



*Our vision is that by 2030 every community in the UK has access to affordable, sustainable transport, using zero-emissions vehicles powered by renewable energy and owned by the local community*



## Investment Prospectus April 2018



*Brighton & Hove Business of the Year 2016  
Most Sustainable Business – Sussex Business Awards 2017*



## ***Executive Summary***

The Big Lemon Community Interest Company was founded in 2007 following a conversation between childhood friends Tom Druitt and Graeme Simpson about how the corporate bus operators were failing communities. Tom and Graeme thought there must be a better way, and Tom organised a public meeting in Brighton to explore alternatives which would be more community focussed and offer more affordable, more sustainable travel choices.

***Our mission is to enable everyone to get around their community in an affordable, enjoyable and environmentally-sustainable way.***

As a Community Interest Company, we are owned by members of the local community and our assets belong to the community in the same way as those of a charity.

Our first service was the 42X between Falmer and Brighton Station, using three buses running on recycled waste cooking oil from local restaurants. Our depot was the corner of a lorry park in Southwick and our office was Tom's kitchen table.



Our service quickly became popular with passengers, and our drivers soon gained a reputation for giving a friendly, personal service. Over the next few years we increased our services, moved to a proper depot near Brighton Marina and started offering coach hire, music festival transport, waste cooking oil collection and a programme of Sunday Walks.

Since our launch in 2007 over four million passenger journeys have been made on The Big Lemon. We have driven over 2 million miles, putting over a thousand tonnes of waste cooking oil to good use, and saving over 1800 tonnes of CO2 emissions in the process.



The Big Lemon believes buses have a big role to play in addressing both climate change and the UK's air quality crisis, and in 2016 we launched a campaign to go electric, powered by renewable energy. We raised £250,000 through a community bond issue, and converted two buses to electric. With the help of the M&S Community Energy Fund and 172 crowdfunding supporters, we also raised enough money for a 21kW solar array on our depot roof, enough to power our offices and workshops and the two electric buses. Since their launch last year the buses have proved a hit with passengers and drivers alike, offering a much quieter, smoother, and more comfortable ride.

In recent weeks we launched a larger scheme and have raised almost £500,000 to enable us to make our whole bus fleet electric. Last autumn we won contracts for routes 16, 47, 52, 56, 57 and 66 serving the communities of Portslade, Hangleton, Patcham, Hollingbury, Woodingdean, Ovingdean, Rottingdean and Saltdean. Running all these routes with electric vehicles (even when one bus is in maintenance) requires seven vehicles and we aim to complete the conversion to electric buses by the end of this year. The project has been supported by a £114,000 Clean Bus Fund grant from Brighton & Hove City Council and £513,000 from the Department for Transport's Low Emission Bus Scheme.



We have a strong team of committed people led by Founder and Chief Executive Tom DrUITT and supported by an active Board of Directors with over 70 years of business experience between them. Our day-to-day operations are led by our Management Team, committed to The Big Lemon's values of community, sustainability, and empowerment, and many of whom have been with the Company since the very early days. And our services are provided by an engaged and committed team of the best of Brighton & Hove's bus and coach drivers. The Big Lemon is accredited with international quality standard ISO9001, and sustainability standard ISO14001. We are a Living Wage employer, and have won a number of awards including the *Green Business Award* and *Award for Innovation* at the 2016 Brighton & Hove Independent Business Awards, the *Best Place to Work*, *Best Green Business* and *Business of the Year* at the Brighton & Hove Business Awards 2016, *Environmental Social Enterprise of the Year* at the UK Social Enterprise Awards 2016 and *Most Sustainable Business* at the Sussex Business Awards 2017.



## 1. Our Plan

The Big Lemon's long term goal is that by 2030 every community in the UK has access to affordable, sustainable transport, using zero-emissions vehicles powered by renewable energy and owned by the local community. Let's look at each aspect of this in turn:

*Affordable:* One of our values is empowerment; this relates both to our team, to enable them to reach their potential in our organisation, and to our passengers, giving them the freedom to get around their community. It goes without saying that to give this freedom to everyone in the community, the service must be affordable.

*Sustainable:* The way we currently get around, and between, our towns and cities is simply not sustainable, on any level. The vehicles we use cause pollution and congestion, they are anti-social, promote unhealthy lifestyles and contribute to obesity, poor mental health and inequality. And of course they are contributing to global greenhouse gas emissions which are warming our planet and contributing to habitat loss, extreme weather, poverty, famine and war. We want to help create a world where people can get around easily without having a negative impact on their communities or the planet.

