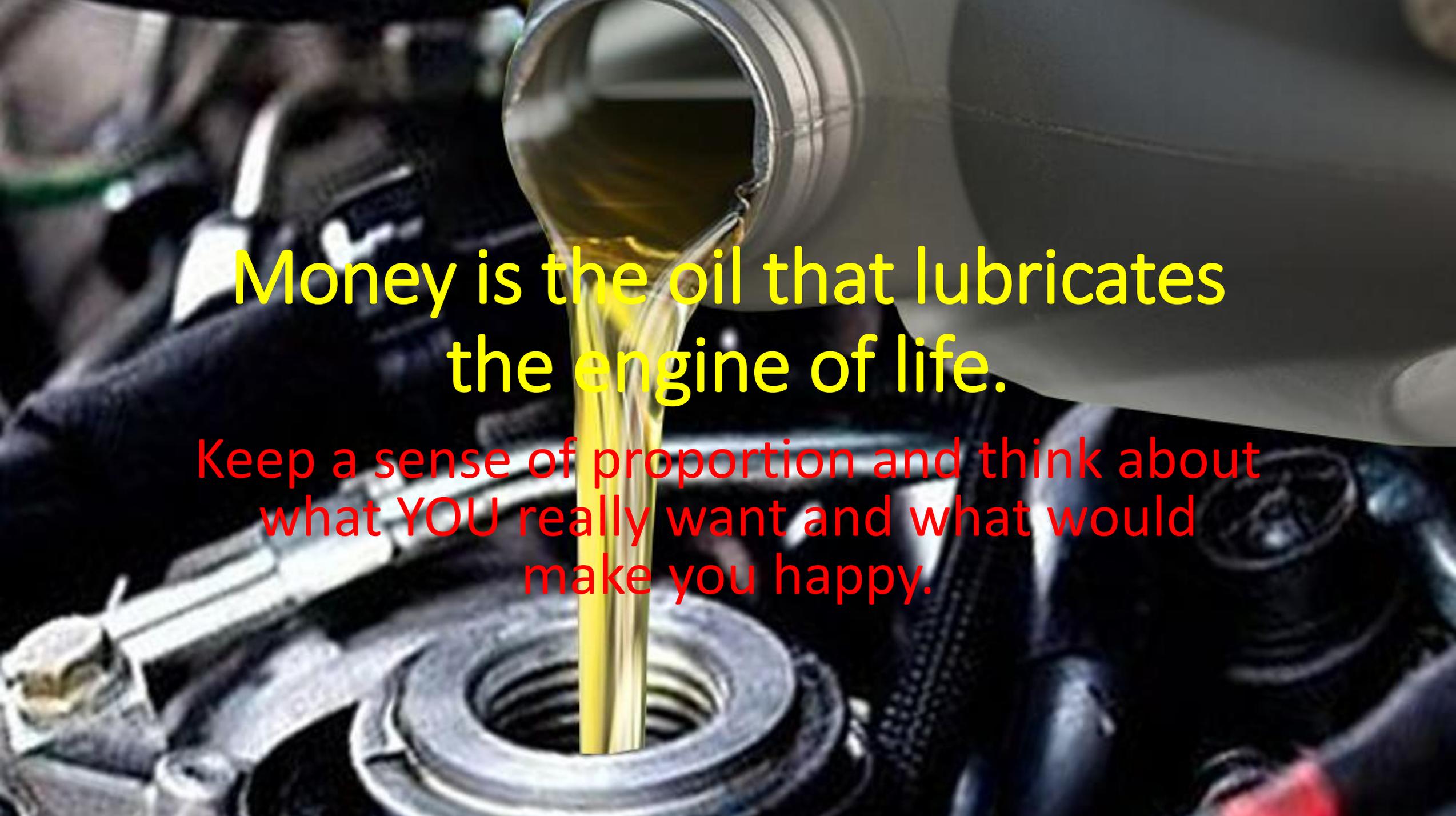


FARMING FOR NOWT

A SIMPLE GUIDE TO WORKING OUT WHERE YOUR FARM'S MONEY IS
GOING TO AND WHAT TO DO ABOUT IT





Money is the oil that lubricates
the engine of life.

Keep a sense of proportion and think about
what YOU really want and what would
make you happy.

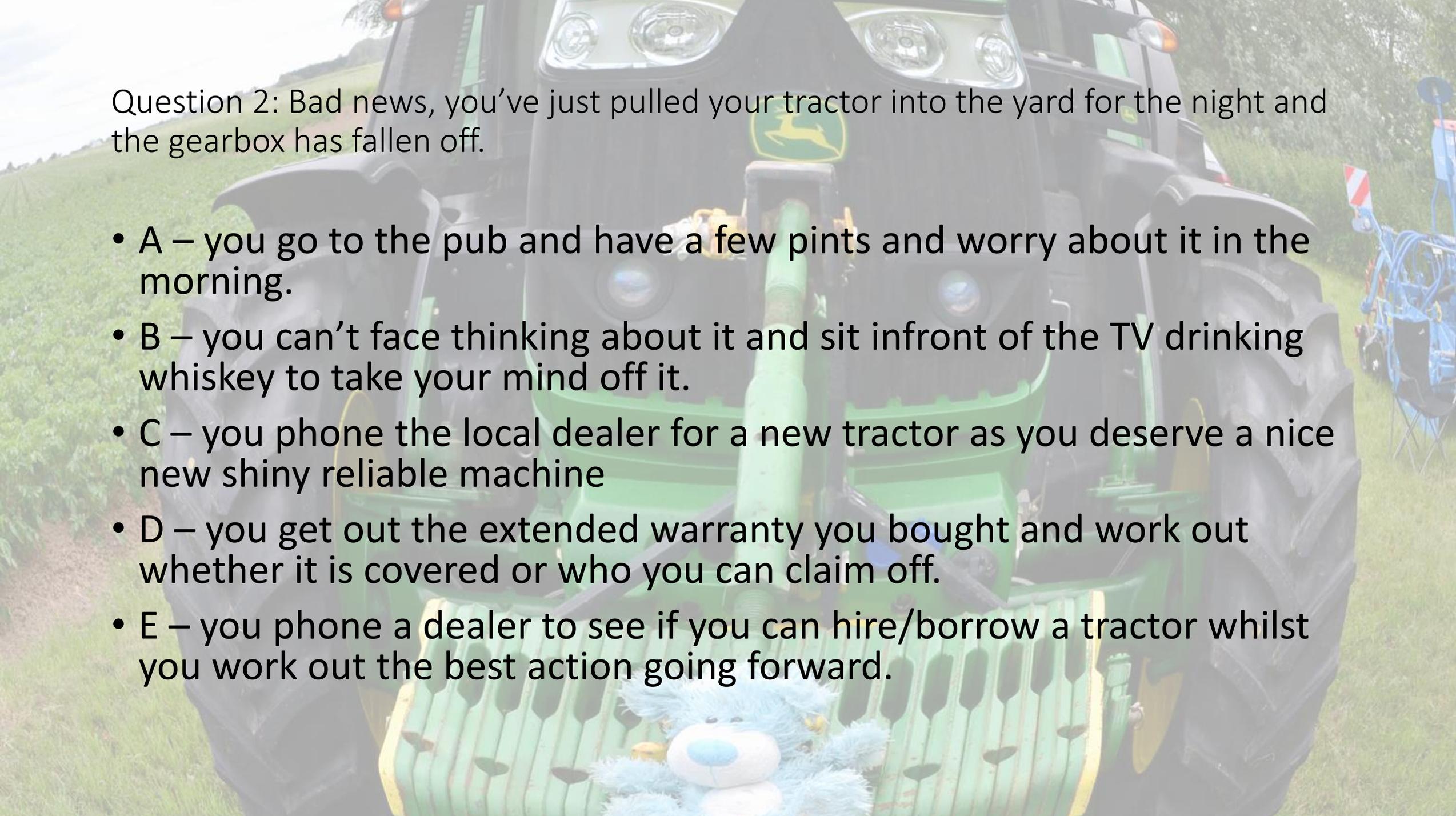
WHAT IS YOUR ATTITUDE TOWARDS MONEY?

