

CAN YOU HELP SAVE THE DROVERS INN?



**Gussage Community
Benefit Society Limited**

Business Plan

Date: 22nd May 2015

The Community Shares Standard Mark is awarded to share offers that meet national standards of good practice, as embodied in the Community Shares Handbook.

Specifically the share offers have been subject to an assessment procedure covering the business model, community engagement, governance and clarity of the offer document itself.

The Community Shares Standard Mark signifies that a share offer meets national standards of good practice. It is the visual expression of: best practice, confidence, assurance/reassurance, quality, protection, transparency of risk and reward and credibility.

The Mark is awarded by licensed practitioners, verified by the Community Shares Unit.

For more information, see: www.communityshares.org.uk



Document: GCBS Ltd Community Business Plan
 Project Name: Gussage Community Benefit Society Limited
 Version: 1-0
 Date: 22nd May 2015
 Author(s): Management Committee and founder members of the Gussage Community Benefit Society Limited

The following have approved this document:

Sally Marlow
 Date

Mal Madell
 Date

Les Madell
 Date

Danny Wale
 Date

David Crossley
 Date

Bonny Humphris
 Date

Jill Allen
 Date

Chris Payne
 Date

Justin Ward
 Date

Subsequent changes to this document will be managed through version control.

Version	Status	Description / Reason for modifications
0.1	Draft	Draft for Sub Committee & Plunkett Input
0.2	2 nd Draft	For Management Committee & Plunkett Review
0.3	3 rd Draft	For Management Committee, Plunkett & Community Share Unit Review
1-0	Final	For publication

For any queries regarding this document please contact:

Name:	Sally Marlow	David Crossley
Phone:	01258 840531	01258 840903 / 07980 856643
Email:	Sally.marlow@btconnect.com	dacrossley@outlook.com
Phone	Mal Madell 01258 840058	
Email	lesandmalmadell@btinternet.com	

1. EXECUTIVE SUMMARY 6

2. INTRODUCTION 8

2.1 The Purpose of This Document8

2.2 Market Background8

2.3 Project Background9

2.4 Why Did The Pub Close.....10

3. VISION AND COMMUNITY BENEFITS 11

3.1 Overview.....11

3.2 Community Consultation.....11

3.3 Benefit to the Community.....11

4. AIMS AND OBJECTIVES..... 13

4.1 Raise Enough Capital to Purchase The Pub13

4.2 Affordable Rent15

4.3 Experienced Tenant15

4.4 Community Ownership.....15

4.5 Refurbished Pub16

5. WHAT THE FINANCIALS LOOK LIKE 18

5.1 Outgoings18

5.2 Rental Income19

5.3 GCBS P&L.....20

5.4 GCBS Cashflow21

5.5 GCBS Balance Sheet Projection.....23

6. THE GUSSAGE COMMUNITY BENEFIT SOCIETY 25

Management Committee		Page: 4 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

6.1 Limited Liability25

6.2 Management Structure25

6.3 Community Benefits.....31

6.4 What You Won't Get.....31

6.5 Potential investment Risks.....31

7. HOW DO I SUBSCRIBE NOW 33

7.1 The Community Share Issue.....33

8. SOCIETY MEMBERSHIP SHARE APPLICATION FORM..... 35

9. APPENDICES..... 36

9.1 Electronic Share Pledge – Microgenius.....36

9.2 SWOT Analysis37

9.3 Marketing Plan40

9.4 Schedule of Refurbishment42

9.5 Professional Fees & Taxes.....44

9.6 Tenant Recruitment.....45

Management Committee		Page: 5 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

1. EXECUTIVE SUMMARY

We are seeking investors who wish to become members of the Gussage Community Benefit Society Limited (Reg. No. 7116) that plans to buy The Drovers Inn, Gussage All Saints, Dorset. We plan to run it as a typical village pub, for the benefit of the residents of Gussage All Saints and surrounding villages, as well as visitors to the area. We aim to find a professional tenant who will run The Drovers as a profitable business with all your support and provide a service to the village and to visitors to the area and support other local businesses and tourism within East Dorset. More importantly, it will put the heart back into the village as a place for social gathering, providing good food, cultural activities, somewhere to meet people and exchange information and it will promote a cohesive and friendly community in the area. It is our intention that the pub will work closely with and in support of the other community facilities and clubs in the area, in particular the village hall and the part-time social club.

If you make an investment you will become a member of Gussage Community Benefit Society Limited. We are a Community Benefit Society, which is a society with limited liability run for the benefit of the local community. You will be a co-owner of the freehold of a traditional Dorset pub, in a beautiful setting and will always receive a friendly welcome in the pub that you own.

The performance of the tenant that we select is critical to the long term success and sustainability of the enterprise and it is essential that we maintain good communication with and support for our tenant to achieve this.

Members will need to invest a minimum of £300. Each member will have an equal say in the enterprise no matter how much you invest. The initial Management Committee that have formed the Society are accountable to the membership and will, in future, be elected by the Members. Members will receive updates via the website www.droversinngussage.com, newsletters and be entitled to attend the Annual General Meeting and other special general meetings that may be called from time to time.

Professional expertise has been sought from Mr J P Stone FRICS, RICS from Stonemith Chartered Surveyors, Valuers and Agents. On 20 April 2015 their Market Value of the freehold property in its current condition being closed and boarded was £350,000 excl VAT. Refurbishment work required to re-open the pub is estimated at £52,000. Based upon historic trading records the potential turnover stated by the independent Valuer is around £220,000 net of VAT from its current and boarded up condition. However, a significantly higher turnover can be achieved with a professional tenant delivering great food in a welcoming atmosphere with consistently high standards of customer service.

We aim to raise a total of £400,000.00 from a community share offer together with commercial loans. This will be used to purchase the building freehold with associated costs and taxes and get it ready to be re-tenanted. The Society will agree a lease with a tenant who will run the licensed business selling food and drink in our premises and pay rent to the Society at a level that will reflect the profitability of the business. The rental income will provide the revenue to maintain the building, may facilitate the withdrawal of shares from time to time, and may pay interest to the investors. We firmly believe that the business will

Management Committee		Page: 6 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

be profitable, but if it is not, the Society owns a valuable asset – the building and land associated with it – which if necessary could be sold in order to return funds to investors. Your investment is in the building and land – the bricks and mortar, not the licensed business. This is a great opportunity to invest in a worthwhile community enterprise that will provide a valuable service to its members and users.

The rental income is the sole source of income and will provide the revenue required to cover:

- loan interest, capital repayment (over 20 - 25 years) and meet any corporation tax liabilities;
- maintain the building and enhance the facilities;
- facilitate the withdrawal of shares from time to time, and may pay interest to the investors.

If East Dorset District Council grant the Change of Use planning application on 23rd June 2015 we will not be able to complete the bid process to acquire the pub. Subject to this and raising sufficient funds, exchange of contracts to purchase would be anticipated to happen in July with completion targeted for September 2015.

This business plan will evolve as we move through the process and negotiate to acquire the pub, and recruit the tenant and, as we achieve success with any grant applications.

Management Committee		Page: 7 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

2. INTRODUCTION

2.1 THE PURPOSE OF THIS DOCUMENT

The aim of this business plan is to demonstrate the feasibility for the Gussage Community Benefit Society Limited to raise sufficient community investment and commercial funding to enable the freehold of The Drovers Inn to be purchased, refurbished and let to a Professional Tenant on a viable and sustainable basis.

This document:

- Details the business plan for the project covering the concept, financials, risk and success factors and team structure and illustrates the benefits for members and the community;
- Provides an overview of the legal structure, ethos and model rules of the Gussage Community Benefit Society Limited;
- Invites you to help us realise this project and explains the process for pledging your financial support.

2.2 MARKET BACKGROUND

Freehold pub values increased 10 fold from 1975 to peak in 2007, according to 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 is due to the PubCos who were hit by the credit crunch and have been selling assets off to pay down debt. The decline has also been accentuated by competitive pressures on drink sales, supermarkets undercutting pubs, which has put a significant strain on the traditional tied pub tenancy model that has become increasingly uneconomic.

As a result of these pressures the nature of pub ownership is changing. There were 51,000 pubs in the UK (in 2010) and the large estates are now being broken up and properties are being closed or 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.

According to CAMRA there were on average 28 pub closures a week in the UK between April and December 2013.

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

Management Committee		Page: 8 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

Similarly, communities are increasingly teaming up and buying these under-performing assets, operating them through tenancies for the benefit of the local community.

According to the Plunkett Foundation, 2013 was a breakthrough year for pubs in the UK that are owned and run as co-operatives. After a few years of steady progress, in 2013 they saw a significant jump in the number of co-operative pubs opening. During the year, Plunkett also received a rapid increase in the number of communities looking to set up a co-operative pub. The key reasons for this change have been:

- Growing awareness and increased confidence that communities can take over and run pubs;
- Continually high closure rates of pubs that matter to local people.
- The development of innovative ways of funding purchases, particularly through community shares;
- New powers available to communities in England, particularly the ability to register Assets of Community Value;
- Improving the support that is available, particularly through Plunkett’s Co-operative Pubs Advice Line and the wider Frontline Service, the Department for Communities and Local Government’s Community Ownership and Management of Assets Programme in England, and the specialist support available through the UK wide Co-operative Enterprise Hub.

