

Siop HAVARDS Gymunedol

HAVARDS COMMUNITY SHOP

*Saving a traditional ironmonger
for the community of Newport,
Pembrokeshire & the
surrounding area*



<http://www.siophavards.cymru/>

SHARE OFFER DOCUMENT Siop Havards Gymunedol Tydrath

SHARE OFFER OPEN from – 30th May 2022 to 25th July 2022

Amount to raise - Min £330,000 - Max £510,000

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SHGT Community Benefit Society Ltd. Registration number 8851

Overview



PRYNIANT CYMUNEDOL O SIOP HAVARDS, TREFDRAETH

COMMUNITY PURCHASE OF HAVARDS SHOP, NEWPORT, PEMBROKESHIRE

The Aim

Siop Havards is a traditional ironmonger in Newport, Pembrokeshire that serves a wide area, from Fishguard in the south to Cardigan in the North. It has been operating from the same site since 1881. Our aim is to save this historic institution for the community, and by doing so also help preserve the character & self-sufficiency of the town.

Our aim is to raise sufficient funds to buy Havards in order to run it as a cooperative community shop, owned by the members, for the benefit of the community and future generations. You can become part of the venture by investing and buying shares or gifting money to the fund.

Who We Are

Our team consists of a board and committee of committed locals - Siop Havards Gymunedol Tydrath (SHGT). SHGT has formed a Community Benefit Society that will be responsible for the project. A Community Benefit Society is a business which is run for the community, reinvesting profits to the benefit that community. Our society is named SHGT Community Benefit Society Ltd. (SHGT CBS Ltd). The society has a board of three directors and was formed on 11.4.22.

The Money

To buy the shop we need to raise **£475,000**. The money raised will be used to buy the building and the shop's stock, as well as to provide set-up funds and working capital.

The Share Offer

To raise this money SHGT has developed a share offer, primarily aimed at residents of Tydrath and the local area, visitors to Tydrath, and then friends of the town wherever they may be. **Our optimum target amount will be £475,000**. The ideal outcome of the share offer would be to achieve the optimum target.

SHGT has set a **minimum target of £330,000**. If we reach this minimum target, and it is clear that the share offer has reached its limits, then we may still be able to proceed. We will then attempt to meet the shortfall through grant funding, and possibly through loans. However, if we are unsuccessful in raising this minimum, we will initially explore whether the project could be structured in other ways. If this final effort fails, then all funds will be returned to shareholders, minus a small deduction for administrative costs funded by the committee (estimated to be less than £2000 in total).

If our fundraising performs above expectations, we have set a **maximum target of £510,000**. If we succeed in raising this maximum, we will bring forward building works initially planned for January 2024 to January 2023. (For full details of these

works are in our business plan) This will have a very positive effect on the cashflow and initial profitability of the business. On reaching this maximum target the share offer will be closed.

Future capital needs of the business will be funded through profits.

The share offer will open on 30th May 2022 and close by 25th July 2022, unless the board determines that there is benefit to an extension. The share offer will be closed early if we reach our maximum.

The Benefits

Buying shares makes you a Member of the Society and gives you a say in how it runs. Each member has one vote, no matter how many shares they buy. Shares will cost £1 each. The minimum shareholding is £200 (200 shares). The maximum shareholding is £33,000 (33,000 shares) - or 10% of the total share capital raised, whichever is the greater.

Community Shares attract interest, rather than dividends. When investing you can opt for 0%, a maximum of 2% or a maximum of 4% interest on your shares. Interest is not guaranteed but is dependent on trading, profits and reserves.

This document:

- Describes the project
- Explains about the society and how the share offer will work
- Contains information about how to apply for shares



The Community Shares Standard Mark is awarded by the Community Shares Unit to offers that meet national standards of good practice. For more information about Community Shares, the Community Shares Standard Mark and the Community Shares Unit please go to: www.communityshares.org.uk

You should be aware that this offer is unregulated and there is a risk that you might lose some or all of your investment. This also means that as an investor you will not have access to the Financial Ombudsman Service (FOS) or the Financial Services Compensation Scheme (FSCS)

Welsh Translation – This document was first written in English. Whilst every attempt has been made to ensure the accuracy of translation into Welsh, for legal purposes English will be the contracting language.



OUR VISION

To run Havards as a profitable, efficient, inclusive and sustainable hardware, home and garden shop, feeding surplus profits back into the community to enhance local prosperity, and cultural and social cohesion.

OUR VALUES

- a. Inclusivity – Havards will be for everyone, by fostering an atmosphere where no-one is inhibited to enter the shop because they feel it's not for them; where anyone can step forward to help run it; where anyone can participate.
- b. Sustainability – as all business must now be, Havards will be run so as not to deprive future generations by what we consume now, and in order that the shop will live on and prosper in Tydrath for many years to come.
- c. Local prosperity – to foster opportunities for employment and generate funds for community need.
- d. Cultural and social cohesion – to involve local residents and visitors alike in the project to forge understanding and tolerance; to foster the Welsh language and culture; to support local producers.

OUR OBJECTIVES

- a. To manage Siop Havards as a community-run, traditional hardware store with a wide and varied stock to meet the needs of all the people of Tydrath and the wider community, and to help preserve the nature of Tydrath as an important and self-sufficient local shopping town.
- b. To generate a broad range of volunteering, employment, work experience and training opportunities, in Welsh and English, accessible to all members of the community.
- c. To become sustainable and then to generate a surplus that will be used to the benefit of the community and community projects.
- d. To work efficiently – in every respect of running the business, winning self-respect, initiative and satisfaction for those involved.



East Street, c. 1906. Havard's Ironmongery Stores was established in 1840 and has been run by a member of the family ever since. The proprietor, John Llewellyn Havard (wearing a boater), poses here with staff and townsfolk while Mrs Havard stands at the entrance to the shop. The smart young lady (centre right) was Miss Mary Ann Howells who later married Captain Thomas Griffiths (see page 50a).

SIOP HAVARDS & OUR COMMUNITY

Siop Havards is a historic institution in the town of Tydrath and has been selling hardware items since the early 20th century. The SHGT came together to raise funds to buy the shop when the current owners put the shop up for sale.

Tydrath is a thriving and lively holiday centre in the summer, a quiet local town in the winter - but is not without its problems.

