

CRAUFURD ARMS, Maidenhead



SHARE OFFER

For the Community Purchase of
CRAUFURD ARMS, 15 GRINGER HILL,
MAIDENHEAD, BERKSHIRE SL6 7LY



Craufurd Arms Society Ltd

Share Offer Summary

You are invited to invest in a community enterprise, established to secure the future of our Public House, the Craufurd Arms, Maidenhead.'

The Craufurd Arms is the last pub in North Maidenhead, and has been listed as an Asset of Community Value. In August 2016, the owners of the pub announced their intention to sell the pub, triggering a six-month period for the community to raise the funds instead.

We are aiming to raise £305,000 through community investment (with a maximum subscription of £328,000) to purchase the Craufurd Arms, and to run it successfully. We need to achieve a minimum of £270,000 in investment to deliver our business plan with some minor revisions.

The minimum investment is £250 per investor, with a maximum of £25,000 per individual investor. The offer opens on 10th February 2017 and runs for 28 days, closing on 10th March 2017, or when the maximum target is reached, whichever is sooner.

Organisations who wish to support the Craufurd Arms are welcome to invest in the same way, although the management committee has agreed to increase the maximum to £100,000 for Big Society Capital, using funds from its Crowdfunder match fund.

The management committee reserve the right to extend the offer beyond this initial period if they believe doing so would benefit the share issue.

Our business plan can be downloaded from <http://www.cacgmaidenhead.com/>

This offer is being promoted by the Craufurd Arms Society Ltd, 13 Gardner Road, Maidenhead, Berkshire, SL6 7PR, a Community Benefit Society registered with the Financial Conduct Authority (Registration No. 7437)

This offer is not covered by the Financial Services Compensation Scheme and investors have no recourse to an ombudsman. **You could lose some or all of the money you invest.**

| | |
|---|---|
|  | <p>The Community Shares Standard Mark is awarded by the Community Shares Unit to offers that meet national standards of good practice.</p> <p>For more information about community shares, the Community Shares Standard Mark and the Community Shares Unit go to: communityshares.org.uk</p> |
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Our Vision and the Benefits to the Community

The 19th-century pub, Craufurd Arms is prominently located on Gringer Hill (A308), in a densely populated residential suburb a mile north of the town centre and mainline station. It is almost opposite St Piran's School and is a 15-minute walk from Furze Platt & Maidenhead Railway Stations.

Although the local area, Belmont Ward, is near to the town centre, it has very few open spaces or community centres. With the recent closure of the Farmers Boy, the Craufurd Arms is the last remaining pub in North Maidenhead.

In 2016, The Wellington Pub Company announced their intention to sell the Craufurd Arms. Determined locals have rallied around with the intention of buying the pub and establishing it as a "Pub is the Hub" for further community initiatives. A committee was elected and it was decided to set up a Community Benefit Society to purchase and run the pub. The Craufurd Arms Society Ltd (CASL) was registered by the Financial Conduct Authority (FCA) on 1st November 2016.

The aim of CASL is of *"Transforming the pub into a thriving, viable and sustainable business, owned by local shareholders, and run for the benefit of the communities it serves."*

We will encourage social cohesion, communal activities, music events, fundraising events and participation in games and sports leagues. We will provide a social environment for people to eat and/or drink on their own, in couples, with family and friends – or with other pub users.

We will increase its daytime usage to benefit local charities and community groups. In addition to safeguarding and running the Craufurd Arms our vision is to create a warm, welcoming, friendly, traditional suburban pub serving quality real ales, good wine, non-alcoholic refreshment and simple home-made food using local produce. It will be open all day for the community and family use as an informal meeting space. Benefits include:

- Strengthening the already strong community spirit and vibrancy of North Maidenhead.
- Creating a friendly, welcoming focus, and providing local employment and involvement.
- A venue for social, music and charity events in the local community.
- Using local produce, to strengthen the local economy and improve the environment.
- Providing a central point of info. on community events and local history through a large notice board.
- Developing a reputation for good ale and food, reaching beyond the immediate environment.
- Re-investing surplus profits in refurbishing the Craufurd Arms to create a destination venue.
- To launch a Friends of the Craufurd Arms loyalty card, which will offer discounts on food & drink

Securing the future of the Craufurd Arms

The freehold of the Craufurd Arms pub is on the market for £325,000 + VAT, which is comparable to other similar properties. The actual price will be subject to negotiation with the owners, the Wellington Pub Company.

