

## Share withdrawal policy

### Summary:

1. The Directors will consider applications to withdraw shares from 3 years after the shares were allocated, this is a requirement for Social Investment Tax Relief (SITR) from HMRC.
2. Members must give three months' notice of wish to withdraw shares.
3. The Directors have allocated in the financial model for a cap on withdrawals at 7.5% in any one year of the total original value of all shares issued. Withdrawals are at the discretion of the Directors and the funds must be available within the business to allow them.
4. Directors may waive the notice period or expedite withdrawals for Members with extenuating circumstances or in the case of the death of a Member.

### Detail

1. Bovey Tracey Paradiso Arts Limited is a charitable community benefit society governed by its rules (in the same way that a Company is governed by its articles). The rules, available for downloading here [www.paradiso.org.uk/Rules-and-Registrations/Paradiso-Arts/](http://www.paradiso.org.uk/Rules-and-Registrations/Paradiso-Arts/) or from Home page: Top menu - About us, Rules and Registrations.
2. Under the rules, shareholders cannot sell their shares, but they can apply to the Society to withdraw them (rule 26). When shares are withdrawn, the Society would repay their capital value, and the shares are cancelled. Shareholders must give three months' notice of withdrawal. If a member's shareholding falls below the minimum shareholding for membership, their membership will cease.
3. The rules allow the Directors to suspend this right to withdraw shares. Our shares have, to date, attracted SITR and one of the criteria for this is that shares are held for a minimum of 3 years after their allocation.
4. The Society is registered with the Financial Conduct Authority. The Authority's guidance says that the Society should only allow withdrawal of shares if:
  - a. its trading surpluses are the same as, or more than, the value of the shares to be withdrawn, and
  - b. the Directors believe the Society can afford to pay its debts, taking into account all its liabilities (at the date of the withdrawal and for a year after that) and the Society's situation at the withdrawal date.
5. If the right to withdraw has not been suspended, and is not prevented because of the Authority's guidance, the Directors have discretion whether, and when, to repay the money paid for shares. The current financial modelling is based on a cap of 7.5% of the total shareholding being withdrawn in each year and that from a trading perspective, withdrawals may be possible after the allocation date plus 3 years.
6. The Society's shares cannot go up in value, and may, in exceptional circumstances, go down. In the latter case, shareholders applying for withdrawal may be paid less than the original value of their shares.
7. Share withdrawal applications will be considered in the order in which they are received, although the Directors have the discretion to give priority to members facing exceptional circumstances and the death of a member. If the requests for withdrawals are not met in the current year, they will be carried forward until they are met.
8. On the death of a Member, shares can be inherited in accordance with the terms of the Member's will or under the rules of intestacy, subject to Board approval of the new Member who shall become the holder of these shares.
9. Inheritance Tax. Shares in unlisted companies qualify for business relief from inheritance tax, where these shares have been passed on during a person's lifetime or as part of their will. For people who died

# BOVEY PARADISO

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after 6 April 1996 business relief on shares in unlisted companies is 100%. Business relief from inheritance tax may extend to withdrawable shares in societies, provided the Society is engaged in a trade which it is carrying on for the purposes of making a gain. Evidence of this will be expressed in the objects of the Society, and in its behaviour, for instance, through the payment of interest on share capital. Business relief is not available if the trade is carried on otherwise than for gain; this might apply to some charitable community benefit societies or societies that have stated an intention never to pay interest on share capital

10. Alternatively, the personal representatives of a deceased Member can apply for withdrawal of the Shares. The Directors will prioritise the withdrawal of shares for those Members who have died.
11. Nomination rights. We have provided a specific nomination form should you wish to nominate a person aged 16 or over to whom you wish the first £5,000 of your shares to be transferred. We shall respect your wishes in so far as the law and our rules permit but shall require to see the terms of a Member's Will or rules of intestacy and any transfer of shares shall be subject to the Board approving the person nominated into membership, if not already Member. You may bequeath your shares to the Society. You can amend these details at any point in the future by writing and giving clear instruction to the Society Secretary.