The Pembrokeshire Coast National Parc puts it thus:

“Newportnestles in an outstanding landscape setting on gentle slopes between the foot of Carn Ingli and the quiet Afon Nyfer Estuary, which is itself protected from the open sea by the sand dunes and bars of Newport Sands. The panoramic view of the town and the Parrog (once the busiest harbour in north Pembrokeshire) from Newport Sands illustrates this perfectly as one of the best known and loved in the National Park. Visitors to Newport swell its population during the holidays”

“Newport has a good range of facilities serving the town and the hinterland and is classified as a 'district shopping centre' It has a distinctive culture with a significant number of Welsh speakers leading to a strong sense of community. There are two Conservation Areas designated in recognition of Newport's distinctive character. It has a magical quality and the natural environment and peacefulness of the area are highly valued. ”

Difficulties for Newport include high house prices and a shortage of land for developing affordable housing. A high number of holiday and second homes is of concern, as is an ageing population. The use of the Welsh language is declining. A general upgrading of community facilities is also considered necessary as is the developing of Newport as an attraction for tourism. Additional employment opportunities would be welcomed. ”

The SHGT Board have formed a Community Benefit Society to secure the future of Siop Havards and its place in the town, to help address any further dilution of local culture, to ensure that Tydrath continues to offer a full range of local day to day shopping, and to also maintain the appeal of the town as a tourist destination.

A Community Benefit Society is a unique type of corporate business which is owned by and run for the benefit of the local community rather than private gain. Our aim is to buy Siop Havards and run it as a hardware store and also as a local hub for wider community services. 94% of Community Benefit Societies are still trading after 4 years – a remarkable track record.

We believe that the Siop Havards is a vital community asset and that its value and benefits will be best preserved if owned and run by a Community Benefit Society. We have a unique opportunity to become owners of an important part of the area's way of life.

But to achieve this vision, we need to raise money.

The key source of funding comes from the local community, who, alongside the wider public, will soon be able to purchase shares in the Society to become members and have a say in how it is run. Historically, our local community has always done things for themselves – the library, farmers' market and numerous local voluntary organisations are good examples - thus giving us the confidence that the people of Tydrath have the ability and desire to make this venture a success.

We will also seek opportunities to take advantage of grants from local and national governments, and from independent and charitable trusts.



THE STORY SO FAR

The owners of the shop have decided to sell Havards, but the SHGT will try to buy Havards and to run it as a community enterprise. If we don't succeed the risk is that this institution could be lost to the community forever.

Having this institution as part of the retail landscape means that the town has a full retail offer – from butcher, to fishmonger, to grocery, bookshop, library, clothes shop, post office and pharmacy.....and hardware. If it were to go, the nearest hardware shops are chain stores and at least 10 miles away.

Havards USP is that you can get almost anything for the home or outdoors there – from a lightbulb to birdseed. There is almost nothing they do not stock.

But you may ask, why this shop? The answer is the strength of feeling that people have for the institution of Havards and its place in the life of the town.

"It would be a terrible loss to the community if it went, because it sells the everyday useful things that local people depend on"

"As a local tradesman I've used Havards all my life and it's important for the working people of Tydrath to have somewhere they can get supplies to keep the tradition of local supplies for local builders."

"It's an integral part of the High Street, it brings people into townand that beneficially affects all the businesses in town. It would be devastating to lose it"

"Havards is an all year-round business.....it would be a great shame without it and see the town/village quietly die"

"If they haven't got it, they'll get it for you"

That strength of feeling was apparent at the public meetings held in July 2021 when 100% of those attending the meeting expressed their support for the project. Since then SHGT has run a pledge campaign which has secured pledges of over £260,000 and a local survey showed 93% of those responding were in favour of saving Havards.

If we don't succeed Havards may be lost forever.

THE BUSINESS PLAN

The Business Plan has been written using information obtained from the current owners, in conversation and from their annual accounts.

The Havards business has a history of sustained profitability over the last 5 years and a summary of the accounts are listed in the table below. The current year (2021/22) is projected to be up over 30% on 2019/20, which was a below average year being much affected by Covid19. This improved performance is expected to continue as the national trend to take UK, rather than overseas holidays, is expected to continue, with climate change concerns, economic pressures, International instability and Covid19 amongst many contributing factors.

The current year is taken as the basis for the 5-year business plan projections.

	2019/20	2018/19	2017/18	2016/17	2015/16
	£	£	£	£	£
Sales	153,879	174,375	182,779	173,169	167,408
	£	£	£	£	£
Cost of sales	93,506	104,309	105,589	105,080	111,060
	£	£	£	£	£
Gross profit	60,373	70,066	77,190	68,089	56,348
	£	£	£	£	£
Expenses	37,368	48,585	54,304	39,097	35,427
	£	£	£	£	£
Profit	23,005	21,481	22,886	28,992	20,921

Additional to these figures is annual rental income of **£7500** from a four-bedroom flat above the shop.

The business plan provides for one paid member of staff and one volunteer in attendance during opening hours. On Wednesdays both paid members of staff will work, allowing time for ordering, bookkeeping, team communication and staff and volunteer training.

The paid members of staff will be – a Store Manager (32 hrs) and an Assistant Manager (24 hrs). They will be supported by a team of 14 volunteers. Working hours for all staff members will be between 9.30 and 6pm – allowing time at the end of the day for cashing up, report running, cleaning and restocking before the next day's trading. Each paid member of staff will cover the other's holidays. Holidays will only be taken during quieter times of the year.

Volunteers will be vital to the store. They will look after general trading, shelf restocking, preparation for trading (placing stock outside), cleaning the shop and serving customers. They will be given training in the product lines as well as till operation and customer service, each becoming expert in one product area and actively communicating ideas to the Assistant and Store Managers. They will also have an important role in fostering community benefits. This might include offering lifts to those not able to travel to the shop or delivering orders to the housebound - perhaps fitting a lightbulb or changing a washer on a tap, or simply coming up with ideas for additional community benefits and passing on feedback.

Profit and Loss – 5 years

To be able to return profits to the community it is important to earn them in the first place. The five-year plan will demonstrate how performance can be improved in order to generate sufficient profits to do that - while also paying an amount of interest to our shareholders - without the need to significantly raise prices within the standard product range.

Growth is predicated on three metrics - an increase in £ taken per square foot of trading space; by an increase in the trading area of the store; and by growing the gross margin. In an environment of rapidly rising inflation the board have chosen not to reflect this trend in the financial models. The reason for this is so increases in sales are apparent solely as a result of the improving metrics, rather than just because of inflation. However, a conservative view has been taken on the cost lines with moderate rises in costs reflected in the plan. Costs are taken as an average of the last 5 years with annual increases of 2% pa.

Salaries increase at 3% every 2 years. An extra allowance has been included for energy costs to reflect the volatile energy market.

The £/square ft metric can be achieved through a number of different routes – in combination or individually. Developing the range of goods for sale through both adding to existing ranges and introducing new ranges will be vital to the delivery of the business plan. See below for some possible additions to the product range. Feedback from both staff and customers will be vital to this endeavour, identifying needs and opportunities.

