

Cross Guns Community Benefit Society

Appendix 2: Detailed Notes to Financial Forecasts

All figures exclude VAT unless stated otherwise.

INCOME

1. Grants

Although we have not included a forecast for grant income, we will investigate accessing available grants where possible.

2. Shares

We aim to raise £348,000 in shares to cover the cost of the purchase price (including stamp duty and VAT) plus £60,000 to cover essential refurbishment work.

For the purpose of this forecast it has been assumed that an offer price of £220,000 is accepted by the current owner. This figure can be adjusted as circumstances change and will be amended through either the share offer expectation, or any loan facility that may be required. Please note that this forecast includes an initial outlay of £44,000 for VAT which will be recoverable and is included in Year 1 income.

Following an initial survey the pub was found to be in reasonable condition internally and we have allowed a lump sum of £60,000 for refurbishment of the toilets, the flat roof above the kitchen, a POS terminal and general remedial works and furnishing. A detailed breakdown will be provided once the building is purchased.

3. Donations

As a CBS we anticipate occasional donations from local businesses, members and customers. We expect this to be higher in the first year when awareness of our fundraising needs is highest.

4. Wet Sales and Dry Sales

As defined by the British Beer and Pub Association (BBPA), the Cross Guns best fits the model of a 'Rural Character' establishment with mixed wet and dry sales and a turnover of around £5,000 per week. We have calculated a weekly turnover of £4,890 in Year 1 based on five-day opening, increasing by 10% per year thereafter.

In line with this model, wet sales account for approximately 60% of income and dry sales 40%.

5. Private Hire & Other Sales

The building would be available for private hire and special events on Monday and Tuesday each week and while we do not believe this will be a major source of income for the Society, we believe there is scope for occasional private hire events. We would also look at other sales opportunities, for example the sale of pitches for camping in the large pub garden.

6. Other Income

This includes fundraising events such as *PantFest*, charity raffles and all other fundraising activities.

7. Solar Export

We are looking to install solar panels in Year 2, to help reduce our electricity costs and to earn a small amount of additional income through exporting some of the energy. This will be less in Year 2 than in subsequent years, as the panels will be installed mid-year. Generally solar generation decreases over time, resulting in lower export sales as the years go by.

8. Future Share Purchases

From Year 2 onwards we will be looking to issue an annual share offer to raise funds for the CBS. We will work to attract new shareholdings as people move into the village or the local area. For the first few years we will aim to attract as many new shareholdings as withdrawals.

EXPENDITURE

1. Purchase Price Including VAT

For the purpose of this forecast it has been assumed that an offer price of £220,000 + VAT is accepted by the current owner. This figure can be adjusted as circumstances change and will be amended through either the share offer expectation, or any loan facility that may be required.

The forecast includes an initial outlay of £44,000 for VAT on the purchase price, which will be recoverable and is included in Year 1 income.

2. Stamp Duty

Stamp duty is calculated using current rates (December 2025) i.e. 0% on the first £150,000; 2% on the next £100,000; 5% on the remaining balance:

Up to £150,000: £0.00
£150,000 – £250,000: £2,000
£250,000 – £264,000: £700

TOTAL: £2,700

3. Legal Fees and Surveyor

These are our estimates of the cost of legal fees and a surveyor for purchasing the pub.

4. Crowdfunding Fees

The crowdfunding platform advised by Co-operatives UK charges the following fees:

3% + VAT up to £300,000
2% + VAT above £300,000

The fees on £348,000 share income are therefore £9,960 + VAT. However, we know that a number of share purchases will be made by direct debit to our bank account at no cost to us, so we are using a figure of £9,800 + VAT in our forecast.

5. Start-up Costs

Start-up costs are for initial repairs, decorating, servicing of lines and equipment and deep cleaning, as well as minor external work including painting, gardening and cleaning. It also includes initial equipment purchases such as glasses, crockery and cutlery, as well as computer / office software.

6. Initial Cash Float

This is the sum we estimate that we need for initial start-up.

7. Advertising and Leaflets & Banners

These are the sums we have allocated for advertising and leaflets & banners. The figures are weighted towards the early years, when we are getting started.

8. Bank & Card Fees

These are the estimated bank and credit card processing fees for Years 1 – 5.

9. Licences

UK personal licence: (APLH training £100; DBS check £25; Council fees £40) £165 / yr

Premises licence: £180 / yr

Food hygiene certificates: £25 + VAT x 3 = £90 every three years

TV licence: £174.50 / yr

Fire safety certificate / inspections: £500 / yr

TOTAL (YEAR ONE): £1,109.50

TOTAL (YEAR TWO & THREE): £1,019.50

10. Music Licences (PPS/PPL)

Jukebox: £580 / yr

Background music: £420 / yr

Live music events: £300 / yr (£12 / event)

TOTAL (YEAR 1): £1,300

Annual cost of living increase of £100 / yr included thereafter.

