

Business Plan of George Street Community Bookshop

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1 Executive Summary

When the long-established George Street Bookshop came up for sale in Glossop in early 2018, a group of local people, concerned that the bookshop might close or radically change its ethos, organised to take ownership.

We quickly formed a social enterprise company, raised £2,000 from 80 people via a crowdfunding campaign, held a series of outreach and engagement events and managed to secure enough short term, zero interest loans to purchase the shop. On 1st July 2018 George Street Community Bookshop began trading to the public.

The next step in the process is to safeguard the shop's future and to invest in its fabric in order to maximise its social and economic potential. The bookshop has won a grant from the Community Share Booster programme to convert from a company limited by guarantee in to a community benefit society, develop our business plan and run a Community Share issue. The issue will raise £50,000 of capital to pay off the short-term loans, invest in making the shop more flexible in order to increase footfall and sales and to build new, online sales channels.

This business plan sets out in detail how the shop currently generates income and how it will use new investment to increase its earning potential, maximise community involvement and increase its benefit to local people, customers and members.

2 Intro and Background

2.1 Scope and Purpose of Business Plan

The business plan covers the operations of the George Street Community Bookshop, specifically assessing the impact on the business of a community share issue to raise capital for refurbishment and other works.

The business plan covers the next five years and has been developed in order to inform the Board of Directors' decision making, to assure loanees and to act as an auxiliary document for the Community Share issue in order to offer context to investors and members.

2.2 Who we are

Based in Glossop, Derbyshire, George Street Community Bookshop is a not-for-profit community business that exists to improve access to knowledge, learning and local cultural heritage to the people of Glossopdale and visitors to the area.

From bestsellers to radical free-thinkers, from children's stories to local and international history, George Street Community Bookshop has established an extensive and affordable literary resource.

With this share issue, we will extend access to books and literature to as wide a mix of people in Glossopdale as possible. The shop will be a safe and inclusive community hub where the general reader will mix with parents and children, students and pupils, philosophers and browsers. As well as selling books we will use the bookshop to run other services including benefits advice, basic literacy skills for young people, work experience opportunities, reading groups for vulnerable and/or isolated people.

The business will encourage volunteer members to organise individually and collectively: book clubs, reading groups, visiting speakers, poets, musicians and other events of cultural interest.

It will be a place for local artists, authors and creative practitioners to showcase and sell their work and will play an integral role as part of Glossop's wider cultural and creative sector.

Values

We are: independent, free thinking, community-led, collaborative, cooperative, curious, open to learning, inclusive, progressive, entertaining and member-based.

2.3 Governance

2.3.1 Legal structure

The project was initially constituted as a company limited by guarantee in order to quickly secure the bookshop. It has converted in to a Community Benefit Society, George Street Community Bookshop Limited (Registration No. 7868) using the Co-operatives UK Community Benefit Society Model rules and registered under the Co-operative and Community Benefit Societies Act 2014.

2.3.2 Governance arrangements

The Society is operated by a Board of Directors currently consisting of its five founding Members. The company is managed by the Board rather than a general meeting of Members. The Board is elected from and by the membership at annual general meetings and consists of no less than three Directors and no more than 15. Up to two additional Board members can be co-opted from outside the membership, serving on a 12 months basis. A director has responsible for Human Resources and staff line management and another director oversees volunteers with a volunteering sub-group taking responsibility for volunteer management and recruitment.

2.4 Plans for membership growth

The Society aims to expand membership. As a membership society, the involvement of Members is integral to the broader social and economic success of the company - the more Members we have the better we can do this. We aim to facilitate the active participation of Members in the governance of the Society beyond general meetings and will seek their views on key decisions and new business developments.

Membership is open with members purchasing a share in the Society and able to vote in general meetings of the Society on an equal one member, one vote basis. Members can also stand for election to the Board of Directors.

To begin, membership is open to investors purchasing shares as part of the Community Share issue with a minimum investment of £50.

This offer is aimed at the community of Glossopdale, a historic community in the Glossop Brook valley consisting of small market towns and villages, with a total a population of 50,000. We anticipate that most of new members will come from here but that we will have some members with links to the area that are from further afield. The minimum shareholding is affordable to the local population and at that level we would need to have 500 members to meet our target raise. Glossopdale is an economically mixed area, with a demographic profile close to or just above average for England. It has a range of active community organisations, institutions and local businesses.

After the initial Community Share issue has closed the minimum Membership investment will be reduced to £25 on an open-ended basis to encourage a broader membership, more representative of the local area.

Volunteers who donate their time for free will be able to join as Members for £1 as we aim to encourage their involvement and participation in the democratic governance of the Society.

Customers have the opportunity to subscribe to our annual subscription service, paying an annual fee and gaining shop discounts and added extras and treats eg attending events etc. This subscription is open to all of our customers and is not conditional upon membership.