As a result of the Localism Act 2011, the RBWM Council has listed the pub as an Asset of Community Value (ACV). Under the Act's provisions the vendors can't sell the pub for a six-month period (ending 23rd February 2016), except to an organisation registered for the benefit of the community. Wellington Pub Company is not obliged to sell the Craufurd Arms to such a group, even if offered the open market value.

Our aim is to raise a sum of money equivalent to the value of the assets, including stock and working capital, through a share issue, loans, grants, fundraising and donations. We are estimating that we will need to raise £470,000 to purchase the freehold, renovate the pub, and get it ready for opening.

An initial structural survey has shown the building to be in reasonable condition, but has identified remedial work that is required. We anticipate renovation will be required to the toilets and kitchen, as well as changing the internal layout and decorating. Estimates of the cost have been received to the total of £88,000. This work may be phased in as funds allow.

The business will require considerable working capital at the beginning. We expect to break even in about two years, after which we expect to be able to pay interest at 3%, annually, to investors.

We applied for a More Than A Pub (MTAP) grant/loan from the Community Pub Business Support Programme through the Plunkett Foundation and have been awarded a grant of £30,000 with a maximum combined loan and grant of up to £100,000, subject to conditions.

We are also investigating additional loan finance to cover any shortfall in funding and to provide working capital, which would be secured on the property, and have agreement in principle that this will be available.

Our target is to raise **£305,000** of this capital requirement from a share issue. The **minimum** that is required to enable the purchase of the Craufurd Arms is **£270,000**; this will enable purchase of the freehold (in combination with a secured loan to pay for the VAT on the purchase). If the share offer exceeds our target figure, a **maximum** of **£328,000** would be issued, enabling refurbishment work to start earlier.

The offer will be launched on 10th February 2017, and will remain open until 10th March 2017. If the minimum share offer has been achieved, and an agreement in principle secured, the share offer will proceed and funds will be drawn down. CASL has already received 108 pledges to invest, totalling £103,750.

We intend to apply to Big Society Capital for their Crowdfunder Match Fund, as we have received Advance Assurance for Sitr (see page 8). If accepted, this will match the funds raised, up to a maximum investment by Big Society Capital of £100,000.

The Business Model

We see the previous decline in the pub’s fortunes as being caused by a combination of high rent and beer costs. It currently operates profitably, but ownership by the community gives the opportunity to ensure that it continues to be successful in the long-term.

The success of the venture will be largely dependent upon:

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

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

Six year headline forecasts

| | 2017 (9 month) | 2018 | 2019 | 2020 | 2021 | 2022 |
|-----------------------|-------------------|---------------|---------------|---------------|---------------|---------------|
| Total income | 129,857 | 196,950 | 218,833 | 243,210 | 247,987 | 252,773 |
| Total costs/ overhead | 197,410 | 169,440 | 178,899 | 200,090 | 197,410 | 169,440 |
| Profit / loss | -67,553 | 27,510 | 39,935 | 43,120 | 45,141 | 46,994 |
| Capital repaid | 12,020 | 15,931 | 17,012 | 25,518 | 26,974 | 20,752 |
| Cash available | 18,427 | 30,006 | 52,929 | 81,284 | 99,983 | 126,689 |

Forecasts for the financial performance of the Craufurd Arms Society Ltd have been based on our knowledge of the current trading position of the Craufurd Arms, comparison with similar societies, and developments in the overall pub market. Forecasts for trading are based on £4,000 gross income per week in 2017, increasing to £4,500 per week in 2018, £5,000 per week in 2019, and then in line with inflation, with the addition of food sales from 2020. These estimates are deliberately conservative, as current trading is understood to approximate £5,000 per week.

Cost of sales is expected to be 40%, in line with industry standards, giving gross profit margin of 60%. Salaries are based on a wage bill of 14 hours per day, with overheads and capital costs additional to this.