Increase in transactions

Siop Havards has just over 15,000 transactions in a typical year. Improving this by 3% - just over 400 extra transactions – will deliver an extra £6000 in revenue. The business plan proposes only 1.5% growth year on year overall. This should be easily achievable – see the Business Plan for more details - <https://siophavards.cymru/docs/businessplan.pdf>

Marketing

Better marketing and promotion of the services and goods provided by Havards, supported by an excellent and desirable stock mix, will bring more customers through the door. And once inside the door, improvements in signage and stock placement will make sure (as far as possible) that customers don't miss anything. Word of mouth will be important for promotion, as well as using the highly visible store front to maximum advantage. The practice of using Havards own section of the public pavement to display brightly coloured wares will be continued. This is free advertising and an important contributor to the vibrant character of the town.

Average Transaction Value

Currently Siop Havards takes just under £15.50 per transaction. In the Business Plan we show how adding just 50p to this total will deliver just over £3 per square foot of trading – three times as much as proposed in our business plan and hopefully also a very achievable target.

While the focus of the SHGT is to keep prices accessible for the local community, the value of each transaction can be increased via a number of means, while still keeping base prices accessible.

Increased Trading Space

The plan shows the addition of over 400 square feet of trading space in year 2, providing opportunities to extend some ranges and add products profitably. This will be done by opening up to the rear of the kitchen shop. A budget of £30,000 is included to cover these works. We plan this extension of space in quiet trading time during the winter of 2024.

Customer Base

Havards draws customers from Eglwysrwrw, Moylegrove and Nevern to the North to Dinas and Fishguard in the south. Together with rural villages and farms this is a year-round population of over 9000 people. This population doubles or trebles in the summer when the area welcomes holidaymakers. Increasingly, visitors are present outside the traditional high season months of June/July and August. SHGT believes this trend will continue and grow. The business plan assumes that trading will be built from this combination of year-round residents and visitors.

5 Year Summary - Siop Havards Tydrath

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	Totals
Income:						
Sales	200,042.00	196,638.48	205,073.77	208,149.88	211,272.13	1,021,176.26
Extended Space		30,415.58	41,014.75	41,629.98	42,254.43	155,314.74
Flat Rental Income	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00	37,500.00
Total Income:	207,542.00	234,554.05	253,588.52	257,279.86	261,026.56	1,213,990.99
Less: Cost of Sales	116,024.36 58.0%	130,556.08 57.5%	140,270.46 57.0%	141,125.62 56.5%	141,974.87 56.0%	669,954.24
Gross Profit	91,517.64 42.0%	103,997.97 42.5%	113,318.06 43.0%	116,154.24 43.5%	119,051.69 44.0%	544,036.75
Less: Expenditure						
Wages	47,590.91	47,590.91	48,542.73	50,969.87	51,989.26	246,683.68
Staff training and welfare	500.00	507.50	515.11	522.84	530.68	2,576.13
Rates and water charges	750.00	761.25	772.67	784.26	796.02	3,864.20
Light and heat	3,000.00	3,045.00	3,090.68	3,137.04	3,184.09	15,456.81
Repairs and maintenance	10,000.00	40,150.00	10,302.25	10,456.78	10,613.64	81,522.67
Telephone	1,000.00	1,015.00	1,030.23	1,045.68	1,061.36	5,152.27
Office and computer expenses	1,000.00	1,015.00	1,030.23	1,045.68	1,061.36	5,152.27
Insurances and licences	900.00	913.50	927.20	941.11	955.23	4,637.04
Subscriptions	300.00	304.50	309.07	313.70	318.41	1,545.68
Sundry expenses	250.00	253.75	257.56	261.42	265.34	1,288.07
Motor and travelling expenses	500.00	507.50	515.11	522.84	530.68	2,576.13
Marketing	1,400.00	1,421.00	1,442.32	1,463.95	1,485.91	7,213.18
Accountancy fees	1,211.80	1,229.98	1,248.43	1,267.15	1,286.16	6,243.52
Bookkeeping expenses	1,500.00	1,522.50	1,545.34	1,568.52	1,592.05	7,728.41
Professional expenses	200.00	203.00	206.05	209.14	212.27	1,030.46
Bank charges	2,044.80	2,075.47	2,106.60	2,138.20	2,170.28	10,535.35
Depreciation	2,042.80	2,073.44	2,104.54	2,136.11	2,168.15	10,525.04
Total Costs:	74,190.31	104,589.30	75,946.12	78,784.29	80,220.89	413,730.91
Operating Profit: Excluding Interest Payments	17,327.33	(591.33)	37,371.94	37,369.95	38,830.80	130,305.84
Corporation Tax @ 19%		3,680.32	281.60	7,500.53	7,506.15	18,968.61
Net Cashflow	17,327.33	(4,271.65)	37,090.34	29,869.42	31,324.65	111,337.23
Opening Balance	0.00	17,327.33	13,055.68	50,146.02	80,015.44	0.00
Closing Balance	17,327.33	13,055.68	50,146.02	80,015.44	111,340.08	111,340.08
Max Shareholder Interest Payments at 4% (£475k share capital)	19,000.00	19,000.00	19,000.00	19,000.00	19,000.00	95,000.00

NOTES:
 Yr 1 commences 1st Oct 2022
 Cost of sales % expressed as a % of non-rental income
 Operating profit and net cashflow does not include any shareholder interest payments
 Operating profit and net cashflow does not include any loan interest payments
 The plan provides for 1.5% inflation in costs but for clarity has no inflationary sales or cost of sales increases

We have actively sought suggestions from the community to understand its needs and to make sure we stock what is wanted. There are many areas in which the range could be enhanced or extended without compromising the quality of the shop as a quirky, Aladdin's cave of discovery and a place where you can reliably find every-day hardware necessities without recourse to the internet. Ideas include - chandlery (to serve the yachting community); specialist tools for smallholders; more products to support local holiday cottage businesses; live plant sales - and many others.

We plan to increase and improve the services provided by the shop. These services will be provided free, at cost or with a small administrative margin. The intention is to ensure that there is no need to travel far out of the area to serve your daily needs. Some services will help support the ageing section of the community, others to educate and inform. Examples are – dry cleaning and shoe repair, IT repair, a repair shop, a tool lending library, a spot for a hairdresser once a week.

FUNDING NEEDS

The following table shows the money we need to buy Havards and to start running it as a community shop.

The purchase price for the store is £380,000. Land Transaction tax and legal fees account for a further £9,750. There is an average running value for the stock of between £39-£42k – we have allowed a budget of £40k. Working capital is usually £10k but we have allowed a very conservative £20k to cover unexpected costs – such as an overlap of paid staff as we bed in our team of volunteers. We have allocated a budget of £20,250 for start-up costs (including the costs of running this campaign) and have also included a budget of £5k should we need to raise some of the funds on a funding platform.

All these costs will be monitored as the campaign continues and kept as low as possible. We will independently verify values on the building purchase price and stock levels to ensure our shareholders get the best value for their investment.

