



# Business Plan 2016–19

Sandford Talking Shop Limited, Registered in England No 32389R  
Registered Office: 50 Church Road, Sandford-on-Thames, OX4 4XZ

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## Introduction

Talking Shop is a community organisation set up to:

- Bring people together, to reduce social isolation and improve wellbeing
- Deliver community services, to reduce the effects of rural isolation, improve health, well-being and quality of life
- Create opportunities for people to learn, so as to counter the effects of long term ill health and unemployment
- Offer a network of support to the more vulnerable groups in our communities.

Our area of benefit is Sandford-on-Thames, Rose Hill, Littlemore, Kennington and The Leys.

Started in 2010 and incorporated in 2014, Talking Shop has grown to a team of 60+ volunteers, aged 9 to 80+, from many walks of life. We reach over 100 local people with our services each week, some of whom are vulnerable, with social or work opportunities restricted by poor health, social isolation, limited skills. Our volunteers have established a weekly Saturday morning market and café, monthly lunch club, bike repair service, gardening team, Knit & Stitch group and community table tennis sessions.

Having recently signed a 25-year lease on the village hall extension we now have the opportunity to expand the Talking Shop services to six days a week to include the much longed-for village shop, daily café and to provide a drop-in community space where everyone is welcome. We will be able to offer signposting to other services as well as a community education programme (for example, in food skills, gardening, DIY, IT), a timetable of regular community meals and social events, plus expanded volunteering opportunities, training and work experience.

Having successfully raised funds through the Saturday market, café, events and grants we are now issuing an investment share offer to complete the final part of our vision.

This business plan provides further information about the viability of the Talking Shop business to help you make an informed decision about making an investment.

## An Integrated Community Benefit Model: shop, café and community space

In our community survey of 2010 (see below) 94% of people wanted a village shop, and as much for the social hub as for the convenience of local shopping. There are over 300 community shops in the UK providing considerable benefits to the villages they serve, not just in terms of enabling

people to shop locally but in encouraging wider community engagement. Where local services and resources such as schools, shops and post offices, have been lost, community-run shops and cafés act as vital hubs and as powerful vehicles for social regeneration. They create opportunities to reconnect people with each other and with the support and services they need.

Over the past five years our work in growing the Talking Shop project revealed the transformative impact that good volunteering projects can have on individuals and on communities: building local capacity, developing skills, creating supportive networks and enabling friendships while at the same time delivering valuable services and resources to meet local needs.

Our model will deliver the convenience of a local shop, the value of an inclusive meeting space, the attraction of an affordable tasty café menu together with the diverse benefits of a learning volunteer project. Much more than a conventional commercial shop.

### The Café

The aim of the café is to provide healthy, affordable food in a welcoming, comfortable community space. The menu will be simple and home cooked, using local produce wherever possible, keeping retail prices and costs low: soups, jacket potatoes, salads, home baking plus house specials developed by our team. We will be working with the Oxford Food Bank to use surplus food in our cooking and this will enable us to add a 'pay as you feel' dish to our menu and with the Oxford Food Surplus Café to build a timetable of regular community cook-ups and meals. We will have a proper coffee machine and our team are going to be trained by the team from local coffee roastery and café, The Missing Bean. We are already trialling and developing the necessary systems through our new Friday cafes, open weekly from 10am to 2pm.

### Community Drop-In

We already run a weekly Knit & Stitch group, table tennis sessions, a monthly lunch club and we have a fledgling Good Neighbour scheme through which people can find or give support and companionship. We also have bike mechanic and garden teams. All of these will continue to run from the space on occasions when the café and shop are open. Each group evolved because local volunteers were interested in learning more or in sharing their skills and we expect that Talking Shop will support and enable more community activities to start up in the same way. We will also have a computer on site and at

least once a week will have a volunteer who will be able to support people with IT challenges. We feel that a patchwork of different activities will enable the space to meet the interests and needs of a wide range of local people.

## The Shop

We already sell local produce and newspapers on Saturdays through our established market and we have built good relations with local suppliers. We will continue this weekly injection of fresh goods but will add to it a convenient range of groceries always available in the shop and competitively priced: newspapers and magazines, stamps, ready meals, cheese, milk, yoghurts, eggs, tinned and dry goods, cleaning, stationery and other household staples. We will prioritise quality and affordability and we will stock a locally produced line wherever possible. We will set up an order system for midweek deliveries of fresh goods (meat, veg, bread) to make these available while minimising waste. We will be a parcel delivery point and a hub for dry cleaning.

In developing our plans we have visited about 10 community shops and built supportive relations with a good number, benefiting from their business planning, accounts and extensive experience. We are a member of the Community Shops network of the Oxfordshire Rural Communities' Council, and are supported by their Community Shop Development Worker. In 2015 we worked with a consultant from The Plunkett Foundation under a grant and a group of us made facilitated visits to diverse community shops and cafes. We have surveyed local opinion on what the shop should stock (our latest review was October 2015), we are testing lines through the market and we will continue to seek and respond to local feedback.

