

Kingstone Community Society Ltd



The Shrewsbury Arms Kingstone, Staffordshire

“more than a pub”

BUSINESS PLAN – Annual Update 2020

V3.3 (08.01.2020)
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1. Executive Summary

Every week in Britain approx. 20 pubs are closed. In May 2018, The Shrewsbury Arms finally closed adding one more to that list.

The Shrewsbury Arms or “The Shrew”, as it is affectionately known, had been a thriving restaurant pub in the past. The current owners had decided to sell the property for possible development.

The local community started a campaign to save the pub and a group of volunteers worked to assess the engagement of the Village and viability of running a community pub/hub, assisted by advice and guidance from the Plunkett Foundation. The community of Kingstone rallied round and came up with a plan to save the pub by:-

- carrying out research on what the community would like from a pub and whether they were willing to support the project.
- securing an ACV (Asset of Community Value) on the property to protect it and save it from demolition or development
- producing business cases to secure grant funding and business loans.
- producing a Business Plan and a Share offer to raise funds.
- Negotiating a deal to purchase the pub from the vendors.

We achieved these plans and then managed to:-

- extensively refurbish the whole of the pub.
- rebrand the pub to create ‘more than a pub’
- create employment and volunteer opportunities

It has taken some time to achieve this, but the vision the community set out over twelve months ago is starting to come to fruition. The Shrewsbury Arms opened its doors again under a new tenancy agreement in September 2019.

This original Business plan (Jan 2019) presented a proposal for the purchase and operation of The Shrewsbury Arms, Kingstone, Staffordshire as a Community Hub owned by the village, run for the good of the village and providing support to the whole community. This is the annual update of the Business plan to show the achievements made in the last 12 months and to provide the financial update.

2 Introduction

This business plan outlines the creation, development and long term sustainability of the Shrew, as a Community Hub for Kingstone & Gratwich parish together with the surrounding villages of Bramshall, Abbots Bromley and Marchington together with the town of Uttoxeter, from which the regular customer base is drawn. Such a Community Hub would house local facilities including a public house, restaurant and café, as well as offering a meeting place for



various groups and for other community activities. The Shrew is intended to be a Community Hub, which would safeguard the facilities by retaining a vibrant, economic heart to the village.

3 Project Development

3.1 Introduction

This section explores the local history and context for the project. It details the local census area statistics, which give a flavour of the composition of the area. It goes on to outline the current difficulties associated with operating a business within the village at present and explains the various consultations and community involvement in the development of plans for a new facility.

3.2. The Background to the Project

The timeline of events is as follows:

Start-Up Phase:

- Despite being a thriving restaurant pub, after several periods of closure, The Shrewsbury Arms finally closed its doors on 7 May 2018.
- The pub was registered with East Staffordshire Borough Council as an Asset of Community Value on 19th September 2018 protecting it through the Localism Act's Right to Bid legislation.
- Two open meetings took place in October 2018 which were attended by around 100 residents on each occasion. The first meeting on 18th October 2018 concluded with a show of hands overwhelmingly supportive for the formation of a voluntary group to explore the options for community ownership.
- On 23rd October 2018 a small management committee was formed.
- On 25th October 2018 the company "Kingstone Community Society Limited" was registered, as a Community Benefit Society. (This structure has an "asset lock" that guarantees the assets of The Society will be used for the benefit of the community and cannot be disposed of for private profit now or in the future.)
- This enabled the Committee to submit a written request to be treated as a bidder for The Shrewsbury Arms before the interim deadline of the 31st October 2018, putting the full moratorium period with East Staffs Borough Council into effect. During this time the owner may only sell the property to a community interest group.
- The Society registered with the Plunkett Foundation and the Financial Conduct Authority on 6th November 2018.
- The Public Share Offer was launched on 01 December 2018, with a closing deadline of 31 January 2019, and a minimum Share subscription of £100,000. We reached that amount at the very last moment, and extended the share offer to 30th June - we now have share capital of £138,175 from 208 people.



- At the same time we actively pursued loan funding and after a few disappointments, a call from Plunkett in late February confirmed that there were funds available after a cancelation of a project by another community group.

The Purchase:

- The challenge was to purchase before the end of March 2019 (Plunkett Foundation funding year-end).
- At this point, despite a number of reasonable offers, we had been unable to buy the property. No selling price was divulged by the owners or their agents meaning we were bidding blind. The sellers were determined to go to auction which was scheduled for 3rd April 2019. Plunkett agreed to extend the offer for a few days to see if we could finalise a deal.
- The Plunkett and KeyFund deal was for £50,000 of interest bearing loan and £50,000 grant. We needed a minimum of £150,000. After a few phone calls and meetings KeyFund agreed to lend £100,000 over 10 years – the biggest and longest term loan that they had ever done under this scheme.
- The auction went ahead and we bid up to our maximum of £275,000, and then went a further £10,000. Unfortunately, the reserve had been set at £300,000, so we immediately entered negotiations with the auctioneer to achieve a sale. The seller had by this time left the saleroom and our offer was relayed to her by phone. An hour later, we had secured the pub at a price of £290,000. Now we had to raise some more cash to fund the increased price and the refurbishment.
- Within 24 hours we had 4 promises of personal loans to the value of £35,000. And all of our loans were unsecured – a massive indication of the trust we had built up in our Community.
- There was time pressure to secure the purchase, due to the expiry of the Plunkett/KeyFund offer (no other alternative loan agreements were as preferable) and the price paid was within the professional evaluations for the business (MJ Hughes).
- We collected the keys on 30th April and wondered how we were going to be able to turn this sad building into a thriving pub once again.

