Business planning for landseekers

ADAS
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Recapping the financial fundamentals

- Grants
  - Sustainable Farming Incentive 2026 – June and September windows
  - Capital Grants 2026 – July window
  - Addington Fund - £3000 for new entrants
- Loans – payback periods, interest rates, secured and unsecured
- Balance sheets – assets/stock, liabilities
- Profit and losses – gross/net
- Cashflow

Demystifying common financial terms

Asset – items owned by the business eg land, machinery, equipment

Liability – financial obligations of the business eg loans

Revenue – income from sales

Gross profit – revenue minus costs of goods sold

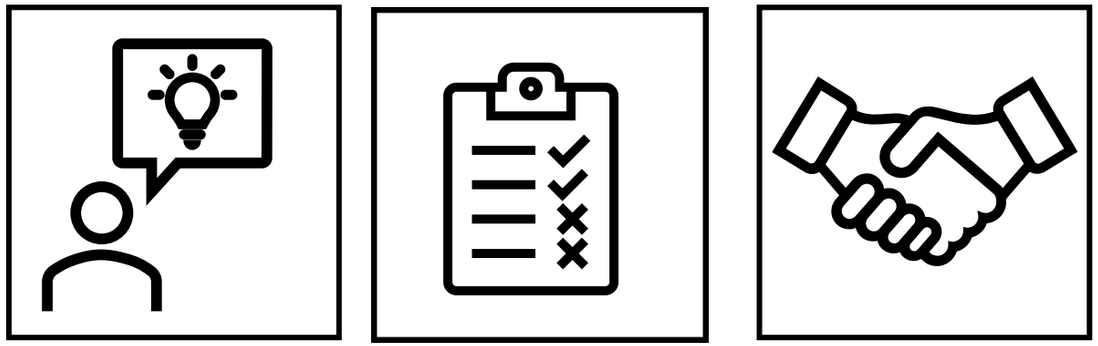
Net profit – revenue minus all expenses

Variable costs – expenses that change in line with production eg feed, seeds, packaging

Overheads/fixed costs – indirect business expenses not related to a specific product eg rent, utilities

Key considerations to prepare your business plan

Factors specific to your business on a case-by-case basis. These must be considered before starting on the specifics of a business plan.



- Which enterprise will you focus on and how much land and resource will this require for the first 2/3+ years
- Business structure – sole trader, partnership, Limited Company, CIC
- Type of tenancy agreement – formal FBT, profit share, work exchange
- How much time do you realistically have to put towards the business – are you fitting this in around other work and commitments
- Is accommodation, equipment or infrastructure use going to be included in your tenancy agreement
- Will you take a salary or any drawings from business – this is often informed by projected profit/loss

Tips for forecasting income

Be realistic – time, area of land

Speak to potential customers and outlets – understand demand to minimise waste

Seek out comparisons and baselines – industry averages, other local farms, previous employers

Digitalise maps, plans and spreadsheets – allows for easy editing

Account for potential losses – typically 10-15% in first 2 years – crop failure, weather, mortality

Anticipate timings to understand schedule of income

Purpose of a business plan

For you

Plan what is realistic for you

- area of land required
- upfront investment
- time allocated to business
- Salary/take home pay
- Time to breakeven/profit
- Targets for 1/2/3 years

You can review your business plan after every year/season to see if you are on track and amend future years accordingly

For landlord/investor

A potential landlord or investor wants to see that you have thought through your business and been realistic with your planning of time and finances.

You should fully understand what you are asking for from a landlord or investor before initial meeting ie area of land, amount of loan vs equity.

Landlord and investors will want you to demonstrate how and when you can turn a profit.

For grant application or loan

Grant applications often want to see record of accounts, or if new business then a business plan is crucial.

Unsecured loans will require record of accounts and business plan to demonstrate ability to repay loan and estimated payback period.

Grant funders and lenders want to invest in well ran, profitable businesses – a good business plan will demonstrate this.

