

Business Plan



EXELBY GREEN DRAGON COMMUNITY PUB LTD

Reviving the fortunes of the Green Dragon in Exelby as a village and destination pub at the heart of the community



June 2018

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Exelby Green Dragon Community Pub Ltd.

Business plan for a community pub

Executive summary

This plan is about reviving the fortunes of the Green Dragon in Exelby as a village and destination pub at the heart of the community. To do this the plan covers the detail of:

- Exelby, its location and people being a community that has the will, determination and expertise to operate a successful social enterprise
- Purchasing the pub as a community asset by issuing shares in a community benefit company, obtaining grants and a loan
- Renovating the pub so that it is fit for purpose and can offer a vibrant business opportunity that can be developed
- Letting the pub to a tenant who shares the community's vision for a pub that offers excellent pub food and drink
- Developing the pub as a community hub offering a shop/delicatessen, café with activities supported by the village and wider community
- Financial forecasting, budgeting and cash flow projections
- A sustainable future that provides a return on shareholder investment which continues to be well maintained and run as a community asset into the future

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1. Introduction

For most villages, a pub is a vital service: it is a meeting place, communication centre and an important lynchpin of village life. Much of the appeal of our village rests on its sense of community. It is the reason many people have moved to Exelby and remain here. There is also some evidence that having a pub positively impacts on house prices. Together we aim to revive the fortunes of the Green Dragon and so continue to enhance Exelby as a lovely place to live.

This business plan sets out our proposals for establishing a community pub that serves excellent food and drink but, equally importantly, is at the heart of village life and offers a wider range of other services to the village and those living nearby.

We intend to improve the fabric of the building and let it to a tenant with a commitment to our vision. We will set some broad parameters for the services that the pub will offer but will give a tenant the freedom to run and develop a successful business without the constraints that recent tenants have faced in dealing with a large corporate 'pubco'.

This model has been adopted by other successful community owned pubs and has the potential for a tenant with the right aptitude and attitude to establish a successful and profitable business.

Exelby is a small village on the edge of the Yorkshire Dales with an enviable sense of community and entrepreneurial spirit to succeed. Recognising the importance of the Green Dragon as the village's only community asset, the Exelby Green Dragon Group (EGDG) was set up to restore the pub to its former glory, rekindling the community spirit that had always been a special characteristic of the village.

We intend to fund the purchase and renovation of the pub through a mixture of grant-aid, selling shares in Exelby Green Dragon Community Pub Ltd, donations and a low interest loan. In return, a rental income would be achieved, providing a return for investors as well as keeping the pub as a flourishing community-owned asset.

2. Local needs

Exelby is a small rural lower Dales community of around 80 households about three miles from Bedale in North Yorkshire.

In the past, the Green Dragon has traded very successfully and a considerable fund of goodwill towards the pub remains in the village and in the local catchment area today. The Green Dragon has been at the centre of community activity within Exelby. The pub has been well used as a village and destination pub. It has also supported and hosted events such as the Extravaganza, Bonfire Night, Quiz nights, Themed evenings, Pop-up bakery for charity, the Dragons Club and special events on the field, all run with the active support of the landlord. The pub also hosted a small community shop. Sadly, none of this remains the case.

To develop this proposal there have been community meetings, a community-based questionnaire and an ongoing web-based survey to gauge opinions and views. Questionnaires from 71 adults with 11 children in the village have been returned. The overwhelming view is that retention of the pub is

deemed as 'very important' with 30% of respondents saying they would be likely to use the pub 2 to 3 times a week and 37% saying at least weekly or fortnightly.

In terms of services the pub might offer respondents highlighted:

- 86% would like some kind of catering
- 73% would like to see a beer garden and outside facilities
- 65% would like to see a community shop
- 49% would like to see live music performed
- 46% would like to have a café

As a pub, support for a food offering revealed:

- 86% would like a restaurant with an evening service
- 83% would like to see bar meals being served
- 73% would like food that is locally sourced

Other services that were suggested from a pub as a hub are:

- 51% would like to have B&B facilities at the pub
- 46% would like the pub to host coffee mornings
- 43% would like to see a safe play area developed
- 38% would like to have meeting facilities available

The demographics of the respondents' households are:

Age range

0-16	17-25	26-45	46-65	65+
13.5%	1%	17%	30.5%	37%

92% of households have access to a car.

Further detail on the responses to the community consultation are contained in Appendix 1.

Within walking distance of the pub there is a small complex of holiday cottages and a caravan site, both of which are successful businesses with a regular turnover attracting visitors to the village.

3. Community Factors and social impact

Social isolation is a challenge for Exelby, poignantly underpinned by its geographical location, separated from the remainder of the parish by the upgraded A1M. This relative isolation and lack of available public transport has informed our business planning. We intend for the Green Dragon to be a destination pub / restaurant that also serves as a community hub, hosting events and activities from coffee mornings and festivities to opportunities for adult education and outreach, small business resources and more.

As a community, we have identified the following local concerns:

- The need for a place to socialise for all age groups
- Older people and those who may be house-bound, or lack transportation could easily become socially isolated. The pub will form a village hub and do much to bring people together. Exelby is quite isolated, there having been only one bus service a week for Ripon market day, twelve miles distant which sadly stopped running earlier this year
- We have no local shop, resulting in the village and surrounding area having a disproportionately large carbon footprint caused by multiple private transport journeys often made by multi-vehicle households
- The offer of a safe place for play has been identified as something that would attract custom from those with young children
- A need for a venue for clubs and societies to convene

Quotes about the importance of the pub and village hub:

“The Green Dragon is really all we have in the village as a place to meet up, socialise and have a meal together as a community.”

“Without the Green Dragon we wouldn’t be the happy, married couple that we are! We want the Green Dragon to do its magic for everyone!”

“This is a real opportunity for the village to come together as a community.”

“You learn about what’s happening in Exelby and beyond. The Green Dragon is the place to go.”

“When the Green Dragon is buzzing it really is the place to be!”

“It would be amazing to have a village shop without having to travel for miles, it would be really good for the holiday makers as well.”

“We’ve done all sorts of things at the Green Dragon, we’ve had an Indian Meal, a Chinese Meal and celebrated the passing of the seasons, we will support this venture in any way we can.”

Other Information about local demographics for the postcode area DL8 2H* from www.checkmyarea.com is contained in Appendix 6.

The operations at the pub will also provide employment and training opportunities:

- Tenant/management
- Kitchen and bar staff
- Casual positions and waiting staff potentially introducing young people or those returning to work into the work environment
- Opportunities to showcase local businesses and artisans within the pub

4. Other facilities locally

There is no other hospitality or public meeting facility in the village. The nearest village venues are in Burneston and Leeming. Burneston is the nearest village with a destination pub serving food. Leeming is primarily a drinking pub. Other pubs and food outlets exist in Bedale (2.5 miles away). There is a limited evening food offering from the Bedale pubs. RAF Leeming is a closed supported community. In the wider locality, there are a range of successful village-based pubs offering food and drink.

None of these are in direct competition with the Green Dragon and can happily co-exist, as has been the case in the past. Furthermore, new connections and synergies have been identified and proactively taken forward with a few local businesses that would support the Green Dragon as a thriving addition to the locality.

That said the Green Dragon will need to develop its distinctiveness both to villagers and in the surrounding travel area – particularly through a quality food and drink offering. This is to stand out from the crowd and be a venue that customers want to return to regularly. The successful tenant will be expected to back these aspirations up as part of their business and marketing plan.

5. An asset of community value

The current owners have been soft-marketing the pub both for sale and as a free-of-tie tenancy for over two years. To the knowledge of the Exelby Green Dragon Community Pub Ltd this has not revealed any interest by other parties that would want to take the Green Dragon on, on either basis. The final tenant was seen as a caretaker who showed no interest in the pub or the local community. The main business of the pub in recent years has been as accommodation for workers involved in the A1M improvements, which are now drawing to a close. There has been little investment that the pub requires to operate and the pub was closed at the beginning of May 2018.

In the absence of any other proposals, the pub and the land associated with it have been listed as an asset of community value (ACV). The initial listing has been unsuccessfully appealed by the owners, Ei Group Ltd, so the listing remains in place.

