ADDENDUM TO COMMUNITY SHARE OFFER PROSPECTUS

VERSION 1.0 - 13th JANUARY 2025

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Community Benefit Society Registration Number: 9270

Community Shares STANDARD

THIS ADDENDUM IS TO BE READ IN CONJUNCTION WITH THE COMMUNITY SHARE OFFER PROSPECTUS AND BUSINESS PLAN AVAILABLE FROM THE WEBSITE

This addendum is to be read in conjunction with the community share offer prospectus and business plan which can be downloaded from www.nympsfieldcommunitypub.co.uk/documents-1

THE PURPOSE OF THIS ADDENDUM

Despite best efforts and the generosity of the community, the current share offer is unlikely to reach its target of £400,000 by 31 January 2025. In light of this, the Interim Management Committee (IMC) of Nympsfield Community Pub Limited (NCPL or the "Society") has explored alternative options to purchase, renovate and reopen the Rose & Crown Inn. The purpose of this addendum is to inform both existing and new investors about the alternative options so they can make a well-informed decision about their investment.

UPDATED POSITION AT 13TH JANUARY 2025

The Society's objectives remain unchanged, with the primary goals being to acquire the Rose & Crown Inn, restore its fabric, and re-establish it as a thriving social hub for the community.

Share Offer and Fundraising

- We continue to receive enormous support from the local and wider community both in purchasing shares and attending fundraising events.
- To date the share offer has raised over £212,000 and has 338 membership applications. The share offer application window closes on 31 January 2025.
- The Promises Auction in November raised £7,500 demonstrating the ongoing community spirit and enthusiasm for the project, bringing the total raised since our first fundraising event in May 2024 to £13,500.
- NCPL has over £215,000 of funds available in its bank account.

Grant Funding

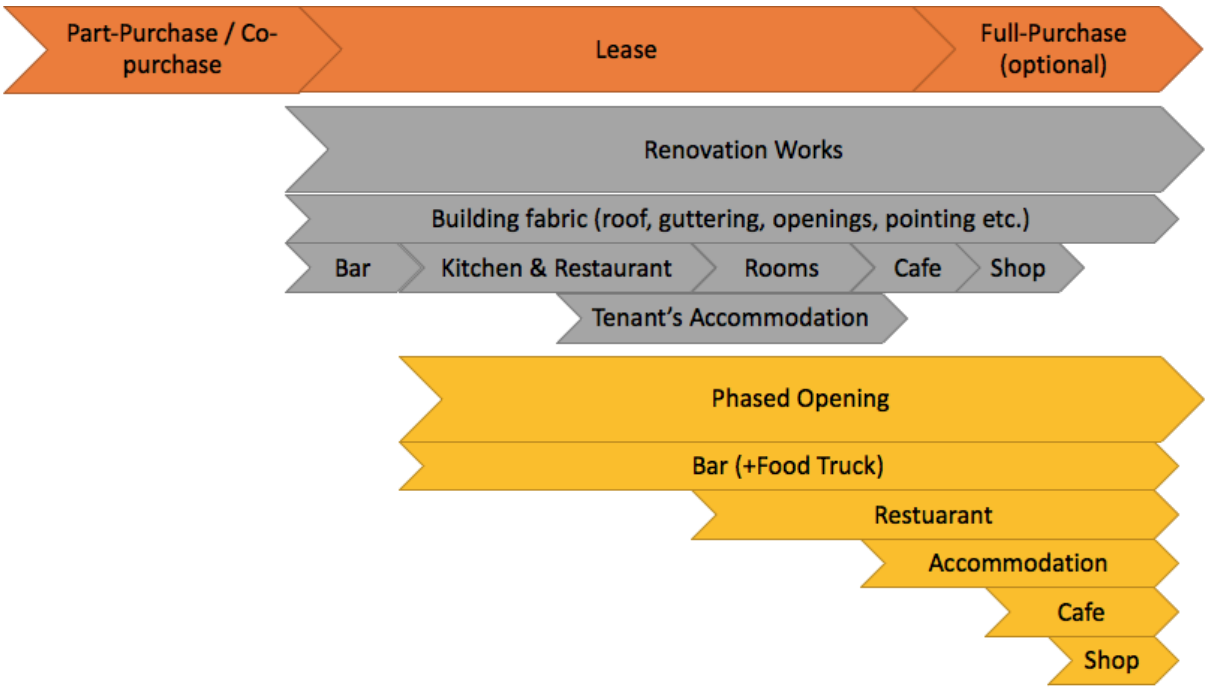
- In June 2024, the Community Ownership Fund (COF) was suspended following the announcement of the UK general election. On 23 December 2024 we received confirmation that COF is permanently closed and all unallocated funding used to fund other key government priorities.
- On 18th December 2024 we met the National Lottery Heritage Fund's regional engagement manager regarding our expression of interest for a £250k grant. They confirmed that funding for repairs and renovation of the pub would be in scope and advised us to submit a full application when we have purchased the pub. We were also informed that National Lottery Heritage Grants are very competitive, more so since the demise of COF.
- Other grants we are progressing include The Rural England Prosperity Fund (£9,000), National Lottery Awards for All (£20,000), Summerfield Charitable Trust (£20,000) and Pub is the Hub (£3,000).
- Owning the pub will unlock more grants - most grant providers won't fund the property purchase and require us to own the pub in order to qualify for grant funding.

PHASED APPROACH TO PURCHASE, RENOVATION AND OPENING

Current Plan

The current plan, detailed in NCPL's original business plan and illustrated above, is to raise £400,000 in community shares to buy the pub outright and to access £330,000 in grants to fund renovation and refurbishment works. Once the pub has been refurbished a tenant will be appointed whose rent will provide a long-term stable income for the NCPL. Regrettably the current plan is no longer viable because we have insufficient funds to purchase the pub. In addition the Community Ownership Fund, which has been a major source of funding for the purchase and renovation of community pubs in recent years, is now permanently closed. Therefore, to advance the project it will be necessary to explore an alternative plan to purchase, renovate and reopen the pub. One such option is a phased purchase, renovation and reopening plan, which is the focus of this addendum.

