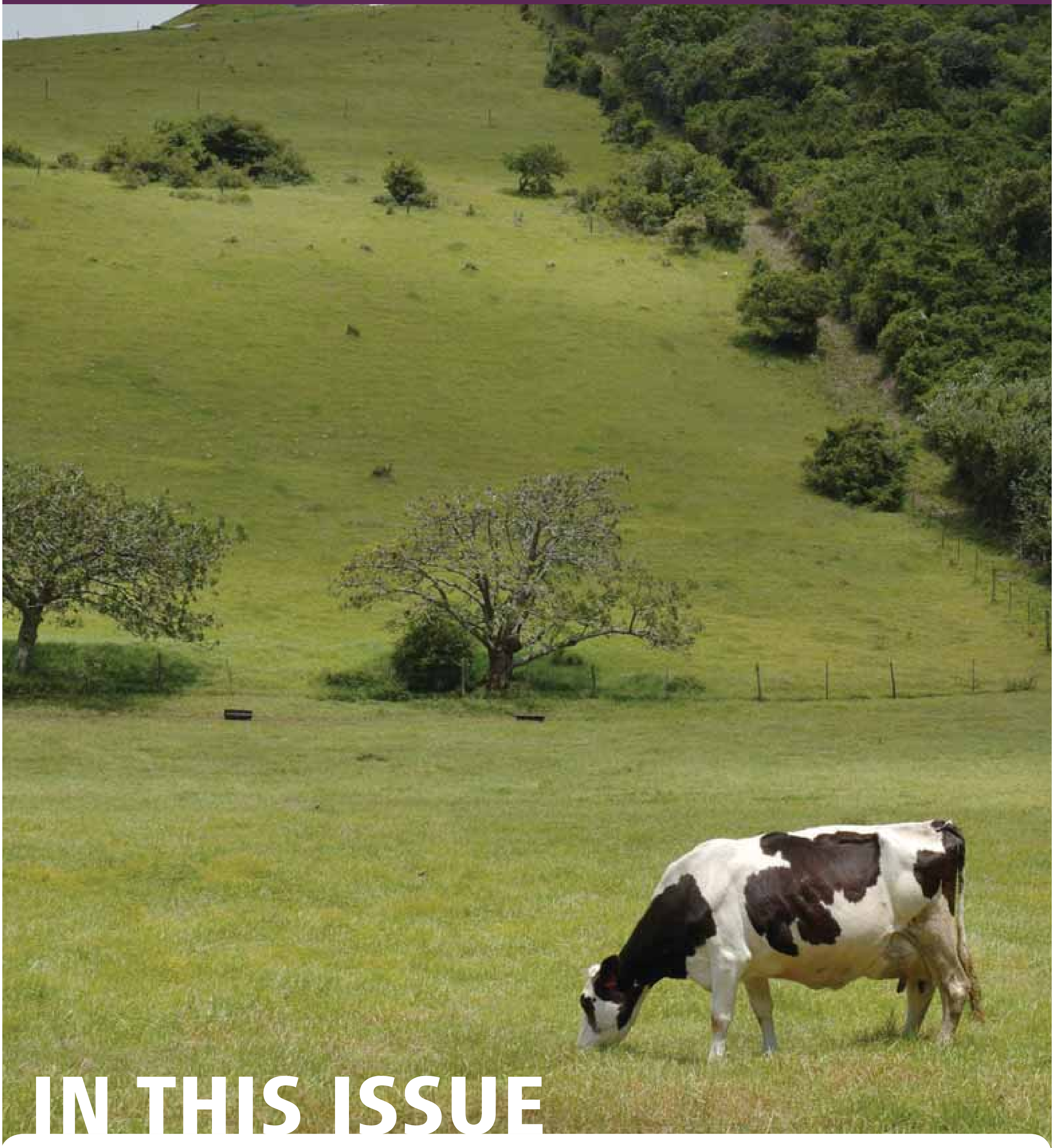
AgriMatters

AIB supporting the Irish Agricultural Industry

AIB

Autumn 2007



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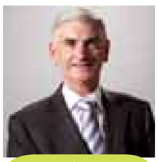

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Welcome to AIB Agri Matters

Michael Dowling, Head of Agri Strategy, AIB

Welcome to the autumn/winter edition of Agri Matters which we are publishing to coincide with the 2007 National Ploughing Championships.

