



# **The Locks Inn Community Pub Business Plan**

**January 2021**



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## **1. Executive Summary**

### **Background**

The Locks Inn, Geldeston has been a pub for over 400 years, with a reputation for great beer, live music, open fires, traditional folk dancing and other community activities. It is positioned in The Broads National park, equidistant between the market towns of Beccles and Bungay, and at the navigable limit of the River Waveney. It is a seasonal pub, which can attract huge crowds in summer, and intimate candlelit gatherings in winter.

After an abrupt closure in September 2020, the pub was put on sale and was under threat from developers looking at alternative uses for the building. After a high profile campaign the pub is now in the process of being acquired by The Locks Inn Ltd, a new community group set up to preserve the best of the pub's historic traditions, whilst further developing and diversifying the pub's appeal and income streams.

### **Ownership structure**

The Locks Inn Ltd will shortly transition to a Community Benefit Society and will then issue community shares, with the goal of ownership of The Locks being held as broadly as possible. The 'Save the Locks' campaign run during the autumn of 2020 reached over 100,000 people on social media and featured on BBC and ITV news as well as local print media. As a result there is exceptionally strong awareness and enthusiasm from members of the Waveney Valley community interested in safeguarding the future of this asset.

### **The team**

The initiative is being managed by an experienced and complementary team of local professionals, led by Graham Elliott, a longstanding community campaigner and local councillor who has been responsible for saving other local assets such as Beccles Lido and Beccles Public Hall, both now thriving and operating as community interest companies. It is being advised and supported by The Plunkett Foundation, a specialist in establishing community projects.

### **Status quo**

Unusually, and unlike most other community pub initiatives, the Locks Inn was not failing commercially at the time of purchase. Gross revenue for 2019-20 was around £280,000. Although we are not party to the operating profit, the revenue funded annual rent of £26,400; an unnecessary £31,000 pa executive chef and cross-subsidised other parts of that tenant's business. The status quo therefore has very strong foundations on which to build.

### **The plan**

The team is convinced that there are significant opportunities to improve the revenues of the pub whilst enhancing its role as a community asset.

The first part of this plan involves going 'back to basics'. The most recent tenant took the pub in the direction of a higher priced 'gastropub' with rather mixed results. There was unfortunately a backlash from the community who were accustomed to simpler and well-priced offerings. We believe the baseline economics of the pub are sound if it goes back to something similar to this previous formula.

Secondly, for many years there have been huge-missed opportunities in not providing an efficient outside summer bar service. Summer weekends often attract over 250 people to the riverside pub, but queues of an hour or more for food and beer were not uncommon. Making provision for a simple outside bar and BBQ could dramatically increase the takings on those crucial summer days, as well as increase customer satisfaction.

Thirdly, the team has identified several strong revenue diversification concepts which will be developed once the trading fundamentals of the core pub are re-established. These include: venue hire for weddings, wakes and other events; boat hire and mooring facilities; tuckshop and breakfasts for passing walkers and anglers; and even a potential micro-brewery.

The new direction the community pub will be taking will be heavily publicised via our established social media, TV and print media channels, starting from the date of the purchase completion.

### **Preparing for reopening**

The pub was unfortunately stripped of its furniture and bar equipment by the departing tenants, so there is a reasonable amount of bar refitting and furnishing required before the pub can reopen in the spring. The kitchen facilities are intact. The pub is off grid, so relies on a generator for electricity which is thought to be old and will need replacing. Finally, it is understood that the septic tank serving the pub is at the end of its useful life and will also need replacing in accordance with the latest Environment Agency regulations.

We have assigned a “reopening budget” of circa £70,000 to cover these works.

### **Projections**

We have carried out detailed financial projections which are grounded in actual trading data from the last ten years. We have set out to be relatively conservative, making allowances for reduced trading due to COVID but also modestly factoring in the additional revenue streams identified. We are forecasting revenue of £325, 000 for FY 2020-21 with a gross profit of circa 65% based on a wet:dry split of 60:40. Our new management couple have been identified and will be offered the position once the share issue has been a success.

### **Investment ask**

We are currently seeking offers of bridge financing to enable us to complete the acquisition of the pub. Bridge financing will be repaid via the community share issue within a period of three months. More details are available on request.

## **2. Background**

Recent history has seen many pubs close throughout the UK either completely or suffering a change of use, to supermarkets and restaurants or developed to become private dwellings.

Fortunately, even more recent history has seen “a revolution in pub ownership”. The Guardian’s Rupert Jones wrote on 7<sup>th</sup> July 2017: “A revolution in pub ownership is gathering pace as more and more groups club together to buy and run their local, slowing the alarming pace of closures”.

A report from Plunkett Foundation, a charity that supports community-owned businesses, said “these locally owned and run enterprises are prospering where private enterprise has failed”.

From just one co-operative pub in 1988, and three in 2004 the number has spiralled upwards – in September 2019 Campaign for Real Ale, (CAMRA) reported that in England in 2019 there were 120 community-owned pubs, double the number since 2017 – and many more pending.

In many cases these were previously failing or defunct businesses. However, The Locks Inn was not failing, which is a distinct advantage. The pub closed because of a dispute between the leaseholder and freeholder.

Because community owned pubs are run on a different business model to pubs owned privately or by breweries or pub companies, it was considered that such unnecessary closure and risk to its future as a pub could be prevented. Community owned businesses are run for the benefit of the community with the focus on customers, not investors. Not a single community owned pub has closed, “maintaining an impressive 100% survival rate”, said the Plunkett Foundation.

After closing The Locks Inn at almost no notice in September 2020, the owner almost immediately registered the pub with the Auction House, with an auction date of 21<sup>st</sup> October 2020. The sale was not being restricted to the licensed market – a change of use was a distinct possibility; people viewed the property with the stated desire to convert it into a family home, subject to obtaining appropriate planning consents.

The owner had declared an intent to accept the highest bid, no matter the intended use. Hence, the Save The Locks (STL) campaign group, now with over 200 members, set out to save the pub and submitted an application to have it registered as an Asset of Community Value (ACV). The ACV was still pending at the auction date so could not prevent the sale, although the pending state of the application was a material consideration, and the vendor was obliged to inform potential purchasers.

An ACV is defined as “land or a building” that has recently had or could have in the near future, community value, “in that it furthers the social wellbeing or social interests of the local community”.

The Locks Inn has subsequently been registered as an ACV although this status is now largely irrelevant as it is now in community ownership.

It was decided that the best structure to meet the committee's vision, aims and values would be a Community Benefit Society [CBS] under the Co-operative and Community Benefit Societies Act 2014. Detailed information on Community Benefit Societies and how they operate can be found at Appendix 4. However, as there was insufficient time to incorporate as a CBS before the auction, a limited company (The Locks Inn Limited) was formed with a view to subsequent conversion to a CBS.

The Locks Inn Limited was successful in raising sufficient bridging finance and in purchasing the pub a few hours prior to auction on 21 October. The sale was completed on 4 November 2020.

The groups aim was to:

- ❑ Purchase the property.
- ❑ Put together a business case.
- ❑ Explore the level of interest within the wider community.

Having successfully purchased the pub, the committee has drawn up a vision and a set of aims and values to help define the direction and parameters the CBS should follow, producing the following:

**a. Vision:**

We will be a community owned pub that will be the social and community hub of the Waveney Valley and beyond. We will preserve the traditions behind its iconic status and serve the needs of the local and wider community.

**b. Aims:**

- ☐ Owned by the community
- ☐ The community has a say in setting the direction and values of the pub
- ☐ An offering that is attractive and accessible to all
- ☐ Promote social inclusion
- ☐ Financially viable for the long term

**c. Values:**

- ☐ A family friendly pub where all members of the local community feel welcome
- ☐ A manager who is knowledgeable about and shares the traditional values of the pub and is friendly, efficient, and welcoming.
- ☐ A range of well-kept beers, ales, lagers, and ciders from a range of brewers and free to host a wide choice of guest beers, including vegan options.
- ☐ Provide good food, which is priced to be accessible to all members of the local and wider community, taking into consideration what the local community wants and includes local produce and caters for all diets
- ☐ to provide a space for musicians and music lovers to enjoy a wide range of music, including traditional music, local bands and inclusive music sessions.
- ☐ To provide a venue available for locals to hire, such as for weddings
- ☐ As a family friendly pub, to offer a range of soft drinks, teas, coffees, and cakes.
- ☐ A pub that encourages community involvement – such as making menu suggestions - and participation in local events, and is at the heart of the local community
- ☐ A pub that encourages visitors by car, bike, on foot or by water from further afield

The limited company was successfully converted to a Community Benefit Society (The Locks Inn Community Pub Limited) on 10 December 2020 and is registered by the Financial Conduct Authority for the purpose of carrying out business for the benefit of the community. A community share offer will be launched in mid-January 2021 to raise sufficient funds to refund the bridging finance used to purchase the pub and to carry out the improvements that are needed before re-opening the pub.

The STL campaign group became Plunkett Foundation members and is receiving support and advice from them.

The Locks Inn has been accepted onto the Plunkett Foundation's "More Than a Pub" [MTAP] programme, which provides business development support to community owned pubs. Led by the Plunkett Foundation, MTAP is funded by Power to Change and the Ministry of Housing, Communities and Local Government (MHCLG) and has supported 58 pubs in community control. A comprehensive support package is provided, including an adviser, study visits, online events and webinars, resources, bursaries and loans and grants. Support is provided to community owned pubs that are committed to providing a benefit to the wider community.

### 3. The Locks Inn

The Locks Inn was built on the river Waveney floodplain in the 1560s as a mill keeper's cottage and was later occupied by the lock keeper. A remote location, mainly accessible by river, it became a public house in the 17<sup>th</sup> century and has been an Inn ever since. Situated next to the river Waveney and adjacent to a public right of way, The Locks Inn is in a beauty spot, becoming a local and destination pub early in the twentieth century, and remained so until its recent closure. During that time, the many and various long-standing publicans staged and preserved unique events and traditions - from the more recent conker championships and the world thumb war wrestling championship, which was televised and shown nationwide and beyond our shores, to traditional such as, Dwile Flonking and Old Glory Molly at the Winter Solstice.

Fig 1 The Locks Inn 1930s.



#### a. Catchment Area

With the track serving The Locks Inn from Geldeston, the public right of way from Geldeston, to Shipmeadow and Beccles and the river Waveney, people can and did visit by car, bike, on foot and by various means of water transport, from launches, sailing boats to kayaks, canoes, paddle boards and even by swimming. This included the iconic Big Dog Ferry, a repurposed lifeboat transporting people to and from Beccles on a fixed timetable during the summer half of the year. The Big Dog Ferry is part of another community owned business in Beccles, which also owns and operates Beccles Lido and Beccles Public Hall.

The catchment area can be divided into 3: the local area, the wider Waveney Valley and national.

#### **Local Area:**

The Locks Inn serves the villages of Ellingham & Geldeston in Norfolk, and Shipmeadow & Barsham across the river in Suffolk. In the centre of Geldeston there is another pub, the Wherry Inn which serves as a classic village pub, but the nearby villages of Barsham, Shipmeadow or Mettingham all lack pubs. Making a total population in the local area of over 1,500 people. Because of the iconic status of The Locks Inn, its music, special events and historical importance, it is an extremely important asset for the locals, several of whom specifically moved to Geldeston because of The Locks Inn. Even now another family is planning to move to the village for the same reason. It is well known that because of the friendly and welcoming atmosphere, it is easy to enjoy interesting conversations even if you don't know anyone in the village or at the pub. To that end it is an extremely important asset in terms of local support for isolated and lonely people.

#### **Waveney Valley:**

In 2011 the population of the Waveney District was 115,254 – and has been growing since. The Locks Inn serves two towns in close proximity, Beccles and Bungay. The 2011 census lists



Beccles with a population of 10,123 and Bungay with 5,127. The Waveney Local Plan identified an objectively identified need for an additional 8,223 homes and 5000 new jobs by 2036. It was the popularity of The Locks that led to Big Dog Ferry setting up their service. A significant number of people are attracted to The Locks Inn from these towns, from villages close by and from the whole of the Waveney Valley.

#### **Nationwide:**

Geldeston is also the home of the Three Rivers caravan and camp site and The Locks Inn is a draw to many visitors from further afield in East Anglia and nationwide. The River Waveney is in the Broads National Park and with the moorings adjacent to the pub, many people specifically visit the Locks from farther afield, traveling the interlinking waterways of the Norfolk Broads. The Locks Inn is situated at the limit of the navigation for motor craft and hence a natural stopping point.

Please see Appendix 1 - Figs 1-3 for orientation.

#### **b. What role does it play?**

The Locks Inn is the only pub directly serving the river and boating community in the vicinity. Along with its friendly and welcoming atmosphere, there is an extensive, grassed, outside space, which proved of critical importance during the recent post-Covid 19 lockdown, lending itself extremely well to be able to control entry, for track & trace purposes, and to provide safe, socially distanced seating. As such, The Locks Inn will play a similarly important role, should Covid-19 still impact the country next Spring and Summer.

The Locks Inn has always been known as a place to bring family and friends for entertainment, food, and drink; a place to meet friends and make new friends. It has always been child friendly, with space for children to play – adjacent to the River Waveney Trust owned Susan Ellis woodland, where many a (supervised) child has enjoyed adventures. The Locks Inn is a local employer, of at least 10 staff in summer and 5 in Winter – and more for events as required.

It plays an important role as a venue: Outside, The Locks Inn has hosted much more than the events already mentioned, such as, beer festivals, story nights, musical performances and sessions - which only scratch the surface of its potential to do more.

As well as providing the services described above, The Locks Inn has two large rooms that could provide the local community with function rooms - so has a role as an indoor venue for hire or to benefit local groups, such as, Parent & Toddler Mornings, especially as the two local nursery schools have closed due to the Covid-19 pandemic. For a more extensive list please see below.

Although the aim for much of what is to be provided for the benefit of the local community is to be free, some will complement and enhance the business of the pub, eventually providing additional income to improve the pub's financial viability and profitability, benefitting the local community. For example, there would be no room hire for the Parent & Toddler Mornings, but any refreshments purchased would add to the pubs revenues. Please see Appendix 6 – Community Engagement Plan.

#### **c. Local Competition**

The nearest pub, The Wherry [a mile away] caters for a different type of clientele and provides a very different experience. Whilst both are family friendly pubs, customers go to The Locks to absorb and experience its unique culture, its long-standing links with music, boating and historic events and to enjoy the large outdoor river setting. The Wherry is a traditional village pub that caters more for local people, is tied to Adnams Brewery and has a smaller outside space. Where The Wherry is in the

centre of the village, The Locks Inn is outside the village and the only pub serving the villages to the South. The Wherry is supportive of the community bid to run The Locks Inn seeing it as complementary rather than a competitive threat.

d. What sort of pub is it?

The Locks Inn has historically provided food and wet sales on a year-round basis. The pub's large outdoor space is extremely popular in the spring, summer and early autumn, particularly with families and is sufficiently large to hold regular outdoor events and entertainment that attract large numbers of visitors, with the associated high turnover in terms of sales of food and drink.

However, the indoor sales area was restricted to one small bar area & access through just one door. This severely curtailed food and drinks sales because, even though the outside space was extensive, at peak times, it could take over an hour to reach the front of the queue and place an order. Although there were two other large adjacent rooms, these were rarely used. However, its popularity was not diminished.

