



**Diversification opportunity
for
J W I Davies & Son**

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Summary

This report is based on a diversification plan prepared for J W I Davies & Son. The business is located at Lodge Farm, Snarestone within the North-West Leicestershire district.

The business has previous experience with diversification projects, having developed a farm shop business at Lodge Farm. The family have instructed that they are open to a range of new diversifications in order to provide a new income stream for the business outside of traditional farming practises.

Assignment 1 provided an in-depth analysis of the internal and external business environment as well as an analysis of wider consumer trends. This analysis highlighted the strong capital position held by the business as well as good customer relation skills developed through the farm shop.

Based on further market research, this report proposes that J W I Davies & Son should diversify into the caravan and motorhome storage business as market research and an analysis of consumer trends has identified growing demand within the surrounding area.

Lodge Farm is in close proximity to a number of large population centres with an estimated 124,275 households within a 10-mile radius. Research found that 2.8% of UK households owned a caravan or motorhome meaning there were potentially 3479 vehicles within 10 miles of Lodge Farm. An analysis of the competition found that currently there were only 700 storage spaces within the same area, thereby outlining a large potential market.

Taking into consideration the land required for storage and potential demand, it's suggested that the business should provide storage for 120 caravans and motorhomes over a two-acre site. The proposed project involves the construction of a soil security mound in the field adjacent to the farmyard with a 6000m² area of hard standing, CCTV and security gates will also be added to the compound. The business aims to offer a first class, secure storage option for caravan and motorhome owners.

The project would require capital investment sourced from a £143,000 loan. A clear 10-year payback period has been outlined. The project is predicted to reach maturity between years 2 and 3 achieving an expected 80% occupancy rate by year 3. By year 4 the business is anticipated to generate a net profit of £32,196 for the farm.

The diversification is dependent on occupancy rates and the approval of planning permissions. A sensitivity analysis has been conducted to test the financial viability of the project based on occupancy and price per month. During the first 2 years the business will have a financial deficit however by month 21 the business will become self-sufficient.

The diversification as a standalone project offers a strong investment opportunity for the business, creating an alternative income stream for the farm with low yearly running costs and labour requirements.

1.0 Introduction

Diversification within the Agricultural sector is becoming increasingly popular with 65% of farms in England having already diversified their businesses and 48% of farmers planning to set up or expand diversification enterprises¹. J W I Davies & Son falls into both statistical categories, having already created a farm shop business at Lodge Farm, the Davies family are looking to diversify further. With a solid financial base and good customer skills developed through the farm shop, the business is well equipped to take on another enterprise. The Davies family have made it clear that they are open to all proposals, but the project must be viable once it is fully operational, and any loans should be repaid within a 10-year period. The family has stated that the diversification should provide an alternative income stream for the business outside of the traditional farming practises. The diversification should also grow the core business to allow for future generations to join.

2.0 Market Research

2.1 UK Caravan Market

The UK caravan industry contributes more than £6 billion p.a. to the domestic economy through new/used retail sales, plus holiday and related spend². Caravanning is a popular form of holidaying for the UK population with more than two million people choosing to spend their holidays in Caravans and motorhomes, resulting in an estimated 65 million nights spent camping and caravanning in the UK in 2018³.

Caravan and motorhome ownership is extremely high within the UK. Figure 1 highlights the popularity of vehicle ownership amongst the British public, with over 1.1 million caravans and motorhomes in use. Touring caravans prove to be the most popular form amongst consumers.

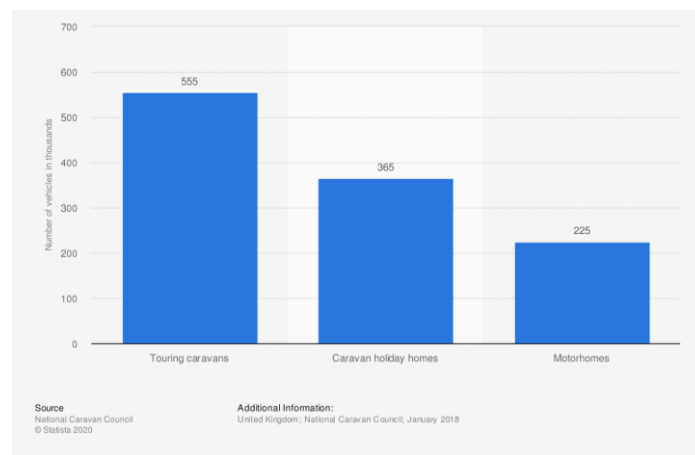


Figure 1-Number of leisure accommodation vehicles in use in the United Kingdom (UK) as of January 2018, by type* (in 1000s)

(Source: Statista, 2020)

¹ (NFU, 2020)

² (NCC, 2018)

³ (Finder, 2020)

The demand for these leisure vehicles remains high, figures 2 and 3 show the volume of sales within the domestic market. Although there have been fluctuations in demand for the caravans as shown in figure 2, the level of sales has remained strong. Figure 3 highlights the exponential growth experienced within the motorhome sector, which would suggest an increase in storage requirements also.

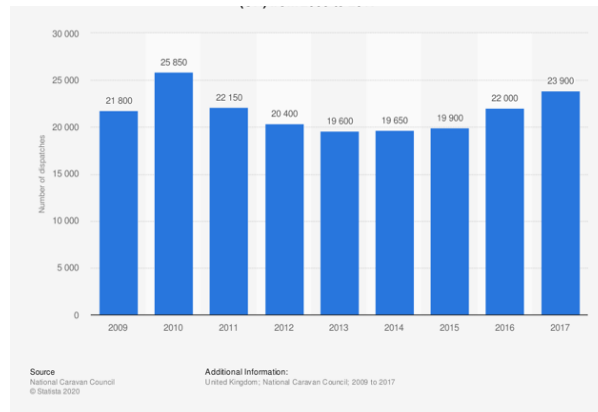


Figure 2-Number of new touring caravans dispatched by manufacturers in the United Kingdom (UK) from 2009-2017

(Source: Statista, 2020b)

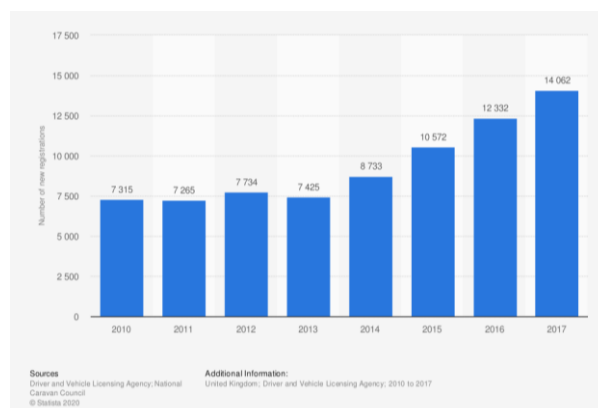


Figure 3-Number of new motorhome registrations in the United Kingdom (UK) from 2010 to 2017

(Source: Statista, 2020c)

Brexit, Covid-19 and the staycation trend have had a huge impact on the caravan and motorhome industry. According to Autotrader⁴ in 2020, compared to the same time last year, they had experienced an 18% increase in views on caravan adverts and a 17% increase in views on motorhomes. With 40% of adults looking at staycations as a holiday option in 2020 and 33% open to staying in a caravan⁵. Combined with travel restrictions and increasing costs of travelling abroad, it can be assumed that based on the evidence, the caravan holiday trend is here to stay for the foreseeable future.

⁴ (Autotrader, 2020)

⁵ (Parkdean Resorts, 2020)

2.2 UK Caravan Storage

Currently there are over 400 CaSSOA approved caravan storage sites across the country catering for the demand in caravan storage⁶. There is also a large number of unapproved sites across the country offering indoor and outdoor storage for caravans and motorhomes.

Caravan storage at designated sites is popular for a number of reasons, including the space requirements for storing a vehicle and the levels of security offered at designated sites, further analysis of these reasons can be found in appendix 1.

2.3 Competitors in the marketplace

To determine the success of the proposed diversification project, the main competitors within a 10-mile radius of Lodge Farm have been identified and reviewed within table 1. According to CaSSOA there were 7 approved sites within 10 miles and 1 unapproved site⁷. Research has shown there are potential opportunities for CaSSOA approved sites offering high security and reasonable pricing structures, as well as other services related to caravan and motorhome ownership. Further information of all competitors surrounding Lodge Farm can be found in appendix 2.

Table 1-Main competition for the proposed diversification project at Lodge Farm

(Source: Author's own, 2021)

Similar Businesses (Within 10 miles)	Size of the storage operation	Pricing Structure	Service Offered
Appleby Caravan & Motorhome Storage ⁸ (2 miles)	130 outdoor spaces 30 indoor spaces	3-, 6- or 12-month contract Outdoor Storage Single Axle £10 p.w. Twin Axle £12 p.w. No pricing data available for indoor storage.	CaSSOA Gold Award, outdoor storage for touring caravans on hard standing. Indoor storage for motorhomes. High level of security with earth bund wall, CCTV, security gates and owner living on site. Also offer wash bays for caravan cleaning. Very positive reviews and currently at full occupancy with no available land to expand.
Gopsall Park ⁹ (3 miles)	30 outdoor spaces	£8 p.w. Flexible contracts	Caravan site with storage facilities. Outdoor storage on grass field. Long private drive adding security with owner living on site. Customer base linked to the

⁶ CaSSOA, 2020a)

⁷ (CaSSOA, 2020b)

⁸ (Appleby Caravan Storage, 2020)

⁹ (Gopsall Park Leisure, 2018)

			caravan site but poorly publicised. Website lacking information and very little advertising.
Ashby Self Storage Ltd ¹⁰ (4 miles)	20 indoor spaces 30 outdoor spaces	Indoor Storage dependent on size of the vehicle and flexible contracts. Outdoor storage £40/Month	CaSSOA Gold Award. Units available for indoor storage of caravans and motorhomes. Outdoor storage on hard standing. CCTV, security gates and owner living on site. Good location in proximity to Ashby-de-la-Zouch.
Mythe Farm ¹¹ (6 miles)	50 outdoor spaces	3-, 6- or 12-month contract available £9 p.w. base storage cost, additional costs dependent on size.	CaSSOA Silver Award. Caravan holiday site with outdoor storage, no visibility from main roads, CCTV, restricted site access, owner living on site. Farm based site with customers primarily linked to the holiday site, good website advertising facilities.
Outfall Cottage Caravan Storage ¹² (10 miles)	400 outdoor spaces	£125/Quarter £241/6 months £482/ 12 months	CaSSOA Gold Award. Outdoor storage on hard standing. CCTV, palisade fencing around perimeter, internal concrete sleeper wall capped with security wire. High security gates with individual key fob access. Professional storage setup catering for demand in Tamworth. Well-advertised through website and caravan storage sites. Site is located in the middle of the town.

¹⁰ (Ashby Self Storage, 2021)

¹¹ (Mythe Farm, 2021)

¹² (Outfall Cottage Caravan Storage, 2021)

2.4 Penetrating the marketplace

Critical factors determining how caravan and motorhome owners choose a storage site¹³:

- Security offerings-Perimeter Protection, Access Control, CCTV, Security Lighting, Landscaping to obstruct view, fire risks.
- Location-Urban or Rural
- Value for money
- Flexibility in contracts
- CaSSOA registration
- Management process and dealing with customers

3.0 Size and Scale of the Venture

3.1 Potential Customers

Across the UK there is an estimated total of 555,000 touring caravans and 225,000 motorhomes currently in use¹⁴. It is assumed that each of these caravans is owned collectively by a single UK household. With 27.8 million households across the UK¹⁵ it is calculated that 2.8% of UK households have ownership of a touring caravan or motorhome.

