

Your invitation to invest in our Community Share Offer

Beckley & Area Community Benefit Society Limited

Community Share Offer Prospectus 2016



Save THE ABINGDON ARMS
——— for our community ———

Share Offer Closing date: 31st October 2016

Target: £560,000

www.savetheabingdonarms.org

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THE SHARE OFFER AT A GLANCE

The sale of The Abingdon Arms, Beckley is a once in a lifetime chance to buy the pub and to secure its future for our community.

We would like as many people as possible to invest in our pub to make it a truly community venture.

SHARE TYPES	Class 'A' – interest bearing and withdrawable Class 'B' – non-interest bearing and not withdrawable
PROJECTED RETURN	Annual interest payments (Class 'A' shares only) – up to 2% above Base Rate from Year 4
PRICE PER SHARE	£50
INVESTMENT LIMITS	Minimum: £250 Maximum: £100,000
SHARE OFFER TARGET TO RAISE	£560,000
MINIMUM VIABLE RAISE	£440,000
MEMBERSHIP	One member, one vote – regardless of amount invested
SHARE OFFER DATES	Offer opens on Saturday 1 st October 2016 Offer closes on Monday 31 st October 2016

Buying shares makes you a member of the Society and means you can attend annual meetings and vote on important issues to do with the pub if you want to.

To invest, **please read this Prospectus carefully** and then fill out the application form at the end of this document.

You can download our Business Plan, the Society's Rules, and the Community Share Offer application form from our website:

www.savetheabingdonarms.org

If we are unable to raise sufficient funds to ensure the commercial viability of the scheme we will not proceed with the purchase, and will promptly return all payments made for shares.

1. INTRODUCTION

Our vision is to buy The Abingdon Arms for the benefit of the community and to secure its future as a thriving community pub.

You are invited to invest in a community share offer to save The Abingdon Arms for our community.

The Beckley & Area Community Benefit Society Limited has been established and is managed by the community, for the benefit of the community. The Society has been formed to purchase The Abingdon Arms public house in Beckley to secure its future for the community. It is registered with the Financial Conduct Authority (register number 7404).

This community share offer invites you to invest in the Society so that we can buy The Abingdon Arms and appoint a professional tenant with the experience and skills to run the pub as a profitable and thriving business for the benefit of the community and other users. We will set a fair rent and agree a lease with the tenant who will run the pub as a free house.

A total of £560,000 is needed to purchase the pub, carry out initial repairs and improvements, and appoint a tenant. We aim to raise as much of this as possible through this share offer – we need to raise at least the asking price of £440,000 – with any shortfall being funded by a mortgage.

The price per share is £50, and the minimum shareholding will be five shares (i.e. £250 minimum investment).

We aim to attract investment mainly from residents of Beckley and the surrounding area, but anyone with an interest in securing the future of The Abingdon Arms is welcome to invest.

Important information

This document details and contains an invitation to subscribe for shares in Beckley & Area Community Benefit Society Limited, which exists for the benefit of the community. The Society will generate income by receiving rent from the tenant of The Abingdon Arms public house in Beckley. For the purposes of this document reference to the above named company will be termed as the 'Society'.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR CAREFUL ATTENTION.

It should be read in its entirety. If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice.

You should appreciate that any investment you make is recognition of your support for the work of the Beckley & Area Community Benefit Society Limited, and accordingly a subscription for shares should primarily be regarded as an investment for social purposes rather than one which will produce a significant financial return.

You should be aware that as an investor you will not have access to the Financial Ombudsman Service (FOS) or the Financial Services Compensation Scheme (FSCS).

Nothing in this document constitutes investment, tax, legal or other advice by Beckley & Area Community Benefit Society Limited, its directors or advisers.

Accuracy of information

The Society and its Management Committee accepts responsibility for the information contained in this document. We have taken all reasonable care to ensure that the information contained in this document is in accordance with the facts and contains no omission likely to affect its substance.

2. THE PROPOSAL

2.1 The opportunity

The Abingdon Arms has been a thriving pub in the past, attracting custom from Beckley and more widely across Oxfordshire, with a deserved reputation for good food. However due to a combination of lack of ambition, marketing, and investment from its owners Brakspear pub company and their various tenants over recent years its reputation and consequently its turnover have decreased.

The pub is now being sold by Brakspear and is on the market for £440,000 (freehold). The pub was listed earlier this year as an Asset of Community Value (ACV) and a six-month moratorium period is now in place during which the pub can only be sold to a community organisation. The moratorium lasts until **17th November 2016** at which point Brakspear will be free to sell the pub to whoever they wish.

Our objective is to have a friendly and welcoming village pub that serves local beers, good wine, soft drinks, and sensibly priced freshly prepared food, and which will offer additional amenities to the community.

We intend to make a firm offer to Brakspear before the ACV moratorium ends.

This is a great opportunity to invest in a worthwhile community enterprise that will provide a valuable service to its members, other users of the pub, and future generations.

2.2 Business viability

If we are successful in purchasing the pub we will select a tenant to run the licensed business. The tenant will pay an affordable but realistic rent to the Society, and the rent will be set at a level that gives the tenant the opportunity and incentive to run a thriving pub business.

We will use the rental income to maintain and improve the property, to repay any loans we take out, and funds permitting to pay a modest interest to shareholders, and to fund the withdrawal of shares from time to time.

