

The Cross Keys



Business Plan

Prepared by
Redgrave Community Society Ltd
August 2017



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1. EXECUTIVE SUMMARY

A survey of the village community has voted to do what it can to buy the Cross Keys pub which is otherwise expected to be closed finally before the end of this year.

To enable this, a “community benefit society” called **Redgrave Community Society Limited** has been set up and registered with the Financial Conduct Authority (register number 7589).

Shares in this company will be offered to the public at a nominal price of £50 each. Between 1 and 400 shares can be bought by one person.

Regardless of the number of shares held, there will be one vote per person at the society’s meetings.

The pub has been run very successfully in the past and the projections, completed with the help of advisory organisations Plunkett Foundation and “Pub is the Hub”, indicate this can be achieved again using our business model, providing we can recruit a suitable manager and chef.

As well as the share-offering, capital is also being actively sought via **donations, grants and personal loans**. Initial grants have already been arranged with our Parish Council, District Council and Plunkett Foundation. Additional significant grant and loan applications have already been submitted for funding.

Application is being made to HMRC for provisional approval of the share and loan issues under the **Social Investment Tax Relief** scheme. This will enable investors to apply for a reduction in their income tax by 30% of the amount they invest (so, for example, a £10,000 investment would effectively cost £7,000).

Providing the shares are held for at least two years, it is expected they will also qualify for **inheritance tax exemption** if they are still held at date of death.

The management committee is working hard to meet the deadline set by the vendor and the Locality Act moratorium.

2. INTRODUCTION

Business Plan Purpose

This business plan has been developed to support the purchase of the Cross keys pub and its transformation into a community hub for the village of Redgrave. It is envisaged that the Cross Keys will house local facilities including a public house and a café/coffee shop, and in due course hopefully encompassing the Redgrave Community Shop; thus creating a vibrant, economic heart to the village.

Document Structure

Section 1 – Executive Summary	A one page summary of the whole business plan.
Section 2 - Introduction	Sets out the purpose and structure of the business plan.
Section 3 – Project Development	Details of the project and developments to date, information from the community consultation.
Section 4 – The vision, aims and objectives for the project	Gives the overall vision for the Cross Keys as a community pub.
Section 5 – Business Proposals	A detailed explanation of the plans for the Cross Keys.
Section 6 – Building and Renovation	Detail of the costs for repair and renovation.
Section 7 – Marketing Plan	Key activities to encourage use of the Cross Keys and other facilities being provided.
Section 8 – Funding Plan	Details of pre-purchase income and expenditure.
Section 9 – Management and Operation	Ongoing management and operation plans for the Cross Keys following purchase.
Section 10 – Financial Forecasts	Five year revenue forecasts for the operation of the Cross Keys.
Section 11 – Risk Analysis	Identification of the key risks associated with the project.

3. PROJECT DEVELOPMENT

The Cross Keys is the only pub remaining in the village of Redgrave and was made an Asset of Community Value (ACV) in October 2015. In March 2017, the Parish Council was approached by the current owners offering to sell the pub to the community and at a public meeting a number of local residents formed a steering group to look at the feasibility of the community purchasing the freehold of the Cross Keys.

The current owners have stated that if the community does not buy the pub, they will close the last pub in the village. On 25th April the owners informed Mid Suffolk District Council of their intention to sell the pub and, under the ACV right to buy, triggered a 6 month moratorium period which allows the community time to raise the funds and make an offer – this moratorium period ends on 25th October 2017.

A public consultation by way of a questionnaire distributed to every household in the village was undertaken in early May and the results, along with the steering group's vision for the Cross Keys, was presented to the village at a public meeting on 22nd May 2017. At that meeting the steering group gained overwhelming support to form a legal entity to secure the purchase of the Cross Keys.

The legal entity – Redgrave Community Society Limited - has now been set up and registered with the Financial Conduct Authority (FCA). It has been granted a bursary from the Plunkett Foundation of up to £2,500 to help finance costs associated with the setup of the legal entity and raise sufficient funds to be able to purchase the Cross Keys. It has also been awarded £5,000 by Redgrave Parish Council to help with legal fees and other expenses, and has been awarded locality awards from District and County councillors.

