

Upper Tweed Community Enterprise Ltd

COMMUNITY SHARE OFFER

Help us buy Broughton Village Store



A local convenience store

Sustainable services for the
community in the long-term

Maintaining local employment
A place to meet, chat
and keep in touch

TOGETHER WE CAN DO IT

www.broughtonvillagestore.co.uk

Contact: Christopher Lambton 07879 470 920

or email: christopher@chapelgill.co.uk



About Broughton Village Store...

When the shop in Broughton closed on 15 March 2018, a group of local people got together, at the invitation of Upper Tweed Community Council, to try to find a way of re-opening the shop as soon as possible. The Broughton Shop Development Group (BSDG) was formed and began to work on a plan to reopen a shop in the village.

BSDG was able to secure funding from SSE to secure a consultant to help prepare a plan for the community to buy the shop building which was for sale. A Community Benefit Society (CBS) called Upper Tweed Community Enterprise Ltd has been set up and registered with the Financial Conduct Authority (FCA). An application made to the Scottish Land Fund for financial support to buy the building has been approved, £90,000 has been awarded of which £66,500 can be used to help buy the premises. The remainder of the grant can be spent on repairs and initial staffing costs. Our full business plan can be seen on our website <http://broughtonvillagestore.co.uk/>

Additional funding is required to smarten up and stock the shop as it has been empty for over a year now. Some of this money will come from grant funding but we are also offering the community the chance to buy shares in the enterprise. This document describes how Community Shares work and how they can make an important contribution to giving the business a successful start.

Please read this document carefully – including the small print – and then complete your application form and submit it. A number of different options are available on the form, select the one which suits you best. If you have any questions please contact us.

Christopher Lambton, Chair, Upper Tweed Community Enterprise Ltd
07879 470 920 or christopher@chapelgill.co.uk



How to buy shares

1. Read this document carefully so you know all about our plans for a village store
2. Fill out the form with this brochure, pick one up from The Laurel Bank Tea Room or download one from our website <http://broughtonvillagestore.co.uk/>
3. Follow the instructions on the application form on how to return the form and remit payment.

The Story so far...

March 2018	<p>15 March Broughton Village Store is closed by owner and building put on the market.</p> <p>Broughton Shop Development Group was set up following a public meeting in the village.</p> <p>Advice sought and an application made to South of Scotland Electricity Clyde Borders Community Fund to appoint a consultant (CaskieCo) to work with us to develop a business plan and further funding applications.</p>
July 2018	<p>Appointed CaskieCo to work with us to prepare plans.</p> <p>Considered a number of options for the shop including viewing the former shop premises.</p> <p>Looked at governance structures necessary to take on a building and set up a community run business.</p> <p>Approached the Scottish Land Fund for financial support – surveying and valuing the building.</p>
September 2018	<p>Held a public meeting in Broughton Village Hall which over 200 people attended showing great support for the community plans for a shop in the village.</p> <p>Community share offer pledge campaign was launched to test support.</p>
December 2018	<p>Scottish Land Fund Stage 2 application submitted to support the purchase of the shop.</p> <p>Upper Tweed Community Enterprise Ltd (UTCE) was registered as a Community Benefit Society with the Financial Conduct Authority.</p> <p>Agreed in principle the purchase of the existing shop premises assuming funds are raised.</p> <p>UTCE team visited New Galloway Community Shop to learn from their experiences.</p>

About Upper Tweed Community Enterprise Ltd.

Upper Tweed Community Enterprise has been set up to serve the community with the mission:

“To carry on business for the benefit of Upper Tweed community by providing retail services and any other service that may be of social benefit to that community.”

Broughton Village is located in central Scotland in the Upper Tweed Valley. Tweeddale is one of the larger but more sparsely populated localities in the Scottish Borders. Its main towns and villages are Peebles, Innerleithen, West Linton, Cardrona and Walkerburn and the population has grown steadily since 2001 largely as a result of families with children moving into the area¹ rather than “natural increase”. Another notable feature of Tweeddale West (SO1012248) is it is in the top 10% of areas of Multiple Deprivation on account of its geographic isolation where it is ranked at 167².

