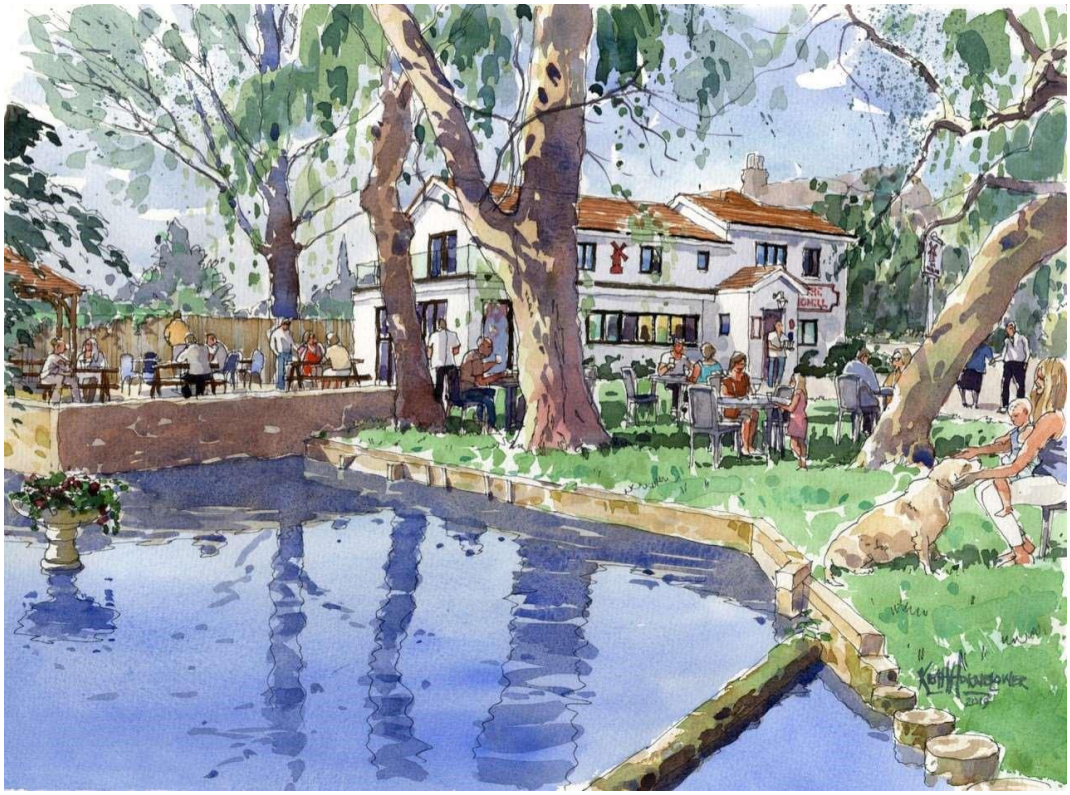
The Windmill Community Pub Ltd

A Community Benefit Society

Business plan

May 2019



Acknowledgments

The Windmill Community Pub Ltd (referred to as WCPL throughout this document) is grateful for the advice we have received from Stockland Community Pub Limited (scpl.org.uk) prior to creating this document. We also welcome and acknowledge ongoing support from the Plunkett Foundation.

WCPL is supported by The Plunkett Foundation "Community Pub Business Support Programme" in collaboration with Co-operative & Community Finance, Key Fund, the Campaign for Real Ale (CAMRA), Co-operative Mutual Solutions, Pub is the Hub and Locality. The mantra for this programme is 'More than a Pub' indicating that the goal for 'community pubs' should be to widen their appeal to achieve sustainable support from the community. The Plunkett Foundation is a Government supported charity that has been helping communities to set up and run community-owned enterprises since 1919.

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1 Introduction and vision

In December 2018 the Save the Windmill campaign group formed a Community Benefit Society, called The Windmill Community Pub Ltd (WCPL). The WCPL aims to buy, restore and run the Windmill pub and car park in Charlton, Hertfordshire, for the benefit of the community.

We are seeking investors to become members of The Windmill Community Pub Limited (WCPL), to achieve this vision.

The pub and car park are the only community facilities within Charlton. This business plan shows that The Windmill and its car park could be a viable, thriving community facility that will serve Hitchin and the surrounding area.

We aim to raise £450,000 from the sale of shares, and other sources, to purchase and renovate the building for a new tenant. Shares will be available to the community, and shareholders will become members of the WCPL.

Initially a share offer will invite individuals to register an interest in buying shares, so that the WCPL has the financial backing to negotiate purchasing the pub and car park. A successful purchase cannot be guaranteed at this stage, but the WCPL can only be ready and able to negotiate the purchase of the pub with a successful share issue.

If and when a purchase is successful, and the pub is restored, the rental income from the tenant will provide a revenue to maintain the building, service any loans and may facilitate the withdrawal of shares from time to time, and may pay interest to the investors.

