

GRAYS ATHLETIC COMMUNITY FOOTBALL CLUB

Community Share Offer

Chadwell Village Hall

Wednesday 29th June 2016. 7:30pm



For all the latest
information go to:
www.graysathletic.co.uk

Summary

Grays Athletic Supporters Society Limited ('the Society') would like to secure ownership of Grays Athletic FC ('GAFC') for its supporters and the people of Grays and Thurrock.

The football club has a proud history stretching back over 125 years when it was founded as an amateur club, Grays Juniors, in 1890. The Senior Men's team currently competes at level 7 of English football, ground sharing at Aveley FC and we are proud to have youth teams for both boys and girls that play for the Blues' shirt.

We believe that the club being owned on a 'one member one vote' basis can galvanise the supporters and community so that we can grow the business, increase the number of volunteers and teams, and provides us with the best chance of finding a home back in Grays. More and more clubs are turning to this model of ownership but it only works if there is the interest from the supporters and community.

We have reached an agreement in principle with the current owner of the club for it to transfer to the Society, but we are only going to take up that opportunity if there is enough financial support for the new model of community ownership. We believe by raising a minimum of £30,000 through this initial share offer, the Society will have enough working capital to take on the club and provide the comfort that we can survive and build for the future.

We are inviting membership applications now for £30 per annum, but membership will only be issued if we manage to raise our minimum target of £30,000. We therefore hope that people who are able, will invest more, with every £1 invested over your £30 membership being converted to the equivalent number of community shares.

The first £1 of the £30 is for your **voting** share. The other £29 is a non-returnable donation to the club. Subsequent years there will be a renewal fee (probably £30). All of the above fees go to the club to assist with its running costs. If you don't renew then you lose your voting share.

If you wish to donate more, this will be used to buy **community** shares in £1 blocks. These shares are *potentially* withdrawable and *may* generate interest but not for the first 3 years and only thereafter if the board agrees that the club can afford it. All of this money also goes to the club to assist with its running costs.

We need to have met our target by the end of July 2016 to move ahead with taking on the football club, and issuing membership which will then run from the 1st of August 2016. No matter how much you invest you will only get one vote, and you may never see a return or get your money back. So why do it? Well it's a chance to create and shape a football club that we all own equally. It's exciting to think what we can achieve by all pulling together.



Grays Athletic Football Club

Currently the club is a private company with no shares available and no open membership. It has historically made losses and relied on the goodwill of the principal shareholders and past owners to survive financially. No matter who is in charge, with no open membership it's difficult to achieve the same level of buy-in from the community, who have no legal influence and involvement in club decisions. We believe this collective buy-in can help bridge that financial shortfall particularly with an initial boost of funds to kickstart our new era.

That's why we think the Society is important as its legal structure as a Community Benefit Society ('CBS') is perfectly suited for community ownership. If we can generate enough financial support for the club to become a CBS through this share offer, we will have a more suitable legal and governance structure to build a club for the future.

If we can hit the minimum initial investment target of the share offer, we will know that we have the finance to make this model work and we will apply to the F.A. to transfer the playing rights that the club has from the current company to the CBS.

With the CBS having the right to play in the League and F.A. competitions, the club would operate on the basis of 'one member one vote', providing a vehicle for the democratic community ownership of Grays Athletic FC. The rules of the CBS and their registration with the Financial Conduct Authority provide safeguards as to how the club will operate with any profit reinvested and protections over what can and can't be done without members' consent. Of course a number of issues are delegated to the Board that is elected by the membership (or we'd never get anything done!) but members too have powers to aid decision making and protect the club's interests. Each year there will be elections to the Board, who will report progress back to the membership.

This is a model that more than 50 clubs have chosen to follow in the UK from clubs in the Football League to clubs that are lower down the football pyramid than us.

If we reach the target what would we want to achieve?

Of course if we reach our target and move ahead with a model of community ownership, ultimately the members and the board they elect will shape and decide what the future of GAFC looks like. It will then rely on a collective effort of us all as proud owners of our club to make it happen.

