

SHARE OFFER DOCUMENT

To allow people within the community and beyond to invest in the Elmswell Tavern and become a shareholder

ELMSWELL *Tavern*



CONCEPT -
First thoughts on what your local might look like

TIME LIMITED SHARE OFFER

OFFER OPENS: 6th October, 2023
OFFER CLOSES: 31st December, 2023 or such date as may be advised but no later than 31st March, 2024
TARGET AMOUNT: We are looking to add to the current balance that stands at £185,150.



The more we raise, the better the pub

FOR OUR COMMUNITY

OFFER SUMMARY

- You are being invited to invest in **Elmswell Community Enterprise Limited (ECE)** through the purchase of community shares;
- ECE is a Community Benefit Society that has been established to refurbish, expand and run the Elmswell Tavern in Elmswell as a community pub;
- ECE is registered at the Financial Conduct Authority under the Cooperative and Community Benefit Societies Act 2014. Its Register number is 8589;
- ECE is aiming to raise the necessary money through a combination of the sale of community shares, the receipt of grants and other funding;
- Community shares will have a nominal value of **£50 each**;
- The minimum investment under this share issue is 1 share (£50). The maximum shareholding is 1,000 shares (£50,000). On allotment of shares, the total holdings by any individual shareholder will never exceed 10%;
- The share offer will be open to individuals, companies and organisations;
- **The share offer opens on the 6th October, 2023 and it will close on 31st December, 2023** or such earlier or later date as the Society may determine, but in any event will close no later than 31st March, 2024;
- **A detailed Business Plan setting out the proposal in full can be viewed on our website at www.elmswelltavern.co.uk**
Summary details are included in this document on pages 11 & 12;
- You should note that this share offer is not subject to the Financial Services Markets Act 2000, is not covered by the Financial Services Compensation Scheme and that investors will have no recourse to the Financial Ombudsman;
- You should be aware that the value of your investment could fall and that the amount returned could be lower than your investment.

The following pages are intended to:

- Provide information on Elmswell Community Enterprise Limited and how the share offer will work;
- Outline the project and its benefits for members and the community and
- Invite you to apply to buy Community Shares and help make this happen.
- This Share Offer document has been awarded the Community Shares Standard Mark. 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 community shares, the Community Shares Standard Mark and the Community Shares Unit go to www.communityshares.org.uk



If you are unsure whether to invest or not it is recommended that you consult with a professional advisor.

1. WHAT IS ELSWELL COMMUNITY ENTERPRISE LIMITED?

Elmswell Community Enterprise Limited (ECE) is a Community Benefit Society (CBS) established under the Cooperative and Community Benefit Societies Act 2014. It is owned and managed by the community for the benefit of that community. ECE is registered with the Financial Conduct Authority (FCA), Register No. 8589. It has not yet traded.

ECE was set up in order to operate the Elmswell Tavern public house in Elmswell under the terms of a proposed 99 year head lease agreement with the owners of the building, Elmswell Parish Council. In so doing ECE will aim to serve the interests of the residents of Elmswell through the provision of a range of relevant and inclusive services.

ECE will operate the Elmswell Tavern by employing an experienced manager and staff. The Management Committee (the MC) will work closely with the manager to ensure that the aims and objectives of ECE are met.

ECE has conceptual plans to renovate and enhance the current facility. Full details of these are set out in the Business Plan, which can be viewed on our website.

ECE's Constitution is set out in its Rules which are based on the Plunkett Foundation's Model Rules for Community ownership. The Society's Rules can be viewed on our website www.elmswelltavern.co.uk

ECE, as a CBS, is run as a not-for-profit organisation. All assets are locked into the CBS and used solely for community benefit with any surplus being re-invested in the business or used solely for the benefit of the community as a whole. The purpose of this 'asset lock' is to ensure that any retained surplus or residual value cannot be appropriated for the private benefit of members but is distributed to charitable local benefit. Having such a formal asset lock is important. It provides assurance that any surplus or any value remaining after a dissolution of the society (following the discharge of any debts and the repayment to shareholders of the nominal amount of their shareholding) cannot be distributed to the members / investors.

Children's play area



Open & airy



A cosy atmosphere



2. THE COMMUNITY SHARE OFFER - TERMS & CONDITIONS

This time-bound share offer outlines the opportunity to become a member of ECE by subscribing for shares in the Society.

The minimum share raising target is £100,000; the maximum is £500,000

Investing in community shares is a simple, direct and engaging way of supporting businesses that serve that community. Since 2009, and throughout the UK, 129,530 people have invested over £201m to support nearly 525 community businesses through 690 separate share issues. Many investors in community shares are first time investors. Community shares can save local shops and pubs, finance renewable energy schemes, transform community facilities, support local food growing, fund new football clubs, restore heritage buildings, and, above all, build stronger, more vibrant and independent communities.

