



Farmborough Community Shop Business Plan

December 2016

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This business plan has been produced by the Farmborough Community Shop Management Committee. It is based on the information and knowledge available to the committee at the time of publication. All calculations and predictions are, in the opinion of the committee, reasonable estimates of the business potential. The committee will accept no responsibility for any changes to the Business Plan made after the date of its publication.

Proposal and objectives

A new Community Shop will be created in Farmborough, with the following principal objectives:

- To develop and sustain a community shop for the people of Farmborough and neighbouring villages, meeting a real need for those living in and local to the village.
- To provide a coffee shop/café.
- To promote, encourage, and provide a central meeting point.
- To be the centre for community information.
- To support local businesses and producers by providing an outlet for local, fresh, frozen and processed produce, sourcing as much as possible direct from farms.
- To be able to include surplus seasonal produce from local gardens and allotments.
- To provide additional services, wherever possible, including: basic postal services, dry-cleaning drop-off and pick-up, and a pick-up point for prescriptions.
- To be a not-for-profit enterprise owned by the community, operated by the community, for the benefit of the community.
- To provide training and voluntary work opportunities for the elderly, disabled and young people in the village.

The shop offer

The shop's offer will primarily be designed to meet the needs of convenience shopping and local produce shopping. This will be tailored to the needs of the community and surrounding villages. The range will include:

- Staple products
- Local produce, comprising seasonal fresh fruit, vegetables and local farm produce (e.g. cheese and meat)
- Locally produced ready-meals, cakes and desserts
- Bread, milk etc.
- Wines and spirits
- Newspapers and magazines
- Household essentials
- Frozen food

In addition, it is intended that the shop will offer a range of:

- Confectionery
- Impulse items, e.g. boxed chocolates, gifts etc.
- Niche items, e.g. cheeses from the local area, English wines and possibly local crafts

Ancillary services (subject to agreement):

- Postal services
- Dry cleaning drop-off and pick-up
- Prescription pick-up
- Parcel collection and delivery point for local residents who are away during the day

The shop will incorporate a coffee shop/café, offering:

- Hot and cold drinks
- Cakes, biscuits and pastries

In future, further services may be delivered from the coffee shop/cafe, including lunchtime snacks, sandwiches and heated food items e.g. pasties.

Background to the proposal

The village of Farmborough, population 1035¹ in 2011 and now near 1,100 with a further 60 houses built in the last two years, is in the unitary authority of Bath and North East Somerset, about eight miles from Bath. The main road from Bath to Wells (A39) skirts the western edge of the village, with most of Farmborough surrounded by open fields. The oldest part of the village is set away from the main roads, in a small valley with a brook (The Conygre).

During the twentieth century the village expanded significantly with a mixture of private and social housing. Farmborough currently has a primary school, two pubs, a village hall and a recreation ground. A monthly newsletter, 'The Farmborough Flyer', which contains both village news and information about social events, is distributed to all village households by a team of volunteers. During the year various community-based events are held, including church and school fetes, a firework display and Christmas activities.

The previous village shop was positioned in the eastern half of the village, but closed in June 2010. The loss of the post office in 2008, coupled with a lack of appropriate investment over the following year, led to dwindling support from the villagers, the application for change of use and finally the sale of the property to a builder, who converted it into private housing for sale on the open market.

¹ From the 2011 Census Profile produced by Strategic Planning, Bristol City Council, January 2013 using source data held by the Office for National Statistics

Within a year of the shop's closure, the idea of a setting up a community shop was mooted and from July 2011 several informal meetings took place to begin this process. A working party was established and in September 2011, a questionnaire was drawn up and distributed to the 480 households in the Parish of Farmborough.

The results of the questionnaire were very encouraging (see Appendix 2) with 289 responses received (60 per cent of all households). The conclusions of the questionnaire were as follows:

- 88 per cent considered it important or very important to have a village shop
- 74 per cent said they would use the shop at least once a week and 52 per cent said they would use it several days a week
- 38 per cent offered some form of help (serving in the shop/fundraising etc.)
- 92 per cent would like the shop to be open 8am to 7pm
- 77 per cent considered the village hall to be the most suitable site for a shop

In February 2012, at an open meeting held in the village hall, a Community Shop Management Committee was formally elected.

The need for a shop in Farmborough

There is no expectation that the provision of a new community shop in Farmborough would replace a 'weekly' visit to a supermarket, of which there are a couple in neighbouring towns, about five to six miles away.

Two villages, Timsbury and Marksbury, each about a mile and a half from Farmborough have small supermarkets, which a number of villagers currently use for top-up shopping (see Appendix 3). The nearest post office is in Timsbury, a short walk from their supermarket.

Since there are no pavements along either of the busy roads linking these villages to Farmborough, villagers have to travel either by car or catch a bus to reach these supermarkets. There are two bus services: one runs hourly along the Timsbury Road; and the other twice hourly through the centre of the village.

Most village households own at least one private motor vehicle, but there are a small percentage of villagers without access to a car, many of whom are elderly. Almost a quarter of Farmborough's residents are over the age of 65, which is higher than the local average.

There are delivery services from the larger supermarkets, but less than a fifth of villagers do their grocery shopping online, with the majority still preferring to visit the local shops and supermarkets in person (see Appendix 3).

The Community Shop Management Committee believes that a community shop would benefit Farmborough in a number of ways:

- The shop will provide a community focus, open from early morning until early evening on most days per week.
- A broad range of people will benefit through meeting others and becoming more involved in community life.
- Retail goods and services, including basic limited postal services, will be provided from a village location within walking distance for most village residents.
- The shop will support local business and the local economy by providing an outlet for local products e.g. meat and dairy, preserves, surplus home-grown produce, hand-made cakes and locally made ready meals.
- The shop will offer training and voluntary work opportunities for all ages and abilities.

This belief is based upon the results of the survey, the feedback from residents at village events ever since, and the results of discussions with residents at village shop fund-raising events, especially in 2015 and 2016.

In 2012, The Plunkett Foundation published a report on addressing rural isolation² that states:

“Community shops...offer a vital source of retail provision within rural communities, regardless of their distance to neighbouring towns and villages; particularly so for the elderly and less mobile, and for all in times of bad weather...”

“Community shops address social isolation by stimulating community and social activity. Regardless of the products and services sold in these shops, for example, they act as a community hub; they involve large numbers of people and rely on the interaction between those people...”

