

# **Cilcain Community Shop Limited**

## **Business Plan**

April 2018

## Executive Summary

Cilcain is a village with a strong community ethos. Following the closure of our only village shop in February 2018, the community came together and voted strongly to establish a community owned shop and café within community owned premises. This is to provide not only an essential facility for the village, but also a social hub to maintain and enhance the village community.

## Introduction and Overview

### Our Proposal

We propose to establish a Community Shop and Café in what is currently referred to as the Committee Room within the Village Hall premises.

This will be run as a Community Benefit Society, with a wide membership of local people and with any proceeds reinvested into the business and also, where practical, invested for the benefit of the wider community.

### Our Aim

With the proximity of this location to the Hall, Playground, Playing Field, Community Garden, public Toilets and Parking we aim to provide an integrated hub within the village which will strengthen social interaction and enhance the overall well-being of the local community.

It is our aim to provide a facility locally which will supply a range of products and services to meet the needs of all sectors of society and all age ranges within the wider village community. It will be of particular benefit to those who experience difficulty in travelling outside the village for their everyday needs.

We will also provide a level of employment locally which we aim to increase over time as the business develops.

It is also our aim to provide a welcoming service to the many visitors, walkers and cyclists who come to enjoy our village and the surrounding countryside.

# Background to the Proposal

There has been a village shop in Cilcain for generations, but it closed for the final time on 11<sup>th</sup> February 2016. A group from the community started meeting to discuss a course of action and as a result, a whole village meeting was called to gauge the mood of the wider community.

This meeting was attended by almost 100 people and an overwhelming desire was expressed that a Community Shop should be opened in Cilcain. At this meeting a questionnaire was given out and later given wider circulation within the community. As a result, a total of 184 responses were analysed with 99.5% indicating that a shop was either important or very important to the village. Full Questionnaire Analysis shown in Appendix 5.

The main outcome of this meeting was the formation of a Steering Group who were given the remit to examine the possible means by which a shop could be provided in the village.

As an interim measure and to maintain some services within the village whilst a longer term solution was determined, the White Horse Public House agreed to sell newspapers and host the mobile Post Office.

Two main possibilities were put forward by the Steering Group and a Ballot Day was held. The whole community was encouraged to attend, learn more about each possibility, make suggestions of their own and finally vote for the suggestion of their choice.

Attendees were asked to choose between the following:

A I want a community shop (and post office) only if this is in a community-owned location.

B I want a community shop and would like to see it set up as soon as possible in whatever village location is available and suitable.

If a community shop is opened in the shop's current location, and a suitable alternative community-owned location becomes available in the future, please choose one of the 3 options below.

- (a) Keep the shop where it is.
- (b) Move the shop to the community-owned location.
- (c) I don't mind where the shop is.

The results were that:

- A priority for 75% of those voting was to get a shop up and running as soon as possible.
- Of those expressing a preference for location, 73% wanted to have a community shop in community owned premises, if suitable space could be agreed.

With this mandate, the Steering Group approached the Village Hall Committee with a request that they give consideration to allowing the establishment of a Community Shop and Café in the Committee Room within the Village Hall. In due course, permission to do this was received from both the Village Hall Committee and the Community Council who own the building.

## Demographics and Social Need

### **The local community:**

Cilcain was shown to have a population of 1378 at the 2011 Census, and there has been little development and few changes to the village since then. Cilcain has a more elderly population than the national average – a trend which is likely to continue. In a survey which covered about 25% of the village population, 21% of those surveyed were over 65 compared to a national average of 18%, with a further 28% of the population in the 46 to 65 age range. This suggests that there is going to be an increasing need to address the issue of rural isolation. The recent closure of the village shop has clearly disadvantaged many in the community by removing a valuable essential service and social outlet.

### **Visitors to Cilcain:**

Cilcain has been used to having a steady stream of visitors to the village throughout the year who come to enjoy the excellent opportunities for walking and cycling provided by the surrounding area. The closure of our local shop and café has clearly made the location less attractive. The Community Shop will provide visitors with the services they need whilst improving the economic viability of the shop and café.

## The Business Opportunity

The nearest town is Mold which is 7 miles away and provides a range of Supermarkets and independent shops. There is a small Post Office and store in Pantymwyn about 2 miles away which is only open in the mornings and has a very limited range of stock and a garage shop in Loggerheads about 3 miles away. There is a limited bus service to Mold, but it is very difficult to get to the other shops by any means other than car.

