

BLACK LION

SKELTON-ON-URE

Skelton-on-Ure Pub and Hub Limited

A Community Benefit Society - Registered Number RS008975

Share Prospectus

June 2023

An opportunity to invest in a Community Enterprise

TIME-LIMITED OFFER

TARGETS

Phase 1: £261,500 by 24th July 2023

(Convert existing share pledges to shares)

Phase 2: £38,500 by 30th September 2023

(Balance to total target of £300,000)

Supported by



Skelton-on-Ure Pub and Hub Limited is a Community Benefit Society (or 'Society') registered with the Financial Conduct Authority (FCA) under the Co-operative and Community Benefit Societies Act 2014.

Registration RS008975. A Member of the Plunkett Foundation.

Registered Office: Beech End, Skelton-on-Ure, Ripon, HG4 5AJ.

Summary

This public share offer is a time-limited opportunity for you, your family and friends, local groups and organisations, local businesses, and other community supporters to invest in a chance to safeguard the pub at the heart of our community, the Black Lion in Skelton-on-Ure, near Ripon in North Yorkshire.

The Black Lion closed more than 3 years ago. It is in a sorry state: boarded up, needs serious attention and is not viable without community help and government help.

We have just lost our primary school and our village shop is under threat. With your help, we can re-open the Black Lion, not just as a pub but as a thriving community hub to revitalise the village and surrounding area.

To buy and renovate the building will cost around £600,000. We have applied for funding through the UK government's Community Ownership Fund (COF), and we also need to raise £300,000 ourselves. We can raise that money by selling shares in Skelton-on-Ure Pub and Hub Ltd (SPHL) which is a Community Benefit Society (CBS).

People who have pledged to purchase community shares are now invited to convert those pledges into share purchases. Pledges at the launch of this Share Prospectus total an impressive £261,500, from around 180 people.

This will allow us to pay the seller the 10% required on exchange of contracts by 31st July 2023. The deadline for completing the purchase of the Black Lion is 23rd October 2023, so the share offer will later be opened up to others and will close on 30th September or when the £300,000 target is reached, whichever is sooner. The Management Committee reserves the right to extend the offer beyond this initial period if they believe doing so would be of benefit.

We are getting excellent advice and help from The Plunkett Foundation to steer us through the COF application and we are confident that we will be successful.

Please invest to secure the future of the Black Lion; however, before you do so, it is very important that you read this document in full. We also recommend you read our more detailed Business Plan and the Society Rules, both available for download here: www.skeltonblacklion.com

Business Model

SPHL will retain ownership of the Black Lion and be responsible for renovating and maintaining the property. A tenant will be appointed to run the Black Lion business. We strongly believe that we should let the Black Lion to a tenant rather than appoint a manager. We are confident that it will be a profitable business for the tenant and represents a fair investment opportunity that will offer modest returns to the members of SPHL. It will provide a service to the village and to visitors to the area and will support other local businesses and tourism within the locality.

Feasibility

An experienced licensed premises surveyor, recommended by the Plunkett Foundation, was commissioned to undertake a market appraisal and valuation report in September 2022. This report concluded that, if operated correctly, the Black Lion has the potential to be a successful business.

Most pubs in the UK are owned by breweries or pub chains who impose significant lease / rent costs and need to extract profit from the business. At the same time, the landlord is often obliged to purchase beverage stock etc. from the owner or from their preferred supplier. Together these often present insurmountable pressures and lead to the business failures frequently reported in the mainstream media. As a community-owned pub, these restrictions are removed. The tenant is at liberty to source their stock from anywhere they choose (other community pubs frequently support local businesses) and guide the pub as they see fit under the oversight of the management committee.

Community Benefit Society

A Community Benefit Society (CBS) is a type of cooperative that is owned and governed by its members for the benefit of the community. The guiding principles of a CBS are democratic control, community benefit, and social responsibility. Members have equal voting rights and participate in the decision-making process, and the society is run for the benefit of the community, rather than for the benefit of individual members.

