



CHAVEREYS

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MONTHLY FARMING UPDATE

April 2022



I Policy issues

- 1 The UK Free Trade Agreement with New Zealand has been signed. All tariffs on UK exports have been eliminated, likewise tariffs on 96.7 per cent of UK imports. A transitional tariff quota will apply to UK imports of beef on a reducing basis over 15 years, to sheep reducing over 20 years and to butter and cheese reducing over 5 years.
- 2 The Governments of all four home countries have agreed to end the statutory levy for the horticulture and potato sectors with effect from this month. They have also announced a new regular vote for levy payers in other sectors.
- 3 The Government has published the Nature Recovery Green Paper and has opened a consultation period which closes on 11 May. The paper outlines some key areas where change is needed to meet the ambition of nature recovery. It proposes changes to EU-derived legislation to ensure that the new framework is designed for nature's recovery including habitat deterioration, loss and fragmentation, soil health, pollution and the impact of non-native invasive species; placing science above process in determining conservation outcomes; and making space for calibrated judgements to be exercised on a case-by-case basis.
- 4 The UK and Canada have commenced negotiations on a new Free Trade Agreement.

II Reform

- 1 Defra has announced updates to the Sustainable Farming Initiative which is due to start in June. Payment rates for the arable and horticultural soils standard will be £22 per hectare at the Introductory level and £40 per hectare at the Intermediate level; for the improved grassland soils standard, payment rates will be £28 per hectare at the Introductory level and £58 per hectare at the Intermediate level; for the moorland standard, a payment rate of £10.30 will apply to the Introductory level plus £265 per agreement. Applications are made via the Rural Payments Agency and will be processed on a rolling basis with no deadline.
- 2 Following the ending of the EU Rural Development Programme, the Welsh Government has allocated funding of £227 millions over the next three years to provide grants for farm scale land management; on-farm environmental improvements; on-farm efficiency and diversification; landscape scale land management; woodland and forestry; and food and farming supply chains.
- 3 The fifth auction of the Woodland Carbon Guarantee scheme, with £10 millions available, has opened for applications. The auction is held online between 9 and 15 May. The scheme enables successful bidders to sell woodland carbon in the form of Woodland Carbon units to the Government over 35 years at a guaranteed price protected against inflation.

III Grants/regulations/legislation/environment

- 1 The Government has announced new, long-term environmental targets covering water, air quality and wildlife diversity. Targets include improving the health of rivers by reducing nutrient pollution and contamination from abandoned metal mines in water courses and improving water use efficiency; reducing exposure to the most harmful air pollutant to human health, PM2.5 by a third compared to 2018 levels; creating a legally binding target for wildlife species abundance by 2030 with a requirement to increase species populations by 10 per cent by 2042; halving waste that ends up in landfill or incineration by 2042; and increasing total tree cover by 3 per cent by 2050. The proposed targets will be subject to an 8-week consultation period.

- 2 The Local Authority Treescapes Fund and the Urban Tree Challenge Fund have reopened for applications with £9.4 millions available. Successful applicants to the Local Authority Treescapes Fund will be allocated a share of over £5.4 millions for the planting of up to 650,000 trees in 2022/23. Successful applicants to the Urban Tree Challenge Fund will share over £3.8 millions to fund the planting of 28,000 large trees in urban areas and where rural and urban areas meet.
- 3 Scotland's Food Processing, Marketing and Cooperation Scheme has awarded grants totalling £7.3 millions to 29 businesses. Projects include new processing equipment to increase production of low-calorie dairy products, upgraded vegetable processing facilities and expanded storage capacity.
- 4 The Forestry Commission-delivered Woods into Management Forestry Innovation Fund and the Tree Production Innovation Fund have reopened for applications with a total fund of £4.5 millions available.
- 5 A study by the Game & Wildlife Conservation Trust has suggested that the growing of cultivated margins on farms can support otherwise-threatened wild bees.
- 6 Wales' third commemorative woodland is to be at Cwmfelinfach in Caerphilly.

