Annual Financial Forecast 2026/27

November 2026 to October 2027

The financial forecast for the year from November 2026 to October 2027 has been prepared using the shop's current trading performance and expenditure as the basis for the year ahead.

The forecast assumes total turnover of £382,000, including Post Office income. The gross profit target of 30% applies only to retail shop sales and excludes Post Office income.

Forecast Income

Estimated Post Office income for the year is **£17,270**. Deducting this from total turnover gives forecast retail shop sales of **£364,730**.

Forecast Income	**Forecast**
Total turnover including Post Office	**£382,000**
Less: Post Office income	(£17,270)
Retail shop turnover	**£364,730**
Cost of shop stock at 70%	(£255,311)
Shop gross profit at 30%	**£109,419**
Post Office income	£17,270
Gross income available towards overheads	**£126,689**

The 30% gross profit target has deliberately been set below the 32.4% achieved during May to July 2026. This gives the forecast a degree of prudence while still setting a realistic target for the coming year.

Continued attention to stock control, supplier pricing, ordering levels and the mix of products sold will be important in maintaining this margin.

Forecast Expenditure

Based on the current cost base, annual expenditure is forecast as follows:

Expenditure	Forecast
Wages, including 5% increase from April 2027	£74,511
Employer pension	£936
Rent	£10,800
Light and heat	£4,794
Water	£359
Insurance	£3,879
Card machine charges	£3,010
Legal and professional costs	£1,857

Computer expenses	£1,188
Repairs and renewals	£994
Telephone	£374
Stationery	£295
Licences	£240
Staff welfare and training	£75
Operating expenditure before depreciation	**£103,312**
Depreciation and amortisation	£8,560
Total forecast expenditure	**£111,872**

Wages remain the largest single cost to the business. The forecast allows for a 5% wage increase from April 2027, so the additional staffing cost is already reflected in the figures above.

Other expenditure has been based broadly on the shop's existing cost base. These costs will continue to be monitored carefully throughout the year, particularly utilities, insurance, card charges and other areas where external price increases may occur.

Forecast Result

On these assumptions:

Retail shop gross profit: £109,419
Post Office income: £17,270
Total income available towards overheads: £126,689

Less total forecast expenditure: **£111,872**

Forecast surplus: approximately £14,817

This is equivalent to approximately **3.9% of total turnover** after depreciation and amortisation.

Commentary for Shareholders

The forecast presents a positive but prudent financial outlook for the year November 2026 to October 2027.

We are budgeting for total annual turnover of £382,000, including Post Office income. Of this, approximately £364,730 is expected to come from retail shop sales, with a further £17,270 from the Post Office.

The budget assumes that the retail side of the business achieves a 30% gross profit margin. This would produce approximately £109,419 of shop gross profit. When Post Office income is added, approximately £126,689 would be available to meet the shop's wages and other running costs.

The gross profit assumption is intentionally cautious. During the May to July 2026 quarter, the shop achieved a gross profit margin of 32.4%, reflecting the work undertaken by the Manager to improve stock control, ordering and product selection. Budgeting at 30% gives some protection against changes in supplier prices, wastage and the mix of goods sold during the year.

Staff costs remain the largest area of expenditure. The forecast includes a 5% increase in wages from April 2027, resulting in forecast annual wages of approximately £74,511.

Overall expenditure, including depreciation and amortisation, is forecast at approximately £111,872.

On this basis, the business is expected to generate an annual surplus of approximately £14,817.

Fundraising income, grants and exceptional donations have not been included in the core trading forecast. This means the forecast does not depend upon fundraising to cover the normal day-to-day running costs of the shop. Any unrestricted donations or fundraising received during the year would therefore provide additional funds for investment, improvements or reserves.

The main financial priorities for the coming year will be to achieve the £382,000 turnover target, maintain a retail gross profit margin of at least 30%, continue improving stock and purchasing controls, and manage wages and other operating costs carefully.

There is also potential for the final result to improve if the shop can maintain a gross margin above the budgeted 30%. On forecast retail sales of £364,730, each additional 1 percentage point of gross margin would generate approximately £3,647 of additional gross profit.

Overall, the budget represents a sustainable trading position, allowing for increased wage costs while still forecasting a positive year-end surplus and providing a sound basis for the continued development of the community shop.