

Lesbury Community Shop Limited

# Share Offer Prospectus

Launch Date: Wed 22 Mar 2023

Closing Date: Mon 24 Apr 2023



**An exciting opportunity to invest in a project at the heart of the Lesbury Community, Northumberland, through the creation of a community-run village shop**

Lesbury Community Shop Limited is a Community Benefit Society registered under the Co-operative and Community Benefits Societies Act 2014.

Registration no: 8991.

Registered Office: 28 Townfoot, Lesbury, Alnwick, NE66 3BR Northumberland



## **The journey so far...**

During 2021, the business owner of Lesbury Village Shop and Post Office decided she wanted to retire and put the business up for sale. Following unsuccessful attempts to sell the business, a group of residents decided to get together, form a Steering Group, and attempt to purchase the business on behalf of the community.

Public meetings for residents were held and questionnaires were circulated which identified a widespread level of support amongst the community. This resulted in an offer being made for the business which was rejected and in October 2022 the shop and Post Office closed.

The Steering Group felt the level of support was sufficient and, guided by the Plunkett Foundation, took steps to reopen the shop as a community business. The group started the process to establish themselves as a legal entity. In January 2023, this was successful, and a formal Management Committee was established (see Appendix 1)

Throughout the process, residents have been kept informed of progress through newsletters and updates on Lesbury Parish Council website. Support from the community, in both time and financial, to assist in the project has been positive. The Management Committee fully intends to take note of the wishes of the residents in terms of the products and services they would like to see offered.

The potential market consists of residents (including several elderly residents), young families whose children attend the local school, residents who commute to work, and visitors to the area. The shop is in the centre of Lesbury village on The Northumberland Coastal Route so is well placed to attract passing traffic. It is also intended that the shop becomes a centre for the community to meet others.

Based upon wishes of the residents, our current plans are that the shop will sell staple food and household items, including fresh and local produce, newspapers, greeting cards and off-license alcohol sales. There will be a refreshment facility with self-serve hot drinks and some indoor and outdoor seating. These plans will inevitably evolve as we gain experience of what our customers desire. We are also continuing to investigate whether a full resumption of Post Office services is appropriate and, in the interim, will offer PO-style services.

It is anticipated that the shop will be run by volunteers and be open most days of the week to meet the required demand. The existing premises will require some repairs and improvement prior to opening. There are 9 members of the Management Committee who all live in Lesbury village or nearby.

The shop has been formally registered as a Community Benefit Society, which best fits the intentions behind the project and allows for widespread membership and share ownership within the community. Minimum age to be a member is 16 and the cost of one share is £1 (minimum of 25 shares, maximum 5,000 shares). As well as share income, the Management Committee are applying for grants eligible for community-based enterprises.

Comprehensive start-up costs and P&L Projections for the first 3 years have been modelled (see Appendix 2) and reviewed by external consultants involved with other community-run shops with similar characteristics. This practice, together with conservative assumptions, gives confidence that the figures in the plan are robust and the shop will achieve a small surplus (profit) or breakeven during the first 3 years

## **This Share Offer Document**

- 1. Outlines the proposal for Lesbury Community Shop Limited**
- 2. Provides information on Lesbury Community Benefit Limited as a Community Benefit Society**
- 3. Explains the Share Offer**
- 4. Invites you to apply for Shares**

The information contained in this prospectus has been prepared by the Management Committee, who take responsibility for its contents. To the best of their knowledge, all the information is reasonable and not misleading at the time the share offer was issued. This share offer is exempt from the Financial Services and Markets Act 2000, or subsidiary regulations. This means that you will have no right of complaint to an ombudsman. As a Community Benefit Society, it 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 a prospective investor, you should read the whole of this share offer and be aware of any risks involved in making an investment.

## **1. Proposal for the community of Lesbury**

The proposal is for the community of Lesbury, Hipsburn and Bilton is to open a community shop with the following objectives:

- To open, develop and sustain a community shop for the people of Lesbury Parish which meets the need for those living in and local to the village, and visitors to the area
- To fund the start up through the launch of community shares and by pursuing the award of grants from local authorities and beyond
- To offer basic Post Office-style services
- To develop a well-trained volunteer cohort and recruitment strategy to run the village shop taking advantage of experience within the local economy
- To ensure a sustainable business model
- To maintain a surplus (profit) to cover business improvements and funding for unexpected expenses
- To promote and provide a central meeting point for residents
- To be a centre for community information
- To support local businesses and producers by providing an outlet for fresh, frozen, and processed produce taking advantage of seasonal produce.

