

The Cross Inn at Great Bromley



The Great Bromley Cross Pub
Community Benefit Society Limited

Business Plan

The Great Bromley Cross Pub CBS Limited
is registered with the Financial Conduct Authority
under the Co-operative and Community Benefit Societies Act 2014
as a Community Benefit Society, registration number 7216

Executive Summary

Background

The Cross Inn, Great Bromley closed its doors in May 2015 and has since been sold to a developer. Part of the garden has been sold separately and planning permission has been granted for residential development. The village has few amenities and is little more than a dormitory for Clacton and Colchester. The Pub was listed as an Asset of Community Value (ACV), but the community's offer to purchase the Pub and garden from the publican during the ACV moratorium was declined. The ACV listing was subsequently removed by Tendring District Council when the pub was sold. We have contacted the developer with a view to purchasing the pub, its outbuildings and car park and recently agreed a price of £190,000 with him, subject to being able to proceed quickly with the sale. We aim to raise the necessary £210,000 (the cost of the land plus legal costs and some small contingency) using a community share issue and re-launch the Pub as a community enterprise in the first step of a longer-term process of reinvigoration and drawing the village together as a community.

Vision

The vision is to buy and reopen The Cross Inn as a community owned enterprise, reopen the Post Office and in the longer term, to create a community owned-and-run village shop within the grounds.

Legal Structure

The Great Bromley Cross Pub CBS Ltd has been registered with the Financial Conduct Authority (FCA) as a CBS, Community Benefit Society. The Society exists in order to carry on business for the benefit of the community. Assets owned by the Society are locked into the CBS, and will be used solely for the community.

Market Research

Market research has been undertaken into the Pub as potential community businesses. Advice has been received from similar community pubs and from supporting bodies such as the Plunkett Foundation.

Community Engagement

The Cross Inn although in Great Bromley, is close to the parish boundary with Ardleigh and Little Bromley. These three rural parishes have a population of over 3,000 people. The pub has historically been used by residents of the major town of Colchester, the border of which is less than a mile away. Colchester is one of Britain's fastest growing towns and has a population of over 120,000. A campaign has been launched to build and consolidate community support for the project. The campaign is in contact with many former users who reside outside the immediate parishes but have shown support. Public meetings, questionnaires and flyers to every household in the community, local media engagement and social media have all been used to spread the message and encourage support. Well attended social and fund raising events are also taking place throughout the village.

Monetary and Social Returns

The motives for setting up these businesses are social cohesion and community development. Profits generated will be re-invested into the businesses, used for community benefit or may, within capped limits, be returned to shareholders in the form of dividends or interest on shares. The anticipated returns will be more than financial; the principal benefits will be the social effects on the community. If the businesses fail, the net assets, such as the proceeds of the sale of the premises, after debts and shareholders have been

repaid, must be retained for the benefit of the community or transferred to another asset-locked body for the benefit of the community.

Finances

The Cross Inn site was on the market for £395,000 as a development opportunity, and was sold in January 2016 to a property developer. The former garden and patio were subsequently sold to a builder. The Great Bromley Cross Pub CBS Ltd has agreed to purchase the remainder of the site, namely the pub and car park, for £190,000. An additional £20,000 will be required to complete the purchase, and for immediate refurbishment and stock costs. The bulk of this money will be raised from a share issue incentivised by the Seed Enterprise Investment Scheme (SEIS) and Enterprise Investment Scheme (EIS) tax relief (see Appendix 2). The share prospectus is available on our website at <http://www.greatbromleycross.org.uk/shares>. Modelling of the cash flow suggests that the business will generate a modest profit from the first year, increasing thereafter as the level of activity increases.

Three principal risks have been identified:

1. Insufficient funds from the Share Issue. The purchase will not go ahead.
2. Insufficient Volunteers. The pub will not be viable in the short term, unless it can be run by volunteer staff.
3. Pub Manager. Initially The Cross will be staffed by volunteers until the turnover warrants the employment of an experienced manager or couple. Poor business skills, lack of experience of the pub trade or personal friction with the management board could jeopardise the whole project.

Our Vision

Putting The Cross Inn at the heart of our Community.

We want to ensure the long-term survival of The Cross Inn by making it the focal point for the area and creating a facility where the whole community can come together. A place to meet, shop, drink, eat, play or simply come for a chat, where everyone of any age is welcome and feels part of what is going on. It will be so much more than a pub, offering services and facilities to the local population.

Objectives

The immediate objective is to buy the Pub, at an agreed purchase price of £190,000. The building needs repair work, although at this stage we do not believe this to be extensive. In total, we need a minimum of £210,000 to reopen the Pub, and to hold a small contingency fund. We will raise the capital through a share issue. We are also exploring grant options, but recognise that this is a difficult route in the current climate.

Once we own the Pub, subsequent objectives are:

To run a thriving community hub with a friendly, welcoming, community focus, encouraging wide community involvement and ownership. The business will need to be profitable enough to service any costs and debts, and also, in due course, provide interest payments to investors. We intend to reopen the Pub as soon as possible; it will be a “soft” opening, with drinks only and with restricted opening hours.

To investigate reopening the village post office, though this will be dependent on reaching an agreement with the Post Office.

Once financial stability is secure we plan to re-invest excess profits into developing other community-based facilities.

Decision Outcomes

We believe that the best model for opening is to run the Pub for wet sales only using volunteers until we have a positive cash flow and sufficient stability to employ staff. At the same time, we will make the building available to local groups requiring a meeting place.

We believe that a long-term model of employing an experienced, incentivised manager for the Pub is the most sensible option; such a manager – with paid staff and backed by the village’s enthusiastic support – is the best route for the village to get exactly the Pub we want. Finding a compatible manager, and getting them involved as early as financially viable, is a key step in the success of the venture. We expect the manager to make day-to-day operational decisions, backed by a liaison sub-committee.

We hope to satisfy the need for a café by serving teas, coffees and light snacks.

Major Risks

The principal risk is a shortfall in funds from the Share Offer, and its potential effect on our financial planning. We have gone to considerable lengths to assure ourselves (and our investors) that the venture is viable, and we have deliberately chosen a reasonable lower investment limit, to encourage prospective investors; and the tax incentives offered by the SEIS and EIS schemes are attractive. A further major risk is finding sufficient volunteers with the right skills. We believe this has been mitigated by the skills of the management committee (see Appendix 1) and by the enthusiasm demonstrated within the community during the early stages of the project.

Another future key risk is the recruitment of the right manager/couple to run the Pub. We will employ the successful candidates as soon as we can afford to, so that they have a chance to help shape the Pub. However, the ability to let people go if they turn out to be a less than optimal choice for the Pub was a major factor in our decision to go with a managed, rather than a tenant, model.

It should be noted that the value of the community shares will never increase, though they can earn interest at the discretion of the Management Committee. If the scheme fails some or all of your investment is at risk. To mitigate this, the CBS will own a property and land, and it is difficult to see how this will ever be worthless.

Society Summary

The Great Bromley Cross Pub CBS Ltd is registered as a Community Benefit Society with the Financial Conduct Authority (Registration N° 7216). The Society exists in order to carry on business for the benefit of the community. Assets owned by the Society are locked into the CBS, and will be used solely for community benefit. The Pub is covered by the Great Bromley Cross Pub CBS Ltd rules, which are available on our website at <http://www.greatbromleycross.org.uk/shares>.