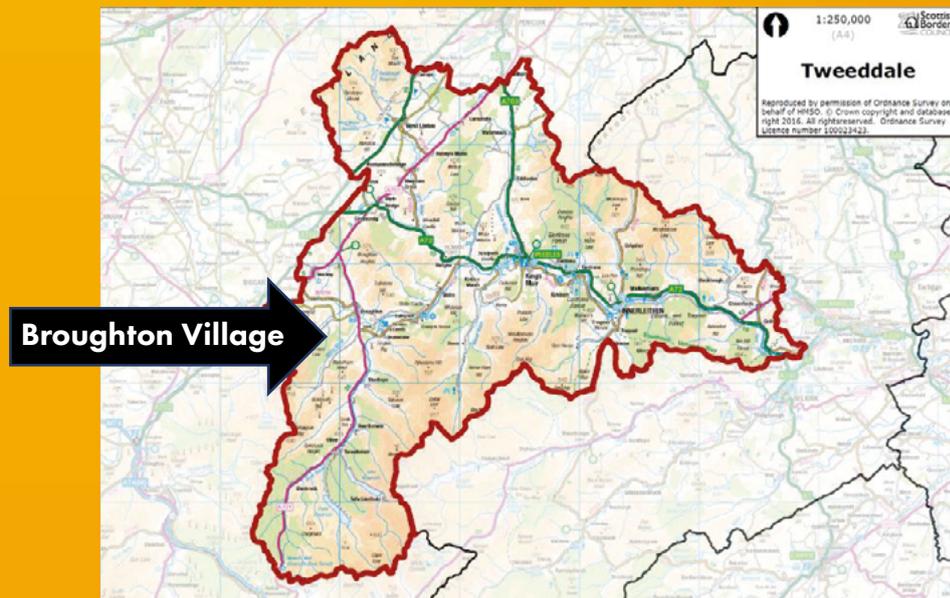
Tweeddale is the second largest of the Scottish Borders Localities in terms of land area but also one of the most sparsely populated along with Cheviot. Broughton and Upper Tweed has a population of 839 (2017) with eight births during that year. Tweeddale West has a population of 6,176.³

The closure of the store in Broughton means that there are now NO shops left in the village and that people need to travel to Biggar 5.5 miles away to buy provisions, access a bank or a post office. The next closest centre of population and a local supermarket is Peebles 13 miles away or Moffat 23 miles to the south. Anecdotal evidence suggests that Eildon Housing Association has experienced difficulty in letting houses in the village since the closure of the shop and that it may be having a negative effect on house prices due to the reduced amenity. Bringing jobs to the area is deemed important to those living there.

¹ *Strategic Assessment: Tweeddale 2016. Scottish Borders Council*

² <http://simd.scot/2016/#/simd2016/BTTTTT/11/-3.3265/55.6016/>

³ [www.Statistics.Gov.Scot/Datazone SO10112249 Broughton and Upper Tweed](http://www.Statistics.Gov.Scot/Datazone/SO10112249/Broughton%20and%20Upper%20Tweed)



A substantial increase in Pensionable Age People is anticipated between 2012 and 2037 with a 71% increase forecast for Tweeddale West⁴ on account of the fact people are generally living longer and it is an attractive area to retire.

For the purposes of this share offer the community is defined as Upper Tweed including the community council areas of Tweedsmuir Community Council, Upper Tweed Community Council, Skirling Community Council and the area around Stobo defined by the postcodes EH45 8NU (Stobo and Easter Dawyck), EH45 8NX Stobo Home Farm and Dawyck Mill), EH45 9JU (Bellspool, Alterstone and Dawyck Botanic Garden).

The key challenges facing Broughton and Tweeddale are its remoteness and lack of any other facilities except a village hall, tea room and primary school. Those living in the village face almost an hour round trip to buy basic provisions.

Restoration of the village shop would stem the decline in amenities, creating employment and bringing back a much used local "hub".

