

The Northumberland Arms Community Society Limited

Community Share Offer

Prepared by The Northumberland Arms Community Society Limited, a Community Benefit Society registered with The Financial Conduct Authority Mutuals Register, No. 7580

Your pub, your community, your choice.



Share Offer Opens: 2nd August 2017

Closing Date: 17th September 2017

Target: £296,000

Minimum amount to raise: £196,000; Share offer cap: £350,000

Investment limits: Minimum £250, maximum £25,000

Issue 1 – 2nd August 2017



This is an opportunity to buy shares and become a shareholder of The Northumberland Arms Community Society Limited, a Community Benefit Society (The Society) registered with the Financial Conduct Authority.

Why are we doing it?

Our vision is to create a central focal point for village life which will act as a catalyst to re-ignite the economy and sense of community in Marple Bridge and Compstall. Besides re-opening the pub, we will bring a café and essentials shop to the village, have a base for community activities, and bring back trade lost following the closure of the business by Robinsons.

The Northumberland Arms has been a thriving pub in the past. However, over the last two decades it has declined under the ownership of a Robinsons Brewery who had not invested in the building, in marketing, or in business development.

Frederic Robinson Ltd closed the pub in January 2017, and placed the pub on the open market inviting offers of £250,000 and above. After a lot of positive discussion, Robinsons have given the community the opportunity to raise the money to buy the pub. Bringing The Northumberland Arms into community ownership will ensure the success and sustainability of the business by enabling the community to develop the facilities to meet their needs, rather than serving the financial demands of a brewery under a tied-house model. Community ownership will also ensure the business works alongside existing village businesses rather than competing directly with them.

The aim is to open The Northumberland Arms as soon as possible after taking possession, carrying out essential refurbishment and redecoration of the bar area and staff living accommodation and tackling items of building fabric repair.

Why should you invest?

If, like us, you feel that too many pubs are closing, and the heart is being taken out of our communities, this is your opportunity to make a difference. By investing in this community-owned venture you will be part of a growing number of people seeking to take back control over their local area. The Northumberland Arms, reopened as a pub, café and community hub will offer a welcoming place for people to eat, drink, chat and socialize. We will encourage social cohesion, communal activities, music events, fundraising events and participation in games and sports leagues. We will provide a social environment for people to eat and/or drink on their own, in couples, with family and friends – or with other pub users

The central area of Marple Bridge around town street has enjoyed something of a resurgence in recent years, boasting a vibrant scene of bars and restaurants along with a post office, doctor's surgery, florists, clothing shops and hair salons etc. However, the difficulties faced by individual businesses within the northern portion of the area (the Compstall and the Marple Bridge area between the River Etherow and Glossop Road) are made clear from the fact that over the last 30 years or so the area has lost three pubs and whereas there was formerly a bakery, a sweet shop, a hardware shop, and a greengrocer. We now only have a butcher, a wine shop, and a post office / grocery shop in the area. The geography of the area with its steep hills can make access to relatively nearby facilities difficult for some of the areas older and less agile residents. This is your chance to arrest this cycle of decline.

How much will it cost?

We have agreed Heads of Terms with Frederic Robinson Ltd at £217,000 +VAT which we think is a fair price for The Northumberland Arms. We will also need to raise sufficient funds to cover legal fees, administering the share offer, printing, and publicity. Once we have bought the pub we will need money for setting up our business, buying stock, refurbishments and running capital. This we estimate would amount to £79,000 on top of the purchase price. More detailed financial information is in the Business Plan.

Here is what we plan to do.

Buy The Northumberland Arms, Marple Bridge at a reasonable market value. This will ensure that any investment you make is as safe as it can be. Remember any investment can go down in value.

Restructure the way the business works, this will not affect the way the pub looks but change the way it works to reflect community needs. We will open a café and 'essentials' shop, we will have special events on in the evening, we will restore the pub to its former glory and vitality.

Refurbish the pub; The Northumberland Arms has suffered underinvestment over the years – we want to make it look and feel loved again. We have a list of improvements we want to make, mostly cosmetic, but some underlying infrastructure issues that need attention. Further details are in the Business Plan.