One room was opened as a restaurant by the most recent tenants, but they badly misjudged the type of food served and the costly menu struggled to attract custom. These leaseholders made it a policy to move away from what was traditionally popular with Locks clientele and aimed at a more upmarket offering and remained as a pub tied to their own brewery. The upmarket restaurant menu did not attract the numbers they had hoped for - and they steadfastly resisted the opportunities to offer food more popular with the traditional Locks clientele, such as BBQs or other outdoor food offerings. However, when the Locks reopened in the summer during the pandemic and associated restrictions, central management left the pub manager to make her own decisions. A key decision was to revert to popular food types, which included brunches and burger & hot dog meals, with gluten free bun options and a vegan choice. This proved to be very successful and the food was in constant high demand, even though, because of the pandemic, the menu was simple, it was available throughout the summer and its popularity confirmed the type of food The Locks clientele desire and that eating during the day was in demand.

The aim is to revert to this type of popular food offering, with efficiently managed access to both food and drink, inside and outside, with the minimum of delay. The recent success over the summer during the pandemic demonstrated that there is no need to employ an expensive chef - an experienced chef/cook was employed, supported by a young person with no previous experience, with the result that excellent quality, popular foods were made and served. Demand was high and continuous. Both were happy to work at the national living wage, which will be exceeded by paying the living real wage. Kitchen assistants will be recruited from students of working age from the local high schools and will be paid the going rate for 15/16-year olds.

e. Why buy it and why now?

There are two key reasons for buying The Locks Inn: to preserve its historic reputation; the recent leaseholders failed to resonate with the local community when they tried to change the "direction" of the pub. And to avoid the very high risk of a buyer applying for a change of use. Hence, buying the pub when we did was exactly the right time.

Places such as The Locks Inn are very rare and essential for preserving historical character, which is extremely important to the many and various regular patrons and an essential focal point for members of the local community that helped build a distinctive community identity and spirit.

Because of the STL campaign group's management committee's strong community ethos, an extended range of services and activities with good, welcoming management will be provided, whilst securing a valuable amenity for the community for generations to come.

#### 4. The Purchase of The Locks Inn

The immediate requirement was to raise sufficient in the form of bridging loans to cover the anticipated cost of circa £500,000 to buy the pub and undertake the works required to be able to reopen and start trading.

The Locks Inn Limited was incorporated on 15th October 2020 with the intention to bid for the pub at auction. Fortunately, sufficient funds were pledged to make an offer of £405,000 for the pub on the day of the auction, which was accepted. The Management Committee met and entered dialogue with a local surveyor to arrange a valuation prior to the auction. Unfortunately, the freehold owner blocked access and the surveyor was not able to undertake a physical valuation. As a supporter and frequent visitor to the Locks, the surveyor was able to provide a “desktop” valuation, which was in the order of £400,000 - £450,000 if the building was sold as a pub. Hence, the Management Committee felt comfortable in offering the agreed price. Completion occurred 14 days later on 4th November - from that date the community owned the pub, which was very quick. The Locks Inn Limited was successfully converted to a Community Benefit Society [CBS] on Thursday 10th December 2020, which makes it the first community owned pub in the local area. The CBS' governing document is based on the Model Rules for Community Ownership (copy attached as Appendix 5)

The pub has been purchased with vacant possession and needs a complete refit, including a new bar and cellar wall. A new generator needs to be purchased as the pub is not on mains electricity or gas. There is also a requirement by the Environment Agency (EA) to replace the septic tank, which will cost an estimated £42,000 plus installation, totalling circa £50,000. Some £500,000 was raised through short- term loans to be able to afford the purchase, the refit, the generator, septic tank, and more.

#### Share Offer

- ② We are preparing a community share issue in November 2020 with the intention of raising up to £600,000 from many hundreds of investors. We already have 230 people pledging to purchase community shares when they are issued. The share issue complies with the Plunkett Foundation Model Rules. Our planned strategy for marketing this share issue as widely as possible is set out in Appendix 6 – Community Engagement Plan.

#### Loans/Grants/Finance

- ② We secured sufficient loans to complete the purchase of The Locks Inn. Some of the monies loaned have been repaid, the outstanding loans will be repaid as soon as the capital has been raised from the community share issue. We will be seeking grant funding to assist in the purchase of the pub and also to assist in the funding of the works needed to get the pub back into operation.

#### Security

- ② In addition to the MTAP loan facility, the aim is to secure other loan finance that might be required through a long-term mortgage secured against the estimated value of the pub as a going concern of circa £475,000. Initial discussions have already been held by a potential lender.

## Exit Strategy

- ❑ In the unlikely event that the share offer is under subscribed and insufficient grant finance is raised to make up the shortfall by 15<sup>th</sup> March, 2021, the freehold of the premises will be sold on the open market (probably by public auction). In this event the proceeds of the sale will be distributed firstly to the providers of loans and grants. The remaining funds will be distributed to Shareholders in proportion to their shareholding and the company wound up.

## 5. Operation of The Locks Inn as a Community Pub and Governance

The CBS Management Committee (MC) will be responsible for the overall running of the company and the pub in line with the CBS's governing document, aims and values.

The management committee will report to the shareholding members each year at an Annual General Meeting [AGM]. The purpose of the AGM will be for the CBS to present a report on the achievements for the year and agree future plans. The members will be able to remove and appoint MC members. The shareholding members will receive the annual report and financial statements each year and be able to put forward motions to amend the CBS's aims and values to determine and update the affairs and rules of the CBS.

Each member will be able to cast one vote, irrespective of the number of shares owned. To ensure proper governance, the MC will operate in a similar way to the Board of Directors of a limited company and will be responsible for the operation of The Locks Inn Community Pub, in line with CBS's aims and values. The MC will consist of Executive Members (Committee Officers), who will have designated executive roles and non-executive roles. It is currently envisaged that the executive roles will be Chairperson, Secretary, Treasurer, Marketing and Business Diversification, Development (the physical development of the premises) and the management couple. Non-executive members of the MC will provide independent oversight of the business, as non-executive directors do for a conventional limited company.

The MC will appoint a management team of 2 to operate the pub. The managers will attend the MC (except for agenda items covering the performance and remuneration of the managers) and will run the day-to-day activities of the pub. Governance will be provided in that the managers will report to an appointed member of the MC, which will rotate on an annual basis, if required. As well as receiving a salary, the managers will also benefit from living in the accommodation above the pub at a subsidised rent and will also receive a bonus based on net profit, adjusted to not include rental income as an incentive to:

- ❑ Deliver the financial performance for the business as agreed in the annual budget.
- ❑ Deliver the level of community involvement, activities and events as agreed by the Management Committee.

With the pub being operated on a managed rather than tenanted basis, the MC will be collectively responsible for all the statutory and regulatory responsibilities of running a business. The MC is responsible for

- ❑ Appointing the management team
- ❑ Financial budgeting and planning
- ❑ Setting performance measures for the management team
- ❑ Complying with all statutory legislation and regulations.
- ❑ Developing the building
- ❑ Marketing

The management team will be responsible for

- ☐ Recruiting staff; including a head cook/chef and assistant.
- ☐ Ensuring the pub meets the statutory regulations on Health & Safety, hygiene, fire protection, public and employee liabilities and insurance.
- ☐ Ensuring proper accurate financial records are maintained for the pub's takings, purchases, stocks, VAT returns, wages, PAYE, National Insurance and workplace pension schemes - for example, using an accounting software such as Quick Books or Sage.
- ☐ Monitoring the pub's performance and targets and reporting to the MC monthly.
- ☐ Identify areas for development and improvement.

The CBS Chairperson will take the lead in representing the business externally, chair MC meetings, be the first appointee to supervise the management couple on a day-to-day basis and in conjunction with the company secretary take the lead in liaising with shareholders and other stakeholders.

The CBS's company secretary will be responsible for maintaining the shareholding members' records, receiving and recording applications for new shares and share withdrawals and, with the treasurer's assistance, the payment of interest to shareholders (if applicable). The secretary will also be responsible for organising shareholder members' and the management committee's meetings. and fulfilling statutory requirements such as the submission of the Annual Return to the FCA

The Treasurer will be responsible for overseeing the management couple in terms of maintenance of the financial and VAT records and that the correct amount of VAT is paid or reclaimed. The Treasurer will also oversee the preparation of management and annual accounts, and ensuring all loan repayments are made on time.

The Marketing and Business Diversification Committee Officers will take the lead in advertising, promoting the pub externally and organising major events and developing the diversification programme.

The Development Officer will take the lead in the physical development of the site and building works.

All the Committee Officers (mentioned above) and pub staff will have agreed job descriptions setting out their roles and responsibilities. The MC will meet formally at a minimum of every 3 months to discuss the running of the business, to monitor the running of the pub, to discuss recommendations and improvement projects and to satisfy themselves that the pub is meeting the aims and values of the CBS as well as the needs of the community, individuals, societies, clubs and any local charities.

## 6. Business Development

Enlarging the bar area, opening other entrances, utilising the adjacent rooms, and maximising the use of the outdoor space by allowing pop up food and drinks bars, BBQs and more to meet peak demand in the summer, eliminating the previous long delays. The food offering will be enhanced by including a specials board and weekly food promotions. As such, it is anticipated that turnover could easily multiply by 1.5 times but has been curtailed to times 1.25 because of the current Covid-19 Pandemic; notwithstanding trading will not begin until 27<sup>th</sup> March 2021. Also, by serving food the locals and visitors prefer, the food sales can also be significantly increased; all enhancing the viability of the pub, which was always a going concern, albeit with the restrictions mentioned. As mentioned, there is enough space to comply with Covid-19 rules and still be successful. Previous tenants, along with providing their financials, advised that the split between wet sales and dry sales is 60:40 respectively. Given that The Locks is first and foremost a drinking destination when customers also buy food when they are there, this 60:40 split is anticipated to continue.

Please note that the projections are based on actual financial performance over several years and that performance was severely impacted, as mentioned, by a very restricted bar area, with long queues, not mitigated by providing outside pop up bars or table food service.

Furthermore, the pub can be used as a meeting place for people involved in many & various clubs, thereby further increasing the demand for both food and drink.

The large outside space has always attracted large numbers to events, particularly to the traditional/historical events. But these account for a limited number of weekends a year, so there is tremendous opportunity to increase the number of these, particularly between April and September, by attracting both more traditional pub events and new events. For example, The Locks Inn could be hired as a venue for music, weddings, comedy, poetry and more. Because the pub is seasonal when taking over one weekend in the summer could bring in as much as the whole of January or February, revenue could be further augmented by imaginative use of the large rooms to stage events over winter as well as diversifying and looking to new business opportunities, all-told, significantly increasing annual revenues.

With no rent to pay, that staff can be augmented by numerous volunteers and that profits, not being subject to dividend distributions, can be reinvested, The Locks Inn can be run on a low-cost basis, enhancing its financial viability.

The immediate tasks before opening are to completely refit the pub, conduct essential repairs, buy a minimum of stock, which would include favourable credit terms from a local brewery that is supportive of the Locks Inn being a community pub. A new septic tank is required to be able to meet the new discharge regulations from the Environment Agency (EA). However, we are working with the EA to establish if there is a more cost-effective solution, enabling more to be invested in developing the pub and its programme. Installing composting toilets could help by massively reducing the sewage flow rates from the pub, particularly during the huge summer peaks in patronage. Once trading has begun, an annual allowance, starting at £12,500 in the first year, will be made for any unforeseen repairs and renewals throughout the trading period.

The next priority is to rebuild the regular customer base by “aggressively” marketing the fact that The Locks Inn has returned to its roots, will once again provide a happy and welcome atmosphere and serve a range of food and drinks to suit the tastes of its typical patrons. We already have 1700 followers on Facebook and will seek to expand this over the coming months.

The food offering will be priced to be accessible and of good quality and value. It was essential that the right management couple/management team are appointed. A management team designate has been identified to be appointed on the successful launch of the share issue. They are familiar with and champions of The Locks Inn as it always was and very keen to continue the unique events and will actively search for more and similar. The management team designate (management team) have excellent complimentary skills and knowledge, from hosting, front of house skills, the ability to motivate staff, good pub retailing, payrolling & bookkeeping skills to experience in cellar management – one of the managers’ is qualified to provide cellar services - and ensuring the condition of the beers and more.

The ability to provide an offering that meets the needs of regular customers and attracts new customers is key to the success of the venture.

The management couple were required to be fans of local produce and supporting local Waveney Valley independent shops, farm shops and traders.

Events will need to be proactively advertised and the management couple are familiar with marketing through social media. The CBS will support the pub manager through Search Engine

Optimisation and maintaining a good and credible website and expect the management couple to maintain blogs and newsletters to keep the profile of The Locks Inn high.

The Locks Inn isn't targeting such pub-centric activities as darts or pool etc, but will target and resurrect traditional pub activities that complement the unique events held at The Locks Inn.

In terms of diversification, we aim to advertise as a wedding venue, not least because The Locks Inn can provide our own wedding celebrant. Enquiries have previously been made to hire The Locks Inn as a wedding venue, which could be lucrative in its own right, but being able to provide a wedding celebrant will be unique in the area to The Locks Inn and enhance the revenue potential.

Other groups less traditionally associated with pubs, such as reading, parent & toddler mornings, storytelling, book clubs, comedy nights etc. Summer events could include BBQ evenings, open mics and music nights to ensure a broad appeal.

Local community engagement is essential; the CBS and management couple will actively attract local clubs & societies to hold their meetings at The Locks Inn.

To that end the management couple will be supported by a Publicity, Marketing, Events and Diversification Committee comprising suitably experienced executive and non-executive officers.

The CBS will hold all its meetings in the pub and will use the pub for refreshments after each AGM.

After purchase, the CBS will continue to seek additional finance in the form of new grants, new shareholders and loans as necessary to invest in the pub and extend the range of services and activities that it provides. The CBS will continue to seek funds to build a cash reserve to meet any redemption requests, should any of the shareholders want to withdraw their shares, and to cover any unforeseen expenses. The CBS will continue to attract new shareholder interest via its website and through regular publicity in the local area.

## 7. Potential Improvement Plans

The Locks Inn Limited commissioned an independent survey to provide a fair value of the property and to produce a condition report of the pub. We anticipate and have allowed up to £70,000 to restore the pub to a condition to be able to reopen. This includes:

- Rebuilding the bar.
- Replacing the septic tank to bring the sewerage system up to standard, potentially along with composting toilets.
- Connecting to the National Grid
- To provide better disabled toilet access and facilities.
- Purchasing a new generator
- Reinstalling all cellar equipment and rebuilding the cellar wall – including hand pull pumps for keg and cask and clips.
- Cleaning and re-furnishing the interior.
- A deep clean of the commercial kitchen and equipment.

The MC will develop a list of further improvements on closer inspection and determine what will be required to:

- Develop, furnish and decorate the two rooms that can serve as both meeting and function rooms for own use and potentially for hire (for parties, clubs, societies and as a restaurant space).

- Investigate the potential to develop The Locks Inn's own microbrewery.
- Improve the two separate toilet blocks – including the potential to develop a shower room to serve the various boaters and walkers and make the toilet and washrooms accessible for the disabled.
- Provide external covering for inclement weather, such as marquees or similar.

## 8. The Business Case

The tenants prior to the recent leaseholders demonstrated that the pub was a going concern and profitable, despite their severely limited serving capability and other restrictions caused by inclement weather and occasional flooding to the door during winter. However, the recently departed tenants allowed no plans to be made for the winter season – this was not because plans couldn't be made, more that as the pub had not been successfully turned into the vision they had as a more up market establishment, as described above, they lost interest and left the pub manager to her own devices.

