

White Horse Community Shop

Pledging you support – Frequently Asked Questions

What is a Community Benefit Society?

A Community Benefit Society (CBS) is an incorporated body (a company) that is registered with the Financial Conduct Authority. You will become a member of our CBS when you make good on your pledge and buy at least the minimum number of community shares (ten). You will be able to do this once the CBS has opened its Community Share Offer. As a member of the CBS you will have one vote at general meetings, irrespective of the number of shares you have purchased, and have a say in the affairs of the business. There will be a committee elected by the members to oversee the business. The strict one-member-one-vote principle means the society has a democratic structure in which every shareholder vote has equal weight. The Winterbourne Bassett Community Pub society is a CBS and owns The Winterbourne pub in Winterbourne Bassett, and there are hundreds more Community Benefit Societies owning and running community businesses around the United Kingdom.

What is a Community Share?

Community Benefit Societies can issue share capital or community shares – the community can therefore invest in the society by buying shares. This type of share is withdrawable by the members which means that, subject to the society's rules on allowing it, members can withdraw (or sell back) shares for the amount they originally paid for them. However, a new CBS is likely to have a rule that closely restricts the buying back of shares for an initial period to allow it to establish itself, often 3-years. Community shares are not transferable, they cannot be sold or given to third parties except on death or bankruptcy.

Will I be able to get all my money back?

You may be able to recoup your initial investment in the future after any initial restrictions, but the expectation will be that there must be profits to fund withdrawals. The affordability of withdrawals will thus be dependent on the health of the business. As with all investments there are no guarantees, so do not invest more than you can afford to lose.

Will I get paid interest or a dividend?

Possibly, but unlikely. A CBS will adopt principles of “limited return on investments” so the interest payable on shares must be limited to what is necessary to obtain and retain enough capital to run the business. Also, margins in the community shop sector are particularly tight and so in reality paying members interest is rarely affordable for the society. Members will help decide how profits are distributed which may include donating to other community projects. This can only happen if funds allow – this will be at the discretion of the elected committee. The real “return” on your investment will be the value of having a sustainable local shop but with the likelihood of any surplus also benefitting the community.

Will my community shares increase in value?

No, each share will only ever be worth £1. If you eventually withdraw shares you will receive the same amount you originally paid for them.

Can I benefit if the society is dissolved and sells any assets that have since increased in value e.g. a building?

No, any residual assets can only be used for community benefit rather than being distributed among members. This is referred to as the asset-lock which a CBS may adopt to encourage the business to be run for community benefit and not purely for financial interest of members. If the society were to be dissolved, after all members' share capital has been refunded, any surplus must be used for public or community benefit e.g. distributed among other community organisations.

Will the shop be funded only by the issue of community shares?

No, our funding plan will include the community share offer, grants, perhaps donations and, if necessary, loan finance and other fundraising. Community share capital or pledges to invest is often leverage for other forms of funding.