Phased Plan



A phased plan, illustrated above, enables the purchase, renovation and reopening phases of the pub to happen in parallel. The end objective is still the same, but a phased approach means the purchase, renovation and reopening will be in stages rather than in one sequence. Following part-purchase (or co-purchase), renovation and refurbishment works are scheduled to enable a phased opening of the pub - starting with the bar area, then the restaurant, then the lettable rooms and so on. A phased plan helps to spread the capital requirements for the purchase and renovation over a longer period, and will enable the pub to reopen quicker so that NCPL can start generating revenue sooner. However, a phased plan does require financing and the overall project will take longer to complete.

A phased plan is still dependent on the purchase of the pub - either a part-purchase, co-purchase or outright purchase. A "part-purchase" is to purchase an interest in the freehold and co-own the property with the current owner whereas a "co-purchase" is to purchase and co-own the freehold with a third party(s). The IMC is also exploring the potential to purchase the pub outright with financing from private individuals via an angel investor syndicate. In all cases, NCPL does not need to fund the full purchase cost, however the co-owner (current owner or new third party owner) or angel investor syndicate will expect a commercial return on their interest in the freehold / loan which will be an additional cost to the project.

NCPL has agreed Heads of Terms for the part-purchase which is the focus of this addendum. If and when terms are agreed for the co-purchase and / or outright purchase an update to this addendum will be published. The IMC is looking to have a number of options available and make a recommendation on its preferred option. In the meantime the IMC wants to make existing and potential investors aware of the part-purchase option and, more generally, the phased plan to establish the level of support if the project were to progress in this direction.

The ideal tenant for a phased opening plan will be attracted to the long-term potential of the Rose & Crown Inn as a community-owned, but not managed, pub. Starting as a wet sales operation (with food truck), the tenant will rebuild the "Rose & Crown Inn" brand and grow its customer base as the pub's offering expands into food, lettable rooms and cafe service over the next three years. They will value the opportunity to live on the premises in fully modernised, secure and private tenant's accommodation. The IMC is in contact with a potential tenant who has provided guidance on the phased opening plan and who has also expressed an interest in such an opportunity should it arise.

Part-purchase Option

NCPL has negotiated and signed Heads of Terms with the pub's owner, Rose & Crown Properties Limited (RCPL), for the part-purchase of the pub. See Appendix III for general Heads of Terms FAQs.

Key Terms

- NCPL becomes a co-owner acquiring a 50% beneficial interest in the Rose & Crown Inn for £175,000.
- NCPL leases the pub for a 15-year term with full control over the property. N.B. A long lease is required to access capital grants.
- Pre-trading, the rent payable to RCPL is £17,500 pa accrued for up to two years. Post-trading, NCPL and RCPL equally share the rent paid by the tenant, however RCPL's share of the rent cannot be less than £17,500 pa.

- NCPL has an option to purchase RCPL's 50% beneficial interest at any point in the future for £175,000. NCPL also has a right of first refusal should RCPL wish to sell its interest to another party.
- If the pub is not trading within two years, RCPL has the option to put the pub up for sale. NCPL also has the option to put the pub up for sale at any time. Sales proceeds from an open market sale would be shared equally by NCPL and RCPL.

SWOT Analysis – Part-purchase

INTERNAL FACTORS

STRENGTHS +	WEAKNESSES –
• Secures the pub for £175,000 using available funds • Option, but not an obligation, for full purchase at a fixed price (£175,000) at any point in time • Long 15-year lease gives full control over the building and its operations • Avoids debt and a charge on the property • No impact on cash flow in year 1 and 2 (rent is accrued not paid) • Terms agreed, funds available	• No leverage to negotiate the asking price of £350,000 • Financing cost: pre-trading: 10% rental yield, post-trading: 50% rent share • Lease required - additional legal costs

EXTERNAL FACTORS

OPPORTUNITIES +	THREATS –
• More grants are available (because NCPL owns and leases pub) • Further funding can be directed to renovation rather than purchase, so the pub can reopen sooner • Grants can still be used to purchase and renovate the pub. N.B. Grants cannot be used to pay off loans.	• RCPL has option to put the pub up for sale if pub does not open within two years

Co-purchase / Outright purchase Option

[Details to follow on only if Heads of Terms are agreed with third party(s)]

SWOT Analysis – Co-purchase / Outright purchase

[Details to follow only if Heads of Terms are agreed with third party(s)]

PHASED PLAN FINANCIAL PROJECTIONS

A revised financial model has been prepared for the phasing of the purchase, renovation and reopening of the pub. The financial model forecasts monthly cash flow over a 10-year period covering the part-purchase/co-purchase/outright purchase, renovation, reopening, full-purchase and long-term operation.

N.B. Cash flow is the amount of cash coming into and going out of a company in a particular period of time. Cash flow forecasting is used to obtain an estimate of a company's future cash levels.

The financial model has been used to analyse different funding scenarios as follows:

- Scenario 1 - funding led by further share offers and backed up with grants and a loan
- Scenario 2 - funding led by grants and backed up with further share offers and a loan
- Scenario 3 - no further funding (worst case scenario)

Statements of Profit & Loss, Balance Sheet and Cash Flow forecasts for Scenarios 1 and 2 are provided in Appendix II.

At the time of writing the co-purchase and outright purchase options are still under development, so only the part-purchase option (for which Heads of Terms have been agreed) has been modelled. The IMC expects to conduct a similar analysis for the co-purchase and / or outright purchase option, but only when Heads of Terms have been agreed with the third party(s).

Key Assumptions

- Initial funds comprise:
    - £250,000 in the share account, i.e. the current share offer raises £250,000 by 31 January 2025
    - £15,000 in the current account
- Future fundraising events and donations of £18,000 over 3 years - £2,000 every 4 months.
- Overheads and repair costs as per current business plan.
- Renovation costs as per current business plan.
- Renovation works schedule as shown in Appendix I.
- Services commence following completion of each renovation package, e.g. bar service opens in month 7, restaurant service opens in month 25 and so on (refer to Appendix II).
- Tenant's rent increases on completion of each renovation package / new service opening to a maximum of £42,500 per annum (before inflation) when fully operational.
- Utility costs increase with each new service opening to a maximum of £12,000 per annum (before inflation) when fully operational.
- Tenant's lease will be upgraded to an internal repairing and insuring (IRI) lease from month 31 (when the tenant's accommodation has been refurbished). Under the IRI lease the tenant will be responsible for business rates, utilities and a proportion of the building insurance costs.

