

THE COMMUNITY
BOOT INN
ORLETON



A Community Benefit Society



REPORT & FUTURE PLANS

PROSPECTUS | SPRING 2022

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BOOT INN
ORLETON

Having taken possession of the Boot 3 years ago, the community has saved the pub from decline, keeping it as a successful and vibrant business. We now need to move on to a new phase of development to ensure its resilience, adding to the community facilities that it can offer. This prospectus outlines the plan for the next phases of development; and the need for community support remains as important as ever.



Herefordshire CAMRA has been proud to support this initiative right from the beginning. Therefore, it is particularly heart-warming to see what a tremendous success the project has been to date. The efforts thus far have seen the Boot Inn returned back to where it rightly belongs – at the heart of its village community.



Mark Haslam, CAMRA

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1 Introduction

In June 2017 The Boot Inn was shut down and placed into voluntary liquidation by its then owner. It had been a thriving pub for many years, attracting custom from Orleton and the surrounding villages with a deserved reputation for well priced good food and a welcoming community atmosphere. The owner had, however, allowed the pub to become considerably run down – possibly with a view to its potential as a development site.

The Community Boot Inn (Orleton) Ltd (CBIL) was set up with a series of public meetings, community engagement through leafleting and online activity in order to explore the viability of a community purchase.

We had, and continue to see locally, the impact on communities that pub closures can have.

The loss of a village pub not only threatens the social cohesion of a community but also exacerbates the impact of rural isolation. Furthermore there is often a direct negative effect on the value of domestic properties in the village and the immediate area which typically can fall by 10–20 %.

It was quickly apparent that the level of support within the village and beyond was such that a share offer, combined with the availability of grant and

loan facilities geared to support community projects would enable us to purchase The Boot Inn, its grounds and car park from the liquidator and undertake the renovation work necessary. It was determined that we would then aim to appoint a professional tenant with the expertise and skills to run the pub as a profitable and successful business for the benefit of the community and other users.

The purchase was completed in January 2019, extensive renovation was undertaken and the pub was opened for business again in August of that year. Despite the enforced closures and trading restrictions imposed by the pandemic since then, the project has been extremely successful and it is now time to progress to a further phase of its development.

The purpose of this document is to outline what has been achieved so far and to present our plans for the future. The objectives and rules of the Community Benefit Society are restated along with details of the present financial position and projections for the next few years in order to provide the Prospectus for new investors who may have missed the initial opportunity to become members of the Society or who have recently moved to the area and wish to get involved.

With grateful support from



2 Vision

2.1 The Community Boot Inn (Orleton) Ltd (CBIL)

CBIL is a Community Benefit Society that was formed to purchase the Boot Inn and secure its future for the benefit of the community. It is fully registered with the Financial Conduct Authority with a registration number of 7727.

Purchase of the minimum number of shares confers membership of the Society, giving members control over the business through the annual election of a Management Committee and voting rights on significant issues at regular meetings. Community Benefit Societies are by law intended to be democratic organisations and all members have an equal vote regardless of the size of their shareholding. Members also have the protection of limited liability.

The Society's rules contain a statutory asset lock. This is a constitutional device that prevents the distribution of residual assets to members. The purpose of the asset lock is to ensure that the community benefit of any retained surplus or residual value cannot be appropriated for the private benefit of members after all members' share capital has been refunded according to the rules of the society.

This means that the value of the CBS assets always remains in the CBS for the benefit of the community. In other words, the value of membership shares will not rise or fall with the value of the CBS assets. They will remain fixed in price.

You can find a copy of the CBIL rules on the website : www.thecommunitybootinn.co.uk and more details are contained elsewhere in this document.

2.2 Our Aim

Our aim was to secure, through this community purchase, the future of the Boot Inn for the benefit of Orleton and the wider community as a flourishing, friendly and welcoming village pub operating as a free house that serves local beers and sensibly priced, freshly cooked, quality food using primarily locally sourced ingredients. It should be at the heart of the village as a place for social gatherings, cultural activities, somewhere to meet people and exchange information and promote a cohesive and supportive community in the area.

We can already see the realisation of some of the benefits that were originally envisaged, including:

“Maintaining a place to meet friends and neighbours and improving the sense of community.”

“Providing a central point of information on community events and local issues.”

“Substantial improvements to the fabric of the building and the facilities it offer.”

“Creating opportunities for local employment.”

“Injecting money into the local economy.”

“Providing a hospitality venue for local groups, tourists and hosting weddings and funerals.”

Having established a firm foundation we now seek to build upon this initial success by embarking upon the next steps designed to improve the operational capability of the pub and to expand the facilities and services it can offer to the community as a whole.

