



Toppesfield Community Pub Limited

What is it all about?

- A community purchase of the freehold of the Green Man.
- Secure and safeguard the future of a key village amenity.
- Gain community control over centre of village.

Why do it now?

- Pub has been put up for sale by Admiral Taverns, with sitting tenant until 2015.
- Tenant has no support from Admiral and concern over viability of business.
- If tenant leaves, risk that pub would be run down and efforts made to develop site.
- A closed pub is more difficult to finance than one that is operating.

How would it be done?

- Establish a 'community benefit company', Toppesfield Community Pub ('TCP').
- Set up as an Industrial & Provident Society, registered with FSA.
- Raise funding via grants, mortgage finance and a community share sale.
- Need to maximise share sale as it is cheaper than mortgage.
- Assistance from specialist bodies like Plunkett Foundation who have assisted other communities to do this.

How does the share sale work?

- Share prospectus issued.
- Subscriptions invited for shares of £50 nominal value.
- Minimum subscription £50 (1 share), maximum £20,000 (400 shares).
- Shares bear interest at initial rate of 3% per annum, paid gross.
- Rate fixed annually based on market conditions and performance of TCP.
- Shares must be held for minimum of 3 years.
- After 3 years shares are eligible for withdrawal, by request to TCP.
- Conditions for withdrawal include 3 months notice period. Withdrawal may be declined or amount reduced if withdrawal threatens future of TCP.
- Share sale may benefit from inclusion under Enterprise Investment Scheme –'EIS'. This could enable income tax payers to reclaim tax equal to 30% of their investment in TCP.
- We will be seeking Advance authorisation from HMRC for EIS status.

Will TCP be viable?

- We have developed cash flow projections as part of a business plan and this shows the project to be viable.
- Income would come from rent from tenant and from maintaining the beer tie. Currently the landlord, Admiral, takes about £23-25,000 out of the business and out of the community. We aim to keep it in the village by buying the pub and helping to improve the quality of the building and the services provided.



Frequently Asked Questions

1. Why should I become a shareholder?

It is important that as many members of the community as possible participate in the venture and help to raise the funds required to purchase the Green Man. The greater the level of shareholding the more profitable the society will become as the cost of share dividends is lower than the cost of mortgage finance.

2. Who will benefit from this venture?

The community of Toppesfield & Gainsford End and the surrounding area.

3. Will the society be viable?

Based on the current status, we believe the rental income and the income from the sale of beer to the tenant will comfortably support the business model we propose and will provide a surplus for contingencies.

4. Who is organizing this? Do they have a personal interest in the pub?

The steering group currently comprises a group of 7 volunteer parishioners - James Blackie, Alan Collard, Dave Dyson, Mike James, John Levick, Brian Moody, Peter Moore.

They will have the same financial interest in the society as all other investors. The steering group has a range of relevant skills.

5. Are there restrictions to becoming members?

Members must be aged 18 or above. There is no requirement to be a resident of Toppesfield.

6. Is there a difference between being a member and a shareholder?

There is no difference between being a shareholder and a member. The purchase of the minimum subscription automatically confers membership.

7. What voting rights would I have?

All members have one vote, regardless of how many shares they have bought. This is an underlying concept of the Industrial & Provident Society structure.

8. If I invest do I take on any other liability?

No. Your liability is limited to your investment.

9. Will there be any changes in the way the pub is run?

It is important to remember that the day-to-day pub business and the associated risks remain with the tenant. The society and its management committee will not be running the business. However the society will expect to have regular meetings with the tenant to discuss how the business is going and act as a channel for suggestions from members and customers

10. Are there limits to how much I can invest?

The minimum investment is £50 and the maximum is £20,000.

11. Can my investment increase in value?

Shares in the society can never be worth more than their nominal face value. If the business fails, the value could fall. (See 14. Below)

12. Can I sell my shares?

Shares in the society cannot be sold. They are a special sort of share known as 'community shares' and the only way you can recover their value is to apply to the society to withdraw any shares.

13. How can I get back my money?

You must hold your shares for a minimum period of three years after which time you can apply for your shares to be withdrawn. The management committee will determine, based on the liquidity of the society at the time, the extent to which shares can be withdrawn.

14. What happens if the society fails?

If the unlikely event that the society fails, all the assets would be sold and the proceeds of the sale would be used to repay any debt (e.g. mortgage). Thereafter, shareholders would be repaid and any remaining surplus would be put to community use. The assets of the society, if the purchase proceeds, will include the Green Man building and its surrounding land.

15. How does the share issue work and what guarantees do I have for my investment?

The company that will be established is an Industrial & Provident Society for the benefit of the community. It operates on the basis of 'one member, one vote'. This should be viewed as a long term investment for community benefit. It is not the same as investments made in 'for profit' enterprises where investors hope to share in success through both dividends and capital appreciation. Whilst the shares in the society will pay interest, the underlying value of the shares cannot increase and could be reduced if liabilities exceed assets. However, as the society is a 'corporate body' there can be no further liability for investors. The shares cannot be sold but withdrawal can be requested after a minimum of three years after the date of the share issue.