The Refurbishment:

- After only 4 months of intensive refurbishment work the Management Committee and volunteers worked relentlessly through the summer evenings and weekends and much, much more than that to create not just a pub but a community hub of which we can all be proud.
- Professional contractors were employed to repair, and in some areas, replace the roof, electrics, comply with fire regulations and others items.
- In addition, the enthusiastic and dedicated volunteering teams cleared, cleaned, repaired and painted the exterior, interior and deep-cleaned the kitchen.
- During all this time volunteers ran “pop-up pubs” in The Shrew serving local beers and drinks and handmade rolls. The support from the community has been outstanding, with over £10,000 made in profit, which covered the KeyFund mortgage payments and other bills during this period.
- The 4 year tenancy agreement was signed on 13th September 2019.



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- The Shrew opened its doors on the 20th September under the expert leadership of Tracey, Emma, Kay & Adam, along with an experienced team of chefs, kitchen, bar, and restaurant staff.

Further updates are available through our website www.kingstonecommunitysociety.org.uk , a Facebook group-page (Kingstone Community Society), Twitter, a Google mailbox, leaflet drops and poster campaigns.

3.3 The Local Community

Kingstone is a friendly community which benefits from a very well utilised Village Hall offering a variety of events and regular opportunities to meet other villagers. There are many groups who meet weekly or monthly and include, Indoor Bowling Group, a Brownie Pack, Women's Institute, a Book Club, an Art Group, Table Tennis Club, Keep-fit and Pilates, and a Mother & Toddler Group.

The Village School has pupils from a nursery class up until the age of nine. There is a very active and well supported Parent Teacher Association (PTA), and many parents and grandparents meet at the school gates to collect their children.

The Church of St John The Baptist, which is in the Diocese of Lichfield, has a committed following, and offers services and facilities. It presents a popular annual Church Fete and is well supported.

The local woods are favoured by many dog walkers. There are bridal and footpaths within the village and woods, and we do see horse-riders and walkers using these on a regular basis. The villages and towns neighbouring the parish are of a market feel with a number of independent stores.

The village shop and post office closed many years ago. This therefore means that the villagers have to travel lengthy distances between villages/towns. There is, therefore, a need to provide local services at a reasonable cost to cater for the significant numbers of people who may be less mobile, more reliant on public transport and living on low incomes, as well as to provide greater choice for all residents.

According to the most recent census (March 2011) the local area described above is made up of the following:

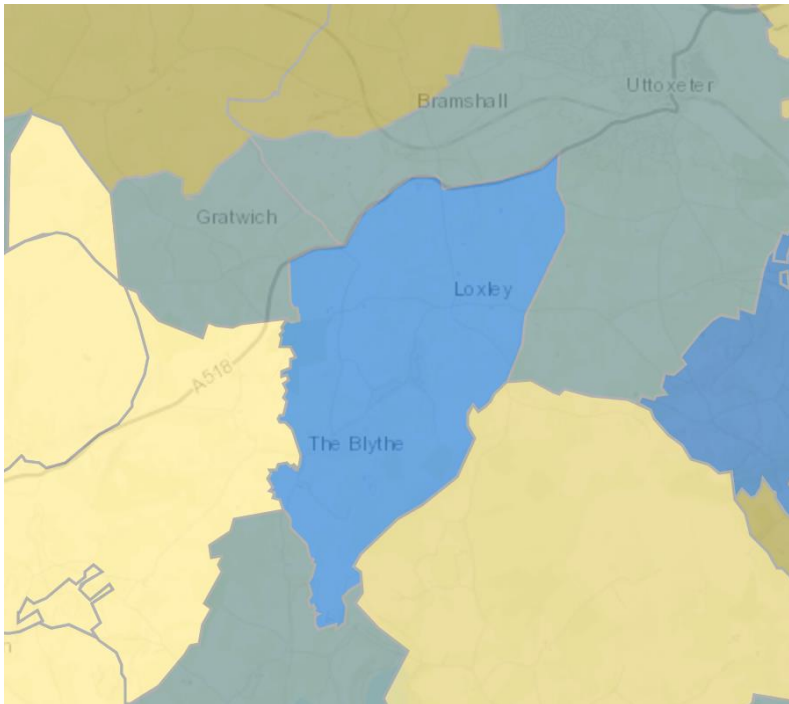
- Number of households: 249
- Total number of residents: 629
- Average household size: 2.5 persons
- Men 339
- Women 329

Source:

<https://www.citypopulation.de/php/uk-england-westmidlands.php?cityid=E34002646>

https://en.wikipedia.org/wiki/Kingstone,_Staffordshire

Kingstone Parish (highlighted in blue)



The Shrew's former customers were drawn from a much wider geographical area and the Shrew had a reputation for hearty cuisine. In that context, the business has a potential customer base of 16,376 customers within a 10-minute radius of The Shrew in addition there is the potential of custom from tourist's visiting two significant local attractions, the largest UK theme park (Alton Towers) and Uttoxeter Race Course.