The contents of a successful business plan

- Executive summary/business description – who, what, where, when, how

- Current financials– record of accounts to date if possible - profit and loss, balance sheet

- Projected financials – 2 or 3+ year predication of profit and loss, balance sheet and cashflow

Business description

Who

Introduce yourself

Your experience

Your passions

Your why

Any other people involved in business

What

What enterprises are you planning – crops, livestock, education

Where will you sell products/who is your target audience

Where

How much land does your business require

Do you need any specifics – location, soil type, topography, access to buildings

When

What is your timescale – when are you hoping to start/expand - KPIs

How long of a tenancy/agreement

How

Describe how you will start or expand – time/labour required, relocation, start up capital – build infrastructure or buy machinery

Current financials – record of accounts to date

For the year ended 31 December 2025

Income	£
Vegetable sales	28,500
Herb sales	2,000
Seedling/plant sales	1,500
Total Revenue	32,000

Cost of Goods Sold (Direct Growing Costs)

Expense	£
Seeds & plants	1,200
Compost & soil amendments	2,000
Fertilisers	600
Crop protection materials	400
Packaging	900
Irrigation supplies	500
Total Direct Costs	5,600

Gross Profit = £32,000 – £5,600 = £26,400

Operating Expenses

Expense	£
Land rent/lease	4,000
Labour	8,000
Utilities (water, electricity)	1,200
Fuel & vehicle costs	1,500
Market stall fees	1,000
Insurance	600
Equipment repairs & maintenance	800
Small tools	400
Accounting/bookkeeping	500
Advertising & website	300
Mobile phone/internet	300
Bank charges	100
Total Operating Expenses	18,700

Net profit before tax £7700

- If your business is already up and running you can demonstrate your previous year's profit and losses, hopefully showing a trend towards net profitability
- Show current balance sheet to demonstrate assets and liabilities

As at 31 December 2025

Assets

Current Assets	£
Cash in bank	5,500
Cash on hand	200
Accounts receivable (customers owing)	1,000
Inventory (produce, seeds, packaging)	800
Total Current Assets	7,500

Fixed Assets	Value (£)
Polytunnels	6,000
Irrigation system	1,800
Tools & equipment	2,500
Delivery vehicle	4,200
Total Fixed Assets	14,500

Total Assets £22,000

Liabilities

Current Liabilities	£
Trade creditors (suppliers)	1,200
HMRC taxes payable	800
Credit card/business expenses	500
Total Current Liabilities	2,500

Long-Term Liabilities	£
Equipment loan	5,000
Vehicle finance	2,500
Total Long-Term Liabilities	7,500

Total Liabilities £10,000

Equity = £12,000

Projected financials example – profit and loss statement
1 acre market garden

YEAR 1

Income	£
Vegetable sales	4,000
Herb sales	500
Total Revenue	4,500

Cost of Goods Sold (Direct Growing Costs)

Expense	£
Seeds & plants	1,000
Compost & potting soil	1,500
Packaging	500
Total Direct Costs	3000

Gross Profit = £4500 – £3000 = £1500

Operating Expenses

Expense	£
Land rent/lease	200
Utilities (water, electricity)	300
Equipment repairs & maintenance	800
Small tools	400
Bank charges	100
Total Operating Expenses	1,800

Net profit before tax - £300

YEAR 2

Income	£
Vegetable sales	9,000
Herb sales	2,000
Total Revenue	11,000

Cost of Goods Sold (Direct Growing Costs)

Expense	£
Seeds & plants	2,700
Compost & potting soil	3000
Crop protection	500
Irrigation supplies	800
Packaging	700
Total Direct Costs	7,700

Gross Profit = £11000 – £7700 = £3300

Operating Expenses

Expense	£
Land rent/lease	200
Utilities (water, electricity)	400
Equipment repairs & maintenance	600
Small tools	800
Bank charges	100
Total Operating Expenses	2,100

Net profit before tax £1,200

YEAR 3

Income	£
Vegetable sales	17,000
Herb sales	4,000
Plant sales	1,500
Total Revenue	22,500

