

Community Investment Opportunity

Canalside Community Food Limited

Offer period: May 19th 2018 – June 29th 2018

Minimum Target: £94,000

Maximum Target: £105,000

Minimum investment: £50

Maximum investment: £10,000

www.canalsidecommunityfood.org.uk

Facebook: <https://www.facebook.com/pg/CanalsideCommunityFoodCSA>



Canalside Community Food Limited

Southam Road, Radford Semele, Leamington Spa, Warwickshire, CV31 1TY

Registered with the Financial Conduct Authority under the Co-operative and
Community Benefit Societies Act 2014

Registered no. **7743**

Important information – please read

As a community benefit society, Canalside Community Food Limited is registered with, but not regulated by, the Financial Conduct Authority and any money you pay for shares is not safeguarded by any depositor protection or dispute resolution scheme. In particular, you have no right of complaint to the Financial Ombudsman Service, nor any access or entitlement to the Financial Services Compensation Scheme.

Please note that if you invest in this share offer your capital is at risk and you may lose some or all of the money that you invest.

Community Shares Standard Mark

In order to ensure that this offer conforms to best practice around community investment, we have sought and been awarded the Community Shares Standard Mark.

The Community Shares Standard Mark is awarded by the Community Shares Unit to offers that meet national standards of good practice. These standards ensure that:

- the offer document and application form are easy to understand
- you are provided with all the facts you need to make an informed decision
- the facts are supported by the annual accounts and/or business plan for the society
- nothing in the documents is purposefully incorrect, confusing or misleading
- Societies are asked to sign a Code of Practice requiring them, among other things, to give the public a right of complaint to the Community Shares Unit.

For more information about community shares, the Community Shares Standard Mark and the Community Shares Unit go to: www.communityshares.org.uk



Documents ancillary to this share offer document are available to download at

www.canalsidecommunityfood.org.uk

1. Canalside Business Plan
2. Rules of Canalside Community Food Limited
3. Previous years' accounts

A unique and special opportunity for the community

We invite you to invest and become part of our successful, inspiring, sustainable community supported agriculture project as we enter our second decade and seek to buy the land that we currently farm, securing it for community use for the future. We have been given an amazing and exciting opportunity by the current owner of Leasowe farm. They wish to preserve the land for the use of community farming and have offered us the chance to buy it.

Who we are

Canalside Community Food is:

- a community owned and controlled farm enterprise that produces local, seasonal, organic, vegetables and fruit for our community members
- a working farm that provides ethical employment and volunteering opportunities
- a community supported agriculture (CSA) organisation that connects our members and other people with farmland, agriculture and the seasons of the year
- a pioneering organisation which provides a vehicle for change and a working and practical example to other communities

Our current trade

The business supplies around 160 vegetable box shares per week for its members, and is currently financially sustainable, turning over in the region of £80,000 per year and regularly making a surplus for reinvestment. Canalside employs four staff (2.5 FTE), and considers itself an ethical employer.

Our community

Our community in Warwickshire is centred on South Leamington, and the surrounding urban and rural communities, which include our neighbour Radford Semele which is currently undergoing rapid expansion.

Our Community Supported Agriculture business empowers our members to engage with a community of like minded people and a business that produces seasonal, organic produce.

In 2017 we held a consultation exercise with our current members and local people. The consultation indicated that we would be able to recruit around 150 investor members from our current membership with an average shareholding of around £500 pledged. We therefore know that all our current members are happy to be part of our plans to cooperatively own the land, a plan that was unanimously endorsed at our last AGM.

We are confident that we can raise the finance and deliver this project and more importantly that we will be doing it with the support of our community.

Structure and governance

Canalside Community Food has existed and traded as a company limited by guarantee since 2007. In early 2018, the company was converted to a Community Benefit Society. This conversion was undertaken for the following reasons:

1. The democratic nature and accountability of the Community Benefit Society legal form is particularly suited to the way we have always run Canalside and particular exemptions, available to the legal form around financial promotions, allow us to offer investment to our community.
2. The new legal form contains an “asset lock” that ensures that the assets of the Society are applied for community benefit and also that if the value of the assets is ever realised, that value cannot be distributed to the members. This means that there would never be any incentive for a future membership to sell up and the land will be preserved as a community asset whilst the Society continues to exist.

Directors' Biographies:

The continuity of our current successful community business is important. The founder members and Directors of Canalside as a Community Benefit Society, listed below, were also Directors of Canalside as a Company. The Directors were, and will continue to be, elected by and from the members of Canalside. For a full list of the additional co-opted Directors see the Business Plan.

