

OCTOBER



BOOKS 2022

SHARE OFFER

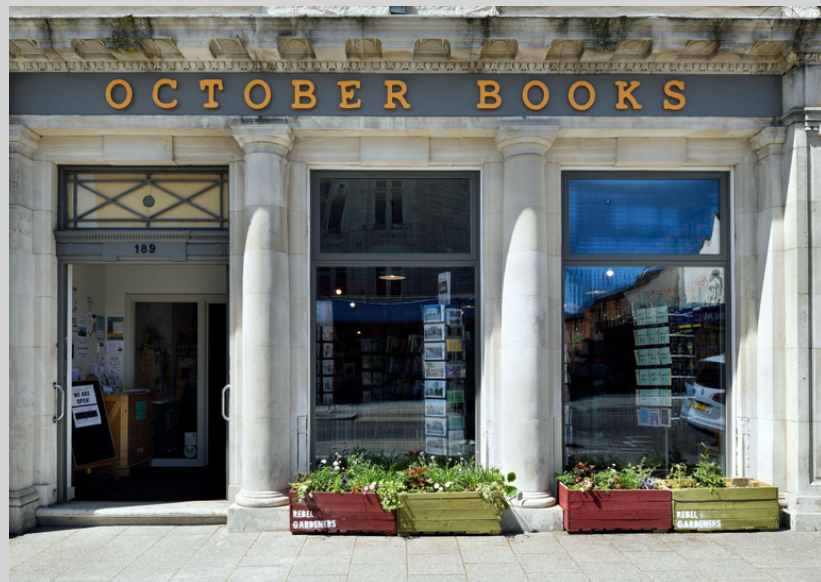
**WE OWN A BOOKSHOP AND SO COULD YOU!
OCTOBER BOOKS -
INSPIRING SOCIAL CHANGE TOGETHER**

Supporting documents

Registered Rules & Share Offer
Business Plan can be found here

<https://www.octoberbooks.org/october-books-share-offer-2022>

Scan here to access



**Registered no. 23241 R - registered under the Co-operative and
Community Benefit Societies Act 2014**

**Registered office address: October Books, 189 Portswood Road,
Southampton, Hampshire, SO172NF**

02380581030

www.octoberbooks.org



THE IMPORTANT INFORMATION



Offer opens: 1st October 2022
Offer closes: 31st October 2022

£171,346
(nil from public offer, £171,346 conversion from loanstock)

MINIMUM TARGET

£321,346
(£150,000 public offer, £171,346 conversion from loanstock)

OPTIMUM TARGET

£346,346
(£175,000 public offer, £171,346 conversion from loanstock)


MAXIMUM TARGET

HOW CAN I INVEST?

Our method of raising funds will be through crowdfunder and the link is below

<http://crowdfunder.co.uk/p/october-books-community-equity-share-offer>

HOW MUCH CAN I INVEST?

- **Maximum investment: £34,635** (or 10% of the shares issued, whichever is the lesser amount)
 - **Minimum investment: £250**
- 

OPENING

SUMMARY



The main purpose of the share offer is to replace existing loanstock capital that is due for repayment on fixed dates, with more patient withdrawable share capital. There is also a need to provide working capital during this period of business growth and to recover from previous trading difficulties. More patient capital will allow October Books to clear existing commercial rate loans, at which point paid interest on community share investment can increase to our target level.

We want this investment to improve our services we can offer to our community and allow us to increase the number of projects and benefits we can provide to our community. The aim is to secure the long term financial future of October Books while providing a future platform for both ourselves and all members of our community to positively impact social change in our local community and allow us all to work towards a better more inclusive future

FINANCIAL

RISK



Due care and attention has been taken in preparing this offer document. The process was overseen by the board of October Books 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 a risk of losing some or all of your money if the Society fails.

COMMUNITY STANDARD MARK



This 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:
www.communityshares.org.uk



OUR VISION



October Books is an independent high street space that sells books, magazines, food and other ethical products which promote social, financial and environmental equality and justice, creativity and progressive thinking. We have been in the city of Southampton for over 40 years and aim to be a high street space where people meet, share ideas and get active in their local community. Since our move to our own premises where we have community rooms to hire, the involvement of the local community has become a more significant aspect of the business.

October books has always been a community business since it's inception in 1977, starting as a neighbourhood co-operative and moving to a multi-stakeholder or members co-operative in 2017 and then into a Community Benefit Society in 2022. We want to reflect our commitment to social change to a wider community than just our members, with all profits being invested back into the business. This conversion to a Community Benefit Society will enable us to issue Community shares to solidify the future of October Books while increasing our opportunities for funding, grants & loans. Alongside a dedicated operational team, our investors, members and community will play a pivotal role in helping us to develop and improve as a business with everyone working together to achieve our shared aims.

We believe that customers who come in and buy books and use our services are not just paying for the book or service, instead by purchasing through us they are buying; personalised service, high street accessibility, investment in local community projects, investment in local community owned business and are buying into the social change that comes from a place like October Books existing in the community.

October Books is embedded into the local community and use our position within it to promote a love of literature alongside Co-operative values to as wide an audience as possible. Alongside existing relationships with local groups we aim to forge links with as many diverse and inclusive local groups as possible and provide a venue in our community space and shop floor for their message to reach a wider audience and feed into our aims of social change. The local area is full of emerging and pre existing groups both large and small whose aim is to improve the lives of the communities they reside in and as a well established business we aim to position ourselves as a first port of call for help and support in growing and sustaining these community groups. In addition to the community role of such activities the business model of October Books benefits by building loyalty amongst the community of potential customers and connections.