Start up Costs

Expected Costs

Purchase of property and business	£ 380,000.00
Stock	£ 40,000.00
Land Transaction Tax	£ 6,750.00
Working capital - 2 months	£ 20,000.00
Legals	£ 3,000.00
Other start up costs	£ 20,250.00
Fundraising commissions	£ 5,000.00

£ 475,000.00

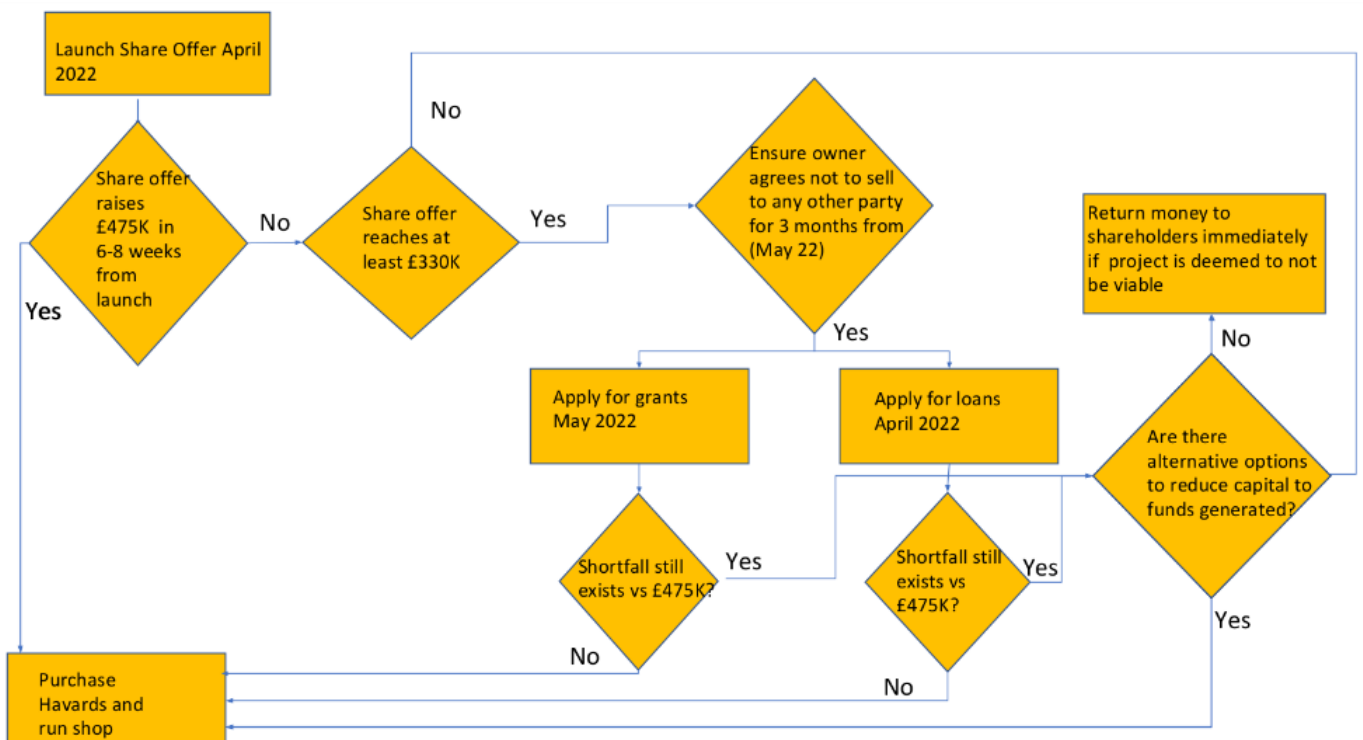
Our aim is to raise at least £330,000 in share capital from our share offer to the local community, from visitors and from supporters of Newport from further afield. WE HOPE WE CAN RAISE THE FULL AMOUNT.

THE MORE WE RAISE IN SHARE OFFER FUNDING – THE MORE PROFITS CAN BE RETURNED TO SHAREHOLDERS AND THE COMMUNITY

Once the share offer is complete, we will assess whether we can raise the balance of funds via grant funding and from the Community Asset Development Fund. Details on this are in the next section. If we have a shortfall of £125k there is an option to raise further capital via a funding platform such as Ethex. If there is a smaller shortfall then we have an option to raise money using Crowdfunder.

The process for decision making during the fundraising process is documented in the following decision tree.

In the best case we expect this process to take approximately 6 months – but it may take 9 months or more.



ADDITIONAL FUNDING

Below are some examples of possible funding sources for buying the building and setting up the business and possible revenue funding sources for staffing. Once the share offer period is complete SHGT will seek to raise as much funding as possible through these means.

- UK Government Community Ownership Fund

The UK government has launched a new £150 million Community Ownership Fund to help ensure that communities across Wales, Scotland, England and Northern Ireland can support and continue benefiting from the local facilities, community assets and amenities most important to them. Community groups will be able to bid for up to £250,000 matched- funding to help them buy or take over local community assets at risk of being lost, to run as community-owned businesses. The next bidding round for the Community Ownership Fund will open in May 2022 and SHGT are working towards an application within that round.

- National Lottery Community Fund - People and Places

Offers funding from £100,001 to £500,000 for projects where people and communities are working together and using their strengths to make positive impacts on the things that matter to them the most. 'People and Places' can fund capital and revenue costs up to £500,000, such as equipment, staff costs and refurbishments. It can fund projects for up to five years. Applications can be made at any time.

- Welsh Government – Community Facilities Programme

This is a capital grant scheme operated by the Welsh Government. Grants are available at two levels: small grants of under £25,000 and larger grants of up to £250,000. Grants can be used to improve community facilities which are useful to, and well used by, people in the community.

- Pembrokeshire County Council – Enhancing Pembrokeshire

The Enhancing Pembrokeshire Grant, using funds raised via the Second Homes Tax is available to provide funding for new projects that help address the negative impact of second homes and in doing so adds value to our communities.

- Community Asset Development Fund

We have been in touch with Social Investment Cymru who administer the Community Asset Development Fund. This fund can supply up to £150k in funding via a combination of 40% traditional grant and 60% repayable loan funding. The maximum amount to claim is £150k. Funding is based on how closely we meet criteria based on the Wellbeing of Future Generations Act and the viability of our business plan. We can apply for this fund during April and May and we have been told that we are a perfect fit for the criteria of the fund.

The loan element is interest-free credit with repayments based on our turnover over the subsequent 10 years. The effect of this loan element on the profitability of the project is shown in the following table.

It is in all our interests to ensure the maximum amount is raised in share capital and traditional grant assistance, but the Community Asset Development fund is a useful additional source of funds, should we need them.