In addition, there is no requirement to pay rent, which cost the previous leaseholder £26,400 per annum in twelve monthly equal instalments, despite the impact of winter and the small indoor bar area. This will significantly ease the burden during the winter months. As a freehold pub, there is greater purchasing flexibility at competitive pricing. Where the previous leaseholders did not make proper and appropriately viable use of the two large rooms as meeting/function rooms or restaurants, this will be exploited as described in the business development section, as will the use of the outdoor garden area.

The extraordinary level of interest shown by the community and the number of investors wanting to buy shares demonstrates the demand and popularity of the pub.

### a. What would change?

The Locks Inn will only need to make sufficient a surplus to pay the interest to its shareholders, which will not be applicable in the first 3-years and any commercial loan providers, plus build a reserve to allow shareholders to redeem their shares and for reinvestment into the pub. Following restoring the pub, within no rent to pay and staff augmented by volunteers, the CBS will also benefit from higher trading surpluses.

The projected profit & loss at Appendix 2 is based on revenues and costs associated with previous tenants, with trading figures available for 2009/2010 and 2016/17, 2017/2018 and 2019, when profits were made year on year despite restricted sales as described above. The assumptions used for the projection are based on the figures when the pub was in operation and running successfully before it was leased to the immediately previous tenant, reflecting an enhancement attributable to the potential from maximising use of the pub and then outside space, whilst bearing in mind the potential for further restrictions due to the Covid-19 pandemic. On the basis that there will be no rent to pay, a Gross Profit Percentage of 65% is deemed realistic.

As such, core business will change by reverting to the food and drinks offerings typically demanded and enjoyed by The Locks clientele over the years and enhance the food offering by imaginatively catering for vegans, vegetarians and those that require gluten free meals. We will take a regular "temperature check" to ensure we remain tuned in to demand.

As the pub is no longer tied to any brewery, a wider selection will be made available, with the freedom to buy at competitive prices. Variation will be provided by pop-up bar events and hosting beer festivals. Wet sales will also cater for the increasing demand for unfiltered and vegan choices.



However, as part of the MTAP programme there are numerous opportunities to develop income streams that are not dependent on standard pub food and drink. For example,

- Developing boat mooring facilities, operate a canoe hire facility, providing canoe lessons to the children in the local community.
- Team Building for local businesses.
- Operating a Community Tea Room & Tuck Shop for walkers, tourists & visitors.
- A tuck shop for walkers, utilising the smaller adjacent room as a cafe.
- Provide community facilities for local organisations & local interest groups, such as parent and toddler groups, craft & food markets, a book exchange & book club and storytelling - in Covid safe rooms, with Wi-Fi.
- Utilise the large outside space to revive popular activities including musical events, theatre performances, maypole dancing, dwile flonking, winter solstice celebrations and beer festivals featuring all the local micro-breweries of the Waveney Valley.
- Help develop The Duke of Edinburgh scheme by working in partnership with our local high schools.
- Working with the Broads Authority & River Waveney Trust on educational activities connected with the natural environment and climate change:
  - Allow the use of the pub and vicinity for education groups from KS2 to A Level and as a case study for geography, social history and science-based learning.
  - Work in partnership with the Broads Authority and their "Water, Mills and Marshes" project, a Broads Landscape Partnership Scheme and allow The Locks Inn to be a base, either inside or from a gazebo for shelter, for group field visits to the marshes, riverside and surrounding areas.
  - Many footpaths are linked with the Locks Inn, which is part of the Broads National Park and Accessible Countryside for Everyone (ACE).
  - This will include activities such as bird watching, guided nature walks and talks on health and well-being.
- Provide The Locks as a wedding venue, including providing the wedding celebrants.
- To meet the growth of 'Staycations' and increase in numbers of day visitors, by providing disabled access to the toilets and washroom facilities, baby changing facilities and showers to attract return visitors to the National Park, boosting the local economy.
- Engage with our local community Transport charity BACT to provide transport for groups and people living in a community where there is no access to transport.

It is anticipated the pub trading figures will very likely be higher once the full potential is realised and the pandemic is behind us; we have taken account of the effects of the current Covid-19 pandemic.

But please note - the financial projections and planning is based on pub business alone - the diversification opportunities need to be fully researched and costed, which will be an ongoing project in the first year. The 5-year projections given at this stage are for pub trade only and will be revised once the revenue streams and profitability of the diversification projects are known.

As such, considering pub business only, as the Locks Inn is a typical summer season pub, by not opening until 1st March 2021, any restrictions on pubs and restaurants over the winter period will be avoided. Notwithstanding, that there is now a vaccination for Covid-19 and that by Spring 2021 the numbers vaccinated might well negate the need for such stringent restrictions, we will assume that such restrictions might still be a possibility. However, based on the performance this summer

when the Covid-19 restrictions were easily complied with and factoring in no rent and assistance from volunteers, the pub is still anticipated to make a profit and the GPP is deemed realistic.

The projections allow for the pub to make sufficient a surplus to cover costs and be profitable. In the worst case, should the underlying pub business fail before any diversification projects are instigated and up & running, the CBS would still be the owner of a valuable freehold property, which could be sold to repay shareholders and other providers of capital.

Importantly, as a CBS it is anticipated that shareholders will have a direct vested interest in the success of the pub and will increase their support and use of the pub. Because of the high value and interest the CBS has in the pub, the CBS will be much more attentive to its success than the existing freehold owner and ensure the pub is properly maintained in every way. Importantly, the shareholder base will include people with a wide range of relevant & appropriate skills, knowledge and experience and the CBS is confident that these will be made available.

## 9. SWOT analysis

STRENGTHS	OPPORTUNITIES
<ul style="list-style-type: none"> <li>• Historical traditions</li> <li>• Location accessible by boat, canoe, paddle board and ferry</li> <li>• Location via Public Rights of Way network on both sides of the river</li> <li>• Location away from it all considered exotic and attractive by those who don't want a "town pub experience".</li> <li>• Core existing customer base.</li> <li>• Large outdoor space – especially important during the Covid-19 pandemic.</li> <li>• Underlying value of the freehold</li> <li>• Local, regional and national goodwill</li> <li>• Managed by committee</li> <li>• Lower overhead costs</li> <li>• Candle lit main bar</li> <li>• Management Couple Designate who have direct experienced and knowledge of the Locks Inn and what type of pub it is and what it means to live there.</li> <li>• Access via potholed track.</li> <li>• Remote location</li> </ul>	<ul style="list-style-type: none"> <li>• To be the first local community pub</li> <li>• As a CBS, there is potential for grant and other funding.</li> <li>• Build on community aspect and consolidate loyalty.</li> <li>• Maximise the potential of the pub by enhancing prior and developing new ideas, events and options as a venue for entertainment.</li> <li>• Complement the one other pub in Geldeston.</li> <li>• Themed events more associated by its history</li> <li>• Can readily expand sales by increasing bar efficiency facilities.</li> <li>• Explore the opportunity to provide canoe or boat hire</li> <li>• To utilise the woods to provide children with woodland workshops or forest school sessions</li> <li>• Provide a better toilets and facilities for the disabled and a shower block to cater for tourist visiting from the Broads</li> </ul>

WEAKNESSES	THREATS
<ul style="list-style-type: none"> <li>• Remote location</li> <li>• Limited footfall</li> <li>• Pot holed track intimidating for cars</li> <li>• Not connected to the national grid for mains electricity</li> <li>• No gas or sewerage</li> <li>• Lack of trade due to severe restrictions of Covid-19</li> </ul>	<ul style="list-style-type: none"> <li>• Inclement weather in winter and danger of flooding</li> <li>• Unexpectedly high demand for redemption of shares.</li> <li>• Unforeseen repairs and improvements at additional cost</li> <li>• Continued issues with the Pandemic</li> <li>• Excess of share withdrawal requests</li> <li>• Potential Conflict of Interests arising</li> <li>• Flooding of track in winter</li> <li>• Flooding of building in winter</li> <li>• Access via potholed road</li> </ul>

#### Weaknesses & Threats Explained

The Locks Inn occupies a remote location and whilst the pub is on various Public Rights of Way routes, footfall is not as high as it would be for a pub occupying a less remote location, such as in a town or on a roadside. In addition, the one-mile-long track is very pot-holed, and drivers have to be extremely careful and this might deter people. However, the track is driveable by even the smallest family car.

Notwithstanding, the very remoteness of the pub, it is an attraction; the pot-holed track is an attraction and thus, also a strength.

Whilst there is excellent access via the River Waveney the valley is subject to flooding once or twice a winter season - this is because the sluice gate is opened at Bungay to prevent the town from flooding. However, The Locks has no advance warning.

However, the Management Committee is arranging with the local water authorities to be included in any flood warning, to enable adequate preparation – to which end a flood risk plan will be written.

To minimise any flood effect, the refit will include raising electric power points, placing electrical kitchen equipment on plinths and more, much of which is being done or augmented for free by volunteer tradesmen.

It should be noted that flooding is caused when flood gates are opened to protect neighbouring towns and being included in the flood alerts will mitigate the impact. Furthermore, because the flooding is largely controlled, it tends to be short lived and even if the pub is flooded it is relatively short-lived and during the winter months and as such has minimal impact on the year's trading – as has been shown in the financial projections.

The pub kitchen and other accommodations are powered by a generator and bottled gas is required. On rare occasions the generator has been overloaded because of the demand in the summer season,

so a key factor in preventing this is to both seek a more modern, efficient generator and seek connection to the National Grid for electricity.

Associated with the weakness of the potential to be cut off due to flooding, this remains a threat and there is little that can be done to combat this. However, it is restricted to just a couple of winter months. One contingency to be considered is the use of boats, which can be advertised on social media, to potential ferry people from the bottom of the track to the pub door.

Although the survey has not revealed any issues we have not considered and planned for, because of the age of the building, there is always the threat of an unforeseen problem that will require repair or replacement. Hence, the profits made will be largely ploughed back into the pub. Similar for an unforeseen rush on redeeming shares, beyond what would be considered natural attrition - the profits will be largely ploughed back into the pub.

Covid-19 remains a threat - even with vaccination, if there is a 3rd wave, then restrictions might well apply into the summer of 2021 or beyond. However, given the revenues made during the very tight restrictions of the summer this year, a similar plan will be rolled out: track & trace on entry, table service only, limits on the numbers in a party and limits to how long a party can stay, all tables properly social distanced and a simple, limited, menu of good pub food, such as burgers & hotdogs and vegan equivalents served throughout any limited opening hours.

In the worst-case scenario, should restrictions due to the Covid-19 pandemic be severe, the pub will be closed and a take-away or delivery service could be put in place. Before restrictions were lifted in the summer of 2020, the pub opened a hatch (window) and sold snacks and drinks to passing walkers & fishermen. The pub does have an advantage in that there is no rent to pay and a cash flow contingency plan has been built in.

## **10. Management Team**

### **a. Graham Elliott**

Graham has been a district councillor for Beccles since 2007. He has consistently delivered for his community as a whole and for his individual constituents. His achievements for the local community include bringing about an hourly train service on the East Suffolk Railway Line, saving the local open air swimming pool, saving the Beccles Public Hall & Theatre, restoring Beccles railway station to its former glory, implementing cycle facilities across the whole district and achieving a direct bus service between Beccles and the James Paget Hospital.

### **b. Brian Medd-Sygrove**

Brian Medd-Sygrove is a former RAF officer. On leaving the RAF in 1994 he and his wife took a year out to back-pack around the world. International travel gave him the appetite to work in international business, when he has spent most of his time working in the expatriate sector, including living in the USA for a total of 8 years. During that time Brian was seconded for a year as Vice-Consul Investment for the British Embassy, based in the Houston, Texas, British Consulate General's office. He is currently the CCO for an expatriate services company and a company director for Brew House Baits and brings a wealth of business experience to the team.

### **c. Toby Hammond**

Toby is a local resident who is also the Managing Director of Futurepump Ltd, a leading manufacturer of solar-powered irrigation pumps. Prior to Futurepump Toby was the founder of a business in the wind turbine industry. He has a degree in Environmental Biology, a Masters in Sustainable Development, and once cycled over 8,000 miles from London to Johannesburg to attend

the UN Earth Summit. Toby also has a passion for heritage buildings and has successfully restored multiple derelict buildings in the Waveney Valley, bringing them back into use as holiday let or residential properties.

d. Pauline Midwinter

Pauline Midwinter is Director of Midwinter Electrical and Engineering Ltd, runs her own Elocution tuition company and also works in several local forest schools. She has a background in event management and hospitality due to running her own touring theatre company and being Duty Manager in a country hotel. Lives in the Waveney Valley and has been a support of the locks for many years.

e. Christine Pinsent

Christine Pinsent recently retired from selling her local business in Beccles after 22 years. During this time Christine was chair of the Beccles Business and Tourism Association advising businesses on funding and support and Chairperson of the Beccles and District Regeneration Company, which has been responsible for the refurbishment of Beccles station. Christine, previously worked for the voluntary sector as a training and funding support officer, and before that in the oil and gas industry. Christine says "I am very passionate about the Waveney Valley especially the Geldeston Locks where I have lots of happy times from a young age so very keen to get it back to its original place in the community and more".

f. Louisa Yallop FCA, CTA

Louisa Yallop is a Chartered Accountant and Chartered Tax Advisor and runs Headspace Accountancy Ltd from home in Hales, where she lives with her family. Louisa has also worked in sustainable construction and taught English abroad, and is currently involved with sustainable tourism in Bosnia and Forest School in Suffolk. Most importantly of all she is the captain of the Loddon Dwile Flonking Team and has a family trophy cabinet full of Conkers accolades which need adding to - giving her lots of motivation to get The Locks back up and running as soon as possible.

## Appendix 1 – Location Maps/Photos

Fig 1 - Location Map



Fig 2 – Aerial Photo of The Locks compared to other areas of local interest.

