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## Community Shares Standard Mark Assessment Framework | Version 2.24

### Time-bound offers

#### Introduction

This assessment framework is used to determine whether a society's time-bound share offer should be awarded the Community Shares Standard Mark, and to provide feedback to a society on what further action, if any, is required in order to award the Mark. It is based on an assessment of the following four documents:

- Offer document
- Application form(s)
- Governing document
- Business plan

The author(s) of these documents should be made fully familiar with the assessment criteria, and agree a schedule with the lead reviewer for submitting the documents for initial assessment, completing all revisions requested by the lead reviewer, and the final assessment and approval, with sufficient leeway prior to the launch date.

The documents should be written in their final form, assuming that all the approvals, agreements and assurances the society intends to have in place by the launch date have already been granted. So, for instance, the offer document should contain the Standard Mark logo and accompanying text, as though the Mark has already been awarded.

The same framework is used for both initial and final assessments. The Initial assessment should identify all areas where further action is required before the Mark can be awarded. The final assessment is completed when the assessor is fully satisfied that the offer should be awarded the Mark, and should reference the final version of the documents to be filed with the CSU.

Initial assessments should identify the elements of the offer are adequate or satisfactory, and those where further **action is required**. It should also identify elements that are **not relevant** or **significant** for the scale or nature of the offer concerned, or where the document has **not addressed** the element in question, but is not considered an essential element for Standard Mark. The comments column should be used to expand on the assessment, outline what further action is required where appropriate, and locate the relevant page or part of the document being referred to. A copy of the initial assessment, plus a copy of all the documents assessed, should be filed with the CSU.

Final assessments should be recorded alongside the initial assessment, using the right-hand column of the framework, and identifying what action has been taken, where this was required. It should identify where this revision is located (using a page number) in the final version of the relevant document. A copy of the final assessment, plus the final version of the relevant documentation (listed by file name on page 2 of this template), should be filed with the CSU. The society should also be given a copy of this final assessment.

#### Underlying principles

Share offers should be assessed using the following principles:

1. **Proportionality:** The larger the offer, and the more that is offered by way of a financial return (including withdrawability), the more supporting evidence is required
2. **Credibility:** Is the business model, share offer, business plan, community plan, and management committee credible? Is it realistic and achievable?

3. **Good practice:** Is the offer consistent with the good practice guidance contained in the Community Shares Handbook?
4. **Omissions & assertions:** Does the share offer omit important information or matters. Does it make assertions that need to be backed by supporting evidence, and does it provide that evidence?
5. **Honest, open & simple:** Is the offer document intelligible to the general public? Is it honest or misleading? Is it open about its past, present and future prospects?

## Community Shares Standard Mark v2.24

Applicant organisation:

Developer (Name, Organisation):

Reviewer (Name, Organisation):

Lead reviewer/ peer reviewer (delete inappropriate)

Date:

Documents reviewed (list by actual file name):

Offer document

Application form

Governing document

Business plan

**Initial assessment**

**Final assessment**

**Recommendation** (delete inappropriate)    Approved/ Further action required / Rejected

**Summary comments on assessment:**

## A. Offer document review

A.1. Basic information	Initial assessment	Initial comments/action required	Final assessment/ comments
A.1.1 Communicates the community purpose of the investment and the reasons why capital is required			
A.1.2 Contains opening summary of offer timetable, fundraising targets and min/max individual investment levels			
A.1.3 Provides basic information about the type of society, governance, voting rights, asset lock, member eligibility, terms and conditions applying to shares			
A.1.4 Gives prominent warning that offer is unregulated, the risk of losing some, or all, of the amount invested, and no rights to statutory compensation or complaint			
A.1.5 Provides (internet) access to supporting documents (business plan, governing document, annual accounts etc as appropriate)			
A.1.6 The offer document is appropriate in length, style and comprehension for the target audience			
A 1.7 Displays Community Shares Standard Mark logo in prominent position within the document, with correct accompanying text.			

