

DUNBAR COMMUNITY BAKERY PROJECT



Newsletter to shareholders in Dunbar Community Bakery

ISSUE 1 / SEPTEMBER 2009

DEAR SHAREHOLDER,

This is the first in a series of regular newsletters to keep you updated on progress with the Dunbar Community Bakery Project.

Thank you for supporting this exciting new venture. We have so far raised £43,600. That is more than half the £70,000 identified by the business plan as the sum needed to lease the former Smiths Bakery in Dunbar High Street and reopen it as a community bakery.

We are more than half way there!

We are working hard to complete the financing package by the end of November. That would enable us to reopen the bakery before Easter 2010!

A dynamic Management Committee has been formed to drive the project forward (see their mini-profiles right). We are currently in advanced negotiations to secure a chairman for the committee. We shall announce the name of the person chosen to fulfil this role very shortly. The chairman will be a prominent figure on the Scottish business scene who is resident in Dunbar and who has good people skills, excellent contacts in government and expertise in fund raising. The target date for completing the bakery funding package has been extended until November 30. We are confident of raising the necessary money well before then. But we shall need your help to get there.

More than 160 people have so far bought shares in the bakery, raising £17,600 in shareholder equity. We are now half way towards our target of raising £35,000 through the share issue. Do you know someone who has talked about investing in the bakery, but who has not yet taken the plunge? Could you help persuade that person to sign up for an investment of at least £50? Through this newsletter we are urging all existing shareholders to "bring a buddy" into the Dunbar Community Bakery project. If each existing shareholder can bring in one new investor, we shall soon reach our £35,000 target.

We shall send you some revised "Invitation to Invest" forms in our next newsletter, which will be distributed by post. In the meantime, you can also download the form and print more copies of the existing Invitation to Invest forms from the Sustaining Dunbar website www.sustainingdunbar.org.uk We shall also send you window stickers that show you have invested in the bakery. These can be displayed on your house and car windows. The stickers will show other Dunbar residents that many people in the community have already provided financial support for the bakery project. They should help to convince many doubters who have not yet invested to write out a cheque. The stickers will show that the bakery project really does have wide support in the community and that it really is going to reopen very soon.

Management committee

Allen Simpson
(Acting Chairman)

Allen is a founder director of the bakery cooperative. He is an accountant and Independent Financial Advisor. He owns and runs Burnet Simpson Independent in Dunbar's Westgate

Matthew Alsop

Matthew is an expert in small business development who lives in Dunbar. He runs a company called FCSPD Support which helps small and medium-sized businesses to deal with everything from financial planning to business strategy. Matthew has also worked in Europe and Asia

Helen Muir

Helen used to run the Jungly Fun cafe on the High Street. She now works at Coast Cafe and the Crunchy Carrot. A graduate of Edinburgh College of Art, she spent a lot of time in Australia, but now lives in Dunbar.

Jo McNamara

Jo is a Community Development Worker in Dunbar and a founder director of the bakery cooperative.)

Robert Powell

Robert is a journalism trainer and media consultant who lives in Stenton. He was formerly Business Editor of The Herald newspaper. Before that, he was a foreign correspondent for Reuters news agency in Portugal, Latin America and Africa

Steve Tossell

Steve is a professional artist and part-time lecturer in accountancy and finance. He is a founder director of the bakery co-operative and lives in Dunbar. He is a qualified chartered accountant.

Simon Wall

Simon lives in Dunbar and runs Storm ID, a design, software development and marketing consultancy based in Edinburgh.



Funding from organisations

In addition to the equity funds contributed by investors, the Dunbar Community Bakery has received pledges of £25,000 of interest-free loans. These will be provided by Lothian Community Investments – a funding arm of East Lothian Council – and from a private benefactor who wishes to remain anonymous. We have also been allocated a £1,000 grant towards training costs by the Leader programme of the European Commission. The Management Committee is negotiating for more grant and soft loan funding with specialist institutions that help cooperatives and community businesses.

Sustaining Dunbar has applied to the Third Sector Enterprise Fund for a large grant to help set up the bakery. The result of this application should be announced within the next few weeks. The Management Committee is also preparing to submit grant applications to other possible benefactors, including the BIG Lottery Fund, Cooperative Development Scotland and the Robertson Trust.

Social Investment Scotland and the Industrial Common Ownership Fund have agreed in principle to provide loans to help set up the bakery. However, these would probably have to be repaid with interest within two or three years. That is because the money borrowed would have to be repaid in full by the end of our initial lease on the bakery. Reliance on such short-term funding would put a heavy strain on the bakery's cash flow during its early days of operation. We are exploring alternatives that might allow us to repay such loans over a period of up to 10 years.

However, the more money we can raise from shareholders and the more external assistance we can secure in the form of grants rather than loans, the stronger our finances will be. That is why we need your help to bring in more individual investors and why we need more time to talk to potential providers of grant finance. The share offer will close on October 31st, but it may take us a few weeks longer to tie down some applications for grant funding which are in the pipeline.

Managing the finances

The Management Committee currently consists of seven members. Three are founder directors who registered the Dunbar Community Bakery Limited as an Industrial and Provident Society in June. The other five are local residents with expertise in small business development, finance, communications, marketing and



community development. They volunteered to serve on the Management Committee and were co-opted onto it by the founding directors in late August. The existing committee members will soon be joined by a chairman. More members may be invited to join the Management Committee in due course. We are also looking for volunteers with specialist skills or simply time and enthusiasm to offer their services to help move the bakery project forward.