What are you investing in?

The Northumberland Arms is a pub that has been serving food and drink since the 1824. It used to be a thriving pub attracting visitors from Marple, Romiley, Bredbury, Mellor, Offerton and Compstall as well as serving the local community. The Northumberland Arms was pivotal in the lives of the few hundred families who live in the immediate vicinity and the many regulars who visit the premises from further away. It was their social club, meeting place, sports centre, and community hub.

The pub lies at the centre of what was originally a small village and that atmosphere still largely survives in no small part because of the pub's existence.

Although there has been a long period of under investment which has meant the fabric of the pub has deteriorated, the business continued to make a reasonable profit up to the point of its closure in January 2017.

We believe we have put together a strong business case to show how a community owned pub in Marple Bridge and Compstall can be a success, by reflecting what the people of Marple Bridge and Compstall want from their pub. What we intend to pay interest on your investment of up to 5% a year and there is tax relief available, what you are really investing in is the future of the community of Marple Bridge and Compstall. We, the people of the area, will have a pub in the village for as long as we want one – because we will own it.

Why did The Northumberland Arms close?

Despite being a viable thriving local pub, The Northumberland Arms, owned by Frederic Robinson Ltd, closed its doors after the previous tenants retired in January 2017. Robinsons, as the owner of a medium sized estate of tied houses, are subject to a Code of Practice with regards new tenancies, and because the pub has had little investment over the preceding 20 years Robinsons appraisal of the premises and refurb costs precluded it from remaining a part of their tied estate.

We aim to turn the pub around simply by providing more of what local people want from their pub, and diversifying the business to include a café and essentials shop. We created a Community Questionnaire based on the Plunkett example; over 200 people engaged. In this consultation, we checked that our overall vision for the pub was right. We also took ideas from people – there lots of ideas, many of which were broadly similar. It is these ideas from the community that have shaped our business plan.

We have based our business plan on information we have received regarding the previous trading accounts. We have then assumed that over the first year, we grow our 'wet' sales by 3% since there will be more going on in the pub. We have assumed additional income from the café and essentials shop, based on a modest projection of numbers sales in those elements.

In developing our plans, we have received support from three organizations with extensive experience of community ownership of pubs – Co-operative and Mutual Solutions, the Plunkett Foundation and Pub Is The Hub.



"There is nothing which has yet been contrived by man, by which so much happiness is produced as by a good tavern or inn."

Samuel Johnson (1709-1784)

Who are we?

We are The Northumberland Arms Community Society Limited, a Community Benefit Society registered with the FCA, no.7580. There are eight members on the Board of Directors, all of whom are voluntary and receive no benefits or remuneration. They are:

Rick Clarke

I have spent most of my 30-year professional career working in Architecture, across all sectors including housing, schools, religious buildings etc, with a focus on project management. I have designed and project managed many refurbishments and new buildings with values ranging from c£50k up to £160m. I have specialised in the leisure sector – pubs, restaurants, and hotels - and have carried out projects for lots of pub companies, from smaller family firms to the likes of Wetherspoons & Whitbread etc. I have for the past few years worked as a Development Manager for a major PLC pub company.

I have lived in Marple Bridge since 2004, which makes me something of an 'outsider' – perhaps mitigated by the fact that my father and many uncles, aunts and cousins were born and lived here! I've been a 'local' at The Thumb ever since I moved here, and have been at the forefront of the campaign to save the pub from the outset. I believe that pubs form a very important part of our culture and heritage, and saving the Thumb will help to preserve this tradition for future generations to enjoy.

John Hibbs

I am a retired local government officer. I worked for Stockport MBC as an Administrative Officer and a Finance Officer for 38 years then as an Accountant for Greater Manchester Fire Service for nine years. I have also trained in project management and property maintenance.