A detailed business plan has been prepared that can be downloaded from the Society's website (www.savetheabingdonarms.org). **It is important that you read the business plan when considering whether to invest in shares.**

We firmly believe that the business will be profitable, but in the unlikely event that it is not, the Society will own a valuable asset – i.e. the building and land associated with it – which could be sold in order to return funds to investors. Your investment is in the building and land – the bricks and mortar – not the licensed business.

The viability of The Abingdon Arms as a business with the potential to thrive was confirmed in a feasibility study by specialist pub surveyors Morgan & Clarke Chartered Surveyors. Full details of their report can be found in the Business Plan.

They have formed this opinion based on a number of factors including:

- The size and location of The Abingdon Arms
- The lack of direct similar competition to The Abingdon Arms in the immediate area
- Levels of turnover achieved by previous tenants
- The turnover, and split between food and drink, being achieved by the present tenant
- Beer, wine and spirits supply volumes over the last few years (data provided by Brakspear)
- Licensed industry metrics published by the British Beer & Pub Association (BBPA)
- The success of other community pubs in the area – eg The Seven Stars in Marsh Baldon, which in its first six months of operation exceeded its projected turnover projection for the whole of the first year!

We have received valuable advice and support from a variety of successful pub operators:

- **Community pubs** including The Seven Stars in Marsh Baldon, The Bull in Great Milton, The Red Lion in Northmoor, The Plough in Great Haseley, The Drover's Inn in Gussage All Saints (Dorset)
- **Independent pub and restaurant operators** including The Black Boy in Headington, and the Talkhouse in Stanton St. John
- **Small pub companies** such as Peach Pubs (The Fishes in N. Hinksey and The Thatch and The James Figg in Thame)

2.3 The Abingdon Arms – operating model

We have decided to let the pub to tenants rather than appoint a manager or run the pub ourselves as volunteers. The advantage of this arrangement for the Society is that the tenant carries all the business risk. The attraction for the tenant is that they will benefit directly from a more profitable business, and will therefore have every incentive to ensure that the business thrives and grows.

Selecting the right tenant will be absolutely critical in ensuring the success and long-term future of the pub.

We will not micro-manage the tenant. They will be responsible for marketing and running the pub, although we will of course provide whatever support and assistance we can. We will ensure through the selection process that the successful tenant is in tune with the ethos of the Society and our aims.

From the positive experience of community pubs that we have consulted with, and their offers to help with the appointment process, we are confident that we will be able to appoint an experienced tenant who can market and build the business, resulting in a thriving and sustainable community pub.

Key success factors

The key factors that will contribute to our success are:

- Purchasing the freehold of The Abingdon Arms from Brakspear
- Setting an **affordable rent** and operating the pub as a **free house**
- Re-establishing a successful **restaurant with a distinctive offer**. The pub will only succeed with a restaurant that people are prepared to travel to
- Agreeing a lease with a **professional and experienced tenant** who knows how to run a successful pub business, and who is supportive of our ambitions to offer other amenities for the community
- **Community involvement** in the Society to manage, maintain and improve the property, and to ensure community support for, and input into, the future success of the pub
- Investing any surplus profits **in improving the pub and its facilities** for the benefit of the community, and paying a modest level of interest to shareholders

2.4 Plans for The Abingdon Arms

Current condition

The current condition of the pub has been assessed by a number of knowledgeable experts including a RICS chartered surveyor specialising in the licensed trade sector of the property market, an experienced publican and chef, a local builder, and other professionals with relevant knowledge and experience.

We understand that no urgent immediate maintenance will be required at the point of purchase, although we are aware of a number of items that may require some attention. However, we have budgeted a reasonable amount for modest improvements and initial repairs should any be identified, and our offer to purchase will be subject to the satisfactory outcome of a full structural survey.

Future plans

We intend to undertake some minor works to improve both the public areas and the living accommodation, and of course we will want to replace the external pub signage to make it clear that the pub is a free house and is a community amenity. Our plan is to do this work as soon as the purchase has been completed.

We also intend to make substantial improvements to the toilets to modernise them as soon as funds permit, and importantly to improve access for customers with disabilities.

Longer term aspirations include the possibility of relocating the dining area to exploit the views over Otmoor, and to free up the current dining room for other community amenities such as café and shop facilities. This would clearly be a significant and expensive improvement that will only be possible when the pub is generating adequate rental payments, and which may well require a further share offer. We have no plans to pursue this idea in the near future, and have yet to investigate its practicability.

As a community enterprise, if you become a member you will be able to participate in making decisions about the future of the pub.

As the pub is a listed building in a conservation area, planning consent is required for most changes, however minor, and we will be seeking the relevant consents in parallel with the purchase.

2.5 Community benefits

The pub is an important amenity for Beckley and nearby villages. A community purchase will enable our community to secure and safeguard the pub for the foreseeable future.

This represents a fantastic opportunity for Beckley and nearby villages to strengthen the vibrancy and sustainability of our community. Community 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
- Improvements to the fabric of the building
- Creating opportunities for local employment
- Injecting money into the local economy

- Providing a hospitality venue for local groups, tourists, weddings and funerals
- Helping to sustain local property prices
- Potentially providing additional community services

The community-owned Abingdon Arms will continue to offer employment to local people (eg kitchen and waiting staff), including valuable learning opportunities for young people who take on short-term employment in school and college holidays. We expect the number of paid posts and learning opportunities to increase as additional amenities are added.

