

# **Guilden Morden Community Pub Limited**



**Information Document - Membership**

**Launch Date: 27<sup>th</sup> July 2018**

**Closing Date: 1<sup>st</sup> September 2018**

**(or such later date as advised)**

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# 1 OFFER SUMMARY

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- You are invited to invest in Guilden Morden Community Pub Limited ('GMCP') through the purchase of Shares;
- GMCP, a Community Benefit Society, has been established to purchase, refurbish, reopen and let The Three Tuns ('the Pub');
- GMCP is registered with the Financial Conduct Authority under the Cooperative and Community Benefit Societies Act 2014 – its Register number is 7583;
- GMCP is seeking to raise from this Share Offer a minimum of £200,000 but would hope to raise nearer £300,000 – prior to the Share Offer, 235 individuals have pledged to invest a total of £225,000;
- In total, GMCP is aiming to raise £485,000 through a combination of the issue of Shares, grants and loan funding. This is the total sum estimated to be required to purchase and refurbish the Pub;
- Shares have a nominal value of £250 each;
- The minimum investment under this Share Offer is £250 and the maximum is £40,000;
- The Offer is open to both individuals and institutions and shares may be held on a joint basis between individuals;
- The Offer will open on 27<sup>th</sup> July 2018 and close on 1<sup>st</sup> September 2018 or such later date as the Management Committee may determine;
- The Business Plan is available to view on the website, [www.thethreetunsguilden.co.uk](http://www.thethreetunsguilden.co.uk);
- You should note that this Share Offer is not subject to the Financial Services and Markets Act 2000, nor is it covered by the Financial Services Compensation Scheme and investors will have no recourse to the Financial Ombudsman;
- Investors could lose some or all of their investment.

This Document is intended to:

- Explain about Guilden Morden Community Pub Limited and how the Share Offer will work;
- Outline the project and its benefits for Members and the community; and
- Invite you to apply to buy Shares and help make this happen.

If you are unsure whether to invest or not it is recommended that you consult with a professional advisor.

## 2 WHAT IS GULDEN MORDEN COMMUNITY PUB LIMITED?

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Gulden Morden Community Pub Limited (GMCP) is a Community Benefit Society (CBS) incorporated under the Cooperative and Community Benefit Societies Act 2014. It is owned and managed by the community for the benefit of the community. GMCP is registered with the Financial Conduct Authority, Register number 7583.

GMCP was set up with the following objects:

The objects of the Society shall be to carry on business for the benefit of the community by: raising funds to purchase the freehold, reopen and operate of The Three Tuns, Gulden Morden as a community owned public house with a view to maximising the success and longevity of this important community asset. The Society will also strive to make the pub a community hub and will explore, at an appropriate time, other services that the premises could offer for the wider benefit of the community.

Its constitution is set out in its Rules which are based upon the Model Rules provided by the Plunkett Foundation. The Plunkett Foundation supports people, predominantly in rural areas, to set up and run community co-operatives; enterprises that are owned and run democratically by large numbers of people in their community. They currently represent a network of over 500 rural community co-operatives, including shops, cafes and pubs that are trading across all parts of the UK. The Plunkett Foundation administers 'The More than a Pub' Government Programme.

The Society's Rules can be viewed on GMCP's website, [www.thethreetunsguilden.co.uk](http://www.thethreetunsguilden.co.uk). GMCP is run as a not-for-profit private Society and any surpluses, after interest payments, generated by the Society must either be used to maintain prudent reserves or in furtherance of GMCP's objects.

### 3 THE SHARE OFFER

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This document describes an opportunity to become a member of GMCP (“Member”) by subscribing for shares in the Society (“Shares”). Any individual, company or organisation can become a Member. GMCP is operated on a ‘one Member, one vote’ principle, as set out in its Rules.

GMCP’s first purpose is to raise sufficient funds to secure The Three Tuns by acquiring, developing and reopening it.

Individuals (aged 16 years and over) and institutions can apply for membership by subscribing for shares at a nominal price of £250 per Share, with a minimum investment of 1 Share (i.e. £250).