Source:

Uttoxeter - <https://www.citypopulation.de/php/uk-england-westmidlands.php?cityid=E34003596> pop 13,089

Bramshall - <https://www.citypopulation.de/php/uk-england-westmidlands.php?cityid=E34002289> pop 656

Abbots Bromley - <https://www.citypopulation.de/php/uk-england-westmidlands.php?cityid=E34000212> pop 1,351

Marchington - <https://www.citypopulation.de/php/uk-england-westmidlands.php?cityid=E34001009> pop 651

3.4. Consultation

There are now many examples of villages that have saved their local pub by taking it into community ownership, involving either voluntary or professional management. To date there are over 70 co-operative pubs in existence in the UK. Three of them are in Staffordshire.



Kingstone Community Society

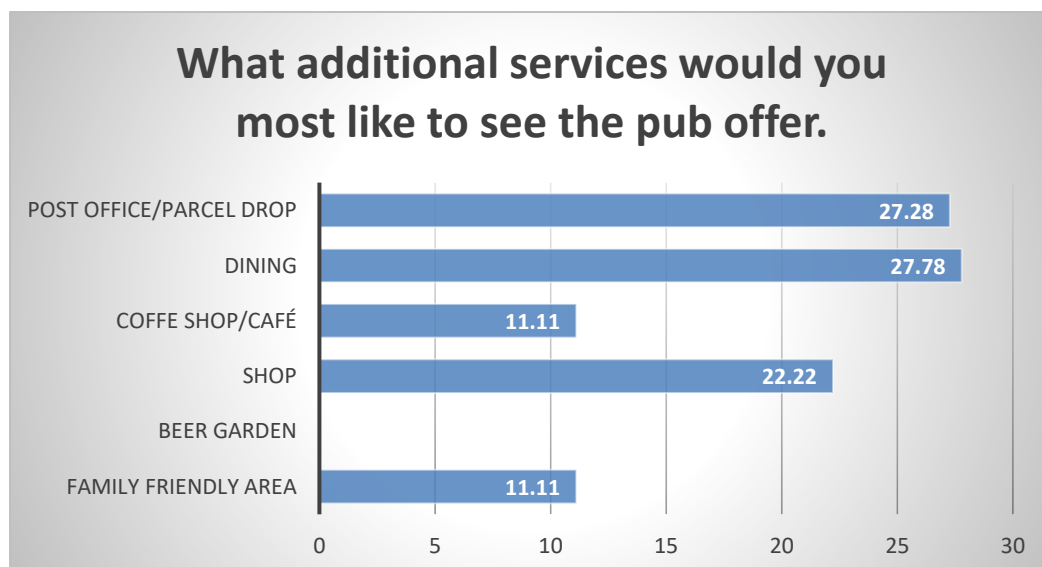
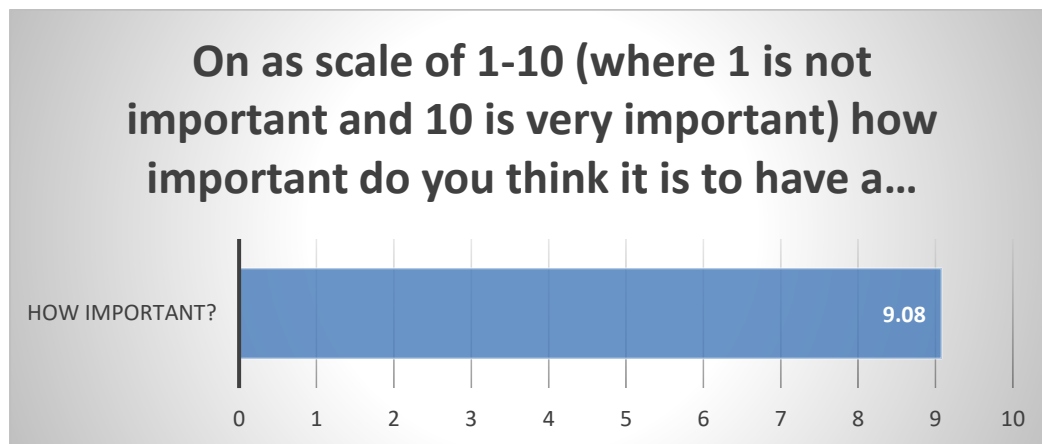
- Royal Oak, Rushton Spencer
- Auctioneers Arms, Caverswall
- The White Hart, Alton

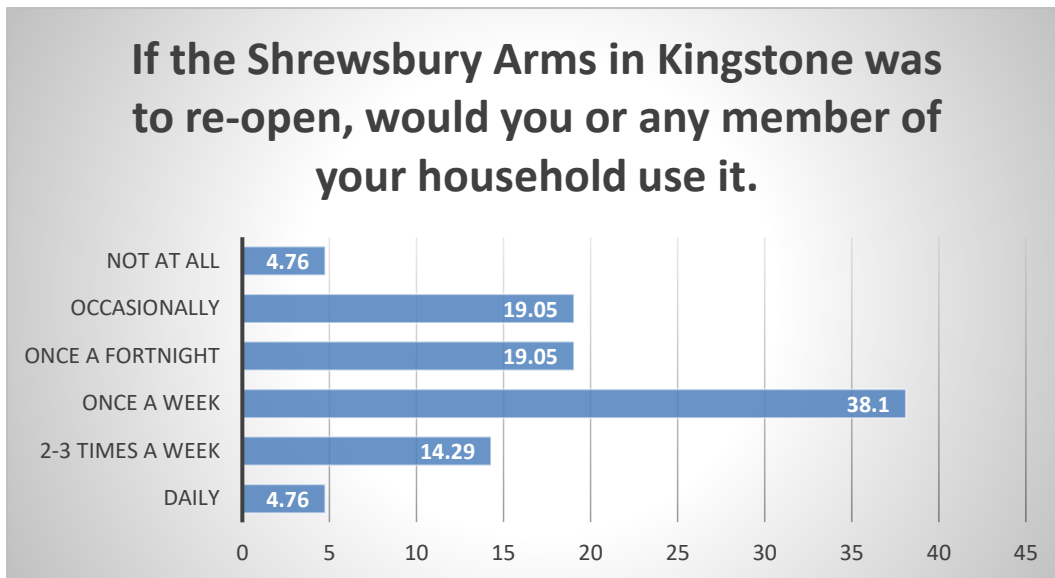
In all of these examples, the income from the business is invested back into the pub or other facilities or activities in the locality.

