



THE SPOTTED COW

HOLBROOK COMMUNITY SOCIETY

"So much more than a pub"

SHARE OFFER

January 21st - February 18th 2017

Minimum target: £200,000

Maximum: £500,000

If you are considering buying shares it is important that you read the whole document. Holbrook Community Society Ltd is a Community Benefit Society registered with the Financial Conduct Authority (registration number 7446)

www.holbrookcommunitysociety.co.uk

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Share in

THE SPOTTED COW

ABOUT HOLBROOK

Holbrook is a pretty hilltop village close to the edge of the Peak District National Park. It has lovely views over the Derbyshire countryside. Village history is steeped in Roman times, as is evidenced by the finding of two Roman kilns discovered in the village in the 1960s, and the ancient Roman Portway which runs through Holbrook. Holbrook is ideal for exploring the Derbyshire area and is situated close to Belper which is a World Heritage site. Holbrook also has an industrial past; it has a heritage of stocking manufacture and there are many examples of stocking framework cottages in the village, one such cottage, which is a listed building is accessed through The Spotted Cow car park.

ABOUT THE SPOTTED COW

The pub is housed in a building which dates back to 1604, it stands in the centre of the conservation area of Holbrook. The Spotted Cow was first listed as an ale house in the 1861 census then owned by James Sheldon, listed as "beer retailer and carpenter", back when people ran a pub and had a job! The pub has been a focal point for village life for over 150 years. The "Spotted" was a vibrant and intensely popular 'local' until very recent past. Here, for example, the "Spotted Cow Cricket Club" was formed and celebrated, the local football team "The Michaels" convened. The annual November the Fifth bonfire and fireworks displays drew the villagers and crowds from far and wide. There was Morris dancing, a separate and popular dining extension near the rear garden, and open mike music festivals were organised on a makeshift stage in the car park. Unfortunately, the pub was closed by the Amber Valley Borough Council in 2014. It was bought by a property developer in February 2016 and August of that year a planning application was submitted to convert the pub into a residential dwelling. Local residents fought the planning application with a proposal to take the pub into community ownership. The refusal of the planning application in November 2016 has given the community a chance to bid on the pub and to safeguard its future.

ABOUT OUR BID

The Spotted Cow is listed as an Asset of Community Value (ACV). The owner has notified Amber Valley Borough Council in September 2016 that he intends to sell the pub and as an ACV, the community now has the opportunity to raise a bid to buy it. Under the ACV legislation we are now in a moratorium period, which ends on 18th March 2017. Before March 18th 2017 the owner may only sell the pub to a community group. We would like to bid for the pub by the end of February 2017. We have held two public meetings and sent a questionnaire to every household in the village. The response has been overwhelmingly positive and has provided us with a mandate to try to create a community owned asset in the heart of the old village to incorporate the pub, a café, bed and breakfast and bid for the post office contract. We want to create a community facility owned by the village, run for the good of the village and providing support to the whole community. We need to raise the capital to bid on the freehold of the pub through a community share offer.

WHAT IS A COMMUNITY SHARE OFFER?

Community shares are a new way of raising investment capital from communities. Local people are encouraged to buy shares in the enterprise and become part-owners. As shareholders they are more likely to do everything they can to ensure the success of the business by becoming loyal customers, volunteers and supporters of the enterprise. Community shares have been used to finance shops, pubs, community buildings, local food schemes, football clubs and even renewable energy initiatives. Most community shares offers are made by enterprises registered under the Co-operative and Community Benefit Societies Act 2014. This legal form provides limited liability status, just like company law. But unlike companies, shares in societies are non-speculative and democratic. Holbrook Community Society is a Community Benefit Society and has been set up to purchase The Spotted Cow. This society was set up with support from The Plunkett Foundation when the owner notified Amber Valley Borough Council of his intention to sell The Spotted Cow. The founding members set up this Community Benefit Society and the Society is registered with the FCA (registration number 7446). If you buy shares you will become a member of the Society, with an equal vote regardless of your shareholding. Your involvement can be as much or as little as you wish. You can vote at Annual General Meetings, stand for election to the Board of Directors, volunteer skills for the refurbishment or just give The Spotted Cow your custom.

HOW MUCH MONEY DO WE NEED TO RAISE?