Potential added amenities:

1. **Shop:** many people have expressed interest in having a local shop facility within the pub to sell daily essentials such as bread, milk, butter, eggs, tea, coffee, etc. Because we do not want to compete with or undermine other local resources, we have discussed with the tenants of the village shop in Stanton St John the possibility that they operate and/or supply the amenity as a branch shop. At a later stage it might be possible to extend the shop facility alongside a café, offering a wider range of goods, newspapers, cash point etc.
2. **Café:** There has long been interest from local residents and passers-by (especially walkers, cyclists, and visitors to the Otmoor bird reserve) in a more extensive café facility at the pub. A morning coffee club and / or afternoon tea club could provide an inclusive amenity for people who live locally and are restricted by lack of transport or reduced mobility. Initially the pub could make coffee, tea and cakes available in normal pub hours, with an internet facility. At a later stage with further investment a café (and extended shop) may be possible.
3. **Additional amenities:** A community pub can offer simple but valuable amenities such as a collection and delivery point for a range of retailers, pub sports such as darts and dominoes, a book exchange, and occasional wine, ale and food tastings. Local residents have already offered to organise regular folk and jazz evenings, and a bike repair and hire station.
4. **Aspirational future amenities:** Although clearly for the future, and only when the core pub business and extended amenities are established successfully, interest has been expressed in providing facilities on site for a microbrewery, an 'artisan' bakery, coffee roasting, and possibly bed & breakfast accommodation. Each of these would enhance the attraction and business of the community pub.

2.6 Fundraising target

Based on the asking price for the pub of £440,000 we estimate that we need to raise approximately **£560,000** to purchase the pub and cover associated costs.

Our intention is to finance the purchase as far as possible through this share offer, so **our target is to raise the full £560,000**. At a minimum we need to raise the asking price of £440,000, and if necessary we will take out a commercial mortgage to meet any funding shortfall.

Given that we have already received pledges of approximately £333,000 prior to launching this share offer we are confident that this target is achievable.

Any funds that we raise over and above the target will reduce our dependence on loan funding. Other sources of funding such as grants are being pursued but as these cannot be guaranteed we have not relied on them in our budgeting. Any grants we receive will be used to reduce the loan capital required or enhance the facilities of the premises.

In summary, the Society's funding model is as follows:

- **Community share offer**

The minimum we need to raise from this share offer in order to proceed is the full asking price of £440,000. The better the community take-up of shares the less we will be dependent on commercial mortgage funding. Two classes of share are available:

'A' Shares: Interest-bearing shares that are withdrawable. These shares are for investors who would like to earn interest on their investment in due course, and to retain the option of withdrawing their investment at some future time.

'B' Shares: Non-interest bearing shares that are not withdrawable. These shares are for investors who consider their contribution to be a donation and do not require to recoup their investment, nor are they concerned about earning interest on their shares.

Investors may, if they wish, purchase a mix of 'A' and 'B' shares.

- **Commercial mortgage**

Any shortfall in capital raised from this share offer will be met by taking out a commercial mortgage. Our business case assumes that we may need a mortgage of up to £120,000. See our business plan for more information.

- **Grants**

We have applied for £150,000 (combined grant and loan) that is potentially available under the government's "More Than A Pub" programme. We have already received a bursary award of £2,500 to help with initial expenditure under this programme.

However, our financial plan has excluded grant funding as the success of our application cannot be guaranteed.

- **Donations**

We will of course welcome donations from individuals or organisations. Donations will not form part of our share capital and will not be refundable (although in the event that we are unsuccessful in purchasing The Abingdon Arms we intend to return any donations received).

Note: Alternatively, by purchasing 'B' shares as described above you can make what amounts to a donation and still be a member with voting rights (see below).

If we are unable to raise sufficient funds to ensure the commercial viability of the scheme we will not proceed with the purchase, and will promptly return all payments made for shares.

3. FINANCIAL FORECAST

The Society's financial forecast has been developed based on our knowledge of the current and previous trading history of The Abingdon Arms, the feasibility study prepared for us by pub specialists Morgan & Clarke, and from input and advice from independent commercial pub operators and tenants.

As with all forecasts there can be no guarantee of future performance, but given the independent scrutiny they have received and our own due diligence we have a high level of confidence in them.

The core economics of the Society's business as a property owner revolve around the primary source of income (rent from the tenant) vs. outgoings (building maintenance, mortgage repayments, shareholder interest, and other overheads). In addition, we need to build a reserve over time in case members need to withdraw their shares, and to provide for property improvements to support business growth.

The operating economics of the pub as a licensed business are important because the rental income we will receive to cover our outgoings will be linked to the overall turnover of the pub, and these have been analysed in depth in Morgan & Clarke's business feasibility study – for further details please refer to the Business Plan which you can download from the website www.savetheabingdonarms.org, or contact the Treasurer - Gabriel Brodetsky (tel 07770 331977, email gbrodetsky@gmail.com) for a printed copy.

Our financial forecasts for Years 1 to 8 are set out below in the Profit and Loss, Cash Flow, and Balance Sheet projections. These forecasts are our best estimates at the current time on the basis of a set of conservative assumptions.

