

PLOTGATE COMMUNITY SUPPORTED AGRICULTURE LTD



March 2016

Pioneer Share Offer Document

An opportunity to invest in a Community Supported Agriculture enterprise that produces local, seasonal and sustainably produced food through a box scheme in Barton St David and the immediate locality.

Plotgate Community Supported Agriculture Ltd

Pioneer Share Offer Document

Directors' Letter

Welcome to this offer document for community shares in Plotgate CSA. Social investment opportunities are increasing with the rise of social enterprise and community ownership. We hope you will consider carefully whether it is right for you. It is intended to strike a balance between financial rewards and community benefit, and should be seen as quite different from shares in a private profit-orientated company. Social investments are primarily to financially support organisations whose aims resonate with the investor.

Community Supported Agriculture organisations aim to address some of the pressing challenges facing food production and the environment, and believe that by making food available that is locally produced, seasonal, fresh, and sustainably produced, we can move towards solutions that are better for humans, the local ecology and the environment. We want to enhance the ecology of the site, the health of the soil, and the wellbeing of the people. Plotgate CSA will produce food to the Wholesome Food Association's standards, but seeks to go beyond this in applying truly sustainable agricultural principles to its production.

Your investment in Plotgate CSA will allow us to develop vital infrastructure (planning permission has been granted), such as polytunnels to protect the veg, and a barn to protect equipment (and us) from the soggy Somerset weather! We need seeds, tools, crop protection and irrigation, all of which will have to be in place prior to harvesting the first of the summer vegetables in June 2016! The site is completely off grid, so our energy and water will be supplied by the sun and rain, and we will need ways of capturing both.

We ran a pilot veg box scheme in 2015, providing boxes to 10 customers for six months. This allowed us to fully consider some of the details of harvesting and distribution, and to gain valuable feedback from consumers. It also increased our confidence in our processes and our market, and inspired us to want to accelerate our development through a business start-up programme; the Just Growth Programme, to which we applied in Sept 2015.

There are 5 elements to the programme; a grant and a loan, both of which are dependent upon us raising £20,000 through community finance (this share offer). We are also receiving business mentoring and are part of a research partnership with Coventry University which is developing methods for monitoring and recording social impacts.



Finally, please be careful not to confuse your “shares” as you consider this document. Our community share offer is a financial investment, not to be confused with vegetable shares and sharing the harvest: the two are independent i.e. you can invest and never taste our food, and likewise you can sign up to a vegetable box, without making a social investment.

Please take some time to read through the details of this offer document, and we very much hope that it inspires you to want to join us in our enterprise.

Warm Wishes,

 *Jon Cousins.* *Jane Sweetman* *Amy Willoughby*

Daniel Britton

Jon Cousins

Jane Sweetman

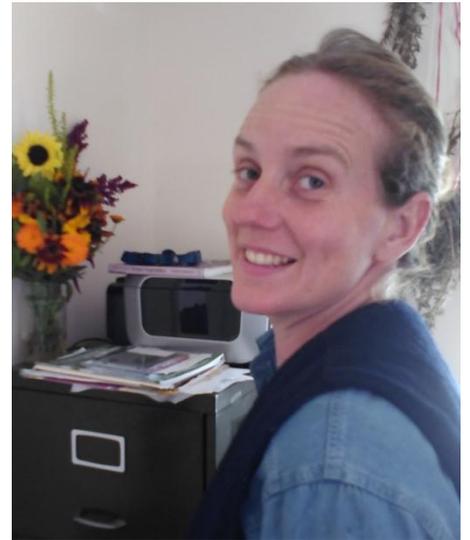
Amy Willoughby

Plotgate CSA Board of Directors

Directors' biographies

Amy Willoughby

Amy worked firstly as a “workshare volunteers” and later as a paid grower at Canalside Community Food. She helped to develop and manage the fruit orchard, and later to integrate this into the core business as an active member of the Steering Committee. She also co-founded a Carefarm, “The Willows Project” on the same site as Canalside Community Food, and spent 3 years getting this organisation to a point of viability. She moved to Somerset full time in January 2015 and is now enjoying life in Barton St David. Amy also has a degree in architecture and an interest in environmental and low impact design.



Jon Cousins

Jon has been active in the social economy for many years. He has been involved in a number of complementary currency projects, including being a founder member of Cotswold Community Time Bank and Avalon Fair Shares. He has been a board member of Mendip Credit Union, and is an elected member of Glastonbury Town Council. He is also a founder member of Avalon Community Energy Co-op, presently developing plans for renewable energy in the Glastonbury area. A qualified practitioner with the Cabinet Office’s ‘Community Organisers Programme’, he currently works on an Anglo-French Interreg project in Brittany and the South West of England – researching the citizen finance of co-operative and community-owned social enterprises.



