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Summer 2020

THE INSIDE TRACK

How to manage your business and cashflow during challenging times

Making the Agricultural Bill work for you and your business

Taking time to reflect of the first half of an extraordinary year

The Inside Track

Kate Bell (née Bailey) BA(Hons) ACA ACCA
Director
kate.bell@evolutionabs.co.uk

Welcome to our Summer newsletter.

These past few months have been like no other we have seen, and have bought with them new experiences that we are all learning from.

Our team have been working from home since lockdown began and have adapted positively to their new working life. Working life, for us all, will be quite different for the foreseeable future. Being in lockdown has given many of us time to reflect on certain aspects of our working lives, and Dan has written an interesting article on succession and long term planning which may resonate with you at the moment.

Although much of the farming community have just carried on and are pleased to have had some rain, others were hit harder by the Covid-19 crisis, particularly at the beginning. We are hopeful that we are seeing an upward trend in prices and new routines becoming common practice. With this in mind, Margaret has written an article with a few helpful tips on managing cashflow in these uncertain times and Alice reminds us of some of the funding available to assist businesses.

As always, we are here to help in any way we can so please do contact us if you have any questions, queries or just need help putting things into perspective.

Stay safe and look after each other.

Kate

Manage your cash through challenging times

Margaret Scarrott FCCA BIAC
Director
margaret.scarrott@evolutionabs.co.uk

Well it's been quite a year and the one constant has been change and challenges, and this will continue to be so. All changes will have an impact on your business and bring with them challenges to manage and, most importantly, opportunities to look for. Thinking forward and trying to anticipate the effect on your business, and in particular on the flow of cash is key to being well placed to make the most of opportunities when they arise and deal with challenges. Cashflow is the lifeblood of business and you need to plan to make your businesses resilient and flexible. Dan is talking about the importance of planning forward for growth and succession and I am focussing on some tools to help you manage cash to keep your businesses strong. Here are some things to think about right now.

- **Plan, plan, plan!** – Think about the opportunities and challenges that may occur and plan how you will deal with them, and involve all the key team members in doing so, so they are all committed. If you have a flexible plan you will be better placed to face the challenges. No one really anticipated Covid-19 but the really strong businesses immediately assessed the likely affect and had a plan to deal with a number of eventualities and acted quickly. What other opportunities and challenges have you got in the immediate, medium and long-term? Family members wanting to join the business and those who do not, diversification projects, dry summer, labour, health status, to name but a few – think about how you will deal with them so you are ready to act at the right time.

- **Develop a good relationship with your bank manager,** so that they know you and your business well and has confidence in you and your track record. Do cashflows and updates so you know your business and share them with your manager – with up to date software and accurate recording this is simple and keeps them in the picture. If you don't know how to do this on your software, then we can show you.

- **In challenging times it is especially important that you keep your eyes on your long-term profitability** and plans and focus your cashflow spending on the core business that generates your income, so that you are better placed when it eases. Capital expenditure can often wait but small compromises in management of livestock and the core business can have long-term effects on profitability, and ultimately cashflow.

- **Look at the opportunities that are likely to arise** and be ready – talk about it within the family and think about the longterm and be building towards it in an orderly way. Planning will enable you to have the right business structure, the right people in the right place, succession plans in place, property and business ownership properly structured so that you are ready to make the most of opportunities. Many of these things take years to plan and build and if you are ready you will be stronger and more resilient. They can also have major effects on cashflow.

- **Plan for personal expenditure** and ensure that you can match requirements with funding so that you do not put unexpected pressure on the business. Major items like housing, school fees, gifts, need to be planned for.

- **Loan structures are important.** Consider taking loans over a slightly longer period so that you do not put pressure on your overdraft when prices dip. Ensure you are able to deal with the repayments in a bad year. Look at loan terms so that you can repay some debt in a good year if you want to without penalty. Consider fixing some debt if you want certainty and are unlikely to be able to repay early.

- **Review capital expenditure critically especially in challenging times.** Businesses are likely to be more cyclical and capital expenditure is likely to be focussed when you have made the profits to fund it. Again, plan capital expenditure on buildings with the long-term in mind and try not to block future opportunities – use grants where they are available to help you achieve your plans and to future proof your business.