The Cilcain Community Shop will stock newspapers and a range of groceries and other goods in accordance with the needs of the community as suggested in the questionnaire (see appendix 5). It will also provide postal services on 2 half days per week and a café. The shop will not be selling tobacco but may offer a limited range of alcohol at some stage in the future. Provision will also be made to provide an outlet for local artisans and local produce. Cilcain does attract a number of visitors, walkers and cyclists and well placed signage will direct them towards a hub where they can use the shop, café, carpark and toilet facilities.

We anticipate that the shop will become a thriving, profitable community enterprise, able to invest in the long term wellbeing of the community.

# Business Structure

## Legal Structure

Cilcain Community Shop will be set up as a Community Benefit Society (CBS). This is a society owned and managed by the community for the benefit of the whole community – not just its members. The Society is registered with the Financial Conduct Authority and is controlled by a set of rules which dictate how the society is owned, organised and governed. People in the community will be encouraged to become members of the society. Membership shares in the society will be offered to anyone over the age of 16 and with membership comes the chance to vote on shop issues, elect committee members and have a say in how the shop is run.

## Governance

Cilcain Community Shop is managed by a Management Committee, consisting of between 3 and 12 persons, elected by the members. These members in turn will appoint officers consisting of a Chairperson, Vice Chairperson, Secretary and Treasurer. The Management Committee will hold meetings as it considers necessary to carry out its roles and responsibilities. Management Committee details are provided in Appendix 6.

## Operations

The shop will employ a manager to oversee the day to day running of the shop. He or she will be supported by volunteers from the local community who will all be trained in the use of the till system, food safety and Health and Safety. The shop Manager will be there to mentor and monitor the volunteers.

## Start-up Forecast

Plunkett Foundation Membership	£ 200
CBS Application	£ 258
Shop Fit-up	£4000
Letter Box	£ 67
EPOS / Accounting Software/Hardware	£3000
Stock Purchase	£3000
Newspapers Deposit	£1000
Working Capital	£2475
<b><u>Total Start-up Costs</u></b>	<b><u>£14000</u></b>



# Three Year P&L Projection

Fixed Costs are shown as remaining static over the first three years. Management hours are shown to grow from 20 hours per week in Year 1 to 30 hours in Year 2 and 40 hours in Year 3. In line with this, Café and Grocery Sales are shown to increase as the business becomes established whilst Newspaper sales are shown as static over the period.

On this basis Profit is projected as:

Year 1	£1885
Year 2	£3748
Year 3	£4268

Full details of the 3 year P&L projections are shown in Appendix 2

## Risks

The major risk inherent within the plan is that the groceries sector of the business does not deliver either the level of business or the gross margins required to sustain profitability. As an exercise, the P&L was set up using a 17% gross margin instead of the 20% predicted.

The result is that even at these levels a small profit of £330 is still achievable in Year 1 – see Appendix 3

## Cash Flow

Assumptions:

- All payments are made within the month the costs are incurred.
- Most food items are zero rated for VAT. Sweets, Drinks, less healthy foods, cleaning products are not. For the purposes of this Cash Flow, 90% of grocery products are taken as zero rated.
- All Café products are subject to VAT
- All Newspapers are zero rated.

The Cash Flow Analysis shows that with an Opening Bank Balance of £14,000, the shop can be established and a positive month end closing balance maintained ranging from £1022 in Month 1 to £13185 in Month 12 of the first year's trading.

Full Details in Appendix 4

# **Appendix 1**



## Profit and Loss

### Fixed Costs

<u>Annual Fees</u>	Per annum		
Plunkett Membership	£	200	
Accountancy Fees Y/E	£	725	
FCA Annual Fee	£	75	
<b>Total Annual Fees</b>	£	<b>1,000</b>	
<u>Other Fixed Costs</u>			
Electricity and Phone	£	2,880	
Broadband	£	288	
Waste Collection	£	600	
Insurance	£	600	
Software Support	£	600	
Credit Card Charges	£	1,080	
Website Hosting	£	156	
Equipment Amortized over 3 years	£	2,688	
Cleaning Services	£	1,040	
<b>Total Fixed</b>	£		<b>10,932</b>
Wages / Salaries	£		9,100
<b>Fixed Plus Wages</b>	£		<b>20,032</b>

