

# OPEN SHARE OFFER

## Winterbourne Bassett Community Pub Limited



**June 2023**

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 the Financial Ombudsman Service.

**You could lose some or all of the money you invest.**

This document replaces the Open Share Offer document dated October 2021.



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# FOREWORD

*Hello,*

*I'm sure most of you have heard the expression 'The Pub is the Hub'?*

*Well, ours really is just that – and owned by 'The Community' as well.*

*An attractive building, on spacious grounds, with far reaching views.*

*Having purchased and renovated the building in 2018 we continually maintain and improve the property to support and enhance our tenant's thriving business. We also have ambitions to renovate outbuildings to provide further facilities.*

*Although bank interest rates are slowly increasing, why not still consider investing in a social enterprise where returns are linked to business success.*

*As a Society we survived the Covid-19 pandemic and always look forward to welcoming new members.*

*Please read on for the facts and figures of our open share offer and I look forward to you also being able to say "I own a pub"!*

*Pat Salter*

*Chair*

*Winterbourne Basset Community Pub Ltd.*

# PURPOSE

Winterbourne Bassett Community Pub Limited (WBCP) is the company established to enable the people and friends of Winterbourne Bassett to safeguard the future of their village pub called "The Winterbourne".

It is a not-for-profit Community Benefit Society using model rules developed by the Plunkett Foundation and registered with the Financial Conduct Authority (FCA).

The annual accounts and social reports for WBCP, as well as the WBCP Rules and Business Plan are available on our website at:

<http://www.winterbournebassettcommunitypub.co.uk/the-society>

We are inviting you to become an investor (shareholder) of WBCP which owns the pub premises. All shareholders will become 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 is 3-7 individuals who are collectively responsible for managing the pub premises and overseeing the performance of our Tenants. All members of the Management Committee are democratically elected by Members of WBCP in accordance with the [Rules](#) on a one member-one vote basis.

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.

## **REASONS FOR THE OPEN OFFER**

- To give opportunity to be part of our successful Community Benefit Society
- To increase the number of Members in the Society to involve more people in the purpose of the Society, including being part of the Management Committee
- To maintain the share capital of the society in the range of £300,000 to £320,000 as other members leave
- To fund continuous investment projects such as:
  - o Improvements to septic tank system
  - o Energy efficiency improvements
  - o New porch with improved disabled access

## **SERIES B SHARE DETAILS**

A Series B share will cost £1000 and will receive no interest in year one and then 0.5% interest less than Series A shares in years 2,3,4 and from year 5 will earn the same interest as Series A shares. This recognises the higher risk that the Series A investors took in investing before the pub was refurbished and trading.

Interest will be payable on all shareholdings at interest rates proposed by the Management Committee, based on the performance of the business, and put to vote at the Annual Members Meeting. In accordance with FCA rules, interest can only be paid out of WBCP's trading profit, not from reserves, grants, loans or other shareholder investments. The maximum possible interest is 5% or 2% above Bank of England Base Rate, whichever is the greater.

By purchasing one or more Series B shares, you will become a Member of WBCP, if not already so. Therefore potential investors must meet the conditions of membership stated in the [WBCP Rules](#) section 3, including being an individual over the age of 18.



The maximum number of Series B shares a new or existing Member may purchase is 10 shares (£10,000) as one of the aims of this Share Offer is to grow the membership of the Society.

Shares shall be paid for in full on application (see form at the end of this document) by personal cheque or bank transfer.

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

Investors 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 shares have been held for three years.

Shares are not transferrable except on death or bankruptcy and are withdrawable at the sole discretion of the Management Committee in accordance with [WBCP Rules](#) section 8.4. We will always have to ensure that repaying members is prudent, taking into account our objectives as a Community Benefit Society.

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. 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 Service or to compensation.

This share offer will remain open until no more shares are available for sale (i.e. share capital reaches £320,000 and there are no pending withdrawal requests from existing members). As it is an open share offer, the Management Committee may re-open it in the future should more shares become available for sale.

# RETURNS ON INVESTMENT

## SOCIAL

As well as securing the future of Winterbourne Bassett's only public house, WBCP has also achieved the following community benefits:

- Preserved the venue for the village darts team and a meeting place for local social groups
- Organised quiz nights, harvest suppers and other special events in the pub
- Constructed a community playground that is open in daylight hours to local families and visiting pub customers
- Installed an audio/video projection system that provides multiple use cases for customers, community event and small business 'away days'
- Installed cycle facilities to safely store bicycles while their riders enjoy a drink and/or meal at the pub
- Improved the garden dining area to allow enjoyment of the views across to The Ridgeway and White Horse
- Installed an electric vehicle charger to attract the growing number of EV owners



## FINANCIAL

Members of WBCP receive a discretionary interest payment each year. The payment of interest is a discretionary operating expense of the society, and not a distribution of profit.

