

Heart of the Village Business Plan 2015 - 2018

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Presented by: Heart of the Village Team

Email: hovinfo@heartofthevillage.co.uk

Web: heartofthevillage.co.uk

1. Executive summary

A number of changes within Cradley inspired Heart of the Village: losing our Village Store and full-time Post Office over two years ago, not having a central focal point to the village, bringing the two halves of the village together, the increase in housing and giving residents more access to green space and the brook.

Heart of the Village (Cradley) Ltd has been established as a Community Benefit Society with the intention of creating a community shop, cafe and recreational space on Morgan's Field.

Our Mission

To create a centrally located space that serves as a social and cultural heart of Cradley, nurtures its community spirit, celebrates its natural beauty and provides an economic stimulus for the area.

Our Vision

- A modern, beautiful and ecologically friendly focal point that enables us all to get to know our neighbors better.
- A warm and welcoming area that caters for all age groups, that gives space to walk, play and get close to nature alongside a café and community shop selling local produce.
- A space that complements the surrounding countryside, not just in its looks but in all aspects, from being environmentally sustainable to protecting the natural beauty of our village.

The Team - The Heart of the Village team is currently made up of six unpaid volunteers. They have been working on the concept since June 2014. They have a broad range of experience in including business management, HR, marketing, financial management, project management, and retail.

The Heart team will work with The Plunkett Foundation, the leading National support body for Community Shop initiatives, to help shape and develop a sustainable business model.

The Plunkett Foundation's model has a high success rate. In the last 20 years over 300 community shops have opened and only 13 have closed, and none since 2012. This is a success rate of 96% which compares favorably to the five-year 47% failure rate of small businesses as a whole (Office of National Statistics).

We will also work with Community First, Locality, and Village SOS all of whom work with community groups trying to improve their neighborhoods.

Business Model – We will build a business model based on community consultation and responding to local needs and interests. We have built the financial projections based on performance of similar community projects and data from the old shop in Cradley.

As a non-profit organization, any profit generated will be mainly used for two purposes - reinvesting into the business for further development/reserves or used to support local groups and community activities.

Investment Needed – To make this happen we need to raise £500,000 to secure the land, complete the necessary landscaping, build a premises and start the shop and cafe business. We intend to raise the investment through local and national funding sources.

2. Business overview

1. Introduction

The Heart of the Village (Cradley) Limited is a newly set up Community Benefit Society. It is the legal entity for a community run trading business.

We plan to have a shop selling a range of goods including a value range, fresh and organic lines, bulk items, and local produce. We intend to have a café, children's play area and community orchard. These facilities will serve the villages of Cradley, Storridge and Mathon by creating a new social and economic focal point that will appeal to all ages. We want to encourage a more active lifestyle for residents by providing them a space they can walk to.

Cradley is a village with a significant number of older citizens, and we hope that this will provide a social stimulus for those who perhaps do not have a car, or have become isolated from local life.

This will be a project and business that is run and owned by the community for the community. It will develop a range of products and services to meet the needs of local residents. Any profit will be reinvested to support the needs of the community whether that's by further developing the business proposition or supporting local groups and community activities.

2. Current position

- We have spoken with all landowners and tenants in the identified area
- Mrs. Morgan has offered to donate the field at Kingsbridge and Mathon Road intersection, however the land has an agricultural tenant on it. The agricultural tenant, the Perkins' family, has agreed to release their tenancy for £12,750. We have this agreement in writing.
- As the original concept was devised by 4 parish councilors, the parish council have been kept abreast of all progress to date
- We have had public meetings to get a general idea of support within the community for the Heart project. We had approx 63% support from 200 attendees.
- We have consulted with Community First and Plunkett Foundation on how best to structure and progress the project
- We have been involved with Villages SOS, who have helped us produce a video to get our message out into the community
- We have had basic interaction with Hereford Planning Department and local councilors
- Community Benefit Society has been set up and registered with the FCA

Community Support - The Heart team have actively consulted with the local community since August 2014 through a website, Facebook page and the parish newsletter. We held an open meeting in August 2014 with 200 attendees and a second in January 2015 with 57 attendees.

