Ecological
Land
Cooperative

DRAFT

Unaudited Financial Statements

For the year to 31st December 2021

Ecological Land Limited

Community Benefit Society Reg. No. 30770 R

Independent Accountant's Report to Ecological Land Limited

We report on the financial statements of the society for the year ended 31 December 2021 which comprise the profit and loss, balance sheet, statement of changes in equity and the related notes.
Our work has been undertaken so that we might state to the society those matters we are required to state to it in an accountant's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the society for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the board and independent accountant

The Board is responsible for the preparation of the financial statements and they consider that an audit is not required for this year and that an independent accountant's report is needed.

It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis for opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants. Our procedures included a review of the accounting records kept by the society and a comparison of the financial statements presented with those records. It also included consideration of any unusual items or disclosures in the financial statements, and seeking explanations from the Board concerning any such matters. The procedures undertaken do not provide all the evidence that would be required for an audit, and consequently we do not express an audit opinion on the view given by the financial statements.

Opinion

In our opinion:

a) the financial statements are in agreement with the accounting records kept by the society under section 75 of the Co-operative and Community Benefit Societies Act 2014.

b) having regard only to, and on the basis of, the information contained in those accounting records, the financial statements comply with the requirements of the Co-operative and Community Benefit Societies Act 2014.

c) for the preceding year of account, the financial criteria for the exercise of the power conferred by section 84 were met in relation to the year.

PRB ACCOUNTANTS LLP
Chartered accountants

Kingfisher House
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RH17 7QX

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Board Report

Key activities and development in 2021 of Ecological Land Ltd, known as the Ecological Land Cooperative.

OUR VISION

We want to see a living, working countryside where land is accessible to everyone and affordable for those who want a low impact land-based livelihood, using natural inputs to grow good, healthy, local food and produce that benefits people, communities and the natural environment long into the future.

OUR MISSION

To create clusters of affordable, low impact, residential, ecologically managed smallholdings. We will demonstrate that low grade agricultural land can be improved using organic principles to support the production of good, healthy, local food and produce. ELC's land will be protected in perpetuity for agro-ecological use, and we will grow the ELC so that it becomes self-sustaining for future generations.

To undertake research to provide evidence of the benefits of low impact, ecological agriculture for the natural environment/biosphere and campaign for policy change that encourages low impact development for sustainable food production, land stewardship and rural, land-based livelihoods.

OUR VALUES

The ELC is a community benefit society and co-operative membership organisation. We will endeavour to embed the following values into everything that the ELC does: co-operation, participation, promoting diversity, empowerment, localism, sustainability, low impact, supporting and promoting the Co-operative movement, creating a common wealth.

STAFF AND GOVERNANCE

The Cooperative remains a Community Benefit Society ensuring that we have a strong asset lock, enforceable by law, to protect our land from privatisation; and we exist to benefit the wider community, rather than our members only.

Following a decision voted on at the 2021 AGM, new elections to the ELC Board were suspended for the year allowing for a review on the composition of the board. The review was initially intended to be 6-months long, but in December 2021 the board circulated a Key Decision email informing members that it would stretch to one year with a resolution to be brought to the 2022 AGM for ratification. With the suspension of new elections, the board membership has remained the same for the whole of 2021.

The review included a gathering of ELC stewards, workers and board members in Somerset in November 2021 and following productive discussions there, a Working Group was created with representatives of each of these membership groups that took the process further into 2022.

Interviews were held in early 2021 for the new roles that were created after a review of the staff team structure in 2020. Coralie Hopwood (left Sept 2021), Dylan Lindo Jones, Luci Edwards and Stella Peyerl joined the staff team in the new roles of Steward Support and Community Development Manager, Finance and Admin Manager, Communications Manager and Site Development Manager respectively. Sonia Sinanan moved roles from being Operations Manager to Coordinator, Oliver

Bettany moved from being Membership and Engagement Manager to Information Systems Manager and Oli Rodker became Site Monitoring Manager. Cathy Yexley joined the team as Fundraiser and Ruth Munns continued in her role of Planning Manager.

WIDER SECTOR INVOLVEMENT

As has become custom, we were present at the 2021 Oxford Real Farming Conference in January which was held online due to COVID restrictions. We presented a session on the ELC aimed at potential steward applicants and attended and participated in a number of other discussions and workshops. We have continued to work on the two Farming the Future projects that we are lead partners in. The project with the Scottish Farmland Trust has been adapted to become as effective as possible and an online 'toolkit' for new entrants to agroecology will be released in 2022 as an outcome of this project. Towards the end of 2021, we recruited for a Researcher to be employed by the ELC working on the Jumping Fences project. This is a year-long contract that will result in a crucial piece of research looking at the barriers to Black people and People of Colour (BPOC) in accessing land for agroecology in Britain. Further to this we are also collaborators on a third Farming the Future project that is looking at models of succession for family farms.

