



## **Tremeirchion Community Pub Ltd: Share Offer**



# **Save Our Salusbury**

The Salusbury Arms, Tremeirchion, Saint Asaph LL17 0UN

Minimum shareholding £300

Target to be raised through shares £200,000

**Limited Time Share Offer**

**OPENING: 17<sup>th</sup> February 2023**

**CLOSING: 31<sup>st</sup> March 2023**

[TremeirchionCommunityPub.org](http://TremeirchionCommunityPub.org)

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## Introduction

We have a once in a lifetime opportunity to acquire the Salusbury Arms as a community asset, run by the community, for the community. The loss of the Salusbury Arms would have a devastating effect on our community as it is the only remaining pub in the village. The community purchase through Tremeirchion Community Pub Ltd. (TCPL) will ensure that the property and grounds will be used for the benefit of the community for future generations.



To achieve this ambition, we need to raise money through this share offer as well as through grants and loans. The share offer is the key to this fundraising to ensure the ownership and democratic involvement in its governance by the community. Further details of the management structure and operating model of TCPL can be found in the Business Plan, created for the first three years of operation. You can download the full business plan from our website <https://www.tremeirchioncommunitypub.org/>

Tremeirchion Community Pub Ltd (TCPL) is a Community Benefit Society for the purpose of purchasing and managing the Salusbury Arms, Tremeirchion as a community hub offering a range of services for the benefit of the local community.

We are aiming to raise £200,000 from this Share Offer which is open to the community and the general public. We will use the money raised, alongside grants and loans to buy and manage the Salusbury Arms. A full proposal to the Community Ownership Fund, applying for £175,000 of government grant, was submitted in December 2022. The total cost of the project is £350,000.

We have set a minimum figure of £150,000 and a maximum for this share offer of £250,000.

Under the rules of the Community Benefit Society, you will become a member of TCPL if you buy shares in the society. The minimum shareholding is £300, and the legal maximum is £100,000. If you are considering applying for more than £25,000, then please contact the steering group to discuss in more detail. For further rulings of the share offer, please review the document in its entirety.

The purpose of this document is to:

- Describe the project, its benefits for members and the community
- Explain about the society and how the share offer will work
- Explain how to apply for shares



# The Vision

## Our Aim

To enrich the lives of individuals in the community by bringing people together.

## Our Means:

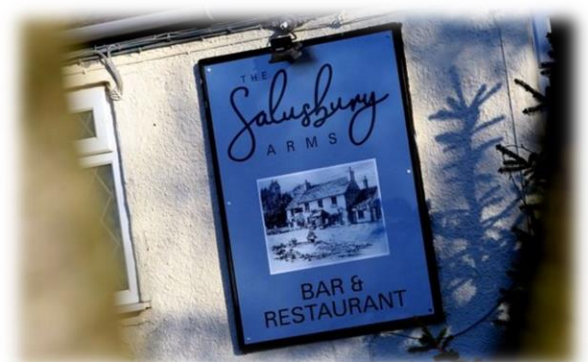
Purchase, adapting and maintaining the Salusbury Arms as a community pub and hub.

## Our Methods:

- Own and maintain the Salusbury Arms for the benefit of the community.
- Provide an active and inclusive social hub at the heart of the community.
- Provide services to the community and visitors to include a pub, café, and restaurant.
- Provide a location for community groups to meet.
- Promote health and wellbeing by providing a social focus for the village and surrounding area.
- Promote Welsh culture.
- Provide local employment opportunities.
- Help to promote local businesses.
- Work in partnership with the local school and church.
- Promote sustainable development and reduce carbon footprint.
- Provide a focus for any other activity that is deemed to be for the benefit of the community.

## Objectives:

- To purchase the freehold of the Salusbury Arms and to run it as a community owned asset.
- To appoint a pub Manager.
- To expand the wet bar offering to include food.
- To expand the range of services so the pub is open during the day, throughout the week and weekends.
- To re-invest profit into a long-term building maintenance programme and provide improvements for the benefit of the community.
- To be a community pub that is inclusive and promotes the Welsh language.





