

## Ethical Food Collective Taunton

### Members Guide

#### Executive Summary

Ethical Food Collective Taunton Ltd, a community owned cooperative, has been set up to run Lesser Litter, which is otherwise set to close at the end of April 2025.

The purpose is to continue the vision of the original owners which was to give people of Taunton a positive option for shopping ethically, organically and package free. The Collective will build on this and has an overall mission that is wider, embracing community health & wellbeing, environmental benefits and promoting social justice.

A mixture of paid staff and volunteers will help run the shop and develop wider community actions. Our proposal will sustain Lesser Litter while delivering community benefits over the medium term. Governance will be by a board of directors, initially nominated by founder members but then elected at the first AGM.

Members hold shares and are accorded democratic rights on the basis of one-member-one-vote. The start-up cost of £45,000 is needed, covering stock purchase, machinery, rent, cash flow and operating costs for three months. This will be raised through members purchasing shares. Please read our [model rules](#).

We have set the minimum shares needed to become a member at £10, this means that you will need to buy at least 10 shares at £1 each. These first 10 shares will be **not-withdrawable**. Please read this Guide prior to applying for membership shares in Ethical Food Collective Taunton.



## 1 Introduction

Ethical Food Collective Taunton Ltd will be governed by its rules and will be formed under the Co-operative and Community Benefit Societies Act 2014. Membership is open to individuals and organisations.

This is an invitation to become shareholding members of Ethical Food Collective Taunton Ltd. We aim to reduce waste in the supply and consumption of grocery and household items whilst sourcing our products from ethically and environmentally conscious suppliers and producers. We will also work alongside our partners, including suppliers and consumers to make ethical and healthy choices affordable and accessible to all sections of the community.

We will initially be focused on sustaining the operations of Lesser Litter. We will follow this up with actions on environment, ecology and social justice.

## 2 What we plan to do

[Lesser Litter](#) is a local zero waste shop that was set up by its owners, Kate and Pete Robertson in 2018. After 7 years they have decided to take a step back and the shop is due to close on the 30th April 2025. To sustain such an outlet with its inherent ethical values requires an ownership structure that has the active involvement of the community. Ethical Food Collective Taunton will be owned and run by its members for the benefit of the wider community, with a mission embracing health & wellbeing, environmental benefits and promoting social justice.

Lesser Litter will continue selling organic, vegan groceries and ethical cleaning/toiletry refills while competing on price with major retailers, wherever possible offering British and local options. The shop is located at 11 Paul Street, opposite the public library in the town.



### **3 Membership Share scope**

This guide explains the terms of transfer and ongoing business model for Lesser Litter. The guide includes the terms of the membership share details in Ethical Food Collective Taunton Ltd.

### **4 Context**

Lesser Litter directors have given notice to their landlord and if no viable offer comes forward the shop will close on the 30 April 2025. Profit and loss accounts indicate that the business generates around £14,000 per month. Monthly outgoings are approximately £4,600. The sales database, over a 12 month period starting in January 2024, recorded £169K in gross sales, £162K net sales (discounts on items) at an average margin of 31% (gross profit margin).

Our assessment indicates that income and expenditure generated by Lesser Litter balances with significant time input from the directors. The directors have drawn dividends in the past, but the new directors will not be drawing dividends

Funding needed to establish Lesser Litter as a Community Benefit Society is estimated at £45,000. This includes £5,300 associated with the property lease holding, £18,500 for buying stock and shop equipment and £3,000 to assist with the transition. It also includes 3 months of cash flow in advance and sufficient liquidity to pay suppliers.

### **5 Proposals**

Ethical Food Collective Taunton Ltd will be owned and governed by its members for the benefit of the community. It will be set up to operate Lesser Litter subject to raising sufficient funds to complete the transfer from the current ownership structure to a community owned cooperative.

Ethical Food Collective Taunton Ltd's mission shall be to carry on any business for the benefit of the community by providing access to healthy, ethically sourced food and supplies, whilst promoting zero waste.



