

THE
DREWE ARMS
COMMUNITY PUB



Business Plan

*Building an exciting and sustainable
future for the Drewe Arms*

The Drewe Arms Community Pub

The Drewsteignton Community Society Limited (DCS) has a clear objective: to carry on any business for the benefit of the community by working with other public, private and voluntary bodies to conserve, protect and improve the Drewe Arms in Drewsteignton through its ownership and operation by the Society and to develop initiatives aimed at making the Drewe Arms an accessible, inclusive, sustainable and creative heritage venue for those who live in, work in or visit Drewsteignton and the surrounding area. (Described as the 'objects' in the governing constitution)

This plan outlines four key aspects:

- 1) **Viability and Worthiness:** The plan highlights the potential of The Drewe Arms to serve as a valuable asset to the community, contributing to its social, cultural, and economic well-being.
- 2) **Fundraising Strategy:** The plan details the ways of raising the necessary funds to purchase and reopen the pub. It includes community shares, grants, and loans, ensuring a diverse and sustainable funding base.
- 3) **Successful Operation as a Community Hub:** The plan outlines how the pub will be operated as a community hub, detailing the range of benefits it will offer to the community. This includes events, activities, and services that cater to diverse interests and needs.
- 4) **Assurances for Potential Partners and Investors:** This section provides the necessary information and assurances for individuals or organisations considering partnering or investing in DCS. It aims to instil confidence in shareholders, grant providers, and lenders by demonstrating a well-thought-out business plan, financial projections, and a clear vision for the future.

By addressing these key points, the document aims to present a compelling case for the viability and potential success of the Drewsteignton Community Society Limited, encouraging support and collaboration from various stakeholders.

Table of Contents

1. An exciting and viable opportunity	5
1.1 Context	5
1.2 Our community is behind a community pub...	5
1.3 The Drewe Arms is well known...	5
1.4 The Drewe's Arms has been tied...	6
1.5. The Drewe Arms can be successful...	6
1.6 Securing the funding is possible...	6
2. Our constitution and purpose	7
2.1 Context	7
2.2 The stated aim of DCS	7
2.3 Our working purpose	7
2.4 Our guiding principles	8
2.5 How we will be organised?	8
3. Meet the team.	9
4. The Roadmap	11
5. The Pub and Community propositions	12
5.1 The various business strands	12
5.2 The 'Core' pub propositions	12
5.3 Community+	13
6. Management	15
6.1 Recruitment and retention	15
6.2 Management	15
7. Marketing	16
8. Financial Projections	17
8.1 Methodology	17
8.2 Sales	17
8.3 Gross Margin	18
8.4 Overhead Costs	18
8.5 Capital Costs	19
8.6 Funding	19
8.7 Profit & Loss Projections	20
8.8 Balance Sheet	21

9. Fundraising	22
9.1 The community share offer	22
9.2 Grants	22
9.3 Loans	22
10. ANNEXES	23
ANNEX 1: The Core 'Pub' Proposition	23
ANNEX 2: The Community+ Proposition	23
ANNEX 3: The Community Share Prospectus	23
ANNEX 4: The History of the Drewe	23
ANNEX 5: Sensitivity Analysis	23

1. An exciting and viable opportunity

...the background to the pub and the formation of a group to help the community plan to bring the pub under their ownership and then to manage the pub as an exciting and viable proposition.

The Drewe Arms is recognised as valuable in terms of heritage and for its role in and for our community but has also demonstrated that it can be a commercially successful business.

There is a 'once in a lifetime' opportunity to own and operate the pub as a community-run asset that will unlock further exciting opportunities and benefits for our community.

Securing sufficient money to buy and open the pub is a realistic aim.

1.1 Context

We have an exciting, once in a lifetime opportunity!

The Drewe Arms is in the picturesque village of Drewsteignton, nestled on the north-eastern edge of Dartmoor National Park and around fifteen miles west of Exeter.

The current owners, Stonegate, closed the pub and put it up for sale in the autumn of 2022. This closure coincided with the shutdown of the village shop and post office, leaving both locals and visitors aware of a void in the heart of the village.

In early 2023, a group of dedicated locals formed to explore possibilities for reopening the pub. Despite the challenges the hospitality sector has faced, including the impacts of Covid and rising living costs, they believe it is the opportune moment to take on the pub as a community-run venture. By embracing community ownership, they aim to restore the pub's vitality and ensure it becomes an essential part of village life.

1.2 Our community is behind a community pub...

There is strong support for community ownership of the pub.

Feedback from our community consultation conducted in March 2023 returned very strong **support to keep the pub open, 96%** and to do so **under community ownership, 89%**. The survey had 321 responses representing more than 465 people.

1.3 The Drewe Arms is well known...

The pub is very well known and a destination of choice.

The Drewe Arms holds a legendary status among historic rural pubs in the UK. It was managed by Mabel Mudge (Auntie) for an impressive 75 years until her retirement in October 1994 at the age of 99, making her England's oldest licensee.

