

NORTH STAR, Maidenhead



SHARE OFFER

For the Community Purchase of
**THE NORTH STAR, 91 WESTBOROUGH ROAD
MAIDENHEAD, BERKSHIRE SL6 4AP**



North Star Society Ltd

Share Offer Summary

You are invited to invest in a community enterprise, established to secure the future of our Public House, the NORTH STAR, Maidenhead.

The *NORTH STAR* is a public house located on Westborough Road, just off the A4, in the residential suburb of Boyn Hill in Maidenhead, and has been listed as an Asset of Community Value. In January 2018, the owners of the pub announced their intention to sell it, triggering a six-month period for the community to raise the funds instead.

We are aiming to raise £312,000 through community investment (with a maximum subscription of £350,000) to purchase the North Star, and to run it successfully. We need to achieve a minimum of £280,000 in investment to deliver our business plan with some minor revisions.

The minimum investment is £250 per investor, with a maximum investment up to 10% of the total shares per individual investor. The offer opens on 16th July 2018 and runs for 42 days, closing on 27th August 2018, or when the maximum target is reached, whichever is sooner.

Organisations who wish to support the North Star are welcome to invest in the same way, although the management committee has agreed to increase the maximum to £100,000 for Big Society Capital, using funds from its Crowdfunder match fund.

The management committee reserve the right to extend the offer for a further 3 weeks beyond this initial period if they believe doing so would benefit the share issue.

Our business plan can be downloaded from <http://savethestar.co.uk>

This offer is being promoted by the North Star Society Ltd, 91 Westborough Road, Maidenhead, SL6 4AP a Community Benefit Society registered with the Financial Conduct Authority (Registration No. 7788).

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.**

 The logo for the Community Shares Standard, featuring a stylized group of three people icons in white on a dark grey background, next to a red box containing the text "Community Shares" and "STANDARD" in white.	<p>The Community Shares Standard Mark is awarded by the Community Shares Unit to offers that meet national standards of good practice.</p> <p>For more information about community shares, the Community Shares Standard Mark and the Community Shares Unit go to: communityshares.org.uk</p>
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Our Vision and the Benefits to the Community

The North Star is a public house in Maidenhead, a large affluent town in the Royal Borough of Windsor and Maidenhead, Berkshire, England, on the River Thames. Its population is 73,404. The pub dates back to the late 1800s and is named after a locomotive built in 1837. Designed by Robert Stephenson, it became one of the first trains to run between Paddington and Maidenhead. The pub is located on Westborough Road, just off the A4 and about a mile west of the town centre and mainline railway station, in the residential suburb of Boyn Hill Ward which has a population of 8,315 according to the 2011 census.

Although the Boyn Hill Ward is near to the town centre, it has very few community centres or places where friends can perhaps meet for a coffee. With the future of other local pubs - The Crown and The Pond House - currently uncertain and The Crooked Billet now closed, it is vital for the wellbeing of the community that The North Star should remain as a pub.

In 2018, The Enterprise Inns Company announced their intention to sell the North Star. Determined locals have rallied around with the intention of buying the pub and establishing it as a “hub” for further community initiatives. A committee was elected and it was decided to set up a Community Benefit Society to purchase and run the pub which was registered as The North Star Society Ltd (NSSL) by the Financial Conduct Authority (FCA) on 20th June 2018.

The aim of NSSL is *“Transforming the pub into a thriving, viable and sustainable business, owned by local shareholders, and run for the benefit of the communities it serves.”*

In positioning the pub’s offer, we will include the best from the traditional pub model and add those elements that are relevant to our locals, our town and our aspirations.

The North Star will be a hub for residents of Boyn Hill and a destination pub for people living further afield. It will welcome those stopping by for drinks and a chat as well as those coming for a bite to eat. It will provide delicious bar food, a selection of quality real ales, craft ales and a fine selection of wines. It will be a meeting place, a social hub and a venue for many sports and music events.