A.2. Community	Initial assessment	Initial comments/action required	Final assessment/ comments
A.2.1 Identifies and describes target community and its geographic and/or special interest focus.			
A.2.2 Explains how members can participate in the society and the role of the community in bolstering the business model of the society			
A.2.3 Summarises the competencies and community credentials of the management committee and (any) senior employees. Declares any significant vested interests or potential conflicts of interest			
A.3. Business model	Initial assessment	Initial comments/action required	Final assessment/ comments
A.3.1 Provides a very brief history of the society, its origins, and its current financial position			
A.3.2 Articulates the business model, scale and ambitions of the society, highlighting any long-term plans to raise additional share capital.			

<p>A.3.3 Established societies only: Provides a narrative summary of the financial history of the enterprise, including its track record in paying share interest and allowing share withdrawals</p>			
<p><b>A.4. Finances</b></p>	<p><b>Initial assessment</b></p>	<p><b>Initial comments/action required</b></p>	<p><b>Final assessment/ comments</b></p>
<p>A.4.1 States total capital requirements. Explains how capital will be used, distinguishing between expenditure on tangible assets, non-recoverable start-up costs, working capital, and (goodwill; acquisitions only)</p>			
<p>A.4.2 Provides a narrative summary of the forecast financial performance of the society for the next three to five years, explaining how this affects members' financial interests</p>			
<p>A.4.3 States the minimum, optimum and maximum fundraising targets for share offer, the offer timetable, and the contingency arrangements if the offer is under- or over-subscribed</p>			

<p>A.4.4 Outlines other sources of capital including any grant or loan agreements already in place, including any contingency arrangements</p>			
<p><b>A.5. Membership matters</b></p>	<p><b>Initial assessment</b></p>	<p><b>Initial comments/action required</b></p>	<p><b>Final assessment/ comments</b></p>
<p>A.5.1 States the minimum and maximum amount an individual can invest. Limits are consistent with community demography and capitalisation of the society</p>			
<p>A.5.2 Correctly describes any other provisions relating to the purchase of shares, such as age restrictions, corporate membership, joint membership and nomination rights</p>			
<p>A.5.3 Explains any restrictions and aspirations relating to share liquidity and the terms and conditions for withdrawal</p>			
<p>A.5.4 Explains any restrictions, aspirations or commitments relating to share interest, member dividend and/or annual membership subscriptions</p>			

A.5.5 Correctly describes any tax relief that may be available for members buying shares			
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## B. Application form review

	Initial assessment	Initial comments/action required	Final assessment/ comments
B.1. The application form is simple, relevant and clear			
B.2. The details on the application form are consistent with the offer document			
B.3. If any special arrangements (joint ownership, nomination on death, shares as gifts, corporate membership applications etc) are promoted they are clearly explained either, on the application form, or in the offer document			
B.4. Privacy and electronic communications consents obtained, if deemed necessary (ie if the society intends to use details for purposes other than directly related to membership)			
B.5. Payment arrangements do not expose applicants' money to undue risks prior to shares being issued			
B.6. Money laundering provisions (if considered relevant).			

### C. Governing document review

Society name	
Registered number	
Date society registered	
Name of model rules (if used)	
Sponsoring body	
Type of society	
Model rules only: Identify rules that have been added, deleted or amended (information to be provided by the society)	

Summative review	Assessment	Comments/action required	Final assessment/ comments
Is the choice of type of society, model rules and sponsoring body consistent with the enterprise's purpose, objectives and target community			
Are the registered rules fit for the purpose of issuing community shares? If the society is using model rules, have all significant rule revisions been identified and are they consistent with the purpose of the society and community shares (specify detail in the next section)			

Detailed review	Initial assessment/comments		Final assessment / comments
	Are the rules (and any options, revisions or amendments) consistent with the principles of community shares?	Are these rules adequately addressed in the offer document, if considered relevant to the offer?	
C.1.1. Objects			
C.1.2. Membership categories			
C.1.3 Membership criteria (including age restrictions)			
C.1.4. Share typology (withdrawable, non-transferable etc)			
C.1.5. Minimum/maximum shareholding			
C.1.6. Share withdrawal terms and conditions			
C.1.7. Composition of management committee (including member representation)			
C.1.8. Asset lock			
C.1.9. Quorum at general meetings			
C.1.10. Voting at general meetings			
C.1.11. Share interest rates rules or policy			

