THE NEW INN

Salvation Squad

Business Plan

for The New Inn, Norton Lindsey

Norton Lindsey Community Pub Limited

THE NEW INN

Salvation Squad

We face a once in a lifetime opportunity.

Not only to save our pub, but to make it the community hub of the village.

WITH YOUR SUPPORT WE CAN MAKE IT HAPPEN.

Our aim is to make The New Inn the hub of the village, a pub providing facilities and services that bring the community together. The society proposes to raise funds to acquire, carry out initial works and provide the start-up working capital to run The New Inn, Norton Lindsey.

NORTON LINDSEY COMMUNITY PUB LIMITED
Community Benefit Society Registration Number 7412

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Disclaimer

This document contains forward-looking statements, including forecasts relating to the financial position of the Society. The Management Committee believes that the forecasts reflected in these statements are reasonable but will involve unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of the Society, to be materially different from any future results, performance or achievements expressed or implied by those forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in section 15 (Risks) set out in this document. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on those forward-looking statements. The forward-looking statements contained in this document are made on the date of this document, and the Society and the Management Committee is not under any obligation to update those forward-looking statements in this document to reflect actual future events or developments.

1. Executive Summary

1.1. Vision

Our aim is to make The New Inn the hub of the village, a pub providing facilities and services that bring the community together. A warm and welcoming venue for Norton Lindsey and its surrounding villages. The society proposes to raise funds to acquire, carry out initial works and provide the start-up working capital to run The New Inn.

1.2. Legal

Norton Lindsey Community Pub Limited has been formed as a Community Benefit Society and registered with the Financial Conduct Authority. It was set up with the aim of purchasing The New Inn in Norton Lindsey and reviving it for the benefit of the community, the people that live or work in the area and visitors that pass through.

1.3. Property

Purchasing the freehold of The New Inn has been identified as the best option to save the pub from those who would seek to change its use and provides the platform for it to be a successful sustainable business that can serve the needs of the entire community. An independent survey of the property has highlighted some required remedial works and this has been taken into account within the negotiations with the vendors. It is proposed that once the business is trading profitably and based upon demand, further works could be carried out to provide additional space for the bar, eating and kitchen areas.

1.4. Investment

An initial Steering Group was formed to develop this proposal and we are now seeking investors who wish to become members of the Society to help us reach our target of raising £462,500 based on the agreed purchase price and allowing for a short term loan to cover the VAT on purchase until that can be reclaimed. The Steering Group believe that this amount will give sufficient capital to purchase the pub, carry out initial works which will allow the pub to re-open, cover set up costs, provide sufficient working capital and to establish an appropriate contingency to meet unforeseen costs.

1.5. Financial

The financial headlines of years 1-3 of the business plan are set out below:

£ GBP	Year 1	Year 2	Year 3
Sales (net of VAT)	£224,970	£252,969	£277,051
Operating Profit	£6,818	£15,449	£24,591
% of Sales	3.0%	6.1%	8.9%
Cash Generated / Used	£3,775	£3,472	£13,945
Closing Cash Position	£27,059	£30,531	£44,476
Net Assets	£347,207	£360,594	£383,623

Sales projections are based broadly on the local survey plus approx 10% in year 1 with steady growth in years 2 and 3.

1.6. The Pub as the Social Hub

In addition to its role as a village pub it is proposed that The New Inn would incorporate a café, local store (linked to a nearby village shop) and provide a number of facilities to local residents, the wider rural community, and visitors of all ages. In addition a number of other initiatives are under consideration which will be driven by the wants and needs of the local community e.g. a children's play area can be incorporated within the extensive outside space and providing the facility as a local meeting venue for a variety of local groups.

2. Introduction

The New Inn at Norton Lindsey has been the village pub since the 18th century and has had some 33 landlords since 1750. In 1987, Mitchells and Butlers carried out a major renovation of the building and the layout that was created remains the same today. It is the only pub in village with the nearest alternative located in Snitterfield approximately 2.5 miles away.

In recent years two landlords stand out as fine examples of how to run a small village pub and build up a reputation that brings people in to the pub from the village and beyond. In both of these cases they operated the pub profitably and successfully for many years.

One definition of an English village is a group of houses and facilities, the key ones being the church, the WI and other local associations, possibly a sports club, a village community centre and a village inn. So without The New Inn, Norton Lindsey will lose some of this definition. All of the components need to be maintained and cared for if the village identity is to be kept and nurtured.

The current owner Enterprise Inns have in recent times been progressively disposing of the non-core assets within their portfolio that have not performed adequately against their standard business models. Recent tenant appointments have come in with mixed experience and as a result this has not worked for them or the local community. The New Inn was put on the market in June 2016 and has been closed since the end of July 2016.

This is a once in a lifetime opportunity to secure such a key facility for both the current village residents and for future generations to come and if we fail there will never be another pub in Norton Lindsey.

3. Objectives and Key Success Factors

3.1. The aim of the project is to re-establish a viable community pub that gains a good reputation for the value and quality of its service, food, drink and other service offerings to support the local community.

3.2. The primary focus of The New Inn will be the creation of an entity that will flourish and invest in the well-being of its community. Its success will have its foundations based on the provision of food and drink that is reasonably priced, supported by a friendly environment and welcoming staff. The food will be good quality traditional pub grub using locally sourced ingredients to attract both local residents and as a destination from the wider populace. The drinks will include real ales sourced, where possible, from local Warwickshire breweries with an ultimate aim of The New Inn being listed in the Good Beer Guide.

