



The Bartons
Community Benefit
Society Limited

Community share offer document and outline business plan



SHARE OFFER OPENS **Monday 20th November 2023**

SHARE OFFER CLOSES **Friday 22nd December 2023**

Optimum Target: £520,000 Minimum Target: £420,000

Investment limits: Minimum £100 Maximum £100,000

November 2023

The Bartons Community Benefit Society Limited

The Bartons Community Benefit Society Limited ("**The Society**") has been established with the aim of purchasing the freehold of The Fox Inn, 27 Enstone Road, Middle Barton, Oxfordshire OX7 7BL for the benefit of the community.

The Bartons Community Benefit Society Limited is registered with the Financial Conduct Authority (FCA) under the Co-operative and Community Benefit Societies Act 2014 as a Community Benefit Society (CBS). The registered society number is 9161. The registered Office is, 25 Rectory Crescent, Middle Barton, Oxon. OX7 7BP.

Community shares are fully at risk

Community Shares are fully at risk and you could lose some or all of the money you subscribe (but see section 1.3 later). You have no right to compensation from the Financial Services Compensation Scheme, nor any right of complaint to the Financial Ombudsman Service.



What are you having?

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1 Introduction

This document sets out a summary and guidance for the community share offer being made by The Bartons Community Benefit Society Limited (hereinafter referred to as “the Society”). It should be read along with our comprehensive business plan available separately and from our website www.ourfox.org.

This offer aims to:

- a) fund the purchase of the freehold of The Fox Inn pub, Middle Barton, Oxfordshire OX7 7BL; and
- b) provide additional funds for initial refurbishment and improvement work.

This document also sets out how the business will be run for the benefit of the whole community.

1.1 The Fox Inn – at the heart of the community

The Fox Inn has been a thriving pub in the past, attracting custom from the Bartons and more widely across Oxfordshire, with a deserved reputation for well-priced good food. However due to a lack of ambition and investment from its owners, together with poor support for a succession of tenants, over recent years the pub’s reputation and consequently its turnover have decreased.

In anticipation of a possible sale, residents of Middle Barton secured West Oxfordshire District Council’s listing of the pub as an Asset of Community Value (ACV) in March 2022

Stonegate Group put the Fox Inn on the market in July this year and, under the ACV rules, a six- month moratorium period was triggered by local residents during which time the pub can only be sold to a community group. The moratorium period ends on December 27th 2023, at which time Stonegate will be free to sell it to whomever they wish.

The Fox is now closed and vacant, leaving Middle Barton without a real pub. The final set of tenants felt unable to make a success of the business given the uncertainty of the situation and their lack of secure tenure.

1.2 The vision

The Society’s proposal is to buy the Fox Inn from Stonegate and appoint a professional tenant with the experience and skills to run the pub as a profitable and successful business for the benefit of the community and other users.

By purchasing the pub, the vision is that it will be placed on a long-term secure footing, removing any threats to its existence as a pub, thereby retaining it as a community asset for generations to come.

Fundamental in achieving this outcome is investment in and expansion of the pub’s fabric and facilities, something that has been neglected for a number of years. The intention is to provide extra amenity and enjoyment to a wider clientele.

1.3 Why taking The Fox Inn into community ownership can work

In making this proposition we are not reinventing the wheel. Nothing is being proposed that hasn’t been done before. There are over 150 community-owned pubs across Britain today, with another 40 or so currently seeking funding to get going (including us).

At time of writing this document, to the best of our knowledge, only one of the established community-owned pubs has failed and closed permanently. This is a particularly reassuring statistic, especially when one considers that, prior to entering community ownership, many of these pubs were marginal in terms of their financial viability, often very marginal. In addition, a lot of the pubs existed in significantly smaller communities than Middle Barton, often remote rural locations. Some also required substantial upgrading

of their fabric and amenities. It is our view that The Fox Inn starts from a much stronger position than many of the established and successful community-owned pubs.

In creating the Society and initiating this community share offer, we are going down a much-travelled road. Moreover, professional advice and guidance from the Plunkett Foundation has been sought from the outset and is still being provided. The Plunkett Foundation is a charity dedicated to supporting the establishment of community-owned enterprises, regardless of their type.

Investing in the community share offer gives the investor part ownership of The Fox Inn. All investors will become members of the Society and, as such, they will not be liable for any risks or negative outcomes related to the project beyond the amount they have invested. Furthermore, whilst the investments are not risk-free, the fact is that the Society will own the equity in terms of the pub's freehold, which will always have a cash value. (See also "Important legal information" on page 18.)

1.4 Why invest in The Fox Inn?

By investing in the community share offer you will be contributing to the long-term survival of the last true pub in Middle Barton, one that is a key community facility. You will be investing power to the Society to determine how the business is run (and by whom). No longer will the community be left to the whims of a pub operator with their own plans or ideas that may not be in tune with what the community wants and needs. Ultimately, the community will take control of its local pub.

Investors will receive interest on their shares. This interest will be paid annually at a rate determined each year by the Society. It is a general target for the rate to be between 2 and 3 per cent. However, there will be an initial three year moratorium period following the pub's acquisition and opening, during which time no interest will accrue to investors. The purpose of the moratorium is threefold: (a) to provide the Society with financial breathing space to appoint the tenant(s); (b) to allow the tenant(s) to establish their new business, and (c) to direct funds to immediate remedial work. For similar reasons there will be a moratorium of three years from the pub being acquired on withdrawing your investment. (See also "Important legal information" on page 18.)

