

# Share Prospectus



Members of The Mortimer Community Benefit Society (MCBS) believe that a thriving pub makes the village of Yarpole and its surrounding communities better places to live. Having saved The Bell at Yarpole from closure in 2018 and steered through the difficulties of the COVID-19 pandemic the continuing aim of the MCBS is to keep the pub open; we do this by supporting the commercial success of the business, investing in the fabric of the building, and by taking decisions in the long-term interest of our community.

If you share our aims then for as little as £100 you too can become a member of the MCBS by purchasing shares. This document tells you about the share offer. It should be read in conjunction with The Rules of the MCBS (The Rules) and the Second Business Plan, dated June 2020, both of which are available to view on the Society's website at <https://themortimerCBS.org/documents/>. Hard copies may be requested from any member of the Management Committee.

## Objectives of this share offer

- To 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.
- To fund capital investment in the fabric of the building.

## Who can apply?

Individuals and organisations can apply for membership by buying shares at a cost of £50 per share with the minimum investment set at £100 and the maximum investment £10,000 per person or organisation.

Shares can be purchased on behalf of minors under the age of 16 but the applicant must be above the minimum age limit. In this case the shares will be held 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. Please see The Rules for details regarding the voting rights of minors.

The sale of shares in the Society will be suspended if the value of shares purchased exceeds the financial value of the property.

## How to apply for shares

The Share Application Form is included in this document and is also available via our website at <https://themortimerCBS.org/documents/> or from any member of the Management Committee. There are also hard copies available at the MCBS's registered address, which is: MCBS, Yarpole Village Shop, Green Lane, Yarpole, Leominster HR6 0BD.

A Share Certificate will be issued to each purchaser. Only one name can be represented on the Share Certificate. Couples may, therefore, decide to split any share purchase; provided the minimum threshold of £100.00 per person is reached.



## ABOUT THE MORTIMER COMMUNITY BENEFIT SOCIETY LTD

The MCBS is a limited-liability Community Benefit Society, incorporated in June 2018 and is registered with the Financial Conduct Authority under Number 7793. The details of the Society are held in the Financial Conduct Authority Mutuals register and its details can be found therein.

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 the MCBS.

### Background

The rise of the community pub movement has helped to buck the steady trend of pub closures, which was only exacerbated by the pandemic. According to CAMRA there is now a resurgence in pub-saving campaigns, with people coming together to save their locals from closure or banding together to bring pubs into community ownership to safeguard them as assets for local people. There are now many more community-owned pubs than ever before.

In this context the 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 raised £243,600 in shares owned by 248 Members.



In order to achieve the objective, the amount raised in shares 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 - <https://themortimercbs.org/documents/> or can be requested from a member of the Management Committee.

### Benefits of being a member of the 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 the MCBS and the progress of the enterprise.
- Attending Annual Members' Meetings to understand the MCBS's finances, objectives, challenges and achievements.
- The possibility of receiving interest on your shares should the business thrive.

## ABOUT SHARES IN THE MCBS

### Type of shares

Shares in the MCBS 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. These shares do not fluctuate in value and are therefore not speculative in the sense of capital gain.

Shares in the MCBS are not transferable except on death or bankruptcy and cannot be sold to third parties.

If The Bell at Yarpole should ever be sold, for whatever reason, then the shareholders will be repaid some or all of 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 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 to support the continued existence of a pub in the centre of our community and the democratic control of its future by the membership.

The capacity to make interest payments will depend upon the financial performance 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 The 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 the MCBS may qualify for 'business relief' under inheritance tax rules but the 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 the MCBS's commitment to community benefit.

If a number of shareholders want to withdraw their money in a particular year, then funds may not be available to allow every request to be satisfied immediately. In those circumstances, the repayments will be made in the order in which notice to withdraw was received.

## 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.

The 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, though of course the MCBS and the tenant share a common interest in the success of The Bell at Yarpole as a business.

If the MCBS were forced to sell The Bell at Yarpole and there was no surplus after repaying creditors and loans then the MCBS could not in those circumstances repay some, or all, of your share capital. It is believed that this is unlikely for the following reasons:

- 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.



- The projections in the new tenant's Business Plan indicate that the pub can be profitable, providing steady rental income to the MCBS.
- The 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.
- The plot of land that The Bell at Yarpole 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.

## 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 at Yarpole open, rather than receiving a substantial financial reward.



## THE MCBS MANAGEMENT STRUCTURE

### The Rules

The 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.

The Rules form an important document that defines your rights as a member and investors are encouraged to read them. A copy of The Rules is available on our website

<https://themortimercbs.org/documents/>

### Governance

The Management Committee is responsible for managing the affairs of the MCBS in the same way as a board of directors is responsible for managing the affairs of a limited company.

### The Management Committee

- 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
- Recruits and appoints the tenant of The Bell at Yarpole as required
- Monitors and manages the MCBS's financial affairs
- Oversees the lease and manages the relationship between the MCBS and the tenant

The Committee does not interfere with the day-to-day running of the pub's business although it is available to assist the tenant with support and advice if required and so qualified.



## SHARE APPLICATION FORM

If you wish to become a member of the Mortimer Community Benefit Society by buying shares, or to increase your shareholding, 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	
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 the 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. Please insert your full name in the Bank reference.

BANK: Unity Trust Bank, SORT CODE: 60-83-01 ACCOUNT: 20447504

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: .....