3.3. The introduction of a cafe within the premises and a shop within the overall site will extend its appeal to a wider group providing further offerings to its patrons.

3.4. Other services and offerings will be continually explored driven by the consensus of the local community. These may include such things as a children's play area, micro-brewery, book exchange etc.

3.5. Previous experience has shown that to prosper The New Inn must get a proportion of its revenue from customers living outside the village and to achieve this it must have a reputation for good quality and value for money food and drinks, delivered with excellent service.

3.6. The critical roles will be that of the manager and the chef, both of which will be salaried roles. In addition to salary we are also investigating the possibility of further incentivising the key staff by way of a profit share. The bar, waiting and cleaning staff would report to the manager.

4. The Steering Group

The Steering Group members who have established the project come from a variety of backgrounds and have a range of relevant experience, skills and reasons for volunteering. Brief summaries of these are provided below:

ROB BROOK

Partnerships Team Leader & Steering Group Chair

My Day Job: Managing Director of VTG Rail Ltd

My reason for getting involved

We moved to the village just before last Christmas and the pub was a big factor in why we chose Norton Lindsey. I do not want to see the pub lost forever and to see houses on the historic site. We have a once in a lifetime opportunity not only to save The New Inn but to make a real community hub.

LUCY BOYES

Communications Team Leader

My Day Job: Client Services Director at Leader Communications Ltd

My reason for getting involved

I moved into the village relatively recently. Having a young family, I want to us to use the pub as a social hub for both myself and my husband to enjoy on rare date nights, along with a great place for us to come with the kids and meet new faces and friends! I also feel that The New Inn, being an Inn since 1750, provides such an important centrepiece to the village and one definitely worth saving!

GREG JUDD

Property Team Leader

My Day Job: Senior Director of GVA

My reason for getting involved

It's so important to be able to stroll to the village pub for a drink with friends and family and not have to worry about who is driving home or getting a taxi. We've just returned from a family holiday in Italy where the bar is the hub of the village for all ages throughout the day. Young mums sipping cappuccinos and enjoying cake, kids excitedly buying ice creams, village elders playing cards and workers dropping in for a glass of wine or beer at the end of the day. We can create a community hub in Norton Lindsey!

AMY BIRCH

Fundraising Team Leader

My Day Job: Manager at Langham Walsh Chartered Accountants

My reason for getting involved

Having moved to the village three years ago, I realised quickly that the pub was incredibly important to the village. The village has such a huge community spirit and I believe the pub has been integral in keeping that spirit alive. Right now the choices are ours to make, do we want a pub, a café, a shop, the possibilities are available to us now but once the pub is gone so are our choices.

ALEX MELLON

Operations Team Leader

My Day Job: Retired, formerly CEO of a Charity, Further Education College Principal

My reason for getting involved

I want to keep our village pub! The New Inn offers place to drink regularly with friends, a handy place to eat, either for lunch or dinner and has been a lively place on Friday Nights. In addition it's an ideal venue for Birthday celebrations, Quiz Nights etc. and a place to bump into people you wouldn't otherwise see very often.

ZANNA PATCHETT

Legal Team Leader

My Day Job: In-House Solicitor at REPL Group Worldwide Limited

My reason for getting involved

After moving to the village in 2008, we quickly got to know people from meeting our neighbours at The New Inn. We feel like we are part of a very special community in Norton Lindsey, the likes of which are not seen in very many places nowadays, and the pub has a big part to play in bringing the village together. We have some very special memories already of family visits to the pub, including holding our children's christening party there.

PHILIP LONDON

Business Plan Team Leader

My Day Job: Finance Director at Paintbox Group

My reason for getting involved

I moved to Norton Lindsey from Bishampton, a village where the local pub had lost its way but was saved by the local community. Under community ownership it has been transformed into a thriving model of what a village pub should be. I want to help The New Inn become the same!

5. The Market for Community Pubs

In recent years there has been a growth in the numbers of community owned pubs. Therefore The New Inn will not be the first, or the last, to go down this route. There are approximately 70 such pubs currently operating in the UK and each one has been set up in a manner that best suits it community and situation (to see where they are located go to CAMRA website – www.camra.org.uk). Some examples are:

5.1. **The Old Crown** became famous in 2003 when it became Britain's first registered co-operatively owned pub. It is owned by a collective of around 150 local, national and even international customers and supporters. It thrives and today it serves the very best of real ales, most brewed by Hesket Newmarket Brewery which stands at the rear of the pub, and a range of appetising and wholesome home-cooked meals and snacks.

5.2. **The Ivy House** in Nunhead was the first pub saved using the Community Right to Bid and is also London's first co-operative pub. It's a grade II listed 1930s building. The Ivy House serves good food and an excellent selection of craft beers and real ales.

5.3. **The Hollybush** was bought by the villagers of Seighford in 2012, to provide a community facility for those interested in good beer, delicious food and a friendly atmosphere. They now have over 70 shareholders, who have helped the project by giving their money, skills and time to the local community.

5.4. **The Anglers Rest** in Bamford is owned by 300 community shareholders and as well as a pub it's the village post office and café. It was one of the first pubs to be listed as an Asset of Community Value (ACV). We have taken advice from the team who saved the Anglers Rest.