Once The Fox Inn is purchased, refurbished and fully operational, we believe, based on an analysis of earlier trading figures and advice from our professional valuer, that it will become financially self-sustaining. Share interest payable to investors will be serviced by the rent paid to the Society by the appointed tenant(s). However, there may be opportunities in the future to initiate new share offers or undertake other fund-raising schemes should the need arise to further improve and/or develop the pub and its facilities.



One of the finest views in Oxfordshire!

2 The challenge – making it happen

2.1 What have we done so far?

In July 2023 the Fox Inn, owned by the Stonegate Group, was put on the market for £495,000 (freehold). This followed an extended period during which Stonegate showed itself unable to retain tenants who could sustain a viable business (although some have performed better than others).

Anticipating that at some point Stonegate would try to sell the Fox Inn, in March 2022 a number of concerned Middle Barton residents successfully applied to West Oxfordshire District Council for the pub to be listed as an Asset of Community Value (ACV). On learning in May that the pub was on the market, we formed a Community Interest Company in order to register our intent under the ACV rules to make a bid to Stonegate for a community purchase. This company has since been converted into The Bartons Community Benefit Society Ltd, registered with the Financial Conduct Authority.

The six-month moratorium by law prevents Stonegate from selling the pub to anyone other than a community organisation during this period. The moratorium lasts until 27th December 2023 at which point Stonegate will be free to sell the pub to whoever they wish. The ACV moratorium gives us a right to bid, but not a guaranteed right to purchase.

Early and regular engagement with the community through leafleting, a public meeting and numerous conversations has shown that there is a strong level of support for a community purchase. We have been working hard to determine if this is viable, and now plan to make it a reality.

We have seen locally the impact on communities that pub closures can have. Pub closure not only threatens the social cohesion of a community, but also exacerbates the impact of rural isolation.

Consultation undertaken within the community via a survey and the public meeting has established an excellent body of support for the community pub project, with a high level of participation.

Highlights of our programme of community engagement include the following:

- In July, after the Fox Inn was put up for sale, we circulated information about our plan for a community purchase and organised an initial public meeting.
- In July/August, we carried out a survey in The Bartons to establish whether there was support for a community purchase.
 - 159 people responded to an on-line questionnaire
 - 93% said the pub was important or very important
 - 80% said they would use the pub at least once a month if community owned
 - 63% said that they would consider investing in the pub.

We used email and by door-to-door deliveries in The Bartons a leaflet outlining the proposal and inviting people to a Public Meeting on September 8th at the School. This Meeting (the 'Pop-up Fox event') was very well attended, with over 120 (adult) residents enjoying the late summer weather and the selection of ales and wines on offer.

The evening resulted in pledges to the total of £40,000 being made, and that has subsequently reached over £123,000 – not nearly enough yet, of course, but enormously encouraging.



Pop-up Fox event 8/9/23

The experience of other community pubs in Oxfordshire and further afield is that the conversion rate from pledge to actual investment is extremely high, over 95% in each case, and that other investors come forward when the share offer is opened.

We have visited and consulted with a number of established community pubs and with other successful local pub and restaurant operators. In particular we have carried out market research on typical food prices around the area.

In line with our wider community model, we have also consulted with the village shop, the Sports & Social Club, the Parish Council and Parish Meeting, the School, local microbreweries, architects, builders/developers, solicitors, craftsmen and other professionals in our community.

Last, but by no means least, we have drawn on local interest and offers of help to recruit a willing force of volunteers who have delivered newsletters, canvassed opinion and encouraged pledges of investment, and who will assist practically with the numerous tasks (eg painting and decorating, gardening) which will be required following community purchase of the Fox Inn.

These actions have demonstrated an impressive and extremely encouraging level of community engagement.

2.2 What are the immediate plans?

From the considerable feedback received so far, the prevailing views very much favour developing the pub along its historical lines of providing a meeting place for people of all ages, with a strong emphasis on cask ales, especially those from local breweries, whilst also offering affordable hot and cold pub meals. To be able to do this will require some early refurbishment to upgrade the premises – basically to get the pub fit for trading and make it an attractive prospect for the incoming tenant(s). As a minimum, £60,000 has

been budgeted for initial refurbishment and repairs, as costed by our structural surveyor, and a further £5,000 rising to £8,000 pa to allow for a level of ongoing repairs and maintenance. We hope that in practice members of the community will be willing to undertake on a voluntary basis work such as decorating, gardening and minor works, which will strengthen our financial position

The surveyor's report sets out the works needed to bring the fabric of the building to a satisfactory standard. The carrying out of such works will need to be carefully phased based on the availability of funds, whilst aiming to avoid the pub needing to be closed for extended periods. Any work undertaken will take care not to spoil the pub's existing character and setting.

2.3 Longer term goals

A key commitment is for ongoing investment in the fabric of the premises, both indoors and outdoors, as and when funds become available. Any opportunities that arise to improve and/or expand the facilities and amenities will be explored, with the aim of increasing access and appeal to a wider range of people. The Fox Inn should become much more than just a pub!

