



Hallbankgate Hub Ltd: A Community Benefit Society First Share Offer

You are invited to join a community enterprise to secure the future of a shop in Hallbankgate and a Hub for the village and the surrounding area

There has been a Co-operative in the village of Hallbankgate for more than 140 years, from its foundation in 1873 as the Naworth Collieries Co-operative Industrial Society. The shop is part of the history and fabric of the village and has been a lifeline for many people. We want to continue this rich tradition of having a shop at the heart of the community.

Scottish Midland Co-operative Society have owned the village shop since 2013 and closed it at the beginning of June this year. The Hub is buying the premises in order that we can continue to have a shop in Hallbankgate. We plan that this will provide local residents with an attractive, friendly place that meets most of their shopping needs. By extending the services provided beyond those of a traditional Co-op we want to ensure that the shop is viable and has a secure and certain future.

It will be owned and controlled by the community through the Community Benefit Society *Hallbankgate Hub Ltd*, formed in April 2015. A local share issue is ensuring that everybody in the community who wishes to can be a part owner of the Hub and thus be part of the process of deciding its development and its future.

Now that we are firmly on course to purchase the Co-op shop premises (subject to final agreement and contract), the management committee of the Hub hereby invites you to buy shares so that we can operate a village shop which will also provide other services, becoming a focus of activities for the whole area.

This offer for shares opens on July 1st 2015 and closes on September 30th 2015
unless closed earlier or extended by the management committee

Initial target £50,000

The share issue has been designed to provide local people, as well as friends, potential suppliers and businesses, and other organisations far and wide, with the chance to be involved in, and contribute financially to, the community shop business in the expectation of receiving a social dividend and possibly a financial return.

The social dividend of having a local shop, and other facilities such as a post office and a library link, will mean different things to different people. For some it will be the convenience of being able to pop in for their daily paper or when the milk runs out. For others, it may be the only easily accessible place for them to do all their shopping. The coffee shop with information boards and artwork on the walls will provide a meeting place at the heart of the village, where people can keep up to date with local news and events.

Who is in charge?

Hallbankgate Hub is run by a management committee, elected by shareholders at the Annual General Meeting. The present committee, in place until the first AGM, is comprised of local residents, most of whom have lived here for many years. They are:

John Foster (chair), writer, associate lecturer in philosophy at Lancaster University, previous public sector senior management experience, former parish councillor.

Steve Bowles (secretary), teaching background, parish councillor, village hall chair

Sue Consterdine (treasurer), banking / accountancy background, many years of retail experience

Robin Murray, economist, co-founder of a number of fair trade companies, closely involved with the co-operative movement

Rose Foster, experience in multi-disciplinary team working, negotiating policies, writing accessible reports.

Janet Lambert, landscape historian, artist, designer, author and editor

Duncan Sperry, experience in running international companies and in corporate finance

Edna Eagleton, personnel / human resources experience and business management

David Jones, comprehensive experience of retail management and commissioning in UK and overseas

Angie Wareing, site manager at Lanercost Priory, Dacre Hall committee member, many years of retail experience

How does the share issue work?

A Community Benefit Society operates as a democratic organisation with a management committee drawn from its membership. Each member has one vote, irrespective of the amount subscribed for shares. Shares are a long-term investment for the benefit of the community. The value of a share in the Hub cannot increase beyond its initial cost of £20, and may decrease if liabilities exceed assets. However, no further liability can fall on you as a shareholder.

Why should I become a member?

Hallbankgate Hub Ltd will be a business run by the community, for the community. The success of the shop will rely primarily on the support of local people. We would encourage everyone in the locality to become a member and have a say in the running of the Hub. We really do need local investment to be able to refurbish, restock and reopen the shop.

Who will benefit?

Everyone in the parish of Farlam and beyond, from Halton-Lea-Gate to Milton. The shop will provide a good range of essential supplies. Local producers will have an outlet. There will be a focal point for other services. The coffee shop will attract visitors and people passing through. The presence of a shop in a village can enhance the value of your house, whereas the loss of a shop reduces property values.

What are the advantages?

We envisage that the Hub will be *more than just a shop*. It will:

- Supply residents and visitors with daily staples such as bread, milk and newspapers
- Maintain access to postal services and a library link
- Create jobs and volunteer opportunities for local people
- Offer local suppliers the opportunity to supply fresh, quality food to the local community
- Strengthen the local economy via produce and service initiatives
- Reduce car journeys to supermarkets and other shops in Brampton or Carlisle
- Provide a community hub where people can obtain information and meet friends and neighbours
- Increase the sense of belonging in the area
- Re-invest surplus profits in the community

Other funding

This initiative is supported by Farlam Parish Council, and the Farlam Parish Trust has also granted us significant funds. We are optimistic that our major grant application to *Power to Change* will be successful, as it has already reached the second stage. The share issue is vital for match-funding. In the unlikely event that we do not raise sufficient funds, shareholders will be fully reimbursed.

What will the funds be used for?

We need to purchase the shop premises and carry out essential repairs and refurbishment, fit out the shop and stock it, ready for opening.