You can join the project to create this community hub in Elmswell by subscribing for shares and becoming a Member.

Key aspects of the Community Share Offer and the attributes of a Community Benefit Society include:

- **Membership eligibility:**

Any individual aged 18 or above, company or organisation can apply to become a Member by completing the application form at the end of this document. Corporate and organisational Members will need to nominate an individual to exercise their voting rights. Applications to purchase community shares and become a member of the Society will be accepted at the MC's discretion.

- **Minimum and maximum investment levels**

Shares have a value of £50 each.

The minimum investment permitted is 1 share (£50) and the maximum 1,000 shares (£50,000).

This maximum is set to avoid the Society being deemed to be under the control of a small number of members and is in line with the sector's best practice. On allotment of shares the total holdings by any individual shareholder will never exceed 10%.

- **Members' rights and benefits:**

As a shareholder in ECE, you will be able to attend and vote at Annual Members' Meetings, you will be able to nominate other members to become members of the Management Committee (MC) and you will be eligible to become an MC member yourself.

- **Democratic structure:**

ECE is operated on a 'one member one vote' principle, regardless of the number of shares held by any member, as set out in its Rules.

- **Interest on shares**

Dividends are not payable on Community Shares but ECE plans to pay interest on all shareholdings at an interest rate proposed by the MC, based on the performance of the Society and put to a vote of Members at the Annual Members' Meeting. The aim is to pay an interest rate of 2% above the prevailing Bank of England base rate or 5% pa, whichever is the higher. The financial projections do not show any interest payments as any such figure is unpredictable and co-dependent on other factors.

- **Withdrawal of shares by Members**

Members may request to withdraw their shares by giving three months' notice of withdrawal to the Secretary of the Society. Shares cannot be withdrawn until at least three years have elapsed from the date the shares were issued and then only at the discretion of the MC. The MC will have the authority to refuse a withdrawal request if it would endanger the viability of the Society. If it is not possible to repay at that time requests will be held in a queue. In the annual financial accounts it will be made clear what reserve is available for share withdrawals in the following year.

Withdrawals cannot be made until trading year 4. Withdrawals in any one year will be limited to an amount not exceeding 5% of the total value of community shares outstanding at the end of the preceding financial year. Within the financial projections provided there are no withdrawals included at modest level and optimum level include 5K in year 4 and 10K in year 5.

The shares are not transferable, except that on death or bankruptcy shares with a nominal value of up to £5,000 may be transferred to a nominated beneficiary. The shares cannot be sold. If you wish, on the Application Form you may nominate a person to receive your shares upon your death.

Full details of share ownership and the terms of withdrawal are set out in Section 8 of the Rules of the Society, available on the website www.elmswelltavern.co.uk.

- **Enterprise Investment Scheme (EIS)**

ECE has received Advance Assurance from Her Majesty's Revenue & Customs (HMRC) stating that, based on the information provided, HMRC would be able to authorise ECE to issue Compliance Certificates under the terms of the Enterprise Investment Scheme (EIS) in respect of shares purchased by individuals, as is the case with many other Community Pub ventures.

The income tax relief available is an amount of 30% of the sum invested. This would mean that, if you invest £1,000 (for example), you would be eligible for a £300 offset against your income tax bill. Of course, this only works if you are an individual investor and income taxpayer. There are options to spread this over more than one tax year if the amount of tax you pay is less than the amount for which you are eligible.

Please note that ECE is not able to provide tax advice to investors and anyone who wishes to discuss this topic in detail is recommended to read the information available via the link below or seek professional advice.

View the following link to find out more: Gov.UK.EnterpriseInvestmentScheme

- **Sundry**

- o It is important to note the value of the shares will not increase. The only financial benefits for members are any interest paid annually and any initial tax relief that may be obtained.

- o As ECE benefits from limited liability, the maximum that an investor can lose is the amount of their investment.

- o In the event that, for whatever reason, ECE is wound up, shareholders would be repaid their investment after repayment of all debts. Any surplus remaining after such repayment would be paid to a charitable or community body.

- o If the share offer is oversubscribed the MC reserves the right to refuse part or all of an application for shares.

- o In the event that the minimum target amount is not achieved, any funds received will be returned to investors.

- o For future development of the scheme, or if a phased approach is deemed appropriate, future calls for capital might be made by way of a new community share offer.

It is important that you read this document carefully in full before deciding on whether you want to subscribe for shares. If you are unsure about whether to invest or not, we recommend that you speak to a qualified professional financial advisor.

