



# The Lowther Arms Community Project Ltd (LACPL) Share Offer

LACPL is a Community Benefit Society

## Frequently Asked Questions

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<b>Buying Shares</b>	
How much does a share cost?	A single share costs £50, and the minimum investment is £100 (two shares).
Are there limits to how much I can invest?	Yes. The maximum you can invest is £30,000 (600 shares).
Why should I buy community shares?	We need your investment to help purchase the Lowther Arms. Without sufficient investment from the community we will be unable to establish the business and ensure the pub continues as a community asset for the long term.
How do I buy a share?	You can either: 1. Go to our website for all the information <a href="http://www.thelowtherarms.co.uk">www.thelowtherarms.co.uk</a> , or 2. Contact a member of the Management Committee (contact details at the end of this form).
Can I have a paper copy of the share prospectus and application form?	Yes. Please get in touch via email: <a href="mailto:lacp2019@outlook.com">lacp2019@outlook.com</a> or contact one of the committee if you would like a paper copy of the Share Prospectus or additional application forms (contact details below).
Why is the minimum investment £100?	The minimum investment is £100 to enable as many people as possible to buy a share, including those on lower incomes or with fewer savings.
Can I buy shares on behalf of my children or grandchildren?	Yes, shares can be held for children. An adult must complete Section 4 of the Application Form (Buying Shares as a Gift for Someone Else) and will then be contacted for details when the offer closes. The shares and vote will be transferred to the child as soon as they reach 18 years of age. In the meantime, any adult who does not already have a vote may vote on the child's behalf.
Are joint applications allowed?	Yes. However, you should note that only the first named investor on the application form will be a Member of the Society with voting rights. If, for example, a couple would both like to be Members then each person should make a separate application.
Who can buy shares?	Anyone over the age of 18 can buy a share for themselves or as a gift for someone else (e.g. a child or grandchild) A group of people (e.g. family, friends). However, only the first-named investor on the application form will be a Member of the Society and have voting rights. A business, organisation, or other incorporated or unincorporated body.
Can I buy shares on behalf of a company I own?	Yes, you can buy shares on behalf of your company and any interest would be paid to the company. The company would have one vote. You could also provide a charitable donation. If the bid is unsuccessful, the donation would go to other community projects.
What happens when the share offer target is reached?	If the share offer target of £300,000 is reached, we will close the share offer and not accept any further applications. We will then keep a Waiting List for those people who would still like to buy a share in future if the opportunity arose.
What happens to the money raised by selling shares in LACPL?	All monies received will be deposited in the LACPL Lloyds Bank account and will be used solely for the purchase of the freehold of the Lowther Arms and the associated purchase and opening costs.
What happens if you do not raise sufficient funds to buy the Pub?	The period marked for the sale of shares may be extended. If we still fail to meet the target, a shareholders meeting will be held within four months of the share offer closing to decide immediate action to be taken.
How do the shares work?	LACPL was established as a Community Benefit Society to allow it to raise money through shares to buy the pub for the benefit of the community. The aim is to save the pub for future generations. The Society operates on the basis of 'one Member, one vote', and buying shares should be viewed as a long-term investment for community benefit. It is not the same as investments in 'for profit' enterprises where investors hope to share in success through both dividends and capital appreciation. Whilst the shares in the Society will pay interest, the underlying value of the shares cannot increase and could be reduced in the unlikely event that liabilities exceed assets.
What happens when I buy a share?	Once your money is received by LACPL and deposited in the bank, you will receive a Share Certificate with details of your investment, including the number of shares bought and the amount of money you paid). You will also become a Member of the Community Benefit Society (LACPL).