3 Purchasing The Boot

3.1 Plunkett Foundation

CBIL was grateful to receive the help, guidance and a small bursary from the Plunkett Foundation, an organisation which helps communities take control of their challenges and overcome them through co-operation. Plunkett supports people, predominantly in rural areas, to set up and run life – changing community co-operatives; enterprises that are owned and run democratically by large numbers of people in their community. It helps people to tackle a range of issues such as isolation, loneliness and poverty and supports many social enterprises including shops, cafés, pubs and anything in between.

Today Plunkett actively represents a network of over 500 rural community co-operatives that are trading across all parts of the UK. Its mission statement is: “to inspire a movement of people who solve their challenges by running community owned co-operatives in rural communities and beyond.”

The organisation has been supporting communities for over 100 years, having been founded by the great Irish co-operative pioneer, Sir Horace Plunkett, in 1919. Today its work is primarily concerned with community co-operation in the UK, supporting community organisations such as CBIL at every stage of setting up and trading.

3.2 The Purchase

CBIL commissioned a market appraisal valuation from MJD Hughes Ltd (recommended to us by the Plunkett organisation), a full structural survey and separate inspections by a local builder familiar with

the property, an architect and a quantity surveyor before conducting a protracted period of negotiation with the liquidator, the previous owner and other interested parties.

A price for the Boot and all the grounds and car park was finally agreed at £280,000 and completion took place in January 2019.

3.3 The Refurbishment

The initial planned budget for refurbishing and equipping the pub to be ready for business was £130,000, however the share subscription exceeded our target which allowed this budget to be increased to £160,000. This specifically enabled the replacement rather than repair of the kitchen equipment, a bespoke oak bar and the full resurfacing of the car park.

The work was completed within the budget and within the targeted timescale of six months thanks to the splendid efforts of our local builders and a bit of good fortune with the weather as the extensive repairs to the roof were undertaken in mid-winter.



The summarised breakdown of the expenditure was as follows:

A REFURBISHMENT COSTS		
Roof	Strip, repair and treat timber structure, refit/replace tiles and insulation. Further work to flat roof areas, guttering, chimneys etc.	£24,000
General	Structural alteration to bar areas. Repair/replacement of doors and windows. Lining and plastering of walls and ceilings. Decorating materials, curtains and light fittings. Setting up services to outbuildings and repairs to drains.	£28,000
Electrics	Complete rewire including upgrade to 3 phase.	£17,000
Kitchen	Stripping out and supplying new equipment to an agreed specification appropriate for the pub's catering plans.	£30,000
Bar	Bespoke oak bar and fittings.	£15,000
Plumbing	Update heating system, toilets, kitchens and bathrooms.	£14,000
Flooring	New carpeting for bar and accommodation, safety flooring in kitchen, passageways and toilets. Tiling main bar area (tiles donated by Clay and Rock Ltd of Cheshire).	£12,000
External	Changes to the entranceway including a walled patio area. Lighted pathway from car park. Fencing and surfacing rear yard. Tarmacing driveway and car park with sleeper borders.	£20,000
Plus	A huge effort by our happy band of volunteers dealing with clearing away the rubbish, cleaning, decorating and gardening.	£0
		£160,000



3.4 Funding

The funding for the project was put together with a community share offer, a grant from ‘More Than A Pub’, a Key Fund loan organised through the Plunkett organisation and a mortgage with Co-operative and Community Finance Ltd as follows:

Community Share Offer	331,800
More than a Pub Grant	50,000
Key Fund Loan	50,000
Mortgage	75,000
Total	£506,800

The concept of community shares is detailed later in this document but in summary is;

- » There is one class of shares; interest-bearing withdrawable shares. These shares offer shareholders interest on their investment after an initial qualifying period, according to the performance of the business and the option of withdrawing their investment at some future time.

- » All shareholders are members of the Society and entitled to vote on matters affecting the Society. The price for each share is £50 and the minimum permitted investment is £250 (i.e. five shares). The maximum permitted investment is £100,000 (the legal maximum for an individual investment in a community benefit society).
- » Shares are not transferable and must be redeemed with the society.

3.5 Initial Allocation of Funds

Purchase Price	280,000
Stamp Duty	3,500
Surveys	1,500
Legal Fees	2,500
Refurbishment	160,000
Pre-trading costs	6,000
Cash contingency reserve	53,300
Total	£506,800



4. Operating The Boot

4.1 The Tenant Model

At an early stage we ruled out operating models which involved the community running the pub on either a volunteer rota basis or by employing a manager. We believe that these models are impracticable and unlikely to be sustainable in the longer term due to the high level of day-to-day operational involvement they would require from the community. Based on our research and advice received from other community pubs, we took the view that a tenant model is the operating model most likely to be successful and would expose the community to the least risk.

We were able to establish, with advice from within the industry, the appropriate parameters for setting a fair rent and lease terms to attract and keep a tenant who could run the pub in line with our vision. The rent has been set at a level that gives the tenant the opportunity and incentive to run and invest himself in a profitable business while providing us with the revenue to maintain the fabric of the building, to repay our loans and mortgage, to pay a modest rate of interest to our shareholders and to help fund the withdrawal of shares from time to time.

