

# BUSINESS PLAN

## BROCKWEIR INN COMMUNITY BENEFIT SOCIETY LIMITED

Financial Conduct Authority (FCA) Registration Number: 9278



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## Version Control

Version	Details
1	This version was produced on the 15 May 2024 and approved by the Management Committee on the 22 May 2024

# 1. Executive Summary

The Brockweir Inn stands at the centre of a picturesque village on the lower River Wye in a designated Area of Outstanding Natural Beauty (AONB). The building dates to the early 16th century and has been trading as an inn for at least 250 years. Often described as ‘the heart and soul of the village’, it is the last remaining pub in a community that historically had seventeen taverns and inns. In 2019, the Brockweir Country Inn, as it was then called, closed. Without timely intervention, it now risks being lost forever.

This business plan outlines the proposal of the newly founded, FCA-registered Brockweir Inn Community Benefit Society Limited (BICBS) to purchase, refurbish, and lease the Brockweir Inn as a community-owned pub.

The pub has been registered with the Forest of Dean District Council as an Asset of Community Value (ACV). A moratorium is now in place until 27 August 2024, during which time the current owner can only legally sell it to a community organisation.

The plan to buy, refurbish and open the Brockweir Inn as a community-owned pub relies on raising £696,820 for the complete project, in line with the following estimated project costs:

- Purchase of the building (incl. duty): £407,500
- Refurbishment and ancillary costs (incl. 20% contingency): £245,000
- Start-up costs (incl. 20% contingency): £44,320

The fundraising strategy is threefold:

- Community Share Offer (up to £600,000)
- Government grant from the Community Ownership Fund (up to £300,000)
- Additional finance, as and if required, incl. further grant applications, bank loan, social investment and community donations

This is a challenging target. Phased plans have been developed in case of a shortfall. However, if sufficient funds for the building purchase are not raised, the project will be deemed unviable and investors refunded.

Success depends on two key factors: effective fundraising within the designated timeframe to acquire the property and complete renovations; securing a tenant with the experience, skills and vision to operate the pub as a successful enterprise benefitting the village, surrounding area and visitors.

Wide-ranging community consultation, both within the village and across the locality, has revealed extensive support for the project, as evidenced by 531 positive responses to an initial community survey and 126 pledges of community share investment to date, totally nearly £300,000.

**Informed and shaped by community engagement, the BICBS initiative is centred on the core values of heritage, community cohesion, consultation and collaboration, sound governance, and sustainability.**

## 2. Brockweir - Our community

### 2.1 Location

Brockweir is a small, attractive, rural village located alongside the River Wye north of Tintern on the Gloucestershire side of the river. It is therefore the immediate border village, with the only crossing point over the river between Chepstow and Bigsweir. \_ The civil parish also includes the separate village of Hewelsfield and the parish sits in the heart of the Lower Wye Valley Area of Outstanding Natural Beauty.

The village sits on the outskirts of the Forest of Dean, and so is connected to several key long distance footpaths and bye ways, including the Offas Dyke path and Wye Valley Walk which both run through the village. The village also contains the Lower Wye Site of Special Scientific Interest ('SSSI').

The parish of Hewelsfield and Brockweir has just over 450 registered voters, but also caters to nearby villages including Llandogo, Tintern and St Briavels. There is a community shop in Brockweir a mile uphill from the river. The river is the focal point for the village with beautiful views and walks all around. The Brockweir Inn stands in the centre of the village and is unopposed. The village of Tintern is circa 3 miles with Chepstow 7 miles away.

- Tintern Abbey is a near-by tourist destination.
- The Wye Valley Walk and Offa's Dyke Path both pass nearby the pub
- The Wye Valley draws in both on and off-road cyclists
- Nearby cliffs draw in climbers
- Chepstow Racecourse is 6 miles away

### 2.2 History of Brockweir

Brockweir is first attested in a charter dated to c. 620. Brockweir has been an important crossing point of the River Wye throughout history, and is approached by a reputedly ancient cross-peninsular trackway. The weir from which the village gets its name is first documented as a gift to Monmouth Priory from Baderon, Lord of Tintern in c 1120; it was held by Tintern Abbey in 1331. The remains of the weir can be seen as shallows under Brockweir bridge. This was obviously a lucrative weir which, coupled with the river crossing, would have made Brockweir an important location; settlement probably sprang up there at an early date.

The village existed from at least the 13th century, as a hamlet within the parish of Hewelsfield. The oldest existing building, the Malthouse, dates in part from the 15th century and probably formed part of a grange owned by Tintern Abbey. Another house, the Manor House, dates from about 1600, and many other houses date from the 18th century.

For centuries many inhabitants of Brockweir were employed in the trade of the river Wye. Brockweir was the highest point reached by a normal tide on the Wye, and a key transshipment point where the cargoes of sea-going ships of up to 90 tonnes were transferred onto barges to be sent upstream, and the products of Herefordshire, Monmouthshire and the Forest of Dean (principally iron and timber) were sent back to Bristol and beyond.

Brockweir, approached as much by water as by road, was an isolated community with an independent character. The minister appointed to its new Moravian church in 1832 described the life of its watermen as being centred on beer houses (there were 17 pubs historically), skittle alleys, and cockfighting and said that it had the reputation of a 'city of refuge' for lawless elements. Only one narrow road led into the village, and goods were usually carried by donkeys or by water, with a ferry taking travellers to and from the Welsh bank of the Wye.

Several chapels, a school, the decline of its trade, and an influx of outsiders to the area gradually changed the character of the village. During the early 20th century several Nonconformist groups, including Quakers, Pentecostals, and Christian Scientists, held meetings in Brockweir and the surrounding area. The Grade II listed lattice girder road bridge, linking Brockweir to the main Chepstow to Monmouth road (now the A466) was opened in 1906. In 1929 Brockweir Halt was opened on the Wye Valley Railway on the Monmouthshire side of the bridge. The halt closed in 1959.

## 2.3 The Current Community

Due to its history, Brockweir has many notable listed buildings including seven within the immediate vicinity of the pub. As such, the pub sits in the heart of a designated Conservation Area due to its special characteristics.

Approximately half a mile up the hill sits the Mackenzie Hall, a large community space and the village Community Shop. The shop is a non-profit making community enterprise, staffed by volunteers from the local community and is another Community Benefit Society.

The village economy is mixed, some commute to larger towns nearby or work in rural industries, farming and forestry. There are some larger employers nearby including the Lucozade Ribena Suntory factory in Coleford, and some work for the local authorities or organisations such as the Forestry Commission. Whilst many in the village are retired, much of the village is dependent on the tourist/hospitality industry: small businesses like traditional Bed and Breakfast establishments, especially in nearby Tintern; some self-catering units;. Many of the employment roles are caring, service or manual-based and are unsuitable for home working. However, as a result of the Covid-19 pandemic, an increasing number of residents do work from home

## 2.4 Challenges of the community

The community of Brockweir struggles with challenges common to many rural areas:

- An ageing village population – 63% over the age of 50 and 33% over the age of 65 presents problems with social isolation. The wider rural and farming community served by Brockweir includes remote and spread-out small family farms. Farmers are facing significant pressures and have a high incidence of social isolation and mental health issues. Warm and welcoming spaces to meet in the village are vital for reducing social isolation and improving mental health. Clubs, societies and social activities all make a huge difference.
- Rural transport deprivation. The nearest train station is 7.5 miles away. Bus services are infrequent, especially in winter.
- Lack of opportunities for the young. There are few work and training opportunities for the young in the village. Further education opportunities are restricted by the lack of rural transport: once students are past the age when they can use the school bus service, if they wish to attend college or university at Bristol or Cardiff they must either move into student accommodation (if they can afford it) or they are reliant on owning a car or being given a lift by friends or parents.
- Historically the area has suffered from poor technology infrastructure: low broadband speeds and lack of mobile phone signal. Change is on the horizon for this with gigabit broadband expected. Whilst roll out has started, this is very limited to most. The increase in homeworking opportunities enabled by improved technology could rejuvenate and change the demographic in the village, attracting more families and young professionals. Better broadband provision will not achieve this on its own though – the other challenges above must also be addressed and the retention and development of other local services are crucial to this.

## 2.5 The Brockweir Inn

### 2.5.1 Brief Description

Brockweir has a long history of pubs and ale houses linked closely to river trade and ship building. While there once were 17 public houses in the village, the Brockweir Inn is the last one standing that still has the potential to be accessible to the public.

A building of early C16 date (dendro dating of the roof and some floor timbers), refronted in the late C17/ early C18 and latterly run as an inn. It is in the centre of Brockweir – a popular village for visitors in the heart of the lower Wye Valley and has previously been well used by the local population, walkers and holiday makers. There is a small, enclosed garden to the rear of the property.

The building is a Grade 2 listed building, set in a conservation area, in an AONB and within a Site of Special Scientific Interest ('SSSI'), and so the preservation of this historic heritage asset will be fundamental to our objectives.



The pub has dining space for approximately 50 people indoors, and a further 24 outside. In addition to the public spaces – i.e. the bar and restaurant – there is spacious first and second floor residential accommodation available for the tenant, or potentially as rooms to let.

### 2.5.2 Current situation

The Brockweir Inn has been a thriving pub in the past, ideally located in the centre of the village it attracted custom from the village, surrounding areas and further afield due to tourism to the area. With a deserved reputation for being a friendly, traditional pub it acted as a central meeting point for the community and a good local eatery for visitors.

In anticipation of a possible sale by the previous owners, the Parish Council secured the Forest of Dean's District Council's listing of the pub as an Asset of Community Value (ACV) in 2016.

In June 2016 the pub was put on the market for £349,950 (freehold). At this time consultation regarding community ownership commenced, and had overwhelming support. This followed an extended period during which time the community, via the Parish Council and Brockweir Community Interest Company ('CIC') began investigations into community ownership. However, as the current owner came forward to purchase the pub, and at the time provided assurances of it remaining a pub, the community ceased investigating this further.

The pub was purchased in 2019 by the current owner for £235,000. The Brockweir Inn has been closed since this time so extensive renovation works could be undertaken, for which a significant proportion have occurred and led to an increase in value. During the course of this work it was Grade 2 listed. Currently the building is unfinished, albeit with the majority of major structure works having been completed.

In 2019 the owner placed the pub on the open market but declined an offer from a joint venture between the Parish Council and Brockweir Community Interest Company at the time due to the offer being considered too low, albeit based on a valuation conducted at the time. Since this time, renovation works have continued.

The current owner has confirmed he no longer wishes to restore the building as a pub.

In response to enquiries from a member of the community, the landlord informed the Forest of Dean District Council on 28 February 2024 of his intention to dispose of the community asset. Under the ACV rules, this triggered the ACV protections and a six-month moratorium period started, which will end on 27 August 2024.

An initial Parish Council meeting on the 5<sup>th</sup> of March was attended by over 80 members of the public in attendance. They unanimously voted in favour of pursuing community ownership of the pub. The Parish Council confirmed to the District Council of the community's intention to bid. An initial Management Committee was formed and has



now become registered as the Brockweir Inn Community Benefit Society Limited (BICBS), and has been registered with the Financial Conduct Authority.

With the intention of establishing a dialogue and smoothing the way to a community purchase we have met with the owner and had several constructive discussions. We have agreed in principle to a price of £400,000, which is supported by a professional valuation, commissioned by the Parish Council on behalf of the BICBS from the government Valuations Office Agency.

Various surveys are being/have been conducted to assess the cost of completing the works to a point where the pub can reopen.

### 2.5.3 Impacts of the closure of the Brockweir Inn

The impact has been considerable:

- The loss of a warm meeting space for the community to gather. This has especially affected the older members of the community, who would regularly meet at lunchtimes.
- Loss of food at lunchtime and in the evenings for the local community and visitors to the village.
- Loss of jobs – the pub had employed 10 to 15 people in the village,
- Knock-on impacts on the local economy: traditional Bed and Breakfast establishments had relied on being able to send their guests (many of whom arrive on foot or by bicycle, and do not have cars) to the Brockweir Inn for dinner.
- Reduction in the overall services offering provided by the village
- Reduction in community spirit

## 2.6 Market Background

The pub sector has come under pressure in recent years, but Plunkett's research shows that community pubs can thrive even where commercial operations struggle.

Freehold pub values increased ten-fold from 1975 to a peak in 2007 (source: Christie & Co). During much of this period large pub estates were built up by pub owning companies (PubCos) using cheap debt. However, in 2007 the market ground to a halt and in recent years there has been a dramatic reversal with values falling. Much of the fall was due to the impact of the financial crisis on the PubCos who consequently have been selling assets to pay down their debt.

The decline has been accentuated by competitive pressures on drink sales and changing patterns of leisure time usage which together have put a significant strain on the traditional tied pub tenancy model. This model has become increasingly uneconomic, particularly in rural locations. As a result of these pressures the nature of pub ownership is changing. There were 51,000 pubs in the UK (in 2010) but the large estates are now being broken up and numerous properties are either being closed or are passing into the hands of individuals or small groups. It has also become clear that

the traditional tied pub owning model has become inflexible and increasingly uncompetitive. All of this has been exacerbated by the Covid-19 pandemic, adding to the number of pub closures and further changes to people's social habits.

This is confirmed by a Campaign for Real Ale (CAMRA) report (August 2016) that pubs are being forced out of business by cheap supermarket prices, high beer taxes, and the high rents and wholesale beer prices charged by pub owning property companies. 6% of all UK pubs have closed in the last 6 years, with 383 pubs closing in the first 6 months of 2023 and 509 over the whole year.

The traditional model separates the pub owner from the pub operator. The pub owner has charged high rents and generally been slow to invest capital in the property. The pub operator has struggled with weak sales, high tied beer costs, an unaffordable rent and insufficient capital to invest in the asset. This is a vicious circle, which leads to a loss of incentive and subsequent poor management of the pub, resulting in poor performance and declining sales.

Smaller, newer and better managed independent groups are now emerging to acquire and invest in pubs using a more integrated model. Similarly, communities are increasingly mobilising and buying these under-performing assets, operating them through tenancies for the benefit of the local community.

## **Community Pubs**

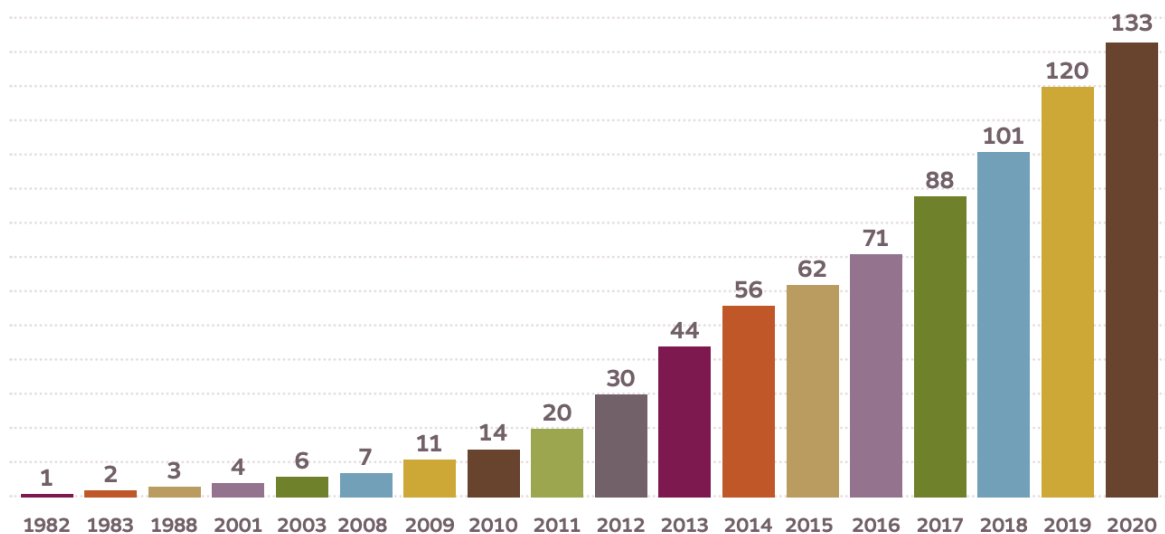
The first co-operative pub opened in 1988 (Tafarn y Fic in Llithfaen, Gwynedd). By 2010 there were still only five community pubs in the UK. Legislation in 2011 (The Localism Act) introduced the designation of an Asset of Community Value (under which community groups have a six-month moratorium period in which to bid), and The Plunkett Foundation, working with others in the industry, developed the co-operative pub model. Since then, the number of community pubs has grown steadily.

By the end of 2014 there were 56 community-owned pubs. As at January 2024, there are now 174 up and running, and many more are in the pipeline across the UK. There has been a 2/3 growth over the last 5 years of community pubs, and amazingly, they have a 99% success rate<sup>1</sup>.

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<sup>1</sup> <https://plunkett.co.uk/wp-content/uploads/Plunkett-Foundation-Better-Business-Report-2021-Community-Pubs.pdf>

## CUMULATIVE NUMBER OF COMMUNITY PUBS TRADING BY YEAR



Source: Plunkett Foundation records.

**Note:** Figures 2.1 and 2.2. have been updated to include three pubs that opened before 2020. Excludes pubs known to have passed out of community ownership.

## Resilience

Although still a relatively young sector, to date there has only been one co-operative pub closure in the UK, which occurred during the Covid-19 pandemic, therefore maintaining a survival rate of 99%. This compares extremely positively with estimations for UK businesses which have an estimated 5-year survival rate of 41% (Office for National Statistics) and is one of the best business survival rates anywhere in the world.

## Local community pubs

A number of community pubs have opened in the region in the last three years, including The Rising Sun (Woodcroft), Red Lion (Arlingham), and many others that can be seen on the CAMRA website. We have been liaising closely and have received valuable support from these (and other) pubs, and we encourage everyone to visit one (or all!) of these pubs to see a community pub in action. We are also working closely with the Plunkett Foundation who are a National charity supporting communities in rural areas to set up and run successful businesses in community ownership.

## 3 . Project Detail

Our aim is to secure the future of the pub for the benefit of Brockweir and the wider community as a flourishing friendly and welcoming village pub that serves local beers and sensibly priced freshly prepared food.