This has been an extraordinary year for tillage and dairy farmers and this is reflected in the review of the year and in the special article on dairy markets. At the same time the beef, pig and sheep markets have been under pressure and this also is reflected here.

The introduction of the single farm payment system is, or should be, forcing beef farmers to take critical decisions about expanding, contracting or exiting their businesses. This is the subject of a specific article.

This edition also includes:
A look at farm succession and the removal of land certificates from circulation
Notes on GM developments and on savings
Photo highlights linked to some AIB agri sponsorships
An up-to-date economic overview

I hope you will find something of interest in the mix.
Finally, we wish success to all associated with the Ploughing Championships and an enjoyable and informative visit to all in attendance.

Michael Dowling
Head of Agri Strategy

GM Developments

The use of GM product in the agri industry, either in production or, more importantly, in animal feed, has become increasingly topical.

It is a political hot potato in Europe where the approval process for GM products is slower and more cautious than in other parts of the world and there is some significant consumer resistance to GM products. Furthermore, the GM issue has the potential to cause serious trade policy difficulties between the US and the EU.

In that context, the growth in the production of GM corn and soya crops (two main animal feed ingredients) in the US in this decade is extremely interesting.

GM Crops

	2000	2007
% of all corn grown	25	73
% of all soya grown	54	91

This information comes from the results of annual surveys by the USDA and shows a similar development in regard to cotton. In some important US States the data shows that over 85% of the corn crop is GM based as are over 90% of soya and cotton crops.

Clearly, the production of GM crops is a growing phenomenon (increasing by 10% to 15% a year) and is not confined to the US. In 2006 about 108 million hectares of GM crops were grown in 22 countries worldwide – close to 40% of the area used for main crops but 66% of the area for soya beans.

Clearly there is a 'greener' approach to this issue at all levels within the EU (although six of the 22 GM growing countries in 2006 were European, the areas sown were very small). But, despite that, the topic will not go away and, indeed, the increasing production of GM feed ingredients globally – and the feed cost rises resulting from the rocketing use of maize for ethanol - will ensure that the questioning about GM production and use will become more, rather than less, intense in the future.

Dairy Set for Strong Growth

By far the most spectacular developments in commodity markets over the past year have been in dairying. Spectacular and unexpected. Less than a year ago, few would have anticipated what happened since then – European butter prices have risen from €2500/tonne to €4050/tonne; European SMP prices from €2000/tonne to €3750. The developments on world markets have been even more dramatic – butter prices up from $1700 to $3500 per tonne (with some spot prices as high as $5000) and SMP up from $2000 to over $5100 per tonne.

In the summer of last year, commentators were talking of European and world prices 'edging up' and of US butter and cheese prices being 'in the doldrums'. Irish processors were anticipating having to cut milk prices again in 2007. As late as December last, we in AGRI MATTERS were predicting that the strong skim market which had developed in the second half of 2006 would be maintained in the New Year but that butter might come under pressure later in the year. The markets have made pessimists of us all. And all this at a time when the EU eliminated all its dairy subsidies.

What has happened? A combination of factors:

- The effect of the surge in demand in the developing world – especially in China – has been much greater than anticipated
- Drought in Australia has severely affected production there
- The diversion of maize to energy production in the US has put pressure on feed prices there which has resulted in upward pressure on milk prices
- Stock levels are at historically low levels

"All of us – producers, processors, retailers and consumers – may have to adjust to a situation that is the reverse of what we have come to expect over much of the last two decades."

The good thing from a producer – if not necessarily a consumer – point of view is that these factors are likely to persist into the medium term at least.

The effect of the changes in market returns over this decade so far, as measured in cents per litre, are set out in the following table.

	August 2000	August 2007
	(c/l)	(c/l)
World Market Returns	26	48
EU Export Refunds	13	-
Total	39	48
EU Market Returns	35	50

These are gross returns (i.e., they do not allow for processing costs) and reflect spot market prices and so, at least for 2007, are likely to be somewhat above contractual prices. Nevertheless, they give a reasonable indication of how market returns have developed over the past seven years or so. Furthermore, while prices may have peaked, markets are likely to remain firm for some considerable time to come. The latest projections from OECD/FAO and FAPRI are for dairy prices to be 40% or so higher in the period up to 2016 than they were in the past 10 years.