There are a number of other community shops within a twenty-mile radius of Farmborough, all of which have been open for several years and some have become highly successful. This is backed up by data from the Plunkett Foundation’s annual report³ that states:

“Although two community shops closed in 2013 only 15 have closed since records began in 1992 indicating a long term survival rate for community shops of 95 per cent. The five-year survival rate of community shops is 99 per cent. This compares extremely positively with estimations for UK businesses, which have an estimated five-year survival rate of 45 per cent.”

² ‘Addressing Rural Isolation in Central and Eastern Region: The Role of Community Shops’, Hannah Barrett and James Alcock, The Plunkett Foundation, 2012

³ ‘Community Shops: A Better Form of Business’, The Plunkett Foundation, 2014

The market

The market for the shop falls broadly into:

- Retired residents who may have limited opportunity for travel outside the community. Approximately a quarter of the population is over 60 and the Government is keen to encourage the elderly to be cared for in their own homes.
- Families with young and school age children who may be confined to the community during the working day.
- Residents who work away from the community during the day, but who may have limited opportunity to buy essential items during that time.
- Visitors to The Farmborough Memorial Hall.
- Visitors to and staff at local businesses including The Butcher's Arms, Wallmead Motors, Farmborough Tyres, Rascals Hair Salon, School Cottages Bed and Breakfast, Tilley Farm and Vans GB.
- Other local businesses, including an increasing number of home-workers and the self-employed.
- Visitors to the village, such as walkers, cyclists and other tourists visiting the village, church and pub.
- Residents of surrounding villages that do not have local shop facilities, in particular Priston, Stanton Prior and Hunstrete.
- Passing trade.

Market size

The Farmborough Census Profile, based on the most recent 2011 census⁴, determined that Farmborough had decreased its population by 68 (6 per cent) during the period 2001/2011, but is expanding with a further 60 residences recently built, and a further 13 in build.

The population profile was: 14 per cent under 16 years of age; 62 per cent working age; and 24 per cent over 65.

This result compares very favourably with our own survey (see Appendix 2) held in the same year, which determined 14 per cent aged 16 and under, 60 per cent working age (17 to 65), and 26 per cent retired. The current population of Farmborough Parish is estimated to be just over 1100.

⁴ Office for National Statistics, 2001 and 2011 Census Data

Given that Farmborough and the surrounding Community Shop catchment area containing the parishes of Priston and Marksbury (includes Hunstrete and Stanton Prior), has around 750 households who spend approximately £55 per week on groceries⁵, one assumption might suggest that from our October 2011 survey, three quarters of all households intend to use the shop once a week or more – 560 households. Assuming they spend 10 per cent of their £55 per week at the shop, this would achieve £3080 per week from local residents.

To substantiate this view, the village of East Harptree, located around nine miles west of Farmborough, opened in 2009 and is taking approximately £3000 per week. East Harptree is, in many respects, similar to Farmborough but does not have the same passing trade advantage.

If passing trade from just 15 per cent of the 2635 households in the neighbouring villages of Clutton, Timsbury and High Littleton is included, and they too spend £5.50 on their weekly groceries at the Community Shop, then that would generate an additional income of £2000 per week.

From the above we believe that a total annual turnover of £260,000 is achievable.

Customer needs and buying criteria

As part of the consultative process with the community, the main categories of products and services for the shop have been established. The following needs and criteria were identified:

- Convenience
- Product lines - staple products, local produce, convenience foods, stationery items etc.
- Service lines - several services have been identified including:
 - a facility for those with repeat medical prescriptions to collect from the shop
 - basic limited postal services, including stamps and the provision of a drop-off/collection point for deliveries
 - dry-cleaning services (drop off and collect)
- Opening times - the shop will need to be open for relatively long hours to cater for early mornings, lunchtimes, school times, and early evenings. Of these, early evenings may well be an important factor.

Mintel research⁶ has found that,

“Location, and not price or range, is the number one factor for most British shoppers when it comes to choosing which store to frequent. Indeed, shoppers are twice as likely to opt for a store which is ‘the easiest to get to’ than be swayed by the prices.”

⁵ Family spending survey for 2009 to 2011, Office for National Statistics (“Households spend an average £53.40 a week on food.”)

⁶ Mintel research, 2005

While half of those questioned by Mintel said that they picked the closest store for their shopping, just 26 per cent said they looked to purchase their groceries from a store which is cheapest to shop at, while 22 per cent said they opted for a store which offers the best range of produce.

“Although price is of some importance, location is crucial in the battle to win shoppers' trade. The highest emphasis is placed on the store being close to home,” said Neil Mason, senior retail analyst at Mintel.

A survey of consumers by the Institute of Grocery Distribution⁷ also found that 65 per cent of consumers bought some form of local food and that 40 per cent would like to buy more local food.

The need for a café has been strongly reinforced by residents to the committee members in the last two years, virtually every enquiry on shop progress being followed by “And there will be a café there, won't there?”. This is seen as a key community requirement, for mothers after dropping children off at the school in the morning, or before/after picking them up in the afternoon, for retired residents to meet and catch up, for local residents to meet on Saturdays and for home-workers to network.

The location

The Farmborough Community Shop will be located, developed and operated on the east side (rear) of the Farmborough Memorial Hall. It will be constructed as a separate building and will share use of the site with the hall. It will:

- Provide ease of access on foot for most villagers, especially those most isolated or vulnerable.
- Provide parking in the existing hall car park with the possible requirement for additional spaces nearby.
- Provide visibility from the main road to attract passing trade.
- Afford a good level of security.
- Provide a safe, friendly and inviting environment for visitors.

After extensive discussion and negotiations, a lease for the location has been agreed with the Parish Council, and signed (10/5/16). This has been accompanied by an agreement between the Farmborough Parish Council, the Memorial Hall Committee, and the Farmborough Community Shop Management Committee, signed by all parties (10/5/16).