This is a great opportunity to invest in a worthwhile community enterprise that will provide a valuable service to its members and users. Members will help preserve an asset which has stood in its riverside location for more than 150 years.

2 About The Windmill Community Pub Ltd

WCPL is a Community Benefit Society registered with the Financial Conduct Authority (FCA) under the Co-operative and Community Benefit Societies Act 2014 (Registration Number 7976). It is governed by a set of pre-approved model rules developed by the Plunkett Foundation. Community Benefit Societies (CBSs) conduct business for the benefit of their communities. Profits are not distributed among members, or external shareholders, but are returned to the community.
CBSs are set up with social objectives and are run and managed by their members.

The purpose of the WCPL is to enable the residents of Hitchin and the surrounding area, together with other supporters, to secure and safeguard the future of The Windmill pub and its car park, and promote it as an amenity of prime importance to the community.

The FCA has produced guidance on registered societies and the responsibilities of their governing bodies https://www.fca.org.uk/publication/finalisedguidance/industrial-provident-societies-guidance-note.pdf.

WCPL has a statutory asset lock. This restricts the ability of the WCPL to use or deal with its assets other than for the benefit of the community. In particular:

- The only payments that can be made to members are to the value of their withdrawable share capital or interest on withdrawable share capital.

- The residual assets of the WCPL cannot be transferred except to another organisation whose assets are similarly protected.

- This means that the overall assets of the WCPL are protected from being ‘cashed in’, and WCPL cannot be demutualised.

WCPL’s Rules are available on our website http://www.savethewindmillpub.com/.

Following advice from the Plunkett Foundation in December 2018, WCPL adopted the latest version of the model rules, bringing it in line with all the current legislation for registered societies. WCPL is a democratic organisation that operates on the principle of one member one vote regardless of the amount each member has invested.

2.1 Aims of WCPL

The aims of the WCPL are:

- to seek sufficient funds to purchase The Windmill pub and car park
- to run the pub as a community facility for local residents, and visitors to the area

2.2 Objectives of WCPL

The objectives of the WCPL are:

- to gain members who will hold shares in the WCPL
- to secure between £270,000 - £450,000 of potential community share investment
- to seek grants and loans to supplement the share investment, where necessary
- to purchase, redesign and restore the building and accompanying land as a facility which is fit for purpose and sustainable as a community pub
- to recruit an experienced and suitable tenant to operate The Windmill in a sustainable way for the community
- to hold Annual General Meetings and elect a Management Committee
- to publish Annual Reports and accounts in line with the objectives of WCPL.

2.3 Offer of shares

A community share scheme will be launched on 1 July 2019 and will last for a period of one calendar month, in which time prospective share investors will be able to register an interest in buying shares in WCPL and specifying their desired level of investment.

The WCPL is not asking for any money at the moment. Once the target is reached, the WCPL will negotiate purchasing the pub and, if successful, will contact prospective shareholders to request payment. If individuals register an interest but later change their mind, they will be able to do so before any payments are made. However, once the registered interest target is reached, the WCPL will be reliant on these registrations to proceed with a sale negotiation.

A Share Prospectus will be available on our website by 24 June 2019 with details of how to register an interest in buying shares. All shareholders will become members of the WCPL. For more about the terms and conditions of buying shares, please see 3.3 below.

2.4 Membership of WCPL

WCPL is a community led, democratically owned social enterprise whose membership is open to anyone over the age of 18. The community benefit society structure means that any person who buys the minimum number of shares becomes a member of WCPL. Each member then has one vote to exercise at the Annual Members' Meeting (AMM) regardless of how many shares they hold. Members own and control WCPL, and at the AMM they exercise their ownership rights by electing members onto a Management Committee. Any member can stand for election onto the Management Committee.

All members will be provided with an Annual Report, which will set out details of the operation and accounts of WCPL in the previous year. The Model Rules that have been adopted by WCPL state other ways in which the membership may hold the management committee accountable for the running of WCPL, including calling a Special Members Meeting if required.

Corporate bodies and associations who support our objectives can also become shareholders and members of WCPL, and such bodies and associations must nominate a named individual to represent them at Members' Meetings. This individual will have one vote, the same as a private individual.

The founding members of WCPL are the four people who signed the application for FCA registration, as detailed in 2.8 below.

By investing in our community share offer and becoming a member, you will be participating in a community business which will be run for the local community, by the local community, and will once again provide a hugely important focus for the community of Hitchin and the surrounding area.

You can read more about investing in Community Benefit Societies here https://communityshares.org.uk/guide-investing-community-shares.

2.5 Limited liability

WCPL is an incorporated entity and the liability of its members is limited to the value of their shareholding. The value of members' community shares will never go up, but the value may go down and there is a risk that members may lose some or all of the money they have invested in their community shares

2.6 Management Committee

WCPL has a Management Committee which is responsible for managing the affairs of the WCPL in exactly the same way as the 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
- appoint the tenant
- monitor and manage the WCPL's financial affairs for the benefit of the community
- oversee the tenancy agreement and manage the relationship between WCPL and the tenant
- appoint new tenants when necessary
- ensure that WCPL complies with all applicable regulations encourage community activities within the pub.