- The following seven questions will help you understand how you view money. Answer each question A to E with the answer that best fits you.



Question 1: It is winter and you are buying seed, chemicals and fertilizer for next year. How do you manage this spend?

- A – use the overdraft as you figure it will be repaid by next harvest.
- B – you use the overdraft without worrying whether it will be repaid as that is tomorrow's problem.
- C – you juggle the trade terms, get supplier finance as well as using overdraft and credit card
- D – you cut back on spending on fertilizer and chemicals hoping you can juggle the agronomy to maintain yields.
- E – you use the overdraft and trading terms having established a planned cash flow forecast that shows this is affordable.

A green John Deere tractor is shown from a front-three-quarter view. The tractor has a blue fuzzy toy on the front grille. The background is a grassy field with trees in the distance.

Question 2: Bad news, you've just pulled your tractor into the yard for the night and the gearbox has fallen off.

- A – you go to the pub and have a few pints and worry about it in the morning.
- B – you can't face thinking about it and sit in front of the TV drinking whiskey to take your mind off it.
- C – you phone the local dealer for a new tractor as you deserve a nice new shiny reliable machine
- D – you get out the extended warranty you bought and work out whether it is covered or who you can claim off.
- E – you phone a dealer to see if you can hire/borrow a tractor whilst you work out the best action going forward.

Question 4: How do you play Monopoly?

- A – opportunistic – buy every property I land upon.
- B – defensive – you pray you won't get caught owing money you don't have
- C – high end – you make sure you own the best streets, Mayfair, Park Lane, Oxford Street, Bond Street, Regent Street.
- D – Aggressive – you focus on blocking other players.
- E – Flexible – recognising the role of luck you simply try to make the best choice upon each roll of the dice.

Question 5: Which statement best describes your attitude to money?

- A – no use worrying about money it sorts itself out
- B – money is my biggest source of stress
- C – you work hard and deserve the best in life
- D – money flows to those that duck and dive
- E – money is important and needs attention, but other things matter more to you.

Question 6: Which description best describes your food shopping?

- A – I push the trolley around the supermarket buying whatever takes my fancy.
- B – I hate shopping at the supermarket and buy from the village shop ad hoc or at the garage when I get fuel.
- C – I only buy the best cuts of meat and branded items. I prefer to shop at M&S and Waitrose and avoid Lidl and Aldi.
- D – I get whatever I want and rack it up on one of my zero rate credit cards or whichever credit card gives the best loyalty points and discounts.
- E – I write a shopping list and stick to it rigidly.

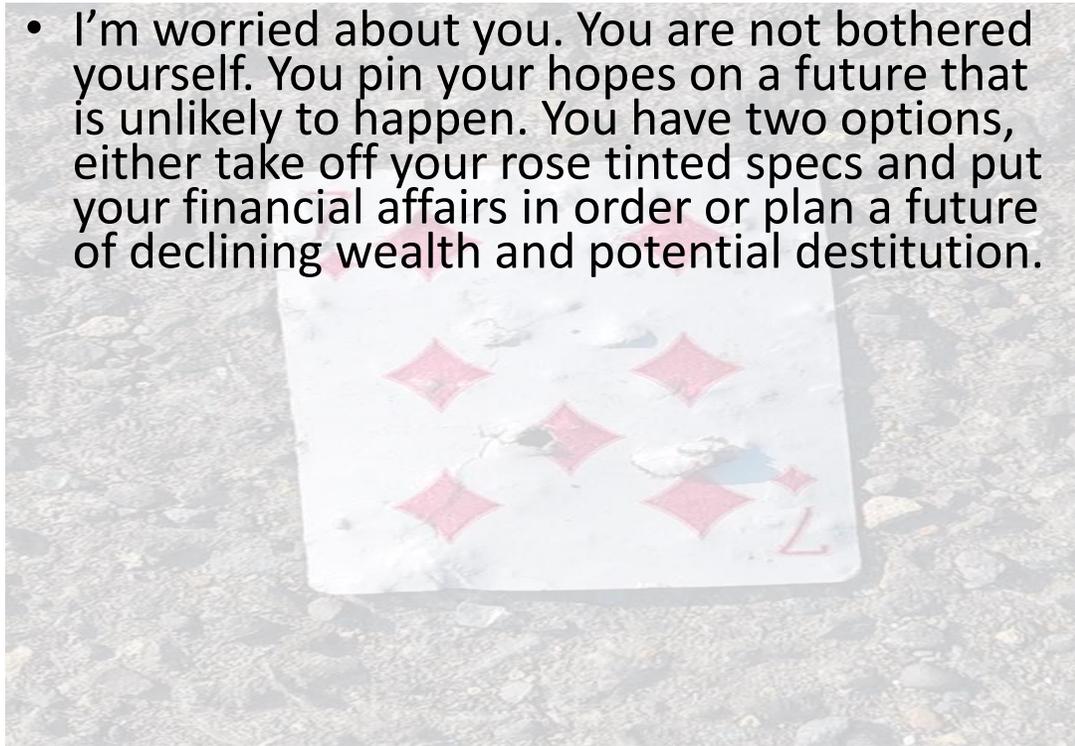
Question 7: How do you plan to fund your retirement?

- A – My farm is my retirement fund.
- B – I don't think about it. It's a long way off. I possibly won't retire.
- C – I cannot afford a pension. Life is for living now. Tomorrow will take care of itself.
- D – I keep buying lottery tickets plus I'm thinking of buying the Dragon Oil shares a bloke down the pub recommends.
- E – I pay my full NI and keep track at least once a year of its likely value and pay a little into a pension scheme each month.

So what answers did you give?

