

BOVEY PARADISO

Cinema • Café • Culture • Community

Bovey Tracey Paradiso CIC

**BTP CIC Business Plan
January 2021**

Contents

1.	Introduction	4
1.1	Summary	4
2.	Community	5
2.1	Purpose	5
2.2	Identity	5
2.3	Community needs	5
3.	The Organisation and its people	7
3.1	Structure	7
3.2	Articles of Association	7
3.3	Governance	7
3.4	Board and Management competencies	8
3.5	Business plan development	9
3.6	Partners and stakeholders	9
4.	Business model	10
4.1	Business Activities	10
4.2	Market opportunities	10
4.3	Customer offer	10
4.4	Competitive advantage	11
4.5	Benchmarking	11
5.	Operations	12
5.1	Premises	12
5.2	Workforce	12
5.3	Equalities and Diversity	13
6.	Working Capital	14
6.1	Stock	14
6.2	Working Capital	14
6.3	Loan from BTPA to BTP CIC	14
7.	Financial forecasts	15
7.1	Revenue Forecast	15

7.2	Profit and Loss	15
7.3	Balance sheet	17
7.4	Cashflow	18
7.5	Financial Projections overview	18
8.	Risk analysis	19
8.1	Risk register	19
8.2	Monitoring and evaluation	19
8.3	Recession	19
9.	Cafe Equipment Costs	20
10.	Wholly Owned CIC Subsidiary - Proposed Articles	21

1. Introduction

1.1 Summary

- 1.1.1 The vision of Bovey Tracey Paradiso Arts Limited (BTPA) is to create a lively community cinema, theatre, arts, and entertainment centre in Bovey Tracey, a semi-rural town on the edge of Dartmoor with limited facilities for a growing population. Located at the top end of Fore Street in the town centre, the King of Prussia Arts Centre will give a new lease of life to this 16th century building, offering an art gallery and four artists' studios, a cinema / theatre with almost 100 seats, and a large café bar operation.
- 1.1.2 Bovey Tracey Paradiso Arts Limited (BTPA) is a Community Benefit Society currently owned by 322 shareholders, including donors more than 500 people in our community are stakeholders. It was formed to carry out the vision outlined above.
- 1.1.3 Bovey Tracey Paradiso CIC (BTP CIC) will be a wholly owned subsidiary of BTPA and will operate the Café / Restaurant element of the BTPA vision once the new . The CIC is not currently incorporated and the aim is to incorporate the CIC once the BTPA share offer has launched and before any new shares are allocated so as to comply with the requirements of Sitr. BTP CIC can only become operational once the BTPA construction plans are complete.
- 1.1.4 *This business plan seeks to outline the café / restaurant element of the BTPA vision.*

2. Community

2.1 Purpose

- 2.1.1 The BTPA vision is to develop and manage a vibrant community space and within this space BTP CIC will operate the café bar and restaurant. More detail on the BTPA vision and activities can be found in the BTPA Business Plan.
- 2.1.2 The Café bar and restaurant will sit between the sensitively restored the Tudor building that used to be the King of Prussia public house and the proposed new extension to house the cinema theatre. The two buildings will be linked by a glass-roofed atrium which will house the café bar/restaurant.
- 2.1.3 The new BTPA facility will deliver numerous benefits for the community, both local and visiting:
- informal and welcoming space for all ages
 - inclusive and accessible, enabling as many people as possible in our community to engage in artistic and cultural opportunities
 - high-quality local spaces for artists and performers to be creative
 - new employment opportunities and increased income for the town
 - sustainable income for the benefit of arts and culture across the whole of our local area.

2.2 Identity

- 2.2.1 Bovey Tracey is an attractive small market town of around 8,000 inhabitants, providing easy access to Dartmoor National Park. The area, which includes the large industrial and residential area of Heathfield, plays an essential role in providing services for other towns and villages within the district and across a wider area.
- 2.2.2 Significant new housing developments in Bovey Tracey are increasing the population and raising the demand for services and facilities. There is an active community life with many groups and societies, mainly catering for the older age groups. Apart from talks and meetings, there is little for people to do in the evening or on rainy days. Young people have a Youth Café and scout groups, plus a skate park and some sporting opportunities.
- 2.2.3 The town is a popular destination for day visitors, attracted by its beautiful natural environment, recreational opportunities, and arts and cultural events. The cinema will provide a wet-weather attraction, especially in the summer holidays (although peak months for cinema-going nationally are December to February).

2.3 Community needs

- 2.3.1 In the Bovey Tracey area, 23.4% of the population is over 65 (compared with 16.4% nationally). The Office of National Statistics (ONS) predicts that the population of Devon will grow by nearly a quarter from 767,400 (in 2009) to 967,800 (in 2031) with the most considerable increase (75%) expected in the population aged 65 years and above, rising to over a quarter. Based on Government data, it is anticipated that there will be little growth in the population aged 14 years and younger. The presence of newly built housing may attract younger people and families to Bovey Tracey in comparison with Devon as a whole.

BOVEY PARADISO

Cinema • Café • Culture • Community

- 2.3.2 As a rural community Bovey Tracey has areas of deprivation within its catchment area in Teignbridge - 15 miles. Rural communities are often at a disadvantage due to accessibility, infrastructure and housing costs. Employment is limited with most workers needing to travel significant distances to find work.
- 2.3.3 The project is supported by the Bovey Tracey Town Council and features in the future development plans for the town.
- 2.3.4 As an arts and entertainment venue the value of the business to the sustainability of the high street in Bovey Tracey should not be underestimated. Clearly Bovey Paradiso will bring in new visitors in addition to the local customers. This will benefit the retail, catering and transport sectors in the close proximity in Fore Street.

3. The Organisation and its people

3.1 Structure

- 3.1.1 BTP CIC will be a wholly owned Community Interest Company subsidiary of BTPA and will operate the café / restaurant.
- 3.1.2 BTPA shall grant a lease relating to the use of the facilities to BTP CIC at a fair market rent. A loan agreement in respect of monies loaned to the subsidiary shall be put in place. The lease and any loan agreements will be drawn up whilst the construction is underway.

3.2 Articles of Association

- 3.2.1 A copy of the proposed Articles of Association can be found at Section 10 and Rules of BTPA the Parent Society can be downloaded from BTPA website at <https://www.paradiso.org.uk/Rules-and-Registrations/Paradiso-Arts>

3.3 Governance

- 3.3.1 Good governance is critical to the success of any enterprise and is additionally crucial in this case where the Parent - BTPA - is an exempt charity with a non-charitable subsidiary, which is a separate legal entity. The key features that need to be separate are:
- the charity is always actively in charge of how its funds and resources are spent, and actively protecting its image and reputation
 - the charity is always working on achieving its charitable purposes (which can involve the non-charitable organisation)
 - the charity is not supporting -or funding -non-charitable purposes or projects or promoting private benefit of the connected organisation
 - the relationship is always in the charity's best interests, including to its public image and reputation
- 3.3.2 Directors have a legal duty to act only in the best interest of their organisation and so where a Director is also a Director or employee of both the Parent exempt charity and the non-charitable subsidiary (or be personally connected to individuals at the subsidiary) they will face conflicts of interest or loyalty in this overlapping role. They need to recognise the regulatory and legal risks, challenges and conflicts that can arise as a result of the overlapping role and what they need to do to address them.
- The Charities Commission will expect BTPA to have enough independent Directors on its Board (taking into account personal interests and loyalties) so that a quorum is available and valid decisions can be made, as and when conflicted trustees have to be excluded from certain decisions
- 3.3.3 A critical distinction to be made is between the governance of an organisation and the day-to-day running of it. For example, management is not about paying bills, but rather ensuring that there are effective systems in place to ensure that measures are paid on time.

