
West Fife Community Trading Limited

COMMUNITY SHARE OFFER

for the purchase of

THE RED LION, CULROSS

TIME-LIMITED OFFER:

28th April 2021 to 24th August 2021

Fundraising target: £200,000 up to £250,000

Minimum investment: £25

Maximum investment: £35,000

If you are considering buying shares it is important that you read this whole document.

SUMMARY

This public share offer is a time limited opportunity for you, your family and friends, local groups and organisations, local businesses and other community supporters to invest in a once-in-a-generation chance to safeguard the pub at the heart of our community, the Red Lion.

But this is not just about buying a pub. It's about preserving the history and heritage of the village and investing in the future of Culross, its environs and the whole of West Fife. To create a Community pub, owned by the Community, run for the Community.

If we don't buy the pub now it is likely to be lost forever.

To buy the building will cost in the region of £750,000 - £800,000. We can raise some of that money by selling shares in West Fife Community Trading Limited – and everyone who buys shares becomes a member of the Society. We are looking to the people of West Fife area and surrounding communities for support, together with relatives, friends, and others far and wide.

We have to raise a lot of money in around four months, so to maximise participation, we've set a minimum investment of £25 (that's 1 share). Family and friends can get together to share the cost; and groups, organisations and businesses can also invest. However, no one shareholder or organisation can buy more than 1400 shares (£35,000).

The offer is available from the **28th of April 2021 until the 24th of August 2021**, or when the maximum target is reached, whichever is sooner. The management board reserves the right to extend the offer beyond this initial period if they believe doing so would be of benefit.

Community shares are a way for people to invest in what matters to them.
Community members buy shares in enterprises providing goods and services that meet their needs. In turn, the enterprise is controlled and governed by the community it serves.

Community shares have helped to launch and grow a wide range of thriving community businesses.

Please invest to save the Red Lion but before you do so, it is very important that you read this share offer document. It provides you with information about the share issue, the Society, and how the Red Lion will do business in future.

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.

You may also want to read the Business Plan and Society Rules. Everything is available to read; please ask for the documents by email.



ABOUT THE RED LION AND CULROSS

The Red Lion, located at the heart of the village of Culross, has been an important part of the community providing food, drink and a meeting place since the mid to late 14th century. The pub – known locally as The Red – has been with the current owners for nearly 30 years and is currently up for sale due to the owners' wish to retire. Our aim is to buy it and operate it by setting up the first community-owned business in West Fife.

Situated in a conservation area on Low Causeway, Culross, the Red Lion has been a focal point for many community activities and events for many years, including corporate hospitality and as a venue for family celebrations. The pub overlooks the Firth of Forth, is adjacent to the Fife Coastal Path and a gateway to the Pilgrims Way. The original inn dates from the mid-14th century, enlarged over the years, and refurbished several times throughout its history. With its 'traditional style' frontage the building compliments the village environment. As one of the few surviving Gothenburg Inns it has many a story to tell.

The owners, nearing retirement, put the pub up for sale and due to a number of intervening factors the interest has been limited to pub companies and developers. Neither fully satisfying the will of the owners to ensure the welfare of the staff and the community in general. Regular users of the pub decided to act! An online community survey was set up to gauge support. Culross Development Trust agreed to a feasibility study to explore options for saving the pub. This, together with the survey responses, clearly demonstrated that a majority supported the need to preserve the Red Lion for the community. Response from the community has been overwhelmingly positive and has provided us with a mandate to move to the next level, and create a Community owned pub in Culross.

Reasons why the community love 'The Red':

“... celebrating a birthday, anniversary or some other family event ...”

“... quenching your thirst after walking along the coastal path, and that ever-steeper pull up Tanhouse Brae ...”

“... enjoying a delicious meal with friends ...”

“... entertaining your customers or colleagues ...”

“... meeting friends for a pint and a blether to put the world to rights ...”

“... wetting the baby's head or toasting the happy couple after walking down from the church ...”

