

The Golden Lion Pub Ashton Hayes Business Plan



The Golden Lion Pub is intended to be purchased by the Ashton Hayes Community Hub Ltd. (AHCHL) a Community Benefit Society registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014, registration number (7662)

Business Plan Contents

Executive Summary - page 3
Main Report and Our Vision - page 5
What is a Community Pub - page 5
Legal Structure - page 5
Financial Background and Proposals - page 6
Our Objectives - page 8
Operating Model - page 8
Long Term Plans - page 10
Work Completed to Date - page 11
Market Summary - page 12
Competitors - page 12
Marketing Strategy - page 14
Monetary and Social Returns - page 15
Proposed Pub and Hub Scheme - page 16
Management Structure - page 17
Business Model - page 18
AHCHL P&L - page 19
AHCHL Balance sheet - page 21
Tenant P&L - page 22
Tenant Trading Finances and Cash flow - page 23
Risk Analysis - page 25
Appendix 1 - Committee - page 27
Appendix 2 - Shares Prospectus - page 28
Appendix 3 - SWOT Analysis - page 28
Appendix 4 - Oct Survey - page 30
Appendix 5 - Oct Survey Results Summary - page 31
Appendix 6 - Co-operative Pubs, A better form of business 2017 - page 31
Appendix 7 - Landlords data - page 31

Executive Summary

1. Background

The Golden Lion, Ashton Hayes has been a long standing and well used village asset, the pub has an outstanding track record as a public house and restaurant having formerly won many national awards including Greenhalls National Pub of The Year a number of years running during the 1990's.

The pub closed its doors at New Year 2013 after having been bought and run as a pub for a short period. The Golden Lion was listed by the Parish Council as an Asset of Community Value (ACV) on 26/03/13.

A small group of villagers got together in the summer of 2016 and approached the Parish Council for support for acquiring the Golden Lion. This resulted in the establishment of the Golden Lion working group (GLWG) which was a sub group of the Parish Council. The membership is made up by the original group of residents and 4 parish councillors. The GLWG sought and received support and advice from The Plunkett Foundation who are an organisation that helps communities in rural areas, to set up and run life-changing community co- operatives; enterprises that are owned and run democratically by large numbers of people in their community.

Ashton Hayes has an excellent history and experience of running successful enterprises such as a Community Shop which has been running for 7 years and continues to expand as a business, a village Energy Company and a very well run and organised asset in the Recreation Field and Pavilion.

2. Vision

The vision is to restore the Golden Lion pub as a thriving community owned enterprise serving the community both as a pub and a broader community hub.

3. Legal Structure

A Community Benefit Society has been created, a CBS exists in order to carry on a defined business for the benefit of a community. Ashton Hayes Community Hub Ltd is the registered name of the new CBS and we have also been registered under the same name with the Financial Conduct Authority (FCA).

4. Market Research

Market research has been undertaken into the Pub as a potential community businesses. Advice has been sought from similar community pubs, previous landlords and from supporting bodies such as the Plunkett Foundation, who are a well recognised and a supportive organisation that assist communities to set up and run co-operatives.

5. Community Engagement

The Golden Lion is situated on a prime site in the heart of the village's centrally placed conservation area, as such it will have an impact on many residents for a wide variety of reasons. We understand that good quality data from broad section of interested residents is critical to the success of any community project. A number of detailed community consultations have taken place over the last few years, many of which provide valuable and specific data in relation to the Golden Lion. In 2009 and in 2012 consultations were completed as part of the Neighbourhood Planning process. Both these well supported consultation programs demonstrated substantial support for maintaining a village pub. A more detailed consultation was conducted in October 2017 followed up by a detailed questionnaire to all residents. This was designed to seek our resident's views on how the pub should be managed, their levels of expected usage and on any additional services or uses the pub and hub may offer in the future. See Appendix 7.

6. Monetary and Social Returns

The motives for running the Golden Lion as a community owned pub are to improve social cohesion and community development. Ashton Hayes has a population of just under 1000 and sits within the Gowy ward of Cheshire West and Chester Borough. Under the "Mosiack" ward profiles for Gowy indicated that there are 4 times as many residents living in what is defined as an "isolated Rural Community" across the ward. Profits generated will be re-invested into the business and/or used for community benefit or, within capped limits, be returned to shareholders in the form of interest on shares. The anticipated returns will be more than financial; the principal benefits will be the positive social effects on the community. If the business fails, the net assets e.g. the proceeds of the sale of the premises, after debts and shareholders have been repaid, must be retained for the benefit of the community or transferred to another Asset-Locked body for the long term benefit of the community.

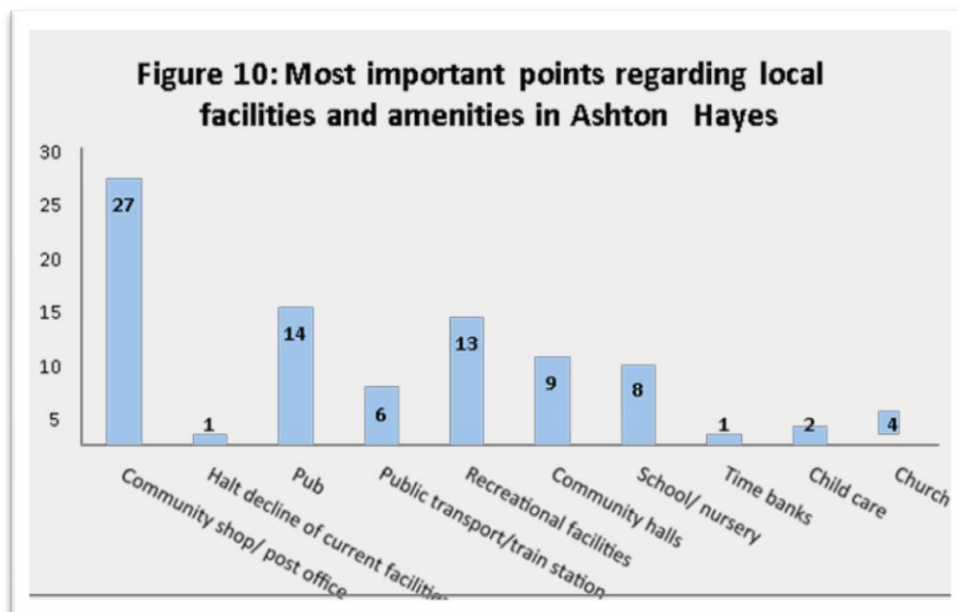
7. The Pub and Hub Project

The intent is to engage a tenant to run the Pub as a viable sustainable business and manage the Hub, serving a full range of beers, wines and spirits and restaurant and bar food. The pub will become a social centre for the village providing a meeting place for all.

Main Report

Our Vision

Ashton Hayes Neighbourhood Plan Survey



The vision is to restore the Golden Lion pub as a thriving community owned enterprise serving the community both as a pub and a broader community hub. Through putting The Golden Lion Pub and Hub at the heart of our community we want to ensure the long-term survival of The Golden Lion by making it the focal point for the village and creating a facility where the whole community can come

together. A place to meet both informally and formally, a place to drink, eat, play or simply come for a chat, where everyone of any age is welcome and feels part of what is going on.

What is a Community Pub?

A co-operative pub is just that - it's a business owned and controlled by a large number of people from within the community with the primary purpose of stimulating community cohesion. Communities have been running drinking establishments for decades with many working men's clubs, sports and social clubs all having existed as member owned entities. However co-operative pubs are different. They are owned by members (also known as shareholders), where membership is both voluntary and open to all. Co-operative pubs are governed democratically on the basis each member gets one vote, regardless of how much money they invested. This is important in Plunkett's view, as it ensures that everybody has the opportunity to have a say about what's important to them regardless of their ability or wish to invest. Once in Community control they tend to be run by full-time managers or tenants with the support of members of the community who volunteer. The Hub element is best described as a facility aimed at providing a focal point, along with facilities, to foster greater local community activity and bring the residents, the local business community, and smaller organisations together to improve the overall quality of life in the area.

