

# Clapham Community Shop Limited



## Five Year Business Plan

July 2018

Clapham Community Shop Limited  
Registered in England Number: 32434R  
Registered Office: Clapham Village Store, Main Street, Clapham,  
Lancaster, North Yorkshire LA2 8DP

# Contents

1. Executive summary
2. Background
3. The current position
4. Clapham Community Shop Limited's objectives
5. The Management Committee
6. Accountability
7. Customer base
8. Marketing strategy
9. Financial projections
10. Fundraising strategy
11. Exit strategies

Appendix 1: What are community shops and how are they governed?

Appendix 2: Why can a community shop succeed where privately owned initiatives may struggle?

Appendix 3: The benefits of having a village shop

## **1. Executive summary**

This document provides a position statement for Clapham Community Shop Limited as at June 2018 and is the first three yearly update of the original Business Plan.

The original Business Plan was developed before the shop re-opened as a community owned and run enterprise in March 2015. It is now a Society for the Benefit of the Community and has developed into a successful local business employing 5 staff across 5 posts. Key to the shop's success is its strong volunteering base. If volunteer time was measured in terms of wages to be paid it would amount to more than £41,000 a year. The affairs of Clapham Community Shop Limited are managed by a volunteer Management Committee who meet on a regular basis and are supported and advised by the Shop Manager.

Financially the shop has exceeded initial expectations. Originally it was projected to make a loss for the first two years and only make a small profit in its third year, whereas it actually made a very small loss in the first year and a respectable profit in the second and third years.

Over this period the premises have been improved and extended with the support of the landlord, the Ingleborough Estate. A number of successful applications have been made to a variety of funders to provide additional funds to make further improvements to the shop's facilities. It has also been possible to create an office space upstairs which is let to the Yorkshire Dales Millennium Trust.

In recognition of these achievements Clapham Community Shop Limited has received a number of awards.

## **2. Background**

**2.1** Clapham cum Newby with Keasden is a rural parish in the local authority district of Craven. The shared boundary of the Yorkshire Dales National Park and the Forest of Bowland Area of Outstanding Natural Beauty runs through the parish, which lies almost completely within these two protected landscapes. The parish's main settlement is the village of Clapham, but it also includes the smaller villages of Newby and Keasden, and numerous outlying farmsteads and houses. There are some 250 households and 650 residents.

**2.2** In early 2014 the owner of Clapham Village Store and Post Office, based in premises rented from the Ingleborough Estate, asked the community whether it would be interested in taking on the business as a community owned and managed enterprise. A small group of residents designed a questionnaire and carried out a community consultation exercise to test public opinion and to understand what services the community wanted. It also asked residents if they would provide practical and/or financial help to set up the shop and be willing to volunteer to help run the shop. Questionnaires were hand-delivered to each household in the parish (a total of 272). 109 were completed and returned: a 40.1% response rate. As a result of the findings a public meeting was held where the results of the consultation were presented, and possible next steps discussed. More than 50 people attended the meeting and unanimous support was given for the group to conduct a feasibility study to determine the viability of the village store being run as a community venture. A steering group was formed to take the initiative forward.

**2.3** The steering group gained the support of the Parish Council, Clapham Development Association and Clapham Sustainability Group. The Ingleborough Estate gave 'in principle' support, subject to the development of a firm proposal. An advisor with the Plunkett Foundation, a charity specialising in the development of rural community services, gave us expert advice and help.

**2.4** The initial plan was to complete the feasibility study by the end of September 2014 and present recommendations at a second public meeting in early October. If the proposal was considered to be viable, and if the community gave its approval, the group would then seek incorporation, develop a business plan, and begin fundraising. However, in late May 2014 the owner of the village store unexpectedly decided to close the shop and Post Office on financial grounds. In the light of this the steering group quickly considered how best to proceed and, assuming the proposal was viable, how to open the community shop as soon as realistically possible.

**2.5** By September 2014:

- Funding had been raised to cover the costs of a feasibility study, incorporation costs and membership of the Plunkett Foundation's Community Shop Network.
- The business had become incorporated as Clapham Community Shop Limited.