We believed the business would be profitable but in the unlikely event that it wasn't CBIL would own a valuable asset – the building and land associated with it – which if necessary can be sold in order to return funds to investors. Our investment is in the buildings and land – the bricks and mortar – not the licensed business.

4.2 Community Management

The pub is owned and let by the CBIL. This means that we, the community, have control over how the property is managed and improved. It enables us to have constructive communications with the tenants about the

community's wishes and it was one of our criteria for the selection of our tenants that they should be willing to provide for community needs.

However, our intention is not to micromanage the tenants. They are appointed to market and run the pub, which is their job not ours – although we should always provide whatever support and assistance we can.

The society will not then be directly involved in the day to day management of the pub – that responsibility and the associated business risk belongs to the tenants.

The widest possible community ownership was, and will continue, to be encouraged. To that end the minimum investment has been set at a level that our community research has shown to be realistic for local people when they were asked to indicate their willingness to invest and the likely level of contribution.

A community approach makes a significant difference to the future potential of the Boot:

- » People care enormously about their local pubs and are willing to invest their money, skills, time and energy to save them.
- » A wide membership provides a large pool of people to draw on for support and custom and generates great commitment to a well-run enterprise.
- » In the Plunkett Foundation's experience the community model is resilient. It is very rare for a community owned business to fail, pubs in particular have a strong local identity that sets them apart from traditional competition.
- » Our continuing membership of the Plunkett Foundation opens up access and preferential rates for the pub business to a range of benefits including energy supplies, insurance, accountancy, telephony, food, fixtures and fittings and other supplies.

5. Financial Basics

5.1 Income

The core economics of our business are as a property owner, revolving around the primary source of income (rent payments) vs. outgoings (building maintenance, mortgage and loan repayments payments, shareholder interest and other overheads). In addition it is imperative to build and maintain a reserve in case members need to withdraw their shares and to provide for property improvements to support business growth.

During the early months we of course received no income during the purchase process and the renovation of the premises. We additionally allowed for a 3 month rent free period for the tenant to get started, followed by a set rent of £25000 for his first year of trading. Thereafter the rent was agreed at £30,000 pa until August 2022 and is then due for review for the remainder of the tenancy agreement which ends in July 2025. The tenancy agreement can then be renewed for a further 7 year term.

5.2 Outgoings

Other than interest and loan repayments the society has a number of recurring costs which include professional fees (e.g. accountancy and legal costs, FCA fees), indemnity insurance and some low level admin costs (printing, stationary, website etc).

Also as owners of the Boot Inn, we need to maintain the assets (land and buildings) to uphold their value and ensure the pub can operate. The tenant has clearly defined obligations for the upkeep of the pub within the tenancy agreement but it is reasonable to assume that the society will also incur some level of costs for structural repairs and ongoing maintenance

and we have budgeted accordingly. As a community initiative we hoped and expected that members would want to minimise such costs and support our tenant by volunteering to assist where possible and this has indeed been our experience.

5.3 Shareholders Interest and Share Withdrawal

We expected to be in a position to pay a modest rate of interest to members from the end of the second year of trading onwards. We in fact managed to bring this forward and have paid interest of 2% pa payable six monthly in arrears from July 2020. In practice any interest will depend on sufficient surplus being generated to sustain and effectively manage the business.

Interest payments will be considered each year as part of the annual review process and any interest payment proposals from the Management committee will be put to the Annual Members Meeting. Levels of interest payments will be set in accordance with the Society's rules which specify the maximum that we are allowed to pay as not more than the Bank of England Base Rate plus 2% or 5% whichever is the greater.

Share withdrawals are subject to surplus funds being available. We have allowed for an element of share withdrawal by members from Year 3 onwards (other than in exceptional circumstances such as death or bankruptcy).

As set out in the Society's rules (available on request or on our website), it should be noted that withdrawals will only be permitted if sufficient surplus funds exist, and then only at the Management Committee's discretion. This is consistent with the expectation that investing in the Boot Inn is a long term investment in the community rather than for short term personal gain.

6. Performance in a Pandemic

6.1 Appointing a Tenant



Appointing the right tenant to run our community owned village pub was absolutely vital to the success of the project.

Chris and Hollie Thorpe were appointed in August 2019 after several months of discussions and planning. Both had been employed at The Boot for some years prior to its closure – Chris as front of house and Hollie in the kitchen. They were well liked and respected in the village and clearly committed to pursuing a career in hospitality in general and to the village pub in particular. However,

when the intentions of the owner became clear (that the pub should be sold – potentially for redevelopment), they moved on to work in similar roles at The Church in Ludlow – part of a larger organisation run by a very experienced pub owner and restaurateur.