Cost of Goods Sold (Direct Growing Costs)

Expense	£
Seeds & plants	3,500
Compost & potting soil	3,000
Crop protection	500
Irrigation supplies	1,500
Packaging	1,300
Total Direct Costs	9,800

Gross Profit = £22500 – £9800 = £12,700

Operating Expenses

Expense	£
Land rent/lease	200
Utilities (water, electricity)	500
Equipment repairs & maintenance	500
Small tools	700
Bank charges	100
Labour	3,830
Total Operating Expenses	5,830

Net profit before tax £6,870

Projected financials example – balance sheet
1 acre market garden

As at 31 December 2026

Assets	
Current Assets	£
Cash in bank	400
Accounts receivable (customers owing)	150
Inventory (produce, seeds, packaging)	200
Total Current Assets	750
Fixed Assets	Value (£)
Polytunnels	6,000
Tools & equipment	700
Total Fixed Assets	6,700
Total Assets £7,450	

Liabilities	
Current Liabilities	£
HMRC taxes payable	200
Credit card/business expenses	700
Total Current Liabilities	900
Long-Term Liabilities	£
Polytunnel loan	6,000
Total Liabilities £6,900	

Equity = £550

As at 31 December 2027

Assets	
Current Assets	£
Cash in bank	1,500
Cash on hand	300
Accounts receivable (customers owing)	800
Inventory (produce, seeds, packaging)	800
Total Current Assets	2,900
Fixed Assets	Value (£)
Polytunnels	6,000
Irrigation system	800
Tools & equipment	1,200
Total Fixed Assets	8,000
Total Assets £10,900	

Liabilities	
Current Liabilities	£
Credit card/business expenses	700
Long-Term Liabilities	£
Polytunnel loan	6,000
Total Liabilities £6,700	

Equity = £4,200

As at 31 December 2028

Assets	
Current Assets	£
Cash in bank	3,000
Cash on hand	500
Accounts receivable (customers owing)	700
Inventory (produce, seeds, packaging)	1,000
Total Current Assets	5,200
Fixed Assets	Value (£)
Polytunnels	5,500
Irrigation system	1,500
Tools & equipment	2,000
Total Fixed Assets	9,000
Total Assets £14,200	

Liabilities	
Current Liabilities	£
Credit card/business expenses	900
Long-Term Liabilities	£
Polytunnel loan	4,000
Total Liabilities £4,900	

Equity = £9,300

Projected financials example – cashflow year 1
1 acre market garden

Loans and expenditure for assets are included in cashflow and should line up with balance sheet

Sales and expenditures should line up with profit and loss forecasts

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Total
Vegetable Sales						500	1000	1000	1000	500			4000
Herb Sales							250	250					500
Loan income		6000											6000
TOTAL INFLOWS	0	6000	0	0	0	500	1250	1250	1000	500	0	0	10500
Seeds and plants			400	300	200	100							1000
Compost & potting soil			750			750							1500
Packaging				250			250						500
Rent	200												200
Utilities				100				100				100	300
Equipment repairs/maintenance			500					300					800
Tools			400										400
Polytunnel purchase			4500	1500									6000
Bank charges	100												100
TOTAL OUTFLOWS	300	0	6550	2150	200	850	250	400	0	0	0	100	10800
NET CASHFLOW	-300	6000	-6550	-2150	-200	-350	1000	850	1000	500	0	-100	
OPENING CASH BALANCE	1000	700	6700	150	-2000	-2200	-2550	-1550	-700	300	800	800	
CLOSING CASH BALANCE	700	6700	150	-2000	-2200	-2550	-1550	-700	300	800	800	700	

£1000 cash injection to start business

Balance can go into negative if sales don't keep up with expenditure – this should be closely monitored. May need to reorganise purchases to fit income or additional cash injections could be required to keep business solvent

