

# PROSPECTUS

## SHARE OFFER For the Community Purchase of The Crown Inn, Northwold



**Northwold & Whittington Community Benefit Society Limited** is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 as a Community Benefit Society, registration number 7641

The Crown Inn, Northwold, closed in October 2017. As a community we now have a unique opportunity to purchase the pub building, outbuildings and car park and transform it into the hub of our community. This share prospectus will enable us to raise the funds to realise this ambition.

## This Share Offer Document

- Outlines the project and its benefits to the community.
- Explains the community share offer and provides information on the Northwold & Whittington Community Benefit Society Limited (NWCBS).
- Invites you to become a member of the Society and outlines your rights and liabilities.

## Work to Date

A group of Northwold & Methwold residents, with strong support from Shouldham Community Enterprises, has come together to buy the Crown Inn and run it for the benefit of the community. Before the closure of the pub, whilst it was being sold as a ‘going concern’, the “Save The Crown Inn” campaign was launched and a committee was formed in June 2017. In October 2017, a not-for-private-profit Community Benefit Society (CBS) was established. The Crown Inn was nominated as an Asset of Community Value (ACV) under the Localism Act 2011. Under the Act’s provisions, a six-month moratorium on the sale of the Pub could be enforced, which would end on 12th June 2018. During this period, the Pub could only be sold to a community interest group such as the NWCBS.

Several well attended fundraising events have taken place. These have included ‘Pop Up Pubs’ in local residents’ gardens and at Northwold Village Hall which, despite freezing temperatures and snow, were successful in raising approximately £1000 per night. A fundraising barbecue was also hosted at the nearby King’s Arms in Shouldham.



## Our Vision and Benefits to the Community

The aim is to acquire the Crown and run it as a busy, profitable village pub offering a range of services to meet the needs of our community. Northwold lost its shop and Post Office some years ago and now stands to lose its last remaining pub. We believe that the best interests of the community will be served by acquiring it through the NWCBS.

The purchase would have many benefits including:

- Safeguarding the building and its use for the foreseeable future
- Allowing the community to have greater control over the pub’s functions and infrastructure
- Providing a welcoming meeting place for the community
- Building our community spirit and reducing social isolation

- Utilising the pub & site to provide other services that are needed here in Northwold;
  - Shop for essential items
  - Book exchange
  - Cafe serving tea, coffee and light snacks
- Creating opportunities for employment, both paid & voluntary
- Helping to sustain property prices in Northwold

## Our Plans for the Crown Inn

Based on the results of a community consultation we have a clear idea of the kind of pub the community would like to have:

- An inclusive, socially-cohesive pub for the whole community.
- A welcoming atmosphere that reduces social isolation, with mixed seating and an open fire.
- Must be family-friendly, dog-friendly.
- A simple menu of classic pub favourites, prepared with fresh, local ingredients and prepared to a high standard, with smaller portions from the same menu available for children.
- Food should be complemented by seasonal specials and theme nights.
- Local ales and ciders on tap (we would like to link up with a local brewery and create our own brew).
- Active encouragement of community involvement and ownership.
- Sandwiches, snacks, cakes, tea and coffee served during the day in support of a café culture.
- Wi-fi should be available for use free of charge to customers.



Our aim is a *community* pub. To that end we will encourage all villagers to use the Crown Inn and we will be looking at promotions such as loyalty schemes. We would like the Crown to be part of village events such as the annual Northwold PTFA carnival, Plough Monday and to support other local good causes. We would hold events such as live acoustic music, charity quizzes and open mic nights. We have considered various management models for the pub as discussed in our business plan. We have chosen to appoint an experienced manager because this approach would provide the Society with the required flexibility and control over the direction of the enterprise, resulting in greater community control and ownership. The Committee will support the management and we anticipate that volunteers from the community will assist with specific tasks around the building and at external events. At the same time, the management will be incentivised with performance-related bonuses, providing them with a stake in the success of the business. We also hope to open a small village shop for essential items, provide a book exchange, and open a small cafe during the earlier part of the day. We believe that, particularly in the months prior to the sale of the pub, the last owners allowed a previously good business to deteriorate. Our business plan anticipates profits as shown in the following table;

| Year | Profit    |
|------|-----------|
| 1    | £4707.00  |
| 2    | £29735.00 |
| 3    | £34190.00 |

These numbers are subject to several assumptions, including initially restricted opening hours, an initial wet/dry sales split of 66:33 changing over time to 50:50 with a consequent increase in turnover. Additional assumptions are that low initial customer levels that will build to those similar to the numbers during the more successful times for the pub and that the shop is likely to be profitable but difficult to predict.