At the time of the re-opening of The Boot they were in their late twenties and with their knowledge of The Boot and the local community, along with the additional wider experience of working within a highly professional environment, they presented as the ideal candidates. When interviewed, they demonstrated a sound understanding of commercial and financial management within their business plan along with plenty of ideas to ensure the success of the pub.

They have taken on the role of acting as our tenants and running their own business with great energy and enthusiasm and have shown themselves to be entirely in tune with the community ethos that underlies our project.

6.2 The Story So Far

The pub commenced trading in late August 2019 and quickly built a good reputation both as a vibrant and friendly drinking venue and as a first class eating destination. Then, after only five months, The Boot was shut down as COVID struck.

The subsequent two years, as we are all too painfully aware, have seen a prolonged period of ups and downs for the industry with enforced closures and the imposition of various trading restrictions. Many similar businesses have suffered badly financially or failed altogether. The Boot however, along with the CBIL itself, has weathered the storm.

Chris and Hollie were able to take advantage of the range of government measures that were specifically introduced to support the hospitality industry and the CBIL took steps to mitigate the rental costs for the pub during the periods of closure. More particularly The Boot offered a takeaway and food delivery service throughout a large part of this time which, combined with keeping tight control of their overheads, enabled Chris and Hollie to avoid the worst of what financially might have been a rather perilous situation so early in their business venture.

It is very much worthy of mention that they also voluntarily undertook deliveries of groceries and other household essentials to the more elderly and vulnerable within our community in the early stages of lockdown when the need was most acute.

Most recently the pub has been getting ever closer to trading normally and has been very well supported as various community events and functions have been restarted with much more in the pipeline.

Let's hope the progress continues and our plans suffer no further interruption.

6.3 Financial Headlines

The financial effect on the CBIL of the pandemic has been relatively slight. Some rental income was lost in supporting our tenant but this was in part mitigated by a grant from The Power to Change Emergency Trading Income Support Scheme. A further grant was received from the Plunkett Small Grant Award scheme designed to help businesses like The Boot with expenses related to adjusting to the requirements of trading under shut down.

We have therefore been able to maintain our mortgage and loan repayments without interruption and also pay shareholders' interest throughout. Our cash reserves remain strong and our overall position is very close to, indeed rather better than, our original projections.

The annual accounts to 31st December 2021 are available on our website and the abbreviated Balance Sheet is shown below.

Balance Sheet | 31 December 2021

	2021	2020
Fixed Assets	£ 436,152	£438,332
Current Assets	£70,113	£69,144
Prepayments and accrued income	£314	£192
Creditors (Falling due within 1 year)	(£28,102)	(£28,855)
NET CURRENT ASSETS	£42,325	£40,481
Total assets less current liabilities	£478,477	£478,813
Creditors (Falling due after 1 year)	(£89,149)	(£111,382)
Accruals and deferred income	(£650)	(£650)
NET ASSETS	£388,678	£366,781
CAPITAL AND RESERVES	£388,678	£366,781



7. Plans for the Future

Our plans at present fall into three phases. The first phase is detailed below along with the financial projections associated with it. Phases 2 and 3 we hope to progress in the near future but both will require a substantial element of grant funding.

7.1 Phase 1

The COVID restrictions during this last summer in particular, placed greater emphasis on utilising the garden spaces at the Boot. Our tenants have invested in building gazebos, providing more garden seating and making use of marquees for special events. This proved very successful and it is felt that demand for well organised service of both drink and food to the outside areas during the summer months will continue even when such restrictions no longer apply.

This experience, however, clearly demonstrated the need to provide the staff with much better access to the garden from the bar and kitchen areas to facilitate better service.

It has also become apparent with our initial experience of operating the pub that there is some restriction on the ability to fully meet the demand for food, not because of the cooking capacity of the kitchen itself but the need for better and more conveniently located food storage and preparation areas and cleaning facilities, which currently make use of the outbuilding adjacent to the car park.

