





YOU ARE
INVITED TO
INVEST IN A NEW
COMMUNITY
OWNED
ENTERPRISE FOR
OUR VILLAGE

Lower Broadheath Community
Shop Ltd (LBCS) is offering the
sale of shares to fund and open a
community-owned shop in Lower
Broadheath in 2018

Lower Broadheath Community
Shop will be a vital service and
focal point for the whole village providing groceries and everyday
essentials alongside postal services
and a wide range of local products.

In addition the shop will be a new social centre for the village, offering a meeting point and free internet access.

Copies of the Business Plan and
Society Rules are available on
our website
www.lowerbroadheathshop.com



This Share Offer document outlines what we are seeking to do and why we think this matters to our community. It explains the community share offer and provides information about the Lower Broadheath Community Shop project.

This document has been produced by and is endorsed by the Management Committee of Lower Broadheath Community Shop Limited.

The Management Committee reserves the right to extend the offer beyond the initial period if they believe doing so would benefit the share issue.

TARGET: £25,000

MINIMUM: £15,000

MAXIMUM: £50,000

START DATE: 16TH MAY 2018 CLOSING DATE: 30TH JUNE 2018

Minimum investment per individual is £10 Maximum investment per individual is £2500

Community shares are fully at risk and you could lose some or all of the money you invest. You have no right to compensation from the Financial Services Compensation Scheme, nor any right of complaint to the Financial Ombudsman Service. You are advised to read this document in conjunction with the Lower Broadheath Community Shop Business Plan and obtain independent financial advice if you are unsure about investing.

SHOW YOUR SUPPORT AND INVEST IN A NEW COMMUNITY SHOP FOR LOWER BROADHEATH

We really need your support to make this happen. If you want Lower Broadheath to have a thriving village shop then there are several ways in which you can help:



By subscribing for shares via this share offer



By volunteering your time and skills to work in the shop when it opens



By offering other skills in other essential jobs such as stock-checking or bookkeeping

OUR VISION:

2018

Open the new shop using a temporary portable cabin placed in the garden at The Bell Inn

2019

Build a thriving and successful volunteer led community shop for our village

2020 Onwards

Work with the Parish
Council and other village
stakeholders to build a
permanent community shop

THANK YOU FOR YOUR SUPPORT

THE SHARE OFFER

This prospectus is issued by the Management Committee of Lower Broadheath Community Shop Ltd and invites you to participate in a share offer. Everyone with a desire to see a new village shop, owned by the residents and run for their benefit, is invited to become a member by buying one or more shares in our community enterprise. We are offering an investment opportunity to buy shares in the Society. This offer has received advance approval from HMRC. If you are a qualifying tax payer, this may enable you to receive up to 50% tax relief on your investment.

OUR MISSION

Through our new community-owned Shop we aim to strengthen social interaction, support engagement, and enhance the overall well-being of our local community of Lower Broadheath. We will achieve this through:

- Providing a new shop and social centre at the heart of the village
- 🎇 The sale of a range of essential products that the community needs
- Offering an essential lifeline for our older residents and those without cars
- Providing an outlet for distinctive locally produced goods and services
- Offering outreach services which enhance quality of life and reduce social isolation
- Engaging volunteers to contribute to the Shop and Café and to deliver supportive services to the community
- Enabling younger residents to develop skills and experience vital to their future careers

THE PLAN

Our plan is to raise funds to acquire a modern 480 sq ft portable cabin and create a welcoming community-owned general store and newsagent - additionally offering postal services - on the part of The Bell Inn garden close to their car park. We are very grateful to lan and Lyndsey Davies and to Enterprise Inns for their support in allowing us to use this space for which we already have the necessary planning permission for an initial five years on this site.

As soon as we can show that this shop is successful, efforts will be made to find a more long-term home for it. We are already in discussion with a number of parties on this longer-term need.

THE BUSINESS

We aim to open in mid to late 2018 and stock a wide range of goods - providing local products where possible within a bright modern environment. We propose to fund the acquisition through a mixture of grants, loans and donations and particularly by inviting the community to buy shares in the new enterprise.