6. Local Market

6.1. Local Demographics

With the town centres of Warwick 5 miles away and Stratford upon Avon 6.5 miles away, these two towns provide a healthy tourism industry in the area, with a recorded 16 million visitors in 2013. Norton Lindsey is well positioned between both towns.

In the last National Census of 2011, the following Populations were recorded in the local villages.

Village	Residents (as per 2011census)
Norton Lindsey	326
Langley	162
Wolverton	212
Snitterfield	1,226
Claverdon	1,261
Wootten Wawen	1,318

We carried out a Community Survey, which gave the following information.

Age Groups in Norton Lindsey	% of village
0-7	12%
8-17	14%
18-25	6%
26-35	6%
36-45	13%
46-55	13%
56-65	16%
66-80	15%
81-85	3%
85+	3%

Community Survey response to anticipated usage of services within the pub.

	Daily	2-3 times week	Weekly	Every 2 Weeks	Every Month	Every 3 Months	Every 6 Months	Less Often	Never
Pub	6%	19%	30%	18%	12%	8%	3%	4%	0%
Restaurant	0%	3%	12%	25%	37%	20%	2%	1%	0%
Shop	3%	43%	35%	4%	5%	2%	2%	6%	1%
Café	2%	8%	28%	20%	13%	5%	4%	8%	12%
Parcel Drop Off/Collect	1%	5%	17%	7%	25%	13%	11%	9%	12%

Looking at the breakdown of ages (of households responding to our community survey) it is clear that we need to cater for all age groups. This means providing a warm welcome to both young families and our more senior residents. The pub needs to be socially inclusive and a great place for everyone to congregate and mix together. This is why we are looking for the pub to offer different activities during the day and evening, taking it from a café to pub to restaurant.

6.3. The local market for the Pub and Restaurant

The towns of Warwick, Stratford-upon-Avon and Henley-in-Arden provide a mix of pubs and restaurants and fine dining eateries.

The closest villages to Norton Lindsey are Langley, Wolverton, Snitterfield and Claverdon. Neither Langley nor Wolverton have a village pub. Claverdon, which is approximately 3 miles away, has two pubs; the Red Lion, providing a gastro experience and The Crown, a family friendly pub with basic pub fayre. The nearest pub to the village is the Snitterfield Arms in Snitterfield, approximately 3 miles away. This pub has recently been turned around and does provide good quality food, proving that this model can work well in the area, however it doesn't offer a full, varied and changing range of local real ales, which offers a market opportunity for The New Inn.

In summary, the local area suffers from a clear lack of rural village pubs with a warm welcome to all ages with traditional good quality, fairly priced food and ale.

It is felt that nearby residential estates such as Chase Meadows (just outside Warwick) would also look to frequent a nearby pub. The New Inn is the nearest country pub to the west of Warwick town as well as an easier solution to driving into Warwick town centre.

The nearby village of Hampton Magna with 1,863 residents (recorded in 2011 census) has a pub, however The New Inn would be an excellent alternative destination as residents would most probably be happy to travel a small distance to enjoy a local rural pub.

55% would use the pub at least once a week (this makes 126 visits) and 77% would use the restaurant at least once a month (making 175 visits). (survey response)

6.4. The Market for a Shop

A mix of value and high-end supermarkets are available in Warwick and Stratford-upon-Avon. Village shops are also available in Snitterfield and Claverdon. We therefore feel that we need to provide essential items for people (milk, bread etc.) for when people run out, saving them having to get into their cars to get these items. Snitterfield Stores are considering running a satellite store at the New Inn, dealing with all aspects of stocking and staffing. They would provide us with a small profit share to our business.

46% would use the shop at least 2 to 3 times a week, highlighting a clear need for this facility. (survey response)

6.5. The Market for a Café

The towns of Warwick, Stratford and Henley-in-Arden have coffee shops, including Costa, Starbucks etc. However, we are looking to provide a comfortable and relaxed environment for residents, allowing parents to meet in the day time after/before school drop off/pick up and retired residents a place to meet with friends without having to get in the car. The café would provide a full range of quality teas and barista coffee, with the quality demanded by todays coffee drinkers.

People also commute through Norton Lindsey to get to Longbridge Island (M40) and Warwick and therefore again the café and shop could provide a local convenience to these people.

38% would use the Café at least weekly, and a further 20% would use the Café every 2 weeks. (survey response)

6.6. The Market for Parcel drop off/collection

This facility provides convenience for residents in the village, saving them the need to get in the car.

55% would use the Parcel drop off/collection at least every month. (survey response)

7. The Property

7.1. Description

The New Inn is very much the village pub lying at the heart of Norton Lindsey. It occupies a prominent position on the corner of New Road and Main Street. It is a substantial two storey detached brick built property with a pitched roof and extensions to the rear (mostly single storey). Externally there is a tarmac car park (space for about 15 vehicles), a separate patio and a large tree lined grassed beer garden. The site area is 0.5 acre or thereabouts.

7.1.1. Ground Floor

The trading area is a large single L-shaped room served by a carved wooden bar. This is a very welcoming room with a timber boarded floor, a feature inglenook fireplace, timber beam ceiling and leaded light windows. There is space for approximately 36 covers whilst still leaving space for drinkers at the bar. The trade kitchen lies to the rear and has fully tiled walls. Ladies and gents toilets are to the side. A good sized ground floor beer store with additional storage is to the rear and there is a separate detached single storey garage.