What are Community Shares?

Community Shares are a special form of investment used by community groups to raise money and involve people in community projects. Anyone with an interest in the project, whether or not they live in the area, can buy shares as long as they become a member of the Community Benefit Society – UTCE Ltd in this case. **You can buy any number of £25 shares from 1 – 120**, i.e. a maximum share-holding of £3,000. At least 51% of shareholders must live in the community covered by the offer. Individuals can buy shares as can organisations or companies but the latter must nominate an individual to represent their interest.

Unlike normal shares, **you can't sell them** on and **they don't go up in value**. Shareholders may withdraw their money under certain circumstances if the management committee agrees that it will not affect the operation of the business. Any withdrawals must be funded from trading profits, reserves or new share capital raised from Members and at the discretion of the Management Committee.

Interest can be paid on shares, but given the aims of our project, the current Management Committee intends to reinvest any surplus in the community rather than pay interest initially. *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 how any surplus should be used. Should a shareholder die then their estate can nominate a beneficiary or request withdrawal of the shares purchased.

What Benefits do I get from investing?

Upper Tweed Community Enterprise Ltd. (UTCE) is a Community Benefit Society. If you live in the local area (defined above), you can buy a Membership Share (minimum £25) in UTCE giving you rights and benefits, some of which are described below. Please read all the terms and small print carefully before investing.

- **A voice in the society** – all members, regardless of shareholding, have one vote in matters pertaining to the future of the society
- Access to **information** about the **operation** and plans of UTCE Ltd
- The opportunity to be **elected to a representative role** in its governance
- A **regular newsletter** about the shop/society and what's going on
- **Invitation to shop "events"**, tastings, promotions etc
- **Special** and periodic **discounts** as announced

Members living within the defined community area are known as Community Members; those living outwith the area are known as Supporter Members. All members have one vote, regardless of constituency.

Tax Relief

Your investment in UTCE may qualify you for tax relief under the Social Investment Tax Relief scheme. An application is being made for Advanced Assurance from HM Revenue and Customs and Members will be kept informed of the outcome. If successful this would provide 30% relief on the amount invested.

For more information visit:

<https://www.gov.uk/government/publications/social-investment-tax-relief-factsheet/social-investment-tax-relief>

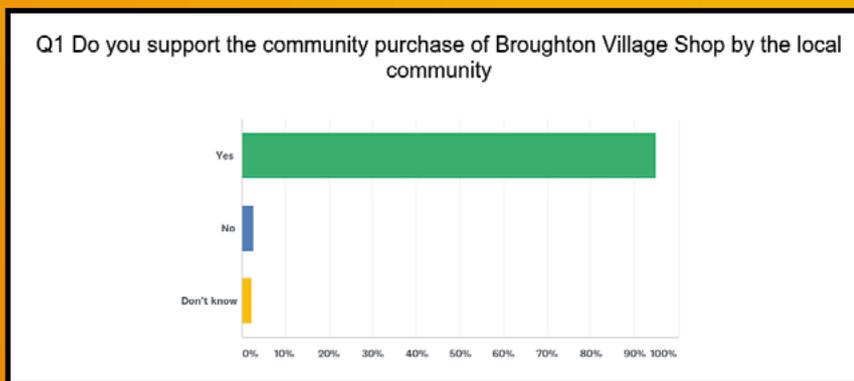
We will update information on SITR at

<http://broughtonvillagestore.co.uk/tax-relief/>

Broughton Village Store – Community Support

The public meeting held in Broughton Village Hall on 12 September 2018 saw more than 200 people pack the hall to hear examples of how other communities, including a number in the Scottish Borders, had taken on their local shops successfully. Our pledge campaign was launched at the meeting to see if there was an appetite for investment in a community share offer to part fund the venture. As at date we now have over 90 people who have pledged £50,000 towards the overall costs of realising the project.

Initial market researchs received responses from 180 members of the community. 95% of respondents support the community purchase of the shop.

