

The GEORGE COMMUNITY

Business Plan

for the

The George Community Limited

to buy and run

The George Pub



Bethersden, Kent



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Last updated: 11th November 2022



1 EXECUTIVE SUMMARY

1.1 Introduction

This business plan presents a proposal by The George Community Ltd to purchase, refurbish and operate The George Pub in Bethersden. The pub will be run for the benefit of the local community.

1.2 Current Situation

Standing in the heart of Bethersden, The George has been the social hub of our community for hundreds of years. Sadly, the pub closed in 2020 when the previous tenants decided to change careers and the local community is keen to not lose the beating heart of the village. The current owner would like to sell and is in favour of selling to the community if we can raise sufficient funds.

1.3 Our Purpose

The George Community Ltd's proposal is to purchase The George Pub from the current owner and carry out essential maintenance and improvements to make the building fit to trade again. We will then appoint a professional team to run the day-to-day operation and are planning to expand and enhance the pub within 24-48 months. Any profits generated on top of these upgrades would be then re-invested into the wider community.

Our objective is to have a friendly and welcoming village pub that serves local beers and sensibly priced, freshly prepared food using local ingredients. By expanding the pub, we intend to create a brilliant community-hub, supporting not just the area's drinkers and diners but the wider community, through enhancing the facilities and encouraging social cohesion through supporting events, as well as running an environmentally friendly business as the heart of our village.

1.4 Financials

We have agreed a purchase price for The George of £540,000, which is in line with its "open" value according our independent valuation completed in October 2021, reflecting the importance of the pub to the community. Based on a survey completed in 2020, approximately £60,000 needs to be spent to do basic maintenance and re-decoration in the short term. In addition, we should allow for around £31,500 of costs for the purchase including stamp duty, survey and legal costs. This means we need to consider initial outlay of around £635,000.

There is wide support from the community with pledges in excess of £215,000 secured in 2021 and we will be targeting to raise a total of £300,000. Investors can benefit from interest of up to 5% per year as well as tax relief through Social Investment Tax Relief (SITR) which provides income tax relief of 30% to investors in community projects such as ours. On top of the community funds, we have secured £250,000 'match' funding from the Community Ownership Fund and an equity £25,000 from the Share Booster programme, funded by Power to Change. We are also applying for additional grants to support with the refurbishment of the building.

The pub was making a profit prior to closing and as owners of the Freehold, we believe that it will be possible to deliver an operating profit of around £15,000 - £20,000 per year once the initial refurbishment has occurred. To allow the business to be viable longer term, there will need to be additional space to increase covers. An initial estimate for these works is £250,000 to £300,000. Once the pub is open, we can either save up the profits being generated for several years or look at wider funding options such as getting a commercial mortgage to pay for the work required. This refurbishment should mean we are able to generate profits of around £50,000 per year.



1.5 The George Community Limited

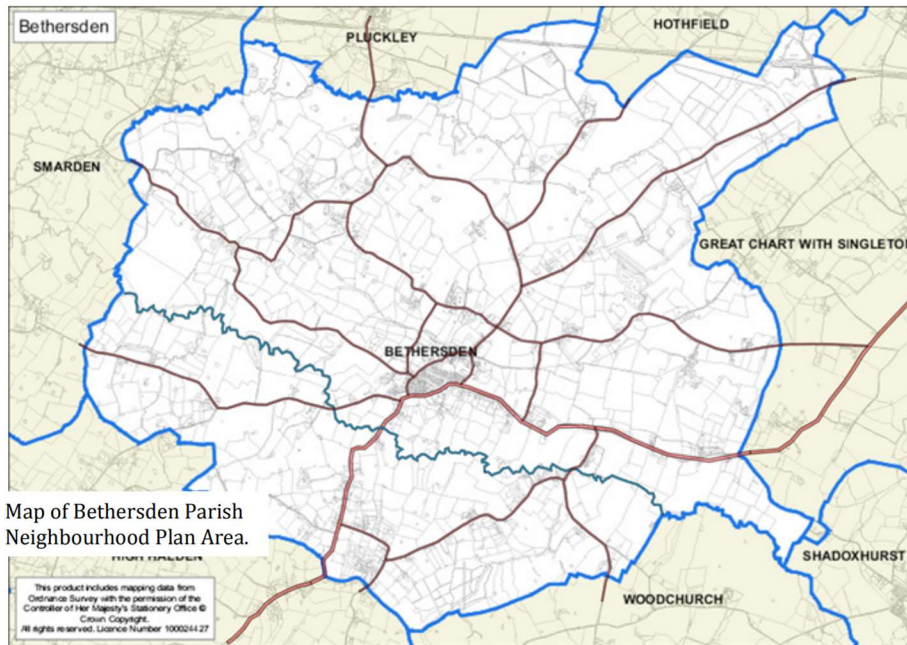
The George Community Limited is a Community Benefit Society that has been formed with the support of the Plunkett Foundation, a charity which specialises in supporting local communities to buy and run their local shops, pubs and facilities. The George Company Limited is registered as Community Benefit Society with the Financial Conduct Authority Registration Number: 8690.

The purchase of the minimum of one share of the Society gives members control over the business through the annual election of a Management Committee and voting rights on significant issues at regular meetings. Community Benefit Societies are by law intended to be democratic organisations and all members will have an equal vote and protection of limited liability. The Society rules contain a statutory asset lock to prevent the distribution of residual assets to members for private benefit. Any surpluses generated by the society can only be used for reinvestment in the business or for distribution for charitable purposes in the community.

2. BACKGROUND TO THE PROJECT

2.1 The Village of Bethersden

The village of Bethersden is situated around 5 miles southwest of Ashford in Kent. It has a population of around 1400 people and 650 households, with a diverse mix across many ages and backgrounds. It has large groups of retirees struggling with isolation as well as challenges with unemployment made worse by poor social mobility and transport connections. These have all been exacerbated by the Covid-period. In fact, Bethersden is ranked 13,028 out of 32,844 in the country according to the Indices of Deprivation, 2019 (where 1 is the most deprived).