I have frequented the 'Thumb' off and on for about 48 years. I am passionate about ensuring the 'Thumb' reopens as a community asset, partly from a personal perspective (I only live 100 yards away) and partly from a community perspective, too many pubs have closed recently and I believe the Northumberland Arms provides the village with a focal point and base. It also ensures that facilities are available for the villagers to meet, socialise and support each other and will help keep our community alive for generations to come.

Peter Summersgill

I have worked in a number of architectural practices achieving associate status and finally partnership.

I decided to set up and run my own architectural practice in 1980 which I did for fourteen years. In 1994, I was head hunted by a design and build company to act as company architect. In 2003, I was made Technical Director of that company until I left in 2007 to re-establish my own practice which I have operated up to the present.

I have had experience of the licensed trade having been a partner and the licensee of a wine bar in Glossop.

I served for six years as a director of Denton Golf Club which is a prosperous members club.

I was a regular at the Northumberland Arms from 2007 which from the first I found to be friendly and welcoming. It is my wish to re-establish that unique centre of the community.

Lauren Taylor

I am a freelance contemporary jeweller and workshop facilitator. Last year, the Crafts Council UK established me as new talent, allowing me to meet and work with a diverse range of people in the creative industry. Consequently, I have gained invaluable knowledge in business development, from financial planning and bookkeeping, to website development and marketing - I have a lot of experience using social media as a tool for promotion.

I have fond memories of visiting the Thumb from being as young as 11 years old; it was always a treat to go in and enjoy a cold glass of coke, a packet of crisps and a game of pool with my brother while our Mum and Dad socialised with their friends. As a family, we always felt completely welcome. At 18, I was so excited to be able to work behind the bar, which I did until the sad day the pub doors closed. Being a barmaid in the Thumb was a pleasure, and it taught me so many vital skills, which have undoubtedly helped me not only in the set-up of my business, but in day-to-day life. The Thumb was unique, and I will do all I can to make it even better than the pub we all knew and loved.

Geoff Tarbatt

Although now retired I have been a teacher for 21 years, 11 of them at Bredbury County Comprehensive School (now known as Werneth School) and 10 years at Marple 6th Form college.

After leaving teaching I took on the role of Landlord/Licensee of the Northumberland Arms together with my partner Margaret, and continued in this role for 17 years until my retirement in Jan. 2017. I still retain my Personal Licence which authorises me to sell and supply alcohol under the Licensing Act 2003.

During my time in the Northumberland Arms I believe that I have developed a good understanding of its customers and their expectations and know how deeply they feel about the loss of 'The Thumb', and share their determination to see it reopen as a thriving Community Owned Pub.

Margaret Houghton

I have lived in Marple Bridge for about 20 years, a relative newcomer I know, but for 17 of those years I was the Landlady of the Northumberland Arms. I know from first-hand experience how much this pub means to those who frequent it, it engenders a great deal of affection and therefore an equal measure of dismay at the thought of it closing. The community would lose a much-loved venue that served as a meeting place, a point of support and social gatherings which is why we've been so passionate in our determination to see it reopen. We want to ensure that we keep our community alive, to provide everyone with the facilities they had and more!

Malcolm Allan

After graduating in Maths, I've spent most of my career working in manufacturing industry latterly as a member of the management board of a U.K. multinational PLC for some 25 years. I was part of the team that sold the company out of BP ownership to an independent consortium and consequently was on the team that floated the business on the UK stock exchange. Subsequent to this I was part of a number of acquisitions and divestments the company made, participated in due diligence and I also liaised from time to time with investors and analysts. I was responsible for all aspects of HR, working across 11 countries and managing a multinational team. I also covered all internal communications and change programmes. I was often the public spokesperson for the Company appearing on TV, national and local radio. I am an employment law specialist having presented many cases at Tribunal, both for my Company and pro bono for individuals. I was Chair of our trustee board for the company pension fund where we took an active role in asset management, meeting fund managers and investment specialists regularly, during a period of huge change in UK pensions. I was also the director responsible for toxicology, health and safety and sustainability. My company won several national awards during this period for people practices and Sustainability. I am Chair of a Heritage Lottery fund project in Manchester of some £2.7m and am a coach/mentor for the Chartered Institute of Personnel and Development. I am currently a local Councillor in Stockport. The Northumberland provided a focal point for a community with precious few amenities. By becoming a community pub, it can return to and enhance its position at the centre of a friendly and lively area.

