



## Buy Shares in Exeter Street Community Hall Limited

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Exeter Street Community Hall Limited is registered as a Community Benefit Society with the Financial Conduct Authority (FCA), reg. no. 8161. It is recognised as a charitable enterprise by Her Majesty's Revenue and Customs (HMRC), ref. no. ZD03543.

### AN OPEN SHARE OFFER

We are offering people the opportunity to buy shares in **Exeter Street Community Hall Limited**, the Community Benefit Society that runs Exeter Street Hall in the Prestonville area of Brighton. A Community Benefit Society is a non-profit enterprise run for the benefit of the wider community as well as for the benefit of its members. As an enterprise it has to trade and earn income. The members buy shares in the Society.

### HOW IT ALL STARTED

**The Hall Get Involved** campaign (THGI) of 2011 was inspired by a once-in-a-lifetime opportunity: St. Luke's church hall had been put up for sale and we wanted the Prestonville community to buy it as an asset for all of us – and future generations – to enjoy. To do this we set up what was at that time called an Industrial and Provident Society: The Hall Get Involved Limited. After 18 months of campaigning and fundraising we raised over £170,000, partly through donations but mostly by selling 'community shares' in the Society we created to buy and manage the Hall. In 2013 our community became the proud owners of Exeter Street Hall. In 2014, after new legislation came into force, we became a Community Benefit Society and in 2019, following the need for a rule change, THGI became Exeter Street Community Hall Limited (ESCH). We now have over 900 overwhelmingly local shareholders.

### WHAT WE HAVE DONE SINCE 2013?

We have turned the Hall into a thriving community centre, used by a wide variety of groups and classes and hosting popular events that range from quizzes to opera, theatre to street parties, comedy to environmental awareness. We have installed a new roof and electrics, improved the heating system, insulation and lighting, made the Hall entrance and a new toilet accessible for all and created a new meeting room. Of course, there's more that we want to do: we're always keen to expand the range of activities in the Hall, and we're planning a new heating and ventilation system, an improved toilet block and a kitchen refitted to commercial standard.

## WHO RUNS THE SOCIETY?

The Society is managed by an unpaid Board of Directors – elected by the shareholders – who together with a couple of co-opted members form the Management Committee. The Directors have to comply with a set of governing Rules agreed by the shareholders and approved by the Financial Conduct Authority. We employ two part-time staff: our Hall Manager and our Caretaker/Cleaner. Importantly, we have a large group of volunteers who organise groups and events and help to improve our Victorian building.

## OUR FINANCIAL SITUATION

We receive income from hiring out the Hall, from our fundraising events and activities, from regular and one-off donations and – in some years – from grants to help us renovate the building or, especially during the Covid pandemic since 2020, to support our business. Our main outgoings include the salaries of our two part-time employees, insurance, energy costs, business rates, licences, supplies and the costs of maintaining and improving the building. Building costs vary greatly from year to year, depending on which projects we want to carry out and on what we can afford.

<b>ESCH<sup>(1)</sup> Summary Financial Information (to 31 March each year)</b>			
	2018/19	2019/20	2020/21
<b>Income</b>	<b>38814</b>	<b>33746</b>	<b>49769</b>
of which:			
Hire income	21506	20805	6197
Fundraising/donations/bar receipts & misc.	17223	11856	2787
Grants	85	1085	<sup>(2)</sup> 40785
<b>Outgoings</b>	<b>26809</b>	<b>33879</b>	<b>37685</b>
of which:			
Salaries	7773	10681	11834
Running costs & misc.	13979	14366	<sup>(2)</sup> 14407
Building works	5057	8832	11444
<b>Surplus/(deficit)</b>	<b>12005</b>	<b>(133)</b>	<b>12084</b>
Fixed assets	181115	180719	180159
Share capital	170600	170650	170750
No. of shareholders	936	937	939
Joined	0	1	2
Left	0	0	0

(1) Figures before 8 Nov 2019 refer to **THGI** (The Hall Get Involved Limited), our former society.

(2) Includes a £7,100 grant for, and expenditure on, an employment skills project that we managed. Also includes business support grants during Covid-related lockdowns.

## WHY ARE WE STILL SELLING SHARES?

We aim to cover our running costs by hiring out the Hall and earning income. But we still need to raise money for building renovation and improvement work. The main reasons for the share offer are to:

- 1) Renew and increase our membership of the Society. This will make it possible for people who have recently moved into the area and other interested people to become members and play a full part in our Society and the Hall.
- 2) Replenish shares that are from time to time withdrawn by people who move away or need to sell back their shares for other reasons.
- 3) Raise funds to help us apply for building grants that often require us to put in about 30% of the total cost of the work to be done.

## WHAT ARE COMMUNITY SHARES?

The shares we are offering are 'community shares'. These shares provide an opportunity for local people and businesses to buy into the community. The payback is not financial but social. These shares do not pay any dividend. Buyers should be clear they cannot make a personal cash profit. The point of buying shares is to gain membership of the Society and to support the community effort to maintain and improve the Hall.

Community Shares have a special legal status. Unlike shares bought in commercial companies, community shares cannot be traded or (except in the case of death) transferred.

While not tradable, community shares may be sold back to the Society, for the same amount as they were bought for, with the agreement of the Board of Directors of the Society and its governing Rules.

