

Westbury-sub-Mendip Village Shop

Community Share Offer

SHARE OFFER

You are invited to invest in a Community Enterprise to safeguard the future of our Village Shop and Post Office



**5th September
– 30th October
2013**

The Westbury-sub-Mendip Community Shop Limited invites you to purchase community shares to secure the long term future of our village shop and Post Office.

This document is issued by the Management Committee of The Westbury-sub-Mendip Community Shop Limited and invites you to participate in a share offer. Anyone who wants to help secure and maintain our village shop and Post Office is encouraged to become a shareholder.

Our objective is to secure the future of the only shop and Post Office in the village of Westbury-sub-Mendip. To achieve this we propose to purchase the freehold of Green Lantern House and undertake some refurbishment and refitting work.

Whilst the purchase of the freehold offers the community long term security for the shop, most of the finance must be raised locally.

We propose to fund the purchase primarily by offering shares to the local community. The funding will be supplemented by grants and loans.

The Share Issue

The share issue has been designed to provide local people and organisations with the opportunity to contribute financially, on a long term basis, to the business. The expectation would be to receive a social dividend rather than a financial return. The social dividend will mean different things to different people but will include:

- Having a shop in the village for daily supplies (milk, bread, newspapers, etc.);
- Having access to Post Office services in the village (postage, banking, etc.);
- Ensuring the availability of good quality local produce and reduced food miles;
- Reducing car journeys to supermarkets and shops outside Westbury-sub-Mendip
- Retaining a 'community hub' where people can meet, make friends, and exchange information.

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Can you really imagine Westbury-sub-Mendip without the shop?

The shop and Post Office are basic services to which all local residents and businesses should have access; losing them would be a backward step for our community.

Who is leading this initiative?

We, the Management Committee of The Westbury-sub-Mendip Community Shop Limited, are a group of volunteers, with a range of business and professional experience. We have invested our time and energy voluntarily, without financial reward. In keeping with the ethos of community investment, we are also investing our own money in this project. As current Members and Shareholders in The Westbury-sub-Mendip Community Shop Limited we form the current Management Committee and intend to offer ourselves for re-election by the Members at the next AGM. We would encourage any other Members, who are willing to commit time and energy, to put themselves forward and get involved.

We are:

Myriam Kniveton (Chair); Myriam has lived for over 20 years in Westbury where her children Tegan and Troy attended the village school. Over the years, she has been a school governor at St Lawrence's, and a member of the Footlights as well as the Art group. Most of her career has been dedicated to providing and delivering services for vulnerable people across the South West and she currently runs a consultancy company providing support and expertise to voluntary sector organisations and charities.

John Cozens (Vice-Chair); Now retired, John spent his career in the brewing industry, most recently as the Master Brewer for Carlton & United Breweries in Melbourne, Australia. Married to Kate who is a former parent governor, with two sons who both attended St Lawrence's primary school, John is a Westbury pub quiz team regular, and has been in Westbury since 1996. He is a strong believer in the need to retain and develop all of our village facilities.

Mark Smith (Secretary); Mark has a professional background in public and private sector IT Services, and in Teaching. He has been Clerk to the Parish Council since 2011. He is a keen supporter of local transport initiatives, local businesses, and the Mendip Hills AONB and 'You Can Do' volunteer groups.

Simon Bruce (Treasurer); Simon moved to Somerset in 1990 and has lived in the village since 1999. Both of his children attended the St Lawrence's primary school where he was a parent governor. He is a Chartered Accountant and has his own accountancy practice in Wells. Simon has been a trustee of the City of Wells Almshouses since 2007, and recognises the importance of effective actions within the community.

Julie Baker; Married to Barry for 34 years with two sons, Julie, a former Civil Servant, moved to Westbury in 1994. Since 1996 she has been a part-time community support worker in the Wells area, as well as being the Public Relations and Press Officer to the former MP for Wells. A long-time member of the Westbury Women's Institute, she was instrumental in setting up a monthly book group. Julie is very proud of her West Country roots and recognises the need to support our local community, particularly the most vulnerable.

