

Community Ownership of Lismore Community Shop and Post Office



YOUR INVITATION TO BUY COMMUNITY SHARES

Introduction

In April 2023 the Isle of Lismore shop and Post Office business was put up for sale.

There has always been a shop and PO on Lismore. The need remains and it would be considered an enormous loss to the community if it closed.

In response, Lismore Community Trust (LCT), a community owned Development Trust, conducted a community survey asking whether LCT should explore the idea of taking over the shop and post office. The survey established that it was extremely important that the facilities and services were retained and that community ownership and management should be pursued.



This document outlines how we can make this a reality

Our AIMS

- ▶ To run an island stores and post office owned by the community, operated by the community, for the benefit of the community.
- ▶ To co-operate with other bodies, businesses and projects in the community to mutually enhance an easily accessible hub for activities and services on Lismore and for the whole community.
- ▶ To provide local employment opportunities.
- ▶ To provide training and voluntary work for the community.
- ▶ To create an environment to enable social interaction, community cohesion and promote health and well-being.
- ▶ To source products and services locally wherever practical and be mindful of environmental issues.
- ▶ To consider relocation to a more suitable situation in due course.

Our OBJECTIVES

- ▶ To generate sufficient turnover to sustain the business by Year 3.
- ▶ To reduce the average 'food mile' round trip.
- ▶ To employ island-based shop and post office staff.
- ▶ To maintain a bank of volunteers willing to help and support the shop on an occasional basis.
- ▶ To promote other bodies, businesses and projects through advertising, holding events and by maintaining a local map of businesses.
- ▶ To identify 3 individuals to develop an appropriate support and mentoring programme for volunteers.
- ▶ To provide comprehensive induction and continuation training to each staff member volunteer.
- ▶ To organise opening hours which will suit the needs of the community.
- ▶ To provide a hub for social interaction.
- ▶ To provide a workstation and free Wi-Fi.
- ▶ To identify quality suppliers.
- ▶ To secure efficient delivery arrangements for stocking.
- ▶ To provide a range of services and produce including fresh and frozen foods and convenience products.
- ▶ To reduce the amount of plastics and non-recyclable products used in the shop.

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Overview of the Community Share Offer

A working group of LCT members was formed to research community purchase options. This involved another community survey to explore raising the finance for the purchase through community shares. **80% of the resident population were in support and said they were likely to purchase shares.**

£73,000 is needed to cover purchase and start-up costs (see page 5). Our aim is to raise the majority of the funding needed through community shares.

OPTIMUM
TARGET:
£70,000

MINIMUM
TARGET:
£45,000

MAXIMUM
TARGET:
£100,000

Minimum investment for those with Lismore postcodes:

£25 (1 share)

Minimum investment for those without Lismore postcodes:

£250 (10 shares)

Maximum investment:

£7k (280 shares, 10% of
the optimum target)

Share dividend: 0% in the first five years of trading.
Rate reviewed by members thereafter.

Share withdrawal: Share withdrawals offered from
Year 6 of trading. See Withdrawal Policy. Max 10% of
total share capital to be withdrawn per year.

Share Offer opening date: 5th October 2023.

Share Offer closing date: 10th November 2023
(However, if our minimum target has not been
achieved by that date, the management committee
reserves the right to extend the share offer).

A business plan with full details on the Stores and PO
purchase and management can be found on our
website. To apply download an application form
from www.isleoflismore.com/stores-po

RISK WARNING

We must remind you that community shares, like all such investments, may be at risk. You could lose some or all of the money you subscribe, even though the Society is registered with the Financial Conduct Authority. You have no right to compensation from the Financial Services Compensation Scheme, nor any right of complaint to the Financial Ombudsman Service. Please don't invest any money you can't afford to lose.

What are **Community Shares?**

Community shares are a way to raise money for community run enterprises. It is a form of crowdfunding – community members are asked to invest in return for equity ownership of the organisation instead of a donation.



By purchasing community shares, each community shareholder receives:

- Membership of the organisation
- One democratic vote in decision making, regardless of the size of their investment
- Eligibility to stand in the Board elections
- Dividend payments (typically 1-4%) if the enterprise is doing well
- Repaid investment (typically from 5-10 years of trading) if the enterprise is doing well
- **And most importantly....the many social, economic and environmental benefits of a thriving community owned Stores and Post Office on Lismore.**

Unlike other shares, you can't sell community shares and they don't go up in value.

