Shere Village Cinema

Business Plan

13\textsuperscript{th} December 2012
Background

A group of friends living across the Parish of Shere started talking about the idea of setting up a village cinema as a fun way of bring local people together to enjoy watching great films close to home.

The idea was progressed in the late summer of this year with an article in the Parish Magazine inviting anyone who was interested in the idea to meet and discuss.

Our group is made up of the following local people with a variety of backgrounds-
Barbara Grover
Ben Bray
Brian Grover
Christian Staunskjaer
Mike Edmondson
Rory Mcpherson
Tamsin Collier

We have now met as a group for regular bimonthly meetings to refine ideas and share the research we have undertaken individually. This process has led to the point we are currently at, as outlined below.

Our Vision

Our objective is to turn Shere Village Hall in to a cosy, welcoming and impressive village cinema for at least one night every month, showing two great films (one from 5pm and a second from 8pm) chosen to appeal to children, teenagers and adults of all backgrounds and a wide range of interests.

In doing this, it is our hope that we can bring people together in a community meeting place to enjoy a cinema experience that not only matches that found in commercial town cinemas, but in terms of quality, enjoyment and convenience, exceeds it.

We especially hope that it will appeal to people who cannot otherwise afford to pay mainstream box office prices, do not have transport or are simply not comfortable with going in to a busy town, maybe on their own at night. For young people and especially teenagers, we hope it will be a fun place to meet up with their friends and feel some ownership by getting involved, if they wish.

We intend to have a half time interval as an excuse to meet friends that maybe you do not see quite so often and to make new acquaintances. Snacks, drinks and ice creams will be available... and hopefully a BYO wine policy for adults!

With the aim of appealing to as wide an audience as possible we are also looking into showing National Theatre productions and local historical films in the future.

We will welcome the responsible use of the equipment by any other non-profit making organisation that can benefit from it. It will also be available for hire on a commercial basis.

Our secondary objective is to raise money for local good causes. As a Not for Profit organisation this is a logical way to avoid accruing surplus funds, and is also considered to be a great opportunity for people to tangibly support other good causes in the area while enjoying an evening out.

A website (www.villagecinema.org) has been registered, and will inform people of forthcoming films, allow for online purchase of tickets and update on support for local good causes.
Research

Establishing Local Demand

A random doorstep survey was undertaken across the villages of Shere Parish, Albury and Albury Heath to establish people’s views on the idea of a village cinema, as well as specific areas we felt required community feedback.

A copy of the questionnaire together with an overview of the responses received is attached in Appendix 1.

In brief, the feedback has been extremely positive with all those questioned saying they liked the idea, and nearly all saying they could imagine using it regularly. Responses have also really helped us to refine our plans, and contributed new ideas.

Speaking to other “rural” cinema organisations

We have approached a number of village cinema organisations of varying structures and with differing objectives. These have included successful cinema organisations as well as people involved with those which have not managed to succeed.

Of those that have succeeded, Chiddingfold Village Cinema (CVC) has in our view been the most relevant in terms of structure (it is not for profit), and comparing village / parish population. It has been going for a number of years with two films currently shown once a month on a weekday evening in the Chiddingfold Village Hall.

Most of our committee have visited CVC to experience it, and also spoken with those involved in running the organisation.

CVC’s main objective is to provide community cinema at an affordable price, and accessible to local people. As well as this, they exist in order to raise funds to rebuild their village hall with all profits going toward this cause.

CVC had to raise approximately £30,000 for equipment as well as acoustic improvement and blackout blinds. The visual and sound experience is excellent as well as the general ambiance.

On the two evenings that we have visited, the first showing (5.30pm for children) and second showing at 8pm have been really well attended. We understand that average attendance rates are in the region of 70 people per showing, depending greatly upon film choice. All those organising the cinema volunteer their time for free.

Speaking to those involved in cinemas that have not succeeded, most used external companies to provide the equipment and run the cinema evenings. This made it financially unviable, and meant the visual and sound experience wasn’t the best quality.
Licenses & Permissions

In order to show film to a public audience on a regular basis it is necessary that the building has a Premises Licence allowing this activity.