7.1.2. First Floor Living Accommodation

The private living accommodation is on the first floor and comprises two bedrooms (one double and one single), bathroom, separate WC and a kitchen/diner (all lying off a connecting corridor). Heating and hot water is provided by a combi gas boiler served by a sunken LPG tank in the garden. Mains electricity, water and drainage are connected.

7.2. General Condition

A pre-acquisition building survey has been undertaken by Baillie Kerr Ltd (Chartered Building Surveyors). The report concludes that the premises are suitable for on-going use as a pub. The building structure and fabric is in a reasonably structurally sound condition. However, there are a number of repair works required, many of these are not urgent and can be carried out over time. A copy of the report is available upon request.

A CCTV drains survey has identified no defects with the drains. An electrician has undertaken a visual inspection and no major issues were identified with the electrical installations although full testing will be needed prior to opening.

7.3. Refurbishment

The objective is to undertake a quick and low cost minor interior refurbishment to allow the pub to reopen as soon as possible. The intention is to achieve high impact at minimal cost to provide a refreshed, warm welcoming environment for drinkers and diners.

The reopening works will comprise:

- Certain essential 'day one' repairs identified in the Building Survey
- Test electrics, heating and other services, and repair if required, plus any other works required from a health & safety and hygiene perspective
- Internal redecoration and new soft furnishings
- Deep clean and refit kitchen
- Deep clean and fit out of cellar area
- Refurbish staff accommodation
- General site clean and tidy up, including garden area

7.4. Future Development

The New Inn offers great potential for future expansion and in due course, if driven by local demand, more ambitious and aspirational ideas to modify, improve and enhance the existing property will be considered. Such plans would only be considered following a profitable and sustainable trading period and provided funding is available and the cash needs of the business allow. From a review of potential sources, it is possible that grant funding may be available from a number of bodies and charitable organisations to support such development plans e.g. Warwick District council, the Princes Countryside Fund etc.

8. Fundraising

8.1. Share Offer

The main funding is expected to be generated through the sale of shares in the Community Benefit Society – Norton Lindsey Community Pub Ltd. Individual share value will be £50 with a minimum holding of £250. Each member will have an equal vote in the Society irrespective of their shareholding, following the key Society principle of 'one Member, one Vote'. We have established that many of the villagers have links to family members and friends in other areas. We feel that the opportunity to purchase shares in a traditional English village pub with a history stretching as far back as 1750 will appeal to many people. **For full details please read the Share Offer.**

8.2. Crowd Funding

To maximise the potential to sell shares we intend to use a crowdfunding website which will enable us to push the offer out to a wider market.

8.3. Other Sources

The minimum share funding level that is required from the above sources will be £250,000. Additional funds required will be sought through grants and/or commercial or government backed loans.

8.4. Fighting Fund

A fighting fund was set up at the start of this project and to date has received a donation from the Norton Lindsey Parish Council of £500, with an additional loan facility of £2,000 should it be required. We were also awarded a full £2,500 bursary from the 'More than a Pub' programme administered by The Plunkett Foundation. We will take the opportunity to apply for further grants and bursaries for which we may be eligible and we will update the website as and when we receive news on these.

8.5. Community Grants

We have researched the numerous grants available to community projects, identifying those that can be used for the initial purchase of the property and those that are specifically for building improvements. We will be submitting applications for all those that apply and will update the website as and when we receive news on these. It should be noted however that, given our very short project timescale, it is unlikely that we would receive a grant award before our deadline to raise the required funding. Future receipt of such grant funding would therefore be used to develop our facilities or pay back loan funding as appropriate.

8.6. Supplier Support

We are in discussion with potential suppliers for the wet side sales. However, before making a commitment will need to engage with them in more detail to understand the specific terms and conditions of their offering. This will include the cost of drinks, the breadth of range they can supply, support in setup and maintenance of equipment, trade credit terms, term of initial agreement and provision of general bar consumables.

9. Financial Summary

9.1 Funding Requirements

For our initial funding requirements we aim to raise a total of £462,500 from a community share offer together with commercial and/or government backed loans.

These funds will be used to:

- Purchase the freehold of the pub with associated costs and taxes;
- Carry out minor works to get it ready to be reopened;
- Provide sufficient working capital to enable early stage cash positive trading;
- Manager recruitment, adviser costs and contingency.

The overview of these funds follows:

		£	£
Share Capital	Local	£250,000	
	National	£50,000	**£300,000**
Grant / Loan Capital	TBA		**£100,000**
			£400,000

Short Term VAT

Commercial Loan	TBA		**£62,500**

9.1.1. Capital Costs

The initial purchase costs have been estimated at £398,000 and include a contingency should this be required. The costs can be summarised as follows:

	£	£
Agreed Price	£312,500	
VAT on Price	£62,500	
		£375,000
Searches	£650	
VAT on above	£120	£770
Stamp Duty Land Tax		£8,250
Property Survey	£1,350	
Other Fees	£2,630	£3,980
Contingency		£10,000
Totals		**£398,000**

9.1.2. Start-up Costs

It will take time to get the refurbishment, setting up and recruitment process in place and in this financial plan it is assumed The New Inn will open at the end of March 2017. However, we will be working to open the facility as soon as is possible. Up until that time, as well as the refurbishment costs of £30,000 there will be revenue costs relating to rates, insurance heat, light etc. which have been estimated at approximately £8,000. Once the pub is open, estimated working capital of £25,000 will be required to ensure positive cash flow as we begin to build the trade. Total start-up costs of £64,500 are therefore required.

