crop output	408	796	95.1	-168	2566	1627.4	-3320	4394	232.3	574	4021	600.5
<b>Total Crop Production</b>	<b>650</b>	<b>913</b>	<b>40.5</b>	<b>1890</b>	<b>3690</b>	<b>95.2</b>	<b>-1868</b>	<b>5532</b>	<b>396.1</b>	<b>1240</b>	<b>5236</b>	<b>322.3</b>
<b>Livestock Output:</b>												
Cattle – rearing & fattening	21731	23743	9.3	41222	43823	6.3	83710	80553	-3.8	79983	102133	27.7
Cattle – dairy	-	-	-	151	-	-100.0	-	-	-	-	-	-
Milk	-	-	-	2668	3838	43.9	-	-	-	-	-	-
Sheep and wool	8502	8550	0.6	17060	18275	7.1	20290	18065	-11.0	55515	50350	-9.3
Pigs	-	-	-	-	-	-	-	-	-	-	-	-
Poultry and eggs	-	-	-	-	-	-	-	-	-	-	-	-
Other livestock	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Livestock Output</b>	<b>30234</b>	<b>32293</b>	<b>6.8</b>	<b>61101</b>	<b>65937</b>	<b>7.9</b>	<b>104000</b>	<b>98617</b>	<b>-5.2</b>	<b>135498</b>	<b>152483</b>	<b>12.5</b>
Single Farm Payment	15314	16776	9.5	25535	27237	6.7	42889	46231	7.8	58979	63127	7.0
LFA Compensatory scheme	3139	3119	-0.6	4672	4706	0.7	9397	9327	-0.7	12921	12898	-0.2
Agricultural Environment Schemes	2581	2268	-12.1	3806	3602	-5.4	9732	5388	-44.6	6512	6762	3.8
Miscellaneous Subsidies	87	219	151.7	569	539	-5.3	1802	3480	93.1	348	1813	421.0
Miscellaneous Revenue	1523	1578	3.6	1319	1308	0.8	7472	4578	-38.7	1090	3220	195.4
On Farm – Non Farm Income	-	-	-	-	-	-	-	-	-	1857	1950	5.0
Adjustment for disposal of previous years crop	20	1	-95.0	-	-	-	-	-	-	-	-	-
<b>Total Farm Output</b>	<b>53548</b>	<b>57167</b>	<b>6.8</b>	<b>98891</b>	<b>107019</b>	<b>8.2</b>	<b>173423</b>	<b>173154</b>	<b>-0.2</b>	<b>218445</b>	<b>247489</b>	<b>13.3</b>

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

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			> 3 SLR		
	2012/13	2013/14	% Change	2012/13	2013/14	% Change	2012/13	2013/14	% Change	2012/13	2013/14	% Change
INPUTS	£ per fam			£ per fam			£ per fam			£ per fam		
Purchased concentrate feed & fodder	9301	10255	10.3	19873	22408	12.8	29234	31384	7.4	45482	54737	20.3
Home grown concentrate feed	46	41	-10.9	2163	1673	-22.7	-	-	-	666	421	-36.8
Veterinary fees & medicines	2128	2079	-2.3	4142	4147	0.1	5932	5991	1.0	9986	8160	-18.3
Other livestock costs	1399	1366	-2.4	2385	2417	1.3	3820	3499	-8.4	4330	3826	-11.6
Purchased & home grown seed	105	261	148.6	440	600	36.4	483	663	37.3	566	887	56.7
Fertilisers	4461	5158	15.6	8605	9673	12.4	12832	16053	25.1	12692	15901	25.3
Other crop costs	428	605	41.4	1006	1187	18.0	2217	1340	-39.6	929	771	-17.0
Regular & casual labour	847	775	-8.5	3162	3738	18.2	5210	6122	17.5	2425	4002	65.0
Machinery excluding depreciation	8564	9375	9.5	13051	13762	5.4	22194	23112	4.1	21904	24687	12.7
Depreciation of plant machinery & vehicles	5510	5370	-2.5	9087	8786	-3.3	16698	14656	-12.2	16830	15211	-9.6
Depreciation of building & works	2933	3079	5.0	7193	7749	7.7	9466	10818	14.3	8397	9151	9.0
Land & building inputs	4470	4381	-2.0	7443	6800	-8.6	14913	14620	-2.0	17188	18724	8.9
Interest payments	536	505	-5.8	878	863	-1.7	1325	1559	17.7	1517	2977	96.2
Other general farming costs	4828	4793	-0.7	6257	6508	4.0	9269	9540	2.9	10832	11687	7.9
<b>TOTAL VARIABLE COSTS</b>	<b>21086</b>	<b>23415</b>	<b>11.0</b>	<b>44613</b>	<b>48931</b>	<b>9.7</b>	<b>62410</b>	<b>67974</b>	<b>8.9</b>	<b>83760</b>	<b>96711</b>	<b>15.5</b>
<b>TOTAL FIXED COSTS</b>	<b>24470</b>	<b>24629</b>	<b>0.6</b>	<b>41071</b>	<b>41379</b>	<b>0.7</b>	<b>71182</b>	<b>71382</b>	<b>0.3</b>	<b>69985</b>	<b>74431</b>	<b>6.4</b>
<b>TOTAL INPUTS</b>	<b>45556</b>	<b>48043</b>	<b>5.5</b>	<b>85684</b>	<b>90310</b>	<b>5.4</b>	<b>133592</b>	<b>139356</b>	<b>4.3</b>	<b>153746</b>	<b>171142</b>	<b>11.3</b>
<b>FARM BUSINESS INCOME</b>	<b>7992</b>	<b>9123</b>	<b>14.2</b>	<b>13208</b>	<b>16708</b>	<b>26.5</b>	<b>39831</b>	<b>33798</b>	<b>-15.1</b>	<b>64699</b>	<b>76347</b>	<b>18.0</b>
(plus) depreciation of buildings & works	2933	3079	5.0	7193	7749	7.7	9466	10818	14.3	8397	9151	9.0
(plus) depreciation of plant machinery & vehicles	5510	5370	-2.5	9087	8786	-3.3	16698	14656	-12.2	16830	15211	-9.6
(minus) valuation change	-749	-165	78.0	-1709	113	106.6	-5874	7148	221.7	-4681	11342	342.3
<b>(equals) CASH INCOME</b>	<b>17184</b>	<b>17737</b>	<b>3.2</b>	<b>31196</b>	<b>33130</b>	<b>6.2</b>	<b>71869</b>	<b>52123</b>	<b>-27.5</b>	<b>94607</b>	<b>89367</b>	<b>-5.5</b>
(minus) Net capital investment	5747	8533	48.5	17160	12351	-28.0	35973	37569	4.4	18531	23993	29.5
<b>( equals ) CASH FLOW FARM BUSINESS</b>	<b>11437</b>	<b>9204</b>	<b>-19.5</b>	<b>14037</b>	<b>20779</b>	<b>48.0</b>	<b>35895</b>	<b>14554</b>	<b>-59.5</b>	<b>76076</b>	<b>65374</b>	<b>-14.1</b>
<b>AVERAGE VALUATIONS</b>	<b>66186</b>	<b>66723</b>	<b>0.8</b>	<b>118036</b>	<b>120404</b>	<b>2.0</b>	<b>202680</b>	<b>202061</b>	<b>-0.3</b>	<b>254080</b>	<b>257686</b>	<b>1.4</b>