Through our local consultation, we have started compiling a list of people who are in favour of a shop, café and proposed services, and who would like to volunteer to help with the project.

In the Neighborhood Development Plan questionnaire of 2014 the question "Do you think the village would benefit from a designated area for community use?" was the fifth most positive answer (the four more positive answers being 1. Keep the GP surgery, 2. Keep dispensary, 3. PO essential and 4. Develop/convert existing premises).

During the Neighborhood Development Plan's 'Planning for Real' events in June of 2014 there were over 50 flags in support of changes in the Kingsbridge Area (the area around Morgan's Field). There were 3 flags against - 2 to protect natural features and 1 to protect rare plants.

The Parish Plan of 2010 states “There was widespread demand, in response to the consultation, for the provision of a coffee shop/meeting place in the parish - a social center.”

The Village Design Statement (VDS) of 2004 recommends “Opportunities to provide a “village green” depending on siting and proposal should be regarded favorably for change of use”.

It is important to note that the VDS also states “This is a document of reference which should be modified as we progress, it is written and designed for that purpose.” Cradley has changed and will continue to change - Heart of the Village is a response to inevitable change.

3. Market Analysis

The community shop model has proved itself to be very robust. Based on data from the Plunkett Foundation, in the last 20 years over 300 community shops have opened and only 13 have closed, and none since 2012. This is a success rate of 96% which compares favorably to the five-year 47% failure rate of small businesses as a whole (Office of National Statistics).

Heart of the Village (Cradley) Ltd is now registered as a Community Benefit Society. This will enable us to launch a share offering to the community to raise funds for the project. Shares will be set at £10 each and will grant each member one vote at General Meetings irrespective of the amount they invest. Members can invest up to a maximum of £100,000 in shares. This will enhance the sense of community ownership and will encourage as many people in the community as possible to invest and offer their services for the benefit of the shop and ultimately to the village community.

A number of individuals in the village have expressed interest in investing several thousands of pounds in the company and their investment, together with grants and loan if needed, will be used to secure the land, complete the necessary landscaping, build a premises and start the shop and cafe business.

The village has always, until recently, had a village store. It met a variety of needs, from the social to the economical, whilst providing all the basic items one might need such as fresh bread, alcohol and vegetables. It served as the local newsagents and post office, delivering papers to locals every day of the week and in so doing generating a number of informal jobs for the young people of the village. Since its closure local residents have had to look elsewhere for these things. In the past the village was unified around the church, though now its congregation is less than 10% of the community, and all our local pubs within walking distance have closed. The village is currently served by the following establishments:

- A small butcher shop. This meets basic amenity needs but is on the periphery of the village
- The Red Lion pub. This is a social hub but is a long way from the center of the village and really only accessible by car
- The village hall. This provides a PO for two half days each week which gives some amenity. The hall also provides a community access point that is staffed two half days a week
- Blue-ginger gallery. This provides a wonderful social and cultural hub but is a long way from the center of the village and really only accessible by car
- The church. This provides cream teas on a Sunday afternoon during the summer which provides some facility for socializing and minimal amenity
- The British Legion. This is basic social hub.

We hope that in the future the Heart of the Village will be able to fill the need for a local shop, cafe and PO, while also complimenting a beautiful environment and providing opportunities for recreation and employment.

4. Competitive advantage

Under the proposed model villagers will have a substantial emotional and economic investment in maintaining the shop and for it to continue to provide essential services to the community and businesses in the village.

Although most supermarkets offer a delivery service they either charge for delivery or want a minimum shopping spend. We anticipate that most of the regular customers at the new community shop will spend small amounts and more regularly. The old shop in Cradley had a system where families could open an account, put their purchases on tab and settle up at the end of the month. This built customer loyalty and offered a level of convenience not matched by chain supermarkets. There is also potential to combine small deliveries for our less abled parishioners with the daily paper round.

Combining a shop selling fresh produce with a café gives rise to benefits in terms of reduced stock wastage. Vegetables and other produce nearing sell by dates can be used in meals sold in the café, for example a soup of the day.

The shop is well positioned to benefit from passing trade and custom from parents and children as they travel to and from school.

The social aspect of a community shop is something quite unique. In a community such as ours everybody knows everybody, and the old shop was a place where people used to go and have a chat with the girls who worked there, they'd tell them about their lives this week and catch up of the latest village gossip, because if there was ever anything to know, the people who ran the old shop would know it. This provides an emotional incentive for residents to use the shop - they may feel that they are more a part of the village, more connected to where they live, if they are visiting the store and are up to date with the local goings on.

We intend to build a store that compliments its environment, is sustainable and has a focus on green energy and social responsibility. As such our overhead costs for utilities will fall in the long term.

We have identified 3 key components of the Heart, the café, shopping facilities and local produce. The main alternatives currently providing such services are shops and cafes in the nearby towns of Ledbury and Malvern, and the local butchers within Cradley. In each of the three cases we have found that the shopping/cafe experiences offered by these establishments are either fundamentally different from that which we would offer, or are offering services which would be complimented by our proposals. The analysis of how the Heart would compare to each of the three cases is outlined below:

<p>Local Butchers</p>	<ul style="list-style-type: none"> • Sells quality meats from the local area as well as some other foodstuffs such as cereal and jams. It is owned and run by a local family and has been a staple within the village for many years • Having discussed with the owners we have noted that there is a possibility of collaboration in the form of a meat counter managed by the butchers being available within the Heart community store. We do not envisage the Heart of the Village being damaging for the business of our local butchers as we would not aim to compete with their main services of providing quality meats- we would support it by providing an additional outlet • Heart of the Village is aiming to provide an experience that goes beyond the transactional - we don't just want people to come in and purchase goods, we aim to provide a space where they can stay for coffee, or wander around the gardens or orchard.
<p>Supermarkets in nearby towns</p>	<ul style="list-style-type: none"> • The towns of Ledbury and Malvern, both approximately 7 miles from the village, offer supermarkets which are used by the local people of Cradley for their main weekly shop. • These shops offer a wide range of goods at mass market prices. The shopping experience is impersonal and simply just functional. We are not aiming to compete with the goods and services offered by supermarket chains. We intend to sell mainly high quality, organic, locally sourced and produced goods in a friendly community setting
<p>Cafes in nearby towns</p>	<ul style="list-style-type: none"> • There are a number of cafes in the local market town of Ledbury, which is accessible by a half hour bus journey for those who do not drive. These establishments could provide the same level of social interaction we are hoping to achieve for those in Cradley who are feeling socially isolated • However, the community social aspect of the Heart of the Village is not something that can be replicated in a nearby town. We want our patrons to be able to walk to a place that is connected in every way to the village they live in, its ownership, its management, its produce and its patrons will all be members of the local community. This is a fundamentally different experience to that offered by cafes elsewhere.

5. Growth plan

One of the growing trends demonstrated by the Plunkett Foundation 2012 research is the growth, and importance of Local Food to community shops. 97% of community shops stock and sell local food to some extent, and this was rated by shops as their most profitable line.

We believe that community ownership and engagement with the Heart will result in increased sales from within the community.

The village has not had a focal point like this one before, and there are many exciting possibilities for the future. For example a juice bar using local fruits and apples from our orchard, a deli, pop-up restaurants, Friday night pizza throughout the summer, Sunday brunch and even starting our own local cider, made from the apples in our orchard.

6. What happens if the business fails

Beyond the fact that investors could lose the money they lend to the society and/or invest in shares, there is limited risk to the wider community.

The Society will establish a reserve for managing unexpected contingencies such as uninsured losses, business interruption or failure and employing temporary staff or making redundancy payments. It would be prudent to allocate 20% of retained profits annually to contribute towards this reserve.