	£	£
Remedial Works	£14,000	
Decoration etc.	£16,000	£30,000
Costs up to opening		
Rates, Insurance etc.		£8,000
Contingency		£1,500
Working Capital		£25,000
		£64,500

9.3. Short Term Funding

Part of the initial funding is required for a relatively short period specifically to cover the VAT payable on the acquisition and on initial refurbishment costs. The business has been registered for VAT and will make taxable supplies thus we can reclaim the VAT on the acquisition and on subsequent refurbishment and improvement works. We would propose to substantially repay this loan with the VAT reclaimed at the next appropriate VAT quarter end date. The timing of these cash flows is incorporated in our detailed financial model.

9.4.1. 12 Month Forecast - Profit & Loss

Seasonal Adjustment %		9%	9%	10%	11%	11%	10%	6%	6%	10%	5%	5%	8%	First
		Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Year
Profit & Loss Statement														
Income:														
	Profit Share	350	350	350	350	350	350	350	350	350	350	350	350	4,200
	Wet Sales	8,500	8,585	8,671	8,758	8,845	8,934	9,023	9,113	9,204	9,296	9,389	9,483	107,801
	Food Sales	9,000	9,090	9,181	9,273	9,365	9,459	9,554	9,649	9,746	9,843	9,942	10,041	114,143
	Seasonal Impact	1,400	1,414	3,570	5,770	5,827	3,679	(5,201)	(5,253)	3,790	(7,656)	(7,732)	(781)	(1,174)
	Total	19,250	19,439	21,772	24,150	24,388	22,421	13,725	13,859	23,090	11,834	11,949	19,093	224,970
Cost of Goods Sold		7,560	7,636	8,569	9,520	9,615	8,828	5,350	5,404	9,096	4,593	4,639	7,497	88,308
Gross Margin		11,690	11,803	13,203	14,630	14,773	13,593	8,375	8,455	13,994	7,240	7,309	11,596	136,662
	% of Total Sales	62%	62%	62%	61%	61%	62%	63%	63%	62%	63%	63%	62%	62%
Salaries	**Base line**	5,125	5,125	5,125	5,125	5,125	5,125	5,125	5,125	5,125	5,125	5,125	5,125	61,500
	Casual Labour	1,335	1,363	1,713	2,070	2,106	1,811	506	526	1,911	223	240	1,311	15,115
Operating Costs														
	Fixed	3,750	3,758	3,765	3,773	3,780	3,788	3,795	3,803	3,810	3,818	3,826	3,833	45,498
	Variable	292	295	330	366	369	340	209	211	350	181	183	290	3,417
Total Operating Costs		10,502	10,541	10,933	11,333	11,380	11,063	9,636	9,666	11,196	9,347	9,373	10,560	125,530
EBITDA		1,188	1,262	2,270	3,297	3,393	2,530	(1,261)	(1,210)	2,798	(2,106)	(2,064)	1,036	11,132
	% of Total Sales	6%	7%	11%	14%	14%	11%	-9%	-9%	12%	-18%	-18%	6%	5%
Depreciation		375	370	366	361	357	352	354	356	358	353	355	357	4,313
Profit Before Interest and Tax		813	892	1,904	2,936	3,036	2,177	(1,615)	(1,566)	2,440	(2,460)	(2,419)	679	6,818
Interest		0	0	0	0	0	0	0	(208)	(205)	(201)	(198)	(194)	(1,007)
Profit before Tax		813	892	1,904	2,936	3,036	2,177	(1,615)	(1,774)	2,235	(2,661)	(2,617)	485	5,811

9.4.2. 12 Month Forecast - Balance Sheet

Seasonal Adjustment %		9%	9%	10%	11%	11%	10%	6%	6%	10%	5%	5%	8%
		Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
The New Inn Forecast Year 1													
		Apr-17	**May-17**	**Jun-17**	**Jul-17**	**Aug-17**	**Sep-17**	**Oct-17**	**Nov-17**	**Dec-17**	**Jan-18**	**Feb-18**	**Mar-18**
Balance Sheet													
Tangible	**Base property**	335,500	335,500	335,500	335,500	335,500	335,500	335,500	335,500	335,500	335,500	335,500	335,500
	Cum Capex	30,000	30,000	30,000	30,000	30,000	30,000	30,500	31,000	31,500	31,500	32,000	32,500
	Accum Depreciation	0	(375)	(745)	(1,111)	(1,472)	(1,829)	(2,181)	(2,535)	(2,891)	(3,248)	(3,601)	(3,956)
	Additions in Period	0	0	0	0	0	500	500	500	0	500	500	500
Depreciation in the period		(375)	(370)	(366)	(361)	(357)	(352)	(354)	(356)	(358)	(353)	(355)	(357)
Net Fixed Assets		365,125	364,755	364,389	364,028	363,671	363,819	363,965	364,109	363,752	363,899	364,044	364,187
Cash		25,788	28,440	28,759	34,780	41,290	40,362	38,992	35,135	38,251	34,521	30,136	27,059
Stocks		5,023	5,637	6,263	6,326	5,808	3,520	3,555	5,984	3,022	3,052	4,932	5,604
Total Current Assets		30,812	34,078	35,022	41,105	47,098	43,882	42,547	41,119	41,273	37,573	35,068	32,664
Trade Creditors		(1,890)	(1,909)	(2,142)	(2,380)	(2,404)	(2,207)	(1,338)	(1,351)	(2,274)	(1,148)	(1,160)	(1,874)
Vat Debtor / Creditor		(1,838)	(3,823)	(2,264)	(4,813)	(7,389)	(2,340)	(3,635)	(4,946)	(2,418)	(3,484)	(4,563)	(1,936)
Commercial Loans		(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(49,167)	(48,333)	(47,500)	(46,667)	(45,833)
Total Current Liabilities		(53,728)	(55,732)	(54,406)	(57,193)	(59,793)	(54,547)	(54,973)	(55,464)	(53,025)	(52,132)	(52,390)	(49,644)
NET ASSETS		342,209	343,101	345,005	347,940	350,977	353,154	351,539	349,765	352,000	349,339	346,722	347,207

