

WELLINGTON COMMUNITY PUB

WELLINGTON, HEREFORDSHIRE



Share Prospectus July 2021

The Community Wellington Inn (Herefordshire) Limited,
A Community Benefit Society



Please read this carefully and come along to the advertised public meeting. If you share our vision for a community pub for Wellington, and want to make it happen, please use the application form to purchase your shares.

Further financial information is given in the Business Plan, downloadable from the website

WELLINGTONPUB.ORG

This Share Offer document has been awarded the Community Shares Standard Mark. The Community Shares Standard Mark is awarded by the Community Shares Unit to offers that meet national standards of good practice.

For more information about community shares, the Community Shares Standard Mark and the Community Shares Unit go to: www.communityshares.org.uk.

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1 | Offer Summary

- You are being invited to invest in The Community Wellington Inn (Herefordshire) Ltd (CWIHL) through the purchase of community shares. In order to do so please complete the enclosed share application form.
 - CWIHL's vision is for the Pub to be a community owned pub in Wellington serving the needs of the local and wider community.
 - CWIHL is a Community Benefit Society and has been established to purchase, refurbish, and reopen the Old Boot Pub (henceforth known as the 'Pub')
 - CWIHL is aiming to raise a minimum total of £460,000 through a combination of the sale of community shares, the receipt of grants, donations and loan funding.
 - This is the first share issue. The Society is seeking to raise between a minimum of £250,000 and a maximum of £500,000 from this share offer. Our optimum figure would be £300,000 based on our Business Plan.
 - The share offer will have a nominal value of £50 each and the minimum investment is 1 share [£50] and a maximum investment of up to £40,000 per person or organisation. Subject to the trading performance of the Society, we aim to pay a modest rate of interest on shares from year 3 onwards and have budgeted an interest rate of 1% in year 4 and 1.5% in year 5. Everyone who is a shareholder holds one vote. Shares can be purchased by individuals, jointly or by companies and other corporate bodies.
 - The share offer will open on the 10th July 2021 and it will close on 4th September or such earlier or later date as the Society may determine. If the response falls far short, then we would consider extending the offer for a limited time period. If the response exceeds our maximum, then we would close the offer early.
 - A detailed business plan setting out the proposal in full can be viewed on our website www.wellingtonpub.org
 - CWIHL is purchasing the freehold premises of the Pub and will be leasing them to a tenant to run the business.
 - This share offer is not subject to the Financial Services Markets Act 2000 or covered by the Financial Services Compensation Scheme and investors will have no recourse to the Financial Ombudsman.
 - This Share Offer document has been awarded the Community Shares Standard Mark. The Community Shares Standard Mark is awarded by the Community Shares Unit to offers that meet national standards of good practice.
- For more information about community shares, the Community Shares Standard Mark and the Community Shares Unit go to www.communityshares.org.uk.
- *Prospective investors should read the whole of this document and be aware that an investment in the Society involves a degree of risk and should make the decision to invest only after careful consideration and if appropriate consultation with a financial advisor. You should be aware the value of your investment could fall, and the amount returned could be lower than your investment. If you are unsure whether to invest or not it is recommended that you consult with a financial advisor*

2 | Introduction

2.1 Current Situation

The Pub has been a thriving pub in the past, attracting custom from Wellington, surrounding villages and further afield, with a deserved reputation for well-priced good food. However, more recently the pub trading has declined, and it was closed in August 2019. The Pub was registered as an Asset of Community Value in 2018, which gave the community the right to bid for its purchase. The property was put up for sale in January 2021 for £300,000.

The Community Wellington Inn (Herefordshire) Ltd (CWIHL) was set up in 2021 following a virtual public meeting and community engagement through leafleting and online activity with a view to exploring the viability of a purchase. We have seen locally the impact on communities that pub closures can have. Closures not only threaten the social cohesion of a community, but also exacerbate the impact of rural isolation. Furthermore, the closure of a local pub can reduce the value of domestic properties, both in the village and surrounding villages, typically by 5% to 10%.

The Pub is situated within Wellington's conservation area, on the main road in the centre of the village; offering lots of potential to be successful in the future. Over recent months we have received several approaches from a variety of people from within Wellington and beyond, offering professional and practical assistance and financial commitment. This demonstrates a solid level of support to save the Pub and protect its future.

At the public Zoom meeting on 12th April 2021, it was unanimously agreed that we should seek to buy the Pub, its grounds and car park, from the owner and appoint a professional tenant with the experience to manage the pub as a profitable and successful business for the benefit of the community and other users. Our objective is to provide a friendly, welcoming village pub, serving local beers and ciders, and sensibly priced, freshly prepared, locally sourced food.

We will agree a lease with the tenant, who will operate the pub as a free house. The rent will be levied at a rate which provides the tenant the opportunity and incentive to manage a profitable pub, thus providing the revenue for us to maintain the building and repay any loans. When

cash reserves permit, we intend to pay a modest interest to shareholders and fund the withdrawal of shares from time to time.