**TABLE 1.6 – DAIRY AND LFA CATTLE AND SHEEP – ALL SIZES  
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING -  
IDENTICAL SAMPLE 2012/13 AND 2013/14<sup>1</sup>**

	DAIRY			LFA CATTLE AND SHEEP		
	2012/13	2013/14	% Change	2012/13	2013/14	% Change
Number of farms						
Average size of business (ESU's)		96.0			25.0	
Total Area of Farm (ha)	80.2	80.1	-0.1	104.1	104.3	0.2
of which: Crops and grass	75.5	75.9	0.5	59.5	59.5	-
Rough grazing	2.7	2.2	-18.5	32.3	32.0	-0.9
<b>SIZE OF ENTERPRISES:</b>						
Hectares - Total crops	3.4	3.6	5.9	1.5	1.3	-13.3
Av. No. - Dairy cows	112.1	112.6	0.4	0.5	0.6	20.0
Av. No. - Beef cows	2.0	1.9	-5.0	35.9	33	-8.1
Av. No. - Other cattle	87.4	89.3	2.2	63.0	61.6	-2.2
Av. No. - Ewes	6.5	6.3	-3.1	159.2	149.5	-6.1
Av. No. - Sows/gilts	-	-	-	-	-	-
<b>CROP OUTPUT:</b>						
Cereals	1668	955	-42.7	738	415	-43.8
Potatoes	-	-	-	80	63	-21.3
Misc. crop output	-394	5558	1510.7	49	1562	3087.8
<b>Total Crop Production</b>	<b>1274</b>	<b>6513</b>	<b>411.2</b>	<b>867</b>	<b>2040</b>	<b>135.3</b>
<b>Livestock Output:</b>						
Cattle – rearing & fattening	35238	37166	5.5	31987	34395	7.5
Cattle – dairy	-7198	-8351	-16.0	41	-	-100.0
Milk	178849	224264	25.4	731	1052	43.9
Sheep and wool	574	687	19.7	12709	12818	0.9
Pigs	-	-	-	-	-	-
Poultry and eggs	273	325	19.0	-	-	-
Other livestock	-	-	-	-	-	-
<b>TOTAL LIVESTOCK OUTPUT</b>	<b>207737</b>	<b>254091</b>	<b>22.3</b>	<b>45469</b>	<b>48265</b>	<b>6.1</b>
Single Farm Payment	18099	19624	8.4	20759	22460	8.2
LFA Compensatory scheme	128	154	20.3	4156	4148	-0.2
Agricultural Environment Schemes	1089	810	-25.6	3412	2921	-14.4
Miscellaneous Subsidies	329	369	12.2	320	527	64.7
Miscellaneous Revenue	1086	1965	80.9	1783	1711	-4.0
On Farm - Non Farm Income	-	-	-	48	50	4.2
Adjustment for disposal of previous year's crop	-	-	-	13	1	-92.3
<b>TOTAL FARM OUTPUT</b>	<b>229742</b>	<b>283524</b>	<b>23.4</b>	<b>76827</b>	<b>82123</b>	<b>6.9</b>

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

Purchased concentrate feed & fodder	78876	90176	14.3	14229	15897	11.7
Home grown concentrate feed	4376	4707	7.6	640	496	-22.5
Veterinary fees & medicines	6866	7041	2.5	3092	3018	-2.4
Other livestock costs	9233	10105	9.4	1878	1835	-2.3
Purchased & home grown seed	711	1045	47.0	229	392	71.2
Fertilisers	12650	14711	16.3	6270	7272	16.0
Other crop costs	1794	2204	22.9	698	809	15.9
Regular & casual labour	6015	7406	23.1	1762	1965	11.5
Machinery excluding depreciation	23723	25690	8.3	10888	11729	7.7
Depreciation of plant machinery & vehicles	13778	13692	-0.6	7398	7071	-4.4
Depreciation of building & works	14278	15773	10.5	4601	4942	7.4
Land & building inputs	11710	12613	7.7	6188	5978	-3.4
Interest payments	3694	3907	5.8	698	725	3.9
Other general farming costs	12547	12905	2.9	5619	5702	1.5
<b>TOTAL VARIABLE COSTS</b>	<b>128878</b>	<b>145807</b>	<b>13.1</b>	<b>31426</b>	<b>34752</b>	<b>10.6</b>
<b>TOTAL FIXED COSTS</b>	<b>71372</b>	<b>76167</b>	<b>6.7</b>	<b>32765</b>	<b>33078</b>	<b>1.0</b>
<b>TOTAL INPUTS</b>	<b>200250</b>	<b>221975</b>	<b>10.8</b>	<b>64191</b>	<b>67830</b>	<b>5.7</b>
<b>FARM BUSINESS INCOME</b>	<b>29492</b>	<b>61549</b>	<b>108.7</b>	<b>12636</b>	<b>14293</b>	<b>13.1</b>
(plus) depreciation of buildings & works	14278	15773	10.5	4601	4942	7.4
(plus) depreciation of plant machinery & vehicles	13778	13692	-0.6	7398	7071	-4.4
(minus) valuation change	896	3776	321.4	-1395	610	143.7
<b>(equals) CASH INCOME</b>	<b>56652</b>	<b>87238</b>	<b>54.0</b>	<b>26030</b>	<b>25696</b>	<b>-1.3</b>
(minus) Net capital investment	33390	30006	-10.1	10869	11576	6.5
<b>( equals ) CASH FLOW FARM BUSINESS</b>	<b>23262</b>	<b>57232</b>	<b>146.0</b>	<b>15162</b>	<b>14120</b>	<b>-6.9</b>
<b>AVERAGE VALUATIONS</b>	<b>188034</b>	<b>194581</b>	<b>3.5</b>	<b>92756</b>	<b>93810</b>	<b>1.1</b>



**TABLE 1.7 – ALL TYPES – 4 SIZE GROUPS  
OUTPUTS, INPUTS AND INCOMES BY TYPE OF FARMING -  
IDENTICAL SAMPLE 2012/13 AND 2013/14<sup>1</sup>**