The Plunkett Foundation is a UK-based charity that supports the development of community-owned enterprises, including CBSs. The

foundation provides guidance and resources to help communities set up and manage their own community benefit societies. Our CBS is Skelton-On-Ure Pub and Hub Ltd (SPHL) and is regulated by the Financial Conduct Authority, which ensures that the scheme is well-managed and operates in accordance with UK laws and regulations.

Share Offer

The minimum investment is £250 (1 share) and the maximum is £25,000 (100 shares) per person or organisation. Each shareholder will have one vote, irrespective of how many shares they hold.

As at the launch of this Share Prospectus we have had Share Pledges from around 180 people totalling an impressive £261,500.

Please see the end of this document for share purchase forms – also available online.

Shareholder Guarantees

This is a long-term investment for the benefit of the community. Community Shares do not change in value and cannot be traded. We expect to be able to pay a modest amount of interest annually from year 4 onwards.

In the unlikely event of the Society being wound up, shareholders would get back no more than the value of their investment, even if the Society's assets (mainly the freehold) are worth more than the share capital.

Similarly, shareholders have no liability beyond the value of the shares they buy – their face value is the most you could lose. Any excess from the sale of the Society's assets would be transferred to another community organisation with similar community benefit aims. This is known as an Asset Lock and ensures that any remaining assets remain in community hands after creditors and shareholders have been repaid.

Important: Community share offerings are not covered by the Financial Services Compensation Scheme and investors have no recourse to an ombudsman. You could lose some or all the money you invest.

Black Lion Project – Your Risks

The following are the main risks for investors as perceived by the Management Committee. It is not necessarily exhaustive and if you are in any doubt, we advise you to seek independent advice:

- If the purchase of the Black Lion does not, for whatever reason, get to the exchange of contracts stage. In this case, the 10% deposit will not have been paid to the seller and 100% of the money for shares purchased will be returned to investors.
- If exchange of contracts and the payment of the 10% deposit take place, however the sale does not complete through the seller's fault / actions. The 10% deposit will be returned and therefore 100% of the money for shares purchased will be returned to investors.
- If insufficient funds are raised (for example being rejected for COF grants). If that results in SPHL not proceeding with the purchase of the Black Lion, **there is a risk that only 86.6% of shareholder funds will be returned (reflecting the £35,000 deposit paid to the seller and £261,500 issued shares target)**. However, the Management Committee feel that this risk can be mitigated by securing sufficient additional funding to at least complete the purchase and decide on renovation funding later.
- If the purchase & renovation of the Black Lion go ahead, however the pub / hub business fails. The Management Committee believes that in this unlikely event, shareholders' funds should be covered by the underlying value of the freehold property.

Withdrawals

Shares cannot be sold or transferred; however we will ask investors, in the event of their death, to nominate someone to inherit their shares.

Rules state that share 'withdrawals' are allowed after the first three years of trading. Share withdrawals are not accounted for in our cash flow forecasts for the first five years of trading, to offer the business an initial period of financial stability. Therefore, SPHL will need to generate additional capital to replace any outgoing shareholder investment. To this end, we will

keep a waiting list for would-be investors who will have first refusal on new share issues. The Management Committee will decide how many shares can be cashed in annually and have the right to refuse or suspend withdrawals if there is insufficient liquidity in the business.

Further details of Withdrawals are in the Society Rules and Business Plan.

Shareholder Interest

SPHL may (but is under no obligation to) pay interest. Our financial forecasts include a modest 2% interest return for shareholders from Year 4 onwards. This payment will be at the discretion of the Management Committee and is dependent on available reserves / funds.

Tax Relief

We believe that there is currently no tax relief available for 'Social Investments'. Please seek your own independent tax advice if you need more information.

