

Candover Valley
COMMUNITY STORE

BUSINESS PLAN

March 2018

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The intention is that this document is “living” therefore new sections will be added during the development of the Community Store and sections/actions concluded and outcomes/decisions recorded in this document. There may also be sections with little information as work has not yet started.

1 Executive summary

An opportunity has arisen to open a community store and post office within Preston Candover. The intention is to create an attractive retail environment in the hub of the community, which will be owned by the community for the benefit of the community.

Community shops are a resilient form of business. Their success rate is 95% compared to the average small business success of 46%. This is because support for a venture in which there is an economic and social interest is higher; volunteer involvement reduces staff costs, there is a favourable tax regime and as member-owned organisations, community shops listen better and respond faster to the needs of their members and the wider community.

The Candover Valley Community Store's committee has been advised extensively by other community stores and from supporting bodies such as the Plunkett Foundation and has compiled this business plan. The committee has identified a location to build after assessing various sites in the Candover Valley. Preston Candover is the favoured location for the store given that it is the largest and most central settlement in the valley and has a thriving primary school as well as pavements and street lighting. Historically it has had a village store and been the commercial hub of the valley. The committee seeks to continue the tradition of enterprise in Preston Candover by siting the store next to the village hall. The site has been granted by the landowners and is preferred by Basingstoke and Deane Borough Council as it would retain "a cluster of amenities".

The committee needs to raise circa £200,000 to cover the capital expenditure to build a new store and start trading. The bulk of this money is intended to be raised from members of the community via donations and a community share issue. The remainder will come from grants and any shortfall may be made up through a small loan. Financial forecasting suggests that the business will have a loss in the first year if business is slow but generate a modest profit thereafter.

Market research following the announcement that Canterton Stores is set to close (taken in December 2013) has determined that residents are keen to preserve their post office and would like a store which responds to their needs. The committee launched a campaign at the end of 2013 to build and consolidate community support for the venture and another in September 2015 to present elevations and plans for scrutiny. The shop will be managed by a paid manager(s) and augmented by volunteers. Around 55 volunteers with a wide range of valuable skills and expertise have since registered their interest in the enterprise.

The store will sell everyday essentials at competitive prices and stock fresh food, specialist goods and support local producers. Following the transfer of the post office licence to the committee, the new store will maintain and where appropriate improve the current range of services offered. The store will sell drinks and light snacks that could be consumed in a small informal community area within the store. This will enhance the social and monetary return further than could be achieved by a standalone shop and post office.

The Candover Valley Community Store Ltd has been registered with the Financial Conduct Authority (FCA) as a registered society under the Co-operative and Communities Benefit Societies Act 2014. The society exists in order to carry on business for the benefit of the community. Assets owned by the society will be used solely for community benefit. Profits generated will be reinvested into the store and any surplus used to benefit the community.

With this new version of the business plan original information has been moved to appendices if superseded with more recent updates in order to keep a record of the activities and intentions of the CVCS committee.

2 The Community Store offering

What can the Community Store provide that would make it a worthwhile enterprise?

- The store will provide a shop, post office, community area and central meeting point in the village that will be open from early morning until the evening on most days of the week.
- The store will stock everyday essentials at a competitive rate and also build up stock tailored to the needs of its wider community. This will range from bread, milk and other fresh produce to ambient goods and household items.
- The store will support local business and the local economy by providing an outlet for local products. It will also become a central ordering point for numerous local services.
- The post office will be located within the store and will provide continuity of service from the current privately owned village shop to the new business model.
- The Community Store will be a registered society which invites the whole community to subscribe for shares at a price that will be as inclusive as possible. Shares will be a “membership ticket”, with voting on a one member one vote basis. Any trade profit will be reinvested for local social or charitable purposes.
- A small community area where people can buy drinks and light snacks will promote the social and community elements of the store’s purpose. It will take advantage of the Candover Valley’s location on a popular country route for drivers and cyclists.
- A “good neighbour” scheme will be introduced to help any elderly or vulnerable residents overcome isolation and fragmentation by encouraging inclusion, connection and integration.
- In addition to recruiting permanent members of staff, the store will deploy an army of volunteers to carry out a wide range of duties for the enterprise. As such the store can offer training opportunities and work experience for members of the local community which could help them enter paid employment afterwards (retail and customer service skills, communication and social skills, experience of a friendly, supportive and hard-working environment, teamwork skills and confidence and support in seeking work).

Community shops have repeatedly succeeded where commercial viability may not be evident as data from the Plunkett Foundation demonstrates.

- The community is usually keener to support a venture in which it has an economic and social interest and in the knowledge that there is no single individual profiting from the venture.
- Staff costs can be reduced by volunteer involvement. (A typical community shop will have around 31 volunteers each working between two and four hours a week).
- Often the ownership or long term lease of premises is covered by funds raised from grant sources or from shares or loans from within the community.

- Community shops can take advantage of rate relief for small rural businesses and can apply for favourable tax conditions with HMRC. For example 93% of shops receive discretionary rate relief.
- As member-owned organisations, community shops are more likely to listen to and respond to the needs of their members and of their wider community. They are therefore more likely to stock and sell products and services that their customers want. As membership organisations they are also able to purchase collaboratively through the Plunkett Community Shop Network saving valuable time and money.

3 Background to the proposal

Canterton Stores in Preston Candover has long been the only village shop within the valley but for many years has not been a profitable venture for its owners. Rob and Jane Marks bought the shop along with their house in 2009 and have worked hard to keep it open and develop it but at some financial cost to themselves. In 2013 they made the difficult decision to inform the community that the shop was no longer viable and that they would be closing it. Appreciating its value as an asset to the area, Rob and Jane very kindly agreed to keep the shop open if it could be established that there was interest in setting up a community run store. To this end, in 2013 Preston Candover and Nutley Parish Council distributed a survey to valley households to establish whether the community would make use of such an outlet. Of the 600 questionnaires that were sent out almost 200 were completed which is a satisfactory return, giving confidence to the data. The results of this survey were presented at a public meeting and showed that 56% of residents felt it was extremely important for the valley to have a shop and that 32% would use it on a weekly basis with a further 35% stating they would use it occasionally. A summary of the questionnaire data can be found in appendix A. Several more meetings followed including a useful and inspiring meeting with the Plunkett Foundation at which eight people formed a committee to take things further.

