

Your invitation to buy shares in

# The St Mabyn Community Shop Limited

A Community Benefit Society registered with the Financial Conduct Authority  
Registration number 7835

Share issue offer document



## **The offer**

The St. Mabyn Community Shop Limited (“SMCS”) wants to encourage investment from the community to fund the purchase a shipping container and the development and operation of the village shop and Post Office, located on Wadebridge Road, St Mabyn

This offer opens on 12th September, 2018 (“the launch date”) and will close on 12<sup>th</sup> October, 2018.

The SMCS reserves the right to extend the offer period beyond the closing date if they believe that by doing so would benefit the share issue.

This offer is being administered by The St. Mabyn Community Shop Limited, a registered society under the Co-operative and Community Benefit Societies Act 2014, registration number 7835, and regulated by the Financial Conduct Authority (“FCA”).

On 31<sup>st</sup> July 2018 St Mabyn Parish Council agreed unanimously to support the project with a financial package worth £13,000, including a short-term loan of £3,150 to purchase the shop cabin.

On 14<sup>th</sup> August the parish council paid for a shop cabin to be delivered to St Mabyn. The parish council then made available a £5,000 loan. On 11<sup>th</sup> September the council said it would attempt to deliver the remainder of its promised support through a range of procedures compliant with the 1972 Local Government Act.

SMCS plans to purchase the shop cabin from the parish council as soon as possible, in order to secure the “asset lock” which is central to the ethos of its Community Benefit Society structure. The parish council also agreed, on 11<sup>th</sup> September, that its peppercorn lease of land for the shop shall be of sufficient duration to allow the operation of Post Office services.

The Society may (but is under no obligation to) pay interest to holders of shares but they should be considered a ‘social investment’ and NOT a “financial” investment.

It is very important that subscribers for shares, who will be become members of the Community Benefit Society, are familiar with the rules of the society, particularly in respect of their rights to elect, at least once a year, a management committee which will be responsible for the overall governance of the shop.

The SMSC steering committee plans to hold the first Annual General Meeting before the end of January 2019. The shop is due to open on Monday 1<sup>st</sup> October 2018 and the first AGM will have the opportunity to consider trading figures, and accounts, covering a period of three months.

HMRC has given “advance assurance” that this offer is eligible for tax relief of 30% under HMRC Social Investment Tax Relief scheme (“SITR”)

Any investor is encouraged to take independent financial advice to confirm their own eligibility for tax relief under the scheme.

Please note: This offer is not covered by The Financial Compensation Scheme and investors have no recourse to an ombudsman. Please be aware that any investor could lose some or all of their investment.

## History

In March 2018, St Mabyn Stores, which had traded in the village for over 100 years, announced it was to close and applied for planning permission to change its use to that of residential premises.

The Stores are opposite the church and had been a focal point and the social hub of the community.

In April 2018 the St Mabyn parish council, responding to concerns raised at an open meeting, agreed to commission a small working party of residents to undertake an outline appraisal of potential options to maintain some sort of retail service for the village.

This appraisal considered possible locations, including the purchase of the existing Stores, the pub, the Snooker Room and the vacant plot of land next to the village hall (known as “the old dinner hut” site); as well as a range of business models, including limited company, charity, and various not-for-profit social enterprises.

A handful of community members compiled a questionnaire to establish the views and concerns of the village and called a meeting in the village hall. More than 110 people attended on 29<sup>th</sup> May and completed the questionnaire; a staggering 100% supported plans to keep a shop in the village and 94% indicated a preference for “the old dinner hut” site next to the village hall.

Over 60 attendees volunteered to help with the creation and running of a ‘new’ shop.

A second meeting was held on 5<sup>th</sup> July, attended by nearly 80 people, at which it was agreed to:

1. register the St Mabyn Shop as a Community Benefit Society, (with the help of the Plunkett Foundation);
2. approve a preliminary funding target of £30,000;
3. seek pledges of funds from the community;
4. apply to St Mabyn Parish Council for permission to use their site, and for financial support;
5. elect a small steering committee to bring the project forward, prior to the election of a full management committee at the Community Benefit Society’s first Annual General Meeting.

