

Business Plan of Canalside Community Food Limited



April 2018 (rev 1)

1 Executive Summary

Canalside Community Food Limited is an established Community Supported Agriculture scheme that engages its members in the production and distribution of local seasonal and organic vegetables and fruit. Members share the risks and rewards of farming by subscribing for shares of the produce at the same time as participating in seasonal activities that support the work of the farm. Canalside prides itself on supplying produce in an ethical and environmentally sensitive manner at the same time as engaging both its Members and the wider local community in land based activities and celebrations.

Canalside rents the 11 acres of land on which it runs its communal enterprise and produces its vegetable and fruit shares. As an established community farm Canalside wishes to secure itself well into the future and provide the next generation a legacy on which to build. Recently Canalside has been offered the chance to purchase the land it currently rents at the market rate. Community consultation has determined that the best and most equitable way of doing this, compatible with retaining community control, is to launch a community share offer to raise the capital necessary to purchase and secure the land, under the umbrella of a Community Benefit Society.

The land has been independently valued at £100,000 and we intend to raise this through a community share offer. Canalside and the current landowner, who is supportive of the aims of Canalside, have both had the land valued independently. The sale price has been mutually agreed and reconfirmed at the time of this offer. The share offer will be launched according to current industry best practice, with a Community Shares standard mark, and will invite current members and the wider local community to become Investor Members in Canalside. They will be offered the opportunity to buy withdrawable shares on which interest will be paid while they are held. Canalside is confident it can do this while continuing and improving on its current farm production and community activities and this business plan details how this will be achieved.

Through prior market research within the current membership we are confident that the Share Offer will raise the necessary capital to purchase the land. The land will be held by the Community Benefit Society which will be able to better plan for the future and make investment plans for the benefit of the community secure in the knowledge that the land is owned and will not be sold on. We believe this will give the farm community the confidence to face an uncertain future, develop its ecological and community enterprises, and provide an inspiration to like minded communities.

2. Intro and Background

2.1 Scope and Purpose of Business Plan

The aim of this document is to set down the principles by which we run Canalside Community Food, our strategic aims, and the means by which we realise them. The scope of this business plan is to provide an outline for the development of the society over the next 5 years from its conversion to a Community Benefit Society. The plan covers the process of raising a community share offer, buying the farmland (which is currently rented), and shows how we will do this while ensuring that we meet our day to day running costs, retain a position of positive equity and how we will meet our reserves policy.

Canalside Community Food Limited is a recently formed Community Benefit Society (CBS), registered with the Financial Conduct Authority (FCA), arising from the conversion of Canalside Community Food Ltd., a company limited by guarantee, registered at Companies House.

The core revenue generating portion of the social business is the production of a weekly share of fruit and vegetables for members on its rented farmland. To this point Canalside has developed a membership who support its core running costs and generate a surplus to fund a modest capital investment programme that allows the business to thrive. It is based on the edge of Radford Semele, a semi-rural village joined to Leamington Spa and Warwick. Most of its members live within a 10 mile radius of the farm.

In addition to the production of vegetables and fruit Canalside is rooted in the local community. It is run by its members and actively engages them in farm activities. Members voluntarily help with farm activities in regular work mornings and the Society organises regular events centred around the growing seasons. The society also engages with members and partners, providing learning opportunities for processing and preserving fresh produce, opportunities for horticultural therapy in partnership with the Willows, and runs a programme for local schools to visit the farm.

The objective of the business plan is to be a guidance document for the directors and steering committee of the society, allowing them to effectively oversee the ambitious capital investment plan necessary to raise the money to buy the land that the Society currently rents, whilst retaining current farm memberships, activities and revenues. The main objective will be achieved by inviting new investor members to invest in the Society through a community share offer, and by putting in place conditions to be able to offer annual interest on shares as well as the capacity to buy back shares when requested or required.

It is intended to be a working document -one which we will modify from time to time to reflect changes within and external to the business, and as the business develops. We intend it to be a document to which all our members have access, and are invited to comment on and participate in its development. However, as the document that supports our share offer, we do not intend to substantially deviate from this document without first obtaining the consent of our members.

2.2 Who we are

Canalside Community Food Limited is:

- A farm enterprise that produces local, seasonal, organic, vegetables and fruit for our members
- A working farm that provides ethical employment and volunteering opportunities
- An organisation that connects our members and other people with farmland, agriculture and the seasons
- A pioneering organisation which provides a vehicle for change, and a working and practical example to other communities

2.3 History of Canalside and Achievements to date

Canalside Community Food is an established Community Supported Agriculture (CSA) scheme producing vegetables on the 11 acres of organically certified land that we currently rent and are seeking to buy. The society also produces fruit on 2 acres of orchard which we will continue to rent under licence.

The business supplies around 160 produce shares per week for its members, and is currently financially sustainable, turning over in the region of £80,000 per year and regularly making a surplus for reinvestment. Canalside employs four staff (2.5 FTE), and considers itself an ethical employer. It is also committed to the principles of CSA, with the members of the community sharing the risks and rewards of the farm business, enshrining the principles of fair trade.

Canalside is closely linked with a sister organization the Willows, a horticulture therapy farm, with which it shares the site. The Willows provides opportunities for involvement of its services users in agriculture and nature based activities.

