

# Share Offer Document

Rushton Oak Community Pub Ltd  
Owners of The Royal Oak  
Rushton Spencer  
February 2019



[info@rushtonoak.co.uk](mailto:info@rushtonoak.co.uk)

Time bound offer

**Opening date for applications 18<sup>th</sup> February 2019**

**Closing date for applications 31<sup>st</sup> March 2019**

We present an opportunity to participate in the ownership of the Royal Oak Community Pub, Rushton Spencer by buying shares in Rushton Oak Community Pub Ltd.

(A share application form is available at the end of this document)

## 1. Summary

- 1.1. The Rushton Oak Community Pub Ltd (ROCPLtd) is a Community Benefit Society registered with the Financial Conduct Authority. It was set up in 2014 to purchase the Royal Oak in Rushton Spencer, Macclesfield, Cheshire and revive it as a free house pub serving good food and as a centre for the benefit of the community, the people that live, work, or visit the area.
- 1.2. As of February 1<sup>st</sup> 2019, ROCPLtd has 156 Members who have bought shares in the society through two previous share offers raising about half of the purchase value of the premises, the difference being met by a commercial loan from co-operative Community Finance. The pub has been open and run by tenants whose tenancy expires on 26<sup>th</sup> April 2019 when they will retire. The tenancy has been advertised and there have been a number of applicants who will be interviewed in February 2019.
- 1.3. This document informs about a third, time bound share offer that is aiming to help raise up to a maximum of £60,000 to allow works to extend the food preparation area and kitchen, refurbish the toilets and improve disabled access and provide disabled toilet facilities, replace the remaining old windows, renovate the central heating and redecorate the pub. The work is planned to be done before the new tenancy starts.
- 1.4. Members of ROCPLtd were offered interest on their investment at the AGM in September 2018 but voted to refuse this and leave the money (total £2404) in the Society to help pay for the works. In addition, ROCPLtd has cash reserves that the Management Committee agree could contribute a further £10,000 from reserves towards the work and while we could also afford to extend the existing loan to cover the rest, it was decided to try and raise funds through another share offer as there are people who have expressed an interest in becoming members.
- 1.5. The Management Committee of ROCPLtd does not want the total value of shareholding plus outstanding loans to exceed the market value of the premises.
- 1.6. To become a Member of the Rushton Oak Community Pub Ltd individuals or corporates are invited to invest between £250 and £5,000 per individual/corporate holding. New members minimum investment is £250; existing members can increase their shareholding in multiples of £50 up to a maximum of £5k for an individual person/corporate holding. Each Member will have an equal say in the running of the Society irrespective of the size of their shareholding, following the key Society principle of 'One Member, One Vote'. The tenant will be responsible for how the pub business is run on a day to day basis, taking both the risk and reward in exchange for a fixed rent.
- 1.7. It is believed that there is a strong future for The Royal Oak, Rushton Spencer, run by an experienced, professional and knowledgeable tenant with a strong track record of success, who seeks the highest standards in quality and operates with the wellbeing and objectives of the Rushton Spencer community at the forefront of their strategy. These proposed works are a major investment in the fabric of the building and will increase the capacity, attractiveness and flexibility of the premises.

**This is a great opportunity to be a part owner of a vital, thriving community pub business.**

## 2. Rushton Spencer

Situated between the River Dane, Bosley Cloud, Rudyard Lake & Tittesworth Reservoir, with easy access to the Roaches and bordering the Peak District, the Parish of Rushton Spencer and its surrounding area lies in the Staffordshire Moorlands.

Rushton Spencer is the central village in a rural community that is made up of a number of small villages and farms comprising approximately 400 houses. The village is located on the A523 between Macclesfield and Leek, with Buxton and Congleton within easy reach to the East and West of the area. Currently Rushton Spencer has 2 pubs (including the Royal Oak), a Church of England church, a Methodist Chapel, a thriving primary school (C of E, Ofsted Outstanding 2014), and a small number of businesses including a Land Rover sales, a car repair/MOT garage, a corn merchant, a wedding venue, Spheremania, Segway Safari, holiday lets and a ground works contractor company. There are a relatively large number of home-workers in the community employed in a variety of different businesses. There is also a local microbrewery looking for additional outlets for its beers. However, there is no shop, café or other meeting space open in the mornings, no Post Office or NHS facilities.