Soon after forming the committee several members undertook a study tour which was funded by Hampshire County Council and facilitated by the Plunkett Foundation, visiting three community stores in West Sussex. Seeing the community stores in action was hugely motivating with headline figures providing encouragement that this is a worthwhile venture.

- The shop at Milland was opened in 2011. It is 130¹ sqm and has an annual turnover of £180,000 serving a community of 800.
- Kirdford Village Stores opened in 2010. The village comprises 250 households and there is little passing trade but the turnover is £500,000. It is 230 sqm.
- Lodsworth Larder is a petite 55 sqm with a surprisingly high turnover of £250,000 pa.

In carrying out further research into community stores, it is clear that these numbers are not typographical errors. A profitable community store is possible.

3.1 The last two years

Having progressed as far as receiving preliminary drawings from the appointed architect and agreement in principle from local stakeholders, the committee submitted a formal pre-planning application to Basingstoke and Deane Borough Council (BDBC) in the summer of

¹ Canterton Stores is 18.5 sqm

2015 for a new building in the field adjacent to the village hall in Preston Candover and took its proposal to the community.

3.1.1 The Public Exhibition: September 2015

The CVCS committee hosted a public exhibition on 10, 11 and 12 September 2015 in Preston Candover. The purpose of the exhibition was to share plans for the store to establish the level of support for the design, location and the store's product offering from residents within the valley.

The exhibition report in Appendix B was shared with the parish council and the landowner and contains the summary of feedback received during and in the weeks following the exhibition.

- 253 people attended the public exhibition
- 327 feedback forms have been received
- 223 feedback forms have been received from residents within the Preston Candover and Nutley Parish (the Parish)
- 93% of all respondents are in favour of a community store and post office
- 89% of respondents within the Parish are in favour of a community store and post office, 17% of those support the progression of the project but have some concerns

3.1.2 Extension or standalone building

During 2016 and in response to feedback from the exhibition the committee explored in some detail the concept of an extension to the village hall. The high cost and several other practical difficulties led to the development of the present scheme in 2017 of a smaller separate building near to the hall but not on its land.

It has now been agreed that CVCS committee will lease the piece of land adjacent to the village hall from Preston Farms for a minimum 25 years and erect a standalone building. Costs will be lower and there will be no disruption to the village hall during the build. It is now hoped that the project will progress rapidly to completion in mid 2019.

4 Customers' need and market analysis

4.1 Market research

How are the community's needs currently being met given the limited space and product offering at the existing village shop? At present most people travel to Alresford, for its wider variety of independent shops in addition to using out-of-town supermarkets and online shopping and delivery services. Some of the nearest convenience shops are also used but mostly for distress purchases.

The committee believes that the new store offering would provide "top up" shopping for many villagers within the valley. In terms of a new market the coffee area will make it possible for people to pop in for drinks and light snacks. It is anticipated that passing commuters, cyclists and walkers will do the same.

The committee will encourage more use of the shop by means of a "shop and drop" facility and is exploring what resources would be needed to pick up elderly or disabled shoppers

from the surrounding villages, take them to the shop, and collect them and their shopping, perhaps after they have stopped for a coffee and a chat. This could be further extended by offering the coffee area as a regular meeting point for one of Age Concern Hampshire's "village agent" volunteers to liaise with residents in the Candover Valley².

4.1.1 The weekly supermarket shop

There is no expectation that a Community Store will replace the weekly shop at one of the major food retailers for families with children.

- Six miles to the north, Sainsbury's, Morrisons, Tesco, Asda, Lidl and Waitrose all have at least one store in Basingstoke.
- Nine miles to the east, the main supermarkets in Alton are Sainsbury's, Marks & Spencer, Iceland. A Waitrose supermarket is situated near the rail station.
- 12 miles to the south, Winchester has an Aldi, Tesco, Waitrose and two Sainsbury's stores.
- Ocado, Waitrose, Sainsbury's and Tesco all currently deliver regularly to online shoppers locally.

4.1.2 The attractive rural town

New Alresford, just over six miles to the south of Preston Candover is an attractive town crowned by its wide T-shape main street of classical dense Georgian architecture. The town is a tourist destination in itself and home to the Watercress Line steam railway. In terms of food and drink, Alresford is well served by a greengrocer, two butchers, a fishmonger, a wine merchant, a florist, a bakery and patisserie as well as two luxury food stores/delicatessens with integral coffee shops in award winning Caracoli and Mange 2 Deli. The town also has a Co-operative store and post office and a small Tesco Express.

4.1.3 The nearest convenience stores for top up shopping

The other alternatives to the current village shop in Preston Candover are as follows.

- Old Barn Stores in North Waltham, five miles away.
- Medstead Handy Stores which also includes a post office, five miles away.
- Marks & Spencer Simply Food/BP Connect convenience store and petrol station at Popham Services, six miles away.
- Avenue Nurseries at Lasham with its farm shop and restaurant, seven miles away.

4.2 The need locally

If the valley is well served by Alresford's independent retailers and the nearby towns' supermarkets (and online delivery services) what is the argument for keeping a village shop within the Candover Valley?

What has to be clear from the outset is that if this proposal is merely seeking to replicate the current shop offering in a different location, then there is very little argument for maintaining anything other than an outreach post office and a fresh bread delivery.

² Village agents work in rural communities across the county, signposting people to the information they need about issues such as day care, foot care, computer training, company at meal times, transport for shopping and medical appointments, finding reputable tradespeople and help around the home.

However the intention is to provide a store that responds fully to the needs and the desires of the community.

A number of failing local businesses have successfully reinvented themselves. The Woolpack Inn is once again thriving as a local pub. On the other hand it must be emphasised that this proposal is not looking to compete with any existing businesses, clubs and societies within the valley but rather to work with them to complement, cross-sell and promote their products, services and events.

4.2.1 Changing shopping habits

Data from the Association of Convenience Stores (ACS) shows that a quarter of over 65s visit their local shop every day while 59% of all shoppers visit convenience stores more than once a week. The rise of convenience shopping is due in part to the economic downturn but largely due to the changes in modern lifestyle. Customers across the economic spectrum want to ensure waste is limited and food stays fresh. They are wary of big weekly shops and now prefer a series of mini shops. Convenience stores are also used as a top up to the online shop for the family shopper. Previously convenience stores had been solely focused on “distress” purchases.

