



Seven Oaks Bed and Breakfast

Business Plan

October 2015



Scott-Moncrieff
business advisers and accountants

05 DEC 2016

Seven Oaks Bed and Breakfast

Introduction	1
Business Structure	2
Our Services	3
Financial funding	4
Market Analysis	5
Financial plan	10
Appendix	11

Introduction

A planning application has been submitted to South Lanarkshire Council to build a dwelling house on the outskirts of Stonehouse, close to the Clyde Valley and only 1 mile from the M74 , incorporating a luxury bed and breakfast with facilities available for horse owners, cyclists and walkers. In addition to offering the traditional single night bed and breakfast of the highest standard the longer term objective is to develop Seven Oaks as a destination for horse owners by utilising our newly constructed arena complete with stabling. The aim is to offer assorted packages tailored to meet the requirements of visitors whether viewing the Clyde Valley on holiday, cyclists and walkers utilising our rural setting or those travelling with horses requiring temporary stabling. The location of the proposed dwelling house will offer visitors the best of both worlds being located in an idyllic rural setting, sitting in 36 acres with views of the surrounding countryside but within a 10 minute drive of the Clyde Valley and Hamilton or 20 minutes to the outskirts of Glasgow. The design of the proposed dwelling house has been carefully thought out to provide access to the main working area of the house but provide a lounge and dining area for the use of visitors while providing secure storage facilities for cyclists and horse owners as well as adequate parking.

05 DEC 2016

Business Structure

Seven Oaks Bed and breakfast will be owned equally by Jim Buchanan and Isabel Young who are long term partners and will reside in the main part of the dwelling house. The day to day running and management will be undertaken by Isabel while Jim will remain in employment providing an income until such time that the Bed and breakfast can sustain both partners.

Jim is a qualified agricultural engineer with 30 years' experience, but has been in partnership with Isabel for over 20 years operating within the events sector supplying toilet hire to weddings, sporting and hospitality events including the Scottish Racecourses, Scottish Rugby and the Royal Family, being the only toilet company to have been awarded the Royal Warrant. Jim is well qualified to provide all the maintenance and any repairs required on the property.

Isabel studied Accountancy and Business at Strathclyde University gaining a BA before joining Downie Wilson Chartered Accountants to train in Accountancy. She remained with the company for 10 years, before leaving to assist in the family business which involved the running of filling stations. Over the next 10 years the family business was built up successfully and sold. Isabel will take care of all the financial matters within the business including budgeting, administration and the day to day running of the Bed and breakfast.

Both Isabel and Jim enjoy meeting and conversing with new people and all guests will be ensured a warm welcome and assistance during their stay.

05 DEC 2016

Our Services

Under the proposed plans, Seven Oaks will have three luxury en-suite rooms available to guests comprising a family room, twin room and double room together with a lounge dining area for the exclusive use of guests. All rooms will be finished to a high specification and provide outstanding views of the surrounding countryside.

While offering traditional one night stays, the longer aim is to attract walkers, cyclists and riders together with their horses to stay for several nights by providing not only great accommodation but packages tailored to the guests' particular requirements. The focus will be on outdoor activities but we will also offer driving routes to take in the area's many attractions including New Lanark Heritage Site, Chatelherault, Clyde Valley and Falkirk Wheel. From our extensive knowledge of the area we would intend to provide detailed maps, suggested routes and itineraries tailored to the guests' requirements.

For those bringing horses, in addition to providing stabling and the unlimited use of the indoor exercise arena we could also provide grazing paddocks, home grown hay, riding tuition and the services of a blacksmith if required given our many contacts within the area.

05 DEC 2016

Financial funding

The project will be self-financed from savings of both parties and will therefore eliminate the requirement to secure loans and funding and thus reduce the risk factor at the outset. Savings made in terms of interest will be ploughed into the project start-up costs as detailed in a later section. The owners have taken advice from a local builder and it is estimated that the building cost will be in the region of £200K. It is intended to heat the dwelling via a combination of central heating and a log burning stove which will also reduce the running costs. There is also a contingency fund set aside should building costs increase during the project but a detailed plan would be agreed at the outset to reduce the risk of any over spend.