2.5 Vision statement

Our vision is to develop a bookshop owned and run by the community of Glossopdale that addresses the cultural and literary needs of both local people and visitors.

2.6 Mission statement

We will sell new and second-hand books, run authors events, offer a diverse range of volunteering opportunities, become a venue for community activities and become a cultural hub for the local area.

2.7 Objects of the Society

The objects of the Society are “to carry on any business for the benefit of the community, in particular the town of Glossop and the surrounding area through the provision and maintenance of a bookshop and engaging in any other ancillary activities that further community benefit for the public at large.”. And that the Society is “owned and controlled by its Members on a fair and equitable basis”.

2.8 Social and environmental impact

The bookshop aims to carry out its activities in a way that minimises environmental impact on a whole lifecycle analysis basis – fundamentally the sale of second-hand books supports this! Additionally, our approach extends to use of materials within the shop, packaging, transport, energy, food and drink etc. We will outline our approach in an Environmental Policy which includes targets and dates for improvements.

We aim to benefit the wider community through contributing to its cultural development but in such a way that enables everyone to access these resources, including those people who are marginalised and/or disadvantaged. We will outline our approach via a social impact policy that includes key performance indicators and a data collection strategy.

3 Staffing

3.1 Paid Staff

The bookshop employs a part time worker who covers basic shop operations, coordinates building maintenance and bookkeeping. This arrangement will continue.

3.2 Volunteers

The bookshop benefits from volunteer labour to operate the shop, assisting and complementing paid staff. We have a wide network of volunteers drawn from the local community who cover specific weekly shifts. To this end we have a volunteer coordinator and have developed a series of recruitment and management policies. We see volunteers as an essential part of the community business and they will be the first point of contact for most customers. We will invest in their recruitment, training and wellbeing.

4 Current Business

4.1 Description of work done to date

The community bookshop was incorporated as a company limited by guarantee in February 2018. We ran a series of two engagement events to assess local interest in taking over the bookshop and the interest from volunteers in getting involved. In Spring 2018, we engaged in simultaneous negotiations with the previous owner around the purchase of the business and the stock and with the landlady around the lease. During this period, we carried out a process of due diligence, reviewing past financial figures, valuing the stock and carrying out a survey of the building.

In May 2018, we agreed an initial sale price of £20,000 with a further payment of £3,000 in July 2019. The agreement to make this additional payment was required to gain exclusivity on sale negotiations. The purchase cost consisted of: Goodwill £7,000, Stock £15,000 and Lease £1,000 with the business carrying out a valuation of the stock, a building condition survey and market research to ensure best value was achieved.

Our long-term plan had always been to cover the costs of the business purchase through a community share issue, however, due to the timescales involved (the past owner was keen to sell) we had to raise funds via short term, zero percent interest loans from members and close associates.

At this time, we also registered for VAT to take advantage of the zero VAT rate on second hand book sales and in May 2018, applied to the Community Shares Booster scheme to assist us in raising funds to repay short term loans and invest in the shop to increase sales.

On 1st July 2018, we purchased the business and stock and signed a seven-year lease with a two-year break clause. We immediately began trading, opening the shop 5 days a week, employed our part time staff member and quickly recruited volunteers to cover any hours required. A further 'launch' event took place in July 2018 attracting a large number of supporters and volunteers.

Loans

It should be noted that three directors, Caroline Turner, Steve Roberts and Ann Bosset-Roberts are among the people who lent George Street Community Bookshop funds to carry out the initial purchase and will be repaid by the share issue – in total these directors lent 50% of the money. These directors are absented from any board decisions relating to this payment.

5 Capital Development

5.1 Summary of capital development works

The funds raised in the share issue will be used in five areas:

- 1) A debt to equity swap: repaying community share investor Members who lent money to the business on a short-term basis to cover the costs of the business and stock purchase.
- 2) Goodwill: We have a final purchase payment to make.
- 3) Fixed assets: We will make improvements to the building and its fixtures and fittings to make the shop space more welcoming and flexible, particularly to accommodate author events. The cost of these works will be subsidised by volunteer labour and expertise. Funds will also be used to purchase equipment to enable online sales and to buy other essential shop equipment. The cost of our architects will be capitalised and added to our fixed assets.
- 4) Unrecoverable one-off costs: We will create marketing materials to launch our new shop and drive customer footfall. We anticipate that the increase in customers driven by this will pay for itself over the first 3 years
- 5) Working Capital: We will need to pay VAT on the refurbishments and equipment. As a VAT registered business, we will be able to reclaim this, but will need working capital to cover this.