The business will be run as a community-owned shop run largely by volunteers supported by a part-time manager. It will be owned by and answerable to the members and serving all local residents and visitors. Our business plan shows in more detail how we expect to achieve this. Money invested in shares by people in the community will help fund the acquisition of the premises and setting up the business.

The investment by the community is also a key requirement to attract the potential grant funding we will need to meet our overall target. Raising funds by way of share capital,

rather than by borrowing, will also minimise the interest and capital repayment costs of business loans. In addition, we aim to keep our overheads down by attracting volunteers to set up and run the shop.

We have prepared a business plan which shows that the shop can be profitable provided that we meet what we think are realistic levels of turnover, keep loans to a minimum and have the support of enough volunteers. It is for this reason that we hope that as many villagers as possible will chose to participate in this share offer and will volunteer to help.

WHO IS LEADING THIS COMMUNITY INITIATIVE?

When the closure of the old shop was announced, a small group of villagers got together to try to find a way either to keep it open or to replace with a new shop in the village. As a result, a community shop committee was formed at a village meeting in July 2017. The members of this group are all volunteers living in Lower Broadheath, with a balance of expertise and professional skills which we have put to use to develop a comprehensive plan for a community owned and run shop for the village. As founder members of the new business, we will be investing in this share offer ourselves, and we form the first Management Committee. We will all stand down at the first Annual Members' Meeting, expected to be held early 2019, but we will be allowed to offer ourselves for re-election by the members if nominated, again as volunteers. We would encourage any other members who are willing to commit time and energy to put themselves forward as candidates for election to the eight-member Management Committee.

COMMUNITY BENEFIT SOCIETY

As part of this plan, we have registered Lower Broadheath Community Shop Ltd as a community benefit society with the Financial Conduct Authority.

The Society was created using the Plunkett Foundation's Model Rules, updated early in 2017 and approved by the FCA, and these form our governing document. The Society is managed by a committee elected by members of the community for the benefit of the whole community and not just its members. Enshrined in our Rules is the principle that surpluses, beyond those required for the prudent operating needs and reinvestment of the business, will be distributed to support community projects.

Community Benefit Societies are memberowned organisations that seek to provide benefits for their community. The benefits of a large membership include:

Having a large number of people who have a financial interest in the running of the enterprise and who are more likely to use it regularly.

A greater number of people who attend Annual Members' Meetings and committee meetings and positively contribute to the overall direction of the business.

A more accessible pool of people to draw on when committee numbers are falling, or when more volunteers are needed to help run the business.

The Society is managed by an elected Management Committee. Those members who have reached the end of their term must step down at the Annual Members' Meeting but may offer themselves for re-election alongside any other members wishing to be elected onto the Management Committee. The current members of the Management Committee of LBCS Ltd are listed on the end page of this prospectus.

COMMUNITY SHARES

Community shares refer to withdrawable share capital, which is unique to Cooperative and Community Benefit Societies under the Co-operative and Community Benefit Societies Act 2014. This type of share capital can only be issued by Societies and it differs from the usual transferable shares as offered by companies. When a share is withdrawable as opposed to transferable, it can only be withdrawn from the organisation in which it is invested.

Shares may be withdrawn at their nominal value after a minimum period of 5 years (or such other period as the Management Committee may decide) and at the sole discretion of the Management Committee having regard to the needs of the business. Withdrawals can only be funded from trading surpluses or reserves of the business, or from new share capital raised from members.

The value of a share in LBCS 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 you as a shareholder.

LBCS is subject to an asset lock, which means that the Society cannot be sold for the benefit of its member shareholders. In the event of a solvent winding up, assets would be sold, and after creditors are paid, shareholders could be repaid up to the nominal value of their shares. Any surplus would be put to community use. If the Society's liabilities were more than the assets, shareholders would receive no return and lose their investment.

THE SHARE ISSUE

The minimum investment is for single £10 share which confers membership of Lower Broadheath Community Shop Limited. The maximum number of shares per person is 250 shares (£2500). LBCS will not accept any single investment greater than £2500. We have set this limit to encourage a wide share ownership and ensure that no single member shareholding exceeds more than 10% of the overall capital value of the business.