05 DEC 2016

Market Analysis

As previously mentioned it is proposed to operate a luxury bed and breakfast but with the addition of the horse facilities representing identification of a possible niche in the market. Having worked within the event industry for over 20 years and serviced all of the Scottish Racecourses they have identified a demand for the stabling of race horses while travelling from home to the various racecourses within Scotland. At present we have the following racecourses all of which are experiencing growth as racing is flourishing as a leisure pursuit:-

1. Hamilton
2. Musselburgh
3. Perth
4. Ayr
5. Kelso

As prize money has increased in recent years due to corporate sponsorship and the involvement of media and TV, in particular Channel 4, owners south of the border are travelling north to compete at the Scottish racecourses. The horses, similar to athletes, must be rested before racing and thus stabling with appropriate facilities is important if not vital to these owners. The horses are often valued at tens of thousands of pounds and it is important that the stable staff are accommodated close to the animals for both welfare and security of the animals. It is proposed to offer a custom built facility which can be used all year round as the racing season now extends to 12 months with both flat and hurdle racing available on all weather race tracks. In addition Point to Point racing on some of the more local courses (Youngs of Overton, only 2 miles from our facility) has witnessed a dramatic growth in recent years, to the extent that they have invested in a new café and restaurant. The facility is available to accommodate all year round and thus provides income during the winter months when the tourism trade is quieter.

Isabel would also be involved in this side of the business having worked and ridden horses as a family sport for many years before becoming involved in running the businesses. Having contacts in the horse world it would be hoped to tap into other sectors of those travelling for Show jumping competitions, showing, carriage driving, Clydesdale horse ploughing and eventing. Both Isabel and Jim are involved through business with the International Horse Trials at Blair Atholl which hosted the European Championships this year with horses travelling from Europe and beyond to compete as well as competitors south of the border.

Market Research

To date several sectors of the market have been identified as providing a source of revenue, some on a seasonal basis and others all year round thus securing a steady income stream over the 12 months:-

1. The research has involved discussions with the various racecourses and it has become apparent that there is a definite demand to accommodate not only horses but also the staff involved on the race days. Officials and stewards may travel distances to be in attendance on the race days and will stay and work for the duration of the race meeting often 2 or 3 days. Local B & Bs are fully booked during the high season and struggle to offer accommodation at present.

05 DEC 2016

2. A horse transport business known as Eric Gillies has been identified which solely transports horses throughout the UK and as the M74 is a vital link for their business Seven Oaks offers a facility for overnight accommodation for both horses and staff. They are not aware of a similar facility available to them in Central Scotland.
3. Seven Oaks would also take advantage of its position close to the M74 to accommodate both tourists and business travellers. The business travellers are within 20 minutes of Glasgow, 15 minutes to Bellshill to the Strathclyde Business Park and just over an hour from Edinburgh. Discussions have taken place with previous owners within the area who have now retired and they were busy all year round with business travellers. From these conversations it became apparent that attractive pricing, in comparison to the town hotels was important. Seven Oaks would also offer free Wi-Fi, en-suite rooms, open plan lounge with TV viewing and the attractiveness of the countryside after a day spent in an office environment.
4. Finally the tourist trade is also important and it is planned to initiate the following:-
 - a) Visit the local branch of Visit Scotland based in Hamilton to advertise the services of Seven Oaks.
 - b) Create a website with booking facility.
 - c) Register with the Scottish Tourist Board.
 - d) Register with Late Bookings.com and Late Rooms.com to increase search engine optimisation and ensure Seven Oaks is easily found by potential guests.
 - e) Build up a following on social media such as twitter and Facebook.
 - f) Targeted marketing to local groups such as cycling, walking and riding clubs. Many of these are already known due to connections within the event industry.
 - g) Use our current network of event contacts to broaden the potential customer base.