5.2 Breakdown of capital costs

We have a variable amount of capital costs depending upon how much money we raise through the community share issue. Although most of our costs are fixed, we have a degree of flexibility in the scope and scale of building improvements we carry out.

Maximum Fundraising target budget - £50,000

| Income | |
|---|----------------|
| Community Share Issue | £50,000 |
| TOTAL | £50,000 |
| | |
| Item | Costs |
| Repayment of loans | £20,000 |
| Additional purchase payment | £3,000 |
| Architect fees | £2,000 |
| Cost of refurbishment | £16,000 |
| Painting and decoration | £1,000 |
| Shop equipment (including online sales) | £1,500 |
| Marketing materials | £2,000 |
| Working Capital | £4,500 |
| TOTAL | £50,000 |

Minimum Fundraising target budget - £27,200

| | |
|-----------------------------|--------------|
| Income | |
| Community Share Issue | £27,200 |
| TOTAL | £27,200 |
| | |
| Item | Costs |
| Repayment of loans | £20,000 |
| Additional purchase payment | £3,000 |
| Cost of refurbishment | £2,000 |
| Shop Equipment | £1,500 |
| Working Capital | £700 |
| TOTAL | £27,200 |

Cost of architects supplied by LJ Architects Ltd, includes community consultation and key stakeholder workshop facilitation. Cost of refurbishment estimated on basis of standard industry figures. Shop equipment has been individually priced.

5.3 Capital funding

Capital funding will be supplied by a community share issue.

The minimum amount necessary to be solvent is £27,200 this will enable the repayment of the short-term loans, the final piece of the purchase price, the essential shop equipment and allow the required investment in the fabric of the shop. If this minimum amount cannot be raised the business will be sold to repay the short-term loans and the Society will cease trading.

Community Share Issue offers must have an upper limit, to ensure all funds raised are invested as promised in the share offer. The maximum investment we will accept is the same as our target investment of £50,000.

If we raise more than £50,000, the Society will return money above £50,000 to investors – this will be done on a pro rata basis – excepting those investors who have contributed at the minimum level of £50.

5.4 Impact on revenue streams

Expanding existing income streams

Past accounts demonstrate average book sales around £2,000 per month (£24,000 per year). The change in ownership, and temporary closure has led to an inevitable reduction in sales to around £1,450 per month (£17,400 per year). With the investment in shop facilities, a better indexing and filing system and increased profile we estimate an increase at a rate of 5% per year to reach £23,300 per year in Year 5.

Creating new income streams

Historically, the bookshop's sole source of income was the sale of second-hand books from the bookshop. As part of our investment process we are opening up new income streams.

Online sales

The Community Share issue will enable us to invest in a stock tracking system and ICT equipment to enable online sales via an established sales platform eg Hive. Research indicates that some community bookshops generate 15% of their sales via online channels. We therefore estimate online sales amounting to £3,500 per year in Year 2 (just less than 15% of total sales) with this figure rising 5% per year to just under £4,500 in Year 5.

Author's events

Investing Community Share capital in updating and creating a more flexible space will enable us to run regular authors events. Based on market research from similar bookshops, we estimate running 2 events attended by 25 people in total per month, ie 300 people attending a year. With entry costs of £5 per person (with subsidised ticket costs for low income people) this will generate £1,500 per year. Events will be run by volunteers, but costs will amount to around £500 per year, generating a net £1,000 a year surplus – but with additional business benefits in the form of increased sales via longer shop opening hours. We estimate a growth of 5% a year in these events to just over £2,000 a year in Year 5.

Rental

Investment in a more flexible shop will enable us to rent out the shop to local groups eg book groups or other cultural community and voluntary sector groups. To begin with we see these as a relatively minor source of income, hiring the shop out for around four hours a month generating around £500 of income a year, growing at 5% a year to just under £700 per year in Year 5.

The effect of these additional income streams is to boost income and enable the withdrawal of Community Share investment over time.

Should the share issue raise less funds than our target amount of £50,000 we will focus on boosting sales by making essential refurbishment works to the shop and relying more on volunteer labour to help with the works. In that scenario income from author's events and rental will be much reduced due to the shop being less appropriate for alternative uses outside of core shop hours. We will however still have the new income stream from online sales. In this scenario even with no income from author's events or rental we will have a positive EBITDA, we would also have a massively reduced depreciation due to not spending as much on fixed assets. We should therefore still be able to offer the same interest on our share capital and withdrawal from year 2022-23.

5.5 Marketing objectives

A separate marketing strategy has been developed in order to engage local customers and volunteers and develop audiences for authors events.

At present an average of 30 people a day come in to the shop (footfall) with around 50% making a purchase (sales conversion) and spending an average £5.00 a visit.