With the popularity of local breweries and the emergence of a good number of micro-breweries in the surrounding area, the pub is well placed to offer a unique outlet for locally brewed real ale, craft ale and cider.

The growth of the craft ale culture and the increasing popularity of micro-pubs are trends that we could use to our benefit by retailing new and fashionable bottled and canned ales and ciders. We would also increase the range and quality of the available wines and look to supply locally produced wines. Initially we will be providing relatively simple bar food to cater for the needs of our customers.

The North Star will accommodate groups and organisations within and beyond our community. It will host events and activities, some as ends in themselves, others as vehicles to build regular trade.

The Victorian building is full of character and charm – and by tapping into the wealth of commercial and entrepreneurial skills surrounding us, we will turn it into a thriving pub at the heart of our local community.

We will encourage social cohesion, communal activities, fundraising events and participation in games and sports leagues. We will provide a social environment for people to eat and/or drink on their own, in couples, with family and friends – or with other pub users.

We will increase its daytime usage to benefit local charities and community groups. In addition to safeguarding and running the North Star our vision is to keep a warm, welcoming, friendly, traditional suburban pub serving quality real ales, good wine, non-alcoholic refreshment, high-quality coffees and simple bar snacks. It will be open all day for the community and family use as an informal meeting space. Benefits include:

- Strengthening the already strong community spirit and vibrancy of Boyn Hill.
- Creating a friendly, welcoming focus, and providing local employment and involvement.
- A venue for social, music and charity events in the local community.
- Using local produce, to strengthen the local economy and improve the environment.
- Providing a central point of information on community events and local history through a large notice board.
- Developing a reputation for good ale and bar snacks, reaching beyond the immediate environment.
- Re-investing surplus profits in refurbishing the North Star to create a destination venue.

Securing the future of the North Star

The freehold of the North Star pub is on the market and the agent is accepting offers but has not suggested any minimum level for it. We have commissioned a valuation of the pub, which gives a valuation of £330,000 + VAT, but the actual price will be subject to negotiation with Enterprise Inns.

As a result of the Localism Act 2011, the RBWM Council has listed the pub as an Asset of Community Value (ACV). Under the Act's provisions the vendors may not sell the pub for a six-month period (ending 22nd July 2018), except to an organisation registered for the benefit of the community. The Enterprise Inns Company is not obliged to sell the North Star to such a group, even if offered the open market value.

Our aim is to raise a sum of money equivalent to the value of the assets, including stock and working capital, through a share issue, loans, grants, fundraising and donations. We are estimating that we will need to raise £488,000 to purchase the freehold, redecorate the pub, and get it ready for opening.

A structural survey has been carried out by a Chartered Surveyor. A brief summary follows:

Generally, the building is sound with no major structural defects, and is of a standard to allow the business to continue trading in the short term.

Building services were generally found to be in a fair condition although it was recommended that the services be tested to determine their age, efficiency and safety. This includes wiring, fire prevention and safety equipment, cellar equipment, and central heating. The drainage appears free from defects.

The main defects are as follows:

Some roof tiles need re-fixing; a few damaged bricks will need repair or replacement; some timber window frames have rotted and will be replaced with new PVC sections; there is slight damp in one upstairs room and the toilet walls; the interior needs redecorating.

We will employ an independent Building Control Inspector to carry out a detailed inspection of the pub.

The kitchen will require upgrading to meet commercial standards necessary for the preparation and serving of food to the required Industry and Health and Safety standards. We have allocated £20,000 for refurbishment. If we reach the maximum share amount we will increase this budget, which will lead to a corresponding increase of income.

The business will require some working capital at the beginning, estimated at £25,000. We expect to break even in about two years, after which we expect to be able to pay interest, at 3%, annually, to investors holding £500 or more in shares.

