

Clapham Community Shop Limited



Share Prospectus

Clapham Community Shop Limited
Registration No. 32434R
Registered Office: Main Street, Clapham, LA2 8DP



How to contact us



Telephone:
Diane Elphinstone
(Company Secretary)
015242 51813
Sue Mann
(Chair)
015242 51792

Email:
info@claphamvillagestore.co.uk

This and other documents are downloadable from
www.claphamvillagestore.co.uk

Introduction

This is an opportunity to invest in a share offer to support Clapham Community Shop Limited.

This document:

- Provides more information about the shop;
- Explains how the share offer works;
- Invites you to provide ongoing support to this exciting project which has become a key asset in this small rural community.

Please read this document carefully before deciding to subscribe for shares. Greater detail about the proposal is in our Business Plan (available on request – see contact details below).

This is an open offer for shares. There is no closing date. There has been no limit set on the number of shares that can be issued although the maximum number that can be owned by an individual or organisation is 1,000 shares.

Background



In early 2014 the owner of Clapham Village Store and Post Office had asked the community whether it would be interested in taking the business over as a community owned and managed enterprise.

A small group of residents designed a questionnaire and carried out a community consultation exercise to test public opinion and to understand what services the community wanted. It also asked residents if they would provide practical and/or financial help to set up the shop, and be willing to volunteer to help run the shop.

The key findings were:

- 77% thought it very important and 13% thought it important to have a village shop;
- 83% thought it very important and 7% thought it important to have a post office;
- 51% said they would use a community-run shop more than they previously used the commercially-run shop, while 37% said they would use it the same (the remainder didn't give an answer);
- around 60 people were interested in supporting the proposal, either through joining a steering group, fundraising, helping with refurbishments, making a donation, or buying shares;
- around 47 people said they would help with the day-to-day running of the shop on a voluntary basis, for instance working behind the counter, managing stock or cleaning.

Following this show of support a steering group was then set up to conduct a feasibility study. The group concluded that the project was viable so a share issue was launched in September. A target of £38,055 was



set as being the amount needed to re-fit, re-stock and promote the shop by means of shares, grants and donations.

The proposal, at all stages, has been supported by residents, Clapham Parish Council, Clapham Development Association, and Clapham Sustainability Group. An advisor with the Plunkett Foundation, a charity specialising in the development of rural community services, has given us expert advice and help. The Ingleborough Estate, which owns the building, has provided ongoing support including extending the retail area at the back of the shop.



The shop opened in March 2015 and has been trading successfully since then. At the Annual General Meeting in July 2017 it was reported that a profit had been made at the

end of the second year of trading even though forecasts had not provided for that to happen until the end of the third year.

Key to the success of the shop has been the people who work there. There are now 4 paid staff:

- Manager;
- Weekend Supervisor;
- Bookkeeper;
- Sandwich/Takeaway Food Assistant.



they perform a variety of roles including working on the till to cleaning, organising the morning papers, cashing up and going to the bank, DIY, gardening and serving on the Management Committee. If calculated

However, as a community shop, our volunteers are critical. The numbers vary between 35 and 40 active volunteers at any one time and

in financial terms the work of the volunteers amounts to at least £25,000 p.a.

The building has also seen a number of improvements during the course of our stewardship in addition to the work carried out by the Ingleborough Estate. Notably, these include the refurbishment of some of the upstairs space to provide offices for the Yorkshire Dales Millennium Trust which now provides a welcome rental income.

What is Clapham Community Shop Limited?

Clapham Community Shop Limited is incorporated as a Registered Society for the Benefit of the Community (registration number 32434R).



Our objective is to provide and sustain an attractive community shop. We sell good quality products and services at a

reasonable cost, which will largely meet the food shopping needs of parish residents as well as visitors to the local area. There is an emphasis on supplying good quality local produce at a fair price.

There are additional objectives, which are:

- To safeguard and enhance the parish's viability and resilience by improving village facilities, acting as a hub for the parish, fostering a stronger community, supporting the well-being of residents and helping to meet the needs of the local community.
- To promote a sense of common ownership and collective effort for the good of the community as a whole.
- To demonstrate that the business is sustainable and viable within three years.



- To support local businesses and the rural economy by providing an outlet for local producers, craftspeople and artisans, and

enabling them to advertise their services and products.

