

THE DOG INN (BELTHORN) LIMITED

OPEN SHARE OFFER

OPENS 4 January 2022



BECOME A PART OWNER OF THE DOG INN

What has happened?

The Dog Inn (Belthorn) Limited, a Community Benefit Society (number 7095), bought The Dog Inn in September 2015 and re-opened the pub in November 2015. This was made possible by around 120 local people buying shares in Society which raised £180,000.

The Society owns the freehold of the building, meaning that Belthorn has a pub for as long as local people want.

We therefore re-opened our offer of shares to the community in January 2018 with two objectives:-

1. To increase the number of members – the co-owners of our community owned pub management business.
2. To create a process whereby new members are regularly joining, enabling existing members to leave the Society, as circumstances change.

During the period of the Covid 19 pandemic we suspended share withdrawals and did not promote the share offer for new members. Even without the Covid 19 pandemic, a share offer document launched in 2018 would be out of date. We have therefore revised, updated and relaunched our open share offer.

We are not selling shares for any specific purpose, however, funds raised from the purchase of shares by new members are needed to make small scale investments in maintaining the Dog. We have to repoint the back wall of the restaurant, for example, to make it fully watertight.

The Dog Inn has come through the worst a global pandemic could throw at us and is in a stable financial position, with significant investment in the building in 2020-21 despite the pandemic. The Dog Inn survived being closed for several months, operating under an ever changing cycle of restrictions and operating outside only in April and May 2021. We are now looking to the future.

We appointed new restaurant operators in December 2021 and have already seen a significant uplift in trading income as a result.

Why should I invest?

If, like us, you think that having The Dog Inn continue as the village pub and the heart of our community, then your investment is important.

The Dog Inn provides a social centre for the village, a venue for community events, the village shop, a coffee shop, a community field and an important source of local employment. We have recently appointed Darwen Bars and Leisure to operate our restaurant on a three year contract and the restaurant re-opened on 15 December 2021.

Community ownership ensures that the business works alongside existing village businesses rather than competing directly with them. We believe it is vital that The Dog Inn is genuinely community-owned and our ambition is to have as many of the population of Belthorn and surrounding communities as co-owners of The Dog Inn as possible, shaping its future.

Prospective investors should view this as a long term investment, to help secure the future of The Dog Inn serving the community of Belthorn. Our aim is to pay interest on members' shares of around 3%. We were able to do this in 2018 and 2019 but not during 2020 and 2021 due to the impact of the global Covid 19 pandemic.

Membership of The Dog Inn is open to individuals, corporate bodies, voluntary organisations and public sector investors. It is also possible for people to club together to buy one share between them.

Who we are

The Dog Inn (Belthorn) Limited is the Community Benefit Society set up to manage The Dog Inn. The Society is registered with the Financial Conduct Authority and is run by its members/owners – people who have invested in shares. The Board of Directors are volunteer members who are elected at the Annual General Meeting and serve for no more than 3 years before standing for re-election, along with any member who wishes to stand. But, most importantly, we want the organisation to be you – the people of Belthorn and the surrounding area. The more people who are involved, the better the pub will keep in touch with what local people want.

Financial Information

In its first year, we had to spend a lot of money refurbishing The Dog Inn which had been neglected by its previous owners. The scale of the refurbishment meant we were also unable to offer food in the first year. Despite this, the pub broke even over its first two years. The Dog Inn made a profit over the next two years and was able to pay 3% interest on members' shares. Although we made losses during the Covid 19 pandemic, prudent operating and maximising support grants kept these losses low. Our most recent accounts can be found on <http://www.thedoginnatbelthorn.net/>

Risk Factors

We feel that we should point out the risks involved in investing in this project;

- If the business does not thrive. But if the business does under-perform then we would look at why; the quality, type and appeal of the offer, marketing campaigns etc. and change things accordingly. The Directors have already done this to tackle problems in the early trading years.
- We believe that the worst of the Covid 19 pandemic is over. But there is still a risk that the virus can flare up again and that hospitality businesses will again be placed under restrictions.
- If there is a catastrophic failure of the business: as the Society owns the freehold, we would be able to sell the building to pay members back as much as possible. The Society has a track record of running The Dog Inn for six years, including a more challenging situation than any of us ever imagined.
- If a future manager proves to be unreliable or leaves with little or no notice: By involving and engaging our members in the project, we will have a team of people with knowledge of the business and its operations. We are not completely reliant on one person. We have faced this situation in the past and overcome it successfully.

