



## Farm Business Income by type of farm in England, 2018/19

Data on farm business incomes are used to monitor and evaluate Government and EU policies and to inform wider research into the economic performance, productivity and competitiveness of the agricultural industry. The data are widely used by the industry for benchmarking and are provided to the EU as part of the Farm Accountancy Data Network (FADN).

This release provides survey results of Farm Business Income for 2018/19 covering the **2018 harvest** and including the 2018 Basic Payment (which is included within total farm output and therefore contributes to Farm Business Income). These results replace the forecast estimates published on 28 February 2019. All figures are for March/February years. A time series showing this and other measures of income can be found [here](#).

*Due to the correction of a data error the average Farm Business Income on dairy farms was revised from £73,700 to £79,700 on the 21st November 2019. Linked to this, fixed costs on dairy farms have decreased and the average Basic Payment on this type of farm now accounts for 39 percent of Farm Business Income rather than 42 percent (page 5). The average Farm Business Income for all farms (Table 1) was revised from £49,700 to £50,400. The publication date of Farm Accounts in England was also updated to the 13<sup>th</sup> December reflecting Government Statistical Service policy to avoid publishing on a national polling day. There were no other changes to the previously published figures.*

### Key results

- In 2018/19, average Farm Business Income was lower for dairy, grazing livestock, both lowland and those in Less Favoured Areas (LFA), pig and poultry farms. The weather was a key influencing factor for incomes across farm types; a very cold, late spring and extremely hot, dry summer.
- The weather conditions led to reduced yields on cereal and general cropping farms although these were mitigated by higher prices for some crops, particularly cereals. The average income for these farm types increased by 8 percent and 22 percent respectively.
- On dairy farms, lower average income was driven by higher input costs, particularly feed influenced by the lack of grazed forage due to the weather conditions and increased cereal prices. This more than offset a 7 percent increase in output from milk.
- Notable increases to feed costs were also a major influence on average incomes for grazing livestock farms, which fell by 39 percent for lowland farms and 42 percent for those in the LFA.

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- The average Basic Payment across all farm types was £27,300, virtually no change on 2017. In recent years the reduced strength of the pound increased payment rates and helped drive up income for some farm types. However, in 2018 the payment reflected the very similar Euro / Sterling exchange rates in the September of each year (2017 and 2018) when the payment rates are determined.

A more detailed analysis of the results will be published on 13 December 2019 in Farm Accounts in England see <https://www.gov.uk/government/collections/farm-business-survey>. Forecasts of income by farm type for the year ending February 2020 (covering the 2019 harvest) will be published in February 2020.

## SUMMARY BY FARM TYPE



£67,300



**Cereals** Slightly higher crop output despite reduced yields, increase primarily driven by higher cereal prices. Both variable and fixed costs fell slightly. The Basic Payment decreased while diversified income remained little changed compared to 2017/18.



£106,400



**General cropping** Challenging weather led to reduced yields, particularly for potatoes, sugar beet and field beans. These were largely offset by rises to crop price. Small increases to both variable and fixed costs, particularly fertilisers, casual labour and machinery.



£79,700



**Dairy** Increased input costs driven by substantial rises for feed and higher labour and machinery costs. These more than offset a smaller increase to output from milk (driven by rises in both production and price).



£12,500



**Grazing livestock (lowland)** Higher costs only partially offset by a rise in agricultural output which was buoyed by increased crop output. A rise in income from diversified activities primarily from food processing / retailing and recreation.



£15,500



**Grazing livestock (LFA)** Lower average prices for store cattle, ewes and ewe hogs contributed to fall in agricultural output. Both variable and fixed costs rose but agri-environment payments, an important source of income for this type of farm, fell.



£45,500



**Mixed** Higher output from crops and livestock together with small increases to agri-environment payments and diversification activity were only partially offset by increased costs, notably for feed, machinery running costs and land and property costs.



£52,100



**Horticulture** Agricultural output saw little change. Increases in output for some crops offset decreases to others, notably top and soft fruit and outdoor vegetables. Costs went down slightly. Diversified output, an importance source of revenue on these farms, decreased.