We intend to make substantial improvements to the toilets to modernise them as soon as funds permit, and importantly to improve access for customers with disabilities. Our surveyor made some useful comments on these plans, and also on the idea suggested by many in the village of enlarging the dining area and swapping over the kitchen and dining-room spaces. We will also look to refurbish the outbuilding and turn it into a café and community hub. These plans, though, represent phase 2 of our project and will have to be funded through separate revenue streams.

There are Government grants available to support such diversification and community engagement. A strong case will be made by the Society to secure such funding at an early stage. However, our financial model assumes minimal grant funding. Also, as mentioned earlier, fund-raising events and additional share issues can be used to generate additional capital if necessary.

However, with all improvements, and regardless of how they are funded, it needs to be recognised that many tasks will require the services of willing and able volunteers, including, and perhaps especially, those who are shareholders. At the same time, it is important that the pub does not compete unfairly with other nearby venues that have similar offerings. There should be a symbiotic relationship within the village, whereby each business works in harmony with the others, to provide amenity for the people of Middle Barton and its immediate surroundings, for the benefit of all.



Cheers!

3 How will it be run?

3.1 Operating model

After careful consideration, the Committee chose a tenancy model of operation. Relying solely on volunteer staff was deemed to be totally unrealistic. A particular problem is that a lack of volunteers could cause the pub to shut randomly, without notice, something that has plagued the pub for the last few years and has caused a drift of people away to other venues. If the Committee were to appoint a manager, it was felt that they would not have the time or skills to give such an arrangement the necessary full attention it requires in order to be successful. None of us has run a pub before, and none of us want that level of responsibility.

In choosing to recruit tenants, the Society is adopting the same operational model as many other community-owned pubs across the UK. It is proposed that the Society appoints suitably experienced tenants (landlord/landlady) to run the pub business. The tenant(s) will pay rent to the Society. This will service the interest to be paid on issued shares (see more in “Business Planning” later) and will also cover other legitimate expenses incurred by the Society in the administration and maintenance of the premises. There will be a legally binding contractual relationship between the tenant(s) and the Society which, whilst affording them the freedom to run their business unhindered, will also enshrine the core objectives of running the pub for the benefit of the whole community.

It is fully acknowledged that, especially in recent times, trading conditions for many previous tenants at The Fox Inn have been problematic. Even before the impact of the COVID pandemic, tenants struggled to make the pub work for them as a successful business.

The Society will address this situation by helping the tenant put in place a sustainable business model to ensure the pub’s long-term financial success. This will attract, and help to retain, tenants of the right calibre and experience who share the values of the Society and its shareholders.

3.2 Delivering long term financial viability

Taking The Fox Inn into community ownership via a share scheme run by the Society will transform the economics of the pub, to the extent that it will become financially sustainable in the long term, see our business plan for further details. There are several aspects underpinning this fundamental change:

- Raising the substantial part of the necessary capital from Community Shares provides the opportunity to charge the tenant(s) a lower rent than hitherto has been the case. It is anticipated that future rent will be about 20% less than it has been in the past.
- The future tenant(s) will be able to source their beer, wine, spirits, food, snacks and other products from whomever they wish. Being able to purchase in the ‘free trade’, as opposed to being tied to a particular supplier, allows the tenant to seek out the most competitive prices. As an example, with cask ales it should be possible to achieve savings of 30%, perhaps more. In addition, it affords local producers the opportunity to supply their products to the pub – creating a stronger customer appeal.
- Regular investment in the pub’s fabric, allied with diversification of the product offer through the provision of new and imaginative community-focused amenities, will increase footfall. More people will find the pub relevant to their needs; they will have more reason to visit – indeed be attracted to visit.
- Those who invest in the scheme will have a direct interest in the success of the business. As part-owners it literally becomes *their* pub! They will have a say in determining its future direction and running. It also gives them a good reason to frequent the pub more often.

4 Business planning

4.1 Initial purchase

The anticipated cost of the purchase and initial refurbishment of The Fox Inn is £520,000. This represents the cost of the purchase of the freehold based on an estimate price of £350,000, plus £170,000 to cover legal fees, stamp duty, surveys, registration, administration, refurbishment and a contingency fund.

It is the aim of the Society for all of the above funds to be raised from the community share offer. The Society will, in parallel, explore opportunities for grants and/or loans. However, access to grants is not guaranteed whilst any loans will need to be secured at commercial rates of interest. Moreover, grants and loans can sometimes take a while to organise. This means it is most practical and advantageous to maximise the funds raised via the community share offer.

Note that the purchase price will be subject to VAT at 20%. However, the Society will register with HMRC for VAT purposes, therefore creating a nil effect and we will seek specific short-term lending for the three-month period between paying the VAT on the purchase and receiving it back from HMRC.

