



CHAVEREYS

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MONTHLY FARMING UPDATE

June 2022



I Policy issues

- 1 The Genetic Technology (Precision Breeding) Bill has been introduced to Parliament. The bill is intended to remove unnecessary barriers to research into new gene editing technology.

II Reform

- 1 Defra has announced that Direct Payments will be paid in two instalments each year for the remainder of the agricultural transition period, 50 per cent at the end of July and 50 per cent in December.
- 2 Defra has published updated guidance on the Sustainable Farming Initiative. In 2022, the SFI aims to encourage actions that improve soil health; recognise how moorland provides benefits to the public; and improve animal health and welfare by helping farmers with the costs of veterinary advice for livestock.

III Grants/regulations/legislation/environment

- 1 The results of the February 2022 Farm Practices Survey in relation to greenhouse gas mitigation have been published. Key findings include 54 per cent of holdings have a nutrient management plan; 8.3 per cent of farmers process waste by anaerobic digestion; 58 per cent of farmers are taking action to reduce greenhouse gas emissions; 78 per cent of holdings spread manure or slurry on grass or arable land; 72 per cent of livestock farmers store solid manure in temporary heaps in fields; 73 per cent of livestock farmers have a Farm Health Plan; 73 per cent of livestock holdings sow some or all of their temporary grassland with a clover mix; and 67 per cent of holdings with livestock use a ration formulation programme or nutritional advice.
- 2 Defra and Natural England have announced five nature recovery projects spanning 100,000 hectares. Purple Horizons in the West Midlands covers 10,000 hectares and will involve the restoration of important heathlands to create a mosaic of heathland-wetland-woodland-grassland vital for the recovery and long-term resilience of the area's reptiles, birds and pollinators; Cambridge Nature Network covers 9,200 hectares around the city across habitats and landscapes including chalk grassland, fenlands and ancient woodlands; Wye Valley in the Peak District covers 10,000 hectares; Somerset Wetlands embraces 60,000 hectares to make the wetlands more sustainable; and the Wendling Beck covers 10,000 hectares around the Upper River Wensum. Initial funding of £2.4 millions is being provided.
- 3 Twenty-nine organisations, including Defra, the Royal Horticultural Society, National Farmers Union, National Trust, Tree Council and Horticultural Trades Association, have become signatories to The Public Engagement in Plant Health starting a national conversation around biosecurity and promoting the actions that the public can take to protect tree and plant health.
- 4 Defra and the Forestry Commission have opened applications to a new £8.8 millions fund to assist tree nurseries and suppliers invest in projects which will improve, expand, automate, or mechanise their operations. The Tree Production Capital Grant will fund up to £175,000, representing a maximum of 50 per cent of costs.
- 5 The UK recycling rate for Waste from Households in 2020 was 44.4 per cent, down from 46 per cent in 2019. England, at 44 per cent, Northern Ireland at 49.1 per cent and Scotland at 41 per cent all recorded falls but the rate in Wales increased to 56.5 per cent. Biodegradable municipal waste sent to landfill fell by 500,000 tonnes to 6.1 million tonnes. 63.2 per cent of packaging waste was recycled, unchanged from 2019.

- 6 A free 'FIT Count' phone app has been launched to encourage the public to track pollinator numbers and movements. It is part of a survey being co-ordinated by the UK Centre for Ecology and Hydrology. The Flower-Insect Timed Count asks people to spend 10 minutes each day collecting data on the number of insects that visit particular patches of flowers.
- 7 Defra and the Forestry Commission have opened the Forest Research Holt Laboratory, located within Alice Holt Forest in Surrey, a state-of-the-art laboratory to conduct innovative research into tree pests and diseases.
- 8 An outbreak of American Foulbrood has been reported in a single beehive near Blairgowrie in Scotland.
- 9 Defra and the Forestry Commission have opened applications for the OPM Groups Grant. This will fund the surveying of oak trees in London and the South-East for evidence of the Oak Processionary Moth.
- 10 The National Pollinator Strategy: Pollinator Action Plan 2021 to 2024 has been updated by Defra.
- 11 The Scottish Government has invited comments on the creation of Scotland's first new National Parks in nearly two decades. The Government is committed to creating a new National Park by 2026.
- 12 The Welsh Government has announced funding of £26 millions to limit the carbon footprint of tourism in Wales, boost biodiversity and improve access to the countryside.
- 13 Research carried out for the Peak District National Park has suggested that destocking increases the risk of 'catastrophic' wildfires.
- 14 South American weevils, *Listronotus elongatus*, have been released in England to tackle the invasive non-native species floating pennywort which can form dense rafts over watercourses.
- 15 Arla farmers have launched the Bee Road initiative to support the UK's bee population.
- 16 Lantra Scotland's Springboard for Rural Skills has been allocated additional funding of £44,760 from the Scottish Government's National Transition Training Fund.

