

Houghton & Wyton Community Shop Ltd

Share application form

1	Name	ABOUT YOU
	Address	
 Postcode	
	Email	
	Phone	

2	How many shares do you want to purchase: (min £100, max £20,000 ,in multiples of £10)	SHARES
	Number of shares:..... £	

3	Please tick the boxes below to indicate that you agree with the statements:	CONSENT
	<input type="checkbox"/> I confirm that I am 16 years old or older	
	<input type="checkbox"/> I have read the ongoing share prospectus and understand & accept the terms of the share offer and the Model Rules of Houghton & Wyton Community Shop.	
	<input type="checkbox"/> I consent to using the email address above as the primary means of communication for official documents from Houghton & Wyton Community Shop.	
Signed..... Date / /		

This offer closes on 6pm on 9th August 2020.

Please enclose a cheque for payment made out to **H&WCS Ltd** or make a BACS Transfer to Sort Code 60-08-17 Acc No. 17640652 and return your completed application form to:

Houghton & Wyton Community Shop Share Offer, and post through the letterbox C/O St.Mary's Centre, Chapel Lane, Houghton PE28 2AY.

Please be reassured your financial details will be held in strict confidence and not Circulated or made available to any third party outside the scope of this share offer.

Houghton & Wyton Community Shop Ltd registration no. 7390

Become part of building a better future



A new share offer

Community is part of the new normal and Our Shop is at the heart of our community

The lockdown restrictions imposed by the Covid-19 crisis have reinforced the benefits of having a community shop and we're proud to have remained fully open throughout this time. We've managed over 400 home deliveries, supplied food for charity food parcels and dealt with significant surges in demand.

Becoming a shareholder is your chance to show your support, to help Our Shop continue to thrive, survive and remain sustainable.

After three years of successful trading we're pleased to offer you a new opportunity to buy shares in Our Shop. New shares can be applied for at any time and the applications will be processed twice a year. For 2020 the first time window is between 15th June –and 9th August.

We're holding a series of Zoom and telephone events to give you an opportunity to ask questions – see over.

It's time to buy!



Some great news

- ❑ 3 years on we have 310 shareholders, 55 committed volunteers, have invested over £100k in improvements to the fabric of the building and presentation, have a financially sound, well run shop delivering community benefit including a first donation to the newly established charity the Houghton & Wyton Community Fund.
- ❑ Our trading performance has been such that we have confirmed we will be paying 2.7% interest to existing shareholders in July 2020 and it remains our aim to pay similar interest on shares in future years.
- ❑ As with our first share offer we have applied for advanced assurance from HMRC that the ongoing share offer will be eligible for **tax relief of 30%** under the Social Investment Tax Relief scheme. Delays of confirmation are due to C19 but our aim is to have confirmation by the autumn.
- ❑ We are also developing a scheme to provide shareholders the opportunity to withdraw a proportion of their shares at certain times each year should they need to.

Buying Shares

- ❑ This year's 2020 window for Share processing runs from June 10th and closes at 6pm on the 9th August, followed by the issue of share certificates during September 2020.
- ❑ A single share has a value of £10, and the minimum individual investment is 10 shares ie £100. The maximum individual investment is £20,000.
- ❑ The ongoing Share Prospectus is available on our web site and as a hard copy in Our Shop. The application form to buy shares is printed on the back page of this leaflet.
- ❑ Share ownership entitles members to become more involved in the decisions in how Our Shop progresses including standing for the committee.



The more members the better

There are over 9000 Community Businesses in the U.K. Our shop is set up as a Community Benefit Society, which relies on having (ideally a growing) pool of shareholders who support the organic growth of Our Shop; it demonstrates community support to grant funders and boost share capital.

We currently have 310 shareholders and for those who missed out initially, or are new to the village, or are existing shareholders simply wanting to add to their support, this is your opportunity to join or increase your investment in the successful Our Shop business.

For more information

The ongoing Share Prospectus which is available to view on Our Shop's website follows the Community Shares Unit good practice guidelines (www.communityshares.org.uk) and describes the investment framework and offer in detail.

To view the historic performance of H&WCS Ltd over the last 3 years, the Annual Returns to the Financial Conduct Authority, together with our Model Rules are available on our website www.hwcommunityshop.org.

Any further questions?

