

BUSINESS PLAN

Hollow Oak Bakery

Internal planning and strategy

BASED IN

Frome

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01

Executive Summary

Hollow Oak Bakery is an artisan sourdough bakery serving Frome, Somerset. The company produces long-fermented sourdough bread and pastries on site each morning. It sells directly to local households and weekend visitors, supplies six independent cafés and operates a weekly bread subscription.

Revenue comes from three complementary channels. Counter sales provide regular cash income from bread and pastries. Wholesale bread is delivered to cafés before 7am and invoiced monthly. Subscriptions provide recurring weekly revenue and give households a reliable collection of freshly baked bread. This mix reduces dependence on any single customer group.

The business is trading and generates between £5,000 and £10,000 in a typical month. It serves more than 1,000 customers monthly, alongside its six café accounts and subscription households. Its established local presence, early-morning wholesale delivery and bread subscription distinguish it from supermarket bakeries, a national bakery chain and two other independent bakeries in Frome.

The company's next 12-month objectives are to:

- Reach 120 active bread subscribers.
- Increase the wholesale customer base from six to ten independent cafés.
- Open a Saturday market stall in Bath.

These objectives will increase recurring income, broaden the wholesale base and introduce the bakery to customers beyond Frome. Growth will be managed around production capacity and the need to maintain consistent product quality and delivery times.

Hollow Oak Bakery is owned and run by its founder, Sam Ellery, a baker with 12 years' experience, including five years at a London artisan bakery. A part-time counter assistant supports customer service and day-to-day retail operations.

This plan is for internal planning and strategy. It sets out the bakery's target customers, competitive position, revenue model and first-year sales assumptions. It will be used to schedule production, monitor subscriber and café growth, assess the contribution of the proposed Bath stall and ensure that expansion remains operationally manageable.

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Business Overview

Hollow Oak Bakery is a founder-owned limited company formed in 2024. It operates from Frome, Somerset, producing and selling artisan sourdough bread and pastries. Its activities cover bakery production, direct retail, wholesale supply to hospitality businesses and a weekly subscription service.

[Add: company number, exact incorporation date, registered office and registered SIC classification.]

The company is at the early trading stage and already earns revenue from three routes to market. It sells over the counter to households and visitors, supplies local independent cafés each day and fulfils recurring household subscriptions. The business therefore has an established customer base rather than being a pre-launch venture.

The company operates with a small team of between two and five people. Its core identified roles are the founder-baker and a part-time counter assistant. The founder remains closely involved in production and the operation of the business. This structure keeps responsibility clear but also makes production continuity dependent on a small number of people.

Management Team

Founder and owner Sam Ellery leads Hollow Oak Bakery. Sam has 12 years' professional baking experience, including five years at a London artisan bakery. This background provides the technical knowledge needed to manage sourdough fermentation, daily production, product consistency and bakery workflow. Sam also oversees the commercial operation, including wholesale relationships, subscriptions and planned expansion.

The part-time counter assistant supports over-the-counter service and routine retail activity. This allows the founder to concentrate more consistently on baking, order fulfilment and customer accounts during production hours.

As sales increase, working hours and responsibilities will be planned around early-morning baking, deliveries, counter service and the proposed Saturday market operation. The company will monitor whether its current staffing level can support this workload without weakening quality or delivery reliability.

Mission and Short-term Objectives

Hollow Oak Bakery's mission is to provide Frome households, visitors and independent cafés with freshly baked, long-fermented sourdough through dependable local retail, delivery and subscription services.

Over the next 12 months, the company will deliver the subscriber, wholesale and Bath market expansion targets set out in the Executive Summary. Progress will be measured through active subscriptions, café accounts, retail transactions and market-stall sales. Production capacity and service reliability will be reviewed as each channel grows.

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Products and Services

Counter Sales

Customers can buy sourdough bread and pastries directly from Hollow Oak Bakery. Products are baked on site each morning and sold fresh over the counter. The offer serves households buying bread for home, regular local customers and weekend visitors looking for food produced in Frome.

The main customer benefit is access to freshly baked, long-fermented sourdough without ordering in advance. Pastries broaden the purchase occasion beyond a standard household bread shop and help the bakery serve customers seeking an immediate breakfast, snack or take-home product.

