

# Prepare for Brexit: Why Bother?



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Relatively few farmers say they have prepared a budget considering the impact of Brexit, and it's not difficult to see why this is – for many the potential negative impact is significant and it's natural to want to delay bad news. However if you intend to continue farming post-Brexit then you need to face up to the likely impacts on your business **now** and start preparing contingency strategies. There will be many things outside your control, such as the tariffs imposed on agricultural products exported to the EU however there are many things you can influence and the adage 'knowledge is power' definitely applies.

Preparing a **budget** is the simplest way of identifying what the likely impact on your bottom line would be of any given scenario, e.g. a reduction in the price of what you sell, or an increase in the cost of your inputs. A **cashflow** is slightly different, this looks at how much money flows in and out of your bank account each month, and whether/how much you'll need to borrow, for instance through an overdraft.

In the context of the impact of Brexit, a **budget** will identify whether your business would be sufficiently profitable given a particular scenario, i.e. is the business viable. Once you have a budget you will be able to **benchmark** and consider **key performance indicators (KPIs)** which will tell you where performance could be improved – and this could make all the difference going forward.

A **cashflow** is also important – even if the business is sufficiently profitable to be sustainable, you also need to know that there's enough cash coming in to pay the bills. If you will need an overdraft, or a change to the level of your overdraft, the **cashflow** will indicate how much you will need, and for how long, whilst the **budget** will demonstrate to the lender that the underlying business is viable.

*Tip: Preparing a budget can seem daunting, but refining a budget is normally easier – get something down on paper as a starting point and work from there.*