⁷ Institute of Grocery Distribution research, 2008

The building

The appearance and feeling of the shop is very important, together with the specification of technologies and materials to provide a substantial building life and low maintenance. This design has been developed based upon supplying sufficient retail and storage space to support sufficient trade and feedback from members of the community:

- It is important to the community...that the exterior of the shop is inviting and fits in with the surrounding village buildings.
- It should offer the best building for the price, making best use of village funds and funds from donating bodies.
- It should recognise the importance of natural light and provide an independent shop feel.
- The community shop needs to be light, bright and inviting, modern, but with a familiar village feel that's welcoming and friendly. It would be great if it could incorporate more natural materials.
- Energy efficiency and other 'eco' factors should be considered for the design, build and running of the shop.

The above items describe a quality of materials and place and also enhance the notion of pride and esteem for the project. Environmental efficiency is also an important factor and there are a number of sustainable approaches that can be taken in the construction process and the running of the shop, ranging from material selection to energy generation. All these factors will be considered throughout the design process to ensure the vision of the project is maintained.

From discussions with other shop owners and community shops, in order to support sufficient turnover, the shop building will require the following minimum areas:

- Shop & café Floor - trading area – 50sqm minimum⁸
- Storage / Stock area – 15sqm minimum
- WC's – Disabled – 4sqm
- Office (for single individual) – 6sqm
- Waste Storage – 2sqm external

Additional areas to be considered for the future:

- Coffee Shop Extension – 20sqm⁹
- External seating area – 20sqm

⁸ Recommended minimum suggested by the Plunkett Foundation

⁹ The coffee shop space has been defined as forming part of a possible future expansion if the draw of the community shop as a meeting place proves positive

Design and location concepts for the shop have been presented and discussed with the village community. In conjunction with the architects Nash Partnership, a briefing document, feasibility study, and two design and planning statements (2015 for Pre-application planning consultation and 2016 for the full planning application) have been produced, refining the building requirements and constraints. A traffic consultant has been employed to provide evidence for the planning application, and a soil survey has been undertaken for the site to understand the foundation requirements.

Planning permission for the building has been granted (October 2016).

Quotations have been sought from three suppliers. The most competitive, comprehensive and attractive proposal is from Portakabin. This has the advantage of being a factory built building, to a high specification, and requiring minimal groundworks and onsite erection times (thus minimizing disruption for the Farmborough Memorial Hall and local residents). Further information on this proposal is contained in Appendix 4.

Financial

Capital Requirements

- Building: £95k +VAT
- Fixtures and fittings: £20k +VAT
- Stock: £6k + some VAT
- Total: £121k + ~ £24k VAT

Funds raised to date have been £21,090 through a first share issue, over £11,035 in donations and £1,246 in fund-raising events (excluding the latest event). A second share issue for residents is scheduled for January 2017, with donations being sought from local businesses. Pro-bono legal and professional fees have been provided to the value of over £5,000 to date.

Expenditure to date has included the share issue publicity, publicity material (banners etc), architects fees for the reports and support in planning, the traffic and soil surveys.

The shop committee is holding an increasing number of fundraising events. In 2016 these included a Pig & Perry barbecue, Apple Day and “Farmborough Lights”, a local Christmas event now run by the shop committee, including a Mummers Play, carols, village Christmas tree lighting and refreshments (event fund total to be provided).

The current balance is £24,532 (mid-December 2016).

The selection of the building proposal (Portakabin) and the proposal for the LEADER programme now allow us to refine the capital expenditure to the following table. This includes the forthcoming share issue, further donations, and the recent news that Blue Cedar Homes is willing to provide a short-term loan to cover the period between building payments and provision of funds by the LEADER programme.

| Monthly Figures - Year 1 Capital Projects only - Project Implementation | | | | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|---------------|--------------|--------------|
| | 01/02/17 | Mar-17 | Apr-17 | May-17 | Jun-17 | Jul-17 | Aug-17 | Sep-17 | Oct-17 | Nov-17 | Dec-17 | Jan-18 |
| Opening Balance | 24,523 | 35,023 | 47,523 | 22,203 | 26,203 | 22,003 | 12,088 | 12,088 | 8,728 | 27,344 | 7,344 | 7,344 |
| Grant Receipts | | | | | | | | | | | | |
| LEADER | | | | | | 18,880 | | 56,640 | | | | |
| Share Issue - Residents | 10,000 | 10,000 | | | | | | | | | | |
| Residents & Local Business further funding | | 2,500 | 2,500 | 4,000 | | | | | | | | |
| Bank Funding received | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| Other Income | | | | | | | | | | | | |
| Village Events | 500 | | 500 | | | 700 | | | | | | |
| VAT returned | | | | | | | | | 18,616 | | | |
| Blue Cedar Homes Loan | | | | | | 80,000 | | | | | | |
| Total Receipts (£) | 35,023 | 47,523 | 50,523 | 26,203 | 26,203 | 121,583 | 12,088 | 68,728 | 27,344 | 27,344 | 7,344 | 7,344 |
| Expenditure/Payments | | | | | | | | | | | | |
| Project Costs: | | | | | | | | | | | | |
| Site preparation | | | | | 3,500 | 1,500 | | | | | | |
| Building | | | 23,600 | | | 70,800 | | | | | | |
| Shop fitting | | | | | | 17,279 | | | | | | |
| Indirect Costs: | | | | | | | | | | | | |
| Salaries | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| Water/Power/Rent/Rates/Telephone | | | | | | 2,000 | | | | | | |
| Other Administration/office supplies | | | | | | | | | | | | |
| Repairs/maintenance | | | | | | | | | | | | |
| Accounting/legal costs/insurance | | | | | | | | | | | | |
| Marketing Costs | | | | | | | | | | | | |
| Distribution Costs | | | | | | | | | | | | |

| Monthly Figures - Year 1 Capital Projects only - Project Implementation | | | | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|---------------|--------------|--------------|
| | 01/02/17 | Mar-17 | Apr-17 | May-17 | Jun-17 | Jul-17 | Aug-17 | Sep-17 | Oct-17 | Nov-17 | Dec-17 | Jan-18 |
| Loan repayments | | | | | | | | | | | | |
| Loan/finance interest | | | | | | | | | | | | |
| Vehicle Costs | | | | | | | | | | | | |
| Corporation Tax | | | | | | | | | | | | |
| VAT | | | 4,720 | | 700 | 17,916 | | | | | | |
| Other taxes | | | | | | | | | | | | |
| Other costs | | | | | | | | | | | | |
| Blue Cedar Loan returned | | | | | | | | 60,000 | | 20,000 | | |
| | | | | | | | | | | | | |
| Total Payments (£) | 0 | 0 | 28,320 | 0 | 4,200 | 109,495 | 0 | 60,000 | 0 | 20,000 | 0 | 0 |
| Closing Balance | 35,023 | 47,523 | 22,203 | 26,203 | 22,003 | 12,088 | 12,088 | 8,728 | 27,344 | 7,344 | 7,344 | 7,344 |

