

Winterbourne Bassett Community Pub Limited

Share Offer



For the community purchase of
The White Horse Inn, Winterbourne Bassett, Wiltshire, SN4 9QB

Share Offer Summary

You are invited to invest in a community enterprise, established to secure the future of our Public House, The White Horse Inn, Winterbourne Bassett.

The White Horse Inn is the only pub in Winterbourne Bassett and has been listed as an Asset of Community Value. It was put on sale by Wadworth Brewery in the summer of 2017 and we have until the 18th February 2018 to raise the necessary funds and complete the purchase of the pub.



The minimum investment is £1,000 per investor with a maximum of £100,000¹ per individual investor. The offer opens on 18th October 2017² and runs for about 3 months, closing on the 31st January 2018, or when the maximum target is reached, whichever is the sooner.

Our business plan can be downloaded from our website at: <http://www.winterbournebassettcommunitypub.co.uk>

This offer is being promoted by the Winterbourne Bassett Community Pub Ltd, Telsar, Winterbourne Bassett, Wiltshire, SN4 9QB, a Community Benefit Society registered with the Financial Conduct Authority (registration no. 7716).

This offer is not covered by the Financial Services Compensation Scheme and investors have no recourse to an ombudsman. **You could lose some or all of the money you invest.**

¹ Individual investments over 10% of the total issued share capital will be subject to additional conditions on withdrawal.

² The share offer was originally opened for investment in a private company limited by shares. As of 18th December 2017, all investors in the original offer had agreed to continue investing under the Community Benefit Society approach.

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Our Vision and the Benefits to the Community

The White Horse Inn is an attractive 1913 building in Winterbourne Bassett and is situated just off the A4361, which is a popular route for cyclists and visitors to the Avebury world heritage site. It is also close to The Ridgeway National Trail which is popular with walkers and cyclists.

Since 1999 it has been owned by Wadworth Brewery and operated under a tied tenancy. The current tenant decided not to renew their lease, which was due to expire at the end of April 2018, and this led to Wadworth deciding to put the property up for sale in the summer of 2017.



A group of concerned residents, supported by the Parish Council, have formed an initial management committee and have set up a Community Benefit Society to purchase the pub, carry out some remodelling and refurbishment, and then re-open it under new management.

We plan to run it as a homely, traditional village pub, for the benefit of the residents of the village, and visitors to the area. We aim to put in place a Tenant or Self-Employed Manager who will run the pub for us. It will retain the heart of our lovely village, provide a hub for social gathering, good food, drink and cultural activities, and help promote a cohesive and friendly community in the area. It is our intention that the property will support a range of additional services, including:

- With help from the community, we will open from early morning offering teas, coffees, and local produce. This would allow local residents the opportunity to gain wider access and use the pub as a social hub. We plan to install fast Broadband once available in the village (from September 2018) to enable the pub to become a business hub for local home workers and passing business people.
- We carried out a survey in the village and identified the need for basic shop services and locally produced goods. The villages of Broad Hinton and Avebury have part time Post Office offerings, so we would like to open a similar facility on the premises, or at least offer a parcel drop/collection service.

- There is a plan to develop one of the outbuildings into a micro-brewery, therefore offering some casual employment in the village, increase and improve the revenues to the pub and underpin its financial strength.
- The village lacks any play facilities for children, we will install play equipment for children in the village and for customer use.
- The village darts team are keen to be able to play home matches in their local pub and continue to be part of the local league. Since the pub has closed our team have only been able to play away matches.
- The village Book Club will have a public place to meet and therefore grow its membership.
- The village church congregation would like to use the pub to run fund raising events - the loss of the pub has limited their ability to raise funds to protect our 12th century church. They have previously held regular meeting and events, such as the harvest festival lunch.
- The Young Farmers group meets weekly and support many of the functions run in the pub such as quiz nights etc. They are also engaged in their own fundraising events for charitable causes.