Within a 10-mile radius of Lodge Farm there are 300,000 people¹⁶. Based on the ratio of total UK population (66,796,800)¹⁷ to UK households (27,800,000) it can be calculated that there are 124,275 households within 10-miles of the farm. Based on a caravan and motorhome ownership of 2.8% it is assumed that there are 3479 vehicles within 10-miles of Lodge Farm. The sites identified within a 10-mile radius currently offer 700 storage spaces (Appendix 2). This leaves around 2800 caravans and motorhomes that are currently stored at home, unapproved sites or at approved sites outside of the 10-mile radius of Lodge Farm.

The level of caravan ownership can be supported further through analysis of local demographics. A study carried out by the camping and caravanning club found that the average age of members was 55¹⁸. Figure 4 shows the population structure for North-West Leicestershire, it is apparent that the largest population group are between 45-59 years old for both genders. This is the primary age range for caravan ownership; therefore, it supports the assumption that there is a potentially large customer base within 10-miles of Lodge Farm.

¹³ (Caravan and Motorhome Club, 2021)

¹⁴ (NCC, 2018)

¹⁵ (ONS, 2019a)

¹⁶ (ONS, 2011)

¹⁷ (ONS, 2019b)

¹⁸ (Practical Caravan, 2017)

2018 (marks) and 2019 (bars) population by age and gender

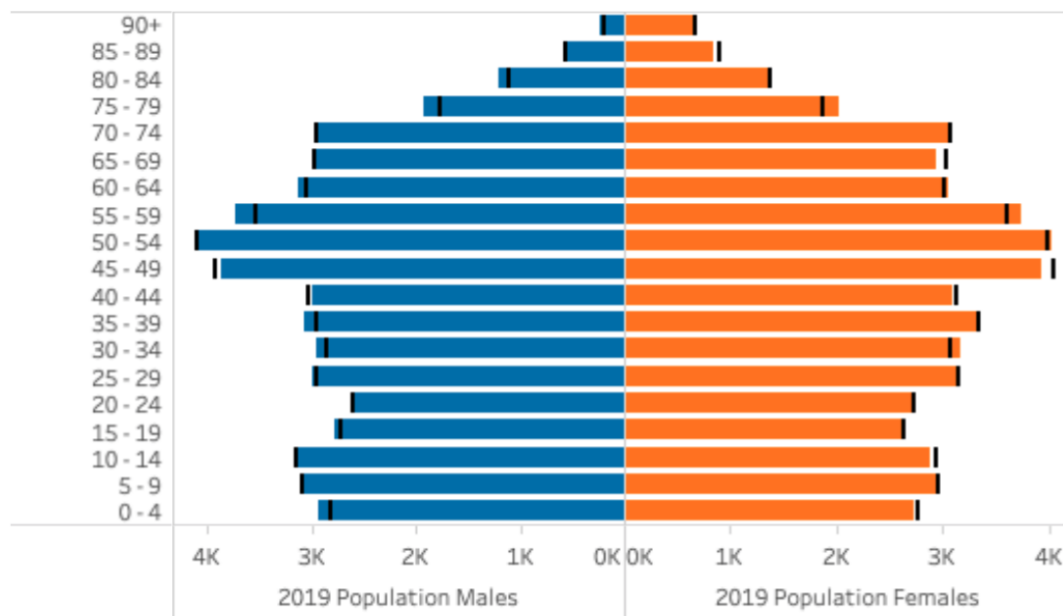


Figure 4-Population Demographic of North West Leicestershire 2018-2019

(Source: ONS, 2020)

3.2 Proposed diversification

Although the market research highlights a large potential pool of customers, it should be noted that it will be difficult to engage with a number of potential customers as they already have sufficient storage space at their own properties.

Based on this understanding and the land the Davies family would be willing to use for the diversification, it has been agreed that storage for a maximum of 120 caravans and motorhomes should be constructed at Lodge Farm. This has been decided primarily to reduce the land required, aid in planning permissions and ensure occupancy demand is high.

There will be a strong emphasis on security and customer service to reassure customers that their vehicles are safely stored at the site. Figures 5 and 6 show a similar diversification to the one proposed at Lodge Farm.



Figure 5-Similar Example of the proposed Project

(Source: Appleby Caravan Storage, 2020)



Figure 6-Similar Example of the proposed project

(Source: Appleby Caravan Storage, 2020)

The construction costs of the site have been calculated in appendix 6, with the total cost of construction estimated to be around **£123,000**

Table 2-Summary of construction costs

(Source: Author's Own)

Description	Cost
Excavation and Construction	£100,000
CCTV Cameras	£468
Security Lighting	£480
Security Gates	£22,000
Total	£122,948

3.3 Location at Lodge Farm

Figure 7 highlights the proposed area for the project; chosen due to its proximity to the farmyard, benefitting from existing access and the family living on site.

The total expected area required for the site equates to 1.94 acres (7831m²), of which 0.42 acres (2632m²) will be used to construct the perimeter wall, leaving 1.52 acres (6099m²) for storage. See appendix 4 for detailed calculations.



Figure 7-Proposed area for the storage site (Highlighted in Pink)

(Source: Ordnance Survey, 2021)

4.0 Marketing Strategy

The project aims to provide a first-class storage service for its customers, gaining customer loyalty and higher occupancy rates for a sustainable future. In order to achieve this, the business must implement a marketing strategy to target the potential customer base. This strategy should publicise the benefits of using the storage facility over competitor's sites.

4.1 Customer Profile

Based on the market research undertaken and the future trends anticipated within the caravan storage market, a customer profile which aligns with the diversifications brand values has been formulated.



- Within 10-mile radius of Lodge Farm
- Touring caravan and motorhome owners of all sizes



- Individual households
- Target age range 30-60+
- Average caravan owner age 55, younger population have higher ownership of motorhomes



- Conscious about the security of their vehicles
- Lack of storage space at their own properties

Figure 8-Summary of consumer profile

(Source: Author's Own)

4.2 Service

An idea board of the proposed project may be seen in appendix 5.

The diversification at Lodge Farm will provide a secure area for customers to store their caravans and motorhomes. The secure, on farm location with good local transport links will be the main selling points of the project.

The following services aim to improve the attractiveness of the business further:

- 24hr access to CCTV cameras to view their vehicles.
- Washing facility with gantry steps to allow for cleaning of the vehicles.
- Access to air compressor facilities for checking caravan tyre pressures.
- Access to trailer light testing device to check lights before travelling.
- Individual key fobs allowing access to the site.

4.3 Pricing Structure

The pricing and services of similar storage sites have been analysed in appendix 2 and 3, allowing for a comparative and competitive price to be established based on the facilities offered.

In order to keep occupancy rates high and to retain customers, it is recommended that the diversification offers pricing based on 3-, 6- and 12-month storage contracts. A discount for longer term contracts has been proposed to encourage customers to select longer contracts, which in turn will increase overall occupancy rates. A direct debit system paying 1 month in advance will be established to ensure have paid for their storage pitches.

Table 3-Pricing Structure for the proposed diversification project

(Source: Author's Own)

Type of Vehicle	3 Month Contract	6 Month Contract	12 Month Contract
Single and Twin Axle Caravans Motorhomes up to 7m in length.	£46 per month	£43 per month	£40 per month

4.4 Promotion

Promotion and marketing are vital stages in order to attract potential customers to the new business. Therefore, a strategy will be formulated to promote the benefits of the facility to the target customer base. See appendix 7 for further details of the promotion strategy.

4.4.1 Brand

A brand must be formed around the diversification, a company logo and name will be required in order to promote the business and engage with the target customer base. The aim of developing the brand is to increase customer awareness of the business and increase occupancy rates through higher customer retention.

The brand will be particularly important in initial growth, spreading awareness of the business and the facilities that it offers.

4.4.2 Online Marketing

A high quality, interactive and attractive webpage will assist in promoting the business to a large pool of potential customers. Using a range of photos and videos it will promote the benefits of using the storage site. Many of the competitors lack

formal websites (appendix 2) therefore a professional website displaying the facilities will give the site an advantage over the competition.

The business is advised to join Caravan Storage Site Owner's Association (CaSSOA) and become an approved site. The CaSSOA webpage is the most popular choice for caravan and motorhome users looking for high quality sites. The membership is essential in promoting the business directly to the target customers looking for a secure storage facility for their vehicles.

4.4.3 Social Media

Although the average caravan owner is around 55¹⁹, there is growing demand amongst younger age groups, social media will be used as a low-cost way of promoting the business. The diversification should use a Facebook page to promote the facilities on offer with regular postings, it will also link to the main webpage. Social media will allow for targeted promotion by posting adverts in local caravan and motorhome groups.

4.4.4 Reviews

Reviews will become an important part of the promotion strategy, with 93% of consumers stating that reviews influence their decision making²⁰. Positive reviews left by customers will increase overall trust towards the business²¹, they will also assist in ensuring that the website appears at the top of online searches²². Therefore, it is vital that the business offers an exemplary service to ensure all reviews are positive.

5.0 Other Considerations for the proposed Diversification

5.1 Planning

See appendix 8.

The ALC classifies the proposed site at Lodge Farm as good to moderate farmland within the River Mease SSSI and SAC²³.

Groundworks and the construction of a soil mound around the proposed site will be required. As the land is currently classed as agricultural, it will require change of use planning permission to B8 storage and distribution. Since the diversification is above the 500m² permitted development limit, the project will require full planning permission²⁴.

As the project is located within the River Mease SSSI and SAC catchment areas, a HRA will be required to ensure there are no damaging impacts of the project on the European site²⁵.

The diversification is dependent on the outcome of the planning process and alterations to the original plan may be required.

¹⁹ (Practical Caravan, 2017)

²⁰ (Qualtrics, 2020)

²¹ (Feefo, 2021)

²² (Trustpilot, 2020)

²³ (Natural England, 2010)

²⁴ (Planning Portal, 2021a)

²⁵ (UK Government, 2019)

5.2 Business Rates and Tax

See appendix 9

The rateable value of the 6000m² of storage space has been calculated below the £12,000 threshold, it will be able to claim small business rates relief²⁶ and will therefore not have to pay business rates.

As the enterprise is linked to the main farming business, which is VAT registered, there will be a requirement to charge VAT on all sales. A basic 20% VAT rate has been applied to all of the income from the diversification which is then adjusted. Appendix 17 displays the income including and excluding VAT.

5.3 Insurance

See appendix 10

As the diversification will be allowing customers onto the site, public liability insurance will be required to cover any injuries sustained as well as claims for damage to vehicles. An NFU quote for £500 p.a. has been obtained that will provide £10 million worth of cover.

As customers bring their vehicles to be stored, the business will check that they have legal ownership and that they have sufficient insurance for the full length of their storage contract. The vehicles themselves will be covered by the owner's insurance policies.

Damage reports of vehicles will be undertaken on first arrival to assess the state of the vehicles. This will be used in case owners claim against the business, allowing the diversification to prove damage was or wasn't already there.

5.4 Safety Requirements

See appendix 11

Fire Protection

In order to reduce the risk of fire at the storage site, all batteries and gas bottles will be removed from the vehicles. Additionally, the vehicles will have sufficient space in between one another to slow down the spread of fire. Fire extinguishers will be placed around the site to add further protection.