The pub will return to being the heart of the village, and as a place for social gathering, and cultural activities.

It will be a free house that serves local beers and sensibly priced, freshly cooked, good food prepared using locally sourced ingredients where possible.

It will be somewhere to meet people and exchange information, and it will promote a cohesive and friendly community in the area where community networks thrive.

It is our intention that the pub will work closely with and in support of the other community facilities and clubs in the area, including in particular the village hall, shop and church.

Significant works will be required on acquisition of the building following the current owners commencement of large scale renovation works. Whilst the first and second floors have undergone the majority of major works, the ground floor (being the public areas) are a bare shell. At the very least, the ground floor will require completion prior to opening and we anticipate the costs for the completion of all works to be in the region of £205,000. Employ local trades and crafts-people. Further information is detailed in the various surveyors' reports undertaken and in our detailed cost plan in the Appendices.

The current condition of the pub has been assessed by a number of knowledgeable experts including a RICS chartered surveyor, a Valuations Office Agency surveyor and Quantity Surveyor. Feasibility studies and options surveys have been conducted by Helen Newman Architects to guide the redevelopment and are enclosed in the Appendices. These surveys have also taken into consideration feedback from the community.

These works have been allowed for in our financial model – although where possible we hope to avoid expenditure through community hands-on involvement in activities such as decorating. As the pub is a listed building in a conservation area, planning consent is required for most changes, however minor, and we will be seeking the relevant consents in parallel with the purchase. Contact has been made already with FODDC's planning team to ensure any planning needs proceed in a timely manner.

We also intend to make substantial improvements to the building to modernise it and to make the building and business more sustainable. We wish to capitalise on this pub's history and include a heritage arena for sharing the stories of the colourful past of the village, working with community groups in co-curating exhibitions that will be part of the interior of the pub. This will add to the experience for visitors to the area, as there are currently no places that share these stories. It will also foster a sense of belonging and understanding of our heritage among the people living in and near the village. Also a community garden will be incorporated and importantly to access will be improved for customers with disabilities.

We will therefore follow the Plunkett Foundation recommendations on capturing and measuring social impact, and report throughout the project, as outlined in the Appendices.

Depending on the fundraising efforts, especially the share sales and grant applications, works may need to be completed in stages as funding permits. However, we have decided we would not proceed with the project unless the asset, being the pub, can be obtained by the community without any commercial finance.

In addition, it is considered the project is supported by the Conservation Area Character Appraisal, as approved by the District Council. A copy of this appraisal is linked to in the Appendices, but confirms the balance needed between development and the lack of facilities, with the significant heritage of the immediate locale. The pub would provide all the benefits stated above, without the need for any additional development, and in fact restore a fundamental part of the heritage of the conservation area.

The business plan will evolve and be reviewed at the end of each phase of the project and milestone reached. As we move through the process and negotiate to acquire the pub and appoint a tenant, and as we achieve success with any grant applications. At this stage, the anticipated timeline is:

**June/July 2024:** Fundraising phase, including the Community Share Offer and grant applications, as well as agreement of acquisition price

**August 2024:** Formal offer for the purchase of the pub, and subsequent negotiations where needed

**August-October 2024:** Transfer of ownership of premises

**October 2024 – Summer 2025:** Renovation of building and recruitment of tenant process begins

**Summer 2025:** The pub re-opens under community ownership

**We intend that a community purchase will enable the village to secure and safeguard the pub for the foreseeable future.**

### 3.1 Purchase of the Brockweir Inn

The plan to buy, refurbish and open the Brockweir Inn as a community-owned pub relies on raising £696,820 for the complete project, in line with the following estimated project costs:

- Purchase of the building (incl. duty): £407,500
- Refurbishment and ancillary costs (incl. 20% contingency): £245,000
- Start-up costs (inc. 20% contingency): £44,320

#### 3.1.1 Funding Options

Our intention is to finance the purchase of the pub through:

1. Community share offer

2. Grant, namely Community Ownership Fund
3. Donations and Fundraising

It is important to note that should the full funding required not be secured to cover all renovation and improvement costs, we can phase the refurbishment work. Some of the work could be completed at a later date, after the pub has reopened, if necessary to reduce the total cost required.

However, if we do not raise sufficient funds through the Share Offer and grant funding applications to cover the purchase of the building, then the project will be deemed not viable and we will return funds to investors.

Whilst we expect to raise funds through the Share Offer and grants above the costs of purchase, any additional funds will go towards the renovation and opening costs. Importantly any funds that we raise through share sales and grant funding over and above the target will reduce our dependence on loan funding.

It is of course the position that we wish to be able to complete the project without any commercial loans being required.

Based on the accounts from the previous landlords and industry projections we firmly believe that the business will be profitable. In the unlikely event it is not BICBS will own a valuable asset – the building and land associated with it – which if necessary could be sold as a going concern in order to return funds to investors.

#### *3.1.1.1 Community Share Offer*

We will be launching the community share offer on 1 June 2024 to raise capital for BICBS. Shares will be priced at £1 each, and sold in increments of 250. In line with best practice, no individual may possess more than 10% of the maximum share raise, being £60,000 or 10% of the maximum shares sold, whichever is the lower. This would therefore be a maximum of £40,000 if we raise £400,000 through the Share Offer.

We aim to maximise the capital raised through the community share offer and have set ourselves the ambitious target of raising the full purchase price of £400,000 from the share offer. We have received pledges of nearly £300,000 in such a short space of time before launching the share offer, and the experience of other community pubs is that the conversion rate from pledge to investment is higher, so we are confident that this target is achievable. We have also been approached by numerous individuals wishing to make pledges, but after the window of opportunity, so are confident in additional investors coming forward.

We will extensively promote the community share offer and a community approach will make a significant difference to the future potential of the pub:

- People care enormously about their local pubs and are willing to invest their money, time, skills and energy to save them.
- A wide membership provides a large pool of people to draw on for support and custom and generates great commitment to a well-run enterprise.

- In the Plunkett Foundation's experience, the community model is resilient. To date only one community owned pub has failed, as their strong local identity sets them apart from traditional competition.
- Business infrastructure: our membership of the Plunkett Foundation opens up access and preferential rates for the pub business to a range of benefits including energy supplies, insurance, accountancy, telephony, food, newspaper, fixtures and fittings, and other supplies.

The concept of community shares in this project has been explored in depth and promoted through community research, meetings, and regular newsletters (both online and in print). Marketing for the share offer will exploit all of these methods in addition to posters, local leaflet drops, direct mail, press release to local newspapers and focussed communication with local businesses and organisations.

Shares are not transferable (i.e. members cannot sell them to anyone else), except in the case of death or bankruptcy of a member.

Should the situation arise where we are unsuccessful with any grant applications, but are in a position to purchase the pub, we will then seek to consider the wishes of all members (those who have purchased shares) whether to launch a second round of share sales, seek alternative grant funding or seek a commercial loan in order to complete renovation works. The amount required will be informed by the surveys as to the level of renovation required as it may be decided to, for example, open the bar and community spaces but not the food offering, or offer the bar and food but not the accommodation. However of course, this will then impact on the income of the pub and therefore the Society, so will require careful consideration.

Furthermore, the closure of a local pub can reduce the value of domestic properties, both in the village and surrounding villages, typically by 5-10%. We believe this is sufficient reason for residents of Brockweir and the surrounding area to invest in the pub, although our hope is that all will wish also to frequent the pub and its extended amenities.

**If we are unsuccessful in our bid to purchase the pub, or the project becomes unviable, then all investment monies will be returned promptly.**

### *3.1.1.2 Grants*

We will be applying for £250,000 under the government's "Community Ownership Fund" programme for acquisition under the government's "Community Ownership Fund" programme for acquisition, and up to a further £50,000 in start-up funding which we are working with the Plunkett Foundation on applying for. Any such funding that we are awarded will reduce our dependence on debt and will thus enhance the business case.

We hope to know the outcome of our application by July and whilst competition for the funding will be competitive, and is not guaranteed, we have received advanced assistance from the Community Ownership Fund to help us strengthen our application



by virtue of additional support. In light of this, we have modelled only a limited award in our forecasting in order to demonstrate the significant assistance this would provide to the business and its Members. Any increased grant award funding would reduce our need for commercial debt, thus lowering interest repayments, and allowing us to pay interest on shares sooner.

#### *3.1.1.3 Commercial Mortgage/Social Investor*

Any shortfall in funds raised from the community Share Offer and grants may to be met by taking out a commercial mortgage or other form of loan, including from a potential social investor as mentioned above. Our most conservative business case is based on the assumption that we may need a mortgage of up to £250,000 repayable over 20 years. This would be for full renovation only, with a mortgage of £150,000 required to be 'tenant ready'. Preliminary discussions have taken place with ethical lenders including the Co-Operative Bank (who we bank with), Triodos Bank and Charity Bank, all of which have given strong indications that they would be willing to lend this amount, and we are also exploring possibilities with other lenders. Whilst no commercial lender will confirm an interest rate until an application is formally made and decided, market rates are currently circa 8%, and so we have utilised an interest rate of 8.5% in our modelling to allow for contingency.

It is important to note that we have also been approached by a local resident, willing to act as a social investor, separate to any shares purchased. Whilst conversations have only preliminarily occurred, the individual has offered a loan of up to £200,000 at significantly beneficial rates. Should any shortfall in funding occur from share sales and grant applications, we will then seek to negotiate terms with the potential investor and compare to any available commercial offerings. For the sake of this business plan however, we have undertaken our modelling based on current commercial rates even though we are confident based on our discussions with the social investor that we would receive much more favourable rates.

We have undertaken this business plan on the presumption of us being able to raise the purchase costs through the share issue and grants. This then ensures the assets of the BICBS remain, with strong confidence, at or above the level of funding secured from the public (whether that be members of the community or the greater public purse). It is therefore our position that we should not seek to take on commercial debt for anything other than improvements to the asset, which in turn would increase the value.

#### *3.1.1.4 Donations and Fundraising*

We will of course welcome donations from individuals or organisations. Donations will not form part of our share capital and will not be refundable (although if we are unsuccessful in purchasing the pub we will as far as possible return any donations received).

A range of fundraising events have been organised, including a quiz night, auction of donations, music nights and other activities which have been organised and run by members of the community on their own initiative who have so far raised approximately

£4,000 towards saving the pub. Donations from the Parish Council and Brockweir CIC have also exceeded £5,000 and have been used to fund the initial surveys conducted.

**The financial model underpinning this business plan is realistic and robust and has been used by other community pubs successfully. It will evolve as we run the Share Offer and negotiate the purchase of the pub and appoint a tenant, and also as we achieve success with any grant applications.**

## 3.2 Community Engagement Plan

From the beginning of this process there has been extensive and passionate support for the project. Consultation undertaken within the community via a questionnaire, two focus group meetings and two public meetings has established an excellent body of support for the community pub project, with a high level of participant participation.

To ensure we have engaged with as many of the community as possible, and to further our aim to widen the scale and range of people using the pub, we have:

- Consulted with other community groups within the village
- Consulted with village shop, village hall, church
- Held focus groups, with the residents located closest to the pub and harder to reach sections of the community
- Engaged with local businesses like breweries and other associated trades
- Spoken with other community and commercial pubs
- Sought the support of wider interest groups, such as CAMRA, AONB, Tourist Board etc
- Spoken with architects, builders / developers, solicitors, craftsmen and other professionals in our community

We have kept them informed of our plans and sought ways that we can partner/work with them to strengthen the community offering available in Brockweir. Through our discussions we have actively avoided duplication of services which would negatively impact on each other.

A full list of organisations consulted, and in support of, the project can be found in our community engagement plan.

It is also important to mention the informal engagement process which has taken place. The Management Committee has sought to feedback views from information discussions with other members of the community.

What came out of all these discussions and consultations has shaped our vision for the future of the pub. The consultations have shown an overwhelming desire for the pub to be open again and highlighted the massive loss people have felt due to its closure over the last few years. People have highlighted issues such a decline in community cohesion, greater social distancing, increased loneliness and simply a deterioration of the community and its members wellbeing. Whilst other organisations have sought to continue bringing the community together, and should be applauded, the feedback has

shown this is simply not a replacement for the local pub. We have also received many questionnaire survey responses that contained many interesting ideas. We have had a large amount of Pledge promises and we have a wealth of local trades and craftspeople who have offered help and support in refurbishing the pub and preparing the pub for opening.

Through our extensive community engagement we have received a clear picture of the kind of pub people want in the village and how the pub can work with the other facilities in the village like the Village Shop and Mackenzie Hall, strengthening the village overall. If successful in our purchase of the pub, we will work closely with the Village Hall Management Committee to ensure that its ongoing development as a community amenity will not be undertaken in competition with, or at the expense of, activities planned for the village hall. For example, the pub kitchen may be able to assist by providing catering for large-scale events at the village hall. We are already liaising with the Village Shop committee to ensure that we understand their plans and intentions, and to keep them informed about this project. Our belief is that all amenities can and should complement one another to the overall benefit of the community.

From the focus groups especially there was a strong desire from the community to see the pub working with the Moravian Hall Reading Room which is geographically close to the pub and would be ideal for jointly held music and/or theatre events.

Foremost of these ideas is the development of the pub and its garden to reflect the heritage and culture of the village, providing an important 'reflection' of Brockweir. The focus group sessions we ran provided a number of ideas for events and groups that can be held in the pub, once open, that will both bring the community together and bring in people from outside. Also facilities within the pub were suggested and in response to the need expressed in the focus groups for a 'community space' or a space that the community can utilise, our plan for configuring the pub layout was changed. Also the community has suggested that the pub has a new name going forward and we will consult with the community on this before opening.

Early and regular engagement with the community through email marketing, social media, public meetings, and numerous conversations has shown that there is an extraordinary level of support for bringing the pub into community ownership. The initial questionnaire was returned by over 530 people, all of them supportive. The first formal public meeting had over 120 attendees and our initial pledges prior to any share offer has received nearly £300,000 in pledges from 126 people. These actions have demonstrated an impressive and extremely encouraging level of community engagement.

The BICBS have from the outset sought to understand the diversity of our community and to ensure that the pub delivers benefits that reach right across the community. We have therefore a published Equality, Diversity and Inclusion ('EDI') policy on our website, and they are contained within the Appendices. Whilst it is clear that the pub does not sit in a significantly deprived area, being a small rural community brings other

challenges to residents including social isolation and wellbeing, which will be key issues in developing this project.

As part of this proposal, we have developed an in-depth and thorough community engagement plan, not only for the acquisition and opening of the pub but for the first 12 months after opening. This engagement plan will be critical to the ongoing support of the pub from the community. It also contains important information regarding the demographics of the community, including age, household income and deprivation indices. The plan can be accessed in the Appendices and should be read in conjunction with this document.

### 3.3 Tenant Run Pub Operation

The BICBS will not be directly involved in the day-to-day management and operation of the pub – that responsibility and the associated business risk belongs to the tenant.

The pub will be owned and let by the Brockweir Inn Community Benefit Society (see Section 5 of this document for more details about the Society). This means that we, the community, will have control over how the property is managed and improved. It will also enable us to have constructive communications with the tenant about the community's wishes, and one of the criteria for selection of a tenant will be their willingness to provide for community needs. The recruitment package for the tenant position will include details of this.

One of the key factors that will contribute to our success are is the recruiting and agreeing a lease with a professional and experienced tenant who knows how to run a successful pub business, and who is supportive of our ambitions to offer other amenities for the community

We will begin the recruitment process to find a tenant to manage and run the pub business while we are refurbishing the pub. We will agree a lease with the tenant and set a fair rent. The tenant will run the pub as a free house selling food and drink, from which the profits will allow the tenant to run the business and take a wage. The rent will be set at a level that gives the tenant the opportunity and incentive to run a profitable pub business.

The BICBS will ensure there is regular liaison with the tenant to ensure the pub continues to deliver on its community purpose and a timetable of agreed formal meetings between the BICBS Management Committee and tenant to meet HR best practice. The BICBS will have a robust contractual relationship with the Tenant, albeit not one of an 'employer/employee' type as the Tenant will be self-employed or a registered business in their own right.

We will operate the pub as a free house so the tenant will not be tied to buying beer, wine, spirits and soft drink supplies from a single brewery or pub company at non-competitive prices. We will seek to organise good trade rates with local suppliers before the tenant is in position, using our network of local supporters.

These factors taken together mean that the tenant should be able to achieve significantly higher profits than in a tied pub, contributing to a financially stable business and a less frequent turnover of tenants.

Based on the split of turnover between food and drink sales that was being achieved at the pub by the previous landlords, and using the British Beer & Pub Association's (BBPA) published industry metrics, Sprosen Grosvenor, in 2021, have calculated that an annual turnover of £300,000 (which they have stated is readily achievable – see Business Viability below) on the basis of a 45/55 wet/dry split.

Should we not be able to identify a suitable tenant within the required timeframe, or a tenant vacates the business at short notice, we are in a fortunate position for the business to continue to open with temporary cover from a licensee holder in the village/ Management Committee. We will continue to have support from the Plunkett Foundation and their ongoing available resources, and we also already possess a community network of support and volunteers with the necessary skills to open and run the business, including all regulatory and licence requirements.

Brockweir Community Interest Company, of which Adam Sinfield is also a Director, has experience in running bars and events, as well as a roster of trained volunteers, and can support the pub for a period should this be needed due to the absence of a tenant. This would reduce the opening hours of the business, and therefore its income, but would ensure the community pub remains open at key times.

The community-owned pub will continue to offer employment to local people (e.g. bar, kitchen and waiting staff), which provides valuable learning opportunities for young people who take on short-term employment in school and college holidays. We expect the number of paid posts and learning opportunities to increase as the new tenant grows the core pub business, and there will be scope for volunteer contributions from residents of Brockweir and the surrounding area.

