



# The Link



(Acts as an Intermediary Only and not as a Principal)

Easter Edition

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As I write at the end of March, Spring, like the Single Farm Payment appears to be a little late this year. Despite this there are signs of activity on the farming front at least, and last week I saw my first potato planter of the year at work and was pleasantly surprised by the conditions it was working under.

The RPA and the SFP situation apart, which is now seriously affecting cash flow projections, I am finding that some members are now being less pessimistic about the future than at any time since Foot and Mouth.

Earlier this month Joe Barrowman, John Rooney and myself attended the Machinery Ring Association annual UK Day Conference where Rings from England, Scotland and Wales meet to listen to speakers and discuss areas of mutual interest, hopefully to help us to offer a better service to you our members. The consensus was that there was an air of cautious optimism for the future for those with sufficient commitment to embrace change and move forward although it was acknowledged that for some an orderly retreat and exit from the industry could be the best option.

I suspect that this is partly down to knowing the future at least in the short

term rather than having the uncertainty that has prevailed in the recent past.

Taking arable cropping as an example I have reproduced a table from one of the speakers, a well known Eastern Counties Consultant. If you add or substitute the words Machinery Ring to the latter 2 options, Machinery Syndicates and Contractors, this demonstrates in no uncertain terms that the benefit of using your Ring in today's climate is as great if not greater than it has ever been in the past.

Recently there has been a lot of publicity advocating the benefits of sharing and farming partnerships, or to put it another way co-operating with each other, something we in the Ring movement have been promoting for years. Co-operation as a word is not as user friendly or as "sexy" as sharing or partnership, but that is what it is, and the major advantage that the Ring has to offer over the alternatives is that it allows you to dip your toe in the water first and also to cherry pick the areas of maximum benefit before committing yourself to a long term arrangement that may be costly to set up and even more costly to dismantle if arrangements do not work out.

**Production economics post-decoupling arable farms 5 year average**

	£/acre income	£/acre expenditure	£/acre margin
Arable gross margin less labour & Machinery costs plus contracting income			
Bottom 25%	92	166	(74)
Average	131	128	3
Top 25%	168	115	56
Machinery Syndicate	111	93	18
Contractors	111	90	21

## We welcome as new members...

Sorry, not available on online version

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**As a departure from normal** I thought I would draw some of the more unusual or less frequently requested services to your attention, perhaps you did not even know they were available

For example **R S Beaver**, Walk Mills Church Stretton are best known for their large stock of **concrete pipes, manholes and box culverts**, but did you know they also supply drop in **cattle grids, feed silos** and a whole range of other items including **second hand barns**. Also available are a full **range of bridges** starting from small foot bridges to complement that latest permissive path you are considering, to heavy duty ones capable of carrying a tank.

It is well worth book marking their website [www.rsbltd.co.uk](http://www.rsbltd.co.uk) or checking their adverts in Farmers Weekly to see what else they happen to have in stock. If you can't find what you want it is always worth a phone call to Henry Beaver (Tel: 01694 751 265 and say you are a member) as he may have the answer to your problem.

**For wearing parts Mark Donsworth** of **MDT Woodbridge** offers a service second to none. He carries a vast range of reputable brand points, shares and tines which are delivered next day by carrier. The last item supplied to a member was a very reasonably priced tractor seat (well reasonable as far as tractor seats ever are!) and even I didn't know he sold these. Talk to Mark on 01728 621680 or 07970 636060

For used grain handling and storage equipment such as walls, conveyors, belting, sieve and gravity separators etc you should be talking to **Robin Mumby** of **Seed & Cereal Engineering** On 07710 242015. As specialists in buying, selling and locating equipment as well as installation and dismantling if he hasn't got what you want there is a fair chance he will know where it can be found.

Closer to home **Roger Moscrop** of Scoles has a **Berti Mulcher** useful for scrub clearance and the like. This beast has a phenomenal appetite and the results have to be seen to be believed - 07889 090547.

**Mike Newland** from Tollerton has also recently purchased a **Boacon Mobile Crushing Plant**. This mean green crushing machine provides a re-cycling solution that provides an alternative to the use of skips and landfill. Available as self operated or with loader and operator, the crusher is compact for easy site access. This is a cost effective, on site, means of turning building waste into useable aggregate, delivering value rather than cost. Call Mike on 01347 833274.

This nicely leads on to **J D Ross** of Moor Monkton who operates a range of **industrial plant for earth moving** including excavators, dozers and dumpers. Contact Joe on 01904 738430.

**Malcolm Tempest Ltd** of Newton le Willows offers a comprehensive **architectural and planning service specialising in agricultural issues**. Contact his office on 01677 450777.

*When contacting any of the above please say that you read about them in the newsletter and that you are a member. Not only will this ensure excellent service it also means that the supplier will know to complete a worksheet for the transaction.*

Apologises to anyone who also offers unusual or one off services that I have not mentioned this time round. Give me a call and I will try to include you next time.



John Rooney  
Field Manager

## The Wireless Revolution

With the spread of broadband communication and advances in wireless technology, it is not difficult to see why laptop/notebook computers now outsell the desktop variety by a ratio of almost 2:1.

People with laptops seem to be everywhere - students learning interactively in the classroom, business men and women writing reports on trains and planes, and casual surfers reading emails in cafes and coffee shops, or even from the comfort of their own sofa or kitchen table. So, what current factors contribute to the massive popularity of laptops with the computer buying public?