This classic village pub has a rich history dating back to the 17th century, with records suggesting the presence of a public house on the site even in the 16th century. The building underwent modernisation in the late 19th century and acquired its current name, the Drewe Arms, in the 1920s after being initially known as the "New Inn" and later the "Druid Arms." Notably, it received Grade II* status on February 22, 1967, and is listed on the Campaign for Real Ale's National Inventory of Historic Pub Interiors. The pub features an original tap room where beer is served directly from the barrel, rather than a traditional bar setup.

The Drewe Arms Community Pub

Situated on the "Two Moors Way," the Drewe Arms serves as a gateway to the scenic Teign Valley and the open moorland beyond. Its location makes it a popular resting spot for weary walkers, cyclists, and visitors exploring the area's natural beauty.

1.4 The Drewe's Arms has been tied...

To be successful, the model must change.

After Mrs Mudge's retirement the villagers ran the pub as a trust for nearly a year under an agreement with the then owners, Whitbread. Whitbread, however, installed tenants in 1996.

Subsequently the situation with the pub has, at times, been challenging for the community. The focus on maximising income and profits, along with the constraints of the building, resulted in short-term tenants, disengaged owners, high prices, and a neglected building. This pattern can often be seen when individual investors or owners prioritise financial returns over the long-term well-being of the community and the establishment.

1.5. The Drewe Arms can be successful...

The longer-term outlook is profitable and highly beneficial for the community.

According to our financial modelling, the pub has the potential to be profitable. We believe that transitioning from corporate ownership to community ownership can unlock its success. We have the imagination, commitment, and support needed to make it thrive. Community ownership brings two significant advantages: the ability to welcome skills and labour of local volunteers, and to raise lower-cost financing from community shares. These advantages set us apart from purely profit-driven businesses.

Additionally, we aim to partner with others and secure grants to further support our initiatives. Overall, we are confident in our ability to buy and successfully operate the pub, where previous commercial tenants have faced challenges.

1.6 Securing the funding is possible...

We believe we have a highly attractive proposition for shareholders, grantors and lenders.

It's encouraging to see an increasing number of pubs transitioning to community ownership, with over 150 across the country and a significant presence in Devon. These community-owned ventures have demonstrated resilience in navigating challenges such as the Covid pandemic and economic uncertainties.

We are confident that the community will recognise the value of owning a share in this historic and vibrant enterprise and will show strong support.

Additionally, we aim to make the proposition even more appealing to tax-paying community investors by offering tax relief. Given the significance of the Drewe Arms and its potential for wider community and public benefit, we believe our propositions will be attractive to grantors as well.

Now is the time for a bold vision and collective action to make it a reality.

2. Our constitution and purpose

..... *how we are constituted, our purpose, guiding principles and management.*

Key Points

We have chosen a proven ownership model for community-run pubs – a community benefit society (CBS).

The Drewsteignton Benefit Society (DBS), trading as The Drewe Arms Community Pub (DACP) will be managed by the community, for the community with an operations director and landlord appointed to run the day-to-day business.

A clear statement of purpose and principles will guide the management committee.

An experienced team drawn from across our community will endeavour to deliver on this purpose.

2.1 Context

With the support from the Plunkett Foundation, their advisors and some initial financial input from Steering Group members, a formal application was made and accepted by the Financial Conduct Authority (FCA) to establish a Community Benefit Society.

More on Plunkett can be found here: <https://plunkett.co.uk/>

A Community Benefit Society (CBS) is an organisation conducting an industry, business or trade for the benefit of the community. It is a corporate body registered under the Co-operative and Community Benefit Societies Act 2014 and authorised by the FCA. It is registered as a Limited Company and although it will appear on the register at Companies House, the FCA manages annual returns and accounts.

More on CBS and what that means can be found here: [Plunkett guide to legal structures](#)

2.2 The stated aim of DCS

To carry on any business for the benefit of the community by working with other public, private and voluntary bodies to conserve, protect and improve the Drewe Arms in Drewsteignton through its ownership and operation by the Society and to develop initiatives aimed at making the Drewe Arms an accessible, inclusive, sustainable and creative heritage venue for those who live in, work in or visit Drewsteignton and the surrounding area. (Described as the 'objects' in the governing constitution)

2.3 Our working purpose

The purpose of our venture is to sustainably preserve the pub as an important social hub and successful business in and for our community.

Sustainability is a core element of our project. We will actively seek sustainably sourced products, minimise waste and seek energy efficient technology within the constraints of a grade 2* listed building.

Preserve is about securing the pub as a unique and an important part of our heritage. Preserving means keeping the pub authentic and protecting its exceptional originality.

To achieve this, we will ensure community ownership for the long term and have a viable operating model for success.

Social hub refers to how the pub can be more than a welcoming place to meet neighbours, friends and visitors whilst enjoying good drink and food. The pub is perfectly situated, and the site has exciting potential to become a vibrant base for much wider community and visitor activity and benefit (as described later).

2.4 Our guiding principles

The guiding principles for the steering group of DCS/DACP prioritise inclusivity, empowerment, connection, value, and sustainability.