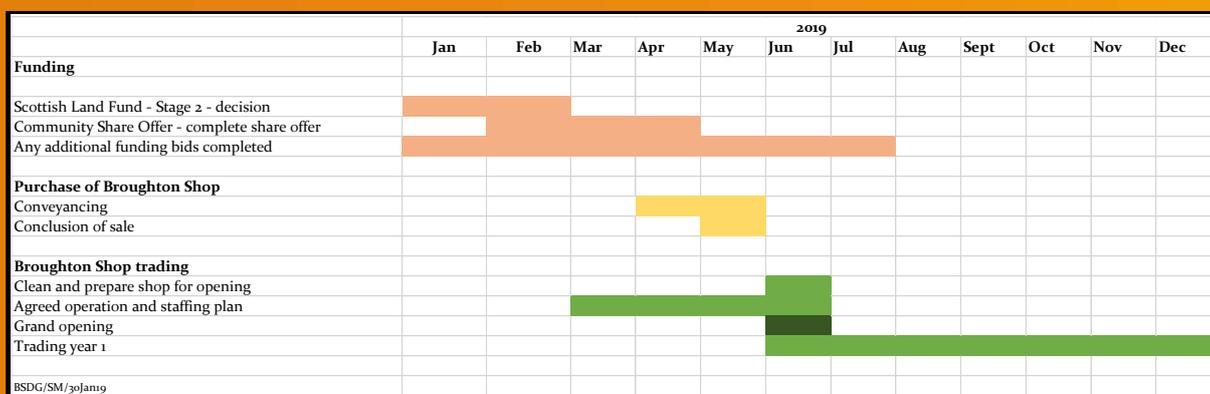


88% said they were very likely to use the shop and 11% were quite likely to use it. No-one said they wouldn't use the shop although two people were unsure.

An independent community consultation exercise commissioned by Upper Tweed Community Council and carried out by SKS during the autumn of 2018 found that there is an absence of "third places" i.e. places for unplanned informal association between members of the community.

When do we hope to open the shop?

The timeline below shows when we hope to hear about initial funding, where the community share offer fits in and when we hope to open the shop. June 2019 is our target date at present but this depends on how much work requires to be done once we take ownership of the building.



What will it all cost?

9.10 Capital Expenditure Projected						
Broughton Village Store						
Capital Costs - Shop Building Acquisition						
	Costs	SLF	Own Funds / Community share offer	Grant Funding	Source of Funding	Notes
Purchase of Broughton Village Store	£80,000.00	£66,500.00	£3,500.00	£10,000.00	Glenkerie	Pending decision
Legal Costs	£3,000.00	£3,000.00	£0.00	£0.00		
Repairs to building	£10,000.00	£5,000.00	£5,000.00	£0.00		
Sub Total	£93,000.00	£74,500.00	£8,500.00	£10,000.00		
Capital Costs - Purchase of Stock and Equipment						
Purchase of Stock	£25,000.00	£0.00	£25,000.00	£0.00		Based on similar shop projects start up costs
Purchase of equipment	£12,000.00	£0.00	£12,000.00	£0.00		To be costed
New awning / signage	£2,000.00	£0.00	£0.00	£2,000.00	Fallago Environment Fund	To apply by 1 March 2019
Sub Total	£39,000.00	£0.00	£37,000.00	£2,000.00		
Total	£132,000.00					
Notes						
Assumes a community share offer of (Feb 19)	£48,000.00	Shop cash flow, equipment and other items				
Drawdown of SLF Stage 2 Grant	£90,000.00	Purchase of shop, staff costs, legal costs and building repairs				
Glenkerie Grant	£10,000.00	Purchase of stock and repairs				
Fallago Grant	£2,000.00	New awning / signage				
CSS - Micro Grant Fund	£2,640.00	Share design costs				
Total	£152,640.00					
Residual available	£20,640.00					

The table above shows how the different elements of the acquisition will be funded. The shaded area shows how share funds will be used.