Janice Robertson

I have held various jobs during my working life with my longest employment being 17 years in desktop support. I am currently a Client Care Co-ordinator and counsellor for a local health care provider working predominantly with women at a vulnerable stage of their lives. I have a strong background in administration and am generally viewed as a very organised person.

I have lived in Marple Bridge for 25 years and my daughter was born and brought up here. As a native of the Scottish Islands, I have always had a strong sense of community and have always loved the community feel of this area. A very regular user of the Thumb I used to take my daughter in from a very young age as it was always a very family friendly pub. I even worked there for 3 years which meant I got to know a great many people in this area. It was a sad day when the Thumb shut and I strongly feel that when we can open it up again it will contribute massively to continuing the strong community spirit which is so important to the people of this village.

In future, positions on the Board will be open to any shareholder member when elections are held at the Society's Annual General Meeting, as defined in the Society's Rules.

Why invest in a Community Enterprise?

We spent a lot of time consulting with the community, with experts, with entrepreneurs and with top professionals before we chose the legal form that this organisation is going to take. The result was a Community Benefit Society. We have also opted to Asset Lock the Society so that there is no possibility for any future shareholder members of the Society to sell off this valuable community asset. This means that it will, all the time it continues to trade profitably, remain a public house and asset to the community for ever.

The members own the business and each member has one vote. You have not only a say in the running of the business but may also share in its fortunes. That doesn't mean you get to say how the pub is run day to day, but you are in control of the strategic direction of the Society. You choose a team of Directors to oversee the management and the Directors will appoint a general manager. We don't want to communicate with you just once a year at an AGM - there will be regular newsletters, quarterly members meetings, a Facebook page and website. We want to know what you think about your pub.

Being a Community Benefit Society ensures as wide an ownership as possible, so no big fish can come along and change the nature of the business, and it is, comparatively, a safe form of share investment, although of course as with any investment there is a risk. Designed to be a longer-term, interest-paying community investment, there is nevertheless the ability to withdraw your share capital from the Society if you want to free up your money after a period. For the first three years, the right to withdraw your shares is at the discretion of the Committee, but after that you can withdraw your shares on three months' notice. This form of Society also benefits from exemptions from some Financial Conduct Authority (FCA) regulation (in the shape of exemptions from the Financial Services and Markets Act 2000) and a number of aspects designed to make it attractive, quick, and easy to invest for both the business and the shareholder.

Unlike large scale investments this is very local; it's likely you will know most of the other investors. The way the Society is set up means that no one person or investor can take control, nor can anyone make money from selling shares, they all have a fixed value and can only be sold back to the Society. Any profits that the Society makes can either be put back into the business of the Society or shared amongst members. This decision will be up to the members.

"From the towns, all inns have been driven;
from the villages most... Change your
hearts, or you will lose your inns, and you
will deserve to have lost them. But when
you have lost your inns, drown your empty
selves - for you will have lost the last of
England."

Hilaire Belloc, from 'This and that', 1912



Financial Information

Our offer of £217,000+VAT is less than the valuation of offers over £250,000 that Robinsons Brewery set when the pub was placed on the open market in February 2017. We have estimated £20k for initial stock and set-up costs, £54k for refurbishments and repairs based on a full survey, and £5k to safely have enough to cover all our bills in month one. There is quite a lot of equipment, furniture, and fittings still in The Northumberland Arms which form part of the purchase agreement. We will have initial fees and expenses of circa £2,500, and we have received a bursary approval of £2500 from the Plunkett Foundation to cover these.

We should expect that trade will improve over the coming months; this is the normal pattern for community-run pubs. With a modest improvement on the previous turnover we will achieve about £261,000 in the first year.

