

SHARE OFFER

**TO HELP RAISE
AT LEAST
£230,000**



**Community
Shares
STANDARD**

TOWARDS THE COMMUNITY PURCHASE AND RESTORATION OF THE PLOUGH INN, LONGPARISH

Investing in community shares is a simple, direct and engaging way of supporting businesses that serve your community. Since 2009, 120,000 people have invested over £100m to support 350 community businesses throughout the UK. Community shares can save local shops and pubs, finance renewable energy schemes, transform community facilities, support local food growing, fund new football clubs, restore heritage buildings, and above all, build stronger, more vibrant, and independent communities.

Interested? Please read on.....

The Plough Inn in Longparish, Hampshire is for sale. We can create a community owned asset in the heart of the village. A community hub that will incorporate a pub, café, accommodation and be a meeting place for social activities. Our aim is to secure the sustainability of the business for the future, create a focal point for village life in Longparish, boosting the local economy and sense of community.

If you are considering buying shares, it is important that you carefully read the whole of this document.

Longparish Community Pub Limited is registered under the Co-operative and Community Benefit Societies Act 2014. Its registration, number 7951, was approved by the Financial Conduct Authority on 20th December 2018.

Due care has been taken in preparing this document which has been approved by the management committee who vouch that the information it contains is true and complete to the best of their knowledge and belief.

BEFORE DECIDING TO INVEST, PLEASE CONSIDER SEEKING INDEPENDENT FINANCIAL OR LEGAL ADVICE.

THIS DOCUMENT

The purpose of this document is to inform and encourage those considering buying shares in LCPL, and to make them aware of the process, the benefits and the risks. The overall plan for the Plough Inn, Longparish (the Plough) is outlined here. More detailed information is contained in our Business Plan, which should be read in conjunction with this Share Prospectus. We have aimed to avoid too much duplication between the two documents, though there are some elements that we are obliged to include in both.



The Community Shares Standard Mark is awarded by the Community Shares Unit to offers that meet national standards of good practice. For more information about community shares, the Community Shares Standard Mark and the Community Shares Unit go to: communityshares.org.uk

***THIS IS AN INVITATION FOR YOU TO JOIN THE MISSION
TO SAVE OUR LOCAL PUB,
BECOME PART OWNER OF AN EXCITING NEW
COMMUNITY BUSINESS VENTURE WHILE
PROTECTING A HIGHLY VALUED VILLAGE ASSET***

DISCLAIMER

This document contains forward-looking statements, including forecasts relating to the financial position of the Society. The Management Committee believes that the forecasts reflected in these statements are reasonable but will involve unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of the Society, to be materially different from any future results, performance or achievements expressed or implied by those forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in the Business Plan Part.2 Appendix 4 (Risks). Given these uncertainties, prospective investors are cautioned not to place any undue reliance on those forward-looking statements. The forward-looking statements contained in this document are made on the date of this document, and the Society and the Management Committee is not under any obligation to update those forward-looking statements in this document to reflect actual future events or developments.

THE SHARE OFFER AT A GLANCE

Type of shares	Interest-bearing and withdrawable community shares
Potential return	Discretionary annual interest payment after year 3 (assuming profitability), capped at the greater of 5%, or 2% above the base rate of the bank of England.
Price per share	£10
Investment limits	Minimum £50 per person/institution. Maximum £22,500
Share offer targets	Minimum £230,000 Maximum £330,000
Total funding target	£630,000 (including £300k investment from Longparish Parish Council)
Membership	Open to anyone 18 years old and over. One member one vote, regardless of value held
Share offer dates	Offer opens June 26, 2020. Offer closes July 25, 2020

In order to buy shares in LCPL, please read this Share Prospectus carefully, together with the Business Plan, then complete the share application forms at the end and return to the address shown on page 16.

In buying shares in Longparish Community Pub Ltd (LCPL), you will be:-



- Helping to re-open the doors of a pub that's been serving its community for over 300 years
- Saving this fantastic community asset for generations to come
- Creating a hub for people to meet, drink, eat, celebrate, commiserate, do business, raise funds for good causes, compete in quizzes – and bring more activity, life and fun into our midst.
- Creating and securing jobs:-
 - In the pub itself
 - Among local suppliers (brewers, food producers)

And, subject to conditions, there may be an opportunity to earn interest payments on your investment and enjoy tax benefits.

Holding a minimum of £50 worth of shares makes you a Member of Longparish Community Pub Limited, a Community Benefit Society ("the Society"), which means you can attend annual meetings, be involved with electing the Management Committee and vote on issues concerning the business.

This document, the Business Plan and the Society's Rules may all be downloaded from the Plough Ahead website.

WHAT IS A COMMUNITY SHARE OFFER?

A community share offer provides the opportunity for people and businesses to buy into the community where the motivation and payback is more social than financial. It helps to ensure a truly local enterprise, accountable to the community while both serving and benefitting it.