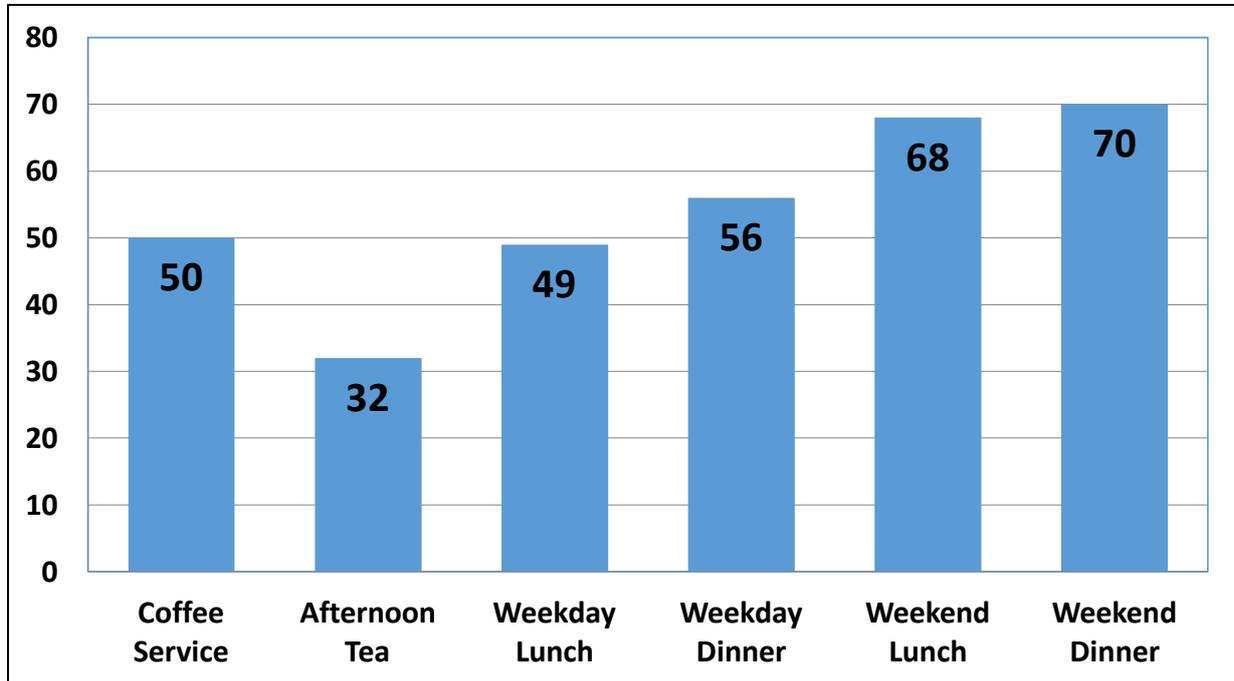
The current owner is asking for £300,000 for the pub and the associated land with planning permission. The society had a valuation carried out on the pub by Durrants estate agents on 4th July 2017 who valued the property and the associated land at £245,000. The cost of repairs will be in the region of £30,000 in the first year and there will be an ongoing renovation and refurbishment programme in order to create an environment of which the community can be proud.

It is believed this can be achieved through a combination of share offers, grants, loans and donations.

Public Consultation

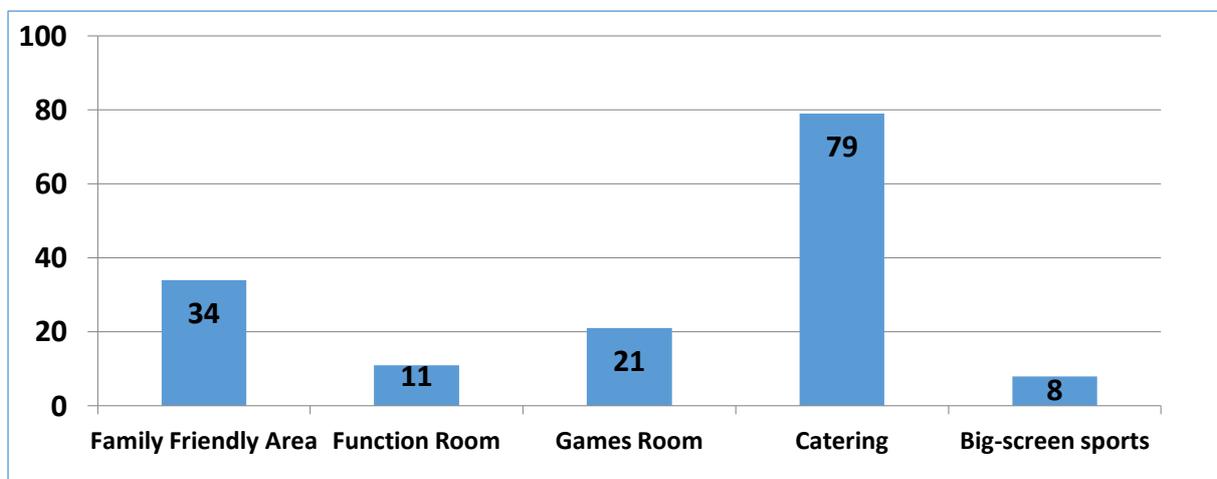
The public consultation gave the village the opportunity to have their say on what facilities they would like the pub to provide and results from that survey can be seen below. We received 82 responses, equivalent to 32% of those issued, which is way above the national average survey response rate.