OUR **MISSION**



**A) Selling
Books,
Magazines and
educational
materials**



**B) Promoting and
selling ethical
and fair trade
goods and local
products**



**c) Providing an
inclusive community
space for learning,
education,
storytelling and
social change**

Historically October Books' trading model has relied on the sale of books, food and cleaning products and cards and these sales have allowed the business to continue to provide all our other services. More recently we have really begun to recognise and value the social impact we have in our community and have been awarded grants and funding for improvements to our community space, trading back up after Covid and for creating an ongoing volunteer program and resilient model for our community space. We aim to become a beacon in the community for alternative business models and to impact the way our community sees local business and what can be achieved together. Alongside this we want to be at the forefront of social and community change, a space for sharing stories, skills and knowledge together..



WHO WE ARE

October Books is an environmentally conscious, independent bookshop which seeks to educate and inspire with the aim of creating a more nurturing culture that takes care of individual wellbeing, each other and also our planet. We are an indie bookshop with radical roots and our community at our heart.

We have been serving our community in Southampton for over 40 years. Our overarching aim is to provide a welcoming and inclusive high street and online space for the presentation, sale and discussion of radical and progressive books, magazines and materials that inspire enquiry and creative thought and spread new ways of thinking. We want to inspire social change, together.

In addition to books and literature we sell a range of ethical and fair trade goods, local products and greetings cards which encourage consumers to purchase in line with their values rather than on price. We also provide a community space for hire to our local community and promote activities which encourage learning, inclusiveness, storytelling and social change.

OUR ORGANISATION

We are structured as a Community Benefit Society. This is a legal structure registered with the Financial Conduct Authority that is particularly suited to a democratic organisation that is both accountable to and can raise finance from its members.



COMMUNITY BENEFIT



We registered as a Community Benefit Society on 17th June 2022, converting from a Co-operative Society which had been registered on 14th April 1981. The Society legal form is particularly suited to running a business with a community purpose that is also democratically accountable to its community. Our community purpose is to provide an inclusive community space for learning, education, storytelling and social change alongside impacting social change through the goods we sell from our curated selection of books and our ethical sourced grocery, gift and local creatives range of products.

The Society legal form is also exempt from some of the restrictions around public offers of investment, which makes it particularly suitable for raising finance from the community. This is why it has been used extensively to create and finance community energy projects, assets such as piers and community buildings, community farms, shops and pubs. Examples of bookshops who have raised community share capital include George Street Books and The St Helen's Book Stop. There are also a large number of Community Benefit Societies operating community hubs.

As a Community Benefit Society, we are restricted in that we can only use our assets for community benefit. We have an asset lock in our Rules such that If the Society is dissolved or wound up, any residual assets after paying creditors and returning members' shares must be transferred to another organisation with a similar asset lock rather than being distributed amongst the members.





OUR DIRECTORS

AS AT JUNE 2021 ARE:

CLARE DIAPER
TEAM MEMBER



Clare has a wide range of experience in community development and engagement, project and process management, research and environmental equity and justice. She has been a key leader in the team since before the move to buy the bank and oversaw our last investment opportunity.

JAME COOPER
TEAM MEMBER



Jamie has a wide range of experience in business management, development and renewal, having run businesses in the hospitality industry for over 12 years. He has been with the shop for over 3 years now bringing a key focus on improving processes and policies with an aim to improve the retail aspects of the shop

JONNY MORELAND
TEAM MEMBER



Jonny has over fifteen years of history in operational and customer facing roles in a variety of environments and having both an undergraduate and postgraduate degrees in literature and philosophy means that he is engaged with literature in a very intensive way.

MARK WAKELING
COMMITTEE MEMBER



Mark has worked in leadership within the charity sector for over 25 years and has a Postgraduate Certificate in Social Enterprise Development and Management. He has been a valued member of the committee for a year and a half now bringing a fresh perspective and scrutiny to the running of the business.

JOHN ARMSTRONG
COMMITTEE MEMBER



John is a Chartered Engineer, working at the University of Southampton in transport engineering research and education. immediately prior to and since the shop's move to its current premises, John became increasingly involved in the shop's activities, volunteering as a customer representative and joining the committee

JAQUIE DANIELS
TEAM MEMBER

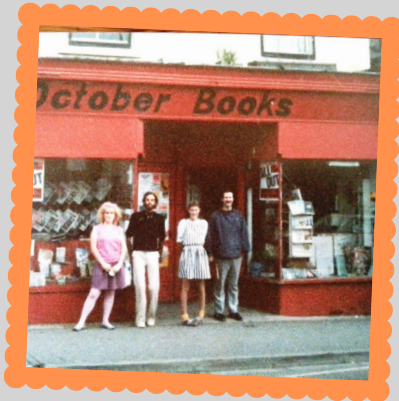


Jaquie has experience in working in bookshops in both front-facing and behind the scenes finance roles. She holds a degree in Business Studies as well as obtaining the AAT qualification and has knowledge of financial management and control. She currently works as the shop's bookkeeper.

Any benefit to Directors from the activities of the Society will relate only to their investment in the Society on the same basis as any other member of the Society.