- **Look at other funding if you have short term pressure.** You could currently think about:-

~ Delay your July tax payments until January – but don't forget that they will still be due then
~ Understand your business interruption insurance and ensure that you have claimed if you can
~ Take loan and mortgage holidays for 3 months
~ Talk to creditors about stretching terms slightly
~ Finance any essential capital expenditure on HP to protect your overdraft facility.

If you would like help with any of the aspects I have mentioned then we are always happy to help.

Grazing & Forage Lessons from 2018

At the time of writing, we were in the midst of an extended spell of dry weather, so looking back to the lessons learned from the 2018 drought is a timely and worthwhile exercise. Tom Malleson from the Sherborne office of the Farm Consultancy Group discusses options to help you manage your forage through this period.

Measuring and monitoring grass growth and covers has never been more important. By measuring, you will know if your current grazing area is growing sufficient grass to meet demand. You will also be able to plan grazing and cutting better once rain arrives.

- Retail paddocks previously earmarked for cutting, and strip graze.
- Consider pre-mowing high covers that have been shut up for silage ONLY if increased water demand and can be met. Pre-mown grass is drier and will increase the volume of water cows drink.
- Increase supplementation early to ensure grasscovers are not driven down too far, i.e. 1650 to 1700 kgDM/ha. Average Farm Cover should not drop below 2000 kgDM/ha.
- Increase the length of the grazing rotation.
- Grazing on a short round (or worse, set stocking) will result in the plant being grazed before it has time to replenish its energy reserves. Beware of increasing beyond a 30-day round as grass quality will deteriorate.

Following the above points will prepare the farm to "bounce back" once rain arrives. There were huge differences in recovery rates between farms after the 2018 drought broke, with those who managed grass well seeing a much quicker recovery.

If grazing does become short, then consideration should also be given to the following points:

- **Assess supplement purchases on quality first, then price comparing feeds on a tonne of dry matter basis, not actual price.** Maintaining body condition and fertility is more important than maintaining output, so that when the drought ends cows are in a strong position to make up for some of the extra costs of feeding.

- **Take advice on the formulation of rations.** Cake formulations may need to change, depending on the analysis of other supplements. Consider feeding forage in the paddock, to avoid the costs of slurry handling, and the risk of injury on dry, slippery yards. Pick a field that you plan to reseed and use it as a sacrifice paddock to feed in if necessary.

- **Do not neglect your replacement heifers**, **these are the future of the herd.** Continue to ensure they receive high quality nutrition. If necessary, use leader/follower grazing system so that younger livestock have the best quality grass.

- **Cull unproductive cows.** Most herds can remove the bottom 10% of their cows and not notice a huge difference in business profitability as the remaining 90% performance increases, with the extra space created.

- **If it suits your system dry cows off early**, **e.g. all year round or autumn calving herds.** Be careful with extended dry cow periods that cows do not get over fat, which will cause calving difficulties and impact on the following lactation.

- **Ensure your water supply is sufficient to meet the increased demand of hot weather.** Cows require at least 60 litres of water per day plus 0.9 litres per litre of milk produced, so for a 30 litre cow she can drink 87 litres of water per day in normal weather conditions. It is essential to ensure sufficient trough space and water pressure to keep up with this demand, 10 cows drinking together can consume 140 litres per minute.

- **Calculate and update silage stocks and requirements regularly to ensure you have sufficient for both buffer feeding and the winter period.** Responding early to shortfalls can save money if prices rise during a drought season. As a guide the fresh weight density of a 30% DM silage is 615 kg/m3. If you know the size of your clamps you can calculate their capacity. Do not forget to make an allowance for wastage at 5-10%

Don't act on gut feel and rely on hope to solve a deficit. Measure forage stocks and make decisions based on rational assumptions. Contact Tom at
Tel: 07496 760242 or tommalleson@fcgagric.com
for an independent view on your options.

The £1m Entrepreneurs' Relief Lifetime Limit

Victoria Paley ACA CTA
Senior Tax Manager
Victoria.Paley@evolutionabs.co.uk

The lifetime limit for Entrepreneurs' Relief (ER), which is being renamed to Business Asset Disposal Relief, was reduced from £10m to £1m in Rishi Sunak's first Budget. ER reduces the rate of Capital Gains Tax (CGT) on qualifying capital gains from the main rate of 20% to a relatively low rate of 10%.

From 11 March 2020, an individual will therefore only benefit from ER on a total of £1m of capital gains during their lifetime. Following these changes ER can only deliver a tax saving of £100,000, compared to a tax saving of up to £1m before the limit was reduced.

