



**THE ST HELENS
BOOK STOP LIMITED
COMMUNITY SHARE OFFER**

Your chance to help create
and be part of a community
bookshop for the town

KEY DATES

Launch: Friday 20 November 2020
Close: Friday 18 December 2020

FUNDRAISING TARGET

The target amount the society
wishes to raise is £85,000 with
a minimum of £80,000 and a
maximum of £90,000.

INDIVIDUAL INVESTMENTS

Minimum investment: £50
Maximum investment: £5000

CREATING
COMMUNITY

Steve Morgan
FOUNDATION

**Community
Shares**

CO-OPERATIVES UK
Coop

150
YEARS
TOGETHER

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1) LETTER FROM THE TRUSTEES

Dear Supporters

We are writing to ask for your support in the setting up of a community bookshop in the heart of St Helens.

Since the demise of Wardleworths in 2019, the town sadly does not have a dedicated bookshop to service the needs of a population in excess of 100,000. We have now been working for a period of time to rectify this situation by establishing a bookshop in the town centre which not only exists for the benefit of the community but is also run by and is owned by the community.

The Council has been very supportive of our project and we are delighted to announce that we have agreed outline terms for a lease on the premises at 11 Bridge Street and that provided we raise the necessary funds we aim to take occupation on 1 January 2021 with a view to opening our doors in March 2021.

We believe this is an exciting opportunity and we would love as many of you as possible to become members of our Society. As a member you will, collectively with the other members, have a say in the way the bookshop is run. Please read this document carefully and make sure you understand everything that is contained herein. Please refer also to the Business Plan and the Rules of the Society which you can access via <https://www.sthelensbookstop.co.uk>

If you then wish to become a member please complete the application form which you can access via the Crowdfunder platform at <https://www.crowdfunder.co.uk/bookstop>. Alternatively paper copies of this document and an application form are available from the foyer at Livesey Spottiswood Limited, 17 George Street, St Helens WA10 1DB.

We look forward very much to welcoming you on board

Yours sincerely

Brian Leyland, Steven Davies and Julia Cadman
Directors / Trustees

2) OUR VISION

Our vision is to create a destination in the heart of St Helens for all those who have an interest in books and reading and to make this destination a thriving hub for the whole of the community. We want everyone from all backgrounds and circumstances to feel welcome in the shop, whether simply to make a purchase, or to browse, have a tea or coffee or to spend time engaging with other members of the community in either individual conversations or in group events.

Our books will comprise both fiction and non fiction of all kinds, and will range from bestsellers to serious textbooks, from children's stories to travel literature, from cookery books to autobiographies. We will also have a section devoted to local history, where we will celebrate the rich heritage of St Helens as a historic Lancashire industrial town, which has over the years produced numerous people who have made their mark on both a national and international stage.

A particular focus of our offering will be to introduce children to the joy of reading at a very early age by holding group reading events which they will find both fun and enjoyable. A long term objective is to try to lift literacy levels in St Helens up to and above the national average, it now being generally accepted that there is a direct link between literacy and both success and enjoyment in life.

We will however be holding events for all sectors of the community in the hope that everyone will find something either in the shop itself or in the events taking place that will appeal to them and lead them to return again and again.

In this way we hope to make our contribution to restoring the sense of community which is sadly disappearing in our town, as in many post industrial towns, and we would like as many people as possible to join with us in sharing our vision for a brighter future in the town centre.

3) THE STORY SO FAR

It was the closure of Wardleworths in August 2019 that led to the coming together of the steering group to explore the possibility of opening a community bookshop in the town centre. The Council was supportive of the initiative from the outset and agreed to make a unit available in one of the shopping centres which it owns. After visiting several potential locations the group settled upon the unit on the corner of Bridge Street and Exchange Street which is part of the Church Square shopping centre. It was previously occupied by the Furniture Boutique and whilst it is not in a good state of repair at present, the group believes it has the potential to deliver the experience that we would like to create for our customers.

COVID 19 obviously put a major brake on our plans but we have carried on working on the project as best we could and have now agreed outline terms with the Council for a ten year lease, the major point of which to note is that the rent and the service charge will be calculated at 15% of turnover (and also subject to a cap), thereby removing the possibility that we could be hit by crippling rent charges in our early years of trading.

We have also

- set up the The St Helens Book Stop Limited, which was registered on 2 April 2020 with the Financial Conduct Authority as a Community Benefit Society.
- successfully applied for funding from the Steve Morgan Foundation who have agreed to cover the employment costs of a bookshop manager for the first three years of trading.
- secured an initial development grant from the Community Shares Unit of £10,000 to help us get to a point where we can carry out a community share issue
- received an offer from the Community Shares Booster Programme to match the amount we raise in the share offer £ for £ up to a maximum of £45,000.
- Agreed Heads of Terms with the Council to take a 10 year lease (with a break clause after 5 years) of the unit at 11 Bridge Street in the Church Square Shopping Centre commencing 1 January 2021.