Longparish Community Pub Limited has been set up to operate and revitalise the Plough as a community pub and hub.

The shares you buy will make you a Member of the Society, with an equal vote regardless of your shareholding. Your involvement thereafter can be as much or as little as you wish. You can vote at the Annual General Meeting, stand for election to the Management Committee, volunteer skills for the refurbishment and ongoing activities or just make use of the community hub. We would like to encourage as many members of the Community as possible to volunteer their time, now and in the future to make this a truly communal venture.

A COMMUNITY ASSET

The Plough is registered as an Asset of Community Value. The community now has an opportunity to protect it for the future and to enable it to become an asset for everyone to enjoy in the long term.

It is only truly a community asset if it can generate a profit that can then be re-invested into activities and assets that benefit the community. We want to run it as an enterprise for the good of the area.

WHAT'S IN IT FOR ME?

It depends on what you want! Maybe you just always fancied owning a bit of an English rural pub business?

However, this is not only about saving a pub. It is also about helping to sustain a community. There is limited financial reward. This is about investing in the future of the community and ensuring that the Plough as a hub of the community is run for the good of everyone.

It might be daytime social contact, the convenience and lifestyle benefits of

walking to drop off a parcel, or pick up a delivery, a B&B for relatives to stay close by at Christmas, a coffee and a cake after you've walked the dog or dropped the kids off at school...

Somewhere you're recognised as a local and an investor, the warm feeling of having really helped the community!

WHY SHOULD I CARE?

Social contact from having the Plough open will help to enhance our quality of life. It's all too easy to be isolated in a village and, as we have an ageing population, with many residents living by themselves, having a café and pub would make a real difference. Whether meeting friends for a coffee or a pub lunch or to going to a quiz night there should be something for everyone. There is recent research that shows that social isolation in older age has as bad an effect on health as smoking 15 cigarettes a day.

The 2011 Census showed that a quarter of the village population are over 65 and this was predicted to rise to 30% by 2021. Protecting the Plough as a community asset will help reduce isolation in our older population and make the area more desirable and attractive to all ages.

WHAT ABOUT THE VILLAGE SHOP AND CRICKETERS INN?

While the shop offers convenience for many in the community, it is a lifeline for some. The Plough will not compete with Acre Stores, but the space available at the Plough provides a valuable safety net for the community if a situation ever arises where we need to look for alternative premises for a village shop and Post Office.

The Cricketers Inn in the Aston area of Longparish is another great asset for the community. To succeed today most rural pubs need to attract customers from outside of their local community. Pubs with a compelling customer offer are thriving and successful businesses. There is no reason why both our pubs should not be able to thrive, and in previous years the success of each business has in turn helped the other. The Cricketers is a privately-owned business, and as

seen all too recently, the local community has no input on how the pub is run, or even whether it even remains open. By helping to secure the future of the Plough you will be ensuring that Longparish has a social hub both now and for generations to come.

HOW DOES THE SHARE ISSUE WORK AND WHAT GUARANTEES DO I HAVE WHEN BUYING SHARES?

This is a long-term investment for the benefit of the community. Shares in LCPL will not increase in value. In the event the Society is wound up and, the value of the Society's assets is more than the value of the share capital, the shareholders will still only get back their original investment.

Any excess value would be transferred to another community organisation having similar community benefit aims. This is known as an asset lock and is to prevent private gain if the organisation dissolves.

If the asset value was lower than the share capital, shareholders would receive back less than their original investment.

However, as the shares are issued by a corporate body, shareholders have no liability beyond the value of the shares they buy.

When the business is in profit, the Society aims to pay interest on the shares at a rate to be recommended by the Management Committee and voted on at the AGM. Our target is to pay interest of 3% from year 4. Shareholders will be responsible for declaring this to HMRC.

CAN I SELL MY SHARES?

Shares can only be sold back to LCPL after a lock-in of 3 years. This ensures the business has an initial period of financial stability and is an HMRC requirement for their tax rebate schemes. Three months written notice is required and the Management Committee has a duty to control withdrawals. If there are insufficient funds or new investors to purchase the shares, withdrawal will be delayed or may be refused.

HOW DO I BUY SHARES?

Membership is open to individuals over 18, as well as corporate bodies and associations who support our objectives. Before buying shares, please read this Share Prospectus carefully, together with the Business Plan, then complete the share application forms at the end and return to the address on page 16. At the end of the offer period you will be advised on the success of your application.

WILL MY INVESTMENT GET TAX RELIEF?

We have received advance assurance under Social Investment Tax Relief (SITR). This means your investment may qualify for 30% tax relief. This will only be available after LCPL has been trading for a number of months.

We are also applying separately for SEIS relief which if successful would allow investors 50% tax relief on their investment. SEIS would be restricted to the first £150,000 invested in LCPL (including any State Aid which includes some grants). SEIS would be allocated in the order of receipt of

investment funds from potential shareholders requesting tax relief.