- The shop had become a member of the Plunkett Foundation's Community Shop Network.
- A feasibility study had been carried out.
- Work had been undertaken with the Ingleborough Estate on the terms of the lease.
- Decisions had been made about the layout of the premises.
- The steering group carried out financial planning, developed a funding strategy and a community share issue/share prospectus.
- The first Business Plan had been written.
- Policies and job descriptions had been drafted.

**2.6** At a public meeting in September the plans were approved. There followed a further period of activity including:

- Raising funds through the share Issue as well as making successful applications to Trusts and Foundations.
- Recruiting volunteers.
- Working on the premises to make them fit for purpose.
- Recruiting a Shop Manager.
- Making decisions on stock and details such as opening hours.

### **3. The current position**

**3.1** The shop re-opened as Clapham Community Shop Limited (also known as Clapham Village Store) on March 26<sup>th</sup>, 2015 with a grand opening on March 28<sup>th</sup>.

**3.2** Since opening Clapham Community Shop Limited:

- Now employs 5 staff across 5 posts: shop manager, weekend supervisor, a Saturday retail assistant, retail assistant with responsibility for takeaway food and a book-keeper.
- Has developed a loyal customer base through providing a friendly and responsive service with a wide range of goods at competitive prices.
- Has had the benefit of an extension to the building courtesy of the Ingleborough Estate allowing for further space for stock.
- Has developed the area upstairs to create a new office for the shop manager plus an office leased to the Yorkshire Dales Millennium Trust.
- Has made various other improvements to the building to improve both the appearance and working conditions such as the installation of a canopy at the front.
- Has created a small garden area to the rear of the premises.

- Has developed and maintained a strong volunteering base. Over 40 volunteers carry out a variety of roles. There are occasional social events to show appreciation for the contribution which volunteers make to the success of the shop.
- Has appropriate policies and procedures in place to support all staff and volunteers. Training is provided for all as appropriate.
- Has raised further funds for equipment from a range of funders.
- Provides a Prescription Collection Service so that customers do not have to make the journey to the surgery in Bentham or Settle to collect their repeat prescriptions.
- Has extended its shareholder base.
- Has worked with other community initiatives through our membership of the Plunkett Foundation.
- Has decided not to pursue the idea of re-opening the Post Office as a Post Office Local counter. This has released a good deal of energy to put into the further development of the shop.
- Has won several awards including:

2015: Craven Community Champion Awards: Best Social Enterprise

2016: Craven Community Champion Awards: Best Community Group

2017: Yorkshire Dales Millennium Trust 20<sup>th</sup> Anniversary Award for Rural Enterprise and Employment

2017: Finalist for the Plunkett Foundation's Community Co-operative of the Year for Yorkshire and the North East.



## **4. Clapham Community Shop Limited's Objectives**

**4.1** When the steering group set up Clapham Community Shop Limited (CCS Limited) its overall objective was to provide and sustain an attractive, not-for-profit community shop. It aimed to sell good quality goods and services at a reasonable cost, which would largely meet the food shopping needs of parish residents and adjacent parishes, as well as visitors to the local area, and there was to be an emphasis on supplying good quality produce from as many local suppliers as possible at a fair price.

**4.2** The following additional objectives were also agreed upon:

- To safeguard and enhance the parish's resilience by improving village facilities, acting as a hub for the parish, fostering a stronger community, supporting the well-being of residents, and helping to meet the needs of the local community.
- To promote a sense of common ownership and collective effort for the good of the community as a whole.
- To demonstrate that the business is sustainable and viable.
- To support local businesses and the rural economy by providing an outlet for local producers, craftspeople and artisans, enabling them to advertise themselves.
- To develop a regular and loyal customer base from within the parish by providing a good retail option and personal service which is responsive to the needs, requests and criticisms of customers.
- To offer a cheerful, welcoming, friendly and helpful service.
- To reduce the parish's carbon footprint by reducing car use and food miles.
- To provide a central, informal meeting point for villagers.
- To provide training, voluntary work opportunities and work experience for local people.
- To distribute all profits not required to sustain the business to local community projects.

**4.3** These objectives remain in place. However, at this stage in CCS Limited's development they have been refined and the following specific areas will be focused upon during the period of this Business Plan. The Management Committee will:

- Maintain the current business model.
- Continue to build reserves as the Management Committee does not anticipate refunding shareholders in the short term.
- Expand the Shareholder/Member base to enhance the feeling of ownership within the community.
- Launch a Community Fund to distribute profits not required to sustain the business.