We passionately believe that the business will be profitable, but in the unlikely event it is not, CWIHL will own a valuable asset, which, if necessary, could be sold to repay debts and return funds to investors. Any surplus would be used for the benefit of the Wellington village community, in accordance with the rules of the Community Benefit Society. Our investment is in the building and land, not the licensed business.

2.2 The Community Wellington Inn (Herefordshire) Limited (CWIHL) a Community Benefit Society

CWIHL was set up as a limited liability Community Benefit Society using model rules developed by The Plunkett Foundation, a charitable trust established in 1919 to help rural communities through co-operatives and community ownership. It is owned and managed by the community for the benefit of the community. CWIHL is registered with the Financial Conduct Authority (FCA), Register No. 8641. CWIHL was established to purchase, refurbish, and reopen the Pub as a community facility. Its charter is set out in its Rules which are based on the Plunkett Foundation's Model Rules for Community ownership. The Society's Rules can be viewed on or downloaded from our website www.wellingtonpub.org.

CWIHL will be run at a modest profit. Any surpluses will either be used to pay interest on the shares, repurchase shares or will be held for repairs or further reinvestment in the pub premises. The assets of the Society are, by law, subject to an "Asset Lock", which means that members of the society cannot directly benefit from any growth in the asset value of the pub. Should we be unable to make a success of this venture and have to sell the Pub, then the share capital initially subscribed by members would be returned. Any residual surpluses must be transferred to one or more of the following: another prescribed community benefit society, a community interest company, a charity, a registered social landlord; or in other words held for the benefit of the Wellington village community.

The purpose of the society is to raise sufficient funds to be able to acquire and refurbish the Pub. We aim to raise a total of £460,000, comprised of at least £250,000 through sale of community shares and the balance from grants, donations, soft loans and a commercial mortgage. We will then lease the business to a tenant, who will run the Pub and pay rent to the Society.

The Committee will set the broad policy direction for the business and agree key targets with the tenant, including certain aspects which community feedback has shown to be important. Beyond that, the tenant will be left to manage and operate the business as they see fit. Our vision is that the pub will become a genuine social hub, providing facilities and services that bring the community together.

3 | Vision and Community Benefits

3.1 Our Aim

Our aim is to secure the future of the Pub for the benefit of Wellington and the wider community as a flourishing, friendly and welcoming village pub. The Pub will be a Free House that serves local beers and ciders, and sensibly priced, freshly cooked, good food, prepared using locally sourced ingredients wherever possible.

The key factors that will contribute to our success are:

- Purchasing the freehold of the Pub from the owner so that it will be owned by the community.
- Leasing the Pub, as a free house, to a professional and experienced tenant who knows how to manage a successful pub business and who is supportive of our ambitions to offer other amenities for the community.
- Investing any surplus profits in improving the Pub, to provide benefits to the community and paying a modest level of interest to all shareholders; thus ensuring financial viability for the long term.
- Unlike Pub Companies we are able to set an affordable rent without needing to make a return on our capital investment.
- With a lower, rent the tenant will find it easier to be profitable.
- Encouraging the tenant to establish a successful food offering and sell a range of well-kept beers and ciders.
- Community involvement in the society to manage and improve the property, and to ensure community support for and input into the future success of the pub
- Liaising closely with other community facilities and clubs in the area so that we are working in collaboration and not in competition .



3.2 Benefiting the Community

The best interests of the wider community will be served by acquiring the pub through a limited liability Community Benefit Society. If we can purchase the pub, it enables the village to secure and safeguard it in perpetuity and represents a fantastic opportunity to strengthen the liveliness and sustainability of our community. There will be scope for volunteer contributions from residents of Wellington and the surrounding area.

Community purchase would have many benefits, including:

- Creating a pub that is attractive and accessible to all and promotes social inclusion
- Creating opportunities for local employment and injecting money into the local economy.
- Maintaining a place to meet friends and neighbours and improving the sense of community.
- Making improvements to the fabric and aesthetics of a building in the heart of the village.
- Providing a hospitality venue for local groups and tourists as well as a place to host wedding receptions and funerals.
- Helping to sustain local property prices.
- Creating the potential to provide other local services.

3.3 A better community experience

A community purchase enables the Pub to provide a better community experience for Wellington and the surrounding villages by offering a more attractive environment to meet with friends and to enjoy food and drink.

Proposed Improvements:

It is planned to make several improvements that will be beneficial for the running of the Pub as well as allow it to provide a wider range of services and activities. The following improvements are a priority:

- Upgrading the toilets – treating damp and providing disabled and baby changing facilities.
- Installing three phase electricity supply to the kitchen.
- Overhauling the kitchen and installing appropriate extraction equipment.
- Creating suitable disabled access.
- Resolving issues of access and customer flow through the building, particularly to the dining area and toilets.