We have applied for a More Than A Pub (MTAP) grant/loan from the Community Pub Business Support Programme through the Plunkett Foundation for a combined loan and grant of up to £100,000 (with a maximum of £50,000 as a grant) subject to conditions.

Our target is to raise **£312,000** of this capital requirement from a share issue. The **minimum** that is required to enable the purchase of the North Star is **£280,000**; this will enable purchase of the freehold (in combination with a loan to pay for the VAT on the purchase). If the share offer exceeds our target figure, a **maximum** of **£350,000** would be issued, enabling refurbishment work to start earlier.

The offer, depending on the registration with the Financial Conduct Authority, will be launched on 16th July 2018, and will remain open until 27th August 2018, with the possibility to extend this for a further 3 weeks. If the minimum share offer has been achieved, and an agreement in principle secured, the share offer will proceed and funds will be drawn down. NSSL has already received 21 pledges to invest, totalling £41,000.

We intend to apply for investment towards the total target from Big Society Capital for their Crowdfunder Match Fund, as we have applied for Advance Assurance for SITR (see page 13). If accepted, this will match the funds raised, up to a maximum investment by Big Society Capital of £100,000.

If, within a reasonable time frame, we cannot raise the money or agree a price with the owner, the scheme will be deemed unsuccessful. At this point any money collected from investors will be returned in full.

The Business Model

We see the previous decline in the pub's fortunes as being caused by a combination of high rent and beer costs. It currently operates profitably, but ownership by the community gives the opportunity to ensure that it continues to be successful in the long term.

The success of the venture will be largely dependent upon:

- Finding commercially astute, experienced, operations committee members who have time to devote to the project and are prepared to do so in a voluntary capacity.
- Careful recruitment of an experienced, reliable, commercially astute and socially skilled manager and members of staff. The manager and staff must have high standards in all aspects of the business, and be motivated by the desire to create a really special pub that is treasured by the community and attractive to those from further afield. We hope to employ staff who have worked in the North Star before and are known to the regulars or have good links with the community.

The pub will be run to make a profit. The profits will be reinvested in the pub itself, shared with the hired staff in the form of pre-set achievement bonuses and distributed to the shareholders via interest payments. The society will hold an annual general meeting for all shareholders and may have further meetings to discuss plans and progress.

Six year headline forecasts

	2019 (7 month)	2020	2021	2022	2023	2024
Total income	54,107	133,899	156,216	178,533	191,923	200,849
Total costs/ overhead	117,664	127,200	144,971	153,898	158,931	162,078
Profit / loss	-53,557	6,699	11,245	24,635	32,992	38,771
Capital repaid	£6,370	£11,633	£12,599	£13,645	£14,777	£16,004
Cash available	£11,073	£6,139	£4,784	£8,635	£19,496	£17,006

Forecasts for the financial performance of the North Star Society Ltd have been based on our knowledge of the current trading position of the North Star, comparison with similar societies, and developments in the overall pub market. Forecasts for trading are based on £2,500 gross income per week until March 2019, increasing to £3,000 per week in 2020, £3,500 per week in 2021, and then in line with inflation, with the addition of food sales from 2020. These estimates are deliberately conservative, as current trading is understood to approximate £2,500 per week.

Cost of sales is expected to be 40%, in line with industry standards, giving gross profit margin of 60%. Salaries are based on a wage bill of 14 hours per day, with overheads and capital costs additional to this.

How you can be involved

North Star Society Limited is the Society established to enable the people and friends of Maidenhead to secure and safeguard the future of The North Star Public House, an amenity of prime importance to the people of Boyn Hill.

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 North Star Society Limited can be found on our website savethestar.co.uk

We are inviting you to become an investor (shareholder) in North Star Society Limited, which will own the pub. The Management Committee will run it on your behalf.

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. North Star Society Ltd 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 North Star, 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 North Star Society Ltd 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.

All shareholders will be members of the North Star Society Limited. The Society will give 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 3-8 individuals who will be collectively responsible for establishing the strategy for the business and overseeing performance. One or two members of the Committee will oversee closer supervision of the business, initially daily, until trade is established.

