

LLANGORS COMMUNITY SHOP

SHARE OFFER





Dear Resident

A number of us have been working very hard to satisfy what you have told us is a deep seated and widely held view that we all feel the loss of local shops.

A Community Shop largely run by volunteers is a well proven and by far the best way to provide what we all want. Well over 94% of community shops that have ever been set up are still trading today.

It has taken some time to get this point but I am delighted that we are now being strongly supported by The National Lottery with a substantial grant from The National Lottery Community Fund. Consequently we are now in a position to invite you all to join the shop project by purchasing shares in the Community Benefit Society that we have set up to own and operate it.

All of the information you need is set out in this document

The shop Management Committee have devoted over 2 years to this project in the growing conviction it will be a success. Buy shares, join us and make that a certainty!

Mark Kerr

Management Committee Chairman



Llangors Community Shop Ltd Share Offer Prospectus

This share prospectus is issued by the Management Committee of Llangors Community Shop Ltd and invites you to participate in the share offer which will be open from the 14th June until 18 July 2021.

Everyone wanting to have a new community-run shop, owned by the residents and run for their benefit, is invited to become a Member by buying one or more shares at £10 each in our community enterprise. We aim to raise £30,000 from the sale of shares and the maximum individual holding of shares is limited to 300.

Dependent on the level of demand the Management Committee may extend the specified period or they may close the share offer before the end of the specified period when the value of shares sold reaches £30,000.

Llangors Community Shop Ltd is registered as a Community Benefit Society with the Financial Conduct Authority. (FCA No.8296). The registered office is: 2 Lake View Close, Llangors, Powys, LD3 7US

All the documents that support this share offer such as the Business Plan and the Society's Rules can be downloaded from www.llangorsshop.co.uk or paper copies can be obtained by application to Lind Kells on 01874 658377.



Introduction

Llangors Community Shop will be a really convenient and environmentally friendly outlet and a new social centre at the very heart of the community of villages and settlements around Llangors Lake. It is a while since we started the project and we have had to cope with a couple of unexpected delays over this period, by far the most serious of which has been the Covid-19 crisis. This stalled progress for several months. We are now back in action, however, and since the need for a shop has clearly become more pressing than ever, we plan to open in the Summer of 2021.

In our survey back in 2018 you told us that you want and would use a general store and café that could serve the whole community. In Llangors itself, for our older residents and those without cars, the new shop will be an essential lifeline; for the other parts of the community, it is a case of restoring a convenient local facility to the area. For visitors, it will be an added resource and attraction.

For all of us, it will be a huge contribution to our quality of life!

Our plan is quite simple: we want to convert two donated 'portacabins' to create a community owned shop, café and toilet on the old playground site next to the Youth and Community Centre in Llangors. We plan to stock a wide range of goods - providing local products where possible - within a cheerful and welcoming environment.

There will be a paid manager of the shop as we need the expertise but importantly, we plan to run the shop mainly with volunteers to keep running costs as low as we can.

Setting up the shop will be quite costly. We'll need to refurbish and fit out the two portacabins very kindly donated by a local business and connect them to the mains services at the site. We'll have to equip the shop with freezers, fridges, cold cabinets and kitchen equipment and then stock the shelves before we open. The café will need a coffee machine, tables and chairs and we must have the all-important Electronic Point of Sale system generally known as an EPOS.

Although most of the shop equipment could have a resale value should things go wrong, we have also to meet a myriad of other costs which are not recoverable, such as planning permission, insurance, food hygiene standards, health and safety, fire safety, training and security.

The National lottery Community Fund Wales is supporting our community by awarding us a grant worth close to £100,000. This funding will cover most of the costs of constructing and setting up the shop but we also need funding from the sale of shares to ensure that we can meet all of our start up and initial operating costs and provide financial stability during the early months after opening.