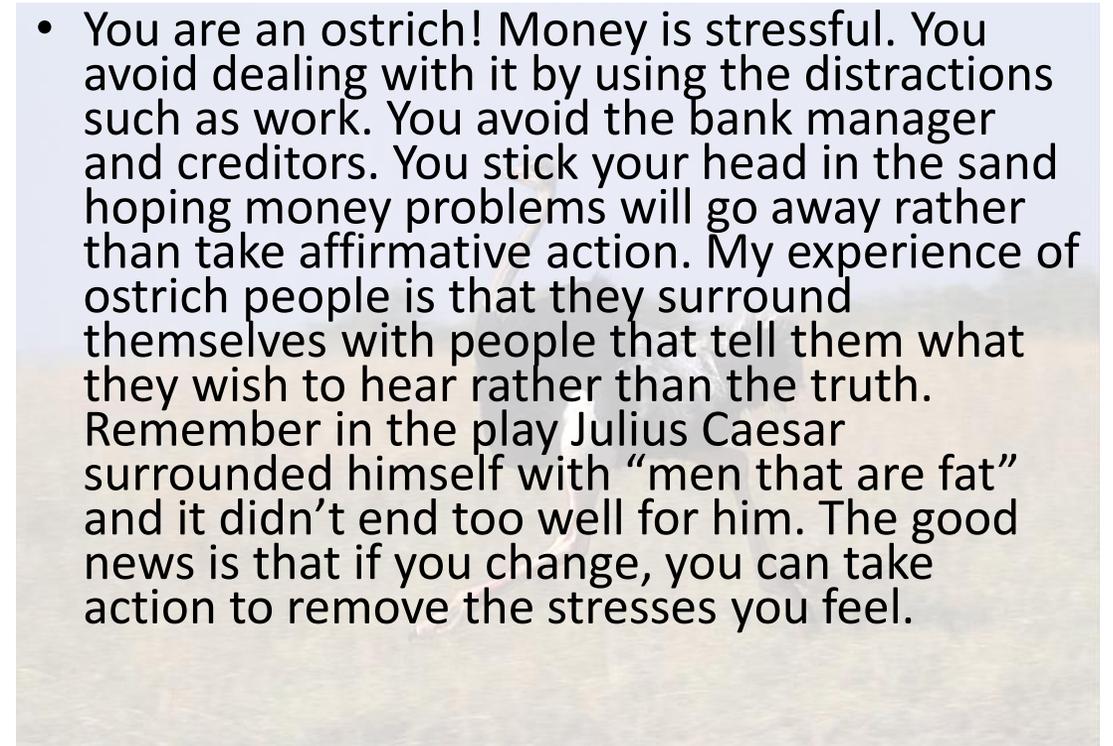
MOSTLY A

- I'm worried about you. You are not bothered yourself. You pin your hopes on a future that is unlikely to happen. You have two options, either take off your rose tinted specs and put your financial affairs in order or plan a future of declining wealth and potential destitution.



MOSTLY B

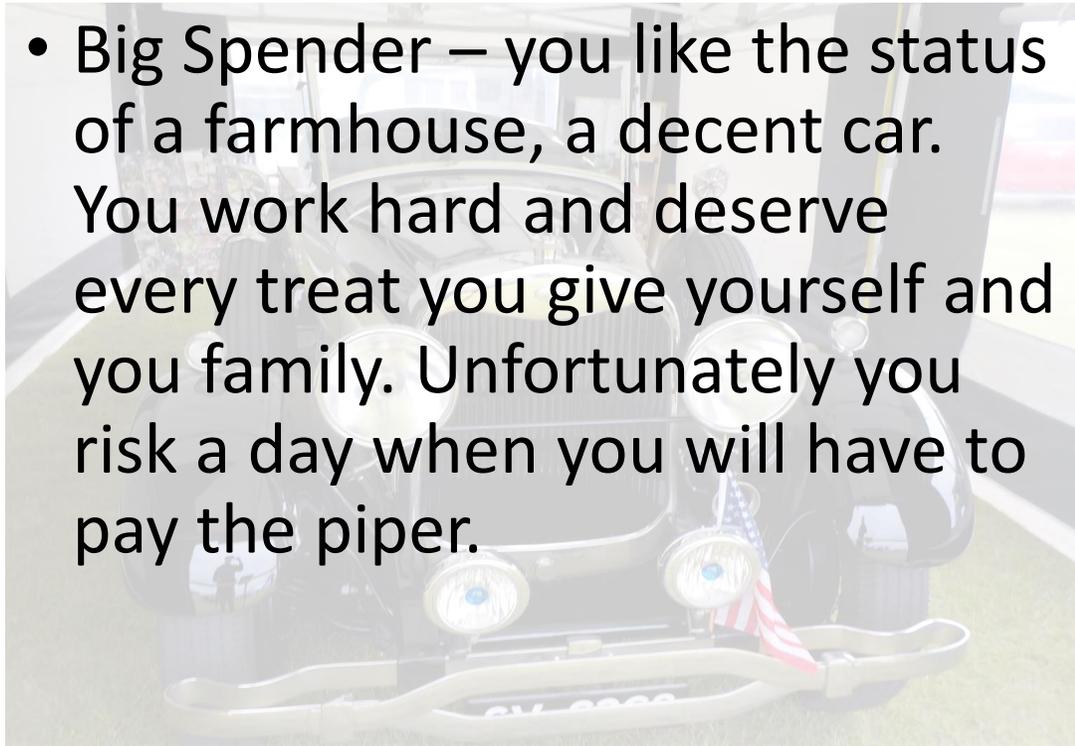
- You are an ostrich! Money is stressful. You avoid dealing with it by using the distractions such as work. You avoid the bank manager and creditors. You stick your head in the sand hoping money problems will go away rather than take affirmative action. My experience of ostrich people is that they surround themselves with people that tell them what they wish to hear rather than the truth. Remember in the play Julius Caesar surrounded himself with "men that are fat" and it didn't end too well for him. The good news is that if you change, you can take action to remove the stresses you feel.



So What answers did you give?