Legal Structure

Co-operative pubs trade, employ staff, manage volunteers, and enter into contracts and financial agreements. They therefore require a legal entity to protect the individuals running the business by giving them 'limited liability', and to ensure they are compliant with legal necessities such as tax, insurance, trading standards and employment law. The legal structure proposed is a Community Benefit Society or

CBS. The Ashton Hayes Community Hub Ltd. (AHCHL) has been registered with the Financial Conduct Authority (FCA). The Society exists in order to carry on business for the benefit of the community. Assets owned by the Society are locked into the CBS, and will be used solely for the community. This type of legal entity allows and actively encourages greater participation levels. We will encourage Members participation and input through regular meetings, online and website participation in decision making and planning for the society.

The benefits of having a larger and more engaged membership base include:

- 1: Having a larger number of people who've a financial interest in the pub and who are therefore more likely to use it regularly.
- 2: A greater number of people who are likely get involved with the management committee and meetings and who positively contribute to the overall direction of the business.
- 3: A more accessible pool of people to draw on when committee numbers are falling, or when more volunteers are needed to assist in or with the business.

Financial Background and Proposals

The Golden Lion site was sold on the open market for c£265,000 in 2012 (TBC) as a going concern. The pub closed within a few months and the owner ultimately decided to develop the site for residential use as opposed to being a pub management company as was first thought. The building had a resident for some of this period but has now been empty for approaching 3 years and the condition and potentially the value of the buildings will have deteriorated accordingly. A number of planning applications have been submitted applying to convert the site to residential housing, all of which have either been refused or withdrawn. It is understood that the current owner has split the title deed between the buildings and land in to two separate titles. Through this project we want to ensure the Golden Lion remains at the heart of our village and community. We envisage the bulk of the purchase and refurbishment monies will be raised from grants, asset sales and a share issue.

The share prospectus, along with all other relevant information is available on our website at <https://goldenlionashtonhayes.co.uk/> via our email address goldenlionashtonhayes@btinternet.com and our twitter account @GoldLionAshton.

Modelling of the financial aspects predicts that the business will generate a modest profit from the second year, increasing thereafter as the level of activity increases.

Source of Finance

The immediate objective is to buy the Pub, at an agreed purchase price from the current owner, or via a compulsory purchase order if he is unwilling to sell at a reasonable market valuation. The building needs considerable repair work and in total, we need a minimum of £520,000 in order to purchase, refurbish and to reopen the Pub, and to enable us to hold a small contingency fund. We will raise the capital initially through a share issue. We are also exploring grant options, asset sales and loans to support the share issue

Community Shares

An extremely effective way of raising finance is through selling shares to members via a community share issue. As well as raising money to help with startup costs, in Plunkett's view individuals who hold shares within a business also gain a sense of ownership and involvement in decision-making within the business. This is the key element contributing to the success and resilience of all forms of community co-operatives.

The price of a single share has been decided by the management committee to be £200. A maximum of £25,000 has been set for any one individual and £100,000 for an investing organisation. The critical point is that this balances the need to raise a sufficient level of capital and gain maximum involvement from the local community.

It should be noted that for other community pubs, the most common community share account purchased by individual shareholders was £500, and the average amount was £917. The average value of share capital raised by other such community pubs was £172,922. *Source; Co-operative Pubs A better form of business 2017.*

The share offer will be launched once any formal offer has been made to purchase the pub at an acceptable price. The share offer will run from 26th February 2018 to 28th March 2018 and is designed to give investors the opportunity to contribute financially, on a long term basis, to the business of AHCPL. We expect most shareholders to come from the local community but welcome contributors from further afield (see Share Offer below and separate Share Offer document). Applications are to be submitted by individuals (no joint applications) and applicants should be 18 years old or older.

We will hold a Share Offer launch meeting and invite all villagers to attend. Many people have already indicated that they would be willing to make significant investments. We will also hand deliver the Share Offer document to every household in Ashton Hayes and some households in surrounding parishes (which is within the pub catchment area). Information will be made available at other events that we will be running in the next few months. Based on our earlier commercial valuation, the minimum amount we wish to raise from this share offer is £250,000. This is the total amount required to bid for the site and reopen the Pub. Our maximum target of £420,000 (based on current valuations and refurbishment costs) would allow us to additionally partly refurbish, and to have a small contingency fund.

Below the minimum amount, we would not proceed with our offer for the Pub. At this point all subscriptions and any loans would be returned, albeit with a small loss to cover administrative costs.

Should we raise between more than the minimum sum we should be able to make significant improvements to the premises. In the event of share subscriptions exceeding the maximum, shares would be allocated on a first-come-first-served basis.

Organisation Investment

We are currently being considered for support from the Community Shares Booster Programme, which is funded by Power to Change and run by the Community Shares Unit. If we are successful, it would mean that for every pound invested by individuals up to £100,000, another pound will be invested in matched shares. The matched shares will be held by Co-operatives UK, a partner of the Community Shares Unit and will be subject to the same terms and conditions as other members, except for its right to withdraw share capital which will be restricted to a pro-rata amount.

Grant/Loan

Of up to £100,000 from the More Than A Pub (MTAP) funding of the Community Pub Business Support Programme. This has been applied for via the Plunkett Foundation, as a combined grant and loan, subject to conditions.

Mortgage /Loans

These are being investigated as a funding source to cover any shortfall in funding and to provide working capital. These would be secured on the property. Agreement in principle has will be established before any agreed sale.

Additional Grants

Several other specific relatively small grants will also be sought for items such as kitchen equipment.

Our Objectives

We want to ensure the long-term survival of The Golden Lion Pub by making it the focal point for the village and its community through creating a facility where the whole community can come together. A place to meet, drink, eat, play or simply come for a chat, where everyone of any age is welcome and feels part of our community. It will be so much more than a pub, offering various services and facilities to our local population.

Once we own the Pub, subsequent objectives are:

- To refurbish the property back up to a standard that will support a successful village pub and hub.
- Further development would subsequently take place in order to create and run a thriving community hub with a friendly, welcoming, community focus, encouraging wide community involvement and ownership.
- The business will need to be profitable enough to service its costs and debts, and also, in due course, provide interest payments to investors.

We intend to reopen the Pub as soon as possible; at present we are considering a phased refurbishment and subsequent opening schedule e.g. possibly with drinks and food only but with restricted opening hours. This phasing will be determined by finance availability. Once financial stability is secure we plan to re-invest the profits into developing other community-based facilities within the premises as identified from the consultation process.

Our Operating Model

The plan is to buy the freehold of the Golden Lion Public House as a whole and run it as a traditional, tenanted village pub, selling local ales from local brewers, as well as some national brands, together with good quality food (also using local suppliers where possible) and providing a venue for traditional pub sports and pastimes, local events, meetings and celebrations. The Society will own the land and buildings and we will agree a lease with a tenant to run the licensed business. We will set terms for the tenant that make it an attractive proposition, but which will also ensure that the Society receives a benefit through increased rent over time, as the business becomes more profitable.

On taking over the property we expect to undertake essential refurbishment of the property immediately, to make the necessary repairs to the roof, replace windows, and doors, to improve the toilets and kitchen facilities and we also need to make the upstairs accommodation attractive to any new tenant. We are also anticipating having to refurbish some equipment in the bar and cellar area as well as obtain some furniture for the bar and restaurant areas and we have budgeted accordingly.

For the day-to-day operation of the pub two options were considered;

Tenancy - sub-let to a professional operator

After acquiring the premises the site would initially be developed to a standard that would allow the operation of a public house. This would include developing the kitchen area, bar and a providing a separate meeting room that could be used out of pub operational hours. Once developed a tenancy could be offered, with key priorities defined for the incoming tenant. Prospective tenants will be invited to submit their own business plan for the pub, outlining how they intend to deliver the key priorities for the village.