Our means for measuring and managing delivery of these aims and objectives are:

- To carefully select a tenant who is best aligned to our aims and objectives.
- To review community and customer feedback from surveys, which we will conduct at minimum annually, on community and customer satisfaction.
- To discuss and review community feedback with the tenant.
- A healthy landlord/tenant relationship will facilitate constructive discussions about improvements where the community feels aims and objectives are not being met

### 3.3.1 Why we have chosen the Tenancy model

There are three possible ways of running a community-owned pub:

- Employ a manager
- Grant a tenancy, or
- Run it with volunteers

We have therefore selected the tenanted operational model as the most appropriate for us, using the recognised legal model of an internal repairing lease. The following are key reasons for this decision:

- Group experience and expertise: our group has significant experience of managing in many types of business, and a number of the group formerly worked in the pub or pub trade, but we have no-one in the group with extensive experience of managing pubs or the time to commit to a volunteer-led approach. An experienced and knowledgeable tenant will have the skills and time commitment.
- The volunteer option has been set aside because of the adverse impact it would have on the other community businesses in the village, such as the shop which is already volunteer run and because we believe that this model would not enable us to achieve the aims identified.
- The tenant takes on the risks/rewards of the pub's success and profitability. They are incentivised to ensure the pub succeeds and delivers for the community.
- Stable income source: the tenant will pay the society a rent.
- Ability to provide community benefits: the fixed rent paid to BICBS simplifies the society's financial forecasting and provides greater certainty of our ability to meet our own expenses and pay shareholder interest. Surplus funds are available for net share buybacks (if required) and community projects.
- The tenant will have the knowledge and expertise to take on the challenges and risks of employing and managing staff working in the pub.
- BICBS does not have to employ people directly or rely on long-term volunteers to keep the pub trading.
- Contract Management: we will be able to manage the Landlord/Tenant relationship through their lease agreement with us, we have significant expertise within the management team at managing this type of relationship.
- The tenant is responsible for the internal fabric of the building, fixture/fittings etc.
- BICBS is responsible for the external fabric of the building. We have significant expertise and experience within the group to accomplish this.
- BICBS will retain ownership of the premises licence, web address and web site.

There are identified risks in this operational model:

- BICBS income is at risk if the tenant defaults. Delivery of community benefits is also at risk if the tenant does not provide the services the community wants. We will mitigate both these risks through:
  - Selection of tenant. We will use external expertise to assist us with finding the right tenant.
  - Discussion with other community pubs shows that their first landlord/tenant relationship has sometimes been fraught and occasionally led to breakdown of the relationship/replacement of the tenant. We will include exit clauses in the lease agreement to allow us to manage this situation and we have made provision for this within the budget

- There are risks to the value of BICBS's main asset (the building): e.g. if it is not properly insured, smoke/fire alarms are not maintained, the fabric of the building or fixtures/fittings deteriorate, etc. We will mitigate this risk through:
  - BICBS as Landlord will retain responsibility for building insurance,
  - BICBS will ensure the building meets compliance checks on smoke alarms etc. before handing over to the Tenant.
  - The building's internal elements, decoration, carpets, plus fixtures and fittings, health and safety, electrical PAT testing, commercial gas checks for cookers etc will remain the responsibility of the tenant. To ensure compliance regular recorded inspections will take place.

### 3.3.2 Affordable Rent

A key factor that frequently prevents pubs from flourishing is the often-excessive rent that the commercial owners charge their tenants. **We will set an affordable but realistic rent** that gives the tenant the opportunity and incentive to run a profitable pub business. The first two years rent will be fixed and agreed with the new tenant, giving them a level of certainty while they establish and grow the business. After the initial 2 year period the rent will be set at 10% of turnover which is a level we have seen used successfully by several community pubs – and which has been shown to be at the right level to attract serious applications from experienced tenants.

Based on the anticipated annual turnover of £300,000 on the basis of a 45/55 wet/dry split would typically support a rent of approximately £35,000pa (i.e. 11.5% of turnover). On the expectation that food sales (which have a higher gross margin than wet sales) will make up a higher proportion of sales than at present, our proposed rent of 10% of turnover can therefore be seen to be very reasonable.

The rental income the BICBS would receive through rent income will allow us to maintain the fabric building, and in due course, if cash reserves permit, pay a return to members in the form of modest interest and gives us the option to fund the withdrawal of shares from time to time under certain circumstances (though we believe these will be very difficult to achieve in our case). Also it will allow its obligations (in particular any mortgage payments) to be met.

### 3.3.3 Experienced Tenant

**Selecting the right tenant will be absolutely critical in ensuring the success and long term future of the pub.**

Whilst we are confident in finding a suitable tenant, and in fact have already had candidates approach us to express an interest, we are fortunate to be in a position to operate the pub if needed. One of our Management Committee already possesses a personal licence for the sale of alcohol and provision of regulated entertainment. We would therefore be able to open the pub on a more limited basis whilst a suitable tenant is found.



As part of the selection process we will closely examine each prospective tenant's business plan, their view of what the pub will offer its customers, and their plans for its marketing. In particular, we will want to ensure ourselves that their plans take into account and reflect our vision for the pub as set out in this plan. Whoever we appoint will need to have the energy and enthusiasm to buy into our vision, and to contribute to its ongoing development.

We have received much useful advice and offers of assistance with the recruitment process from existing community pubs and other professionals in the area, and will use a thorough and objective process to recruit the best tenant we can. In addition, the Plunkett Foundation offer significant support with recruitment and best practice.

From the positive experience of community pubs that we have spoken with in this area, we strongly believe that we will be able to appoint an experienced tenant who can market and build the business, resulting in a thriving and sustainable community pub.

### 3.4 Business Viability

We firmly believe that under community ownership the pub will be a viable business with the potential to thrive. **Whilst the business has not traded for 6 years, in the years prior to its closure and despite varying levels of management, it always traded at a profit.**

By virtue of the fact that we will set an affordable rent, and will let the pub as a free house, the tenancy will be significantly more attractive to experienced and capable tenants. This view was confirmed in the professional valuation and commercial feasibility study that was commissioned in July 2021 by B Sprosen of specialist pub surveyors Sprosen Grosvenor Chartered Surveyors. The report stated that:

*“This model assumes a fully operating business with a competent operator. Resulting in an FMT [Fair Maintainable Trade] of £300,000 pa turnover on a 45/55 wet/food trade split.”*

The probability that the trade could be substantially higher in future years is perfectly reasonable. This is based on an uplift for inflation, as well as the increased number of covers offered, the scope for accommodation and the increased support of the community.

They have formed this opinion based on factors including:

- The size and location of the pub
- The lack of direct similar competition to the pub in the immediate area
- Levels of turnover that have been achieved by previous owners/tenants
- Beer, wine and spirits supply volumes over the last few years (data provided by previous owners)
- Pub profitability report from previous owners
- Licensed industry metrics published by the BBPA

## Future profitability

We established the feasibility of our business plan by examining multiple aspects, including

- Financial feasibility
- Capability to deliver the project
- Assessment of the macro-environment
- Competition and market analysis
- Strengths/Weaknesses/Opportunities/Threats
- Risks

External advice and guidance on feasibility has been derived from:

- the independent valuation conducted by Valuation Office Agency
- consultancy support from Plunkett Foundation advisers
- discussions with other community pubs on an individual basis

The Society's rules contain a statutory **asset lock**. This is a constitutional device that prevents the distribution of residual assets to members. The purpose of the asset lock is to ensure that the community benefit of any retained surplus or residual value cannot be appropriated for the private benefit of members after all members' share capital has been refunded according to the Society's Rules of BICBS Limited. We utilised Registered Version 6 Plunkett Model Rules operating under the Communities Act 2014.

The delivery of many of these objectives is dependent upon the tenant. It would not be reasonable, or normal business practice, for us to dictate in a high level of detail how the tenant runs their business within the lease agreement, or to set a high number of individual performance measures.

## Contingencies

We have made allowances in our plans for several funding contingencies:

- If insufficient share capital is generated in the required timescale we will
  - (a) negotiate with the owner for an extension beyond the end of the formal moratorium period,
  - (b) extend the share offer period, and
  - (c) consider taking a higher proportion of debt financing. **We have modelled various funding scenarios and have established the maximum amount of debt that is commercially viable.** Under no circumstances will we take on debt more than this limit, even if that means we cannot proceed with the purchase.
- Share withdrawal by members is technically possible under our rules but is contingent on the society achieving certain key conditions regarding positive net worth; we do not expect to meet those due to the business model we have chosen. As a result, members will only likely be able to withdraw their investment if we introduce new share capital to fund exit of existing capital. This is a decision for a board of directors to take in future, and our focus to date has been on arranging the necessary finance to save the pub.

- Potential Share interest payments to members – if paid – will commence in Year 5, but in any event, payment will be determined by the Management Committee, and will be dependent on the business achieving the requisite levels of profitability. Interest will be paid gross and depending on members' tax rates may be taxable. It will be the members responsibility to declare any such earnings to HMRC, if applicable.
- The amount of share interest available will be limited given it is a social investment, and buying shares should not therefore be seen as a profit-making exercise.
- We have assumed there will be an initial twelve-month period without rental payments to allow for works to be completed or delays in appointing a tenant, and likewise we have budgeted in case there is a tenant void at the end of Year 3.
- £5,000 pa has been budgeted to allow for a level of ongoing repairs and maintenance. This is based on discussions with other community pubs.
- A substantial amount (£245,000 including contingency) has been allowed for full initial refurbishment, maintenance and improvement work that may be needed (which includes a 20% contingency), although we hope that in practice members of the community will be willing to undertake on a voluntary basis work such as decorating, gardening and minor works.
- Should the full funding not be available for renovations, we have alternative options available for the renovation to still allow the pub to open but at a lower cost, to be followed by applicable 'Day 2' works

### 3.5 Environmental sustainability

The project will be developed with sustainability as a key, and priority, focus. We aim to develop a project environmental policy to guide our choices.

Within the renovation we will seek to follow the 'Energy Efficiency Hierarchy' to maximise environmental sustainability.

'Fabric First' to reduce energy demand

- Use of reclaimed/upcycled materials
- Low embodied energy building materials
- Low energy lighting
- High levels of insulation
- Thermostatic radiator valves and a smart thermostat
- Investigate the installation of an air source heat pump
- Draught-proofing
- Investigate potential for solar panels for electricity generation

'Energy Efficiency' in our choice of fixtures and fitting we will look to install:

- Energy efficient kitchen equipment
- Water efficiency in toilets and kitchen
- Organic gardening principles to be followed
- Movement and light sensors

'Generation and maintenance' in the running of the business, we will consider the following environmentally sustainable policies:

- Seek opportunities for energy generation, such as solar
- 'No single use plastics' policy
- Discount on takeaway coffee with own mugs
- Use of local suppliers
- Use of 100% renewable electricity supplier

By bringing back an option for eating, drinking and socialising in the local area, we will be encouraging car-free travel, as we know many local people travel to other areas at the moment for these same purposes such as those using the Offas Dyke footpath.

### 3.6 Market Competition

Although there are several good Inns in the relatively proximity to the Brockweir Inn, none are that suitable for pedestrian access from the village, especially for those with lower mobility. Further, the main competitors would either require driving or a walk along a busy main road.

The main local competitors, distance and market segment are:

#### Tintern

*The Wye Valley Hotel* – 0.8 miles – A hotel with a small bar.

*The Rose and Crown* – 1.3 miles – a local bar and steakhouse .

*The Wild Hare* - 1.5 miles - currently closed for extensive renovations. An upmarket restaurant with a bar and accommodation

*The Anchor Inn* – 1.6 miles – a popular tourist Inn. More restaurant than pub. Generally higher cost.

#### St Briavels

*The George Inn* – 3.6 miles – a country Inn, similar in nature. Difficult to access given the long route of the approach road from Brockweir

As can be seen, there is no direct competitor with a similar market segment in the local proximity, and especially none within a convenient walk for many. Further, the Inn is located nearer popular tourist areas, and is likely to attract visitors from further afield, especially in the busy summer season.

### 3.7 Risks

We believe the key risks, together with our proposed mitigations are as follows:

Risk Analysis		
Risk	Impact	Mitigation
We are unable to appoint and keep good tenants.	Appointing the right tenant is absolutely critical to the success of this venture. The tenant needs to be experienced, motivated to develop the business, capable of marketing the pub effectively, able to create a welcoming atmosphere, and crucially in sympathy with the community and our aims. If we cannot appoint such a tenant the venture will not succeed.	<p><b>1. Thorough selection process.</b> Prospective tenants will be required to demonstrate their experience and plans for the pub backed up with a sound business and marketing plan.</p> <p><b>2. External support.</b> We have been offered hands-on support with the selection process from other community pubs and commercial pub operators.</p> <p><b>3. Favourable terms.</b> The CBS can offer more attractive terms than a commercial operator</p>
Void periods between tenants.	Any closure of the pub between tenants will mean we are not receiving rental payments, which will have a negative impact on our cash flow (with the attendant risk of not being able to meet loan repayments). Additionally, this is likely to drive customers away, some of whom may not return.	<p><b>1. Ensure tenant is incentivised and motivated to stay.</b> In part addressed through fair rent and free house status that improve profitability.</p> <p><b>2. Support tenant.</b> We will assist the tenant where possible with marketing, voluntary help (e.g. stop-gap cover for bar staff, garden maintenance, etc).</p> <p><b>3. Contingency.</b> We have allowed for an initial period of three months without rent, and a further three-month period in Year 4 in case we have to find a new tenant.</p> <p><b>4. Volunteer cover.</b> In the event of a void, the CBS can continue operating the pub with volunteers</p>

Pub fails to operate at forecast level of turnover.	Rent is based on a percentage of turnover, therefore poor trading may impact our ability to generate a sufficient surplus to make improvements to the property and pay interest to members, and in the worst case could jeopardise our ability to service any debt.	<p><b>1. Business case based on realistic assumptions.</b></p> <p><b>2. Appointment of high quality tenants.</b> See Risk 1 above.</p> <p><b>3. Rent ‘collar’.</b> We will set a minimum rent that ensures we can meet our known expenditure (principally mortgage payments).</p> <p><b>4. Regular reviews with tenant.</b> We will work closely with the tenant to anticipate any problems early and identify/support action plans to maintain business levels.</p>
Higher than anticipated outgoing.	The main outgoing over which we will have limited control is unexpected property maintenance and improvement costs.	<p><b>1. Survey and valuations prior to purchase.</b> Any purchase offer will be subject to the findings of a structural survey, which will ensure we have visibility of likely maintenance issues (and may be a topic for price negotiation).</p> <p><b>2. Estimates prior to purchase.</b> Due to the extensive works needed, we have obtained quotes and costings prior to purchase.</p> <p><b>3. Contingency.</b> We have included a significant sum for unexpected expenditure in the first few years.</p>
The pub cannot sustainably trade profitably.	The pub may be forced to close.	<p>Our whole business plan has been developed to avoid this occurrence, which we believe to be a highly unlikely scenario. In the extreme situation that the pub cannot be run successfully (or sold) as a going concern and is forced to close then the value of the property for residential use will almost certainly be significantly higher than the purchase price. In this scenario the Society would be able to pay off its debts and refund the members and, by virtue of the Asset Lock, should be in a position to make a substantial contribution to other local community enterprises.</p>

## 4 . Financials

### 4.1 Summary

The Society will own the pub and will let it to a tenant who will run the pub business. The core economics of our business as a property owner, therefore, revolve around the primary source of income (rent payments) vs. outgoings (building maintenance, mortgage payments, shareholder interest where possible, and other overheads). In addition, we need to build a reserve over time in case members need to withdraw their shares, and to provide for property improvements to support business growth. Therefore we do not envisage the ability to pay interest on Member Shares.

We firmly believe that the business will be profitable, but in the unlikely event that it is not, the Society will own a valuable asset – i.e. the building and land associated with it – which could be sold in order to return funds to investors.

The operating economics of the pub as a licensed business are important because the rental income we will receive to cover our outgoings will be linked to the overall turnover of the pub, and these have been analysed in depth in Morgan & Clarke's business feasibility study (as discussed above).

Our financial forecasts for Years 1 to 5 are set out in some detail below in the Profit and Loss, Cash Flow, and Balance Sheet projections. These forecasts are our best estimates at the current time on the basis of a set of conservative assumptions.

#### **Key Assumptions**

- Purchase price will be £400,000
- Total initial capital required will be approximately the £400,000 purchase price (excluding £7,500 stamp duty) and £289,320 for full renovation plus ancillary and start-up costs
- Minimum community share capital raised will be £250,000
- Commercial mortgage/social investor loan of up to £250,000 over 20 years may be considered (depending on amount raised through share capital and grant funding)
- Rent is fixed for Years 1 & 2, thereafter charged at 10% of actual turnover
- Twelve months without rental income on completion of the purchase to allow for appointment of tenant and completion of minor works
- Three months without rental income at the start of Year 4, in case we need to find a new tenant
- It not considered interest will be payable on shares, however if our performance permits we will of course start paying interest
- The Society will consider VAT registration and be able to reclaim VAT during renovation works if this is considered beneficial
- We have used the most conservative forecasts as a benchmark in order to demonstrate the viability of the project



We have received confirmation that the purchase of the pub will not be subject to VAT and so this has not been included. However, VAT will be applicable on many costs associated with the renovation works, and so has been included in these budget lines. We will consider VAT registration during this period if it is deemed to be beneficial.

#### 4.1.1 Initial purchase, refurbishment and start-up costs

A full breakdown of the project costs is available in the Appendices, however a summary of the costs for each phase of the project is

	£
Building purchase	400,000
Stamp duty	7,500
Refurbishment and fitting out	205,000
Purchase and renovation contingency	40,000
<b>Total Capital costs</b>	<b>£652,500</b>
Start up costs	36,933
Start-up cost contingency	7,387
<b>Total Start-up costs</b>	<b>£44,320</b>
<b>Total Capital</b>	<b>£696,820</b>

Whilst the price is agreed in principal at £400,000, this is subject to final agreement.

We have received an estimate of £205,000 for full refurbishment, based on the report of the quantity surveyor and discussions so far with surveyors and architects, as set out in the detailed Costs Plan in the Appendices. We have also added a contingency of £41,000 (20%). This gives us a total initial capital cost of £652,500.