## Tremeirchion Community Pub Ltd

Tremeirchion Community Pub Ltd (TCPL) is a Community Benefit Society (CBS), registered by the Steering Group that was formed following the open meeting in 2021. The purpose of TCPL, as stated in the society rules, is to purchase the Salusbury Arms for the community and run it as a community pub.

A Community Benefit Society is a business registered with the Financial Conduct Authority for the purposes of owning and running assets for the benefit of the community rather than for commercial gain. All the management committee are unpaid volunteers. The registration number of TCPL is 8854. All assets of a CBS are locked to be used solely for community benefit. The Society rules have been developed in line with best practice and using the model rules of the Plunkett Foundation. Tremeirchion Community Pub Ltd will purchase and manage the Salusbury Arms, governed by the rules of the Society which can be found on the web site <http://www.tremeirchioncommunitypub.org>.

Following the open meeting on the 10<sup>th</sup> November 2022, the original Steering Group was expanded from 7 to 11. The purpose of the Steering Group is to prepare the business plan, share offer, submit grant proposals, and secure sufficient funding to purchase the Salusbury Arms.

It is anticipated that after the contracts of the purchase have been exchanged, the steering group will arrange for the shareholders to elect and put in place the management team/committee.

At the first AGM, following the purchase, a new management committee will be elected. Under the rules of the Society the members can elect up to 12 members. Each shareholder is a member of the Society and eligible to vote at the AGM. The newly elected Management Committee will have the responsibility of carrying out the Business Plan of the Society for the benefit of the Community. Each member of the management committee will have a specific responsibility to cover the different areas of the organisation. The management committee will have the responsibility to employ paid staff and recruit volunteers.

Day-to-day running of the enterprise will be the responsibility of the Management Committee, who will be the legal Directors of the Society. The appointment of members of the Management Committee and the approval of policies regarding paying interest on shares and share repurchases will be made by the members of the Society at each Annual Meeting.

A committee made up of not less than 3 and not more than 12 persons, elected members of the Management Committee will hold office for a period of three years.

Thereafter, members of the Management Committee will retire in a phased way over the following three years in accordance with the Rules of the Society. All new Management Committee members will be elected by the Society's members. Members will be entitled to attend the AGM and stand for election to the Management Committee.

In addition to the Management Committee, we will draw on the support of volunteers to get the enterprise up and running and help keep things going once we have opened for business.



## The members of the current Steering Group are as follows:



**Stuart Irvine** (Chair) is a professor in Materials Science at Swansea University with experience of leading large, multi-partner research projects. He also has extensive experience with community projects and businesses including setting up the company which ran the £14M OpTIC Centre in St Asaph to support the Opto-electronics industry cluster in Wales.

**Lexi Phillips** (treasurer) is a commercial accountant, with 20 years' experience of forecasting and financial planning across a variety of different sectors, including in her current role as financial controller of a £10m turnover international group of companies based in St Asaph.



**Natalie Millington** (marketing) is working for one of the UK's largest EPOS suppliers. She heads up a team of consultants and solution experts – solutions ranging from point of sale, online ordering, reservations, inventory, and kitchen management to customer engagement platforms ranging from gift card, loyalty programmes, and vouchers. Prior to this role she worked for a mid-size restaurant group as business manager and event co-ordinator with responsibility of all social media platforms.

**Jo Swanston** (management planning) is the HR Business Partner for Siemens Healthineers in Llanberis who employ c.500 people in the North Wales area. Jo is a key member of the Siemens Senior Leadership team and has responsibility for developing and executing a HR strategy that supports growth, performance, and future objectives for the business. Jo acts as an ambassador for the site with internal and external organisations (i.e. Welsh Government and other key stakeholders) in all HR matters.

**Huw Littler-Jones** (business planning) was born and brought up in Tremeirchion and follows over five generations of his family who have lived in the village. He is a Chartered Engineering Geologist and owner-director of e-geo Solutions Ltd an established geotechnical and geoenvironmental consultancy servicing the building and construction sector across North and Mid Wales. He brings with him a wealth of local knowledge and passion together with business acumen.



**David Lowe** (community engagement) is a retired Chartered Surveyor and member of the Central Association of Agricultural Valuers having lived in the parish for 40 years.