Should the business fail, any residual assets, after all members' share capital has been refunded according to the rules of the Society, must be transferred to one or more of the following: another community benefit society, a community interest company, a charity or a charitable community benefit society. This is specified through an asset lock already incorporated into the society rules. An asset lock is a legal device preventing the distribution of residual assets to members. The purpose of an asset lock is to ensure that the community benefit is maintained, and cannot be of private benefit.

Whichever group or groups receive the residual assets should find the building and land can be used to generate sufficient income to be self-financing or even generate a small surplus for local projects. The value of the asset should greatly exceed the cost of insurance, maintenance or administration.

The building and land will never be available for residential development because of its proximity to the flood plain.

3. Business Strategy

1. Background

Cradley is a village on the Herefordshire/Worcestershire border, with a population of approximately 1700 in 750 dwellings. It is situated on the western edge of the Malvern Hills AONB.

Cradley's 2011 census shows:

- 25% of the village population is over 65 years (national average is 16.5%)
- 19% of the village population is under 18 years
- 16% of the population are limited in their day-to-day activities (national average is 9.4%)
- 61.5% of the village population is retired (national average is 45.6)

The main strategic advantage of the business is to provide a service to the local community from a central location. Community ownership, the provision of a volunteer work force and the selling of locally sourced food and other products are all important aspects of this community ethos.

By siting the new facility on Morgan's Field the majority of village houses will be within a 15 minute walk of the shop. New footpaths will be added to make walking to the shop safer.

We will work with the Post Office to try and bring back a full-time post office back to the village. Not only will this be a big convenience for the community but will also assure footfall within the shop.

As well as residents of Cradley using the shop the neighboring village of Mathon has no retail facilities, Storridge has no post office, and Bishop's Frome has limited service. These communities will increase the demand for services.

As well as the purely transactional aspect of the shop it also provides a location for social interaction, a community hub and a space for local services to be promoted.

The Heart of the Village project committee are already promoting volunteering opportunities and are keen to attract young and/or unemployed people who will benefit from the work experience. Older people suffering from social isolation will also benefit from the interaction with other members of the community.

2. Strategic issues

The main strategic drives will be

1. to finalize the freehold transfer of Morgan's Field
2. set up working groups to provide detailed analysis of building styles, costs, business setup, funding options, volunteers etc
3. to maintain a close relationship with the Parish Council and community at large

3. Initial plans

The Community Benefit Society anticipates launching a share issue in late 2015 and plan to purchase Morgan's Field as soon as we are able. A grant application will be made to Locality, Plunkett, and Power to Change.

The main purpose of the share issue is to raise sufficient funds to get the shop up and running, we hope to acquire the cost of the field and enough to start on some architectural work through funding bodies.

The committee will explore relevant grants and complete applications to reduce reliance on bank loans and prepare for the eventuality of share holders wanting to withdraw their investment.

4. Core values

The Heart of the Village team believes that community ownership of the shop and land will provide value for money in the following ways:

Social:

- Cafe - meeting place
- Recreation space - safe place for children to play whilst parents shop/coffee
- Retail and postal services to the community
- Community ownership will help secure the long term viability of the shop
- Provide opportunities for educational activities and work experience for school children, young adults and those who are unemployed
- Reduce rural social isolation
- Provide an additional box office service for village events by selling tickets
- Provide central village notice board

Environmental and well-being:

- Promote tourism by selling locally produced walking leaflets
- Encourage young and older people to be more active and less dependent on transport
- Provide an outlet for local produce
- Achieve a reduction in carbon footprint and food miles

Economic:

- Provide volunteering and employment opportunities
- Provide a vital service to small businesses in the village through the postal facilities
- Ensure that the community is economically active
- Sustain a thriving rural community
- Provide work to local trades people through the refurbishment and maintenance of the facility, and also by selling local produce

4. Marketing

1. Risk and reward analysis

The key risks of the project are:

- A lack of funding and support in the early stages of development means the shop is unable to flourish
- The Heart does not meet the needs of our local community. The community needs we aim to address with this project are: reduction of social isolation, provision of local goods leading to boost in local economy, opportunities for employment and protection of natural environment
- Poor governance and leadership within the society management team causes the shop to fold

Each of the key risks outlined above could be addressed by the following mitigations:

- Stakeholder engagement throughout all stages of the project will increase community awareness of the Heart, which in turn will increase the likelihood of the services being used by the village and the excitement for those services to arrive in Cradley
- Facilitating two-way dialogue with the village at community meeting and using surveys and questionnaires to map community needs. This may involve high costs to distribute surveys and response rate may not be as high as hoped. An alternative would be to set up a focus group or representative sample to brainstorm ideas of what the needs are and how to meet them.
- Establish a clear governance structure. The founding committee will be supported by working groups across all key areas, such as finance, community engagement, strategy and vision, and daily operations. The founding committee will always be held accountable to the village. The Heart is for them and must work for them if it is to be considered a success. We will have a clear process for how villagers can raise concerns or questions with the founding committee.

Our key risks can be mapped to rewards the village would receive if those risks were fully mitigated, and these are outlined below:

- An environmentally responsible focal point for the village would be created. It would be owned and controlled by the village and would always be an asset for the local people
- Improvements in the community spirit of Cradley would mean that villagers meet local people they've not met before and become more involved in village life. This in turn may result in increased attendance to community functions such as the village plays.
- Reduction in social isolation of the older community
- The Heart fosters sustainable and mutually beneficial relationships with other local business, and the success of all business in the area is improved

In order to realize these rewards associated costs must be met:

- Hiring an architect, builder, surveyor and landscaper to physically create the Heart
- Purchase quality stock to equip a café. Involve the community in planting gardens/orchard. Advertise village functions at the Heart.
- Ensure older parishioners are involved by creating a sub group for the over 70s, who can design and plant the flower beds and gardens at the Heart, or host reading groups or other similar meetings at the Heart. Set up a buddy program, whereby those of the older generation who are already involved make house calls to those that are not involved and are particularly isolated to the community to extend a person invitation and a 'buddy' who they can go to events with.
- Active participation in the Small Businesses Breakfast hosted by Sue Lim at Blue Ginger

2. Market research

The Parish Council held a well attended open meeting where villagers expressed how important the village shop and post office is to them. The Heart will ensure that the following services continue to be provided, and are improved upon for the community:

- Daily supplies (milk, bread, newspapers, etc) and basic provisions
- Access to postal and newsagent services in the village
- Availability of good quality local produce
- Community hub where people can meet, make friends and exchange information

3. External Relations

The Plunkett Foundation

The Plunkett Foundation will provide us with invaluable support such as:

- Information, Advice and Support; Plunkett employs a team of people who can provide a wide range of advice and support to any community considering setting up or already running community enterprises in rural areas.
- A National Network of Community Advisers; Plunkett employs six Community Advisers across the UK who visit communities directly to provide tailored advice and support at all stages of their development. Advisers can help to talk through the community's options, help develop the vision for a new or improved community enterprise and support the development of an Action Plan to set the community off in the right direction. Advisers also stay in touch with community enterprises once trading to ensure they remain sustainable and able to access support when needed.
- Online Networks; Plunkett have dedicated community shops and co-operative pubs websites, and these enable those involved with community shops and co-operative pubs to network with each other and share best practice via a forum. The sites also hosts a wide range of information including resources, tools, news, advice, and case studies and issues regular newsletter containing information relevant to community shops. Becoming a registered user of these sites (which is free) enables members to access more information and materials, and receive relevant newsletters.

The Co-Op

Heart of the Village (Cradley) Ltd will bank with the Cooperative bank and contacts within their Co-operative organisation will give access to surplus shop fixtures and fittings.

Village SOS

The Heart team has worked with Village SOS to produce a short video that details our mission and vision for the project.

Community First

Based in Malvern, Community First has already provided the Heart team with extensive guidance and support. Their mission is to help create sustainable communities and thriving organisations, including social enterprises and co-operatives. For more than 35 years, Community First has provided high quality and timely advice, helping to regenerate, sustain and support rural and urban communities and voluntary and community sector organisations.