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|-------------------------|----------|----------|----------|----------|----------|
| Revenue | £261,480 | £288,083 | £300,275 | £313,116 | £326,649 |
| Expenditure | | | | | |
| Direct costs of sales | £107,016 | 113,344 | £117,658 | £122,175 | £126,906 |
| Overheads | £130,927 | 149,198 | £153,972 | £158,913 | £164,028 |
| Repayments | £9,800 | 19,640 | £19,640 | £19,640 | £19,640 |
| Surplus/deficit pre tax | £13,737 | £5,902 | £9,005 | £12,388 | £16,075 |

We will be applying for other small grants and will update the status of these regularly to prospective members.

Marketing

As we improve the look of the pub so we will attract more customers. We intend to re-introduce community activities (film nights, quizzes, folk music, a football team) which will help to spread the word and should bring in mid-week custom. An improved website together with a Facebook presence will increase our public profile. Publicity around the Community Pub has already had an impact.

We intend to and are allowed to pay interest on share provided the business' profits allow it. Our aim is to pay at a minimum of 3% share interest after the first year (we are allowed by our Rules to pay up to 5%) but our priority is to repay loan capital and build a reserve for The Northumberland Arms. Any payment of interest on shares is dependent on the Society making a profit and is also subject to the approval of the shareholder members.

The Business Model

Despite being a viable thriving local pub, The Northumberland Arms, owned by Frederic Robinson Ltd, closed its doors after the previous tenants retired in January 2017. It previously operated profitably, but ownership by the community gives the opportunity to ensure that it continues to be successful in the long-term.

The success of the venture will be largely dependent upon:

- Finding commercially astute, experienced, operations committee members who have time to devote to the project and are prepared to do so in a voluntary capacity.
- Careful recruitment of an experienced, reliable, commercially astute, and socially skilled manager and members of staff. The manager and staff must have high standards in all aspects of the business, and be motivated by the desire to create a really special pub that is treasured by the community and attractive to those from further afield. We hope to employ staff who have worked in The Northumberland Arms before, are known to the regulars or have good links with the community.

The pub will be run to make a profit. The profits will be reinvested in the pub itself, shared with the hired staff in the form of pre-set achievement bonuses and distributed to the shareholders via interest payments. The society will hold an annual general meeting for all shareholders and may have further meetings to discuss plans and progress.

A Tax break from the Government! - (Seed) Enterprise Investment Scheme

As long as you are a UK tax payer, you are eligible for tax relief on your investment subject to HMRC rules on eligibility, as long as you leave your shares in the Society for at least three years. We have applied for advance assurance from HM Revenues and Customs (HMRC) that the shares in The Northumberland Arms are eligible for tax relief under the **Seed Enterprise Investment Scheme (SEIS)** and the **Enterprise Investment Scheme (EIS)** which are both government-backed schemes designed to encourage investment in smaller enterprises. Community-managed pubs like The Northumberland Arms are eligible for this tax relief.

Under the SEIS, the first £150,000 raised by the share issue will attract tax relief at 50% of the sum invested. So, provided you are a UK taxpayer, you will be able to recover up to **one half** of the amount you invest from HMRC in the year after The Northumberland Arms starts trading, i.e. when the society starts earning revenue.

After £150,000 has been raised, further investment in shares in The Northumberland Arms will attract EIS tax relief of 30% of the sum invested.

The actual amount of tax relief you can claim will depend on your personal tax circumstances.

For example, Bethan decides to invest £10,000 in the tax year 2017-18 (6 April 2017 to 5 April 2018) in SEIS qualifying shares. The SEIS relief available is £5,000 (50% of £10,000). Her tax liability for the year before SEIS relief is £7,500 which she can reduce to £2,500 (£7,500 less £5,000) as a result of her investment.