IV Other matters of farm finance and tenure

- 1 The first forecast of Farm Business Income by farm type for the year to February 2022 has been published. The income of cereal farms is forecast to rise by 51 per cent to £108,000; general cropping farms by 70 per cent to £113,000; dairy farms by 21 per cent to £112,000; lowland grazing livestock farms by 3 per cent to £19,000; less favoured area grazing livestock farms by 1 per cent to £34,000; and mixed farms by 29 per cent to £52,000. However, there are forecast falls of 73 per cent for pig farms, to £13,000, and 51 per cent for poultry farms, to £38,000.
- 2 In 2020/21, the average level of liabilities across all farms in England fell slightly to £246,100; the average net worth was £1.94 millions, a small increase on the previous year; 41 per cent of farms had a net worth of at least £1.5 millions; the average gearing ratio was unchanged at 11 per cent; the average liquidity stood at a 10-year high of 262 per cent; net interest payments fell slightly to 10 per cent of Farm Business Income; and the median return on capital employed stood at a negative 0.2 per cent with over 52 per cent of farms having a negative return. The average liabilities per hectare by farm size were £1,250 for spare and part-time farms, £1,240 for small and medium farms, £1,580 for large farms and £2,340 for very large farms. The average net worth per hectare by farm size was £15,900 for cereal farms, £14,600 for general cropping farms, £12,700 for dairy farms, £5,800 for less favoured area grazing livestock farms, £13,300 for lowland grazing farms, £18,300 for pig and poultry farms, £12,800 for mixed farms and £37,600 for horticulture farms.
- 3 Defra has published details of Farm Business Income by type of farm for the year to February 2021. The average income was £51,900, up 13 per cent on a year earlier. Income of cereal farms rose by 14 per cent to £71,700; dairy farms rose by 9 per cent to £92,500; lowland grazing livestock farms rose by 97 per cent to £18,400; less favoured area grazing farms rose by 46 per cent to £33,400; pig farms rose by 27 per cent to £48,000; mixed farms rose by 39 per cent to £40,200; and horticulture farms rose by 25 per cent to £52,900. However, there were falls of 21 per cent for general cropping farms, to £66,900, and 12 per cent for poultry farms, to £77,700.

- 4 Average farm income in Scotland in 2020/21 is estimated to be the second highest since 2012 at £39,200, up £10,000 on 2019/20. The average income of dairy farms was £99,600, the highest since 2012. The main driver is thought to be input costs which fell by 5 per cent. Farms with diversified activities averaged £16,100 more income than those without. Including support payments, 81 per cent of all farms achieved a surplus but this fell to 37 per cent if support payments were excluded and to only 7 per cent of less favoured area sheep farms.
- 5 The Agricultural Prices Index for January shows that outputs increased by 11.7 per cent, compared to a year earlier, and by 0.1 per cent compared to December, while inputs increased by 18.6 per cent and 2 per cent respectively.
- 6 The second estimate of Total Income from Farming in England in 2020 has been published. TIFF is estimated to have been £3.552 millions, down 5 per cent on 2019 but up by 36.8 per cent, or £955 millions, on the first estimate last September. The main reason for the increase in the estimate is increased income from diversification and decreased volumes of inputs. TIFF on a regional basis saw falls in six of the eight regions with the largest fall being 18 per cent in Yorkshire and the Humber and the largest increase being 4.6 per cent in the West Midlands. The South West made the biggest contribution, £682 millions, followed by the East with £671 millions. The smallest contribution was the North East at £128 millions. On a per hectare basis, the average was £389 per hectare with the West Midlands highest at £488 per hectare and the North East lowest at £212 per hectare.
- 7 AHDB levy rates for 2022/23 remain unchanged from 2021/22.
- 8 The Register of Persons Holding a Controlled Interest in Land in Scotland went live on 1 April and is free to access. Penalties for non-compliance will come into force next April.

V Product prices

A Market background

- 1 Sterling exchange rates remained volatile this month as the impact of the Russian invasion of Ukraine became increasingly pervasive globally. Sterling closed marginally up against the Euro overall but significantly down against the 'safe haven' Dollar; swings exceeded 2p for both currencies. Sterling opened at 84.0p per € and gained ground in the first week to peak at 82.1p, then fell back to 84.5p mid-month before eventually closing at 84.3p per € (0.3p(weaker). Against the US Dollar Sterling opened at 74.5p and fell back in the first half of the month to an 18-month low of 76.9p; a partial recovery saw Sterling close at 76.3p per \$ (1.8p weaker).
- 2 Crude oil prices hit levels not seen since early 2014 this month, peaking at an all-time high, and with large swings during the month. Brent Crude opened the month at \$100.99 per barrel and rose to peak at \$127.98 early on, then fell back to £98.02 by the middle of the month before surging again to peak at \$121.60 and settle at a late March average of \$114.10 per barrel (up \$13.11 overall).