Mission

The mission of Seven Oaks is to provide a memorable stay for all its guests with a warm welcome and fabulous array of home cooked breakfast options with all products sourced locally where possible. We plan not only to provide luxury accommodation in an idyllic rural setting but also to introduce guests to the many local activities on offer by providing comprehensive literature and advice. Our aim is for guests to fall in love with Seven Oaks and the area and return year after year.

The Seven Oaks guest will have every need met for his/her comfort. For special occasions catered meals and wine can be provided for an additional charge. During the weekend guests will return to the B& B in the evening to find cheese, fruit and wine for snacking before turning in.

05 DEC 2016

Keys to success

In order to succeed, the owners will strive to achieve the following goals for Seven Oaks:-

- Extensive marketing of Seven Oaks and the attractions available in the local area with particular emphasis on identifying and reaching its target market.
- Offer a high quality 'home from home' experience, with attention to detail.
- Build a strong market position among local guest houses.
- Maintain sound financial management of the venture.
- A warm welcome, good management and people skills.
- Providing excellent locally grown food.
- Developing a comprehensive customer database which can then be utilised for targeted marketing eg contacting customers offering special deals during off season.

Market segmentation and competition

From speaking to local bed and breakfast owners there is currently a shortage of B & B accommodation in the area at peak times. It is also envisaged that in the future due to the following factors there will be a general increase in the numbers of potential customers requiring B & B accommodation in the area:-

1. General increase in tourists holidaying in their own country. This is also in line with the findings of the Scottish Tourist Board who have carried out detailed analysis.
2. Growth of events such as the Commonwealth Games and Ryder cup. The interest in local events such as Hamilton Racecourse, New Lanark and the Clyde Valley tourist route.
3. Increased awareness of health related issues and the benefits of staying fit may lead to more interest in activity breaks.
4. General growth of the town of Stonehouse now and in the next few years as a result of the planning application granted to Barratt Homes for around 300 new homes.
5. Closure of some of the larger hotels in the area i.e. Hartree House and the Tinto Hotel.

The owners of Seven Oaks have looked at other bed and breakfast facilities in the area and consider that Seven Oaks will be unique in that it offers a rural location with equine accommodation facilities within 10 minutes of Hamilton and 1 mile from the M74. The nearest B & B facility offering equine accommodation is Weston Farm, Dunsyre. There are a few bed and breakfast establishments locally offering traditional facilities but very few which offer the level of luxury accommodation to be found at Seven Oaks.

The bed and breakfast industry offers a unique lodging experience which caters to an ever increasing group of travellers. B & Bs create a climate of home, where guests become temporary members of a larger family. Seven Oaks opens itself up to guests allowing them to participate and share in the richness of a community, while still allowing whatever degree of privacy is preferred. Meals can be shared with other guests allowing new relationships to be created and old ones enriched or can be taken in the privacy of the guest's room if preferred.

05 DEC 2016

Start-up costs

The anticipated start-up expenses, excluding build costs, are as follows:-

Requirement	Estimated cost £
Fixtures & fittings – En-suite fixtures and fittings and fitted wardrobes, three bedrooms at £5000 per room	15,000
Bedroom furniture – including floor coverings. Three bedrooms at £1500 per room	4,500
Lounge/dining area – Tables, chairs. Soft furnishings and floor covering	2,500
Insurance cover	600
Fire alarm system Compliant with H & S and fire regulations	1,000
Bed linen – Towels, crockery, cutlery, coffee machine	1,000
Registration Visit Scotland and web companies	300
Setting up Website with booking facility	500
Advertising costs	500
Additional office and stationery	260

Total start-up costs	£26,160
	=====

Sales Strategy

Seven Oaks will sell its rooms directly to repeat customers as well as to new customers via its own website and other websites such as Late Rooms.Com and Late.Booking.com. It is also envisaged that sales will be generated from registration with Visit Scotland and other organisations such as Walk Scotland and Undiscovered Scotland. Seven Oaks would also hope to benefit from the contacts that already exist through our current business in the events industry and Horse world. A planned marketing programme of newspaper advertising and literature would be distributed in places on interest and travel hubs.