How much can I invest?

Anything from £20 to £20,000 in multiples of £20.

Will I receive interest on my investment?

The main focus of this share offer is to provide a social dividend. However, our rules permit payment of interest at up to 2% above the Bank of England base rate. The management committee would decide whether profits justified such a payment.

Can I sell my shares?

No. After three years you can give notice that you wish to withdraw. Permission may be granted by the management committee, depending on profitability.

Are shareholders liable for any debts?

No. Your liability is limited to the value of your shares.

Are there any tax advantages?

Yes. An application is being made to HMRC to include this share issue in the Seed Enterprise Investment Scheme (SEIS), a government scheme designed to encourage investment in new enterprises. Having SEIS status means that any purchasers of shares who have an appropriate amount of taxable income would be eligible for income tax relief equal to 50% of the amount invested.

What happens to any profits?

The *Hallbankgate Hub* business cannot be sold for the benefit of its member shareholders. Future surpluses not needed for the development of the business can only be used for the benefit of the local community. In the event that the business ceases trading, any surplus, after paying creditors and repaying share capital, must also be used for community benefit.

Is the investment guaranteed?

No, but by our purchase of the freehold of the Co-op premises the property becomes an asset which will give investors a measure of security. If the business ceased to trade the building could be sold and the proceeds used to repay share capital, after creditors have been paid. The shares should be viewed as a long-term investment for the benefit of the community.

Is this a good business proposition?

We believe it is. Whilst not guaranteed, the value of shares will be supported by ownership of the shop freehold. You may also receive tax relief, making the true cost only half that of the value of your shares.

Will the Hub be a success?

We certainly hope so. We have received support and advice from the Plunkett Foundation, who have helped many villages establish community-owned shops. Across the country the five-year survival rate for such shops is 99%. If we all use it, the Hub will succeed.

Will I have a say in running the Hub?

Yes. All shareholders have one vote at AGMs and other shareholder meetings. This does not depend on the number of shares held.

How else can I get involved?

This project is almost entirely dependent on volunteers. The shop needs refurbishing and refitting before it can open. It will then be staffed by a salaried manager and a team of volunteers. Please tick the box on the share application form if you are willing to offer your skills, experience and time.

The small print

Please read this document carefully in full before making a decision to subscribe for shares.

Shares in a Community Benefit Society cannot go up in value, but you may be paid interest on the value of your shares as trading conditions allow. This is at the discretion of the management committee and must be funded from trading profits, after first considering the long-term interest of the business, the need to maintain prudent reserves, and the Society's commitment to community benefit.

These shares cannot be sold. The only way to recover the sum invested is to give notice of withdrawal to the management committee, which normally cannot take effect until three years have elapsed from the date of issue. To ensure the ongoing financial stability of the Society, only a proportion of its total share capital can be refunded in any one year, the percentage to be determined annually by the committee. In the event of the death of a member, an earlier repayment can be made, subject to funds being available.

The Hub will issue all eligible investors with a certificate to enable them to claim tax relief. Please note, the Society is not able to advise members on tax issues and it will be each investor's responsibility to make their own enquiries and to satisfy themselves as to their eligibility to claim tax relief.

We are exempt from the Financial Services and Markets Act 2000 or subsidiary regulations; this means you have no right of complaint to an ombudsman. *Hallbankgate Hub Ltd*, as a Community Benefit Society, is registered with, but not authorised by, the Financial Conduct Authority (Register number 7111), 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 in the context of the complete share offer document, and if needed seek independent advice.

We have a comprehensive business plan and detailed financial information available on request.

You can find the business plan and more information about the Hub, including our memorandum of association and other documents at <http://www.hallbankgatehub.org>.

How to make an investment

Please complete the application form and send it with your payment to:

The Secretary, Hallbankgate Hub, Peel House, Hallbankgate, Brampton, CA8 2NJ

And finally

If you want Hallbankgate to have a thriving village shop and develop other Hub services so that it becomes **more than just a shop**, then there are three ways in which you can help:

- By subscribing for shares via this share offer and encouraging others to do so as well
- By volunteering your time and skills to working in the shop
- By purchasing as much as you can from your local community shop

Thank you.

Hallbankgate Hub Ltd

Share Application Form

Only one person can apply per form.

You must be 16 or over to apply for shares.

If you need additional forms, please contact the Secretary
or download from <http://www.hallbankgatehub.org>

I would like to purchase shares in *Hallbankgate Hub Ltd*

Name

Address

.....

.....

Email

Phone number

Your contact details will only be used to communicate with you on matters regarding the business.
We will not pass your details on to third parties.

I wish to buy shares to the value of £

Multiples of £20 - minimum £20, maximum £20,000

- I enclose a cheque made payable to *Hallbankgate Hub Ltd*
- I enclose cash
- I plan to apply for SEIS tax relief on my investment if approved
- I am also interested in volunteering

I confirm that I have read the share offer document and understand fully the status of my investment.

Signature

Please return this form to:

The Secretary, Hallbankgate Hub, Peel House, Hallbankgate, Brampton, CA8 2NJ