## Other Funding

It may be necessary to raise more capital with another share issue, loan, grant or other source. We successfully gained a bursary from the Plunkett Foundation to get this project off the ground and we also hope to achieve a loan and grant combination from More Than A Pub that could be up to £100,000 in total. We have fundraising events in the community planned beginning in January 2018 and hope that these will generate between £15,000 to £20,000 given that the community has shown such tremendous support to date. We will also be applying for grants from other sources such as the Norfolk Community Foundation and will request some funding from Northwold Parish Council.

## What is the Northwold & Whittington Community Benefit Society Limited?

The Northwold & Whittington Community Benefit Society (NWCBS) Limited is the society established to enable the communities of Northwold and Whittington and their supporters to purchase the Crown Inn. It is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 as a Community Benefit Society (registration number 7641). The Society uses the model rules developed by the Plunkett Foundation ([www.plunkett.co.uk](http://www.plunkett.co.uk)). A copy of this available to download from our website as is our prospectus and accompanying business plan (<http://savethecrowninn.uk/documents>), or by e-mailing us at [savethecrowninn@gmail.com](mailto:savethecrowninn@gmail.com). It is a not-for-private-profit organisation, with a principle embedded in its rules that any surpluses are re-invested in the business or distributed to other community or charitable projects. The initial management committee is made up of 8 Northwold, Methwold & Shouldham residents. The Management 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. Each shareholder will be a member of the society will have a single vote regardless of their share ownership value. Annually, the Management Committee will provide all members with a report setting out financial statements and a report of the Society's activities for the previous financial year.



## Management Committee

Our committee members are;

- **Cliff Anderson** - Vice-chair of Northwold & Whittington Parish Council. Cliff is a retired teacher and senior casework officer and has lived in Northwold for eight years. He has been a regular customer at the Crown Inn and is determined to ensure that it remains open through a community purchase, and is developed to become a welcoming successful establishment serving the residents of Northwold and the wider community.
- **Anita Mitchell** - As a relative newcomer, moving into the village with her husband, Tony in April 2016, Anita has become involved with other Northwold community projects such as the Care Lunch and WI (of which she has recently become a committee member). Anita believes that the pub could be a thriving hub for the benefit of everyone who lives in and around the village; a place to further enhance the community spirit which is so clearly evident in Northwold.
- **Abbie Panks** - Abbie is the campaign manager, PR manager and vice-chair of Shouldham Community Enterprises, which purchased the King's Arms, Shouldham in 2014 and turned it into a thriving village pub. She brings her vast experience of campaigning, PR and management to our committee.
- **Sheena Randell** - Representing Northwold Sports & Social Club Committee. Sheena has been a Northwold resident for over 20 years and believes that village life relies on community assets to thrive. After seeing the effect of losing the village shop, Sheena is determined that we do not lose the last remaining pub.
- **Tom Ryves** - Treasurer. Tom is a Chartered Accountant with some 20 years experience of running his own distribution business in Swaffham. Tom now works mainly from home and is on hand to help resolve any finance related issues that will arise with The Crown project.
- **Bex Silvester** - Also on the Village Hall committee and representing Northwold WI. Between 1986 and 2001, Bex was a Police Officer with the Metropolitan Police and is now Operations Director of a training consultancy that she runs with her husband, Trevor. They have lived in the village for nearly six years and she supports other community projects such as the Care Lunch and Car Scheme.
- **Mark Vanderstay** - Committee Chair. Mark has lived in Northwold since 2005 and runs a local business with his wife. They have two daughters who went to the village pre-school and primary school where he once ran an after school coding club. Mark has previous management experience and is currently studying for his MBA in his spare time.
- **Tony Waring** - Chair of the Northwold Sports & Social Club Committee. As a village man Tony fully appreciates the need for a village pub. It is his view that the pub should be the beating heart of Northwold. Tony fully supports this venture to acquire the pub for the village and the wider community.

