

## Membership and Share Offer

### 8<sup>th</sup> February – 18<sup>th</sup> March 2022

We are inviting our customers and members of the local community to invest in our business and join our community-run cooperative.

### Introduction

Ilmington Community Shop and Café was created in response to the closure of Ilmington's village shop in 2012. Local residents missed both the convenience of a shop in the village, and the social benefits that came with having a village hub. The community worked together to raise the money to purchase, renovate and extend the disused Catholic church and turn it into a shop and café. The shop opened in May 2015 with the café following a year later.

### The shop and café

The shop and café are run by the community for the benefit of the community. We aim to provide a high-quality general store that is welcoming and friendly, and that sells a wide range of goods at reasonable prices. The shop product range is diverse and includes basic groceries and household goods, newspapers and magazines, wines and spirits, fresh produce, bread, shop-baked pastries as well as delicatessen and luxury foods. We sell a wide range of locally-sourced products and support local producers wherever possible.

The shop also provides a variety of services, including an outreach Post Office two afternoons a week, a noticeboard for local information and a twice-a-week home delivery service for those isolating or shielding in recent times. We constantly review our products and services, encouraging volunteer and customer feedback, and we will continue to focus on meeting the needs of the community.

The café provides an informal and welcoming space for people to meet and relax, both inside and outside on the terrace. Our plan is for the café to continue to be a vibrant social hub for the community and we will increase and diversify the opportunities for the community to come together in the café space as Covid restrictions ease.





## Ownership of the business

Ilmington Community Shop Ltd is run as a cooperative, also known as an Industrial and Provident Society for the Benefit of the Community. It trades as a business for profit, but it is run for the benefit of the community as a whole rather than for the financial gain of any individual. The cooperative is owned by around 415 'members', the majority of whom are people living in Ilmington and its surrounding villages.

## How to become a member of Ilmington Community Shop



Anyone can participate in the ownership of Ilmington Community Shop Ltd by buying shares, and a shareholder automatically becomes a member of the Society. One £10 share will allow the member to vote on key issues and have a say in the future of the business. Most importantly, members are also able to feel a shared sense of ownership in a thriving community venture and take pride in supporting the shop and café in its role at the heart of the local community.

## Investing more than £10

Each member may buy additional shares and invest any sum up to £20,000. The invitation to invest beyond the single £10 share is an opportunity for our customers and members of the community to contribute financially on a long-term basis to support our community shop and café. The reward will be the expectation of a social dividend rather than a financial return. The social dividend will mean different things to different people, but may include:

- ensuring there continues to be a shop in Ilmington to provide for local people
- maintaining a "community hub" where people can meet, make friends and exchange information
- supporting the more vulnerable members of the community who depend on the shop
- making good quality local produce available in the village
- supporting local producers and helping to reduce food miles
- ensuring availability of vital supplies for the local community. (This was critical, for instance, in the first lockdown in March 2020.)
- improving the environment by reducing car journeys to supermarkets and other shops



## Is the business viable?

Community shops and cafés like ours have proven to be a resilient form of business and are different from privately owned shops and cafés in a number of ways. Sales are higher as the shop's primary customers – the community – own and run the business and both want it to succeed and are more easily able to shape it to village needs. Costs are lower; the business has no rent or mortgage payments, it is mainly staffed by volunteers and does not have to provide a living for the owner. Start-up costs and many ongoing capital costs have been provided by village investment, grants and donations, and a number of professionals offer their services free of charge.

The business has been trading since May 2015 and has generated from sales the cash needed to keep trading. In both 2020 and 2021 the shop made a healthy profit, in part boosted by the increase in sales resulting from the lockdown and more people shopping locally. The committee are committed to running the business profitably and have every confidence the business will continue to be healthy and viable.

Follow the link to see a copy of our [2021/20 accounts](#), or for further financial [information](#) contact our treasurer, Fiona Dakin on [fiona.dakin@mail.com](mailto:fiona.dakin@mail.com) or 01608 682206.

## Why issue shares now?

Many of our current membership became members in 2014 and 2015 when we ran the share offers to raise funds to buy and convert the building into a shop and café. Since then, many new people have moved into Ilmington and more people in the surrounding villages have started using the shop. Our community is constantly changing and we would like our membership and our community investment to be reflective of our customers and volunteers today, and so we are giving our current customers and volunteers the opportunity to become members and to support the venture financially for the next few years.

## Who is on the management committee and leading this initiative?

The management committee are all members of the cooperative who have been democratically elected by the other members.

There are currently five members of the committee all of whom live in Ilmington. Between us we have a range of skills and experience including financial management, project management, PR and marketing, retailing, property management & IT. All committee members are unpaid volunteers. We are:

Mike Tremellen: Chair & Company Secretary

Fiona Dakin: Treasurer

Julie Jones

Debbie Sarjant

Sarah Tremellen





## How do shares work?

A single £10 share confers membership of the Society, and each applicant can apply for any number of shares up to a maximum value of £20,000. The Management Committee is democratically elected on the basis of “one member one vote” regardless of the number and value of shares the member owns, and any member aged 18 or over can stand for election. Shares cannot be sold to another person, but investors are entitled to apply to withdraw them from three years after their investment. Withdrawal will be at the discretion of the Management Committee who will consider if the business has adequate profits and cash reserves to fund the requested withdrawal.