Securing the Future of Our Pub

The freehold of the White Horse Inn is on the market for £325,000 plus VAT and in August 2017 we had an offer accepted at the asking price.

As a result of the Localism Act 2011, the BH&WB Parish Council has listed the pub as an Asset of Community Value (ACV). Under the Act's provisions the vendors can't sell the pub for a six-month period (ending 18th February 2018), except to an organisation registered for the benefit of the community. Wadworth Brewery is not obliged to sell the pub to us, but we have built a good relationship with them over the past few months and on the 12th January 2018 we agreed a revised offer of £288,000 plus VAT subject to us completing within the ACV period.

Our aim is to raise £450,000 through share issue, loans and grants to provide sufficient capital to purchase the freehold, buy the inventory, and get it ready to be reopened.

We had a survey completed on the building which has shown a number of defects – loose tiles, damaged roof felt and inadequate insulation. Given the age of the building (circa 1913), the survey is deemed to be positive, but we have identified remedial work that is required. A full copy of the surveyor's report is available for viewing upon request.

Inside, we expect to undertake some redecorating and remodelling of the bar and dining areas to improve the appearance of the customer facing areas. The kitchen will require deep cleaning, reconfiguration and some new equipment. The upstairs accommodation for the Tenant or Manager will also need complete redecoration.

Our preference is to agree a contract with a Tenant rather than appoint a Manager, but we are keeping our options open to other models. The advantage of a tenancy arrangement for WBCP is that the Tenant will own the business element entirely; the attraction for the Tenant is that we will support them, by initially keeping the rental payments as low as possible, and they will benefit directly from creating a more profitable business. They will have every incentive to ensure that the business thrives and grows.

We are aiming to pay interest to investors at a maximum of 5%, annually, except for year one where our plan to offer reduced rent to help the Tenant build up their business, and the need to invest in improving the exterior and interior of the property, will mean we don't expect to have reserves available to pay interest.

We applied for a More Than A Pub (MTAP) grant/loan from the Community Pub Business Support Programme through the Plunkett Foundation and have been awarded a grant of £50,000 conditional on securing a matched £50,000 loan from Co-operative and Community Finance.

We are also investigating an additional £50,000 'top-up' loan to secure additional funds for the improvement works and community initiatives, but our decision to proceed with this will depend on the total share funding raised.

Our target is to raise **£300,000** of this capital from a share issue. The minimum that is required to enable the purchase of the pub is **£275,000** but this will require the top-up loan in addition to the grant matched loan in order to afford any improvements to the property. A maximum of **£350,000** of shares could be issued, enabling more refurbishment work to be done before the pub is re-opened and negating the need for the top-up loan.

The share offer was originally opened for investment in a private company limited by shares on the 18th October 2017. All investors in the original offer were informed of the change to a Community Benefit Society on 7th December 2017, and by 18th December 2017, all had agreed to continue investing under this approach. The offer will remain open under the terms of this revised share offer document until the 31st January 2018 or until the maximum figure is reached, whichever is the sooner.

WBCP has already received 50 individual investments under the original offer which exceed the minimum stated above, so are ready to complete on the purchase once the grant and matched loan have been received. Additional shares sold under this revised share offer will either increase the total shares issued, up to the maximum stated above, or will enable the Management Committee to issue less shares to the larger investors and therefore increase the number of investors within our target share issue.

The Business Model

We have developed an indicative P&L for the pub business based on actual sales figures provided by Wadworth over the last 2 years to the White Horse Inn. Our model for food volumes has been calculated from benchmarking data from another similar establishment in the area.

Our Manager or Tenant will be required to produce a business plan which demonstrates how they intend to grow the business. Whilst we will advertise for experienced Managers or Tenants, we would also be interested in a younger manager who wants to move into pub business with a longer-term goal.

Therefore, to help to find the right persons, we plan to give a three-month holiday on the rent or profit sharing to support a quick return to profit. Year 1 incomes to WBCP are set at a modest level that fully cover the debt and provide a surplus contingency fund. Major investment has been provisioned in the share/funding generated.