The appeal hearing concluded:

“I am satisfied that it is realistic to think that there is a time in the next five years when there could be a non-ancillary use of the Inn that would further the social wellbeing or social

interests of the local community. The only current primary lawful use of the Inn and adjoining land is as a public house. The owner has a clear intention to dispose of the Inn, although it could continue to operate the Inn as a public house. Alternatively, it may dispose of the Inn to the Group or another person/entity on the open market. Either way it is realistic that the public house would exist on the site of the Inn and that it is likely to occur within the next five years. In its current use the Inn meets the social well-being and social interests of the local community which coupled with the community support from the Group for the continued presence of the Inn as a public house demonstrates that the future condition of the S188(1)(b) is also satisfied.

Decision

In conclusion and for the reasons given above I am satisfied that the non-ancillary use of the Inn has in the recent past furthered the social well-being and social interests of the local community and that it is realistic to think that there is a time within the next five years when there could be a non-ancillary use of the Inn that would further the social well-being and social interests of the local community. Therefore, I have concluded the Inn should remain on the Council's list of Assets of Community Value"¹.

An area of the land holding designated as a temporary caravan park was excluded from the original listing. The consent for this expired in August 2017 and a successful application to include this in the ACV listing was made. The moratorium that an ACV affords to give a local group an opportunity to purchase has also been invoked from January 2018. This was as a protection measure for the same purpose that the ACV listing was sought. Whilst an attempt at a community purchase of the pub will proceed we would be equally supportive of a third-party purchase and would not seek to frustrate that or end up in a false bidding war.

Importantly, a local planning authority can consider ACV status as a [material consideration](#) on a planning application, and so ACV listing could be an extra factor the local planning authority has to take into account when considering any application to change the use of a pub. This then offers an extra layer of protection for communities wanting to keep venues operating as pubs and further develop facilities for the benefit of the community.

The ACV listing clearly gives EGDCP Ltd a mandate to proceed.

Other schemes considered and rejected were:

- Support Ei in finding a new tenant/owner. Our interest is in securing the long-term future of the pub as a community asset. That includes supporting any new tenant or owner of the pub. As mentioned above neither of these options have progressed
- Seeking a short-term lease from Ei to run the pub ourselves with a management team. In its present condition, the pub cannot be run successfully. It needs a level of investment and support that Ei does not seem willing to provide with a stated intention of wanting to sell the pub. Furthermore, a lease is likely to involve similar conditions to those that have made it difficult for previous landlords to operate profitably

¹ Paul Staines, Director of Leisure & Environment, Hambleton District Council, 31 March 2017.

6. A vision for the Green Dragon

Our vision is to:

- purchase and improve the pub as a fit for purpose community asset
- see the pub operated independently by a tenant who shares a vision for a successful village and destination pub also serving as a community hub for the village and surrounding area
- restore these essential elements of village life that a vibrant pub can bring and in turn support the local economy, sustainability and the future of the pub whilst being self-determining

Our priorities will be to:

- revitalise the pub as a thriving business at the heart of the village, serving good quality food, beers, wines and spirits
- reinstate the cottage attached to the pub as a viable rental home
- establish a community shop and delicatessen café
- re-establish a range of social activities in the pub and grounds which rekindle the community needs and spirit of the village

7. Proposed scheme

- Bid accepted by Ei Group, the owners, to purchase the asset with target to complete by the end of September 2018
- Raise the capital required through a share issue (£500 a share) in the community benefit company and seek financial support in grant assistance and loans
- To raise sufficient additional capital to be able to refurbish and improve the pub
- To offer the pub as a tenancy
- To offer the cottage as a community led housing tenancy
- Enable community uses of the pub and grounds
- To maintain the asset as a viable business venue in the future to be able to repay loans and to pay a modest return on shareholder investments

8. Work done to date

- The Exelby Green Dragon Group (Appendix 2) has been formed as an unincorporated association for the purposes of consultation, early ideas consideration and initial drafting of this business plan
- Formation of a Community Benefit Society (Becom) - Exelby Green Dragon Community Pub Ltd - and appointed directors (Appendix 2) – which has:
 - developed the business plan
 - made bids to the owners to purchase
 - developed a share offer prospectus for a share issue and
 - will ultimately act as the vehicle for asset ownership
- Opened bank accounts
- Secured ACV listing for the whole site
- Carried out site visits and obtained input from other community owned pubs

- A series of open consultation meetings to seek opinions including a questionnaire as to what might make the pub an attractive and popular venue
- A series of community newsletters
- Obtained financial support for feasibility work from the Plunkett Foundation. We have received a grant of £2,500 to help in planning the project along with the advice of consultants engaged by the Foundation and additional support as necessary
- Obtained an independent report on opinion of value and compiled a provisional schedule of repairs, refurbishments and improvements
- Identified possible funding sources with practical support from Pub is the Hub
- Set up a web site – www.exelbygreendragonpub.co.uk, Twitter and Facebook social media accounts

9. Repairs, refurbishments and improvements to establish a trading asset

It is intended to bring the pub up to a standard such that a tenant can focus on running the pub without concerns about the condition of the building when taking on a fully repairing lease. The pub needs investment to be able to operate and develop as a community venue. A working schedule of improvements and repairs has been drawn up with budget figures of up to a high-end estimate of £190,000 as a working guide.

Until more detailed appraisals have been undertaken (most likely post acquisition), volunteer labour and input determined and confirmed, estimates received etc, it is not known how far the budget provision will meet the aspirations. However, the most essential works will be funded. These are:

- a. Essential repairs to the structure, outside areas, tidying inside and out with a thorough internal clean and redecoration of the public areas
- b. Refurbish the kitchen to be able to operate an appropriate food offering
- c. Refurbish the upstairs rooms as tenants' accommodation. (A temporary static caravan is a possibility as an interim measure if there are no other solutions)
- d. Refurbish the cottage for letting

Ideally the following projects will also be included within a first phase of works:

- e. Relocate the toilets to the right-hand side of the restaurant to give a better customer experience and facilitate renovation of the cottage
- f. Re-establish the shop and create a cafe

The following project areas have been identified to support the trading and development of the pub as funding permits. In initial priority order:

- g. Improve the restaurant with an insulated ceiling to improve the overall energy efficiency of the building. (This would be done as part of the toilet relocation or longer-term repairs)
- h. Longer term repairs to protect the asset e.g. window replacements

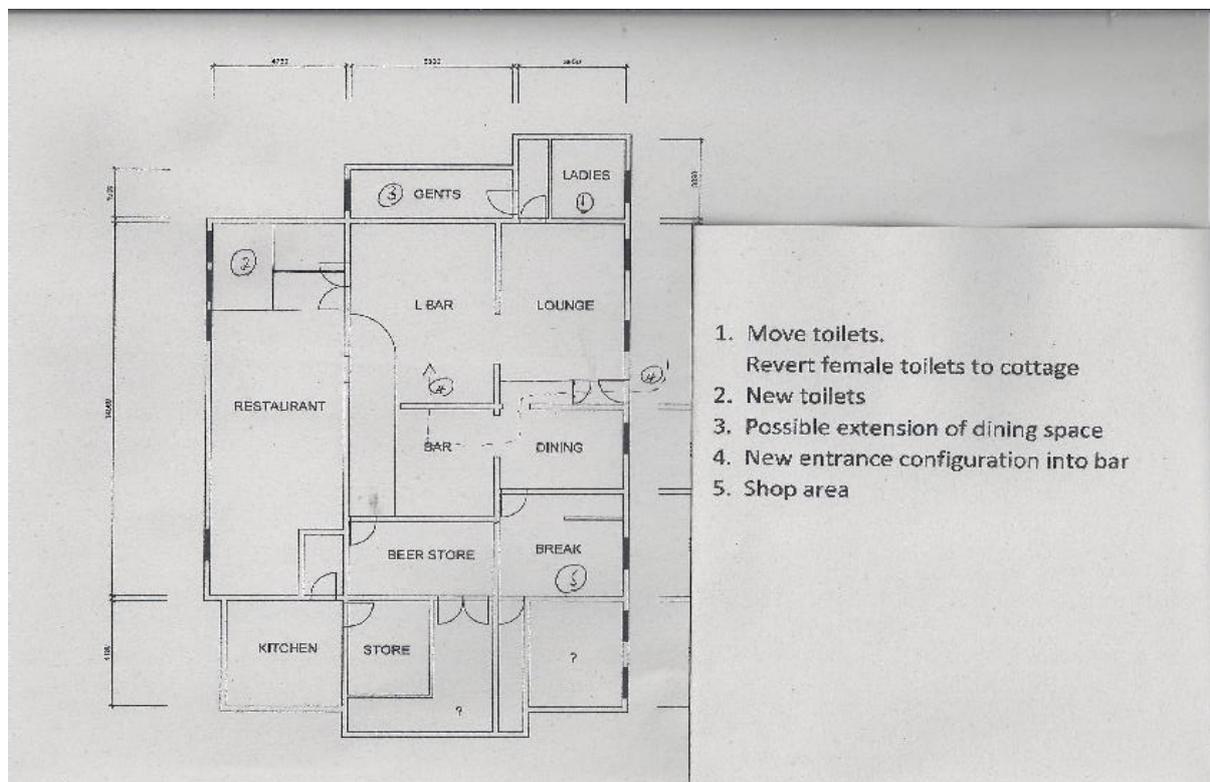
The priority order and budget provision would be reviewed in consultation with the tenant before commencing with these projects.