WHAT IS A COMMUNITY SHARE OFFER?

The Community Share Offer is open to individuals and organisations from any location, who may become Contributor Members by purchasing the minimum number of shares. However, only individuals ordinarily resident in Culross will be eligible to become Community Members. Community members must make up 75% of the membership and at least half of its Directors must be Community Members. 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 these Societies are non-speculative, but democratic.

West Fife Community Trading Limited is registered under the 2014 act with the Financial Conduct Authority (Reg. No. 8541) and has been set up to purchase the Red Lion on behalf of the community. So if you buy shares in WFCTL you will become a contributor member of the Society. If, in addition, you live in the community, you become a community member with an equal vote regardless of your shareholding. Your involvement, as a community member, can be as much or as little as you wish. You can vote at Member Meetings, stand for election to the Management Board, volunteer skills for the project, help run community events or activities, or just give the Red Lion your custom.

WHAT'S IN IT FOR ME?

This is not just about buying a pub; it's about preserving the history and heritage of the area, and investing in the future of West Fife and its people. To create a Community pub, owned by the Community, run for the Community. There are many uses the extensive car park offers at times when the business is not open, e.g. a mini mart to replace the village fete, a location for the local fish vendors, bakers, confectioners etc.

Similarly the upper flat, if not needed by the incoming tenant, offers a multitude of community opportunities from meeting rooms, to drop-in book swaps, food bank, heritage displays etc.

You would own a piece of the Red Lion.

If you invest £500 or more, after three years we will pay you interest of 0.1% over the Bank of England base rate as compensation for the use of your money.

A summary of the financial forecasts can be found in the Business Plan.

The Community Share Offer is open to individuals and organisations from any location, who may become Contributor Members by purchasing the minimum number of shares. However, only individuals ordinarily resident in Culross will be eligible to become Community Members. Community members must make up 75% of the membership and at least half of its Directors must be Community Members.

No matter how many shares you buy, when you are a community member, you have one vote on qualifying matters under discussion. (*see the Society rules for more information*)

HOW MUCH MONEY DO WE NEED TO RAISE?

For the share offer, we have set a minimum target of £200,000 and a maximum of £250,000. We need in the region of £750,000 - £800,000 to buy the building. The bulk of the money (90 – 95%) for the heritable property we expect to come from The Scottish Land Fund (Stage 2) after they have their new budget in April 2021. We expect to receive stage 1 funding to cover some of our initial costs (up to £5k). The balance required, if any, will come from other sources such as crowdfunding, brewery finance, consumable suppliers sponsorship and other granting agencies as and when available. There are no known significant other costs but it is always prudent to be prepared and we therefore want to have as much in reserve as we can, to meet the worst case scenario, as described in the business plan.

Initial costs before we start to earn income will include, but not be limited to, conveyancing and other professional fees, insurance costs, licencing and local authority fees, advertising and marketing expenses and so on.

CAN I SELL MY SHARES?

No, shares cannot be sold or transferred; we will ask investors, in the event of their death, to nominate someone to inherit their shares.

As explained above, we expect to allow share 'withdrawals' after three years. This is to guarantee the business an initial period of financial stability.

The WFCTL Management Board will decide how many shares can be cashed in; and have the right to refuse or suspend withdrawals if there is insufficient liquidity in the business.

WHAT HAPPENS IF WE DON'T RAISE ENOUGH MONEY?

If we don't reach the minimum of £200,000 by the 24th August 2021, we have three options:

1. We access other funding streams – for example, the recently announced government grant scheme to help communities take their theatres, pubs and halls into community ownership and / or
2. We could extend the period of the share offer; or
3. We close it and refund everyone's money.

Of course, we won't be able to buy the Red Lion and will probably have to disband the Society.

HOW DO I BUY SHARES?

You need to be over 16 years to invest. Shares cost £25 each with a minimum investment of £25. You can buy as many as you want up to 1400 (£35,000 in value).