**Jane Marsh** (sustainability) Has a Master's degree in business administration and is owner of Ffynnon Beuno Ltd - a diverse microbusiness operating from a smallholding with self-catering accommodation in the form of two locally handmade shepherds huts. She runs a jam and chutney business from homegrown fruit and vegetables which are stocked by local farm shops.

The smallholding is run using permaculture, regenerative farming principles and produces the majority of their own food from pork, chicken and lamb to fruit and vegetables, selling surplus to meet rising costs.

**Gareth Lowe** (finance) is a Chartered Accountant who has been a director of a firm of accountants since 2009. The Firm performs audits, independent reviews, and various other business support functions to none-for-profit organisations. Gareth has also been the treasurer and chairperson of a number of sports clubs.



**Ruth Glover** (Secretary) is a Clinical Nurse Specialist working for Betsi Cadwaladr University Health Board, with 25+yrs experience working for the NHS. Throughout her career Ruth has been involved in the development, organisation, planning and running of several projects. Ruth has also been involved in policy & procedure writing, recruitment, education, public (stakeholder) engagement and risk management.

**Hannah James** (building management) is a Chartered Building Surveyor with over 20 years' experience, she runs two limited companies and has lived in Tremeirchion with her family for 3 years.

**Ed Burness** (risk management) is currently a project director for the Civil Service. He has a background of 25 years in construction, highways, and safety risk management, providing a constructive and critical eye to processes and operational functions. Ed has also been active in community-based groups, those including club secretary duties and advising local groups on highway related active travel schemes and support for regional improvement projects.

In the event that a member of the Committee or of their immediate families wishes to enter into a commercial relationship with the Society, they will be asked to step down from the Committee in order to avoid conflicts of interest.

## The story so far

The Salusbury Arms, Tremeirchion has been integral to the fabric of Tremeirchion for over 200 years and is now the only remaining pub in the village. The pub is located at the heart of the village, adjacent to the church, village hall and school. It takes its name from the Salusbury family, major owners of land in this part of the Vale of Clwyd since the 1300s.

The pub is in a prominent position in the village of Tremeirchion, next to the church and school. It is the only remaining pub in the village and an unsuccessful attempt was made 3 years ago to sell the Salusbury Arms for development. We now have a window of opportunity for the community to purchase the building and land as a community owned pub.

The Salusbury Arms will be a hub for Tremeirchion and the surrounding villages. The owner, Mr Frank Stephens approached us in April 2021 to establish whether we were interested in a community purchase. A survey, conducted over the summer, demonstrated very strong local support and a willingness to invest. Following an open meeting in August 2021, a small steering group was formed.

A further open meeting in November 2022, with approximately 100 in attendance, gave very strong encouragement to progress with fund raising and purchase of the Salusbury Arms.

A short pledge campaign was launched in advance of a share offer with pledges of £160,000 received towards the purchase price of £300,000 and initial costs of £50,000. An application has been made to the Community Ownership Fund to match fund the money that we will raise through a share offer.

The plan is to complete the purchase by Spring 2023 and operate the pub with a pub manager, employed staff and volunteers. After 6 months we will recruit a chef to provide pub food at weekends. We have a clear plan, presented in the business plan, to add to this core offering with a shop for local produce, a coffee shop, and other activities to expand the availability and inclusiveness of the Salusbury Arms as a hub.



## What is a community Pub?

A community pub is a village pub and much more. A village pub provides a convivial atmosphere for people in the community to come together. As a community pub we will expand these services of food and drink to include a range of community centred activities and benefits for all to enjoy. These include the following:

- A community shop, including selling newspapers, household staples like bakery, dairy and butchery products supplied by other local businesses and farms.
- A small coffee shop and art gallery to provide a social hub for people in the community, especially those who may feel isolated and parents of the village school.
- A workshop space for crafts and hobbies, a meeting room for local societies, a “warm space” for people experiencing fuel poverty.
- The building of a “Work Shed” in the grounds with the aim to combat loneliness and isolation especially among rural workers. This would help to promote positive mental health in the community in addition for offering opportunities for upskilling and training.
- Clubs and Groups: providing for example, a lunch club, room for the local choir to practice, storytelling workshops for children, art drop-ins, money advice, a local councillor surgery, a book exchange, a film club (with food provided by the pub).
- The aspiration will be to source food and drinks locally for example, by accepting home grown vegetables and purchasing products from local farmers and entrepreneurs.
- Accessible to all: The Salusbury Arms is to be a place for community; universally accessible as possible, given the restrictive architecture of the old parts of the building.