All of us – producers, processors, retailers and consumers – may have to adjust to a situation that is the reverse of what we have come to expect over much of the last two decades.

These developments are now being reflected in Irish producer milk prices.

	1994	2001	2006 (e)	2007 (f)
	(c/l)	(c/l)	(c/l)	(c/l)
Irish Milk Prices	28.2	30.5	26	33
Direct Payments	-	-	3.5	3.5

The milk price shown for 2007 is a forecast weighted annual average and reflects the lower prices generally paid prior to April/May. If current conditions are maintained the price in the second half of the year, and carried into 2008, could be 3.5c/litre or more higher, i.e., an increase of over 40% compared to 2006.

If so, what will be the prices in the next milk exchange and what will be the Irish attitude to the proposals to phase out milk quotas? We will return to these topics in our next edition.

The prices shown above are in current terms. The table below outlines the development of Irish creamery milk prices in current and constant 2007 terms from 1984 (introduction of milk quotas) to the present.

Creamery Milk Prices (inc. VAT)		
	(C/Litre)	(C/Litre)
	Current Prices	At 2007 Prices
1984	20.4	41
1994	28.2	41.4
2001	30.5	36.8
2004 (1)	27.7	30.1
2006 (e)(2)	26.2	27.5
2007 (f)(2)	33	33
2008 (f)(2)	37	35.5
(1) Direct payment of 1.2c also made		
(2) Direct payment of 3.5c also made		

Make Your Money Work for You

Everyone knows that saving is a good idea. It means that you can earn a return on your money which will help your savings grow long term.

The type of savings account that you opt for really depends on how much you plan to save and how frequently you have excess funds available. Essentially, most major banks offer two basic types of savings products - an account which allows you to save on a regular basis or an account which caters for lump sums. Both types of account have advantages and disadvantages depending on your particular financial situation.

Saving on a regular basis, even a small amount, will build up over time. For many people this is a relatively painless way to save as people generally adjust to having a regular sum deducted from their income. However, this may be more challenging for farmers, particularly if you have quite an irregular cashflow.

For many farmers and, indeed, other small business owners, some lump sum savings offer an opportunity to invest a fixed amount of money for a fixed period of time for a high return. This is generally done at a time when it will not impact adversely on the cash flow of the business. A major consideration with this type of saving is that the money cannot be accessed for the term without incurring a cost. Thus, you must decide if you can afford to have your funds tied up for the particular length of time stated.

2007 – A Year of Contrasts

Agri Matters reviews a year which has already thrown up its fair share of surprises.

The final farm income figures published by the CSO for 2006 indicate that income last year was about 12% below the figure for 2005. When, however, the exceptional windfall gain of €500m in direct payments in the earlier year is discounted, then farm incomes in 2006 were up some 7% on 2005 and 6% on 2004. Prices for all the main commodities, except milk, were up and there were output increases in beef, milk and cereals. This year is turning out to be quite different – not in terms of overall farm income, which should rise by at least the rate of inflation, but in the contrasts between the sectors.

Beef prices are a little behind last year but reasonably strong compared to the average of recent years. Output looks like being back 1.5% or so but again is relatively strong compared to most recent years. Pigmeat output is likely to be down by a roughly similar percentage and prices may be back by 5% or more. Lamb prices should end up, on average, at about last year's levels but, in line with recent trends, output will be well down.

"Even allowing for the harvest difficulties associated with the exceptionally poor summer weather, the very strong prices should ensure that there is a substantial improvement in cereal farm incomes this year."

The contrast between these sectors and the dairy and cereal sectors could not be more stark. For reasons outlined in some detail elsewhere in this issue, milk prices this year have been rising at an unprecedented rate. Even if no further (post August) increase occurs, average prices this year will be some 20% above last year's levels and the autumn price could be almost 40% above the price in the autumn of 2006. Furthermore, because dairy commodity prices have risen more rapidly than the prices of consumer dairy products, the price adjustments in Ireland have been earlier and greater than elsewhere in the EU. For instance, in the LTO international milk league (survey of milk prices paid by 15 selected dairies in northern Europe) for June, the second and third highest prices, on a like for like basis, were paid by the Irish companies in the sample. The Irish prices were 18% above the European average. At the same time last year the Irish prices were at the European average and 8 or 9 companies were paying more than the Irish companies.