If you're 16 or older and you value having a shop in the Llangors Lake community, this share issue lets you contribute financially to the shop project. We should explain that the benefit from owning the shares is not financial. If the shop trades successfully you will be able to withdraw your money after a fixed period, or even earn modest interest, but these opportunities will always be at the discretion of the Management Committee. They cannot therefore be guaranteed. On the other hand, you will get a "social dividend" from this investment - there will be a thriving shop and café in Llangors!

We want you to understand that Community Benefit Society shares are fully at risk. You could lose all or some of the money you invest. You would have no right to compensation from the Financial Services Compensation Scheme, nor any right to complain to the Financial Ombudsman Service. However, as a shareholder your risk is limited to no more than the amount you invested and you will never be liable to meet any further costs.

Membership

As a Community Benefit Society registered with the Financial Conduct Authority (FCA No.8296) we are bound by strict rules of conduct, such as that no personal profit of any kind, now or in the future, may be made, and that we may only use any profit in support of our community; but it also allows us to encourage local people to become Members of the Society by buying shares in the enterprise, at an agreed and fixed cost.

The guaranteed return on this kind of share is the social dividend of having a shop in the community. A social dividend 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 they run out of milk. For others, it may be the most accessible place for them to do all their shopping without driving vast distances. For parents it will be somewhere to drop in as part of the school run – perhaps taking the children to spend their pocket money. Then of course there is the truly social aspect of the shop: as a welcoming meeting place, somewhere to post advertisements, have a coffee with friends and neighbours, and keep up to date with community news.

Any Member can vote at the Society's Annual Members Meeting; they can also put themselves forward at this meeting for election to the Management Committee. We strongly encourage any Member who is willing to commit the necessary time and energy to play an active part in the running of the Society



Terms and Conditions

We strongly recommend that you read this section carefully.

- You can invest in Llangors Community Shop Ltd , a community benefit society, and become a Member of the Society by buying one or more shares at £10 each.
- Everyone wanting to have a new community-run shop, owned by the residents and run for their benefit, is invited to become a Member by buying one or more shares at £10 each in our community enterprise. We aim to raise £30,000 from the sale of shares and the maximum individual holding of shares is limited to 300.
- We will welcome corporate or joint membership. However, any organisation or business that wishes to have corporate or joint membership is required to have one individual as a nominee to be the Member of the Society to act on behalf of their organisation or business. If the organisation or business is legally incorporated, the shareholding remains the property of the organisation or business and any interest or withdrawal would be paid to the organisation or business. If the organisation or business is not legally incorporated (e.g. a small sports club or a sole trader business) then the shares are the legal property of the nominee. Any interest and withdrawal would go to the nominee, and it would be a matter for the organisation or business and the nominee to resolve how this is to be handled internally.
- Groups of individuals may hold shares as a group, but a member of the group must be the nominated shareholder in our share register and will act as the Member of the Society for that group. Group membership includes couples who may wish to own shares jointly, with one of them nominated as the society member.
- The Society will operate on the basis of one Member one vote, irrespective of the number of shares purchased or the size of any collective membership. There will be no subscription other than the purchase of at least one share. The minimum age for investing is 16, but written parental consent must be obtained if you are younger than 18.
- If you are 16 or over, you may stand for election to a position within the Society as long as you own at least one £10 share.
- An annual Members Meeting will be held at which Members may vote or put themselves forward for election to the Management Committee or other elective position which may arise from time to time.
- After shares have been held for 5 years they may be withdrawn, providing that withdrawals can be funded from trading surpluses or new share capital raised by Members, all in accordance with the Rules of the Llangors Community Shop Ltd. Withdrawal will be at the sole discretion of the Management Committee who will judge if the business is trading profitably and has adequate cash reserves to fund withdrawal.
- In the event of the death of a Member a number of options will be available at the discretion of the Management Committee including repayment before the 5 years are up or transfer to a new owner.
- Llangors Community Shop Ltd may, at the discretion of the Management Committee, pay interest on shares at some future time if the finances of the Society permit. Any interest paid can be no more than 5%, or 2% above the prevailing base rate of the Bank of England, whichever is the greater. It is stressed, however, that this investment should be considered an opportunity for people or organisations to contribute financially to the community with the expectation of a social dividend rather than a financial reward.
- The Llangors Community Shop Ltd business cannot be sold for the benefit of its Member shareholders.
- This share issue will qualify for tax relief on investments under the Seed Enterprise Social Investment Scheme (SEIS/EIS). We have advance assurance on this from HMRC.