- Remain a hub for the village, making links with and supporting other community groups.
- Provide volunteering opportunities and a welcoming and friendly environment which will help to address issues of social isolation and loneliness.
- Develop the volunteering base.
- Refresh and renew the Management Committee.
- Develop a marketing strategy linked to the customer base.
- Ensure that the shop contributes as actively as possible to local sustainability initiatives.

## 5. The Management Committee

**5.1** The Management Committee manages the affairs of Clapham Community Shop Limited. It can consist of no fewer than four members and no more than 12. The Management Committee is elected at the Annual General Meeting.

**5.2** The current committee (2018) comprises:

Sue Mann (Chair)	Kathy Hall
Jill Gates (Treasurer)	John Hibbert
Diane Elphinstone (Company Secretary)	George Sheridan
Chrissie Bell	Liz Walton
Iain Crossley	Barbara Yates
Marilyn Galpin	

The Shop Manager, Helen Rollinson, is in attendance at Management Committee meetings.

**5.3** The members of the Management Committee have a broad range of skills, qualifications and experience between them, including business planning and development, project management, financial management, social enterprises, fundraising, community consultation, human resources and volunteering.



## **6. Accountability**

**6.1** Every effort is made to keep residents informed about the shop and how it is progressing. The main channels are the shop's website ([www.claphamvillagestore.co.uk](http://www.claphamvillagestore.co.uk)), Twitter feed and Facebook page. The village newsletter and village website ([www.claphamyorkshire.co.uk](http://www.claphamyorkshire.co.uk)) are also used along with posters, newsletters to shareholders and word of mouth.

**6.2** All residents aged over 16 are encouraged to buy shares in the Society in order to become a Member. Members have one vote, regardless of how many shares they have. Members can attend Members Meetings, at which they may speak, submit motions for consideration, and elect the Management Committee.

**6.3** The Management Committee monitors the business by receiving regular reports, which include a focus on finance. As a result, if necessary, action can be taken in a timely and appropriate way and Members can be kept informed.

## **7. Customer base**

**7.1** The Management Committee is very aware that the success of this venture wholly depends upon getting and keeping the support of parish residents, some of whose families have lived in the village for many years, and others who have moved here to live in a more rural area.

**7.2** There is a broad range of ages and household incomes in the area, and the Management Committee continues to take every opportunity to listen to what people say they want as well as being answerable to the parish as a whole for the decisions that the Management Committee makes.

**7.3** Although named after its geographical location, the community shop serves the wider community, i.e. the whole of the parish including Newby, Keasden, outlying farms and houses, adjoining parishes, and visitors. However, our primary target market is the residents of the parish. The demographic make-up of the parish is broad, with a number of older residents, some of whom have no means of transport, and many families with children under 18 years. There are also many visitors to Clapham – holiday makers, walkers and cyclists; these, along with passing trade, are also potential customers and their requirements need to be recognised.

**7.4** Customers fall into two main categories – i.e. local residents and visitors. These categories can be further divided into seven groups:

**Local residents**

- A. Those who use the shop as their primary source of supplies because they are unable to shop elsewhere owing to their dependency on (limited) public transport and lack of internet access.
- B. Those who will use the shop as their primary source of supplies because of its convenience and/or its social benefits.
- C. Those who will use the shop regularly but as part of a mixed shopping pattern that includes non-local shopping.
- D. Those who will use the shop only occasionally or in an emergency.

**Visitors**

- E. Commuters passing by and to Clapham and other nearby villages.
- F. Cyclists and walkers setting off from or passing through the village.
- G. Workers and visitors to the primary school, playpark, village hall, church, Ingleborough Hall, and other businesses, and visiting tradespeople providing maintenance, repairs and building work for residential properties and farms.

For those in group A, the community shop provides an essential service. However, sustaining this service depends on income generated from sales to groups B to G.

