



# LANDBOUW-ECONOMISCH INSTITUUT

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## FRAMEWORK OF UNIT-COST CALCULATIONS FOR ARABLE CROPS

The costs of production per crop for the different areas are calculated with the help of the results of farm accounts for several consecutive crop-years.

For the arable farm only a limited number of costs can be allocated directly to the separate crops. They concern the costs of sowing-seed and plants, the N-manuring and the costs of well-defined contractor's work.

The normalization of these means of production is executed per crop.

For most elements of cost, such as labour, horses, tractors and machinery etc., only the amounts in the whole farm are known. The calculation of these costs of production for each crop separately is effectuated by allocating the total amounts of the cost-elements to the separate crops.

This allocation of costs takes place per farm and per crop-year by means of "distribution-keys", taken from the typical-farms for each area.

Further, for the allocation of the costs of labour and pulling power supplementary data of more recent date are used. These data are taken from the labour records of a number of farms in the areas in question.

Additional resources in allocating costs are the data available per farm about the organization, such as cropping scheme, livestock, and the working method for each crop.

As to the allocation of the different elements of costs per farm distinction can be made among the following "distribution-keys":

- a. The cost of labour, pulling power, and machinery and tools are each allocated to the different crops by help of ratios, based on cost proportions under normal circumstances;
- b. The allocation of phosphates - and potash manuring by ratios which are based on withdrawal-standards;
- c. The allocation of the general costs of the farm, e.g. rent, in proportion to the acreages of the cultivated crops.

Judging the calculated costs of production it is important to take into consideration that the evaluation of certain costs and returns is based on an agreement between the Ministry of Agriculture and the Farmers' Organization.

It concerns factors which are connected with the agricultural policy.

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