- Inflation rate is 2% per annum (3% per annum for building renovation related costs).

Scenario 1

- Purchase price is £350,000.
- Part-purchase in month 1, full-purchase after year 5 with a £150,000 commercial loan (25-year term, 7.5% interest rate).
- Two future share offers: second offer of £100,000 after year 1 and a third and final offer of £100,000 after year 3.
- £150,000 grant funding over 3 years (£25,000 grant award every 6 months).
- Annual members' interest of 2% paid after year 5.
- Share withdrawals of 0.5% every 6 months after year 3.
- Annual charitable contribution of 0.25% after year 5.

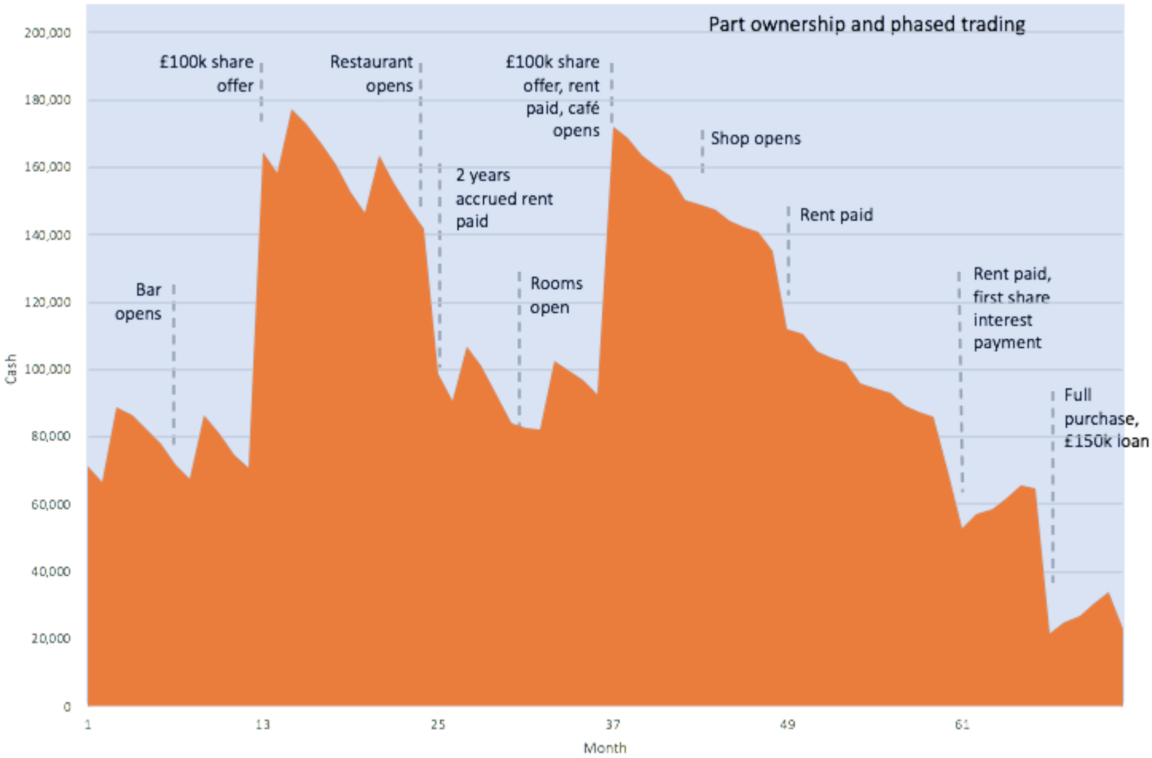
The second share offer is in month 13, which is six months after reopening the pub for bar service (plus food truck). The timing of this share offer is expected to give existing and new investors increased confidence in the project, encouraging them to purchase further shares to fund the restaurant, kitchen and accommodation phases of the project.

The third and final share offer is in month 37, twelve months after the restaurant has reopened and six months after the lettable rooms and tenant's accommodation are completed. This final funding round will enable the completion of the building fabric renovations and building enhancements such as accessible facilities.

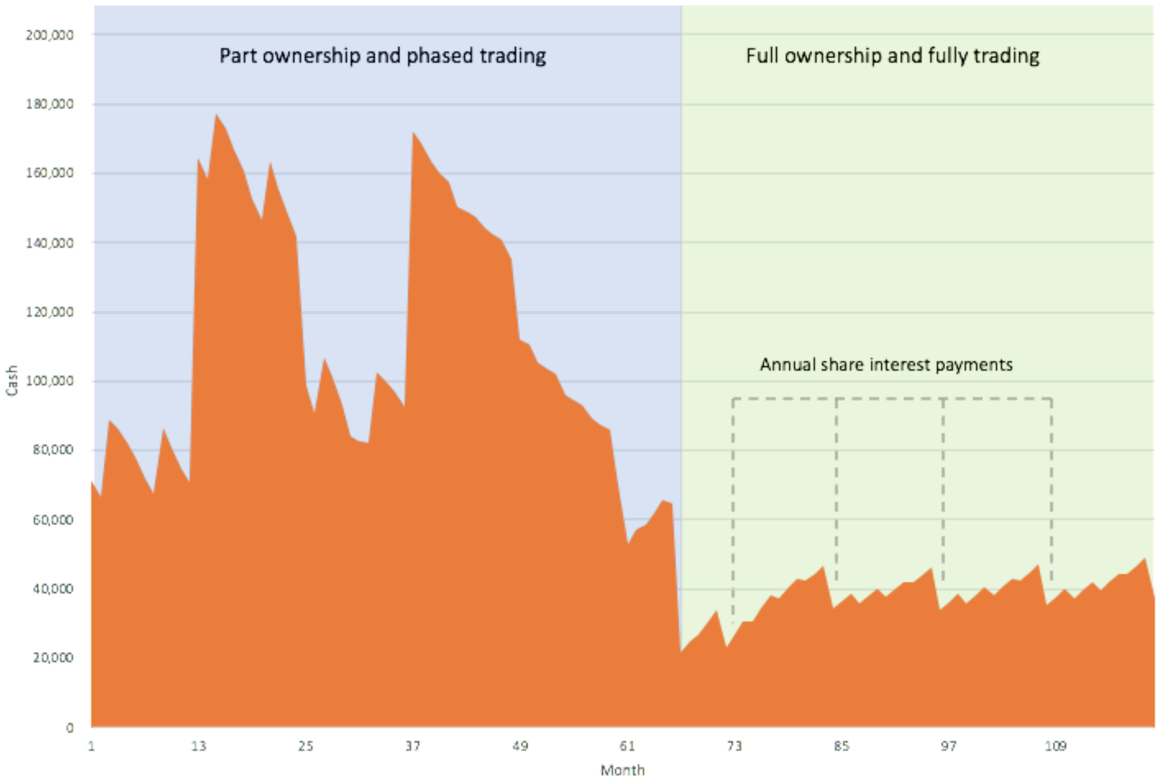
Once all the renovation and refurbishment works are complete and the pub has been fully operational for 24 months, a commercial loan of £150,000 can be used to purchase RCPL's remaining interest in the property and NCPL will then own the pub outright.. A loan does introduce a charge on the property, but by year 6 NCPL will have a stable income stream to pay the loan and, at current interest rates, the costs of servicing the loan will be less than the share of rent paid to RCPL.