Important legal information

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 The Dog Inn for the community and safeguarding your money, so don't skip this part!

1. Shares are priced nominally at £1. The minimum investment is £250 with a maximum investment of £10,000 for an individual or company. Any amount between £250 and £10,000 may be invested. Shares can be paid for in full or in 10 equal monthly instalments. Members must be at least 16.
 3. Shares are non-transferable except on death. Shares may be withdrawn from the Society subject to terms listed below (see item 7).
 4. Nominal share value cannot increase. However the value may fall if liabilities exceed assets e.g. if the business fails. Your investment is fully at risk, before investing you should read the risk factors section of this document above.
 5. Your personal liability in all circumstances is restricted to the value of your shares. You could potentially lose what you invest, but nothing more.
 6. We are allowed to pay interest on shares provided the business performance allows it. Our aim is to pay interest of around 3% , but our first priority is to reinvest in the business to keep The Dog Inn serving the people of Belthorn. Any payment of interest on shares is dependent on the Society making a profit and is also subject to the approval of the shareholder members.
 7. You may withdraw your share capital from the Society, provided notice of three months is given in writing and the Board do not block the request for any reason, as they are legally entitled to do. (This would be the case, for example, if there was a sudden rush of people wanting to withdraw share capital).
 9. Once you are issued with your shares, you will become a shareholder member of the Society and will be entitled to full voting rights at general meetings and to stand as a director of the society. If your shareholding drops below the minimum amount, you will lose this right. All shareholder members have one vote irrespective of shareholding.
 10. In the event of the death, or bankruptcy of the member, the value of their shares goes to their estate. Membership is not transferable.
 11. The Society has a statutory asset lock designed to safeguard The Dog Inn for the future. This means that if the Society is dissolved, and after shares and other liabilities are paid, residual assets cannot be distributed amongst the shareholder members, but must be used to benefit the community of Belthorn.
 12. The Dog Inn (Belthorn) Limited is registered with the Financial Conduct Authority. However, special rules apply to Co-operative and Community Benefit Societies, shares are not covered by the Financial Services Compensation Scheme and investors have no right of complaint to an ombudsman.
- See www.fsa.gov.uk/doing/small_firms/msr/societies for full details. As with any share offer, you would be well advised to seek independent financial advice before investing.
- 14 The Society rules and a copy of our original business plan are to be found online at <http://www.thedoginnatbelthorn.net/>
 15. Due care has been taken in the preparation of this document, a process which has been overseen by the directors, who can vouch that the information it contains is in accordance with the facts and that there are no omissions likely to affect its import.

Finance summary for open offers

The purpose of this report is to provide members and prospective members with a summary of the society's financial relationship with its members. It enables members to understand how they contribute to the finances of the society, and how the society in turn uses its operating surpluses. Most of the following information is already present in the Annual Return (AR30) to the FCA or the annual accounts of the society

Society funds	Year 2018	Year 2019	Year 2020
Member share capital	185498	181700	196150
Reserves (accumulated retained surplus)	1606	(21107)	(23813)
Long term liabilities (loans)	4650	0	40000
Net society funds (Share capital + reserves – long term liabilities)	187554	160593	172337
Member share capital			
Opening balance of member share capital	180150	185948	181700
New share capital invested during year	5798		14450
Share capital withdrawn during year		4248	
Closing balance of member share capital	185948	181700	196150
Membership levels			
Number of members at the beginning of year	116	117	119
Number of new members joining	1	6	2
Number of members leaving	0	4	2
Number of members at the end of the year	117	119	119
Financial return rates			
Interest rate on share capital	3%	3%	0%
Application of surpluses or profits			
Net surplus (deficit) for the year	18378	(17765)	(579)
Total interest on share capital	1225	4948	2127
Donations to community, social or charitable organisations or activities			
Surplus reinvested in the society (reserves)	18738	(17765)	(579)

STANDING ORDER FORM**To the Manager**

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

Account Name*	
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Account Details**Sort Code Account Number Amount Frequency**

		£	Monthly
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Beginning Date End Date Number of Payments

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And Credit

The Dog Inn (Belthorn) Ltd

Sort Code Account Number

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Quoting Reference

	(Your Name)
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Signed

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Block Capitals

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***Please ensure that the actual name on/of the account is included in this box so that we can accurately match your payment to our record**