2.2 History of The George

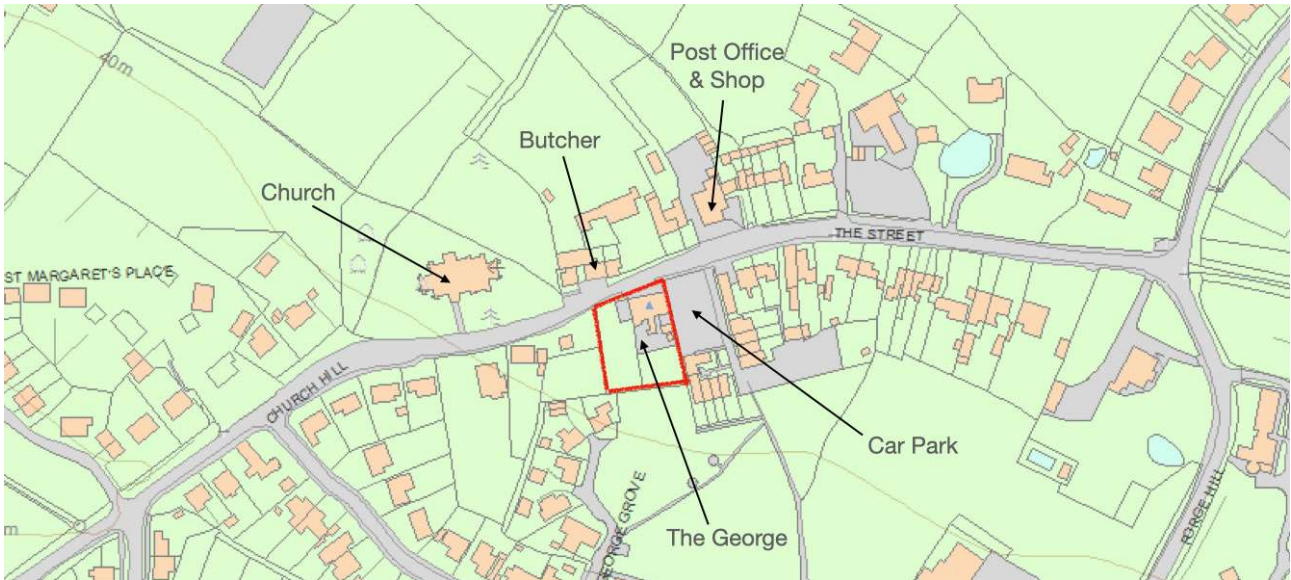
The George Pub on The Street in Bethersden is a Grade II listed building for its special architectural and historic interest. There has been an inn on the site since the 17th Century, and “The George” was first registered as a pub in 1841.





The George Pub in 1920

The pub sits right in the centre of the village, directly adjacent to the church, butcher, car park, post office and shop, hairdresser and beauty salon.



In recent years the pub has been privately owned with a tenant in place. With needing to pay for the rent, making a sizable profit has been hard to achieve and Covid ended up being the last straw for our latest tenants and they chose a new career.

2.3 The Competition

In terms of direct competition, there is another pub, The Bull, on the outskirts of the village on the busy A28, as well as a recently opened 'gastro-pub' The Pig & Sty, about 1 mile further out.





For the village of Betherden, only The George represents the “village pub”, as both The Bull and Pig & Sty are focused firmly on the restaurant side of their business and visiting trade, rather than the community. The Bull is also a “tied” pub, owned by Shepheard Neame, who influence what food and beers can be sold. There are also other village pubs further away in Shadoxhurst, High-Halden and Smarden.

2.4 The Role The George Played in the Community

The George was an active and vibrant village pub until the previous tenants chose to leave after 11 years in October 2020. Up until then, The George played a key role in the day-to-day life of the village, including;

- Being a hub for the community – a place for casual dining and drinking in the heart of the village
- Providing jobs for members of the local area
- A spacious beer garden, where customers could relax and bring their dogs
- Providing offers for senior citizens such as 2 meals for £10 during the week
- Holding regular entertainment evenings, including local musicians and bands
- Hosting MacMillan coffee mornings and other charity events such as the Ben Hammond Charitable Trust
- Holding a popular annual beer festival bringing in local bands and serving regional beers
- Being used by local sports teams after games, for example the Betherden Cricket and Tennis clubs
- Hosting private events for birthdays, weddings and funerals (the Church of St. Margaret’s is opposite the pub)

The George was successfully adopted as an Asset of Community Value (ACV) in 2016 and has been successfully re-submitted by the Parish Council for another 5 years, effective October 2021.

2.5 The Community Response to the closure of The George

The pub is currently closed following the completion of the previous tenancy in October 2020. It is worth noting that the tenants chose to leave after deciding upon a career change, the pub was still very active despite the various restrictions in place in 2020.

A group of local residents started to get together early in 2021. A questionnaire was sent out in March 2021 which had over 200 responses in 4 weeks. The key findings were;

1. 99% of respondents said the village needed The George
2. 100% of customers said they would return to the pub if it re-opened
3. 48% used it daily or weekly when it was open
4. 78% thought a community-run pub was a good idea

The full results from the questionnaire are included in the Appendix.

Since the first meeting of the steering group on 13th June 2021 we have set up a website with strong branding (www.georgecommunity.com); applied for and secured the Community Benefit Society ‘The George Community Limited’ with the help of the Plunkett Foundation; held a well attended public meeting in the village hall to describe in detail our plans and to take questions and progressed with the business plan and fundraising publicity.



On 30th July 2021 we hosted an informal ‘pop-up’ bar in the beer garden, with the permission of the owner and Ashford Borough Council, which was attended by over 100 people including our local borough councillor Cllr Jessamy Blanford and our MP The Rt. Hon. Damian Green.

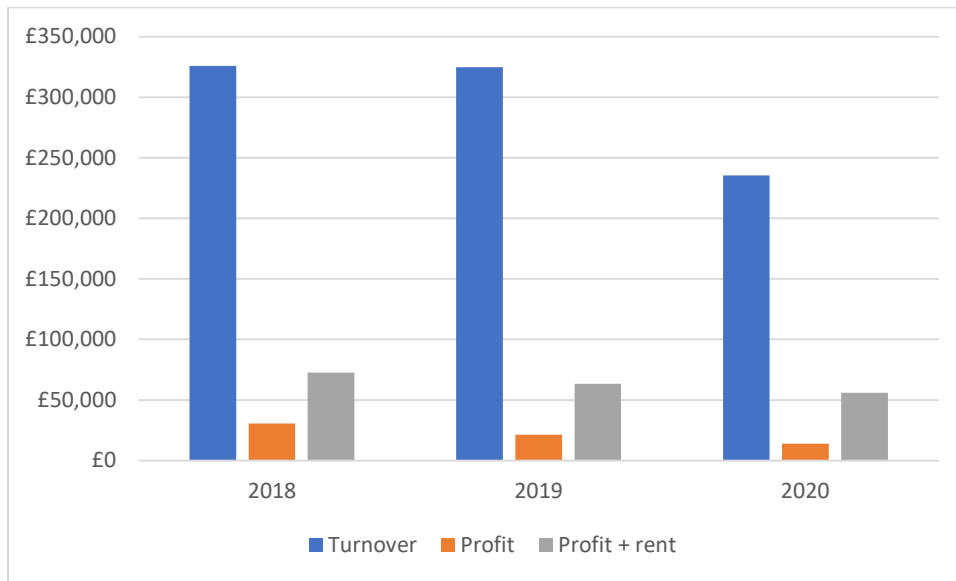
We have since held a series of regular events every 1-2 months including a Summer party on the George Field, quizzes and music events in the village hall as well as supporting other village activities such as the Friend’s of St. Margaret’s (Church) Garden Party.

2.6 SWOT Analysis

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> • Characterful building and setting, with a strong history • Perfectly placed in the centre of the village • Strong reputation as “the village pub” • Large plot-size – capable of supporting expansion • Close to nearby shops, post office and the church • A Free House, able to choose local suppliers and reduce food miles 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> • It is well known that the pub requires substantial repairs and maintenance in the short-medium term • Grade II listing means that any structural changes to the pub need to go through consultation • Car Park is not owned by the pub – long term access ideally should be secured
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • Offer local sourced, “home-cooked” food that’s different to the direct competition in the area • Large plot-size – capable of supporting expansion and community facilities • The large grounds would support a children’s play area which would encourage more families to visit the pub • Huge community support to re-open • Our survey demonstrates the demand for a fully inclusive and community owned pub in the village 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> • The longer the pub remains closed, the harder it is to re-open successfully • Existing staff have all moved on – need to re-recruit • Challenge to upgrade the pub in future, at the same time as continuing to operate • Asking price of the pub has proven a challenge to potential buyers in the past • The substantial investment required means we are reliant on grants, share-matching and community investment to be successful

2.7 Financial performance prior to COVID

Using the published accounts for 2018, 2019 and 2020 we’ve shown the business performance below. Financial year ends in July. It is worth noting that 2020 was of course impacted by Covid-19 but we’ve included it for transparency;



Profit + rent includes the rent paid to the Freeholder (£42,000 per year) to the profit made, demonstrating how ownership of the freehold makes a big difference to the profitability of the business.

