Be a Piece of the Puzzle!

SHARE OFFER

LAUNCHING 28 OCTOBER 2017

CLOSING 26 NOVEMBER 2017 – OR AS SOON AS POSSIBLE!

Puzzle Hall Community Pub Limited

38 Lower Hollins
Sowerby Bridge, West Yorkshire HX6 2QZ

www.puzzlehall.org.uk
https://www.facebook.com/puzzlehall/
https://www.facebook.com/friendsofpuzzlehallinn

Puzzle Hall Community Pub Limited is a Community Benefit Society registered under the Co-operative and Community Benefit Societies Act 2014.
Registration no. 7568
Share Offer Summary

You are invited to invest in The Puzzle Hall Community Pub Limited (PHCP), a Community Benefit Society, established to secure the future of The Puzzle Hall Inn (The Puzzle), Hollins Mill Lane, Sowerby Bridge, West Yorkshire, HX6 2RF.

The Puzzle, built in 1628, has been an ever-changing, enduring part of local history – an ale-built jazz haven and home to renegades, musicians, artists, poets, dancers, social clubs, and long nights. Puzzle heroes include the landlady who had a tower built to the rear of the building to facilitate the brewing of “Platt’s of Sowerby Bridge labelled beer”, and the duo of 1980’s regulars, Pete Martin and Geoff Amos, who arranged for 4,250 jazz musicians to perform at the Puzzle Hall.

With secret staircases, poetry societies, and internationally renowned touring artists making a stop, The Puzzle is a local titan of culture, and has earned a place amongst the greats. With your help we will buy, repair, refurbish and run the Puzzle Hall Inn for the benefit of the community.

The Puzzle closed in January 2016, and was listed as an asset of community value (ACV) on 26 July 2016. A public meeting on 19th April 2017 established the ‘Friends of Puzzle Hall Inn’ community group (148 members and rising). The Puzzle is currently closed and the freehold with a comprehensive licence was put up for sale on 21 April 2017, triggering a six-month moratorium on the sale.
What’s the plan to save the Puzzle?

We aim to raise £350,000 through community investment to purchase and refurbish The Puzzle, and manage it for the community. We need to achieve a minimum of £250,000 in share investment, supported by £100,000 loan and grant package from More Than a Pub Scheme to deliver the plan.

The minimum investment is £300 per investor, with a maximum of £35,000, except for Big Society Capital, who will be providing match funding of up to £100,000 under separate terms and conditions.

The offer will run for 28 days, or when the maximum target is reached, whichever is sooner. The management committee reserve the right to extend the offer beyond this initial period if they believe doing so would benefit the share issue. Our full business plan can be downloaded from [www.puzzle-hall.org.uk](http://www.puzzle-hall.org.uk)

This offer is being promoted by the Puzzle Hall Community Pub Limited, 38 Lower Hollins, Sowerby Bridge, West Yorkshire, HX6 2QZ, a Community Benefit Society, registered with but not regulated by the Financial Conduct Authority (Registration No. 7568)

The Financial Services Compensation Scheme does not cover this offer and investors have no recourse to an ombudsman. Any money you pay for shares is not safeguarded by any depositor protection or dispute resolution scheme. You could lose some or all the money you invest.
Community Shares Standard Mark

To ensure that this offer conforms to best practice around community investment, we have sought the Community Shares Standard Mark. The 'Community Shares Standard Mark' is awarded by the Community Shares Unit to share offers that meet national standards of good practice. These standards ensure that:

- The offer document and application form are easy to understand
- You are provided with all the facts you need to make an informed decision
- The facts are supported by the annual accounts and/or business plan for the society
- Nothing in the documents is purposefully incorrect, confusing or misleading

Societies are asked to sign a Code of Practice requiring them, among other things, to give the public a right of complaint to the Community Shares Unit. For more information about community shares, the Community Shares Standard Mark and the Community Shares Unit go to: communityshares.org.uk

We have completed preliminary assessment, but due to the urgent need to launch the Share Offer, we are unable to wait for the Standard Mark to be awarded. The offer has been reviewed, and the Standard Mark will be awarded on or before Tuesday 31 October, and any necessary changes will be communicated to investors before completion of the share offer.

What are Community Shares?

Community shares are a type of share capital available only to organisations incorporated as Registered Societies. They are non-transferable which means that unlike shares in traditional profit-making companies you cannot buy and sell these shares.

Community Shares (also called ‘withdrawable shares’) are ideally suited to community-focused organisations. Investors can receive some interest on the sums they invest and may withdraw their investment (get their money back) but only under certain conditions, considering our objectives as a community benefit society. The Puzzle Hall Community Pub Ltd must first have the funds to support withdrawal and will only accept requests for withdrawal after three years.

Community shares cannot increase in value. If Puzzle Hall Community Pub Ltd ever sold The Puzzle Hall Inn, and made a profit, investors would receive their original investment back, and the profit would go to the community (this is called an asset lock). If the business ever runs into difficulty, it is possible that not all the original investment could be repaid.
We hope that you want to save The Puzzle, and secure its future. This share issue has been designed to give you an opportunity to contribute financially, on a long-term basis, to this important asset for the local community.

Community shares have now been used to finance community renewables, shops, piers, harbours, bakeries and in July 2017 the 50th Community Pub was opened.

‘Be A Piece of the Puzzle’ Vision

The Puzzle Hall Inn is on Hollins Mill Lane, a roadway at the heart of Sowerby Bridge’s industrial past running adjacent to the River Calder. Sowerby Bridge is a market town in an area with an excellent local economy and is popular with walkers and cyclists. Local unemployment and exclusion issues are counterbalanced by an enterprising business culture, pronounced public enthusiasm for the arts and a clear appetite for cultural activities in Calderdale.

Our vision is for everyone in our community to ‘Be A Piece of The Puzzle’ and to support its sustainable success as an independent pub supporting local people, suppliers and independent businesses. We want the Puzzle Hall Inn in people’s minds and hearts, offering social support and creative space in Sowerby Bridge for generations to come. We will reinvest profits to improve facilities and services at The Puzzle, run community development initiatives, work in partnership with other local community organisations, and pay interest to shareholders when funds allow.
Consultation with various community groups revealed enthusiasm and need for welcoming space within a pub setting, where people feel valued and part of a community project, able to contribute positively, and feel connected to the people around them. We anticipate we will increase community cohesion, reduce feelings of isolation and loneliness, improve awareness of the needs of minority groups in the wider community, and increase community spirit - evidenced by increased volunteering activity.