Management Committee

The current management committee all live in the village. The members have wide-ranging skills and experience which you can read about in the Business Plan. The current management committee is as follows:

Chris Delf
Sandy Delf (Interim Secretary)
David Horn (Interim Vice-Chair)
Jane Mosley
Jonathan Mosley (Interim Chair)
Mark Roberts
Hazel Russell
Penn Wall
Richard Wall (Interim Treasurer)

Financials

Key 5-year financial projections are included in the Business Plan. Cashflow is key and the overriding assumptions in these forecasts are:

- No bank overdraft facility will be in place.
- Expenditure will be paid for as incurred. This is therefore 'worst-case': where possible, we will obtain credit facilities from suppliers to ease cashflow.
- Purchase of the Black Lion freehold is the priority. If other sources of funding are delayed, the renovation project can be re-phased.

- SPHL will apply to HMRC for an 'Option to Tax' – therefore VAT on the acquisition will be recoverable (and VAT will be chargeable on the rent charged by SPHL to the tenant).
- All amounts in the Project Costs, Profit & Loss and Balance Sheet **exclude** VAT (which is only relevant for cashflow projections).

Financial Controls

- Our Interim Treasurer has financial director experience over many years in various industries.
- A project manager will be appointed to manage the renovation project and keep a tight rein on expenditure.
- Co-Op Bank account has been opened which has appropriate user security / controls / fraud prevention.
- Monthly management accounts and ongoing accountability to the management committee, more frequently as required.
- Accountability to Community Ownership Fund and other stakeholders as required.
- Annual accounts to shareholders with regular updates during the year.

Share Purchase Instructions

Please see overleaf.

More Information

We will hold a Q&A session in the Reading Room, Skelton-on-Ure, towards the end of July 2023, before the deadline for exchange of contracts for the purchase of the Black Lion.

Please see our **Business Plan** for more background about this project and the **Scheme Rules** to find out more about how SPHL will be run and regulated. Both are available for download from: www.skeltonblacklion.com

Contact email: treasurer@skeltonblacklion.com

Share Purchase Form (for individual investors)

Families or groups living at the same address and intending to purchase shares should complete the alternative form, entitled *Share Purchase Form (for families and groups)*.

You can complete this form online at www.skeltonblacklion.com

Name	First Name	
	Last Name	
Company Name (optional)		
Address	House number or name	
	Street	
	Town	
	Post Code	
Email		
Telephone		

I wish to purchase shares as follows:

Number of shares (£250 per share)		Total value of shares	£
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I am happy to have my name published as a supporter of the project. Donation amounts are always kept completely private.

How to pay

Bank transfer into our account with The Co-operative Bank is the preferred payment method. If you are unable to pay by bank transfer, please make cheques payable to **Skelton-on-Ure Pub and Hub Ltd**

Account Name: **Skelton-on-Ure Pub and Hub Limited**

Sort code: **08-92-99**

Account number: **67296873 / IBAN GB59CPBK08929967296873**

Reference: **Your surname and post code (for example "SMITH / HG5 4AA")**

Signature	
Date	

Where to send this form

Please return forms to the black post box inside the Skelton-on-Ure "village office" (the red telephone box opposite The Reading Room), or post to **Richard Wall, Ivy House, Skelton-on-Ure, Ripon, HG4 5AJ**.

Alternatively, you can scan this form and email to: treasurer@skeltonblacklion.com

Share Purchase Form (for families and groups)

This form is for families or people living at the same address who wish to purchase shares as a group. Communications will be addressed to the person listed as principal investor.

You can complete this form online at www.skeltonblacklion.com

Principal investor	First Name	
	Last Name	
Company Name (optional)		
Address	House number or name	
	Street	
	Town	
	Post Code	
Email		
Telephone		

We wish to purchase shares as follows:

Full name	Number of shares	Total value	Signature

How to pay

Bank transfer into our account with The Co-operative Bank is the preferred payment method. If you are unable to pay by bank transfer, please make cheques payable to **Skelton-on-Ure Pub and Hub Ltd**

Account Name: **Skelton-on-Ure Pub and Hub Limited**

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