We have set a minimum investment target of £200,000 and a maximum of £500,000. We want to bid for The Spotted Cow building and a viable car park. The whole site of The Spotted Cow pub was purchased for £370,000 in February 2016. However, in

December 2016 the owner submitted an additional planning application for the land at the back of the pub. These building plots have been valued at between £200,000 and £250,000. If we raised £200,000 we would be able to offer a reasonable market price for a pub and car park (minus these building plots) and pay related fees. We aim to bid jointly with a local builder for the whole site but as two independent offers to go through at the same time. The building does need repairs and renovation. We have obtained two independent estimates for the work needed to the building but since we only have the right to bid not the right to buy we have not been able to obtain a full survey yet. A full survey will be obtained before any sale goes through. Both estimates for renovations are in the region of £100,000 and are based on: viewings of the premises before it sold to the current owner; floor plans of the building; and the facilities we need to create. We will carry out repairs and remodelling through: money raised through the share offer in excess of the purchase price; loans and grant aid and volunteer labour and skills. We will apply to the Heritage Lottery fund once we have secured the building, since the pub is situated in a conservation area and is a considered a heritage asset. We aim to utilise volunteer labour and skills as much as possible and many skills have been pledged by members of the community.

We have applied for a loan of £125,000 through Co-operative and Community Finance, this loan will be used to renovate the pub, restaurant, café and post office area, if we only raise the minimum of our share offer target. However the more we raise the lower this loan facility will have to be and the more we will be able to invest in the whole building. If we raise more than £300,000 we will be able to begin renovations on the upstairs. The Post Office also offers a grant of up to £12,000 to relocate their service into the building.

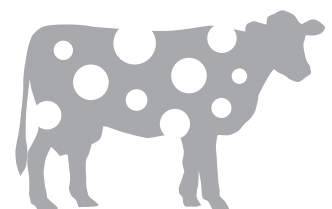
The maximum target of £500,000 assumes on buying the whole site and paying for renovations to the pub, whilst this is the ideal scenario we are pragmatic and our primary goal is to ensure The Spotted Cow remains a community facility and becomes a suitable home for the village post office.

WHAT IS IN IT FOR ME?

This is not just about buying a pub; this is about preserving the history of our village and investing in the future of Holbrook. We want to ensure The Spotted Cow is run for the good of the village, for us now and for future generations. This share offer is a once in a generation chance to safeguard our local services. The Post Office are currently advertising Holbrook post office as a business opportunity and bids are asked to be submitted by March 31st 2017, Linda Bower would like to retire and is in full support of this project as she wants Holbrook to keep its post office facility. We have spoken to The Post Office and once a sale of The Spotted Cow has been agreed we can begin the formal process of bidding for The Post Office contract. This investment is not just about saving The Spotted Cow; it is about saving our village post office too!

HOW DO I BUY SHARES?

You need to be over 18 years to invest. Shares will be sold at £1 each with a minimum investment of £250. We would prefer you to buy in batches of 250 shares up to a maximum of £50,000. Please fill in the application form at the back of the prospectus and follow the instructions. If our bid is successful you will be issued with a share certificate on completion. Over 100 people from the local community are prepared to invest over £130,000.



WHAT GUARANTEES DO I HAVE WHEN BUYING SHARES?

This is a long-term investment for the benefit of the community. Shares cannot go up in value. Therefore if you wish to withdraw shares at any point they can only be withdrawn at face value. In the event of having to wind up the Society, should the value of the Society's assets exceed the value of the share capital, the shareholders will still only have their original investment returned. Any excess value would be transferred to another community organisation having similar community benefit aims. This is known as an asset lock and is to prevent private gain if the organisation dissolves. However as the shares are issued by a corporate body, shareholders have no liability beyond the value of the shares they buy. When the business is in profit, the Society aims to pay interest on the shares at a rate of 3%. Interest is paid gross and is taxable. You will be responsible for declaring this income to HMRC.

TAX RELIEF?

Social Investment Tax Relief (SITR) is a government scheme to give investors a financial incentive to invest in social ventures. It works by giving a series of tax reliefs; the most notable in this instance is that an individual whose shareholding qualifies can expect to claim income tax relief at a rate of 30% (provided Shares are held for over 3 years). There are various qualifying criteria for both the relevant entity (in this case Holbrook Community Society) and the individual. HMRC have issued us with advanced approval that our project qualifies for SITR.

