

# SHARE FARMING

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Based on experience with 2 agreements.

One started in 1984 and the other in  
1992.

Both all grass Craven farms rearing  
sheep and beef.

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## **SHARE FARMING.**

- A. What is it ?  
How does it work ?  
How assess the shares ?
- B. Why do it ?
- c. Techy Points for professionals.

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### **WHAT IS IT ?**

**IT IS TERRIBLY SIMPLE AND NEEDS KEEPING THAT WAY.**

#### **TWO SEPARATE BUSINESSES**

One = "Owner". The other = "Operator".  
Both are share farmers.

**NOT A PARTNERSHIP.**

**NO JOINT BANK ACCOUNT.**

**SEPARATE SETS OF BOOKS**

and maybe different year ends.

**SEPARATE VAT REGISTRATIONS.**

**NOT A TENANCY – no rent passes.**

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## HOW DOES IT WORK ?

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### AGREE SHARE

Figures follow below but mine based on:

**Owner** provides the place and insures and repairs it.

**Operator** provides labour and machinery and day to day management.

Example shows **33% Owner** and **67% Operator**.

Stock is owned on that basis.

Trading commences on that basis.

Out of resulting net shared trading account each business meets those costs for which it is 100% liable.

**COMMUNICATION** is key.

**At outset** it is vital that everything is discussed fully and openly.

**If the figures or the attitudes do not work DON'T DO IT.**

The parties are sitting at the same side of the table – not bargaining across it. “What would they be happy with if they changed places”.

**Once underway:**

Monthly meetings. Paperwork. Exchange cheques. (Now email and bacs).

Provides a discipline. As time passes discussion gets easier even though we have had bad years as well as good.

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## Why do it ?

Wonderfully flexible.

**Not necessarily for a whole farm** and can be tailored to suit all manner of circumstances . EG:

Grass break on an arable farm.

Cow ownership on a dairy farm and NZ share milking.

Grass parks.

Retirement route – allows gradual exit from and entry into farming.

Family arrangements – may be better to start with than partnership.

Modern landowners not wanting to farm but find tenancies too remote.

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### **Techy points.**

DEFRA fully on board. Highest share is registered party.

HMRC fully on board.

### **APR/BPR debate**

Both parties are taking “the full commercial risk” and therefore should qualify for BPR.

Neither has any form of first charge or similar - ? Caveat contract farming.

### **CAP reform:**

Working farmer

Greening

Limit on SFP receivable

Whatever other sillies Brussels throws at us.

### **Tenancies.**

No technical reason why a tenant could not share farm provided landlord on board. May be good way of L assessing a potential tenant and also of helping older tenant retire gently.

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