The Management Committee will endeavour to provide suitable opening hours to meet the needs of the local community. It is anticipated that this will cover early morning and early evening.

There is evidence of demand for a drop-in coffee stop and we are looking to install a self-serve system. If demand proves sufficient, we may expand that to a café area or similar.

We believe that a shop would be a vital amenity for the community of Lesbury. We believe that the community has the will to and can provide the custom and volunteer time that will be required for it to be a successful venture.

## **2. Community Benefit Society Explained**

The Lesbury Community Shop Limited is a Community Benefit Society established for the benefit of the community and exists to carry out business for the community. It is registered with the Financial Conduct Authority (FCA) under the Co-operative and Community Benefit Societies Act 2014 (registration number 8991). The Society has adopted the Model Rules developed by the Plunkett Foundation ([www.plunkett.co.uk](http://www.plunkett.co.uk)), which can be viewed, along with the Share Prospectus and Business Plan on the shop website ([www.lesburyshop.co.uk/share-offer](http://www.lesburyshop.co.uk/share-offer)), Parish Council website ([www.lesbury-pc.org.uk](http://www.lesbury-pc.org.uk)) or paper copies in the Lesbury village hall, church, and school.

The Society is a not-for-profit organisation with the principle embedded in its Rules that any trading surplus, be reinvested in the business or distributed to other local community or charitable projects chosen by the Society's members.

### 3. The Share Offer

The Share Offer will be launched on **Wed 22 Mar 2023** and will seek to raise sufficient funds to cover the future capital requirements. The minimum requirement is £40,000. The Management Committee expect to raise the capital via a Share Offer and various grants from the Parish Council, the National Lottery Awards for All, and other potential sources. If this is not achieved some spend will be deferred until there is sufficient cash in the business.

The priority is to cover the Project Startup costs which are expected to be around £40,000 including first year rent and insurance. Year one surplus is expected to be around £6,100 excluding startup costs, with the following 2 years income being around £5,600 and £6,400 respectively. A full breakdown of these figures can be viewed in the Business Plan.

The cost of a share is £1, with a minimum purchase of twenty-five (25) shares per person or organisation, to a maximum investment of 5,000 shares. Individuals (aged 16 years and over) and organisations can apply for membership. When a share is purchased by a company or legally incorporated body, it becomes the property of that company; a nominee would need to be elected on behalf of the company. There is no requirement to be resident in the Lesbury community for this Share Offer.

Shares are held and registered in the name of an individual or organisation. So, if there are two (or more) individuals in a household, please consider buying shares for everyone. Each will then be a member of the Society and have a vote.

The closing date of the Share Offer is 6.00pm on **Mon 24 Apr 2023**. The Management Committee reserves the right to close this Share Offer at any time if it deems necessary.

#### How do Share Issues work?

Purchasing a Share is an investment in Lesbury Community Shop Ltd as a community enterprise. It is not an investment for the purposes of gaining income or an increase in capital. The nominal value of each share is £1 and cannot increase beyond that value (and may even decrease if liabilities exceed assets). The Society confers limited liability so, in the unlikely event that the business fails, liability is restricted to the value of an investor's shareholding; there would be no further liability on shareholders.

The shares are not transferrable except on death or bankruptcy and are withdrawable at the sole discretion of the Management Committee in accordance with the Rules. The only way to recover the sum initially invested (or any reduced value) is to give not less than three months' notice of withdrawal to the Management Committee. No withdrawal can take effect (except in exceptional circumstances) for a minimum of three years from the date of issue or the date on which the shop begins trading, whichever is the later. After three years the shares might be capable of withdrawal at the absolute discretion of the Management Committee, depending on the profitability of the business and the adequacy of cash reserves to meet the withdrawal, having regards

to the long-term interests of the Society, the need to maintain prudent reserves and the Society's commitment to community benefit. Withdrawals will be funded from trading surpluses or new share capital. The amount available to withdraw by shareholders in any one financial year will be limited to 10% of the current total value of shares issued. The Management Committee will endeavour to meet all withdrawal requests but has the authority, if necessary, to refuse a withdrawal request if it endangers the business.

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. Legislation may allow you (if you wish) to nominate a recipient for the value of the shares (this sum is limited under current legislation) and thus remove such shares from your estate for probate purposes (i.e., the shares may pass to the nominee outside the Will of the deceased). Our Rules allow shares to be transferred on a death or they can be withdrawn, but only if the Society can afford to do so.