Wholesale Bread

The bakery supplies bread to six independent cafés. Orders are delivered before 7am, allowing cafés to receive bread before their main trading period. The cafés are invoiced monthly, creating a straightforward business-to-business purchasing arrangement.

Wholesale customers gain a locally produced sourdough offer without needing their own bread production operation. Early delivery means products are available for opening and morning service. Regular supply also helps cafés plan menus and daily stock levels.

The company will expand this service selectively. New accounts must fit the existing delivery route and production schedule so that growth does not compromise timing or consistency. The bakery's objective is to build a larger base of independent café accounts rather than rely on one high-volume customer.

Weekly Bread Subscription

Subscription households receive bread each week under a recurring arrangement. The service gives customers a regular supply and reduces the need to visit the bakery speculatively. For Hollow Oak Bakery, advance demand supports more accurate production planning and lowers uncertainty over weekly sales volumes.

The subscription is currently a point of difference in Frome. Its value comes from convenience, consistency and access to bread baked locally each week. The company will focus on reliable fulfilment as subscriber numbers increase.

Planned Market Sales

Hollow Oak Bakery will add a Saturday market stall in Bath during the next 12 months. The stall will extend the existing bread and pastry offer to a nearby market audience rather than introduce an unrelated product range. It will also provide a controlled way to test demand outside Frome.

Any further additions will remain closely related to the bakery's current production skills and capacity. New formats will be introduced only where they can use the existing bake efficiently and maintain the quality of the core sourdough range.

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Target Market

Hollow Oak Bakery serves a local consumer and business market centred on Frome. Its planned Saturday presence in Bath will create a limited regional extension, but the bakery's main market will remain customers who value fresh local production and can be served through the bakery, its delivery route or a nearby market stall.

Local Households

Local households form the core retail and subscription market. Their needs include fresh bread for regular home use, convenient purchasing and dependable availability. Buying triggers include the morning bake, preference for long-fermented sourdough, the convenience of a standing weekly subscription and the desire to buy from a bakery based in Frome.

This segment includes frequent counter customers and households prepared to commit to regular weekly purchases. Subscribers are particularly valuable because their orders are predictable. Retention will depend on consistent bread quality and reliable fulfilment rather than one-off promotional activity.

Weekend Visitors

Frome attracts weekend visitors who can purchase bread and pastries while in the town. These customers are less likely to buy every week, but they create additional demand during busier trading periods. Their buying decisions are likely to be immediate and product-led, influenced by freshness, products being baked on site and the availability of pastries as well as take-home bread.

The market stall in Bath will target a similar type of customer: people already visiting a Saturday market and willing to buy artisan bakery products directly from the producer. The stall will extend geographic reach without requiring a permanent second bakery premises.

Independent Cafés

The business-to-business market consists of independent cafés that need bread ready for morning service. These customers require consistent supply, dependable delivery and products that fit their own food offer. A café may consider changing supplier when it wants locally produced sourdough, experiences unreliable delivery or needs to improve the quality and distinctiveness of its menu.

The relevant wholesale market is local rather than national. Delivery before opening time places a practical limit on the area that can be served efficiently. The strongest prospects are cafés that can be incorporated into an economical early-morning route from Frome.

Market Context

Hollow Oak Bakery operates within a mixed market of supermarkets, chain bakeries and independent producers. Supermarkets compete on convenience, range and price. Chains offer familiarity and accessible locations. Independent bakeries compete more directly on freshness, production method, local identity and customer relationships.

Demand at Hollow Oak Bakery's scale is shaped less by the size of the national bread market than by repeat purchasing in Frome and the density of suitable café accounts within the delivery area. The company's growth will therefore come from increasing local purchase frequency, converting more households to subscriptions and adding a controlled number of wholesale customers. Bath provides a nearby test market with weekend footfall, while retaining a manageable connection to the company's existing local operation.

Market Research

Local market size and direction

Hollow Oak Bakery's immediate consumer market is Frome and its surrounding settlements. The 2021 Census recorded a population of approximately 29,000 in Frome's built-up area. This provides a substantial year-round household base within a compact delivery and collection area. Bath has a population of about 100,000, based on census and local authority data, as well as a larger visitor economy. The planned Saturday stall will therefore test a materially larger market without the cost of permanent premises.