Advantages

- Brings in essential experience and know how
- Initial funds required are limited to the business acquisition and developments costs
- Volunteer workforce may keep these costs to a minimum

Disadvantages

- Maintaining meaningful control
- Considerable dependency on the ability and nature of the tenant

Management - employees/volunteers

All practical and legal issues in running a pub business would be the responsibility of the society. A manager would be appointed to deliver the day to day operation of the business. To keep running costs to a minimum the business may be supported by volunteers.

Advantages

- Potential profits are retained within the society for the benefit of the community

Disadvantages

- The financial and operational risks of running the business are with the society
- There are several other community enterprises within the Village and a further demand for volunteer workforce may be above supply limits

Following an assessment of both models we have decided to let the pub to tenants rather than appoint a manager. The appointment of a tenant to run the business is a crucial step. The advantage of this arrangement for the Society is that the tenant will own the business element entirely; the attraction for the tenant is that we will support them by initially keeping the lease payments as low as possible and they will benefit directly the more profitable the business is. Therefore they will have every incentive to ensure that the business thrives and grows. We will be inviting tenants who wish to lease the premises from us to submit their business proposals to us and we will select the tenant who best meets the following criteria:

- They must demonstrate that they will provide a venue for village events and support local cultural and sporting activities
- They must demonstrate that they intend to build up a profitable business and in particular how they will provide good quality, competitively priced food that will eventually provide at least 50% of the pub sales income
- They will need to embrace the fact that the Golden Lion will be a Freehouse and provide good quality, local beers
- They will need to convince us that they that they will provide a warm, welcoming and friendly atmosphere in the pub
- They will need to provide evidence of their marketing plan
- They should preferably have at least five years experience in the licensed trade, and in particular in a village/rural setting
- They will need to convince us that they will work harmoniously with the Committee and listen to our advice and suggestions

We will agree a three-year rolling lease with our tenant, based on rental levels outlined later in this document. The Society will monitor the tenant's financial performance. We will ensure that there is an "open book" policy in place, run through an accountant that we mutually appoint. This will enable us to have full confidence in the financial reports with which we are provided and the lease agreement will also allow for the level of rent to be increased if the business is more profitable than expected, or reduced if it is less so. The details of this are outlined later in this document. The tenant will be running their own business within our premises and, as such, will carry all the risk of operational business failure and associated debt. The tenancy agreement will have break points built in to offer further controls should they be required. If their business were to fail there would be no legal access to the Society's assets.

Long Term Management of the Project

Society Summary

AHCHL is registered as a Community Benefit Society with the Financial Conduct Authority (Registration N°7662), it is important to note that this completely removes the running, management, risk and resource of the pub from the Parish Council. The Society exists in order to carry on business for the benefit of the community of Ashton Hayes. Assets owned by the Society are locked into the CBS, and will be used solely for community benefit. AHCHL is governed by the AHCHL rules, which are available on our website at <https://goldenlionashtonhayes.co.uk/>.

The membership of the Society is made up of its shareholders, with one vote per shareholding, regardless of size.

The present management committee is made up of eight Ashton Hayes residents whose personal profiles are in Appendix 1.

The committee will:

- Stand down en bloc at the first AGM, as obliged under the constitution, when individuals may offer themselves for re-election
- Be selected by members' votes at the AGM each year
- Provide an annual report of activities and finances to all members, and an annual return to the FCA
- Provide monitoring information as required by any grant bodies

Plunkett Foundation recommendations

The Plunkett Foundation recommends that co-operative pubs adopt legal structures which enable genuine community ownership with equal and democratic control. In general we would expect this to include:

1. Open and voluntary membership
2. One member one vote
3. The interests of the pub to be linked into community control, dis-allowing any one member from having greater control than others
4. No profit distribution to members based on investment (other than payment of interest)

The Legal structure which best facilitates this is a Community Benefit Society (CBS). The majority of Community Co-operatives, 61%, are registered as Community Benefit Societies (prior to 2014 known as Industrial and Provident Societies of the Benefit of the Community). This structure exists to benefit the wider and collective interests of a community, rather than solely that of its staff, members or committee. This fits with the aims and objectives of most community groups that are setting up a community pub i.e. they are doing it out of concern for those who will be particularly disadvantaged without such a service. A Community Benefit Society structure also encourages and promotes the role of active membership, which is why we see them having an average of 207 members per pub, compared to 171 in pubs registered with other legal structures.

Source; Co-operative Pubs, A better form of business 2017. Plunkett Foundation
See Appendix No 5

Work Completed to Date

A small group of villagers got together in the summer of 2016 and approached the Parish Council for support. This resulted in the establishment of the Golden Lion working group (GLWG) a sub group of the Parish Council. Latterly this became an independent Community Benefit Society.

The GLWG started detailed work on the project, electing volunteers to take on specific roles, such as preparation on the share prospectus and this business plan, fund raising and publicity in early 2017. A management committee was drawn together from residents with suitable skills and enthusiasm for the project. The GLWG took advice from the Plunkett Foundation, other community pubs and a number of other bodies and individuals. They reviewed the large amount of community consultation data available as part of the Ashton Hayes Village Plan and Neighbourhood plan processes to identify the level of need and appetite for a community owned pub.

The GLWG arranged for a commercial valuation of the Pub (by Thelwell Chartered Surveyors, Jul 2016) and informal discussions were held with the owner of the pub to establish the interest in selling and gauge the likelihood of a reasonable sale price being agreed. It became apparent that the owner was not interested in selling at anything like a reasonable market price based on its original sale price and current condition. However GLWG believed that it should make a formal offer before proceeding with any Compulsory Purchase Order (CPO).

A public meeting was held on the 25th of October to further build on this data: see Appendix 4. This detailed consultation demonstrated the practical support for and viability of a community purchase of the Pub and the setting up of AHCHL. If no commercial organization came forward to establish and run the pub on a sustainable basis, then it was overwhelmingly accepted that the only way to truly safeguard the long term future and to ensure retention of the Golden Lion as a community asset, was for it to be purchased by the community.

Considerable help and support has been received from various other Community Pubs and the forums on the Plunkett Foundation's website, and from the Tendering branch of CAMRA.

Market Summary

Competitors

Each of the neighbouring local villages has one or more Pubs, which have been benefiting from the closure of The Golden Lion. There are two pubs within reasonable walking distance and three pubs within reasonable cycling distance which villagers have been choosing to use. We plan to entice the local community back to The Golden Lion with a warm, friendly community local with good food - within walking distance; and hope to encourage custom from surrounding villages to give us a try as a "community run local" too. See Appendix 3.

Our primary target market is the local community here in Ashton Hayes. Mouldsworth, Manley and the surrounding villages such as Kelsall and Tarvin are all within a 20-30 minute walk of the Pub or a 10 minute bicycle ride.



The Golden Lion is close to both short and long-distance footpaths, and has a history of being a popular stop for hikers and walking groups. It also has a large car park to leave their cars when walking. This may well be able to be utilised as a multi-use car park or local park and share car park during the day. It may well be able to provide suitable parking for the Community Shop. The Pub's position is also in a good location for cycling clubs and cycling families, being on a popular cycling route.

Historically there has been a strong seasonal trend to trade, with the summer months, Christmas, and Friday and Saturday evenings, being much busier. We believe that we can counter some of this imbalance with community events such as quizzes, music evenings and offering food "specials" on non-event nights. We also envisage that our core customer base - the village community - will continue to support us over the winter.

Related Market Analysis

It is envisaged that there would be significant uplift in the use of other village facilities such as the Community Shop, Recreation Area and Post Office should The Golden Lion be reopened as a Pub and Hub.