Profit & Loss

This shows the profit and loss for Slow, Medium and Fast Growth, for the first three years of the business. Note that Employers National Insurance is shown as 0, due to the £3,000 NI Employment Allowance for small businesses.

| | Slow Growth | | | Medium Growth | | | Fast Growth | | |
|------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|----------------|
| Sales | Year 1 | Year 2 | Year 3 | Year 1 | Year 2 | Year 3 | Year 1 | Year 2 | Year 3 |
| Turnover | 119,100 | 157,625 | 210,000 | 140,000 | 205,000 | 312,500 | 21,875 | 37,500 | 73,125 |
| Margin | 36,570 | 51,223 | 70,162 | 43,765 | 65,912 | 107,632 | 52,710 | 80,258 | 131,630 |
| Wastage | 1,191 | 2,364 | 3,150 | 2,100 | 3,075 | 4,688 | 328 | 563 | 1,097 |
| Gross Profit | 35,379 | 48,858 | 67,012 | 41,665 | 62,837 | 102,944 | 52,382 | 79,696 | 130,533 |
| Cost of Sales | | | | | | | | | |
| Energy | 3,450 | 3,519 | 3,589 | 3,450 | 3,519 | 3,589 | 3,450 | 3,519 | 3,589 |
| Water | 400 | 405 | 410 | 400 | 405 | 410 | 400 | 405 | 410 |
| Rent | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 |
| Phone | 600 | 606 | 612 | 600 | 606 | 612 | 600 | 606 | 612 |
| Salary | 16,800 | 16,800 | 17,136 | 16,800 | 16,800 | 17,136 | 16,800 | 16,800 | 17,136 |
| Incentive | 500 | 2,400 | 2,400 | 2,400 | 2,400 | 3,600 | 2,400 | 3,600 | 4,200 |
| NI | - | - | - | - | - | - | - | - | - |
| IT Support | 600 | 600 | 630 | 600 | 600 | 630 | 600 | 600 | 630 |
| Bank Charges | 600 | 612 | 624 | 600 | 612 | 624 | 600 | 612 | 624 |
| Marketing | 1,400 | 1,400 | 1,470 | 1,400 | 1,400 | 1,470 | 1,400 | 1,400 | 1,470 |
| Repairs/Maintenance | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 |
| Office/Admin Supplies | 600 | 612 | 624 | 600 | 612 | 624 | 600 | 612 | 624 |
| Accountancy/legal fees | 1,000 | 1,000 | 1,050 | 1,000 | 1,000 | 1,050 | 1,000 | 1,000 | 1,050 |
| Insurance | 600 | 612 | 624 | 600 | 612 | 624 | 600 | 612 | 624 |
| Depreciation | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| Total Costs | 33,000 | 35,016 | 35,620 | 34,900 | 35,016 | 36,820 | 34,900 | 36,216 | 37,420 |
| Net Profit | 2,379 | 13,843 | 31,392 | 6,765 | 27,821 | 66,124 | 17,482 | 43,480 | 93,113 |

Assumptions:

| | |
|---------------------------------------|------------|
| Shop Gross Margin | 25% |
| Café Gross Margin | 85% |
| Shop Goods which are VAT rated | 30% |

Shop Visits and spend

| | Slow Growth | | | Medium Growth | | | Fast Growth | | |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Year 1 | Year 2 | Year 3 | Year 1 | Year 2 | Year 3 | Year 1 | Year 2 | Year 3 |
| Shop Customers spending each day | 42 | 50 | 60 | 50 | 60 | 75 | 55 | 65 | 80 |
| Avg Shop spend per customer per day | £10.00 | £11.00 | £12.00 | £10.00 | £12.00 | £14.00 | £10.00 | £12.00 | £14.00 |
| Customers buying coffee/tea/cake | 19 | 23 | 30 | 20 | 25 | 40 | 25 | 30 | 45 |
| Avg café spend per customer | £3.00 | £3.50 | £4.00 | £3.00 | £4.00 | £5.00 | £3.50 | £5.00 | £6.50 |
| 5 days per week, 50 days per year | 250 | | | | | | | | |
| Shop Gross per year | £104,600 | £137,500 | £180,000 | £125,000 | £180,000 | £262,500 | £137,500 | £195,000 | £280,000 |
| Café Gross per year | £14,500 | £20,125 | £30,000 | £15,000 | £25,000 | £50,000 | £21,875 | £37,500 | £73,125 |
| Gross per year | £119,100 | £157,625 | £210,000 | £140,000 | £205,000 | £312,500 | £159,375 | £232,500 | £353,125 |
| Shop Direct Costs per year | £80,325 | £103,383 | £135,338 | £93,985 | £135,338 | £197,368 | £103,383 | £146,617 | £210,526 |
| Café Direct costs per year | £2,205 | £3,019 | £4,500 | £2,250 | £3,750 | £7,500 | £3,281 | £5,625 | £10,969 |
| Direct Costs per year | £82,530 | £106,402 | £139,838 | £96,235 | £139,088 | £204,868 | £106,665 | £152,242 | £221,495 |