Buying shares should be seen as a long-term investment for the benefit of the community. It is not the same as making an investment in a private sector enterprise where the investor makes capital gain from the increase in the value of the shares. Shares in Ilmington Community Shop Ltd cannot increase beyond their nominal value of £10 and could reduce in value if the shop fails to prosper. However, because the shares are issued by a limited company, no further liability can fall on you as a shareholder.

The Society will not pay a dividend on the shares, but the Management Committee can consider paying interest in the future should the finances of the Society permit it. Any profits not needed for the development of the business or repayment of shareholders will be used for the benefit of the community, which we have defined as the residents of the Parish of Ilmington.

The investment is not guaranteed, but our ownership of the land and buildings should give investors a measure of security. Ilmington Community Shop Ltd cannot itself be sold for the benefit of its member shareholders. In the unlikely event that the business ceases to trade, the building and other assets could be sold and the proceeds used to pay creditors and repay share capital. Any surplus (after paying creditors and repaying share capital) shall be used for the benefit of the community, under the direction of the Management Committee.

## Risks

As with any investment, this is not risk free. As the business is reliant on volunteers and community support, it is possible that this will wane over time and the business will suffer. We do not expect this to happen in the immediate future, but you should be aware that any trading activity is potentially vulnerable to unanticipated risk. As the whole of your investment could carry a risk, please consider it carefully, and if needed seek independent financial advice. However, please also bear in mind that the share offer has been put together by members of our community for members of our community. We would not do it if we did not believe in it.



## Frequently Asked Questions

### Why should I become a member?

Ilmington Community Shop Ltd is a business that is run by the community for the community. The success of the shop relies on support from the people who live in Ilmington and its surrounding villages. We would encourage everyone to become a cooperative member and to have a say in the running of the shop.

### What is the difference between a member and a shareholder?

There is no difference - all shareholders are members and vice versa.

### Who benefits from this venture?

The primary beneficiaries are the residents of Ilmington and its surrounding villages, who have a village shop and café secured for the future and run for the benefit of the community. A wider group also benefit; this includes local food producers, farmers and craftspeople, and visitors to the village. In future, should any surplus profits be available, they can be distributed for social, environmental and community purposes of benefit to residents of the Parish of Ilmington.

### Is it a good business proposition?

The community shop model is robust and it is well proven that a community that works together to set up such a venture supports it in the future. Follow the link to see a copy of our [2020/21 accounts](#).

### Who runs the shop and the Society?

Day-to-day the business is run by our paid manager supported by volunteers from the community. We are also employing an assistant manager on a temporary basis. The Society is run by a Management Committee which is selected by member vote at the AGM. Our employees are employed by the Society and our manager reports to the Management Committee.

### Are the committee competent and do they have a personal financial interest?

The management committee members have broad business and financial experience including project management, PR and marketing, retailing, property management & IT. They do not have a personal financial interest in this project beyond the amount of their own investments.

### What happens if the business fails?

In the unlikely event of the business failing, the assets of the Company, including the land and building, would be sold and the proceeds divided between shareholders up to the value of their shares, with any surplus being put to community use.

### Who can become a shareholder?

Anyone can invest and become a member - there is no requirement to be a resident of Ilmington. Businesses and other organisations can also invest by nominating an individual to become a member on their behalf.



### **Is there a minimum age for investors?**

Anyone aged 10 years or over can become a member of the Society, but you must be over 18 to invest more than the minimum £10. Those aged 10-17 are only permitted to become members by buying a single £10 share.

### **How much can I invest?**

The minimum share is £10, and the maximum amount of share capital that can be invested by an individual or organisation is £20,000.

### **I am already a shareholder – can I invest more?**

Yes, each shareholder can buy shares up to the value of £20,000 in total so you can add to your investment up to that amount.

### **What voting rights do I have?**

In 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 when electing a management committee or voting on major issues. Most decisions are taken by the elected management committee.

### **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 withdraw your shares from the community venture itself.

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

The minimum time for investment is three years. After that you can apply to the Management Committee to withdraw some or all of your shares. Withdrawal will be at the discretion of the Management Committee who will consider if the business has adequate profits and cash reserves to fund the requested withdrawal. Details of the rules of withdrawal will be voted on by Members at AGMs.

### **Will the business make enough profit for me to withdraw my money in the future?**

We are hopeful that the business will generate sufficient funds to allow some members to withdraw some shares. However, we cannot guarantee this and if you already anticipate needing to withdraw your investment you should consider carefully whether this is the right investment for you.