You should be aware that this share offer is unregulated. It is not subject to FSMA 2000. Additionally, there is no recourse to the Financial Services Compensation Scheme nor to the Financial Ombudsman. This investment should be viewed primarily as an investment in the community.

In order to assist you in deciding whether to invest in ECE, copies of the Business Plan and the rules governing ECE are available on our website, www.elmswelltavern.co.uk and can also be requested from the Society's Secretary.

This offer for shares opens on 15th October, 2022 and will remain open until 2nd January, 2023 or such earlier or later date as may be determined by the Society, but in any event will close no later than 15th May, 2023.

A useful overview, packed with information and detail about community shares, can be found at www.uk.coop/resources/guide-investing-community-shares

ECE will promote this share offer to prospective investors through its extensive network of supporters on social media, by email, via printed leaflets and other means, including the newsletter published by the Elmswell Amenities Association.

3. BACKGROUND

Elmswell lies at the heart of one of the fastest-growing areas of the country and has a strong attraction for developers. The current tally of 2,019 households is mid-point to a 48% uplift in housing stock over the 10-year period from 2015. 20 years ago, the community had a small and aged village hall and no playing field. The combined efforts of the Parish Council, the Amenities Association, the Blackbourne and Wesley Management Association and, latterly, Elmswell Community Enterprise, together with Elmswell Community Land Trust has produced extensive social and sports facilities including the Wesley community space and coffee shop immediately adjacent to the Elmswell Tavern site at the physical heart of the village. The synergy between the Tavern and Wesley sites, coupled with the stated aim of developing affordable housing at the rear of sizeable Tavern plot, encourages the proposed Tavern pub development as part of a genuine community focal point.

There has been a public house on our site for some 180 years during which a dozen beer houses and hostelries have come and gone leaving just 2 pubs in Elmswell - the Fox, which currently thrives largely as a Thai restaurant, and the Tavern.

In recent years, Elmswell, although experiencing sizeable population growth, has seen the number of services, amenities and businesses decrease.

ECE has been established to help address these issues by ensuring that the village has a pub that is designed to meet the needs of the residents and has a secure future dedicated to serving that community. ECE has a Management Committee comprising an appropriately experienced and multi-skilled group of local people who have come together to realise these objectives. Details of the individuals involved are given later in this prospectus and in our Business Plan. ECE has not yet commenced trading.

In January 2019, Greene King, the then owners, secured Planning consent for the erection of dwellings on the extensive site and it was put to the market. Elmswell Parish Council, with

wide community support, succeeded in registering the building as an Asset of Community Value and in March 2020 purchased the whole site, including the pub as a going concern, for £805,000, having secured a loan from the Public Works Loan Board.

At that time, a group of 9 residents came forward to form Elmswell Community Enterprise Limited. In parallel with this initiative, Elmswell Community Land Trust has been formed to develop the area of the site on which the earlier Planning permission for dwellings was secured towards providing community owned and controlled affordable homes. There are clear synergies to be explored and the possibility of mutual benefits such as a ground source heat pump system feeding a community heating scheme to both holdings.

The team which has volunteered to take the Elmswell Tavern scheme forward comprises 2 licensed trade professionals with considerable local and national hands-on experience of the industry, 3 individuals currently running small businesses in the community and each with relevant training and skills including design, accountancy and team management, a recently retired local solicitor who founded and ran his own practice for many years, a retired entrepreneur and international business executive, a retired Quantity Surveyor with wide experience across building and construction trades and an individual with wide local authority experience who, until recently, ran a small business within the community for some 37 years.

It is anticipated that ECE will have the benefit of a long-term lease of at least 99 years. It will pay a lease rental which will be regularly reviewed. Initially it is anticipated that the annual lease payment will be £8,000 for the first year of operations rising to £15,000 annually for years 2-5 inclusive. The lease rent will be reviewed after 5 years. ECE will be responsible for all insurances required and for maintaining the condition of the building and the lease will be based on full-repairing terms.

ECE's aims are ambitious and designed to create a sustainable and economically viable pub.

Elmswell Parish Council is underwriting the costs of launching the ECE initiative, including through the current trading profile while the pub remains open and run by the Parish Council with an ECE member acting unpaid as the Licensee. The profits generated in this way will offset such costs which are scheduled by the Council for eventual reimbursement in its audited accounts.

ECE and EPC will continue to work closely together to ensure that this project succeeds and enhances the attraction of Elmswell for its existing and future residents.