Soon after the bakery opens, the Chairman will convene an Annual General Meeting (AGM) of all shareholders. This will elect a new Management Committee, whose members will serve for the next 12 months. The AGM will be an opportunity for some committee members to stand down and for new people to put themselves forward for election. It will also be an opportunity for all shareholders to ask questions and put forward proposals.

The launch

We are negotiating to rent premises for the bakery in the High Street for a period of up to three years and are exploring the option of eventually purchasing the property. However, the Management Committee will only sign the lease once it feels confident that we have raised sufficient cash to open the bakery and fund our three-year business plan.

The premises must be inspected and approved by the Environmental Health authorities before food production can resume there. The inspector's preliminary assessment of the former Smith's Bakery was that the premises should be fit for production after a deep clean. However, he recommended that the floor be resurfaced at some point in the near future. That would cost up to £12,000 and such expenditure was not foreseen in the original business plan.

The strong potential for developing wholesale sales from the bakery right from the very start may also make the purchase of a delivery van desirable. Such factors are likely to lead to an upward revision of the £70,000 launch cost of the new business once the business plan has been reviewed. The Management Committee wishes to reassure all shareholders that it is determined to proceed prudently with regard to expenditure. At the same time, it is committed to launching the bakery with a sound business model and sufficient funding to underpin its operations. The venture must make sufficient profits to service its financial obligations if it is to be sustainable.

Once start-up funding has been secured, the Management Committee will recruit staff to run the bakery. The business plan provides for four full-time employees to begin with; a shop manager, two professional bakers and a shop assistant. They will be supplemented by part-time staff and volunteers as necessary.

There is a lot of work to do over the next three months in order to meet our target of completing the financial package by the end of November - the anniversary of the bakery's closure. See the article below to find out how you can help.

Future editions of this newsletter will be distributed by e-mail to save money. If you did not give your e-mail address on the Invitation to Invest form, please send your e-mail address to Simon.Wall@stormID.com and we will add you to mailing list!

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LOOKING FOR
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VOLUNTEERS WITH
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TIME & ENTHUSIASM
.....
TO HELP MOVE THE
.....
PROJECT FORWARD
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Our mission statement

PRIMARY PURPOSE

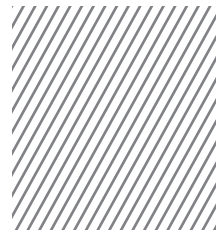
- To set up and run a community-owned home bakery in Dunbar that produces and sells wholesome and tasty freshly baked bread.
- To develop a range of new and traditional bakery products that cater for both the mass market and specialist demand.
- To become a well-known and respected provider of quality hand-made bakery goods to people throughout East Lothian.

SUSTAINABILITY

- To trade profitably so that the bakery becomes financially self-supporting and sustainable in the medium to long term.
- To develop wholesale markets as well as retail sales through the bakery shop.
- To react imaginatively to the challenges and opportunities that may arise over time so that the bakery remains a successful commercial venture that improves the life of the community.

SOCIAL AND ECONOMIC BENEFIT TO THE COMMUNITY

- To help revive the High Street of Dunbar so that it becomes more attractive as a shopping centre for local residents and as a destination for visitors.
- To create a new source of employment, with the aim of eventually providing a source of social employment for local residents with specific support needs.
- To play an active role in the regeneration of Dunbar as a thriving community that offers a better quality of life to all.
- To promote healthy eating and an improvement in the local diet in conjunction with other local initiatives.



Bakery
scheduled
to reopen
before
Easter
2010

£26,000
pledged
in interest-
free loans
and grants

Management
Committee
formed to drive
the bakery
project forward

How you can help!

We need to raise more money for the bakery project as quickly as possible. You can help the fund-raising effort by:

- Displaying the Dunbar Community Bakery window stickers which will be distributed shortly on your house and car.
- Persuading a friend, relative or neighbour to sign up as an investor
- Volunteering to help with our publicity campaign to make the local community more aware of the project and its potential. We particularly need volunteers to knock on doors and spread the message in the villages of East Linton, Spott, Innerwick, Oldhamstocks and Cockburnspath.

DO YOU have a specialist skill that might be useful in setting up the bakery and devising its business strategy?

DO YOU have experience of running a shop, working in a bakery or arranging wholesale distribution?

If so please let us know what your specialist skills are and how you would be willing to help and advise us.

We also need expert volunteers who are well versed in law, human resources management, shop fitting, the building trades and many other specialist areas.

People with practical skills such as joiners, electricians, plumbers and painters will be especially appreciated when it comes to rehabilitating the shop premises!

We also need volunteers to help with promotional activities and handling some of the administration work.

If you would like to put your name down as a volunteer helper in any capacity whatsoever, please contact:

ALLEN SIMPSON

a.simpson@burnetsimpson.co.uk

01368 864400

Get more information!

You can find out more about the Dunbar Community Bakery project by visiting the Sustaining Dunbar website:

www.sustainingdunbar.org.uk

If you would like to be in the loop on all the latest developments regarding the bakery project, why not join our Yahoo group? Just send a blank e-mail to:

dunbarcommunitybakery-subscribe@yahogroups.com

You will then be automatically copied in on all messages and documents posted to group members. Membership of the Yahoo group also allows you to communicate instantly with other activists involved in the bakery project.

CONTACT THE MANAGEMENT COMMITTEE

If you would like more information about the Dunbar Community Bakery project or if you would like to contribute to future editions of this newsletter, please contact Robert Powell on:

Tel: 01368 850296

Mob: 0774 697 9562

E-mail: RobertGPowell@hotmail.com

If you would like to make a financial contribution to the bakery project or volunteer your services in any way, please contact Allen Simpson on:

Tel: 01368 864400

Mob: 07702 592602

E-mail: a.simpson@burnetsimpson.co.uk