From its birth, Canalside has been strongly rooted in the community. It arose from conversations in the local wholefood cooperative and Leamington's Action 21 Food Group. At the time, in the mid-2000s, local food initiatives were high on the agenda, but CSAs, apart from one or two prominent pioneers, were not well known and lack of accessible land was usually cited as a major obstacle to such initiatives. However, in this case, a local farm family was keen to engage in building an ecological and economically sustainable local food initiative, and agreed to rent land for the purposes of establishing a CSA. Canalside was established from the outset as a partnership between growers and consumers sharing the responsibilities, risks and rewards of running a farming enterprise.

A Pig Club was used as a test of principle for people getting together, investing and working co-operatively. Pig clubs were once commonplace across the UK and popular in the 1940s to improve food security. Members collectively own and take responsibility for rearing pigs. In return they receive a supply of sustainably produced and hand-reared pork. On the back of this successful trial enterprise, it was decided to go into vegetable production. From the outset the business decided not to buy in any produce to supplement the produce shares. This is in direct contrast to most traditional 'box schemes' that often buy in produce in lean times. This gives Canalside produce shares a distinct seasonal flavour, and arguably, makes them more environmentally sustainable.

There were no toolkits or established guidance to help CSA start-ups, and all the ideas for continuous year-round cropping had to be devised, and costs estimated, for a 10 acre seasonal vegetable production enterprise. A monetary loan and generous sharing of farm machinery helped initiate the business. Communal effort helped put up the first polytunnels, and a loaned yurt was the collection space for the first 3 years. The orchard project, with trees purchased and planted by members, started in 2011 and is coming into full production, and although it is not included in the land purchase scheme, it demonstrates what impressive community support the project receives. From one polytunnel we now have seven. Staff, originally self employed, are now employed by the Society and enjoy statutory employment benefits and the company (now Society) has been able to maintain a surplus to buy, and maintain, the equipment necessary for field scale vegetable production.

Canalside has also developed socially, putting the community at the heart of everything it does - literally in the case of the social area. The current Pole Barn and collection space were largely put up by members, and we now have a converted railway van field kitchen with caravans for an office space and staff room. Social events and community involvement have been important from the beginning.

Members, and others, get involved in farm work, in organising socials and regularly use the social space for personal events. The annual Summer Party is Canalside's biggest event and a celebration to which the whole local community is invited. Members organise and contribute a wide range of skills from marketing to catering without which many farm events and the party would not happen. The Society actively engages with the general public through school visits, Duke of Edinburgh groups, Farm Open Days and is a regular presence at local fetes and festivals promoting local seasonal food. Canalside is an active member of the CSA Network UK, promoting the use of the CSA model for other communities.

2.4 Governance

2.4.1 Legal structure

Canalside Community Food Limited is a Community Benefit Society registered under Co-operative and Community Benefit Societies Act 2014 using Co-operatives UK Community Benefit Society Model Rules. The Community Benefit Society arose from the conversion of Canalside Community Food Ltd., a company limited by guarantee, by special resolution under the Companies Act 2006, in March 2018.

2.4.2 Governance arrangements

The Community Benefit Society (the Society) is governed by a Board (known to the members as the Steering Committee) elected from among the members according to the Society rules (see Appendix 1). The Board is accountable to the members through the Annual General Meeting (AGM), and undertakes to run the Society in an orderly and legal manner, and submit all the necessary legal paperwork (annual returns, tax returns etc..) and ensure the organisation is properly insured.

In addition to the AGM, the Board also meets on a monthly basis to discuss the business of the Society and ensure that proper strategy, policies and procedures are in place, and that due diligence is taken for all the Society's activities and business. Members are able to attend and/or inspect the minutes from these meetings.

The Board is responsible for employing staff to execute the aims and objectives of the Society on a daily basis, answerable to the Board at the regular Board meetings. Current staff comprise Head Grower, Assistant Grower, General Administrator, and Finance Administrator. Job descriptions are available and modified from time to time to reflect duties (see Appendix 2).

2.4.3 Relationship with other organisations

The society has always had a close relationship with its members (see above), but has also sought to build partnerships with other local organisations that share its aims. In particular Canalside has a close relationship with The Willows, a horticultural therapy project, which is based on the site that Canalside is renting and is seeking to buy. Members of Canalside have always been keen to support and help develop the Willows and were instrumental in raising funds and setting it up as an independent unit. The Willows has built up a significant infrastructure on the site with an office/workspace, polytunnel, and garden.

The Willows has built up a strong local reputation for working with various client groups, such as those recovering from addiction and those with mental health difficulties. The Willows service users also care for flower beds in the Canalside social area, and take part in Canalside volunteer sessions.

Canalside has committed to help The Willows develop further and make more use of the site. We will do this by entering into a service level agreement with the Willows, with mutual aims which deliver agreed objectives. We will offer The Willows a lease with a peppercorn rent to continue to use the site. We may donate our staff time to specific projects The Willows are working on as well as giving The Willows a donation from our surplus. Any donation we will give to The Willows will be agreed by our members at the AGM.