The Management Committee will lease the pub business to a tenant who will run the pub and pay rent to WCPL.

The members of the Management Committee will be shareholders who are elected at Annual Members' Meetings.

Members of the Management Committee are equally responsible in law for committee actions and decisions. They are collectively responsible and accountable for ensuring that the organisation is performing well, is solvent and complies with all its obligations.

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 WCPL's activities during the previous financial year, including its social impact. The report will 6 also include any plans for the following year.

The founding members form the first Management Committee and will serve until the first full Annual Members' Meeting, which will take place after the share offer has taken place.

2.7 Management Committee elections

Members of the management committee are elected by members at the Annual Members' Meeting.

At that meeting, all current members of the Management Committee will retire, although they are eligible to stand for re-election. The members will then elect a new Management Committee. All members of the WCPL may stand for election, if they wish to do so. The new Management Committee will hold office for a period of three years.

2.8 Current Management Committee members

The current Committee members are the founding members, and are as follows:

Philip Jarvis (Chairman) grew up in Hitchin and has worked as a policy advisor for the Ministry of Justice for the past 10 years. Philip and his family moved to Charlton village 5 years ago and believes that The Windmill should be most valued for its potential to remain as a social hub for the community for generations to come. Philip believes that with widespread support, The Windmill has a firm foundation to be a successful Free House community pub.

Ann Anrep (Secretary) Ann grew up in Hitchin, and then lived and worked in London before returning to Hitchin with a young family. The family frequently walked to Charlton and beyond via The Windmill, enjoying winter evening meals and summer refreshing drinks. During this time Ann worked locally at St Christopher School, becoming Head of the Montessori Nursery Department. Ann is currently an Honorary Therapist working in a specialist community mental health team. Ann believes that bringing the pub back as a focus of community will benefit all sections and ages of the local community. Community matters, whether it's a chat over a 'pint' or in a more focussed 'conversation cafe'. The Windmill is a great location for a pub and community hub.

David Holt (Treasurer) David first visited Charlton on a country walk, hoping to call in at the local pub marked on the map. Despite the disappointment of finding the pub closed, David and his wife moved to Charlton two years ago. David is a qualified Chartered Accountant and is convinced that the Windmill pub could be an enjoyable community resource once again.

Chris Jones Chris Jones, and her family, have been Charlton residents since 2006.
Her professional experience has been as a Lecturer and Project Manager in the Further & Higher Education sector. More recently she has been a self-employed Coach, Mentor & Counsellor. Chris believes The Windmill is a much-loved Hitchin historical asset which needs protecting. Equally it offers a community space for everyone including car parking, affordable meeting rooms and a wonderful countryside, family pub.

3 Background and current situation

A separate document titled 'Background to The Windmill Community Pub Ltd', available on our website, details the journey that has brought about the formation of the WCPL.

The Windmill pub is currently closed, although the car park continues to be used frequently by visitors to the village who enjoy country walks and cycle rides from this location.

The pub and car park are registered as Assets of Community Value (ACV) with the Local Authority, by virtue of their potential for furthering the social wellbeing and social interests of the local community. Once listed as an ACV, the local community is informed if it is

listed for sale. The community can then enact the Community Right to Bid, which gives them a moratorium period of 6 months to determine if they can raise the finance to purchase the asset.

In 2018 the campaign group had a boost from a Plunkett Foundation bursary award of £1720 under their 'More Than A Pub' initiative. Under this initiative, WCPL was formed. Being accepted on the More Than a Pub initiative places WCPL in a favourable position to obtain further grants and loans from the Plunkett Foundation to achieve its overall goal.

If sufficient funds are raised the WCPL will be in a position to negotiate a purchase and, if successful, proceed with its aims of running The Windmill for the community.

3.1 Business proposal

The original Save The Windmill campaign group, including founding members of WCPL, believe that The Windmill has the potential to be a sustainable, community owned village pub/cafe serving guest and local beers and sensibly priced, freshly prepared food. The pub continues to attract a high 'footfall' from regular visitors to the village who continue to use the car park to enjoy country pursuits e.g. walking and cycling. The Windmill is also a reasonable walking distance from Hitchin which has a population of approximately 30,000. The pub is often affectionately referred to as 'Hitchin's country pub'.

In order to demonstrate The Windmill's potential for development into a sustainable business, WCPL commissioned architectural plans showing a large, open bar area which can double existing restaurant covers to 40 within the existing floor and bar area. These plans maximise the beautiful views and open access to the riverside seating area. This new open design, in a peaceful and attractive location, is ideally suited for community groups and businesses to use the facilities.