We aim to increase and maintain custom from intermittent/occasional local users because their custom is not seasonally dependent. However, we are in competition with the supermarkets primarily in Bentham, Ingleton and Settle and with the home delivery services of big chain supermarkets. Where possible we will compete with the supermarkets on item price (and promote this). What is much more under our control is that we can aim to achieve a unique shop in the immediate area able to compete on convenience, locally produced goods, travel costs, carbon footprint, friendly service, local knowledge, and community-based management providing benefits to the community. We are also able to provide a delivery service to residents who are housebound.

Home delivery services provided by the major supermarkets present a different challenge in terms of their convenience. However, we can offer instead the opportunity for customers to see groceries before they purchase them; the opportunity to buy local products not available elsewhere; and the opportunity to support an enterprise of benefit to the local community.

Once established, an efficiently run and well managed shop stocked with an attractive range of reasonably priced products should ensure continued successful trading.

**7.5** Over the period of this Business Plan the Management Committee will continue to review this analysis of the customer base in order to ensure that CCS Limited continues to meet the needs of its current customers as well as reaching out to new ones.

## 8. Marketing strategy

**8.1** The Management Committee recognises the importance of keeping its customers and potential customers up to date with what is happening at the shop. To date this has been done by means of the following methods:

- The shop's website ([www.claphamvillagestore.co.uk](http://www.claphamvillagestore.co.uk)).
- The shop's Twitter feed.
- The shop's Facebook page.
- The village newsletter.
- The village website ([www.claphamyorkshire.co.uk](http://www.claphamyorkshire.co.uk)).
- Newsletters to shareholders.
- Posters and flyers.
- Articles in the local press.
- Signs on the A65 and within the village.

**8.2** Over the period of this Business Plan this marketing strategy will be reviewed in order to ensure that the current and potential customer bases are kept informed about what CCS Limited is able to offer.

## 9. Financial Projections

**9.1** We have prepared a financial forecast for the next 5 years and we have been fairly cautious, believing that slow and steady is more sustainable in the long run than fast and ambitious. We would like to be in a position to replace our capital assets every 5 years if necessary – fixtures, fittings, leasehold improvements and equipment; these currently amount to about £52,000. We have made the following assumptions:

- Sales increase at 5% pa (volume and/or price);
- 25% gross margin will be maintained;
- No capital gains/losses on disposals of fixed assets;
- Inflation at 2-5% depending on the item;
- £2,000 - £4,500 will be raised each year either through donations, grants or miscellaneous income;
- Corporation tax at 19%;
- Up to 10% of net profit before tax to be made available for Community Fund Grants once we have completed the last major refurbishment project.

**9.2** For the purposes of this exercise we have also assumed that we will get an extra £500 of share capital each year and that we will use some of our cash reserves to make up any shortfall for replacing assets. We aim to keep a minimum operating balance of £12,000 - £15,000 in the bank but would be able to raise £5,000 of interest-free loans at short notice if necessary.

This, however, is just one scenario: we might not need to replace £10,000 of equipment every year; sales might increase at more than 5% pa leaving us with more cash generated from the operations. On the other hand, sales might not reach our expectations given other factors beyond our control such as the opening of the re-modelled Co-op in Ingleton or the loss of the trade brought in by builders when the new houses have been finished.

**9.3** One thing that we do know for certain is that we are still heavily dependent upon our volunteers to keep the business going. Holidays, sickness and bad weather have shown that we can manage for very short periods without the paid staff but if we're ever short of a volunteer to be the required 'second person' on duty we would need to close the shop for security reasons. This has yet to happen but is always a consideration during challenging periods.

It is difficult to get an accurate figure for how much our volunteers contribute but, based on summer opening times, the shop is staffed for 66 hours per week (bakers, cashiers and paper boys are in before the shop opens). Sometimes there is more than one volunteer on duty - such as early morning, lunchtimes and when there is a large delivery. Weekly volunteer hours to staff the shop amount to about 100 hours every week; based on the living wage in 2018 that works out at £41,000. In addition, there are the people who take the cash to the Post Office, collect the prescriptions and wash the tea towels and aprons on a daily or weekly basis, the people who tend the garden, do bits of painting and carry out maintenance jobs as and when required. Plus, there's the Management Committee who just do everything else to keep the shop open.

For our success to continue and for us to still be trading in 5 years' time, we need the continued support of our volunteers as well as our customers. The shop is such an asset to the village and has enriched the lives of so many people who live in and around Clapham that we are confident that it will be here for many years to come.