## D. Business plan review

D.1. Purpose	Assessment	Comments/action required	Final assessment/ comments
D.1.1 Describes the long-term vision of the society and its ambitions regarding scale, reach and sustainability, highlighting any long-term plans that may affect share capital liquidity, share interest and other member interests, such as future calls for capital, or plans to wind-up the society at some future point in time			
D.1.2 Articulates the society's community purpose, focusing on the needs, concerns or aspirations within target community			
D.1.3 Provides statements of purpose that are consistent with the type of society it has chosen to be, and its objects			
D.1.4 Explains the purpose of the share offer, what market opportunities will be addressed by the investment plan and demonstrates how this supports the objects of the society			

D.2. Community and member engagement	Assessment	Comments/action required	Final assessment/ comments
D.2.1 Established societies only: Provides evidence that existing members have been involved in the process leading up to current share offer and have been given the first option to invest in the society			
D.2.2 Defines the target community and provides demographic data consistent with the aims and scale of the share offer			
D.2.3 Provides evidence of community support for the objects of the society and the purpose of the share offer			
D.2.4 Sets out a comprehensive strategy for marketing and promoting the share offer, addressing communications, promotional activities, and share application processes			
D.2.5 Identifies ongoing strategies for engaging members in improving the competitiveness of the society and relationships with other stakeholders			

D.3. Finances	Assessment	Comments/action required	Final assessment/ comments
D.3.1 Established societies only: Provides summary of annual accounts for previous three years, accompanied by an assessment of the impact the investment plan will have on current operating performance.			
D.3.2 Acquisitions only: Provides evidence of how the business valuation has been arrived at, and how it will be represented in the society's balance sheet (fixed assets, net current assets, goodwill etc). Evidence of due diligence, identifying any contingent liabilities			
D.3.3 Provides evidence that suitable premises (land) or any other major fixed assets have been identified and price agreements have been reached with the vendors			
D.3.4 States total capital requirements. Explains how capital will be used, distinguishing between expenditure on tangible and intangible fixed assets, provisions for working capital, and non-recoverable start-up costs. Correctly attributes these costs in profit and loss and balance sheet forecasts.			

<p>D.3.5 Provides income and expenditure forecasts that distinguishes between gross profit, operating profit (EBITDA) and net profit. Identifies when the society will achieve profitability, overcome any initial losses, and be in a position to pay share interest</p>			
<p>D.3.6 Provides cash flow forecast that supports the forecast working capital requirements and is consistent with the potential sources of working capital</p>			
<p>D.3.7 Provides balance sheet projections that demonstrate how and when the society will provide share liquidity to members, taking into account forecast profitability, profit distributions (share interest, dividends), depreciation, amortisation, member churn, and reinvestment by the society</p>			
<p>D.3.8 Gives details of all planned sources of capital, including grants, short, medium and long-term debt, equity and reserves. Explains how the fundraising mix relates to the minimum, optimum and maximum community shares targets. Identifies key assumptions and justifies proposed gearing ratios</p>			
<p>D.3.9 Provides evidence (or advance assurance) that the society meets the qualifying criteria, for investors to be eligible for tax relief (SEIS, EIS SISR) if tax relief is promoted in the offer document</p>			

D.4. Organisation and trading activities	Assessment	Comments/action required	Final assessment/ comments
D.4.1 Outlines the organisational arrangements in the society describing the relationships between the management committee, managers and other employees, and members.			
D.4.2 Describes any sub-contracting, leasing or subsidiary arrangements the society has entered into. If share capital is to be invested in a subsidiary entity, it is done in a way that does not compromise the terms of the share capital			
D.4.3 Describes the competencies of current management committee, and the division of responsibilities between the management committee and employees			
D.4.4 Identifies strategies for engaging members in the governance of the society through general meetings, the management committee and other participatory activities			
D.4.5 Provides evidence of market opportunity, customer base, pricing, product offer differentiation, and proposed sales channels to justify sales forecasts			



D.4.6 Identifies requirements for premises, equipment, staffing levels, non-recoverable expenses, IT systems and work methods to achieve profit forecasts			
D.4.7 Identifies all the main trade competencies required by the trade activity envisaged in the investment plan. Explains how these competencies will be acquired in order to deliver the operational performance forecast in the plan			
D.4.8 Identifies principal risks associated with proposed business model, and provides credible contingencies to mitigate these risks			