Outdoor dining



Family friendly



Plenty of space to eat & drink



Simple & stylish

4. OUR MISSION AND THE PROJECTED BENEFITS TO THE COMMUNITY

The broad aims and objectives of ECE include:

- To create a pub for Elmswell residents that will be inclusive, accessible to all, address their requirements and be sustainable.
- To maximise community involvement and ownership.
- To make Elmswell an attractive destination for visitors.

ECE's overall vision is to create a socially focused and economically viable facility at the Elmswell Tavern that will provide a range of services and amenities for the benefit of the whole of our community.

ECE will involve its members and the wider community in its activities and its decision-making processes. The MC members are heavily involved across the community of Elmswell. We will continue to listen and learn. We will continue to network widely, including through the formal opportunity afforded by the monthly Newsletter and by formal consultation with groups and / or community meetings if merited with specific issues in mind.

ECE is clear about its Aims and Values which are:

- **To create a facility that is owned by the community for the community;**
- **For the community to have real input in setting the direction of the project;**
- **To promote social inclusion;**
- **To be financially sustainable for the long term;**
- **To have a community-focused approach;**
- **To be inclusive of all in the community;**
- **To proceed on the basis of the needs of the community;**

We have listened to what local people have told us they want and the aims and values listed above are the result of such consultations. ECE's task is to endeavour to meet those aspirations in coming years.

We have been made aware that the community strongly wishes the Elmswell Tavern to be an inclusive and welcoming pub providing traditional products in a comfortable environment.

This proposal represents a fantastic opportunity for Elmswell to further strengthen the vibrancy and sustainability of its community following on from the recent successful development at Wesley where a lively community facility thrives in and around the coffee shop and the activity spaces and which, being immediately adjacent to the pub, offers opportunities for co-operation towards the creation of a multi-faceted facility: a genuine community hub.

5. THE BUSINESS CASE

The full Business Plan is available from our website at www.elmswelltavern.co.uk and in hard copy on request.

However, an overview here is intended to satisfy many of the queries which will be raised.



OWNERSHIP FRAMEWORK

It is proposed that the Parish Council will lease the pub premises for 99 years or more to Elmswell Community Enterprise Limited (ECE) and set a re-viewable fair market rent with an initial 'soft start' reduction. ECE will appoint a management team with a brief to follow the community's stated aspirations with regard to the shape, style and scope of the service it offers.

The landlord who was in post when the Tavern was acquired as a going concern agreed to hold off his intended retirement until a suitable replacement was found. Since July 2021 the pub has undergone a thorough but superficial clean-up and revamp with the benefit of 1,000+ hours of community volunteer input. It is currently owned by Elmswell Parish Council and managed by ECE with a team headed by an experienced pub trade professional and applying the management style and objectives which inform the long-term community aspirations. This will be the case for the several months until vacant premises is required for building works to begin. The anticipated 9 -12 months of closure will see ECE advertising for expressions of interest in the management of an entirely fresh venture. Meanwhile, Elmswell Parish Council is liable for all profit and loss and ECE is currently dormant.

NEXT DOOR - THE WESLEY

The Victorian Wesley chapel building immediately adjacent to the Tavern site was restored and augmented by Elmswell PC on the village's behalf in 2020 and has fulfilled the aim of providing a community social hub at the physical heart of the village. The architect who designed and oversaw this project was successful in bidding for the Tavern scheme and has worked with ECE to produce a design brief which has already had a very favourable reception in a pre-application discussion with Mid Suffolk District Council. Wesley is an ideal venue for small receptions, weddings and social gathering but catering facilities do not extend beyond the excellent coffee shop and the community would hope to be able to effectively offer complementary provision between the 2 sites - literally 20 paces apart. Therefore, although, very clearly a pub, the Elmswell Tavern proposal offers reciprocal facilities working together with Wesley towards fulfilling the crucial social cohesion which was in danger of being lost as the community mushrooms well beyond the traditional parish footprint. The aspiration for community-led affordable housing on the Tavern land further binds the project into a community envelope.

CONCEPT COSTINGS

Refurbishment & new-build costings have been carried out by the 3 team members with appropriate qualifications and experience based on the design brief which has been envisaged at 2 levels.

- To achieve a full concept design specification would need £980,000 (Optimum level)
- To achieve an acceptable revamp including food service £470,000 (Modest level)

These amounts include an allowance for working capital to go into the business. Our initial target and the purpose of this share offer is to be in a position to execute the Modest project. This will result in an attractive facility for the community and enable us to meet the key objectives and aspirations highlighted in our extensive public consultations. Once the Modest project has been completed, we would subsequently work towards achieving the 'Optimum' project. This would involve a further round of financing which may require a further issue of community shares. Plans for any future share issue would be presented to the shareholders for approval.