- To develop a regular, loyal and profitable customer base from within the parish by providing a good retail option, personal service, and being flexibly responsive to the needs, requests and criticisms of customers.
- To offer a cheerful, welcoming, friendly and helpful service.
- To reduce the parish's carbon footprint by reducing car use and food miles.
- To provide a central, informal meeting point for villagers.
- To provide training, voluntary work opportunities and work experience for local people.
- To distribute all profits not required to sustain the business to local community projects.

Who is managing this enterprise?

We started with four members volunteering to do the community consultation. This expanded to a steering group of 10 which in turn has become a management committee of up to 12 who are elected at each AGM.



The Management Committee

The current committee comprises:

Sue Mann (Chair)
 Jill Gates (Treasurer)
 Diane Elphinstone (Company Secretary)
 Iain Crossley
 Marilyn Galpin
 Kathy Hall
 John Hibbert
 George Sheridan
 Liz Walton
 The Shop Manager, Helen Rollinson, attends Management Committee meetings.

We have a broad range of skills, qualifications and experience on the Management Committee, including business planning and development, project management, financial management, retail design and sales, social enterprises, fundraising, community consultation, human resources, and volunteering.

At all times, we aim to keep villagers and shareholders informed as to what is happening in the shop. This is achieved by regular contributions to the Clapham & District Newsletter, updates to shareholders, our Facebook page, our Twitter feed and our website.

Governance of the Society

The principal objective of a Registered Society is that it will be owned by the community and any profit from the shop, not required to be re-invested in the business (or for making a possible modest interest payment to shareholders), will be put back into the community.

Our constitution, known as 'The Rules', is based on a template devised by the Plunkett Foundation specifically for community-owned enterprises. We also have a Business Plan. Both documents are available upon request.

The Share Offer



The share offer has been designed to provide local people and organisations with the opportunity to contribute financially on a long-term basis to the success of Clapham Community Shop Limited and to become part owners.

We originally raised **£38,055** from a mix of shares, grants and donations to cover the start-up costs. We continue to offer shares in order that we have additional funds to invest in developing the business.

However, it is just as important for us to have as many people as possible involved with the shop which is a key asset in the local community.

In addition, by raising funds through share capital, we can demonstrate to other potential funders the community's commitment and, at the same time, reduce our interest and capital repayment costs to commercial lenders, should that be necessary. We plan not to have to borrow money commercially if at all possible.

Shares are priced at £10 each. The minimum number of shares per person or organisation is one share and the maximum value is £10,000.

As a shareholder, you will have limited liability, which means that you will never lose more than the original value of your shares if the venture was to fail.

The purchase of shares gives members a right to vote in decisions regarding the management of the enterprise and each member will have one vote, irrespective of how many shares are held.

Shares are not transferable except on death or bankruptcy and cannot be sold. Shares must be held for three years. After that period, you can apply to the Management Committee, giving three months' notice to withdraw your shares. Withdrawal will be at the discretion of the Management Committee, who will judge if the business is trading profitably and has adequate surpluses to fund withdrawals. Total withdrawals in any year may be limited to a maximum of 10% of the total share capital.

Shares in a Registered Society for the Benefit of the Community cannot go up in value, but you may be paid interest on the original value of your shares as trading conditions allow. This is at the discretion of the Management Committee and subject to a decision by members at an Annual Members' Meeting.

Interest payments must be funded from trading profits, after first considering the long-term interest of the business, the need to maintain prudent reserves and the Society's commitment to community benefit.

If the business is ever sold, shareholders would be repaid up to the original value of their investment, after the repayment of outstanding debts and loans if any. Any surplus would be paid to a charitable or community body in the local area.

Investors should, therefore, consider the social dividend of investing in the community shop.

Is the business viable?

After 2 years of trading we are confident that the shop is a viable and sustainable business provided we have the continued support of the volunteers who help to staff it. In our first year of trading we made a small loss of £350, whereas at the end of our second year we were showing a profit after tax of £7,000.



There are always at least 2 people on duty in the shop: a manager or supervisor who is paid

and an assistant who is not. The cost of paying this second person would be around £25,000 p.a. which would leave us with substantial losses; this demonstrates just how vital the role of the volunteers is for the continued success of the shop.

According to the Plunkett Foundation's records the number of community shops in the UK has grown steadily over the past 20 years from 34 in 1996 to 348 in 2016, and only 17 have closed since 1992 which indicates a 95% long term survival rate. Their 5-year survival rate of 99% also compares very favourably with estimations for all small UK businesses which is 41% (Office for National Statistics).