There is not a tourist focus in Rushton Spencer, but The Royal Oak has the ability to attract visitors and expand its trade from:

- The highly-regarded walking routes in the area (Dane Valley Way, Staffordshire Way & The Gritstone Trail).
- The amenities around Rudyard lake, including the cycle and walking routes and bridle way linked to Rushton Spencer, many of which are in local plans to expand in the near future.
- People staying at local holiday cottages.
- Passing trade from the busy A523.
- Visitors viewing and attending Heaton House Farm wedding venue.

## 3. The Royal Oak, Rushton Spencer

The Royal Oak has been a very successful public house and a key focal point in Rushton Spencer for more than 100 years; village residents have strong memories of it since before the World War II. It has a prominent position in the heart of the village and one of its features has been its ability to adapt to changes in village life so that it has been able to survive - about 100 years ago there were 11 pubs in the village of Rushton Spencer and its local surroundings.

During the 1990s and early 2000s the Royal Oak was a thriving pub and restaurant with tables booked well in advance. Rent rises meant that the tenant believed that they could not make a living from the pub and left. The pub then had a number of inexperienced tenants and with little investment it deteriorated until it closed in late 2012. Then followed a number of interim short-term managers with little incentive to develop the business until it again closed following further deterioration. The Royal Oak was put up for sale by the brewery in 2013.

In 2014 ROCPLtd was set up, were successful in having the Royal Oak listed as a Community Asset, and then through 2 share offers and a commercial loan successfully bought the

building and found tenants who have run the pub since April 2015. The Royal Oak has returned to play an important part in village life in Rushton Spencer as a freehold business serving good food and hosting charity and other events.

Since the pub has been open as a community owned pub, the Management Committee has overseen a considerable amount of refurbishment to windows, roof and other parts of the premises – more than was originally anticipated – as well as decoration and general maintenance.

The Management Committee believe that the Royal Oak continues to have a future as a community owned pub as the first tenancy agreement approaches its conclusion. The Management Committee are in the process of recruiting a new tenant.

#### 4. Rushton Oak Community Pub Ltd.

- 4.1. The Rushton Oak Community Pub Ltd (ROCPLtd) is a Community Benefit Society and was formed for the purpose of purchasing the Royal Oak. The society is registered with the Financial Conduct Authority and has a Management Committee formed from the group who originally proposed the idea, including a Chair, Treasurer and Secretary. Members of the Management Committee have a similar role and responsibilities to directors of a limited company.
- 4.2. This legal model has been chosen because it enables communities like ours to come together to invest in a community asset, for the benefit of the community rather than shareholders, whilst still providing a reasonable rate of return to investors. Interest paid to investors is limited to a rate sufficient to be able to attract and retain investment, so is limited to 2% above base rate, 0.75% as of Feb 1<sup>st</sup> 2019, and is paid gross of tax. It is the member's responsibility to declare any such earnings as interest to HMRC if applicable.
- 4.3. Registration as a Community Benefit Society gives the Members and Management Committee members the protection of limited liability, just like a limited company, so in the event of the failure of the business, liability of members is limited to the value of the money they have invested. This model also guarantees that the assets of the society cannot be disposed of for private profit but are subject to an 'asset lock'. In the event of the society being dissolved at some stage in the future, the assets are sold, wherever possible investors are repaid, and any surplus would be handed to another community benefit society or other local cause which operates for the benefit of the community.
- 4.4. Shares in a Community Benefit Society can be withdrawn, subject to the rules of the Society, but cannot be transferred, except in the case of the death or bankruptcy of the owner when the value of the shares would be passed to the estate. This means that the value of the shares, unlike shares in a limited company, cannot be sold and therefore cannot go up in value.
- 4.5. Shares cannot be withdrawn in the first 3 years after purchase except at the absolute discretion of the Management Committee and subject to a number of conditions. Three months' notice is required, and withdrawals can only be funded from trading profits, reserves or new share capital. The Management Committee

have agreed on a cap of £10,000 as the maximum total value of shares that will be allowed to be withdrawn per financial year, on a first come first served basis. This is to protect the long-term interest of the Society. All prospective investors are advised to read the full terms which are set out in the Model Rules, which govern the operation of the Society. These are available on the Society's web site [www.rushtonspencer.org/rocpl](http://www.rushtonspencer.org/rocpl) or as a printed copy on request.

