



Welcome to Focus On... Agriculture, our special bulletin that looks at interesting topical issues and developments in the sector.

In this edition, you'll find a feature on the 132<sup>nd</sup> Lincolnshire Show, its importance to local people – and to Nicholsons. We consider the pros and cons of the 2016 Budget for the farming community and look at how the Rural Development Programme for England's LEADER initiative could benefit Lincolnshire and increase farming productivity. We close the bulletin with a Spotlight on Nicholsons' senior accountant and auditor Graham Pogson – and details of a competition to find our Lincolnshire Show mascot, Worzel!

If you would like to discuss any aspect of our specialist accountancy and business advisory services for farmers and rural businesses, please contact Richard Grayson, Managing Partner at Nicholsons, at [richard.grayson@nicholsonsca.co.uk](mailto:richard.grayson@nicholsonsca.co.uk) or phone **01522 815100**. Alternatively, please contact John Raynor, Associate, at [john.raynor@nicholsonsca.co.uk](mailto:john.raynor@nicholsonsca.co.uk) or phone **01522 815100**.

## Nicholsons' Lincolnshire Show case

The Lincolnshire Show 2016 will be held at the Lincolnshire Showground on 22-23 June and – as always – promises to celebrate everything that rural Lincolnshire offers its residents and visitors. It will also contribute significantly to the local economy.

The flagship county show, organised by the Lincolnshire Agricultural Society (LAS), is in its 132<sup>nd</sup> year and brings to one place every imaginable event any family could wish to enjoy at a festival day out.

The Lincolnshire Show attracts around 60,000 people eager to participate in the spectacular entertainment, food, exhibitions, fairground rides,



live music, competitions, displays and countryside pursuits which will take place in the Main Ring, Countryside Ring, Sports Zone, Epic Centre and a host of other venues.

There will also be a mind-boggling range of shows and displays – including headliners JCB Dancing Diggers, Broke FMX motocross riders and stunt mountain bike team Savage Skills. Chainsaw Sculptures, Parade of Hounds and a variety of competitive and themed races are also likely to bring in the crowds.

The brand new Aviation Zone is guaranteed to generate sky high levels of interest, too. It offers interactive experiences for Lightning and Spitfire planes and a narration of Lincolnshire's aviation history from World War I to the present day from forces experts. Local RAF representatives are also on the ground, so a Lincolnshire Showground flypast is also highly likely.

There is plenty to catch the imagination of younger people: there are many educational stands on food, farming and animals and the Schools Challenge Area is worth a special trip.

The Show Gardens & Floral Art section will offer more tranquil and eye-pleasing environments away from the crowds and land train trips will run regularly to cattle shows and agricultural machinery displays.

Lincolnshire specialities and delicacies will be sold at the Food Court and visitors will be able to buy local produce and sample offerings from the inaugural Lincolnshire Kitchen, where national food producers and chefs will prepare all kinds of food live - and in real time.

The six hundred Lincolnshire Show trade stands will offer nearly everything everyone could ever want for home, garden, barn and field, as the exhibitor product range is so diverse it runs from agricultural machinery to zoological supplies – and farming-related items of every description will be on sale. Showgoers will be able to buy everything from hayseed to home insurance as local professional service providers will also be at the Showground.

Nicholsons will have its own stand in the Business Services sector throughout the event. The firm's focus for 2016 is on agriculture and Nicholsons is issuing an open invitation to farmers and other agribusiness professionals to challenge them to find ways of increasing their profits and decreasing their outgoings.

Nicholsons has been working with many of Lincolnshire's agricultural businesses since 1923 and fully understands each one's needs and aspirations. Its team offers several accumulated generations' worth of expertise and practical advice on rural financial and tax issues, which include management accounting, statistic reporting and farm planning.

Managing Partner Richard Grayson commented:

"The Lincolnshire Show is a significant event in the local calendar at which almost every element of Lincolnshire's population will converge. It will offer people the opportunity to socialise and treat themselves to a well-organised and entertaining day out. We are proud to be taking part. Nicholsons has a long record of serving the Lincolnshire community and we will take the opportunity to discover how we can continue to do so by meeting its people on their home ground at the Lincolnshire Show."

## LEADER in the field

Nicholsons has previously commented in various forums that the Rural Development Programme for England's LEADER funding has provided a vital injection of cash into rural Lincolnshire, where the main economy and source of income is farming.

