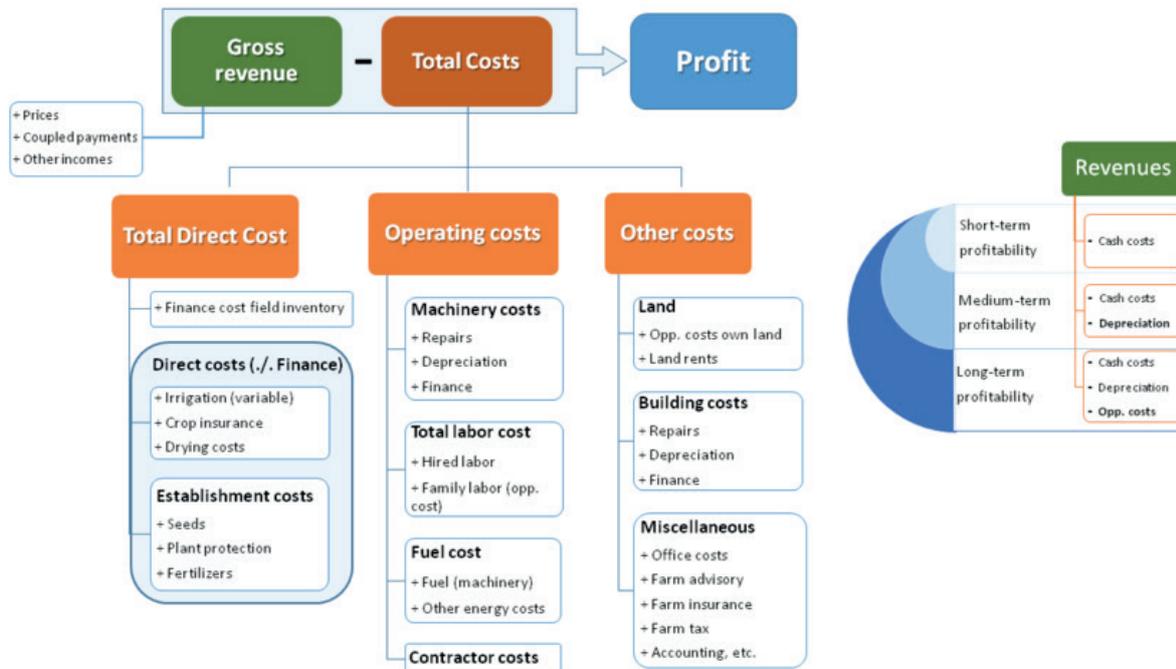


Structure of cost and profit calculation at farm level



This diagram presents the calculation structure linking farm revenues, cost components, and profitability indicators. Gross revenue includes market receipts and other income sources, from which total costs are subtracted to determine profit. Total costs are divided into three main categories: **direct costs** (e.g., inputs, irrigation, crop insurance), **operating costs** (e.g., machinery, labour, fuel, contractor services), and **other costs** (e.g., land, buildings, and

miscellaneous expenses). Each category includes both cash and non-cash elements such as depreciation, financing costs, and opportunity costs for owned production factors. The framework also connects these cost components to different profitability measures – short-term, medium-term, and long-term – illustrating how successive inclusion of non-cash and opportunity costs refines the assessment of farm profitability.