

# Clapham Community Shop Limited



## Share Prospectus

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

*November 2020*



## How to contact us



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This and other documents are downloadable from  
**[www.claphamvillagestore.co.uk](http://www.claphamvillagestore.co.uk)**

## Introduction

This is an opportunity to invest in a share offer to support Clapham Community Shop Limited (*Also known as Clapham Village Store*).

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.

## 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. The intention was to understand the 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 it.

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, in a variety of ways including 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

Please read this document carefully before deciding to subscribe for shares. Greater detail about the proposal is in our Business Plan (available on our website or on request from the Company Secretary).

This is an open share offer. 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.



concluded that the project was viable so a share issue was launched in September 2014. A target of £38,055 was the amount needed to re-fit, re-stock and promote

the shop. This was raised via shares, grants and donations.

The proposal, at all stages, has been supported by residents, Clapham Parish Council, Clapham 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 shop premises, 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. The original forecast expected that to happen at the end of the third year.

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

- Manager;
- Weekend Supervisor; Saturday Assistant;
- Bookkeeper;
- Takeaway Food Assistant;
- Cleaner.





However, as a community shop, our volunteers are critical. The numbers vary between 30 and 35 active volunteers at any one time.

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, recycling plastic

and cardboard and serving on the Management Committee.

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. The garden area has been transformed into a seating area with charging points for electric bicycles.

## 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 at a reasonable cost,

which will largely meet needs of parish residents as well as visitors to the local area.

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.
- To support local businesses and the rural economy by providing an outlet for local producers, craftspeople and artisans, and enabling them to promote their 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 liaise with local GP surgeries to provide a prescription collection point for residents.
- To provide a drop-off point for a dry cleaning service.
- 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:

Harriet Naden (Chair)  
Jill Gates (Treasurer)  
Diane Elphinstone (Company Secretary)  
Marilyn Galpin (Vice Chair)  
Nick Burton  
Lynda Christian  
Iain Crossley  
Maria Farrer  
Sue Mann  
George Sheridan

The Shop Manager, Helen Rollinson, attends meetings. We have a broad range of relevant skills, qualifications and experience on the Management Committee.

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 at the AGM, our Facebook page, our Twitter feed and our website.*

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## 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 on our website or on request from the Company Secretary.

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## The Share Offer



The share offer has been designed to provide 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 to enable further development of 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 to the project. The share capital raised could reduce the need to borrow or reduce any interest and repayment costs. We plan not to borrow money commercially if at all possible.

Shares are £10 each. The minimum number of shares per person or organisation is one share and the maximum value is 1,000 (or £10,000 invested).

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 they hold.

Shares are not transferable except on death or bankruptcy and cannot be sold. Shares must be held for a minimum of 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.

Should the business be sold, shareholders would be repaid the original value of their investment, less the repayment of any outstanding debts and loans. 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 5 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, but since then we have made a net profit every year.



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

and a **volunteer** who is not. In addition to the rota of assistants, there are other volunteers who do the baking, the cashing-up and banking, and the papers every day. Then there are handymen and laundresses, and people who collect prescriptions and maintain the website. And finally there are the members of the management committee who look after staffing, finance, marketing, health and safety and anything else that needs doing. A very conservative estimate of the

financial contribution of all these volunteer hours, based on the living wage, would amount to somewhere between £40,000 and £45,000; 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 22 years from 34 in 1996 to 372 in 2019, and only 31 have closed since 1992 which indicates a 92.5% long term survival rate. The 5 year survival rate for all small and medium-sized enterprises in 2019 was 44% (Office for National Statistics).

The average turnover for community shops for 2019 was £156,000 pa (Clapham 2019: £237,600 27% of community shops made profits (excluding depreciation and grants) of between £5,000 and £12,500+; Clapham's profit for that year was £5,140.

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](http://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;
- Gross Profit levels fail to cover costs;
- Insufficient volunteers to help run the shop;
- *Failure to maintain a customer base;*
- *Competition from 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.

There is no cancellation period.

## 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. 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 on the Management Committee? Can I trust them, and do they have a personal interest?** The Management Committee is elected annually by the members at the AGM; 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 other paid staff 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. Applications are welcome from outside the area.

#### **How much can 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 is kept securely in line current with data protection regulations. 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. Consideration is given to the long-term interests of the Society, the need to maintain prudent reserves and the Society's commitment to benefitting the community.

**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, the documents are available on request. Contact details for electronic or hard copies of the documents are shown 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 the shares issue.

Thank you