The picture in the grain sector is somewhat similar with prices about 50% above last year's levels. Even allowing for the harvest difficulties associated with the exceptionally poor summer weather, the very strong prices should ensure that there is a substantial improvement in cereal farm incomes this year. The poor weather conditions have also adversely affected output in the potato, fruit and vegetable sectors. Here again, however, strong prices should compensate.

On the other side of the equation, high cereal and other commodity prices are adding significantly to farm input costs, as is the continuation of high energy prices. By mid year, for instance, electricity costs alone were running some 12% above 2006 levels (although these are now tending to ease). Despite some weakening of the US dollar, there is no evidence of any early improvement in the overall cost situation.

While it is relatively early in the year to be making firm predictions about farm income in 2007, the indications are that the net value of farm output will have increased by over 10% and, when subsidies are taken into account, farm incomes will have increased by about 6%. As pointed out already, however, this relatively benign outcome hides widely contrasting pictures in the different sectors.

Cattle Profit Matters

Safeguarding the single farm payment has been an aspiration on all farms since the introduction of the de-coupled payment.

While many farmers receive a good single farm payment each year, on many cattle farms much of this is absorbed by an unprofitable enterprise. The reality of cattle farming is such that the return from the marketplace is insufficient to cover the costs of production on the majority of farms. The Teagasc National Farm Survey indicates that the average family farm income on Irish suckler farms was €8,291 in 2006. Direct payments accounted for almost 50% of the receipts on suckler farms in that year and were equivalent to close to 150% of net family farm income (i.e., the market returned a net loss). The Single Farm Payment alone made up 88% of that income.

While it is reasonable to assume that a period of adjustment would be required in moving from the old premium systems to a now more market orientated, efficient system, sustained losses from cattle production cannot be maintained. There is no longer any obligation on farmers to maintain any loss making enterprise on their farm in order to claim premium.

That said, change is always a challenge. However, for those using their single farm payment to subsidise a negative return from their beef enterprise the choices in theory are quite straightforward.

1) Continue to lose money on cattle production.
2) Make profitability your goal.

In identifying profitability as a key goal to work towards, you will be challenged to question your current production system. You may be able to make this system profitable, in which case you can proceed in that direction. You may, however, be confronted with having to change your system or enterprise. Indeed, you may find that your resources will yield a greater return if you invest outside of your farm.

"Efficiency can mean the difference of €400 in lifetime profits from a heavy bullock at slaughter."

Returning a profit from beef production now and maintaining that profit into the future will require both scale and efficiency. Efficiency can mean the difference of €400 in lifetime profits from a heavy bullock at slaughter. This can range from a loss of €200 to a profit of €200, excluding subsidies. Many efficient Irish beef producers have accepted the need to make changes to their system and, through specialist advice and analysis of performance and financial metrics, they have profited from change.

Monitoring all costs, including replacements and land rental, is a critical exercise. Grass is king on all Irish livestock farms. Maximising performance on grass is fundamental for profitability. However, an emphasis on good breeding, controlling animal health problems and a high level of labour efficiency are all central to profitable beef enterprises.

Of course, it has been said that most losses and indeed profits are made on either, or both of, two critical days - the day you buy and the day you sell! Good buyers and good sellers make most profits. Knowing the correct animal to buy for your system at the correct time and how much you can afford to spend is important for getting value in the mart ring. Similarly, knowing which animals are ready for sale and delivering what the market demands is essential for maximising profit.

Benchmarking your enterprise against those generating good returns from the same system at the same scale of production is not simple. Maximising on all production and financial variables requires a certain amount of specialist advice. In addition, becoming involved in a good discussion group and attending farm walks can add significantly to your understanding of how to increase profit.

Inflation will erode the value of the Single Farm Payment. If your cattle are consuming some of it now, by 2013 a loss making system will absorb much more of it. Your Single Farm Payment should be available for income and/or for investment on or off farm. Look closely at how hard you are working for your beef enterprise and what return it is generating for you outside of direct payments. If it is not giving a positive return, then it is time to change practices, system or enterprise or consider off-farm investments. There are farmers making decent incomes from cattle rearing. If you are staying in beef production, then the aim must be to join that group rather than remain in the position where the single farm payment is being absorbed by overhead costs.

Beef production DVD

Achieving profitability is paramout if you plan to continue in beef production - it is essential therefore that you as a beef farmer analyse your system and identify opportunities to make the positive changes that will lead to profitability.