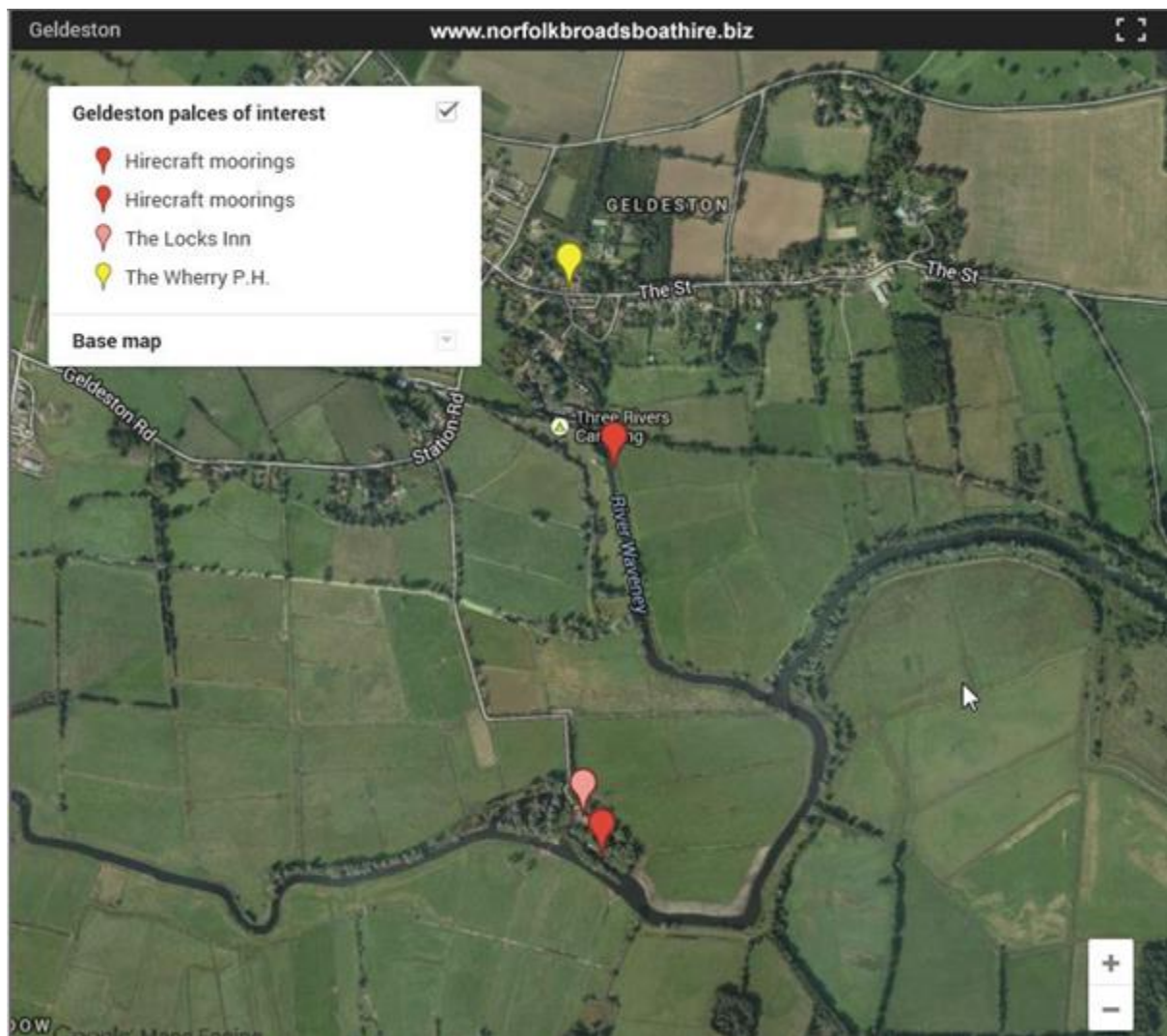


Fig 3 – Norfolk Broads/Waveney Valley Catchment Area.



## Appendix 2 - Fig 1: Projected Profit and Loss Accounts

### Maximum Share Issue

Projected Trading Profit & Loss March 2021 to February 2022				Projected Trading Profit & Loss March 2022 to February 2023			
	£		£		£		£
<b>Revenue</b>				<b>Revenue</b>			
Takings			325,050	Takings			357,555
<b>Cost of Sales</b>				<b>Cost of Sales</b>			
Purchases			115,000	Purchases			126,500
<b>Gross Profit</b>			<b>210,050</b>	<b>Gross Profit</b>			<b>231,055</b>
<b>Expenses</b>				<b>Expenses</b>			
Cleaning & general	5,250			Cleaning & general	5,355		
Rates & Water	7,680			Rates & Water	7,834		
Licenses & Insurance	2,840			Licenses & Insurance	2,897		
Light & Heat	16,000			Light & Heat	16,320		
Managers' NI	3,113			Managers' NI	3,175		
Managers' Salary	40,000			Managers' Salary	40,800		
Staff Costs - Wages	45,600			Staff Costs - Wages	47,880		
Pensions	1,200			Pensions	1,224		
Telephone & Mobile	1,000			Telephone & Mobile	1,020		
Post, Stationary, & Advertising	1,300			Post, Stationary, & Advertising	1,326		
Repairs & Renewals	12,500			Repairs & Renewals	12,750		
Entertainment	9,000			Entertainment	9,180		
Sundry Expenses	1,000			Sundry Expenses	1,020		
Accountancy	1,440			Accountancy	1,440		
<b>Finance Costs</b>				<b>Finance Costs</b>			
Bank Charges	2,300			Bank Charges	2,346		
<b>Depreciation</b>				<b>Depreciation</b>			
Fixture & Fittings	-			Fixture & Fittings	7,500		
Building	-			Building	8,500		
Plunkett Loan Repayment	17,700			Plunkett	17,700		
Interest Payable to Members	0			Interest Payable to Members	0		
Share Withdrawals	0			Share Withdrawals	0		
<b>Total Expenses and Costs</b>			<b>167,923</b>	<b>Total Expenses and Costs</b>	<b>188,267</b>		<b>188,267</b>
Balance			<b>42,127</b>	Balance			<b>42,788</b>
<b>Other Income</b>				<b>Other Income</b>			
Bank Interest			50	Bank Interest			50
Rent			4,800	Rent			4,800
<b>Net Profit before Managers' Bonus</b>			<b>46,977</b>	<b>Net Profit before Managers' Bonus</b>			<b>47,638</b>
Managers' Bonus			7,276	Managers' Bonus			7,390
Employer's NI on Bonus			1,004	Employer's NI on Bonus			1,020
<b>Adjusted Net Profit</b>			<b>39,702</b>	<b>Adjusted Net Profit</b>			<b>40,248</b>



## Maximum Share Issue

Projected Trading Profit & Loss March 2023 to February 2024				Projected Trading Profit & Loss March 2024 to February 2025			
	£		£		£		£
<b>Revenue</b>				<b>Revenue</b>			
Takings			411,188	Takings			472,866
<b>Cost of Sales</b>				<b>Cost of Sales</b>			
Purchases			145,475	Purchases			167,296
<b>Gross Profit</b>			<b>265,713</b>	<b>Gross Profit</b>			<b>305,570</b>
<b>Expenses</b>				<b>Expenses</b>			
Cleaning & general	5,462			Cleaning & general	6,555		
Rates & Water	7,990			Rates & Water	8,150		
Licenses & Insurance	2,955			Licenses & Insurance	3,250		
Light & Heat	16,646			Light & Heat	16,979		
Managers' NI	3,239			Managers' NI	3,304		
Managers' Salary	41,616			Managers' Salary	42,448		
Staff Costs - Wages	50,274			Staff Costs - Wages	52,788		
Pensions	1,248			Pensions	1,273		
Telephone & Mobile	1,040			Telephone & Mobile	1,061		
Post, Stationary, & Advertising	1,353			Post, Stationary, & Advertising	1,690		
Repairs & Renewals	13,005			Repairs & Renewals	16,256		
Entertainment	9,364			Entertainment	10,768		
Sundry Expenses	1,040			Sundry Expenses	1,500		
Accountancy	1,440			Accountancy	1,460		
<b>Finance Costs</b>				<b>Finance Costs</b>			
Bank Charges	2,393			Bank Charges	2,441		
<b>Depreciation</b>				<b>Depreciation</b>			
Fixture & Fittings	7,500			Fixture & Fittings	7,500		
Building	8,500			Building	8,500		
Plunkett	17,700			Plunkett	17,700		
Interest Payable to Members	0			Interest Payable to Members	30,000		
Share Withdrawals	0			Share Withdrawals	60,000		
<b>Total Expenses and Costs</b>			<b>192,765</b>	<b>Total Expenses and Costs</b>			<b>293,623</b>
Balance			<b>72,948</b>	Balance			<b>11,947</b>
<b>Other Income</b>				<b>Other Income</b>			
Bank Interest			50	Bank Interest			50
Rent			4,800	Rent			4,800
<b>Net Profit before Managers' Bonus</b>			<b>77,798</b>	<b>Net Profit before Managers' Bonus</b>			<b>16,797</b>
Managers' Bonus			12,592	Managers' Bonus			2,069
Employer's NI on Bonus			1,738	Employer's NI on Bonus			286
<b>Adjusted Net Profit</b>			<b>65,206</b>	<b>Adjusted Net Profit</b>			<b>14,727</b>

Maximum Share Issue

Projected Trading Profit & Loss March 2025 to February 2026			
	£		£
<b>Revenue</b>			
Takings			543,796
<b>Cost of Sales</b>			
Purchases			192,391
<b>Gross Profit</b>			<b>351,406</b>
<b>Expenses</b>			
Cleaning & general	7,865		
Rates & Water	8,313		
Licenses & Insurance	3,575		
Light & Heat	17,319		
Managers' NI	3,370		
Managers' Salary	43,297		
Staff Costs - Wages	55,427		
Pensions	1,298		
Telephone & Mobile	1,082		
Post, Stationary, & Advertising	1,724		
Repairs & Renewals	17,882		
Entertainment	11,845		
Sundry Expenses	1,530		
Accountancy	1,460		
<b>Finance Costs</b>			
Bank Charges	2,490		
<b>Depreciation</b>			
Fixture & Fittings	7,500		
Building	8,500		
Plunkett	17,700		
Interest Payable to Members	30,000		
Share Withdrawals	60,000		
<b>Total Expenses and Costs</b>			302,178
Balance			<b>49,228</b>
<b>Other Income</b>			
Bank Interest			50
Rent			4,800
<b>Net Profit before Managers' Bonus</b>			<b>54,078</b>
Managers' Bonus			8,500
Employer's NI on Bonus			1,173
<b>Adjusted Net Profit</b>			<b>45,577</b>

## Minimum Share Issue

Projected Trading Profit & Loss March 2021 to February 2022				Projected Trading Profit & Loss March 2022 to February 2023			
	£		£		£		£
<b>Revenue</b>				<b>Revenue</b>			
Takings			325,050	Takings			357,555
<b>Cost of Sales</b>				<b>Cost of Sales</b>			
Purchases			115,000	Purchases			126,500
<b>Gross Profit</b>			<b>210,050</b>	<b>Gross Profit</b>			<b>231,055</b>
<b>Expenses</b>				<b>Expenses</b>			
Cleaning & general	5,250			Cleaning & general	5,355		
Rates & Water	7,680			Rates & Water	7,834		
Licenses & Insurance	2,840			Licenses & Insurance	2,897		
Light & Heat	16,000			Light & Heat	16,320		
Managers' NI	3,113			Managers' NI	3,175		
Managers' Salary	40,000			Managers' Salary	40,800		
Staff Costs - Wages	45,600			Staff Costs - Wages	47,880		
Pensions	1,200			Pensions	1,224		
Telephone & Mobile	1,000			Telephone & Mobile	1,020		
Post, Stationary, & Advertising	1,300			Post, Stationary, & Advertising	1,326		
Repairs & Renewals	12,500			Repairs & Renewals	12,750		
Entertainment	9,000			Entertainment	9,180		
Sundry Expenses	1,000			Sundry Expenses	1,020		
Accountancy	1,440			Accountancy	1,440		
<b>Finance Costs</b>				<b>Finance Costs</b>			
Bank Charges	2,300			Bank Charges	2,346		
<b>Depreciation</b>				<b>Depreciation</b>			
Fixture & Fittings	-			Fixture & Fittings	7,500		
Building	-			Building	8,500		
Plunkett Loan Repayment	17,700			Plunkett	17,700		
Interest Payable to Members	0			Interest Payable to Members	0		
Share Withdrawals	0			Share Withdrawals	0		
<b>Total Expenses and Costs</b>			<b>167,923</b>	<b>Total Expenses and Costs</b>	<b>188,267</b>		<b>188,267</b>
Balance			<b>42,127</b>	Balance			<b>42,788</b>
<b>Other Income</b>				<b>Other Income</b>			
Bank Interest			50	Bank Interest			50
Rent			4,800	Rent			4,800
<b>Net Profit before Managers' Bonus</b>			<b>46,977</b>	<b>Net Profit before Managers' Bonus</b>			<b>47,638</b>
Managers' Bonus			7,276	Managers' Bonus			7,390
Employer's NI on Bonus			1,004	Employer's NI on Bonus			1,020
<b>Adjusted Net Profit</b>			<b>39,702</b>	<b>Adjusted Net Profit</b>			<b>40,248</b>

## Minimum Share Issue

Projected Trading Profit & Loss March 2023 to February 2024				Projected Trading Profit & Loss March 2024 to February 2025			
	£		£		£		£
<b>Revenue</b>				<b>Revenue</b>			
Takings			411,188	Takings			472,866
<b>Cost of Sales</b>				<b>Cost of Sales</b>			
Purchases			145,475	Purchases			167,296
<b>Gross Profit</b>			<b>265,713</b>	<b>Gross Profit</b>			<b>305,570</b>
<b>Expenses</b>				<b>Expenses</b>			
Cleaning & general	5,462			Cleaning & general	6,555		
Rates & Water	7,990			Rates & Water	8,150		
Licenses & Insurance	2,955			Licenses & Insurance	3,250		
Light & Heat	16,646			Light & Heat	16,979		
Managers' NI	3,239			Managers' NI	3,304		
Managers' Salary	41,616			Managers' Salary	42,448		
Staff Costs - Wages	50,274			Staff Costs - Wages	52,788		
Pensions	1,248			Pensions	1,273		
Telephone & Mobile	1,040			Telephone & Mobile	1,061		
Post, Stationary, & Advertising	1,353			Post, Stationary, & Advertising	1,690		
Repairs & Renewals	13,005			Repairs & Renewals	16,256		
Entertainment	9,364			Entertainment	10,768		
Sundry Expenses	1,040			Sundry Expenses	1,500		
Accountancy	1,440			Accountancy	1,460		
<b>Finance Costs</b>				<b>Finance Costs</b>			
Bank Charges	2,393			Bank Charges	2,441		
<b>Depreciation</b>				<b>Depreciation</b>			
Fixture & Fittings	7,500			Fixture & Fittings	7,500		
Building	8,500			Building	8,500		
Plunkett	17,700			Plunkett	17,700		
Interest Payable to Members	0			Interest Payable to Members	15,000		
Share Withdrawals	0			Share Withdrawals	30,000		
<b>Total Expenses and Costs</b>	192,765		192,765	<b>Total Expenses and Costs</b>	248,623		248,623
Balance			<b>72,948</b>	Balance			<b>56,947</b>
<b>Other Income</b>				<b>Other Income</b>			
Bank Interest			50	Bank Interest			50
Rent			4,800	Rent			4,800
<b>Net Profit before Managers' Bonus</b>			<b>77,798</b>	<b>Net Profit before Managers' Bonus</b>			<b>61,797</b>
Managers' Bonus			12,592	Managers' Bonus			9,832
Employer's NI on Bonus			1,738	Employer's NI on Bonus			1,357
<b>Adjusted Net Profit</b>			<b>65,206</b>	<b>Adjusted Net Profit</b>			<b>51,965</b>

## Minimum Share Issue

Projected Trading Profit & Loss March 2025 to February 2026			
	£		£
<b>Revenue</b>			
Takings			543,796
<b>Cost of Sales</b>			
Purchases			192,391
<b>Gross Profit</b>			<b>351,406</b>
<b>Expenses</b>			
Cleaning & general	7,865		
Rates & Water	8,313		
Licenses & Insurance	3,575		
Light & Heat	17,319		
Managers' NI	3,370		
Managers' Salary	43,297		
Staff Costs - Wages	55,427		
Pensions	1,298		
Telephone & Mobile	1,082		
Post, Stationary, & Advertising	1,724		
Repairs & Renewals	17,882		
Entertainment	11,845		
Sundry Expenses	1,530		
Accountancy	1,460		
<b>Finance Costs</b>			
Bank Charges	2,490		
<b>Depreciation</b>			
Fixture & Fittings	7,500		
Building	8,500		
Plunkett	17,700		
Interest Payable to Members	15,000		
Share Withdrawals	30,000		
<b>Total Expenses and Costs</b>	212,178		257,178
Balance			<b>94,228</b>
<b>Other Income</b>			
Bank Interest			50
Rent			4,800
<b>Net Profit before Managers' Bonus</b>			<b>99,078</b>
Managers' Bonus			16,263
Employer's NI on Bonus			2,244
<b>Adjusted Net Profit</b>			<b>82,815</b>

- The Gross Profit Percentage is 65%, based on historical figures and that there is no rent to pay.