We recognise that there are other improvements that could be undertaken but would require further consultation and investment and would need to be staged over time e.g.

- Moving the staircase to provide a separate ground floor entrance to the upstairs for the tenants.
- Providing a patio/seating area at the front of the pub.
- Renovating and converting the outdoor shed e.g. creating an outdoor pizza amenity and drinks point.

4 | Buying the Pub

4.1 Community Pubs

The first co-operative pub opened in 1988 (Tafarn y Fic in Llithfaen, Gwynedd). By 2010 there were still only five community pubs in the UK. Legislation in 2011 (The Localism Act) introduced the designation of an Asset of Community Value (under which community groups have a six-month moratorium period in which to bid to purchase the amenity). The Plunkett Foundation, working with others in the industry, developed the co-operative pub model. Since then the number of community pubs has grown steadily.

By the end of 2014 there were 33 community-owned pubs. There are now over 130 up and running, and more in the pipeline across the UK.

Although still a relatively young sector, to date there have been no co-operative pub closures in the UK, therefore maintaining a survival rate of 100%. This compares extremely positively with estimations for UK businesses which have an estimated 5 year survival rate of 41% (Office for National Statistics) and is one of the best business survival rates anywhere in the world.

4.2 The Cost

The Pub is on the market for £300,000. We are bidding for the Pub based upon a market appraisal valuation from MJD Hughes Limited and our estimates of the repair and refurbishment costs.

We have had a structural survey done by Andrew Baker Associates Limited and have taken advice from Inspire Design Agency. Whilst a number of essential repairs and refurbishments have been identified, we do not as yet have detailed costings for these. These estimated costs are significant and the following table illustrates this.

Repair and Refurbishment Costs	£ (Currency)
Toilets	50,000
Front Door / porches	5,000
Kitchen Work	50,000
Moving Cellar	8,750
General Repairs	10,000
Total	£123,750

Additionally there will be an opportunity for members of the community to undertake work on a voluntary basis in areas such as decorating and gardening.

4.3 Funding

Our intention is to fund the above using a community share offer and crowd funding targeted at £300,000 (see section 5.2). We hope to raise the balance of the £460,000 we require, through a mixture of loans, grants and donations. Importantly, a high community share subscription will reduce our dependence on loan funding and allow greater scope for improving the facility to the benefit of the community as a whole.

We regard £250,000 as a minimum to raise from membership subscriptions, rising to a maximum of £500,000. Ideally we aspire to raise as much as possible from the sale of shares, to avoid the need to take out a commercial mortgage. The widest possible community ownership will be encouraged. To that end, the minimum investment has been set at a level that our community research has shown to be realistic for local people, when they were asked to indicate their willingness to invest and likely level of contribution.

Marketing for the share offer will be undertaken by a mixture of local publicity, a public meeting, social media, local leaflet drops, direct mail and ad hoc question and answer sessions from pop-up stalls sited in the village.

There will be one class of share: interest-bearing withdrawable shares. These shares offer shareholders interest on their investment in due course, according to the performance of the business, and to retain the option of withdrawing their investment at some future time, subject to the finances of the CWIHL.

All shareholders must be 18 years or over and will be members of the Society and entitled to vote on matters affecting the Society. There will be one vote per member, irrespective of the number of shares held. The price for each share will be £50 and the minimum permitted investment will be £50 (i.e. one share), although we hope that most investors will invest considerably more than the minimum. The maximum permitted individual investment will be £40,000, which represents less than 14% of the share capital.

Shares are not transferable or tradable and must be redeemed with the society. If we are unsuccessful in our bid to purchase the Pub, then all investment monies will be returned.

Shares may be purchased by a corporation or organisation or on behalf of a child and a purchaser can nominate a person to whom they wish their shares to be transferred on their death.



5 | Operating The Pub

5.1 The Tenant Model

Based on our research, and advice received from other community pubs, we have taken the view that a tenant model is the operating model that is most likely to be successful and which will expose the community to the least risk.

If we are successful in purchasing the Pub, we will therefore appoint a tenant with the necessary experience and business ability to make a success of running the Pub.

As part of the selection process we will closely examine each prospective tenant's Business Plan, their view of what the pub will offer its customers, and their plans for its marketing. In particular, we will want to ensure for ourselves that their plans take into account and reflect our vision for the pub as set out in this plan. Whoever we appoint will need to have the energy and enthusiasm to buy into our vision, and to contribute to its ongoing development.

Selecting the right tenant will be absolutely critical in ensuring the success and long-term future of the pub. We have received much useful advice and offers of assistance with the recruitment process from existing community pubs and other professionals in the area and will use a thorough and objective process to recruit the best tenant we can.

5.2 Affordable Rent

We have carefully 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 over time. In doing so, we have consulted with a number of experienced and successful pub operators as well as the report from MDJ Hughes Ltd who have confirmed that our turnover forecasts are conservative and with the right tenant should be readily achieved.