Possible future projects to develop potential further include:

- i. Relocate the bar to the right-hand wall of the pub and establish a cellar in the former male toilets (assuming toilets are repositioned)
- j. Determine the optimum use of the outdoor space (including the sheds) e.g. caravans, lodges, glamping, yurts, community space

Whilst the possible future projects (i to j) are aspirational and are not part of the initial funding proposals they are nevertheless considered to be important as they respond in part to the consultation and they could support the viability and attractiveness of the pub which is our priority. These projects will be reviewed for implementation or otherwise, dependent on progress with other required improvements, repairs and funding availability – whether direct from the asset owner or as joint projects in conjunction with the tenant, for example.

Ideally for the public areas we would like to engage some interior design expertise. Initial thoughts are around a public area layout as follows:



With the proposals as set out it is not felt necessary that the pub should have any prolonged period of closure although this will be kept under review as more detailed assessments of requirements are undertaken. The pub would, in principle, be able to operate from 'Day 1' with wet sales, with the addition of food sales following completion of the kitchen refurbishment to support the development of the pub as a fully trading asset.

An options appraisal is included at Appendix 3. A more detailed schedule of the project areas and likely budget requirement is attached at Appendix 4.

10. Financial support

Consultations have shown strong support to retain the pub and secure a change of ownership to reverse its fortunes. As part of the consultation, pledges of financial support have been received in share purchases. Based on the idea alone of community ownership (i.e. prior to any detail) pledges from potential shareholders amounting to £135,000 in £500 withdrawable shares have been received to date. This is felt to be an excellent measure of interest in a formal share offer which, based on the experience of similar share offers elsewhere, is expected to rise further. To support the business plan around £300,000 would be required from this source.

There is the potential for grant support of up to £50,000 and a potential loan at a low interest rate of a further £50,000. We are also pursuing other sources of grant aid and low interest loans, with an application having been made to the Bright Ideas fund about developing the community business offer. Pub is the Hub have offered £3,000 towards the development of a village shop.

Possible additional funding applications for grant assistance will be made to the Prince's Countryside Fund, the Big Lottery and North Yorkshire County Council Stronger Communities Fund.

As such there is sufficient financial support behind open dialogue held with Ei to date and the subsequent offer made for the pub.

11. Funding requirements and the property bidding process

Advice has been received from Fleurets who specialise in leisure property. There are three distinct elements to the total holding:

- The pub with a beer garden, outbuildings, car park and caravan site to the rear of the car park
- The cottage
- The 'field' adjacent to the car park

The pub, cottage and field area have registered titles listed as separate entities. This has principally been for marketing for sale purposes.

The sales information offered the holding based on two approaches - as a pub and as a site with 'development potential'. For either approach there was not a listed asking price and seeking to identify what is for sale and at what price has taken some time to establish with Ei.

This business plan envisaged a bid for the total holding with the field retained as ancillary to the pub. However, recognising our priority to retain the pub, if only the pub/cottage was available as an affordable proposition a bid would be made on that basis. This made little difference to the valuation advice which together with the schedule of improvements funding of between £450,000 and £500,000 was envisaged subject to an affordable and satisfactory bid.

The reality:

A bid of £275,000 (incl. VAT) was made for the total holding. This was rejected by Ei which revealed they were seeking the development value (without any planning consent) for at least the field area. Any improved offer on this basis was felt to be beyond the means of potential funding and outside the remit of support, with retention of the pub as priority.

A second bid of £175,000 (incl. VAT) was made for the pub/cottage excluding the field based on the registered title boundaries. This was similarly rejected but did establish that Ei wished to retain more than the title boundary of the field area for potential development.

The group prepared for a further bid based on a 'tight' boundary that included the pub, cottage and hard standing car park and a further possibility based on including part of the area to the rear of the car park and the sheds. This is illustrated in Appendix 7.

A bid of £200,000 (excluding VAT) was made on the "compromise" proposal with detail required on:

- Re-siting the gas tank and services
- Categorical definition of boundaries and fencing requirements
- Establishing a minimum size of car park – both permanently and temporarily - if access is required over land defined in the compromise proposal to facilitate any development of the non-retained holding.
- The fixtures and fittings belonging to the pub
- Stock

As at January 2018 this bid was being actively considered by Ei. We have also been informed by their agent that Ei consider their marketing of the site to have been exhausted. We have agreed a purchase price of £200,000 for the pub and part of the associated land. Ei has indicated that the purchase must be completed by October 2018.

To progress with a sale of the pub, Ei Group advised of their requirement to sell the land at the same time as the pub, so as to ensure a sale of their entire interest. Exelby Green Dragon Community Pub Ltd identified and entered into discussions with One North Property Ltd with regards to One North Property Ltd purchasing the land holding from Ei Group. One North Property Ltd has subsequently agreed terms with Ei Group which has ultimately unlocked the negotiation between Ei Group and EGDCP Ltd and resulted in our offer being accepted and progressed. Exelby Green Dragon Community Pub Ltd has agreed with One North Property Ltd to work together with regards to the potential requirement to relocate the car park in order for One North Property Ltd to secure a satisfactory, and financially viable, planning consent. This agreement is on the clear (and will be legally drafted) basis that EGDCP Ltd will be left no worse off in terms of both car parking provision and extent of land owned than that shown by the boundary enveloping the red and green areas on the plan to be found at Appendix 7.

One North Property Ltd recently set up to find and purchase development plots in the North of England for small scale residential development. The company has been set up by Mr George Howie who was born and bred in North Yorkshire and who returned to the county in 2017 after a number of years in London where he was employed as a Chartered Surveyor and Project Manager for a building company. One North Property Limited intend to build architecturally sympathetic developments that fit in with, and indeed appropriately add to, the local vernacular at the expense of profit. One North Property have engaged with EGDCP Ltd in a positive and co-operative manner from day one and reassured us of the above intentions.

Now our offer has been accepted, this gives a funding requirement of:

Purchase	200,000
Legal charges and fees	5,000
Improvements and repairs	190,000
Total	£395,000

The purchase price is subject to VAT. This has no net effect on the financial projections as the Company will apply for VAT registration which means the VAT will be recoverable. Alternatively, VAT may not apply in agreement with HMRC if the pub is transferred as a going concern although as of May 2018 the pub has now ceased to operate. We also expect to be able to recover some VAT on improvement costs.