3.3.4 The Board of BTP CIC is responsible for managing the affairs of the CIC on behalf of the sole member (BTPA) in the same way as the Board of directors is responsible for managing the affairs of a limited company. The Directors are appointed by the Directors. BTP CIC intends to employ staff who will lead the day to day operations and report back to the Board, who will be responsible for:

- Recruitment of employees
- Monitor and manage the CIC's financial affairs
- Oversee the day to day operations and manage the relationship between the CIC, its sole member and the community
- Ensure that the CIC complies with all applicable regulations
- Encourage further charitable and community activities, as appropriate

3.4 Board and Management competencies

3.4.1 The initial Board of the CIC will mirror the Board of Bovey Tracey Paradiso Arts Limited. During the first year of trading within the new premises the Board shall review its composition to ensure that the appropriate skills and experience are present with an aim to reduce the overlap of Directors across both Boards. See Governance section for more details on the issues relating to this overlap. The Board will draw on advice from local people with particular skills and expertise as necessary.

3.4.2 There are currently five Directors of BTPA Limited whose brief profiles are below.

Stephen (Steve) Willmore (Chair) has had a career in product design and development within the electro-mechanical manufacturing industry, holding senior management/director positions since the mid-80s. Steve retired as Technical Director at the end of 2013. Until the end of March 2018, Steve worked as a consultant on the development of international standards, representing the UK, world-wide on European and International committees. He fully retired in April 2018 and now works full time on our project. Steve and his wife Diane moved to Bovey Tracey in 2014 and are passionate about projects that benefit the community.

David Alexander joined the Board in March 2019. He is a chartered accountant and a partner at Smith & Williamson, a top ten accounting and investment management firm, where he specialises in Forensic Accounting. Outside of work David has been treasurer of the Westfield Sports Car Club for the past 12 years and recently became company secretary of an award-winning theatre company in Exeter/London. Having recently moved to the area from the Midlands with his wife Nicole, David is keen to add his expertise to this community project.

Andrew Huckerby is a hospitality entrepreneur with a career of over 40 years that spans the industry in both in the UK and UAE. Based in Devon for the last 25 years, he has led projects in both the charity and tourism sectors in the county throughout this period. Andrew was recently General Manager at a large hotel in Torbay following a period as a Business Studies module leader in Higher Education in Plymouth

David McGahey was Director of Education for Buckinghamshire until 2000, having previously worked for five other local authorities. From 2001 he was Managing Director successively of a number of education businesses. He retired in 2014 as Director and Chief Executive of a market leading executive recruitment consultancy working with independent and maintained schools in the UK and with international schools world-wide. He is a Governor of Exeter School and Vice-Chairman of the St John's Hospital Educational Foundation. He is a Liveryman of the Worshipful Company of Educators. Until he moved back to Devon in 2015 to live in Lustleigh, he was for many years Director/Chairman of an independent, community cinema, The Film Place in Buckingham.

Kenneth (Ken) Swan has had a varied career, initially in the motorcycle industry, then as a computer engineer and latterly in the construction industry. The manipulation, designing and creating of soundscapes for local theatres has long been a passion. Working with many non- and semi-professional theatre companies in Kent and London, Ken has directed, stage-managed, designed, built and painted sets, and has been known to 'tread the boards'! Currently working with two theatres in Teignmouth and our own Bovey Tracey Players, he is enjoying a very busy retirement.

3.5 Business plan development

- 3.5.1 The construction of the Business Plan received contributions from all of the Directors identified in previous section using their expertise and experience.
- 3.5.2 Coordination was supported by Hilary Sudbury Licensed Community Shares practitioner and associate of Co-operative Assistance Network Limited funded by REACH funding.

3.6 Partners and stakeholders

- 3.6.1 Contributions and support were received from individuals associated with the project throughout its development. In particular, Jeanette Pearce (proofreading and fundraising) and Andrew Shadrake (Co-operative matters) were particularly helpful.
- 3.6.2 We have formally expressed support from the Bovey Tracey Town Council.
- 3.6.3 We have partnership agreements with
 - a) The Craft Guild
 - b) Moor Care
 - c) Dartmoor Distillery
 - d) The Bell public house

4. Business model

4.1 Business Activities

4.1.1 Completion of the BTPA phase 2 construction project will allow for the full operation of the Café Paradiso business through BTP CIC.

Café Paradiso

4.1.2 The café bar will serve visitors to the art gallery and cinema, and, when fully operational, offer a full dining restaurant operation throughout the day. Detailed break-down of the projected business revenues by day of the week and by month and the consequent staffing variations have been forecasted and can be found at Section 7.1.1

4.2 Market opportunities

4.2.1 In the market research carried out by the BTPA project team, members of the public were asked which of the following would they pay to attend in Bovey Tracey. A more detailed list of responses can be found in the BTPA business plan.

4.2.2 The relevant responses were as follows:

Live music, poetry, comedy and cabaret evenings	Yes 81%
Café bar/restaurant offering locally sourced food and drink.	Yes 86%

Café Paradiso

4.2.3 Linking the historic King of Prussia building and the new contemporary addition will be a glass-roofed atrium. The atrium and gallery will house the Café Paradiso. This all-day operation will fulfil several functions for visitors. It will provide a meeting point for coffee and snacks, light meals for pre/post cinema goers or a destination dining area for lunches and dinners. It will also provide retail snacks and beverages for cinema customers.

4.3 Customer offer

Café Paradiso

4.3.1 At the core of the catering, the operation is a commitment to providing excellent value food and drink using the very best of our local producers. Devon is famous for its commitment to food and beverages production and the environment, and we intend to maintain this reputation at the Café Paradiso.

4.3.2 Maintaining good value for money in our products is vital to attract and retain our local customers. Drawing a wide range of customers can present challenges for catering operations; however, recognition of guest requirements through research and feedback will identify the most suitable combination.

4.3.3 Working with local producers, where appropriate, will enhance the relevance of the Café Paradiso to the community and put quality at the forefront of our offer. In terms of the environment, the business was an early signatory to the Bovey Free Plastic movement and will continue to deliver on this commitment.

4.4 Competitive advantage

4.4.1 Competition is currently limited in terms of all the planned activities of BTPA.

Café Paradiso

4.4.2 In town, during the day, there are several cafes offering beverages, light snacks and cream teas, and three pubs. One of the cafes, Café 360 at the far end of town, was recently opened to serve cyclists but is also popular with locals. Home Farm Café on the Parke Estate offers good quality, locally produced food but is located a little way out of the town.

4.4.3 In the evening there is an Indian restaurant, Indian, Chinese and pizza and burger takeaways in addition to the pubs. Close to the King of Prussia is the Old Town all which has been redeveloped as a whisky distillery and a gin distillery, with wine bar, gin bar and proposed bistro. A fish and chip shop has recently opened.

4.4.4 In our survey, 86% of respondents said they would spend money at a café / bar serving locally sourced food and drinks.