All members are entitled to have a say in how the Society is run. Any person over 16 years of age who supports the LBCS purpose can apply for shares. Regardless of how many shares they hold every member will have one vote at Members' Meetings and this makes for a very democratic and inclusive structure.

It is the aim of LBCS to attract as wide a membership as possible from within the local community, as this will mean maximum involvement and interest in ensuring that the business will succeed and be valued by all.

FINANCIAL RETURNS

Our rules allow interest to be paid on shares, but given the aims of the project, the current Management Committee intends to reinvest any surplus in the community rather than pay interest. Over time, members can review this policy.

We have received provisional assurance from HMRC that our enterprise should qualify as a "Seed Enterprise". Under the Seed Enterprise Investment Scheme (SEIS), investors may be able to claim 50% tax relief on their share purchase, regardless of the rate of income tax they pay. An investor must have paid sufficient income or capital gains tax to cover the amount being reclaimed. This includes tax paid in the tax year in which the investment is made and in the preceding tax year. The business has to spend 70% of the money raised by the share sale before a formal application for qualification for the relief can be made by the business. The relevant form will then be provided, enabling an investor to make the claim to HMRC.

For tax relief to be retained, the shares cannot be withdrawn for a minimum of 3 years from the date of the purchase.

Example - Providing the investor is a qualifying tax payer, then an investment in shares of £1000 will earn a refund of £500, so will only cost the investor £500 after the tax has been reclaimed.

This generous support by the government to investors recognises the risk involved in supporting small start-up businesses. We hope that it will encourage strong interest in supporting this share issues. Ultimately however, it is best to think of community shares as an investment in the future well-being of the community providing a social dividend in line with our mission statement.

Surpluses will initially be put back into the business with particular regard to the need to identify and acquire a permanent location for the shop in the longer term. Any surplus not required for the development of the business

will be used for the development and support of community projects in line with our objectives.

WHAT INVESTMENT DO WE NEED IN ORDER TO OPEN?

The total start-up cost in the business plan is estimated at £75,000. Our target is the raise at least £25,000 from the community by way of shares and a further amount by way of community fundraising activities. Part of this sum is expected to be spent on obtaining the necessary permissions, purchasing a 40ft x 12ft portable cabin, locating it at The Bell Inn, and connecting it to the necessary services. We also need to have the funds to pay to fit it out with the necessary shelving and equipment such as refridgerators and freezers, and to buy initial stock and other items, and for working capital. This investment by the community is also essential to unlock the grant funding we need to meet our overall target. If we can hit our share sales target we are confident that we can secure the balance by way of grants and sponsorship, with loans as a last resort.

You can see a detailed break down of our start up costs in our Business Plan at www.lowerbroadheathshop.com

WHAT ARE THE MAIN RISKS?

We believe that our forecasts are conservative but there are always some elements of risk, and we think the main risks are:

Failure to achieve the predicted level of turnover, which we will mitigate by monitoring weekly turnover, ensuring proper management and accounting records, retail expertise and volunteer training, regular marketing and promotional campaigns to the village

Failure to attract sufficient volunteers to run the shop, which we are mitigating with increased communication with the community, and volunteer incentive schemes and training.

This list is not comprehensive, and any trading activity is vulnerable to change or unanticipated risk. For more details please look at the risk assessment section of our Business Plan.

You should also note that this offer is not protected by the Financial Services Compensation Scheme and investors have no recourse to an ombudsman; you could lose some or all of the money you invest.

YOUR QUESTIONS ANSWERED

Our Community Shop will be an essential facility and a new social centre at the heart of our community. In our village survey you have told us that you want to be able to access household essentials, postal services, newspapers and local produce within the village. For our older residents and those without cars, the new shop will be an essential lifeline; for others, it will offer a convenient and friendly local facility at the heart of the village.

WHAT IS THE SHARE OFFER?

The share offer is an opportunity for local people and organisations to support and contribute financially to our community shop venture by buying shares in the business.

