

Capel Cariad - questions raised by shareholders

We had a very positive response from our current shareholders, with some raising valid questions and concerns about the idea. Here we try to answer these questions and concerns.

1. By buying a property in the village, would we prevent a local buyer from keeping the property in the community?

Ideally, it would be great to see Capel Cariad back in the hands of a local buyer. However, it must be considered that the Chapel was converted for commercial use, and would require a considerable amount of work to convert it into a permanent home. Adding that cost to the purchase, it makes it potentially unaffordable for any local individual or family.

By purchasing Capel Cariad, Menter y Plu will ensure that the building remains in community ownership, and any income from it returned to the community. Who knows, hopefully it can be sold on to a local buyer in the future.

2. What is the difference between another buyer buying and running Capel Cariad as private holiday accommodation and Menter y Plu buying and running Capel Cariad as private holiday accommodation?

The biggest difference is that the income from Capel Cariad would be put back into the heart of the community through Menter y Plu to reinforce what Tafarn y Plu has to offer, and maybe inspire other community projects to happen as a result.

If another buyer bought it, that income would obviously be held by that individual.

3. How will this purchase benefit the local economy and community?

Any expenditure (workforce, service, goods) will be made locally as far as possible, giving money straight into the local economy, from hiring a local builder to purchasing tea or coffee.

We would also provide an all-Welsh experience with a visitor information package that has an emphasis on local heritage and culture.

4. What would be the length of the commercial mortgage involved?

Option 1: Commercial mortgage of £ 150,000 with interest of 3.5% for 25 years

Option 2: WCVA loan for a year with interest of 7%, then a commercial mortgage of £147,000 with interest of 3.5% for 25 years

5. Do Menter y Plu expect to generate a profit from this purchase?

Yes, in due course. We enumerate that we would have repaid the loan within 20-25 years. Consideration could be given to pay interest on shares once the loan repayment period ends, or use profits to fund another community project if an opportunity arises.

6. Why not rent Capel Cariat out to local people?

The Chapel was converted for commercial purposes, and would require a considerable amount of work to make it a permanent home. During the mortgage repayment period, we do not believe that the business would be sustainable by renting it out to locals at a reasonable price.

7. If Menter y Plu buys the Chapel but it cannot be let due to the COVID situation, how will costs (including the mortgage) be met without income?

We are in negotiations to avoid repaying the mortgage if this situation occurs. We may have to use our funds from our reserves, but we would have enough money left to survive such a situation.

If we go with option 2 we would have a period of non-payment of the debt as it is more flexible with payments.

8. We may face another lockdown period during this winter. Would there be enough money left over to cover costs over the next few months until we see things recover and the economy opens up again?

We would have enough money left to survive such a situation.

We have also received financial support from various organizations to help survive the current lockdown period.

During the first lockdown period we were successful in obtaining a number of grants for which we were eligible, and we aim to continue to be as successful for any lockdown periods that may arise again.

9. Would the purchase include the furniture?

Yes

10. Would using Menter y Plu's funds to help buy Capel Cariad mean that there will be no money left?

No, there will be plenty of money left over in our accounts. Our current financial position is healthy.

11. What about working capital for the future?

By generating enough operating profit and tight management of the business (as it has been since the start), we will ensure that there is sufficient working capital. With the help of the funding bodies and voluntary efforts, we have been able to ensure that the company has enough cash to enable this expansion to be considered - with an additional injection of capital by raising funds with new shares.