**9.4** The following three pages contain the detailed financial projections:

- Profit and Loss
- Balance Sheet
- Cashflow

**Clapham Community Shop Limited**  
**5 Year Forecast**  
**Profit and Loss Account**

	Actual 2016	Actual 2017	Actual 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023
Sales	185,299	229,542	242,924	255,070	267,823	281,214	295,275	310,039
Cost of sales	142,133	172,940	182,244	191,573	201,152	211,209	221,770	232,858
Gross Profit	43,166	56,602	60,679	63,497	66,671	70,005	73,505	77,180
Other Income (commission, misc, rent, interest, donations)	446	2,500	10,686	4,166	4,752	5,357	6,763	5,564
<b>Total Income</b>	<b>43,612</b>	<b>59,102</b>	<b>71,365</b>	<b>67,663</b>	<b>71,423</b>	<b>75,362</b>	<b>80,268</b>	<b>82,745</b>
Overheads	43,545	46,746	56,445	60,690	62,217	64,228	66,916	68,677
Depreciation & loss on disposal of assets	4,657	6,078	7,233	9,461	11,689	12,736	14,812	15,074
Total Overheads	48,202	52,824	63,677	70,151	73,906	76,963	81,728	83,751
<b>Operating Profit/Loss</b>	<b>- 4,591</b>	<b>6,278</b>	<b>7,687</b>	<b>- 2,488</b>	<b>- 2,483</b>	<b>- 1,602</b>	<b>- 1,460</b>	<b>- 1,006</b>
Grant Income	4,241	2,010	2,332	2,556	2,556	1,682	1,460	1,016
Community Fund Grants	-	-	-	7	7	8	0	1
<b>Net profit/Loss before tax</b>	<b>- 350</b>	<b>8,287</b>	<b>10,019</b>	<b>61</b>	<b>65</b>	<b>73</b>	<b>0</b>	<b>9</b>

Notes & Assumptions

Sales increase at 5% pa (volume and/or price)

25% gross margin

No capital gains/losses on disposals of fixed assets

Other Income includes £2,000 - £4,500 each year which is in addition to rent & commission in order to break-even

Inflation 2-5% depending on the item

Corporation tax 19%

Up to 10% of net profit before tax to be made available for Community fund Grants

**Clapham Community Shop Limited**  
**5 Year Forecast**  
**Balance Sheet**

	Actual 2015	Actual 2016	Actual 2017	Actual 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023
<b>Fixed Assets</b>									
Cost	8,013	36,374	42,557	52,502	63,318	74,457	78,657	81,964	83,636
Depreciation	-	3,607	9,296	14,726	24,187	35,876	41,337	47,637	52,211
Net book value	8,013	32,767	33,261	37,776	39,130	38,581	37,319	34,326	31,425
<b>Current Assets</b>									
Cash	26,631	9,938	11,511	21,287	17,938	16,497	16,649	18,391	20,425
Stock	-	13,386	16,555	17,607	17,607	17,607	17,607	17,607	17,607
Debtors, prepayments	1,411	2,526	4,227	4,162	4,162	4,162	4,162	4,162	4,162
Total current assets	28,042	25,850	32,293	43,057	39,708	38,266	38,418	40,160	42,195
<b>Current Liabilities</b>									
Trade creditors, accruals	- 33	9,867	6,917	9,403	9,403	9,403	9,403	9,403	9,403
Deferred grant income	2,000	9,861	9,501	10,984	8,429	5,873	4,190	2,730	1,715
Tax	-	-	1,099	-	-	-	-	-	-
Total liabilities	1,967	19,728	17,516	20,388	17,832	15,276	13,594	12,134	11,118
<b>Net Current Assets</b>	26,076	6,122	14,777	22,669	21,876	22,990	24,825	28,027	31,077
<b>Total Assets</b>	34,089	38,889	48,038	60,445	61,006	61,571	62,144	62,353	62,501
<b>Capital &amp; Reserves</b>									
Share capital	34,690	39,840	41,800	43,090	43,590	44,090	44,590	45,090	45,590
Reserves	- 601	- 951	6,238	17,355	17,416	17,481	17,554	17,263	16,911
<b>Total Capital &amp; Reserves</b>	34,089	38,889	48,038	60,445	61,006	61,571	62,144	62,353	62,501

Notes & Assumptions

Capital assets are replaced every 5 years with inflation at 3%

The historic costs of a selection of assets are: the till - £5,000, the oven - £1,300, chillers - £500-£2,500, display units - £400-£600, awning - £4,000, etc.