N.B. A registered charge is a legal interest or right registered against a property that serves as security for a loan, giving a lender certain rights over the property until the debt is repaid. Having a registered charge on the property means that the debt must be paid back as per the agreed terms and failure to do so (e.g. in the event of business failure) can lead to the lender taking legal action to enforce their rights, which may include repossession and sale of the property.

Scenario 1 cash flow forecast (Y1-Y5)



Scenario 1 cash flow forecast (Y1-Y10)



Commentary on scenario 1

- Sustainable - positive cash position throughout.

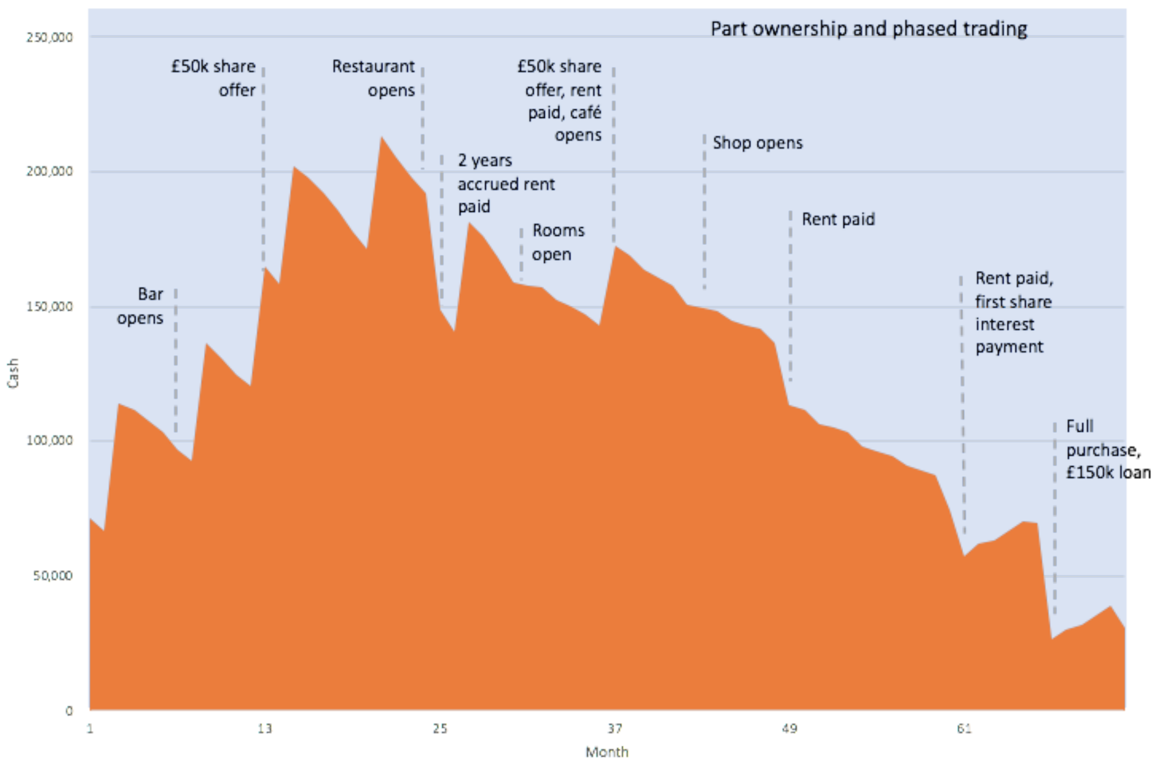
- Minimum ca. £53,000 cash during renovation and reopening phases will provide resilience to funding delays and/or increased costs.
- Fully operational two years prior to taking commercial loan for full purchase.
- Growing cash position when fully operational notwithstanding ongoing loan payments.
- Full purchase and loan can be deferred if cash position is weaker than forecast.