The company that we have set up is registered with the Financial Conduct Authority as a Community Benefit Society. It was registered on 13 October 2017, registration number 7645. It operates on the basis of one member one vote, irrespective of the number of shares held. People become members only if they buy one or more shares.

To buy shares, you are asked to complete a simple form and to pay £10 for each share you buy. Buying one share will entitle you to membership and a vote at the Annual Members' Meeting. In due course you will be issued with a certificate detailing your holding in the company.

WHO CAN BUY SHARES?

Anyone over the age of 16 can buy shares and each share costs £10. No person can buy more than 250 shares.

WHAT IS THE RETURN?

The return comes in the form of a social dividend, the result of having a local shop in the village again and is shared by all of us. It will mean the convenience of being able to pop in for the daily paper, somewhere to drop in as part of the school run, or re-stock when you run out of essentials. For those people without cars this may be the only easily accessible place for them to do their shopping. There is also a very important "community dividend" from the shop - as a meeting place, somewhere to read notices, to post advertisements, to meet neighbours, keep up to date with village news and become part of a caring community. On top of these dividends, if the finances of the society permit, the Management Committee has the option to pay interest to members in the future as laid out in the Rules - providing if course that our community objectives are fully met. Any interest paid can be no more than 2% above the prevailing Bank of England base rate.

CAN I JUST MAKE A DONATION?

Yes, but then you will not become a member and will have no say in how the shop is run. We are not formally a charity, so we cannot claim Gift Aid and, if you are a taxpayer, you would not be able to apply for SEIS tax relief.

WILL THE VALUE OF MY SHARES GO UP?

The value of the shares in Lower Broadheath Community Shop Ltd cannot increase beyond the nominal value of £10 and may be reduced if our auditor was to propose a revaluation. However, shareholders cannot be required to put any more money in even if the business fails.

CAN I SELL MY SHARES?

These shares cannot be sold, but after being held for 5 years they may be withdrawn, subject to the rules of the Society, and by agreement, providing that withdrawals can be funded from trading surpluses or new share capital raised. Withdrawal will be at the sole discretion of the Management Committee who will judge if the business is trading profitably and has adequate cash reserve to fund 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. The two exceptions to this are as a result of the investor's death or bankruptcy.

WHAT HAPPENS TO MY SHARES IF I DIE?

In the event of the death of a member, the face value of the shares will normally be added to the estate for probate purposes. Under current legislation, you may (if you wish) elect to nominate a beneficiary for the value of your shares (but only up to £5000) and thus exclude up to 500 x £10 shares from your estate for probate purposes (ie the shares may pass the nominee outside the will of the deceased). Our Rules allow shares to be transferred in case of death. Alternatively, they can be withdrawn, but only if the Management Committee agrees, as explained above.

HOW WILL THE MONEY FROM THIS SHARE OFFER BE USED?

It will be used to purchase and fit out the premises with the necessary shelving and equipment such as refrigerators and freezers, to buy initial stock and other items, and for working capital. Details of our start up costs can be found in our Business Plan. Money raised within the village by the share sale will also help unlock access to additional grants and loans.

WHAT WILL THE SHOP SELL?

In addition to every day groceries and essentials, newspapers, tobacco and off license facilities, we will be looking to source many items for the shop from local suppliers, including things like home-made cakes and would welcome discussions with anyone who can supply quality locally produced goods.

WHAT WILL HAPPEN ABOUT A POST OFFICE?

Discussions with the Post Office have started and there is every prospect of our being able to set up new Post Office facilities and run them using volunteers. Your committee will continue to negotiate this with the Post Office and an announcement will be made as soon as a definitive answer is known. Our MP Harriett Baldwin has been actively supporting us in this.

WHAT GUARANTEES DO I HAVE FOR MY INVESTMENT?

The shares are issued by a corporate body, which means that no further liability can fall on a shareholder, so even if the business fails you cannot be asked for more money.