For community shareholders, it provides a social reward knowing that the investment is being put to worthwhile causes. To date, no pubs set up using this model have failed.

Community ownership of The Shrew offers the opportunity to open a café and social hub within the centre of the village as a real catalyst for the economic and social development of the area. The aim of the Society is to create a transformative community-led business with multiple functions under one roof.

The results of our Survey (Oct 2018) are as follows:





4 Vision, Aims & Objectives

4.1 Introduction

The vision for The Society is:

To develop a sustainable and inclusive community asset which will act as a community hub for Kingstone and the neighbouring villages and will be a central focal point for village life, and act as a catalyst to re-ignite the vibrancy and harness the sense of community in the area.

4.2 Project aims and objectives

The project aims and underlying objectives which underpin this vision have been developed based on the local needs identified in section 3. They are as follows:

Aim: To provide a flexible, multi-purpose community facility that is sustainable and which enables participation in social, cultural and leisure activities by the whole community

Objectives:

- To provide a community facility that is an accessible, flexible venue in the area, offering somewhere to go and something to do, for a diverse range of individuals and groups
- To cater for a range of community needs through a diversified portfolio of services including those who are less mobile or able to travel.
- To provide economies of scale and enable the sharing of costs by locating several services under one roof to optimize the facility's financial viability.
- To provide an opportunity for regular employment for Kingstone and surrounding areas.

The next section considers the most appropriate way to meet the vision, aim and objectives.

5. Project Proposals

5.1. Introduction

This section explores the plans of such a new community hub in more detail. These plans have been developed from the consultation survey, and local requests, and the social impacts identified as part of the Plunkett Foundation grant application.

- ▶ Our targeted areas are:
 - Greater community pride and empowerment
 - Rural employment
 - Social isolation
 - Improved health and wellbeing

It also provides a breakdown of the capital costs of the project.

5.2. The Project Proposals

The vision for The Shrew is for it to become a focal point of the community through the provision of various services which are:

The listed areas for action are below:

Number	What 'More than a Pub' service or activity will you provide?	Status as at 18/11/2019
1	Buy and refurbish The Shrewsbury Arms pub for the benefit of and in the ownership of the local community	Refurbishment complete.
2	Introduce a Café facility into the pub which will operate outside of the traditional pub trading hours.	Coffee shop/ Breakfast started 8th October 2019
3	Introduce a Newspaper/parcel collection service for villagers	Survey requested newspaper service – 8 responses – to be considered
4	Set up a lunch club for elderly and isolated people in the community	Tenant to introduce "Early Bird" menu and KCS to promote/ leaflet drop to elderly residents
5	Install bike racks to encourage cyclists to visit pub and encourage people to cycle locally	Grant awarded from Pub is the Hub – Being purchased
6	Free Wi-Fi	Available, with mobile phone charging point.

7	Themed events such as quiz nights, BBQ's, live music nights, etc	Examples – Pumpkin carving Contest - 31/10/2019 Fortnightly Quiz night introduced on 28/10/2019 – attracting 80+ quizzers. "Crafty Coffee" on 15th Nov 19 for Wreath making. Next Event Jan 2020 Children in Need Coffee morning held by the tenants.
8	Employment	Complete - 4 Permanent and +18 temporary staff.
9	Annual Walking Event - known as "Village YOMP"	Delayed to 2020 Walking for Health, which is Dementia Friendly meet every Tuesday 09.30 in Pub, to promote well being
10	Introduce an "essentials" shop to the business	To further discussions with Tenant over proposed "Super" Vending Machine
11	Include a limited postal counter	Stamps behind bar? Investigate parcel Drop off point
12	Mobile Hairdresser	No longer considered on H&S issues
13	Teaching space for basic computing, languages, and arts (engaging younger members of the community with more mature less confident users)	To investigate grants etc
14	Support to the Parish Church for annual Church Fete	Completed for 2019
15	Access to Community Website for advertising of other community society events and fundraising	Completed, +30 adverts/ events from other organisations
16	Village Hall defibrillator and first aid training and maintenance	Activity and Facility undertaken by Village Hall - so action closed, However if additional funding is available then second defibrillator to be obtained
17	The "Friendly Bench" / rejuvenation of Kingstone Gardening Club	Replaced with Pallet bench, garden , Grant awarded for Shed, and options on purchase and location considered. Then Garden club to be formed

These opportunities are limited only by the space available and demand for the service and will continue to be explored by the future Management Committee. If the action is no longer in demand/ used by the community then this may be discontinued.

5.3. Business Model

To achieve the aims of The Society the way ahead was to purchase the building and operate it as a community owned pub and restaurant, café, and community hub.

The business model for doing this is in the form of a Community Benefit Society (CBS) which, through a share issue and additional funding sources purchased the pub for the benefit of the local community. To that end, a Community Benefit Society ('The Society') has already been established through the Plunket Foundation.