12. Ownership model

The Exelby Green Dragon Group, assisted by the Plunkett Foundation, has set up a Community Benefit Society (Bencom). The Bencom, the Exelby Green Dragon Community Pub Limited, registered with the Financial Conduct Authority (FCA) on 12 July 2017 as an incorporated body (register number 7599) that allows:

- The raising of funds through the sale of withdrawable shares
- Ownership and operation of business entities with limited liability for members
- The operation of business activities for community benefit
- Democratic decision-making
- An asset lock to ensure long-term community protection allowing for the distribution of assets to an entity with similar objectives should the Bencom be dissolved
- Access to grant funding and preferential loan finance

A Bencom is run primarily for the benefit of the community at large, rather than just for its members or shareholders. This means that it must have an overarching community purpose that reaches beyond its membership. Although a Community Benefit Society has the power to pay interest on members' share capital, it cannot distribute surpluses to members in the form of dividends. A Community Benefit Society can also opt to have a statutory asset lock, which has the same strength as the asset lock for a charity and for a community interest company.

Investing in community shares engages communities in a virtuous circle where it is in their interests as members and investors also to be active as customers, as supporters, and as volunteers. The same applies to other stakeholders, including employees and suppliers, giving new meaning to the term multi-stakeholder, where the same person engages with the enterprise through a multiplicity of stakeholder roles.

This contrasts with the conventional business model, where the interests of shareholders can be at odds with other stakeholders. Profit maximisation for shareholders is at the cost of customers, suppliers, employees and other investors. There is no incentive to volunteer, or to become an active supporter of an enterprise that works in someone else's interests.

A Share Offer has been drawn up for the Exelby Green Dragon Community Pub Ltd with withdrawable shares available in multiples valued at £500. Interest may be paid on shares held as a discretionary operating expense payable only if the Bencom can afford to do so and defined within the Rules of the Exelby Green Dragon Community Pub Ltd which set out the way in which the Bencom is owned, organised and governed.

It is envisaged that the Exelby Green Dragon Group will continue to support the Exelby Green Dragon Community Pub Ltd and the eventual tenant. Continuing as an unincorporated body, or as a charity, it could work with the tenant and help steer community events and activities as well as attract other funding sources to 'commission' services from the pub.

13. Establishing a trading asset

The pub is in a small village with rural character close to the market town of Bedale.

Facilities include:

- Main bar
- Tap room
- Ancillary rooms
- Restaurant
- Beer garden
- Trade kitchen
- Outside space
- Off-road parking
- Accommodation

a. Pub Tenancy

It is envisaged there will be a separation between the ownership and operation of the pub. There would be a Board of Directors responsible to shareholders for the asset and securing a tenant.

A tenancy for the pub would be offered on a 5-year rental (renewable) with living accommodation. Running the Green Dragon day-to-day, will be entirely a matter for the tenant. The tenant would be responsible for all outgoings necessary to run the pub on a fully repairable basis. He/she will be responsible for determining staffing levels, opening times and the food and beverages available, subject to some general requirements within the tenancy agreement. We do not anticipate using volunteers to run the pub. The tenant will be expected to work closely with the aims of the society.

In drawing up the lease we will draw upon the experience of other community pubs in consultation with our legal advisers.

An ideal tenant would:

- Have a clear vision of how to operate and develop a community pub using our consultation feedback as a benchmark
- Show the aptitude and attitude to establish a business from day-one
- Hold the business acumen to develop the business and the entrepreneurial flair to appreciate its potential
- Demonstrate how they would link to the local community and positively seek and adapt to community feedback whilst operating a viable business
- Demonstrate how they would collaborate in establishing community facilities for the benefit of the community and pub viability
- Have experience in business marketing including social media
- Be committed to customer service excellence and have an eye for detail
- Have financial management acumen
- Some working knowledge of the pub/hospitality/food and drink industry would be beneficial but not a pre-requisite
- Have some management or supervisory experience and be able to demonstrate good people skills
- Understand and accept the 'unsocial hours' required to operate a pub business successfully
- Maximise operating hours through a variable yet distinctive offering e.g. morning, lunch, early evening and dinners tailored to local demand
- Utilise and work with local suppliers
- Be likely to see the pub as a destination venue with a strong bias to a quality pub food offering, with real ale, other beers and a good range of wines
- Seek to invest personally and financially in the trading potential, to enhance profitability
- Work with the improvement proposals in an incremental fashion whilst operating an effective pub service
- Be able to demonstrate a passion for the role

The prospective tenant would be expected to outline their business and marketing plan for the pub as part of the interview process. As a minimum this will contain a vision for the pub and sufficient detail to illustrate a quality food and drink offering and customer service philosophy with detail on how this will be marketed to locals and the surrounding area and how target audiences would be developed. Developing the relationship with the local community will be key. Successful appointment would be based on all this being demonstrated to the recruitment panel as would the need for a personal licence and a satisfactory DBS criminal records check.

As soon as the sale of the Green Dragon is agreed we will advertise the tenancy.

The recruitment process will be led by Alasdair Campbell and Mark Temple, both representing the Board of Directors. The panel will hopefully involve at least one other member of the community and a professional advisor. The panel will make a recommendation to the Board of Directors on a suitable appointee.

The company will register with a scheme to provide emergency landlords as a safety net should a tenant be unable to continue. During such a period the pub would be under the management of Exelby Green Dragon Community Pub Ltd.

b. Cottage

It is anticipated that the cottage would be refurbished and the existing flying freehold (the cottage first floor is over the pub's female toilets) cleared up. Following relocation of the toilets as described in the improvements schedule, the cottage would be let independently of the pub with income to the asset owner.

c. Community shop and deli

The improvement proposals envisage the establishment of a shop. This is supported by the community consultation. It is envisaged that as a minimum the shop would function as an 'open stock room' for the pub by offering for sale those items and consumables that would be required to operate the pub's food business. The shop would also respond to local demand in the basic range of goods on offer. Thus, the risk in operating a shop at this level would be minimal.

It is also hoped that with the right operator, the shop could become something more and act as a destination offering a delicatessen type service and offering locally sourced niche products.

Operating options are:

- By the tenant as part of the business.
- By the tenant supported by volunteers
- As a separate entity directly controlled by the asset owner and run with volunteers

Operation by a tenant of the pub would be a preferable option as this offers scope to be an 'open' stock room for the pub as well as offering other ranges of consumables etc. This would also be preferable in terms of apportioning overheads, insurance and controlling the access that would be required if this was operated as a separate business.

The consultation saw support for volunteer activity, so it may be that a shop operated principally by the tenant with support from volunteers may be the more viable option. Another alternative is for the shop to be operated by the asset owners through paid or volunteer staff.

The detailed arrangements would be for discussion with any prospective tenant and rentals set accordingly.

d. Café

A great deal of support for a café was found during community consultation. It is hoped that a café would work in harmony with a shop and restaurant in driving food sales, minimising food wastage and adding to the overall value proposition of the Green Dragon. As with the shop, the nature of the business relationship with the pub / restaurant would need to be clarified and defined.

f. Open space

For the land acquired with the pub it is not anticipated that will be used other than as ancillary whilst establishing the pub as a trading venture. Its use could host community events and or as an overspill car park etc. The primary priority is to establish the pub as a viable, sustainable and vibrant entity once more. If funding does become available, options including holiday accommodation could be considered.

g. Marketing plan

The pub is expected to cater for:

- Local people – the village and surrounding areas
- People staying in holiday accommodation
- Day visitors, walkers, cyclists, local visitor attractions etc

The model of operation makes it clear that the tenant is the main decision maker in the operation of the pub, and will need to have a fully functioning marketing plan covering at least some of the following in promoting the pub/location:

- Word of mouth
- Print media
- Radio
- Social media
- Local businesses, groups and clubs

The Board of Directors will be responsible for publicity at key milestones:

- The launch of the share offer (which has its own marketing plan)
- Pub purchase
- Appointment of the tenant
- Milestones during refurbishment
- 1st Birthday

14. Financial objectives

Once in community ownership the financial objectives are:

- To be able to let the pub as a tenancy with full repairing obligations at a rent that is affordable to enable a viable business to operate
- To be able to let the cottage at a market rent as a tenancy
- Possible income from a community shop dependent on the operating model and whether this is part of the tenancy
- To establish a repairs and renewals fund with an annual contribution to cover future maintenance and improvements which are at the asset owners' discretion
- To be able to pay any other outgoings that are the responsibility of the asset owners e.g. buildings insurance (recovered from the tenant) and other management costs

- To be able to service any loan that may be part of the initial purchase funding or supporting future major improvements
- To have a modest rate of return on shareholders' investments

If there are surpluses after meeting all objectives the management committee will make a proposal to a shareholders meeting with funds utilised to benefit the community of Exelby.