4.2 Realising the target

Based on the actual amount that is raised from the community share offer, three options emerge:

1. **The offer is over-subscribed (i.e. applications for more than £520,000 are received):** the share offer is capped at £520,000; once this is reached further applications will be rejected.
2. **The offer is under-subscribed but only by a small amount (i.e. less than £100,000 off target):** In this scenario, we would look to secure grants and/or loans to make up the shortfall. However, as stated previously, grants and loans can bring their own issues. In particular, in the event of taking on a loan, we would likely have to use the freehold as security, and in the event of the society's failure, we would lose control of the property and shareholders would be less likely to receive the full value of their investments. Providing sufficient funds have been raised to purchase the pub's freehold the Society may look to postpone some of the planned refurbishment.
3. **The Offer is under-subscribed by a large amount (i.e. more than £100,000 off target):** In this scenario, if loans and grants aren't considered to be a viable alternative, any investments will be returned and the project will be closed. The future of The Fox Inn would be left to the free market.

Note that circumstances may arise whereby the Society deems it appropriate to extend the share offer deadline. If necessary, we will revert to Stonegate and ask for more time to complete the sale and purchase.

The Business Plan for The Fox Inn

There are two elements to the plan-

1. The Community investment, and
2. The running of the pub business

So far as 1 is concerned the points to consider are:

- a. Is there enough local interest to buy the pub?
- b. Is there enough local interest to support the pub once it is up and running, and
- c. Will the rental income be sufficient to pay interest to the shareholders after payment of outgoings and retention of contingency funds for maintenance?

So far as 2 is concerned the points to consider are:

- a. Will there be enough trade to support the pub?
- b. Will the rent be affordable, and
- c. Will the pub generate sufficient income for the tenant to make a reasonable profit?

If any of the answers to the above are “no” then the venture will fail BUT we believe the answer to all the questions is “YES” for the following reasons:

The Community Investment

We received 159 replies to our original questionnaire. The response is overwhelmingly in favour of the community buying the pub. The pub is much loved and there is a market to be tapped. If the services offered are improved and geared to what the community desires, then the pub will be supported. The attendances at the public meeting of 120 people, the 270+ people who have joined our Facebook Group and the 100+ who have promised, via our website and otherwise, substantial funds towards purchasing and improving the pub, confirm this.

We believe that a rent of circa £31,000 in y3 rising over time will provide sufficient funds to pay interest of between 2% and 2.5% on the members’ shareholdings, pay relevant outgoings (including Corporation Tax) and provide sufficient surplus to build up a maintenance fund.

4.3 Financial Viability of The Fox Inn (Middle Barton) Community Pub Ltd / CBS

We have built a cash flow model of the finances of the CBS over its first 5 years of trading that enables us to consider a range of options. The first 5 years of trading are from 2024 to 2028, with 2023 as a pre-trading year. The financial model makes several assumptions, which are listed below:

Assumptions:

1. Income from share sales:
 - a. The **initial minimum income from the sale of shares** is £420,000. Based on the pledges that have been received so far this is an ambitious but achievable goal.
 - b. Further issue of shares will take place at a later date for development of the premises, although some of that cost may be covered by ongoing cash flow.
2. We have established the value of the pub and made an offer in principle of £350,000.
3. The rent paid by the tenant is £24,000 pro rata in 2024 rising to 11% of turnover in subsequent years.

4. Grant funding: The model assumes that we are able to secure grants of £5,000 in 2024 and 2025. Based on the experiences of other community pub purchases we believe that this is a very low target, and we hope to do much better.
5. Refurbishment, fixtures, fittings and equipment: Refurbishment is key to the success of the pub. The pub is being sold empty of fixtures and fittings; to replace these will cost up to £80,000 over years 1 and 2. A further £50,000 for refurbishment has been allowed over years 1 and 2, and £10,000 each year in years 3, 4 and 5 towards the planned improvements to the buildings.
6. Repairs and maintenance: Initial costs in y1 £10,000 with annual repairs and maintenance from year 2 at £5,000 and rising each year.
7. Administrative costs (including legal, accountancy, insurance, bank charges etc): The model assumes administrative costs of £16,500 in 2024 and £3,800 in 2025 and rising each year. Stamp duty paid on the purchase is included separately.
8. Share withdrawal (this is the cost to the Society of refunding shares that are 'cashed-in' by shareholders) The Society's Rules permit withdrawals from Year 3, but we do not anticipate being in a position to be able to fund withdrawals that early in the life of the venture. The management committee has the right to refuse a request to withdraw funds if it would endanger the business. It is our intention not to deny withdrawals unless absolutely necessary, but of course we need to have sufficient funds.
9. Interest payments: Share interest payments to members have been assumed from Year 5, to allow for a possible change of tenants in y4. In any event, payment will be determined by the Management Committee, and will be dependent on the business achieving the requisite levels of profitability. Interest will be paid gross and depending on members' tax rates may be taxable. It will be the member's responsibility to declare any such earnings to HMRC if applicable.

While some of these assumptions are accurate, others are educated guesses because there is little experience to base them on. The model will need to be adjusted as time passes to take account of this. Examples include the extent to which shareholders will apply to cash-in their shares in 2027 and 2028 and the opportunity for raising additional share capital in the same years. However, by this point the financial performance of the pub and the CBS will be much better understood and appropriate adjustments will be made.