All members of the Management Committee will be democratically elected by members of the Society, with one vote per member regardless of investment size.

An interim Management Committee has been appointed to serve until the first Annual General Meeting. At this meeting all members of the committee will stand down and elections will be held for the new Management Committee. The initial Management Committee comprises three local founder members who had received marketing support from a local member of the community:

Brian Blackmun - Chair, North Star Society Ltd

Brian moved the short distance to Maidenhead from Burnham nearly 40 years ago. His background is in finance and he spent his career working in related posts for both local government and the private sector. He is alarmed at the rate local pubs are being sold off for development and in particular that all the pubs in the Boyn Hill Ward are currently under threat.

Bob Ginger - Vice Chair, North Star Society Ltd

Bob, a lover of traditional pubs, has an academic background in sciences, but now works as a proofreader. He moved to Maidenhead in early 2013 and has been a regular at The North Star ever since, competing (with varied success) for their darts team and also regularly participating in the quiz night, both as competitor and question-setter.

Alan Glover - Secretary, North Star Society Ltd

Alan is a relative newcomer to Maidenhead, arriving from Cambridge in 2004. He works for a major telecommunications company in programme management and is a keen cribbage player as both a member of the North Star's successful team and current secretary of the Maidenhead & District Cribbage League.

Repaying Capital – the long term picture

NSSL will prioritise repayment of unsecured lending, repaying £60,000 over five years. Withdrawal of Share capital will not be available until 2022, and we anticipate only 10% of total share capital being withdrawn by 2024. Over 10 years, we anticipate withdrawal of 40% of the original share investment.

If match funding is secured from Big Society Capital, then they will take priority for withdrawal of capital. Our financial forecasts demonstrate the ability to repay the maximum amount of match funding within 10 years, and for some investors to withdraw their capital; additional requests for withdrawal will be considered by the committee on an individual basis.

NSSL is able to make further share issues, which will provide funds to enable existing members to withdraw their investment, and allow new members to join the Society. 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 North Star, and will need to be agreed by the Management Committee of the Society at the time.

A tax break from the government!

The government wants to encourage social investment, and so has made tax relief available for community businesses. The North Star Society Ltd is a Community Benefit society which will be running a commercial trade with a view to making a profit. Investments by individuals should be eligible for tax relief under the Social Investment Tax Relief scheme (SITR), reducing your tax liability by 30% of the value of your shares (e.g. a £1,000 investment reduces your tax bill by £300).

Initial investment made	SITR @30% from HMRC	Final cost to you
£250 (minimum)	£75	£175
£1,000	£300	£700
£25,000	£7,500	£17,500

NB: If you withdraw your shares or are employed by the society within three years from your investment you will have to repay part or all of the tax relief you have received.

The SITR scheme operates under the *de minimis* State Aid rule, which restricts the amount of state aid an enterprise can receive through SITR to 344,827 euros (approximately £300,000) in any three-year rolling period. As Big Society Capital's investment will not benefit from SITR, all individual investors should be able to benefit from SITR, if they meet the eligibility conditions and hold their shares for three years. We will update investors if we are close to the threshold.

We are confident this investment complies with the rules for SITR; we have applied for Advance Assurance from HM Revenue and Customs which will confirm this.

The Share Issue

Individuals (aged 18 years and over) and organisations can apply for membership by buying shares at a cost of £50 per share, with a **minimum investment** of 5 shares. i.e. **£250**. In order to prevent any individual holding a major share of the society, the **maximum** any individual can invest is up to 10% of the total shares issued.

Organisations that are supportive of the North Star Society Ltd may invest on similar terms. The committee has agreed to accept a potential application from Big Society Capital from its Crowdfunder match fund, up to a maximum of £100,000.

If the share offer is oversubscribed the management committee reserves the right to refuse part or all of an application for shares. Individual membership applications will have priority over Big Society Capital.