Why would you invest?
Investment in the Puzzle is not solely a money-making exercise. By investing in our community, you will be part of the next stage of The Puzzle's existence as an important community asset owned and run for the benefit of the community.
Benefits to the Community include:

- Securing the iconic Puzzle Hall Inn as a long-term asset for the community.
- Being part of a community project that makes a difference to people, tackling social cohesion, loneliness and isolation and increasing belonging. Everyone who supports the Puzzle in some way is part of this: ‘Be A Piece of The Puzzle’
- A safe, supportive, accessible environment for everyone, including older people, teenagers, minority groups and isolated individuals, to feel welcome and meet people
- An events program supporting and promoting local live music
- An attractive, flexible, multi-purpose, facility that enables participation in social, cultural and leisure activities for all sectors of the community
- Support and investment in other community projects that meet our values

Your role as member/shareholder

On purchasing at least 300 shares you will become a member of Puzzle Hall Community Pub Limited, and have the right to attend and vote at general meetings, stand for election to the Management Committee, and to inspect the share register of the Society. One vote per member. Joint shareholders count as one member. Membership is open to all individuals who agree with the aims and objectives of the Society. For the purposes of this offer the minimum age for members will be 18. The management committee will be 6-9 individuals collectively responsible for close supervision of the business and overseeing performance operations, until trade is established. The strategic oversight of the Society is delegated by the membership to the Board of Directors. As a member you will have the opportunity to apply for membership of the Board of Directors at the next AGM.

Who are we?

“The Friends of the Puzzle Hall Inn” was set up as a Facebook page in April 2017 to judge the level of interest in purchasing the Puzzle as a community owned pub. Since then a steering group has carried out research and a feasibility study, a wide range of community consultation and marketing activities, procured professional surveys and advice, negotiated with the vendors and developed a comprehensive business plan and share offer.

Interim Management Committee

Who are the people behind this project? Do they have a personal interest?
The Interim Management Committee consists of some of the original steering group, with additional members being brought in recently, to help manage the project until the first AGM. We all care passionately about The Puzzle, the social role it plays, and the future heritage of the area. The founders and Directors of the Society who have compiled this community share offer will not benefit from their voluntary work, or have any additional personal interest over and above that associated with any shares that they purchase on the same basis as any other applicant. During the period of refurbishment, we will advertise for and recruit a manager for the pub who will reside in the first-floor accommodation. The manager will be offered a competitive rate with an incentive bonus based on net profit.
**Sam Irvine (Director)**

As a long term Sowerby Bridge resident I’ve grown up with the Puzzle Hall Inn and the community that has grown around it, my family has a close connection being licensees during the early 1990’s. After the recent closure, the frequently heard question about the future of the Puzzle Hall led me to form the Friends of Puzzle Hall Inn and pursue registering the Puzzle using the asset of community value legislation.

An interest in neighbourhood matters has led to involvement with the Sowerby Bridge Community First funding panel and I’m now a member of Sowerby Bridge Development Board. I’m a co-founder of the Puzzle Hall Community Pub Ltd, aiming to safeguard the Puzzle Hall Inn as an asset for Sowerby Bridge and the wider community.

I’ve recently gained several years’ experience in the brewing industry working for local breweries and concurrently work self-employed as a lighting and sound technician on various events and local theatre productions. I gained a BSc (hons) in Sound and Video technology at Salford University and have studied at the National School of Film and Television.

**Geoff Amos (Director)**

Born in Sowerby Bridge in 1947, I gained experience in many local industries before moving on to working for nationally based companies in building, civil engineering, and ground engineering. I then became involved with the emerging scene of performance art and street theatre. Since the late 1970’s I’ve been involved with stage management, technical production and artist programming at International Jazz festivals including Bath, Bradford, Brecon, Cheltenham, Glasgow, South Bank, (Grimsby), and Hallam Radio (Sheffield). I’ve also been involved with various local authorities producing concert series, instrumental and vocal workshops.

Together with a colleague, we set up and ran the nationally regarded weekly jazz series ‘Jazz Live’ held at the Puzzle Hall Inn. I have also promoted many performances of theatre and music in Sowerby Bridge. In 1999, I bought the failing art deco Three Pigeons pub in Halifax with my brother, and within a short period of time, grew a financially secure, award-winning business, much loved by Calderdale’s pub community.

My role in the committee has been guidance based on my years running pubs and clubs, organising consultations with professionals, obtaining various reports and quotes, organising fundraising events and community updates via the mailing list.

**Deborah Gillon (Director)**
After hearing about a quirky pub ‘where all the socialists go’ whilst studying at university in 2003, I immediately fell in love with The Puzzle on my first visit after walking into a Buzzard performance. I was made to feel really included by the regulars, and worked behind the bar until its first closure in 2007/8. I want to be a piece of the Puzzle to ensure it never closes again.

Over the last year of my employment at the Puzzle, one of my roles was working with Pete Gillon booking bands and organising festivals. I have used these skills as part of the steering group to help raise awareness and organise fundraising events for the ‘Be a Piece of the Puzzle’ campaign.

**Netty Berry**

As a musician, I first started going to The Puzzle open mic nights, as I had heard it was a really welcoming, friendly session. It’s a unique venue that supported artists and musicians locally, and brought talent from outside the area too. The Puzzle was an asset to the whole community, bringing people together from all walks of life, united by their passion for music and performing arts. There is nowhere locally that this happens now.

I have over 14 years’ experience in the hospitality industry, and was the manager of the award winning Old Bridge Inn in Ripponden, Sowerby Bridge for 10 years. My experience in the trade has enabled me to give guidance regarding all aspects of running a pub, informing our financial projections, and helped our research when we have visited other successful cooperative pubs. I also conducted the market research, helped with the SWOT analysis and due diligence on overheads costs, and bring a wealth of local and regional contacts in the pub supplies and services sector.