Shareholders may withdraw their money (typically after 5-10 years of trading) if the Board agrees that it will not affect the operation of the business. Share withdrawals are limited to 10% of total share capital per annum. Withdrawals are at the discretion of the Board and require three months' notice. Withdrawal Policy gives further information. Should a shareholder die then their estate can nominate a beneficiary or request withdrawal of the shares purchased.

Dividends can be paid on shares, but given the aims of our project, the current Board initially intends to reinvest any surplus in the community rather than pay dividends. It is best to think of community shares as an investment in the future well-being of the community rather than an investment you will make money on. Through time Members can review this policy and decide what level of dividend to pay if any.

Eligibility and Investment Limits

- Each community share is £25
- Anyone over 16 years old can purchase community shares.
- Individuals can purchase one or multiple community shares
- Organisations can also invest but will need to nominate a person to be on the member register and represent the organisation at member meetings.

Those with Lismore postcodes, minimum investment :

£25 (1 share)

Organisations and those without Lismore postcodes, minimum investment:

Suggest £250 (10 shares)

No one person or organisation can own more than 280 shares (£7000)

The Key Benefits of Community Shares

All community enterprises need investment to start up and grow. Where it is difficult to secure grant income, social investment is a good alternative. There are many forms of social investment and community shares are considered a great option for community use for the following reasons:

- Community shares offers community members the opportunity to invest their money into something that matters to them. In this way wealth is retained locally and circulates locally.
- Community shareholders become members of the enterprise and research shows they are then much more likely to engage productively – be it through volunteering, using the service, applying for a job, etc. Community share owned enterprises are very resilient, as a result, and very few fail.
- The level of interest payable is often very low compared to social investment loans from more traditional lenders
- Unlike more traditional social investment finance, interest rates and share repayment are controlled directly by the members and the Board – the health of the community enterprise always take precedence over private financial gain.

How to apply.

Complete application form and pay by bank transfer or cheque.

BUSINESS CASE SUMMARY

Please see our Business Plan for full detail of the shop and PO purchase and management including operations plan, products and services, marketing plan and financial forecasts.

Many communities across Scotland and the UK have taken ownership of crucial local services and infrastructure such as shops, pubs, harbours, post offices etc. The potential for a community enterprise has been carefully studied, which amongst much else has involved carrying out a SWOT analysis, risk assessments and scenario planning.

THE MARKET mainly consists of island residents some of whom are elderly, second home owners, those occupying short term lets, visitors and tradespeople working on the island. The shop will attract a broad range of people who will benefit through convenience, social interaction, a place to sell their produce and become more involved in community life.

OPERATIONALLY the shop will sell food and household items, including much fresh and local produce. There will be a coffee machine in part of the premises and certain extra services will be provided, such as an advertisement board, free Wi-Fi and a copier.

OPENING HOURS will fulfil the Post Office contract as a minimum (Monday, Tuesday, Thursday and Friday 9 – 5 with no lunch closure along with half days Wednesdays and Saturdays 9-1). These will be kept under review.

PHASE ONE of our plan is the purchase of the business, which is currently leased, and will remain sited in the current premises. As trading settles to sustainable levels the Trust intends to move to **PHASE TWO**, which is to relocate to larger more suitable premises with storage and improved parking.

THERE IS AN URGENCY TO SECURE THE CAPITAL REQUIRED to purchase the Stores and post office business, as the current owner operates with a Post Office legacy contract. The legacy contract is vital to the sustainability of the business and for the employment of staff. This is likely to lapse unless we can secure the ownership of the business and service the legacy contract.

ALL OPENING HOURS WILL BE COVERED BY PAID STAFF. The shop will have a designated manager and Postmaster. All staff will be trained in customer services, management of the EPOS systems, ordering and Post Office counter duties.

THE ENVIRONMENT will be safe and accessible and will continue to be the hub of island activity.

