



Heskett Newmarket Community Shop Limited

Financial Conduct Authority Registration Number 9295

Business Plan summary

This document is a summary of our Business Plan. The full Plan is available on our website and by email or hardcopy on request.

The Funding Requirement

We anticipate that we will need £573,976 altogether: £500,500 to cover one-off costs plus a contingency amount, and £73,476 to cover operational costs for the first year.

We assumed a valuation of £450,000 for the premises and business, the actual figure will be subject to the final sale price. We included an amount of £5,000 for initial improvements to allow the tearoom to reopen, £12,500 to purchase our opening stock, £1,500 for initial expenses such as insurance and any compliance certification, plus £500 working capital for the till float. We also included an amount of £12,000 for stamp duty.

Capital requirement		
		<i>notes</i>
Asset purchase	£450,000	STS
Immediate improvements	£5,000	<i>reinstate tearoom, shift deliveries room</i>
Contingency	£45,500	
total	£500,500	
Revenue requirement		
Stock	£12,500	
Working capital		
shop till float	£500	
Immediate bills	£1,500	<i>insurance, certificates etc</i>
1st year salaries	£22,541	
other 1st year costs	£24,435	<i>running expenses</i>
SDLT	£12,000	
total	£73,476	
Launch funds required	£573,976	

Our Financial Projections

We based our financial projections on the accounts provided by the current owner. We applied a percentage increase to these historic figures to estimate future figures.

Our **Sales Projections** for the five years to 2029 are:

	Year 1	Year 2	Year 3	Year 4	Year 5
Turnover	£ 172,971	£ 178,160	£ 183,505	£ 189,010	£ 194,680
Cost of Sales	£ 133,306	£ 135,856	£ 138,574	£ 141,347	£ 144,175
Gross Profit	£ 39,665	£ 42,304	£ 44,930	£ 47,663	£ 50,505
Gross Profit %	22.9%	23.7%	24.5%	25.2%	25.9%

We modelled our costs assuming a 5% increase each year, apart from light, heat, and power for which we assumed a 10% increase. We assumed that we would make a 25% saving on staff costs through the use of volunteers, which is somewhat offset by assuming an annual 5% rise in wages.

Our **Expenses Projections** for the five years to 2029 are:

Expenses	Year 1	Year 2	Year 3	Year 4	Year 5
Wages & Salaries	£ 22,541	£ 23,668	£ 24,851	£ 26,094	£ 27,398
Rates	£ 763	£ 802	£ 842	£ 884	£ 928
Light, heat & power	£ 3,597	£ 3,957	£ 4,352	£ 4,788	£ 5,266
Insurance	£ 1,055	£ 1,140	£ 1,231	£ 1,329	£ 1,436
Repairs & maintenance	£ 1,073	£ 1,127	£ 1,183	£ 1,242	£ 1,304
Phone & post	£ 1,141	£ 1,198	£ 1,258	£ 1,321	£ 1,387
Sundries	£ 256	£ 269	£ 282	£ 297	£ 311
Finance	£ 6,648	£ 6,981	£ 7,330	£ 7,696	£ 8,081
	£ 37,075	£ 39,140	£ 41,329	£ 43,650	£ 46,112

These figures show that we will make a small net profit each year. We also assumed, based on our discussions with the Post Office, that we can ensure continuity of the Post Office contract. This means that the Post Office income would continue at the same level, which improves our net profit position to a modest £29,410 by 2029. This level of funds would allow us scope to offer considerable support to community initiatives. Our **Profit and Loss (P&L) Projections** for the five years to 2029 include this and are:

	Year 1	Year 2	Year 3	Year 4	Year 5
Turnover	£ 172,971	£ 178,160	£ 183,505	£ 189,010	£ 194,680
Cost of Sales	£ 133,306	£ 135,856	£ 138,574	£ 141,347	£ 144,175
Gross Profit	£ 39,665	£ 42,304	£ 44,930	£ 47,663	£ 50,505
Gross Profit %	22.9%	23.7%	24.5%	25.2%	25.9%
	£ 37,075	£ 39,140	£ 41,329	£ 43,650	£ 46,112
Post Office income	£ 25,017	£ 25,017	£ 25,017	£ 25,017	£ 25,017
Net profit	£ 27,607	£ 28,181	£ 28,618	£ 29,030	£ 29,410

In addition to modelling how much money the business would generate each year and the costs involved, we also modelled how much money would actually be available in the business to make sure we can meet our financial obligations as we go along. In our cashflow forecasts, we modelled spending our contingency over the first two years which we feel is prudent as we take on the asset and the business.

Our **Cashflow Forecasts** for the five years to 2029 are:

Cashflow	Year 1	Year 2	Year 3	Year 4	Year 5
Funds raised	507,500				
Purchase	450,000				
Improvements	5,000				
Working capital	13,150				
Less 50% contingency	22,750	22750			
Net funds CF	16,600	17,504	41,912	66,908	92,440
Sales	£ 172,971	£ 178,160	£ 183,505	£ 189,010	£ 194,680
less COGS	-£ 133,306	-£ 135,856	-£ 138,574	-£ 141,347	-£ 144,175
Less Expenses	-£ 44,588	-£ 46,652	-£ 48,877	-£ 51,269	-£ 53,836
Plus PO income	£ 25,017	£ 25,017	£ 25,017	£ 25,017	£ 25,017
Tea room income	£ 3,560	£ 3,738	£ 3,925	£ 4,122	£ 4,328
Net cash flow	23,654	24,408	24,996	25,533	26,013

Our Financial Assumptions

Our assumptions on which these forecasts are based are that:

- We will be able to make staffing cost savings through replacement of salaried staff with volunteers. We have budgeted wage costs dropping by 25%. This does not reflect any changes to individual wages or hours worked. Any staff-related changes would be subject to consultation and Transfer of Undertakings (Protection of Employment) regulation.
- The tearoom will operate 4.5 days a week for three months during the summer season, with no additional staff cost due to volunteers.
- Our contingency of £45,500 will be spent over the first two operating years.
- Both the turnover and cost of sales will increase, with the latter lagging the turnover rise by 2%. This gives an increasing margin trend over the years. In addition, we believe that there are opportunities to both increase sales and reduce cost by better purchasing and perhaps a wider product range.
- We have not modelled any turnover increase due to the reopening of the tearoom, although we would expect some increase due to this captive audience and have included a modest amount of income in our cash forecasts.
- We have modelled complete financial years (Year 1 - Year 5) for clarity, however we are likely to take over the shop part-way through a financial year.
- Our modelling is based on the historic shop audited accounts for the five years from 2020 to 2024 inclusive.
- We have modelled the Post Office income as a flat figure i.e. no annual increase, as this is partially sales volume dependent, and therefore unpredictable.
- All figures are net of VAT.

Contacts and links

Telephone contacts:

Philippa Groves (Chair)	07557 913183
Simon Hewitt (Vice-chair)	07585 973759
Martin Woodham (Treasurer)	07710 097868
Michelle Boundy (Secretary)	07717 224152

Email: hesketnmshop@gmail.com

Website: www.hesketnewmarket-communityshop.co.uk