Many meetings were then held with various interested parties, including the Celtic Cross Academy, to discuss plans for a car park on land adjacent to the shop site. The St Mabyn Peace Memorial Hall agreed to make available some of its back-office space for shop storage.

On 14<sup>th</sup> August a portacabin was delivered to the site and work started, immediately, on preparing its conversion to a shop. The event was widely covered in local media and was supported by North Cornwall MP Scott Mann,

and local Cornwall councillor Stephen Rushworth. Many volunteers helped with painting and equipping the new “pop-up” building.

On 22<sup>nd</sup> August the Financial Conduct Authority registered the St Mabyn Community Shop Ltd as a Community Benefit Society.

On 25<sup>th</sup> August the St Mabyn Stores abandoned its sale of newspapers, and the steering committee stepped in to maintain this service, from 8am-12 noon, 7 days a week, from the Snooker Room.

Two weeks later the St Mabyn Community Shop had opened a bank account and became ready to proceed with this share offer.

### **What is a Community Shop?**

A community shop is owned and democratically run by members of the community. There are over 300 community shops already running in the UK with a 96.5% success rate.

Community shops trade primarily for community benefit and are owned by the community.

Community shops have open and voluntary membership, members are part owners of the business and all members have an equal say in how the business is run, regardless of their level of investment

### **Why does St Mabyn need one?**

St Mabyn once had at least 14 shops, two petrol stations, a blacksmiths and an abattoir. It remains a desirable place to live, with a pub, church and primary school.

SMCS will be at the heart of St Mabyn and a hub for the community. There will be a wide range of consumer goods sourced from local and national suppliers, as well as a “Click and Collect” service for those who prefer to shop online.

The Post Office will give local people access to the full range of Post Office Counters products and services, including mail and parcel dispatch, Bureau de Change and cash withdrawals.

More importantly the presence of a shop and Post Office enhances community spirit, and brings people together to meet with and talk to their neighbours. SMCS has applied to the Post Office for the contract to provide these services and anticipates these will be available from the portacabin either late 2018 or early 2019. Thanks partly to volunteer support from SMCS, the Post Office has agreed to extend its existing contract with the St Mabyn Stores until it is ready to transfer the service.

SMCS will provide a vital community contact for some of our more vulnerable and isolated residents and has already proved itself to be most valuable in building new friendships and contacts within the community as a whole.

Even for those who remain unconvinced, it is worth bearing in mind that when the snow falls or the bus services are reduced a local shop becomes a necessity. Furthermore, it has been well documented that the closure of a village shop has a marked negative effect on the value and desirability of property in the area. Research by Lloyds Bank suggests that proximity to good retail services contributes up to 12% of residential values.

## **The Community Share Offer**

Shares are being issued at a price of £10 per individual share. There is no minimum shareholding required.

You must be aged 18 or over to subscribe.

There is no limit to the number of shares which any individual may hold, but no individual member of the society shall have more than one vote.

Under the laws governing a Community Benefit Society, everyone has only one vote regardless of how much they have invested. This re-enforces the ethos that all investors are equal with a mutual desire to see the community shop prosper. Members of the management committee will be elected at an Annual General Meeting and all relevant business of SMCS transacted. Annual reports and accounts will be published prior such meetings.

Shares carry no rights to dividends or bonus', but the Society may (but is under no obligation to) pay interest to holders of shares.

Shares may be transferred or redeemed at the absolute discretion of the Directors of the Society (such approval not to be unreasonably withheld, particularly in the case of death or bankruptcy of a shareholder.)

Any share redeemed will be done so at the original purchase price.

The maximum total withdrawals in any one year (April to April) shall be no more than 10% of the total share capital.

A shareholder, having purchased (or obtained by transfer) and paid the price of £10 per share shall have no further obligation to make any payment whatsoever to SMCS relating to said shares.