### Sales

<u>Newspapers</u>			
Orders		75	
Average Price Weekday	£	0.85	
Average Price Weekend	£	1.23	
Sales per week	£	503.25	
Sales per annum			£ 26,169
<u>Cafe</u>			
Customers/day		10	
Av Spend per Customer	£	3.50	
Sales per week	£	245	
Sales per annum inc VAT	£	12,740	
Sales per annum (net of Vat)			£ 10,617
<u>Groceries</u>			
Customers per day		20	
Average spend	£	10	
Weekly sales	£	1,400	
Sales per Annum			£ 72,800
<b>Total Sales Per Annum</b>	£		<b>109,586</b>

### Cost of Sales

<u>Newspapers</u>			
Cost of Sales (25% gross margin)			£20,935
<u>Cafe</u>			
Cost of Sales (75% gross margin)	£		6,067
<u>Groceries</u>			
Cost of Sales ( 20% gross margin)	£		60,667
<b>Total Cost of Sales</b>			<b>£87,669</b>

**Profit / (Loss)**

**£1,885**

## **Appendix 2**



## **Appendix 3**

## Profit and Loss

With a 17 % Gross Margin on Groceries

### Fixed Costs

	Year 1	
<u>Annual Fees</u>	Per annum	
Plunkett Membership	£	200
Accountancy Fees Y/E	£	725
FCA Annual Fee	£	75
<b>Total Annual Fees</b>	£	<b>1,000</b>
<u>Other Fixed Costs</u>		
Electricity and Phone	£	2,880
Broadband	£	288
Waste Collection	£	600
Insurance	£	600
Software Support	£	600
Credit Card Charges	£	1,080
Website Hosting	£	156
Equipment Amortized over 3 years	£	2,688
Cleaning Services	£	1,040
<b>Total Fixed</b>	£	<b>10,932</b>
Wages / Salaries	£	9,100
<b>Fixed Plus Wages</b>	£	<b>20,032</b>

### Sales

<b>Newspapers</b>		
Orders		75
Average Price Weekday	£	0.85
Average Price Weekend	£	1.23
Sales per week	£	503.25
Sales per annum	£	26,169
<b>Cafe</b>		
Customers/day		10
Av Spend per Customer	£	3.50
Sales per week	£	245
Sales per annum inc VAT	£	12,740
Sales per annum (net of Vat)	£	10,617
<b>Groceries</b>		
Customers per day		20
Average spend	£	10
Weekly sales	£	1,400
Sales per Annum	£	72,800
<b>Total Sales Per Annum</b>	£	<b>109,586</b>

### Cost of Sales

<b>Nespapers</b>		
Cost of Sales (25% gross margin)		£20,935
<b>Cafe</b>		
Cost of Sales (75% gross margin)	£	6,067
<b>Groceries</b>		
Cost of Sales ( 17% gross margin)	£	62,222
<b>Total Cost of Sales</b>		<b>£89,224</b>