Vermin Control

As the diversification is farm based there is likely to be vermin present, therefore in order to protect the vehicles and reduce claims against the business, a vermin control contractor will be used to protect the site.

5.5 Future Proofing the Business

In order to have a sustainable future within the market, a continued analysis of consumer demands, and competitors' facilities must be undertaken. The main threat to the business would be an increase in the number of competitors within the market

²⁶ (UK Government, 2021a)

as this could potentially impact occupancy rates. The main opportunity would be for the business to expand and convert existing buildings into indoor storage.

For further analysis of opportunities and threats to the business see appendix 12 alongside an exit strategy for the business.

6.0 Considerations for the core business

6.1 Physical impacts on the core business

The project will have some physical impacts on the main farming operations. With nearly 2 acres of less productive arable land adjacent to the farmyard taken out of production.

There will also be increased traffic through the farm to the storage site, however with supervised movements through the farm and a direct route to the storage facility the direct impacts should be minimal.

6.2 Impact on Human Resources

Carol and her husband John have indicated that they would be responsible for the day to day running of the site. Both have developed good customer skills through the farm shop business. Labour requirements have been reduced as far as possible, with site opening hours between 9am-6pm and all customers arranging movements beforehand. With gate fob access to the site, customers will be able to move in and out with little supervision.

6.3 Financial impact

The financial impact has been highlighted in appendix 13 which shows the impact of the first years of trading on the farms balance sheet. Initially the balance sheet is to be negatively impacted as a result of loans for the project. However, the future position is anticipated to be very positive based on the projected cashflow (see appendix 20).

7.0 Financial Viability

7.1 Sales Forecast

Sales have been forecasted for the storage site; 8 months have been allocated for construction as indicated in appendix 14. Promotion of the facilities and services offered to potential customer will begin before this point in order to achieve good early occupancy rates.

The projection of occupancy rates has been based on the findings in appendix 16 with two similar businesses providing occupancy data. These businesses indicated that strong initial interest was achieved within the first year. This boosted the occupancy rates up to 60-75% by the second year of trading. Nearly 100% occupancy was achieved between the third and fourth years of trading.

The occupancy rates used for the sales forecast are shown in Table 3 and detailed in appendix 17.

Due to the nature of the business occupancy rates primarily rise outside of the peak holiday months (April-August)²⁷ ; customers use the quieter Winter and Spring periods to look for new storage options. Therefore, occupancy rates have been assumed to remain fairly stable over the peak holiday periods. A large potential market was outlined in section 3.1. Based on this potential demand, the additional services offered and the marketing strategy, demand for storage at the site is predicted to be high.

The business will provide a first-class storage service at a competitive price and therefore customer retention is also assumed to be high.

Table 4-Occupancy rates used for forecasting

(Source: Author's Own)

Occupancy Rates	Year 1	Year 2	Year 3	Year 4	Year 5
January	0%	30%	63%	87%	95%
February	0%	35%	68%	90%	95%
March	0%	37%	70%	92%	95%
April	0%	38%	70%	92%	95%
May	0%	38%	70%	92%	95%
June	0%	38%	70%	92%	95%
July	0%	38%	72%	92%	95%
August	0%	38%	73%	92%	95%
September	5%	42%	73%	92%	95%
October	12%	47%	76%	93%	95%
November	20%	53%	78%	95%	95%
December	25%	60%	82%	95%	95%
Average	5%	41%	72%	92%	95%

7.2 Finance Required

The capital investment of the project has been calculated at £143,000, including a capital contingency of 7.5% which allows for any extra costs, the breakdown of finance is shown in Table 4, based on appendix 6.

²⁷ (Statista, 2020d)

Table 5-Estimate of capital expenditure

(Source: Author's Own)

Capital Expenditure	
Pre-Planning advice and site consultation	£1,800
Habitat Regulation Assessment	£4,000
Planning Fee	£462
Professional Fees + Drawings	£3,000
Planning Report	£1,000
Excavation of Soil and Building of perimeter soil mound	£36,000
Terram stabilisation membrane	£3,000
M01 grade stone to cover storage area and cost of laying	£61,000
CCTV system	£468
Security Lighting	£480
Security gates	£22,000
CaSSOA Site Approval	£408
Website Cost	£1,000
Contingency costs @ 7.5% of total costs	£9,961
Total	£142,779
Total to nearest £1000	£143,000

It is suggested that the business takes out a loan of £143,000 to cover the initial capital investment. The Davies family previously stated that they would be willing to invest £100,000+ if there was a clear payback period within 10 years.

The long term-loan of £143,000 has been calculated at a rate of 4%²⁸ interest over a repayment period of 10 years. The annual charge per £1000 borrowed has been calculated at £123 from Nix²⁹. The annual payment starts at £11,869 in year 1 and finally increase to £17,017 in year 10.

Table 6-Loan Repayment

(Source: Author's Own)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Loan Balance	£131,131	£118,690	£105,820	£92,378	£78,507	£64,064	£48,906	£33,319	£17,017	£0
Capital Repayment	£11,869	£12,441	£12,870	£13,442	£13,871	£14,443	£15,015	£15,730	£16,302	£17,017
Interest	£5,720	£5,291	£4,719	£4,290	£3,718	£3,146	£2,574	£2,002	£1,287	£715

Due to the strong cash position of the Davies family (appendix 13), they have agreed to cover the financial deficit experienced during the first two years of trading. A cash injection of £15,456 in year one and £883 in year two have been included in the

²⁸ (AMC, 2021)

²⁹ (Redman, 2020)

cashflow (appendix 20), this is to cover the cost of loan repayment and interest until the diversification can become self-sufficient.

7.3 Financial Performance Analysis

See appendix 18 for a detailed profit and loss account. A further explanation of variable and fixed costs can be found in appendix 19.

Table 7-Summary of predicted profit and loss accounts

(Source: Author's Own)

Summarised	Year1	Year 2	Year 3	Year 4	Year 5
Total income exc. VAT	£3,632	£21,260	£35,208	£43,764	£44,760
Variable costs	0	0	0	0	0
Gross Margin	£3,632	£21,260	£35,208	£43,764	£44,760
Fixed Costs	£7,164	£7,279	£6,507	£6,078	£5,506
Net Profit after Depreciation	-£9,022	£8,491	£23,211	£32,196	£33,764

Initial Net profit is likely to be poor as a result of a short operating window within the first year and low occupancy rates, however table 6 demonstrates that occupancy is expected to increase rapidly, with the diversification expected to be achieving a net profit of over £33,000 by year 5.

7.4 Cashflow

The cashflow displayed in Figure X has an opening balance of £0 as the initial investment is funded by a loan. As the Davies family have agreed to balance the financial deficit of the business during the years the cashflow remains at £0 until month 21. This is the point in which the project becomes self-sufficient. From month 21 the business starts to generate higher occupancy rates, with an improved cash position as a result. Detailed variable and fixed costs can be found in appendix 19, a full cashflow can be found in appendix 20.

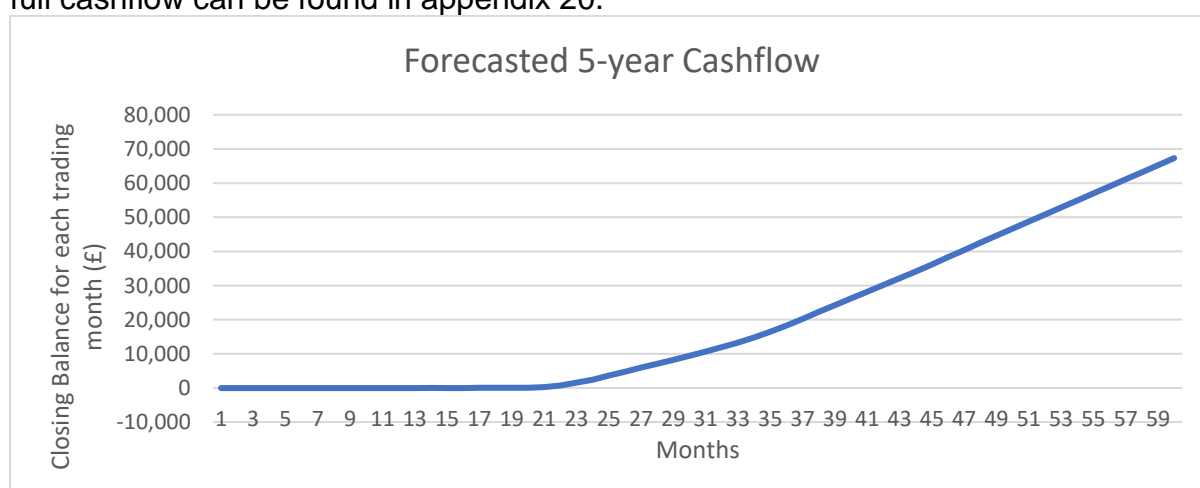


Figure 9-Cashflow Projection for first 5 years

(Source: Author's Own)

7.5 Sensitivity Analysis

The two main factors influencing the success of the diversification are occupancy rates and the price per month which is based on contract lengths.

- Highlighted in red shows the point at which the enterprise is not capable of meeting the net profit of £20,000 required to cover all annual costs including loan repayment and interest charges.
- Highlighted in orange is the point in which the business is able to meet the £20,000 net profit but is unable to meet the £28,000 required to cover all annual costs as well as a 5% return on the £159,339 of initial investment (£143,000 loan + £16,339 of cash injection from JWI Davies & Son).
- Highlighted in green is the point in which the business generates a large enough net profit to cover all annual costs and generate a return on investment > 5%.

Table 8-Sensitivity analysis for the proposed project

(Source: Author's Own)

		12-Month Contracts	6-Month Contracts	3-Month Contracts
		Price per month (£)		
		40	43	46
Occupancy Rates (%)	10	5,760	6,192	6,624
	20	11,520	12,384	13,248
	30	17,280	18,576	19,872
	40	23,040	24,768	26,496
	50	28,800	30,960	33,120
	60	34,560	37,152	39,744
	70	40,320	43,344	46,368
	80	46,080	49,536	52,992
	90	51,840	55,728	59,616
	100	57,600	61,920	66,240

9.0 Conclusion

Based on the current and future trends regarding caravan holidays and vehicle ownership, there is a large potential market for caravan storage facilities offering high security and additional services to customers. Although the project requires a substantial capital investment, a clear 10-year payback period has been outlined. The diversification is projected to reach maturity between years 3 and 4, generating a net profit of £32,196 by year four.

Risk has been mitigated as far as possible for the business; however, it is still dependent on the implementation of a strong marketing strategy and a high quality running of the business, in order to maximise occupancy rates and customer retention.

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Appendices

Appendix 1- UK Caravan trends and Caravan storage Trends

There are a number of reasons that caravan storage is a popular option for many vehicle owners, these include space requirements and security.

Space Requirements for Caravans and Motorhomes

With the average single axle caravan standing at 2.3m wide x 3m-6.5m long³⁰ and twin axle models legally allowed to be 2.55m x 7m³¹ caravans take a significant amount of room to store. For the majority of homeowners this is a considerable amount of driveway/parking space that they have allocated to their property. This comes into direct competition with car parking, in the East Midlands car ownership per household has risen from 1.21 (2014) to 1.4 (2019) cars per household³², thereby increasing the pressures on driveway space even further.

Restrictive Covenants

On a large number of new build homes there are restrictive covenants in place which mean that caravan owners cannot store their vehicles on their driveways³³.

Therefore, some caravan owners have no choice but to store their vehicles at a site.