Farm disposals and development land sales often trigger capital gains significantly in excess of £1m. Careful planning can be taken to minimize the tax liability, but the appropriate planning will depend on what the sales proceeds will be used for. If, for example, the proceeds are to be reinvested in qualifying replacement assets, such as the acquisition of farm land, Roll Over Relief could apply to fully relieve the capital gain such that no CGT is payable on the disposal.

Where the proceeds will not be reinvested in qualifying trading assets and cash gifts are to be made to family members, as part of succession planning consideration should be given to the potential to transfer land into joint names with those family members ahead of the sale.

The capital gain on the sale would then be shared between the landowners and providing the relevant conditions are satisfied, each individual would benefit from their own ER lifetime limit of £1m, creating a potential tax saving of up to £100,000 per landowner.

Example: Mr Brown owns 30 acres of development which is to create a capital gain of £3m on its sale. Mr Brown would like to use the proceeds to fund his early retirement and to gift cash to his two children to help them make property investments.

Where Mr Brown is eligible for ER, the CGT liability would be circa £500,000 on the sale of the land. If, however, Mr Brown transferred the land into joint names with his two children ahead of the sale and they each satisfied the ER conditions, the CGT liability could be reduced to £300,000. This represents an additional £200,000 ER saving due to the two additional landowners.

For ER to apply to each individual, they must satisfy stringent conditions, some of which need to be satisfied for a minimum period of 2 years before the sale. It is therefore important to take advice well in advance of a potential sale to utilise the tax reliefs available.

Each situation is of course different and the optimum use of tax reliefs will depend on each individuals' specific circumstances. Please do contact us if you would like us to help you consider your own situation.

Re-Emerging and Re-Imagining

Dan Knight
Director
Dan.Knight@evolutionabs.co.uk

The events that have unfolded across the globe over recent months have been a fascinating experience. The universal need to instigate immediate and fundamental change to everyday life has perhaps reminded us that nothing should be taken for granted. It has also been an exciting demonstration of our ability to adapt and explore new ways of doing things.

Many rural businesses have been impacted, particularly those with diversified enterprises in the tourism and hospitality sectors and those that rely on seasonal migrant labour. A number of businesses are therefore understandably focusing their thinking on managing short term cash flow and in a number of cases, looking to "get back to normal" as soon as possible. But is that the best thing, to "go back to normal"?

We have collectively experienced a large scale existential threat. Lock down restrictions and social distancing measures have perhaps resulted in a lot of people reflecting on the broader picture. What is it we want for the rest of our lives, and for the lives of our children and their children? A number of business owners are asking themselves what they want for and from their business going forwards.

As we re-emerge from the current situation there is an opportunity to re-imagine our businesses and prepare for the future. A lot has happened, and there is more to follow over the coming years, that will impact how rural businesses operate.

There has been an abrupt change in consumer trends, with many more people choosing to buy from local shops. Some of this may be to avoid "running the gauntlet" at the local supermarket under social distancing measures. Some of this may be an increased awareness of the risks of relying on global, or even national, supply chains and the need to support local businesses if we are to be self-sufficient.

As a family we have enjoyed doorstep deliveries from a local dairy over the last couple of months, who kindly drop off fresh milk, yoghurt and fruit juices three times per week. The milk is a little more expensive than it might be at the supermarket, but the nostalgia that is triggered when I have to "debate" with my young son over who gets the cream when we open a bottle is more than worth it and we have no objection paying a fair price for quality produce. Handing back and recycling the glass bottles is also satisfying, as it helps us reduce plastic use as a household and contribute a little more to overall sustainability.

Understanding why people have chosen to buy locally is important and will help us understand what we should do so that as many of these additional customers continue the new trend and do not "go back to normal". A point perhaps made even more important due to the contents of the Agriculture Bill, Brexit and the potential impact on the UK food industry.

As well as where to buy food, a key choice for consumers is where to take their holidays. There will no doubt be an increase in "staycations" later this summer, and possibly next summer, whilst there is a nervousness about getting back on a plane or travelling across borders. Another opportunity is therefore identifying what can be done to ensure that as many of those travellers return in future for repeat stays, or other stays within the UK. Rural Britain is, after all, a treasure-trove of natural wonders and a beautiful space to relax, unwind and enjoy time with loved-ones. Something which many of us are craving for after the last few months.

