

# The Share Offer

The background features a series of overlapping, semi-transparent green geometric shapes, primarily triangles and quadrilaterals, that create a dynamic, layered effect. The colors range from a light, pale green to a vibrant, saturated lime green. The shapes are positioned on the right side of the frame, extending towards the center, while the left side remains mostly white.

# The Shares

## What is a community share?

- ▶ A share is a defined share in the ownership and profits of a legal entity. If that legal entity goes bust, the person who bought the share loses what they paid for that share, but no more. Community shares are non-transferable. This means that you can't sell your shares to anyone else. The only way you can get your money back is by applying to the society to withdraw some or all of your capital (shares). The minimum holding period is 3-5 years. The society may at its sole discretion decide if it is in a position to allow capital to be withdrawn.

## What are society's other sources of funds?

- ▶ Once the society has purchased the freehold of the pub there are a number of grants that will become available to complete the refurbishment and reopening of the pub.

## What happens if a shareholder dies?

- ▶ If a member dies, they can nominate a person to transfer their shareholding to.

## How could the society's plans affect my investment?

- ▶ The society is taking a long-term view on its investment. Any profits made in the first 2 years will be retained by the business to provide financial stability and allow for continued investment. It is hoped that by the end of year 3 the society will be in a position to pay interest on shares.

# The Share offer

## Why should I invest?

- ▶ An investment in community shares is first and foremost a “social” investment, rather than a purely financial one. Without a successful Share Offer the opportunity to reopen the pub will be lost.
- ▶ In addition, by investing you get a say in the overall direction and priorities of the Hub - you become a part-owner of the Six Bells Hub.
- ▶ Your shares in the society do have the prospect of receiving interest of up to 5% or Bank of England base rate plus 2% whichever is greater.
- ▶ You may be eligible for tax incentives (this is not possible with Leased arrangement)
- ▶ **How much is the society trying to raise?**
- ▶ The minimum target fundraising from the share offer is £495,000, this will enable the Six Bells Pub to be purchased. The ‘Save the Six Bell Steering group’ will then seek grants to renovate and reopen the pub.

## What happens if the society doesn't raise enough money?

- ▶ If the Share Offer does not meet its minimum target all monies will be returned to investors without any deductions. This protects investors by ensuring the project will only go ahead if it meets the minimum requirements for financial viability.
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# The Share offer

## What happens if the maximum target is reached?

- ▶ As soon as the maximum target is reached it will no longer be possible to invest in shares under the Share Offer - the Share Offer will be closed at that point. Any applications received after that point will be rejected (and, if relevant, any monies paid in respect of a rejected application will be returned).

## Can I buy shares for other people?

- ▶ Yes, the application form for shares when you're buying for someone else is slightly different, and the person you're buying for must be eligible to be a shareholder. If you are thinking of buying shares for someone under the age of 18 years old, please contact us.

## What financial benefits could investing in the society give me?

- ▶ Shareholders will be entitled to one 10% discount voucher to be used under certain parameters, as determined by the management committee, per share per year. - TBC
- ▶ When the financial situation allows Shareholders will earn interest of up to 5% or Bank of England Base rate plus 2% whichever is greater. This is not expected to happen until the Hub has been open for 3 years. - TBC
- ▶ If you are a taxpayer, there is the possibility of tax relief of up to 30% of your initial level of investment in the society (see Tax Relief later in this document). - TBC

# The Share offer

## When and how can I get my money back out?

- ▶ You can get your investment back by selling your shares back to the society. The ability of the society to be able to purchase shares will depend on the financial situation of the society at the time of the application. The management committee has sole discretion to decide if the society has the ability to purchase shares.
- ▶ There is a minimum holding period of 3 years.

## Can my shares go up in value?

- ▶ No - because your shares will be non-transferable, there is no “market” for them; in addition, the “asset lock” that applies to the society means that any money left over after all investors and lenders have been repaid must be applied for the benefit of the community. This means that shares will never go up in value.

## Can my shares go down in value?

- ▶ Yes - If the Hub is not successful and the money raised from selling the pub is insufficient to pay its debts and repurchase its shares, then the value could be as low as zero.

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# Tax relief - capital gains tax, income tax and inheritance tax

- ▶ It's possible that the society's structure and activities will be carefully designed to ensure compliance with the requirements for Social Investment Tax Relief (SITR).
- ▶ SITR is the government's tax relief for social investment, which encourages individuals to support social enterprises and helps them access new sources of finance. You can find out more at <https://www.gov.uk/government/publications/social-investment-tax-relief-factsheet/social-investment-tax-relief>.
- ▶ It is not possible to formally apply for SITR until the business has been trading for at least 4 months, we will seek HMRC "advance assurance" if we go down the Management route.
- ▶ In terms of the benefits of SITR, you should seek your own professional advice, but in summary:
  - ▶ Income Tax Relief - 30% of the amount invested is deducted from the investor's income tax liability for the year in which the investment is made. An investor may wish to treat some, or all, of the SITR investment as if it were made in the preceding tax year. .
  - ▶ Capital Gains Tax Deferral - if a chargeable gain is re-invested into a SITR-qualifying investment, the CGT liability on that gain is deferred until the SITR investment is disposed of.
  - ▶ Inheritance Tax Relief - investments in shares may qualify for exemption from inheritance tax (IHT) if they have been held for at least two years before death. Investments by way of loans will not qualify for any exemption from IHT.
  - ▶ Loss Relief - investments in shares may qualify for loss relief against income or capital gains tax, but debt will not qualify for loss relief against income tax and only qualifies for relief against capital gains in certain circumstances.

# Risks and rights

## What liability could I have if I invest?

- ▶ Your only liability as an investor is the value of your investment - if the Six Bells went bust you may not get all of your money back.

## Could I lose all my money?

- ▶ Yes, however the society will own the Freehold of the Rising Sun pub which is likely to be sufficient to repay its debts and return capital to shareholders.

*“Any money you invest in community shares is fully at risk. You could lose some or all your money if the society gets into financial difficulties.”*

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# What does the 'STANDARD Mark' mean?

- ▶ The Community Shares Standard Mark is awarded by the Community Shares Unit (CSU). To receive Standard Mark a society (i.e. a community benefit society, like the Peterstone Wentlooge Community Benefit Society Limited) must comply with the national standards for offer documents. For further details see: [www.communityshares.org.uk/standards](http://www.communityshares.org.uk/standards).
- ▶ The Standard Mark does not entail any form of business appraisal or professional due diligence of the society's business operations.
- ▶ **Any money you invest in community shares is fully at risk. You could lose some or all your money if the society gets into financial difficulties.**
- ▶ Community share offers are exempt from, or outside the scope of, statutory regulations that apply to the public offer of shares and other financial promotions. Applicants have no recourse to the Financial Services Compensation Scheme, or the Financial Ombudsman Service.
- ▶ However, you do have the right of complaint to the CSU if the share offer carries the Standard Mark.
- ▶ Further details about the Community Shares Unit, the Community Shares Standard Mark, the code of practice and the complaints procedure can be obtained from: [www.communityshares.org.uk](http://www.communityshares.org.uk).





# Further information

- ▶ You will be able to view and download free copies of all the following supporting documents at [www.savethesixbells.co.uk](http://www.savethesixbells.co.uk)
  - ▶ The governing rules of PETERSTONE WENTLOOGE COMMUNITY BENEFIT SOCIETY Limited
  - ▶ This Share Offer document and business plan
  - ▶ An investment application form (online applications are preferred, where possible)

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