



SAVE the DUKE

Duke of Marlborough, Somersham

www.savetheduke.net

Community ownership

Share Prospectus

September - October 2015

Produced and published by Somersham Community Pub,
a Community Benefit Society registered with the FCA

To be read in conjunction with the Business Plan
available on our website

www.savetheduke.net



For more information - investors' meeting: 9th September 2015, 7.30pm, Somersham Village Hall

Your chance to own a pub

This is an invitation to you to join the mission to save our local pub and to become part owner of a precious amenity and an exciting new business venture.

In buying shares in Somersham Community Pub, you will be:-

- Helping to re-open the doors of a pub that's been serving it's community for over 500 years
- Saving this fantastic amenity for generations to come
- Creating a hub for people to meet, drink, eat, celebrate, commiserate, do business, raise funds for good causes, compete in quizzes – and bring more activity, life and fun into our midst.
- Creating and securing jobs:-
 - In the pub itself
 - Among suppliers (brewers, food producers)
 - In the public sector (health service workers, teachers) through the taxes the pub will pay!

And, subject to conditions, you will also be earning interest payments on your investment and enjoying tax benefits. You will also qualify for special shareholder offers and discounts.

In a nutshell:

- We need to raise £350,000
- 7000 shares will be sold at £50 each
- Minimum shareholding £250 (5 shares)
- Pledge now, money collected once target is met
- Pledge online via our website or pay by cheque
- 30% tax benefit applicable to most shareholders
- Shareholders will be eligible for discounts and offers

Meeting for potential investors
September 9th 7.30pm
Somersham Village Hall.

The chance to ask further questions, meet the team and even make your share offer pledge, if you haven't already done so.



Background

For the first time in over 500 years Somersham is faced with the loss of its village pub.

The owners of the pub have retired, and want to sell up. Although it operated profitably it still needs a buyer. If no action is taken, the building will be turned into a house and the pub will be lost forever.

Since an open meeting held in November 2014, local people have been working together with the aim of acquiring the pub as a community asset. The working party have been carrying out market research and working with experts in the industry in order to establish the feasibility of the project. Now, after months of planning and fund-raising we can finally offer you the opportunity to bid for shares in the pub and secure its future. Seven thousand shares worth £50 each are now on sale. This prospectus sets out how the investment scheme will work, how you can pledge your investment, and it answers at least some of the questions about the benefits and risks of investing money in the Duke of Marlborough.

The vision

The vision is to buy and reopen the Duke of Marlborough as a thriving village pub with food, drink, and events that will attract people from afar, but with the interests of the community always at its heart.

What will it be like?

The Marlborough has the potential to be a really wonderful pub. With some redesign it could be made welcoming to drinkers as well as diners. It could be made warmer, cosier and more family friendly.

The aim is to serve freshly cooked food for a range of budgets from good value pub grub to restaurant style dishes. We will aim to support breweries and cider makers from across the region with an exciting range of real ale and cider. Good wine, spirits, soft drinks, coffee and tea will also feature.

We would like to improve and extend the outdoor space and make it suitable for children to play in and events to be held.



Committee chair Dr. Sarah Caston

More than just a pub...

Why should I invest?

Invest for **community**:

Strengthen the sense of community and secure the pub's future as a welcoming place to meet, drink and eat.

Provide a fantastic venue for organisations to meet, local groups to convene and new ventures to evolve.

House prices remain higher when local facilities like shops and pubs are nearby.

Invest for **family**:

Help create a family-friendly, welcoming local place for celebrations. Don't let the next generation grow up without a local pub.

Plans include a new outdoor area with space for children's play.

Invest for **rewards**:

There will be regular shareholder offers and discounts as well as special shareholder events, eg an investor launch party.

How will the pub be run?

The Shareholders will all jointly own the business under the name 'Somersham Community Pub Ltd'. This has been registered as a Community Benefit Society (CBS) regulated by the Financial Conduct Authority.

A CBS can carry out business only for the benefit of the community which it serves. Any profits it makes have to be returned to the community, either through investing in and improving the business, paying interest to shareholders, or contributing towards other activities or facilities that benefit the community.