Whether it is customers in the farm shop, or visitors in the holiday lodges, it would be very sensible to talk with them to understand what they have valued and what would bring them back again. Although financial data and statistics can be helpful, they are historic. It is often qualitative data and listening to consumer opinion that gives us the greatest insight into how a business needs to adapt and evolve to remain successful.

Turning back to sustainability, it was interesting to read an article recently about the impact lock down is having on global emissions. It is estimated that while the restrictions were most stringent, national emissions fell on average by 25% across the developed world. It is anticipated that by the end of the year emissions could be reduced by between 4% - 7%. What is perhaps more thought provoking is that in order to be on track to achieve the ambition of the Paris Agreement, global emissions need to fall by 7.6% every year between 2020 and 2030, highlighting the scale of the challenge ahead of us. It also perhaps highlights the need for radical, rather than incremental, change.

The experiences of lock down and its impact on emissions may help the agricultural industry to rebut unfounded challenges from environmental campaigners regarding agriculture's impact on global warming. It will be important for the organisations representing the industry to harness the opportunity to showcase the positive contribution that UK farming can offer climate change initiatives and improve consumer understanding and influence their perception.

As consumer trends continue to evolve and the political landscape changes, technological advancement occurs at an ever more rapid rate. This also has an impact on how businesses operate and even the business models that they follow. For many years farming businesses have been getting bigger, investing in larger and more expensive machinery capable of increased outputs per hour, to spread machinery and labour costs over a greater area.

As machines become autonomous and do not require an operator, in the traditional sense, will this change? Will compact, autonomous machines enable sustainable margins to be made from smaller holdings that deliver a specific, high quality product to a more accessible and growing niche market?

If this sounds farfetched, let's consider robotic milking machines. Once upon a time it would have been unthinkable that it might make sense to keep less cows, who would voluntarily visit an automated milking parlour as many times per day as they wished, whilst the labour force, which continue to manage the herd, use the time saved to focus on adding value elsewhere in the business. But there are many examples of where this has happened successfully, and often in combination with diversifying the business with retail or educational enterprises.

Let's also consider the application of other technologies that continue to advance and become more accessible, such as hydroponics and vertical farming. Imagine a system of farming salads whereby you could remove the soil and slugs, the most common themes found in consumer complaints in that market, would that be helpful? Would it make logistics easier and more sustainable if the solar powered building in which the salads were grown was located adjacent to the supermarket distribution centre? We now grow much of our poultry and pork without land, why not salads and possibly other crops?

These things may not be common place next year, but they may be during the tenure of the next generation of farmers and growers.

Succeeding a lifetime's work to the next generation is a major process to undergo for many families. Although tax should not be the primary consideration, due to the capital value of landed businesses, it can sometimes impact on decision making. The Office of Tax Simplification (OTS) recognised this in their second report on Inheritance Tax in July 2019. The recommendations in the report include asking the Government to consider withdrawing the Capital Gains Tax uplift on death where an asset is relieved or exempt from Inheritance Tax, so that there are less tax incentives to hold assets until death. Considering this together with other recommendations in the report, the intention starts to become clear. It would be in the nation's interest for businesses to be passed down earlier, to enable the next generation to invest their energy and enthusiasm confidently and fuel the economy.

Farming businesses have faced a deluge of challenges over the decades and this theme is set to continue. Business owners that are open minded and have the courage to experiment with new ideas will continue to be successful, navigating the challenges that present themselves to seek out opportunities hidden within the disruption to conventional systems and approaches.

There has been a huge amount of information published from many sources of late, setting out what needs to be done by businesses to navigate the current storm. Rather than add to the noise, the objective of this article is different. The intention is to provoke thought, to reflect on what is to come, not what is now. From thought comes conversation, an extremely powerful tool to fuel curiosity and explore what could be.

So there is one recommendation having read through the above. Engage in conversation with those you trust, family, friends and advisers, and start to contemplate what your business will need to look like in future to continue to achieve the family's objectives.

COVID-19 Update

Alice Gay ACCA ACIPP
Manager
alice.gay@evolutionabs.co.uk

Guidance is constantly changing with the schemes on offer to support businesses and individuals throughout this period of uncertainty. I have outlined some of the key updates below, however if you have any concerns or worries please do not hesitate to contact us and we will be more than happy to help wherever we can.