16. By investing am I not just simply supporting the current tenant?

No. Investment in the society will support the society's business and the stability of the community over the long term. We will be supportive of the tenant but he will be responsible for his business and all the risks associated with it. He will have obligations to the society under his lease and will continue to deposit a bond with the society, as he does with his current landlord, as security for his liabilities to the society.

17. As a shareholder will I have a say in the way the pub is run?

The day-to-day business of the pub will continue to be the responsibility of the tenant, not the society. However, the management committee will meet regularly with the tenant to discuss issues including business performance and will make recommendations and suggestions, in part based on comments from members and the customer base. The committee will act as a channel for comments from customers and members. The society will hold regular meetings with members including an Annual General Meeting.

18. I would like to support the society's efforts but am not sure I can currently provide financial support. Can I help in other ways?

Yes. If we are successful in acquiring the pub, practical help will be needed to carry out planned improvements. This will help us to contain costs. Also we would welcome any assistance with fund raising. Perhaps supporters could arrange quiz evenings, table-top sales, sponsored activities etc.

19. What are the planned projects you mentioned above?

At this stage the steering group has identified a small number of projects it believes would be possible to implement in the near future. Some will be required for safety reasons, others to improve the quality of the pub. These include improved toilet facilities, extended and improved dining area and a more attractive and welcoming entrance to the pub.

20. Has this sort of thing been done elsewhere?

Yes. There are a number of existing community pubs; none has closed. Currently there is a number of communities seeking to do this. Locally in Essex, The Norton, in Cold Norton is in the process of a share issue. Elsewhere, for example, the George & Dragon in Hudswell, Yorkshire had a successful share issue raising nearly £230,000 from about 150 investors. They now have a waiting list of investors.

21. What happens on the death of a shareholder?

In accordance with the law any shareholder may nominate a person or persons to whom their property shall be transferred on death. Such nomination will be valid to the extent for the time being provided by the law and on death the society will in accordance with the law transfer or pay the value of the shares to the nominated person.

22. Will there still be a beer tie for the tenant?

Yes, this is necessary for tax reasons and because it will enhance the viability of TCP.

23. Will the beer be cheaper if the community owns the pub?

The price of the beer and all other drinks sold in the pub will continue to be the responsibility of the tenant.

24. Can companies invest in TCP?

Yes, subject to the same limitations as all other investors with regard to minimum and maximum amount that can be invested and the minimum investment period.

25. Can you explain how the Enterprise Investment Scheme works?

TPC will at the appropriate time seek Advance Authorisation for the share sale to fall under the auspices of the Enterprise Investment Scheme ('EIS'). Basically the EIS is a means by which individuals are encouraged to invest in start up enterprises by receiving a tax break on their investment. EIS allows for eligible investors (income tax payers) to claim back from HMRC 30% of the amount of their investment provided the shares are to be held for a minimum of 3 years. We are unable to give specific advice and we recommend that for further information speak to HMRC, your accountant or another suitably qualified person.

26. Will TCP have to pay VAT on the purchase price?

We are seeking clarification from HMRC on this topic. However our belief is that if there is a transfer of business, then VAT will not be charged on the sale price. This will have important cash flow considerations.

27. What price do you think Admiral will sell the Green Man, given we all feel £325,000 is too much?

We do not wish to discuss publicly the price we believe is appropriate nor the price we believe Admiral may sell at. However we would seek the lowest possible price and certainly considerably less than the asking price.

28. Are there any immediate requirements for expenditure on the pub, for example for safety issues?

This is something we will look at carefully.

29. Who will be the licence holder?

This is something we will be looking into in greater detail as things progress and we will seek expert advice. Our belief is that it should not be a major problem.

30. The pub is open and functioning so why do this now?

The concern is that with lack of support from Admiral the current and any future tenant would struggle to have a profitable business and the pub may close. Once closed it is far more difficult to obtain funding for a pub purchase. This is all about securing the pub for the long term.

GREEN MAN



It is proposed to establish 'Toppesfield Community Pub Limited' ('TCP') with the purpose of purchasing the Green Man. If you think that you would be interested in becoming a member of TCP and investing in the company, please complete the details below.

When completed, return it to:

John Levick, Hurrell's, Gainsford End; or

Alan Collard, 59 The Causeway, Toppesfield

In any event please respond by Friday 25th May so that we can move things forward.

This information will be used purely to enable the steering group to gauge the potential level of support for this venture.

It will be treated confidentially. It does not constitute a commitment to invest.

The proposed company structure and its formation will require the approvals of the Financial Services Authority ('FSA') and Revenue and Customs ('HMRC') and we will receive professional advice in doing this. In due course a formal Prospectus will be made available.

It is currently intended that the shares purchased will pay an attractive rate of interest and that they must be held for a minimum of 3 years.

If you would like more information please call Alan Collard on 01787 237841 or 07801 042545;

Or email alan.collard@virgin.net

Name:

Address:

eMail address:

Phone: landline -

mobile -

Possible amount
of investment:

£50

£250

£500

£1000

£

other

(please specify amount)

Any comments or suggestions?