IV Other matters of farm finance and tenure

- 1 The first estimate of UK Total Income from Farming for 2021 has been published. UK TIFF was £5,998 millions, an increase of 14.4 per cent on 2020 and the third highest since 2000. Agriculture's contribution to the economy was £11,222 millions, 0.51 per cent of Gross Domestic Product, an increase of 8.9 per cent on 2020. Total livestock output was £16,285 millions, up 6.8 per cent on 2020, while total crop output was £10,876 millions, up 19.9 per cent. Input costs increased by 12.2 per cent to £18,854 millions. The largest contribution to livestock output was milk at £4,770 millions, up 7.8 per cent, followed by beef, up 10.5 per cent although volumes were only up by 3.3 per cent. Pigmeat output fell by 2.6 per cent with the average value down 7.7 per cent compensated by volumes exceeding 1 million tonnes for the first time. The main contributor to crop output was wheat, up 75.1 per cent at £2,705 millions. Output of fruit fell by 11.9 per cent including an 8 per cent fall in average prices. Animal feed was the largest contributor to input costs with an increase of 22.5 per cent to £4,254 millions comprising a 7.4 per cent increase in volume and a 14.1 per cent increase in average price. Animal feed was followed by fertilizers, up 52.9 per cent due to a 4.5 per cent increase in volumes and a 46.3 per cent increase in average prices. However, seeds fell by 10.1 per cent, mainly due to a reduction in volume used.

- 2 Final estimates for 2021 for organic farming have been published. The UK organic land area is 507,000 hectares; 61 per cent of organic land is permanent pasture; 61 per cent of the UK organic area is in England; 9 per cent of the organic area is used to grow cereals; 3.1 per cent of the UK beef cattle population is reared organically; and there are 5,700 organic operators in the UK.
- 3 The first estimate of 2021 Total Factor Productivity of the UK agricultural industry has been published. TFP increased by 2.9 per cent while the volume of inputs fell by 0.3 per cent. The output of cereals rose by 22.8 per cent, industrial crops by 8.2 per cent and vegetables and horticultural products by 2.1 per cent but the output of potatoes fell by 4.3 per cent and fruit by 10.2 per cent. Livestock output rose by 1 per cent driven by increases of 6 per cent in egg production and 11.8 per cent in other animal products, meat only increased by 0.4 per cent. Inputs saw increases of 4.5 per cent in fertilizers, 6.3 per cent in chemicals and 3.3 per cent in animal feed but there were falls of 11.8 per cent in seeds, 2 per cent in energy and 4.5 per cent in maintenance.
- 4 Out of a total of 10,537 levy payers, 42 per cent voted in the AHDB Shape the Future survey. Voter priorities included protecting the reputation of the beef, lamb, pork and dairy sectors and promoting benefits to consumers; supporting farmers to remain viable despite changes to farm support, profitability and productivity challenges in the cereals and oilseeds sector; and selling every part of the pig for the best financial return.
- 5 The EU and the US have formed the Trade and Technology Council to strengthen economic ties and address vital farming issues arising from the conflict in Ukraine.
- 6 In 2020/21 there were 549,000 businesses registered in rural areas, accounting for 23 per cent of all registered businesses in England; businesses registered in rural areas employed 3.6 million people, accounting for 13 per cent of all those employed by registered businesses in England; there are more registered business per head of population in Predominantly Rural areas than in Predominantly Urban areas, excluding London; there are proportionately more small businesses in rural areas; and, in 2020, there were 52 registered business start-ups per 10,000 population in Predominantly Urban areas compared with 42 in Predominantly Rural areas.
- 7 The Agricultural Price Index for outputs increased by 11.8 per cent in the year to March and by 2.7 per cent compared to February. The index for inputs increased by 25.4 per cent and 5.6 per cent respectively.
- 8 The 71st annual report to Parliament on smallholdings in England, covering the year to March 2021, has been published. Of the 43 authorities approached, 31 submitted data. The total area of land was 67,699 hectares of which 65,932 hectares were let as smallholdings, a reduction of 0.4 per cent on the previous year. Sectors covered were mixed and general cropping 31 per cent, arable 27.6 per cent, dairy/stock rearing 20.7 per cent, dairy 17.2 per cent and stock rearing 3.4 per cent.
- 9 Defra has invited organisations to bid for grants to run a series of project pilots aimed at addressing and reducing the barriers new entrants face getting into the industry.
- 10 With funding of £1.79 millions and led by Quality Meat Scotland and AHDB Cereals, nine monitor farms are to be selected in Scotland to act as hosts for community groups. The programme will last for four years.