Cashflow (pessimistic, based upon Slow Growth)

| | 8/2017 Month 0 | 09/2017 Month 1 | 10/2017 Month 2 | 11/2017 Month 3 | 12/2017 Month 4 | 01/2018 Month 5 | 02/2018 Month 6 | 03/2018 Month 7 | 04/2018 Month 8 | 05/2018 Month 9 | 06/2018 Month 10 | 07/2018 Month 11 | 08/2018 Month 12 | Totals |
|---|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|---------------------|----------------|
| Opening Balance | 7,344 | 944 | 2,519 | 1,969 | 2,952 | 3,572 | 4,442 | 3,347 | 4,347 | 5,290 | 5,589 | 6,899 | 8,519 | |
| Gross Shop Sales | | 8,000 | 6,500 | 8,000 | 8,000 | 8,200 | 8,400 | 9,000 | 9,300 | 9,500 | 9,700 | 10,000 | 10,000 | 104,600 |
| Gross Café Sales | | 1,000 | 1,000 | 1,000 | 1,200 | 1,200 | 1,200 | 1,250 | 1,300 | 1,350 | 1,400 | 1,400 | 1,200 | 14,500 |
| Gross Sales | | 9,000 | 7,500 | 9,000 | 9,200 | 9,400 | 9,600 | 10,250 | 10,600 | 10,850 | 11,100 | 11,400 | 11,200 | 119,100 |
| Cost of Shop Sales | 5,000 | 5,875 | 6,000 | 6,000 | 6,150 | 6,300 | 6,750 | 6,975 | 7,125 | 7,275 | 7,500 | 7,500 | 7,875 | 80,325 |
| Cost of Café Sales | 150 | 150 | 150 | 180 | 180 | 180 | 188 | 195 | 203 | 210 | 210 | 180 | 180 | 2,205 |
| Direct Costs | 5,150 | 6,025 | 6,150 | 6,180 | 6,330 | 6,480 | 6,938 | 7,170 | 7,328 | 7,485 | 7,710 | 7,680 | 8,055 | 82,530 |
| Indirect Costs | | | | | | | | | | | | | | |
| Energy | | 200 | 200 | 350 | 350 | 350 | 350 | 350 | 300 | 250 | 250 | 250 | 250 | 3,450 |
| Water | | | | | | | 200 | | | | | | 200 | 400 |
| Rent - Parish Council | | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |
| Phone | | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 600 |
| Petrol | | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Salary | | 1,400 | 1,400 | 1,400 | 1,400 | 1,400 | 1,400 | 1,400 | 1,400 | 1,400 | 1,400 | 1,400 | 1,400 | 16,800 |
| Incentive | | - | - | - | - | - | - | - | 100 | 100 | 100 | 100 | 100 | 500 |
| NI - none due to £3,000 NI Employment Allowance | | - | - | - | - | - | - | - | - | - | - | - | - | - |
| IT Support | | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 600 |
| Bank Charges | | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 600 |
| Marketing | | 500 | - | 200 | - | - | 200 | - | - | 200 | - | - | 300 | 1,400 |
| Repairs/Maintenance | | - | - | - | - | - | 30 | 30 | 30 | 30 | 30 | 50 | 50 | 250 |
| Office Admin/Office supplies | 200 | - | - | - | 200 | - | - | - | 200 | - | - | - | 200 | 600 |
| Accountancy/legal fees | | | | | | | 500 | | | | | | 500 | 1,000 |

| | 8/2017 Month 0 | 09/2017 Month 1 | 10/2017 Month 2 | 11/2017 Month 3 | 12/2017 Month 4 | 01/2018 Month 5 | 02/2018 Month 6 | 03/2018 Month 7 | 04/2018 Month 8 | 05/2018 Month 9 | 06/2018 Month 10 | 07/2018 Month 11 | 08/2018 Month 12 | Totals |
|------------------------|---------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| Insurance | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 600 |
| Contingency | | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Indirect Costs | 250 | 2,400 | 1,900 | 2,250 | 2,250 | 2,050 | 2,980 | 2,080 | 2,330 | 2,280 | 2,080 | 2,100 | 3,300 | 28,000 |
| VAT | | | | | | | | | | | | | | |
| VAT on Shop sales | - | 480 | 390 | 480 | 480 | 492 | 504 | 540 | 558 | 570 | 582 | 600 | 600 | 6,276 |
| VAT on Café Sales | - | 200 | 200 | 200 | 240 | 240 | 240 | 250 | 260 | 270 | 280 | 280 | 240 | 2,900 |
| VAT on Shop supplies | 300 | 353 | 360 | 360 | 369 | 378 | 405 | 419 | 428 | 437 | 450 | 450 | 473 | 4,820 |
| VAT on Café supplies | 30 | 30 | 30 | 36 | 36 | 36 | 38 | 39 | 41 | 42 | 42 | 36 | 36 | 441 |
| VAT on Indirect costs | 40 | 120 | 20 | 60 | 60 | 20 | 106 | 26 | 66 | 66 | 26 | 30 | 170 | 770 |
| VAT payable | | | | 1,270 | | | 2,132 | | | 2,352 | | | 2,582 | 8,336 |
| VAT receivable | | | | 1,683 | | | 1,355 | | | 1,566 | | | 1,579 | 6,182 |
| VAT Payment | | | | - 413 | | | 777 | | | 786 | | | 1,004 | 2,154 |
| Gross Profit | - 5,150 | 2,125 | 500 | 2,000 | 1,850 | 1,900 | 1,650 | 2,025 | 2,175 | 2,225 | 2,200 | 2,500 | 2,125 | 24,275 |
| Total Indirect Costs | 250 | 2,400 | 1,900 | 1,838 | 2,250 | 2,050 | 3,757 | 2,080 | 2,330 | 3,066 | 2,080 | 2,100 | 3,300 | 28,000 |
| Net Cash Flow | | 575 | - 550 | 983 | 620 | 870 | - 1,095 | 1,000 | 943 | 299 | 1,310 | 1,620 | - 1,159 | 6,416 |
| Closing Balance | 1,944 | 2,519 | 1,969 | 2,952 | 3,572 | 4,442 | 3,347 | 4,347 | 5,290 | 5,589 | 6,899 | 8,519 | 7,360 | |
| | 8/2017 Month 0 | 09/2017 Month 1 | 10/2017 Month 2 | 11/2017 Month 3 | 12/2017 Month 4 | 01/2018 Month 5 | 02/2018 Month 6 | 03/2018 Month 7 | 04/2018 Month 8 | 05/2018 Month 9 | 06/2018 Month 10 | 07/2018 Month 11 | 08/2018 Month 12 | Totals |

- 30% of shop goods sold are VAT rated. All café goods sold are VAT rated

Organisation and legal matters

An initial working party was formally disbanded and a Management Committee elected on 25 February 2012 following a survey of Farmborough Parish to gain opinion on the need for a Community Shop.

An application to the Financial Services Association was made via the Plunkett Foundation, to sponsor the Management Committee's submission to register under the Industrial and Provident Societies Acts (1965 – 2002). Registration was duly received effective from 16 September 2013. The name of the Society is Farmborough Community Shop Ltd and the registered number is 32203R.