In the event of SMCS ceasing to trade for whatever reason(s) the assets of SMCS (with the exception of the premises from which they do business) shall be realised and the proceeds thereof used to discharge all debts and in the event of there being a surplus, to repay the capital invested rateably amongst existing shareholders in proportion to the number of shares held by them. In the event of a surplus, any such surplus shall be retained by the Directors for the benefit of the parish community of St Mabyn.

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

A registered society such as ours is registered with, but not authorised by, the Financial Conduct Authority and therefore any money paid for shares is not safeguarded by any depositor protection scheme or dispute resolution scheme. As any investment could carry a risk, consider it carefully in the

context of the complete share offer document, and, if needed, seek independent financial advice.

### **Use of Proceeds**

Implementation of the shops business plan started with the acquisition, delivery, placement and refurbishment of the shipping container. The proceeds will mainly be used to:

1. repay the St Mabyn parish council for the loan required to pay for the shipping container;
2. acquire fixtures and fittings such as fridges and freezers, new flooring, a till and computer and
3. provide external features such as cladding and roofing
4. provide working capital for stocks of goods for sale, including meat, vegetables and alcohol and administrative costs, including accountancy, legal, lighting and air conditioning)

We do not anticipate employing any paid staff for at least six months. We are lucky to have two experienced and successful retail shopkeepers, as volunteers, to manage the shop until our actual trading position is established.

There will be free WiFi, parcel collection, NHS prescription service collection, and emergency key holding. The shop will also provide space to sit outside for a coffee, chat and read for both local people and visitors.

SMCS will benefit considerably from the creation of a new car park, adjoining the shop, for which the St Mabyn CoE Primary School is currently negotiating a lease with the Diocese of Truro, through their agent Savills.

### **Social Investment Tax Relief (“SITR”)**

#### **Guidance Notes**

To encourage investment in community ventures like SMCS, HMRC is offering tax relief on investments called Social Investment Tax Relief – SITR.

As mentioned earlier in this prospectus HMRC has given “advanced assurance” that investors in this share offer will be able to apply SITR.

In principal this will allow any investor and UK tax payer to offset 30% of their investment in SMCS against their personal tax bill for income and/or capital gains tax, one prior year, the current year and three tax years from the date of their investment.

Any investment must be held for a minimum of three years in order to remain eligible for SISR.

In the event of death of the original shareholder, the investment will be transferred to the beneficiary and therefore remains eligible for SISR to the beneficiary.

The management committee will apply for SISR at the earliest possible time. Each investor will be issued with a "certificate of compliance" and it will be the investor's responsibility to attach this to their tax return to allow them to apply for the 30% tax relief from HMRC.

SMCS will keep a register of shareholders, as required by law, which is available to view by any shareholder.

Any changes to the shareholder's details will be shown in the register and changes notified to HMRC.

SISR is only eligible for those shareholders who participate in this investment opportunity, which closes at midnight 12<sup>th</sup> October 2018.

Some examples:

Mr A, a UK tax payer bought £5,000 worth of community shares. His annual tax bill was £7,000, having successfully applied for SISR he was able to reduce this by £1,500 (30% of £5,000)

Mrs B, a UK tax payer bought £3,000 worth of community shares, that same year she did not owe HMRC any money, however, in the previous year she had to pay the revenue £2,000. In the tax year she bought her share she could off-set last years tax bill by £900

Mr C, a UK tax payer sold his second home in the same year he bought £10,000 worth of community shares. Through SISR he was able to reduce his capital gains tax by £3,000

Mrs D, a UK tax payer did not owe the revenue anything in the current or preceding year that she had bought her community shares. So she made a note and in case she received a tax bill in the next 3 years when she could use SISR to off-set the cost.