£29,600



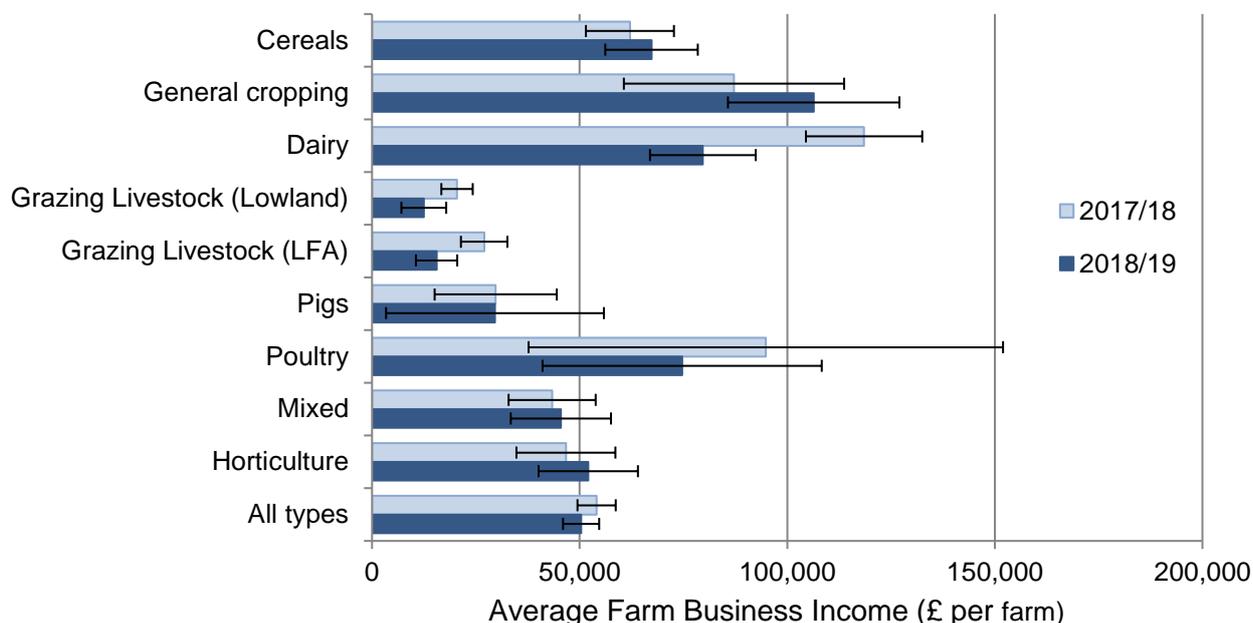
**Pig and Poultry** Details of results for pig and poultry farms are not presented here due to the small sample sizes of these farm types. The data are easily influenced by changes in the sample composition so results are uncertain and should be treated with caution due to their wide confidence intervals. See pages 6 and 10 for more details.



£74,700



Figure 1: Average Farm Business Income (£ per farm) by farm type, with 95% confidence intervals, England 2017/18 and 2018/19



The 95% confidence limits are shown as ranges around the averages. For more guidance on how to interpret these results, please see [Accuracy and reliability of results](#) in the Technical Note at the end of this Notice.

### Detailed results



On **cereal farms**, average Farm Business Income increased by 8 percent in 2018/19 to £67,300 (Table 1). Despite reduced yields due to the cold, late spring and the hot dry summer total crop output increased by 1 percent, driven primarily by increases to cereal prices; the result of global weather conditions raising concerns of a reduced harvest. Variable costs fell by 3 percent, with particular decreases in fertilisers and crop protection. Fixed costs fell by 1 percent. Overall, cereal farms achieved a positive return on their agricultural activities of £10,200 (Figure 3) compared to £1,700 in 2017/18. The Basic Payment, while remaining a major income source, fell by 6 percent to £36,400 in 2018/19, reflecting a decrease in average farmed area. Average income from diversified activities changed little compared to 2017/18, accounting for just over a quarter of total Farm Business Income.



Average Farm Business Income on **general cropping farms** increased by 22 percent to £106,400 (Table 1). As with cereal farms, the challenging weather conditions reduced yields, particularly for potatoes, sugar beet and field beans. However, the lower yields were offset by price rises (most notably for potatoes, peas and field beans) resulting in an increase in a total rise in crop output of 12 percent compared to 2017/18. Agricultural costs, variable and fixed, both rose by 3 percent. For variable costs increases to fertilisers, casual labour and contract costs contributed most to the rise, while the main drivers for fixed costs were machinery costs and rent. On average there was a positive return of £38,900 from the agricultural cost centre (Figure 3) compared to £16,900 in 2017/18. The average Basic Payment went up by 3 percent while the average income from agri-environment activities nearly halved compared to 2017/18.



On **dairy farms**, average Farm Business Income fell by a third to £79,700 (Table 1) in 2018/19 with increased costs a key driver. Variable costs rose by 16 percent driven primarily by substantial increases to purchased feed and fodder which rose by 22 percent. This is the knock on impact from the higher cereal prices and increased feed required during the very cold spring and summer drought. Fixed costs went up by 16 percent, most markedly for labour and machinery. In comparison, output from milk and milk products rose by 7 percent driven by a small increase in production (reflecting an increase in milk production rather than a rise in dairy cow numbers) and an average milk price of 30.3 pence per litre, 2 percent higher than in 2017/18. It is important to note the wide variation in milk prices with some farmers receiving considerably more or less than the average. The average Basic Payment increased by 7 percent in 2018/19, accounting for 39 percent of Farm Business Income (Figure 3). Income from diversification activities increased by just under a quarter while there was little change to average income from agri-environment activities.

