

## Frequently asked questions about community shares

### **Why should I invest?**

You are being invited to become a Member and participate financially in a community venture, whereby the community itself will raise the funds necessary to acquire and refurbish the village shop/cafe.

### **Who will benefit from this venture ?**

The community of Hurst Green will benefit directly from having a vital village amenity preserved for future generations, to be run by a democratic, not-for-profit organisation called a Community Benefit Society. In its rules is embedded the principle that the Society's surplus profits will be available for distribution to other community projects.

### **Is it a good business proposition?**

The community shop model has proved itself to be very robust, Out of a total of 259 community shops established in the UK, only 8 have closed, which is a 97% success rate. It is well proven that communities that work together to set up such a venture will support it in the future.

### **Who are the people organising this, can I trust them, and do they have a personal interest?**

The steering group making this share offer is a group of volunteers who believe passionately in preserving this amenity for the village. They do not have a personal financial interest in this project beyond the amount they have invested themselves. They have formed the first Management Committee of the Society.

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

The shop will be run partly by volunteers and partly by paid staff, employed on the Society's behalf by the Management Committee. The Society is run by the Management Committee which is re-elected each year by shareholder vote at the Annual General Meeting.

### **Is there a business plan?**

Yes and it is available on request.

### **What is my liability should I invest?**

Your liability is limited to the value of your shares.

### **What voting rights do I have as a shareholder?**

To be a shareholder you also have to be a Member of the Society. In a Community Benefit Society (formerly called an Industrial & Provident Society), the rule is One Member One Vote. So no matter how large or small your shareholding, you have an equal voice.

### **Will there be an annual subscription?**

There will be a large number of Members in this scheme, investing differing amounts of share capital. Some companies charge an annual subscription as a way of covering the administration which enables the Management Committee to keep the Members regularly updated and informed. A decision on this will be made by members at the first AGM.

### **Will the venture be able to build up sufficient reserves for me to withdraw my money in the future?**

The business plan has taken this carefully into consideration and the Management Committee will ensure there is prudent reinvestment. Once the business has established a good track record, new customers will be invited to become shareholders, thereby allowing equity to be released to any members wishing to withdraw.

**How much should I invest? What is the minimum and maximum I can invest?**

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

**Can I invest in instalments?**

In this instance, no, but it may be possible to add to your shareholding at a later date.

**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?**

The Management Committee will keep a share register separate to the members register, and in a password-controlled confidential environment. As in a private company, shareholders are entitled to request to view the share register, however this will not be encouraged by the Committee, and we anticipate that the great majority of shareholders will respect that others may not wish their shareholding to be general knowledge.

**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 the Management Committee for the withdrawal of your shares from the community venture itself.

**How can I get my money back if and when I need it?**

To enable the business to build up sufficient reserves, the Management Committee has stipulated a minimum of five years (except in exceptional circumstances) before you can apply to withdraw any shares. Precise details of the rules of withdrawal will be voted on by the shareholders at the first Annual General Meeting.

**Where will the money come from to cover withdrawals?**

All withdrawals must be funded from trading surpluses or new share capital raised from Members. The Management Committee may at any time suspend the right to withdraw, having regard to the long term interests of the Society, the need to maintain prudent reserves, and the Society's commitment to community benefit.

**Is there interest payable on the investment?**

Not at the current time. The return on these shares must be viewed as a social dividend.

**Is my money safe?**

Your money will be spent wisely and well. You will automatically receive a set of annual accounts of the business.

**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 by the Financial Services Authority because investors are deemed to be investing for social returns, not financial gain. There is no right of complaint to the Financial Ombudsman, nor can you apply to the Financial Services Compensation Scheme.

**Can I afford to lose some or all of this investment?**

If you can't, please don't invest! The chief return on your investment is a social return so it cannot be viewed in the same way as an investment in a building society or bank, where currently the first £50,000 is protected. Potentially you can lose everything you invest in a community shares offer.