*Community-owned:* We believe the corporate model is failing communities simply because the aim of a corporation is to maximise profit rather than community benefit, and corporations are ultimately judged on one thing only – the bottom line. If axing a service increases profits, that's what they will do. If a fare rise enables them to make more money, that's what they will do, whether they *need* to or not. We believe the only way to really make the system work *for people* is to have services run by local people for local people, and you can't do that with someone in a head office somewhere else calling the shots and creaming off the profits.



Our second electric bus, *Lyndsey Morris*, in North St, Brighton. It was named after a member of staff at our Solar Roof sponsor *Infinity Foods*, who retired last year after 25 years service.



## 2. Implementation Strategy

Our strategy is simple: start with Brighton & Hove, test different technologies and models of provision, and use our experience to work with people in other parts of the UK to enable them to run services in their communities that meet the criteria in our 2030 Vision.



### Our Brighton & Hove route network

When we run all our bus routes on electricity this will make a huge positive impact to air quality in the city:

Tailpipe emissions by route (Euro 5 diesel)	Carbon dioxide (CO <sub>2</sub> kg/yr)	Carbon monoxide (CO kg/yr)	Hydrocarbons (HC kg/yr)	Nitrogen Oxides (NO <sub>x</sub> kg/yr)	Particulates (PM kg/yr)
16	43,292	22.43	10.32	8.08	0.22
47	126,582	65.59	30.17	23.61	0.66
52	81,878	42.42	19.52	15.27	0.42
56	106,347	55.10	25.35	19.84	0.55
57	26,463	13.71	6.31	4.94	0.14
66	24,469	12.68	5.83	4.56	0.13
<b>All routes</b>	<b>409,032</b>	<b>212</b>	<b>97.5</b>	<b>76.3</b>	<b>2.12</b>
<b>Electric</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Saving per year (kg)</b>	<b>409,032</b>	<b>212</b>	<b>97.5</b>	<b>76.3</b>	<b>2.12</b>



### 3. Next Steps

Our goal for 2018 is to make our whole Brighton & Hove bus network electric, powered by solar energy generated on the roof of our bus depot.

<i><b>Total requirement for the project</b></i>	<b>Cost</b>
One 218 kWh Magtec retrofit @£114,000	£114,000
Three Optare Solo 138 kWh electric buses @£289,000	£867,000
A fifth bus to be purchased and retrofitted to electric	£135,000
Charging infrastructure	£51,000
<b>Total</b>	<b>£1,167,000</b>

<i><b>Where is the money coming from?</b></i>	<b>Target</b>
Clean Bus Fund	£114,000 (complete)
DfT Low Emission Bus Scheme	£513,000 (complete)
Original bond issue	£405,000 (complete)
Extended bond issue	£135,000 (current)
<b>Total</b>	<b>£1,167,000</b>

Between now and 2020 we will also be trialling new ways of delivering services. One of the biggest questions in our minds every day is “what will community public transport look like in 2030?” and we are looking at developments in technology and passenger behaviour to give us an idea of how people will get around their communities in the future. During this period we aim to build a delivery model and platform that is scaleable between 2020 and 2030 so that we can meet the objectives of our *2030 Vision*.



## **4. The Team**

### **The Board**

Chair: Fred Harrison

Following a career in shipping Fred took early retirement and became a volunteer with The Big Lemon in 2008. Since then he has been played a central role in The Big Lemon's development, supporting Tom and the team with his wealth of experience and practical approach to problem-solving. Fred also plays a key role in motivating the team to perform at their best, and championing the organisation in the wider community.

Chief Executive: Tom Druitt

Tom has always had a keen interest both in environmentalism and in mobility, and a specific interest in public transport from an early age. Growing up in rural Sussex, Tom was acutely aware of the effect of the Beeching cuts to the railway network, his own village being a victim of the cuts. When he left school Tom's classmates wrote in the yearbook that Tom would one day be 'Transport Minister'.

Tom studied Philosophy, Politics and Economics at the University of Stirling and then moved to Brighton to take a management post at a rehabilitation centre for adults with acquired brain injury. After three years there he was ready for a new challenge and set up The Big Lemon with childhood friend Graeme Simpson following a public meeting about buses in Brighton in 2006. Tom is a qualified Transport Manager, holding the Certificate of Professional Competence in Passenger Transport. He is also a Fellow of the Royal Society of Arts and a Councillor on Brighton & Hove City Council.





## Mitali Mookerjee

Mitali Mookerjee is the MD of a medium-sized software company in Leeds. A childhood friend of founders Tom and Graeme, Mitali has been a shareholder for a number of years and joined the Board in 2016. Despite the distance and her already busy schedule, Mitali has played a very active role in the organisation, both in the mechanics of getting business intelligence to the Board's fingertips and in developing the vision. Mitali also has a keen interest in staff wellbeing and team development and is always looking for ways we can become a better employer and enable all our team reach their potential.