Funding from Community Asset Development Fund - at total value £50k, £100k and £150k

Loan	Grant	Total Repayment								Profit								
		yr 1	yr 2	yr 3	yr 4	yr 5	yr 6	yr 7	yr 8	yr 1	yr 2	yr 3	yr 4	yr 5	yr 6	yr 7	yr 8	
£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -
£ 30,000	£ 20,000	£ -	£ -	£14,073	£14,765	£1,161	£ -	£ -	£ -	£17,328	£-591	£15,799	£15,105	£30,169	£31,801	£32,278	£32,762	
£ 60,000	£ 40,000	£ -	£ -	£14,073	£14,765	£14,987	£15,212	£963	£ -	£17,328	£-591	£15,799	£15,105	£16,344	£16,589	£31,315	£32,762	
£ 90,000	£ 60,000	£ -	£ -	£ 14,073	£ 14,765	£ 14,987	£ 15,212	£ 15,440	£ 15,523	£ 17,328	£-591	£ 15,799	£ 15,105	£ 16,344	£ 16,589	£ 16,838	£ 17,239	

- Crowdfunding platforms

Should we need to raise more capital there is an option to launch the project on a crowdfunding platform. We have included an allowance to cover commission on the Crowdfunder site. They do not charge a platform fee for social enterprises and community projects. Their commission is 2.4% plus 20p transaction fee for each pledge. Our £5000 budget will cover just under £200,000 of fundraising. Crowdfunder also have a match funding facility with over £10m available to fund community projects. We cannot run the crowdfunding process alongside our own share offer, but if we need it would start once the offer is complete.

The Ethex funding platform is another option but there is an £125k minimum and a fixed fee of £5000 plus a commission of 2.5%. As it is more expensive than Crowdfunder, so will be a last resort.

ABOUT THE PROCESS

During the fundraising process the board will communicate with the members at all key decision points. No expenditure will be incurred until the funding total is reached. All expenses up to that point are being covered by the board and committee, together with pro bono work contributed by legal, financial and other professionals.

At an appropriate point a finalised plan, based on funding which has been secured, will be put to the members for approval.

Any profit generated from trading will be used to cover the following fixed and discretionary items:

- Any corporation tax liabilities
- Interest on loans & repayment of loans
- Maintenance of the premises
- Enhancing and developing the facilities
- Interest on share capital
- Facilitating the withdrawal of shares from time to time

For prudence, we will aim to build a modest reserve fund to cover unexpected costs.

If the Society is unable to complete its purchase of the Property and no alternative plan has been approved by the members, shareholders' funds will be returned, less any administrative costs incurred, and a proposal will be made to a General Meeting to discontinue the Society.

Please note that further details on how the trading forecast were derived and the research undertaken, and assumptions made can be found within the Business Plan itself - <https://siophavards.cymru/docs/businessplan.pdf>

HOW WILL OUR COMMUNITY BENEFIT SOCIETY WORK?

This is not just about buying a shop – it is also about helping to sustain the community. You may earn interest of up to 4% per annum. You may also be able to save tax by investing.

One member, one vote

A key rule is that each Member has one vote, regardless of how many shares they own.

Each share has a value of £1. The minimum shareholding is 200 shares and the maximum number of shares that can be held is 33,000 (or 10% of the total share capital – whichever is the greater). Members must be over 16 (although shares may be bought on behalf of a minor and held in trust by an adult). Shares must be paid in full on application. If you would like to pay for your share over a period of time, please contact us to discuss the possibilities.

If I want to invest more than £200, do I have to invest in increments of £100?

No, you can invest what you like, but you might find it easier to make it a round number.

Rules and Governance

The Society has adopted the Community Benefit Society Model Rules drawn up by the Wales Cooperative Centre. A copy can be found on our website using the link at the end of this document.

Overseeing the day-to-day running of the enterprise will be the responsibility of the Board, who will be the legal Directors of the Society, and will hold shares in the CBS. The appointment of members of the Board and the approval of policies regarding payments of interest on shares, and share repurchase requests, will be made by the members of the Society at each Annual Meeting.

Elected members of the Board will hold office for a period of three years. Those members who form the initial Board will all retire at the first AGM (in accordance with the Society's Rules) but may offer themselves for re-election. Thereafter, members of the Board will retire in a phased way over the following three years (also in accordance with the Rules of the Society). All new Board members will be elected by the Society's members. Members will be entitled to attend the AGM and stand for election to the Board.

The board is supported by an advisory committee who provide feedback on decisions, support the Board and provide help with administrative tasks and initiatives during the fundraising process.

In addition to the Board, once the purchase process is underway, we will draw on the support of volunteers to get the enterprise up and running and help keep things going once we have opened. Different groups will focus on issues such as Business and Finance, the Building, running the Shop, Marketing and other areas as appropriate. Members of these working groups may be drawn from the advisory committee and also from the wider membership. All groups will report to the Board.

Interest payments

On applying to purchase shares, you will be able to opt for one of 3 tiers of interest – 0%, up to a maximum of 2% and up to a maximum of 4%.

You might want to consider opting for 0% interest if you want to support the enterprise and maximise distribution of funds to the community.

Those opting for a maximum of 2% interest will always receive 50% of the value awarded to the maximum of 4% group at the AGM. You will be pleased to be making a greater contribution to the community by doing so.

The maximum interest payable is 4%, but it may be less and will be dependent on trading and reserves.

After completion of two full years of trading, and if the business is running successfully and has sufficient surpluses, we hope to be able to pay annual interest on members' shares. The Board will submit a recommendation regarding interest payments on shares for the approval of the Annual Members' Meeting.

By arrangement, small payments of interest of under £10 may be made through vouchers redeemable in Havards.

Repurchase of Shares

Shares cannot be sold or transferred except on death or bankruptcy and their value cannot be realised except on application to the Society itself for their original value.

Withdrawals must be funded from surpluses or new capital raised from members. You will need to give at least three months' notice of your wish to withdraw; however, it is important to note that we do not anticipate being able to allow any withdrawals before year 5. When it is possible to consider share repurchase, the Board will set out appropriate criteria and annual limits. All withdrawals will be paid in the order in which the notices were received by the society

It is important to understand that the Board may suspend withdrawals depending on the long-term interests of the Society, the need to maintain adequate reserves, and the commitment to the community.

Asset Lock

The Society's Rules include a legally binding asset lock. This ensures that any surplus earnings remaining after it has paid interest to its shareholders and repaid any capital which is withdrawn must either be reinvested in the business or used for the benefit of the local community or for another charitable or community cause. This means that, if the Society should close but the building has appreciated in value, it would be possible to sell the assets and return capital to members up to the value of the original investments, but not to distribute any surplus value in that way.

Remuneration

Directors and members will not benefit financially in any way from the activities of the Society, other than through owning and receiving interest from the Society's shares.

Social Investment Tax Relief (SITR)

The Society will seek Advance Assurance from HMRC that investments made through this Share Offer will qualify for SITR (Social Investment Tax Relief). While the Directors intend to apply for advance assurance and believe the offer will be compliant with the requirements of SITR, the amount of tax relief if any, cannot be guaranteed by the Society at this point.