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			ALL SIZES		
	2012/13	2013/14	% Change	2012/13	2013/14	% Change	2012/13	2013/14	% Change	2012/13	2013/14	% Change
Number of farms												
Average size of business (ESU's)		18.0			39.3			71.6			47.8	
Total Area of Farm (ha)	65.8	65.9	0.2	84.9	84.8	-0.1	113.2	115.9	2.4	88.4	88.8	0.5
of which: Crops and grass	46.7	46.2	-1.1	61.2	62.1	1.5	83.0	84.8	2.2	65.2	65.7	0.8
Rough grazing	14.4	14.1	-2.1	20.1	19.0	-5.5	18.2	19.2	5.5	16.5	16.1	-2.4
<b>SIZE OF ENTERPRISES:</b>												
Hectares - Total crops	2.6	2.5	-3.8	5.4	5.6	3.7	10.7	10.5	-1.9	5.7	5.9	3.5
Av. no. - Dairy cows	2.2	2.3	4.5	18.1	17.9	-1.1	49.9	50.5	1.2	31.4	31.7	1.0
Av. no. - Beef cows	23.5	21.6	-8.1	25.1	23.6	-6.0	29.2	28.7	-1.7	23.4	21.9	-6.4
Av. no. - Other cattle	46.4	46.3	-0.2	75.9	74.6	-1.7	94.2	94.4	0.2	73.8	73.7	-0.1
Av. no. - Ewes	72.7	64.3	-11.6	120.7	114.8	-4.9	132.8	131.7	-0.8	98.9	93.2	-5.8
Av. no. - Sows/gilts	0.3	0.3	-	1.4	1.4	-	2.8	2.9	3.6	2.6	2.8	7.7
<b>CROP OUTPUT:</b>												
Cereals	1860	1490	-19.9	4398	4093	-6.9	6875	5846	-15.0	4094	3585	-12.4
Potatoes	-	-	-	1436	1296	-9.7	7734	2988	-61.4	2244	1420	-36.7
Misc. crop output	606	1578	160.4	1397	3980	184.9	2759	5917	114.5	1097	3902	255.7
<b>Total Crop Production</b>	<b>2466</b>	<b>3068</b>	<b>24.4</b>	<b>7231</b>	<b>9369</b>	<b>29.6</b>	<b>17367</b>	<b>14750</b>	<b>-15.1</b>	<b>7435</b>	<b>8908</b>	<b>19.8</b>
<b>Livestock Output:</b>												
Cattle – rearing & fattening	21752	23899	9.9	36833	38557	4.7	48837	46953	-3.9	34758	36833	6.0
Cattle – dairy	60	58	-3.3	-541	-857	-58.4	-2996	-3708	23.8	-1964	-2288	-16.5
Milk	2566	2972	15.8	25569	30950	21.0	74781	93746	25.4	50039	63011	25.9
Sheep and wool	6619	6702	1.3	9589	10117	5.5	11358	10869	-4.3	8377	8475	1.2
Pigs	611	615	0.7	2831	3194	12.8	7289	8690	19.2	4832	5687	17.7
Poultry and eggs	-	-	-	838	781	-6.8	-	-	-	401	431	7.5
Other livestock	-	-	-	7	-	-100.0	-	-	-	2	-	100.0
<b>Total Livestock Output</b>	<b>31608</b>	<b>34246</b>	<b>8.3</b>	<b>75127</b>	<b>82742</b>	<b>10.1</b>	<b>139269</b>	<b>156550</b>	<b>12.4</b>	<b>96446</b>	<b>112150</b>	<b>16.3</b>
Single Farm Payment	14447	15723	8.8	19978	21569	8.0	27153	29323	8.0	19737	21364	8.2
LFA Compensatory scheme	2203	2188	-0.7	2148	2157	0.4	2413	2385	-1.2	2067	2069	0.1
Agricultural Environment Schemes	2045	1828	-10.6	2162	2308	6.8	3855	2458	-36.2	2227	1984	-10.9
Miscellaneous Subsidies	67	164	144.8	340	338	-0.6	1143	1312	14.8	327	409	25.1
Miscellaneous Revenue	1493	1917	28.4	1874	2431	29.7	3410	4812	41.1	1902	2536	33.3
On Farm - Non Farm Income	276	316	14.5	125	125	-	-	-	-	185	204	10.3
Adjustment for disposal of previous years crop	54	34	-37.0	-5	72	1540.0	332	730	119.9	82	120	46.3
<b>Total Farm Output</b>	<b>54659</b>	<b>59483</b>	<b>8.8</b>	<b>108981</b>	<b>121112</b>	<b>11.1</b>	<b>194942</b>	<b>212321</b>	<b>8.9</b>	<b>130408</b>	<b>149744</b>	<b>14.8</b>

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

	0.5 < 1 SLR			1 < 2 SLR			2 < 3 SLR			ALL SIZES		
	2012/13	2013/14	% Change	2012/13	2013/14	% Change	2012/13	2013/14	% Change	2012/13	2013/14	% Change
	£ per farm			£ per farm			£ per farm			£ per farm		
<b>INPUTS</b>												
Purchased concentrate feed & fodder	9876	10746	8.8	26183	27961	6.8	42325	48597	14.8	35191	39132	11.2
Home grown concentrate feed	685	718	4.8	2498	2213	-11.4	3331	3655	9.7	2213	2198	-0.7
Veterinary fees & medicines	1946	1865	-4.2	3426	3540	3.3	5383	5637	4.7	4054	4140	2.1
Other livestock costs	1303	1328	1.9	2604	2827	8.6	4787	5328	11.3	3870	4238	9.5
Purchased & home grown seed	263	367	39.5	667	887	33.0	1292	2125	64.5	720	1044	45.0
Fertilisers	4394	5150	17.2	8178	9028	10.4	13238	14500	9.5	8626	9866	14.4
Other crop costs	577	775	34.3	1382	1513	9.5	2586	3102	20.0	1566	1823	16.4
Regular & casual labour	839	813	-3.1	2508	2886	15.1	7327	8460	15.5	3398	4021	18.3
Machinery excluding depreciation	8508	9409	10.6	13294	14440	8.6	22885	23549	2.9	15502	16592	7.0
Depreciation of plant machinery & vehicles	5955	5688	-4.5	10202	10269	0.7	16948	14692	-13.3	10578	10311	-2.5
Depreciation of building & works	2635	2841	7.8	6699	7305	9.0	11058	12387	12.0	7256	8084	11.4
Land & building inputs	4292	4411	2.8	7168	7187	0.3	11895	12374	4.0	8334	8704	4.4
Interest payments	471	446	-5.3	1016	1050	3.3	2488	2563	3.0	1650	1755	6.4
Other general farming costs	5229	5181	-0.9	7435	7486	0.7	10744	10768	0.2	8092	8230	1.7
<b>TOTAL VARIABLE COSTS</b>	<b>22361</b>	<b>24788</b>	<b>10.9</b>	<b>50643</b>	<b>54675</b>	<b>8.0</b>	<b>84324</b>	<b>95283</b>	<b>13.0</b>	<b>63934</b>	<b>71024</b>	<b>11.1</b>
<b>TOTAL FIXED COSTS</b>	<b>24610</b>	<b>24950</b>	<b>1.4</b>	<b>42618</b>	<b>43916</b>	<b>3.0</b>	<b>71964</b>	<b>72455</b>	<b>0.7</b>	<b>47116</b>	<b>49114</b>	<b>4.2</b>
<b>TOTAL INPUTS</b>	<b>46971</b>	<b>49739</b>	<b>5.9</b>	<b>93261</b>	<b>98591</b>	<b>5.7</b>	<b>156288</b>	<b>167738</b>	<b>7.3</b>	<b>111050</b>	<b>120138</b>	<b>8.2</b>
<b>FARM BUSINESS INCOME</b>	<b>7688</b>	<b>9745</b>	<b>26.8</b>	<b>15720</b>	<b>22521</b>	<b>43.3</b>	<b>38654</b>	<b>44583</b>	<b>15.3</b>	<b>19358</b>	<b>29606</b>	<b>52.9</b>
(plus) depreciation of buildings & works	2635	2841	7.8	6699	7305	9.0	11058	12387	12.0	7256	8084	11.4
(plus) depreciation of plant machinery & vehicles	5955	5688	-4.5	10202	10269	0.7	16948	14692	-13.3	10578	10311	-2.5
(minus) valuation change	-232	90	138.8	263	-66	-125.1	-1697	1851	209.1	127	1064	737.8
<b>(equals) CASH INCOME</b>	<b>16510</b>	<b>18184</b>	<b>10.1</b>	<b>32358</b>	<b>40161</b>	<b>24.1</b>	<b>68357</b>	<b>69811</b>	<b>2.1</b>	<b>37065</b>	<b>46936</b>	<b>26.6</b>
(minus) Net capital investment	6871	7752	12.8	22378	19973	-10.7	50762	24490	-51.8	21200	20058	-5.4
<b>( equals ) CASH FLOW FARM BUSINESS</b>	<b>9638</b>	<b>10432</b>	<b>8.2</b>	<b>9980</b>	<b>20188</b>	<b>102.3</b>	<b>17596</b>	<b>45321</b>	<b>157.6</b>	<b>15865</b>	<b>26878</b>	<b>69.4</b>
<b>AVERAGE VALUATIONS</b>	<b>69587</b>	<b>70596</b>	<b>1.4</b>	<b>122268</b>	<b>125389</b>	<b>2.6</b>	<b>194737</b>	<b>195491</b>	<b>0.4</b>	<b>130268</b>	<b>133282</b>	<b>2.3</b>

