

promar matters

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WELCOME:

Welcome to this edition of Promar Matters, our monthly publication for customers and industry influencers. Our aim is to deliver innovative and effective solutions to clients, working with them to develop more robust businesses and better placed to be efficient in challenging market conditions. In this issue we outline how Leading in Dairy focuses on detailed planning and thorough monitoring which is helping businesses plot a route forward.



James Dunn
Promar Managing Director

GET CLOSE TO YOUR BANK



Andrew Suddes
Regional Manager

Increasingly we work in partnership with farmers and their other professional advisors to develop business strategies

and solutions that can meet the requirements of all parties concerned as Regional Manager Andrew Suddes explains.

Banks are increasingly looking for more detailed financial records and plans to support lending proposals and we have an extensive track record in providing the type of information they, and other third parties like accountants and solicitors now require.

A good example of this is a customer in the Midlands region who had

been struggling to achieve a profit sufficient to meet the requirements of the business. As a result, there was pressure on cash flow and the bank were growing increasingly concerned about the business and required evidence to support a decision to renew the borrowing facility.

On behalf of the bank, we carried out a review of the business and initially provided two years of detailed budgets and cash flow forecasts based on continuation of the current performance.

This was followed by an in depth strategic review of the business, a SWOT analysis and running of a number of possible business scenarios. A further two years of budgets and cash flow forecasts were produced which included an element of achievable improved technical performance, and following discussions with the milk processor, an increase in herd size of 40 cows.

At the same time, actions were proposed to reduce the profit requirement including reduced commitments through changes to the HP schedule and actions to reduce private drawings.

The outcome was that the bank was able to approve further funding and the business was able to move forward with confidence.



GETTING PREPARED FOR YOUR YEAR END



Lydia Thomas
FBS Southern
Regional Manager

March 31st is a very common year end in the farming industry. As it is only a few weeks away, now is a good time to start thinking

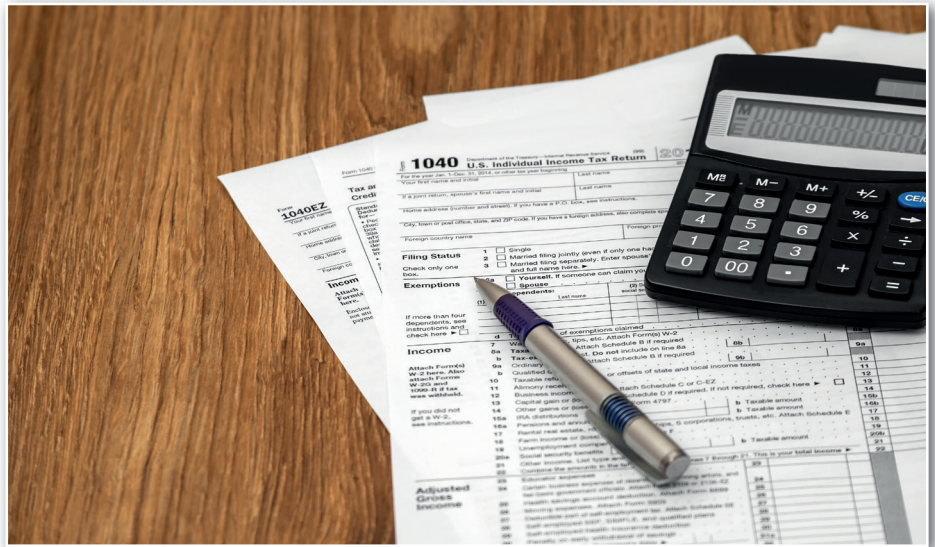
about what information you will need to make the year end period run smoothly.

This could be especially important this year because prompt submission of the accounts may allow more time for tax planning. With dairy farm profits under pressure there may be an opportunity for your accountant to attempt to reduce the on account payment due in July which could help ease cash flow on some farms.

March is always a really busy time on farms but it is worth getting ahead with account preparation and its mainly a case of organisation. There are a number of ways you can be prepared for your year end that will ease the stress for yourself, your secretary or accountant. Below are just a few of our top tips:



Lydia Thomas, FBS Southern Regional Manager has some timely advice on getting ahead for the financial year end.



- **Don't leave the valuation forms until the last minute.** Save a few hours on the last day of the financial year to walk around the farm and take a stock valuation. Don't leave it until your next secretary visit as this can effect stock information
 - **Complete 90% of your calving record before March.** There is nothing stopping you from completing April to February's calving record in advance. Get this out of the way then you only need to complete the last month
 - **Use BCMS to get a list of current stock numbers and their ages.** Animal age groups are a common cause of year end headaches. Use your BCMS online records to get a print out of all stock on the farm listed by age on the day of your year end. Your secretary will be able to sort them accordingly if you are struggling
 - **Have all cheque books to hand at your year end visit.** Often there are cheques missing, or blank stubs that will need reconciling. Have these to hand so that the secretary can look through them if needed. The same goes for bulk payment details – if these are not printed regularly supplier balances can be out. Have these ready if requested
 - **Be prepared with bank statements.** Your secretary or accountant might request missing bank statements. Be prepared to ring the bank or print missing information using your online banking. If you don't have statement access online its worth looking into. It can be really useful to monitor the bank balances on a regular basis
 - **Contact Banks and HP companies** to ensure capital balances are correct, ask them to send you loan balances, which are often only produced annually, on your financial year end date
 - **Collate all your spray records.** Not only is this great for the secretary but also aids cross compliance! It's often hard to remember which spray went on which crop but spray records should hold all this information helping your secretary produce accurate gross margin data
- Taking the time to get ahead with account preparation will save time and hassle and could have a cash flow benefit this year.