- 4.6. The Society will retain sufficient funds to maintain the land and freehold of the Royal Oak and the aim will be to invest in the premises to improve facilities and potentially expand to include other services.
- 4.7. Providing that members and directors behave responsibly, reasonably and legally and take out any necessary insurances, incorporation protects the members and directors of the Society from any legal action against them as individuals and any access to their personal finance in the event of the enterprise entering receivership. Members will join the Society because they wish to support and be part of a community enterprise that will provide local services and because it will provide a reasonable return on their investment.
- 4.8. The structure allows any person who buys at least 5 shares to become a Member of the Society. Each Member has one vote irrespective of how many shares he or she owns following the key co-operative principle of 'One Member, One Vote'.
- 4.9. The Society is managed by a Management Committee of up to 12 members of the Society. The Management Committee and Members will not benefit financially in any way from the activities of the Society, other than via the interest on their shares. This does not preclude normal commercial transactions. They will be accountable to the membership and will report to them via Members Meetings and an AGM.
- 4.10. The Society will continue to lease the business to a tenant landlord, who will run the pub and pay rent to the Society. The Committee and Members will not be involved in the day-to-day operation of the business (other than as customers) and a formal feedback mechanism will be established with the landlord.

## 5. The Management Committee

The Management Committee members are elected by the Members of ROCPLtd and come from a variety of backgrounds and have a range of relevant experience and skills.

### 5.1. **Chair:** Amanda (Sam) Hughes

Until recently Sam was a senior manager at British Telecommunications plc with a track record in project and change management. Used to developing things from scratch in addition to creating and implementing both tactical and transformational change. Experienced people manager (in excess of 1000 people at times) focused on team dynamics and development. Believes that results are driven through empowered happy people.

Previous chair of the local August bank holiday charity event (which attracted around 5000 people) Primary school PTA, and The King's School Macclesfield PTA. Set up the

primary school out of school club and led the group who objected to the recent plans to develop the area next to the school (on the basis of child safety). Currently leading the development of the local Neighbourhood Plan.

#### 5.2. **Treasurer:** Jackie Matravars

Jackie is a qualified accountant and Chartered Tax Adviser and is the tax partner in an accountancy practice in Cheshire.

She has lived in Rushton Spencer for more than twenty years and been involved in a number of local events, is a parish councillor, and a member of the Neighbourhood Planning Group for Rushton Spencer.

She is also involved in the tourist industry, owning a holiday cottage in Rushton which is available to let all year and attracts visitors not just from all over the UK but also worldwide hence providing business to local public houses.

#### 5.3. **Secretary:** Liz Austin

Liz has had a career in local government, working as a senior manager and strategic commissioner within the social care sector. This has involved, planning the strategic direction of the authority with politicians, providers, carers & users and managing the local care sector market by working in partnership with various private organisations, public bodies and charities.

She has lived in Heaton, Rushton Spencer for 20 years. On a voluntary basis Liz has been a Scout leader for many years and is joint Editor and Treasurer of The Link magazine.

#### 5.4. **The Committee**

The committee is elected by the Members of ROCPLtd and has members from various backgrounds who have experience in the following areas- running companies, public houses, community and business fund-raising, accountancy, event management and catering. This diverse group of experienced members has brought a unique range of skills to the committee, which has enabled them to work collaboratively with each other and partners to maximise their expertise and local knowledge.

The other members of the committee (including co-opted members) currently are;

Brian Beech	Les Young	John Pears
David Goodfellow	Steve Austin	Robert Milne

The core of the Management Committee has been largely unchanged since ROCPLtd was established and has gained a lot of useful experience in running the enterprise in that time.

