

BATH CITY FC SUPPORTERS SOCIETY



REVISED COMMUNITY SHARE OFFER 2016

Minimum target:	£300,000
Maximum target:	£500,000
Minimum shareholding:	£250
Maximum shareholding:	£30,000
Offer opening date:	1 September 2016
Offer closing date:	28 September 2016



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, go to: communityshares.org.uk

We need £300,000 by 28 September to make Bath City FC a community-owned club.

Last summer, the Big Bath City Bid's vision of an open, democratic and community-owned Bath City FC attracted over £300,000 in investments and pledges from over 600 people and businesses. The campaign inspired support and interest across the city of Bath and beyond - as far away as America and Brazil. People previously unfamiliar with Bath City FC started to realise the potential of a community-owned football club on their doorstep.

When the original Bid fell short of its target, those who pledged asked us to fight on and negotiate a new deal. It has been a long road, but we are now finally able to relaunch the community share offer under a new prospectus.

If the relaunched community share offer can again reach £300,000 by 28 September, Bath City FC will become a majority community-owned football club.

To be clear, we don't need *another* £300,000 on top of what was raised last year - if we can simply reconfirm £300,000 of last year's pledges, the deal will go ahead.

With £300,000 or more:

- Supporters and community shareholders will be able to take a **majority stake** in the club and put democracy and community at its heart from day one, through new shares bought by and existing shares proxied to the Supporters Society
- A new, strengthened Board will be created bringing in new skills, contacts and expertise, with six of its nine directors **democratically accountable** to supporters through the Supporters Society
- Supporters and the community will be given a **real voice in the club's future**, including any redevelopment proposals for Twerton Park - not just by voting once a year, but through more transparency, more ways to participate and more chances to give and demand feedback
- In addition to the Bid proceeds, a further £300,000 of committed medium term funding will become immediately available to the club for both investment and on-going working capital financing.

Whether you've already pledged or are still thinking about it, now is the time to decide: **should Bath City FC become a community-owned club?**

We believe that the alternative is a return to financial precariousness, over-reliance on short-term loans and a limited ability to invest or plan. In short, a cloudy and uncertain future.

This is a historic decision for the club. We hope this new prospectus will convince you that community ownership provides the best hope of securing another 125 years of Bath City FC, revitalising and refreshing the club and giving Bath the football club it deserves.

Nick Blofeld
Project Co-ordinator, Big Bath City Bid

Martin Powell
Chair, Bath City Supporters Society.

At a glance: what's different?		
	This prospectus	Last year's prospectus
Minimum target	£300,000	£750,000
Share issuer	Bath City Supporters Society	Bath City FC CBS
Eligible for 30% EIS tax relief	No	Yes
Board elections	6 of 9 of club's directors will be democratically accountable to community shareholders, through the Supporters Society	Fully elected club board
Share interest	Share interest can only be paid once club has cleared debts and is making a steady profit	Share interest can only be paid once club is making a steady profit
Route to 100% community ownership	Community shareholders, via the Supporters Society, first take a majority stake in the club. Once directors' loans are repaid in full, the Society has the right to purchase their remaining shares and increase its stake to 75%, allowing it to convert Bath City FC Ltd to a community benefit society.	Immediate conversion of Bath City FC Ltd to a community benefit society

What is the Bath City Supporters Society?

The Bath City Supporters Society was founded in 2002 after raising funds towards the buyout of a previous majority shareholder. It has the legal form of an “industrial and provident society – community benefit society”, and currently has 126 members. Its members elect a Board of Directors (commonly known as the Society committee) each year at its AGM.

The Society’s objects are to benefit the community by:

- being the democratic and representative voice of the supporters of the club and strengthening the bonds between the club and the communities which it serves;
- achieving the greatest possible supporter and community influence in the running and ownership of the club;
- promoting responsible and constructive community engagement by present and future members of the communities served by the club and encouraging the club to do the same;
- operating democratically, fairly, sustainably, transparently and with financial responsibility and encouraging the club to do the same;
- being a positive, inclusive and representative organisation, open and accessible to all supporters of the club regardless of their age, income, ethnicity, gender, disability, sexuality or religious or moral belief.