Table 1: Average Farm Business Income per farm (£/farm) <sup>(a)</sup>

Farm Type	2013/14	2014/15	2015/16	2016/17	2017/18 <sup>(b)</sup>	2017/18 <sup>(c)</sup>	2018/19	% Change 2017/18 to 2018/19
<b>At current prices</b>								
Cereals	49,600	45,000	35,500	43,100	64,200	62,100	67,300	8%
General cropping	67,600	52,000	62,600	70,100	93,300	87,200	106,400	22%
Dairy	87,800	83,800	43,900	50,000	119,700	118,500	79,700	-33%
Grazing livestock (Lowland)	15,100	18,500	12,000	16,100	21,900	20,500	12,500	-39%
Grazing livestock (LFA)	14,500	14,600	19,000	27,000	28,300	27,000	15,500	-42%
Specialist pigs	65,200	49,400	21,600	57,800	31,300	29,800	29,600 <sup>(d)</sup>	-1%
Specialist poultry	157,200	126,800	106,700	54,200	96,000	94,800	74,700 <sup>(d)</sup>	-21%
Mixed	29,600	21,600	18,400	28,800	41,800	43,400	45,500	5%
Horticulture	33,900	31,500	34,400	43,800	47,700	46,700	52,100	12%
<b>All types</b>	<b>43,100</b>	<b>39,600</b>	<b>31,600</b>	<b>38,000</b>	<b>56,500</b>	<b>54,100</b>	<b>50,400</b>	<b>-7%</b>
<b>In real terms at 2018/19 prices <sup>(e)</sup></b>								
Cereals	53,800	48,200	37,600	44,700	65,500	63,300	67,300	6%
General cropping	73,400	55,600	66,400	72,700	95,100	88,900	106,400	20%
Dairy	95,300	89,600	46,600	51,800	122,000	120,800	79,700	-34%
Grazing livestock (Lowland)	16,300	19,800	12,800	16,700	22,300	20,900	12,500	-40%
Grazing livestock (LFA)	15,700	15,700	20,100	27,900	28,900	27,500	15,500	-44%
Specialist pigs	70,700	52,900	23,000	59,900	31,900	30,400	29,600 <sup>(d)</sup>	-3%
Specialist poultry	170,500	135,700	113,100	56,100	97,900	96,700	74,700 <sup>(d)</sup>	-23%
Mixed	32,100	23,100	19,500	29,800	42,600	44,200	45,500	3%
Horticulture	36,800	33,700	36,400	45,300	48,600	47,600	52,100	9%
<b>All types</b>	<b>46,700</b>	<b>42,400</b>	<b>33,500</b>	<b>39,400</b>	<b>57,600</b>	<b>55,100</b>	<b>50,400</b>	<b>-9%</b>

(a) Rounded to the nearest 100, years ending at end of February.

(b) Farm typology based on 2010 standard output coefficients.

(c) Farm typology based on 2013 standard output coefficients.

(d) The sample sizes for specialist pig and poultry farms are relatively small with average incomes subject to greater variation. A few new specialist pig farms entered the FBS sample in 2018/19 and are very influential. Further details on the impact of these farms can be found on page 10. In previous years there was a similar situation with specialist poultry, but in 2018/19 there were no very influential poultry farms in the sample.

(e) Uses GDP deflator



On **lowland grazing livestock farms** average income fell by 39 percent to £12,500 (Table 1). Increased costs for both purchased and home grown fodder were a major contributing factor driving a rise in variable costs of nearly a quarter. Fixed costs also went up, most notably for machinery. These increases were only partially offset by a 5 percent rise in agricultural output which was buoyed by a rise in crop output, particularly for by-products, forage and cultivations. Revenue from sheep and cattle remained at a similar level to 2017/18; store cattle prices were on average lower than the previous year and while prices for finished cattle and lambs started the period strongly they returned to more typical levels as the year progressed. This farm type again failed to make a positive return from the agricultural cost centre (Figure 3) with a greater average loss than in 2017/18. Income from diversified activities rose by 14 percent, primarily due to increases in food processing / retailing and recreation. The average Basic Payment was virtually unchanged on the previous year.



For **LFA Grazing Livestock farms** the average income fell by 42 percent to £15,500 between 2017/18 and 2018/19 (Table 1). A fall in agricultural output of 5 percent was largely driven by lower average prices compared to 2017/18, particularly for store cattle, ewes and ewe hogs. For sheep, average stocking numbers per farm also fell, in part reflecting the challenging weather conditions (very cold spring and extremely hot summer). The fall in output was compounded by an increase in overall agricultural costs of 6 percent; for variable costs this was most notable for purchased feed and fodder. Fixed costs rose by 5 percent with increased machinery costs the primary driver. The average Basic Payment decreased very slightly (2 percent). Income from agri-environment schemes, which accounted for two thirds of Farm Business Income on this farm type, fell by 9 percent in 2018/19.



