

The Cross Inn at Great Bromley



The Great Bromley Cross Pub Community Benefit Society Limited

SHARE OFFER

For the Community Purchase of
THE CROSS INN PUBLIC HOUSE
GREAT BROMLEY, COLCHESTER, ESSEX CO7 7TL

Launch date: Friday 7th October 2016
Closing date: Saturday 19th November 2016

Our fundraising aims are:

Target: £210,000

Maximum: £300,000

Minimum investment: £250
Maximum investment: £50,000

The Great Bromley Cross Pub CBS Limited
is registered with the Financial Conduct Authority under the
Co-operative and Community Benefit Societies Act 2014 as a
Community Benefit Society, registration number 7216

The Bromley Cross Inn, on the borders of the villages of Great Bromley and Ardleigh near Colchester, Essex closed in 2015 and the premises were sold. The garden has been sold on and now has planning permission for 2 houses. As a community, we now have a unique opportunity to purchase the Pub building, outbuildings and car park and restore its fortunes and transform it into the hub of our community. This share prospectus will enable us to raise the funds to realise this ambition.

This Share Offer Document

- Outlines the project and its benefits to the community.
- Explains the community share offer and provides information on the Great Bromley Cross Pub Community Benefit Society Limited.
- Invites you to become a member of the Society and outlines your rights and liabilities.

The Story So Far

A group of Great Bromley and Ardleigh residents, with strong support from the local community, has come together to buy the Cross Inn and run it for the benefit of the community. After the closure of the pub, the “Save The Bromley Cross” campaign was launched and a committee was formed in June 2015. In August 2015, a not-for-profit Community Benefit Society (CBS) was established.

The Cross Inn was listed as an Asset of Community Value (ACV) under the Localism Act 2011. Under the Act’s provisions, a six-month moratorium on the sale of the Pub was enforced, which ended on 5th November 2015. During this period, the Pub could only be sold to a community interest group such as the CBS. Save The Bromley Cross did make a bid during the moratorium but this was not accepted and the pub has been sold to a property developer. Save The Bromley Cross continued to work to save the pub, through campaigning, publicising our cause in the local press and on local radio. After the sale of the pub garden to a builder, the owner contacted Save The Bromley Cross with a view to selling us the remainder of the plot. Our offer to buy the pub for £190,000 has now been accepted.

Our Vision and Benefits to the Community

We believe that the Cross Inn and its site are vital amenities that the hamlets of Bromley Cross and Burnt Heath cannot afford to lose. Great Bromley lost its shop some years ago and now stands to lose the only pub in this area. We believe that the best interests of the community will be served by acquiring it through a community benefit society.

This purchase would have many benefits including:

- Securing the long-term future of the pub.
- Re-opening Great Bromley’s Village Post Office.
- Providing a meeting place for the whole community and fostering community spirit.
- Utilising the site to provide other services that are badly needed here in Great Bromley and environs.
- Creating opportunities for employment, both paid and voluntary.
- Helping to sustain property prices in the village.

Our Plans for the Bromley Cross Inn



Based on the results of a questionnaire distributed throughout the local area we have a clear idea of the kind of Pub the community would like to have:

- A cosy, inviting atmosphere, with mixed seating, wooden furniture, country colours on the walls and a wood burner/open fire. Must be family-friendly and dog-friendly.
- A simple menu of classic Pub favourites, prepared with fresh, local ingredients, complemented by seasonal specials and theme nights, and a nutritious children's menu.
- Local ales and ciders on tap (we would like to link up with a microbrewer to make them even more local).
- Sandwiches, snacks, cakes tea and coffee served during the day in support of a café culture.

As a true community Pub, we wish to encourage all villagers to use the Cross and we will be looking at promotions such as loyalty schemes and meal deals.

We want the Cross to be part of village events such as village litter pick-ups and the Bromley Fun Day, and to support local good causes.

We would also like to liven the place up occasionally, holding events such as live music and charity quiz nights.

We have considered various management models for the Pub. Initially, the plan is that The Cross would be run by volunteers until we are able to appoint an experienced manager (ideally, a management couple). We feel this would provide the Society with the required flexibility and control over the direction of the enterprise, resulting in greater community ownership. The Committee will support the management, and we anticipate that volunteers from the community will assist with specific tasks around the building. At the same time, the management will be incentivised with significant performance-related bonuses, providing them with a stake in the success of the business. We also hope to open a Post Office.

We believe that, particularly in the months prior to the sale of the pub, the last owners allowed a previously good business to deteriorate. Our business plan anticipates profits in Year 1 of nearly £12,000, in Year 2 of nearly £20,000 and in Year 3 of £23,000. These numbers are subject to a number of assumptions, including initially restricted opening hours, initial staffing entirely by volunteers and customer levels similar to those during the more successful times for the pub throughout.

The community questionnaire identified a desire for a village shop. We will investigate the feasibility of this.

What is the Great Bromley Cross Pub Community Benefit Society Limited?