The rent charged by WCPL will be set at a level that gives the tenant the opportunity and incentive to run a profitable business free of any brewery ties. With the assistance of Inntuition Limited, WCPL has expert support to select a tenant with a proven record of establishing and running a food-led pub, thereby giving us the greatest confidence that a successful business will be established in the pub. This rental income will provide the revenue to maintain the building, to service and repay the finance and any loans that have been taken out, and in due course if cash reserves permit, to pay a modest interest to share-holders, and to fund the withdrawal of shares from time to time.

Members of the campaign group and founding members of the WCPL believe that WCPL will be profitable, but in the unlikely event it is not, WCPL will still own a valuable asset – the buildings and associated land – which, if necessary, could be sold in order to return funds to investors. Under the terms of the Community Benefit Society Rules, any profits remaining would be donated to a local community charity/project of the society's choice. Our investment is in the buildings and land – the bricks and mortar – not the licensed business.

3.2 Business analysis

Two viability assessments have been undertaken by industry experts, to establish The Windmill's potential as a 'Free of Tie' community pub, based on the existing building being returned to a functional state:

- October 2015 by Philip Sambell, a fellow of the British Institute of Innkeeping, using British Beer and Pub Association benchmarks, a copy of which is available at our website.

- February 2019, Bernard Lee of Inntuition Limited was commissioned under the 'More than a Pub' bursary scheme to undertake a viability assessment. Bernard's financial analysis follows:

There follows financial projections for the WCPL by Inntuition Limited. If you would like the information in a larger format, please contact us.

Profit and loss

PROFIT AND LOSS ACCOUNT

PUB NAME
THE WINDMILL
PUB LOCATION
CHARLTON ,HITCHIN HERTS

Est. Business start date

Day	1
Month	Apr
Year	2019

	£	%	£	%	£	%
SALES	**Net - Annual**		**Per Wk (ex Vat)**		**Annualised (ex Vat)**	
Total Drinks Sales	120,000		1,923		120,000	50%
Food	120,000		961		120,000	50%
Accommodation	0				0	0%
Other Sales			0		0	0%
TOTAL SALES	**240,000**		**2,884**		**240,000**	
GROSS PROFIT		Enter %				% profit
Total Drinks	72,000	60%	1,385		72,000	60%
Food	84,000	70%	1,615		84,000	70%
Accommodation	0	0%	0		0	90%
Other Sales	0		0		0	0%
Net Machine Income		100%	0		0	100%
TOTAL GROSS PROFIT	**156,000**		**3,000**		**156,000**	
EXPENSES				% of Turnover		% of Turnover
Wages & Salaries inc NI	30,000		480	6.7%	30,000	12.5%
Business Rates	1,500		29	1.0%	1,500	0.6%
Water Rates	2,000		38	1.0%	2,000	0.8%
Heat / Light / Power	4,000		77	5.0%	4,000	1.7%
Repairs & Maintenance	3,000		58	1.5%	3,000	1.3%
Gardening Expenses	1,000		19	0.7%	1,000	0.4%
Insurance & MSA	1,000		19	0.7%	1,000	0.4%
Licensing	1,500		29	1.0%	1,500	0.6%
Tenant Insurance	1,000		19	0.7%	1,000	0.4%
Sky & PRS	400		8	0.3%	400	0.2%
Entertainment	2,500		48	1.7%	2,500	1.0%
Marketing, Promotional & Advertising	2,500		48	1.7%	2,500	1.0%
Print / Post & Stationary	500		10	0.3%	500	0.2%
Telephone	500		10	0.3%	500	0.2%
Travel & Car	5,000		96	1.0%	5,000	2.1%
Cleaning Materials & Waste disposal	5,000		96	1.0%	5,000	2.1%
Accountant / Stock taker / Prof fees	2,000		38	1.5%	2,000	0.8%
Bank Charges	1,000		19	1.0%	1,000	0.4%
Equipment Hire	25		0	0.0%	25	0.0%
Sundries & Consumables	50		1	3.0%	50	0.0%
Drinks Gas	1,000		19	1.0%	1,000	0.4%
TOTAL EXPENSES	**65,475**		**1,162**	**24.9%**	**65,475**	**27.3%**
NET OPERATING PROFIT, BEFORE RENT (Inc Machine Income)	**90,525**		**1,838**		**90,525**	
		Enter %				
RENT	30,000		577		30,000	
ROYALTY (where applicaple)	0	0%	0		0	
NET OPERATING PROFIT, AFTER RENT (Inc Machine Income)	**60,525**		**1,261**		**60,525**	
BREAK EVEN SALES	**146,885**		**1,672**		**146,885**	