To conclude we restate our recommendation that any potential investor confirms their eligibility and suitability for this offer with their own financial advisor

## **Steering Committee and Management Team**

The open public meeting held on 5<sup>th</sup> July elected the following to a temporary steering committee, charged with bringing the project forward until such time as a full management committee could be elected. The temporary steering committee comprised:



### **Neil and Gill Embley, Mabena House, Watergate Lane, St Mabyn**

Neil and Gill have lived in St Mabyn since 1996 and for a decade ran, very successfully, the St Mabyn Post Office and Stores until their retirement in 2006. Their expertise in providing a small retail service, and popularity with customers, is a most valuable asset to the community benefit society. Neil has been intimately involved in converting the cabin into a shop while Gill has taken the lead in securing a successful transfer of Post Office services.



### **Graham Smith, West End, Station Road, St Mabyn**

Graham has lived in St Mabyn since 1980. He is a journalist and broadcaster. In the 1980s and 90s he served two terms on St Mabyn parish council and was actively involved in the acquisition of a new parish cemetery; in the early 1990s he was chairman of the St Mabyn village hall trustees and oversaw a major programme of repairs and refurbishment. His children attended St Mabyn primary school. In 2018 he was co-opted back on to the parish council. Graham has served as temporary chairman/secretary to the shop steering committee.



**Dave Masters, Adwen, Station Road, St Mabyn**

Dave was born in St Mabyn and has lived here all his life. He was the first parish councillor to support the initiative to maintain some sort of village shop. Dave is an electrician and, like Neil, has been very closely involved, every day, in the work necessary to convert the “old dinner hut” site into a shop. He is secretary to the Snooker Club.



**David Bishop, Trelowarth, Watergate Lane, St Mabyn**

David was a partner with KPMG, the accounting and management consulting company. He is a director of the Celtic Cross Education Academy, chairman of the St Mabyn Peace Memorial Hall Trustees, treasurer and director of Endelientia, fostering Arts and Spirituality in North Cornwall and is a trustee of the Royal Cornwall Museum. David is Treasurer of the steering committee.



**Henrietta McLaughlan, Sunnyside, Wadebridge Road, St Mabyn**

Henrietta is a speech and language therapist who runs a successful business in St Mabyn. She has lived in the village for more than 25 years.



**Ian Kemp, Cedar House, Station Road, St Mabyn**

Ian has lived in St Mabyn since 2004 and previously served on the parish council. He works for the National Trust where he manages their properties in North Cornwall, including their coast and countryside, farms, car parks, holiday cottages, cafes and shops.

The steering committee has from time to time co-opted other individuals and volunteers where their expertise has been relevant and useful.

**Governance**

At the first Annual General Meeting, the rules require the temporary steering committee to resign.

A new management committee will then be elected, according to the rules of the society. These rules are described in detail in the relevant document available on our website: [www.stmabynshop.co.uk](http://www.stmabynshop.co.uk)

Only members of the society are allowed to vote in the election of a management committee.

## Summary of project estimated costs (as at May 2018)

	£
Capital Expenditure	
- Container	5,000
- Fixtures and fittings	10,000
- Office Equipment	3,000
- Decking, table, chairs	2,000
	-----
	20,000
	-----
Working Capital	
Current assets	
- Stock	18,000
- Debtors	2,000
- Cash balance	7,000
	-----
	27,000
	-----
Liabilities	
- Trade Creditors	7,000
- Other creditors and provisions	10,000
	-----
	17,000
	-----
Net Current Assets	10,000
	=====
Represented by:	
Share capital and reserves	30,000
	=====
Based on actual and forecast financial results of St Tudy Community Shop Limited and St Mabyn shop	



## **Financials**

### Summary of funding proposal

The Society has been formed to fund the purchase and operation of the St Mabyn village Shop and Post Office, for the benefit of the village and the community.

Members of the Society - that will be you if you buy just one share - will be part owners of the business and all members have an equal say in how the business is run.

The funding proposal has been prepared under the Plunkett Foundation model rules and The Society is registered with the Financial Conduct Authority.

The initial meeting and consultation within the village has resulted in pledges of £26,000, in addition to the generous financial assistance of the St Mabyn Parish Council.