You should consider professional or legal advice if this is an important factor in your decision. Search www.gov.uk for 'Tax relief for investors using venture capital schemes' for more information.

WHAT IF THE PARISH COUNCIL CAN'T BUY THE PUB?

If total funding raised, including funds from this community share offer are insufficient to proceed, or if it is not possible to buy the pub for any other reason, then any funds raised by LCPL through the community share offer will be returned, and the Parish Council would not take out any PWLB loan.

If the current owner is unable to find another suitable buyer he might then sit on the empty property, or reapply to develop the pub, garden and car park into several houses ending our battle to save the pub forever.

WHAT IF THE MONEY RAISED IS ENOUGH TO BUY THE PUB, BUT NOT TO REFURBISH IT?

If the total funding raised is believed

sufficient to still go ahead with the project, but with a dependency on perhaps revising the schedule for refurbishment, or needing to make savings in some areas, then we will contact potential shareholders to ask if they want to go ahead on this basis or withdraw their application.

If after the consultation with potential shareholders the total funding raised is insufficient to proceed with the project, then the share offer will be deemed to have failed and we will write to all share applicants and return their money in full.

We are in ongoing talks with a number of funding bodies such as Power to Change, LEADER, Rural Payments Agency and Co-operative and Community Finance. However, obtaining this type of money is very competitive, not guaranteed and takes time which could delay the project.

DOES COMMUNITY OWNERSHIP WORK?

There are more than 100 community owned pubs in England and as far as we know none has closed once they have been taken into community ownership.

Social and age-related isolation has a wide-ranging effect on health and wellbeing. It is vital that the residents of our village have somewhere to meet, chat and socialise with one another in a comfortable environment and without it costing the earth. The risk of isolation and loneliness to our neighbours can be greatly reduced by supporting this proposal.

We also plan to open the car park up for the use of school parents. There will be employment, volunteering and training opportunities that might particularly suit younger people or those who do not have independent transportation. We will welcome Test Way walkers and would also like to create facilities for visiting cyclists.

Day and Night Our plans anticipate that the building will be used throughout the day and evening hours. Clubs, societies and other groups might use the coffee shop as a meeting place earlier in the day with more traditional pub and restaurant use later on.

A friendly welcome and great service with a smile will encourage repeat custom. The pub and café will sell food and drink that is appetising, enticing, locally sourced where possible and offer great value for money. The combination of value and service will ensure the long-term viability of the project.

What do you want it to be?

Most importantly, this pub and social hub will exist and be run for its customers, whether from our village or further afield. We will listen to what our guests want to help us create a focal point for our village that thrives and is protected for everyone's use for the foreseeable future

THIS IS NOT ONLY ABOUT BUYING A PUB. IT'S ABOUT HELPING TO SUSTAIN A COMMUNITY.

WHAT ARE MY RISKS IF THE PURCHASE GOES AHEAD?

The Society wants to be fully open and transparent to its potential investors about the risks as well as the benefits of investment in community shares. It is important to understand the following:

- As a member and shareholder of Longparish Community Pub Limited you will have a stake in the Society and saving the Plough Inn pub. If the Society is unable to meet its debts and other liabilities, you could, in principle, lose some or all of your investment held in shares.
- The Financial Services Compensation Scheme, which applies to bank accounts, does not apply to your investment, which is exempt from regulation and therefore does not require authorisation from the Financial Conduct Authority.
- Your investment in your share account is withdrawable without penalty at the discretion of the Management Committee under the Society's rules.
- The Financial Ombudsman Service does not apply to your share account or your relationship with the Society, but any dispute may be the subject of arbitration as set out in the Society's rules.
- Your investment in your share account does not enjoy any capital growth but may receive interest.
- The return on your investment will be through a 'social dividend' i.e. the preservation of a local asset servicing the community and potentially through a modest interest on your shareholding.
- Any surplus profits arising from the business would be used for the benefit of the community.

PLOUGH AHEAD – HOW DID WE GET HERE?

In early 2018 the current owner applied for planning permission to convert the Plough into a residential dwelling. Following a well-attended public meeting, a number of concerned Longparish residents formed a steering group to oppose the planning application and explore how to return the Plough to the community. Operating under the banner 'Plough Ahead' the group, and the wider Longparish community, successfully opposed the planning application at TVBC and at a subsequent planning appeal hearing.

Working closely with national charity, the Plunkett Foundation, (a charity helping communities to set up and run community-owned enterprises since 1919), Plough Ahead secured grants to help pay for a business buyers report, develop a business plan and this share offer. Plough Ahead is an unincorporated body of individuals sharing a common vision. To allow Plough Ahead to take things further, a Community Benefit Society was registered with the Financial Conduct Authority (FCA) to provide the legal platform required for the community business.