Cash flow

CASHFLOW FORECAST

PUB NAME
THE WINDMILL

		Apr 19	May 19	Jun 19	Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	
	% Phasing (Sales)	9.2%	8.6%	8.6%	8.6%	8.8%	8.2%	7.8%	8.2%	9.5%	6.2%	7.6%	8.7%	100%
	B/F BALANCE		6,102	11,427	16,788	22,231	27,896	32,816	37,179	42,069	48,568	50,921	54,994	FULL YEAR
INCOME	Total Drinks Sales	13,185	12,315	12,354	12,448	12,695	11,862	11,238	11,828	13,629	8,988	10,913	12,545	144,000
	Food	13,185	12,315	12,354	12,448	12,695	11,862	11,238	11,828	13,629	8,988	10,913	12,545	144,000
	Accommodation	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other Sales	-	-	-	-	-	-	-	-	-	-	-	-	-
	Net Machine Income	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	26,369	24,631	24,709	24,896	25,390	23,724	22,475	23,656	27,257	17,976	21,827	25,091	288,000
	Wet	5,274	4,926	4,942	4,979	5,078	4,745	4,495	4,731	5,451	3,595	4,365	5,018	57,600
	Dry	3,955	3,695	3,706	3,734	3,808	3,559	3,371	3,548	4,089	2,696	3,274	3,764	43,200
COST OF SALES														
	Wages & Salaries inc NI	2,623	2,533	2,537	2,547	2,572	2,486	2,421	2,482	2,670	2,186	2,387	2,557	30,000
	Business Rates	125	125	125	125	125	125	125	125	125	125	125	125	1,500
	Water Rates	167	167	167	167	167	167	167	167	167	167	167	167	2,000
	Heat / Light / Power												353	4,200
		357	352	352	353	354	349	346	349	360	332	344		
EXPENSES	Repairs & Maintenance	330	308	309	311	317	297	281	296	341	225	273	314	3,600
	Gardening Expenses	110	103	103	104	106	99	94	99	114	75	91	105	1,200
	Insurance & MSA	100	100	100	100	100	100	100	100	100	100	100	100	1,200
	Licensing	150	150	150	150	150	150	150	150	150	150	150	150	1,800
	Tenant Insurance	100	100	100	100	100	100	100	100	100	100	100	100	1,200
	Sky & PRS	40	40	40	40	40	40	40	40	40	40	40	40	480
	Entertainment	275	257	257	259	264	247	234	246	284	187	227	261	3,000
	Marketing, Promotional & Advertising	275	257	257	259	264	247	234	246	284	187	227	261	3,000
	Print / Post & Stationary	55	51	51	52	53	49	47	49	57	37	45	52	600
	Telephone	50	50	50	50	50	50	50	50	50	50	50	50	600
	Travel & Car	500	500	500	500	500	500	500	500	500	500	500	500	6,000
	Cleaning Materials & Waste disposal	500	500	500	500	500	500	500	500	500	500	500	500	6,000
	Accountant / Stock taker / Prof fees	200	200	200	200	200	200	200	200	200	200	200	200	2,400
	Bank Charges	92	86	86	86	88	82	78	82	95	62	76	87	1,000
	Equipment Hire	3	3	3	3	3	2	2	2	3	2	2	3	30
	Sundries & Consumables	5	5	5	5	5	5	5	5	6	4	5	5	60
	Drinks Gas	110	103	103	104	106	99	94	99	114	75	91	105	1,200
	TOTAL													
	Rent	2,950	2,950	2,950	2,950	2,950	2,950	2,950	2,950	2,950	2,950	2,950	2,950	35,400
	Royalty (where applicable)	-	-	-	-	-	-	-	-	-	-	-	-	-
OTHER	Net VAT liability	1,923	1,747	1,755	1,774	1,824	1,656	1,530	1,649	2,012	1,076	1,465	1,794	20,205
														-
														-
	TOTAL OUTGOINGS													227,47
	C/F BALANCE													60,525
	CASHFLOW													
	All Figures Inc VAT at current rate of 20% where applicable, with Heating at 5%	6,102	11,427	16,788	22,231	27,896	32,816	37,179	42,069	48,568	50,921	54,994	60,525	

Planning in to the future

PROJECTION — **PLANNING INTO THE FUTURE**

PUB NAME
THE WINDMILL
PUB LOCATION
CHARLTON ,HITCHIN HERTS

WHAT HAPPENS FOR THE NEXT 5 YEARS
Once you have calculated your Profit & Loss on the first page of this spreadsheet, this area is to help you see what happens over a 5 year period.