The maximum that can be invested by an individual or institution is £40,000.

If the Share Offer is oversubscribed, the Management Committee reserves the right to refuse part or all of an application for Shares or scale back applications on such basis as it decides in its discretion.

After 3 years, GMCP plans to pay interest on shareholdings at a modest interest rate to be proposed by the Management Committee and put to a vote of Members at the Annual General Meeting. It should be noted that the administrative costs of paying interest on small investments make it unlikely that GMCP will pay interest on investments of less than 4 Shares or £1,000. The payment of interest is at the discretion of the Management Committee and will depend upon the performance of and the financial position of the Society at the time and therefore is not guaranteed. The maximum rate of interest under GMCP’s rules is 5%, or 2% above the Bank of England base rate if greater.

It is important to note that the value of the Shares will not increase, nor can profits be distributed as dividends. The only direct financial benefit for Members is the possible receipt of interest.

The Shares are not transferable (except on death or bankruptcy) and cannot be sold.

Investors may request to withdraw their Shares by giving three months’ notice of withdrawal to the Management Committee. Shares cannot be withdrawn until at least three years have elapsed from the date the Shares were issued and then only at the discretion of the Management Committee. Withdrawals must be funded from surpluses generated by the business or from new Share capital raised from members. The Management Committee may decline requests for withdrawals depending on the long-term interests of the Society, its need to maintain adequate reserves, and GMCP’s commitment to community benefit.

Full details of Share ownership and the terms of withdrawal are set out in the Rules of the Society.

In the event that, for whatever reason, The Three Tuns is sold to a buyer other than GMCP or not sold at all, shareholders would be repaid their investment after settlement of all debts. Any surplus remaining after such repayment, would be paid to a community body as decided by the membership of GMCP and which is eligible under GMCP’s Rules.

As GMCP benefits from limited liability, the maximum that an investor can lose is the amount of the original investment.

You should be aware that this Share Offer is unregulated. It is not subject to the Financial Services and Markets Act 2000. Additionally, there is no recourse to the Financial Services Compensation Scheme nor to the Financial Ombudsman.

Copies of the Business Plan and the Society Rules of GMCP are available on our website [www.thethreetunguilden.co.uk](http://www.thethreetunguilden.co.uk) and can be requested from any member of the Management Committee.

You can join the project to secure the Pub by subscribing for Shares and becoming a Member.

It is important that you read this document carefully in full before making a decision on whether you want to subscribe for Shares.

This offer for Shares opens on 27<sup>th</sup> July 2018 and will remain open until 1<sup>st</sup> September 2018 or such later date as may be advised.

Applications will be accepted at the Management Committee's discretion.

## 4 BACKGROUND

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The Three Tuns was in use as a pub when the first census was undertaken in 1851. It had been a pub continuously from then until it was closed by its then owner, Greene King, in 2013.

Fearful that another pub would be lost and of the impact this would have on Guilden Morden and the local community, the members of the Three Tuns Action Group ('TTAG'), a campaign group set up to ensure The Three Tuns reopened as a pub, agreed to:

- Seek to obtain, with the help of the Parish Council, a listing of The Three Tuns as an Asset of Community Value (ACV), which was achieved in March 2013 and again in October 2014;
- Fight planning applications for change of use;
- Put together a business case for the purchase and reopening of the Pub;
- Establish a legal entity to raise funds and make a bid for the Pub;
- Explore the level of support for the Pub within the wider community.

Having succeeded in preventing change of use through a prolonged planning process, TTAG broadened its membership to become the Three Tuns Community Group (TTCG) in December 2016. TTCG undertook extensive research into the community owned pub sector, canvassed support from the community via public meetings and in June 2017 established Guilden Morden Community Pub Limited as a legal entity to undertake the acquisition of The Three Tuns.

The current owner put the property on the market in August 2017. The Pub's ACV status meant that there was an initial 6-month moratorium period during which the community was able to raise funding to be able to buy the Pub. Over 200 individuals pledged to invest over £200,000 in Shares in GMCP, allowing GMCP to submit a bid for the pub within the moratorium period. GMCP also secured £100,000 in grant and loan finance through the Government's 'More than a Pub Programme', administered by the Plunkett Foundation.