The benefits of this business model are:

- The local community will own the building in perpetuity
- Local people can feel more committed to the facilities offered by or through the community hub
- Setting up a community society allows The Society to attract grant aid

5.4. Capital required

The professional valuation from the Industry recognised professional – MDJ Hughes Limited was as follows:

Minimum market value - £250,000

Fully equipped and operational - £375,000

Reinstatement insurance value - £575,000

The Society purchased the property at auction for £290,000, plus survey and legal costs of £11,000.

This was funded through a £100,000 loan from KeyFund, a grant of £50,000 from The Plunkett Foundation, share capital of £138,000 and some personal loans of £35,000.

In addition a refurbishment grant of £20,000 was secured from East Staffordshire Borough Council, which was match funding for the refurbishment works.

Full details are contained in the Financial **Section 9**.

5.5. Shares issued by The Society

As a means of raising the majority of the required capital, shares in The Society were sold through a Share-Offer, details of which have been announced. Unlike shares on the stock market, trading in the shares can only be between The Society and the individual investors. In this way, the purchase and selling price of shares remains constant so that no 'profit' can be made from share ownership.



It should be noted that in very rare circumstances the value of the shares can decrease in value if The Society was compelled to dissolve (by member vote of legal ruling) but this is mitigated by the majority of the investment being locked into the capital value of the land and buildings that comprise The Shrew.

Critically, the legal structure of The Society, as a Community Benefit Society, also creates an “asset lock” that ensures the assets of The Society will only be used for the benefit of the community and cannot be disposed of for private profit now or at any time in the future. Owning shares in The Society automatically entitles the owner (‘partners’) to having an equal influence over how The Society is managed as, being a community society, each partner receives only one vote no matter how many shares they own.

Once shares have been purchased, the shareholders (‘partners’) will elect a Management Committee that will, amongst other things, advise the members on:

- The annual level of interest to return to the members in a given year
- The maximum annual amounts which can be withdrawn from share capital (dissolve their shareholding) along with any cap on withdrawals in a given period and the minimum advanced notice for doing so
- The interpretation of The Rules of the Society

6. Building & Renovation

6.1. Introduction

The refurbishment work undertaken to date (2019) has included both professional contractors and volunteers. This essential work undertaken was to protect and secure the building for the long term, to bring it up to the latest fire and electrical safety standards, and to provide a modern and welcoming facility both for the public and for the private living accommodation.

This included, but was not limited to:

New flat roof, repair and replacement of sections of the pitched roof, new electrics, fire alarm and lighting, new flooring, redecoration throughout, new furniture, and repairs and deep cleaning of kitchen. And for the outside, new painting, and a landscaped garden and seating area.

6.2. Medium to long term works required

Medium to long term works will require a schedule which enables areas to be completed during quiet trading periods, and comprise areas of work which should be addressed as soon as funds, potentially including grant funding or via volunteer input, allow:

7. Marketing Plan

7.1. Introduction

The marketing plan for The Shrew is based on three fundamental aims:

- To increase the number of customers using the facilities - building the customer base
- To increase the frequency with which customers use the facilities - building customer loyalty
- To increase the value of each visit made - building customer value

The target market segments that The Society hopes to attract through the marketing proposals are:

- Local people, including families, young people, and older people from Kingstone, the surrounding villages and the wider Uttoxeter area;
- Day visitors to the area, particularly walkers, runners, bikers and cyclists.
- Day tourists to Alton towers and Uttoxeter Race Course.

Proposed methods for achieving the marketing objectives in the early days of operation of the business are outlined below. The marketing plan will be updated regularly in conjunction with the Management Committee and tenants as the business grows and develops.

The tenants will have overall control of this area.

7.2. Increasing the number of customers

At the core of any marketing strategy is meeting customer needs, providing quality products and great customer service. This will be at the heart of the Community Society's business ethic. Here is a list of key principles, no matter which target market The Society are aiming at.

- Excellent beers and lagers help to reinforce that it is a free house
- Good range of wines and other drinks at fair value
- Good quality, fair value food, locally sourced
- Warm welcoming atmosphere
- Comfortable clean surroundings internally in the pub and café and externally in the beer garden area
- Attractive outside access from car park to the front and side doors
- Good basic services including well-appointed toilets
- Sensible practical reasonable policies e.g. dogs, children and behaviour which enhance the experience for the widest audience
- Reinvest trading surplus to improve infrastructure and customer experience

The aim of the marketing campaign will be to create awareness and interest in the facilities, by emphasising the community aspect of the project and the belief that this is the first project of its kind within the locality.



This will be done through an extensive outward facing marketing campaign incorporating all forms of media including: Print media, Articles in the run up to the launch of the new facility will be placed in local print media including, The Voice, the local Parish newsletter, plus others to ensure good coverage across the area.

Mirroring the print media campaign, the social media campaign will help raise awareness amongst potentially a different demographic group, and more geographically diverse audience. Website articles will be used, along with a Facebook group, specific marketing to special interest groups such as cyclists and walkers, and marketing emails directly to those who have expressed an interest in being kept informed about the project.

The Society will seek to work with local businesses, groups, and clubs to raise awareness of the project amongst their customers, users and visitors. This will be done through leaflets & posters within local businesses, and through giving talks and presentations to local groups.

The tenants will have the overall responsibility for delivering this section.