Following the end of the free initial three months, a formula for reviewing the profits or rent will be used. The tenancy principles are the minimum committed level at £2500pm or at 12% of turnover whichever is the greater, while Self-Employed Manager profit sharing percentages are expected to be 20-25% to cover the higher costs to WBCP of this approach. The intent is to ensure that the Manager or Tenant has sufficient incentive and profitability to grow the business.

It is our intention to set the profits taken or any tenancy at a level that provides sufficient income to allow WBCP to provide a return to our members shares from year two, and low enough to attract an experienced Manager or Tenant to start up a new business. This will give WBCP sufficient funds to build up some reserves and support the withdrawal of some shares after year three.

Five Year WBCP Cashflow

The following cashflow assumes a tenancy model with £2,500/month rental from month 4, increasing from month 10 once the pub business monthly turnover exceeds £20,800.

	Startup	Year 1	Year 2	Year 3	Year 4	Year 5
Income	£402,500	£130,300	£36,169	£45,663	£57,648	£72,780
Outgoings	£374,780	£122,738	£39,197	£39,385	£39,578	£39,775
Cash	£27,720	£35,282	£32,255	£38,532	£56,603	£89,608

Startup is the income and outgoings in order to complete the purchase of the pub.

Year 1 includes the income from the £50k top-up loan and the outgoings for the initial major refurbishments to the property.

Year 1 income is further boosted by the refund of the VAT on the property purchase which can be claimed from HMRC after the third month of trading. It is expected that about half of this VAT refund will be spent on a second stage of refurbishments once the pub is open and the rest retained as contingency.

The matched loan is assumed to be on a seven-year term at 8% interest rate, and the top-up loan is assumed to be on a ten-year term at 6% interest rate. WBCP will prioritise the repayment of these loans before allowing large amounts of share withdrawal.

The cash reserves that have built up by the end of year 3 will be able to support the withdrawal of some shareholders and the reduction of the total share capital. If this occurs it would lead to a reduction in yearly outgoings which will improve the profitability in later years.

WBCP is also able to make further share issues, which will provide alternative funds to enable existing members to withdraw their investment, and allow new members to join WBCP. These have not been considered in the financial forecast, as new share issues will provide updated financial information, will be linked to the financial success of the pub, and will need to be agreed by the WBCP Management Committee at the time

How You Can Be Involved

Winterbourne Bassett Community Pub Limited (WBCP) is the company established to enable the people and friends of Winterbourne Bassett to secure and safeguard the future of The White Horse Inn.

It is a not-for-profit Community Benefit Society using model rules (its constitution) developed by the Plunkett Foundation and registered with the Financial Conduct Authority (FCA). Copies of the constitution and business plan of WBCP can be found on our website at <http://www.winterbournebassettcommunitypub.co.uk/>

What are Community Shares?

Community Shares (also called 'withdrawable shares') are ideally suited to community-focused organisations. Investors can receive some interest on the sums they invest and may withdraw their investment (in essence, get their money back) but only under certain conditions. WBCP must first have the funds to support withdrawal and we will only accept requests for withdrawal after three years.

Community shares can't be sold on or transferred. We will always have to ensure that repaying members is prudent, taking into account our objectives as a community benefit society. We hope that you want to save The White Horse Inn, and secure its future. This share issue has been designed to give you an opportunity to contribute financially, on a long-term basis, to this important business for the local community.

*Community shares cannot increase in value. If WBCP ever sold the pub, and made a profit, investors would receive their original investment back, and the profit would go to the community (this is called an **asset lock**). If the business ever runs into difficulty, it is possible that not all of the original investment could be repaid*

We are inviting you to become an investor (shareholder) of WBCP which will own the pub. The Management Committee will run it on your behalf.

All shareholders will be Members of WBCP. WBCP will provide you updates on progress and annual accounts, a voice in the running of the society, and the opportunity to be elected to the Management Committee.