OUR COMMUNITY AND MEMBERS



October Books has been serving our community in Southampton for over 40 years. The move to Portswood was made in 2003 and so the business has grown its roots here for nearly 20 years. Many of our current supporters and customers are people (or their children) who helped in the first premises. We have a diverse community who benefit in many different ways from October Books and how we positively impact the local community. Due to the diverse nature of our immediate and surrounding communities we serve a large range of different local customers including: Southampton and Solent University lecturers and students; Schools and playgroups; Residents Associations; Vegetarian, vegan and gluten free consumers; Theatres and other arts venues i.e. MAST, God's House Tower; Professional associations and organisations; Local political and religious groups that meet our values and ethos; Campaigning groups and activists; LGBT+ community; Vulnerable members of our community.

Our community also includes a significant proportion of students as we are located only a mile from the main Southampton University campus, which no longer has a bookshop.

Because of what we do and the range of services we offer the intersection is always there between our customers and our potential investors. We aim to directly impact the lives of those who live in the local community and as such the desire is there from that community to invest time and money into ensuring the longevity of having an institution like October Books in their neighbourhood.



OUR COMMUNITY AND MEMBERS CONT



October Books became a multi stakeholder co-operative in 2017 when we asked our community what they would like us to be in the future. We had nearly 70 local members join at this stage, some of whom went on to invest in our Loanstock issue in May and June 2018. Many investors chose not to become members and we had over 200 people investing with us to facilitate the purchase and renovation of our own building. Over the subsequent years we have had a steady flow of new members and with only 3 members leaving as they had moved out of the area and one member passing away. We have not been actively recruiting new members in the last year (2021 to 2022) and have focussed on re-engaging with existing members and conversations about a move to a Community Benefit Society and Community Share Issue. Since registering as Community Benefit Society we only have one class of Member. Members become involved at October Books primarily because they align with our ethos and values and while they come to the shop in different way they are all usually aligned in being customers of the shop.

All members are to be over the age of 16 and all those wishing to become a Member must support the objects of the Society. All applications for membership must be approved by the Committee and all members must adhere to our ethos and code of conduct while share our values to impact positive social change in our community.



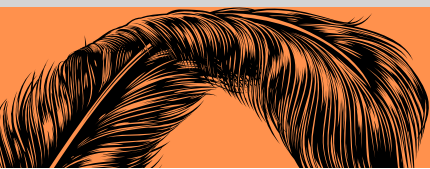
THE LAST FIVE YEARS



For 40 years the October Books has had its highs and lows but in 2017 increasing commercial rent and decreasing sales led the team to terminate their contract with their landlord. Conversations with our local community about ‘What Next?’ for the business had already begun and the move to a multi-stakeholder co-operative was made. Coincidentally, a High Street premises came up for sale at the same time and the wheels were set in motion to purchase an old bank building and convert it into our new home, which we did in October 2018. Over £330,000 was raised through loanstock from our local community and the remainder of funds needed were raised through a loan with a co-operative lender and through the sale of the first floor of the building. In our business plan we had proposed that repayment of significant amounts of loanstock required in 2023 and 2028 were met through the conversion to a Community Benefit Society and the issue of Community Shares. Throughout all these changes we have continued to seek out books and literature which is outside the mainstream.

The new premises have allowed us to offer something back to our community as we now have a dedicated community space with kitchen, disabled access toilet, 1 to 1 treatment room and a growing community garden. We have also designed the shop space to be flexible and we can now easily host events and hires in this space as well. We also have an extensive events program some of which is now online and reaches communities both nationally and internationally.

The last couple of years of the pandemic have seen more changes to the business as we have moved sales, events and team meetings to online platforms. We have developed our online sales platform and now all our foods and cleaning products are available to purchase online. We have online book sales through Bookshop.org, a bookselling platform that was launched to support independent bookshops in November 2020. Our events program has moved online for much of the pandemic and we now have some regular online events. We organised some specific events solely to engage with our community and hear their concerns during the pandemic. Our events program has grown as a consequence of being online and we now offer at least two author talks each month, as well as in shop launches for local authors, our Bring Your Own Book club, our meetings for Members (quarterly) and social occasions. Our online offering has allowed us to reach both national and international audiences which has been a great bonus. Both in shop and online events provide an opportunity for connection with new audiences and an additional outlet for book sales.





SOME OF THE THINGS WE CURRENTLY OFFER TO OUR LOCAL COMMUNITY

Annual free collation of order, purchase and delivery of 3500 World Book Day books to pupils at 7 local schools

A place for local authors to launch their books and a space for local artists to display their work

A green frontage on our high street with edible and flowering plants

Membership of our organisation and an opportunity to help make management decisions

A high street community space for hire with kitchen and disabled access

Being part of the Safe Places network, offering help if someone is anxious, scared or at risk while they are out and about and need support

A Books for Wellbeing Scheme for organisations and individuals, launched in June 2022

Postal address for local groups

Volunteering opportunities for all ages, from work experience for school leavers to maintenance tasks for retirees

Drop off point for period products donated to Homeless Period

A community noticeboard where organisations that align with our ethos and code of conduct can promote and advertise events

A space where participants of the ReadEasy program (a charity providing educational support to adults) can come to have tutoring





SOME OF THE THINGS WE CURRENTLY OFFER TO OUR LOCAL COMMUNITY

A comprehensive free events programme including:

- i. - At least two online or in shop author talks per month**
- ii. - At least one local author in shop book signing event per month**
- iii. - Bring Your Own Book Club**
- iv. - Talks and conversation about environmental issues in collaboration with Transition Southampton**

A place where the voices of groups in our local community can be expressed. For example this year we have tailored window displays encouraging the support of Afghan refugees and memorialising Micky, a regular customer and street sleeper who passed away over Christmas.