Key assumptions:

- Purchase price will be as per Brakspear's asking price, i.e. £440,000
- Total initial capital required will be approximately £560,000 to cover the purchase price, associated expenses, and to provide sufficient initial working capital
- Minimum community share capital raised will be £440,000
- Commercial mortgage of approximately £120,000 over 20 years may be required (depending on amount raised through share capital and grant funding)

- Grant funding has not been assumed (being sought, but not included in financial model)
- Short term loan may be required to cover VAT on purchase, pending reclaim
- Rent is fixed for Years 1 & 2, thereafter charged at 10% of actual turnover
- Up to three months without rental income on completion of the purchase to allow for appointment of tenant and completion of minor works
- Three months without rental income at the start of Year 4, in case we need to find a new tenant
- The minimum investment term will be five years, i.e. that is the earliest time from which share withdrawals will be permitted
- Interest will not be payable to shareholders until Year 4, however if our performance permits we will of course start paying interest earlier
- The Society will be VAT registered and able to reclaim VAT

In forecasting our rental income we have modelled what we think are reasonable assumptions of the pub's likely turnover based on its trading history over the last few years, and on the expectation that the right tenant will be able to grow the business significantly from its current levels of trade, and taking into account Morgan & Clarke's feasibility report findings.

In addition, we have consulted with experienced and successful local pub operators who have confirmed that with the right tenant our turnover forecasts should be readily and rapidly achieved (and indeed exceeded).

We are nonetheless conservatively forecasting that turnover in Year 1 will exceed current trading levels at The Abingdon Arms (which we know is under-performing) but will be less than the potential Year 1 turnover identified in the feasibility study prepared for us by Morgan & Clarke.

We have assumed the pub will then achieve a reasonable year-on-year increase in turnover until Year 5 at which point the pub will be at a sustainable 'steady state' level of trade once the tenant has rebuilt its reputation and developed its customer base. These growth projections are based on Morgan & Clarke's report and knowledge of trading levels previously seen at The Abingdon Arms under more successful tenants than recently, and also on the views expressed by local commercial pub operators.

Rental levels typically vary from 10% to 14% of turnover in the pub sector. We will set our rent at the lower end of this range to promote a sustainable business for the tenant and the community. For the first two years we will set a fixed rent to provide the tenant with a degree of certainty on their outgoings as they establish themselves and develop the business. From Year 3 onwards rent will be set at 10% of turnover.

Profit & Loss forecast

The P&L shows a profitable business in each of the first eight years. The low profit level in Year 1 is due to the high level of initial outgoings and assumes we will receive rental income for only nine months. Likewise the forecast profit dip in Year 4 reflects our assumption of rental income for only nine months.

P&L (£,000s)	Year	1	2	3	4	5	6	7	8
Forecast turnover of Abingdon Arms:		250	300	345	385	400	410	420	431
<u>Income (net of VAT)</u>									
Rental income receivable		17.3	25.0	34.5	28.9	40.0	41.0	42.0	43.1
Sale of ingoings to tenant		11.0							
Total income		28.3	25.0	34.5	28.9	40.0	41.0	42.0	43.1
<u>Expenditure (net of VAT)</u>									
Mortgage (interest)		6.0	5.8	5.7	5.5	5.3	5.1	4.9	4.7
Repairs & Maintenance		0.0	5.0	5.1	5.2	5.3	5.5	5.6	5.7
Professional Fees		0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.8
Insurances		1.2	1.2	1.3	1.3	1.3	1.3	1.4	1.4
Start-Up Costs (expensed)		15.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Expenses		1.0	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Shareholder Interest		0.0	0.0	0.0	5.0	9.0	9.0	9.0	10.0
Total expenditure		24.4	13.0	13.0	18.0	22.0	22.0	21.9	22.9
Profit before tax		3.9	12.0	21.5	10.9	18.0	19.0	20.1	20.2
Corporation Tax (20%)		0.8	2.4	7.5	2.2	3.6	3.8	4.0	4.0
Profit after tax		3.1	9.6	14.0	8.7	14.4	15.2	16.1	16.1

Cash Flow forecast

Cash flow represents available cash for the Society to meet its outgoings. Our forecast shows a positive cash flow in each of the first eight years.

Cash Flow (£,000s)	Year	1	2	3	4	5	6	7	8
<u>Income (net of VAT)</u>									
Opening Balance		0.0							
Community Shares		440.0							
Mortgage		119.8							
Tenant's Ingoings		11.0							
Grants & Donations (incl Bursary)		0.0							
Rent		17.3	25.0	34.5	28.9	40.0	41.0	42.0	43.1
Total Income		588.0	25.0	34.5	28.9	40.0	41.0	42.0	43.1
<u>Outgoings (net of VAT)</u>									
Purchase Price		440.0							
Mortgage Repayments & Interest		9.0	9.1	9.2	9.2	9.5	9.5	9.6	9.8
Repairs & Maintenance		50.0	5.0	5.1	5.2	5.3	5.5	5.6	5.7
Legal & Professional Fees		2.2	0.7	0.7	0.7	0.7	0.8	0.8	0.8
Valuation & Surveys		3.4							
Stamp Duty		14.1							
Financing Fees		3.8							
Ingoings purchased from Brakspear		11.0							
Insurances		1.2	1.2	1.3	1.3	1.3	1.3	1.4	1.4
Members' Interest		0.0	0.0	0.0	5.0	9.0	9.0	9.0	10.0
Corporation Tax		0.5	2.2	4.1	2.0	3.4	3.6	3.9	3.9
Share Withdrawals		0.0	0.0	0.0	0.0	5.0	5.0	5.0	5.0
Miscellaneous		1.3	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Total Outgoings		536.5	19.1	21.2	24.3	35.1	35.6	36.0	37.4
Cash Flow for Period		51.5	5.9	13.3	4.6	4.9	5.4	6.0	5.7
Closing Balance		51.5	57.4	70.8	75.4	80.2	85.7	91.7	97.3

Balance Sheet forecast

The balance sheet projection shows a snapshot of the forecast assets and liabilities at the end of each financial year for the first five years.