## 6. Financial calculations

6.1. Detailed plans for the work have been drawn up by a local architect and have been sent to tender to local builders. Planning permission is not required as the work is within permitted development rights.

6.2. The estimated cost of the work is a total of £60,000 and is expected to be done when the pub is closed between tenancies.

6.3. There is an amount of £2404 which is the unpaid interest that Members voted to leave in the Society in 2018 to help pay for the works.

- 6.4. The Management Committee believes that ROCPLtd could sensibly provide £10k from the Society's reserves to fund this work and could afford to borrow the outstanding balance by extending the agreement with co-operative Community Fund. This could possibly restrict the ability for ROCPLtd to pay interest to Members, fund future activities and permit withdrawal of shares by Members who wish to do so.
- 6.5. However, the Committee feel it appropriate to offer a further opportunity for Members to purchase more shares or for new Members to join to help fund this work. Every share sold will reduce the depletion of the Society's reserves and/or reduce the need for further borrowing.
- 6.6. There has always been a cap on the total value of shares that will be issued. The total value of shares issued plus the amount outstanding on the mortgage taken out to purchase the Royal Oak will not exceed the value of the Royal Oak premises (estimated as £300,000). In the event of this share offer resulting in this happening, share applications will be reduced at the discretion of the Management Committee.

## 7. Risks

- 7.1. As a Member of The Rushton Oak Community Pub Ltd. you are part owner of the Society. If the Society is unable to meet its debts and other liabilities, you could lose the whole amount you hold in shares. This may make it inappropriate as a place to invest your savings.
- 7.2. The Financial Services Compensation Scheme, which applies to bank accounts, does not apply to your share account in ROCPLtd. The Society, unlike banks and building societies, is not subject to prudential supervision by the Financial Conduct Authority.
- 7.3. Your investment in your share account is withdrawable without penalty at the discretion of the Management Committee under the Society rules.
- 7.4. Your investment in your share account may receive interest but does not enjoy any capital growth. It is primarily for the purpose of supporting the Society rather than making an investment. As a Society, the maximum return offered to investors by way of income will always be limited.
- 7.5. The Financial Ombudsman Service does not apply to your share account or your relationship with the society, but under the Society rules any dispute may be the subject of arbitration by, The Chief Executive of the Plunkett Foundation.

## 8. Terms and Conditions

- 8.1. Membership is open to any person (whether an individual, a corporate body or the nominee of an unincorporated organisation) who completes an application for membership in the form required by the Management Committee and that they are 16 years of age or over.

- 8.2. Payment for shares will only be accepted from a UK bank or building society account.
- 8.3. Payment must be made for the minimum number of shares required by the Rules.
- 8.4. Proof of identity may be required, at the request of the management committee.
- 8.5. That the application is accepted by the Management Committee.
- 8.6. The Management Committee may refuse any application for membership at its absolute discretion.
- 8.7. Shares are not transferable except in the case of bankruptcy or death of the shareholder.
- 8.8. Shares may be withdrawn at the discretion of the management committee on written application with the following conditions:
  - Shares cannot be withdrawn within the first three years
  - 3 months' notice is required
  - withdrawals can only be funded from trading profits, reserves or new share capital.
- 8.9. Each Member will have an equal say irrespective of their shareholding, following the key Society principle of 'One Member, One Vote'.
- 8.10. All prospective investors are advised to read the full terms which are set out in the Model Rules which govern the operation of the Society. These are available on the Society's web site [www.rushtonspencer.org/rocpl](http://www.rushtonspencer.org/rocpl) or as a printed copy on request.

## 9. Management Declaration

Due care has been taken in preparing this prospectus, a process that has been overseen by the Management Committee who can vouch that the information it contains is accurate as at the date of production.

### Signatures

Chair.....  .....Date...18/02/2019.....

Secretary...  .....Date...18/02/2019.....

Treasurer...  .....Date...18/02/2019.....