At the start of 2021, the Directors published a shares withdrawal policy. The details can be found on our website (*web address given below*). The purpose of the policy is to ensure the Society remains financially secure whilst allowing a limited number of shareholders to sell shares back to the Society each year in as fair a way as possible.

## IS MY SHARE INVESTMENT SAFE? WHAT IS THE RISK?

There is a risk, though we believe it to be a small one. As with all companies and societies, there is a possibility that the organisation will have to be wound up at some point in the future. We are clear that we don't want this to happen – our aim is to provide a community hub for future generations as well as our own, and this is one reason why we are always keen to increase and renew our membership. If we ever do have to wind up the Society it is very likely that the Hall would be sold or passed on to another community-minded organisation. We have a legal 'asset lock' that imposes restrictions on who is allowed to take over the Hall, and for what purposes. It is designed to keep the Hall available as a resource for the community.

If the Hall were to be sold, then the money raised would be returned to ESCH shareholders. It is highly unlikely that the Hall would be sold for less than the value of the total ESCH shareholding (currently around £170,000) but if it were, and if the remaining assets of the Society were

insufficient to make up the difference, then shareholders would have to bear a loss proportionate to the shortfall, e.g. if the Hall were sold for £153,000 shareholders might get back 90p for every pound invested. The precise details of how this would be managed are set out in the Society's Rules (*web address given below*) which are based on the model rule set for charitable community benefit societies provided by Co-operatives UK.

If the whole business of the Society that runs the Hall is transferred to another organisation, with the Hall itself transferred without being sold, then all shareholdings will simply be passed from our Society to the receiving organisation. (This 'transfer of engagements' is technically what happened when THGI became ESCH in 2019.) Shareholders would have to vote (twice!) to approve such a transfer before this could happen.

If the Society is ever wound up, your financial liability is limited to the value of the shares you have bought. In the absolutely worst case scenario (where the Hall is not sold but given to another organisation that does not want to take over the business) you could lose all the value of your shares. One of the duties of the Board of Directors, which we take very seriously, is to do our best to ensure that this does not happen and that shareholder investments are protected.

Two things to note:

- 1) The government's Financial Services Compensation Scheme, which protects money in bank and building society accounts up to a certain level, does not apply to community shares purchases. Also, purchasers of community shares do not have the right to use the services of the Financial Ombudsman to resolve disputes. (So far we have not had any disputes that have needed to be resolved.)
- 2) According to the terms of our 2013 purchase contract, the Diocese of Chichester (on behalf of St. Luke's Church) has 'first refusal' to buy back the Hall, if it were to be sold within 50 years of 2013, at the price that would be accepted from another purchaser. The intention behind this clause was – as with our asset lock – to keep the building as a community asset. It is highly unlikely that the church would ever want to buy back the Hall, but it is possible.

## **WHAT DOES MEMBERSHIP OF ESCH MEAN FOR ME?**

All adult shareholders become members of Exeter Street Community Hall Limited. This entitles you to come to our general meetings, discuss the progress of the Hall and its policies, vote on whether to approve the accounts and the Directors' report, and vote for the Directors. Every shareholder has one vote for each motion or election, regardless of how many shares they hold – this is another difference between community shares and tradable company shares, where the rule is one vote per share held and a small number of big institutional investors can outvote individual shareholders. In addition, our shareholders receive a shareholder certificate and regular (but not too frequent) shareholder newsletters. We would of course, be delighted if, in addition to being a shareholder, you also wanted to join our group of volunteers and support the Hall in whichever way you feel you could help (e.g. helping to organise and publicise events and activities, updating our website and social media, working with our building team on maintenance and renovations, joining our management committee) but there is no obligation to do this.

ESCH complies with all legal requirements concerning our membership and, to this end, maintains a Register of Shareholders. The register is kept in a way that meets the requirements of the Data Protection Act(s) in force at the time. ESCH will never sell shareholders' personal data to any other organisation or pass on such data to any other organisation unless this is legally required.

## HOW CAN I BUY SHARES?

We are offering shares in multiples of £50, with a minimum investment of £50 and a (very theoretical) statutory maximum of £20,000. The minimum amount, which is the same as for the original share offer in 2012, has been set low enough to be affordable by most people but high enough to be a meaningful purchase that signifies a real involvement with the Society. Shares can be bought by people aged 16 or over and also by local businesses that want to support the Hall. Adults can buy shares on behalf of children, though such children are not full members and cannot vote until they reach the age of 16.

Although community shares are formally exempt from money laundering regulations we follow the Co-operatives UK Code of Best Practice and will ask for proof of identity and residence for large (£500+) investments.

## NEXT STEPS

Make sure you have read and understood everything, including the financial risks of becoming a shareholder. If you wish to go ahead and buy shares simply go to the 'Buy Shares' page on the ESCH website (*web address given below*), choose your payment method, fill in the online form (or downloaded paper form) and send it to us. We'll register your purchase, send you confirmation and your share certificate, add you to our shareholders mailing list (for AGM and other important communications) and tell you how you can get further involved with the Hall if you want to.

'Buy Shares' web page: <https://exeterstreethall.org/buy-a-share/>

## FURTHER INFORMATION

Our Rules, including our charitable objectives: <https://exeterstreethall.org/our-rules/>

Our Shares Withdrawal Policy: <https://exeterstreethall.org/share-buyback-scheme/>

Our Accounts: <https://exeterstreethall.org/agm-2021/> (for earlier accounts see 'About us.. AGMs.. Previous AGMs' in the menu list)

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