V Product prices

A Market background

- 1 The Russian military action in Ukraine and soaring UK inflation, the latter most likely as a result of the former, continue to leave markets volatile, yet suppressed. Investors generally remain cautious, as reflected by the price of gold sitting just below £1,500 per troy ounce, having hit an 'all time' peak of £1,584 in March. Sterling closed down against the Euro but marginally up against the US Dollar. From a late April position of 83.8p per €, Sterling weakened significantly to a mid-month low of 86.1p and, after much volatility, eventually reached a late May close of 85.0p per € (1.2p weaker). Against the US Dollar, Sterling opened at 79.5p and dropped to a mid-month low of 82.1p, when the Dollar reached close to parity with the Euro, before regaining some strength to close at 79.1p per \$ (0.4p stronger).
- 2 Crude oil prices rose this month, after having dropped back in the early part of the month. Brent Crude closed approximately \$10 higher, having opened the month at \$109.34 per barrel and, after dropping back to £102.46, it rose to a May close of \$119.43 per barrel (up \$10.09 overall).

B Crops

- 1 Volatility remains high in grains markets, as the war in Ukraine shows no sign of abating. Tight supply of 2021 crop holds prices high, with assistance from India's choice to ban exports but, as the market starts to focus towards the 2022 harvest and further, seeing good wheat growing weather in the US and similar for UK and EU, prices are expected to fall. The Russia / Ukraine situation will continue to add the volatility factor. The milling premium made a strong recovery, jumping above £45/tonne. Feed wheat futures rose materially in the short term and by smaller margins in the medium and long term, having been higher mid-month in all cases. By late May, deliveries for November 2022 and 2023 were £318/tonne (+19) and £267/tonne (+5) respectively. March 2024 rose to £270 (+5) having peaked at £295. The oilseed rape price fell significantly at the start of the month and, after a small recovery, again at the end of the month, yet the price level remains more than double the 5-year average; support from the strong oil price and extremely tight supplies until 2022 harvest was outweighed by reports of improved expectation from the EU crop, good canola planting weather in Canada and profit taking by investment funds.

Average spot prices in late May (per tonne ex-farm): feed wheat £306 (-13); milling wheat £353 (+12); feed barley £298 (-7); oilseed rape £774 (-103); feed peas £311 (+5); feed beans £338 (+20).

C Livestock

- 1 The average live-weight cattle prices for steers and heifers closed down overall. The average finished steer price rose early on from its opening average of 247p/kg lw to peak at 249p/kg, before falling back steadily over the remainder of the month to close at 240p/kg lw (down 7p, to sit 23p/kg above the average a year earlier). The average finished heifer price fell back more sharply in the first half of the month, from 257p/kg lw to 249p/kg, where it held steady, closing only marginally up at 250p/kg (down 7p, to sit 28p above the average a year earlier). Dairy cow prices fell from the opening position of £1,234 per head to an early low of £1,206, then two weeks of improvement saw a peak of £1,473, before the average fell back to close the month at £1,331 per head (up £97 and sitting £10 above the average in May 2021).