WHAT HAPPENS IF WE DON'T RAISE ENOUGH MONEY?

If the share investments do not reach the minimum share target by the end of the share offer period, the founding members have two options: The period of the share offer could be extended. In this event existing investors would have the option to withdraw their investment; or the share offer could close and all of the share investment money would be refunded.

WHAT HAPPENS IF OUR BID IS UNSUCCESSFUL?

The owner does not have to sell the pub to us, but we would wish to leave the offer on the table for a long enough period for the vendor to give it due consideration. There was a planning application for change of use on the pub, by an individual who bought the option to buy The Spotted Cow site, and the applicant has six months to appeal the decision to refuse planning permission- this will expire on May 14th. If there's no sale by this date, we will call a meeting of all members of the CBS and vote whether to extend the deadline or return all of the investment money. At this point people will also have the option of withdrawing their investment. Fees will be deducted to pay Crowdfunder for their services if you have invested via this platform.

WHAT ARE MY RISKS IF THE PURCHASE GOES AHEAD?

You do need to know the risks of this share offer. In the event that the business fails it may be placed into liquidation, in which case a liquidator would be appointed who would realise the assets and distribute them to creditors. Effectively, this would mean selling the freehold of The Spotted Cow (on

the basis that the pub would be the main asset at the relevant point) and the creditors would be paid from the proceeds. After the payment of the creditors and the costs of the liquidator, then the surplus would be returned to the Members. Your liability as a Member is limited to the value of your shares. You cannot lose any more than the value of your shares. The issue of withdrawable shares, which are not transferable to anyone else but the Society, exempts this document from the requirements of an approved prospectus for the public issue of Company shares. Any money you pay for shares is not safeguarded by any depositor protection or dispute resolution scheme. In particular, you will have no right of complaint to the Financial Ombudsman Service nor any access or entitlement to the Financial Services Compensation Scheme.

CAN I SELL MY SHARES?

Shares cannot be sold or transferred to another person, although investors are invited to nominate a person who will inherit their shares in the event of their death. Shares can, however be withdrawn after an initial period of three years. This time period is to ensure the business is guaranteed an initial period of financial stability. After this time you can get your money back, with three months' notice, if you want to cash-in your shares. The directors do have the right to refuse or suspend withdrawals if there is insufficient liquidity in the business and withdrawals are expected to be capped at 10% per year. We are considering applying for match funding through Big Society Capital. If we do apply for this funding and are successful then we may prioritise withdrawals of investment to Big Society Capital over other investors. Our reliance on Big Society Capital money will be relative to the amount we can raise through our share offer.

IS IT A GOOD BUSINESS PROPOSITION?

The business had been operated by the previous owner for 11 years. Sales for Y/E March 2013 show £454,396. Since this project is completely new business model our estimations are based on the experience of other community pub settings with a similar business model and customer profile along with these sales figures. We have based our financial projections on sales in the café and Post Office in the first year with the bed and breakfast starting in the second year. The Society is projected to make a profit from the first year and our cash position is expected to be secure. All of our forecasts can be seen in the business plan which is available on our website.

Based on the record of The Spotted Cow under earlier owners; the principle of housing several services under one roof; the success of nearby village pubs; and the success of other community owned pubs we believe this is a good business proposition. However, all commercial activities carry risk and any subscription for Shares is not a loan or a deposit and the rates of return are not guaranteed. We believe this community venture is the best way to safeguard the pub and the post office for the future.

WHO ARE THE PEOPLE ORGANISING THIS?

The people organising this share offer are a group of local people who believe passionately in preserving The Spotted Cow and creating a community hub. These people are the Founding members of Holbrook Community Society. Collectively, there is a wealth of business, legal, financial and community experience within the Committee. We have support from The Plunkett Foundation under their “more than a pub” government funded scheme: we have been assigned an adviser from a successful local community pub committee and have been given a bursary of £2,500 to help with legal fees and advertising costs.