Judy Steele is a founder member of Canalside. She has been growing, campaigning and informing people about organic food for more than 25 years, via journalism for the Soil Association and Garden Organic and has worked to publicise allotments, and with local people and their children to encourage enthusiasm for cooking and eating fresh seasonal vegetables.

Gareth Davies has been involved with Canalside since the start as an active member of the CSA and avid consumer of the produce. Gareth was involved in establishing the fruit orchard within the CSA. He is a member of the steering committee and works as part of the admin team keeping the books, paying invoices and making sure the finances are kept on track. He plays an active role in promoting CSA nationally being a director of the CSA Network UK. He is also a director of Five Acre Community Farm CSA.

Tom Ingall is a co-founder of Canalside Community Food. He lives on the farm that currently rents land to Canalside. He was one of the first growers and then managers of Canalside, working on the land for the first four or so years, and he helped establish the orchard and fruit project as well as spear heading the building of the pole barn and field kitchen on the site.

Ali Jeffery started as a volunteer at the farm, and has been an employee, since 2010. She does the administrative work for the scheme and leads Canalside's education project. Ali is the General Administrator for Canalside, and the Education Project Coordinator.

What will we use the money for?

The money raised from this share offer, together with Canalside's reserves, will fund the purchase of the land that we currently lease, and also pay the professional fees associated with this offer and the purchase of the land.

Purchase of land	£100,000
Consultancy fees	£11,250
Replacement of polytunnel	£9,084
Total capital requirements (inc VAT)	£120,334

Canalside and the current landowner, who is supportive of the aims of Canalside, have both had the land valued independently. The sale price has been mutually agreed and reconfirmed at the time of this offer.

How this will be financed

Scenario 1 – minimum amount raised

Community shares	£94,000
Financed from Canalside reserves	£26,334
Remaining reserves	£11,722

Note: This leaves Canalside's reserves just above its reserve policy of six months operating costs.