DECISIONS TO MAKE

Retail Prices Index will be (%) (Impacts Rent)
Sales will change by (e.g.: +2% or -1%)
Expenses will change by (e.g.: +1% or -4%)

DECIDE WHAT IS GOING TO HAPPEN

	YOUR CURRENT PROJECTED PROFIT & LOSS YEAR 1		PROFIT & LOSS YEAR 2		PROFIT & LOSS YEAR 3		PROFIT & LOSS YEAR 4		PROFIT & LOSS YEAR 5	
	£	%	£	%	£	%	£	%	£	%
SALES	Annualised (ex Vat)		Annualised (ex Vat)		Annualised (ex Vat)		Annualised (ex Vat)		Annualised (ex Vat)	
Total Drinks Sales	120,000	50%	120,000	50%	120,000	50%	120,000	50%	120,000	50%
Food	120,000	50%	120,000	50%	120,000	50%	120,000	50%	120,000	50%
Accommodation	0	0%	0	0%	0	0%	0	0%	0	0%
Other Sales	0	0%	0	0%	0	0%	0	0%	0	0%
TOTAL SALES	240,000		240,000		240,000		240,000		240,000	
GROSS PROFIT		% profit		% profit		% profit		% profit		% profit
Total Drinks	72,000	60%	72,000	60%	72,000	60%	72,000	60%	72,000	60%
Food	84,000	70%	84,000	70%	84,000	70%	84,000	70%	84,000	70%
Accommodation	0	0%	0	0%	0	0%	0	0%	0	0%
Other Sales	0	0%	0	0%	0	0%	0	0%	0	0%
Net Machine Income	0	100%	0	100%	0	100%	0	100%	0	100%
TOTAL GROSS PROFIT	156,000		156,000		156,000		156,000		156,000	
EXPENSES		% of Turnover		% of Turnover		% of Turnover		% of Turnover		% of Turnover
Wages & Salaries inc NI	30,000	12.5%	30,000	12.5%	30,000	12.5%	30,000	12.5%	30,000	12.5%
Business Rates	1,500	0.6%	1,500	0.6%	1,500	0.6%	1,500	0.6%	1,500	0.0%
Water Rates	2,000	0.8%	2,000	0.8%	2,000	0.8%	2,000	0.8%	2,000	0.8%
Heat / Light / Power	4,000	1.7%	4,000	1.7%	4,000	1.7%	4,000	1.7%	4,000	1.7%
Repairs & Maintenance	3,000	1.3%	3,000	1.3%	3,000	1.3%	3,000	1.3%	3,000	1.3%
Gardening Expenses	1,000	0.4%	1,000	0.4%	1,000	0.4%	1,000	0.4%	1,000	0.4%
Insurance & MSA	1,000	0.4%	1,000	0.4%	1,000	0.4%	1,000	0.4%	1,000	0.4%
Licensing	1,500	0.6%	1,500	0.6%	1,500	0.6%	1,500	0.6%	1,500	0.6%
Tenant Insurance	1,000	0.4%	1,000	0.4%	1,000	0.4%	1,000	0.4%	1,000	0.4%
Sky & PRS	400	0.2%	400	0.2%	400	0.2%	400	0.2%	400	0.2%
Entertainment	2,500	1.0%	2,500	1.0%	2,500	1.0%	2,500	1.0%	2,500	1.0%
Marketing, Promotional & Advertising	2,500	1.0%	2,500	1.0%	2,500	1.0%	2,500	1.0%	2,500	1.0%
Print / Post & Stationary	500	0.2%	500	0.2%	500	0.2%	500	0.2%	500	0.2%
Telephone	500	0.2%	500	0.2%	500	0.2%	500	0.2%	500	0.2%
Travel & Car	5,000	2.1%	5,000	2.1%	5,000	2.1%	5,000	2.1%	5,000	2.1%
Cleaning Materials & Waste disposal	5,000	2.1%	5,000	2.1%	5,000	2.1%	5,000	2.1%	5,000	2.1%
Accountant / Stock taker / Prof fees	2,000	0.8%	2,000	0.8%	2,000	0.8%	2,000	0.8%	2,000	0.8%
Bank Charges	1,000	0.4%	1,000	0.4%	1,000	0.4%	1,000	0.4%	1,000	0.4%
Equipment Hire	25	0.0%	25	0.0%	25	0.0%	25	0.0%	25	0.0%
Sundries & Consumables	50	0.0%	50	0.0%	50	0.0%	50	0.0%	50	0.0%
Drinks Gas	1,000	0.4%	1,000	0.4%	1,000	0.4%	1,000	0.4%	1,000	0.4%
TOTAL EXPENSES	65,475	27.3%	65,475	27.3%	65,475	27.3%	65,475	27.3%	65,475	27.3%
NET OPERATING PROFIT, BEFORE RENT (Inc Machine Income)	90,525		90,525		90,525		90,525		90,525	
RENT	30,000		30,000		30,000		30,000		30,000	
ROYALTY (where applicable)	0		0		0		0		0	
NET OPERATING PROFIT, AFTER RENT, BEFORE ADJUSTMENTS (Inc Machine Income)	60,525		60,525		60,525		60,525		60,525	
BREAK EVEN SALES	146,885		146,885		146,885		146,885		146,885	

What if?

