



## Community Share Offer

You are invited to invest in a  
community owned shop for  
Farmborough

Farmborough Community Shop will be a new village shop, located in a building that has been constructed at the rear of the Memorial Hall.

It will be owned by village residents, and run by the community for the benefit of the community.

We invite everyone to become a member and help us bring a shop back to Farmborough.

*This document is issued by the Management Committee of Farmborough Community Shop Ltd  
Farmborough Community Shop Ltd is a Registered Society for the Benefit of the Community  
Registration no: 32203R. Registered address: 64 The Batch, Farmborough, BA2 0AJ*



# Community Shop Share Offer

Launch date: 25 February 2018

Target: £50,000

## Introduction

Farmborough's village shop closed in 2010 leaving the village without a shop. People in Farmborough have felt the inconvenience of living in a village without a shop, and the social consequences have been significant. Many of us feel we have lost a part of the community and a way to connect with our neighbours.

When the old shop closed there was support for the idea of setting up a shop that was owned and run by the community. Numerous people volunteered to help, and from those a core committee was formed to take on the project, coordinate the offers of help from the residents and open a community shop for the village.

## The plan for Farmborough Community Shop

Farmborough Community Shop will be run by the community for the benefit of the community. Guided by research and feedback our aim will be to provide a high quality village shop that is attractive and appealing to shop in. The look and feel will be 'Farm Shop' rather than 'Convenience Store'.

As a general village store we will stock a good variety of everyday items at reasonable prices to cater for all needs. In addition, as a rural community, we will supply good quality local produce and support local producers.

The community shop will be primarily for the benefit of the village, so our aim is to also provide a variety of services that the community wants and needs, including basic postal services and free deliveries. In addition, a small area for meeting over a cup of tea or coffee will reinforce the shop's role as a social hub for the village, and provide extra revenue to support the shop financially.

The shop will be staffed by one paid manager, who will be supported by a team of volunteers from the community.

We have formed Farmborough Community Shop Ltd, a Registered Society for the Benefit of the Community (the Society). Our proposal is for the shop to be located in a building that has been constructed at the rear of the Memorial Hall. Once complete, ownership of the shop building will be transferred to Farmborough Parish Council to preserve it as a village amenity, who will lease it back to the Society, which retains security of tenure.

Although the initial cost of building will be considerable, having the shop in village ownership will give the community confidence that it can be secure for the future. We propose to fund the build and start-up costs by offering shares in the society to the local community, supplemented by donations, grants and loans as available and as necessary.

## Who is leading the initiative?

The Management Committee of Farmborough Community Shop Ltd is a group of four village residents who have been working to bring a shop back to the village since February 2012, almost two years after the last shop closed.

Between us we have a broad range of relevant experience in areas including business start-up, financial management, project management and retailing. We are all volunteers and have been supported by many in the community. In keeping with the ethos of community investment we have also invested our money into the community shop to become members (shareolders).

The current Management Committee:

- |                         |                          |
|-------------------------|--------------------------|
| • Mark Swabey (Chair)   | • Marilyn Cole           |
| • Phil Gray (Treasurer) | • Jackie Gregory-Stevens |
| • Sam Ross (Secretary)  | • Bernadette Thorne      |
| • Howard Byers          | • Valerie Webster        |
| • Jean Byers            | • Michael Woods          |

Additional members to the Management Committee are welcomed at any time, with new members becoming co-optees prior to their election at the next AGM. Committee members can remain on the committee for up to three years, and can stand for re-election at the following AGM.

## Why have the share issue?

The share issue is an opportunity for local people and organisations to contribute financially, long-term, to a community shop in Farmborough, in the expectation of receiving a social dividend rather than a financial return, although we may pay interest to shareholders if trading conditions allow, at the discretion of the Management Committee and agreed by members at the AGM. This social dividend will mean different things to different people, but may include:

- having a shop in the village to get daily staples (milk, bread, newspapers, etc.).

- reintroducing a 'community hub' where people can meet, make friends and exchange information.
- getting people out and about, walking around the village and bumping into friends and neighbours.
- ensuring good quality produce is available in the village, supporting local producers and reducing food miles.
- reducing car journeys to supermarkets and other shops.
- making Farmborough a more desirable place to live.