A purchasing point for our local Food Bank (our customers can purchase our products which are then donated to our local food bank)

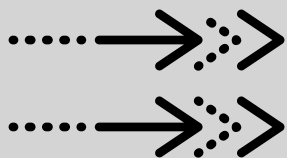
A local connection for our academic institutions, providing hands on experiential learning of real life business issues and learning about ethical business models

A small community garden in a previously unclean and neglected alleyway at the rear of our premises

A home delivery service for food and books to vulnerable customers or those needing to self isolate



WHAT WE — ARE GOING TO DO




The main purpose of the share offer is to replace existing loanstock capital that is due for repayment on fixed dates, with more patient withdrawable share capital. There is also a need to provide working capital during this period of business growth. More patient capital will allow October Books to clear existing commercial rate loans, at which point paid interest on community share investment can increase to our target level. We recognize that we need to have an attractive target interest rate in the future to attract and retain investment. As existing loans are cleared and performance improves, the opportunity for members to withdraw shares will increase.



The business plan for the bank purchase recognised that there would be a significant capital repayment of loanstock due in March to July 2023 (£265K) and the proposal was to meet this repayment with the launch of a Community Share Issue. We also have (£85K) of historic loanstock and loanstock maturing in 2028 at the ten year anniversary of the move to new premises. This is a total of £350K if we convert all loanstock to community shares.

A Community Share Offer is a more engaging and positive alternative to carrying out another loanstock issue. It is also a more financially viable option than more expensive debt finance from an institutional lender such as bank or Community Development Finance Institution (CDFI).



WHAT WE ARE GOING TO DO



The community Share offer is linked to a business growth plan to increase shop sales in all product categories and increase income from our community space. This will allow us to continue to provide an inclusive, dynamic retail space and community venue on the local high street as well as:

RAISE AWARENESS OF THE BENEFITS OF COMMUNITY OWNERSHIP TO A WIDER AUDIENCE, INCLUDING LOCAL POLICY MAKERS AND OTHER BUSINESS ORGANISATIONS

CONTRIBUTE TO THE ONGOING SUCCESS OF PORTSWOOD HIGH STREET

REACH OUT TO A WIDER, MORE DIVERSE AUDIENCE IN OUR LOCAL COMMUNITY, TO REACH THOSE WHO HAVE NOT COME IN TO OUR SHOP OR PERHAPS HAVE NEVER BEEN IN A BOOKSHOP

DEEPEN CONNECTIONS WITH LOCAL COMMUNITY GROUPS & ORGANISATIONS

PROVIDE MORE ACTIVITIES TO COMBAT LONELINESS AND ISOLATION

PROVIDE MORE OPPORTUNITIES FOR STUDENTS TO ENGAGE IN THE LOCAL COMMUNITY

PROVIDE A SAFE SPACE FOR MARGINALISED GROUPS

GROW OUR EXISTING MEMBER BASE AND INITIATE AN INTRODUCTION PROGRAMME FOR OUR MEMBERS IN ORDER TO ENGAGE THEM WITH ALL ASPECTS OF THE BUSINESS

CONTINUE TO PROMOTE THE WORK OF LOCAL HISTORIANS, AUTHORS, TOUR GUIDES AND ARTISTS

REACH OUT TO PEOPLE IN COMMUNITIES FACING DEPRIVATION, INCLUDING SCHOOLS IN THOSE AREAS



INVESTMENT SCENARIOS



We have modelled 3 scenarios depending on how much we raise. We have already spoken to most of our existing investors and have £171,346 of our current investment pledged to transfer to community shares, as well as £5100 of loanstock donated, which is an amazing start to our Share Offer. The scenarios are based on these pledges.

SCENARIO 1

Minimum Scenario No community shares, £171,345 reinvestment

Our minimum target would be reliant upon raising additional loanstock to meet repayments due in 2022-3.

SCENARIO 2

Optimum Scenario £150,000 of community shares, £171,345 reinvestment

Our optimum target would enable us to repay loanstock due in 2022-3. In order to honour repayment of loanstock due in 2023-4, 2024-5 and 2027-8 we would need to raise additional finance. We anticipate this would be provided by a 1 year loanstock raise of £30,000 in 2023-4, repayable in 2024-5 followed by two 4 year loanstock raises of £10,000 in 2025-6 (repayable in 2029-30) and £15,000 in 2026-7 (repayable in 2030-31)

SCENARIO 3

The Maximum Scenario £175,000 of community shares, £171,345 reinvestment

Our maximum share offer target would allow us to pay loanstock due in 2022-3, 2023-4 and 2024-5. Our projections show that we would also be able to honour loanstock repayments due in 2027-8.





FUNDS REQUIRED 2022/3

	Minimum Target	Optimum Target	Maximum Target
Repayment of Loanstock due 2022-3	£260,492	£260,492	£260,492
Repayment of loanstock due 2023-4			£18,500
Repayment of Loanstock due 2024-5			£8,100
Offer platform costs		£9,991	£12,058
Development costs			
Working Capital	£56,963	£55,963	£52,296
Contingency (0%)			
Total Required	£317,456	£326,446	£351,446
Funded By			
Community Shares - public Offer		£150,000	£175,000
Community shares - Converted from Loanstock	£171,346	£171,346	£171,346
Community share total	£171,346	£221,346	£346,346
Donated Loanstock	£5,100	£5,100	£5,100
New Loanstock	£141,000		
Loans			
Total Funding	£317,446	£326,446	£351,446

LOANS



October Books currently have two loans, a combined loan with CCF and ICOF, with a 6% interest. The third loan is with Co-op Foundation and is an interest free loan. At June 2022 the outstanding balances are as detailed below.