15. Financial data

Three scenarios for a budget and cash flow projection are included at Appendix 5. These all anticipate a purchase price of £200,000 (excl. VAT). The difference between the scenarios is on the amount available for repairs and improvements based on differing levels of share capital being raised.

Scenario	Share capital raised (£)	Available repairs and improvements budget (£)
1	175,000	60,000
2	250,000	135,000
3	300,000	190,000

The purchase price is subject to VAT. However, this has no net effect on the financial projections as the Company will be VAT registered which means this is recoverable.

A breakdown of the improvement costs can be found at Appendix 4, we expect to recover some VAT on these costs and have built in a prudent margin of manoeuvre to cover for contingencies.

Advice has been taken from Pub is the Hub on potential rental income from a tenancy. The main problem with establishing a rent is that there is no recent trading history to rely on and therefore anyone seeking to establish a business will be starting pretty much from scratch. Also, to attract the right person(s) with the aptitude and attitude to support the future viability of the pub a tenant may need some initial subsidy rising to a full market rent over say a three-year period. It is expected that any prospective tenant would make an offer of rent in their business plan. We can be cognisant that rural rate relief now applies to the premises which is a significant advantage to operating overheads and the operations would be free of tie.

As a guide advice suggests the rent policy should be:

- £10,000 in year 1 rising in subsequent years to £15,000 and £20,000
- That rent in year 4 and 5 would increase by the greater of £5000, or at 10% of total sales turnover net of VAT, or at 50% of the divisible income. This would be established by working out the net profit after all costs

Each scenario anticipates external grants and loans in year 1 of £115,000

For planning purposes, a shareholder dividend is illustrated as 1% in year 1, 2% in year 2 and 3% from year 3. This will be subject to the trading position in each year and more detailed consideration by the Board of Directors as a recommendation to shareholders.

The Board of Directors have considered the scenarios but do not consider Scenario 1 as viable at this point. It is felt this would not allow sufficient investment in the pub for it to be able to operate as planned with a full repairing lease offering a premise in a reasonable standard. Scenario 3 is the preferred option with scenario 2 offering a fall-back position.

The detail of the financial planning will be kept under review as a share offer progresses.

16. Share offer

Five documents have been prepared to support a share offer:

- A full prospectus
- A mini prospectus
- Frequently asked questions
- Marketing plan
- Business Plan

The general principle is that shareholders will be able to invest in multiples of £500 up to a maximum of £100,000. The Board of Directors have retained flexibility to alter this upper limit, once interest in the share offer is known, to accommodate both smaller and larger investors and the impact that a small number of larger investors might have. Membership will be open to anyone over the age of 16, companies and community organisations etc. Joint memberships cannot be accepted. Groups of individuals and incorporated organisations can apply so long as there is a nominated representative who takes responsibility to act in the same way as a single investor with one vote. The Board of Directors will also consider potential vehicles for individuals who might wish to donate a sum less than the value of a share.

Shares cannot increase in value or be traded, but interest payments will be made as anticipated in the financial plans.

The prospectus deals with the situation of insufficient or excessive funds being raised and the timing of the share offer.

There may be future share offers to refresh capital to deal with additional investment and expenditure requirements and to cover investors who may wish to withdraw.

The share offer will be launched as soon as practicable after the Board has written confirmation that our offer has been accepted.

The share offer will be led by Mark Temple on behalf of the Board of Directors.

17. Project management

A working schedule of actions required to progress the project has been drawn up and will be kept under review at Board meetings. It is anticipated that a named Board Member will be responsible for leading on major project areas.

18. Risks and opportunities

Risk	Probability	Impact	Mitigation
A third-party offer is accepted for the pub	low	low	Cooperate with potential owners and halt share offer
Insufficient share capital raised for scenario 3	low	medium	Extend timing of share offer Consider scenario 2. Additional loan(s)
Insufficient external finance	low	high	Source alternative funding
Insufficient funding overall	low	high	Abandon project and return investments
A tenant cannot be found	low	medium	Re-advertise Secure agency interim Reconsider operating model
Business fails to be a going concern	medium	high	Seek alternative tenant Sell the property
Tenant leaves or is dismissed without notice	medium	medium	Register with emergency landlord scheme. Ensure reserves are sufficient to pay an interim for 6 months Seek new tenant Consider other options
Successive tenants fail to make the business work	low	medium	Sell the property
Repairs and improvements are more than can be afforded	medium	medium	Consider scenarios Second share issue Additional loan(s)
Unforeseen repairs are more than can be afforded	low	medium	Consider scenarios Second share issue Additional loan(s)
Building destroyed by fire or other cause	low	high	Insurance
Customer or staff injuries	low	high	Adequate health and safety policies and risk assessment by tenant Insurance

Opportunities

- A reinvigorated and reputed local pub owned by the community/investors
- Community pride
- Employment opportunities
- Social impact of a community venue and hub
- Establishing a shop and niche delicatessen/café
- Substantial increase to customer base
- Investment in bricks and mortar at a price below the asset value ignoring any business potential

About the Green Dragon – Questionnaire, May 2017

Returns from 71 adults and 11 children

Q1. On a scale of 1 to 5, do you think it is important that Exelby has a pub / restaurant? 1 = NOT IMPORTANT to 5 = VERY IMPORTANT				
1	2	3	4	5
2.702%		5.404%	18.914%	70.252%
Q2. If the pub / restaurant was re-launched would you or member of your household use it?				
Daily	2/3 times a week	Week / Fortnight	Other	Never
8.106%	29.722%	35.126%	27.02%	
Q3. What services would you like to see offered? (Please tick all that apply)				
Family Area	40.53%	Live Music	48.636%	Your ideas:
Function Room	51.338%	Big Screen sports	13.51%	
Games Room	27.02%	Café	45.934%	
Catering	86.464%	Community shop	64.848%	
Beer Garden	72.954%	Delicatessen	37.828%	
Outside sports	24.318%	Library	27.02%	
Q4. What kind of food would you like to see offered? (Please tick all that apply)				
None		Full-range	43.232%	Your ideas:
Bar Snacks	70.252%	Vegetarian	40.53%	
Bar Meals	83.762%	Steak house	8.106%	
Restaurant Lunch	40.53%	Child friendly	35.126%	
Restaurant Evening	86.464%	Smaller appetites	45.934%	
Ethnic cuisine	16.212%	Locally sourced	72.954%	
Q5. Is there anything else you would like to see at the pub / in the village?				
Small business Hub	21.616%	B&B	51.338%	Your ideas:
Meeting rooms	37.828%	Safe play area	43.232%	
Holiday lets	32.424%	Sheltered Housing	5.404%	
Micro-brewery	29.722%	Light industry	2.702%	
Coffee Mornings	45.934%			
Q6. Which pubs and restaurants do you like and what is it that you like about them?				

Q7. Would you or anyone else in your household be interested in helping a co-operative pub project by:				
Steering Group	13.51%	Marketing	5.404%	Your ideas:
Fundraising	13.51%	Social Media	2.702%	
Volunteering e.g. DIY help	43.232%	Professional services	10.808%	
Q8. About you and your household (individual details will not be identified in any report)				
Age Range				
0-16	17-25	26-45	46-65	65+
5+4+2+0=11	0+0+1+0=1	8+4+2+0=14	3+12+9+1=25	19+11+0+1=31
Do you have access to a car / own transport?			13+14+6+1=34	
Do you have pets?			5+3+3+1=12	
Do you live here full-time?			12+13+4+1=30	
Your name				
Address				
Phone number				
Email address				

Note: identifying information has been omitted from this extract in Q6 and Q8

Appendix 2 - Steering Group and Board of Directors

A board of directors comprising of not less than three and not more than nine members will manage the Society. They will be accountable to the membership and will report to them via a newsletter and an AGM. Directors shall serve for one year. At each Annual General Meeting, the elected members of the Board of Directors shall retire from office but will be eligible for re-election.