To do this, you will rely greatly on your own knowledge and experience – however, it is wise to make the most of good, sound advice when it presents itself in front of you.

In response to this, the *Irish Farmers Journal* in association with AIB, has produced a DVD entitled 'Profit from Production – the complete beef and suckler guide'. The DVD is presented and edited by IFJ beef editor Justin McCarthy. It explores topics such as calving the cow, breeding, grassland management, buying and selling, producing for live export, beef processing and financial management. A unique feature of this production is footage of Justin McCarthy travelling in a convoy of five cattle trucks carrying over 300 weanlings destined for Italian feedlots.

This DVD is available at half price to all *AIB* customers. For further information contact *Irish Farmers Journal*, Irish Farm Centre, Bluebell, Dublin 12 (01 4199505)

Removal of Land Certificates from Circulation by January 2010

As covered in the SPRING 2007 edition of AGRI MATTERS, the Property Registration Authority no longer issue paper land certificates relating to property (nor will they re-issue any existing certificates lodged with them).

In addition, any certificates in circulation will cease to have legal effect on the 1st of January 2010. This move (introduced on the 1st of January 2007 under S.73 of the Registration of Deeds and Title Act, 2006) is designed to remove paper title deeds from circulation as a pre-cursor to the introduction of e-Conveyancing which, in turn, should help reduce the costs, and speed up the process, of buying and selling land.

We mentioned that these changes do not in any way undermine your title to your property which is still State guaranteed and noted on the Register. However, it does mean that new security over your property must now be by way of a registered legal charge, rather than the traditional (but largely obsolete) equitable or verbal deposit of the land certificate.

"it is now much cheaper to put an "all sums" registered legal charge in place as stamp duty on the charge deed was abolished in the last budget, giving a potential saving of up to €630 per security"

Customers who are already banking with us and have previously provided an "all sums" registered legal charge over their property are completely unaffected by these changes. The existing "all sums" charge will, by agreement with the customer, continue to secure existing and all new/increased lending facilities with the bank. A small number of customers, who had previously provided a "fixed sum" registered legal charge, may have to provide a new "all sums" registered legal charge if any new/increased lending facilities are required but should be unaffected in respect of existing lending facilities.

Customers who had previously provided a deposit of their land certificate are most likely to be affected by the change in legislation, which in turn has impacted on the securities area.
Where there is no increase or new lending facility, the bank will (as an alternative to an "all sums" registered legal charge) and, at its own expense, seek to convert the existing security into what is known as a "registered lien". This procedure requires completion of some forms by the property owners and their spouses at the bank, and customers should note that the existence of the "registered lien" is visible to anyone inspecting the public records relating to the property in the Property Registration Authority.

This conversion will only be successful if the bank already holds the land certificate (or is given the land certificate by the customer's solicitor before the end of 2009). Customers should be aware that the successful conversion of an existing deposit of the land certificate to a "registered lien" will not preclude the requirement for an "all sums" registered legal charge should further new/increased lending facilities be required in later years.

Where an existing deposit of the land certificate is held, or where a "registered lien" is held and there is an increase or a new lending facility, or where a customer first does business with the bank and the property is offered as security, the bank will require an "all sums" registered legal charge over the property. The good news is that this will avoid the need to give a further security over the property in later years and the bank can only rely on the "all sums" charge where it is agreed with the customer in writing. The further good news is that it is now much cheaper to put an "all sums" registered legal charge in place as stamp duty on the charge deed was abolished in the last budget, giving a potential saving of up to €630 per security. There are, of course, other legal costs associated with the legal charge (which are the customer's responsibility) but in these days of better competition, most solicitors are happy to provide a competitive quote for overseeing registration of the security.

All scenarios outlined above are subject to lending criteria, terms and conditions. The above represents AIB's current policy and is subject to change.

AIB Supporting the Irish Agricultural Community

To date in 2007 AIB has partnered with the agricultural community on a wide range of initiatives and events which are important to the agriculture community. We have had many opportunities to meet with our customers throughout the year. The following are a selection of AIB's initiatives in 2007.

