

Menter y Plu

Invitation to Invest



An opportunity to invest in a project to purchase and run Capel Cariad in Llanystumdwy, Eifionydd, as a community venture.

www.menteryplu.cymru

menteryplu@gmail.com



Contents

Summary	3
How does the share offer work?	5
Legal Obligations	7

Summary

Background

Following a very successful campaign, Menter y Plu purchased Tafarn Y Plu in August 2019 with the support of over 300 shareholders and a WCVA loan. Menter y Plu's aim was to safeguard the future of the pub as an asset for the Llanystumdwy community, including residents, local organisations and visitors to the area. The vision of Menter y Plu was to conserve and develop the building itself and build on the core offer by expanding the services on offer, to include meals, a shop service, community events and to assess opportunities to offer onsite accommodation – for a manager and/or visitors.

Several aspects of the vision have already been delivered and others are ongoing. Nevertheless, 2020 has been challenging for us all due to the impact of the Coronavirus epidemic on our society. Like so many other businesses, Y Plu has been impacted by the pandemic but as a community enterprise, we succeeded to come together and not only ensure that Y Plu itself survives but that we continue to offer a service to the local community (e.g. by offering a shopping service for residents) and to develop plans.

Since purchasing the pub and starting to run the business, Menter y Plu has realised that opportunities must be taken as they arise, as long as that doesn't undermine the viability and sustainability of the pub.

Capel Cariad

An opportunity has presented itself recently to purchase Capel Cariad, Llanystumdwy, which is next door to Y Plu and is currently a private holiday accommodation. Menter y Plu is currently weighing up this opportunity, with the view that purchasing Capel Cariad and running it as a successful holiday let, for the benefit of the community, could aid to sustain and increase the income received by Menter y Plu over quieter winter periods.

How much money is needed?

If Menter y Plu was to proceed to purchase Capel Cariad, the purchase would be made through a commercial mortgage. In order to receive such a mortgage, Menter y Plu would be required to raise 30% of the value of Capel Cariad as a deposit, which equates to approximately £62,000. Menter y Plu has £40,000 to invest and the remaining £22,000 would be raised through a share offer.

We are looking raise a minimum of £22,000 through the share offer. Following feedback from our current shareholders and considering the success of our campaign to purchase Tafarn y Plu, we are confident that this is possible.

These shares would be in Menter y Plu rather than Capel Cariad itself. It is usual for any shareholder organisation or company to introduce a new share offer when that organisation or company wishes to raise monies to invest in itself. The more money that is raised through a share offer, the less that will need to be loaned, the less interest that will be paid on the mortgage and the greater the long term profit. A new share offer for the purpose of purchasing Capel Cariad wouldn't endanger the current shares purchased in Menter y Plu. Instead, the aim is to create a new source of income and increase the viability of Menter y Plu and therefore safeguard the value of existing shares.

Menter y Plu's committee has scrutinized the cost of purchasing Capel Cariad and also the revenue of the current business at Capel Cariad and it is believed that the business model is viable, increasing the pub's income which will be of assistance to overcome quieter periods. The committee believes that this is an excellent opportunity to diversify and increase Menter y Plu's income sources, particularly due to Capel Cariad's advantageous location, directly adjacent to Y Plu. It is unlikely that Menter y Plu will receive such a good opportunity again in the near future. The continuing impact of Covid-19 is clearly an important consideration in this decision but as previously said, the committee feels that this is to good an opportunity to miss.

Shareholders can invest a minimum of £100 and maximum of £20,000.

How does the share offer work?

We are asking for a minimum purchase of 100 shares. They cost £1 each.

Regardless of how many shares are bought, each buyer - or group of buyers - gets one vote on how things are run at an annual shareholder meeting. If you are buying shares as a group or family, you will need a nominated person to represent the group for tax relief and voting purposes.

There are limits on how much you can invest to prevent the society being dependent on a handful of large investors. Your shares can never be worth more than you paid for them.

We will use the money raised to buy the asset. Any amount raised beyond the price of the building will be spent on renovation, professional fees, and other operational costs. Every pound we raise will assist in purchasing the asset and will also help us apply for grants and funding from organizations like the National Lottery. The more we raise, the more grants we can apply for.