Scenario 2

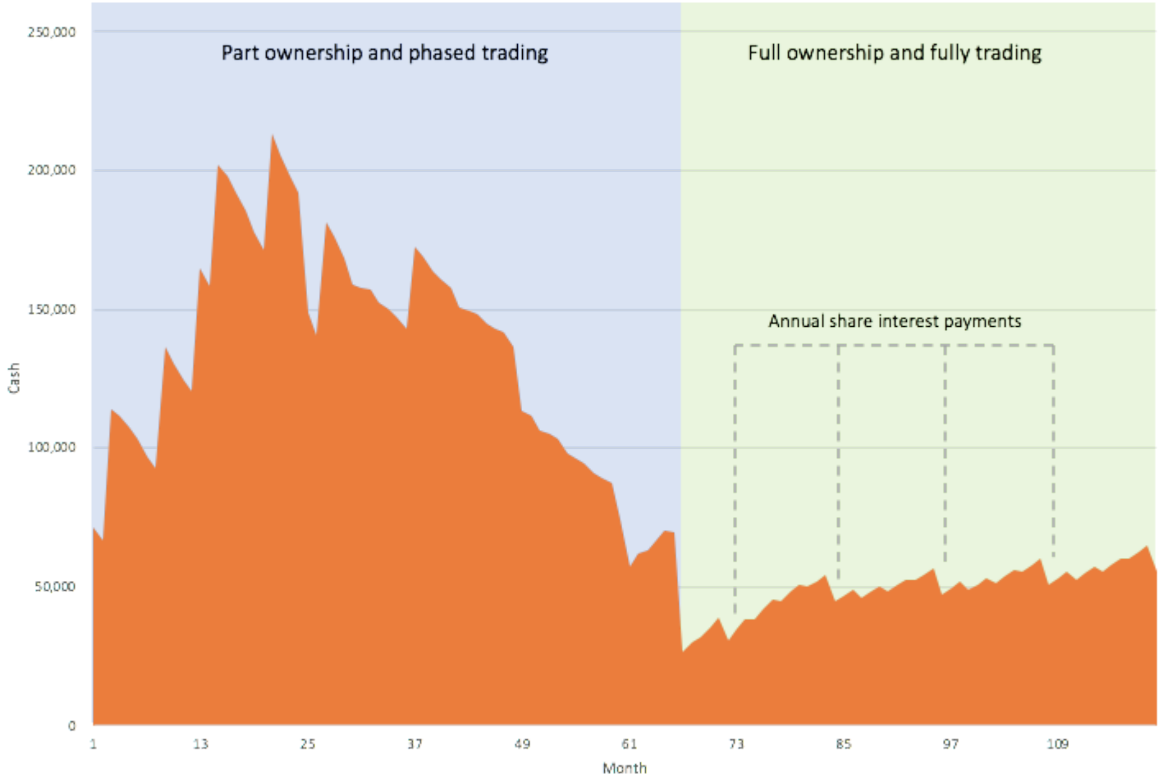
Same as scenario 1 except:

- Two future share offers - second offer of £50,000 after year 1 and a third and final offer of £50,000 after year 3.
- £250,000 of grants over 2.5 years - £50,000 grant award every 6 months.

Scenario 2 cash flow forecast (Y1-Y5)



Scenario 2 cash flow forecast (Y1-Y10)



Commentary on scenario 2

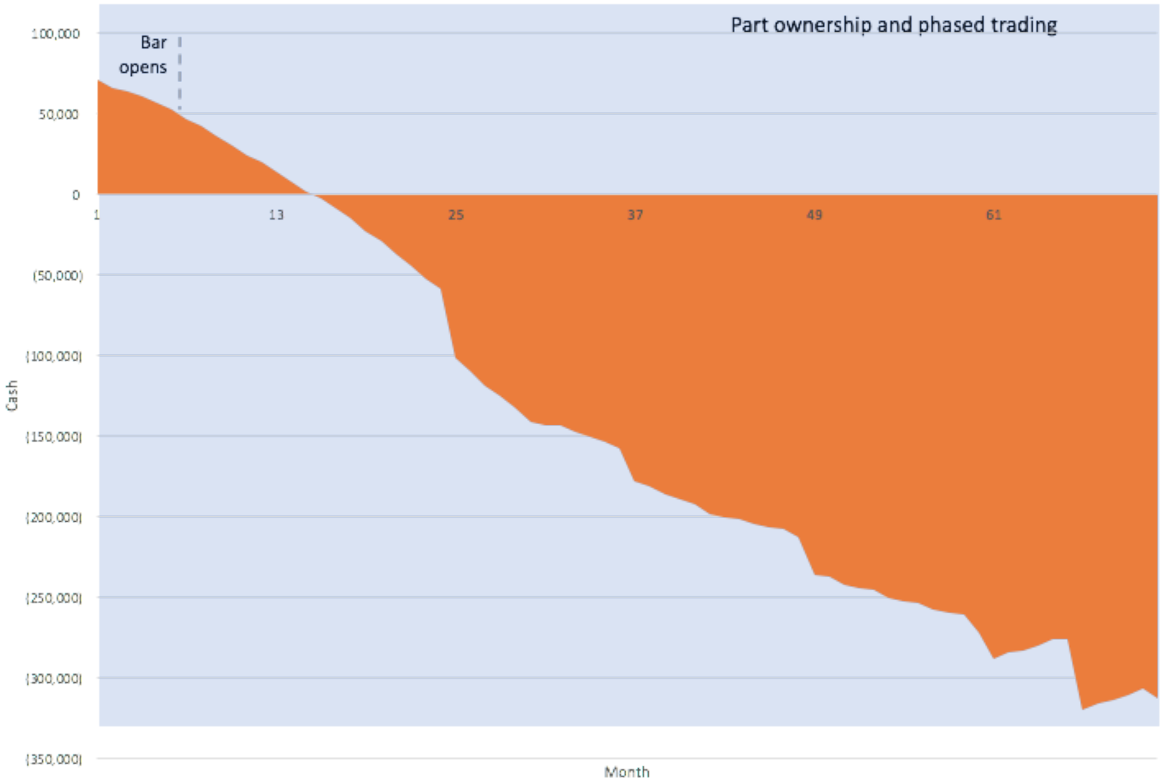
- Sustainable - positive cash position throughout.
- Minimum ca. £58,000 cash during renovation and reopening phases will provide resilience to funding delays and/or increased costs.
- Fully operational two years prior to taking commercial loan for full purchase.
- Growing cash position when fully operational notwithstanding ongoing loan payments.
- Full purchase and loan can be deferred if cash position is weaker than forecast.

Scenario 3

Same as scenario 1 except:

- No future share offers.
- No further grant funding.

Scenario 3 cash flow forecast (Y1-Y5)



Commentary on scenario 3

- Unsustainable - negative cash position from month 16.

Summary

A phased purchase, renovation and reopening plan is financially viable but still requires additional share capital and grant funding during years 1, 2 and 3. After year 5, NCPL can use a commercial loan to purchase the pub outright whilst continuing to grow its cash position and meet its financing obligations.

Scenarios 1 and 2 both require a combined total of £600,000 of share capital and grant funding. If the current share offer raises £250,000, then NCPL will need to raise another £350,000 in grants and/or shares, but over a period of 3 years.