## Is the business viable?

All the evidence suggests that it will be. The community shop will be different from a privately owned shop in a number of ways. Sales are likely to be higher as the shop's primary customers – the community – will own and run the business and will both want it to succeed and be more easily able to shape the shop to village needs.

Costs will be lower; the shop will have no rent or mortgage payments, will be partly staffed by volunteers and will not have to provide a living for the owner. Start up and capital costs will be provided by village investment, grants and donations, and a number of professionals have offered services at cost or free of charge.

Community owned shops of this type are opening across the UK and have proved a resilient form of business. Around 350 are currently open and only 15 are known to have closed, which gives a survival rate of 95%. This compares extremely positively with estimations for UK



small businesses, which have a five-year survival rate of 41% (from Plunkett publication, 'A Better Form of Business 2017').

We have prepared a business plan with detailed financial information and reasoning behind our sales forecasts. It can be found on: [www.farmboroughshop.co.uk](http://www.farmboroughshop.co.uk) or by contacting a member of the Management Committee.

## Do the community support this initiative?

We believe there is strong support for a community shop within the village. 60% of households completed a detailed questionnaire in October 2011, and of those that completed it; over 85% rated a village shop in Farmborough as important or very important.

In addition many offers of support and help were made:

- 110 households offered some form of help or support to set up the shop
- 52 households offered to volunteer in the shop once open
- 94 households said they would support the shop financially either by becoming a member (shares), giving a donation or making a loan of at least £250

## What investment do we need to succeed?

We are aiming to raise approximately £160,000 to build the shop and get it up and running. This money will come from a combination of share offers, donations, personal loans, grants and a public works loan (if required).

We have already gained grants of over £83,000 from the LEADER programme, and £30,000 from the Prince's

Countryside Fund as a result of raising over £41,000 from community investment to date.

From this new share offer we are looking to raise a further £8,000 or more from community funding to enable us to apply for additional grants, so that we can complete the shop build, fit out and stock the shop, as well as pay the shop manager.



## How does the share issue work?

We are a Registered Society for the Benefit of the Community (the Society). A single £10 share confers membership of the Society, and each applicant can apply for any number of shares up to a maximum value of £20,000.

The Management Committee is democratically elected on the basis of one member one vote regardless of the number and value of shares the member owns, and any member aged 18 or over can stand for election. Shares cannot be sold to another person, but investors are entitled to apply to withdraw them once the business has been trading for five years. Withdrawal will be at the discretion of the Management Committee who will consider if the business has adequate profits and cash reserves to fund the requested withdrawal.

Buying shares should be seen as a long-term investment for the benefit of the community. It is not the same as making an investment in a private sector enterprise where the investor makes capital gain from the increase in the value of the shares. Shares in Farmborough Community

Shop Ltd cannot increase beyond their nominal value of £10 and could reduce in value if the shop fails to prosper. However, because the shares are issued by a limited company, no further liability can fall on you as a shareholder, provided you have paid for your shares in full.

The Society will not pay a dividend on the shares. Any profits not needed for the development of the business or repayment of shareholders, will be used to maintain prudent reserves and on expenditure in carrying out the objectives of the Society. We may pay interest to shareholders if there are enough trading profits and after first considering the needs of the business.

The investment is not guaranteed, but final ownership of the building by Farmborough Parish Council should give investors a measure of security. In the event that the business ceases trading, any surplus and profits from the sale of assets (after paying creditors and repaying share capital) shall be used for the benefit of the community, under the direction of the Management Committee. Farmborough Community Shop Ltd cannot itself be sold for the benefit of its shareholders.

## Tax benefits for investors

The Enterprise Investment Scheme (EIS) is available, offering investors 30% tax relief on their investment. The Society will issue each eligible investor with the appropriate form to enable them to claim tax relief.

It is the responsibility of each prospective investor to make their own enquiries as to their eligibility.

## What happens if we don't meet our funding target?

The share offer will close when our community funding target of £50,000 has been reached.