However while many of the major supermarkets are stepping up the hunt for convenience store locations, commercial village shop closures continue to rise. Community shops now represent a rational and achievable alternative for communities who have lost or are at risk of losing their village shop. In 1992 there were 33 community-owned shops in the UK. Today there are well over 300. According to the Plunkett Foundation, community shops are effectively replacing almost six per cent of all commercial village shop closures.

4.3 The market

It has been crucial to understand potential consumers' lifestyle, behaviour and attitudes together with the needs of the community. According to the geo-demographic information system ACORN (A Classification of Residential Neighbourhoods) which uses public and private data to segment postcodes and neighbourhoods into six categories, 18 groups and 62 types, the Candover Valley can be characterised as:

- Category 1 (affluent achievers)
- Group B (executive wealth)
- Type 5 (wealthy countryside commuters)

In summary, this means that:

- Middle aged or older people, the “baby boomer” generation, predominate with many “empty nesters” and wealthy retired home owners living within the community.
- The valley also contains large numbers of well off families with school age children.
- Homes are significantly more expensive than the average for their locality.
- Car ownership is high and people tend to commute to work by car.
- Incomes are generally above average and many have sufficient disposable income to spend freely and frequently.

However this broad characterisation is by no means an accurate fit for the entire valley population. The committee is keenly aware that the area is also home to many families who are financially stretched and living on more modest means as well as poorer pensioners and young families in social housing or those simply striving to succeed with static salaries and

increased living costs. It is important that a community store caters for the needs of all its customers.

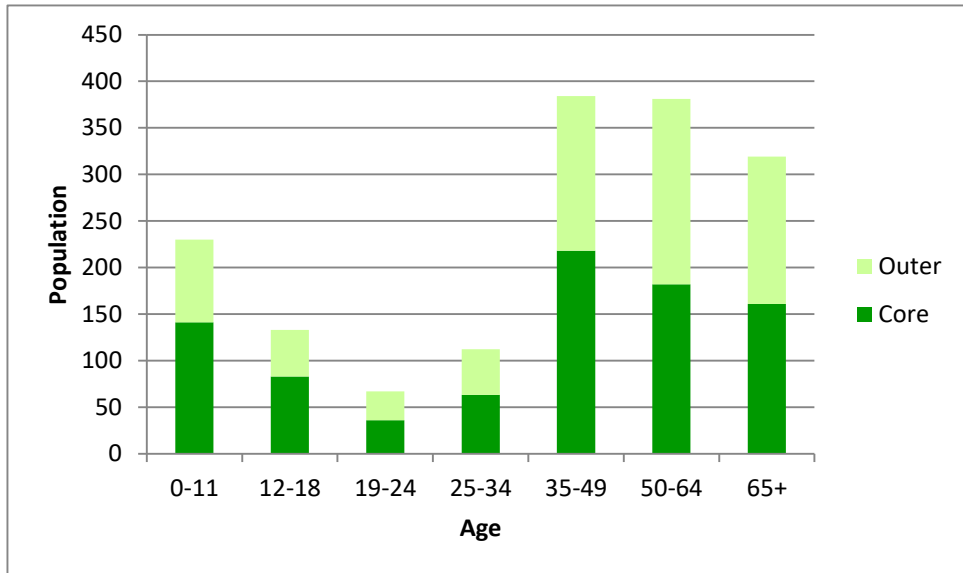
Therefore the market for the store broadly covers:

- Elderly residents who may have limited opportunity to travel outside the community given the very limited bus service to the nearby towns, (this category might require small “basket” deliveries).
- The baby boomer generation of greater financial means.
- Families with young and school age children who may be confined to the community during the school day. Many of these have children at the local primary school and therefore the store location really needs to be conveniently sited for the “school run”.
- For children, the store will provide a safe environment in which they will be able to learn how to shop and use money.
- Those residents who commute to work and may have limited opportunity to purchase essential items during that time and often seek impulse purchases at the weekend.
- The growing numbers of visitors to the valley, particularly during weekends with walkers, cyclists and visitors the Woolpack pub.
- The increasing number of home workers and the self-employed as well as visitors and staff at local farms, businesses and schools (Moundsmere Estate, Preston Farms, Hattingley Valley, the Calvert Centre) together with the constant flow of building contractors working on local properties.
- Passing lunchtime trade and rush hour trade.
- Those who prefer to buy local produce rather than mass produced products.

4.4 Market size

According to Hampshire Country Council’s (HCC) dwelling forecast data the core target area which includes Preston, Chilton and Brown Candover, Axford, Nutley and Bradley consists of 372 dwellings. If this is extended to include Ellisfield to the north, Northington to the south and Wield to the east this number rises to 700 dwellings. As expected, there is no substantive increase in numbers forecast over the next six years.

At a different dimension 67% of residents in the valley are over 35 years of age and the over 65s account for 20% of the total number of residents. The chart below uses HCC’s population data to illustrate the different age groups within the current population where Preston, Chilton and Brown Candover, Axford, Nutley and Bradley are represented as the Community Store’s “core” market and Ellisfield, Northington and Wield parishes are considered to be the store’s “outer” market.



Given that Preston Candover and the surrounding Community Store catchment area has around 700 households spending approximately £100³ per week on groceries, it may be assumed from the 2013 survey, that if half those households spent £10 of their £100 shop at the Community Store, this would achieve a total spend of £3550 per week from local residents. A number of appropriate assumptions about basket spend have been recorded within the financial planning section of this plan.

4.4.1 Transport in the valley

The area is served by Cango bus service operating between Basingstoke and Alresford. Buses serve most of the villages in and around the Candover Valley. However buses only run three times a day and are mostly only used by those wishing to make a day trip to their destination rather than using the service “to pop to the shops” or for everyday errands.

It is therefore generally accepted that car ownership is an essential part of day to day life in the Candover Valley. With fuel costs at current levels cutting car use makes financial sense. As the Energy Saving Trust advocates, supporting local shops is one of the best ways of simultaneously reducing car journeys and carbon footprint.

The Community Store will endeavour to provide a delivery service to those residents who are unable to travel to the store independently.

5 The new store

5.1 New building

5.1.1 Site choices

Many community stores are sited in existing shops that have closed. This is not feasible in Preston Candover. The committee decided that the ideal location would be on the main thoroughfare between Basingstoke and Alresford. This would ensure high visibility for the

³ The weekly average supermarket shop nationally is widely agreed to be around £120. This figure has been adjusted based on the shopping habits of committee members and takes into account the higher number of homes in the area that have fewer people than average living in them but who are likely to be buying higher priced products.

store thus maximising the opportunity to capture passing trade. There should be reasonable parking on site and it should be easily and safely accessed on foot by the community.