7.3 Increasing the frequency of visits

Creating a welcoming and attractive atmosphere is important to make the Shrew appealing to all users. Having attracted customers initially through the door, the main marketing tool will be to create a great impression and build a positive reputation to encourage repeat visits.

There will be investment in the fabric of the building on an ongoing basis to provide the kind of environment that the customers will expect.

The aim is for staff to serve customers promptly, with a friendly manner and any complaints to be dealt with to reach a satisfactory outcome for the customer. A seasonal food menu and drinks on offer will also help to retain customer interest, attracting repeat visits on an ongoing basis.

A series of activities and events aimed at engaging all sections of the local community, as well as visitors will be developed, including regular day and evening events (e.g. book clubs, darts competitions, quizzes, music nights) and larger one-off events such as seasonal markets, important sporting events, speciality food evenings, Wine or Gin tasting and beer festivals.

One-off promotions will be used to generate interest, especially at off-peak and traditionally quiet times. These will be developed in conjunction with the tenants to gain their feedback and knowledge on the most appropriate form of promotion.

Maintaining a watching brief on review websites such as TripAdvisor will enable the Management Committee and tenants to respond to any improvement suggestions or comments quickly and directly, showing the wider potential customer base that The Society are engaged and committed to improving its services.

7.4 Increasing the value of each visit

Previously, the Shrew functioned primarily as a restaurant with bar and only with limited opening times. This limited the revenue generation opportunities, as well as the audience likely



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to enter the building. By offering the facilities of tea/coffee, soft drinks with snacks and cakes under the same roof, The Society aims to attract a wider audience to the facility, increasing the value of revenue generated from each visitor. For example, those that may not otherwise visit the pub may be encouraged to do so by first visiting during the daytime as a customer of the café, converting into a customer of the pub through a better understanding of the facilities on offer.

One way to increase the value of each visit made by customers is to increase the amount of time spent in the facility; people popping in for a drink may be persuaded to stay for a meal or snack by prominently displaying an eye catching and tempting menu, whilst those visiting to use the café may be enticed to return for a drink after seeing a range of craft beers on offer.

Good WiFi connections could also encourage visitors to stay longer, particularly those who do not have access to this elsewhere. Ultimately, creating a comfortable and pleasant environment, that meets the needs of the customer, will encourage longer, more valuable visits.

Other facilities to be enhanced through partnership with the tenants and potential new facilities include, a limited post office and essentials shop and newspaper or parcel drop-off location. Demand and viability are to be further investigated during 2020.

8 Management & Operation

8.1 Introduction

This section describes the ongoing management and operating plans for the Shrew following purchase of the building and opening.

8.2 Legal Structure

This community asset will be owned by the Kingstone Community Society (The Society) which is a Community Benefit Society. This legal model was selected because it emphasises the social benefit of the project, whilst giving members (Partners) the protection of limited liability. And also guarantees an “asset lock” that ensures the assets of the society will only be used for the benefit of the community and cannot be disposed of for private profit now or at any time in the future. The Society Rules have been approved by the Financial Conduct Authority, and are available to download from the website:

www.kingstonecommunitysociety.org.uk

8.3 Management & Operation of the Community Hub

The Kingstone Community Society was established on 6th November 2018 and is managed by a small committee, numbering no more than 12 people at any one time. This is supported by The Plunkett Foundation and other interested bodies.



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Following the completion of the purchase of the Shrewsbury Arms, The Management Committee will be elected by the shareholder members held at the Society's First Annual General Meeting. The Management Committee will operate and oversee the management of the community hub.

8.4 Day to day operation

An experienced, reliable, commercially astute, and socially skilled Tenant (or couple) will be appointed for the day-to-day operation of the facilities, leaving the community, through the shareholders and their appointed Management Committee, to set the strategic direction.

8.5 Management of Staff

The Management Committee will put into place systems and organizational arrangements to ensure that the Tenant is properly overseen in the management of the operations of the enterprise. These arrangements will include liaison and reporting on a frequent basis, to ensure a successful partnership with the committee and tenants and that common goals are achieved.

8.6 Opening Times

- The Restaurant is open
- Monday – Saturday 12-2.30pm, 6-9pm
- Sunday – 12-6pm
- The Coffee shop/ breakfasts are available from 10 am Tuesday to Sundays.
- New Licencing times are until 12pm.

9 Financial Information & Forecasts

9.1 Introduction -

The financial information relates to two separate phases. 2019 represents the results for our first year of operation where we raised the necessary capital and funds to open the pub/hub. These are actual figures. 2020 onwards is our financial plan to operate the pub in a way which is viable in the long term. This is set out in sections 9.3 – 9.4.

9.2 Raising the capital

As explained in Section 5.4 and Section 6, there was a need to raise about £340,000 (purchase cost £290,000. Survey and legal costs £11,000, Refurbishment costs £39,000) of



Kingstone Community Society

Capital for the purchase and re-opening of the pub. There was an additional need for working capital to deal with the forecast short-term peak in cash-flow demands.

The Society raised the majority of these finances from the Share-Offer outlined in Section 5.4 along with grant/loan funding.

9.3 Cash Flow

The assumptions used are:

- The tenants remain in situ for the whole of the 4 year period
- Rental income is received as detailed in the tenancy documentation
- The tenancy agreement includes all repairs and refurbishment are the tenant responsibility
- Loan repayment with KeyFund is over a 10 year term.
- Private loans will be repaid in April 2022
- Interest to investors to commence from year 3 at 2.75% (2% above base rate), however this must be reviewed annually.