The community shop model is resilient. The five-year survival rate for community shops is 99%, which is much greater than for UK businesses as a whole.

## Added Community Benefit: Skills Share Model

Through our volunteer training and in each strand of our operations we will endeavour to create structured opportunities to learn transferable skills. For example: we will cook up the food to be served in the café each week in supported inclusive sessions that enable local volunteers to build valuable food skills to take home or on into work; we will make all of our recipes available to help people to cook from scratch and on a budget; in our partnership with The Oxford Academy we hope to support young people with a work experience programme and with access to the weekly market as an incubator space for new enterprises; in partnership with Age UK we hope to deliver learning to older residents.

We also hope to increase the number and range of community activities to include after school clubs, cookery classes, DIY workshops, printing and design workshops, skills sessions in food growing and gardening, first aid and mental health awareness courses.

## Community Ownership

Talking Shop is literally a grass roots project, born out of and evolved through community consultation. Operations continue to be shaped by the volunteers and users on the ground. Everyone is also invited to become a voting, shareholding member of Talking Shop so now, our membership structure makes community ownership more concrete and adds a greater force to this wider engagement. Any surpluses generated will be used to further Talking Shop's objects for benefit to the community as a whole. The hope is that as many people as possible in our area of benefit will support this venture and get involved in some way.

## Why we need 'Talking Shop'

Just outside the Oxford City boundary, Sandford-on-Thames village has a population of 1,213 in 548 households. It is a socially segregated rural community, with housing separated into disparate pockets isolated along main roads: there is a mobile home site, a travellers' site, new build flats and larger houses around the church in the 'old village'. There is no school, no shop or post office and the nearest GP centre is over 2 miles away. Poor public transport, only one, unreliable hourly bus service during limited hours, increases isolation.

In 2010 volunteers took a survey door-to-door to explore interest in a community shop. They collected responses from 131 households representing 344 people, 28% of people in the Parish, across a full range of ages and locations. The results of this were:

- 94% wanted a village shop;
- 82% want the shop to provide fresh bread, seasonal fruit and veg (79%), newspapers (79%) and some post office services (74%);
- 49% of households said they were interested in getting involved;
- 35 people volunteered to run the shop.

The Parish plan developed in 2012 also highlighted improvements needed in the area for *"healthy activity, leisure pursuits and a drop-in facility for a range of health and related matters, particularly for young and older residents"*

The results of our survey in 2013, exploring the activities and services local people wanted to see delivered at the hall and Talking Shop, included: 93% would use a community café and shop, 75% would come to pop up restaurants, 16% would access services and activities for older people, 21% for services and activities for young children and carers, 17% wanted services and activities for under 18s.

Statistical data on Sandford shows a high level of economic inactivity, with 10% of pensioners in poverty, 13% child poverty and 1 in 5 families having single parents. Sandford flows into Littlemore and Littlemore, into Rose Hill. The latter two wards are among some of the most deprived communities in the country<sup>1</sup>. Rose Hill has the highest child poverty levels in the City of Oxford. 44% of children live below the poverty line, as do 28% of older people. In both wards the proportion of people claiming an out-of-work benefit is higher than the local average and residents are more likely to be engaged in low-skilled occupations than people living elsewhere in the city. In Littlemore the proportion of working age adults claiming incapacity benefits is particularly high, at 8% (compared to 4% across the City of Oxford) and there is a larger than average local population of adults with significant mental health issues. Littlemore Mental Health Centre, which provides specialist mental health services to voluntary and involuntary in-patients from Oxfordshire and the surrounding counties and highly specialist services to patients from across the UK sits on the border between Sandford and Littlemore.

We want to build on local strengths to tackle some critical local needs: social isolation, lack of local resources and services, skills gaps, and mental well-being. Having established a welcoming, relaxed, volunteer led approach over the past four and a half years, Talking Shop is now well placed to do just that.

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<sup>1</sup> In the 20% most deprived LSOAs in the country

## The Day to Day

Our aspiration is to throw open the doors to the Talking Shop space (shop and café with a timetable of community activities) on Mondays and on Wednesdays to Saturdays from 10am to 6pm.

Our research with other community shops revealed Tuesday to be the quietest day, so, on Tuesdays we will be dedicating the space to support volunteers to gain valuable skills through involvement in operational activities: for example, cooking sessions sharing food skills while producing food to be served in the café and sold in the shop; work on labels and display materials offering opportunities to build skills in design; work on stock management and shop planning, developing skills in retail and business.

We have decided on a café rather than convenience shop opening time of 10am for two key reasons: we feel our

location means we are unlikely to have high demand or passing trade in the morning, as people are focussed on getting to work; secondly, we will not easily secure volunteers for these hours. However as the business develops we will review both the demand for and the resources to staff earlier opening. On Sundays we already hire the space to an aspiring restaurateur, and in the future they will run the shop alongside their café. In the evenings we aim to build a timetable of pop up restaurants run by local chefs and small food businesses who will hire the space. Plus we will restart community social events such as our popular 'pub' quiz.