Jon was elected Deputy-Mayor of Glastonbury in 2015. He also ran for Green MP as candidate in the Wells Constituency.

Jane Sweetman

Jane is a sociable grower who has enjoyed the challenges and rewards of small-scale food, fibre and fuel production on her family's few acres near Plotgate for over 30 years. This has always included managing and training volunteers, and she has recently been teaching Sustainable Horticulture for Bicton at Dartington, alongside achieving a Masters degree in Sustainable Horticulture and Food Production at Schumacher College.



Since 2002, she has co-ordinated a series of projects for Somerset Community Food, supporting and leading a range of activities to grow, share, and cook wholesome food for good health across the county. Previously, developing the fledgling Somerset Local Food Direct involved organising individuals' orders of local produce and their delivery to households each week.

She currently chairs the Wilderwoods Forest School committee.

Dan Britton

Dan is a member of Barton St David's Parish Council with a passion for developing a truly sustainable model for living, in the light of our present-day vulnerability to major global and local factors.

Food being of primary concern, he is applying himself to the task of nourishing the community within this context with a well-organised approach.

He is skilled and experienced in farm and building work, tree surgery, gardening and growing, outdoor event setup, and sculpture.

Dan has designed the site infrastructural developments on a range of projects, and led training workshops on these themes.

Motivated by love for the natural environment and concern for humanity's legacy, he is a man of action, contributing his practical knowledge and skills to the establishment of sustainable systems for feeding his local community.



Executive Summary

Company name	Plotgate CSA Limited
Legal form	Community Benefit Society
Registered number	IP007253
Date of registration	7/12/2015
Registered office address	Sycamore Farm Barton St David Somerset TA11 6EA
Website	www.plotgatecsa.wordpress.com
Email	plotgate.csa@gmail.com
Shares offered	Full risk withdrawable shares
Minimum investment	£50 for prospective customers and volunteers (ie, those living within ten miles of Barton St David) £250 otherwise
Minimum sum sought	No minimum – all funds may be employed
Maximum sum sought	£25,000
Closing date	12th May 2016
Tax relief	Social Investment Tax Relief *subject to advance assurance – see below.
Exit	Withdrawal after a minimum three years, at the absolute discretion of the board

About the enterprise

Plotgate CSA incorporated in late 2015 and will begin trading with the first vegetable boxes in June 2016. Community Supported Agriculture enterprises form part of a growing movement towards re-localising our food system, and creating a fairer deal for farmers and greater transparency, freshness and connectedness for consumers.

Plotgate CSA's mission is to excite a lively local food culture which engages members and provides access to local, seasonal food that is produced using truly sustainable means; and to be a platform for co-ordinating with other local producers, and for facilitating new growers and producers to join the sustainable food movement.

The backbone of Plotgate CSA will be in supplying weekly, seasonal vegetable boxes to consumer members throughout the year distributed through food hubs. All produce will meet the Wholesome Foods Standard which ensures that food is sustainably farmed with ecology and ethics at the heart. Our aim is to start at 30 boxes per week and grow this to 100 boxes within the first three years. We also have a small herd of sheep and some pigs, and we plan to make meat available to members. The CSA will be looking to develop a greater range of produce to meet more of our dietary needs locally.



We have a long term lease on 10 acres of agricultural land in Barton St David, Somerset. We plan to employ 5 part-time growers or equivalent, and to pay a living wage as a minimum, and to actively develop employment opportunities. Plotgate CSA has a strong Board of Directors who will control the direction of the society, but will seek advice from a Working group comprised of representative members (producers, consumers, volunteers and supporters) who are interested in informing day to day decisions. The guiding principles of the CSA are to balance economic, social and environmental health in the growth and development of the enterprise.

We believe that there is a clear and growing market for sustainable, local and seasonal produce and that Plotgate CSA has an experienced and passionate team who are able to deliver quality produce to members, and offer them the chance to connect more personally with their food, how it is grown, the countryside and other members.

We recommend reading this offer document in conjunction with our business plan, which gives more detail on our operations, and is freely available (electronic version preferred).