B Crops

- 1 The military action in Ukraine sent crop markets in a spin as supplies of crops and crop inputs for the coming season became of increasing concern. Feed wheat prices hit all-time highs, even surpassing the levels seen in 2008, accentuated by high fertilizer and fuel prices, expected to result in greater areas of marginal land remaining fallow next season. Managed funds and speculative traders have added fuel to the blaze. With overall quantity of grain being the primary concern, the milling premium, whilst still tracking above the 5-year average, fell back to £31/tonne.

Feed wheat futures rose significantly across the board, with gains strongest in the shorter time-frame; the monthly price swings were unprecedented at between £41 and £58/tonne. By late March, deliveries for November 2022 and 2023 were £262/tonne (+46) and £223/tonne (+32) respectively. The effect of the Russian invasion of Ukraine on the oilseed rape price has been massive, amplifying the already-undersupplied oilseeds market and adding over 25 per cent to what was a very buoyant average price.

Average spot prices in late March (per tonne ex-farm): feed wheat £297 (+72); milling wheat £347 (+85); feed barley £287 (+79); oilseed rape £803 (+197); feed peas £285 (+46); feed beans £293 (+46).

C Livestock

- 1 The average live-weight cattle prices for steers and heifers, for a second month, rose marginally overall but remained volatile. The average finished steer price dropped initially from its opening average of 235p/kg lw to 232p/kg, then peaked at 238p/kg, dropped to 233p/kg and eventually closed at 237p/kg lw (up 2p, to sit 24p/kg above the average a year earlier). The average finished heifer price fell from its opening average of 243p/kg lw to 239p/kg, before recovering and closing at the month's peak of 248p/kg (up 5p, to sit 25p above the average a year earlier). Dairy cow prices fell from the opening position of £1,399 per head to a mid-month low of £1,119 before improving to close the month at £1,250 per head (down £149 and sitting £13 above the average in February 2021).
- 2 The average finished lamb price (SQQ live weight, old-season) fell back for much of the month but recovered most of the losses to end up by the end of the month. Opening at 263p/kg lw, the average dropped to 249p/kg before gaining momentum again to close the month at 268p/kg lw (up 5p, to sit 10p/kg below the average a year earlier).
- 3 The average UK all pig price (APP) rose marginally this month, although not nearly enough to outpace the increase in feed and input prices. Opening at 143.0p/kg dw, the average edged up week on week to close at 144.7p/kg dw (up 1.7p to sit 1.0p above the closing average a year earlier).
- 4 The UK average 'all milk' price for January, reported this month, recorded an increase of 1.34ppl, resulting in an average of 35.46ppl (5.69ppl above the average a year earlier and 5.87ppl above the rolling 5-year average). Initial reports suggest that the February average will be a further improvement of 0.43ppl. The EU (ex UK) average for January was 36.11ppl; 0.06ppl up from the December average and 1.17 above the November average.

VI Other crop news

- 1 The latest AHDB supply and demand estimates show that 2021/22 wheat availability is 16.904 million tonnes, down 722,000 tonnes on a 5-year average, domestic consumption is forecast to be 14.74 million tonnes leaving a balance of 2.164 million tonnes, the third tightest on record. Exports are expected to be 500,000 tonnes and, with an operating stock requirement of 1.5 million tonnes, the carry over into next season will only be 164,000 tonnes. For barley, the availability is 8.089 million tonnes, down 498,000 tonnes on the 5-year average, with domestic consumption of 6.288 million tonnes leaving a balance of 1.801 million tonnes, the tightest since 2012/13. Exports are forecast to be 750,000 tonnes and, with an operating requirement of 800,000 tonnes, the carry over is expected to be 251,000 tonnes.