Business Model

In the summer of 2018 our County Councillor, Emily Durrant, held a meeting in the Castle Inn which indicated there was strong support for a community owned shop. As a result a group of us formed a Management Committee supported and encouraged by the Community Council. We are drawn from several of the communities around the Lake and we have a broad balance of expertise and professional skills.

Since we were formed the following activities have been undertaken by the Management Committee in order to confirm the level of support and to identify the obstacles that have to be addressed in order to set up and maintain a community shop.

- Residents Questionnaire
- Three well attended Public Meetings in Llangasty, Llangors and Llanfihangel
- Visits to 14 community shop businesses within a 50 mile radius with a similar demographic and business model
- An analysis of potential local competitors
- An analysis of targets, outcomes, outputs and impacts
- A SWOT analysis focusing on pre- and post-startup factors
- Risk assessments focusing on pre- and post-startup predictions
- An analysis of potential shop locations
- A full financial appraisal

The findings and conclusions from this work have been brought together in a comprehensive Business Plan that describes how and where the shop will be created and demonstrates that the predicted turnover and financial performance are well within reach. We expect that the shop will be financially viable and sustainable from the third full year of trading.

We encourage you to look at the full Business Plan which includes details of all the activities listed above. It may be found on the Community Shop website at www.llangorsshop.co.uk or obtained on application to Linda Kells on 01874 658377.

In the Business Plan's comprehensive risk analysis, the three most serious risks we have identified are the failure to raise sufficient funds, the failure to attract sufficient volunteers and too few customers to sustain the business. In all three instances a risk mitigation strategy is in place, as is the case for all the identified risks.

At every step of the way we have consulted many other community shops and taken advice from the Plunkett Foundation, responsible for supporting over 600 other rural community businesses around the UK, Enterprise Solutions in Cardiff and the Community Shares Unit. We believe we will be in a very strong position to start trading in Summer 2021.



Finances

The financial prospects for the Llangors Community shop have been extensively analysed and the estimates and projections have been compared with published information for comparable community projects that have already been set-up and in some cases have traded successfully for a number of years. A Financial Plan has been drawn up covering start-up and the first 3 years of operation and is provided as part of the Business Plan.

It is many years since a similar shop traded in Llangors and consequently there is no reliable data on which to base likely turnover. In this situation a credible methodology has been used to predict the shop's financial performance although small changes to the underlying assumptions can lead to significantly different outcomes.

The turnover predictions are built on the responses to the community survey which sought information about likely usage patterns and frequency. The amount spent per visit is an important variable and figures drawn from the annual survey of the Association of Convenience Stores have been used. The amount by which the actual usage of the shop will fall short of or outperform these factors cannot be predicted with a high degree of certainty which is why three example scenarios have been included in the financial plan. The predictions from these three examples are summarized below:

Forecast Financial Performance					
		Year 1	Year 2	Year 3	
Pessimistic Scenario	Turnover	£66,750	£115,800	£149,625	
	Profit/Loss	-£20,763	-£7,258	-£1162	
	Profit/Loss with Salary contribution	£0	£0	£0	
Probable Scenario	Turnover	£114,900	£143,100	£178,800	
	Profit/Loss	-£7751	-£808	£5,649	
	Profit/Loss with Salary contribution	£0	£0	£5,649	
Optimistic Scenario	Turnover	£129,150	£178,800	£230,925	
	Profit/Loss	-£4,005	£5,669	£8,229	
	Profit/Loss with Salary contribution	£0	£5,669	£8,229	

Comparison with other successful community shops serving similar sized communities gives confidence that the turnover predictions are well within reach. Equally these comparisons show that the space provided by the available portacabins can support all of the turnover rates predicted including the third year of the highest growth example.