In partnership with the Willows, Canalside will engage with other local community organisations who could benefit from using the site, so that the facilities developed and maintained by The

Willows can be more fully used. Such groups include ARC cic (Achieving Results in Communities) and Friends of Radford's Green Environment (FORGE), an environment group in the local village, which aims to involve local people with activities such as bat walks and moth nights.

Another partner organisation is Canalside Bee Club. The Bee Club started in 2012 and has hives that produce honey for club members. It is a cooperative Bee Club situated adjacent to the orchard. Throughout the year members get involved in managing the bees, building hives, planting bee friendly flora, and harvesting honey.

2.5 Plans for membership growth

The society has ambitions to increase community involvement in its activities and increase its impact as an example to other communities who would like to undertake similar projects. In order to do this, the Society intends to secure its position into the future by buying the land which it currently rents. This would provide a secure footing from which to increase community and volunteer involvement.

Community ownership of the farm would inspire members to engage and invest time, energy and resources into the Society's activities with the confidence that the benefits would remain with the community into the future. Ownership would also inspire confidence to allow the Society to invest in longer term environmental goals of land stewardship such as hedge planting and soil improvement. Community members have also expressed a strong desire to leave a positive and lasting legacy for future generations to enjoy and preserve.

The principle means by which the society plans to increase membership is through a community share offer aimed at investor members. A community share offer will be launched with the aim of selling shares to current members, the local community and, potentially, a wider pool of social investors in order to raise the capital to buy the land. We aim to raise between £94,000 and £105,000 in shares which will have a nominal value of £1 although a minimum shareholding of £50 will apply to investor members. Shares will be withdrawable (capable of being withdrawn from the Society), non-transferable and subject to a 2% annual interest where prudent. A maximum shareholding of £10,000 will apply and investor members will have one vote irrespective of the number of shares held.

In 2017 we held a consultation exercise with our current members and local people. The consultation indicated that we would be able to recruit around 150 investor members from our current membership and the local community with an average shareholding of around £500 pledged. We therefore know that all our current members are happy with these plans, which were passed unanimously at our last AGM, although we anticipate that we might have to attract some investor members from wider afield.

Canalside therefore envisages three types of memberships:

- The first are Produce Share Members who subscribe monthly for a 'share of vegetables and fruit' and currently comprise the majority of our current members. They will continue on the same basis. We expect a normal turnover of produce share members although we are hoping that the possibility of investing in the land through the community share offer will reduce the turnover in produce share members as they become more engaged in the running of the Society. We will invite Produce Share Members to also be Investor Members. If they are Investor Members, then they will stay being members even if they stop their subscription for their monthly share although they will stop receiving their share of produce

- The second type of member is the Social Member. Social Members currently donate an annual subscription to the society in order to support its objects and to support its work with community groups and they will continue to do this. We will encourage our Social Members to also become Investor Members. If they are Investor Members, then they will remain members even if they stop their annual subscription.
- The third type of member will be the Investor Member. These are members who have invested in the community share offer to help buy the land. We will also encourage our Investor Members to make an annual subscription in line with our Social Members. We will not however require this of our Investor Members, who will always be members whilst they have share capital invested in the Society.

2.6 Vision statement

Canalside believes that communities should be highly connected to, and have sovereignty over, the techniques, technologies and policies of food production and distribution, and supports community networks where healthy, affordable food is produced and distributed ethically, sustainably and in harmony with our natural environment.

2.7 Mission statement

Our mission is to improve peoples' lives and the environment by:

- Engaging our local community in the sustainable organic production, processing and distribution of their food, to build their knowledge and sovereignty over their food supply.
- Providing sustainable livelihoods to those who grow, process and distribute our food.
- Stewarding and protecting the land we cultivate as a community resource for future generations, building resilience into our local food system, whilst growing biodiversity.
- Working with other communities to support their endeavours to create similar community supported agriculture projects where the risks and rewards of our food system are shared.

2.8 Objects of the Society

The objects of the Society shall be to carry on any business for the benefit of the community by encouraging access to sustainably managed and maintained land in South Warwickshire in order for inhabitants to participate in activities that will increase their understanding and involvement in the growth and consumption of sustainable and organic food and the preservation and encouragement of biodiversity.

2.9 Social and environmental impact

Canalside is committed to encouraging use of the site by members, and being an example to the wider community of people interested in CSAs. People can be members of the CSA without taking produce (Social Members for an annual fee of £24). We have no restriction on numbers of Social Members. Concessionary rates apply for low waged households. We expect to have 350 member households (staff, Produce Members, Social Members, Investor Members).

Canalside will aim to provide an active social space for the local community. The Society will continue to:

- Engage members in volunteer farm work, events linked to the land and seasons, and learning opportunities in land based activities.
- Create a space to celebrate the farm and its activities. Families are actively encouraged to bring their children onto the farm to play and learn and the CSA will provide a safe and hospitable social space for this.
- Provide an active social space for the local community and to provide opportunities for the wider community to attend farm events and celebrations such as the Summer Party, jam making, apple pressing and other workshops
- Participate in national events such as Open Farm Sunday and National CSA Day which promote farm visits from the general public.
- Facilitate local schools visits and visits from other groups such as wildlife groups
- Be an active in the wider CSA Network UK in order to facilitate the establishment of similar farms in other communities.