The main sites considered were in Preston Candover. Wield, Bradley and Ellisfield are too far off the main route to be ideal. There was no obvious safe location in Axford that warranted further investigation. A good location in Chilton or Brown Candover would be viable although it would need to be well signposted and the store would need to become more of a “destination” store and café to succeed. However, the committee felt this may alienate some residents by not meeting the basic aim to serve as many residents of the community as possible.

5.1.2 Primary site

There is a long history of shops (not only Canterton Stores, but also Holdaway and Sons, Thorpe, the butcher and Allen’s horse-drawn bread cart) in Preston Candover. The post office too has been in the village for more than 100 years. Therefore it remains the ideal village location for the community store given that it is the largest and busiest village in the area. It is central within the valley and has a thriving primary school as well as pavements and street lighting. A store in Preston Candover would contribute to the development of the sense of community and to enhance the social centre of the village and its situation within the valley.

The committee has been in discussion with Basingstoke and Deane Borough Council about the siting of the store (as both a standalone building and a village hall extension project) and the committee has been told that the creation of a “cluster of amenities” in centre of the village is always seen favourably, assuming adherence to specific design criteria in a conservation area.

The village hall has its own car park that the store will be able to access and there is easy parking a short walk away.

5.1.3 The design

The CVCS has finalised a design for a timber building that will be prefabricated off-site by a Hampshire-based company and sit to the north side of village hall. It is eco-friendly, will have energy efficient insulation, a low carbon footprint and double-glazed windows.

The groundworks will be carried out by a local contractor as will the plumbing, electrics, drainage and fit out.

The area of the building is approximately 82.5 square metres. It will have a covered veranda at the entrance and the interior will be open plan and flexible to maximise the sales area. The specific security requirements of the post office can be accommodated within the space.

5.2 Product groups to be offered

The store's offering will be primarily designed to meet the needs of the local community in terms of fresh produce, meal-for-tonight ingredients, top up items and weekend treats. The emphasis of the store will be to provide produce that is locally sourced wherever possible. The management team of the store will ensure that its activities complement local traders.

The range will include:

- Everyday essentials - the store will sell the everyday basics at a competitive rate, ranging from bread and milk to ambient goods and household items
- Fruit and vegetables
- Bakery (including Deli-France type baked goods)
- Meat and fish
- Frozen food
- Delicatessen items (pre-packaged)
- Ready meals
- Confectionery
- Some locally produced speciality and gourmet foods including Hampshire Fare
- Cards and stationery
- Wines, spirits and tobacco products

Ancillary services:

- Point-of-delivery and collection
- Dry cleaning pick ups
- Prescription services
- National Lottery
- Good neighbour scheme for older residents
- Heating oil buying group
- Broadband service to help residents access online applications for car tax etc
- Local notice board to advertise jobs, items for sale and items wanted, information about local events and ticket sales
- Display for local artists, potters, etc.

5.3 The post office

The hope is that the CVCS will maintain the current post office service. The post office operates under a licence granted by Post Office Ltd to the sub-postmistress. Under the terms of the present licence the post office is open for 31 hours a week. For providing this service Post Office Ltd makes a fixed payment and in addition the licensee earns a commission on some sales. In this business plan the committee has not assumed that Post Office Ltd will agree to transfer the licence on the same financial terms and has subsequently taken the precaution of basing income forecasts on a less favourable commission based contract.

Following transfer of the post office licence, the new sub postmaster/postmistress will maintain and enhance the current range of services, including:

- Mail services - postage stamps, next day delivery, etc
- Parcels and packages postal point (Parcel Force)
- Redirection service - business and domestic
- Banking facility for most high street banks and cashback services
- Paystation™ to support payment for water and topping up pre-paid electric meters etc
- Council tax payments

- Bureau de change
- Moneygrams
- Post Office Ltd phone and broadband services, international phone cards, mobile phone top ups
- Insurance products - car, home, life, business cover etc
- Savings
- Fishing licences

The post office will respond to new services and products offered by Post Office Ltd.

5.4 Coffee area

A selection of hot and cold drinks, cakes and savoury items will be available to purchase and enjoy in store. This has a very important role in the overall project in terms of social and economic returns.

It is hoped the community area will be a welcoming space for residents, home workers, and the elderly to get together informally during the day and could be further extended as a regular meeting point for one of Age Concern Hampshire's "village agent" volunteers to liaise with residents in the Candover Valley.

Free WiFi will be available to customers.

5.5 "Pop-up" space

The CVCS will look to showcase the work of local artists, craftspeople and producers within the store by means of a small pop-up space. The focus will be on creating business and enterprise opportunities for local independent retail talent. The pop-up space will contribute to the atmosphere in the shop by offering something different and new in the store as well as maintaining flexibility regarding the products on offer and how long they are on display.

5.6 Opening times

The store will be open from:

8.00am until 6.00pm Monday to Friday

8.30am until 4.00pm on Saturday

8.30 am until 12.30pm on Sunday

The committee might explore seasonal opening hours to respond to demand and staying open later on either a Thursday or Friday evening.

6 Funding strategy

Cash for capital investment and working capital will be raised by a combination of grants, a community share/membership issue and donations.

The target amount will be circa £200,000. This is the total amount required to build and fit out a new building for the store, post office, coffee area and working capital. The committee hopes to raise more than 50% of the total required from the local community. The

remainder will come from grants. The committee may explore additional finance via loans if necessary.

6.1 Grants

The committee is progressing discussions with a number of grant making bodies.

It has already received nearly £2000 from the Plunkett Foundation which has covered some of the pre-planning costs and has continued to receive valuable advice from a mentor allocated to the project.

In May 2017 the committee received a grant of £6414 from Power of Change/Groundwork UK. This was part of the Bright Ideas Fund and has to be used to cover fees incurred in the arrangement of the lease, planning application, building regulations and fundraising material.

The committee has submitted an expression of interest for £10,000 from Hampshire County Council (Rural Retailers Grant) and from the LEADER Programme (match funded).

Other opportunities open to the committee include:

- The Prince's Countryside Fund
- The Post Office Community Grant Scheme
- Basingstoke and Deane Borough Council
- Ellisfield Parish Council
- Preston Candover and Nutley Parish Council
- Northington Parish Council
- Small grants are also available from other statutory or charitable organisations

6.2 Donations

Since its inception, the project has greatly benefited from a number of generous donations from residents/organisations within the valley to a value of £18,700. Donations will continue to be a primary source of capital for the project and a fundraising strategy document has been drawn up by the committee with the help of a number of volunteers with extensive marketing /PR experience.

6.3 Share Scheme

Alongside one-off donations there will be the launch of a community wide share scheme. This offer will be open for an eight week period which is designed to give "members" (over the age of 18) the opportunity to contribute financially, on a long term basis, to the Candover Valley Community Store Limited (operation structure - see 7.1). Most shareholders are expected to come from the local community but contributors from further afield will of course be welcomed.

Shares will cost £20 each with a minimum shareholding of one share and a maximum shareholding of 1000. A share certificate gives subscribers a voting right on a one member one vote basis. A number of people have already indicated their willingness to subscribe.

Many community run shops have been based on this model and as such have benefited hugely from the financial commitment and emotional investment that individuals pledge by

becoming members. It has been demonstrated that there is an increased level of involvement and a greater desire for the venture to be successful if there is a strong buy-in to such a scheme.

6.4 Loans

The society reserves the right to accept loans from individuals or to take bank loans but this is not expected to be a primary source of finance for the project.

7 Organisation and legal structure

7.1 Operation structure

CVCS has registered as a registered society under the Co-operative and Communities Benefit Societies Act 2014 (the society)⁴. The society will exist in order to carry on business for the benefit of the community. Assets owned by the society are locked in the society and will be solely for community benefit. The society is regulated by the Financial Conduct Authority.

- The society may in general conduct any legal business except that of investment for profit
- The society has share capital (via the community share scheme) but it is not made up of equity shares like those in a company limited by shares which appreciate or fall in value with the success of the enterprise that issues them. The profits and losses of the society are thus the common property of the members. A ownership of shares gives subscribers a voting right on a one member one vote basis. The maximum individual shareholding is currently set at £20,000.
- If the society meets the usual charity criteria it may apply to HMRC to be treated as a charity for taxation purposes which, if granted, will give the society full charitable status. It will not be granted a charity registration number.

7.1.1 Key features of a registered society under the Co-operative and Communities Benefit Societies Act 2014.

The society has:

- A written set of rules (available from the committee)
- A legal identity
- The ability to own property
- The ability to enter into contracts
- Additional legal requirements eg. company law
- Limited liability (ie. the liability on management committee members is usually limited to a nominal amount)
- A profit-making ability, which is put back into the organisation

⁴ Initially the CVCS was registered as an Industrial and Provident Society (IPS) but the committee was informed early in 2015 by the Plunkett Foundation that this structure was changing and it changed to a Co-operative and Communities Benefits Society.

- It is important to note that limited liability does not protect individuals that act negligently, improperly, fail to meet obligations under company law or trade without sufficient assets to cover debts etc

The committee has registered the organisation via the Financial Conduct Authority (FCA) using Plunkett Foundation Limited model rules without any rule changes. The Plunkett Foundation is a promoting body with approved model rules for the establishment of community associations as CCB societies.

The society is registered as The Candover Valley Community Store Limited.

Registration number: 32413R

7.2 Committee

The present management committee is made up of nine Candover Valley residents whose profiles are found in appendix C.

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 shareholder votes at the AGM each year
- Provide an annual report of activities and finances to all shareholders and annual return to the FCA
- Provide monitoring information as required by any grant bodies

7.3 Store manager

Three possible models of running the CVCS have been explored. As a wholly community managed enterprise, as a tenanted business or as a composite model - a community managed store with a paid manager. Each of these has pros and cons. The committee believes that the last model is the best solution. This is where an experienced manager is recruited who will be assisted by volunteers. It is felt that by using this model it is possible for the committee to retain control of the look and feel of the store but can benefit from the experience of the right manager.

It is therefore intended to recruit a full-time salaried store manager and one or two assistants (potentially as a job share) to cover the extended opening hours. The role would include post master/mistress, management of stock (including ordering and stocktaking), volunteer training and rota scheduling, support and managing, daily cash flow, marketing and initiatives and local supplier relations.

7.4 Volunteers

The role of volunteers is crucial in the success of the store as a community venture. They will be recruited from the Candovals and surrounding villages, and will be highly visible in demonstrating that the business is community owned and supported. Their presence will give a sense of ownership and contribution to the business.

The volunteers will support the business by carrying out a number of functions within the store to assist the manager including operating the tills and stacking shelves. Their wider role will cover community involvement, for example offering lifts to the store to people who do not have cars or for delivering orders. In addition there will be opportunities for

volunteers who are able to offer practical skills such as decorating and other building trades, marketing and design. All store-based volunteers will be trained and supported by the paid manager and are requested to commit to between two and four hours on a regular basis. Work experience and other students will also be encouraged to participate under supervision from the paid staff.

Between 40 and 50 volunteers will enable double banked support for full-time paid staff. The approximate number of potential volunteers to date is 56.

It is worth noting that the survey carried out by the parish council elicited a strong positive reaction to volunteering.

7.5 Advisors and consultants

The committee is being extensively advised by the Plunkett Foundation on a continuous basis as well as Hampshire County Council's Economy, Transport and Environment Department (ETE).

It has also had tremendous help and support from community shops, including Lodsworth Larder, Milland Community Store, Kirdford Village Stores in Sussex as well as Ropley and Braishfield in Hampshire and Spaxton Community Store in Somerset. Their committees have been very generous with their time and advice.