5. Team and management structure

The Heart of the Village team consists of six unpaid volunteers who have met since June 2014 and have developed these plans. They bring with them a range of different skills which are key to the success of this project.

Three of the Heart team make up the founding Committee of the Community Benefit Society. All members of the committee will need to be re-elected every year at the Annual General Meeting of the company for up to a maximum of five years.

1. Skills and experience

Community Benefit Society Committee:

Alan Eldridge (Chair)

Sarah Herriot (Secretary)

Holly Welford (Finance Officer)

Alan Eldridge (Chair); Alan studied architecture before becoming a cabinet maker. He established his furniture-making business 30 years ago and now employs 16 people in Colwall. Alan has lived with his family in Cradley since 2000. He has been on the Parish Council since 2007. Alan's skills and experience include:

- business management
- problem solving
- technical drawing
- planning

Sarah Herriot (Secretary); Sarah has lived in Cradley since 1988 and worked as one of the village GPs until her retirement in 2014. Sarah's skills and experience include:

- people skills
- consultation
- communication

Holly Welford (Finance Officer); Holly is in her third year of a six-year program with KPMG that will see her gain a degree, her chartered accountants exams and experience of working with clients across a wide range of industries. She has lived in Cradley since the age of 4 and worked for the old shop, first as papergirl, and then within the shop. Holly's skills and experience include:

- Accounting/bookeeping and financial analysis
- excel
- project management
- people leadership

Additional Heart of the Village team members:

Wynne Harries

Tracey Iwanczuk

Kevin Welford

2. Advisors

There are a number of community enterprise organisations supporting the Heart team including Community First, Plunkett Foundation, Village SOS and Locality. These groups all have expertise in the community sector and offer invaluable guidance and support. (See 4.3 for more detail)

6. Financials

1. Start Up Investment

To start the venture we have identified there is a need for approximately £500,000 upfront investment. We need to secure local funding and community investment initially to show commitment and help to secure the larger national funding pots. The breakdown of these costs are below:-

Land

Setup BenComm	£300	paid by Heart team
Purchase agricultural lease and collapse it so land can be gifted	£12,750	Confirmed by all parties
Legal costs	unknown	

Planning and feasibility

Pre-application advice	£200	Feasibility funding available through Locality
Architect drawings	unknown	Based on build cost
Ecological survey	£1,500	
Hydrological survey	£1,500	
Landscape Assessment	£1,500	
Topographical survey	£1,500	
Full planning permission	£500	
Marketing material	£500	paid by Heart Team

Shop and cafe set-up - Based on figures from Plunkett Foundation and Brockweir shop

Chairs, tables, sofas	£1,000
Chillers & freezers	£11,000
Coffee machine (rental)	£1,000
Computer & printer	£1,000
Cooking facilities	£3,000
Dishwasher	£2,000
EPoS system	£6,000
Fitting out shop (shelving)	£5,000
Initial stock	
New Building	£1500 / sq m
Road and parking	
Safe	£500
Security system	£1,500
Signage	£1,500
Utilities to site: Electricity and/or solar panels	
Utilities to site: Natural gas or ground source heat pump	
Utilities to site: Phone	
Utilities to site: Waste	
Utilities to site: Water	

We have so far secured £800 towards this overall total, which has paid for the Community Benefit Society startup and marketing material printing costs.

2.Target Sources of Funding

We have identified a range of funding sources. It is important to adopt a varied funding approach as grant makers like to see local commitment and financial contributions. We therefore plan to pursue the full range of funding sources available to us.

Name	Source	Target Value	Target Date
Loan Stock	Local community	£15,000	Sept-Oct 2015
Community shares	Local community	£200,000	Jan-June 2016
Grant	Plunkett Foundation	£2,000	Sept 2015
Grant	Prince's Trust Countryside Fund	£50,000	Sept-Oct 2015
Grant	EDF Green Fund	£30,000	Jan-Feb 2016
Grant	Big Lottery Power for Change	£300,000	Jan-June 2016
Grant	Co-operative Community Fund	£2,000	Jan-June 2016
Grant	Severn Waste Environment Fund	£10,000	Jan-June 2016

Other funding sources to be researched and added in due course.