Remember applications for tax relief are made to HMRC by you, the investor, not by The Society, and so we **cannot** give any guarantees. HMRC's information site, www.hmrc.gov.uk/seedeis/ explains the application procedures but, if you are unsure, please seek professional advice

Risk Factors

There are a number of risks involved in this investment:

- *The capital is not raised. The community purchase does not go ahead and all monies are returned in full to people who have bought shares.*
- *A catastrophic failure of the business. The Northumberland Arms would be sold and the money from the sale used to refund shareholders as far as possible. Assuming a blended funding model mid-case scenario as outlined in the business plan, as long as The Northumberland Arms was sold for at least £256K people should get all their money back. However, we cannot hide from the fact that this is an 'at risk' investment and people might lose some or all of their money.*
- *'Wet' sales are lower than anticipated. We think we have been conservative in our assumptions. But if bar sales were lower than anticipated, then we would seek to promote The Northumberland Arms more strongly through leafleting the village, the Facebook page, the website, and local media. We would try to encourage more events on the quietest evenings. If necessary we would close on the quietest evening to save money. We would look at using more volunteer bar staff.*
- *The manager does not work out. We would replace the manager.*
- *The manager leaves with little or no notice. We intend that one of the Board Directors will hold a personal license to be able to cover such a situation for a short period of time.*
- *When we introduce the café, it doesn't work. We would assess whether this was due to the chef and if this seemed to be the case, we would find another chef. However, we could go back down to basic bar snacks.*
- *Demand for the 'essentials' shop is low. We would not expand the shop and might even close the 'essentials' shop.*
- *A major repair not picked up in the survey becomes apparent in a few years' time. We would then have a trading track record on which to raise finance. If the repair was unaffordable, then we would close the business and seek to sell the building.*

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 Northumberland Arms for the community and safeguarding your money, so don't skip this part!

1. Shares are priced nominally at £1. The minimum investment is £250 with a maximum investment of £25,000 for an individual or company. Any amount between £250 and £25,000 may be invested. Applications for joint memberships or corporations are welcome.
2. Shareholders must be aged 18 or over. By investing you are applying for society membership. The Society's Board may reject any application for shares and are not obliged to give reasons why such application has been rejected.
3. The shares are not transferrable (except on death or bankruptcy of the member) and cannot be sold. Shares may be withdrawn from the Society after a minimum of three years, subject to terms listed below (see item 7).
4. Nominal share value cannot increase. The only financial benefit for members is the interest which may be paid annually (and initial tax relief that may be obtained). However, the value may fall if liabilities exceed assets, e.g. if the business fails. Your investment is fully at risk, before investing you should be fully comfortable with all the risks.
5. As The Northumberland Arms Community Society Limited 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. As this offer is unregulated, you have no right of complaint to the Financial Ombudsman or to compensation.
6. Interest will be payable on all shareholdings at an interest rate to be proposed by the Board, based on the performance of the Society, and put to a vote at the AGM. Our aim is to pay at a minimum of 3% interest, and a maximum of 5% or 2% above Bank of England base rate (whichever is greater) - but our priorities are to repay any loan capital and build a prudent financial reserve. Any payment of interest on shares is dependent on the Society making a profit.
7. After the minimum three years, you may withdraw your share capital from the Society by giving of three months' notice in writing to the Board. The Board will have the authority to refuse a withdrawal request if it would endanger the business. Full details of share ownership and the terms of withdrawal are set out in the rules which can be found at www.thenorthumberlandarms.co.uk.
8. Before shares are issued all monies will be held in safekeeping in an account in the name of The Northumberland Arms Community Society Limited until the Society's Board are clear that the minimum amount has been reached to make the purchase viable. Should this not occur, your money will be returned in full. You will be informed online at www.thenorthumberlandarms.co.uk, by email and by notices in the area of the status of the share offer.
9. 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. If your shareholding drops below the minimum amount, you will lose this right. All shareholder members have one vote irrespective of the size of shareholding.
10. The Society has a statutory asset lock designed to safeguard The Northumberland Arms for the future, meaning that if the Society is dissolved, shareholders would be repaid their investment after repayment of any debts. Residual assets cannot be distributed amongst the shareholder members but must be paid to a charitable or Community body.
11. The Northumberland Arms Community Society Limited is registered with the Financial Conduct Authority. However, special rules apply to Co-operative and Community Benefit Societies and you have no right of complaint to an ombudsman. As with any share offer you would be well advised to seek independent financial advice before investing.
12. This community share offer will close on 17th September 2017. However, if the target sum has not been received by that date, the Committee reserves the right to extend the share offer.
13. The Society Rules and a copy of our Business Plan are to be found online at www.thenorthumberlandarms.co.uk.
14. If we raise more investment than we require, priority will be given to applicants who live in Marple Bridge or Compstall.
15. It is a condition of the offer that to ensure compliance with the Money Laundering Regulations 2003, The Northumberland Arms Community Society Limited may at its absolute discretion require verification of identity of any person seeking to invest.
16. Due care has been taken in the preparing of this document, a process which has been overseen by the Directors, who can vouch that the information it contains is in accordance with the facts and that there are no omissions likely to affect its import.