The objectives within the marketing strategy are:

Promote the retail and community proposition to increase sales to £2,000 per month:

- Drive footfall and increase the number of people entering the shop by 15%
- To increase conversion to 55% of customers
- To increase average spend per customer by 5%
- To establish it as a venue for regular and one-off events
- To encourage donations of preferred quality stock

Raise awareness of George Street Community Bookshop within the local community:

- as a unique, independent, quality bookshop
- as a community/social enterprise
- to recruit volunteers & members

Increase understanding of the community benefits (and structure) of the bookshop within the customer base and membership.

Marketing the share issue

We have worked hard to establish the profile of the bookshop within the local area and to build a network of supporters using our initial Crowdfunding, community events, shop customers and social media activity.

The objective of our share issue marketing campaign is to:

- Meet our Community Share fundraising target of £50,000 from 250 investors at an average investment of £200 per member.
- To further raise the profile of the bookshop within the local community.

The campaign will involve:

- A launch event at Glossop Cricket Club
- Press coverage in local media including Glossop Chronicle and High Peak Radio
- Social media campaign
- Offer document and leaflets available from the shop and other community outlets
- Community day in the shop
- Celebration/close event scheduled during the week before the issue closes.

7 Finance

7.1 Historical financial performance

George Street Community Bookshop began trading as of 1st July 2018. In negotiating the sale of the business, past years financial figures were supplied by the previous owner.

| | 2016 - 2017 | 2015 2016 | 2014 2015 | 2013 2014 | 2012 - 2013 |
|--------------------|-------------|-----------|-----------|-----------|-------------|
| Income | | | | | |
| Sales | 24600 | 24000 | 24200 | 24125 | 19200 |
| Expenditure | | | | | |
| Rent | 6540 | 6540 | 6540 | 6540 | 6540 |
| Maintenance | 100 | 120 | | 400 | 360 |
| Telephone/internet | 100 | 1120 | 1000 | 1010 | 1245 |
| Insurance | 325 | 280 | 260 | 260 | 245 |
| Merchant banking | | 610 | 625 | 625 | 516 |
| Bank charges | | 350 | 340 | 340 | 240 |
| Publicity | | 100 | 200 | | 215 |
| Books purchased | 1000 | 1625 | 1500 | 1235 | 1214 |
| PBFA | | 190 | 190 | 190 | 190 |
| Stalls | | 1200 | 1327 | 1327 | 1308 |
| Hotels | 300 | 125 | 123 | 123 | 93 |
| Sundries | 100 | 100 | 100 | 50 | |
| Paper | 665 | 100 | 50 | 50 | |
| Postage | | 60 | 55 | 55.42 | |
| Utilities | 400 | 410 | 400 | 1500 | 250 |
| Gas | 120 | 60 | 120 | | 100 |
| Electric | 955 | 800 | 775 | | 400 |
| | 10605 | 13790 | 13605 | 13705.42 | 12916 |
| Surplus | 13995 | 10210 | 10595 | 10419.58 | 6284 |

7.2 Summary of revenue finance

Income

The main income stream of the business is the **sale of second-hand books**. Books are donated or exchanged for credit notes and as a result the sale of books is highly profitable with a 95% sales margin. Past records demonstrate this is a relatively stable income stream with a loyal customer base.

Over time, the bookshop has built up a reputation for quality books, we will preserve this reputation by carefully selecting the books we take for sale. In particular we will identify specialist books that attract a high re-sale value.

In seeking to boost this figure we will use volunteers to extend opening hours and days (the shop is currently closed on Sundays and Tuesdays) – we have an ambition to open seven days a week to exploit significant tourist visitor numbers.

We will incentivise different ways to purchase books – we are particularly keen to launch a **subscription model** for book sales which guarantees the bookshop regular income in exchange for a lower unit cost of book along with additional benefits such as pre-booking for popular events.

Market research carried out by the business indicates that there is significant potential to boost the sale of books via **online channels** – the bookshop currently has no online sales. As a conservative prediction we have estimated 14% of book sales via online channels. To better enable online sales and increase our range of books available we have negotiated use storage space from High Peak Borough Council at the recently closed old Glossop Library. This is on a meanwhile, peppercorn basis whilst the long-term future of the library is being secured.

A relatively recent trend in the second-hand bookstore market is **evening authors events**. These are ticketed events at which authors speak about and read from their books. The ticket price redeemed against the the cost of the book - hence the relatively high cost of events predicted in the cashflow. The bookshop gains income from the non-redeemed portion of the ticket revenue and from extended opening hours and extended footfall leading to additional sales. We will utilise the extended networks of our members and volunteers to draw in high profile local and national authors and writers. We aim to run a minimum of two authors evenings a month – as a result time and resources will go in to audience development to ensure we draw a wider number of people.

At times when the bookshop is not open for sales, we will hire out the space for local community and cultural groups.