- 2 The average finished lamb price (SQQ live weight) switched from old season to new season this month. Old season prices fell back from the opening position, 279p/kg lw, to end the season at 258p/kg. The new season opened and closed the month at 325.7p/kg (1.7p/kg above the average a year earlier).
- 3 The average UK all pig price (APP) continued the significant increases seen in April. The concern remains that the last two months' increases have not been sufficient to cover the increase in feed and power costs. Opening at 167.8p/kg dw, the average made strong improvements for much of the month, albeit stalling in the final week, to close at 180.4p/kg dw (up 12.6p to sit 26.5p above the closing average a year earlier).
- 4 The UK average 'all milk' price for February, 35.88ppl, remains the most recent 'final' published result; the initial reports, that the March average will be a further improvement of 0.91ppl to 36.79ppl, remain the best estimate. The EU (ex UK) average for March has been reported as 37.45ppl; 0.78ppl up from the February average.

VI Other crop news

- 1 At the end of February, wheat stocks stood at 3,846,000 tonnes, up 45 per cent on 2021; barley stocks stood at 767,000 tonnes, down 35 per cent on 2021; while oats stocks were down 3 per cent at 233,000 but remain at historic highs.
- 2 Statistics for UK horticulture for 2021 have been published. The value of home-produced vegetables fell by 0.1 per cent to £1.7 billions while the volume fell by 2 per cent to 2.5 million tonnes. The value of field vegetables fell by 1.9 per cent to £1.3 billions while the value of protected vegetables rose by 6.9 per cent to £374 millions. Home produced fruit fell in value by 12 per cent to £917 millions with volumes also down 12 per cent to 576,000 tonnes. Ornamentals increased in value by 16 per cent to £1.6 billions.
- 3 The Agricultural Price Index for March shows increases of 14.8 per cent in wheat, compared to a year earlier, 51.6 per cent in barley, 39.9 per cent in oats, 10.8 per cent in potatoes, 59.1 per cent in oilseed rape and 25.9 per cent in fresh fruit but there were falls of 52.8 per cent for forage plants and 7.1 per cent for fresh vegetables. Compared to February, there were increases of 4.4 per cent for wheat, 4.3 per cent for barley; 3.9 per cent for oats and 8.6 per cent for oilseed rape but falls of 3 per cent for forage plants, 0.3 per cent for fresh vegetables and 2 per cent for fresh fruit.
- 4 British Sugar and NFU Sugar have agreed an interest free, 25 per cent cash advancement for this year's sugar beet crop. Those who elect to take the advance will be paid by the end of this month.
- 5 At a cost of £11.3 millions, the Green Tech Hub for Advanced Horticulture has been officially opened at NIAB's East Malling site.

VII Other livestock news

- 1 Researchers at the Royal Agricultural University are bringing together farming groups, scientists and businesses to determine whether cultured meat is a threat or an opportunity for UK farmers.
- 2 Defra has introduced a new and simplified licence for those wishing to vaccinate badgers. The licence to trap badgers for vaccination enables properly trained persons to register as an 'authorised person' thereby avoiding the need to apply for an individual licence including providing extensive information.