4) OUR TRADING PROPOSITION

The main business of the shop will be the sale of new books of all kinds - this is the gap in the market that we wish to plug. We will also sell a limited number of second hand books, focusing particularly on those which may be out of print or which have a local dimension. It is not our intention however to compete with the many charity shops that are already dealing in second hand books.

There will be an e-commerce part of our business whereby customers can order books online. Initially this is likely to be on a "Click and Collect" basis but it is an area that we will wish to develop over the next few years.

We will also be selling cards, posters, diaries and other ancillary items.

Events will form a major part of our offering ranging from regular reading sessions for children and adults to author signings where our medium term aim is to become a standard location for talks and associated book signings by well known authors who have recently published a new book.

The unit will also be made available to hire outside shop hours for company events, community organisations, music rehearsals and indeed any other purpose for which it might be suited.

There will be a cafe area in the shop which will be run by Momo's Café CIC which already runs a successful community cafe in the town centre. Our intention will be to encourage customers to come to the shop, browse, buy tea, coffee or cakes and generally to feel welcome and at ease to stay for as long as they wish.

We recognise that we will never be able to compete on price with the online retailers, the supermarkets or the large chains of card shops but what we will offer the customer is a positive experience such that he or she will want to return to the shop again and again - something that simply cannot be replicated online!

If the share offer is successful we will be carrying out the alterations and fitout of the unit during January and February with a view to opening our doors to coincide with World Book Day on 4 March 2021.

5) STAFFING

As noted earlier we have received an offer of a grant from the Steve Morgan Foundation to go towards the employment costs of a bookshop manager for the first three years of trading. We are currently in the process of recruiting the Manager and a copy of the job description can be found at www.sthelensbookstop.co/uk and also in Appendix 3 to the Business Plan. We are hoping to have the Manager in place for 1 January 2021 (which is the date upon which our lease of the premises will begin) so that he or she can be fully involved in the set up and fit out which will be taking place in January and February of next year.

It is also our intention to employ a full time Assistant Manager with effect from March 2021 and details will be made available in due course.

The balance of the staffing will be made up of volunteers and we are delighted to report that we have already had a number of enquiries from individuals willing to give up their time to support our project. We are also hoping that many of those who become members of the society as part of this share issue will also wish to volunteer. We will provide appropriate training for those who would benefit from this and once again it is our hope and intention that those who volunteer will find the experience both rewarding and fulfilling.

6) FINANCIAL PROJECTIONS

As part of our research we have looked at many different models of successful independent bookshops, and where possible discussed these with those who manage them, ranging from charitable organisations which focus on children's books only (for example Kingsley and Co in Bootle) to those which are privately owned but have become institutions in the local community (such as Simply Books in Bramhall). We have tried to learn from the experience of each and to take away those learning points which we think can help us most.

We have also looked at the book market as a whole and whilst independent bookshops now comprise only a small part of the market, it is interesting to note that in recent years more independent bookshops have been opening. Also there has been a regular growth in the sales of print books in the last six years after a long period when they were declining in the face of e-books and audio books.

However whilst we want to take advantage of these trends the market remains very challenging. COVID 19 led to a big resurgence in book buying which is most definitely a positive thing from our perspective but the great majority of these were bought online as bookshops were closed throughout most of lockdown. Our challenge is to harness that increased interest in reading but to graft onto it the experience which only a visit to the bookshop can bring.

Because of the support provided by the Steve Morgan Foundation we have three years in which we should be able to develop the business and build a foundation for growth in the future years. We will naturally be looking for further funding as the business grows but have included just a modest £12,000 per annum for year 4 and year 5. Regardless of the availability of funding however, our hope is that by the end of year three it will be clear that we have a sustainable and growing business which is capable of standing on its own two feet. We do however have certain options if that does not prove to be the case and we are unable to secure further funding. This might include for example reducing the number of employees or entering into other cost reduction exercises. We do not expect that this will be the case but it is important that we have prepared plans to cover situations such as this in advance.

Financial projections for the first five years of trading are set out on the following page.