2.8 Initial refurbishment required

Whilst the pub has been running successfully as a tenanted operation for many years, we are aware that there are a number of critical repairs and refurbishment required in the short term. We are grateful to the Peter Adam's Trust for sharing the survey they commissioned in 2020 to help us understand the key works required and likely costs.

We have prioritised the key works required into the first 2 years of our plan, with the majority **£63,220** falling in the first year and a further **£9,000** in our 2nd year.

There are some items from the survey we have chosen not to include because although desirable, they were not critical to the business' operation and costly. Key examples included replacing the outside garage and external windows and decorations. If we can over-achieve against our funding target in the share offer, we will consider expanding our initial refurbishment plan.

Given the rising cost of oil heating, we have added in the cost of replacing the existing oil heating and boiler with air-source heat pumps. Whilst this is a considerable outlay, we believe the return on investment justifies their cost by supporting the short term viability of the pub.

The items we have included in our plan for the first 2 years are listed below;

Item	Cost from 2020 survey	Allowed cost	Notes
Chimney stacks	£ 2,500	£ 2,500	
Roof coverings overhaul and install Kent peg ventilation tiles	£ 6,000	£ 6,000	Year 2. Potential for grant funding
Roof space including insulation to lofts only	£ 2,000	£ 2,000	



Gutters and downpipes in cast iron	£ 3,000	£ 3,000	Year 2. Potential for grant funding
Parapet gutter overhaul	£ 300	£ 300	
External Walls including stripping and retiling the tile hung walls and repointing all the brickwork with lime putty and sand mortar	£ 22,000	£ -	Some basic work carried out Potential for grant funding in future
External Doors and Windows	£ 25,000	£ -	Some basic work already carried out
External decorations	£ 10,000	£ -	Not essential
Works in the Public Bar including new floor	£ 5,000	£ 5,000	
Saloon Bar	£ 1,000	£ 1,000	
Dining Area	£ 3,000	£ 3,000	
Bar Severy (basins and Altro flooring only)	£ 1,000	£ 1,000	
Public Toilets	£ 500	£ 500	
Catering Kitchen and Wash Up room (excluding fume extraction unit and any equipment)	£ 2,000	£ 6,000	To allow for wider kitchen upgrades
Store Room (between Catering Kitchen and Bar severy) and small Utility room	£ 2,000	£ -	
Private Accommodation	£ 5,000	£ -	Most refurb work completed by current owners
Basement / Chilled beer Store	£ 5,000	£ 5,000	
Dampness: Installing a French drain	£ 2,500	£ 2,500	
Woodworm treatment	£ 1,500	£ 1,500	
Fire Precautions work	£ 25,000	£ -	Advised not required as flat not being rented separately
New single garage. Brick built with clay tiled roof on new foundations	£ 25,000	£ -	Not required
Flat roof over boiler room	£ 500	£ 500	
Air-source heat pumps and boiler		£ 18,000	Additional to survey
Electrical work		£ 5,000	Additional to survey
Preliminaries +15%	£ 22,470	£ 9,420	
Total for business plan	£ 172,270	£ 72,220	

We have also budgeted an additional £800 for new EPOS equipment and installation for both the bar and kitchen for our first month (pre-trading), as well as included costs for ongoing equipment repair and renewals.



3 VISION AND COMMUNITY BENEFITS

3.1 Our Vision

Our aim is to secure the future of The George for the benefit of Bethersden and the wider community as a flourishing, friendly and welcoming pub. The pub would ideally remain a free house that serves local beers and sensibly priced, freshly cooked, good food prepared using locally sourced ingredients. It will continue to be the heart of Bethersden as a place for social gathering, cultural activities, somewhere for people to meet and exchange information and it will promote a cohesive and friendly community in the area. It is our intention to work closely with, and in support of, the other community facilities and clubs in the area.

3.2 The Rise of Community Owned Pubs

The first co-operative pub opened in 1988 (Tafarn y Fic in Llithfaen, Gwynedd - Wales). By 2010 there were still only five community pubs in the UK. Legislation passed in 2011 (The Localism Act) introduced the designation of an Asset of Community Value, and the Plunkett Foundation, working with others in the industry, developed the co-operative pub model. Since then, the number of community pubs has grown steadily. The Campaign for Real Ale (CAMRA) has currently identified over 150 community owned pubs with many more in the pipeline.

Although still a relatively new concept there has been only 1 co-operative pub closure in the UK and it has one of the best survival rates anywhere in the world.

3.3 Benefiting the Community

Our belief is that it is in the best interests of the wider community for the pub to be acquired through a limited liability Community Benefit Society. The legal structure is explained in detail later in this document.

A community purchase would have many benefits:

- Providing a place to meet friends and neighbours which will improve the sense of community
- Providing a central point for community events and support local issues
- Improvements to the fabric of the building, preserving it for the future
- Offer a 'meals on wheels' delivery service to the elderly and isolated
- Creating opportunities for local employment
- Injecting money into the local economy
- Providing a hospitality venue for local businesses, groups, tourists, wedding and funerals
- Helping sustain property prices
- In the future, providing funds for other local community initiatives from the profits generated by the pub

3.4 Involving the Community

Starting with our initial consultation event in June 2021, we have had strong support from the community and have used our 'pop-up' events to not just raise much-needed funds but communicate our progress and allow potential members the opportunity to ask questions and help shape the project. Although our formal steering group is currently 5 members, we have also had assistance from local experts in PR, marketing, health and safety, finance and architecture in building our business plan and approach.

As a community business it will be vital to continue to communicate and listen to the everyone interested in the future of the pub. The George will exist for the benefit of its customers whether



they are villagers or from further afield. We will continue to engage with local groups and run regular feedback sessions for guests and members of the community to continuously improve the business and protect this village asset for the longer term. We will also keep open our Facebook and email channels to allow for direct feedback and ideas into the steering team.

As part of broadening our team and formalising a future Management Committee (see section 6.2), one additional role we will be looking for is a Community Manager. Their role would be to lead on ongoing community engagement, making sure that the key priorities required by the village are understood, that we are keeping up communication with local groups and societies and that the community is making the most of the facilities we have made available to them.

3.5 Our Aims

1. Purchase and re-open the pub in the short term
2. Run an environmentally friendly pub, minimising the use of plastics, reducing waste and improving the energy-efficiency of the building
3. Give the community a say in setting the direction and values of the pub
4. Promote social inclusion by widening the appeal of the pub and making it accessible to all
5. To be financially viable for the long term through expansion and modernisation

3.6 Our Values

- To support local suppliers – by buying local produce and ingredients for the kitchen, and local beers and wines for the bar, wherever possible
- Always offer value for money – we want to continue to offer great value food & beers, at reasonable prices making it accessible for all
- Keep profits within in the community – we will of course use profits to help improve and enhance the facilities, but once we are able to, we look forward to putting money back into the community through supporting local clubs and groups.
- Be representative of Bethersden – by being owned for the village, we can prioritise what is right for the community as a whole. We'll support local events, employ local people and promote the village too.