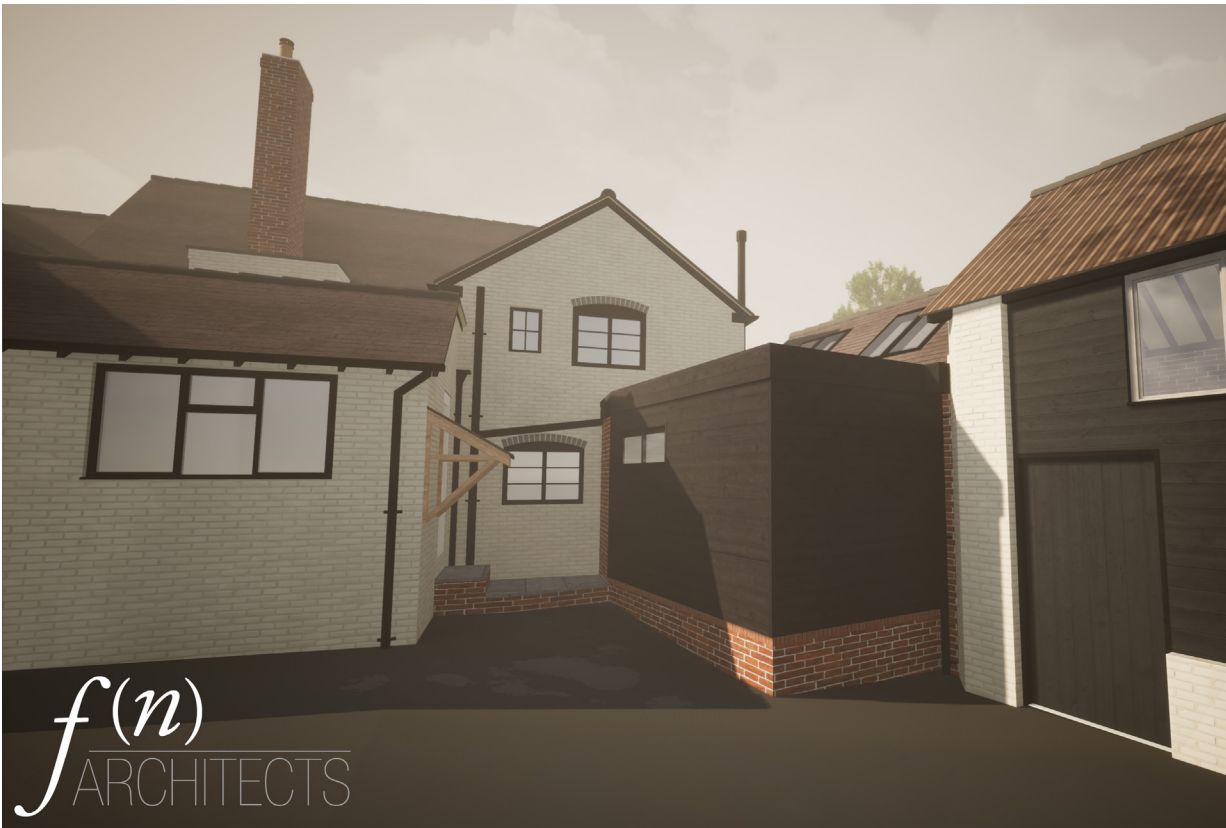
The objective of Phase 1 is therefore to address these issues. It is proposed that some extension work to the rear of the property is undertaken that will offer good working space to support the kitchen and provide much faster and easier access to the garden for the serving staff.

This will necessitate the relocation of the toilets to a purpose built new structure between the pub and the red barn to the rear of the snug. The new arrangement will also remove the pinch point that currently exists with customers accessing the toilets and staff serving food and accessing the pub cellars through the same small corridor. The new toilets will also include disabled facilities.



The proposed view from the garden highlighting improved serving access to outside areas.

The exterior view of the toilet block from the courtyard.





The view from Kitchen Hill Road showing the new toilet block.

The toilets will be level for disabled access and accessible from either outside or the snug.





The drawings included have been discussed with the planning authorities and plans have now been submitted. The cost of the work is estimated to be between £ 75,000 and £100,000 which will be funded through a combination of community shares and a mortgage extension.

It will be necessary to plan the timing of the work very carefully to minimise the disruption for the business and the convenience of our members and other customers. It is provisionally scheduled for late

2022/early 2023 (as is assumed in the figures below), but will be brought forward if possible. The resultant Profit and Loss and Cash Flow projections contained here assume a 50/50 split between the two sources of funds but this remains flexible. It should be noted that the additional borrowing costs can be accommodated within the agreed levels of rental income and that the present level of cash contingency reserve is maintained throughout.

Cash Flow Projections

6 months to	31 Dec 21	30 Jun 22	31 Dec 22	30 Jun 23	31 Dec 23	30 Jun 24	31 Dec 24
INPUTS							
Rent	£15,000	£15,000	£15,000	£17,500	£17,500	£17,500	£17,500
Phase 1 Shares			£50,000				
Phase 1 Mortgage				£50,000			
	£15,000	£15,000	£65,000	£67,500	£17,500	£17,500	£17,500
OUTPUTS							
Phase 1 Cost			£50,000	£50,000			
Plunkett Loan	£6,100	£6,100	£6,100	£6,100	£6,100		
Mortgage	£3,230	£3,230	£3,230	£5,383	£5,383	£5,383	£5,383
Share Interest	£3,500	£3,500	£3,500	£4,000	£4,000	£4,000	£4,000
Repairs/Renewals	£2,000	£2,000	£2,000	£2,000	£2,500	£2,500	£2,500
Professional Fees	£500	£500	£500	£500	£500	£500	£500
Insurance	£250	£250	£250	£250	£250	£250	£250
Sundry	£500	£500	£500	£500	£500	£500	£500
	£16,080	£16,080	£66,080	£68,733	£19,233	£13,133	£13,133
Net Cashflow	(£-1,080)	(£-1,080)	(£-1,080)	(£-1,233)	(£-1,733)	£4,367	£4,367
Cash Balance C/F	£65,763	£64,683	£63,603	£65,523	£61,290	£59,557	£63,924
Cash Balance C/F	£64,683	£63,603	£65,523	£61,290	£59,557	£63,924	£68,291