If NCPL is unable to attract sufficient additional share capital or grant funding then operating costs will be reduced as far as possible to extend the cash runway until further funding becomes available. If this is unsuccessful then the Rose & Crown Inn would have to be put up for sale and the Society dissolved. NCPL's share of the proceeds from the sale, after the satisfaction of all debts and liabilities, would be distributed to the members (up to the full amount of members' share capital is repaid but nothing is distributed to members above this) and any excess proceeds transferred for the benefit of the community according to the Society's Rules.

WHAT DOES THIS MEAN FOR MEMBERS?

Q: I am comfortable with the changes to the business plan. Do I need to do anything?
You do not need to do anything. Your membership application will be processed as normal.

Q: I am uncomfortable with the changes to the business plan but I have already applied to purchase shares. Can I withdraw my application?
A: You will have until 12:00 on 31 January 2025 to inform us if you are uncomfortable with the changes to the business plan. You must email ***info@nympsfieldcommunitypub.co.uk*** to advise us of your concerns. If the Society decides to adopt the changes to the business plan, having received your confirmation, we will cancel your membership application and reimburse your share subscription in full.

Q: Will this cause a change in interest payments to members?
A: Based on Scenarios 1 and 2, interest payments commence after year 5 with an interest rate of 2%, as per the current business plan.

Q: What are the changes to any share withdrawals?
A: Based on Scenarios 1 and 2, share withdrawals commence at the end of year 3 at a rate of 1% per annum. The share prospectus assumed withdrawals would commence in year 4 at the same rate.

WHAT HAPPENS NEXT?

- The IMC has approved this document and the share offer retains the Community Share Standard Mark with the changes outlined in this addendum.
- This document will be issued to all current prospective members in January 2025 to allow them to make an informed decision on their investment. It will also form part of the pack for potential future members.
- The IMC expects to publish an updated version of this document to include details and analysis of a co-purchase and / or outright purchase option, but only if Heads of Terms can be agreed with a third party(s).
- The Society will continue to actively promote the current share offer until the closing date on 31 January 2025.
- On or around 31 January 2025 the IMC will decide on the future direction of the project which may include proceeding with the phased purchase, renovation and reopening plan contained in this addendum.

Appendix I: Renovation Works Schedule (used in financial model)

	Duration	Start	Y1				Y2				Y3				Y4				Y5			
	months	month	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Building fabric	54	7																				
Bar (+Food Truck)	6	1																				
Restaurant	18	7																				
Lettable rooms	6	25																				
Tenant's accommodation	12	19																				
Cafe	6	31																				
Shop	6	37																				
Building upgrades	36	25																				

Appendix II: Financial Forecast

N.B. All figures exclude VAT, with the exception of the cash flow forecast which is VAT inclusive.

Profit & Loss Forecast - Scenario 1

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Operating income										
Rental income	2,500	5,100	32,513	42,448	43,297	46,923	47,862	48,819	49,796	50,791
Fundraising events income	6,000	6,000	6,000	0	0	0	0	0	0	0
Total operating income	**8,500**	**11,100**	**38,513**	**42,448**	**43,297**	**46,923**	**47,862**	**48,819**	**49,796**	**50,791**
Operating costs										
Building maintenance	0	0	1,806	4,422	4,510	4,600	4,692	4,786	4,068	4,980
Business rates	2,919	5,955	3,037	0	0	0	0	0	0	0
Utilities	2,250	2,550	3,641	0	0	0	0	0	0	0
Legal and professional fees	2,500	2,550	2,601	2,653	2,706	2,760	2,815	2,872	2,929	2,988
Accountancy fees	1,389	1,417	1,445	1,474	1,503	1,533	1,564	1,595	1,627	1,660
Plunkett subscription	200	204	208	212	216	221	225	230	234	239
Insurance	5,000	5,100	3,902	2,653	2,706	2,760	2,815	2,872	2,929	2,988
Other admin expenses	2,083	2,125	2,168	2,211	2,255	2,300	2,346	2,393	2,441	2,490
Rent payable to RCPL	17,500	17,500	17,500	21,224	21,649	11,731	0	0	0	0
Total operating costs	**33,841**	**37,401**	**36,308**	**34,849**	**35,546**	**25,906**	**14,459**	**14,748**	**14,229**	**15,344**
Operating profit/loss (EBITDA)	**(25,341)**	**(26,301)**	**2,205**	**7,599**	**7,751**	**21,017**	**33,403**	**34,071**	**35,566**	**35,448**
Other income										

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Capital grant	0	1,000	2,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Total other income	**0**	**1,000**	**2,000**	**3,000**	**3,000**	**3,000**	**3,000**	**3,000**	**3,000**	**3,000**
Other costs										
Depreciation	0	6,034	7,436	9,101	10,397	11,554	15,207	15,207	15,207	15,207
Loan	0	0	0	0	0	6,188	11,567	11,653	11,149	10,645
Interest on shares	0	0	0	0	8,831	8,743	8,656	8,570	8,484	8,399
Charitable contributions	0	0	0	0	1,125	1,122	1,119	1,117	1,114	1,111
Total other costs	**0**	**6,034**	**7,436**	**9,101**	**20,353**	**27,607**	**36,549**	**36,546**	**35,954**	**35,363**
Profit before tax	**(25,341)**	**(31,335)**	**(3,231)**	**1,499**	**(9,602)**	**(3,589)**	**(146)**	**525**	**2,613**	**3,085**
Corporation tax	0	0	419	1,444	0	943	2,292	2,419	2,816	2,906
Profit after tax	**(25,341)**	**(31,335)**	**(3,650)**	**55**	**(9,602)**	**(4,532)**	**(2,437)**	**(1,894)**	**(203)**	**180**