4.5 Benchmarking

Café Paradiso

4.5.1 The range of catering operations offers significant opportunities in the following areas:

- Cinema / Theatre customers - snacks, beverages and retail
- Art Gallery visitors - snacks and beverages
- Destination dining - snacks, meals and beverages

Bovey Tracey enjoys an excellent reputation as a place to visit and has several cafes and pubs servicing this trade, particularly during the day. Evening catering outlets are significantly limited outside of takeaways and pubs with no standout facility within walking distance and little within driving range.

5. Operations

5.1 Premises

- 5.1.1 BTPA, which owns the land and buildings, shall grant a lease relating to the use of the facilities to BTP CIC at a fair market rent.
- 5.1.2 As a start-up entity the lease proposed is £22,887 per year for the first two years, rising to £37,012 per year from year 3 onwards and increasing with CPI. The lease cost will be paid monthly in equal instalments and breaks down to £1,000 per month rent plus the leasing costs of the café equipment incurred by BTPA initially and rising to £2,000 per month rent plus the leasing costs.
- 5.1.3 Linking the historic King of Prussia building and the new contemporary addition will be a glass-roofed atrium. The area linking the two buildings will feature a glass covered atrium where the kitchen and service areas for the catering will be located, this will be a flexible dining space to complement the more formalised catering offered in the historic building. It will also provide a retail offer for visitors to the cinema / theatre.
- 5.1.4 An accessible garden has also been created in the design.
- 5.1.5 Entry to site is through the large double doors to the right and a single door to the left as you approach the property from the street.

Café Paradiso

- 5.1.6 The design of the catering operation has to deliver a quality volume product across a range of markets. Space is limited, and therefore attention is required to ensuring that the equipment selected is flexible to changing patterns of demand.
- 5.1.7 The safe operation of the equipment in an open public environment will require careful planning and controlled procedures.
- 5.1.8 The cafe costs of equipment are shown in Section 9.
- 5.1.9 Stock and working capital see section 6.1.1

5.2 Workforce

Overall management of the Centre

- 5.2.1 BTPA will employ a General Manager who will report to the BTPA Board of Directors, oversee daily operations, provide direct management of critical functions, ensure overall delivery and quality for customers across the BTPA activities. Also, there will be a part-time marketing manager; a senior position working across all disciplines and vital to our success, especially in the early days of our inception.
- 5.2.2 All figures which relate to the operation will be reviewed, with final decisions made, before opening.

Cafe Paradiso

- 5.2.3 A full-time manager would run the Café Paradiso with part-time staff employed as needed. The manager will be line managed by and report to BTP CIC Board and will line manage other staff.

BOVEY PARADISO

Cinema • Café • Culture • Community

- 5.2.4 The BTPA General Manager and BTP CIC Café manager will need to work in conjunction with each other and a clarity of roles and responsibilities will be essential.

Jobs created

- 5.2.5 By the time the BTPA project is fully developed, it is estimated that seven full-time and nine part-time jobs will be created across the BTPA group as follows:

Salaries		FTE	Full	Part
General Manager	£30,000	1.0	1.0	
Marketing officer	£15,000	0.5		1.0
Admin / accounts	£12,000	0.5		1.0
Cinema Paradiso	£22,000	2.0	1.0	2.0
Gallery	£15,000	0.5		1.0
Café Paradiso	£167,000	7.0	5.0	4.0
Total staff costs	<u>£261,000</u>	<u>11.5</u>	<u>7.0</u>	<u>9.0</u>

- 5.2.6 Staffing numbers, particularly for Café Paradiso, will be decided immediately before opening and later adjusted as necessary according to the level of business achieved.

5.3 Equalities and Diversity

- 5.3.1 Cross the BTPA group we're committed to promoting equality and preventing discrimination at work and we know that simply having a diverse workforce is not enough. Our aim is to create an inclusive environment, where everyone can contribute their best work and develop to their full potential.
- 5.3.2 We aim to celebrate that everyone is different yet valued and to make sure that every colleague is treated with dignity and respect.
- 5.3.3 This policy applies to all of our team, as well as volunteers, agency workers and contractors.
- 5.3.4 Full details of our operations and human resource processes for each organisation will be created at the point of recruitment of staff prior to trading commencement.

6. Working Capital

6.1 Stock

Deliveries are available daily and the menu will be full of low-cost items. Storage is limited space wise. The levels of stock should be just stock in use and purchased as required. The figures used for the financial projections are based on the following:

Food Stock	£2,000
Drink /Liquor Stock	£3,000
Disposables & Cleaning	£2,000
Stationary Stock	£1,000
Total Stock	£8,000

6.2 Working Capital

The financial projections have included a figure of £65,000 as working capital for the café so that when the café cash position reaches £65,000 any amount over this is donated to BTPA for charitable activities.

6.3 Loan from BTPA to BTP CIC

A loan agreement will be drawn up between the two organisations, the terms of this loan used for the financial projections is 5%. The loan will cover the stock and working capital needs of the café, which is projected to be £73,000.

The lease and any loan agreements will be drawn up whilst the construction is underway

7. Financial forecasts

7.1 Revenue Forecast

7.1.1 The revenue projections for café paradiso are as follows:

Cafe Paradiso budget	£
Income excluding VAT	
Food	303,599
Alcohol	87,664
Cinema snacks	60,900
Total Café Income	<u>452,163</u>
 Cost of Sales	
Food	106,260
Alcohol	39,449
Other	30,450
Total Cost of Sales	<u>176,158</u>
 Gross Profit	<u>276,004</u>
 Direct costs	
Payroll	166,958
Power	12,000
Laundry & Cleaning	6,000
Marketing	4,000
Entertainment	3,000
Disposables	3,000
Replacements	3,000
Maintenance	3,000
IT	2,000
Other Direct Costs	6,000
Total Direct Costs	<u>208,958</u>
 Operating Profit	<u>67,046</u>

7.2 Profit and Loss

8.2.1 These financial projections are based on the following assumptions:

- The Café starts trading from January 2022 with trade phased, based on lower occupancy during the summer.
- BTPA Loan is based on 5% interest, repayable over 5 years.

BOVEY PARADISO

Cinema • Café • Culture • Community

Café (wholly-owned subsidiary) Profit & Loss forecast

	2022	2023	2024	2025	2026	2027	2028	2029
	£	£	£	£	£	£	£	£
Income								
Total income	452,163	465,728	479,699	494,090	508,913	524,180	539,906	556,103
Cost of Sale								
Cost of Sale	176,158	181,443	186,886	192,493	198,268	204,216	210,342	216,653
Gross profit	276,004	284,284	292,813	301,597	310,645	319,965	329,564	339,451
Direct costs								
Payroll	166,958	171,967	177,126	182,440	187,913	193,550	199,357	205,338
Other direct costs	64,800	66,744	81,477	83,921	86,439	89,032	91,703	94,454
Total direct costs	231,758	238,711	258,603	266,361	274,352	282,583	291,060	299,792
Operating profit (EBITDA)	44,246	45,574	34,210	35,236	36,293	37,382	38,504	39,659
Finance costs								
Interest on loans	1,710	2,555	1,825	1,095	365	0	0	0
	1,710	2,555	1,825	1,095	365	0	0	0
BTPA donation	27,936	25,645	14,484	16,140	18,554	34,608	38,504	39,659
Corporation Tax	2,774	3,301	3,401	2,774	2,774	0	0	0
Net profit	11,826	14,073	14,500	15,227	14,600	2,774	0	0