Average turnover is £156,000 pa (Clapham 2017: £229,542); gross margins range between 10-37% averaging at 22% (Clapham 2017: 24.8%); and net profit averages about £3,300 per shop (Clapham 2017: £7,189).

Given our performance to date compared to the national statistics **and** the support of the local community which is demonstrated by both buying from it and helping run it, we think the shop will be here for many years to come.

Tax relief on the purchase of shares under the Enterprise Investment Scheme

The subscription for shares is eligible for income tax relief (currently 30%) if they are held for at least three years. Members will be provided with the appropriate EIS3 form on request. It is the responsibility of each

prospective investor to make their own enquiries to satisfy themselves as to their personal eligibility for tax relief. For more information visit www.hmrc.gov.uk/eis

Is the investment guaranteed?

No. This should be viewed as a long-term investment for the benefit of the community. The value of your shares cannot increase 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.

Risks

We have identified a number of risk factors for Clapham Community Shop Limited. These include:

- Failure to maintain the predicted level of turnover;
- Profit levels fail to cover costs;
- Insufficient volunteers to help run the shop;
- Failure to maintain a dependable customer base;
- Other competition, especially local supermarkets.

This list is not necessarily comprehensive and any trading activity is vulnerable to changing or unanticipated risk. However, please bear in mind that this share offer has been compiled by members of the community for the benefit of the community and we

would not consider it if we did not believe in it.

Our share offer is exempt from the Financial Services and Markets Act 2000 and subsidiary regulations; this means you have no right of complaint to an ombudsman. A community benefit society is registered with, but not authorised by the Financial Conduct Authority, and therefore the money you pay for your 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 needed, seek independent financial advice.

Terms and conditions

You cannot withdraw your application for shares after

your application form has been received and processed.

How to apply for shares

A share application form is enclosed with this share prospectus. Please complete it and return it to:

Company Secretary
Clapham Community Shop Limited
Main Street
Clapham LA2 8DP

A separate form should be completed for each applicant. If you need more forms please contact us - see page two for details.

Before deciding to invest, please consider seeking independent advice.

Please ensure you read the **Frequently Asked Questions** that follow.

Frequently Asked Questions about Community Shares

FAQ

Why should I become a member?

Clapham Community Shop Limited is a business that is

run by the community, for the community. The success of the shop relies on the support of local people and we encourage as many people as possible to become shareholders and, therefore, part owners of the business.

Who will benefit from this venture?

The Parish of Clapham cum Newby and Keasden and the surrounding locality will benefit directly from owning the village shop. It will be run for the benefit of the community and surplus profits will be available for distribution for social, environmental and charitable purposes within the community - nominated by its members.

Is it a good business proposition?

Please see the previous section on the viability of the business. As this demonstrates, the community shop model has proved itself to be very robust. Our business plan shows that the community shop can be successfully run. It is well proven that communities that work together to set up such a venture will support it in the future.

Who is the Management Committee? Can I trust them, and do they have a personal interest?

The Management Committee is elected annually by the members; they are a group of volunteers who believe passionately in a community-owned shop. They do not have a personal financial interest in this project beyond the amount they have invested themselves.

Who runs the shop and the Society?

The shop is run by one full-time paid manager with the support of a weekend supervisor and volunteers. The Society is run by the Management Committee.

What voting rights do I have as a Shareholder?

In a society for the benefit of the community, the rule is one member, one vote. So, no matter how large or small your shareholding, you have an equal voice.

Are there any restrictions to becoming a member?

Members must be aged 16 or over. There is no requirement to be resident in the community.

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

The minimum amount is £10 and the maximum amount of share capital that can be invested by an individual or organisation is £10,000.

What is my liability should I invest?

Your liability is limited to the original amount invested in your shareholding.

Will my investment increase in value?

Shares can go down in value but they cannot increase in value above their original price.

Will my investment remain confidential?

We will keep a Shares Register, which will be held in a controlled, confidential environment. As in a private company, shareholders are entitled to request to view the Share Register. They shall provide the Society with not less than 14 days prior notice given in writing to the Secretary at the Society's registered office.

Can I sell my shares?

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 to apply to withdraw your shares from the community venture itself.

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

All withdrawals must be funded from trading profits, reserves or new share capital raised by members and are at the absolute discretion of the Management Committee having regards to the long-term interests of the Society, the need to maintain prudent reserves and the Society's commitment to community benefit.