LONGPARISH COMMUNITY PUB LIMITED (LCPL)

Longparish Community Pub Limited is a registered Community Benefit Society (CBS) under the Co-operative and Community Benefit Societies Act 2014. Its purpose is to enable residents and supporters to secure and safeguard the future of the Plough in Longparish and promote it as an important community asset. More information of Community Benefits Societies can be found on their website (www.fca.org.uk). Our registration number with the FCA is 7951, and a copy of the registration document can be found on our website (www.ploughahead.co.uk).

LCPL (through its Management Committee) will be solely responsible for the day to day operation of the pub business, and maintenance of the property.

LCPL has a statutory asset lock; this restricts its ability to use or deal with its assets other than for the benefit of the community. In particular:

- ◆ The only payments that can be made to members are to the value of their withdrawable share capital or interest on withdrawable share capital.
- ◆ The residual assets of the Society cannot be transferred except to another organisation whose assets are similarly protected.

This means the overall assets of the Society are protected from being cashed in, and the Society cannot be demutualised.

Following advice from the Plunkett Foundation, LCPL has adopted the latest version of their model rules, bringing us in line with all the current legislation for registered societies. You can obtain a copy of the rules of the Society by downloading them from our website, or by requesting a copy by email to the secretary (info@ploughahead.co.uk), or by asking any member of the Management Committee.

Limited Liability

The Society is an incorporated entity and the liability of its Members is limited to the value of their shareholding. The value of Members' community shares will never go up, but the value may go down and there is a risk that Members may lose some or all of the money they have invested in their community shares.

Management Structure

The first Management Committee of LCPL is formed of those who signed the application for FCA registration (Andrew Jolliffe, David Marklew, Alison Cooper, Graeme Francis) together with several others listed below. The present committee will serve until the first annual members meeting that occurs after the share offer has closed and by 30th October 2020 at the latest.

At that meeting, all members of the current Management Committee will step down, although they are eligible to stand for re-election. Any other members of the Society may also stand for election. The members will then elect a new Management Committee from the candidates standing. Subsequent meetings and elections will take place as detailed in the rules.

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

It will take on the management of all aspects of the business including the initial purchases, appointing and over-seeing the pub manager, monitoring the financial affairs of the Society, ensuring that we comply with all applicable regulations and encouraging and enabling full engagement with the community.

The members of the Management Committee are equally responsible in law for committee actions and decisions. They are collectively responsible and accountable for ensuring the organisation is performing well, is solvent and complies with all its obligations. The committee will be protected by director & officer liability insurance.

An annual report will be made available to members. This will set out the key financial statements together with a report of the Society's activities during the previous financial year, including the social impact of the pub on the community and the benefits of keeping the pub in the village. The report will also include any plans for the following year. The rules provide for several other ways in which the membership may hold the Management Committee accountable for the running of the Society, including calling a special members' meeting if required.

The Current Team

These are the members of the preliminary Management Committee:

ANDY JOLLIFFE Chairman

My Day Job: Retired, formerly sales director with a major IT Communications group

My reason for getting involved

As Chairman of the Longparish Community Association I immediately recognised both the loss to our community that would result from the permanent closure of the Plough, and also the huge potential for the Plough to be so much more than a pub if operated as a community owned venture. Having seen other community pubs in operation, I passionately believe this is the right thing for Longparish, both now and for future generations.

DAVID MARKLEW Vice Chairman *

My Day Job: Owner, Inn at Home Ltd, award winning craft beer, wines & spirits retailer.

My reason for getting involved

I am involved because I believe wholeheartedly that a well-run vibrant pub brings life and soul to a village. The Plough has the potential to add so much more to the community than an occasional watering hole. The team we have assembled has the skills and capability to deliver a fantastic pub and an ongoing source of engagement with wider benefits to the local area.

ALISON COOPER Founder Member

My Day Job: Writer

My reason for getting involved

The Plough is a significant part of Longparish and its community. It has a long history and has, in the past, enjoyed an enviable and renowned reputation as a pub, restaurant and village hub. I would love to see the Plough come back to life as a community run pub so that it can play these roles again.

GRAEME FRANCIS Company Secretary

My Day Job: Corporate Lawyer for over 40 years, Director of family manufacturing business

My reason for getting involved

I have lived in Longparish for over 26 years and do not want to see the long-established pub lost to the community. The opportunity to acquire The Plough Inn for the benefit of the community is a once in a lifetime event and I was pleased to be invited to offer my legal and other experience to the enterprise.

JEREMY BARBER Treasurer

My Day Job: Retired tax specialist

My reason for getting involved

The Plough has served our village for over 200 years. I miss it and want to help make it a flourishing community pub. I served on the parish council for nearly 30 years including 10 as chair and have worked to upgrade our school and improve our village hall. Both these projects made significant improvements to our village life. Having the Plough as a community pub will do the same.

MARK REYNOLDS Committee Member *

My Day Job: Co-Founder and operations director of Three Cheers Pub Company - a small collection of handsome pubs in London. Founded in 2002 we have organically grown the business to 9 pubs in southwest and southeast London which include boutique bedrooms, beautiful gardens and stunning private rooms.