## Community and shareholder involvement

Individuals as shareholders can participate through the legal mechanisms of Annual General Meetings or putting themselves forward as a board member.

However, we would hope that members would be active in helping with organising and supporting community events at the pub. Also, as the pub develops, there may be opportunities for volunteer help with certain aspects of the offering such as more formalised activities e.g. regular clubs or sessions and the idea for a shop and delicatessen. The day to day running of the pub and possibly the café / shop will be the responsibility of the pub manager.

Building on the goodwill expressed so far, we will also be seeking help in the initial phases of the pub development following purchase. This will be with basic cleaning and tidying up, potential decorating and some of the works required to refurbish the premises.

Crucially shareholders will be encouraged to provide feedback to the manager and Directors, be ambassadors for the pub as repeat customers and encourage others to participate.



# The Share Offer



This is not just about buying a pub – it is primarily about helping to sustain the community. There will be limited financial reward, but you may earn interest and your liability will be limited.

You may also be able to save tax by investing through the Social Investment Tax Relief scheme.

## **One member, one vote**

A key rule is that each shareholder becomes a member and has one vote, regardless of how many shares they own. The minimum shareholding is 3 shares. Each share has a value of £100. Members must be over 16 and shares must be paid in full on application.

## **Rules and Governance**

The Society will be governed by the Rules of the Society and a copy can be downloaded from our website <http://www.tremeirchioncommunitypub.org>

## **Interest payments**

If the business is running successfully and has sufficient surpluses, the management committee may pay annual interest on members' shares. The maximum rate of interest per the society rules shall not exceed 5% or 2% above the bank of England Base rate, whichever is greater.

## **Repurchase of Shares**

Your shares cannot be sold or transferred except on death or bankruptcy and their value cannot be realised except on application to the society itself for their original value.

The Society's rules allow for the possibility of withdrawal of share capital after three years. Withdrawals must be funded from surpluses or new capital raised from members. You will need to give notice of your wish to withdraw and will be paid out on a first notice, first refunded basis. The Committee will set out appropriate criteria and annual limits when it is possible to consider share repurchase. The Committee may suspend withdrawals depending on the long-term interests of the Society, the need to maintain adequate reserves, and the commitment to the community.

## **Asset Lock**

The Society's Rules include a legally binding asset lock. This ensures that any surplus earnings remaining after it has paid interest to its shareholders and repaid any capital which is withdrawn must either be reinvested in the business or used for the benefit of the local community or for another charitable or community cause. This means that, if the Society should close but the building has appreciated in value, it would be possible to sell the assets and return capital to members up to the value of the original investments, but not to distribute any surplus value in that way.

## **Remuneration**

Directors and members will not benefit financially in any way from the activities of the Society, other than through participation in the Society's shares and loan offers.



## Financial proposition

The turnover in the first 6 months is based just on bar sales. After this initial period some food provision will be added. The projected sales in the first year are £204,750, rising to £260,325 in year 2 and £296,010 in year 3. We predict that Tremeirchion Community Pub Ltd will make a profit from year 1 which can be re-invested into expanding the community services of the Salusbury Arms.

	Year 1	Year 2	Year 3
Revenue	£204,750	£260,325	£296,010
Cost of Stock	(£78,000)	(£98,540)	(£112,112)
Gross Profit	£126,750	£161,785	£183,898
Wages	£65,610	£93,564	£105,580
Electric & Gas	£21,250	£23,400	£27,300
Rates & Water	£1,153	£1,440	£1,800
Insurance, Licenses etc	£2,744	£3,120	£3,480
Total Costs	£90,756	£121,524	£138,160
<b>Profit</b>	<b>£35,994</b>	<b>£40,261</b>	<b>£45,738</b>

## Community Ownership Fund (COF)

The Community Ownership Fund is a government scheme under the Levelling Up agenda that provides grants for communities to acquire assets, such as pubs. The Steering Group for TCPL submitted a full proposal to the Community Ownership Fund for half the initial costs for purchase and start-up of the Salusbury Arms as a community business. This was submitted on the 13<sup>th</sup> December and we will be informed of the outcome in the Spring 2023.