	<u>31/12/2021</u>	<u>31/12/2022</u>	<u>31/12/2023</u>	<u>31/12/2024</u>	<u>31/12/2025</u>
Revenues					
New books (shop)	103,200	140,000	160,000	180,000	200,000
2nd hand books	1,000	1,500	1,800	2,100	2,400
Cards etc	10,000	15,000	18,000	21,000	24,000
Online sales	2,500	5,250	7,500	9,750	12,000
Refreshments	1,500	2,850	3,900	4,950	6,000
Events	5,000	8,250	10,500	12,750	15,000
Room hire	<u>1,000</u>	<u>1,500</u>	<u>1,800</u>	<u>2,100</u>	<u>2,400</u>
Total	124,200	174,350	203,500	232,650	261,800
Cost of sales					
Books in Shop	66,048	89,600	102,400	115,200	128,000
Books Online	1,600	3,360	4,800	6,240	7,680
Events	2,475	3,960	5,040	6,120	7,200
Cards	<u>5,000</u>	<u>7,500</u>	<u>9,000</u>	<u>10,500</u>	<u>12,000</u>
Total cost of sales	75,123	104,420	121,240	138,060	154,880
Gross profit	49,077	69,930	82,260	94,590	106,920
Operating expenses					
Rent (inc service)	18,630	25,000	25,000	30,000	30,000
Rates	0	0	0	0	0
Salaries	44,667	49,000	50,000	51,000	52,000
Utilities	3,000	4,150	4,300	4,475	4,650
Bank charges	1,000	1,260	1,323	1,389	1,450
Marketing/subs	1,000	1,260	1,323	1,389	1,450
Professional fee	2,500	3,150	3,307	3,473	3,646
Website	500	630	660	695	730
Postage/carriage	500	630	660	695	730
Insurance	2,000	2,520	2,650	2,780	2,920
Travel	500	630	660	695	730
Sundry	<u>1,000</u>	<u>1,260</u>	<u>1,320</u>	<u>1,390</u>	<u>1,460</u>
Total costs	75,297	89,490	91,203	97,981	99,766
Add grant funding	<u>28,000</u>	<u>25,000</u>	<u>22,000</u>	<u>12,000</u>	<u>12,000</u>
EBITDA	1,780	5,440	13,057	8,609	19,154
Depreciation	5,172	6,207	6,207	6,207	6,207
Interest	1,700	1,700	1,700	1,700	1,700
Net profit	-5,092	-2,467	5,150	702	11,247
Less start up costs	-14,500				
Result for year	-19,592	-2,467	5,150	702	11,247
Add reserves b/f	0	-19,592	-22,059	-16,909	-16,207
Reserves c/f	-19,592	-22,059	-16,909	-16,207	-4,960

Notes

- 1) EBITDA = Earnings before interest, depreciation and amortisation
- 2) It is assumed that the Society will qualify for 80% mandatory rates relief as a charity and a further discretionary 20% relief in accordance with the Council's current policy
- 3) The costs of alterations and fit out have been written off over the first 5 years of the lease. This has the effect of reducing the level of net profit each year. In practice, and depending upon the likely security of tenure beyond 5 years, it may be that the decision is taken to depreciate them over a longer period.

As with any start up operation, predicting the level of performance is not a straight forward task and requires a degree of judgement in anticipating both the level of revenues and costs. We believe however that the projections are nonetheless realistic, bearing in mind that according to the National Booksellers Association the average turnover of a bookshop in the UK was £260,000 in 2013 and we are not anticipating that we will reach that figure until year 5.

Like many new businesses it is anticipated that costs will exceed revenues in the early years but we are cushioned in our case by the funding we have secured to cover the bookshop manager's salary in the first three years. Thereafter, and based on a lesser amount of funding we expect to make a small profit in year 4 and a slightly larger profit in year 5. By year 6, it is anticipated that the business will be generating revenues in excess of its costs without the benefit of any outside funding.

There are however many variables which could affect performance either way, the most obvious one being the COVID 19 outbreak. We do not know when the restrictions will be wholly lifted and what the long term impact on town centres will be. Against that there are the opportunities which we hope will be generated by the St Helens Council's recently announced partnership with the English Cities Fund. In summary however we believe that we have taken a realistic approach and that the most important thing is that we remain flexible and able to adapt to circumstances as and when they change.

7) STRUCTURE AND GOVERNANCE

The St Helens Book Stop Limited is a community benefit society registered under the Co-operative and Communities Benefit Society 2014 with the Financial Conduct Authority (number 8379). Its Objects were discussed with HMRC, and it was agreed that with some small amendments the Society would benefit from charitable status. The revised Objects which have now been filed with the Financial Conduct Authority are:

- 1) To advance education amongst children, young people and those with learning difficulties in St Helens through the provision of a bookshop and outreach activities to enhance reading and literacy opportunities in the community.
- 2) To advance the appreciation of literature amongst the public of St Helens by providing improved access to books of all kinds and through related events and activities which will appeal to every sector of the population.
- 3) To encourage and develop the public understanding and knowledge of the rich local heritage of St Helens as a historic Lancashire town
- 4) To promote social inclusion for the public benefit by preventing people from becoming socially excluded, relieving the needs of those who are already socially excluded and assisting them to integrate back into society.