**Profit / (Loss)                    £        330**

## **Appendix 4**

# Cash Flow 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
Opening Balance	£14,000	£ 1,022	£ 2,034	£ 3,300	£4,313	£ 5,326	£6,592	£7,605	£ 8,627	£ 9,893	£10,906	£11,919
Start up Purchases	£ 8,526											
VAT on Start up Purchases	£ 1,705											
Newspapers Deposit	£ 1,000											
<b>Initial Stock Purchase</b>												
Zero Rated	£ 2,700											
Subject to VAT	£ 300											
VAT on initial Stock Purchase	£ 60											
Fixed Costs	£ 634	£ 634	£ 793	£ 634	£ 634	£ 793	£ 634	£ 634	£ 793	£ 634	£ 634	£ 793
Vat on Fixed Costs	£ 127	£ 127	£ 159	£ 127	£ 127	£ 159	£ 127	£ 127	£ 159	£ 127	£ 127	£ 159
Wages	£ 700	£ 700	£ 875	£ 700	£ 700	£ 875	£ 700	£ 700	£ 875	£ 700	£ 700	£ 875
Cost of Sales Newspapers	£ 1,611	£ 1,611	£ 2,013	£ 1,611	£1,611	£ 2,013	£ 1,611	£1,611	£ 2,013	£ 1,611	£ 1,611	£ 2,013
Newspapers VAT 0 Rated	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -
Cost of Sales Café	£ 467	£ 467	£ 584	£ 467	£ 467	£ 584	£ 467	£ 467	£ 584	£ 467	£ 467	£ 584
VAT on Café Supplies (20%)	£ 93	£ 93	£ 117	£ 93	£ 93	£ 117	£ 93	£ 93	£ 117	£ 93	£ 93	£ 117
Cost of Sales - Groceries												
Zero Rated	£ 4,200	£ 4,200	£ 5,250	£ 4,200	£4,200	£ 5,250	£ 4,200	£4,200	£ 5,250	£ 4,200	£ 4,200	£ 5,250
Subject to VAT	£ 467	£ 467	£ 584	£ 467	£ 467	£ 584	£ 467	£ 467	£ 584	£ 467	£ 467	£ 584
Vat on Grocery Supplies	£ 93	£ 93	£ 117	£ 93	£ 93	£ 117	£ 93	£ 93	£ 117	£ 93	£ 93	£ 117
Total VAT on Purchases	£ 2,079	£ 314	£ 392	£ 314	£ 314	£ 392	£ 314	£ 314	£ 392	£ 314	£ 314	£ 392
VAT Payment			-£ 1,890			-£ 124			-£ 125			-£ 124
<b>Total Cash Out of the Business</b>	<b>£21,684</b>	<b>£ 7,693</b>	<b>£ 9,616</b>	<b>£ 7,693</b>	<b>£7,693</b>	<b>£ 9,616</b>	<b>£ 7,693</b>	<b>£7,693</b>	<b>£ 9,616</b>	<b>£ 7,693</b>	<b>£ 7,693</b>	<b>£ 9,616</b>
<b>Cash In:</b>												
Newspaper Sales	£ 2,013	£ 2,013	£ 2,517	£ 2,013	£2,013	£ 2,517	£ 2,013	£2,013	£ 2,517	£ 2,013	£ 2,013	£ 2,517
VAT on Newspapers	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -
Café Sales	£ 817	£ 817	£ 1,021	£ 817	£ 817	£ 1,021	£ 817	£ 827	£ 1,021	£ 817	£ 817	£ 1,021
VAT on Café Sales	£ 163	£ 163	£ 204	£ 163	£ 163	£ 204	£ 163	£ 163	£ 204	£ 163	£ 163	£ 204
Sales Groceries	£ 5,600	£ 5,600	£ 7,000	£ 5,600	£5,600	£ 7,000	£ 5,600	£5,600	£ 7,000	£ 5,600	£ 5,600	£ 7,000
Sales 0 Rated	£ 5,040	£ 5,040	£ 6,300	£ 5,040	£5,040	£ 6,300	£ 5,040	£5,040	£ 6,300	£ 5,040	£ 5,040	£ 6,300
Sales subject to VAT	£ 560	£ 560	£ 700	£ 560	£ 560	£ 700	£ 560	£ 560	£ 700	£ 560	£ 560	£ 700
Vat on Groceries	£ 112	£ 112	£ 140	£ 112	£ 112	£ 140	£ 112	£ 112	£ 140	£ 112	£ 112	£ 140
Total VAT on Sales	£ 275	£ 275	£ 344	£ 275	£ 275	£ 344	£ 275	£ 275	£ 344	£ 275	£ 275	£ 344
<b>Total Cash in to Business</b>	<b>£ 8,705</b>	<b>£ 8,705</b>	<b>£10,882</b>	<b>£ 8,705</b>	<b>£8,705</b>	<b>£10,882</b>	<b>£ 8,705</b>	<b>£8,715</b>	<b>£10,882</b>	<b>£ 8,705</b>	<b>£ 8,705</b>	<b>£10,882</b>
<b>Closing Balance</b>	<b>£ 1,022</b>	<b>£ 2,034</b>	<b>£ 3,300</b>	<b>£ 4,313</b>	<b>£5,326</b>	<b>£ 6,592</b>	<b>£ 7,605</b>	<b>£8,627</b>	<b>£ 9,893</b>	<b>£10,906</b>	<b>£11,919</b>	<b>£13,185</b>

# Appendix 5

**Please see the Questionnaire Analysis**

[www.CilcainCommunityShop.co.uk/QuestionnaireAnalysisFeb18.pdf](http://www.CilcainCommunityShop.co.uk/QuestionnaireAnalysisFeb18.pdf)



## **Appendix 6**

**Please see the Management Committee list**

**[www.CilcainCommunityShop.co.uk/ManagementCommittee30-4-18.pdf](http://www.CilcainCommunityShop.co.uk/ManagementCommittee30-4-18.pdf)**