



# Littlehempston Community Pub Limited

## Business plan

Littlehempston Community Pub Limited  
T/A The Tally Ho Inn  
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# 1. Summary

Littlehempston Community Pub Ltd (LCPL) is a not for profit Industrial and Provident Society for the Benefit of the Community and has been formed to purchase and re-open the Tally Ho Inn. It uses Plunkett Foundation Model Rules and is registered with the Financial Conduct Authority.

The Tally Ho is a Grade II listed 14<sup>th</sup> Century Inn and one of Devon's most picturesque and charming traditional inns. Although previously it used to trade successfully, latterly it has fallen on hard times, become neglected and consequently closed.

The pub is at the heart of the Village and it is the intention of LCPL to re-establish the Tally Ho as a thriving village inn catering not only for local residents but also serving the wider community.

We intend to raise the capital to buy and re-open the Tally Ho by running a Share Offer.

## 2. Business overview

### Introduction

The Tally Ho Inn is a Grade II Listed 14<sup>th</sup> century freehold public house situated in the unspoilt village of Littlehempston. The village is steeped in history and is widely known as one of the prettiest villages in the South Hams.

### Current position

The premises have been closed since November 2011. The current owner applied for planning permission to convert the Inn to a private house, claiming that it wasn't viable and that he was unable to sell it as a pub. About seventy five objections were sent to South Hams District Council objecting to the planning application, many suggesting that the pub had been poorly managed in recent years, but that it would be viable in the right hands. Previous proprietors ran the business very successfully. It was this application and the strong response from the local community that prompted the formation of Littlehempston Community Pub Ltd (LCPL). The planning application has now been withdrawn and LCPL believes the Inn is an important part of the village and does have a viable future. The Tally Ho has been listed as an 'Asset of Community Value' which means there is a moratorium on a sale to other parties until 10<sup>th</sup> July 2013 providing LCPL with the opportunity to agree a purchase price with the existing owner and raise the necessary funds to buy and re-open it.

### Competitive advantage

The Tally Ho Inn has the advantage of being the only public house in the heart of the village. It offers historical links with the church, has a car park and delightful beer garden. The premises are in a picturesque village providing an idyllic setting for ramblers, cyclists and families. Residents and tourists to the area visit the premises all year round. It has a wide catchment area of Torbay, Totnes, Newton Abbot, and is surrounded by a network of small villages.

The Tally Ho can be safely described as one of Devon's oldest and prettiest Inns and is well known not only locally but nationwide and abroad. It is full of character and is a fine example of a pub that you could take visitors to experience a real traditional unspoilt English Country Inn.

The nearest public house to The Tally Ho Inn is approx ¼ mile from the village. The Pig & Whistle is a roadside operation situated on a busy main road. It's a popular public house, offering good pub food and friendly staff, but is some distance from the village and is not easily accessible by pedestrians.

### Growth plan

We aim to provide good quality food and beverages, a warm and welcoming atmosphere and a focal point for local people and visitors. We will work closely with the church to provide catering services for functions and general meetings. The premises will offer employment and training for staff and management - preferably for people recruited from the local area. We also plan to offer a service of selling provisions to the community.

### 3. Business strategy

In the first year we propose to undergo a sympathetic redecoration and refurbishment to restore the premises to a traditional village pub. We intend to replace some of the kitchen equipment. We will employ local tradespeople and intend to keep costs down by having the help of volunteers from the community. An experienced Manager and Chef will be appointed for the running of the premises. We will endeavour to recruit staff from the local community and surrounding area.

We intend to source quality produce from local traders, to have good ales, ciders, lagers, wines, spirits and soft drinks. These strategies will enable us to provide a warm welcoming atmosphere for the community and visitors. Throughout the year we will be holding speciality nights including quizzes, barbeques, games and theme food evenings. A Loyalty card scheme will also be introduced.

Over the next two to five years we shall be diversifying to incorporate additional services such as providing off sales for basic food stuffs, wine, bottled/canned beers and stamps as there is no village shop. Other possibilities include a small library for book exchange, and a facility for local artists to display their paintings. A parcel and possibly prescription delivery/collection service will be investigated.

#### Strategic issues

External threats such as lack of finance from the community by not buying into the share scheme. Possibility that the owner may refuse to sell to us and wait until moratorium period ends.

Other factors like government legislation and a further economic downturn and continuing adverse government taxation policy on consumption of alcohol.

#### Core values

To be a caring custodian and to ensure the long term sustainable future of the Tally Ho as the village Inn. To be the real hub of the community and focal point of the village providing a warm welcoming atmosphere and sense of belonging to local residents. Also to provide the best quality food that we can source whilst selling at affordable prices. We want local residents to really feel this is 'their pub' not only in terms of ownership.

Being a 'not for-profit' organisation we will be able to maintain the Tally Ho in first class condition and use any surplus funds to help with village projects.

## 4. Marketing

### SWOT analysis

#### Our Strengths:

- An attractive Grade II Listed 14<sup>th</sup> Century freehouse
- Historical Church in the picturesque village of Littlehempston
- Car park
- Beer garden
- Easy access
- Within walking distance for many villagers
- A well known landmark
- Wide catchment area of the relatively prosperous South Hams and Torbay
- Popular tourist area and several camping and caravan sites nearby
- It's small size enables it to be run relatively efficiently
- Enthusiastic volunteers should help keep costs down and provide impetus
- Disabled access and facilities can be installed relatively easily

#### Our Weaknesses:

- The loss of goodwill due to premises being run down and closed for seventeen months
- Loss of allegiance with previous customers
- Takings are limited by the size of the premises
- Some days trading can be lost due to access road flooding in severe conditions

#### Our Opportunities:

- To improve the premises and services to attract the community and regain their support
- To provide a more modern style of service, product and reaction to customer demands
- To be able to diversify with shop facilities and other services
- To enable the local community and wider shareholders to feel part of something that is historical and beneficial
- The proposed cycle path could enhance trade with both cyclists and walkers by making the Inn more accessible from Totnes and the South Devon Steam Railway

#### Our Threats:

- Support from the community is not as good as promised
- Economic downturn causing hard times in the hospitality industry
- Adverse effects of smoking ban and drink driving legislation if limit lowered to 50mg of alcohol per 100 ml of blood
- Customers preference to drink at home
- Low price offers of alcohol in local supermarkets
- Government legislation and adverse taxation policy
- Good operators at the Pig and Whistle but also there are many other pubs within a 5 mile radius that are generally well run

### Reaching our customers

The share offer and community purchase should attract considerable interest and add momentum to the initial opening. It is our intention to get as much free publicity as possible using local press, radio, and TV, the Parish News, CAMRA etc. At the initial opening we will supplement this with advertising features in the local press.

#### Other techniques are:

- Possible leaflet distribution through Royal Mail
- We will develop a good website and make use of social networking sites
- We will aim to establish an extensive customer e-mail data base and investigate the use of text message marketing
- We will introduce a customer loyalty scheme to encourage repeat business
- Target caravan and camping sites
- Establish contact with local organisations, clubs and businesses and the local council

A long term aim will be to achieve recognition in consumer guides such as Good Pub Guide, Good Beer Guide and dining out guides, and relevant websites.

### **Promotional Events**

Fortunately having a willing, multifaceted committee can provide enthusiasm and help to organise events to bolster trade in quiet periods such as:  
Quiz nights, Wine tastings, Beer Festival, Pudding Club, Bar-B-Q's and themed evenings.

### **Marketing budget**

It is the intention to use the considerable marketing experience and skills of some of the committee members to not only produce quality, professional promotional material and websites etc, but also to keep costs to a minimum. Nevertheless we envisage spending approximately £4,500 in the first year and reducing it in subsequent years.

### **Credibility and risk reduction**

Raising the money through a community share purchase should mean that there is minimum need for obtaining a bank loan or other finance apart from trade creditors (and therefore less risk of default). There have been many offers of help to re-decorate, clean up and generally prepare the Inn for opening so that these costs can be kept to a minimum.

There is considerable enthusiasm from the local community to see the Inn re-open and we are sure this will translate into active support for the Inn once trading.

We have access to a community (pre-feasibility) grant to cover professional fees such as valuation, survey etc., and we have the backing and advice of the Plunkett Foundation.

## 5. Team and management structure

### Committee

#### Andrew Mogford

HND in Hotel and Catering Management and trained at the Dorchester Hotel, Park Lane, London. Previously owned and managed the Sea Trout Inn, Staverton and Maltsters Arms, Tuckenhay. Currently partner in the Smugglers Inn, Dawlish. Director of Exeter Inn LLP, Smuggler's and Pirates Inns Limited, and Roseberry Estates Limited.

#### Alison Batten

Over twenty five years experience in the hospitality industry. Completed Management, Business and Cellar training course with Bass Charrington, managed three of their flagship public houses in London. Partner and owner of a public house in Devon.

#### Linda Collard-Baker

Qualified social worker. Now runs a gardening business employing two people. Chair of Littlehempston Parish Council.

#### Neil Kelly

Advertising Creative Director. Worked in London, Sweden, India and USA. Was Regional Creative Director based in Hong Kong handling Visa and Pepsi in 13 countries from Japan to Australia. Agencies worked for include FCB, Bates, McCanns, DDB and BBDO.