3.7 The Steering Group

We've put together a great team of local and active members of the community, who have a fantastic set of skills to give us the best chance of success. As we progress, we expect we'll need to grow this team to support the amount of work required.

The team are:



Robin Draper - Chairman

Moved to Bethersden 35 years ago with Marian and three teenage children. Once in Bethersden he served 10 years as Chief Executive of a local farmers Co-operative and then in 1996 started his own gardening business. The community of Bethersden has been hugely important to Robin and centre to this has been the friendship he has enjoyed with many villagers at The George



Alex Withington - Secretary

Alex has lived in the village with his wife since 2014, now with 2 young (and very active) children. Formally Head of Commercial Operations at BT and Commercial Logistics Manager at Brakes Foodservice, Alex is currently Sales Director for an online car supermarket. Alex loves cask (proper) beer and used to help out at The George's annual beer festival.



Joanne Brannan - Marketing

Moved to Bethersden ten years ago to buy her first home and start a family with her husband and lifelong village resident, Duncan. Formerly a Sales Director with an international media agency, Jo now splits her time between raising two young children and being Commercial Director for an organic lolly company. She is excited to be part of the team bringing The George back to life as a vibrant community hub



Roger Kelly - Treasurer

Has been an acoustic engineer for 30 years and started his own business twenty years ago. The business has recently been sold and he is looking for a new business challenge. He has lived in Bethersden for over seven years and is committed to helping The George reopen.



Michele Sadler - Events

Michele has lived in Bethersden for 32 years with her husband Ray Rank. Runs her own business from home. Michele joined the team in early 2022 to help plan and run our community events and support the wider operation of the society.

Please note that no conflict of interest exists and the committee members derive no financial benefit other than that available to any other shareholder.



4. THE PURCHASE OF THE GEORGE

4.1 Purchase of The George

The owner of the pub has been trying to sell it for several years without success. We met the owners earlier in the year and have been communicating regularly during our campaign. Whilst negotiation was not straightforward, with our share-match funding in place and strong community support, both parties recognised that we were best placed to purchase the pub.

We have agreed a conditional offer of £540,000, subject to contract. This is within the range of our valuation survey (£425,000 - £565,000), completed in October 2021. In addition to the purchase price, we also need to consider;

1. Stamp duty, which at the purchase price of £540,000 would currently be £16,500
2. Conveyancing costs, which considering the nature of the purchase, including potential changes required for the car park have been allocated £5,000. We are grateful to Nelson McLean, our solicitors, who have offered their services for a significantly reduced rate.
3. Surveys – although we have been generously granted access to a recent survey undertaken by a local Trust, we may need to conduct further detailed work so have allocated another £5,000
4. Further unexpected purchase costs of £5,000
5. In our financial forecast, we have included significant costs in the first months for equipment and IT costs, including new payment machines, broadband and Wi-Fi for the pub

Our initial outlay, including basic repairs required in the first month is summarised in the below table. Wider refurbishment to be done over the 1st and 2nd years is also budgeted and included in our financial plan.

Initial purchase costs	
Purchase of The George	£540,000
Stamp duty	£16,500
Conveyancing and surveys	£10,000
Further unexpected purchase costs	£5,000
Basic repairs (wet-side)	£20,000
Other expenses including licensing costs (band B)	£3,756
Working capital (restocking)	£8,500
Total	£603,756

4.2 Community Share Offer

Our primary source of funding will be a community share offer, where local residents are able to buy shares in the pub as an investment for the community, under the Community Benefit Society model. This means that each of the shareholders becomes a member of the society, and has voting rights on key issues, the AGM, and can elect the committee.

Membership of a Community Benefit Society is slightly different to a normal Limited Company, although it is worth noting that the same limited liability does still apply to investors. It is different in that shares are 'withdrawable' and cannot be 'traded' and there is an 'asset lock' to prevent any private capital gain. Any surpluses generated can be used only for reinvestment in the business or for distribution to other community groups. Any residual assets remaining following a liquidation of the business can only be distributed to other community groups. If a member wishes to withdraw some or all of their shares, they put this request to the Committee who will release the funds once



available. We believe this will therefore attract long term, community investors who are looking to support the future of the pub.

The minimum investment has been set at £500, taking on board experience from similar projects looking to raise this level of investment. In order to make it as accessible as possible, we will offer those investing £1,000 and under the opportunity to pay in pre-arranged instalments. We will also allow for joint and corporate membership, with a nominated individual given the voting rights.

We aim to provide up to 5% return on their investment, and our business plan assumes an average of 3% over the first 5 years. The exact rate of interest will be subject to a vote of the membership at the Annual Members' Meeting. Interest may be taken as credit to be spent in the pub, as an annual cash payment to the members bank account or foregone by the member (donated to the society).

As a registered Community Benefit Society, investors can benefit from tax relief through Social Investment Tax Relief (SITR) which provides income tax relief of 30% to investors in community projects such as ours. SITR offers 30% tax relief on the investment made, meaning that an investor putting in £10,000 would see their tax bill reduced by £3,000 in the same tax year (subject to their tax/income status, which is not the Society's responsibility).

From the draft prospectus we shared with the community in November 2021, we have secured pledges in excess of £215,000. We are looking to raise between £275,000 and £400,000 when we commence the share issue at the end of November 2022. Our target will be £300,000 but we must raise the minimum of £275,000 from the share offer in order to proceed with the project.

4.2.1 Launching the Community Share Offer

To deliver the required community share investment, we will start the share offer with a community meeting in our village hall, to both explain our offer in detail and answer questions. In order to keep up the momentum and engagement, we'll then;

1. Send out the prospectus and application forms to all our 250 members (if they didn't attend the launch event)
2. Run a weekly 'drop-in' session in the village hall for them to ask questions face to face or go over any concerns
3. Provide weekly updates to the membership on our progress through email, Facebook and our website, and share any questions we've already answered for others
4. Regularly track our progress towards the £300,000 target, keeping the village updated via email and social media
5. Engage local media to help spread the word. We have already had articles in the local Kent Messenger and Courier, as well as slots with ITV Meridian, KMTV and Ashford radio. They have all expressed interest in supporting our share offer when we are ready to launch.

4.3 Crowdfunding

We understand that not everyone in the community will be able to afford a £500 investment, and we will also want to attract monies from outside of the community, perhaps those who want to contribute but aren't looking for a long-term investment. In parallel with the Community Share Offer, we will also launch a Crowdfunding scheme. We expect this to raise around £10,000 to support the project, with the potential for more if we can harness a successful social media and local PR campaign.

4.4 Funding support

We have worked hard behind the scenes to apply for funding support for the project. So far we have been successful in;

- The Government's Community Ownership Fund which will 'match' the amount we raise from community shares, up to £250,000



- The Booster Programme, which is funded by Power to Change and run by the Community Shares Unit. Under this programme £25,000 has been made available to match applications for our community shares from the public. This means that for every £500 invested by individuals in community shares, another £500 will be invested in shares by the Booster Programme up to a maximum of £25,000. This investment is on the same basis as community shares.
- The Cooperative UK 'Share booster' grants, which provides funding for community projects initial costs to commence a share offer. We have been awarded £5,562.
- A grant of £1,500 from the local Bethersden Charitable Trust to help with our start-up costs

To support our plan to renovate and refurbish the pub in the first year, we are also applying for further grants and support schemes from Heritage UK and both Kent and Ashford local councils, as well as local trusts.