Agreement with the building owner is naturally required to secure the cost and availability on an on going basis. Any permanent fixing of equipment will also require agreement.

Film royalties must be paid on nearly all films shown to a public audience. In most cases this is a calculation based upon a minimum fee, or a percentage of ticket sales. It is the responsibility of the person or organisation to achieve consent prior to showing the film. This cost is fully factored in to our financial projections.

Location

We have considered the potential options for the cinema to include all the village halls in the area. We also explored the idea of rotating the cinema between village halls with mobile equipment.

Our conclusion was that rotating the cinema location would compromise the quality, greatly increase the set up time and risk damage to expensive equipment.

Of the various possible options, it was decided that Shere Village Hall would be the logical permanent location as it is accessible to the greatest local population, with reasonable transport links to other villages. The Village Hall was originally purpose built as a cinema and the shape, size and stage height is therefore in many ways ideal.

Equipment & Setup Costs

We are fortunate to have an undertaking of support for the cinema from a locally based cinema and home entertainment company. They have generously offered to support us by advising, procuring and installing the equipment on a non-profit basis.

They have surveyed the Village Hall and recommended the equipment we should use to achieve a high quality experience at a limited outlay. This has also included recommendations on minor changes to the Village Hall that would optimise the acoustics and picture quality.

The equipment that we are advised will best meet our requirements with a limited budget is as follows. All is supplied at cost price, or less-

JVC X30 Projector £2500
Projector bracket £150
Motorised 4.2m wide screen £2650
Sony Bluray £130
Denon AV Amplifier £900
5 wall mounted surround speakers and two subwoofers £4800
Cabling and fittings £500
Blackout blinds for the Village Hall £1200
Acoustic drapes to improve sound £1000
Miscellaneous and contingency £1000

TOTAL £14,830
Price Point

One of our main objectives is to keep ticket price as low as possible so that enjoying the cinema is affordable to as many people as possible, and feels like a value for money experience.

As also outlined above, royalties must be paid on nearly all films that we show and this will account for a large proportion of the cost of a ticket. Other standing overheads are detailed further down under Financial Viability (as well as in Appendix 2), and must also be recovered through ticket sales together with the need for a contingency fund for maintaining / replacing equipment.

Considering the above, and comparing the ticket price to other not for profit and commercial cinemas, we have concluded that an adult ticket should cost about £5 and an under 12’s ticket about £3.50.

In order to minimise ticket price, we also aim to generate some income from selling snacks, drinks and ice creams at reasonable prices. We will not object to people bringing their own snacks and drinks, although hope to encourage support of the cinema bar.

Financial Viability

Income and overheads have been considered by spread sheet analysis to establish potential profit / loss of the cinema and to establish our breakeven point in terms of ticket sales.

- Appendix 2A shows our breakeven point based upon ticket only sales, and no snacks.
- Appendix 2B shows projected P&L based on ticket and snack sales that we compared to CVC.

Where possible, all overheads and costs have been compared to those at CVC and formula calculation for film royalties are based upon fees that would be paid via Motion Picture Licencing Company (MPLC).

It is recognised that there are many variables that will determine the success of the Village Cinema, however we feel that understanding our minimum attendance rates is a critical indicator. It is also assumed that some profit will need to be retained to cash-flow negative figures on occasions.

Financial reports will be publicly available with regular updates on our website.

Idea of a Trial Run

We have considered the idea of a trial run of the village cinema using hired or borrowed equipment to see if this would further establish local demand, but have decided against this option on a number of grounds.

In particular we do not believe that we can achieve anywhere near the same picture or sound quality with loan equipment that we can find available. As well as this, temporary acoustic measures would either not be as effective, or need purchasing anyway. The concern is therefore that by starting with this approach we will not reflect the quality of cinema experience that we believe is key to success, and would risk losing our audience.