QUESTIONS YOU MAY HAVE REGARDING BUYING SHARES IN “THE NORTHUMBERLAND ARMS COMMUNITY SOCIETY LIMITED”.

Why should I buy community shares?

We need your investment to help purchase The Northumberland Arms. Without sufficient investment from the community we will be unable to establish the business.

Who will benefit from this project?

The residents and friends of Marple Bridge and Compstall will benefit directly from having a vital amenity preserved for future generations, both through the use of the facility itself but also because The Northumberland Arms will play a part in making Marple Bridge and Compstall a stronger, more vibrant and cohesive community in which to live.

Is this a good business proposition?

We expect 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 it as a successful business. It is well proven that communities that work together to set up such an enterprise will support it in the future. Of all the Community owned pubs none have failed to date. For the full business case go to: www.thenorthumberlandarms.co.uk

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 Northumberland Arms, the social role of pubs and the future heritage of the area. They donated money to help register the company and will be investing in shares. 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 time to the project and this has been supplemented with advice and considerable support from many people and organisations.

Who will run The Northumberland Arms 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 appoint an experienced pub manager to oversee the day-to-day running of the pub. 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 manager. Shareholders will be invited to meetings to discuss significant decisions about The Northumberland Arms.

Do my shares give me voting rights?

Yes, they do. Everyone has an equal voice, regardless of the size of their investment.

How do I get my money back?

You will be unable to withdraw your shares in the first three years. After that, you will need to give at least three months’ notice. You cannot sell or transfer your shares, and withdrawals must be funded from surpluses or new capital raised from members. The Board may suspend withdrawals depending on the long-term interests of the Society, the need to maintain adequate reserves, and the commitment to the community we serve.

What happens if the purchase of The Northumberland Arms falls through?

It is possible that we will be unable to complete the purchase, even though we have an in-principle agreement with Frederic Robinson PLC and we are confident we can secure the funds. In the unlikely event that this happens we will return any funds we have received.

Will I get my investment back if The Northumberland Arms fails?

All the business’s assets, including the freehold of the building, would be sold and the proceeds of the sale (after paying any creditors) divided between the shareholders up to the value of their shares. You might receive the full value of your shares back or you might lose part or all of your investment.

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

This share offer is unregulated, as it is exempt from the Financial Services and Markets Act 2000 or subsidiary regulations, which means there is no right of complaint to the Financial Ombudsman, nor can you apply to the Financial Services Compensation Scheme.

Will I receive interest from my shares?

We aim to pay a reasonable interest rate to our members. Our business plan assumes we will pay 4% interest, but this will always be dependent on the success of the business. Interest will be paid gross and it is each member’s responsibility to declare such earnings to HMRC if appropriate.

Will my investment be eligible for tax relief?

We have applied for advance assurance from HM Revenues and Customs (HMRC) that the shares in The Northumberland Arms are eligible for tax relief under the Seed Enterprise Investment Scheme (SEIS) and the Enterprise Investment Scheme (EIS) which are both government-backed schemes designed to encourage investment in smaller enterprises. Community-managed pubs like The Northumberland Arms are eligible for this tax relief.

How can I find out more about the project?

