

*Help us keep the Carrot
on Dunbar High Street*



How to invest

Share Offer Document June 2019





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*Fundraising for a
community buy-out
of the Crunchy Carrot on
Dunbar High Street:
from Crunchy to
Community Carrot*

Introduction

The Crunchy Carrot has been at the heart of Dunbar's High Street for almost 20 years. As the strap-line reads, and as anyone who has stepped foot in the shop knows: 'it's a whole lot more than a fruit and veg store'. The Crunchy is a whole foods gem; a community hub; a beacon of sustainability; a ticket and events office; a social whirl; a refillery; a local employer; a supplier to our cafes, nurseries, schools and restaurants; a green campaigner; a local produce purchaser; a cooking tips and recipe exchange; a purveyor of food for tight budgets, seasonal celebrations, exotic recipe demands, luxurious treats and the simple basics of the weekly shop.

We're working to save the Crunchy Carrot from closing, as the current owners are looking to move on, and we now need your investment.

For the past year, a team of locals have been putting together a plan to buy the Crunchy Carrot shop for the Dunbar community.

The current owners very kindly agreed to give us time while we worked out the best way to do this. We have been helped with valuable support from Community Shares Scotland, Co-operative Development Scotland, and the Plunkett Foundation.

We need to raise around £150,000 in total. This money will allow us to buy the building, the business and stock, pay for refurbishments and updating of the shop systems, and provide some working capital.

BUT THE GREAT NEWS IS THAT WE HAVE SECURED A GRANT FROM THE SCOTTISH LAND FUND TO MEET MOST OF THE COST OF BUYING THE BUILDING, AS WELL AS SOME ADDITIONAL EXPENSES!



So that just leaves us to find a balance of around £50,000, which is why we are launching this community share offer.

From Crunchy to Community Carrot: why invest?

Dunbar has a proud tradition of community ownership – Dunbar Community Bakery is an asset to our town, and the support we have received so far shows how strongly we all feel about keeping our greengrocers in business too. Our vision is to stay true to and develop the existing ethos of the Crunchy Carrot: a strong social, ethical and environmentally friendly focus, sourcing locally where possible, with many of the existing staff expected to remain.

Without this buy-out we will lose the Crunchy Carrot.

We will forfeit the opportunity to buy hyper-local produce, supporting micro-businesses and our community gardens in the process.

We will lose the unique range of sustainable household and toiletry products the shop stocks; the imaginative and extensive selection of whole foods and larder treats.

There will be no more free delivery to local pensioners and no more local supplier for our primary schools, restaurants and cafes.

We will miss the jaunty A-boards advertising how many varieties of potato we can choose from, or how much organic produce there is to stock up on.

Our community and charity projects will lose one of their biggest supporters: local programmes including the Plenty Project, Sunny Soups, Dunbar Basics Bank (food bank), Free Fruit for Schools, The Backlands Community Garden, KidsFoodJourney and Dunbar Grammar School's dementia-friendly Dinner at DGS all rely on the Crunchy.

We will also lose the opportunity to develop such initiatives even further. We have plans to widen and deepen these community bonds and strengthen the local market place - your suggestions and ideas on this front will always be welcomed. How about cooking or demo sessions? A rural bulk buying scheme? A mobile shop? More work placements for school children?

Trading projections

As the table opposite shows, there is a solid basis for creating a successful community-owned business. We encourage you to read the full business plan on our website for the complete financial picture and an overview of our goals and social commitments.

Staffing costs are based on our aspiration to become a Real Living Wage employer, with likely increases in coming years built into the forecasts.

How will we take the shop into community ownership?

We have registered a Community Benefit Society (CBS) as the legal vehicle to buy the property and the business through a community shares issue. It is registered as the Community Carrot Ltd, with the Financial Conduct Authority (FCA) under the Co-operative and Community Benefit Societies Act 2014, number 8073.

A CBS is a form of co-operative where every member has one vote regardless of the size of their investment - but it exists to benefit the wider community and not just the members. The Board is elected by and from the members, who also have a say at members' meetings. The CBS has a statutory asset lock which means that its resources can never be diverted for private benefit.

The rules of the CBS can be found on our website:
communitycarrot.scot



	2019-20	2021-22	2020-21
Sales	376,000	387,280	398,898
Cost of sales	251,920	259,478	267,262
Gross profit	124,080	127,802	131,636
Revenue grants & misc income	32,850	6,000	6,000
TOTAL	156,930	133,802	137,636
Staffing costs	122,160	101,907	104,665
Overheads/depreciation	35,595	29,319	29,320
TOTAL	157,125	131,226	133,985
PROFIT/(LOSS)	(945)	2,576	3,652

What is a community share offer?

Community shares are 'withdrawable' shares that cannot be sold, traded or transferred between members, unlike shares in a typical company. They cannot increase in value (but may go down if the business performs poorly). This form of share capital is unique to co-operative and community benefit societies. Since 2009, almost 120,000 people have invested over £100m to support 350 such businesses throughout the UK. Let's add the Community Carrot to that list!

You can become a member by buying just one £10 share - we don't want to exclude anyone. But we hope you will contribute much more if you can afford it.

The offer is due to close at midnight on 31 July 2019, although it may be extended at the discretion of the Board. If the offer fails to raise sufficient funds then all monies will be returned in full.

It is hoped that UK investors who are taxpayers will be able to set 30% of the cost of their shares against tax under the terms of the government's Social Investment Tax Relief (SITR) scheme. But this is subject to confirmation by HMRC once they have reviewed this offer document - so details will follow.



Who will make the decisions?

The CBS, Community Carrot Ltd, will be run by a Board of Directors made up of a maximum of twelve people. The initial Board has been appointed by the founder members, see below. They will step down at the first AGM to be replaced by a new Board directly elected by the shareholders – hopefully including you! If you are over the age of 16 you can be elected to the Board, and every shareholder is entitled to cast a vote in that election.

Under the rules a majority of shareholders and Board members must come from the Ward 7 area in East Lothian, ensuring the local community will always have effective control over the business.

However, there is also a provision for co-option to the Board to fill any identified gaps in terms of skills and experience.

It should be stressed that while the elected Board will oversee the operation and development of the shop, there will be an appointed manager (answerable to the Board) with delegated powers to take day-to-day decisions, and shop staff will also be encouraged to take responsibility within the business as they do now.

A sense of community ownership and input into decision making will be encouraged through regular newsletters, and members will be encouraged to volunteer - particularly in the area of deepening community connections. This model is already familiar to local residents through Dunbar Community Bakery, also located on the High Street. Founded in 2009, the Bakery now has more than a thousand community shareholders and many volunteers.

About the share offer

The share offer will run from 15 June 2019 to midnight on 31 July 2019, but may be extended by the Board at its discretion.

- Anyone who supports the objectives of the Community Carrot can become a member by purchasing the minimum of one £10 share.
- All members will have one vote regardless of the size of their shareholding, and will be able to determine policy and vote and stand in elections for the Board.
- The target set for this share offer is £50,000.
- No interest will be paid on shares.
- Investors may be able to set 30% of the cost of their shares against tax under the terms of the government's



Social Investment Tax Relief scheme, but this is subject to confirmation by HMRC and cannot be guaranteed at this stage.

- The value of shares cannot increase beyond their nominal value of £10.
- This is a long-term investment. Shares cannot be sold or transferred between members and can only be withdrawn after a minimum period of three years with three months' notice. Withdrawal will be at the discretion of the Board of Directors, having regard to the long-term interest of the Society.
- However, the value of shares of a deceased shareholder may be transferred to another person in accordance with his/her wishes.

The security of your shares

A CBS is registered with, but not authorised by, the Financial Conduct Authority. Therefore the money you pay for your shares is not safeguarded by any depositor protection or dispute resolution scheme.

The share offer is exempt from the Financial Services and Markets Act 2000 or subsidiary regulations, which means you have no right of complaint to the Financial Ombudsman.

While the Board will do everything possible to safeguard the value of your investment while pursuing the Society's objectives, and believes that ownership of the shop property will provide added security, any investment in shares carries risks and you should be prepared to lose part or the whole value of your investment.

How to invest

To buy shares and become a member of the Community Carrot Ltd, complete the Application to Purchase Shares form and return it to: Crunchy Carrot, 43 High Street, Dunbar, EH42 1SH, or sign and scan it to communitycarrot@gmail.com. Each individual, family member or organisation should complete a separate form.

Forms can be collected from the Crunchy Carrot, requested by emailing communitycarrot@gmail.com or downloaded from www.communitycarrot.scot or facebook.com/communitycarrot.

Shares can be purchased in multiples of £10 and paid for by online bank transfer (this is the preferred means of payment), cheque or cash.

Membership is open to any person (whether an individual, a corporate body or the nominee of an unincorporated organisation) who completes the share application form and:

- is over 16 years of age;
- supports the Society's Purpose 'to carry on business for the benefit of the community'; and,
- pays for at least one £10 share.

Board information

This offer document has been prepared by the Board of Community Carrot Limited, and to the best of their knowledge all information it contains is correct.

The Board members are:

Isobel Knox (Chair)
Malcolm Sayers (Secretary)
Kirsten Maguire (Treasurer)
Hannah Ewan

Helen Muir
Andy Sim
Fiona Hale





*Community Carrot Ltd
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Scottish Land Fund
Ionmhas Fearainn Na H-Alba

The Scottish Land Fund is funded by the Scottish Government and made available through The National Lottery Community Fund. The Scottish Land Fund is being delivered on behalf of the Scottish Government by a partnership between the National Lottery Community Fund and Highlands and Islands Enterprise. There are no lottery funds used in the Scottish Land Fund.