- Managers salaries are listed separately from other staff costs.
- Managers salaries include amounts reserved for statutory workplace pensions and employers National Insurance.
- Staff costs, other than the managers, have been based on the staff rota typically employed in the summer and winter months respectively, based on the Real Living Wage and increased based on the expected additional events and staff needs.
- Licenses and insurances include an annual Performing Rights Society license.
- Capital costs have been projected to be £170,000, which includes the new sewerage plant, the purchase of a new generator and an estimated amount to connect to the National Grid, plus £40,000 for the pub refit and repairs. The assumption is that the high value costs that would become subject to depreciation (sewerage plant and generator).

## Appendix 2- Fig 2: Monthly Cash Flows reflecting Maximum Share Issue and Minimum Share Issue.

### Maximum Share Issue

CASHFLOW FORECAST														
	Pre Start	March	April	May	June	July	August	September	October	November	December	January	February	TOTAL
Income	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Carry Forward		73,123	66,976	66,915	73,184	86,082	109,348	132,615	141,145	136,763	133,677	137,070	128,800	
Share Issue	600,000													
Share Booster	0													
New Shares Issued	0													
Grants/Bursary/Loans	101,250													
Short term loans	479,981													
Bank Interest													50	
Gross Profit		8,035	15,551	21,881	28,511	38,878	38,878	24,623	6,480	7,776	14,255	2,592	2,592	210,050
Rent - Managers Accommodation		400	400	400	400	400	400	400	400	400	400	400	400	4,800
<b>Total Income</b>	<b>1,181,231</b>	<b>81,558</b>	<b>82,927</b>	<b>89,196</b>	<b>102,094</b>	<b>125,360</b>	<b>148,626</b>	<b>157,637</b>	<b>148,025</b>	<b>144,939</b>	<b>148,332</b>	<b>140,062</b>	<b>131,842</b>	<b>214,850</b>
Expenditure														
Property Cost	405,000													
Property Purchase Costs	13,127													
Refit & Repair Costs	40,000													
Capital Costs (Sewerage, Generator, Grid Connection)	170,000													
Loans Repayment	479,981													
Cleaning & General		438	438	438	438	438	438	438	438	438	438	438	438	5,250
Rates & Water		640	640	640	640	640	640	640	640	640	640	640	640	7,680.00
Licenses & Insurance		2,840												2,840.00
Light/Heat		1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	16,000.00
Managers' Salaries inc NIC/Pension		3,693	3,693	3,693	3,693	3,693	3,693	3,693	3,693	3,693	3,693	3,693	3,693	44,313
Manager Bonus														0
Staff Wages/Salaries		1,425	6,175	6,175	6,175	6,175	6,175	6,175	1,425	1,425	1,425	1,425	1,425	45,600
Telephone & Mobile		83	83	83	83	83	83	83	83	83	83	83	83	1,000.00
Postage, Stationery & Advertising		108	108	108	108	108	108	108	108	108	108	108	108	1,300.00
Repairs & Renewal		1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	12,500.00
Entertainment		750	750	750	750	750	750	750	750	750	750	750	750	9,000.00
Sundry		83	83	83	83	83	83	83	83	83	83	83	83	1,000.00
Accountancy		480						480						480
Bank Charges		192	192	192	192	192	192	192	192	192	192	192	192	2,300.00
Capital expenditure														
MTAP Loan repayments		1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,770.00
<b>Total Expenses</b>	<b>1,108,108</b>	<b>14,582</b>	<b>16,012</b>	<b>16,012</b>	<b>16,012</b>	<b>16,012</b>	<b>16,012</b>	<b>16,492</b>	<b>11,262</b>	<b>11,262</b>	<b>11,262</b>	<b>11,262</b>	<b>11,742</b>	<b>151,993</b>
Net Cash Flow														
	73,123	66,976	66,915	73,184	86,082	109,348	132,615	141,145	136,763	133,677	137,070	128,800	120,100	

## Minimum Share Issue

CASHFLOW FORECAST														
	Pre Start	March	April	May	June	July	August	September	October	November	December	January	February	TOTAL
Income	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Carry Forward		3,123	296	235	6,024	18,922	42,188	65,455	73,985	69,603	66,517	69,910	61,640	
Share Issue	300,000													
Share Booster	0													
New Shares Issued	0													
Grants/Bursary/Loans	201,250													
Short term loans	479,981													
Bank Interest													50	
Gross Profit		8,035	15,551	21,881	28,511	38,878	38,878	24,623	6,480	7,776	14,255	2,592	2,592	210,050
Rent - Managers														
Accommodation		400	400	400	400	400	400	400	400	400	400	400	400	4,800
<b>Total Income</b>	<b>981,231</b>	<b>11,558</b>	<b>16,247</b>	<b>22,516</b>	<b>34,934</b>	<b>58,200</b>	<b>81,466</b>	<b>90,477</b>	<b>80,865</b>	<b>77,779</b>	<b>81,172</b>	<b>72,902</b>	<b>64,682</b>	<b>214,850</b>
Expenditure														
Property Cost	405,000													
Property Purchase Costs	13,127													
Minimum Refit	10,000													
Capital Costs (Sewerage, Generator)	70,000													
Loans Repayment	479,981													
Cleaning & General		438	438	438	438	438	438	438	438	438	438	438	438	5,250
Rates & Water		640	640	640	640	640	640	640	640	640	640	640	640	7,680.00
Licenses & Insurance													2,840	2,840.00
Light/Heat		1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	16,000.00
Managers' Salaries inc														
NIC/Pension		3,693	3,693	3,693	3,693	3,693	3,693	3,693	3,693	3,693	3,693	3,693	3,693	44,313
Manager Profit Share														0
Staff Wages/Salaries		1,425	6,175	6,175	6,175	6,175	6,175	6,175	1,425	1,425	1,425	1,425	1,425	45,600
Telephone & Mobile		83	83	83	83	83	83	83	83	83	83	83	83	1,000.00
Postage, Stationery &														
Advertising		108	108	108	108	108	108	108	108	108	108	108	108	1,300.00
Repairs & Renewal		1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	12,500.00
Entertainment		750	750	750	750	750	750	750	750	750	750	750	750	9,000.00
Sundry		83	83	83	83	83	83	83	83	83	83	83	83	1,000.00
Accountancy				480				480					480	1,440.00
Bank Charges		192	192	192	192	192	192	192	192	192	192	192	192	2,300.00
Capital expenditure														
MTAP Loan repayments		1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,770.00
<b>Total Expenses</b>	<b>978,108</b>	<b>11,262</b>	<b>16,012</b>	<b>16,492</b>	<b>16,012</b>	<b>16,012</b>	<b>16,012</b>	<b>16,492</b>	<b>11,262</b>	<b>11,262</b>	<b>11,262</b>	<b>11,262</b>	<b>14,582</b>	<b>151,993</b>
Net Cash Flow														
	3,123	296	235	6,024	18,922	42,188	65,455	73,985	69,603	66,517	69,910	61,640	50,100	



## Appendix 2- Fig 3: Five Year Cash Flows Reflecting Maximum Share Issue and Minimum Share Issue

CASHFLOW FORECAST						
	£	£	£	£	£	£
	Pre Start	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Income	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST
Opening Balance		73,123	120,100	165,167	237,137	251,271
Share Issue	600,000					
Share Booster						
New Shares Issued						
Grants/loan/Bursary	101,250					
Short term loans <sup>1</sup>	479,981					
Bank Interest		50	50	50	50	50
<b>Gross Profit</b>		210,050	231,055	265,713	305,570	351,406
<b>Rent - Managers Accommodation</b>		4,800	4,800	4,800	4,800	4,800
<b>Total Income</b>	<b>1,181,231</b>	<b>288,023</b>	<b>356,005</b>	<b>435,731</b>	<b>547,557</b>	<b>607,527</b>
Property Cost	418,127					
Capital Cost (Sewerage, Generator, Grid)	170,000					
Refit & Repair Costs	40,000					
Short Term Loan Repayment <sup>1</sup>	479,981					
Plunkett Loan Repayment		17,700	17,700	17,700	3,767	
<b>Total Start-Up &amp; Capital Costs</b>	<b>1,108,108</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance</b>	<b>73,123</b>	<b>270,323</b>	<b>338,305</b>	<b>418,031</b>	<b>543,790</b>	<b>607,527</b>
<b>Operating Costs</b>						
Manager's Salaries		44,313	45,199	46,103	47,025	47,966
Staff Wages/Salaries		45,600	47,880	50,274	52,788	55,427
Rates & Water		7,680	7,834	7,990	8,150	8,313
Light & Heat		16,000	16,320	16,646	16,979	17,319
Telephone & Mobile		1,000	1,020	1,040	1,061	1,082
Repairs & Renewals		12,500	12,750	13,005	16,256	17,882
Licenses & Insurances		2,840	2,897	2,955	3,250	3,575
Postage, Stationery & Advertising		1,300	1,326	1,353	1,690	1,724
Entertainment		9,000	9,180	9,364	10,768	11,845
Accountancy		1,440	1,440	1,440	1,460	1,460
Cleaning & General		5,250	5,355	5,462	6,555	7,865
Sundry Expenses		1,000	1,020	1,040	1,500	1,530
Bank Charges		2,300	2,346	2,393	2,441	2,490
Manager's Bonus			7,276	7,390	12,592	2,069
Employer's NI on Manager's Bonus			1,004	1,020	1,738	286
Interest payable to members					30,000	30,000
Share Withdrawals					60,000	60,000
Corporation tax			10,291	13,418	18,266	20,538
<b>Total Operating Costs</b>		<b>150,223</b>	<b>173,138</b>	<b>180,893</b>	<b>292,519</b>	<b>291,371</b>
<b>Total Expenditure</b>		<b>150,223</b>	<b>173,138</b>	<b>180,893</b>	<b>292,519</b>	<b>291,371</b>
<b>Net Cash Flow</b>		<b>120,100</b>	<b>165,167</b>	<b>237,137</b>	<b>251,271</b>	<b>316,156</b>

# Minimum Share Issue

CASHFLOW FORECAST						
	£	£	£	£	£	£
	Pre Start	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Income	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST
Opening Balance		3,123	50,100	95,167	167,074	226,144
Share Issue	300,000					
Share Booster						
New Shares Issued						
Grants/loan/Bursary	201,250					
Short term loans <sup>1</sup>	479,981					
Bank Interest		50	50	50	50	50
<b>Gross Profit</b>		210,050	231,055	265,713	305,570	351,406
<b>Rent - Managers Accommodation</b>		4,800	4,800	4,800	4,800	4,800
<b>Total Income</b>	<b>981,231</b>	<b>218,023</b>	<b>286,005</b>	<b>365,731</b>	<b>477,494</b>	<b>582,400</b>
Property Cost	418,127					
Capital Cost (Sewerage, Generator)	70,000					
Refit & Repair Costs	10,000					
Short Term Loan Repayment <sup>1</sup>	479,981					
Plunkett Loan Repayment		17,700	17,700	17,700	3,767	
<b>Total Start-Up &amp; Capital Costs</b>	<b>978,108</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance</b>	<b>3,123</b>	<b>200,323</b>	<b>268,305</b>	<b>348,031</b>	<b>473,727</b>	<b>582,400</b>
<b>Operating Costs</b>						
Manager's Salaries		44,313	45,199	46,103	47,025	47,966
Staff Wages/Salaries		45,600	47,880	50,274	52,788	55,427
Rates & Water		7,680	7,834	7,990	8,150	8,313
Light & Heat		16,000	16,320	16,646	16,979	17,319
Telephone & Mobile		1,000	1,020	1,040	1,061	1,082
Repairs & Renewals		12,500	12,750	13,005	16,256	17,882
Licenses & Insurances		2,840	2,897	2,955	3,250	3,575
Postage, Stationery & Advertising		1,300	1,326	1,353	1,690	1,724
Entertainment		9,000	9,180	9,364	10,768	11,845
Accountancy		1,440	1,440	1,440	1,460	1,460
Cleaning & General		5,250	5,355	5,462	6,555	7,865
Sundry Expenses		1,000	1,020	1,040	1,500	1,530
Bank Charges		2,300	2,346	2,393	2,441	2,490
Manager's Bonus			7,276	7,459	12,661	9,901
Employer's NI on Managers' Bonus			1,004	1,029	1,747	1,366
Interest payable to members					15,000	15,000
Share Withdrawals					30,000	30,000
Corporation tax			10,291	13,403	18,251	24,545
<b>Total Operating Costs</b>		<b>150,223</b>	<b>173,138</b>	<b>180,957</b>	<b>247,583</b>	<b>259,291</b>
<b>Total Expenditure</b>		<b>150,223</b>	<b>173,138</b>	<b>180,957</b>	<b>247,583</b>	<b>259,291</b>
<b>Net Cash Flow</b>		<b>50,100</b>	<b>95,167</b>	<b>167,074</b>	<b>226,144</b>	<b>323,109</b>

## Appendix 2 Fig 4 Balance Sheets Reflecting Maximum Share Issue and Minimum Share Issue

### Maximum Share Issue

The Locks Inn Community Pub Limited								
Balance Sheet								
		Current	01/04/2021	28/02/2022	28/02/2023	28/02/2024	28/02/2025	28/02/2026
<b>Fixed Assets</b>								
Freehold Property		418,127	588,127	579,627	571,127	562,627	554,127	545,627
Fixtures and Fittings		67	40,000	32,500	25,000	17,500	10,000	2,500
		418,194	628,127	612,127	596,127	580,127	564,127	548,127
<b>Current Assets</b>								
Cash and Bank		67,051	79,258	120,100	165,389	234,848	246,266	298,739
Stock		0	3,750	4,000	4,250	4,500	5,000	5,500
Debtors		0	0	0	0	0	0	0
Prepayments		1,181	0	0	0	0	0	0
		68,232	83,008	124,100	169,639	239,348	251,266	304,239
<b>Current Liabilities</b>								
Loans		479,981	50,000	35,786	20,393	3,722	0	0
Creditors		0	3,750	24,617	32,480	43,459	79,657	92,785
Accruals		310	0	0	0	0	0	0
		480,291	53,750	60,403	52,873	47,181	79,657	92,785
<b>Net Assets</b>		<b>6,135</b>	<b>657,385</b>	<b>675,824</b>	<b>712,893</b>	<b>772,294</b>	<b>735,736</b>	<b>759,581</b>
<b>Represented by:</b>								
Share capital		0	600,000	600,000	600,000	600,000	540,000	480,000
Profit reserve		6,135	57,385	75,824	112,893	172,294	195,736	279,581
		<b>6,135</b>	<b>657,385</b>	<b>675,824</b>	<b>712,893</b>	<b>772,294</b>	<b>735,736</b>	<b>759,581</b>

## Minimum Share Issue

The Locks Inn Community Pub Limited								
Balance Sheet								
		Current	01/04/2021	28/02/2022	28/02/2023	28/02/2024	28/02/2025	28/02/2026
Fixed Assets								
Freehold Property		418,127	488,127	479,627	471,127	462,627	454,127	445,627
Fixtures and Fittings		67	10,000	8,000	6,000	4,000	2,000	0
		418,194	498,127	487,627	477,127	466,627	456,127	445,627
Current Assets								
Cash and Bank		67,051	79,258	120,100	165,389	234,848	246,266	298,739
Stock		0	2,750	4,000	4,250	4,500	5,000	5,500
Debtors		0	0	0	0	0	0	0
Prepayments		1,181	0	0	0	0	0	0
		68,232	82,008	124,100	169,639	239,348	251,266	304,239
Current Liabilities								
Loans		479,981	200,000	185,786	170,393	153,722	150,000	150,000
Creditors		0	2,750	24,617	32,480	43,459	64,657	77,785
Accruals		310	0	0	0	0	0	0
		480,291	202,750	210,403	202,873	197,181	214,657	227,785
Net Assets			6,135	377,385	401,324	443,893	508,794	522,081
Represented by:								
Share capital		0	300,000	300,000	300,000	300,000	270,000	240,000
Profit reserve		6,135	77,385	101,324	143,893	208,794	222,736	282,081
		6,135	377,385	401,324	443,893	508,794	492,736	522,081

### **Appendix 3 – Assumptions for The Financial Projection**

The trading figures were made available for the periods for 2009/2010 and 2016/2017, 2017/2018 and 2019. The refit of the pub will be complete by the time of opening in March 2021.

