



Regular News from our Specialist Agriculture Team

WINTER 2017

Farming Scotland Conference – Innovations in Farming

The fifteenth annual Farming Scotland Conference will take place on Thursday 8 February 2018 at Carnoustie, Angus, with a focus on innovation and sustainable farming.

As organisers and co-sponsors of the event, along with Bell Ingram, Thorntons and The Royal Bank of Scotland, EQ are delighted to be involved in bringing agriculture sector leaders to Angus to address the conference. The conference will hear about world leading research and innovation which is sure to impact hugely on farming practices in years to come.

John Kinnaird, Scottish Government appointed Farming Champion for Sustainability and past NFUS president, will be followed by Professor Colin Campbell, Chief Executive of the James Hutton Institute.

Kit Franklin from Harper Adams University and Project Lead on the "Hands Free Hectare" project will also address delegates. The Hands Free Hectare project achieved a world first in 2017; planting, tending and harvesting a hectare of

spring barley entirely by autonomous machines, without a human entering the field.

Completing the speaker line-up will be Chris Newenham, Managing Director of Wilkin & Sons Ltd, who operate a large fruit farming enterprise from Tiptree Farms in Essex and include several brands and retail outlets in their operations.

Conference delegates will benefit from the experience and knowledge of these excellent speakers and hear how current and developing farming practices can be utilised on-farm in the future.

To book your place please go to www.farmingscotlandconference.co.uk or contact **Mary Campbell on 01307 474274**. Delegate prices are £70 (including lunch) or £45 (without lunch).

Sporting rates notices

Landowners and managers will have received Valuation Notices for sporting rates for 2017/18, with the first phase of Notices being issued from 2 October 2017 onwards.

The Land Reform (Scotland) Act 2016 reintroduced sporting rates to Scotland after a 22 year absence. 'Return of Information Request' forms were issued towards the end of 2016 to help facilitate the valuation process, but it is widely expected that the appeals process will be used to help ensure that assessments are fair.

Notices are being issued to any holding which has a sporting right potential, irrespective of whether or not that right is exercised and the land is used for sporting activities.

Ratepayers have a six month window following the issue of a Notice during which to submit an appeal and all recipients of Valuation Notices are

encouraged to do so. Even those whose rateable value means that they fall within the current Small Business Bonus scheme, where rateable values of less than £15,000 receive 100% relief, should appeal if the assessment is thought to be excessive. The Small Business Bonus scheme may not be around for ever and also the cumulative effect of other business interests which attract rates, such as renewable energy projects or furnished holiday lets, may push businesses over the threshold to a level where rates are payable.

Advice should be sought from a qualified surveyor in relation to valuations and the rates appeal process.

Family AGM anyone?

In farming it is all too easy to get caught up in the day to day and neglect longer term plans and goals. Many businesses would ultimately find it beneficial to take some time out to assess progress to date and review plans for the future. What is potentially required is a family AGM, possibly facilitated by a trusted adviser. The table below highlights potential issues that should be considered, if not annually, then on a regular basis.

Agenda point	Issues to consider
Financial review	Is the financial performance of the business satisfactory given the resources available, market conditions, risks taken and time input? If not, then what needs to change?
Strategic goals	Where does the business wish to be in 5 to 10 years time? How will this be achieved?
Capital expenditure (capex)	What requirement is there for future investment? What are the expected benefits/payback?
Finance	Is there adequate funding in place to support the future plans of the business? How should this best be structured?
Drawings and taxation	What is the cash requirement for drawings and tax payments? Is the business structured optimally for tax?
Succession	What plans are in place for business succession? Have lifetime gifts, wills and powers of attorney been considered? What provision has been made for non farming children? Is adequate pension provision in place?

The list is by no means exhaustive, but with the start of a new year upon us perhaps now is the time to start planning your future.

Bank borrowing on the up

Figures published in September showed that bank advances to Scottish agriculture in the year to May 2017 increased by £113m to stand at £2.32bn, representing a 5% increase on the previous year, or 3% in real terms after adjusting for inflation. In real terms borrowing is now in excess of the peaks seen in the 1980s.

To put the figures in context, the area of crops and grassland in Scotland extends to 1.91m hectares. Therefore the average level of debt per hectare of productive farmland equates to £1,214/hectare (£491/acre). Average figures will of course mask a wide range of indebtedness between businesses.

There could of course be many reasons for the increase. Ultra low interest rates will encourage new business investment which is entirely logical where the rate of return is greater than the cost of borrowing. Alternatively it could be down to the requirement to fund losses or excess drawings. However, with overall debt levels creeping up, the industry as a whole is becoming more susceptible to further increases in interest rates or other unexpected shock events.



New Modern Limited Duration Tenancies

New regulations laid before the Scottish Parliament mean that, from 30 November 2017, Modern Limited Duration Tenancies (MLDTs) replace Limited Duration Tenancies (LDTs) and it will no longer be possible to create new LDTs.

The new regulations mean that LDTs which existed before 30 November 2017 will continue as LDTs after 30 November 2017. A landlord and tenant could also convert a secure tenancy to an LDT after 30 November 2017 where the parties involved reached agreement to do so prior to 30 November 2017.

The key feature of MLDTs is the minimum duration of 10 years. However, an MLDT may contain a break clause where the tenant is a new entrant. Regulations set out the definition of 'new entrant' for these purposes.

In practice, we did not see a big uptake of LDTs and we don't anticipate seeing a big uptake of MLDTs either. The aim of reforms to tenancy law is to encourage more tenancies and letting of

land, but there is no evidence, amongst our client base, that this is likely to happen.

Landlords or tenants who are or will be affected by these new regulations are encouraged to seek appropriate legal advice on the detailed clauses within the regulations.



Tax payment reminder

Under Self Assessment the balance of any tax due for 2016/17 tax year, along with the first payment on account for 2017/18, falls due on 31 January 2018. If payments are likely to be significant make sure you are aware of the amount so that the tax due can be factored into cash flows. Likewise, if you feel the amount you are having to pay is too much then a review of your tax affairs may be overdue. We are always willing to meet prospective clients on a no cost/obligation basis to explore available options for tax mitigation.



Farming Scotland Conference

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Working with you.

We are always happy to offer free, no obligation, initial consultations, and often act on a consultancy basis only.

For more information on any of the services outlined in this brochure, or to discuss a particular issue with one of our advisers, please contact our Agriculture specialists.



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