Balance Sheet (£'000s)	Year	1	2	3	4	5	6	7	8
Fixed Assets (net of VAT)									
Value of freehold ex VAT		440.0	440.0	440.0	440.0	440.0	440.0	440.0	440.0
Purchase costs (capitalised)		74.3	74.3	74.3	74.3	74.3	74.3	74.3	74.3
Improvements		50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
Depreciation		(5.0)	(10.0)	(15.0)	(20.0)	(25.0)	(30.0)	(35.0)	(40.0)
Net Fixed Assets		559.3	554.3	549.3	544.3	539.3	534.3	529.3	524.3
Current Assets									
Bank account		2.0	15.0	35.6	40.4	52.1	63.1	74.7	73.2
Current Liabilities (less than 1 year)									
Sundry Creditors		(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.8)	(0.8)	(0.8)
Corporation Tax		(0.8)	(2.4)	(7.5)	(2.2)	(3.6)	(3.8)	(4.0)	(4.0)
Net Current Assets		3.5	18.1	43.8	43.3	56.4	67.7	79.5	78.0
Long Term Liabilities (1 yr+)									
Mortgage Principal		(116.8)	(113.5)	(110.0)	(106.3)	(102.2)	(97.8)	(93.1)	(88.0)
NET ASSETS		443.1	452.7	466.7	475.4	484.8	495.1	506.1	504.7
Financed by:									
Share holding		440.0	440.0	440.0	440.0	435.0	430.0	425.0	407.4
Reserves		3.1	12.7	26.7	35.4	49.8	65.1	81.1	97.3
TOTAL FUNDS		443.1	452.7	466.7	475.4	484.8	495.1	506.1	504.7

Note that the £5,000 p.a. fixed asset depreciation represents a 10% per annum depreciation against the initial £50,000 improvements and renovations, in line with standard accounting principles.

4. BECKLEY & AREA COMMUNITY BENEFIT SOCIETY LIMITED

The Beckley & Area Community Benefit Society Limited is a community benefit society that has been formed to purchase The Abingdon Arms and secure its future for the benefit of the community. It is a limited liability legal entity under the terms of the Co-operative and Community Benefit Societies Act 2014, and is registered with the Financial Conduct Authority (FCA) Registration No. 7404.

Community benefit societies are by law intended to be democratic organisations, and all members will have an equal vote, regardless of the size of their shareholding, and will have the protection of limited liability.

The rules of the Society include a statutory asset lock. This means that if the Society is wound up or dissolved its assets can only be used to pay creditors and repay shareholders the nominal value of their shares, and any remaining surplus has to be used for the benefit of the community. This effectively means that the shares will not increase in value.

A copy of the Rules of the Society can be found on our website www.savetheabingdonarms.org or they can be requested from the Treasurer - Gabriel Brodetsky (tel 07770 331977, email gbrodetsky@gmail.com).

The Rules are important. They define your rights as a member; please read them if you wish to invest.

4.1 Aims of the Society

The primary aim of the Society is to enable the community of Beckley and nearby villages, and other supporters, to secure and safeguard the future of The Abingdon Arms public house and promote it as an amenity for the benefit of the community.

The Society is a democratic organisation that operates on the principle of one member one vote regardless of the amount each member has invested.

It sees itself as part of the Beckley and area community, and it will be run in a way that listens to the wishes and concerns of local people whether or not they are shareholders. Major decisions on investment in, and development of, The Abingdon Arms will be widely consulted on throughout the community.

4.2 Who runs the Society?

The Society is run by its Management Committee and is answerable to the members. The initial members of the Management Committee will remain in place until the first Annual Members Meeting which will elect a new Management Committee, and thereafter members will stand for election in rotation. The first annual members meeting will be held as soon as is practicable after the purchase has been completed, probably early in 2017.

The initial Committee is as follows:

- **Mike Hobbs (Chairman & Secretary)** lives in Beckley, is a retired medical consultant and Executive Medical Director with the Oxford Health NHS Foundation Trust, and now works with the Oxfordshire Youth Justice Service and as a cycling coach.
- **Gabriel Brodetsky (Treasurer)** has lived in Beckley for 21 years. He previously worked for a global management consulting firm, and is now an independent IT sourcing adviser. He's a keen cyclist, and when not out on his bike he can often be seen at the recreation ground waiting for Molly the lurcher to come back from 'doing a runner'.
- **Georgina Matthews** lives in Beckley and is a mum and marketing and communications professional, specialising in the social enterprise and charity sector.
- **Susy Jepson** qualified as a solicitor in London after gaining a law degree from Cambridge. During the course of her career, as well as working in private practice she has been head of legal for Somerfield Stores (now subsumed into the Co-op), worked abroad, and now works part time for Vodafone Group, negotiating large scale multinational contracts. Susy moved to Beckley at the end of July 2016.
- **Nin Kelay** (aka Narinder) is an experienced IT Project Manager for Atos. Having worked overseas in the education sector for over 10 years, he returned to work in independent education in the UK, and most recently for Oxford University Press. When he isn't glued to a computer screen or managing teams, Nin spends time working in the garden (it's never finished...), cycling (sponsorship welcomed for his next challenge which is the Palace to Palace ride for the Prince's Trust). He's known in the family as the one who gets things done, and he brings the same approach to the team.
- **Phil Partington** joined the Army as an apprentice chef at age 16, and achieved a City and Guilds qualification in catering. After leaving the Army, he worked as a chef in the catering industry and went on to work in hotels and restaurants. Later Phil took the exams required to hold a pub license, and with his wife Sue, took on a pub tenancy in Kent with Shepherd Neame. He worked in the licensed trade as publican/chef for about 20 years, and now works as a catering manager for a national contract catering company.
- **Tom Smith** is an inventor-entrepreneur and Technical Director of Thermofluidics Ltd based on the Begbroke Science Park, Oxford. He lives in Beckley and is a keen amateur brewer. He is excited by the many possibilities that owning our own pub could open up for the village.
- **John Stradling** is a semi-retired consultant chest physician who has worked for the last thirty years at the Churchill Hospital in Oxford. Although retired from hospital practice, he continues to do research with the University. John and his wife Helen (a retired GP) live two doors away from The Abingdon Arms and have always appreciated its presence and offerings. Thus John would like to play some part in achieving community status for the pub and to help ensure its continued success.
- **Mike Baker** is an engineering consultant who specialises in designing building services for hotels. Mike has lived in the neighbouring village of Horton-cum-Studley for 15 years. Having lost his 'local' some years ago, he is determined not to lose the next closest pub that he can still walk to.