Security

Between 2015-2018 there were 2,000 caravans stolen in the UK with a 73% rise in the time period. Since 2015 thefts have cost UK caravan owners over £35million³⁴. The majority of these thefts have occurred from caravan sites and outside homes. This increase in thefts has led to greater demand for secure storage at approved storage sites. Storing at CaSSOA approved sites directly reduces insurance policies for caravan owners by up to 15%³⁵.

³⁰ (Camping and Caravanning Club, 2020)

³¹ (UK Government, 2020)

³² (Statista, 2020e)

³³ (HomeOwners Alliance, 2020)

³⁴ (Towergate Insurance, 2019)

³⁵ (CaSSOA, 2020c)

Appendix 2- Competitors within a 10-mile radius and price comparisons

Table 9-Similar businesses within a 10-mile radius of Lodge Farm

(Source: Author's Own)

Similar Businesses (Within 10 miles)	Size of the storage operation	Pricing Structure	Service Offered
Appleby Caravan & Motorhome Storage ³⁶ (2 miles)	130 outdoor spaces 30 indoor spaces	3-, 6- or 12-month contract Outdoor Storage Single Axle £10 p.w. Twin Axle £12 p.w. No pricing data available for indoor storage.	CaSSOA Gold Award, outdoor storage for touring caravans on hard standing. Indoor storage for motorhomes. High level of security with earth bund wall, CCTV, security gates and owner living on site. Also offer wash bays for caravan cleaning. Very positive reviews and currently at full occupancy no available land to expand.
Gopsall Park ³⁷ (3 miles)	30 outdoor spaces	£7 p.w Flexible contracts	Caravan site with storage facilities. Outdoor storage on grass and hard standing. Long private drive adding security with owner living on site. Loyal customer base linked to the caravan site but very little publicity.
Ashby Self Storage Ltd ³⁸ (4 miles)	20 indoor spaces 30 outdoor spaces	Outdoor storage £40/Month	CaSSOA Gold Award. Units available for indoor storage of caravans and motorhomes. Outdoor storage on hard standing. CCTV, security gates and owner living on site. Good location in proximity to Ashby-de-la-Zouch.
Mythe Farm ³⁹ (6 miles)	50 outdoor spaces	3-, 6- or 12-month	CaSSOA Silver Award. Caravan holiday site with outdoor storage, no visibility

³⁶ (Appleby Caravan Storage, 2020)

³⁷ (Gopsall Park Leisure, 2018)

³⁸ (Ashby Self Storage, 2021)

³⁹ (Mythe Farm, 2021)

		contract available £9 p.w base storage cost, additional costs dependent on size.	from main roads, CCTV, restricted site access, owner living on site. Farm based site with loyal customers linked to the holiday site, good website advertising facilities.
Linton Farm Storage ⁴⁰ (8 miles)	50+ indoor spaces	*No pricing data available*	CaSSOA Silver Award. Indoor storage, minimal visibility from the roadside. Owner living on site. Good reviews but lack of website and online advertising.
Outfall Cottage Caravan Storage ⁴¹ (10 miles)	400 outdoor spaces	£125/Quarter £241/6 months £482/ 12 months	CaSSOA Gold Award. Outdoor storage on hard standing. CCTV, palisade fencing around perimeter, internal concrete sleeper wall capped with security wire. High security gates with individual key fob access. Professional storage setup catering for demand in Tamworth. Well-advertised through website and caravan storage sites.
Henhurst Storage ⁴² (10 miles)	220 outdoor spaces	*No pricing data available*	CaSSOA Silver Award. Outdoor field storage on grass. Security gate fitted with no visibility from the main road. Good location in close proximity to Burton upon Trent, currently no reviews and lack of website.
Caravan & Castle (10 miles) ⁴³	200 outdoor spaces	*No pricing data available*	CaSSOA Silver Award. Outdoor storage on grass but with hard standing roadways in between vehicles. No solid perimeter fencing but security gate on entrance. Large site in good location close to the M69. Lack of website and formal advertising.

⁴⁰ (CaSSOA, 2020b)

⁴¹ (Outfall Cottage Caravan Storage, 2021)

⁴² (Don Amott Caravans and Motorhomes, 2021)

⁴³ (CaSSOA, 2020b)

Appendix 3-Analysis of similar business to the proposed diversification operating within the UK

Table 10-Similar businesses to the proposed project operating across the UK

(Source: Author's Own)

Business Name and Location	Size of the storage operation	Pricing Structure	Service Offered
Marsh Farm Caravan Storage-Bulkington ⁴⁴ (16 miles)	50-100 outdoor spaces	Up to 6.5m £345 p.a. 6.5m-7.5m £425 p.a. Extra width £445 p.a. Over 7.5m £475 p.a.	CaSSOA Gold Award. Outdoor Storage on grass with hard standing roadways. Perimeter fence, CCTV, infra-red alarm systems and key fob security gates. The site has good access onto a number of major roads which appeals to holidaymakers
Midland Caravan Storage-Abbots Bromley ⁴⁵ (24 miles)	70+ Outdoor spaces	Single Axles £7 p.w. +VAT Twin Axles £7.50 p.w. +VAT Individual gated compounds £8 p.w. +VAT	CaSSOA Gold Award. Outdoor storage on hard standing yards. CCTV, electronic gates, owner on site and no visibility from the road. Once again good location which has led to strong demand for storage.
Albrighton Caravan Storage-Wolverhampton ⁴⁶ (51 Miles)	80 outdoor spaces	Single Axle Caravan/Small motorhome £545/p.a. Twin Axle Caravan/Larger Motorhome £600/p.a.	CaSSOA Gold Award. Outdoor Storage on hard standing, CCTV, perimeter fencing, 24hr access. Good access onto the M54 and M6 motorways which appeals to holidaymakers as they can collect their vehicles on their journeys.
J26 M5 Caravan Storage-Wellington ⁴⁷ (162 miles)	Large number of indoor and outdoor	Standard indoor bay £624 p.a. Premium indoor bay £660 p.a.	CaSSOA Gold Award. Indoor Storage within industrial building. Webcam CCTV system, on site security guard and individual swipe cards for access. Site offers

⁴⁴ (Marsh Farm, 2020)

⁴⁵ (Midland Caravan Storage, 2020)

⁴⁶ (Albrighton Caravan Storage, 2021)

⁴⁷ (J26 M5 Caravan Storage, 2020)

	spaces available	Standard outdoor bay £492 p.a.	electrical connections for servicing as well as outdoor washing facility. Can arrange servicing, valeting and repair work. Good access to motorway proving popular with holidaymakers.
Westby Hall Caravan Storage-Blackpool ⁴⁸ (130 miles)	500+ outdoor and indoor spaces	6 Month Storage 22ft 6" £175 26ft 6" £195 Supersize £225 12 Month Storage 22ft 6" £340 26ft 6" £380 Supersize £440	CaSSOA Gold Award and Police accreditation for security. Perimeter fencing, CCTV, Security gates, full time security personnel on site. 24hr access offered. Valet Parking service. Approved workshop carrying out services, repairs and cleaning of caravans ready for holidaymakers. Caravan was service offered for £20 extra.
Piran Caravan Storage-Cornwall ⁴⁹ (275 Miles)	50+ Indoor Spaces	Single Axle Long Term £676 p.a. Medium Term £16.50 p.w. Short term £20-£25 p.w. Double Axle Long Term £793 p.a. Medium term £18.25 p.w. Short Term £22.50-£28 p.w.	CaSSOA Gold Award. Indoor Storage, CCTV, security fencing and lighting, controlled access and owner on site. Delivery fee to caravan site for £55 within 6 miles of the site. Site benefits from demand from customers who do not want to tow their caravans on long journeys.

Appendix 4- Location and area of the Project

The total land required will be 1.94 acres of land or 7831m²

The soil mound around the perimeter is predicted to be 384m long and have a base footprint of 4.5m wide. This will require 1732m² of land in total.

Thereby leaving 6099m² for caravan storage. This will be more than sufficient for 120 caravans providing 50m² per vehicle which is far greater than the 30m² of space used as a guide by CaSSOA⁵⁰, this additional space between vehicles will be used as a selling point for the business.

⁴⁸ (Westby Hall, 2021)

⁴⁹ (Piran Caravan Storage, 2020)

⁵⁰ (CaSSOA, 2020d)

Individual caravans measure up to 2.5m x 7m long thereby requiring 17.5m² of space.

$$120 \text{ caravans} \times 17.5\text{m}^2 = 2100\text{m}^2$$

50m² per caravan of allocated space ensures there is sufficient space in between vehicles for access as well as roadways in between vehicles to allow customers to easily manoeuvre their vehicles.

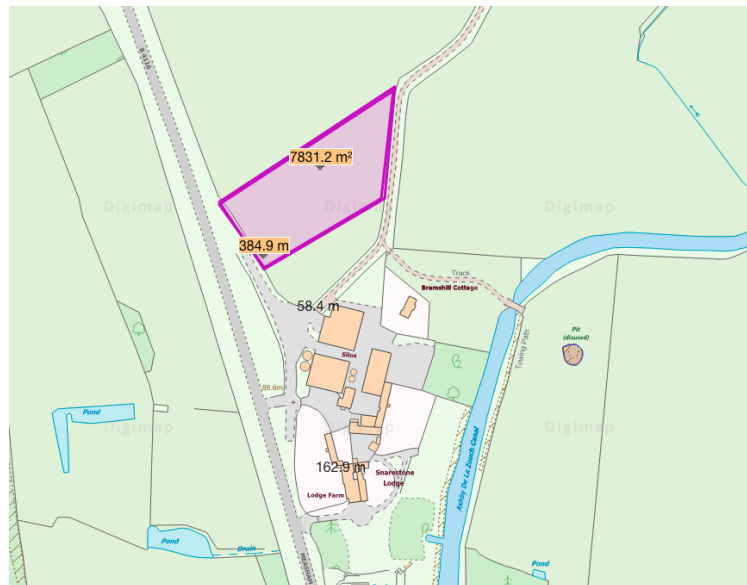


Figure 10-Location and Size of the proposed project (Highlighted in Pink)

(Source: Ordnance Survey, 2021)

Appendix 5- Service Idea board

The project aims to offer a purpose built; modern storage facility that ensures vehicles have maximum security when stored at the site. It also aims to offer additional services such as washing and cleaning facilities so customers can clean their vehicles on site prior or post use. The design ideas below use features from a number of sites and can be adapted to the business requirements.

Security features will include an earth mound for perimeter security, electric gates using a fob system for entry, CCTV systems and security lighting.

The site will allow access between 9am-6pm each day with movements requiring prior notice to the business in order to keep track of vehicles moving in and out of the premises. This will also help to reduce labour requirements.



Figure 11-Similar example to the proposed project

(Source: Appleby Caravan Storage, 2020)



Figure 12-Similar example to proposed project

(Source: Appleby Caravan Storage, 2020)



Figure 13-High Security gate for secure access

(Source: Weaving Machinery, 2021)



Figure 14-Caravan Washing Facility with gantry steps

(Source: Carlton Caravan Storage, 2019)



Figure 15-Example of tire inflation

(Source: Caravan Guard, 2015)



Figure 16-Example of Solar Flood Lighting

(Source: Edwardes, 2021)

Figure 17-Example of solar CCTV system

(Source: CamSat, 2020)



Figure 18-Example of Fire Extinguishers

(Source: Marsden Fire Safety, 2021)

Figure 19-Example of Vermin Control Measures.

