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# BROADWINDSOR COMMUNITY PUB LTD

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## BUSINESS PLAN V5 JANUARY 2022

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This is a working document and it should be noted that some expenses are best estimate at the time the document was produced

Income figures are well informed and will not change

Sandra Burrows

6<sup>th</sup> January 2022

## 1. OVERVIEW

This project will focus on re-opening the White Lion, Broadwindsor.

Modest funds are needed to bring the pub up to spec and to underwrite the first year of trading with the necessary working capital.

A household survey has indicated that there is widespread support for the project.

A team of volunteers conducted a door-drop survey to every household in the village and surrounding communities to find out whether the community wanted a pub in the village. The answer was very clear; 95% of respondents said yes, they wanted a pub in the village.

Of the 208 households who responded 121 or 58% said that they would use the pub regularly. 23% would visit for drinks and 27% for food whilst 21% would use the pub to entertain visitors

The pub is listed as a community asset within the Neighbourhood Plan and as such needs to be protected by the community for the community. We believe that securing the right deal with Palmers represents the best – and only - chance for the White Lion to re-open at the heart of our community. Alternatively the building could be allowed to stand empty for the foreseeable future or worst-case scenario is that it could become a residential property and the community could lose the last pub in the village forever.

To be viable the pub needs to be run on a commercial basis however it is intended that the pub will function alongside other commercial enterprises in the area rather than be in direct competition.

[Broadwindsor Community Pub Ltd, a company limited by guarantee, was established in December 2021 and now needs to focus on raising the funding required to complete the project.](#)

## 2. FINANCIAL DATA

Whilst we do not have access to any financial data from the previous landlord Palmers have provided us with the monthly turnover figures upon which they based the rent calculations. This shows an annual turnover of £150k with a 75/25 wet/dry split.

Within a three-year period we aim to increase turnover to £160k, with a wet/dry split of 70/30, and maintain that into the future. This level of income will ensure that the pub remains viable and is able to fulfil the needs of the community.

We will run the pub as a community enterprise, to be modestly profitable, but not for private profit. Any surplus profits will be reinvested into the wider community.

## 2.1 Three-year profit and loss forecasts

<b>BROADWINDSOR COMMUNITY PUB LTD</b>			
	year 1	year 2	year 3
<b>INCOME</b>			
dry sales per year	36200	44244	50278
total wet sales per year	89486	100671	111857
<b>TOTAL INCOME</b>	<b>125685</b>	<b>144916</b>	<b>162135</b>
<b>COST OF SALES</b>			
dry stock	13756	16813	19105
wet stock	44743	50336	55929
	<b>58499</b>	<b>67148</b>	<b>75034</b>
<b>GROSS PROFIT</b>			
dry - gp 62%	22444	27431	31172
wet - gp 50%	44743	50336	<b>55929</b>
<b>TOTAL GROSS PROFIT</b>	<b>67187</b>	<b>77767</b>	<b>87101</b>
dry split	28.80%	30.53%	31.01%
wet split	71.20%	69.47%	68.99%
<b>EXPENDITURE</b>			
Salaries - bar & kitchen	42356	43724	45160
Pension	1191	1228	1267
National Insurance	0	0	0
Cleaning	820	820	820
PP &S	240	240	240
Advertising & promotions	120	120	120
Accounting	300	315	331
License fee	0	0	0
music license	250	250	250
Software	300	300	300
EPOS rental	480	480	480
Total Property Costs	9184	14637	18370
Business rates	0	0	0
Telephone	450	450	450
Utilities	6284	7246	8107
Insurance	720	756	794
Bank charges	0	91	204
Credit card charges	1667	1922	2150
Depreciation	1250	938	703
<b>TOTAL EXPENSES</b>	<b>65611</b>	<b>73517</b>	<b>79745</b>
<b>NET PROFIT/LOSS</b>	<b>1575</b>	<b>4250</b>	<b>7355</b>

It is worth noting that the advantage of community enterprise is that it does not need to generate vast profits, the aim is to be able to cover costs and build up a modest reserve to ensure viability into the future.