Canalside is also committed to farming in an environmentally positive manner and will continue to:

- Commit to farming in the most environmentally sensitive manner possible that is consistent with producing shares for our members.
- Farm to acceptable standards by continuing to be Organically Certified by the Soil Association.
- Improve soil organic matter to retain carbon and improve soil structure through use of Green Waste Compost
- Reduce use of clean irrigation water by using water conservation techniques and investigate water harvesting technologies.
- Farm with an aim of recycling or reducing our resource use as much as possible consistent with maintaining the quality of our produce.
- Maintain our boundaries, hedgerows and unused land so as to enhance its biodiversity as much as possible.
- Encourage our members to reduce the use of single use plastic packaging by encouraging them to use their own packaging and bags.
- Maintain our solar panels to produce the small amount of electricity we use and develop reduced energy use technologies through sustainable methods such as manure hot beds during winter/early spring.
- Provide an example of composting toilets.

Canalside has the following policies to ensure that appropriate management procedures are in place to deliver our objectives and strategies as well as our social and environmental impact:

- Safe-guarding policy and procedures
- Volunteer policy
- Environmental policy
- Health and safety policy
- Equality, diversity and inclusion policy
- Bullying and harassment policy
- General Data Protection policy

These are reviewed by the board on a regular cycle.

3 Resources

3.1 Paid Staff

The main activities of Canalside will be overseen by paid staff including growers and administrators. The paid staff will report to the board who will have overall control. Current roles, already filled by competent individuals, that are expected to continue within our plan (see appendix 2) are:

- **Growers:** we employ two staff growers to oversee horticultural production.
 - The **head grower** will have overall responsibility for all horticultural operations and will report back to the steering committee on a monthly basis and ensure staff meetings take place. The role is expected to be 0.95 FTE (5 days or 37.5 hours per week summer hours for 35 weeks and 4 days (30 hours per week winter hours for 17 weeks).
 - The **assistant grower** will work with the head grower and cover holidays or other absence of the main grower. The role is expected to be 0.90 FTE (37.5 hours per week summer hours and 26.25 hours per week winter hours).
- Growers will be formally employed (with statutory rights and pensions) and receive £10.60p per hour rising at least in line with RPI on an annual basis. Pay levels will be reviewed from time to time by the steering committee in line with our strategic aims and may be raised more than this. Job descriptions are available in annex. The head grower will receive a 10% hourly rate bonus for additional responsibilities undertaken.
- Other specialist growers or advisors may be employed from time to time (e.g. summer grower, fruit grower) as necessary.
- Casual labour may be contracted on a self employed basis during times of peak labour demand. Current wage rates are £9.00 per hour raising in line with staff pay.
- **Administrative Staff:** we employ two admin staff as per the job descriptions in annex:
 - A **general administrator** will be employed (or contracted) to deal with membership matters; share collection lists, reconciliation, chasing up payments, production of the newsletter etc. and administer the business; supporting Steering Group, ensuring policies are up to date and filed, maintaining the website, publicity and promotion of the scheme etc.. This role is employed and is expected to be 50 hours/ 6.66 days per month all year round.
 - A **finance administrator** will be employed (or contracted) to ensure the day to day finances are dealt with and kept up to date and to liaise with the accountants and ensure that the other business necessities and obligations are met e.g. banking, payroll, companies house returns, hmrc returns, etc.. This role is expected to be 17.5 hours/ 2.3 days per month.
- Admin staff will be paid £10.60 per hour and wages will rise in line with RPI. Hours and remuneration will be reviewed by the steering committee in line with strategic objectives.

Job descriptions are in appendix 2 and held on file.

- There are some directors that are currently employed by Canalside to fill the roles described above. All director roles are voluntary and have no additional remuneration.
- We will continue to contract in various services as necessary and currently these are expected to be:
 - Payroll services
 - Accountancy services
 - Banking services

3.2 Volunteers

Volunteer roles are a valuable asset for, and an integral part of, Canalside. All members are encouraged to take part in farm, management and publicity activities where appropriate or where they have experience. Volunteers provide valuable support and morale to the paid staff.

We encourage all members to get involved with farm activities on a voluntary basis and numerous roles are open to members including, but not limited to:

- Farm work (planting, weeding, harvesting etc.).
- Mentoring paid staff.
- Assisting at school visits
- Organising and/or running socials, workshops and learning events.
- Cooking at social events
- Maintaining social area and children's play area.
- Staffing stalls at events.
- Publicising Canalside at events and meetings.
- Administrative and IT support to the general administrator
- Laundry, recycling and rubbish collection

We will continue to encourage youth volunteers such as Duke of Edinburgh volunteers where practical and possible.

3.3 The Land

The land comprises approximately 11 acres of gently sloping farmland in four enclosures that is used in the production of organic vegetables (see appendix 8). This land was historically used for arable production.

The land is relatively free draining with well defined boundary fences to the four enclosures (edged in red on attached rural land registry map in appendix 8). Under the Agricultural Land Classification grading system, the land is mainly Grade 3 with Grade 4 land adjacent to the canal.

One of the enclosures has been used to erect 6 polytunnels, a glasshouse, and a pole-barn, which together with two caravans and a field kitchen, enclose a grassed area serving as a focus for communal social activity. To one side a cabin, a small garden and a small polytunnel comprise infrastructure belonging to The Willows project. A two bay composting toilet is available on site as are other green waste composting facilities.