**Jocelyn Owens**

My early experience of The Puzzle was when I was a single parent working very long hours and relatively isolated. I found that I could turn up last minute and always be welcomed with a smile into a safe community of fun, creative, eclectic, sometimes slightly eccentric, supportive people. For me it was the essence of Sowerby Bridge, and the reason I later moved into the area. I am passionate about being part of bringing The Puzzle back to life.

As Managing Director and owner of a busy veterinary practice, I have experience of setting up, running and growing a company from a nil base to employing 18 people. Within the steering group, I have been involved with coordinating financial advice, developing financial and business strategy, writing the business plan, consulting with accountants to complete the forecasts and projections, negotiating with the vendors and our solicitor, procuring PR and marketing advice and quotes, and grant applications.
Bruce Fitzgerald

Originally a hotel manager, I worked in tourism and hospitality for 15 years, and was responsible for customer service, quality, security, auditing, ordering and managing over 400 employees in New Zealand. A career change and a move to the UK followed. I am now a freelance photographer, specialising in advertising photography. The Puzzle and the people I met there are the only reason I am not in New Zealand.

I have been coordinating our social media channels, helped with mailing lists, have been involved in research, and have been publicising the ‘Be a Piece of the Puzzle’ campaign, and am the official Puzzle Hall Inn Community Pub Photographer!

Pete Gillon

I first discovered The Puzzle as a musician playing a gig there way back in the late ‘80’s. After moving to Sowerby Bridge in 1992, I became a regular, and eventually the band booker for the music nights and the popular Bank Holiday Festivals between 1997 and 2007.

As part of the steering group, I have been involved with organising fundraising events, booking bands, helping with social media, organising marketing such as banners for events, and engaging with previous bands who have played at and supported The Puzzle.

Phill Green

I first came across The Puzzle Hall when I lived in Greetland, and it has stayed in my heart ever since. Because of my passion for real pubs, real communities, real people and real ale, I came across the project to save The Puzzle, and wanted to help as much as I could.

With 15 years’ experience in the banking and finance industry, I have significant experience running large scale businesses. Currently I’m the Head of Telephone Banking within one of the major high street banks, and run an operation of over 1100 people with a salary budget of over £15m per year. My goal is to use my expertise to help bring The Puzzle back to life, taking its rightful place within the community of Sowerby Bridge.

Structure and governance

We have established The Puzzle Hall Community Pub Ltd, as a Community Benefit Society, which is the legal vehicle that will buy and run the Puzzle Hall Inn. This structure is particularly appropriate because:

1. It is democratic and accountable to the community members who elect the Directors.
2. It can advertise shares to community and pay interest on those shares.
3. It has an asset lock (like that of a charity), which ensures that the Puzzle Hall and its assets can only ever be used for community benefit rather than private profit.

Our objects are:
- To carry on any business for the benefit of the community by working with other public, private and voluntary bodies to preserve the Puzzle Hall Inn as a community asset.
- To promote the conservation, protection and improvement of the Puzzle Hall Inn and its surrounding environment for the benefit of the local community.
- To develop initiatives aimed at making the Puzzle Hall Inn an accessible, inclusive, sustainable and creative heritage venue for those who live in, work in or visit Sowerby Bridge and the surrounding area.

Copies of the constitution of the Puzzle Hall Community Pub Limited can be found on our website www.puzzlehall.org.uk

What will The Puzzle Hall Community Pub use your money for?
We are raising money to buy The Puzzle, complete extensive repairs and refurbishment, buy and install fixtures and fittings, buy stock, and open and run the pub. We are planning a complete program of repair, refurbishment of the inside and outside stage areas, the cellar and bar, renew the toilets for accessibility, install Wi-Fi to facilitate community group activities, install an induction loop and good quality PA, mixing desk and sound system. We have allowed for the fees charged by the Crowdfunder website (5% + VAT), credit card charges for the Share offer (1.4%), and professional fees such as accountants, solicitors, and surveyors to complete the sale. In year 1 we have also added in some contingency amounts for unforeseen expenses, and a buffer of working capital to enable us to get through the first year.
Details of the share offer

Minimum Target for the Share offer £150,000
Maximum target for the share offer £350,000

This offer will run for 4 weeks from date of launch. If we haven't reached our minimum target, or are just short of our maximum target after 28 days, the Directors reserve the right to extend the offer period for a short time.

Minimum and maximum investments
The minimum value of joint/individual shares that you can apply for is £300
The maximum value of individual shares that you can apply for is £35,000
The maximum corporate investment is £100,000. Corporate investments will be made under the same terms and conditions as individual shareholders.
Match funding of up to £100,00 may be provided by Big Society Capital under separate terms and conditions

Joint membership
Joint membership can be made up of any number of members, who nominate a lead representative to maintain their contact details with PHCP. All official communications from PHCP will be directly with the lead representative. All joint members will be able to attend meetings. The nominated representative will cast the vote on behalf of the joint members. Tax relief on a joint investment will be split equally between all members of a joint shareholding.

Payment plans
Payment plans by standing order over 3 months will be available, and can be used by individuals or joint members. Shares applied for by payment plans will not be included in our minimum target investment, so will not be included in the decision on whether to proceed with the project. However, payment plans are available to enable as many people as possible to have the opportunity to invest in The Puzzle. Unfortunately, we do not have the resources to chase people for payments, so if the payment for the shares is not received in full by the end of the 4th month, any previous payments will be treated as a donation and retained within the PHCP, and a share certificate will not be issued.

Tax breaks from the government
The government wants to encourage social investment, and so has made tax relief available for community businesses like The Puzzle Hall Community Pub Limited. We have applied for advanced assurance from HMRC that this share offer will qualify for the Seed Enterprise Investment Scheme (SEIS), which means that approximately the first £150,000 of share investment would attract 50% tax relief for investors who are UK income tax payers. This means that a £1,000 investment would reduce your income tax by £500. SEIS can also be used for Capital Gains Tax relief. Corporate investments are not eligible for tax relief.
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<tr>
<th>Initial investment made</th>
<th>SEIS @50% from HMRC</th>
<th>Final cost to you</th>
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<tbody>
<tr>
<td>£300 (minimum)</td>
<td>£150</td>
<td>£150</td>
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<tr>
<td>£1,000</td>
<td>£500</td>
<td>£500</td>
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<tr>
<td>£35,000 (maximum)</td>
<td>£17,500</td>
<td>£17,500</td>
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Your share value remains at the level of your original investment, so if you withdraw your investment after 3 years, you will withdraw the full value of your initial investment. In the above example, an initial investment of £1000, will cost £500, but is still worth £1000 at withdrawal.