**INCOMES ON CATTLE & SHEEP (LFA & LOWLAND),  
DAIRY AND ALL FARM TYPES ABOVE 1SLR IN 2012/13 AND 2013/14<sup>1</sup>**

**£ PER FARM**

		<b>Farm Business Income</b>	<b>Cash Income</b>	<b>Net Farm Income</b>
<b>Dairy</b>	12/13	32,251	62,020	28,069
	13/14	67,413	95,559	66,724
<b>Cattle and Sheep (LFA)</b>	12/13	21,074	42,106	9,943
	13/14	23,689	40,158	14,294
<b>Cattle and Sheep (Lowland)</b>	12/13	17,772	33,930	10,204
	13/14	19,731	44,575	14,251
<b>All Types</b>	<b>12/13</b>	<b>29,108</b>	<b>54,237</b>	<b>21,720</b>
	<b>13/14</b>	<b>46,197</b>	<b>70,955</b>	<b>41,422</b>

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

**ASSETS AND LIABILITIES OF CEREAL FARMS, 2013/14**  
**AVERAGE FARM SIZE 107.0 HECTARES**

	Opening Valuation	£	Closing Valuation
Land and Buildings	2,262,186		2,352,262
Other fixed assets	147,723		158,307
<b>TOTAL FIXED ASSETS</b>	<b>2,409,909</b>		<b>2,510,569</b>
Trading livestock, crops & stores	26,606		23,709
Debtors and short-term lending	-		-
Cash in hand and at bank	-		-
<b>TOTAL CURRENT ASSETS</b>	<b>26,606</b>		<b>23,709</b>
<b>TOTAL ASSETS</b>	<b>2,436,515</b>		<b>2,534,278</b>
Bank & other institutional loans	5,993		18,617
Family & other loans	-		-
<b>TOTAL LONG-TERM LOANS</b>	<b>5,993</b>		<b>18,617</b>
Bank overdraft	43,284		42,148
Other short-term borrowing	8,390		6,314
<b>TOTAL SHORT-TERM LOANS</b>	<b>51,674</b>		<b>48,462</b>
<b>TOTAL EXTERNAL LIABILITIES</b>	<b>57,667</b>		<b>67,079</b>
<b>NET WORTH</b>	<b>2,378,848</b>		<b>2,467,199</b>

**ASSETS AND LIABILITIES OF GENERAL CROPPING FARMS, 2013/14  
AVERAGE FARM SIZE 93.6 HECTARES**

	Opening Valuation	£	Closing Valuation
Land and Buildings	1,112,324		1,113,481
Other fixed assets	94,349		85,361
<b>TOTAL FIXED ASSETS</b>	<b>1,206,673</b>		<b>1,198,842</b>
Trading livestock, crops & stores	37,442		33,240
Debtors and short-term lending	-		-
Cash in hand and at bank	-		-
<b>TOTAL CURRENT ASSETS</b>	<b>37,442</b>		<b>33,240</b>
<b>TOTAL ASSETS</b>	<b>1,244,115</b>		<b>1,232,082</b>
Bank & other institutional loans	-		-
Family & other loans	-		-
<b>TOTAL LONG-TERM LOANS</b>	<b>-</b>		<b>-</b>
Bank overdraft	51,575		71,694
Other short-term borrowing	16,052		9,732
<b>TOTAL SHORT-TERM LOANS</b>	<b>67,627</b>		<b>81,426</b>
<b>TOTAL EXTERNAL LIABILITIES</b>	<b>67,627</b>		<b>81,426</b>
<b>NET WORTH</b>	<b>1,176,488</b>		<b>1,150,656</b>

**ASSETS AND LIABILITIES OF PIGS FARMS, 2013/14**  
**AVERAGE FARM SIZE 31.0 HECTARES**

	Opening Valuation	£	Closing Valuation
Land and Buildings	620,236		648,576
Other fixed assets	55,673		53,890
<b>TOTAL FIXED ASSETS</b>	<b>675,909</b>		<b>702,466</b>
Trading livestock, crops & stores	75,137		82,919
Debtors and short-term lending	360		-
Cash in hand and at bank	-		-
<b>TOTAL CURRENT ASSETS</b>	<b>75,497</b>		<b>82,919</b>
<b>TOTAL ASSETS</b>	<b>751,406</b>		<b>785,385</b>
Bank & other institutional loans	-		-
Family & other loans	-		-
<b>TOTAL LONG-TERM LOANS</b>	<b>-</b>		<b>-</b>
Bank overdraft	30,032		27,872
Other short-term borrowing	1,910		5,297
<b>TOTAL SHORT-TERM LOANS</b>	<b>31,942</b>		<b>33,169</b>
<b>TOTAL EXTERNAL LIABILITIES</b>	<b>31,942</b>		<b>33,169</b>
<b>NET WORTH</b>	<b>719,464</b>		<b>752,216</b>

**ASSETS AND LIABILITIES OF DAIRY FARMS, 2013/14  
AVERAGE FARM SIZE 80.1 HECTARES**

	Opening Valuation	£	Closing Valuation
Land and Buildings	1,191,034		1,201,469
Other fixed assets	137,266		141,648
<b>TOTAL FIXED ASSETS</b>	<b>1,328,300</b>		<b>1,343,117</b>
Trading livestock, crops & stores	51,130		58,417
Debtors and short-term lending	15,912		20,536
Cash in hand and at bank	-		-
<b>TOTAL CURRENT ASSETS</b>	<b>67,042</b>		<b>78,953</b>
<b>TOTAL ASSETS</b>	<b>1,395,342</b>		<b>1,422,070</b>
Bank & other institutional loans	51,689		61,125
Family & other loans	564		1,052
<b>TOTAL LONG-TERM LOANS</b>	<b>52,253</b>		<b>62,177</b>
Bank overdraft	25,236		25,745
Other short-term borrowing	8,521		8,518
<b>TOTAL SHORT-TERM LOANS</b>	<b>33,757</b>		<b>34,263</b>
<b>TOTAL EXTERNAL LIABILITIES</b>	<b>86,010</b>		<b>96,440</b>
<b>NET WORTH</b>	<b>1,309,332</b>		<b>1,325,630</b>