(Source: Shutterstock, 2021)



Figure 20-Example of Key Fob access to a secure site

(Source: Astra Security, 2021)

Appendix 6-Construction Costs

Excavation of the site, building of the soil wall and the laying of hardcore has been quoted by Richard Bailey Plant & Construction Ltd. The Davies family have instructed that this would be the contractor of choice for the project due to a long-standing relationship with the company.

Excavation of 6000m² area of soil to 250mm deep and construction of soil mound security wall using excavated material - **£36,000**

Instillation of Terram membrane for ground stabilisation-**£3000**

Cost of M01 grade stone to cover 6000m² at 250mm and the associated costs of laying-**£61,000**

Total construction cost-**£100,000**

CCTV Costs

2x Solar CCTV cameras with 355-degree pan and 140-degree tilt with night vision and phone connectivity have been selected to monitor the site. They have been chosen to be solar to reduce the need for electrical connections at the site. They have been priced at £468 for the pair and will allow the site owners and customers to view their vehicles online through phone connectivity⁵¹.

Security Lighting

8x solar security lights with motion sensors have been selected to provide lighting on the entrances on the site as well as across the storage facility. This will add another level of security for the site in order to deter thieves. They have been priced as a total of £480 for the set⁵².

Security Gates

Two 6m solar high security gates have been selected. One will be located at the entrance to the farm and the other will be located at the entrance to the site. The

⁵¹ (Reolink, 2021)

⁵² (TheSolarCentre, 2021)

solar aspect will mean costly electrical connections will not be required. The two gates use gate fobs to gain access and monitor the movements in and out of the facility.

They have been priced at £22,00 Including VAT⁵³.

Summary of Costs-All costs including VAT

Table 11-Summary of Construction Costs

(Source: Author's Own)

Description	Cost
Excavation and Construction	£100,000
CCTV Cameras	£468
Security Lighting	£480
Security Gates	£22,000
Total	£122,948

Appendix 7-Promotion and Marketing Strategy

Website

The business will require the creation of a website in order to promote the facilities that it offers. The average cost of building a website for a small business would be in the region of £500-£1000⁵⁴ this is based on a fairly simple design with several pages outlining the location of the site as well as the facilities on offer and the pricing structure of the business.

The website running cost has been calculated to be around £96 per year to include changes to design and the cost of holding the domain. This equates to £8/month.

CaSSOA Membership

In order to gain the benefits of CaSSOA membership and the promotion through their website. The site will require CaSSOA membership which costs £408 for an initial site survey and then £324 p.a. as a membership fee for a medium size storage facility⁵⁵.

The CaSSOA membership will be a vital tool in the promotion and marketing of the business. The CaSSOA is the representative association for storage and potential customers will place more trust in sites which have been approved. The website also allows potential customers to compare sites within their area. As the proposed diversification has a number of features that competitors lack, it should stand out well and encourage more customers to contact the business.

⁵³ (Weaving Machinery, 2021)

⁵⁴ (ExpertMarket, 2021)

⁵⁵ (CaSSOA, 2018)

Marketing Budget

A marketing budget of £300 per year has been allocated for the first 2 years for targeted adverts online, this figure is to reduce down further to £100/ year in years 3 and 4. This budget is additional to the CaSSOA membership and

It is important for the business to market itself heavily in the early years in order to gain higher occupancy rates straight away. The business hopes to have a high retention of customers by offering exemplary service at a competitive price range.

Social Media

Social media will be used as a low-cost form of marketing for the business. Previous statistics published by the Camping and caravanning club indicated that the average age of members was 55⁵⁶, suggesting the customer base was primarily amongst the older generations. However, as a result of COVID-19 and Brexit restricting the possibility of foreign holidays, there has been a surge in demand for these leisure vehicles amongst younger generations⁵⁷. Although up to date figures have not been published, the trend suggests that the average age of caravan and motorhome owners is dropping significantly. This new demand amongst younger generations may be targeted more effectively through social media.

However, as shown in figure 21 social media is much most popular amongst younger generations, but there is still over 50% of the 55-64 age group owning a social network profile. Therefore, social media can target these potential customers through advertising posts in social media groups such as caravan and motorhome owners' groups and on campsite Facebook pages.

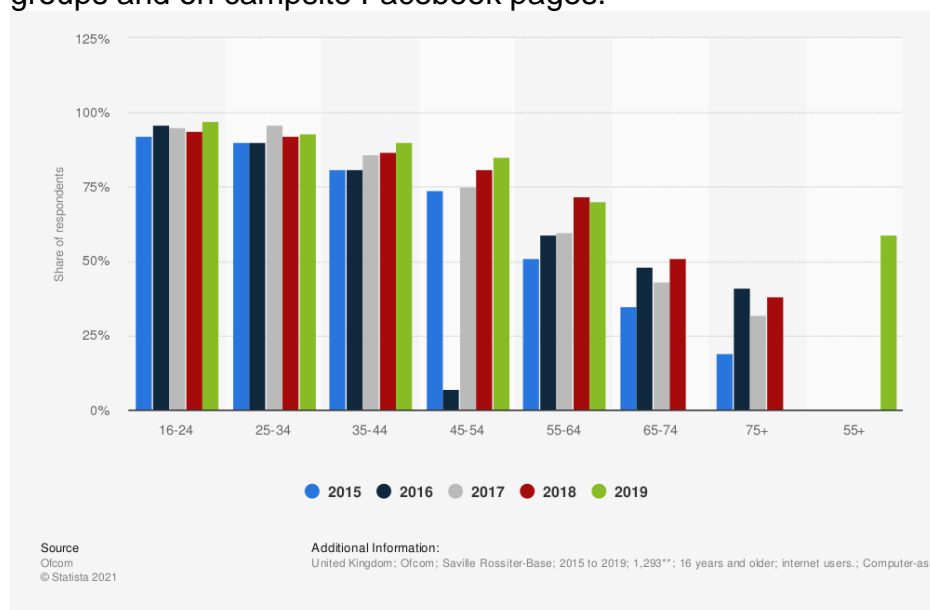


Figure 21-Share of respondents who had their own social network profile in the UK from 2015-2019, by age

(Source: Statista, 2021)

The social media marketing could act as a low-cost promotion tool, with the website linked to the social media profile it may encourage more views on the site. This may potentially increase occupancy rates as a result.

⁵⁶ (Practical Caravan, 2017)

⁵⁷ (Autotrader, 2020)

Reviews

Online reviews are crucial in building up the brand image and attracting new customers. Positive reviews make the business appear more trustworthy and visible on search engines⁵⁸. They also expand the conversation about the business and give first-hand accounts of the facilities on offer. These will be crucial in gaining high occupancy rates as they impact on the likelihood customers will contact the business about storing their vehicles on site.

The business will encourage users to upload reviews about the business to generate more awareness of the company as a whole.

Appendix 8-Planning Permissions



Figure 22-Agricultural Land Classification for Lodge Farm (Area highlighted in red)

(Source: Natural England, 2010)

The ALC classes Lodge Farm as good to moderate farmland as shown in figure 22 with Lodge Farm highlighted in red.

As the proposed diversification will be changing the use of land from agricultural to B8 storage and distribution planning permission will be required. As the site exceeds the 500m² maximum for permitted development, full planning permission will be required⁵⁹.

⁵⁸ (Mention, 2020)

⁵⁹ (Planning Portal, 2021a)

Prices have been quoted by the Davies family's surveyor of choice, Sansom and Hamilton Co of Appleby Magna.

Planning stage 1

Pre-application planning and professional advice and site meeting with surveyors and North West Leicestershire Planning Authority costing £1800

Habitat Regulations Assessment

The site lies within the River Mease SSSI and SAC, therefore a Habitat Regulations Assessment would be required with regulations 61 and 62 stating that this must be carried out by a competent authority to assess the impact on a European Site and water quality⁶⁰.

Based on estimated data for the site this is expected to cost in the region of £4,000⁶¹. This will include desk-based research as well as physical evaluations of the impacts of the proposal and a report with the findings. This stage is required to obtain full planning permission.

Planning stage 2

Full planning application to North West Leicestershire District Council, plus discharge of conditions application. Planning fee at £462⁶². Professional fees for preparation and management including the drawings of the proposed diversification and reports at £3,000. External reports to follow at £1,000

Total Planning Costs including a HRA will be around £10,500

The North West Leicestershire Local Plan⁶³ indicates in Policy S3 that small-scale employment generating development or farm diversification will be support subject to the development safeguarding the appearance and landscape of the local area.

The Trent Rivers Trust⁶⁴ support developments but a Habitats Regulation Assessment must be carried out to ensure that the proposed development does not have any detrimental impacts on the European site and ensures water quality is not impacted.

The National Planning Framework section 6⁶⁵: building a strong and competitive economy states that "Planning policies and decisions should enable the development and diversification of agricultural and other land-based rural businesses".

⁶⁰ (Natural England, 2017)

⁶¹ (Ecologybydesign, 2020)

⁶² (Planning Portal, 2021b)

⁶³ (NWLDC, 2017)

⁶⁴ (Natural England, 2017)

⁶⁵ (MHCLG, 2019)

Key Policies relevant to the diversification include:

National Planning Framework

Section 6: building a strong and competitive economy

Section 12. Achieving well-designed places.

Section 15. Conserving and enhancing the natural environment

North West Leicestershire Local Plan

Section 5.21: Policy S3-Countryside

Section 6: Design

Appendix 9-Business rates and tax

As the diversification is entering the storage sector business rates are a possibility. An analysis of the competitors has been carried out to assess the rateable values on caravan storage facilities.

Table 12-Rateable values for similar business to the proposed diversification

(Source: Adapted from UK Government, 2021b)

Company Name	Description	Area m ² /unit	Price per m ² /unit	Value
Appleby Caravan and motorhome storage (2 Miles)	Rough Surfaced, fenced land	3,428.87	£1.50	£5,128.00
	Hard Surfaced, fenced land	347.2	£1.50	£521
Gopsall Park (3 Miles)	Unsurfaced, fenced land	8,060	£1.20	£9,672.00
Outfall Cottage Caravan Storage (10 miles)	Hard Surfaced, fenced land	17,500	£0.86	£15,050

Based on similarities with the proposed diversification and the geographical proximity to Lodge farm, the rateable value per m² for Appleby Caravan and motorhome storage will be used as a basis for calculating the proposed diversifications rate.

Therefore, at 6000m² of storage space available at a rate of £1.50/m² this would give the diversification a rateable value of £9,000.

As the estimated rateable value is less than £12,000 the diversification would be able to claim small business relief, therefore it would not have to pay business rates⁶⁶

Appendix 10-Insurance

As customers will be entering the diversification it is advised that the business takes out public liability insurance to cover any injuries sustained on the site and any accidental damage to owners' vehicles. An NFU quote was obtained for £10million worth of cover this was a yearly cost of £500 for the business.

This will also cover any legal costs that are occurred during a claim and therefore is vital for the business.

Regarding the insurance of the caravans themselves, this should be held by the individual owners. Upon bringing the caravans to the site, the customers will be required to bring photo ID such as a passport or driving license to prove their identity, their V5C form which proves their ownership of the vehicle. They are also required to bring evidence of their caravan and motorhome insurance to prove they have sufficient cover for the full length of the storage contract.

Additionally, to reduce the chance of any claims against the business an initial inspection of the vehicles will be undertaken, this will be to assess any damage present on the vehicles. This will be recorded and used in the event of a claim.

Appendix 11- Safety Requirements

Fire Safety

The regulatory reform (Fire Safety) Order 2005⁶⁷ applies to caravan storage site and sets out that a fire risk assessment should be undertaken.