Average Farm Business Income on **Mixed farms** increased by 5 percent to £45,500 in 2018/19. These type of farms reflect the enterprises found in the other more specialised farm types. As for some other farm types, there was a rise in total farm business costs. Both fixed and variable costs were higher, 7 and 16 percent respectively, with particular increases for purchased feed, other livestock costs, machinery running costs and land and property costs. These were offset by a 10 percent rise in total Farm Business output driven by higher livestock and crop output, together with a small increase in diversification activities. The average Basic Payment was 3 percent lower than in 2017/18. Whilst there was an increase in Farm Business Income, on average mixed farms failed to generate a positive return on their farming activities in 2018/19 (Figure 3), although losses were reduced compared to 2017/18.



On **Horticulture farms** average income increased by 12 percent in 2018/19 to £52,100. Overall agricultural output remained at a similar level to 2017/18. Increased output from glasshouse and outdoor flowers and nursery stock, potatoes and glasshouse vegetables offset decreases for other crops, most notably top and soft fruit and outdoor vegetables. Agricultural costs fell by 1 percent with increases to labour and general farming costs tempered by reductions for crop protection and other crop costs. Income from diversified activities, an important source of revenue for horticulture farms, fell by 15 percent compared to the previous year and accounted for a quarter of total Farm Business Income (Figure 3).

The FBS sample for both specialist pigs and specialist poultry farms are relatively small, meaning that individual farms can have a large influence on the results. Results for specialist pig farms including and excluding outliers can be found in the annex [here](#).



Average income on **specialist pig farms** was broadly unchanged in 2018/19 at £29,600 (Table 1). It is important to note that this figure is largely due to a change in the sample composition due to new farms joining the survey. The average income for farms that were in the sample in both of the last two years halved from £34,100 to £16,600 in 2018/19. In 2018/19, agricultural output was 35 percent higher reflecting increased pig output. For those pig farms who also grow crops there were notable rises to output for wheat, barley, crop by-products, forage and cultivations. The increase in output was largely offset by considerably higher agricultural input costs; both fixed and variable costs rose by around 40 percent. Feed accounted for much of the rise in variable costs. In terms of fixed costs, labour, machinery, general farm costs and land and property costs all increased substantially. Whilst Farm Business Income changed little overall, on average pig farms failed to generate a positive return on the agricultural cost centre in 2018/19 (Figure 3).

Note that these changes should be treated with caution because of the small sample size and the wide confidence intervals. Contract rearers are also well represented in the FBS sample, dampening the full impact of price decreases.

