

## Bamford Community Society

### Share withdrawal policy

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

## General policy statement

### **The Society**

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.

### **Purpose**

As set out in BCS Rules, share investments are withdrawable without penalty at the discretion of the Board. The Rules (as set out in the extract in Appendix A) also allow the Board to specify a maximum total withdrawal for each financial year or to suspend withdrawals.

This policy sets out the Society's position on share withdrawal, reflecting the Society rules and advice from the Financial Conduct Authority (FCA); the procedure; and the general principles of how withdrawal requests will be handled by the Board.

### **Financial Conduct Authority**

The FCA sets out a number of 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

### **Share valuation**

Under BCS rules, shares will never be worth more than their nominal £1 face value, and may under exceptional circumstances have a lower value attributed by the Board.

### **Converting shares to donations**

Noting that many members invest in community organisations for non-financial reasons with a view to realising a social rather than a purely financial return on their investment. Some members may regard their investment as a donation. In such circumstances the Society provides an option to surrender some of the share value back to the Society, in which case those shares would be cancelled and their value becomes a donation. To retain membership of the Society a minimum £1 share must be retained.

### **Share withdrawal procedure**

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

Members may request the withdrawal of shares at any time by completing a form available on the BCS website or by requesting a copy from the Company Secretary. Completed forms must be returned to the Company Secretary.

The terms of our loan state that we shall not make any redemption or payments to shareholders without the Bank's prior consent.

In any year that the Society makes a net profit, the intention is (subject to the discretion of the Board) to allocate a proportion of profits for the repayment of share withdrawals; the amount to be determined by the Board and subject to the consent of the bank, informed by:

1. The financial return from the previous year
2. New share purchases
3. The FCA tests as incorporated into the BCS rules
4. The total value of withdrawals requested up to 31<sup>st</sup> August of the previous financial year (i.e. 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).

Withdrawals will be made as soon as possible after the year end (31st August) from the allocation for share withdrawals agreed for that year.

### **Prioritisation**

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

Share withdrawal requests that cannot be funded from within a current allocation will be carried forward to the following year(s), until the request can be met (in full or in part).

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 as a priority. Funds will be returned to investors on receipt of original share certificates and sight of the deceased shareholders will confirming that the shares can be transferred.

## 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.