The owner did not accept GMCP's bid at that time, but has now agreed to sell the Pub to GMCP for £325,000 subject to contract. GMCP has received a detailed survey from a qualified heritage building surveyor to assess the likely cost of refurbishment. It has budgeted £100,000 in the Business Plan to undertake essential refurbishment work.

In total, GMCP needs to raise £485,000 in equity, loans and grants. This Share Offer is a key component of the total funding required. The more that is raised by way of this Share Offer, the less GMCP will have to borrow and the sooner GMCP will be able to improve the Pub's facilities or pay interest on the share capital. It is estimated that every £10,000 reduction in shares issued will result in increased annual mortgage repayments with additional commercial interest of approximately £7,000 over the life of the mortgage.

## **5 OUR MISSION AND THE PROJECTED BENEFITS TO THE COMMUNITY**

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GMCP's vision for The Three Tuns is a "no frills" pub with emphasis on good food and drink in an atmosphere that will be inclusive and welcoming to all.

It is planned to establish an increasing number of community services and facilities on the site, which may in due course provide a community café, a book exchange, a function room for as wide a range of community groups as possible, etc.

This purchase would have many benefits, including:

- Providing a social hub where people can meet their existing friends, make new friends, enjoy a selection of food and beverages, use the internet, borrow and swap books and much more, although some of these are projects for the future;
- Improving the fabric and amenities of the buildings;
- Maintaining and improving community cohesiveness.

This represents a fantastic opportunity for the community of Guilden Morden to continue to strengthen its vibrancy and sustainability.

GMCP aims to provide a significant improvement in social participation, increased support for existing and new community activities, positive impact on levels of well-being and a growing, supportive well-connected community.

GMCP have listened to what local people have told it they want and will endeavour to meet those needs in coming years.

GMCP will facilitate the operation of a viable community owned pub on a sustainable commercial basis.

GMCP currently works with a number of organisations that offer it assistance and guidance; these include the Plunkett Foundation, CAMRA, Pub is the Hub, Guilden Morden Parish Council.

The Management Committee has been considering the range of services that a community owned pub might provide and based on the experience of other communities and what it has been told by residents, it has drawn up a long list of possibilities. It is intended that the Pub will operate on tenanted basis and the Management Committee will endeavor to deliver a range of services subject to the agreement and involvement of the Tenant landlord.

## 6 FINANCIAL PERFORMANCE AND PROJECTIONS

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Since its establishment in June 2017, GMCP has generated a small amount of funding through grants and donations, totalling £5,000. This has enabled it to get to this stage. It now needs to move on to the next phase of the project, to purchase, refurbish and reopen the Pub.

To achieve this, it will need to raise up to £485,000 from a variety of sources. The Management Committee are targeting the raising of funds, as follows:



The costs of reopening the Pub are estimated as follows:



There will also be VAT charged on the acquisition and refurbishment costs, which should be recoverable within a few months of expenditure taking place. Where required, any cash flow shortfalls will be covered by short-term loans.

GMCP has been awarded the maximum grant and unsecured loan package of £100,000 available through the More than a Pub Programme. Once GMCP owns the Pub, it will seek additional grants from community and heritage based funding bodies for further improvements.

GMCP has agreed a purchase price for the Pub of £325,000 + VAT. The estimated costs of refurbishment have been provided by a qualified heritage surveyor.

Once The Three Tuns is reopened, GMCP is confident that it will be financially viable. The headline forecasts are set out below and more detailed financial projections are included in the Business Plan, which can be downloaded from our website [www.thethreetunsguilden.co.uk](http://www.thethreetunsguilden.co.uk). The projections are based on the assumptions set out in the Business Plan. Please note that neither GMCP nor any of the Management Committee are liable for any projections or financial forecasts, the accuracy of which cannot be guaranteed.

