

LCPL Policy on Share Withdrawals

This policy was adopted in February 2025 and is subject to review at the discretion of the Management Committee of Longparish Community Pub Limited ('the Society').

Policy agreed

In exercising its discretion under the Society's Rule 8 (see Appendix), the Management Committee considers that the Society is not at present able to fund withdrawals of share capital.

As and when funds become available, the Management Committee considers that priority should be given to repaying the loans currently outstanding from members.

The Management Committee therefore resolves that:

1. Under Rule 8.4.8 the right to withdraw shares is wholly suspended until further review by the Management Committee after the financial year end. A statement on the right to withdraw shares will be made at the Annual Members' Meeting each year.
2. Unless and until the right to withdraw shares is active, no application for withdrawal will be valid or gain priority.

Background

1. Share withdrawals are covered by **Section 8** of the Rules of the Society (see Appendix). Shares are "withdrawable at the sole discretion of the Management Committee in accordance with the Rules", which apply time, Notice, financial and other considerations. The Management Committee may exercise its discretion by suspending the right to withdraw either wholly or partially, and either indefinitely or for a fixed period.
2. The Rules were explained in the share prospectuses. For example, the first prospectus said:
*"Withdrawals can only be funded from trading profits or new share capital and are discretionary, being subject to the Management Committee's satisfaction that withdrawal is consistent with the long-term interests of the Society ...
...any investment should be considered as being for the long term."*
3. The Finance Working Group recommended to the Management Committee that relevant financial considerations under Rule 8.4.4 include:
 - The 2024 accounts show accumulated losses of £119,477
 - The Society owes £60,000 to members who made interest-free advances to fund fitting out of the kitchen. At the time it was expected that these would be short-term advances, but the Society has not yet been able to make any repayments. As and when funds become available, the Management Committee considers that priority should be given to repaying the loans currently outstanding from members.

4. The Society has an open-ended share offer to fund significant expenditure which it would like to undertake, and to enable new members to join. Allowing share withdrawals might discourage new members, who might feel they are merely funding withdrawals.

Appendix

Share withdrawals: procedure and decisions LCPL Rules 8.4

- 8.4 **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:**
 - 8.4.1 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;
 - 8.4.2 application for withdrawal shall be made on not less than three months' notice, on a form approved by the Management Committee;
 - 8.4.3 the Management Committee may specify a maximum total withdrawal for each financial year;
 - 8.4.4 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:
 - 8.4.4.1 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**
 - 8.4.4.2 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;
 - 8.4.6 except where a Member intends to terminate their membership, they shall not be permitted to withdraw shares leaving them with less than the minimum required by the Rules;
 - 8.4.7 the Management Committee may waive the notice required for a withdrawal and may direct payment to be made without notice or on such shorter notice as it considers appropriate;
 - 8.4.8 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;
 - 8.4.9 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;
 - 8.4.10 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.