

THE PLOUGH INN LONGPARISH



BUSINESS PLAN

PART 2

“APPENDICES & ADDITIONAL INFORMATION”

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DISCLAIMER

This document contains forward-looking statements, including forecasts relating to the financial position of LCPL. The Management Committee believes that the forecasts reflected in these statements are reasonable but will involve unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of the Society, to be materially different from any future results, performance or achievements expressed or implied by those forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in Part 2 Appendix 4 (Risks) set out in this document. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on those forward-looking statements. The forward-looking statements contained in this document are made on the date of this document, and the Society and the Management Committee is not under any obligation to update those forward-looking statements in this document to reflect actual future events or developments.

APPENDIX 1 - LONGPARISH & THE PLOUGH INN

Longparish is a picturesque, rural village situated in the scenic Test Valley; the river Test runs through the length of the village. As its name suggests, Longparish is a classic example of a series of linear settlements/hamlets, which joined up in the 16th century to become one village without an obvious central hub. The former hamlets are separated by open spaces that give them an individual identity and enhance the collective rural village character. Much of the village is situated within the Longparish conservation area. The 2011 Census records the village population as being 716.

The Plough lies in the central south western part of Longparish, known as Middleton (one of the former hamlets). It is close to other village amenities including the church, primary school, pre-school, village hall and immediately adjacent to the village football field.

Recorded in the village handbook as dating back to 1721, there has certainly been a Plough Inn on the site since the early part of the 18th Century¹. The present building is a significant, substantial detached building on the main street. It is a three storey building, built of brick and flint banding and has a pitched tiled roof. It was remodeled in the late 19th century with a pair of full height canted bay windows and a gabled porch. The Plough has a series of linked extensions and outbuildings of a later date to the rear, with a pub garden and car parking for some thirty cars. The Test Way long distance footpath passes through the grounds.

The Plough forms an important part of Longparish's historic and cultural identity – a highly valued asset that has served the community for nearly three hundred years and contributed to the overall vibrancy of the village. It is mentioned in the Conservation Area Appraisal as being one of three of the most notable non-listed buildings in Middleton and recognised by Test Valley Borough Council (TVBC) as a Non-designated Heritage Asset.

The Plough has been closed since December 2015 – except for a brief spell under a final tenant in September/October 2016. A property development company bought the Plough in February 2017 from the EI Group (formerly Enterprise Inns).and in May 2018, the new owner applied to change its use to a residential dwelling. The planning application was turned down by TVBC two months later; and in the same week the Plough was registered as an Asset of Community Value (ACV).

At a subsequent Appeal hearing in October 2019, the Planning Inspector stated in the decision notice that The Plough Inn “makes an important contribution to the vibrancy of the village, by providing a focal point not just for local residents but also visitors”, and added that “the loss of such an important community facility would be detrimental to the historic character of Longparish”.

¹The will of Isaac Jenkins, Innholder, in the Hampshire Archives, who died circa 1879 refers to the Plough Inn [formerly Munday's], which he bought from a Robert Munday in 1777. An Ale House Licence was issued to a Richard Munday, Victualler, in 1724/26; and an article in the Evening Post dated September 1759 refers to an auction to be held at the Plough Inn Longparish.

APPENDIX 2 - OPERATING MODEL - MANAGED V'S TENANT

There are advantages and disadvantages to both of these models and community owned pubs operate successfully with both. Currently the split between the two models across community owned pubs is approximately 50:50.

The advantage of operating with a manager is that the community group has complete control in the early years over what the pub provides, i.e. what the menus should be; what beers and wines are sold and at what price. Local groups can be encouraged to use the pub even if such meetings are not financially viable. However, a managed pub needs considerable time and input from committee members who are ultimately responsible in law for issues arising from licensing objectives; for Health & Safety legislation; data protection regulations; VAT; PAYE etc. This means that that the Management Committee will need both the right skills and the time to provide the level of support needed, which should not be under-estimated.