Current active members of the Management Committee are all resident in Farmborough Parish and are:

- Mark Swabey (Chair) - business owner, project management, risk management
- Sam Ross (Secretary) - business owner, web and graphic designer
- Phil Gray (Treasurer) - project management, managing multi-million pound budgets
- Valerie Webster - retired village shop owner and retail manager
- Marilyn Cole - retired headteacher and fundraiser
- Jackie Gregory-Stevens - mediator, chartered surveyor and construction claims consultant, small farm owner and producer
- Tim Gregory-Stevens - small farm and producer
- Bernadette Thorne - retired GP, landlady, building management
- Jean Byers - retired teacher
- Howard Byers - retired teacher

The freeholder of The Farmborough Memorial Hall is the Farmborough Parish Council. Both Farmborough Parish Council and the Farmborough Memorial Hall Committee are being kept informed of developments and have agreed to the concept of a Community Shop within the grounds of The Farmborough Memorial Hall. The Community Shop committee have agreed a lease with the Farmborough Parish Council as the freeholder, which is now signed. An agreement between the Farmborough Parish Council, Farmborough Memorial Hall Committee as Hall trustee and Farmborough Community Shop Ltd, covering the development and operation of the shop, has been agreed and signed by all parties.

The intention is that the Farmborough Community Shop building will be developed under the management of the current Farmborough Community Shop Management Committee, then handed over to the Farmborough Parish Council and leased back to the Farmborough Community Shop Management Committee who will manage the day-to-day operation of the shop. This will ensure that the building remains an amenity of Farmborough, regardless of what happens to Farmborough Community Shop Ltd.

Appendix 1 Risk assessment

| Ref. | Description | Cause | Effect | Raw Chance | Raw Impact | Planned actions to mitigate risk | Residual Probability | Residual Impact |
|------|---|--|---|------------|------------|---|----------------------|-----------------|
| 1 | Insufficient funding for shop building | Only so much can be raised within a local catchment area | Shop cannot be built, community loses interest | High | High | Apply for LEADER funding. New share issue in January, publicising how close we are to starting build Continue fundraising events | Low | High |
| 2 | Retail area too small to generate required turnover | Constrained by insufficient funding to purchase smaller building than required | Low turnover, expansion only achievable with further capital investment and building which will disrupt income stream | Medium | High | Have taken advice from Plunkett Foundation and numerous similar shops to find optimum size - 50sqm retail space + sufficient wc, storage and management area All building quotes to that specification | Very Low | High |
| 3 | Storage area too small to support stock turnover | Constrained by insufficient funding to purchase smaller building than required | Lower turnover as stock runs out, more frequent re-supply trips and traffic, reputational damage | High | Medium | This has proved to be an issue with many of the shops visited. So larger storage area specified | Very Low | Medium |
| 4 | Shop turnover insufficient to support fulltime shop manager | If insufficient retail space or storage space, or wrong stock, the turnover could prove insufficient | Shop manager may have to be part-time | Medium | Medium | Shop building specified of sufficient size. Often-requested coffee shop facilities included as secondary high margin business line to ensure sufficient margin from start of trading. Close watch to be kept on stock demand and control | Very Low | Medium |
| 5 | Shop location offers poor foundations, requiring | Location is only one available. It is located on an old infilled quarry | More expensive foundations will be required for | High | Medium | Soil survey undertaken and passed to all building bidders. Lowest cost solution is a lighter building, requiring less | Low | Low |

| Ref. | Description | Cause | Effect | Raw Chance | Raw Impact | Planned actions to mitigate risk | Residual Probability | Residual Impact |
|------|--|--|---|---------------|---------------|--|-------------------------|--------------------|
| | expensive foundation-work | (on which the Memorial Hall is already built) | traditionally-built building | | | foundation work. | | |
| 6 | Shop stock does not sell | Insufficient footfall and/or overpriced stock and/or badly selected stock | Lower turnover, loss of reputation | Low | High | <p>Shop stock will be based on surveys of community needs, then updated monthly by performance and customer requests and feedback.</p> <p>Coffee shop and village promotions to encourage footfall.</p> <p>Shop stock of staples will be bought via the buying power of the Plunkett Foundation, allowing us to sell at competitive prices.</p> <p>Direct purchase from local suppliers will allow us to maintain a margin, cutting out the middle-man</p> | Low | Medium |
| 7 | Conflict between shop and Hall operation | Hall committee concerned that some hall events could be disrupted by shop visitors | Shop reputational damage, and possible pressure applied by Hall committee to constrain shop trading | Low | Low | <p>Extensive discussions between shop & hall committees and parish council. Survey of Hall bookings undertaken, compared with shop opening hours, demonstrating minimal overlap of useage by sensitive or at-risk groups. Resulted in agreed lease and agreement on joint operations and regular liaison.</p> | Very Low | Very Low |

Appendix 2

Results from the community shop survey

- Date of survey: October 2011
- Number of survey forms distributed around the village: 480
- Estimated total number of surveys collected: 289 (60% of the village)

1. If a community shop were established in Farmborough how often would you or any member of your household use it?

| | Percentage of replies | Number of replies |
|------------------|-----------------------|-------------------|
| Daily | 14% | 41 |
| 2-3 times a week | 38% | 112 |
| Weekly | 22% | 64 |
| Fortnightly | 1% | 2 |
| Occasionally | 22% | 65 |
| Not at all | 3% | 8 |

2. What products and/or services would you most likely buy/use from our village shop?

| Most popular products | Most popular services |
|----------------------------|--------------------------|
| Fresh bread | Advertisement board |
| Milk and dairy produce | Coffee/tea shop |
| Newspapers and magazines | Tickets for local events |
| Stamps | Dry cleaning |
| Fresh fruit and vegetables | |
| Homemade and local produce | |

3. Are there any other products or services not listed that you would like to see on offer that would encourage you to use our village shop more often?

| Popular suggested products: | Popular suggested services: |
|-----------------------------|------------------------------------|
| Flowers/plants/seeds | Post Office |
| Tobacco/cigarettes | Book and DVD swap/exchange |
| Vitamins/chemists items | Cash Point |
| Seasonal items | Bill-paying facilities (Pay Point) |
| | Lottery |

