



BURLEY GATE COMMUNITY SHOP AND POST OFFICE



SITR provided another incentive for local people to invest.

Leon Dodd, Treasurer, Burley Gate Community Shop & Post Office

Problem

Burley Gate's existing Post Office and Village Shop were under threat of closure as the current business owners were due to retire and could not find a buyer for the premises. As the only shop and post office on a 15 mile road between Bromyard and Hereford, it is a valuable asset to local residents.

Solution

A Community Benefit Society was created to set up a new shop and Post Office. Money was raised from local residents to buy a new portable building for the shop and buy the existing Post Office contract.

Revenue Model

Individuals invested either through community shares or loan stock. The investment will be repaid through income generated by the shop and Post Office services.

Impact

Burley Gate Community Shop and Post Office serves a community in rural North-East Herefordshire, with a combined population of over 1000 people drawn from the surrounding 8 local parishes. The new larger store offers a wider range of groceries to meet local needs and promotes local food and drink products.

 Invested	£57,000	 Cost of capital	Between 2%-3%
 Turnover	80,000	 Duration of investment	4 years for loans

Organisational form

Community Benefit Society

Investors

Individual investors

Other key organisations

Plunkett

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SOCIAL INVESTMENT TAX RELIEF

Social Investment Tax Relief (SITR) is a new tax relief designed to encourage individuals to support charities and social enterprises and help them access new sources of finance. Individuals making an eligible investment can deduct 30% of the cost of their investment from their income tax liability.

Eligibility

The maximum investment into an individual organisation is approximately £280,000 over three years.

Individual investors can invest up to £1million and can invest in multiple social enterprises per year. This relief is set on a par with the Enterprise Investment Scheme (EIS).

In the 2014 Autumn Statement, the Government announced its intention for this limit to increase to £5million per year and £15million in total per organisation, subject to EU state aid clearance. The Government also intends to provide for social venture capital trusts in the near future.

Why investors are using SITR



I had heard about social impact investing but didn't know how I could get involved. The introduction of SITR meant I could make a social impact investment through a tax efficient structure. With the help of my financial planners, I was able to deploy capital into this innovative investment product which is addressing a cause that seems to me really worthwhile.

Mike Davies, Private Investor

Key terms

What organisations can benefit?

Charity	✓
Community Interest Company	✓
Community Benefit Society	✓

Product types

Unsecured loan	✓
Equity	✓
Quasi-equity	✓
Social Impact Bond	✓

Accessible to

Institutional investors	✗
Professional individual investors	✓
Retail investors	✓

Investment method

Direct	✓
Nominee fund	✓

Tax incentives

Income Tax Relief (30%)	✓
Capital Gains Tax Deferral Relief	✓
Capital Gains Tax Disposal Relief	✓

www.bigsocietycapital.com/social-investment-tax-relief

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