The advantage of a tenancy arrangement is that the Management Committee would be relieved of much of the daily running of the business. A lease and rent would be set at a level to give a tenant or tenant couple the opportunity and incentive to run their own thriving pub business. However, although requirements can be set out in any lease, a tenanted arrangement would make it harder for the community to have a say in the direction and running of the pub or to use voluntary help. The arrangement would rely on a community minded landlord and a probation period would be essential.

On balance and because control of the business direction is so important, LCPL has determined that the ideal is to appoint a manager for the first few years while the direction, style and sustainability of the business are being established. The business case has been written on this basis. The cost of finance repayments in the business plan are set at a maximum level that would also be financially viable should future circumstances require a tenant operation to be considered.

LCPL will take professional advice with any appointment. To set the Plough ahead of its competitors, the manager will require a competitive salary and is likely to include a performance bonus dependent on profits. If the selected manager opts to live in, the accommodation will require early refurbishment to a good standard; and the provision of accommodation taken into account when settling the salary. Further consideration will also be given to the possibility of paying a slightly lower salary compensated with a higher bonus scheme and higher bonus.

APPENDIX 3 - SWOT ANALYSIS

Strengths

- ◆ Excellent location in the Test Valley central to the village.
- ◆ The village is on a main cycling route and is often visited by walkers using the Test Way.
- ◆ Close proximity to the A303 trunk route, with potential to attract passing motorists.
- ◆ Proximity to Andover and Winchester with access to a large potential customer base including residents and tourists. Two new estates at Picket Twenty and Picket Piece have been built in Andover since the Plough closed.
- ◆ There are many holiday homes, B&Bs and glamping sites in the locality.
- ◆ An attractive spacious building with a good-sized bar and restaurant area.
- ◆ Scope to provide Bed & Breakfast accommodation providing an additional revenue stream.
- ◆ Significant grounds and out-buildings for future development.
- ◆ An extremely wide and good reputation in the past for good quality food, hospitality and atmosphere.
- ◆ Historical goodwill; a wide base of regular local customers who we anticipate will quickly return to a well-run and welcoming pub.
- ◆ The commitment of the wide membership base to use the business and encourage friends and family to do so too.
- ◆ The CBS will not be tied to any particular brewery or supplier.
- ◆ Low financial overheads
- ◆ The Society will appoint an experienced manager to run the pub business.

Weaknesses

- ◆ Apart from a three-month period in summer 2016, the Plough has been closed and boarded up since December 2015.
- ◆ A need to learn from the experience of past tenants; lack of detailed information on previous trading.
- ◆ Reputation may have fallen away since closure.

Opportunities

- ◆ To rebuild the Plough's reputation with a new manager and staff team.
- ◆ To develop a new customer base of including tourists, walkers, cyclists, people in search of locally produced beers and locally sourced, good quality food.
- ◆ To establish a network of fishermen and indeed other clubs as potential guests for the letting rooms business.
- ◆ To provide additional community amenities and make full use of the functions room, out-buildings and grounds to support community groups and other initiatives.

Threats

- ◆ Inability to raise the minimum share funding and or secure enough other finance required to proceed with purchase.
- ◆ Inability to find or retain good managers.
- ◆ Unexpected repair costs.
- ◆ Interest rate increases (although all borrowing planned currently is based on fixed interest rates).
- ◆ Wider economic environment resulting in reductions in disposable income from the customer base.

Meeting the weaknesses and threats

Attracting lost business

Once the pub is owned by the community (and it is hoped that at least 200 members will be local residents), the commitment to use the pub and to encourage family and friends to use it will be considerable. This has proven to be the case in many instances of community owned pubs.

LCPL also intends to conduct a marketing and PR campaign to promote the share offer associated with this business plan aimed at residents of surrounding villages and the new Picket Twenty and Picket Piece estates in Andover.

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

The introduction of regular live events (e.g. folk, jazz, open mic, etc.), pub sports (e.g. skittles, dominos, cribbage), club meetings (book, cricket club), lunchtime clubs, shop, café etc.

Unexpected Repair Costs

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

Shareholder withdrawal

LCPL plan to sell shares and obtain finance to raise a sum to adequately provide for all the budgeted costs of the acquisition and any initial maintenance. Whilst the CBS rules require that every member commits their investment for at least three years, in practice LCPL anticipates that it will not be able to fund any withdrawals before year four. However, there are certain circumstances in which the Management Committee is authorised to allow early withdrawal (e.g. death or bankruptcy).