BOVEY PARADISO

Cinema • Café • Culture • Community

7.3 Balance sheet

Café (wholly-owned subsidiary) Balance Sheet forecast

	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28	Dec-29
	£	£	£	£	£	£	£	£	£
Fixed Assets									
Total Fixed Assets	0	0	0	0	0	0	0	0	0
Current assets									
Stock	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Cash	2,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
	10,000	73,000	73,000	73,000	73,000	73,000	73,000	73,000	73,000
Current liabilities									
Trade creditors									
Corporation tax	0	-2,774	-3,301	-3,401	-2,774	-2,774	0	0	0
Loans	-10,000	-58,400	-43,800	-29,200	-14,600	0	0	0	0
	-10,000	-61,174	-47,101	-32,601	-17,374	-2,774	0	0	0
Net current assets	0	11,826	25,899	40,399	55,626	70,226	73,000	73,000	73,000
Net assets	0	11,826	25,899	40,399	55,626	70,226	73,000	73,000	73,000
Financed by:									
Profit & loss account	0	11,826	25,899	40,399	55,626	70,226	73,000	73,000	73,000
	0	11,826	25,899	40,399	55,626	70,226	73,000	73,000	73,000

BOVEY PARADISO

Cinema • Café • Culture • Community

7.4 Cashflow

Café (wholly-owned subsidiary)

Cash flow forecast

	2021	2022	2023	2024	2025	2026	2027	2028	2029
	£	£	£	£	£	£	£	£	£
Opening balance	0	2,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Fundraising activities									
Loans	10,000	63,000							
Total fund raising activities	10,000	63,000	0	0	0	0	0	0	0
Sales income	0	452,163	465,728	479,699	494,090	508,913	524,180	539,906	556,103
Operating costs									
Cost of sales	0	176,158	181,443	186,886	192,493	198,268	204,216	210,342	216,653
Salaries	0	166,958	171,967	177,126	182,440	187,913	193,550	199,357	205,338
Overheads	0	64,800	66,744	81,477	83,921	86,439	89,032	91,703	94,454
	0	407,917	420,154	445,489	458,854	472,620	486,798	501,402	516,444
Finance costs									
Stock level increase	8,000								
Interest on loans		1,710	2,555	1,825	1,095	365	0	0	0
Loan repayment		14,600	14,600	14,600	14,600	14,600			
BTPA donation	0	27,936	25,645	14,484	16,140	18,554	34,608	38,504	39,659
Corporation tax	0	0	2,774	3,301	3,401	2,774	2,774	0	0
	8,000	44,246	45,574	34,210	35,236	36,293	37,382	38,504	39,659
Closing balance	2,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000

7.5 Financial Projections overview

7.5.1 The café equipment is owned or leased by BTPA. A monthly rent of £1,000 (rising to £2,000 in 2024) is paid to BTPA plus £900 per month as full leasing cost of equipment used. Stock level is maintained at £8,000. Working capital is maintained at £65,000. An initial loan of £73,000 (£10,000 in 2021 and the remainder at the start of 2022) is repaid over 5 years at 5% interest per annum. Any cash balance above £65,000 at year end is transferred to BTPA as a profit payment. VAT is not accounted for in the projections for financial conservatism as it would boost the cash position.

8. Risk analysis

8.1 Risk register

Failure to recruit appropriate managerial staff.

- 8.1.1 Recruitment of key posts will be carried out at an early stage to provide sufficient recruitment and contingency actions to take place prior to opening. Contingencies include management oversight by existing board, recruitment through existing local networks, re-publicising and contracting on a short-term basis.

Performance failure or recession - not reaching the income figures forecast across the business

- 8.1.2 The risk from Covid-19 remains high at the time of writing this plan. On the current basis there would be significant impact to catering operations. However, by the time the full operation commences trading it is anticipated that the current level of restrictions will be much reduced.

- 8.1.3 We have taken every precaution we can to reduce impact of Covid-19 restrictions on the project. We will continue to monitor the situation and amend our plans accordingly. Presently we do not anticipate opening the restaurant or the Cinema/Theatre until January 2022. We believe we have sufficient headroom in the forecast numbers to operate profitably with reduced covers. Our model anticipates that only Friday and Saturday evenings in July to September would be subject to reduced covers resulting in reduced revenue. At all other times we believe we can operate at the forecast levels taking account of any likely reduction in covers caused by Covid-19 restrictions.

- 8.1.4 Our Director Andrew Huckerby has experience in the hospitality sector and has helped to develop our budget.

8.2 Monitoring and evaluation

- 8.2.1 The estimates of profit and loss should be considered in conjunction with the assumptions that have been adopted in preparing calculations, which have been outlined throughout this business Plan.
- 8.2.2 Should further information become available, which is contrary to the assumptions adopted, then the calculations will be updated accordingly by way of a supplemental report.

8.3 Recession

- 8.3.1 If the UK faces a recession as a result of Covid-19 it is difficult to predict either the severity or length of that recession. We believe we have sufficient headroom in our forecast numbers to cope with a moderate reduction in trading activity. We also believe that the demographic of the local community is relatively recession proof given the number of retired or near retired people in the surrounding area. Our diversity of offering and competitive pricing will stand up well against similar offerings in the larger surrounding towns and we are confident that we will benefit from the support of the local community.

9. Cafe Equipment Costs

The proposal is that the Café equipment will form part of the lease agreed between BTPA and BTP CIC. The breakdown of the annual cost to BTP CIC can be found in Section 5.1.2

Description	Number	Cost	Total
		£	£
Kitchen			
Oven/cooker	2	3,674.00	7,348.00
Fryer	1	395.00	395.00
Microwaves	2	421.00	842.00
Extraction	1	2,750.00	2,750.00
Grill	1	195.00	195.00
Refrigeration	1	2,951.00	2,951.00
Freezer	1	900.00	900.00
Washing machine	1	1,265.00	1,265.00
Tabling	1	900.00	900.00
Sinks	2	190.00	380.00
Display fridge	1	995.00	995.00
Coffee machine	1	2,995.00	2,995.00
Coffee machine	1	650.00	650.00
Water boiler	1	500.00	500.00
Ice machine	1	1,000.00	1,000.00
Crockery	1	5,000.00	5,000.00
Cutlery	PC	2,000.00	2,000.00
Kitchenware	PC	2,000.00	2,000.00
Glassware	PC	2,500.00	2,500.00
Contingency	PC	2,000.00	<u>2,000.00</u>
	PC		37,566.00
Café			
Seats	80	50.00	4,000.00
Tables	20	125.00	2,500.00
Outside	8	150.00	1,200.00
Cruets etc	20	20.00	<u>400.00</u>
			8,100.00
Bar			
Ice machine	1	1,000.00	1,000.00
Bottle coolers			0.00
Wine fridge	1	743.00	<u>743.00</u>
			1,743.00
IT System			2,000.00
TOTAL (Café Paradiso - fit out)			<u><u>49,409.00</u></u>

10. Wholly Owned CIC Subsidiary - Proposed Articles

The Companies Act 2006

Community Interest Company Limited by Guarantee

Articles of Association¹

of

Bovey Tracey Paradiso C.I.C.