Stock, debtors & prepayments, creditors & accruals are static

Share capital increases by £500 each year

**Clapham Community Shop Limited**  
**5 Year Forecast**  
**Cash Flow Statement**

	Actual 2016	Actual 2017	Actual 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023
<b><u>Cash Flow from Operating Activities</u></b>								
Net profit before tax	- 350	8,287	10,019	61	65	73	0	9
Adjustments for non-cash items	416	4,068	4,901	6,905	9,133	11,054	13,351	14,059
Adjustments for working capital items	- 4,601	- 7,820	1,499	-	-	-	-	-
Cash Flow Generated by Operating Activities	- 4,535	4,535	16,419	6,966	9,198	11,126	13,352	14,067
Tax paid				-	-	-	- 291	- 360
<b>Cash Flow Retained after Operating Activities</b>	<b>- 4,535</b>	<b>4,535</b>	<b>16,419</b>	<b>6,966</b>	<b>9,198</b>	<b>11,126</b>	<b>13,060</b>	<b>13,707</b>
<b><u>Cash Flow from Investing Activities</u></b>								
Acquisition and disposal of fixed assets	- 29,411	- 6,572	- 12,432	- 10,815	- 11,140	- 11,474	- 11,818	- 12,173
<b>Net Position after Investing Activities</b>	<b>- 29,411</b>	<b>- 6,572</b>	<b>- 12,432</b>	<b>- 10,815</b>	<b>- 11,140</b>	<b>- 11,474</b>	<b>- 11,818</b>	<b>- 12,173</b>
<b><u>Cash Flow from Financing Activities</u></b>								
New grant income	12,102	1,650	4,499	-	-	-	-	-
Issue of new shares	5,150	1,960	1,290	500	500	500	500	500
<b>Net Position after Financing Activities</b>	<b>17,252</b>	<b>3,610</b>	<b>5,789</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>Change in Cash Position after Operating, Investing &amp; Financing Activities</b>	<b>- 16,694</b>	<b>1,573</b>	<b>9,776</b>	<b>- 3,349</b>	<b>- 1,442</b>	<b>152</b>	<b>1,742</b>	<b>2,034</b>
Opening Cash Balance	26,631	9,938	11,511	21,287	17,938	16,497	16,649	18,391
Cash Movement for the Year	- 16,694	1,573	9,776	- 3,349	- 1,442	152	1,742	2,034
<b>Closing Cash Balance</b>	<b>9,938</b>	<b>11,511</b>	<b>21,287</b>	<b>17,938</b>	<b>16,497</b>	<b>16,649</b>	<b>18,391</b>	<b>20,425</b>

**Notes & Assumptions**

*Replacement assets financed from share issues & cash reserves*

## **10. Fundraising strategy**

### **10.1 Start-up costs**

The start-up costs were met by share purchases, donations and loans (from residents, other supporters, businesses and organisations), and grants.

### **10.2 Share capital**

Shares are sold at £10 each. Shareholders become members of the Society, Clapham Community Shop Limited. A shareholder can purchase between one and ten thousand shares. Further details and an application form are in our Share Prospectus which is available from the shop or from our website. ([www.claphamvillagestore.co.uk](http://www.claphamvillagestore.co.uk))

Interest may be paid on the original value of 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.

Individuals investing in shares in CCS Limited will be eligible for income tax relief (currently 30%) of the value of the shares purchased against their tax liability, provided the shares are held for three years. Investors can also defer capital gains tax where the gain is invested in CCS Limited. We will issue each eligible investor with Form EIS3 to enable them to claim tax relief. It is the responsibility of each prospective investor to make their own enquiries and to satisfy themselves as to their eligibility for tax reliefs. (For more information visit [www.hmrc.gov.uk/eis](http://www.hmrc.gov.uk/eis)).

It is possible to nominate a person to whom you wish your shares to be transferred on your death. We will respect those wishes (so far as the law and our Rules permit). A form is available with the Share Prospectus.