For more on the Society, please visit www.bathcitysociety.org.

A note on the text

We have tried to keep this prospectus as simple and straightforward as possible. Further detail, including an explanation of why we think community ownership is the right choice for Bath City FC, the business plan and recent club and Supporters Society accounts, is available in the supporting documents. A full list of supporting documents is given here, and can be found at www.bigbathcitybid.org.uk or by application to Bath City Supporters Society, Twerton Park, Bath, BA2 1DB:

- A business plan for a future majority community-owned Bath City FC
- 2015 accounts of Bath City FC
- 2015 Annual Return of Bath City FC
- 2013, 2014 and 2015 accounts of the Supporters Society
- Supporters Society Rules (our constitution)
- Proposals for Democracy, Accountability and Governance
- Personal and Business Share Incentive Schemes
- “Why Community Ownership” – detailed rationale on why we believe that community ownership is right for Bath City
- Q&A on Community Share Offers

Relevant documents described herein but not included for reasons of confidentiality:

- Heads of Terms agreement between the Society and current majority shareholders
- Agreement for group of supportive investors (who wish to remain anonymous) to acquire and proxy the voting rights of 50,000 existing shares to the Society

The New Offer

1. Where we stand

1.1 Community shares

Community shares are a type of investment that allows people to invest in positive social outcomes while still being able to expect a modest financial return. They can be issued by a co-operative or community benefit society. They are repayable by the society that issues them, but only if and when the society judges that it is financially strong enough to do so. When a society makes a community share offer like this one, it must show potential investors how it plans to create enough revenue and profit to eventually repay the community shares.

1.2 Last year's offer

The original plan was to convert Bath City FC from a limited company to a community benefit society (Bath City CBS). Bath City CBS would then issue the community shares, and be responsible for repaying them. As such, last year's prospectus sought to show how the club itself would generate enough revenue and profit through its business plan to eventually repay holders of community shares.

1.3 The new offer

The new plan is to use the Bath City Supporters Society (hereafter "the Society") as a vehicle for taking a majority stake in the club. The Society currently holds 87,805 of the club's 500,000 shares (17.56%). As described below, it is proposed that the funds raised by the Bid, alongside a new agreement with the existing majority shareholders, will be used to increase the Society's voting rights to over 50%.

This means that it is the Society, not the club, which is issuing the community shares. The Society, not the club, will be responsible for eventually repaying investors. All buyers of community shares must become members of the Society and agree to pay an annual subscription (currently £5), and must be over the age of 16.

1.4 Contracts and agreements underpinning this offer document

This offer document is underpinned by a “Heads of Terms” agreement between the club’s current majority shareholders and the Society, as well as a separate agreement between the Society and a group of supportive investors.

1.4.1 Heads of Terms agreement

According to this agreement, the successful raising of £300,000 through this community share offer will trigger the following steps:

- The club will call a general meeting at which the majority shareholders and the Society will vote to increase Bath City FC Ltd’s share capital from 500,000 shares to 800,000 shares, and to make an exclusive offer to the Supporters Society to buy the 300,000 new shares at £1 a share.
- In addition, 49,016 shares will be made available for the Society or a Society nominee to purchase from the existing shareholding of the current majority shareholders.

1.4.2 Agreement between Society and group of supportive investors

- If the Bid raises £300,000, a group of supportive investors will make a further £50,000 available to the Society for purchasing shares.
- The Supporters Society will purchase 50,000 shares on behalf of the group of supportive investors. This group will retain ownership of the 50,000 shares, but will proxy the voting rights of the shares to the Supporters Society.

Combined with the Supporters Society’s existing shares, this will take the Supporters Society to over 50% of the club’s voting rights. Through the Supporters Society, the supporters will collectively become the club’s majority shareholder.

1.4.3 Future provisions for conversion to CBS

The heads of terms agreement further provides that:

- The Society shall have the right to purchase the current majority shareholders’ remaining shares once their loans are repaid in full
- Any funds raised by the community share offer above £300,000 will be lent to the club and used to refinance existing liabilities. This loan will be repayable after five years, or at the point where the club receives a financial windfall of £1 million or above through the progression of a partial redevelopment of Twerton Park (or other source)

- Once repaid, these funds would be used, alongside additional funding sources if necessary, to purchase the current majority shareholders' remaining shares, provided that their loans have also been fully repaid

If the Society can purchase the current majority shareholders' remaining shares through this process, it will be able to take a controlling stake of above 75% in the club and convert Bath City FC Ltd to a community benefit society.