4.5 The Car Park

The car park adjacent to The George is not included in the freehold, as it was sold off c25 years ago to a local developer. There is an existing covenant to provide the pub with 20 spaces every evening. We have held informal discussions with the local developer, who is keen to work with us for the good of the community. We have also approached our local Borough Councillor for support with the Planning Authority if this is needed.

It is our intention to put in place a more formal agreement with the owner of the car park to secure long term access for the pub.

4.6 Exit Strategy

If we are unable to raise sufficient funds to purchase the pub, either because the owner is unwilling to lower his asking price into the range of our valuation, or because we're unable to raise sufficient funds from our various sources, we will be unable to proceed with the society and it will be wound up.

Any monies raised from the community will be returned to our investors. As there will be a small level of costs which will have been spent at this stage (c£2,000), we have agreed to ask for voluntary contributions to help cover these costs.



5 DETAILED FINANCIALS

5.1 Predicted financials for the first year

We have built out a month-by-month plan of the cashflow of our Society, shown on the following pages. It is based on the following assumptions and data from the previous tenants accounts;

- Share offer completing end December 2022 or early January 2023
- Conveyancing running in parallel with our share offer and contracts exchanged at the end of December 2022
- Initial refurbishment starting in January 2023 and completing by the end of 2023. This is not just to support cash flow, but due to the likely number of small/medium term issues which are likely to be needing to be addressed
- Running effectively as a 'wet-only' pub for the first few months – this is to support the initial refurbishment and for us to make sure that the food side of the business is running properly ahead of launch. This limits turnover for the first few months
- £35,000 salary for the General Manager (market rate)
- £30,000 for the Head Chef (market rate)
- Other staffing costs to support the operation of the pub – these come in relatively early despite the limited opening and turnover of the pub, to account for the training required for the team. We have reflected the National Minimum Wage effective April 2022. In order to control operating costs, the pub will be closed on Mondays.
- Cost of raw materials and consumables has been based the typical gross-margin made by village pubs, and utilising data from the pub's previous accounts in 2019 (pre-Covid). As a drinking led-pub, 70% of turnover comes from from wet sales, 30% from dry (food). We have brought forward some of the raw materials costs into the first month in order to support restocking the pub.
- Advertising significantly increased (300% from the previous levels) in the accounts, in order to promote the pub since it will have been shut for over 2 years
- Other charges have been based on the previous accounts from the pub, offset for the delayed full opening. Note these now do not include the rent previously paid to the Freeholder
- Equity investment from Cooperatives UK is shown as a separate cash flow entry in Income for clarity, but as this is invested on the same basis as Community Shares, it is shown along with the rest of the share capital on the Balance Sheet.
- A short-term loan is shown to support any challenges of cash flow in the first year, to be paid back over 24 months. The amount shown is based on the target amount to raise in the community share offer of £300,000. If we can raise more than the £300,000 then this reduces the loan required, or it may not be required at all. If we only raise the minimum of £275,000, we will need to increase the loan.
- Investor interest of 2% interest paid in the first year (to increase in subsequent years as performance allows). We have chosen to do this early but at a lower rate to so that our members are able to benefit from interest in the first year, and to encourage potential new members to join our society as people move in/out of the village.



	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Year 1
Projected Cash Flow													
Income:													
Community Shares	£300,000												£300,000
COF Share Matching	£250,000												£250,000
Cooperative Equity Investment	£25,000												£25,000
Crowdfunding	£10,000												£10,000
Loans		£26,000											£26,000
Grants	£10,000	£20,000	£6,000		£10,000								£46,000
Sales income inc-VAT	£0	£8,400	£15,600	£20,400	£24,000	£30,000	£36,000	£36,000	£36,000	£36,000	£30,000	£33,000	£305,400
Total income (inc-VAT)	£595,000	£54,400	£21,600	£20,400	£34,000	£30,000	£36,000	£36,000	£36,000	£36,000	£30,000	£33,000	£962,400
Outgoing:													
Direct Costs - Wet	£9,600	£624	£3,216	£4,944	£5,280	£7,875	£8,820	£8,820	£8,820	£8,820	£7,350	£8,085	£82,254
Direct Costs - Food	£500	£225	£525	£725	£1,475	£2,188	£3,150	£3,150	£3,150	£3,150	£2,625	£2,888	£23,750
Share withdrawals													
Expenses:													
Salaries and bonus	£3,267	£4,767	£5,567	£8,693	£10,987	£10,987	£10,987	£10,987	£10,987	£10,987	£10,987	£10,987	£110,185
Expenses zero VAT	£898	£1,419	£2,198	£2,589	£8,180	£2,171	£2,162	£2,153	£2,144	£2,334	£1,525	£2,116	£29,887
Expenses incl VAT	£28,507	£31,946	£3,794	£14,234	£3,679	£14,983	£4,034	£5,234	£3,799	£3,434	£3,434	£3,434	£120,516
HMRC VAT Payable				£-8,948			£3,901			£11,412			£6,365
Corporation tax													
Capital Expenditure													
Purchase the George	£540,000												£540,000
Other purchase costs	£31,500												£31,500
Refurbishments - capex													£0
Loan repayments exc interest			£1,083	£1,083	£1,083	£1,083	£1,083	£1,083	£1,083	£1,083	£1,083	£1,083	£10,833
Total outgoing	£614,272	£38,981	£16,383	£23,320	£30,684	£39,286	£34,137	£31,427	£29,983	£41,221	£27,005	£28,593	£955,291
Net cashflow	£-19,272	£15,419	£5,217	£-2,920	£3,316	£-9,286	£1,863	£4,573	£6,017	£-5,221	£2,995	£4,407	£7,109
Cumulative cashflow	£-3,853	£1,364	£-1,556	£1,760	£-7,526	£-5,663	£-1,089	£4,928	£-293	£2,702	£7,109	£7,109	£7,109

Year 1 detailed cash flow forecast

5.2 5-Year Financial Summary

Having done basic refurbishment and paid off the short term loans required to get the pub up and running again, we have planned another £9,000 for further refurbishment and repairs in Year 2 which are likely to be required in the short term, on top of ongoing maintenance.

In order to secure the long-term viability of the pub, our intention is to expand the facilities offering for the community and of course the covers available for dining. This would require a substantial investment of around £250,000 - £300,000. This could either be funded by saving up for several years, or looking at other funding options such as taking a commercial mortgage in Year 3 which is what we've shown in our plan, with the income from the mortgage and increased debt as a liability. Loan repayments are included from Year 4 onwards.

The benefit of this investment is shown in the increased overall profitability in Years 4 & 5 to around £50,000 per year. We expect the improved facilities to increase turnover by around 50% from Year 4, and we have also factored in increases in the cost of raw materials and staffing costs too.

From Year 2 we'll introduce a 5% bonus for the General Manager and Head Chef, using a balanced scorecard across not just financial performance but our environmental, social and community priorities. This increases to 15% bonus in Year 4, reflecting the increase in the scale and complexity of the business.

