

Business Plan

Penicuik Community Alliance

Trading in Penicuik Town Centre as Penicuik Storehouse

PENICUIK COMMUNITY ALLIANCE LTD



BREADSHARE COMMUNITY BAKERY: LOST GARDEN FOODHALL : TRAINING: INDOOR MARKET



STOREHOUSE

Revision Sheet

Version	Date	Revision Description
1 1st draft	30 July 15	Draft for limited review – Shepherds, Community Shop, Midlothian Council and Gateway.
2 2nd draft		Intermediate draft revisions
3 3rd draft		Intermediate draft revisions
4 4th draft	12th October 15	Version to accompany and support share offer – subject to final stakeholder review 23rd Oct 15
5. 5th draft	24 October 15	New version to be agreed (as basis to to accompany and support share offer prepared after meeting on 23rd Oct 15)
5.2	26 October 15	As above, minor amendments
5.3	31st October 15	Revisions following review by Social Investment Scotland and ready for Community Share Scotland
5.4	5th November 15	Include Appendix 6 on Storehouse set-up costs
5.5	5th November 15	Corrections from Business Gateway review
5.6	6th November 15	Version submitted for Community Shares review and comment. After any comments of theirs the draft status
5.7	15th November 15	Version from initial Community Shares review and comment
5.8	18 November 15	Version ready for PCA Ltd Steering Committee agreement and release as full version 1 locked for Bridging loan review and share prospectus approval.
Version 1.0	22 November 15	For review by Community Shares and Social Investment Scotland.
Version 1.1	30 November 15	Final version for share offer launch and underwriting and bridging finance review. Changes: 3 years extra financials; Open share offer implications; Minimum and maximum share return implications; Community engagement; Partner organisation relationships; 6 or 7 day working and staffing levels; Community shop/social supermarket startup.
Version 1.2	3rd December	Final version following share offer launch review. Changes: Projections simplified; Narrative on effect of underwriting loan and repayment period. More clarity on staging of community shop and use of maximum share capital. Profit and Loss Balance Sheet figures minor corrections

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1 Introduction

This business plan has been developed for the Penicuik Community Alliance trading in Penicuik Town Centre as Penicuik Storehouse and provides a strategic, marketing and financial analysis for a not-for-profit community store including a bakery, café, kitchen, quality food market and cash-and-carry, lost

garden food hall, market stalls, to which will be added a social supermarket (Community Shop) and community space on the upper floor.

1.1 Summary

The Storehouse project aims to create an active heart to restore life to the Town Centre. With the necessary minimum of fitting out of empty premises to provide a shop front and entrance to current health and safety standards and consistent with local requirements, fit out the premises for a community owned social enterprise bakery, retail counters, café, kitchen, storage area, indoor market, customer and staff toilets, a lift and a social solidarity supermarket concession within the community store.

Our premises is a large unused former co-op food store in a prime location in the heart of Penicuik town centre. Our proposal seeks to bring this empty pivotal building into active lively use for a wide cross section of the community.

The first step is to fit out the bakery, café, kitchen, retail counters, indoor market and provide customer and staff toilets on the ground floor; improve access between the floors, reopen trading access to two Town Centre streets and on the first floor establish a community shop/social solidarity store and related facilities and a welcoming community space upstairs for performances, classes and workshops.

For maximum community ownership we have already established the Alliance as a Community Benefit Society to run the Storehouse and we are working with Community Shares Scotland on a mid-November community share issue. The public share offer will allow supporters and social investors to take shares and provide capital, so the Alliance can with additional loans and grants take the lease of 22 High Street, Penicuik to establish the Penicuik Storehouse with the help of volunteer and professional advisers and trusted long-term partners.

1.2 Key Outcomes

- Increased footfall in the Town Centre
- Reinvigoration of every aspect of town centre business and activity with knock-on benefits for local traders for local traders.
- A range of new jobs and volunteer opportunities in catering, retail, training, administration and events
- A solid record of training opportunities fulfilled in the Storehouse.
- Increased confidence in the Town Centre by residents and local traders.
- Evidence of new visitors to the town, and new users of our early-and-late town centre facilities.
- Clear evidence of increased satisfaction in local quality of life across the spectrum of society.
- A self-sustaining community-run storehouse ready to trade with:
 - A bakery;
 - Café area;
 - Kitchen area;
 - Retail counters for bakery goods and provisions;
 - Indoor market concession stalls;
 - Customer and staff toilets and rest room;
 - Associated training, storage, stock and office spaces;
 - Community Shop Social Supermarket in operation' providing low cost food and life training for vulnerable people as a sustainable alternative to foodbanks.

1.3 Financial Summary – Years 1, 2 and 3

This summary is covered in full in the body of the report.

Penicuik Storehouse (Penicuik Community Alliance Limited)			
- Key Financial Parameters			
Finance	Year 1	Year 2	Year 3
1) Turnover	£ 459,354	£733,817	£ 821,875
2) Gross Profit	£ 53,428	£170,203	£ 173,909
3) Trading Profit and Loss	-£ 52,657	£31,092	£ 37,982
4) Balance sheet (reserves) Profit and Loss	-£ 52,657	-£ 21,565	£ 16,417
5) Capital requirements			
a) Premises and equipment	£ 245,400		
b) Lead in staff and goods and cash flow	£ 70,000		
c) Professional Services	£ 16,700		
6) c) Total	£ 332,100		
7) Funding			
a) TCCCF Grant	£ 150,000		
b) Share Issue	£ 182,100		
8) Total	£ 332,100		

The Storehouse moves into a positive trading profit in year two and into positive contribution to reserves in year three allowing the management to consider interest payment and share withdrawal independently from any capital arising from new shares.

The share offer will be underwritten by Social Investment Scotland who have reviewed and stress tested, without commitment, this business plan.

1.4 Share Prospectus Summary

This format is adapted from the Dig-in prospectus¹

	£183k fixtures and fittings etc £11k legal & prof fees , opening stock £27k	£94k 7 f/t equivalents @ 35 hours @ £9.90 living wage+	£8k	£10k	£460k	£313k	£53k (loss)
	£0	£94k (as above)	£43k	£10k	£733k	£438k	£31k (profit) ²
	£0	£94k (as above)	£43k	£10k	£822k	£522k	£37k

¹ <http://www.diginbruntsfield.co.uk/shareoffer/>

² The figures are maintained in the financial projections spreadsheet.

1.5 Background

The Penicuik Community Development Trust Ltd (known here as “the Trust” and “Penicuik Trust”) <http://www.kosmoid.net/penicuik/trust> has built a core of key activities including:

- Weekly cinema in the Town Hall –the Trust has run the big screen cinema since 2007
- Weekly Open House in the Town Hall- exhibitions, café and meeting place run since the Trust began in 2005
- Daily ongoing running of the Pen-Y-Coe Press – stationery & printshop- a Penicuik institution.
- Reclaiming the extensive Lost Garden of Penicuik in a major long-term project, providing an increasing supply of fresh vegetables, fruit and flowers, plus seed potatoes for home growing, some daily through the Press, weekly through Open House, and Monthly through its own stall at the Penicuik First Friday Street Market.

Members of the Trust have run a Saturday foodstore at Valleyfield House in Penicuik High Street every week for 25 years

With the Trust’s active support in starting the Penicuik Town Centre Business Improvement District and the subsequent Penicuik First outdoor Monthly Market begun in summer 15, people associated with these initiatives have looked to bring local food and local baking back to the High Street.

The premises at 22 High Street in Penicuik once used by Penicuik Co-operative Association as their main food store have become available and offer the space and facilities to create an exciting community store on co-operative principles.

1.6 Scope

The period of this plan is November 15 through December 2020.

This draft contains appendices with planning notes that will not appear in any final version.

2 Business Overview

Penicuik Community Alliance aims to provide:

- **Storehouse Breadshare Bakery** (with advice and supervision from Breadshare CIC)
- **Storehouse Café** (with advice from Breadshare)
- **Storehouse Kitchen**
- **Storehouse Provisions** (with advice and supervision from VH and Green City) low cost high quality retail and cash-and-carry,
- **Storehouse Lost Garden Produce** (with advice and supervision by members of The Trust’s Lost Garden Group,
- **associated retail counters,**

- **Storehouse Indoor Market** (coproduced with MarketCraft, operators of Penicuik First Friday Market)
- **Food Preparation Training Areas**
- **Lettable community space**
And as soon as possible after opening:
- **Community Shop** “beyond the foodbanks” foodstore (a shop within a shop operated in conjunction with Community Shop, the UK’s first network of social supermarkets using surpluses from the food manufacturers and retailers,

All these elements will work together as an attractive example of ‘**social solidarity**’ principles. Within the overall venture the community shop will separately provide specialised support to a membership of people in need defined by clear criteria.

As an integrated whole the Penicuik Storehouse will create an outlet for locally produced high quality food, grown and produced in ecologically friendly gardening/farming systems and enhanced by careful and sensitive cooking and baking and, for the community, for high quality food surplus. Our range will encompass all the essentials for a family, or an individual, and include a full list of breads, cakes, pastries and savoury meat and vegetarian pies, cheeses, cooked meats, pates, jams and chutneys.

We aim also to include, alongside the complete selection of essential foodstuffs, a range of main dishes, cartoned soups and high-quality salads. A key focus of our enterprise will be to supply high quality at very reasonable prices in every part of the store, and including heavily discounted (30%) for the restricted community shop membership, that will significantly reduce the food shopping bill and enable limited incomes to go much further.

It is a fundamental tenet that good does not have to mean expensive and for far too long people with less have been expected to subsist on cheaper, poorer quality food.

A **Breadshare Bakery** will be at the heart of our Storehouse enterprise. Breadshare (which this year enjoyed a royal visit and an entire BBC Food Programme) started in West Linton near Penicuik just a few years ago and this year opened a successful new Edinburgh bakery in Portobello. Breadshare has a long association with Penicuik and the Trust, Valleyfield House Saturday Market and Penicuik First. The team has been working to improve the quality of Scotland’s bread with Andrew Whitley of BreadMatters and the Real Bread Campaign, with grower and miller Angus McDowall of Mungoswells and with Edinburgh’s ancient Baxters Incorporation.

The **community shop** will separately stock a complete range of branded foodstuffs and local produce at heavily discounted (typically 30%) of normal supermarket prices.

The Penicuik Community Shop which will be run in collaboration and partnership with Company Shop - Community Shop organisation (<http://community-shop.co.uk/>) and will commence as a community hub offering a range of services and include the key social supermarket element as soon as the food surplus supply chain can be established. We are hoping to establish this initially through local collaboration with other national recipients of food surplus and then with Company Shop - Community Shop as soon as their agreements with the retail brand holders permit.

We have the funding from the Town Centre Communities Capital Fund to establish the basic infrastructure for the store but establishing a supply chain of good in-date food surplus in advance of access to the Company Shop - Community Shop supply chain through agreement on a franchise or operation as a full partner means we cannot include this in the opening configuration or include any income and revenue from this element of the overall project.

We will work to a composite business model which demands high ethical thresholds in every respect:- in management structures, involvement of volunteers, care for suppliers, training opportunities for local people and transparency for stakeholders.

It is also a central aim of the project to reach out and connect with other local, socially motivated organizations³. To that end we will provide space for community groups and local businesses and an Indoor Market related to the new **Penicuik First Friday Farmers Market** operated by **MarketCraft** on behalf of **Penicuik First BID Ltd**. The Friday Market has been popular beyond all expectations and the pivotal Breadshare stall sells out in its first 100 minutes. The Trust's Lost Garden of Penicuik is also an established Friday Market stallholder.

Through our self-sustaining enterprise and the wide involvement of young people from our schools, we aim to reach out to the people of Penicuik and Midlothian to set an example to ensure that the issues of food, its provenance, its processing, its preparation, its consumption and its economics achieves a higher profile and becomes a matter of real interest to all and to provide support 'beyond the foodbank' to the most needy to help their transition to independent flourishing.

We want the Storehouse to be a must-see attraction for visitors to Penicuik, and to symbolise the cherished hopes of traders and citizens to regenerate our town centre.

The Financial Analyses presented below demonstrate how we intend to develop as a social enterprise with charitable aims through a Community Benefit Co-op with Public Share Issue. The analyses show that PCA will not only be viable but will quickly be achieving a very useful surplus.



Team at Breadshare Portobello

L-R: Alex Crowe-Riddell, Louise McKinlay, Alison Jones, Carl Talbot, Callum Gess, Patrick Winter, Debra Riddell, Sam Ireland-Taylor, Jill Sales, Susan Connarty, Esther Morgan, Geoff Crowe, Beth Brownlee, Jessica Armstrong



Jill Sales (chair, Breadshare CIC), Debra Riddell, HRH Duchess of Rothesay, Geoff Crowe,

³ Breadshare 11-12 Seafield Rd E, Edinburgh EH15 1EB, 0131 258 5165, <http://breadshare.co.uk/>;



L: Angus McDowall (Mungoswells), Andrew Whitley, (BreadMatters), Roger Kelly (Penicuik Trust.), Elizabeth Drummond-Young (Edinburgh Baxters),
R: Jill Sales, Roger Kelly, Donna McArdle (The Real Junk Food Project), Karen MacGregor (Firstport), Alistair Johnstone (Social Investment Scotland).



Good food brings life back to empty Penicuik streets

original Penicuik Co-op store at 22 High Street The first Penicuik First Friday Market in June 15 next to Bank St and High St in Penicuik precinct

2.1 Unique Features

- 1) Community Benefit Society with capital raised through a public share issue from the local community
- 2) Providing locally sourced bread, vegetables and meat at competitive prices
- 3) Working with trusted partners such as Breadshare, Community Shop (both Community Interest Companies), Green City (Workers Co-op) community charities like Penicuik Trust and Penicuik Arts and Penicuik's three food banks
- 4) Through a community store and indoor market supporting emerging local traders and entrepreneurs and drawing more trade benefitting all the local traders
- 5) And including a 'beyond the foodbanks' social solidarity store support for those in greatest need.
- 6) Offering employment and volunteering opportunities
- 7) A unique attraction for visitors and citizens closely tied to Penicuik's social history and identity

2.2 Mission Statement

To serve the community in a cooperative alliance with local bread, fresh vegetables, groceries, meat and all related domestic requirements, including an indoor market, café, food preparation training, community shop and meeting space, all provided to the community as a whole at competitive prices with special arrangements for those in greatest need to bridge the gap between foodbanks and fully independent living.

2.3 Vision

A community enterprise in profit before the end of any initial rent free period. If we can possibly achieve it, at the end of the first year and each subsequent year we see a membership of at least 500 from Penicuik and neighbouring areas using the associated community shop, and the synergies providing footfall for the town centre to spread the message and develop links across Midlothian.

2.4 Business Sector

The fresh food and grocery requirements of the local community in an around Penicuik with attention to the needs of the most needy and deprived in this and neighbouring communities.

2.5 Strategy

The Bakery will be provided in association with Breadshare⁴ which began in this area;

The Bakery will supply and the Storehouse Kitchen will supply the café and the retail operation;

Food will be supplied from Green City⁵ who have long term links with the Valleyfield House shop that has been run by Roger Kelly and volunteers for 25 years on a Saturday morning.

The indoor market is planned to connect readily with the Penicuik First Friday Farmers Market operated by MarketCraft on behalf of Penicuik BID Ltd

Recognising that arrangements will take time, we nevertheless aim to have a Community Shop of the kind run in Barnsley and London by Company Shop - Community Shop⁶, or its equivalent, as a key part of the Storehouse at the earliest opportunity.

2.6 Objectives

What do we plan to do? Essentially we plan to create a business which links customers with local food producers and provides a central hub for:-

- (i) Bakery
- (ii) Sale of healthy local foods
- (iii) Meeting place for people (café and other community facilities);
- (iv) Encouraging the development of the "Midlothian Diet";
- (v) A space and training resource where we can "teach" people to cook and bake;
- (vi) A Community Shop for those eligible and willing to accept a short programme of training and cheap food;
- (vii) Training and education to build confidence, self-esteem, capabilities and skills and knowledge to assist their transition to independent living and flourishing.
- (viii) Social interaction, raising awareness of nutrition and health in relation to diet;
- (ix) Reaching out to people in a very direct way, encouraging them to begin to know and then to take responsibility for dietary issues amongst family, friends and community.

2.7 Plan

How do we plan to do it?

The preparatory steps, with key milestones identified, are:

1. Form a community benefit company ('Benco');
2. Draft a business plan with start up costs and running costs through to positive cash flow.
3. Communicate with the community
4. Put in place the governance structures

⁴ See footnote 3

⁵ <http://www.greencity.coop/>

⁶ <http://community-shop.co.uk/>

5. Negotiate the basis of a lease and get agreement in principle from the landlord
6. Float the Benco with a community share offer with assistance from Community Shares Scotland, Social Investment Scotland, CDS and the Plunkett Foundation and and, with loans and any grant funding we can obtain, raise the necessary capital - Milestone;
7. Secure the lease –Milestone ;
8. Finalise the business and subsidiary plans;
9. Recruit employees and volunteers;
10. Train;
11. Fit out;
12. Source supplies;
13. Publicise;
14. Trial;
15. Launch - Milestone.

2.8 Goals

The first are to establish:

- a shop and cafe which has its own on-site bakery and kitchen preparing food. The shop will sell coffees, teas, rolls, pies, soups, salads, cheeses, pate, cured meats, bread, rolls, cakes, pastry, provisions and more.
- A social solidarity store/community store providing food surplus and local fresh food at 30% of typical local main stream prices for defined groups in need;
- Community facilities opportunities for training and personal development to mentor and help those in need;
- Indoor market facilities linking up with existing supply channels and local ventures such as the monthly street market.
- A valued community asset widely and democratically owned by the local and wider Penicuik, Midlothian and related communities have one vote per shareholder irrespective of holding but allowing for greater returns depending on the size of the holding.

To achieve the above we will coproduce (as noted at the top of this section) with Breadshare Bakery, BreadMatters, Green City, The Community Shop (Goldthorpe, Barnsley), Penicuik First monthly Market and its current operator MarketCraft, The Lost Garden of Penicuik (PCDT Ltd), and other local providers like Penicuik Arts Gallery Café Whitmuir Organics, The Glencorse Centre, , Garvald Home Farm, Oxenfoord Garden, East Coast Organics. and The Secret Herb Garden, Damhead.

We will plan and develop courses, working with our wider colleagueship, on all aspects of nutrition and healthy eating and reach out to schools, care homes and hospitals in the locality.

We are strongly of the view that many of the ills of our society have a dietary foundation and it is both a short term objective and a long term aim to begin to demonstrate this and to make some contribution towards making Midlothian healthy.

2.9 Rules and Legislation

We will operate under all the rules and legislation pertaining to a Food Business:- Environmental Health, Building Control, Planning, Employment Law, HMRC etc.

3 The Organisation

Penicuik Community Alliance is inspired out of the work of Penicuik Community Development Trust and more particularly the **Lost Garden Project** which is currently stimulating interest in growing food and is involving children from the local schools. Penicuik Community Alliance will have a constitution separate from PCDT. It will be encouraged by the proud example of the former **Penicuik Co-operative Association**, who operated the premises as a food business for much of Penicuik's recent history.

3.1 Organisation Profile

Penicuik Community Alliance will be constituted as Community Benefit Society⁷. A community benefit society can offer shares for a modest capital input. The differences between a Co-operative and a Community Benefit Society are centred on the community role of the latter and the ability to pay interest on member's share capital though not distribute surpluses⁸. The legislation was passed into statute in 2014⁹.

3.2 Organisational Structure

Governance

A Community Benefit Society comprises members who have contributed £25 or more to own one or more shares. Each shareholder will have one vote irrespective of the number of shares they hold.

The members elect the board of executive and non-executive directors. A provisional board is offered with the share offer.

The board appoint a management team of employees to run the Bakery, Community Shop and Café, service the retail counters and market stalls – some of whom may be contributed, at least during start up, from partner organisations such as Breadshare.

The management team hire and recruit employees and volunteers and supervise, train and lead these to the effective working of the enterprise in line with the established values, aims, systems and plans.

Community Engagement

Penicuik Community Development Trust

The trust has a well supported 'Open House' each Saturday morning in the Town Hall providing language practise tables and refreshments. The regular weekly displays have featured the Storehouse project throughout the year. The other trust activities including the Pen-Y-Coe Press, Cinema and Lost Garden engagement in the monthly street market started this summer have provided opportunities for publicity as well.

Window displays in 22 High Street, the 'Nickel and Dime Store'

Since serious negotiations with the landlord commenced early in the Summer the windows of the store have been used to publicise the project and keep the community updated with the progress. This has proved a very effective means of community communication.

Regular monthly updates in 'The Town Crier'

There have been regular reports in the free monthly magazine that is distributed to the whole of Penicuik and many locations in Midlothian and is the main channel of community society news.

Presentations to Local Groups

The Alliance has been asked to present to the Community Council, Rotary and others.

⁷ See <https://www.fca.org.uk/firms/being-regulated/meeting-your-obligations/firm-guides/cooperative-and-community-benefit-societies> ,

⁸ See <http://communityshares.org.uk/further-support/fag/whats-difference-between-co-operative-and-community-benefit-society>

⁹ See <http://www.legislation.gov.uk/ukpga/2014/14/contents/enacted>

Local High School Engagement and Support

Early in the life of this project communication with the local food bank voluntary sector, council and schools resulted in key meetings guiding the project toward a Community Benefit Society structure. Contact with the most local of the two High Schools has resulted in strong support from the young people at the middle and upper end, vocational support teachers and deputy head and project endorsement from the school and use of their logo. This opens the door to communication with the population of school families.

Share offer launch programme

The share offer launch programme began with a High School gig in the Town Hall on 20th November with displays and refreshments in the lower hall and the music in the main upper hall. Registrations of interest were obtained and a successful event was held.

The school will assist in a community leaflet drop and the 'Christmas' monthly street market this December will provide the opportunity for announcing the opening of the offer for shares. Burns night on 25th January will provide the opportunity to publicise the end of the share offer – or the opportunity to announce its extension.

Partners and Key Relationships

Breadshare

Bakery preparation will be "front of house" at street level, and behind that we'll have the café, sales counter, with bread ovens to the right.

The Bakery will be a partnership with Breadshare who started near Penicuik just a few years ago and earlier this year opened a successful new bakery in Portobello. Breadshare this year enjoyed a royal visit and an entire BBC Radio 4 Food Programme. Breadshare is an established supplier to Penicuik's Valleyfield House Saturday Market and First Friday monthly street market. The Breadshare team has been working to improve the quality of Scotland's bread with Andrew Whitley of BreadMatters near Penicuik and the Real Bread Campaign, with grower and miller Angus McDowall of Mungoswells and with Edinburgh's ancient Baxters (Bakers) Incorporation.

The Alliance will manage and take full responsibility for the bakery and a 1% of each bakery item has been agreed with Breadshare and added to the cost of sales in the financial projections.

And as soon as possible after opening:

Company Shop – Community shop

Community Shop redistributes surplus food from the supply chain and makes it available at heavily discounted prices, to those living in areas of deprivation and experiencing in-work poverty. The Penicuik Community Shop which will ultimately be run in collaboration and partnership with Company Shop - Community Shop organisation (<http://community-shop.co.uk/>).

It will commence as a community hub offering a range of services and include the key social supermarket element as soon as the food surplus supply chain can be established. We are hoping to establish this initially through local collaboration with other national recipients of food surplus and with Company Shop - Community Shop as soon as their agreements with the retail brand holders permit. It

Company Shop – Community Shop must meet the standards required by the retail brandholders who are their suppliers and they specify the British Retail Consortium requirements. We have obtained the description of the community shop layout at community shop in Yorkshire and followed this here.

We have details on the personal development package and are awaiting costs for a franchise on just this element which is under their direct control and know that it will be a while before the agreement of the retail brand holders could be obtained to wider franchise arrangement for the whole concept including access to their supply chain.

Suppliers and Key Stakeholders

Green City

Green City¹⁰ have been the key supplier to the Valleyfield House 10 -12 Saturday market and will continue to provide low cost good quality food suitable for vegetarians and including dairy-free and gluten free ranges alongside their wide range of provisions and well recognized brands.

The relationship is that of a key supplier with a long track record of excellent service to the Valleyfield House predecessor to the provisions store element of the Storehouse.

Indoor Market stall holders

The monthly Penicuik Precinct street market has enabled us to communicate with a wide range of potential stall holders and form a good working relationship with Marketcraft¹¹ and Penicuik First Bids Limited who manage the street market. The storeholders will provide stalls in the indoor market on a daily and weekly rate. Preparation space will be provided but no storage space between stall usage. The Storehouse may choose to operate some stalls on its own account.

The costs are shown in 12.3 Indoor Market Stalls.

Stakeholders

The stakeholders are the members – drawn from the local community, employees and volunteers, suppliers, linked organisations such as Foodbanks and the local Midlothian Community as a whole.

Accountability

Accountability will come firstly through the underpinning democratic community ownership expressed in the Community Benefit Society and then through good customer, member, staff, supplier and stakeholder communication and full implementation of all statutory and other legal requirements and a management system aimed at continuous improvement.

Weekly steering committee meetings at 8 am on a Monday morning are held in the Town Hall and are open to attendance in person and it is the Alliance's intention to add remote attendance through web conferencing to enable participation and maintain a green footprint.

These will continue as well as being accompanied by the required Annual and Special Members meetings covered in the rules.

Other management meetings will be as open as possible consistent with the aims and objectives of each and the interests of the alliance and the persons involved.

Community Benefit Society Share Ownership

The legal basis of the organisations is expressed in the rules of Penicuik Community Alliance Limited registered with the Financial Conduct Authority and sponsored by the Plunkett Foundation¹².

The way the shares operate is discussed in the Share Prospectus also available on the Alliance website¹³.

The prospectus provides the following:

"Penicuik Community Alliance Limited ('The Alliance' - trading as the 'Storehouse') is using a form of investment called Community Shares – it's ideally suited to community assets like the Storehouse.

¹⁰ See 5

¹¹ <http://www.marketcraft.co.uk/index.html>

¹² See these in the document "For Society" on www.penicom.net

¹³ See www.penicom.net .

Investors can expect interest on the sums they invest and may withdraw their investment (in essence, get their money back) but only under certain conditions.

The Alliance must first have the funds to support withdrawal or interest payments and we only expect to make interest payments or accept requests for withdrawal after three years.

Community shares can't be sold on or transferred (except upon death)."

The Plunkett rules of the Alliance registered with the FCA state that the minimum age is 5 years for holding shares¹⁴:

"3.3 Membership is open to any person (whether an individual, a corporate body or the nominee of an unincorporated organisation) who completes an application for membership in the form required by the Management Committee and:

3.3.1 is over 5 years of age;

3.3.2 supports the Society's Purpose;

3.3.3 pays for the minimum number of shares required by the Rules;

3.3.4 agrees to pay an annual subscription (if there is one); and

3.3.5 whose application is accepted by the Management Committee"

However as a contract has to be entered into between the shareholder and the alliance shares must be purchased by a person of 16 years of age or older and if done so for someone over 5 years of age they will not be able to exercise their rights as a member until they are 16.

We have therefore stayed with this form of words in the prospectus:

"Who can buy shares?"

This offer is open to anyone over the age of 16."

AND

"Christmas is coming up – can I buy shares as a gift?"

Yes, but get in touch with us, rather than using the application form. When shares are bought, there's a legal contract made between the investor owner and the Penicuik Community Alliance, so we need to make special arrangements to ensure that the person who is having shares bought for them is still able to personally agree to that contract (and we can't do that until after the 25th so we don't spoil any surprises!)"

4 MARKET SUMMARY AND ANALYSIS

4.1 Products and Services

Penicuik Community Alliance will be running a Bakery/Shop/Café offering food of a high quality at reasonable prices, aiming to make our products available to and affordable by all. These are listed

We will engage with local people in a bid to work together, through provision of recipes, classes and courses and by enabling access to good locally produced ingredients will work towards healthy eating in Midlothian.

4.2 Market

Catchment

Penicuik is a town of approximately 18,000 situated to the south of Edinburgh. It formerly relied on Paper Manufacture as a major employer but today there are no large industrial employers. Many of today's residents commute to work in Edinburgh.

¹⁴ Plunkett Alliance rules page 5.

There are five local Primary schools and two Secondary schools.

Penicuik is well served with buses to and from Edinburgh but also has good connections to Peebles, West Linton, Biggar and Dalkeith.

Midlothian is close to Edinburgh and both have areas within easy bus travelling distance that are in SIMD most deprived rank 2012 in the UK based on the Scottish Index of Multiple Deprivation in the Scottish Neighbourhood Statistics¹⁵.

The 3 food banks in Penicuik

Penicuik Town Centre, where PCA is to be based, recently successfully balloted traders for the creation of a **Business Improvement District (Penicuik First)**.

The Penicuik area and its hinterland seems wide open for a development of this kind and there is incontrovertible evidence that there is a growing nationwide awareness of a need to wake up and take responsibility for what we and our children eat. There are several housing developments going on in the Penicuik area reflecting a growing commuter economy and as yet a lack of diversity or depth in terms of choices for food purchasing and catering.

Customers

There is a current perception that healthy eating is necessarily expensive eating and there are very good reasons why this is so but it undoubtedly does not have to be the case. However it is in the interests of the Supermarkets to allow this perception to prevail and the majority believe it even when presented with evidence to the contrary. We are planning to begin to change this in practical ways.

The number of potential clients for a social supermarket, based on figures from Midlothian Council¹⁶ is 12% of a ward of 8387 which is just over 1000 people – in just this one ward alone and leaving aside the other 10,000 of population. When we add in 10% of the balance this increases to a total of 2000.

Customer Needs

By working with schools in the growing of food at the Lost Garden, Garvald, Whitmuir etc and by engaging with School Kitchens, Glencorse, Whitmuir and other outlets, offering courses and trainings for young people we will begin to make an impact and grow the demand for healthier foods.

Positioning/Image

At present there is no outlet in the Penicuik area specializing in local foods. There are three foodbanks, four charity shops, two convenience food outlets, four empty shops and two outlets of large food and related household goods retail multiples. As an exemplary social enterprise offering quality bakery and fresh green groceries and other food at affordable prices and a separate social solidarity supermarket offering a full range of branded surplus foods and local produce at very heavily discounted (30%) to those in demonstrable need Penicuik Cooperative Alliance will comprise an intensely attractive meeting place offering affordable quality at the very heart of the town.

¹⁵ <http://www.sns.gov.uk/Simd/Simd.aspx>

¹⁶ Alasdair Mathers 23 October 2015 "We have percentages of the population rather than numbers , by multimember ward (which for Penicuik does not include the whole area as it leaves out the Mauricewood road -north part of Penicuik which is in the Bilston/ Roslin/Loanhead ward) .

12.8% of the 16-24 year olds , 13.5% of 25-49 year olds and 12% of 50-64 year olds are benefit recipients of any in or more of the range of working age benefits – (Housing benefit , ESA ,JSA , Income Support ,or the new replacement for all these- Universal Credit) . The working age population of the ward is 8387 ,and there are 3043 pensioners- many of whom will receive occupational pensions and so not need the store's support .

4.3 Competition

Competitor Services

Penicuik is well served by supermarkets and a broad range of fast-food outlets and two of these¹⁷ provide in-store heated bakery products but not organic. The supermarkets offer a range of prepared main-course meals and salads and also sandwiches.

Unique Selling Points/What makes us better

Penicuik Community Alliance bakery, like all Breadshare bakeries, will be entirely organic, with bread made and baked on the premises, not merely heated. The Kitchen and Storehouse Food Market will be unique in cooking or supplying largely organically produced ingredients, some from The Lost Garden. We have consulted local suppliers and have assured supplies of meat from Garvald Home Farm and a rich variety of vegetables and seasonal fruits from range of suppliers.

Penicuik Community Alliance will be a local expression of the implementation of 'Feeding Britain - A strategy for zero hunger in England, Wales, Scotland and Northern Ireland - The report of the All-Party Parliamentary Inquiry into Hunger in the United Kingdom' (<https://foodpovertyinquiry.files.wordpress.com/2014/12/food-poverty-feeding-britain-final.pdf>) and will work with Company Shop and Community Shop¹⁸, local food banks and other groups to enable this.

5 Risk Management

5.1 SWOT Analysis

STRENGTHS	WHICH MEANS THAT
<p>Food producers are ready and willing to work with Penicuik Storehouse.</p> <p>The Social Enterprise model has its own attractions within the community.</p> <p>Valleyfield House Saturday shop has been running weekly for 26 years and has established a firm presence in the community .</p>	<p>Supply chains in place and ready to be expanded, with Breadshare, Trust and GreenCity.</p> <p>Community share offer should be successful</p> <p>We have a presence and track record and long-term experience to underpin the business case.</p>

WEAKNESSES	WHICH MEANS THAT
<p>The suitable and available property in Penicuik High Street (the former Nickel and Dime) is not yet completely secured.</p> <p>Lack of start-up capital.</p> <p>Town Centre Food competitors like Lidl, B&M and Greggs are well established and in strong financial positions.</p>	<p>We must move quickly to secure a lease on this property at the right price and right terms .</p> <p>We must establish the legal structure and business plan and seek local investment through public share offer plus any offered grant funding and top up social investment loans if these are required.</p> <p>We don't see these businesses as competitors, we shall be bringing food spending back to the centre from other out of centre traders and our own offering will be much more distinctively local. We will work in partnership with established</p>

¹⁷ Greggs and Lidl

¹⁸ Community-shop.co.uk

Current dependency on volunteers -	suppliers; in the community shop we will work with retail multiples who provide food surplus We need to widen our volunteer base and nurture them carefully
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OPPORTUNITIES	WHICH MEANS THAT
The lease of 22 High Street Penicuik with a total of 9,000 sq ft would give us resources for all of these aims which would strengthen each other The Business Improvement District status for Penicuik and the new monthly street market have created a new environment for the town: the community see improvement and unanimously want to see more.	We need to act quickly to secure the lease based on a sound business plan. We must communicate effectively with the community to gain backing and involvement through a public bencom share offer and through volunteering building on the clear hunger for a revived town centre for Penicuik.

THREATS	WHICH MEANS THAT
The current recession and the fact that many are struggling to find enough income to live on does push people towards relying on a poorer, mass-produced diet and makes them mistrustful of outlets offering what they will expect to be unaffordable.	We must communicate effectively with all sectors of the community to ensure the message that the bakery and provisions, plus the community store element offers an excellent range of good quality food and a sustainable future for families plus big social solidarity benefits for a revived town centre.

5.2 Risk Assessment

There will always be risks when dealing with food but we are committed to taking a pro-active approach and will always seek advice from all the relevant bodies and agencies. It is a positive advantage that we are not primarily motivated by profit. As part of our run up to opening we will develop a comprehensive risk analysis and risk register working closely with Protective Services. We will invite a visit from a representative from Healthy Working Lives with a view to making a close examination of the working environment.

5.3 Risk Management

Risk management will be the responsibility of the Board and the Management Team and management systems will be put in place following recognized best practice to implement this and these will be independently and internally regularly monitored and audited to ensure compliance and effectiveness.

6 Presentation and Marketing

Market Research

The Penicuik volunteer Weekly Market at Valleyfield House in the High Street has been operating as a social service for 25 years. The Penicuik Open House has operated as a weekly social centre and café for 10 years, meeting lease costs and raising money for the Trust. The Penicuik Arts café co-op has run effectively for 35 years. With long experience of customer requirements and feedback in this area As a Social Enterprise linking in with other food enterprises and with the avowed intention of reasonable pricing strategy we are sure our Storehouse concept will work.

Attractiveness, openness, opening hours

The Storehouse is to be an attractive asset to Penicuik Town Centre in its own right, well presented and fitted out simply yet very distinctively. As such, we expect it to be a big draw for citizens an a

visitor attraction in its own right (in much the same way as Storehouse of Foulis on the Cromarty Firth on the A9 north of Inverness). The active bakery and the café as a social meeting place are at the heart of the presentation to the public; we envisage Storehouse opening hours will be 7am to 7pm daily, after which Penicuik's existing pubs, restaurants and takeaway offerings in the High Street will have the town centre to themselves. The Community Shop members operation within the Storehouse will open from 9am to 5pm daily and closed on Sundays. The character of the Storehouse on Sunday will be different from other days, and both its activity and its 9am to 7pm Sunday opening hours will reflect a greater concentration on the many passing Sunday visitors and on synergies with local church attendance and the Trust's well-established 7pm Sunday cinema in the Town Hall.

Promotion

Advertising	<input type="checkbox"/>	Town Crier, Local papers in Biggar, Peebles, Edinburgh, Dalkeith/Bonnyrigg/Lasswade/Eskbank
Sales Promotion	<input type="checkbox"/>	Extensive use of Social Media taking advantage of support workshops run by Business Gateway and others.
Direct Sales	<input type="checkbox"/>	Our unbeatable position on Penicuik High Street
Mailshots	<input type="checkbox"/>	We will take advantage of existing networks built up by the Penicuik Trust.
Flyers/Leaflets/Posters	<input type="checkbox"/>	The Bakery will work closely with its sister community enterprise, the Penycroe Press
PR	<input type="checkbox"/>	Website, Facebook etc. Talks to local groups

6.2 Prices Margins and Impact

As stated above, this is essentially a social impulse and our prices will be affordable.

Strategy

Our pricing strategy will reflect the close collaboration we will have with our suppliers, workers and customers. Margins will reflect the need for fair prices, fair wages and limited profit.

Competitor Comparison

Competitors pricing will be monitored. We will work hard to point out to our customers the advantages of small-scale as opposed to the popular view of efficiencies of scale claimed by the supermarkets.

Where we aim to provide a social solidarity store/supermarket offering food to people in receipt of welfare support this will be done on a discount that accrues at the point of sale which can only be used for in-store purchases and is not redeemable in any other way. The eligibility will be established with a discount card with photographic identity which is used to authenticate every sale. This will limit the eligibility to those in receipt of welfare and already authenticated on the Penicuik Community Alliance system and any other Community members who may have earned the right to the same discounts by their accredited and verified contributions in kind to the community. We will by this means limit the very substantial reductions for these customers to those who are verified as eligible and avoid unfair competition.

Terms of Trade

Cash : Card

Special Conditions

We will develop deals when our Outside Catering/Delivery begins.

Turnover and Sustainability

See tables in Appendix 1

Turnover - See Appendix 2 - Cash Flow

Year 1 £459354

Year 2 £733817

Other Sources of Income

A small as yet undefined income will come to help support/train Learning Disabled workers and Apprentices.

These are to be investigated with relevant agencies.Surplus

There is a gross profit on trading of £ 53,428 for year 1 and £170,203 for year 2. Surplus could be used to invest in the business and prepare to fund future purchase the premises.

Sustainability

Sustainability will be achieved fairly quickly - 6 to 12 months.

Turnover is dependent on Quality, Reliability and Price and we are confident that these have been realistically appraised.

The worst case scenario is probably a major public health issue in the early days leading to loss of confidence among the customers.

We will work in very close association with Environmental Health,making sure that all workers are fully trained and every precaution is taken with respect to all Protective Services,Health and Safety,Insurance etc.

Social Impact

The Big Society Outcomes Matrix¹⁹ provides measures that can be used to assess social impact.

Inspection of the measures in the areas of Citizenship and community and Conservation of the natural environment provides measures for the present scope of the Storehouse.

Inspection of the measures in the area of Income and financial inclusion provides extra measures appropriate to the social supermarket element.

We believe that in terms of opening up community ownership, volunteering and the financial help of the social supermarket the Storehouse offers significant measurable social impact.

See 16 Appendix 5 Social Impact Outcomes Matrix. The full list of indicators is available on www.penicom.net

7 LOCATION AND LAYOUT

PENICUIK STOREHOUSE

NOVEMBER 2015

GROUND FLOOR

FIRST FLOOR



Premises

The premises at 22 High Street, Penicuik (formerly Nickel & Dime and once the Penicuik Co-op food store) are critical to our business and we will begin by selling from here though we later expect to develop deliveries to customers and other outlets and internet ordering of some items

This is an attractive Shop with on two floors with 5,000 and 4,000 square feet respectively .excellent visibility at the heart of Penicuik Town Centre with potential preparation, serving, seating and retailing areas with with toilets and an entrance to Bank Street to the rear

The premises require clearing and upgrading.

Here's how we plan the layout inside the Storehouse on the Ground Floor. Starting at the front will be the main access to the café which will be slightly raised to overlook the High Street and the bakery. Bakery preparation will be "front of house" at street level on the right side of the Storehouse looking from the Behind that we'll have the café, sales counter, with bread ovens low down on the right side. Then the kitchen in an open area on the right. front. Behind the café, bakery and kitchen areas will be the Food Market and Lost Garden Food Hall taking up most of the width of the Storehouse to the back, where the indoor market stalls will be laid out. Access to toilets will be on the left side, and on both sides stairs, and a lift, will lead to Bank Street and the upper level where the Community Shop, more toilets, and the potential social space. Our approach to all the space will be flexible and attractive to make the Storehouse suitable for occasional promotions and events.

A preliminary draft sketch layout is shown here: (Alan Thompson of Lee-boyd Architects, 2 October 15)

Rates payable:

£	14,400
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per annum.

Size of the property: 9,000 sq. ft. in total on two floors.

Services Services are reasonably suitable.

Details of Landlord: Scottish Midland Co-operative Society, trading as **Scotmid** Co-operative

Length of lease:

10 years

Rent payable:

£30,000

per annum

Equity in property:

0

Authority

Planning permission and building warrants will be required.

We are working closely with Environmental Health.

No special licences required other than the licence for works from the landlord.

Environment

The following are relevant to the business:

Details

Energy consumption.		To be costed
Use of materials/chemicals.		Environmentally friendly materials will be used at all times
Release of emissions/effluents.		Will comply with current legislation
Solid waste.		Will comply with current legislation
New market opportunities.		To be investigated
Environmental legislation.		Will comply by consultation with local authority
Health and Safety.		Health and Safety procedures to be produced after appropriate advice
Others (Please specify).		

It will be our policy to operate according to ecologically sound principles.

8 PEOPLE

8.1 Steering Committee, Advisers and Support

At present we are three interim Directors actively working to develop the Project as described below in Section 16 as Appendix 3 - Business Details.

Background on the members and key associates is given in 14 Appendix 3 - Business Details.

The following brief biographies and background on the Steering Committee, Advisers and the Penicuik Community Development Trust were also used in the Share Prospectus:

"Penicuik Community Development Trust has a track record of getting things done that make a real impact in Penicuik, and behind The Storehouse are people who've been involved in that work.

We began in 2014 to explore the possibility of launching a really high quality low-cost food business. In 15 we formed The Penicuik Community Alliance Limited with a Steering Committee of volunteer directors Colum Beagan, Paul Hayes, and Roger Kelly.

Roger has lived in Penicuik for nearly 40 years and his family connection goes back further. He has had a career in Town Planning and Community Development to add to his experience of 25 years of successful operation of the Saturday market in Valleyfield House Penicuik and his retail experience and supply chain will transfer directly into the Penicuik Storehouse operation.

Colum has associated himself with food culture throughout his life and even during the fifteen years he spent as a Maths teacher he kept a garden and smallholding. He is passionate about good food and passionate too that good food is not just for the well-off. He grew up on a small farm and has been involved in the Lost Garden of Penicuik project, and has lived locally for nearly two decades.

Paul has lived in Penicuik for 27 years and has a background from childhood in retail sales and latterly business experience in Quality Assurance and Business Management Consultancy.

The Steering Committee have also consulted with Judit Lengyel (who also helped form the Community Benefit Society), Archie Patterson, Derek Mair, Melanie Dunbar, Shuna Anderson; with Jill Sales Debra Riddell, Geoff Crowe and the team at Breadshare; with Alasdair Mathers and colleagues at Midlothian Council and with Alistair Johnstone at Social Investment Scotland. Gary Stott from Company Shop has been inspirational and essential to our investigation of the community shop - social solidarity store aspect of the project and without his encouragement we could not have proceeded with this vital element."

8.2 Staffing

Penicuik Community Alliance will employ 7 full-time staff for a six day operation, with an option for 7 day working, and will have to use a body of volunteers to cover the opening hours anticipated (main shop 9 – 5, bakery 7 – 7), overlaps and holidays. . As growth permits part-time, Learning Disabled (LD) adults and further volunteers opportunities will be possible.

8.3 Recruitment

Bakers (2), bakery staff (2), Café staff (1), Kitchen staff (1) and Storehouse organiser/manager (1) whose responsibilities will include security and caring for and overseeing of volunteers.

This does not include staffing of 'store-within operations' such as the indoor market stalls or the Community Shop, but Storehouse staff and volunteers may service aspects of these by arrangement.

Volunteers will be used to run the provision store initially and assist with bakery and kitchen.

8.4 Volunteers

Volunteers to meet the needs of the business elements will be sought to work alongside the paid staff. 3 will be sought to work alongside LD adults:-serving, clearing, cleaning,washing-up, chatting, entertaining.

8.5 Organisational Management

The management system providing the risk assessment and risk management will include appropriate definition of key processes and procedures and the competences needed for each.

Individuals responsible for these processes and procedures will be assessed and experience and competence signed off as appropriate to the risks and associated regulatory and safety requirements.

8.6 Training Needs

A Training Programme will be drawn up on the needs of our community, our partners, our volunteers and our paid staff and directors. Appropriate training will be given a high priority. We will work with appropriate agencies i.e. Skills Development Scotland to identify suitable opportunities for training and staff development.

8.7 Organisational Improvement

A management system, compliant with existing best practice, will be implemented from the outset and this will provide for staff and stakeholder involvement in assurance of effective management and continuous improvement.

9 CAPITAL EXPENDITURE

9.1 Summary

Upstairs	£110,000
Downstairs	£144,500

For detail see 17.3 Available for Setting-up

For details of funding requirements and sources, see section 10.2 Funding.

10 FINANCE

Direct Costs

Materials £319k year 1, £425k year 2

Direct Storehouse Employment Costs

£10,500 per month

Bakers (2), Bakery Staff (2), Café, (1) Kitchen (1), Storehouse organiser (1)+ (7@£18,000 p.a.).

Overheads

Rent £30,000 per annum

Rates £30,000 RV, after short term vacancy £12,960 , full rates £14,400 pa²⁰Insurance £117 per month²¹

Heat and Light £650 per month

Repairs and Maintenance £300 per month

Postage and Stationery £50 per month

Advertising, Publicity and Marketing £50 per month

Telephones/Broadband and IT £250 per month

Travel and Subsistence £100 per month

Motor Vehicle Expenses £500 per month

Professional Fees £890 per month²²

Leasing Charges £250 per month²³

Interest Charges £0 per month

²⁰ Rates from SAAS <http://www.saa.gov.uk/search.php> and <http://www.business.scotland.gov.uk/calculator>

²¹ "the block insurance policy is roughly £1400 per annum" From agents in email 9 July 2015

²² Accountant, Solicitor and Architect.

²³ Vehicle leasing

Other Finance Charges £10 per month²⁴

Contingencies £1,500 per month

Depreciation has been charged at the following rates in the forecasts on a straight-line basis.

ASSETS	VALUE	DEPRECIATION	RATE OF DEPRECIATION
Property	£ 0	0	5 % p.a.
Fixtures & Fittings	£ 102400	102400	10 % p.a.
Plant & Machinery	£ 135000	135000	15 % p.a.
Vehicles	£ 2750	2750	20 % p.a.
Other	£ 8000	8000	10 % p.a.

Thus the depreciation charged in the accounts amounts to £ 11,500 per annum

10.1 Sales, Direct Costs and Cash Flow Projections

The projected weekly sales and cost of sales by item group in each area of the initial configuration of the Storehouse are included (see 12 APPENDIX 1 – PRODUCTS and PRICES) and are the basis of the monthly sales and direct costs projections. They have been reviewed with the partners and stakeholders such as Breadshare, the Valleyfield House Saturday Provisions market and the Penicuik montly market stall holders.

Detailed Monthly Sales and Direct Costs and Cash Flow Forecasts have been prepared for illustration for the first, second and third years of trading to calculate the funding requirement for the business - See Projected Balance Sheet.

The forecast is based on the following assumptions:

- We would have a lease signed, funds in place and be able to gain access and begin fitting out on 1st December 15.
- We would begin incurring the essential indirect overheads from that point.
- We would need stocks and staff in place a month before opening.
- We have a six month rent free grace period.
- We have a rates free grace period of five months.
- We would be open for trading on 1st April 2016.
- Six day only trading as an initial position. We may open on Sundays.

This implies a working capital requirement of £70,000 apart from the capital costs.

Customer Credit There is no need to offer this.

Stock Levels Stock will have a rapid turnover due to its fairly perishable nature- maximum of one month.

Supplier Credit Maximum 30 days.

Capital Expenditure £237,400 is needed as start-up.

²⁴ Bank account and extraordinary bank charges.

The Social Supermarket fitting out is included as part of the grant expenditure. This will include setting up on the first floor the social eating space, kitchen and breakout room required for community shop in anticipation of either a franchise or ultimate integral partnership with community shop. Completion of the Social Supermarket with initial stock, staffing costs, back office systems will require the share issue to significantly exceed target expectations but is expected that the operation of community shop will be self sustaining and also contribute to the overheads and profitability of the whole enterprise.

10.2 Funding

Funds Required:	£332,100	Sources of Funds:	£332,100
Purchase / Alteration of land.	0	Community Benefit Society Finance – Share Offer.²⁵	182,100
Alteration of buildings.²⁶	102,400	Overdraft facility.	
Plant & Equipment²⁷.	135,000	Bank Loans.	
Vehicles²⁸.		Grants	150,000
Office Equipment.	8,000	Donations.	
Other uses.	16,700 ²⁹	Other.	
Working capital (for day to day expenses).	70,000		
Total.	£332,100	Total.	£332,100

We have shown the Social Supermarket capital fitting out costs for consistency as they are included in the TCCCF grant application.

As our TCCCF grant application is successful, our share offer will be set at a minimum of £82,100, a target of £182,100 and a maximum of £300,000. The share issue will be underwritten and if only minimum is achieved a loan of £100,000 will be made available over a 10 year period @ 8% interest. We have also applied for bridging finance to cover any gap between being able to draw down shares or access grant funding and needing to pay invoices.

As the TCCCF grant must be paid in arrears of expenses we shall also need to manage the short setting up period of being complete by the end of March 15.

²⁶ See more detail of items in 17.3 Available for Setting-up.

²⁷ See more detail of items in 17.3 Available for Setting-up.

²⁸ In costs as part of leasing @ £250 per month and part of travel and motor vehicles as £250 of the £350 per month

²⁹ See 17.4 Available for fees – Architect, Warrant, Planning, Legal etc., etc.

10.3 Shares and Takeup

Open Offers

The initial share offer opening early December 15 and completing by end of January 2016, or as soon after that as is possible following a modest extension, will be followed by an open, and continuous, offering of shares to enable maintenance of the inclusive and democratic community base we seek to maintain.

The uptake on this further share offering will enable the Alliance to build up reserves sooner than would be possible by trading alone and will enable it to investigate and carefully consider opportunities to extend the scope of its operations within Penicuik and Midlothian and beyond in support of this and related community enterprises that are wholly compatible with the aims and rules of the Alliance.

It is expected that the availability of the open offers and the uptake of shares by new shareholders will, as far as we are able three years down the line from opening up, balance the uptake of share withdrawals.

The profit and loss balance showing the effect on reserves indicate that, if we don't need to take the underwriting loan, we should be able to make some interest payments in year 3 if we deem the reserves will allow this.

Initial Launch Makes Maximum

In the event of the initial share offering raising the maximum £300,00 with £117,000 over the aim value of £183,000 this will enable the Alliance to build up reserves sooner than would be possible by trading alone and will provide funds for the Social Supermarket with initial stock, staffing costs, and back office systems.

The only cost element for the Social Supermarket on the first floor of the premises that was known for this business plan was the cost of fitting out a layout similar to ours - the 2,000 sq foot convenience type store that Company Shop – Community Shop have at Goldthorpe near Barnsley in Yorkshire. This was used in the TCCCF grant application. The other development costs, that needed a franchise agreement with Company Shop – Community shop which was a concept not yet approved by their board in order to become available to us, were not known and so the costs and revenue from this operation were not included in this business plan and this has been highlighted throughout this document³⁰.

This extra capital from making our maximum should enable us to bring this vital social element of the operation on stream sooner than would otherwise be possible by reaching agreements with other suppliers of food surplus, such as Fare Share, and possibly within the first year of operation with benefit to the community and to the cash flow and profitability of the operation. We have the support and active encouragement of Company Shop – Community Shop in this approach.

Initial Launch Makes Minimum only

In the event of the initial share offering only making the minimum of £83,000 the underwriting loan of £100,000 from Social Investment Scotland will be drawn down which will enable us to complete our business plan.

There will be a 6 month repayment holiday after which interest at 8% and capital repayments, over 10 years, will commence.

The effects on the financial performance of the Alliance are modest and sustainable.

The key financial parameters are modified as follows:

³⁰ See page nos 9, 10, 16 and 29

Penicuik Storehouse (Penicuik Community Alliance Limited)			
- Key Financial Parameters			
Finance	Year 1	Year 2	Year 3
9) Turnover	£ 459,354	£733,817	£ 821,875
10)Gross Profit	£ 53,428	£170,203	£ 173,909
11)Trading rofit and Loss with loan	-£ 56,657	£23,892	£ 30782
12)Balance sheet (reserves) Profit and Loss with loan	-£ 56,657	-£ 32,765	£ -1,983
13)Trading rofit and Loss without loan	-£ 52,657	£31,092	£ 37982
14)Balance sheet (reserves) Profit and Loss without loan	-£ 52,657	-£ 21,565	£ 16,417

The cash flow with and without the loan is only affected after June 2017 when positive trading figures enable us to service the loan and interest within the projected cash flow but would probably defer our ability to pay interest on shares into year 4..

May – Nov 2016 without the loan:

MAY	JUN	JUL	AUG	SEP	OCT	NOV
6403	32024	42126	53658	55361	62051	73650

May – Nov 2016 with the loan:

MAY	JUN	JUL	AUG	SEP	OCT	NOV
6403	30524	39126	49158	49361	54551	64650

Initial Launch Makes Aim

We would not need to take the SIS loan and this would avoid us having to draw down the underwriting loan which will bring the move into positive contribution to reserves into year 3 and help enable share interest payments and withdrawals in year 3 as planned.

If the initial launch only makes the aim we would have to look for capital to develop the Social Supermarket on the first floor. This has already been discussed with Social Investment Scotland and would be the subject of Business Plan for this element alone within the overall Alliance structure and maybe a fresh share offer. It may also become possible if the open offer yields enough fresh capital.

Share Interest Payments

The committee hopes to pay interest on share capital, capped at 1.5% in any given year, though for the first three years, interest will not be paid nor withdrawal allowed to enable us to focus on getting the Storehouse business in a good condition for long-term growth.

EIS Tax Relief

All available levels of tax relief – SITR, SEIS and EIS have been investigated and evaluated.

Community Shares are compatible with SEIS or EIS depending in the levels of share capital.

Seed Enterprise Investment Scheme relief has an upper limit for SEIS relief. If you raise anywhere between 75K and 150K, investors could avail themselves of it, but there are complex rules to follow in the event of raising more than 150K to ensure that the people claiming 150K get the 50% tax break, and the people investing above 150K get their lower-rate tax break.

Approaches could have been

- 1) Lower the maximum amount in this share offer to 150K so as to be able to be sure that anyone investing is eligible (should you be eligible for the tax break, of course).
- 2) Raise the minimum amount necessary to invest to reduce the likely number of investors, so as to enable Microgenius to be able to identify which investors will be getting the tax break and which will not, and then draw down the money from the two groups on different days (this is because to be in compliance with SEIS rules, staff at CSU would have to manually go through every investor and authorise the draw down, which is not possible in terms of their time if there is a low minimum which could mean there are hundreds of investors to sift through. The risk factor here is that people are put off in greater numbers than are attracted by the possibility of a bigger tax break.
- 3) Draw down all the money in one go, and then allocate shares to the people who wish to claim the 50% tax break on one day, and then allocate to everyone else the next. The down side here is that the difference between the total you raise and the total you allocate in pursuit of EIS must be less than £200,000, as organisations with gross assets (including cash at the bank) over 200K cannot claim SEIS. This shouldn't be a problem unless you have a significant body of your offer raised from people outside the UK tax system, either because they are outside the UK or retired/unemployed etc, which unfortunately, we can't know in advance. This is too costly in Microgenius effort.
- 4) Another possibility is that the society could see what the offer raises, and if it is less than 150K, invite investors to claim tax relief of 50%, and then invite them to reinvest that windfall back into the society afterwards. The risk factor here is that we don't really speak about tax breaks at all as it is too complicated, and so investors aren't motivated by them with the result being a lower raise.
- 5) Forget all about SEIS, and concentrate on EIS at 30% as the attraction to investors.

We have adopted option 5 and HMRC have been approached to register the offer for EIS.

Corporation Tax

Corporation tax has not been included as the Allinace should not be liable for it, based on these illustrative figures, until year 3 or 4 at the earliest.

11 Projected Balance Sheet³¹

Sales and Direct Costs

Year 1

SALES & DIRECT COST FORECAST		15/16												
		DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	TOTAL
SALES FORECAST														
Retail and Wholesale - Bakery, Retail and Café														
Cash						30975.36	32911.32	34847.28	38719.2	40655.16	42591.12	42591.12	46463.04	309754
30 days credit														0
60 days credit														0
90 days credit														0
TOTAL	£	0	0	0	0	30975	32911	34847	38719	40655	42591	42591	46463	309754
Provisions Shop														
Cash						12240	13005	13770	15300	16065	16830	16830	18360	122400
30 days credit														0
60 days credit														0
90 days credit														0
TOTAL	£	0	0	0	0	12240	13005	13770	15300	16065	16830	16830	18360	122400
Community Shop														
Cash														0
30 days credit														0
60 days credit														0
90 days credit														0
TOTAL	£	0	0	0	0	0	0	0	0	0	0	0	0	0
Indoor Market														
Cash						2720	2890	3060	3400	3570	3740	3740	4080	27200
30 days credit														0
60 days credit														0

³¹ The figures are extracted directly from the Business Gateway financial projections spreadsheet.

90 days credit														0
TOTAL	£	0	0	0	0	2720	2890	3060	3400	3570	3740	3740	4080	27200
GRAND TOTAL		0	0	0	0	45935	48806	51677	57419	60290	63161	63161	68903	459354
DIRECT COSTS														
RAW MATERIALS														
Cash				27254.4	28957.8	30661.2	34068	35771.4	37474.8	37474.8	40881.6	40881.6		313426
30 days credit														0
60 days credit														0
90 days credit														0
SUB-CONTRACTORS														
Cash														0
30 days credit														0
WAGES (Cash)				10500	10500	10500	10500	10500	10500	10500	10500	10500	10500	94500
TOTAL	£	0	0	0	37754	39458	41161	44568	46271	47975	47975	51382	51382	407926
Gross Profit (monthly)	£	0	0	0	-37754	6478	7645	7109	11148	12315	15186	11780	17521	51428
plus stock adjustment														2000
GROSS PROFIT														53428
as percentage of Sales														% 11.63

Year 2

SALES & DIRECT COST FORECAST	2016/17													
	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	TOTAL	
SALES FORECAST														
Retail and Wholesale - Bakery, Retail and Café														
Cash	39106.392	39493.58	39880.776	40267.968	40655.16	41042.35	41429.544	41816.736	42203.928	42591.12	42978.312	43365.504	494831	
30 days credit													0	
60 days credit													0	
90 days credit													0	
TOTAL	£	39106	39494	39881	40268	40655	41042	41430	41817	42204	42591	42978	43366	494831
Provisions Shop														
Cash	15453	15606	15759	15912	16065	16218	16371	16524	16677	16830	16983	17136	195534	
30 days credit													0	

60 days credit														0
90 days credit														0
TOTAL	£	15453	15606	15759	15912	16065	16218	16371	16524	16677	16830	16983	17136	195534
Community Shop³²														
Cash														0
30 days credit														0
60 days credit														0
90 days credit														0
TOTAL	£	0	0	0	0	0	0	0	0	0	0	0	0	0
Indoor Market														
Cash		3434	3468	3502	3536	3570	3604	3638	3672	3706	3740	3774	3808	43452
30 days credit														0
60 days credit														0
90 days credit														0
TOTAL	£	3434	3468	3502	3536	3570	3604	3638	3672	3706	3740	3774	3808	43452
GRAND TOTAL		57993	58568	59142	59716	60290	60864	61439	62013	62587	63161	63735	64310	733817
DIRECT COSTS														
RAW MATERIALS														
Cash		34408.68	34749.36	35090.04	35430.72	35771.4	36112.08	36452.76	36793.44	37134.12	37474.8	37815.48	40881.6	438114
30 days credit														0
60 days credit														0
90 days credit														0
SUB-CONTRACTORS														0
Cash														0
30 days credit														0
WAGES (Cash)		10500	10500	10500	10500	10500	10500	10500	10500	10500	10500	10500	10500	126000
TOTAL	£	44909	45249	45590	45931	46271	46612	46953	47293	47634	47975	48315	51382	564114
Gross Profit (monthly)	£	13085	13318	13552	13785	14019	14252	14486	14719	14953	15186	15420	12928	169703
plus stock adjustment														500

³² Income and expenditure from the Community Shop has been assessed and makes a significant contribution to the whole and was included in very early drafts but as we cannot be certain how soon we could bring it on stream and what some of the start up and funding costs might be it has been completely excluded from this Business Plan.

GROSS PROFIT													170203
as percentage of Sales													% 34.40

Cash Flow Forecast

Year 1

CASHFLOW	15/16												
	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	TOTAL
INCOME													
Sales & Work Done													
Cash	0	0	0	0	45935	48806	51677	57419	60290	63161	63161	68903	459354
30 days credit	0	0	0	0	0	0	0	0	0	0	0	0	0
60 days credit		0	0	0	0	0	0	0	0	0	0	0	0
90 days credit			0	0	0	0	0	0	0	0	0	0	0
VAT received	0	0	0	0	9187	9761	10335	11484	12058	12632	12632	13781	91871
Capital	182100		70000	80000									332100
Bank Loans													0
Other Loans													0
Directors Loans													0
Hire Purchase													0
Other Debtor Payments (Balance Sheet)													0
Grants													0
Other Income													0
TOTAL £	182100	0	70000	80000	55122	58568	62013	68903	72348	75793	75793	82684	883324
EXPENDITURE													
RAW MATERIALS													
Cash	V 0	0	0	27254	28958	30661	34068	35771	37475	37475	40882	40882	313426
30 days credit	V 0	0	0	0	0	0	0	0	0	0	0	0	0
60 days credit	V	0	0	0	0	0	0	0	0	0	0	0	0
90 days credit	V		0	0	0	0	0	0	0	0	0	0	0

SUB CONTRACTORS														0
Cash	V	0	0	0	0	0	0	0	0	0	0	0	0	0
30 days credit	V		0	0	0	0	0	0	0	0	0	0	0	0
DIRECT WAGES (Cash)		0	0	0	10500	10500	10500	10500	10500	10500	10500	10500	10500	94500
(Directors Salaries) for Ltd Company														0
Salaries Administration														0
NIC		0	0	0	1449	1449	1449	1449	1449	1449	1449	1449	1449	13041
Rent (Only if VAT liable)	V											2500	2500	5000
Rates (& Rent if not VAT liable)											1080	1080	1080	3240
Insurances		117	117	117	117	117	117	117	117	117	117	117	117	1404
Heating & Lighting	V	650	650	650	650	650	650	650	650	650	650	650	650	7800
Repairs & Maintenance	V	300	300	300	300	300	300	300	300	300	300	300	300	3600
Postage & Stationery		50	50	50	50	50	50	50	50	50	50	50	50	600
Telephone, Internet and Broadband	V	250	250	250	250	250	250	250	250	250	250	250	250	3000
Travelling & Motor Expenses	V	100	350	350	350	350	350	350	350	350	350	350	350	3950
Advertising	V	500	500	500	100	100	100	75	75	50	50	50	200	2300
Professional Fees	V	4300	4100	1100	1000	1000	1000	1500			1000	100	1600	16700
Subscriptions	V													0
Bank Commission Charges			10	10	10	10	10	10	10	10	10	10	10	110
Bank Overdraft Interest			0	0	0	0	0	0	0	0	0	0	0	0
Bank Loan Interest														0
Other Loan Interest														0
Bank Loan Repayments														0
Other Loan Repayment														0
Directors Loans Repayments														0
Lease Payments	V													0
Hire Purchase Interest														0
Hire Purchase Payments														0
Other Creditor Payments (Balance Sheet)														0
Capital Expenditure - Property														0
Fixtures & Fittings	V		22,400	30000	30000	20000								102400
Plant & Machinery	V		30000	45000	30000	30000								135000
Vehicles	V		250	250	250	250	250	250	250	250	250	250	250	2750
Other	V		4000	4000										8000

Other Payments (VAT) V													0
Other Payments - contingencies				1500	1500	1500	1500	1500	1500	1500	1500	1500	13500
VAT paid with invoices	1220	12560	16480	18031	16372	6712	7489	7529	7865	8065	9066	9396	120785
VAT to Customs & Excise	0			-30260			-22166			10994			-41432
(Drawings) for Sole Traders/Partners													0
NIC for Sole Traders/Partners													0
TOTAL £	7487	75537	99057	91551	111855	53899	36391	58802	60816	74090	69104	71084	809674
Movement (Income less Expenditure) £	174613	-75537	-29057	-11551	-56733	4668	25621	10101	11532	1703	6689	11600	
Opening Bank Balance £	0												
Closing Bank Balance £	174613	99076	70019	58468	1735	6403	32024	42126	53658	55361	62051	73650	

"V" denotes VAT rated expenses

SENSITIVITY ANALYSIS

Cash Flow if Turnover plus 20%	174613	99076	70019	20253	1735	7642	34396	46437	60143	64593	73349	88163
10% plus	174613	99076	70019	20253	1735	7023	33210	44282	56901	59977	67700	80907
10% down	174613	99076	70019	20253	1735	5784	30839	39970	50416	50746	56402	66394
20% down	174613	99076	70019	20253	1735	5164	29653	37815	47174	46130	50753	59138

Year 2

CASHFLOW	2016/17												
	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	TOTAL
INCOME													
Sales & Work Done													
Cash	57993	58568	59142	59716	60290	60864	61439	62013	62587	63161	63735	64310	733817
30 days credit	0	0	0	0	0	0	0	0	0	0	0	0	0
60 days credit	0	0	0	0	0	0	0	0	0	0	0	0	0
90 days credit	0	0	0	0	0	0	0	0	0	0	0	0	0
VAT received	11599	11714	11828	11943	12058	12173	12288	12403	12517	12632	12747	12862	146763
Capital													0
Bank Loans													0
Other Loans													0

Directors Loans														0
Hire Purchase														0
Other Debtor Payments (Balance Sheet)														0
Grants														0
Other Income														0
TOTAL	£	69592	70281	70970	71659	72348	73037	73726	74415	75104	75793	76482	77171	880581
EXPENDITURE														
RAW MATERIALS														
Cash	V	34409	34749	35090	35431	35771	36112	36453	36793	37134	37475	37815	40882	438114
30 days credit	V	0	0	0	0	0	0	0	0	0	0	0	0	0
60 days credit	V	0	0	0	0	0	0	0	0	0	0	0	0	0
90 days credit	V	0	0	0	0	0	0	0	0	0	0	0	0	0
SUB CONTRACTORS														0
Cash	V	0	0	0	0	0	0	0	0	0	0	0	0	0
30 days credit	V	0	0	0	0	0	0	0	0	0	0	0	0	0
DIRECT WAGES (Cash)		10500	10500	10500	10500	10500	10500	10500	10500	10500	10500	10500	10500	126000
(Directors Salaries) for Ltd Company														0
Salaries Administration														0
NIC		1449	1449	1449	1449	1449	1449	1449	1449	1449	1449	1449	1449	17388
Rent (Only if VAT liable)	V	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	30000
Rates (& Rent if not VAT liable)		1080	1080	1080	1080	1080	1080	1080	1080	1080	1080	1080	1080	12960
Insurances		117	117	117	117	117	117	117	117	117	117	117	117	1404
Heating & Lighting	V	650	650	650	650	650	650	650	650	650	650	650	650	7800
Repairs & Maintenance	V	300	300	300	300	300	300	300	300	300	300	300	300	3600
Postage & Stationery		50	50	50	50	50	50	50	50	50	50	50	50	600
Telephone, Internet and Broadband	V	250	250	250	250	250	250	250	250	250	250	250	250	3000
Travelling & Motor Expenses	V	350	350	350	350	350	350	350	350	350	350	350	350	4200
Advertising	V	100	100	100	100	100	100	50	50	200	100	100	50	1150
Professional Fees	V	1300	1100	1100	1000	1000	1000	1500			1000	100	1600	10700
Subscriptions	V													0
Bank Commission Charges		10	10	10	10	10	10	10	10	10	10	10	10	120
Bank Overdraft Interest		0	0	0	0	0	0	0	0	0	0	0	0	0
Bank Loan Interest														0
Other Loan Interest														0

Bank Loan Repayments														0
Other Loan Repayment														0
Directors Loans Repayments														0
Lease Payments V														0
Hire Purchase Interest														0
Hire Purchase Payments														0
Other Creditor Payments (Balance Sheet)														0
Capital Expenditure - Property														0
Fixtures & Fittings V														0
Plant & Machinery V														0
Vehicles V	250	250	250	250	250	250	250	250	250	250	250	250	250	3000
Other V														0
Other Payments (VAT) V														0
Other Payments	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	18000
VAT paid with invoices	8022	8050	8118	8166	8234	8302	8461	8229	8327	8575	8463	9366		100313
VAT to Customs & Excise	12517			10951			11471			12192				47131
(Drawings) for Sole Traders/Partners														0
NIC for Sole Traders/Partners														0
TOTAL £	75354	63005	63414	74654	64112	64520	76941	64078	64667	78347	65485	70904		825481
Movement (Income less Expenditure) £	-5762	7276	7556	-2995	8237	8517	-3214	10337	10437	-2554	10998	6267		
Opening Bank Balance £	73650													
Closing Bank Balance £	67889	75165	82721	79726	87962	96479	93265	103602	114039	111485	122483	128751		
"V" denotes VAT rated expenses														
SENSITIVITY ANALYSIS														
Cash Flow if Turnover	plus 20%	84728	94378	104355	103827	114578	125655	125048	138039	151178	151371	165163	173726	
	plus 10%	76309	84771	93538	91777	101270	111067	109157	120821	132609	131428	143823	151239	
	down 10%	59469	65558	71904	67676	74655	81892	77374	86384	95471	91543	101144	106263	
	down 20%	51049	55951	61087	55625	61348	67304	61482	69165	76902	71600	79804	83776	

Projected Profit and Loss

Year 1

PROFIT & LOSS ACCOUNT for the 12 month period ending

Nov-16

INCOME	£
Sales	459354
Less Direct Costs	
Raw materials	313426
Change in Stock levels	2000
Sub-Contractors	0
Direct Wages	94500
GROSS PROFIT	<u>53428</u>
EXPENSES	
(Directors Salaries) for Ltd Company	0
Salaries Administration	0
NIC	13041
Rent & Rates	8240
Insurances	1404
Heating & Lighting	7800
Repairs & Maintenance	3600
Postage & Stationery	600
Telephone	3000
Travelling & Motor Expenses	3950
Advertising	2300
Professional Fees	16700
Subscriptions	0
Bank Commission Charges	110
Bank Overdraft Interest	0
Loan Interest	0
Lease Payments	0
Hire Purchase Interest	0
Other Payments (VAT)	0
Other Payments - contingency	13500
Depreciation	31840
TOTAL EXPENSES	<u>106085</u>
TRADING PROFIT (LOSS)	<u>-52657</u>
add	
Grants	0
Other Income	0
NET TRADING PROFIT (LOSS)	<u>-52657</u>
BREAKEVEN TURNOVER	<u>912078</u>

Year 2

PROFIT & LOSS ACCOUNT for the 12 month period ending

Nov-17

INCOME	£
Sales	733817
Less Direct Costs	
Raw materials	438114
Change in Stock levels	500
Sub-Contractors	0
Direct Wages	126000
GROSS PROFIT	<u>170203</u>
EXPENSES	
(Directors Salaries) for Ltd Company	0
Salaries Administration	0
NIC	17388
Rent & Rates	42960
Insurances	1404
Heating & Lighting	7800
Repairs & Maintenance	3600
Postage & Stationery	600
Telephone	3000
Travelling & Motor Expenses	4200
Advertising	1150
Professional Fees	10700
Subscriptions	0
Bank Commission Charges	120
Bank Overdraft Interest	0
Loan Interest	0
Lease Payments	0
Hire Purchase Interest	0
Other Payments (VAT)	0
Other Payments - contingency	18000
Depreciation	28189
TOTAL EXPENSES	<u>139111</u>
TRADING PROFIT (LOSS)	<u>31092</u>
add	
Grants	0
Other Income	0
NET TRADING PROFIT (LOSS)	<u>31092</u>
BREAKEVEN TURNOVER	<u>599765</u>

Year 3

PROFIT & LOSS ACCOUNT for the 12 month period ending

Nov-17

INCOME	£
Sales	821875
Less Direct Costs	

Raw materials	522467
Change in Stock levels	500
Sub-Contractors	0
Direct Wages	126000
GROSS PROFIT	173909
EXPENSES	
(Directors Salaries) for Ltd Company	0
Salaries Administration	0
NIC	17388
Rent & Rates	42960
Insurances	1404
Heating & Lighting	7800
Repairs & Maintenance	3600
Postage & Stationery	600
Telephone	3000
Travelling & Motor Expenses	4200
Advertising	1150
Professional Fees	10700
Subscriptions	0
Bank Commission Charges	120
Bank Overdraft Interest	0
Loan Interest	0
Lease Payments	0
Hire Purchase Interest	0
Other Payments (VAT)	0
Other Payments - contingency	18000
Depreciation	25005
TOTAL EXPENSES	135927
TRADING PROFIT (LOSS)	37982
add	
Grants	0
Other Income	0
NET TRADING PROFIT (LOSS)	37982
BREAKEVEN TURNOVER	642378

Projected Balance Sheet

Year 1

BALANCE SHEET as at

Nov-16

FIXED ASSETS

	£
Property	0
Fixtures & Fittings	102400
Plant & Machinery	135000
Vehicles	2750
Other	8000

Less Depreciation	31840
	<u>216310</u>

CURRENT ASSETS

Stock & Work -in-Progress	2000
Trade Debtors	0
Other Debtors	0
Cash on Hand and in Bank	73650
	<u>75650</u>

CURRENT LIABILITIES

Trade Creditors	0
Other Creditors	0
VAT	12517
Bank Overdraft	0
	<u>12517</u>

NET CURRENT ASSETS (LIABILITIES)

63133

LONG TERM LIABILITIES

Bank Loans	0
Other Loans	0
Directors Loans	0
Hire Purchase	0
	<u>0</u>

TOTAL NET ASSETS

279443

**Represented by:
For LIMITED COMPANY -**

Share Capital Account	0
New Shares Issued	332100
Profit & Loss	-52657
	<u>279443</u>

Year 2

BALANCE SHEET as at

Nov-17

FIXED ASSETS

	£
Property	0
Fixtures & Fittings	92160
Plant & Machinery	114750
Vehicles	5200
Other	7200

Less Depreciation	28189
	<u>191122</u>

CURRENT ASSETS

Stock & Work -in-Progress	2500
Trade Debtors	0
Other Debtors	0

Cash on Hand and in Bank	128751
	<u>131251</u>
CURRENT LIABILITIES	
Trade Creditors	0
Other Creditors	0
VAT	11837
Bank Overdraft	0
	<u>11837</u>
NET CURRENT ASSETS (LIABILITIES)	<u>119414</u>
LONG TERM LIABILITIES	
Bank Loans	0
Other Loans	0
Directors Loans	0
Hire Purchase	0
	<u>0</u>
TOTAL NET ASSETS	<u>310535</u>
Represented by:	
For LIMITED COMPANY -	
Opening Share Capital Account	332100
New Shares Issued	0
Reserves - Profit & Loss	-21565
	<u>310535</u>

Year 3

BALANCE SHEET as at

Nov-18

FIXED ASSETS	£
Property	0
Fixtures & Fittings	82944
Plant & Machinery	97538
Vehicles	7160
Other	6480
Less Depreciation	25005
	<u>169116</u>
CURRENT ASSETS	
Stock & Work -in-Progress	3000
Trade Debtors	0
Other Debtors	0
Cash on Hand and in Bank	188833
	<u>191833</u>
CURRENT LIABILITIES	
Trade Creditors	0
Other Creditors	0

VAT	12433
Bank Overdraft	0
	<u>12433</u>
NET CURRENT ASSETS (LIABILITIES)	<u>179401</u>
LONG TERM LIABILITIES	
Bank Loans	0
Other Loans	0
Directors Loans	0
Hire Purchase	0
	<u>0</u>
TOTAL NET ASSETS	<u>348517</u>
Represented by:	
For LIMITED COMPANY -	
Opening Share Capital Account	332100
New Shares Issued	0
Reserves - Profit & Loss	16417
	<u>348517</u>

General Appendices

12 APPENDIX 1 – PRODUCTS and PRICES

These are daily sales tables

12.1 Retail and Wholesale

Bakery - retail and wholesale				
BAKERY RETAIL	PRODUCT	NO./DAY	UNIT PRICE	INCOME
	bread	70	1.80	126.00
	speciality bread	10	2.30	23.00
	rolls	100	0.30	30.00
	almond pastries	20	1.00	20.00
	other pastries	20	1.50	30.00
	scones	20	0.50	10.00
	cakes	5	10.00	50.00
	bannocks	10	3.00	30.00
	cheese whirls	20	1.00	20.00

	cheese puffs	20	1.50	30.00
	apple puffs	20	1.50	30.00
	other fruit puffs	20	1.50	30.00
	oatcake packs	12	1.00	12.00
	focaccia	24	1.00	24.00
	subtotal			465.00
BAKERY WHOLESALE				
	Bread	30	1.10	33.00
	Special bread	5	1.50	7.50
	rolls	30	15	45.00
	pastries	10	70	7.00
	scones	10	35	3.50
	Cheese whirls	8	60	4.80
	Oatcake packs	6	70	4.20
	focaccia	24	60	14.40
	subtotal			119.40
	total			584.40

KITCHEN	PRODUCT	NO./DAY	UNIT PRICE	INCOME
	Pies	20	4.00	80.00
	Soup	20	2.00	40.00
	Bolognese Sauce	2	6.00	12.00
	Lasagne	2	8.00	16.00
	Mince &Tatties	2	8.00	16.00
	Bangers &Mash	2	8.00	16.00
	Steak Casserole	2	10.00	20.00

	Roast Chicken	2	10.00	20.00
	Quiche & Salad	2	7.00	14.00
TOTAL				£ £234.00

CAFÉ	PRODUCT	NO./DAY	UNIT PRICE	INCOME
	Coffees	20	2.00	40.00
	Teas	20	1.50	30.00
	Cakes	30	2.00	60.00
	Pastries	20	2.00	40.00
	Soups	10	2.00	20.00
	Scones	20	1.50	30.00
	Puffs	30	2.00	60.00
	Juice	20	1.00	20.00
TOTAL				£ 300.00
FOOD HALL (deli equivalent)	PRODUCT	NO./DAY	UNIT PRICE	INCOME
	Fresh Vegetables	20 kg	2.00	40.00
	Fresh Fruit	20kg	3.00	60.00
	Dry Goods	30 kg	3.00	90.00
	Preserves	10 kg	2.00	20.00
	Tins etc	20 kg	2.00	40.00
	Meats	5 kg	10.00	50.00
	Cheeses	5 kg	10.00	50.00
	Other Deli	5 kg	10.00	50.00
TOTAL				£ 400.00
PROVISIONS (VH equivalent, Green City sourced)				
Shelf sales				£500.00
Case sales (cash & carry)				£100.00
TOTAL				£600.00

GRAND TOTAL				£1,947.00
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Material Costs

Materials costs for the above are estimated as follows:

Bakery 40%

Kitchen and Café both 50%

Food Hall and Provisions 90%

These have been used to estimate materials costs for these elements of the Storehouse.