The Business Opportunity

The CSA aims to achieve a turnover of £75,000 by year three, and to be working towards holding a reserve of 6 months running costs. Plotgate CSA has been accepted onto the Just Growth Programme and is currently receiving business mentoring. Just Growth also gives access to finance; a £15,000 loan and £15,000 grant funding on the condition that £20,000 is raised through community finance (share capital). The loan will be repaid over 5 years and the withdrawable share capital will be repaid at the absolute discretion of the Board of Directors (minimum 3 year investment). This start-up fund will allow the enterprise to make substantial capital investments to support its functioning whilst it quickly develops into a financially sound enterprise that is able to balance its cost, pay a living wage, hold reserves and meet its long term liabilities.

Although some trading will take place in early 2016, the vegetable boxes will begin substantially in June 2016 with the start of the harvesting season with a target of 30 boxes at an average of £12.00 per box, rising to 60 boxes by December 2016. We anticipate generating an income of £22,275 in the first year of trading, which includes sales from other produce and membership subscriptions.

Over the following two years, we intend to grow from 60-100 customers as more land comes into cultivation, increasing our income to £53,145 and £75,860 respectively. 100 veg boxes is the planned upper limit for the timeframe of the current business plan (3 years) and represents the estimated capacity of our current field at Plotgate; further expansion will come from supporting the development of this model with other producers on other sites in Somerset to serve an expanding market.

Profit/Loss Summary	Year 1	Year 2	Year 3
	2016	2017	2018
Total income	£22,275	£53,145	£75,860
Total Direct Costs	£2,792	£3,007	£3,212
Total Overheads	£36,603	£41,354	£51,666
Net Profit	-£17,120	£8,784	£20,982
Surplus/reserves at year end	£12,397	£1,750	£6,116

How we will use the funds raised

In addition to capital expenditure (right), the start-up finance will also be used to support running costs (e.g. labour, seeds and other inputs) while the CSA develops to a point of profitability.

This investment will be financed through the Just Growth Programme as follows:

- Community Share Offer: £20,000
- Grant Funding: £15,000
- Loan from Co-operative Community Finance: £15,000 at 8% APR

We intend to complete repayment of the loan over five years.

Cash flow forecasts

	2016			2017				2018			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total income	54485	7725	10065	11325	12525	13380	15915	17625	19425	19365	19445
Total outflow	26320	11588	21969	13037	19860	14204	16692	15282	20405	18250	17551
Bank balance at Q end	28164	24301	12397	10686	3351	2527	1750	4092	3110	4224	6116
Annual turnover			72275				53145				75860

The Cash Flow remains positive for each month. At the end of year 2 we have a minimum balance of £1750. At this point we anticipate turning the corner to profitability, working to steadily increase a surplus.

A more detailed summary of our financial forecast is available on request.

Years one and two capital expenditure

Item	Budget (£)
Barn	14500
Water system and irrigation	4800
Protected growing space and crop protection	4250
Landscaping, tree planting and access	4400
Tools and equipment	4250
Total	32,200

Withdrawable Shares

This is a social investment and should be regarded principally as a contribution to the development of a sustainable society. However, it is our aim to protect the capital of our investors. Interest will be modest and steady – our target rate is 3%, and members will be able to approve the rate for the coming year at each AGM. Some of our members may be willing to further support our work by waiving their interest altogether. While we recognise not everyone is in a position to do this, it will help us to invest more in local food if you can do this.

Withdrawable share capital does not appreciate in value and cannot be transferred or traded; when it is withdrawn, it is for the same value as when it was issued. The board will not permit withdrawals at a time or at a rate which could undermine the value of other members' investment.

You are welcome to ask for repayment of your shares at any time. However, you should expect that for the first three years at least, the Directors will not allow withdrawals because the business is seeking to build up its capital. Even if withdrawals are permitted during this time, you will lose any tax relief you may have gained. After three years, the board has sole discretion over how to gradually enable withdrawals, and will seek to maintain liquidity.

In the event of the society suffering financial losses, the board may 'write down' the value of shares so as to fairly distribute the burden. If the society is wound up while insolvent, any assets must be used to pay as much of the debts of the business as possible, and its shareholders may lose some or all their funds. So, financial returns come only from tax reliefs (described below) and interest.

No accounts are presently available for Plotgate CSA Ltd. because it is very recently formed and has conducted no trade. However, accounts will be produced annually, and will be available for members to scrutinise.

Market testing

During our pilot project in 2015, we gathered consumers at Plotgate in October, and gained some valuable feedback on what people wanted from their veg boxes. Below are some highlights, and how we intend to adapt our product to meet consumer preferences.