COVID-19 PANDEMIC

Coronavirus continued to have a huge impact on the ELC farms throughout 2021 and we were able to continue a rental holiday for those with rent-to-buy leases until September 2021.

GREENHAM REACH

Two of the three farms at Greenham Reach in Devon continue to thrive, providing produce for local households and businesses. Due to a number of reasons, the third set of farmers have decided to move on and the ELC purchased the lease back from them in early 2022. We will be looking to secure new stewards on site in the coming year.

MARTINSFIELD, ARLINGTON

The third and final plot at Arlington in Sussex was sold in January and Allwood Farm established themselves very quickly, producing salad and vegetables for sale locally. The quality of soil, adverse weather and a leatherjacket infestation have continued to make growing at this site an uphill struggle and the storms of Autumn 2021 had a particularly drastic effect. The stewards at Arlington have planted thousands of trees to create shelter and continue to stick by regenerative farming practices that are slowing bringing life and biodiversity back to this site of formerly low-grade agricultural land.

FURZEHILL

The process of securing planning permission at our third site on the Gower peninsula in South Wales is ongoing, there have been delays in part due to the pandemic but our relationship with the Swansea LPA continues to be positive. Trevor and Bettina Davies from The Rowan Tree have begun work on a small part of their future plot which they hope to move onto once planning permission is granted. Cae Tan CSA continue to have success farming their plot at our Furzehill site, their veg box scheme is successful and subscription is in high demand.

WYVERN FIELDS, SPARKFORD

A decision was due on the planning permission at our site in Somerset in the distant past of April 2020. There have been multiple delays caused in part by decreased

capacity at the council planning department and also the introduction of legislation around phosphate levels, which required evidential proof that the creation of three small-scale, regenerative farms would not have a negative effect. All requirements have been met but the decision still dragged on into another year until it was finally granted in May 2022. Cider Apple Trees have continued to work a small section of the land and have exercised enormous patience as their plans have continually been put on hold.

ORCHARD PARK

Work has continued on the planning application for our most recently purchased site in Cornwall in 2020 and all responses so far have been extremely positive from the county council. We have offered a provisional lease to one set of farmers and have strong interest in the remaining two plots.

MAESGWYN ISAF

A 47-acre farm in Carmarthenshire was left to the ELC in the will of Stuart and Jen Carter. A period in which probate could be challenged came to an end in December 2021 and the farm will be transferred to the Ecological Land Trust in 2022. The ELT will hold the freehold but will lease it to the ELC on a peppercorn rent in order to be leased to new stewards.

CURRENT SITES (COUNTY) - PURCHASED IN - NO. PLOTS - PLANNING STAGE

1. Greenham Reach (Devon) - 2011 - 3 plots - Permanent permission granted in May 2019.

2. Arlington (Sussex) - 2016 - 3 plots - Temporary permission granted August 2018.

3. Furzehill (Gower Peninsula) - 2017 - 3 plots - Application for temporary planning permission awaiting decision.

4. Sparkford (Somerset) - 2018 - 3 plots - Application for temporary planning permission awaiting decision.

5. Orchard Park (Cornwall) - 2020 - 3 plots – Community consultation and pre app in process.

FINANCES AND INCOME

In 2021 we sold just one 150-year lease; for the third plot at our Arlington site.

Our core grant funding target of £100,000 was nearly entirely achieved with £90,000 unrestricted funds received by December 2021.

Due to the increased headcount following the staff review in 2020, staff costs have increased for the year compared with the previous period. Along with consultancy and fees, staff costs that relate to a specific site are held on the balance sheet until the sale of a plot is completed, at which point they are transferred to the Profit & Loss to line up against the sale income.

With increased costs and a delay of sales brought about by difficulties securing planning permission, there was a loss in 2021. However, it is likely that 2022 should see healthier profits as the backlog begins to be cleared and sales of plots are realised. Fundraising is continuing to look positive with our fundraiser having developed strong relationships with multiple core grant funders as well as identifying new sources of funding for the coming year.

We received a further £142,000 loan from the £500,000 facility we have with Esmée Fairbairn Foundation in order to purchase Plot A at Greenham Reach. Given that the

plot has full planning permission we expect to be able to sell a lease outright in order to pay back this loan in full.

A share offer was opened in 2021 and there has been a consistent level of interest in purchasing shares which has enabled the withdrawals of a number of investments, many of which were granted during the founding days of the ELC. We are looking ahead to the possibility of running a share offer in 2023 to fund infrastructure at sites which by then will have achieved planning permission.