People can buy shares:

- as an individual
- as a group of family or syndicate of friends
- as a present for someone else
- as a business, organisation, or other body

Please fill in the application form at the end of this document or online.

Everyone who buys shares becomes a member of the society.

If we meet our target, we will issue share certificates; if not, we will try to make up the shortfall or refund your money.

WHAT GUARANTEES DO I HAVE WHEN BUYING SHARES?

This is a long-term investment for the benefit of the community. Community Shares do not change in value and cannot be traded.

We expect to be able to pay interest after three years and after three years, the Society can decide to allow members to 'cash in' their shares (known as withdrawing). In effect the Society buys back the shares at their face value.

We may be able to pay higher interest on long-term investments.

In the unlikely event of the Society being wound up, shareholders would get back no more than the value of their investment, even if the Society's assets (the building, mainly) are worth more than the share capital. Any excess (after paying any debts) must be transferred to another community organisation having similar community benefit aims. This is known as an asset lock which prevents any private gain if the Society dissolves.

Similarly, shareholders have no liability beyond the value of the shares they buy – that's the very most you could lose.

WHAT HAPPENS IF OUR BID IS UNSUCCESSFUL?

The owner does not *have* to sell the pub to us, but we will obviously take time to negotiate and persuade. The current position is that the owners are willing sellers if we can raise the funds. If there is no sale within four months of the money being raised, we will call a meeting of all members of WFCTL and vote whether to extend the deadline or return all of the investment money in its entirety. At this point people will also have the option of withdrawing their investment.

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 Red Lion 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.

IS IT A GOOD BUSINESS PROPOSITION?

We are very confident that it is. We have drawn up business models and forecasts with the help of experts in Community pubs. These detailed forecasts are in the Business Plan, but the key aspects are:

- £900,000 will ensure that we can buy and repair, where needed, the building, and provide us with the working capital to set the business up on a sound footing
- eventually, we hope to agree a fair and affordable lease with an experienced tenant who will operate the core restaurant / pub business as a Community business
- we estimate a competitive operating profit for the WFCTL and the tenant when / if one is appointed
- we – the Society – will receive rent when / if a tenant is appointed
- we estimate that the Society will break even after three years and be able to pay interest of 0.1% over the Bank of England base rate to shareholders after year three; higher rates may be feasible for long-term investments
- Culross Development Trust (SC036538) will hold an “anchor share” and be responsible for putting any surplus funds to use as a benefit to the community
- As holder of the Community Anchor Share, Culross Development Trust (CDT) will have certain rights:
 1. A reserved seat on the West Fife Community Trading Limited Board (it cannot have a majority of Board members).
 2. The ability to block changes that would fundamentally alter the nature of the Society. For certain types of resolution brought to a vote (which are set out in Rule 95 of the Society’s Rules) CDT will be allowed a vote equivalent to 26% of the total votes cast.
 3. CDT will be the recipient of surplus profits from West Fife Community Trading Limited and will administer these in accordance with the rules of its constitution to benefit the community.

From the market research we have carried out, there is evidence that our vision has struck a chord with the wider community: 85% of respondents said they would use the pub on a regular basis; with over 80% saying they would contribute funds.

There is a growing market for community pubs – evidence that if the community is invested in the project they will make more effort to use the pub and contribute to its success. In the UK, there have been over 100 pubs taken over by community co-operatives, reinvigorating pubs that were once struggling businesses. Only one of these pubs have since closed. (as at this date)

However, all commercial activities carry risk and any share investment is not a loan or a deposit and the rates of return are not guaranteed. But we passionately believe this is the only realistic way to save the Red Lion for the future. If the owner sells, then we get to create a Community pub, owned by the Community, run for the Community with all the attendant community benefits. If this is a success, it will create an invaluable community asset and help the local economy. If we fail, your investment is into the valuable asset of the freehold of a property which can be sold to pay you back.

It is important to note that since 2004 only one of the 100+ community owned pubs have closed down at this time and during the pandemic.

WHO ARE THE PEOPLE ORGANISING THIS?