Expenditure

The two key areas of expenditure are the part time worker and rent. We will seek to reduce the rent in return for the significant improvements to the building offered by the refurbishment.

Surplus

The businesses expenditure is relatively low and its potential for income generation high and as a result we believe the business has scope to expand the scope and scale of its operations and cover the costs associated with withdrawing of share capital and the payment of dividends.

7.3 Financial Forecasts

7.3.1 Cash flow Forecast

Our forecasts ensure the business remains solvent, with a positive cash position over the next five years and beyond.

We have a stable operating cash flow rising from £3,368 in 2019/20 to £5,175 in year 2022/23. We have no planned investment cash flow after the first year.

We will replace our debt with equity over the next two years and then have no planned financing cash flows until we start to allow share withdrawal in year 2022/23. We comfortably have enough liquidity to fund the planned share withdrawal.

As a VAT registered business that mostly has zero rated sales, we will receive a VAT refund due to our operating activities that starts at £60 in 2018-19 and raises steadily to £79 in year 2022-23. Our cash reserves can easily cover this. Our original working capital will cover the VAT on original purchases of £4,500 that will be reclaimed within a year.

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|--|----------|----------|---------|---------|---------|
| Operating Cash Flow | | | | | |
| Profit | -£2,343 | £615 | £411 | £1,268 | £2,192 |
| add non cash expenses | | | | | |
| Depreciation | £2,743 | £2,753 | £2,763 | £2,773 | £2,783 |
| Corporation tax | £0 | £0 | £0 | £0 | £0 |
| Loanstock interest (accrued) | £0 | £0 | £0 | £0 | £0 |
| Share Interest (paid as book tokens) | £0 | £0 | £1,000 | £1,000 | £1,000 |
| deduct VAT spent on ordinary expenses | -£460 | -£495 | -£533 | -£573 | -£617 |
| add Vat collected on ordinary revenues | £400 | £431 | £463 | £499 | £537 |
| add VAT reclaimed | £4,545 | £63 | £68 | £73 | £79 |
| deduct last year's book tokens | | £0 | £0 | -£1,000 | -£1,000 |
| deduct last years CT | £0 | £0 | £0 | £0 | £0 |
| Net Operating Cash Flow | £4,885 | £3,367 | £4,173 | £4,040 | £4,973 |
| Investing Cash Flow | | | | | |
| Proceeds from disposal of assets | | | | | |
| Purchases of assets | -£50,000 | -£100 | -£100 | -£100 | -£100 |
| Net Investing Cash Flow | -£50,000 | -£100 | -£100 | -£100 | -£100 |
| Financing Cash Flow | | | | | |
| Loanstock issued | £20,000 | £0 | £0 | £0 | £0 |
| Loanstock redeemed | £0 | -£20,000 | £0 | £0 | £0 |
| Shares Invested | £50,000 | £0 | £0 | £0 | £0 |
| Interest Paid (as cash) | £0 | £0 | £0 | £0 | £0 |
| Shares Withdrawn | £0 | £0 | £0 | £0 | -£2,500 |
| Net Financing Cash Flow | £70,000 | -£20,000 | £0 | £0 | -£2,500 |
| Net Cash Flow | £24,885 | -£16,733 | £4,073 | £3,940 | £2,373 |
| Cash at start of period | £0 | £24,885 | £8,152 | £12,225 | £16,165 |
| Cash at end of period | £24,885 | £8,152 | £12,225 | £16,165 | £18,538 |

7.3.2 Income Statement Forecast

The business is based on relatively low income and expenditure, books are acquired for free or via credit notes with an effective profit margin of 95% on sales. Expenditure is kept low with some part time staff costs and a large amount of voluntary labour to operate the shop. Sales figures are conservative, based on our experience running the shop since July 2018 rather than on the previous owner's accounts. We are however confident that the investments we will make in the shop and the business will result in year on year sales income growth of 5%. Again, as a conservative measure we have estimated no online sales until year 2019/20 despite sales being enabled from year 1. We have therefore predicted small surpluses from year 2019/20 onwards for the business.

This surplus enables us to pay share interest of 2% on shares from year 2020/21 onwards. We recoup our initial losses by year 2022/23.