What kind of catering would you like to see the pub offer?



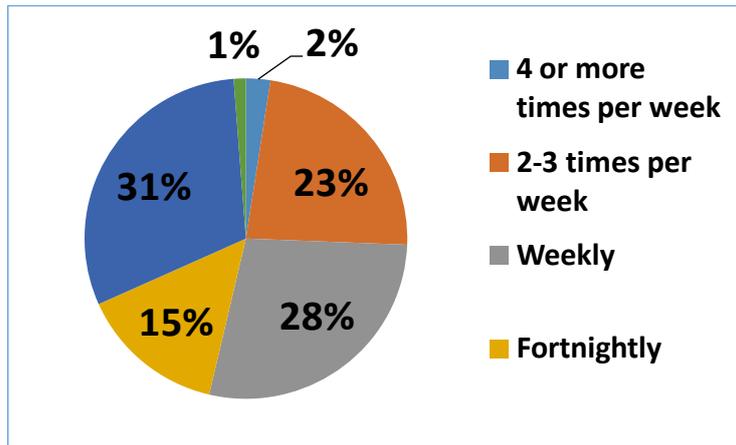
Graphic shows number of respondents

What services would you most like to see the pub offer?

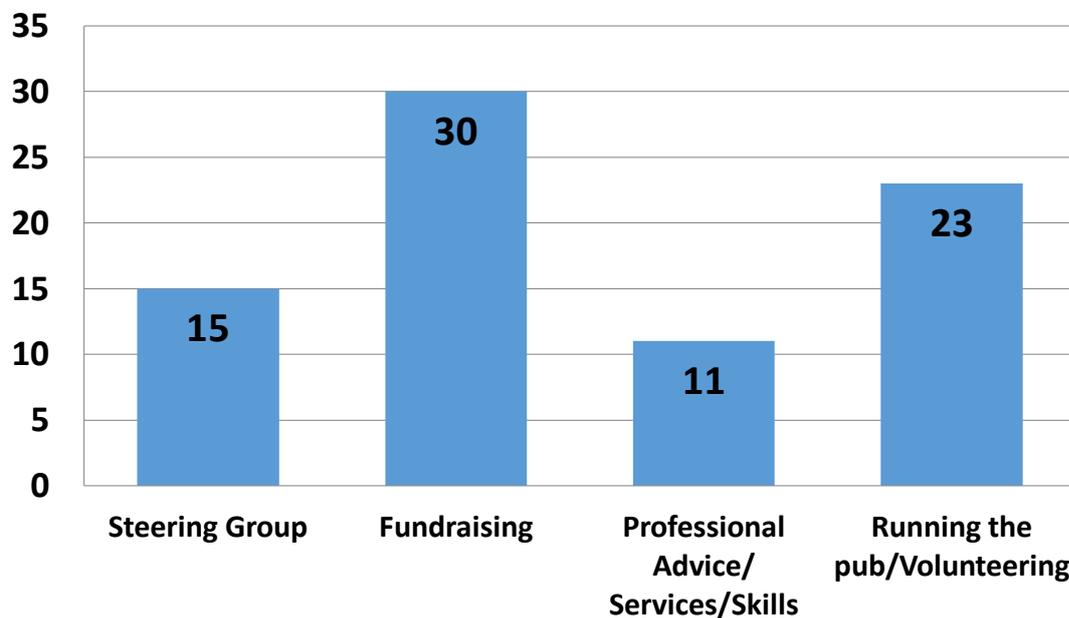


Graphic shows number of respondents

If the Cross Keys was owned and run by the community how frequently would any members of your household, on average, use it?



Would you or anyone in your household be interested in helping a co-operative pub project in any way by:



Graphic shows number of respondents

Redgrave Village

The village of Redgrave is situated on the Norfolk/Suffolk border, 6 miles from Diss, 1 mile from the A143 and at the source of the river Waveney and the Little Ouse. It is an historic picture postcard village with an active community and many activities. Redgrave, along with its neighbouring communities in Botesdale and Rickinghall, is twinned with the town of Tinténiac in France. There are approximately 260 homes in the village, 50 of which are listed and many are thatched. The centre of the village is marked by "The Knoll", an attractive village green with an historic oak tree and a pond which provides a home to wild ducks and other wildlife. The village green is surrounded by a number of attractive buildings, including the quaint beamed local pub, the Cross Keys.