The initial directors who have worked to establish this enterprise come from a variety of backgrounds. This team has a broad range of skill and experience to draw on, including expertise in finance, management, staff employment, and business development. Brief summaries of these are provided below:

Peter Simpson, Chairman - Former Chief Executive of Hambleton and Richmondshire District Councils with extensive experience of strategic management, planning and delivery of a wide range of public sector services and projects. Previous experience as a business owner. Currently operating own joinery, plumbing and home renovation business.

George Cornwall-Legh, Deputy Chairman - A Chartered Surveyor and Director at JLL with over 10 years' experience in the commercial property sector, with a focus on fund and asset management.

John Walker, Secretary - is a business development consultant with extensive experience of working for local and national not for profit organisations across the UK and has acted as a governmental advisor on community development. John is a Trustee of several Yorkshire based charitable organisations.

Gerry Price, Co-Treasurer - Retired. Former Area Director of Children's Services has extensive experience of leading and managing quality assurance and structural reorganisation in the field of education.

Mark Temple, Co-Treasurer - has worked for Lloyds Banking Group for 28 years gaining extensive knowledge across commercial banking and SME sector, supporting new businesses to launch, grow and evolve. Working closely with local enterprise programmes to support local growth strategies.

Alasdair Campbell - Barrister with a passion for the local community and the provision of excellent public services.

The Board of Directors of Exelby Green Dragon Community Pub Ltd has evolved from the Exelby Green Dragon Group (the unincorporated body that sought the initial listing of the pub as an Asset of Community Value) and has been assisted and advised at various times by the community of Exelby and the surrounding district. The Directors would particularly like to acknowledge the efforts and support of the following:

Jane Ward, Parish Councillor
Roger Wingrave
Deborah Middleton
Zeke Deighton
Peter Hart

Appendix 3 - Repairs and improvements – Options appraisal of essential and priority works

Project	Options	Preferred option
Essential repairs and tidying	<ol style="list-style-type: none"> 1. Do nothing 2. Essential cleaning, tidying and decorating of all public areas and external tidying and cleaning 	<p>Option 2 as works felt essential to establish the trading areas as a welcoming, well presented and comfortable trading environment.</p>
Kitchen refurbishment	<ol style="list-style-type: none"> 1. Essential refurbishments to the existing kitchen to enable a food service to be offered. 2. Relocate and establish a new kitchen by utilising adjacent space in the existing restaurant. 	<p>Option 1. Advice suggests that the basic structure as a kitchen is sound and would enable a food service to be operated with essential deep cleaning and refurbishments to fittings and equipment.</p> <p>The relocation option could be a future consideration if it is felt that the trading area of the restaurant could be reduced and there is a better and more economical use of the existing kitchen space that would improve the pub offering and achieve an additional income e.g. micro-brewery</p>
Upstairs accommodation	<ol style="list-style-type: none"> 1. Do nothing 2. Refurbish as bed and breakfast letting rooms 3. Refurbish as tenants' accommodation 	<p>Option 3. Some accommodation would need to be offered on site for a tenant. The choice is between the cottage, the upstairs rooms or such as a static caravan (which would require planning consent for a permanent use). Advice has been offered from the Group's valuation advisors that the upstairs rooms could offer 2 quality B&B units or tenants' accommodation. They suggest the best use would be as tenants' accommodation with a living/kitchen area and two</p>

Project	Options	Preferred option
		bedrooms with ensuite facilities.
Refurbishment of the cottage	<ol style="list-style-type: none"> 1. Do nothing 2. Refurbish with the existing flying freehold arrangement 3. Refurbish without the flying freehold arrangement by incorporating the current female toilets back into the cottage. 	<p>Option 3 if budget provision permits in conjunction with a relocation of the toilets. If not option 2.</p> <p>Option 3 would deal with the flying freehold which would be an advantage if outright sale of the cottage were ever a consideration in any future proposals. The additional space would also offer a more viable general rental or holiday accommodation opportunity.</p> <p>The existing toilets are in a poor state of repair and require refurbishments to the fixtures and fittings above initial redecoration. This expense might better be put towards the relocation option (see below).</p>
Toilets	<ol style="list-style-type: none"> 1. Do nothing beyond redecoration 2. Refurbish in situ 3. Relocate to the right-hand side of the restaurant 	<p>Option 3. The toilets need full refurbishment in any circumstances. A combination of putting the ground floor occupied by the female toilets back as part of the cottage to make this more attractive as a let, the need to refurbish and have toilets in a more central location to the bar/restaurant and outdoor decking supports the relocation option. The existing male toilets could be made into storage (externally accessible), included in the cottage or used as a cellar if the bar is relocated as a future project.</p>

Project	Options	Preferred option
Shop	<ol style="list-style-type: none"> 1. Do nothing 2. Re-establish the shop 	<p>Option 2. The shop could become an important service for the village and a destination in itself in conjunction with such as café and deli type facilities. This would enhance the trading potential of the site.</p>
Longer term repairs	<ol style="list-style-type: none"> 1. Do nothing 2. Establish longer-term repairs requirements and a schedule to protect the asset 	<p>Option 2 as essential to protect the asset</p>

All preferred options are subject to more detailed assessments and budget provision with the consultation and participation of the tenant.

Appendix 4 - Repairs and Improvements schedule and financial matrix

Project area	Priority	Options	Rationale	Budget figure	Comments
Essential repairs to the structure, outside areas, tidying inside and out with a thorough internal clean and redecoration of the public areas					
General tidy up/small repairs/deep clean/redecoration	1			£12.5-£15.5K	
Kitchen					
	1	Refurbish in situ	Essential to trade	£5-£8K	Get a catering installation firm to look at existing set up
	2 or 3	Relocate to left hand of restaurant	Abandon existing kitchen and start again. Smaller galley kitchen should be sufficient. Will need to establish pot wash (access to existing cellar or utilise existing cellar if bar relocation happens). Potential to reduce floor area for rateable value purposes.	£30-£35K	
Upstairs rooms					
	1	Make into tenant's accommodation as an alternative to cottage	Allows cottage to be rented as a general let, holiday let or sold (post refurbishments)	£15-20K	A temporary static caravan is a possibility as an interim measure if there are no other solutions
	2	Refurbish as 2 or 3 decent letting rooms	Trading opportunity as B&B. Cottage = tenant's accommodation	£15-20K	
Refurbishment of the cottage for letting					
	1	Refurbish as is	To be available for letting or sale	£20-£25	
	2		To be available for letting or as	£25-30K	

Project area	Priority	Options	Rationale	Budget figure	Comments
		Revert ground floor rooms to cottage	manager's accommodation or sold.		
Toilets					
	1	Clean/redecorate	Essential works		Include in redecoration costs
	2	Refurbish in existing location	The female WCs are in a poor state. New partitions, WCs and WHBs.	£7-8K	
	3	Move to new location – part of restaurant or boiler room	Update gents with new WC and urinal drainage More accessible to restaurant and outdoors if annexed as part of the restaurant. Enables cottage reconversion. Enables bar move (ex gents to become cellar). Contributes to reducing floor area for rateable value purposes	£15-20K	
Re-establish the shop and create a cafe					
	2	Establish a basic shop in pool room	Trading opportunity in an unused room	£4k	Refurbish existing fittings or £6k
	3	Enhanced facilities		Additional £6k	
Longer term repairs to protect the asset					
Car park resurface	3	Or do nothing	Customer perception/safety issue	£10-£12.5K	May tie in with other improvements
Flat roof	3	Resurface flat roof	Cost effective against patch repairs	£5-8K	
Main roofs	3			£10-12K	
Windows	3	Whole pub window replacement at some point	Comfort	£8-10K	
	2				

Project area	Priority	Options	Rationale	Budget figure	Comments
Drainage	2	Investigate (camera)		£1K	
Restaurant ceiling		Under draw and insulate restaurant ceiling	Economy	£2K	
Bar/Trading area					
	1	Clean/redecorate bar, tap room and restaurant	Essential works		Included in decoration costs
	3	Relocate the bar to right hand wall backing to gents' WC. Establish cellar in gents' WC. Incorporate tap room into bar area	Opens up existing bar/tap room as a better trading space for both bar and food. Dependent on decision with toilets. Cellar as possible pot wash or laundry room or storage or shop extension	£10-15K	
Contingency sum	1			15%	