**Our ambition is to see the Royal Oak thrive as a viable long-term business and continue to give our community a pub and meeting place. The proposed changes to the toilet layout and access will ensure accessibility for the less mobile customers.**

## *Frequently Asked Questions*

### **Why should I invest?**

You won't get rich from investing in this scheme. The aim of the Society is to invest in the provision of a valuable service to your community which would otherwise be lost.

### **How much should I invest?**

This is a matter that is entirely your decision however there are limits, a lower limit of £250 has been set to make the administration simpler. Existing members can increase their shareholding in multiples of £50.00.

There is a higher limit of £5,000 per individual/corporate holding which has been set by the Management Committee. There are however a number of factors you need to consider such as:

- your money cannot be withdrawn in the first 3 years after purchase,
- 3 months' notice to withdraw is required,
- the maximum total shareholder withdrawal from all Members in any financial year (1<sup>st</sup> April – 31<sup>st</sup> March) is £10,000 on a first come first served basis and withdrawal is at the discretion of the Management Committee, whose long-term aim is the viability of the Society.

There is no guarantee that interest will be paid and any interest paid is limited to 2% above the Bank of England base rate, currently 0.75%, under the current model rules. There is also no guarantee that shareholders' funds will be repaid in full should the society be dissolved in the future.

You are advised to read the Rules which govern the Society are available on the Society's web site [www.rushtonspencer.org/rocpl](http://www.rushtonspencer.org/rocpl) or as a printed copy on request.

This investment is not for everybody and we would recommend that people seek independent financial advice.

### **What is owned by the Society?**

The Society owns the freehold premises, fixtures and fittings as an asset, but this is subject to a mortgage from co-op Community Finance.

### **Have the proposed works been overseen by a suitably architect and has planning permission been sought?**

Yes, we have worked with a local architect; planning permission is not required for this work – it is covered by permitted development rights

Costings have been estimated by the architect, and a Quantity Surveyor and building firms have been asked to quote for the work.

### **What if the tenant leaves early or does not fulfil the tenancy agreement?**

If the tenant leaves early for any reason, or breaches their tenancy agreement, then the Society is entitled to find a new tenant to reopen the business as soon as possible.

Therefore, the Society will retain sufficient funds to cover any periods of no or low rental being received and continue to make interest, insurance and maintenance payments.

The Society takes a deposit from the tenant which is only returned at the end of the tenancy agreement and dependent upon a satisfactory inventory and inspection of the building.

**What happens if the land and buildings are ever sold?**

The land and buildings would only be sold if the Society was dissolved. This would only happen if it was deemed by the Members that the Royal Oak could not be run as a viable business. If this were to happen then the Management Committee would consult the Members to consider alternatives and if no alternative could be found the premises would be sold with the aim of repaying all creditors and investors in full. This cannot be guaranteed.

In the event that the sale proceeds exceed the funds required to repay creditors and Members then an asset lock would apply, whereby any surplus can be transferred to another community benefit society or be invested in suitable community assets. Any surplus cannot be paid out to Members.

If the assets were sold for less than the money required to repay everyone in full, then all creditors would be repaid first, including the long-term loan if applicable, and the balance will be distributed on a pro-rata basis to members.



## Share Purchase Form

Investors must be over the age of 16.

Please complete the form below and return with your cheque by 31<sup>st</sup> March 2019 to the following address:

The Rushton Oak Community Pub Ltd.  
c/o Jackie Matravers, Treasurer  
Ivydene  
Mill Lane  
Rushton Spencer  
Macclesfield  
Cheshire  
SK11 0QU

Please make cheques payable to The Rushton Oak Community Pub Ltd.

Name.....

Full address including post code.....

.....

e-mail address.....Phone number.....

Number of shares you wish to acquire.

For new investors, a minimum of 5 shares (£250) with a maximum of £5,000 per individual/corporate holding.

Multiples of £50 if you are an existing shareholder.

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Shares cost £50 each.

Value of the shares purchased.....

By investing I agree to my name, address, phone number, email address (where applicable), amount invested and number of shares allocated to me being held on a computer database. The amounts of sums invested by individual members will be confidential.

I understand that this information will be used for the purpose of maintaining a register of members as required by the rules of the Society and will not be passed to third parties.

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