WHAT IF? — PLANNING FOR DIFFERENT SCENARIOS

PUB NAME: THE WINDMILL
PUB LOCATION: CHARLTON ,HITCHIN HERTS

UNDERSTANDING THE BIGGER PICTURE
The projections below indicate the effect on net profit if the Windmill's sales are more or less than anticipated and also help project what might happen through the life of the tenancy agreement. The projections suggest that the Windmill's business model is robust.

	YOUR CURRENT PROJECTED PROFIT & LOSS		IF SALES INCREASE BY +10%		IF SALES DECREASE BY -10%		IF EXPENSES INCREASE BY +5%		IF EXPENSES DECREASE BY -5%	
	£	%	£	%	£	%	£	%	£	%
SALES	Annualised (ex Vat)		Annualised (ex Vat)		Annualised (ex Vat)		Annualised (ex Vat)		Annualised (ex Vat)	
Total Drinks Sales	125,000	51%	137,500	51%	112,500	51%	125,000	51%	125,000	51%
Food	120,000	49%	132,000	49%	108,000	49%	120,000	49%	120,000	49%
Accommodation	0	0%	0	0%	0	0%	0	0%	0	0%
245000	0	0%	0	0%	0	0%	0	0%	0	0%
TOTAL SALES	245,000		269,500		220,500		245,000		245,000	
GROSS PROFIT		% profit		% profit		% profit		% profit		% profit
Total Drinks	72,000	60%	82,500	60%	67,500	60%	72,000	60%	72,000	60%
Food	84,000	70%	92,400	70%	75,600	70%	84,000	70%	84,000	70%
Accommodation	0	0%	0	0%	0	0%	0	0%	0	0%
Other Sales	0	0%	0	0%	0	0%	0	0%	0	0%
Net Machine Income	0	100%	0	100%	0	100%	0	100%	0	100%
TOTAL GROSS PROFIT	156,000		174,900		143,100		156,000		156,000	
EXPENSES		% of Turnover		% of Turnover		% of Turnover		% of Turnover		% of Turnover
Wages & Salaries inc NI	30,000	12.2%	30,000	11.1%	30,000	13.6%	31,500	12.9%	28,500	11.6%
Business Rates	1,500	0.6%	1,500	0.6%	1,500	0.7%	1,575	0.6%	1,425	0.0%
Water Rates	2,000	0.8%	2,000	0.7%	2,000	0.9%	2,100	0.9%	1,900	0.8%
Heat / Light / Power	4,000	1.6%	4,000	1.5%	4,000	1.8%	4,200	1.7%	3,800	1.6%
Repairs & Maintenance	3,000	1.2%	3,000	1.1%	3,000	1.4%	3,150	1.3%	2,850	1.2%
Gardening Expenses	1,000	0.4%	1,000	0.4%	1,000	0.5%	1,050	0.4%	950	0.4%
Insurance & MSA	1,000	0.4%	1,000	0.4%	1,000	0.5%	1,050	0.4%	950	0.4%
Licensing	1,500	0.6%	1,500	0.6%	1,500	0.7%	1,575	0.6%	1,425	0.6%
Tenant Insurance	1,000	0.4%	1,000	0.4%	1,000	0.5%	1,050	0.4%	950	0.4%
Sky & PRS	400	0.2%	400	0.1%	400	0.2%	420	0.2%	380	0.2%
Entertainment	2,500	1.0%	2,500	0.9%	2,500	1.1%	2,625	1.1%	2,375	1.0%
Marketing, Promotional & Advertising	2,500	1.0%	2,500	0.9%	2,500	1.1%	2,625	1.1%	2,375	1.0%
Print / Post & Stationary	500	0.2%	500	0.2%	500	0.2%	525	0.2%	475	0.2%
Telephone	500	0.2%	500	0.2%	500	0.2%	525	0.2%	475	0.2%
Travel & Car	5,000	2.0%	5,000	1.9%	5,000	2.3%	5,250	2.1%	4,750	1.9%
Cleaning Materials & Waste disposal	5,000	2.0%	5,000	1.9%	5,000	2.3%	5,250	2.1%	4,750	1.9%
Accountant / Stock taker / Prof fees	2,000	0.8%	2,000	0.7%	2,000	0.9%	2,100	0.9%	1,900	0.8%
Bank Charges	1,000	0.4%	1,000	0.4%	1,000	0.5%	1,050	0.4%	950	0.4%
Equipment Hire	25	0.0%	25	0.0%	25	0.0%	26	0.0%	24	0.0%
Sundries & Consumables	50	0.0%	50	0.0%	50	0.0%	53	0.0%	48	0.0%
Drinks Gas	1,000	0.4%	1,000	0.4%	1,000	0.5%	1,050	0.4%	950	0.4%
TOTAL EXPENSES	65,475	26.7%	65,475	24.3%	65,475	29.7%	68,749	28.1%	62,201	25.4%
NET OPERATING PROFIT, BEFORE RENT (Inc Machine Income)	90,525		109,425		77,625		87,251		93,799	
RENT	30,000		30,000		30,000		30,000		30,000	
ROYALTY (where applicable)	0		0		0		0		0	
NET OPERATING PROFIT, AFTER RENT (Inc Machine Income)	60,525		79,425		47,625		57,251		63,799	
BREAK EVEN SALES	146,885		147,116		147,116		155,086		144,803	

Inntuition's financial analysis indicates that, based on a 50:50 split between food and drink sales, the pub could achieve an annual turnover of approximately £240,000. This would support an annual rent of £30,000 payable to WCPL, and generate a sufficient level of net profit to attract and incentivise a prospective tenant.