The site is served by mains water via a supply pipe from the main road and through a wooded field adjacent to the site. There is no mains electricity on site. There is an access track from Southam Road to the farm site and right of access is granted and will be built in at the conveyancing stage.

We have held a meeting with the NFU about our potential future liabilities as a landowner. They are satisfied and will continue to insure us as they currently do.

In addition to the land used for vegetable production the society also manages a permaculture orchard of mixed top fruit and soft fruit (~2 acres). The produce from this area is either picked for the produce share and/or offered for pick-your-own activities. The orchard area is not adjacent to the farm land being purchased (is elsewhere on the farm) and we will seek an arrangement to continue to manage and use the produce for the Society on an equitable licence.

3.4 Other resources

The Society has a range of assets used in the production of vegetables and fruit and which it uses for business purposes and for communal activities. The Society owns its own small tractor and various items of agricultural machinery, small tools and other items necessary for medium scale production of field vegetables. Canalside has two equipment sheds and one standard size storage container for securely and safely storing tools and equipment.

The pole barn (self-constructed) comprises galvanised steel roofing with solar panels which provide electricity for lighting, administrative activities and two solar powered chest fridge/freezers. A generator is available for topping up the batteries and/or when a large draw on power is anticipated.

Two caravans are used as an office and staff room respectively. A well equipped field kitchen is available with running hot water and hygiene compliant surfaces and a commercial cooker for communal catering and communal processing of produce.

4 Current Business

Our planned activities over the next 5 years are to continue to build on our current successes and strengths in order to:

- maintain horticultural production to produce 160 shares per week
- continue to engage the local community in the farm
- continue to engage with wider CSA community and local food movement
- prepare a community share offer to buy the land
- continue our investment plan by preparing new share offers including planning to buy a larger tractor and replace fruit trees should the need arise.

Our analysis of the wider economic factors and the strengths of our current business give us confidence that the Society will be able to meet these objectives and obligations and provide community benefit going forwards (see Appendix 5: PESTLE Analysis and Appendix 6: SWOT analysis). Although the risks arising from these might be critical to our success we are confident that the Society will be able to mitigate any risks arising (see Appendix 7: Risk Analysis) and these will be reviewed by the Board on a regular basis.

Within this our guiding strategic goals as a community benefit society and an ethical employer which has stewardship of the land are:

- **Create value:** Each week, ensure that members receive a share comprising at least 7 in-season organic vegetables and fruits of a quality, and in a quantity, that represents fair value.

- **Staff wage rates:** Ensure a living wage for staff by incorporating an above RPI (Retail Price Index) wage increase as part of a yearly review and according to Canalside experience pay scales and business viability.
- **Staffing and volunteer capacity:** Develop and maintain a labour register of persons able to work for Canalside and their contact details, including salaried staff and committed volunteers from the membership.
- **Community participation:** Ensure that the site, especially the community and social area, is well designed, welcoming and organised so that members are able to fully realise the benefits. Constantly strive to create opportunities for members to participate in farm work, social and educational events.
- **Partner organisations:** Be a 'pioneering' West Midlands Community Supported Agriculture (CSA) network hub by registering on the network, promoting innovation, mentoring other CSAs and hosting/attending events. Work closely with the Willows to integrate a horticultural therapy aspect into our business and to develop links with other local community groups to foster community benefit.
- **Organisational independence:** Develop and implement investment strategies which enable Canalside to operate independently. In the short term we will launch a share offer to purchase the land currently rented for vegetable production. In the medium to long term we will explore the necessity and the mechanisms necessary to undertake a new share offer to allow for a turnover of investor members whilst maintaining a capital investment programme which will include a larger tractor and (potentially) an area of orchard adjacent to the vegetable growing site.
- **Financial prudence:** Strive to create a financial surplus of 10% of the total turnover by closely monitoring and managing the revenue created by paying members and the costs which relate to wages, machinery, etc. This surplus will help to finance the investment strategy and help mitigate against potential revenue losses.

As part of our ongoing commitment to maintain community engagement and benefit we will also:

- Organise biweekly work parties for those wishing to volunteer their labour
- Organise 4 large socials or events per year for members and their guests to come onto the farm and celebrate aspects of the production process and farm year
- Organise 4 food events linked to work tasks.
- Organise an annual and sociable AGM to report on the enterprises, report on the accounts and discuss future plans with the members.
- Develop and maintain the social space for members and their guests to use and enjoy on a day-to-day basis including improved kitchen facilities
- Organise occasional farm walks and events for learning, fundraising and socialising for members and their guests (e.g. workshops, social events)
- Join and participate in wider networks (especially CSA network UK, LWA and OGA) and help organise and participate in events run by these networks
- Run an education project (3 schools + 3 other groups per year either in partnership with Leasowe Farm under the Higher Stewardship Scheme or as a stand-alone project)
- Support The Willows project with coordination and managed interaction
- Interact with and support the Bee Club and its members

4.1 Current Revenue Streams

The Society produces local, seasonal, organic vegetables and fruit. As a Community Supported

Agriculture (CSA) farm we encourage the members to share the risks of production with the farmer by providing a steady income to the enterprise in the form of share subscriptions, in return for which they get a share of the produce.