## The Lowther Arms Community Project ~ Frequently Asked Questions

When will I receive confirmation of my share purchase?	You will receive an automatic confirmation email when you submit an online application form. In addition, the treasurer will email you directly within 5 working days of your application to let you know that the bank transfer or cheque has been received.
Why do you need to raise £300,000?	The money will not only buy the pub, but will also pay for the associated expenses, surveys and fees; any redecorating and refurbishments; installing all the extra facilities and equipment for the café and essentials shop; and revitalising the caravan and campsite to transform the Lowther Arms into a community pub.
<b>Shareholders and Members</b>	
Is there a difference between being a Member and a shareholder?	No. There is no difference between being a Shareholder and a Member. When you buy a share you automatically become a Member
When I buy shares, what do I become a Member of?	When you buy a share, you become a Member of LACPL, a Community Benefit Society, and you then have a say in how the Society is run through your vote (each Member has one vote, regardless of the size of their shareholding).
Why should I become a shareholder?	We believe it's important that as many members of the community as possible are involved in this venture. The shares will provide the money to buy the pub and develop the business. Each person who buys a share (i.e. a Shareholder/Member) will have a say in how the Society is run. Quite simply, the more Members we have, the more of a community pub we become.
Are there restrictions to becoming a Member/ Shareholder?	Members must be aged 18 or above. There is no requirement to be a resident of Mawbray and we welcome investors from the wider community and further afield
Do my shares give me voting rights?	Yes, they do. Everyone has an equal voice, so, regardless of the size of the investment, you will have one vote.
If I have bought multiple shares why do I only have one vote?	This is to comply with the rules of all Community Benefit Societies. However, if you decided to stand for election to the Management Committee and were successfully elected you would have a say in the appointment and direction of the Tenants.
Will future meetings of the management committee be scheduled, open to Members to attend and Minutes published?	Yes, once we have formalised the ownership of the Lowther Arms, committee meetings will be advertised, and Minutes will be made available to the LACPL Members (shareholders). Until then, we will continue to keep the community updated at the regular briefing sessions, through our mailing list and through our web and Facebook pages.
<b>My Investment</b>	
What guarantees do I have for my investment?	The shares in the Society will pay interest in Year 3 once trading is established. The underlying value of the shares cannot increase and could be reduced in the unlikely event that liabilities exceed assets.
Can my investment increase in value?	No. Shares in the Society can never be worth more than their nominal face value. However, the Members may vote to pay interest on the loan represented by their shareholding. It is unlikely we will make enough money in at least the first two years of trading to enable this to happen.
Will I receive interest from my shares and get a return on my investment?	We aim to pay a reasonable interest rate to our Members. For instance, our business plan assumes we will pay 3% interest on shares from Year 3, but this will depend on the success of the business. Interest will be paid gross and it is each Member's responsibility to declare such earnings to HMRC if appropriate.
Is this a good business proposition?	We expect and will require the business to be a profitable venture. We have carefully evaluated its strengths and weaknesses and our projections show that it can be established as a successful business. It is well proven that communities that work together to set up such an enterprise will support it in the future. Of all the Community owned pubs none have failed to date. For more details about our business case please read the Business Plan (which can be found on our website or requested from the Management Committee – contact details below).
Can I sell my shares?	No. Shares in the society cannot be sold. They are a special sort of share known as 'Community Shares' and the only way you can recover their value is to apply to the Society to withdraw any shares you own.
How can I get my money back?	You must invest your shares for a minimum of three years after which time you can apply to withdraw your shares to get your money back. The Management Committee will determine, based on the liquidity of the Society at the time, the extent to which shares can be withdrawn.

## The Lowther Arms Community Project ~ Frequently Asked Questions

When will my money be refunded if the purchase of the Lowther Arms does not proceed?	Before the end of March 2021.
Will I get my investment back if the pub fails?	In the unlikely event that the Society fails, all the business assets including the freehold of the building and land, would be sold and the proceeds of the sale (after paying any creditors) divided between the shareholders up to the value of their shares. Your liability as a Member is limited to the value of your shares. You cannot lose any more than the value of your shares. You might receive the full value of your shares back or you might lose part or all of your investment. Any remaining money (after paying any debts) must be transferred to another community organisation having similar community benefit aims. This is known as an asset lock which prevents any private gain if the Society dissolves.
What happens to my shares if I die?	Your shares will form part of your inheritance and can be transferred under the terms of your Will.
<b>The Pub and LACPL</b>	
What is a community pub?	A community pub is just as it sounds – a pub business owned and run by the community for the benefit of the community. Since the first community pub opened in the UK in 1982 there are now around 100 community pubs open and trading. To date, no pub that has transitioned to community ownership has closed.
Why form a community pub, why not allow it to be privately owned and run?	Apart from the obvious benefits of the community being able to own and run the pub, there is a risk that private investment may not be forthcoming. Over the last two decades more than 13,000 pubs have closed in the UK, with the land typically being sold for Change of Use, often ending up as housing. Once local pubs close, they are lost for good.
How are community pubs funded?	Community pubs are typically funded through a public share offering allowing members of the community and other 3 <sup>rd</sup> parties the opportunity to invest. There are usually minimum and maximum investment thresholds. All shareholders (or Members) have a say in the running of the business on the basis of one-Member-one-vote.
What are the benefits of community ownership?	In many cases, community pubs have been established as a means to save pubs otherwise destined for closure. Frequently, these are the last surviving pubs in the towns and villages they serve. As well as safeguarding a key service, the additional benefit of community ownership is that Members may then have influence over the types of service provided by their pub (the manner of the running it or extra services like a community meeting place, café or local shop).
What is LACPL?	LACPL stands for the Lowther Arms Community Project Limited. It is recognised in law as a Community Benefit Society (or 'Society' for short) and was registered with the Financial Conduct Authority (FCA) in March 2020. Registration Number 8314.
What is the difference between LACPL and the pub?	LACPL is a Community Benefit Society, which was formed to sell shares to raise money to buy the pub property. LACPL will own the property and pay for buildings insurance and appoint Tenants to run the day-to-day pub business. LACPL is a bit like a Trustee in that it aims to safeguard the pub for the future.
Who will benefit from this venture?	The community of Mawbray and Parish of Holme St Cuthbert will benefit as well as all the visitors and tourists who come to the area! It is our aim to make the pub the focal point of our community. Losing the pub would almost certainly see a decrease in residential property prices, too – it is in every householder's interest to keep the pub open.
Will you be paying a fair price for the pub?	Yes. We commissioned an 'Independent 'Business Buyer and Market Valuation Appraisal' and offered the full market valuation price for the pub.
Will the pub be viable?	Based on our assessment, coupled with that of professional advisers, we believe the income from the sale of beer and food and additional enterprises will be sufficient to support the business model we propose and provide a surplus for contingencies.
Who is organizing this? Do they have a personal interest in the pub?	The LACPL Management Committee, which currently comprises the following volunteers: Chris Atkinson, Diane Byers, Gary Byers, Vivienne Coleman, Annette Gibbons, David Jeffries, Jo Leeds, Allyson Tunstall, Craig Tunstall, Dave Talosi (Todd). They have the same financial interest in the Society as all other investors.
Who will run the pub and make the day-to-day decisions about the business?	The Management Committee will appoint Tenants to manage the day-to-day running of the business (i.e. a Bar Manager and a Chef). We will work closely with the Tenants and community to ensure our vision for the pub is delivered, however we will not micro-manage the Tenants and ultimately all decisions regarding the daily management of the pub and therefore all associated business risks will be the Tenants'.