How you can be involved

Craufurd Arms Society Limited is the company established to enable the people and friends of Maidenhead to secure and safeguard the future of The Craufurd Arms Public House, an amenity of prime importance to the people of North Maidenhead.

It is a not-for-profit Community Benefit Society using model rules (its constitution) developed by the Plunkett Foundation and registered with the Financial Conduct Authority (FCA). Copies of the constitution and Business Plan of Craufurd Arms Society Limited. can be found on our website www.cacgmaidenhead.com

We are inviting you to become an investor (shareholder) in Craufurd Arms Society Limited, which will own the pub. The Management Committee will run it on your behalf.

What are Community Shares?

Community Shares (also called ‘withdrawable shares’) are ideally suited to community-focused organisations. Investors can receive some interest on the sums they invest and may withdraw their investment (in essence, get their money back) but only under certain conditions. Craufurd Arms Society Ltd must first have the funds to support withdrawal and we will only accept requests for withdrawal after three years.

Community shares can’t be sold on or transferred. We will always have to ensure that repaying members is prudent, taking into account our objectives as a community benefit society. We hope that you want to save the Craufurd Arms, and secure its future. This share issue has been designed to give you an opportunity to contribute financially, on a long-term basis, to this important business for the local community.

Community shares cannot increase in value. If Craufurd Arms Society Ltd ever sold the pub, and made a profit, investors would receive their original investment back, and the profit would go to the community (this is called an **asset lock**). If the business ever runs into difficulty, it is possible that not all of the original investment could be repaid.

All shareholders will be members of the Craufurd Arms Society Limited. The Society will provide you updates on progress and annual accounts, a voice in the running of the society and the opportunity to be elected to the Management Committee.

The Management Committee will be 6-10 individuals who will be collectively responsible for establishing the strategy for the business and overseeing performance. One or two members of the Committee will oversee closer supervision of the business, initially daily, until trade is established.

All members of the Management Committee will be democratically elected by members of the Society, with one vote per member regardless of investment size.

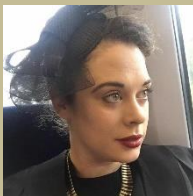
An interim Management Committee has been appointed to serve until the first Annual General Meeting. At this meeting all members of the committee will stand down and elections will be held for the new Management Committee. The initial Management Committee comprises four local founder members:



Mark Newcombe - Chairman. Mark studied at Desborough School, and has worked as a Project Manager in the Automotive Industry for over 20 years. He was the Chairman of the Furze Platt Action Group, becoming involved with the local CAMRA branch and is now Branch Contact and Pub Protection Officer for Slough, Windsor and Maidenhead.



Tony Dixon - Vice Chairman. Tony is an accountant by background and Director of Finance in local government during his working career. He continues in public service in a voluntary capacity, including as Chair of the Board of Governors of East Berkshire College of Further Education, and on the audit committee of Chiltern and Aylesbury Vale Commissioning Groups.



Emily de Fraine – Secretary. Emily has lived in Maidenhead for most of her 33 years, and working as a PA for a local audio production company takes her around the country, to various Doctor Who and Sci-Fi conventions. Emily is active in her local CAMRA branch, plays in the darts team and captains the Craufurd Buccaneers crib team.



Steve Pritchard – Treasurer. Steve is a qualified accountant, an Associate of the Chartered Institute of Management Accountants, has worked in industry for over 25 years and is currently EMEA Managing Director for US Robotics Corp. Steve has lived in Maidenhead for 10 years and is very concerned over the rampant closure of pubs in the area which he believes has an adverse impact on community spirit.

Repaying Capital – the long term picture

CASL will prioritise repayment of unsecured lending, repaying £70,000 over five years. Withdrawal of Share capital will not be available until 2020 onwards, and we anticipate only 10% of total share capital being withdrawn by 2022. Over 10 years, we anticipate withdrawal of 50% of the original share investment.

If match funding is secured from Big Society Capital, then they will take priority for withdrawal of capital. Our financial forecasts demonstrate the ability to repay the maximum amount of match funding within 10 years, and for some investors to withdraw their capital; additional requests for withdrawal will be considered by the committee on an individual basis.