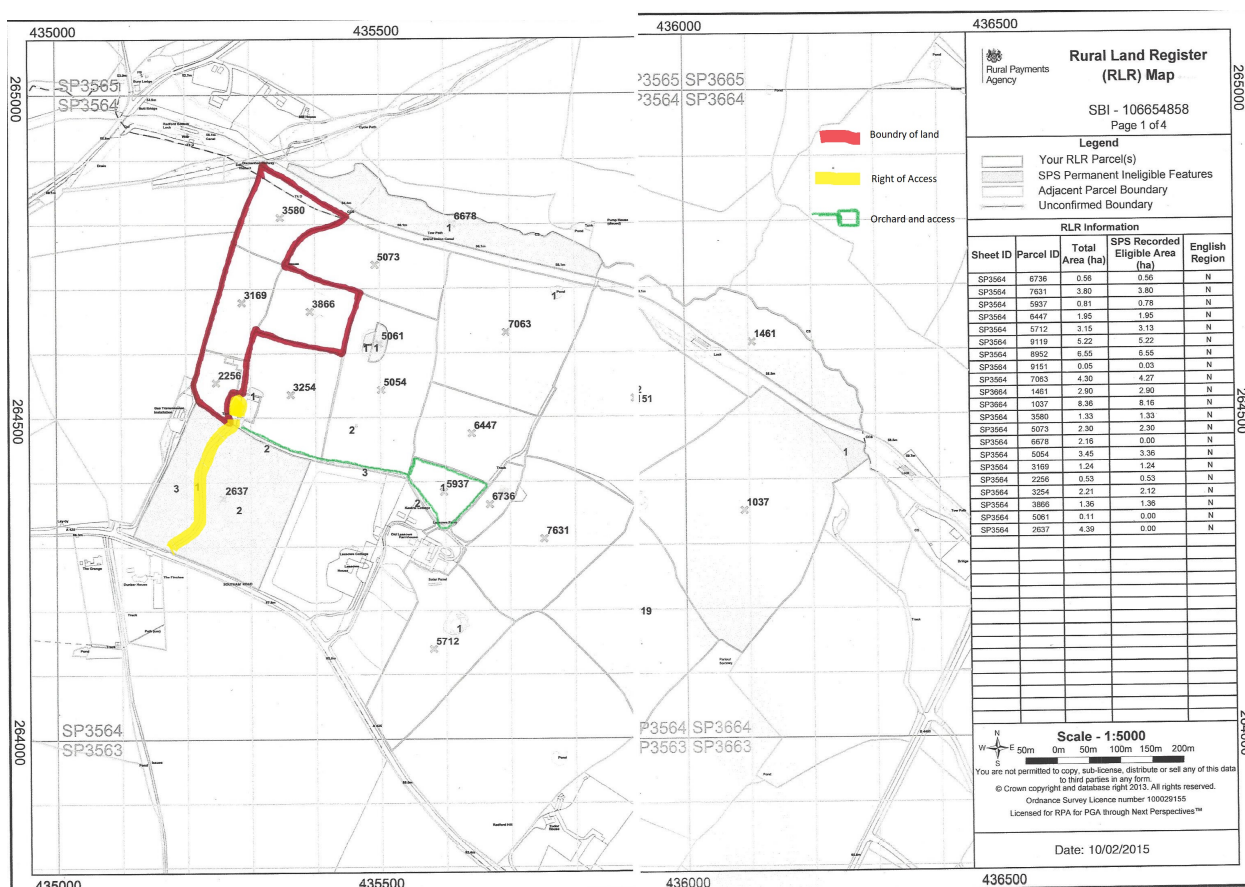
Scenario 2 – maximum amount raised

Community shares	£105,000
Financed from Canalside reserves	£15,334
Remaining reserves	£22,722

Note: If we raise between the minimum and maximum amounts, then we will use and adjust the reserves accordingly.

The land

We will purchase 11 acres of gently sloping farmland in four enclosures that is currently farmed by Canalside producing organic vegetables. This land, adjacent to



Radford Semele, near Leamington Spa, in Warwickshire, was historically used for arable production.

We also have 6 polytunnels, a glasshouse, and a pole-barn, which together with two caravans and a field kitchen, enclose a grassed area serving as a focus for communal social activity. To one side a cabin, a small garden and a small polytunnel comprise infrastructure belonging to The Willows project, a horticulture therapy farm, with which Canalside shares the site, and which it supports, providing opportunities for involvement in growing activities and land-based activities.

More details about the land are available in the business plan and a site map is reproduced above.

What are Community Shares?

Community shares are a type of share used by Registered Societies. They are non-transferable, withdrawable shares. This means that unlike shares in traditional companies you cannot sell them on to anyone else, but you are entitled to remove your capital subject to the Rules of the Society.

Community shares have now been used to finance community agriculture, community renewables, shops, piers, harbours, bakeries. For more information and case studies around community shares, visit the website of the Community Shares Unit: www.communityshares.org.uk

Why you should invest?

This offer is aimed primarily at the community local to Canalside, but is also open to those further afield who wish to support sustainable community agriculture.

This offer to invest in Canalside is not a 'get rich' exercise, but rather an opportunity to invest in our community and be part of the next stage of Canalside's existence.

Our land will be an important community asset owned and run for the benefit of the community in perpetuity. Any return on your investment will only be at a level sufficient to attract the investment in the first place.

Your role as member/shareholder

Upon successfully purchasing shares you will become an **Investor Member** of Canalside Community Food Limited.

As well as investor members recruited through this community share offer, Canalside already has two other classes of member, who will continue to be members with a single £1 non-interest bearing share:

1. **Produce Share Members** who subscribe monthly for a 'share of vegetables and fruit' and currently comprise the majority of our current members. They will continue on the same basis.
2. **Social Members** currently donate an annual subscription to the Society in order to support its objects and its work with community groups and they will continue to do this.



We encourage members to have multiple relationships with Canalside, sharing the harvest through a produce share, attending social events and volunteering, and buying shares through this community share offer.

As a member you have the right to attend and vote at general meetings, elect the Board of Directors and stand for election yourself as a Director.

Canalside is, and will continue to be a democratic organisation. All members (irrespective of member class) will have one vote, regardless of how many shares they have.

Current financial position of Canalside

Canalside is a viable trading entity, that regularly returns a surplus for reinvestment in the enterprise. Purchasing the land will have no effect upon our revenue streams. We are currently at our preferred size in terms of the community we wish to serve and we have no plans to expand our production.

Historical financial performance

Profit and loss

	Year 14-15	Year 15-16	Year 16-17
Turnover	£80,050	£74,828	£84,575
Gross profit	£79,750	£71,065	£80,169
Overheads	£64,603	£71,532	£74,517
Surplus after tax	£14,596	£(467)	£5,082
Accumulated profit	£40,465	£39,590	£44,272

Note: This is the financial performance of the former company limited by guarantee before conversion to a Community Benefit Society.