The Management Committee will be 3-7 individuals who will be collectively responsible for purchasing and managing the pub premises and overseeing performance of the Tenant. If we were to adopt a Self-Employed Manager model the Management Committee would also have more responsibilities inside the premises including insurances, health & safety, licencing and fixtures/fittings.

All members of the Management Committee will be democratically

elected by Members of WBCP, with one vote per Member regardless of investment size.

An interim Management Committee has been appointed to serve until the first Annual Members Meeting. At this meeting all members of the committee will stand down and elections will be held for the new Management Committee. All Members, including the initial Management Committee will be eligible to stand for election. The initial Management Committee comprises five local members:

Pat Salter (Founding Member and Chair)

Pat and her husband David moved to the village 9 years ago, Pat having served 32 years as a Wiltshire Police Officer. Pat is involved in mentoring netball umpires, is a trustee of Fatboys charity, the Manager of Wroughton Country Market, and a keen gardener.

Pat and David are active supporters of The White Horse Inn, organising dart team matches and the regular pub quiz.

Howard Witt (Founding Member)

Has lived in Winterbourne Bassett for 6 years and recently retired from Xerox Europe after 38yrs. He held Sales Operations and Marketing senior management roles. His primary skill set over the last 25yrs was to focus on broken business lines, in this role he was recruited by Fuji Xerox as GM for Asia Pac to open the high-end Printer markets in the Asia Pacific, following this he moved to China operations, to open the market in this growing economy, in recent years returning to Europe he continued in similar roles to take on aligning businesses, to return them growth. Whilst recently retired, he has now partnered with his wife to run their Limited Company, where he has full responsibility (According to Stephanie) to deliver the US market activity. He hopes to bring knowledge of business fundamentals, marketing skills and financial acumen to identify strategies for change.

Damian Le Gresley

Has lived in Winterbourne Bassett for 10 years and is a senior engineering manager with experience in the software and telecommunications industries. He is a bit of a 'techie' and brings a broad experience of computing and internet technologies to the Management Committee. He enjoys exploring Wiltshire and neighbouring counties at the weekends and often ends up in a country pub for a lazy afternoon lunch and drink. He is keen to rebuild The White Horse Inn as a destination so many others can visit to enjoy the beautiful surroundings. He also cares about reducing our impact to the environment so would like to encourage the pub to follow a "Reduce, Re-use, Re-cycle" approach and use local/ethical suppliers where possible.

Steve Windel

Has lived in Winterbourne Bassett for 3 ½ years with his family. He is a son of a local farmer and was born and has lived in this area all his life. He has spent his whole working life in landscape gardening and grounds maintenance and has built up his own successful limited company employing local people. He is very keen to keep the White Horse as a local pub for local people as well as attracting new customers from further afield. He brings practical experience to the Management Committee and will be leading the refurbishment work stream.

Adrian Smith (Founding Member and Company Secretary)

Adrian has lived in Winterbourne Bassett with his family for 10 years. He is Vice Chairman of the Parish Council and is actively involved in supporting the local community. He has 25 years' experience in Banking & Financial Services across the UK & Ireland, and is now Chief Executive of a Financial Services firm based in Cheshire which is part The Co-operative Group. Adrian brings strong corporate governance and strategic planning skills to the community pub project and has been an avid supporter of The White Horse Inn from the customer's side of the bar for many years.

The Share Issue

Individuals (aged 18 and over) can apply for membership by buying shares at a cost of £1,000 per share, with a minimum investment of one share. In order to prevent any one individual holding a major share of the society, the maximum any individual can invest is £100,000. Any individual that invests more than £30,000 is required to agree to not request to withdraw more than £30,000 in any one year.

If the share offer is oversubscribed the Management Committee reserves the right to refuse part or all of an application for shares.

Interest will be payable on all shareholdings at an interest rate proposed by the Management Committee, based on the performance of the business, and put to vote at the Annual Members Meeting. It is our intention to pay interest from year 2 with a maximum allowable interest of 5% or 2% above Bank of England Base Rate, whichever is the greater.