3. Projections

Using figures from the previous village shop alongside figures from successful community shops within similar sized communities, we have been able to project our annual running costs and income.

Projected Annual Running Costs

Operating Cost	Comment	Estimate PA
Insurance (Building)	Replacement buildings	£1,000
Insurance (Trade)	Robbery, loss of trading	£1,000
Utilities (gas)	Cooking / heating	£2,200
Utilities (elec)	Cooking / heating / electrical equipment	£2,200
Utilities (water)	Washing up / hand washing	£2,600
Utilities (logs)	Log burner in the caff	£780
Bank charges	Cash deposited, change purchased, internet transactions	£900
Accountancy fees	Bookkeeping (management accounts); accountant (statutory accounts)	£1,800
Staff uniforms	Customers must be able to identify who the staff are	£500
Travel & transport	Travel expenses for depositing cash; collecting supplies	£500
Cleaning materials	Trade area cleaning; kitchen cleaning	£500
Glassware / consumables	Cups, plates, cutlery; storage, cooking utensils	£500
Napkins	Cafkinslates, cutlery; storage, c	£400
Licenses	PRS for background music	£100
Refuse	Trade waste, cardboard, glass	£1,200
Printing & postage	Menus	£500
Advertising/ Promotion	Parish newsletter, sponsorship	£1,500
Newspapers	A nice touch in the cafs	£1,100
Window Cleaning	Monthly	£360
Flowers	Presentation in the cafo	£500
Line rental	Voice, internet, PDQ	£150
Telephone calls	Voice	£250
Till support	EPOS support contract	£600
Gardening	Site maintenance	£780
Building repairs	e.g. Boiler mainteance	£2,500
Equipment repairs	e.g. Catering equipment	£2,500
PDQ machine hire	PDQ machine rental	£180
PDQ commission	Commission on PDQ transactions	£1,500
Epos Service Contract		£600
Salaries	1 full time, 1 part time, temps the rest will be unpaid volunteers	£40,000
Staff training	e.g. Basic food hygiene for all caff rest	£500
		£69,700

Projected Financial Income

	Year 1		Year 2		Year 3	
	Café	Shop	Café	Shop	Café	Shop
Net Sales	66,186.25	167,070.48	74,128.60	187,118.93	78,576.32	198,346.07
Gross Margin	44,159.47	34,096.02	49,666.16	37,423.79	52,646.13	39,669.21
Operating Cost	34,850.00	34,850.00	34,850.00	34,850.00	34,850.00	34,850.00
Operating Profit	9,309.47	753.98	14,816.16	2,573.79	17,796.13	4,819.21

We have used the same growth rate that was experienced by the Brockweir Shop in this analysis. That is 12% growth to year 2 and 6% growth to year 3. We have kept operating costs (which is the figure from the previous page split evenly between the shop and the café) at a constant across the three years, as we would not anticipate the need to hire further staff members, to be incurring a significantly higher amount of overhead costs, as the shop chillers, lights and other equipment will be on during opening hours whether or not customers are purchasing items.

Projected Cash Flow Forecasts

	Year 1	Year 2	Year 3	
Operating	8,555.48	17,389.95	22,615.35	See note 1
Investing	-	-	-	
Financing	500,000.00	10,000.00	5,000.00	See note 2
	508,555.48	27,389.95	27,615.35	

Note1: These figures are calculated as the operating profit for both the shop and café in each year

Note2: The financing figures are amounts we hope to receive each year, through funding agencies in year one, and then subsequent community share releases in years 2 and 3. Shown here is the total financing income, we have not deducted the capital expenditure that would be incurred in year 1. This expenditure is detailed in our start-up costs section.