The Great Bromley Cross Pub Community Benefit Society (CBS) Limited is the Society established to enable the communities of the Bromleys (Great Bromley, Little Bromley) and Ardleigh and their supporters to purchase the Bromley Cross Inn. It is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 as a Community Benefit Society (registration number 7216). The Society uses the model rules developed by the Plunkett Foundation (www.plunkett.co.uk), a copy of which is available to download from our website together with this prospectus and accompanying business plan from <http://www.greatbromleycross.org.uk/shares>, or by e-mailing us at savethebromleycross@yahoo.co.uk. It is a not-for-profit organisation, with a principle embedded in its rules that any surpluses are re-invested in the business or distributed to other community or charitable projects.

The initial management committee is made up of 11 Great Bromley and Ardleigh residents. They are Owen Blowers, Richard Perry, Jim Craddock, Lesley Broadbent, Dinah Jones, Bryn Jones, Phil Reeve, Linda Reeve, Linda Pinhey, Nick Strowbridge and Alan Thomas.

The Management Committee will stand down en bloc at the first AGM and individuals may offer themselves for re-election. The Management Committee will be selected by members' votes at the AGM each year. Each shareholder will be a member of the society will have a single vote regardless of their share ownership. Annually, the Management Committee will provide all members with a report setting out audited financial statements and a report of the Society's activities for the previous financial year.

The Share Issue

This share issue is designed to give you the opportunity to contribute financially, on a long-term basis, to the purchase of The Cross. We expect most shareholders to come from the local community but welcome contributors from further afield. This share issue is solely to cover the purchase and start-up costs of the Cross. The Cross will then operate as a community business with ongoing costs covered by a trading surplus. Further share issues may be considered to fund future capital projects at The Cross.

The target amount we wish to raise from this share offer is £210,000. This is the total minimum amount required to buy and re-open the Pub, and to have a contingency fund. Below this amount, the offer would be deemed to have failed and the CBS will not be able to purchase the pub under this scheme. At this point, all subscriptions would be returned without loss. The maximum amount is £300,000. In the event of share subscriptions exceeding the £300,000 maximum, shares would be allocated on a first-come-first-served basis. Any share income above the minimum will be invested to increase the profitability of the pub, for example to install a commercial kitchen or improve the accommodation. Share purchases will be offered initially under the Seed Enterprise Investment Scheme and, when the £150,000 maximum for that scheme is reached, offered under the Enterprise Investment Scheme. The order in which share applications are offered will be strictly on a "first-come-first-served" basis.

Individuals (aged 16 years and over) and organisations can apply for membership by buying shares at a cost of £50 per share. There is a minimum investment of £250 (5 shares) and a maximum investment of £50,000 (1,000 shares) per person or organisation. It is possible that one of two tax reliefs may apply to your investment. These are subject to strict rules and we have secured HMRC pre-approval for their application. A brief description of these is given below. More detailed guidance on all of them can be found on the HM Revenue & Customs website at <https://www.gov.uk/topic/business-tax/investment-schemes>

The schemes are:

Seed Enterprise Investment Scheme (SEIS)

The CBS hopes to raise up to the permitted maximum of £150,000 under this scheme, with individual investments being capped at £50,000. No investor can own more than 30% of the shares in the CBS and this test includes any shares owned by the investor's "associates". "Associates" include business partners, spouses, civil partners, parents and grandparents. Income tax relief is available at 50% of the sum invested. This can be claimed in the year the shares are purchased, or carried back one year. **The amount of tax relief cannot exceed the amount tax you have actually paid.** Tax relief is withdrawn if the shares are sold within 3 years of purchase.

Enterprise Investment Scheme

This is similar to the SEIS. The principle differences are that tax relief is capped at 30% and individual investments cannot exceed £1 million.

A copy of our full business plan, including start-up costs and cash flow projections, along with a copy of this share prospectus can be downloaded from our website at <http://www.greatbromleycross.org.uk/Share-Prospectus>. The monies raised from this share issue will be allocated entirely towards the purchase and re-opening of the Pub.

Interest is payable on shareholdings at an interest rate proposed by the management committee based on the performance of the Society and put to a vote at the AGM. The Management Committee will endeavour to make interest payments as soon as viable. It is unlikely that interest will be paid in the first three years while the business is established. Payments cannot exceed 2% above the Bank of England Base Rate. It is each shareholder's responsibility to declare such earnings to HMRC, if appropriate.

It is important to note that the value of the shares will not increase. The only financial benefit for shareholders is the interest paid annually, which is at the discretion of the management committee.

The shares are not transferable (except on death or bankruptcy) and cannot be sold. Applications for withdrawal may be made by providing three months notice to the Management Committee. **Shares cannot be withdrawn until they have been held for a minimum period of 3 years, and then only at the discretion of the Management Committee.**

The amount available to withdraw by shareholders in any one financial year will be limited to 10% of the current total value of shares issued. Withdrawals will be funded from trading surpluses or new share capital. The Management Committee will endeavour to meet all withdrawal requests but has the authority, if necessary, to refuse a withdrawal request if it endangers the business.