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|--|----------------|----------------|----------------|----------------|----------------|
| INCOME | | | | | |
| Sale of books (shop) | £17,400 | £18,727 | £20,155 | £21,691 | £23,345 |
| Sale of books (on-line) | £0 | £3,500 | £3,767 | £4,054 | £4,363 |
| Events (ticket sales) | £1,500 | £1,614 | £1,737 | £1,870 | £2,013 |
| Room hire | £500 | £538 | £579 | £623 | £671 |
| Revenue grant income | 7,500 | | | | |
| TOTAL INCOME | £26,900 | £24,379 | £26,238 | £28,239 | £30,392 |
| Minus Costs of Sales | | | | | |
| Purchase of new books | £0 | £1,11 | £1,196 | £1,287 | £1,385 |
| Event Costs | £500 | £538 | £579 | £623 | £671 |
| Professional fees (Booster Costs) | £7,500 | | | | |
| Total Cost of Sales | £8,000 | £1,649 | £1,775 | £1,911 | £2,056 |
| Gross Profit | £18,900 | £22,730 | £24,463 | £26,328 | £28,336 |
| <i>GPM</i> | 70.26% | 93.23% | 93.23% | 93.23% | 93.23% |
| Less Overheads | | | | | |
| Wages | £9,000 | £9,686 | £10,425 | £11,220 | £12,075 |
| General costs | £1,800 | £1,937 | £2,085 | £2,244 | £2,415 |
| Society running costs | £500 | £538 | £579 | £623 | £671 |
| Rent | £7,200 | £7,200 | £7,200 | £7,200 | £7,200 |
| Training | | £0 | £0 | £0 | £0 |
| Publicity | | £0 | £0 | £0 | £0 |
| EBITD A | £400 | £3,368 | £4,174 | £5,041 | £5,975 |
| Depreciation & amortisation (see asset schedule) | £2,743 | £2,753 | £2,763 | £2,773 | £2,783 |
| Extraordinary Day One Costs (not capitalised) | £0 | | | | |
| Share Interest (Paid as book tokens) | £0 | £0 | £1,000 | £1,000 | £1,000 |
| Loanstock interest (accrued) | £0 | £0 | £0 | £0 | £0 |
| TOTAL Overheads | £21,243 | £22,114 | £24,052 | £25,060 | £26,144 |
| SURPLUS FOR YEAR BEFORE TAX | -£2,343 | £615 | £411 | £1,268 | £2,192 |
| Minus Corporation Tax | £0 | £0 | £0 | £0 | £0 |
| SURPLUS FOR YEAR After TAX | -£2,343 | £615 | £411 | £1,268 | £2,192 |
| Profit brought forward | £0 | -£2,343 | -£1,728 | -£1,316 | -£48 |
| Profit carried forward | -£2,343 | -£1,728 | -£1,316 | -£48 | £2,144 |

7.3.3 Balance Sheet Forecast

Net assets remain relatively stable over the course of the period with a depreciation of 10% a year. Cash at the bank remains positive ensuring an overdraft is not needed. Interest is paid (shown in the balance sheet as 'Book Tokens') from year 3. We have a reduced capital requirement after year one as we no longer need the working capital for VAT on capital purchases. That reduced capital requirement and a positive net historic trading will allow a withdrawal of share capital from year 2022/23. We have predicted that in the year 2024-25, when our current lease comes to an end, our Net Current Assets will be £40,300. At that time our outstanding Share Capital will £42,500. If, despite our protections as outlined in the Landlords and Tenants Act, we cannot renew our lease we will not be able to cover everyone's outstanding share capital. However, our discrepancy will be approximately £2k which we will spread between everyone's outstanding shares.

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|--|----------------|----------------|----------------|----------------|----------------|
| Assets | | | | | |
| Fixed Assets | | | | | |
| Leasehold property | £857 | £714 | £571 | £429 | £286 |
| Fixtures and fittings | £18,900 | £16,890 | £14,870 | £12,840 | £10,800 |
| Equipment | £1,350 | £1,200 | £1,050 | £900 | £750 |
| Total Fixed Assets | £21,107 | £18,804 | £16,491 | £14,169 | £11,836 |
| Current Assets | | | | | |
| Bank | £24,885 | £8,152 | £12,225 | £16,165 | £18,538 |
| Books | £15,000 | £15,000 | £15,000 | £15,000 | £15,000 |
| Debtors (will there be any?) | £0 | £0 | £0 | £0 | £0 |
| VAT owed from final quarter | £15 | £16 | £17 | £19 | £20 |
| Total Current Assets | £39,900 | £23,168 | £27,242 | £31,183 | £33,558 |
| Intangible assets | | | | | |
| Goodwill | £6,650 | £6,300 | £5,950 | £5,600 | £5,250 |
| Total intangible assets | £6,650 | £6,300 | £5,950 | £5,600 | £5,250 |
| Current Liabilities | | | | | |
| Book tokens | £0 | £0 | £1,000 | £1,000 | £1,000 |
| Deferred grant income | £0 | £0 | £0 | £0 | £0 |
| Corporation | £0 | £0 | £0 | £0 | £0 |
| Total Current Liabilities | £0 | £0 | £1,000 | £1,000 | £1,000 |
| Current assets less current liabilities | £39,900 | £23,168 | £26,242 | £30,183 | £32,558 |
| Long term liabilities | | | | | |
| Loanstock | £20,000 | £0 | £0 | £0 | £0 |
| NET ASSETS | £47,657 | £48,272 | £48,684 | £49,952 | £49,644 |
| Capital and Reserves | | | | | |
| Balance brought forward (P&L account) | £0 | -£2,343 | -£1,728 | -£1,316 | -£48 |
| Profit/(Loss) for year | -£2,343 | £615 | £41 | £1,268 | £2,192 |
| Members Share Capital | £50,000 | £50,000 | £50,000 | £50,000 | £47,500 |
| CUMULATIVE RESERVES AT YEAR END | £47,657 | £48,272 | £48,684 | £49,952 | £49,644 |