In 2007, a number of the local villagers grasped the opportunity to open a Community Shop with the help of grants, loans and local support. This small shop is now open 7 days a week, thanks to the continuing efforts of more than 30 villagers, and to the delight of the many residents who are able to shop for their papers and provisions daily and keep in touch with their neighbours.

Young and old are supported by village activities with a large children's playground, a teen shelter and many sports and social clubs that operate from the Activities Centre. For the less active there are clubs and groups for art, needle craft, wood craft, whist, gardening, theatre visits, and together with neighbouring Wortham, a theatre society which puts on plays locally and in Redgrave Church.

Redgrave village is just down the road from the nationally recognised Redgrave and Lopham Fen, home to the very rare Raft Spider which features on the attractive village sign. The fen is owned by 200 year old land enclosure trusts from the villages of Redgrave and Lopham and is managed by the Suffolk Wildlife Trust.

The Future

There are 40+ examples of successful community owned and run village pubs, offering different operating models, involving either voluntary or professional management. Whichever model is chosen, the income generated from the successful running of the enterprise will be ploughed back into the business, giving the shareholders confidence that their investment is being put to good use as well as offering, after a period of three years, a financial return in the form of interest.

4. Vision, Aims and Objectives

This section sets out the overall vision for the community pub: it explains the aims and objectives for the project and these are linked to the results of the public consultation.

The Vision of the Project is:

To provide a charming traditional village pub with a cosy interior and welcoming atmosphere; to maximise the potential of this beautiful historic building in an idyllic village setting.

Project Aim is:

To purchase the freehold of the Cross Keys and associated land, thus saving the pub from closure and transforming it into a community hub. In addition to traditional pub facilities it is envisaged that, facilities such as, a café, a parcel drop/collection point, and free Wi-Fi throughout will be introduced benefitting the community as a whole.

Our Objectives are:

- a. Raise appropriate funding to purchase the freehold of the Cross Keys
- b. Transform it into a community hub
- c. Provide an inclusive community environment for the benefit of all

The Cross Keys has in the past been a thriving pub however it has declined over recent years under the current ownership. Purchasing the Cross Keys will enable the community to develop facilities to meet the needs of the community thus making the Cross Keys the hub of the village.

Capital to purchase the freehold of the property and renovate where required will be raised through loans and grants combined with a community share offer.

The shareholders would have the protection of limited liability.

5. Business Proposals

Business Model

Advisers were consulted before deciding on the form of legal entity the organisation should become. The result is a Community Benefit Society (CBS). The option to Asset Lock the Society means there is no incentive for any future shareholder members of the Society to sell off this valuable community asset. Thus, for as long as it continues to trade profitably, it will remain a public house and an asset to the community.

The CBS Redgrave Community Society Limited has been registered with the Financial Conduct Authority (Registration number 7589).

Why did we choose a Community Benefit Society?

A Community Benefit Society is an organisation conducting a business or trade for the benefit of the community. It is a corporate body registered under the Co-operative and Community Benefit Societies Act 2014 and authorised by the FCA. It is registered as a Limited Company and although it will appear on the register at Companies House, the FCA manages annual returns and accounts.

The rules of a CBS are written to operate according to the seven core principles and values which were adopted by the International Co-operative Alliance in 1995.

- Voluntary and open membership
- Democratic member control
- Economic participation of members
- Autonomy and independence
- Education and training
- Working with other co-operatives
- Concern for the community

A community benefit society provides services for the wider community as well as its members and pre-tax trading profit can be reinvested in the enterprise, used to pay interest to shareholders or distributed for social or charitable purposes in accordance with the rules.

It is a democratic structure that encourages a large membership and empowers communities by giving members a direct say in the management of the enterprise through the elected committee.

Membership of a CBS is established by the purchase of at least one share and the price of a single share is decided at registration of the enterprise. An important feature is that there is **one vote for each member**, irrespective of how much is invested in the enterprise.

The rules of a CBS make it clear that the enterprise will not directly benefit individual members and is acceptable for most types of grant funding.

Another important feature of a CBS is a statutory **Asset Lock**. This is written into the rules and is designed to prevent an enterprise from distributing assets amongst members on solvent dissolution over the value of their share. Instead, surplus assets may only be transferred to another organisation that supports the objects of the society.

Share offer to buy the Cross Keys

As a means of raising capital to finance this project, shares will be issued by Redgrave Community Society Limited. Shares in this society do not fluctuate in price but remain at their face value. Shares may only be traded between the individual investor and Redgrave Community Society Limited.

The cost of each share is £50 and the minimum holding will be one share. There will be a maximum investment of £20,000 (400 shares) per member.

Each member has one vote (regardless of the number of shares held) and the membership will own the business. You will have a share in its future and a say in the running of the business – not on a day to day basis, but you will control the strategic direction of the Society.