Produce share subscriptions form a large percentage (85%) of our revenue stream. A system of trial shares in which people sample a produce share from a month before committing to the scheme raises another small percentage (3%) on a turnover averaging around £83,000 per year. In addition to the produce shares membership subscriptions comprise around 5% of revenues and donations linked to membership and events another 5% (see Appendix 4).

When we have a large surplus of produce we sell a small amount of produce either directly to the public or through a local vegetable retail co-operative. This comprises a small revenue stream (1% of total) and is relatively unimportant for our turnover whilst our produce share membership is on or above target (125 producer shares). Consultancy services, normally to host farm visits, also generate a very modest income (1%).

4.1.1 Vegetable and Fruit Shares (Produce Shares)

Produce Members pay a monthly subscription and receive a weekly share of the harvest on one of three collection days (Tuesday afternoon/evening pm, Wednesday morning, or Saturday morning). We offer three share sizes; large for £70 per month, medium for £48 per month, and small for £32 per month. These share sizes roughly correspond to produce for a large family (couple with a few or grown children), for a small family (couple, one or young children), and for a couple (two adults) or individual.

Most Produce Members collect directly from the farm, weighing out their share according to what they are allocated. They have the opportunity to participate in volunteer work mornings twice a week, year round, to help out with publicity events, education project visits and socials, and to attend social events. They also have an annual opportunity to purchase organic Spanish produce direct from a (CSA) producer there, and on-going opportunities to buy locally made jams, cakes and other items made by Canalside members, and items grown or made by The Willows.

4.1.2 Membership Subscription

All Produce Members must also be Social Members of the farm and pay an annual membership fee (£24 waged, £12 unwaged/concessionary).

We encourage individuals and families from the wider community to become involved in the farm by becoming Social Members (£24 waged, £12 unwaged/concessionary) without receiving a share of the produce whilst being able to fully participate in volunteering and social events on the farm.

4.1.3 Investor Membership (Community Share Offer)

As part of our plan to raise the capital necessary to buy land we will encourage our current members and others to become Investor Members by buying community shares in the Society. We will be able to fund withdrawal of these shares from our trading reserves (see below). Investor Members will be encouraged to also become Social Members or Produce Members.

4.2. Other Business Activities

As a CSA farm we would not normally seek to make additional sales of fruit or vegetables but

rather seek community engagement with the risk and rewards of running an agricultural enterprise. We do occasionally offer sales when we have excessive quantities of produce or where we have a shortfall in numbers of Produce Members who comprise our main source of income.

Currently our main surplus market is wholesale to our Members, to local cooperatives/shops or other CSAs.

We also occasionally cover the costs of farm visits to commercial groups through a modest consultancy fee charged on a cost basis.

We have the potential, and remain open to, the possibility of forming partnerships with The Willows or other similar organisations which will enable disadvantaged groups to engage with the farm and its associated community. We will take these opportunities as they arise and on an *ad hoc* basis where they compliment the activities of the Society.

5 Capital works

5.1 Summary of capital development works

Canalside Community Food has been given an opportunity to purchase the land, which it currently rents, at the going market rate. The land has been independently valued at £100,000 (see Appendix 8). The purchase of the land at Southam Road will provide Canalside and the community with secure access to agricultural land for ever more.

At the same time we need to replace our double span polytunnel that collapsed under snow. The polytunnel is required to extend seasonal production and to maintain produce share quality.

5.2 Breakdown of capital costs

The price of the land Canalside wishes to purchase is £100,000. The management of the share offer, meeting best practice in community shares, and the conveyancing related to the purchase will cost £11,250. Of this £3,350 will be capitalised costs that will increase the value of the land on our balance sheet. The other £7,900 will be extraordinary day one cost that will appear as expenses in our profit and loss sheet (see Appendix 3- (4) Day one costs and sources of capital).

Replacing our double span polytunnel will costs us £7,570 + VAT.

Our total capital requirements will equal £120, 334 including VAT

5.3 Capital funding

We are intending to met these capital requirements from a community share offer and our current cash reserves. Our cash reserves will cover the polytunnel purchase and we will reclaim the VAT of £1,514 back within four months of its purchase.

We intend to met the remaining capital cost from a community share offer and our current cash reserves. The proportion met by both will depend upon the amount we raise through the share offer.

- If we raise the minimum of £94,000 we will contribute the remaining £17,250 for the land as well as the £9,084 for the polytunnel from our cash reserves. This will leave us with cash reserves of £11,722 which is just above our reserve policy of 6 months running costs (see Appendix 3 (4) Day one costs and sources of capital).
- If we raise the maximum of £105,000 we will contribute the remaining £6,250 for the land as well as the £9,084 for the polytunnel from our cash reserves. This will leave us with cash reserves of £22,722 which is equivalent to our preferred reserve policy of 1 years running costs.

5.4 Impact on revenue streams

Purchasing the land that we are currently working will have no effect upon our revenue streams. We are currently at our preferred size in terms of the community we wish to serve and we have no plans to expand our production (see Appendix 4).