CASL is able to make further share issues, which will provide funds to enable existing members to withdraw their investment, and allow new members to join the Society. These have not been considered in the financial forecast, as new share issues will provide updated financial information, will be linked to the financial success of the Craufurd Arms, and will need to be agreed by the Management Committee of the Society at the time.

A tax break from the government!

The government wants to encourage social investment, and so has made tax relief available for community businesses. The Craufurd Arms Society Ltd is a Community Benefit society which will be running a commercial trade with a view to making a profit. Investments by individuals should be eligible for tax relief under the Social Investment Tax Relief scheme (SITR), reducing your tax liability by 30% of the value of your shares (eg a £1,000 investment reduces your tax bill by £300).

| Initial investment made | SITR @30% from HMRC | Final cost to you |
|-------------------------|---------------------|-------------------|
| £250 (minimum) | £75 | £175 |
| £1,000 | £300 | £700 |
| £25,000 (maximum) | £7,500 | £17,500 |

Nb: If you withdraw your shares or are employed by the society within three years from your investment you will have to repay part or all of the tax relief you have received.

The Craufurd Arms Society Ltd has received Advance Assurance from HM Revenue and Customs that this share issue should be eligible for Social Investment Tax Relief.

The Share Issue

Individuals (aged 18 years and over) and organisations can apply for membership by buying shares at a cost of £50 per share, with a **minimum investment** of 5 shares. i.e. **£250**. In order to prevent any individual holding a major share of the society, the **maximum** any individual can invest is **£25,000** per person.

Organisations that are supportive of the Craufurd Arms Society Ltd may invest on similar terms. The committee has agreed to accept a potential application from Big Society Capital from its Crowdfunder match fund, up to a maximum of £100,000.

If the share offer is oversubscribed the management committee reserves the right to refuse part or all of an application for shares.

Investments by individuals should be eligible for tax relief under the Social Investment Tax Relief scheme (SITR), reducing your liability by 30% of the value of your shares (eg a £1,000 investment reduces your tax bill by £300). We have received Advance Assurance from HMRC that the investment should be eligible for SITR.

Interest will be payable on all shareholdings at an interest rate proposed by the Management Committee, based on the performance of the Society, and put to a vote at the Annual General Meeting. It is our intention to pay an interest rate of 3% per annum.

It is important to note that the value of the shares will not increase. The only financial benefit for members is the interest paid annually (and initial tax relief that may be obtained).

The shares are not transferable (except on death or bankruptcy) 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 discretion of the Management Committee.

The Management Committee will have the authority to refuse a withdrawal request if it would endanger the business. The full details of share ownership and the terms of withdrawal are set out in the Rules of the Society, which can be found at:- <http://www.cacmaidenhead.com>

In the event that The Craufurd Arms is sold, the shareholders would be repaid their investment after repayment of any debts. Any surplus will be paid to a charitable or community body. As The Craufurd Arms Society Ltd confers limited liability, the most you could lose due to business failure would be your original investment; although as this offer is unregulated, you have no right to complain to the Financial Ombudsman or to compensation.

QUESTIONS YOU MAY HAVE REGARDING BUYING SHARES IN “THE CRAUFURD ARMS SOCIETY Ltd”.

Why should I buy community shares?

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

Who will benefit from this project?

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

Is this a good business proposition?

We expect and will require the business to be a profitable venture. We have carefully evaluated its strengths and weaknesses and our projections show that we can establish it as a successful business. It is well proven that communities that work together to set up such an enterprise will support it in the future. Of all the Community owned pubs none have failed to date. For the full business case goto: <http://www.cacgmaidenhead.com>.

Will you be paying a fair price for the Craufurd Arms?

We have had an initial valuation of the building, but have, as yet, not entered into formal negotiations with Wellington Pubco. However, you can be assured that we will attempt to achieve the lowest possible price.

Who are the people behind this project? Do they have a personal interest?