- 2 Defra has published details of crop areas claimed under the Basic Payment Scheme in 2021 as compared to the June Survey of Agriculture. The total area claimed under BPS was 9.2 million hectares compared to the June Survey of 9 million hectares; the total crops areas were identical at 3.9 million hectares; the cereals area was 2.6 million hectares, down 45,000 hectares on the June Survey; and the wheat area was 1.6 million hectares, down 17,000 hectares on the June Survey.
- 3 The Agricultural Prices Index for January shows that wheat increased by 14.2 per cent, compared to a year earlier, barley by 42.4 per cent, oats by 33.4 per cent, potatoes by 16.7 per cent, oilseed rape by 62.6 per cent and fresh fruit by 40.4 per cent but there were falls of 48.7 per cent for forage plants and 1.8 per cent for fresh vegetables. Compared to December, there were increases of 2 per cent for wheat, 4.1 per cent for barley, 4.3 per cent for oats, 3.6 per cent for oilseed rape and 19.2 per cent for fresh fruit but there were falls of 0.4 per cent for forage plants and 3 per cent for fresh vegetables.
- 4 The John Innes Centre has been granted consent to release genetically modified *Triticum aestivum* plants based on the cultivar fielder, to endeavour to enhance micronutrient accumulation in its grain by over-expressing in the same plants both the wheat vacuolar iron transporter 2 gene in the endosperm and the rice nicotianamine synthase 2 gene.
- 5 The Scottish Government has approved an export deal between PepsiCo and Saltire Seed for the delivery of 2,000 tonnes of seed potatoes to Russia.
- 6 The Horticulture Business Survey 2022 has been published. This shows that growers with a turnover above £100,000 (42 per cent) are more likely to report high or very high confidence in their business' future prospects than those with a turnover below £100,000 (24 per cent); edible growers (69 per cent) are more likely to be planning business growth than ornamentals growers (55 per cent); input costs are the most important factor in determining whether to increase both production and productivity; growers with a turnover above £100,000 (75 per cent) are more likely to be planning to increase productivity than those with a turnover below £100,000 (31 per cent); and electricity is required for the growing systems of 28 per cent of growers and a source of non-solar heat is required by 16 per cent.
- 7 The Sainsburys Laboratory has applied to release genetically modified organisms to facilitate the development of new potato varieties with various combinations of late blight resistance, PVY resistance, PCN resistance, reduced bruising and improved processing quality.
- 8 A meeting of Scottish seed potato growers in Forfar has agreed to the creation of a new co-operative to represent the sector following the demise of the potato division of AHDB.
- 9 Agrii, together with Foskett Farms, East Suffolk Produce, Greenwell Farms and agronomist Graham Tomalin, has formed the 'Potato Partnership' to investigate solutions to some of the most pressing production challenges facing growers.
- 10 British Sugar has announced that all sugar beet contracts, regardless of length, will pay at least £27 per tonne.
- 11 The World Apple and Pear Association has published apple and pear stock figures as at 1 February. European apple stocks increased by 7.2 per cent, compared to a year earlier, to 3,606,980 tonnes while pear stocks rose by 31.9 per cent to 149,553 tonnes.
- 12 Kent-based fruit grower, Clock House Farm, has established Linton Growing with a 30 hectare outdoor vertically integrated propagation area focussing on strawberry, raspberry and blackberry production.

- 13 Sterling Suffolk, which operates 8.1 hectares of glasshouses, has ceased the production of tomatoes due to the high cost of gas.