We are explicitly working to ensure that our space and activities are welcoming and inclusive to everyone: in particular that price is not a barrier in our café and shop and that more vulnerable groups in our communities find Talking Shop a welcoming and relevant project.

## Finances

Our model provides multiple income streams so that we are able to generate sufficient income to cover our costs.

We have recently finished a detailed business planning process covering all aspects of Talking Shop. As we have

already been 'testing the market' on Saturdays over the last four years we have been able to make informed, if a little conservative, estimates on footfall, buying behaviour and therefore incomes. Our costings are based on known suppliers and existing relationships that enable us to keep costs down and deliveries regular.

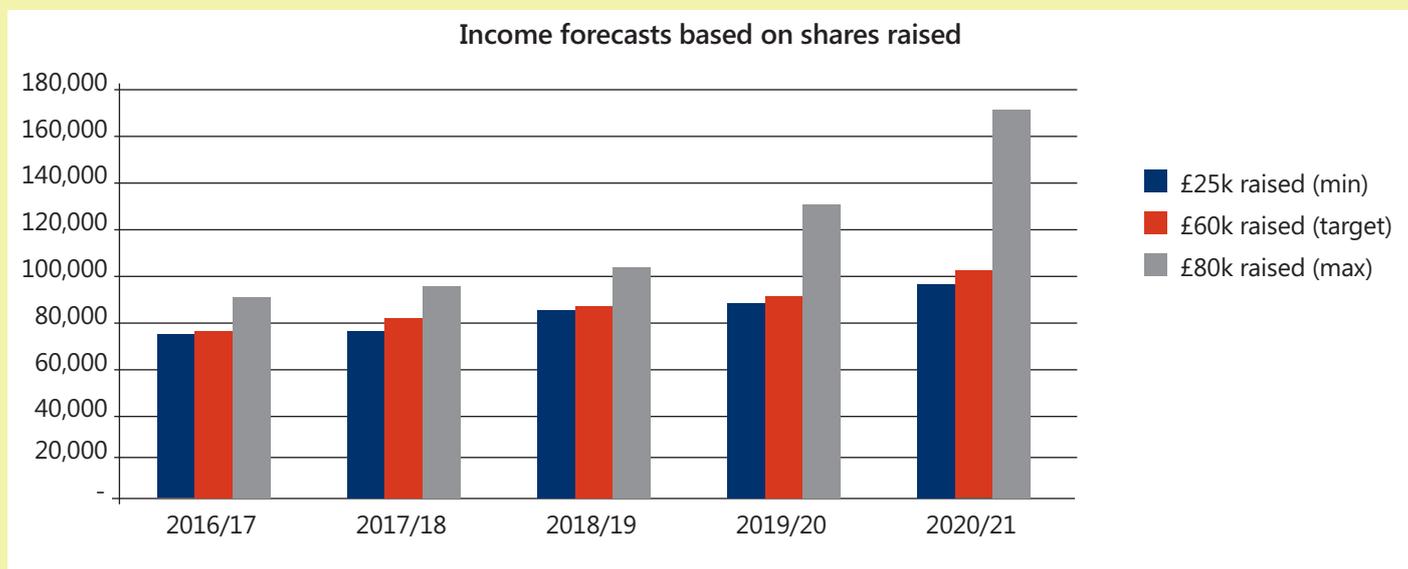
Our current performance and business plan projections for the five years from 1st April 2016 are:

	Actual	Forecast	Business Plan Projections				
	10 months to 31st March 2015	Year ending 31st March 2016	Year ending 31st March 2017	Year ending 31st March 2018	Year ending 31st March 2019	Year ending 31st March 2020	Year ending 31st March 2021
	£	£	£	£	£	£	£
<b>Income</b>	75,490*	50,921*	78,583	81,103	86,905	93,229	101,452
<b>Expenditure</b>	(55,643)	(47,675)	(74,878)	(77,588)	(80,907)	(84,230)	(87,697)
<b>Operational Surplus</b>	<b>19,847</b>	<b>3,246</b>	<b>3,705</b>	<b>3,515</b>	<b>5,997</b>	<b>8,998</b>	<b>13,754</b>
Depreciation	-	-	(5,016)	(5,016)	(5,716)	(7,816)	(8,096)
<b>Overall Surplus/(loss)</b>	<b>19,847</b>	<b>3,246</b>	<b>(1,310)</b>	<b>(1,500)</b>	<b>282</b>	<b>1,183</b>	<b>5,659</b>