2.5 How we will be organised?

DCS, the Drewsteignton Community Society, is an independent entity with no ownership ties to other companies. DCS will own the freehold of the Drewe Arms and intends to retain full control of the site.

Half of the current Management Group will resign at the first full shareholders' meeting, but they are eligible for re-election along with other interested individuals. The current Management Group of DCS has a diverse range of skills and backgrounds, and their biographies can be found in the "Meet the Team" section.

The Management Group of DCS operates on a voluntary basis and will not receive any salary or remuneration. They will oversee the employed management, including the Operations Director and Landlord, who report to them. The Management Group's role is to set the strategic direction and an operational plan for the Drewe Arms Community Pub. The Operations Director and Landlord, supported by the Pub Team, are responsible for implementing the plan. The Management Group will hold the Operations Director accountable, requesting progress reports and discussing important matters. The Operations Director and Landlord will have autonomy in day-to-day decision-making within their delegated authority, including spending commitments.

The Management Group of DCS play a crucial role in engaging members effectively by simplifying understanding, encouraging participation, and promoting attendance. They should provide clear and simplified information about the rules, rights, and member involvement opportunities. By fulfilling these responsibilities, they enhance member engagement and promote a community-driven approach.

3. Meet the team.

The brief biographies of the current Management Group highlight the wide range of skills and experiences they possess. This diversity equips the group with the necessary capabilities to effectively achieve their purpose. With a depth and breadth of expertise, they are well-positioned to navigate the challenges and opportunities that arise in their endeavour. By leveraging their collective skills and experiences, the steering group is confident in their ability to successfully deliver on their goals and bring about the desired outcomes for the community. All are local residents.

Toby Rubbra, Chair and Director DCSL



Toby moved to Drewsteignton 30 years ago drawn by the pub, and the amazing community. He is passionate about getting the Drewe open again and brings to the project 30 years of business consultancy experience. He has also served on the Parish Council.

Ian Pickford – Society Secretary and Director DCSL



A career in logistics culminated in a management buy-out and subsequent successful sale. He then turned to troubleshooting struggling businesses including working as a turnaround chief executive for a national college for the blind, a hospice and part of the YMCA.

Jane Martin – Fundraising and Director DCSL



Jane recently retired from Exeter College where she worked for over 20 years. She has held senior roles in education (lecturer in English language, team leader, principal examiner, Hamilton editor) and financial business management experience.

Glyn Martin – Partnerships and Director DCSL



In 1984, Glyn established and still runs a successful art publishing business. He also self-built a RIBA double award-winning house (Sustainability and Arnold Sayers Award). He renovated the family's listed farmhouse and has an organic farm.

Liz Wiseman, Community Propositions



Liz has spent most of her career in the world of education, latterly as the Headteacher of the local primary school in Chagford for seven years. Liz is focussing on the wide role the pub can play as a community-based hub.

Gary Read, Community Propositions



Gary has lived in the area for 37 years. Having had a long and very successful career in education – including head teacher roles in four different schools – he has now set himself up as qualified chimney sweep.

Steve Wiseman, Buildings



Steve is a chartered surveyor and a company director with 30 years' experience in the construction industry. He specialises in the care and repair of historic buildings and is keen to use these skills to help get the 'Drewe' back in good condition and open to all.

Helen Chaloner – Fundraising



Helen works in the charitable sector and brings extensive grant fundraising knowledge to the project. Having led two national charities with portfolios of listed properties, she also knows a few things about animating beautiful old buildings.

Tim Stone, Community Propositions



Shortly after moving to the village in 2021 Tim witnessed the closing of both the post office and the pub. He shares the same drive to get the pub open again and brings to the project some exceptional operational and logistics experience with a major UK company.

Imogen Clements - Marketing



Journalist and marketing advisor, founder of Manor magazine. She is business strategy lecturer with vast experience as a senior strategist in prominent global and UK corporations, spanning various industries like the public sector, FMCG, automotive, and telecommunications.

Peter Clements - Marketing



Peter runs an Exeter based communications agency, specialising in graphic design and films. Much of his work is in the not-for-profit sector and includes the BBC, National Trust and NHS.