Customer Need

The October 2017 consultation, conducted as part of the villages wider consultation programs indicated that, should The Golden Lion reopen under community ownership, a moderate increase in Pub usage could be expected. Reasons cited in the survey for not using the Pub in the past, included "poor service and welcome", "poor quality food", "children not well catered for", "price" and unfriendly staff. The survey identified needs including external seating, general and themed entertainment, events, activities for young people and senior citizen meals and internet access. Conclusions from the survey included:

Community benefit Society

Very strong support was provided for the establishment of a Community Benefit Society. 85% of surveys returned Strongly Agreed/Agreed with this proposed legal management arrangement. Only 2% Disagreed/Strongly Disagreed.

Tenant to run pub and business

The general view from comments received and debate at the consultation meeting was that the village would prefer the pub to be run as a viable commercial pub rather than community owned. However, if a commercial buyer did not materialise, and the pub had to be community owned, then from the survey, the very strong view was that it should then be run by a Tenant. 82% of surveys returned Strongly Agreed/Agreed that it should be operated by a Tenant rather than by the village directly on a day to day basis. Only 5% Strongly Disagreed/Disagreed.

Societies or Club Usage

There was from the survey good support for the community pub to be a base from which to operate local clubs and societies. 48% of surveys returned Agreed/Strongly Agreed that the pub should be a focus for local club and society activity. A further 39% were neutral on this matter and 15% of respondents Disagreed/Strongly Disagreed.

Likely to Buy Shares

There was very strong support from the surveys returned that they would be willing to invest in shares for the funding of a community pub/hub. 84% of surveys returned Agreed/Strongly Agreed with 4% Strongly Disagreed/Disagreed

Likely to Volunteer

Most services volunteered related to decorating, renovating the pub and gardening. There were also offers of assistance with the procurement of the pub. However apart from gardening there was only a couple of volunteers who expressed an interest in volunteering to work in the pub on an ongoing basis. 39% of respondents Agreed/Strongly Agreed, they would volunteer their services. However 37% of respondents were Neutral and 26% of people Disagreed/Strongly Disagreed. This was consistent with the views expressed at the meeting and the preference for a Tenant.

Usage

In the survey 61% of respondents said they would use the pub weekly with a further 31% indicating that they would visit monthly.

Additional Facilities

As would be expected the very High priority focus was on providing a good pub facility with associated pub food. These were 98% and 84% high priority respectively.

Of lesser but still High priority was the provision of:-

- A venue for Social Events; 71% High Priority
- Parking for the shop; 64% High Priority
- A Society Meeting Place venue; 63% High priority

At a medium level of other listed uses i.e. were:-

- Private hire residents; 43% High Priority
- PC meeting place; 41% High Priority
- Wi-Fi Café; 37% High Priority

At a relatively low level of importance were:-

- CWaC mobile services; 31% High Priority
- Car park for bus; 27% High Priority
- Private hire business; 27% High Priority
- B&B; 10% High Priority

The community freehold nature of The Golden Lion will also benefit the community by way of more competitive product pricing and better product choice.

The Pub may also provide employment for local people and business opportunities for the suppliers of local produce and the village Community Shop. Other local organisations may benefit through joint ventures and links with the Pub and its facilities such as the WI and OPAL.

Marketing Strategy

We have reviewed the detailed data acquired during the previous consultation programs and distributed questionnaires to attendees of the Public Meeting in October 2017 and subsequently to the wider parish. This has further demonstrated the continued strong support for a community pub. We will work with the newly appointed tenant to draw up and agree a suitable medium term marketing strategy for the pub once they are in place.

We already have a loyal Facebook following @TheGoldenLionAshtonHayes page and have set up a website at <https://goldenlionashtonhayes.co.uk/> and we are also developing a growing, securely managed, mailing list. We regularly post updates and publish reports in both the Around Ashton village magazine and various websites. We have been interviewed and featured on Radio and TV and have appeared in numerous local and regional newspaper articles. We will continue to update local press as the project develops and plan to approach newspapers and TV stations with the story as we hit major milestones. CAMRA are supporting us, with frequent mentions in their newsletters, as well as advice.

We are exploring the idea of marketing campaigns for special deals on food for regular groups or village societies, pensioner lunches, theme nights, music nights etc. We will where practical, be sourcing local suppliers and we envisage that the Community Shop will feature heavily as a supplier wherever possible. To raise both funds and public awareness we have held a quiz and a pop-up pubs in the village: see the website for details. We are continuing to raise the profile of the Golden Lion procurement by holding further fund raising events with the objective of encouraging engagement in the project and positioning the Pub at the heart of our community.

Monetary and Social Returns

Financial Benefits

The Society is committed to re-investing profits for the benefit of the community. Shareholders views will be sought to determine what proportion of profits is to be re-invested in the Society, and the level of interest that is to be paid to shareholders. We have assumed that no interest is paid in the first three years, and that no more than 50% of net surplus is paid as interest in any year.

Social Benefits

In 2010 the village shop opened as a Community run enterprise. This initiative has a well proven track record of delivering community services and solid financial returns. We envisage learning from and building upon this wealth of experience and understanding of a successful community run enterprise.

The demographics of the local area are clearly identified through the responses to the last census document , with the largest group of people being 46-65, but also with a significant number of younger resident, this is now likely to increase with the new development currently under construction alongside the Methodist Chapel. We also have a large number of retired people. The high number of older people in the area, along with the projected increase in life expectancy, and those risks associated with social isolation and loneliness (social, mental, physical) all emphasise the importance of mitigating such risks. Although most villagers own a car, many people rely on the infrequent bus service to Chester or Northwich, making the simplest trip for some a major challenge. We believe that a vibrant Pub and Hub would go a long way towards reducing social isolation here in Ashton Hayes and the surrounding villages.

When the AHCHL successfully acquires The Golden Lion, the whole community should benefit by genuinely feeling part of the project that saved their "local" and take an active interest in the future prosperity of the Pub and hub, increasing village cohesion.

We anticipate that this community enterprise will:

- Provide a meeting place for the community, both in terms of a traditional Pub but also where new and existing groups can meet both during the day and evenings
- Encourage the creation of new community groups
- Offer an opportunity for people to volunteer and engage, to feel that they are directly helping the community in a very tangible way
- Support the “can-do” attitude along with other social enterprises in the village, providing increasing numbers of people willing to serve on such bodies as, for example, the Parish Council
- Maintain a positive impact on property valuations
- Deliver on clearly identified needs and requirements of the Community

We will measure the social success of our venture in terms of the number of villagers supporting the, either as customers, or as volunteers. Villagers who are shareholders will have a direct say in the future of the society, through Members’ meetings and representation on the Committee. We will also actively encourage other communities to follow our example, and will be delighted to offer support to similar groups.

Proposed Scheme - Pub and Hub

We intend to buy The Golden Lion in the village of Ashton Hayes, Cheshire. It closed as an operating rural pub business early in January 2013.

The Property

On taking over the property we expect to undertake some refurbishment of the property immediately, as referred to earlier, to improve the building fabric and facilities and to make the first floor accommodation attractive to a new tenant and to encourage an earlier opening date.

Opening times

The precise opening times of the pub will be a matter for the tenant who will run the licensed business on behalf of the community, but we will be looking for a tenant licensee who will open the pub as a minimum for six evenings a week and day times over the weekends including Bank Holidays. Consistency and reliability of opening times along with access to facilities being provided as a Hub are key issues for local residents and we will make it clear to the tenants we appoint that opening times must be well advertised and strictly adhered to.

Provision of food

We also know from the feedback that it is essential that the pub provides good quality food at affordable prices. Food will be available initially depending upon demand - but the aim is to build up food sales by generating a reputation for good quality, simple pub fare, using local produce where practical. It is recognised that moving towards a position where food sales represent at least 50% of the income should be the aim of the tenants and to achieve this they will need to offer food of good quality throughout the week. We want to see classic, simple Pub food, prepared with care, from fresh, local ingredients. It won’t be a long menu; quality comes first but it should cater for most tastes. We also want to see this mixed up a bit with theme nights, seasonal specials, and a regular change of menu. We would like to see a children’s menu that has real food on it and hopefully a regular Sunday lunch.