FOUNDING MEMBERS OF HOLBROOK COMMUNITY SOCIETY

Stephanie Limb

(Secretary)

My background is in education, teaching English (secondary level), until 2012. Since moving to the village in 2010 I have been involved in a variety of Community projects. I was Secretary of Holbrook Pre-School Committee during the academic year 2013/14: a crucial time in Pre-School's history when it moved out of the Arkwright Hall into its own building. During that year the committee managed the construction of a purpose built facility within the school premises, coordinating intensive fundraising and organising a community team to renovate the building and make it fit for purpose. In September 2014 I set up a business providing wraparound care for Holbrook C of E Primary School; at the time there were no out of school facilities in Holbrook and the government was pushing schools to ensure that there were affordable provisions to extend school hours for working parents. This business has grown and is now so profitable that the school is taking over the provision and employing us to manage it. I am passionate about community projects and helping to deliver services to cater for our evolving village.

Christian Limb

(BA Hons, Business Administration)

I began my career as an Analyst Programmer at CIS and moved on to roles in Test Analysis and Business Analysis. For the last thirteen years I have run my own consultancy business, and have served numerous clients, amongst them: Capital One, Rolls Royce, Eon, The Post Office, Royal Mail, British Gas, the NHS and Experian. I have also been an active member of Holbrook village fete committee for the last four years.

Hannah Wilson

I have been practicing law for nine years and have been a qualified solicitor for close to eight years. I have practised in all areas of family law but my expertise is in child protection, particularly for Local Authorities in the interests of safeguarding children. I have some experience of business and property law as part of my legal practice graduate diploma and have many contacts in the profession.

Hilary Roberts

I originally trained in leisure and tourism and then managed a youth counselling and information service run by paid staff and volunteers, in Somerset. I moved to Derbyshire and established, then managed a training health school. I now run my own counselling business. I have also worked in a variety of cafes and restaurants and know about the day to day management of the hospitality industry. I am a new member of the community but really want to use my time and skills to help create a community hub where all people feel welcome.

Elizabeth Woodward

I am a partner of a local beef farm and have been for the past 15 years. I am involved with all aspects from cattle handling to book keeping. Up until 2012 I worked within the business division of a high street bank. I spent 10 years there working with local SMEs and alongside the banks' credit and securities divisions requiring me to liaise with solicitors, accountants and surveyors. I have lived in Holbrook for the past six years and hope to live here for many more, I strongly believe that alongside our other two pubs, The Spotted Cow firmly puts our village on the map; I really do hope we can ensure its future.

Sean O'Hanlon

A Holbrook (Town Street) resident for 43 years, I have had a career in Education (B.Ed) teaching English (secondary level) firstly in London's East End, then in Derbyshire (31 years) as a Head of Department, Head of Faculty, and AST (Advanced Skills Teacher) with responsibility for whole school cross-curricular development of teaching and learning skills. I was then appointed to Derbyshire Education Service as English Consultant (3 years) with responsibility to advise with, and deliver cross curricular development, in Derbyshire Secondary, Primary and Special schools. I have served on Holbrook Traffic committee and was Chairman of The Spotted Cow Cricket Club for 5 years.

Jan Bradshaw

I have been a resident of Holbrook for 40 years and since my retirement in July I have become a Holbrook Parish Councillor and have established the 'Knit and Stitch' group in the village. In the past I have also chaired the Mother and Toddler group, chaired the Playschool Committee and been instrumental in setting up a Friday Youth Club in the village. In my professional life I have always taught in secondary education, including 10 years as transition link with primary schools and 10 years as a pastoral Head of Year, running a team of 20 staff. I have been involved in the running of the village fete for the past 12 years including two years as fete administrator. For the past four years I have run the village fete bar so I can serve a pint of real ale!

"So much more than a pub"





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Registered Office: 12 Mellors Lane, Holbrook, DE56 0SY Tel: 07971419899
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APPLICATION FOR MEMBERSHIP OF HOLBROOK COMMUNITY SOCIETY

I wish to apply for membership of Holbrook Community Society (The Society)
and I would like to purchase the following number of shares:

(Shares cost £1 each, minimum 250; maximum 50,000)

I include my payment of £ -----

Payments should be made through **Crowdfunder**, but if you would prefer to send a cheque please make then payable to Holbrook Community Society and post to the above address,

Signature ----- Date -----

Name -----

Address -----

----- Post Code -----

Telephone ----- Email -----

The money raised will be held in a NatWest account and the money can only be accessed by cheque signed by two signatories.

By requesting that I become an investing member Holbrook Community Society Limited, 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 the Society, for posting of notices regarding the activities of HCS and will not be passed to a third party.