No individual can own more than 30% of the business under the rules of the scheme. Regardless of the number of shares held, each shareholder will get only one vote when it comes to elections.

The shareholders will, at intervals, elect a management committee (5-7 people) who will run the business on their behalf. The committee will appoint an experienced salaried pub manager and chef who will have responsibility for the day to day running of the pub and its paid employees.

The manager will also help with organising volunteer support with activities or tasks that fall outside the day to day operating of the business.

Invest for **business**:

Secure local jobs, especially for young people, create supply chains to support local producers.

Make updated facilities and spaces available to businesses and organisations.

Invest for **tax relief**:

If you pay income tax you could receive EIS tax benefits worth 30% of your investment (subject to a 3 year holding period).

Your investment will not be counted as part of your estate for inheritance tax purposes.

....for over 500 years



The share offer

In its current closed state the pub has been independently valued at £275,000. The actual price remains subject to negotiation with the owners. In any case, much more will be needed to open the doors and operate the business. The aim is to raise a sum of £350,000 through selling shares to the community. We need to cover purchase of the pub and provide some working capital to cover the first few months of operation.

Additional grant funding is also being applied for through various bodies to help pay for other aspects of the project, for example legal fees, renovations, marketing and suchlike.

Here are the details.....

The share offer will run for at least 6 weeks (1st September - 16th October) and is designed to give people the opportunity to invest financially, on a long term basis, in Somersham Community Pub Ltd. and the reopening and operating of the Duke of Marlborough. We expect most shareholders to come from Suffolk but welcome investors from further afield.

The price of each share is £50, with a minimum subscription of 5 shares making the minimum investment £250. You must be 18 or over to hold shares in your name and they can not be owned jointly. Shares will be allocated on a first-come-first-served basis.

The target is to sell 7,000 shares to raise £350,000. The *minimum* amount we need to raise through shares and/or grants is £275,000. If we have reached this figure on 16th October, the money will be taken from your account within 7 working days and held by our Solicitors until the sale goes through. We reserve the right to extend the share offer by a further 4 weeks but will keep investors fully informed.

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

Most taxpayers can reclaim 30% of their investment against their tax liability, for either the current or previous year. However, you do need to hold your investment for 3 years to qualify.

Furthermore this investment is deemed to be outside of your estate for Inheritance tax purposes (subject to a minimum share holding period of 2 years).

You are advised to read the business plan in full before committing to your investment and to take independent financial and tax advice.

The Business Plan is available at: www.savetheduke.net and copies can be picked up at Somersham shop or obtained by calling 01473 831352.



Do community pubs work?

Quite simply - YES! Community ownership provides a real incentive for people to support their local.

You only have to look as far as Battisford and Washbrook to find examples of successful community pubs.

'The Punchbowl' and 'The Brook' as well as 'The Sorrell Horse' at Shottisham, and 'The Case is Altered' at Bentley are four examples of Suffolk community pubs going from strength to strength. Each has provided valuable advice to the Save the Duke team.

You can find links to all these pubs on our website.

Paying interest

We expect to break even after two years and to start paying interest in the third year. As long as profits allow, **interest will be paid at 2% above the Bank of England base rate.**

In addition, most investors who pay tax will be entitled to tax relief through the Enterprise Investment Scheme (EIS).

Tax benefits

The Enterprise Investment Scheme (EIS) is a government scheme designed to encourage new small businesses. Eligible taxpayers can claim 30% of their investment back in tax relief.

Here is an example:

Jenny invests £2,000 in the tax year 2015/2016 in EIS qualifying shares. The relief available would be £600 (30% of £2,000). If she had a tax bill for that year for £1,000, it would be reduced by £600 to £400 as a result of her investment. She would own shares valued at £2,000 at a cost to her of only £1,400.

If you wish to make an EIS qualifying share purchase make sure you tick the relevant box on the application form!

For further details please take independent tax advice.