Projected Financial Models

Café - Spend Per Head Model

Purchase	Retail Price	Penetration	Gross Sales	Net Sales
Hot Drink	£1.25	65%	£0.81	£0.68
Cold Drink	£1.25	10%	£0.13	£0.10
Confectionary	£0.60	5%	£0.03	£0.03
Pastry	£1.25	10%	£0.13	£0.10
Lite Lunch	£3.95	10%	£0.40	£0.33
Total	£8.30	100%	£1.49	£1.24

Shop - Spend Per Head Model

Purchase	Retail Price	Penetration	Gross Sales	Net Sales
Newspaper	£2.20	40%	£0.88	£0.73
Confectionary	£2.00	4%	£0.08	£0.07
Fresh produce	£6.00	50%	£3.00	£2.50
Packaged product	£3.00	3%	£0.09	£0.08
Cleaning product	£2.45	3%	£0.07	£0.06
Total	£15.65	100%	£4.12	£3.44

Café Footfall

Visit 'Occasion'	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total
Morning coffee	35	35	35	35	50	85	85	360
Light lunch	30	30	30	30	50	75	75	320
Afternoon tea	20	20	20	20	50	50	50	230
Meeting / function	0	0	0	25	0	0	0	25
Total	85	85	85	110	150	210	210	935

Café Turnover Per Week (Net)

Visit 'Occasion'	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total
Morning coffee	£43.39	£43.39	£43.39	£43.39	£61.98	£105.36	£105.36	£446.25
Light lunch	£37.19	£37.19	£37.19	£37.19	£61.98	£92.97	£92.97	£396.67
Afternoon tea	£24.79	£24.79	£24.79	£24.79	£61.98	£61.98	£61.98	£285.10
Meeting / function	£0.00	£0.00	£0.00	£144.79	£0.00	£0.00	£0.00	£144.79
	£105.36	£105.36	£105.36	£250.16	£185.94	£260.31	£260.31	£1,272.81
							P.A	£66,186.25

Shop Footfall

Visit 'Occasion'	Mon	Tue	Wed	Thur	Fri	Sat	Sun*	Total
Morning	35	35	35	35	50	75	85	350
Lunchtime	30	30	30	30	50	75	75	320
Afternoon	35	35	35	35	50	75	0	265
Total	100	100	100	100	150	225	160	935

* Closed Sunday afternoon

Shop Turnover Per Week (Net)

Visit 'Occasion'	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total
Morning	£120.27	£120.27	£120.27	£120.27	£171.81	£257.72	£292.08	£1202.69
Lunchtime	£103.09	£103.09	£103.09	£103.09	£171.81	£257.72	£257.72	£1,099.60
Afternoon	£120.27	£120.27	£120.27	£120.27	£171.81	£257.72	£0.00	£910.61
	£343.63	£343.63	£343.63	£343.63	£515.44	£773.16	£549.80	£3,212.89
							P.A	£167,070.48

Café Margin Model

Retail Item	Retail Price	Net Price	Purchase Price	Gross Profit (£)	Volume	Total Sales (£)	Total Cost (£)	Total Gross Profit (£)
Latte coffee	£1.25	£1.04	£0.12	£0.92	200	£208.33	£24.00	£184.33
Pastry	£1.25	£1.04	£0.40	£0.64	100	£104.17	£40.00	£64.17
Shrinkage (waste)							£40.00	-£40.00
Gross Profit 67%	£2.50	£2.08	£0.52	£1.56	300	£312.50	£104.00	£208.50

Shop Margin Model

Retail Item	Retail Price	Net Price	Purchase Price	Gross Profit	Volume	Total Sales (£)	Total Cost (£)	Total Gross Profit (£)
Chocolate bar	£0.60	£0.60	£0.10	£0.50	50	£30.00	£5.00	£25.00
Newspaper	£1.60	£1.33	£1.10	£0.23	100	£133.33	£110.00	£23.33
Shrinkage (waste)							£15.00	-£15.00
Gross Profit 20%	£2.20	£1.93	£1.20	£0.73	150	£163.33	£130.00	£33.33