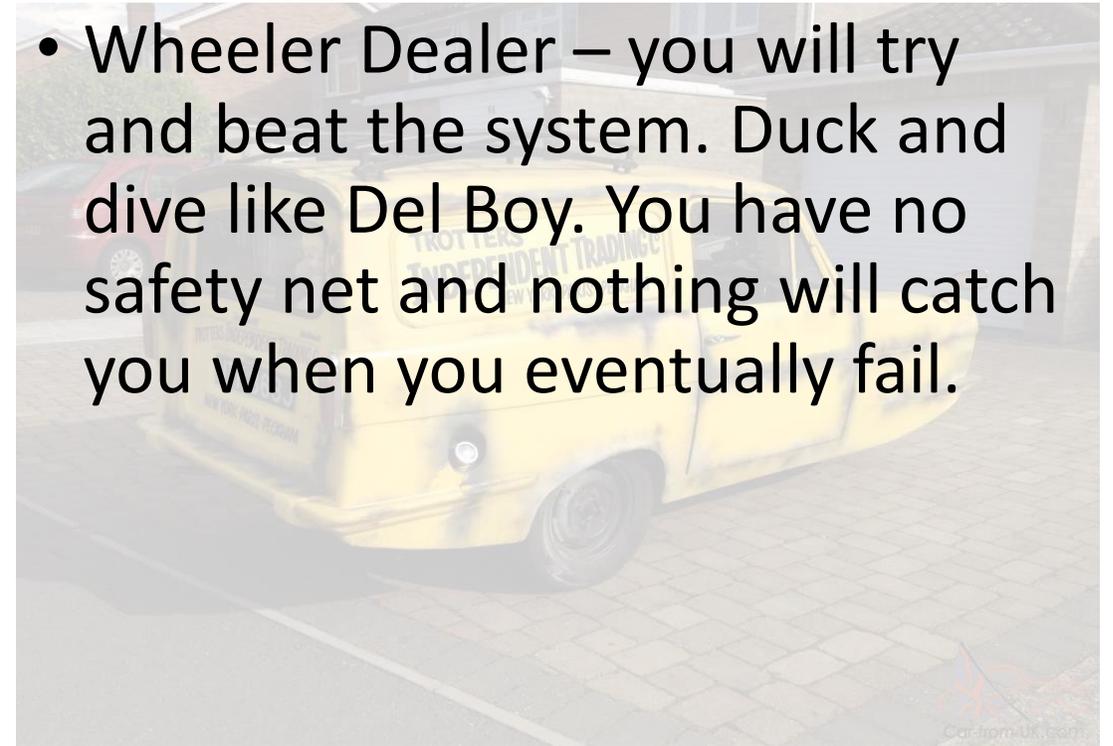
MOSTLY C'S

- Big Spender – you like the status of a farmhouse, a decent car. You work hard and deserve every treat you give yourself and you family. Unfortunately you risk a day when you will have to pay the piper.



MOSTLY D's

- Wheeler Dealer – you will try and beat the system. Duck and dive like Del Boy. You have no safety net and nothing will catch you when you eventually fail.



So what answers did you give?

MOSTLY E's

- Well balanced – you take a planned approach to finance and you are relatively unstressed about your financial affairs. This does not make you immune from difficulty. Remember “God laughs at our plans.”

REMEMBER!

- Whatever the outcome you can change. If you keep doing the same things can you expect the same results?
- Do not expect a onesize fits all solution. Assess your strengths and weaknesses, find a balance and seek help.

How do you feel about your farm?

- Does it feel harder than it should be?
- Are you constantly short of money?
- Do you keep receiving phone calls, letters or emails chasing you for money?
- Is your farm bank account balance getting smaller each year?
- Are you paying taxes on profits but still feel no better off?
- Do you feel bad, worried or concerned about your future in farming?

IF YOU ANSWER YES TO ANY OF THESE CONTINUE. IF YOU ANSWER NO TO ALL OF THESE SHOULD YOU CHALLENGE YOURSELF THAT YOU ARE NOT FOOLING YOURSELF?

GET HELP.

- First of all lets acknowledge that financial problems can have a high impact on mental health, stress and even physical health. Getting help with this is vitally important.
- At the same time, ideally, you should seek help to deal with financial problems. Removing the causes of your stress will ensure a lasting recovery.
- It is important to remember **YOU ARE NOT ALONE.**

See last pages for list of organisations.

GET HELP

- Who should you get to help you. First of all look at who you already know and trust. The best farming businesses have professional help from five key groups of people that work separately and sometimes together to help them:
- Agronomist – a good agronomist will not just sell you chemicals, fertilizer or seed, but will suggest ways that you can become more efficient by reducing costs or increasing returns.
- Accountant – a good accountant will speak truth to you. They will challenge financial failings and suggest options available to you provided you are prepared to listen. Remember that a good accountant is only as good as the information you give him or the services you request. First ask yourself a question about your existing accountant. If you have experienced financial difficulty for some time why have you not had a suggestion of help from them already? Is it because they are not proactively looking after you as a client? Or is it because you are not prepared to listen to them or are not approachable? Should you consider a change of accountant? That is up to you to assess. A more prudent approach will be to invite criticism from your existing accountant and express a desire to be helped.

Get Help

- Bank Manager – Do you know who your Bank Manager is? Do you have a Bank Manager? Do you know who to speak to at the Bank? If you cannot answer these three questions it is an indication that you have not been proactively managing your Bank finance. Equally, it is also an indication that your Bank has not proactively managed your Bank borrowing. But this is not about blame or fault, its about taking control of your future. Choose your moment to phone your Bank when you are not distracted and ask them to discuss your Bank finance. If you are stressed by your finances tell them this as every UK Bank has undertaken to help vulnerable customers who are affected with financial concerns. This will help them approach you with the empathy and understanding you deserve.

When you phone your Bank they may ask a lot of questions or for information. If you do not know the answer tell them this and ask for time to give them this information. Even better get them to email you with exactly what they want as this “keeps the ink red” and you can forward the email to your accountant/land agent/solicitor if they have the answers.

If the Bank perceives you may be in difficulty they may use a specialist support manager. It is in the Bank’s interest to see you being successful and able to function as a profitable farm. They may make suggestions that you are not happy with. You must express to them if you are not happy with any of their solutions or actions – they are not mindreaders.

Sometimes your Bank may be in the wrong, if you think this is the case tell them and do not be afraid to use their complaints procedure. This is nothing for you or the Bank to take personally. As Marlon Brando says in the Godfather, “This is not personal, this is business.” If you wish get an opinion about your concerns from your accountant.

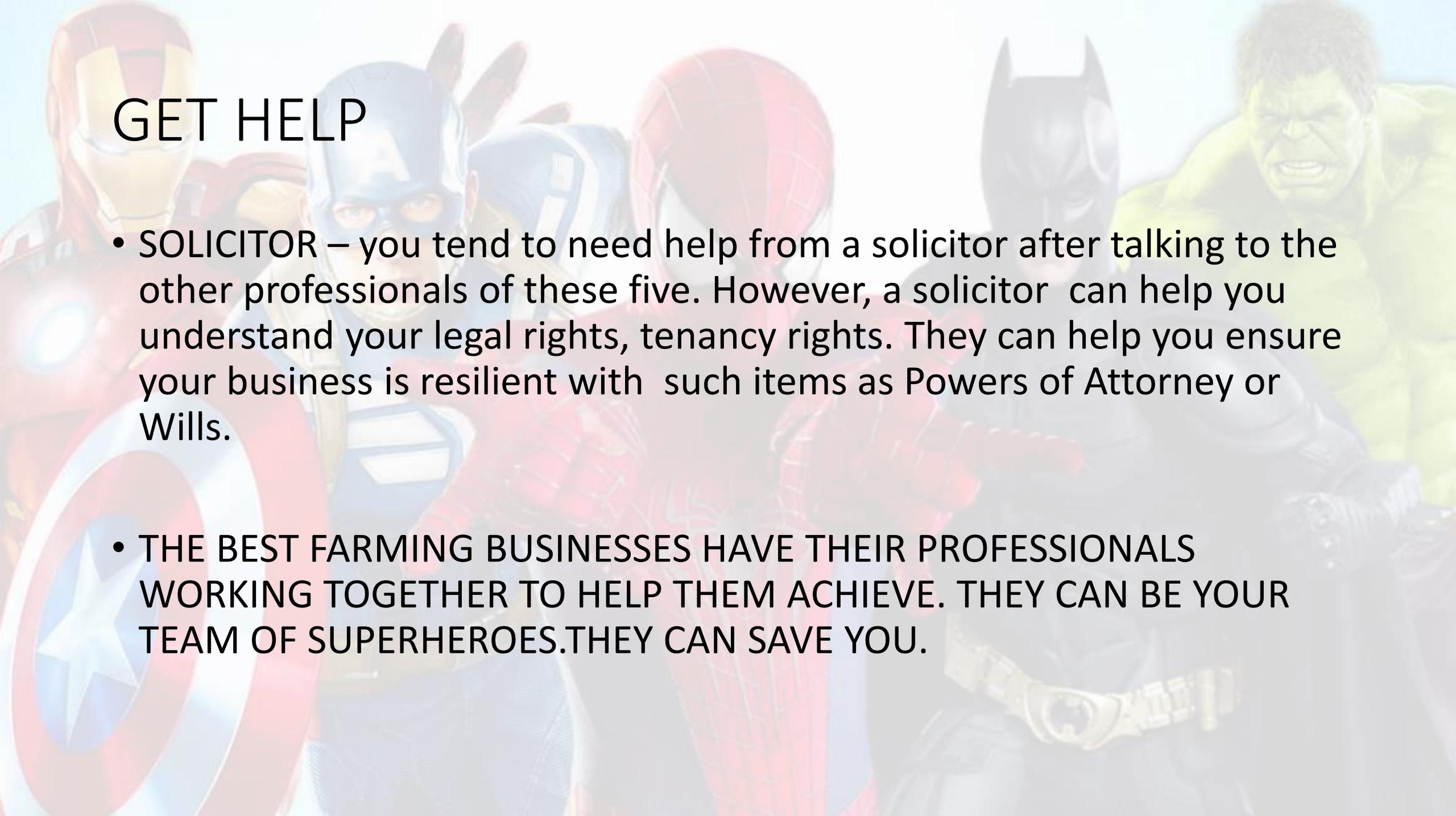
KEEP COMMUNICATING WITH YOUR BANK.