It is important to note that the value of shares will not increase. The only financial benefit for members is the interest paid annually and the benefits that members will be entitled to when visiting the pub, such as discount on food and drink purchases, as agreed with the Tenant.

The shares are not transferrable (except on death or bankruptcy) and cannot be sold. The only way to recover the value of shares purchased is to give 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 only at the discretion of the Management Committee.

The Management Committee will have the authority to refuse a withdrawal request if it would endanger the business. The full details of share ownership and the terms of withdrawal are set out in the Rules of the Society, which can be found at <http://www.winterbournebassettcommunitypub.co.uk/>

In the event that The White Horse Inn is sold, the shareholders would be repaid their investment after repayment of any debts. Any surplus will be paid to a charitable or community body. As WBCP confers limited liability, the most you could lose due to business failure would be your original investment; although as this offer is unregulated, you have no right to complain to the Financial Ombudsman or to compensation.

Questions you may have

Why should I buy community shares?

We need your investment to help purchase The White Horse Inn. Without sufficient investment from the community we will be unable to achieve this.

Who will benefit from this project?

The residents and friends of Winterbourne Bassett will benefit directly from having a vital amenity preserved for future generations, both through the use of the facility itself but also because this community project will play a part in making Winterbourne Bassett a stronger, more vibrant and cohesive community in which to live.

Is this a good business proposition?

We expect and will require the business to be a profitable venture. We have carefully evaluated its strengths and weaknesses and our projections show that we can establish it as a successful business. It is well proven that communities that work together to set up such an enterprise will support it in the future. Of all the community-owned pubs none have failed to date. For the full business case see our website.

Will you be paying a fair price for The White Horse Inn?

We had our initial offer of the asking price accepted when the pub was still trading and have subsequently had an independent valuation of the building, business and inventory. Based on these valuations we negotiated on the price with Wadworth's CEO and on the 12th January 2018 agreed the revised price detailed earlier in this document.

Who are the people behind this project? Do they have a personal interest?

The Management Committee consists of a group of local residents who care passionately about our pub. They donated money to help register the company and will be investing in shares. They will have no personal financial interest in the project, above and beyond their own investment in community shares. They have voluntarily contributed a large amount of time to the project and this has been supplemented with advice and considerable support from many people and organisations.

Who will run the White Horse Inn and make the day-to-day decisions about the business?

The Management Committee will oversee the business and ensure that it meets the goals set down in the Tenancy Agreement or Management Contract. We intend to appoint a Tenant or Self-Employed Manager who will be fully responsible for the day-to-day running of the pub. There will be governance and reporting arrangements in place to monitor

financial and other performance. We will ensure that there is an ‘open book’ approach to sharing feedback and other information between the Society and the Tenant/SEM. Shareholders will be invited to meetings to discuss significant decisions about the pub.

Do my shares give me voting rights?

Yes, they do. Everyone has an equal voice, regardless of the size of their investment.

How do I get my money back?

You will be unable to withdraw your shares in the first three years. After that, you will need to give three months’ notice. You cannot sell or transfer your shares, and withdrawals must be funded from surpluses or new capital raised from members. The Management Committee may suspend withdrawals depending on the long-term interests of the Society, the need to maintain adequate reserves, and the commitment to the community we serve. The intent is to hold a contingency fund to support limited withdrawals on a first-come first-served basis each year. The size of this fund will be agreed at the Annual Members Meetings after year three.

What happens if the purchase of the White Horse Inn falls through?

It is still possible that we will be unable to complete the purchase, even though we have an in-principle agreement with Wadworth Brewery and are close to securing the necessary funds. In the unlikely event that this happens we will seek first donations to cover any costs incurred. We would then return all funds we have received with the initial Management Committee bearing any costs that are not covered by the donations.

Will I get my investment back if the White Horse Inn fails?