9.4.3. 12 Month Forecast - Cash Flow

Seasonal Adjustment %	9%	9%	10%	11%	11%	10%	6%	6%	10%	5%	5%	8%	First
	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Year
The New Inn Forecast Year 1													First
	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Year
Cash Flow													
PBIT	813	892	1,904	2,936	3,036	2,177	(1,615)	(1,774)	2,235	(2,661)	(2,617)	485	5,811
Add Back Depreciation	375	370	366	361	357	352	354	356	358	353	355	357	4,313
Inc / Dec in Current Assets	(50)	(614)	(626)	(63)	518	2,288	(35)	(2,429)	2,962	(30)	(1,880)	(672)	(631)
Incr / Dec in Current Liabilities	1,366	2,004	(1,325)	2,787	2,600	(5,246)	426	491	(2,439)	(893)	257	(2,746)	(2,718)
Cash Flow from Operations	2,504	2,652	319	6,021	6,511	(428)	(870)	(3,357)	3,117	(3,231)	(3,885)	(2,577)	6,775
Less capital expenditure	0	0	0	0	0	(500)	(500)	(500)	0	(500)	(500)	(500)	(3,000)
Net Movement	2,504	2,652	319	6,021	6,511	(928)	(1,370)	(3,857)	3,117	(3,731)	(4,385)	(3,077)	3,775
Opening cash Position	23,284	25,788	28,440	28,759	34,780	41,290	40,362	38,992	35,135	38,251	34,521	30,136	23,284
Closing cash Position	25,788	28,440	28,759	34,780	41,290	40,362	38,992	35,135	38,251	34,521	30,136	27,059	27,059

9.5. Three Year Forecast

A summarised 3 year plan based on the same fundamental assumptions is set out below, again this comprises each of the Profit & Loss and Balance Sheet schedules.

9.5.1 Three Year Forecast – Profit & Loss Statement

		4 Mths Pre Opening	First Year	Second Year	Third Year
Income:					
	Profit Share		4,200	4,200	4,200
	Wet Sales Food		107,801	121,473	129,000
	Sales Seasonal		114,143	128,619	144,558
	Impact Total		(1,174)	(1,323)	(707)
			224,970	252,969	277,051
Cost of Goods Sold		0	88,308	99,508	109,140
Gross Margin		0	136,662	153,461	167,910
			60.7%	60.7%	60.6%
Salaries	**Base line**	2,563	61,500	61,500	61,500
	Casual Labour	0	15,115	19,315	22,928
Op Costs	**Fixed**	5,000	45,498	46,602	47,733
	Variable	0	3,417	6,324	6,926
Total Operating Costs		7,563	125,530	133,742	139,087
EBITDA		(7,563)	11,132	19,719	28,823
Depreciation		0	4,313	4,270	4,232
Profit Before Interest and Tax		(7,563)	6,818	15,449	24,591
Interest		(1,042)	(1,007)	(2,063)	(1,563)
Profit before Tax		(8,604)	5,811	13,387	23,029

9.5.2 Three Year Forecast – Balance Sheet

		4 Mths Pre Opening	First Year	Second Year	Third Year
Tangible	Base property	335,500	335,500	335,500	335,500
	Cum Capex	22,500	33,000	37,000	41,000
	Accum Depreciation	0	(3,956)	(8,230)	(12,465)
Depreciation in the period		0	(357)	(353)	(350)
Net Fixed Assets		365,500	364,187	363,917	363,684
Cash		23,284	27,059	30,531	44,476
Stocks		4,974	5,604	6,303	5,874
Trade Debtors		0	0	0	0
Prepayments		0	0	0	0
Total Current Assets		28,258	32,664	36,834	50,350
Trade Creditors		(2,487)	(1,874)	(2,112)	(2,232)
Vat Debtor / Creditor		125	(1,936)	(2,212)	(2,346)
Commercial Loans		(50,000)	(45,833)	(35,833)	(25,833)
Total Current Liabilities		(52,362)	(49,644)	(40,157)	(30,412)
NET ASSETS		341,396	347,207	360,594	383,623

9.6. Operating Costs

The base level operating costs have been estimated using a combination of available information from such sources as 'Pub is the Hub' (PITH), British Beer & Pub Association (BBPA), Campaign for Real Ale (CAMRA), previous successful tenants of The New Inn, professional pub trade advisors and other local supporters that have experience within the licensed trade.