(CIC Limited by Guarantee, Schedule 1, Small Membership)

The Companies Act 2006
Community Interest Company Limited by Guarantee

INDEX TO THE ARTICLES

INTERPRETATION	23
1. Defined Terms	23
2. Community Interest Company	23
3. Asset Lock	24
4. Not for profit	24
OBJECTS, POWERS AND LIMITATION OF LIABILITY	24
5. Objects	24
6. Powers	24
7. Liability of members	24
DIRECTORS	25
DIRECTORS' POWERS AND RESPONSIBILITIES	25
8. Directors' general authority	25
9. Members' reserve power	25
10. Chair	25
11. Directors may delegate	25
DECISION-MAKING BY DIRECTORS	25
12. Directors to take decisions collectively	25
13. Calling a Directors' meeting	26
14. Participation in Directors' meetings	26
15. Quorum for Directors' meetings	26
16. Chairing of Directors' meetings	26
17. Decision-making at meetings	27
18. Decisions without a meeting	27
19. Conflicts of interest	27
20. Directors' power to authorise a conflict of interest	27
21. Register of Directors' interests	28
APPOINTMENT AND RETIREMENT OF DIRECTORS	28

BOVEY PARADISO

Cinema • Café • Culture • Community

22.	Methods of appointing Directors	28
23.	Termination of Director's appointment	28
24.	Directors' remuneration	28
25.	Directors' expenses	29
MEMBERS		29
BECOMING AND CEASING TO BE A MEMBER		29
26.	Becoming a member	29
27.	Termination of membership	29
DECISION MAKING BY MEMBERS		29
28.	Members' meetings	29
29.	Written resolutions	30
ADMINISTRATIVE ARRANGEMENTS AND MISCELLANEOUS		30
30.	Means of communication to be used	30
31.	Irregularities	31
32.	Minutes	31
33.	Records and accounts	31
34.	Indemnity	31
35.	Insurance	32
36.	Exclusion of model articles	32
SCHEDULE		33

The Companies Act 2006

Articles of Association

of

Bovey Tracey Paradiso C.I.C.

INTERPRETATION

1. Defined Terms

1.1 The interpretation of these Articles is governed by the provisions set out in the Schedule at the end of the Articles.

COMMUNITY INTEREST COMPANY AND ASSET LOCK

2. Community Interest Company

BOVEY PARADISO

Cinema • Café • Culture • Community

The Company is to be a community interest company.

3. Asset Lock²

3.1 The Company shall not transfer any of its assets other than for full consideration.

3.2 Provided the conditions in Article 3.3 are satisfied, Article 3.1 shall not apply to:

- (a) the transfer of assets to any specified asset-locked body, or (with the consent of the Regulator) to any other asset-locked body; and
- (b) the transfer of assets made for the benefit of the community other than by way of a transfer of assets into an asset-locked body.

3.3 The conditions are that the transfer of assets must comply with any restrictions on the transfer of assets for less than full consideration which may be set out elsewhere in the memorandum or Articles of the Company.

3.4 If:

3.4.1 the Company is wound up under the Insolvency Act 1986; and

3.4.2 all its liabilities have been satisfied

any residual assets shall be given or transferred to the asset-locked body specified in Article 3.5 below.

3.5 For the purposes of this Article 3, the following asset-locked body is specified as a potential recipient of the Company's assets under Articles 3.2 and 3.4:

Name: Bovey Tracey Paradiso Arts Limited

(Please note that a community interest company cannot nominate itself as the asset locked body. It also cannot nominate a non-asset locked body. An asset locked body is defined as a CIC or charity, a permitted society or non-UK based equivalent.)

Charity Registration Number (if applicable): []

Society Registration Number: 7584

Registered Office: 83 Fore Street, Bovey Tracey, Devon TQ13 9AB

4. Not for profit

4.1 The Company is not established or conducted for private gain: any surplus or assets over the reserves policy shall be donated to Bovey Tracey Paradiso Arts Limited to further their charitable objects.

OBJECTS, POWERS AND LIMITATION OF LIABILITY

5. Objects³

The objects of the Company are to carry on activities which benefit the community and in particular (without limitation) to promote, provide and manage community arts facilities including a café / restaurant as a wholly owned trading arm of Bovey Tracey Paradiso Arts Limited for the benefit of the inhabitants of Bovey Tracey, Devon and the surrounding area.

6. Powers

6.1 To further its objects the Company may do all such lawful things as may further the Company's objects and, in particular, but, without limitation, may borrow or raise and secure the payment of money for any purpose including for the purposes of investment or of raising funds.

7. Liability of members⁴

BOVEY PARADISO

Cinema • Café • Culture • Community

The liability of each member is limited to £1, being the amount that each member undertakes to contribute to the assets of the Company in the event of its being wound up while he or she is a member or within one year after he or she ceases to be a member, for:

- 7.1 payment of the Company's debts and liabilities contracted before he or she ceases to be a member;
- 7.2 payment of the costs, charges and expenses of winding up; and
- 7.3 adjustment of the rights of the contributories among themselves.

DIRECTORS

DIRECTORS' POWERS AND RESPONSIBILITIES⁵

8. Directors' general authority

Subject to the Articles, the Directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company.

9. Members' reserve power

- 9.1 The members may, by special resolution, direct the Directors to take, or refrain from taking, specific action.
- 9.2 No such special resolution invalidates anything which the Directors have done before the passing of the resolution.

10. Chair

The Directors may appoint one of their number to be the chair of the Directors for such term of office as they determine and may at any time remove him or her from office.

11. Directors may delegate⁶

- 11.1 Subject to the Articles, the Directors may delegate any of the powers which are conferred on them under the Articles or the implementation of their decisions or day to day management of the affairs of the Company:

11.1.1 to such person or committee;

11.1.2 by such means (including by power of attorney);

11.1.3 to such an extent;

11.1.4 in relation to such matters or territories; and

11.1.5 on such terms and conditions;

as they think fit.

- 11.2 If the Directors so specify, any such delegation of this power may authorise further delegation of the Directors' powers by any person to whom they are delegated.
- 11.3 The Directors may revoke any delegation in whole or part, or alter its terms and conditions.

DECISION-MAKING BY DIRECTORS

12. Directors to take decisions collectively⁷

Any decision of the Directors must be either a majority decision at a meeting or a decision taken in accordance with Article 18. [In the event of the Company having only one Director, a majority decision is made when that single Director makes a decision.]

BOVEY PARADISO

Cinema • Café • Culture • Community

13. Calling a Directors' meeting
 - 13.1 Two Directors may (and the Secretary, if any, must at the request of two Directors) call a Directors' meeting.
 - 13.2 A Directors' meeting must be called by at least seven Clear Days' notice unless either:
 - 13.2.1 all the Directors agree; or
 - 13.2.2 urgent circumstances require shorter notice.
 - 13.3 Notice of Directors' meetings must be given to each Director.
 - 13.4 Every notice calling a Directors' meeting must specify:
 - 13.4.1 the place, day and time of the meeting; and
 - 13.4.2 if it is anticipated that Directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
 - 13.5 Notice of Directors' meetings need not be in Writing.
 - 13.6 Notice of Directors' meetings may be sent by Electronic Means to an Address provided by the Director for the purpose.
14. Participation in Directors' meetings
 - 14.1 Subject to the Articles, Directors participate in a Directors' meeting, or part of a Directors' meeting, when:
 - 14.1.1 the meeting has been called and takes place in accordance with the Articles; and
 - 14.1.2 they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
 - 14.2 In determining whether Directors are participating in a Directors' meeting, it is irrelevant where any Director is or how they communicate with each other.⁸
 - 14.3 If all the Directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.
15. **Quorum for Directors' meetings⁹**
 - 15.1 At a Directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
 - 15.2 The quorum for Directors' meetings may be fixed from time to time by a decision of the Directors, but it must never be less than two, and unless otherwise fixed it is [two].
 - 15.3 If the total number of Directors for the time being is less than the quorum required, the Directors must not take any decision other than a decision:
 - 15.3.1 to appoint further Directors; or
 - 15.3.2 to call a general meeting so as to enable the members to appoint further Directors.
16. Chairing of Directors' meetings

The Chair, if any, or in his or her absence another Director nominated by the Directors present shall preside as chair of each Directors' meeting.