Bread is a frequent household purchase, but the relevant opportunity is the smaller premium segment for fresh, locally made and artisan products. Industry reporting from bakery trade bodies and grocery market analysts indicates continued consumer interest in sourdough, provenance and higher-quality bread. This sits alongside pressure on household budgets, which makes artisan products more exposed to discretionary spending cuts than standard supermarket bread.

The local wholesale market is narrower. It consists principally of independent cafés within an economical early-morning delivery radius. Growth depends on winning individual accounts and fitting them into a reliable route rather than capturing a share of a large national market.

Trends and growth areas

Subscriptions and advance ordering are useful growth areas because they combine customer convenience with predictable production. Regular commitments also reduce the risk of baking too much or selling out early. Digital reminders, recurring payments and simple collection arrangements support this model.

Hospitality businesses increasingly use locally produced ingredients to differentiate menus and demonstrate provenance. This creates an opening for wholesale sourdough, although cafés remain sensitive to portion cost, consistency and delivery reliability.

Food markets continue to provide small producers with access to customers who are already prepared to browse and buy specialist products. Bath offers stronger footfall potential than the bakery's home market, but stall economics will depend on attendance, weather and the amount of unsold stock returned.

Customer behaviour and buying criteria

Households choose artisan bread primarily on taste, freshness, texture, convenience and perceived quality. Availability matters because customers may switch to a supermarket or another bakery if their preferred loaf is repeatedly sold out. Subscription customers also expect straightforward collection

and dependable weekly fulfilment.

Weekend customers make faster, visual purchasing decisions. Product display, aroma, visible freshness and card-payment convenience influence conversion. Pastries can increase impulse purchases, while bread provides a take-home purchase.

Cafés assess product consistency, wholesale cost, delivery timing, order flexibility and responsiveness when quantities change. A dependable service is likely to carry more weight than a small price difference because a missed delivery can affect the café's own opening service.

Seasonality and barriers to entry

Retail and market demand is likely to be strongest at weekends, during visitor periods and before major holidays. Poor weather may reduce market footfall. Café orders may fall during holiday closures, while household subscriptions can pause when customers travel. Production planning will use advance orders and conservative market-stall quantities during untested periods.

Entry at a small scale is possible, but sustained competition requires baking skill, suitable food premises, specialist equipment, early working hours and control of fermentation. Building repeat custom and operating a dependable pre-opening delivery route create further practical barriers.

Regulation and standards

The bakery must remain registered as a food business with the relevant local authority and maintain a food safety management system based on Hazard Analysis and Critical Control Point principles. Food Standards Agency guidance, including *Safer Food, Better Business*, provides an appropriate framework for records, cleaning, temperature control and contamination prevention.

Customers must receive accurate information about the 14 regulated allergens. Products prepacked for direct sale require full ingredient labelling with allergens emphasised; loose products also require accessible allergen information. Traceability records must allow ingredients and affected products to be identified if a withdrawal is needed.

The company must also comply with food hygiene inspections, weights and measures requirements where products are sold by weight, workplace health and safety duties and food-contact packaging standards. The Bath stall will require the relevant market approval and must follow the same hygiene, allergen and traceability controls as the Frome operation.

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Competitive Advantage

Competitive Alternatives

Hollow Oak Bakery competes with three main types of provider.

- **Supermarket in-store bakeries** offer convenient one-stop shopping, broad availability and products that customers can buy alongside their normal groceries. They are a strong alternative where convenience and price are the main priorities.
- **A national bakery chain** provides a familiar range, standardised products and an established retail presence. It competes for customers seeking quick purchases, pastries and bread from a recognised operator.
- **Two independent bakeries in Frome** are the closest direct alternatives. Like Hollow Oak Bakery, they can appeal to customers who prefer locally made products and personal service.

Customers can also choose not to use a specialist bakery, buying packaged bread through ordinary grocery shopping instead. Hollow Oak Bakery must therefore justify both the choice of supplier and the decision to buy artisan bread.

Hollow Oak Bakery's Advantages

The company's main product advantage is long-fermented sourdough baked on site every morning. This combines a distinct production method with visible freshness. Sam Ellery's 12 years of baking experience supports consistency and gives the company practical knowledge that cannot be reproduced simply through branding or shop presentation.