Projected financials example – cashflow year 2
1 acre market garden

Be realistic with seasonality of income

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Total
Vegetable Sales			250	250	1000	1500	2000	2000	1000	500	250	250	9000
Herb Sales						500	500	500	250	250			2000
TOTAL INFLOWS	0	0	250	250	1000	2000	2500	2500	1250	750	250	250	11000
Seeds and plants		500	700	500	500	200	200	100					2700
Compost & potting soil				1000		1000					1000		3000
Packaging				400			300						700
Rent	200												200
Utilities				100				150				150	400
Equipment repairs/maintenance								300			300		600
Irrigation supplies											800		800
Crop protection					500								500
Tools											800		800
Bank charges	100												100
TOTAL OUTFLOWS	300	500	700	2000	1000	1200	500	550	0	0	2900	150	9800
NET CASHFLOW	-300	-500	-450	-1750	0	800	2000	1950	1250	750	-2650	100	
OPENING CASH BALANCE	700	400	-100	-550	-2300	-2300	-1500	500	2450	3700	4450	1800	
CLOSING CASH BALANCE	400	-100	-550	-2300	-2300	-1500	500	2450	3700	4450	1800	1900	

Balance carried over from last year

Negative balance at similar time of year again – this is common due to seasonality of agriculture

Projected financials example – cashflow year 3
1 acre market garden

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Total
Vegetable Sales	500	200	200	200	1000	2100	3000	3400	3400	1000	1000	1000	17000
Herb Sales					500	1000	1000	1000	250	250			4000
Seedling Sales						500	500	500					1500
TOTAL INFLOWS	500	200	200	200	1500	3600	4500	4900	3650	1250	1000	1000	22500
Seeds and plants		500	1000	500	500	700	200	100					3500
Compost & potting soil			1000	1000		1000							3000
Packaging				800			500						1300
Rent	200												200
Utilities				150				200				150	500
Equipment repairs/maintenance			200					300					500
Irrigation supplies			1000									500	1500
Crop protection		500											500
Tools			300					400					700
Polytunnel loan repayment							500	500	500	500			2000
Labour ~ 1 day per week				390	450	450	450	450	450	410	390	390	3830
Bank charges	100												100
TOTAL OUTFLOWS	300	1000	3500	2840	950	2150	1650	1950	950	910	390	1040	17630
NET CASHFLOW	200	-800	-3300	-2640	550	1450	2850	2950	2700	340	610	-40	
OPENING CASH BALANCE	1900	2100	1300	-2000	-4640	-4090	-2640	210	3160	5860	6200	6810	
CLOSING CASH BALANCE	2100	1300	-2000	-4640	-4090	-2640	210	3160	5860	6200	6810	6770	

Closing balance carried over

Balance becomes positive in the long term as business develops - this is why 3+ year forecasts are essential to demonstrate business viability

Factoring in loan repayments in year 3 – use forecasting to demonstrate your ability to repay

Don’t forget to constantly review your business plan

- Business plans can change – mid year fluctuations in cost of inputs/income from products should be incorporated into your forecasts so your plans are as accurate as possible

- Business plans should be reviewed year on year and compared to actual financials to see how realistic your predictions were – this can inform future forecasts. If income wasn’t as high as you thought, then why not?

- Edit your business plan to model scenario changes - this is why digitalised is always better
  - What would happen to my profit/losses if I increased production
  - Can I afford to rent more land
  - Can I start to take a salary/personal drawings from my business, if so when and how much
  - Can I afford to hire additional labour
  - Could I be more profitable if I scaled back but increased efficiencies
  - If I took a loan to buy equipment, when could I afford to pay it back and what interest rates can my business withstand

Key take home messages

- Considering what is realistic, practical and achievable for your business in the first few years is key to being able to put together an accurate business plan
- Profit and loss statements, balance sheets and cashflows are key to a good business plan
- Business plans should be reviewed and updated at least once a year to track progress, ground truth plans and edit accordingly
- Business plans are not just for new businesses – also used for diversifications, expansions, modelling change

ADAS
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Thank you!

Any questions?

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