That said here are some goals we think would feature:

short term goals:

- Build an active membership at the club
- Increase the number of volunteers at the club who are the backbone of non-league football clubs
- Have a competitive senior men's team in the Ryman Premier Division

medium term goals:

- Grow the number of teams that represent Grays Athletic
- Develop a robust sustainable business model for the club
- Rebuild community interest, love and pride for the football club
- Secure suitable facilities for the club back in the Grays area

long term goals:

- Be at the heart of the local community with a new ground and facilities back in Grays

We believe it will be easier to achieve these goals with a new community ownership structure.

We want to broaden the base of investment and participation in GAFC enabling more people, organisations and businesses to invest in the future of the football club. We want to win more friends and supporters by inviting them to join us as equals, which will help us to become financially sustainable and get a home of our own. As a solvent and sustainable community owned club, located in our own stadium, in our home town, GAFC will be better placed to deliver community development programmes based upon partnerships with community organisations, charities, education bodies, sports and social clubs and the local authority.

What will the money be used for?

We know that many clubs at our level live on a hand to mouth existence which makes planning for the future extremely difficult. We want to give the new model of ownership the right platform to start from and have the resources to be able to plan effectively.

A small group of volunteers - the majority of whom have extensive knowledge of the working of the club - have been working closely with the Society Board to understand the financial position of the club and to

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negotiate and come to agreement in relation to any liabilities and a transfer agreement if the CBS was to go ahead.

Although £30,000 would give us enough confidence to move forward, that work informs us that raising £60,000 from this community share offer would really leave us in a strong position. Initially the money raised will help us improve operating cash flow and pay some historical liabilities. The money will also provide us with adequate working capital, so that the club can build a competitive senior team for the new season and beyond.

We have set a challenging deadline to raise this money by the end of July 2016. We want to know as soon as possible whether this will be a success, so that we are prepared for the new season.

Projected financial performance for season 2016/17

Historically it has been a challenge for the club to run on a break even basis. It has relied on generous benefactors to ensure its survival. Under the ownership of a Community Benefit Society we need to ensure income is higher than expenditure. In recent years the club has historically made losses.

Working closely with some of the existing board members, the interim CBS Board, which is fortunate to comprise **Steve Skinner** as Chairman, **Glyn Balmer**, **Glyn Jarvis**, **Janet Packer** and **Tony Packer**, has produced a budget for 2016/17 which projects a surplus of £7,000, which will provide a useful amount to help finance the second and third years of operation.

Much of the expenditure is based on figures from last season and the income targets are realistic and achievable. The outline budget can be viewed online at

<http://www.graysathletic.co.uk/a/gafc-share-offer-47494.html>

We believe that our financial projections are conservative and that there are ways to increase our income and cut our costs by utilising the community ownership model as a business advantage. This is something other community owned clubs have been able to achieve – more details and case studies can be viewed online at <http://www.graysathletic.co.uk/a/gafc-share-offer-47494.html>

We will be committed to sound financial management and, as a community owned club, any surplus will be reinvested back into the club or if it is significant the CBS Board has the ability to pay a small amount of interest to community shareholders as well as allowing people to withdraw, at the discretion of the Board, although this will not be allowed during the first three years of operation.

More information about the club's historic financial performance for 2011/12, 2012/13, 2013/14 and 2014/15 and the projected financial performance for 2016/17, 2017/18 and 2018/19 under this new model of ownership, can be found in the supporting documents at

<http://www.graysathletic.co.uk/a/gafc-share-offer-47494.html>

How does it all happen?

The share offer will open on 29th June 2016 and will run until 31st July 2016. We have set the minimum initial investment target that we must reach to proceed at £30,000. We accept that this will be a challenge, and with such a small window and a lot to raise we need to stretch people otherwise our chance for community ownership will pass. In reality if the bid is to succeed we will need those with deeper pockets to invest more than the minimum and would encourage those that can afford it to consider investing more.

In order to encourage people to make a higher investment, additional benefits will be given. In return for investing a minimum of £500, five years' free membership worth £150 will be included. For a minimum £1,000 investment, ten years' free membership worth £300 will be included. For a minimum £3,000 investment, life membership will be included, giving free membership for your lifetime. In each of these cases, there will be an opportunity to spread this cost over the next twelve months on an interest-free basis (assuming that we meet the minimum target of £30,000 from other people by the 31st July 2016).

We have set the maximum amount that anyone can invest at £10,000.