Contact us on email members@ourshophoughton.org.uk to ask a question or, to

- sign yourself up for a Zoom conference call with others on either Tuesday 23rd June or 21st July between 7pm - 8pm or,
- book a telephone call for a committee member to call you back, or
- leave your name and telephone number in the shop for one of the committee to call you

Visit www.hwcommunityshop.org for more information or book one of our Zoom sessions or telephone call-backs

Houghton & Wyton Community Shop Ltd
(Registration Number 7390)
The Green, Houghton, Huntingdon, PE28 2AX

Share Prospectus

Houghton & Wyton Community Shop Ltd is registered under the Community Benefit Societies Act as Community Benefit Society Number 7390, with registered address as above.

The Committee announces an “Open Share Offer” and invites interested parties to become a member of the community owned business and for existing members to increase their shareholding.

The purpose of the Open Share Offer is to encourage new membership, and to raise money for the business to meet its objectives including increasing reserves, and funding planned capital expenditure.

The share offer is in the form of an Open Share Offer with a window for applications to be processed twice a year the first of which is from 15th June 2020 and closing at 6pm on Sunday 9th August 2020, followed by the issuing of share certificates during September 2020. The Open Share Offer has no specific monetary target but the greater the sum raised the earlier the objectives can be met.

To meet HMRC reporting requirements new share issue dates will be 31st March and 30th September and in each year from now on.



Note: This revision (Rev1) updates the prospectus following confirmation from HMRC that SITR will be available for this open share offer.

Background

Houghton & Wyton Community Shop Ltd (H&WCS Ltd) started trading as a Community Benefit Society (CBS) in April 2017 and is trading profitably (see the Annual Report for Y/E 31st December 2019) on Our Shop website (<https://hwcommunityshop.org>) with an increase of over 30% in shop and Post Office turnover since 2017. Our turnover for year ending 31 December 2019 was £576,268.

H&WCS Ltd raised £341,000 through the initial share offer, secured a grant of £300,000 from “Power to Change” and a 15 year loan of £150,000 from the Triodos Bank Ltd. This allowed H&WCS Ltd to buy the freehold of the shop and flat above, fixtures & fittings, stock, goodwill, building works, and pay legal and other costs – a total cost of £765,000.

The AGM held on 14th April 2019 passed a resolution that a new open share offer was to be made available to invite more individuals to become shareholder members of the Society.

The Prospectus

The purpose of this document is to inform those considering buying shares in H&WCSL, and to make them aware of the process, the benefits and risks.

Who We Are

We are a Community Shop currently owned by 310 shareholders, and democratically run by a Management Committee and trading primarily for community benefit.

We have an open and voluntary membership, where members are shareholders of the business. All members have a single vote on how the business is run, regardless of their level of investment.

The shop has a paid manager and 8 paid staff, currently supported by 65 volunteers. The current Management Committee has 8 volunteer members, (but this can be up to 12) who act together as directors of the Community Benefit Society.

The shop operates as a Community Benefit Society, under Model Rules governed by the Financial Conduct Authority and Cooperative and Community Benefits Society Act 2014 and this requires the company to operate for the benefit of the community.

Our Vision

Our aims and objectives remain the same as set out in the original Share Issue Offer Document in 2017 and these are;

- Keep and maintain the Post Office and the services it offers;
- Maintain and develop the shop as a community hub connecting with residents and visitors and supporting village clubs and societies;
- Develop better links with other local businesses for mutual benefit;
- Support and assist socially isolated and less mobile residents;
- Work with the community to create new jobs, volunteer and training opportunities;
- Support local traders and suppliers to improve sustainability, reduce “food miles”, reduce waste and promote environmentally beneficial initiatives.

Our latest three year Strategic Plan is available on the web site (hwcommunityshop.org)

The Share Offer

Community Shares

H&WCSL is inviting share ownership in the shop using a form of investment called “Community Shares”. Such shares are ideally suited for the funding of community assets like our village shop operating as a Community Benefit Society (Registered Number 7390), which is registered with the Financial Conduct Authority.

We have plans to grow the business and desire to make returns to investors but the Management Committee always has to ensure the business is prudently governed, financially sustainable and takes into account the objectives of a Community Benefit Society and the wider community purpose.

If you support these objectives and ethos you will appreciate that investing in shares in H&WCSL is a medium to long term interest only investment rather than an investment offering large returns or capital growth.

The shares cannot be traded as such and but may be “withdrawn” subject to available funds. When shares are “withdrawn” their value is the same as the purchase price i.e. £10 per share.

Applicants should be aware that it is intended to hold an EGM in the autumn to allow members to vote on changing the rules governing applications for share withdrawal, based on the a proposal to move to a more democratic alternative to the current Model Rule which is based on “first past the post ” principle.

Who can buy shares?

The share offer is open to anyone over the age of 16.