My reason for getting involved:

I have lived in Longparish since 2013 and have always loved the fact that we have had pubs in the village. Pubs are the "beating heart" of Britain and provide the community with a place to socialise, drink, eat and come together. It would be sad to lose the Plough and since I run a group of pubs in London, I felt that I might be able to help in some way to keep this wonderful community asset alive.

CHRISTOPHER DUXBURY Committee Member

My Day Job: Retired Soldier, Corporate Business Manager and Special Purpose Company Director with a leading Support Services and Construction Company.

My reason for getting involved

Former Parish Councillor and Chairman, I have lived in Longparish, close to the Plough, for over 30 years; and have been a regular customer. I have seen the Plough in its hey-day during the mid 1980s and watched its up and downs since. I am convinced that Longparish needs to save the Plough and that it can be successful as a community owned pub.

STUART MONTAGUE Committee Member

My Day Job: Business Development Director and (Part time) house restorations

My reason for getting involved

Having lived in villages similar to Longparish that had their pubs converted to residential use, I can attest to the fact that when a village loses its pub, it loses a piece of its heart and that cannot easily be replaced. I believe passionately that the Plough can be our community hub and more and I would like to help make that happen.

* David Marklew and Mark Reynolds have declared there is no potential conflict of interest arising from their personal business interests with regard to their holding a position on the Management Committee.



FINANCIAL

This section contains a summary of the more comprehensive information to be found in the business plan (section 11), which contains full details of profit and loss/cash flow and revenue forecasts etc..

No previous trading information is available for the Plough. Our financial forecasts are conservatively based upon information provided in the Business Buyer Report prepared by MJD Hughes Business Property Specialist, in November 2018, along with advice from others in the industry. As with all forecasts there can be no guarantee of future performance. We have assumed a low starting point, building organically to a sustainable level of business.

The basic economics of the business consists of income from sales less the cost of stock, overheads, salaries and finance repayments. It is our intention, to build a cash reserve over time in case Members wish to withdraw their shares, and to provide for improvements to support business growth to better serve the community.

LCPL needs to make a profit to flourish, but generating large profits is not the objective of the project. The primary driver is to ensure the long-term health and independence of the Plough, and to encourage the much-enhanced social cohesion which experience elsewhere has proved to be a positive by-product of community businesses.

FUNDS REQUIRED	
Property Acquisition Costs ¹	£413,325
Remedial Works Cost	£147,000
Start-up Costs	£45,670
Contingency	£24,000
Total project funding	£629,995

¹ Estimated figure subject to the offer to purchase being accepted.

The business plan is based on conservative assumptions, however it is possible that the business may fail to trade profitably. The Society recognises this in the business plan but considers it to be low risk because

- the freehold property will be owned by the community (through the Parish Council); and
- the business will be able to tailor itself to satisfy local demand creating long-term sustainability and avoiding the success failure cycle associated with private owners building a business and selling it on; and
- property related expenses will be far lower than previous tenants have needed to pay and the pub will be free of all product ties.

Raising the Money

The business plan explains that the total investment required is £630,000 to acquire the property, refurbish the premises so they are ready to trade, and accommodate community facilities, business start-up costs and a cash reserve for contingencies. Funding will come from three primary sources; the Parish Council, Plunkett More Than a Pub programme and Community Share capital.

Parish Council

Longparish Parish Council is applying for permission to borrow up to £300,000 from the Public Works Loan Board (PWLB) as its contribution towards buying the Plough. The current cost of borrowing from the PWLB is 2.7%² for a fixed interest loan repaid over 50 years. Subject to agreeing legal terms, the Plough freehold will be owned by the Parish Council.

FUNDS OVERVIEW	
LCPL Share Capital	£230,000
Loans & Grants inc MTAP	£100,000
Parish Council	£300,000
	£630,000

LCPL will pay the Parish Council rent for the exclusive use of the property on a long term lease which will be enough to cover the Parish Council's loan repayments and additional costs arising from their ownership of the Plough. To protect the Parish Council, LCPL will undertake to hold a contingency cash fund equivalent to at least 18 months' rental payments.

More information on the proposed legal framework between the Parish Council and LCPL can be found in the Business Plan Part 2 Appendix 7 - Parish Council Agreement.

Plunkett Foundation

LCPL has been offered up to £100K (£50K grant coupled with £50K commercial loan) by the Plunkett Foundation under their More Than a Pub programme.

Share Funding

To reach the total funding target £630K we will also aim to raise at least £230,000 from this community share offer

Conversion to Shares

All subscription monies received during the share offer will be held in a separate bank account. Monies received will only be converted to shares if the offer is deemed a success, and upon exchange of contracts. A share certificate will then be issued to each shareholder.