1.5 The Society's financial position

At present, the Society's finances are relatively modest. Income comes almost entirely from membership subscriptions, donations and lottery proceeds. Expenditures are mostly related to running costs, membership of larger organisations and occasional sponsorship of club activities. In the last two years, the Society has also spent much of its reserves on setting up and delivering both last year's and this community share offer. The Society has no history of issuing community shares or paying interest on share capital. The Society's most recent accounts are given in the supporting documents.

We do not anticipate that the Society's 'regular activities' will provide sufficient liquidity to repay community shareholders. We will only be in a position to allow share withdrawals if the Society is able to help the club pay off its debts and is able to secure a 75% stake in the club, the threshold needed to merge the club with the society. The ultimate source of liquidity for repayment of community shares must be the club's own future trading surpluses.

Because the Society has an "asset lock" included in its Rules, shares of the Society can decrease, but not increase in value.

1.6 The club's financial position

Bath City FC's 2015 annual accounts and information on its current capital position are available as part of the supporting documents.

The club is persistently loss-making and as a result has accrued a large debt. The club's day-to-day working capital requirements are met through directors' loans.

As at 31 May 2015, the club's long-term liabilities stood at £895,035, of which directors' loan balances net of interest stood at £572,780, and its existing accumulated losses reached £1.477m.

1.7 Minimum and maximum Targets

The minimum target is £300,000 and the maximum target is £500,000. If the maximum is reached before the closing date, the funds will be drawn down immediately and the share offer will close.

2. If we are successful

2.1 Immediate impact on Society and club balance sheets

2.1.1 Recapitalising the club and taking a majority stake

A successful community share offer would result in a total of at least £350,000 of funds being brought into the club: £300,000 from the share offer itself and £50,000 from the group of supportive investors, triggered as per the heads of terms agreement.

Of this, £300,000 would be used to buy new shares in the club, thus replenishing the club's balance sheet and allowing it to reduce the club's existing liabilities by between £250,000 to £300,000, depending on the legal costs of the change of ownership. A further £50,000 would be used to buy existing shares, which would be proxied to the Society and thus give it a majority stake in the club.

The community share offer can raise a maximum of £500,000. Any funds raised above the £300,000 minimum threshold (i.e. a maximum of £200,000) will be lent to the club and used to further refinance its existing liabilities. This loan will be repayable to the Society after five years, or until the club receives a financial windfall of £1 million or above through the progression of a partial redevelopment of Twerton Park (or other source), whichever is earlier. On repayment, the funds will be used to purchase the remaining shares of the current majority shareholders.

Information on the current capital position of the Bath City FC can be found in the supporting documents.

2.1.2 Introducing committed medium term funding

The Supporters Society has secured £300,000 of interest-free refinancing for the club from the group of supportive investors, which will be triggered via the heads of terms agreement by the successful raising of £300,000 via the community share offer. This five-year loan will allow for investment and for the club to cover expected losses between this season and the point at which funds could be released from the proposed redevelopment.

2.2 How the Society intends to repay holders of community shares

2.2.1 Preconditions for repayment of community shares

Before the Society can start to repay community share holders:

- the club must clear all debts from directors' loans, which we expect it to be able to do via a partial development of Twerton Park
- the Society raise enough funds to acquire a 75% shareholding in the club and convert it to a community benefit society
- The club must return to operational profitability

In particular, we must stress that, unless and until the Society is able to secure full control of the club and convert it into a community benefit society, the shares in the Society cannot be withdrawn and will not receive any interest.

2.2.1.1 Clearing long-term debts through a partial redevelopment of Twerton Park

The plan for tackling the debt is to partially redevelop Twerton Park and use the proceeds to pay off as much of these long-term liabilities as possible - which early research suggests is very possible.