Penny Colwill: Penny settled in Westbury in 1996 after many years travelling the world as part of a military family. With a background in medical administration, Penny, in recent years, has worked in retail for a small, local business and understands the challenge of working successfully with limited space and resources. Penny has wide experience of volunteering and fundraising both for local and national charities.

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Is the business viable?

We believe that it is. The reality is that, after taking into account Post Office income and running costs, the business makes enough profit to be sustainable. Our belief is that there is scope to make small improvements to both turnover and profit. Our initial operating model would be to lease the shop to the current shop keeper, Paul Blackburn, who would be the tenant operating manager for the shop. He would be responsible for the shop's day to day management and he will have his own business plan to sustain this. Other operating models (e.g. an employed manager, or volunteer managers) could be introduced if needed in the future, but are not currently envisaged.

We have prepared a business plan which projects that the business will continue to be profitable, but is dependent upon us raising enough capital to buy, refurbish, and refit the proposed property. It is for this reason that we are keen to ensure that as many people as possible are able and willing to participate in this share offer.

What investment do we need to succeed?

We need to raise a total in excess of £200,000 of which a minimum of £120,000 must come from the community. This money is primarily required to purchase and refurbish the proposed premises. The project includes some fitting out costs to improve layout and display space and toilet facilities for staff and volunteers downstairs. We expect to be able to raise up to £80,000 in grants and loans. The rest needs to come from the community, which means this share issue is vital.

Funds invested by the community will demonstrate to potential grant makers the community's commitment to the enterprise.

More importantly, by raising funds from share capital, we will minimise the interest and capital repayment costs of large commercial loans, which the business cannot afford.

We will also reduce overheads by continuing to use the support of volunteers to undertake activities within the shop. We are lucky and grateful to have a number of people continuing to contribute voluntarily in this way.

What happens if we don't raise enough from the community?

If this share issue, together with loan pledges and donations raises less than 75% of the sum required from the community, then all those who have invested will be given the opportunity to withdraw their investment, and the share issue will be deemed to have failed. Similarly, anyone who has made loans or donations will be offered the opportunity to have their money returned.

This will almost certainly mean that the shop will close at some point in the future, unless an alternative solution can be found.

If the sum raised is greater than 75%, but less than 100% of the required total of £200,000, then we are likely to have to seek other forms of capital in order to proceed.

What happens if we cannot buy Green Lantern House?

There is always the risk that we might not obtain sufficient funding from all sources, or that final negotiations fail. In the event that we are unable to proceed for whatever reason we will call a public meeting to discuss whether we should seek an alternative solution. All shareholders will be given the opportunity to reconsider their investment within a set time period.

How does the Share Issue work?

Individuals are entitled to apply for shares at a cost of £10 each, up to a maximum of £20,000. Membership of The Westbury-sub-Mendip Community Shop Limited is conferred by the purchase of at least one £10 share.

These shares cannot be sold. The only way to recover the value of these shares is to give notice of withdrawal to the Management Committee. Shares are not withdrawable until 5 years have elapsed from the date of issue. Withdrawal will be at the discretion of the Management Committee who will judge if adequate cash reserves are available to fund the withdrawal.

In the event of the death of a Member, the intention would be to make an earlier repayment (if requested), subject to funds being available.

If the Share Offer fails, or we cannot buy the premises for whatever reason, the £10 membership fees will be retained in order to defray expenses incurred to that point.

Is the investment guaranteed?

No, but purchasing the freehold will offer a measure of security for funds invested. This is a long term investment for the benefit of the community. It is not the same as the more familiar investment in a private sector enterprise where the investor makes capital gains or losses from changes in the value of shares. The value of a share in The Westbury-sub-Mendip Community Shop Limited cannot increase beyond the nominal value of £10, and may be reduced if liabilities exceed assets. However, because the shares are issued by a corporate body, no further liability can fall on any shareholder beyond the amount invested.