Sales forecast and projected profit and loss

The sales forecast for Seven Oaks is based on accommodation rates in the local area for a comparative level of accommodation and anticipated occupancy rates from information provided by a local bed and breakfast owner who was in business in Stonehouse for ten years.

05 DEC 2016

High Season (March - Sept)	
Occupancy rate – 80%	£
Family room	85
Double room	75
Twin room	75
Equine	15

Low Season (Oct - Feb)	
Occupancy rate – 40%	£
Family room	65
Double room	50
Twin room	50
Equine	15

The attached appendix details the projected profit and loss statement for the first year of trading. Earnings are subject to seasonal fluctuations but it is the intention of Seven Oaks to increase off season occupancy rates by introducing discounted winter packages and special rates for those working in the area or connected to the events industry eg racecourse networks.

Employment

As indicated the management and day to day running of Seven Oaks will be undertaken by Isabel Young. Any additional help required in the day to day running of the business will be provided by employing the following initially, which could increase as the business expands:-

- 1) A gardener will be contracted for 13 hours per month at a rate of £10 per hour. He/she will be paid £130 per month.
- 2) A cleaner will be required for 20 hours a month at £10 per hour. He/she will be paid £200 per month.

05 DEC 2016

Financial plan

It is anticipated Seven Oaks will make a small profit in the first year of trading due to the start-up costs, however even without any growth in sales for 2017 the profit is estimated at £32077.

	£
Start-up costs	26,160
Estimated net profit for 2016	32,077
	=====
Estimated profit for 2016	£ 5,917
	=====

Based on assumption start-up costs will be written off in year 1.

The table within the appendix details the estimated projected profit and loss for the first year of trading. These projections are realistic in terms of the local area and knowledge and based on current pricing research.

05 DEC 2016

Appendix

Projected Profit and Loss Account - Seven Oaks Bed and Breakfast Oct 16 - Sept 17

	Oct-16	Nov	Dec	Jan-17	Feb	Mar	Apr	May	June	July	Aug	Sep	Total
Revenue													
Family	806	780	806	806	728	2108	2040	2108	2040	2108	2108	2040	18478
Double	620	600	620	620	560	1860	1800	1860	1800	1860	1860	1800	15860
Twin	620	600	620	620	560	1860	1800	1860	1800	1860	1860	1800	15860
Stables x 2	372	360	372	372	336	744	720	744	720	744	744	720	6948
	2418	2340	2418	2418	2184	6572	6360	6572	6360	6572	6572	6360	57146
Less:													
Purchases	484	468	484	484	437	1314	1272	1314	1272	1314	1314	1272	11429
Wages	200	200	200	200	200	200	200	200	200	200	200	200	2400
Utilities	250	250	250	90	90	250	210	210	210	210	210	210	2440
Telephone	60	60	60	60	60	60	60	60	60	60	60	60	720
Insurance	50	50	50	50	50	50	50	50	50	50	50	50	600
Adv & Stationery	130	130	130	130	130	130	130	130	130	130	130	130	1560
Accounting	125	125	125	125	125	125	125	125	125	125	125	125	1500
Bank charges	40	40	40	40	40	40	40	40	40	40	40	40	480
Depreciation	120	120	120	120	120	120	120	120	120	120	120	120	1440
Sundry	100	100	100	100	100	100	100	100	100	100	100	100	1200
Repairs & Maint	0	0	130	130	130	130	130	130	130	130	130	130	1300
Total Costs	1559	1543	1689	1529	1482	2519	2437	2479	2437	2479	2479	2437	25069
Net Profit	859	797	729	889	702	4053	3923	4093	3923	4093	4093	3923	32077

05 DEC 2016

05 DEC 2016

© Scott-Moncrieff Chartered Accountants 2015. All rights reserved. "Scott-Moncrieff" refers to Scott-Moncrieff Chartered Accountants, a member of Moore Stephens International Limited, a worldwide network of independent firms.

Scott-Moncrieff Chartered Accountants is registered to carry on audit work and regulated for a range of investment business activities by the Institute of Chartered Accountants of Scotland.