In order to reduce the risk of fires at the site, all gas bottle and batteries will be removed from the vehicles stored there. This will also reduce the risk of theft from vehicles too.

Due to the large amount of space allocated between caravans this will reduce the risk of fire spreading even further.

Additionally, as an extra safety feature 4x3L fire extinguishers will be placed around the site.

These have been costed at £240 for the set including VAT⁶⁸.

Vermin

Caravans and motorhomes are susceptible to vermin damage especially if they are stored for long periods of time. As the diversification is located on a farm there is likely to be a rodent population. However, the risk of damage and claims against the business is to be reduced as the business be using hard standing to store the caravans which will reduce population levels.

The main control will come from a vermin control programme which will be put in place. The Davies family already used a registered contractor who quoted an

⁶⁶ (UK Government, 2021a)

⁶⁷ (UK Government, 2005)

⁶⁸ (Fire & Security Group, 2021)

additional £300/year to control the vermin on the site, this would include all bait and regular visits to the site.

Appendix 12-Future Proofing the Business

Opportunities for expanding the business and its offerings

- Once occupancy rates have reached their maximum there may be the opportunity for the business to convert existing sheds into secure indoor storage for caravans and motorhomes.
- Opportunity for the business to offer caravan servicing as an additional income stream, this has been done by similar business as highlighted in appendix 3.
- There is also potential to deliver caravans to local caravan sites at an additional charge, this may increase the popularity of the diversification further.

Threats to the success of the business

1. An increase in the number of competitors within the local area could threaten the occupancy rates of the business. To mitigate this the business will continually monitor the number of competitors in the local area and the facilities/services that the business offer. The business is currently very competitive on price for the service it offers and therefore additional services would be offered to entice more customers if necessary.
2. Refusal of planning permission. There is the risk that alterations to the original planning proposal may be required. Additional costs during the construction process have been incorporated into a contingency fund of 7.5% of the expected costs.
3. Lack of full loan funding. Although J W I Davies & Son has a strong financial position there is the possibility that full loan funding may not be secured. Therefore, the Davies family have indicated that they would use a larger amount of their cash reserves held to finance the project. They have currently been reluctant to do so to ensure the diversification can become self-sufficient.

Exit Strategy

The exit strategy has been formulated as a precautionary measure. It may only be required to be implemented if occupancy rates were far lower than predicted. As the diversification intends to construct 6000m² of secure hard standing there are a number of other uses available. The site could be converted into a container storage facility catering for the self-storage market which is potentially high thanks to the large population within a close proximity of the farm.

Alternatively, speaking to the Davies family they have indicated that in the worst-case scenario they would look to change the land classification back to agricultural use. They would then look to use the secure compound as an extension of their existing yard for the storage of machinery from the main farming business.

Appendix 13- Predicted effect on the balance sheet of the whole farm business

Table 13-Estimated impact of first year of trading on the farm's balance sheet

(Source: Author's Own)

	2019	2020	Year 1 Diversification
	Actual £	Actual £	Estimated
Fixed assets			
Land	1,871,783	1,871,783	1,871,783
Buildings	173,792	173,792	173,792
Plant and Machinery	146,791	134,459	140,000
Motor Vehicles	7,423	19,066	16,000
Drainage	6,828	6,828	6,828
Office Equipment	175	491	300
Diversification			122,000
Total Fixed Assets	2,206,792	2,206,419	2,208,703
Current Assets			
Stocks	167,599	151,085	160,000
Debtors and Prepayments	73,137	37,958	50,000
Cash at Bank	143,046	287,803	140,000
Total Current Assets	383,782	476,846	350,000
Total Assets	2,590,574	2,683,265	2,558,703
Current Liabilities			
Creditors and accruals	40,204	29,825	30,000
AMC Mortgage	643	509	375
Total Current Liabilities	40,847	30,334	30,375
Long Term Liabilities			
Bank Loans	0	0	143,000
Total Long-term Liabilities	0	0	143,000
TOTAL LIABILITIES	40,847	30,334	173,375
NET WORTH	2,549,727	2,652,931	2,385,328

Appendix 14- Timescale of Implementation

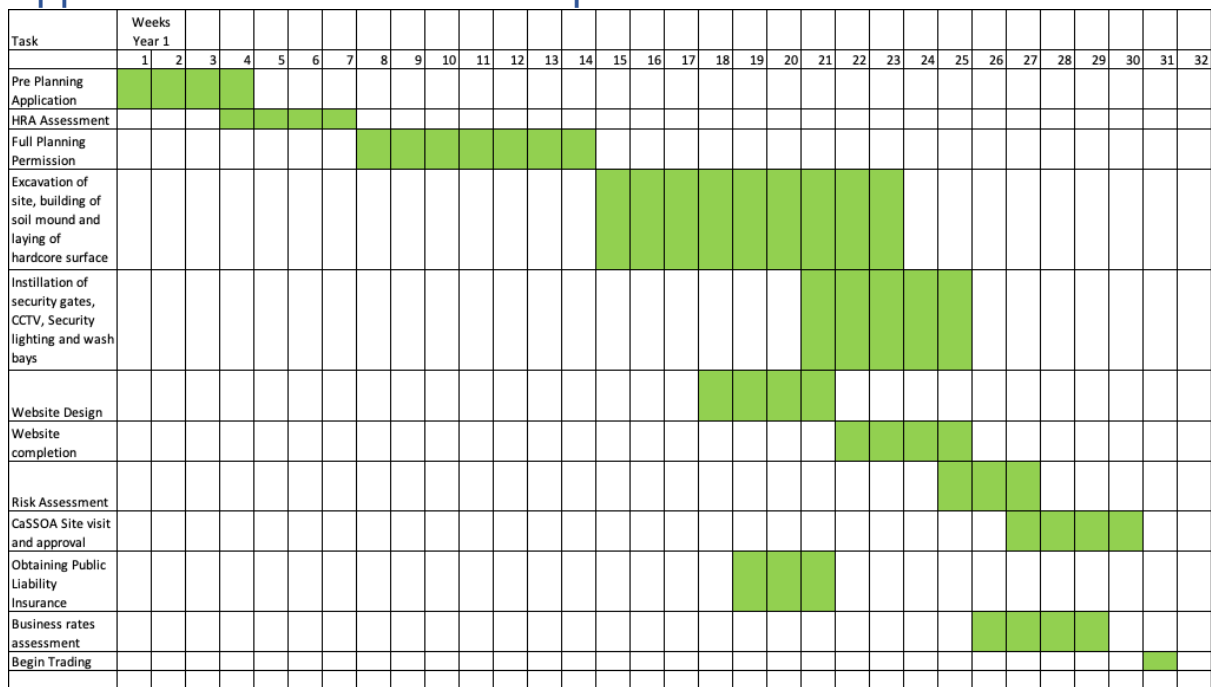


Figure 23-Estimated Timescale of implementation

(Source: Author's Own)

Appendix 15-Depreciation Calculations

The storage compound and security gates have been depreciated over 20 years based on research undertaken and a quote from Weaving Machinery about the lifespan of the gates. The contractor quoting for the construction has indicated that a 20-year lifespan would be recommended for the site. After this period a residual value of £12,200 has been allocated at 10% of original written down value.

Table 14-Depreciation Calculations

(Source: Author's Own)

Year	Beginning Book Value	Depreciation %	Depreciation amount	Accumulated Depreciation Amount £	Ending Book Value
1	£122,000	5%	£5,490	£5,490	£116,510
2	£116,510	5%	£5,490	£10,980	£111,020
3	£111,020	5%	£5,490	£16,470	£105,530
4	£105,530	5%	£5,490	£21,960	£100,040
5	£100,040	5%	£5,490	£27,450	£94,550
6	£94,550	5%	£5,490	£32,940	£89,060
7	£89,060	5%	£5,490	£38,430	£83,570
8	£83,570	5%	£5,490	£43,920	£78,080
9	£78,080	5%	£5,490	£49,410	£72,590
10	£72,590	5%	£5,490	£54,900	£67,100
11	£67,100	5%	£5,490	£60,390	£61,610
12	£61,610	5%	£5,490	£65,880	£56,120
13	£56,120	5%	£5,490	£71,370	£50,630
14	£50,630	5%	£5,490	£76,860	£45,140
15	£45,140	5%	£5,490	£82,350	£39,650
16	£39,650	5%	£5,490	£87,840	£34,160
17	£34,160	5%	£5,490	£93,330	£28,670
18	£28,670	5%	£5,490	£98,820	£23,180
19	£23,180	5%	£5,490	£104,310	£17,690
20	£17,690	5%	£5,490	£109,800	£12,200

The straight-line method has been used, taking depreciation at a rate of 5% over 20 years. This timeframe has been decided upon due to the long productive lifespan of the project, which is as a result of high-quality materials used in construction and a low rate of wear.

Appendix 16-Sales Forecast

Sales Forecast Assumptions

As Caravan and motorhome storage facilities do not publish occupancy rate data, the information to base the sales forecast on had to be sources directly from similar businesses to the proposed diversification.

A number of businesses were contacted outside of the 10-mile radius of Lodge Farm. Two of the businesses contacted responded and provided their figures.

Wagtail Storage⁶⁹ (12 Miles from Lodge Farm)

About

The business operates an on-farm caravan and general storage operation. It currently operates 100 outdoor caravan spaces which are in a fenced compound on hard standing. Much like the proposed diversification, the business lies within a rural location but benefits from its close proximity to densely populated areas and good transport links.

The business has a very professional website and marketing strategy; however, the business does not offer any additional services such as washing area for the vehicles. The business offers monthly contracts with discounted rates for longer term storage, much like the pricing structure for the proposed diversification.

Occupancy Rates

Year 1-35% Occupancy rates

Year 2- Up to 75% occupancy

Year 3- 90-100% occupancy/ full capacity

Speaking to the business they suggested that initially there was a large amount of interest in the facility thanks to their CaSSOA approval, however although interest was high customers were unsure about the facility. They found that initial customers took out shorter term contracts, thanks to their high customer retention they found customers then moved onto longer term contracts after their initial one was complete.

They also highlighted that the summer period around the peak holiday season was the busiest for movements, but they found very few new customers were attracted during this period. They have found this is a repeating trend and customers change during the quieter months outside of holiday season.

The Spinney Caravan Storage⁷⁰ (16.5 miles from Lodge Farm)

About

Rurally located site with 60 outdoor caravan spaces on hardstanding. They are located close to Lichfield and the surrounding villages. The business offers a large amount of security features much like the proposed diversification. However, the local areas had a lower population density than those surrounding Lodge Farm. After speaking to the owners, they provided the occupancy rates achieved as shown below.

Occupancy Rates

Year 1- 30% occupancy rate

Year 2- 60% occupancy rate

Year 3- 85% occupancy rate

Year 4 –90-100% occupancy rate

⁶⁹ (Wagtail Storage. 2021)

⁷⁰ (The Spinney Caravan Storage, 2021)

Once again, the business highlighted customers initial caution with taking out long term storage contracts however once they gained customers, they had a high retention rate. Summer periods were once again the quietest for gaining new customers and the majority came either side of the busy holiday period.

Contract Length

Based on the similar business found the majority of new customers came during the winter months, this can be explained when looking at the occupancy rates for caravan and campsites during the summer months.