Redgrave Community Society will communicate with you on a regular basis – via our website, Facebook page, members meetings and newsletters - not just at the Annual General Meeting (AGM).

Designed to be a longer-term, interest paying community investment, there is nonetheless, the ability to withdraw your share capital after a period of time if you want to free up your money. The way the Society is set up means that no one investor/person can take control, nor can anyone make money selling their shares; they have to be sold back to the Society and have a fixed value. Any profits the Society makes will either be re-invested in the pub or used for other community projects or used to pay interest to members but due to administrative costs interest will only be paid on holdings in excess of £250.

Social Investment Tax Relief (SITR)

As an incentive to encourage people to invest in higher risk small businesses starting up or growing, the Government offer some attractive tax concessions.

We have applied for “**advance assurance**” from HMRC that **30% income tax relief** will be available to individuals buying shares in Redgrave Community Society Limited.



This would mean that someone investing £10,000 would be able to deduct £3,000 from their tax bill for the current year (or even the previous year).

This falls under the “**Social Investment Tax Relief**” (which can also provide for tax relief for a personal loan made to the company).

Because our company will be trading, it is also likely to be eligible for “**Business Relief**”.

This would mean that 100% of your investment could be free of **Inheritance Tax** once the shares had been held by you for just two years (and providing they were still held when you die). This does not apply to *loans* to the company.

While the Management Committee are not allowed to give “advice” about the investment they can provide more information you may need.

Particular care is needed investing in a business such as this and professional advice is strongly recommended if you have any doubts or concerns as to whether it is suitable for you.

The comments here are a simplified summary of very detailed tax and eligibility rules and our interpretation. The actual legislation, including amendments in the second 2017 Finance Bill will be paramount.

N.B. Shares must be paid for at the time the application is sent to us. The money will be held by us on a shareholders bank account for your security, until we are able to buy the pub. At that point the shares will be formally issued all at the same time to qualify for the tax relief.

Should the project not come to fruition, your money will be refunded after the costs incurred have been deducted. There is a reasonable possibility that grants and donations will largely cover these costs.

This share offer is unregulated, as it is exempt from the Financial Services and Markets Act 2000 and subsidiary regulations, which means there is no right of complaint to the Financial Ombudsman, nor can you apply to the Financial Services Compensation Scheme.

6. Building and Renovation

An independent structural survey of the building was undertaken by Durrants on 4th July 2017 and a full report has been provided to the society. The findings concluded that the Cross Keys appears on initial inspection to require an amount of attention in certain areas.

General Condition

The professional survey was extremely detailed and has drawn our attention to numerous items of varying importance.

Our top priority will be to ensure that all Health and Safety requirements are met.

Internal

The trade areas require deep cleaning and painting. Although the kitchen is fully fitted, none of the equipment has been tested.

The private living accommodation requires refurbishment works to bring it up to a basic serviceable condition and will include:

- Replacement of loose/damaged lath and plaster ceilings
- Replacement of bathroom suite
- Replacement of utility area units
- Provision of mechanical extraction to the utility and bathroom areas
- New carpeting to the first floor accommodation

External

The external condition is poor in places and renovation works would include:

- Repair or replacement of various doors
- Repair or replacement of various windows
- Part replacement of rain water goods
- Rear garden re-designed and landscaped, possibly with an enclosed children's play area.

Overall

Overall the property appears to be in need of renovation and refurbishment - some is required immediately and the survey estimates the cost of these immediate works to be in the region of £30,000.

The proposed immediate work includes:

- Ensuring all Health and Safety requirements are met in all respects
- Replacement of loose/damaged lath and plaster ceilings
- Replacing sanitary ware in ladies and gents toilet
- Replacing and repairing windows and doors
- Internal painting

7. Marketing Plan

The marketing plan for the Cross Keys is based upon the following principles:-

- To increase the number of customers.
- To get custom back to how it used to be but encourage a more diverse section of customers, young people, older people and families.
- To increase the frequency of returning customers by offering more services in the community pub / hub.
- To target passing trade and visitors to the area by having an appealing pub on first impressions.

For the committee to gain a full understanding of what facilities the community want in a local public house a survey was undertaken in May 2017. The results of the survey can be seen in section 3.

These proposals were sorted by most popular and it is these most popular ideas that will be considered for viability and sustainability during the initial months of opening. Ideas not considered suitable or viable at the initial stage may be considered for inclusion at a later date.

Proposed methods for achieving the marketing objectives in the early days of operation of the business are outlined below. The marketing plan will be updated regularly in conjunction with the management team as the business grows and develops, increasing the number of customers.