Any investment in The Puzzle Hall Community Pub Ltd, over and above the first £150,000 should then be eligible for tax relief under the Social Investment Tax Relief scheme (SITR), reducing income tax by 30% of the value of your shares. This means a £1,000 investment reduces your tax bill by £300.

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<tr>
<th>Initial investment made</th>
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<td>£100</td>
<td>£200</td>
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<tr>
<td>£1,000</td>
<td>£300</td>
<td>£700</td>
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<tr>
<td>£35,000 (maximum)</td>
<td>£10,500</td>
<td>£19,500</td>
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Your share value remains at the level of your original investment, so that if you withdraw your investment after at least 3 years, you will withdraw the full value of your initial investment. In the above example, an initial investment of £1000, will cost £700, but is still worth £1000 at withdrawal.

You can find more information in the SEIS section of HMRC website.


Once the share offer has completed, we would notify HMRC, who will then issue us with individual certificates to give to investors so that you can claim tax relief, via your tax return if you are self-employed, or by submitting a PAYE reference to your employer for use when calculating your next wage/salary.

NB: If you withdraw your shares or are employed by the society within three years from your investment you will have to repay part or all the tax relief you have received, to HMRC.

**Is this a good business proposition?**

We need The Puzzle to be profitable to guarantee its long-term success and stability, and to achieve all the benefits we are planning for the community. We have carefully evaluated its strengths and weaknesses and our projections show that we can establish it 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 the full business plan please see our website: [www.puzzlehall.org.uk](http://www.puzzlehall.org.uk)
As with any financial investment there may be risks, but they are low and will be mitigated where possible. We believe this to be an ethical way to invest money in the long term and at the same time contribute to the well-being of the local community.

Whilst you may decide to invest purely based on the information in this document, we would also encourage you to download our Business Plan and the Rules of the Society, which are both available on our website http://www.puzzlehall.org.uk/

We would also advise you to seek independent financial advice from your own financial advisor. Advice on investing in community shares is available online from: http://www.communityshares.org.uk/sites/default/files/resources/investingincommunityshares.pdf

Can you buy shares to give as a gift?

You can buy shares to give as a gift. You will need to indicate the gift recipient on your application. We will then contact the recipient to inform them of your kind gift and finalise the membership details with them. The recipient will hold the shares and have the same rights as any other member. The recipient will be eligible for any relevant tax relief scheme, not the purchaser. If the recipient is unwilling to become a member of the Society, your monies will be returned. The Society has the right to refuse any application.
Project finances

The projections demonstrate that we can fund purchase and renovation, service the debt and equity, pay interest to our member shareholders, and run a sustainable pub business. The Puzzle has been constrained in recent years by being tied to a brewery, which limited the choice of drinks on offer, reduced the margin on wet sales, and prevented it from taking part in the renaissance of craft beers from local independent microbreweries. Coupled to this, the rent increases made the tenancy unprofitable and unsustainable. The lack of investment in the building and the facilities, the living accommodation and the cellar compounded the problems for the landlords.

Funding – More than a Pub (MTAP)

We intend, if possible, to fund this project entirely through community shares. However, it is likely that we will need additional support.

We have applied for support of up to £100,000 from the More Than a Pub (MTAP) programme administered by the Plunkett Foundation. This package would be a mix of a loan provided by social lender, Keyfund at 8% interest per annum, and grant provided by the Power to Change programme of the Big Lottery.

If the minimum share target is reached, and the MTAP support package is used, the profit and loss summary show that we can pay interest of 3% on our first year of trading to all shareholders, as well as supporting the loan and interest repayments. The more we can raise from the community shares element, and match funding, the less grant and loan funding we will require.

Funding – Big Society Capital

To access the match funding of up to £100,000 available to us through the Big Society Capital Crowd Match Fund we need to meet their eligibility:

1. Community Shares Unit Standard Mark for the share offer

   We have applied for the CSU Standard Mark. However, because of having to launch the share offer urgently to meet the bidding deadline on Tues 31 October, the kitemark will be awarded retrospectively

2. Advance Assurance from HMRC that investors can get Social Investment Tax Relief on the offer

   We have applied for HMRC advanced approval for SEIS, EIS and SITR. However, because of backlog at HMRC, the decision has been delayed. As we must launch the share offer urgently to meet the bidding deadline on Tues 31 October, we will be applying for BSC match funding retrospectively once we receive the Advanced Assurance.

3. Aspire to offer investors at least 3% interest per year, trading permitting

   We have made our aspiration to offer investors interest at 3% subject to trading profits clear throughout our offer document and business plan.
4. credibly demonstrate how you plan to return the match within 10 years from a future share issue, or trading surpluses

Our intentions regarding BSC withdrawal of capital are that they will be able to withdraw a minimum of £14,300 in share capital from year 3 onwards, from trading surpluses so that all BSC shares are withdrawn by year 10 of trading.

Investors should be aware that BSC will require priority to withdraw share capital should that be possible. BSC has separate terms and conditions from other shareholder members. The impact on members share capital is that withdrawals will only be possible should the Puzzle profits be higher than predicted, or by further share offers. For this reason, we will be maintaining a waiting list for shares and will launch further share offers after year 3 to support further share withdrawals of up to 10% per annum. If we raise more from the community, we will require less from Big Society Capital

Business forecasts

There are several scenarios, depending on how successful our share offer is:

Scenario 0: We fail to raise the minimum £150,000 target– all monies would be returned to applicants.

Scenario 1: £150,000 minimum share target achieved. Either application for Big Society Capital match funding of £100,000 unsuccessful, or unable to secure full MTAP loan/grant support to achieve £350,000 target. The Directors reserve the right to extend the share offer, source finance to replace the shortfall, or to deem it unsuccessful and return all monies to applicants.