For wholesale customers, delivery before 7am is a clear operational benefit. Cafés receive bread before opening and can use it in morning service. This advantage depends on disciplined production and delivery rather than product claims alone. A competitor could offer early delivery, but doing so consistently requires suitable staffing, baking schedules and an efficient local route.

The weekly bread subscription is the company's strongest current service distinction because no other bakery in Frome offers the same arrangement. It provides convenience to households and predictable demand for the company. The model itself can be copied, so its longer-term defensibility will depend on reliable fulfilment, subscriber retention and the customer relationships built before competitors respond.

The proposed Bath stall will give the bakery access to a new audience while keeping the business focused on its existing products. Its commercial value still needs to be proven. Performance will depend on market attendance, sales achieved per Saturday and the additional production and staffing required.

Hollow Oak Bakery's competitive position rests on the combination of baking experience, daily on-site production, early café delivery and subscription convenience. Each element can be matched individually, but reproducing the complete operating model consistently is more difficult.

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SWOT Analysis

Strengths

- Three sales channels balance immediate, recurring and trade income.
- Advance subscription orders improve production visibility and reduce waste risk.
- The founder has the technical skill to control a demanding fermentation process.
- Early delivery solves a clear operational problem for café customers.
- Existing trade relationships provide references for further account acquisition.
- Bath can be tested without committing to permanent second premises.

Weaknesses

- Production continuity depends heavily on the founder.
- A small team has limited cover for illness, holidays and simultaneous sales activity.
- Fresh products have a short selling period and expose the company to waste.
- Early production and delivery constrain available staffing hours.
- The Bath stall adds workload before its weekly contribution is proven.
- Current premises and equipment capacity have not yet been tested at target volumes.

Opportunities

- Recurring household orders can become a larger share of predictable income.
- Additional cafés can improve route productivity where they are geographically close.
- Bath market customers provide access to a larger nearby population.
- Café collaborations can introduce the bakery to new household customers.

- Better customer data can support renewal reminders and targeted weekly offers.
- Production planning can improve as advance-order volumes increase.

Threats

- Cost-conscious customers may trade down to supermarket bread.
- Local competitors could introduce similar subscription arrangements.
- Flour, butter and energy cost increases may reduce gross margin.
- Bad weather or weak attendance may make the market stall uneconomic.
- A failed bake or vehicle problem could disrupt several channels at once.
- Food safety or allergen errors could cause serious reputational damage.

The company will use predictable orders and route-based growth to fund measured expansion. Additional production and market support will reduce founder dependency, while close monitoring of waste, retention and stall contribution will identify underperformance early.

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Marketing and Sales Strategy

Positioning

Hollow Oak Bakery will position itself as a dependable local producer rather than compete with supermarkets on price or chains on range. Marketing will focus on the qualities customers can verify: bread made in Frome, a regular production rhythm, advance ordering and reliable supply to hospitality businesses.

Messages will differ by audience. Household communications will lead with freshness, convenience and assured weekly availability. Café outreach will focus on consistency, early delivery and ease of ordering. Bath promotion will emphasise that products are made by the bakery rather than bought in for resale.

Customer acquisition channels

The principal consumer channels will be the bakery counter, email, social media, local search listings and printed material placed in relevant local venues. These channels suit a geographically concentrated customer base and can be managed on a modest budget. Email will be used for subscription recruitment, collection reminders and occasional availability updates. Social content will show the daily bake, explain products and announce Bath market dates.

Counter staff will invite regular customers to join the subscription using a simple card or QR code. A controlled referral offer will reward an existing subscriber only when a referred household completes its first paid collection. This keeps acquisition spending tied to a completed sale.

Wholesale acquisition will be direct. The founder will identify independent cafés that fit the delivery area, check their menu and opening times, and contact the owner or manager. Suitable prospects will receive a sample and a clear ordering proposal. Outreach will prioritise route density rather than distant accounts.

The Bath stall will be promoted through the market organiser's listings, the bakery's existing channels and location-based social advertising before each trading date. Permanent advertising expenditure will increase only after the stall demonstrates repeatable sales.

Sales and retention process

Consumer enquiries will lead to a counter purchase, subscription sign-up or confirmation of the next Bath date. New subscribers will receive clear collection instructions and payment confirmation. The company will track active members, pauses and cancellations each week. A missed collection will prompt a short reminder rather than additional production without confirmation.

