

THE GEORGE BUSINESS PLAN

FINANCIAL UPDATE, January 2022



Newnham on Severn Community Benefit Society Ltd

Introduction

This document presents revised and updated versions of the financial projections in our **2021 Business Plan**.

The main changes are:

- **Overheads** have been scaled up to take account of the scheduled rise in energy costs in April. The new projections also include more realistic figures for Business Rate, Water Rate, cleaning and waste removal.
- **Wage costs** now include two full-time café staff, plus temporary staff to cover holidays and busy periods. The cost of additional waiting staff is factored in during Year 2 to cope with increased footfall. We still hope to provide opportunities for young people on work experience, but not under the Kickstart Scheme, which comes to an end in March this year.
- Two elements in the original plan, the proposed **retail space** on the ground floor and fortnightly **evening food** in the café, are not included in the revised financial projections but will be phased in gradually as circumstances allow.

In order to buy the building, we have assumed a purchase price of £320k. This will be reviewed in the light of market conditions and the state of the building at the time of purchase. The surveyor who carried out our previous structural survey in 2019 has agreed to give us an updated report in early February.

A few general notes on the figures are provided below.

VAT

For the purposes of the Business Plan, all figures are shown net of VAT. In practice, we expect to exceed the £85,000 VAT threshold. This will mean we have to charge VAT in the café, but can reclaim it on goods, equipment and services.

The café

Café income has been based on prices charged at other comparable local venues (excl. VAT), and allowance has been made for daily and seasonal fluctuations in demand. Opening hours are 65.5 per week, and we have assumed an internal capacity of 24 covers. The target profit margin on sales is 70%.

Outdoor seating could offer a further 10 covers during the summer, but we have not included this in our calculations. Evening food is another potential revenue-earner, but is not part of our immediate plans.

Business Hub

Income from the Business Hub is based on 8 desks charged at a daily rate of £10 each. Average occupancy is 60% in Month 1 gradually rising to 75% over the course of the year. Office supplies/consumables are costed at 15% of gross sales.

The bakery

Bakery income is based on an initial monthly output of 600 loaves at £2.30, rising to 670 by the end of Year 1. This could be achieved by three or four people (an experienced part-time supervisor plus three volunteers) working two days a week. The bulk of the bakery output would be either pre-ordered or supplied to the café; the remainder would be sold over the counter. Target profit margin is 80% after deduction of the cost of ingredients and gas/electricity.

Table 1: NoSCBS Cashflow Year 1

	Mth 1	Mth 2	Mth 3	Mth 4	Mth 5	Mth 6	Mth 7	Mth 8	Mth 9	Mth 10	Mth 11	Mth 12
A Opening balance	£185,000	£50,486	£44,378	£38,569	£33,441	£28,874	£25,849	£23,864	£23,849	£24,494	£24,127	£24,301
INCOME												
<i>Grants:</i>												
COF (Capital)	£209,500											
COF (Revenue)	£38,000											
Loans	£50,000											
	£297,500											
Café (net)	£1,470	£1,621	£1,892	£2,544	£3,076	£5,089	£5,598	£7,538	£8,167	£7,124	£7,633	£8,481
Business hub (net)	£816	£832	£849	£866	£883	£901	£919	£937	£956	£975	£995	£1,015
Bakery (net)	£1,112	£1,151	£1,163	£1,175	£1,186	£1,198	£1,210	£1,222	£1,234	£1,247	£1,259	£1,272
Rent	£288	£288	£288	£288	£288	£288	£288	£288	£288	£288	£288	£288
Room hire	£100	£100	£100	£100	£100	£100	£100	£100	£100	£100	£100	£100
Events	£261	£261	£261	£261	£261	£261	£261	£261	£261	£261	£261	£261
	£4,047											
B Total Income	£301,547	£4,253	£4,552	£5,233	£5,794	£7,836	£8,375	£10,346	£11,006	£9,994	£10,535	£11,416
EXPENDITURE												
Purchase of building	£320,000											
Stamp duty	£5,500											
Legal fees	£6,000											
Surveyor	£1,200											
<i>Repair and refurbishment:</i>												
Structural repair	£10,000											
Roof repair	£5,000											
Internal repair/repainting	£10,000											
External repair/repainting	£5,000											
Insulation/secondary glazing	£10,000											
Solar panels	£7,500											
	£380,200											
<i>Business start-up costs:</i>												
EPOS and accounting system	£2,000											
Kitchen	£15,000											
Business hub	£8,000											
Bakery	£5,000											
Gallery refit	£5,000											
Fixtures & fittings	£5,000											
Security	£2,000											
Signage	£3,000											
	£45,000											
<i>Wages:</i>												
Café manager	£2,083	£2,083	£2,083	£2,083	£2,083	£2,083	£2,083	£2,083	£2,083	£2,083	£2,083	£2,083
Deputy café manager	£1,583	£1,583	£1,583	£1,583	£1,583	£1,583	£1,583	£1,583	£1,583	£1,583	£1,583	£1,583
Temp staff 1 (Holiday cover)	£621	£621	£621	£621	£621	£621	£621	£621	£621	£621	£621	£621
Temp staff 2 (Peak Periods)	£198	£198	£198	£198	£198	£198	£198	£198	£198	£198	£198	£198
Business manager	£1,583	£1,583	£1,583	£1,583	£1,583	£1,583	£1,583	£1,583	£1,583	£1,583	£1,583	£1,583
Bakery supervisor	£500	£500	£500	£500	£500	£500	£500	£500	£500	£500	£500	£500
	£6,569	£6,569	£6,569	£6,569	£6,569	£6,569	£6,569	£6,569	£6,569	£6,569	£6,569	£6,569
<i>Training:</i>												
Café	£250					£250						£250
Bakery	£250					£250						£250
Overheads	£2,792	£2,792	£2,792	£2,792	£2,792	£2,792	£2,792	£2,792	£2,792	£2,792	£2,792	£2,792
Loan repayment	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000
	£4,292	£3,792	£3,792	£3,792	£3,792	£4,292	£3,792	£3,792	£3,792	£3,792	£3,792	£4,292
C Total Expenditure	£436,061	£10,361	£10,361	£10,361	£10,361	£10,861	£10,361	£10,361	£10,361	£10,361	£10,361	£10,861
D Surplus/deficit (B-C)	-£134,514	-£6,108	-£5,809	-£5,128	-£4,567	-£3,025	-£1,986	-£15	£645	-£367	£174	£555
Closing balance (A-D)	£50,486	£44,378	£38,569	£33,441	£28,874	£25,849	£23,864	£23,849	£24,494	£24,127	£24,301	£24,856