**Affordability** - Five or six years ago, a person would walk into a computer shop with two thousand pounds, and emerge bow legged, carrying a bulky notebook the size of a sewing machine - about as cutting edge as granddad's pipe and smoking jacket. Today advanced mobile technology is affordable. You can now buy a reasonably compact laptop with 15in Screen, 40GB Hard Drive, DVD player/writer, and built in wireless antenna for less than £550.

Laptops with Wi-Fi are no longer an optional luxury. Wireless fidelity has moved effortlessly from the boundaries of home and office to restaurants, hotels, railway stations, and even McDonalds! But, will the Wi-Fi laptop revolution end here? Last Mile Communications have even greater ambitions for Wi-Fi notebooks. They hope to use the established infrastructure of the many lamp-posts dotting around the UK to produce a network of wireless access points. This ambitious UK Company would like convert the street lights, so they can be accessed via a laptop to connect to the internet. They would also like to put flash memory in the lights so even without accessing the web, information about local amenities, and emergency fire, police and ambulance services would be accessible.

The possibilities are endless, and although you won't be able to access the internet from your local lamppost just yet, if you would like further information on wireless applications or any other IT issues, give me a call on 01609 778316 or 07736 544426.

John

## Proposed Business Management Techniques Discussion Group

Smiths Gore have secured DEFRA funding to partially cover the cost of running a Business Management Techniques Discussion Group composed of some of their clients and Ring members next Autumn / Winter to complement a group that has just started. If you would like to register your interest at this stage please let me know. Although age would not be a barrier it would be encouraging if the average age of the group was less than the average age of farmer business principals which I am told is around the 65 mark!

## Gangmasters Licensing (Exclusions) Regulations 2006

First details of the exclusions to the Gangmasters Licensing Regulations are beginning to emerge. It appears that the Ring acting in its capacity of Intermediary between members does not have to be registered, but members are advised to check their own position with The Gangmasters Licensing Authority on 0845 6025020 or on the website [www.gla.gov.uk](http://www.gla.gov.uk) if they have any doubts on their individual situations.

## Email addresses are always wanted

**Have you changed your address and service provider recently or have you never told us?**

To get your address added to our mailing list just send an email to [pdav@ridingsmachineryring.co.uk](mailto:pdav@ridingsmachineryring.co.uk) Incidentally in case you are wondering your printout does not have facility to record e mail addresses.

## Has Antrobus 2 Killed Contracting, and Threatened Machinery Rings?

Some commentators are trying to suggest that a recent Lands Tribunal decision means the end of tax relief for those using machinery rings. Not so says tax specialist Michael Blake

Agricultural Property Relief (APR) from Inheritance Tax (IHT) is a valuable relief. At its best it provides complete exemption from IHT on farm property after two years of ownership. It is perhaps not surprising then that as property prices have increased claims for APR on farmhouses have come under increasing scrutiny from the Inland Revenue.

Guidelines, established by the Courts and tribunal cases, have shown that the following conditions have to be met before a claim to APR on a farmhouse can succeed.

- Does it look like a farmhouse?
- Is the farm business managed from the farmhouse?
- Is the farmhouse proportionate in size and nature to the requirements of the farming activities?
- Is there a history of association between the house and the acreage of land occupied with it?

Is the farm typical in size and layout for the part of the country in which it is situated?

A recent Lands Tribunal decision (known as *Antrobus 2*) has suggested that there might be an additional test that has to be satisfied which is:

Does the person who occupies the farmhouse live there to farm the land on a day to day basis?

Some commentators have taken that to mean that a farmer who farms his land, using contractors or machinery rings, cannot qualify for APR in relation to the farmhouse, especially if he does not live there every day and get his hands dirty. That, in my view, is wrong because:

The sole point to be decided by the Lands Tribunal was one of value. It was not the function of the Tribunal to attempt to redefine what is meant by a farmhouse, and therefore arguably any views that they expressed on this topic may be ignored.

The evolution of the IHT legislation since 1975 has shifted relief away from working farmer conditions, to accommodate changes in tenancy law and changing farming practices.

The IHT legislation does not distinguish between part time and full time farmers, or farmers who delegate the day to day farming operations to employees, and those who uses contractors or machinery rings.

In my view it cannot matter whether it is the occupant of the farmhouse, or others, who get their hands dirty on a day to day basis, or whether the farmer lives in the house every day or only part of the time because he carries on another business, or employment, elsewhere. What is important is that the person who lives in the farmhouse is able to demonstrate that:

He finances the farming operations, and carries the financial risk associated with them.

All the final decisions relating to the farm have to be made by him.

Those farming the land either as employees, contractors or ring members act under his direction and control, or the direction and control of agents employed by him.

The farmhouse acts as the administrative centre for the farming operations.

Despite the alarm spread by some commentators, the Inland Revenue have made no comment on the *Antrobus* decision, and so far have not sought to use it to their advantage. There may be several reasons for this. One is because to follow the Lands Tribunal reasoning would contradict many of the statements the Revenue have made in relation to IHT, set aside payments and single farm payments, where no agricultural production is carried on at all. Another is that without a statutory definition of a "working farmer" - based either on a percentage of a person's time or of his income - precisely the type of qualification that was abolished in 1975 - how would the Revenue decide who was living in a property to farm the land?

What *Antrobus* has demonstrated is that even though the legislation has been on the statute book for over 20 years, there is still no common understanding of what is meant by very basic terms that are fundamental to the operation of APR - such as "farmhouse" and "agricultural value".

### Notes on the author

**Michael Blake** specialises in advising farmers, landowners and bloodstock enterprises on the interpretation of inheritance tax and capital gains tax. He can be contacted on 01484 844044 or at [michaelblake@taxplanet.co.uk](mailto:michaelblake@taxplanet.co.uk)