4.3 What does the Management Committee do?

The Management Committee is responsible for managing the affairs of the Society in exactly the same way that a board of directors is responsible for managing the affairs of a limited company, and has similar legal responsibilities. Specifically, the Management Committee will:

- Organise and supervise the purchase of the pub and any refurbishment works
- Appoint the tenant
- Monitor and manage the Society's financial affairs for the benefit of the community
- Oversee the lease and manage the relationship between the Society and the tenant
- Appoint new tenants should that be necessary
- Ensure that the Society complies with all applicable regulations

4.4 What will the members do?

Purchase of shares will confer membership of the Society, giving you as a member control over the business through the annual election of a Management Committee and voting rights on significant matters affecting the Society's business. Each member has one vote regardless of how many shares they hold.

Members elect the Management Committee at the Annual Members Meeting, and can themselves be elected onto the Management Committee.

All members will be provided with an Annual Report, which will set out details of the operation of the Society and how it has developed its activities over the previous year and which will include a copy of the accounts.

The Rules also provide for a number of other ways in which the membership may hold the Management Committee accountable for the running of the Society, including the calling of a special general meeting if required.

4.5 Data confidentiality

The Society adheres to the principles of the Data Protection Act, even though it is exempt from registration with the Information Commissioner as a not-for-profit organisation, and will use and process personal data only for the purposes of the Society.

We will keep your personal information secure and up to date, and will:

- only use it for the purposes for which it was gathered, and
- not keep it longer than necessary

Personal data will be used solely for the purpose of maintaining a register of members and potential members as required by the rules of the Society, and for communicating with members. We will not share any members' personal information (names, addresses, phone numbers, etc.) with third parties.

Members' financial information, such as amounts invested, share classes purchased, and interest paid will be treated as strictly confidential, and will not be shared even within the Management Committee except as necessary for managing the Society (eg when making decisions about whether withdrawal requests can be funded).

5. THE SHARE OFFER

5.1 What is a community share offer?

A community share offer provides an opportunity for local people and businesses to buy into the community where the motivation and payback is more social than financial. It helps to ensure a truly local enterprise, accountable to the community whilst serving and benefitting it.

The shares you buy will make you a member of the Society, with an equal vote regardless of your shareholding. Your involvement thereafter can be as much or as little as you wish. You can vote at Annual Members Meetings, stand for election to the Management Committee, volunteer your skills or just give The Abingdon Arms your custom.

We would, however, like to encourage as many members of the community as possible to volunteer their time now and in the future to make this a truly community venture.

We've already got lots of ideas, but if you become a shareholder it will be your pub too and you can help us decide how it's developed and run!

5.2 What's in it for me?

This is not just about buying a pub – it is about helping to sustain the community. There will be limited financial reward – this is about investing in the future of the community and ensuring The Abingdon Arms is run for the good of Beckley and nearby villages, for us now and for future generations.

In addition you may earn interest and your liability will be limited. What you won't get is windfall profits, any increase in share value, or government backed guarantees.

The social return

The main point of the exercise is to create a thriving and sustainable community pub and to provide the additional community benefits described above.

This is not an exercise to generate large profits for the members. It is all about putting The Abingdon Arms on a viable, long-term, sustainable footing and securing its future. The primary return on your investment will therefore be the existence of a convivial welcoming village pub.

The Society's Rules include a legally binding asset lock. This ensures that any surplus earnings remaining after it has paid interest to its shareholders and repaid any capital which is withdrawn must either be reinvested in the business or used for the benefit of the local community or for another charitable or community cause. Directors and members will not benefit in any other way from the activities of the Society.

Interest payments

Once the business is running successfully and has sufficient surpluses, the Society will pay a modest level of interest to shareholders at a rate to be recommended by the Directors and voted on at the Annual Members Meeting. Our Rules specify that the interest rate we can pay will be up to 2% above the Bank of England base rate.

The introduction of the Personal Savings Allowance (PSA) in April 2016 means that if you are a basic rate (20%) tax payer you are allowed to earn up to £1,000 interest per year tax-free. Higher rate (40%) tax payers can earn up to £500 tax-free. The PSA does not apply to top rate (45% and above) tax payers. This means that interest the Society pays to shareholders may be tax-free, depending on your personal circumstances.

Any interest from the Society will be paid gross. If applicable, you will be responsible for declaring this income to HMRC.