For cafés, the process will move from qualification to sample, agreed product quantities, first delivery and a four-week review. Orders and delivery instructions will be recorded centrally. Each account will then receive periodic contact to resolve service issues and identify sustainable increases in volume.

Pricing will remain consistent across channels according to the service and quantity involved. Wholesale rates will reflect repeat volume and delivery efficiency. Consumer discounts will be limited to measurable referral or trial activity. The company will review prices when ingredient, labour or energy changes materially affect unit contribution.

Marketing activity budget

Activity	Indicative monthly budget	Measure of success
Email, local search and social content	£150	Enquiries, sign-ups and tracked website actions
Local print and counter materials	£70	QR scans and subscription conversions
Subscriber referral incentive	£100	Paid customers acquired and 12-week retention
Café samples and direct outreach	£80	Qualified meetings and accounts opened
Bath listings, local advertising and signage	£140	Stall transactions and contribution per Saturday
Total	£540	Acquisition cost and revenue by channel

Marketing performance will be reviewed monthly. Activity that produces attention without sales or retained customers will be reduced, with spending redirected to referrals, local search or direct café acquisition where results can be measured.

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Operations Plan

Premises and equipment

Production will continue from the company's existing Frome premises. The bakery will use its current bread and pastry equipment for mixing, fermentation, shaping, proving and baking. Capacity will be reviewed weekly against oven loading, bench space, cold storage and the labour hours required before opening.

[Add: premises tenure, principal equipment, current rated production capacity and any planned maintenance dates.]

A planning allowance of £4,000 is included in Year 1 cash flow for the Bath stall. This covers the expected need for a canopy, tables, display equipment, transport crates, signage and a dedicated card-payment device. The final purchase will follow confirmation of the market place and its equipment rules.

Production and fulfilment

The next day's bake will be planned from confirmed subscriptions, café orders and expected counter demand. Trade and subscription quantities will be allocated first because they represent committed orders. Retail and market quantities will then be set using recent sales and waste records.

Production will follow a written schedule covering dough preparation, fermentation, shaping, baking, cooling and packing. Café orders will be labelled and checked before loading in route order. Subscription products will be separated by customer or collection list. Bath stock will be packed to protect product quality during transport and counted before departure.

Wholesale deliveries will remain concentrated on an efficient route. A new café will be accepted only after its delivery window, order level and additional journey time have been assessed. The market stall will launch in Q3 for forecasting purposes. Initial quantities will be conservative until several Saturdays of sales data are available.

Suppliers and quality control

The company will maintain approved suppliers for flour, other ingredients, packaging and cleaning materials. Orders will be based on the production plan, minimum stock levels and ingredient shelf life. A secondary source will be identified for critical flour and packaging items so that a single missed delivery does not stop production.

Quality checks will cover ingredient condition, fermentation, bake colour and structure, product count, labelling and dispatch time. Cleaning, allergen controls and traceability records will form part of the daily close. Complaints, returns and delivery failures will be logged and reviewed for recurring causes.

Waste will be recorded by product and sales channel. This will inform the following week's retail and stall quantities rather than lead to automatic production increases.

Systems and staffing

A shared order record will hold café quantities, delivery instructions and subscriber collections. Separate weekly reporting will track transactions, channel revenue, waste, active subscriptions and staff hours. Accounting software will record invoices and outstanding trade balances. Card settlements and subscription receipts will be reconciled to the bank.

Sam Ellery will retain responsibility for production standards, scheduling and key trade relationships. The current counter assistant will continue to support retail service. An assistant baker will be recruited in Q2 to provide production capacity and cover. A part-time Saturday market assistant will be in place before the assumed Q3 launch, allowing production and stall sales to operate without relying on one person.

The main dependencies are the founder's availability, functioning bakery equipment, ingredient supply, transport for early deliveries and Bath market approval. Contingency arrangements will include preventive maintenance, backup suppliers, documented production procedures and access to alternative local transport.

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Revenue Model

Hollow Oak Bakery earns income from retail sales, wholesale café accounts and weekly household subscriptions. The planned Bath market stall will form an additional retail outlet rather than a separate product line.