Given the limitations outlined in this Business Plan each year that restricted food and drink sales it was felt that the projected takings, with a full bar, enhanced utilisation of the outside space and a concerted effort for winter, the average takings could be multiplied by one and half times to two times. However, to remain cautious due to the ongoing Covid-19 pandemic, the increase was restricted to one and a quarter times the average takings for the period above.

However, because of the restrictions and potential for restrictions due to the Covid-19 pandemic – and bearing in mind the projections are from March 2021, immediately before the summer season - this has been curtailed to an assumption of one and a quarter times the average takings. It was considered by March 2021 vaccination against Covid-19 might well be available. The vaccination programme is underway, and it is still assumed that restrictions will allow trading in at least the outdoor and properly socially distanced smaller events in the larger adjacent rooms.

Staff costs have been estimated based on the number of staff historically required and rostered for a summer season and a winter season respectively, including a management couple, whose combined salaries are below average in favour of a manager's bonus. Staff costs were enhanced to ensure staffing levels met enhanced trading.

Apart from the managers, all other staff - e.g. bar persons, waiting staff & chefs/cooks will be paid the living real wage and as such, National Insurance and workplace pension costs have been estimated for the managers only.

In the two scenarios – a) raising the maximum £600,000 through the share issue or b) if the minimum £300,000 only is raised, it is assumed that the reserve for and running costs of the generator will be required in both scenarios. The best-case scenario of raising £600,000 will include an allowance to enable the pub to connect to the national grid. If the cost is significantly higher than £100,000 the options would be to offer a supplementary share issue, seek additional funding, either grant or funding via debt or from retained earnings.

In terms of the monthly cash flow, the revenues have been estimated based on historical information. For example, there has traditionally been a slump in October, December has been very good, but January and February are typically very quiet.

For the 5-year protected cash flow, costs have been estimated to increase by 2%, but revenues by 10% in year 2 and 15% in years 3 - 5. This is because the additional space and programmes for the core business and additional income that will generate.

Although £40,000 has been allowed for pre-start refit and repairs, it is assumed that repairs and renewals will be an ongoing feature of trading. As such, a further £12,500 has been allowed for trading in 2021/2022 and increased incrementally each year.

The £40,000 allowed for pre-start refit and repairs includes £3,750 for start-up stock – based on a March opening:

- Soft drinks and cleaning materials      £500
- Beers/Lagers      £1,500

- Wines/Spirits £750
- Food £1,000

The cost of refit includes the up-front cost for 2 point of sale tills and 2 PDQ machine - £500.

In terms of the minimum target of share sale the cost would be £2,750:

March opening:

- Soft drinks and cleaning materials £300
- Beers/Lagers £1,200
- Wines/Spirits £500
- Food £750

The cost of refit includes the up-front cost for one point of sale till and one PDQ machine - £250.

#### **Appendix 4: Community Benefit Society (CBS).**

Source: Plunkett Foundation: A Brief Guide to Legal Structures.

A Community Benefit Society (CBS) is an organisation conducting an industry, business or trade for the benefit of the community. It is a corporate body registered under the Cooperative and Community Benefit Societies Act 2014 and authorised by the FCA. It is registered as a Limited Company and although it will appear on the register at Companies House, the FCA manages annual returns and accounts. The primary purpose for a CBS is to help more people take control over their economic lives, by owning and controlling the businesses in which they work or operate. Being similar in nature, the rules of both a CBS and a Co-operative Society are usually written to operate according to the seven core principles and values which were adopted by the International Co-operative Alliance in 1995.

- Voluntary and open membership
- Democratic member control
- Economic participation of members
- Autonomy and independence
- Education and training
- Working with other co-operatives
- Concern for the community

A community benefit society provides services for the wider community as well as its members, and pre-tax trading profit can be reinvested in the enterprise, used to pay interest to shareholders or distributed for social or charitable purposes in accordance with the rules. It is a democratic structure that encourages a large membership and empowers communities by giving members a direct say in the management of the enterprise through the elected committee. Membership of a CBS is established by the purchase of at least one share and the price of a single share is decided at registration of the enterprise. An important feature is that there is one vote for each member, irrespective of how much is invested in the enterprise.

The benefits of a large membership base include:

- Having a large number of people who have a financial interest in the enterprise and because of this are more likely to support it
- A greater number of people who attend AGMs and committee meetings and positively contribute to the overall direction of the business
- A more accessible pool of people to draw on when elections for committee members are requested, or when more volunteers are needed.

An active and engaged membership is to be encouraged and is likely to be the key to the success of the enterprise. Members will become your management committee, your customers, your volunteers, your staff and your advocates. The local community will play a very important part in the success of the venture, by helping the Management Committee drive the business forward and influence the business model to reflect what the local community wants – and thereby, enhancing the potential for success. The local community will be encouraged to volunteer – to date we have

had an excellent response from the local community registering as volunteers, from assisting with the garden and building works, to assisting with cleaning, kitchen prep, table clearance and bar. This in turn will encourage the local community to attend the pub. In order to maximise the opportunity for success, the aim is to actively engage members in many and various capacities as volunteers and also to provide activities and a setting to encourage their participation – from the education initiative through the Environmental Agency to the parent & toddler groups.

A CBS can be a vehicle for raising investment finance in the community by offering community shares which can be withdrawable; that is shares that can be sold back to the enterprise, and offer interest at a rate to retain enough capital to run the business. Community shares are exempt from the prospectus regulations appropriate to Company Law which makes it easier for societies to raise finance from their members without incurring expensive legal fees. For some models of community enterprise, community shares can carry a right to tax relief from HMRC.

It is advisable to seek further advice from Plunkett Foundation if you are planning to offer withdrawable share capital and for further information on tax relief. The statutory maximum investment in a CBS is £100,000 for an individual or in the case of an investment by other societies, the amount is unlimited. Having said that, we recommend that societies limit the amount of share capital that an individual can hold if they believe it to be in the best interest of the society to do so and to protect the stability of the enterprise.

The rules of a CBS make it clear that the enterprise will not directly benefit individual members and is acceptable for most types of grant funding. Another important feature of a CBS is a statutory asset lock. This is written into the rules and is designed to prevent an enterprise from distributing assets amongst members on solvent dissolution over the value of their share. Instead surplus assets can be transferred to another organisation that supports the objects of the society.

#### Key features of a CBS

- Benefits wider community as well as members
- Elected committee manage the enterprise on behalf of members
- One member, one vote
- Member liability limited to share value which cannot increase
- Statutory asset lock using Plunkett Foundation's model rules
- Shares can be withdrawable at the discretion of management committee
- Can pay interest to shareholders at a rate to retain sufficient capital
- FCA approved and registered with Companies House
- Annual return AR30 to be submitted to FCA
- Is not regulated by Company Law but should always act in accordance with the law
- Trade profits can be reinvested or distributed for social or charitable purposes
- Depending on the type of enterprise, can qualify for tax relief on investment
- Costs £310 for Plunkett members using FCA approved rules

Although this is our favoured model, a community group should look at all of the options available and decide which legal structure offers the best fit with the purposes of the enterprise.



## **Appendix 5 Model Rules – Plunkett Foundation**

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APPENDIX

## 1 INTRODUCING THE SOCIETY AND THE RULES

### Name

1.1 The society is called The Locks Inn Community Pub and it is called “the Society” in these Rules.

### Registration

1.2 The Society is registered under the law as a society for the benefit of the community with the Financial Conduct Authority. Its registered office is 2 Yarmouth Road, Hales, Norfolk, NR14 6SP

### Why the Society exists

1.3 The Society exists in order to carry on business for the benefit of the community. This is the Society’s Purpose.

### Commitments

1.4 The Society is committed to:

1.4.1 trading for the benefit of the community, and not for anyone’s private benefit;

1.4.2 retaining profits and applying profit to advance the Society’s Purpose.

### Governing documents

1.5 These Rules set out the way in which the Society is owned, organised and governed.

1.6 In addition to the Rules, the Management Committee may make other provisions concerning how the Society operates, such as a code of conduct for the Management

Committee. Such provisions must not be inconsistent with the Rules.

### 1.7 In the Rules

1.7.1 words starting with a capital letter (like Rules) refer to something specific, and the Appendix at the end of the Rules identifies the rule which makes this apparent; and

1.7.2 words which are highlighted in italics (like partner) have a special meaning and the Appendix lists all of these words and explains what they mean.

## 2 GOVERNANCE Overview

2.1 The Society has Members, a Management Committee, and a Secretary.

### Members

2.2 Membership is the means by which the Society is owned by the community. Membership provides Members with access to information, a voice in the Society, and the opportunity to be elected to a representative role in its governance.

### Information

2.3 Members are entitled to receive information about the Society, and its business as provided for in the rules. Information may be sent or supplied by electronic means to those members providing prior consent to the Society to receive information in this way.

### Voice

2.4 Members have a voice in the Society's affairs as provided in the Rules, by

2.4.1 attending, speaking and submitting motions to be considered at Members' Meetings;

2.4.2 voting at Members' Meetings;

2.4.3 electing representatives to the Management Committee at Members' Meetings.

#### Representation

2.5 Subject to qualification criteria, Members may stand for election to the Management Committee.

#### Management Committee

2.6 Subject to the Rules, the Management Committee manages the affairs of the Society and may exercise all of its powers.

2.7 The Management Committee is collectively responsible for everything done by or in the name of the Society, but on that basis it may

2.7.1 delegate any of the powers which are conferred on it under these rules, to any person or committee consisting of members of the Society, on such terms and conditions as they think fit;

2.7.2 delegate to any employee responsibility for day-to-day management of some or all of the Society's business;

2.7.3 authorise members of the Management Committee to deal with specific matters;

2.7.4 make use of the services of volunteers.

2.8 The Management Committee may, with the approval of a resolution of the Members at a Members' Meeting, arrange for the management of the business of the Society to be carried out by a third party.

#### Secretary

The Secretary is secretary to the Society, and acts as secretary to the Management Committee.

### 3 MEMBERS

3.1 The Society shall encourage people to become Members, and to that end, the Management Committee shall

3.1.1 maintain a Membership Strategy for that purpose;

3.1.2 report to the Members at the Annual Members' Meeting on the state of the Society's membership and on the Membership

Strategy.

3.2 The Members of the Society are those whose names are listed in its Register of Members.

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

3.3.1 is over 16 years of age;

3.3.2 supports the Society's Purpose;

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

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

3.3.5 whose application is accepted by the Management Committee.

3.4 The Management Committee may refuse any application for membership at its absolute discretion.

3.5 A Member which is a corporate body shall appoint a representative to attend Members'

Meetings on its behalf, and otherwise to take part in the affairs of the Society. Such appointment shall be made in writing, signed on behalf of the governing body of the corporate body.

3.6 The Management Committee may divide Members into constituencies, based on geography, the nature of their interest in the society, or any other relevant factor. If Members are divided into constituencies:

3.6.1 the Members in each constituency will be able to elect at least one representative from amongst their number to the Management Committee;

3.6.2 no person may be a Member within more than one constituency;

and

3.6.3 the Secretary shall make any final decision about the constituency which a Member belongs to.

#### Cessation of Membership

3.7 A person ceases to be a Member of the Society in the following circumstances:

3.7.1 they resign in writing to the Secretary;

3.7.2 being an individual, they die;

3.7.3 being a corporate body, they cease to exist;

3.7.4 being a nominee of an unincorporated organisation, the organisation replaces them as its nominee;

3.7.5 they are expelled from membership under the Rules;

3.7.6 the Secretary removes them from the Register of Members, after completing procedures approved by the Management Committee on the grounds that:

3.7.6.1 the Society has lost contact with the Member; or

3.7.6.2 the person no longer wishes to continue to be a Member.

3.8 A Member may be expelled by a resolution approved by not less than two-thirds of the members of the Management Committee present and voting at a Management Committee Meeting. The following procedure is to be adopted.

3.8.1 Any Member may complain to the Secretary in writing that another Member has acted in a way detrimental to the interests of the Society.

3.8.2 If a complaint is made, the Management Committee may itself consider the complaint having taken such steps as it considers appropriate to ensure that each Member's point of view is heard and may either:

3.8.2.1 dismiss the complaint and take no further action; or

3.8.2.2 for a period not exceeding twelve months suspend the rights

of the Member complained of to attend Members' Meetings and vote under the Rules;

3.8.2.3 arrange for a resolution to expel the Member complained of to be considered at the next Management Committee Meeting.

3.8.3 If a resolution to expel a member is to be considered at a Management Committee Meeting, details of the complaint must be sent to the Member complained of not less than one calendar month before the meeting with an invitation to answer the complaint and attend the meeting.

3.8.4 At the meeting the Management Committee will consider evidence in support of the complaint and such evidence as the Member complained of may wish to place before them.

3.8.5 If the Member complained of fails to attend the meeting without due cause, the meeting may proceed in their absence.

3.8.6 A person expelled from membership will cease to be a member upon the declaration by the Chairperson of the meeting that the resolution to expel them is carried.

3.9 No person who has been expelled from membership is to be re-admitted except by a resolution carried by the votes of not less than two-thirds of the members of the Management Committee present and voting at a Management Committee Meeting.

#### 4 MEMBERS' MEETINGS

4.1 Every year, the Society shall hold an Annual Members' Meeting, within six months of the close of the financial year.

4.2 Any other Members' Meetings are Special Members' Meetings.

4.3 The Management Committee (except where otherwise provided in the Rules) convenes Members' Meetings, and decides the date, time and place of any Members' Meeting and of any adjourned meeting.

##### Annual Members' Meeting

4.4 The functions of the Annual Members' Meeting shall include:

4.4.1 receiving from the Management Committee the Annual Accounts for the previous financial year; a report on the Society's performance in the previous year, and plans for the current year and the next year;

4.4.2 receiving from the Management Committee a report on the state of the membership and the Membership Strategy;

4.4.3 appointing any financial Auditors, and external Auditors of any other aspect of the performance of the Society;

4.4.4 declaring the results of elections of those who are to serve on the Management Committee;

4.4.5 Any other business included in the notice convening the meeting.

##### Special Members' Meetings

4.5 Special meetings are to be convened by the Secretary either by order of the Management Committee, or if a written requisition signed by not less than 12 Members or 10% of all Members (whichever is less) is delivered, addressed to the Secretary, at the Society's registered office.