Lesbury Community Shop Limited does not intend to pay interest or dividends on shares. Any surplus (profit) not needed in the development and running of the business can only be used for the benefits of the residents of Lesbury Community. It is subject to an 'asset lock' and therefore cannot be sold for the benefit of its member shareholders. In the event of becoming insolvent or 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 lose their investment.

Lesbury Community Shop Limited is required under the terms of its registration with the FCA and its own Rules to prepare audited accounts annually.

## **What are the risks?**

Our business planning shows Lesbury Community Shop Limited to be a sound business. It is dependent on volunteer support to significantly reduce costs. Full details of the financial projections are included in Appendix 2 and included in the latest Business Plan. These forecasts are reliant on volunteers and local custom; with the support of the village, there is no reason why the proposal cannot succeed as a Community Shop.

As with any business, there are risk factors. These include failure to achieve the predicted turnover; the predicted surplus margins are squeezed; insufficient volunteers to run the shop; this list is not comprehensive, and any trading activity is vulnerable to change or unanticipated risk.

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 the money you invest.

## **Confidentiality**

A Members' Register with the names of Members but not the amount they have invested is kept in a secure environment, and although access is not encouraged, this Register is available on request. A

separate Share Register which contains the information about an individual's shareholding is held in a password controlled confidential environment and can only be accessed by the Chair & Treasurer. Individuals have the right to view any information about themselves that is held by Lesbury Community Shop Limited.

## **Marketing the Share Offer**

The Share Offer will be launched formally at a Public Meeting in **Lesbury Village Hall at 7.00pm on Wed 22 Mar 2023**. Over the following weeks, informal question and answer sessions will take place in the village hall with dates announced at the meeting.

The closing date of the share offer is **6.00pm on Mon 24 Apr 2023**

## **4. How to apply for Shares - Your Application.**

Your application for shares in Lesbury Community Shop Limited is subject to the terms and conditions contained in this document. The application form is attached to this prospectus and can also be downloaded from the Lesbury Community Shop website ([www.lesburysshop.co.uk/share-offer](http://www.lesburysshop.co.uk/share-offer)). You cannot withdraw your application for shares after we receive it.

The Management Committee does not have to accept your application for shares. In its absolute discretion it may decide not to issue shares to you or may allocate fewer shares than you applied for. The Management Committee does not have to give the reason for this decision.

Your application will be considered at the first Management Committee meeting after the closing date for the offer and therefore there may be some delay in response to your application.

## **Your Payment.**

The Management Committee will acknowledge receipt of your application and cheque, or BACs transfer as soon as possible after we have received them. This will be by email, text message or telephone call.

Following the closing date, the Management Committee will review the value of shares requested. Provided that the minimum requirement of £40,000 has been reached your application for shares will be processed and share certificates issued. As soon as shares are issued to you, you become a member of the Society, entitling you to receive information, attend the annual AGM and a vote in electing representatives on the Management Committee.



If the application for Shares is significantly more than the £40,000, the Management Committee will issue people with fewer shares than requested. The balance of your money will be returned within 21 days of the closing date.

If, by the closing date, the value of the total number of shares applied for, together with any other sources of funds, would not provide sufficient capital to proceed, the Management Committee will return all monies to applicants within 14 days. A committee member will contact each applicant to obtain your banking information in order to do this (with home visits available if you prefer)

## **Advice**

Prospective investors should not in any way treat the contents of this document as legal, tax investment or other advice. Each prospective investor should consult their own professional advisors and make their own enquiries as to legal, tax, financial and other relevant matters concerning an investment in Lesbury Community Shop Limited.

## **Appendix 1**

### **Management Committee**

Dear Residents,

We are delighted with the way people have responded and expressed their support for establishing a village shop as a community venture.

Over and above raising the necessary start-up funding, the key of its success will be volunteer engagement in the running of the shop, both in the shop and behind the scenes, and becoming a loyal customer. There will be many opportunities to help as the running of the shop will require lots of skills, including those that can be delivered from home.

Many residents have already pledged their support, which the Management Committee would like to place on record their gratitude. This commitment has driven the 9 Committee Members to explore and find solutions in securing the future of a village shop.

The next step on the journey is to secure the lease of the building from Northumberland Estates and implement the business plan in line with questionnaire responses. We believe that with your investment, in both funding and time, that the shop will become a self-sustaining and a key part of village life for years to come.