Investments by individuals should be eligible for tax relief under the Social Investment Tax Relief scheme (SITR), reducing your liability by 30% of the value of your shares (e.g. a £1,000 investment reduces your tax bill by £300). We have applied for Advance Assurance from HMRC and the investment should be eligible for SITR.

Interest will be payable on all shareholdings at an interest rate proposed by the Management Committee, based on the performance of the Society, and put to a vote at the Annual General Meeting. It is our intention to pay an interest rate of 3% per annum, once the business is breaking even, to investors holding £500 or more in shares.

It is important to note that the value of the shares will not increase. The only financial benefit for members is the interest paid annually (and initial tax relief that may be obtained).

The shares are not transferable (except on death or bankruptcy) and cannot be sold. The only way to recover the value of the 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 closure of the share issue and then 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://savethestar.co.uk>

In the event that The North Star 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 The North Star Society Ltd 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 REGARDING BUYING SHARES IN “THE NORTH STAR SOCIETY Ltd”.

Why should I buy community shares?

We need your investment to help purchase the North Star. Without sufficient investment from the community we will be unable to establish the business.

Who will benefit from this project?

The residents and friends of Boyn Hill will benefit directly from having a vital amenity preserved for future generations, both through the use of the facility itself but also because the North Star will play a part in making Boyn Hill 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 go to: <http://savethestar.co.uk>

Will you be paying a fair price for the North Star?

We have, as yet, not entered into formal negotiations with Enterprise Inns. However, you can be assured that we will attempt to achieve the lowest possible price. We want to maintain it as a pub and we think the value is between its value as trade business and its value as if it is sold as a redevelopment site.

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 the North Star, the social role of pubs and the future heritage of the area. They donated money to help register the Society 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 North Star 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 vision statement. We intend to appoint an experienced pub manager to oversee 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 manager. Shareholders will be invited to meetings to discuss significant decisions about the North Star.

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 at least three months' notice. As explained on p10, "Repaying Capital – the long term picture", you cannot sell or transfer your shares, and withdrawals must be funded from surpluses or new capital raised from members. The 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.

What happens if the purchase of the North Star falls through?

It is possible that we will be unable to complete the purchase, even after we have an in-principle agreement with the Enterprise Inns Company and have secured the funds. In the unlikely event that this happens we will seek first donations to cover any costs incurred. We would then return any funds we have received, after deducting any remaining losses.

Will I get my investment back if the North Star 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. Our business plan assumes we will pay 3% interest, but this will always be dependent on the success of the business. Interest will be paid gross and it is each member's responsibility to declare such earnings to HMRC if appropriate. Due to administrative costs borne by the Society, only shareholdings of £500 or more will be eligible to receive interest.

Will my investment be eligible for tax relief?

This investment should be eligible for tax relief under the Social Investment Tax Relief (SITR), a new Government scheme devised to encourage investment in new social enterprises. This would mean that eligible taxpayers who purchase shares for any amount up to 10% of the total shares can apply for income tax relief equal to 30% of the amount invested, provided the shares are held for a minimum of three years. For more information search for SITR on the www.gov.uk website.

How can I find out more about the project?

You can find our business plan, the Rules for our Society and further contact details at <http://savethestar.co.uk>

Application procedure

Online

To apply online go to <http://www.crowdfunder.co.uk/save-the-star> create a user account and follow the instructions from crowdfunder.

Offline

You can also apply by completing the postal application form that follows, and return it with a cheque for your investment to:

North Star Society Ltd,
91 Westborough Road,
Maidenhead, SL6 4AP

We will acknowledge receipt, and pay cheques in after the offer closes. If the offer is unsuccessful, cheques will be destroyed, and digital evidence of this returned by email.

- 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 North Star Society Ltd 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 10% of the total shares.
- 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 North Star Society Ltd, and all applicants will be informed.



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