### **10.3 Donations**

Donations can be sent as cash or cheques (made payable to Clapham Community Shop Limited) to our registered office (see cover for contact details).

### **10.4 Loans**

Interest-free loans from members of the community can be negotiated, subject to approval by the Management Committee.

### **10.5 Grant funding**

Successful grant applications have been made in the past to Craven District Council, Craven Trust, the Harold and Alice Bridges Charity, Yorkshire Dales Sustainable Development Fund and the Kirkby Foundation. If share issues and cash reserves built up from trading cannot supply sufficient funds for our capital asset replacement programme, we will consider applying for further grants.



## **10.6 Bank loans**

Ideally, we will raise all necessary funding through shares, donations and grants to avoid having to take out a loan from a financial institution which would incur interest charges. We would only consider taking out a bank loan if we had exhausted all other funding streams, including interest-free loans.

## **11. Exit strategies**

Any decision to close the shop will be made in consultation with shareholders, the local community, the Ingleborough Estate, the Parish Council, and other local groups and organisations.

Any remaining stock will be sold to other local or community shops.

Fixtures and fittings and any other assets will be put up for sale and the premises will be cleared and returned to a useable condition.

Funds will be used firstly to pay creditors, then to repay loans, and then, if possible, refund shareholders. Any funds left will be used to support or create other community assets in the parish.

We will then dissolve the Society.

# Appendix 1

## What are community shops and how are they governed?

Community shops trade, employ staff, manage volunteers and enter into contracts and financial arrangements. They therefore require a legal entity to protect the individuals running the business by giving them 'limited liability', and they also require a legal structure to ensure that they are compliant with legal necessities such as tax, insurance, trading standards and employment rights. In deciding which form of legal entity would be most appropriate for our community shop the guiding business principle was that the more people who get involved and buy into the enterprise the more likely it will succeed.

Clapham Community Shop Limited (CCS Limited) is registered with the Financial Conduct Authority (FCA) as a society for the benefit of the community under the Co-operative and Community Benefit Societies Act 2014 (registration number 32434R). As it was registered on 10<sup>th</sup> July 2014, just prior to the new Act being introduced on 1<sup>st</sup> August 2014, it is referred to by the FCA as a "pre-commencement" society. Similar societies registered after 1<sup>st</sup> August 2014 are now referred to as Community Benefit Societies.

The principal objective of a Community Benefit Society is that it will be owned by the community and any profit from the shop not required to be re-invested in the business will be put back into the community.

### 1.1 The Community Benefit Society model was chosen for a number of reasons:

- This model is operated at numerous similar village locations elsewhere in the country and is recognised as a viable approach to running and maintaining a vibrant village shop in a rural location.
- It allows as many people as possible in the community to buy shares in the business (some other options restrict the number of shareholders) and become Members of the Community Benefit Society, thereby enhancing the sense of community ownership and enabling people to invest and offer their services for the benefit of the shop and ultimately to the parish community. Buying shares in a Community Benefit Society is an investment in the community, intended to secure and enhance a lasting asset, part of a thriving and sustainable community. In 2013 community share issues were responsible for raising an average of £35,200 towards the start-up costs of community shops. CCS Limited has raised, to date, a total of £43,090 as a result of the initial share offer and ongoing share purchases since then.
- The ownership structure is completely democratic – one vote per shareholder, as opposed to one vote per share. Shareholders can influence the management of the shop by electing Management Committee members and voting on issues at the Annual Members' Meeting and Special Members' Meetings.

- Net profit is used to build a financial reserve in the early years. Thereafter, the principal objective is to use the net profit to benefit the wider community. At the discretion of the Management Committee, interest may be paid to shareholders.
- Unlike other forms of private company, community shares cannot be worth more than the price paid for them and they are not transferable to a buyer at whatever price the buyer will pay. They are withdrawable shares with the prospect of getting some or all of your money back from the company, subject to the discretion of the Management Committee, generally after at least three years.