7.5.1 Plunkett Foundation

The CVCS has become a member of the Plunkett Foundation, the only national organization supporting the development of community shops in the UK. Membership provides access to:

- Specialist support programmes, regional community advisers, mentors and experts, as well as online, telephone and email support
- A wide range of toolkits and resources ranging from legal structures, business planning, financial management, sourcing local food and marketing
- A bespoke community shops' website which hosts an online forum, providing a platform for enterprises to share best practice, gain inspiration and warn of common pitfalls.
- A bursary of up to £2,000 is available. To be eligible to qualify communities need to be planning to raise at least £10,000 through a community share issue. The funding for this has been made available through a programme supported by the Esmée Fairbairn Trust
- Appropriate model rules to undertake a community share issue and guidance and support on the share issue
- Press and media advice
- Specialist business support which is funded by its partners including the Co-operative Enterprise Hub, Big Lottery, and Department of Communities and local government
- The Plunkett Community Shop Network which provides access to a range of heavily discounted goods and services

8 Financial planning

8.1 Capital requirements

The committee has determined the funding requirements needed to cover the following items of expenditure:

Category	Item	Estimated cost	Explanatory note
Build	Building including architect's fees and planning costs	£140,000	Includes all groundworks/drainage and electricity.
Carpark	Village hall carparking	£3000	The committee will pay a lump sum up front.
External work	Signage	£1000	Signage for front of shop and directional signs in surrounding area ⁵ .
Internal work	Shop fixtures and fittings	£30,000	Includes shelving units, counters, chillers and freezers, security systems, EPOS, coffee machine, microwave etc.
HR	Recruitment and training of manager(s) Employing manager one month prior to opening Volunteer training	£750 £1200 £250	To cover travel expenses etc.
Marketing and PR	Marketing and PR	£1500	
Stock and working capital	Working capital	£10,000	
	Additional stock	£10,000	
	Total	£194,200	

8.2 Profit and loss forecasts

The table in 8.2.1 provides the profit and loss forecast for the store. The assumptions used as a basis for this forecast are shown in appendix D.

Before modelling these forecasts, the committee studied the financials of other community stores. The model suggests that the business will have a loss in the first year if business is slow but generate a modest profit thereafter.

Turnover calculations are based on a weekly spend by a percentage of households in the core area and the outer area of the target market. For year one, low demand and growth the assumption is that 50% of households within the core area and 25% from the outer area will spend £10 per week. The committee has been conservative in its forecasting and the

⁵ Hampshire County Council will also contribute to the cost and erection of signage to the store.

model assumes a modest growth rate of around 24% on low growth and 39% on high growth.

A gross profit margin of 22% for the store and 60% for the coffee area has been modelled. Again, both are conservative estimates when compared with analogous stores.

The coffee area turnover is based on a modest 70 people a week spending £3.75 in the first year growing to 160 people a week spending £5 by year three.

Wastage has been calculated at 4% of turnover.

The profit and loss exclude remuneration from Post Office Ltd which for the current shop is £12,500 per annum as the committee understands that the support for rural post offices is an evolving model. Therefore, as a precaution, the committee has based its figures on a commission only model.

As stated in section 7.3, the store will be managed by one or two paid employees and costs for a paid employee to be present during opening hours have been included in the profit and loss. These costs may well reduce significantly should the expertise of the volunteers allow.

An increase in year on year costs has been assumed to be 3% and depreciation has been modelled on a straight-line basis.

8.2.1 Three year profit and loss forecasts

	Low initial Demand & Growth	High initial Demand & Growth	Low initial Demand & Growth	High initial Demand & Growth	Low initial Demand & Growth	High initial Demand & Growth
	<u>Year 1</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 3</u>
Sales						
Turnover - Shop	110769	141294	141294	173792	173792	215108
Gross Margin - Shop	24369	31085	31085	38234	38234	47324
Wastage - Shop	4431	5652	5652	6952	6952	8604
Turnover - Café	13650	25350	25350	33800	33800	41600
Gross Margin - Café	8190	15210	15210	20280	20280	24960
Wastage - Café	546	1014	1014	1352	1352	1664
Gross Profit	27582	39629	39629	50211	50211	62016
PO Commission	4000	5200	5200	5200	5200	5200
Total Income	31582	44829	44829	55411	55411	67216
Expenditure						
Ground Rent	0	0	0	0	0	0
Heat & Light, refrigeration	3500	3500	3605	3605	3713	3713
Rates	0	0	0	0	0	0
Water	750	750	773	773	796	796
Advertising	300	300	309	309	318	318
Telephone	600	600	618	618	637	637
IT	600	600	618	618	637	637
Delivery & Collection of goods	1170	1170	1205	1205	1241	1241
General Admin including licences	100	100	103	103	106	106
Staff incl pension costs	24138	24138	24410	24410	24678	24678
National Insurance	989	989	1181	1181	1262	1262
Staff Training	500	500	515	515	530	530
Bank Interest	0	0	0	0	0	0
Bank Charges	300	300	300	300	300	300
Repairs & Maintenance - pat testing	300	300	300	300	450	450
Cleaning (materials)	200	200	206	206	212	212
Accountancy	600	600	618	618	637	637
Audit	600	600	618	618	637	637
Insurance	1000	1000	1030	1030	1061	1061
Uniform costs	200	200	0	0	0	0

Printing Postage and Stationery	600	600	618	618	637	637
Depreciation	6000	6000	6000	6000	6000	6000
Contingency	4245	4245	4303	4303	4385	4385
Operating Expenses	42446	42446	43027	43027	43851	43851
Net Profit/Loss before taxation	-10864	2382	1802	12383	11560	23365
Taxation at 20%	0	476	360	2477	2312	4673
Net Profit/Loss after taxation	-£10,864	£1906	£1441	£9907	£9248	£18,692

8.3 Profitability objectives

The committee is dedicated to reinvesting profits for the benefit of the community. Initial profits will be used for the ongoing improvement and expansion of the business. Any surplus funds will then be distributed to any community enterprise that satisfies the same community benefit criteria as the rules governing the Candover Valley Community Store Limited.

Any decisions concerning profits will be raised and voted on at the AGM.

In the event that the society fails, after paying off its loans and creditors, any remaining assets must be transferred to a community enterprise that satisfies the same community benefit criteria as the rules governing the Candover Valley Community Store Limited.

9 Business planning

9.1 SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Project has support of the community ▪ Experience of the Plunkett Foundation to support the project ▪ Established customer base using existing store ▪ Opportunity to develop range and offering of the store ▪ Shareholders in the new venture will be committed to the success of the scheme ▪ Favourable Post Office contract ▪ No local competition ▪ Market potential 	<ul style="list-style-type: none"> ▪ Current business is not financially viable ▪ Target market is currently shopping elsewhere – need to change habits ▪ High capital expenditure requirement ▪ Size of store slightly suboptimal
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Potential to create an exciting store offering ▪ Sell fresh produce locally ▪ Work in partnership with local businesses and producers ▪ Increase customer base through increased opening hours ▪ Become go-to destination for the community ▪ To provide training for local people 	<ul style="list-style-type: none"> ▪ Volunteer staffing may not be reliable ▪ Change to Post Office contract/income ▪ Reduction in availability of grants ▪ Limited land that can be developed. ▪ Lack of funding ▪ Customer base doesn't increase

9.2 Project timeframe

The project timeframe is continually being updated and the committee tracks progress on a detailed excel document. Below are some key activities and the time planned for their completion (the committee recognises that no delays have been assumed).