<b>5 year headline projections</b>					
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Total Income (exc' grant)</b>	<b>0,000</b>	<b>18,000</b>	<b>28,500</b>	<b>30,000</b>	<b>32,086</b>
<b>Total costs</b>	<b>3,113</b>	<b>12,741</b>	<b>12,799</b>	<b>12,476</b>	<b>21,103</b>
<b>Surplus (pre-tax)</b>	<b>(3,113)</b>	<b>5,259</b>	<b>15,701</b>	<b>17,524</b>	<b>10,984</b>

## 7 HOW WILL GULDEN MORDEN COMMUNITY PUB LIMITED BE MANAGED?

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GMCP is run by its Management Committee which will consist of not less than 4 or more than 12 members. The current Management Committee is made up of 12 people who believe that it is vital to secure the future of the Pub for the community.

The current Management Committee members are:

Dennis Tear (Chairman)	Colin Beales (Treasurer)	Alan Boyd (Secretary)
Nick Buckland	Dr James Fettiplace	Mike Greenstein
John Harrison	Doug Johnstone	David Karat
Ken Lock	Justine Smith	Peter Woodhall

Brief biographical details can be found in the Business Plan on our website, [www.thethreetunguilden.co.uk](http://www.thethreetunguilden.co.uk).

Once GMCP has acquired the Pub, an experienced Tenant will be recruited to run it. The Tenant will be accountable to GMCP's Management Committee and the Tenant's conduct and performance will be monitored by regular meetings with the Committee.

It will be important that we recruit a Tenant who understands and is motivated by our vision for the community focus that underpins GMCP's mission, accepting, of course, the Tenant's need to generate profits.

At the first Annual General Meeting of GMCP, to take place following the issue of Shares subscribed for by way of this Share Offer, a new Management Committee will be elected. Current Management Committee members will stand down and may offer themselves for election. Shareholders in GMCP will each have one vote irrespective of their shareholding.

## **8 FREQUENTLY ASKED QUESTIONS**

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### **Why should I buy Shares?**

GMCP needs your investment to help purchase The Three Tuns. Without sufficient investment from the community GMCP will be unable to pursue the Business Plan and the Pub may be lost to the village forever.

### **Who will benefit from this project?**

The residents of Guilden Morden will benefit from having an important social amenity secured for future generations, both through the direct provision of services but also because the Pub will help to create a stronger, more vibrant and cohesive community in which to live. The Pub will also provide employment opportunity for local people.

### **Is this a good business proposition?**

GMCP expects that the Pub will be financially sustainable. It has prepared financial projections based on the perceived specific strengths and weaknesses of the Pub and on industry comparisons provided by Everard Cole. These show that The Three Tuns can be successful. There are now 60 community owned pubs in the UK and none has failed to date. Full details of our forecasts are shown in the Business Plan.

### **Are you paying a fair price for the Pub?**

GMCP believes the total cost of buying and refurbishing the Pub is reasonable and will enable it to establish a successful business.

### **Who are the people behind GMCP and what do they stand to gain?**

The Management Committee currently consists of a group of local residents whose details are given in the business plan. They care keenly about the future of the Pub and about Guilden Morden. They will also be investing in this share issue. They will have no personal financial interest in the project, above and beyond their own investment in Shares. They have contributed a large amount of time to the project so far, at no cost to GMCP.

### **Will my shares give me voting rights?**

Yes. A Community Benefit Society is an open and democratic organisation. One Member receives one vote on issues determined by shareholders, irrespective of how many Shares that Member has purchased.

### **Who will run the Pub and make the day-to-day decisions about the business?**

The Management Committee will oversee the business of GMCP. An experienced Tenant will be appointed to oversee the running of the Pub business, typically on a three year tenancy. The consequent tenancy agreement will set out the obligations and responsibilities of the Tenant and GMCP (the Landlord). There will be arrangements in place with the Tenant to monitor performance against agreed community focused objectives. There will be an open and regular dialogue between the Tenant and the Management Committee and the views of members and customers will be actively canvassed by the Committee.