Job Retention Scheme

The scheme will close to new entrants from 30 June and from this point onwards employers will only be able to furlough employees who have been furloughed for a full three-week period prior to 30 June. From the 1 July, employers can bring employees back to work who have previously been furloughed. They can be bought back to work for any amount of time and any shift pattern whilst the employer can still claim the Job Retention Scheme grant for their normal hours not worked.

Coronavirus Statutory Sick Pay Rebate Scheme

The online service to enable you to claim back any statutory sick pay paid to employees who have been off work due to coronavirus is now available online. The repayment will cover up to 2 weeks of statutory sick pay starting from the first qualifying day of sickness if an employee is unable to work due to having coronavirus symptoms or if they are self-isolating or shielding due to coronavirus.

Self Employed Income Support Scheme

The scheme allows self employed workers to claim a taxable grant worth 80% of their average monthly profits capped at £7,500 in total. If you are eligible and want to claim the first grant, you must make your claim online to HMRC on or before 13 July 2020. As agents we are unable to submit this claim on your behalf, but we can assist with how to access it online. It has been announced that the scheme is being extended and you will be able to make a claim for a second and final grant in August. If you are eligible for the second and final phase of the grant it will be worth 70% of your average monthly trading profits, paid in a single instalment covering an additional 3 months of profits and capped at a total of £6,750. Ellie writes more about the possible clawback of this grant.

Business Bounce Back Loan

The scheme helps small and medium-sized business borrow between £2,000 and up to 25% of their turnover, capped at a maximum loan of £50,000. The government guarantees 100% of the loan and there will not be any fees or interest to pay for the first 12 months, after this the interest rate will be 2.5% per year. This is open to the majority of UK businesses who were established before 1 March 2020 and have been adversely impacted from coronavirus.

Local Authority Discretionary Grants Fund

Small and micro businesses which have fixed property costs and are not eligible for the Small Business Grant Fund or the Retail, Hospitality and Leisure Grant Fund may be eligible for this scheme. This is aimed at businesses based in England with relatively high ongoing fixed property related costs who have not been eligible for any other support and you should apply by contacting your local authority.

Coronavirus Grant Clawback

Ellie Hammett ACCA
Manager
ellie.hammett@evolutionabs.co.uk

The government backed aid and grants, namely the Job Retention Scheme and the Self Employed Income Support Scheme, announced at the beginning of lockdown, provided some welcome relief to businesses and the self employed. Three months down the line and pay outs are said to have run into the billions, so there had to have been some plan in place as to how some of this was going to be recovered.

We already know that the grant money is taxable, and is to be included on claimants 2020/21 self assessment tax return, and will be subject to income tax and National Insurance. However, what if HM Revenue and Customs (HMRC) consider that the grant has been incorrectly claimed?

Well, at the time of printing, the government were consulting with HMRC on amending the Finance Act to recover these grants by way of a 100% tax charge, which will be calculated along with any tax liability due on any profits generated for the 2020/21 tax year. Any repayment of the grant will be due by 31 January 2022.

This consultation is still in the draft stages, and we will update you as soon as we have further information. What is important to remember is that these grants should only be claimed if the Coronavirus crisis has had an adverse effect on your business and your business income, so you need to think carefully before claiming to avoid a large tax charge.

The Importance of Partnership Agreements

Victoria Paley ACA CTA
Senior Tax Manager
Victoria.Paley@evolutionabs.co.uk

Having been under a number of different pressures over recent months, many of us are thinking about our families and longer term plans for the future. There has been a lot of reflection about succession and how to enable the process of handing down wealth to the next generation to be as smooth and clear as possible. Part of this is ensuring that the documentation in place governing the business relationship is clear and comprehensive and that Wills are up to date.

For partnership businesses a formal Partnership Agreement is central to this, setting out the key terms on which the partnership is based, including each partners' entitlement to profits and to the capital value of the partnership's assets.

In many family farming partnerships, the farm typically constitutes the majority of the family wealth and is often held as an asset of the partnership. Even a modest farm may be worth a significant amount so it is important to understand who is entitled to the value of the farm so that succession plans can be prepared confidently.

Under the Partnership Act 1890, all partners are entitled to share equally in the capital and profits of the business, subject to any agreement to the contrary. Without clear agreement specifying otherwise, many partnership arrangements may pass part of the capital value of the farm to incoming partners unintentionally, which can complicate matters unnecessarily when it comes to handing those assets down.