Scenario 2: £350,000 investment achieved with or without combination of match funding and loan/grant package from MTAP – proceed.

List of assumptions for forecasts

1. Year 1 turnover of £175,000 net based on valuation for pub trade of this size, increasing annually but levelling off
2. Additional turnover based on £11,700 net per weekend festival with 3 festivals in year 1 and 4 festivals per year thereafter
3. Additional staffing costs of festivals built into staffing contingency
4. Food sales of snacks, cakes, street food difficult to quantify so minimum amount of £9000 net per year used – represents £207 gross per week
5. Contingency of £10,000 built into cash flow year 1
6. Depreciation based on capital costs over 25 years
7. Interest on debt element of loan/grant package at 8%
8. Capital allowances not allowed for – additional contingency built into net profit.
9. Interest paid on shares at 3% p.a from the first year for Big Society Capital and other shareholders
10. To allow the new business to find its feet, we will not allow share withdrawal for the first three years
11. Big Society Capital share withdrawal is prioritised from year 4 and complete by year 10 under separate terms and conditions, but still subject to affordability.
12. Share withdrawals starting at low level from year 4 subject to affordability and supported
by further share offers long term.

13. Operating costs (excluding wages) set at 22% of turnover, with an additional £5k contingency – slightly higher than industry standard due to costs of live bands, licences and cellar cooling of real ale. Repairs and Maintenance included in this estimate at industry standard of 2% of building value of £250,000 from year 2 onwards. £2,500 allowed in year 1 over and above refurbishment costs.

Additional contingency added to the 22% to cover uplifted insurance premium

**Capital requirements**

Allowing for the cost of acquisition (purchase, legal fees, etc.), refurbishment, set up costs and working capital, CrowdFunder fees, etc we have calculated a total capital requirement of £395,500 if we raise £150,000 individual/joint shareholders, plus £100,000 Big Society Capital funding through the CrowdFunder Site. If we hit our maximum target of £350,000 through the site, we would have higher CrowdFunder and credit card fees of £25,900 so would have a total capital requirement of £402,900.

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<th><strong>Acquisition Costs</strong></th>
<th>Including VAT</th>
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<td>Purchase and refurbishment</td>
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<tr>
<td>Stripe CC fees on CrowdFunder</td>
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<tr>
<td>CrowdFunder fee (5% of share capital - 6% includes VAT)</td>
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<tr>
<td>Professional fees</td>
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<tr>
<td>Contingency</td>
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<td><strong>Total</strong></td>
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<td>Set up costs</td>
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<td><strong>Total</strong></td>
<td><strong>£37,800</strong></td>
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The minimum needed to be raised is therefore **£395,500**

If we hit our minimum investment target of £150,000 in the share offer, we would need the MTAP loan/grant package as follows:

| **MTAP Grant** | £47,000 |
| **Keyfund Loan** | £53,000 |
| **Fundraising** | £2,500 |
| **Share Offer and BSC Match Funding** | £250,000 |
| **Total** | **£352,500** |

| VAT from refurbishment to be reclaimed in monthly installments | £53,130 |

Total raised = **£405,630**
VAT on the capital purchase will be charged at 18% by the vendors, as there is a residential element to the building. Refurbishment costs will be charged at 20%, but we will only be able to claim back 18% because of the residential element of the building. We will be VAT registered and must charge VAT at 20%. We will be able to claim the VAT on our cost of sales at 20%. VAT will be reclaimed monthly during the refurbishment process to support cashflow for the capital build.

There is sufficient working capital to support the profit and loss in year one, and to enable interest to be paid to shareholders, and for the interest and capital repayments on the Keyfund loan. There is also sufficient trading surplus from year 4 onwards to facilitate withdrawal of BSC investment at the rate of £14,300 per annum, so that the match funding is returned within 10 years as per BSC criteria, subject to affordability and member approval. All other shareholders will have the option to apply to withdraw shares from year 4, at a rate of at least £4,500 per annum, subject to affordability and member approval. Withdrawals beyond this will depend on the financial position at the time, and may be financed by further share offers in the future.

If we raise more than the minimum target by individual investors, then we would be able to use less of the loan/grant package. Overall, the profit and loss projections are slightly better as we are not paying interest on a loan, however this is offset by higher Crowdfunder fees at the beginning. We would have more investors and anticipate that we would be able to pay interest at 3% every year.

We plan to start trading after a 3-month refurbishment period. We plan to have plenty of events and festivals, a variety of snacks, drinks and pop up street food bars, and as we become more established, can run regular music events as well as supporting community groups during the day.

We have detailed profit and loss, cash flow forecasts, and balance sheet available in our full business plan on our website.
Risks and mitigation

**Failure to raise sufficient funds from share offer**

To mitigate against this, we:

- have included joint membership and payment plan options to encourage wide participation in the offer.
- have applied for advance assurance from HMRC on SITR and SEIS (tax relief), which makes investing in the Puzzle Hall Community Pub attractive to investors who are UK income taxpayers, whether as self-employed or through PAYE.
- have applied for a mixed loan/grant support from MTAP
- will apply for Big Society Capital match funding on receipt of HMRC advanced assurance.

If we fail to raise £350,000 with a combination of share investors, match funding and the MTAP grant/loan package, the directors reserve the right to extend the share offer, or declare the share offer unsuccessful.

**Loss of engagement with shareholders and community**

Regular feedback will be sought to monitor engagement and support, via the website, mailing lists, and comment forms in The Puzzle and at community meetings.

**What happens if the purchase of the Puzzle Hall Inn falls through?**

If we are unable to complete the purchase for whatever reason after we have an agreement with New River Retail and have secured the funds, we will seek first donations to cover any costs incurred. We would then return any funds we have received, after deducting any remaining losses. **In the worst case, you might lose 5p in the £1.**
Manager recruitment issues
The key risk to successful and profitable operation of The Puzzle is the recruitment of the right manager. We have several people on board who are experienced interviewers, and two experienced pub managers, and will be recruiting for additional experience to join our Management Committee. We have researched the best routes to advertise for people. We will start the recruitment drive as soon as purchase is confirmed.