The Society's sole source of income will be the rent paid by the tenant. We will therefore offer a long-term tenancy and set an affordable but realistic rent that gives the tenant the opportunity and incentive to run a profitable pub business. In the first year the rent will be fixed at £16,000 (which is 8% of the estimated turnover).

This will rise to 10% over the first four years as the tenant is able to grow and consolidate the trade. Advice received suggests similar levels have been used successfully by a number of community pubs – and which has been shown to be at the right level to attract serious applications from experienced tenants (rental levels typically vary from 8% to 12% of turnover in this sector).

5.3 Community Management

The pub will be owned and leased by the CWIHL. This means that the community will have control over how the property is managed and improved. It will also enable us to have constructive communications with the tenant about the community's wishes, and one of the criteria for selection of a tenant will be their willingness to provide for community needs.

However, our intention is not to micro-manage the tenants. They will be appointed to market and run the pub, which is their job not ours – although we will of course provide whatever support and assistance we can.

The society will not be directly involved in the day-to-day management and operation of the Pub: that responsibility and the associated business risk belongs to the tenant. We, of course, hope that many members of the community, whether members of the Society or not, will support the pub by offering voluntary help, joining or assisting the management committee and most importantly by coming to eat, drink and be merry at the Pub. Community involvement will make a significant difference to the future potential of the Pub. People care enormously about their local pubs and are willing to invest their money, time, skills and energy to save them

A wide membership provides a large pool of people to draw on for support and custom and generates great commitment to a well-run enterprise.

6 | Financial Details and Assumptions

6.1 Capital

The capital cost of the plan is projected to be £460,000 which will be funded as stated earlier. More detail is given in the Business Plan. The following tables provide a breakdown of these costs.

Repair and Refurbishment Costs	£ (Currency)
Purchase Price	300,000
Stamp Duty	4,500
Repair and Refurbishment Costs (See A below)	123,750
Surveys, Legal Fees etc	7,500
Capital Costs	435,750
Pre-Trading Expenditure (See B below)	24,250
Total	£460,000

A - Repair and Refurbishment Costs	£ (Currency)
Toilets	50,000
Front Door / porches	5,000
Kitchen Work	50,000
Moving Cellar	8,750
General Repairs	10,000
Total	£123,750

B – Pre-trading Expenditure	£ (Currency)
Publicity, printing, website	2,500
Subscriptions	600
Professional Fees	1,000
Sundries	300
Loan arrangement fee	750
Tenancy search & agreement fees	3,100
Working Capital	16,000
Total	£24,250

The Pub is currently for sale and marketed for the owner by Sidney Phillips estate agents at a guide price of £300,000. We have commissioned an independent valuer to value the pub based on a market appraisal valuation from MJD Hughes Limited and our estimates of the refurbishment cost. The basis of these costs has been informed by a structural survey undertaken by Andrew Baker Associates.

The Society proposes to finance the purchase and subsequent development of the Pub initially through the following means:

- A community share offer targeted at £300,000 which is also backed up by a crowd-funding initiative.
- Grants or donations from businesses or individuals and charities or organisations of circa £60,000.
- A soft loan from a local organisation of circa £50,000.
- A 20-year mortgage from a Bank, up to the sum of circa £50,000.

Funding Breakdown	£ (Currency)
Shares	300,000
Soft Loan	50,000
Grants	50,000
Donations	10,000
	410,000
Commercial mortgage	50,000
Total	£460,000

Importantly, a high community share subscription will reduce our dependence on loan funding and allow greater scope for improving the facility to the benefit of the neighbourhood as a whole. If the Society is successful in raising the funds it will need in the region of £312,000 to make a bid to secure the purchase of the pub. If successful, we intend to invest circa £112,000 to repair and refurbish the Pub. If further funds are available, these will be used to develop a patio area at the front of the building, the gardens and the outbuildings.

We also need £24,250 to cover pre-trading expenditure and provide working capital.

The £250,000 target is a minimum to raise from membership subscriptions and ideally aspire to raise a higher figure to avoid the need to take out the commercial mortgage.

When the new funding round is open CWIHL will make an application to the government's new initiative 'Community Loan Fund' with the intention of securing a minimum award of £50,000.

Depending on the success of the share issue, CWIHL will apply to the Co-op Bank for a 20-year mortgage totalling £50,000 secured on the freehold of the property.

If fundraising falls short of the target we will seek to phase aspects of the renovation and seek to raise funds in other ways. One possibility will be to return to the community with a second share offer.

We have limited the share offer to a maximum of £500,000 as we believe this is the maximum that CWIHL can reasonably afford and still be able to give shareholders an acceptable return. As indicated earlier, the additional funds raised will be used to renovate other areas of the Pub and outdoor facilities.

Once the Pub has re-opened, we consider it will be financially sustainable. Full detailed projections are included in the Business Plan which can be viewed and downloaded accordingly from our website www.wellingtonpub.org.