Many parents bring their children into the family business as partners to give them clarity and responsibility and as recognition of their contribution to the business. As the new partners may still be relatively young and not yet settled, initially it may not be a sensible time for them to acquire an interest in the capital value of the farm. Without clear agreement that the new partners are not entitled to the value of the farm, they may inadvertently acquire an interest in the farm where it is held as an asset of the partnership. Whilst this may not necessarily create an immediate issue, it has the potential to cause problems in the future.

With the pressures of farming and working closely with family members, the industry is unfortunately experiencing an increasing number of unexpected family fall outs, which sometimes result in a partner leaving the business. Where the outgoing partner has entitlement to the capital value of the farm, they are often due a substantial sum of money on their retirement from the partnership. Where cash isn't readily available this may require the sale of land or other assets and could stifle the business for several years.

With these increasing pressures there is also a rising number of divorce cases. It is possible that a partner's share in the capital value of the farm is taken into account in the settlement.

Another potential issue is that there may be assets, such as let cottages, held by the partnership but earmarked to be left to non-farming children. Where parents have unintentionally passed an interest in these assets to the farming children on their admission to the partnership, those children could prevent those assets from being removed from the partnership and transferred to their siblings.

A carefully drafted Partnership Agreement can prevent such issues from arising. It would clearly set out each partners' entitlement to profits and the capital value of the farm, together with other key matters such as the payments terms for an outgoing partner's interest in the business and decision making mechanisms.

Whilst a Partnership Agreement may seem like an unnecessary expense whilst the partners enjoy a positive working relationship, we strongly encourage all partnerships to consider having an agreement drawn up. Without a comprehensive agreement in place, the legal costs that may be incurred on a future partnership dispute could cost thousands, in addition to the potential unexpected cost of paying an outgoing partner a share of the market value of the farm.

A Partnership Agreement can be considered as a type of insurance policy. For a modest upfront cost, the farm can be protected for many years to come from unforeseen, unintended and unnecessary complications.

At Evolution ABS, we work closely with our clients and their solicitor to ensure a suitable Partnership Agreement is prepared with the primary aim of creating a robust rulebook, but also ensuring it supports the family's tax position and access to tax reliefs to assist the succession process.

If you do not have a Partnership Agreement, or if you have one that has not been reviewed for a number of years, it would be a very worthwhile and proactive exercise to explore how the family and business position could be clarified and optimised. If it would be useful to discuss this please do not hesitate to contact us and we would be pleased to help.

The Importance of a Power of Attorney

Rosie Bennett ACCA
Manager
rosie.bennett@evolutionabs.co.uk

A Lasting Power of Attorney (LPA) is advised protection **for succession planning**, however for many it can be a useful tool for tax planning too.

If an individual has not made a lifetime gift of the farm to a member of their family as part of a succession plan already, to achieve full Inheritance Tax (IHT) reliefs in the form of Business Property Relief (BPR) and Agricultural Property Relief (APR), the individual should be actively trading at the date of death. In addition, in an ideal world, they should be in occupation of the farmhouse to be able to claim APR on the dwelling.

An LPA can help with such claims should the individual lose capacity, as they can legally represent the individual on such matters. For example, if a daughter were appointed as her father's LPA, if she is in occupation of the farmhouse to assist with care, this could help with an APR claim on the farmhouse. Also, by ensuring that the daughter is involved in financial and business decisions for the farm, essentially as an extension of her father, it is deemed that he is effectively still farming up to his death, which will strengthen any claims for BPR and APR on the farming assets as a whole.

The LPA can also be a practical tool for lifetime gifting, with current concerns over the future availability of APR, making the most of current reliefs on lifetime gifts such as holdover relief and rollover relief may be beneficial to many families.

When someone loses capacity, the family often believes that no further lifetime gifts can be undertaken, but with an LPA families can continue to plan for the future and decide how is best to pass on the family assets, although this can be a sensitive area and it is recommended to make use of letters of wishes during this process and involve a solicitor where necessary.

With so many uncertainties, it is a good time to think ahead and sort out the housekeeping of an LPA.

Consider the Opportunities of the Agricultural Bill

Kate Bell (née Bailey) BA(Hons) ACA ACCA
Director
kate.bell@evolutionabs.co.uk

In recent weeks, the Agricultural Bill has been in the press due to the potential changes on imported food standards, with local Conservative MP, Neil Parish, seeking to protect UK farmers. Although this is incredibly important, I wanted to take the chance to remind us of what else is included in the land mark bill, due to be passed this summer.