## Key Actions

1. **Sustain Lesser Litter as an ethical retail outlet:** Significantly reduce packaging waste, especially single-use plastics, and promote environmentally conscious consumer choices, focused on organic, plant based, nutritious and sourced locally.
2. **Collaborate with Local Suppliers:** Strengthen the local food network by working closely with local suppliers and producers.
3. **Support community initiatives:** Develop initiatives such as a food-sharing hub to address local needs and promote collective well-being.
4. **Affordable Ethical Choices:** Implement pricing strategies and support actions to make healthy and ethical food choices more accessible and affordable for all community members.
5. **Zero Waste Education:** Develop and implement waste reduction initiatives, and provide educational workshops and resources on zero waste principles, nutrition, cooking, and healthy lifestyles, including creating community gardens and cooking classes.
6. **Support Local Initiatives:** Foster community involvement by supporting and enhancing local environmental initiatives.
7. **Community Ownership & Partnerships:** Seek community ownership and create partnerships with local organisations and stakeholders to support and promote the mission and objectives

To deliver our wider objectives we plan to work with other community groups and organisations. In summary, our objectives and supporting actions will form a small but significant part of creating a more nourishing and sustainable food system that delivers better and more inclusive health, environmental and economic outcomes.

## 6 Transition to a Community Benefit Society (CBS)

**A Community Benefit Society (CBS)** is a specific type of cooperative which operates for the benefit of the wider community. The assets and any surplus are reinvested for the benefit of the



---

wider community. The CBS is governed by the Co-operative and Community Benefit Societies Act 2014. Membership is open to individuals and organisations. Decisions are made on the basis of 'one-member-one vote'. Please read the [model rules](#) before becoming a member.

## Raising Funds

Raising new capital can be done through a combination of membership and share offers. This works best where a community is already engaged as customers, volunteers and employees. Societies hold an obligation to their investors as with any other company, but may **suspend the withdrawal of share capital** at their discretion if they do not have the liquidity to meet withdrawal demand and continue operating as such all **shares are at full risk**. If the Society goes into administration shareholders (members) are likely to lose their investment. Because of this, CBS's are companies limited by shares, rather than by guarantee. Ordinarily, new societies suspend withdrawal of share capital by default at first in order to fully utilise investment for development of the business and this is what we intend to do. All members will be shareholders. They will be able to participate in decision making through one-member-one-vote.

The terms of membership shares:

- Cost of membership, each share will have a value of £1
- Shares to be **not transferable**
- Shares issued as part of the membership will be **withdrawable**, however, **10 shares** will be deemed as minimum and necessary for membership and these 10 are **not withdrawable**.

Please note that by becoming a member you agree to being added to our mailing list for all communication. You can always opt out of this if you wish.

## 7 Business Development

The intention is to continue trading with the same ethos the Lesser Litter owners have done up to this point. They sell a range of groceries, mostly organic, and pride themselves on competing



with the major supermarkets and brands on price. Where they can, they offer British and local options. Currently everything in store is vegan, except for the sustainably and responsibly sourced honey.

Cleaning products and toiletries are available as refills - these are from ethical companies Greenscents and Minimal and they operate a fully closed loop system with both suppliers, returning barrels to be refilled.

The aim would be to enact a seamless transition in the running of the shop from Lesser Litter Ltd to Ethical Food Collective Taunton Ltd in May 2025. The current owners are being extensively consulted throughout this process and are in agreement with the proposal.

At present Lesser Litter employs 3 part time staff over 34 hours a week. Within the budget there has been allocation made for the current staffing levels to be maintained. The owners intend to remain involved as members. They will also, on a paid consultancy basis, support the transition process in the short term. Other roles will be filled by volunteers.

### Current Financial Status of Lesser Litter and Start up Costs

Lesser Litter Ltd operates at a small profit after the directors have taken a modest salary and dividends. A summary of the accounts taken from profit and loss accounts since May 2021 is given in Table 1.



<b>TABLE 1</b>				
<b>Period</b>	<b>Turnover / £</b>	<b>Gross Profit / £</b>	<b>Margin / %</b>	<b>Annual Net Profit / £</b>
May 24 to Jan 25*	124,003	42,266	34	4329
May 23 to April 24	149,161	50,343	34	1786
May 22 to April 23	137,496	48,348	35	2359
May 21 to April 22	138,688	48,589	35	2539

\*This row covers the first 3 quarters only

Average monthly income from sales increased from 2023 to 2024, returning to pre-covid levels. Average monthly takings for January 2024 to December 2024 were £14,091 with an average gross profit margin of 31%.

The projected monthly costs for the first 6 months are calculated to be £4,100. This includes the assumption that a consultancy fee would be payable to the current owners for their knowledge of the business. If sales match the last 9 months this would enable the CBS to break even. In the second 6 months, the CBS would make a small surplus as the consultancy fee would no longer be paid.

The start-up costs including purchase of stock, tangible assets, rent deposit, professional fees and a 3 month working capital are estimated to be £45,000. Table 2 provides further breakdown of costs.