Potential investors and development partners have been identified. ***We want to stress, however, that no concrete decisions have been made about the final shape and form of the partial redevelopment, and there is still plenty of time for members of a majority community-owned club to have a say in this.***

The proceeds from the community share offer would not directly fund this redevelopment – rather, they would allow for a refinancing of some of the club's debts that would give us time to bring in private investment in the redevelopment. Nor do we expect proceeds from the redevelopment to provide the Society with any liquidity to repay community shareholders.

2.2.1.2 Converting Bath City FC to a community benefit society

As and when the current majority shareholders' debts are cleared through the proceeds of a partial ground redevelopment, the Society will seek to exercise its right (as per the heads of terms) to purchase the remaining shares of the current majority shareholders (approximately 200,000 shares). If it can do this, it will acquire a controlling stake of over 75% and use this control to convert the club to a community benefit society (Bath City CBS).

The Society would then amalgamate with the new Bath City CBS, creating a single share register. Members of the Society would automatically become members of the new CBS, and minority shareholders would be able to join the Society and apply for community shares to replace their existing shares.

To achieve this, however, the Society must at a future date have a further £200,000 in funds to purchase the remaining shares. Depending on the amount raised in this community share offer and the future circumstances of the club, it may seek these funds through such means as social lending, donations or a second community share offer, among others.

2.2.1.3 Long-term community share capital liquidity

While the Society's ability to repay the community shares depends on first paying off the current majority shareholders' loans and then acquiring a 75% stake in the club in order to convert it into a community benefit society (Bath City CBS), the overall long-term aim is still to repay investors through the improved financial performance of the club.

If the Bid succeeds, the Society will have a majority (6 of 9) on the club's board. This has been agreed via a heads of terms agreement with the existing majority shareholders. This means that the Society would have the authority and capability to immediately start executing its business plan for the club. This will lay the groundwork for moving the club to the operational profitability that is needed to provide a long-term source of liquidity for repaying community shares.

2.2.2. Key risks

The key risks to the repayment of community shares are, therefore:

- The club being unable to realise a financial windfall via a partial redevelopment
- The Society being unable to achieve a 75% stake in the club because it cannot raise sufficient funds (both through this community share offer and other future funding sources) to purchase the current majority shareholders' remaining shares
- The Society's business plan failing to return the club to long-term operational profitability

3. Risks and contingencies

Community shares are fully at risk. You could lose some or all of the money you invest. You have no right to compensation from the Financial Services Compensation Scheme, nor any right of complaint to the Financial Ombudsman Service.

This offer document contains certain forward-looking statements that are subject to certain risks and uncertainties, in particular statements regarding the Bath City Supporters Society's plans, goals and prospects as a majority controlling shareholder of Bath City FC. The Bath City FC actual results and operations could differ materially from those anticipated in such forward looking statements as a result of many factors including the risks faced by Bath City FC which are described in this section and elsewhere in this document. These statements and the assumptions that underlie them are based on the current expectations of the Community Ownership Committee of the Bath City Supporters Society (aka the Big Bath City Bid team) and are subject to a number of factors, many of which are beyond their control.

4. What will be different if we succeed?

4.1 A new board

Our shared aim is to make the Board much stronger and to professionalise its whole setup and operations, while at the same time building up a large volunteer "army" to create working groups that will cover the key functional aspects of the club. We will also appoint a full time General Manager at the heart of the club's operations.

For the sake of a stable transition, the Society's committee proposes to use its existing authority to elect five representatives to the new Board to serve until the 2018 AGM, to take place no later than 30 June 2018. As Supporters Society appointments, these positions can be revoked at any time and will be reviewed by the elected Society committee each year.

The sixth Society representative will be directly elected by the entire membership at a special meeting in November 2016, to fill the position of Supporter Liaison Officer and provide a direct link between the boardroom and the terraces.

All six Society representatives will then face direct election at the 2018 AGM.