Based on these assumptions, the model gives the following figures for the first 5 years of trading of the Society:

| Year: | 2024 | 2025 | 2026 | 2027 | 2028 |
|--------------------------------|-------|------|------|------|------|
| Money at start of year (£000) | 0.0 | 65.6 | 11.1 | 18.0 | 12.7 |
| Income (£000) | 535.8 | 29.0 | 36.0 | 24.8 | 34.1 |
| Expenditure (incl. tax) (£000) | 470.2 | 83.5 | 29.1 | 30.0 | 39.3 |
| Money at end of year (£000) | 65.6 | 11.1 | 18.0 | 12.7 | 7.5 |

4.4 Financial Viability of The Pub Business

It is not our role to provide a business plan for any potential tenant, but it is right that we set out here our views and figures on why we believe The Fox Inn can be run at a profit that would be acceptable to any tenant.

We have already ascertained that the pub would be supported by the community, as indicated, for example, by the turnout at the Pop-up Fox Public Meeting. There are, of course, other potential customers (for example tourists, cyclists, walkers to name but a few). Will that produce the necessary trade to generate the income needed? Again, we believe the answer is “YES”.

Based on the split of turnover between food and drink sales which have in the past been achieved at the Fox Inn, and using the British Beer & Pub Association’s (BBPA) published industry metrics, our valuers Morgan & Clarke have calculated that an annual turnover of £259,000 would typically support a rent of approximately £28,000 at current values.

We have taken into account the fluctuations in trade during the year, and we believe that an acceptable operating profit can be achieved in the first operating year, which will increase in subsequent years. The model takes account of the costs associated with rent, staff wages, energy and water, council tax, other taxes and insurance, phone and card processing, marketing, cellar servicing, consumables and cleaning, professional costs including administration and licencing, repairs and maintenance, and wholesale food, sundries and drinks (wholesale and direct supply).

Most importantly, the financial model for the tenancy included in our independent professional valuer’s report supports this view.



4.5 The Interest on Shares

Based on a target of £420,000 for the community share offer, the total amount of interest to be paid to shareholders will be as per the table below, for various rates of interest.

| Interest rate | Year 1-4 (Full 4 year moratorium) | Year 5 | Year 6+ |
|---------------|--------------------------------------|---------|---------|
| 2% | Nil | £8,400 | £8,400 |
| 2.5% | Nil | £10,500 | £10,500 |
| 3% | Nil | £12,600 | £12,600 |

It is forecast that the payments above will be adequately covered in all years by the rent paid to the Society by the tenant(s). Income to the Society that is not paid out as share interest will be retained for the purposes of funding maintenance and refurbishment of the pub, together with administrative and legal expenses that are legitimately incurred by the Society as part of the overall pub operation.

(See also the Important legal information on page 18 and Q&A on page 21.)



Great beer with a great view!

5 Project timescales

The project timetables set out below are our best estimates based on other community pub projects and grant programme schedules.

22nd December 2023 Share offer closes.

22nd January 2024 Exchange contracts on purchase and pay 10% deposit.

16th February 2024 Completion of purchase of The Fox Inn.

Indicative times for other activities are below.

27th February 2024 Take vacant freehold possession of pub. Working Parties start renovation works on pub premises. Re-open pub with interim tenant.

Date to be decided Hold the Society AGM and elect officers.

30th November 2023 Make application for Government Community Ownership Fund grant.

1st January 2024 Draw up plans for improvement work.

1st April 2024 Recruit suitable tenant(s) to run pub.



Part of our History – The Fox Inn 1898

6 Becoming an investor

6.1 First steps

The first thing you need to do is make sure you have read all of this document and are happy to proceed with your investment. Next you need to choose your desired method of application.

Online

We are working with Crowdfunder.co.uk, a reputable online platform, to process our share issue online. You will formally become an investor and member of the Society when the Society draws down the funds to purchase the property. Until then, the funds are held by a third party and you are a *prospective* investor, and the Society doesn't have access to either your investment or contact details. In the event of the purchase falling through, your money will be refunded in full.

By post or email

Complete the paper form in Section 10 of this document and return it to Richard Brown MBE, The Bartons Community Benefit Society Ltd, either by post at 25 Rectory Crescent, Middle Barton, OX7 7BP, or as an email attachment to him at mbcommunitypub@gmail.com. Payment can be by cheque using the details in the form.

GDPR statement

1) What data do we collect?

Personal identification information (name, address, email address, telephone number).

2) How do we collect your data?

You directly supply The Bartons Community Benefit Society Ltd with the data that we collect. The Bartons Community Benefit Society Ltd collects data and processes data when you:
Complete and submit a share application or otherwise provide us with your contact details

3) How will we use your data?

The Bartons Community Benefit Society Ltd collects your data so that it can:

i) Maintain a list of its members

ii) Contact its members (either by email or conventional post) when the Officers believe that this is necessary. This includes, but is not limited to:

- Providing information about the financial status of The Bartons Community Benefit Society Ltd
- Offering new shares to members when they become available.
- Notifying members of meetings.

lii) Personal details as submitted on the application form will be held by the society and used in accordance with the provisions of the rules and of the 2014 Co-operative and Community Benefit Societies Act. Only members can inspect the members' register and view members' names and addresses (but not how much they have invested) but the society will not share, sell or provide my details to any other individual or organisation and will ensure compliance with the GDPR regulation in accordance with its responsibility as a data controller. The society also has the obligation to notify HMRC of certain share interest payments.