Staff costs are the largest single discretionary item and the intention is to employ a full time equivalent experienced manager from a minimum of two months before opening day as there is a recognised need for hands on retail experience beyond that of Management Committee members. These staff costs drive the poor profitability of the shop in the early years but they cannot be avoided as they will ensure that the enterprise has sound foundations and a successful future. As the shop cannot sustain trading losses particularly in its early years a contribution to the staff costs has been included as part of the cost estimates in our applications for grant funding.

The three examples, dubbed 'pessimistic, probable and optimistic', all predict a loss in the first year of trading with 'pessimistic' only predicting sustainable profit in the 4th year. Although the other examples predict a healthier financial performance given the additional uncertainty of the impact of Covid pandemic measures all financial planning is being based on the pessimistic example which requires a manager's salary contribution for the first three trading years albeit very small in the third year.

Any surpluses generated will be invested in developing the shop and some will be distributed to community activities such as the Youth and Community Centre in Llangors or other village halls around the Lake. If in the future surpluses are sufficient the payment of interest on shares will be considered.

The costs of building, equipping and stocking the shop and are estimated to be about £80,000 and a reducing subsidy to support the cost of employing a shop manager will require a further £35,000. We plan to raise these amounts through a combination of grants and this community share issue. The project will also benefit from generous donations in kind and from the efforts of our many volunteers.

Throughout we have had discussions with The National Lottery and early in 2021 we submitted an application for a medium level grant from The National Lottery Community Fund. We are delighted that they have decided to support our community by awarding us a grant worth close to £100,000. This funding will cover most of the costs of constructing and setting up the shop but we also need further funding from the sale of shares to ensure that we can meet all of our start up and operating costs and provide financial stability during the early months after opening.

This share offer will be open from 14th June until 18 July 2021. We aim to raise £30,000 in this period but the Management Committee may decide to extend the offer period or they may close the share offer before the end of the specified period when the value of shares sold reaches £30,000.



Community

The detailed demographics of our community are contained in our Business Plan, which can be inspected either on line at llangorsshop.co.uk or by application to Lind Kells on 01874 658377.

Through surveys and public meetings in early 2019, we established a strong demand for a local shop; we have recruited over 60 volunteers to assist us in setting it up and running it; in late 2019 we generated a robust business plan and registered as a community benefit society with the Financial Conduct Authority; we have an agreed site with planning permission; we have premises with building control approval ; we have the full support of the Community Council and the Youth and Community Centre Committee, on whose land the shop will be sited and for which we have a signed lease.

Naturally, the Covid-19 pandemic has delayed our opening date until later this year.

We believe very strongly that the presence of a community-run shop in Llangors will bring huge benefits to the area around Llangors Lake. Apart from the obvious advantages of a local shop, such as food, household essentials and local produce on sale in a convenient location, these benefits include a strengthening of the community spirit and cohesion through volunteering, employment opportunities for local people, especially for the young, a permanent informal social centre, a strengthened hub for other services and village activities with the Youth and Community Centre and the school, and an attraction for tourists of all kinds. We believe the shop will be a very powerful addition indeed to community life.

As current members of the Management Committee we will all stand down at the first Annual Members Meeting and offer ourselves for re-election by the Members of the Society, on the same voluntary basis as now. Any Member - and anyone who has bought as little as one share is automatically a Member - can vote and also put themselves forward at this meeting for election to the Committee.

The rules prevent any individual from profiting from the Society's activities, whether a Director on the Management Committee or a Member.

If on the solvent dissolution or winding up of the Society there remain, after the satisfaction of all its debts and liabilities and the repayment of the paid-up share capital, any assets whatsoever, such assets shall be transferred to any of the bodies summarised here:

- a prescribed community benefit society
- a community interest company
- a registered social landlord
- a charity.

