



The Mortimer Community Benefit Society Ltd.

Share Prospectus

This document should be read in conjunction with The Mortimer Community Benefit Society Ltd [Business Plan](#)



The Society is a limited liability Community Benefit Society (formerly known as an Industrial & Provident Society) using Model Rules developed by The Plunkett Foundation (a charitable trust established in 1919 to help rural communities through co-operatives and community-ownership).

The Mortimer Community Benefit Society Ltd (register no. 7793) was incorporated in June 2018, and is a democratic enterprise registered with the Financial Conduct Authority (FCA). In its Rules is embedded the principle that should the Society achieve a surplus beyond that required to meet its liabilities, improve the facilities and ensure the future of the business, this will be made available for distribution to other community or charitable projects. A copy of the Society Rules is available on our website www.themortimercbs.org or can be requested from a member of the Committee.

The Society is a democratic organisation that operates on the principle of “one Member one vote” regardless of the number of shares held.

The Rules are an important document that defines your rights as a member. Investors are encouraged to read them.

Our intention is for The Mortimer Community Benefit Society Ltd to raise sufficient funds to be able to acquire and refurbish the Bell Inn at Yarpole. We aim to raise a total of £450,000. We intend to raise £350,000 through community shares, and the balance from commercial loans and grants. We would then lease the business to a tenant, who will run the The Bell Inn and pay rent to the Society. The Committee will set the broad policy direction for the business and agree key targets with the tenant, including certain aspects which community feedback has shown to be important. Beyond that, however, the tenant will be left to manage and operate the business as they see fit. Our vision is that the pub will become a true social hub, providing facilities and services that bring the community together.



Opening & Closing Dates

The opening date for the share issue is **27/07/18** and the closing date is **17/08/18**.

Limited Liability

This is a limited liability entity. It is considered very unlikely that investors could lose their money as the investment is in the land and buildings which could be used to the advantage of the community if the enterprise failed. Investors will not be liable for the activities of the pub tenant should their business fail. The intended community benefit is that the community has a pub, which can be developed into a wider community asset, offering a range of additional services (as per the [Business Plan](#))

The Share Issue

The share issue has been designed to give individual investors and organisations the opportunity to contribute financially on a long-term basis to the business of The Mortimer Community Benefit Society Ltd. Our expectation is that shareholder members will largely come from the local community and surrounding area but we would also welcome and encourage subscribers from further afield.

Who can apply

Individuals (aged 16 years and over) and organisations can apply for membership by buying shares at a cost of £50 per share with the minimum investment set at £250 and the maximum investment £10,000 per person or organisation. Shares may be purchased in any multiple above £250 provided they are bought in blocks of £50.

Shares can be purchased on behalf of people under the age of 16 but the applicant must be above the minimum age limit. In this case the shares will be held as by the purchaser on behalf of the person under 16 years old. 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.

Where to Apply For Shares

The Share Application Form is available via our website – www.themortimercbs.org – or from any member of the Committee. There is an [Application Form](#) contained within this prospectus. Monies will be held in trust until the share offer is fully subscribed, then certificates will be issued to all members. Should the share offer fail to reach the prescribed target, then all monies will be refunded in full to subscribers.





You can also apply for a Share Application Form by post to:-

Mike Bending
Treasurer
The Mortimer Community Benefit Society Ltd
Malthouse
Bircher
Leominster
HR6 0BN

If we cannot raise enough through capital grants, loans, shares, and other means, or if we are unsuccessful in our bid to purchase the property, the share investment will be returned in full. Until then shareholder funds will be held as restricted funds and not used for any other purpose.

Transfer & Withdrawal of Shares

The shares are not transferable and cannot be sold. The only way to recover the value of the shares purchased is to give three months' notice of withdrawal to the Management Committee. Shares cannot be withdrawn until at least three years have elapsed from the date of the share issue and then only at the absolute discretion of the Management Committee and subject to appropriate reserves having been generated.