Notes

VAT

For the purposes of the Business Plan, all figures are shown net of VAT. In practice we expect to exceed the £85,000 VAT threshold. This will mean we have to charge VAT in the café, but also that VAT can be reclaimed on goods, equipment and services.

- 2 Purchase of building
- 2 Business start-up costs

Table 2A: Profit & Loss, Year 1

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
1. Café												
Net monthly income	-£3,266	-£2,865	-£2,594	-£1,942	-£1,410	£353	£1,112	£3,052	£3,681	£2,638	£3,147	£3,745
Less Overheads	£1,106	£1,106	£1,106	£1,106	£1,106	£1,106	£1,106	£1,106	£1,106	£1,106	£1,106	£1,106
Profit/loss	-£4,372	-£3,971	-£3,700	-£3,048	-£2,516	-£753	£6	£1,946	£2,575	£1,532	£2,041	£2,639
2. Business hub												
Net monthly income	£816	£832	£849	£866	£883	£901	£919	£937	£956	£975	£995	£1,015
Less Overheads	£505	£505	£505	£505	£505	£505	£505	£505	£505	£505	£505	£505
Profit/loss	£311	£327	£344	£361	£378	£396	£414	£432	£451	£470	£490	£510
3. Bakery												
Net monthly income	£362	£651	£663	£675	£686	£448	£710	£722	£734	£747	£759	£522
Less Overheads	£285	£285	£285	£285	£285	£285	£285	£285	£285	£285	£285	£285
Profit/loss	£78	£366	£378	£390	£401	£163	£425	£437	£449	£462	£474	£237
4. Rental of top-floor office												
Net monthly income	£288	£288	£288	£288	£288	£288	£288	£288	£288	£288	£288	£288
Less Overheads	£270	£270	£270	£270	£270	£270	£270	£270	£270	£270	£270	£270
Profit/loss	£18	£18	£18	£18	£18	£18	£18	£18	£18	£18	£18	£18
5. Other												
Gallery	£261	£261	£261	£261	£261	£261	£261	£261	£261	£261	£261	£261
Room hire	£100	£100	£100	£100	£100	£100	£100	£100	£100	£100	£100	£100
Less Overheads	£623	£623	£623	£623	£623	£623	£623	£623	£623	£623	£623	£623
Profit/loss	-£262	-£262	-£262	-£262	-£262	-£262	-£262	-£262	-£262	-£262	-£262	-£262
TOTAL	-£4,226	-£3,521	-£3,222	-£2,541	-£1,980	-£438	£601	£2,572	£3,232	£2,220	£2,761	£3,142