We have already built the shop and are still looking

to raise additional funds through grants etc. If the shares sold are significantly less than £8,000 in this offer, it will not prevent the shop from opening, it will simply delay the date while we continue to raise the additional money required.

## Risks

We have identified a number of risks for Farmborough Community Shop Ltd. These include: failure to raise sufficient capital; failure to achieve the predicted level of turnover; and dependence on volunteers to staff the shop. This list is not necessarily comprehensive and any trading activity is vulnerable to changing or unanticipated risk.

Our share offer is exempt from the Financial Services and Markets Act 2000 or subsidiary regulations; this means you have no right of complaint to an ombudsman.

A Registered 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. However, please also bear in mind that this share offer has been put together by members of our community for members of our community; we would not do it if we didn't believe in it.

## Frequently Asked Questions

### Why should I become a member?

Farmborough Community Shop Ltd will be a business that is run by the community for the community. The success of the shop relies on support from the people who live in Farmborough. We would encourage everyone in Farmborough to become a member and to have a say in the running of the shop. Also, we really need village investment in order to build and get the shop going. If you want to see a shop in Farmborough again, then please be generous with your investment to help the village raise the necessary funds.

### Who will benefit from this venture?

The primary beneficiaries will be the residents of Farmborough, who will have a village shop and amenity secured for the future and run for the benefit of the community. A wider group including local food producers and visitors to the village will also benefit.

### Is it a good business proposition?

We believe it is. The community shop model is robust and it is well proven that a community that works together to set up such a venture supports it in the future. We have prepared a business plan, which gives further details and financial projections. A copy can be viewed on [www.farmboroughshop.co.uk](http://www.farmboroughshop.co.uk) or by asking one of the Management Committee.

### Who will run the shop and the Society?

Day to day the shop will be run by a paid manager supported by volunteers from the community. The Society is run by a Management Committee, which is selected by member vote at the AGM. The shop manager will be employed by the Society and will report to the Management Committee.



### What happens if the business fails?

In the unlikely event of the business failing any surplus and profits from the sale of assets (after paying creditors and repaying share capital) shall be used for the benefit of the community, under the direction of the Management Committee. The shop building would remain a community asset, owned by Farmborough Parish Council.

### Who can become a shareholder?

Anyone aged 18 years or over can invest and become a member of the Society - there is no requirement to be a resident of Farmborough. Businesses and other organisations can also invest by nominating an individual to become a member on their behalf.

### How much can I invest?

The minimum share is £10, and the statutory maximum amount of share capital that can be invested by an individual or organisation in this type of Society is currently £20,000.

### Can I invest in instalments?

Yes. You can invest at least £10 as many times as you like (up to £20,000) while the share offer is open.

### What is the difference between a member and a shareholder?

There is no difference—all shareholders are members and vice versa.

### Are the committee competent and do they have a personal financial interest?

The Management Committee has both business and retail experience. They are a group of volunteers who believe passionately in bringing a shop back to Farmborough. They do not have a personal financial interest in this project beyond the amount they have each invested themselves.

### What voting rights do I have?

In a Registered Society the rule is one member, one vote. So no matter how large your shareholding, you have an equal voice when electing the Management Committee. The democratically elected Management Committee takes most day-to-day decisions.

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

### How can I get my money back if I need it?

To enable the business to build up sufficient reserves, it will be at least five years after trading begins before you can apply to withdraw any shares. After that you can apply to the Management Committee to withdraw some or all of your shares. Withdrawal will be at the discretion of the Management Committee who will consider if the business has adequate profits and cash reserves to fund the requested withdrawal. Details of the rules of withdrawal will be voted on by members at AGMs.

### Will the business make enough profit for me to withdraw my money in the future?

We are hopeful that the business will generate sufficient funds to allow members to withdraw shares. However we cannot guarantee this and if you already anticipate needing to withdraw your investment you should consider carefully whether this is the right investment for you.