5.5 Marketing objectives

Our main marketing objective is to continue to market the community farm in the same manner so as to maintain our current revenue streams. Experience has shown that produce share membership turnover is around 25- 30% per year and the Society needs to recruit produce share memberships to replace those leaving as this is our most important revenue stream.

Our ongoing marketing plan essentially rests on word of mouth and reputation as an ethical and environmentally aware business supported by strategic marketing at local events which attract our main Member base. As such, communication with our Members is an important part of our marketing effort. Our strategy is outlined in Appendix 10.

In the short term, our plan is to encourage Investor Membership through a Community Share Offer which will enable us to raise the capital necessary to buy the land we currently rent to grow vegetables. A share offer document (with supporting documentation) will be produced and marketed through our Membership in line with our marketing plan.

In the first instance we are prioritising Investor Membership from our current members (produce share members and Social Members) and in the wider local community around the farm. Our consultation exercise has shown that we are likely to gain 150 investors from our current membership and contacts. They will have pledged an average investment of £500, potentially raising £75,000.

To met our target of £100,000 we will need to raise a further £25,000. If we assume a lower average investment for these investors of £300 we will need to find 85 extra Members. We will initial advertise this to our local community within 10 miles of the farm.

We anticipate using the following channels to advertise and that this will bring us in the following new investor members:

Member personal and family contacts	20
Presence at Local Events (Peace Festival, Food and Drink Festival, Canal Festival, Eco Action Day etc.)	20
Press Release in local papers, news letters	10
Adverts in Wholefood Co-op Shop (Gaia)	3

Email Communication through the local LETs scheme	3
Targeted Social Media campaign (local)	3

We will also advertise this share offer wider with compatible organisations with which are in communication. We anticipate using these channels with the associated new investors:

CSA Network	10
Soil Association	10
The Land Magazine	5
The Land Workers Alliance	5
Wider Social Media Campaign	5
Ecological Land Co-Op	5

We are confident that the proposed media campaign will bring enough Investor Members forwards to reach our targets.

6 Finance

Our planned activities over the next 5 years are to:

- Maintain horticultural production to produce 160 shares per week.
- Continue to engage the local community in the farm.
- Continue to engage with wider CSA community and local food movement.
- Make a community share offer to buy the land.
- Start to pay back our investors from our surplus.
- Explore the necessity and the mechanisms for a further share offer if there is a future capital demand by the society for instance: the possibility of replacing our tractor, potentially replacing lost fruit trees or enhanced water management projects.

6.1 Historical financial performance

Our current vegetable and fruit share scheme has generated a surplus in most previous years. In the year ending 30/09/15 we made a surplus of £14,596. The following year we created extra roles to better manage our a temporary increased rate of staff turnover. This led to a small loss of £467. We then increased our turnover in the following year without increasing our overheads, this led to a healthy surplus in the year ending 30/09/17 of £5,082 (see Appendix 9 Previous Accounts).

Our cumulative trading to date over the last 11 years has lead to an accumulated reserve of £44,272. This is made up mostly of cash reserves of £38,000 as well as fixed assets of £6,424. We have debtors of £841 and creditors of £1,049.

6.2 Summary of revenue finance

The majority of our revenue finance is made up of the sale of veg shares. This generates for us an income of £74,700 a year. We also receive £4,080 a year from membership fees as well as £2,500

from members social activities and about £750 from gifts and other income. This provides us with a turnover of around £82,000. From this we have cost of sales of approximately £48,000 leaving a gross profit of £33,886 at a GPM of 41.31% which is in line with the industry standard (Appendix 4).

6.3 Summary of changes to expenditure

Raising a community share offer and purchasing land will have a minimum effect on our expenditure. We currently spend £2,000 a year on rent. We will exchange this for share interest of between £1,920 and £2,100 depending upon whether we raise our minimum or maximum share capital.

6.4 Financial Forecasts

6.4.1 Cash flow Forecast

We started the 17-18 financial year with £38,000 in the bank. Our operating cash flow for this period is £8,396, which is lower than in other years due to the non capitalised extraordinary costs associated with the share offer and land purchase. Our internal investment cash flows in the period are £112,434 cash out for both the land and its associated capitalised costs. We will raise between £94,000 and £105,000 in community shares during this period. This will leave us with between £28,018 and £39,018 in cash at the end of the period (see Appendix 3- (3)Five Year Cash Flow Forecast).

During the following two years we no longer have any investment or financing cash flows and only have a positive operating cash flow. This will be £14,042 in 2018- 2019 and £9,910 in 2019- 2020. The difference between these two figures is due to £506 Corporation Tax reclaimed in 2018- 2019 and £2,326 Corporation Tax spent in 2019- 2020.

The final two years we have a similar operating Cash Flow of around £12,000 but we will also have a negative financing cash flow of around £10,000 as we repay 10% of our share capital each year. We can comfortably repay our share capital out of our operating cash flows without decreasing our cash reserves.

A headline cash flow for lowest share capital raise is provided below but for a full set of financial projections (please see Appendix 3 Financial Forecasts).