From Year 4 we intend to increase the interest paid to our membership from 2% to 5%, again to reflect the improved profitability of the business and the faith shown by our investors. Please note that the exact % interest paid to shareholders is subject to agreement at the annual members meeting.

We also expect to be able to allow withdrawals by investors from Year 4, which is shown in the plan. We will also be seeking new investors, especially as part of the expansion. From Year 4 onwards we expect the net of these to be a withdrawal, since initial investors will be able to do this without losing their tax relief. However by this stage the pub should be fully expanded and returning a reasonable level of profit.

Corporation tax has been included at the current rate, and impacts Profit/Loss from Year 4 onwards where the cumulative P/L of the business turns positive. From a cashflow perspective, these



payments are shown in Year 5, as they are payable 9 months after the end of the financial year. VAT has been included also.

The summary financial table is shown below, and then detailed profit/loss, cashflow, VAT and balance sheet are included on the following pages. Full details of our financial plan are available on our website at www.georgecommunity.com/shareoffer.

		Year 1	Year 2	Year 3	Year 4	Year 5
Profit/Loss	Total turnover (ex-VAT)	£254,500	£350,000	£360,500	£540,750	£556,973
	Gross profit:	£162,205	£232,750	£239,733	£362,303	£373,172
	Profit/Loss post-tax	-£26,298	£17,661	£9,803	£53,398	£45,403
	Cumulative P/L post-tax	-£26,298	-£8,637	£1,166	£54,563	£99,966
Cashflow	Total income (inc-VAT)	£962,400	£431,000	£737,600	£650,400	£669,867
	Total outgoing	£955,291	£423,111	£719,290	£633,272	£664,305
	Net cashflow	£7,109	£7,889	£18,310	£17,128	£5,562
	Cumulative cashflow	£7,109	£14,998	£33,308	£50,436	£55,999
Balance Sheet	Fixed Assets	£567,500	£564,300	£861,740	£859,692	£858,054
	Current Assets	£7,109	£14,998	£33,308	£50,436	£55,999
	Current Liabilities	-£25,907	-£10,935	-£311,882	-£302,065	-£286,286
	Total Net Assets	£548,702	£568,363	£583,166	£608,063	£627,766
	Shareholders funds (shares + P/L)	£298,702	£318,363	£333,166	£358,063	£377,766
	Community Ownership Funding	£250,000	£250,000	£250,000	£250,000	£250,000

Years 1-5 financial summary



	Year 1	Year 2	Year 3	Year 4	Year 5
Profit/Loss Projection		65%	65%	65%	65%
		70%	70%	70%	70%
Sales:		70%	70%	60%	60%
Wet	£188,800	£245,000	£252,350	£324,450	£334,184
Food	£65,700	£105,000	£108,150	£216,300	£222,789
Total turnover (ex-VAT)	£254,500	£350,000	£360,500	£540,750	£556,973
Direct costs:					
Wet	£68,545	£85,750	£88,323	£113,558	£116,964
Food	£23,750	£31,500	£32,445	£64,890	£66,837
Total cost of sales	£92,295	£117,250	£120,768	£178,448	£183,801
Gross profit:	£162,205	£232,750	£239,733	£362,303	£373,172
Expenses:					
G.M. & Head Chef salaries	£64,400	£74,984	£82,482	£84,957	£87,506
Bonus for GM and Head Chef	£0	£7,498	£8,248	£25,487	£26,252
Other staffing	£45,785	£60,810	£63,851	£83,006	£85,496
Subtotal staffing costs	£110,185	£143,293	£154,581	£193,450	£199,253
Music & Entertainers	£6,000	£7,416	£7,638	£9,166	£9,441
Rates & Water	£9,597	£10,222	£11,244	£11,581	£11,929
Insurance	£2,496	£2,571	£3,085	£3,178	£3,273
Interest on loans	£1,760	£1,517		£15,000	£13,500
Print, postage & stationery	£1,270	£1,384	£1,426	£1,469	£1,513
Subs & licenses	£630	£494	£509	£525	£540
Shareholder interest payment	£6,000	£6,040	£6,140	£13,925	£12,640
Bank charges	£2,134	£2,398	£2,470	£2,544	£2,620
Subtotal expenses zero VAT	£29,887	£32,042	£32,512	£57,387	£55,456
Light & Heat	£16,090	£15,959	£17,555	£18,432	£19,354
Building repairs - non capex	£63,220	£9,000			
Premises Expenses - non capex	£3,036	£3,127	£3,221	£4,187	£4,313
Equipment Hire	£750	£433	£446	£459	£473
Telephone, broadband, website	£970	£865	£1,038	£1,069	£1,101
Equipment repair & renewals	£5,565	£5,129	£5,642	£5,812	£5,986
Sundry expenses	£649	£729	£751	£774	£797
Laundry, cleaning & waste	£3,542	£3,980	£4,776	£4,919	£5,067
Advertising	£2,972	£2,587	£2,717	£3,532	£3,708
Legal & Stocktaking	£624	£643	£662	£682	£702
Bookkeeping	£924	£952	£980	£1,010	£1,040
Accountancy	£2,088	£2,151	£2,215	£2,282	£2,350
Subtotal expenses VAT	£100,430	£45,555	£40,003	£43,157	£44,891
Depreciation F & F	£4,000	£3,200	£2,560	£2,048	£1,638
Total Expenses	£244,503	£224,089	£229,656	£296,042	£301,239
Crowdfunding	£10,000				
Grants	£46,000	£9,000			
Profit/Loss pre-tax	-£26,298	£17,661	£10,076	£66,261	£71,933
Corporation tax	£0	£0	£273	£12,863	£26,530
Profit/Loss post-tax	-£26,298	£17,661	£9,803	£53,398	£45,403
Cumulative P/L post-tax	-£26,298	-£8,637	£1,166	£54,563	£99,966

5-year profit/loss



	Year 1	Year 2	Year 3	Year 4	Year 5
Projected Cash Flow					
Income:					
Community Shares	£300,000	£2,000	£5,000	£1,500	£1,500
COF Share Matching	£250,000				
Cooperative Equity Investment	£25,000				
Crowdfunding	£10,000				
Loans	£26,000		£300,000		
Grants	£46,000	£9,000			
Sales income inc-VAT	£305,400	£420,000	£432,600	£648,900	£668,367
Total income (inc-VAT)	£962,400	£431,000	£737,600	£650,400	£669,867
Outgoing:					
Direct Costs - Wet	£82,254	£102,900	£105,987	£136,269	£140,357
Direct Costs - Food	£23,750	£31,500	£32,445	£64,890	£66,837
Share withdrawals				£30,000	£27,200
Expenses:					
Salaries and bonus	£110,185	£143,293	£154,581	£193,450	£199,253
Expenses zero VAT	£29,887	£32,042	£32,512	£57,387	£55,456
Expenses incl VAT	£120,516	£54,665	£48,003	£51,788	£53,869
HMRC VAT Payable	£6,365	£43,545	£45,761	£69,214	£78,469
Corporation tax		£0	£0	£273	£12,863
Capital Expenditure					
Purchase the George	£540,000				
Other purchase costs	£31,500				
Refurbishments - capex	£0		£300,000		
Loan repayments exc interest	£10,833	£15,167		£30,000	£30,000
Total outgoing	£955,291	£423,111	£719,290	£633,272	£664,305
Net cashflow	£7,109	£7,889	£18,310	£17,128	£5,562
Cumulative cashflow	£7,109	£14,998	£33,308	£50,436	£55,999
VAT Calculation					
	Year 1	Year 2	Year 3	Year 4	Year 5
Net sales	£254,500	£350,000	£360,500	£540,750	£556,973
Output tax	£50,900	£70,000	£72,100	£108,150	£111,395
Input tax					
Direct costs	£68,545	£85,750	£88,323	£113,558	£116,964
Expenses	£100,430	£45,555	£40,003	£43,157	£44,891
Total	£168,975	£131,305	£128,325	£156,715	£161,855
Input tax	£33,795	£26,261	£25,665	£31,343	£32,371
VAT payable	£17,105	£43,739	£46,435	£76,807	£79,023

