

## Bamford Community Society

### Share withdrawal policy

First produced	November 2016
Approved on	March 13 2017
Revised version approved on	August 8 <sup>th</sup> 2019
Approved by	Board of Directors
To be reviewed no later than	August 2021

First produced November 2016 Approved on March 13, 2017 Approved by Board of Directors To be reviewed no later than January 2019

## General policy statement

The Bamford Community Society Ltd is a registered society under the Co-operatives and Community Benefit Society Act 2014 and is owned by its members, the majority of whom are residents of the village of Bamford. The Society operates from the Anglers Rest site within Bamford village, in the Derbyshire Peak District and delivers various services for the benefit of residents of Bamford, the wider Hope Valley and visitors to the area. The BCS is a socially responsible business committed to commercial success whilst upholding the highest standards with regards to business operations. This policy forms part of those standards of good practice.

### Background

As set out in BCS Rules, your investment in your share account is withdrawable without penalty at the discretion of the Board under the Society's rules. The Rules also (as set out in the extract in Appendix A) allow the Board to specify a maximum total withdrawal for each financial year or to suspend withdrawals.

The policy on share withdrawal, as outlined within this document, provides clarity to members around how and when they can request share withdrawal.

The FCA sets out a number tests of whether a society is meeting its conditions for registration, which includes that it should only allow the withdrawal of shares if:

- it has trading surpluses that match or exceed the value of shares involved; and
- the directors believe the society can afford to pay its debts, taking into account:
  - all of its liabilities (including whether it will be able to pay its debts at the date of withdrawal and, for a year after that, any contingent or prospective liabilities) and
  - the society's situation at the date of the transaction

Under BCS rules, shares will never be worth more than £1 and you may under exceptional circumstances be offered less.

### **Converting shares to donations**

Some members may have bought shares but actually seen them as a donation. If so, why not formally surrender some of your shares back to the Society, which means that the shares are cancelled and the original investment becomes a donation. To retain membership of the Society, you would need to retain a minimum £1 share. If you are interested in doing this, please contact the Company Secretary on [bcscompsec@gmail.com](mailto:bcscompsec@gmail.com)

## Share Withdrawal Process

In order to make the withdrawal process as fair and transparent as possible the following process has been agreed.

Members may request the withdrawal of their shares at any time by completing the form which can be found on our website at [bcs.anglers.rest](http://bcs.anglers.rest) under 'Investing' or by requesting a copy for the Company Secretary. The form should be returned by email to [bcscompsec@gmail.com](mailto:bcscompsec@gmail.com) or post to The Anglers Rest

For any year that we make a profit, the intension is to allocate a proportion of profits for the repayment of share withdrawals, the amount to be determined by the Board, based on:

1. The financial return from the previous year
2. New share purchases
3. The FCA tests as incorporated into the BCS rules
4. The value of withdrawals requested up to the 31<sup>st</sup> August of the previous financial year (e.g. the amount set for repayments in 2017/8 will be based on the value of share withdrawal requests received by 31<sup>st</sup> August 2017).

Share withdrawals will be dealt with on a first come first served basis.

On the death of a member, shares may be transferred to another party. However, if the wish is for those shares to be withdrawn, BCS will deal with any request due to death of a member in the same way as other requests.

Funds will be returned to investors on receipt of original share certificates.

Any share withdrawal requests received before 31st August, that cannot be met at from that year's allocation will be transferred into the following year's allocation and be considered as priorities.

If the value of withdrawals requested by the 31<sup>st</sup> August is lower than the allocation, shares received from the 1<sup>st</sup> September may be funded up to the limit of the allocated funds.

## Appendix A – extract from the Bamford Community Society Rules

- 8.1 Shares are not transferable except on death or bankruptcy, and are withdrawable at the sole discretion of the Management Committee in accordance with the Rules as follows:
- 8.1.1 shares may be withdrawn by Members who have held them for a minimum period of three years or such other period as the Management Committee decides;
  - 8.1.2 application for withdrawal shall be made on not less than three months' notice, on a form approved by the Management Committee;
  - 8.1.3 the Management Committee may specify a maximum total withdrawal for each financial year;
  - 8.1.4 All withdrawals must be funded from trading profits, reserves or new share capital raised from Members, and are at the absolute discretion of the Management Committee having regards to the long term interests of the Society, the need to maintain prudent reserves, and the Society's commitment to community benefit. If any withdrawal is to be funded from reserves, the Management Committee must be satisfied that:
    - 8.1.4.1 as a result of such withdrawal there will be no ground upon which the Society could then be found to be unable to pay (or otherwise discharge) its debts; and
    - 8.1.4.2 the Society will be able to pay (or otherwise discharge) its debts as they fall due during the year immediately following the withdrawal.
  - 8.4.5 all withdrawals shall be paid in the order in which the notices were received, up to a maximum total withdrawal specified for the financial year, following which no further withdrawals may be made;
  - 8.1.5 the Management Committee may suspend the right to withdraw either wholly or partially, and either indefinitely or for a fixed period. The suspension shall apply to all notices of withdrawal which have been received and remain unpaid at the time. Where the suspension is for a fixed period, it may be extended from time to time by the Management Committee;
  - 8.1.6 during any period when the right of withdrawal has been suspended, the shares of a deceased Member may, if the Management Committee agrees, be withdrawn by their personal representatives on giving such notice as the Management Committee requires;
    - 8.1.7 the Society may deduct such reasonable sum to cover administrative costs of withdrawal from the monies payable to a Member on the withdrawal of shares.