Retail Revenue

Over-the-counter bread and pastry sales have an average basket value of £9. Revenue depends on the number of customer transactions, the bakery's opening pattern and the quantity available after wholesale and subscription orders have been fulfilled. Retail provides immediate income but carries greater day-to-day demand uncertainty than advance orders.

The Bath stall will use the same retail model. Its contribution will depend on Saturday transaction volumes and whether the additional sales exceed the costs of stock, staffing, transport and market attendance.

Wholesale Revenue

Each café account generates about £350 per month and is invoiced monthly. The current account base creates repeat business and a visible forward workload. Adding café customers increases monthly revenue, but each new account also adds production volume, delivery time and route complexity.

Profitability will improve where new cafés can be added to the existing early-morning route without a disproportionate increase in delivery time. Concentration will be monitored so that the business does not become dependent on one account.

Subscription Revenue

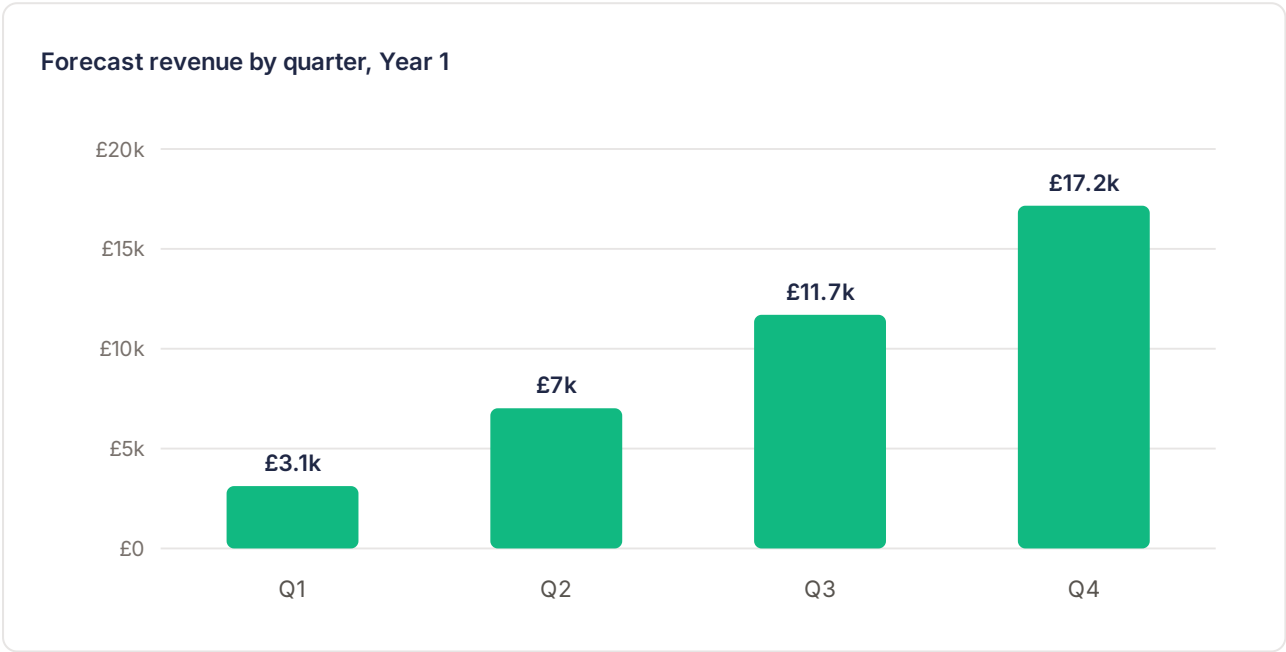
The weekly bread subscription costs £12. This stream provides recurring revenue and supports production planning because subscriber demand is known in advance. Its financial value depends on active subscriber numbers, retention and consistent weekly fulfilment.

Costs and Route to Profitability

The main cost drivers are flour and other ingredients, bakery labour, energy used for production, premises overheads, packaging and early-morning deliveries. Expansion into Bath will add transport, stall and staffing costs. Waste is also commercially important because unsold fresh products have a limited selling period.

The route to stronger profitability is to increase predictable subscription and wholesale income while using each production run efficiently. Retail and market sales can then provide additional margin from the same bake, provided production is matched carefully to demand. The company will monitor revenue by channel, ingredient usage, waste, delivery time and labour requirements. Growth will be slowed if new sales require more operating cost than their contribution supports.