The membership of the Society is made up of its shareholders, with one vote per shareholding, regardless of size.

The present management committee is made up of 11 Great Bromley and Ardleigh residents whose personal profiles are in Appendix 1.

The committee will:

- Stand down en bloc at the first AGM, as obliged under the constitution, when individuals may offer themselves for re-election.
- Be selected by members’ votes at the AGM each year.

- Provide an annual report of activities and finances to all members, and an annual return to the FCA.
- Provide monitoring information as required by any grant bodies.

Work Completed to Date

A small group of villagers immediately got together and established “Save The Bromley Cross” to preserve the Cross Inn as a village hub and community asset.

Save The Bromley Cross took advice from the Plunkett Foundation, other community pubs and other bodies. They also carried out a survey of households in Bromley and Ardleigh, to establish need and appetite for a community owned pub, and held a public meeting to announce the results of the survey on 14th July 2015: see <http://www.greatbromleycross.org.uk/public-meeting-july-2015>. This work demonstrated the viability of a community purchase of the Pub and the group realised that the only way to safeguard its future was to own and run it as a community asset.

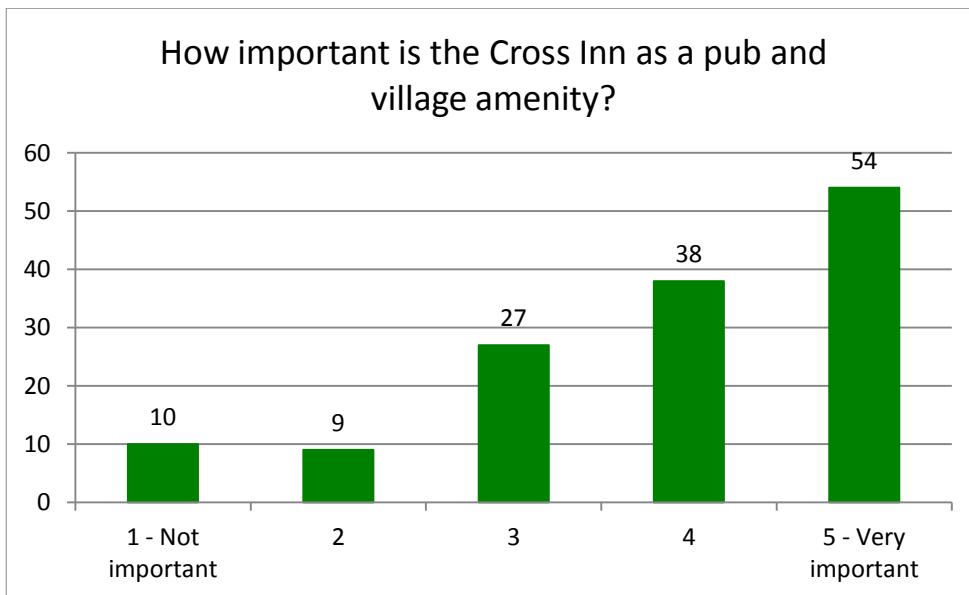
Save The Bromley Cross, with support from the Plunkett Foundation, therefore established The Great Bromley Cross Pub Community Benefit Society Limited to progress the project. A management committee came forward and established sub-committees to start detailed work on the project, electing volunteers to take on specific roles, such as preparation on the share prospectus and this business plan, fund raising and publicity.

Save The Bromley Cross paid for a commercial valuation of the Pub and made an offer for the Pub, based on this valuation during the ACV moratorium, when only registered community groups can bid. The offer was declined. The moratorium ended at the start of November 2015 and the Cross was sold in January 2016 as a development opportunity. We contacted the developer who has sold part of the land but has since offered to sell the remaining land and buildings to the CBS.

We had tremendous help and support from The Case is Altered Pub in Bentley, Suffolk and the forums on the Plunkett Foundation’s website, and also great support from the Tendring branch of CAMRA.

Marketing Strategy

In the first few months, our campaign focused on consolidating and building community support for the project and membership of the group. We distributed questionnaires and flyers to every household in the village and followed that up with public meetings. This has demonstrated strong support for a community pub.



To raise both funds and public awareness we have held a quiz and a pop-up pubs in the village: see <http://www.greatbromleycross.org.uk/past-events>. We are continuing to raise the profile of the group by holding further fund raising events with the objective of encouraging engagement in the project and positioning the Pub at the heart of our community

We already have a loyal Facebook following <https://www.facebook.com/groups/SaveTheBromleyCross/>, have set up a website www.greatbromleycross.org.uk and we are developing a growing mailing list. We regularly post updates and publish reports in both the Bromley and Ardleigh village magazines. We have been interviewed and featured on Radio Essex and have appeared in numerous local and regional newspapers. We will continue to update local press as the project develops and plan to approach newspapers and TV stations with the story as we hit major milestones.

CAMRA are supporting us, with frequent mentions in their newsletters, as well as advice.

We are considering a loyalty scheme to generate regular customer support and repeat business once the Pub re-opens. We are also exploring the idea of marketing campaigns for special deals on food for regular groups or village societies, pensioner lunches, theme nights, music nights etc.

We are going to launch a Share Offer to raise the capital to buy the pub and partly refurbish it (see Share Offer below and separate Share Offer document). We will hold a Share Offer launch meeting at the Cross Inn and invite all villagers to attend. We aim to market the Share Offer to those who have previously shown interest in and attended our events. Many people have already indicated that they would be willing to make significant investments. We will also hand deliver the Share Offer document to every household in Great Bromley and some households in Ardleigh (which is within the pub catchment area). Information will be made available at other events that we will be running in the next few months.

Monetary and Social Returns

Share Offer

The share offer will only be launched once agreement has been reached to purchase the pub at an acceptable price. The share offer will run from Friday 7th October 2016 to Saturday 19th November 2016, and is designed to give investors the opportunity to contribute financially, on a long term basis, to the business of The Great Bromley Cross CBS Ltd. We expect most shareholders to come from the local community but welcome contributors from further afield.

Based on our earlier commercial valuation, the minimum amount we wish to raise from this share offer is £210,000. This is the total amount required to bid for the site and reopen the Pub. Our maximum target of £300,000 would allow us to additionally partly refurbish, and to have a small contingency fund.

Below the minimum amount, we would not make another bid for the Pub. At this point all subscriptions and any loans would be returned without loss.

Should we raise between £210,000 and £300,000, we should be able to make significant improvements to the premises. In the event of share subscriptions exceeding the £300,000 maximum, shares would be allocated on a first-come-first-served basis.

Profitability Objectives

The Society is committed to re-investing profits for the benefit of the community. The Membership determine what proportion of profits is to be re-invested in the Society, and the level of interest that is to be paid to shareholders (this is capped at 2% above the Bank of England Base Rate per annum).

We have assumed that no interest is paid in the first three years, and that no more than 50% of net surplus is paid as interest in any year.

We have received approval from HM Revenue & Customs (HMRC) that they will allow tax relief on share investments under the Seed Enterprise Investment Scheme (SEIS) and the Enterprise Investment Scheme (EIS), which allows investors to reduce their tax liability as a result of their investment, provided the shares are held for three years. HMRC monitor the activities of the group over the course of three years, to ensure we are carrying out allowed activities. If we fall outside the rules at any time during the first three years of trading, HMRC may reclaim any tax rebate paid to individuals. See Appendix 2 for details.

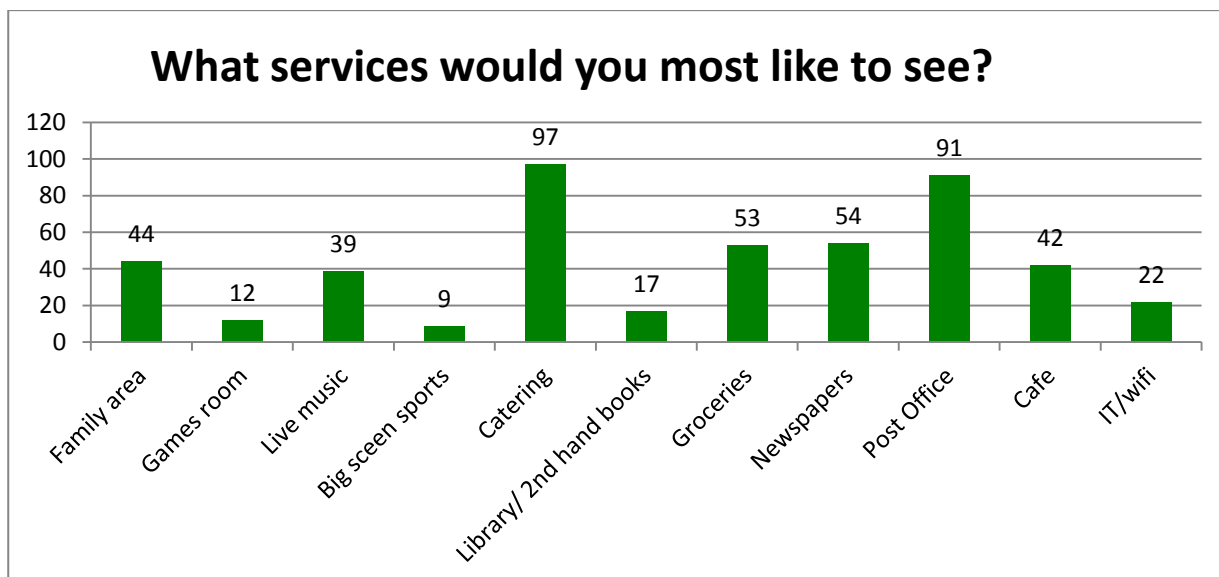
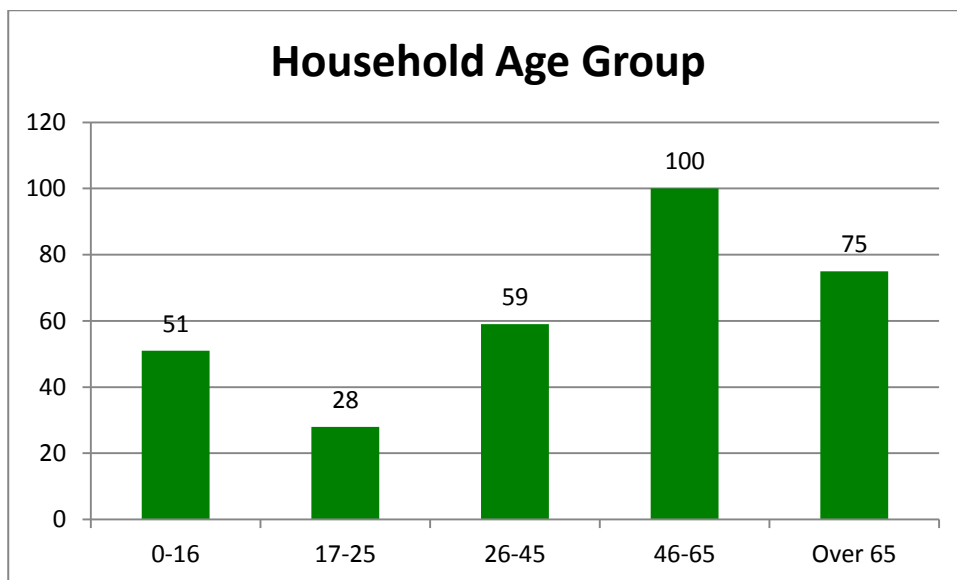
Should the Society fail, after paying off its loans and creditors, and repaying all share capital, any remaining assets must be transferred to community enterprises that satisfy the same community benefit criteria as the rules governing The Great Bromley Cross Pub CBS Ltd. The membership chooses the recipient(s).

Social Returns

In 2005 the only village shop in Great Bromley closed its doors. The Cross Inn and the village Post Office are both now closed and if we reopen them they will be restored to their former glory.

The demographics of the local area are clearly indicated by the responses to our market needs survey, with the largest group of people being 46-65, but with a significant number of children now. We also have a large number of retired people. Similarly, the local population requires good, local services. Although most villagers own a car, many people rely on the infrequent bus service to Walton or Colchester, making the simplest trip for daily necessities a major challenge.

The following analysis from our community questionnaire shows the age group of the community and the services required in addition to a pub.



When the Great Bromley Cross Pub CBS Ltd successfully acquires The Cross Inn, the whole community should benefit by feeling part of the project that saved their “local” and take an active interest in the future prosperity of the Pub, increasing village cohesion. Around a fifth of all households volunteered to help run the Pub or the shop on the initial questionnaire.

Further investigation will be required to establish what commitment people would be able to make, and where they are prepared to help out.

We anticipate that this community enterprise will:

- Provide a meeting place for the community, both in terms of a traditional Pub but also where groups such as a mother-and-toddler group could meet and have a coffee during the day.
- Offer an opportunity for people to volunteer, to feel that they are directly helping the community in a very tangible way.
- Spark a “can-do” attitude for other social enterprises in the village, providing increasing numbers of people willing to serve on such bodies as, for example, the Parish Council.

- Maintain a positive impact on property valuations.

We will measure the social success of our venture in terms of the number of villagers supporting the, either as customers, or as volunteers.

Villagers who are shareholders will have a direct say in the future of the society, through Members' meetings and representation on the Committee.

We will also actively encourage other communities to follow our example, and will be delighted to offer support to similar groups.

Proposed Scheme - Pub

We intend to buy and reopen The Cross Inn in the village of Great Bromley, Essex. It closed as an operating business early in May 2015 and has since been sold.

We believe that the best model for the initial opening is to run the Pub for wet sales and community activities only using volunteers until we have a positive cash flow and sufficient stability to employ staff. This strategy was very successfully employed by the Case is Altered in nearby Bentley. It generated a very strong sense of community engagement and allowed their community pub to rapidly start making a profit.

Our initial proposal is to open on Thursday, Friday and Saturday evenings and Sunday lunchtime. There will be no on-site catering though we will investigate options to allow people to eat in the pub. Proposals include a fish and chip van on site, or bulk deliveries of take away food. We will open on other occasions for specific community events such as meetings, quizzes or music. Once an on-site kitchen is established, the options for on-site catering will be considered, such as visiting chefs.

Once the Pub is established and profitable as a community venture, we aim to recruit a manager/couple to run the Pub. Further support staff will be required in the kitchen, serving, and as occasional cover. Finding the right manager/couple is absolutely key to the plan; he/she or they must be experienced and be willing to share and take part in the CBS's vision. We are prepared to pay a percentage of net profits to the right couple, to incentivise them to grow the business. Finding a compatible manager, and getting them involved as early as possible, is a key step in the success of the venture. We expect the manager to make day-to-day operational decisions, backed by a liaison sub-committee. We feel that in this model, we can retain control of the "look and feel" of the Pub, but can benefit from the experience of the right team. In return, they will be able to grow their business with us, and retain a fair percentage of the profits.

Volunteers will continue to be used as appropriate and necessary. We want the Cross Inn to be a community business and to generate employment for the local community, but we believe the use of volunteers for specific events and roles is compatible with this aim.

Staffing decisions are of course dependent on the specific skill set of the management team we recruit. However, we have discussed the possibility of taking on a kitchen apprentice from one of the local catering institutes; this is generally a win-win for us and the youngster involved, as they gain experience and we have their time and enthusiasm for a modest wage.

Once we have recruited a manager/couple to run the pub, we expect to serve meals and bar snacks on six days per week, with a full range of beers, wines and spirits. We will host local microbrewery beers and intend both food and, where feasible, drink, to be as locally sourced as possible.

We have a clear picture of the kind of Pub we want:

- A cosy, inviting place, with a wood burner in a prominent position! Wooden furniture and a variety of seating will complement the classic country colours on the walls. It must be both family and dog

friendly. Draught beer – hopefully at least three bitters – and we’re talking to a microbrewer about making one of them truly local. On the practical side, we want a comfortable area for smokers, and modern, attractive loos.

- We want to serve classic, simple Pub food, prepared with care, from fresh, local ingredients. It won’t be a long menu; quality comes first. We also want to mix it up a bit with theme nights, seasonal specials, and a regular change of menu. We will offer a children’s menu that has real food on it, and a regular Sunday lunch.
- We will also do sandwiches, snacks, and cakes, and you will be able to get a decent mug of tea or pot of coffee during the day. We might even do a weekend breakfast.
- We want to make this a place for all the villagers, and are thinking about promotions such as loyalty schemes, OAP lunches, and meal deals. The pub accommodation will be made available to local organisations for meetings or social gatherings. We want the Cross to be part of village events and to support local good causes.
- We’d like to liven the place up occasionally, perhaps with varied music events, or by holding quiz nights etc.
- We will listen to our customers. A lot of them will, after all, be our shareholders!

Market Summary

Our primary target market is the local community, from Great and Little Bromley, Ardleigh and the surrounding villages such as Dedham, as well as the towns of Manningtree, Colchester, and Clacton, all within a 20-30 minute drive of the Pub.

The Cross Inn is close to short and long-distance footpaths, and is a popular stop for hikers and walking groups. There is no nearby café catering to this trade. It also has a large car park to leave their cars in when walking.

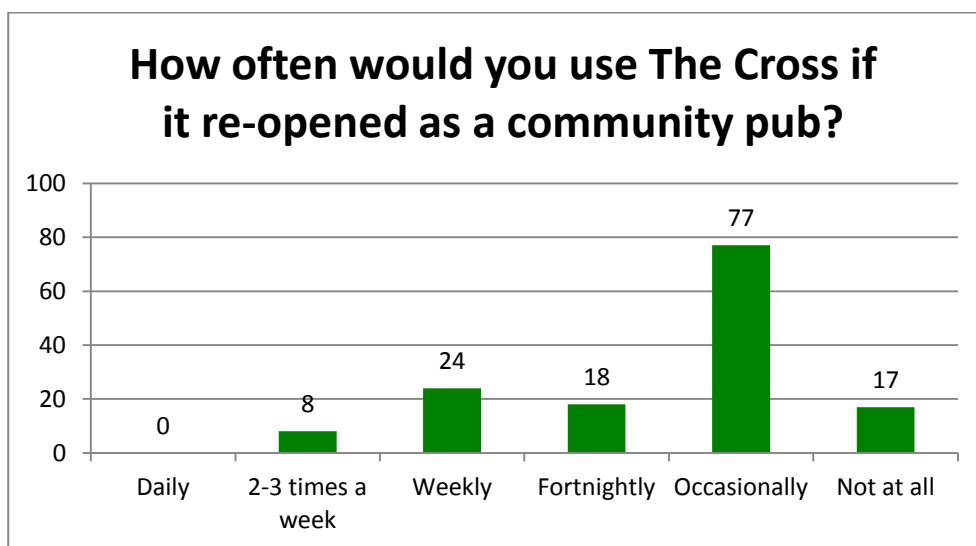
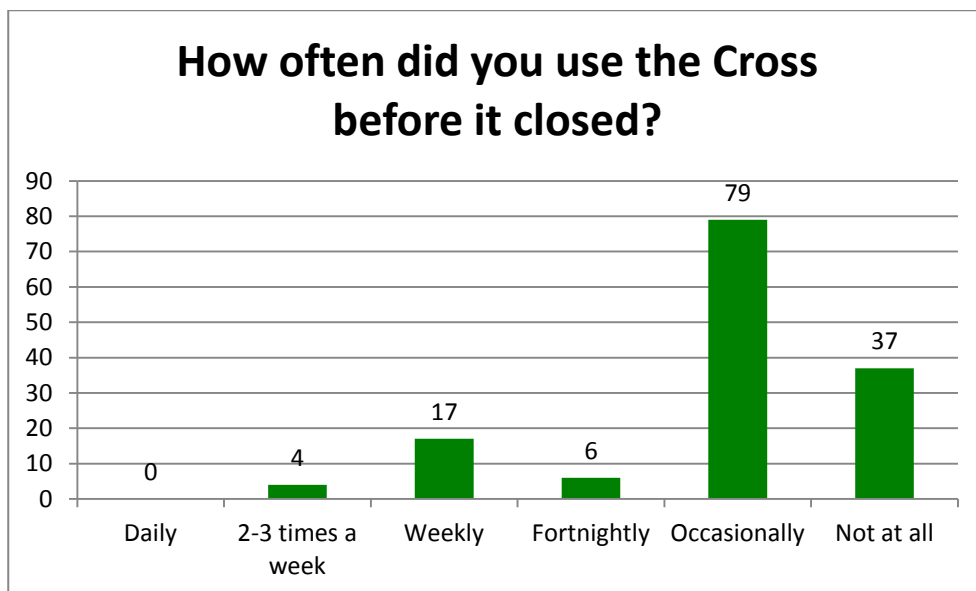
The Pub’s position is also good for cycling clubs and individuals, being on a popular cycling route.

Game shoots are a popular local pastime; with the local shoots occasionally coming to eat after a day’s shooting; welcoming this community will be beneficial.

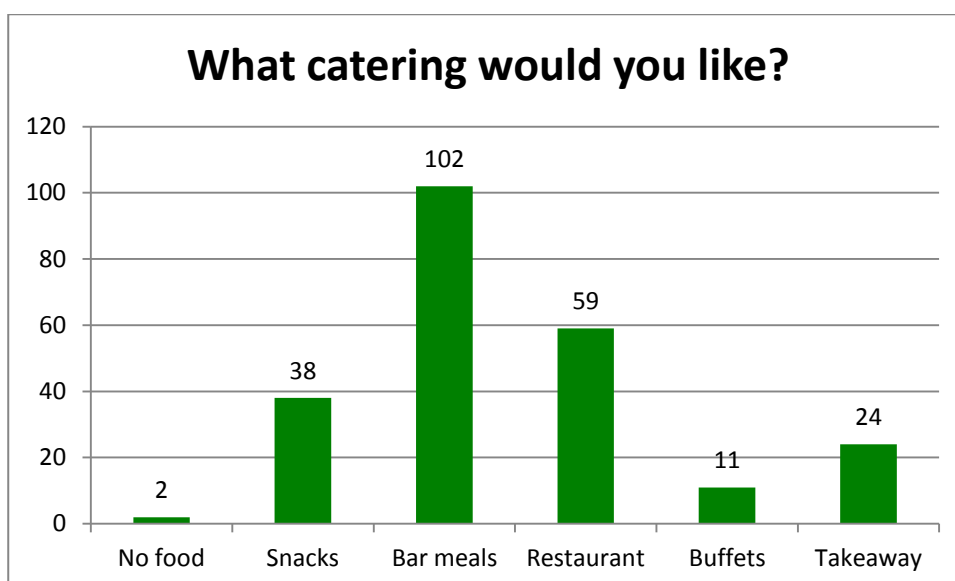
There has been a strong seasonal trend to trade, with the summer months, Christmas, and Friday and Saturday evenings, being much busier. We believe that we can counter some of this imbalance with community events such as quizzes, music evenings and offering food “specials” on non-event nights. We also hope that our core customer base – the village community – will continue to support us over the winter.

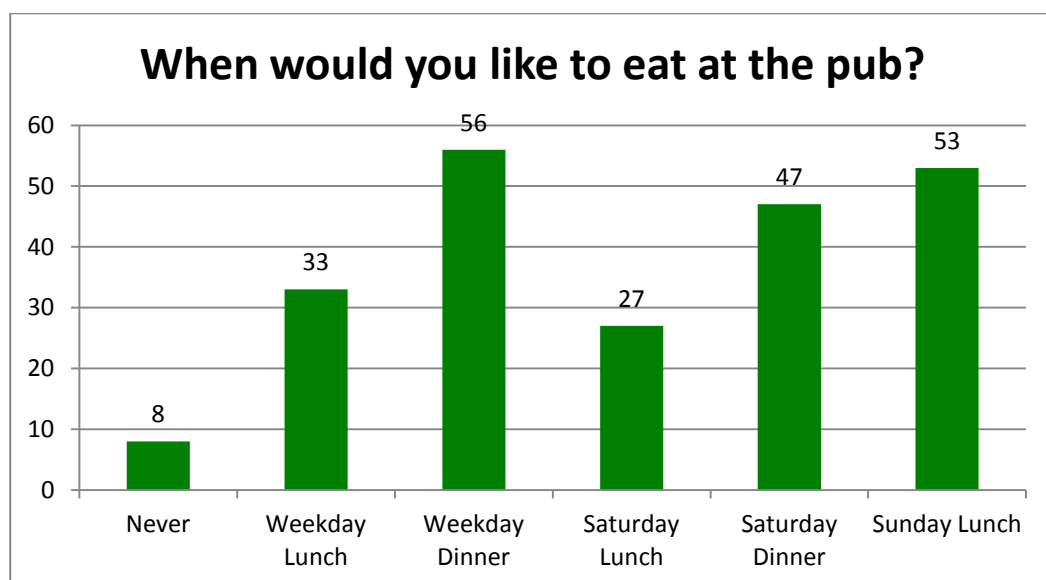
Customer Need

A recent survey conducted by Save The Bromley Cross indicated that, should The Cross Inn reopen under community ownership, a moderate increase in Pub usage could be expected. Reasons cited in the survey for not using the Pub in the past, included “poor service and welcome”, “poor quality food”, “children not well catered for”, “price” and “dogs not being welcome”. The survey identified needs including a children’s play area, entertainment, events, activities for young people and senior citizen meals, as well as a café. Conclusions from the survey included, “there is demand for the Pub to continue serving meals” and, that “we need to find the right people to run the Pub day-to-day, to foster a good welcome and congenial atmosphere”.



Catering was another strong demand from the survey, with many respondents wanting restaurant meals as well as bar snacks and takeaways available throughout the week.





The community freehold nature of The Great Bromley Cross will also benefit the community by way of more competitive product pricing and better product choice.

The Pub may also provide employment for local people and business opportunities for the suppliers of local produce. Other local organisations may benefit through joint ventures and links with the Pub.

According to Plunkett Foundation research, no community share model of Pub ownership has failed to date. We are very grateful for the on-going support and advice from the Plunkett Foundation itself, and from the many Pubs that have freely shared their expertise.

Competitors

Each of the local villages has one or more Pubs, which have been benefiting from the closure of The Cross Inn. There are three pubs within reasonable cycling distance, which many of the villagers have been choosing to use. One of these is The Haywain in Little Bromley - this is currently for sale. The Court House has new owners and as such, would be a competitor. We plan to entice the local community back to The Cross with a warm, friendly community local with good food – in walking distance; and hope to encourage some of the people in surrounding villages to give us a try as a “local” too.

Management Structure

The management team will be responsible for day-to-day management issues, and for the performance of staff. They will also order supplies as required, according to agreed guidelines set by the Pub sub-committee. A Pub sub-committee will liaise closely with the management team, sorting out issues as they arise and owning responsibility for wages, PAYE, etc. as well as paying bills. We expect meetings of the sub-committee (including the manager) to take place at least monthly. The main committee will work with the sub-committee to make strategic decisions, such as the theme of the Pub.

Volunteers are an essential part of our plan. They not only provide the necessary labour to allow us to open the pub with few cashflow concerns, but provide that crucial link to the community. This reliance will be reflected by one of the management team’s appointment as volunteer co-ordinator. They will have responsibility for recruitment and training and will organise the rota for volunteers. Each volunteer will have job competencies. One aim will be to work with people to enable them to reach NVQ level so they can go on and use their experience in other jobs in the future. The management committee is in a very strong position to provide this training, since many members have significant experience in the pub and brewing industries.

Project Costs – Pub

Set-up Costs

The following are one-off set-up costs associated with the purchase of the Pub:

Purchase (Valuation)	190,000
Repairs (subject to survey)	5,000
Assessment by industry accountant/solicitor as to “competent person” freehold potential (industry standard)	1,500
Solicitor’s fees for purchase (solicitor estimate)	2,000
Costs associated with CBS & Share Issue (registration & printing)	2,000
Stamp duty @1% of purchase price	1,900
Float for initial purchases (source: other Pubs)	5,000
Contingency fund	6,600
Total	214,000

We intend to raise the set-up costs in the following ways:

From share issue	210,000
Grants or Other Sources of Set up Income	2,000
Fundraising	2,000
Total	214,000

SET UP COSTS – Assumptions

The minimum funding required is sufficient to purchase and open the pub without additional loans or grants as shown. Some expenses capitalised here (particularly the repair costs) may be deferred and ultimately be reflected as revenue costs incurred after the opening. They have been shown as set up costs for reasons of prudence because they may need to be incurred sooner rather than later. This is because the building has been empty for some time and work may be required as a condition of loan advances and for reasons of health & safety.

Additional grants are not essential assuming we meet minimum funding, but will be applied for from local community sources, The RCCE and other sources like the Prince’s Trust.

Fundraising events have, and will continue to be held in the village. These have proved to be profitable to date.

The Set Up costs will not all need to be spent in order for the soft opening of the pub to take place, although they will probably arise within the first year of trading. They may also be reduced by volunteer input from the village. Any additional income from the share issue up to the maximum will be invested to increase the profitability of the pub. For example kitchen improvements will allow income from food sales to come online sooner.

Operating Costs

Income	Year 1	Year 2	Year 3
Liquor Income (Net)	59,800	85,280	95,680
Total Net Liquor (at GP% 50)	29,900	42,640	47,840
Food Income (Net)	0	20,800	20,800
Total Net Food (at GP% 55)	0	11,440	11,440
Total Net Income	29,000	54,080	59,280

INCOME – Assumptions

Year 1 will be a soft opening involving 4 wet sales only sessions between Thursday and Sunday. Thursday session assumes £150 income, and £333 per session on Friday, Saturday and Sunday. Weekly income is therefore £1,150.

Extended trading hours and food will be served from Year 2.

Year 2 will involve daily sessions. Monday to Thursday sessions will take £160 per sessions and £333 per session on Friday, Saturday and Sunday. Weekly wet sales will provide income of £1,640.

Year 3 wet sales for the Monday to Thursday sessions remain estimated at £160 per session and Friday, Saturday and Sunday wet sales increase to £400 per session. Weekly wet sales become £1,840.

Food Sales are 20 heads at £10 per Sunday session and 10 heads at £5 per session on the other 6 days.

Breakfasts and Dinners for the local Shoot, Festive events and Music/Quiz night will enhance income but have been ignored here for prudence.

Year 2 & Year 3 trading follows a similar pattern to Year 1, with summer and December being busy.

Gross Profit percentages increase throughout Year 1 as waste management improves. They remain steady through Year 2, and then increase through Year 3 to final levels. We have assumed static rates for prudence.

Projections reflect both the experience of a previous owner of the pub and another community run pub in the area.

Outgoings	Year 1	Year 2	Year 3
Utilities	1,300	1,430	1,573
Insurance	1,000	1,100	1,210
Management Salary (Couple)	0	16,400	17,400
Computer costs	115	119	122
Telephone and internet	735	757	780
Post printing and stationary	670	690	710
Advertising and Publicity	1,236	1,273	1,311
Licences	100	110	121
Hire of equipment	100	100	100
Repairs, renewals and maintenance	2,000	2,000	2,000
Cleaning materials	1,000	1,100	1,110
Staff/volunteer training, recruitment and uniforms	500	500	500
Sundry expenses	600	618	637
Event costs	1,200	1,260	1,323
Consumables	500	550	610
Accountancy	800	880	968
Rates on non-business areas	1,500	1,500	1,500
Depreciation of tangible fixed assets	2,965	3,054	3,146
AGM meeting costs (fixed)	190	209	230
Bank charges	200	220	242
Credit card charges	440	484	532
Total	17,151	34,354	36,125
Net Profit or (Loss)	11,849	19,726	23,155

OUTGOINGS - Assumptions

The pub is not a going concern. Feedback from users strongly suggests that there was a feeling that the final few months of the previous landlord's tenure were at a significantly poorer level of customer satisfaction, with impact on revenues, and that under our management, we would aim for the medium-term performance of the pub in recent years, not what it was like in the final few months. The owner had not opted for VAT. It follows that the purchase of the pub will be exempt from VAT. We will register the pub for VAT and will be able to recover VAT on any refurbishment and maintenance work carried out to the commercial parts of the building. The figures above have been compiled on that basis.

NB No share or loan interest will be paid and no shares can be redeemed for the first 3 years. After this period the contingency reserve shown above provides our share liquidity for members.

No business rates are charged because none are due. We have confirmed with the local authority that the Rateable Value of the pub is lower than the threshold for business rates.

Utilities costs are based on data from a previous landlord and are lower in Year 1 due to the plans for a soft opening.

All costs are based where relevant on actual data from a previous landlord and another community pub in the area.

Manager's wages shown net of flat rental and subsistence allowances. Although they seem low, they are in line with local levels of pay and amounts paid by other community pubs in the area. They will be augmented by an incentive scheme. Note that we intend to follow the industry-standard practice of asking for a bond of £10,000 from the manager, when he/she is appointed, returnable on end of contract.

We will also continue to seek grants to improve the building.

Cash Flows

Cash reserves, which we are already building up prior to opening, will reduce pressure on start up cash flows, and the CBS is already purchasing equipment, such as glasses, cash register and beer engine. Our principal draught beer suppliers are committee members and already provide easy terms. The initial soft opening with only volunteer labour means nearly all profits on sales can be used to prevent any early cash flow issues. Although the pub turnover is projected to be below the VAT threshold in the first 2 years at least, we will register for VAT at an early stage. Non-recoverable costs (on the private accommodation upstairs) have been taken into account in compiling our projections. The use of volunteer labour will mitigate costs and therefore reduce VAT leakages.

Opening Balance Sheet

Assets		Liabilities	
Property Cost (incl Stamp Duty, Competent Person Assessment and LegalsInventory)	195,400	Shares	210,000
Cash & Bank	3,000		
Refurb Reserve	5,000		
Contingency Reserve	6,600		
	210,000		210,000

End of Year 1 Balance Sheet

Assets		Liabilities	
Property Cost (incl Stamp Duty, Survey, Competent Person Assessment, Legals Inventory and Refurb)	197,435*	Shares	210,000
Cash & Bank	17,814		
Contingency Reserve	6,600	Net Profit	11,849
	221,849		221,849

* Property Cost calculated £195,400 brought forward, plus Refurbishments from Reserve £5,000, less Depreciation £2,965

End of Year 2 Balance Sheet

Assets		Liabilities	
Property Cost (incl Stamp Duty, Survey, Competent Person Assessment, Legals Inventory and Refurb)	194,381*	Shares	210,000
Cash & Bank	35,345		
Contingency Reserve	6,600	Net Profit	19,726
	229,726		229,726

- Property Cost calculated £197,435 brought forward, less Depreciation £3,054

Post Office

The Great Bromley village post office closed in 2003 with the village shop. The then owners of the Cross took over the post office in a room at the back of the pub. The landlord became Postmaster and his salary paid for 2 local staff. The post office received national service awards. After the closure of the pub, the post office's opening hours became erratic and it finally closed in November 2015.

There is a Post Office and shop in Ardleigh and the same in Elmstead Market. Both require transport.

The Post Office has indicated that it would support the re-opening of the post office but not with the previous financial model. Instead there would be a commission based financial model.

Our village questionnaire demonstrated that a post office was one of the most popular services, so we will try and re-instate the post office at the Cross Inn, where the premises will still be available. The change in financial model means we are unable to provide any figures until we have further agreement with the Post Office. Once the pub is up and running, the Management Committee plan to start discussions with the Post Office to re-open Great Bromley Post Office in the pub. No firm plans or dates can be offered at this stage since this is purely aspirational and controlled by the Post Office.

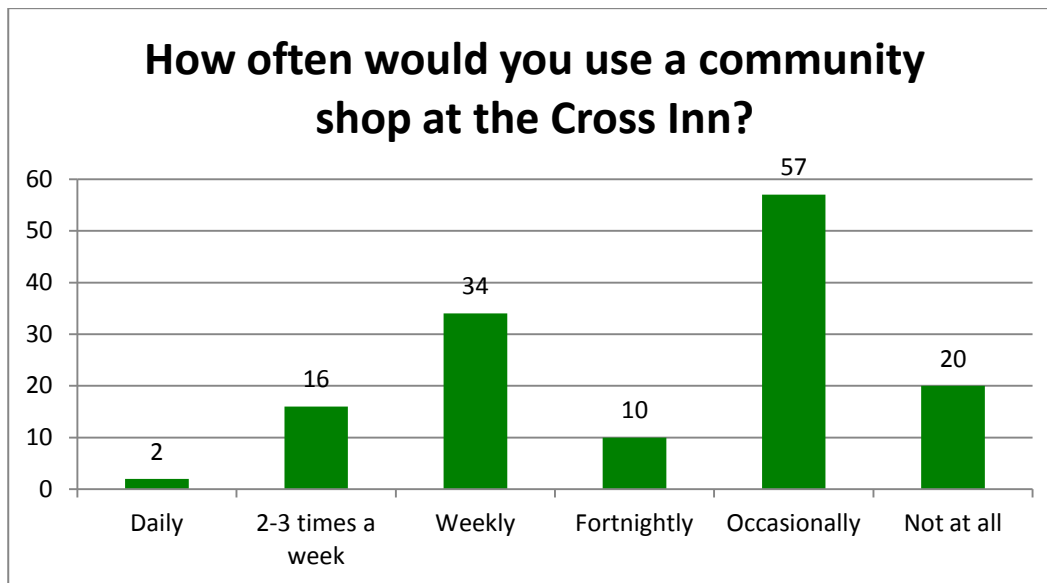
Shop

The principal objective of the business plan is to present a model for re-opening and running the Cross Inn as a community hub and village asset and the associated share prospectus will be to fund the re-opening of the Cross. But while researching the project, Save The Bromley Cross has been made aware of the desire for a village shop.

Market Analysis

The village shop and post office, in Brook Street, in the centre of Great Bromley, closed in 2005. Until recently the Post Office was open at the Cross Inn which also sold a few basics.

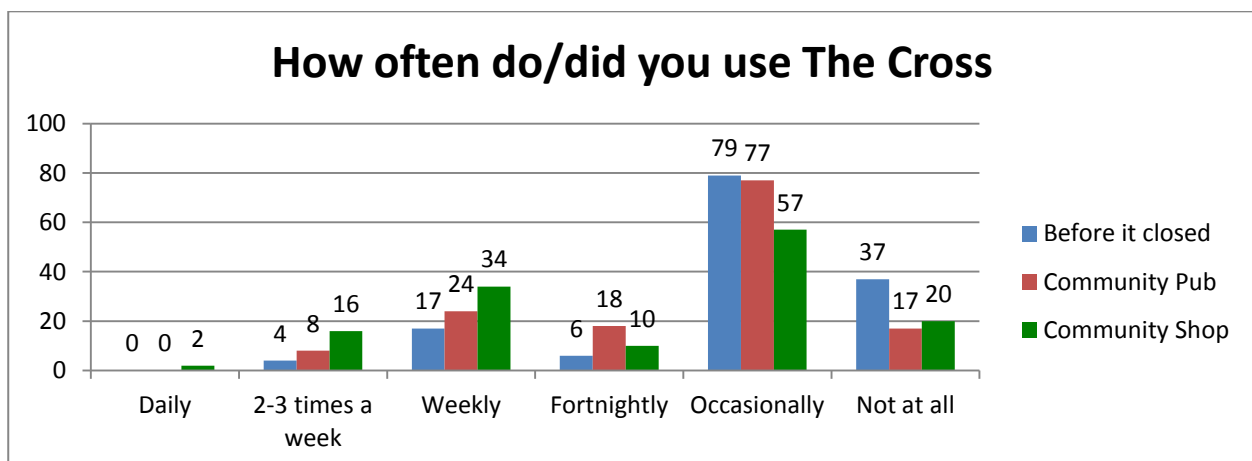
A recent survey showed that there would be significant use of the shopping facilities should The Cross Inn be reopened as a Pub with a shop.



Customer Need

The customers for the shop are the local villagers, plus casual passing traffic (in particular, walkers and cyclists).

We anticipate that siting the shop in the Pub building or grounds (particularly with tea/coffee available) may increase customers to both.



Competitors

There is a small shop at a farm butchers in the village. There is a post office with shop and newsagents in Ardleigh. The impact on these local businesses must be considered as part of the plans to develop a community shop. Apart from these, the nearest large shops are Elmstead Market, Colchester and Manningtree. All require transport.

Community needs are currently being met by travelling to neighbouring communities such as Ardleigh, Manningtree, going into Colchester, or online shopping and deliveries.

This out-of-village convenience factor will remain, of course. However, we believe that a village shop would provide “top-up” shopping for many villagers, as well as a convenient place to buy newspapers. In terms of a new market, it will also make it possible for youngsters waiting for the school bus to pop in for drinks and snacks, and for passing cyclists and walkers to do the same.

We may be able to encourage more use of the shop by means of a “shop and drop” facility; we are exploring what resources we would need to pick up elderly or disabled shoppers from around the local area, take them to the shop, and collect them and their shopping, perhaps after they have had a tea or coffee.

Operational Decisions

We would like to open a shop when practically possible.

Appendix 1 – Committee

Owen Blowers - Chair

Owen has lived in Great Bromley for 8 years and is a member of the Parish Council. He is a tax professional specialising in Employment Tax for UK and expatriate employees. He runs his own tax consultancy and is currently working for a major utility company. In the past, he has worked for HM Revenue & Customs, Barclays Bank, Diageo (the global alcoholic drinks company), Chubb Fire & Security and Bank of America Merrill Lynch.

Jim Craddock - Secretary

Jim has 10 years experience running community businesses in East London. He was chair of the Management Committee of Forest Recycling Project for a number of years, a community business based in the London Borough of Waltham Forest, which is now over 25 years old. Jim really likes pubs. He helps run a local pub quiz league and used to compere open mic nights in the Cross. In his spare time, Jim works in IT, and has 20 years experience running his own IT consultancy companies

Richard Perry – Treasurer

Richard and his wife Brenda were the landlords of the Cross Inn for over 13 years, reviving it from a very low state to a successful village hub together with the local Sub Post Office. Prior to this they ran the Flag Inn in Wivenhoe for 9 years. After leaving the Royal Navy Richard joined the management of Bass brewing company, on the technical side. Although he is beyond retirement age he still enjoys working part time. He wants, like the rest of us, to be able to relax at the end of the day in a conducive environment with friends and neighbours in our local.

Alan Thomas – Vice Chair

Alan brings an extensive background as a qualified and experienced manager, both General and Asset in a wide range of situations both in the private and public sectors. He has had a very varied career prior to retiring in March 2015, starting with 20 years with P&O leaving as Chief Engineer, then a period of 12 years with Whitbread Brewery as project manager and production manager, followed by 7 years as Engineering Director of Technicolor, then 7 years with Trinity House as their Head Maintenance and Asset Manager and finally 7 years as Asset Manager in Local Government. He served on the Great Bromley Parish Council as Chairman for several years. Since retiring he has kept himself busy sailing, volunteering on the Woolverstone project taking disabled people afloat, acting as a skipper on the River Stour Trust passenger ferries and as the technical manager for the James Stephens 14, a restored lifeboat.

Lesley Broadbent – Business Planning

Lesley has lived in Great Bromley for 17 years now. She previously lived in London where she latterly worked at a Housing Trust delivering training on Microsoft software products. She was a Management Committee member of a Walthamstow based community business “Hornbeam Environmental Centre Ltd and Gannets Restaurant”. She helped them in many ways; organising the office systems, helping with the renovations of an old building, acting as a substitute chef; in fact anything that needed doing! She has a wealth of experience on computers and will put this to good use for the Great Bromley Cross Pub CBS. She believes that village pubs are at the heart of the community and must be preserved to keep the community together.