GET HELP

- LAND AGENT – a good land agent will help you. You need to trust them; be prepared to give them information; be accepting of the advice they give.

When you first talk to them be honest about how you feel and do not be shy to admit the stress you feel. They will have empathy and understanding. Talk to them about the cost of their services. Most good land agents have a short form review service that is relatively low cost, however talk to them about the best service for you. It may be money well spent if they reduce your costs and improve your profitability.

TO BE EFFECTIVE ENCOURAGE YOUR LAND AGENT TO GIVE YOU MESSAGES AND OPTIONS YOU MAY NOT INITIALLY LIKE.



GET HELP

- SOLICITOR – you tend to need help from a solicitor after talking to the other professionals of these five. However, a solicitor can help you understand your legal rights, tenancy rights. They can help you ensure your business is resilient with such items as Powers of Attorney or Wills.
- THE BEST FARMING BUSINESSES HAVE THEIR PROFESSIONALS WORKING TOGETHER TO HELP THEM ACHIEVE. THEY CAN BE YOUR TEAM OF SUPERHEROES.THEY CAN SAVE YOU.

TRACKING YOUR MONEY

Many times as an Agricultural Bank Manager I sat down with an apparently profitable farming business and the owners sat there open mouthed as I showed them how they could not afford to spend more money either on debt, drawings or on new purchases based upon their last three year's results, or even how they have been bleeding cash for a decade or more.

However, there is always light at the tunnel if you can change your farming business and how it uses money or increase its income. The following is designed to give you simple tools to identify if there is a problem, understand your attitude to money and explore what the options are to change.

PROFIT LOSS AND CASH

You should have annual accounts each year that have a section called a Profit and Loss account or Trading account that will look much like this on the right.

This appears to be a healthy business. In this case it is a Company with the wages shown being the day to day income of the three farm owners.

In addition it has a farm mortgage of £12,000 being repaid at the rate of £10000 per annum and machinery finance totalling £120,000 being repaid at the rate of £40,000 per annum.

The owners also paid themselves a dividend each of £20,000 which the two younger owners spend on school fees and the older owner on a cruise.

FINANCIAL ACCOUNT	
Crop sales	215,000
Fodder sales	4,000
Livestock sales	130,500
Grants and subsidies	0
Sundry revenue	24,000
Single payment	20,000
Total sales	393,500
Opening valuation	161,454
Purchases:	
Seeds and fertilisers	50,105
Chemicals and sundry	55,609
Feedstuffs	39,781
Purchased fodder	4,000
Livestock	25,000
Vet, medical and sundry livestock costs	5,904
Closing valuation	211,646
Cost of sales	130,207
Gross profit	263,293
Overheads:	
Fuel	15,000
Machinery, motor and contract	30,000
Property repairs and maintenance	25,000
Office and stationary	4,000
Wages	60,000
Bank charges	500
Interest	5,500
Rent	15,000
Accountancy and professional fees	5,000
Other overheads	10,500
Depreciation	12,700
Less profit (loss) on sale of assets	1,000
Total overheads	182,200
Net profit	81,093

PROFIT AND LOSS CASH

Now using that information we shall do the following calculations:

NET PROFIT	£81,093
ADD DEPRECIATION	£12,700
ADD INTEREST ON DEBT	<u>£5,500</u>
SUB TOTAL	£99,293
LESS DEBT REPAYMENTS	£50,000
LESS TOTAL DIVIDENDS	<u>£60,000</u>
 TOTAL	 <u>£10,707</u>

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Sundry revenue	24,000
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Total overheads	<u>182,200</u>
Net profit	81,093

PROFIT AND LOSS AND CASH

EXPLANATION

- The figure created here in the example on the right illustrates that the business, despite being in profit is worse off in its cash value since last year by £10,707. It is cash negative.
- Depreciation is added back because it is a non cash item that was paid for when the tractor or machinery that was initially purchased.
- Interest on debt is added back because it is incorporated in the debt repayments in this case.
- Repayments of debt are a direct draw on cash.
- Dividends in this case are an additional draw on cash to the wages that are already accounted for. Note: If you are a sole trader or partnership the drawings will not be shown in the profit and loss account , but rather in the Capital Account and should be treated the same as dividends are in this example.

THE REAL CASH POSITION

- | | |
|------------------------|----------------|
| • NET PROFIT | £81,093 |
| • ADD DEPRECIATION | £12,700 |
| • ADD INTEREST ON DEBT | <u>£5,500</u> |
| • SUB TOTAL | £99,293 |
| • LESS DEBT REPAYMENTS | £50,000 |
| • LESS TOTAL DIVIDENDS | <u>£60,000</u> |
| • | |
| • TOTAL | <u>£10,707</u> |

£10,707

IS YOUR FARM CASH NEGATIVE OR CASH POSITIVE?

- Do the following from your accounts:
- NET PROFIT
- ADD DEPRECIATION
- ADD INTEREST PAID ON LOANS AND FINANCE AGREEMENTS

SUBTOTAL

LESS TOTAL AMOUNT OF DEBT REPAYMENTS FOR THE YEAR

LESS DRAWINGS OR DIVIDENDS

TOTAL

PROFIT AND LOSS AND CASH

If your farm is cash negative it may not be a problem if one of the following applies:

- It is not a regular year on year occurrence
- The farm is cash negative deliberately to fund the needs of the owners and you and your lenders are happy with this acknowledging that ultimately the sale of assets will resolve this at a fixed point in the future.
- You have a good plan to change this that has been vetted by a trusted competent third party that you are happy to have challenge you.



HOW WEALTHY IS YOUR FARM? WHAT IS ITS TRUE VALUE? THE FARM NET WORTH.