BOVEY PARADISO

Cinema • Café • Culture • Community

17. Decision-making at meetings 10

- 17.1 Questions arising at a Directors' meeting shall be decided by a majority of votes.
- 17.2 In all proceedings of Directors each Director must not have more than one vote.11

18. Decisions without a meeting12

- 18.1 The Directors may take a unanimous decision without a Directors' meeting in accordance with this Article by indicating to each other by any means, including without limitation by Electronic Means, that they share a common view on a matter. Such a decision may, but need not, take the form of a resolution in Writing, copies of which have been signed by each Director or to which each Director has otherwise indicated agreement in Writing.
- 18.2 A decision which is made in accordance with Article 18.1 shall be as valid and effectual as if it had been passed at a meeting duly convened and held, provided the following conditions are complied with:
 - 18.2.1 approval from each Director must be received by one person being either such person as all the Directors have nominated in advance for that purpose or such other person as volunteers if necessary ("the Recipient"), which person may, for the avoidance of doubt, be one of the Directors;
 - 18.2.2 following receipt of responses from all of the Directors, the Recipient must communicate to all of the Directors by any means whether the resolution has been formally approved by the Directors in accordance with this Article 18.2;
 - 18.2.3 the date of the decision shall be the date of the communication from the Recipient confirming formal approval;
 - 18.2.4 the Recipient must prepare a minute of the decision in accordance with Article 32.

19. Conflicts of interest13

- 19.1 Whenever a Director finds himself or herself in a situation that is reasonably likely to give rise to a Conflict of Interest, he or she must declare his or her interest to the Directors unless, or except to the extent that, the other Directors are or ought reasonably to be aware of it already.
 - 19.2 If any question arises as to whether a Director has a Conflict of Interest, the question shall be decided by a majority decision of the other Directors.
 - 19.3 Whenever a matter is to be discussed at a meeting or decided in accordance with Article 18 and a Director has a Conflict of Interest in respect of that matter then, subject to Article 20, he or she must:
 - 19.3.1 remain only for such part of the meeting as in the view of the other Directors is necessary to inform the debate;
 - 19.3.2 not be counted in the quorum for that part of the meeting; and
 - 19.3.3 withdraw during the vote and have no vote on the matter.
 - 19.4 When a Director has a Conflict of Interest which he or she has declared to the Directors, he or she shall not be in breach of his or her duties to the Company by withholding confidential information from the Company if to disclose it would result in a breach of any other duty or obligation of confidence owed by him or her.
- ## 20. Directors' power to authorise a conflict of interest
- 20.1 The Directors have power to authorise a Director to be in a position of Conflict of Interest provided:
 - 20.1.1 in relation to the decision to authorise a Conflict of Interest, the conflicted Director must comply with Article 19.3;

BOVEY PARADISO

Cinema • Café • Culture • Community

- 20.1.2 in authorising a Conflict of Interest, the Directors can decide the manner in which the Conflict of Interest may be dealt with and, for the avoidance of doubt, they can decide that the Director with a Conflict of Interest can participate in a vote on the matter and can be counted in the quorum;
- 20.1.3 the decision to authorise a Conflict of Interest can impose such terms as the Directors think fit and is subject always to their right to vary or terminate the authorisation.
- 20.2 If a matter, or office, employment or position, has been authorised by the Directors in accordance with Article 20.1 then, even if he or she has been authorised to remain at the meeting by the other Directors, the Director may absent himself or herself from meetings of the Directors at which anything relating to that matter, or that office, employment or position, will or may be discussed.
- 20.3 A Director shall not be accountable to the Company for any benefit which he or she derives from any matter, or from any office, employment or position, which has been authorised by the Directors in accordance with Article 20.1 (subject to any limits or conditions to which such approval was subject).
21. Register of Directors' interests

The Directors shall cause a register of Directors' interests to be kept. A Director must declare the nature and extent of any interest, direct or indirect, which he or she has in a proposed transaction or arrangement with the Company or in any transaction or arrangement entered into by the Company which has not previously been declared.

APPOINTMENT AND RETIREMENT OF DIRECTORS¹⁴

22. Methods of appointing Directors
- 22.1 Those persons notified to the Registrar of Companies as the first Directors of the Company shall be the first Directors.
- 22.2 Any person who is willing to act as a Director, and is permitted by law to do so, may be appointed to be a Director by a decision of the Directors.
23. Termination of Director's appointment¹⁵

A person ceases to be a Director as soon as:

- (a) that person ceases to be a Director by virtue of any provision of the Companies Act 2006, or is prohibited from being a Director by law;
- (b) a bankruptcy order is made against that person, or an order is made against that person in individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;
- (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
- (d) notification is received by the Company from the Director that the Director is resigning from office, and such resignation has taken effect in accordance with its terms (but only if at least two Directors will remain in office when such resignation has taken effect); or
- (e) the Director fails to attend three consecutive meetings of the Directors and the Directors resolve that the Director be removed for this reason.
- (f) the Director ceases to be a member.

24. Directors' remuneration¹⁶

- 24.1 Directors may undertake any services for the Company that the Directors decide.
- 24.2 Directors are entitled to such remuneration as the Directors determine:

BOVEY PARADISO

Cinema • Café • Culture • Community

- (a) for their services to the Company as Directors; and
- (b) for any other service which they undertake for the Company.

24.3 Subject to the Articles, a Director's remuneration may:

- (a) take any form; and
- (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.

24.4 Unless the Directors decide otherwise, Directors' remuneration accrues from day to day.

24.5 Unless the Directors decide otherwise, Directors are not accountable to the Company for any remuneration which they receive as Directors or other officers or employees of the Company's subsidiaries or of any other body corporate in which the Company is interested.