Shares are not transferable except on death or bankruptcy, and are withdrawable at the sole discretion of the Management Committee in accordance with the Rules as shown on our website or from a member of the Management Committee. All withdrawals will be paid from trading surpluses or new share capital.

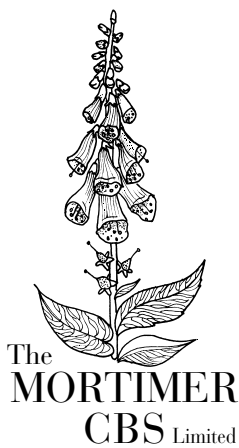


The Management Committee has the absolute authority to refuse a withdrawal request if it would endanger the business. Our business plan does not anticipate the withdrawal of shares in years four or five.

Interest Payments On Investment

No interest will be paid to shareholders in the first three years. In subsequent years, it may be possible to pay interest and any such interest payment will be proposed by the Management Committee within the limits specified in the Rules

and put to a vote at the Annual General Meeting. Any such proposal will be based on the performance of the society and if approved will be paid gross to the member by the society and it is each member's responsibility to declare such earnings to HMRC if appropriate.



Interest Rates

It is planned that after the third year (and subject to an appropriate surplus being available) that interest will be paid at a rate of 2% over Base Rate as set by The Bank Of England's Monetary Policy Committee with a minimum rate of 3% and a maximum of 5%. These rates will be reviewed at the Annual Members' Meeting of the Society.

It is important to note that there is no guarantee that interest will be paid after two years as this is fundamentally dependent on how the business performs. During the early years it is the intention to invest in the refurbishment of the property which will require considerable resources. Specific details can be found in the [Business Plan](#).

Tax Relief

Your investment in shares in the Society may qualify for 'business relief' under inheritance tax rules. The Society will also seek to qualify for other Government approved schemes, as appropriate.

The Society cannot advise on tax matters. Please seek independent financial advice when deciding to invest in this share offer.

It is important to note that the value of the shares will not increase. The only financial benefit for members is any interest paid annually.



In the event that The Bell Inn is ever sold, for whatever reason, the shareholders would be repaid their investment from the proceeds of such sale, after repayment of any debts. Any surplus would be paid to a charitable or community body in line with the Rules of the Society.

Membership

The Community Benefit structure allows any person who buys the minimum number of shares to become a Member of the Society. Corporate bodies can also be Members.

Member Benefits

Each Member then has one vote to exercise at the Annual General Meeting regardless of how many shares they hold.

Members can be elected onto the Management Committee.

All Members will be provided with an Annual Report, which will set out details of the operation of the Society and how it has developed its activities over the previous year and which will include a report of the accounts.



The Rules also provide for a number of other ways in which the membership may hold the Management Committee accountable for the running of the Society, including the calling of a special general meeting if required.

Member Risks

There is a potential risk that you could lose all or part of your investment. The Committee believes that it is extremely unlikely that you will lose your capital investment. The potential risk is if The Mortimer Community Benefit Society Ltd has to sell The Bell Inn and there is no surplus after repaying creditors and loans. The Society could not in those circumstances repay your share capital. Your liability however, is limited to the value of your shares.

It is considered that the situation where we are unable to repay investors is very unlikely for the following reasons:-

- The Committee has obtained a valuation and a building survey which confirms that an appropriate price has been paid for The Bell Inn.
- The projections in the Business Plan suggest that the pub can be profitable. The anticipated returns over the period of the mortgage will exceed the anticipated outgoings; they will also allow all share capital to be repaid over the same period (should members wish to withdraw their capital).
- The Mortimer Community Benefit Society Ltd will not be trading as a pub business so there will be no trading losses for the Society from the pub business.
- The plot 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.