**ASSETS AND LIABILITIES OF CATTLE AND SHEEP FARMS (LFA), 2013/14  
AVERAGE FARM SIZE 104.3 HECTARES**

	Opening Valuation	£	Closing Valuation
Land and Buildings	1,074,002		1,085,251
Other fixed assets	62,604		60,626
<b>TOTAL FIXED ASSETS</b>	<b>1,136,606</b>		<b>1,145,877</b>
Trading livestock, crops & stores	39,219		43,147
Debtors and short-term lending	70		66
Cash in hand and at bank	-		-
<b>TOTAL CURRENT ASSETS</b>	<b>39,289</b>		<b>43,213</b>
<b>TOTAL ASSETS</b>	<b>1,175,895</b>		<b>1,189,090</b>
Bank & other institutional loans	6,452		7,228
Family & other loans	-		-
<b>TOTAL LONG-TERM LOANS</b>	<b>6,452</b>		<b>7,228</b>
Bank overdraft	7,537		8,749
Other short-term borrowing	984		1,063
<b>TOTAL SHORT-TERM LOANS</b>	<b>8,521</b>		<b>9,812</b>
<b>TOTAL EXTERNAL LIABILITIES</b>	<b>14,973</b>		<b>17,040</b>
<b>NET WORTH</b>	<b>1,160,922</b>		<b>1,172,050</b>



**ASSETS AND LIABILITIES OF CATTLE AND SHEEP FARMS  
(LOWLAND) 2013/14  
AVERAGE FARM SIZE 65.6 HECTARES**

	Opening Valuation	£	Closing Valuation
Land and Buildings	1,172,899		1,178,829
Other fixed assets	66,950		64,732
<b>TOTAL FIXED ASSETS</b>	<b>1,239,849</b>		<b>1,243,561</b>
Trading livestock, crops & stores	59,487		60,843
Debtors and short-term lending	60		93
Cash in hand and at bank	-		-
<b>TOTAL CURRENT ASSETS</b>	<b>59,547</b>		<b>60,936</b>
<b>TOTAL ASSETS</b>	<b>1,299,396</b>		<b>1,304,497</b>
Bank & other institutional loans	7,284		7,125
Family & other loans	-		-
<b>TOTAL LONG-TERM LOANS</b>	<b>7,284</b>		<b>7,125</b>
Bank overdraft	5,323		7,902
Other short-term borrowing	4,720		3,446
<b>TOTAL SHORT-TERM LOANS</b>	<b>10,043</b>		<b>11,348</b>
<b>TOTAL EXTERNAL LIABILITIES</b>	<b>17,327</b>		<b>18,473</b>
<b>NET WORTH</b>	<b>1,282,069</b>		<b>1,286,024</b>

**ASSETS AND LIABILITIES OF MIXED FARMS, 2013/14  
AVERAGE FARM SIZE 89.2 HECTARES**

	Opening Valuation	£	Closing Valuation
Land and Buildings	1,549,078		1,589,779
Other fixed assets	110,732		111,779
<b>TOTAL FIXED ASSETS</b>	<b>1,659,810</b>		<b>1,701,558</b>
Trading livestock, crops & stores	94,449		96,832
Debtors and short-term lending	3,006		4,036
Cash in hand and at bank	-		-
<b>TOTAL CURRENT ASSETS</b>	<b>97,455</b>		<b>100,868</b>
<b>TOTAL ASSETS</b>	<b>1,757,265</b>		<b>1,802,426</b>
Bank & other institutional loans	27,840		34,458
Family & other loans	-		-
<b>TOTAL LONG-TERM LOANS</b>	<b>27,840</b>		<b>34,458</b>
Bank overdraft	13,044		10,220
Other short-term borrowing	10,132		9,985
<b>TOTAL SHORT-TERM LOANS</b>	<b>23,176</b>		<b>20,205</b>
<b>TOTAL EXTERNAL LIABILITIES</b>	<b>51,016</b>		<b>54,663</b>
<b>NET WORTH</b>	<b>1,706,249</b>		<b>1,747,763</b>

**ASSETS AND LIABILITIES OF ALL TYPES, 2013/14  
AVERAGE FARM SIZE 88.8 HECTARES**

	Opening Valuation	£	Closing Valuation
Land and Buildings	1,151,070		1,163,430
Other fixed assets	86,868		86,764
<b>TOTAL FIXED ASSETS</b>	<b>1,237,938</b>		<b>1,250,194</b>
Trading livestock, crops & stores	48,724		52,903
Debtors and short-term lending	4,475		5,766
Cash in hand and at bank	-		-
<b>TOTAL CURRENT ASSETS</b>	<b>53,199</b>		<b>58,669</b>
<b>TOTAL ASSETS</b>	<b>1,291,137</b>		<b>1,308,863</b>
Bank & other institutional loans	19,510		22,818
Family & other loans	153		285
<b>TOTAL LONG-TERM LOANS</b>	<b>19,663</b>		<b>23,103</b>
Bank overdraft	13,475		14,735
Other short-term borrowing	4,362		4,108
<b>TOTAL SHORT-TERM LOANS</b>	<b>17,837</b>		<b>18,843</b>
<b>TOTAL EXTERNAL LIABILITIES</b>	<b>37,500</b>		<b>41,946</b>
<b>NET WORTH</b>	<b>1,253,637</b>		<b>1,266,917</b>

## APPENDIX 3

### ENTERPRISE GROSS MARGIN RESULTS CLASSIFIED INTO FOUR PERFORMANCE CATEGORIES

This Appendix contains the 2013/14 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 2014.

## DAIRY COWS (CLASSIFIED BY GROSS MARGIN PER COW) 2013/14

	Excellent	Good	Moderate	Poor	Average
% of survey farms	17	37	32	14	100
Average herd size	143	103	84	67	98
<b>ENTERPRISE OUTPUT</b>					
					<b>£ per cow</b>
Milk	2,770	2,306	1,912	1,373	2,221
Calves	88	88	104	86	92
Herd replacement	-156	-176	-199	-163	-176
Leasing receipts					
<b>TOTAL ENTERPRISE OUTPUT</b>	2,702	2,219	1,818	1,297	2,137
<b>Variable Costs</b>					
Concentrates	825	719	614	491	694
Hay, silage, forage & grazing	242	214	199	147	210
Vet, medicines & sundries	177	145	131	99	145
Leasing costs					
<b>TOTAL VARIABLE COSTS</b>	1,244	1,078	944	737	1,049
<b>GROSS MARGIN</b>					
- per cow	1,458	1,140	874	560	1,088
- per hectare	3,163	2,497	1,730	1,080	2,285
- per 1000 litres	176	159	144	126	158
Milk yield per cow (litres)	8,290	7,173	6,072	4,437	6,879
Milk price per litre (pence)	33.4	32.2	31.5	30.9	32.3
Concentrates per litre (kg)	0.36	0.36	0.37	0.41	0.37
Concentrates price per tonne (£)	261	267	267	260	265
Stocking rate (ce per ha)	2.17	2.19	1.98	1.93	2.10
Nitrogen per hectare (kg)	201	182	154	126	172