Organization	Amount repaid July 2021 to June 2022	Amount outstanding at June 2022
CCF/ICOF	£12,750	£116,585
Co-Op Foundation	£4,000	£15,333


SUPPORT



COMMUNITY SHARES BOOSTER PROGRAMME

We have secured the support of the Booster Programme, which is funded by Power to Change and run by the Co-ops UK Community Shares Unit. Under this programme up to £25,000 is available to match applications for shares from the public. This means that for every pound invested by individuals, up to £25,000, another pound will be invested in shares by the Booster Programme.

The match shares will be held by Co-operatives UK, a partner in the Community Shares Unit, and will be subject to the same terms and conditions as other members, except for its right to withdraw share capital, which will be restricted to a pro-rata amount.



THE BUSINESS BIT

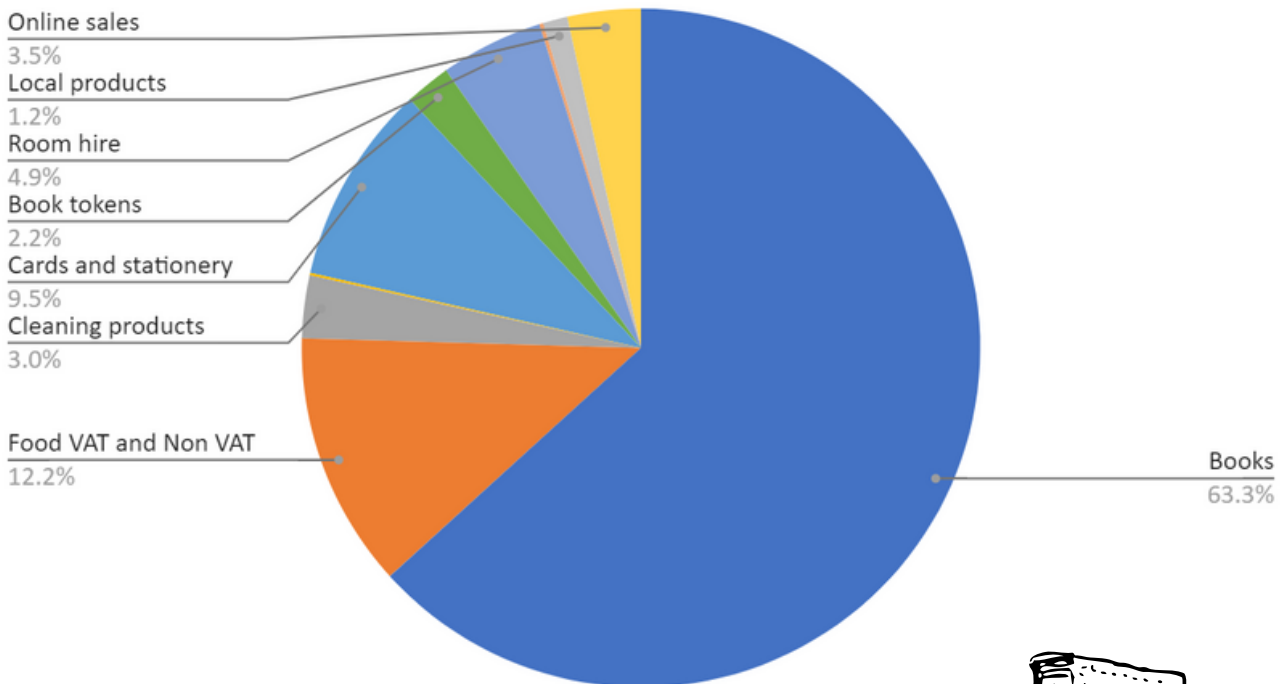


PRODUCTS AND SERVICES

We function primarily as a bookshop with book sales being around $\frac{2}{3}$ of our income, while ethical food and cleaning products, greeting cards and stationary, local creative sustainable products and room hire make up the remainder. Room hire is an area we are looking to really drive forward as this is one of our most profitable revenue streams.

We are aware that customers who come to October Books are not only paying for the book, the card or the service we offer, but by purchasing through us they are buying; personalised service, high street accessibility, investment in local community projects, investment in a local community owned business and are buying into the social change that comes from October Books existing in the community. Our products are brought by people who not only need them but people looking to support and sustain local community business growth and create social change.

2021 to 2022





PROFIT AND LOSS

Profit and loss

The table below provides the trading figures for October Books for the last five years from our verified End of Year Accounts. Preliminary End of Year figures for June 2022 are also provided based on projections, to be finalised. The period to June 2019 saw a significant loss due to additional expenses from our renovations.

