



Community Benefit Society Rules



The Community Shares Standard Mark is awarded by the Community Shares Unit to offers that meet national standards of good practice.

For more information about community shares, the Community Shares Standard Mark and the Community Shares Unit go to: communityshares.org.uk

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Community share offers are exempt from, or outside the scope of, statutory regulations that apply to the public offer of shares and other financial promotions. Applicants have no recourse to the Financial Services Compensation Scheme, or the Financial Ombudsman Service.



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Our Society

Structure

Chitterne Community Pub Group Limited (CCPG) is an incorporated entity, a society for the benefit of the community, registered under the Co-operative and Community Benefit Societies Act 2014 and regulated by the Financial Conduct Authority (FCA). A Community Benefit Society is principally owned by its members on a one member one vote basis, irrespective of shareholding. Membership is open to anyone who supports its aims and objectives.

Rules

CCPG was registered in February 2020 using a set of pre-approved model rules developed by the Plunkett Foundation, which runs the More Than a Pub support programme for community pubs.

Our Rules include provision to issue a form of shares to members known as withdrawable share capital, which is unique to society law. Withdrawable share capital, also known as Community Shares, can be withdrawn from the society by the member, subject to terms and conditions. The liability of its members is limited to the value of their shareholding and the value of members' community shares will never go up, but the value may go down. Rules can be downloaded from www.chitternecbs.co.uk.

Asset Lock

Our rules include an Asset Lock which restricts the ability of the Society to use or deal with its assets. In particular:

- The only payments that can be made to members are to the value of their withdrawable share capital, Dividends and/ or interest on that withdrawable share capital.
- The residual assets of the Society on winding up cannot be transferred except to another organisation whose assets are similarly protected.

Management Committee

The management committee is responsible for managing the affairs of the Society, on behalf of the membership and to report back to the membership at General Meetings in exactly the same way as a management committee is responsible for managing the affairs of a limited company.

The current CCPG management committee has a great deal of experience of hospitality, community organising and general business management. They will oversee the running of the enterprise for the first 12 months and will be closely involved in the renovation and reopening process. They will then stand down at Annual General Meeting (AGM) and the next management committee will be elected by and from the membership. The term of office on the management committee is 12 months but they can stand for re-election.

Our shares

What are Community Shares?

Community shares are a type of withdrawable share capital, unique to co-operative and community benefit societies. Withdrawable share capital can be withdrawn from the society (after a minimum of 3 years or upon death/ insolvency), subject to the society's rules, any conditions set out in the share offer document and the management committee's discretion. Withdrawable share capital is fully at risk. Members could lose some, or all, of the money they invest. But they also have the scope to withdraw some, or all, of their capital when they need it, subject to consent.

Current status

It is worth noting that the nominal value of our shares is £1 and member's liability is limited to the value of their unpaid share capital.

The Society is not currently trading, and its income has been predominately from grants. Financial statements will be available at the AGM and on request by a member.

Our Financial year ends on 28th February.

Share offer Terms

These shares are known as community shares because your primary return for holding shares is a social one and NOT driven by an overarching desire for a financial return. The real (social) payback to becoming a member is to ensure a thriving; sustainable community owned business is established.

This form of community investment should be considered as an opportunity to contribute to the sustainability of the business as an organisation with the expectation of a social dividend rather than a financial reward.

The words 'Community Shares', do not have any legal meaning and the rights of investors buying Community Shares in CCPG are those set out in this part of the offer document and by our Rules. The Community Shares on offer are withdrawable shares issued by The Management committee as permitted by the Rules of the society. These shares are not transferable, which means they cannot be sold to a third party.

Type of Shares Issued

The value of each share issued is £1.

The shares are not transferable, except in case of death or bankruptcy

Who can apply?

Applications are open to individuals over 18 years old.

An Association or group of friends, corporate body or firm may apply and must authorise a named representative to be the member.

The minimum Individual investment has been set at 250 shares (£250) to ensure that it is accessible to as many people as possible. We would encourage anyone who wants to help save The Kings Head but cannot afford the minimum amount themselves, to join together with others to apply as an association (group of friends) but you must authorise a named representative to be the member.

A maximum individual investment level has been set at £100,000 as we do not wish to exclude any potential for a members who are able to make large investments.

The order in which share applications are offered will be on a 'first come first served' basis.

Each member will have one vote on member matters regardless of their level of investment.

Interest/ Dividend Payments

The society aims to pay dividends or interest on the Share Capital invested when it is prudent to do so. Dividends/ Interest will only be paid when performance of the business justifies this and will be at the discretion of the management committee.

Dividends/ Interest will be paid gross to all UK residents and those Members, who are liable to pay income tax; will be responsible for declaring this income to HMRC. Non-UK residents will have tax deducted prior to payment.

It is the responsibility of the Shareholder to inform CCPG of a change in address or bank details so that dividends/ interest payments can be made.

Withdrawal of Shares

We expect to be able to allow limited withdrawal capped at 5% at the optimum share offer target level and at 3% at the maximum share offer target level after our 5th year of trading, however the management committee will review this in year 3. Withdrawals will be subject to the following criteria;

- ❖ No withdrawals are allowed within the first three years except for death or insolvency or at the absolute discretion of the management committee.
- ❖ Applications for withdrawal are made in line with our Rules. All withdrawals require three months' notice and shall be paid in the order in which applications are received by the Society until the maximum total withdrawal allocated for the year has been reached. The allocated level, will be reviewed by the management committee, who reserve the right to refuse withdrawals in order to ensure the effective management of finances.
- ❖ In exceptional circumstances, the management committee may, at its discretion, waive the notice required for a withdrawal.
- ❖ The Management committee has the discretion to suspend withdrawal of shares if circumstances dictate.

Withdrawal / Inheritance on death of a member

On the death of a Member, their personal representatives can apply for withdrawal of the Shares. The management committee may prioritise the withdrawal of shares for those Members who have died. Alternatively, a deceased members Shares can be inherited in accordance with the terms of the Member's will or under the rules of intestacy, subject to management committee approval of the new member who wishes to hold the shares.

It is possible that these shares in a community benefit society may qualify for business relief from inheritance tax. However, please seek independent advice.

Reduction in Share Value

If the Society's auditors or independent qualified accountants find that the Society's assets are insufficient to meet its liabilities to creditors and shareholders, the management committee may decide to reduce the value of the society's shares for the purposes of withdrawal of shares. This means that the value of members' shares would be reduced accordingly.

Dissolution

On the solvent dissolution or winding up of the society, holders of the shares will have no financial entitlement beyond payment of outstanding interest approved by the management committee and repayment of paid-up share capital. Any residual funds must be transferred to another asset locked body.

How we shall hold your money

All monies invested in the community share offer will be held by the Society and not spent prior to the purchase of The Kings Head, Chitterne.

Anti-money laundering checks

The Money Laundering Regulations 2007 do not apply to societies when they issue withdrawable share capital. However, we may still wish to carry out identity checks on non-UK resident applicants. The identity of UK resident applications we shall take as secure where they are paying by bank transfer, credit or debit card. Please be aware that we may request two separate forms of identification, one photo ID and the other proving where you live.

Risks and rights

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Further information

When considering investing it is essential that you understand that this should be regarded primarily as a long-term social investment in our community that is intended to secure a vital community asset for years to come. The share offer is not intended as an exercise to generate short term returns for investors.

Before deciding to invest, you may wish to seek independent financial advice.

Please read this entire Community Share Offer Document together with prospectus and FAQs which are available online at www.chitternecbs.co.uk before you apply to purchase Community Shares.