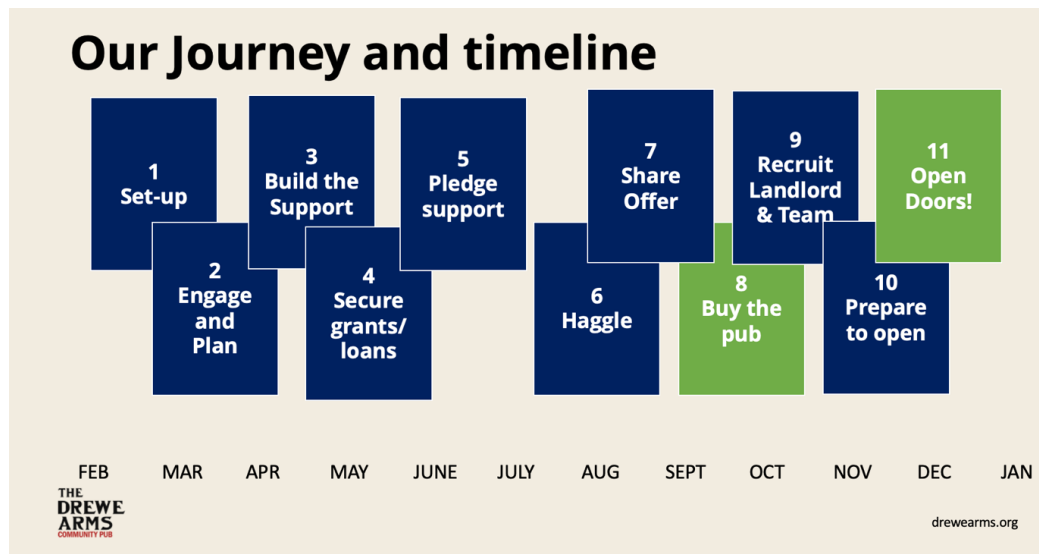
Guy Arnold – Specialist advisor



Guy has 30 years' experience in the pub and leisure business turning around over 40 pubs. He built a nationwide pub brand developing award winning pubs and has been an operations director for the largest PubCo in the UK. Guy has written 4 books on customer loyalty and reputation systems.

4. The Roadmap

.....the main stages, and key activities within them.



Stages 1 to 3: Establishing and Connecting: During this stage, the focus is on creating awareness, building support, and establishing the necessary infrastructure for the organisation. The key activities involve consulting with the community, forming a steering group, and addressing administrative tasks. Success is marked by gaining a supportive following and forming partnerships with organisations aligned with the Society's purpose.

Stages 4,5,7: Fundraising: In this stage, the primary objective is to raise funds for purchasing and preparing the pub for reopening. We will launch a community share offer through Crowdfunder, We will make applications for grants. Success is achieved by reaching the target fundraising goal.

Stage 6: Negotiation: agreeing a price and timescale for purchase of The Drewe Arms with the owners, Stonegate.

Stage 8 onwards Re-Opening: Once the necessary funds and purchase are secured, the focus shifts to reopening the pub in stages. This involves opening for drinks, launching a food offer, hosting events, introducing a community offer, and implementing a benefit program. Key activities include staff appointments, repairs, and restocking. Success is achieved when the pub reopens, attracting customers and creating a vibrant atmosphere.

The Future - Building Value: The future phase focuses on enhancing the pub's value as a sustainable community establishment. Activities involve major refurbishments, developing the food menu, organising events, and continuously reviewing operations based on customer feedback. Success is achieved when the pub becomes profitable, sustainable, an employer of choice, and a valuable asset for the community.

Maintaining Success: This stage focuses on consolidating success and considering reinvestment options. Areas for potential reinvestment include optimising bunk rooms, improving the garden area, and developing the community kitchen. Success means preserving the pub's heritage, benefiting the community, and ensuring its long-term viability.

5. The Pub and Community propositions

.....the operating model for how we envisage the pub and community propositions being run.

The brand of **The Drewe** is simply being what it is - different and authentic:

A building that speaks its history and social heritage

The food & drink people have always wanted: simple, delicious, affordable and sustainable

A brilliant venue to celebrate and entertain: unique, original, characterful, vibrant

An amazing team: friendly, helpful, supported and rewarded.

Through these elements it will become a destination of choice

Whilst the pub itself is of course core to the operation, the function room, The Long Room, is a great asset and will be used to its full capacity. It is also the heart of what we are calling our Community+ offer.

The garden also has real potential for special events and development into a pleasing yet functional space.

5.1 The various business strands

For the purposes of this business plan, we separate the business into what we are calling the 'core' pub proposition (our main revenue generating activities) and our Community+ activities that aim to add wider community value.

5.2 The 'Core' pub propositions

The 'core' pub offering will be refined further with our operations director and landlord, following discussion with interested parties and negotiations with local suppliers. It is important however that these offerings fall in line with our principles particularly our ambition to maintain practical sustainability at the heart of everything we do. Further detail of these plans is within **Annex 1 – The 'Core' Pub Proposition**. In overview:

Drinks served from Dorothy's Cellar, will be locally produced and sustainable with few or no bottled products. Wine will be served from Poly-casks/ carafes giving a 70% carbon footprint saving. Sustainable products will be headlined under Dorothy's Cellar branding.

Food from Mabel's kitchen. Food is a critical part of the plan to put the Drewe clearly on the map as a destination venue. Having a great kitchen is therefore a priority. Whilst our initial focus is doing enough repair and refurbishment work to be able to get the pub open, one of our developmental priorities would be to explore relocation of the existing kitchen. A possible solution is to create a 'open kitchen' and sitting space in, rather fittingly, Mabel's kitchen, and turn over the existing kitchen to cosy 'snugs' for dining/drinking.

As far as the offer itself, the focus is 'keep it simple, do it very well', so we would start with a limited menu, with selected items available to takeaway, supplemented by **special nights/ pub offers**, starting simple and building as the pub get on the map as a destination venue.

What we are very clear on is that from the get-go, having a **café menu** is very important. Note that this is an area we would again aim to start fairly simple and get better and better as the trade grows. We see this is a very lucrative and popular trade opportunity that most pubs do badly – so lots of opportunity here!

We are proposing **Long Room events** throughout the month that utilises this amazing asset for regular revenue generating entertainment events such as bands, cabaret and film showings and hosting celebrations such as big birthday parties or weddings (the latter being an area that we can work on in partnership with the Church and other local businesses). Given the importance of using, this space as effectively as we can, we anticipate the need for a dedicated job in marketing and organising this side of our proposition.

Our pub **accommodation** will be used to attract the very best landlord and staff as part of their employment terms. However, we do see having clean, fresh, basic accommodation as an important part of the overall proposition. Initially, the existing bunk rooms can be relatively easily given a make-over to provide walkers and visitors with a place to stay and make use of the cellar and kitchen.

Mabel's Larder. In time, we see additional income being generated by a retail offer (especially given the retail vacuum in the village resulting from the closure of the village shop). Fresh produce and products used or made by the kitchen and from the cellar will be for sale.

5.3 Community+

The following sets out how we are proposing to utilise the pub and site to generate wider community value at a discretionary or subsidised price. We have called this our Community+ proposition. It is made up of three main 'themes' that encapsulate the range of ideas gathered from the steering group's initial planning and feedback from the community engagement questionnaire.

In a similar vein to aspects of our core proposition, these are likely to be phased in. We also envisage that they are established and delivered in collaboration with local people in our strong support team. Further detail of these plans is within **Annex 2 – Community+**

The Community Kitchen. Mabel's Kitchen is not only key to our core pub proposition, but we also see The Community Kitchen as being a valuable 'beating heart' of the wider community; a means to build networks within the community, supporting those in need, and creating a sense of agency and belonging. More specifically the ideas here are about community outreach with **meal deliveries** for vulnerable/elderly members of the community, Monthly '**community lunches**' '**key date feasts**' such as Burns Night and Harvest Festival and '**cook and eat**' sessions. In addition, we see exciting opportunities to engage with established and emerging local food/growing enterprises and combine food provision with **skills development** in its preparation and cooking.

Living and working well. Our community ownership of the pub will create exciting opportunities to improve social and wellbeing outcomes, both within the community and further afield. We believe our 'open door' approach to homeworkers or elderly

and facilitation of wellbeing classes can have a positive impact on physical and mental health, reducing loneliness and social isolation.

Extended Hub. We have identified a range of crucial social functions where the pub can act as a 'hub' for the local community, visitors and partner organisations all with a theme around **connection**.

As a community enterprise we can offer the Drewe Arms as a wonderful location for groups, organisations, and programmes. A place to connect people through anything from 'games' events such as community bingo or quiz night to, more ambitiously, exhibitions.

Connection is also potentially providing or accessing Post Office services and a place for parcel drop off / collection. Acting as a 'Gateway' to connect people to the beautiful Teign Valley, Two Moors way and Dartmoor beyond. Partnering with Heritage Organisations, DNP and NT to inform, educate and excite visitors and locals alike to engage with the rich history and nature around us. It is also about connecting and partnering with local businesses where there are opportunities for building mutual benefit.

6. Management

..... *how we envisage the pub being run on a day-to-day basis.*

6.1 Recruitment and retention

Our intention is to appoint the very best landlord and team.

The aim is to attract and retain exceptional staff, including ideally, a management couple, by offering the unique opportunity to become landlords of a historic community pub, complemented by appealing living accommodation.

The goal is to seek individuals who are genuinely passionate about the proposition and foster a sense of teamwork. By sharing profits and providing vibrant incentives, there is a sincere commitment to acknowledge and reward the valuable contributions of the team.

6.2 Management

The Operational Board, consisting of a Chair, Society Secretary, Sustainability, Operations, and Community+, will meet regularly to oversee the pub's operations. These board positions may require remuneration/expenses. The board will delegate operational tasks to two key roles:

1. Operations Director: This paid individual will ensure the pub team's continuity and performance. Their responsibilities include:
 - Advising and supporting the board in the recruitment of staff.
 - Being accountable for adherence to the operational plan and achieving all standards.
 - Owning and updating the operational plan.
 - Conducting weekly meetings with the Landlord to review performance.
 - Negotiating with suppliers.
2. Landlord: The landlord/ management couple are the key positions. They are responsible for managing the day-to-day operations including:
 - Personally acting as chef/cook in Mabel's Kitchen.
 - Employing the team.
 - Personally, being accountable for the smooth running of daily operations.
 - Proactively working with the Board to develop the offering of the Drewe Arms.
 - Effectively keeping the Board & Operations Director apprised on the performance of the organisation.

7. Marketing

..... once we have ownership of the pub, we will promote the Drewe Arms as a vibrant, welcoming destination of choice.