Finance Summary

START UP CAPITAL NEEDS	Min.	Max.	NOTES
Price of business	£12000	£12000	From independent valuation
Vehicle	£8000	£15000	Estimate
Stock	£15000	£30000	Including stock in shop
Working capital to cover initial trading losses	£8000	£8000	
Initial legal fees, valuation costs etc.	£2000	£2000	
Marketing of share offer	£3000	£3000	Funded by CSS
Refurbishment	£0	£3000	
TOTAL	£48000	£73000	

START UP CAPITAL SOURCE	Min.	Max.	NOTES
Community Shares	£35000	£55000	Minimum 1800 shares sold Maximum = 2800 shares sold
Donations (Gift Aid where appropriate)	£10000	£15000	
CSS Micro Grant	£3000	£3000	Secured
TOTAL	£48000	£73000	

Community Bonds – If we do not raise enough start-up capital through our community share offer we shall consider issuing community bonds as a top up option.

Cashflow Forecast Year 1 – see Appendix 1. This has been modeled on the best case scenario of £73,000 and maximum start up costs.

Profit and Loss Forecast Year 1-3

	Historic Average	2022/23	Year 1	Year 2	Year 3	Year 4	Year 5
Annual PO income	17000	16804	11700	17000	17000	17000	17000
Sales	180000	165538	170,000	180,000	190,000	200,000	205,000
Total income	187712	N/A	181,700	197,000	207,000	217,000	222,000
Stock purchase	143947	N/A	138,211	144000	149606	156250	158915
Expenses (staff, insurances, maintenance, etc) + annual 2% inflation	20866	N/A	52,628	56884	57351	57875	58359
Profit / Loss	22902	N/A	-9,139	-3,884	42	2,875	4,727

PO income in Y2 allows 3 month handover after Stores purchase. Historic expenses do not include full time staffing and management

Legal Structure and Governance

Lismore Community Trust is a member led Development Trust. A Development Trust is a community-owned and led organisation, working to combine community-led action with an enterprising approach to address and tackle local needs and issues. The aim of a development trust is to create social, economic and environmental renewal in a defined geographical area.

Lismore Community Trust is a Community Benefit Society (CBS) – a corporate body registered under the Co-operative and Communities Benefit Act 2014 and authorised by the FCA.

Registered Society number: 9134. Lismore Community Trust is also registered with OSCR, the charities regulator in Scotland, and operates in line with charity law and regulations.

Lismore Community Trust is a corporate body and, therefore all members benefit from limited liability, meaning that all individuals involved in setting up, running and/or investing in the community shop would not be personally liable for any debts that may be incurred.

The Rules governing a CBS expressly state that the enterprise will not directly benefit any specific individual(s) but is for the benefit of the community, the community identified for this purpose as the Isle of Lismore.



A copy of Lismore Community Trust Governing Rules can be downloaded from our website at:
www.isleoflismore.com

Membership

Lismore Community Trust is a member led organisation. Anyone over 16 who supports the society's aims can apply for membership. In order to become a member of the society, an individual or body must apply for a share or shares issued by the society.

There will be two classes of Member Shares:

Contributor Member Shares (£25 each) – Available to any individual or corporate body regardless of location. Contributor Member Shares are withdrawable and do carry a right to payment of interest (at the discretion of the management committee). Multiple Contributor Member Shares may be purchased.

Community Member Shares (£1) – Only available to those with Island of Lismore postcodes (the area defined as "community" in our governing Rules). These will be of the nominal value of £1 each, with no-one being entitled to hold more than one Community Member Share. Community Member Shares are withdrawable but carry no right to payment of interest.

For the avoidance of doubt:

- Residents of the Island of Lismore can apply for both (one) Community Member Share and (one or multiple) Contributor Member Shares.
- An individual who holds both a Community Member Share and Contributor Shares shall have only one vote.
- A holder of Contributor Shares shall have only one vote, irrespective of the number of Contributor Shares which he/she/it holds.

Community Control

At least three quarters of Lismore Community Trust members must at all times hold Lismore postcodes. Lismore postcode holders must also constitute a majority of the members present (or be represented by proxy) to deem a meeting quorate.

In relation to any resolution of the nature referred to in Rule 99 (for example amending Rules and electing Directors) which is proposed at a general meeting (or which is the subject of any written resolution by the members), the holders of the Lismore postcodes shall be the only members of the society who are eligible to vote on that resolution.