Donations - As a society, we are also happy to receive donations for those who are willing to invest in this community asset for no financial return and no opportunity to receive the return of their original investment/donation. As a donor you will still have the pleasure of knowing that you have made an important contribution to the success of the project. The benefits of donations are that they reduce the financial and administrative burden on the Community Benefit Society.

6.2 Income

No income will flow until we have been able to repair and upgrade the building; it may take 6 months before we can open and a tenant can start operating the pub. We anticipate that the first quarterly rent will be due, and the first trading year starts on 1st April 2022.

The core economics of our business are, as the property owner, revolving around the primary source of income (rent payments) vs. outgoings (building maintenance, mortgage payments, 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.

We have allowed in full the costs identified within the plan but would hope that in practice members of the community would be willing to undertake work on a voluntary basis for decorating, gardening, and minor works.

We have assumed the Pub will achieve a reasonable year-on-year increase in turnover until Year 5, at which point the pub will then be at a sustainable level, taking into account the inflationary increase in the level of trade once the tenant has rebuilt its reputation and developed its customer base.

Rental levels in the pub sector typically vary from 8% to 12% of turnover. We aim to set our rent at the lower end of this range to promote a sustainable business for the tenant and the community. For the first full year's trading we will set a fixed rent of £16,000, to provide the tenant with a degree of certainty on their outgoings as they establish themselves and develop the business. After the first trading year, rent will increase over the next 4 years to 10% of turnover to ensure that the society can meet its financial obligations.

Annualised forecast turnover and rent from tenancy:

Year	Forecast Turnover	Rent	Rent as percentage of turnover	% Growth*
2023	200,000	16,000	8.0%	0
2024	240,000	21,600	9.0%	20
2025	264,000	26,400	10.0%	10
2026	277,200	27,720	10.0%	5

* Initial increase in turnover attributed to increase in community spend

Annualised profit and loss forecast

Profit and loss forecast					
Year to 31 March	2022	2023	2024	2025	2026
	£	£	£	£	£
Income (Net of VAT)					
Rent (from tenant)	-	16,000	21,600	26,400	27,720
Insurance (from tenant)	-	2,000	2,400	2,640	2,772
WCA Grant	5,000	-	-	-	-
Income grants	20,000	10,000	-	-	-
Donations	10,000	-	-	-	-
Total Income	35,000	28,000	24,000	29,040	30,492
Expenditure (Net of VAT)					
Mortgage - interest	2,947	3,838	3,698	3,553	3,401
Repairs and maintenance	10,000	5,000	5,100	5,202	5,306
Legal and professional fees	1,000	1,000	1,020	1,040	1,061
Start-up costs	8,250	-	-	-	-
Insurances	2,000	2,000	2,400	2,640	2,772
Members Interest	-	-	-	3,000	4,500
Administration and other expenses	3,000	3,000	3,060	3,121	3,183
Total expenditure	27,217	14,838	15,278	18,556	20,223
Profit before tax	7,783	13,162	8,722	10,484	10,269
Corporation Tax (19%)	1,479	2,501	1,657	1,992	1,951
PROFIT AFTER TAX	6,304	10,661	7,065	8,492	8,318

This shows a small profit after tax which provides funds to repay debt and to repurchase shares. We would also like to build up a small reserve to enable us to fund future repairs and potential improvements.

6.3 Shareholders Interest and share withdrawal

We expect to be in a position to pay a modest interest to members from the end of the third year of trading onwards and we have developed our financial modelling conservatively on an initial basis of 1% p.a. payable annually, hopefully rising to 1.5% in the following year. In practice any interest payments will depend on sufficient surplus being generated to sustain and effectively manage the business.

Interest payments will be considered each year as part of the annual review process, and any interest payment proposals from the Management Committee will be put to a vote at the Annual Members Meeting. Levels of interest payments will be set in accordance with the Society's rules which specify the maximum interest that we are allowed to pay (i.e. not more than Bank of England Base Rate plus 2%, and in any event not more than 5%).

The rules for withdrawal of shares are as follows:

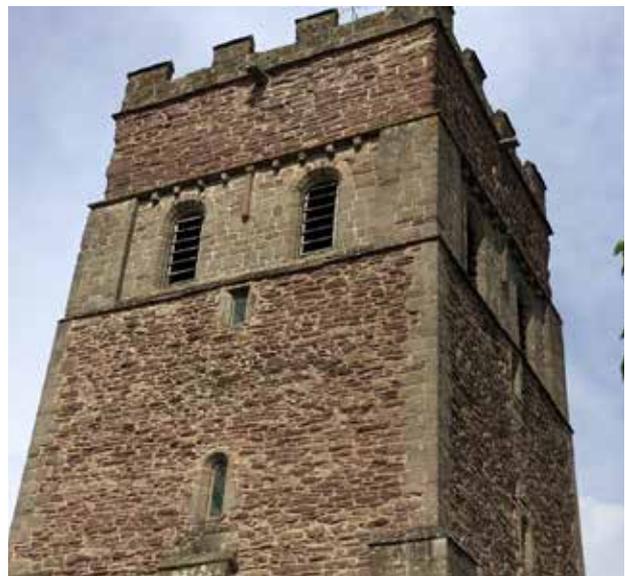
- shares may be withdrawn by Members who have held them for a minimum period of three years or such other period as the Management Committee decides;
- application for withdrawal shall be made on not less than three months notice, on a form approved by the Management Committee;
- the Management Committee may specify a maximum total withdrawal for each financial year;
- All withdrawals must be funded from trading profits, reserves or new share capital raised from either existing Members or from new Members as a result of an open share offer. Withdrawals are at the absolute discretion of the Management Committee having regard to the long-term interests of the Society, the need to maintain prudent reserves, and the Society's commitment to community benefit. In the early years of trading the opportunity for share withdrawal will be somewhat less. The cashflow forecast on page 19 allows for 1% of share capital per annum from the end of trading year three.

As per the cash-flow forecast in section 6.4, it is the Management Committee's intention to be able to fund an element of share withdrawal by Members from the end of the third year of trading (other than in certain exceptional circumstances such as death and bankruptcy).

6.4 Outgoings

Other than interest and loan repayments the society will have a number of recurring costs, which will include professional fees (e.g. accountancy costs, FCA fees, Plunkett Foundation membership), building and indemnity insurance etc. Also as owners of the Pub, we will need to maintain the assets (land and buildings) to uphold their value and ensure that the pub can operate.

Although the tenant will have clearly defined obligations for the upkeep of the pub (these will be specified in the tenancy agreement), it is reasonable to assume that the Society will incur costs for some level of ongoing maintenance of the building.



Cash Flow Forecasts

Year to 31 March	2022	2023	2024	2025	2026
	£	£	£	£	£
Income (Net of VAT)					
Community shares	300,000	-	-	-	-
Mortgage and other loan	100,000	-	-	-	-
Grants and donations	60,000	10,000	-	-	-
Rent (from tenant)	-	16,000	21,600	26,400	27,720
Insurance (from tenant)	-	2,000	2,400	2,640	2,772
WCA grant	5,000	-	-	-	-
Total Income	465,000	28,000	24,000	29,040	30,492

Expenditure (Net of VAT)					
Purchase price and fees	312,000	-	-	-	-
Improvements	113,750	-	-	-	-
Mortgage - interest	2,967	3,838	3,698	3,553	3,401
Mortgage - capital	2,487	3,434	3,574	3,719	3,871
Repairs and maintenance	10,000	5,000	5,100	5,202	5,306
Legal and professional fees	1,000	1,000	1,020	1,040	1,061
Start-up costs	8,250	-	-	-	-
Insurances	2,000	2,000	2,400	2,640	2,772
Members interest	-	-	-	3,000	4,500
Corporation tax	-	1,479	2,501	1,657	1,992
Share withdrawals	-	-	-	3,000	3,000
Administration and other expenses	3,000	3,000	3,060	3,121	3,183
Total Expenditure	455,454	19,751	21,353	26,932	29,086

CASHFLOW FOR PERIOD	9,546	8,249	2,647	2,108	1,406
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CLOSING BALANCE	9,546	17,795	20,442	22,550	23,956
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Prospective investors should read the whole of this document and be aware that an investment in the Society involves a degree of risk and should make the decision to invest only after careful consideration and if appropriate consultation with a financial advisor.

You should be aware the value of your investment could fall, and the amount returned could be lower than your investment. If you are unsure whether to invest or not it is recommended that you consult with a financial advisor.

7 | Risk

What Could Go Wrong	Why it Shouldn't
We fail to raise the capital funds required and would thus be forced to abandon the project.	Given the amount of support evident at the public meeting and the encouragement since, we strongly believe that this is unlikely. However, were it to come about then all moneys received would be promptly reimbursed.
We are unable to appoint and keep a suitable tenant.	<p>We will adopt a thorough selection process with the advice of experienced operators in the pub business in order to recruit the right person.</p> <p>We will be offering a very attractive tenancy agreement and ensuring strong local support for the business.</p>
The pub fails to operate at the forecast level of turnover and profitability thus potentially compromising the rental income upon which the society depends	<ol style="list-style-type: none"> 1. Our forecasts are realistic and conservative based upon expert advice . 2. Community pubs in general would expect a higher level of support than normal tenanted or managed businesses. 3. The community society committee will work closely with the tenant and regularly review progress, assisting with any difficulties that may arise.
The pub cannot trade profitably on a sustainable basis.	<p>Despite the great care that has been taken in constructing the plans expressed in this document and the wide ranging advice received we are aware that an element of risk is present in any commercial venture and the pub may be forced to close. In this extreme event the society would sell the property, pay off its debts and refund the members.</p> <p>It should be remembered that the Society is only involved as the owner of the property and is not responsible for any trading losses or indebtedness incurred by the tenants business.</p>

8 | The Management Committee

The first members of the Society are those who signed the application for FCA registration, and these members will appoint the first Management Committee that will then serve until the first Annual Members Meeting, which will be held as soon as is practicable after the opening of the pub. Our start up provisions require that all members of the first Management Committee will retire at the first Annual Members Meeting, although they are eligible to stand for re-election.