If this assurance is received, then those investors who are taxpayers will in due course receive a credit from HMRC of up to 30% of their investment, dependent on the rate at which they pay income tax, through their annual Tax Assessment. This means that an investment of £1,000 will, in effect, only cost the investor £700.

Four months after starting to trade the Society will enter a claim providing HMRC with details of investments made by individuals. HMRC will (assuming they are happy with the form submitted) issue the Society with a letter confirming that SITR will be available, together with a compliance certificate for each investor. The society will send this certificate to each investor who must then claim their tax relief either through their annual self-assessment tax return or by requesting a new PAYE code from HMRC.

To qualify, the shares must be held by an investor for a minimum of 3 years. Investors thinking of investing jointly should consider whether there would be tax advantages in allocating the greater part of the investment to the person most able to take advantage of the tax relief available, as only individual taxpayers can claim SITR.

Your investment may also qualify for business relief under inheritance tax rules.

WHO IS BEHIND THIS PROJECT?

The Board



Director & Chair – Clive Hooper

25 years of Supply Chain Experience running production, logistics, engineering, R&D, Procurement and planning departments. More recently board member of FTSE250 company leading a £250M transformation programme to turn around the performance of the Supply Chain and help lead the business as a top performing FTSE company. Lives in Crosswell.



Director – Chris Morgan

Christopher Morgan, 48 years in industry, predominantly the IT sector. Founder and co-founder of several IT related limited companies and partnerships from recruitment, consulting to desktop repairs, working with Government departments and Blue-Chip companies worldwide. 30 years of successful sales leadership and cybersecurity specialism. Chair of a Scout Group and Beekeeper. Lives in Felindre Farchog.



Director & Treasurer - Jessica Seaton

Co-founded and was Managing Director of two clothing companies in Wales - a designer knitwear company selling to international export markets and Toast (now sold), a womenswear and homeware retail company with 250 employees, 15 shops and an online business. Experience in growing SMEs, with particular expertise in both bricks & mortar and online retail, buying & merchandising, and branding & marketing. Trustee and treasurer of a charity. Former Trustee of the National Museum of Wales. Lives in Nevern.

The Advisory Committee



Adrian Varney - Born and lives in Tydrath. Worked in Education for 30 years. Ex-Rugby player. Property developer. Charitable works.



Ros McGarry - Retired Welsh teacher who lives in Tydrath. Chair of Tydrath Library and Tydrath Forum. Vice chair of Tydrath Environment Group. Has run small businesses in tourism, hospitality and catering in Tydrath.



Society Secretary – Bettina Skogland-Kirk - Self-employed and runs an FCA authorised independent financial company (FRN 719951) that offers financial help and services to small independent retailers. I also have a portfolio of residential and commercial properties within London and in addition I have 30 years of experience in the online retail market. I have just recently moved from London, and I now live in Dinas Cross



Cris Tomos - has been involved with community social enterprise developments for over 25 years. He is a Board Member of 4CG Cooperative – Community owned Car Parks, Retail units, Offices, Bunkhouse & Craft Centre in Cardigan. He is the Chair of Cwm Arian Renewable Energy cooperative that has put up a 700kw community-owned wind turbine in October 2019 with enough energy produced to power over 500 homes. He spearheaded the Canolfan Hermon project. Cris received the award of Welsh Co-operator of the Year in 2012 and Welsh Social Enterprise Champion of the year in 2013. Currently, he works part-time for PLANED that supported the community purchase of Tafarn Sinc where 380 people raised over £400,000 to buy the iconic pub in North Pembrokeshire. In May 2017, Cris was elected as the county councillor for Crymch ward and is now the Pembrokeshire cabinet member for the Environment, Public Protection, and the Welsh language.



Dr Brendan Blake – Has owned house in Tydrath for over 25 years and thinks Havards an essential facility. 50 years' experience with IBM and as a University researcher and lecturer. Trustee and director of a charity for almost 10 years.



John Harries - Background in education in the UK and USA. Also works in theatre, TV and film as actor, writer, director, producer. Has a special connection with Havards as his great, great grandfather started the business initially and he would visit his grandmother Rose at Harvard's 70 years ago. Has run a holiday let business in Tydrath for the last twenty-five years. Born and lives in Tydrath.

N.B. Other than a shared desire to see Havards owned by, and run for, the community of Tydrath and the surrounding area, the Directors and Committee of SHGT have no vested interest in the business of SHGT CBS Ltd. and no conflicts of interest. All directors and members of the committee of SHGT CBS Ltd will be shareholders of SHGT and will therefore have a personal commitment to the success of the venture.

SHARE OFFER FAQ

When can I invest?

Once the share offer is officially launched in April 2022 you will be able to invest directly on the website.

Once you have completed the online investment form you will receive an email giving you a unique reference number and instructions of how to transfer funds directly to our bank account. All persons who have made a pledge, together all those who have asked to be informed about the share offer, will be advised once the share offer is open. You can also pay by cheque made out to *SHGT Community Benefit Society Ltd*. Cheques will not be banked until the share offer has been successful and has closed. Payments made by bank transfer will be held untouched in a secure bank account.

How do I invest?

Use the link on our website to fill out an investment form. Once the form is complete you will get an acknowledgement email with a unique ID number and payment details to make the transfer to our bank. Once we have checked we have received your money you will receive another email confirming your money is safe in our bank.

We will contact you again once the share offer ends to let you know how much has been raised and what the next steps are.

Here is an explanatory diagram to show how the investment process will work.