Co-operative pubs create a democratic way of running a community business and are set up on a ‘one member, one vote’ basis. Co-operative pubs aim to be profitable; they can distribute surplus profits to members, reinvest back into the running of the business, or distribute it back to the community.

2.3 PROJECT BACKGROUND

In 2013 The Drovers Inn, Gussage All Saints was placed on the Market by Marston’s Brewery, ostensibly as a going concern. In November 2014 the Pub was closed and boarded up and the community was alerted to the potential loss of the pub. There had been no consultation with the community about the future of the pub or plans to sell the Pub as a development opportunity. On the 9th December 2014 a Change of Use (COU) application was submitted to East Dorset District Council (EDDC) attempting to change The Drovers Inn from a Public House to a Residential Dwelling. This was made available online on 30th December 2014 and on the same date we were told that Marston’s had accepted an unconditional offer to sell the Pub to an undisclosed buyer with a completion date understood to be 19th September 2015.

The EDDC have deferred discussion of the COU application four times to date and the community are advised by EDDC that they ‘anticipate’ that this will be discussed at the Planning Committee on 23rd June 2015. To date there are 193 objections to the COU. At this meeting we will seek to demonstrate the viability of the pub and the active and real commitment from the community demonstrated in part through the successful launch of our community share offer.

Following a very well attended village meeting the community set up a steering group who have coordinated the work to save the pub, have prepared their own business case and

Management Committee		Page: 9 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

viability documents and engaged a Planning Consultant and an expert adviser concerning the future viability of The Drovers Inn. The business case has been prepared with assistance from a number of experienced professionals in the licence trade in order to fight the change of use application by demonstrating the true feasibility and viability of a well run Drovers Inn for the local community and also as a “destination” Inn which appeals to and attracts visitors.

The successful listing of The Drovers Inn as an Asset of Community Value (ACV) has enabled the business case to be further strengthened as a community enterprise with the significant benefits that this provides for the long term viability of the pub. In line with the governments ACV process the Steering Committee have registered the Community’s intention to bid for the pub via the EDDC in the name of Gussage Community Company Ltd (now the Gussage Community Benefit Society Ltd).

2.4 WHY DID THE PUB CLOSE

The full potential of The Drovers has been under-utilised in recent years through poor management, an unsupportive brewery and a village let down by inconsistent standards that affected the pub’s ability to achieve its true potential. One customer stated “This place has so much potential and needs taking by the scruff of the neck and sorting out.” KGC, Blandford Forum 14 August 2013.

Historically the pub has come unstuck for a variety of reasons. At some times it has suffered from high rents and high beer prices due to a pub tie. At other times it has suffered from inexperienced tenants with no financial incentive to maximise profits. As a result cost control and revenue generation suffered.

Management Committee		Page: 10 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

3. VISION AND COMMUNITY BENEFITS

3.1 OVERVIEW

The Society proposes to raise funds in order to purchase, re-furbish and maintain The Drovers Inn Public House, Gussage All Saints for the benefit of the community. It will lease the pub to a professional tenant who will be responsible for the operation of the public house. Other activities may be undertaken at the discretion of The Management Committee and for the benefit of the community.

3.2 COMMUNITY CONSULTATION

We have seen the impact on communities that pub closure can have. Pub closure not only threatens the social cohesion of a community but also exacerbates the impact of rural isolation.

Research undertaken within the community via a survey and a number of open meetings has established an excellent body of support for the project with a high level of participation. Highlights from the community research include:

- 86% stated closure of The Drovers would impact them and their family;
- 86% interested in community funding as a way to save the pub;
- 57% indicated their likelihood to contribute to community funding;
- 66% were interested in providing non-financial support (e.g. volunteering).

Through an interactive community workshop The Drovers target niche was identified as “a real village pub of character, offering a warm welcome, cosy atmosphere, fairly priced good food and outstanding service”. Key comments included making the most of its appealing location off the main road, the wonderful views over the open countryside and direct access to footpaths and bridleways leading up onto Cranborne Chase. The pub was seen as playing a key role as a social amenity providing a place for friends and neighbours to meet and the opportunity to get to know new people moving into or visiting the community.

A great reputation and consistency together with the stunning location were seen as key requirements to attract visitors from outside the community. Consistency, reliability of service and value for money were seen as key to ensuring that customers return on a regular basis.

3.3 BENEFIT TO THE COMMUNITY

Our belief is that the Pub and the site it occupies are vital amenities for Gussage All Saints and nearby villages and that the best interest of the community will be served by acquiring the pub through a limited liability Community Benefit Society. This legal structure is explained in detail later in this document.

This will enable the village to secure and safeguard the pub for the foreseeable future.

Management Committee		Page: 11 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

Our intention is to finance the acquisition and subsequent improvement projects, initially, through a community share offer and commercial loans. The intention is to maximise the capital raised through the community share offer. We have set a target of £155,000; however, we need to raise a minimum of £125,000 to proceed. Importantly any funds we raise over and above this will reduce our dependence on commercial funding and the associated interest costs. If we only achieve the minimum amount of share capital through the initial offer the share offer would be extended. Other sources of funding will be pursued but timescales for grant funding are notoriously uncertain and have been excluded from the business plan for this reason. Any grants awarded would be used to reduce the loan capital required or enhance the facilities of the premises.

This represents a fantastic opportunity for Gussage All Saints and nearby villages to strengthen the vibrancy and sustainability of our community. This purchase would have many benefits, including:

- Maintaining a place to meet friends and neighbours and improving the sense of community;
- Providing a central point for information on community events and local issues;
- Securing the heart of the village for the community;
- Improvements to the fabric of the building;
- Creating opportunities for employment;
- Injecting money into the local economy;
- Providing a hospitality venue for local groups, tourists, weddings and funerals;
- Helping to sustain local property prices.

Management Committee		Page: 12 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

4. AIMS AND OBJECTIVES

Our mission:

“To secure the long term future of The Drovers Inn as a flourishing pub for the benefit of the community, by vesting ownership in a society controlled by the community and by running the pub profitably.”

We believe that The Drovers Inn is viable and this was affirmed in the professional valuation by J P Stone FRICS, RICS Registered Valuer Membership number 1122777, on 20 April 2015. Although the property was closed and boarded, electricity was connected and all areas of the property were inspected. The valuation stated “The Market Value of the freehold property in its current condition being closed and boarded is £350,000 net of VAT”. The report further stated that based upon historical trading results the pub “could today turnover around £220,000 net of VAT”. Well run and with the right tenant significantly more could be achieved.

The key factors contributing to a successfully run Drovers Inn are:

- Having affordable rents and no beer ties by purchasing the freehold of the pub;
- Letting The Drovers Inn to a professional and experienced tenant who will control costs and maximise revenue;
- Acquiring the freehold premises of the pub through the Gussage Community Benefits Society Limited (GCBS), a community owned and run society to ensure community buy in and input to the future success of the pub;
- Refurbishing the pub in stages to provide improved facilities.

Of course, to do this, we need to raise sufficient capital in the first place.

4.1 RAISE ENOUGH CAPITAL TO PURCHASE THE PUB

We propose to raise £400,000, through a community share offer and commercial loans. This will be used to purchase the building freehold with associated costs and taxes and get it ready to be re-tenanted. The Society will agree a lease with a tenant who will run the licensed business selling food and drink in our premises and pay rent to the Society at a level that will reflect the profitability of the business. The rental income will provide the revenue to maintain the building, may facilitate the withdrawal of shares from time to time, and may pay interest to the investors. We firmly believe that the business will be profitable, but if it is not, the Society owns a valuable asset – the building and land associated with it – which can be sold in order to return funds to investors. Your investment is in the building and land – the bricks and mortar, not the licensed business. We will rent the pub to a professional tenant for an initial 3 year term. The tenant will be responsible for the separate operational business ‘The Drovers’. As a profitable business with all your support it will provide a service to the village and to visitors to the area and support other local businesses and tourism within East Dorset.

This is a great opportunity to invest in a worthwhile community enterprise that will provide a valuable service to its members, users and future generations.

Management Committee		Page: 13 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

The business plan will evolve as we move through the process and negotiate to acquire the pub and recruit the tenant, and as we achieve success with any grant applications.

The costs can be broken down into three main categories and these are detailed within this Business Plan.

- Acquisition;
- Refurbishment and Tenant Recruitment (more detail is provided later in this document);
- Contingency.

It is proposed that this is funded as follows:

- £155,000+ from community shares (importantly the larger the community take up of shares the dependence on commercial loan funding and reduced interest payments). The concept of community shares has been widely explored and promoted, through community research and meetings, regular newsletters and articles in the local press, the campaign website and facebook. The Marketing activity for the share offer will continue using all of these vehicles in addition to posters, local leaflet drops, direct mail and focussed communication with local businesses, cycling and walking groups etc.
- £245,000 from a commercial loan. Discussions have taken place with two ethical lenders, The Triodos Bank and The Ecology Building Society, both have given strong indications that they would be willing to lend up to 70% and 80% respectively of the value of the premises.
- Grant funding and benefactor loans will be sought; the business plan has excluded these sources as the success and timing of such grant funding cannot be guaranteed. However, any such funding will lower the overall cost of finance by reducing the dependence on the commercial loans and thereby enhancing the business plan.
- We understand that the Drovers Inn sale will have VAT applied at 20%, we will therefore propose to 'opt to tax' and make taxable supplies (rent) in order that we can reclaim VAT on the purchase and on subsequent refurbishment work. We propose to seek an additional short term loan specifically to cover the impact of the VAT expenditure on cash flow pending reclaim at the end of the first quarter.

If East Dorset District Council grant the Change of Use planning application on 23rd June 2015, we would not be able to complete the bid process to acquire the pub. Subject to this and raising sufficient funds, exchange of contracts to purchase would be anticipated to happen in July with completion targeted for September 2015.

A number of contingency areas have been built into the business plan:

- If insufficient share capital is generated the share offer will be extended;
- If the share target is exceeded the dependency on loan funding will be reduced;
- Zero grant funding is included, however, some grant funding is expected;

Management Committee		Page: 14 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

- A three month gap in rental income is included in year four to allow an unplanned change in tenancy;
- The maximum share withdrawal has been planned for with payouts commencing in year four, however, this level of withdrawal is considered unlikely;
- Share interest has been budgeted from year two but payment will be decided based upon the health of the business;
- A contingency allowance has been included in the schedule of refurbishment costs;
- All work has been budgeted fully although there has been a very high indication that the community would undertake voluntary work to help get the pub open.

4.2 AFFORDABLE RENT

Based upon the freehold ownership status of the pub, lack of brewery ties and modest profit and investment returns we will be able to charge affordable rents to the tenant whilst developing and improving the pub’s infrastructure. A tenancy buy-in figure will be agreed as part of the process to recruit the tenant and form the tenancy agreement.

4.3 EXPERIENCED TENANT

The model which the Management Committee has resolved upon is to let the pub to a tenant who will be the business operator. It is not intended that GCBS will itself run the pub. It will be the owner of the pub and receive rent.

The management committee is openly seeking the first tenant.

The GCBS Management Committee has developed objective criteria, based around the community vision, services and business planning, on which to judge applicants.

We aim to select the successful tenant in July.

4.4 COMMUNITY OWNERSHIP

The pub will be owned by and the lease granted by the Gussage Community Benefits Society Limited. This means the community will have greater control over rents and infrastructure development. It will also enable more direct communication between the tenant and the community and one of the criteria for selection of a tenant will be willingness to provide for community needs. However, our intention is not to micro-manage the tenants. They will be hired to successfully run the pub, which is their job not ours. We also hope that the local community will support the pub by offering voluntary help, and most importantly by coming to eat, drink and be merry at The Drovers Inn. We also hope that members of the Society will join and assist the management committee.

The widest possible community ownership will be encouraged; the minimum investment has been set at a level that our community research showed to be achievable for local people when they were asked to indicate their willingness to invest and likely level of contribution. There will be extensive promotion of the offer through all of the methods outlined in the previous section. This is a continuation of an active programme of communication that has run throughout the campaign as it has progressed and has included: regular open meetings, newsletters and updates on the project website and Facebook and extensive coverage in the local press and on local radio.

Management Committee		Page: 15 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

A key aspect of the community approach is to maintain regular communication between the Management Committee, Members and the Tenant. It is proposed to facilitate this through an online feedback process accessed via a members section of the website at www.droversinngussage.com so that member feedback can be reviewed and discussed with the tenant on a quarterly basis. This process will reflect the views and suggestions of the community and will not in any way replace the individual customer interaction with the tenant. Whilst the day to day marketing of the pub is the responsibility of the tenant it is proposed to undertake a number of regular community communications jointly with the tenant in order to ensure the continued engagement and support of the local residents. More detail on the marketing approach is included in the appendices.

The community approach makes a significant difference to the future potential of The Drovers Inn:

- People care enormously about their local pubs and are willing to invest their money, time, skills and energy to save them.
- This wide membership provides a large pool of people to draw on for support and custom and generates great commitment to a well run enterprise.
- The Plunkett Foundation research demonstrates that the community model is resilient. To date no co-operative pubs have failed as their strong local identity sets them apart from traditional competition. There are 34 community pubs already with a further 86 in pipeline.

This project is about saving the pub for the long term as a sustainable community asset. There are a number of key factors that are outlined below that will contribute to the future success of The Drovers Inn.

4.5 REFURBISHED PUB

The condition of the pub has been reviewed on two separate occasions by members of the Management Committee, two RICS valuers, an experienced chef and previous licensed property owner, an experienced local builder and an experienced brewery surveyor in order to help us understand the expected costs for refurbishing and re-opening the pub. The reports presented as a result of this work have provided key input for preparing the financials for the business plan.

Whilst all works have been included within the budget it is recognised that our community research indicates that 62% of respondents would be very interested in volunteering to help with the work required to get the pub ready to open.

Following the anticipated refusal of the COU application at the planning meeting on 23rd June 2015 and as part of the process to negotiate the purchase of the pub, a structural survey will be undertaken and at that time written quotations will be sought for all refurbishment works required to re-open The Drovers. An outline schedule of the expected work and budget figures are included in the appendices. We have taken a cautious approach in the figures used in this business plan.

The key works to be addressed include:

- **External works**
 - Full external redecoration and joinery repairs

Management Committee		Page: 16 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

- Redecoration of all external signage
- Repairs to external lighting
- Erect scaffolding and install new patterned ridge (approx 3.5m) to thatched roof
- General external landscaping, fencing, rubbish removal, boundary wall repairs, waste removal, car park & LPG compound tidy up
- Replace rear felt flat roof (approx 6 x 4m)
- **Internal works**
 - Complete internal redecoration to all rooms
 - Various carpentry repairs, incl. floorboards
 - Various plumbing repairs, incl. leaking radiator, servicing of boiler
 - Various electrical, fire alarm & emergency-lighting repairs
 - Pest proofing and infestation eradication
 - Deep clean of kitchen complete
 - Top up loft insulation
 - Line main chimney
 - Add a second kitchen sink area
- **Tenants Fixtures & Fittings**
 - New chairs, allow £30 a chair x 30no.
 - Overhaul all internal tables and external picnic benches
 - New cellar cooler
 - Walk-in chiller upgrade works (may need renewing though)
 - Various kitchen equipment repairs and replacement, incl. new freezer, dish washer and refurbished oven
 - New carpeting upstairs
 - Supply new pictures
- **Contingency for unforeseen (10%)**

Management Committee		Page: 17 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

5. WHAT THE FINANCIALS LOOK LIKE

GCBS will own the pub and will let it to the tenant. The core economics of the venture, therefore, revolve around interest and capital repayment outgoings vs rental income. In addition, we need to build a reserve to pay members back their capital in the longer term and provide for developing the property further as appropriate.

Pub economics are important to us, because the overall income of the pub affects the rental income GCBS will receive to cover its outgoings. This is reflected below in predicted profit and loss (P&L) and cash flow statement for GCBS. It goes without saying, that these predictions are our best estimates at the current time on the basis of conservative assumptions.

Initial Assumptions

- Property value is £350,000 (excl VAT)
- Community share capital is £155,000+
- Commercial loan as indicated for 70-80% of value and interest only in the first year
- Refurbishment with contingency £52,300
- Grant funding zero (hoped for but not included in budget)
- Short term loan to cover VAT on premises pending reclaim at end of quarter 1
- A three month rent gap is built into year four as a contingency

5.1 OUTGOINGS

We need to repay the commercial purchase loan and pay interest over a 20 – 25 year period. The repayment profile is shown below.

After year three and subject to a sufficient surplus being generated over and above the requirements to refurbish, maintain and develop the facilities of The Drovers Inn we have budgeted for an element of share withdrawal in each year after year three. Additionally and after year one we have budgeted for a modest share interest payment within the limits, rules and processes of the society detailed in the rules which are available at www.droversinngussage.com.

Commercial loan repayment £,000's

Year	Principal	Interest Payment	Capital Repayment	Total Payment
1	245.0	6.4	-	6.40
2	245.0	12.3	8.02	20.27
3	237.0	13.0	8.04	21.07
4	228.9	13.7	8.11	21.85
5	220.8	14.4	8.25	22.61
6	212.6	14.9	8.46	23.34
7 etc....	204.1	15.3	8.74	24.04

For clarity

- The principal is the amount we owe – the size of the debt at any one time.
- Interest is the rate we pay the loan provider on the debt. We have been given an indication by two providers that loan finance of up to 70-80% of the value of the property would be available at a rate of 4% above the UK base rate over a 20-25 year period.
- Capital is the amount of the principal we repay in any one year.
- Total is the combined interest and capital we pay out in any one year.

The loan repayments are not equal each year because we have assumed that there will be inflation in the base rate in the first 10 years which feeds through into higher future interest payments. This is a 20 year loan i.e. it is written down completely after 20 years. We have also been given an indication that we could opt for a 25 year loan if required. However, any increase in the value raised through our community share issue will help to significantly reduce the cost of finance.