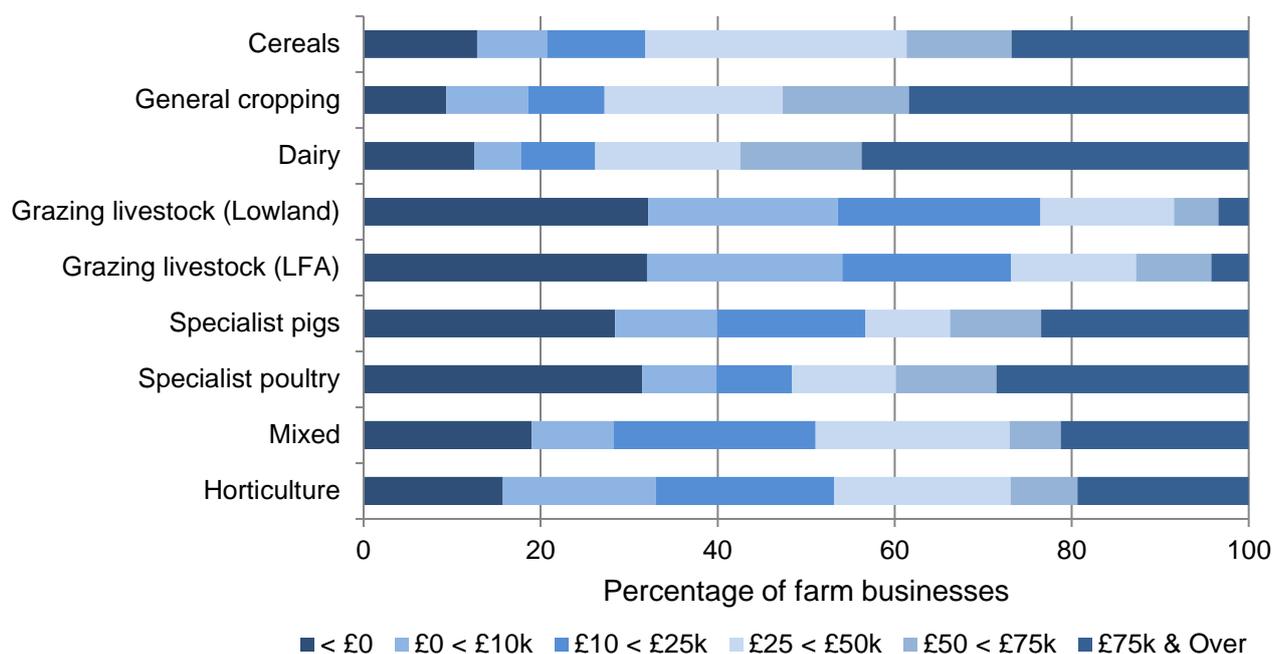


For **specialist poultry farms** average income fell by 21 percent compared to 2017/18 to £74,700 (Table 1). While there was little change to output from eggs compared to 2017/18, for meat there was a 6 percent decrease; closing valuations for poultry meat were lower than opening valuations, a factor in reducing enterprise output. The reduction in livestock output was partially offset by a rise in revenue from crops, particularly wheat, influenced by increases to price and the average area. Unlike most other farms types, both variable and fixed costs reduced, notably for veterinary fees and medicines, other livestock costs, rent and depreciation of buildings. Income from diversification activities was unchanged on the previous year, accounting for just over a third of the average income for this type of farm.

Note that these changes for specialist poultry farms should be treated with caution because of the small sample size and the range of enterprises covered by this farm type. For example, there are farms producing broilers, turkeys, ducks and geese and for laying flocks the systems cover organic and conventional free range enterprises as well as enriched cages. In previous years, the average income for specialist poultry farms had been influenced by an extremely large farm; in 2018/19 it is no longer influential.

For more information about the weighting and reliability of results please see the annex and technical note at the end of this release.

Figure 2: Distribution of Farm Business Income by farm type <sup>(a)</sup>, 2018/19



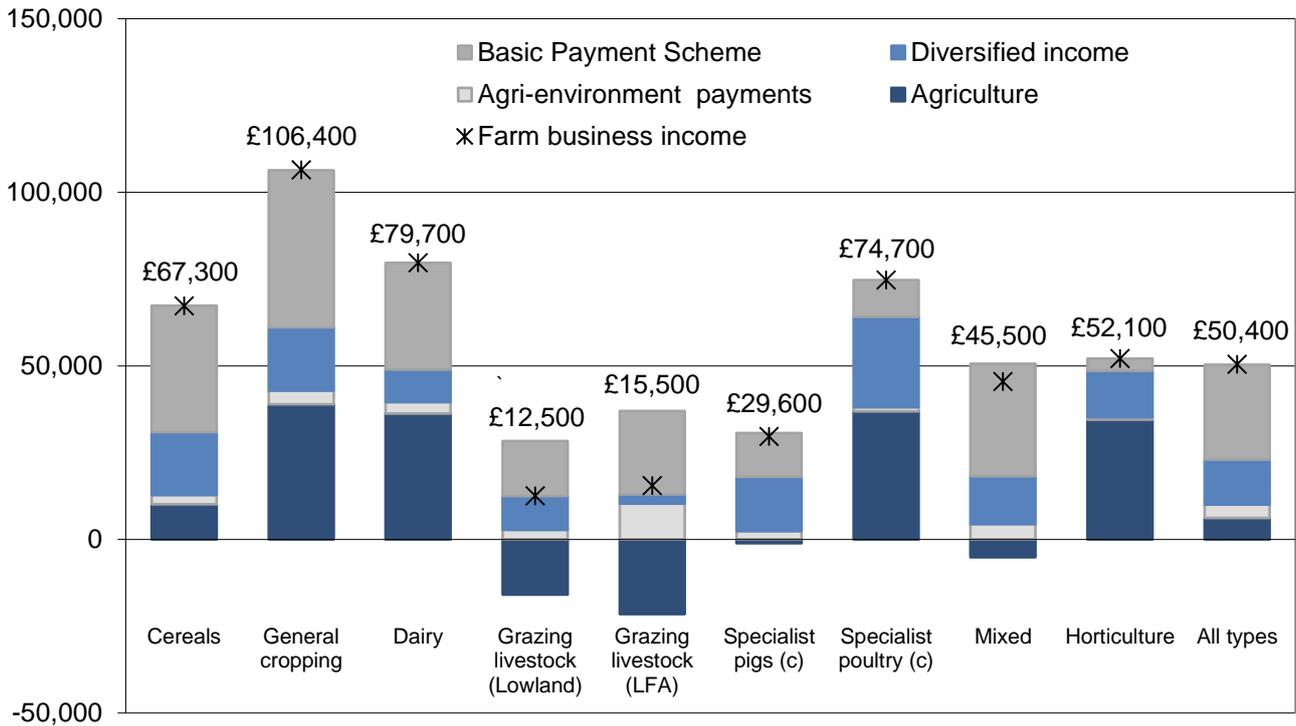
(a) The sample sizes for specialist pig and poultry farms are relatively small with average incomes subject to greater variation. A few new specialist pig farms entered the FBS sample in 2018/19 and are very influential. Further details on the impact of these farms can be found on page 10. In previous years there was a similar situation with specialist poultry, but in 2018/19 there were no very influential poultry farms in the sample.

The average values mask the considerable variability in incomes at the farm level, both between and within farm types (Figure 2). In 2018/19, at least 10 percent of each farm type except general cropping failed to make a profit. For general cropping farms, 9 percent failed to make a profit. At 44 percent of farms, dairy had the largest proportion of farms with an income of more than £75,000. The variation in incomes within farm type reflects different production costs between farms which are influenced by a number of factors such as size, location, soil type etc.