Customers

The pub will attract both villagers and visitors to the area. Once purchased as a community enterprise, the pub will quickly attract local users from its former customer base. With local people being members of the Society and shareholders in the business, they will be more committed to using the pub themselves and to bringing their friends and family with them. Building its reputation in the area as an attractive venue for drink, food and entertainment will take longer, there is a real opportunity to market the pub with walkers and cyclist who pass through the area.

We have a clear picture based on the consultation results of both the importance and the kind of Pub and Hub we want: *Source; Ashton Hayes Neighbourhood Plan Survey*

A cosy, inviting place, with open fires in a prominent position! Wooden furniture with a variety of seating will complement the classic country colours on the walls. It must be both family and dog friendly. Draught beer - hopefully at least three bitters - and we're talking to a microbrewer about making one of them truly local. On the practical side, we want a comfortable area for eating and modern attractive loos with less abled access and egress throughout public areas.

We will also require sandwiches, snacks and cakes to be provided, and you will be able to get a decent mug of tea or pot of coffee during the day. It may be possible we can do this in conjunction with the current café. We want to make this a place for all the village, and are thinking about promotions such, OAP lunches, and meal deals. The Hub rooms will be made available to local organisations for meetings or social gatherings.

We want the Golden Lion Hub to be at the heart of village events and to support and encourage local good causes and to actively promote social cohesion. It is a key priority for us to work with existing village enterprises and businesses to ensure we mutually benefit all the services currently on offer in the village.

We'd like to liven the place up occasionally, perhaps with varied music events, or by holding quiz nights etc.

Fundamentally we will be driven our customers and Hub user's needs. A lot of them will, after all, be our shareholders!

Management Structure

It is important that the correct management structure and tenant team is in place to deliver against the identified marketing requirements and needs. The tenant will be responsible for day-to-day management issues, and for the employment and management of staff. They will also order supplies as required, according to agreed guidelines set by the Pub Management sub-committee. A Pub sub-committee will liaise closely with the tenant team, a dedicated point of contact with agreed delegated decision making authority will be put in place for the tenant providing flexibility in decision making and sorting out issues as they arise. The full committee will own responsibility for monitoring performance against the tenancy agreement. We expect meetings of the sub-committee (including the tenant/manager) to take place at least monthly during the first 12 months of operation. The main committee will work with the sub- committee to make strategic decisions, such as the direction and financial performance of the Pub. Members will be invited to comment and offer comment on

strategic decisions, on a regular basis. Members will be encouraged to submit suggestions and comments to committee meetings and ask direct questions of the tenant answers to which will be made available to members via a secure 'members only' section of our website.

Volunteers are an essential part of our plan. They not only provide the necessary labour to allow us to refurbish and open the pub at as low a reasonable cost as possible, but provide that crucial link to the community. This reliance will be reflected by one of the committee members appointment as volunteer coordinator. They will have responsibility for recruitment and training and will organise the rota for volunteers. Health and safety during the refurbishment will be managed by the appointed contractor and monitored by the committee. One aim will be to work with local people to enable them to achieve formally recognised qualifications through their volunteering so they can go on and use their experience in other jobs in the future.

Golden Lion Business Model

We see the previous decline in the pub's fortunes as being caused by a combination of high rent and beer costs and a lack of investment by the previous owners. It has the potential to operate profitably but ownership by the community gives the opportunity to ensure that it continues to be successful in the long- term. The success of the venture will be largely dependent upon:

- Finding commercially astute, experienced, committee members who have time to devote to the project and are prepared to do so in a voluntary capacity
- Recruitment of an experienced, reliable, commercially astute and socially skilled tenant and members of staff. Specialist external assistance can be sought to support the recruitment of an experienced tenant. The tenant and staff must have high standards in all aspects of the business, and be motivated by the desire to create a really special pub valued by the community and attractive to those from further afield. We will encourage the tenant to employ staff who live locally
- A rental figure of 50% of net profit per annum (Based on British Beer and Pub Association Survey) is to be charged by AHCHL to the Tenant for use of the facilities

The pub will be run to make a profit. The tenant will pay a base rent to the community, up to a predetermined level of profitability. Above this level and as the business grows, the tenant will share the additional profit, in line with a predetermined formula, with the community. The intent being that both the community and the tenant share in the success of the venture.

The rental income to the community will be used to service loans etc., invest in the fabric of the business (e.g. refurbishment) and be distributed to the shareholders via interest payments. The society will hold an annual general meeting for all shareholders and may have further meetings to discuss plans and progress.

Financial Analysis

There are two inter-related elements for the financial performance of the Golden Lion i.e. those for Ashton Hayes Community Hub Ltd and Tenant business. AHCHL will buy the property, refurbish it and get it ready for business by taking on a tenant on say a 3 year contract, to whom a rent for use of the facilities will be charged by AHCHL. The profit earned by the tenant will be used to fund the rent to AHCL and the remainder will be for the benefit of the tenant.

Ashton Hayes Community Hub Ltd. Profit and Loss

The below analysis provides the P&L for AHCHL. It assumes that:

- Only the minimum £250,000 is raised from the Share Offer
- VAT of £64,000 will be incurred with the purchase of the Golden Lion and this is provisioned for in the funding required. However it is expected that this VAT will be able to be reclaimed late in Year 1
- 3 sources of refurbishment costings have been obtained as follows; Cheshire Barn Conversions £100,000, Tant Brothers Builders £96,000, Dominic McDermott Builders £100,000
- A contingency fund of £20,000 is included in the Setup costs to cover as yet unknown/uncertain costs. This has been passed through to the bottom line as a Cash Reserve to carry forward into Year 1
- A rental figure of 50% of net tenant operating profit per annum is assumed (Based on British Beer and Pub Association Survey), to be charged by AHCHL to the Tenant for use of the facilities
- The sales and associated sales related costs in year 1 are reduced by 25% to reflect the time needed to refurbish the pub and recruit a tenant before trading. This has consequently reduced the Tenant rent in Year1
- Loans are paid back by year 5 in order to reduce interest payments and satisfy expected loan conditions
- The Mortgage is started to be paid back in years 4 and 5 as soon as cash reserves permit
- Further refurbishment /investment by AHCHL is provisioned for years 2 and 3, assuming cash reserves have been accumulated to support the investment. This may be deferred or modified if a longer period is needed to develop the business
- The tenant pays insurance on the building
- Accountancy fees have yet to be established but are expected to be in the range £500-£1000 per annum. There is sufficient room in the projections to accommodate these later

Ashton Hayes Community Hub Limited						
Source of funding	Setup £	Year 1	Year 2	Year 3	Year 4	Year 5
Sale of shares	250,000					
Community share booster program	100,000					
More than a pub - grant	50,000					
More than a pub - loan	50,000					
Mortgage	70,000					
	520,000					
Purchase & Setup Costs						
Purchase of Golden Lion	(320,000)					
VAT on purchase	(64,000)					
Refurbishment	(100,000)					
Mortgage set-up fee	(1,000)					
Legal fees	(10,000)					
Recruitment	(5,000)					
Contingency	(20,000)					
	(520,000)					
Operating Costs						
Recovery VAT on purchase		64,000				
Tenant - basic rent		14,550	43,536	47,762	52,240	56,983
Corporation tax thereon @ 20%		(2,910)	(8,707)	(9,552)	(10,448)	(11,397)
Repayment More than a pub loan (pay end of year)		(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Repayment mortgage (pay end of year)					(10,000)	(10,000)
Major capital investment			(50,000)	(50,000)		
Interest and dividends						
Dividends						
Shares at 3%				(7,500)	(7,500)	(7,500)
Community share booster at 3%				(3,000)	(3,000)	(3,000)
Interest						
More than a pub loan at 8%		(4,000)	(3,200)	(2,400)	(1,600)	(800)
Mortgage at 6%		(4,200)	(4,200)	(4,200)	(4,200)	(3,600)
Annual cash available		57,440	(32,571)	(38,890)	5,492	10,686
Cash Reserve	20,000	77,440	44,869	5,979	11,471	22,157