Those figures in brief:

We have agreed a price of £80,000 with the current shop owner. Our total grant from the Scottish Land Fund is £90,000 of which a maximum of £66,500 can be used to contribute to the purchase price. A grant application to Glenkerie Wind Farm for a further £10,000 is currently under consideration – if successful the balance of the purchase price will be raised from Community Share capital. The balance of SLF grant money and Community Share capital will be used to repair the fabric of the building, buy equipment, and stock the shop. The SLF grant also allows for the appointment of a Shop Development Manager for 6 months.

How much will we raise from the community?

The Community Share Offer aims to raise a minimum of £30,000 with its maximum target being £60,000. Shares are priced at £25 each with a maximum share purchase of 120 shares (£3,000) or 10% of the minimum target. The more we raise through community shares the less we will have to seek from grant funding. This is likely to be the only Community Share issue for the shop in Broughton. It will not be possible to buy shares after the application window closes (Friday 19th April). The projections for the shop are based on our understanding of previous trading and demonstrate that the business is viable.

Cash Flow Projections

Year 1-5 Summary

INCOME	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	£189,273	£227,127	£261,196.36	£287,316.00	£308,864.70
Sales Increase	n/a	20%	15%	10%	7.50%
Grants etc	£42,500	£10,000	£0	£0	£0
Shareholder Funds	£25,000				
TOTAL INCOME	£256,773	£237,127	£261,197	£287,316	£308,865
EXPENDITURE					
Purchases for resale	£175,000	£158,989.09	£182,837.45	£201,121.20	£216,205.29
Wages	£45,700	£47,380	£47,640	£49,068	£50,532
NI/ pension	£7,740	£8,916	£9,180	£9,456	£9,744
Rent	£0	£0	£0	£0	£0
Rates	£0	£0	£0	£0	£0
Insurance	£1,300	£1,236	£1,272	£1,308	£1,344
Property maintenance	£600	£624	£600	£600	£600
Motor expenses	£2,600	£3,200	£3,502	£3,605	£3,709
Heat & light	£3,250	£3,084	£3,180	£3,264	£3,360
Telephone	£650	£624	£648	£672	£696
Marketing Branding	£200	£0	£0	£0	£0
Postage & stationery	£170	£120	£120	£142	£156
Audit & accountancy	£720	£744	£768	£792	£816
Legal & prof fees	£3,000	£0	£0	£0	£0
Bookkeeping	£2,760	£2,844	£2,928	£3,012	£3,108
Bank interest & charges	£0	£0	£0	£0	£0
Loan interest	£0	£0	£0	£0	£0
Loan repayments	£0	£0	£0	£0	£0
Licence Costs	£420	£420	£420	£420	£420
Staff & Voluntary training	£1,150	£1,200	£1,250	£1,250	£1,250
Sundry expenses	£400	£300	£300	£300	£300
Leasing/H. P.	£0	£0	£0	£0	£0
TOTAL EXPENDITURE	£245,660	£229,681	£254,645	£275,010	£292,240
<i>Income less Expenditure</i>	<i>£11,113</i>	<i>(£2,554)</i>	<i>£6,551</i>	<i>£12,306</i>	<i>£16,624</i>
<i>Asset Expenditure</i>	<i>£90,000</i>	<i>£10,000</i>	<i>£0</i>	<i>£0</i>	<i>£0</i>
<i>Opening bank balance</i>	<i>£23,000</i>	<i>£34,113</i>	<i>£21,559</i>	<i>£28,110</i>	<i>£40,416</i>
Closing bank balance	£34,113	£21,559	£28,110	£40,416	£57,040

Further details on all aspects of the business plan can be found in the full business plan on our website.

Frequently Asked Questions

Who runs UTCE?

UTCE is a Community Benefit Society, regulated by the FCA owned and run by its members through an elected Management Committee. All committee members are volunteers and give their time and energy for free. All members can stand for election.

If funding is being requested from the Scottish Land Fund (SLF) to help the community buy the Broughton Village Store, why is more money required through a share offer?