Manager performance issues
The Management Committee will be developing operational protocols and reporting to the board of directors so that we are fully aware of performance to enable us to address any issues. We will also have an emergency committee so that should the manager leave suddenly for any reason, The Puzzle can remain operational in the short term with volunteers and locum managers.

Will I get my money back?
After 3 years we are only allowed to permit withdrawal that can be financed by either our trading surplus or by new share capital. We will run a waiting list for new investors, who will be able to invest when other shareholders apply to withdraw their money, creating a facility to allow withdrawals independent of reserves.
This offer is being promoted by the Puzzle Hall Community Pub Ltd, 38 Lower Hollins, Sowerby Bridge, West Yorkshire, a Community Benefit Society registered with but not regulated by the Financial Conduct Authority (Registration No. 7568)
The Financial Services Compensation Scheme does not cover this offer and investors have no recourse to an ombudsman. Any money you pay for shares is not safeguarded by any depositor protection or dispute resolution scheme. You could lose some or all the money you invest.

Repaying Capital – the long-term picture
Puzzle Hall Community Pub Ltd (PHCP) will prioritise repayment of any unsecured lending. Withdrawal of Share capital will not be available for 3 years. If match funding is secured from Big Society Capital, then they will take priority for withdrawal of capital. Our financial forecasts demonstrate the ability to repay the maximum amount of match funding within 10 years, and for some investors to withdraw their capital as outlined below from year 4, subject to affordability and member approval. Requests for withdrawal will be considered by the committee on an individual basis. If there is insufficient funds for requested share withdrawal, PHCP can make further share issues, which will provide funds to enable existing members to withdraw their investment, and allow new members to join the Society. These have not been considered in the financial forecast, as new share issues will provide updated financial information, will be linked to the financial success of the Puzzle Hall Inn, and will need to be agreed by the Management Committee of the PHCP at the time.

What happens if the Puzzle Hall Community Pub fails?
In the event of the Puzzle Hall Inn failing, The Puzzle Hall Community Pub would sell the building, and any other assets. The proceeds of the sale after the settlement of any debts would be divided up between the shareholders up to the value of their shares. You might receive the full value of your shares back, or you might lose part or all your investment. If there were any surplus after paying back
shareholders, it would pass to another organisation with similar aims, a similar asset lock and the inability to distribute surpluses. These Rules have been put in place to protect The Puzzle from unwelcome sale or development.

For a full copy of our Rules please visit our website www.puzzlehall.org.uk

Will I get a return on my investment?
The Rules of the Society permit the Society to offer a small amount of interest on shares. Our financial planning indicates that from our first financial year, we will be able to pay interest on shares of 3%. Any payment of interest is not guaranteed, and is dependent on the ability of PHCP to pay it, and subject to the approval of the membership at the AGM. There will never be an increase in the value of your shares. However, in certain circumstances your shares may decrease in value if the society's liabilities exceed its assets.

What happens to my shares if I die?
As part of your application, you will be asked to nominate a beneficiary to receive your shares upon death. If the beneficiary wishes to become a member and the Directors approve their membership your shares will be transferred to them. Otherwise PHCP will pay them the full value of your shareholding or if funds do not allow this, issue them with loan stock of an equivalent value to be payable within 3 years.

You can also nominate the Puzzle Hall Community Pub Ltd as your beneficiary, up to the amount allowed in law at the time of your death (currently £5000). Any shares held above this will be transferred to your estate and go through probate in the usual fashion. May we ask you to consider including the Puzzle Hall Community Pub Ltd in your will.

If you are part of a joint shareholding, your shares will automatically pass to the rest of the joint shareholders.
How to apply for shares
Shares will be allocated on a first come first served basis. Postal applications with cheques will not be allocated until the cheque has cleared. As this is an urgent share offer, we ask that wherever possible applications are made on the secure Crowdfunder website. Please contact us if you need assistance.

1. On-line – Crowdfunder Website
You can apply for and pay for joint, individual and corporate shares on-line here: [insert URL]. This site is secure and there is a choice of payment methods available.
There is no guarantee that you will receive any or all the shares that you apply for.

2. Post/Cheque
If you prefer, you can apply and pay by cheque. Complete the application form at the end of this offer document or download from our website, and post it to our registered office. Once your cheque has cleared, your payment will be allocated to shares online. Cleared funds will be held securely by our accountants until the share offer is deemed a success. If the Share offer fails, your money will be returned to you by our accountants.

3. Payment Plan
Please complete the standing order at the end of the application forms. Shares will not be allocated until the all payments have been received.

If you experience any difficulty in applying for and paying for shares using the above methods, please contact us at puzzlehall4all@gmail.com, or by writing to our registered office and we’ll do our best to help.
Note applications received after the closing date may be rejected if we have achieved our fundraising target. There is no guarantee that you will receive any or all the shares that you apply for. The acceptance of applications is at the discretion of the Board and they reserve the right to refuse some or all your application.

Data protection
By completing the application for membership, you consent to the Society and our contractors and agents holding personal data about you in accordance with the Data Protection Act 1998. We do not sell or exchange mailing lists with anyone else.
FURTHER INFORMATION

Here are some useful links for more information:

Our Campaign website: http://www.puzzlehall.org.uk contains lots of useful documents and links, including the Model Rules governing the Society
Our Facebook page: https://www.facebook.com/puzzlehall/
Our email address: puzzlehall4all@gmail.com

We have been overwhelmed with the passionate enthusiasm for this project from our community of Puzzle People.

Art work images kindly supplied by Freda Davis: freda247davis@gmail.com

Photography: Bruce Fitzgerald http://www.bfpix.co.uk/

BANDS

The following bands have generously supported our fundraising events free of charge. These events, together with a bursary from Power to Change, have enabled us to pay for professional reports, advice, company set up fees and much more.

Please look at their websites and go support their gigs.

LITTLEgiants: www.littlegiantsmusic.com
Fez: www.facebook.com/Fez
The Tragics: https://tragettes.com/live  https://www.facebook.com/Tragettes/
Crosscut Saw: http://www.crosscutsaw.co.uk/
Tenth Leper: https://www.facebook.com/tenthlepermusic
The Fevertrees: https://thefevertrees.bandcamp.com/
Angelo Palladino: https://www.angelopalladino.co.uk/
Grain Electric: http://www.deshorsfall.com/
Red Hippo: https://www.facebook.com/redhippo3/
Jacky’s fantastic: http://www.jackysfantastic.com/
VENUES

Many thanks to local pubs and venues who have provided meeting space and hosted our fundraising events free of charge. Without your support we wouldn’t be here. We look forward to working with you all in years to come.