As well as those who express an initial interest, we also expect that there will be many people who we must persuade to come along by building a good reputation and positive word of mouth over a much longer period than a trial run could last for. In particular we expect this to include a teenage audience that we very much hope to encourage to come.
**Supporting Local Charities, Services & Projects**

Given that our secondary objective is to raise money for local good causes, we want to involve the audience in this process and empower them to make the final choice of who receives their money.

We shall invite people to suggest good causes that they would like to see supported. This list will then be narrowed down by our committee to three, who will receive a proportion of the surplus income over a period of three months decided by the audience putting their spent ticket in to one of three buckets at the end of the film.

It is proposed that once benefiting from a share of profit, that they will not be chosen again for a minimum of two years in order to allow other good causes to benefit.

*If we can achieve the audience levels of Chiddingfold Village Cinema, we believe that it will be possible to donate approximately £3,000 to local good causes each year.*

**Organisation Structure**

We will be structured as an Unincorporated Association and operate on a not for profit basis.

We may consider applying to the Charity Commission to become a Registered Charity in the future. The main reason for this would be to benefit from Gift Aid, and therefore to increase donations to the good causes that our audience decide to support. It will also become a requirement if we exceed a turnover of £5,000 per year.

A Constitution is currently being prepared and will be available prior to commencement.

We shall have a Chairman, Treasurer and Secretary who will be appointed prior commencement.

More details about Unincorporated Associations are included in Appendix 3.

**Funding**

Our aim is to raise the money to buy the cinema equipment through donations from organisations, companies and people across our community. By taking this approach we hope to develop a feeling of community “ownership” and pride in the cinema.

We are approaching a number of organisations & companies in the Parish who we hope will be able to offer financial support on whatever level they are able, or wish to.

We are also applying for a grant from the Surrey Hills LEADER scheme (part of the Rural Development Program for England) and Surrey County Council.

In addition to the above, we hope that it may be possible to gain funding from the film industry, and particularly hope that future filming in Shere could offer some avenues of support.

Only once we have secured full funding for the project will we be asking donors to transfer funds to our organisation bank account in order to purchase equipment.
Timescales

Timings are linked to securing funding of the full project costs with an expected further lead-time of 6 weeks to procure, fit and test the equipment.

Should you have any questions or suggestions one of our committee would be happy to meet with you to discuss.

Thank you

The Committee of The Village Cinema

Barbara Grover
Ben Bray
Brian Grover
Christian Staunskjaer
Mike Edmondson
Rory Mcpherson
Tamsin Collier

Current contact details for Correspondence

1 Bank Terrace
Gomshall Lane
Shere
GU5 9HB

T 01483 209550
M 07932 631033
Appendix 1- Questionnaire & response overview

Would you be interested in a Cinema in Shere Village Hall?
Everyone asked said yes.

What genre of film do you like to watch?
Films for adults varied from classics that they hadn’t seen for ages, latest releases, comedy, musicals, theatre, ballet. Requests for no horror or violence.
Films that would appeal to children- animation and latest children's movies for under 12's. Less feedback on teenage interests so far and we are doing more research.

Can you name your three favourite films?
Separate record of the list.

Do you have children that would be interested in using the Cinema Club?
Strong interest from those parents that responded

If so, how old are they?
Mainly under 10’s

What films do they like to watch?
Have separate record of the list.

Would you be interested in watching live Theatre, Ballet, Concerts?
As above- some interest.

How much do you think it will cost per showing?
Most agreed that £5 for an adult ticket was fair and some suggested paying more. More research to be done in to childrens ticket pricing but feedback was the same.

How many times a year do you think you would use the Cinema?
Most said about once a month.

Would you watch films weekdays or weekends only?
Strong view that weekdays are better than weekends as people have other plans.

What time would you prefer the performances to be?
Children- weekend mornings and before 6pm on weekdays
Adults- most said about 8pm. Some request from elder people for a matinee showing (2 people)

What would stop you coming along to the Cinema?
Poor seating, bad picture, too expensive, wrong times, not interested in seeing film.