Funding from the SLF will only cover 95% of the valuation of the building, the remaining 5% of the purchase cost plus the additional

price agreed, the refurbishment and stocking of the shop have to be funded in addition to this so hence the community share offer. Successful community share offers also demonstrate community support for the project meaning that everyone owns it for the future!

How has the business been valued?

The business has been independently valued by a professional surveyor (funded by SLF) according to a standard formula.

What happens if we raise less than £30,000 or more than £60,000?

If less than £30,000 is raised, UTCE will need to look at the rest of its funding package to determine if it is viable to proceed with the purchase. If more than £60,000 is raised then there should be sufficient funds to continue with the purchase.

What happens if the business is not successful?

According to research by the Plunkett Foundation that 95% of community owned and run shops are successful across the UK but should the business fail, then it can be sold or redeveloped into another offer as deemed appropriate by UTCE and its members in accordance with its Rules registered with the FCA (section 7.5.2.6). Shareholders would only be eligible to the value of their shareholding should this be financially practicable

Do shares go up in value and will I get interest on my investment?

Community shares NEVER go up in value but they can go down in value so you need to be aware of this when investing. UTCE doesn't plan to pay interest initially but to invest any surpluses in the business or other related community businesses with approval from its membership. It is possible that interest on shares can be paid in a few years once it is deemed okay for the business.

Who is paying for this brochure and the Share Offer Costs?

The costs of the Share Offer brochure and publicity have been funded by Community Shares Scotland which has also provided support with preparing documents and planning events etc

What financial controls will be in place?

Annual accounts will be prepared by the Treasurer and an independent accountant will oversee the reporting of these accounts to the Annual General Meeting of Members.

The small print: the share offer

Upper Tweed Community Enterprise Ltd – referred to here as “the Society” is empowered to sell shares. Shareholders become Members of the Society on the purchase of a £25 Membership share. The Society is run by its Members through a Management Committee elected from its membership.

Any person over 16 may buy one or more shares. Shares may also be bought by a business, organisation or group of individuals. In such cases one person must be nominated to hold voting rights at Member’s Meetings. The maximum share purchase is 120 shares.

Each shareholder has one vote at member’s Meetings irrespective of the number of shares they hold and irrespective of whether they are Community or Supporter members.

At least 51% of shareholders must be Community Members. Supporter members cannot number more than two or 50%, whichever is the smaller, of the management committee

Shares cannot be sold and are not transferable except on death or bankruptcy of the holder.

You can apply to withdraw your investment after you have held shares for three years. You must apply to the Management Committee giving three months’ notice in writing to withdraw your shares. Withdrawal will be at the discretion of the Management Committee who will judge if the business is trading profitably and has adequate surpluses to fund withdrawals. Total withdrawals in any year may be capped by the Management Committee at a certain percentage of the total share capital.

A Society may pay interest on shareholdings subject to a decision by Members at an Annual General Meeting. (Any interest is capped at Bank of England based rate +2%).

Any interest payments must be funded from trading profits after prudent reserves have been laid aside. The decision to pay interest must be subject to the long-term interest of the business and the Society’s commitment to the community. The current Management Committee does NOT envisage paying interest for the first five years of operation.

Investors should therefore consider the social dividend of investing in the long-term well-being and sustainability of the community rather than expecting an assured income.

Shares in a Community Benefit Society cannot go up in value but could be reduced if liabilities exceed assets. As a shareholder/Member you will have limited liability which means you will never lose more than the original value of your share if the venture was to fail.

Buying shares in UTCE may qualify you for tax relief under Social Investment Tax Relief (SITR). An application is being made to HM Revenue and Customs and Members will be informed of the outcome.

Community shares are NOT covered by the Financial Services Compensation Scheme and investors have no recourse to the ombudsman.

The Share Offer closes on Friday 19th April 2019 although the closing date may be amended by the Management Committee.

You should only ever invest as much as you are prepared to lose. You may wish to take independent financial advice.