Should The Cross ever be sold, the shareholders would be repaid their investment from the proceeds of the sale, after the repayment of any debts. Any surplus would be paid into community projects, or held in trust until such monies are needed by the community. As with any such investment, there is a risk that the value of your shares may fall. To mitigate this, the CBS will own a property and land, and it is difficult to see how this will ever be worthless.

As an investor, your liability is restricted to the value of your shares. In the very unlikely event that the business fails, you would have no other liability.

Forecast financial performance is included in our accompanying business plan which is available at <http://www.greatbromleycross.org.uk/shares>. This is reliant on volunteers and local custom to achieve the forecasts.

How to Buy Shares

Shares can be purchased by completing the form attached to this Share Offer document and returning it, with payment, to the Share Scheme Co-ordinator. You can also transfer the money directly to our bank account, but you must still send us your completed form. These are our preferred methods.

Alternatively, you can buy shares online through Crowdfunder <http://www.crowdfunder.co.uk/save-the-bromley-cross/> (this site will be available from the 7th October 2016). We encourage you, where possible, to purchase your shares by cheque or bank transfer, since this will minimise our costs and ensure your full investment is used for the purchase of the Cross Inn.

Important Notice

When considering investing it is essential to understand that this should be regarded primarily as a long-term social investment in our community, intended to secure a vital amenity for years to come. It is not an exercise in generating large or quick financial returns.

Please read these summary points before deciding whether to invest.

- The minimum investment is £250 (5 shares). The maximum investment in our Community Benefit Society is £50,000 (1,000 shares) per person or organisation.
- Shareholders must be aged 16 years or over.
- Shares cannot be transferred except on death or bankruptcy and they cannot be sold.
- Shares cannot be withdrawn for the first 3 years following their issue. Following this period they can only be withdrawn by providing three months' notice to the Society. Any withdrawals are at the discretion of the Management Committee. Total withdrawals in any financial year are limited to 10% of the issued share capital.
- The value of shares cannot increase and their value may be reduced if the business fails and its liabilities exceed its assets.
- The Society can only pay interest on shares up to a maximum of 2% above the Bank of England base rate interest. Such interest will only be paid when the performance of the business justifies this, and will be at the discretion of the Management Committee and as voted on at the AGM. It is unlikely that interest will be paid in the first three years.
- All monies invested in this community share offer will be held by the Society and not spent prior to proceeding with purchasing the building. Contributions will be repaid in full, less any expenses incurred such as solicitors' fees, in the event that the sale does not complete.
- Every shareholder has an equal voice regardless of the size of his or her shareholding – one member, one vote.
- Any trading surplus, after payment of interest to shareholders and repayment of share withdrawals, must be re-invested in the business or used for community purposes.
- The Society is registered with the Financial Conduct Authority (FCA) and will be required to provide an annual return to the FCA. However, it is not regulated by the FCA. Members cannot apply to the Financial Services Compensation Scheme (FSCS) and have no right of complaint to the Financial Ombudsman.

Before deciding to invest you may wish to seek independent advice.

A copy of our Business Plan is available to download from our website at <http://www.greatbromleycross.org.uk/shares> or on request. For further information on the project please refer to www.greatbromleycross.org.uk or email us at savethebromleycrossinn@yahoo.co.uk.

Great Bromley Cross Pub Community Benefit Society

Application for Membership

To become a shareholder of Great Bromley Cross Pub Community Benefit Society please complete the form below and send it with either:

- a cheque made payable to "Great Bromley Cross Pub CBS Limited" and send to the Society's Share Scheme Co-ordinator (see below)
- or transfer a sum of money equal to the total value of the shares you are applying for, to The Co-operative Bank PLC, and send the completed form to the Society's Share Scheme Co-ordinator (see below)

Account Name: The Great Bromley Cross Pub Community Benefit Society Limited
Sort Code: 08-92-99
Account No: 65779884
Reference: Your surname and postcode

The share offer opens at 5pm on Friday 7th October 2016. Cheques will not be cashed until the share offer closes on Saturday 19th November 2016 and will be returned if the scheme is unsuccessful. The above are our preferred methods because they minimise the cost of the scheme, but shares can also be purchased online through Crowdfunder <http://www.crowdfunder.co.uk/save-the-bromley-cross/> This URL will be available from the 7th October.

Share Scheme Co-ordinator : Dr Nicholas Strowbridge, Weeping Ash, Ardleigh Road, Great Bromley, Essex, CO7 7TL

Name:

Address:

Email:

Telephone:

I wish to purchase:

Shares (min 5 – Max 1,000) at a cost of £50 per share

Total Value:

- I confirm that I have read the Share Offer document, including the Important Notice on Page 7
- I am aged 16 years or over.
- I wish to claim SEIS/EIS tax relief on the value of my shares, and will require the Society to send me an SEIS3/EIS3 form respectively in due course (please delete SEIS or EIS as appropriate).

This information will not be passed to third parties

Signature:

Date: