

## SECOND SHARE OFFER

by  
The Mortimer Community Benefit Society Limited

## PROSPECTUS



The Mortimer CBS owns The Bell at Yarpole  
**A 16<sup>th</sup> Century pub and restaurant at the heart of the village**  
whose tenants are the talented duo Nick Reed and Dominic Brand



## 1. INVITATION

### Growing the Membership of our Community Benefit Society

No membership ever remains static – death may account for a (hopefully) small number of member losses, and some people may move away or wish to stop being a member for other reasons.

The Rules of the Society require there to be a strategy for maintaining and increasing member numbers in order to provide additional reserves and strengthen the organisation. The MCBS's documented Membership Strategy is a road map for achieving these goals, and one option available in the Strategy document is to hold a **Share Offer**. The purpose of this document is to give details of such an offer.

### Did you miss out last time?

#### Perhaps

you were uncertain about subscribing to the venture – at a time before anyone knew whether we would actually succeed in buying The Bell? Well, we did it! Between



them, our 242 members saved their village pub, a great achievement for a small rural community, and testament to the enterprising and collaborative character of the residents, and of supporters from outside the area.

#### Or maybe

you felt the first tenancy didn't reflect your hopes for the enterprise? We have come through a challenging couple of years and, with Dom and Nick now having begun a 5-year tenancy there is every reason to be enthusiastic about the future.

### Could you buy just one more share for £50?

There are currently 242 Members of the Society. If each one of us increased our shareholding by just £50, we would raise £12,100!

### A loyalty scheme is in the pipeline – members participate to win rewards

### You'll be in good company

The Committee has recently received share requests from members of another community group that bought its own pub, and also a significant request from an existing shareholder to increase the number of their shares. This is a wonderful validation of our Society and its achievements to date and, if you haven't yet become a member, we hope you will want to join us.

## 2. SUMMARY

### This is an invitation to participate in the MCBS Second Share Offer

- You are invited to become a Member of The Mortimer Community Benefit Society Limited ('MCBS') through the purchase of Shares
- MCBS owns The Bell at Yarpole, the village pub, which is let to a tenant as a Free House
- This document should be read in conjunction with the MCBS Second Business Plan
- The Second Business Plan, dated June 2020, is available to view on the Society's website, [www.themortimercbs.org](http://www.themortimercbs.org) or a hard copy may be obtained from any member of the Management Committee

### Objectives of the Second Share Offer

- To strengthen and grow the number of MCBS Members, in line with the Membership Strategy
- To reduce debt and increase capital reserves, as explained in the Second Business Plan

### Opening & Closing Dates

- The Second Share Offer opens on 01/11/20
- The closing date is 30/04/21 or such later date as the Management Committee may determine

### Who can apply?

- **Individuals.** See paragraph below for Minors
- **Organisations**
- **Existing Members** or **Organisations** adding to their shareholding
- **Applicants** on behalf of **Minors.** The Applicant must be above the minimum age limit of 16, and the shares will be held by the Applicant on behalf of the minor. The minor's date of birth will be recorded and the shareholding will be automatically transferred to them on their 16th birthday. It is important to note that in this instance the Applicant is the member and not the minor and that multiple applications by a member will not enable that member to have more than one vote. However, upon reaching their 16th birthday the minor will become a member and will have a vote
- If the Share Offer is oversubscribed, the Management Committee reserves the right to refuse part or all of an application for Shares or scale back applications on such basis as it decides at its discretion

### Cost of Shares

- Shares cost £50 each, but please note the two following points
- First-time purchasers must buy the **minimum** number of **five** shares, for £250
- Existing members can add any number of £50 shares, up to a maximum total holding of £50,000

### How to Apply for Shares

- The Share Application Form is available via our website, [www.themortimercbs.org](http://www.themortimercbs.org) or from any member of the Management Committee
- There are hard copies available at the MCBS's registered address, which is: MCBS, Yarpole Village Shop, Green Lane, Yarpole, Leominster HR6 0BD
- There is also a Share Application Form contained within this prospectus
- Certificates will be issued to every purchaser

### 3. ABOUT THE MORTIMER COMMUNITY BENEFIT SOCIETY LTD, ('MCBS')

#### Introduction

- MCBS is a limited-liability Community Benefit Society, incorporated in June 2018 and is registered with the Financial Conduct Authority under Number 7793
- It is a democratic organisation that operates on the principle of “one Member one vote” regardless of the number of shares held
- By buying Shares you become a Member of MCBS

#### Background

- MCBS was formed in order to buy The Bell at Yarpole, the pub that sits at the centre of the village, to refurbish it, and then engage a tenant to run the pub. This was achieved by means of the First Share Offer, which to date has raised £245,000 from shares and £2,500 from donations
- In order to achieve the objective, the amount raised in shares by September 2018 was augmented by generous private loans. More detail on this, on the story of the purchase and refurbishment of the pub, and on the first and second tenancies, is set out in the Second Business Plan, which is available on our website [www.themortimercbs.org](http://www.themortimercbs.org) or can be requested from a member of the Management Committee

#### Reasons for having a Second Share Offer

- Firstly, the initial share offer required top-up from private loans to achieve the purchase and initial refurbishment of the pub. Reduction of these is now a priority
- Secondly, the Management Committee wishes to increase cash reserves in order to be ready to meet repair costs and other eventualities
- Thirdly, MCBS's Membership Strategy is designed to ensure an ongoing level of financial and customer support and to compensate for natural rotation by drawing new members into share ownership in the Society

#### Benefits of being a member of MCBS

- Being part of a strong local community group (which also includes global diaspora and alumni!) with a common interest in safeguarding one of the key elements of the traditional English village, the pub
- Having a say in the direction in which The Bell at Yarpole develops as an amenity for the community
- Receiving regular bulletins on the activities of MCBS and the progress of the enterprise
- Attending Annual Members' Meetings\* to understand MCBS's finances, objectives, challenges and achievements
- The possibility of receiving interest on your shares in due course, as explained below

\*Due to the Covid-19 pandemic, the 2020 Annual Members' Meeting will take place by 'Zoom', an invitation to which was circulated to all Members on 20<sup>th</sup> September 2020

## 4. ABOUT SHARES IN MCBS

### Type of Shares

- Shares represent a long-term investment, to support an amenity of great value to the community in which it sits
- The shares do not pay dividends, however members may receive some interest, as below
- Shares are not transferable except on death or bankruptcy and cannot be sold to third parties
- Shares do not fluctuate in value and are therefore not speculative in the sense of capital gain
- If The Bell Inn is ever sold, for whatever reason, the shareholders will be repaid their investment after the settlement of any MCBS debts. Any surplus beyond this would be paid to a charitable or community body in line with the Rules of the Society and therefore no individual can make a financial gain from the sale
- Please seek independent financial advice if you are undecided about investing in this share offer

### Interest on Shares

- The primary benefit of share ownership is the continued existence of a pub in the centre of our community and the democratic control of its future by the membership
- No interest will be paid to shareholders in the first three years to allow MCBS to establish and consolidate its financial position through rental received from a successful tenant of the pub
- During the early years investment is needed for the refurbishment, repair and maintenance of the property, which requires considerable resources. Details can be found in the Business Plan
- From Year 4 it may be possible to pay interest and this would be at the discretion of the Management Committee. It will depend upon the performance of and the financial position of the MCBS at the time and therefore is not guaranteed
- Any interest payment will be proposed by the Management Committee and put to a vote at the Annual Members' Meeting
- The maximum rate of interest under MCBS's rules is 5%, or 2% above the Bank of England base rate if that is greater
- Interest payments will be paid gross to the member and it is each member's responsibility to declare such earnings to HMRC if appropriate
- Investment in shares in MCBS may qualify for 'business relief' under inheritance tax rules but MCBS cannot advise on tax matters

### Withdrawal of shares

- Investors may request to withdraw their shares by giving three months' notice of withdrawal to the Management Committee. 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 Management Committee
- 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 MCBS's commitment to community benefit
- If a number of people want to withdraw their money in a particular year, then it is the case that not everyone will necessarily be able to withdraw their money in that year. In those circumstances, the repayments will be made in the order in which notice to withdraw was received

## 5. MEMBER RISKS

- You should be aware that this Share Offer is unregulated. It is not subject to the Financial Services and Markets Act 2000 and therefore there is no recourse to the Financial Services Compensation Scheme nor to the Financial Ombudsman
- MCBS benefits from limited liability, therefore the maximum that an investor can lose is the amount of their investment
- Your investment is in the physical property rather than in the pub trading business. (The two share a link in that, the more successful the pub is as a business, the greater the market value of the property becomes should it ever have to be sold as a going concern)
- If MCBS were forced to sell The Bell at Yarpole and there were no surplus after repaying creditors and loans then MCBS could not in those circumstances repay some, or all, of your share capital
- The Management Committee believes that this is extremely unlikely for the following reasons:
  - i. When buying the pub, a valuation and a building survey confirmed that an appropriate price had been paid. At that time the pub was closed and run-down. The fabric of the property has since been improved and it is once more an open and trading business
  - ii. The projections in the new tenant's Business Plan indicate that the pub can be profitable, providing steady rental income to MCBS
  - iii. MCBS will not be trading as a pub business so there can be no trading losses for the Society from the pub business. Investors will not be liable for the activities of the pub tenant should the tenant's business fail
  - iv. The plot of land that The Bell Inn occupies is of considerable value. Should the enterprise fail completely it is unlikely that monies realised from the sale could not cover the Society's liabilities

## 6. The 'Asset Lock'

An 'Asset Lock' is set out in the Rules which means that there can be no windfall redevelopment returns. If the pub should cease trading and if the land and buildings are not usable for alternative community enterprises, and if the site were sold and/or redeveloped, any surplus (after paying creditors and repaying share capital) must be used for the benefit of the community. Any investment should therefore be considered an opportunity for individuals to contribute financially to the community, with the specific goal of helping to keep The Bell Inn open, rather than receiving a substantial financial reward.

## 7. MCBS MANAGEMENT STRUCTURE

### The Rules

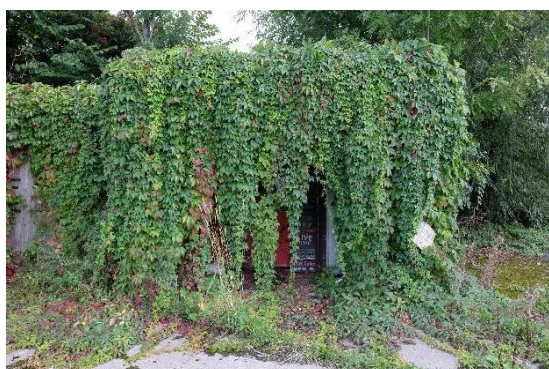
- MCBS has adopted a set of Rules developed by The Plunkett Foundation, a charitable trust established in 1919 to help rural communities through co-operatives and community-ownership
- Governance of the MCBS in accordance with The Rules is carried out by a Management Committee elected from among the Members
- A copy of the Rules is available on our website [www.themortimercbs.org](http://www.themortimercbs.org)
- The Rules form an important document that defines your rights as a member and investors are encouraged to read them

### Governance

- The Management Committee is responsible for managing the affairs of MCBS in the same way as a board of directors is responsible for managing the affairs of a limited company
- The Management Committee:
  - i. Organises and supervises the maintenance, repair and ongoing refurbishment of the structure of the pub. Maintenance of the interior is managed by the tenant under the terms of the Tenancy Agreement
  - ii. Appoints the tenant of The Bell Inn
  - iii. Monitors and manages MCBS's financial affairs
  - iv. Oversees the lease and manages the relationship between MCBS and the tenant
  - v. Recruits new tenants if required
- The Committee does not interfere with the day-to-day running of the pub's business although it is available to assist with support and advice if required and so qualified
- The current Management Committee members are:

Marianne Taylor, Chair  
Jim Ainsworth, Vice Chair  
Samantha Morgan, Treasurer  
Alex Jenkins, Company Secretary  
Jeff Woodfield, Member

8. A SMALL REMINDER OF HOW FAR WE'VE COME..





## SHARE APPLICATION FORM

If you wish to increase your shareholding, or to become a member of the Mortimer Community Benefit Society by buying shares, please complete the form below and return it to: **The Treasurer, MCBS Limited, c/o Yarpole Village Shop, Green Lane, Yarpole, Leominster, HR6 0BD**

### APPLICATION DETAILS

Applicant's name:	
Minor's name (if appropriate)	
Applicant's address:	
Email:	
Phone number(s):	
Number of shares you wish to purchase (please read details in the Summary on Page 3):	
Total cost of shares applied for:	£

### PAYMENT

**EITHER** by cheque payable to The Mortimer CBS Limited  
**in which case please enclose your cheque with this Application**

**OR** by direct transfer to MCBS's bank, using your initial and surname as reference.  
**If using this method, please also send this Form to MCBS at the address at the top of the page and tick this box  to confirm payment has been made direct so that it can be matched to your application**

BANK: The Co-Operative Bank, SORT CODE: 08-92-99 ACCOUNT: 6585 5368

By applying to become a member of the Mortimer Community Benefit Society Ltd (MCBS) you agree to your name, address, phone number/s, email address where applicable and the number of shares you wish to purchase being held on a computer database. By signing this application form you are confirming that you 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 MCBS and for posting of notices regarding the activities of MCBS. **This information will not be passed to third parties.** By signing below, you also confirm that you are over the age of 16 years.

I hereby apply for the number of shares referred to above as described in the Prospectus to which this form is attached and in the Rules of The Mortimer CBS Limited

Signed: ..... Date: .....