Future projects					
Caravan park					
Cabins in place of sheds					
Develop outdoor area					

Financial matrix

Item	Area	Priority	Low (£)	Medium (£)	High (£)	Notes:				
01	Tidy-up redecoration and repairs	1	12,500	14,000	15,500					
02	Kitchen	1	6,500	25,000	35,000					
03	Upstairs	1	15,000	18,000	20,000					
04	Cottage	1	20,000	25,000	30,000					
05	Toilets	1	-	8,000	20,000	Basic rejuvenation included in Item 01				
06	Shop / Café	1	4,000	7,000	10,000					
07	Car Park	3	-	-	12,500	May be a condition of sale				
08	Flat Roof	3	-	-	8,000					
09	Main Roofs	3	-	-	12,000					
10	Windows	3	-	-	10,000					
11	Restaurant ceiling insulation	1	2,000	2,000	2,000					
12	Bar relocation	3	-	10,000	15,000					
			£ 60,000	£ 109,000	£ 190,000	All prices include VAT and contingency sum				

Appendix 5 - Budget and cash flow projections

Financial Scenario 1 (Low Range)	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Variables						Description		
CAPITAL / START-UP														
Income						Loan 1						Purchase of Pub and Cottage	£ 200,000	
Share capital	175000					Annual Interest Rate	8.00%					Repairs and improvements	£ 60,000	
Start-up Grants	50000					Years	5					Shares issued	£ 175,000	
Loan 1	50000					Payments Per Year	12					Loan 1 5 years at 8%	£ 50,000	
Loan 2	0					Amount	50000					Loan 2 n/a	£ -	
Total	£ 275,000											Start-up grants	£ 50,000	
Expenditure						Payment Number	Payment	Principal	Interest	Balance		First year grants and donations	£ 15,000	
Asset purchase	200000					1	-£ 1,014	-£ 680	-£ 333	£ 49,667				
Repairs and improvements	60000													
Set up costs	5000					Loan 2								
Total	£ 265,000					Annual Interest Rate	8.00%					Notes:		
						Years	7					This scenario contains the bare minimum range of improvements		
						Payments Per Year	12					and repairs		
						Amount	0							
REVENUE														
Income						Payment Number	Payment	Principal	Interest	Balance				
c/f	£ 10,000	£ 12,614	£ 24,098	£ 42,741	£ 44,153	1	£ -	£ -	£ -	£ -				
Pub tenancy	10000	15000	20000	20000	20000									
Cottage tenancy	1350	4050	4050	4860	4860									
Shop tenancy	1080	2160	2160	2246	2314									
Grants / Donations	15000	10000	15000											
Loans						Dividend	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5			
In Year income	37430	31210	41210	27106	27174	%	1.00%	2.00%	3.00%	3.00%	3.00%			
Total Available Funds	£ 37,430	£ 43,824	£ 65,308	£ 69,847	£ 71,327	Inflation Factor	n/a	1.02	1.03	1.04	1.03			
Expenditure						Other								
Loan 1 repayments	12166	12166	12166	12166	12166	Cottage Rent / Per Month	450	450	450	450	450			
Loan 2 repayments	0	0	0	0	0	Occupancy	25%	75%	75%	90%	90%			
Shareholder dividend	1650	3500	5250	5250	5250	Cottage Rent / Per Year	1350	4050	4050	4860	4860			
Contribution to repairs and renewals fund	500	1000	2000	5000	5000	Shop Rent / Per Month	180	180	180	187	193			
Management costs	500	510	525	546	563	Occupancy	50%	100%	100%	100%	100%			
Legal and Compliance	1500	1530	1576	1639	1688	Shop Rent / Per Year	1080	2160	2160	2246	2314			
Insurance	1000	1020	1051	1093	1125									
Other costs / Contingencies	7500													
Total	£ 24,816	£ 19,726	£ 22,568	£ 25,694	£ 25,792									
Balance Repairs and Renewals Fund	£ 500	£ 1,500	£ 3,500	£ 8,500	£ 13,500									
Pre Tax In Year Income	£ 12,614	£ 11,484	£ 18,642	£ 1,413	£ 1,382									
Share Capital & Loan Balances Remaining														
Share Capital	175000	175000	175000	175000	175000									
Loan 1	41528	32353	22416	11655										
Loan 2	0	0	0	0	0									
Total	£ 216,528	£ 207,353	£ 197,416	£ 186,655										

Financial Scenario 2 (Mid Range)	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Variables						Description	
CAPITAL / START-UP													
Income						Loan 1						Purchase of Pub and Cottage	£ 200,000
Share capital	250000					Annual Interest Rate	8.00%					Repairs and improvements	£ 135,000
Start-up Grants	50000					Years	5					Shares issued	£ 250,000
Loan 1	50000					Payments Per Year	12					Loan 1 5 years at 8%	£ 50,000
Loan 2	0					Amount	50000					Loan 2 n/a	£ -
Total	£ 350,000											Start-up grants	£ 50,000
Expenditure						Payment Number	Payment	Principal	Interest	Balance		First year grants and donations	£ 15,000
Asset purchase	200000					1	-£ 1,014	-£ 680	-£ 333	£ 49,667			
Repairs and improvements	135000											Notes:	
Set up costs	5000					Loan 2							
Total	£ 340,000					Annual Interest Rate	8.00%					This scenario contains the mid range of improvements	
						Years	7						
						Payments Per Year	12						
						Amount	0						
REVENUE													
Income						Payment Number	Payment	Principal	Interest	Balance			
c/f	£ 10,000	£ 11,864	£ 21,848	£ 38,241	£ 39,903	1	£ -	£ -	£ -	£ -			
Pub tenancy	10000	15000	20000	20000	20000								
Cottage tenancy	1350	4050	4050	4860	4860								
Shop tenancy	1080	2160	2160	2246	2314								
Grants / Donations	15000	10000	15000			Dividend	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5		
Loans						%	1.00%	2.00%	3.00%	3.00%	3.00%		
In Year Income	37430	31210	41210	27106	27174	Inflation Factor	n/a	1.02	1.03	1.04	1.03		
Total Available Funds	£ 37,430	£ 43,074	£ 63,058	£ 65,347	£ 67,077	Other							
Expenditure						Cottage Rent / Per Month	450	450	450	450	450		
Loan 1 repayments	12166	12166	12166	12166	12166	Occupancy	25%	75%	75%	90%	90%		
Loan 2 repayments	0	0	0	0	0	Cottage Rent / Per Year	1350	4050	4050	4860	4860		
Shareholder interest	2400	5000	7500	7500	7500	Shop Rent / Per Month	180	180	180	187	193		
Contribution to repairs and renewals fund	500	1000	2000	2500	2500	Occupancy	50%	100%	100%	100%	100%		
Management costs	500	510	525	546	563	Shop Rent / Per Year	1080	2160	2160	2246	2314		
Legal and Compliance	1500	1530	1576	1639	1688								
Insurance	1000	1020	1051	1093	1125								
Other costs / Contingencies	7500												
Total	£ 25,566	£ 21,226	£ 24,818	£ 25,444	£ 25,542								
Balance Repairs and Renewals Fund	£ 500	£ 1,500	£ 3,500	£ 6,000	£ 8,500								
Pre Tax In Year Income	£ 11,864	£ 9,984	£ 16,392	£ 1,663	£ 1,632								
Share Capital & Loan Balances Remaining													
Share Capital	250000	250000	250000	250000	250000								
Loan 1	41528	32353	22416	11655									
Loan 2	0	0	0	0	0								
Total	£ 291,528	£ 282,353	£ 272,416	£ 261,655									