Paul Ramsden, Arden Road Social Club
Dan Shackleton, Hollins Mill https://www.facebook.com/Hollinsmillhub/

Professional Advisors
Solicitors, accountants, architects and surveyors who all care about the Puzzle being reopened have supported us, and have helped and guided us. Your advice and guidance, often up against crazy deadlines, has been most appreciated.

David Adams FCA, CTA, FIMGT of Lindley Adams Chartered Accountants, 28 Prescott St, Halifax, West Yorkshire HX1 2LG http://www.lindley-adams.co.uk/the-team
Emily Edwards FCCA, Smile Accountants Ltd emily@smileaccountants.com
Mark Simmonds Coop Culture https://culture.coop/contact-co-op-culture/ info@culture.coop
Dave Boyle Director, Community Shares Company http://communityshares.co.uk dave@communityshares.co.uk
Beccy Murrell, Plunkett Foundation https://www.plunkett.co.uk/more-than-a-pub
Phil Hawdon, Hawdon Russell Architects, 52 Wharf St, Sowerby Bridge, HX6 2AE http://hra86.com/
Emma Lupton (Press office): Open Communications UK ltd, 10 The Walled Garden, Nostell Priory Estate Yard, Nostell, Wakefield. 01924 862477
www.opencomms.co.uk emma.lupton@opencomms.co.uk
David Nuttall, with thanks for our website: dsnuttall@gmail.com
Darren Fleming, with thanks for photographs: http://darrenflemingphotography.co.uk/
Paul Rose, Rose Consulting Engineers, Park Nook, Scammonden Road, Barkisland, Halifax HX4 0AP http://www.roseconsult.co.uk/ eng@roseconsult.co.uk 01422 825155

We are also grateful for support from other co-operative pubs, including the Fox and Goose (Hebden Bridge), Gardeners Rest (Sheffield), George and Dragon (Hudswell), Star Inn (Salford), and other local organisations.

Local political support
We have had support and advice from Sowerby Bridge ward councillors including Adam Wilkinson, Dot Foster, and Michael Payne confirming political buy in of the project.

Information for Investors:
- ‘A Better Form of Business’ explains the principles of community ownership: http://www.plunkett.co.uk/better-business-reports
- Community Benefit Societies are registered but not regulated by the FCA. Details of the Co-operative and Communities Benefit Act 2014 can be found at www.fca.org.uk
• CAMRA is working to protect pubs from closure and the local has supported our campaign throughout: www.camra.org.uk

• Our funding platform is www.crowdfunder.co.uk

• For information on the Crowdfunder Match Fund visit www.bigsocietycapital.com

• Pub is the Hub helps pubs to diversify: www.pubisthehub.org.uk

To help Societies make great community share offers the government has funded the Community Shares Unit. It works with societies and community share practitioners to develop national standards of good practice. These standards are set out in the Community Shares Handbook and form the basis of the Community Shares Standard Mark.

Further information for investors can be found here: http://communityshares.org.uk/find-out-more/guidance-supporters

Advice on investing in community shares:

• You can find more information about tax relief in the SEIS section of HMRC website: https://www.gov.uk/hmrc-internal-manuals/venture-capital-schemes-manual/vcm30000
Postal Application Form: Individual Shareholder

I wish to become an individual member of Puzzle Hall Community Pub Limited.

In accordance with the Rules of the Society I apply for Shares to the value of: £………………

(Minimum investment £300, Maximum investment £35,000)

Shareholder:                        Nominated Beneficiary:

First Name:                           First Name:

Last name:                            Last name:

Date of birth:                       Date of birth:

Address:                             Address:

Post Code:                           Post Code:

Tel:                                 Tel:

Email:                               Email:

I confirm that:

1. I have read the Share Offer Document, including the Risk Statement.

I wish to become a member of Puzzle Hall Community Pub Limited.

I agree to be bound by the Terms and Conditions included in the Share Offer Document and the Rules of Puzzle Hall Community Pub Limited (available on our website www.puzzle-hall.org.uk).

I understand that the Board of Directors of Puzzle Hall Community Pub Limited may reject my application, and are not obliged to tell me why it has been rejected.

I consent to receiving formal notices by email and links to formal documents on the Puzzle Hall Community Pub Limited website

It is my responsibility to keep the Puzzle Hall Community Pub Ltd updated with my change of contact details

I confirm that I am over 18
Terms and Conditions:

The data provided by you on this form will be stored on an electronic database. The data will only be used for the Puzzle Hall Community Pub Limited’s purposes and will not be disclosed to any third party except for anybody having a statutory right of inspection.

It is a condition of the offer that to ensure compliance with the Money Laundering Regulations 2003, Puzzle Hall Community Pub Limited may at its absolute discretion require verification of the identify of any person seeking to invest.

All shareholder funds will be held in a separate bank account in the name of The Puzzle Hall Community Pub Ltd, thus protecting applicants’ money from any liabilities associated with the day-to-day financial activities.

Signature:

Name:

Date:

Please post this completed form, together with a cheque or completed standing order form to our registered address at 38 Lower Hollins, Sowerby Bridge, West Yorkshire HX6 2QZ

Payment

☐ I wish to pay in full for my investment, and enclose a cheque made payable to The Puzzle Hall Community Pub Limited

☐ I wish to make a one-off donation to support the Puzzle Hall and enclose a cheque

☐ I wish to pay for my investment in 3 equal instalments by standing order and have completed the standing order form

☐ I wish to make a monthly donation and have completed the standing order form
Postal Application Form: Joint Shareholder

We wish to apply as joint shareholders of Puzzle Hall Community Pub Limited. In accordance with the Rules of the Society we apply for Shares to the value of £……………