Dinah Jones – Fundraising

Dinah has lived in the village for 31 years and in that time has been part of play group PTA and village hall committee fund raising. She has worked in post offices for 23 years, 10 of those at Great Bromley

Linda Pinhey – Fundraising & Operations

Linda has been running a successful outside catering business, Sweet Success, from Great Bromley, opposite the Cross Inn, for over 30 years. She brings invaluable experience from managing and catering for large weddings, corporate events and themed parties. In her spare time Linda plays a pivotal role in the local community, organising social and charity events and has raised thousands of pounds for local and national charities.

Bryn Jones – Operations

Bryn has lived in great Bromley for 31 years and has been a professional within the construction industry since graduating in 1981. He has a wide experience in management and design and currently is working as a consultant in this field. He was an active member of the Lions for some years and has been involved in a number of fundraising efforts in the village.

Philip & Linda Reeve

Prior to retirement in 2007 Philip was the Financial Director and Company Secretary of a major regional construction company. Originally trained as a quantity surveyor he specialised in all aspects of contractual finance together with all forms of commercial administration and management.

Linda has broad and extensive experience in commerce and finance, ranging from specialist sales to financial and investment banking. Subsequently she became involved in the set up of a local vineyard producing its own English wines, also establishing contracts to process the harvest from several other UK vineyards.

Jointly unable to resist a new challenge they are the proprietors and operators of the local Sticklegs Brewery.

Nicholas Strowbridge – Share Scheme Co-ordinator

Nick is a senior medical practitioner with a wide range of expertise in all aspects of health provision including primary care and management; an accredited general practitioner and qualified sports physician with over thirty years service in the British Army. Now semi-retired, he has served in the UK and commanded in multinational operational theatres including the Middle East, Bosnia and Afghanistan. He has worked at management board level with extensive experience in delivering strategic planning, organisation development, and personnel management.

Appendix 2 – SEIS and EIS

The Seed Enterprise Investment Scheme (SEIS)

The Seed Enterprise Investment Scheme is a government scheme devised to encourage investment in new enterprises. The Great Bromley Cross Pub CBS Limited will apply to HMRC for authorisation to offer our shares under the SEIS Scheme. The advantage to investors who pay income tax is that they can claim tax relief on their investment at 50% of the cost of the shares up to a maximum of £45,000. For example, an investment of £1,000 will give rise to tax relief of £500. The tax relief is applied in the tax year in which the purchase is made and can be “carried back” one year to the preceding tax year. **Tax relief is only available to the extent tax has actually been paid.** The shares must be held for 3 years from the date of purchase or, if later, for 3 years after the business starts trading, otherwise the tax relief will be withdrawn. There can be no issues with Capital Gains Tax, because the value of your shares will never increase. For more details, please see the HMRC website at: <https://www.gov.uk/topic/business-tax/investment-schemes>.

The Enterprise Investment Scheme (EIS)

The Enterprise Investment Scheme is a government scheme devised to encourage investment in new enterprises. The Great Bromley Cross Pub CBS Limited will apply to HMRC for authorisation to offer our shares under the EIS Scheme. The advantage to investors who pay income tax is that they can claim tax relief on their investment at 30% of the cost of the shares up to a maximum of £300,000. For example, an investment of £1,000 will give rise to tax relief of £300. The tax relief is applied in the tax year in which the purchase is made and can be “carried back” one year to the preceding tax year. **Tax relief is only available to the extent tax has actually been paid.** The shares must be held for 3 years from the date of purchase or, if later, for 3 years after the business starts trading, otherwise the tax relief will be withdrawn. There can be no issues with Capital Gains Tax, because the value of your shares will never increase. For more details, please see the HMRC website at: <https://www.gov.uk/topic/business-tax/investment-schemes>.

Appendix 3 - Strengths, Weaknesses, Opportunities, Threats (SWOT) Analysis

Strengths

- The whole community is involved (evidence: attending meetings and socials and helping with leaflet drops).
- The committee is a part of the community – everyone knows everyone else.
- The range and depth of skills and enthusiasm on the committee and helpers.
- An ex-landlord of the Cross Inn is serving on our Committee.
- Profits (apart from a small interest payment, if feasible) are invested back into the business or the community. We can continue to build on success!
- We do not intend to fail. But if the Pub proved to be unviable, we will own the freehold – and were it to get planning permission for a change of use, the value would rise considerably. This makes the proposition more attractive to investors with no stake in the community, as although profits will be fed back into community projects, their capital investment will be safe.
- The CBS business model requires that all dividends are voted on by all members – at one vote per share holding, of whatever size – so it's a fair way of working.
- Several local traders have offered their services.
- We have had tremendous support from other communities who have done similar things, and from the Plunkett Foundation.

Weaknesses

- No-one on the committee has done anything *exactly* like this before but the Committee has experience in the pub trade and community businesses. Mitigation: the team will fill the gaps in their experience by learning from others e.g. Plunkett mentoring scheme. Do plenty of research. Find an experienced manager/couple who will work with us.
- The committee are almost all working people doing this in their spare time. Illness or job needs might take people away for some time. Mitigation: We have set up the main and sub committees so that critical posts can be covered.
- At this point in time, we don't know how much we will raise in shares – and so budgeting for a potential loan is necessary. Mitigation: Financial plan to cover all potential options until we can eliminate them.
- There is a huge reliance on volunteers. Mitigation: do as much talking to people and village groups as we can; make people feel that it really is their resource, which relies on them. Once we get close to opening, make sure all volunteers feel trained and ready to go; and that they have supporting processes in place. Volunteers are already running events in the village as part of the Save The Bromley Cross campaign.

Opportunities

- Only Pub and shop easily accessible without a car.
- Walking and cycling clubs pass The Cross Inn.
- We hear from other villages that have done this successfully that it gives a great boost to the community, in terms of “can-do” spirit.
- Owning the freehold will mean that we control the community asset. We aren’t going to be a tied house.
- We have the owners of a micro brewery and catering company on our Committee– we can act very locally!
- We can be very responsive to community needs, both in terms of what we sell, and in terms of how we want the Pub and Shop to feel.
- We understand our demographics very well.

Threats

- The committee is a part of the community – everyone knows everyone; risk of treading on well-stubbed toes. Mitigation: Tread as carefully as possible!
- We do not know the structural condition of the building but we have a building surveyor on our Committee. Mitigation: A Schedule of Wants and Repairs will be commissioned.
- We must have the right people to run the Pub, who can work with the committee and share our vision. Getting the right people remains the biggest risk to the successful and profitable operation of the Pub. However, this risk would exist under any business model. Mitigation: The Management model at least allows us to let go any manager who turns out not to be right for us, and try again.
- Insufficient volunteers. Mitigation: If there are insufficient volunteers, then more funding will be required for wages or opening hours will be reduced. This may impact the viability of the business which is discussed below.
- The business is not viable for example due to a lack of custom. Mitigation: the business will not be allowed to trade at a loss. In the worst case scenario, the business will own a pub and land, and will have to dispose of these assets for the benefit of the local community. Once all loans have been repaid and shares redeemed, the CBS model guarantees that any residue will be retained by the local community.