The Management Committee consists of a group of local residents who care passionately about the Craufurd Arms, the social role of pubs and the future heritage of the area. They donated money to help register the company and will be investing in shares. They will have no personal financial interest in the project, above and beyond their own investment in community shares. They have voluntarily contributed a large amount of time to the project and this has been supplemented with advice and considerable support from many people and organisations

Who will run the Craufurd Arms and make the day-to-day decisions about the business?

The Management Committee will oversee the business and ensure that it meets the goals set down in the vision statement. We intend to appoint an experienced pub manager to oversee the day-to-day running of the pub. There will be governance and reporting arrangements in place to monitor financial and other performance. We will ensure that there is an ‘open book’ approach to sharing feedback and other information between the Society and the manager. Shareholders will be invited to meetings to discuss significant decisions about the Craufurd Arms.

Do my shares give me voting rights?

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

How do I get my money back?

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

What happens if the purchase of the Craufurd Arms falls through?

It is possible that we will be unable to complete the purchase, even after we have an in-principle agreement with the Wellington Pub Company and have secured the funds. In the unlikely event that this happens we will seek first donations to cover any costs incurred. We would then return any funds we have received, after deducting any remaining losses. In the worst case, you might lose 5p in the £1.

Will I get my investment back if the Craufurd Arms fails?

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

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

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

Will I receive interest from my shares?

We aim to pay a reasonable interest rate to our members. Our business plan assumes we will pay 3% interest, but this will always be dependent on the success of the business. Interest will be paid gross and it is each member's responsibility to declare such earnings to HMRC if appropriate. Due to administrative costs borne by the Society, only shareholdings of £500 or more will be eligible to receive interest.

Will my investment be eligible for tax relief?

This investment should be eligible for tax relief under the Social Investment Tax Relief (SITR), a new Government scheme devised to encourage investment in new social enterprises. This would mean that eligible taxpayers who purchase shares for any amount up to the maximum of £25,000 can apply for income tax relief equal to 30% of the amount invested, provided the shares are held for a minimum of three years. For more information search for SITR on www.gov.uk website

We have received an Advance Assurance from HMRC that this Share Offer meets the requirements of the scheme.

How can I find out more about the project?

You can find our business plan, the Rules for our Society and further contact details at <http://www.cacgmaidenhead.com>.

Application procedure

Online

To apply online go to <http://www.crowdfunder.co.uk/save-the-craufurd>, create a user account and follow the instructions from crowdfunder.

Offline

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

Craufurd Arms Society Ltd,
13 Gardner Road
Maidenhead
Berkshire SL6 7PR

We will acknowledge receipt, and pay cheques in after the offer closes. If the offer is unsuccessful, cheques will be destroyed, and digital evidence of this returned by email.

- By delivering an Application Form an Applicant offers to subscribe, on the Terms and Conditions contained in this Offer Document, for the number of shares specified, or such lesser number as may be accepted.
- An Applicant who receives Shares agrees to automatic membership of Craufurd Arms Society Ltd and to be bound by its Rules.
- Once an application has been submitted and approved it cannot be withdrawn.
- Multiple subscriptions will be admitted providing that they do not result in a member holding more than the maximum amount of shares, £25,000.
- Applicants may be requested to provide additional evidence of identity in order to comply with Money Laundering requirements
- Applications may be rejected in whole, or in part, or be scaled down, and monies shall be securely returned to the application, not later than two months after application, without interest.
- Applications on incomplete or inaccurate Application Forms may be accepted as if complete and accurate.
- Results of the Offer will be published on the website of Craufurd Arms Society Ltd, and all applicants will be informed.

Application to become an investor in Craufurd Arms Society Ltd

| | |
|---|---------------------|
| 1 | (Organisation) Name |
| | Address |
| | Postcode |
| | Email |
| | Phone |

| | | |
|--|---|--|
| | How many £50 shares do you want to purchase? EITHER (min 5 shares for £250, max 500 for £25,000) Number of shares OR Amount £ | |
| | If the share offer is oversubscribed and/or unable to offer you any or all the shares you have applied for, we will refund the difference by cheque to the address above unless notified otherwise. | |
| | Please tick if you wish to be sent a form for Social Investment Tax Relief, when it is available | |