Profit & Loss Projections

6 months to	31 Dec 21	30 Jun 22	31 Dec 22	30 Jun 23	31 Dec 23	30 Jun 24	31 Dec 24
INCOME							
Rent	£15,000	£15,000	£15,000	£17,500	£17,500	£17,500	£17,500
Grants							
	£15,000	£15,000	£15,000	£17,500	£17,500	£17,500	£17,500
EXPENDITURE							
Loan Interest	£1,100	£1,100	£1,100	£1,100	£1,100		
Mortgage Interest	£2,100	£2,100	£2,100	£3,500	£3,500	£3,500	£3,500
Share Interest	£3,500	£3,500	£3,500	£4,000	£4,000	£4,000	£4,000
Repairs/Renewals	£2,000	£2,000	£2,000	£2,000	£2,500	£2,500	£2,500
Professional Fees	£500	£500	£500	£500	£500	£500	£500
Insurance	£250	£250	£250	£250	£250	£250	£250
Sundry	£500	£500	£500	£500	£500	£500	£500
Depreciation	£2,450	£2,450	£2,450	£2,950	£2,950	£2,950	£2,950
	£12,400	£12,400	£12,400	£14,800	£15,300	£14,200	£14,200
Net Profit	£2,600	£2,600	£2,600	£2,700	£2,200	£3,300	£3,300



7.2 Phase 2

We are in the process of applying for Heritage Lottery Funding to rescue the Listed Little Building at the rear of the Boot.

Unfortunately their grants were redirected during the COVID closures and have only now reopened for projects such as ours that need a large restoration/building element. We have already obtained the outline listed building and planning consents required and our plans are to rescue the building from total loss and to incorporate it, once safe again, into the garden and public areas. Suggestions for its potential use will be welcome. It could, for example, be visitable as a tourist attraction, as a mini local museum with information about timber framed buildings and their construction. This could be augmented with displays about the oral and discovered history of the building itself, the pub and the wider village with a leaflet giving details and a map of other, somewhat larger, listed black and white buildings in the village with a suggested short walking

tour. It could also be used as a teaching resource by the school as they have several year groups that look at the history of timber framed buildings around the village as part of their coursework and this will allow them to enter and even touch a real, albeit small, version.

7.3 Phase 3

It is also our aim to renovate the red building that lies alongside the driveway to the car park once Phase 1 is completed. This building offers potential for a number of community uses that can be complementary to the business of the pub itself. These could include offering a separate meeting venue for local societies and interest groups and hosting special events and private functions.

An element of that renovation is required within phase 1 and it is hoped that this can be extended to further structural repairs if funds allow.



Part of the ongoing proposed phases of development are to restore and resurrect the 'Little Building' to the rear of the pub.

8. The Community Benefit Society

8.1 Introduction

The purpose of the Society was to enable the community of Orleton and nearby villages, and other supporters, to secure and safeguard the future of The Boot Inn public house and thereafter to promote it as an amenity of prime importance to the community.

The Society is a limited liability community benefit society that is registered with The Financial Conduct Authority (FCA) using a set of pre-approved model rules developed by The Plunkett Foundation (a charity that has been helping communities to set up and run community owned enterprises since 1919).

Our rules include a statutory Asset Lock which ensures that should the Society achieve a surplus beyond that required to meet its liabilities, improve the facilities and ensure the future of the business it may make such surplus available to other community or charitable projects. More specifically, that surplus cannot be used to benefit the members as individuals (other than for payments of interest to investors within the limits defined within the Society's rules).

A copy of the Rules of the Society are available on our website or can be requested from a member of the Management Committee.

The Society is a democratic organisation that operates on the principle of one member one vote regardless of the amount each member has invested. Every member is a shareholder.

8.2 Limited Liability

The Society is a limited liability entity. This means that the most a member can lose is the amount originally invested (although we believe this is highly unlikely). Investors will not be liable for any activities of the tenants – for example, if they were to run up huge bills and then disappear.

8.3 Management Structure

The first members of the Society were those who signed the application for the FCA registration and those members appointed the first Management Committee that served until the first Annual Members Meeting which was held shortly after the opening of the pub. Our start up provisions required that all members of the first Management Committee retire at the first meeting but were eligible and stood for re-election.

The newly elected Management Committee took office immediately after the conclusion of that meeting and the following provisions apply to them:

- » 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 three years commencing immediately after the Annual Members Meeting at which their election is declared and ending at the conclusion of the third Annual Members meeting after that.