This is known as an "asset lock" and it prevents any person or group of persons from profiting by the winding up of the Society. For a full statement of provisions applying to this eventuality see the Society's Rules at www.llangorsshop.co.uk or by application to Linda Kells on 01874 658377.

Management Committee

Your Management Committee is composed of the following people:

- **MARK KERR – CHAIR**

Mark spent 37 years in the Royal Navy, holding many senior executive positions and responsible for several large budgets. He then became the chief executive of Powys County Council for 5 years and later Interim Director of the National Botanic Garden of Wales 2009-10.

- **ROSEMARY SNOWDEN - SECRETARY**

Rose moved to Llangors 7 years ago after living in France for 4 years. She is now running her own driving instructing business. Previous employment of 18 years was in the regulatory sector working for the Civil Aviation Authority (CAA) overseeing regulations governing commercial and private aviation.

- **ALAN WILLIAMS – TREASURER**

After graduating from Imperial College, London Alan trained as an accountant and is a Fellow Member of both CIMA & ACCA. Also did an MBA with the Open University. Currently working for Powys Health Board as a Business Partner Accountant. Also treasurer of Llanfihangel Village Hall.

- **GEOFF BEAVEN – FUNDRAISER**

Geoff is a retired Chartered Engineer who worked in the Ministry of Defence, private industry and as a self-employed consultant. As a civil servant he had experience of working with large organisations and government bodies. He has been the chair of a Parish Council where he led on planning matters.

- **ALINA EVANS**

After graduating, Alina started in retail management working for the Burton Group PLC and Habitat PLC. She then moved into the training field working for House of Fraser, Swansea College and NPTCBC. She became self-employed in 1996 focusing on Management Development.

- **ROBERT EAST**

Born and bred in Llangors, Robert has been a University law lecturer for over 40 years, working at a number of universities, including the University of South Wales, Cardiff University and the Open University. Most recently, he has been a Senior Lecturer in Law at the University of the West of England in Bristol.

- **CLARE OWEN**

Clare was a teacher for 30 years in both secondary and primary sectors and currently tutors in literacy, numeracy and art & design. She is a community councillor and has served as a school governor three times, currently as a governor at Llangors School.

- **COLIN PREECE**

With 42 years' service within the Electricity Distribution Industry, Colin is now self-employed, advising on Health and Safety matters and managing environmental projects. He is actively involved in various local groups, including many years' experience as a Community Councillor.

- **LINDA KELLS**

Linda moved to the area in 1989 and started her own company supplying small businesses with accountancy services, she retired in 2016 and is currently doing voluntary work.

- **MELROSE EAST**

Melrose is a retired midwife. She has taught in Higher Education and worked in Senior Management in the NHS. She also has considerable experience in the voluntary sector both in the UK and abroad.

JAN LEONARD

- Jan has been secretary, governor and Clerk to the Governors of the local school. A qualified primary school teacher, she currently works full time in local government as an administrator. She has lived in villages around the Lake since moving to the area over 30 years ago.

- **MEGS OSLER**

Megs moved to Wales where she opened an Aromatherapy Shop with two Therapy Rooms, due to having an interest in natural health and products. Since working for the Brecon Credit Union, Millets Outdoor Shop, Llangors Multi Activity Centre, she now works in Sales for Edenstone Homes, a new homes builder.

- **EMILY DURRANT**

Emily is our County Councillor and the original driving force behind the project.

There are no vested commercial interests in the project. However, the potential for a relatively benign conflict of interest for those currently on Llangors Community Council and Llangors Community Centre Management Committee is present. We believe this is offset by the advantages of having representatives of these bodies on our committee, which ensures very close working relationships between the bodies concerned.

The Management Committee have devoted well over 2 years to this project in the growing conviction it will be a success.

The National Lottery are backing us, buy shares, join in and make that a certainty