Our proposed Board, subject to FA and regulatory approval, would comprise the following persons (please see the Business Plan in the supporting documents for bios of each person)

Executive Directors (Voting)	Experience	Responsibilities
Nick Blofeld* (Chair)	Divisional Director of Warwick Castle, former CEO of Bath Rugby	Commercial, Redevelopment
Nick Thompson*	Former MD of Hull City AFC	Football, Commercial
Paul Williams	Current Chair of Bath City FC Ltd	Football, Finance, Redevelopment
Shane Morgan*	Supporters Society Board Representative & Safety Officer of Bath City FC Ltd	Operations and Facilities
John Reynolds	Current Director of Bath City FC Ltd	(Current majority shareholder group)
Andrew Pierce	Current Director of Bath City FC Ltd	(Current majority shareholder group)
To be elected by Supporters Society members at November 2016 meeting**		UEFA Supporters Liaison Officer (SLO) - link between terraces and boardroom
Sally Harris*	Campaigner with AgeUK BANES, Bath City Forum and Bath Amnesty	Community Impact
Jon Bickley*	MD of local publishing company and former Big Bath City Bid Chair.	Marketing and Promotions

*Elected by the Supporters Society Board of Directors

** This post will be filled by the Chair of the Supporters Society, currently Martin Powell, until the election takes place.

4.2 More transparency, democracy and accountability

We have proposed a set of measures to create the democratic structures appropriate to the Supporters Society's new role as a controlling shareholder, including more transparency, more ways to participate and more chances to give and demand feedback.

Our full programme of proposals is set out in the "Democracy, Accountability and Governance" supporting document.

5. Business plan summary

5.1 The Society's business plan

As above, the Society's business plan for repaying community shares ultimately rests on its ability to transform the club's operating performance over the long term and then realise income through profit distribution. Therefore, the Society's business plan for the club is what will drive its ability to repay community shares.

5.2 The Society's business plan for the club

The full business plan is laid out in the supporting documents. A summary, and the profit and loss projections to FY19/20 are given here:

	FY 14/15 Actual	FY 15/16 Actual	FY16/17 Forecast	FY 17/18 Forecast	FY 18/19 Forecast	FY 19/20 Forecast
Revenue	535,951	432,662	489,523	569,585	673,638	792,544
Direct Costs	407,318	368,150	416,138	450,174	497,199	550,587
Gross Operating Profit (Loss)	128,632	64,512	73,385	119,411	176,439	241,957
Indirect costs	129,132	123,998	163,121	190,329	204,220	214,515
Net Operating Profit BITDA	(499)	(59,486)	(89,735)	(70,917)	(27,981)	27,442
Net Profit / (Loss)	(25,143)	(83,947)	(114,990)	(96,172)	(53,236)	2,187

Our financial projections for the next five years (see below) see the club returning to modest profitability by FY2019/20, although not at a scale sufficient to make any significant repayments immediately to community shareholders. Please see the business plan in the supporting documents for notes on these projections.

6. Loss of tax incentives

- The community share offer will no longer be eligible for the 30% **Enterprise Investment Scheme (EIS) tax incentive**, because we are not buying more than 90% of the club.

7. What do you have to do next?

If you want to confirm your existing pledge, you must let us know by emailing info@bigbathcitybid.org.uk or by sending us a letter with your name and address to Bath City Supporters Society, Twerton Park, Bath BA2 1DB.

If you are yet to pledge, please invest via our Crowdfunder.co.uk (www.crowdfunder.co.uk/bigbathcitybid) by **28 September**. The minimum purchase is £250 and the maximum purchase is £30,000 (10% of the total capital of the Society). You can also invest via cheque or bank transfer (see below).

If you have already pledged and want to increase your pledge, first contact us to confirm your existing pledge (as above) and then visit Crowdfunder.co.uk/bigbathcitybid or use cheque or bank transfer to buy further shares (see below). You cannot increase your pledge on Microgenius.

We will contact **overseas investors** directly about arrangements for the new offer document.

If you opt in and we succeed, this would mean that:

- The money you pledged will be drawn down and used by the Supporters Society to buy new shares in Bath City FC
- You will become a member of the Supporters Society
- The Supporters Society will issue you with a community share certificate, and will be responsible for eventually repaying your investment (subject to the rules governing community shares)
- You will become eligible to receive benefits according to the revised Personal/Business Share Incentive Scheme (NB these no longer include tax relief) – please see supporting documents
- As a member of the Supporters Society, you will have to contribute an annual subscription of £5 to retain your membership and voting rights (the first year is free)

If you choose to **opt out**, you don't have to do anything. If you've pledged by Microgenius, your direct debit pre-authorisation with Microgenius will be cancelled automatically. If you have already given us funds via cheque or bank transfer, these will be returned by us within 1 month, including any interest accrued.