Whatever people invest they will not have more than one vote. The ongoing success of the club will be built on the goodwill of as many individuals as possible coming together as equals.

If we hit the minimum investment target the following steps will follow:

Step One: Seek ratification from the F.A., League and County F.A.

We would need to adhere to the F.A. rules to transfer the membership from the current company to the CBS. We have been keeping the F.A. up to date with our progress to date and will work with our advisors, Supporters Direct, to help us with the process.

Step Two: Issue community shares & membership

The money will be drawn down by the Society from the holding account. The Society will then issue shares to people who have committed money through this share offer and confirm their membership. Investors will receive a pack with a certificate and details of the benefits that they now have. Those people who have not applied for community shares (only membership for £30) will be confirmed as members too.

Step Three: Elections & new rules

After approximately 3 months (giving time to build up the membership) the Society Board will contact members of the Society calling an election for a new Board given that the role of the CBS will now be very different in that it will be to oversee the running of a semi-professional football club. All members of the Society including those involved in this share offer will be able to stand for election and vote. At the same time the Society Board will put out a motion recommending that a new set of rules fit for a CBS football club be adopted, which the members will vote on. These are the same model rules that over 50 clubs use including other football clubs like AFC Wimbledon, Enfield Town and Tonbridge Angels, and they can be viewed online at <http://www.graysathletic.co.uk/a/gafc-share-offer-47494.html>



What happens if we do not reach the target?

If we don't reach our £30,000 minimum initial investment target then your money will be returned.

If we are able to meet any shortfall with funds from other sources, we may come back to you in order to request that the Society uses your funds in support of an alternative arrangement to achieve the outcome of moving the club into community ownership.

You will in no way be obliged to agree to any alternative arrangement.

The upshot for Grays Athletic FC would be that the future of the club would be extremely uncertain.

The Supporters Society will offer membership at the same prices as this year, reflecting that it doesn't own the club.

What would we ideally like to raise?

The more money over and above the £30,000 minimum initial investment target the more certainty we have for the future of GAFC. For example if we raised £60,000 that would give us the money to plan our finances over a three year period, not just for one season. With a clear aspiration to find a suitable permanent home back in the Grays area we would anticipate that there may be costs involved to investigate and pursue opportunities which would again be helped if we had adequate reserves from the share offer.

Meet the people

The members of the working group who have been working with the Society to set up this opportunity are all people committed to developing a football club at the heart of the local community. If we are successful, they like everyone else would need to stand for election. The interim Board who will seek election are **Steve Skinner**, a keen supporter for over 40 years, **Glyn Balmer**, the club's match programme editor and membership secretary of the Society, **Glyn Jarvis**, who served the current company as finance director from 1982 until 2001 and has been a life president of the club since then and is also the assistant editor of the club's match programme, **Janet Packer**, who served the current company as club secretary for six years and **Tony Packer**, who served as treasurer of the current company for six years and is also a life

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president of the club. They have been very well supported by other Society members - **Fred Wakeling**, Society chairman, **David Barnes**, Society secretary, **Anthony Auger**, Society treasurer, **Phil Boston**, Society functions officer and unofficial forum administrator and **Rob Seaman**, Society member, who also runs the club's website and social media sites.



What does community ownership actually look like?

The Board

The new CBS Board will be responsible for the overall performance of the club. They will exercise all the powers of the club apart from those that they may choose to delegate, or are reserved to the members under the club's rules. They can also make direct appointments to ensure diversity and a breadth of skills. They would represent and would be responsible to the membership.

The Board may delegate responsibility to manage the day to day running of the club to an operational team which would report back to the Board, to ensure that they are fully supported and working to the budget.

Following the first election, in line with the new CBS rules, subsequent years would see a third of the Board places being made available each year to ensure the right balance between continuity and opportunity.

The Board will report back to the membership, but will rely on help from members to make the club a success. This is about opening up the club to the wider community.

Members' powers

The members would own the club on a 'one member, one vote' basis. Sounds like chaos? Well, democracy is vibrant and we wouldn't want it any other way, but there will be measures in place to ensure stability. In particular, some decisions will be delegated to the elected Board and we will benefit from a strong tried and

tested set of rules that are used by over 50 other community owned sports clubs. These can be viewed online at <http://www.graysathletic.co.uk/a/gafc-share-offer-47494.html>

If members really don't like what they see, they can propose new ideas and challenge the elected Board. The most fundamental decisions facing the club will require a greater majority of members to vote and turnout before the Board can make a decision.