The people organising this share offer are a group of local people who believe passionately in preserving the Red Lion and creating a community pub. These people are the members of WFCTL Management Board (The Founding Board). Collectively, there is a wealth of business, legal, financial and community experience within the Board. We have support from The Plunkett Foundation under their “More Than A Pub” government funded scheme; we have also engaged with and received help from Coop. We have been assigned advisers to complete our Business Plan and Share Offer Document and we are engaged with Community Shares Scotland.

WFCTL Founding Management Board

	Notes:
Secretary Tim Collins	TC has strategic and executive skills, organisational skills, planning and financial oversight.
CDT Anchor	CDT is a SCIO with a broad set of skills in the seven member board of trustees
Member Steven Wood	SW organisational skills, logistics, planning, business oversight and good governance practice
Member Mike Brown	MB has practical skills, planning, motivational and organisational skills
Member David Chisholm	DC has investigative and reporting skills, research and analytical skills, diplomacy and persuasive skills, motivational and insight skills
Member Andrena Brown	AB has catering and staff management skills, disciplinary, health and safety at work knowledge and risk assessment skills

Supporting documents

For further information and support for your investment decision, please email the secretary (tim_collins@btinternet.com) and the following documents will be forwarded to you:-

- WFCTL Business Plan
- WFCTL Rules
- WFCTL code of conduct, roles and responsibilities of Officers and Management Committee
- Investing in Community Shares (from the Community Shares Unit <http://communityshares.org.uk>)

Application Procedure

Please read the rules below prior to applying. You can then apply online if you wish, or, if you are unable or unwilling to apply online, please complete the appropriate section of the attached application form.

- By completing an application form the applicant offers to subscribe, on the Terms and Conditions contained in the Share Offer Document, for the value of shares specified, or such lesser number as may be accepted
- Applicants must be 16 years of age or over, and may be requested to provide additional evidence of identity to comply with Money Laundering requirements
- An application may be made as an individual, as a group / syndicate, a business, organisation, or other incorporated or unincorporated body. An application may also be made to buy shares as a gift for someone else
- 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 the maximum shares allowed of 1,400 (value £35,000)
- Applicants pay for shares by electronic bank transfer or cheque
- ✓ Make an electronic bank transfer from your online bank account (*with your name as the reference*) to Bank of Scotland; account name: West Fife Community Trading Limited; account number: 21357169; sort code : 80-22-60
and take, post or email the completed application form to the address below.

OR

- ✓ Write out a cheque for the necessary amount made payable to 'West Fife Community Trading Limited' and take/post it, with the completed application form, to:

WFCTL Community Share Offer, Balgownie Smithy, Culross, KY12 8EL

Please note that:

- All funds will be held in a bank account separate from any other financial activities, until the share offer is complete.
- Applications on incomplete or inaccurate application forms may be accepted as if complete and accurate.
- Results of the Offer will be published and all applicants will be informed by email.
- If the share offer is oversubscribed and / or WFCTL is unable to offer any or all of the shares applied for, WFCTL will refund the applicant (the whole or the difference).
- An applicant who receives Shares agrees to be bound by the rules of West Fife Community Trading Limited. These are available on demand.

This offer closes on **24th August 2021** or whenever the maximum amount is subscribed, whichever is soonest. The Management Board reserves the right to extend this offer.

APPLICATION FORM

Are you applying

1. for yourself, as an individual? – [go to Section 1](#)
2. to buy shares as a gift for someone else? – [go to Section 2](#)
3. on behalf of a group or syndicate of up to 10 people? – [go to Section 3](#)
4. on behalf of a business, organisation, or other incorporated or unincorporated body? – [go to Section 4](#)

**Application to become a member of, and an investor in,
West Fife Community Trading Limited (WFCTL)**

Section 1 – INDIVIDUAL

I wish to become an individual member of WFCT Limited.