		Annual Fixed Costs
People Costs		60,000
Gardener		1,500
TOTAL BASE People Costs		61,500
Other Fixed Operating Costs		
Business Rates	**Pub**	8,822
	Flat	1,082
Water Rates		2,500
Utilities		10,000
General Maintenance & Repairs		2,500
Telephone		450
WI-FI		240
Marketing & Promotion		300
Bank Charges		2,000
Waste		3,500
Equipment Hire Rent		1,500
Accountant & Stock Take		3,000
Insurances		3,000
Cellar Gas		1,800
Professional Fees		250
Performing Rights License		150
General Expenses		3,906
SUB TOTAL FIXED COSTS		45,000

9.7. General Financial Assumptions

The general assumptions underpinning the plan are set out below:

1. The results of the local survey have been incorporated into the base business plan.
2. Gross margins assumed at 60% for both wet and dry sales.
3. Sales and costs in the profit statement are shown as excluding VAT.
4. A base of 7 days trade credit assumed for all trade purchases.
5. Loan interest assumed at 5%
6. The period Dec 16 through March 17 has been set aside to carry out essential maintenance, refurbishment works and for the recruitment process for the new staff.
7. Initial Wet sales: based on 35 visits per day £8,500 per month
   Growth rate 1.0% per month
   Capped at £10,750
8. Initial Dry sales: based upon 15 visits per day £9,000 per month
   Growth rate 1.0% per month
   Capped at £12,500
9. Typical pub sales are not flat so a seasonal phasing factor has been applied to try to get a more realistic profile of incomes.
10. Information relating to other pubs indicate gross margins of between 60% and 65%, for the purpose of the plan an average level of 60% has been assumed.
11. Inflation on fixed cost has been set at 2.4% per annum.
12. Café figures have also been excluded from the basic analysis other than the general assumption that they will contribute towards the sales volumes.
13. In the interest of prudence no interest payments to shareholders has been assumed at this stage.
14. No corporation tax payments have been assumed in the period of the plan.

10. Operating The New Inn

10.1. Recruitment of Key Staff

The appointment of the right individuals to manage the pub is a critical element of the business. Advice is being sought on the best ways to go about this; we have been introduced by Pub is the Hub to an experienced individual to help guide us. It is planned that the recruitment process will start as soon as is possible, so that a manager and chef can be ready to start prior to the 'grand opening'.

10.2. Getting Ready to Operate

Once purchased, a level of initial work needs to be completed before the pub is ready to operate e.g. licences, insurances, Wi-Fi installation, fire and food hygiene certificates etc.

10.3. Creating the Right Reputation

As a new community enterprise the pub will quickly attract local users from its former customer base, plus with over 100 local people likely to be members of Norton Lindsey Community Pub Ltd and shareholders in the business, they will be even more committed to using the pub themselves and to bringing their friends and family with them. Building the reputation in the area as an appealing venue for real ale, good quality food, friendly service plus entertainment will in time attract customers from further afield.

10.4. Creating a Wider Appeal

The pub will be a welcoming venue for friends, families and visitors and will appeal to villagers and a wide range of people from surrounding areas. We will seek to attract ramblers, cyclists and visitors to the area and would seek to provide the necessary facilities to do so e.g. providing a cycle rack, energy snacks etc.

10.5. Finer Details

Wi-Fi will be available. It is also proposed that take-out food and drink would also be provided where practical.

10.6. Events

The pub will provide a venue for birthday, anniversary and christening celebrations as well as for parties, receptions etc. It will continue to be a venue for well-established groups such as the local Norton Lindsey Stilton Sniffers' meetings and will support them in their charitable activities such as the Christmas Carols Evening.

11. Pub and Restaurant

11.1. Type of Pub

It is proposed that The New Inn will be a real ale pub offering a varied and changing range of ales with a strong local element. The pub will offer well cooked and presented locally sourced (where possible) and value for money pub grub. It will have an initial unique selling point of offering an interesting range of locally produced sausages. It is also proposed that there will be an artisan gin bar.

11.2. Licensing Hours

It is proposed that the initial licensing hours would be late morning to late evening Thursday to Saturday. Market experience and advice from trade professionals suggests that earlier closing Monday to Wednesday and on Sunday might be appropriate.

11.3. Menu

It is proposed that there would be a Brunch style menu on Saturdays and Roast Lunches on Sundays. Food generally would be served lunchtimes and evenings Monday to Saturday and lunchtime and afternoon on Sundays. A Sixty Plus menu to be available Monday to Friday lunchtimes.

11.4. Micro Brewery

Establishing a micro-brewery could be a medium-term project.

12. Café

12.1. Beverages

It is proposed that the café will be open Monday to Saturday providing a range of quality coffee and tea choices. A professional/commercial coffee machine will be provided and would ideally be located within the bar area. A small selection of newspapers will be available for browsing as would books from a small library/ book exchange.

12.2. Light Lunches/Snacks

We expect the café to sell snacks such as cakes, scones, sandwiches and soup. As it will be located in the pub area this will allow for the flexible use of staff particularly during quieter periods.

12.3. Themed Events

We envisage having themed coffee mornings as suggested in the village survey responses. These could include: book club; gardening club; photography, art, bridge and chess clubs.

12.4. Internet Sessions

To help our older residents, and those less tech-savvy, we would seek to run computer/internet sessions in collaboration with third parties such as the Barclays Bank Digital Eagles 'Tea and Teach' scheme.