<b>TABLE 2 Start Up Costs</b>	<b>Amount / £</b>
Tangible assets and current stock	18,500



Rent deposit and associated legal fees	5,300
Cash flow for future stock	8,900
3 month operating costs including pay	12,300
Total	45,000

## Financial Forecasts

Assumptions:

- Inflation, CPI at 3%, prices and costs rise with inflation.
- Sales volume by weight remains constant.
- Consultancy ceases after 6 months, other payroll structures remain constant
- No allowance for investment in new equipment.

<b>TABLE 3</b> <b>Time Period</b>	<b>Turnover / £</b>	<b>Gross Profit / £</b>	<b>Expenses £</b>	<b>Net Profit / £</b>
June 2025 to October 2025 (first 6 months)	84,000	28,600	25,000	3600
November 2025 to April 2026 (second 6 months)	85,300	29,000	22,300*	6700
May 2026 to April 2027 (year 2)	175,700	59,800	46,000	13,800
May 2027 to April 2028 (year 3)	181,000	61,600	47,400	14,200

\*expenses decrease as consultancy fees no longer applicable

## 8 Next Steps

Stage 1 - Pre May 2025

- The raising of the start up capital to begin trading through the sale of membership shares and donations.

Stage 2 - June 2025 - November 2025





- The first 6 months of trading would aim to break even with additional expenditure on a consultancy fee. Maintain current sales levels.
- A small number of committed volunteers will be trained up in the running of the business.
- Seek other sources of capital to fund the wider aims of the CBS to include:
  - Grants: The community benefit inherent in the CBS structure makes it attractive for grant funders.
  - Further expansion of the membership with the sale of community shares.
  - Crowdfunding to attract social investors.

### Stage 3 - December 2025 to April 2026

- The second 6 months would aim to turn over a small surplus as the consultancy fee is no longer necessary.
- Develop further options to increase customer outreach i.e. 'click & collect' and models for taking online orders.
- Develop actions in partnership with other community organisations to deliver wider objectives around removing barriers to healthy food that is affordable, does not cause harm to people and planet.

### Stage 4 - May 2026 - April 2028

- Years 2 and 3. Sales income would need to match rises in costs. Any profit would be reinvested in the CBS or community projects or used to pay back investors requesting withdrawal of shares, if the CBS can afford it. Examine the potential to employ a shop manager.

## 9 Risk Analysis

Key Risks	Details	How the risks are being managed
<b>Organisational</b>	Given the short timescales involved fail to register the CBS and to have it operational on the 30 April	Registration process and submission to be made by 3 March 2025. SW Coop providing expert assistance. Model rules and appointments agreed by the founding members (25th Feb 2025). Including appointment of



# ETHICAL FOOD COLLECTIVE TAUNTON

[info@ethicalfoodcollective.co.uk](mailto:info@ethicalfoodcollective.co.uk)

		<p>secretary and directors. Registration was achieved on 4 April.</p> <p>Opening an account with the Coop Bank commenced and will be completed as soon as the CBS (Ethical Collective Taunton Limited) is registered with the FCA. Fiscal Hosting arrangement in place with Climate Action Taunton to enable EFCT to collect funds.</p> <p>Transition arrangements being developed in partnership with current directors of Lesser Litter Limited. Including a business continuity plan.</p>
<b>Financial</b>	Fail to raise the funds to effect business transfer to commence on 30 April	<p>Engaging with the current loyal customer base to obtain pledges.</p> <p>Careful assessment of all financial information to optimise the target funding requirements. Making adequate provision for operational cash flow whilst minimising the level contingencies through close management of risks.</p> <p>Undertake an accurate stock take in conjunction with the current directors.</p> <p>Early engagement with the property owner to agree rental terms.</p> <p>Ongoing engagement with wider stakeholders to develop and deliver broader objectives.</p>
<b>Operational</b>	Not able to meet customer demand	<p>Communicate with suppliers as early as possible to reassure them and secure business continuity.</p> <p>Ongoing engagement with staff, customers and suppliers to provide assurance.</p> <p>Recruiting volunteers to work alongside staff</p> <p>Provide LL Ltd owners with regular updates on progress so that stock levels are maintained.</p>

# ETHICAL FOOD COLLECTIVE TAUNTON



Ethical Food Collective Taunton Limited  
Registered with the Financial Conduct Authority - Registration Number 9510  
11 Paul Street, Taunton, Somerset, TA1 3PF