Year 1 Sales Forecast



- Q1 revenue is set close to the top of the current monthly turnover range over three months.
- Retail sales use the existing £9 average basket. Basket volumes rise gradually, with additional growth after the assumed Bath stall launch in Q3.
- Wholesale starts with six cafés. The forecast assumes an average of seven in Q2, eight in Q3 and 9.5 in Q4, reaching ten accounts by year end.
- Wholesale income remains approximately £350 per café per month.
- Subscriber numbers are forecast to average 20 in Q1, 45 in Q2, 75 in Q3 and 110 in Q4, reaching 120 active subscribers by year end.
- Each quarter contains 13 subscription weeks at £12 per week.

Quarter	Customers or units	Average price	Revenue
Q1	2,287 baskets	£9	£20,583
Q1	18 café-months	£350	£6,300
Q1	260 subscriber-weeks	£12	£3,120
Q2	2,400 baskets	£9	£21,600
Q2	21 café-months	£350	£7,350
Q2	585 subscriber-weeks	£12	£7,020
Q3	2,800 baskets	£9	£25,200
Q3	24 café-months	£350	£8,400
Q3	975 subscriber-weeks	£12	£11,700
Q4	3,200 baskets	£9	£28,800
Q4	28.5 café-months	£350	£9,975
Q4	1,430 subscriber-weeks	£12	£17,160
Year 1 total			£167,208

Sales would be higher if the Bath stall opens before Q3, subscriber recruitment is faster or café accounts spend more than the present monthly average. Sales would be lower if production capacity restricts availability, the stall opens later or subscriber retention is weaker than assumed.

These figures are illustrative estimates based on the information provided. They are not a guarantee of future performance and are not financial advice.

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Three-Year Financial Projections

Key assumptions

- Year 1 revenue follows the quarterly sales forecast and totals £167,208.

- The opening cash balance of £12,000 is a planning assumption representing existing company resources.
- Year 1 cost of sales is assumed at 30% of revenue, covering ingredients, direct packaging, payment charges and other volume-related costs.
- Year 2 assumes 13,600 retail baskets at an average £9.27, ten cafés trading throughout the year at £361 per month, and an average of 125 subscribers paying £12.36 for 52 weeks.
- Year 3 assumes 14,800 retail baskets at an average £9.55, 12 cafés at £372 per month, and an average of 140 subscribers paying £12.73 for 52 weeks.
- The Year 2 gross margin rises to 71% through higher planned volumes, purchasing efficiency and tighter waste control. It returns to 70% in Year 3 as ingredient and packaging costs increase.
- Staff costs include the current team, an assistant baker recruited in Q2 and part-time market support from Q3. Year 2 includes a full year of these roles; Year 3 allows for additional hours as capacity is approached.
- Premises costs rise separately from sales. Marketing increases after the Bath test, while other overheads grow with energy use, delivery activity, stall fees, repairs and administration.
- The projections assume that the existing premises and core bakery equipment can support the stated Year 3 volumes. Expansion beyond this level will require a separate capacity review.
- Figures are rounded to the nearest pound.

Line	Year 1	Year 2	Year 3
Revenue	£167,208	£249,732	£287,582
Cost of sales	£50,162	£72,422	£86,275
Gross profit	£117,046	£177,310	£201,307
Gross margin (%)	70%	71%	70%
Staff costs	£52,000	£76,000	£88,000
Premises	£18,000	£19,000	£20,000
Marketing	£6,500	£8,400	£9,000
Other overheads	£31,000	£38,000	£42,000
Total overheads	£107,500	£141,400	£159,000
Operating profit	£9,546	£35,910	£42,307

Year 1 cash flow

Retail, subscription and market receipts are assumed to clear in the quarter of sale. Cafés are assumed to pay one month after delivery. Q1 includes collection of an opening month's trade receivables at the initial café run-rate, while the final month of Q4 remains outstanding at year end.

Cash out includes operating expenditure in the quarter paid and a £4,000 equipment purchase in Q2 for the Bath stall. No external funding is assumed.