The Westbury-sub-Mendip Community Shop Limited cannot be sold for the benefit of its Member Shareholders. In the event that the business ceases trading, any surplus (after paying creditors) would be offered as share withdrawals to share owners or used for the benefit of the community. Any investment should therefore be considered an opportunity for individuals to contribute financially to the community, with the specific goal of helping to keep the shop open, rather than receiving a financial reward.

Can I expect a return on my investment?

At this stage the Management Committee does not envisage any returns. Under the current model of leasing Green Lantern House to a shopkeeper the IPS Rules forbid the payment of a dividend. Any future profits not needed for the development of the business will be returned to shareholders who wish to withdraw shares or will be used for the benefit of the community. We have defined the community as the residents of Westbury-sub-Mendip and the surrounding area, roughly within a 3 mile radius of the shop. This position in respect of investment returns may change in the future, should the community take on the direct running of the shop.

How can I find out more about the business plan and the Westbury-sub-Mendip Community Shop Limited's constitution?

Copies of the business plan and the legal constitution are available at the existing shop, as well as from the Village Shop page on the village website – www.westbury-sub-mendip.org.uk We will be holding a public meeting on xxxx, This meeting will include a presentation of the community share scheme. We will also address any questions you may have for a further two days in surgery meetings held in the village hall and for the duration of the share issue (eight weeks) via our email address westburyshopproject@gmail.com.

Enterprise Initiative Scheme

This scheme does not currently qualify for tax relief on the purchase of shares. If, in the future, the shop becomes an enterprise run entirely by the community, i.e. not leasing the property to a shopkeeper, then the purchase of shares to the value of between £500 and £20,000 may be eligible for income tax relief. This is presently 30% of the value of shares purchased. Our understanding, having taken advice, is that this tax relief would apply to shares purchased in 2013 but only if the enterprise is run directly by the community. Anyone concerned about this should discuss the matter with the Management Committee prior to the share issue. We will provide the opportunity to do this. But please remember that it is the responsibility of each prospective investor to make their own enquiries and to satisfy themselves as to their eligibility for such tax relief.

Risks

We have identified a number of risk factors for the Westbury-sub-Mendip Community Shop Limited. These include:

- inadequate funding, e.g. failure to raise sufficient capital;
- dependence on volunteer workforce;
- failure to manage the business in order for it to be financially sustainable;
- changes to Post Office rules and requirements
- incoming shopkeeper (Paul Blackburn) choosing to move on

This list is not necessarily comprehensive, as any trading activity is vulnerable to changing circumstances. We have considered these risks in our business plan and proposed mitigating courses of action.

Our share offer is exempt from the Financial Services and Markets Act 2000 or subsidiary regulations. This means that there is no right of complaint to an ombudsman.

A community benefit society like ours is registered with, but not authorised by, the Financial Conduct Authority and therefore the money paid for shares is not safeguarded by any depositor protection scheme or dispute resolution scheme. As the whole of your investment could carry a risk, please consider it carefully and, if necessary seek independent financial advice.

A share application form and addressed envelope is attached.

Please ensure that these are completed and returned to our Treasurer, Simon Bruce, at the shop, by the closing date of 30th October 2013. Please note this will be dealt with in the strictest confidence, with only

the Treasurer and Chairman having knowledge of investments made. The names of investors will be in the public domain, but not the amounts invested.

And finally...

Whilst the indicated level of support for a proposed share offer has been truly heartening, we need support from as many people in Westbury-sub-Mendip and surrounding communities as possible. If you want to continue to enjoy a thriving village shop and Post Office, there are five ways in which you can help:

- become a Member/Shareholder;
- stand for the committee
- volunteer your time and skills to work in the shop;
- help with the refurbishment and refitting;
- make a donation;
- use the shop!

Thank you for your support!

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Frequently Asked Questions about Community Shares

1. Why should I become a shareholder?

You are invited to become a shareholder because you are a member of the village or wider community for which the Industrial and Provident Society 'The Westbury-sub-Mendip Community Shop Limited' has been established.

It is important that as many members of the community as possible participate in this venture and help raise the necessary funds to acquire and refurbish Green Lantern House. A number of individuals have already indicated their support.