The anomalous poor performance in the year 2015-16 was due to increased staff costs associated with staff illness during a period of replacing the head grower and the associated reduction in productivity. We have addressed this risk in the future by having a second grower.

The policy to date has been to reinvest surplus and build reserves for contingencies and to purchase the land.

Projected financial performance of Canalside

Our financial projections demonstrate that we can fund the land purchase, service the equity, pay interest to our member shareholders and provide a sustainable livelihood to our growers. The growth in our reserves shows that we will also be able to consider a subsidy to The Willows project that shares our site. This would be a decision of our members in general meeting, as will the exact level of any interest paid on shares. We do not anticipate needing to raise more capital in the short term, but in the medium term we wish to raise more capital to replace existing equipment e.g. the tractor. Before we raise more capital we will consult with our members and this would ultimately be a decision of our members at a general meeting.

Horticultural production maintained	160 veg. box shares
Interest paid on share capital	2% from year 1 (paid as additional shares)
Share capital repaid	10% after year 3

Our year end as a company was the 30th September. Since our conversion, our year end has changed to the 30th March. So as to present our forecasts in line with our

historic performance, we have chosen to continue as if we had a year end of the 30th September.

Projected cash flow (minimum target scenario)

Our projected cash flow indicates that we can service the withdrawal of 10% of the total shares per annum and maintain prudent cash reserves.

	Year 17-18	Year 18-19	Year 19-20	Year 20-21	Year 21-22
Net operating cash flow	£8,396	£14,042	£9,910	£13,334	£11,358
Net investing cash flow (purchase of assets)	£(112,434)				
Net financing cash flow (community shares)	£94,000			£(9,400)	£(9,400)
Net cash movement	£(10,038)	£14,042	£9,910	£3,934	£1,958
Opening balance	£38,056	£28,018	£42,060	£51,970	£55,904
Closing balance	£28,018	£42,060	£51,970	£55,904	£57,862

Projected profit and loss (minimum target scenario)

Our projected profit and loss is consistent with our current financial performance. It shows that we can afford to pay interest on our share capital. Please note that share interest will be paid in additional shares and will only be agreed at the AGM of the following year.

	Year 17-18	Year 18-19	Year 19-20	Year 20-21	Year 21-22
Total income	£82,030	£82,030	£82,030	£86,512	£86,512
Gross profit (£)	£33,886	£32,923	£31,941	£35,421	£34,399
Gross profit (%)	41%	40%	39%	41%	40%
Overheads	£33,319	£22,541	£22,897	£23,260	£23,442
Surplus after tax	£1,073	£8,057	£6,987	£9,480	£8,517
Accumulated profit	£45,345	£53,402	£60,389	£69,869	£78,386

Projected balance sheet (minimum target scenario)

Our projected balance sheet shows that we will have the accumulated trading reserves to finance share withdrawal.

	Year 17-18	Year 18-19	Year 19-20	Year 20-21	Year 21-22
Fixed Assets	£112,872	£111,627	£110,382	£109,137	£107,872
Current Assets	£28,496	£42,584	£52,468	£56,411	£58,380
Current liabilities	£143	£2,975	£2,707	£3,330	£3,090
Net Assets	£141,225	£151,200	£160,143	£162,218	£163,182
Reserves					
Balance B/F	£44,272	£45,345	£53,402	£60,389	£69,869
Profit (Loss for year)	£1,073	£8,057	£6,987	£9,480	£8,517
Member Share Capital	£95,880	£97,798	£99,754	£92,349	£84,796
Cumulative Reserves	£141,225	£151,200	£160,143	£162,218	£163,182

Note: Member share capital increases in early years as interest on shares is paid as additional shares. After Year 3, we have planned to allow for 10% of the shares (approx. £9,500) to be withdrawn every year. Withdrawal is not guaranteed, is dependent on the profitability of the Society and the Directors can suspend withdrawal.

A far more comprehensive, detailed breakdown of our financial projections can be found in our business plan available for download at our website:

www.canalsidecommunityfood.org.uk

What happens if things work out differently?

The Directors of Canalside Community Food Limited are confident of our financial projections and they are consistent with our historical financial performance.

However, in the event that we fail to generate a profit, due to circumstances such as crop failure or extreme weather, we may be unable to pay the predicted interest on share capital. This sharing of risk and reward is a key feature of the Community Supported Agriculture model. We do however have systems in place to minimise the

effects of such hazards.