In addition, we hope to be in a position to pay a modest interest to members in 2nd and subsequent years subject to a sufficient business surplus being generated to sustain and effectively manage the business. This will be considered as part of the annual review and AGM and proposals will be put to the AGM at the discretion of the Management Committee.

We also envisage that some shares will be withdrawn, after three years and over a longer period. Hence, we need to build a share redemption reserve over time. To this end we have decided it will be prudent to put aside out of the rent received a sum which equals 3.3% of the members' subscription, to repay those members who leave the village or withdraw funds for other reasons. This is reflected in the profit and loss forecast on the next page.

Finally, we are expecting to spend most of the money raised by this share offer in the first year, first in part payment of the purchase price including the deposit, stamp duty and other associated costs of purchase and then on repairing and redeveloping the pub.

5.2 RENTAL INCOME

Rent is a negotiation between the management committee and the tenant. The tenant needs to make a living and have a real incentive to grow the business. To this end, we don't want to impose too high a rent because we want to ensure the survival of the pub. On the other hand, we have to pay the outgoings explained above. We have carefully modelled what we think are reasonable and conservative assumptions for the pub's income based on the number of covers (people ordering food) in the pub, with an appropriate average price point to reflect the menu. We will check the robustness of these estimates with the tenant, once selected, but we believe that these figures are appropriate. Tenant revenue and implied rent are shown in the table below. We have forecast a gap in the tenancy of 3 months in year four to allow for any unexpected change in tenancy.

The viability of the pub was affirmed in the professional valuation by J P Stone FRICS, RICS Registered Valuer Membership number 1122777, on 20 April 2015. Although the property was closed and boarded, electricity was connected and all areas of the property were inspected. The valuation stated "The Market Value of the freehold property in its current condition being closed and boarded is £350,000 net of VAT".

Management Committee		Page: 19 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

Annualised revenue and rents £,000's

Year	Forecast Turnover	Increase in Turnover	Rent % T/O	Rent
1	300.0		12%	36.0
2	350.0	50.0	12%	42.0
3	400.0	50.0	12%	48.0
4	420.0	20.0	12%	50.4
5	430.5	10.5	12%	51.7

The table illustrates the budgeted annualised revenue and rent. This is based upon information provided by two RICS Valuers, industry professionals and prospective tenant business plans. The figures reflect the importance that will be placed on an excellent food offering combined with consistently high standards of customer service.

The actual business plan and cash flow figures allow for only 7 months rent in the first year and has a 3 month gap in rent in year four as a contingency against a change in tenancy.

There is a big jump in revenue in the first three years. This is because we have allowed for a slow start, ramping up to normal operation over a period of time as the Drovers Inn rebuilds it's customer base. With the village this is relatively easy; with other clientele, harder. To be modest in our ambitions, we have estimated first year revenue of £300,000. Year 2 is a 17% growth i.e. we predict a slow start, with the pub getting into its stride in the second and third years.

Rent is typically about 12-14% of revenue in the pub sector. We aim to set our rent at the lower level to create a sustainable business for the tenant and the community. We have shown likely rental figures in the table above.

In years 1-3 the rental figure will be a specified amount to enable the tenant to plan their cash flow as they develop the business. After year three it is proposed to move to a market rental system with the forecast at this time based simply on 12% of turnover. The tenancy agreement will specify that audited accounts need to be provided to GCBS annually.

5.3 GCBS P&L

Putting together these income and expenditure figures we can begin to map out a profit and loss statement for GCBS's first few years:

Management Committee		Page: 20 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

GCBS Profit and Loss estimate £,000's

Rent income for the fourth year is lower as we have made the prudent assumption that there may be a change in tenants, leading to a 3 month gap in rent receipts.

Income	Year:	1	2	3	4
Rent (annualised rate specified for yr 1-3 based on valuation figures and tenant projections then 12% of turnover forecast)		36.0	42.0	48.0	50.4
Grants and Other Income (non Int Bearing)		0.0	0.0	0.0	0.0
Other Donations		0.0	0.0	0.0	0.0
Rent Income Receivable (assume rent gap 3mth in 4th year)		21.0	42.0	48.0	37.8
Total Income		21.0	42.0	48.0	37.8
Expenditure					
Interest Payment (Loan (Int. only yr1 & Share)		6.4	16.3	17.9	19.2
Plunkett Foundation Membership		0.6	0.25	0.26	0.26
Professional Fees (Solicitor, Accountant)		5.2	1.5	1.5	1.6
Other Expenses (Recruitment, Insurance etc. some may pass through)		7.1	1.5	1.5	1.6
Statutory Testing & Fees		3.0			
Total Expenditure		22.2	19.5	21.2	22.6
Net Profit / Loss		-1.2	22.5	26.8	15.2
Corporation Tax due (amount to be paid out)	20%	0.0	4.3	5.4	3.0
Profit / Loss after Tax		-1.2	18.2	21.4	12.1

5.4 GCBS CASHFLOW

GCBS cash flow represents available cash for the organisation.

- Year Start 01/05/2015
- Zero payments Q1
- Tenant starts 01/10/2015
- Interest only loan year 1

Management Committee		Page: 21 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

GCBS Cash Flow £,000s

	01-May Q1	01-Aug Q2			01-Nov Q3			01-Feb Q4		
		Ex VAT	VAT	Inc VAT	Ex VAT	VAT	Inc VAT	Ex VAT	VAT	Inc VAT
Income										
Opening Balance					12.33		12.33	4.17		4.17
Community shares		155.00		155.00						
Mortgage Grants & Other Income		245.00		245.00						
Tenants Ingoings (F&F)		18.15	3.63	21.78						
Rent		3.00	0.60	3.60	9.00	1.80	10.80	9.00	1.80	10.80
VAT reclaim					73.49		73.49	2.73		
Bridging loan		70.00		70.00						
Sub Total		491.15	4.23	495.38	94.82	1.80	96.62	7.56	1.80	6.63
Expenditure										
Purchase deposit (10%)		35.00	7.00	42.00						
Purchase balance (90%)		315.00	63.00	378.00						
Loan interest		0.92		0.92	2.76		2.76	2.76		2.76
Solicitors		4.27	0.85	5.12						
Stamp duty		10.50	-	10.50						
Lending fee		3.06	-	3.06						
Valuation Survey		1.5	0.30	1.80						
Insurance		0.88	-	0.88	0.88	-	0.88	0.88	-	0.88
Testing & Cert		3.01	0.60	3.61						
Refurbishment		28.80	5.76	34.56	22.63	4.53	27.16	0.90	0.18	1.08
Accounting		0.5	0.10	0.60				0.91	0.18	1.09
Sundries		0.5	0.10	0.60						
Bridging loan repaid					70.00	-	70.00			
Bridging loan interest		1.4	-	1.40						
Sub Total		405.33	77.72	483.05	96.26	4.53	100.79	5.44	0.36	5.80
Net position		85.82	73.49	12.33	1.44	2.73	4.17	2.12	1.44	0.83
Closing balance				12.33			4.17			0.83

1. Assumes trading year commences 1st May 2015, linked to the date the benefit society was registered
2. VAT of £70k is paid out on completion but reclaimed at the end of Q1 and so it doesn't show in the annual cash flow. A quarterly cash flow will be added and it is proposed to source a short loan to cover the VAT payment pending reclaiming.

In the first year we expect to spend most of the capital raised. As might be expected, this comprises the initial purchase deposit and interest payment, stamp duty, various small start-up expenses and investment in repair and redevelopment of the pub. We have applied or are planning to apply for several grants. We have assumed that we will obtain zero grant income which is very conservative. The bulk of the capital expenditure on the refurbishment will be in year 1, with the balance in year 2.

5.5 GCBS BALANCE SHEET PROJECTION

GCBS balance sheet projection shows a projected snap shot of the assets and liabilities at the end of each financial year for the first five years.

GCBS Balance sheet projection £,000's

£000s	Year	<u>Opening</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
Fixed Assets							
Value of freehold pub incl. land ex VAT		350.0	350.0	350.0	350.0	350.0	350.0
Less depreciation (zero as increasing in value)							
Sub Total		350.0	350.0	350.0	350.0	350.0	350.0
Current Assets							
Bridging loan to cover VAT Q1		70.0					
Residual share capital post purchase (cash)		50.0					
Value tenant fixtures and fittings		18.2	16.4	14.7	13.3	11.9	10.7
New landlord F&F			50.0	45.0	33.8	25.3	19.0
Bank account			2.2	19.5	38.2	36.1	45.6
Sub Total		138.2	68.6	79.2	85.2	73.4	75.3
Current Liabilities (less than 1 yr)							
VAT		70.0	2.7	2.8	2.8	2.9	3.0
Bank account							
Professional fees outstanding			0.5	0.5	0.5	0.5	0.5
Sundry creditors			0.2	0.2	0.2	0.2	0.2
Corporation tax				4.3	5.4	3.0	5.5

Management Committee		Page: 23 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

Tenants reserve	18.2	16.4	14.7	13.3	11.9	10.7
Sub Total	88.2	19.8	22.5	22.2	18.6	20.0
Net Current Assets	50.0	48.8	56.8	63.0	54.7	55.3
Long-term Liabilities (1 yr+)						
Loan principle ((yr 1 Int only) total pay back yr 20)	245.0	245.0	237.0	228.9	220.8	212.6
Sub Total	245.0	245.0	237.0	228.9	220.8	212.6
Total Net Assets	155.0	153.8	169.8	184.1	183.9	192.7
Financed by:						
Share holding (b/f)	155.0	155.0	155.0	160.0	161.0	156.8
New share capital			5.0	1.0	1.0	1.1
Share redemptions	-				5.2	6.2
Share holding (c/f)	155.0	155.0	160.0	161.0	156.8	151.6
Reserves		1.2	9.8	23.1	27.1	41.1
TOTAL	155.0	153.8	169.8	184.1	183.9	192.7

6. THE GUSSAGE COMMUNITY BENEFIT SOCIETY

The Gussage Community Benefit Society Limited is an incorporated enterprise established by the Save The Drovers Steering Group, as founding members.

The purpose of the Society is to enable the people and friends of Gussage All Saints and nearby villages to secure and safeguard the future of The Drovers Inn public house, an amenity of prime importance to the community.

The Society is a limited liability, Community Benefit Society (formally known as an Industrial & Provident Society or (IPS)) using the model rules developed by The Plunkett Foundation (a charity that has been helping rural communities through co-operatives and community-ownership to take control of the issues affecting them since 1919. Helping predominantly rural communities to set up and run community-owned enterprises). The Gussage Community Benefit Society Limited (GCBS) is a democratic enterprise registered with the Financial Conduct Authority (FCA). In its rules is embedded the principle 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 may be made available for distribution to other community or charitable projects. A copy of the Rules of the Gussage Community Benefit Society Limited is on our website www.droversinngussage.com or can be requested from a member of the GCBS Management Committee.

The Society is a democratic organisation that operates on the principle of one member one vote. The Society has Members, a Management Committee, and a Secretary and these roles and responsibilities are explored later. A detailed description of the roles of the Management Committee is included below.

The rules are an important document which defines your rights as a member; please read them if you wish to invest.

6.1 LIMITED LIABILITY

This is a limited liability entity. The most you could lose is your initial investment (though we believe that this is highly unlikely). You will not be liable for activities of the tenant – for example, if they run up huge bills and then disappear. The intended community benefit is that the community has a pub.

6.2 MANAGEMENT STRUCTURE

The first Members of the Society shall be those who signed the application for registration and the first Members shall appoint the first Management Committee who shall serve until the first Annual Members Meeting. Full details can be found in the society rules at www.droversinngussage.com.

Start up provisions allow that, at the conclusion of the first Annual Members Meeting, all the members of the first Management Committee shall retire. Those elected to replace them as members of the Management Committee shall take office immediately after the conclusion of the first Annual Members Meeting, and the following provisions shall 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.

Management Committee		Page: 25 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

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

- Organise and supervise the purchase and the refurbishment works;
- Appoint the tenant;
- Monitor and manage the Society’s financial affairs for the benefit of the Community;
- Oversee the lease and manage the relationship between GCBS and the tenant;
- Recruit new tenants should that be necessary.

Our intention is for GCBS to lease the business to a tenant, who will run the pub and pay rent to GCBS. The Management Committee will set the broad policy direction for the business and agree key targets with the tenant, including certain aspects which community feedback has shown to be important. Beyond that, however, the tenant will be left to manage and operate the business as they see fit. The Management Committee does not intend to interfere with the day to day running of the business or attempt to micro-manage the pub.

Once the pub is up and running, debt repayment will be a key priority, beyond this and if there are free surplus funds the Management Committee will decide what other community projects those funds should be spent on.

Our Management Committee will need to decide how it will approach its operation, and the way in which work is shared out will necessarily depend on the skills, interests and amount of time that a person has to offer. The role description for each member of the Management Committee will match the responsibilities and expectations of the role.

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. It is proposed that the Chair, Secretary and Treasurer all have a Vice-person so that whilst overall responsibility for the role is vested in the lead person the workload is shared between the two and it ensures continuity to cover holidays and unforeseen absence. In addition to these six individuals it is proposed to have a further 2-3 Members of the Management Committee. The Committee will employ a professional accountant and will have an annual report of accounts.

The committee will put in place Officer Liability Insurance for the Management Committee and Secretary.

Management Committee		Page: 26 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

Annually, the Management Committee will provide all members with an annual report which will set out financial statements and a report of the society's activities during the previous financial year.

The Gussage Community Benefits Society Limited is registered with the Financial Conduct Authority (FCA) and will be required to provide the FCA with an annual return. However, as community share investors are deemed to invest for social returns and not for financial gain, the share issue does not fall within the scope of the Financial Services and Markets Act (FSMA) and the sale of community shares is not regulated by the FCA. There is no right of complaint to the Financial Ombudsman Service and nor can investors apply to the Financial Services Compensation Scheme.

6.2.1 Chairperson

Chairing is a key role on any voluntary Management Committee. The Chairperson must ensure that the Management Committee functions properly, that there is full participation during meetings that all relevant matters are discussed and that effective decisions are made and carried out.

The role of a Chairperson is time consuming, with work between meetings, external representation of the organisation, and work with staff. Chairing an organisation requires diplomacy and leadership skills.

The Chairperson is responsible for making sure that each meeting is planned effectively, conducted according to the rules of the Gussage Community Benefit Society Limited and that matters are dealt with in an orderly, efficient manner. The Chairperson must make the most of all the committee members and 'lead the team'. This also involves regularly reviewing the Committee's performance and identifying and managing the process for renewal of the Committee through recruitment of new members.

The Chairperson must co-ordinate the Committee to ensure that appropriate policies and procedures are in place for the effective management of the organisation.

6.2.2 Vice Chairperson

The Vice-Chair acts for the Chair when she/he is not available and undertakes assignments at the request of the Chair. To ensure continuity every organisation should ensure that the chair has a deputy who can assume their responsibility and is familiar with their work should a sudden absence occur.

6.2.3 Secretary (Consider Split – Minutes, Membership, Correspondence, Publicity)

Given the responsibilities below, the Secretary often acts as an information and reference point for the Chair and other committee members: clarifying past practice and decisions; confirming legal requirements; and retrieving relevant documentation.

Where there are no paid staff members the Secretary themselves will carry out all these duties and may also take a greater role in the day-to-day administration of the organisation. This can become a time-consuming role. Some management committees have more than one person with formal responsibility for secretarial tasks (e.g. a Minutes Secretary, Correspondence Secretary and Membership Secretary). Others delegate some of the

Management Committee		Page: 27 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

administrative responsibilities to volunteers outside of the management committee to reduce the burden.

Key responsibilities:

- Ensuring meetings are effectively organised and minuted;
- Maintaining effective records and administration;
- Acting as a reference for the legal requirements of governing documents.;
- Communication and correspondence.

6.2.4 5. Vice Secretary (Member role)

The Vice-Secretary acts for the Secretary when she/he is not available and undertakes assignments at the request of the Secretary. To ensure continuity every organisation should ensure that the Secretary has a deputy who can assume their responsibility and is familiar with their work during any periods of absence.

6.2.5 6. Treasurer

The Treasurer has a watchdog role over all aspects of financial management, working closely with other members of the Management Committee to safeguard the organisation's finances. It is important to note that although the Treasurer ensures that these responsibilities are met, some tasks may be delegated to a paid accountant.

In summary, the Treasurer is responsible for:

- General financial oversight;
- Funding, fundraising and sales;
- Financial planning and budgeting;
- Financial reporting;
- Banking, book keeping and record keeping;
- Control of fixed assets and stock.

Given these responsibilities, the Treasurer typically acts as an information and reference point for the Chair and other committee members: clarifying financial implications of proposals; confirming legal requirements; outlining the current financial status; and retrieving relevant documentation.

6.2.6 Vice Treasurer (Member role)

The Vice-Treasurer acts for the Treasurer when she/he is not available and undertakes assignments at the request of the Treasurer. To ensure continuity every organisation should ensure that the Treasurer has a deputy who can assume their responsibility and is familiar with their work to cover any period of absence.

6.2.7 General Committee Member (2-3 in addition to vice roles)

To share the workload of the committee and undertake specific tasks and responsibilities as agreed at Management Committee meetings.

The current Management Committee has been formed by nine local residents who believe that it is vital to secure the future of the Drovers Inn for the community. A short introduction to each member is included below:

Management Committee		Page: 28 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

David Crossley (Chairman)

David moved to the village in 2014. He led three very different schools and was subsequently a Director of a large not for profit where he led a team responsible for major national school improvement programmes. He is now an Education Consultant and published author who supports schools and organisations nationally and internationally. His expertise includes leading and managing change, strategic financial management and staff development. He has a particular interest in sustainable quality. He believes the pub is a key asset that makes an important contribution to the community, making the village more than just a place where people live.

Marilyn Madell (Treasurer)

Mal, with husband Les, has lived in the village for 30 years and remembers how easy it was to settle and feel at home here in Gussage All Saints thanks to the warmth and friendship found in The Drovers Inn, meeting neighbours from a variety of age groups and backgrounds. Mal's main career was in Banking and Finance, with experience of domestic, commercial and international fields, covering administration; finance and budget control, personal and business lending; managing data operations and reconciliation, project management and marketing. She later ran a Recruitment Business sourcing both temporary and permanent staff from a multi-disciplined agency, a large sector being the Catering and Hospitality Industry. As an active member of the community, she is involved with the Annual Fete organisation, the PCC and is currently a Church Warden.

Sally Marlow (Secretary)

I have lived in Gussage All Saints since 1990 when my husband and I moved into the village and married in the Village Church. Throughout the years we have been regular users of The Drovers Inn even when standards of food and service were at their lowest ebb. It is the place where we caught up with friends and neighbours and made new friends. As a formally trained Marketing Professional (MCIM, FIDM) my career spanned a range of Marketing Management roles for a number of blue chip organisations. My last eight years prior to retirement were spent as a Principle Business Consultant and Resource Manager for a large American Software Company.

Danny Wale (Member)

I moved to Gussage St Michael about ten years ago and subsequently moved to Gussage All Saints in 2012, during that time period I have always been a big fan of The Drovers. Seeing the negative effect The Drovers closure had on my father (who is unable to drive for medical reasons) prompted me to join the steering committee - the pub really is a social lifeline for some. I have a business management degree from Cardiff University and now spend my time working in business development for start ups and small businesses, the majority of my experience is in the insurance and hospitality sectors.

Bonny Humphris (Member)

I was born in Holland and came to live in England in 1978. The first country pub I visited was The Drovers and to me it was everything quintessentially English. I have been going there ever since, until it sadly closed last November. As I lived on a farm, I know the importance to a rural community of being able to meet up in a lovely local pub which is the hub of village life. Indeed, since its closure, our village seems to have lost its soul. Hopefully

Management Committee		Page: 29 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

we will be successful in restoring this so much loved village facility in which so many of our children had their first summer jobs.

Les Madell (Member)

Les moved into Gussage All Saints with Mal in 1985 after falling in love with the village and pub on sight, having sat with a pint in the Drovers' front garden, listening to the birds and enjoying the view. He recalls many great evenings in The Drovers, particularly after long days of pressure at the office, unwinding with friends and neighbours and enjoying a meal. His early career was in domestic branch banking, in the days when technical and legal skills were as important as customer service as all duties were undertaken at branch level. He then transferred to their International Head Office working in Systems Analysis, IT and Project Management in both National and International Systems Development.

Justin Ward (Member)

After 42 years in the music profession Justin and his wife chose to move to Dorset, as his first job was in the Bournemouth Symphony Orchestra. He has lived in the village since 2012 having chosen Gussage All Saints because there was a lovely pub situated right in the middle - a social hub for all. It has been very telling that almost everyone you meet, on hearing where you live, mentions "The Drovers" with great affection, testament to the fact that in the right hands the pub could thrive once again as a real community asset.

Jill Allen (Member)

I have lived in the village since 1962 and worked at The Drovers from 1980-1992 for various landlords. I am now a retired but busy grandmother.

As a long term resident I can clearly see the detrimental effect closure of The Drovers would have on the village. Being a steering committee member offers me the chance to fight this possible closure on behalf of all the community in Gussage and the surrounding villages.

Chris Payne (Member)

Chris was born in Dorset and has lived in and around the area of Gussage All Saints most of his life. A keen equestrian who is employed by a local veterinary charity he travels extensively around the globe. Chris has been quoted as saying that one of the things he most enjoys is being able to relax at home in Gussage All Saints and enjoy a pint at the Drovers Inn especially after returning from a gruelling Business Trip.

6.2.8 Members

The Community Benefit structure allows any person who buys the minimum number of shares to become a member of the Society. Each member then has one vote to exercise at the Annual General 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 the calling of a special general meeting if required. Corporate bodies can also be members.

Management Committee		Page: 30 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

6.3 COMMUNITY BENEFITS

The main reason for investing is to get a sustainable pub. In addition you may earn interest and your liability will be limited. What you won't get is windfall profits, any share value increase or government backed guarantees.

6.3.1 The Social Return – A Pub

The main point of the exercise is to create a viable community pub. We all want a place to meet friends, have a drink, take our families and socialise. This is not an exercise in generating large profits for the members. It is all about putting the pub on a viable, long term, sustainable footing. The primary return on your investment will therefore be the existence of an open and functioning village pub. The Society's Rules say that any surplus earnings made by the Society after it has paid interest to its shareholders and repaid any capital which is withdrawn must either be reinvested in the business or used for the benefit of the local community or for another charitable or community cause. Directors and members are forbidden from benefiting in any other form from the activities of the Society. If the pub becomes very successful, and members are happy to leave their money invested, then the surplus earnings could be used for other community purposes in Gussage All Saints and nearby villages. These will however be long term possibilities and depend on how successful the pub is and how quickly commercial loans are repaid.

6.4 WHAT YOU WON'T GET

6.4.1 Windfall redevelopment returns

In the event that the pub ceases trading and is, say, redeveloped for residential use, any surplus (after paying creditors and repaying share capital) must be used for the benefit of the community. Any investment should therefore be considered an opportunity for individuals to contribute financially to the community, with the specific goal of helping to keep the pub open, rather than receiving a substantial financial reward.

6.4.2 Increase in the value of shares

The value of the shares stays constant. They cannot be sold but can only be withdrawn. This will not be an investment which will increase in value.

6.4.3 Investment guarantees

Our share offer is exempt from the Financial Services and Markets Act 2000 and subsidiary regulations. This means that there is no right of complaint to an ombudsman. A community benefit society is registered with, but not authorised by, the Financial Conduct Authority and therefore the money paid for shares is not safeguarded by any depositor protection scheme or dispute resolution scheme. As the whole of your investment could carry a risk, please consider it carefully and, if necessary seek independent financial advice.

6.5 POTENTIAL INVESTMENT RISKS

Although it is not possible to foresee all possible adverse outcomes there are a number which it is reasonable for the Management Committee to guard against.

6.5.1 A risk that you could lose all or part of your investment

Management Committee		Page: 31 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

The management committee believes that it is unlikely that you will lose your capital investment. This will only happen if GCBS’s liabilities exceed its assets. For example, the pub closes, we have no rental income, yet we still have loan payments. It might be that if GCBS eventually sells the pub there is no surplus after repaying creditors. GCBS could not in those circumstances repay your share capital. Your liability, however, is limited to the value of your shares. We think this extreme situation is very unlikely because:

- The Management committee has obtained a valuation and a building survey and is engaging experienced solicitors to satisfy ourselves that we are paying an appropriate price and will have good title to the pub.
- Our projections all tell us that the pub can be profitable. The anticipated returns over the 20 year period of the mortgage will exceed the anticipated outgoings; they will also allow all share capital to be repaid over the same period (should members wish to withdraw their capital).
- GCBS will not be trading the pub so that there will not be trading losses from the pub business. GCBS will own the property.
- If even a community benefit society cannot make the pub successful then GCBS will seek to sell for residential development. GCBS would only consider this if there is no prospect of running the pub viably. So long as the pub can be run viably it is the intention of the management committee that the building should operate as a pub. If GCBS could not find a tenant to run the pub, then in those circumstances we believe that the relevant planning permission would be available. The likely value with residential permission would substantially outweigh the mortgage remaining and the repayment of shares.
- Both of these are highly unlikely scenarios, but for the reasons set out above the management committee believes that there is not a substantial risk if the pub cannot be run viably.
- Nonetheless you must understand that there is a risk that you may not get all your money back and you should take that into account in deciding whether to invest.

6.5.2 A risk that you may not be able to withdraw your shares

The Rules permit withdrawals only in certain circumstances, and only after 3 years. Thereafter, if many people want to withdraw their money in a particular year, then not everyone will be able to withdraw their money in that year. In those circumstances, the repayments will be made in the order in which notice to withdraw was received. In addition, shares cannot be withdrawn at any time during which there is a default on the repayments to the loan provider under the mortgage.

6.5.3 A risk of financial fraud

The risks here are very low. The management committee does not intend GCBS to trade as a pub. Two signatories are required for all written transactions and electronic transactions over £1000.00, and GCBS will take out appropriate insurance against inappropriate actions by any member of the Management Committee.

6.5.4 A risk that you see no returns

Another possible, albeit unlikely, outcome, is that there is no scope to pay interest on the investment for several years. The best way to avoid this is to raise sufficient capital in the first instance.

Management Committee		Page: 32 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

7. HOW DO I SUBSCRIBE NOW

Before deciding whether to invest please read this business plan and the separate share offer carefully and consider taking independent advice. Both documents can be located at www.droversinngussage.com or a copy can be requested from any member of the Management Committee.

For further information on the project please contact any member of the Management Committee.