Members will be required to give notice as per the rules if they wish to withdraw shares, and approval will be subject to funds being available and Management Committee approval.

Cash reserves will be built up where possible to enable withdrawal of shares subject to the requirements of the business. Ideally, new or existing shareholders will be willing to invest to replace shares being withdrawn. If they cannot be replaced, then the reserve fund would be used.

Interest rate increases

The only borrowing potentially planned by LCPL is at a fixed rate over 7 years as part of the Plunkett Foundation More Than a Pub Grant & Loan scheme.

If the business is unviable

If despite a sound business plan, vigorous and sustained marketing and the support of members and other customers, the business does not develop as anticipated, then the Management Committee could be forced to close the pub. Providing the CBS is still solvent and able to continue to pay its debts, then an option could be to seek a tenant, or tenant couple, to take on the day to day running of the pub. The tenant would pay a competitive (probably very competitive) market rate rental for use of the pub, which would be sufficient to cover the rental payments to the Parish Council and other costs such as insurance and other financial costs. If, however, that is not viable, or the CBS is either forced to wind up, or elects to do so with the agreement of the members, there would be a number of options for the future of the Plough as community asset. These options will of course be subject to the terms contained in the legal agreement to be agreed between the Parish Council and LCPL, and designed to protect the interests of both parties.

This is clearly not an outcome that LCPL seeks, nor one that is likely, but this possible course of action could result in the investors losing some, or all of their investment.

APPENDIX 4 - RISK ANALYSIS

LCPL believe the key operational risks, together with proposed mitigations are as follows:

Risk Analysis – Operating the Business	
<p><u>Risk</u></p> <p>LCPL unable to appoint and keep good Managers.</p> <p><u>Impact</u></p> <p>Appointing the right manager [or tenant in due course] is critical to the success of this venture. The manager needs to be experienced, motivated to develop the business, capable of marketing the pub effectively, able to create a welcoming atmosphere, and crucially be in sympathy with the community and LCPL's aims.</p> <p>If LCPL cannot appoint such a manager or tenant, the venture may not succeed.</p>	<p><u>Proposed mitigation</u></p> <p>Thorough selection process. A prospective manager will need to demonstrate their experience.</p> <p>A generous salary/bonus package based on performance and at the upper end of market scale. If the trading figures are achieved, then the package will be self-funding.</p> <p>A future prospective tenant will be required to demonstrate their experience and plans for the Plough, backed up with a sound business and marketing plan.</p> <p>External support. LCPL has been offered hands on support with the selection process from other community pubs and ex-pub operators.</p>
<p><u>Risk:</u></p> <p>Management Committee support or key skills are not forthcoming</p>	<p><u>Proposed mitigation</u></p> <p>Consider move to tenancy option</p>
<p><u>Risk:</u></p> <p>Pub fails to operate at forecast level of turnover.</p>	<p><u>Proposed mitigation</u></p> <p>Business case based on realistic assumptions. Business Buyers Valuation Report considers that £250,000 - £300,000 is a realistically achievable revenue for the first full year of the pub business operating. LCPL has been prudent and calculated a lower range figure of £260k for the first year (excluding B&B revenues).</p>

<p><u>Risk</u></p> <p>Higher than anticipated outgoings.</p> <p><u>Impact</u></p> <p>The main outgoing over which LCPL will have limited control is unexpected property maintenance and improvement costs.</p> <p>This could impact both upfront costs and ongoing maintenance.</p>	<p><u>Proposed mitigation</u></p> <p>Survey and valuations prior to purchase. Any purchase offer will be subject to the findings of a structural survey, which will ensure LCPL has visibility of likely maintenance issues (and may be a topic for price negotiation). In addition, LCPL is contacting local tradespeople known to have much experience of renovating old buildings.</p> <p>Estimates prior to purchase. The Business Buyers Valuation Report reports and estimates from local tradespersons have allowed LCPL to obtain indicative costings.</p>
<p><u>Risk</u></p> <p>The pub cannot sustainably trade profitably.</p> <p><u>Impact</u></p> <p>The pub may be forced to close.</p>	<p><u>Proposed mitigation</u></p> <p>LCPLs business plan has been developed to avoid this occurrence, which it believes to be a highly unlikely scenario.</p>
<p><u>Risk</u></p> <p>The pub is prevented from opening for an extended period by circumstances outside of the Management Committee's control</p> <p><u>Impact</u></p> <p>Significant reduction or cessation of revenues.</p>	<p><u>Proposed mitigation</u></p> <p>Other than staff costs, the main overheads are the rental payments due to the Parish Council, other loan repayments, business rates and insurance. Protecting the business would be dependent on reducing all overheads including staff costs, and successfully negotiating a loan repayment holiday. However, the relatively low overheads and potential to generate revenues from other community activities, together with holding a significant cash reserve (£24,000), should allow the business to remain solvent through a sustained period of closure.</p>

APPENDIX 5 - MARKET BACKGROUND

Until the banking collapse in 2008 the market in hotels, licensed and leisure premises was exceptionally buoyant with the major pub owning companies in the UK seeing a considerable increase in their share value. This was based upon the progressive increase in the rents that could be asked for; the high number of potential recruits for public houses and the protection of high beer volumes the fully tied substantive agreements gave to these companies. The acquisition of more public houses to the estate of each pub company was therefore a method of sustaining this inflated share price.

Post 2008 and following the nationalisation of the Royal Bank of Scotland and Lloyds, the property market went into virtual free fall and this trend continued until 2014 when values appeared to level out. The bottom of the cycle may have now been reached, but there presently no signs of any significant uplift.

As a result, pub owning companies and most corporate purchasers have withdrawn from the market and those funds which were supporting the investment sector are no longer attracted to the hospitality industry. Pub companies and some breweries have sold a significant number of their 'bottom end' units and many licensed premises have closed. And this trend continues, albeit at a slightly reduced level: The Plough is a typical example of this.

The decline was also accentuated by competitive pressures on drink sales and changing patterns of leisure time usage. Together these have put a significant strain on the traditional tied pub tenancy model, which has become increasingly uneconomic, particularly in rural locations.

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

However, since 2010, the Government has been seeking ways to boost trade at pubs and stem the rate of closure. This has started to reduce, due in large measure to the ACV listings stemming from the introduction of the Localism Act in 2011. This has encouraged communities to fight back: Sometimes it has been sufficient to see off an unwanted planning application through effective campaigning, but in many cases the best way forward for local people has been to buy the pub themselves.

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

Some examples of successful community owned pubs:

The Drovers Inn, Gussage All Saints (Nr Wimbourne) was saved and renovated by the community and is now a bustling pub that serves food, offers accommodation, hosts weddings, offers stabling and horse parking areas and gets the occasional car club dropping in for the afternoon. The pub had been closed and boarded up in 2014, and a planning application to turn the pub into a house was submitted, but over 200 local residents objected. In 2015 a group of locals mounted a campaign to save the pub, list it as an Asset of Community Value (ACV) and form the Gussage Community Benefit Society. The planning application was refused by the council, and the purchase was completed in March 2016. Locals helped the contractors with the renovations before the pub reopened. Members of the Steering Group have taken advice from the team who saved the Drovers Inn.

The Old Crown, Heskett, Newmarket, became famous in 2003 when it became Britain's first registered co-operatively owned pub. It is owned by a collective of around 150 local, national and even international customers and supporters. It thrives and today it serves the very best of real ales, most brewed by Heskett Newmarket Brewery which stands at the rear of the pub, and a range of appetising and wholesome home-cooked meals and snacks.

The New Inn, Manaccan was the first community owned pub in Cornwall, around 20km from Penzance. A popular pub with walkers and tourists, the pub also hosts local events such as coffee mornings, carols at Christmas and a beer festival. The pub was bought from Punch Taverns in 2014 by local residents and supporters from across the country, having been closed for two years.

The Anglers Rest in Bamford is owned by 300 community shareholders and as well as a pub it's the village post office and café. It was also one of the first pubs to be listed as an ACV.

