

# Agri Expertise from M.B. McGrady & Co Chartered Accountants

M.B. McGrady & Co is one of the largest and most-respected independent practices in Northern Ireland. Based in Downpatrick, Belfast and Newtownards, M.B McGrady & Co Chartered Accountants represents a diverse range of SMEs, family run businesses, agri businesses, charities and sole traders across the Province.

Headed up by Conaill McGrady, Mal McGrady and Seamus McLernon, M.B. McGrady & Co has a team of 25 staff who supply a range of services, that are complemented by sector specific expertise.

**Experts in our field: Focus on Agri**

**Karl Gilchrist, Chartered Accountant & Agri Specialist with M.B. McGrady & Co.**

With over 10 years' accountancy experience, Karl has extensive knowledge of accounts preparation, business advisory, audits and taxation of owner managed businesses. Managing his own beef farm in County Down, Karl has a unique insight into the issues which face the agricultural industry.



**Karl Gilchrist**

## 1/ What are the key issues facing farmers in today's economy?

All farming sectors are suffering from prolonged low farm gate prices. The plight of dairy farmers is widely published in the national newspapers however all sectors have experienced significant falls in prices over the last two years. Coupled with reductions in BPS subsidies and rising input costs, maintaining the profitability of NI farms is challenging. Those farms with loan repayment obligations from recent farm investments are finding it an even bigger struggle in ensuring the farm profits are sufficient to meet both loan repayments and provide for living expenses.

## 2/ The dairy sector is increasingly coming under pressure with milk prices. How can dairy farmers be mindful of their accounts in the coming months?

One of the key issues in running a successful business is the need to have timely and accurate financial information to make informed business decisions. It is vitally important that all farmers, especially dairy farmers, have a greater understanding of their costs of production. Where margins are so tight, it is also important to carry out a projection of cash inflows and outflows to ensure that the business can service its commitments. Where shortfalls are predicted, by looking ahead, there's an opportunity to make the necessary changes to the business or rearrange banking facilities in an orderly fashion.



**Seamus McLernon, Director, Mal McGrady, Director, Kim Rainey and Karl Gilchrist, Chartered Accountants and Conaill McGrady, Director of M B McGrady Chartered Accountants**

## 3/ How can farmers plan for business succession with regards to bringing family members into the business?

The succession of NI family farms is quite often a topic that is not openly discussed within the family circle, and frequently the farm passes onto one of the children upon the death of the parents. There are however valuable tax reliefs for both lifetime transfers and transfers on death, that with proper and timely planning can avoid the many tax pitfalls that can occur. We would advise on taking a proactive approach to planning for the succession of the farm especially if there is a desire to make a provision of monetary or physical assets to siblings not involved in the farming enterprise.

## 4/ Tell us more about the Farm Business Improvement Scheme and how farmers and business owners can avail of a grant?

One of the measures included within the FBIS is the Business Investment scheme, to support the capital investment of farming businesses in NI. It is anticipated that this scheme will open to applicants in the Summer and will provide farmers with grant funding of up to 40% of eligible capital expenditure, possibly 50% if a young farmer. In preparation for this, we can offer advice and practical guidance on the eligibility of planned capital expenditure and its taxation implications.

Included within the draft proposals from DAERA is the requirement that each application contains a business plan to

are assisting our clients in discussions with their bank in obtaining any necessary borrowing facilities.

## 5/ What can you /M.B. McGrady & Co do for farming businesses?

Farming business has its own financial and taxation issues and requires a specialist understanding of the industry. Grasping the complexities of the industry goes a long way in terms of financial planning and support, and we've forged many great relationships with farmers across the three M.B. McGrady offices.

support the planned capital investment. To move ahead with a mid to large scale investment e.g. Tier 2 (which goes up to £250k), a substantial business plan is likely to be required as it's important that the application is comprehensive to ensure that the application is successful.

We're already working with farmers on their business plans ahead of the scheme opening for applications and

In addition to tax compliance, we support our agri clients with tax planning that considers the individual business, the optimal trading structure, the age profile of the owner, succession plans etc. On a case by case basis, I often work with farmers and landowners on many other aspects of their business, including advice on diversification projects, farmers averaging of profits, plant & machinery investment plans, renewables, succession planning, analysis of benchmarking results, stocktake valuations and inheritance tax.



**Karl Gilchrist and Kim Rainey, Chartered Accountants at M B McGrady & Co**