Topic	Comments...	The way forward...
Likes and dislikes	<p>“Who knew a potato could prompt such raptures?”</p> <p>Ox heart tomatoes with basil</p> <p>Sweet Beetroot</p>	<p>You can't please all the people all of the time, but we hope to offer veg box options in 2016 that can accommodate most people's preferences. At collection points, we will introduce a “swaps” box so that customers have a degree of choice.</p>
To grade or not to grade?	<p>The small carrots are fiddly and not worth scrubbing, some of the late beans got a bit stringy, younger kale is definitely more tender.</p>	<p>Labour saving is our most important way of keeping costs down, so using collection spaces, people weighing their own veg boxes, and grading out what they don't want is the best way forward we think. Anything left can be fed to the pigs!</p>
Organic Status?	<p>Organic growing was important to people, but the practices were more important than the label.</p>	<p>We plan to sign up to the Wholesome Food Association, as this is quite inexpensive, but will allow us to communicate our growing principles to veg consumers more clearly. If we buy in veg, this will be the minimum standard.</p>
Buying in extra veg?	<p>No objections to us buying in local, organic potatoes, for example.</p> <p>“A slippery Slope?”</p>	<p>Without mechanisation certain crops (e.g. potatoes) are the most expensive thing for us to grow, yet they are the cheapest veg to buy! We may buy in some staples, but will always inform veg box consumers if this is the case.</p>

Packaging	Crates sometimes leave a trail of mud, and are not very sturdy or easy to handle. It would be better to encourage reuse, rather than buy expensive bags.	We will look to adopt waxed cardboard boxes in 2016, and use paper bags/ cardboard punnets. We will encourage customers to bring their own bags to collection hubs.
Volunteering	“Can we send our son down to do some work?” Some people like the idea of helping out occasionally.	We will be running weekly volunteer days.
Communications	On the whole, people felt this was best done by email.	Email is easy, but we also like writing paper letters and talking.



Plotgate CSA Membership

Plotgate CSA is a Community Benefit Society, using Somerset Rules (Multi-stakeholder co-operative). You may contact us at any time to request a copy of the rules. We chose this model for the following reasons:

-While it is important to us to attract investment from outside the locality, we want to ensure that the control of the co-operative remains in the hands of customers and producers living locally.

-We wanted to have social accounting given the same status in the rules that financial accounts traditionally have.

-We wanted rules that were optimised for tax reliefs on social investment, but retained a 'common ownership' dissolution clause ensuring that all accumulated surpluses remained available for the development of local food projects.

An AGM will be held following the end of each financial year and the society's accounts and financial forecasts will be presented, and the board elected by members. Members will also be invited to contribute to discussions on the future of the society.

Members have the right to be informed of 'key decisions' that have major implications for the society

As with any co-operative, all members have one vote irrespective of the size of their shareholding. However, votes in general meetings are weighted: The producer members count for 50%, veg box consumers and supporters (including investors) count for 25% and volunteers count for 25%.

Members may join the working group, providing feedback and advice to the board.

However, membership also involves having fun. We will be hosting open days for you all to come and see what is going on; volunteer days for those who would like to get more active, and workshop activities for all ages related to life on the farm. We encourage participation in any aspect that meets your interest. How about butterfly counting for our biodiversity monitoring? Or building the Barn! Tea and biscuits will be provided at the very least, or even paid employment for the most dedicated. We intend these opportunities to be of mutual benefit in fostering a closer community.

Social Investment Tax Relief Scheme

We have just (April 2016) received prior assurance for SITR on all investments made with this offer document. SITR is a government scheme intended to encourage full risk investment in social enterprises.

Eligibility of the Organisation depends on:

- The trading history
- The trade being a qualifying trade
- The investor being a UK tax payer

Once the SITR scheme is enlarged, subject to EU approval, small-scale community farms and horticultural activities (under 5 hectares) will become qualifying activities, and we have just received assurance on this.

The rules: Plotgate CSA is a Community Benefit Society with a statutory asset lock. Its ordinary share capital is full risk and can only be withdrawn at the absolute discretion of the board.

Planned expenditure: funds raised must be employed within twenty-eight months.

It also depends on the investor meeting certain conditions:

- You must be a UK taxpayer.
- You must leave the investment in the society for at least three years.

If these and other conditions are all met, tax relief equal to 30% of the value of the shares can be claimed. If you need further advice, we recommend you ask an independent financial advisor.



Plotgate CSA has gained advance assurance from HMRC that the shares will, on the basis of present evidence, be eligible for SITR.

Social reporting and returns

Plotgate CSA is required by its rules to present social accounts, which should measure progress against indicators derived from its mission. These may include:

- Local Food: are members buying a greater % of their food from local sources?
- Food culture: are our members gaining a deeper enjoyment and appreciation of their food?
- Member engagement: what is the quality of our interaction with members?
- Access: are our products accessible to people from a wide range of backgrounds?
- Co-ordination: are we building links with other local food producers?
- New producers: are we supporting new entrants into the local food sector and generating employment opportunities?
- Are we improving biodiversity on the site?