Thereafter, elected members of the Management Committee hold office for a period of three years commencing immediately after the Annual Members Meeting at which their election is declared and ending at the conclusion of the third Annual Members Meeting after that. The Management Committee is responsible for managing the affairs of the Society in the same way as the board of directors is responsible for managing the affairs of a limited company:

- 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
- Recommend the level of any interest payment for members, for agreement at the AGM.

As a Community Benefit Society, CWIHL will be run on a democratic basis and every member / shareholder will have a single vote to appoint and remove members of the Management Committee.

In order to protect the Society, we will take out 'Director and Officer' liability insurance for the Management Committee and Secretary.

The Management Committee will provide all members with an annual report which will set out the key financial statements together with a report of the society's activities during the previous financial year, and any plans for the following year.

Other than their intention that CWIHL purchase the Pub the members of the management committee have no other vested interests.

There are nine members of the Management Committee plus an Adviser, (listed on the following page), all of whom are residents of Wellington and who believe it is vital to secure the future of the Pub for the community:

Members

The community benefit society structure means that any person who buys the minimum number of shares becomes a member of the Society. Each member then has one vote to exercise at the Annual Members Meeting regardless of how many shares they hold.

Members can be elected on to 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 report 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 calling a special general meeting if required.

Corporate bodies can also be members and must nominate a named representative. Joint membership is allowed but only the first named member may vote on resolutions. Shares may also be bought on behalf of children. The Society will arrange to issue the shares to them following their 18th birthday.



David Wood (Chairman) has lived in village for 20 years. Retired NHS Director, ex Parish Councillor who project managed the building of the village shop. A long standing trustee of the Community Association, he has been president of the Bowls Club for 12 years.



Simon Bennett (Treasurer) has lived in the village since 2002 and he and his family have enjoyed being part of village life. He is a Chartered Accountant with his own business specialising in agricultural and rural businesses. He is the treasurer for the church he attends and is a trustee for two other charities.



Simon Hicks (Secretary) has lived in the Village for 18 years. Retired Civil Servant, Simon edited an Organic Gardening Club Newsletter in the Scottish Borders. Interests include local and family history, and is currently Secretary of Wellington Community Association.



Nigel Cooper – Retired Architect, has lived in Wellington for 7 years.

A School Governor who is keen to build a children’s playground and works with Hereford Community Land Trust to develop low cost housing.



Stu McFarlane (Press / PR) – Formerly a local businessman, running the old village shop & post office. A Qualified Youth and Community Worker, Stu works for Herefordshire Council in the Adults and Communities Directorate. He has lived in village for 23 years and since 1999 has been a Trustee of Wellington Charities.



Marc Willimont (Press / PR & Planning) has lived in the village for 30 years. He has had many roles in Herefordshire County Council including planning, regulation and waste management. His daughter Chloe worked at the pub, so he has a good insight into pub operation and management.



Iain McLeod (Grant Finder) - lived in Wellington since 2014 - a former Royal Marine and Security Project Manager. His current job is construction manager in the renewable energy sector. His passions are rugby & beer, so is keen to support the local pub.



Matt Drew - moved to Wellington in February ‘21 and was drawn to the village because of it’s strong community spirit and accessibility to nature. He’s really keen to see the village pub re-open and trade successfully. As Head of Food & Beverage at the National Trust, with 30 years’ experience in hospitality, Matt brings experience of investing in and operating hospitality businesses from hotels and village pubs to cafes, tea rooms, events and staff catering.



Donna Cook - lived in Wellington since 2017. Former British Army Military Policewoman and HR Specialist, now a member of the Army Reserves. Currently employed as an MoD Civil Servant. Her passion is skiing working with wounded and sick Military in adaptive skiing for rehabilitation. Also loves spending time with her husband and dog on walks, rugby (from the armchair or pub), reading, and travel when allowed.



Nicky Junor (Social Media Advisor) - Nicky has lived in Wellington since 2017. She has almost 20 years experience of working with the UKs major retailers and pub groups for large breweries and drinks distributors where she specialises in commercial analysis, category management and leadership. Nicky is also an active member of the Wellington Playground Group Committee.