Table 2B: Profit & Loss, Years 1-5

	Year 1	Year 2	Year 3	Year 4	Year 5
1. Café					
Net income	£5,655	£17,708	£23,006	£29,010	£35,799
Less Overheads	£13,272	£13,936	£14,632	£15,364	£16,132
Profit/loss	-£7,617	£3,772	£8,373	£13,646	£19,667
2. Business hub					
Net income	£10,944	£12,784	£14,062	£15,468	£17,015
Less Overheads	£6,060	£6,363	£6,681	£7,015	£7,366
Profit/loss	£4,884	£6,421	£7,381	£8,453	£9,649
3. Bakery					
Net income	£7,680	£9,200	£10,462	£11,866	£13,429
Less Overheads	£3,420	£3,591	£3,771	£3,959	£4,157
Profit/loss	£4,260	£5,609	£6,691	£7,907	£9,272
4. Rental of top-floor office					
Net monthly income	£3,450	£3,623	£3,985	£4,383	£4,822
Less Overheads	£3,240	£3,402	£3,572	£3,751	£3,938
Profit/loss	£210	£221	£413	£633	£883
5. Other					
Gallery	£3,130	£3,287	£3,615	£3,977	£4,374
Room hire	£1,200	£1,260	£1,386	£1,525	£1,677
Less Overheads	£7,476	£7,850	£8,242	£8,654	£9,087
Profit/loss	-£3,146	-£3,303	-£3,241	-£3,153	-£3,036
TOTAL	-£1,408	£12,720	£19,617	£27,486	£36,436

Table 3: NoSCBS Ltd Cashflow Summary Years 1-5

		Business target growth %		10		10	
		Inflation %		5		5	
		Y1 Totals	Y2 Totals	Y3 Totals	Y4 Totals	Y5 Totals	
A	Opening balance	£185,000	£24,856	£5,588	-£7,782	-£14,333	
INCOME							
Grants:							
	COF (Capital)	£209,500					
	COF (Revenue)	£38,000					
	Loans	£50,000					
	Café (net)	£60,233	£88,252	£97,077	£106,785	£117,463	
	Business hub (net)	£10,944	£12,784	£14,062	£15,468	£17,015	
	Bakery (net)	£14,430	£16,025	£17,628	£19,391	£21,330	
	Rent	£3,450	£3,623	£3,985	£4,383	£4,822	
	Room hire	£1,200	£1,260	£1,386	£1,525	£1,677	
	Events	£3,130	£3,287	£3,615	£3,977	£4,374	
B	Total Income	£390,888	£125,230	£137,753	£151,529	£166,682	
EXPENDITURE							
	Purchase of building	£332,700					
	Repair and refurbishment:	£47,500					
	Business start-up costs:	£45,000					
	Wages	£78,828	£96,269	£101,083	£106,137	£111,444	
	Training:	£1,500	£1,050	£1,103	£1,158	£1,216	
	Overheads	£33,504	£35,179	£36,938	£38,785	£40,724	
	Loan repayment	£12,000	£12,000	£12,000	£12,000	£2,000	
C	Total Expenditure	£551,032	£144,499	£151,124	£158,080	£155,384	
D	Surplus/deficit (B-C)	-£160,144	-£19,268	-£13,370	-£6,551	£11,298	
	Closing balance (A-D)	£24,856	£5,588	-£7,782	-£14,333	-£3,035	

Table 4: Projected Annual Overheads

Projected Annual Overheads	
	£
Business rate	4,000
Water rate	500
Insurance	3,200
Utilities	8,000
Phone	800
Internet	1,000
Advertising and marketing	2,500
General maintenance	3,000
Cleaning	4,000
Waste removal	500
Accountancy	1,500
Professional and legal fees	2,500
Sundries	2,000
Total	33,500
Total overhead	£33,500
Total floor area sq m	260
Overhead per sq m	£129
Total overhead per mth	£2,792

Table 5: Overhead Apportionment by Unit

Overhead apportionment based on floorspace					
Ground floor		<i>sq m</i>	<i>sq m</i>	<i>Annual Overhead</i>	
A	Main room (High St side)	43	Café (A+B+D+E)	103	£13,271
B	Side room (Station Rd side)	28	Bakery (C)	26.5	£3,414
C	Courtyard Room	26.5	Gallery (F)	58	£7,473
D	Kitchen	26	Business hub (G+H+I)	47	£6,056
E	Serving lobby	6	Top-floor office (J+K)	25.1	£3,234
1st floor					
F	Gallery	58			
G	Side office with mezzanine	23			
H	L-shaped Office	16			
I	Small office	8			
Top floor					
J	Office 1	15.5			
K	Office 2	9.6			
	Total	259.6			