APPENDIX 6 - ADDITIONAL PROPERTY DETAILS

The summary measurements taken from the Drake & Co prospectus for the EI Group sale are:

Attractive open plan trading areas [60 covers] ² , trade kitchen, cellar and WCs	
Six rooms including flat and two bathrooms	
Car park [part shingle], mature garden area including wood decking	
Site area	0.55 acre
Built area	3018 Sq Ft
Ground floor bar	1008 Sq Ft
<ul style="list-style-type: none"> • Ground floor ancillary 	599 Sq Ft
<ul style="list-style-type: none"> • 1st floor incl Managers flat 	1007 Sq Ft
<ul style="list-style-type: none"> • 2nd floor 	320 Sq Ft
Total Main building	2934 Sq Ft
Rateable value	£17500
Rates payable 2016/17 (Reduced as property is closed)	£6,292

An Energy Performance Certificate (EPC) was prepared by Drake & Co for the EI Group sale, which probably relates to the ground floor only, rating the property at Band C; the contents of the certificate need to be confirmed before exchange of contracts. The certificate mentions the main source of heating as natural gas, which means that the property was served by an LPG tank which is no longer in situ.

² Information from the original sale information by Enterprise Inns. The Business Plan has assumed a maximum of 50 covers.

Fixtures and Fittings:

The Business Buyers Valuation Report divides the requirement into two parts [1] tables, chairs and other furnishings for the trade area and [2] the commercial equipment required for the kitchen and bar servery. The report recommends professional advice is taken and provides Capex estimates only:

- Initial bar/servery furnishings £10,000 to £15,000
- Kitchen £15,000 to £25,000.

For the sake of illustration, the worst-case numbers have been used in this plan. Options based on renting equipment would also considered should insufficient funds are raised via community shares..

The brewers' beer raising equipment is no longer in situ and not included in the above estimates. Acquiring this equipment could form part of any negotiations with the suppliers of the draft products for re-sale, but care will be taken to ensure this does not tie LCPL to the brewers in any way. Cellar cooling equipment is in situ but not checked – this will be checked before exchange of contracts.

Compliance Matters

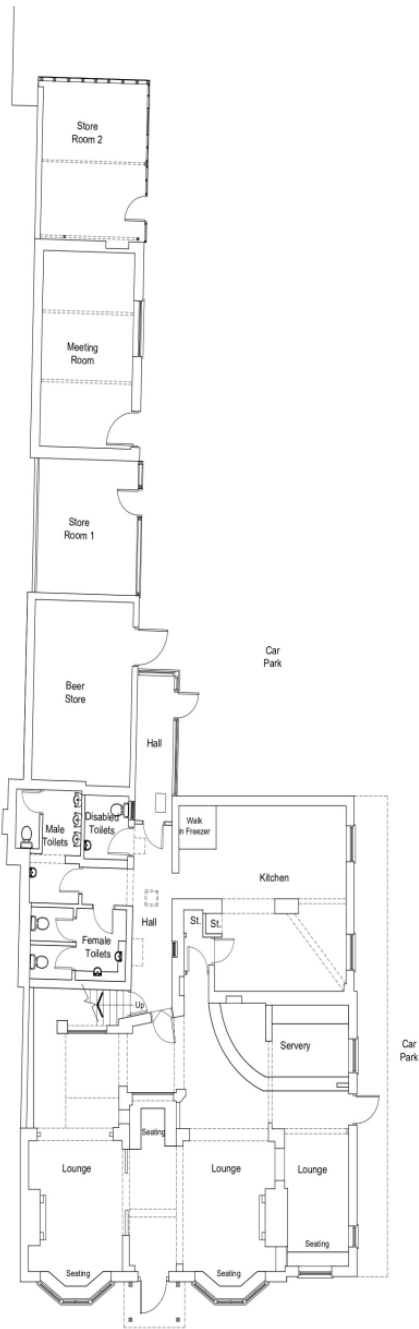
Fire safety; disability discrimination; environmental health, safety and hygiene; asbestos risk and contamination. It would be an LCPL responsibility to establish whether a further report is necessary.