Would you mind us contacting you by email once the cinema is up & running?
Took database of many of those questioned and we are building a fuller one for future mailshot.

Any other Comments?
Suggested fish and chip van could be a good idea
Would transport be available.
Happy to get involved in helping (5)
Appendix 2A - BreakEven

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<th>First Film- Children's</th>
<th>Second Film- All</th>
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<td><strong>INCOME</strong></td>
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<td>Childs ticket price</td>
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<td>Adults attendance numbers per viewing</td>
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<td>Average Child Snacks spend</td>
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<td>Average Adult Snacks spend</td>
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<td><strong>TOTAL CHILDREN'S TICKET SALES</strong></td>
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<td><strong>TOTAL ADULT TICKET SALES</strong></td>
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<td><strong>TOTAL SNACKS TAKINGS</strong></td>
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<td>Equipment maintenance</td>
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<td>£10.00</td>
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<tr>
<td>Mark up on snacks- % (calculates as a reverse so 50%= 100%)</td>
<td>30%</td>
<td>50%</td>
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<td><strong>TOTAL PROFIT / LOSS BETWEEN BOTH VIEWINGS</strong></td>
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All figures are inclusive of VAT paid & assumes that no VAT is recoverable
# Appendix 2B- Projected Costs

All cells in red are formulas!

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<td>Average Child Snacks spend</td>
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<td>Mark up on snacks- % (calculates as a reverse so 50%≈ 100%)</td>
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**TOTAL PROFIT / LOSS BETWEEN BOTH VIEWINGS**          | £363.95    |                  |

All figures are inclusive of VAT paid & assumes that no VAT is recoverable
Appendix 3- Details about Unincorporated Associations

Unincorporated association

An unincorporated association is a membership organisation. It can be whatever its members want it to be, and carry out whatever activity you choose. It is the easiest, quickest and cheapest way for a group to set itself up. Unless there is a membership fee, you are not even obliged to keep a membership list - anyone who is entitled by your rules to be a member can simply turn up and take part. This structure is suitable for groups such as playschemes, pensioners associations, arts groups and campaigning groups. Very many groups fall into this category (sometimes without knowing it).

You do not have to seek approval of any kind before setting up. Nor do you have to register with any regulatory body, though if your group has charitable aims and an annual income above £5,000 you are required to register with the Charity Commission. Once operating, your group may of course have to register with the City Council if, for example, you are providing childcare or are involved in catering.

For more details about becoming a charity see our information sheet: Charity Registration

You are free to draw up your own democratic constitution setting out the rules under which your group will be run. If your group plans to register as a charity, it may be best to adopt the Charity Commission's own model constitution for a charitable unincorporated association.

For more details about how to write a constitution see our information sheet: Constitutions - step by step help with writing a constitution.

A copy of the Charity Commission's model constitution is on their website: http://www.charity-commission.gov.uk/Start_up_a_charity/Guidance_on_registering/mgds.aspx. If your income is below £5000 it is worth looking at their ‘Resources for very small charities’ page.

Advantages

Simple and flexible. No need to have the constitution agreed by any outside body (unless you are registering as a charity).

Cheap to run. No need to submit accounts to anyone outside (unless you register as a charity, or funders demand it).

If you have charitable aims, you can register as a charity and gain advantages such as funding which is available only to charities.

Disadvantages

Some funders may prefer a more formal structure, especially if you are looking for big sums of money.

Your group has no separate legal existence - it is a collection of individuals. This means that:

- it cannot own property in its own right
- it cannot enter into contracts - if it wants to rent premises or employ people, this is done in the eyes of the law by individuals on behalf the group.
- individual members of your management committee are personally responsible for the group's obligations and debts, and are liable if, for example, it is sued.

Summary

The fact that this is so flexible and cheap means it is ideal for many small groups. If you are considering doing something more major - employing a worker or managing a building - you may well need a structure which gives the group a legal existence and gives members more individual protection.