On initial assessment however it is considered that a minimum additional amount of £150,000 is needed above the asking price to cover minimum refurbishment requirements to re-open, albeit with a more limited offering, as well as ancillary and start-up costs. In these circumstances, additional grant funding will be sought to complete all requisite works following completion of ownership transfer to the community.

We have also included £44,320 to cover all start-up costs (including the costs of professional fees, raising finance, energy and water bills during the refurbishment period) plus a contingency to meet unforeseen costs. Our estimates are based on professional advice and the costs seen in similar ventures.

### 4.1.2 Initial funding sources

To reach our funding target of approximately £696,820 a maximum grant funding of £300,000 is available. This funding comes from:

- Community Ownership Fund - Up to £250,000 match funding for capital costs and up to £50,000 towards start-up costs and first year operational costs

We are forecasting an optimum share raise of £400,000 with a maximum of £600,000. This seems achievable based on existing pledges of nearly £300,000, plus 100 other people also interested in investing. In addition, several individuals have approached BICBS after the pledge window closed offering significant investment. We are also looking at other grant options available.

Should we not reach £696,820 through the initial share raise and grant funding, we may seek a commercial mortgage or social investor loan of up to £250,000 to cover costs of renovation and start up, likely through the Charity & Co-Operative Ownership Fund administered by the Co-Operative Bank which is accounted for in our forecasts. As confirmed in this plan however, a loan of a reduced amount of £150,000 would achieve the minimum level of renovation works for the pub to full re-open with a tenant, albeit with reduced spending on the renovations.

	Minimum	Base case	Optimum
Shares	£250,000	£300,000	£500,000
Social Investor/ Loan	£150,000	£150,000	-
Grants	£150,000	£250,000	£200,000
<b>Total</b>	<b>£550,000</b>	<b>£700,000</b>	<b>£700,000</b>

These scenarios are stated to demonstrate the mixed effect of the different sources of funding available, with the minimum being the lowest number of share sales possible to still bring the pub into community ownership and demonstrate a financially viable business. However, we do not wish to seek such levels of commercial financing as stated previously and therefore our base case above presents a much-preferred option, enabling the vast majority of post-acquisition works to be completed. The maximum stated option demonstrates a potential split which would enable the project to achieve all stated aims, as well as offer the most preferable returns to the CBS due to the absence of any commercial finance being required.

### 4.1.3 Income

Having raised capital, the Society's sole source of income will be the rent paid by the tenant.

We have carefully modelled what we think are reasonable assumptions of the pub's likely turnover based on its trading history over the last few years prior to closure, and on the expectation that the right tenant will be able to grow the business significantly

from its previous levels of trade and taking into account feasibility report findings. We will also be significantly increasing the number of covers available in the pub, from circa 30 to 50, also increasing the potential revenue available. However, we have not accounted for these potentials for growth in order to establish, for the first few years anyway, an initial conservative baseline.

In addition, we have consulted with several experienced and successful local pub operators who have confirmed that our turnover forecasts are conservative and with the right tenant should be readily achieved (and indeed exceeded).

We are therefore conservatively forecasting that turnover in Year 1 will only slightly exceed previous trading levels at the pub (which we know was under-performing) but will be far less than the potential Year 1 turnover identified in the feasibility study prepared for us.

We will of course review our forecasts with prospective tenants as part of the selection process to confirm that our respective business plans are aligned, but on the basis of our detailed research and many discussions with successful operators in the licensed trade we are confident that our assumptions at this stage are realistic.

<b><i>Annualised forecast turnover and rent (£,000's)</i></b>			
<b>Year</b>	<b>Forecast turnover</b>	<b>Rent</b>	<b>Rent as a % of t/o</b>
1	-	-	
2	251	25	10
3	302	25	8
4	348	35	10
5	389	39	10
6	405	40	10
7	415	41	10
8	425	42	10

The business plan and cash flow figures assume that we will receive no rent in the first year to allow for refurbishments and potential delays in appointing the tenant.

We have assumed the pub will achieve a reasonable year-on-year increase in turnover, commencing with a level below previous trading figures, until Year 6 at which point the pub will then be at a sustainable 'steady-state' level of trade once the tenant has rebuilt its reputation and developed its customer base. Subsequent increases in turnover have been modelled using the Office of Budget Responsibility's forecast rate of inflation. As with our forecast for turnover in Year 2, our growth projections are based on the feasibility report and knowledge of trading levels previously seen at the pub under more successful tenants than recently, and on the views expressed by local independent commercial pub operators.

Rental levels typically vary from 10% to 14% of turnover in the pub sector. We aim to set our rent at the lower end of this range to promote a sustainable business for the tenant and the community. For the first two years we will set a fixed rent to provide the tenant with a degree of certainty on their outgoings as they establish themselves and develop the business. From Year 3 onwards rent will be set at 10% of turnover. Rent will be payable quarterly in advance, with an annual 'true-up' payment to reflect actual turnover achieved (based on certified accounts).

#### 4.1.4 Outgoings

##### **Mortgage Payments**

Our preferred position is to avoid the need for a loan as this will represent an ongoing risk to the enterprise, but if we are unable to raise sufficient funds through the community share offer and grants then, in the worst case scenario, we will make up the shortfall through a commercial mortgage or social investor loan. In the event that we do need to take out a mortgage, this will be for the smallest amount necessary that allows us to refurbish and re-tenant the pub.

Depending on the funds raised, we have obtained phased plans for the renovations should this be needed where all work cannot be funded from the outset. We would therefore consult with members to determine any appropriate level of commercial finance, based on the option of a phased refurbishment approach.

For the purposes of this business plan, we have assumed that in a scenario in which we need to take out a loan, on a commercial basis, that will be repaid over a maximum of a 20-year period. This therefore provides the 'worst case' scenario to demonstrate the viability of this project.

##### **Property Upkeep**

As owners of the pub we will need to maintain the assets (land and buildings) to uphold their value and ensure that the pub can operate. Although the tenant will have clearly defined obligations for the upkeep of the pub (these will be specified in the tenancy agreement) it is reasonable to assume that the Society will incur costs for some level of ongoing maintenance. We have budgeted £5,000 pa for this. As a community initiative we hope and expect that members will want to help minimise maintenance costs by volunteering to undertake as much minor maintenance as is practicable, such as the community facilities and outside spaces.

##### **Other Overheads**

Recurring costs will include professional fees (e.g. accountancy costs, annual FCA fee, and Plunkett Foundation membership), building insurance, indemnity insurance etc.

In addition, there will be a number of one-off start-up costs including stamp duty, legal fees, surveys, etc. that have been allowed for in the financial plan. To date we have

incurred expenses on a valuation and feasibility survey, Community Benefit Society registration, membership of the Plunkett Foundation, website development and hosting, and other minor items such as printing. We have been helped in meeting some of these costs by the £4,000 donation from Brockweir CIC, £1,200 donation from Hewelsfield and Brockweir Parish Council and so far, circa £2,000 in profit from fundraising events.

### **Interest Payments to Members**

Should the CBS generate a surplus it is permitted to pay a modest interest to members. However, due to the start-up costs involved it is considered this will not be feasible and we have developed our financial modelling on this basis. If financial performance permits, the Society will look to start making interest payments, but our modelling assumes this will not be the case.

Interest payments will be considered each year as part of the annual review process, and any interest payment proposals from the Management Committee will be put to the Annual Members Meeting. Levels of interest payments will be set in accordance with the Society's rules which specify the maximum interest that we are allowed to pay (not more than Bank of England Base Rate plus 2%).

### **Share Withdrawals**

As noted earlier, our financial model indicates that it is unlikely that we will be in position to allow withdrawals to investors, but this may change in the light of better than-projected performance. A future board may decide to undertake new capital raises and dedicate some or all of this new investment to allow existing investors to exit, but we have not made provision for this at this stage.

As set out in the Society's rules, it should be noted that withdrawals will only be permitted if sufficient surplus funds exist, and then only at the Management Committee's discretion. This is consistent with the expectation that investing in the pub is a long term investment in the community rather than for personal gain.

Should it be necessary, further share sales in future may be organised to help ensure business continuity.

## 4.2 Previous Trading Figures

### Actual Income

Average per annum 2014 - 2016:  
(GBP)

<b>Revenues:</b>	<b>£</b>
Gross Sales:	210,219
Cost of Goods Sold:	104,257
<b>Gross Profit:</b>	<b>£105,962</b>

### Expenses:

Sales and Marketing	397
Insurance	1,238
Legal and Professional Services	2,576
Bookkeeping	0
Utilities	9,753
Repairs and Maintenance	6,098
General Office	3,478
Entertainment	98
Licences	551
Salaries and Benefits	34,236
Bank Fees	1,089
Interest	2,397
Miscellaneous Expenses	13,870
<b>Total Expenses:</b>	<b>£75,783</b>
<b>NET INCOME (Before Tax):</b>	<b>£30,178</b>

### Notes:

- All figures above are based on the actual reported figures, averaged for the years 2014 – 2016. This represents a conservative baseline.
- There was a significant drop of net profit in 2016 from all previous years which *significantly* reduced the average figures. As such, it is anticipated profits should be significantly higher than as above.

- Figures year on year varied dramatically. This was largely caused by irregular opening hours between 2015 and 2016.
- Previously, the pub only had space for 30 food covers, severely limiting income potential
- Figures stated have not been subject to any inflationary increase
- As previous owner lived at the property, the net income is the amount of income after all usual living expenses

It is important to note that the previous owners did not vacate the pub due to any financial reasons, and simply wished for a change in lifestyle, and so relocated overseas. By their own admission, the pub was not well run in its last few years of operation and so it is important to stress the figures stated above are considered to be the absolute minimum achievable, and no account for inflation, regular and consistent opening hours, cost uprisers or the significant improvements to the building and number of covers have been included.

As at the date of publication, The Consumer Price Index puts inflation from 2019 to present at 18.5%<sup>2</sup>, meaning the average turnover above today would be circa £249,000.

If we were to then take 50% of the turnover as food, and increase this by the 40% increase in covers, that alone brings the anticipated turnover to circa £299,000 even before all other factors are considered.

Guidance from the British Beer and Pub Association, as well as the Sprosen Grosvenor report confirm that a Gross Profit Margin ('GPM') of 65% of turnover is reasonably to be expected (excluding accommodation). Given the previous trading figures show a GPM of 50%, it is considered the gross profit (pre inflation and pre improvements) would increase Gross Profit on the previous trading figures to £136,640 per annum.

If we add to this inflation and a 40% uplift on food sales, a Gross Profit of circa £194,300 is obtainable based on an initial turnover of £298,930 .

Based on these facts, we are fully confident in achieving a first year turnover of £250,000 and very confident of this being closer to £300,000. This is based on the fact the pub previously achieved this, under lesser circumstances. However, we have utilised the lower figures below as a lowest level baseline .

### 4.3 Predicted Trading figures

These figures are included to demonstrate the relative income a prospective tenant can expect to receive.

Due to the nature of the building, and its mixed history of offering B&B accommodation, we have sought to provide examples based on both circumstances. This not only

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<sup>2</sup> <https://www.bankofengland.co.uk/monetary-policy/inflation/inflation-calculator>



demonstrates the income potential of the pub, but demonstrates to prospective tenants the varying income levels depending on their intended use.

#### 4.3.1 Scenario 1 : No B&B Accommodation

##### Tenant Profit and Loss Forecast

##### Food & Drink Sales (No B&B)

	Year 1 £	Year 2 £	Year 3 £	Year 4 £	Year 5 £
<b><u>Sales Revenue</u></b>					
Food Sales	-	150,000	180,000	207,000	231,000
Wet Sales	-	100,000	120,000	138,000	154,000
B&B	-	-	-	-	-
Events/Specials	-	1,000	2,000	3,000	4,000
<b>TOTAL REVENUE</b>	<b>-</b>	<b>251,000</b>	<b>302,000</b>	<b>348,000</b>	<b>389,000</b>
<b><u>Costs</u></b>					
Food	-	75,000	90,000	103,500	115,500
Wet sales	-	60,000	72,000	82,800	92,400
B&B	-	-	-	-	-
Events/Specials	-	500	1,000	1,500	2,000
<b>TOTAL DIRECT COSTS</b>	<b>-</b>	<b>135,500</b>	<b>163,000</b>	<b>187,800</b>	<b>209,900</b>
<b><u>Overheads</u></b>					
Rent	-	25,000	25,000	34,800	38,900
Advertising	-	500	500	700	700
Salaries	-	30,000	32,000	34,000	35,000
Insurance	-	2,000	2,000	2,500	2,500
Rates	-	3,370	3,370	3,370	3,370
Utilities	-	10,000	10,000	11,000	11,000
Legal and professional	-	2,600	2,600	2,800	2,800
Bank fees	-	1,200	1,400	1,600	1,800
Sundries	-	5,000	5,000	6,000	6,000
<b>TOTAL OVERHEADS</b>	<b>-</b>	<b>79,670</b>	<b>81,870</b>	<b>96,770</b>	<b>102,070</b>
<b>NET PROFIT/(LOSS)</b>	<b>-</b>	<b>35,830</b>	<b>57,130</b>	<b>63,430</b>	<b>77,030</b>

### 4.3.2 Scenario 2: With B&B Accommodation

#### Tenant Profit and Loss Forecast Food , Drink & B&B Sales

	Year 1 £	Year 2 £	Year 3 £	Year 4 £	Year 5 £
<b><u>Sales Revenue</u></b>					
Food Sales	-	150,000	180,000	207,000	231,000
Wet Sales	-	100,000	120,000	138,000	154,000
B&B	-	53,200	53,200	53,200	53,200
Events/Specials	-	1,000	2,000	3,000	4,000
<b>TOTAL REVENUE</b>	<b>-</b>	<b>304,200</b>	<b>355,200</b>	<b>401,200</b>	<b>442,200</b>
<b><u>Costs</u></b>					
Food	-	75,000	90,000	103,500	115,500
Wet sales	-	60,000	72,000	82,800	92,400
B&B	-	10,640	10,640	10,640	10,640
Events/Specials	-	500	1,000	1,500	2,000
<b>TOTAL DIRECT COSTS</b>	<b>-</b>	<b>146,140</b>	<b>173,640</b>	<b>198,440</b>	<b>220,540</b>
<b><u>Overheads</u></b>					
Rent	-	25,000	25,000	40,120	44,220
Advertising	-	500	500	700	700
Salaries	-	30,000	32,000	34,000	35,000
Insurance	-	2,000	2,000	2,500	2,500
Rates	-	3,370	3,370	3,370	3,370
Utilities	-	10,000	10,000	11,000	11,000
Legal and professional	-	2,600	2,600	2,800	2,800
Bank fees	-	1,200	1,400	1,600	1,800
Sundries	-	5,000	5,000	6,000	6,000
<b>TOTAL OVERHEADS</b>	<b>-</b>	<b>79,670</b>	<b>81,870</b>	<b>102,090</b>	<b>107,390</b>
<b>NET PROFIT/(LOSS)</b>	<b>-</b>	<b>78,390</b>	<b>99,690</b>	<b>100,670</b>	<b>114,270</b>

### 4.3.3 Notes on trading figures

- Assumed 60/40 dry/wet trade as per industry standard
- Assumed gross margin on dry food at 50% and 40% on wet sales as per industry standard
- B&B rooms based on £120 per night (same rates as the local Wye Valley Hotel) and at 74% annualised occupancy<sup>3</sup>, and being available 300 days of the year

## 4.4 BICBS Financial projections

A benchmark is provided by Greene King Pubs who have written a business planning article on their website aimed at people looking to run one of their pubs. It gives benchmarks of £8,000 per week for a “[drinks-led] community pub”.

We understand from experienced advisors that turnover is required to be between 7 and 10 times the rental value to make a public house premises commercially viable. In our case, we are assuming an initial rent of £25,000 per year, which would equate to a required turnover of £175,000 to £250,000 per year. Based therefore even on the previous trading figures, including poor years, the turnover is well within this bracket.

Putting together these income and expenditure figures we have prepared a profit and loss forecasts for the first five years of the Society’s operation. In order to show viability we have produced these reports on the basis of the tenant living on site and offering no B&B accommodation. Again, this is to demonstrate the viability of the business.

Full copies of our projected Profit & Loss accounts, Cash Flow Forecasts and Balance Sheets can be found in the Appendices.