## Ron Tanner

Ron is a business coach with a lifetime of experience in many different businesses and has been involved in The Big Lemon since the early days, coaching Tom for a number of years, and more recently taking up a position on the Board. Ron is an all-rounder with insights and experience in every aspect of running a business, but his main focus is on building capability and long-term value in the organisation.







## The Management Team

Chief Executive: Tom Druitt

Tom is responsible for the organisation health of The Big Lemon and its culture, strategy and resources. Tom leads the Management Team in the delivery of services, customer care and staff development and is ultimately responsible for the quality of our services, the management of our resources, and the wellbeing of our staff team.

Finance and Sustainability Manager: Anna Fisher

Anna joined The Big Lemon in 2015 after a career spanning more than 15 years in finance, followed by a degree in Environmental Science. Anna had been on a couple of Big Lemon walks and responded to a call on Facebook looking for some temporary help with a backlog of administration. However, Anna soon became a full time family member due to her passion for sustainable transport and a strong belief in The Big Lemon vision. Her other interests include wildlife watching, growing mushrooms and is currently undertaking an MSc in Sustainable Food and Natural Resources at the Centre for Alternative Technology in Mid Wales.

Development Manager: Kelly Dibbert

Kelly is an experienced project & events manager in all sectors with a passion for sustainable transport and making a difference in her community. At university in 1993 Kelly analysed car and bus fumes as part of her chemistry degree; and, disappointed by the toxic results and determined to do something about it, Kelly joined The Big Lemon in 2016 to work towards a world where all transport is emission-free. Kelly is responsible for projects, events, outreach, community engagement, our website and social media channels and is regularly out and about in the community sharing our experience and learning from others working in social enterprise.



Visit to Hisbe, the rebel supermarket, as part of our Social Enterprise Tour for Social Enterprise Day 2017



Bus Services Manager: Mark Bennett

Mark joined The Big Lemon as a bus driver in 2014 and quickly became a key member of our team. Always cheerful and keen to help in any situation, Mark became the one others looked to for support in the delivery of our services and in 2016 Mark took responsibility for the provision of our bus services. Mark has built up a good relationship with our major customers and our passengers and is responsible for the recruitment, training, mentoring and supervision of our bus drivers.

Coach Services Manager: Ryan Wrotny

When Ryan was 13 he came to the depot with his dad and asked if he could join the company as an investor. He had read in the local paper that we were looking for investment, and saved enough money to buy a share. He then regularly came to the depot to help out, washing buses with Tom at the weekends and helping out in the office during the week after school. When he was 16 he announced to Tom that he was going to work at The Big Lemon full time when he left school and told Tom to come up with a budget and a job description. Impressed by his proactive approach to grasping opportunity, Tom gave Ryan a job as an Office Administrator and taught him what he needed to know. Now, almost ten years on from his first visit to the depot, Ryan is a qualified Transport Manager (International) with experience in almost every area of the organisation. Ryan manages the coach side of the business, including private hire, day trips, music festival coaches, rail replacement services and coaches for Brighton & Hove Albion match days.

Engineering Manager: Phil Wollington

Phil joined The Big Lemon as a bus driver in 2009 with 20 years' experience in the bus & coach and haulage industries. Quickly taking a leadership role, Phil was our Day Supervisor for a number of years, supervising the delivery of our University bus services. Since 2016 Phil has taken responsibility for the vehicles and equipment, looking after our fleet of 22 buses and coaches and making sure they are all regularly inspected and maintained to the highest standards.





## 5. Financials

The Big Lemon has been growing steadily over the last five years, improving its performance and resilience year on year. Last year's accounts are being finalised as we speak, and should be available soon. It was a year of huge growth and investment in new vehicles and services, and building the operational structures to deliver approximately twice as many daily services as previously. As a result the accounts show an operating loss but much greater value in the business overall as a result of the successful grant applications and the prospects for future revenue growth as a result of the extra contracts we won last year. This year our focus for the first quarter has been to improve operational systems to enable the business to return to an operating profit and we are pleased to say this has been achieved.

	2012	2013	2014	2015	2016
Turnover	£391,340	£530,186	£615,873	£668,507	£832,014
Profit (before tax)	£4,654	£6,698	£58,806	£70,499	£100,169
Shareholders' funds	-120,776	-£114,078	-£55,107	£21,909	£148,947

As of 31 March 2018 we have 1898 shareholders and shares are priced at £197. This valuation has been reached by looking at the business, what it does, what it stands for, what stage it's at in its development, its growth prospects and the earning potential of shares. Taking these things all into consideration as well as the business's status as a Community Interest Company, the Board has agreed on a price/earnings ratio of 36. The last available earnings figures are from 2016, when a dividend of £5.47/share was paid. Applying the p/e ratio of 36 to this gives a value of £197/share.