## 2.2 Assumptions

<b>BROADWINDSOR COMMUNITY PUB LTD</b>	
<b>ASSUMPTIONS</b>	
<b>INCOME</b>	
Wet/dry sales	The assumptions on sales have been informed by financial data provided by Palmers brewery which show that the previous landlord achieved an annual turnover of £150k with a 75/25 wet/dry split.
	Our assumptions are based on increasing turnover over a three year period to achieve a turnover of £162k with a wet dry split of 70/30
	Year 1 assumes turnover of £125685 with 71/29 wet/dry rising to £162135 with 69/31 wet/dry split by year 3
<b>GROSS PROFIT</b>	
Gross profit margins	We have applied industry standard gross profit margins for wet sales (50%) and dry sales (62%)
<b>COSTS</b>	
Salaries & Wages	Staffing assumptions comprise the following:
	A full time live-in management couple to manage the pub and food side of the business, assuming this will cover both kitchen and front of house management.
	Additional staff costs are informed by conversations with the previous landlord who used 50 hours a week at minimum wage. This will be a pool of staff that has been brought in on a flexible basis to cover peak times.
	Annual leave has been allowed at 5.6 weeks to include bank holidays assuming that we will pay other staff to cover
	Wages have been inflated by 2.5% per annum
Pension Costs	Pension costs for all staffing are assumed to be 3%
NI Costs	NI costs are assumed to be NIL on the assumption that employment allowance will be awarded
Cleaning	Based on Dorset Council charges
PP & S	
Advertising & promotions	Based on known charges for local advertising
Accounting	Based on indication from accountant the he would charge roughly the same as for the community shop
License fee	Costs borne by brewery
Music license	
Software	Based on quote from Sage
EPOS Rental	Based on quote from recommended supplier
Property Costs	Include rent, service charges and repairs and renewals. Repairs and renewals are based on the industry accepted standard of 1.95% of turnover. Service charges are set by Palmers and have been inflated by 5% per annum.
Business rates	Confirmed by Dorset Council
Telephone	Based on contract with Plusnet similar to that in place with the shop
Utilities	Based on industry accepted standard % of turnover - 5% of turnover
Insurance	
Bank charges	Standard bank tariff
Credit card charges	Based on 85% of gross turnover @ 1%. Payment cards to be encouraged
Depreciation	Assume purchase of assets to the value of £10k and 50% paid for with specific grants
	Where necessary costs have been inflated by 5%

### 2.3 Customer Analysis

Customer analysis shows that, based on diners spending £20 per head (including VAT), we will need to target 70 covers a week in year one rising to 97 by year three.

Similarly to achieve our wet sales target we need to attract 151 drinkers a week based on drinkers spending £10 a head (including VAT), rising to 181 in year three.

<b>Customer Analysis</b>	<b>year 1</b>	<b>year 2</b>	<b>year 3</b>
dry sales per year inc VAT - £12 per cover	43440	53092	60334
expected covers per year	3620	4424	5028
expected covers per week	70	85	97
total wet sales per year inc VAT	107383	120805	134228
wet sales per diner per year - £8 per diner	28960	35395	40223
expected diners per year	3620	4424	5028
expected diners per week	70	85	97
expected wet sales per drinker per year - £10 per drinker	78423	85410	94005
expected drinkers per year	7842	8541	9401
expected drinkers per week	151	164	181

## 2.4 Cash Flow Forecasts

Cash flow forecasts are used to determine how much cash is coming in and out of the business, of necessity cash flow forecasts always include VAT whereas Profit & Loss reports do not . Three-year cash flow forecasts, including start-up funds yet to be raised are shown below.

Three year cash flow forecast - BCP Ltd				
	Start up costs	2022	2023	2024
<b>Cash in</b>				
Sales		150823	173898	194562
Grants - PC	5400			
Grant - PC CIL	850			
Palmers	1000			
Comrades Arms	2500			
Start up funds needed	30000			
<b>Total in</b>	<b>39750</b>	<b>150823</b>	<b>173898</b>	<b>194562</b>
<b>Cash out</b>				
Plunkett	550			
Brokers fee	600			
Initial Stock - wet and dry	4100			
Kitchen Equipment	9600			
Refurb Costs	9360			
Security deposit	4000			
Glassware	1200			
Cost of Goods Sold		67446	77215	86220
Gross wages		42360	43724	45160
Pension		1165	1228	1267
Cleaning		751	820	820
Printing, Postage & Stationery		264	290	290
Advertising		120	150	150
Accounting & legal		0	360	378
Music License		250	250	250
Software		360	360	360
EPOS Rental		576	576	576
Total Property Costs		10078	15696	19575
Security Deposit		0	5000	
Inventory Costs		1500	3000	7500
Telephone		495	540	540
Utilities		6904	7249	7612
Insurance	720	720	720	720
Bank charges		0	91	204
Credit Card Charges		1675	1922	2150
VAT Liability		9257	15592	16844
<b>Total out</b>	<b>30130</b>	<b>143921</b>	<b>174783</b>	<b>190616</b>
<b>Income less Expenditure</b>	<b>9620</b>	<b>6902</b>	<b>-885</b>	<b>3946</b>
<b>Opening balance - bank</b>	<b>0</b>	<b>9620</b>	<b>16522</b>	<b>15637</b>
<b>Closing balance - bank</b>	<b>9620</b>	<b>16522</b>	<b>15637</b>	<b>19583</b>

### 3. SET UP COSTS AND FUNDING FOR SET UP

#### 3.1 Funding

Broadwindsor Parish Council have awarded a grant of £5400 which can be used where needed. In addition, along with other community facilities, we have been awarded £850 which is a share of the Community Infrastructure Levy. Comrades Arms have to date raised £2500 and the brewery have donated £1000 to be used where needed.

Some £30,000 still needs to be raised and whilst we have some scope, because many of the grant awarding bodies have alcohol exclusions options will be limited. Our main thrust will be to raise funds from within the community.

#### 3.2 Summary of start-up costs – all costings are exclusive of VAT

BROADWINDSOR COMMUNITY PUB LTD							
START UP COSTS - SUMMARY							
These costs include refurbishment costs, purchase of kitchen equipment (including crockery, cutlery, glassware, knives pans and staff uniforms), initial stocking and sufficient working capital to provide for the initial costs of trading. A detailed breakdown of refurbishment costs and kitchen costs are shown at paragraph 3.3 and 3.4							
Refurbishment costs				£7,800.00			
Kitchen Equipment				£8,350.00			
Glassware				£1,000.00			
Security Deposit				£4,000.00			
Initial wet stock				£3,000.00			
Initial dry stock				£500.00			
Working capital				£15,000.00			
				£39,650.00			

### 3.3 Estimated kitchen costs

Item	Est cost	Comment
Salamander – free-standing electric, not gas	£400.00	This represents basic requirements and all costs are estimated. Prices are taken from an online catering supplier and are for mid range appliances. The preferred option is to purchase new as there are currently temporary tax reliefs on capital asset investment.
Single electric buffalo fryer	£350.00	
2 x Deep fat fryer – separate one for gluten-free	£380.00	
Dishwasher	£1,800.00	
Stainless steel refrigerator - 600L	£900.00	
Stainless steel freezer - 600L single door	£900.00	
Ice making machine for bar area	£500.00	
Pizza oven	£400.00	
Bain-Marie	£400.00	
Griddle	£400.00	
Coffee machine (for bar counter) - 1.7L	£200.00	
Staff uniforms	£200.00	
Pans – chef will advise on type they require		This represents an arbitrary figure and pending appointment of a chef. Supplies will be tailored to chefs requirements
Knives – chef may have own or will advise on type they require		
Glassware for wine, water, G&T etc, serverware and miscellaneous accessories. Palmers to supply all beer and soft drinks glassware branded Palmers.		
Cutlery, crockery	£1,500.00	
	£8,330.00	

### 3.4 Estimated refurbishment costs



We need to raise funds to redecorate, improve the lighting and reduce the size of the bar in order to accommodate extra seating for diners.	
Wherever possible we will use volunteer labour however some plumbing and electrical work will need to be certified and the plan is to use Palmers approved contractors, for clarity we will need to pay costs involved. Work carried out by approved contractors will not need to be certified representing a saving to us.	
In some cases using Palmers suppliers is more cost effective and they are happy for us to do that.	
<b>COSTS</b>	
Electrical costs using Palmers approved contractor	<b>£4,000.00</b>
Plumbing costs using Palmers approved contractor	<b>£800.00</b>
Carpentry materials to reduce size of bar, volunteer labour	<b>£300.00</b>
Supply and fit new carpet, including underlay, using Palmers supplier	<b>£1,800.00</b>
Floor Tiles £225. Volunteer removal of flagstones in front of the bar and in far left corner, volunteer laying of patterned tiles. 15sq m at £15 psm	<b>£225.00</b>
Timber floor £145. Hire of sander and diamond hard floor varnish	<b>£145.00</b>
To paint all walls and ceiling, panelling, front of bar and radiators in themed colour. Using Palmers supplier and volunteer labour.	<b>£300.00</b>
Stone clean £30. Volunteer labour	<b>£30.00</b>
Flat tidy £200. Refresh any tired paint and make good where necessary. Volunteer labour	<b>£200.00</b>
<b>TOTAL ESTIMATED REFURBISHMENT COSTS</b>	<b>£7,800.00</b>

#### 4. STAFFING

Our model does not utilise any community volunteers in Customer Facing roles but volunteers will be used in other roles such as cellar care, stock taking and gardening. All customer facing roles will be paid positions and will provide jobs opportunities in the village. This also guards against the potential for a drift of volunteers from the community shop to the pub.

Broadwindsor residents have already come forward to offer help where needed.

#### 5. OUR VISION

In the short term we are seeking to secure the tenancy of the pub, carry out necessary improvements and decoration works and to open for business as a community owned business on behalf of the community.

The long-term goal is to create a community run pub that will benefit the whole community across a wide and diverse range of interests which will sit at the heart of our community, a place where groups can meet in a convivial atmosphere. This is an important and integral part of village life, adding to the sense of community and inclusiveness and helping to combat rural isolation, **reopening the pub and running it as a profitable, but not for private profit, community enterprise will ensure that this continues in perpetuity.**

#### 6. STEERING GROUP SKILL SETS

Members of the Steering Committee have a breadth of experience gained from both previous and current employment, encompassing:

- Former publicans
- Retail
- Legal
- Finance
- HR and recruitment
- Marketing
- Public Relations
- Insurance
- IT
- Project Management

The village also has the benefit of the experience gained from running a Community Shop since 2013. The model is similar with a few paid staff supported by volunteers. As is our aim, it is run by the community for the community. It traded throughout lockdown not only without interruption to service but adding to it with an on-line click-and-collect service. Whilst it budgets to meet its costs, it has year on year added to its surplus putting it in a healthy financial position such that it can be the master of its own destiny. Some of the members of the Community Shop Management Committee are also on our Steering Group and with the benefit of their experience, we see no reason why the White Lion Community Pub should not follow a similar path.