\*Includes initial grants

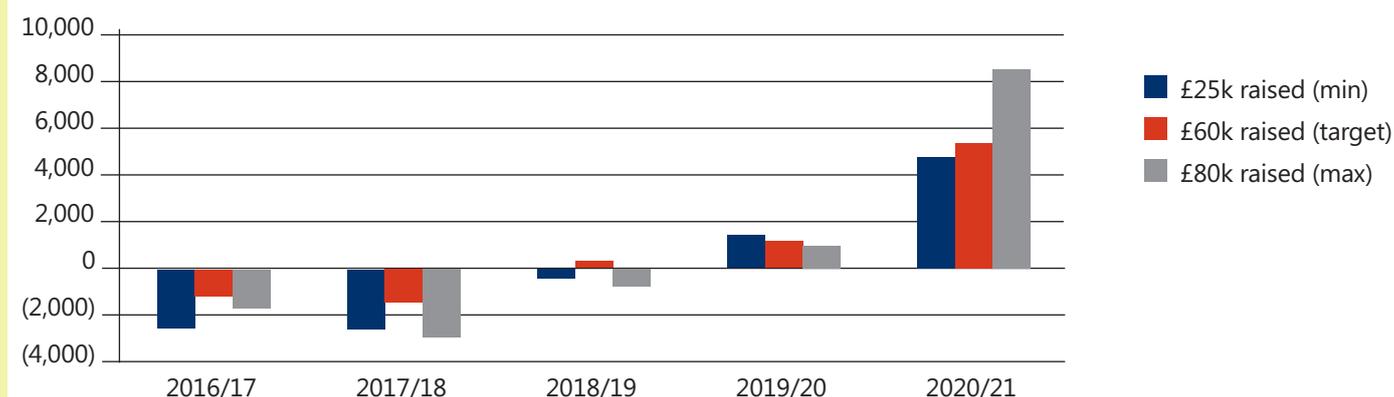
These above projections are based on achieving the £60k target investment in the shares issue. If we were to raise less (but at least £25k), we would aim to keep as much as to our plans as possible, however it may mean that we have more restricted hours of operation, activities and range of stock. If

we were to achieve our maximum then we could use it to invest in increased hours and activities and to build our capacity to develop further community activities. The chart below shows the projected income based on raising different levels of share capital.



Detailed profit & loss account projections are shown in appendix 1

## Surplus or Deficit by scenario of amount raised by share issue



Our latest annual accounts can be downloaded from our website – [www.sandfordtalkingshop.org.uk](http://www.sandfordtalkingshop.org.uk).

## Investment share offer

Based on meeting our target share capital of £60k, investments made through this share offer will be used to:

Purchase capital items (total £36,442)

- Chiller unit
- Freezer
- Blinds
- Safe
- Signage
- EPOS (electronic point of sale) till
- Office equipment
- Resources for community food education workshops (mixers etc)
- Workshop on site to enable and expand the work of the gardening and bike teams

Provide working capital (total £23,558)

- Stock
- Utilities
- Initial staff and volunteer costs

Our viable business plan is based on raising £60,000 and the minimum we need to raise is £25,000. Further details of the investment offer are shown in the share offer document which must be read in conjunction with this business plan. If we raised less than the target then we may have to reduce some of the capital expenditure and working capital will be tighter. This could affect some of our operational plans such as limiting opening hours and community activities.

## Balance Sheet and Liquidity

The Community Share Issue terms are explained in the Offer Document and they include provision for withdrawal of share capital on certain conditions after a minimum period of three years. In order to give a very broad indication of the prospects for liquidity at the end of the third year and thereafter, projected balance sheets have been drawn up

based on a number of assumptions. These are detailed in Appendix 2 (balance sheets) and Appendix 3 (assumptions).

If we achieve our planned financial performance and raise our target level share capital our plan is to allow share capital withdrawals of up to £5k in 2019/20 (ie the fourth year, as withdrawals are not generally permitted in the first three years) and a further £10k in 2020/21. This is based on ensuring a minimum working capita level of £40k however it is important to be aware that these levels are subject to being balanced with the liquidity and needs of the society at the time and subject to change. For years beyond 2020/21, the Society intends to maintain similar levels of withdrawal (around 5% to 10% of share capital), although this will always be based on having sufficient liquidity to do so.

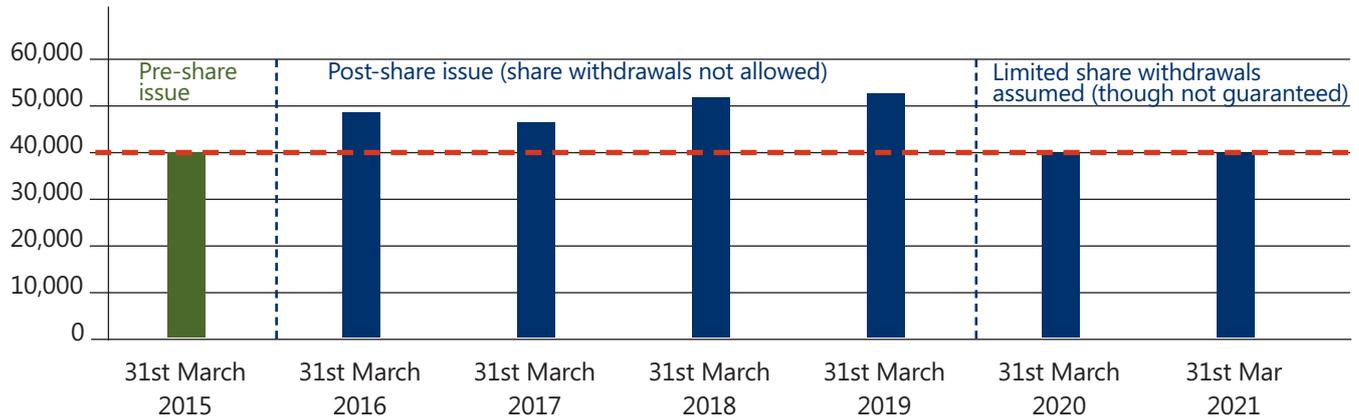
The main assumptions in the balance sheet projections include:

- Total funding of £60,000 raised from the community shares issues. If £25,000 or more (but less than £60,000 is raised from the Community Share Issue) then the directors will consider other potential sources of funding and/or reduce the plans for the shop, café and other activities;
- Maintaining cash and working capital levels at about £40k;
- No significant capital expenditure beyond the estimated set-up costs in the first three years;
- No donations to charitable causes;
- No significant variation from the 5-year projections.

These are all significant assumptions and therefore no reliance should be placed on the projected balance sheets when deciding whether to invest.

The chart below shows the cashflow forecast for Talking Shop. The cash balance includes working capital requirements and is based on the £60k share offer target being met. The actual position at 31st March 2015 was £40k and the impact of the share issue is to maintain working capital cash at similar levels (see orange line in the chart below) over the medium term.

Year end cash forecast (31st March each year) based on the target scenario of share capital raised (£60k) in the year to 31st March 2016



## Operations and management

As has always been the case Talking Shop will be in the majority run by volunteers. We expect to need four volunteers a day typically volunteering for a four hour slot and are starting to recruit the additional 20 volunteers that we will need to provide sufficient cover for the hours we intend to operate and to allow for holidays.

To enable efficient scheduling of volunteers we have recently adopted an easy to use online volunteering platform called Three Rings which allows volunteers to sign up in advance for shifts. They have full sight of the teams and any real time changes, giving volunteers maximum flexibility and ownership.

Talking Shop volunteers will be supported by two part time paid managers; one will be responsible for the café and ordering of shop supplies, the other for recruiting, training and managing our volunteers.

The two paid managers will report to the Talking Shop board and the volunteers will report to them.

## Governance

Talking Shop Limited is a community benefit society wholly owned by shareholders, Registered in England No 32389 R.

Each operational area of Talking Shop is coordinated by a working group: shop, café, lunch club, bike team, garden team, table tennis, Knit & Stitch. Each working group has an average of four members and their own terms of reference, and each updates the board on progress at least quarterly. Figures for each group are reported to the Board monthly by the Treasurer.

Alongside the investment share issue which provides membership to the shareholder for the full length of the ownership, we are also offering 'annual membership' which confers the same voting rights. Since the launch of this in November we have 50+ annual members; further details of annual membership can be obtained from Talking Shop.

## Who is on the board?

The current board of directors are all residents of Sandford-on-Thames. We are a group of volunteers with a range of expertise and skills including accountancy, law, communications, management and community organisation. We all live in and are actively involved in Sandford-upon-Thames and believe passionately that our community needs a hub. We have invested our time and energy voluntarily without financial reward to get the project this far and will also invest money into this project by purchasing shares.

**Abi Johnson** Chair and co-founder of Talking Shop. Previously: Co-founder and Chair of Oxcar (local residents' community group), who set up Oxford's first Car Club with Co-wheels; Coordinator of Bail for Immigration Detainees, Oxford office; Civil Barrister, 3 Serjeants' Inn Chambers, London.

**Dawn McGinness** Treasurer. Assistant College Accountant at Christ Church. Previously, Management Accountant with financial and management reporting responsibilities at YWCA England Wales, Oxford University Hospitals Trust, Oxford Bus Company and Oxford BioMedical (UK) Ltd.

**Rebecca Murcott** Co-founder of Talking Shop, with lead in rota management team. Operational Manager within customer services for British Gas. Experienced in management and team building including recruitment, training, employee coaching and development.

**Gina Ashburner** Currently Customer Services Advisor for Royal Mail. Gina initiated fund raising to buy the land and build the existing village hall in the late 1970s. She was Parish Councillor for 12 years and Sandford's youth club leader.

**Kurt Moxley** Currently Lead Commissioner for Mental Health

(Buckinghamshire County Council and Clinical Commissioning Groups). Over thirty years of experience as a clinician, team leader, manager, consultant and commissioner in the field of mental health. Also now a micro-brewer selling his artisan ale at local markets and restaurants.

**Sarah Adair** Secretary to the Board. Currently Head of Strategic Communications & Engagement in the NHS in Oxfordshire. Sixteen years experience of public relations and participation, advising governing bodies and boards on all areas of communication, media and stakeholder relations.

## Annual audit of accounts

As the Society was registered under the Friendly Societies Act 1974, and in accordance with Talking Shop's constitution and rules, it is entitled to exemption from audit where total income is below £350k. A resolution will need to be passed at the annual general meeting (AGM) each year in order for such exemption to be gained. Where income exceeds £90k (but is less than £350k) an independent accountant's report (signed by a registered auditor) is required (resolution for audit exemption is still required to be passed at the AGM). The directors have decided that they wish to have an independent accountant's report as a minimum each year, even where income is below the £90k mandatory threshold.