Limited liability

The Society is a limited liability entity. The most you could lose is your initial investment (though we believe that this is highly unlikely). You will not be liable for activities of the tenant – for example, if they run up huge bills and then disappear.

What you won't get:

- **Windfall profits**
If the pub was to cease trading and be sold for residential use, the asset lock will ensure that any surplus (after paying creditors and repaying share capital) must be used for the benefit of the community. Any investment should therefore be considered an opportunity to contribute financially to the community, with the specific goal of helping to keep the pub open, rather than receiving a substantial financial reward.
- **Increase in share value**
The value of shares will remain constant. They cannot be sold or transferred and can only be withdrawn for their face value. This will not be an investment that increases in value.
- **Investment guarantees**
Our share offer is exempt from the Financial Services and Markets Act 2000 and subsidiary regulations. This means that there is no right of complaint to an ombudsman. A community benefit society is registered with, but not authorised by, the Financial Conduct Authority and therefore the money paid for shares is not safeguarded by any depositor protection scheme or dispute resolution scheme. As the whole of your investment could carry a risk, please consider it carefully and, if necessary seek independent financial advice.
- **Tax relief**
Unfortunately the government's Enterprise Investment Scheme (EIS) and Social Investment Tax Relief (SITR), which give individuals the ability to claim tax relief on qualifying investments, are not applicable as our primary activity (property rental to a tenant) falls outside the list of currently eligible activities.

5.3 What are the potential risks?

Buying any type of shares involves risk. Community Shares can't go up in value, but they can go down if the Society is making losses. As a shareholder you could lose some or all of the money you invest. You should only take these risks with money you can afford to lose.

Although it is not possible to foresee all possible adverse outcomes for investors there are a number which it is reasonable for the Management Committee to guard against:

Loss of some or all of your investment

As a member and shareholder of Beckley & Area Community Benefit Society you will be a part-owner of the Society and The Abingdon Arms pub. If the Society is unable to meet its debts and other liabilities you could, in principle, lose some or all of your investment held in shares. We think this is a very unlikely outcome because:

- We have obtained a valuation that confirms the price of the pub is reasonable
- We will be commissioning a full structural survey before proceeding with the purchase
- Our solicitors will ensure that we have good legal title before we proceed
- Our financial projections, supported by a number of independent professionals, show a profitable enterprise with a positive cash flow
- The Society is responsible for the property, not the pub business itself (which is solely the tenant's responsibility)
- In the last resort, if the property had to be sold for residential use, its likely value would considerably exceed its price as a pub (note: the purchase agreement with Brakspear will include a 'development uplift' clause which will entitle them to some of the increase in value in this event)

Not be able to withdraw shares

Although the Rules permit withdrawals after three years (except in the case of death or bankruptcy), and at the sole discretion of the Management Committee, in practice we do not anticipate being able to fund withdrawals until five years after the close of this share offer. Thereafter, if a large number of members wanted to withdraw their shares in a particular year, then there may not be sufficient funds available. In that circumstance, withdrawals will be made in the order in which applications are received, and the full amount requested may not be available.

No financial returns

It is possible that in the event of poor trading performance by the tenant (resulting in lower rent payments than forecast) or unexpected outgoings, the Society would not have enough surplus funds to pay interest to members. We think this is a low risk based on our conservative financial planning and advice received on likely turnover of the pub.

Financial fraud

We believe the risk of financial fraud is very low:

- The Society will not itself be trading as a pub
- At least two signatures are required for bank transactions
- We will be taking out Director & Officer insurance to protect the Society

5.4 Investment FAQs

Q. What will you do if you don't raise sufficient finance through the community share offer?

A. Depending on the size of any shortfall and the outcome of negotiations with Brakspear, we will take out a commercial mortgage. We are also hopeful that our application for grant funding under the 'More Than A Pub' programme will be successful, which would reduce the size of mortgage required.

Q. Does Brakspear have to sell The Abingdon Arms to us if we raise enough money?

A. No, they are under no obligation to sell the pub to us. The Asset of Community Value rules mean that they can't sell to anyone else before 17th November, but they don't have to accept an offer from us. Our best chance of success is therefore to raise the required amount as quickly as possible and then make an offer in advance of the cut-off date. **So if you wish to invest, please do so promptly!**

Q. What happens to my investment if the purchase doesn't happen?

A. All money received for shares will be returned promptly. Please make sure you provide your bank account details on the application form!

Q. Are joint applications allowed?

A. Yes. However you should note that only the first named investor on the application form will be a member of the Society with voting rights. If, for example, a couple would both like to be members then each person should make a separate application.

Q. Can I invest on behalf of my children or grandchildren?

A. Yes, so long as you are a member in your own right, and provided the total amount invested does not exceed the maximum investment amount. You will only have one vote, as is the case for any member. The shares can be transferred to them as soon as they reach 18 years of age. Just complete the relevant section on Page 2 of the application form.

Q. What happens to my shares if I die?

A. Your shares will form part of your inheritance and can be transferred under the terms of your will. Make sure you complete the relevant section on Page 2 of the application form.

Q. Why are there two types of share?

A. We are aware from feedback received that quite a few members of the community would like to make a philanthropic investment to ensure the future of The Abingdon Arms, and are not concerned about receiving interest payments or being able to withdraw their shares in the future. Of course there's nothing to stop people making donations, but we decided to introduce 'B' shares so that people can in effect make a donation and also be members of the Society with a voice in how it is run.

Q. Can I buy both 'A' and 'B' shares?

A. Yes, a mix of share classes is fine. Just indicate on the application form how much you want to invest in each class, and make the appropriate payment.