Pictured at AIB Bankcentre at the launch of the *Irish Farmers Journal* Beef DVD 'Profit from production' which was sponsored by AIB were: Donal Forde, Managing Director, AIB, ROI; Justin McCarthy, Beef Editor, *Irish Farmers Journal*; Minister for Agriculture and Food, Mary Coughlan; Michael Dowling, Head of Agri Strategy, AIB Bank and Matt Dempsey, Editor, *Irish Farmers Journal*.

Pictured at the AIB/ DeLaval Profit from Milk Quality Conference in the Lyrath Estate Hotel Kilkenny were Donal Whelton, Agri Adviser AIB, Tony Brennan, Galway, Paddy Casey, Killarney, Jackie Cahill, President, ICMSA and Tim Hussey, DeLaval Ltd. Over 250 AIB and DeLaval customers attended the conference.

Pat O'Meara, AIB Agri Advisor; Gerard Bryce, Chairperson Livestock Committee, Limerick Show; John McDonagh, Limerick Show; Pat O'Connor, AIB pictured at the launch of the Limerick Show at AIB William Street. The show took place on the 25th of August.

Pictured at the launch of the AIB / Macra na Feirme Club of the Year Competition were (from left): Pat O'Meara, AIB Agri Advisor; Mary Lyng from Cashel, a member of Clonoulty/Rossmore Macra club; Catherine Buckley, Macra national president and Kilkenny Senior Hurler Jim 'Cha' Fitzpatrick.

Pictured at the ICMSA Nitrates meeting in the Newpark Hotel, Kilkenny were, from left, John Robinson, Vice-Chairman, Kilkenny ICMSA; Pat O'Meara, AIB Agri Advisor; Pat O'Mahony, Philip Farrelly & Partners; Jackie Cahill, President, ICMSA and John Enright, Senior Policy Executive, ICMSA.

Economic Overview

Interest Rates

The ECB raised the Eurozone interest rates by another 0.25% to 4% in June 2007. Official rates have now been raised by 2% since December 2005. The turmoil in financial markets has lead to increased uncertainty about the outlook for Eurozone interest rates going forward but another rate increase seems likely before year end if markets settle. All indications suggest that a further rate hike will take place in the autumn.

Exchange Rates

The summer witnessed the dollar take on a downward trend which was sparked by concerns about the outlook for the US economy. Heightened volatility in markets in late summer saw modest recovery versus the euro but downward pressures could resume later in the year. While sterling/euro is likely to remain within the trading range of 0.67p and 0.69p, the euro could strengthen somewhat over the medium term.

Inflation

Ireland continues to have one of the highest inflation rates in the eurozone. The heightened inflation is attributed in a large part to higher interest rates. However, there is evidence of a rise in food prices – July 2007 delivered a 14 month high in food inflation, after a long period of very small increases in food prices. Even in July, the rise in food prices was less than in the CPI as a whole.

Economic Growth

Forecasts for 2007 indicate that the Irish economy will grow by 5.2% this year. This level of growth indicates that the economy continues to perform relatively strongly. The indicators signal to a contraction in economic growth in 2008 to 3.3%. This is largely based on the anticipation of a downturn in construction activity and a slowdown in growth in consumer spending.

Irish Macro Economic Forecasts					
	2004	2005	2006 (e)	2007 (f)	2008 (f)
Real GDP	1.3	5.9	5.7	5.2	3.3
CPI	2.2	2.5	4.0	5.0	3.4

Source: AIB Global Treasury Quarter 3 2007

Exchange Rates					
	Q2 2007	Q3 2007 (f)	Q4 2007 (f)	Q1 2008 (f)	Q2 2008 (f)
Euro/USD	1.379	1.375	1.375	1.355	1.35
Euro/GBP	0.672	0.68	0.69	0.69	0.69

Source: AIB Global Treasury Quarter 3 2007

Patrick O'Meara, AIB Agri Advisor discusses the importance of succession planning

Being the Successor

All too often, farm transfer in Ireland takes place in quite a haphazard manner. While those involved generally intend to follow the route of succession planning many get sidetracked and the formal process is inevitably left behind.

Whether you are taking over an entire farm business - or starting to grow your own side of the business – do not go blindly ahead. Examine all succession issues with respect to your own personal life and the farm business you are involved in. Examine the scenarios, pay particular attention to financial considerations and act prudently to ensure that you can grow a viable business and make the most of the tax efficiencies and grants available.