- So far we have only looked at Cash and whether the Farm is cash positive or cash negative. But an important factor in assessing where it is financially is to look at the farm's worth.
- Now an easy way to look at the Farm's worth is to view the Balance Sheet on your accounts. This is a value as assessed by your accountant at year end, but in reality possibly vastly undervalued. The following is a simple tool to enable you to calculate using your knowledge of your farm what the true value of the business is at this moment in time.
- Note this is important because the very seasonal nature of farming will see it vary from season to season and year to year.

FARM NET WORTH

- USE THE BELOW TABLE TO CALCULATE YOUR ESTIMATED WORTH OF LIVESTOCK:

<i>Number today</i>		<i>Market value</i>	<i>Total value today</i>
<input type="text"/>	Dairy cows		£ -
<input type="text"/>	Dairy heifers	Over 2 years	£ -
<input type="text"/>		1-2 years	£ -
<input type="text"/>		Under 1 year	£ -
<input type="text"/>	Beef suckler cows		£ -
<input type="text"/>	Suckled calves	Under 1 year	£ -
<input type="text"/>	Intensive cereal beef	12-20 months	£ -
<input type="text"/>	Other beef cattle	Over 2 years	£ -
<input type="text"/>		1-2 years	£ -
<input type="text"/>		Under 1 year	£ -
<input type="text"/>	Pigs	Sows & Gilts	£ -
<input type="text"/>		Boars	£ -
<input type="text"/>		Weaners	£ -
<input type="text"/>	Other pigs		£ -
<input type="text"/>	Sheep	Hill/Lowland	£ -
<input type="text"/>		Lambs	£ -
<input type="text"/>		Rams	£ -
<input type="text"/>	Replacements (shearling/gimmer)		£ -
<input type="text"/>	Other livestock types (itemised)		£ -
<input type="text"/>			£ -
<input type="text"/>			£ -
<input type="text"/>			£ -

FARM NET WORTH

- PRODUCE IN STORE

Produce in Store	C	£	-
------------------	---	---	---

<i>Type of produce (amend as necessary)</i>	<i>Quantity</i>	<i>Value per tonne</i>	<i>Total value today</i>
Wheat			£ -
Barley			£ -
Silage			£ -
Hay			£ -
Straw			£ -
Forage roots			£ -
			£ -
			£ -
			£ -
			£ -

FARM NET WORTH

- MACHINERY VALUE

Machinery (including leased)	D	£	-
------------------------------	---	---	---

<i>Type of machinery (amend as necessary)</i>	<i>Present value</i>
Combine Harvester	
Tractors	
Baler	
Forage Harvester	
Milking Equipment	
Trailers	
Fixed Equipment	

FARM NET WORTH – TOTAL LIABILITIES

- Calculate the farms total liabilities as follows:
- Rent owing and accrued to date -
- Balance of bank overdraft -
- Total of all secured Bank mortgages -
- Total of all other Bank loans -
- Trade Creditors -
- Other Creditors (e.g. family loans) -
- Total Leases/HP (from previous table) -
- Any other liabilities

TOTAL LIABILITIES

FARM NET WORTH – Total Assets (*use information from earlier tables to complete).

• CASH AT BANK	-
• MILK CHQ OWING	-
• SFP AND OTHER SCHEME OWING	-
• BOOK DEBTS	-
• STOCKS OF FERTILIZER AND SPRAY	
• STOCKS OF FEED STUFFS	
• TOTAL VALUE OF LIVESTOCK *	-
• TOTAL VALUE OF GROWING CROPS *	-
• TOTAL VALUE OF PRODUCE INSTORE*	-
SUB TOTAL OF ASSETS	

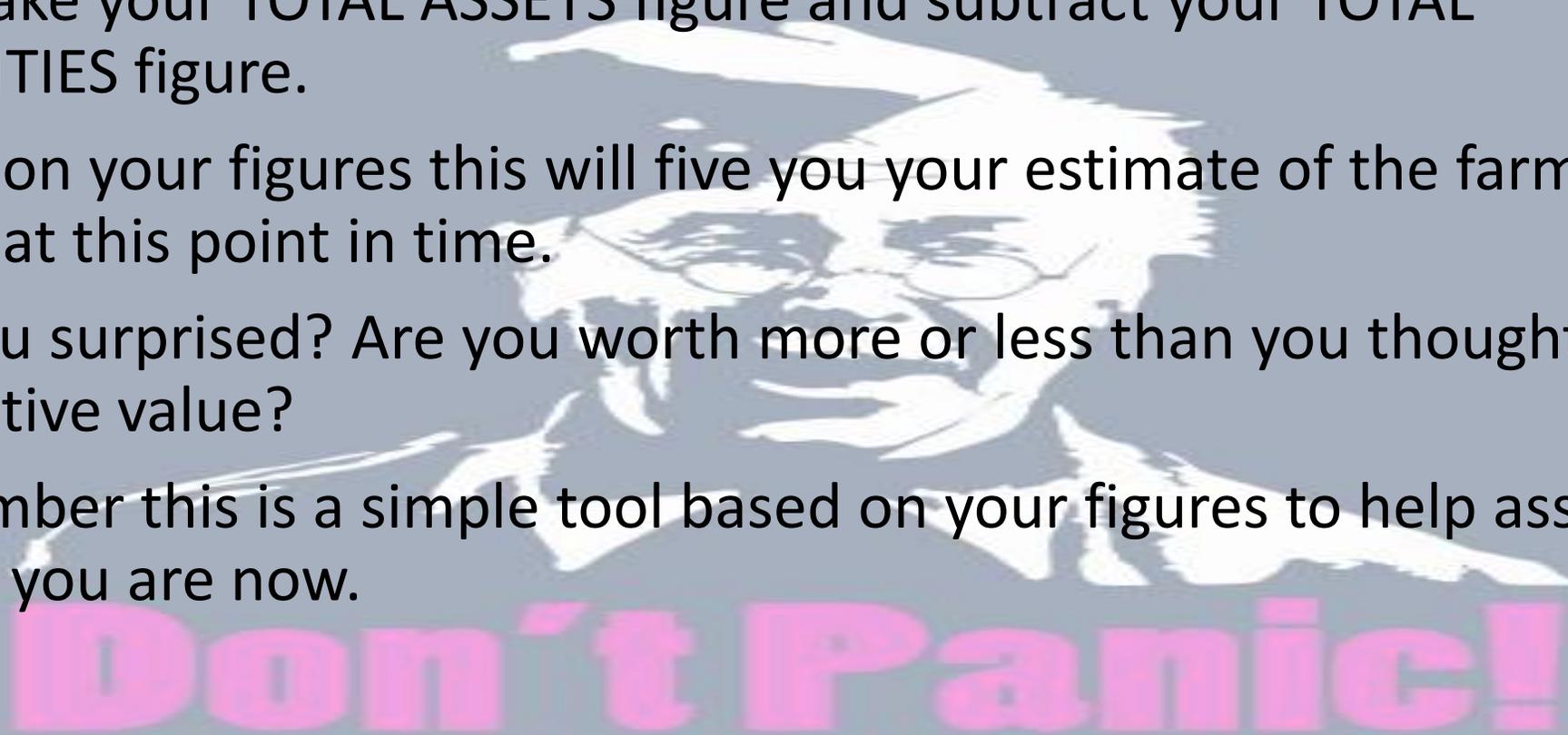
FARM NET WORTH TOTAL ASSETS continued

- Subtotal of assets brought forward (previous page)
 - Value of farmland -
 - Value of farm buildings -
 - Value of houses -
 - If a tenant value of approved improvements -
 - Value of tenantright -
 - Total Value of machinery (from earlier table) -
 - Other farm assets (e.g. cooperative shares) -
 - Vehicles
 - Other assets

 - TOTAL ASSETS
-

FARM NET WORTH

- Now take your TOTAL ASSETS figure and subtract your TOTAL LIABILITIES figure.
- Based on your figures this will give you your estimate of the farm's net worth at this point in time.
- Are you surprised? Are you worth more or less than you thought? Is it a negative value?
- Remember this is a simple tool based on your figures to help assess where you are now.