3.3 Shareholder information

The following section provides information on how the Share Scheme would operate in the event that an offer for The Windmill from WCPL is accepted by the owner and the Share Scheme becomes activated. Those individuals who have registered their interest in the Share Scheme will be required to complete Share Applications. Shareholders will become members of the WCPL. The WCPL is run on a one member one vote principle regardless of the size of an individual's shareholding. Shares are withdrawable and can, subject to certain conditions, be 'cashed in'.

Shares will be priced at £100 each, and the minimum shareholding will be one share (i.e. £100 minimum investment) and the maximum shareholding will £50,000. This is to enable as many people as possible to have a stake in the venture and to promote a diverse membership.

The minimum target for the share offer will be £270,000, with a maximum target of £450,000.

The financial model underpinning this business plan is realistic and robust. It will evolve over time as WCPL runs the Share Offer and appoints a tenant, and also as it achieves success with any future grant and loan applications.

Community shares are first and foremost about supporting a social return over and above any financial return, although clearly, there are both economic and social reasons for investing in The Windmill. We hope all investors will wish also to frequent the pub and use it as a community facility.

WCPL will also undertake fundraising and apply for commercial loans to meet the purchase and initial refurbishments costs of enabling The Windmill to re-open. However the initial objective of WCPL's Business Plan is to reach the target of prospective share investment of at least £270,000.

3.4 Benefit to the community

A community purchase will secure and safeguard the pub and car park for the foreseeable future.

Community purchase of The Windmill represents a fantastic opportunity to strengthen the vibrancy and sustainability of the local community, which would have many benefits, including:

- maintaining a place to meet friends and neighbours and improving the sense of community
- providing a central point for information on community events and local issues
- improvements to the fabric of the building to ensure it meets the community's needs in the future
- creating opportunities for local employment
- injecting money into the local economy by buying locally sourced products and encouraging visitors to the area
- providing gallery space for local artists and craft workers to display their work
- providing a hospitality venue for local groups and tourists
- helping to sustain the desirability of Hitchin as a place to live, as 'Hitchin's country pub'
- potentially providing additional community services
- The Windmill's level site with access to countryside walkways means that it can be enhanced as a recreational facility for all, including those who are reliant on wheelchairs and other mobility aids

3.5 Phased development and future opportunities

The initial focus is to purchase and restore the pub and to recruit a tenant publican. Once the pub is successfully established as a community facility, other opportunities have been identified to enhance a sustainable business model. These opportunities include:

1. Meeting room facilities: The Windmill is in an attractive location, with a large car park. It is easily accessible from Hitchin with its mainline rail links to London. By car it is within a 10 minute drive from the A1 and M1, and 15 minutes from Luton Airport. Meeting Rooms would therefore have potential not only to provide community groups with an attractive meeting and refreshment venue, but also for business meetings and small day time conferences, which could increase the revenue during midweek, daytime hours.

2. Family friendly café: The setting of The Windmill encourages recreational and social activities, and lends itself to a café style business which is family friendly, serving a

wide range of snacks and beverages at all times of the day. Internet facilities will also encourage a wider clientele.

3. Aspirational future amenities: Other opportunities have been identified by WCPL, such as creating two self-contained guest rooms for B&B above the current flat roof ground floor extension. Interest has also been expressed in providing facilities on site for a microbrewery, which would enhance the attraction and business of the community pub.

Conclusion

The Windmill Pub has served the community for 150 years and has created many fond memories for residents of Charlton and Hitchin. The car park continues to serve the community, although the threat of redevelopment remains. Community ownership would ensure neither disappear, and they once again provide a welcoming and versatile venue for local residents and visitors to the area.

We invite you to register your interest in becoming a shareholder and help create new memories for generations to come.

To find out more, please come along to the public meeting on Monday 24 June, 7pm at The Sun Hotel, Sun Street, Hitchin, in the Ballroom.

We invite you to register your interest in the WCPL Community Share Scheme when it is launched on 1 July 2019. More details will be available from our website from that date. Registration forms will also be available at a public meeting on 24th June at the Sun Hotel, Hitchin, at 7pm.

If you have any questions, or you would like to get involved but cannot attend the meeting, please contact us via the website.

Everyone is welcome, and we hope you will join us in our vision to save the Windmill.