

# Hadstock Community Pub Limited

## Community Share Offer



**Launch date: 1<sup>st</sup> August 2015**

You are invited to invest in a community based enterprise in order to secure and safeguard the long term future of The Kings Head public house in Hadstock.

The aim of the share offer is to raise sufficient money, which, together with other funding will enable the freehold of the Kings Head to be purchased.

Hadstock Community Pub Limited is a not-for-profit Community Benefit Society established and managed by the community for the benefit of the community.

You can join the society by becoming a member.

**This document:**

- **Outlines the project and its benefits for members and the community;**
- **Explains about the society and how the share offer would work; and**
- **Invites you to help us realise this project.**

**Closing Date: 15<sup>th</sup> September 2015**

### **What is Hadstock Community Pub Limited?**

**Hadstock Community Pub Limited** is the company established to enable the people and friends of Hadstock to secure and safeguard the future of the Kings Head, an amenity of prime importance to the village and registered as an Asset of Community Value with Uttlesford DC.

It is a not-for-profit Community Benefit Society using the model rules developed by the Plunkett Foundation and registered with the Financial Conduct Authority ('FCA'). In its rules is embedded the principle that if the Society has a surplus, this may be made available for maintaining prudent reserves and on expenditure carrying out the Society's objects.

A copy of the rules of Hadstock Community Pub Limited is available and can be requested from a member of the Management Committee.

## **Our vision and the benefits to the community**

The Kings Head has been put up for sale by its freehold owners. A major concern of the community is that the pub could be sold to developers who, over time, would seek to run it down and redevelop the site. Our belief is that the pub and the site it occupies are vital amenities for Hadstock and that the best interest of the community will be served by acquiring it through a Community Benefit Society.

**This will enable the village to secure and safeguard the pub for the foreseeable future.**

We have seen in other villages the impact that pub closure can have. Pub closure not only threatens the social cohesion of a community but also exacerbates the impact of rural isolation. We have also seen in villages like Toppesfield and Thriplow that community ownership of the pub has been a success.

Our intention is to finance the acquisition and subsequent improvement projects through a mixture of local authority, national and European grants, independent trust and private donations, commercial finance and most importantly through support from the community in the form of **Community Shares**.

This represents an opportunity for Hadstock to continue to strengthen the vibrancy and sustainability of our community. This purchase would have many benefits, including:

- **Maintaining a place to meet friends and neighbours and improving the sense of community;**
- **Providing a central point for information on community events and local issues;**
- **Securing the central part of the village by and for the community;**
- **Improving the fabric and amenities of the Grade II listed building;**
- **Creating opportunities for employment;**
- **Helping to sustain property prices in the village;**
- **Highlighting Hadstock as one of those increasingly rare rural communities maintaining a pub.**

Hadstock has long had a reputation for 'community activism' with a flourishing village hall and the annual Hadstock Fete is widely renowned.

## **Matters affecting the purchase of the Kings Head**

The Kings Head is being sold as a “going concern”. This means that VAT (£43,000) is not payable on the purchase price provided that Hadstock Community Pub Limited is VAT registered. It also means that the tenancy agreement with the existing Tenant at the date of the sale must pass to the Hadstock Community Pub Limited. The Tenant is on a “Tenancy at Will” with the current owners and Hadstock Community Pub Limited will negotiate the tenancy agreement on completion of the purchase.

Hadstock Community Pub Limited’s plan is to purchase the freehold of the Kings Head and be responsible for the fabric of the building. A survey has been carried out by Anthony D Chapman FRICS. A copy of the survey will be made available to investors on request. The fixtures and fittings are owned by the Tenant.

## **How will Hadstock Community Pub Limited be managed?**

The current Management Committee is made up of ten Hadstock residents who believe that it is vital to secure the future of the Kings Head for the community. They are Derek Bushell (Chair), James Beaumont (Treasurer), Stella Parker (Secretary), Brian Farley (Web Co-Ordinator), Karen Delamain (Press Secretary), Janice Snell (Grants Officer), Jim Snell, David Short, Andrew Greaves and Brendan Burchell. Other members may join the Committee subject to a maximum membership of 12.

The Committee will stand down en bloc at the first AGM and individuals may offer themselves for re-election. The Management Committee will be selected by Members’ votes at the AGM each year. Annually, the Management Committee will provide all members with a report which will set out financial statements and a report of the Society’s activities during the previous financial year.

Hadstock Community Pub Limited is registered with the Financial Conduct Authority (‘FCA’) (Number 7063) and will be required to provide the FCA with an annual return. However, as Community Share Investors are deemed to invest for social returns and not for financial gain, the share issue does not fall within the scope of the Financial Services and Markets Act 2000 (as amended) (‘FSMA’) and the sale of community shares is not regulated by the FCA. There is no right of complaint to the Financial Ombudsman Service and nor can investors apply to the Financial Services Compensation Scheme.

## The Community Share Issue

The share issue has been designed to give local people and organisations the opportunity to contribute financially, on a long term basis, to the business of Hadstock Community Pub Limited. Our expectation is that shareholder members will largely come from the local communities but we also welcome investors from further afield.

Individuals, organisations or companies are entitled to apply for membership by buying shares at a cost of £50 per share with a minimum investment of one share (£50) and a maximum investment of 400 shares (£20,000) per person or organisation. Each member will be limited to one vote at any General Meeting, irrespective of the number of shares purchased.