To create a vibrant and enticing atmosphere that matches the pub's unique appearance, the following ideas and initiatives have been proposed:

- 'Dartmoor Special Pubs' Trail: Establish a trail that highlights the pub's distinctiveness and encourages visitors to explore other special pubs in the area.
- Beer and Cider Festivals: Host regular festivals showcasing a diverse selection of beers and ciders, attracting enthusiasts and creating a lively atmosphere.
- Annual Charity Auction: Organise a yearly auction to support local charities, engaging the community and promoting a sense of giving.
- Local Involvement: Collaborate with local people and businesses to offer services and events at the pub, such as a weekly gentlemen's haircutting event, fostering community engagement.
- 'Drewe Crew' Club: Create an exclusive club open only to residents of Drewsteignton, Moretonhampstead, and the Upper Teign Valley. Membership benefits may include priority event booking, discounts on drinks, special dining offers, and exclusive merchandise.
- Unusual Events: Host unique events like 'Fair in the Square,' collaborate with neighbouring establishments such as Castle Drogo and Fingle Bridge Inn, and organise seasonal celebrations like May Queen and Midsummer mayhem fun runs.
- Volunteer-led Community Events: Encourage volunteers from the community to organise and run events, further reinforcing the pub's community-centric approach.
- Active Social Media Presence: Maintain an updated and engaging profile on Facebook, showcasing upcoming events, promotions, and capturing the pub's vibrant atmosphere.
- Attention to Appearance: Pay careful attention to the front of the pub, ensuring it is visually captivating and serves as an attractive backdrop for visitors' photos. Extend this focus on appearance to the back garden when time and resources allow.

Implementing these ideas and initiatives will help generate buzz, attract visitors, and establish The Drewe Arms as a go-to destination in the area.

8. Financial Projections

8.1 Methodology

To develop a financial plan for an organisation that is not currently operational needed input from other sources. We have reviewed the business plans of several other community pubs, analysed profit and loss results from a community pub, and consulted with three experienced landlords, including a former landlord of the Drewe Arms.

By drawing on this collective knowledge and experience, we aimed to leverage past success while incorporating our own vision for the Drewe Arms as a future community hub. This comprehensive approach ensures that the financial plan is well-informed and aligned with both existing expertise and our aspirations for the pub's future.

8.2 Sales

Projections have been made for each of the business areas over a five-year period.

Dorothy's Cellar (drinks): A gradual increase in drink sales as the community pub becomes a key destination.

Mabel's Kitchen (food): Year 1 of food sales will be restricted as we set up the kitchen to be called **Mabel's Kitchen**, and further develop the menu. Thereafter good growth will be enjoyed.

Accommodation: This is not expected to become a major source of income. However, management believe the offering of affordable accommodation is an integral part of our offering to those visiting the Dartmoor National Park and walking the Two moors Way.

Year 1 will start slowly but Year 2 will see the benefit of Two Moors Way promotions and improvements in the fabric of the accommodation.

Celebrations & Weddings: This income stream will take time to develop. Our landlord will be recruited with development of the organisation in mind. He will have the skills and ability to drive this revenue forward.

No events are forecast for the first year; 2 per month for the 5 peak months of May to September in Year 2 with an additional 3 in year 3; and an additional 6 in years 4/5.

Long Room Events: There will a mix of one off and regular events outlined in the Core Pub Proposition Annex 1.

Café: It is thought that there is great scope to successfully develop a café.

Mabel's Larder: This offering is expected to grow in line with the reputation of the community pub. Modest growth of 12% is forecast.

Community+ programme: A flat projection is envisaged as management understand the demand and income potential (sales and grant) for the community kitchen.

8.3 Gross Margin

Realistic but stretching gross margins have been projected. These are in line with best practice within the hospitality industry. We have separately accounted for the staff associated with Mabel's Kitchen & Dorothy's Cellar. The remaining income streams staffing costs have been accounted for through a reduction in their gross margin i.e. assuming additional staffing costs are within direct costs.

Dorothy's Cellar (drinks) 70% gross margin achieved through arrangements direct with local brewers.

Mabel's Kitchen (food) 70% gross margin - Strict stock management and menu design should enable this.

Accommodation 80% gross margin. There are few additional costs - mainly food/ linen/ consumables.

Note: Core Pub direct staff costs are separately accounted for and not included within the gross margin calculation.

Celebrations & Weddings 30% gross margin. Parties will vary in their mix of products used and there will be additional staff costs. A realistic margin of 30% has been forecast.

Long Room Events 50% gross margin. The C+ working group predicted higher margins however the mix of different 'streams' cannot be predicted and so a highly cautious approach was taken in the financial modelling.

Café 40% gross margin reflecting the additional staff time/ additional staff. The café is seen as a natural addition to Mabel's kitchen and so efficiencies should be possible.

Mabel's Larder A modest gross margin of 20% predicted. This is more of a community service than a generator of funds

Community+ Community+ is not intended to make a profit, however, will be an essential part of our community offering. We have assumed this area will be cost neutral.

Note: Other than the core pub products, direct staff costs are charged as a direct cost, hence reducing gross margins.

8.4 Overhead Costs

Overhead Costs are known actuals from when the pub was trading or realistic industry standards.