The following scenarios will apply, depending on whether we are successful with this grant funding and depending on the level of Community Share investment between the minimum and maximum figures based on the estimated figure of £350k to purchase and maintain running of the pub.

	Min. (150k) with COF	Min. (150k) without COF	Target (200k) With COF	Target (200k) without COF	Max. (250k) with COF	Max. (250k) without COF
<b>Amount raised</b>	325k	150k	375k	200k	425k	250k
<b>*Further funding/ source</b>	25k / seek loans to cover initial operating costs.	200k / seek grants from other sources (100k) and loans (100k)	Purchase and initial costs covered	150k/ seek grants from other sources (100k) and loans (50k)	Purchase and initial costs covered	100k/ seek grant funding from other sources (50k) and loans (50k)
<b>**Excess over minimum funding/ investment in business</b>	NA	NA	25k Bring forward additional projects	NA	75k Bring forward additional projects	NA



**\*Further funding/ source:** Grant opportunities should we fall on low input value:

1. **Clocaenog Forest Wind Farm Community Fund:** The current steering group have expressed an interest to the Clocaenog forest wind farm community fund. This fund has allocated grant values of £35,000 to other community run businesses.
2. **Aviva's Community Fun initiative:** Funding has been made available for Innovative Community Projects in the UK and are seeking organisations attempting to raise up to £50,000.

The steering group will continue to review any currently available and/or new funding programmes available for projects such as saving and setting up community run pubs. We will continue to monitor and review sites such as **Funding Wales** and **Grants Online** who list funding available nationally as well as locally.

Should the application of additional funding be required through such schemes, this could delay purchase of the pub.

**\*\*Excess over minimum funding/ investment in business: Additional projects**

Should the value invested by the community, with the addition of grant funding be in excess of the target amount, this would allow for investment and the bringing forward of additional projects, such as but not limited to:

- **Planned maintenance:** It will be the responsibility of the management committee and pub manager to review and prioritise the building and grounds maintenance. This will ensure the pub is kept to a standard that is welcoming and will attract visitors.
- **Food provisions:** Bringing forward the offering of food by hiring a chef to offer food either on a part time or full-time basis. The elected management committee will support the appointed manager in understanding the customer demand. As part of this, kitchen upgrades may be required to ensure food is served on a consistent basis.
- **Refurbishment of the first floor:** The living area on the first floor of the pub has been reviewed for the purpose of providing accommodation – either for B&B, renting out to provide additional income to the pub or as live-in accommodation as part of the management of the pub.
- **Provide a shop space:** Within the footprint of the existing building. The provision of the village shop is a further phase of this project. These costs are unknown and will very much depend on which part of the building is developed as a shop. However, it is anticipated that once this has been determined and the costs calculated these will be met, entirely or in part, from grant aid. Because it is intended that the shop will be run as a service to the village, on a not-for-profit basis, there are a few possible sources of grant aid that will contribute towards any building conversion and associated costs as required. We are aware of "*Pub is the Hub*" that has offered grants of circa £3,000 towards such costs. This aspect of work will be developed and undertaken in consultation with the incoming management committee.
- **Electric charging point for EVs:** having the ability for long journey visitors.



### **What happens if the minimum funding is not achieved?**

If the Society is unable to complete its purchase of the Property and no alternative plan has been approved by the members, shareholders' funds will be returned, less any administrative costs incurred, and a proposal will be made to a General Meeting to discontinue the Society.

## Social Investment Tax Relief (SITR)

The Society has applied for and gained approval of Advance Assurance from HMRC so that investments made through this Share Offer will qualify for SITR (see also Note IX in Notice below). The intention is that those individual investors who are taxpayers will in due course receive a credit from HMRC of up to 30% of their investment, dependent on the income tax liability of the investor, which can be claimed through their annual Tax Assessment.

Based on current government guidance, this tax relief will only available if the investor has applied and paid for their shares before **5<sup>th</sup> April 2023**. At the time of writing there is no indication that the government will extend the relief beyond this date.