12.5. Memory Café

The local Alzheimer's Society has indicated support for a monthly 'memory 'café. The café will also support Macmillan coffee mornings etc.

12.6. Survey Findings

The village survey indicated around 75 regular users a week. As its popularity rises, and with a number of special events, this should increase.

13. Shop

13.1. We are in discussions with Snitterfield Stores, who are considering operating a satellite shop in one of the pub's former storage areas. They would employ the staff, provide a till and shelving and would stock the shop. The opening hours, which are still under discussion, are expected to cover a major part of the working day and 2 to 3 hours on Sundays. We anticipate that orders for items not normally held in stock could be placed for collection the following day. The shop will sell a good range of items usually required at short notice as a top-up to the 'weekly' shop.

13.2. Likely additional services include parcel drop-off / collection and dry cleaning.

13.3. The village survey indicated a good level of support with about 165 visits a week. This could well increase as people come to use the shop for additional purchases rather than just emergency items.

14. Marketing

14.1. Publicity prior to buying the pub will focus on the campaign to raise funds to acquire the pub. This should draw public attention to the village plan to have a community pub, café and shop.

14.2. We would expect to have a full page spread in the local press which would be supported by our suppliers etc. advertising and wishing the pub well at its opening.

14.3. The plan is to market the pub as a traditional village pub, which fully meets the locals' and visitors' idea of a country pub. This requires good quality real ales (where possible brewed locally), guest beers, artisan gin bar, good quality pub food, log burner, a friendly and welcoming atmosphere and traditional pub entertainment when appropriate. It will be a meeting place for villagers, friends and family and will attract visitors. The combination of a shop and a café within the pub is seen as a way of increasing footfall in the pub and making locals aware of special events in the pub.

14.4. Once the pub has re-opened, marketing to the village and beyond will be crucial. Regular emails / leaflet drops will advertise the pub and its programme of activities. In addition to the use of such social media routes such as Facebook and Twitter we would also look to use other local advertising channels to promote the pub.

14.5. An active website would assist in promoting the New Inn as well as providing a further channel for keeping stakeholders up to date with progress and to inform patrons about planned events and activities. Of course, as ever, recommendation by word of mouth will be key.

14.6. The use of Trip Advisor would be encouraged as well as seeking promotions in appropriate guides such as CAMRA's regional publications, its What Pub website and App, and its Good Beer Guide.

15. Risks

Prospective investors should read the whole text of this document and should be aware that an investment in the Society involves a degree of risk and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial and/or tax adviser.

15.1. Property

Professional surveys covering the building structure and drains have been carried out as part of the due diligence for the property. These surveys identify a number of relatively minor issues that it is proposed are dealt with prior to the re-opening. However to be prudent we have included a level of contingency within the plan to allow for matters that may arise.

15.2. Revenue stream

Whilst the management committee believes the basis for the financial projections contained in this document to be reasonable their is a risk that the actual revenue stream will be materially different to that projected. However, as part of building up the business plan advice has been sought from previous successful landlords and professional trade advisors. The base business case which sees the operation making a small profit is based upon revenue streams some 25% less than achieved in prior years, and that was in a period when it was a tied pub required to pay rent and buy beer at inflated prices. Surveys conducted just within the local community indicate that some 80% of revenues could come from within the village.

15.3. Insufficient monies are raised to finance the proposal

In the event that the required funds cannot be raised then we would be forced to abandon the process, meaning that the owners would be free to sell the property to whoever they wished, including property developers.

15.4. Staffing

Securing the necessary skills and personalities will be a challenging task. The importance of simple but good food is as much a driver as is keeping good ales. To minimise this risk, advice and guidance has been sought from experts within the hospitality and licensed trade, some of whom have offered to support us directly in the recruitment process.

15.5 Snitterfield Stores does not follow through with the satellite operation

We would still seek to provide a basic shop offering and would intend to expand this as we develop.

16. Links

Our Campaign Website	www.salvationsquad.co.uk
Pub is the Hub	www.pubisthehub.org.uk
CAMRA	www.camra.org.uk
The Plunkett Foundation	www.plunkett.co.uk
The Old Crown	www.theoldcrownpub.com
The Ivy House	www.ivyhousenunhead.com
The Hollybush	www.hollybushseighford.co.uk
The Anglers Rest	www.anglers.rest

17. Contact Details

Enquiries: enquiries@salvationsquad.co.uk

Fundraising: fundraising@salvationsquad.co.uk

Communications: communications@salvationsquad.co.uk

Operations: operations@salvationsquad.co.uk

18. Some final thoughts to leave you with...

When the members of a community come together for a common cause, without purely financial or commercial motives, when they co-operate and collaborate to save or preserve something that is important and valuable to their community, they can unlock something very powerful.

A Community Benefit Society owned pub is owned by the community, for the community. It isn't something that is imposed from outside. It has its roots within the community, and binds people together in a way that few other things are able to do. It is a way of securing and preserving something precious; a place where people can share their joys and sorrows, celebrate and commiserate, or just pass the time of day in what is truly their own pub.

In order to survive, any business, any pub, has to be commercially viable. Assessing that viability is a vital part of the process and community ownership can contribute to that viability. There are currently more than 70 community owned pubs in the UK and all are still trading today. This is despite operating in areas where private owners have failed, a powerful statistic.

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