INTEREST TO MEMBERS

Due to difficulties and decreased income brought about by the pandemic among other reasons, the Board brought a proposal to the 2021 AGM to reduce the maximum interest rate payable on shares for 2021 from 3% to 2%. The membership voted in the resolution and interest was earned at a maximum of 2% on 31st December 2021.

This report was approved by the Board on ?? and signed on behalf of the board by:

H Westphely (Treasurer)

Sonia Sinanan (Member Secretary)

Registered office:

Unit 2, Wildgoose Space

228 Mina Road

Bristol

BS2 9YP

Profit & Loss

	Notes	2021	2020 Restated
Income			
Plot sales		129,900	-
Rent-to-buy		5,417	2,509
Rental		4,200	1,785
Core grants	1	90,000	137,500
Project grants	2	30,215	49,284
Other	3	6,187	30,782
Total		**265,919**	**221,860**
Direct costs			
Site development	4	77,542	-
Grant-funded costs		34,303	26,817
Site monitoring		22,168	4,175
Total		**134,012**	**30,992**
GROSS PROFIT		**131,906**	**190,868**
Operating costs			
Staff costs	5	103,092	71,914
Office and travel		13,838	14,614
Events		5,542	1,305
Consultancy		4,448	5,860
Miscellaneous		840	290
Share interest	6	26,461	29,616
Misallocated funds	7	12,691	-
Depreciation and amortisation	8	16,845	42,938
Total		**183,758**	**166,537**
NET PROFIT/LOSS		**-51,852**	**24,331**

Notes to the Profit & Loss

1. We were grateful to receive the following grants towards core costs in 2021:

Thirty Percy	£50,000
Polden Puckham	£15,000
Treebeard Trust	£25,000
Total	**£90,000**

2. We also received the following project-specific funding:

Funder	**Project**	**Amount**
Trees for water	Tree planting at Wyvern Fields	£215
The Elizabeth Creak Charitable Trust	Operation windbreak at Arlington	£5,000
Thirty Percy	Steward bursary	£25,000
Total		**£30,215**

3. Other income includes monitoring fees and the sale of hay bales from our unsold sites.

4. The costs involved in developing the third plot at Arlington were transferred from the balance sheet on the sale of the plot. This includes the following: £43,333 towards the land; £28,208 towards the development costs (staff time, planning fees, consultancy etc.) and £6,000 towards writing off historic organisational development costs.

5. Staff costs increased in 2021 compared with 2020 due to an increased staff team. At the end of 2021 there was the equivalent of 3.7 full time employees.

6. Share interest was paid out at a maximum of 2% in 2021 following a resolution voted on by members at the 2021 AGM.

7. A number of discrepancies had developed in recent years between the share capital recorded in the ELC database and that recorded in the accounts. Following a thorough reconciliation of these two records, it has been found that the amount recorded in the accounts needed to be rectified. The amount shown now in the accounts exactly corresponds to the amount shown in the database and a monthly check has been brought in between the accounts and the database to ensure these figures stay reconciled.

8. Depreciation charges from 2021 are £8,702 and amortisation charges total £8,143. As per our accounting policy, amortisation is only used if less than 10% of the intangible assets on the balance sheet are written off in a year. £28,208 of site development intangible assets were written off against the sale of the third plot at Arlington along with £6,000 of organisation development intangible assets

Balance Sheet of Ecological Land Limited

Community Benefit Society Reg. No. 30770 R
31st December 2021

	Notes	2021			2020	
Tangible Assets						
Land	1		526,551			569,885
Infrastructure	2		151,869			159,207
Equipment	3		909			867
Total			**679,329**			**729,959**
Intangible Assets						
Site development	4		171,714			136,172
Organisational development	5		126,667			154,259
Total			**298,381**			**290,431**
Current Assets						
Debtors	6		6,693			3,000
Unsold portion of Rent-to-Buy	7		298,978			171,952
Cash			419,488			702,384
Total			**725,159**			**877,336**
Current Liabilities						
Due within 1 year	8	4,336			13,162	
Share interest payable	9	7,422			7,345	
Total		**11,758**			**20,507**	
Net Current Assets			**1,691,112**			**1,877,219**
Non-current Liabilities	10	**499,934**			**672,421**	
TOTAL ASSETS			**1,191,178**			**1,204,798**
Capital & Reserves						
Share capital			1,364,652			1,326,420
Profit & Loss account	11		(173,474)			(121,622)
TOTAL SHAREHOLDER FUNDS	12		**1,191,178**			**1,204,798**

Notes to the Balance Sheet

In these notes, the sites are numbered as follows:

Site 1	Greenham Reach, Devon
Site 2	Martinsfield, Arlington, East Sussex
Site 3	Furzehill, Gower
Site 4	Wyvern Fields, Sparkford, Somerset
Site 5	Orchard Park, Cornwall