More detailed analysis of farm incomes based on farm performance is provided in Farm Accounts in England. This will be updated with 2018/19 data on 13 December 2019 and published [here](#).

Figure 3: Farm Business Income <sup>(a)</sup> by Cost Centre <sup>(b)</sup> 2018/19

Average income £ per farm



(a) Rounded to the nearest hundred.

(b) The data shown are the averages across all farms in the sample including those that do not have any income within some of the cost centres. The resulting Farm Business Income is shown by the star and in text at the top of each column.

(c) The sample sizes for specialist pig and poultry farms are relatively small with average incomes subject to greater variation. A few new specialist pig farms entered the FBS sample in 2018/19 and are very influential. Further details on the impact of these farms can be found on page 10. In previous years there was a similar situation with specialist poultry, but in 2018/19 there were no very influential poultry farms in the sample.

Farm Business Income can be broken down by cost centre (Figure 3) to illustrate the relative contribution to average total Farm Business Income (shown as text at the top of each column). The underlying data can be found in Table 2 in the annex to this Notice. Further information about the methodology adopted for allocating costs across cost centres can be found in Appendix 3 of [Farm Accounts in England](#).

In 2018/19, the Basic Payment accounted for a significant proportion of average Farm Business Income for all farm types apart from horticulture and poultry farms. Across all farm types, the average Basic Payment received was approximately £27,300; virtually no change on the previous year. This reflects the minimal change seen in the Euro / Sterling exchange rates between September 2017 and 2018 when the exchanged rates for these payments were determined.

On average, cereal, general cropping, dairy, specialist poultry and horticulture farms generated a positive return from farming activities in 2018/19. For LFA grazing livestock farms income from agri-environmental activities are particularly important, contributing around £10,300 per farm (66 percent) of the average Farm Business Income. These activities are of less significance for the other farm types, particularly the intensive livestock and horticulture sectors.

## Annex

Table 2 provides the data used in Figure 3 in the main body of this release.

Table 2 Farm Business Income by Farm Type and Cost Centre (£ per farm) <sup>(a)</sup>

Farm Type	Agriculture	Agri-environment payments	Diversified income	Basic Payment Scheme	Farm business income
Cereals	10,200	2,600	18,200	36,400	67,300
General cropping	38,900	4,000	18,100	45,300	106,400
Dairy	36,300	3,300	9,400	30,700	79,700
Grazing livestock (Lowland)	-15,800	2,800	9,700	15,800	12,500
Grazing livestock (LFA)	-21,500	10,300	2,700	24,000	15,500
Specialist pigs <sup>(c)</sup>	-1,000	2,400	15,700	12,600	29,600
Specialist poultry <sup>(c)</sup>	36,900	1,200	26,000	10,600	74,700
Mixed	-5,100	4,500	13,700	32,400	45,500
Horticulture	34,500	800	13,300	3,500	52,100
All types	6,200	3,900	13,000	27,300	50,400

(a) Figures may not appear to add to totals due to rounding

(b) The sample sizes for specialist pig and poultry farms are relatively small with average incomes subject to greater variation. A few new specialist pig farms entered the FBS sample in 2018/19 and are very influential. Further details on the impact of these farms can be found on page 10. In previous years there was a similar situation with specialist poultry, but in 2018/19 there were no very influential poultry farms in the sample.

### Availability of results

All Defra statistical notices can be viewed on the Gov.UK site at:

<https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs/about/statistics>.

Results from the Farm Business Survey including time series in spreadsheet format can be found at:

<https://www.gov.uk/government/collections/farm-business-survey>

### Revisions

Forecasts of Farm Business Income for 2018/19 were published in February 2019. These forecasts were based on information available in early February 2019 for prices, animal populations, marketings, crop areas, yields and input costs and were intended as a broad indication of how incomes for each farm type were expected to move compared with 2017/18.

The outturns published here are based on actual survey results from the Farm Business Survey 2018/19. For cereals, grazing livestock lowland, specialist poultry and mixed farms the forecasts were within the confidence intervals of the survey outturns.

The average income for general cropping farms was higher than predicted. This was largely due to an under estimation of the value of output from crops, cattle and sheep. For dairy farms average income was lower than expected due to an under-estimation of outputs (3 percent) and of inputs (7 percent) while the income for the Basic Payment and diversified activities were higher than anticipated.

On LFA lowland grazing livestock farms average incomes were lower than predicted, due mainly to an over estimation of agri-environment payments and output.

Both outputs and, to a lesser extent, costs were under-estimated for specialist pig farms. Variation from the forecast was also partly due to changes in the composition of the small sample size for this farm type. More details can be found [here](#).