Ashton Hayes Community Hub Ltd.		Setup £	Year 1	Year 2	Year 3	Year 4	Year 5
Balance Sheet							
Assets							
Current Assets							
	Cash	20,000	77,440	44,869	5,979	11,471	22,157
	VAT Debtor	64,000					
Total Current Assets		84,000	77,440	44,869	5,979	11,471	22,157
Fixed Assets							
	Golden Lion at cost	320,000	320,000	320,000	320,000	320,000	320,000
	Major capital investment			50,000	100,000	100,000	100,000
	Refurbishment	100,000	100,000	100,000	100,000	100,000	100,000
		420,000	420,000	470,000	520,000	520,000	520,000
Total Assets		504,000	497,440	514,869	525,979	531,471	542,157
Liabilities							
Long-term Liabilities							
	More than a pub Loan	(50,000)	(40,000)	(30,000)	(20,000)	(10,000)	0
	Mortgage	(70,000)	(70,000)	(70,000)	(70,000)	(60,000)	(50,000)
		(120,000)	(110,000)	(100,000)	(90,000)	(70,000)	(50,000)
Total Liabilities		(120,000)	(110,000)	(100,000)	(90,000)	(70,000)	(50,000)
Equity							
	Community Shares	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)
	Share Booster	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
	Grants and retained losses/earnings	(34,000)	(37,440)	(64,869)	(85,979)	(111,471)	(142,157)
Total Shareholder Equity		(384,000)	(387,440)	(414,869)	(435,979)	(461,471)	(492,157)
Total Liabilities		(504,000)	(497,440)	(514,869)	(525,979)	(531,471)	(542,157)

Tenant Business

Profit and Loss

Below provides the high level projected Profit and Loss for the Tenant business essentially establishing its viability and key assumptions. This shows the expected rent as derived from profits. The key points are that:-

- Forecasts for the sales performance of The Golden Lion have been based on the experience of the projected trading position provided by an independent consultant, who has examined the premises and the local market
- Cost of 'wet' drink sales is expected to have a margin of 45%, with food sales at 65%, giving a gross profit margin of 60%, conservatively lower than industry standards
- Total costs and overheads have been obtained from advice from the Plunkett funded independent consultant as well as from information obtained from others in this marketplace
- For the tenant year 1 will be a full year as they will essentially start after the refurbishment and thus the Income, Net Operating profit and Rent will be proportionally higher in line with the Total costs and overheads
- Full year cost overheads have been included for Year 1 at this time, until detailed start up plans are prepared with the tenant. Consequently some cost savings are likely and potentially a higher net operating profit

Tenant Forecast			Year 1	Year 2	Year 3	Ye	Year 5
Sales							
	Wet sales		250,000	262,500	275,625	289,406	303,876
	Food sales		150,000	157,500	165,375	173,644	182,326
	Other sales		3,000	3,150	3,308	3,473	3,647
	25% reduction		(100,000)				
	Total sales		303,000	423,150	444,308	466,523	489,849
Gross Profit							
	Wet sales		112,500	118,125	124,031	130,233	136,744
	Food sales		97,500	102,375	107,494	112,869	118,512
	Other sales		3,000	3,150	3,308	3,473	3,647
	25% reduction		(50,000)				
	Total gross		163,000	223,650	234,833	246,575	258,903
Expenses							
	Total		133,900	136,578	139,310	142,096	144,938
Net Operating Profit			29,100	87,072	95,523	104,479	113,965
	Rent based on	r		43,536	47,762	52,240	56,983
Net Operating Profit			14,550	43,536	47,761	52,239	56,982

Detailed Tenant Financial Profile

The following analysis is derived from a detailed forecast of the projected sales and associated operating costs taking account likely seasonal variations. The following Cash flow analysis for the tenant assumes a full working year and is for illustrative purposes only as exact profile will depend on when the business starts. The Greene King models have been used for this as they handle a number of complexities including the different rates of VAT incurred.

The associated assumptions are that:

- Sales will change +5% each year after year 1
- Expenses will change +2% each year after year 1
- Assumed all money raised is spent prior to handing building to tenant to manage
- Assume hub registers for VAT and is able to recover VAT on purchase
- Assume 50% of net operating profit will be paid by tenant by way of rent
- For tenants forecast have used Greene King model with rent adjustment as above 7
- Assumed gross profit on wet sales at 45%, food at 65%
- Turnover used (£400,000) is based on figure quoted in MJD Hughes market appraisal report
- Assumed that tenant pays insurance on building

Golden Lbn		Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18	Jan 19
		% Phasing (Sales)												
		6.2%	7.6%	8.7%	9.2%	8.6%	8.6%	8.6%	8.8%	8.2%	7.8%	8.2%	9.5%	100%
INCOME	B/F BALANCE													
	Total Drinks Sales	18,725	399	2,926	7,257	12,295	16,372	20,492	24,715	29,212	32,787	35,673	39,211	FULL YEAR P&L
	Food	11,235	22,736	26,136	27,468	25,657	25,738	25,933	26,448	24,713	23,412	24,642	28,393	300,000
	Accommodation	-	13,642	15,682	16,481	15,394	15,443	15,560	15,869	14,828	14,047	14,785	17,036	180,000
	Other Sales	225	273	314	330	308	309	311	317	297	281	296	341	3,600
Net Machine Income		-	-	-	-	-	-	-	-	-	-	-	-	-
Total		30,184	36,650	42,132	44,279	41,359	41,490	41,804	42,634	39,837	37,740	39,722	45,770	483,600
EXPENDITURE	Wages & Salaries Inc NI													
	Wet	6,554	7,958	9,145	9,614	8,980	9,008	9,077	9,257	8,649	8,194	8,625	9,938	105,000
	Dry	6,741	8,185	9,409	9,899	9,236	9,266	9,336	9,521	8,897	8,428	8,871	10,221	108,000
	Wages & Salaries Inc NI	7,287	7,956	8,523	8,745	8,443	8,456	8,489	8,575	8,285	8,069	8,274	8,899	100,000
	Bushes Rates	-	-	-	-	-	-	-	-	-	-	-	-	-
EXPENSES	Water Rates	167	167	167	167	167	167	167	167	167	167	167	167	2,000
	Heat / Light / Power	598	619	636	642	633	634	635	637	629	622	628	647	7,560
	Repairs & Maintenance	150	182	209	220	205	206	207	212	198	187	197	207	2,400
	Gardening Expenses	150	182	209	220	205	206	207	212	198	187	197	207	2,400
	Insurance & MSA	200	200	200	200	200	200	200	200	200	200	200	200	2,400
EXPENDITURE	Licensing	30	30	30	30	30	30	30	30	30	30	30	30	360
	Tenant Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sky & PRS	-	-	-	-	-	-	-	-	-	-	-	-	-
	Entertainment	-	-	-	-	-	-	-	-	-	-	-	-	-
	Marketing, Promotional & Advertising	360	437	502	527	493	494	498	508	474	450	473	545	5,760
OTHER	Plant / Post & Stationary	45	55	63	66	62	62	62	63	59	56	59	68	720
	Telephone	90	90	90	90	90	90	90	90	90	90	90	90	1,080
	Travel & Car	80	80	80	80	80	80	80	80	80	80	80	80	960
	Cleaning Materials & Waste disposal	340	340	340	340	340	340	340	340	340	340	340	340	4,080
	Accountant / Stock taker / Prof fees	250	250	250	250	250	250	250	250	250	250	250	250	3,000
OTHER	Bank Charges	75	91	105	110	103	103	104	106	99	94	99	114	1,200
	Equipment Hire	225	273	314	330	308	309	311	317	297	281	296	341	3,600
	Supplies & Consumables	75	91	105	110	103	103	104	106	99	94	99	114	1,200
	Drinks Gas	30	36	42	44	41	41	41	42	40	37	39	45	480
	TOTAL	10,151	11,077	11,862	12,170	11,752	11,770	11,815	11,934	11,534	11,233	11,517	12,383	139,200
OTHER	Net VAT liability	2,406	2,970	3,448	3,635	3,381	3,392	3,419	3,492	3,248	3,065	3,238	3,765	39,460
	Add (necessary)	-	-	-	-	-	-	-	-	-	-	-	-	-
	Add (necessary)	-	-	-	-	-	-	-	-	-	-	-	-	-
	Add (necessary)	-	-	-	-	-	-	-	-	-	-	-	-	-
	Add (necessary)	-	-	-	-	-	-	-	-	-	-	-	-	-
RENT ROYALTY	Net VAT liability	3,933	3,933	3,933	3,933	3,933	3,933	3,933	3,933	3,933	3,933	3,933	3,933	47,200
	Add (necessary)	-	-	-	-	-	-	-	-	-	-	-	-	-
	Add (necessary)	-	-	-	-	-	-	-	-	-	-	-	-	-
	Add (necessary)	-	-	-	-	-	-	-	-	-	-	-	-	-
	Add (necessary)	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OUTGOINGS \$		29,785	34,123	37,800	39,241	37,282	37,370	37,581	38,137	36,261	34,854	36,184	40,241	438,860
CF BALANCE		399	2,926	7,257	12,295	16,372	20,492	24,715	29,212	32,787	35,673	39,211	44,740	
CASHFLOW		399	2,927	4,331	5,038	4,077	4,120	4,223	4,495	3,576	2,886	3,538	5,529	

