



## Lyvennet Community Pub Ltd

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Crosby Ravensworth  
Cumbria CA10 3JP

An Industrial & Provident Society  
Register No. 31175 R

[www.lyvennetcommunitypub.com](http://www.lyvennetcommunitypub.com)

### 2016 AGM

#### Increased Share Holding Trial

The Lyvennet Community Pub Ltd has now been in existence for almost 5 years and has seen a steady turnover of share capital.

Date (year to)	Share movement in year
31/08/12	No movement allowed
31/08/13	£500
31/08/14	£34,500
31/08/15	£13,900
01/09/15 – 01/04/16	£8,750

In addition for the last 3 financial years the LCP has paid a 3% interest payment to shareholders as follows:

Year	Total Shareholding	Interest not drawn	Interest paid
2013	£300,000	£45.00	£8,955
2014	£297,250	£820.50	£8,097
2015	£303,500	£330.00	£8,775

Our bank, in line with other financial institutions, started to levy a charge on all direct transfers (£1.50 per transaction) which in September 2015 resulted in the LCP incurring £436.50 of charges for the payment of shareholder interest.

When considering that there are a significant number of shareholders who hold £250 of shares the charges are significant (£1.50 to pay £7.50 of interest)

In order to address both the share movement and bank charges the following proposal offers a cost-effective alternative whilst providing an option for shareholders to increase their investment.

## **Increased Share Capital**

Shareholders may be interested in investing their share interest into increasing their share capital.

### ***Example***

#### ***Shareholder with £250 shareholding***

***July 2016 the AGM agrees the payment of a 3% interest payment***

***Shareholder shareholding increases by £250 plus 3% = £257.50***

***As all shares are £1 they now own £257 of shares***

***The following year the AGM again agrees a payment of 3% making the shareholding £257.50 plus 3% = £265.22 – Again this is rounded down to £265, or, 265 number £1 shares.***

***Should the investor then wish to withdraw their shares they would receive £265.***

The above arrangement would also simplify issues the LCP has with the payment of interest payments to foreign investors.

Share certificates would not be re-issued but a statement of current shareholding would be made available if the shareholder wished to withdraw their shares.

### ***Example***

#### ***J Bloggs***

#### ***Shareholder xxx***

#### ***Share Certificate xxx***

<b><i>Date</i></b>	<b><i>Dividend</i></b>	<b><i>Shares held</i></b>	<b><i>Value</i></b>	<b><i>Withdrawal Value</i></b>
<b><i>01/09/16</i></b>	<b><i>3%</i></b>	<b><i>£257</i></b>	<b><i>£257.50</i></b>	<b><i>£257</i></b>
<b><i>01/09/17</i></b>	<b><i>3%</i></b>	<b><i>£265</i></b>	<b><i>£265.22</i></b>	<b><i>£265</i></b>

***In this example the withdrawal value would be £265***

## **Shareholder Options**

Shareholders will still have the option for their interest payment to be paid by Direct Debit.

Unless the LCP is notified that shareholders wish to increase their shareholding, or donate their interest payment, then it will be assumed on 1<sup>st</sup> September 2016 that interest is to be paid by Direct Debit.

In line with the Maximum Shareholding Resolution approved at the 2015 AGM current shareholders will not be allowed to increase their shareholding where as an individual they hold £5,000 or in the case of a family £10,000.

## Overall Share Capital

The average share withdrawal over the 3 years 2013, 2014 and 2015 is just over £16k.

To make the proposal work we would need to approve an overall shareholding increase allowing the LCP to hold between £300k and £315k of share capital. Any funds over and above the £300k share capital would be ring-fenced in the LCP accounts.

### Example

<b>Shareholding at 1 September 2016</b>	<b>£300,000</b>
<b>75% of shareholders opt to increase shareholding</b>	
<b>£225,000 at 3%</b>	<b>£6,750</b>
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<b>Shareholding now</b>	<b>£306,750</b>
<b>During the year 2016/17 shares withdrawn</b>	<b>-£8,500</b>
<b>New shareholders</b>	<b>+£1,750</b>
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<b>Shareholding at 1 September 2017</b>	<b>£300,000</b>
<b>80% shareholders opt to increase shareholding and 3% paid</b>	
<b>£240,000 at 3%</b>	<b>£7,200</b>
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<b>Shareholding now</b>	<b>£307,200</b>
<b>During the year 2017/18 share withdrawn</b>	<b>-£5,250</b>
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<b>Shareholding now</b>	<b>£301,950</b>

If share withdrawals reduced significantly then we may need to put the arrangement on hold and pay any AGM agreed interest payment until such time that the share capital reduced back to nearer £300,000.