**Table 3 Revisions to Farm Business Income by Type of Farm in England**

Average farm business income per farm (£/farm)

Farm Type	2018/19		95% Confidence Limits	Change
	February 2019 Forecast	October 2019 Outturn <sup>(a)</sup>		
<b>At current prices</b>				
Cereals	73,000	67,300	+/- 11,100	-5,700
General cropping	85,000	106,400	+/- 20,600	21,400
Dairy	93,000	79,700	+/- 12,725	-13,300
Grazing livestock (Lowland)	16,000	12,500	+/- 5,400	-3,500
Grazing livestock (LFA)	24,000	15,500	+/- 5,000	-8,500
Specialist pigs <sup>(b)</sup>	1,000	29,600	+/- 26,200	28,600
Specialist poultry <sup>(b)</sup>	53,000	74,700	+/- 33,600	21,700
Mixed	38,000	45,500	+/- 12,100	7,500

(a) Rounded to the nearest hundred.

(b) The sample sizes for specialist pig and poultry farms are relatively small with average incomes subject to greater variation. A few new specialist pig farms entered the FBS sample in 2018/19 and are very influential. Further details on the impact of these farms can be found on page 10. In previous years there was a similar situation with specialist poultry, but in 2018/19 there were no very influential poultry farms in the sample.

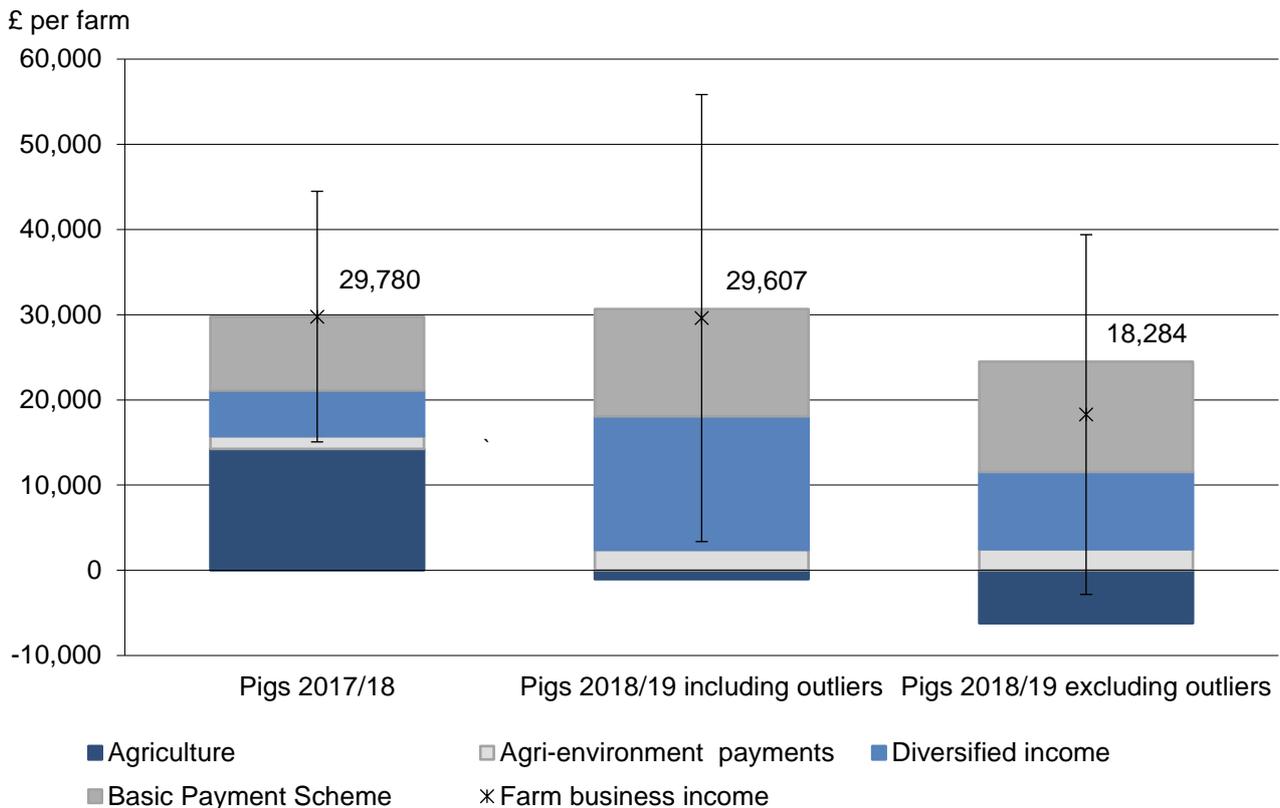
### *Specialist pigs Influential points*

The FBS sample for specialist pig farms is relatively small, meaning that individual farms can have a large influence on the results. Table 4 and Figure 4 show the results for this farm type including and excluding a few influential farms that joined the survey in 2018/19, and the impact these farms have within each cost centre.