4) How do we store your data?

Once our share issue is successful, crowdfunder.co.uk will send us your data. The Bartons Community Benefit Society Ltd will store an electronic copy of your data as an Excel Spreadsheet.

This data will not be available for public scrutiny, detailed personal information (such as the amount of your investment) will be kept on a password protected spreadsheet, stored on a secure server and will not be available for public scrutiny.

5) Marketing

- a) Your data will not be used for marketing purposes beyond those noted in section 3.
- b) We will not share your data with other individuals or organisations unless legally required to do so.

6) What are your data protection rights?

Every member of the Society is entitled to the following:

- i) The right to access: You have the right to request The Bartons Community Benefit Society Ltd for copies of your personal data.
- ii) The right to rectification: You have the right to request a correction to any information you believe is inaccurate. You also have the right to request us to complete information you believe is incomplete.

For details of our full Data Protection Policy please go to <https://ourfox.org/privacy>

6.2 Application conditions

- By delivering an application form (regardless of method), an Applicant offers to subscribe, on the Terms and Conditions contained in this Share Offer, for the number of shares specified. The Applicant acknowledges that a lesser number may be issued. Upon the issue of shares, the Applicant becomes a member of the Society and agrees to be bound by its Rules.
- Once an application has been submitted and approved it cannot be withdrawn.
- Multiple applications will be admitted providing that they do not result in a member holding more than the legal maximum number of shares (equivalent to £100,000)
- Results of the Offer will be published on the website of the Society and all applicants will be informed.
- If the Offer is unsuccessful, all monies will be returned.

7 Important legal information

We have a legal obligation to be very clear to you how the share process works, and a moral obligation to be true to the twin aims of safeguarding The Fox Inn for the community and safeguarding your money – so don't skip this part!

7.1 Initial share purchase

1. Shares are priced nominally at £1. The minimum investment is £100 with a maximum investment of £100,000 for an individual or company. Any multiple of £100 between £100 and £100,000 may be invested.
2. If people want to club together to buy a share or shares, this is permissible. However, a single identifiable individual must be put forward as the nominated shareholder.
3. Each named shareholder must be aged 18 or over. By investing, you are applying for membership of the Community Benefit Society. The Society's Board may reject any application for shares or may issue a lower number of shares than applied for, and is not obliged to give reasons why an application has been rejected.
4. The Community Share Offer will close on 22nd December 2023. However, if the target sum has not been received by that date, the Board reserves the right to extend the share offer.
5. Before shares are issued, all monies will be held in safekeeping in an account in the name of the Society. The monies will be released once the Society's Board are clear that the required amount has been reached to make viable the purchase of The Fox Inn. Should this not occur, your money will be returned in full. You will be informed of the status of the share offer via the Society web site (www.ourfox.org).
6. Once you are issued with your shares you will become a shareholder member of the Society and will be entitled to full voting rights at general meetings and to stand as a director of the Society. All shareholder members have one vote irrespective of the size of shareholding.
7. Share certificates will be issued to successful applicants.
8. The Society Rules are online at www.ourfox.org

7.2 Financial risk

1. The community share offer is exempt from regulation under the 2000 Financial Services and Markets Act. You have no right of complaint to the Financial Ombudsman or to compensation. This means your investment is at risk. Before investing you should be fully comfortable with all of the risks.
2. As the Society confers limited liability, your personal liability in all circumstances is restricted to the value of your shares. The most you could lose due to business failure is the value of your investment.
3. **Nominal share value cannot increase and is £1 per share. The only financial benefit for members is any interest that is paid. However, the value of shares may fall if liabilities exceed assets and our auditors recommend lowering the value of shares, or if the business fails.**
4. The Society will be subject to the Co-operative and Community Benefit Act 2014. This states that in the event of a society's dissolution or winding up, shareholders would be repaid only the value of their investment in shares after repayment of any debts. Residual assets cannot be distributed amongst the shareholder members but must be paid to a charitable or Community body. This is known as an Asset Lock, is irrevocable and cannot be changed by members.

7.3 Income, interest etc. on shareholding

1. No interest will be paid at all until the Society is fully trading, early remedial work is completed and, in any case, not before a three year interest payment moratorium period has passed.
2. After that, interest will be payable on all shareholdings at a rate to be proposed by the Board, based on the performance of the Society, and as approved by shareholders at the AGM.
3. The aim is to pay interest at a rate of between 2% and 2.5% but, at any time, the priority will be to repay any loan capital, build a prudent financial reserve and maximise the community benefit. Any payment of interest on shares is dependent on the Society being able to afford it.
4. In any case the rate of interest is capped at 5%, or 2% above Bank of England base rate, whichever is lower.
5. Interest will be paid gross. It is each member's responsibility to declare such earnings to HMRC as appropriate. For overseas based shareholders, HMRC require us to pay any tax due before paying interest.