1. This can be broken down as follows:

Description	**Value (£)**
ELC Retained land at Site 1	9,600
ELC Retained land at Site 2	9,000
Furzehill	160,650
Sparkford	150,000
Orchard Park	186,480
Conveyancing fees	10,821
Total	**526,551**

2. This can be broken down as follows:

Infrastructure category	**Site**	**Cost price (£)**	**Accumulated depreciation up to 31st Dec 2021**	**Value at 31st Dec 2021 (£)**
Barn	1	18,585	3,717	14,868
Electricity	1	25,163	12,100	13,063
Hard-standing/fencing	1	16,260	4,846	11,414
Water	1	8,658	4,044	4,613
Total Site 1		**68,666**		**43,958**
Barn	2	33,639	1,962	31,677
Electricity	2	23,348	3,031	20,317
Hard-standing/fencing	2	28,827	4,007	24,820
Water	2	30,669	2,218	28,452
Total Site 2		**116,483**		**105,266**
Barn	3	100	0	100
Hard-standing	3	898	81	817
Water	3	92	0	92
Fencing	4	676	53	623
Fencing	5	1,092	79	1,013
Overall total		**188,007**		**151,869**

3. This can be broken down as follows:

	Cost price (£)	Accumulated depreciation up to 31st Dec 2021	Value at 31st Dec 2021 (£)
Office equipment	1,087	358	729
Specialist equipment	400	220	180
Total	**1,487**		**909**

4. Broken down as follows:

Site	**Development costs (£)**
Historic	44,292*
3	44,853
4	47,440
5	24,760
New sites	5,045
Other	5,324
Total	**171,714**

*Due to high development costs at early sites, these development costs will continue to be written off against future sales and through amortisation.

5. These are historic costs incurred in establishing the cooperative. They are written off gradually over time by a proportion of the proceeds from plot sales.

6. Accounts receivable £3,535

Loan to Cae Tan £3,000

Accrued income £158

7. This is the income due over 25-year leases on the 3 farms at site 3.

8. Accruals (accountants' fee) £1,680

Accounts payable £981

Prepaid income £1,816

Grant funding to be distributed £6,125

Accrued wages (£6,266)

9. This is the amount of interest earned on shares in 2021 that is to be paid out to members directly.

10. Broken down as follows:

Site	**Loan amount (£)**
Loans for land purchase:	
4. Sparkford	150,000
5. Orchard Park	186,480
1. Plot A Greenham Reach	142,995
Loanstock	20,458
Total	**499,933**

11. There was a loss of £51,852 in 2021. There was a profit of £24,331 in 2020 which took the historic losses to -£121,622 and the 2021 losses take the historic losses to -£173,474. This number goes up if the ELC makes a profit one year and goes down if a loss is made.

12. The value of 1 share on 31st December 2021 was £0.87

These financial statements were approved by the board and authorised for issue on

..... and are signed on their behalf by:

Holger Westphely (Treasurer) Oli Rodker (Member)

Sonia Sinanan (Secretary)

Registered number: 30770R

Registered office:

Unit 2, Wildgoose Space

228 Mina Road

Bristol

BS2 9Y

Accounting Policies

1. General information

The society is registered under the Co-operative and Community Benefit Societies Act 2014. The address of the registered office is Unit 2, Wildgoose Space, 228 Mina Road, Bristol BS2 9YP

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss. The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The board have confirmed continued support and consider the society retains sufficient capital to continue trading for the foreseeable future.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, usually on despatch of the goods, the amount of revenue can be measured reliably, it is probable that the associated economic benefits will flow to the entity, and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are only recognised separately from goodwill when they arise from contractual or other legal rights, are separable, the expected future economic benefits are probable and the cost or value can be measured reliably.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

- Site Development - 10% straight line
- Organisational Development - 10% straight line

Intangible assets are also written off against the sale of plots. Amortisation is only used if the amount written off in this way is less than 10% of the total balance of intangible assets.

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Research and development

Research expenditure is written off in the period in which it is incurred. Development expenditure incurred is capitalised as an intangible asset only when all of the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- There is the intention to complete the intangible asset and use or sell it;
- There is the ability to use or sell the intangible asset;
- The use or sale of the intangible asset will generate probable future economic benefits;
- There are adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Expenditure that does not meet the above criteria is expensed as incurred.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

- Barns – 2.5% straight line
- Infrastructure - 6% straight line
- Equipment - 25% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

4. Employee numbers

The average number of persons employed by the society during the year amounted to 9 (2020: 6).

5. Profit before taxation

Profit before taxation is stated after charging:

	2021	**2020**
Amortisation of intangible assets	£8,143	£32,270
Depreciation of tangible assets	£8,702	£10,668