This has enabled the committee to purchase a shipping container, start the refurbishment of the interior and exterior. We now need your funds to purchase equipment and stock for the shop. We have already started to train volunteers and aim to open on 1<sup>st</sup> October at 6.00pm?

We need to obtain funding of at least £30,000 to establish the 'new' village shop

We now need the pledges to be confirmed by you completing the attached application for the issue of shares and sending the form to Graham Smith, West End, Station Road, St Mabyn, BODMIN, Cornwall, PL30 3BN.

Further copies can be downloaded from [www.stmabynshop.co.uk](http://www.stmabynshop.co.uk)

## St Mabyn Community Shop Limited

### Application for the issue of shares

Please support St Mabyn Community Shop by subscribing for shares of £10 each.

Applicants must be aged 18 or over.

Complete all sections of this form (in block capitals, please) and return to Graham Smith, West End, Station Road, St Mabyn, BODMIN, Cornwall, PL30 3BN

Please enclose your cheque made payable to The St Mabyn Community Shop Limited.

Alternatively, payment can be made by bank transfer to:

The Unity Trust Bank, sort code 60-83-01, account number 20398556

NAME  
ADDRESS

Post code:

Telephone number:

Email address:

I wish to apply for \_\_\_\_\_ shares of £10 each  
in the St Mabyn Community Shop Limited. Please Complete A or B:

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A. I enclose a cheque for the sum of £

B. I am paying £

by bank transfer

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Signature:

Date:

By purchasing a shareholding, you become a member of The St Mabyn Community Shop Ltd and you are entitled to one vote at General Meetings and you agree to abide by the rules of the society. Please note: This investment is not covered by the Financial Compensation Scheme and investors have no recourse to an ombudsman. Please be aware any investor could lose some or all of their investment. Your contact details will only be used to keep you informed of SMCS news and events such as the AGM notice.

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## St Mabyn Community Shop Limited

### Financial information (Draft 6/9/2018)

#### Forecast Trading income and expenditure (three years)

	£	£	£
October to October	2018/19	2019/20	2020/21
Sales	150,000	180,000	210,000
Cost of Sales	126,000	151,200	177,400
Gross profit (16%)	<u>24,000</u>	<u>28,800</u>	<u>32,600</u>
Other income			
PO remuneration	2,000	5,000	5,000
Expenses			
Employee costs (note 8)	8,000	15,000	18,000
Other costs (Admin, ins, elect. etc)	8,000	9,000	9,000
	<u>16,000</u>	<u>24,000</u>	<u>27,000</u>
Profit (net)	<u>10,000</u>	<u>9,800</u>	<u>10,600</u>
	=====	=====	=====

Please Note: The Assumptions for the Trading income and expenditure forecast are on the next page of this share offer document

The Plunkett Foundation have been most helpful to us in preparing and presenting this share offer document

Note: Assumptions: 1. New Shop opens October 2018; existing shop closes March 2019. 2. Post Office transferred to new shop March 2019. 3. Income based on existing shop which achieved sales of £212,000 (2015) and £185,000 (2017) 4. Gross profit 16%; low achieved by existing shop in 2017 (high of 21% in 2016) 5. Same range of stock for sale 6. Volunteers successful in attracting business and providing a community service 7. Click and Collect a welcome additional contribution, which may need 'subsidy' which could reduce gross profit margin 8. Employee costs incurred as from 1st April 2019

# ST MABYN COMMUNITY SHOP LTD

## SHARE CERTIFICATE

*Certificate number:*

*This certifies that*

# *SAMPLE*

Holds \_\_\_\_\_ shares in the St Mabyn Community Shop Ltd, a Community Benefit Society registered with the Financial Conduct Authority, registration number 7835, and is therefore entitled to vote in general meetings of the society, subject to the rules of the society.

*Graham Smith*

Signed

Graham Smith

Secretary, St Mabyn Community Shop Ltd

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Date:

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