5-year cashflow and VAT projections



Balance Sheet	Year 1		Year 2		Year 3		Year 4		Year 5	
Fixed Assets										
Freehold Property The George	£551,500		£551,500		£551,500		£551,500		£551,500	
Additions		£551,500	£0	£551,500	£300,000	£851,500	£300,000	£851,500	£300,000	£851,500
Fixtures & Fittings	£20,000		£16,000		£12,800		£10,240		£8,192	
less depreciation F & F	£4,000	£16,000	£3,200	£12,800	£2,560	£10,240	£2,048	£8,192	£1,638	£6,554
Total Fixed Assets		£567,500		£564,300		£861,740		£859,692		£858,054
Current Assets										
Bank	£7,109		£14,998		£33,308		£50,436		£55,999	
Current Liabilities										
Loan	£15,167		£0		£300,000		£270,000		£240,000	
Corporation tax	£0		£0		£273		£12,863		£26,530	
HMRC Vat	£10,740		£10,935		£11,609		£19,202		£19,756	
Liabilities	£25,907	£-18,798	£10,935	£4,063	£311,882	£-278,574	£302,065	£-251,629	£286,286	£-230,287
Total Net Assets		£548,702		£568,363		£583,166		£608,063		£627,766
Represented by:										
Shares issued	£325,000		£2,000		£5,000		£1,500		£1,500	
Shares withdrawn	£0		£0		£0		£-30,000		£-27,200	
Share Capital		£325,000		£327,000		£332,000		£303,500		£277,800
Profit/Loss Account	£-26,298	£298,702	£-8,637	£318,363	£1,166	£333,166	£54,563	£358,063	£99,966	£377,766
COF Share Matching		£250,000		£250,000		£250,000		£250,000		£250,000
Total Liabilities		£548,702		£568,363		£583,166		£608,063		£627,766

5-year balance sheet



6 THE OPERATION OF THE BUSINESS INCLUDING ENVIRONMENTAL, SOCIAL & GOVERNANCE

6.1 The George Community Limited (“GCL”)

The George Community Limited is a Limited Liability Community Benefit Society registered with the Financial Conduct Authority (FCA) using a set of pre-approved model rules developed by the Plunkett Foundation (a charity that has been helping communities to set up and run community-owned enterprises since 1919).

Our rules include a statutory Asset Lock which ensures that, if a surplus is achieved, it will be used to improve the facilities and ensure the future of the business, and after that made available for distribution to other community or charitable projects. Profits cannot be used to benefit the members as individuals other than modest payments of interest to investors.

A copy of the Rules of The George Community Limited are included in the Appendix for reference. The George Community Limited is a democratic organisation that operates on the principle of one member one vote regardless of the amount each member has invested.

6.2 GCL Structure and Responsibilities & Governance

The steering group will serve on the Management Committee until the First Annual Members Meeting which will be held as soon as possible after the completion of the purchase. At this meeting the members will vote for a maximum of twelve members for the management committee. The newly elected Management Committee will take office immediately after the conclusion of that meeting and with one third serving for 3 years, one third for 2 years and one third for 1 year. Thereafter, members are elected for 3-year terms.

The Management Committee is responsible for managing the affairs of The George Community Ltd exactly the same way as a board of directors is responsible for managing the affairs of a limited company. The Management Committee will:

- Organise and supervise the purchase of the pub and any refurbishment works
- Monitor and manage The George Community Ltd’s financial affairs for the benefit of the community
- Hold regular meetings, with published agenda and minutes
- Appoint a General Manager and Head Chef and assist with the appointment of other staff
- Ensure that The George Community Ltd complies with all applicable regulations

The Management Committee will provide all members with an annual report which will set out the key financial statements together with a report of the society’s activities during the previous financial year, and any plans for the following year. These will be reviewed at an AGM for the members to vote on key decisions. Any big changes to the direction of the company will require an Extraordinary General Meeting.

6.3 Day-to-Day Management

One of our early priorities as owners of the Freehold will be to recruit a team to run the pub day to day. This is likely to be in the structure of;

1. A General Manager responsible for all day to day running of the pub – everything from ordering supplies to customer service and organising the staff rotas and ensuring the community focused activities and plans are realised
2. A Head Chef responsible for sourcing suppliers, designing the menu and of course running the kitchen



3. Bar & restaurant serving staff
4. Kitchen staff to support the Head Chef
5. Cleaners

The family of the Chairman of our steering group has extensive experience in this sector, having successfully owned and run a large group of pubs. We have secured their support in helping us design the right management structure required for the pub and to help with recruitment to make sure we are attracting and appointing the right candidates. We expect the recruitment process to take several weeks but will begin initial advertising once our share offer has launched and we are on track for at least the minimum amount required. Roles will be advertised on both caterer.com and other major recruitment websites, as well as in local media and our social media channels.

As part of the recruitment process, we will be looking to make sure that the General Manager and Head Chef fully understand and buy into our 'community' approach, and their performance and remuneration will be tied into not just the profits and customer service of the pub, but delivery of the agreed community outcomes with a balanced bonus scorecard, for example supporting local groups and societies. Therefore, once we have completed first round interviews with the candidates, before final selection the candidate (s) will also meet members of the community to get to know the area and ask (and be asked) questions directly. We will include feedback from the community in our appointment decision.

Following recruitment of the key roles, we have built in time within the financial plan for all staff to join one month ahead of their being required, to allow for time for training in their role and to get up to speed. Our expectation is that the General Manager and Head Chef will be able to support with the majority of the job training but we are also working with a local Health and Safety consultant to support with the more formal aspects required as part of our employer's responsibilities.

6.4 Environmental

As an old building, The George has plenty of opportunities to become more environmentally friendly. As part of our initial refurbishment, we will improve the energy efficiency of the pub by explore switching away from oil to air-sourced heat pumps as the primary energy supply as well as improving loft insulation.

In addition, from Day 1 we will set the pub up to minimise the use of plastics, including banning single-use plastic in all of our customer serving areas. We will ensure that recycling is prioritised, and part of the bonus scorecard for both the General Manager and Head Chef relates to sustainability.

As part of our vision, we will be focusing on supporting local suppliers – such as breweries, vineyards and food producers. This will substantially reduce the food miles travelled in our menu.