We maintain insurance against loss or damage and public liability.

We maintain, and regularly review, clear procedures for legal compliance.

The Canalside business plan, which can be downloaded from our website contains a full and comprehensive risk analysis.

Any interest paid is contingent on the trading success of the farm.

The Board may, at their sole discretion, suspend the right to withdraw either wholly or partially, and either indefinitely or for a fixed period. If Canalside is unable to allow withdrawal of shares the Board may move to an open offer to allow share liquidity.

Timetable – what we will do when

May 19 th 2018	Launch share offer
June 29 th 2018	Close share offer
July 3 rd 2018	Optional extension
Early July 2018	Issue member shares
July 2018	Purchase land

Open book reporting

As a democratic, community owned organisation, we will publish our annual accounts, reporting on our performance, membership, payment of interest on shares, community donations and social impact.

Details of the share offer

This offer will open on 19th May 2018 and close on 29th June 2018. If we haven't reached our minimum target, or are just short of our maximum target, by the 29th June 2018 the Directors reserve the right to extend the offer period for a further two weeks.

Minimum and maximum investments

The minimum amount of shares that you can apply for is £50

The maximum amount of shares that you can apply for is £10,000. We have limited

the maximum to have more shareholder members and reduce exposure to potential withdrawal from one investor. We reserve the right to issue less shares than the amount applied for.

As well as individuals, corporate bodies are eligible to purchase shares.

Will I get a return on my investment?

The Rules of the Society permit the Society to offer a small amount of interest on shares, sufficient to attract the investment in the first place. Our financial planning indicates that we will be able to offer a return of 2%. Any payment of interest is not guaranteed, but is dependent on the ability of the Society to pay it. Any payment of interest is subject to the approval of the membership at the AGM. The society will never pay above 5% per annum, or 2% above the Bank of England's Base Rate, whichever is the greater.

All interest will be paid as shares which can then be withdrawn in the normal way. The first date that interest may be paid is the 30th March 2019 to be agreed at the following AGM.

Due to the agricultural nature of our business, there is no tax relief available on this share investment.

There will never be an increase in the value of your shares. However in certain circumstances your shares may decrease in value if the Society's liabilities exceed its assets.

Will I get my money back?

These shares are not a donation and are withdrawable. That means you will be able to withdraw some or all of your investment subject to the Rules of Canalside Community Food Limited. In order to allow the business to achieve financial stability we propose not to allow withdrawal of shares for the first 3 years of operation after the date of share issue.

After 3 years we are only allowed to permit withdrawal that can be financed by either our trading surplus or by the issue of new share capital. Our projections clearly demonstrate that we can allow withdrawal of 10% of our share capital per annum after 3 years.

In the event of the dissolution of the Society, any residual asset value after the repayment of shares and the settlement of any debts would pass to another

organisation with a similar aims, a similar asset lock and the inability to distribute surpluses. These Rules have been put in place to protect Canalside from unwelcome sale or development.

Your personal liability is limited to the value of your shares.

For a full copy of our Rules please visit our website

www.canalsidecommunityfood.org.uk

Who can apply for shares?

Membership is open to all individuals aged 16 or over, who agree with the aims and objectives of the Society. We also welcome organisations and societies as corporate members. The Directors have the right to refuse membership without explanation.



Can I buy shares to give as a gift?

You can buy shares to give as a gift. You will need to indicate the gift recipient on your application. We will then contact the recipient to inform them of your kind gift and finalise the membership details with them. The recipient will hold the shares and have the same rights as any other member. If the recipient is unwilling to become a member of the Society, your monies will be returned. The Society has the right to refuse any application.

What happens to my shares if I die?

As part of your application, you will be asked to nominate a beneficiary to receive your shares upon death. If the beneficiary then wishes to become a member and the Directors approve their membership your shares will be transferred to them. Otherwise the Society will pay them the full value of your shareholding or if funds do not allow this, issue them with loan stock of an equivalent value to be payable within 3 years. You can also nominate Canalside Community Food Limited as your beneficiary.

This nomination is only valid to the amount allowed in law at the time of your death (currently £5000). Any shares held above this will be transferred to your estate and

go through probate in the usual fashion. Therefore if you would like to nominate an amount above £5000 on your death we would ask you to consider including Canalside Community Food Limited in your will.

What happens if we don't achieve our target?

If we are still short of our minimum target after extending the offer period for up to two weeks, the Directors will explore financing the shortfall with debt or equity finance from a social lender or other support organisation. We will consult with applicants before proceeding if this additional finance significantly affects the business plan or the terms on which this offer is made. If we still fail to achieve our target, all monies will be returned to applicants.