## Track record

Over the past four years Talking Shop has gone from strength to strength:

- Built our volunteer base from 5 to over 60;
- Increased Saturday market and café footfall to an average of 100 per week and c 200 for special markets;
- Secured £120k in revenue and capital grants;
- Raised over £3k through fundraising events;
- Taken our turnover to £35k with gross profit margins of 26% (café ) and 21% (market);

- Successfully worked with over 10 local suppliers securing discounts and regularly/daily deliveries;
- Taken on 2 x 1.5 day a week posts, one funded through our income generation/fundraising activities and one grant funded;
- Established working groups for our activities ;
- Secured a Board member with the accounting skills and experience necessary for rigorous management of our finances;
- Registered as a Community Benefit Society and obtained exempt charitable status with HMRC.

## Risks and viability

Our detailed business plan, based on clearly evidenced assumptions, includes a wide mix of income streams which provide us flexibility to respond to the markets we serve without compromising our overall vision to be a self-sustaining community resource. Given the progress we have made over the last four years we believe that with the right level of investment we have the ability to effectively deliver the business plan securing Sandford and the surrounding areas with invaluable services for the long term. The table below shows the main risks and how they are managed and mitigated:

Risk	Rating	How the risk is managed and/or mitigated
Share offer target not reached	Medium	If the amount raised is at least £25,000 then the plans are still expected to happen although this may be more restricted or take longer. Other funding sources such as grants or loans will be considered as needed. If less than £25,000 is raised then we would look to put forward an alternative proposal, however all investors would have the opportunity for a refund of their original investment if they did not want to support the revised proposals.
Café and shop sales are below the projections and/or margins are lower	Medium	The sales projections are considered conservative and low compared to other community shops and cafés. The business plan we have developed included key performance indicators so sales will be closely and income streams and expenditure can be actively managed on an ongoing basis.
Fundraising targets are not achieved	Low	The fundraising targets in the plan are in line with what has been raised to date, and with a strengthening and active society we feel these are very much achievable.
Talking Shop does not meet its community objectives	Low	The society's membership is drawn from the community and will continue to work closely to ensure that its services and activities link into community priorities.
Costs are higher than projected	Medium	As with most new businesses, costs are subject to change. However the costs included are based on research, quotes, existing and known levels. An agreed budget will be in place and performance monitored regularly by the directors.
Not having sufficient volunteers	Medium	We have some very committed volunteers and interest from others. We have one volunteer qualified in volunteer management and funding for two more to complete this training. Our recruitment, induction and support for volunteers is currently being reviewed by a grant funded post, these will be fully implemented by April 2016 with ongoing targeted recruitment when necessary.

## Investment

Investment shares can be purchased from £100, upwards in multiples of £5 to a maximum of £6,000, e.g. £175, £200, £220, £500, £750, £1,000. Income tax relief of up to 50% may be available which could effectively reduce the net cost of your investment by 50% (see more detail in Share Offer Document).

Each share holder will have one vote irrespective of the value of their investment. For more information please see our share offer document or go to our website to see our share offer on Microgenius ([www.sandfordtalkingshop.org](http://www.sandfordtalkingshop.org))

## Appendix 1

### Sandford Talking Shop

#### Five year profit and loss account projections (Target of £60k raised)

	Notes	Actual	Year end projection	Business Plan forecast				
		10 months to 31st March 2015	Year to 31st March 2016	Year to 31st March 2017	Year to 31st March 2018	Year to 31st March 2019	Year to 31st March 2020	Year to 31st March 2021
		£	£	£	£	£	£	£
Café income	Note 1	7,429	8,821	32,255	34,513	36,771	39,713	43,684
Market	Note 1	20,794	22,251	-	-	-	-	-
Shop & Market	Note 1	-	-	25,608	25,759	29,193	31,528	34,681
		28,273	31,072	57,863	60,273	65,964	71,241	78,365
Cost of sales	Note 2	(23,889)	(23,031)	(39,671)	(42,041)	(44,791)	(47,031)	(49,382)
Gross profit		4,384	8,041	18,192	18,232	21,173	24,210	28,983
Rental & fundraising income	Note 3	47,217	19,849	20,720	20,830	20,941	21,988	23,087
<b>Net income</b>		51,601	27,890	38,912	39,062	42,113	46,198	52,070
<b>Less expenses:</b>								
Staff costs	Note 4	-	1,911	22,887	23,116	23,574	24,281	25,009
Rent	Note 5	-	2,970	2,340	2,363	2,387	2,458	2,532
Energy, water & rates	Note 5	-	-	1,000	1,010	1,020	1,051	1,082
Telephone & internet	Note 5	-	-	900	909	918	946	974
Insurance	Note 5	282	287	1,500	1,515	1,530	1,576	1,623
Repairs & services	Note 5	-	629	500	505	510	525	541
Advertising and newsletters	Note 5	910	1,185	1,500	1,515	1,530	1,576	1,623
Accountancy & legal costs	Note 5	-	-	2,000	2,020	2,040	2,101	2,164
Bank charges	Note 5	-	-	200	202	204	210	216
Admin & other expenses	Note 5	416	2,826	2,380	2,392	2,404	2,476	2,550
Grant Expenditure	Note 5	29,123	14,000	-	-	-	-	-
Set up costs	Note 5	1,023	-	-	-	-	-	-
		31,754	23,808	35,207	35,547	36,116	37,199	38,315
Net profit (before depreciation)		19,847	4,082	3,705	3,515	5,997	8,998	13,754
Depreciation	Note 6	-	(836)	(5,016)	(5,016)	(5,716)	(7,816)	(8,096)
<b>Net profit (after depreciation)</b>		<b>19,847</b>	<b>3,246</b>	<b>(1,310)</b>	<b>(1,500)</b>	<b>282</b>	<b>1,183</b>	<b>5,659</b>