7.4 Withdrawing, transferring/selling or disposing of your shares

1. Except on death or bankruptcy of a Society member, the shares are not directly transferable by a member and cannot be sold.
2. No shareholding can be withdrawn during a moratorium period of three years after the Society has commenced trading. See clause 8.4.1 of the Society's rules.
3. Once the moratorium period is over, you may apply to withdraw your share capital from the Society. You must give three months' notice in writing to the Board of Directors. See clause 8.4.2 of the Society's rules.
4. Under clause 8.4.3 of the Society's rules, the Board of Directors will decide each year the maximum total withdrawals for the relevant financial year.
5. Under clause 8.4.4 of the Society's rules, all withdrawals must be funded from trading profits, reserves or new share capital raised from members and are at the absolute discretion of the Board of Directors, having regard to the long-term interests of the Society, the need to maintain prudent reserves, and the Society's commitment to community benefit.
6. Should any withdrawal take you below the minimum level of investment (£100), this will be deemed to represent a full withdrawal of your investment and your membership of the Society will be terminated.
7. Full details of share ownership and the terms of withdrawal are set out in the Rules which can be found at www.ourfox.org.

7.5 Accuracy of information

1. Due care has been taken in the preparation of this document, a process which has been overseen by the Founder Directors. They can vouch that the information contained is in accordance with the facts as they understand them and that there are no omissions likely to affect its import.

8 Annex - The Board of Directors of the Society

These are the founding board members of the Society who have formulated the community buyout to date. They will continue to serve in their current positions until the first Annual General Meeting of the Society when they will retire from their posts, with the option to stand for re-election by the members. Other members will also be eligible for nomination and election to the Board.

- **Richard Brown MBE** (Chair) has lived in Middle Barton since 2013, after retiring from a successful career in Local Government. He was awarded an MBE in 2021 for services to Disability and his Local Community. He is an experienced leader of organisations large and small, a prolific fundraiser and volunteer.
- **Clare Bramley** is an international broadcast media communications advisor who has lived in Middle Barton for 15 years. In her previous life she trained as a chef and has managed a pub and outdoor pursuits centre in Wales.
- **Helen Christie** is a Maths teacher with experience as a charitable trustee. She has managed and fundraised for several projects for the local PTA including an outdoor classroom and a running track. As a keen musician, she is also involved with organising local music events.
- **Andy Clarke** and family have lived in the village since 1995 (apart from a 2 year period between properties), the decision to move to Middle Barton being made over lunch in The Fox Inn! They have family connections to an operator of 3 successful pubs.
- **Jed Dale** has been an enthusiastic user of the pubs of Oxfordshire for as long as he can remember and has worked with trees and wood for over 25 years as an ecologist, forester, miller and joiner. He has experience as a director and founder of a number of successful partnerships & co-operatives and as a manager of charitable projects and community festivals.
- **Steve Ferrelly** has lived in Middle Barton since 1986 and is currently chair of Westcote Barton Parish Meeting. Now retired, Steve was a Director of Whitbread PLC, one of the UK's leading hospitality businesses, for 10 years and was subsequently a Consultant working with a range of SME's.
- **Jill Kavanagh** (Company Secretary) is a finance lawyer with experience working for non-profit organizations. She has lived in Middle Barton since 2021 and has a longstanding connection to the area, having studied in Oxford years ago too.
- **John Madden** (Vice-Chair) has lived in the Bartons for over 40 years and has in the past been Chair of the School Governors and of the Bartons History Group. He brings the experience of running a successful SME to the OurFox project.
- **Sue West** (Treasurer) moved to the area in 2005 and is now retired, after spending many years as a Chartered Management Accountant, working in industry and commerce. She is a keen musician, and currently studying for an open degree in computing and law.

9 Annex - Q & A

9.1 Why should I buy community shares?

We need your investment to purchase The Fox Inn. Without sufficient investment from the community, we will be unable to buy the building to create the benefits that we are planning, meaning the opportunity to create a worthwhile community facility would be lost.

9.2 Who will benefit from this project?

The residents of Middle Barton will benefit directly from having a vital amenity preserved for future generations, through use of the facility itself but also because The Fox Inn will play a part in making the area a stronger, more vibrant and cohesive community in which to live. No financial benefit accrues to either the Board or individual shareholders from any funds held in the Society's bank account. That money is ring fenced to be spent on the business as and when necessary.

9.3 Is this a good business proposition?

We anticipate 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 a successful business. It is well proven that communities that work together to set up such an enterprise will support it in the future.

9.4 Why have you registered as a community benefit society (CBS)?

This structure provides several advantages not least because it ensures liability is limited, in that individual investors will not be responsible for any losses that the enterprise might incur, and means we can own the pub collectively as a community, and raise the capital in a way which is both completely legal and above board as well as cost-effective.

9.5 Who are the people behind this project? Do they have a personal interest?

The Management Board consists of a group of local residents who care passionately about The Fox Inn and the benefits it can bring to our area. 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 their time to the project and this has been supplemented with advice and considerable support from many people and organisations.

9.6 Who will run The Fox Inn and make the day-to-day decisions about the business?

The Management Board will oversee the business and ensure that it meets the goals set down in the vision statement. We intend to attract a tenant (or tenants) to oversee the day-to-day running of the pub business. 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 tenant(s). Shareholders will be invited to meetings to discuss significant decisions about The Fox Inn.

9.7 Do my shares give me voting rights?

Yes. Everyone has an equal voice, regardless of the size of their investment. One person, one vote.