- 3 UK prime steer slaughterings in April rose by 0.7 per cent, compared to a year earlier, to 163,000 head; beef and veal production also rose by 0.7 per cent to 73,000 tonnes; sheep slaughterings rose by 22 per cent to 1,019,000 head; mutton and lamb production also rose by 22 per cent to 24,000 tonnes; pig slaughterings fell by 2.9 per cent to 922,000 head; and pigmeat production rose by 1.4 per cent to 87,000 tonnes.
- 4 The Agricultural Price Index for March shows increases of 11.2 per cent for cattle and calves, compared to a year earlier, 3 per cent for pigs, 0.2 per cent for poultry and 23.9 per cent for milk but there were falls of 7.5 per cent for sheep and lambs and 5.5 per cent for eggs. Compared to February, there were increases of 2.5 per cent for cattle and calves, 5.6 per cent for pigs and 2.5 per cent for milk but there were falls of 0.4 per cent for sheep and lambs and 1.8 per cent for poultry.
- 5 Indonesia has reported outbreaks of foot and mouth disease serotype O on the islands of Sumatra and Java. The last outbreak was in 1983.
- 6 During April, UK dairies processed 1,280 million litres of milk, down 0.2 per cent on the rolling average for the year to March but up 3.5 per cent on March itself. Liquid milk production was down 2.6 per cent on March at 504 million litres; cheese production rose by 2.3 per cent to 46,500 tonnes, milk powder production rose by 84 per cent to 12,700 tonnes; but butter production fell by 0.3 per cent to 20,000 tonnes.
- 7 In the first quarter of 2022, BCMS calf registrations to dairy dams fell by 0.3 per cent, compared to a year earlier, to 402,377.
- 8 Arla has increased the price paid to members by 4.49ppl taking the conventional milk price to 47.79ppl and the organic milk price to 54.34ppl.
- 9 Average butterfat in April fell by 2.3 per cent, compared to March, to 4.16 per cent and was 0.2 per cent lower than a year earlier. Average protein increased by 0.3 per cent and 0.1 per cent respectively.
- 10 Dairy Roadmap has extended the timetable by which farmers must have completed a carbon audit to June 2023.
- 11 Malta Gin, a sheep dog from Lancashire, has set a new world record after being sold for £29,600.
- 12 A case of African swine fever genotype 2 has been confirmed in wild boar in a new region of mainland Italy, 400km distant from previous outbreaks.
- 13 In the first quarter of 2022, the full economic cost of pig production rose to an estimated average of 207p/kg deadweight meaning the margin per slaughtered pig is now a deficit of £58 per head.
- 14 Tesco has agreed an 'accelerated and enhanced' payment plan for pig producers which will result in increased payments to farmers of £6.6 millions until August taking the total of support since the beginning of March to £10 millions.
- 15 The Co-op has announced a £19 millions support package for pig farmers which will be on a cost of production basis rather than a market price basis.
- 16 Cases of highly pathogenic avian influenza H5N1 have been reported at two commercial poultry units in Nottinghamshire.
- 17 UK commercial layer chick placings in April fell by 15 per cent, compared to a year earlier, to 3.2 million chicks; broiler chick placings fell by 6.7 per cent to 108.1 million chicks; turkey chick placings fell by 13 per cent to 1.1 million chicks; turkey slaughterings fell by 27 per cent to 600,000 birds; broiler slaughterings fell by 5.6 per cent to 103.2 million birds; and total poultry meat production fell by 2.8 per cent to 187,900 tonnes.

VIII Inputs/Supply businesses

- 1 UK sales of fertilizer fell by a third in April. Data from the Agricultural Industries Confederation shows that the worst affected suppliers saw demand fell by 70 per cent in the month. The AIC has reported that over half of the year's expected supply remains unsold.
- 2 In the year to February 2021, 27 per cent of farm businesses carried out precision farming techniques to guide fertilizer application with usage more likely on cereal and general cropping farms and on farms with land within a Nitrate Vulnerable Zone; 30 per cent of farms used soil nutrient software packages to help determine fertilizer applications; approximately half of farms with grass included clover or legumes in their grass swards with the practice most common on mixed and dairy farms and farms in the South West; 18 per cent of farms used green manures in their arable rotations; for those farms using either clover or legumes, or green manures, 74 per cent made adjustments to their fertilizer application rates; and 45 per cent relied on their own non-Fertilizer Advisers Certification and Training Scheme qualified advice for nutrient planning, 29 per cent relied upon independent FACTS advice and 21 per cent were advised by a FACTS – qualified fertilizer supplier. Overall average fertilizer application rates per hectare were, for inorganic land, Nitrogen 109kg, Phosphate 21kg and Potash 24kg while, for organic land the rates were Nitrogen 9kg, Phosphate 11kg and Potash 28kg.
- 3 The Agricultural Price Index for March shows increases of 3.7 per cent for seeds, compared to a year earlier, 42.9 per cent for energy and lubricants, 127.6 per cent for fertilizers, 10.8 per cent for chemicals, 1.6 per cent for veterinary services, 19.3 per cent for animal feedingstuffs, 6.6 per cent for equipment maintenance and 24.5 per cent for buildings maintenance. Compared to February, there were increases of 13.7 per cent for energy and lubricants, 22.7 per cent for fertilizers, 0.6 per cent for veterinary services, 3.3 per cent for animal feedingstuffs, 0.4 per cent for equipment maintenance and 5 per cent for buildings maintenance but there was a fall of 0.5 per cent for chemicals.
- 4 PheroSyn has secured an innovate UK smart grant to validate new high-value pheromones and to scale up production and distribution.
- 5 Modif, containing cyprodinil and fludioxinil, has been granted an approval of an Extension of Authorisation for Minor Use registration for use in carrots and celeriac.
- 6 An NIAB orchard trial has revealed that cherries treated with a silicon biostimulant showed a 50 per cent reduction in the number of emerging spotted wing drosophila larvae.
- 7 International Pheromone Systems, based in Cheshire, has developed a new attractant to help monitor Spotted Wing Drosophila, a pest of soft fruits. The new product is reported to be 300 per cent more effective than two market-leading products.
- 8 The Health and Safety Executive has issued two Emergency Authorisations for Minor Use for the use of Certis' insecticide Spruzit to control a broad spectrum of pests on pome fruit and cherries.