## DAIRY COWS (CLASSIFIED BY GROSS MARGIN PER HECTARE) 2013/14

	Excellent	Good	Moderate	Poor	Average
% of survey farms	14	31	40	15	100
Average herd size	115	126	70	62	93
<b>ENTERPRISE OUTPUT</b>	<b>£ per cow</b>				
Milk	2,512	2,321	1,915	1,559	2,155
Calves	86	94	103	87	95
Herd replacement	-182	-170	-193	-157	-178
Leasing receipts	-	-	-	-	-
<b>TOTAL ENTERPRISE OUTPUT</b>	2,415	2,245	1,826	1,490	2,071
<b>Variable Costs</b>					
Concentrates	795	697	614	549	675
Hay, silage, forage & grazing	195	222	191	184	204
Vet, medicines & sundries	157	150	128	113	141
Leasing Costs	-	-	-	-	-
<b>TOTAL VARIABLE COSTS</b>	1,148	1,070	933	846	1,020
<b>GROSS MARGIN</b>					
- per cow	1,268	1,175	893	643	1,052
- per hectare	3,347	2,538	1,678	984	2,156
- per 1000 litres	165	164	146	129	157
Milk yield per cow (litres)	7,667	7,170	6,097	4,973	6,710
Milk price per litre (pence)	32.8	32.4	31.4	31.4	32.1
Concentrates per litre (kg)	0.38	0.35	0.37	0.39	0.37
Concentrates price per tonne (£)	270	263	268	269	266
Stocking rate (ce per ha)	2.64	2.16	1.88	1.53	2.05
Nitrogen used per hectare (kg)	205	196	144	107	166

**DAIRY CALVES REARED AS REPLACEMENTS, 2013/14  
(CLASSIFIED BY GROSS MARGIN PER HECTARE)**

	<b>Excellent</b>	<b>Good</b>	<b>Moderate</b>	<b>Poor</b>	<b>Average</b>
% of survey farms	17	26	40	17	100
<b>ENTERPRISE OUTPUT</b>					
		<b>£ per hectare</b>			
	2017	1324	1268	1,279	1,413
<b>Variable Costs</b>					
Concentrates*	756	531	567	705	613
Hay, silage, forage and grazing	441	383	522	711	504
Vet and medicines	76	52	68	76	67
Sundries	33	37	56	99	55
<b>TOTAL VARIABLE COSTS</b>	1,306	1,003	1,214	1,591	1,238
<b>GROSS MARGIN</b>	711	321	55	-312	175
Concentrates per ce (kg)	855	781	688	846	770
Concentrates price per tonne (£)	252	253	292	265	269
Stocking rate (ce per ha)	2.6	2.02	2.18	2.30	2.23
Price per calf bought/transferred in (£)	149	118	98	99	111
Price per heifer sold/transferred out (£)	1,148	1,052	961	996	1,029
Mortality %	2.3	2.6	1.5	3.8	2.3

\* Includes milk fed to calves

**SUCKLER COWS - SEVERELY DISADVANTAGED AREA, 2013/14  
(CLASSIFIED BY GROSS MARGIN PER COW)**

	<b>Excellent</b>	<b>Good</b>	<b>Moderate</b>	<b>Poor</b>	<b>Average</b>
% of survey farms	12	47	34	7	100
Number of cows per farm	27	42	38	38	39
<b>ENTERPRISE OUTPUT</b>					
			<b>£ per cow</b>		
Calves	587	481	419	381	462
Herd Replacement	27	-34	-35	-145	-37
<b>TOTAL ENTERPRISE OUTPUT</b>	614	446	383	236	425
<b>Variable Costs</b>					
Concentrates	72	52	95	76	70
Hay, silage, forage and grazing	133	156	164	208	160
Vet and medicines	30	33	34	38	33
Sundries	17	17	22	27	19
<b>TOTAL VARIABLE COSTS</b>	253	258	314	349	283
<b>GROSS MARGIN</b>	362	188	69	-113	142
<b>GROSS MARGIN PER COW EQUIVALENT</b>	330	177	65	-107	133
Calves reared per cow	0.96	0.95	0.86	0.89	0.92
Price per calf sold or transferred-out (£)	597	501	471	440	497
Mortality - birth to weaning (%)	2.2	1.0	1.6	8.2	1.8
Concentrates per cow (kg)	282	211	421	321	296
Concentrates price per tonne (£)	254	235	225	237	232

\* LFA compensatory allowances are excluded from this analysis



**SUCKLER COWS - DISADVANTAGED AREA, 2013/14  
(CLASSIFIED BY GROSS MARGIN PER HECTARE)**

	<b>Excellent</b>	<b>Good</b>	<b>Moderate</b>	<b>Poor</b>	<b>Average</b>
% of survey farms	23	27	35	15	100
Number of cows per farm	75	29	44	23	44
<b>ENTERPRISE OUTPUT</b>					
					<b>£ per cow</b>
Calves	525	466	392	474	464
Herd replacement	-29	39	-46	-109	-29
<b>TOTAL ENTERPRISE OUTPUT</b>	496	505	346	365	435
<b>Variable Costs</b>					
Concentrates	59	76	56	99	64
Hay, silage, forage and grazing	124	176	134	200	143
Vet and medicines	38	32	41	34	38
Sundries	21	25	20	27	22
<b>TOTAL VARIABLE COSTS</b>	242	308	251	359	266
<b>GROSS MARGIN</b>	254	197	94	6	169
<b>GROSS MARGIN PER COW EQUIVALENT</b>	243	188	91	6	162
Calves reared per cow	1.02	0.98	0.85	0.88	0.94
Price per calf sold or transferred out (£)	516	471	462	499	488
Mortality - birth to weaning (%)	1.5	2.0	5.9	3.6	3.2
Concentrates per cow (kg)	271	388	244	448	297
Price of concentrates per tonne (£)	217	195	211	215	210

\* LFA compensatory allowances are excluded from this analysis

**BREEDING EWES - SEVERELY DISADVANTAGED AREA  
(CROSS BRED FLOCKS), 2013/14  
(CLASSIFIED BY GROSS MARGIN PER EWE)**

	<b>Excellent</b>	<b>Good</b>	<b>Moderate</b>	<b>Poor</b>	<b>Average</b>
% of survey farms	14	25	44	17	100
Number of ewes per farm	188	153	213	299	209
<b>ENTERPRISE OUTPUT</b>	<b>£ per ewe</b>				
Lambs	112	97	89	67	88
Wool	3	2	2	2	2
Flock replacement	2	-2	-8	-17	-8
<b>TOTAL ENTERPRISE OUTPUT</b>	117	98	83	52	83
<b>Variable Costs</b>					
Concentrates	18	23	29	31	27
Hay, silage, forage and grazing	22	22	25	20	23
Vet, medicines and sundries	15	17	14	13	14
<b>TOTAL VARIABLE COSTS</b>	56	61	68	65	65
<b>GROSS MARGIN</b>	61	36	15	-12	18
Price per lamb sold (£)	76	78	74	68	74
Lambing percentage	173	147	144	116	142
Lambs reared per 100 ewes	168	139	132	104	131
Wool per ewe (kg)	3.4	2.2	2.6	2.1	2.5
Wool per kg (p)	94	103	97	84	95
Concentrates per ewe (kg)	68	85	114	118	104
Concentrates price per tonne (£)	267	266	253	260	258
Mortality - ewes (%)	4.3	6.0	6.3	6.9	6.1
Mortality - lambs per 100 ewes	5.4	8.2	11.8	12.0	10.4