What if we don't reach the minimum target by 28 September?

If the total raised via direct payments, Microgenius and Crowdfunder is less than £300,000 as of 11.59pm on 28 September, all cash pledged to the community share offer will be returned by cheque and all direct debit or credit card authorisations via Microgenius or Crowdfunder will be cancelled.

8. The fine print

Crowdfunder.co.uk

Crowdfunder is an online fundraising platform similar to Microgenius. Because Microgenius is unable to take new pledges at the moment, we have set up a Crowdfunder page to sell community shares.

There are two payment options available - credit/debit card (via Stripe) and bank transfer (via GoCardless). Your pledge payment will only be made once a project has closed successfully. The funds usually leave your account 1-2 working days after the project closes. You can cancel any of your pledges from the 'My Pledges' section of your Crowdfunder profile (up to 24 hours before a project closes). This also removes you from the project's backers list.

For more information on Crowdfunder, please refer to Crowdfunder.co.uk.

Bank transfer or cheque

To buy new shares by bank transfer or cheque, please complete the application form at the end of this document. By signing it you confirm that you have read the offer document and accept the terms set out therein.

When you have completed and signed the form please send it to Bath City Supporters Society, Twerton Park, Bath, BA2 1DB.

You must either enclose a cheque for the value of shares you wish to buy, made out to Bath City Supporters Society or make a bank transfer to: Sort Code 62-30-45, Account Number 00000000 (eight zeros), Roll/Ref number 43099596.

You must quote your full name and post code as a reference so that your payment can easily be linked to your application for shares. Your payment must come from a UK clearing bank account in your name and you must complete this form with your full name, address and date of birth. Details of the secure Bath City Supporters Society Bid Fund account can be found at bigbathcitybid.org.uk/how-to-buy.

When we receive payment we will send you an acknowledgement within five working days. Your funds will remain in a dedicated Bath City Supporters Society bank account.

If, and only if, we reach the target of £300,000 by 28 September and when the new company shares in Bath City FC are issued and purchased by the Supporters Society giving it a majority stake, will your

money be converted into the appropriate number of community shares. You will receive notification that the acquisition of a controlling stake has been confirmed and a personalised share certificate will follow within 30 working days.

Your funds will then be used in line with the purposes laid out in this offer document.

Community shares & membership

In order to buy community shares, you must agree to join the Bath City Supporters Society as a member (you must be 16 or over to do this). The Rules of the Bath City Supporters Society are available online at bathcitysociety.org/constitution--policies.

In addition to your payment for Community Shares you will be required to pay an annual additional membership fee in order to remain a member and be able to vote. The first year's fee is included in the share purchase. Next year's fee will be payable between 31 May and 31 August 2017. Currently the membership fee is £5 a year.

Interest

You may request to receive interest on your community shares. The maximum interest available is 2% above Bank of England base rate. If interest is paid, additional monies will be credited to your share account rather than paid out in cash. Payment of interest is subject to the financial performance of the Society and is at the discretion of its board.

APPLICATION FORM

Please complete this form if you are paying by cheque or bank transfer. [NB This is only for new pledgers, or for existing pledgers who are “topping up” – you do **not** need to resubmit this form in order to confirm an existing pledge.]

When you have completed and signed the form please send it to Bath City Supporters Society, Twerton Park, Bath, BA2 1DB. By signing it you confirm you have read the offer document and accept the terms set out therein.

Name

Address

Date of Birth

Telephone Email Address

Organisation (if buying shares on behalf of an organisation)

Representative (where applicable)

I would like to buy community shares to the value of:

£250 £500 £1,000 £5,000 Other (£250+)

How much interest would you like to receive, subject to performance and the future conversion of Bath City FC Ltd to a community benefit society? None 1% 2%

Signed Date

Subject to a successful bid, I wish to join the Bath City Supporters Society as a member, and understand that I will be liable to pay its annual subscription in order to remain a member, currently £5 (required)

We prefer to communicate by email. Tick here if you do not want to receive email