Scope of 'Modest' project.

This level would, within the budget allowed by the result of this Share Issue, comprise equipping the pub to prepare and serve food, expanding the core building to provide restaurant facilities and upgrading the facilities, décor and fixtures & fittings to suit the expectations of the broader range of customers which these works would attract.

Scope of the 'Optimum' project.

This level would build on the basic 'modest' provision to increase the scope for dining up to 50 covers indoors with the capacity to service the same number of customers in the expanding seasonal outdoor trade. It could consider the possibility of space dedicated to 'games room' facilities serviced from the bar but sufficiently separate so as not to disturb other customers.

FUNDING THE CONCEPT

It is planned to raise the funding for the project from two main sources:

1. The Community Share Offer
2. Funding through Elmswell Parish Council by way of grants and capital already held and dedicated to capital improvements in the community.

This share offer seeks to raise up to a maximum of £500,000, with a minimum target of £100,000. Additional funding through EPC would then be made available as above. An estimated figure of £400,000 is suggested purely for the purposes of the concept exercise.

The following table shows the sources of funding for the Modest project (Minimum and maximum amounts).

Source of capital	Minimum	Maximum
Community share issue	£100,000	£500,000
Elmswell Parish Council	£400,000	£400,000
Other funding		£100,000

The table below shows the application of the funding.

Leasehold improvements		
Building renovations/improvements	385,000	
Fees/ professional costs	50,000	
		435,000
Fixtures & fittings		
Equipment purchases	42,000	
Cash introduced/ working capital	23,000	
		65,000
Total funds applied		500,000

If the minimum amount of £100,000 is raised, this would enable ECE to progress with a basic version of the Modest project. If the share issue raises less than the minimum amount, the amount raised would be returned to investors.

EPC has confirmed its willingness to support the project and would initially do so to the extent of ensuring that the modest project could proceed, subject to the minimum share capital target having been achieved.

In the event that the share issue raises more than the minimum but less than the maximum, EPC will consider the extent to which it may subsequently be able to support ECE with more funding in order to enable the Optimum project to proceed.

EPC is able to offer such support because it has reserves accrued with community development specifically in mind. EPC also continues to benefit from proceeds from the Community Infrastructure Levy. The Council has also demonstrated willingness to draw again upon the Government's Public Works Loan Board if necessary. This would always require community approval, as was the case when the site was purchased.

In addition, there are external funding sources which may be available such as the Co-op Community Shares Booster Programme. These are being explored and will be applied for, where appropriate.

THE FINANCIAL PROJECTIONS

The detailed figures which are included in the Business Plan are based on current third-party trading records as provided by the 2 pub professionals on the team, as well as EPC's experience of running the pub since 2021. ECE is aware of the community's understanding that the bottom line may not be set at a commercial maximum and that an element of 'community premium' must be built in.

A summary of the projected financial performance for the Modest project is given below. Full details – including projected cash flows, profit and loss statements and balance sheets - are given in the Business Plan which can be viewed on our website www.elmswelltavern.co.uk

These projections are set out on two bases:

1. The share offer raises the minimum amount of £100,000 with an indicative £400,000 being provided by the EPC. This is effectively the worst case;

Minimum level projections

	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	£349,200	£448,200	£608,700	£650,200	£701,000
Purchases	£126,000	£162,400	£222,300	£237,000	£255,800
Gross profit	£223,200	£285,800	£386,400	£413,200	£445,200
Operating expenses	£228,500	£280,700	£354,000	£376,500	£399,600
EBITDA	-£5,300	£5,100	£32,400	£36,700	£45,600
Interest	£0	£0	£0	£10,000	£10,000
Tax	£0	£0	£0	£0	£0
Net profit/loss	-£5,300	£5,100	£32,400	£26,700	£35,600

2. The share offer raises £500,000 augmented by a Parish Council - sourced contribution of up to £400,000 and this is effectively the best case.

Maximum level projections

	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	£582,000	£747,000	£1,014,500	£1,083,630	£1,168,330
Purchases	£210,050	£270,650	£370,575	£395,000	£426,300
Gross profit	£371,950	£476,350	£643,925	£688,630	£742,030
Operating expenses	£364,330	£452,060	£574,115	£608,870	£645,960
EBITDA	£7,620	£24,290	£69,810	£79,760	£96,070
Interest	£0	£0	£0	£10,000	£10,000
Tax	£0	£0	£0	£0	£0
Net profit/loss	£7,620	£24,290	£69,810	£69,760	£86,070

The key assumptions used in developing the financial projections are set out in detail in the Business Plan. In summary, they reflect the considered assessments of the 2 hands-on licensed trade professionals on the ECE team together with 12 months of direct management of the Elmswell Tavern as a wet-sales-only pub. The continuing success, both locally and nationwide, of the community pub concept reinforces confidence in a projected positive Profit-and-Loss prediction from year 3 in the worst case scenario and year 1 in the best case. The 2 trading profiles are reflected in the rental levels used for projection purposes.