IX Marketing

- 1 The UK and Vietnam have held their first Joint Economic and Trade Committee talks in over three years in a bid to increase co-operation across several sectors including agriculture. Trade between the two countries has increased by 11 per cent in the past year.

- 2 During March, the UK exported 12,600 tonnes of beef, up 14 per cent on February and 46 per cent on March 2021. Imports fell 45 per cent compared to February, to 21,700 tonnes, but were up 23 per cent on a year earlier.
- 3 The Scottish Government has opened applications for a share of the £10.2 millions Food Processing, Marketing and Co-operation Grant Scheme.
- 4 During March, the UK exported 6,600 tonnes of sheep meat, 5 per cent up on February and 7 per cent up on a year earlier, to 7,000 tonnes.
- 5 In the first three months of the year, agricultural and food exports rose by 30.5 per cent, compared to a year earlier, to £5.661 billions. Imports rose by 29.9 per cent to £14.703 billions.
- 6 Exports of pig meat in March totalled 24,400 tonnes, up 23 per cent on February but down 3 per cent on a year earlier. Offal exports totalled 14,700 tonnes, up 32 per cent on February and 19 per cent on a year earlier.
- 7 Pembrokeshire Early Potatoes have been granted Protected Geographical Indication status.

X Miscellaneous

- 1 A group of farmers on The Farming Forum are to set up the British Farming Union. It has advised that it will work on a national, not regional basis; only farmers, farmworkers and tenants may become members; it will not accept any sponsorship nor permit any corporate affiliation; and it will use technology and modern communication methods to minimise costs.
- 2 NFU Mutual has reported that accidents involving farm vehicles and other road users are 40 per cent more likely to occur between May and September than between October and April.
- 3 In 2020/21 there were 8.6 dwelling completions per 1,000 households in Predominantly Rural areas compared to 5.3 completions in Predominantly Urban areas, the first time the number of completions has exceeded those in 2007/08. 7.0 dwellings were completed by private enterprise in Predominantly Rural areas and 1.6 by local authorities or housing associations.
- 4 Sir Robert Goodwill has been elected chair of the Environment, Food and Rural Affairs Select Committee.
- 5 In 2020, there were 263,000 dwellings classed as second homes in England, with 97,700 in Predominantly Rural areas and 138,500 in Predominantly Urban areas. In Predominantly Rural areas, 1.8 per cent of dwellings are classed as second homes but this increases to 3 per cent in coastal areas.
- 6 Caroline Drummond MBE, chief executive of Linking Environment and Farming, has died, having held the position since the formation of LEAF in 1991.
- 7 The number of active childcare providers in Rural areas and Urban with Significant Rural areas has decreased by 20 per cent since 2015 compared to a fall of 13 per cent in Urban areas. However, the number of places on the Early Years Register has remained broadly stable. The overall quality of childcare providers has improved in both Rural and Urban areas with the proportion judged to be Good or Outstanding having increased by 10 per cent in Rural areas and by 13 per cent in Urban areas.
- 8 The Fresh Produce Consortium has launched a UK Grower of the Year award.

Postscripts

Interesting fact – dead penguins

Dead Penguins – Did you ever wonder why there are no dead penguins on the ice in Antarctica? Where do they go?

Wonder no more!

It is a known fact that the penguin is a very ritualistic bird which lives an extremely ordered and complex life. The penguin is very committed to its family and will mate for life, as well as maintain a form of compassionate contact with its offspring throughout its life.