*Minimum investment £300*

<table>
<thead>
<tr>
<th>Lead Shareholder:</th>
<th>Second Shareholder:</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Name:</td>
<td>First Name:</td>
</tr>
<tr>
<td>Last name:</td>
<td>Last name:</td>
</tr>
<tr>
<td>Date of birth:</td>
<td>Date of birth:</td>
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<tr>
<td>Address:</td>
<td>Address:</td>
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<td>Post Code:</td>
<td>Post Code:</td>
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<tr>
<td>Tel:</td>
<td>Tel:</td>
</tr>
<tr>
<td>Email:</td>
<td>Email:</td>
</tr>
</tbody>
</table>

We confirm that:

1. We have read the Share Offer Document, including the Risk Statement
2. We wish to become a member of Puzzle Hall Community Pub Limited.
3. We agree to be bound by the Terms and Conditions included in the Share Offer Document and the Rules of Puzzle Hall Community Pub Limited (available on our website [www.puzzlehall.org.uk](http://www.puzzlehall.org.uk)).
4. We understand that the Board of Directors of Puzzle Hall Community Pub Limited may reject my application, and are not obliged to tell me why it has been rejected.
5. We consent to receiving formal notices by email and links to formal documents on the Puzzle Hall Community Pub Limited website
6. It is our responsibility to keep the Puzzle Hall Community Pub Ltd updated with our change of contact details
7. I confirm that I am over 18
Terms and Conditions:

The data provided by you on this form will be stored on an electronic database. The data will only be used for the Puzzle Hall Community Pub Limited’s purposes and will not be disclosed to any third party except for anybody having a statutory right of inspection.

It is a condition of the offer that to ensure compliance with the Money Laundering Regulations 2003, Puzzle Hall Community Pub Limited may at its absolute discretion require verification of the identify of any person seeking to invest.

All shareholder funds will be held in a separate bank account in the name of The Puzzle Hall Community Pub Ltd, thus protecting applicants’ money from any liabilities associated with the day-to-day financial activities.

Signature:

Name:
Date:

Please post this completed form, together with a cheque or completed standing order form to our registered address at 38 Lower Hollins, Sowerby Bridge, West Yorkshire HX6 2QZ

Payment

- We wish to pay in full for my investment, and enclose a cheque made payable to The Puzzle Hall Community Pub Limited
- We wish to make a one-off donation to support the Puzzle Hall and enclose a cheque
- We wish to pay for my investment in 3 equal instalments by standing order and have completed the standing order form
- We wish to make a monthly donation and have completed the standing order form
Postal Application Form: Corporate Shareholder

We wish to become a member of Puzzle Hall Community Pub Limited.

In accordance with the Rules of the Society we apply for Shares to the value of £……………… and enclose a cheque made payable to The Puzzle Hall Community Pub Limited

(Maximum investment £100,000)

<table>
<thead>
<tr>
<th>Name of Organisation</th>
<th>Nominated representative</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENTITY/legal status</td>
<td>First Name:</td>
</tr>
<tr>
<td>Registration number</td>
<td>Last name:</td>
</tr>
<tr>
<td>Registered Address:</td>
<td>Address:</td>
</tr>
<tr>
<td>Post Code:</td>
<td>Post Code:</td>
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<tr>
<td>Tel:</td>
<td>Tel:</td>
</tr>
<tr>
<td>Email:</td>
<td>Email:</td>
</tr>
</tbody>
</table>

I confirm that:

1. We have read the Share Offer Document, including the Risk Statement
2. We wish to become a member of Puzzle Hall Community Pub Limited.
3. We agree to be bound by the Terms and Conditions included in the Share Offer Document and the Rules of Puzzle Hall Community Pub Limited (available on our website www.puzzlehall.org.uk).
4. We understand that the Board of Directors of Puzzle Hall Community Pub Limited may reject my application, and are not obliged to tell me why it has been rejected.
5. We consent to receiving formal notices by email and links to formal documents on the Puzzle Hall Community Pub Limited website

6. It is our responsibility to keep the Puzzle Hall Community Pub Ltd updated with our nominated representative contact details

7. I confirm that I am over 18

Terms and Conditions:

The data provided by you on this form will be stored on an electronic database. The data will only be used for the Puzzle Hall Community Pub Limited’s purposes and will not be disclosed to any third party except for anybody having a statutory right of inspection.

It is a condition of the offer that to ensure compliance with the Money Laundering Regulations 2003, Puzzle Hall Community Pub Limited may at its absolute discretion require verification of the identity of any person seeking to invest.

All shareholder funds will be held in a separate bank account in the name of The Puzzle Hall Community Pub Ltd, thus protecting applicants’ money from any liabilities associated with the day-to-day financial activities.

Signature:

Name:
Position:
Date:

Please post this completed form, together with a cheque or completed standing order form to our registered address at 38 Lower Hollins, Sowerby Bridge, West Yorkshire HX6 2QZ

Payment

- We wish to pay in full for my investment, and enclose a cheque made payable to The Puzzle Hall Community Pub Limited

- We wish to make a one-off donation to support the Puzzle Hall and enclose a cheque

- We wish to make a monthly donation and have completed the standing order form
STANDING ORDER FORM

PAYMENT PLANS

Please complete this form if you wish to invest over 3 monthly payments. Payment plans are not available for longer than 3 months for share investment. Please note that your investment will not be included in our minimum target to launch the project. All payments need to be completed on time. If full payment is not received by the 4th month, all previous payments will be treated as a donation and a share certificate will not be issued. Payment plan investments will not achieve the best tax relief as they will not be in the first £150,000 invested.

DONATIONS

Please complete this form if you would like to make a monthly donation by standing order to support The Puzzle Hall Inn

(Please fill in using BLOCK CAPITALS)

To the Manager (name and address of your bank)

I/we hereby authorise and request you to debit my/our

Account Name*

*Please ensure that the actual name on/of the account is included in this box

Account Details

<table>
<thead>
<tr>
<th>Sort Code</th>
<th>Account Number</th>
<th>Amount</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>£</td>
<td>Monthly</td>
</tr>
</tbody>
</table>

Beginning Date          End Date          Number of Payments

And Credit

The Puzzle Hall Community Pub Limited

Sort Code 05 04 49 Account Number 17576443

Quoting Reference

(Shareholder name or Donators name – this may be another person if you are gifting a share to them, or donating in their name)

Signed

Date

Name (Block Capitals)