Key tasks	Start date
Planning submission	Dec 2017
Fundraising launch - donations	March 2018
Share Scheme launch	April 2019
Non-match funded grant application	Continually
Match funded grant applications and community membership scheme launch	Continually
Groundworks and Construction	From October 2018
Manager recruitment	January 2019
Fit out	February 2019
Staff training	Spring 2019
Store opens	Summer 2019

9.3 Communication and marketing plan

The process of community engagement was already in its infancy when the committee was officially formed in January 2014. The CVCS committee began a campaign to focus and consolidate community support for the project.

The committee set up a website www.candovervalleycommunitystore.org.uk which is regularly updated and publishes latest developments and news in the parish magazines *Oxdrove* and *Hill and Dale* which cover most of the expected residential catchment area. There is an attractive display on the wall of the village shop also giving regular news.

Formally the committee held a Public Exhibition in September 2015 to consolidate support for the store in terms of design, location and stock. The results of the Public Exhibition are shown in appendix B.

Informally, numerous coffee mornings have been held since 2014 for the community as a whole, as well as those who have expressed an interest in volunteering. These have taken the form of the committee chairman updating the community on the project's progress and visual images of other community shops/the committee's proposed designs and speakers from other community shops illustrating what can be achieved.

A pop-up stall manned by members of the CVCS committee has been present at every Preston Candover Fete, Bradley Strawberry Tea and the Brown and Chilton Candover Fete since 2014. Such events have allowed the committee to maximise the objective of encouraging involvement and placing the village store at the heart of our community.

The committee has involved numerous volunteers to help with events and is currently working with a volunteer with experience in PR and marketing to finalise the details of its formal fundraising material which will be delivered to every household in the valley in the coming month ahead of the official launch.

The committee plans to seek coverage and photo opportunities in the local press (*Basingstoke Gazette* and *Hampshire Chronicle*) and on radio stations as the project progresses.

9.4 Training, processes and guidelines

As the CVCS develops, the organisation will have to start working to common processes and guidelines in order to maintain quality, transparency, conformity and to be a good employer. Training has been mentioned throughout the business plan and the committee has learned from visiting other stores that in order to give the volunteers confidence and to maintain a consistent shopping experience, continuous training is required.

All of these items will be developed and be written as the project progresses but the committee envisages that it will need:-

- Staff hand book
- Manager's guide
- Description of proposed volunteer and staff training
- Supplier selection and purchasing guidelines
- Disciplinary procedures
- Health and safety training and policy

- Fire risk training and policy
- Food hygiene regulations
- Post Office licences
- Licence to sell alcohol etc

The CVCS already has a Data Protection Policy as it is handling volunteers' personal information and community questionnaires containing personal data.

APPENDIX A

Summary of questionnaire data

The questionnaire was made up of 16 questions covering the time and days that people would like to use the shop, the type of purchases they made or would make, as well as some socio-economic data. The following is a summary of the main questions that relate to the shop and its merchandise.

Some questions allowed multiple answers whereas others didn't. Below each question is a table that illustrates the number of people who answered or didn't answer the question.

1. If a community shop was opened in Preston Candover would you, or any member of your household, use it on a regular basis?

Frequency	Count	Percentage
Not at all	5	4%
Occasionally	47	34%
2-3 times per week	35	25%
Weekly	45	31%
Daily	7	5%

2. When and at what time of day would you be most likely to use the shop?⁶

Times	Count	Percentage
Weekdays	121	93%
Saturdays	9	6.9%
Before 9am	5	3.8%
8am -12pm	70	53.8%
12pm - 2pm	10	7.7%
2pm - 6pm	33	25.4%
After 6pm	12	9.2%

⁶ This table has been combined from two separate questions hence a total count >200

3. What services would you be most likely to use?

Services	Count	Percentage
Postal services & Deliveries/collections	131	99%
Cash dispenser	83	62%
Dry cleaning, shoe repairs	47	36%
Advertisement board of sale & wants & local events	44	33%
Prescription drugs delivery/collection	42	32%
Tea room/coffee shop	41	31%
Buying tickets for local events	23	17%
Top ups for mobile phones	21	16%
Ordering online & collection	19	14%
Photocopying, facsimile transmissions, Internet access	12	9%
DVD rental	9	7%

4. What products would you be most likely to buy?

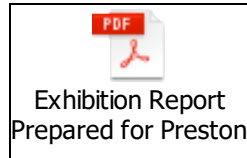
This question listed 19 optional answers (multiple answers were allowed), the below table shows all products that received more than 30% positive response. Ready meals, frozen food, pet food, alcohol, gifts/craft items, toiletries, household goods/cleaning materials, coal/logs and organic/fairtrade items all received a response between 10% and 30%. Sandwiches and tobacco products received less than 10%.

Product	Count	Percentage
Local produce	92	71%
Bakery & patisserie products	92	71%
Greeting cards, wrapping papers, stationery,	74	57%
Fresh fruit & vegetables	56	43%
Sweets/ice cream	52	40%
Meat and dairy	50	39%
Newspapers/magazines	45	35%
Packed groceries - tins, packets etc	42	33%

APPENDIX B

The Public Exhibition Report

Please **double click** on the icon to open the report prepared for the Parish Council.



APPENDIX C

Committee member profiles

Richard Walker CVCS chairman. Richard has lived in the Candover Valley since 1979, and at various times been chairman of several local organisations including the Preston Candover and Nutley Parish Council, Preston Candover School Board of Governors and Preston Candover Tennis Club. He is married with two adult sons. Much of Richard's career was spent within the agricultural businesses of ICI (Imperial Chemical Industries) where he was involved with the sale and marketing of fertilisers and agricultural chemicals, both overseas and in the UK. Richard has a lifelong interest in travel and agriculture.

Jane Ballard Jane has lived in Bradley for 29 years and has been chair of the parish meetings for several years. Jane was a teacher for 30 years, 19 of which were as head teacher in various infant, junior and primary schools in and around the Basingstoke area. Jane is currently a child psychotherapist with her own private practice.