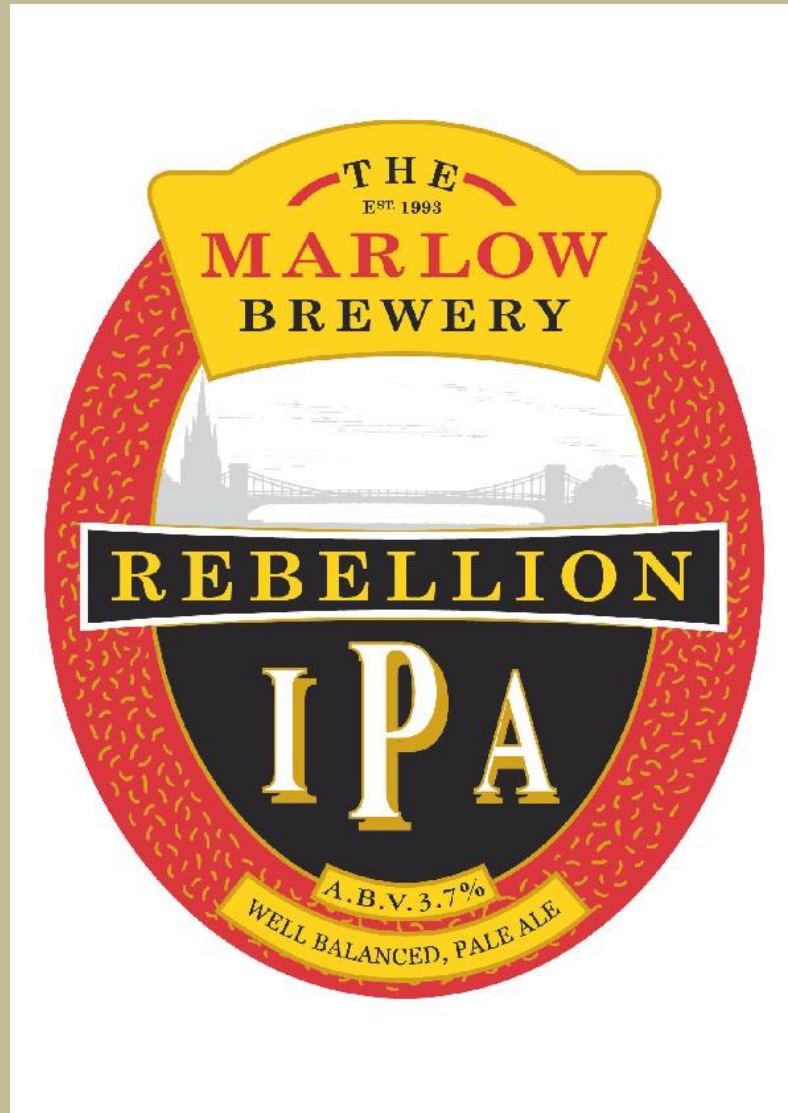
| | | |
|---|--|-----------------------------------|
| 3 | Please tick the boxes to indicate that you agree with the statements: | |
| | I confirm that I am 18 years old or older | |
| | I have read the share offer document and understood and accept the terms of the share offer and the rules of Craufurd Arms Society Ltd | |
| | I consent to using the email address above as the primary means of communication for official documents from Craufurd Arms Society Ltd | |
| | Signed _____ | Date / 2017 |

This offer closes on **10th March 2017** or whenever £328,000 is subscribed, whichever is soonest. The Board reserve the right to extend this offer.

Please enclose a cheque for payment made out to ‘Craufurd Arms Society Ltd’ and return the completed application form to the following address.

**Craufurd Arms Society Ltd,
13 Gardner Road
Maidenhead
Berkshire SL6 7PR**

By requesting that I become an investing member of Craufurd Arms Society Ltd. I agree to my name, address, phone number(s), e mail address and the number of shares I wish to purchase being stored securely on a computer database. I understand that this information will be used for the purpose of maintaining a register of members and potential members as required by the rules of the Community Benefit Society, for the posting of notices regarding the activities of Craufurd Arms Society Ltd. and will not be passed to third parties without your permission, except as required by law.



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