4. At what time of day would you be most likely to use our village shop?

| | Percentage of replies | Number of replies |
|----------------|-----------------------|-------------------|
| Before 8am | 4% | 16 |
| 8am to 12 noon | 42% | 164 |
| 12 noon to 2pm | 8% | 31 |
| 2pm to 6pm | 28% | 111 |
| After 6pm | 14% | 56 |
| After 7pm | 4% | 17 |

5. Which location do you think would be most suitable for our village shop?

| | Percentage of replies | Number of replies |
|---|-----------------------|-------------------|
| Memorial Hall | 77% | 209 |
| Recreation Ground | 8% | 21 |
| Central Location (The Street/Batch/Mead) | 8% | 22 |
| Butcher's Arms Pub | 2% | 6 |
| School House | 2% | 5 |
| A39/Bath Road | 1% | 3 |
| Molliers (Church Lane) | 1% | 2 |
| Hobbs Wall | 1% | 2 |
| Mobile Van | <1% | 1 |

6. Where do you currently go to do your:

a) Main weekly shop:

| | Percentage of replies | Number of replies |
|-------------------------------|-----------------------|-------------------|
| Tesco | 28% | 93 |
| Midsomer Norton (Tesco) | 18% | 59 |
| Online/Delivered/Various | 11% | 36 |
| Sainsbury's | 9% | 31 |
| Asda | 6% | 21 |
| Keynsham (Co-op/Tesco) | 6% | 20 |
| Co-op (Marks/Tims/Keyns/Rads) | 5% | 18 |
| Bath (Waitrose/Sainsbury's) | 5% | 18 |

b) Convenience/ top-up shop:

| | Percentage of replies | Number of replies |
|-----------------------------|-----------------------|-------------------|
| Marksbury Co-op | 35% | 109 |
| Timsbury Co-op | 3% | 92 |
| Co-op (Marks/Tims) | 8% | 26 |
| High Littleton (Dando's/PO) | 7% | 21 |
| Keynsham (Tesco/Co-op) | 5% | 14 |
| Supermarket (Various) | 4% | 13 |

7. On the scale of 1-5 please show how important you think it is to have a village shop in Farmborough?

| | Percentage of replies | Number of replies |
|------------------|-----------------------|-------------------|
| 5 Very important | 47% | 135 |
| 4 | 27% | 79 |
| 3 Important | 14% | 40 |
| 2 | 3% | 10 |
| 1 Not important | 4% | 11 |
| 0 No response | 5% | 14 |

8. How many people in each age range live in your household?

| | Percentage of replies | Number of replies |
|---------------|-----------------------|-------------------|
| 0-16 years | 14% | 84 |
| 17-25 years | 5% | 33 |
| 26-45 years | 19% | 118 |
| 46-65 years | 36% | 224 |
| over 65 years | 26% | 158 |

9. Would you or anyone in your household be interested in helping our community shop project in any way?

| | Number of replies |
|--------------------------------------|-------------------|
| Join Steering Group | 12 |
| Help fundraise | 23 |
| Provide professional advice/services | 11 |
| Help run shop/volunteer | 52 |
| Become a member (subscription) | 49 |
| Make a donation | 35 |
| Make a loan (min £250) | 10 |

- 110 people offered some form of help/support (around 38% of respondents)

Appendix 3

Results from the community plan survey

- Survey date: March 2013
- Number of survey forms distributed around the village: 480
- Estimated total number of surveys collected: 293 (60% of the village)

1. How do you currently buy your groceries?

| | Visit in person | Online/delivered | Weekly shop | Top-up shop |
|-------------|-----------------|------------------|-------------|-------------|
| Supermarket | 230 | 46 | 148 | 44 |
| Farm shop | 112 | 4 | 13 | 48 |
| Local shops | 150 | 2 | 17 | 120 |
| Other | 10 | 2 | 1 | 5 |

- Supermarkets – 78% of households visit in person and 51% for a weekly shop
- Farm shop – 38% of households visit in person
- Local shops – 51% of households visit in person and 41% for a top-up shop

2. How often did you use the shop when it was a Post Office and shop?

- 35% Frequently
- 37% Occasionally
- 12% Rarely
- 4% Never
- 12% Not applicable

3. How often did you use the shop when it was just a shop with no postal services?

- 25% Frequently
- 34% Occasionally
- 22% Rarely
- 7% Never
- 12% Not applicable

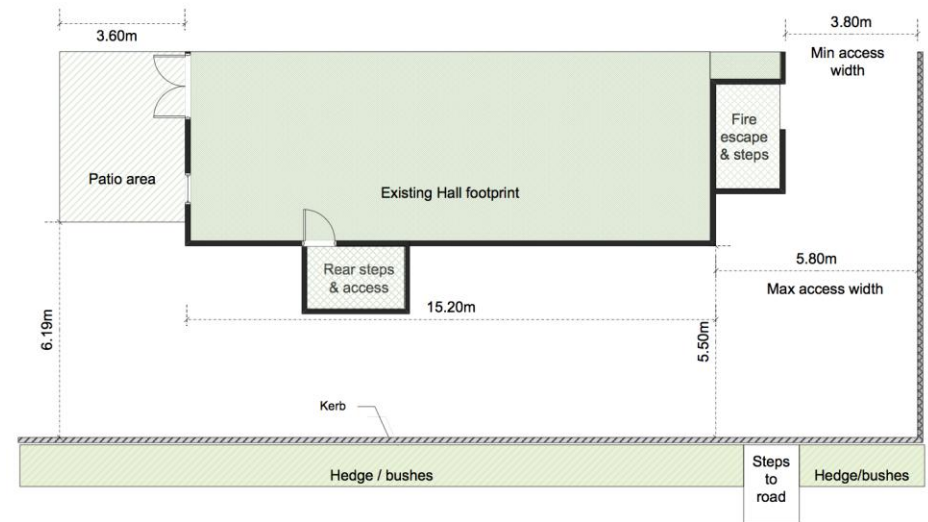
4. How often would you use limited postal services (i.e. stamps, posting letters/parcels) if provided by a community shop?

