

Eco-Friendly Fishing (EFF)

EFF is a co-operative of fishermen and women in country Z, in an area of low economic development. Fish are sold in the EFF shop and at fish markets. EFF's mission statement is in Fig. 1.1.

Sustainable fishing, to build a sustainable local economy with sustainable jobs for
local people.

Fig. 1.1: EFF's mission statement

The co-operative has 30 members who catch fish, and sell fish in the shop and at the fish markets. EFF keeps the prices of its fish affordable so local people can have access to fresh healthy food.

Over the past 15 years, EFF has built up a loyal customer base. Recently, a local fish packing factory has become available to purchase for \$110 000. EFF has limited capital but would like to expand by purchasing the factory.

EFF is considering sources of finance for the capital needed to buy the factory. Benedict is one of the founding members of the co-operative and has accounting skills. He has prepared the cash flow forecast shown in Table 1.1 in the business plan for the fish packing factory.

Table 1.1: Cash flow forecast for the fish packing factory

	Quarter 1 (\$000)	Quarter 2 (\$000)	Quarter 3 (\$000)	Quarter 4 (\$000)
Cash Inflows				
Revenue	0	0	40	150
Total cash in	0	0	40	150
Cash Outflows				
Set-up costs	60	0	0	0
Equipment	10	10	0	10
Training	40	0	0	0
Total cash out	110	10	0	10
Opening balance	0	(110)	(120)	(80)
Closing balance	(110)	(120)	(80)	X

EFF will use the factory to package the fish so they can be sold in supermarkets in Country Z. The factory also has office space EFF can use to educate local people on sustainable fishing techniques.

The 30 members of the co-operative already work very long hours. The members are discussing whether they should allow more members or become a public limited company (plc) and employ the extra workers required.

To become a public limited company would require the agreement of all 30 members. Some members are in favour of the change to a public limited company as they feel decision making is too slow in the cooperative. However, other members feel that it would conflict with their mission statement.