Don't Panic!

TAKING CONTROL OF YOUR FARM BY TAKING CONTROL OF MONEY

LOOK AT THE FOLLOWING THREE AREAS TO TAKE ACTION:

1. CONTROL AND/OR REDUCE SPENDING
2. KNOCK DOWN DEBT
3. FUTURE PLAN – Future planning is not covered in this document. But this is a case of knowing what you want and possibly being selfish and then exploring whether this is possible by seeking advice.

TAKING CONTROL OF SPENDING

1. CUT DISCRETIONARY SPENDING

- Reduce spending on any item that is not essential. The most likely area to save on will be wages and drawings of farm partners over and above the minimum they need to live. Discretionary spending is any spend that is not key to the day to day running and survival of the farm.

2. SAVE ON FIXED EXPENSES

- Check your utility bills, fuel, oil, internet, phones, electricity, insurances. Go online, can you save money yourself by shopping around and using online comparison sites. If you go paperless there can be substantial savings especially with phone and internet where you could save up to £400 a year.

Check vets bills and shop around if you can.

Review all rents. Are they sustainable? There is no point renting land if you cannot make a profit from it. A land agent will give you guidance.

Review insurances. Do you need whole life insurance? Do you need private medical insurance? Take advice.

Police your direct debits and check you are not paying for goods and services you either no longer have or need.

TAKING CONTROL OF SPENDING

3. INCREASE INCOME

- Can you do extra work for neighbouring farms
- Can you hire out kit
- Charge more for existing work. Are you charging enough. It is a common mistake for people to undervalue themselves and even not cover their costs of doing agricultural work. Don't be a busy fool. Many a time I have had somebody say to me, "I cannot charge more to cut that hedge because so and so will do it for less." If somebody else is prepared to work for nothing let them. Do not undervalue yourself.
- Can you rent out assets? Grazing, sheds, land?

4. SELL ITEMS YOU NO LONGER NEED

- Consider selling underutilised items and hiring in when needed.
- Sell items you do not use, or even sell scrap. I once had a cattle farmer in desperate financial trouble. I walked with him around his yards and together we identified various machines and scrap that had not moved for many years. It never occurred to him to have a sort out, the proceeds were in excess of £80,000! Equally a farmer was going to scrap an old Claas Dominator for £300, I encouraged him to put it in a sale, it fetched £8,000 as the engine was put into a tractor.
- Consider selling personal items to raise cash. I had one farmer that had a collection of guitars. I asked which one's were he emotionally attached to. Of the 14 guitars he only ever played two and a third had sentimental value. The rest he sold for £14,000. Another farmer had a unique painting that I encouraged him to get art scholars to look at, it turned out to be an important work of art worth a life changing amount. Equally small items can be sold on eBay, for example a Kew Gardens 50p typically sells for just over £200.

TAKING CONTROL OF SPENDING

5. SUBLETTING A ROOM FOR TAX FREE INCOME

- This depends upon your circumstances and how practical/desirable this is for you personally. Is your farmhouse large enough? Do you have an annex? Would you find it an intrusion on your life/privacy? You can earn up to £7500 tax free. The citizens advice bureau has guidance on this option. [Subletting your home - what you need to think about first - Citizens Advice](#)

6. CONSIDER DOWNSIZING YOUR FARM

- This is a highly difficult and emotional area to consider. But speak to a land agent and explore what options may be practically available to you.
- There are two ways to sell up a farm, one is piecemeal as cash, desire or need occurs; the other is in one single action. Both can have their place provided you understand the consequences. These need to be understood from a financial and tax point of view with your accountant; a legal point of view with your solicitor; and a practical point of view with your land agent.
- Selling off your assets only works if it achieves what you want it to achieve. Too often I have seen fields sold without the farmer realising the Bank will simply use the proceeds to reduce debt with no cash left to even pay the capital gains tax. Talk to your Bank.
- Ask the question, “Will this achieve what I want and/or improve my situation?” Remember the oil. It is not just about money.

TAKING CONTROL OF SPENDING

7. DO NOT DO A JOB YOURSELF THAT CAN BE DONE CHEAPER OR MORE EFFICIENTLY BY SOMEBODY ELSE?

- Many times I have seen a small farmer (400 acres or less) proudly show me their newly financed combine announcing that the neighbours let them do their combining, only to find they are not factoring in the purchase of the combine into the charges.
- It may be that the whole of the farm could be run by a contractor more efficiently and with more profit than you doing it. Take advice and consider this. It can be a lifechanger freeing you up to focus on more enjoyable or profitable activity or enabling you to earn more money elsewhere with less stress. It can also free up capital and reduce borrowing.

8. VEHICLE VANITY

- It is common for farmers to have a vehicle or vehicles that are grander or more expensive than is actually needed for practical purposes. Is your vehicle a work horse? Or are you working for your vehicle?
- When my solicitor retired he had a small car. He told me he wished he had realised years ago how good smaller cars were and how cheap they are to run as he would have saved a fortune over the years.

TAKING CONTROL OF SPENDING

9. REDUCE BANKING AND BORROWING COSTS

- Get your Bank to review all your charges for both transactions and borrowing. Ask them to suggest how you could save money.
- If you have given your Bank security in the form of land, having this revalued professionally by a Bank approved valuer may enable you to negotiate a better interest rate if the value has increased.
- Borrow smart: All forms of borrowing have their place. Generally credit cards can be dearer than overdrafts can be dearer than loans.
- Machinery finance – check you are getting a good deal on your fiancé.
- Do not be afraid to ask a New Bank to look at your business or use a Broker. Your accountant and land agent should be able to help with this.

10. REDUCE DRAWINGS AND WAGES OF BUSINESS OWNERS

- This can be a highly divisive issue in a farming business. You may have older generations drawing an income in retirement whilst not contributing day to day to the farm. If you are a partner and do not wish to immediately discuss this start by looking at yourself and whether the farm is cash negative or cash positive. If the business is cash negative you will have to “grasp the nettle” and address this problem. Most larger land agents, accountants and solicitors do have professional mediator services they can refer you to. Farm charities may also help.

DEBT REDUCES THE CHOICES THAT YOU CAN MAKE WITH YOUR MONEY IN THE FUTURE

This is because you always have to at least pay the interest and eventually repay the capital of any money lent. This does not mean that debt is a bad thing, just that it needs to be borrowed with your eyes wide open and understanding that it fits in with your plans and expectations. The next slides compare different ways of making debt manageable.