We have compiled three example scenarios to demonstrate the effect of mixed funding success:

	<b>Share Capital</b>	<b>Grant funding</b>	<b>Loan</b>	<b>TOTAL</b>
<b>1</b>	£250,000	£150,000	£150,000	£550,000
<b>2</b>	£300,000	£250,000	£150,000	£700,000
<b>3</b>	£500,000	£200,000	-	£700,000

### Notes

In order to demonstrate the effect of commercial borrowing on the project, the following amounts would be available for renovation in each scenario:

- Scenario 1: £100,000 (enabling ‘Day 1’ renovations)
- Scenario 2: £205,000 (enabling ‘Day 2’ renovations, with loan required)
- Scenario 3: £205,000 (enabling ‘Day 2’ renovations, without loan required)

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<sup>3</sup> <https://www.visitbritain.org/research-insights/england-hotel-occupancy-latest>

#### 4.4.1 Scenario 1: Minimum Share and Grant success

##### Profit & Loss

	Year 1	Year 2	Year 3	Year 4	Year 5
	£	£	£	£	£
Income	9,200	25,000	25,000	25,900	38,900
Expenditure	43,560	45,296	26,950	26,640	26,403
Taxation	-	-	-	-	-
Profit/(Loss) after Taxation	<b>(34,360)</b>	<b>(20,296)</b>	<b>(1,950)</b>	<b>(740)</b>	<b>12,497</b>

##### Cash Flow

	Year 1	Year 2	Year 3	Year 4	Year 5
	£	£	£	£	£
Inflow	559,200	25,000	25,000	25,900	38,900
Outflow	547,011	41,511	23,451	23,451	23,551
Net In/(Out)Flow	<b>12,189</b>	<b>(16,511)</b>	<b>1,549</b>	<b>2,449</b>	<b>15,349</b>
Balance carried Forward	<b>12,189</b>	<b>(4,322)</b>	<b>(2,773)</b>	<b>(324)</b>	<b>15,025</b>

##### Balance Sheet

	Year 1	Year 2	Year 3	Year 4	Year 5
	£	£	£	£	£
Assets	362,539	338,878	333,277	328,576	336,775
Liabilities	146,899	143,534	139,883	135,922	131,624
Shareholders Funds	<b>215,640</b>	<b>195,344</b>	<b>193,394</b>	<b>192,654</b>	<b>205,151</b>

#### 4.4.2.Scenario 2: Medium Share and Grant success

##### **Profit & Loss**

	Year 1	Year 2	Year 3	Year 4	Year 5
	£	£	£	£	£
Income	9,200	25,000	25,000	25,900	38,900
Expenditure	44,460	46,196	27,850	27,540	27,303
Taxation	-	-	-	-	-
Profit/(Loss) after Taxation	<b>(35,260)</b>	<b>(21,196)</b>	<b>(2,850)</b>	<b>(1,640)</b>	<b>11,597</b>

##### **Cash Flow**

	Year 1	Year 2	Year 3	Year 4	Year 5
	£	£	£	£	£
Inflow	709,200	25,000	25,000	25,900	38,900
Outflow	692,011	41,511	23,451	23,451	23,551
Net In/(Out)Flow	<b>17,189</b>	<b>(16,511)</b>	<b>1,549</b>	<b>2,449</b>	<b>15,349</b>
Balance carried Forward	<b>17,189</b>	<b>678</b>	<b>2,227</b>	<b>4,676</b>	<b>20,025</b>

##### **Balance Sheet**

	Year 1	Year 2	Year 3	Year 4	Year 5
	£	£	£	£	£
Assets	411,639	387,078	380,577	374,976	382,275
Liabilities	146,899	143,534	139,884	135,923	131,625
Shareholders Funds	<b>264,740</b>	<b>243,544</b>	<b>240,693</b>	<b>239,053</b>	<b>250,650</b>

#### 4.4.3.Scenario 3: Maximum Share and Grant success

##### Profit & Loss

	Year 1	Year 2	Year 3	Year 4	Year 5
	£	£	£	£	£
Income	9,200	25,000	25,000	25,900	38,900
Expenditure	32,710	34,710	16,650	16,650	16,750
Taxation	-	-	433	3,477	5,928
Profit/(Loss) after Taxation	<b>(23,510)</b>	<b>(9,710)</b>	<b>7,917</b>	<b>5,773</b>	<b>16,222</b>

##### Cash Flow

	Year 1	Year 2	Year 3	Year 4	Year 5
	£	£	£	£	£
Inflow	709,200	25,000	25,000	25,900	38,900
Outflow	676,160	25,660	7,600	8,033	11,177
Net In/(Out)Flow	<b>33,040</b>	<b>(660)</b>	<b>17,400</b>	<b>17,867</b>	<b>27,723</b>
Balance carried Forward	<b>33,040</b>	<b>32,380</b>	<b>49,780</b>	<b>67,647</b>	<b>95,370</b>

##### Balance Sheet

	Year 1	Year 2	Year 3	Year 4	Year 5
Assets	476,490	466,780	475,130	483,947	502,620
Liabilities	-	-	433	3,477	5,928
Shareholders Funds	<b>476,490</b>	<b>466,780</b>	<b>474,697</b>	<b>480,470</b>	<b>496,692</b>

#### 4.4.4 Notes on Financial Modelling

**The models above are indicative and provided in order to show the effect of mixed funding on the project, and to demonstrate its viability.**

We have deliberately used mixed project costs as opposed to just the predicted total project costs of £696,8200 above given the scope for amendments to the renovation. Our surveys have shown that with funding of approximately £150,000 on top of the purchase price (approximately £100,000 for renovations plus ancillary costs), thus only a total of £550,000 the pub could re-open and provide a full service. We have therefore set the minimum amount for modelling purposes at £650,000 to ensure almost all works, being 'Day 1' works, and especially those linked to income generation such as

kitchen installation, can be completed. This ensures that all income projections are therefore consistent across the models produces.

If we therefore only achieve our minimum Share Offer capital raise of £250,000, we would be dependent on grant funding of £150,000 (minus any contributions from fundraising activities) for the project to proceed. It is for this reason we have modelled Scenario 1 above to show the 'worst case' scenario remains completely viable.

However, in order to provide the full pub we envisage for the community and based on the feedback so far, approximately £700,000 is required. This is due to the large scope of options available in the renovation phase of the project. It is therefore impossible to provide all potential options, and the affects this would have on the Society and its Members given the number of variables between funding sources and levels of renovation.

Our financial modelling is based on the following key assumptions:

1. Modelling is based on a Mortgage payment calculations have used PMT formula and are based on 8.5% lender's interest rate
2. All figures based on Tenant residing at property. Income will be significantly higher if rooms are available to let
3. All projected incomes from grants, loans and shares are indicative and so, of course, a mixture is likely to be required. However, as is demonstrated, the more capital costs which can be raised through shares and grants the better for the immediate success of the project.
4. Closing balance assumes no payouts – either in mortgage capital repayments (if applicable) or shareholder dividends/interest
5. Grants and depreciation of the property have been treated as per FRS102:
  - a. Capital Grants have been netted off against the relevant capital expenditure; and
  - b. The resultant net property cost has been depreciated over 50 years.

We expect to spend most of the capital raised during Year 1. This comprises the purchase price and stamp duty, various other start-up expenses, mortgage payments, initial maintenance and improvements, restocking etc.

As can be seen, it is only with Scenario 1 that at any stage the project will have a shortage of cash flow of approximately £1,300 at its peak in Year 2. It is envisaged that the ongoing fundraising activities already planned throughout May - October will cover this shortfall. In this scenario, we would also consider alternative fundraising given the relatively low cost, including additional fundraising activities in order to maintain a positive balance. In the worst case scenario, we will obtain a short term overdraft facility or other lending requirement to cover this period.

Although we will apply for grants of up to £300,000, for the purposes of this business plan we have not included any potential full awards. If however a significant excess is obtained through the mixed funding (save for commercial loans) it would be for the grant funders to reduce their award appropriately. If however any excess funds are

remaining, for example if renovations come in under budget, it will be for BICBS to determine what to do with the funds, which could include:

- Funding alternative community projects
- Early repayment of shares

## 5. Brockweir Inn Community Benefit Society: Governance and Competence

Brockweir Inn Community Benefit Society Limited ('BICBS') is a community benefit society that has been formed to purchase and secure the future of a community pub for the benefit of the community. It is registered with the Financial Conduct Authority (registration number 9278) using a set of pre-approved model rules developed by The Plunkett Foundation (a charity that has been helping communities to set up and run community-owned enterprises since 1919). Its registered address is Manor House, Brockweir, Monmouthshire, NP16 7NG.

Community Benefit Societies are democratically run by their members. Every member will have one vote, regardless of how much they invest, on decisions affecting the running of the Society. Membership gives you the right to:

- Attend AGMs and other meetings and have our say on the running of the organisation.
- Elect the Management Committee at the AGM
- Stand for election to the Management Committee

Purchase of shares will confer membership of the BICBS, giving members community ownership. Members control over the business through the annual election of a Management Committee as well as voting rights on significant issues at regular meetings. Community benefit societies are by law intended to be democratic organisations, and all members will have one vote, regardless of the size of their shareholding, and the Society will have the protection of limited liability. Any individual or business will be able to become a member on acquisition of shares, subject to being over 18. Further information on eligibility and how to become a member is available in the share offer prospectus document.

The key factors that will contribute to our success are:

- Community involvement in the BICBS to oversee, maintain and improve the property, and to ensure community support for, use of, and input into, the future success of the pub
- Investing any surplus profits in improving the pub and its facilities for the benefit of the community, and possibly paying a modest level of interest to all members.

In addition, a Community Benefit Society can only use its assets for the benefit of the community it represents. The Asset Lock ensures that should the Society achieve a surplus beyond that required to meet its liabilities, improve the facilities and ensure the future of the business, this surplus may be made available for distribution to other



community or charitable projects. If the CBS is dissolved, any assets left over when it has paid off its debts and returned capital to its members must go to another organisation which exists for community benefit (and which has the same asset lock). Specifically, any such surplus cannot be used to benefit the members as individuals (other than for modest payments of interest to investors, usually 2% above Bank of England Base Rate). Asset locks are a defining feature of community shares, because they remove the scope for members to make speculative capital gains resulting from the dissolution, disposal or conversion of the society into a company.

The Management Committee has been formed by people within the community who have the relevant skills and knowledge to organise the initial phase of purchasing and refitting the pub. The Management Committee will organise and promote the initial Community Share Offer, grant application, purchase and refurb of the pub, and prepare it for opening. Thereafter, a Management Committee, which will be drawn from the members of BICBS through elections, will be elected to represent the BICBS. The Management Committee will be in place for the opening of the pub with the tenant in situ.

A copy of the Rules of the Society can be found on our website or can be requested from a member of the Management Committee.

## 5.1 Limited Liability

The Society is a limited liability entity. This means that the most a member can lose is the amount originally invested. Investors will not be liable for any activities of the tenant – for example, if they run up huge bills and then disappear.

## 5.2 Management Structure

The Brockweir Inn Community Benefit Society Limited (BICBS) is an incorporated enterprise established by the ‘Save The Brock’ project team who are its founding members. Very early on we asked people who wanted to be involved about their skills and experience. We discovered the group already had an excellent broad range of skills and experience, including a number of people who had worked in the pub. We considered the range of skills and experience we would need to deliver the project. We identified skills gaps we were missing, specifically:

- Accountancy/treasurer
- Marketing
- Community project management

We enquired in the area for people with these skills, and as can be seen from the personnel now involved, have been able to fill these gaps.

The first members of the BICBS are those who signed the application for FCA registration, with several new members who have subsequently joined the group named the Management Committee.

The first members of the Society are those who signed the application for FCA registration, with several new members who have subsequently joined the group. These members form the first Management Committee that will then serve until the first Annual Members Meeting, which will be held as soon as is practicable after opening of the pub. Members of the Management Committee must be selected from Members of the CBS i.e. members.

Our start up provisions, as confirmed in our Society's Rules, require that all members of the first Management Committee will retire at the first Annual Members Meeting, although they are eligible to stand for re-election. The newly elected Management Committee will take office immediately after the conclusion of that meeting, and the following provisions will apply to them:

- One third of those so elected, who obtained the highest number of votes, shall serve until the conclusion of the fourth Annual Members Meeting.
- One third who obtained the next highest number of votes shall serve until the conclusion of the third Annual Members Meeting.
- The remainder of those elected shall serve until the conclusion of the second Annual Members Meeting.

Thereafter, elected members of the Management Committee hold office for a period of three years commencing immediately after the Annual Members Meeting at which their election is declared, and ending at the conclusion of the third Annual Members Meeting after that.

The Management Committee is responsible for managing the affairs of the Society in exactly the same way as the board of directors is responsible for managing the affairs of a limited company.

The Management Committee will:

- Monitor and manage the Society's financial affairs for the benefit of the community
- Oversee the lease and manage the relationship between the Society and the tenant
- Appoint new tenants should that be necessary
- Ensure that the Society complies with all applicable regulations

We will lease the pub business to a tenant who will run the pub and pay rent to the Society. The Management Committee will set the broad policy direction for the business and agree specific standards with the tenant, including certain aspects which community feedback has shown to be important. These will include, for example, an obligation to provide locally brewed beers, to maintain the character and ambience of the Brockweir Inn as a traditional village pub, and to promote additional amenities that are beneficial to the community. Beyond that, however, the tenant will be left to manage and operate the business as they see fit. The Management Committee will not get involved in or interfere with the day to day running of the business, or attempt to micro-manage the pub.

The members of the Management Committee are equally responsible in law for committee actions and decisions. They are collectively responsible and accountable for ensuring that the organisation is performing well, is solvent and complies with all its obligations.

In order to protect the Society we will take out 'Director & Officer' liability insurance for the Management Committee and Secretary.

The Management Committee will provide all members with an annual report which will set out the key financial statements together with a report of the society's activities during the previous financial year, and any plans for the following year. It is a requirement that on an annual basis the finances and an annual return are made to the FCA, and this will be the responsibility of the BICBS Secretary.

### 5.2.1 Management Committee members

All of our Management Committee live within Brockweir or its immediate surrounds. Everyone is committed to the success of the project. The team is functioning strongly together, respecting the varied backgrounds and knowledge of the members, and utilising the range of skills, experience and professional knowledge available to us.

The initial Committee is as follows:

- **Lise Brekmoe (Heritage)**  
Lise has lived in Brockweir since 2012, having grown up and studied Archaeology in Norway before moving to the UK in 2006.  
Lise has worked for several museums and heritage projects and is now the Interpretation and Research Officer for Monlife Museums. Lise brings a wealth of experience in the heritage sector, including a background in managing funding applications and projects, especially those involving large community engagement.
- **Alison Crawshaw (Community engagement)**  
Before moving to Hewelsfield Alison lived in the Brecon Beacons where she initially managed Youth Hostels for the YHA. After the YHA, she set-up her own business working with local community groups. Since moving to Hewelsfield 12 years ago she has set up her own business working with tourism in the area and also freelanced with Lydney Town Council on project work, fundraising and grant applications. Alison therefore brings significant experience in community engagement work and an in depth knowledge of local tourism.
- **Henry Morland (Chair)**  
Henry Morland has lived in the lower Wye Valley for nearly twenty years. Having enjoyed many happy times in the lovely Brockweir pub, he and his family moved to the village in 2011 with their three sons, who've grown up in Brockweir. Professionally, Henry has extensive commercial experience, including as a board director, focused on building effective teams and establishing sound

governance in fast-growing businesses. A passionate believer in the role of enterprise in sustaining local culture and identity, Henry hopes that a Brockweir Inn reborn under community ownership can sit at the heart of a thriving village for generations to come.

- **Andy Plummer (Treasurer)**

Andrew has lived in the community since 2002 and has significant experience in community projects, including as a Director of St Briavels Assembly Rooms where he oversaw the £200,000 renovation project between 2008 and 2012. Andrew is a Chartered Accountant by profession. He qualified with Deloitte Haskins and Sells and has worked as Finance Director of several companies including Frenchay Healthcare NHS Trust where he managed a team of 70 staff. Since Frenchay, Andrew has taken on roles as CEO and Executive Chairman of two multi-million pound businesses, before selling the last business and retiring. He now wishes to use his skills to help the community. Andrew's financial experience will ensure that all accounting and financial governance is thoroughly covered.

- **David Rodney (Marketing)**

David Rodney and his wife, Sally, and their two sons moved to St Briavels in 2001. They have enjoyed living in the Wye Valley over this time and loved going to the Brockweir Inn regularly with family and friends, especially after long walks along the river. David is a professional marketer with extensive experience in retail banking and financial services where he has led and managed teams focused on identifying and delivering solutions for retail consumers. David would love to see the Brockweir Inn reunited with its local people, under a community ownership scheme, to ensure its long-term future.

- **Adam Sinfield (Company Secretary)**

Adam grew up in the village and so has always called Brockweir his home, with the Brockweir Inn being his second home! Having moved to Cardiff to study Law, and being called to the Bar in 2006, Adam eventually returned to the Wye Valley in 2009 with his (now) wife Lise Brekmoe (as above!), initially to Redbrook and then to Brockweir in 2012.

As a lawyer, specialising in employment and related matters, Adam brings his legal skills to the project. However, he also holds other roles of use including being the elected Chair of Hewelsfield and Brockweir Parish Council, a Director of Brockweir CIC (a CIC focussed on organising community events, including the running of bars and food provision) as well as several other Directorships of non-profits. In addition, Adam is also a personal licence holder, so brings a wealth of community (and alcohol/regulated entertainment) experience to the project above his legal expertise and can step in if needed whilst a new tenant is found.

- **Tom Starr (Building and planning)**

Tom Starr has enjoyed living in the Wye Valley experiencing both sides of the river since the early 2000s. The Brockweir Inn has been an important part of enjoying the local area and meeting the communities while being a frequent

meeting place for family and friends as a regular. In particular providing opportunities in participating in fabulous community events often with the pub as the hub. Tom has extensive professional experience within the building sector as a Chartered Surveyor in cost and project management having been a Senior Practice Partner and Construction Development Director. He has a strong focus on the interface of design and procurement to manage projects (including experience in Pubs and retail). Tom is looking to help develop a scheme that leaves a sustainable Brockweir Inn for the village and all the good people that pass through for generations to come.

Where we identified skills or resource gaps we cannot meet from within our volunteer pool, or where independent expertise is essential, we will buy in appropriate expertise, e.g.

- we will need a thorough assessment of the fabric of the building and costs for completion, based on several option studies. We did not have the skills in the group to do this, so this was purchased externally.
- despite having valuation skills in our team, we needed an independent expert valuation of the Brockweir Inn from The District Valuations Office Agency. This gives us, our members, and our grant funders confidence our commercial offer for the pub was at a realistic price and in the financial viability of the pub as a business.
- the lawyer in our group cannot act for us, so we will engage an independent solicitor for property conveyancing and tenancy lease agreement.

Our assessment of our own experience and skills also directly influenced our choice of operating model.

We are also being provided with excellent advice and consultancy by the Plunkett Foundation, a charity that supports communities saving their local businesses. We have joined Cooperatives UK; membership gives us access to member-only resources for advice and guidance.

## 5.3 Members

The community benefit society structure means that any person who buys a share becomes a member of the Society. Each member then has one vote to exercise at the Annual Members Meeting regardless of how many shares they hold.

Members can be elected onto the Management Committee. All members will be provided with an Annual Report, which will set out details of the operation of the Society and how it has developed its activities over the previous year and which will include a report of the accounts. The Rules also provide for a number of other ways in which the membership may hold the Management Committee accountable for the running of the Society, including calling a special general meeting if required.

Corporate bodies can also be members.