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	Volunteers from the community will also help run the café and essentials shop and may be co-ordinated by the Tenant or Management Committee depending on the agreement negotiated with the Tenants.
I think the pub closed because people did not support it enough, what makes you think it will be different this time?	<p>Pubs close for various reasons and the closure of the Lowther Arms was the choice of the current vendors who own and ran the pub because they felt it ceased to be sustainable.</p> <p>This will not happen if we buy and run the Lowther Arms because it will be a community pub. We have taken expert advice and looked at different financial scenarios and the pub will be sustainable if:</p> <ul style="list-style-type: none"> <li>• Experienced and skilled Tenants are appointed who share our vision</li> <li>• We charge the Tenants a fair rent</li> <li>• Costs are strictly controlled</li> <li>• Our community pub will have additional facilities and income streams – so will be a mix of traditional pub and caravan and campsite with café, snack bar, restaurant, and social centre, and thus appeal to a much wider clientele</li> <li>• Volunteers help run some of the extra facilities (café etc)</li> <li>• Finally, any pub MUST serve good pub food and be open beyond licensing hours with café facilities to survive.</li> </ul>
I am not keen to get involved with saving the Pub because as I don't think a pub can be successful if a committee and volunteers are involved	<p>The business plan makes clear the preferred model for running the day-to-day business of the pub is to appoint experienced Tenants. The Management Committee will not run the pub but support the Tenants and be responsible for the pub building itself.</p> <p>As a shareholder, you will have a voice and a part to play in the Management Committee which will be responsible for the building and liaising with the Tenants. There may well be opportunities to volunteer in the pub, but this is NOT compulsory. The Tenants will be responsible for running the pub side of the business and the new Management Committee will make plans as to what skills and talents are required to develop the building and grounds, and volunteers will be required.</p>
Does the vendor have to sell the pub to us if we raise enough money?	No, they are under no obligation to sell the pub to us and they do not have to accept an offer from us. Our best chance of success is to raise the required amount as quickly as possible to demonstrate we have proof of funds and therefore have a credible offer.
What redress do I have if the business fails and I lose the value of my shares?	This share offer is unregulated, as it is exempt from the Financial Services and Markets Act 2000 or subsidiary regulations, which means there is no right of complaint to the Financial Ombudsman, nor can you apply to the Financial Services Compensation Scheme.
How can I find out more about the project?	You can find our Business Plan, the Rules for our Society and further contact details at <a href="http://www.thelowtherarms.co.uk">www.thelowtherarms.co.uk</a> , or see contact details below:
Who should I speak to if I have any further questions?	Contact a member of the Management Committee (contact details at the end of this form).

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The Lowther Arms Community Project Limited is a Community Benefit Society registered with the FCA under the Co-operative and Community Benefit Societies Act 2014, Registration No 8149. A member of the Plunkett Foundation.  
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