KNOCKING DOWN DEBT

- If you have already worked through this pack you will have looked at your debt on slides 33 and 34. Please revisit this and list all your debt as follows:
 - Name of debt
 - Amount of debt
 - Type of debt (loan/mort/ credit card/ Finance)
 - Maturity date of debt (or review date)
 - Interest Rate
 - Repayment amount

KNOCKING DOWN DEBT - REPAYMENT

- If you have made savings in expenditure you may choose to increase repayments on some or all of your debt.
- If so, consider repaying the most expensive first.
- Take care that early or increased payments do not incur fees. Most Bank lending allows a 10% overpayment of debt per annum without penalty. Check with your Bank. Get advice.
- Do not starve your business of cash to function day to day.

KNOCKING DOWN DEBT - CONSOLIDATION

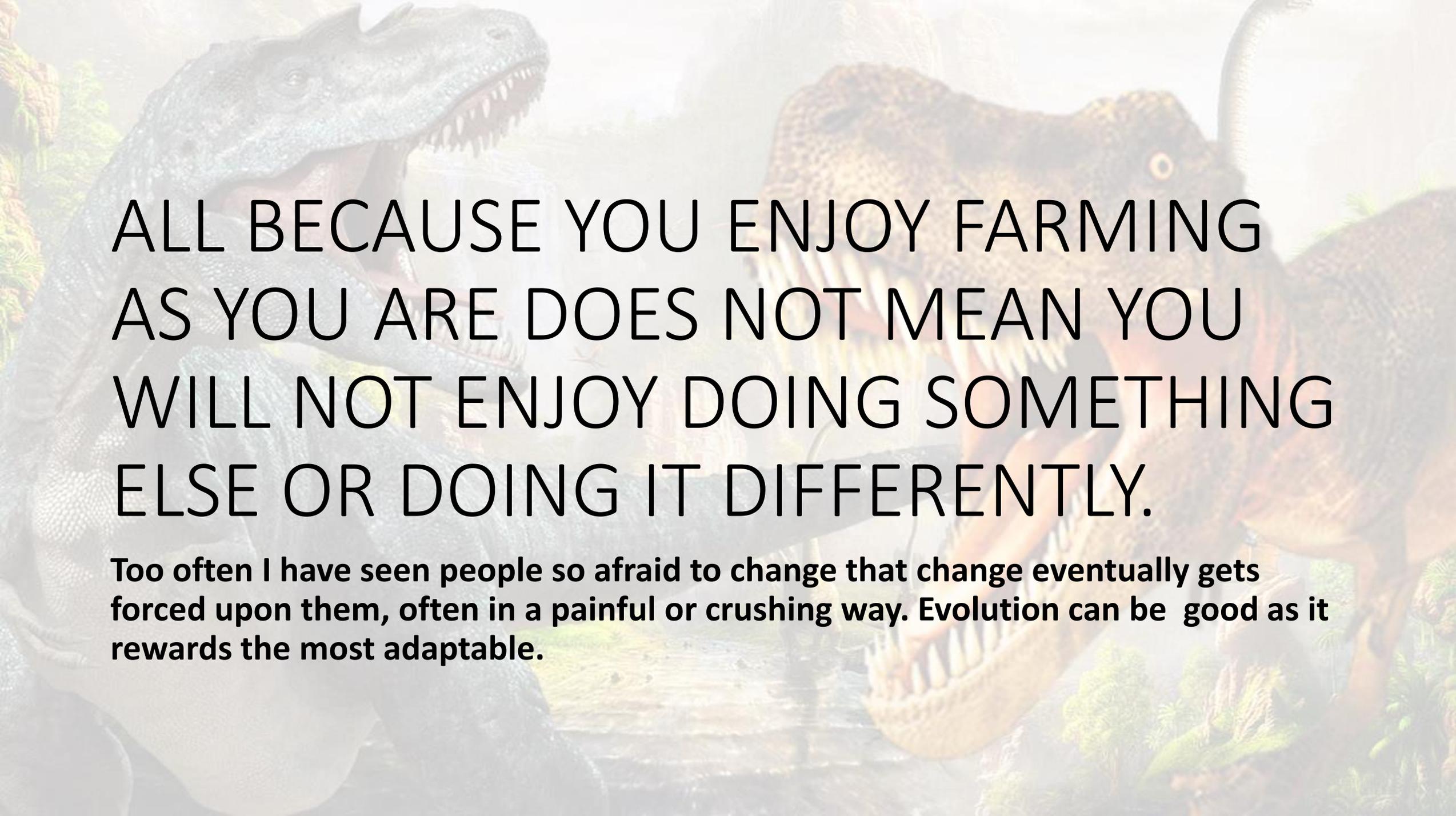
- If you have several debts it may be beneficial to effectively merge some debts into one. For example you may be able to repay your credit card and overdraft by adding them to a mortgage that has a lower interest rate. Care – this only works if you don't subsequently increase borrowing. Also, consider whether the longer term debt fits in with your plans.

KNOCKING DOWN DEBT – INTEREST ONLY

- If you have difficulty affording your current debt you may ease the burden of repayment by seeing if you can have an interest only loan. Care with this option as at the end of the loan period you have to repay the full amount of the loan. If you are unable to renegotiate a new loan at that point it could force you into selling assets to repay that debt. It was common practice for Banks to lend for up to 30 years on an interest free basis relying upon either increased land prices or the next generation's willingness to take on the debt for future repayment. Neither of these can be promised and currently most Banks prefer interest only deals to be no longer than 5 to 10 years to allow for a future change in the business or market circumstances.
- Take advice possibly from your Bank manager and accountant.

KNOCKING DOWN DEBT - SELLING

- Sell machinery and repay the finance on it. You may find it cheaper to use a contractor. (Remember don't do a job yourself that can be done cheaper and more efficiently by somebody else.) Take advice from a land agent.
- Sell Land Assets – Selling land to free you up from debt burden can be a great reliever of stress. But land can only be sold once and it only works if it achieves what you want it to achieve and allows you to function as you wish to in the future. Take advice from a land agent.
- Sell up totally – a huge decision but one that should not be dismissed. Take advice from land agent and accountant and fully understand what this would and would not achieve for you.



ALL BECAUSE YOU ENJOY FARMING
AS YOU ARE DOES NOT MEAN YOU
WILL NOT ENJOY DOING SOMETHING
ELSE OR DOING IT DIFFERENTLY.

Too often I have seen people so afraid to change that change eventually gets forced upon them, often in a painful or crushing way. Evolution can be good as it rewards the most adaptable.

HELP

- FCN – FARMCOMMUNITY NETWORK tel: 03000 111 999 email: help@fcn.org.uk
- SAMARITANS tel: 116 123 email: jo@samaritans.org
- LRSN – LINCOLNSHIRE RURAL SUPPORT NETWORK tel: 0800 138 1710

Or view the organisations in the booklet on this link:

[support-groups-directory-2020-web.pdf](https://princescountrysidefund.org.uk/support-groups-directory-2020-web.pdf)
(princescountrysidefund.org.uk)