What happens if we are over-subscribed?

If we reach our maximum target before the end of the share offer, we will close the offer early and allocate the shares on a first come first served basis.

Conflicts of interest

The founders and Directors of the Society who have compiled this community share offer will not benefit from their interest over and above that associated with any shares that they purchase on the same basis as any other applicant, or by virtue of being an employee or veg box customer of the Society.

Additional information

Whilst you may decide to invest purely on the basis of the information in this document, we would also encourage you to download our Business Plan, the Rules of the Society and our accounts, which are all available for download from our website www.canalsidecommunityfood.org.uk

Directors' statement

The Directors undertake:

- Not to expose applicants money to society's liabilities until offer completed.
- Only use share capital for the stated purpose and stick to fundraising targets.
- Honour the commitments under the Community Shares Standard Mark.
- Abide by the complaints procedure set out in the Community Shares Code of Practice.

How to apply for shares

There are two ways that you can apply to purchase shares to become a member of the Canalside Community Food Limited:

1. On-line

You can apply for shares on-line via the form on our website www.canalsidecommunityfood.org.uk. You will then receive an email requesting payment by bank transfer quoting the reference code we send you.

2. Post/Cheque

If you prefer, you can apply and pay by cheque. Complete the appropriate application form at the end of this offer document and post it to our registered office. Note applications may be rejected if received after the closing date or earlier if we have already achieved our maximum fund-raising target.

Your application will not be complete until we have received both completed form and payment.



Application Form – individual application

Please complete in capital letters

In accordance with the Rules of Canalside Community Food Limited, I apply for Shares to the value of:

£

(Minimum investment £50, Maximum investment £10,000)

If you wish to apply on behalf of an organisation or corporate body or make a joint application, please download the appropriate form from our website.

First Name:

Last name:

Date of birth:

Address:

Post Code:

Telephone no:

Email (please print):

In the event of my death I nominate the following to receive the value of my shares:

- | | |
|-------------------------------------|---|
| 1. Canalside Community Food Limited | <input type="checkbox"/> Please tick only one |
| 2. None specified | <input type="checkbox"/> Please tick only one |
| 3. Named individual below | <input type="checkbox"/> Please tick only one |

First Name:

Last name:

Date of birth:

Address:

Post Code:

Telephone no:

Email (please print):

I confirm that:

- 1) I have read the Share Offer Document, including the Risk Statement at the beginning of the document.
- 2) I wish to become a member of Canalside Community Food Limited.
- 3) I agree to be bound by the Terms and Conditions included in the Share Offer Document and the Rules of Canalside Community Food Limited. (available on our website).
- 4) I understand that the Board of Directors of Canalside Community Food Limited may reject my application, and are not obliged to tell me why it has been rejected.
- 5) I consent to receiving formal notices by email and links to formal documents on the Canalside Community Food Limited website

To reduce our administrative costs, we would like to be able to send you formal notices by email and refer you (by email) to documents posted on our website. By signing this form you are consenting to receiving such notices by email and accessing documents through our website.

Terms and Conditions:

It is a condition of the offer that to ensure compliance with the Money Laundering Regulations 2003, Canalside Community Food Limited may at its absolute discretion require verification of the identify of any person seeking to invest.

All applicant funds will be held in a separate bank account in the name of Society, thus protecting applicants' money from any liabilities associated with our day-to-day financial activities.

In the event that the offer is unsuccessful, then all monies will be returned to applicants.

Data protection: The personal data provided by you on this form will be stored by Canalside Community Food Limited on an electronic database and in accordance with the General Data Protection Regulation (GDPR). The data will only be used by Canalside Community Food Limited in relation to the governance of the Society and

to communicate the activities of the Society to you. Your personal data will not be disclosed to any third party except for any body having a statutory right of inspection.

For more information around how we treat your personal data, please read our Privacy Notice, which is available on our website

www.canalsidecommunityfood.org.uk

☐ I confirm that I wish to become a member of Canalside Community Food Limited and consent to the use of my personal data in accordance with the terms and conditions above.

Signature:

Name:

Date:

Please send your completed application together with a cheque for the amount of shares applied for to:

Canalside Community Food Limited, Southam Road, Radford Semele, Leamington Spa, Warwickshire, CV31 1TY

Registered under the Co-operative and Community Benefit Societies Act 2014,
Registered no. 7743