## Appendix 2

### Sandford Talking Shop

#### Five year balance sheet projections

(based on meeting the £60,000 share capital target)

	Notes	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
		£	£	£	£	£	£
<b>FIXED ASSETS</b>							
Tangible assets	Note 6	34,989	29,974	24,958	24,243	31,427	25,332
<b>CURRENT ASSETS</b>							
Stocks	Note 7	800	300	300	300	500	600
Debtors	Note 7	500	6,000	6,000	6,000	7,500	8,000
Cash at Bank	Note 7	48,804	47,509	51,024	52,023	34,321	35,474
		50,104	53,809	57,324	58,323	42,321	44,074
<b>CREDITORS</b>							
Amounts falling due within one year	Note 8	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
<b>NET CURRENT ASSETS</b>		48,104	51,809	55,324	56,323	40,321	42,074
<b>NET ASSETS</b>		83,093	81,783	80,283	80,565	71,748	67,406
<b>CAPITAL &amp; RESERVES</b>							
Share Capital	Note 9	60,000	60,000	60,000	60,000	50,000	40,000
Designated Fund	Note 10a	10,600	10,600	10,600	10,600	10,600	10,600
Profit & Loss account	Note 10b						
Balance brought forward		9,247	12,493	11,183	9,683	9,965	11,148
Trading surplus for the year		4,082	3,705	3,515	5,997	8,998	13,754
Depreciation charge for the year	Note 6	(836)	(5,016)	(5,016)	(5,716)	(7,816)	(8,096)
Balance carried forward		12,493	11,183	9,683	9,965	11,148	16,806
<b>Total capital &amp; reserves</b>		83,093	81,783	80,283	80,565	71,748	67,406

The notes are explained in Appendix 3

## Appendix 3

# Notes to the Profit & Loss Account and Balance Sheet Projections

### 1. Turnover

The estimated first year turnover (year to 31st March 2017) for the expanded community café is least £32k (i.e. £600 per week/ £100 per day.) This is conservative with typical spend of £3.50 (on a cup of tea/coffee, cakes, sandwiches and light lunches), it would require on average 25–30 people per day to achieve this target. Our visits to other community organisations that have a well-run café can turn over significant amounts and be the key contributor to viability and profitability. Whilst the café will be run in a business-like manner it is a core part of the delivery and fulfilment of the Societies objects for providing a community hub and a place for isolated, vulnerable and other members of the local community to meet (including the lunch club) and to provide training and development opportunities for volunteers.

The turnover for the village shop element of the overall Sandford Talking Shop activities is assumed at £26k which equates to about £500 per week. Based on the experience to date, detailed analysis of different products we believe this to be very much achievable. This builds on the initial start-up period and is based on market research and comparisons with other community shops (e.g. Radley & Brockweir) and indeed Sandford Talking Shop is very modest, although direct comparisons can be difficult to make as the Sandford shop is only a part of the overall offer that the Society provides.

When comparing the turnover for the shop and market between the first two financial years (i.e. up to 31st March 2016), the market income and expenditure includes the sale of stock by Talking Shop through the market plus pitch fees paid by external guest traders. Under the new shop approach as set out in this business plan, Talking Shop's stock sales are included in the shop's turnover and the market income consists solely of pitch/service fees charged by external Saturday market traders.

Since the trading turnover and income of the organization is below the current VAT threshold of £82,000 there is no need or plan to register for VAT. Hence no VAT is added to sales income, but costs are shown gross of any VAT incurred.

### 2. Cost of sales and gross margin

The average community shop gross margin is 23%, according to the Plunkett Foundation, but individual shops will vary, depending in particular on the product mix. For the purposes of the 3-year projections we believe that this can be achieved at Talking Shop and hence a margin of 23% has been assumed.

The gross margin for the café should be considerably in excess of this and are assumed at 38%. Community cafés often exceed this (averages are around 40% to over 55%) so this is seen as very conservative. Our aim is to offer high quality products and at affordable prices so this is also a factor in assuming a lower gross profit contribution.