Charles Bradshaw Charles and his wife Kate have lived in Preston Candover for 18 years. They have three children. Charles is a chartered surveyor with some 35 years' experience in commercial and residential real estate. He operates his own property development company in Hampshire. He has supported various local organisations over the years, including time as Vice Chairman of the Parish Council.

Carolyn Dawnay Carolyn has lived in Preston Candover since 2004 and has three grown-up sons. Carolyn has worked in the current village shop and post office for the last eight years. Carolyn has many years of retail and customer service experience in shops and tourism.

Alison Ellett Alison moved to Brown Candover with her husband Geoff in 1984. They have a grown-up son and daughter who both attended Preston Candover School followed by Perins in Alresford. Alison has a wealth of experience in the retail and hospitality industries following a successful career in public and press relations for a major international paper company where she worked for 12 years.

Lucy Muncey Lucy has lived in Preston Candover with her husband and three daughters for 11 years. Lucy had a career in audit and accountancy and then moved into financial recruitment. Since moving to Hampshire and bringing up her family she worked in a fund raising capacity for a large Hampshire youth charity for six years organising a wide range of events and raising in excess of £50,000 per annum.

Nevil Wilson CVCS secretary. Nevil has lived in Preston Candover with his wife since 1999. Trained as a solicitor, Nevil became company secretary of a large public company quoted on the Stock Exchange. His responsibilities included property management, insurance, and running the UK pension scheme, including investments, as well as servicing the board and committees. Nevil was treasurer for over 20 years of a charity, Hampshire Gardens Trust. He has also been a Hampshire County Councillor for four years. Nevil is currently secretary of the local branch of Campaign to Protect Rural England.

Jane Laws

Jane Laws has lived in Axford with her husband Keith for 26 years. After her son Mark was born, Jane worked as a freelance event manager for 15 years. She then took up a full time position as Events Coordinator at St Paul's Cathedral, retiring in June 2017 after nearly 10 years in post. Jane is currently a Foundation Governor at Preston Candover Primary School and Treasurer of Preston Candover Parochial Church Council."

The committee would like to thank previous committee members for their contribution the project – **Bob Wood, Claire Willmott, Sarah Saunders & Clare Armstrong.**

APPENDIX D

Financial assumptions

1. Assumptions on household data

Household data	Total no. households
Core area	372
Outer area	328
Total	700

Shop turnover

Turnover Calculations - Shop	Year 1 HIGH & Year 2 LOW			Year 2 HIGH & Year 3 Low			Year 3 HIGH		
	Core area		Outer Area	Core area		Outer Area	Core area		Outer Area
Percentage of households shopping	50%		25%	40%	10%	25%	50%	10%	30%
Basket Spend Per Week	£10.00		£10.00	£15.00	£6.00	£10.00	£15.00	£6.00	£10.00
Turnover per area & spend	£ 96,720.00	£ -	£ 42,640.00	£ 116,064.00	£ 11,606.40	£ 42,640.00	£ 145,080.00	£ 11,606.40	£ 51,168.00
Passing Trade	£ 1,934.40			£ 3,481.92			£ 7,254.00		
Total Turnover for Shop	£ 141,294.40			£ 173,792.32			£ 215,108.40		

Post Office - Assumed Current Contract not available. Commission earned £4000 for low and added 30% for high and future years.

Turnover Calculations - Café	Year 1 LOW	Year 1 HIGH & Year 2 LOW	Year 2 HIGH & Year 3 LOW	Year 3 HIGH
(10 Covers, 7 days per week)	Core area	Core area	Core area	Core area
No. Customers per week	70	130	130	160
Spend per head	£3.75	£3.75	£5.00	£5.00
Total Turnover for Café	£ 13,650.00	£ 25,350.00	£ 33,800.00	£ 41,600.00
Total Turnover (Café & Shop)	£ 154,944.40	£ 199,142.32	£ 248,908.40	£ 41,600.00

2. Increase in turnover is due to:

i) Passing trade (estimated to be % of turnover from residents)

Passing trade assumption			
Year 1 LOW	Year 1 HIGH & Year 2 LOW	Year 2 HIGH & Year 3 Low	Year 3 HIGH
2%	3%	5%	8%

ii) Improved retail / trading area and better stock

iii) Improved marketing and PR

iv) Reduced employment costs

v) Community goodwill via community ownership

3. Wastage

Wastage	Shop	Coffee area
%age of turnover	4.00%	2.50%

4. Delivery and collection: motoring expenses: 25 miles, 2* per week, @45p per mile

5. Gross margin:

i. Shop 22%

ii. Coffee area 60%

6. Staff assumption and National Insurance: 3% increase in costs year-on-year

7. Opening hours

Mon - Fri 8.00am – 6.00pm

Sat 8.30am - 4.00pm

Sun 8.30am - 12.30pm

8. Salary costs (based on Plunkett Foundation research and living wage)

Manager's Salary		Year 1 - 2017	2018/2019	2019/2020
Hours per week: 4 Hours per day M-F 5.5 hours over weekend	25.5			
Hourly Rate		9.45	9.75	10
Annual Salary		£12,530.70	£ 12,928.50	£ 13,260.00
NATIONAL INSURANCE Allowance	£7,956			
NI Rate	13.80%	£631.31	£686.21	£731.95
Assistant Manager's Salary				

Hours per week: 4 Hours per day M-F 4 hours over weekend	24			
Hourly Rate	8.45		9.25	9.45
Annual Salary		£10,545.60	11544	11793.6
NATIONAL INSURANCE Allowance	£7,956			
NI Rate	13.80%	£357.36	£495.14	£529.59
Total Salary Costs		£23,076.30	£ 24,472.50	£25,053.60
Total NI		£988.67	£1,181.35	£1,261.54
TOTAL SALARY COSTS excl pensions		£24,064.97	£25,653.85	£26,315.14

	Total Pension Costs		
	Year 1	Year 2	Year 3
Employer Contributions	£461.53	£734.18	£1,002.14
Admin Costs	£600	£600	£600

9. Depreciation

Depreciation (straight line model)	Cost of fixtures and fittings	%age Depreciation pa
	£30,000	20%

10. Costs: 3% year-on-year increase

11. Contingency: 10% of total costs

12. Audit: The society may choose to take the benefit of allowance for no audit