**Table 4: Average Farm Business Income for Pigs farms, including and excluding outlier**

	Agriculture	Agri- environment payments	Diversified income	Basic Payment Scheme	Farm business income	95% CI for FBI
Pigs 2017/18	14,300	1,500	5,400	8,700	29,800	14,700
Pigs 2018/19 including outliers	-1,000	2,401	15,700	12,600	29,600	26,200
Pigs 2018/19 excluding outliers	-6,200	2,500	9,100	12,900	18,300	21,100

Figure 4: Average Farm Business Income by Cost Centre for Specialist pig farms, including and excluding outliers



### User engagement

As part of our ongoing commitment to compliance with the Code of Practice for Official Statistics (<http://www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html>), we wish to strengthen our engagement with users of these statistics and better understand the use made of them and the types of decisions that they inform. Consequently, we invite users to make contact to advise us how the statistics are, or might be used and how we might engage users better. Feedback on this statistical release and enquiries about these statistics are also welcome.

Please contact Alison Wray at [fbs.queries@defra.gov.uk](mailto:fbs.queries@defra.gov.uk).

### National Statistics status

National Statistics status means that our statistics meet the highest standards of trustworthiness, quality and public value, and it is our responsibility to maintain compliance with these standards. The statistics last underwent a full assessment [[Assessment Report 271 Statistics on Agriculture](#)] against the [Code of Practice for Statistics](#) in 2014. Since the last review by the Office for Statistics Regulation, we have continued to comply with the Code of Practice for Statistics across the FBS.

## Technical Note

### *Survey coverage and weighting*

The Farm Business Survey (FBS) is an annual survey providing information on the financial position and physical and economic performance of commercial farm businesses in England. It covers all types of farming in all regions of the country and includes owner-occupied, tenanted and mixed tenure farms. The FBS only includes farm businesses with a Standard Output of at least €25,000, based on activity recorded in the previous June Survey of Agriculture and Horticulture. In 2018, this accounted for approximately 57,100 farm businesses. In 2016 the sample was reduced from 1800 to 1750 farm businesses. Data are collected by face to face interviews with farmers, conducted by highly trained researchers.

Each record is given a weight to make the sample representative of the population. Initial weights are applied to the FBS records based on the inverse sampling fraction. These weights are then adjusted by calibrating certain totals to match published totals from other surveys<sup>1</sup> so that they can be used to produce unbiased estimators of a number of different target variables. More detailed information about the Farm Business Survey and the data collected can be found at <https://www.gov.uk/farm-business-survey-technical-notes-and-guidance>

### *Farm type classification*

From 2018/19, the classification of farms is based on 2013 standard output coefficients. 2017/18 results have been recalculated and presented in this release to allow comparability between 2017/18 and 2018/19. The results published here are therefore not directly comparable with those published in earlier years which are based on previous standard output coefficients.

### *Farm Business Income*

For non corporate businesses, Farm Business Income represents the financial return to all unpaid labour (farmers and spouses, non-principal partners and their spouses and family workers) and on all their capital invested in the farm business, including land and buildings. For corporate businesses it represents the financial return on the shareholders capital invested in the farm business.

In essence Farm Business Income is the same as *Net Profit*, which as a standard financial accounting measure of income is used widely within and outside agriculture. Using the term *Farm Business Income* rather than *Net Profit*, gives an indication of the measure's farm management accounting rather than financial accounting origins, accurately describes its composition and is intuitively recognisable to users as a measure of farm income.

### *Accuracy and reliability of the results*

In common with other statistical surveys, the published estimates of income from the Farm Business Survey are subject to sampling error, as we are not measuring the whole population.

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<sup>1</sup> Further information on calibration weighting can be found in the 'Statistical Issues' document here <https://www.gov.uk/guidance/farm-business-survey-technical-notes-and-guidance>

We show error bars based on 95% confidence intervals for mean Farm Business Income as a measure of uncertainty that may apply to the estimated means. These signify that we are 95% confident that this range contains the true value. They are calculated as the standard errors multiplied by 1.96 to give the 95% confidence interval.

- The smaller range of possible values that could apply to grazing livestock, dairy, cereal and mixed farms types reflects relatively large sample sizes and the relative homogeneity of these sectors in terms of the range of income levels across the farms in each of these types.
- The range of values that could apply to general cropping and horticulture farm types reflect a more diverse range of agricultural activities, e.g. general cropping is made up of arable crop and field scale vegetable producers, while horticulture includes specialist fruit producers, hardy nursery stock and fruit and vegetables grown in glasshouses. As a result these sectors are less homogeneous in terms of income levels.
- Confidence limits for specialist pig and poultry farms are affected by the relatively small samples and a huge range in scale of production. Figure 1 shows the presence of farms at opposite ends of the income scale.

For the Farm Business Survey, the confidence limits shown are appropriate for comparing groups within the same year only; they should not be used for comparing with previous years since they do not allow for the fact that many of the same farms will have contributed to the Farm Business Survey in both years.

Standard errors (and therefore confidence intervals) only give an indication of the sampling error. They do not reflect any other sources of survey errors, such as non-response bias.

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