To qualify, the shares must be held by an investor for a minimum of 3 years.

Your investment in shares in the Society may also qualify for business property relief for inheritance tax.

In some circumstances your investment may qualify for capital gains roll over relief.

**Please do note that the Steering Committee is not a financial advisory body, and we recommend that you conduct your own financial research accordingly.**

## How to apply for Shares

If you wish to become a member of Tremeirchion Community Pub Limited and invest in our venture, please complete the Application Form either online at <https://www.tremeirchioncommunitypub.org/> or by returning it to the following address: Tremeirchion Community Pub Limited (The Salusbury Arms, Tremeirchion, St Asaph, Denbighshire LL17 0UN).



## Important Notice



### **You must read the following points about the share offer before deciding whether you wish to participate**

I. When you are considering buying shares it is essential that you understand that this is an investment in our community, intended to create a secure and lasting asset for us all.

II. The intention is to build on our social infrastructure and help to create a thriving and sustainable community. This is not a conventional investment, and you should not expect high or direct financial returns. Full information is set out in the society's rules available on our website.

#### **Please also note:**

III. The value of shares cannot increase beyond their original value. You should be aware that the value of shares may be reduced if the business is unsuccessful.

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

V. The rules of the society allow for interest payments at the discretion of the management committee detailed financial projections for the society's performance are included in the Business Plan.

VI. The only way in which an individual's investments can be recovered (whether the initial sum or any reduced value), other than interest payments or general re-imbursments, is to give the society notice of withdrawal. This cannot happen during the first three years after the date of this share issue. However, if the shareholder dies then the shares can be transferred to a nominated beneficiary. The specific conditions for withdrawal include:

- a. Withdrawals must be funded from trading surpluses or new share capital and are discretionary, being subject to the Management Committee's satisfaction that withdrawal is consistent with the long-term interests of the society.
- b. Three months' notice should be given.

For further information on this please visit our website.

VIII. All funds invested in this share offer will be held in the Co-Operative bank account of Tremeirchion Community Pub Limited and used only for the purposes of purchasing the Salusbury Arms building and grounds, for renovation of the pub facilities, for working capital and for costs incurred in launching and administering the Society. In the event that the purchase does not proceed all contributions will be repaid net of costs incurred.

IX. No share certificates will be issued until purchase of the community pub is made. If, at the deadline that we set (see point X), insufficient shares have been purchased, the share issue will be halted and all those who have invested will have their investment returned to them. In this way, there is protection.

X. If the minimum figure is not achieved by the 31<sup>st</sup> March then the steering group reserve the right to extend the share offer in order to achieve the minimum share investment. Extension dates if required will be announced.



XI. Under government rules, the maximum value of shares, stipulated by law is £100,000.

XII. The granting of Social Investment Tax Relief will ultimately rest with HMRC. Although the Society has taken steps to ensure that nothing in this share offer or in the way the proceeds will be used is in contravention of SISR rules, (and has sought Advance Assurance from HMRC on that basis), it takes no responsibility for any failure by individual investors to recover tax in relation to their investments. Furthermore, it will be their individual responsibility to ensure the accuracy of information regarding tax status which will have been provided by them in making their investment.

XIII. If the maximum is achieved during the share offer period (i.e., before the 31<sup>st</sup> March) then shares will be offered on a first come first served basis up to the maximum figure.

XIV. On completion of purchase, the steering group, will proceed as an interim management team until the elected management committee are voted in by the shareholders.

XV. Tremeirchion Community Pub Limited is registered as a society with The Financial Conduct Authority (FCA), but the sale of community shares is not regulated by the FCA. Like many investments, community shares are at risk, and you could lose some or all of the money you invest. Unlike deposits with high street banks, community shares are not covered by the Financial Services Compensation Scheme, nor is there any right of complaint to the Financial Ombudsman Service. If you are considering investing a significant amount, then you may wish to seek independent financial advice before doing so.

For further information on the project, visit our website <https://www.tremeirchioncommunitypub.org/> or contact us on [tremeirchioncommunitypub@outlook.com](mailto:tremeirchioncommunitypub@outlook.com)