The Bill has the power to implement new approaches and provides many short-term challenges to businesses. These challenges include understanding how to secure new contracts within the supply chain or future payments after BPS is phased out, reminding us how key business plans will be in building a resilient business. Hopefully planning is already underway for the phasing out of the current direct payments with the largest claimants losing 25% next year. Consideration should be given to how businesses can adapt to prosper without this funding. Such plans may include entering into Countryside Stewardship Schemes (CSS) in preparation for the Environment Land Management Schemes (ELMS).

As well as short term challenges there are also long-term opportunities. To utilise these opportunities, businesses need to understand the risks, exposure and impacts that will be felt. It maybe that businesses are looking at continuing to strengthen their core enterprise to protect financial performance, or reflecting upon the diversification and synergies available.

The increased transparency requirements should give farmers more clout within the supply chains with an increase in contracts available. Greater use of contracts should allow farmers to forward plan and a competitive trade advantages may be achieved with the new livestock traceability service. The new services offer multiple benefits for the livestock industry providing more information to the consumer, together with a practical and efficient method to record movements, births and deaths.

In order to consider the overall impact and how the available grants may unlock opportunities, it would be worth businesses reviewing:

- Current farming practices - Many good farming practices can improve the long-term profitability of the business, thus increasing its sustainability.
- Sustainability strategy
- Budgets and forecasts for future viability
- Resilience analysis, including supply chain risks. The common phrase “public money for public goods” is essential to remember as it is at the core of the Bill and will mean farming efficiently whilst also improving the environment.

The tax environment should also be considered when reviewing your farming practices and potential investments. Although it should never be the driving factor, advice should always be sought when considering material changes to any business whether it be to maximise the tax relief (capital allowances) available on the cost (net of grants) of slurry stores, plant and machinery and aspects of intensive housing, or the VAT status of a business, or impact on capital taxes.

To summarise, food production and the countryside will look very different in 5 or 10 year’s time and with this comes a number of risks and opportunities across the agricultural sector. Although some businesses may be at risk of failure with the withdrawal of BPS, others should be well placed to benefit from the changes and will thrive.

Evolution News

Becky Derrick BA(Hons)
Office Manager
becky.derrick@evolutionabs.co.uk

Record breaking temperatures in early spring brought the promise of a fine year ahead and there was plenty to celebrate amongst the team at Evolution. Congratulations to manager Callum and his wife Becky, who welcomed their first child in February. Callum only took a short paternity leave break when his daughter was born, so has been lucky to be able to use lockdown as an opportunity to spend lots more quality time with his new family.

In March we welcomed Georgia Thompson to Evolution ABS. Georgia has joined the admin team on a full-time basis and is a great addition to the team, having gained valuable experience during her time working for a local estate agent.

Since lockdown was announced on 23rd March, like many businesses across the UK, staff have been working remotely at home. We pride ourselves in our team spirit at Evolution; being a small practice we all know each other well and our success over the last 10 years is in no small part down to the family feel engendered amongst staff. Isolation has therefore thrown up a whole raft of new challenges and we have had to come up with new ways to keep in touch and boost moral during this challenging time.

The inaugural Evolution Quiz Night was held via Zoom back in April and is now an almost weekly event, its success possible largely down to the winner receiving cake!! Our 'pedal for pints' Friday cycle ride has been replaced with the Evo Strava Club, where staff can record their latest cycling achievements and compete safely from home. We also keep in touch daily with staff and have managed remote office meetings via video conferencing. All these activities have helped keep staff feeling united and motivated and we would thoroughly recommend them. Please do not hesitate to get in touch if you would like help setting up similar activities with your employees, family, or friends.

The office remains closed for the foreseeable future, with staff continuing to work remotely in shifts.

The telephone is however manned, so if you your query is urgent and cannot wait for an email response from your manager, please call us on 01823 462908.

Team Member Insight

Spring was also a particularly busy time for another member of the team. In February Rosie Bennett who is currently Junior Vice Chair of Devon Federation of Young Farmers Clubs, was awarded Senior Member of the Year, for East Devon Group of Young Farmers. Rosie has played a very active role in Young Farmers through her involvement with Honiton YFC over more than a decade. In March she went on to represent Devon at the South West Area finals and was delighted to come away with the trophy. Congratulations Rosie! We all wish her the very best of luck in the National finals coming up in August; watch this space..........