4.6 Any requisition must state the purpose for which the meeting is to be convened. If the Secretary is not within the United Kingdom or is unwilling to convene a special meeting, any member of the Management Committee may convene a Members' meeting.

4.7 A special meeting called in response to a Members' requisition must be held within 28 days of the date on which the requisition is delivered to the registered office. The meeting is not to transact any business other than that set out in the requisition and the notice convening the meeting.

#### Notice of Members' Meetings

4.8 Notice of a Members' Meeting is to be given at least 14 clear days before the date of the meeting, by notice prominently displayed at the registered office of the Society's places of business, and such other places or in such other manner as the Management Committee decides.

4.9 The notice must state whether the meeting is an Annual Members' Meeting or Special Members' Meeting, give the time, date and place of the meeting, and set out the business to be dealt with at the meeting.

#### Procedure at Members' Meetings

4.10 Members' Meetings are open to all Members. The Management Committee may invite particular individuals or representatives of particular organisations to attend a Members' Meeting.

4.11 Before a Members' Meeting can do business, a minimum number of Members (a quorum) must be present. Except where these Rules say otherwise a quorum is present if 5 Members or 10% of the Members entitled to vote at the meeting (whichever is greater) are present.

4.12 If no quorum is present within half an hour of the time fixed for the start of the meeting, the meeting shall be dissolved if it has been requisitioned by the Members. Any other meeting shall stand adjourned to the same day in the next week, at the same time and place, or to such time and place as the Management Committee determine. If a quorum is not present within half an hour of the time fixed for the start of the adjourned meeting, the number of Members present during the meeting is to be a quorum.

4.13 The Chairperson, or in their absence another member of the Management Committee (to be decided by the members of the Management Committee present), shall chair a Members' Meeting. If neither the Chairperson nor any other member of the Management Committee is present, the Members present shall elect one of their number to be Chairperson.

4.14 The Chairperson may, with the consent of the meeting at which a quorum is present, and shall if so directed by the meeting, adjourn the meeting from time to time and from place to place. But no business shall be transacted at an adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. No notice of an adjourned meeting needs to be given unless the adjournment is for 21 days or more.

#### Voting at Members' Meetings

4.15 Subject to these Rules and to any Act of Parliament, a resolution put to the vote at a Members' Meeting shall, except where a poll is demanded or directed, be decided upon by a show of hands.

4.16 The Management Committee may introduce arrangements for Members to vote by post, or by using electronic communications.

4.17 On a show of hands and on a poll, every Member present is to have one vote. Where postal or electronic voting arrangements have been introduced, every Member who has voted by such method shall also have one vote. In the case of an equality of votes, the Chairperson of the meeting is to have a second or casting vote.

4.18 Unless a poll is demanded, the Chairperson of the meeting will declare the result of any vote, which will be entered in the minute book. The minute book will be conclusive evidence of the result of the vote.

4.19 A poll may be directed by the Chairperson of the meeting or demanded, either before or immediately after a vote by show of hands, by not less than one-tenth of the Members present at the meeting. The Chairperson of the meeting shall decide how a poll is taken.

4.20 Unless these Rules or an Act of Parliament say otherwise, all resolutions are to be decided by a simple majority of the votes cast.

4.21 A resolution in writing signed by all the Members for the time being entitled to vote at a Members' Meeting shall be valid and effective as if it had been passed at a Members' Meeting duly convened and held. Such a resolution may consist of several documents in the same form each signed by one or more Members.

## 5 MANAGEMENT COMMITTEE Composition of the Management Committee

5.1 The Management Committee shall comprise not less than three and not more than 12 persons, who shall mainly be elected by and from the Members. Not more than one quarter of the Management Committee may comprise persons co-opted by the Management Committee.

5.2 If Members are divided into constituencies, the Management Committee shall include persons elected by and from the Members in each constituency, and the Management Committee shall strive to ensure that its composition appropriately reflects the various constituencies.

5.3 If the size of the Management Committee falls below three, it may act only for the purpose of calling a Members' Meeting, the business of which shall be the election of new members to the Management Committee, and not for any other purpose.

### Elections, appointments and removals

5.4 Elected members of the Management Committee hold office for a period commencing immediately after the Members' Meeting at which their election is declared, and ending at the conclusion of the third Annual Members' Meeting after that.

5.5 Co-opted members of the Management Committee serve until the next Annual Members' Meeting.

5.6 A person retiring from office shall be eligible for re-election or re-appointment.

5.7 Elections shall be carried out in accordance with procedures determined by the Management Committee.

5.8 Only a Member over the statutory minimum age may be elected or appointed to serve on the Management Committee.

5.9 The Management Committee will adopt a code of conduct, and every member of the Management Committee must comply with the terms of such code of conduct.

5.10 A member of the Management Committee shall immediately vacate their office if they

5.10.1 resign their office in writing to the Secretary;

5.10.2 cease to be a Member;

5.10.3 become bankrupt or subject to a disqualification order made under the Company Directors Disqualification Act 1986

5.10.4 are removed from office by a resolution passed by a two-thirds majority of those voting at a meeting of the Management Committee, on the grounds that in the opinion of the Management Committee, they are in serious breach of the Management Committee's code of conduct or have not performed the duties which they agreed to perform or which they could reasonably have been expected to perform and it is not in the interests of the Society that they should continue in office.

5.10.5 are removed from office by a simple majority of the Members in a Special Members Meeting, the notices for which specified that the question of the Director's removal was to be considered

5.11 The Management Committee shall elect from amongst themselves a Secretary, Chairperson Vice-Chairperson and a Treasurer. These officers shall have such functions as the Rules or the Management Committee specify, and they shall serve until they are removed or replaced by the Management Committee, or until they resign.

#### Meetings of the Management Committee

5.12 The Management Committee shall hold such meetings as it considers appropriate to discharge its roles and responsibilities.

5.13 Every meeting of the Management Committee shall be chaired by the Chairperson, or in their absence the Vice-Chairperson, or in their absence another member of the Management Committee chosen by those present.

5.14 Three members of the Management Committee shall comprise a quorum.

5.15 Members of the Management Committee may be counted in the quorum, participate in and vote at meetings of the Management Committee by telephone, video or other electronic means.

5.16 Unless the Rules provide otherwise, in the event of a decision to be made by a vote at meetings of the Management Committee, the decision shall be decided by a majority of votes. Each member of the Management Committee shall have one vote, and in the event of a tied vote, the Chairperson of the meeting shall have a second or casting vote.

5.17 A resolution signed by all the members of the Management Committee has the same effect as a resolution validly passed at a meeting of the Management Committee. Each member of the Management Committee may sign a separate copy of the resolution and send a signed copy to the Secretary by email or other electronic means.

#### Disclosure of Interests

5.18 A member of the Management Committee shall declare an interest and shall not vote in respect of any matter in which they, or their spouse or partner or immediate relative, have a personal financial or other material interest. If they do vote, their vote shall not be counted.

#### Remuneration

5.19 Members of the Management Committee are not entitled to any remuneration, but they may be reimbursed for reasonable expenses incurred in connection with the Society's business.

#### Secretary

5.20 The Management Committee appoints and may remove the Secretary, and decides the terms of the appointment and whether any remuneration is to be paid.

5.21 A person does not have to be a Member in order to be appointed Secretary, and a member of the Management Committee may be appointed Secretary. However a person employed to carry out other services may not be appointed Secretary.

#### 5.22 The Secretary

5.22.1 has the functions set out in the Rules and any other functions which the Management Committee assigns;

5.22.2 acts as Returning Officer at and is responsible for the conduct of all elections described in the Rules;



5.22.3 has absolute discretion to decide any issue or question which the Rules require the Secretary to decide.

## **6 REPORTING** Preparation of Accounts

6.1 In respect of each year of account, the Management Committee shall cause Annual Accounts to be prepared which shall include:

6.1.1 a revenue account or revenue accounts which singly or together deal with the affairs of the Society as a whole for that year and which give a true and fair view of the income and expenditure of the Society for that year; and

6.1.2 a balance sheet giving a true and fair view as at the date thereof of the state of the affairs of the Society.

### Auditors and Audit

6.2 At the Annual Members' Meeting where, as a result of the provisions of the Co-operative and Community Benefit Societies Act 2014 the Society has the power to decide not to appoint an Auditor or Auditors to audit its Annual Accounts, a resolution shall be put to the Members to decide whether or not they wish to exercise the power.

6.3 Where required by law or the decision of the Members, the Society shall appoint in each year a qualified Auditor or Auditors to be the Auditors, and the following provisions shall apply to them.

6.3.1 The accounts of the Society for that year shall be submitted to them for audit as required by the law.

6.3.2 They shall have all the rights and duties in relation to notice of, and attendance and right of audience at Members' Meetings, access to books, the supply of information, reporting on accounts and otherwise, as are provided by the law.

6.3.3 Except where provided in the Rules, they are appointed by the Annual Members' Meeting, and the provisions of the law shall apply to the re-appointment and removal and to any resolution removing, or appointing another person in their place.

6.3.4 Their remuneration shall be fixed by the Management Committee in accordance with the Act.

6.4 The Management Committee may fill any casual vacancy in the office of Auditor until the next following Members' Meeting.

### Presentation of Accounts

6.5 The Management Committee shall present the Annual Accounts and reports of the business and affairs of the Society to the Annual Members' Meetings.

6.6 The Management Committee shall lay Annual Accounts before the Annual Members' Meeting showing respectively the income and expenditure for and the state of the affairs of the Society as at the end of the Society's most recent financial year (or of such other period as the Management Committee may decide).

### Publication of Accounts and Balance Sheets

6.7 Subject to the law, the Management Committee must not cause to be published any revenue account or balance sheet unless it has previously been audited by the Auditors unless the power in 6.2 not to appoint Auditors has been exercised and in its place an audit has been substituted by an accountant's report or lay auditors' report. Every revenue account and balance sheet published must be signed by the Secretary and by two Members acting on behalf of the Management Committee.

### Copy of Balance Sheet to be Displayed

6.8 The Society must keep a copy of the last balance sheet for the time being, always displayed in a conspicuous place at its registered office together with the report of the Auditors if appointed.

Annual Return to be sent to Financial Conduct Authority

6.9 The Society must, within the time allowed by legislation in each year, send to the Financial Conduct Authority a general statement in the prescribed form, called the annual return, relating to its affairs during the period covered by the return, together with a copy of:

6.9.1 the Society's financial statements for the period included in the return; and

6.9.2 the report of the Auditors thereon if Auditors have been appointed; and the most recent annual return of the Society shall be made available to any Member by the Secretary on request in writing free of charge.

## 7 CHANGE Alterations to Rules

7.1 No new rule shall be made, nor shall any of the Rules be amended, unless it is approved by a two-thirds majority of the votes cast at a Special Members' Meeting.

7.2 Notice of such a Special Members' Meeting shall specify the Rules to be amended, and set out the terms of all amendments or new rules proposed.

7.3 No amendment to any of the Rules and no new rule shall be valid until registered. 7.4 The Management Committee may change the situation of the Society's registered office. The Society will send notice of any such change to the Financial Conduct

Authority.

Restriction on use

7.5 Pursuant to regulations made under section 29 of the Co-operative and Community Benefit Societies Act 2014:

7.5.1 All of the Society's assets are subject to a restriction on their use.

7.5.2 The Society must not use or deal with its assets except:

7.5.2.1 where the use or dealing is, directly or indirectly, for a purpose that is for the benefit of the community;

7.5.2.2 to pay a Member of the Society the value of their withdrawable share capital or interest on such capital;

7.5.2.3 to make a payment pursuant to section 39 (proceedings on death of nominator), 40 (provision for intestacy) or 36 (payments in respect of mentally incapable persons) of the Co-operative and Community Benefit Societies Act 2014;

7.5.2.4 to make a payment in accordance with the Rules of the Society to trustees of the property of bankrupt Members or, in Scotland, Members whose estate has been sequestrated;

7.5.2.5 where the Society is to be dissolved or wound up, to pay its creditors; or

7.5.2.6 to transfer its assets to one or more of the following:

(a) a prescribed community benefit society whose assets have been made subject to a restriction on use and which will apply that restriction to any assets so transferred;

(b) a community interest company;

(c) a registered social landlord which has a restriction on the use of its assets which is equivalent to a restriction on use and which will apply that restriction to any assets so transferred;

(d) a charity (including a community benefit society that is a charity); or

(e) a body, established in Northern Ireland or a State other than the United Kingdom, that is equivalent to any of those persons.

7.5.3 Any expression used in this Rule which is defined for the purposes of regulations made under section 29 of the Cooperative and Community Benefit Societies Act 2014 shall have the meaning given by those regulations.

#### Transfers of Engagements

7.6 The Society may, by special resolution passed at a Special Members' Meeting in accordance with the Rules and in the way required by the law, amalgamate with or transfer its engagements to any society or convert itself into a company. Nothing in this Rule shall entitle the Society to amalgamate with, transfer its engagements to or convert itself into a type of body that is not listed in Rule 7.5.2.6.

7.7 The Society may also accept a transfer of engagements and assets from any society by resolution of the Management Committee or of a Members' Meeting, as the Management Committee shall decide.

#### Dissolution

7.8 The Society may be dissolved by an Instrument of Dissolution or by winding up in the way required by the law. If on the solvent dissolution or winding up of the Society there remain, after the satisfaction of all its debts and liabilities and the repayment of the paid-up share capital, any assets whatsoever, such assets shall be transferred in accordance with the provisions above headed "Restrictions on use".

7.9 Subject to those provisions, such assets shall be transferred to one or more community organisations that support the objects of the Society chosen by the Members at a Members' Meeting, which may include any society established by the Plunkett Foundation for the purpose of the creation, promotion and development of community owned enterprises.

### 8 SHARE CAPITAL

8.1 The Society has shares of £50.00 each.

8.2 Application for shares shall be made to the Management Committee, and is subject to any maximum permitted by law. Shares shall be paid for in full on application or at the discretion of the Management Committee, shares can be paid in tranches over a period of not more than one calendar year. If the shares are not fully paid for at the end of the year the Society may terminate the membership and return all monies to the member.

8.3 The minimum shareholding shall be 1 share/s. The Society may from time to time make a public share offer, and any such offer may specify a minimum number of shares.

8.4 Shares are not transferable except on death or bankruptcy, and are withdrawable at the sole discretion of the Management Committee in accordance with the Rules as follows:

8.4.1 shares may be withdrawn by Members who have held them for a minimum period of three years or such other period as the Management Committee decides;

8.4.2 application for withdrawal shall be made on not less than three months' notice, on a form approved by the Management Committee;

8.4.3 the Management Committee may specify a maximum total withdrawal for each financial year;

8.4.4 All withdrawals must be funded from trading profits, reserves or new share capital raised from Members, and are at the absolute discretion of the Management Committee having regards to the long term interests of the Society, the need to maintain prudent reserves, and the Society's commitment to community benefit. If any withdrawal is to be funded from reserves, the Management Committee must be satisfied that:

8.4.4.1 as a result of such withdrawal there will be no ground upon which the Society could then be found to be unable to pay (or otherwise discharge) its debts; and

8.4.4.2 the Society will be able to pay (or otherwise discharge) its debts as they fall due during the year immediately following the withdrawal.