11. Wet Stock and Dry Stock

All wet sales costs are based on 47% of sales values and all dry sales costs are based on 35% of sales values, in line with BBPA standards for a 'Rural Character' establishment, which can expect costs between 40 – 50% of turnover.

12. Staff Salaries

One full time experienced manager will be employed from Year 1, with cover for leave, sickness etc provided by a director with relevant experience, or the café supervisor.

Bar staff will be paid the National Living Wage and this plan assumes there will be two part-time bar / waiting / kitchen staff to support the manager, a chef and a café supervisor. The cost of a contract cleaner is included in the figure for 'Cleaning & Waste Disposal'.

TOTAL (YEAR 1): £95,137

We have included a 4% per year increase in staff costs after that, but this will be reviewed annually and increases above the cost of living will be subject to performance.

Wages as a percentage of turnover

Staff wages account for 37% of turnover in Year 1, as this is a build-up / learning year, but based on current assumptions as shown by the figures below, the proportion is coming down towards our target level of 30% by year 5.

Once the business is up and running the Board will:

- a) Keep a very close eye on staffing costs
- b) Work with the manager to identify where efficiencies can be found and/or
- c) Work with the manager to increase trade above the targets in the business plan.

WAGES AS A PERCENTAGE OF TURNOVER					
Turnover	Year 1	Year 2	Year 3	Year 4	Year 5
Wet Sales	152,560	168,753	185,566	204,122	224,534
Dry Sales	101,725	112,502	123,729	136,102	149,712
Private Hire	416	476	692	726	871
Other Income	5,512	5,200	5,304	5,400	5,500
Solar Export	0	200	500	475	450
	260,213	287,131	315,791	346,825	381,067
<i>Weekly t/o</i>	<i>5,004</i>	<i>5,522</i>	<i>6,073</i>	<i>6,670</i>	<i>7,328</i>
Wages	Year 1	Year 2	Year 3	Year 4	Year 5
Staff Salaries	95,137	98,940	102,894	107,010	117,711
	95,137	98,940	102,894	107,010	117,711
	37%	34%	33%	31%	31%

14. Business Rates

Calculated in line with current rateable values for pubs in Shropshire (December 2025).

15. Utilities

This is our estimate of costs for electricity, water and Calor gas, with an annual 5% cost of living increase, reflecting above inflation increases in energy costs in recent years.

16. Telephone, Wi-fi, Website & Email Hosting

This is our estimate of costs for telephone and wi-fi, with an annual £40 cost of living increase included. We hope that by shopping around and with prudent contracts we can minimise any annual increases. Our website and email address is currently being hosted free of charge by one of our Directors.

17. Insurance

This is our estimate for insurance based on industry standards for an equivalent pub to the Cross Guns, with an annual 10% cost of living increase, reflecting above inflation increases in insurance in recent years.

18. General Upkeep

We have included a figure of £3,600 in Year 1 for the general upkeep of the property and grounds including repairs, replacement of broken items, painting, decorating and gardening. We have included an annual £250 cost of living increase.

19. Consumables

This is our estimate for what we need to spend on consumables each year. It includes condiments (sauces, salt, sugar), and essential disposables like napkins, straws, coasters, food wrap, and disposable catering supplies. We have worked on an annual cost of living increase of £100 / yr.

20. Equipment Hire

This is our estimate for what we need to spend on equipment hire, primarily for a coffee machine. We have built in an annual cost of living increase of £100 / yr.

21. Cleaning and Waste Disposal

This is our estimate for what we need to spend on cleaning and waste disposal based on industry standards. We have built in an annual cost of living increase of £400 / yr.

22. Risk / Contingency

Although this business plan is believed to be comprehensive in nature it has a £4,200 a year contingency or risk pot to allow for any unforeseen costs. Should this not be required it will simply be added to the net cash position accruing as £350 per month.

23. Professional Fees

This is for our accountants for preparing the annual accounts, paid annually after year-end, from Year 2 onwards. We have included an annual increase of £200 / yr.

24. Return to Shareholders

We are looking to pay 2% interest on share capital from Year 3 onwards, if the business can afford it and subject to Board approval.

25. Share Withdrawals

From Year 2 onwards we have allocated a pot of money for those who need, or would like, to cash in their shares.

26. Refurbishment

Our business plan recognises the need to maintain and improve the condition of the Cross Guns and therefore allows for £30,000 in Year 1 and £30,000 in Year 2 for ongoing redevelopment. This provides a substantial reinvestment into the facility of £60,000 in the first two years of the five-year period. It is anticipated that this will be raised as part of the initial share offer, or any loan facility that may be required.

27. Solar Panels

We are looking to install solar panels in Year 2, to help reduce our electricity costs and to earn a small amount of additional income through exporting some of the energy. We have allocated £10,000 for this.