All Figures Inc VAT at current rate of 20% where applicable, with Heating at 5%

Risks Analysis

The principal risks are:

A shortfall in funds from the grants, asset sales and Share Offer, and its potential effect on our financial planning.	We have gone to considerable lengths to assure ourselves (and our investors) that the venture is viable, and we have deliberately chosen a reasonable lower investment limit, to encourage prospective investors.
Failure in identifying and securing suitable grants and funding to finance the remainder of the purchase and refurbishment of the buildings. the cost involved in a Compulsory Purchase Order (CPO) if this proves necessary.	These costs are not readily quantifiable though there are clear precedents set in this area by other communities who have acquired pubs via this route to ownership. Professional guidance has been sought on the possible upper and lower projected costs for a CPO, there is little precedence set however initial estimates are between £10,000 & £20,000 from legal advice sought, though Cheshire West Borough Council have experience of costs considerably higher than this, up to c£200.000. However these are commercial figures and are not likely to be relevant here due to the nature, value and ownership of the Golden Lion.
Inability to recruit the right tenant to run the Pub.	We will advertise and begin the process of identifying a suitable tenant as soon as the purchase has been completed. External support will be sought for the selection and interviewing process should any skill gaps be identified in the committee. It is advantageous to get the input and engagement from the tenant as we go through the refurbishment process.
Inability to manage the tenant to run the Pub as the community and committee would like to see it run	It is recognised that the ability to let people go if they turn out to be a less than an optimal choice for the Pub is more difficult to manage through a tenancy agreement than a managed pub model. For this reason we envisage having suitable break clauses in the tenancy agreement to facilitate this if required.

Failure to generate sufficient sales and profit to cover expenditure is a clear risk.	<p>Forecasts used have been based on the broad experience of the consultant working with many similar ventures.</p> <p>Sales forecasts reflect a suitable period to develop the potential of the business. Levels of profitability on food and drinks sales has been scaled back to reflect a more attractive price offering to the community. A reward scheme for the tenant is envisaged (subject to detailed negotiation), to encourage developing the business to deliver greater reward for both the tenant and the community.</p> <p>This business plan is designed to reduce that risk as far as is reasonably possible.</p>
The current detailed condition of the buildings is at present unknown and clearly a risk.	This risk is to be mitigated through completion of a detailed structural survey before any purchase takes place
It should be noted that the value of the community shares will never increase, though they can earn interest at the discretion of the Management Committee.	To mitigate this, the CBS will own property and land it is currently difficult to see how this will ever become worthless.
Should the Society fail then the following distribution of funds would take place in priority sequence	After paying off its loans and creditors, repaying all share capital, any remaining assets must be transferred to community enterprises that satisfy the same community benefit criteria as the rules governing The GL Pub CBS Ltd.
Running costs are not adequately controlled	The experience of managing costs is a key experience criterion when selecting a tenant. All expenditure on the building and business will have to be carefully scrutinised to ensure it makes sense at that time, particularly in the first year or two whilst establishing a sustainable business.

NOTE: It is interesting to note that according to Plunkett Foundation research, there is no evidence we are aware of showing a community share model of pub ownership that has failed to date. We are very grateful for the on-going support and advice from the Plunkett Foundation itself, and from the many other community pubs that have freely shared their expertise.

Appendix 1 - Committee

An interim Management Committee has been appointed to serve until the first Annual General Meeting. At this meeting all 8 members of the current committee will stand down and elections will be held for the new Management Committee. The initial Management Committee comprises the below 8 local founder members:

	Hugo Deynem – Chair; has lived in the village for over 40 years. He is a local Borough Councillor on Cheshire West & Chester Council. He previously held a role on Ashton Hayes Parish Council and has a track record of involvement in community projects and support roles. Hugo ran his own local business for many years and now works for Eon Climate and Renewables UK wind generation business, managing Health & Safety.
	Trevor Scadeng - Vice Chair; has lived in the village for over 20 years and over this period has been involved in the Parish Council, Scouts, Gardening Club and the Community Shop. He has spent 20 years overseas managing insurance companies and returned to the UK in a similar capacity. He is now retired.
	Lisa Allman – Secretary; has lived in Ashton Hayes with her family for twenty years. Lisa is a Pharmacist employed in a GP Practice. Lisa has previous experience of establishing a community enterprise as she has been Chair of Ashton Hayes Community shop management committee since it was first established in 2008. Lisa has recently retired from the parish council after seven years of service.
	David Wilson – Treasurer; has lived in Ashton Hayes for almost 30 years. He is a qualified accountant, an Associate of the Chartered Institute of Management Accountants. He retired 9 years ago from his position as a Financial Manager in the Automotive Industry. David is a governor at the local Primary School, a member of the Parish Council and a keen golfer.
	Ken Hartley - has lived in Ashton Hayes for 25 years and has played an active role in the development of the Pavilion and Play area and is currently a Trustee of AHSRA. He was the Chief Executive at Merseyside Society for Deaf people. He is a specialist member of the Mental Health Review Tribunal and is currently a NHS Hospital Manager. He also has been a Magistrate for 20 years.
	Ian Dossett - has lived in Horton-cum-Peel for 10 years and is currently deputy chair of the Parish Council. He led the Environment working group for the Neighbourhood Plan. He is retired from a career in developing / operating both small and very large IT solutions for a diverse range of private and government organisations. He has extensive expertise in Project Management and financial control.
	Kate Harrison – has lived in Ashton Hayes for 30 years. She worked as a Professional Centre Manager for Cheshire County Council and CWAC. Also as a Policy Officer for Cheshire East. Kate was part of the steering committee for the Community Shop, and has been a director since then. She is an Adviser to other community shops, through the Plunkett Foundation. Kate is also a director of the Community Energy Company and a Trustee of Ash-Worth Time Bank.
	Richard Kinsey - has lived and farmed in Horton-Cum-Peel for nearly 60 years. He has strong family ties to the village and his family farm dates back to 1637. He is a member of the Parish Council

Appendix 2 - Shares Prospectus

Can be found at <https://goldenlionashtonhayes.co.uk/share-offer/>

Appendix 3 - Strengths, Weaknesses, Opportunities, Threats (SWOT) Analysis

Strengths

- The whole community is involved (evidence: attending meetings and socials and helping with leaflet drops). The committee is a part of the community - everyone knows everyone else. Many committee members and local community organisations have previous experience of community run ventures.
- The range and depth of skills and enthusiasm on the committee and helpers. An ex-landlord of the Golden Lion is supporting and advising our Committee.
- Profits (apart from a small interest payment, if feasible) are invested back into the business or the community. We can continue to build on success!
- We do not intend to fail. But if the Pub proved to be unviable, we will own the freehold which is likely to appreciate in the long term. This makes the proposition more attractive to investors with no stake in the community, as although profits will be fed back into community projects, their capital investment will be safe.
- The CBS business model requires that all interest payments are voted on by all members - at one vote per share holding, of whatever size - so it's a fair way of working.
- Several local traders have offered their services.
- We have had tremendous support from other communities who have done similar things, and from the Plunkett Foundation.