The first part of the marketing strategy relies on raising awareness of the newly formed community facility and the services on offer. This will be done through an extensive outward facing marketing campaign incorporating all forms of media including:

Print Media

- Regular advertising in the local newspaper, Diss Express, Diss Mercury, Eastern Daily Press and East Anglian Daily Times. Local volunteers have and will continue to carry out periodic leaflet drops.

Social Media

- Regular updates on our new website linking to the Redgrave parish website. The website is designed to be easily navigated for whatever service or activity the user is interested in.
- Facebook, regular updates creating awareness to a younger diverse audience designed to tell a running story keeping stakeholders up to date with events / activities and promotions.

Specific detail and photographs will be used to describe each activity, be that a daily menu offer or a guest ale offer.

An enquiry contact page/link will be monitored regularly to enable all enquires to be dealt with efficiently.

Local Businesses, groups and clubs

We will seek to work with local businesses, groups and clubs to raise awareness of the project amongst their customers, users and visitors. This will be done through the attendance of business network events, leaflets/ posters within local businesses, and through giving talks to local groups.

There are a small number of holiday lets and Airbnb within the village which will also be an important area from which to generate business.

Creating a welcoming and attractive atmosphere

Having attracted custom through the door, our main marketing tool will be to create a great impression and build a positive reputation to encourage repeat visits. To do this we will ensure staff receive on-going training to enable them to provide excellent customer service. We will invest in the fabric of the building on an ongoing basis to provide the kind of environment that customers come to expect. We will serve customers promptly, in a friendly manner, and any issues will immediately be dealt with to reach a satisfactory outcome. A regular change of menu using locally sourced food and ales from local breweries will retain customer interest, attracting repeated visits.

Events and Activities

A series of events and activities aimed at engaging all sections of the local community, as well as visitors will be developed, including regular day and evening events; e.g. family days on bank holidays, beer festivals, themed nights, luncheons for the elderly, quiz nights, competitions and Christmas carol evening, while future options include becoming a registered parcel pick up/drop off point. All these events and facilities will attract a wider range of customer base.

Trip Advisor

Maintaining a watching brief on review websites will enable the management to respond to any positive/negative views promptly and directly. We will be committed to making continuous improvements to our services and we will aim to achieve a rate of 4/5 within the first year of trade.

Increasing the facilities available under one roof

Currently the Cross Keys only exists as a pub business with no food service available. This limits the revenue generation opportunities, as well as the clientele that's likely to come through the door. By locating a number of services and facilities under one roof, this will increase visits to the pub and draw attention to the other facilities available. Revenue is likely to increase with the use of additional services on offer. By providing a prominently displayed eye catching menu, good Wi-Fi coverage and comfortable appealing décor in a pleasant environment, prolonged visits will increase.

8. Funding Plan

Detailed below are pre-purchase income and expenditure figures.

Pre-Purchase

Income	Shares	£200,000
	Plunkett Loan/Grant	£100,000
	Other Grants	£20,000
	Other Loans	£50,000
	Donations	£15,000
	Parish council	£5,000
Total Income		£390,000
Expenditure	Purchase Price	£300,000
	Stamp Duty	£4,500
	Valuation/Survey	£3,340
	Legal Fees	£2,500
	Brochure production	£700
Total Purchase Cost		£311,040

Start Up Costs

	Building Refurbishment	£50,000
	Kitchen Refurbishment	£2,000
Total Costs		£363,040
Cash balance carried forward to operating cashflow		£26,960

9. Management and Operation

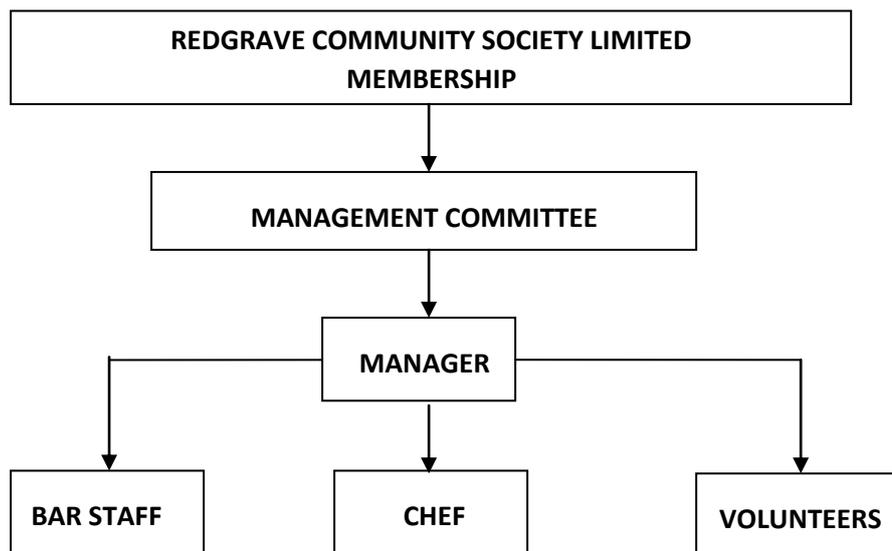
Management and operation of the Cross Keys

The Cross Keys will be owned by Redgrave Community Society Limited, which itself is governed by Rules that have been drawn up and approved by the Financial Conduct Authority (FCA).