You must be 18 years of age or older to become a member. There is no residential requirement, just a desire to support the cause. If you know of anyone who may wish to invest please let them know! This includes corporations. When considering taking part, it is vital to realise this is an investment in our community – creating a unique asset for us all, and helping to make the Community and the surrounding area a more vibrant, thriving and sustainable place. It is not a conventional financial investment with an expectation of direct financial returns. The full details are set out in the Rules of the Association. Copies of The Rules are available on www.droversinngussage.com. Please fill in the form on the last page and become a member of the GCBS. The sooner we receive enough subscriptions the sooner we can do the deal and get the pub reopened. We will have an electronic pledging platform which is detailed in the appendices; it is called micro genius and provides a platform similar to ‘Just Giving’ but specifically for the operation of community share offers. For further information please contact any member of the committee. Further information on community benefit societies is available at <http://www.communityshares.org.uk>, and in particular there is a guide to investing in community shares on their resources page.

7.1 THE COMMUNITY SHARE ISSUE

The share issue has been designed to give local people and organisations the opportunity to contribute financially, on a long term basis, to the business of Gussage Community Benefit Society Limited.

Our expectation is that shareholder members will largely come from the local community and surrounding area but we would also welcome and encourage contributors from further afield.

Individuals (aged 18 years and over) and organisations can apply for membership by buying shares at a cost of £1.00 per share, with the minimum investment £300.00 and the maximum investment £45,000 per person or organisation. You can choose one of two options in order to apply for and pay for shares:

- Online using ‘Microgenius’ an online share application and payment process provided by communityshares.org.uk. This process is detailed at the end of this document and in the business plan.
- Paper application form and cheque made payable to Gussage Community Benefit Society Limited.

Management Committee		Page: 33 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

Funds will only be drawn down (or cheques banked) if the acquisition proceeds and at this time share certificates will be produced. It is important that funds are not drawn down or banked in advance as the rules of the society prevent share withdrawal for the first 3 years.

The shares are not transferable and cannot be sold. The only way to recover the value of the shares purchased is to give three months notice of withdrawal to the Management Committee. Shares cannot be withdrawn until at least three years have elapsed from the date of the share issue and then only at the discretion of the Management Committee and subject to appropriate reserves being generated.

Shares are not transferable except on death or bankruptcy, and are withdrawable at the sole discretion of the Management Committee in accordance with the Rules available at www.droversinngussage.com or from a member of the Management Committee. All withdrawals will be paid from trading surpluses or new share capital.

The Management Committee have the authority to refuse a withdrawal request if it would endanger the business.

No interest will be paid to share holders in the first year. In subsequent years it may be possible to pay interest and any such interest payment will be proposed by the Management Committee within the limits specified in the rules and put to a vote at the Annual General Meeting. Any such proposal will be based on the performance of the society and if approved will be paid gross to the member by the society and it is each member's responsibility to declare such earnings to HMRC if appropriate.

It is important to note that the value of the shares will not increase. The only financial benefit for members is any interest paid annually.

In the event that the Drovers Inn is ever sold, for whatever reason, the shareholders would be repaid their investment from the proceeds of such sale, after repayment of any debts. Any surplus would have to be paid to a charitable or community body in line with the rules of the society.

Management Committee		Page: 34 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

8. SOCIETY MEMBERSHIP SHARE APPLICATION FORM

To become a member of Gussage Community Benefit Society Limited and invest in our venture, you need to complete this application form and send it, with a cheque made payable to Gussage Community Benefit Society Limited to the address below, alternatively, we have an online process using Microgenious (see next page for details)

Paper applications

Please complete this form (NB you must be 18 years of age or over to be eligible to become a member). Each individual must complete a separate form.

Shares are available at £1 each minimum 300 shares. Above this you may buy as many as you like to a maximum of £45,000.

I have already made a pledge (tick if appropriate) I am over 18 years of age

I wish to purchase shares (minimum 300, maximum 45,000) at £1 each to the value of

£.....

Name:

Address:

.....

Postcode:

.....

Tel No:

Email:

I confirm that I have read the Community Share Offer document, including the summary points.

Signature.....

Date:

Please complete and return with your cheque made payable Gussage Community Benefit Society Limited to: Mrs Mal Madell (The Treasurer), Teachers, Gussage All Saints, Wimborne, Dorset BH21 5ET or email lesandmalmadell@btinternet.com or sally.marlow@btconnect.com

Please note: by requesting that I become a member of Gussage Community Benefit Society Limited, I agree to my name, address, phone numbers, email address and the number of shares I wish to purchase being held on a computer database. This information will only be used for the purpose of maintaining a register of members and for posting notices regarding the activities of Gussage Community Benefit Society Limited. This information will not be passed to third parties. If you would like any interest on your shares paid direct to your bank account please enter your bank details below: please consider doing this as it will make administration considerably easier.

Sort Code	Account Number

9. APPENDICES

9.1 ELECTRONIC SHARE PLEDGE – MICROGENIUS

How to invest

We're running this offer through an online facility called Microgenius, which is operated by the Community Shares Unit and is backed by the Department for Communities and Local Government and Department for Energy and Climate Change.

The system uses GoCardless, a low-cost Direct Debit service accessed through GoCardless' sponsor, the Royal Bank of Scotland and is registered as a Small Payments Institution with the Financial Conduct Authority.

You will not pay any added fees, but GoCardless does take 0.5% of the funds raised for payment processing on successful share offers to cover the transaction costs (in other words, if all of our £155,000 share offer was raised through Microgenius, £775.00 would go towards transaction costs).

In order to use the service, you need a valid email address to create your Microgenius account, and a UK bank or building society account to set up the Direct Debit instruction. (You don't need to have a credit card).

What happens when I invest?

Microgenius works as a one-off Direct Debit, so when you sign up, your name, address and bank details will be taken but no money will be transferred from your account until and unless the publicised targets are hit. When you have decided how much you want to invest, enter your bank details into their secure service when prompted and GoCardless takes care of the rest.

You will be making a commitment to pay the amount you specify, if and when the offer target is reached and the Management Committee draw the funds down.

If we are successful, the Management Committee will decide a specific time to begin the transfer, and every investor will be given advance notice of when exactly this will be.

More information on how Microgenius works can be found on the FAQ page on the website:

www.microgenius.org.uk/pg/faq-24

Management Committee		Page: 36 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

9.2 SWOT ANALYSIS

Strengths

- Excellent location at the centre of the village with views over open countryside and direct access onto bridleways and footpaths leading onto Cranborne Chase AONB;
- A base of regular local customers who will quickly return to a well-run Drovers Inn
- 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 and therefore the tenant free to negotiate the best deals for supply of food and drink;
- Close to a number of tourist attractions;
- 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 lacked consistency of tenants, under Marstons ownership and has lost many customers to other venues;
- The profitability of the pub has declined over recent years.

Opportunities

- To build up a reputation starting from scratch 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 the business will be established as a community enterprise, run for the benefit of the residents of Gussage All Saints and nearby villages, it should be able to access grant aid to assist with development plans;

Threats

- Inability to obtain the necessary financing to conclude the purchase or development;
- Unexpected repair costs;
- Tenancy voids;
- Once the business is established several shareholders could withdraw their shares at the same time, though the society rules make this unlikely;
- Interest rate increases;
- Despite all the work and effort the continued economic downturn may lead to insufficient use of the pub and the business may prove to be unviable;
- EDDC grant Change Of Use.

Meeting the Weaknesses and Threats

Attracting lost business

Once the pub is owned by the village (and we expect over 100 members to be local residents), the commitment to use the pub and to encourage family and friends to use it will

Management Committee		Page: 37 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

be considerable. This has proven to be the case in many instances of community owned pubs.

We also plan to conduct a marketing/PR campaign aimed at residents of surrounding villages and towns.

Consistent provision of competitively priced good beer, wine and food, and reliable opening hours will provide a good basis for re-establishing the reputation of the pub, which will then attract a steady flow of referrals by word of mouth from the local residents, from local B&Bs, the caravan site and surrounding areas such as Verwood, Wimborne and Blandford.

The new tenant will be required to offer a warm welcome to local groups.

Profitability

As a tied pub, the tenants of The Drovers have been forced to buy their beer from Marstons at an inflated price, coupled with a rental, which has been linked to business volumes. It is a known fact that a freehold pub, with no ties, can save as much as 40% on beer costs. The rental charged to the new tenants by the Society will be set at a relatively low level to encourage the establishment of the business and will only be increased as the Management Committee deem it to be financially viable for the tenant. Whilst the Society will derive its income from the rental, it will be a social enterprise with fewer financial demands.

Unexpected Repair Costs

A structural survey will be carried out and will be evaluated for potential problem areas. The financial impact of unanticipated repairs can be mitigated by using volunteers from the community together with the possibility of grants or other sources of cheap finance.

Shareholder withdrawal

The Management Committee will aim to sell shares and attract financing that will lead to a sum being raised that will adequately provide for all the budgeted costs of the acquisition and initial redecorating. The Society rules provide that shareholders must agree not to withdraw funds for the first three years of the operation of the business, to allow it to establish itself. After that they will be required to give three months' notice if they wish to withdraw shares within the rules of the Society.