VII Other livestock news

- 1 The Animal and Plant Health Agency has validated a new polymerase chain reaction test which can detect the bacterium responsible for bovine TB directly from tissue samples collected at post-mortem inspection. The new method will reduce the reporting time from 22 weeks to 3 weeks.
- 2 As at the beginning of December, there were 9.4 million cattle and calves in the UK, up 0.8 per cent on a year earlier; 3.3 million cattle in the breeding herd, down 0.3 per cent; 22.8 million sheep and lambs, up 3 per cent; and 14.5 million breeding ewes, up 2.7 per cent. In cattle, the beef breeding herd fell by 0.9 per cent, to 1.4 million head, while the dairy breeding herd rose by 0.1 per cent to 1.9 million head.
- 3 In 2021, the number of new herd bovine TB incidents in England fell by 10 per cent with falls of 9 per cent in the High Risk area, 15 per cent in the Edge area and 9 per cent in the Low Risk area. There was a fall of 29 per cent in Scotland but an increase of 8 per cent in Wales. The number of herds not officially TB free fell by 14 per cent in England with falls of 10 per cent in the High Risk area, 26 per cent in the Edge area and 22 per cent in the Low Risk area. There was a fall of 48 per cent in Scotland but an increase of 2 per cent in Wales.
- 4 At the beginning of December, there were 5 million cattle and calves in England, unchanged from a year earlier; 1.7 million cattle were in the breeding herd, a fall of 1.2 per cent; an increase of 3 per cent in the number of sheep and lambs to 10.9 millions; and a decrease of 1.2 per cent in the number of breeding ewes to 6.4 millions.
- 5 UK prime cattle slaughterings in February fell by 0.8 per cent, compared to a year earlier, to 159,000 head; beef and veal production fell 0.4 per cent to 73,000 tonnes; sheep slaughterings rose 9.6 per cent to 865,000 head; mutton and lamb production rose 13 per cent to 21,000 tonnes; pig slaughterings rose 1.1 per cent to 916,000 head; and pigmeat production rose by 5.7 per cent to 89,000 tonnes.
- 6 The Agricultural Price Index for January shows that cattle and calves increased by 9.7 per cent, compared to a year earlier, sheep and lambs by 9.6 per cent, poultry by 1.3 per cent and milk by 19.2 per cent but there were falls of 3.4 per cent for pigs and 0.9 per cent for eggs. Compared to December, there were increases of 2.8 per cent for eggs and 0.6 per cent for poultry but there were falls of 2.3 per cent for cattle and calves, 2.5 per cent for pigs and 3.9 per cent for sheep and lambs.
- 7 GB milk production is expected to finish the 2021/22 year 1.6 per cent down on 2020/21 with only the first three months of the year having shown increases. In 2022/23 production is forecast to fall by a further 0.8 per cent.
- 8 Dairy farmers in the Muller Advantage scheme will see price increase of 3.6ppl in May taking the price to 40ppl.
- 9 During February, UK dairies processed 1,050 litres of milk with the rolling annual average down 0.2 per cent on January while the month on month average was down 9.1 per cent. Cheese production fell 5 per cent to 38,900 tonnes and milk powder production fell by 41 per cent to 3,500 tonnes but butter production rose by 7.7 per cent to 16,500 tonnes.
- 10 Tesco has increased the price paid to its Tesco Sustainable Dairy Group by 6.68ppl to 40.84ppl.

- 11 Average butterfat in February was unchanged, compared to January, at 4.26 per cent but was down 0.8 per cent on a year earlier. Average protein was also unchanged at 3.34 per cent but was down 0.6 per cent on a year earlier.
- 12 Sainsbury's Dairy Development Group farmers have had a milk price increase of 4.72ppl taking the price to 38.62 ppl. Sainsbury's has also undertaken to review the price paid monthly rather than quarterly as at present.
- 13 Data from BCMS shows the milking herd declined by 2 per cent in 2021 to 1.64 million head.
- 14 Freshways has increased its standard litre price to 40ppl.
- 15 The Veterinary Medicines Directorate has announced that any zinc oxide veterinary products that are Qualified-Person released by 26 June can continue to be used until the end of their shelf life.
- 16 Arla has increased its milk price by 0.34ppl taking a standard manufacturing litre to 39.72ppl and an organic litre to 47.17ppl.
- 17 In the six months to December, animal feed production fell by 0.3 per cent, compared to the same period in 2020, to 5.965 million tonnes. There was a fall of 2.6 per cent in feed for cattle, mainly driven by an 11.9 per cent fall in blends for dairy cows, but there were increases of 3 per cent in feed for pigs and 8.4 per cent in feed for sheep.
- 18 Medina Dairy has increased its Watsons milk price by 2ppl to 39.8ppl.
- 19 The Livestock Information Service has now replaced the Animal Reporting Movement Service for sheep, goat and deer.
- 20 Saputo Dairy UK has increased the price paid to its Davidstow Creamery Direct farmers by 2ppl to 38ppl.
- 21 Latest AHDB figures suggest that, in the three months to December, estimated net margin losses averaged £39 per pig. The last time a surplus was achieved was in the three months to September 2020 and that was only £7 per pig.
- 22 In December, in England, there were 295,000 pigs in the female breeding herd, down 7 per cent on a year earlier. The number of sows in pig fell by 14 per cent but the number of dry or suckled pigs retained for breeding rose by 24 per cent. The number of gilts for breeding rose by 6.4 per cent to 80,000 gilts. There was an increase of 11 per cent in the number of fattening pigs to 3.7 millions, the largest December population for 20 years. Of the farms surveyed, 25 per cent reported having a backlog of pigs while 2 per cent reported culling pigs on farm during October and November.
- 23 A UK Pig Industry Welfare Training Platform has been launched with the first module concentrating on the movement and handling of pigs. As part of the Red Tractor standards, all those involved must complete the training by 31 August.
- 24 Latest data indicates there have been 89 cases of highly pathogenic avian influenza H5N1 in England with 2 cases in Wales and 2 in Scotland. There are disease control zones in Suffolk, Norfolk, Lincolnshire, Tyne and Wear, Northumberland, Cheshire and Hampshire.
- 25 During February, UK commercial layer chick placings fell by 17 per cent, compared to a year earlier, to 2.6 million chicks; broiler chick placings rose by 3.9 per cent to 97.1 million chicks; turkey chick placings fell by 7.1 per cent to 900,000 chicks; turkey slaughterings fell by 28 per cent to 500,000 birds; broiler slaughterings fell by 2.2 per cent to 85 million birds; and total poultry meat production rose by 5.9 per cent to 151,100 tonnes.