*projected, to be finalised

	End June 2017	End June 2018	End June 2019	End June 2020	End June 2021	End June 2022*
Total Income	£157,226	£163,930	£174,624	£204,079	£240,954	£183,063
Cost of Sales	-£79,218	-£80,465	-£90,971	-£96,936	-£124,227	-£89,605
Gross profit	£78,008	£83,465	£83,653	£107,143	£116,727	£93,457
Gross Profitability	50%	51%	48%	53%	48%	51%
Expenses	-£81,306	-£79,213	-£111,557	-£89,401	-£89,297	-£91,819
Net Operating Income	-£3,298	£4,252	-£27,904	£17,742	£27,430	£1,638
Total Other expenses		£0	-£2,331	-£12,218	-£9,218	-£9,143
Net Profit/Loss	-£3,298	£4,252	-£30,235	£5,524	£18,212	-£7,504





BALANCE SHEET

The table below provides our Balance sheet figures from our End Of Year accounts for the last three years. The figures show a reduction in our net assets, primarily due to a write off of old book stock in 2021 (reduction in current assets)

	2020	2021	2022
Assets and liabilities			
Fixed assets	£435,145	£433,542	£424,710
Current assets	£114,733	£87,690	£80,089
Current liabilities	-£15,209	-£19,932	-£351,287
Net assets	-£29,101	-£10,889	-£18,393
Reserves			
Balance brought forward	-£34,635	-£29,111	-£10,899
Profit/loss for the year	£5,524	£18,212	-£7,504
Cumulative profit/loss	-£29,111	-£10,899	-£18,403





MEMBERSHIP

The table below shows October books membership number over the last three years

Membership Year end	30.06.20	30.06.21	30.06.22
Number of members at the beginning of the year	88	98	99
Number of members joining	12	£2	£0
Number of members leaving	2	£1	£0
Number of members at the end of the year	98	99	99

SHARE CAPITAL

The table below shows October Books share capital as recorded in our verified End of Year accounts for the last three years. Please see note below.

	Financial year ending		
Share capital	30.06.20	30.06.21	30.06.22
Opening balance	£10	£10	£10
New share capital added during year			
Share capital withdrawn during year			
Closing balance	£10	£10	£10

*The figures as reported are from our End of Year accounts. Due to an accounting error, our published accounts do not reflect the extent of Members share capital. Nominal shares held by Members until 2022 were not eligible for withdrawal



LOANSTOCK CAPITAL

October Books raised loanstock capital in 2018 in order to purchase our new premises. This loanstock was added to existing historic loanstock. The business has honoured significant repayments of loanstock over the last two years.

	Financial year ending		
	30.06.20	30.06.21	30.06.22
Loanstock capital			
Opening balance Loanstock	£403,493	£407,693	£353,643
New Loanstock capital added during year	£12,100	-	-
Loanstock capital paid back/donated	£7,900	£54,050	£5,500
Closing balance	£407,693	£353,643	£348,143

COMMERCIAL LOANS

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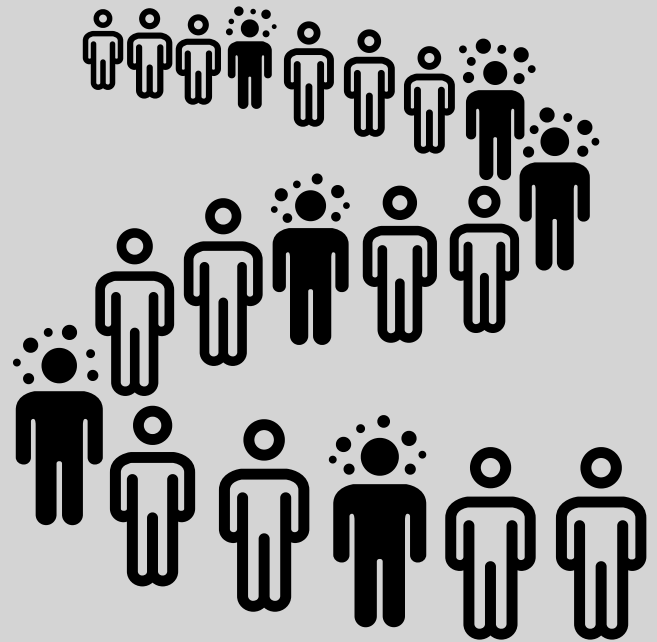
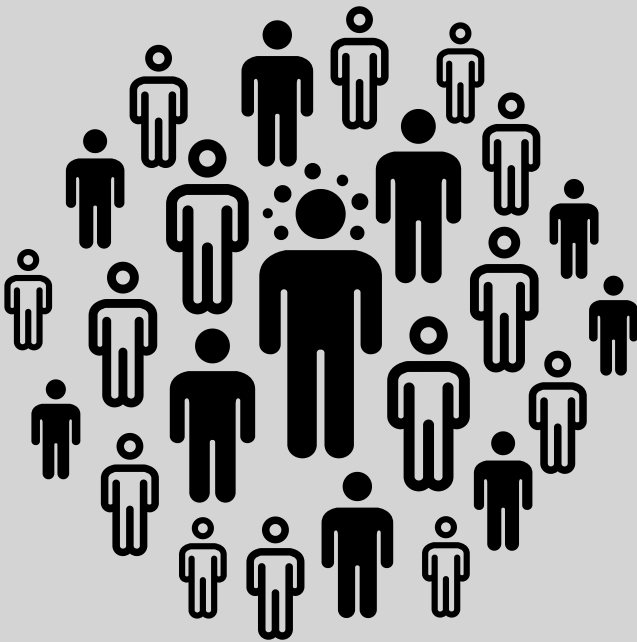




SOCIETY FUNDS

	Financial position on		
Society funds	30.06.20	30.06.21	30.06.22
Fixed assets	£435,145	£433,542	£424,710
Net current assets	£99,524	£67,758	-£271,198
Long term liabilities (debt)	-£563,770	-£512,189	-£171,905
Retained profits or losses	-£29,111	-£10,899	-£18,403

The net current assets figure has dropped from £67,758 to -£271,198 in 2021-22. This is due to the loanstock being classed as a current liability over the period.'