If the minimum share level is not achieved, any capital raised would be returned to investors. A successful venture will remain open to financial input from future share issues towards specific targets.

DAY-TO-DAY MANAGEMENT

In terms of day-to-day arrangements, ECE's elected MC will be responsible for the overall running of the Company and will report back to Members formally at the AGM. This, together with an Annual Report and regular updates on progress, plans and activities related to Elmswell Tavern, will be a regular monthly feature in the Elmswell Newsletter. The MC will set the strategy of ECE

The Tavern managers, appointed by the MC and who will be responsible for day-to-day operational matters and for realising the strategy of the Society, will be invited to all MC meetings. A remuneration package will be negotiated with the managers, in part based on their and the pub's performance.

COMMUNITY OWNERSHIP

ECE was originally inspired by and continues to be advised by the Plunkett Foundation. It was clear that the previous site owner, Greene King, might follow the well-trodden path of lack of input so as to render the pub business unviable opening the door to the possibility of conversion to residential use. It was obvious that the potential of the Tavern had been massively under-explored and not developed over several recent years, a matter of managed decline. Local and national experience suggested that community ownership could break this cycle of deprivation. Plunkett figures and case histories suggest that such ventures have prospered. Local examples are numerous and have been well explored. To test their hypotheses, the steering group has made presentations to a range of community groups in the village and has maintained a monthly presence, including a detailed 4pp A4 mail drop through the Elmswell Newsletter which goes to over 2,000 households and to local businesses. Permanent displays at the 2 major community facilities at Wesley and at Blackbourne have invited questions and comment. The result has been overwhelming support. There is a wide acknowledgement that there is a need for what the Tavern proposes, being family friendly, spacious multi-room spaces with access to sheltered outside facilities and, unspecified but oft-mentioned, 'good pub grub', frequently qualified by the phrase, 'not gastro-pub'. Encouragingly, this accords with the initial brief and with the concept design which will be taken forward.

SUPPORT SO FAR

All current MC Members must have an input by way of share purchase. In addition, as a result of the wide public interest generated, there have been approaches from individuals in the community including at the consultation events, confirming interest and pledging support. The group has received unsolicited expressions of interest which suggest that the yield from the share offer will offer a substantial financial base on which to build.

IN SUMMARY, therefore;

The Group feels confident in recommending to potential shareholders the figures which inform the Cash Flow Projection. Two of their number are serving pub-trade professionals of long standing and with extensive experience both locally and nationwide. They have access to current management figures from a wide range of hospitality venues, pubs of all shapes and sizes catering for the whole range of differing public tastes and including well-established community pubs. These figures have formed a firm and realistic base for the financial assessment process. The Group also includes individuals with extensive and differing business experience, ranging from international manufacturing on a multi-million turnover scale to local enterprises serving Elmswell and other local communities for many years. The skills brought by others include many aspects of Law, Arts & Entertainment management, design, accountancy, and project administration.

Specific expertise has been afforded by The Plunkett Foundation (www.plunkett.co.uk), the national charity supporting rural communities across the UK to develop and safeguard valuable assets and businesses. Plunkett has provided to the Elmswell group practical advice, support and seed-corn finance as it has done to over 600 businesses, including community pubs, for many years.

The project starts with a distinct advantage not enjoyed by many other community pub schemes. The property is owned, lock stock and barrel by the Parish Council on the community's behalf. It was purchased as a going concern and continues to trade profitably pending the anticipated closure for the project building works to take place. The funds that are sought are for the refurbishment of the Victorian core building together with a new-build scheme offering the opportunity to widen the customer appeal as has been suggested in the various consultations that have steered the process.

Elmswell has enjoyed considerable growth in its community assets over recent years. This has benefitted from the very close congruity between the various representative organisations which serve Elmswell. Such co-operation has allowed the transformation from a single village hall towards today's facilities including extensive meeting, social and sports facilities at the Wesley and at Blackbourne, various other village assets and including, latterly, the purchase of the Elmswell Tavern and site by the Council to be developed by ECE and the Elmswell Community Land Trust.

The long-standing and well-established proven commonality of purpose allows co-operation to the extent that Elmswell Parish Council has reserves in hand which will be available to support the Tavern project.