\* LFA compensatory allowances are excluded from this analysis

**BREEDING EWES - SEVERELY DISADVANTAGED AREA  
(HARDY HILL BREEDS), 2013/14  
(CLASSIFIED BY GROSS MARGIN PER EWE)**

	<b>Excellent</b>	<b>Good</b>	<b>Moderate</b>	<b>Poor</b>	<b>Average</b>
% of survey farms	19	37	33	11	100
Number of ewes per farm	420	246	197	328	271
<b>ENTERPRISE OUTPUT</b>					
	<b>£ per ewe</b>				
Lambs	67	71	59	33	62
Wool	2	3	2	3	2
Flock replacement	4	3	-1	6	3
<b>TOTAL ENTERPRISE OUTPUT</b>	<b>73</b>	<b>76</b>	<b>60</b>	<b>42</b>	<b>67</b>
<b>Variable Costs</b>					
Concentrates	21	33	27	30	27
Hay, silage, forage and grazing	13	22	21	27	20
Vet, medicines and sundries	12	13	16	9	13
Leasing costs					
<b>TOTAL VARIABLE COSTS</b>	<b>46</b>	<b>67</b>	<b>64</b>	<b>66</b>	<b>60</b>
<b>GROSS MARGIN</b>	<b>26</b>	<b>9</b>	<b>-3</b>	<b>-24</b>	<b>7</b>
Price per lamb sold (£)	73	75	67	67	72
Lambing percentage	119	123	124	83	117
Lambs reared per 100 ewes	111	114	107	75	106
Wool per ewe (kg)	1.5	2.3	2.2	2.8	2.1
Wool per kg (p)	118	108	98	101	106
Concentrates per ewe (kg)	76	128	101	109	104
Concentrates price per tonne (£)	257	254	258	272	258
Mortality - ewes %	5.2	6.7	8.8	12.1	7.5
Mortality - lambs per 100 ewes	7.7	9.3	16.5	8.0	10.4

\* LFA compensatory allowances are excluded from this analysis

**BREEDING EWES - DISADVANTAGED AREA, 2013/14  
(CLASSIFIED BY GROSS MARGIN PER HECTARE)**

	<b>Excellent</b>	<b>Good</b>	<b>Moderate</b>	<b>Poor</b>	<b>Average</b>
% of survey farms	21	26	37	16	100
Number of ewes per farm	125	200	224	16	164
<b>ENTERPRISE OUTPUT</b>					
	<b>£ per ewe</b>				
Lambs	116	95	72	103	87
Wool	3	3	2	3	3
Flock replacement	-6	-8	0	-21	-4
<b>TOTAL ENTERPRISE OUTPUT</b>	113	90	74	85	86
<b>Variable Costs</b>					
Concentrates	21	28	15	32	20
Hay, silage, forage and grazing	24	21	31	31	27
Vet, medicines and sundries	14	11	14	24	13
<b>TOTAL VARIABLE COSTS</b>	59	60	60	87	60
<b>GROSS MARGIN</b>	53	30	15	-2	25
Price per lamb sold (£)	78	82	72	85	77
Lambing percentage	156	143	128	127	137
Lambs reared per 100 ewes	145	132	121	94	128
Wool per ewe (kg)	3.0	2.9	2.3	3.0	2.6
Wool per kg (p)	96	105	106	108	104
Concentrates per ewe (kg)	86	110	44	100	73
Concentrates price per tonne (£)	247	251	275	317	259
Ewes per hectare	6.84	8.30	7.62	4.83	7.61
Stocking rate (ce per ha)	1.34	1.82	1.60	1.10	1.61
Mortality - ewes %	4.6	7.5	4.2	14.6	5.5
Mortality - lambs per 100 ewes	10.8	10.5	7.1	33.3	9.2

\* LFA compensatory allowances are excluded from this analysis

**BREEDING EWES - NON LFA, 2013/14**  
**(CLASSIFIED BY GROSS MARGIN PER HECTARE)**

	<b>Excellent</b>	<b>Good</b>	<b>Moderate</b>	<b>Poor</b>	<b>Average</b>
% of survey farms	7	31	55	7	100
Number of ewes per farm	81	242	226	135	214
<b>ENTERPRISE OUTPUT</b>	<b>£ per ewe</b>				
Lambs	146	105	98	66	101
Wool	3	3	2	3	3
Flock replacement	-5	1	-5	-10	-3
<b>TOTAL ENTERPRISE OUTPUT</b>	144	109	96	59	100
<b>Variable Costs</b>					
Concentrates	17	13	17	15	16
Hay, silage, forage and grazing	29	24	25	22	25
Vet, medicines and sundries	16	18	15	14	16
<b>TOTAL VARIABLE COSTS</b>	63	54	57	51	56
<b>GROSS MARGIN</b>	81	55	39	7	44
<b>Gross Margin ( per hectare )</b>	794	571	277	52	358
Price per lamb sold (£)	88	83	79	77	81
Lambing percentage	167	144	142	113	142
Lambs reared per 100 ewes	163	136	134	100	134
Wool per ewe (kg)	2.3	3.6	2.6	2.3	2.9
Wool per kg (p)	131	96	91	115	95
Concentrates per ewe (kg)	64	41	69	60	59
Concentrates price per tonne (£)	268	268	246	257	252
Ewes per hectare	9.78	10.34	7.16	7.26	8.09
Stocking rate (ce per ha)	1.72	1.83	1.46	1.40	1.56
Mortality - ewes %	1.9	3.9	3.8	8.5	4.0
Mortality - lambs per 100 ewes	3.7	7.9	8.1	12.6	8.1

**PIGS - BIRTH TO BACON, 2013/14**  
**(CLASSIFIED BY GROSS MARGIN PER FINISHED PIG)**

	<b>Above</b>	<b>Below</b>	<b>Average</b>
% of survey farms	63	37	100
Number of pigs finished per farm	2,662	1,069	2,065
Number of sows per farm	121	69	102
		<b>£ per pig</b>	
<b>ENTERPRISE OUTPUT</b>	126.93	123.07	126.18
<b>Variable Costs</b>			
Feedingstuffs	84.52	99.65	87.46
Vet. and medicines	3.62	3.38	3.57
Sundries	3.47	3.2	3.41
<b>TOTAL VARIABLE COSTS</b>	91.61	106.23	94.44
<b>GROSS MARGIN</b>	35.32	16.84	31.74
Price of meal equivalent per tonne (£)	289	311	294
Meal equivalent per finished pig (kg)	292	321	298
Litters per sow per year	2.0	1.8	2.0
Live births per litter	12.2	10.6	11.8
Pigs weaned per litter	10.9	9.7	10.6
Pigs weaned per sow per year	21.8	17.5	20.7
Price of finished pig sold (£)	127.99	123.12	127.02
Mortality - suckers %	10.0	9.0	9.8
Mortality - weaners %	2.6	8.2	3.8

## SPRING BARLEY (2013 CROP)

	Excellent	Good	Moderate	Poor	Average
% of survey farms	14	41	33	12	100
Hectares per farm	18.4	19.0	16.6	9.8	17.0
<b>ENTERPRISE OUTPUT</b>					
	<b>£ per hectare</b>				
Grain	966	855	707	531	802
Straw	317	299	198	185	261
<b>TOTAL ENTERPRISE OUTPUT</b>	1,282	1,154	905	717	1,063
<b>Variable Costs</b>					
Seed	82	80	71	81	77
Fertilisers	125	135	155	151	141
Sprays	91	105	86	72	95
Sundries	14	26	23	20	23
<b>TOTAL VARIABLE COSTS</b>	311	346	336	324	336
<b>GROSS MARGIN</b>	972	808	570	393	727
Grain (tonnes per ha)	6.29	5.43	4.62	3.46	5.16
Straw (tonnes per ha)	4.24	3.51	2.95	2.81	3.39
Fertilisers used per hectare (kg)	423	429	491	463	450
Grain per tonne (£)	153	157	153	154	155
Straw per tonne (£)	75	85	67	66	77