By investing in Menter y Plu Cyf, shareholders will be contributing towards guaranteeing that any profits from a holiday accommodation goes back to the community, and keeping a country pub open. They are also welcome to volunteer with fundraising activities, or the running of the business.

Once our business plan is ready and the share offer is closed, Menter y Plu Cyf. will apply to HMRC to confirm that we are eligible for the social investment tax relief (SITR).

Under the SITR scheme, shareholders could be entitled to a relief on any amount they invest, to be taken off income tax liability for current or previous year. To qualify for SITR, a minimum three-year shareholding applies and shares must be paid for in full at the time of purchase.

The maximum investment is £20,000.

What happens if I want to withdraw my shares?

We hope you will want to hold your shares for many years and pass them on to loved ones, but after a minimum period of five years, there is a mechanism whereby the Society can buy back your shares, subject to a few simple conditions, at original face value.

In between, all you have to do is wait for your interest payments. Conditions for share capital withdrawal are laid out fully in the 'Legal obligations' section of this document.

What return on my money will I get?

Depending on the performance of the business then the committee may decide to pay a small amount of interest on shares. Other Community Benefit Societies pay small community grants from their profits, and this is something Menter y Plu Cyf. would aim to do.

We will also be re-investing in the business and the physical structure, putting value on this community investment for the future.

What happens if you do not manage to buy Capel Cariad for the community?

We aim to return 100% of your money to you. However, as with any investment, there is a risk. You should not invest more than you can afford to lose. Your investment is not protected by the Financial Services Compensation Scheme. More information is in the 'Legal obligations' section.

Legal Obligations

We have a legal obligation to be very clear to you how the share process works and a moral obligation to be true to the twin aims of safeguarding Menter y Plu for the community and safeguarding your money.

- 1) Shares are priced nominally at £1. The minimum shareholding is £100, and the maximum shareholding is £20,000.
- 2) You can either pay full price for the share during purchase or set up a standing order with your bank to pay monthly for 10 months.
- 3) Members must be at least 16 years old. An adult can buy shares as a present for a child.
- 4) Shares are not transferable, except in case of death or bankruptcy. Shares may be withdrawn from the Society after a minimum of five years, subject to terms listed below (see item 9).
- 5) Nominal share value cannot increase. The value may fall if liabilities exceed assets i.e. if the business fails. (We think this is very unlikely).
- 6) The committee may decide to pay a small amount of interest on shares depending on the performance of the business.
- 7) Your personal liability in all circumstances is restricted to the value of your shares.
- 8) After the minimum five years, you may withdraw your share capital from the Society, provided:
 - a) notice of three months is given in writing
 - b) trading surpluses or fresh share capital allow it, financially
 - c) the board do not block the request for any reason, as they are entitled, legally, to do. (This would be the case, for example, if there was a sudden rush of people wanting to withdraw share capital). The board have a duty always to consider the long-term interests of the Society and the community asset.
 - d) the yearly share withdrawal does not equal more than 10% of total initial share issue value.

- 9)** All monies will be held in safekeeping in an account in the name of Menter y Plu Cyf. the founder members are clear that the minimum amount has been reached to make the purchase viable. Should this not occur, your money will be returned in full.
- 10)** Once you purchase the minimum shareholding or more, you will become a member of the Society and will be entitled to full voting rights at general meetings. If your shareholding drops below the minimum amount, you will lose this right. All members have an equal vote.
- 11)** The Society has a common ownership dissolution clause (an 'asset lock' designed to safeguard the asset for the future) meaning that if the co-op is dissolved, then once shares and other liabilities are paid, residual assets cannot be distributed amongst the members.
- 12)** Menter y Plu Cyf have registered with the Financial Conduct Authority. However, special rules apply to the community benefit society form and this share offer is not covered by the Financial Services Compensation Scheme. Shareholders risk losing some or all of the money that they invest. If in doubt, seek independent advice.
- 13)** With no guarantee that the asset will not be sold at any time, we will make our acquisition offer as soon as we have accumulated a minimum share investment to make an offer. Any remaining share investment will be used to pay for renovations, professional fees and other operational costs.
- 14)** The amount raised through shares must be capped at £250,000.
- 15)** Full Society rules, a business plan, confirmation of SEIS/ EIS approval and all other major developments will be available at www.menteryplu.cymru