

## **Frequently Asked Questions**

### **What is a Community Benefit Society (CBS)?**

A CBS is an organisation conducting business or trade for the benefit of the community. It is a corporate body registered under the Cooperative and Community Benefit Societies Act 2024 and authorised by the Financial Conduct Authority (FCA). The core principles of a CBS are: (1) Voluntary and open membership; (2) democratic member control, (3) Economic participation of members, (4) Autonomy and independence, (5) Education & training, (6) Working with other co-operatives, and (7) Concern for the community

### **How can I become a member of the CBS?**

Membership of the CBS is established by the purchase of at least one share. An important feature is that there is one vote for each member, irrespective of how much is invested.

### **How much does a share cost?**

Each share will cost £250. You may purchase more than 1 share. The maximum number of shares that each member can purchase is 100 shares (£25,000)

### **What does buying a share entitle me to?**

By buying a share (or more than 1) you become a Member of the CBS and your name is listed in its Register of Members. You are essentially a shareholder of the CBS and therefore a joint owner alongside all the other members - you will own a pub!

### **Can I get tax relief on my investment?**

We have received advanced assurance from HMRC to be part of the Seed Enterprise Investment Scheme (SEIS) which means that investments made through our initial share offer will qualify for SEIS tax relief. Our reference number is: WMBC/I&R/9690624155/VCRT Those investors who are taxpayers will in due course receive a credit from HMRC of up to 50% of their investment, depending 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 £500. SEIS tax relief only applies to the first £150,000 of Member investments.

When 70% of the funds are spent, or four months after starting to trade (whichever is earlier), 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 SEIS tax relief 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 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 best able to take advantage of the tax relief available.

Your investment in shares in the Society may also qualify for business relief under inheritance tax rules.

**Will I receive interest or dividends?**

The CBS may decide to pay interest to holders of shares, but any interest must be from trading profits and is at the discretion of the Management Committee. It is not currently envisaged to pay interest to holders of shares and investment in shares should not be made in order to earn interest, but as an investment in the community.

**If I buy more than 1 share, how many votes will I have?**

Each member only has 1 vote, regardless of how many shares they hold. This ensures democratic member control.

**Are there restrictions on who can become a member of the CBS?**

Any person who is over 18 years of age, and who supports the objectives of the CBS can buy a share and become a member. You can buy shares on behalf of members of your family who are under 18 yrs of age.

**What is my personal liability as a member of the CBS if the pub is not making enough money to cover the running or financing costs?**

The Steering Group has assessed the financial viability of the future business model of The Fox Inn Ryton Community Pub and believes it can be a sustainable and profitable business again in the future. As a member of a CBS, your maximum exposure is losing the value of the shares you purchased; and then a further £1 liability.

**What is my personal liability as a member of the CBS if the pub fails?**

As a member of a CBS, your maximum exposure is losing the value of the shares you purchased; and then a further £1 liability. Equally, on wind up, members would not receive any remaining surplus over and above the value of their shares. This is because The Fox Inn Ryton Community Pub Limited has been set up to include a 'statutory asset lock' which means that it is written into the CBS rules that any surplus assets over and above the value of the members' shares can not be distributed amongst the members but will be transferred to another organisation that supports the objectives of the CBS, thus retaining it for the community.

**Can I sell my share(s)?**

Shares can not be traded or sold. Shares are not transferable except on death or bankruptcy.

**Can I withdraw my share(s)/cease to be a Member?**

To ensure financial stability, shares in The Fox Inn Ryton Community Pub Limited can not be withdrawn by members for a period of three years. Members who have held their shares for at least three years can apply to withdraw them (3 months notice is required) and withdrawal

is at the discretion of the Management Committee. The Management Committee may, in extraordinary circumstances, waive the three-year rule.

### **Who will manage the CBS?**

The CBS has Members, a Management Committee and a Secretary. The Management Committee manages the affairs of the Society and is collectively responsible for everything done by or in the name of the CBS. The Management Committee will be at least 3 but not more than 12 people and are elected by the Members. The Steering Group who are leading the plans to raise funds and purchase the pub, are not automatically the Management Committee of the CBS. Members (shareholders) will elect the Management Committee for the ongoing management of the CBS. The Management Committee will consist of a Chairperson, vice-Chairperson, a Treasurer and a Secretary, with additional Members.

### **Will my membership be public?**

Members are listed in its Register of Members. Sections 103 and 104 of the Co-operative and Community Benefit Societies Act 2014 Act requires a society to make its register of members available for inspection to members and anyone else with an interest in this document. This does not include the right to see details of a member's share account or other financial relationships with the society, unless the member has given their written consent to this disclosure.

### **How will I know how the CBS is performing?**

Annual Accounts will be prepared and reviewed at an Annual General Meeting to which all Members will be invited.

### **What would happen to the pub if it stops trading?**

The Fox Inn Ryton Community Pub Limited has been set up to include a 'statutory asset lock' which means that it is written into the CBS rules that any surplus assets over and above the value of the members' shares can not be distributed amongst the members but will be transferred to another organisation that supports the objectives of the CBS, thus retaining it for the community. On the solvent winding-up of the CBS, holders of shares will have no financial entitlement beyond the payment of outstanding interest and repayment of paid up share capital.