Stroud Community Agriculture Finance Report

2022 – 2022

The SCA's financial year drew to a close on the 5th of April 2022. This year, in contrast to the previous financial year, the SCA shows a loss of £11,397. The principal reasons for this loss have been closely reviewed, details and next steps are detailed below.

Profit and Loss Account

- Total income for the Farm came in at £211,800 for the year, which is a decrease of 2% compared to the previous year. Looking at the individual categories of income to provide a bit more granularity to this figure:
    - Vegetable Share income decreased by 5%.
    - Shop income decreased by 26%. This is not unexpected as shop income had increased during the Covid pandemic (to £46k). Shop income in 2021/2022 returned to comparable levels of performance from before the pandemic (£34k).
    - Donations remained almost non-existent as Covid restrictions and general reluctance for public space gathering continued during 2021, preventing events and hiring out of the Roundhouse.
    - The Farm sometimes brings in other revenue from one-off items such as stabling and other services, these also show a decrease of about 20% compared to the previous year.
    - Membership and subsidy income remained stable.
    - Finally, livestock sales (animals sold to market as opposed for meat in the shop) increased by 70% to £8700.

- Looking at costs, we see that the main driver of the reported loss is an important increase operating costs. Listed below are a few important highlights:
    - Produce purchases increased 2% compared to the previous year. This is actually notable when we consider that produce purchases had increased in the previous year with the corresponding increase in shop sales as well as inflation. We would have expected a decrease in produce purchases alongside the decrease in shop sales but this didn't happen. Some of this is within our control (tighter purchasing oversight) but inflation and price increases have been notable across all products.
    - Staff and personnel costs increased by 22%. This includes all staffing costs of salary, pensions, and administrative support.
    - Repairs and vehicle running costs increased importantly by 50%. This covers everything from repairing farm vehicles and tractors to fuel costs.

Balance Sheet

- Cash reserves have decreased from £55,800 to £46,400.
- Total assets and stocks remained fairly consistent at £42,120 compared to £45,000 the previous year.
- Important fixed asset movements during the year:

    - The truck purchased in March 2021 only went through the books in April 2021 and so shows in 2021/2022 accounts. This was a farm truck with a purchase value of £5,000
    - The same truck was involved in a collision in September 2021 and disposed of.
    - A new farm truck was purchased for £5,200.
    - Shipping Container for workshop space and storage purchased for £1,500.

Looking Forward

In February 2022 the Core Group hired Rachel, a new Financial Administrator with expertise in financial analysis and 15 years of experience working with agricultural cooperatives. Rachel reviewed the accounts in detail and has been working with the Core Group and Farm Team closely to support the monitoring of financial performance and improvements where possible.

The first half of the 2022/2023 financial year finished in September. Looking at actual performance for these 6 months and the projected performance for the next 6, the SCA is on track to breakeven in April 2023, so long as share prices are increased in November/December and no significant unexpected costs are incurred.

Therefore, in spite of the loss of last year and the pressure that put on the SCA's cash reserves, the organisation is not in immediate financial danger. However, there are a number of longer term view elements which are recommended for the future stability of the SCA.

Recommendations and Implementations

- Ensure each income stream for the SCA covers its costs.
    - The starting point was to review the costs of the vegetable share in order to ensure that share prices are aligned.
    - The conclusion was that vegetable shares need to increase in order to cover the cost of production and this is being implemented. This initial share price raise is aimed at getting the SCA back on breakeven footing. Further explanation of the vegetable share calculation is shared separately.
    - A similar review of the shop and meat costs has been carried out to a lesser extent, but full visibility on these costs is difficult without an improved shop system (below).
- Reduce financial admin whilst improving reporting efficiency.
    - This is critical in order to free up personnel time and also improve the quality of information available to the Farm Team and Core Group for decision making.
    - A first step in reducing financial admin is the implementation of a Direct Debit system for receiving payments, which is in progress. A second step, which will only be implemented in 2023, will be to digitise the shop purchases in some form.
- Ensure that assets and machinery are in good order and fit for purpose.
    - The repair and running of costs of SCA machinery are quite high, divesting of old assets which do not serve their purpose and investing in assets fit for purpose will improve on-farm safety as well as reduce the running costs.
    - The Core Group and Farm Team are working on a separate fundraising effort to purchase and invest in the necessary equipment and machinery that they have identified as critical and selling machinery which is no longer needed.