## WINTER BARLEY (2013 CROP)

	Above	Below	Average
% of survey farms	47	53	100
Hectares per farm	12.2	14.1	13.2
<b>ENTERPRISE OUTPUT</b>		<b>£ per hectare</b>	
Grain	1,162	941	1,037
Straw	379	294	331
<b>TOTAL ENTERPRISE OUTPUT</b>	<b>1,541</b>	<b>1,235</b>	<b>1,368</b>
<b>Variable Costs</b>			
Seed	74	81	78
Fertilisers	177	199	189
Sprays	140	132	135
Sundries	31	31	31
<b>TOTAL VARIABLE COSTS</b>	<b>422</b>	<b>442</b>	<b>433</b>
<b>GROSS MARGIN</b>	<b>1,119</b>	<b>794</b>	<b>935</b>
Grain (tonnes per ha)	7.45	6.26	6.78
Straw (tonnes per ha)	4.36	4.69	4.55
Fertilisers used per hectare (kg)	609	640	627
Grain per tonne (£)	156	150	153
Straw per tonne (£)	87	63	73



## WINTER WHEAT (2013 CROP)

	Above Average	Below Average	Average
% of survey farms	53	47	100
Hectares per farm	14.5	17.6	15.9
<b>ENTERPRISE OUTPUT</b>		<b>£ per hectare</b>	
Grain	1,495	1,115	1,299
Straw	404	256	328
<b>TOTAL ENTERPRISE OUTPUT</b>	1,899	1,371	1,627
<b>Variable Costs</b>			
Seed	86	96	91
Fertilisers	195	239	218
Sprays	177	186	182
Sundries	57	49	53
<b>TOTAL VARIABLE COSTS</b>	515	570	543
<b>GROSS MARGIN</b>	1,384	801	1,084
Grain (tonnes per ha)	9.05	6.67	7.82
Straw (tonnes per ha)	5.43	3.62	4.49
Fertilisers used per hectare (kg)	731	826	780
Grain per tonne (£)	165	167	166
Straw per tonne (£)	75	71	73

## WARE POTATOES (2013 CROP)

	<b>Above Average</b>	<b>Below Average</b>	<b>Average</b>
% of survey farms	33	67	100
Hectares per farm	8.9	22.4	17.9
<b>ENTERPRISE OUTPUT</b>		<b>£ per hectare</b>	
Current Crop	6,638	3,541	4,052
<b>Variable Costs</b>			
Seed	378	649	604
Fertilisers	439	399	405
Sprays	317	316	316
Contract/Casual Wages	14	246	207
Sundries	186	131	140
<b>TOTAL VARIABLE COSTS</b>	1,333	1,741	1,674
<b>GROSS MARGIN</b>	5,305	1,800	2,379
Yield of ware per hectare (tonnes)	22	32	30
Seed used per hectare (tonnes)	1.41	2.18	2.05
Fertiliser used per hectare (kg)	887	1,074	1,043
Price per tonne sold (£)	304	117	142

## 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<sup>1</sup>

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

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

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

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

- |                                     |  |
|-------------------------------------|--|
| <b>Cereals</b>                      | Farms on which cereals and combinable crops account for more than two-thirds of the total SO.  |
| <b>General cropping</b>             | 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. |
| <b>Horticulture</b>                 | Farms with more than two-thirds of the total SO in horticultural crops (including specialist mushroom growers).  |
| <b>Specialist pigs</b>              | Farms of which pigs account for more than two-thirds of total SO.  |
| <b>Specialist poultry</b>           | Farms on which poultry account for more than two-thirds of total SO.   |
| <b>Dairy</b>                        | Farms on which dairy cows account for more than two-thirds of the total SO.  |
| <b>Cattle &amp; Sheep (LFA)</b>     | 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).  |
| <b>Cattle &amp; Sheep (Lowland)</b> | 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).   |
| <b>Mixed</b>                        | Farms that have no dominant enterprise and do not fit into the above categories.   |
| <b>Other types</b>                  | Farms that specialise in enterprises which do not fit the definitions of mainstream agricultural activities. For the most part this category is made up of specialist horse farms plus other farms that are unclassified.  |

### A4.3 Other Terms

**Weighted sample averages** are calculated for each type of farm by weighting the sample data within each size group according to the distribution of farm businesses by size in the June 2010 Agricultural Census. Data, where given, for individual size groups within farm types are simple sample averages.

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

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

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

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

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

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

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

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

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

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

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

**Fertilisers:** Expenditure on fertilisers and lime.

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

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

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

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

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

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

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

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

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

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

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

**Cash income** is receipts less expenditure.

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

### **Valuations**

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

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

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

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

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

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

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

## A4.4 Standard Labour Requirements

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

	<b>Item</b>	<b>Unit</b>	<b>Standard Labour Requirement (hours)</b>	<b>Units per 1900 hours</b>
Crops	Cereals	ha	<b>30</b>	<b>63</b>
	Oilseeds	ha	<b>22.5</b>	<b>84</b>
	Potatoes	ha	<b>135</b>	<b>14</b>
	Out door vegetables	ha	<b>150</b>	<b>12.7</b>
	Fruit	ha	<b>450</b>	<b>4.2</b>
	Ornamentals	ha	<b>1,500</b>	<b>1.3</b>
	Glasshouse vegetables	ha	<b>5,000</b>	<b>0.4</b>
	Other glasshouse	ha	<b>25,000</b>	<b>0.1</b>
	Mushrooms	house	<b>1,050</b>	<b>1.8</b>
	Setaside	ha	<b>1.5</b>	<b>1,267</b>
	Forage crops	ha	<b>9</b>	<b>211</b>
	Grass	ha	<b>6</b>	<b>317</b>
	Rough grazing	ha	<b>2.25</b>	<b>844</b>
Cattle	Dairy cows	head	<b>39</b>	<b>49</b>
	Beef cows	head	<b>12</b>	<b>158</b>
	Other cattle	head	<b>9</b>	<b>211</b>
Sheep	Ewes and rams: Lowland	head	<b>5.2</b>	<b>365</b>
	Ewes and rams: LFA	head	<b>4.2</b>	<b>452</b>
	Other sheep: Lowland	head	<b>3.3</b>	<b>576</b>
	Other sheep: LFA	head	<b>2.6</b>	<b>730</b>
Pigs	Sows and gilts	head	<b>16</b>	<b>119</b>
	Piglets	head	<b>1.0</b>	<b>1,900</b>
	Other pigs	head	<b>1.3</b>	<b>1,462</b>
Poultry	Laying hens	head	<b>0.17</b>	<b>11,176</b>
	Pullets	head	<b>0.12</b>	<b>15,833</b>
	Broilers	head	<b>0.04</b>	<b>47,500</b>
	Turkeys, Ducks etc.	head	<b>0.045</b>	<b>42,222</b>
Other	Horses	head	<b>150</b>	<b>12</b>
	Goats	head	<b>20</b>	<b>95</b>
	Deer	head	<b>15</b>	<b>127</b>



## A4.5 Standard Outputs

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