Our Rules can be viewed on our website www.redgravecommunitysociety.com.

Day to day operation

The Cross Keys will be managed by a salaried manager appointed by the Management Committee.



The appointment of the manager will be made following an application and interview process, where the applicant must convince the management committee that they will be committed to providing a welcoming and friendly atmosphere in the pub and that they are fully committed to the management committee's vision, aims and objectives. The applicant must have experience of working successfully in the licensed trade and they will need to convince the management committee that they are suitable for the position.

The successful manager will be responsible for the day-to-day working of all aspects of the pub. There will be additional staff employed on a part time or volunteer basis; i.e. kitchen staff, waiting staff, cleaners etc.

Systems and Processes

The manager will be responsible for the initial book-keeping, (receipt of goods, payroll, and stock taking) and a registered accountant will be commissioned to provide a statement of audited accounts on an annual basis. Advice will be sought on the management of human resources, training, health and safety and fire precautions, with training provided where required.

10. Financial Forecasts

The cash flow forecast is based upon the following assumptions:

It is considered that the Cross Keys best fits the British Beer and Pub Association's model of a "Small Community Local" in terms of drink sales with potential sales of £4,115 per week and a "Rural Character" pub in terms of food sales potential at £2,070 per week.

It has been assumed that initial first quarter drink turnover would be at 100% of this level due to the initial publicity surrounding the community take over. The second and third quarters indicate a drink based income of £3,086 per week which is 75% of the first year target. The fourth quarter drink sales go back up to £4,115 per week due to a growing reputation and continued marketing.

All drinks costs are based on the British Beer and Pub Association's costings for a "Small Community Local" and show a 52% gross profit. Subsequent annual drink sales show a 5% annual increase. This is considered an achievable target with good marketing and a steadily improving reputation. Annual beer and wine festivals would help to bring new people in to the pub and support the expected growth.

It is assumed that an overall pub manager will be recruited immediately, however a cook/chef may be harder to find, also the food side of the business will take longer to set up and launch. It is therefore expected that the first quarter's food sales will mainly consist of sandwiches and bar snacks with the occasional food orientated theme night. Year one, first quarter food sales are budgeted at £517 per week which is 25% of the overall first year target, this doubles to £1,035 per week in the second quarter as a chef is recruited. The third quarter is anticipated to stay at £1,035 per week with the fourth quarter forecast to increase to £2,070 which is 100% of the year one target as the Cross Keys develops its reputation for good simple pub food using high quality local ingredients with good service.

All food costs are based on the British Beer and Pub Association's costings for a "Rural Character" pub and show a 62% gross profit. It is felt that a 10% annual growth in food sales is achievable due to the very limited local competition and the determination and focus of the management committee to provide good quality and good value.

The business plan assumes that the Cross Keys will be a managed public house and will pay £25,000 per year to a manager along with living accommodation upstairs. It is also the intention to recruit a cook/chef with a salary budget of £25,000.

The business plan recognises the continued need to improve the condition and décor of the building and its surroundings and therefore allows for £6,000 in the first year and £5,000 in the 2nd, 4th and 5th years with £50,000 set aside in the third year to add a building to house the village shop.

This is a sustainable business model that allows a 3% return on investment after Year 3 and demonstrates that this pub and community hub has the potential for a long-term future based on achievable targets and will also produce a return for investment in other community projects benefiting the entire community and its surroundings.