The founder trustees are:

- **Brian Leyland** – Brian was raised in St Helens and educated at West Park Grammar School and Manchester University, before starting his working life one of Her Majesty's Inspectors of Taxes. He then moved to Price Waterhouse (now PwC) and worked as a tax partner in Liverpool, Manchester, Düsseldorf and London before retiring in 2010. Since then Brian has been actively involved in community work and has written a book "St Helens: The Great and The Good (and a few of the not so good!)", which profiles 100 well known people either born, raised or educated in St Helens. He has been a member of the St Helens Ambassador Programme since 2017.

- **Steven Davies** – Steve was born and bred in St.Helens and educated at Cowley Grammar School. He is a retired Retail Manager with 35 plus years of experience managing both small and large Fast Moving Consumer Goods stores. Steve has also worked as a retail consultant in the charity sector and trained as a retail auditor for Barnardo's Charity. He is passionate about books.
- **Julia Cadman** - Julia was born in Leeds and brought up in London but has lived in St Helens for many years. She has degrees in Latin and Music, a Masters in contemporary composition and also qualified and practised as both a teacher and as a solicitor. For a while before moving north (circa 40 years ago) she worked in a cycle shop in Covent Garden. She has always adored books and is passionate about the role and significance of literacy for people of all ages, and has been trained in adult literacy. In her private life she has cared for many children and young people: that work is ongoing.

Details of other members of the steering group are contained in the Business Plan.

The rules permit a maximum of nine trustees and it is the intention to appoint further trustees before we commence trading. One of these is likely to be the award winning author Frank Cottrell Boyce who has recently indicated his willingness to become a trustee of the society. Once the share issue is complete, we will invite applications from members to fill the remaining positions. One third of the trustees (other than the founding trustees) must retire at each AGM and their replacements are appointed by a vote of the Members. Retiring trustees can stand for re-election. Extra trustees up to the maximum can be co-opted by the Trustees and serve until the next General Meetings of Members.

Each member is entitled to one vote regardless of the number of shares held in the Society. Interest however will be paid by reference to the number of shares held.

Any member of the public aged 16 or over, who supports the objects of the Society, and wishes to invest a minimum of £50 is eligible for membership of the Society. There are no restrictions on geographical location and it is not necessary to be a bookshop customer to subscribe for shares. Corporate entities i.e. companies, co-operatives,

community and voluntary sector groups etc may also apply for shares. A corporate entity will need to make a formal nomination of a person to vote on its behalf.

Shares may be purchased on behalf of someone else as a gift, provided both the purchaser and the beneficiary are eligible to become members of the company. The purchaser must name the beneficiary in the application form and it will in due course be necessary to obtain the beneficiary's consent to become a member of the Society.

In the event that the Society is wound up at any stage in the future, shareholders are entitled to receive the value of the share capital they have in the Society repaid from the society's assets after all creditors have been satisfied. Any surplus after repaying shareholders would be passed to another charity with similar objects. A member's capital is at risk however in the event that there are no funds, or insufficient funds, remaining after repaying the creditors to ensure that all share capital is repaid

8) THE SHARE OFFER

The purpose of the fund raise is to enable us to undertake the work required to get the shop unit to sufficient standard, fit out the unit, provide stock for opening, cover other start-up costs (such as computer systems etc.) and provide sufficient working capital (cashflow) when we start trading. We will also need to cover fees for the use of the Crowdfunder platform to promote the share offer. We have calculated the optimum amount as £85,000.

Works to premises	£7,500
Fit out costs	£22,500
Stock	£35,000
Other start-up costs	£12,250
Working capital and contingency	£5,500
Crowdfunder fees on £42,500	£2,250
Total	£85,000

The shares - we hope to issue 85,000 community shares with a nominal value of £1 on acceptance of a valid application. These shares, which cannot be traded or sold in any way, are particular to Societies registered under the Co-operative and Community Benefit Societies Act 2014. They are however withdrawable.

Applicants can apply for a minimum of 50 shares (£50) or a maximum of 5000 (£5,000). In the event that the share offer is oversubscribed we will be scaling back all the larger investments. The applications by those who have subscribed the minimum will be unchanged. Our objective is to have the ownership of the Society spread as widely across the community as is possible.