VIII Inputs/Supply businesses

- 1 Defra has announced that changes to the use of urea fertilizer have been postponed for a year and that, when restrictions are introduced, they will include the use of ammonia inhibitors rather than a complete ban.
- 2 Revised and improved statutory guidance has been published on how farmers should limit the use of slurry and other farmyard manure at certain times of year.
- 3 The Agricultural Price Index for January shows increases of 31 per cent for energy and lubricants, compared to a year earlier, 119.8 per cent for fertilizer, 10.3 per cent for chemicals, 0.9 per cent for veterinary services, 9 per cent for feedingstuffs, 5.4 per cent for equipment maintenance and 21 per cent for buildings maintenance although there was a fall of 1.1 per cent for seeds. Compared to December, there were increases of 2.7 per cent for fertilizer, 3.8 per cent for chemicals, 1 per cent for feedingstuffs, 1.6 per cent for equipment maintenance and 0.9 per cent for buildings maintenance while there were falls of 0.2 per cent for energy and lubricants and 0.1 per cent for veterinary services.
- 4 The Health and Safety Executive has allowed the use of insecticide Gazelle SG, produced by Certis, for the control of virus transmitting aphids and cabbage root fly in a range of root crops.
- 5 Modelling has predicted a 68 per cent incidence of yellows viruses in sugar beet as a result of the mild winter. As a result the use of a neonicotinoid seed treatment can proceed.

IX Marketing

- 1 According to Kantar, while retail volumes of meat, fish and poultry fell by 6.3 per cent in the year to February, sales of pre-prepared meals rose by 3.2 per cent with ready meals up 4.3 per cent.
- 2 UK exports of sheep meat in January totalled 4,128 tonnes, up 13.4 per cent on January 2021 but down 40.2 per cent on January 2020. Imports rose by 12.5 per cent, compared to both 2020 and 2021, to 4,450 tonnes.
- 3 Chile has agreed to allow imports of UK pork with trade estimated to be worth £20 millions in the first five years.
- 4 In January, the UK imported 20,900 tonnes of beef, up 45 per cent on 2021 and up 11 per cent on the 5-year average. The average value of the imported product has increased by 21 per cent to £4,800/tonne. Exports totalled 7,200 tonnes, down 31 per cent on December but up 55 per cent on a year ago. Overall exports remain 17 per cent below the 5-year average. The average value is up 18 per cent at £3,700/tonne.
- 5 In the latest Rabobank quarterly report, global milk production is forecast to fall by 0.7 per cent in the first half of 2022.
- 6 Having achieved surpluses in 2019 and 2020, the UK dairy market fell back into deficit in 2021 to the tune of 68,000 tonnes. The surplus in liquid milk fell by 150,000 tonnes which was the main driver behind the deficit but lower exports and higher imports of yoghurt also contributed. In value terms the deficit was £1.04 billions but this was an improvement of £86 millions on 2020 and is the lowest value deficit in the past 5 years.
- 7 The Competition and Markets Authority has approved the merger of Freshways and Medina Dairies.
- 8 With effect from 1 June, the 25 per cent import tariff on US maize will be removed.

- 9 Although exports of pig meat fell by 11 per cent in January, compared to December, they were up 67 per cent on a year ago at 18,000 tonnes. Imports rose by 22 per cent, compared to December, to 83,000 tonnes.

X Miscellaneous

- 1 Wynnstay has bought Humphrey Feed & Pullets.
- 2 Scunthorpe-based grain processing and storage equipment specialists, McArthur Agriculture, has bought Wiltshire-based BDC Systems.

Postscripts

Lt. Colonel Robert Maclaren retired from the British Army in 2001 after a long fulfilling career. On the day that he retired he received a letter from the Personnel Department of the Ministry of Defence setting out details of his pension and, in particular, the tax-free 'lump sum' award, (based upon completed years of service), that he would receive in addition to his monthly pension.