#### Bee West

Currently sales manager for Green Books publishers in Devon. Over 20 years in export sales, marketing and PR in academic publishing environment. Formally a director and company secretary of Naturesave Policies Limited.

#### Jennifer Payne

Happily retired after over 40 years in the accountancy field in both the public and private sectors. Last position was in a local authority accounts department, with the added responsibility of being the Council's Insurance Officer.

#### Mike Thomas

Worked for 27 years for BBC Television, including 5 years as a Post Production Operations Manager. This management role included being responsible for Birmingham Post Production - a business with a £3million turnover employing approximately 50 staff. Was heavily involved in establishing Chiswick Pier on the River Thames, and had two spells as a trustee of the Chiswick Pier Trust which ran the pier and associated pier house.

### Management systems

We will appoint a manager / management couple who will be responsible for the day to day running of the business and will report to the committee.

We will appoint an independent stock taker to ensure desired margins are being achieved.

A part time accountant will be appointed who will deal with the accounts of the business and also run the payroll. It is our intention to prepare monthly profit and loss statements.

Compliance issues such as health and safety, employment law, and risk assessments will be implemented by the manager and overseen by the committee.

The committee will report to the shareholders (members) at the Annual General Meeting and other Special Members Meetings.

## 6. Financial budgets and forecasts

### Profit and loss forecast – year 1, excluding VAT

	Pessimistic	Realistic	Optimistic
<b>SALES</b>			
Total Sales	£200,000	£250,000	£300,000
Food	£153,600	£192,000	£230,000
Bar	£46,400	£58,000	£70,000
<b>GROSS PROFIT</b>			
Food @ 62.5%	£96,000	£120,000	£143,750
Wet @ 62.5%	£29,000	£36,250	£43,750
Total Gross Profit	£125,000	£156,250	£187,500
<b>LABOUR COSTS</b>			
Wages @ 20%	£40,000	£50,000	£60,000
Management	£40,000	£40,000	£40,000
Total Labour Costs	£80,000	£90,000	£100,000
Gross Profit after Labour Costs	£45,000	£66,250	£87,500
<b>OVERHEADS</b>			
Insurance	£3,000	£3,000	£3,000
Heat & Light, logs	£6,000	£6,000	£7,000
Postage/stationary	£1,000	£1,000	£1,000
Advertising	£4,500	£4,500	£4,500
Telephone	£750	£750	£750
Consumables	£2,000	£2,000	£2,500
Crockery & Glass	£2,500	£2,500	£2,500
Waste Disposal	£2,500	£2,500	£3,000
Rates	£5,000	£5,000	£5,000
Repairs & Renewals	£2,000	£2,000	£2,000
Water / Septic Tank	£2,000	£2,000	£2,500
Stocktaking	£1,360	£1,360	£1,360
Accountancy	£5,000	£5,000	£5,000
Bank Charges	£1,000	£1,000	£1,250
C/Card fees	£1,250	£1,250	£1,500
Licensing / Professional fees	£500	£500	£500
General Expenses	£2,000	£2,000	£2,500
Travel	£500	£500	£500
Interest on loans	£0	£0	£0
Total Overheads	£42,860	£42,860	£46,360
<b>NET OPERATING PROFIT/LOSS</b>	<b>£2,140</b>	<b>£23,390</b>	<b>£41,140</b>
<b>EXCEPTIONAL 1st Year Costs</b>			
Legal Fees / IPS set up	£8,000	£8,000	£8,000
Survey / Valuation	£2,000	£2,000	£2,000
Re-decorate	£2,000	£2,000	£2,000
New Furniture	£2,000	£2,000	£2,000
Flooring	£2,000	£2,000	£2,000
Kitchen Equipment	£10,000	£10,000	£10,000
Building Structure	£5,000	£5,000	£5,000
Contingency	£3,000	£3,000	£3,000
Signage	£1,000	£1,000	£1,000
Deduct any grants received	-£9,300	-£9,300	-£9,300
Total 1st Year Costs	£25,700	£25,700	£25,700
<b>NET PROFIT / LOSS</b>	<b>-£23,560</b>	<b>-£2,310</b>	<b>£15,440</b>