If we do not raise our minimum target before the deadline but we are close, we will extend the offer deadline. If we fail to raise the minimum target the offer will not proceed and all money paid for shares will be returned. If we raise the maximum target of £90,000 the additional funds will be utilised to make further improvements to the premises.

Withdrawal of shares - there are currently no plans to arrange a programme of withdrawal of the shares (i.e. repayment of the share capital) until Year 6 at the earliest although we do expect to be able to fund any withdrawals made at the option of the shareholder in earlier years through a combination of the issue of new shares and cashflow available from the Society's profits. However withdrawals during this period will be at the sole discretion of the board and if requests for share withdrawal exceed the amount which the society is able to pay, the requests may not be granted. Any applications for withdrawal of shares must be made to the board with 3 months notice.

Interest - we will be aiming to pay interest on the shares in the form of book tokens which can only be redeemed in the bookshop itself within 12 months of date of issue. From year 4 (2024) onwards we hope to introduce a cash option albeit this is likely to be at a lower rate than would be paid in book tokens. Our target for payment of interest in book tokens is 2%. We will determine the rate of interest for the cash option nearer the time but for the purposes of the financial projections have assumed this will also be 2%.

Whilst shareholders can expect to receive some return in exchange for their investment, it is important that they understand that this is not an investment that should be made solely on the basis of the likelihood of a financial return. It should be viewed rather as an investment in the community of St Helens, helping the Society to make a social and cultural impact in the town - in essence a social rather than a financial investment.

Community Shares Booster match investment - we have received an offer from the Community Shares Booster Programme that they will match £ for £ the funds raised by the share issue up to a maximum of £45,000. These shares will be issued on the same terms and conditions as those held by members of the public (although interest will be paid to the Booster Fund in cash whereas interest to the other Members will in the first three years be paid in book tokens). The objective of this programme is to help disadvantaged and under-represented communities to develop successful community businesses which are financed through community share offers. The funding is provided by Power to Change, which is an arm of the Lottery, and managed by the Community Shares Unit, a joint venture between Co-operatives UK and Locality. The Community Shares Unit will also provide ongoing support and advice as an active investor in the business.

Social investment tax relief - it is our expectation that the share issue will qualify for social investment tax relief, which, inter alia, will enable individual investors who are UK taxpayers to claim back 30% of the value of their initial investment. If they continue to hold the investment for at least 3 years, the tax relief will not be clawed back on the withdrawal of shares. More detail is provided in the Business Plan and investors are encouraged to take their own tax advice before making any claim.

9) RISK

Due care and attention has been taken in preparing this offer document. The process was overseen by the board of The St Helens Book Stop Limited who can vouch that the information it contains is in accordance with the facts available and that there are no known omissions likely to affect the viability of the business.

Additional guidance on investing in community shares is available on-line from the Community Shares Unit:

<http://communityshares.org.uk/guide-investing-community-shares>

It should be noted that investor members of Registered Societies do not have access to the Financial Ombudsman Service or the Financial Services Compensation Scheme. There is moreover no other body to which complaints may be made or from which compensation might be available.

It is critical that an investor recognises that although there may be a modest financial return on the investment, this is not an investment that should be made on the basis of the financial return only. It should instead be regarded as an investment in the community of St Helens, the main return for which will be helping to provide the community with a facility and a service which it needs and which will provide some benefit for every member of that community.

An investor should note in particular that it will not be possible to sell or transfer the shares and there may be circumstances in which an investor is unable to withdraw the investment made in the Society.

As with all such investments, there is the possibility that should the business not be successful the full value of a shareholding might not be recovered or indeed may be lost completely. Also should the Society experience financial difficulties, it may not be in a position to pay interest, it may have to suspend investors' rights to withdraw shares and, as noted above, investors may lose some or all the money paid for shares.

A member's liability however is restricted to the amount paid for the shares, irrespective of the level of liabilities that might be incurred by the Society.

10) COMMUNITY SHARES STANDARD MARK

This Community Share Offer has been awarded the Community Shares Standard Mark

The Community Shares Standard Mark is awarded by the Community Shares Unit to offers that meet national standards of good practice. These standards ensure that:

- The offer document and application form are easy to understand
- You are provided with all the facts you need to make an informed decision
- The facts are supported by the annual accounts and/or business plan for the society
- Nothing in the documents is purposefully incorrect, confusing or misleading

Societies are asked to sign a Code of Practice requiring them, among other things, to give the public a right of complaint to the Community Shares Unit.

For more information about community shares, the Community Shares Standard Mark and the Community Shares Unit go to:
communityshares.org.uk