Local Authority Matters:

The Business Rateable value (2017) was £17,500.

The Premises Licence was surrendered to TVBC by EI Group following their sale of the pub in 2017. LCPL's offer to purchase will be conditional upon the re-establishment of the Premises Licence prior to purchase.

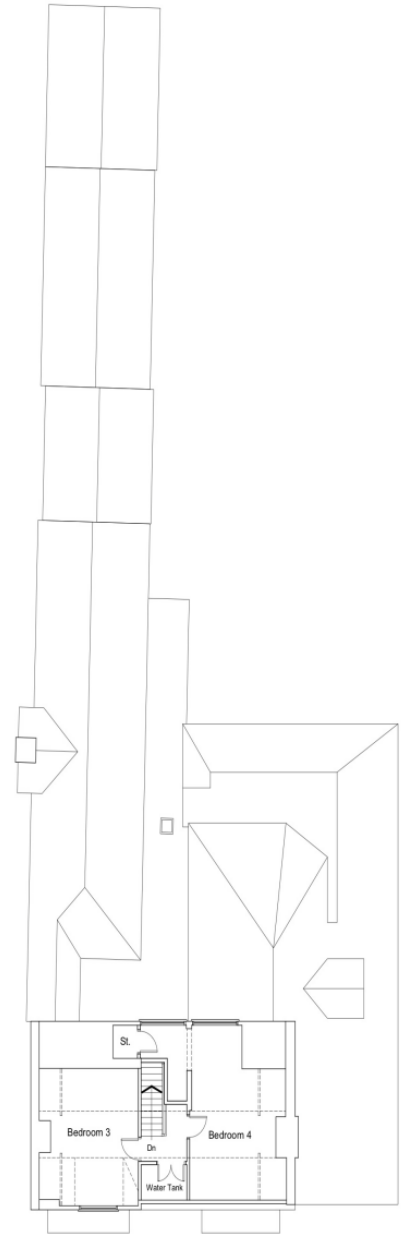
PLOUGH FLOOR PLANS



GROUND FLOOR PLAN



FIRST FLOOR PLAN



SECOND FLOOR PLAN

APPENDIX 7 - PARISH COUNCIL AGREEMENT

Outline of the agreement between Longparish Parish Council and LCPL (SUBJECT TO CHANGE PENDING FORMAL LEGAL ADVICE)

Background

LCPL has approached Longparish Parish Council requesting that the Parish Council borrow £300K to help support the project. A fundamental requirement for agreeing to this request is that the Parish Council must protect parish funds, and so will require security in the property. Other communities have used funds borrowed by their Parish Council from the Public Works Loans Board (PWLB) to purchase an interest in the freehold of a pub with loan repayments funded by rent. The intent is for the Parish Council to own the Plough. LCPL will pay the Parish Council a below market rate rental for the exclusive use of the Plough.

LCPL will raise further funds by a community share issue and has been offered up to £100K (half commercial loan and half grant) from the Plunkett Foundation's More Than a Pub programme. These funds will enable LCPL to assist the Parish Council in purchasing the property, plus fund refurbishments and the operation of the pub. The parties will contribute an estimated total of £330k (LCPL) and £300k (PC) towards the total costs.

The following is an outline of the terms expected to form the legal agreement still to be agreed between the Parish Council and LCPL.

1. The Parish Council to own the freehold. *(Following legal advice, this has been agreed between LCPL and the Parish Council as the simplest and most practical approach)*
2. The Parish Council will provide LCPL with a lease with a term of not less than 99 years on the basis that:
 - a) LCPL pays a premium for the grant of the lease (to enable the Parish Council to fund the balance of the purchase price for the Plough and associated professional costs and stamp duty); and
 - b) LCPL agrees to be responsible for the refurbishment and all running costs of the Plough.
3. Parish Council loan repayments and all costs associated with its ownership of the Plough to be covered by rental payments (estimated to be approximately £12,000 per annum) from LCPL.
4. LCPL to operate the business, which will involve appointing a manager or sub-letting the premises to a tenant.
5. The Parish Council be allocated a permanent seat on the Management Committee.
6. Failure by LCPL to make payments under the lease agreement to give the Parish Council the right to terminate the lease.
7. If the property is then sold the net proceeds from the sale will belong to the Parish Council who would no doubt repay the balance of their PWLB loan and their outstanding fees and disbursements.
8. Subject to it being legally possible, the intention would be for the Parish Council to transfer sufficient of any surplus sale proceeds to LCPL for the benefit of its creditors and shareholders. Under the Society's rules, shareholders may not receive back more than the amount they invested. Any remaining surplus sales proceeds will be retained by the Parish Council for the benefit of the community. Both parties will seek further legal advice on this point.**