Financial Scenario 3 (High Range)	Yr 1	Yr 2	Yr 3	Yr 4	Yr5	Variables						Description		
CAPITAL / START-UP														
Income						Loan 1						Purchase of Pub and Cottage	£ 200,000	
Share capital	300000					Annual Interest Rate	8.00%					Repairs and improvements	£ 190,000	
Start-up Grants	50000					Years	5					Shares issued	£ 300,000	
Loan 1	50000					Payments Per Year	12					Loan 1 5 years at 8%	£ 50,000	
Loan 2	0					Amount	50000					Loan 2 n/a	£ -	
Total	£ 400,000											Start-up grants	£ 50,000	
Expenditure						Payment Number	Payment	Principal	Interest	Balance		First year grants and donations	£ 15,000	
Asset purchase	200000					1	-£ 1,014	-£ 680	-£ 333	£ 49,667				
Repairs and improvements	190000													
Set up costs	5000					Loan 2						Notes:		
Total	£ 395,000					Annual Interest Rate	8.00%					This scenario contains the full range of improvements		
						Years	7							
						Payments Per Year	12							
						Amount	0							
REVENUE						Payment Number	Payment	Principal	Interest	Balance				
Income						1	£ -	£ -	£ -	£ -				
c/f	£ 5,000	£ 6,314	£ 15,298	£ 30,191	£ 31,353									
Pub tenancy	10000	15000	20000	20000	20000	Dividend	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5			
Cottage tenancy	1350	4050	4050	4860	4860	%	1.00%	2.00%	3.00%	3.00%	3.00%			
Shop tenancy	1080	2160	2160	2246	2314	Inflation Factor	n/a	1.02	1.03	1.04	1.03			
Grants / Donations	15000	10000	15000			Other								
Loans						Cottage Rent / Per Month	450	450	450	450	450			
In Year Income	32430	31210	41210	27106	27174	Occupancy	25%	75%	75%	90%	90%			
Total Available Funds	£ 32,430	£ 37,524	£ 56,508	£ 57,297	£ 58,527	Cottage Rent / Per Year	1350	4050	4050	4860	4860			
Expenditure						Shop Rent / Per Month	180	180	180	187	193			
Loan 1 repayments	12166	12166	12166	12166	12166	Occupancy	50%	100%	100%	100%	100%			
Loan 2 repayments	0	0	0	0	0	Shop Rent / Per Year	1080	2160	2160	2246	2314			
Shareholder interest	2950	6000	9000	9000	9000									
Contribution to repairs and renewals fund	500	1000	2000	1500	1500									
Management costs	500	510	525	546	563									
Legal and Compliance	1500	1530	1576	1639	1688									
Insurance	1000	1020	1051	1093	1125									
Other costs / Contingencies	7500													
Total	£ 26,116	£ 22,226	£ 26,318	£ 25,944	£ 26,042									
Balance Repairs and Renewals Fund	£ 500	£ 1,500	£ 3,500	£ 5,000	£ 6,500									
Pre Tax In Year Income	£ 6,314	£ 8,984	£ 14,892	£ 1,163	£ 1,132									
Share Capital & Loan Balances Remaining														
Share Capital		300000	300000	300000	300000									
Loan 1		41528	32353	22416	11655									
Loan 2		0	0	0	0									
Total		£ 341,528	£ 332,353	£ 322,416	£ 311,655									

Appendix 6 - Information from checkmyarea.com for the DL8 2H area

Average Credit Rating & Credit Score

875 out of 1000 compared with the UK average of 750 out of 1000

Families

Singles, couples and families

Families with children in primary school education

Social Classification ABC1C2

Higher than average levels of social classification AB

Average Age between 30 and 74

Qualifications: Higher than average levels of people with degrees and/or professional qualifications

Affluence: Wealthy

Marital Status: Slightly higher proportion of married or re-married couples than average

Ethnic Origin: Predominantly white

Jobs

Employment Status: Very low levels of unemployment. Higher than average levels of people employed full-time

Employment Type: Professionals, office and manual/industrial workers, self-employed and farm workers

Higher than average levels of managers, senior officials or professionals

Typical Employer: Primary industries such as farming and mining, manufacturing industries such as brewing and steel fabrication, and service industries such as tourism and retail

Finance, business services or education

Higher than average levels of people earning over £30,000

Travel to Work: Car/motorbike or work at home

Property

Housing Type: Detached or semi-detached. Mixed housing types

Tenure: Owned outright, mortgaged or privately rented. Slightly higher proportion than average of properties owned (mortgaged)

General House Price: Above average, over £160K and less than £210K

Lifestyle

Newspapers: Regional or broadsheets. Slightly higher proportion of people than average read broad sheets

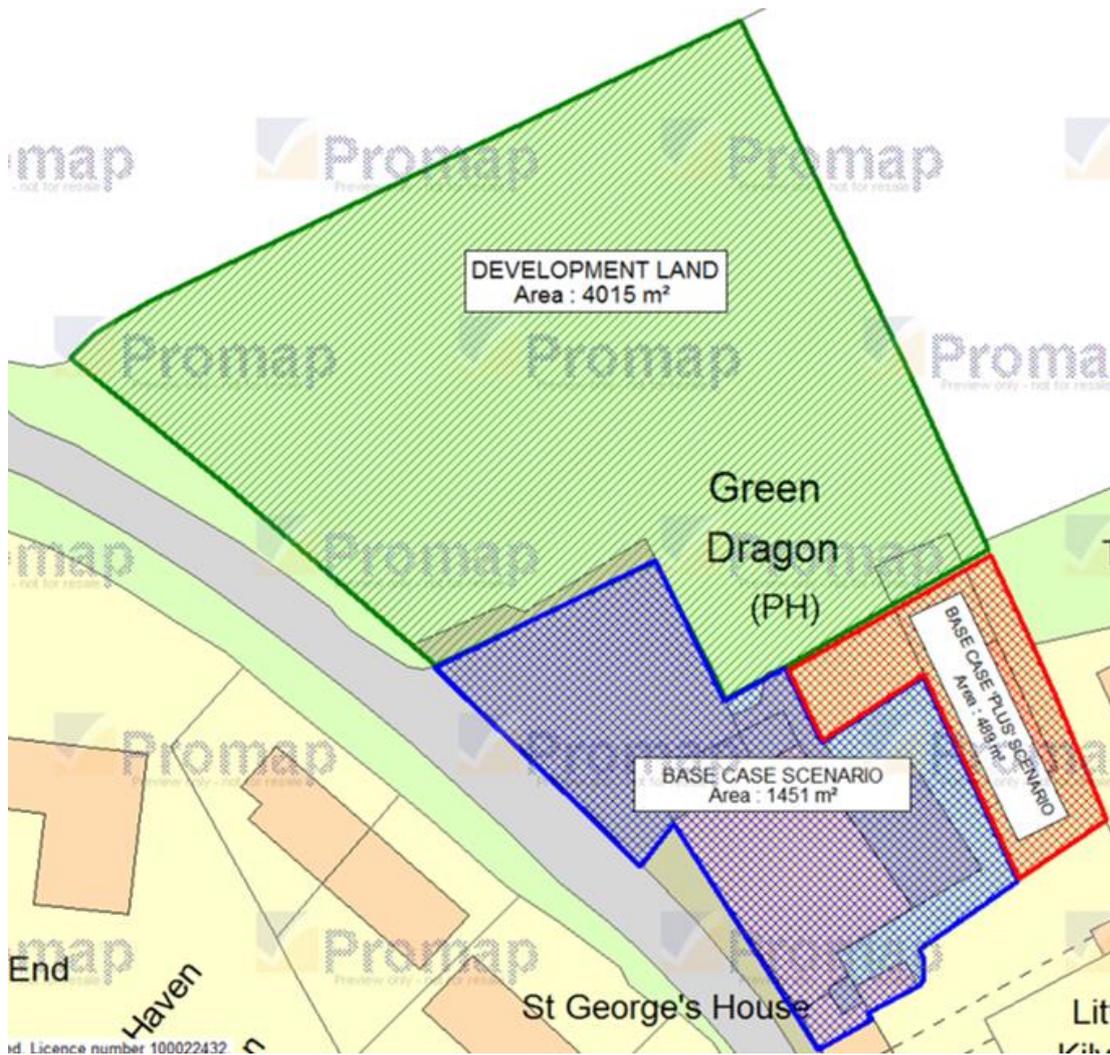
Mail Order: High take up

Internet Usage: High usage

Car Ownership: Very high

Charity: Slightly higher proportion of people than average occasionally donate

Appendix 7 – Land Holding



The accepted bid of £200,000 is on the basis of purchasing the blue and red areas.