9.8 What happens to my shares if I die?

You can simply allow your shares to be transferred as part of your estate, identical to any other assets you hold. Alternatively, you can pass on up to £5,000 of shares outside the probate process by direct transfer which we can action in the event of your death outside the probate process (any investments above the £5,000 threshold must be transferred by probate). If you wish to use this facility, you need to tell us the

person or persons to whom your shares should be transferred via a formal nomination. We will contact investors after the share issue has closed to invite them to make a nomination.

9.9 What is the process if the share offer is over-subscribed?

In the case that applications significantly in excess of the maximum target of £520,000 are received, a process of last-in, first-out will be applied. In other words, once that target has been reached, later applications will not be accepted.

9.10 Are interest payments on shareholdings guaranteed?

No. It is the express desire of the Society that shareholders *will* receive interest payments (after the moratorium period). However, all payments have to be based on available funds, including any existing or planned commitments to expenditure. As such, the amount of interest can never be guaranteed. The long-term survival of the pub will always take precedence over payments to shareholders.

9.11 How do I get my money back?

See “Transferring, selling or disposing of your shares” in the section on “Important legal information”.

9.12 What happens if the purchase of The Fox Inn falls through?

In the unlikely event that we are unable to complete the purchase, the Society will return any funds that have been received. However, the Board will endeavour to exhaust every avenue before getting to this point. As the timetable for the process is not within our control, we cannot be definitive about when we might come to this conclusion, but we will communicate developments to members. If the building is not purchased within 12 months of the share offer closing, we will call a meeting of members to get permission to continue to hold the funds.

9.13 Will I get my investment back if The Fox Inn fails?

It depends. If the business fails permanently, all of the Society’s assets, including the freehold of the building, would be sold. After paying any creditors, the remaining proceeds of the sale will be divided between the shareholders according to the size of individual holdings. You may receive the full value of your investment or you may lose part or all of it; this would depend on the value of the property at the point of the failure. The rules for a CBS stipulate that you will not receive more than you paid. Should there be any surplus after paying creditors and shareholders in full, remaining funds shall be donated to a charitable or similar body, preferably one operating in the local community.

9.14 What redress do I have if the business fails and I lose the value of my shares?

None. The share offer is unregulated, as it is exempt from the Financial Services and Markets Act 2000 or subsidiary regulations. This means there is no right of complaint to the Financial Ombudsman, nor can you apply to the Financial Services Compensation Scheme.

However, should your investment be written down in value, or you not receive the full amount of your investment in the event of our liquidation, any loss can be written off against income tax due in the year the loss occurs.

9.15 Will I receive interest from my shares?

See “Income, interest etc. on your shareholding” in the section on “Important legal information”.

9.16 Are investments eligible for tax relief?

No, because our business model isn’t eligible for HMRC investment reliefs.

9.17 How can I find out more about the project?

Business Plan and the Rules for the Society

www.ourfox.org

Email

info@ourfox.org

Post

25 Rectory Crescent, Middle Barton, Oxon OX7 7BP

Telephone

07775 538229

10 Annex – Share application form

THE BARTONS COMMUNITY BENEFIT SOCIETY LIMITED

BEFORE COMPLETING YOU MUST:

- Read the share offer document in full and pay special attention to the risk factors described.
- Read the rules of the Society available at www.ourfox.org

If you do not have internet access, contact us via the details specified in the share offer document.

PLEASE USE CAPITALS AND DARK INK

| | | | |
|------|--|--|--|
| Name | | | |
|------|--|--|--|

If a company or organisation, please show both the company's and representative's names.

| | | | |
|---------------|--|---------|--|
| Address | | | |
| Town/city | | | |
| Post code | | Country | |
| Date of birth | | | |
| Email | | | |

We prefer email as it is cheaper and quicker. If you prefer post, tick here ☐

| | |
|-------|--|
| Phone | |
|-------|--|

Your contact details will only be used to communicate with you regarding The Fox Inn Middle Barton. We will not pass on your details to third parties.

| | |
|---|---|
| I wish to become a member of Society in accordance with the Rules and apply for withdrawable shares to the value of | £ |
|---|---|

Minimum shareholding £100, maximum £100,000, in multiples of £100.

Please tick as applicable:

☐ I enclose a cheque made payable to **THE BARTONS COMMUNITY BENEFIT SOCIETY LTD**

I have read the Society's rules and understood the community share offer document and outline business plan. I understand and accept the terms of the share offer, including risk factors, and the rules of the Society.

| | |
|-------------------|--|
| Signature | |
| Date (dd-mm-yyyy) | |

By signing the application form you confirm that you will provide proof of identity and address if required for compliance with money laundering regulations. (To ensure compliance with all applicable laws and regulations including, without limitation, The Money Laundering and Terrorist Financing (Amendment) Regulations 2019, the Society may at its absolute discretion require verification of identity of any person seeking to invest.)

We are not obliged to accept your application. We may also choose to issue less than the full amount of shares you have applied for. Please return the completed form to Richard Brown MBE, 25 Rectory Crescent, Middle Barton, Oxon OX7 7BP or as an email attachment to mbcommunitypub@gmail.com.

Closing date for applications: Friday December 22nd 2023