9 | Frequently Asked Questions

Questions you may have regarding buying shares in Wellington Community Pub Limited

1.	Why should I buy community shares?	We need your investment to help save a valuable community asset, the Pub. Without sufficient investment from the community, we will be unable to make a bid to purchase it and operate it as the first community owned pub in Wellington dedicated to serving the needs of the community.
2.	Who will benefit from this project?	The residents of Wellington and those living in the neighbouring villages that have seen local convenient services such as shops, cafés and other facilities closed will benefit. The Pub has the potential to offer more than a pub that can become a central point for the local community and create a stronger, more vibrant and cohesive community in which to live.
3.	Is this a good business proposition?	We have forecast that the pub can be financially profitable. We have prepared our financial projections based on the financials when the pub was being run successfully. These show the Pub can be successful. There are now in excess of 130 community owned Pubs in the UK and none has failed to date. Full details of our forecasts and assumptions are shown in the Business Plan or on our website the links to which are across this document.
4.	Will you be paying a fair price for the Pub?	We are confident we will be able to secure the Pub for a price that will reflect the current market value and its state of repair to enable us to establish a successful business. We have sought an independent valuation and will use this and other advice received to negotiate the purchase price. We recognise that as community money is involved we have a duty to pay only a fair and reasonable price.
5.	Who are the people behind CWIHL and what do they stand to gain?	The Management Committee consists of a group of local residents whose details are given above. They care keenly about the future of the pub and about Wellington. They are also members having invested in the share issue. They will have no personal financial interest in the project, above and beyond their own investment in community shares. They have contributed a large amount of time to the project so far at no cost to CWIHL.

6.	Who will run the pub and make the day-to-day decisions about the business?	The Management Committee will appoint a tenant to run the pub on a day-to-day basis. We will negotiate an affordable rent with the tenant to enable them to run a profitable business and to provide CWIHL with an income to cover its costs.
7.	Will my shares give me voting rights?	Yes. A Community Benefit Society is an open and democratic organisation. A member has only one vote on issues, irrespective of how many shares that member has purchased.
8.	Can I request my money is refunded?	You will be unable to withdraw your shares for the first three years after trading begins. 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 Committee may decline requests for withdrawals depending on the long-term interests of the Society, its need to maintain adequate reserves, and the broader needs of our community.
9.	What happens if the purchase of the Pub does not proceed?	It is possible that we will be unable to complete the purchase. If this happens, we will return any funds we have received to investors.
10.	What happens if the business fails?	Should the business fail, all 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 if the pub and its site declines in value. However, you should remember that this is an investment underpinned by freehold property. If the sale proceeds exceed the value of members' shares then these funds will be held for the benefit of the community.

11.	What redress do I have if the business fails, and I lose the value of my shares?	<p>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. Furthermore, there is no right of access to the Financial Services Compensation Scheme or to the Financial Ombudsman. Will I receive interest from my shares? The Society can only pay interest out of its trading profits and the rate of interest cannot exceed the higher of 5% or 2% above the Bank of England Base Rate. Interest will be payable if the business generates enough surpluses and the payment of interest will not have an adverse effect on the ability of the Society to continue. The shareholders approve the rate of interest each year following a recommendation from the Management Committee. Interest will be paid gross and it is each member's responsibility to declare such earnings to HMRC if appropriate.</p>
12.	Will my investment be eligible for tax relief?	<p>No as we are buying the pub and holding it as an investment rather than running our own trade.</p>
13.	How can I purchase shares in CWIHL?	<p>To buy shares in CWIHL and take part in this exciting opportunity, please complete the attached Application Form when the share offer is open on 10 July 2021 and return it to the address shown.</p>
14.	If I want more information, whom should I contact?	<p>Further information can be obtained by phoning 07570 013547 and a Committee member will answer you. Alternatively, more information is available on our website – www.wellingtonpub.org – including the Business Plan, and details of the Community Benefit Society</p>

10 | Conclusion

In the preceding pages we have set out information to help you form an opinion on what we see are the key points for a community purchase of the pub. This document explains how we think-

- we can afford to buy the pub
- having bought it, how we will bring it up to the standard we want
- we, and a tenant, can run it to give the return needed to service the share purchase and any other loans

It also explains if you buy shares the risks and safeguards you have.

If you decide to purchase shares, please complete the share application form enclosed. If you want further information, come along to the advertised public meeting or look on the website <http://wellingtonpub.org/> or social media.

The Community Wellington Inn (Herefordshire) Limited is officially registered with the Financial Conduct Authority as a Community Benefit Society under the Co-operative and Community Benefit Societies Act 2014. Our FCA register number is 8641.

The Community Wellington Inn (Herefordshire) Limited is a member of the Plunkett Foundation via the Plunkett Community Co-operative Network (PCCN): Registration Number: 8641

SHARE APPLICATION DATES

Share issue opens - 10 July 2021

Closes - 4 September 2021

Further information can be obtained by phoning 07570 013547 and a Committee member will answer you.

To buy shares please complete the enclosed share application form.

For regular updates, downloadable forms and more, please visit: www.wellingtonpub.org

WELLINGTONPUB.ORG