The letter read: "Dear Lt. Colonel Maclaren,

We write to confirm that you retired from the Royal Scots Dragoon Guards on 1st March 2001 at the rank of Lt Colonel, having been commissioned into the British Army at Edinburgh Castle as a 2nd Lieutenant on 1st February 1366. Accordingly your lump sum payment, based on years served, has been calculated as £68,500. You will receive a cheque for this amount in due course.

Yours sincerely,

Army Paymaster"

Col Maclaren replied;

"Dear Paymaster,

Thank you for your recent letter confirming that I served as an officer in the Royal Scots Dragoon Guards between 1st February 1366 and 1st March 2001 – a total period of 635 years and 1 month. I note however that you have calculated my lump sum to be £68,500, which seems to be considerably less than it should be bearing in mind my length of service since I received my commission from King Edward III.

By my calculation, allowing for interest payments and currency fluctuations, my lump sum should actually be

£6,427,586,619.47p.

I look forward to receiving a cheque for this amount in due course.

Yours sincerely,

Robert Maclaren (Lt Col Retd)"

A month passed by and then in early April, a stout manila envelope from the Ministry of Defence in Edinburgh dropped through Col Maclaren's letter box, it read:

"Dear Lt Colonel Maclaren,

We have reviewed the circumstances of your case as outlined in your recent letter to us dated 8th March inst. We do indeed confirm that you were commissioned into the Royal Scots Dragoon Guards by King Edward III at Edinburgh Castle on 1st February 1366, and that you served continuously for the following 635 years and 1 month. We have re-calculated your pension and have pleasure in confirming that the lump sum payment due to you is indeed £6,427,586,619.47p.

However, we also note that according to our records you are the only surviving officer who had command responsibility during the following campaigns and battles; The Wars of the Roses 1455 - 1485 (including the battles of Bosworth Field, Barnet and Towton), The Civil War 1642 -1651 (including the battles Edge Hill, Naseby and the conquest of Ireland), The Napoleonic War 1803 – 1815 (including the battle of Waterloo and the Peninsular War), The Crimean War (1853 – 1856) (including the battle of Sebastopol and the Charge of the Light Brigade) and The Boer War (1899 - 1902).

We would therefore wish to know what happened to the following, which do not appear to have been returned to Stores by you on completion of operations:

9,765 Cannon
 26,785 Swords
 12,889 Pikes
 127,345 Rifles (with bayonets)
 28,987 horses (fully kitted)

Plus three complete marching bands with instruments and banners.

We have calculated the total cost of these items and they amount to £6,427,518.119.47p. We have therefore subtracted this sum from your lump sum, leaving a residual amount of £68,500, for which you will receive a cheque in due course.

Yours sincerely"

Army Paymaster"

Monthly Farming Update

It takes three to tango!

A partnership is a wonderful trading vehicle, in theory simplicity in itself. No requirement to disclose financial information to the world at large (Companies House); no requirement for a formal record of changes in constitution; no requirement for formal records (statutory books); and no lost share certificates.

But a casual approach to a partnership can lead to untold problems.

It is generally accepted that, in most instances, it is best for all assets to be held under the umbrella of a partnership. This can be recorded, ideally, in a partnership agreement or disclosed in the partnership accounts. But what happens on death?

It is not uncommon for a partner to want to leave a specific property to a non-partner family member and to state as such in his or her will. But unless the partnership agreement makes specific provision, this cannot happen as the testator owns an interest in a partnership not a specific property, irrespective of what may be recorded at Land Registry. If not properly documented, the gift recorded in the will may fail.

Another aspect is that a partnership can only be a partnership if it comprises at least two persons. Husband and wife partnerships are very common. But on the demise of either partner, the partnership comes to an end, fairly obvious.

However, the most significant event is that, at a time of undoubted distress, the 'partnership' bank account is likely to be frozen as the partnership ceases to exist. In other words, the working capital of the partnership is lost in bureaucracy until probate has been granted.

Solutions.

Ensure wills are drafted to leave 'an interest in a partnership represented by' and ensure partnership agreements give partners and their personal representatives the right to withdraw partnership assets.

Secondly, if at all possible, limit the risk by having a partnership of three persons, even if the 'third' party is a token member. And don't let the 'third' party go anywhere in a vehicle with a principal partner!!!

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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