Cash flow forecast – year 1 including VAT

Month	1	2	3	4	5	6	7	8	9	10	11	12
Cash Balance at start of Month	£0	-£252	£2,735	£5,923	£2,435	£5,622	£8,610	£4,280	£7,267	£10,455	£5,892	£8,879
<b>INCOME</b>												
Food	£15,400	£15,400	£15,400	£15,400	£15,400	£15,400	£15,400	£15,400	£15,400	£15,400	£15,400	£15,400
Bar	£4,500	£4,500	£4,500	£4,500	£4,500	£4,500	£4,500	£4,500	£4,500	£4,500	£4,500	£4,500
Other	£140	£140	£140	£140	£140	£140	£140	£140	£140	£140	£140	£140
<b>TOTAL</b>	<b>£20,040</b>	<b>£20,040</b>	<b>£20,040</b>	<b>£20,040</b>	<b>£20,040</b>	<b>£20,040</b>	<b>£20,040</b>	<b>£20,040</b>	<b>£20,040</b>	<b>£20,040</b>	<b>£20,040</b>	<b>£20,040</b>
<b>OUTGOINGS</b>												
VAT				£6,475			£7,517			£7,550		
Cash Purchases Food	£800	£800	£800	£800	£800	£800	£800	£800	£800	£800	£800	£800
Cash Purchases Bar	£200	£200	£200	£200	£200	£200	£200	£200	£200	£200	£200	£200
Cash Purchases Other	£95	£95	£95	£95	£95	£95	£95	£95	£95	£95	£95	£95
Account Purchases Food	£1,000	£4,013	£4,013	£4,013	£4,013	£4,013	£4,013	£4,013	£4,013	£4,013	£4,013	£4,013
Account Purchases Bar	£4,800	£1,206	£1,206	£1,206	£1,206	£1,206	£1,206	£1,206	£1,206	£1,206	£1,206	£1,206
Account Purchases Other												
Wages (incl NI)	£6,667	£6,667	£6,667	£6,667	£6,667	£6,667	£6,667	£6,667	£6,667	£6,667	£6,667	£6,667
Insurance	£300	£300	£300	£300	£300	£300	£300	£300	£300	£300	£300	£300
Heat & Light, logs	£600	£600	£600	£600	£600	£600	£600	£600	£600	£600	£600	£600
Postage/stationary	£600	£55	£55	£55	£55	£55	£55	£55	£55	£55	£55	£55
Advertising	£1,200	£382	£382	£382	£382	£382	£382	£382	£382	£382	£382	£382
Telephone	£75	£75	£75	£75	£75	£75	£75	£75	£75	£75	£75	£75
Consumables	£480	£175	£175	£175	£175	£175	£175	£175	£175	£175	£175	£175
Crockery & Glass	£1,800	£110	£110	£110	£110	£110	£110	£110	£110	£110	£110	£110
Waste Disposal	£250	£250	£250	£250	£250	£250	£250	£250	£250	£250	£250	£250
Rates	£500	£500	£500	£500	£500	£500	£500	£500	£500	£500	£500	£500
Repairs & Renewals	£200	£200	£200	£200	£200	£200	£200	£200	£200	£200	£200	£200
Water/Septic Tank	£200	£200	£200	£200	£200	£200	£200	£200	£200	£200	£200	£200
Stocktaking		£200		£200		£200		£200		£200		£200
Accountancy		£500	£500	£500	£500	£500	£500	£500	£500	£500	£500	£500
Bank Charges	£100	£100	£100	£100	£100	£100	£100	£100	£100	£100	£100	£100
C/Card fees	£125	£125	£125	£125	£125	£125	£125	£125	£125	£125	£125	£125
Licensing / Prof fees	£50	£50	£50	£50	£50	£50	£50	£50	£50	£50	£50	£50
General Expenses	£200	£200	£200	£200	£200	£200	£200	£200	£200	£200	£200	£200
Travel	£50	£50	£50	£50	£50	£50	£50	£50	£50	£50	£50	£50
Loan Repayments												
<b>TOTAL OUTGOINGS</b>	<b>£20,292</b>	<b>£17,053</b>	<b>£16,853</b>	<b>£23,528</b>	<b>£16,853</b>	<b>£17,053</b>	<b>£24,369</b>	<b>£17,053</b>	<b>£16,853</b>	<b>£24,603</b>	<b>£17,053</b>	<b>£17,053</b>
Increase in Cash	-£252	£2,987	£3,187	-£3,488	£3,187	£2,987	-£4,329	£2,987	£3,187	-£4,563	£2,987	£2,987
Cash Balance at end of Month	-£252	£2,735	£5,923	£2,435	£5,622	£8,610	£4,280	£7,267	£10,455	£5,892	£8,879	£11,866

### Capital Expenditure Budget

Estimated initial capital expenditure in addition to the purchase price and essential repairs necessitated by the survey is:

Re-decoration	£2,000
New furniture	£2,000
Flooring	£2,000
Kitchen Equipment	£10,000
Building structure	£5,000
Signage	£1,000
Contingency	£3,000
<b>Total</b>	<b>£25,000</b>

### Break-even analysis

On the basis of the profit and loss projections we estimate the break even weekly turnover to be £4,600 including VAT.