Cash surpluses will be retained where possible to generate sufficient cash balances to enable withdrawal of equity subject to the requirements of the business. If a shareholder gives notice that they wish to withdraw shares then shares of the same value will be marketed and can be acquired by new or existing shareholders. Ideally, new shareholders will be found to replace those shares that are to be withdrawn. If they cannot be replaced then the reserve fund can be utilised.

Providing that the business is successful it is unlikely that large numbers of shareholders will wish to withdraw their shares at the same time. If the business is not successful then it may be that a number of shareholders would seek to withdraw their investment. If this were to happen the business may have to close and the assets would have to be sold in order to

Management Committee		Page: 38 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

return the shareholder's funds. Our business plan demonstrates that this eventuality is unlikely, as the business has every chance of success.

Whilst the Society asks that every member commits their investment for at least three years, if, for a pressing reason, a member needs to withdraw their shares in advance of these deadlines, then the Management Committee has the power to allow this and will make every effort to facilitate it.

Interest rate increases

The threat of increased interest rates can be reduced by maximising the community share holding and reducing the debt through capital repayment.

The business is unviable

If the prevailing market conditions are so unfavourable that, despite a sound business plan, vigorous and sustained marketing and the support of local user/owners, the business does not develop in the way 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. This is not an outcome that we seek, but this possible course of action should give investors the security they need in the unlikely event of the enterprise being unsuccessful.

Management Committee		Page: 39 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

9.3 MARKETING PLAN

As there is no other pub in the village and the part-time members club has no food offering there is, therefore, no direct competition to the Drovers Inn. However, there are pubs in some of the neighbouring villages, which, whilst they are some distance away, are competitors for the market.

Visitors to the area looking for a country pub to walk to or for a meal out will consider options across a wide area. The plan is to market the Drovers Inn as a homely, traditional village pub, which fully meets the locals', tourists' and day trippers' idea of a country pub. This involves good quality beers, brewed locally as much as possible, good quality pub food, also sourced from local suppliers, open fires, a friendly atmosphere and traditional pub entertainment.

The aim is to meet the needs of the community for a meeting place and venue for events, and to attract visitors. Whilst the villagers will return to the pub quickly once it is re-tenanted, it will take time to build up the tourist and visitor usage. Reputation will spread most effectively by word of mouth and must be built on good quality provision and service. Nevertheless, regular marketing is vital to supplement this.

The marketing of the business will be a matter for both the Management Committee and the tenant. Whilst the lead responsibility will rest with the tenant, the Management Committee will be looking to appoint a tenant who will work in partnership with them in marketing the Drovers Inn and who will pursue the following marketing strategy:

- Publicity prior to the re-tenanting will focus on the campaign to raise the funds to acquire the pub. Nevertheless it will draw public attention to the plan to purchase and re-tenant the Drovers Inn.
- There will be an opening event that could, because of our local connections with various media, attract press and local TV/radio coverage of the story – “villagers take over their own pub”.
- This may be supplemented by advertisements in the local press and village bulletins and newsletters in the area.
- Regular leaflet drops to the entire village which advertise the pub and its programme of activities (darts, quizzes, music nights, seasonal events and so forth).
- Regular features in the press promoting the same programme and stressing the traditional village pub welcome that you will find at the Drovers Inn.
- Holding events that celebrate local food and locally brewed beer and advertising these in the specialist press.

Building up the business

Rent

Our tenant will be required to produce a business plan which demonstrates how they intend to grow the business. However, it is the Management Committees intention that the rent is agreed in advance for the first three years in order to give the tenant both security and an opportunity to reap the benefit from increased sales, thereby giving them every incentive to develop the business. Following the end of year three, a formula for reviewing the rent will

Management Committee		Page: 40 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

be agreed with the tenant prior to their entering into a further tenancy agreement. This formula will ensure that the tenant has sufficient incentive to grow the business.

Sales

It is anticipated that the new tenants will achieve sales in excess of those achieved over the past few years. Of late, the opening hours and availability of food have been erratic and unpredictable, driving away both regular and passing trade. In the past the pub was much busier with regular events. We therefore believe that the sales figures over the last few years are not a true reflection of the income that the Drovers Inn will generate and that these sales figures can be improved upon for three reasons:

- The fact that the pub is owned by the local community will be a big incentive for villagers to support their own business and to encourage their family and friends to use it.
- The tenant that we appoint will be expected to drive up the sales of food significantly over a three year period. Increasing food sales is the key to making the Drovers Inn a viable business and the tenant will have to demonstrate how they plan to achieve this.
- The tenant will have free rein to purchase all their raw materials wherever they like, as well as setting their own pricing, enabling a far more profitable model than the previous tied system.

This is clearly a challenge that the new tenant must rise to, but providing that good quality, well maintained beer and good quality, freshly cooked food is served, the demand in the locality is significant, and this local demand would be supplemented by tourists and visitors to the area.

Once we have appointed a tenant they will be responsible for running their own business within our building. They will therefore meet all of the other running costs from the income that they make from sales. As it is a new business, and they are starting from scratch, the Society will assist with marketing and getting the building ready to re-tenant. Following this, the tenant will be responsible for running the business within broad guidelines set by ourselves.

Management Committee		Page: 41 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

9.4 SCHEDULE OF REFURBISHMENT

The following table details an initial schedule of work required to refurbish the Drovers Inn ready for opening. This will be further detailed once estimates are received and this will be done following a structural survey after initial property negotiations.

Item	External works	Priority	Budget cost	
1	Full external redecoration and joinery repairs	Medium	£ 5,000.00	
2	Redecoration of all external signage	Medium	£ 1,500.00	
3	Repairs to external lighting	Medium	£ 750.00	
4	Erect scaffolding and install new patterned ridge (approx 3.5m) to thatched roof	High	£ 1,300.00	
5	General external landscaping, fencing, rubbish removal, boundary wall repairs, waste removal, car park & LPG compound tidy up	High	£ 4,000.00	
6	Replace rear felt flat roof (approx 6 x 4m)	Medium	£ 1,000.00	
	SUB TOTAL (excl VAT)			£ 13,550.00
	Internal works			
7	Complete internal redecoration to all rooms	Medium	£ 5,000.00	
8	Various carpentry repairs, incl floorboards	High	£ 1,500.00	
9	Various plumbing repairs, incl leaking radiator, servicing of boiler	High	£ 1,500.00	
10	Various electrical, fire alarm & emergency lighting repairs	High	£ 5,000.00	
11	Pest proofing and infestation eradication	High	£ 500.00	
12	Deep clean of kitchen complete	High	£ 600.00	
13	Top up loft insulation	Low	£ 500.00	
14	Line Main Chimney	High	£ 1,400.00	
	SUB TOTAL (excl VAT)			£ 16,000.00
	Tenants Fixtures & Fittings			
14	New chairs, allow £30 a chair x 30no.	Medium	£ 900.00	
15	Overhaul all internal tables and external picnic benches	Medium	£ 1,000.00	
16	New cellar cooler	Medium	£ 2,250.00	
17	Walk-in chiller upgrade works (may need renewing though)	High	£ 3,000.00	
18	Various kitchen equipment repairs and replacement, incl new freezer	High	£ 10,000.00	
19	New carpeting upstairs	Medium	£ 600.00	
20	Supply new pictures	Low	£ 400.00	
	SUB TOTAL (excl VAT)			£ 18,150.00
	Contingency			
21	Contingency for unforeseens (10%)	Medium	£ 4,630.00	
	SUB TOTAL (excl VAT)			£ 4,630.00
	GRAND TOTAL (excl VAT)			£ 52,330.00

Refurbishment work areas and estimating process.

This refurbishment schedule provides an initial view of the costs that will be involved in refurbishing the Drovers Inn prior to opening. After initial negotiations have commenced to acquire the pub a full structural survey will be undertaken and formal quotations sought for all work and the business plan will be updated.

Management Committee		Page: 43 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		

9.5 PROFESSIONAL FEES & TAXES

Item	Description	Budget cost
Solicitor fees and costs		
1	Conveyancing fees given that this is not a going concern	£ 2,000.00
2	Land registry	£ 270.00
3	Search fees	£ 500.00
4	Legal review of share offer	£ -
5	Legal review tenancy	£ 1,500.00
Other Expenses		
1	Lending Fees	£ 3,062.50
2	Insurance	£ 3,500.00
3	Recruitment	£ 500.00
Accountant fees and costs		
1	Accountancy Review of Bus Plan	£ 250.00
2	Preparation of accounts from computerised records and review	£ 565.00
3	Preparation and filing of corporation tax return	£ 100.00
4	Xero bookkeeping system online	£ 240.00
Taxes		
1	Stamp Duty Land Tax will be 3% of price	£ 10,500.00
2	VAT (20%) reclaimed end Q1	£ 70,000.00
	Business rates (tenant)	

9.6 TENANT RECRUITMENT

A formal recruitment process has been prepared in order to select an appropriate tenant to run the operational business. Interviews have already commenced.

An allowance has been made to advertise further for a tenant if the current pipeline fails to yield a tenant.

Management Committee		Page: 45 of 45
Gussage Community Benefit Society	Reg. No 7116	Date Last Modified 23/05/2015
Version 1-0		