# Find out more

Members of the Management Committee are always available to answer your questions, assist with membership applications and give further information

## Contact the Management Committee

Mark Swabey (Chair)

01761 470 305

[mark.swabey@btconnect.com](mailto:mark.swabey@btconnect.com)

Phil Gray (Treasurer)

01761 470 690

[philjgray@gmail.com](mailto:philjgray@gmail.com)

Sam Ross (Secretary)

01761 470 690

[info@farmboroughshop.co.uk](mailto:info@farmboroughshop.co.uk)



Howard and Jean Byers  
01761 470 357

Marilyn Cole  
01761 471 390

Jackie Gregory-Stevens  
01761 472 838

Bernadette Thorne  
01761 472 209

Valerie Webster  
01761 471 963

Michael Woods  
01761 470 255



## How you can help...

We have been truly heartened by the enthusiasm and support that has been shown from people both in Farmborough and the surrounding villages, and we believe that together we can create something good for everyone in the community.

We need your continued support to make this happen, so if you want Farmborough to have a thriving community shop then please support the project by:

- Subscribing for shares to become a member and shareholder
- Volunteering your time or skills to help set up the shop
- Volunteering to help serve in the shop
- Most importantly - using the shop when it's open!

## 10 important points you must consider before investment

When considering buying shares in Farmborough Community Shop Ltd it is important to realise that this is not a conventional financial investment. It is an investment in our community – creating a unique asset for us all, and helping to make Farmborough a more vibrant, thriving and sustainable village. The main financial points are summarised below and the full details are set out in the Rules of the Society, copies of which can be obtained from any of the Management Committee members or viewed on [www.farmboroughshop.co.uk](http://www.farmboroughshop.co.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. Shares must be paid for in full on application.
2. There will be no annual membership fee to pay.
3. Shares are not transferable (except on death or bankruptcy) – you cannot sell these shares except to the Society itself for their original value of £10 per share.
4. The value of shares cannot increase beyond their nominal value of £10. The 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. 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 trading begins. In line with the Society's rules and after five years, the specific conditions for withdrawal include:
  - Three months' notice to be given
  - The total repayable in any year is limited to a maximum total of 10% of the net assets of the Society.
  - 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 Society).
7. Currently there are no specific rights or plans to pay interest on these shares. The return should be viewed as a social investment. However, the rules would allow us to pay interest provided the Management Committee are satisfied this is consistent with the long-term interests of the Society.
8. The Enterprise Investment Scheme (EIS) is available, offering investors 30% tax relief of their investment.
9. All monies invested in this Community Share Offer will go towards the building, fit out, or stocking of the shop.
10. Farmborough Community Shop Ltd share offer is exempt from the Financial Services and Markets Act 2000 or subsidiary regulations; this means you have no right of complaint to an ombudsman. A Registered 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 risk, please consider it in the context of the complete share offer document and if necessary seek independent advice.



If you need further information on Farmborough Community Shop please see our website [www.farmboroughshop.co.uk](http://www.farmboroughshop.co.uk) or contact any member of the Management Committee



# Farmborough Community Shop Membership Form

Only one person can apply per form. Additional forms can be obtained from a member of the Management Committee or downloaded from our website: [www.farmboroughshop.co.uk](http://www.farmboroughshop.co.uk)

**This share offer will remain open until the £50,000 funding target has been reached.**

I would like to become a member of Farmborough Community Shop Ltd by purchasing shares in the Society:

Name:.....

Address:.....

.....Postcode:.....

Email:.....

Phone:.....

Your contact details will only be used to communicate with you on Farmborough Community Shop matters. We will not pass on your details to third parties.

- I wish to buy shares to the value of £..... (Minimum £10, maximum £20,000)
- I enclose a cheque made payable to 'Farmborough CSSC'
- I enclose cash
- I will pay by electronic transfer (Please make payments to Farmborough CSSC, account no 65577992, sort code 08-92-99, please use reference FCS "your name")
- I plan to apply for EIS tax relief on my investment (please tick if applicable)
- I confirm that I have read the Farmborough Community Shop's Community Share offer document, including the '10 important points you must consider before investment'
- I am over 18 years of age

Signature:.....

**Please return completed application forms to:**

**Phil Gray – Treasurer, Farmborough Community Shop, 64 The Batch, Farmborough, BA2 0AJ**

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