We welcome any investor who would like to become a part owner of our shop but please note that our Model Rules state that at least 51% of the shareholders should be village residents. Currently over 90% of shareholders live in the village.

Companies, clubs, societies, or groups of private individuals can invest. Such groups will be required to nominate a representative on the application form, who will then act for the group. The Management Committee will only deal with this representative.

Whoever is nominated for a group of investors will be the legal owner of the shares and the group will need to make their own arrangements for such things as how votes will be cast on their behalf and how any interest payments and withdrawals will be repaid to everyone who contributed from the outset.

Minimum Investment

A single share has a value of £10, and the minimum individual investment is 10 shares, i.e. £100.

Maximum Individual Investment

The maximum individual investment is £20,000.

Buy in blocks of 10

£100 is the minimum you can invest beyond which you can buy in blocks of £10 up to the maximum of £20,000.

“ I want to invest but £100 (or 10 shares) is too much”

Individuals can club together as a group and buy any amount of the 10 shares collectively.

Supporting Information

Supporting information is available on line at Our Shop web site including:

- Model Rules
- 2017 Share Offer Prospectus,
- FCA Reports for 2017, 2018 & 2019
- Financial Reports for Y/E 2017, 2018 & 2019
- 3 Year Strategic Plan
- Share Purchase Application Form

If you have any specific queries please contact us at members@ourshophoughton.org.

Future Plans

Money raised will be used to strengthen our reserves, to allow a modest share withdrawal and to fund capital expenditure.

In the current 3 year plan provision has been made for the following major capital projects;

- The two stage renewal of the roof to include possible fitting of solar panels on the rear elevation, subject to planning permission.
- An additional display freezer on the shop floor
- A new walk in storage freezer and refit of the back kitchen
- A new walk in chiller in place of the existing, and refit of the storeroom office.
- Additional sales and marketing fixtures

It is important to note that the timing and Committee approval to finance any of such high value capital projects will always be dependent on the shop's actual and forecasted trading performance, on its reserves and distribution policies, and the availability of possible grant funding.



H&WCS P&L	Actual			Three year Plan		
	9 months	12 months	12 months	12 months	12 months	12 months
	Apr-Dec	Jan - Dec	Jan - Dec	Jan - Dec	Jan - Dec	Jan - Dec
Key Financial Data	2017	2018	2019	2020	2021	2022
Shop Sales (Gross - incl VAT)	365,165	558,265	611,998	638,453	663,991	685,059
Y.O.Y % growth	-	21.14%	9.63%	4.32%	4.00%	3.17%
Average no. of transactions per month	322	348	369	378	386	390
Average Basket size	4.12	4.39	4.54	4.61	4.71	4.82
Shop Income	330,012	512,760	551,360	579,053	602,206	621,306
Cost Of Goods Sold Net (excl VAT)	277,683	413,970	432,495	448,665	460,980	471,076
SHOP Gross Profit	52,328	98,790	118,866	130,388	141,226	150,230
%	16%	19.3%	21.6%	22.5%	23.5%	24.2%
Overhead Expenditure	63,035	81,816	92,300	100,539	106,524	104,977
Contribution from Flat	-4,045	10,604	8,730	7,630	6,525	7,978
Post Office Contribution	4,930	3,041	2	-748	-2,037	-2,734
EBITDA	- 9,821	30,619	35,298	36,731	39,191	50,497
%	-2.98%	5.97%	6.40%	6.34%	6.51%	8.13%
Financial adjustments	249	-6,959	-5,536	-4,191	-2,658	-7,107
Distribution of interest and charitable donation	0	0	0	11,189	11,189	11,189
Net profit before tax	-10,070	37,579	40,833	29,733	30,660	46,415
Year end cash balances			26,255	26,444	27,379	33,351
Proposed Capital expenditure (included in the above figures)				7,000	6,900	18,000
Share Capital			341,400	341,400	339,400	336,400
Key messages of how you can support your shop:						
1. Increase your spend in the shop						
2. As far as possible bring your transactions to the Post Office i.e. cash withdrawals, road tax etc						
Notes to the accounts:						
1. Year on year sales growth more conservative moving forward as we believe we have already achieved the uplift from having a Community Shop						
2. We believe that we can increase margin and basket size by enhancing the mix of products offered						
3. The reduction in flat contribution reflects movement to shorter term lets with some voids						
4. Post office income remains static however expenditure increases with inflation						
5. Financial adjustments include depreciation, interest on loans, HP and income from the original lottery grant						
6. Share Capital is based on new investment together with an element of withdrawals however we anticipate that overall the number of shareholders will increase						

Additional Information

Investors Rights and Risks

Any shareholder is entitled to vote in the election of the Management Committee, on resolutions tabled at the AGM; and to stand for election as a Committee Member.