Some notable overhead lines are:

- Rates: the pub does not pay rates due to its rateable value.
- Electricity: a significant increase has been forecast on the known actuals when the Drewe was last open.
- The transactional card fees are estimated to be 1.1% on 85% of sales.
- Insurance: increased significantly due to insurers reluctance to take on additional thatched properties.
- Depreciation at 18% pA for fixtures & fittings and 2% on the building which is assumed to have a 60% land to buildings ratio.

8.5 Capital Costs

A ten-year capital plan has been created totalling £715k including the cost of purchasing the pub. Some £193k of this expenditure will be part of separate projects intended to be funded by grant funding. This business plan does not include future grant funding or the related expenditure. The first 5 year's capital expenditure includes:

- Prior to and immediately after purchase, the relevant fees, surveys, legal fees and cost of the premises have been totalled to a cost of purchase. The costs of a share offer video have also been included.
- Year 1 capex particularly includes various equipment to bring Mabel's Kitchen and Dorothy's Cellar back to life.
- The community was very vocal prior to closure about the lack of a fire (indeed the lack of heating of any nature). Repairs will be made to the chimneys (£4k) and a further sum for external joinery repairs (£4k).
- External redecoration has been included (£4.5k)
- Various work is required to the boiler and other m & e systems (£13.5k). In Year 5 it is anticipated that that grant funding will be secured to replace the boiler with a biomass boiler (£20k) funding will be sought as soon as possible.
- Year 3 includes a provisional sum to refurbish the outside bunk room building (£50k) which will be part of a separate grant funded project.
- £7k has been allocated to expenditure to prepare for special events and community+
- Clearly with cash forecast to be healthy we will consider bringing forward capital projects.

8.6 Funding

By the very nature of projects such as this, it is difficult to quantify the extent of investor confidence. Our informal soundings indicate that there is tremendous support for the reopening of the Drewe as a community pub and hub. The pledge campaign provided further confirmation of the community's appetite to invest with pledges exceeding £340k. This campaign took place before the SEIS/EIS tax relief was agreed and prior to securing an agreement with Stonegate for the purchase of the pub. Both these factors will generate additional interest and investment.

The financial plan is based on the following funding:

- Community Shares £600k Nov-2023
- Grant funding On a project by project basis
- Interest paid to shareholders not receiving SEIS of 2% in year 3 and 3% thereafter.

Further information on grant funding is in section 9 and on the community share offer is in Annex 3 - The Community Share Prospectus

We are required to show a minimum, target and maximum funding model.

Annex 5 - Sensitivity Analysis shows community share funding at **minimum** level of £450k, **target** community share funding of £600k. In the former case commercial loans make up the balance of immediate funding needs. In the event of the **maximum** share funding a new funding model will be produced where the full advantage of the additional funds will be exploited.

8.7 Profit & Loss Projections

Drewe Arms CP P & L	Year 1	Year 2	Year 3	Year 4	Year 5
SALES					
Mabel's Kitchen (Food)	£144,000	£158,400	£174,240	£191,664	£210,830
Dorothy's Cellar (Drinks)	£86,700	£108,375	£124,631	£143,326	£164,825
Accommodation	£12,000	£14,400	£15,840	£17,424	£19,166
Celebrations & Weddings	£0	£96,000	£124,800	£156,000	£156,000
Long Room Events	£10,800	£13,500	£16,875	£21,094	£21,094
Café Menu	£9,600	£13,440	£18,816	£26,342	£36,879
Mabel's Larder	£9,600	£10,752	£12,042	£13,487	£15,106
Community+	£6,000	£6,000	£6,000	£6,000	£6,000
Total Sales	£278,700	£420,867	£493,244	£575,337	£629,901
Direct Costs					
Mabel's Kitchen (Food)	£43,200	£47,520	£52,272	£57,499	£63,249
Dorothy's Cellar (Drinks)	£26,010	£32,513	£37,389	£42,998	£49,447
Accommodation	£2,400	£2,880	£3,168	£3,485	£3,833
Celebrations & Weddings	£0	£67,200	£87,360	£109,200	£109,200
Long Room Events	£5,400	£6,750	£8,438	£10,547	£10,547
Café Menu	£5,760	£8,064	£11,290	£15,805	£22,128
Mabel's Larder	£7,680	£8,602	£9,634	£10,790	£12,085
Community+	£6,000	£6,000	£6,000	£6,000	£6,000
TOTAL Direct Costs	£96,450	£179,528	£215,550	£256,324	£276,489
GROSS PROFIT	£182,250	£241,339	£277,694	£319,013	£353,412
	65%	57%	56%	55%	56%
OVERHEADS					
Fixed Staff Costs	£138,045	£142,030	£148,604	£155,507	£162,755
	50%	34%	30%	27%	26%
Other Overheads	£58,855	£68,216	£68,985	£69,857	£70,437
<i>Other Overheads as % of revenue</i>	21%	16%	14%	12%	11%
TOTAL OVERHEADS	£196,900	£210,245	£217,589	£225,364	£233,192
EBITDA	(£14,650)	£31,094	£60,106	£93,649	£120,219
<i>EBITDA as % of revenue</i>	-5%	7%	12%	16%	19%
Interest paid on C'ty Shares	£	-	£ 7,000	£ 10,500	£ 10,500
			2%	3%	3%
Commercial Loan Interest	£0	£0	£0	£0	£0
EBITDA less Interest	(£14,650)	£31,094	£53,106	£83,149	£109,719
EBITDA less Interest	(£14,650)	£31,094	£53,106	£83,149	£109,719
Depreciation	(£16,130)	(£16,760)	(£17,345)	(£18,083)	(£18,488)
ANNUAL NET PROFIT	(£30,780)	£14,334	£35,761	£65,066	£91,231
Deferred Tax					
Corporation Tax	£0	£0	£0	(£13,632)	(£34,051)
ANNUAL NET PROFIT AFTER T.	(£30,780)	£14,334	£35,761	£51,434	£57,180
Accumulated Net Profit	(£30,780)	(£16,446)	£19,314	£70,748	£127,928