9.4 Income and expenditure

Assumptions:

- Rental income is as per the Tenancy Agreement signed in 2019.
- Loan interest has been fixed for 10 years from commencement of loan
- Small annual increase in Share capital are forecast as the share offer is renewed annually and then in 2022 the Open Share offer is to be launched.
- Corporation Tax of currently 19% has not been included, as potentially this will be significantly reduced due to first year and annual capital allowances. The balance is considered not material for these projections.
- Depreciation of the freehold property has been excluded.
- 2020 refurbishment costs include the purchase of a shed and bike racks and picnic tables, which are funded by a grant, awarded in 2019, and paid in 2020.

Kingstone Community Society Limited
Year ended 30 November 2019

Profit & Loss Account

	<u>Actual</u> <u>2019</u>	<u>Forecast</u> <u>2020</u>	<u>Forecast</u> <u>2021</u>	<u>Forecast</u> <u>2022</u>	<u>Forecast</u> <u>2023</u>	<u>Forecast</u> <u>2024</u>
Tenant rental Income	£ 6,232.88	£ 30,166.67	£ 31,166.67	£ 32,166.67	£ 33,166.67	£ 34,166.67
Grants and Donations	£ 25,082.82	£ 3,000.00				
Fundraising	£ 5,322.20					
Sales of Furniture & Equipment	£ 1,136.72					
Profit from PopUp Bars	£ 10,293.49					
Total Receipts	£ 48,068.11	£ 33,166.67	£ 31,166.67	£ 32,166.67	£ 33,166.67	£ 34,166.67
Refurbishment Costs	£ 39,451.80	£ 4,900.00	£ 2,500.00	£ 2,500.00	£ 2,500.00	£ 2,500.00
Promotion & Recruitment	£ 1,251.35					
Purchase Costs & Fees	£ 11,584.04					
Heat Light & Power	£ 1,115.82					
Council Tax & Water Rates	£ 970.11					
Licence Fees & Training	£ 445.00	£ 200.00	£ 200.00	£ 200.00	£ 200.00	£ 200.00
Administrative & Accountancy costs	£ 500.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00
Keyfund Loan Interest	£ 5,059.00	£ 6,876.00	£ 6,593.00	£ 5,961.00	£ 5,279.00	£ 4,546.00
Other Interest payable	£ 817.00	£ 1,300.00	£ 1,300.00	£ 4,283.00	£ 3,800.00	£ 3,800.00
Insurance	£ 590.60					
Total Costs	£ 61,784.72	£ 14,276.00	£ 11,593.00	£ 13,944.00	£ 12,779.00	£ 12,046.00
Excess Income (Expenditure)	£ (13,716.61)	£ 18,890.67	£ 19,573.67	£ 18,222.67	£ 20,387.67	£ 22,120.67

Kingstone Community Society Limited
Year ended 30 November 2019

Cash Flow

	<u>Actual</u> <u>2019</u>	<u>Forecast</u> <u>2020</u>	<u>Forecast</u> <u>2021</u>	<u>Forecast</u> <u>2022</u>	<u>Forecast</u> <u>2023</u>	<u>Forecast</u> <u>2024</u>
Tenant rental Income		£ 30,166.67	£ 31,166.67	£ 32,166.67	£ 33,166.67	£ 34,166.67
Grants and Donations		£ 3,000.00	£ -	£ -	£ -	£ -
New Share Issues		£ 3,000.00	£ 3,000.00	£ 3,000.00	£ 3,000.00	£ 3,000.00
Total Receipts		£ 36,166.67	£ 34,166.67	£ 35,166.67	£ 36,166.67	£ 37,166.67
Expenses less Keyfund interest		£ 7,400.00	£ 5,000.00	£ 7,983.00	£ 7,500.00	£ 7,500.00
Key Fund Loan repayment of principal		£ 14,656.00	£ 14,657.00	£ 14,657.00	£ 14,656.00	£ 14,657.00
Personal Loan Repayment				£ 35,000.00		
Share re-imburements				£ 2,000.00	£ 2,000.00	£ 2,000.00
Total Expenditure		£ 22,056.00	£ 19,657.00	£ 59,640.00	£ 24,156.00	£ 24,157.00
Net Cashflow in the year		£ 14,110.67	£ 14,509.67	£ (24,473.33)	£ 12,010.67	£ 13,009.67
Cash at Bank	£ 23,437.65	£ 37,548.32	£ 52,057.98	£ 27,584.65	£ 39,595.32	£ 52,604.98

Kingstone Community Society Limited
Balance Sheet

Assets & Liabilities	Actual 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024
Assets						
Purchase of The Shrewsbury Arms	£ 290,000.00	£ 290,000.00	£ 290,000.00	£ 290,000.00	£ 290,000.00	£ 290,000.00
Cash at Bank	£ 23,437.65	£ 37,548.32	£ 52,057.98	£ 27,584.65	£ 39,595.32	£ 52,604.98
	£ 313,437.65	£ 327,548.32	£ 342,057.98	£ 317,584.65	£ 329,595.32	£ 342,604.98
Liabilities						
Shareholdings	£ 138,675.00	£ 141,675.00	£ 144,675.00	£ 145,675.00	£ 146,675.00	£ 147,675.00
Grant - Plunkett Society	£ 50,000.00	£ 50,000.00	£ 50,000.00	£ 50,000.00	£ 50,000.00	£ 50,000.00
Loan - KeyFund	£ 99,073.51	£ 91,293.51	£ 83,229.51	£ 74,533.51	£ 65,156.51	£ 55,045.51
Personal Loans	£ 35,000.00	£ 35,000.00	£ 35,000.00	£ -	£ -	£ -
Rent Paid in Advance	£ 2,500.00	£ 2,500.00	£ 2,500.00	£ 2,500.00	£ 2,500.00	£ 2,500.00
VAT & Others due for payment	£ 1,905.75	£ 1,905.75	£ 1,905.75	£ 1,905.75	£ 1,905.75	£ 1,905.75
Excess Expenditure over Income	£ (13,716.61)	£ 5,174.06	£ 24,747.72	£ 42,970.39	£ 63,358.06	£ 85,478.72
	£ 313,437.65	£ 327,548.31	£ 342,057.98	£ 317,584.65	£ 329,595.31	£ 342,604.98

9.5 Contingency

The above projections have assumed a degree of prudence and are believed to be realistic.

The following are areas where costs could be reduced or revenues could be enhanced, therefore building in contingency in the above projections:

- Only preliminary grant applications have been considered. Further grants could be applied for providing additional cash flow.
- The current account balance is maintained at a level to cover short term cash flow, repairs and maintenance (prior to grant application) and the potential for repayment of shares if required.

The above therefore represent contingency for cash flow in the above projections.

10 The Share Offer

The Public Share Offer Document is on our website www.kingstonecommunitysociety.org.uk and was launched on 01 December 2018. This will be refreshed annually following the year end results (November) and then in 2022 when we will have passed the Share Moratorium period we will then move to an Open Dated Share Offer.

The Share Offer is still open and we continue to invite new and existing shareholders to invest. Despite the pub being purchased and the refurbishment being undertaken, we intend to build up a contingency of cash from shares. The experience from other Societies, is that once the Share Moratorium Period had finished (usually after the initial 3 years of trading) there is a demand to sell shares back to the Society. To finance this, we wish to build up a contingency fund.



Kingstone Community Society

In addition we are making the purchase of shares and the involvement in the Society open to all, and from those who were unable to, or did not take up the opportunity at the start of the project, but wish to be involved now.

10.1 A Tax break from the Government

HMRC has ruled that Kingstone Community Society is not eligible for any investment tax reliefs, as we operate under a tenancy model.

11 Risk Analysis

11.1 Introduction

We have considered the key risks for the community ownership of the Shrewsbury Arms pub, these being: -

- A catastrophic failure of the business. The Shrewsbury Arms would be sold and the money from the sale used to refund shareholders as far as possible. If the building was sold for at least £202,000 investors should get most, if not all, of their money back. However, we cannot hide from the fact that this is an 'at risk' investment and people could lose some or all their money.
- Failure of the tenants or a tenancy void. The tenant leaves with little or no notice. We intend that one of the committee will hold a personal license to be able to cover such a situation for a short period of time. Where this is not the case, we will identify a personal license holder who would be willing to step in at short notice.
- Demand for the pub, restaurant and additional services is low. Some of the desired community based offerings or services may offer little or no profitability to the tenants. We would consider assisting the tenant with alternative marketing options to promote demand.
- A major structural repair not picked up during the main refurbishment becomes apparent in a few years' time.
If the repair was unaffordable, then we would close the business and seek to sell the building.

This section identifies the key risks that have been identified which are believed to be associated with the project. The risks are assessed according to the likelihood of occurrence and level of impact on the project should they occur. For those risks considered to be a significant threat to the project, those with a medium or high likelihood of occurrence and medium or high impact should they occur, a risk avoidance strategy has been developed to



prevent the risk from occurring and mitigation strategy also given, to reduce the impact of the risk, should it occur.

11.2 Analysis of the key risks to the project

The following chart plots the likelihood of occurrence and impact of each risk:

I M P A C T	HIGH	<ul style="list-style-type: none"> Economic downturn may lead to insufficient use and the business may prove to be unviable 	<ul style="list-style-type: none"> Difficulty finding suitable tenants 	
	MEDIUM	<ul style="list-style-type: none"> Failure to offer a wide enough range of facilities 	<ul style="list-style-type: none"> Lower than anticipated customer usage Unforeseen or increase in operating costs 	
	LOW	<ul style="list-style-type: none"> Inability to fill key committee administrative roles 		<ul style="list-style-type: none"> Social impact/more than a pub facilities are not profitable for the tenants
		LOW	MEDIUM	HIGH
LIKELIHOOD				

Here are some useful links if you want some more information:

- Our Campaign website www.kingstonecommunitysociety.org.uk here contains lots of useful documents and links, including the Model Rules governing the Society and survey results.
- Our Facebook page: <https://www.facebook.com/Kingstone-Community-Society-157031075250315/>
- Twitter – @SaveourShrew
- The Pub’s website is: <http://shrewsburyarmskingstone.co.uk/>
- The Plunkett Foundation: www.plunkett.co.uk
- The Plunkett document ‘A Better Form of Business’ explains the principles of community ownership: <http://www.plunkett.co.uk/better-business-reports>
- Community Benefit Societies are regulated by the FCA Details of the Co-operative and Communities Benefit Act 2014 can be found at www.fca.org.uk
- CAMRA is working to protect pubs from closure www.camra.org.uk
- Pub is the Hub helps pubs to diversify: www.pubisthehub.org.uk
- Protect Pubs <http://protectpubs.org.uk/>
- For information about community shares go to www.communityshares.org