Cash-flow Forecast Year 1

INCOME	Year 1				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total Year 1
Drinks Sales	£53,495	£40,121	£40,121	£53,495	£187,232
Food sales	£6,727	£13,455	£13,455	£26,910	£60,547
Shop Rent	£0	£0	£0	£0	£0
Total Income	£60,222	£53,576	£53,576	£80,405	£247,779
EXPENDITURE	-	-	-	-	
Drinks Cost	£25,974	£19,480	£19,480	£25,974	£90,908
Food Cost	£2,557	£5,115	£5,115	£10,231	£23,018
Refurbishment	£2,000	£2,000	£1,000	£1,000	£6,000
Kitchen Equipment	£2,000	£1,000	£500	£0	£3,500
Loan Re-payments	£1,875	£1,875	£1,875	£1,875	£7,500
Share interest	£0	£0	£0	£0	£0
Cash Float	£0	£0	£0	£0	£0
Manager Salary	£9,688	£7,188	£7,188	£7,188	£31,250
Chef salary	£6,094	£7,188	£7,188	£7,188	£27,656
Staff	£3,676	£3,676	£3,676	£3,676	£14,706
Business rates	£0	£0	£0	£0	£0
Utilities	£3,000	£4,407	£4,407	£4,407	£16,221
Insurance	£559	£559	£559	£559	£2,236
Marketing / promotion / Telephone	£1,200	£925	£925	£925	£3,975
Consumables	£390	£390	£390	£390	£1,560
Waste Disposal /cleaning / hygiene	£702	£702	£702	£702	£2,808
Professional Fees	£0	£0	£0	£2,496	£2,496
Bank Charges	£403	£403	£403	£403	£1,612
Equipment Hire	£312	£312	£312	£312	£1,248
Other Costs	£988	£988	£988	£988	£3,952
Total Expenditure	£61,418	£56,207	£54,707	£68,313	£240,646
Net Cash Position	-£1,196	-£2,631	-£1,131	£12,092	£7,133
Cumulative Cash Position	-£1,196	-£3,827	-£4,958	£7,133	£7,133
Bank balance	£26,960	£25,764	£23,133	£34,093	£34,093

Cash-flow Forecast Years 2 – 5

INCOME	Year 2	Year 3	Year 4	Year 5
Drinks Sales	£224,679	£235,913	£247,709	£260,094
Food sales	£107,640	£118,404	£130,244	£143,269
Shop Rent	£1,000	£2,000	£2,000	£2,000
Total Income	£333,319	£356,317	£379,953	£405,363
EXPENDITURE				
Drinks Cost	£103,896	£109,091	£114,545	£120,273
Food Cost	£40,924	£45,016	£49,518	£54,470
Refurbishment	£5,000	£50,000	£5,000	£5,000
Kitchen Equipment	£1,000	£1,000	£2,000	£2,000
Loan Re-payments	£7,500	£7,500	£54,000	£4,000
Share interest	£0	£0	£6,000	£6,000
Cash Float	£0	£0	£0	£0
Manager Salary	£30,188	£31,697	£33,282	£34,946
Chef salary	£30,188	£31,697	£33,282	£34,946
Staff	£16,176	£17,794	£19,573	£21,530
Business rates	£0	£0	£0	£0
Utilities	£17,032	£17,884	£18,778	£19,717
Insurance	£2,303	£2,372	£2,443	£2,517
Marketing / promotion / Telephone	£4,174	£4,382	£4,470	£4,559
Consumables	£1,591	£1,623	£1,655	£1,689
Waste Disposal /cleaning / hygiene	£2,892	£2,979	£3,068	£3,160
Professional Fees	£2,571	£2,648	£2,727	£2,809
Bank Charges	£1,660	£1,710	£1,761	£1,814
Equipment Hire	£1,285	£1,324	£1,364	£1,405
Other Costs	£4,071	£4,193	£4,318	£4,448
Total Expenditure	£272,451	£332,910	£357,786	£325,283
Net Cash Position	£60,868	£23,407	£22,167	£80,080
Cumulative Cash Position	£68,001	£91,408	£113,575	£193,655
Bank balance	£26,960	£94,961	£118,369	£220,616

11. Risk Analysis

There are a number of risks involved in this investment

- The capital is not raised. The community purchase does not go ahead and all remaining monies are returned in full to people who have bought shares.
- A catastrophic failure of the business. The pub would be sold and the money from the sale used to refund shareholders as far as possible. Assuming people have obtained SITR tax relief, they should retain that relief provided the shares have been held for at least three years. However, we cannot hide from the fact that this is an 'at risk' investment and people might lose some or all of their money.
- 'Wet' sales are lower than anticipated. We think we have been conservative in our assumptions. But if bar sales were lower than anticipated, then we would seek to promote the pub more strongly through leafleting the village, the Facebook page, the website and local media. We would try to encourage more events on the quietest evenings. If necessary we would close on the quietest evening to save money. We would look at using more volunteer bar staff.
- The manager proves unsuitable. We would replace the manager.
- The manager leaves with little or no notice. We intend that one of the committee will hold a personal licence to be able to cover such a situation for a short period of time. Where this is not the case, we will identify a personal licence holder who would be willing to step in at short notice.
- When we introduce food sales, they don't take off. We would assess whether this was due to the chef and if this seemed to be the case, we would find another chef. However, we could go back down to basic bar snacks.
- A major repair not picked up in the survey becomes apparent in a few years time. We would then have a trading track record on which to raise finance. If the repair was unaffordable, then we would close the business and seek to sell the building.