² This rate can vary daily. This is normally only small adjustments, unless the Bank of England base interest rate changes. The interest rate would be fixed at the rate applicable on the day the loan is taken out. (Rate on June 17, 2020 was 2.68%)

Contingencies

If the share capital generated during the initial share offer period is less than the maximum (upper) target of £330,000, we may choose to extend the share offer for a short period.

If the total funding achieved is sufficient for the purchase of the property to proceed but is less than our total funding target of £630,000, it may still be possible to go ahead with the project. In this case we will contact both the Parish Council and potential shareholders to ask if they want to go ahead on this basis. Before proceeding with the purchase, the potential shareholders will be asked to either confirm or withdraw their application. If after the consultation with the potential shareholders the total funding raised is then deemed as insufficient to proceed with the project, the share offer will be deemed to have failed and we will write to all share applicants and return their subscription monies in full.

If the share offer is successful and there is sufficient funding to proceed, but for reasons beyond our control the purchase is not then completed, it is likely that certain costs will have been incurred which will need to be borne by the potential investors. These pre-completion costs will be shared between the potential investors and deducted from their subscription monies on a pro-rata basis. The balance of their subscription will then be returned promptly.

PROFIT & LOSS FORECAST

INCOME	First Year	Second Year	Third Year	Fourth Year
Wet Sales	112,047	137,904	159,452	172,380
Food (Dry) Sales	147,368	181,376	209,716	226,720
Cost of goods Sold	103,766	127,712	147,667	159,640
B&B Rentals	12,000	23,948	27,689	29,935
Resulting B&B Contribution	4,000	8,811	10,188	11,014
Gross Contribution	159,649	200,379	231,688	250,474
Salaries	84,353	102,428	114,479	120,504
Operating Costs - Fixed	³ 16,381	25,381	25,381	25,381
Operating Costs - Variable	27,300	33,150	37,050	39,000
Rent	12,000	12,000	12,000	12,000
Total Costs	140,034	172,960	188,910	196,885
EBITDA	19,615	27,419	42,778	53,589
Loan repayment	9,352	9,352	9,352	9,352
Interest on Community Shares ⁴	0	0	0	6,900
Share withdrawal (buy-back) ⁵	0	0	0	6,900
Profit before Tax	10,263	18,067	33,426	30,437

³ First year costs do not include maintenance and roof repair costs, as essential works will have been carried out during refurbishment

⁴ 3% discretionary interest paid on community shares after year 3

⁵ 3% discretionary allowance made for community share repurchase after year 3

TERMS AND CONDITIONS

- i. This share offer will run from June 26, 2020 to July 25, 2020. The Management Committee may extend the offer period at its sole discretion.
- ii. The minimum shareholding is 5 shares, and each share has a nominal value of £10. Minimum permitted investment £50.
- iii. The maximum individual shareholding under this offer is 2,250 shares with a nominal value of £22,500.
- iv. All shares must be paid for in full on application.
- v. Monies deposited with LCPL for the purchase of shares will be held securely by LCPL and only be converted to shares on exchange of contracts for the purchase of the Plough.
- vi. If the project is successful all subscribers will become members of the Society and will be entitled to vote on matters affecting the Society.
- vii. Members will have one vote regardless of the number of shares held.
- viii. Members must be aged 18 or over.
- ix. The Management Committee reserves the right to refuse applications at its absolute discretion.
- x. All subscription monies received will be ring-fenced, and if the Society is unsuccessful in purchasing the Plough, they will be returned promptly (subject to recoupment of costs as set out on page 11 under "Contingencies").
- xi. Shares are not transferable other than in certain exceptional circumstances such as death or bankruptcy of a member, and they cannot be sold, only withdrawn.
- xii. Members may apply to the Society to withdraw their shares. Save in the event of death or bankruptcy, withdrawal applications will not be accepted during the first three years after the allotment of their shares. The amount of share withdrawal permitted each year will be dependent on the performance of the business and determined at the sole discretion of the Management Committee.
You should therefore view this as a long-term investment and review your finances accordingly.
- xiii. Withdrawals can only be funded from trading profits or new share capital and are discretionary, being subject to the Management Committee's satisfaction that withdrawal is consistent with the long-term interests of the Society.
- xiv. The value of each share cannot increase above its nominal value of £10. You should be aware that the value of shares may be reduced if the value of the Society's assets falls substantially or in the event of insolvency.
- xv. A member's liability is limited to the value of their shares.
- xvi. The Society aims to pay interest on shares after three years. Our Governance Rules allow interest payments up to a maximum rate of 5%, or 2% above the base rate of the bank of England whichever is the greater. The current business plan suggests that a target rate of 3% interest could be paid after three years of trading. However, this rate may be varied by the Management Committee in place at that time. Any payment of interest would be subject to the financial performance of the Society and at the sole discretion of the Management Committee; it is also subject to approval by Members at an Annual Members Meeting. Over time, the level of interest paid to Members may vary between zero to the maximum allowed in the Society rules.
- xvii. Longparish Community Pub Limited is registered with the Financial Conduct Authority, No. 7951. Community shares are primarily to support a social return and not for financial gain. This share offer is not regulated by the FCA, there is no right of complaint to the Financial Ombudsman Service and nor can investors apply to the Financial Services Compensation Scheme.
- xviii. ID may be requested from any applicants paying for shares from a non-UK bank.