In accordance with the Rules of the Society I apply for Shares to the value of £.....
(minimum £25, maximum £35,000)

First name: Last name:

Address:

Post code:

Email:

Phone no:

I confirm that I am 16 years old or older. I have read the share offer document and understand and accept the terms of the share offer and the Rules of WFCT Limited. I consent to WFCT Limited sending me, at the email address given above, formal notices or documents (or links to the Society's website) and information relating to the purchase and running of the Red Lion, Culross.

Payment (choose one)

- I enclose a cheque made payable to West Fife Community Trading Limited
- I have paid via electronic bank transfer

Signed:..... Date:

Data Protection: The data provided by you will be stored on a hard copy and an electronic database. The data will be used for West Fife Community Trading Limited purposes and will not be disclosed to any third party.

Section 2 - BUYING SHARES AS A GIFT FOR SOMEONE ELSE

I am applying for shares to give as a gift or gifts to one or more people. I will provide the giftees details to WFCTL before they issue Share Certificates. [WFCTL will ask you for the details when the offer closes]

In accordance with the Rules of the Society I apply for Shares to the value of £.....
(minimum £25, maximum £35,000) as gifts for one or more people.

My details are:-

First name: Last name:

Address:

Post code:

Email:

Phone no:

I confirm that I am 16 years old or older. I have read the share offer document and understand and accept the terms of the share offer and the Rules of WFCT Limited. I consent to WFCT Limited sending me, at the email address given above, formal notices or documents (or links to the Society's website) and information relating to the purchase and running of the Red Lion, Culross.

Payment (choose one)

- I enclose a cheque made payable to West Fife Community Trading Limited
- I have paid via electronic bank transfer

Signed:..... Date:

Data Protection: The data provided by you will be stored on a hard copy and an electronic database. The data will be used for West Fife Community Trading Limited purposes and will not be disclosed to any third party.

Section 3 – GROUP / SYNDICATE (max. 10 people)

I wish to become an individual member, as the representative of up to 9 others, of WFCT Limited. In accordance with the Rules of the Society I apply for Shares to the value of £..... (minimum £100, maximum £35,000)

First name: Last name:

Address:

Post code:

Email:

Phone no:

I confirm that I am 16 years old or older. I have read the share offer document and understand and accept the terms of the share offer and the Rules of WFCT Limited. I consent to WFCT Limited sending me, at the email address given above, formal notices or documents (or links to the Society’s website) and information relating to the purchase and running of the Red Lion, Culross.

The names of the other people in my group / syndicate are (maximum nine others):

.....

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.....

Payment (choose one)

- I enclose a cheque made payable to West Fife Community Trading Limited
- I have paid via electronic bank transfer

Signed:..... Date:

Data Protection: The data provided by you will be stored on a hard copy and an electronic database. The data will be used for West Fife Community Trading Limited purposes and will not be disclosed to any third party.

Section 4 – BUSINESS, ORGANISATION, OR OTHER INCORPORATED OR UNINCORPORATED BODY

We wish to become a member of WFCT Limited.

In accordance with the Rules of the Society we apply for Shares to the value of £.....
(minimum £25, maximum £35,000)

Organisation:

Incorporated / Unincorporated (delete as appropriate)

First name: Last name:

Address:

Post code:

Email:

Phone no:

I understand that, as a representative of an incorporated organisation or a nominee of an unincorporated organisation (whichever is appropriate), WFCTL will require confirmation in writing of my appointment in due course.

I confirm that I am 16 years old or older. I have read the share offer document and, on behalf of my organisation, understand and accept the terms of the share offer and the Rules of WFCT Limited. I consent to WFCT Limited sending me, at the email address given above, formal notices or documents (or links to the Society’s website) and information relating to the purchase and running of the Red Lion, Culross.

Payment (choose one)

I enclose a cheque made payable to West Fife Community Trading Limited

I have paid via electronic bank transfer

Signed:..... Date:

Data Protection: The data provided by you will be stored on a hard copy and an electronic database. The data will be used for West Fife Community Trading Limited purposes and will not be disclosed to any third party.