Appendices

Appendix 1 Board Member Biographies

Steve Roberts

Steve has been a professional musician (1988-2008), owner of a Health Food Shop (2008-2017) and a Human Resource Officer in the NHS (1980-1988).

His lifelong passion has been books; reading, collecting and writing songs inspired by books. He is currently studying for a BA (Honours) Arts and Humanities with the Open University.

Ann Bosset-Roberts

Ann has a degree in Librarianship and Information Studies and many years' experience of working in school and public libraries and is currently working in an academy. Along with Steve, they owned and managed a health food shop for nine years so have extensive retail experience.

Ronny Worsey

Ronny grew up in Birkenhead and got into environmental issues and social justice campaigning as a teenager. She has lived in various parts of Britain and been involved in a variety of co-ops and social enterprises as both an employee and volunteer. After moving to Glossop 10 years ago, she has really enjoyed being part of the local community. She's a regular face at People's Kitchen, Record Club and the We Shall Overcome gigs. Her main interests are organic gardening, cooking big pots of vegan food, hiking, live music, guinea pigs and books, especially graphic novels.

Jonathan Atkinson

Jonathan is a cooperative development practitioner with 20 years' experience working within the co-operative and social enterprise sector. He is co-founder, director and staff member at Carbon Co-op, a Community Benefit Society established in 2011 and based in Manchester that carries out energy efficiency improvements and carries out other energy system projects. He also operates a freelance co-operative and social enterprise development agency, lowwintersun which specialises in new project development, fundraising and strategic development.

Caroline Turner

Caroline worked for 15 years in primary schools as a teacher with an art specialism and also within the education team at Manchester Art Gallery. She has four years retail experience as an assistant manager in Oddbins wine stores, has written a successful food blog and has been a reviewer for an award-winning food app. Since 2010 she has been working in the field of arts funding dealing with grants covering all areas of the arts in all areas of England.

Appendix 2 Key Personnel

Derek Clarke - Volunteer Coordinator

Derek has experience as director of three charitable trusts and has worked with their volunteers.

Previously he was the Chair of Frontline Books co-op and worked with Emerge Recycling Manchester social enterprise to set up and run a wood recycling scheme which now trains volunteers in construction skills. He now acts as its internal verifier for their training scheme.

He is Currently Secretary of High Peak Co-operative Party and has been a Co-op Party member for 30 years. He is a retired deputy headteacher but trained as a Craft Design and Technology teacher at secondary school level where he taught both woodwork and metalwork. He is a Committee Member

for Glossop Labour Club with responsibility for building maintenance which involves using his practical and DIY skills.

Suzanne Hill - Marketing Group

Suzanne has worked in Marketing for the last 12 years, across a number of sectors but for the last 5 years at housing and homelessness charity Shelter. After spending 2.5 years as Shelter’s Brand Marketing Manager she moved to the Retail team and has since established a new marketing function for Shelter’s 90 charity shops across the UK. She does this working from home in Glossop and commuting regularly to London. Her knowledge of the charity retail sector has grown enormously in this time and has presented at the Charity Retail Association annual conference. Through this, she has also developed a fairly good understanding of volunteer management and support shop managers to recruit and retain volunteers.

Keith Braithwaite - Business Planning and research

Keith is a freelance business and innovation consultant. He has been based in Glossop since 2015. Keith is a Member of the Institute of Directors and has held Board positions in property management and professional services companies. He has published in the academic and trade press and was for several years a reviewer for Cambridge International Film Festival. He attends the Marple Quakers’ Meeting.

Richard Knox - graphic design

Richard formed and runs the independent record label Gizeh Records. In addition to design work and mixed media art projects he co-founded the screen-printing and art studio Smiling Paper Ghosts <http://www.smilingpaperghosts.com/>.