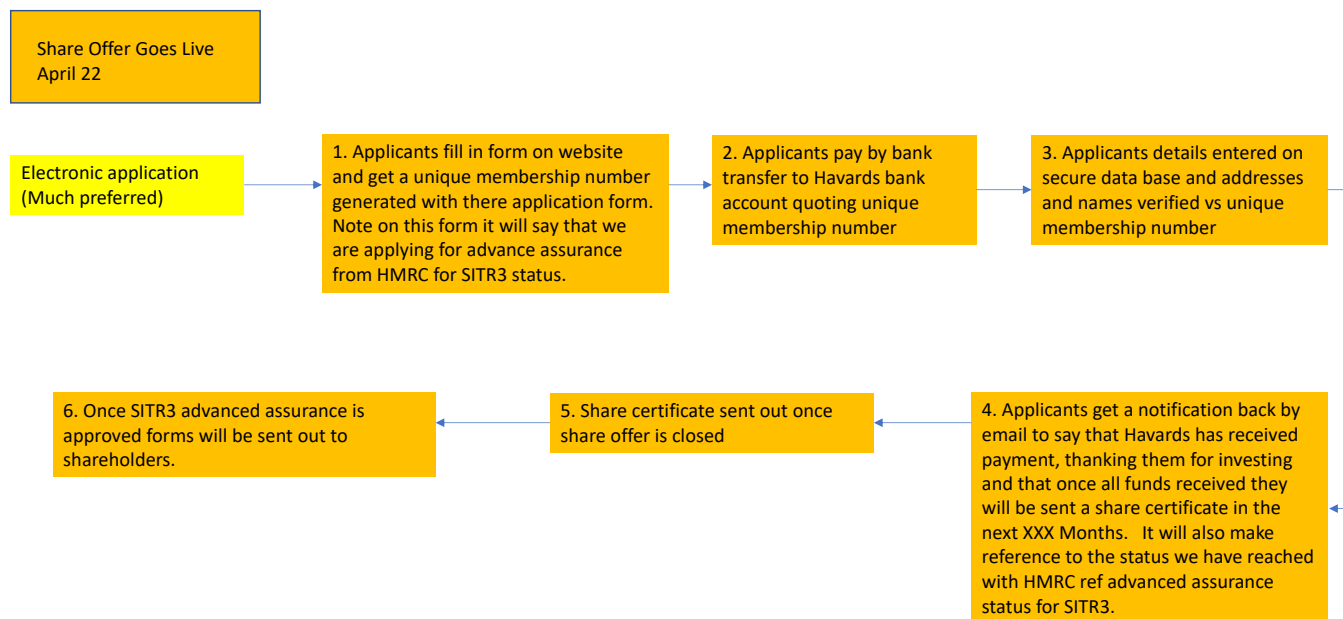
Account name: **SHGT Community Benefit Society Ltd.**

Bank Name: **Nat West Bank**

Sort code: **51-61-15**

Account number: **71765182**

Flow Chart for Applying for Shares



I don't have access to a computer, can I still invest?

Yes, of course! You can use the form at the end of this document and send us a cheque. Follow the instructions on the form to make your investment.

Who can invest?

Anyone over the age of 16 can invest (but only people aged 18 or above can serve as directors). If you would like to purchase shares for children under the age of 16, then they need to be held on an adult's behalf until they reach 16, at which point the share will become theirs in their own right.

Can organisations and businesses subscribe for Community Shares?

Yes. A representative of that organisation will need to become a nominee member of the society on behalf of their organisation/ business. If the organisation or business is legally incorporated, the shareholding remains the property of the organisation/ business and any withdrawal would be paid to the organisation or business.

If the organisation of 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 named individual who completes the form and any withdrawal would go to the named individual, and it would be a matter for the organisation and the named individual to resolve how this was handled by them.

Can people club together to buy shares?

Yes, but as with organisations, you'll have to nominate a member of your group to be the named shareholder in our share register. Use the group application form online - <https://siophavards.cymru/investform.htm>

I heard the committee had put a stop to the project because it was unviable, what is different now?

It is true that there was a temporary halt put on the project. The project was restarted because of urging from the community. New members of the team came on board and put together this proposal, which is significantly different from the first in a number of ways which make it more viable. Firstly, it has much less reliance on loan funding from individuals, which is difficult from a legal and a financial point of view. Secondly, the team have taken a close look at the retail proposition and have put together a plan which is able to deliver more profit. Third, we have a strong team who are working together well and with enthusiasm and commitment. Lastly, there is a groundswell of support from the community which is carrying us through.

How can I ask questions about the share offer?

We will be organising a webinar which you can join, where there will be a Q&A with the board and the committee to explain our thinking. Sign up to our mailing list on the website to be informed about the dates of the webinars – <https://siophavards.cymru>

Is my money at risk?

Although *SHGT Community Benefit Society Ltd* is registered as a society with The Financial Conduct Authority (FCA), the sale of community shares is not regulated by the FCA. Like many investments, community shares are at risk and you could lose some or all of the money you invest. Unlike deposits with high street banks, community shares are not covered by the Financial Services Compensation Scheme, nor is there any right of complaint to the Financial Ombudsman Service. If you are considering investing a significant amount then you may wish to seek independent financial advice before doing so. As the Society confers limited liability, the most you could lose due to business failure would be your original investment. As this offer is unregulated, you have no right to complain to the Financial Ombudsman or to compensation.

What if *Siop Havards Gymunedol Tydrath* fails?

If the Society ever runs into financial difficulty, it is possible that not all of the original investment could be repaid to shareholders. But we believe there no serious prospect of insolvency. *Siop Havards* already has a proven and robust business model which has been trading successfully for many years. In the unlikely event of this happening, the ability of investors to recoup the funds they have invested would depend on firstly the value we could realise for the assets of the Society and secondly, the value of our debts at that point. Any surplus after paying any debt owed by the Society would be used to enable shareholders to have their capital returned, and any surplus left after that would have to be spent on charitable activity in the community. However, the majority of the funds raised through shares is being used to buy a piece of prime Tydrath property, which will still have a value should the business go into administration. To some degree this a protection against losing all your money. But nothing is guaranteed.

Can my investment be gift aided?

No, *SHGT Community Benefit Society Ltd.* is not a charity so is not eligible to claim gift aid.

A minimum investment of £200 is a large amount for some people

Keeping shopping local is a way to save money. £200 is only just over 10 trips to Haverfordwest in an average car.

I want to help but would prefer to put in smaller amounts than £200

We have designed **Havards Share Save** for this need. Put in as much or as little as you like, as often as you like, on our special investment form. Once your total investment reaches £200 you will become a full voting member and will receive a share certificate.

Can the value of my shares change?

Yes, the value of shares can be reduced in certain circumstances, for example if the value of the property were to fall dramatically.

Can I sell my shares?

No. This investment is in withdrawable share capital which cannot be transferred, sold or given to anyone else, except on your death to someone you have nominated and told us about.

Can I withdraw my share capital?

In accordance with Rule 27, share withdrawals may be authorised at discretion of the Board, subject to three months' notice and the financial performance and available funds. However, unless withdrawals are significant in amount, we aim to repay shares within three months. All withdrawals will be paid in the order in which the notices were received by the society. Shares cannot be withdrawn for five years.

What will you do with my personal details and data?

Your personal details as submitted on the application form will be held by the society and used in accordance with the provisions of the rules and of the 2014 Co-operative and Community Benefit Societies Act. The society will not share, sell or provide my details to any other individual or organisation and will ensure compliance with the European GDPR regulation in accordance with its responsibility as a data controller. Our privacy policy is available on the website.

Do my shares give me voting rights?

Yes, they do. One member one vote. Everyone has an equal voice, regardless of the size of their investment.

Will I receive interest from my shares?

Yes. Up to a maximum of 4%, although you may choose to receive a lower interest rate, leaving increased surpluses to go towards the aims of the Society. Interest is not guaranteed. The board will advise the level of interest to be paid each year based on their assessment of the performance and future needs of the business.

Am I entitled to any discounts or financial rewards?

No. We are not allowed to offer Members special discounts that are not available to the whole community.

Can I give monetary gift to help the project?