POTENTIAL RISKS

Buying any type of shares involves risk. Community shares can't go up in value, but they can go down if the Society is making losses. As a shareholder there is a risk you could lose some or all of the money you invest. You should only take these risks with money you can afford to lose. Please seek independent financial advice.

Although it is not possible to foresee all possible risks for investors there are a number which it is reasonable for the Management Committee to guard against.

Loss of Some or All of Your Investment

As a member and shareholder of LCPL you will be a part-owner of the Society. If the Society is unable to meet its debts and other liabilities you could, in principle, lose some or all of your investment held in shares. We think this is a very unlikely outcome because:

- We have obtained a valuation that confirms the price which will be offered to pay for the Plough is reasonable.
- A structural survey of the building will be undertaken before proceeding with any purchase.
- The Parish Council's solicitors will ensure that the Parish Council has good legal title before we proceed.
- Our financial projections are prudent and based on projected turnover supported by an independent business buyers survey.
- In the last resort, if the property had to be sold for an alternative use, it's possible that the value would exceed its current value as a closed pub. It should be noted that the Parish Council will have full control of the sale proceeds.

Inability to Withdraw Shares

The rules permit withdrawals only after three years (other than in certain exceptional circumstances such as death or bankruptcy of a member), and then only at the discretion of the Management Committee. If a large number of members wanted to withdraw their shares in a particular year, there may not be sufficient funds available. In that circumstance, withdrawals will be made in the order in which applications are received, and the full amount requested may not be available.

No Financial Returns

It is possible that in the event of poor trading performance or un-expected outgoings, the Society would not have enough surplus funds to pay interest to members or to allow members to withdraw their shares. We think this is a low risk based on our conservative financial planning.

Data Confidentiality

The Society adheres to the principles of the Data Protection Act and General Data Protection Regulation, even though as a not-for-profit organisation it is exempt from registration with the Information Commissioner and will use and process personal data only for the purposes of the Society.

We will keep your information secure and up to date and undertake to:

Use it only for the purposes for which it was gathered, and keep it no longer than necessary.

Personal data will be used solely for the purpose of maintaining a register of 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 any third parties whatsoever, unless we are required to do so by law.

Members' financial information, such as amounts invested, loans and donations, and interest paid will be treated as strictly confidential, and will not be shared except as necessary for statutory purposes and managing the Society (e.g. when making decisions about whether withdrawal requests can be funded).

Members' personal and financial data will be held on the hard drive of a single computer and will not be transferred by email or any other electronic means except for statutory purposes and the making of back-ups to a USB device for disaster recovery purposes. Such devices will be kept locked in a fireproof safe. Written correspondence and share application forms from Members will be kept in a lockable file at the registered office.

QUESTIONS AND ANSWERS

Are joint applications allowed?

No, only individuals can apply. If multiple members of a household or family wish to invest, they should each fill out a share application form.

Can I invest on behalf of my children or grandchildren?

We can only accept applications from people aged 18 or over, but you may nominate a successor to receive your shares in the event of your death.

What happens to my shares if I die?

On death your shares will form part of your estate and will be dealt with under the terms of your will. If you complete a Nomination form, the Society may distribute up to £5,000 worth of shares to a nominee outside of probate, but any shares above this will have to be resolved with reference to probate. You may, if you so wish, nominate the Society to receive your shares, or bequeath your shares to the Society in your will.

What are the minimum and maximum amounts?

The minimum that you can invest is £50 (five shares at £10 each), although our plans depend on some investors investing considerably more. We have set the maximum level at £22,500. The maximum amount is based on guidelines that suggest the maximum individual investment should not exceed 10% of the total shareholding.

Can I get tax relief on my share purchase?

We have received advance assurance from HMRC that, provided we satisfy some technical conditions, the shares in LCPL are eligible for Social Investment Tax Relief (SITR). So long as you are a UK taxpayer you should be eligible for tax relief on your investment, provided that you leave your shares in the Society for at least three years. Subject to HMRC rules, individuals making an eligible investment can deduct 30% of the cost of their investment from their income tax liability, either for the tax year in which the investment is made or for the previous tax year. HMRC require that any qualifying investment must be held for a minimum period of three years for the relief to be retained.

We will also apply separately for advance assurance under the Seed Enterprise Investment Scheme (SEIS). SEIS is similar to SITR and when making an eligible investment under SEIS individuals can deduct 50% of the cost of their investment from their income tax liability for SEIS. The amount of investment that can qualify for SEIS is limited by HMRC and will be offered to shareholders in the time order that shareholder investment monies are received. Investments made after that limit is reached would still qualify for relief under SITR.