Two further considerations commend the scheme for serious consideration by potential investors:

- You are basically buying into a long-term Head Lease which retains value over the lease period. This value is enhanced in consideration of the very real prospect that it serves a flourishing enterprise benefiting from professional renovation and new-build expansion in the middle of a thriving fast-growing village under considerable development pressure and subject to ever-upward increases in property and land values.

- Elmswell Community Enterprise has received Advance Assurance from HMRC that this share issue will benefit from the Enterprise Investment Scheme (EIS). Dependent upon individual tax status, the income tax relief of 30% means that if you invest £1,000 (for example) you would be entitled to a £300 offset against your income tax bill. Of course, this only works if you have paid or are due to pay that much tax, but there are options to spread over more than one tax year. Details of the scheme can be found at: Gov.UK.Social Investment Tax Relief. [Details of the scheme can be found at Gov.UK.EnterpriseInvestmentScheme] Other useful sources of information can be found at <https://www.gov.uk/guidance/venture-capital-schemes-tax-relief-for-investors> or at <https://www.getsitr.org.uk/investors>

Ultimately the Tavern we end up with will be determined by the support of the community to this share issue.

Hence the strap line on the front of this document –
'The more we raise, the better the pub.'

A first concept sketch of the site plan



Entertainment & live music



A space to meet friends



Beautiful outdoor spaces

6. HOW IS THE ELMSWELL COMMUNITY ENTERPRISE LIMITED MANAGED?

As a Community Benefit Society, ECE is run on a democratic basis where each member/shareholder has a single vote when appointing and removing Management Committee (MC) Members and having a say in how the Society is run. The elected Chair of the MC has a casting vote in the case that there is an equality of votes.

The MC has overall responsibility for running the Society in line with the direction set by the Members.

The current MC comprises 11 members who believe it is vital to promote this project to enhance the future well-being of the village and its residents.

Shareholding members appoint and can remove MC Members. The MC will set the strategic direction of ECE. All members are entitled to stand for election to the MC.

MC Members will receive no benefit from ECE over and above that received by any Member of the Society. They receive no remuneration and have already spent considerable time and effort working towards the creation of ECE and the future of the Elmswell Tavern.

The MC Members will adhere to the terms of the Code of Conduct attached to the Model Rules, which can be viewed on our website -www.elmswelltavern.co.uk No MC Member has any conflict of interest with ECE.

The Management Committee Members currently are:

David Barker, David Brown, Peter Dow, Peter Hancock, Olly Jackson (CH), Chris Layton, Paul McIntee, Fred Pallett, Philip Shaw, Andy Stevenson, Matthew Wilson.

A brief biography of each forms part of the Business Plan available online at www.elmswelltavern.co.uk

Between them, they have run, and do run, businesses in Elmswell, have considerable corporate, business, legal and financial professional experience including in the licensed and hospitality trades and the arts together with skills in the construction industry and in design.

An experienced licensed-trade professional will be appointed to manage the pub on a day-to-day basis.

This is a model that other community owned and operated pubs are widely using.



*We are
passionate to
build something
wonderful
with our
community*



A lovely large outdoor space to gather

7. FREQUENTLY ASKED QUESTIONS

Questions you may have regarding buying shares in ECE

Why should I buy community shares?

We need your investment to help create a valuable community asset. Without sufficient investment from the community we will be unable to develop and operate the Elmswell Tavern as a community focused pub serving the needs of the local community.

.....

Are only Elmswell residents able to buy shares?

We welcome income from all sources, near and far, although, clearly, Elmswell residents present and future will be the major beneficiaries.

.....

Why are the people behind ECE taking on this challenge?

The Management Committee currently comprises a group of local residents. They care keenly about the future of Elmswell. They will also be investing in this share issue. They will have no personal financial interest in the project, above and beyond their own investment in community shares. They have contributed a large amount of time to the project so far at no cost to ECE and are pledged to continue towards realising their ambitions for the scheme.

.....

Who will make the day-to-day decisions about the business?

The Management Committee will oversee ECE and ensure it achieves the stated vision and aims and that it is run in line with the values set out in this document. Day-to-day decisions about the operations of the pub will be made by the manager. There will be an open and regular dialogue between the Management Committee and the manager and between the Management Committee and the members.

.....

Will the business be viable?

We have forecast that the ECE will be financially viable. We have prepared our financial projections based on calculated estimates shown in the Business Plan. The experience of many other community pub ventures is very encouraging and Elmswell is better placed than most to make ours a success. 3,500 residents live within a 10 minute walk of the Elmswell Tavern.

.....

Will my shares give me voting rights?

Yes. A Community Benefit Society is an open and democratic organisation. One member receives one vote on issues determined at shareholder meetings, irrespective of how many shares that member has purchased. All members are eligible for election to the management committee.