Weaknesses

- The Committee has experience in community enterprises and businesses though other members may not have such levels of experience. Mitigation: the team will fill the gaps in their experience by learning from others e.g. Plunkett mentoring scheme. Do plenty of research. Find other experienced managers who will work with us.
- The committee are almost all working people doing this in their spare time. Illness or job needs might take people away for some time. Mitigation: We have set up the main and sub committees so that critical posts can be covered.
- At this point in time, we don't know how much we will raise in shares - and so budgeting for a potential loan is necessary. Mitigation: Financial plan to cover all potential options until we can eliminate them.
- There is a reliance on volunteers. Mitigation: do as much talking to people and village groups as we can; make people feel that it really is their resource, which relies on them. Volunteers are already running events in the village as part of the Save The Golden Lion campaign.

Opportunities

- The only Pub easily accessible without a car for majority of local residents. Walking and cycling clubs pass The Golden Lion regularly.
- We hear from other villages that have done this successfully that it gives a great boost to the community, in terms of “can-do” spirit.
- Owning the freehold will mean that we control the community asset. We aren’t going to be a tied house. We have local micro breweries and direct links to the Community Shop - we can act very locally!
- We can be very responsive to community needs, both in terms of what we sell, and in terms of how we want the Pub and Hub to feel.
- We understand our demographics very well.
- We have extensive local consultation results supporting the project.

Threats

- The committee is a part of the community - everyone knows everyone; risk of treading on well- stubbed toes. Mitigation: Tread as carefully as possible!
- We do not know the structural condition of the building but we have a building surveyor lined up to complete a survey. Mitigation: A Schedule of Wants and Repairs will be commissioned.
- We must have the right people to run the Pub, who can work with the committee and share our vision. Getting the right people remains the biggest risk to the successful and profitable operation of the Pub. However, this risk would exist under any business model. Mitigation: The tenancy agreement model at least allows us to let go any manager who turns out not to be right for us, and try again.
- Insufficient volunteers. Mitigation: If there are insufficient volunteers, then more funding will be required for repairs, decorating, landscaping and future maintenance. This may impact the viability of the business which is discussed below.
- The business is not viable for example due to a lack of custom. Mitigation: the business will not be allowed to trade at a loss. In the worst case scenario, the business will own a pub and land, and will have to dispose of these assets for the benefit of the local community. Once all loans have been repaid and shares redeemed, the CBS model guarantees that any residue will be retained by the local community.

Appendix 4 - Ashton Hayes Pub is the Hub Proposals Survey - (completed October 2017)

Number of Surveys		
Returned	105	
Residents	97	92%
Non Residents	8	
Adults in Households	186	
Email Address Given	93	89%

Community Benefit Society (CBS)	Strongly Disagree	1	1%
	Disagree	1	1%
	Neutral	13	12%
	Agree	34	32%
	Strongly Agree	56	53%

Tenant to Run Pub and Premises	Strongly Disagree	3	3%
	Disagree	2	2%
	Neutral	14	13%
	Agree	35	33%
	Strongly Agree	51	49%

Societies or Clubs Usage	Strongly Disagree	4	4%
	Disagree	12	11%
	Neutral	41	39%
	Agree	29	28%
	Strongly Agree	19	18%

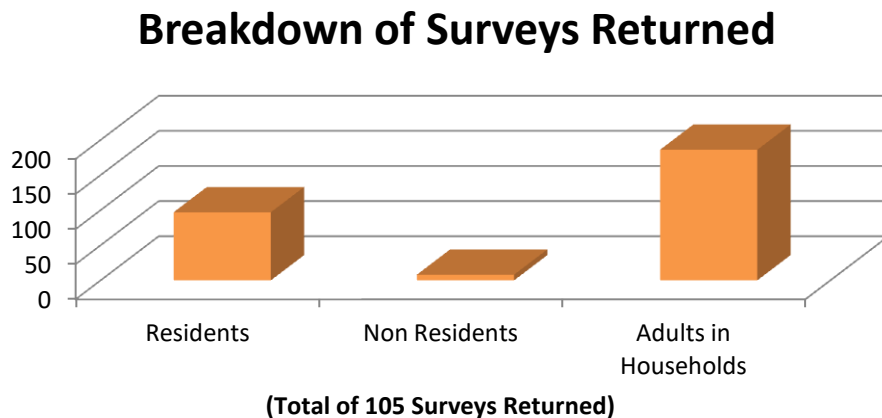
Likely to Buy Shares	Strongly Disagree	3	3%
	Disagree	1	1%
	Neutral	17	16%
	Agree	44	42%
	Strongly Agree	40	38%

Likely to Volunteer	Strongly Disagree	6	6%
	Disagree	20	19%
	Neutral	37	35%
	Agree	28	27%
	Strongly Agree	13	12%

Usage	Not At All	1	1%
	Every 3 Months	3	3%
	Monthly	31	30%
	Weekly	64	61%
	Daily	6	6%

Appendix 5 - October 2017 Consultation Survey Analysis - Key Messages

From the public meeting held at Ashton Hayes School on the 25th of October 2017 and the subsequent whole village survey, 105 completed surveys were returned by 31/12/17. This representing approximately 25% of the households in the Parish of Ashton Hayes and Horton-cum-Peel. 8 of the surveys returned were from outside of the parish. The surveys were completed on behalf of the 186 adults in the households. The key survey questions are as below where the percentages represent the response in terms of the proportion of the adults represented in the surveys



Appendix 6 - Co-operative Pubs, A better form of business 2017. Plunkett Foundation

<https://www.plunkett.co.uk/Handlers/Download.ashx?IDMF=17f16962-d582-467c-a4db-217313e9cf0d>

Appendix 7 - Supporting data provided by previous Landlords of the Golden Lion

- Similar establishments opening a fresh start pub businesses have seen turnover go up from £300 in the first week to £30,000 in the second, word gets out and everybody wants to test you out on opening to see the offering. It is critically important to get this right or people will not return.
- Quality service is vital, anything less than brilliant will be reported back on trip advisor.
- Coffee is one of the biggest profit generators and it may be prudent to rent a quality coffee machine from the outset.
- Received advice is to open every day but Mondays, this should be from day one. (Open Bank Holidays as well)
- Pay tenant a bonus based on turnover.
- Cleaning should be largely done by staff coming on shift.
- Gross margins of 65% on food and 40% on bar sales is assumed.
- Good chefs will largely eliminate food waste.
- Assumed we will have 100% rebate on commercial rates as in a rural area.
- Low initial bank charges e.g. HSBC is offering 2 years free banking for start ups at present.
- Renting/buying kitchen equipment initially.
- Payments by credit card essential. Banking cash is on average 1% of bankings. To give 'cash-back' is cheaper than banking cash.