Appendix 1 – Year One Cashflow

	Pretrading	Mth 1	Mth 2	Mth 3	Mth 4	Mth 5	Mth 6	Mth 7	Mth 8	Mth 9	Mth 10	Mth 11	Mth 12	TOTAL
Money in														
Share investment	-	0	0	0	0	0	0	0	0	0	0	0	0	70,000
Sale of Goods	0	14,000	13,000	13,000	13,000	13,000	12,000	12,000	13,000	16,000	17,000	17,000	17,000	170,000
PO INCOME	0	0	0	0	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	11,700
CSS Grant	3,000	0	0	0	0	0	0	0	0	0	0	0	0	3,000
Total money in	73,000	14,000	13,000	13,000	14,300	14,300	13,300	13,300	14,300	17,300	18,300	18,300	18,300	254,700
Money Out														0
Business purchase	12,000	0	0	0	0	0	0	0	0	0	0	0	0	12,000
Existing stock purchase	16,000	0	0	0	0	0	0	0	0	0	0	0	0	16,000
Wages and oncosts	0	3,175	3,175	3,175	3,175	3,175	3,175	3,175	3,175	3,175	3,175	3,175	3,175	38,106
Purchasing new stock	0	11,667	10,833	10,833	10,833	10,833	10,000	10,000	10,833	13,333	14,167	14,167	14,167	141,667
Rent	0	264	264	264	264	264	264	264	264	264	264	264	264	3,168
Utilities	0	0	0	750	0	0	750	0	0	750	0	0	750	3,000
Insurances	0	1,500	0	0	0	0	0	0	0	0	0	0	0	1,500
Delivery charges	0	240	240	240	240	240	240	240	240	240	240	240	240	2,880
EPOS licences and IT	0	133	120	120	120	120	120	120	120	120	120	120	120	1,453
Staff recruitment	0	200	0	0	0	0	0	0	0	0	0	0	0	200
Maintenance	0	125	125	125	125	125	125	125	125	125	125	125	125	1,500
Advertising and marketing	3,000	250	0	0	0	0	0	0	0	0	0	0	0	3,250
Refurbishment	0	1,500	0	0	0	0	1,500	0	0	0	0	0	0	3,000
Vehicle	0	15,000	0	0	0	0	0	0	0	0	0	0	0	15,000
Legal and valuation fees	2,000	0	0	0	0	0	0	0	0	0	0	0	1,200	3,200
Total money out	33,000	34,054	14,758	15,508	14,758	14,758	16,174	13,924	14,758	18,008	18,091	18,091	20,041	245,924
Net cash in/out	40,000	-20,054	-1,758	-2,508	-458	-458	-2,874	-624	-458	-708	209	209	-1,741	8,776
Opening Balance	0	40,000	19,946	18,188	15,680	15,222	14,764	11,890	11,265	10,807	10,100	10,308	10,517	
Closing Balance	40,000	19,946	18,188	15,680	15,222	14,764	11,890	11,265	10,807	10,100	10,308	10,517	8,776	

Director Elections

The Directors of Lismore Community Trust are elected from the membership and by the membership at each AGM. Every member has the opportunity to stand for election to the management committee. The management committee may also co-opt people onto the management committee in the period between AGMs if they have skills that are required. Co-opted Directors must stand down (before potential re-election) at the following AGM.

The maximum number of directors is 12; out of that number at any given time, the number of Directors with Lismore postcodes in office must always comprise more than half of the total number of directors in office at that time.

Current Directors including Shop Interim Management Board

For full bios of current Board members please see our business plan.

Lismore CT Board

Anita Bachuil

Andy Hough

Kate Mcluskie

Archie McGillivray

Peter MacDougall

Roxanne MacColl

Laura Savill

Anna Stewart

Shop Interim Management Board

Andy Hough

Brona MacDougall

Peter Walker

Donald MacColl

Laura Savill

Julie Livingstone

Lismore Community Trust, Scottish Charity No. SCO41461.
FCA Registration No. 9134. Company No. SC376707.

Contact Details & Application Form

lismorect@gmail.com
07771 514932

Bank Details

Lismore Community Trust
Account No: 67309485
Sort Code: 08-92-99
IBAN: GB05CPBK08929967309485
Bank Identifier Code (BIC): CPBKGB22