All the business’s assets, including the freehold of the building, would be sold and the proceeds of the sale (after paying any creditors) divided between the shareholders up to the value of their shares. You might receive the full value of your shares back or you might lose part or all of your investment.

What redress do I have if the business fails and I lose the value of my shares?

This share offer is unregulated, as it is exempt from the Financial Services and Markets Act 2000 or subsidiary regulations, which means there is no right of complaint to the Financial Ombudsman, nor can you apply to the Financial Services Compensation Scheme.

Will I receive interest from my shares?

We aim to pay a reasonable interest rate to our members and our Rules allow interest to be paid at a maximum of 5% or 2% above Bank of England Base Rate. Our business plan

cashflow model assumes we will pay 5% interest from year 2, but in line with our rules rights are reserved not to pay interest. Interest will be paid gross and it is each member's responsibility to declare such earnings to HMRC if appropriate.

Will my investment be eligible for tax relief?

Not if we proceed with our preferred approach of running the pub as a tenancy. Enterprises engaged in non-trading activities, such as property rental, are not eligible for EIS/SEIS/SITR. This means that societies that acquire assets, such as pubs, which are leased to a tenant, do not qualify for tax relief. Should we be unable to find a suitable tenant and instead adopt the Self-Employed Manager approach, we will investigate tax relief later.

How can I find out more about the project?

You can find our business plan, the Rules for our Society and further contact details on our website. We are also posting regular updates on progress to our Facebook page <https://www.facebook.com/wbcommunitypub/> or you can email us at enquiries@winterbournebassettcommunitypub.co.uk

Application Procedure

You can apply by completing the application form that follows, and return it, with your cheque if applicable, to:

Telsar
Winterbourne Bassett
Wiltshire
SN4 9QB

WBCP will acknowledge receipt of your cheque and application and may cash your cheque as soon as it is received. We would appreciate the opportunity to take receipt of funds via bank transfer. If you are able to do this please say so on your application form and we will send you the bank transfer details by return.

- By delivering an Application Form an Applicant offers to subscribe, on the Terms and Conditions contained in this Offer Document, for the number of shares specified, or such lesser number as may be accepted.
- An Applicant who receives Shares agrees to automatic membership of WBCP and to be bound by its Rules.
- Once an application has been submitted and approved it cannot be withdrawn.
- Multiple subscriptions will be admitted providing that they do not result in a member holding more than the maximum amount of shares, £100,000.
- Applicants may be requested to provide additional evidence of identity in order to comply with Money Laundering requirements
- Applications may be rejected in whole, or in part, or be scaled down, and monies shall be securely returned to the application, not later than two months after application, without interest.
- Applications on incomplete or inaccurate Application Forms may be accepted as if complete and accurate.
- Results of the Offer will be published on the website of WBCP, and all applicants will be informed.

Winterbourne Bassett Community Pub Limited

Registered Office: Telsar, Winterbourne Bassett, SN4 9QB

Registered in England and Wales as Company no. 10992292

Application for Membership and Shares

I wish to apply for membership of the Winterbourne Bassett Community Pub Limited (WBCP) and I would like to purchase:

WITHDRAWABLE SHARES: NON-TRANSFERRABLE in WBCP

at £1000 per share, being a total of

I include my payment herewith / I will make my payment electronically (delete as appropriate).

Cheques should be made out to Winterbourne Bassett Community Pub Limited.

Please return to Pat Salter, Telsar, Winterbourne Bassett, SN4 9QB

SignatureDate

NameTelephone

Address.....

..... Post Code:

E-mail address.....

By requesting that I become a Member of Winterbourne Bassett Community Pub Ltd (WBCP), I agree to my name, address, phone number, email address (where applicable) and the number of shares I wish to purchase being held on a computer database. I 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 WBCP, for posting of notices regarding the activities WBCP and will not be passed to third parties.

I understand that the value of any shares that I purchase in WBCP could fall in value and that I may not be able to withdraw my investment unless the Management Committee can find an alternative Member or funding source to facilitate a share withdrawal.