## The Share Issue

This share issue is designed to give you the opportunity to contribute financially, on a long-term basis, to the purchase of The Crown. We expect most shareholders to come from the local communities but welcome contributors from further afield. This share issue is solely to cover the purchase and start-up costs of the Crown. The Crown will then operate as a community business with ongoing costs covered by a trading surplus. Further share issues may be considered to fund future capital projects at The Crown. The *target* amount we wish to raise from this share offer is between £150,000 and £180,000. This is to meet the total minimum amount required to buy and re-open the Pub and to have a contingency fund. Below this amount, which is currently £325,000, the Committee will have to decide whether or not to continue with its' plans. Should the CBS be unable to purchase the pub under this scheme all subscriptions will be returned without loss. The *maximum* amount is £300,000. In the event of share subscriptions exceeding the £300,000 maximum, shares would be allocated on a first-come-first-served basis. Any share income above the minimum will be invested to increase the profitability of the pub, for example to improve the Crown's public-facing facilities or improve the accommodation. Share purchases will be offered initially under the Seed Enterprise Investment Scheme and, when the £150,000 maximum for that scheme is reached, offered under the Enterprise Investment Scheme. The order in which share applications are offered will be strictly on a "first-come-first-served" basis. Individuals (aged 18 years and over) and organisations can apply for membership by buying shares at a cost

of £50 per share. There is a minimum investment of £50 (1 share) and a maximum investment of £30,000 (600 shares) per person or organisation. It is possible that one of two tax reliefs may apply to your investment. These are subject to strict rules and that we secure HMRC pre-approval for their application. A brief description of these is given below. More detailed guidance on all of them can be found on the HM Revenue & Customs website at <https://www.gov.uk/topic/business-tax/investment-schemes>. In any case, you should seek independent financial advice before taking part in our share offer.

## Tax Relief Schemes

NWCBS have advance assurance from HMRC that our offer is eligible for the following schemes.

### Seed Enterprise Investment Scheme (SEIS)

The CBS hopes to raise up to the permitted maximum of £150,000 under this scheme, with individual investments being capped at £30,000. No investor can own more than 30% of the shares in the CBS and this test includes any shares owned by the investor's "associates". "Associates" include business partners, spouses, civil partners, parents and grandparents. Income tax relief is available at 50% of the sum invested, subject to the individual's tax capacity. This can be claimed in the year the shares are purchased, carried back one year or carried forward up to five years in the future.

The amount of tax relief cannot exceed the amount tax you have actually paid. Tax relief is withdrawn if the shares are sold within 3 years of purchase.

### Social Investment Tax Relief (SITR)

This is similar to the SEIS. The principle difference is that tax relief is capped at 30%.

## Business Plan and Cashflow Projections

A copy of our full business plan, including start-up costs and cash flow projections, along with a copy of this share prospectus can be downloaded from our website at <http://savethecrowninn.uk/documents>. The monies raised from this share issue will be allocated entirely towards the purchase and reopening of the Pub. Interest is payable on shareholdings at an interest rate proposed by the management committee based on the performance of the Society and put to a vote at the AGM. The Management Committee will endeavour to make interest payments as soon as viable. It is unlikely that interest will be paid in the first three years while the business is established. Payments cannot exceed 2% above the Bank of England Base Rate. It is each shareholder's responsibility to declare such earnings to HMRC, if appropriate. It is important to note that the value of the shares will not increase. The only financial benefit for shareholders is the interest paid annually, which is at the discretion of the management committee. The shares are not transferable (except on death or bankruptcy) and can only be sold in accordance with the Society Rules, copies of which are available from our website. Applications for withdrawal may be made by providing three months notice to the Management Committee. Shares cannot be withdrawn until they have been held for a minimum period of 3 years, and then only at the discretion of the Management Committee. The amount available to withdraw by shareholders in any one financial year will be limited to 10% of the current total value of shares issued subject to a first-come, first-served basis. Withdrawals will be funded from trading surpluses or new share capital. The Management Committee will endeavour to meet all withdrawal requests but has the authority, if necessary, to refuse a withdrawal request if it endangers the business. Should The Crown Inn ever be sold, the shareholders would be repaid their investment from the proceeds of the sale, after the repayment of any debts. Any surplus would be paid into community projects, or held in trust until such monies are needed by the community. As with any such investment, there is a risk that the value of your shares

may fall. To mitigate this, the CBS will own a property and land. As an investor, your liability is restricted to the value of your shares. In the very unlikely event that the business fails, you would have no other liability.