Risk that you may not be able to withdraw your shares

The Rules permit withdrawals only in certain circumstances and only after 3 years. Thereafter, 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. In addition, shares cannot be withdrawn at any time during which there is a default on the repayments to the loan provider under the mortgage.

A risk that you see no returns

It is possible that there will be no scope to pay interest on the investment for several years. The best way to avoid this is to raise sufficient capital in the first instance. Interest payments can only be made if sufficient funds are held by the society and always at the discretion of the management.



What Members Will Not Get

Windfall redevelopment returns. If the pub should cease trading and if the land and buildings are not useable for alternative community enterprises, and if the site were then redeveloped for residential use, 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. This is in line with the 'asset lock' policy set out in the Rules.

Increase in the value of shares - the value of the shares stays constant. They cannot be sold but can only be withdrawn. This will not be an investment which will increase in value.

Investment guarantees – the share offer is exempt from the Financial Services and Markets Act 2000 and subsidiary regulations. This means that there is no right of complaint to an ombudsman. A Community Benefit Society is registered with, but not authorised by, the Financial Conduct Authority and therefore the money paid for shares is not safeguarded by any depositor protection scheme or dispute resolution scheme. As the whole of your investment could carry a risk, please consider it carefully and seek independent financial advice.

Management Structure

The first Members of the Society shall be those who signed the application for registration and the first Members shall appoint the first Management Committee who shall serve until the first Annual Members Meeting.

Full details can be found in the Society Rules which are available at www.themortimercbs.org.

Start up provisions allow that, at the conclusion of the first Annual Members' Meeting, all the members of the first Management Committee shall retire. Those elected to replace them as Members of the Management Committee shall take office immediately after the conclusion of the first Annual Members' Meeting. Retiring committee members are permitted to stand for election for the new committee.

One third of those so elected, who obtained the highest number of votes, shall serve until the conclusion of the fourth Annual Members' Meeting; one third who obtained the next highest number of votes shall serve until the conclusion of the third Annual Members' Meeting; the remainder of those elected shall serve until the conclusion of the second Annual Members' Meeting. Thereafter, Elected members of the Management Committee hold office for a period of five years commencing immediately after the Members' Meeting at which their election is declared, and ending at the conclusion of the fifth Annual Members' Meeting after that.





Management Structure (ctd.)

The Management Committee is responsible for managing the affairs of The Mortimer Community Benefit Society Ltd in exactly the same way as a board of directors is responsible for managing the affairs of a limited company.

The Management Committee will:

- Organise and supervise the purchase and any refurbishment works.
- Appoint the tenant(s) of The Bell Inn.
- Monitor and manage the Society's financial affairs for the benefit of the community.
- Oversee the lease and manage the relationship between The Benefit Society and the tenant.
- Recruit new tenants if required.

The Committee does not intend to interfere with the day to day running of the business or attempt to micro-manage the pub. Once the pub is up and running, debt repayment will be a key priority, beyond this and if there are surplus funds the Committee will decide what other community projects those funds should be spent on.

The current Management Committee members are:

- Mike Bending (Bircher Common) - Management Committee Treasurer
- Wendy Clare (Bircher Common) - Management Committee Member
- Kate Darby (Bircher Common) - Management Committee Chair
- Martin Flaherty (Yarpole) - Management Committee Member
- Paul Humphrey (Yarpole) - Management Committee Member
- Alex Jenkins (Yarpole) - Management Committee Member
- Nancy Morgan (Bircher) - Management Committee Secretary
- Rebecca Stanners (Yarpole) - Management Committee Member
- Marianne Taylor (Bicton) - Management Committee Member

Other than their intention that Mortimer Community Benefit Society Ltd purchase the Bell Inn, the members of the Management Committee have no other vested interests.



In Conclusion

This is a once-in-a-lifetime opportunity to keep The Bell Inn running as a community asset for Yarpole and surrounding areas. The Committee hopes that everyone in the community will become involved and will invest as much as they can afford to help secure a secure future for the inn.

July 2018