The social accounts are prepared by a social audit committee which must be chaired by someone other than a Director. When the business is larger, it will need to have a qualified social auditor in this role, but for now a lay social audit will be sufficient.

Social returns will be measured in the form of outputs (for example, the number of satisfied consumers in receipt of a veg box), outcomes (for example, a measure of sustainability) and impacts (the number of people inspired or empowered by the co-operative to become volunteers and producers).

As part of the Just Growth Programme, Plotgate CSA is working alongside Coventry University to develop a tool kit for use in social reporting.



Risks to your investment

This is a full risk investment, and you could lose the money that you subscribe. For this reason you should not invest funds that you cannot afford to be without.

Be aware that this is not an authorised prospectus. Because community benefit societies are exempt from regulation under the Financial Services and Markets Act 2000 you do not have the additional protection that it provides. If you are in any doubt, please seek the advice of an Independent Financial Advisor.

When you make your decision about how to invest, please base it on the information given in this document, and not on anything you may hear from other sources which may not have been as carefully checked.

Plotgate CSA feels confident that it will have sufficient support and appeal to raise the required £20,000, that will allow it to proceed to the grant and loan phases of Just Growth. If it fails to do this, then an alternative source of funding will be sought to cover start up costs, and the financial forecasts will be revised so as to plan for a rate of growth and development that matches the timescale and finance of a different start-up fund. We are, however, determined to meet our target, and wholly determined to embark on this project.



The table below attempts to foresee the major risks to production and revenue, and indicates how these risks can be mitigated.

Risk	Impact	Probability	Mitigation
Unable to obtain start up finance	M	M	The Just Growth programme has provided sufficient finance to launch, provided we can achieve our targets for community shares.
Unable to meet veg box targets	H	M	Review numbers, marketing and pricing strategy every quarter, use introductory offers to entice consumers.
Poor produce year in 2016 puts off initial consumers	H	M	Plan to grow produce required + 25% to mitigate risk, discuss with consumer members about buying in some staples as a contingency measure.
Injury/ill health of growers	H	M	Develop relationships with local people who are interested in growing, and establish the CSA on a financially sound footing so that alternative growers could be found and employed easily.
Plant or livestock disease	H	L	The polycultural approach and minimal dependence on one species in mixed production reduces the impact of disease and its spread.
Accidents on site	H	L	Full insurance to be in place. Thorough risk assessment processes to be established and monitored by designated Health and Safety officer. All regular staff will be first aid trained.

Risk Analysis (H- high, M- medium/moderate, L- low)

How to apply

Please complete the attached application form and send it to our office address (see form). You will need to provide payment either in the form of a cheque enclosed with the form, or an electronic payment sent to our bank account SC: 08-92-99 Account Number: 65789447. If the latter, please ensure that your surname is given as a reference, so that we can identify who each deposit is from.

Organisations can also become members, but they cannot benefit from tax reliefs and will need to use a different application form – please contact us for details.

You can apply for any amount between £250 and £5,000. Additionally, if you live within 10 miles of Barton St David, and so are a potential customer, you can apply for a smaller amount – as little as £50. This is because we are keen to encourage participation from local people in the co-operative and do not wish the cost of initial investment to be a barrier.

Other than as noted above, you cannot withdraw your application once it has been received, other than at the sole discretion of the board. Cheques may not be cashed immediately. Investors who provide email addresses will receive acknowledgement of receipt, and you are welcome to contact us by phone to confirm receipt if you do not use email.

All applications will be considered by the board, and may be refused without explanation. In the event that the share issue is oversubscribed, applications from local investors may be favoured, and otherwise a proportion of funds will be accepted on a pro rata basis.

I understand that the data provided by me on this form will be stored within a computerised database. This data will only be used for membership purposes and will not be disclosed to a third party.

To ensure compliance with the Money Laundering Regulations 2003, Plotgate CSA Limited may at its absolute discretion require verification of identity from any person/organisation seeking to invest.

Signed by the applicant:

Please return this form to:

Cheques should be made payable to Plotgate CSA Limited and all applications should be posted to:

Plotgate CSA,
c/o Little Coombe,
Coombe Hill,
Keinton Mandeville,
Somerton TA11 6DQ

You can also make electronic payments to SC: 08-92-99 Account No. 65789447. Always use your surname as a reference so that we can identify the source of any payment.