This fact means Lincolnshire's four Local Action Groups (LAGs) are likely to allocate a high proportion of grant funding to farmers, especially as Chancellor George Osborne has forecast that the UK economy will need to rely on increased productivity for growth. This is considered to be a trigger for the county's LAG judging panels to make final LEADER awards to projects that

have clear farming productivity increase indicators.

LAGs have already issued outline approvals for a number of qualifying proposals, but the rigorous three phase full application process still needs to be navigated before funding can be released. This involves the first LAG board meetings to process full applications, which will be held in May. DEFRA must ratify LAG decisions, which will then undergo independent review.

This process means the first Lincolnshire LEADER drawdowns for plant and machinery purchases will

probably take place in August. Successful larger projects, including those involving land and building acquisitions, are expected to receive funding by early 2017.

Some farming productivity increase initiatives already running, are now at risk and are self-funding due to the delayed LEADER fund release.

Nicholsons considers LEADER funding to be a crucial contribution to Lincolnshire and is convinced it will deliver a positive outcome for the entire county when it has been remitted to LAG-approved enterprises.

## Competition time: Where's Worzel?!

Nicholsons has recently lost a partner – Worzel the Scarecrow!

Worzel – Nicholson's Lincolnshire Show mascot - is also a longstanding member of the local farming community and an expert in the field (literally). He has many relatives and friends in similar occupations across the county, but he is the only one working for a leading chartered accountancy firm.

Worzel recently went missing from Nicholson's Lincoln HQ – and we really want to find him!

He left a note reading: *I love the Lincolnshire Show, so I'm going there early this year. Please don't worry about me.*

It's rumoured that Worzel will make an appearance at the Show, but he's given no clues as to where this might happen, so we need the help of everyone who attends to seek him out and bring him back to our stand.

Nicholsons is asking all visitors to keep an eye out for Worzel while watching everything else that's going on.

We will be giving out Treasure Hunt maps to help locate the errant scarecrow from our stand. Please come and grab one before – like Worzel – they go!

The start of the search could end in the prize of a gift hamper, as all helpers automatically get the chance to win our free prize draw.



## How the 2016 Budget doesn't help farmers – and how it does

The March 2016 Budget recognised the vital contribution SMEs make to Britain's economy and its provisions were largely intended to assist them to continue doing so and to grow.

The National Farmers' Union was disappointed that the Chancellor's generosity to SMEs was not extended to farmers and that they were largely overlooked, as there was no mitigation of the National Living Wage uplift to workers' wage bills. This is the biggest factor in increasing farmers' outgoings and if there is no raised productivity to cover the costs, net loss will occur. Farmers will need to address this situation swiftly by finding more efficient ways to operate, which might include finding new

methods to streamline production. This route could be aided by the permanent Annual Investment Allowance level's rise to £200,000, which will enable purchases of new machinery to be financed and will allow planning of capital expenditure to maximise accelerated capital allowances. However, many industry leaders believed that a return to the 2014-15 cap of £500,000 would have been more beneficial.

The corporation tax reduction provisions will also be of no comfort to farming businesses whose unincorporated status – which accounts for 90% of the industry's holdings – gives them no financial advantage, business motivation or incentive.

The continuing freeze in fuel duty and the impact on production costs is greatly welcomed and the £7m Flood Defence fund will reduce risks of lost land use and profitability and will potentially decelerate rising insurance premiums.

However, the impact of the 2016 Budget is not the highest priority for British farmers as the June EU Exit Referendum approaches. The changes for agricultural and rural businesses that a vote to leave would bring, especially in trading terms, are causing widespread anxiety, as their impact will likely be greater and more immediate than the Chancellor's March measures for the industry.

## Employee focus – Graham Pogson, Senior Accountant



Graham Pogson, senior accountant for two decades, has been with Nicholson's for 16 years, having joined its Farming Team in September 2000.

He is a qualified member of the Association of Accounting Technicians (AAT) and is an integral member of

the Farming Team, whose work is enhanced by his analytical skills and precise deadline management.

Graham is proud of his strong farming pedigree, which he feels adds value both to his own working day and to the services he provides for Nicholson. He said: "My grandad was a lifelong farm worker, my grandmother still lives on their farm and my brother-in-law is a farm worker. My regular family visits allow

me to see at first hand what is happening in the world of agriculture and rural affairs.

I really enjoy on-site business meetings with clients, as personal experience allows me to understand the practical demands of their working lives and comprehensively assess the support they need from Nicholson's to ease their increasingly complex administrative burdens."

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