**1.2** Community shops with a Community Benefit Society structure have an average of 191 members, in comparison with 113 for other structures. Clapham Community Shop Limited has 179 so has done a good job attracting members in a relatively small community. The benefits of a large membership base include having a larger number of people who have a financial interest in the shop and who are more likely to use it regularly; a greater number of people who attend Annual Members' Meetings and other Members' Meetings and positively contribute to the overall direction of the business; and a larger and more accessible pool of people to draw on for Management Committee tasks, or when more volunteers are needed to help run the business.

**1.3** CCS Limited's governing document, known as the Rules (available upon request), is based on a template devised by the Plunkett Foundation specifically for community-owned enterprises. It sets out the way in which the Society is owned, organised and governed. We have also written a Code of Conduct for the Management Committee and have a handbook of policies and procedures for all staff and volunteers. Our financial year is 1<sup>st</sup> March to 28<sup>th</sup>/29<sup>th</sup> February.

## **Appendix 2**

### **Why can a community shop succeed where privately owned initiatives may struggle?**

The previous, privately-owned shop was unable to survive commercially and there have never been any illusions about the fact that running a community shop will come with its own particular challenges. However, there has always been a level of confidence with sufficient, timely and sustained community support our enterprise can be successful. There are a number of reasons for our confidence.

**2.1** The success rate of community-owned village shops is far higher than it is for shops which are independently run. The number of community-owned village shops in the UK has grown from 27 in 1994 to 309 by the end of 2013, opening at an average rate of 27 annually during the last five years. Only 15 community shops have closed since records began in 1992, indicating a long-term survival rate of 95%. The 5-year survival rate of community shops is 99%. This compares extremely positively with estimates for UK businesses, which have an estimated 5-year survival rate of 45%. In stark contrast, independent village shops have struggled to survive in the last 25 years, with around 400 closing every year.

**2.2** In 2017 the Plunkett Foundation report 'Community Shops: A Better Form of Business' found that the average turnover of community shops located throughout the UK was £156,043. Clapham's turnover for that year has been £229,542. Gross margins range between 10% and 37%, averaging at 22%. In 2017 Clapham's was 24.8%. Finally, net profit averages are about £3,300 per shop. In Clapham the net profit for 2017 was £7,189.

**2.3** A major factor in this positive financial picture is the role played by volunteers. The cost of paying staff to carry out the work done by volunteers would be at least £41,000 which would leave the business with substantial losses. However, at the same time, we have recognised that we do need to have paid staff with retail and management experience and from the outset we have employed staff with this expertise. We think we have the best of both worlds.

**2.4** We place a great deal of emphasis on communicating with our customers and marketing to potential customers. We communicate with our customers, using a range of methods, to ensure that our product lines and services reflect their wishes and we alert them to special deals on a regular basis.

**2.5** As our business is owned by the community for the benefit of the community, it is in the interest of everyone in the community to make it a success.

**2.6** As a Community Shop we have been able to access funding from a range of sources including Trusts and Foundations and we have also taken advantage of discounted services.

**2.7** We have been able to draw on a wealth of local expertise in areas such as food and general retailing, business advice, property surveying and planning, accountancy and tax advice, legal advice and banking. We have been extremely fortunate in the support that we have received from our landlord, the Ingleborough Estate. We have also benefitted enormously from advice from the Plunkett Foundation.

## **Appendix 3**

### **The benefits of having a village shop**

**3.1** Having a shop within the community has several key advantages:

- Alleviation of social isolation for the older or less able members of the community who do not have access to alternative stores.
- Better and closer local access and provision.
- A positive effect on house prices.
- Research claims that every £10 spent with a local food retailer is worth £25 to the local economy, compared to just £14 generated from supermarket chains.
- Half of the turnover generated from local retailers is returned to the local economy, in comparison to large retailers who return as little as 5% to the local economy.

**3.2** Specifically, the community shop provides the following economic, social and environmental benefits:

- Creation of a new local business.
- Creation of employment opportunities.
- An opportunity for local people to volunteer with a community activity. The use of volunteers also reinforces the inclusive nature of the project.
- Increased visitor and tourist spend in the community.
- An enhanced rural economy through support of local businesses.
- Training and learning opportunities for new employees and volunteers.
- An information centre and an informal meeting place.
- The opportunities for volunteers, most of whom are likely to be among the retired residents.
- Potential learning opportunities for local secondary students.
- Lower environmental impact through reduction in vehicle journeys and food miles.