The Management Committee will continue to consult with its members, the community, community organisations and businesses to constantly evaluate the management of the business and ensure it is fulfilling its objectives. A detailed community engagement plan is contained in the Appendices.

## 6. Appendices

### 6.1 SWOT Analysis

#### Strengths

- Excellent location at the centre of the village and wider community, and with good access onto nearby bridleways and footpaths including the Offa's Dyke path and Wye Valley walks, as well as the river for canoeists
- A multitude of holiday accommodation within close proximity
- An attractive spacious building with a good-sized bar and restaurant area
- A good reputation in the past for good quality food
- A wide base of regular local customers who we anticipate will quickly return to a well-run and welcoming pub
- The commitment of the wide membership base to use what will be their business and who will encourage their friends and family to use the pub
- The business will own the freehold and will not be tied to any particular brewery or supplier and therefore the tenant will be free to negotiate the best deals for supply of food and drink
- Proximity to Chepstow and Monmouth – with access to a large potential customer base including residents and tourists
- Lack of competition in nearby villages for the same offer of a traditional pub offering good quality reasonably priced food (e.g. The Wild Hare in nearby Tintern has a focus on more up-market dining)
- The Society will appoint an experienced licensee as the tenant to run the business and take all the business risk
- The Society will have the secure income of rent from the tenant

#### Weaknesses

- The pub has not been open and has lost customers to other venues
- The turnover and profitability of the pub declined over the last year of opening
- Extensive renovation work required prior to opening
- Limited car parking

#### Opportunities

- To rebuild its reputation with a new tenant and staff team
- To develop new customer bases including tourists, walkers, cyclists, people in search of locally produced beers and locally sourced, good quality food
- The property has sufficient space available for the dining and kitchen areas to be improved, as funds permit
- Greater engagement with other community organisations, such as supplier sharing
- To provide additional community amenities

#### Threats

- Inability to obtain the necessary financing to conclude the purchase or rejection by the owner of a community bid

- Inability to find and /or retain good tenants
- Unexpected repair costs
- Interest rate increases
- Wider economic environment – reductions in disposable income from the customer base

### 6.1.1 Meeting the Weaknesses and Threats

#### **Attracting lost business**

Once the pub is owned by the community (and we hope at least 100 members will be local residents), the commitment to use the pub and to encourage family and friends to use it will be considerable. This has proven to be the case in many instances of community owned pubs.

We also plan to support the incoming tenant with a marketing/PR campaign aimed at residents of surrounding villages and the wider area and will require that the new tenant's business plan addresses marketing the pub with a well thought out and achievable marketing plan.

Consistent provision of competitively priced good local beer, wine and freshly prepared food using local ingredients, together with reliable opening hours will provide a good basis for re-establishing the reputation of the pub, which should then attract a steady flow of referrals by word of mouth, good TripAdvisor reviews, local newspaper restaurant reviews, etc.

The introduction of events such as regular live events (e.g. folk, jazz, poetry readings, etc), pub sports (e.g. Aunt Sally), lunchtime clubs, shop, café etc.

#### **Profitability**

A fair rent and free house will give the tenant considerable scope to run a profitable business.

#### **Unexpected Repair Costs**

Any offer that the Society makes to purchase the pub will be subject to a structural survey that should identify any serious problems. The financial impact of unanticipated repairs can to some extent be mitigated by using volunteers from the community together with the possibility of grants.

#### **Shareholder withdrawal**

We plan to sell shares and attract loan financing that will lead to a sum being raised to adequately provide for all the budgeted costs of the acquisition and any initial maintenance.

The Society's rules provide that members cannot withdraw their shares in the first three years of the operation of the business, to allow it to establish itself. After that members will be required to give notice as per the Rules if they wish to withdraw shares, and approval will be subject to funds being available and Management Committee



approval. The Committee expect that withdrawals will not be possible and so they will be permanently suspended unless new share capital can be introduced, or where the society's financial performance enables the development of positive net worth through our trading activity.

In practice we do not anticipate that the Society will be in a position to fund any withdrawals without first receiving new capital in order to be able to fund such withdrawal.

### **Interest rate increases**

Interest rates are currently relatively low. The risk of higher interest rates, which would increase our mortgage payments, can be reduced by maximising the community shareholding, and if funds permit reducing the debt through early capital repayment. We will also evaluate the option of a fixed-rate mortgage.

### **The business is unviable**

If despite a sound business plan, vigorous and sustained marketing, and the support of members and other customers, the business does not develop as anticipated, then the Management Committee would be forced to close the pub, sell the assets and repay the original investors, with any residual assets to be used for the benefit of the community. Any funds or resources remaining must go to a registered body such as the village hall, a charity, a CIS or another community business.

This is clearly not an outcome that we seek, nor one that we think is likely, but this possible course of action should give investors some security that in the event of the enterprise being unsuccessful they will recover some or all of their investment. Investors would be at the bottom of any creditors list, and therefore individuals should only invest an amount they can afford to lose.

## **6.1.3 Assessment of the macro-environment**

The challenges identified in section 2.2, and other changes and trends in the macroenvironment can threaten the long-term prospects for the Brockweir Inn business model. These were analysed in a PESTEL model, which identifies the corresponding opportunities that arise.

Threats	PESTEL	Opportunities
With already high, and increasing levels of taxation; high national debt and an impending general election, policies to support rural communities are unlikely to be given sufficient parliamentary time or government resources as other issues are deemed higher priority	<b>Political</b>	Rural communities could be encouraged to resolve their own challenges through increasing community ownership of pubs, shops and services.

<p>1. Cost of living crisis affecting individuals' ability to travel to social events due to high cost of travel and taxis - particularly affects those in rural communities.</p> <p>2. The hospitality industry relies on a high degree of discretionary spend, therefore sits within the categories of industries which suffer in the natural troughs of the economic cycle</p>	<b>Economic</b>	<p>1. Offer local spaces for rural communities to socialise when otherwise not easily serviced by taxis and local bus routes</p> <p>2. Community owned pubs have greater economic resilience due to the local community "being invested" which increases support in difficult times</p>
<p>1. Increasing awareness of food provenance &amp; food miles</p> <p>2. Increasing levels of social isolation of the elderly, particularly with an ageing population</p> <p>3. Increasing levels of mental health problems, particularly in rural and farming communities.</p> <p>4. Rural pubs closing reduces work opportunities for younger people in those areas</p>	<b>Social</b>	<p>1. Locally sourced food delivers transparency of provenance &amp; reduced food miles</p> <p>2. Provide a local space for the elderly to meet and interact</p> <p>3. Provide a local space where those in rural communities can easily travel to and meet others whom they know and may be facing similar challenges</p> <p>4. Rural pubs offer younger people in rural communities the opportunity to work and gain skills / self confidence</p>
Increasing use of social media & generative AI meaning increased tendency for reduced social interactions	<b>Technological</b>	Provide local spaces where visitors can use WiFi but in an environment occupied by other people
Pressure to reduce use of cars adversely affects rural communities	<b>Ecological</b>	Provide local spaces and activities in rural areas that reduce the need for more distant travel
No legal threats identified	<b>Legal</b>	

## 6.2 Competitive Advantage

The Inn has the advantage of being the only public house in the heart of the village. It offers historical links with the church, has a car park and delightful beer garden. The premises are in a picturesque village providing an idyllic setting for ramblers, cyclists and families. Residents and tourists to the area visit the premises all year round.

The Inn can be safely described as one of the area's oldest and prettiest Inns and is well known not only locally but nationwide and abroad. It is full of character and is a fine

example of a pub that you could take visitors to experience a real traditional unspoilt English Country Inn.

The nearest public house to the Inn is approximately a mile from the village, being the Wye Valley Hotel in Tintern which is a roadside operation situated on a busy main road. It isn't that popular amongst local residents as it is some distance from the village and is not easily accessible by pedestrians.

## 6.3 Marketing Strategy – Share Offer

The Share Offer will be marketed vigorously, and will include the following:

- Turn pledges in to share sales
- Public meeting to launch the share offer, with external speakers to support the business case
- House-to-house calls to ensure that as far as possible everyone knows about the share offer and to answer any questions people may have
- 'Drop-in' sessions throughout the share offer period to answer queries from potential investors
- Posters will be put up around the area
- We would also include an animation explaining what a Community Share Offer is to help potential investors understand the concept prior to making an investment.
- Extensive leafleting of the area
- Village news articles in Parish Magazine
- New website (<https://thebrockweirinn.com>) and Facebook page. These will be kept up-to-date with information on the level of share applications and other news
- Local press coverage
- Liaison with prominent figures ( local councillors, MP etc) to encourage wider news publication and information
- Email notifications

Once the Share Offer is closed, it will be important to communicate with the new Investor group and provide the following:

- Update on their investment including a printed Share Certificate detailing the amount invested and the vote that it represents.
- Opportunity to be elected to the Brockweir Inn Management team which is only open to members
- Ongoing communications to all investors updating them on the progress made and key dates
- Regular meetings with members to canvass their views on certain issues, where necessary.

## 6.4 Marketing Strategy – The Brockweir Inn

As there is no other pub in the village there is no immediate direct competition to the pub. However, there are pubs in some of the neighbouring villages, which, whilst they are some distance away, are competitors for the market. They do however address market segments that are differentiated from the offer that we intend to promote for the pub.

Whilst marketing the pub will primarily be the tenant's responsibility, the Management Committee will assist as far as possible in pursuing the following marketing strategy:

**Advertising:** There are numerous residents in Brockweir and the surrounding area who have expertise and / or personal connections which could be helpful to the tenants in marketing the pub. Help could be provided to the tenant for example in devising and developing the pub's website and branding, publicising the pub's facilities and menus (food and drinks) in the wider area, and drawing in media coverage.

**Core pub offer:** feedback from numerous local people has emphasised the potential value of these basic offerings:

- Good and consistent quality food using fresh ingredients at reasonable prices
- Menu to offer a range of pub classics plus a small, changing range of specials including for example local game (in season), fish and vegetarian dishes
- Provision of local craft beers, locally sourced food
- Pub games: e.g. darts, chess, dominoes, Aunt Sally

**Pub is the Hub offer:** central to the aims for the pub is to attract people who may not otherwise use the pub, to provide for and engage a wider community, for example:

- Socially inclusive functions, e.g. coffee and lunch clubs for older / less mobile / disabled people
- Visitors to the Wye Valley and walkers of the Offas Dyke path
- CAMRA members who will be attracted by good local beers in an attractive country pub
- Cycling & walking groups, people who pass the pub but may not currently be attracted to use
- Folk, jazz clubs (we have offers to organise, and will seek sponsors)
- Literary groups, e.g. poetry reading, book groups

## 6.5 Surveys and Valuations

Please see "Documents" section on website

## 6.6 Community Engagement Plan

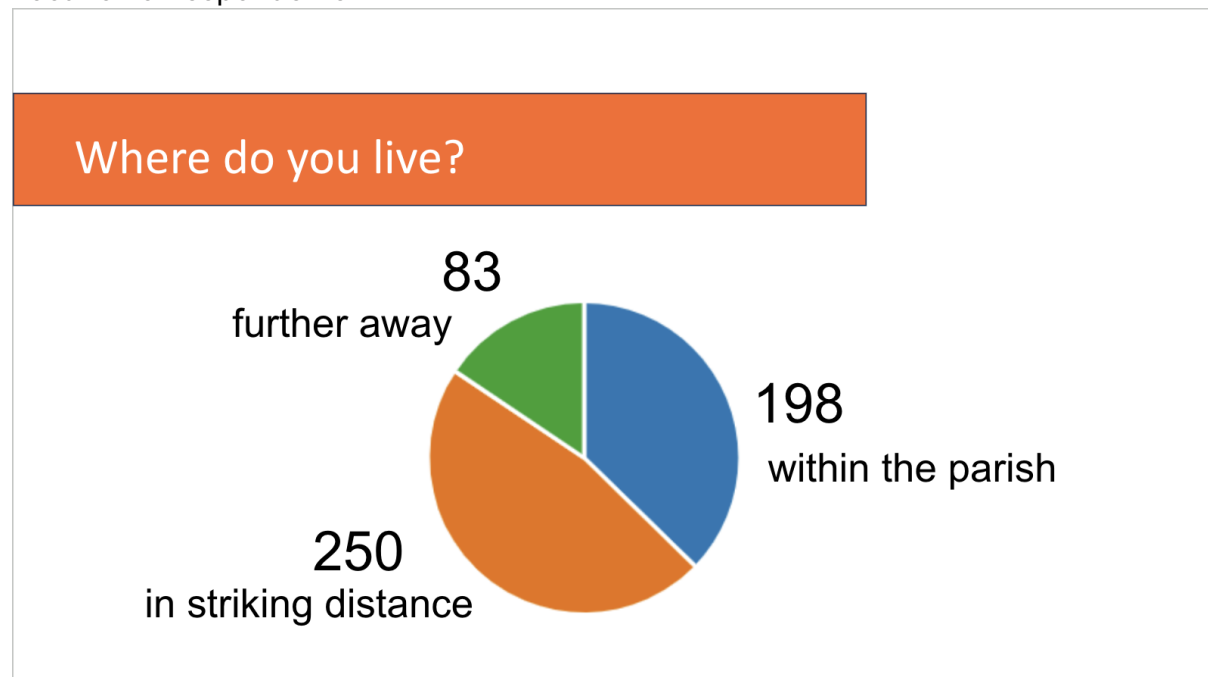
Please see "Documents" section on website

## 6.7 Key Information from Community Consultation Questionnaire

### Visitor numbers

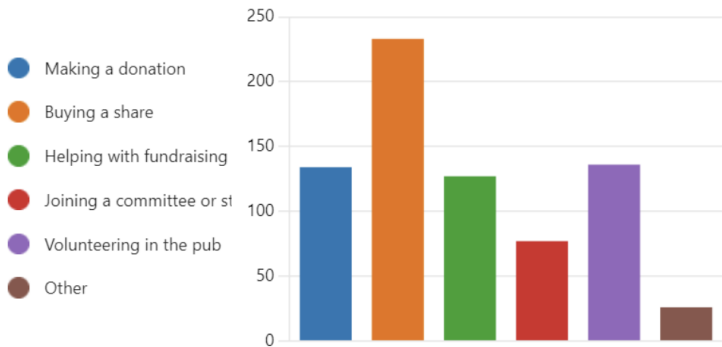


### Location of respondents



Offers of Assistance

Can you help?



233  
willing to buy  
a share

Word Cloud of Responses





## 6.8 Conservation Area Character Appraisal

In 2016, the local authority undertook a detailed character appraisal of the conservation area of Brockweir, which details the community, its landscape and its heritage.

This can be found at

<https://www.hewelsfieldandbrockweirpc.org/Media/Policies/Brockweir%20Character%20Appraisal.pdf>.

## 6.9 ACV Notification



**Forest of Dean**  
— DISTRICT COUNCIL —

**Notice of Intention to Dispose of a Community Asset**  
**Section 97 Localism Act 2011**  
**Land referred to as The Brockweir Country Inn,**  
**Brockweir, Chepstow NP16 7NG**

Land referred to as The Brockweir Country Inn, Brockweir was nominated as an Asset of Community Value by Hewelsfield and Brockweir Parish Council. The nomination was approved by the Forest of Dean District Council and listed as an Asset of Community Value on 12<sup>th</sup> May 2021.

On 28<sup>th</sup> February 2024, the Council received formal notification of the owner's intention to dispose of an Asset of Community Value, namely The Brockweir Country Inn, Brockweir.

A six-week moratorium has now commenced and will run until 9<sup>th</sup> April 2024. During this period requests to be considered as a potential bidder in relation to the property can be submitted to the Forest of Dean District Council. Any such request must be made in writing.

If Hewelsfield and Brockweir Parish Council, or any other community interest group make a request during the interim moratorium, there will be a full moratorium lasting six months. This period is intended to allow time to develop proposals and raise capital to purchase the building. Alternatively, if no request is received, the land can be disposed of to any person and the full moratorium period will not apply.

There will be a "protected period" of 18 months ending on 27<sup>th</sup> August 2025 for the owner to make a relevant disposal once the relevant moratorium period has expired.

Helen Blundell  
**Interim Head of Legal Services**  
Forest Of Dean District Council, Council Offices, High Street, Coleford, Glos, GL16 8HG

## 6.10 Policies and procedures

We keep all our policies and procedures under active review and we develop new policies and procedures as needed, taking guidance from the Plunkett Foundation and the Co-operative.

BICBS does not employ anyone directly although we do work with volunteers. The management committee has approved the following policies which are available on our website:

- Management Code of Conduct
- Data Protection
- Equality and Diversity
- Safeguarding
- Procurement
- Financial Management

The following policies and procedures will be developed if we are successful in acquiring the pub, and before we open for business:

- Tenant Management and Performance Review Procedure

## 6.11 Measuring and reporting on Social Impact

### 6.11.1 Why measure social impact?

As a community-owned business we want to make a difference for and with our community. Social Impact Measurement is a way that we can show the difference that this project is making. We will follow the 9 principles set out by the Plunkett Foundation, which includes:

- **Involve stakeholders** - these are the people, organisations and communities that benefit, contribute, support and develop the community business. We have a detailed Community Engagement Plan specifically on this topic
- **Understand what changes** – We will set clear and measurable objectives and describe the outcomes from the work and business that you do
- Value the **things that matter** – We will identify the most important changes we make and put a value to them, this can be a direct financial value or an equivalent ‘proxy’ value
- Only include **what is material** – we will keep our examples realistic and relevant
- Do not **overclaim** – we will only claim what is specifically achieved by this project
- Be **transparent** – We will show the evidence for our claims, both the benefits and any unintended harm
- **Verify** the result – We will confirm the validity of our claims by testing the truth of them so you, and others, can have confidence in them



- Be **responsive** – We will explain how information will be used to inform our decisions that affect you and our stakeholders

And finally

- **Collective responsibility** - We will create an action plan and assign tasks to people so we can help to ensure that the responsibility for measuring social impact doesn't fall on just a few people

### 6.11.2 Tangible and intangible social impact

It is common for financial accounts to identify both tangible (actual), and intangible (virtual) assets. Tangible assets include property, buildings, equipment and stock. Intangible assets include brand value, goodwill and intellectual property. In terms of social value there are tangible and intangible impacts delivered by our proposal.