Is there interest payable on the investment?

Interest may be paid on the value of shares as trading conditions allow. This is at the discretion of the Management Committee. Interest shall not exceed 2% above Bank of England Base Rate and will require a resolution to be approved by members.

Is my money safe?

Good financial controls are in place and are overseen by the Management Committee. Annual accounts are prepared by the Treasurer for the membership. An independent accountant oversees the reporting of these accounts to the membership's Annual Members Meeting and the Financial Conduct Authority.

What redress do I have if the business fails and I lose the value of my shares?

The sale of community shares is not regulated and, therefore, there is no right of complaint to the Financial Ombudsman, nor can you apply to the Financial Services Compensation Scheme.

Can I lose some or all of this investment?

Potentially you can lose everything you invest in a community share offer - it cannot be viewed in the same way as an investment in a building society or bank.

What happens to my shares when I die?

You can nominate a person to whom you wish your shares to be transferred on your death. We will respect those wishes (so far as the law and our Rules permit). A form is enclosed with this prospectus.

Can I see the Business Plan and the Rules of the Society?

Yes, of course! Contact details to request electronic or hard copies of the Business Plan and the Rules are on page two.

Finally, you can help Clapham to have a thriving community shop by:

- purchasing community shares in Clapham Community Shop Limited;
- becoming a volunteer member of the shop staff;
- regularly spending money in the shop;
- telling your family and friends about this share issue!

Thank you



Clapham Community Shop Ltd

Share Application Form

Registration No: 32434R Registered Office: Clapham Village Store, Main Street, Clapham, LA2 8DP

To buy shares and become a member of Clapham Community Shop Limited please fill in this form. Both sides should be completed. Each individual, family member or organisation must complete a separate form.

Additional forms can be downloaded from www.claphamvillagestore.co.uk/be-involved

If you have any queries please contact:

Diane Elphinstone (Company Secretary) on 015242 51813 or dianeelphinstone@gmail.com

You must be 16 years of age or over to be eligible to apply for shares.

Shares are available at £10 each (minimum one share). You can buy as many as you like to a maximum value of £10,000.

I wish to purchase shares at £10 each to the value of £

Full Name:

Address:

Postcode:

Email:

Telephone:

I will pay by:

tick as applicable

Cheque made payable to Clapham
Community Shop Limited

☐

BACS transfer, please let me have
the details

☐

Cash ☐ and enclose

£

I plan to apply for EIS tax relief on
my investment

☐

I confirm that I have read Clapham Community Shop Ltd's share prospectus, including the
Frequently Asked Questions section.

Signature:

Date:

Please note that your contact details will only be used to communicate with you on matters regarding the business. We will not pass your details to any third parties.

Office use only

Share numbers to

Certificate number

Date when share certificate given / emailed / posted (delete as appropriate)

Clapham Community Shop Ltd

Death Nomination Form

This form should be completed to nominate a person to receive your shares on your death.

Full Name:	<input type="text"/>		
Address:	<input type="text"/>		
<i>This will be used when we write to you</i>	<input type="text"/>		
	<input type="text"/>	Postcode:	<input type="text"/>

You can nominate a person to whom you wish your shares to be transferred on your death.

We will respect those wishes (so far as the law and our Rules permit).

If you are a joint holder and you do not wish your holding to pass to the other joint shareholder(s) then you must complete this form.

You may nominate a person to whom you wish your joint shareholding to be transferred on your death.

Or you may wish to nominate Clapham Community Shop Limited as the recipient on your death.

Nominee's Full Name:	<input type="text"/>		
Their Full Address:	<input type="text"/>		
	<input type="text"/>		
	<input type="text"/>	Postcode:	<input type="text"/>

I understand that it may not be possible for Clapham Community Shop Ltd (the Society) to action this request and I and my heirs will not hold the Society responsible for its actions.

I understand that these instructions can only be revoked or amended by my giving clear written instructions to the Secretary of the Society at the registered office.

I understand that trustees will need to be appointed if my nominee is under 16 years of age.

Signed as a deed	
Please sign here:	<input type="text"/>
A witness to sign here:	<input type="text"/>
Date:	<input type="text"/>

Please send your completed form and cheque (if applicable) to:

**Diane Elphinstone, Company Secretary, Clapham Community Shop Ltd,
Clapham Village Store, Main Street, Clapham, LA2 8DP**

or hand it to a member of staff in the shop.