** It should be noted that a Parish Council is not permitted to allow a charge over any asset it owns. Unless it is legally possible for the Parish Council to distribute excess funds arising from a sale of the property, any such distribution in favour of LCPL's creditors and shareholders is likely to be entirely voluntary on the part of the Parish Council. The lease agreement and legal terms will be confirmed and agreed prior the Parish Council drawing down the PWLB loan or completing any purchase.

APPENDIX 8 - FINANCIAL SENSITIVITY

Business Plan Profit and Loss Forecast

Assumptions: Profit Margin on Pub sales = 60%

Public Share offer raises £252k

£300k investment in the property by Longparish Parish Council

FOUR YEAR - PROFIT AND LOSS FORECAST (£)				
PLOUGH INN, Longparish				
INCOME	First Year	Second Year	Third Year	Fourth Year
Wet Sales	112,047	137,904	159,452	172,380
Food (Dry) Sales	147,368	181,376	209,716	226,720
Cost of goods Sold	103,766	127,712	147,667	159,640
B&B Rentals	12,000	23,948	27,689	29,935
Resulting B&B Contribution	4,000	8,811	10,188	11,014
Gross Contribution	159,649	200,379	231,688	250,474
Salaries	84,353	102,428	114,479	120,504
Operating Costs - Fixed	³ 16,381	25,381	25,381	25,381
Operating Costs - Variable	27,300	33,150	37,050	39,000
Rent	12,000	12,000	12,000	12,000
Total Costs	140,034	172,960	188,910	196,885
EBITDA	19,615	27,419	42,778	53,589
Loan repayment	9,352	9,352	9,352	9,352
Interest on Community Shares ⁴	0	0	0	6,900
Share withdrawal (buy-back) ⁵	0	0	0	6,900
Profit before Tax	10,263	18,067	33,426	30,437

The above table is the full P&L forecast based on the assumptions detailed in Part 1 of the business plan (12.2). The tables on the next page summarise the effect on the profit and loss (bottom line) by varying profit margins, sales volumes, overheads, funding and refurbishment costs.

³ First year costs do not include maintenance and roof repair costs, as essential works will have been carried out during refurbishment

⁴ 3% discretionary interest paid on community shares after year 3

⁵ 3% discretionary allowance made for community share repurchase after year 3

These summaries demonstrate that the Management Committee will need to keep very close control on overheads costs, especially in any situation where sales are not meeting the forecasted levels assumed in the business plan.

P&L FORECAST – £330k community share funding	Yr1	Yr2	Yr3	Yr4
Profit before Tax	19,615	27,419	42,778	33,728

P&L FORECAST – 57.5% margin on pub sales	Yr1	Yr2	Yr3	Yr4
Profit before Tax	3,778	10,085	24,197	20,400

P&L FORECAST – 62.5% margin on pub sales	Yr1	Yr2	Yr3	Yr4
Profit before Tax	16,748	26,049	42,655	40,355

P&L FORECAST – 5% reduction on pub sales⁶	Yr1	Yr2	Yr3	Yr4
Profit before Tax	2,480	8,489	22,351	18,404

P&L FORECAST – 10% reduction on pub sale⁷	Yr1	Yr2	Yr3	Yr4
Profit before Tax	-5,302	-1,090	11,276	6,431

P&L FORECAST – 5% reduction in overheads⁸	Yr1	Yr2	Yr3	Yr4
Profit before Tax	12,504	20,157	35,711	32,760