KEY ASSUMPTIONS



Below are the key assumptions for our business growth along with Share Offer assumptions based on the different scenarios

Improve capacity by: increase average volunteering time period; Recruit a team member to lead the Financial scrutiny and analysis; Recruit Committee members into Treasurer and EDI roles, social impact assessment and funding working groups.

Sales growth - Increase product sales across all lines by 5% in 2022-3 and turnover (including room hire) by £35,000 in 2022 to 2023

Increase income from room hire to £2000/month by January 2023

Maintain Online sales commissions (Hive and Bookshop.org) £350/month to November 2022 and then a £200/month increase by January 2023

Improve the website as a point of sale

Trial new services to increase sales e.g. Books For Wellbeing

Increase Income from Event ticket sales and or donations to £150/month from July 2022

Increase Membership engagement by 50%

Attract more grant funding aligned with our social impact and community activities of £5,000 for 2023 to 2024, £50,000 for 2024 to 2025 and £20,000 thereafter

Maintain Local product (including artwork) sales of £210/month and 5% increase thereafter

Engage new market segments e.g. Increase bulk sales to schools, sales to anchor institutions by another £4500 for 2022 to 2023 and a 10% increase thereafter



SHARE INTEREST AND WITHDRAWAL ASSUMPTIONS



MAXIMUM - INTEREST AT 1.5% FROM 2024-5 RISING TO 3% IN 2027-8 AND 4% FROM 2029-30 ONWARD. WITHDRAWALS AT 5% FROM 2029-30

OPTIMUM - INTEREST AT 1.5% FROM 2024-5 RISING TO 2% IN 2028-9 AND THEN 4% IN 2029-30. WITHDRAWALS AT 5% FROM 2030-1

MINIMUM - INTEREST AT 1.5% FROM 2025-6. WITHDRAWALS AT 5% FROM 2033-4 WHEN LOANSTOCK IS CLEARED.

5% INFLATION

NARRATIVE

As the business growth strategy is implemented and turnover increases, October Books improves profitability which enables it to accumulate reserves from net profits. These reserves are used to make capital payments against loans, pay due loanstock and allow share withdrawals. Loans and loanstock are inflexible regarding repayment whereas community shares are a more patient form of capital. The lower the total investment in community shares, the greater the risk posed to individual investors as other forms of finance will be required that are less flexible and will be prioritised as creditors in the event of business failure. Achieving a higher investment in community shares enables October Books to start to honour withdrawals sooner. This narrative around investment reflects the values, purpose and aims of October Books - by working together in solidarity we will be more able to meet our common needs and aspirations.

The profitability and sustainability of the Society is reliant upon an estimate of £20,000 grant funding most years with the exception of 2024-5 which projects £50,000. As a Community Benefit Society acting as a well placed community hub, providing services to meet genuine community need, we are confident we will be able to attract such funding.

Additional information and more detailed financial projections can be found in our business plan which can be downloaded from <https://www.octoberbooks.org/october-books-share-offer-2022>

Our full end of year accounts and annual returns for the last three years can be found on the following webpage <https://mutuals.fca.org.uk/Search/Society/20244>



THE SHARE OFFER

This offer is an opportunity to buy withdrawable shares in October Books Limited. These shares (unlike transferable shares in Companies) cannot be sold or traded to someone else, but can be withdrawn subject to the Rules of the Society. We have projected to allow 5% share withdrawals of the total share capital held each year from 2029-30. More detail on withdrawals and schedule can be found in our business plan here

<https://www.octoberbooks.org/october-books-share-offer-2022>

The value of the shares cannot increase, although in certain circumstances, subject to the Rules of the Society they can reduce in value.

This offer is open to application from Individuals over the age of 16, organisations and joint applications.



An application does not guarantee that shares will be issued, or if they are, that the amount of shares applied for will be issued. The Directors reserve the right to refuse applications and/or limit the allocation of shares.

The maximum individual investment in a Society permitted by the law is £100,000. However, we will limit individual investments to 10% of the total value of withdrawable shares. This reflects good practice to ensure that no individual has undue influence over the Society.

The offer will run from 1st October 2022 to 31st October 2022



THE SHARE OFFER CONT



In the event that we are just short of one of our targets, the Directors reserve the right to extend the offer for a short period.

In the event that we are oversubscribed for a particular target, we will prioritise local subscribers (first those living within Southampton then those living within Hampshire). We will reduce the total to our maximum by reducing investment amounts accepted from subscribers who are not local residents. In the event that all non-local subscribers are at the minimum investment threshold we will return pledged investments in order of how recently they applied. Most recent application is first to be returned.

In the event that we are unsuccessful in hitting our minimum target we will not proceed and all monies will be returned to applicants. As we are using Crowdfunder as our platform all monies will be returned through the platform as this is secured.

We will not expose applicants money to risk or spend it before shares are issued on successful completion of the share offer. As mentioned above we are using Crowdfunder as our platform where all money is secured until the end of the share offer and not issued to us until completion.



YOUR FINANCIAL RETURN



We are looking to attract investor members who support the purpose of the Society rather than those seeking financial returns. As such, the level of return is designed to be the minimum sufficient to attract and retain the investment.