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

The Management Committee will:

- » Organise and supervise the maintenance and improvement of the pub, its grounds and outbuildings.
- » Appoint tenants when appropriate.
- » Oversee the lease and manage the relationship between the Society and the tenant.
- » Monitor and manage the Society's financial affairs for the benefit of the community.
- » Ensure the Society complies with all applicable regulations.
- » Recommend the level of any interest payment for members for agreement at the AGM.

The Committee will lease the pub business to a tenant who will run the pub and pay rent to the Society. They will set the broad policy direction for the business and agree specific standards with the tenant, including certain aspects which community feedback has shown to be important. These will include, for example, an

obligation to provide locally brewed beers, to maintain the character and ambience of the Boot Inn as a traditional village pub and to promote the additional amenities that are beneficial to the community. Beyond that however, the tenants will be left to manage and operate the business as they see fit. The Management Committee will not get involved in or interfere with the day to day running of the business, or attempt to micro-manage the pub.

The members of the Management Committee are equally responsible in law for committee actions and decisions. They are collectively responsible and accountable for ensuring that the organisation is performing well, is solvent and complies with all its obligations.

In order to protect the Society we carry 'Director and Officer' liability insurance for the Management Committee and its principal officers. The Management Committee provides all members with an annual report which sets out the key financial statements together with a report of the Society's activities during the previous financial year and any plans for the following year.

Other than the CBIL purchase of the Boot Inn the members of the management committee have no other vested interests.

8.4 The Management Committee

The present Committee is as follows:

John Alderman – Chair (*pictured*)

John is a retired research scientist. He undertakes consultancy work in micro and nano technologies, has lived in Orleton for 12 years and owns a holiday let also in Orleton. John has expertise in running multidisciplinary groups, international project management, grant applications and obtaining funding.

Bob Williams – Treasurer (*pictured*)

Bob was formerly an Officer in the Royal Navy. He subsequently worked as a regional manager for a computer manufacturer before founding his own software company of 100+ employees, supplying bespoke accounting/admin systems to a variety of business sectors. He has since acted as Financial Director or Chairman of a number of successful business start-ups.

Jon Best – Secretary

Jon is a specialist in information technology with extensive experience across both Government and commercial sectors. He has been involved in significant solution deliveries for major national and international organisations.

David Flory (*pictured*)

David, after a degree in Immunology and two years running a large restaurant in Mayfair spent 30 years in the Financial Services sector. He has held a number of senior management positions covering sales, marketing, strategic planning and business development.

Joe Hedges (*pictured*)

Joe, a communications specialist and designer, has lived and worked both in the UK and in Canada, working with clients all around the world. He is actively involved in School Governance, is a Trustee at the Hereford College of Arts as well as a director of another CIC in Herefordshire.



Pictured L to R:
John Alderman – Chair
David & Mel Flory
Bob Williams – Treasurer
Joe Hedges

8.5 Members

The community benefit society structure means that any person who buys the minimum number of shares becomes a member of the Society. Each member then has one vote to exercise at the Annual Members Meeting regardless of how many shares they hold.

Only Members can be elected onto the Management Committee. All members are provided with an annual report which sets out details of the operation of the Society and how it has developed its activities over the previous year and a report of the accounts. The rules also provide for a number of other ways in which the membership can hold the Management Committee accountable for the running of the Society, including calling a special general meeting if required. Corporate bodies can also be members.

8.6 Data Protection Act

The Society adheres to the principles of the Data Protection Act, even though it is exempt from registration with the Information Commissioner as a

not-for-profit organisation and will use and process personal data only for the purposes of the Society.

We will keep personal information that we hold secure and up to date and will:

- » only use it for the purposes for which it was gathered, and;
- » not keep it longer than necessary

Personal data will be used solely for the purpose of maintaining a register of members and potential members as required by the rules of the Society and for communicating with members. We will not share any members' personal information (names, addresses, phone numbers etc.) with third parties. Members' financial information such as amounts invested, shares purchased and interest paid will be treated as strictly confidential and will not be shared within the Management Committee except as necessary for managing the Society (e.g. when making decisions about whether withdrawal requests can be funded).



9. Prospectus Summary

9.1 The Society

CBIL was set up in 2018 as a limited liability Community Benefit Society (formally 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). As of 26th February 2018 it is fully registered with the Financial Conduct Authority with Registration Number 7727.