There is no guarantee that the venture will succeed but there is every reason to believe that it will. The purchase of these shares is a long-term investment for the benefit of the community. These shares are NOT the same thing as the more familiar commercial share investment where the investor seeks to share in the financial profits of the company by way of dividend or rising share price.

This investment should be considered an opportunity for people to contribute financially to the community with the expectation of enjoying a social dividend rather than a financial reward.

The business cannot be sold for the benefit of its member shareholders. Future profits not needed for the development of the business can only be used for the benefit of the community of Lower Broadheath. In the event that the business ceases trading, any surplus (after paying creditors) must be used for the benefit of the community.

HOW CAN I FIND OUT MORE ABOUT THE BUSINESS PLAN AND THE COMPANY CONSTITUTION?

Copies of the Business Plan and company

constitution and Rules can be downloaded from www.lowerbroadheathshop.com or obtained from any member of the Management Committee, or by telephoning our Chairman Mark Glossop on 01905 333265.

WHAT HAPPENS IF WE ARE UNABLE TO RAISE ENOUGH MONEY?

If we fail to achieve our minimum £15000 target for the present share offering, we would continue to search for funding from other sources while reserving the right to extend the share offer closing date to give more time. In the event of failing to secure the total funding necessary by 30 June 2019 the community shop initiative will be deemed to have failed and shareholders will be given the option to withdraw their investment in full.

WHAT IS THE SEIS TAX RELIEF SCHEME?

We have received from HMRC advanced assurance that our investment will probably meet the criteria for the Seed Enterprise Investment Scheme programme which, if we continue to qualify, will enable anyone who pays enough UK income tax or capital gains tax to gain 50% tax relief on their investment. It will be the responsibility of investors to make their own enquiries and to satisfy themselves as to their eligibility for such tax relief.

WHAT SUPPORT IS THERE IN THE VILLAGE FOR A SHOP?

Results from over 360 returns in our village survey indicated that there was huge support for providing a Community Shop with over 85% being strongly in favour. Some 50 households have already offered their time and skills as volunteers to help set up and staff the shop and another 65 have said that they would consider doing so once they had more details. Many residents continue to share their positive feedback via social media and in person at our village meetings. Our earlier survey and our recent request for people to pledge money has so far indicated that we can expect over 100 households to contribute and to raise more than £20,000 towards our £25,000 target.

HOW CONFIDENT ARE YOU THAT THE SHOP WILL SUCCEED?

Community shops are thriving across the UK.

There are now almost 400, and they have a very high rate of survival - over 95% of all the community shops started are still trading successfully. This is thought to be because they are owned the their local communities and run by volunteers to meet local needs. The average community shop is believed to show a trading profit of £5000p.a. which can be re-invested in the shop or donated to other community activities. We are being advised by the Plunkett Foundation who are a long established charitable trust supporting cooperative rural enterprises such as community owned shops. Our Plunkett adviser believes that, given the size of Lower Broadheath and the level of support already shown from the village, we are being very cautious with our forecasts.

We can see no reason why a community shop in Lower Broadheath should not be a success, BUT we do need your support!

WHAT ARE YOUR LONG TERM PLANS?

In parallel with opening the new shop, we are continuing to work with the Parish Council and other village stakeholders to identify a long term permanent site for a shop in the village with the view to identifying a site, raising the funds to acquire the site and building the permanent shop - much as many other community shops have done.

As noted earlier, in the event that it takes longer than anticipated to find a permanent site, there is the possibility of applying for further temporary planning permission on the current site and negotiating an extensions with Enterprise Inns.

WILL MY INVESTMENT REMAIN CONFIDENTIAL?

A Share Register which contains the information about an individual's shareholding will be held in a password controlled confidential environment. It will be necessary for this information to be known to the Treasurer and Society Secretary (carrying out the role of Membership Secretary), for administrative and management purposes. As required by the Data Protection Act, we will be registering with the Information Commissioner's Office, who will be aware that we will hold this information. Individuals have the right to view any information about themselves that is held by LBCS.



WOULD YOU LIKE TO

KNOW MORE?

Visit our website
www.lowerbroadheathshop.com
or talk to one of the
committee:

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