- 29% Frequently
- 51% Occasionally
- 13% Rarely
- 4% Never
- 2% Not applicable

Appendix 4 Shop plans



Figure 1: Existing site plan



- GFL approx 65cm above ground level at rear of Hall
- Patio step down at approx 15cm below GFL

Figure 2: Existing rear of hall

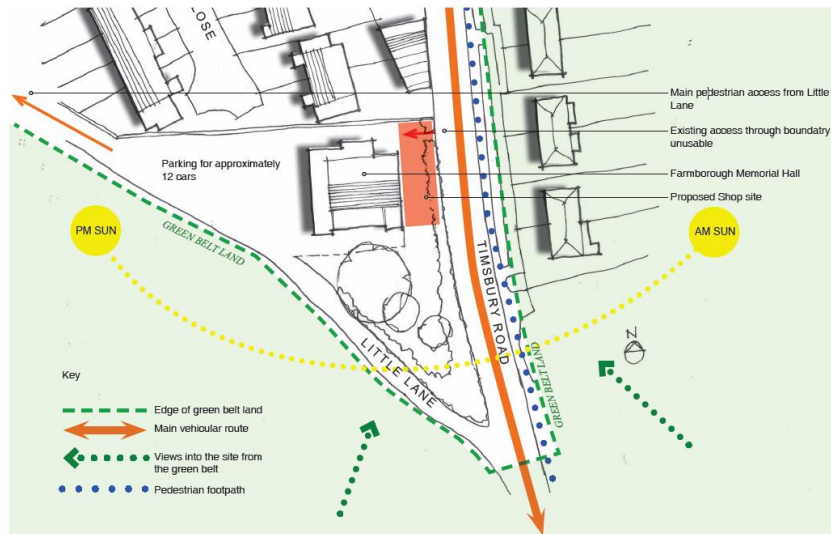


Figure 3: Overall site development

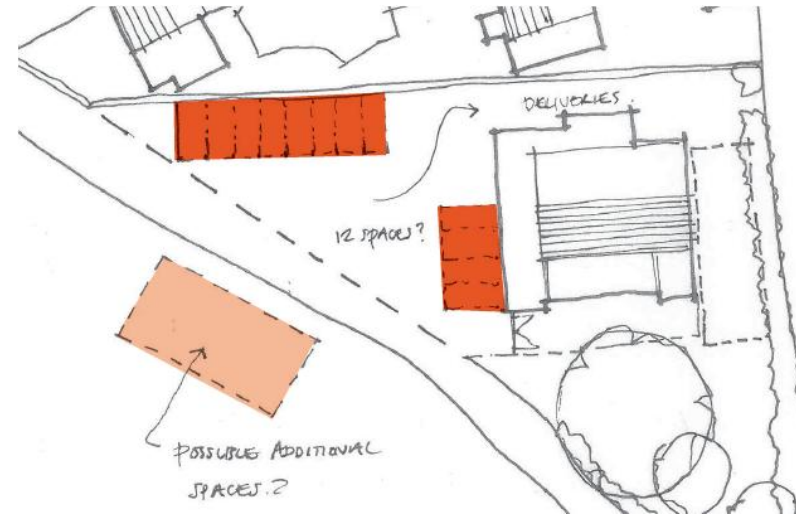


Figure 4: Parking spaces



Figure 5: View from the shop

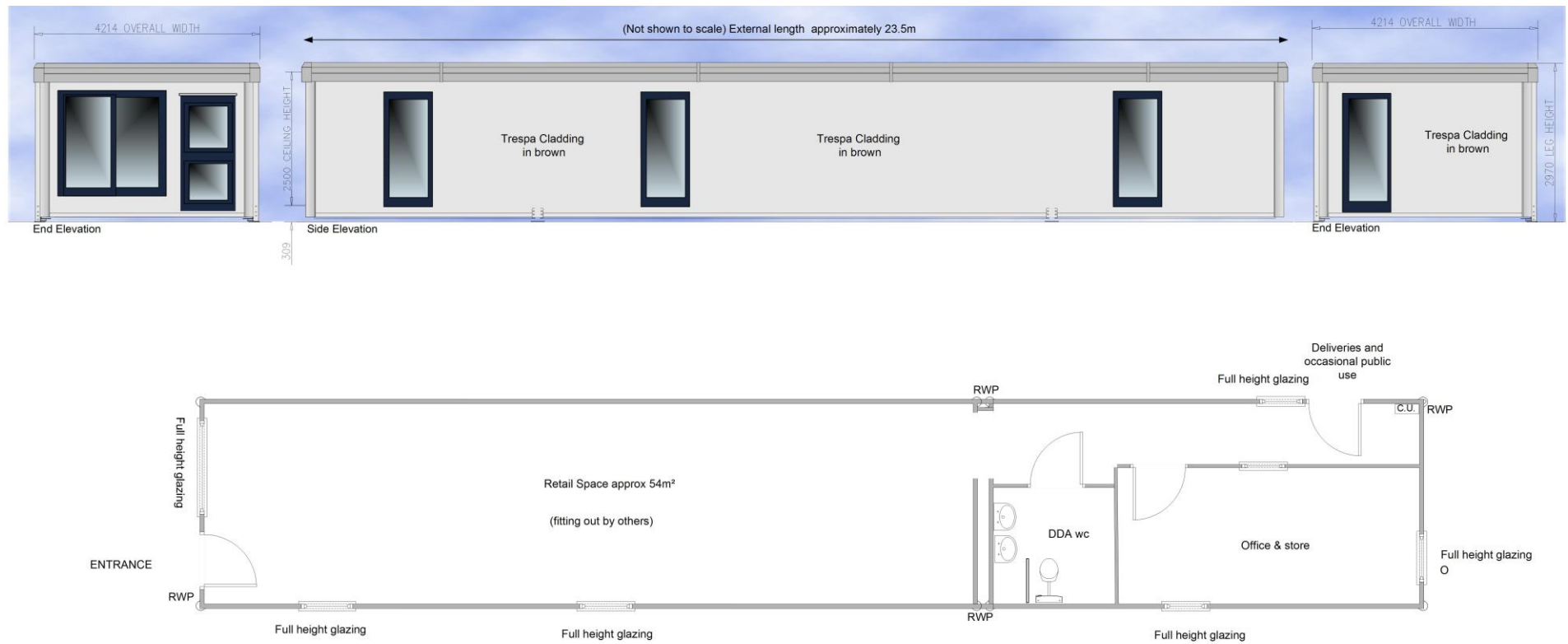


Figure 6 – Building Elevation and Plan



Figure 7 – Exterior style of similar specification building – Note exterior finish