Q. What are the minimum and maximum investment amounts?

A. The minimum that you can invest is £250 (i.e. five shares at £50 each), although we hope that most investors will invest considerably more than the minimum. The maximum is £100,000, which is the legal limit for individual investments in community benefit societies.

Q. What happens if the share offer is under-subscribed?

A. If the minimum raise target of £440,000 is not achieved, we will review whether to proceed. We reserve the right to do so if the financial model remains viable, for example, if we have received additional donations or confirmation of grant funding.

Q. What happens if the share offer target is reached?

A. If the share offer target of £560,000 is reached we will close the share offer, and we will not accept any further applications.

Q. When will I start receiving interest payments?

A. We will start paying interest as soon as the Society has sufficient surplus funds available, i.e. once we have met our other obligations (such as mortgage payments and other overheads) and have built up adequate reserves to ensure we can maintain the property. We anticipate this will be four years after the share offer closes, but if we can make earlier payments we will do so.

Q. Can I sell my shares?

A. No. The legislation for community benefit societies is very clear that shares cannot be traded or transferred. The statutory asset lock is designed to ensure that any increase in share value is only used for community benefit.

Q. When can I withdraw my shares?

A. According to the Rules of the Society, shares cannot be withdrawn for at least three years (except in exceptional circumstances such as death or bankruptcy), and then only if the Society has sufficient reserves to do so without jeopardising the business. Our expectation is that in practice it will take five years to build up adequate reserves.

Q. Can I get tax relief on my investment?

A. The government's tax relief schemes such as EIS and SISR exclude property rental as an eligible business activity, so investment in the Society will not be eligible for tax relief under these schemes. However, the Personal Savings Allowance introduced in April 2016 does mean that interest received is not taxable (up to a certain threshold that is determined by your tax rate).

Q. Will my personal information be secure and kept confidential?

A. In short, yes. Please see paragraph 4.5 above for a fuller answer.

Q. Who should I speak to if I have any further questions?

A. Please contact either:

- Gabriel Brodetsky (Treasurer) tel 07770 331977, email gbrodetsky@gmail.com, or
- Mike Hobbs (Chair & Secretary) tel 07833 675516, email mike.jd.hobbs@gmail.com

5.5 Important notice about the share offer

1. This share offer runs from 1st October 2016 until 31st October 2016. The Management Committee may opt to extend the offer period at its sole discretion.
2. The minimum shareholding is **five shares**, and each share has a nominal value of **£50**. This means that the minimum permitted investment is **£250**. The legally permitted maximum investment in a community benefit society is £100,000.
3. Two classes of share are available:
 - 'A' Shares:** Interest-bearing shares that are withdrawable. These shares are for investors who would like to earn interest on their investment in due course, and to retain the option of withdrawing their investment at some future time.
 - 'B' Shares:** Non-interest bearing shares that are not withdrawable. These shares are for investors who consider their contribution to be a donation and do not require to recoup their investment, nor are they concerned about earning interest on their shares.Investors may, if they wish, purchase a mix of 'A' and 'B' shares. **The total minimum investment must be £250.**
4. All shares must be paid for in full on application.
5. All investors will be members of the Society and entitled to vote on matters affecting the Society.
6. All members will have one vote regardless of the number of shares they hold.
7. Joint applications for shares will be accepted, however only the first named investor on the application form will be a member with voting rights.
8. All members must be aged 18 or over.
9. You may invest on behalf of children. In this case the shares can be transferred to them to hold in their own right once they have reached their eighteenth birthday.
10. The Management Committee reserves the right to refuse applications at its absolute discretion.
11. All investment monies received will be 'ring-fenced', and if the Society is unsuccessful in purchasing The Abingdon Arms, they will be returned promptly.
12. Shares are not transferable except on death or bankruptcy and they cannot be sold, only withdrawn.
13. 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 applying to the Society for withdrawal. Applications for withdrawal are unlikely to be accepted during the first five years after the closing date of this share issue.

YOU SHOULD THEREFORE VIEW THIS AS A LONG TERM INVESTMENT AND REVIEW YOUR FINANCES ACCORDINGLY.

14. Withdrawals can only 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.
15. The value of each share cannot increase above its nominal value of £50. You should be aware that the value of shares may be reduced if the value of the Society's assets falls substantially.
16. **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 further liability.
17. The Society expects to pay interest on shares after four years, subject to the financial performance of the Society justifying such payments at the sole discretion of the Management Committee. Interest payments will not exceed 2% above the Bank of England base rate or 5%, whichever is the lower.
18. All funds invested in this community share offer will be used solely for the purpose of acquiring, maintaining, improving and owning The Abingdon Arms.
19. The Beckley & Area Community Benefit Society Limited is registered with the Financial Conduct Authority (FCA). 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 and nor can investors apply to the Financial Services Compensation Scheme.

5.6 How do I subscribe for shares?

To apply for shares please complete the share application form at the end of this document. It can also be downloaded from the Society's website www.savetheabingdonarms.org

Before completing the application form, you should:

- Carefully read this prospectus
- Read the Business Plan and the Rules of the Society
- Consider whether you need to take financial or other advice in relation to this share offer

Return the completed application form and a cheque for the full amount (unless paying online) to:

Gabriel Brodetsky (Treasurer)
Beckley & Area Community Benefit Society Limited
c/o Moorleys
Woodperry Road
Beckley, OX3 9UY

This community share offer is authorised by the Management Committee.

28 September 2016.