Will I receive interest from my shares?

The Society can only pay interest out of its trading profits and the rate of interest cannot exceed the higher of 5% or 2% above the Bank of England Base Rate. Interest will be payable if the business generates enough surpluses, if the payment of interest will not have an adverse effect on the ability of the Society to continue and if payment is approved by Members at an Annual Members' Meeting, following a recommendation from the Management Committee. Interest will be paid gross and it is each member's responsibility to declare such earnings to HMRC if appropriate. The financial projections as provided do not include any interest payments for the first 5 years as interest is dependent on the trading profile.

.....

Can I get my money back?

You can have your money back after ECE has traded for 3 years. Thereafter you will need to give at least three months' notice of your wish to withdraw shares. Shares can neither be sold nor transferred to someone else excepting in the event of the holder's death or bankruptcy. Withdrawals must be funded from surpluses generated by the business or from new share capital raised from members. The Management Committee may decline requests for withdrawals depending on the long-term interests of the Society, its need to maintain adequate reserves, and the broader needs of our community. Withdrawals in any one year will be limited to an amount not exceeding 5% of the total value of community shares outstanding at the end of the preceding financial year. Within the financial projections provided there are no withdrawals included at modest level and at optimum level include 5K in year 4 and 10K in year 5.

.....

What happens if the ECE fails?

Should the business fail, all assets 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. You should bear in mind that ECE will have a very long lease on the Elmswell Tavern, the value of which will be reflected in our financial statements and which would be available for sale in the event that ECE fails

.....

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

This share offer is first and foremost an investment in your community. The investment is unregulated and not covered by the Financial Services and Markets Act 2000. Furthermore, there is no right of access to the Financial Services Compensation Scheme or to the Financial Ombudsman.

.....

How can I purchase shares in ECE?

To buy shares in ECE and take part in this exciting opportunity, please complete the Application Form on the back of this document. The share offer is open on 6th October, 2023 and will end on 31st December, 2023.

If I want more information, who should I be in touch with?

Secretary to the ECE, The Blackbourne, Elmswell IP30 9UH
elmswelltavernshares@gmail.com

More information is also available on our website www.elmswelltavern.co.uk including the Business Plan and the Rules of the Society.

To talk through any questions which arise or to have more details, please email:
ECE c/o The Secretary, at elmswelltavernshares@gmail.com or telephone 01359 244134

If we don't have the answers, our retained advisers at the Plunkett Foundation are on hand with expert advice gained from the many such schemes which they have guided to success

Please cut out this back page and fill in the application form overleaf to apply for shares

Please don't hesitate to contact us if you have any questions



APPLICATION FOR MEMBERSHIP

If you wish to become a member of Elmswell Community Enterprise Limited ('ECE') by buying shares and thus investing in a Community Benefit Society, please complete the form below and return it to the following address:

Elmswell Community Enterprise Limited, Blackbourne, Blackbourne Road, Elmswell, IP30 9UH

Name(s): *PLEASE PRINT*

Address:
.....

Email address:

Please tick this box to confirm ECE may use this address for formal communications

Phone number(s):

For corporate bodies, provide details of a nominee:*

Company registered address:*

.....

Company registration number:*

In the event of my death I wish my shares, or the value thereof, to be transferred to:
(optional)

.....

Number of shares I/we wish to purchase

Value of shares you wish to purchase (shares cost £50 each): £

Payment should be made either:

- *by cheque drawn on a UK bank regulated by the Financial Conduct Authority payable to Elmswell Community Enterprise Limited. **Please enclose your cheque with this application;** or*
- *by direct transfer from a UK bank regulated by the Financial Conduct Authority to ECE's bank account, as follows:*

Account Name: ELMSWELL COMMUNITY ENTERPRISE LIMITED

Sort Code: 08-92-99

Account Number: 67224900

Reference: '**Your name**'

Please tick the box to confirm payment has been made directly to our account

Tick this box if you are a UK taxpayer and you wish to claim tax relief on your investment under the EIS scheme (see FAQ's)

By requesting to purchase shares, I agree to my name, address, phone number(s), email address (where applicable) and the number of shares I wish to purchase being held on a computer database. I understand that this information will be used for the purpose of maintaining a register of members as required by the rules of ECE and for posting of notices regarding the activities of ECE.

This information will not be passed to third parties. ECE reserves the right to require verification of the identity of any person wishing to invest, in compliance with UK Money Laundering Regulations.

I confirm I am 18 years of age or older:

Signed: Date:

*Please note: a Share Certificate will be issued after the share offer is closed. *If applicable*