The local community is defined as above pages 5 & 6 (check!!)
The Rules are the constitution of UTCE Ltd a copy can be found on our website - <http://broughtonvillagestore.co.uk/>

Upper Tweed Community Enterprise Ltd (UTCE) is a Community Benefit Society, established under the Co-operative and Community Benefit Societies Act 2014 and as such was registered under the Financial Conduct Authority in December 2018. Registration number 7979.

UTCE – referred to as “the Society” – is owned and managed by its Members. Day to day management is carried out by a Management Committee elected by its Members at a Member’s meeting. The current Management Committee Members are:

David Younger

After school two years at Sandhurst (1957-9), commissioned into The Argyll and Sutherland Highlanders, served in Germany, UK, Singapore and Borneo and MOD (Army), London. Scottish and Newcastle Breweries 1969-79 located in Edinburgh, London and Glasgow. Founded Broughton Brewery in 1979. Secretary Queen’s Bodyguard for Scotland, Royal Company of Archers 1994-2008. Lord- Lieutenant of Tweeddale 1994-2014.

Amanda Robertson

Before moving to Broughton in 2002 Amanda was a staff nurse working as ward sister in Edinburgh. After her son was born she worked part time in Moshulu on Peebles High Street. After the birth of her daughter she worked for and built up very successful after school club in Broughton Primary school. After the club was taken over she went to work in Broughton Village shop and was there until its closure. Amanda is also part of the first responders team and has recently become member of the Broughton Village Hall Committee.

Tony Butcher

Tony has been resident in the village of Broughton for 15 years during which time he has been a keen and active member of the local community

Donald Stewart (Treasurer)

Donald has over 20 years of financial services and banking experience, and is now working on a self- employed basis as an asset finance broker. He moved to Broughton in 2005 with his wife, and they now have a son who attends the local primary school. Donald has been keen to be involved in the local community and has sat on the SSE Board for the last 6 years considering applications for grant assistance for non-profit making entities. More recently he has helped with an annual welcome meeting for newcomers to Upper Tweeddale. When the shop closed he was asked to take on the treasurer role for the Broughton Shop Development Group.

Christopher Lambton (Chair)

Christopher has a background in broadcasting and journalism with the BBC and national press but since moving to Broughton in 1998 has increasingly been involved in local ventures. He owns and manages some 160 acres of woodland around Broughton as a community amenity, and in 2004 bought the Laurel Bank Tea Room, expanding it over the subsequent three years into a still-thriving pub and bistro. In the last four years he has worked for the charity Garvald Home Farm where as development manager he is overseeing a current project of improvements to the farm infrastructure. He was instrumental in setting up the Broughton Shop Development Group in March 2018 when the current shop closed.

Simon Edwards (Secretary)

Simon has been self-employed since 2001 working in the cellular and television and radio broadcast industries. Latterly he was Project Director for three multi-million pound telecoms and broadcast projects which included the Digital Switch Over for both television and radio. Now semi-retired he is able to devote some time to the community, he is active with Lothian 4x4 Response who helped NHS staff get to and from work during the 'Beast from The East'; getting involved with the Upper Tweed Community Council and more recently taking on the role as Secretary to the Broughton Shop.

All Management Committee members are volunteers and receive no benefit from UTCE apart for the indirect benefits available to all Members of the Society.

UTCE has an Asset Lock in its Rules which specifies that in the event of the Society ceasing to operate, its assets must be transferred to one or more community organisations that support the objects of the Society chosen by Members at a member's meeting which may include any society established for the purpose of creation, promotion and development of community- owned enterprises.

For further information/enquiries:

Website: <http://broughtonvillagestore.co.uk>

Email: shares@broughtonvillagestore.co.uk or christopher@chapelgill.co.uk

Telephone 07879 470 920 (Christopher Lambton)





Upper Tweed Community Enterprise Ltd would like to thank the Scottish Land Fund, the Plunkett Foundation, Glenkerie Wind Farm, Community Shares Scotland and everyone who has helped so far for their advice and support.

Upper Tweed Community Enterprise Ltd is a Community Benefit Society registered with the FCA number 7979 UTCE Registered Office: The Old Police House, Broughton, Biggar, ML12 6HQ