For more information on the EIS see:
www.gov.uk/government/publications/the-enterprise-investment-scheme-introduction/

What do I do now?

There are two ways you can buy shares:-

1. Crowdfunder - online payment platform

We would encourage you to use our secure online payment platform. This benefits you as it is a rewards based system which offers increasingly attractive benefits the more you pledge. For example, depending on how much you invest, you could receive an engraved pint glass, a meal at the pub or your name on our 'Wall of Fame'! It also benefits us as it reduces the administrative burden on our (voluntary) Treasurer and maintains a secure database with shareholders details, these will not be passed on to any third parties.

The platform we are using is called 'Crowdfunder.co.uk' which is the UK's leading crowdfunding platform. The easiest way to access it is via our website: www.savetheduke.net or you can go directly to www.crowdfunder.co.uk/savetheduke. Crowdfunder will collect the funds on or around the date the share offer closes. In the event of the purchase not proceeding, you will be repaid your investment in full.

Can I buy shares as a gift?

Shares in the Duke of Marlborough would be a unique Christmas or birthday present (for anyone over the age of 18)! Just be sure to tick the relevant box when completing the online or paper form as some additional information will be needed.

What happens if it doesn't work out?

In the unexpected event of the business failing, we would endeavour to reimburse shareholders in full. The premises would be put up for sale and, once sold, the proceeds used to reimburse investors.

Obviously the level of reimbursement is dependent on sale price. Generally, property prices retain their value, but it is important to point out that this is a risk you are taking when you invest.

Any profit over and above the reimbursement to shareholders would be used to pay interest to investors, and then to benefit the community.

Your liability is limited to the amount you have invested. The share value cannot increase, you can only accrue annual interest on your investment once the business is profitable.

Selling shares

We hope that you will buy shares in the Duke of Marlborough as a long term investment, keeping the pub for future generations. However, it is possible that you may need to withdraw your money.

You cannot sell your shares to other individuals directly, but the company can buy them back from you and sell them on. (You can, however, pass shares on to the beneficiaries of your Will.)

Under the rules of the CBS you will not be able to withdraw your capital in the first three years. This is to ensure that the company has time to make a profit and build up some financial reserves. After the first three years you can apply to the Management Committee to withdraw your money.

The Committee will consider all such requests, but obviously have to take into account the financial security of the company. Providing the withdrawal doesn't jeopardise the pub you will be able to withdraw your money.

At The Sorrel Horse in Shottisham there is waiting list for people wanting to own shares!

2. By cheque.

If you prefer to pay by cheque you can post your cheques to our Treasurer Gerard Kroon along with our Cheque Payment Form which has full details. To obtain a Cheque Payment Form :-

- Download from the investment page of our website: www.savetheduke.net
- Request by email from: marlboroughsomersham@gmail.com
- Collect from Somersham Community Shop.

If you have any queries about the payment options please call Gerard on 01473 657178. The initial share offer will close on 16.10.15 but we reserve the right to extend this offer if necessary. And remember it is 'first come, first served' so don't delay and risk missing out!



Keep in touch:

web: www.savetheduke.net

email: marlboroughsomersham@gmail.com
(Request to join our e-newsletter mailing list)

Like us on Facebook: [www.facebook.com /marlboroughsomersham](http://www.facebook.com/marlboroughsomersham)

Follow us on Twitter: @helpsavetheduke
#investintheduke

Add posts and tweets to show your support!

Other documents available to download on our website:

- Business Plan
- Results of the community survey
- A set of FAQs (frequently asked questions) about the share offer and the future pub

Thanks to the following people and organisations who have supported the project so far:

Members of the Save the Duke committee
The Plunkett Foundation
The Sorrel Horse, Shottisham
Somersham Parish Council
Mid Suffolk District Council
Suffolk County Councillor Julia Truelove
The Community Shares Company

MSDC Councillor David Card
Somersham Community Shop team
Somersham Garage
Esmee Fairbairn Foundation
Battisford Punchbowl Community Group
The Case Is Altered, Bentley
The Brook Inn, Washbrook