2. Who will benefit from this venture?

The village of Westbury-sub-Mendip, and the surrounding communities, will benefit directly from having a village shop, secured for the future and run for the benefit of all. Any surplus income will be available for share withdrawals or for distribution for social, environmental, and charitable purposes within the community – nominated by the Members.

3. Is it a good business proposition?

Of the nearly 300 community shops opened since 1990, 97% are still trading. This compares to less than 50% of privately owned and run village shops. It is well established that communities that work together to sustain village shops continue to use them in the future.

4. What happens to my shares if the business fails?

The assets of the Company would be sold and the proceeds divided between shareholders up to the value of their shares. Any surplus would be put to community use. If this share issue is successful, the asset value of the Association would include the freehold property (Green Lantern House), which should have an alternative use value in the open market.

5. Who are the people organising this? Can I trust them, and do they have a personal interest?

The Management Committee making this share offer is a group of volunteers who believe passionately in preserving the shop. Collectively, there is a wealth of business and community experience within the Committee. Committee members do not have a personal financial interest beyond the amount they have invested themselves.

6. Who will run the shop and the Company?

Green Lantern House will be managed by the elected Management Committee, on behalf of the Members of the Company. The shop will be leased to the present shopkeeper and will be staffed by volunteers, together with part-time paid staff mainly to run the Post Office. Recruitment and organisation of the volunteers will be undertaken by the Management Committee on behalf of the shopkeeper.

The Management Committee will offer itself for re-election by Members vote at each Annual General Meeting.

7. Is there a business plan?

Yes, copies are available in the shop and on the Village Shop page at www.westburysubmendip.org

8. What is the difference between a Member and a Shareholder?

There is no difference between a Member and a Shareholder. Purchase of a single £10 share automatically confers membership.

9. What voting rights do I have as a Shareholder?

All Members have one vote, regardless of how many shares they have. As described above, as a Shareholder you are also a Member of the Westbury-sub-Mendip Community Shop Limited. In an Industrial and Provident Society, the rule is one member, one vote. So no matter how large or small your shareholding, you have an equal voice.

10. Am I being asked to pay an annual subscription?

No. We have decided that membership will be a one-off fee of £10 for the foreseeable future.

11. Are there any restrictions to becoming members?

Members must be aged 18 or over. There is no requirement to be resident in the community – just a desire to support the cause.

12. How much should I invest? What is the minimum and maximum I can invest?

You can invest any amount between £10 and £20,000. We would encourage you to ask the question 'How much is having a village shop and Post Office worth to me?'

13. Can I invest in instalments?

No. This is a closed offer, but it is possible that other share issues may be made in the future. However, anyone will be able to become a member by purchasing a single share for £10 at any time.

14. What is my liability, should I invest?

Your liability is limited to the value of your shares.

15. Will my investment increase in value?

Share can go down in value, but they cannot increase in value above their original price of £10 each.

16. Will my investment remain confidential?

The names of Members will be published, but not the amount they have invested. It will be necessary for this to be known to the Chairman and Treasurer of the Management Committee for administrative and management purposes. We will keep a Members' Register; the Share Register will be held separately in a password-controlled confidential environment. We have registered with the Information Commissioner's Office that we will hold this information, as required by the Data Protection Act.

17. Can I sell my shares on?

No, these shares cannot be sold. They are a special type of share known as a community share. The only way to recover their value is apply to withdraw your shares from the community venture itself.

18. How can I get my money back if and when I need it?

To enable the business to build up sufficient reserves, it will be at least five years before you can apply to withdraw any shares.

19. Will the venture be able to build up sufficient reserves for me to withdraw my money in the future?

We have identified a reserves policy to take account of the potential requirement for individuals to withdraw shares, but if you anticipate wanting to withdraw your investment, you should reconsider whether this is the right investment for you.

20. Can organisations buy shares?

Yes.

21. What happens if an alternative shop site becomes available in the village?

The Management Committee would consider a possible relocation of the shop if a better site became available. In these circumstances the sale of Green Lantern House would be considered. A further share offer would be considered if the new location could not be funded entirely by the sale of Green Lantern House. If the sale of Green Lantern House resulted in a surplus of funds then applications for share withdrawals would be considered.

The TEN IMPORTANT POINTS about the community share offer that you MUST read before deciding to take part...

When considering taking part, it is vital to realise this is an investment in our community – sustaining an important asset for us all, and helping to make Westbury-sub-Mendip an even more vibrant, thriving, and sustainable community. It is not a conventional financial investment with an expectation of direct financial returns. The full details are set out in the Rules. Copies are available from the shop and on the Village Shop page at www.westbury-sub-mendip.org.uk

1. The minimum shareholding is one share. Each share has a value of £10 and the statutory maximum that can be held by an individual is £20,000. Members must be 18 or over and shares must be paid for in full on application. (Application form and reply envelope are attached).
2. There will be no annual Membership Fee to pay by Members.
3. Shares are not transferable (except on death or bankruptcy). You cannot sell these shares except to the Association itself for their original value of £10 per share.
4. The value of the shares cannot increase beyond their nominal value of £10. Their value may be reduced if liabilities exceed assets (i.e. if the business fails).
5. Your liability is restricted to the value of your shares. In the unlikely event that the business should fail, you would have no further liability.
6. Currently there are no specific rights or plans to pay interest or dividends on these shares. The return should be viewed as a social investment. However, the Rules would allow us to do so, provided the Management Committee is satisfied that it is consistent with the long-term interests of The Westbury-sub-Mendip Community Shop Limited.
7. The only way to recover the sum initially invested (or any reduced value) is to give notice of withdrawal. This cannot happen for the first five years after the close of this share offer on 30th October 2013, and is subject to specific conditions.
8. In line with the Association's rules, and after 5 years, the specific conditions for withdrawal include:
 - Three months' notice to be given;
 - The total repayable in any one year is limited to a maximum of 10% of the net assets.
 - Withdrawals must be funded from trading surpluses or new share capital, and are discretionary (i.e. subject to the Management Committee being satisfied this is consistent with the long term interests of the Association).
9. All monies invested in this Community Share Offer will be held on trust in a separate account and not spent until it is clear that the project can proceed. Contributions will be fully repaid in the event that the project does not succeed.
10. The Westbury-sub-Mendip Community Shop Limited is registered with the Financial Conduct Authority (FCA). However, because community share investors are deemed to invest for social returns and not financial gain, the sale of community shares is not regulated by the FCA. There is no right of complaint to the Financial Ombudsman, nor can you apply to the Financial Services Compensation Scheme.

Before deciding to invest, you may wish to consider seeking independent advice. If you need further information on the project itself, please do not hesitate to contact a member of the Management Committee.

Westbury-sub-Mendip Community Shop Limited

Share Application

I, the undersigned, wish to purchase shares in The Westbury-sub-Mendip Community Shop Limited at an initial price of £10 per Member. I confirm that I am over 18 years of age.

Name (in BLOCK CAPITALS) _____

Address _____

Signature _____

Telephone _____ E-mail _____

I wish to buy _____ (number) shares at £10 each (to a maximum of £20,000 per Member), to the value of
£ _____

I enclose a cheque for this amount / I will deposit the amount by Electronic Funds Transfer (EFT).

Please send EFTs to:

Westbury-sub-Mendip Community Shop Limited SORT CODE: 08-92-99 ACCOUNT NUMBER: 65683996

I confirm that I have read the Community Share Offer Document, including the TEN IMPORTANT POINTS

I am/am not* currently a Member (* delete as appropriate)

Signature _____ Date _____

Please note that your contact details will only be used to communicate with you on Westbury-sub Mendip Community Shop Limited business (e.g. notice of AGM or other shareholder correspondence) and will not be supplied to third parties. We are asking for e-mail addresses to help reduce our ongoing costs.

Please make all cheques payable to The Westbury-sub-Mendip Community Shop Limited and either take them to the Village Shop or post them, The Treasurer, Westbury-sub-Mendip Community Shop Limited, North Lodge, South Horrington Village, Wells BA5 3DZ

For any queries contact a Member of The Management Committee