The Society's Model Rules are available on our web site: hwcommunityshop.org

Shareholders can expect relatively modest interest payment and our Model Rules dictate the rate shall not exceed 5% or 2% over Bank of England base rate on the sum they invest.

The Management Committee anticipate that, subject to sufficient funds being available, future annual interest payments will only be made on 30th September each year provided that the shareholder has held the shares for at least 11 months.

Investors in the first share issue were locked in for a minimum of 3 years but now the three years has passed, a share withdrawal scheme will be implemented this autumn subject to approval of the scheme at an Extraordinary General Meeting to be held in the autumn of 2020. It should be noted that withdrawal of "old" shares and "new" shares to be issued under this Prospectus, are subject to a number of constraints and the Management Committee must have regard to the trading conditions, reserves policy and funds available to meet demands for repayment.

Investors should be aware that share withdrawal cannot be guaranteed and may be subject to scale back if demand exceeds available funds and the Management Committee may determine the maximum annual amount to be allocated to share withdrawal.

The Management Committee believe that the underlying business is sound and that they are not aware of any reason why the business should not continue to trade profitably. Having made that statement, potential investors should be aware that any business is exposed to risk and uncertainty and future returns cannot be guaranteed.

Tax Benefits

As with the initial share offer in 2017, HMRC have confirmed that this new open share offer will be eligible for Social Investment Tax Relief (SITR) allowing UK tax payers to offset 30% of their investment against their UK income and capital gains liability. We are unable to guarantee this will be the case for all subscribers and recommend that anyone considering investing on this basis should consult their own financial advisor to confirm their eligibility under the SITR scheme, prior to investing.

Business Insolvency

H&WCSL is an asset-locked Community Benefit Society and in the unlikely event of insolvency, the assets, including the freeholds, would be sold off. Any remaining amount after paying creditors would then be paid back to shareholders, in proportion to their original investment. Any surplus after that would be transferred to one or more community organisations that support the objectives of the original investment.

We believe the business is in excellent financial health and we invite anyone considering investing to review the FCA reports and annual reports on the shop web site.

It is important to note that whilst no investor will be liable for any losses or shortfall of funds in the event of insolvency, investors will not have any rights to compensation under the Financial Services Compensation Scheme or recourse to an ombudsman because Community Benefit Societies are exempt from the regulations governing public share offers.

How to Invest

You can make a payment for your shares by cheque or by BACS payment:

Please complete the form on the next page (or download from the website).

Monies received will be held in the account below that is dedicated to receiving share investment monies, is kept entirely separate from, and not used for shop business.

Please be reassured that your financial details will be held in strict confidence and not circulated or made available to any third party outside the scope of this share offer.

Please note that for tax purposes the investment only occurs when the closing date is reached. The Management Committee reserves the right to restrict or abandon a share offer and should this occur any monies held prior to closure of the offer window will be returned.

Next steps

You will receive an acknowledgement of receipt of your funds and we plan to issue Share Certificates during September and Sitr certificates in October.

Houghton & Wyton Community Shop Ltd



Share purchase application form

Name:		
Address		
		Post Code
Email		
Phone		
How much do you want to invest?	No. of shares	value £
(The minimum purchase is £100, maximum is £20,000, in multiples of £10. Each individual share is valued at £10)		
Do you wish to apply for SITR tax relief?	Please cross out.	YES / NO
Do you wish to pay by BACS?	Please cross out.	YES / NO
Please tick the boxes below to indicate you agree with the statements:		
<input type="checkbox"/>	I confirm that I am 16 years old or older	
<input type="checkbox"/>	I have read the share offer documents and understand and accept the terms of the share offer and the Rules of the Houghton & Wyton Community Shop Ltd	
<input type="checkbox"/>	I consent to using the email address above as the primary means of communication for official documents from Houghton & Wyton Community Shop Ltd all in accordance with its GDPR Privacy Policy.	
Signed		Date / /

This Offer Closes at 6pm 9th August 2020

Please return your completed form to the address below along with your cheque made out to **H&WCS Ltd (Share Offer)** or make a BACS payment to Sort Code 60-08-17 Account No. 17640652. Please make sure your name is included on your BACS instruction.

Houghton & Wyton Community Share Offer, C/O St Mary's Centre, Chapel Lane, Houghton PE28 2AY.

Please be reassured that your financial details will be held in strict confidence and not circulated or made available to any third party outside the scope of this share offer.