12.2 Community Shop

Our information from Community-shop.co.uk is that 500 members have an average spend of just over £8 per week and our estimate of a 50% cost/margin. We are keen but not absolutely certain to secure the community shop or its equivalent in part of the Storehouse premises, and therefore think it prudent not to include projected income and running costs here at this stage. In this plan we seek to demonstrate that all the other elements of the Storehouse will more than cover their running costs. We believe and intend that once established, and detailed financial arrangements are in place, the community shop will cover its running costs in the same way, and at that stage will adjust the business plan accordingly.

The population of Penicuik at any time will be approximately 2000 eligible individuals so we should be able to justify the need for this facility on Penicuik needs alone.

12.3 Indoor Market Stalls

8 stalls @ £100 per week at a margin of 90% and a cost therefore of 10%.

13 Appendix 2 – Bakery Equipment Costs

These have been supplied by Breadshare.

Equipment		£	New £	Used £
Ovens				
Electric	3 deck x 3 tray delivery	11932 100	11932 100	4000 100
Mixers				
Electric	80l spiral	7244	7244	2000
Electric	30l spiral delivery	4222 100	4222 100	1500 100
Kitchen Aid	Tabletop 6.9 ltr	700	700	
Packaging				
Slicer	Jac duo 10-14mm slicer		2250	800
L sealer	Bluebird Hawk compact		800	
Bags			300	300
Label gun		90	90	90
Neck sealer			30	30
Refrigerator	1200 ltr double upright	1349	1349	800
IT				
Printer			400	400
iPad			400	400

Software		750	750
		£	£
		30,667	11,270
Preparation Equipment			
Tables	2x 1800mm wide	450	900
Shelving	1830(w) x 457(d)	150	450
Racks	12, 16 & 20 tray stainless steel	250	1000
Trays	4-sided, peel lip, wire	10	500
Proving Baskets	woodpulp & cane & couche		900
Tins	silicon coated	9	1080
Wires	4x 10 wires + trolley	150	600
		£	£
		5,430	4,110
Small appliances			
Stick blender	light duty		90
Spice grinder			150
Scales	2xbench scales, 2x3kg, 1x wet use	550	550
Hot water dispenser	Kettle		15
Thermometers	probe, multistem & infrared	85	85
		£	890
Plastics			
Flour bins	4xmobile, ikea sortera 2 sizes 20 litre & 10 litre & stainless steel	450	450
Buckets		3.5	130
Ingredient bins	standard 2.5ltr	5	200
Scoops	Polycarbonate	9.49	94.9
Bowls	Jugs, plastic	2.99	119.6
		£	995
Consumables			
Thermo wipes	6 with wall bracket	21.98	21.98
Hand towels	Z-fold & dispenser		25
Cling film	incl dispenser		35
Silicon	ecopaper		22
Gloves	Oven & heat resistant	133.97	133.97
Cloths	Microfibre cleaning cloths	3.69	36.9
Tea towels	Wonderdry	7.9	79
		£	354
Miscellaneous			
Scissors	All purpose & kitchen	19.28	19.28
Boards	Set of 6 colour coded set	64.99	64.99
Utensils	Spoons, whisks, pastry brushes	46.74	46.74
Scrapers	metal & plastic	109.9	109.9
Spatulas	Exoglas & heat resistant	7.99	31.96
Rolling pins	Polythylene	14.99	74.95
Knives	Bread, paring, chefs, palette		75
		£	423
Clothing			
Aprons	White polycotton	4.49	89.8
Hats	Skull caps	3.19	63.8
Crocs	Specialist vent	25.99	259.9
		£	414

£	£
39,172	18,455

14 Appendix 3 - Business Details

Business Name:	PENICUIK COMMUNITY ALLIANCE LTD
Business Address:	7 Bridge Street, Penicuik EH26 8LL
Key Contact	<p>Contact: Roger Kelly/Paul Hayes/Colum Beagan</p> <p>Telephone: 01968 677854/01968 673968/ Mobile: 07726 862850/07743 591000/ Email: roger.kelly1@virgin.net</p>
Website:	www.penicom.net
Legal Status:	Community Benefit Society Registered August 15
What does or will your business do:	Preparing and providing for sale high quality foods, with an emphasis on bakery products prepared on the premises, sourced as locally as possible, we intend our services to be of real benefit to community customers, an asset to our town centre, an example of successful community business and a source of opportunities for training for young people.
Proposed Start Date:	December 15
Social Aims:	We aim to provide education and training for local young people, including individuals with Learning Disabilities, working in collaboration with other local ventures – The Lost Garden, Garvald Home Farm and others to offer food of high quality at reasonable prices to local people. We will have one or two apprentices and an extensive volunteer programme linking with other ventures nearby and further afield e.g. WWOOF, Whitmuir, East Coast Organics, Oxenfoord. Profits generated will be put back in to develop the business.
Parent Body	Penicuik Community Development Trust
Address: (c/o Roger Kelly (chairman) 17 High Street, Penicuik EH 26 8HS
Key Contact (if different from above)	<p>Name: Roger Kelly</p> <p>Telephon e: 01968 677854</p> <p>Mobile: 07726 862850</p> <p>Email: roger.kelly1@virgin.net</p>
Penicuik Trust Legal Status:	Company Limited by Guarantee number 380626 and Scottish Charity OSCR charity number SCO37990;
	The Trust and its management is described at http://www.kosmoid.net/penicuik/trust and its articles of association are given at http://www.kosmoid.net/penicuik/trustarticles
Management structure:	Penicuik Community Alliance has grown out of the longstanding concerns of the Trust. It is to be a stand-alone enterprise created by community share offer and run by its own investors and staff in coproduction with its key partners.
Social Purpose:	Penicuik Community Alliance aims to work with local food producers to maximise the availability and demand for local foods of high quality at reasonable and affordable prices.
Early mentors of the project:	<p>Shuna Anderson (cook, designer) 8 Wallace Crescent, ROSLIN EH25 9LN</p> <p>Colum Beagan (farmer, food producer and training manager) Yorston Farm Cottages, Temple EH25 4SS</p>

Judit Lengyel (horticulturalist, food and nutrition expert) Growing and education project, Whitmuir

Melanie Dunbar (large-scale catering manager) 125 Rullion Road PENICUIK EH26 9JA

Roger Kelly (chair Penicuik Community Development Trust Ltd) Valleyfield House, 17 High Street, PENICUIK EH26 8HS

The five involved with the original Peni-Deli project from which this larger scheme supersedes, have a wealth of relevant experience, although not all of them remain currently or immediately available.. Shuna Anderson, baker has run her own decorating business, Colum Beagan has managed a home farm which helps to train young people in practical skills, Judit Lengyel is currently working with schools and volunteers in a food growing project at Whitmuir funded by the Climate Challenge Fund. Melanie Dunbar manages a prestigious Edinburgh workplace restaurant for a major international catering firm, Roger Kelly has long experience with local social enterprise (Penicuik Arts Café, Penicuik Trust, Lost Garden of Penicuik) and run the Valleyfield House weekly provisions market in central Penicuik for 25 years. He is a director of Penicuik First BID Ltd

Newer mentors of the project

Paul Hayes (quality and management consultant) has brought a passion for fairness and a keenness to see the project engage with issues of food poverty, social justice and life transformation.

Jill Sales (chair, Breadshare CIC)

Derek Mair (chef based in Penicuik)

Sean Pettit (international shopfitter/designer based in Penicuik with experience of large-scale store fitting out in China, Japan and Europe.)

Key Staff:

Organiser- Responsible for overseeing the whole Storehouse operation, ordering, stocking, liaising with regulatory authorities, liaising with baker, cook and all shop workers including volunteers.

Bakers (2 Bakers, 2 assistants) take full responsibility for all aspects of the baking operation, in conjunction with our partner business Breadshare, Bread Matters)

Cook- Responsible for development of recipes, sourcing ingredients and cooking, serving/supplying meals, soups, salads.

At peak times there will be three responsible persons working together with volunteers/helpers/trainees

ADVISERS:

Business

Gordon Murray- Business Gateway, Rebecca Mc Kinney-- S.E.A.M, Community Share Scotland and Social Investment Scotland.

Architect:

Alan Thompson of Lee-boyd Architects.

Bank:

Royal Bank of Scotland and Unity Bank.

Accountant:

Chartered Accountants, ... (to be appointed)

Solicitors:

Kirsty Macpherson & Evalyn Lee, Brodies LLP, 15 Atholl Cres, Edinburgh EH3 8HA
0131 228 3777

15 Appendix 4 Town Centre Communities Capital Fund: Application Extracts

18	How much funding are you applying for from the Town Centre Communities Capital Fund?	£ 150,000
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Please provide a breakdown of the total cost of the project.

Capital	Cost
Bakery equipment and fitting out	£ 25,000
Café and Kitchen fitting out	£ 10,000
Indoor Market and Storage fitting out	£ 5,000
Shop front signage and entrance remodellings High St & Bank St.,	£ 4,000
Lift arrangements between levels	£ 25,000
Internal lighting, heating and electrical infrastructure	£ 8,000
Customer and staff toilet improvements	£ 4,000
	£ 94,000
Social Supermarket and associated training area fitting out	
Total cost of project	£ 175,000

16 Appendix 5 Social Impact

Measures drawn from with the Big Society Outcomes Matrix:

<http://www.bigsocietycapital.com/impact-matrix>

OUTCOMES MATRIX

Start to plan and measure your impact using the Outcomes Matrix

 EMPLOYMENT, TRAINING AND EDUCATION	 HOUSING AND LOCAL FACILITIES	 INCOME AND FINANCIAL INCLUSION
 PHYSICAL HEALTH	 MENTAL HEALTH AND WELL-BEING	 FAMILY, FRIENDS AND RELATIONSHIPS
 CITIZENSHIP AND COMMUNITY	 ARTS, HERITAGE, SPORTS AND FAITH	 CONSERVATION OF THE NATURAL ENVIRONMENT

The measures selected are available here www.penicom.net.

17 Appendix 6 PCA Storehouse – Set-up Cost

This represents a validation of the Financial Projection by a separate direct approach to the cost of setting and beginning to trade.

Register for VAT from the outset.

Year 0 - From now till 31st March 2016

Start-up costs are wholly within year 0.

17.1 Potential income

TCCCF	£150,000
Shares	£175,000
Total	£325,000

17.2 Start Up Need

On 31st March 2016 we should need:

Working Capital (10%)	£35,000
Wages for March	£10,500
Contingencies	£25,000

Total	£70,500
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17.3 Available for Setting-up

£325,000-£70,500 = £254,500

Summary

Upstairs	£110,000
Downstairs	£144,500

Upstairs

Lift	£30,000
Back door	£20,000
Kitchen/Shop	£60,000

Downstairs

Down-taking: equivalent of team of 4 working for 3 weeks @ 40 hrs/wk

i.e. 480 man-hours @per £10.00/ hr £4800

Setting up:

Flooring	£8,000
Electrics	£10,000
Plumbing	£30,000
Shop- shelves etc.	£8,000
Stalls	£8,000
Heating Stove	£10,000
Bakery (based on appendix 2)	£24,000
Café/Kitchen	£15,000
Tables/chairs etc	£5,000
Counterwork	£5,000
Total	£123,000

17.4 Available for fees – Architect, Warrant, Planning, Legal etc., etc.

£144,500 – (£123,000 + £4,800) = £16,700