6.5 Social

As explained earlier in the Plan, Bethersden as a community suffers greatly from challenges with social isolation, lack of social mobility, unemployment and a lack of community facilities. Through establishing the pub as a community hub, we can offer;

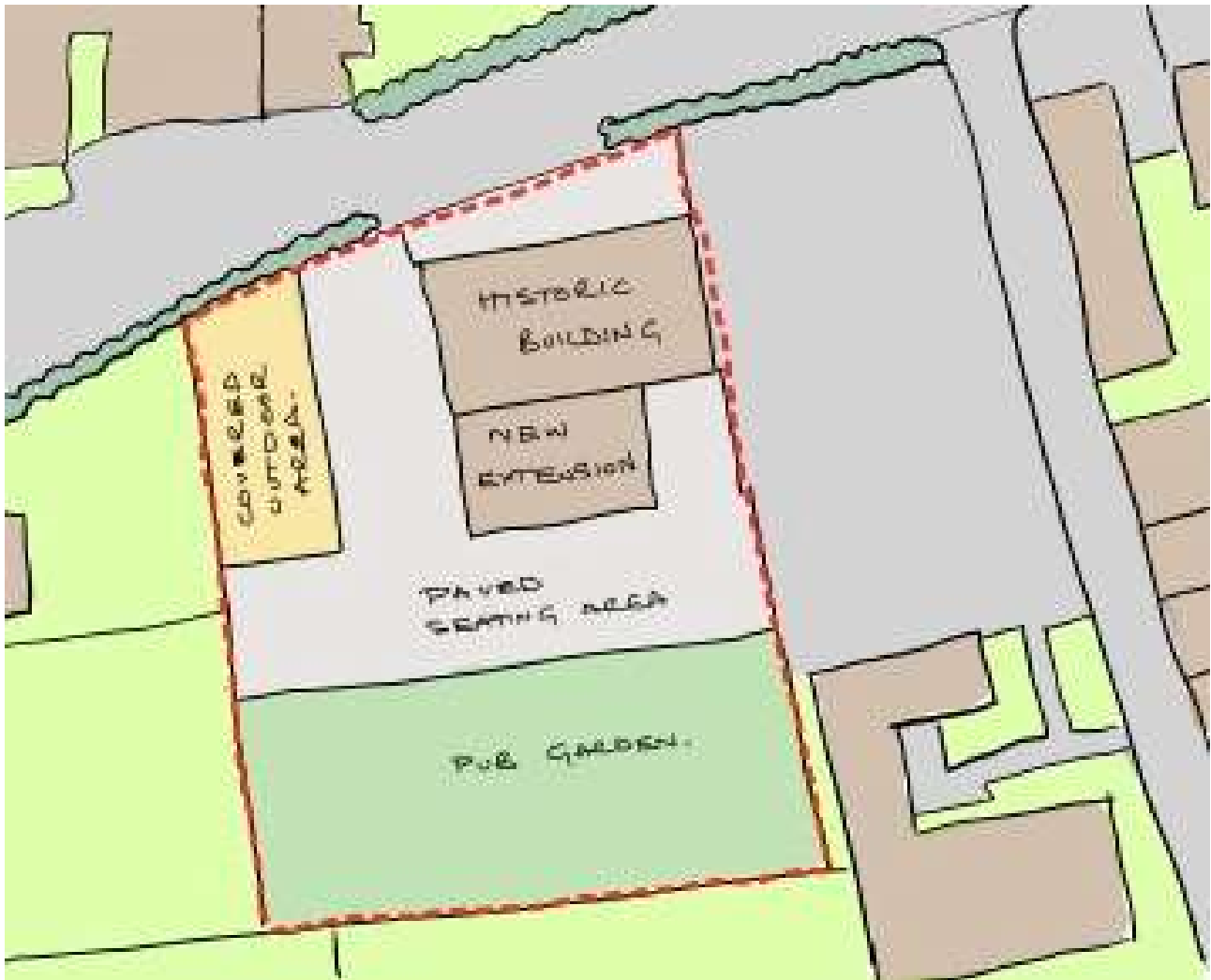
- A welcoming meeting place – not just for drinkers, but for the elderly and socially isolated
- Community space – through our medium term development, a place for local groups such as parent and baby, and elderly groups to meet
- Improved disabled access, to the main building, garden and toilets
- Services such as meals on wheels, which was very popular during the Covid-lockdown and has now stopped since the pub has been shut

7 FUTURE BUSINESS DEVELOPMENT



7.1 Existing Site Plan

The historic building has been added to over the years with a kitchen and toilet block added to the back which have no architectural merit. There is a private garden used by the current tenants which is separate to the pub garden. Access to the garden is from the road through a gate or through the main building. There is no access through the car park or through the private garden.



7.2 Example of Proposed Layout*

A single storey extension could be built to the back of the building which houses a new kitchen, toilets and an additional space that at least doubles the existing internal covers. An external covered space would also be added to all external seating in all weather conditions to again increase the covers available. Due to the size of the plot, there is huge potential for the improvements that could be made to increase the profitability of the business. The new extension is also south facing and with a new paved area this would allow external seating that would get sunshine from morning until mid-afternoon. This would be perfect for lunch and coffees.

**Anything we consider to do would be part of our medium term plan, and subject to consultation with our membership, the local community and relevant planning authorities. It would be voted on by our members before proceeding.*



9. POTENTIAL VARIABLES & MITIGATION

As part of the due diligence for our business plan, we have considered the following scenarios and the mitigations we would take in those circumstances.

1. If the community shares under/over-perform the £300,000 target?
 - If we are able to over-deliver substantially, it would mean being able to reduce the short term loan included in our plans or even for it to not be required altogether. If we are able to raise above £350,000 it may also allow us to bring forward some of the Year 3 improvements to the pub, and thus delivery earlier some of the benefits to the community. We would do this by extending the period we run as 'wet-only' so that some of the modernisation could take place before we fully re-open.
 - If the community shares under-deliver, we already have provision in the business plan for a short-term loan which could be increased to cover any moderate under-delivery from the share offer. However, if we raise less than £275,000 then unfortunately the plan would no longer be viable.
2. If we don't get access to the car park secured?
 - There is already an existing covenant for 20 spaces for the pub and has functioned without issue for the last 20 years. However, as part of the purchase of the pub, it makes sense to try to acquire it or at least further formalise the arrangement at the same time. However, we do not believe it would not stop the community pub from re-opening and operating
3. What if someone else buys the pub in the meantime?
 - Ultimately, if this means that the pub re-opens and the community can benefit from this again, we will be satisfied with that outcome. Although it would clearly mean the village is unable to benefit from the wider community projects laid out in the plan.
4. Has anything changed post-Covid, post-Brexit which need to be built into the plan?
 - Staffing costs have been increased to try to account for increases in demand for hospitality staff.
 - In addition, should the cost of raw materials increase further, we would need to reflect these in our pricing, which would then see an upside in turnover for the business.
 - In the cash flow plan we have sought to plan in for staffing joining as early as possible, however in reality not all of these will be required immediately and there is therefore some contingency available for recruitment delays.
 - The business plan does assume no further Covid 'lockdowns' – clearly if there is a regional lockdown in the area, we would seek support from the government provisions to cover the loss of earnings or the staffing costs during this period.



Appendix

All of our share offer documents will be posted on a special page on our website at www.georgecommunity.com/shareoffer.

On this page you'll find;

- The George Company Limited Rules
- Share Offer Prospectus
- Share Application Form
- The George Community Limited Business Plan (this document)
- March 2021 community survey