Stock levels are expected to be kept low in order to maintain it as fresh as possible and to have an ordering system for meat and larger purchases to avoid keeping too much money tied up in stock.

### 3a. Fundraising income

Grants of £5k and income from fundraising and community events amounting to £4k p.a. are considered very much realistic and achievable, and in line proportionally with what has been achieved to date.

In addition to the investment offer, Talking Shop offers an annual membership for supporters and members of the community who wish to participate and vote but do not wish to purchase shares in the investment offer. The annual membership cost is £10.

### 3b. Room hire income

Income from the use of Talking Shop's rooms by community groups and other organisations is expected to be £9k per year maximum: this would be fees paid by external groups to use the space to deliver community benefit activities or services; we anticipate that some of these activities may ultimately be delivered by Talking Shop volunteers in which case there will be no room hire fees paid, rather subscriptions paid or sales made.

### 4. Staff costs

Whilst Talking Shop relies very much on its volunteers, they will be supported by two part time paid managers; one will be responsible for the café and ordering of shop supplies, the other for recruiting, training and managing our volunteers. The two paid managers will report to the Talking Shop board and the volunteers will report to them. A total cost of £23k (in year 1) has been allowed for this. If the maximum of £80k was raised in the share issue then we would be able to increase the working capital to invest in increased hours and services through extra staffing.

### 5. Expenses

- Rent is payable to Sandford Village Hall. This is based on the current agreed levels for the Saturday market.
- Energy, water, telephone and insurance costs are based on current levels, estimates and quotes received.
- Advertising and newsletters primarily cover the costs for the talking shop community newsletters
- The Talking Shop is required to keep proper accounts and records and meet ongoing legal requirements. The annual budget of £2k is considered reasonable for this.
- Grant expenditure in the current financial year to 31st March 2016 relates to 'Our Place' funding (partnership building work to increase our ability to 'upskill' local people and create pathways to employment), Locality 'Feasibility' work (capacity building on running a shop, developing strategies to serve vulnerable residents, business planning and governance) and start up funding for the Good Neighbours project.

### 6. Fixed assets and depreciation

The shop and café needs capital investment in order for it to be fully set up for the business to operate. A total of £36k is required to cover the following:

- Chiller unit and freezer
- Blinds
- Safe
- Signage
- EPOS (electronic point of sale) till
- Office equipment
- Equipment for food education, gardening and bike teams
- On site workshop to enable the garden and bike teams.

In line with accounting requirements, the capital equipment will need to be depreciated and whilst depreciation policies have yet to be finalised the estimate allowed for in the projections is typical for community cafés and shops.

## 7. Current assets

All businesses need working capital to operate. This includes amounts held in cash as well as stock, amounts the organization is owed (debtors) and amounts it is due to pay out.

The stock levels are planned to be low due to the nature of the goods stocked and the use of ordering for meat and other large orders

The directors would plan to maintain a working capital cash balance of around £40k in the bank. This helps to reduce the risk to the business and manage short term fluctuations.

## 8. Creditors

Creditors are amounts due to suppliers, HMRC and include amounts where income (such as grants) are received in advance but have yet to be used (in part or full). The level of creditors in the projected balance sheet is consistent with current levels.

## 9. Share capital

As a Community Benefit Society, Talking Shop is able to issue community shares. The projections assume a successful subscription of £60k.

Our viable business plan is based on raising £60,000 although the minimum we need to raise is £25,000.

The maximum that any shareholder can hold is £6,000, although the legal structure means that it works to a one member one vote system.

The type of shares issues as part of the Society's investment offer are known as withdrawable shares. These shares cannot be sold or transferred but can be withdrawn subject to the following conditions:

- No withdrawals in the first three years (this is also the minimum period for holding shares in order to qualify for tax relief)

- Withdrawals are permitted after three years but only where sufficient liquidity allows it. The 5 year business plan makes an assumption that up to £10k can be withdrawn in year 4 (year to 31st March 2020) and a further £10k in year 5 (year to 31st March 2021). The Society intends to continue this level of withdrawals (around 15% to 20% per year), however none of these figures are guaranteed and are subject to the liquidity needs of the Society at the time. All applications for withdrawals are at the discretion of the directors who will advise of the process in advance of the availability to withdraw.

## 10. Profit and loss reserves

The profit and loss reserves show the accumulated profit generated by the organization to date. It is important to hold reserves in order to manage potential risks and uncertainties. Whilst the Society has legal powers to pay interest on community shares, it currently has no plans or intentions to do so. Any such change in this policy would need to be voted on by the members.

## 11. Corporation Tax

Talking Shop has exempt status from HMRC for the purposes of Corporation Tax and hence no tax is assumed or expected to be due on its activities.

The community café and related educational and community activities are considered as primary purpose activities in meeting the Society's charitable objects. The actual shop is considered as non-primary purpose with income of below the £50k Corporation Tax threshold. In line with guidance for charities and organisations with charitable objects the directors will review whether a trading subsidiary needs to be set up for the operation of the shop.