The Drewe Arms Community Pub

8.8 Balance Sheet

Drewe Arms CP BS	Opening	Year 1	Year 2	Year 3	Year 4	Year 5
TOTAL FIXED ASSETS	£439,000	£492,970	£479,710	£465,615	£451,632	£435,394
TOTAL CURRENT ASSETS	£161,000	£101,804	£112,553	£166,851	£248,162	£344,565
TOTAL CREDITORS DUE <1 YEAR	£0	£25,554	£8,709	£13,152	£29,046	£52,031
NET CURRENT ASSETS	£161,000	£76,250	£103,844	£153,699	£219,116	£292,534
CREDITORS DUE AFTER ONE YEAR						
Commercial Loan	£0	£0	£0	£0	£0	£0
TOTAL NET ASSETS	£600,000	£569,220	£583,554	£619,314	£670,748	£727,928
CAPITAL AND RESERVES						
Capital						
Grants	£0	£0	£0	£0	£0	£0
Community Shares	£600,000	£600,000	£600,000	£600,000	£600,000	£600,000
Shareholder Loans	£0	£0	£0	£0	£0	£0
Retained Earnings	£0	(£30,780)	(£16,446)	£19,314	£70,748	£127,928
TOTAL CAPITAL AND RESERVES	£600,000	£569,220	£583,554	£619,314	£670,748	£727,928

8.9 Cash Flow

CASHFLOW					
Opening Bank	£68,400	£94,804	£105,553	£159,851	£241,163
Vat Refund on Acquisition	£85,600				
Net Vat Held / Movement	£9,778	(£1,068)	£4,443	£2,262	£2,565
Plant & Equipment Purchases	(£70,100)	(£3,500)	(£3,250)	(£4,100)	(£2,250)
Trade Creditor Movement	£15,776	(£15,776)			
Corporation Tax	£0	£0	£0		£13,632
Cash Flow	£26,404	£10,749	£54,298	£81,311	£96,403
Closing Bank	£94,804	£105,553	£159,851	£241,163	£337,565

9. Fundraising

A carefully orchestrated fundraising campaign was made up of:

- A pledge campaign which ascertained the appetite for community investment with pledges above £340k.
- A community share offer
 - Community share public meeting
 - Targeting 'significant shareholders' directly
 - Crowdfunder campaign
- Grant applications
- Commercial loans (only if needed)

9.1 The community share offer

The reader is encouraged to look at the share prospectus for further information on the community share campaign. This is available as Annex 3.

9.2 Grants

Available grants were researched, and we selected those whose core aims best coincide with our own. Except for some seed funding, grant receipts have **not** been included in our financial model. They will be accounted for on a project-by-project basis.

As the Drewe Arms is a grade 2* listed building, we are applying to the **National Lottery Heritage Fund**. A meeting is being arranged at The Drewe with a regional representative.

The **Architectural Heritage Fund** is a good match for our project however their funding is a maximum of £10,000 for project development. After a successful expression of interest application (eoi) we have been invited to submit an application for project development to the AHF.

The **Booster Fund** provides seed money for early development of community projects towards making a share offer. Our eoi was successful and our full application has now been awarded seed funding of £4,820.

The **Reach Fund** offers grants for preparation of the community share offer. We have been awarded c£12k.

The **Community Ownership Fund** this is a government fund that offers matched funding up to £250,000. It is highly competitive and favours disadvantaged areas. Our eoi has been accepted and we are working on submitting a full application.

The **Plunkett Foundation** has given us 14 hours of a consultant's time to assist with development of our project. We have applied for more.

9.3 Loans

Our thinking embraces community lenders & commercial lenders as a way of meeting our cash flow commitments should we not reach our target share funding. We intend to make arrangements that allow access to loans and their repayment to reflect the cash requirement in particular to undertake the improvements needed to the pub as we preserve the wonderful historic building and develop our Community+ offerings.

10. ANNEXES

ANNEX 1: The Core 'Pub' Proposition:

ANNEX 2: The Community+ Proposition

ANNEX 3: The Community Share Prospectus

ANNEX 4: The History of the Drewe

ANNEX 5: Sensitivity Analysis