	2017-18	2018-19	2019-20	2020-21	2021-22
Operating Cash flows	8,396	14,042	9,910	13,334	11,358
Investing Cash Flows	(112,434)				
Financing Cash Flows	94,000			(9,400)	(9,400)
Net Cash Flow	(10,038)	14,042	9,910	3,934	1,958
Cash at Start of period	38,056	28,018	42,060	51,970	55,904
Cash at end of period	28,018	42,060	51,970	55,904	57,862

6.4.2 Income Statement Forecast

Our profit and loss projections for the next five years are based on our current business model which we expect to continue apart from small changes to expenditure due to changing rent for share interest as outlined above in 6.3 (Summary of Changes to Expenditure).

Our turnover for the year 2017- 2018 will be £82,030. This will cover a cost of sales of £48,144 leaving us with a gross profit of £33,886. This will cover overheads excluding tax, depreciation and share interest of £19,067 leaving us with an Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) of £14,819.

In this financial year we will have a higher than usual depreciation (the last year of our existing fixed assets) and the extraordinary non capitalised costs associated with the share offer and land purchase but our surplus after tax will be £1,073. In the following years we will have depreciation of £1,245 share interest of around £2,000 and Corporation Tax of about £2,500. This will leave us with a healthy surplus of about £9,000.

We anticipate an inflationary increase of our cost of sales and some of our overheads of 2% each year for the next five years. We will absorb that extra cost for the first three years and then increase our veg prices by 6% in year three.

A headline profit and loss for the lowest share capital raise is provided below but for a full set of financial projections (please see Appendix 3 Financial Forecasts).

	2017-18	2018-19	2019-20	2020-21	2021-22
Turnover	82,030	82,030	82,030	86,512	86,512
Cost of Sales	48,144	49,107	50,089	51,091	52,113
Gross Profit	33,886	32,923	31,941	35,421	34,399
EBITDA	14,819	13,545	12,245	15,402	14,050
Depreciation	4,472	1,245	1,245	1,245	1,245
Share Interest	1,880	1,918	1,956	1,995	1,847
Extraordinary Costs	7,900				
Corporation Tax	(506)	2,326	2,058	2,681	2,441
Surplus	1,073	8,057	6,987	9,480	8,517
Profit brought forward	44,272	45,345	53,402	60,389	69,869
Profit carried forward	45,345	53,402	60,389	69,869	78,386

6.4.3 Balance Sheet Forecast

Our balance sheet forecast for the next 5 years shows healthy net current assets, retained earnings and total net worth (Appendix 3- (1) Balance Sheet Forecasts 2017- 2022).

We will have fixed assets of existing polytunnels and equipment, the replacement polytunnel and the land purchase. Most of the existing equipment will have depreciated to zero by the end of the 2017- 2018 financial year. This will leave us with £1,952 worth of existing equipment that will

depreciate at a rate of £488 a year until it is at zero in the year 2022- 2023. We will also have the new replacement polytunnel of £7,570 that will depreciate over the next 5 years. There is also the land purchase and associated capitalised costs that will not depreciate and will sit on our balance sheet at £103,350.

We have steadily increasing current assets of cash at bank and VAT due from HMRC. This ends 2017- 2018 at £28,496 and finishes 2021- 2022 at £58,380. Our current liabilities are very small and consist of prepaid veg bags of £649 and Corporation Tax owing. At the end of 2017- 2018 HMRC will owe us £506 and so our current liabilities will be £143, after that we will owe HMRC about £2,300 and so our current liabilities will be around £3,000.

We have no long term liabilities or debt finance.

Our net worth steadily increases from £141,225 at the end of 2017- 2018 to £163,182 at the end of 2021- 2022. This is made up of retained earnings, that go from £45,345 at the end of 2017- 2018 to £78,386 at the end of 2021- 2022; and members' share capital that ends 2017- 2018 at £95,880 and reduces to £84,796 at the end of 2021- 2022. We can comfortably met our proposed share withdrawal plan from our retained earnings.

A headline Balance Sheet for the lowest share capital raise is is provided below but for a full set of financial projections (please see Appendix 3 Financial Forecasts).

	2017-18	2018-19	2019-20	2020-21	2021-22
Fixed Assets	112,872	111,627	110,382	109,137	107,872
Current Assets	28,496	42,548	52,468	56,411	58,380
Current Liabilities	143	2,975	2,707	3,330	3,090
Net Worth	141,225	151,200	160,143	162,218	163,182
Retained Earnings	45,345	53,402	60,389	69,869	78,386
Members Share Capital	95,880	97,798	99,754	92,349	84,796

Appendices

Appendix 1: Director Biographies

Appendix 2: Key Personnel

Appendix 3: Financial Forecasts

- 1) Balance Sheet Forecasts 2017- 2022
- 2) Five Year Profit and Loss Forecasts 2017- 2022
- 3) Five Year Cash Flow Forecast 2017- 2022
- 4) Day One Costs and Sources of Capital
- 5) Capital Assets 2017- 2022
- 6) Tax Calculations 2017- 2022

Appendix 4: Sales Figures (2017- 2022)

Appendix 5: PESTLE Analysis

Appendix 6: SWOT Analysis

Appendix 7: Risk Analysis

Appendix 8: The Land

Appendix 9: Previous 3 Years Accounts

1) 2016- 2017

2) 2015 – 2016

3) 2014- 2015

Appendix 10: Marketing Plan

Appendix 11: Timeline (for Community Share Offer)