8.4.5 all withdrawals shall be paid in accordance with the Society's policy on share withdrawals. If no such policy exists, all withdrawals shall be paid in the order in which the notices were received, up to a maximum total withdrawal specified for the financial year, following which no further withdrawals may be made until the following financial year;

8.4.6 except where a Member intends to terminate their membership, they shall not be permitted to withdraw shares leaving them with less than the minimum required by the Rules;

8.4.7 the Management Committee may in its absolute discretion waive the notice required for a withdrawal and may direct payment to be made without notice or on such shorter notice as it considers appropriate;

8.4.8 the Management Committee may suspend the right to withdraw either wholly or partially, and either indefinitely or for a fixed period. The suspension shall apply to all notices of withdrawal which have been received and remain unpaid at the time. Where the suspension is for a fixed period, it may be extended from time to time by the Management Committee;

8.4.9 during any period when the right of withdrawal has been suspended, the shares of a deceased Member may, if the Management Committee agrees, be withdrawn by their personal representatives on giving such notice as the Management Committee requires;

8.4.10 the Society may deduct such reasonable sum to cover administrative costs of withdrawal from the monies payable to a Member on the withdrawal of shares.

8.5 The Society may (but is under no obligation to) pay interest to holders of shares, as compensation for the use of such funds, subject to the following:

8.5.1 any payment of interest must be from trading profits and is at the discretion of the Management Committee having regard to the long term interest of the Society, the need to maintain prudent reserves and the Society's commitment to community benefit;

8.5.2 the rate of interest to be paid in any year is to be approved by resolution of the Members at the Annual Members' Meeting, and shall not exceed 5% or 2% above the base rate of the Bank of England whichever is the greater;

8.5.3 the Management Committee may decide that interest shall not be paid in relation to holdings of shares below a minimal level.

8.6 On the solvent winding-up of the Society, holders of shares will have no financial entitlement beyond the payment of outstanding interest and repayment of paid up share capital.

8.7 In the event that a Member resigns from membership, is removed from the Register of Members, or is expelled in accordance with the Rules, shares held by them at the date of resignation, removal or expulsion shall thereupon become a loan, repayable to the former Member by the Society. The terms of repayment shall be those applying to the withdrawal of share capital set out in the Rules, and notice of withdrawal shall be treated as having been given at the point of resignation, removal or expulsion.

## 9 ADMINISTRATIVE Purpose, objects and powers

9.1 The Society's Purpose is to carry on business for the benefit of the community.

9.2 The Objects of the Society are, in accordance with its Purpose:

The objects of the Society shall be to carry on business for the benefit of the community by: Running The Locks Inn, Geldeston as an inclusive and community focused pub.

9.3 The Society has the power to do anything which appears to it to be necessary or desirable for the purposes of or in connection with its Objects.

9.4 In particular it may:

9.4.1 acquire and dispose of property;

9.4.2 enter into contracts;

9.4.3 employ staff;

9.4.4 make use of the services of volunteers;

9.4.5 receive donations or loans free of interest for its Objects.

9.5 Any power of the Society to pay remuneration and allowances to any person includes the power to make arrangements for providing, or securing the provision of pensions or gratuities (including those payable by way of compensation for loss of employment or loss or reduction of pay).

9.6 The Society shall not accept deposits or conduct any activity that constitutes a 'regulated activity' for the purposes of the Financial Services and Markets Act 2000 and 2012 without first applying for, and obtaining, authorisation for the conduct of any such activity.

### Borrowing

9.7 Subject to the approval of the Management Committee, the Society may borrow money from its members and others for the purposes of or in connection with its Objects, providing that the amount outstanding at any one time shall not exceed £10,000,000.

9.7.1 The Society shall have the power to mortgage or charge any of its property, assets and undertakings, and to issue loan stock, debentures and other securities for money borrowed or for any contracts of the Society or its customers or persons or corporations having dealings with the Society under whatever security or conditions the Management Committee determine are necessary to obtain the capital required to fulfil the society's objects.

9.7.2 The rate of interest on money borrowed, except on money borrowed by way of bank loan or overdraft or from a finance house or on mortgage from a building society or local authority, shall not exceed a reasonable rate necessary, in the opinion of the Board, to obtain and retain the capital required to carry out the objects of the Society, nor shall it risk the Society's status as a Community Benefit Society.

### Investments

9.8 Subject to any restriction imposed by resolution of any Members' Meeting, the Management Committee may invest any part of the capital and funds of the Society in any manner which the Management Committee may from time to time determine, taking investment advice where appropriate and in accordance with the Society's policy on investments.

### Books of Account

9.9 The Management Committee shall cause to be kept proper books of account with respect to the transactions of the Society, its assets and liabilities, and shall establish and maintain a satisfactory system of control of the books of account, the cash holdings and all receipts and remittances of the Society in accordance with the law.

#### Treatment of Profits

9.10 The profits of the Society shall not be distributed either directly or indirectly in any way whatsoever among Members, but shall be applied:

9.10.1 to maintain prudent reserves;

9.10.2 social payments furthering the objects of the Society;

9.10.3 on expenditure in carrying out the Society's Objects.

#### Minutes

9.11 The Management Committee shall cause proper minutes to be made of all Members' Meetings, meetings of the Management Committee and of any sub-committees. All such minutes shall be open to inspection by any Member at all reasonable times.

#### Settlement of Disputes

9.12 Any dispute, between the Society or an officer of the Society on the one hand and a Member or a person who has for not more than six months ceased to be a Member on the other hand, as to the interpretation of or arising out of the Rules shall (except as otherwise provided in the Rules) be referred, in default of agreement between the parties to the dispute, to a person appointed by the Chief Executive of the Plunkett Foundation, on application by any of the parties. The person so appointed shall act as sole arbitrator in accordance with the Arbitration Act 1996 or the Arbitration (Scotland) Act 2010 and such person's decision shall (including any decision as to the costs of the arbitration) be final.

#### Register of Members

9.13 The Society shall keep at its registered office a register of Members as required by the law. Any Member wishing to inspect the register (or any part of it) shall provide the Society with not less than 14 days' prior notice given in writing to the Secretary at the Society's registered office.

#### Copies of Rules and Regulations

9.14 The Secretary will provide a copy of the Rules to any person who demands it, and may charge a sum (not exceeding the maximum allowed by the law) for providing such a copy. Unless that person is a member who has not previously been provided with a copy of the rules.

#### Management Committee's and Officers' Indemnity

9.15 Members of the Management Committee and the Secretary who act honestly and in good faith will not have to meet out of their personal resources any personal civil liability which is incurred in the execution or purported execution of their functions, save where they have acted recklessly. Any costs arising in this way will be met by the Society.

The Society may purchase and maintain insurance against this liability for its own benefit and for the benefit of members of the Management Committee and the Secretary.

#### Deceased and bankrupt members

9.16 Upon a claim being made by the personal representative of a deceased Member or the trustee in bankruptcy of a bankrupt Member, any property to which the personal representative or trustee

in bankruptcy has become entitled may be used as the personal representative or trustee in bankruptcy may direct.

9.17 A Member may in accordance with the law nominate any person or persons to whom any of their property in the Society at the time of their death shall be transferred, but such nomination shall only be valid to the extent for the time being provided by the law.

On receiving satisfactory proof of the death of a Member who has made a nomination the Society shall, in accordance with the law, either transfer or pay the full amount of such property to the person so nominated.

## 10 START-UP PROVISIONS

10.1 The first Members of the Society shall be those who signed the application for registration.

10.2 The first Members shall appoint the first Management Committee who shall serve until the first Annual Members' Meeting.

10.3 At the conclusion of the first Annual Members' Meeting, all the members of the first Management Committee shall retire but shall be eligible for election to the Management Committee.

10.4 Those elected to the Management Committee shall take office immediately after the conclusion of the first Annual Members' Meeting, and the following provisions shall apply to them.

10.4.1 One third of those so elected, who obtained the highest number of votes, shall serve until the conclusion of the fourth Annual Members' Meeting.

10.4.2 One third who obtained the next highest number of votes shall serve until the conclusion of the third Annual Members' Meeting.

10.4.3 The remainder of those elected shall serve until the conclusion of the second Annual Members' Meeting.

## 11 TRANSITION PROVISIONS

11.1 If these model rules are adopted on a complete amendment of rules, the following provisions shall apply.

11.2 Those holding office as elected members of the Management Committee immediately prior to the adoption of these model rules shall continue in office until the next Annual Members' Meeting, and the following will then apply:

11.2.1 if, under the rules applying before the adoption of these model rules, members of the Management Committee were elected for a three year term of office, then the elected members of the Management Committee shall serve out the term of office for which they had been elected;

11.2.2 if, under the rules applying before the adoption of these model rules, members of the Management Committee were elected for any other term of office, all elected members of the Management Committee shall retire from office at the conclusion of the next Annual Members' Meeting; elections shall be held before the Annual Members' Meeting to fill the vacancies arising; and the following provisions shall apply:

11.2.2.1 one third of those elected, who polled the highest number of votes, shall serve a three year term of office ending at the conclusion of the fourth Annual Members' Meeting following the adoption of these model rules;

11.2.2.2 one third of those elected, who polled the next highest number of votes, shall serve a two year term of office ending at the conclusion of the third Annual Members' Meeting following the adoption of these model rules;

11.2.2.3 the remainder of those elected, who polled the lowest number of votes, shall serve a one year term of office ending at the conclusion of the second Annual Members' Meeting following the adoption of these model rules.

11.3 Those holding office as Chairperson, Vice-Chairperson, and Treasurer immediately prior to the adoption of these model rules shall continue in office until the first meeting of the Management Committee after the next Annual Members' Meeting. At the commencement of that Management Committee meeting, they shall retire from office and the Management Committee shall elect a Chairperson, Vice-Chairperson and Treasurer.

11.4 The person holding office as Secretary immediately prior to the adoption of these model rules shall continue in office unless or until replaced by the Management Committee.

## APPENDIX

1 The Rules should be read and understood on the basis of what is set out below.

2 Words in the singular include the plural, and words in the plural include the singular.

3 Any reference to legislation includes any subsequent enactments, amendments and modifications, or any subordinate legislation.

4 The section, rule and paragraph headings are inserted for convenience only and shall not affect the interpretation of the Rules.

5 The following words and phrases have the special meaning set out below.

"company" a company registered with limited liability under the Companies Act 2006 or any previous Companies Act, or under any law of the country where it is situate whereby it acquires the right of trading as a body corporate with limited liability

"Financial Conduct Authority" Financial Conduct Authority, 25 The North Colonnade, Canary Wharf, London, E14 5HS

"partner" a person living with another in the same household as a couple, irrespective of their sex or sexual orientation

"Plunkett Foundation" Plunkett Foundation, The Quadrangle, Woodstock, Oxfordshire, OX20 1LH

"society" a society registered with limited liability under the Co-operative and Community Benefit Societies Act 2014 or under any law of the country where it is situate whereby it acquires the right of trading as a body corporate with limited liability

6 The following words or phrases are introduced in the rule specified in each case.

Words or Phrases Rule

Annual Members' Meeting 4.1



Annual Accounts 6.1

Appendix 1.7.1

Auditor 6.2

Chairperson 5.11

Management Committee 2.1

Member 2.1

Members' Meeting 4

Membership Strategy 3.1.1

Objects 9.2

Purpose 1.3

Register of Members 3.2

Rules 1.1

Secretary 2.1

Society 1.1

Special Members' Meeting 4.2

Treasurer 5.11

Vice-Chairperson 5.11

## **Appendix 6 – Community Engagement Plan**



### **Community Engagement Plan**

#### **Background**

On 21 September 2020 we discovered that our treasured pub and social hub of the Waveney Valley was to close and go under the hammer at auction on 21 October. There was a real risk that, at auction, the pub would be bought for uses other than a pub and generations of social heritage would be lost.

We immediately decided to investigate the possibility of a community bid to protect and enhance this iconic family friendly pub. Due to the extreme shortage of time, and to a lesser extent the difficulties of public engagement due to Covid-19, the main focus of this community engagement was via social media.

We formed an unincorporated body called “Save the Locks” and created a Facebook page and Twitter account. Within a few days we had gathered over 1,000 followers and at the current time we have more than 2,400 followers. Our first Facebook post was shared 1650 times, had 550 likes and reached over 100,000 people. But more importantly it gathered 355 comments with pledges of funding ranging from £20 to £50,000 and pledges of help to cook, clean, write business plans, deal with the auction house, do the accounts, set up a crowdfunding page and much more besides.

The support has been overwhelming with 99.9% of all comments being supportive of our goal to create and run a community owned pub.

This huge support and the pledges of funding in a future community share issue and in bridging finance enabled us to make an offer for the pub and this was accepted prior to auction.

Following the exchange of contracts we have again reached out on social media asking for further financial pledges for a future community share issue that we expect to take place in January and asked people to respond via a dedicated email address. This has generated over 100 additional pledges of future investment as well as a substantial number of donations and critically offers of bridging finance that enabled us to complete the purchase of the pub on 4 November.

To supplement the investment strategy we also launched a crowdfunding page to gather donations that were needed for upfront fees. Surplus from this has been put into the general investment fund. The crowd funder has gathered 148 donations totalling over £8,200. Equally important were the messages of support on this page.

We have also consulted with the local community organisations, the two parish councils and

businesses close to The Locks Inn. The responses have all been very positive and supportive.

### **Marketing the Community Share Issue**

There is already very significant awareness of our forthcoming Community Share Issue which is scheduled to be launched on 15 January. We will capitalize on and expand this awareness through a campaign with the following components:

- We have a database of around 450 email addresses from people who have expressed an interest in investing in The Locks Inn Community Pub. We will email these people immediately after the share issue has gone live with an invitation to translate their pledges to investments
- We have over 2400 followers on Facebook and will make a Share Issue post when it goes live. We will encourage people to “like” and “share” this post so that we reach a wide audience. We will also reply to many hundreds of comments and private messages on the Facebook page with information about the share issue.
- We have produced an A5 printed flyer that is being distributed with a local publication. This will reach around 10,000 homes, principally in the towns of Beccles and Bungay but also in some of the large villages in the Waveney Valley.
- We will produce a press release for circulation to the local and regional press as well as to community newsletters.
- We will, if Covid rules permit, hold stalls in the nearby market towns of Beccles and Bungay to promote our share issue
- We will encourage other organisations to contact their own members and supporters with information about our share issue
- We will engage with, and provide promotional material to, key stakeholders including local branches of CAMRA, the Plunkett Foundation and local businesses.
- We will engage the services of a local celebrity to help promote the share issue and involvement in the refurbishment of the pub.
- We will continue to engage with local radio and TV to extend our reach.

### **Member Participation**

Our biggest asset will be our members. Without people buying into the vision, buying shares and getting behind the project it would never become a reality. But it doesn't stop there. As a community business LICP aspires to have an engaged and participative body of members. There will be plenty of opportunities in which a member can play a part in the organisation's success:

- **Attend and vote at AGMs** – your opportunity as a shareholder to input on the future direction of the Society
- **Contribute your time** – by being an active member of the Management Committee; this is a vital and hands-on way in which you can get involved. Don't be afraid – there is opportunity for training and support; enthusiasm to help is the key ingredient. At the next AGM any member interested in standing as a member must submit a very short written explanation of how and why they would like to be involved in order to be a nominee
- **Contribute your time – by being a volunteer** - we anticipate particularly in year one to need significant help with helping to get the project up and running, such as maintaining the garden and helping with odd jobs.
- **Attend members' 'open house'** – a [monthly] opportunity for members to meet with members of the Management Committee to raise questions and provide feedback.