You can find our business plan, the Rules for our Society and further contact details at www.thenorthumberlandarms.co.uk

Application procedure

By post You can apply by completing the postal application form that follows, and return it with a cheque for your investment to:

The Northumberland Arms Community Society Limited,
c/o John Hibbs,
26 Compstall Road,
Marple Bridge,
Stockport
SK6 5HG

We will acknowledge receipt, and pay cheques in after the offer closes. If the offer is unsuccessful, cheques will be destroyed, and digital evidence of this returned by email. If you don't have a cheque book, send back the completed application form and we will contact you for payment. **DO NOT SEND CASH.**

Online The Society's Board reserve the right to make share applications available on the Crowdfunder website at a later date.

- By delivering an Application Form an Applicant offers to subscribe, on the Terms and Conditions contained in this Offer Document, for the number of shares specified, or such lesser number as may be accepted.
- An Applicant who receives Shares agrees to automatic membership of The Northumberland Arms Community Society Limited and to be bound by its Rules.
- 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 amount of shares, £25,000.
- Applicants may be requested to provide additional evidence of identity in order to comply with Money Laundering requirements
- Applications may be rejected in whole, or in part, or be scaled down, and monies shall be securely returned to the application, not later than two months after application, without interest.
- Applications on incomplete or inaccurate Application Forms may be accepted as if complete and accurate.
- Results of the Offer will be published on the website of The Northumberland Arms Community Society Limited, and all applicants will be informed.



The Community Shares Standard Mark is Awarded by the Community Shares Unit to offers that meet national standards of good practice. For more information about the shares, the Community Shares Standard Mark and the Community Shares Unit go to www.communityshares.org.uk.

Application Form for purchase of shares in The Northumberland Arms Community Society Limited

I / we wish to become a member of The Northumberland Arms Community Society Limited in accordance with the Rules and apply for:

Withdrawable Shares to the value of: £ For this Share Offer the minimum shareholding is £250 and the maximum £25,000. This offer closes on 17th September 2017 or whenever £350,000 is subscribed, whichever is soonest. The Board reserve the right to extend this offer.

NAME AND ADDRESS (PLEASE USE CAPITAL LETTERS)

| | Applicant | Joint Applicant |
|---------------|--|--|
| First name(s) | <input style="width: 95%; height: 25px;" type="text"/> | <input style="width: 95%; height: 25px;" type="text"/> |
| Last Name | <input style="width: 95%; height: 25px;" type="text"/> | <input style="width: 95%; height: 25px;" type="text"/> |
| Address | <input style="width: 95%; height: 40px;" type="text"/> | <input style="width: 95%; height: 40px;" type="text"/> |
| Postcode | <input style="width: 95%; height: 25px;" type="text"/> | <input style="width: 95%; height: 25px;" type="text"/> |
| Tel. number | <input style="width: 95%; height: 25px;" type="text"/> | <input style="width: 95%; height: 25px;" type="text"/> |
| Email | <input style="width: 95%; height: 25px;" type="text"/> | <input style="width: 95%; height: 25px;" type="text"/> |

AGREEMENT

| Please tick the boxes to confirm you agree with the statements: | |
|--|--------------------------|
| I confirm that I am 18 years or over | <input type="checkbox"/> |
| I have read the share offer document and understand and accept the terms of the Share Offer, including risk factors, and the rules of The Northumberland Arms Community Society Limited. | <input type="checkbox"/> |
| Applicant | Joint applicant |
| Signature | Signature |
| Print name | Print name |
| Date | Date |

Please enclose a cheque payment made out to 'The Northumberland Arms Community Society Limited' and return the completed form by 17 September 2017 to the following address:

**The Northumberland Arms Community Society Limited,
c/o John Hibbs, 26 Compstall Road, Marple Bridge, Stockport SK6 5HG**

DO NOT SEND CASH.

By requesting I become an investor of The Northumberland Arms Community Society Limited I agree to my name, address, phone number, email address (where applicable), amount invested and number of shares allocated to me being held securely on a computer database. I understand that this information will be used for the purpose of maintaining a register of members and potential members as required by the rules of the Community Benefit Society, for the posting of notices regarding the activities of The Northumberland Arms Community Society Limited and will not be passed to third parties without your permission, except as required by law.