A primary consideration for a successor is the nature of the farm and the system that is involved in the transfer. Will you have off-farm income? What is the current farming system? Do you propose to continue this system? Do you require an enterprise change and, if so, what will be the likely effect on the farm infrastructure and, consequently, on your funding requirements? How do you plan to fund any changes and over what time scale. Will the farm be operational in the way you envisage from the time of transfer? If you are intending to expand livestock numbers, your sales will be reduced as you will have less stock in the first place and may be keeping a much higher percentage as replacements. Have you got a milk quota and, if so, do you intend to remain in milk production and possibly increase the quota? In that event, will you maintain the existing extent of non-milk enterprises on the farm? In many ways, answering these very basic questions provides the foundation for generating your business plan.

"Many successors and, indeed, their families struggle with determining the most appropriate age for the successor to take over all or part of the farm operations."

Business is about profit and growth. It is a matter of growing your base but growing it so that it improves the profitability. So, as a young farmer, how do you do that most effectively? When is the right time to start? What is the optimum scale to start with? Many successors and, indeed, their families struggle with determining the most appropriate age for the successor to take over all or part of the farm operations. This is further complicated if the successor is working away from home and planning to return home and farm on a part-time basis. There are advantages and disadvantages to starting earlier or later from both an off-farm and on-farm perspective. A lot depends on your particular circumstances. It is worth famaliarising yourself with all of the schemes with direct relevance to young farmers.

Table 1: Schemes relevant to young farmers
• Stock Relief
• Agricultural Relief
• Retirement Relief
• Installation Aid
• Stamp Duty Exemption
• Scheme of Investment Aid for Farm Waste Management

All of these schemes have particular constraints in age limits, length of time spent farming or planned to stay in farming, education to name a few. A good understanding of all schemes available to you and their detail will certainly inform your decision and assist you in business.

Establishing a base from which to grow can also prove testing. For example, to build up a suckler herd what is a good number of cows to start with? If you start too small, say 30 sucker cows, you are looking at very little in the way of sales and yet more cost than perhaps you had bargained for. You have to think in terms of income in the immediate term. While you may not automatically identify all the costs you will incur, bear in mind that cash flow requirements must be met and you want to avoid impacting on either farm or non-farm income. In many cases, in the short-term at least, the farm may be required to fund two families and it is important to estimate what the likely drawings will be. Essentially, you need to make sure that your sales at an early stage are sufficient to meet your cash flow requirements and that you do not put yourself under undue income pressure.

Young farmers often try to fund capital expenditure for their farm business through working capital facilities which may not be the most appropriate option. Managing your debt in this way may give financial institutions a less than accurate reflection of how your farm is performing and may in turn impact on their decision making.

Table 2: Funding options for capital expenditure
• Leasing finance for machinery & equipment
• Seasonal Loans
• Medium term finance
• Long term farm development loan

Essentially, you should give adequate thought to planning and what you want to do with the farm in both the immediate and longer term, and budget accordingly. Differentiate between working capital and longer term funding requirements. When you have established your funding requirements and identified possible funding strategies evaluate all appropriate facilities on offer that satisfy your needs. Allow yourself leeway in the term and level of finance you budget for. Providing a degree of comfort while budgeting allows you the scope to manage the unexpected whether that is realising an opportunity or accounting for the unforeseen.

In addition, you have to evaluate the return from investing in buildings or machinery as opposed to investing in productive assets such as stock. Again, as you are getting your farm business off the ground you do not want to see an over-emphasis on cash outflows. Investing in machinery as opposed to productive stock may not allow you to get the most value from your money. In addition to repayments you have to consider the cost of depreciation of machinery. You should evaluate this option against the income stream associated with productive assets. When considering long term capital investment at an early stage, ask yourself if it is essential. What is the impact of not pursuing this investment? What is the return in the short-term? To demonstrate, how would your income look if you invested in 10 additional suckler cows at day one and done without a new tractor?

Farm transfer between generations is often complex. With the now very-high monetary value placed on land, family settlements are more commonplace and, subsequently, your resulting debt level can be higher than expected particularly if you are planning future investments. In addition, you must consider your own personal future plans. Are you planning to get married? Will you require a mortgage? What ambition do you have for you and your family and how do you plan to meet this financially?

A structured approach to succession is important. Build in a measured way and maximise the grants and reliefs designed to assist your business development. As you weigh up your options and plan your business development be prepared to learn a lot!