

What's the answer to the cashflow problem?

As the farming crisis continues and we hear reports of farmers "hanging on by the skin of their teeth" our attention is again focused more keenly on the finance of the business. Whilst a business may not be damaged in the short term by lack of profits, lack of cash can, and probably will, have a devastating effect on the short term future of the farm.

Basic Payment Scheme payments have now largely been received but in reality this money may already have been promised to creditors several times over. Diversification is, of course, a potential solution but there may not be time enough to develop alternative income streams.

Sell Live & Thrive

It would appear that for the foreseeable future, low farm-gate prices will continue to put the squeeze on the farm's cashflow which is critical to any business. As a livestock auctioneer I have always believed in the "Sell Live & Thrive" slogan, but never more so than now. There is little doubt that a livestock market is nearer to the perfect economic model than any other business in respect of willing seller and willing buyer of a known commodity on any given day. Compared to dead weight sales, where there are often unseen deductions based on subject carcass quality, the livestock market allows total transparency and clarity on prices achieved.

Furthermore, whilst direct sales to the abattoir might be more convenient, the key advantages of being in the market place are missed. The livestock market allows the seller a unique opportunity to match stock to individual buyers' requirements thereby maximising the



value of the beast. When it comes to cash, the market plays its trump card. Not only can the seller be sure of prompt payment, he can be confident of payment as all transactions are backed by an insurance policy. Few businesses can boast this claim.

AMC Flexible Facility

However, selling live might not be an option or sufficient to sustain the business through a difficult trading period and increasing the

overdraft is sometimes not possible or cost effective.

The Agricultural Mortgage Corporation (AMC) offers a Flexible Facility which is a five-year rolling credit facility that can provide a degree of assurance around working capital or project finance. In many ways it is preferable to, and can replace, the bank overdraft facility as once agreed the terms are set for the five-year period. Key features include:

- Minimum loan £30,000 with no maximum
- Borrow over 5 years
- Clear interest monthly or pay a £5 minimum
- Single setting up fee and competitive annual facility charge
- Variable interest rates, charged only on amount borrowed
- Funds can be drawn down as and when needed
- Repayments scheduled to suit individual business needs.

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BREXIT or Not?

The gloves are off and the date has been set. On 23rd June we will decide whether we stay in the EU or not. Both sides are looking to discredit the other and we now quit the phoney war and move to an intensive debate over the next three and a half months about what it will really mean.

I feel sure that David Cameron wishes he had never been forced into the manifesto pledge to offer a referendum, but win or lose there is no going back now. The campaign to stay in is, not surprisingly, resisting calls for the Government to map out what a vote to go might actually look like. David Eustice, the Farm Minister, has already outlined his vision for UK agriculture outside the EU. He claims that it will be built on a £2 billion support policy with simplified support and streamlined cross-compliance. However DEFRA's own statistics indicate that we currently spend about 50% more at £3 billion on direct and indirect farm support. The net cost of being a member of the EU is about £10 million, which sounds enormous but is only about 0.15% of our GDP.

On the other side of the debate Liz Truss, the DEFRA Secretary, claims that to leave the EU would be a "leap in the dark" for farmers and threatens 60% of our worldwide farming exports which go to the EU. She is in favour of continued reform from within. Overall we have a massive trading deficit with the rest of the EU and they send much more to us than we do to them.

The Irish are terrified of the prospect of the UK leaving the EU. Ireland forms the only land border with the EU, currently completely open. The Republic exports a massive amount of beef and other farm products to the UK and we are their biggest trading partner. Whilst the UK is only about 60% self-sufficient in food, Eire produces about five times more beef than it can consume at home.

The decision we make in June will impact not only on ourselves, but also on our trading partners, our allies and our detractors. We would not presume to suggest the correct course to follow, but we would say this: listen carefully to the debate, sort the truth from the sound bites and make your own balanced decision based on the facts and not on knee-jerk reactions.

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Featured Properties



28.6 Acres, Nr Market Drayton

Offers Invited

28.6 Acres | currently in grass but equally suited to arable rotation | formed in one parcel | soil classification of Salop (fine loam over clay) | relatively flat | two access points onto public highway (A529) | mature hedgerow boundaries | registered for Basic Payment Scheme | entitlements included in sale | viewing by appointment |



Littlehales Place, Nr Newport

Price on Application

EPC D

4 bedroom cottage | paddocks and woodland 5.35 Acres in total | well equipped kitchen with attached conservatory | dining room | delightful sitting room and study with feature-dividing log burner | floodlit manège | heated swimming pool and sauna | boot room | 4 bespoke stables including feed and tack room plus wash box & stores |



Moorside Farm, Market Drayton

Guide: £395,000

EPC E

4 bedroom detached farmhouse | wealth of lovely period features | quiet secluded location | kitchen with dining area | conservatory | large sitting room with inglenook fireplace | 4.46 Acres total | paddocks, gardens and outbuildings | would make lovely family home | considerable scope for improvement | spacious country house |



Lodge Cottage, Nr Market Drayton

Guide: £375,000

EPC F

Renovated 2 bedroom cottage | permission for further extension | exceptional and far-reaching views across rolling countryside | adjoining paddock available by negotiation | peaceful, rural location | inviting sitting room with log-burning stove | near to thriving towns | bedrooms enhanced with period fireplaces | extensively modernised |



Greenacres, Nr Whitmore

Price on Application

EPC F

3 bedroom detached bungalow | elevated position | lovely location | far-reaching views across open farmland | entrance hall | dining room | sitting room | kitchen | utility room | office/snug | family bathroom | stunning gardens with charming cottage-style borders and lawns | subject to an Agricultural Occupancy Restriction |