25. Directors' expenses

25.1 The Company may pay any reasonable expenses which the Directors properly incur in connection with their attendance at:

- (a) meetings of Directors or committees of Directors;
- (b) general meetings; or
- (c) separate meetings of any class of members or of the holders of any debentures of the Company,

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

MEMBERS¹⁷

BECOMING AND CEASING TO BE A MEMBER¹⁸

26. **Becoming a member¹⁹**

26.1 The sole member of the Company shall be Bovey Tracey Paradiso Arts Limited Company.

27. **Termination of membership²⁰**

27.1 Membership is not transferable to anyone else.

27.2 Membership is terminated if:

- 27.2.1 the member ceases to exist;
- 27.2.2 otherwise in accordance with the Articles

DECISION MAKING BY MEMBERS

28. **Members' meetings²¹**

28.1 The Directors may call a general meeting at any time.

28.2 General meetings must be held in accordance with the provisions regarding such meetings in the Companies Acts.²²

BOVEY PARADISO

Cinema • Café • Culture • Community

- 28.3 A person who is not a member of the Company shall not have any right to vote at a general meeting of the Company; but this is without prejudice to any right to vote on a resolution affecting the rights attached to a class of the Company's debentures. 23
- 28.4 Article 28.3 shall not prevent a person who is a proxy for a member or a duly authorised representative of a member from voting at a general meeting of the Company.
29. Written resolutions
- 29.1 Subject to Article 29.3, a written resolution of the Company passed in accordance with this Article 29 shall have effect as if passed by the Company in general meeting:
- 29.1.1 A written resolution is passed as an ordinary resolution if it is passed by a simple majority of the total voting rights of eligible members.
- 29.1.2 A written resolution is passed as a special resolution if it is passed by members representing not less than 75% of the total voting rights of eligible members. A written resolution is not a special resolution unless it states that it was proposed as a special resolution.
- 29.2 In relation to a resolution proposed as a written resolution of the Company the eligible members are the members who would have been entitled to vote on the resolution on the circulation date of the resolution.
- 29.3 A members' resolution under the Companies Acts removing a Director or an auditor before the expiration of his or her term of office may not be passed as a written resolution.
- 29.4 A copy of the written resolution must be sent to every member together with a statement informing the member how to signify their agreement to the resolution and the date by which the resolution must be passed if it is not to lapse. Communications in relation to written notices shall be sent to the Company's auditors in accordance with the Companies Acts.
- 29.5 A member signifies their agreement to a proposed written resolution when the Company receives from him or her an authenticated Document identifying the resolution to which it relates and indicating his or her agreement to the resolution.
- 29.5.1 If the Document is sent to the Company in Hard Copy Form, it is authenticated if it bears the member's signature.
- 29.5.2 If the Document is sent to the Company by Electronic Means, it is authenticated [if it bears the member's signature] or [if the identity of the member is confirmed in a manner agreed by the Directors] or [if it is accompanied by a statement of the identity of the member and the Company has no reason to doubt the truth of that statement] or [if it is from an email Address notified by the member to the Company for the purposes of receiving Documents or information by Electronic Means].
- 29.6 A written resolution is passed when the required majority of eligible members have signified their agreement to it.
- 29.7 A proposed written resolution lapses if it is not passed within 28 days beginning with the circulation date.

ADMINISTRATIVE ARRANGEMENTS AND MISCELLANEOUS

30. Means of communication to be used
- 30.1 Subject to the Articles, anything sent or supplied by or to the Company under the Articles may be sent or supplied in any way in which the Companies Act 2006 provides for Documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the Company.
- 30.2 Subject to the Articles, any notice or Document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which that Director has asked to be sent or supplied with such notices or Documents for the time being.

BOVEY PARADISO

Cinema • Café • Culture • Community

30.3 A Director may agree with the Company that notices or Documents sent to that Director in a particular way are to be deemed to have been received within an agreed time of their being sent, and for the agreed time to be less than 48 hours.

31. Irregularities

The proceedings at any meeting or on the taking of any poll or the passing of a written resolution or the making of any decision shall not be invalidated by reason of any accidental informality or irregularity (including any accidental omission to give or any non-receipt of notice) or any want of qualification in any of the persons present or voting or by reason of any business being considered which is not referred to in the notice unless a provision of the Companies Acts specifies that such informality, irregularity or want of qualification shall invalidate it.

32. Minutes

32.1 The Directors must cause minutes to be made in books kept for the purpose:

32.1.1 of all appointments of officers made by the Directors;

32.1.2 of all resolutions of the Company and of the Directors (including, without limitation, decisions of the Directors made without a meeting); and

32.1.3 of all proceedings at meetings of the Company and of the Directors, and of committees of Directors, including the names of the Directors present at each such meeting;

and any such minute, if purported to be signed (or in the case of minutes of Directors' meetings signed or authenticated) by the chair of the meeting at which the proceedings were had, or by the chair of the next succeeding meeting, shall, as against any member or Director of the Company, be sufficient evidence of the proceedings.

32.2 The minutes must be kept for at least ten years from the date of the meeting, resolution or decision.

33. Records and accounts²⁴

The Directors shall comply with the requirements of the Companies Acts as to maintaining a members' register, keeping financial records, the audit or examination of accounts and the preparation and transmission to the Registrar of Companies and the Regulator of:

33.1 annual reports;

33.2 annual returns; and

33.3 annual statements of account.

33.4 Except as provided by law or authorised by the Directors or an ordinary resolution of the Company, no person is entitled to inspect any of the Company's accounting or other records or Documents merely by virtue of being a member.

34. Indemnity

34.1 Subject to Article 34.2, a relevant Director of the Company or an associated company may be indemnified out of the Company's assets against:

(a) any liability incurred by that Director in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or an associated company;

(b) any liability incurred by that Director in connection with the activities of the Company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006); and

(c) any other liability incurred by that Director as an officer of the Company or an associated company.

BOVEY PARADISO

Cinema • Café • Culture • Community

34.2 This Article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

34.3 In this Article:

- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and
- (b) a “relevant Director” means any Director or former Director of the Company or an associated company.

35. Insurance

35.1 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant Director in respect of any relevant loss.

35.2 In this Article:

- (a) a “relevant Director” means any Director or former Director of the Company or an associated company;
- (b) a “relevant loss” means any loss or liability which has been or may be incurred by a relevant Director in connection with that Director’s duties or powers in relation to the Company, any associated company or any pension fund or employees’ share scheme of the company or associated company; and
- (c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

36. Exclusion of model articles

The relevant model articles for a company limited by guarantee are hereby expressly excluded.

SCHEDULE**INTERPRETATION****Defined terms**

In the Articles, unless the context requires otherwise, the following terms shall have the following meanings:

Term	Meaning
“Address”	includes a number or address used for the purposes of sending or receiving Documents by Electronic Means;
“Articles”	the Company’s articles of association;
“asset-locked body”	means (i) a community interest company, a charity ^{xxv} or a Permitted Society; or (ii) a body established outside the United Kingdom that is equivalent to any of those;
“bankruptcy”	includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;
“Chair”	has the meaning given in Article 10;
“Circulation Date”	in relation to a written resolution, has the meaning given to it in the Companies Acts;
“Clear Days”	in relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;
10%	is to be construed in accordance with accordance with Section 35(5) of the Company’s (Audit Investigations and Community Enterprise) Act 2004;
“Companies Acts”	means the Companies Acts (as defined in Section 2 of the Companies Act 2006), in so far as they apply to the Company;
“Company”	[] [Community Interest Company/C.I.C.];
“Conflict of Interest”	any direct or indirect interest of a Director (whether personal, by virtue of a duty of loyalty to another organisation or otherwise) that conflicts, or might conflict with the interests of the Company;

Bovey Tracey Paradiso Arts Ltd is a Community Benefit Society which is principally owned by the community and has been granted charitable status by HMRC (reference EW78433).

Registered with the Financial Conduct Authority (registered number 7584).

www.paradiso.org.uk

Error! No text of specified style in document.

Error! No text of specified style in document.