P&L FORECAST – 5% increase in overheads⁹	Yr1	Yr2	Yr3	Yr4
Profit before Tax	7,975	15,977	31,141	27,995

P&L FORECAST – 10% increase in overheads¹⁰	Yr1	Yr2	Yr3	Yr4
Profit before Tax	5,640	13,887	28,856	25,612

P&L FORECAST – £80k reduction in refurb costs	Yr1	Yr2	Yr3	Yr4
Profit before Tax	17,744	25,549	40,907	37,859

Note: These scenarios are all examined in isolation. If multiple scenarios were to arise, such as increased overheads and a reduction in pub sales, then the impact on profit before tax would be compounded. However, it should also be noted that if sales were reduced below forecast then the Management Committee would actively seek to reduce overheads to compensate for the decline in revenues.

⁶ Assuming no reduction in operating costs.

⁷ Assuming no reduction in operating costs.

⁸ Fixed and variable costs, excluding Rates, Insurance, Maintenance, Salaries.

⁹ Fixed and variable costs, excluding Rates, Insurance, Maintenance, Salaries.

¹⁰ Fixed and variable costs, excluding Rates, Insurance, Maintenance, Salaries.

APPENDIX 9 - DETAILED OPERATING COSTS (STABILISED YEAR 4 FIGURES)

Staffing Costs (Year 4)	
Manager salary (net of provided accommodation)	30,000
Staff wages (incl NI)	90,504
TOTAL People Costs	120,504
Fixed Operating Costs	
Business Rates (Pub)	4,731
Rental to Parish Council	12,000
Loan repayment	9,352
Insurances	3,000
General Maintenance & Repairs	6,000
Roof replacement fund	3,000
Bank Charges	2,000
Broadband (WiFi) / Telephone	650
Community Charge (Accommodation)	1,000
Licenses (performance, TV, Music)	1,000
Professional Fees	1,500
Subscriptions	500
Waste Collection	2,000
TOTAL Fixed Costs	46,733
Variable Operating Costs (yr 4)	
LPG	5,000
Logs	1,750
Electric	7,500
Water	3,000
Advertising	1,500
Cleaning	1,500
Employee Uniforms	200
Equipment Hire	2,000
Gardener	1,500
Garden Materials	650
Merchant Charges	2,000
Miscellaneous	4,000
TOTAL Variable Costs	30,600
Sundry Costs (yr 4)	
Cellar Gas	1,500
Restaurant	1,000
Bathrooms	1,000
Kitchen	1,500
Other	3,400
TOTAL Sundry Costs	8,400

APPENDIX 10 - COMMUNITY ENGAGEMENT

Community engagement begins and ends with community involvement. Since embarking on the challenge to re-instate the Plough as a community pub LCPL has sought to involve and engage the community at every opportunity.

Formal and informal community meetings; monthly updates for residents via the parish magazine; Intentions and progress online on the Plough Ahead website. LCPL has an active team representing all sectors of our village and has utilised every communication channel available to ensure that our community are continually updated and actively encouraged to play their part.

Both anecdotal and more direct offers of financial and practical support to help have been received, this was particularly evident at the appeal hearing where villagers turned out in great numbers to demonstrate their commitment.

The Community Share Offer launch will be advertised locally through Hill & Valley, social media channels, direct email to subscribers, an information pack to every household in the parish. Press packs will be provided for local radio and newspapers, and regular video conference calls providing information and Q&A sessions¹¹.

LCPL is committed to engaging through involvement and has mapped out a strategy in detail (see below). Every communication channel available will be used to ensure that all members of the community have an opportunity to comment, and/or have input into plans as they continue to develop. LCPL will seek to involve as many individuals as possible, be they legal or financial experts, chefs, distillers, sector specific operators, gardeners, decorators, surveyors, customer service assistants or simply a willing pair of hands to pull pints and help prepare food.

Being involved will be the key that unlocks the full potential for people to feel they are engaged in building a thriving pub and hub for their community.

¹¹ Updated for Covid-19. Normally a series of public meetings would be have been held in the village hall, but this is unlikely to be possible under current social distancing measures

Community Engagement Visual Map