The back of this document contains two copies of the share application form that you can use to purchase your shares. If you require any further information to help you make your decision, then please contact one of the nine Committee Members below by telephone, emailing [ShareOffer@lesburyshop.co.uk](mailto:ShareOffer@lesburyshop.co.uk) or by writing to Lesbury Community Shop Ltd, C/O 28 Townfoot, Lesbury, Alnwick, NE66 3BR.

Yours sincerely,

Tony Dee (Chair)

#### **Management Committee**

Tony Dee (Chair)	07974 726225
Jean Humphrys (Vice Chair)	07906 146163
Morag Robertson (Treasurer)	07775 413402
Peter Hall (Secretary)	07985 925500
Mandy Anderton	
Gill Bland	07974 746154
Julie Hall	07486 351813
Nicki Mathewson	

## Appendix 2

### Financial Information: The Business Case

<b>Lesbury shop project - P&amp;L projection</b>				
		Yr1	Yr2	Yr3
<b>Revenue</b>				
	Newspapers	£40,000	£46,000	£46,000
	Food/Commodities	£8,000	£15,000	£22,000
	Cards	£1,000	£1,000	£1,000
	Alcohol	£1,000	£2,000	£2,000
	Coffee shop sales	£6,000	£12,000	£12,000
	<b>Total</b>	<b>£56,000</b>	<b>£76,000</b>	<b>£83,000</b>
<b>Cost of Goods sold</b>				
	Newspapers	£32,800	£37,720	£37,720
	Food/Commodities	£7,040	£13,200	£19,360
	Cards	£500	£500	£500
	Alcohol	£750	£1,500	£1,500
	Coffee shop sales	£1,800	£3,600	£3,600
	<b>Total</b>	<b>£42,890</b>	<b>£56,520</b>	<b>£62,680</b>
<b>Gross profit</b>		<b>£13,110</b>	<b>£19,480</b>	<b>£20,320</b>
<b>Premises:</b>				
	Rent		£5,000	£5,000
	Power/Water	£2,500	£2,500	£2,500
	Communications		£150	£150
	Insurance (incl EL, PI))		£800	£800
	Repairs/Services	£800	£1,500	£1,500
	<b>Total</b>	<b>£3,300</b>	<b>£9,950</b>	<b>£9,950</b>
<b>Legal, Accounting</b>		<b>£3,000</b>	<b>£3,000</b>	<b>£3,000</b>
<b>Card/Bank charges</b>		<b>£672</b>	<b>£912</b>	<b>£996</b>
<b>Net income</b>		<b>£6,138</b>	<b>£5,618</b>	<b>£6,374</b>





## Lesbury Community Shop Ltd



# Share Offer Application Form

1	<b>I would like to purchase Shares in Lesbury Community Shop Ltd.</b>	
	Name	Ref No. (LCSL use only)
	Address	
	Postcode	
	Telephone	
	Email	
	I would like to purchase _____ Shares at £1.00 each* ( number )	
*25 Shares minimum (£25) to 5,000 (£5,000) is the maximum investment		
2	<b>Declaration and payment: please tick boxes to confirm your agreement with the statements</b>	
	I confirm I am 16 or older	<input type="checkbox"/>
	I have read the Share Offer Prospectus and understood and accept the terms of the Share Offer and the Rules of Lesbury Community Shop Ltd.	<input type="checkbox"/>
	I consent to using the email address above as the primary means of communication for official documents from Lesbury Community Shop Ltd.	<input type="checkbox"/>
	I have paid by BACS (please use your initials and surname as reference). Account Details:	<input type="checkbox"/>
	Name: Lesbury Community Shop Ltd    Sort Code: 30-99-50    Account No: 53141260	
I attach a payment by cheque made payable to Lesbury Community Shop Ltd. (Please <u>staple</u> to form)		<input type="checkbox"/>

By requesting that I become an investing member of Lesbury Community Shop Ltd., I agree to my name, address, phone number, email address and number of shares I wish to purchase being stored securely on a computer database. I understand that this information will be used for the purposes of maintaining a register of members/as required by the rules of the society, for posting of notices regarding activities of Lesbury Community Shop Ltd. and will not be passed to any third parties without my permission, except as required by law.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Please return this application form, with a means of payment, in a sealed envelope by **24 Apr 2023** to:  
**Lesbury Community Shop Ltd, C/O 28 Townfoot, Lesbury, ALNWICK, NE66 3BR**





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	I have read the Share Offer Prospectus and understood and accept the terms of the Share Offer and the Rules of Lesbury Community Shop Ltd.	<input type="checkbox"/>
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