Remember - this isn't fantasy football. Members won't be able to pick the team, or sack the manager at a whim. Members are responsible for looking after the long-term interests of the club. There will be opportunities to contribute on a day-to-day basis via a range of practical volunteer working groups. Everyone will have identified roles and responsibilities, and each will be accountable to their fellow members.



So what's in it for me?

Community shares are designed to balance social and community aspirations with hard business logic – to give people the chance to invest in the social outcomes they want without simply making charitable donations. Community shares are designed to be repayable. Where the club makes a surplus, holders of community shares can request repayment, and there is the potential of modest interest, but only at the discretion of the board.

In particular:

- The shares are withdrawable in the future, but only at the discretion of the board and if the club can afford it.
- The shares can pay a small amount of interest (up to 2% over Bank of England base rate), which would be added to your share account each year, but only at the discretion of the board and if the club can afford it.

Additional details of the share offer

Are there any restrictions on the payment of interest?

No interest will be paid during the first three years, in order to help the club build its activities.

When can I apply for the return of my investment?

No withdrawals will be allowed for the first three years to enable the club to utilise the funds raised to build the business. From year three requests to withdraw will be considered by the Board in order of receipt subject to the conditions set out in the share offer document.

Whilst it is our intention to develop sufficient funds to enable individuals to receive a return on their investment, no guarantee can be given that the sum you invest will be returned.

Can anyone buy community shares?

Yes. You must join the Society and in doing so agree to the rules which you can find online at <http://www.graysathletic.co.uk/a/gafc-share-offer-47494.html> to buy shares, but you will be able to apply for this at the same time as purchasing community shares if you aren't already a member.

Also the offer set out in this document is only open to UK residents. If you live abroad and would like to invest, please contact us separately.

Is there any minimum age limit on buying shares?

You must be aged 16 years or older to be a full voting member of the CBS (and therefore able to purchase community shares).

However, we are aware that people may want to buy shares for their children or grandchildren.

If you are investing money for someone under the age of 16 you need to complete a form that is available at <http://www.graysathletic.co.uk/a/gafc-share-offer-47494.html>

Can organisations/companies subscribe for Community shares?

Yes. A representative of that organisation will need to become a member of the CBS as nominee for their organisation/company.

So what will happen to my money?

When we receive payment we will send you an acknowledgement within five working days.

Your deposit will remain in a dedicated bank account.

The bank account will have two signatories and these individuals will ensure that the money is held securely. The signatories to the account are **Steve Skinner** and **Tony Packer**.

If, and only if, we reach the minimum initial investment target of £30,000 by 31st July 2016 will your money be converted into the appropriate number of Community Shares.

You will receive notification that the transfer has been confirmed and a personalised share certificate will follow within 30 working days.

Your funds will then be used in line with the purposes laid out in this offer document.

Progress/reporting

Progress reports to all those supporting the scheme will be issued as and when appropriate.

If we do not reach the minimum investment target of £30,000 by 31st July 2016 we will be in contact with you through your preferred method of communication within ten working days.

What about the football authorities?

We will need to seek approval from the League, County FA and the FA for the club's membership, affiliation and right to play in competitions to transfer to the CBS. We have made them aware of our plans and are confident that there will be no problem in transferring the membership of the club if we meet our initial investment target. We will work closely with Supporters Direct who have a great deal of experience in helping clubs through this process.

What will happen to the personal information I provide?

The information provided in application forms will be dealt with in accordance with data protection legislation and will not be disclosed to any third party except for the purpose of running the share offer; for preventing crime; to the police, if required by law; to any relevant regulatory authority, if required by law; or with the permission of the person concerned.

Applications will be processed in the order in which they are received and may be accepted or rejected at the absolute discretion of the interim board of the CBS. Any application rejected will be returned to the applicant together with a cheque for application monies received without interest.

What am I committing to?

By completing and delivering an application form you, as the applicant:

- Offer to acquire the number of Community Shares in Grays Athletic Supporters Society Limited CBS specified in the form on the terms and subject to the conditions set out here and in the offer document and subject to the Rules of the Society.
- Confirm that in making the application you are not relying on any information or representations other than those contained in the offer document and this application form, and agree that no person shall have any liability in connection with your application for any information or representation not contained in the offer document and application form.
- Grays Athletic Supporters Society Limited CBS accept responsibility for the information contained in this document. To the best of the knowledge of the Society (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and contains no omission likely to affect its substance.

Membership

An annual membership fee will be payable. This will be set at a low level to encourage a large, diverse membership. There is an application form for people who don't want to purchase community shares but would like to be a member if the deal goes ahead.

For people joining after this community share offer, they will pay a minimum annual membership fee of £30 for adults and £10 for under 16 year olds. Again £1 will be applied to purchase an ordinary voting share in the Club. The full rights, role and responsibilities of members are set out in the rules of the CBS which are available at <http://www.graysathletic.co.uk/a/gafc-share-offer-47494.html> but the following points relevant to the community share offer are drawn to your attention:

- In the event that a member fails to renew their annual membership, and they have purchased community shares, these funds will remain invested in the scheme until a request to withdraw is made in line with the process outlined for members.
- By not renewing your annual membership fee, you may cease to be entitled to member benefits, including your equal voting share in the CBS.

Those who invest £3,000 or more will become life members of the CBS and will not be required to pay an annual membership fee.

We are aware that some people may already be members of the GAFC 1890 Supporters Trust. This membership will run out on 31st July 2016 and we will be waiting on the outcome of this community share www.graysathletic.co.uk <http://graysathleticfc.proboards.com/> graysathleticfc@hotmail.co.uk

offer before we take new memberships. As stated above if we are successful in raising the minimum target of £30,000 the new annual membership fee for the Society will be £30 per annum (for adults) and £10 for children under 16 to reflect the Society's new responsibility of being a football club.

Supporting documents

You can find all of the following supporting documents at

<http://www.graysathletic.co.uk/a/gafc-share-offer-47494.html> or by application to **Glyn Balmer, Grays Athletic Supporters Society, 14 Wallis Close, Crowborough, East Sussex TN6 2YA.**

- The current and proposed constitution of Grays Athletic Supporters Society Limited.
- FAQs to provide more detail as to how the scheme will work.
- More information about community shares and how they have been successful at other football clubs.
- A financial summary of the club including financial projections for Grays Athletic Community Football Club CBS for 2016/17, 2017/18 and 2018/19.
- Summary of profit and loss for Grays Athletic Football Club Limited for 2011/12, 2012/13, 2013/14 and 2014/15.

Contingencies and risks

This document contains certain forward-looking statements that are subject to certain risks and uncertainties, in particular statements regarding GAFC's plans, goals and prospects.

The CBS's actual results and operations could differ materially from those anticipated in such forward looking statements as a result of many factors including the risks faced by the CBS which are described in this section and elsewhere in this document. These statements and the assumptions that underlie them are based on the current expectations of the interim CBS Board and are subject to a number of factors, many of which are beyond their control. As a result, there can be no assurance that actual results will not differ materially from those described in this document.

Our share offer is exempt from the Financial Services and Markets Act 2000 or subsidiary regulations; this means you have no right of complaint to an ombudsman. A community benefit society is registered with, but not authorised by, the Financial Services Authority and therefore the money you pay for your

shares is not safeguarded by any depositor protection scheme or dispute resolution scheme. As the whole of what you pay could carry a risk, please consider it carefully in the context of the complete share offer document, and if needed seek independent advice.

On the solvent dissolution or winding up of GAFC, holders of the shares will have no financial entitlement beyond payment of outstanding interest approved by the Board and repayment of paid-up share capital.

Supporters Direct

Supporters Direct (SD) is the leading organisation developing and promoting community owned sports clubs. SD is a Community Benefit Society owned by its members; the Supporters Trusts or supporter owned clubs that they have helped create.

The SD Club Development consultancy has co-ordinated, or advised on, every community share offer involving football clubs helping to raise over £6 million since 2013.

How to buy Shares

APPLICATION FORM FOR INDIVIDUALS TO BUY SHARES

The application form(s) for individuals and businesses are available at

<http://www.graysathletic.co.uk/a/gafc-share-offer-47494.html>