Forecast financial performance is included in our accompanying business plan which is available at <http://savethecrowninn.uk/documents>. This is reliant on volunteers and local custom to achieve the forecasts.

## Important Notice

When considering investing it is essential to understand that this should be regarded primarily as a long-term social investment in our community, intended to secure a vital amenity for years to come. It is not an exercise in generating large or quick financial returns. Please read these summary points before deciding whether to invest.

- The minimum investment is £50 (1 share).
- The maximum investment in our Community Benefit Society is £30,000 (600 shares) per person or organisation.
- Shareholders must be aged 18 years or over.
- Shares cannot normally be transferred except on death or bankruptcy.
- Shares cannot be withdrawn for the first 3 years following their issue. Following this period they can only be withdrawn by providing three months' notice to the Society.
- Any withdrawals are at the discretion of the Management Committee.
- Total withdrawals in any financial year are limited to 10% of the issued share capital.
- The value of shares cannot increase and their value may be reduced if the business fails and its liabilities exceed its assets.
- The Society can only pay interest on shares up to a maximum of 2% above the Bank of England base rate interest. Such interest will only be paid when the performance of the business justifies this, and will be at the discretion of the Management Committee and as voted on at the AGM. It is unlikely that interest will be paid in the first three years.
- All monies invested in this community share offer will be held by the Society and not spent prior to proceeding with purchasing the building. Contributions will be repaid in full, less any expenses incurred such as solicitors' fees, in the event that the sale does not complete.
- Every shareholder has an equal voice regardless of the size of his or her shareholding - one member, one vote.
- Any trading surplus, after payment of interest to shareholders and repayment of share withdrawals, must be re-invested in the business or used for community purposes.
- The Society is registered with the Financial Conduct Authority (FCA) and will be required to provide an annual return to the FCA. However, it is not regulated by the FCA. Members cannot apply to the Financial Services Compensation Scheme (FSCS) and have no right of complaint to the Financial Ombudsman. This scheme is also not covered by the Financial Services and Markets Act, 2000.
- Before deciding to invest you may wish to seek independent advice.
- A copy of our Business Plan is available to download from our website at <http://savethecrowninn.uk/documents> or on request. For further information on the project please refer to [savethecrowninn.uk](http://savethecrowninn.uk) or email us at [savethecrowninn@gmail.com](mailto:savethecrowninn@gmail.com).

## How to Buy Shares

Shares can be purchased by completing the form attached to this Share Offer document and returning it, with payment, to the Share Scheme Co-ordinator. You can also transfer the money directly to our bank account, but you must still send us your completed form. We encourage you, where possible, to purchase your shares by cheque or bank transfer, since this will minimise our costs and ensure your full investment is used for the purchase of the Crown Inn and to the benefit of the community.

## The Northwold & Whittington Community Benefit Society Ltd Application for Membership

To become a shareholder of Northwold & Whittington Community Benefit Society please complete the form below and send it with either:

- a cheque made payable to “Northwold & Whittington CBS Limited” and send to the Society’s Share Scheme Co-ordinator (see below)
- or transfer a sum of money equal to the total value of the shares you are applying for to our bank and send the completed form to the Society’s Share Scheme Co-ordinator (see below)

- Account: The Northwold & Whittington Community Benefit Society Limited
- Sort Code: 20-16-12
- Account No: 33715701
- Reference: Your surname and postcode

Share Scheme Co-ordinator : Tom Ryves, 28 Hythe Road, Methwold, Norfolk, IP26 4PP

Name:

Address:

Email:

Telephone:

I wish to purchase:  shares. (Min. 1 - Max. 600) at a cost of £50 per share.

Total Value (£):

I confirm that I have read the Share Offer document, including the Important Notice in Appendix A.

I am aged 18 years or over.

I wish to claim SEIS/SITR tax relief on the value of my shares, and will require the Society to send me an SEIS3/SITR3 form respectively in due course (please delete SEIS or SITR as appropriate).

The share offer opens at 12pm on 28th May 2018. Cheques will not be cashed until the share offer closes on 28th June 2018 and will be returned if the scheme is unsuccessful although we reserve the right to extend the closing date. Your information will not be passed to third parties and will be treated in accordance with the General Data Protection Regulation (EU) 2016/679.