Balance Sheet Forecast - Scenario 1

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Fixed Assets										
Land and buildings	194,264	225,427	262,467	289,450	312,303	640,832	627,291	613,751	600,211	586,670
Fixtures and fittings	8,333	7,500	6,667	5,833	5,000	8,333	6,667	5,000	3,333	1,667
Current assets										
Cash	70,601	141,800	92,609	135,030	69,926	23,259	34,262	34,157	35,251	37,287
VAT debtor	2,363	3,116	2,661	2,311	2,376	457	466	476	485	495
Total current assets	72,964	144,916	95,270	137,341	72,302	23,717	34,728	34,633	35,737	37,782
Deferred income (grant)	50,000	99,000	147,000	144,000	141,000	138,000	135,000	132,000	129,000	126,000
Current liabilities										
Corporation tax	0	0	419	1,444	0	943	2,292	2,419	2,816	2,906
Shareholder interest liability	0	0	0	0	8,831	8,743	8,656	8,570	8,484	8,399
Total current liabilities	0	0	419	1,444	8,831	9,686	10,948	10,989	11,300	11,305
Non-current liabilities										
Loan	0	0	0	0	0	154,688	158,451	151,732	145,013	138,294
Rent payable to RCPL	17,500	35,000	17,500	21,224	21,649	0	0	0	0	0
Total non-current liabilities	17,500	35,000	17,500	21,224	21,649	154,688	158,451	151,732	145,013	138,294
Net current assets/liabilities	55,464	109,916	77,770	116,117	50,654	(130,971)	(123,722)	(117,099)	(109,276)	(100,512)
Net assets	190,561	208,843	182,403	246,176	205,308	225,507	216,785	217,920	220,254	223,530

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Share capital	250,000	350,000	348,250	443,779	439,352	434,969	430,631	426,335	422,082	417,872
Reserves	(59,439)	(141,157)	(167,597)	(203,824)	(244,692)	(224,493)	(233,215)	(232,080)	(229,746)	(226,470)
Capital redemption reserve	0	0	1,750	6,221	10,648	15,031	19,369	23,665	27,918	32,128
Shareholders funds	190,561	208,843	182,403	246,176	205,308	225,507	216,785	217,920	220,254	223,530

Cash Flow Forecast - Scenario 1

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Opening balance	15,000	70,601	141,800	92,609	135,030	69,926	23,259	34,262	34,157	35,251
Inflows										
Shares issued	250,000	100,000	0	100,000	0	0	0	0	0	0
Grants	50,000	50,000	50,000	0	0	0	0	0	0	0
Fundraising	6,000	6,000	6,000	0	0	0	0	0	0	0
Loan	0	0	0	0	0	150,000	0	0	0	0
Rent (incl. VAT)	3,000	6,120	39,015	50,938	51,957	56,308	57,434	58,583	59,755	60,950
VAT reclaimed	11,460	15,885	20,130	15,947	14,192	5,495	2,789	2,845	2,901	2,959
Total inflows	320,460	178,005	115,145	166,885	66,149	211,803	60,223	61,427	62,656	63,909
Outflows										
Property purchase (incl. tax)	178,500	0	0	0	0	178,500	0	0	0	0
Legal fees on purchase	10,000	0	0	0	0	5,000	0	0	0	0
Refurbishment costs	57,833	84,117	99,901	77,766	69,406	0	0	0	0	0
Building maintenance	0	0	2,168	5,306	5,412	5,520	5,631	5,743	5,858	5,975
Overheads	15,107	15,715	15,977	10,513	10,723	10,938	11,157	11,380	11,607	11,839
Business rates	2,919	5,955	3,037	0	0	0	0	0	0	0
Rent paid to RCPL	0	0	35,000	17,500	21,224	33,380	0	0	0	0
VAT paid	500	1,020	6,503	8,490	8,659	9,385	9,572	9,764	9,959	10,158
Corporation tax	0	0	0	419	1,444	0	943	2,292	2,419	2,816
Loan repayments	0	0	0	0	0	1,500	7,804	18,372	17,868	17,364
Interest paid on shares	0	0	0	0	8,831	8,743	8,656	8,570	8,484	8,399
Share withdrawals paid	0	0	1,750	4,471	4,427	4,383	4,339	4,296	4,253	4,210

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Charitable contributions	0	0	0	0	1,125	1,122	1,119	1,117	1,114	1,111
Total outflows	264,859	106,807	164,336	124,465	131,252	258,470	49,221	61,532	61,562	61,873
Closing balance	70,601	141,800	92,609	135,030	69,926	23,259	34,262	34,157	35,251	37,287

Profit & Loss Forecast - Scenario 2

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Operating income										
Rental income	2,500	5,100	32,513	42,448	43,297	46,923	47,862	48,819	49,796	50,791
Fundraising events income	6,000	6,000	6,000	0	0	0	0	0	0	0
Total operating income	**8,500**	**11,100**	**38,513**	**42,448**	**43,297**	**46,923**	**47,862**	**48,819**	**49,796**	**50,791**
Operating costs										
Building maintenance	0	0	1,806	4,422	4,510	4,600	4,692	4,786	4,068	4,980
Business rates	2,919	5,955	3,037	0	0	0	0	0	0	0
Utilities	2,250	2,550	3,641	0	0	0	0	0	0	0
Legal and professional fees	2,500	2,550	2,601	2,653	2,706	2,760	2,815	2,872	2,929	2,988
Accountancy fees	1,389	1,417	1,445	1,474	1,503	1,533	1,564	1,595	1,627	1,660
Plunkett subscription	200	204	208	212	216	221	225	230	234	239
Insurance	5,000	5,100	3,902	2,653	2,706	2,760	2,815	2,872	2,929	2,988
Other admin expenses	2,083	2,125	2,168	2,211	2,255	2,300	2,346	2,393	2,441	2,490
Rent payable to RCPL	17,500	17,500	17,500	21,224	21,649	11,731	0	0	0	0
Total operating costs	**33,841**	**37,401**	**36,308**	**34,849**	**35,546**	**25,906**	**14,459**	**14,748**	**14,229**	**15,344**
Operating profit/loss (EBITDA)	**(25,341)**	**(26,301)**	**2,205**	**7,599**	**7,751**	**21,017**	**33,403**	**34,071**	**35,566**	**35,448**
Other income										
Capital grant	0	2,000	4,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Total other income	**0**	**2,000**	**4,000**	**5,000**	**5,000**	**5,000**	**5,000**	**5,000**	**5,000**	**5,000**
Other costs										
Depreciation	0	6,034	7,436	9,101	10,397	11,554	15,207	15,207	15,207	15,207