Our financial modelling indicates that with the maximum and optimum investment we will be able to pay 1.5% interest on members' shares from Year 2024/25. This return is not guaranteed, but dependent on the success of the Society. We have also modelled to allow for the gradual withdrawal of shares over time after an initial suspension of withdrawal of 3 years to allow for the Society to achieve financial stability, although our projections show we are unlikely to allow significant withdrawals until 2028/29. Again withdrawal is not guaranteed being funded from the profits of the Society or by the issue of new shares. After our suspension of withdrawals for 3 years all withdrawals will require a minimum of three months notice to be withdrawn.



YOUR FINANCIAL RETURN CONT



The Below tables are our share offer interest and withdrawal predictions by investment achieved

MAXIMUM SHARE OFFER

	2022 -23	2023 -24	2024 -25	2025 -26	2026 -27	2027 -28	2028 -29	2029 -30	2030 -31	2031 -32
Share interest (%)	0%	0.0%	1.5%	1.5%	1.5%	3%	3%	4%	4%	4%
Share with draws (%)	0%	0.0%	0.0%	0.0%	0.0%	0.0%	0%	5%	5%	5%

OPTIMUM SHARE OFFER

	2022 -23	2023 -24	2024 -25	2025- 26	2026 -27	2027 -28	2028- 29	2029 -30	2030 -31	2031 -32
Share interest (%)	0%	0%	2%	1.5%	1.5%	1.5%	2%	4%	4%	4%
Share with draws (%)	0%	0%	0%	0.0%	0.0%	0.0%	0.0%	0%	5%	5%



YOUR FINANCIAL RETURN CONT



MINIMUM SHARE OFFER

	2022 -23	2023 -24	2024-25	2025 -26	2026- 27	2027-28	2028-29	2029-30	2030-31	2031 -32
Share interest (%)	0%	0%	0%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Share withdrawals (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%



YOUR FINANCIAL RETURN CONT



The benefit for members goes beyond financial and is rooted in people wanting to take ownership of their high street and play a part in their local community. As an investor and member you will get a vote and a say in how October Books directly impacts and looks to improve our local area together. You will get a say in what projects we take on and help steer us towards achieving our aims of creating positive social impact in our local area of Portswood and further afield to effect real change in our city.

The Directors have the duty to suspend withdrawal of shares at any point subject to the Rules, which can be downloaded from

<https://www.octoberbooks.org/october-books-share-offer-2022>.

Investors will get to shape our decisions on how we best use the shop's community space to educate, shelter, help support and impact our local community.

For investors and members we are developing a Members benefits package which will be announced after the share offer which will include book clubs to get involved with, free events such as book launches and educational talks, fun and engaging workshops to attend and much more as we aim to use this investment to further our offers and services in all of these areas. The real benefit to becoming part of October Books is to become part of a better future as we work together to enable our community to thrive.



YOUR ROLE AS INVESTOR/MEMBER



Any successful applicants for shares will become a full member of the Society with democratic control and the power to stand for and elect the Committee.

Members are expected to participate in general meetings and maintain an active interest in the operation and development of the Society and its business.

All members (individuals and organisations) have one vote irrespective of the size of their shareholding in the Society.

There will also be space in our offer for those with limited time commitments and only want to offer financial investment as their support. These investors would still have a vote and say in general meetings but we welcome and understand some investors needs and desires to have passive involvement in the business.



OUR MOST FAQ'S



- **Joint Memberships - Can we jointly invest in community shares e.g. a group of house mates?**

Yes. You will be treated as one member so you will have to nominate one person to be the named shareholder in our share register, and that person should be named when buying your shares on Crowdfunder. You should also contact October Books directly via info@octoberbooks to advise us of all the people in whose name the membership is being held.

- **Can community groups, organisations and businesses subscribe for community shares?**

Yes. If you are unincorporated, a representative of that organisation will need to become a member of the society as a nominee for their organisation/business and that person should be named when buying your shares on Crowdfunder. You should also contact October Books directly via info@octoberbooks.org to advise us of the name of the business or organisation.

Incorporated community groups and businesses can buy shares in their own name and there is no need for a nominee to hold the shares on their behalf. You will have to advise us who will represent you and cast your vote at meetings.

A further more detailed FAQ on both our share offer and community benefit societies as a whole can be found on our website here <https://www.octoberbooks.org/membership-1>





HOW TO APPLY

Shares will be allocated on a first come first served basis.
Successful applicants will receive share certificates and their details and holdings will be recorded in a share register to be kept by the Society.

EXISTING LOANSTOCK HOLDER

If you are an existing loanstock holder and have told us you want to convert your loanstock into community shares we will send you a form to complete. If you are an existing loanstock holder who has not yet told us you want to convert your loanstock and you now want to do this, please contact us for the relevant forms.

NEW INVESTOR OR ADDING TO EXISTING LOANSTOCK

If you are a new investor or wish to add to your existing investment please apply by following the steps through Crowdfunder at the below link

<http://crowdfunder.co.uk/p/october-books-community-equity-share-offer>

We strongly prefer people to invest through Crowdfunder, but the application form online can be used instead. Please do not fill in application form if you are going through Crowdfunder

If you are Corporate and Joint members please apply as above through the crowdfunder page. Incorporated community groups and businesses can buy shares in their own name and there is no need for a nominee to hold the shares on their behalf.