The Big Lemon is committed to reinvesting profits for community benefit, and as a Community Interest Company we are legally obliged to do so. For most of our investors this is an important aspect of the business, and we believe that all businesses should be run this way. That being the case, it's crucial for us to also demonstrate that "community business" as a model works, so we are committed to making sure the investments people make in The Big Lemon are worthwhile financially.

It is also very important to us to ensure our staff team are well looked after and share in the financial success of the business, so we have previously allocated 80% of surpluses for reinvestment, 10% for shareholder dividends and 10% for our Staff Fund. This funds staff socials, days out and even the odd weekend break, and also provides members of the team with hardship grants if they hit hard times or cannot work for a period of time.



## ***The risks***

As a shareholder, your financial returns depend on the performance of the company and decisions taken at the AGM. There are risks. If the company does well shareholders get a return on their investment, if the company does poorly shareholders get no return, and if the company fails altogether the worst case is scenario is everyone involved loses their money. Generally when it comes to winding up a company shareholders are last in the queue for scraps.

The good news is that as a Shareholder you can influence the way the company is run. You can vote on proposals at the AGM, elect the Directors of the company, and even put yourself for election if you want to get involved in running the company. It's a team effort, and as a Shareholder you are part of the team.

Obviously we have no intention of allowing the company to fail, and every intention of making a success of it. However it's important that investors are fully aware of the risks, and we advise everyone considering an investment to take advice. If you are happy with the risks we would love to welcome you into the family; if you are keen to support our work (and make a few quid at the same time!) but would prefer less risk we would recommend you to consider investing in bonds instead. Our bonds are for a fixed period, with a fixed rate of return, and are secured by way of a Bond Agreement on the vehicles purchased with the money. Please let us know if you would like a bond prospectus or you can find one online at [www.thebiglemon.com/electric](http://www.thebiglemon.com/electric)

<b>Option</b>	<b>Minimum investment</b>	<b>Return on investment</b>	<b>Security</b>	<b>Vote at AGM</b>	<b>Stand for election?</b>
<b>Shares</b>	£197	Variable	No	Yes	Yes
<b>Bonds</b>	£100	4-5% pa	Yes	No	No

To summarise, the return our shareholders receive from their investment will depend on the performance of the company, and our aim is to make all investments worthwhile financially, and improve our performance year on year. However, business is inherently risky, and as a shareholder you share that risk. If the whole thing fails you can lose all your money. A less risky option is to invest in bonds; these provide a fixed interest rate over a fixed term and are secured on the vehicles, but bondholders do not get a vote at the AGM and cannot stand for election to the Board of Directors. Shareholders have a more involved and more long-term relationship with the business, and the financial fortunes of shareholders are entirely linked to the financial fortunes of the business.



## 6. Summary

The Big Lemon is on a mission to enable everyone to get around their community in an affordable, enjoyable and environmentally-sustainable way. Our long term vision is that by 2030 every community in the UK has access to affordable, sustainable transport, using zero-emissions vehicles powered by renewable energy and owned by the local community. We would love to welcome you on board to help us achieve those aims, and we are committed to making it worthwhile for you - both in terms of providing you with a return on your investment, and making your money work for good.



The real reward – a cleaner, greener future and happy members of the community!

Investing in The Big Lemon comes with risk, in the same way as investing in any other business. It is important to understand those risks before investments are made, and we are happy to provide any further information you may need to reach a decision. However, the greater risk to our communities, to our environment, and to our quality of life is we do nothing, and live in an ever-more polluted world with no control over our local services. The Big Lemon aims to address these challenges by developing sustainable transport to provide good quality services for the community without negative impact on the environment. We are at an exciting stage in our development with a real opportunity to make a difference, and we would love to welcome you on board for the ride!

Tom Druitt FRSA

Founder & Chief Executive, on behalf of the Board of Directors

April 2018



## ***Application Form***

I would like to invest in The Big Lemon

Name	
Postal Address	
Post Code	
Telephone	
Email Address	
Number of shares @ £197	
Value	£
What is the main reason you want to invest in The Big Lemon?	
Signature	
Date	

*Upon receipt of your application we will send you a Share Agreement to sign and an invoice for the shares with details of how to transfer funds.*

*Upon receipt of your funds we will issue a share certificate within 14 days.*

*We reserve the right to refuse investments and we do not need to give a reason. The Big Lemon does not sell shares to companies, only to individuals. We do not give financial advice and you are advised to seek independent financial advice on your investments.*

*The Big Lemon CIC is Registered in England & Wales, Number 06045786*

*Registered Office: Protran House, Boundary Road, Brighton BN2 5TJ*

*[www.thebiglemon.com](http://www.thebiglemon.com)*