If individuals have chargeable gains in that tax year, they can also defer their capital gains tax (CGT) liability if they invest their gain in a qualifying social investment (SITR only). Tax will instead be payable when the social investment is sold or redeemed. They also pay no CGT on any gain on the investment itself, but they must pay income tax in the normal way on any dividends or interest on the investment. The actual amount of tax relief you can claim will depend on your personal tax circumstances.

For example, Freda decides to invest £10,000 in the tax year 2019-20 in SITR qualifying shares. The SITR relief available is £3,000 (30% of £10,000). Her tax liability for the year before SITR relief is £7,500 which she can reduce to £4,500 (£7,500 less £3,000) as a result of her investment. Remember applications for tax relief are made to HMRC by you, the investor, not by LCPL, and so we cannot give any guarantees. Provided we are approved for SITR, and/or SEIS, we will issue certificates to members confirming that their investment qualifies, and we will explain how to claim. If you wish to find out more now, there is information on [the HMRC web site](#) or you may wish to take professional advice

What happens if the share offer target is exceeded?

If the share offer raises more than the £230,000 target amount, then we can potentially reduce the Plunkett More Than a Pub programme support to reduce our borrowing costs in the first few years of trading, and/or increase working capital to extend the facilities that LCPL is able to offer.

Can I sell my shares?

No, these are withdrawable shares, so you have to apply to the Society to withdraw your shares. The statutory asset lock is also in place to ensure that any increase in business value is only used for community benefit.

When can I withdraw my shares?

According to the rules of the Society, shares cannot be withdrawn for at least three years (except in exceptional circumstances such as death or bankruptcy of a member), and then only if the Society has sufficient reserves to permit withdrawal without jeopardising the business. Our expectation is that in practice it will take three years to build up adequate reserves, before any repayments could be considered, and so any investment should be considered as being for the long term.

When will I receive interest, and how much?

We will start paying interest when the Society has sufficient surplus funds available, i.e. once we have met our other obligations (such as finance payments and other overheads) and have built up adequate reserves to ensure we can maintain the property. We anticipate this will be after year three of operations and is subject to the discretion of the Management Committee.

Interest payments will be determined annually by the Management Committee, (subject to approval at the Annual Members Meeting) which will prioritise long-term profitability over short-term payments to shareholders. Interest will be paid gross, and may be taxable. It will be the member's responsibility to declare any such earnings to HMRC if applicable. Our target is to be able to pay interest of 3% from year 4. Please note that our rules limit interest payments to a maximum of 5%, or 2% above the base rate of the Bank of England, whichever is the greater.

Can I buy shares after the share offer has closed?

We strongly encourage people to invest up-front so that we can properly judge the level of support and plan accordingly. It is likely however that there will be opportunities for buying into LCPL at a later date.

Can a company apply?

A company may apply to be a member and hold shares in the same way as an individual. The company will be required to provide the name and contact details for a single representative who will be able to vote at meetings on the company's behalf.

What happens if the owner doesn't accept the offer price?

Once sufficient funding has been secured, it is intended to submit a conditional offer of £395,000 to purchase the Plough. This offer is based on independent market valuations and considered to be a 'fair' price that reflects the fact that considerable work is needed before it can be run as a pub again. The owner is free to accept another offer, but if the owner simply refuses to sell to anyone, we will have good grounds to approach Test Valley Borough Council to request they consider enforcing a compulsory purchase in respect of an Asset of Community Value.

Who should I speak to if I have any further questions?

Email your questions to info@ploughahead.co.uk, or contact any member of the Management Committee. You will also find useful information on the Plunkett Foundation website, and from the Community Shares Unit (www.communityshares.org.uk). Additional resources are also available on the LCPL website.

How do I apply for shares?

To apply for shares please complete the Share Application Form at the end of this document. A copy may also be found on the LCPL website, along with the many the other documents referenced in this share offer document. The PDF form may be completed digitally, or printed out blank and completed by hand, but in either case you will need to print the form and add your signature to the printed copy.

Before completing the application form, you should:

- **Read this Share Prospectus carefully.**
- **Read the Business Plan.**
- **Consider whether you need to take financial advice.**

Please return the completed Share Application Form and a cheque for the full amount (unless paying by bank transfer) to:

**The Secretary, LCPL,
Broadacre House, Longparish, Hants SP11 6QQ**

In a nutshell:

- We need to raise at least £230,000 in share capital
- Shares will be sold at £10 each
- Minimum shareholding £50 (5 shares)
- Pay by bank transfer or by cheque
- 30% tax benefit should be applicable to most shareholders

A meeting for potential investors to ask further questions, and meet the team, will be arranged in Longparish Village Hall as soon as, and if it is, possible to do so.



More on the story so far, additional information and useful documents are available online through the website.

ploughahead.co.uk