Quarter	Opening cash	Cash in	Cash out	Funding received	Closing cash
Q1	£12,000	£30,003	£34,000	£0	£8,003
Q2	£8,003	£35,620	£39,500	£0	£4,123
Q3	£4,123	£44,950	£43,500	£0	£5,573
Q4	£5,573	£55,410	£44,662	£0	£16,321

The principal sensitivities are subscriber retention, Bath stall performance and the company's ability to add production without disproportionate labour cost. A five-percentage-point deterioration in gross margin would reduce Year 1 operating profit by about £8,400. Slower customer growth would also tighten cash in Q2, when the stall equipment and recruitment costs are incurred.

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Funding and Use of Funds

Hollow Oak Bakery is not seeking external funding under this plan. Year 1 growth will be financed from existing company cash and receipts generated by trading. The cash-flow projection assumes £12,000 is available at the beginning of the year and that no loan, investment or owner contribution is received during the period.

The growth programme is designed to limit fixed commitments. New subscriptions use the existing collection model. Additional café accounts will be accepted only where they fit the production schedule and delivery route. The Bath operation will begin as a weekly stall rather than permanent premises, keeping the initial equipment requirement and ongoing occupancy cost contained.

Cash management will focus on four controls:

- Collecting consumer sales at the point of purchase.
- Monitoring café invoices and following up overdue balances promptly.
- Matching ingredient purchasing and production to confirmed and recent demand.
- Retaining cash generated in the stronger second half of Year 1 as working capital.

The projected low point is the end of Q2, when closing cash falls to £4,123 after the planned market equipment purchase and initial recruitment costs. The company will therefore confirm that sufficient cash remains available before placing non-essential equipment orders. If customer receipts arrive later than assumed, the Bath launch will be phased or discretionary marketing expenditure reduced rather than supported by unplanned borrowing.

Outside funding may become useful if the business reaches the production limit of its current premises or needs a larger oven, additional refrigeration, a delivery vehicle or a second permanent site. Any such investment will be considered only after the company has evidence of retained subscriptions, profitable café routes and repeatable Bath sales. The funding requirement would then be based on supplier quotations, installation costs, additional working capital and the cash contribution available from operations.

No repayment or investor-return provision is included because no external capital is assumed. The forecast closing cash balance is retained within the business to support seasonal variation, equipment maintenance and the timing gap on café receipts.

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Risk Analysis

Risk	Likelihood	Impact	Mitigation
Subscriber recruitment or retention falls below forecast	Medium	High	Track sign-ups, pauses and cancellations weekly; adjust production and acquisition spending quickly.
Bath stall produces weak sales or excessive waste	Medium	Medium	Start with conservative quantities, measure contribution per Saturday and stop or reduce attendance if results remain poor.
Founder illness or absence interrupts production	Medium	High	Recruit an assistant baker, document production schedules and train cover for essential daily tasks.
Flour, butter, energy or packaging costs rise	High	Medium	Review supplier terms, monitor unit cost monthly, reduce waste and change prices where contribution becomes inadequate.
Bakery equipment failure stops or delays the bake	Medium	High	Follow preventive maintenance schedules, retain repair contacts and identify access to alternative production support.
Café customers pay late or close unexpectedly	Medium	Medium	Monitor aged receivables, follow up promptly and avoid excessive reliance on any single account.
Food safety, allergen or labelling failure	Low	High	Maintain documented controls, staff training, ingredient traceability, label checks and complaint escalation procedures.
Delivery or transport failure affects cafés or the market	Medium	Medium	Load in route order, maintain the vehicle and keep alternative local transport arrangements available.
A quality or service failure damages local reputation	Medium	High	Record complaints, respond promptly, replace affected products where appropriate and investigate recurring causes.

The most significant risks are founder dependency, food safety failure and sales growth that outpaces production capacity. Early warning signs include missed delivery times, rising staff hours per unit, repeated product inconsistency, increasing waste, subscriber cancellations and overdue café invoices.

Important information

This plan sets out the business, its market and its plans as understood at the date shown on the cover. Forecasts, market descriptions and other forward-looking statements are estimates based on the information available and on stated assumptions. Actual results may differ.

This document is not financial, legal or tax advice. Anyone relying on it for a lending, investment or other decision should make their own enquiries and take independent professional advice where appropriate.

Company details are taken from the public register at Companies House where available.

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