Tangible social impacts will include:

- Turnover and sales
- Jobs created
- Local supply chain spend and jobs secured or created
- Reduced travel costs and carbon emissions
- Amounts of plastic waste avoided or recycled
- Reduced food waste and composting
- Increased numbers of people attending social events and contact with others
- Financial savings made by people attending a 'warm hub' reducing their need for heating at home

Intangible social impact will include:

- Increased community cohesion and resilience
- Reduced isolation and loneliness
- Increased community capacity and volunteer skills
- Reduced fear of crime
- Increased levels of community pride and satisfaction
- Increased health and wellbeing

Our proposal will deliver a range of both tangible and intangible benefits. We will of course be able to quantify the tangible social impact in terms of money, volumes and numbers of people. However, we will also need to find alternative equivalent values for intangible social impact.

### 6.11.3 What should we measure?

- Identify the changes our community business intends or actually makes and decide which are the most important to us and our stakeholders to measure
- Decide the scope of which of these outcomes we are going to measure and over what time
- Record the activity of our community business and resources
- Discover the outcomes from the activities, services or trading that we provide and record them

- Describe the changes that the activity and outcomes make to our community and stakeholders, including both planned and unplanned
- Show the financial value of the activities, services or trading that we provide and where the cash value is difficult to identify, give an equivalent value in money terms
- Calculate the total value of the change that our community business makes over the period we are measuring
- Reality check your claims and remove the amount of the value that was delivered by others, reduces over time, and is no longer relevant
- Report our findings and say how the information will be used to benefit stakeholders in future plans
- Collate our reports to show the difference we are making over time

#### 6.11.4 How should we measure?

- Once we have identified the changes we make and want to measure, we will decide what information we need to collect and how to record
- In terms of the scope of the report, we will describe what is being measured, why and over how long
- The input costs of delivering activities, services or trading will be from financial forecasts or actual invoices, receipts for purchases, staff timesheets, expenses or utility bills, rent and rates
- The outputs generated can be measured from sales records, till receipts, bookings and reservations
- The outcomes delivered is the change made from our trading activities, there will be a financial value from purchases and sales, but also a social value from volunteering, socialising and possibly an environmental value from a local supply chain and reducing travel costs
- The total value generated from the outcomes made is the value of the social, economic and environmental changes delivered multiplied by the number of outputs minus the cost of the inputs needed to deliver the activities, services or trading
- The reality check would test the validity of our claims and can be reduced to allow for the input of others, how long the change lasts and any unintended negative consequences
- The report will clearly show each stage of the data capture and measurement process and the source of the information used to calculate the value and how that changes over time. Are we growing our social impact over time or declining?

## 6.12 Project Costs

A full list of the costs associated with this project, based on full renovations, includes:

Cost Category	Cost Item	How much (£ inc VAT)	Notes
BICBS operating costs	Plunkett Membership	240	
	FCA Registration	372	
	Co-op Membership	138	
	Website	350	
Valuation and scoping	Professional valuation	1,100	Donated by H&B PC
	Architect fees	1,150	Donated by Brockweir CIC
	Modelling and options study	500	Donated by Brockweir CIC
	Building and heritage survey	1,250	Donated by Brockweir CIC
Acquisition	Purchase price	400,000	
	Stamp duty	7,500	
	Transfer of premises licence	23	
	Legal costs	2,500	
	Insurance	1,500	
	Premises supervisor licence variation	23	
Share launch/fundraising	Posters/stationery/sundries	150	
	Printing share offer documents	824	
	Share standard mark certification	2,000	Pre application support by COF
	Share launch event	1,200	
Refurbishment	Building refurbishment	205,000	
	Contingency	40,000	
	Insurance	1,500	
	Legal fees	2,500	
	Architects	5,000	
	Utilities	10,000	
	Recruitment and staffing	6,500	
	Compliance checks pre-opening	2,000	
Launch event	Re opening advertising and publicity	1,500	

	Launch event	2,000	
<b>TOTAL</b>		<b>£696,820</b>	

### **Costs already incurred before bidding window deadline**

The following costs shown in the Business Plan have already been incurred and are not eligible for COF funding:

- All “BICBS operating costs” (Total £1,100)
- All “Valuation and scoping costs” (£4,000)
- All "Share launch/fundraising" (Total £2,174)

### **Funded costs not yet spent**

The following costs shown in the Business Plan have already been funded from other grants:

- Share Standard Mark certification (usually £2,000)

### **Capital costs**

The following costs in the Business Plan are identified as capital funding to purchase the Brockweir Inn and for refurbishment. They have not yet been incurred:

<b>Cost Category</b>	<b>Cost Item</b>	<b>How much (£ inc VAT)</b>
Acquisition	Purchase price	400,000
	Stamp duty	7,500
	Transfer of premises licence	23
	Legal costs	2,500
	Insurance	1,500
Refurbishment	Building refurbishment	205,000
	Contingency	40,000
	<b>TOTAL</b>	<b>£656,523</b>

## Revenue Costs

The following revenue costs are anticipated during the project phase:

Cost Item	How much (inc VAT)
Premises supervisor licence variation	23
Insurance	1,500
Legal fees	2,500
Architects	5,000
Utilities prior to tenant handover	10,000
Recruitment and staffing	6,500
Compliance checks pre opening	2,000
Re opening advertising and publicity	1,500
Launch event	2,000
<b>TOTAL</b>	<b>£31,023</b>

## 6.13 Detailed renovation cost plan

Summary Costing	Base Cost Plan	Day 2 Works Options Offset	Community Contribution Offset	Total Day 1 Budget
	<b>£259,759</b>	<b>£39,000</b>	<b>£16,000</b>	<b>£204,759</b>
Work Package Number	Cost Plan Work Package Name	Package Value	Day 2 works Option	Community Contribution Offset
1	Demolition, Strip Out & Cart Away	£2,000	£-	£1,000
2	Substructure	£7,950	£-	£-
3	Superstructure Timber	£4,500	£-	£-

4	Superstructure	£5,000	£-	£-
5	Stairs	£1,500	£-	£-
6	Drainage	£13,000	£-	£-
7	Waterproofing	£2,500	£-	£-
8	Blockwork	£2,000	£-	£-
9	Roof Works	£800	£-	£-
10	Windows	£17,000	£15,000	£-
11	Carpentry and Joinery	£6,800	£-	£-
12	Partitions, Plasterboard and Plaster	£8,500	£-	£-
13	Electrical Installations	£28,800	£-	£-
14	Plumbing and Mechanical Installations	£25,500	£-	£-
15	Catering Fit out and equipment	£27,000	£10,000	£-
16	BWIC M&E	£5,500	£-	£-
19	Stonework	£4,000	£-	£-
17	Floor Finishes	£16,800	£-	£5,000
18	Painting and Decorating	£6,000	£-	£3,000
19	Ceramic and Porcelain Tiles	£1,500	£-	£-
20	Accessibility	£6,750	£6,000	£-
21	Fixtures Fittings and Equipment	£11,500	£-	£2,000
22	Entrance and Frontage	£2,500	£-	£-
23	Car park works	£1,500	£-	£-
24	External Hard & Soft Landscaping	£8,000	£-	£5,000

25	Miscellaneous	£-	£-	£-
26	Utilities	£8,000	£8,000	£-
27	Preliminaries and Other	£22,490	£-	£-
28	Professional Fees	£-	£-	£-
29	Local Authority Fees	£-	£-	£-
30	Construction Contingencies	£12,369	£-	£-
<b>Work Package Totals</b>		<b>£259,759</b>	<b>£39,000</b>	<b>£16,000</b>

The works to construct the refurbishment of the Brockweir Inn are estimated for completion of the owners shell and core works carried out to date to the building. The works are unfinished and estimated allowances have been applied to fit out the building. This is in order to create a space from which the business can trade which requires considerable expenditure on the listed building elements. This will include (but not limited to) works to electrics, gas supply, fire safety (alarms etc), new décor throughout the building, works to create a catering kitchen, works to upgrade toilets, exterior landscaping and associated heritage works.

There are further options to reduce initial cost from the concept by delaying certain concept options to be built as part of day 2 works. There is also an estimate against how community contributions can also be offset against the overall cost as the project progresses. **This gives a total adjusted Construction Budget of £205,000.**

A full breakdown of the construction package can be found below.

### 6.13.1 Brockweir Inn Draft Construction Package Cost Breakdowns

Ref	Package Title	Base spec	Location	Rate	Base Cost Totals	Day 2 Works	Materials Contribution	Volunteer Contribution	Community Contribution option total	Comments
1	Demolition, Strip Out & Cart Away	Car Park & garden clearance		£1,500	£1,500			£1,000	£1,000	Volunteer opportunity Cart away required
		Miscellaneous		£500	£500				£ -	
				To Summary	£2,000	£ -	£ -	£1,000	£1,000	
2	Substructure	Excavation & Cartaway		£750	£750				£ -	Completion and minor extension in areas
		Lime crete screed	Barn Ground Floor	£1,200	£1,200				£ -	
		Insulation DPM		£2,000	£2,000				£ -	
		Screed Works to fix under floor heating	Main bar areas	£2,000	£2,000				£ -	
		Flow crete top Screed Works to cover under floor heating	Main bar areas	£2,000	£2,000				£ -	
				To Summary	£7,950	£ -	£ -	£ -	£ -	
3	Superstructure Timber	Timber Structure		£2,500	£2,500				£ -	Completion and minor works in areas
		Timber treatment extra over		£2,000	£2,000				£ -	



				To Summary	£4,500	£ -	£ -	£ -	£ -	
4	Superstructure	Brick/Block		£2,000	£2,000				£ -	Completion and minor extension in areas
		Pointing general completion		£2,000	£2,000				£ -	
		Chimney clearance main bar		£1,000	£1,000				£ -	
				To Summary	£5,000	£ -	£ -	£ -	£ -	
5	Stairs	Front stair completion Balustrading/han drails.		£750	£750				£ -	Completion and minor extension in areas
		Rear stair completion balustrading hand rails		£750	£750				£ -	
		External escape stair provision. TBA			£ -				£ -	Potential day 2 work for accommodation
				To Summary	£1,500	£ -	£ -	£ -	£ -	
6	Drainage	Sceptic tank remediation and drainage relay	Car Park and Garden	£10,000	£10,000				£ -	Full assessment required for remediation
		Basement auto sump pump to cellar	Basement	£1,500	£1,500				£ -	
		Manhole drain rebuild	External	£1,500	£1,500				£ -	
				To Summary	£13,000	£ -	£ -	£ -	£ -	
7	Waterproofing	DPM works ground floor	Front Bar, Snug Bar, Barn Building	£2,000	£2,000				£ -	Relay to Ground floor
		Cellar Making good		£500	£500				£ -	

				To Summary	£2,500	£ -	£ -	£ -	£ -	
8	Blockwork	Allowance for required works		£2,000	£2,000				£ -	Completion and minor extension in areas
					£ -				£ -	
				To Summary	£2,000	£ -	£ -	£ -	£ -	
9	Roof Works	Flat roof works		£800	£800				£ -	Completion and minor extension in areas
					£ -				£ -	
				To Summary	£800	£ -	£ -	£ -	£ -	
10	Windows	Windows adjustments for layout		£2,000	£2,000				£ -	
		Conservatory		£15,000	£15,000	£15,000			£ -	Courtyard conservatory can be Day 2
					£ -				£ -	
				To Summary	£17,000	£15,000	£ -	£ -	£ -	
11	Carpentry and Joinery	Internal doors		£1,600	£1,600				£ -	
		Fire doors and closers		£1,200	£1,200				£ -	
		Floors completion		£4,000	£4,000				£ -	
				To Summary	£6,800	£ -	£ -	£ -	£ -	
12	Partitions, Plasterboard and Plaster	Plasterboard walls		£2,500	£2,500				£ -	Completion and minor extension in areas
		Plasterboard ceilings		£2,000	£2,000				£ -	

		Wall & Plasterboard plaster skim		£4,000	£4,000				£ -	Heritage specifications
				To Summary	£8,500	£ -	£ -	£ -	£ -	
13	Electrical Installations	Electrical Distribution		£25,000	£25,000				£ -	First fix electricals to be assessed
		Small Power		£1,800	£1,800				£ -	
		Security installations and CCTV		£2,000	£2,000				£ -	
				To Summary	£28,800	£ -	£ -	£ -	£ -	
14	Plumbing and Mechanical Installations	Heating and ventilation	All Floors	£18,000	£18,000				£ -	First fix mechanicals to be assessed
		Accommodation Bathrooms		£2,500	£2,500				£ -	
		Catering specialist installations		£5,000	£5,000				£ -	
				To Summary	£25,500	£ -	£ -	£ -	£ -	
15	Catering Fit out and equipment	Catering Base equipment		£25,000	£25,000	£10,000			£ -	To be reviewed against design layout
		Wall cladding fitted		£2,000	£2,000				£ -	
					£ -				£ -	
				To Summary	£27,000	£10,000	£ -	£ -	£ -	
16	BWIC M&E	General builders work in Connection with fitting MEP services		£5,500	£5,500				£ -	Builders attendance for MEP services
					£ -				£ -	

				To Summary	£5,500	£ -	£ -	£ -	£ -	
19	Stonework	Sealing to walls generally		£2,000	£2,000				£ -	Completion and minor extension in areas
		Making good stonework areas.		£2,000	£2,000				£ -	
					£ -				£ -	
				To Summary	£4,000	£ -	£ -	£ -	£ -	
17	Floor Finishes	Stone flooring bar areas		£8,000	£8,000		£5,000		£5,000	Stone donated already at property
		Ancillary areas tiling		£2,000	£2,000				£ -	
		Carpet to accommodation		£5,200	£5,200				£ -	
		Bar & Kitchen areas Altro vinyl and skirtings		£1,600	£1,600				£ -	
				To Summary	£16,800	£ -	£5,000	£ -	£5,000	
18	Painting and Decorating	Ceiling areas		£2,500	£2,500			£1,000	£1,000	Heritage specifications
		Wall Areas		£2,500	£2,500			£1,000	£1,000	
		Ancillary areas		£1,000	£1,000			£1,000	£1,000	
				To Summary	£6,000	£ -	£ -	£3,000	£3,000	
19	Ceramic and Porcelain Tiles	WC & toilet Areas		£1,500	£1,500				£ -	
					£ -				£ -	
				To Summary	£1,500	£ -	£ -	£ -	£ -	

20	Accessibility	Provision of ramps		£750	£750				£ -	
		Provision of Disabled toilet facility		£6,000	£6,000	£6,000			£ -	
					£ -				£ -	
			To Summary		£6,750	£6,000	£ -	£ -	£ -	
21	Fixtures Fittings and Equipment	Furniture		£4,000	£4,000		£2,000		£2,000	Furniture choice to meet table cover numbers
		Bar, back bar and serveries		£6,000	£6,000				£ -	
		Feature light fittings		£1,500	£1,500				£ -	
			To Summary		£11,500	£ -	£2,000	£ -	£2,000	
22	Entrance and Frontage	General items door locks etc		£500	£500				£ -	
		Signage		£2,000	£2,000				£ -	
					£ -				£ -	
			To Summary		£2,500	£ -	£ -	£ -	£ -	
23	Car park works	Resurface chippings		£1,000	£1,000				£ -	Making good
		Markings		£250	£250				£ -	
		Bike stands		£250	£250				£ -	
			To Summary		£1,500	£ -	£ -	£ -	£ -	
24	External Hard & Soft Landscaping	80% Paving areas for outdoors		£6,000	£6,000		£4,000		£4,000	To be reviewed against design layout

		20% Soft landscaping areas		£2,000	£2,000			£1,000	£1,000	
					£ -				£ -	
			To Summary		£8,000	£ -	£4,000	£1,000	£5,000	
25	Miscellaneous				£ -				£ -	
					£ -				£ -	
			To Summary		£ -	£ -	£ -	£ -	£ -	
26	Utilities	3 Phase supply upgrade and associated works		£8,000	£8,000	£8,000			£ -	
					£ -				£ -	
			To Summary		£8,000	£8,000	£ -	£ -	£ -	
27	Preliminaries and Other	General contractors preliminaries @ 10% of construction costs	General	£22,490	£22,490		£ -	£ -	£ -	
		Site Management, plant, Access equipment, Health & safety			£ -		£ -	£ -	£ -	
			To Summary		£22,490	£ -	£ -	£ -	£ -	
28	Professional Fees	Measured, Condition and Heritage Surveyors Fees	General		£ -				£ -	Budget allowed elsewhere
		Design and Architectural Fees			£ -				£ -	Budget allowed elsewhere

		Structural Fees			£ -				£ -	Budget allowed elsewhere
				To Summary	£ -	£ -	£ -	£ -	£ -	
29	Local Authority Fees	Planning applications	Statutory requirements		£ -				£ -	Budget allowed elsewhere
		Building Control	Statutory requirements		£ -				£ -	Budget allowed elsewhere
					£ -				£ -	
				To Summary	£ -	£ -	£ -	£ -	£ -	
30	Construction Contingencies	General allowance @5%	General	£12,369	£12,369				£ -	
					£ -				£ -	
				To Summary	£12,369	£ -	£ -	£ -	£ -	
Package Reference	Package Title	Base spec	Location	Rate	Base Cost Total	Day 2 Works	Materials Contribution	Volunteer Contribution	Community Contribution Option total	Comments
					£259,759	£39,000	£11,000	£5,000	£16,000	Excluding VAT