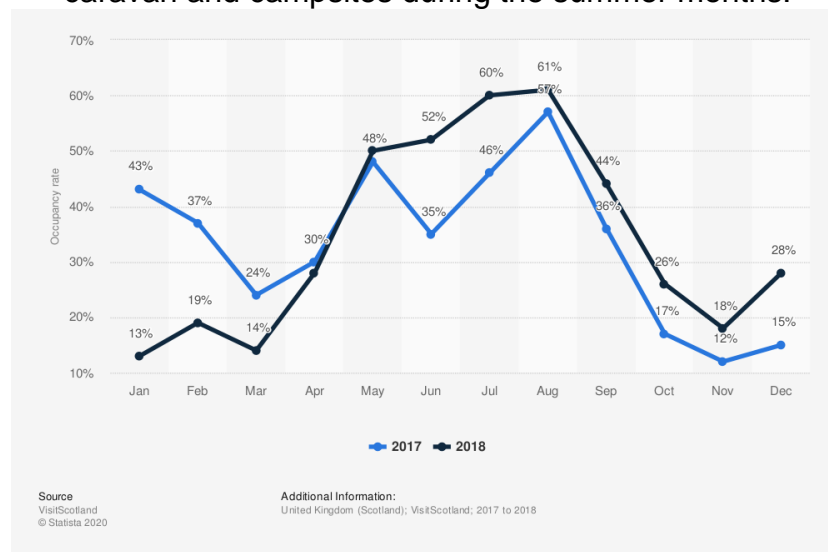


Figure 24-Monthly occupancy rate of touring caravan and camping parks 2017-2018

(Source: Statista, 2020d)

With 2.14 million touring caravan holidays a year lasting between 1-3 nights compared to 1.81 million caravan holidays lasting 4+ nights⁷¹ the overall average trip length was calculated to be 4.2 nights⁷². Therefore, it can be assumed that the majority of caravan owners who require storage will need it year-round, returning their vehicle to the facility in between their holidays.

It has been assumed that the business will not gain any new customers during the summer period (April-August) as the majority of customers will look to change storage facility in the quieter months out of holiday seasons.

Based on the conversations with the two similar business it has been assumed that customers will be initially cautious in storing their vehicles at a new facility therefore we have based 50% of new customers to take out 3-month contracts and 50% to take out initial 6-month contracts. After this point based on the facilities that the business offers and the competitive pricing, it has been assumed that there will be a high customer retention. Therefore 70% of these customers will then move onto 12-month contracts to secure their spaces with a further 30% taking out 6-month contracts.

⁷¹ (Statista, 2020f)

⁷² (Kantar, 2020)

Occupancy Rates

Based on the data obtained from the two similar business and taking into account the first-class security facilities of the site and the marketing strategy targeting potential customers, occupancy rates have been estimated.

They have been cautiously estimated below the figures provided by the two other business.

Year 1-25% occupancy

Year 2-60% occupancy

Year 3-82% occupancy

Year 4-95% occupancy

These figures are expected to be achievable thanks to the potential market outline in section 3.1 as well as the competitive advantage created by the diversification through a high security facility that also offers other services such as washing areas. This will make the business stand out and should entice more customers.

The detailed predicted occupancy rates based on these findings can be found in figure 14.

Table 15-Estimated occupancy rates

(Author's Own)

Year 1	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
No. of Customers on 3 Month Contracts	0	0	0	0	0	0	0	0	0	3	7	12	12
No. of Customers on 6 Month Contracts	0	0	0	0	0	0	0	0	0	3	7	12	16
No. of customers on on 12 Month Contracts	0	0	0	0	0	0	0	0	0	0	0	0	2
Total Spaces	0	0	0	0	0	0	0	0	0	120	120	120	120
Occupancy rates	0%	0%	0%	0%	0%	0%	0%	0%	0%	5%	12%	20%	25%
Average													5.14%
Year 2	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
No. of Customers on 3 Month Contracts	11	9	7	5	2	1	0	0	2	5	9	11	
No. of Customers on 6 Month Contracts	22	28	28	27	24	22	19	16	17	19	23	28	
No. of customers on on 12 Month Contracts	3	5	9	14	20	23	27	30	31	32	32	33	
Total Spaces	120	120	120	120	120	120	120	120	120	120	120	120	
Occupancy rates	30%	35%	37%	38%	38%	38%	38%	38%	38%	42%	47%	53%	
Average													41%
Year 3	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
No. of Customers on 3 Month Contracts	10	9	6	4	1	0	0	0	1	3	5	6	
No. of Customers on 6 Month Contracts	32	37	38	35	34	30	30	28	27	29	30	32	
No. of customers on on 12 Month Contracts	34	36	40	45	49	54	56	59	59	59	59	60	
Total Spaces	120	120	120	120	120	120	120	120	120	120	120	120	
Occupancy rates	63%	68%	70%	70%	70%	70%	72%	73%	73%	76%	78%	82%	
Average													72%
Year 4	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
No. of Customers on 3 Month Contracts	7	7	6	3	1	0	0	0	0	1	2	2	
No. of Customers on 6 Month Contracts	36	39	41	39	39	37	34	33	32	33	34	34	
No. of customers on on 12 Month Contracts	61	62	63	68	70	73	76	77	78	78	78	78	
Total Spaces	120	120	120	120	120	120	120	120	120	120	120	120	
Occupancy rates	87%	90%	92%	92%	92%	92%	92%	92%	92%	92%	93%	95%	
Average													92%
Year 5	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
No. of Customers on 3 Month Contracts	1	0	0	0	0	0	0	0	0	0	0	0	
No. of Customers on 6 Month Contracts	34	35	35	34	34	34	34	34	34	34	34	34	
No. of customers on on 12 Month Contracts	79	79	79	80	80	80	80	80	80	80	80	80	
Total Spaces	120	120	120	120	120	120	120	120	120	120	120	120	
Occupancy rates	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	
Average													95%

Appendix 17-Projected Income

Table 16-Projected income for years 1-5 of trading

(Source: Author's Own)

Year 1													Total Yearly Income Exc. VAT
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
No. of customers on 3 month contracts	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3	7	12	12	11	
Price Per Month	N/A	N/A	N/A	N/A	N/A	N/A	N/A	£46	£46	£46	£46	£46	
Total (Including VAT)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	£138	£12	£552	£552	£506	
No. of customers on 6 month contracts	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3	7	12	16	22	
Price Per Month	N/A	N/A	N/A	N/A	N/A	N/A	N/A	£43	£43	£43	£43	£43	
Total (Including VAT)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	£129	£301	£516	£688	£946	
No. of customers on 12 month contracts	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	2	3	
Price Per Month	N/A	N/A	N/A	N/A	N/A	N/A	N/A	£40	£40	£40	£40	£40	
Total (Including VAT)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	£0	£0	£0	£80	£120	
Total Exc. VAT	N/A	N/A	N/A	N/A	N/A	N/A	N/A	£214	£250	£854	£1,056	£1,258	£3,632

Year 2													Total Yearly Income Exc. VAT
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
No. of customers on 3 month contracts	9	7	5	2	1	0	0	2	5	9	11	10	
Price Per Month	£46	£46	£46	£46	£46	£46	£46	£46	£46	£46	£46	£46	
Total (Including VAT)	£414	£322	£230	£92	£46	£0	£0	£92	£230	£414	£506	£460	
No. of customers on 6 month contracts	28	28	27	24	22	19	16	17	19	23	28	32	
Price Per Month	£43	£43	£43	£43	£43	£43	£43	£43	£43	£43	£43	£43	
Total (Including VAT)	£1,204	£1,204	£1,161	£1,032	£946	£817	£688	£731	£817	£989	£1,204	£1,376	
No. of customers on 12 month contracts	5	9	14	20	23	27	30	31	32	32	33	34	
Price Per Month	£40	£40	£40	£40	£40	£40	£40	£40	£40	£40	£40	£40	
Total (Including VAT)	£200	£360	£560	£800	£920	£1,080	£1,200	£1,240	£1,280	£1,280	£1,320	£1,360	
Total Exc. VAT	£1,454	£1,509	£1,561	£1,539	£1,530	£1,518	£1,510	£1,650	£1,862	£2,146	£2,424	£2,557	£21,260

Year 3													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total Yearly Income Exc. VAT
No. of customers on 3 month contracts	9	6	4	1	0	0	0	1	3	5	6	7	
Price Per Month	£46	£46	£46	£46	£46	£46	£46	£46	£46	£46	£46	£46	
Total (Including VAT)	£414	£276	£184	£46	£0	£0	£0	£46	£138	£230	£276	£322	
No. of customers on 6 month contracts	37	38	35	34	30	30	28	27	29	30	32	36	
Price Per Month	£43	£43	£43	£43	£43	£43	£43	£43	£43	£43	£43	£43	
Total (Including VAT)	£1,591	£1,634	£1,505	£1,462	£1,290	£1,290	£1,204	£1,161	£1,247	£1,290	£1,376	£1,548	
No. of customers on 12 month contracts	36	40	45	49	54	56	59	59	59	59	60	61	
Price Per Month	£40	£40	£40	£40	£40	£40	£40	£40	£40	£40	£40	£40	
Total (Including VAT)	£1,440	£1,600	£1,800	£1,960	£2,160	£2,240	£2,360	£2,360	£2,360	£2,360	£2,400	£2,440	
Total Exc. VAT	£2,756	£2,808	£2,791	£2,774	£2,760	£2,824	£2,851	£2,854	£2,996	£3,104	£3,242	£3,448	£35,208
Year 4													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total Yearly Income Exc. VAT
No. of customers on 3 month contracts	7	6	3	1	0	0	0	0	1	2	2	1	
Price Per Month	£46	£46	£46	£46	£46	£46	£46	£46	£46	£46	£46	£46	
Total (Including VAT)	£322	£276	£138	£46	£0	£0	£0	£0	£46	£92	£92	£46	
No. of customers on 6 month contracts	39	41	39	39	37	34	33	32	33	34	34	34	
Price Per Month	£43	£43	£43	£43	£43	£43	£43	£43	£43	£43	£43	£43	
Total (Including VAT)	£1,677	£1,763	£1,677	£1,677	£1,591	£1,462	£1,419	£1,376	£1,419	£1,462	£1,462	£1,462	
No. of customers on 12 month contracts	62	63	68	70	73	76	77	78	78	78	78	79	
Price Per Month	£40	£40	£40	£40	£40	£40	£40	£40	£40	£40	£40	£40	
Total (Including VAT)	£2,480	£2,520	£2,720	£2,800	£2,920	£3,040	£3,080	£3,120	£3,120	£3,120	£3,120	£3,160	
Total Exc. VAT	£3,583	£3,647	£3,628	£3,618	£3,609	£3,602	£3,599	£3,597	£3,668	£3,739	£3,739	£3,734	£43,764

Year 5													Total Yearly Income Exc. VAT
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
No. of customers on 3 month contracts	0	0	0	0	0	0	0	0	0	0	0	0	
Price Per Month	£46	£46	£46	£46	£46	£46	£46	£46	£46	£46	£46	£46	
Total (Including VAT)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
No. of customers on 6 month contracts	35	35	34	34	34	34	34	34	34	34	34	34	
Price Per Month	£43	£43	£43	£43	£43	£43	£43	£43	£43	£43	£43	£43	
Total (Including VAT)	£1,505	£1,505	£1,462	£1,462	£1,462	£1,462	£1,462	£1,462	£1,462	£1,462	£1,462	£1,462	
No. of customers on 12 month contracts	79	79	80	80	80	80	80	80	80	80	80	80	
Price Per Month	£40	£40	£40	£40	£40	£40	£40	£40	£40	£40	£40	£40	
Total (Including VAT)	£3,160	£3,160	£3,200	£3,200	£3,200	£3,200	£3,200	£3,200	£3,200	£3,200	£3,200	£3,200	
Total Exc. VAT	£3,732	£3,732	£3,730	£3,730	£3,730	£3,730	£3,730	£3,730	£3,730	£3,730	£3,730	£3,730	£44,760