WBCP has completed five full years of trading and the society has achieved the following financial results:

<b>YEAR JANUARY</b>	<b>ENDING</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>GROSS PROFIT</b>		12,943	31,316	18,356	23,124	21,863
<b>ADMINISTRATIVE COSTS</b>		(88,327)	(15,648)	(13,250)	(18,738)	(23,335)
<b>OTHER INCOME</b>		7,494	8,160	14,190	5,444	6,775
<b>INTEREST RECEIVED</b>		249	513	280	204	78
<b>INTEREST PAID</b>		(5,633)	(10,718)	(7,829)	(7,023)	(4,155)
<b>PROFIT BEFORE TAX</b>		(73,274)	13,623	11,747	3,011	(1,331)
<b>UNALLOCATED RESERVES</b>		9,609	11,626	10,954	6,002	11,970
<b>CCF<sup>1</sup> BALANCES</b>	<b>LOAN</b>	92,244	82,347	76,237	65,151	53,255
<b>OTHER BALANCES</b>	<b>LOAN</b>	16,000	10,772	5,466	-	-
<b>INTEREST PAID TO A SHARES</b>		-	1.5%	0.7%	0.7%	-
<b>INTEREST PAID TO B SHARES</b>		-	-	0%	0.2%	-
<b>SHARE CAPITAL</b>		283,000	307,000	316,000	310,000	305,000
<b>SHARES PURCHASED / WITHDRAWN<sup>2</sup></b>		- / -	24 / -	9 / -	3 / 9	3 / 8

<sup>1</sup> Co-operative and Community Finance

<sup>2</sup> Open share offer launched in February 2019. Share withdrawals allowed from March 2022

The Covid-19 pandemic had an unprecedented impact on the hospitality trade. It significantly impacted the financial performance of both our tenant's business and that of WBCP in year ending January 2021. Our tenant's sales were down 40% due to the lockdowns in March to June, November, and January during which they were only able to run a takeaway service. They also saw reduced covers in several of the other months, with only February, August and September returning sales at or above the levels in their prior year.

WBCP was fortunate to secure a grant of £8,078 from Power to Change to mitigate some of the impacts of the pandemic to our finances and this allowed us to give significant rent discounts to our tenants to help them survive through the months of lockdown. We were also granted a five-month capital repayment holiday on our CCF loans which helped to reduce our outgoings in the uncertain period at the start of the pandemic.

However, as our income was 41% down on the prior year and as the terms of the Power to Change grant did not allow it to be paid out to members, we were only able to afford an interest payment of 0.7% which meant the eligible B shareholders did not receive any interest in year ending January 2021.

The following year saw pub business slowly return to normal and both WBCP and our tenants were pleased to have survived the 18 months of unprecedented restrictions on the hospitality trade. On 1<sup>st</sup> August 2021 we also paid off the £16,000 loan to former members of the society. Unfortunately, in October 2021 we learnt that our tenants wanted to move on in the following Spring, so we had to protect our reserves with the potential of a gap in tenancy and paid 0.7% to A shareholders and 0.2% to B shareholders following a vote to reduce the differential between shareholder types.

Our 2022-2023 financial year was focused on finding and supporting new tenants. We had to reduce our rent levels to attract good tenants and that, along with a month's gap in tenancy reduced our income. There were also a lot of planned and unplanned costs during the change-over in

tenancy, including spending £5,000 on purchasing additional inventory from our outgoing tenants. The excess in expenditure over income in this financial year meant that we were unable to pay any member interest, but we are very pleased with the new tenants we managed to attract, and they are now into the second year of their tenancy which means rent levels have increased as agreed in their contract. We hope this will mean we can return to being able to pay member interest in March 2024.

It is also worth noting that we are on schedule to pay off the first of our two loans with the Co-Operative and Community Finance company in summer 2025. This will significantly reduce our monthly outgoings and should allow us to increase our investment in the property and safeguard fair member returns.

# CAPITAL POSITION

The society owns a single fixed asset – the land and buildings detailed in Land Registry title WT125899. The property was purchased for £288,000+VAT in March 2018 and following the extensive refurbishment in 2018 and the growth of our community-owned pub offering, it is now worth significantly more. The market appraisal valuation report prepared by MJD Hughes in December 2021 estimated a Market Value as a Fully Equipped Operational Entity to be £395,000.

The inventory of the pub, worth approx. £50,000 was sold to our tenants for £1.00 in May 2022, so that they are solely responsible for the insurance and maintenance of these items. At the end of their tenancy WBCP has the right to buy back any items that have not been replaced by our tenants for £1.00.

The society currently has £303,000 of share capital and the following long-term loans with Co-Operative and Community Finance:

<b>Original Amount</b>	<b>Terms</b>	<b>Balance Outstanding on 30/06/23</b>	<b>Monthly Repayment</b>
£50,000	10 years from 3/18 @ BoE Base Rate + 3%; 6% collar <sup>3</sup>	£ 29,616.65	£555.86
£50,000	7 years from 3/18 @ 8%	£ 18,574.16	£781.73

## MEMBERSHIP

The society was founded in February 2018 and currently has 63 members. One of the primary purposes of this share offer is to increase the number of members of the society to bring in more experience and support for the management committee. We believe there is a good level of interest in investing in this growing local business.

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<sup>3</sup> This loan has a legal charge over the property similar to a mortgage.

# APPLICATION FORM

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# Winterbourne Bassett Community Pub Limited

Registered Office: Telsar, Winterbourne Bassett, SN4 9QB

Registered as a Community Benefit Society with the FCA no. 7716

## 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, NON-TRANSFERRABLE SERIES B SHARES 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.

Electronic payments to: Lloyds Bank, sort code 30-98-97, account no. 53541368

Please return to Damian Le Gresley, 4 Fox Row, Winterbourne Bassett, SN4 9PZ or by email to [damian@winterbournebassettcommunitypub.co.uk](mailto:damian@winterbournebassettcommunitypub.co.uk)

Signature .....Date .....

Name .....

Telephone .....

Address.....

..... Post Code: .....

Email.....

By requesting that I become a Member of WBCP, I agree to my name, address, phone number, email address 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.