If a penguin is found dead on the ice surface, other members of the family and social circle have been known to dig holes in the ice, using their vestigial wings and beaks, until the hole is deep enough for the dead bird to be rolled into, and buried.

The male penguins then gather in a circle around the fresh grave and sing:

“Freeze a jolly good fellow.”

“Freeze a jolly good fellow.”

Journal humour

- I. A seaman meets a pirate in a bar and talk turns to their adventures on the sea. The seaman notes that the pirate has a peg leg, a hook, and an eye patch.

The seaman asks “So, how did you end up with the peg leg?”

The pirate replies “We were in a storm at sea, and I was swept overboard into a school of sharks. Just as my men were pulling me out, a shark bit my leg off.”

“Wow!” Said the seaman. “What about your hook”?

“Well,” replied the pirate, we were boarding an enemy ship and were battling the other sailors with swords. One of the enemy cut my hand off.”

“How did you get the eye-patch”?

“A seagull c.....d in my eye,” replied the pirate.

“You lost your eye to a seagull dropping?” the sailor asked incredulously.

“Well,” said the pirate, “it was my first day with the hook.”

2. A man is dining in a fancy restaurant and there is a gorgeous redhead sitting at the next table.

He has been checking her out since he sat down but lacks the nerve to talk with her.

Suddenly she sneezes and her glass eye comes flying out of its socket towards the man.

He reflexively reaches out, grabs it out of the air, and hands it back.

“Oh my, I am so sorry,” the woman says as she pops her eye back in place.

“Let me buy your dinner to make it up to you,” she says.

They enjoy a wonderful dinner together, and afterwards they go to the theatre followed by drinks.

They talk, they laugh, she shares her deepest dreams and he shares his. She listens.

After paying for everything, she asks him if he would like to come to her place for a nightcap and stay for breakfast. They had a wonderful, wonderful time.

The next morning, she cooks a gourmet meal with all the trimmings. The guy is amazed! Everything had been SO incredible!!!

“You know,” he said, “you are the perfect woman. Are you this nice to every guy you meet?”

“No,” she replies” “You just happened to catch my eye!”

Monthly Farming Update

The web of compliance!

It should be a simple task. You wish to introduce a new partner into the family business. You wish to set up a new business. You wish to create a family settlement to benefit future generations. All quite simple if you are properly advised. All three wishes are likely to involve a bank account. And that's where the problems start!

Those of you who are readers of Alex in the Daily Telegraph will be aware of the 'conflict' between entrepreneurs and compliance. The underlying purpose of 'compliance' is to root out those individuals who are using the system for their ill-gotten gains or to launder the proceeds of others. All well and good but it constantly seems that the criminal fraternity have the means to circumvent the system while honest citizens get caught up in endless bureaucracy.

If a new partner is introduced into a family business, the partnership's bankers must be advised otherwise the partnership bank account can be deemed to be invalid. Perfectly reasonable.

The creation of a new account with the bankers to the family should not be a tortuous problem but be prepared for a 30-minute 'interview'. Again, not too much of a problem.

Now we come to the creation of a family trust bank account. Getting planning permission to erect a block of flats on an SSSI would be easier! Recent experience suggests that copies of birth certificates (certified by an authorised person) will be required for all living beneficiaries. This is a nonsense. Once the account is created, there is no requirement to certify the birth of a new beneficiary so why should it be necessary to certify the existence of minor beneficiaries. How many professionals will be able, let alone willing, to do that?

Further experience indicates that some lenders require all adult beneficiaries to sign to the effect that they agree to the lender making enquiries as to their financial status. In many discretionary trusts, beneficiaries may not be aware they may potentially benefit, disclosure could be acutely embarrassing.

While not applicable in all cases, there are legitimate ways of circumventing the hurdles that are placed in the way of the family planning. As always, plan well in advance, once the web of compliance has you there may be no way out!

We welcome feedback on the MFU.

Does this issue raise any questions in your mind?

Would you like more information on a particular item?

Please ring one of our agricultural specialists:

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The MFU was edited from 1991 to 2006 by John Nix, Emeritus Professor of Farm Business Management at Imperial College London



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