Appendix 3 SWOT Analysis

| | |
|---|---|
| <p>STRENGTHS:</p> <ul style="list-style-type: none"> • Glossop’s oldest (and largest?) second hand bookshop • Well-loved/existing customer base • Retained traditional charm • High quality stock including rare books, specialist interest, local heritage and collectibles (signed copies, first editions) • An ethical, community business | <p>WEAKNESSES:</p> <ul style="list-style-type: none"> • Lack of cataloguing system • Difficult to locate titles/find stuff – puts some customers off • No website • Lack of branding/promotion/social media strategy • Off the beaten track? • Limited space |
| <p>OPPORTUNITIES:</p> | <p>THREATS:</p> |

| | |
|---|--|
| <ul style="list-style-type: none"> • Develop online selling capability • Passing trade from people accessing Glossop via footbridge • Authors evenings – draw on links to local authors and networks of members • Increased publicity and promotion on the back of community takeover • Establish itself as a ‘destination’ and a source of local community info • Sales of gifts (book-related and local heritage?) • Develop use as an events/community meeting space • Support education and literacy development • Wealth of knowledge and skills that can be obtained through the local community (and new ‘ownership/contacts/skillsets) • Volunteer opportunities • Member-owned enterprise with community buy in | <ul style="list-style-type: none"> • Loss of knowledge from previous owner? • Lack of understanding among general public - what is a co-operative, how do co-ops work – articulating the benefits • Needing to staff shop with steady volunteers • Lots of charity shops / other community projects to get involved with in the area • Challenging retail environment (British High St struggling in general) • Amazon and online alternatives |
|---|--|

Appendix 4 Risk Analysis

| Risk | Likelihood | Impact | Score | Mitigation |
|----------------------------------|------------|--------|-------|---|
| Landlady doesn't renew the lease | 1 | 5 | 5 | Our lease is covered by the Landlord and Tenants Act. On the first available date (A year before the lease is due to end) we will issue a Section 26 notice of our intention to renew. In this instance the landlady will be required to go to court to oppose our lease renewal. If we can't renew our lease we will have enough notice to |

| | | | | |
|---|---|---|----|--|
| | | | | search for other premises and potentially raise enough capital to purchase our current premises. If we can't find suitable premises then we will sell our existing stock and close the business. |
| Loss of knowledge from previous owner. | 4 | 2 | 8 | Training, discussion with previous owner, accessing skills from volunteers. |
| Lack of understanding among general public - what is a Community Benefit Society is, how do co-ops work – articulating the benefits | 4 | 2 | 8 | Member education, posters and guides in the shop, member engagement events and evenings. |
| Needing to staff shop with steady volunteers. | 2 | 5 | 10 | Volunteer recruitment strategy, volunteer training and volunteer thank you evenings. |
| Lots of charity shops / other community projects to get involved with in the area | 4 | 1 | 4 | Ensure the bookshop retains a unique offer, keep an eye on developments within the town. |
| Challenging retail environment (British High St struggling in general) | 3 | 4 | 12 | Keep in touch with consumer developments, ongoing dialogue with members to keep offer relevant. |
| Amazon and online alternatives | 4 | 3 | 12 | Highlight ethical positioning of the bookshop. |

Appendix 5 Site Details

14-16 George St, Glossop SK13 8AY

The current bookshop is based at a two-floor retail unit on the corner of George Street and Chapel Street, just one street back from Glossop High Street and within a short distance of a selection of other retail outlets.

The store has a toilet and a kitchenette that could easily be brought up to food hygiene standards. It is generally in a good state of repair with minimal need of improvement or modernisation, though the business intends to make some modifications in order to enable author events to take place. The Society will also review internal decoration and signage and where necessary, make upgrades to reflect the change in ownership.

Tenure

The property is owned by a private individual living locally. The owner has indicated she would be willing to extend the lease to the Society on the same terms as the current owner enjoys. This will entail a seven-year lease with a two-year break clause.

Other storage

The business is entering in to an arrangement with the local council to take space at the recently vacated Glossop Library on a peppercorn rent basis.

Appendix 6 Marketing Plan

Marketing channels

- Word of mouth
- Social media
- Web
- Events
- Fliers, posters
- Local press, radio

Market research

Competition in Glossopdale and beyond

- Oxfam
- Amazon/Abe Books and online retailers
- Bay Tree Books
- The record shop in the arcade [does it have an actual name?]
- High Street Books & Records, New Mills
- Reading Matters, Chapel
- Bradbury House
- Labour Club

Demand for a Community Bookshop in Glossopdale

Other cultural spaces and businesses:

- Craft Barn Hadfield (<http://www.thecraftbarnhadfield.co.uk>)
- The Bureau Volunteer Centre <https://the-bureau.org.uk/>
- Glossop Craft Centre

Appendix 7 Timeline

- Launch date - Sunday 11th November 2018
- Closed date - Friday 7th December 2018
- Investment on online sales equipment – December 2018
- Architect user led design workshops – December 2018
- Refurbishment work – January/February 2019