## 6.14 Detailed Financial Forecasts

### 6.14.1 Scenario 1: Minimum share/grant success: P&L, Cash Flow and Balance Sheet

#### Profit and Loss Forecast

	Year 1 £	Year 2 £	Year 3 £	Year 4 £	Year 5 £	5 Year Total £
<b><u>Income</u></b>						
Rent	-	25,000	25,000	25,900	38,900	114,800
Other income	9,200	-	-	-	-	9,200
Donations	-	-	-	-	-	-
<b>Total Income</b>	<b>9,200</b>	<b>25,000</b>	<b>25,000</b>	<b>25,900</b>	<b>38,900</b>	<b>124,000</b>
<b><u>Expenditure</u></b>						
Loan interest	12,750	12,486	12,200	11,890	11,553	60,879
Repairs and Maintenance	-	5,000	5,000	5,000	5,000	20,000
Professional fees	6,500	3,500	1,000	1,000	1,000	13,000
Insurance	1,500	1,500	1,600	1,600	1,700	7,900
Start up costs	15,660	15,660	-	-	-	31,320
Depreciation	7,150	7,150	7,150	7,150	7,150	35,750
<b>Total Expenditure</b>	<b>43,560</b>	<b>45,296</b>	<b>26,950</b>	<b>26,640</b>	<b>26,403</b>	<b>168,849</b>
<b>Net Profit/(Loss) Before Taxation</b>	<b>(34,360)</b>	<b>(20,296)</b>	<b>(1,950)</b>	<b>(740)</b>	<b>12,497</b>	<b>(44,849)</b>
Corporation Tax @ 19%	-	-	-	-	-	-
<b>Net Profit/(Loss) After Taxation</b>	<b>(34,360)</b>	<b>(20,296)</b>	<b>(1,950)</b>	<b>(740)</b>	<b>12,497</b>	<b>(44,849)</b>

#### Cash Flow Forecast

	Year 1 £	Year 2 £	Year 3 £	Year 4 £	Year 5 £	5 Year Total £
<b>Balance Brought Forward</b>		<b>12,189</b>	<b>(4,322)</b>	<b>(2,773)</b>	<b>(324)</b>	<b>-</b>
<b><u>Cash Inflows:</u></b>						
P&L Account Income	9,200	25,000	25,000	25,900	38,900	124,000
Share Issue	250,000	-	-	-	-	250,000
Grants Received	150,000	-	-	-	-	150,000
Loan	150,000	-	-	-	-	150,000
<b>Total Cash Inflow</b>	<b>559,200</b>	<b>25,000</b>	<b>25,000</b>	<b>25,900</b>	<b>38,900</b>	<b>674,000</b>
<b><u>Cash Outflows:</u></b>						
P&L Account Expenditure	43,560	45,296	26,950	26,640	26,403	168,849
Add Back Depreciation Charge	(7,150)	(7,150)	(7,150)	(7,150)	(7,150)	(35,750)
Property Purchase	400,000	-	-	-	-	400,000
Stamp Duty	7,500	-	-	-	-	7,500
Refurbishment Costs	100,000	-	-	-	-	100,000
Corporation Tax	-	-	-	-	-	-
Loan Capital Repaid	3,101	3,365	3,651	3,961	4,298	18,376
<b>Total Cash Outflow</b>	<b>547,011</b>	<b>41,511</b>	<b>23,451</b>	<b>23,451</b>	<b>23,551</b>	<b>658,975</b>
<b>Net Cashflow for Year</b>	<b>12,189</b>	<b>(16,511)</b>	<b>1,549</b>	<b>2,449</b>	<b>15,349</b>	<b>15,025</b>
<b>Balance Carried Forward</b>	<b>12,189</b>	<b>(4,322)</b>	<b>(2,773)</b>	<b>(324)</b>	<b>15,025</b>	



## **Balance Sheet**

	Year 1 £	Year 2 £	Year 3 £	Year 4 £	Year 5 £
<b>Fixed Assets</b>	350,350	343,200	336,050	328,900	321,750
<b><u>Current Assets</u></b>					
Bank Account Balance/(Overdrawn)	12,189	(4,322)	(2,773)	(324)	15,025
<b>Total Assets</b>	<b>362,539</b>	<b>338,878</b>	<b>333,277</b>	<b>328,576</b>	<b>336,775</b>
<b><u>Liabilities</u></b>					
Bank Loan	146,899	143,534	139,883	135,922	131,624
Corporation Tax	-	-	-	-	-
<b>Total Liabilities</b>	<b>146,899</b>	<b>143,534</b>	<b>139,883</b>	<b>135,922</b>	<b>131,624</b>
<b>Net Assets/(Liabilities)</b>	<b>215,640</b>	<b>195,344</b>	<b>193,394</b>	<b>192,654</b>	<b>205,151</b>
<b><u>Capital and Reserves:</u></b>					
Share Capital Issued	250,000	250,000	250,000	250,000	250,000
Profit & Loss Account	(34,360)	(54,656)	(56,606)	(57,346)	(44,849)
<b>Total Shareholders Funds</b>	<b>215,640</b>	<b>195,344</b>	<b>193,394</b>	<b>192,654</b>	<b>205,151</b>
					-
<b><u>Fixed Assets, Grants &amp; Depreciation</u></b>					
	Year 1 £	Year 2 £	Year 3 £	Year 4 £	Year 5 £
<b><u>Cost</u></b>					
<b>Balance b/f</b>	-	357,500	357,500	357,500	357,500
<b><u>Additions in Year:</u></b>					
Purchase of Property	400,000	-	-	-	-
Stamp Duty	7,500	-	-	-	-
Refurbishment Costs	100,000	-	-	-	-
Gross Cost	507,500	-	-	-	-
Grants Received	(150,000)	-	-	-	-
<b>Net Additions</b>	<b>357,500</b>	-	-	-	-
<b>Balance Carried Forward</b>	<b>357,500</b>	<b>357,500</b>	<b>357,500</b>	<b>357,500</b>	<b>357,500</b>
<b><u>Accumulated Depreciation</u></b>					
<b>Balance b/f</b>	-	7,150	14,300	21,450	28,600
Charge for Year	7,150	7,150	7,150	7,150	7,150
<b>Balance Carried Forward</b>	<b>7,150</b>	<b>14,300</b>	<b>21,450</b>	<b>28,600</b>	<b>35,750</b>
<b>Net Book Value</b>	<b>350,350</b>	<b>343,200</b>	<b>336,050</b>	<b>328,900</b>	<b>321,750</b>

## 7.15.2 Scenario 2: Medium share/grant success: P&L, Cash Flow and Balance Sheet

### Profit and Loss Forecast

	Year 1 £	Year 2 £	Year 3 £	Year 4 £	Year 5 £	5 Year Total £
<b><u>Income</u></b>						
Rent	-	25,000	25,000	25,900	38,900	114,800
Other income	9,200	-	-	-	-	9,200
Donations	-	-	-	-	-	-
<b>Total Income</b>	<b>9,200</b>	<b>25,000</b>	<b>25,000</b>	<b>25,900</b>	<b>38,900</b>	<b>124,000</b>
<b><u>Expenditure</u></b>						
Loan interest	12,750	12,486	12,200	11,890	11,553	60,880
Repairs and Maintenance	-	5,000	5,000	5,000	5,000	20,000
Professional fees	6,500	3,500	1,000	1,000	1,000	13,000
Insurance	1,500	1,500	1,600	1,600	1,700	7,900
Start up costs	15,660	15,660	-	-	-	31,320
Depreciation	8,050	8,050	8,050	8,050	8,050	40,250
<b>Total Expenditure</b>	<b>44,460</b>	<b>46,196</b>	<b>27,850</b>	<b>27,540</b>	<b>27,303</b>	<b>173,350</b>
<b>Net Profit/(Loss) Before Taxation</b>	<b>(35,260)</b>	<b>(21,196)</b>	<b>(2,850)</b>	<b>(1,640)</b>	<b>11,597</b>	<b>(49,350)</b>
Corporation Tax @ 19%	-	-	-	-	-	-
<b>Net Profit/(Loss) After Taxation</b>	<b>(35,260)</b>	<b>(21,196)</b>	<b>(2,850)</b>	<b>(1,640)</b>	<b>11,597</b>	<b>(49,350)</b>

### Cash Flow Forecast

	Year 1 £	Year 2 £	Year 3 £	Year 4 £	Year 5 £	5 Year Total £
<b>Balance Brought Forward</b>		<b>17,189</b>	<b>678</b>	<b>2,227</b>	<b>4,676</b>	<b>-</b>
<b><u>Cash Inflows:</u></b>						
P&L Account Income	9,200	25,000	25,000	25,900	38,900	124,000
Share Issue	300,000	-	-	-	-	300,000
Grants Received	250,000	-	-	-	-	250,000
Loan	150,000	-	-	-	-	150,000
<b>Total Cash Inflow</b>	<b>709,200</b>	<b>25,000</b>	<b>25,000</b>	<b>25,900</b>	<b>38,900</b>	<b>824,000</b>
<b><u>Cash Outflows:</u></b>						
P&L Account Expenditure	44,460	46,196	27,850	27,540	27,303	173,350
Add Back Depreciation Charge	(8,050)	(8,050)	(8,050)	(8,050)	(8,050)	(40,250)
Property Purchase	400,000	-	-	-	-	400,000
Stamp Duty	7,500	-	-	-	-	7,500
Refurbishment Costs	245,000	-	-	-	-	245,000
Corporation Tax	-	-	-	-	-	-
Loan Capital Repaid	3,101	3,365	3,651	3,961	4,298	18,375
<b>Total Cash Outflow</b>	<b>692,011</b>	<b>41,511</b>	<b>23,451</b>	<b>23,451</b>	<b>23,551</b>	<b>803,975</b>
<b>Net Cashflow for Year</b>	<b>17,189</b>	<b>(16,511)</b>	<b>1,549</b>	<b>2,449</b>	<b>15,349</b>	<b>20,025</b>
<b>Balance Carried Forward</b>	<b>17,189</b>	<b>678</b>	<b>2,227</b>	<b>4,676</b>	<b>20,025</b>	

## **Balance Sheet**

	Year 1 £	Year 2 £	Year 3 £	Year 4 £	Year 5 £
<b>Fixed Assets</b>	394,450	386,400	378,350	370,300	362,250
<b><u>Current Assets</u></b>					
Bank Account Balance/(Overdrawn)	17,189	678	2,227	4,676	20,025
<b>Total Assets</b>	<b>411,639</b>	<b>387,078</b>	<b>380,577</b>	<b>374,976</b>	<b>382,275</b>
<b><u>Liabilities</u></b>					
Bank Loan	146,899	143,534	139,884	135,923	131,625
Corporation Tax	-	-	-	-	-
<b>Total Liabilities</b>	<b>146,899</b>	<b>143,534</b>	<b>139,884</b>	<b>135,923</b>	<b>131,625</b>
<b>Net Assets/(Liabilities)</b>	<b>264,740</b>	<b>243,544</b>	<b>240,693</b>	<b>239,053</b>	<b>250,650</b>
<b><u>Capital and Reserves:</u></b>					
Share Capital Issued	300,000	300,000	300,000	300,000	300,000
Profit & Loss Account	(35,260)	(56,456)	(59,307)	(60,947)	(49,350)
<b>Total Shareholders Funds</b>	<b>264,740</b>	<b>243,544</b>	<b>240,693</b>	<b>239,053</b>	<b>250,650</b>
<b><u>Fixed Assets, Grants &amp; Depreciation</u></b>					
	Year 1 £	Year 2 £	Year 3 £	Year 4 £	Year 5 £
<b><u>Cost</u></b>					
Balance b/f	-	402,500	402,500	402,500	402,500
<b><u>Additions in Year:</u></b>					
Purchase of Property	400,000	-	-	-	-
Stamp Duty	7,500	-	-	-	-
Refurbishment Costs	245,000	-	-	-	-
Gross Cost	652,500	-	-	-	-
Grants Received	(250,000)	-	-	-	-
<b>Net Additions</b>	<b>402,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance Carried Forward</b>	<b>402,500</b>	<b>402,500</b>	<b>402,500</b>	<b>402,500</b>	<b>402,500</b>
<b><u>Accumulated Depreciation</u></b>					
Balance b/f	-	8,050	16,100	24,150	32,200
Charge for Year	8,050	8,050	8,050	8,050	8,050
<b>Balance Carried Forward</b>	<b>8,050</b>	<b>16,100</b>	<b>24,150</b>	<b>32,200</b>	<b>40,250</b>
<b>Net Book Value</b>	<b>394,450</b>	<b>386,400</b>	<b>378,350</b>	<b>370,300</b>	<b>362,250</b>

## 6.14.3 Scenario 3: Maximum share/grant success: P&L, Cash Flow and Balance Sheet

### Profit and Loss Forecast

	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Total
<b>Income</b>						
Rent	-	25,000	25,000	25,900	38,900	114,800
Other income	9,200	-	-	-	-	9,200
Donations	-	-	-	-	-	-
<b>Total Income</b>	<b>9,200</b>	<b>25,000</b>	<b>25,000</b>	<b>25,900</b>	<b>38,900</b>	<b>124,000</b>
<b>Expenditure</b>						
Loan interest	-	-	-	-	-	-
Repair and Maintenance	-	5,000	5,000	5,000	5,000	20,000
Professional fees	6,500	3,500	1,000	1,000	1,000	13,000
Insurance	1,500	1,500	1,600	1,600	1,700	7,900
Start up costs	15,660	15,660	-	-	-	31,320
Depreciation	9,050	9,050	9,050	9,050	9,050	45,250
<b>Total Expenditure</b>	<b>32,710</b>	<b>34,710</b>	<b>16,650</b>	<b>16,650</b>	<b>16,750</b>	<b>117,470</b>
<b>Net Profit/(Loss) Before Taxation</b>	<b>(23,510)</b>	<b>(9,710)</b>	<b>8,350</b>	<b>9,250</b>	<b>22,150</b>	<b>6,530</b>
Corporation Tax @ 19%	-	-	(433)	(3,477)	(5,928)	(9,838)
<b>Net Profit/(Loss) After Taxation</b>	<b>(23,510)</b>	<b>(9,710)</b>	<b>7,917</b>	<b>5,773</b>	<b>16,222</b>	<b>(3,308)</b>

### Cash Flow Forecast

	Year 1 £	Year 2 £	Year 3 £	Year 4 £	Year 5 £	5 Year Total £
<b>Balance Brought Forward</b>		<b>33,040</b>	<b>32,380</b>	<b>49,780</b>	<b>67,647</b>	-
<b>Cash Inflows:</b>						
P&L Account Income	9,200	25,000	25,000	25,900	38,900	124,000
Share Issue	500,000	-	-	-	-	500,000
Grants Received	200,000	-	-	-	-	200,000
Loan	-	-	-	-	-	-
<b>Total Cash Inflow</b>	<b>709,200</b>	<b>25,000</b>	<b>25,000</b>	<b>25,900</b>	<b>38,900</b>	<b>824,000</b>
<b>Cash Outflows:</b>						
P&L Account Expenditure	32,710	34,710	16,650	16,650	16,750	117,470
Add Back Depreciation Charge	(9,050)	(9,050)	(9,050)	(9,050)	(9,050)	(45,250)
Property Purchase	400,000	-	-	-	-	400,000
Stamp Duty	7,500	-	-	-	-	7,500
Refurbishment Costs	245,000	-	-	-	-	245,000
Corporation Tax	-	-	-	433	3,477	3,910
Loan Capital Repaid	-	-	-	-	-	-
<b>Total Cash Outflow</b>	<b>676,160</b>	<b>25,660</b>	<b>7,600</b>	<b>8,033</b>	<b>11,177</b>	<b>728,630</b>
<b>Net Cashflow for Year</b>	<b>33,040</b>	<b>(660)</b>	<b>17,400</b>	<b>17,867</b>	<b>27,723</b>	<b>95,370</b>
<b>Balance Carried Forward</b>	<b>33,040</b>	<b>32,380</b>	<b>49,780</b>	<b>67,647</b>	<b>95,370</b>	

## **Balance Sheet**

	Year 1 £	Year 2 £	Year 3 £	Year 4 £	Year 5 £
<b>Fixed Assets</b>	443,450	434,400	425,350	416,300	407,250
<b><u>Current Assets</u></b>					
Bank Account Balance/(Overdrawn)	33,040	32,380	49,780	67,647	95,370
<b>Total Assets</b>	<b>476,490</b>	<b>466,780</b>	<b>475,130</b>	<b>483,947</b>	<b>502,620</b>
<b><u>Liabilities</u></b>					
Bank Loan	-	-	-	-	-
Corporation Tax	-	-	433	3,477	5,928
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>433</b>	<b>3,477</b>	<b>5,928</b>
<b>Net Assets/(Liabilities)</b>	<b>476,490</b>	<b>466,780</b>	<b>474,697</b>	<b>480,470</b>	<b>496,692</b>
<b><u>Capital and Reserves:</u></b>					
Share Capital Issued	500,000	500,000	500,000	500,000	500,000
Profit & Loss Account	(23,510)	(33,220)	(25,303)	(19,530)	(3,308)
<b>Total Shareholders Funds</b>	<b>476,490</b>	<b>466,780</b>	<b>474,697</b>	<b>480,470</b>	<b>496,692</b>
<b><u>Fixed Assets, Grants &amp; Depreciation</u></b>					
	Year 1 £	Year 2 £	Year 3 £	Year 4 £	Year 5 £
<b><u>Cost</u></b>					
Balance b/f	-	452,500	452,500	452,500	452,500
<b><u>Additions in Year:</u></b>					
Purchase of Property	400,000	-	-	-	-
Stamp Duty	7,500	-	-	-	-
Refurbishment Costs	245,000	-	-	-	-
Gross Cost	652,500	-	-	-	-
Grants Received	(200,000)	-	-	-	-
<b>Net Additions</b>	<b>452,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance Carried Forward</b>	<b>452,500</b>	<b>452,500</b>	<b>452,500</b>	<b>452,500</b>	<b>452,500</b>
<b><u>Accumulated Depreciation</u></b>					
Balance b/f	-	9,050	18,100	27,150	36,200
Charge for Year	9,050	9,050	9,050	9,050	9,050
<b>Balance Carried Forward</b>	<b>9,050</b>	<b>18,100</b>	<b>27,150</b>	<b>36,200</b>	<b>45,250</b>
<b>Net Book Value</b>	<b>443,450</b>	<b>434,400</b>	<b>425,350</b>	<b>416,300</b>	<b>407,250</b>