Appendix 18-Profit and Loss for Proposed project

Table 17-Estimated Profit and Loss accounts for the proposed project

(Source: Author's Own)

	Year 1 (£)	Year 2 (£)	Year 3 (£)	Year 4 (£)	Year 5 (£)
3 Month Contracts inc. VAT	£1,760	£2,806	£1,932	£1,058	£0
6 Month Contracts inc. VAT	£2,580	£12,169	£18,653	£20,707	£19,875
12 Month Contracts inc. VAT	£200	£11,600	£25,480	£35,200	£38,320
Total Income inc. VAT	£4,540	£26,575	£46,065	£56,965	£58,195
Total Income exc. VAT	£3,783	£21,260	£36,852	£45,572	£46,556
Variable Costs					
Water	£0	£0	£0	£0	£0
Total VC	£0	£0	£0	£0	£0
Gross Margin	£3,783	£21,260	£36,852	£45,572	£46,556
Fixed Costs					
Marketing	£300	£300	£100	£100	£100
Website	£40	£96	£96	£96	£96
CaSSOA Membership	£324	£324	£324	£324	£324
Admin	-	-	-	-	-
Insurance	£500	£500	£500	£500	£500
Vermin Control	£100	£300	£300	£300	£300
Repairs and Maintenance	£180	£468	£468	£468	£468
Interest on Loan	£5,720	£5,291	£4,719	£4,290	£3,718
Total FC	£7,164	£7,279	£6,507	£6,078	£5,506
Net Profit	-£3,532	£13,981	£30,345	£39,494	£41,050
Depreciation	£5,490	£5,490	£5,490	£5,490	£5,490
Net Profit after Depreciation	-£8,871	£8,491	£24,855	£34,004	£35,560

Appendix 19- Fixed and Variable Costs

Table 18-Breakdown of Fixed and Variable costs

(Source: Author's Own)

	Year 1 (£)	Year 2(£)	Year 3(£)	Year 4 (£)	Year 5 (£)
VC					
Water	0	0	0	0	0
TOTAL VC	0	0	0	0	0
FC					
Marketing	£300	£300	£100	£100	£100
Website	£40	£96	£96	£96	£96
CaSSOA Membership	£324	£324	£324	£324	£324
Admin	-	-	-	-	-
Insurance	£500	£500	£500	£500	£500
Vermin Control	£100	£300	£300	£300	£300
Repairs and Maintenance	£180	£468	£468	£468	£468
Interest on Loan	£5,720	£5,291	£4,719	£4,290	£3,718
Depreciation	£5,490	£5,490	£5,490	£5,490	£5,490
Total FC	£12,654	£12,769	£11,997	£11,568	£10,996
TOTAL COSTS	£12,654	£12,769	£11,997	£11,568	£10,996

Assumptions:

- Water costs for the cleaning of vehicles has been costed at £0/year as the business already has a rainwater harvesting tank adjacent to the proposed diversification. The water collected here will be used for the washing of caravans and motorhomes.
- Website Costs have been calculated at £8/month for the upkeep and ownership of the domain.
- Marketing costs have been calculated at £300 for the first years to target customers and stimulate growth within the first 2 years. After this point it has been dropped to £100 as the business has gained a good market presence.
- CaSSOA membership for the site is £324 per year and will assist in marketing the site through the association's website.
- Public liability insurance has been quoted by the NFU for £500 per year which will provide £10million worth of cover.
- Vermin Control has been quoted by the contractor used at Lodge farm for £300/year however they have quoted £100 for the first year due to the business opening later in the year.
- Repairs and maintenance have been calculated at 1hr/week @£9/hour over 52 weeks. Therefore, for the fully operational years this is £468, however due to being open just 20 weeks in the first year this has been costed at £180.
- Admin including office-based work and bookings is £0 as it will be done by the partners of the business.

Appendix 20-Projected Cashflow

Table 19-Projected Cashflow for Year 1-5 of trading

(Source: Author's Own)

Year 1	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Cash Receipts	£	£	£	£	£	£	£	£	£	£	£	£	£
Cash Sales (exc. VAT)								214	250	854	1,056	1,258	3,632
Loan or Cash Introduced	1,567	1,567	1,567	1,567	1,567	1,567	1,567	1,410	1,373	769	567	366	15,456
Total Cash Inflow	1,567	1,567	1,567	1,567	1,567	1,567	1,567	1,624	1,623	1,623	1,623	1,624	19,088
Cash Expenditure													
Assets purchased													-
Trading payments													
Variable Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Fixed Costs	102	102	102	102	102	102	102	158	158	158	158	158	1,499
Interest	477	477	477	477	477	477	477	477	477	477	477	477	5,720
Total Expenditure	578	578	578	578	578	578	578	634	634	634	634	634	7,219
Cash Capital Repayments													
Loan Repayments	989	989	989	989	989	989	989	989	989	989	989	989	11,869
Total Capital payments	989	989	989	989	989	989	989	989	989	989	989	989	11,869
Total Cash outflow	1,567	1,567	1,567	1,567	1,567	1,567	1,567	1,623	1,623	1,623	1,623	1,623	19,088
Opening balance	-	0	0	0	0	0	0	0	0	0	0	0	1
Net cash receipts-Expenditure	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing balance	0	0	0	0	0	0	0	0	0	0	0	0	1

Year 2	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Cash Receipts	£	£	£	£	£	£	£	£	£	£	£	£	£
Cash Sales (exc. VAT)	1,454	1,509	1,561	1,539	1,530	1,518	1,510	1,650	1,862	2,146	2,424	2,557	21,260
Loan or Cash Introduced	189	134	83	104	114	126	133						883
Total Cash Inflow	1,643	1,643	1,644	1,643	1,644	1,644	1,643	1,650	1,862	2,146	2,424	2,557	22,143
Cash Expenditure													
Assets purchased													-
Trading payments													
Variable Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Fixed Costs	166	166	166	166	166	166	166	166	166	166	166	166	1,987
Interest	441	441	441	441	441	441	441	441	441	441	441	441	5,291
Total Expenditure	607	607	607	607	607	607	607	607	607	607	607	607	7,278
Cash Capital Repayments													
Loan Repayments	1,037	1,037	1,037	1,037	1,037	1,037	1,037	1,037	1,037	1,037	1,037	1,037	12,441
Total Capital payments	1,037	1,037	1,037	1,037	1,037	1,037	1,037	1,037	1,037	1,037	1,037	1,037	12,441
Total Cash outflow	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643	1,643	19,719
Opening balance	0	0	0	0	0	1	1	1	8	227	730	1,511	2,480
Net cash receipts-Expenditure	0	0	1	0	0	0	0	7	218	503	781	914	2,424
Closing balance	0	0	0	0	1	1	1	8	227	730	1,511	2,424	4,904

Year 3	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Cash Receipts	£	£	£	£	£	£	£	£	£	£	£	£	£
Cash Sales (exc. VAT)	2,756	2,808	2,791	2,774	2,760	2,824	2,851	2,854	2,996	3,104	3,242	3,448	35,208
Loan or Cash Introduced													-
Total Cash Inflow	2,756	2,808	2,791	2,774	2,760	2,824	2,851	2,854	2,996	3,104	3,242	3,448	35,208
Cash Expenditure													
Assets purchased													-
Trading payments													
Variable Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Fixed Costs	149	149	149	149	149	149	149	149	149	149	149	149	1,788
Interest	393	393	393	393	393	393	393	393	393	393	393	393	4,719
Total Expenditure	542	542	542	542	542	542	542	542	542	542	542	542	6,507
Cash Capital Repayments													
Loan Repayments	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	12,870
Total Capital payments	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	12,870
Total Cash outflow	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	19,377
Opening balance	2,424	3,565	4,759	5,935	7,095	8,240	9,449	10,686	11,924	13,306	14,795	16,422	108,599
Net cash receipts-Expenditure	1,141	1,193	1,176	1,160	1,145	1,209	1,236	1,239	1,381	1,489	1,627	1,833	15,831
Closing balance	3,565	4,759	5,935	7,095	8,240	9,449	10,686	11,924	13,306	14,795	16,422	18,255	124,430

Year 4	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Cash Receipts	£	£	£	£	£	£	£	£	£	£	£	£	£
Cash Sales (exc. VAT)	3,583	3,647	3,628	3,618	3,609	3,602	3,599	3,597	3,668	3,739	3,739	3,734	43,764
Loan or Cash Introduced													-
Total Cash Inflow	3,583	3,647	3,628	3,618	3,609	3,602	3,599	3,597	3,668	3,739	3,739	3,734	43,764
Cash Expenditure													
Assets purchased													-
Trading payments													
Variable Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Fixed Costs	149	149	149	149	149	149	149	149	149	149	149	149	1,788
Interest	358	358	358	358	358	358	358	358	358	358	358	358	4,290
Total Expenditure	507	507	507	507	507	507	507	507	507	507	507	507	6,078
Cash Capital Repayments													
Loan Repayments	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	13,442
Total Capital payments	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	13,442
Total Cash outflow	1,627	1,627	1,627	1,627	1,627	1,627	1,627	1,627	1,627	1,627	1,627	1,627	19,520
Opening balance	18,255	20,212	22,232	24,233	26,225	28,207	30,182	32,155	34,125	36,166	38,279	40,391	350,664
Net cash receipts-Expenditure	1,957	2,021	2,001	1,992	1,982	1,975	1,973	1,970	2,041	2,113	2,113	2,108	24,244
Closing balance	20,212	22,232	24,233	26,225	28,207	30,182	32,155	34,125	36,166	38,279	40,391	42,499	374,908

Year 5	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Cash Receipts	£	£	£	£	£	£	£	£	£	£	£	£	£
Cash Sales (exc. VAT)	3,732	3,732	3,730	3,730	3,730	3,730	3,730	3,730	3,730	3,730	3,730	3,730	44,760
Loan or Cash Introduced													-
Total Cash Inflow	3,732	3,732	3,730	3,730	3,730	3,730	3,730	3,730	3,730	3,730	3,730	3,730	44,760
Cash Expenditure													
Assets purchased													-
Trading payments													
Variable Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Fixed Costs	149	149	149	149	149	149	149	149	149	149	149	149	1,788
Interest	310	310	310	310	310	310	310	310	310	310	310	310	3,718
Total Expenditure	459	459	459	459	459	459	459	459	459	459	459	459	5,506
Cash Capital Repayments													
Loan Repayments	1,204	1,204	1,204	1,204	1,204	1,204	1,204	1,204	1,204	1,204	1,204	1,204	14,443
Total Capital payments	1,204	1,204	1,204	1,204	1,204	1,204	1,204	1,204	1,204	1,204	1,204	1,204	14,443
Total Cash outflow	1,662	1,662	1,662	1,662	1,662	1,662	1,662	1,662	1,662	1,662	1,662	1,662	19,949
Opening balance	42,499	44,569	46,638	48,706	50,773	52,840	54,907	56,974	59,041	61,109	63,176	65,243	646,475
Net cash receipts-Expenditure	2,070	2,070	2,067	2,067	2,067	2,067	2,067	2,067	2,067	2,067	2,067	2,067	24,811
Closing balance	44,569	46,638	48,706	50,773	52,840	54,907	56,974	59,041	61,109	63,176	65,243	67,310	671,286