We will gratefully accept gifts of money to help with our target. Use the online form to make your gift.
<https://siophavards.cymru/giftform.htm>

In summary, what will I get for my investment?

- A beautiful share certificate designed by a local artist.
- To be eligible for interest payments of up to 4%
- The chance to support and participate in a valuable local Community Benefit Society.
- The chance to get involved in the store – volunteer or be elected to a director.
- See your investment preserve a local landmark business and see the profits returned to the community to help address local needs.
- Get to share in the decision-making and see your contribution yielding real results.
- Receive a regular newsletter with news and developments that you will have helped make happen.
- An application will be made for HMRC Advance Assurance of the Share Offer to ensure that investments in the Society's Shares will qualify for Social Investment Tax Relief (SITR).

Where can I find out more?

To protect yourself and find out more you are encouraged to follow these links to read the Society's rules <https://siophavards.cymru/docs/rules.pdf> and full business plan <https://siophavards.cymru/docs/businessplan.pdf>

If you have any specific questions that we can help with, please do contact us on info@siophavards.cymru and we will come back to you as soon as we can.

www.siophavards.cymru



How to Invest?

You have four options for how to invest.

1. Invest online
2. Invest by post
3. Invest online over a period of time using our Share Save Scheme
4. Invest by post over a period of time using our Share Save Scheme

1. Invest Online

There are two steps to this process. One – register the shareholder details. Two – using the membership number we will promptly send you, make payment to our bank.

First use the [link on our website](#) to fill out an investment form. Once the form is complete, you will immediately get an acknowledgement email with a unique shareholder number and payment details to enable you to make the transfer of investment funds to our bank.

This unique shareholder number MUST be used as a reference on your bank transfer, otherwise we cannot guarantee that we can match the payment received to you.

Once we have checked we have received your money you will receive another email confirming your money is safe in our bank. Please allow up to 14 days for us to do this.

We will contact you again once the share offer ends to let you know how much has been raised and what the next steps are.

<https://siophavards.cymru/investform.htm>

2. Invest by Post

First fill out the form below. Then make out a cheque for the correct amount to SHGT Community Benefit Society Ltd. On the back of the cheque please write your name, house name or number, and postcode.

Then post it together with your volunteer form (if relevant) to:

SHGT, Coed Cadw, Felindre Farchog, Crymych, Sir Benfro SA41 3UY

You will receive an acknowledgement by post with your unique shareholder number. Please allow 21 days for this to arrive.

We will contact you again once the share offer ends to let you know how much has been raised and what the next steps are.

Postal Investment Form – there is an online form at <https://siophavards.cymru/investform.htm>

Amount to invest - minimum £200, maximum £33,000 or 10% of total whichever is greater.

£ _____

Interest level selected – please tick one box.

0% 2% 4%

Gift amount given – any amount is welcome

£ _____

Full name _____

Address _____

Postcode _____

Phone number _____ Email _____

And, if buying on behalf of a child (under the age of 16): Child's full name _____

Date of birth _____

Or, if buying on behalf of a body (use this form if you are a company, a club, a society, a group of individuals, or two people applying together) – one person to sign as a representative.

£ _____

Interest level selected – please tick one box.

0% 2% 4%

Full name of company or society _____

Name of representative acting on behalf of the body _____

Position of representative acting on behalf of the body _____

Address _____

Postcode _____

Phone number _____ Email _____

Please tick this box if you wish to receive an SITR₃ certificate to claim tax relief (individual investors only)

I confirm that I have read and understood the Share Offer document and agree to the conditions therein. By submitting this form, you grant the committee permission to use the personal contact details for the purpose of purchasing the community shop and supporting activities only. We commit not to share your details with any third party without permission. Our privacy policy can be viewed on the website at this address <https://siophavards.cymru/privacy-policy.htm>

Signature _____ Name _____

Date _____

Receipts will be issued by email wherever possible to reduce administration costs and share certificates will be issued in due course.

Share Save Scheme

For those who want to help, but cannot immediately purchase the minimum 200 shares, you can apply to join our "Share Save" scheme. Here you can save as much or as little as you like, as often as you like. Once your total investment reaches £200 you will become a full voting member and will receive a share certificate. You can invest online or by post.

3. Share Save Scheme – Online Investment

There are two steps to this process. One – register the shareholder details. Two – using the membership number we will promptly send you, make payment to our bank.

First use the [link on our website](#) to fill out an investment form. Once the form is complete, you will immediately get an acknowledgement email with a unique shareholder number and payment details to enable you to make the transfer of investment funds to our bank.

This unique shareholder number MUST be used as a reference on your bank transfer, otherwise we cannot guarantee that we can match the payment received to you.

Once we have checked we have received your money you will receive another email confirming your money is safe in our bank. Please allow up to 14 days for us to do this.

Each time you make a payment we will send you your new total paid to date.

<https://siophavards.cymru/sharesaveform.htm>

4. Share Save Scheme - Invest by Post

First fill out the form below. Then make out a cheque for your initial payment to SHGT Community Benefit Society Ltd. On the back of the cheque please write your name, house name or number, and postcode.

Then post it together with your volunteer form (if relevant) to:

SHGT, Coed Cadw, Felindre Farchog, Crymych, Sir Benfro SA41 3UY

You will receive an acknowledgement by post with your unique shareholder number. Please allow 21 days for this to arrive.

Each time you make a payment we will send you your new total paid to date.

Postal Investment Form - Share Save Scheme

Amount to invest - minimum £200, maximum £33,000 or 10% of total whichever is greater.

£ _____

Interest level selected – please tick one box.

0%

2%

4%

Full name _____

Address _____

Postcode _____

Phone number _____ Email _____

Please tick this box if you wish to receive an SISR certificate to claim tax relief (individual investors only)

I confirm that I have read and understood the Share Offer document and agree to the conditions therein. By submitting this form, you grant the committee permission to use the personal contact details for the purpose of purchasing the community shop and supporting activities only. We commit not to share your details with any third party without permission. Our privacy policy can be viewed on the website at this address <https://siophavards.cymru/privacy-policy.htm>

Signature _____ Name _____

Date _____

Receipts will be issued by email wherever possible to reduce administration costs and share certificates will be issued in due course.

OTHER WAYS TO SUPPORT US – fill in our online volunteer form

<https://siophavards.cymru/volunteerform.htm>

or post this form below to: SHGT, Coed Cadw, Felindre Farchog, Crymych, Sir Benfro SA41 3UY

Siop Havards will better thrive the more people offer practical support – whether or not you invest.

Please join our teams!

Please tick this box if you are willing to give a little time to the running of the shop and indicate your preferences/skills and the time you have available on the next page.

Practical help in the shop as a volunteer (training given)

Marketing team

Retail operations team

Building maintenance team

Community engagement team

Website team

Membership & admin team

I can give approximatelyhours per week/month