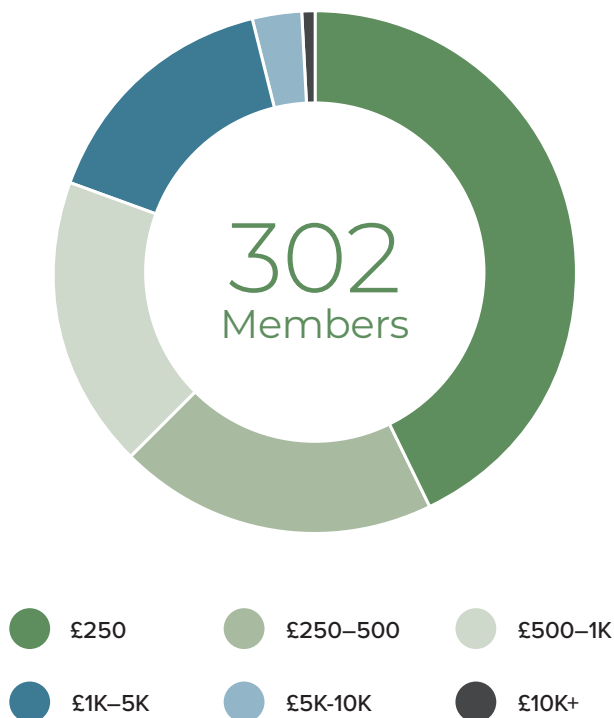
9.2 Purpose

The purpose of the Society was initially to raise sufficient funds to be able to acquire and refurbish The Boot Inn in Orleton. This was achieved in 2019 with a total of £506,800 comprising £331,800 through community shares and the balance from commercial loans and grants. The business was then leased to a tenant who has run The Boot Inn and paid rent to the Society. The Management Committee sets the broad policy direction for the business and agrees key targets with the tenant, including certain aspects which community feedback had shown to be important. Beyond that, however, the tenant has been 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.

9.3 The Community Share Offer

The target for the initial share offer was reached and indeed exceeded allowing a more extensive refurbishment than originally envisaged. The offer has remained open ever since, albeit not actively promoted, and the share capital now stands at £353,300 with 302 members. The chart below illustrates the spread of investment throughout the membership.

Share Distribution



With the pub and the Society fully up and running successfully we now seek to progress the project further as outlined in this document. We are therefore seeking to raise a further £50,000 – £100,000 through community shares to fund the first phase supported by a mortgage extension as necessary. Obviously the greater the take up of the share offer the smaller the mortgage cost that will be incurred.

Our expectation is that new shareholder members will largely come from more recent arrivals in our community and the surrounding area but existing members are welcome and indeed encouraged to increase their interest.

Members are entitled to apply for shares at a cost of £50 per share with a minimum investment of £250. Everyone who is a shareholder holds one vote. This means that everyone has an equal voice regardless of the size of their investment.

The shares are not transferable and cannot be sold. The only way to recover the value of the shares 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 that those shares were issued and then only at the discretion of the Management Committee.

- » All withdrawals will be paid from trading surpluses or new share capital.
- » The Management Committee will have absolute authority to refuse a withdrawal request if it would endanger the business of the CBIL.

Cash reserves permitting, interest will be paid to shareholders in January and July for the preceding full six month period of ownership. The interest rate for each year will be proposed by the management committee and put to a vote at the AGM. The proposal will be based on the performance of the Society and set in accordance with the Society's rules which specify the maximum interest we are allowed to pay as not more than the Bank of England Base Rate plus 2% or 5% whichever is the greater.

Interest will be paid gross by the Society to the investor and it is each member's responsibility to declare such earnings to HMRC if appropriate.

It is important to note that the value of the shares will not increase. The only financial benefit for members is the interest, paid biannually. It is our intention to maintain a competitive and attractive interest rate and we hope this will increase when allowable within the rules of the Society.

In the event that the property 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 have to be paid to a charitable or community body in line with the rules of the Society.

9.4 Risk

Investors should be aware that the share offer is exempt from the Financial Services and Markets Act 2000 or subsidiary regulations ; this means you have 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 you pay for your shares is not safeguarded by any depositor protection scheme or dispute resolution scheme.

It should be noted that the society is a limited liability entity. It is considered very unlikely that the investors could lose their money as the investment is in the land and buildings which could be used to the advantage of the community or sold if the enterprise failed. Investors will not be liable for the activities of the pub tenants should their business fail.

It should also be noted that, unlike at the time of the initial share offering, this is no longer a start – up situation but one that has proven entirely successful in meeting its objectives and proved to be resilient throughout a period of considerable stress within the industry.

9.5 Share Application

Individuals aged 16 and over and organisations can apply for membership by buying shares using the share application form supplied with this document or obtainable from our website or any committee member.





THE COMMUNITY
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For regular updates, downloadable
forms and more, please visit:

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The Community Boot Inn (Orleton) Limited is registered with the Financial Conduct Authority as a Community Benefit Society under the Co-operative and Community Benefit Societies Act 2014.

Our FCA register number is 7727.

The Community Boot Inn (Orleton) Limited is a member of the Plunkett Foundation via the Plunkett Community Co-operative Network (PCCN): Reference number PCEN138.