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Loan	0	0	0	0	0	6,188	11,567	11,653	11,149	10,645
Interest on shares	0	0	0	0	6,866	6,797	6,730	6,663	6,596	6,530
Charitable contributions	0	0	0	0	875	873	871	868	866	864
Total other costs	**0**	**6,034**	**7,436**	**9,101**	**18,138**	**25,412**	**34,374**	**34,391**	**33,818**	**33,246**
Profit before tax	**(25,341)**	**(30,335)**	**(1,231)**	**3,499**	**(5,387)**	**606**	**4,029**	**4,680**	**6,748**	**7,201**
Corporation tax	0	0	419	1,444	2	1,360	2,705	2,829	3,221	3,308
Profit after tax	**(25,341)**	**(30,335)**	**(1,650)**	**2,055**	**(5,388)**	**(754)**	**1,324**	**1,852**	**3,527**	**3,894**

Balance Sheet Forecast - Scenario 2

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Fixed Assets										
Land and buildings	194,264	225,427	262,467	289,450	312,303	640,832	627,291	613,751	600,211	586,670
Fixtures and fittings	8,333	7,500	6,667	5,833	5,000	8,333	6,667	5,000	3,333	1,667
Current assets										
Cash	120,601	191,800	142,859	136,275	74,371	30,873	44,599	47,192	50,959	55,642
VAT debtor	2,363	3,116	2,661	2,311	2,376	457	466	476	485	495
Total current assets	122,964	194,916	145,520	138,586	76,748	31,330	45,065	47,668	51,444	56,137
Deferred income (grant)	100,000	198,000	244,000	239,000	234,000	229,000	224,000	219,000	214,000	209,000
Current liabilities										
Corporation tax	0	0	419	1,444	2	1,360	2,705	2,829	3,221	3,308
Shareholder interest liability	0	0	0	0	6,866	6,797	6,730	6,663	6,596	6,530
Total current liabilities	0	0	419	1,444	6,868	8,158	9,435	9,491	9,818	9,838
Non-current liabilities										
Loan	0	0	0	0	0	154,688	158,451	151,732	145,013	138,294
Rent payable to RCPL	17,500	35,000	17,500	21,224	21,649	0	0	0	0	0
Total non-current liabilities	17,500	35,000	17,500	21,224	21,649	154,688	158,451	151,732	145,013	138,294
Net current assets/liabilities	105,464	159,916	128,020	117,362	55,099	(123,357)	(113,385)	(104,064)	(93,569)	(82,158)
Net assets	190,561	159,843	135,653	152,421	116,753	142,120	138,122	143,955	150,962	158,885

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Share capital	250,000	300,000	298,500	345,024	341,582	338,175	334,802	331,462	328,156	324,882
Reserves	(59,439)	(140,157)	(164,347)	(197,579)	(233,247)	(207,880)	(211,878)	(206,045)	(199,038)	(191,115)
Capital redemption reserve	0	0	1,500	4,976	8,418	11,825	15,198	18,538	21,844	25,118
Shareholders funds	190,561	159,843	135,653	152,421	116,753	142,120	138,122	143,955	150,962	158,885

Cash Flow Forecast - Scenario 2

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Opening balance	15,000	120,601	191,800	142,859	136,275	74,371	30,873	44,599	47,192	50,959
Inflows										
Shares issued	250,000	50,000	0	50,000	0	0	0	0	0	0
Grants	100,000	100,000	50,000	0	0	0	0	0	0	0
Fundraising	6,000	6,000	6,000	0	0	0	0	0	0	0
Loan	0	0	0	0	0	150,000	0	0	0	0
Rent (incl. VAT)	3,000	6,120	39,015	50,938	51,957	56,308	57,434	58,583	59,755	60,950
VAT reclaimed	11,460	15,885	20,130	15,947	14,192	5,495	2,789	2,845	2,901	2,959
Total inflows	370,460	178,005	115,145	116,885	66,149	211,803	60,223	61,427	62,656	63,909
Outflows										
Property purchase (incl. tax)	178,500	0	0	0	0	178,500	0	0	0	0
Legal fees on purchase	10,000	0	0	0	0	5,000	0	0	0	0
Refurbishment costs	57,833	84,117	99,901	77,766	69,406	0	0	0	0	0
Building maintenance	0	0	2,168	5,306	5,412	5,520	5,631	5,743	5,858	5,975
Overheads	15,107	15,715	15,977	10,513	10,723	10,938	11,157	11,380	11,607	11,839
Business rates	2,919	5,955	3,037	0	0	0	0	0	0	0
Rent paid to RCPL	0	0	35,000	17,500	21,224	33,380	0	0	0	0
VAT paid	500	1,020	6,503	8,490	8,659	9,385	9,572	9,764	9,959	10,158
Corporation tax	0	0	0	419	1,444	2	1,360	2,705	2,829	3,221
Loan repayments	0	0	0	0	0	1,500	7,804	18,372	17,868	17,364
Interest paid on shares	0	0	0	0	6,866	6,797	6,730	6,663	6,596	6,530
Share withdrawals paid	0	0	1,500	3,476	3,442	3,407	3,373	3,340	3,306	3,273

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Charitable contributions	0	0	0	0	875	873	871	868	866	864
Total outflows	264,859	106,807	164,086	123,470	128,052	255,302	46,497	58,834	58,890	59,226
Closing balance	120,601	191,800	142,859	136,275	74,371	30,873	44,599	47,192	50,959	55,642

Appendix III: Heads of Terms FAQs

Q: What are Heads of Terms?
A: Heads of Terms are a non-binding document that outlines the key terms and conditions of a proposed agreement. It serves as a framework for future negotiations and the drafting of a formal contract.

Q: Are Heads of Terms legally binding?
A: No, Heads of Terms are generally not legally binding, except for certain clauses like confidentiality or exclusivity. They signify an intention to proceed with the transaction but do not create a contractual obligation.

Q: What is the purpose of Heads of Terms?
A: Heads of Terms help parties clarify key aspects of the deal, identify potential issues early on, and demonstrate a commitment to moving forward. They can also save time and costs in the negotiation process.

Q: What happens after Heads of Terms are agreed?
A: Once Heads of Terms are agreed upon, the parties will proceed to negotiate and draft a formal, legally binding contract that incorporates the key terms outlined in the Heads of Terms.

Q: Can Heads of Terms be changed?
A: Yes, Heads of Terms can be amended or revised during negotiations. However, any changes should be agreed upon by all parties involved.

Q: What if the parties cannot agree on the formal contract?
A: If the parties cannot agree on the terms of the formal contract, the Heads of Terms will cease to have any effect, and the parties will be free to walk away from the deal.