### **Can I get my money back?**

You will be unable to withdraw your Shares for the first three years after purchase. Thereafter you will need to give at least three months' notice of your wish to withdraw Shares. Shares can neither be sold nor transferred to someone else. Withdrawals must be funded from surpluses generated by the business or from new Share capital raised from members. The Management Committee may decline requests for withdrawals depending on the long-term interests of the Society, its need to maintain adequate reserves, and GMCP's commitment to community benefit.

### **Can I make a profit on my capital investment?**

No. GMCP is a Community Benefit Society (CBS), which means that no individual can make a capital gain from their investment. If the assets of the CBS are sold for a profit, any surplus after costs and expenses must be applied to other community causes in the local area. Shareholders can be repaid their initial investment and may receive a modest interest on their capital, but this is not an investment for capital gain.

### **What happens if the purchase of The Three Tuns does not proceed?**

It is possible that GMCP will not be able to complete the purchase. In the event that this happens GMCP will return any funds it has received less any outstanding expenses to investors. It is probable that investors would receive back the greater part of their investment should the Pub not be acquired.

### **What happens if GMCP fails?**

Should the underlying business fail, all assets, including the freehold of the land and 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. As is quite normal in purchases of property like The Three Tuns Pub, GMCP have agreed to an "overage" provision in favour of the vendor for a limited period whereby the vendor may receive a further payment if the property is sold by GMCP. Any overage payable on a disposal of the property will be paid along with any other creditors. You might receive the full value of your shares back or you might lose part or all of your investment. However, you should remember that this is an investment underpinned by freehold property.

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

This share offer is first and foremost an investment in your community. The investment is unregulated and not covered by the Financial Services and Markets Act 2000. There is no right of access to the Financial Services Compensation Scheme nor to the Financial Ombudsman.

### **Will I receive interest from my shares?**

GMCP will aim to pay a modest interest rate, up to a maximum of 2% pa over the base rate, to the Members. The Business Plan assumes that interest will be paid on shareholdings on an annual basis from year 4 onwards. It should be noted that the administrative costs of paying interest on small investments make it unlikely that GMCP will pay interest on investments of less than 4 Shares or £1,000. The payment of interest will be subject to the business generating sufficient surpluses. Under current tax rules, interest will be paid gross and it will be each Member's responsibility to declare such income to HMRC if appropriate. Interest will not be paid for the first 3 years and, in the case of any investments made after the initial Share Offer period, only once the investor has held Shares for 3 years.



# GUILDEN MORDEN COMMUNITY PUB LIMITED APPLICATION FOR MEMBERSHIP

If you wish to become a member of Guilden Morden Community Pub Limited ('GMCP') by investing in the society, please complete the form below and return it to the following address:

The Treasurer  
Guilden Morden Community Pub Limited  
9 Dubbs Knoll Road,  
Guilden Morden,  
Herts, SG8 0LA  
e-mail: halcyondays@halcyondays.plus.com

Name: .....

Address: .....

.....

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Email address: .....

Phone number(s): .....

Number of shares you wish to purchase (minimum 1, maximum 160): .....

Value of shares you wish to purchase (Shares cost £250.00 each): £ .....

Payment should be made either:

- i) by cheque payable to Guilden Morden Community Pub Limited. **Please enclose your cheque with this Application;** or
- ii) by direct transfer to GMCP's bank account, as follows:

Sort Code: 30-90-89

Account number: 37457160

Reference: please provide your first initial and surname

**Please send this Application to GMCP and tick the box to confirm payment has been made direct to our account**

By requesting that you become a member of Guilden Morden Community Pub Limited ('GMCP') you agree to your name, address, phone number(s), email address (where applicable) and the number of shares you wish to purchase being held on a computer database. By signing this application form you are confirming that you 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 GMCP and for posting of notices regarding the activities of GMCP. **This information will not be passed to third parties.**

By signing below, you also confirm that you are over the age of 16 years.

I hereby apply for the number of Shares referred to above on the terms of the Information Document to which this form is attached and the Rules of GMCP.

Signed: .....

Date: .....