“Director”	a director of the Company, and includes any person occupying the position of director, by whatever name called;
“Document”	includes, unless otherwise indicated, any document sent or supplied in Electronic Form;
“Electronic Form” and “Electronic Means”	have the meanings respectively given to them in Section 1168 of the Companies Act 2006;
“Hard Copy Form”	has the meaning given to it in the Companies Act 2006;
“Memorandum”	the Company’s memorandum of association;
“participate”	in relation to a Directors’ meeting, has the meaning given in Article 14;
“Permitted Registered Society”	“Registered Society” means - a registered society within the meaning given by section 1(1) of the Co-operative and Community Benefit Societies Act 2014; or a society registered or deemed to be registered under the Industrial and Provident Societies Act (Northern Ireland) 1969;”
“the Regulator”	means the Regulator of Community Interest Companies;
“Secretary”	the secretary of the Company (if any);
“specified”	means specified in the articles of association of the Company for the purposes of this paragraph;
“subsidiary”	has the meaning given in section 1159 of the Companies Act 2006;
“transfer”	includes every description of disposition, payment, release or distribution, and the creation or extinction of an estate or interest in, or right over, any property; and
“Writing”	the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in Electronic Form or otherwise.

Error! No text of specified style in document.

Error! No text of specified style in document.

Subject to clause 0 of this Schedule, any reference in the Articles to an enactment includes a reference to that enactment as re-enacted or amended from time to time and to any subordinate legislation made under it.

Unless the context otherwise requires, other words or expressions contained in these Articles bear the same meaning as in the Companies Acts as in force on the date when these Articles become binding on the Company.

¹ On articles of association generally, see [Part 5] of the Regulator’s information and guidance notes. If you are an existing company wishing to become a community interest company, there is no need to adopt completely new articles, but you must comply with the requirements of the Community Interest Company Regulations 2005 (as amended) (“the Regulations”) by including the provisions set out in Schedule 1 to the Regulations in the articles of your company.

² See [Part 6] of the Regulator’s information and guidance notes. Inclusion of the provisions contained in article 3.1 to 3.3 is mandatory, reflecting sub-paragraphs (1) to (3) of paragraph 1 of Schedule 1 to the Regulations

³ On the specification of the company’s objects, see [Part 5] of the Regulator’s information and guidance notes

⁴ On limited liability, see [Part 3] of the Regulator’s information and guidance notes. On guarantees generally see [Chapter 3.2] of the Regulator’s information and guidance notes.

⁵ Note that although this model constitution assumes that all Directors are Members and all Members are Directors, and the Directors are given wide powers, under the Articles (and company law more generally) there are still some decisions which Members must make as Members (either in general meeting under the Companies Act 2006 (article 28.2), or by written resolution in accordance with article 29). [See in general the Companies House guidance booklet, “Resolutions” (available online at <http://www.companieshouse.gov.uk/about/gbhtml/gba7.shtml>).].

⁶ Article 11 permits the Directors to delegate any of their functions. Delegation may take the form of, for instance, the Directors giving a managing director general authority to run the company’s day to day business, or responsibility for specific matters being delegated to particular directors (e.g. financial matters to a finance director); or it may be equally appropriate to delegate matters to persons other than Directors. In all cases, it is important to remember that delegation does not absolve Directors of their general duties towards the company and their overall responsibility for its management. This means that, amongst other things, Directors must be satisfied that those to whom responsibilities are delegated are competent to carry them out.

⁷ Article 12 states that the Directors must make decisions by majority at a meeting in accordance with article 14; or unanimously if taken in accordance with article 18.

⁸ Article 14.2 is designed to facilitate the taking of decisions by the directors communicating via telephone or video conference calls. Note the requirement to keep a written record of meetings and decisions (article 32).

⁹ The quorum may be fixed in absolute terms (e.g. “two Directors”) or as a proportion of the total number of Directors (e.g. “one third of the total number of Directors”). You may even wish to stipulate that particular named Directors, or Directors representing particular stakeholder interests, must be present to constitute a quorum.

¹⁰ Article 17 reflects paragraph 4 of Schedule 1 to the Regulations, which is required to be included in the articles of all community interest companies.

¹¹ You may wish to include a provision which gives the chair of the board a casting vote. This will enable the directors to resolve any deadlock at board level.

¹² Article 18 is designed to facilitate the taking of decisions by directors following discussions in the form of, for example, email exchanges copied to all the directors. Note the requirements as to recording the decision in articles 18.2 and 32.

Error! No text of specified style in document.

Error! No text of specified style in document.

¹³ The provisions in articles 19 and 20 reflect the position under the Companies Act 2006. However, it is recommended that, as a matter of good practice, all actual and potential conflicts of interest are disclosed in writing or at a meeting, as the case may be.

¹⁴ Private companies are obliged to have at least one director. Provisions can be inserted into the articles providing for a minimum number of directors. Where the company has just one director, that director must be a natural person. Article 12 notes that, where there is only one director, a majority decision is reached when that director makes a decision. In the case of a single director, the quorum provisions (article 15) will need to be amended accordingly.

¹⁵ The board of directors cannot remove a director other than in accordance with the provisions in article 23 and the Companies Act 2006.

¹⁶ See the guidance on directors' remuneration in [Part 9] of the Regulator's information and guidance notes.

¹⁷ See section 112 of the Companies Act 2006. A company's members are (i) the subscribers to its memorandum; and (ii) every other person who agrees to become a member of the company and whose name is entered in its register of members.

¹⁸ There is no need for all those who wish to become Members to subscribe to the Memorandum on incorporation; they can become Members and be entered in the register of Members after the company has been formed. However, since this model constitution assumes that all Members are also Directors, all Members will also have to be validly appointed as Directors under article 22.

¹⁹ Inclusion of the provisions in article 26 (other than 26.3) is mandatory and reflects paragraphs 2(1)-(4) of Schedule 1 to the Regulations. [Directors should ensure that the information to be included on an application form includes all the information which will be required to fill in Companies House Form [288a] on the appointment of the new Member as a Director (see:

<http://www.companieshouse.gov.uk/forms/generalForms/288A.pdf>.) Article 26.3 provides that the Directors are also members of the company.

²⁰ Inclusion of the provisions of article 27.1 and 27.2.1 – 27.2.2 (reflecting sub-paragraphs (5) and (6) of paragraph 2 of Schedule 1 to the Regulations), is mandatory.

²¹ The Companies Act 2006 has removed the need for private companies to hold annual general meetings and therefore these Articles follow suit; however, if you wish, you can insert an additional provision which obliges the company to hold annual general meetings.

²² Article 28.2 provides that general meetings must be held in accordance with the provisions of the Companies Act 2006. You may insert additional provisions that specify how many Members are required to be present to hold a valid general meeting. The quorum may be fixed in absolute terms (e.g. "four Members") or as a proportion of the total number of Members (e.g. "three quarters of the Members from time to time"). You may even wish to stipulate that particular named Members, or Members representing particular stakeholder interests, must be present to constitute a quorum. In any event, it is recommended that the quorum should never be less than half of the total number of Members.

²³ Inclusion of the provisions of article 28.3 (reflecting paragraph 3(1) of Schedule 1 to the Regulations) is mandatory.

²⁴ See the Companies House guidance booklet, "Accounts and Accounting Reference Dates" (available online at <http://www.companies-house.gov.uk/about/gbhtml/gba3.shtml>.) On the annual community interest company report, see [Part 8] of the Regulator's information and guidance notes.

^{xxv} Section 1(1) of the Charities Act 2006 defines "charity" as an institution which "is established for charitable purposes only, and falls to be subject to the control of the High Court in the exercise of its jurisdiction with respect to charities."