The shares are not transferable and cannot be sold but may be withdrawn by giving three months notice of withdrawal to the Management Committee. Shares cannot be withdrawn until at least three years have elapsed from the date of the share issue and then only at the discretion of the Management Committee. There is no provision in the Society's budget for withdrawal of shares and any withdrawal would need to be financed from new share issues or from a trading surplus.

The maximum amount available to be withdrawn by shareholders in any one financial year will be 10% of the total value of shares in issue at that time. Should withdrawal requests exceed the 10% figure, investors would receive a pro rata payment based on their original investment. All withdrawals will be paid from trading surpluses or new share capital.

The Management Committee will have the authority to refuse a withdrawal request if it would endanger the business.

Interest may be paid to shareholders up to the rate of 2% above the base rate of the Bank of England per annum. The interest rate for each year will be proposed by the Management Committee and put to a vote at the Annual General Meeting. The proposal will be based on the performance of the company. Interest will be paid gross to members.

Interest will be paid by the Society to the investor and it is each member's responsibility to declare such earnings to HMRC if appropriate as such interest is taxable.

It is important to note that the value of the shares will not increase. The only financial benefit for members is interest paid annually, if any.

In the event that the Kings Head is ever sold, for whatever reason, the shareholders would be repaid their investment from the proceeds of such sale, after repayment of any debts. In the event that sufficient funds were not available to repay shareholders in full, repayments would be made pro rata. Any surplus would have to be paid to a charitable or community body in line with the rules of the Society.

## **Enterprise Investment Scheme ('EIS')**

The EIS is a Government scheme devised to encourage investment in new enterprises.

Following an application by Hadstock Community Pub Limited, HMRC has issued advance authorisation for the proposed share sale to qualify for EIS status.

**Having EIS status means that any purchasers of shares for any amount up to the maximum of £20,000 who pay income tax would be eligible for income tax relief equal to 30% of the amount invested.**

The Society will issue all eligible investors with form EIS3 to enable them to claim tax relief.

Please note, the Society is not able to advise members on tax issues and it will be each investor's responsibility to make their own enquiries and to satisfy themselves as to their own eligibility to claim such tax relief.

## Important Notice

When you are considering taking part it is essential that you understand that this is an investment in our community, intended to create a secure and lasting asset for us all.

It is intended to build upon the village's existing social infrastructure – the church and the village hall – and help to create an ever more thriving and sustainable community. It is not a conventional financial investment with an expectation of high and direct financial returns. Full information is set out in the Society's rules.

Please note:

- i. The minimum shareholding is 1 share. Each share has a value of £50. The maximum number of shares that can be purchased is 400 shares. Members must be over 18 and shares must be paid for in full on application.
- ii. Shares are not transferable except on death or bankruptcy and they cannot be sold. They may be withdrawn on application to the Society itself for the original value of £50 per share.
- iii. The value of each share cannot increase beyond its nominal value of £50. You should be aware that the value of shares may be reduced if the value of the business's assets falls substantially.
- iv. As an investor your liability is restricted to the value of your shares. In the unlikely event that the business fails you would have no further liability.
- v. Currently the Society hopes to pay interest on shares in the future but the shareholding should be viewed as a social investment. The rules of the Society allow for interest payments to be made only when the financial performance of the Society justifies such payment.
- vi. The only way in which investments can be recovered (whether the initial sum or any reduced value) is on liquidation of the Society or by giving the Society notice of withdrawal. Notice of withdrawal may not be made during the first three years after the closing date of this share issue.
- vii. The specific conditions for withdrawal include:
  - a. Withdrawals must be funded from trading surpluses 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;
  - b. The total repayable each year is limited to a maximum of 10% of the current value of the share issue;
  - c. 3 month's notice is given.
- viii. All funds invested in this Community Share Offer will be restricted funds held in a separate account and used only for the purpose of acquiring and maintaining the Kings Head. In the event that the purchase does not proceed, all contributions will be repaid less any expenses that may have been incurred.
- ix. Hadstock Community Pub Limited is registered with the Financial Conduct Authority. However, as community shareholders, investors are deemed to invest for social returns and not for financial gain. The sale of community shares is not regulated by the FCA. There is no right of complaint to the Financial Ombudsman Service nor can investors apply to the Financial Services Compensation Scheme.

**Before deciding whether to invest please consider taking independent professional advice. For further information on the project itself please contact any member of the Management**

## Application for Membership

If you wish to become a member of Hadstock Community Pub Limited by investing in the society, please complete the form below and return it together with your cheque to the following address:

Hadstock Community Pub Ltd  
The Treasurer  
2 Orchard Pightle  
Hadstock  
Cambridge  
CB21 4PQ

Name(s): .....

Address: .....

.....

.....

Email address: .....

Phone numbers: .....

Number of shares I/we wish to purchase (minimum 1, maximum 400): .....

Value of shares you wish to purchase (Shares cost £50.00 each):     £.....

Please enclose a cheque with this form, payable to Hadstock Community Pub Limited.

Receipts will be issued by email wherever possible.

Share certificates will be issued as soon as possible after the closing date of the share issue.

\*By requesting that I/We become a member of Hadstock Community Pub Limited, I/We agree to my/Our name, address, phone number(s), email address (where applicable) and the number of shares I/We wish to purchase being held on a computer database. I/We understand that this information will be used for the purpose of maintaining a register of members and potential members as required by the rules of Hadstock Community Pub Ltd and for posting of notices regarding the activities of Hadstock Community Pub.

**\*This information will not be passed to third parties.**

I am over 18 years old.

Signed: .....

Date: .....

