

Annual General Meeting

21 June 2018

Benenden's

SHOP, CAFÉ, AND POST OFFICE

Agenda

Meeting opens	7:45
Management Committee Membership	7:50
Annual Report & Accounts	8.00
Motions: 1. To adopt Report & Accounts 2. Not to require an Audit	8.30
Operational issues Membership report & strategy	8.35
Vote of Thanks & Close	8.45

Management Committee Membership

- Committee members during the year were:
 - Martin Pexton (Chairman and Treasurer)
 - Paul Tolhurst (Deputy Chairman)
 - Nancy Tolhurst
 - Grant Matthews
 - Ken Anderson
 - Bev Beveridge
 - Deborah Jenkins (Secretary)
- Martin is standing down as Chair, but will remain Treasurer
- Nominees as new Committee members:
 - Sally-Ann Marks, Peter Ellis
- We do not need to hold an election.

Report & Accounts

Martin Pexton

Year to 31 March 2018

Profit & Loss

Year to 31 March 2018

£

Sales Revenue	433,550
Cost of Sales	(297,294)
<u>Gross Profit</u>	<u>136,256</u>
Revenue Grants received	-
Post Office commission	7,539
Grants released to P&L	7,084
Other Income	-
Admin expenses and loan interest	(127,472)
<u>Net Profit</u>	<u>23,407</u>

Profit & Loss Comparison

	£ 2018	£ 2017
Sales Revenue	433,550	394,190
Cost of Sales	(297,294)	(290,567)
<u>Gross Profit</u>	<u>136.256</u>	<u>103.623</u>
Post Office commission	7,539	7,360
Grant income released to P&L account	7,084	6,364
Other	-	742
Admin expenses and loan interest	(127,472)	(115,759)
<u>Net Profit (Loss)</u>	<u>23.407</u>	<u>2.330</u>
Balance brought forward	<u>(10.344)</u>	<u>(12.674)</u>
Balance carried forward	<u>13.063</u>	<u>(10.344)</u>

2017 -18 sales

Daily average direct shop and café sales	£1,200	(£1,080)
Monthly average direct shop and café sales	£35,500	(£32,200)
Monthly Post Office commission	£600	(£600)
Monthly average total income	£36,500	(£33,500)

- Turnover is noticeably seasonal
- Best months – June and July @ £40,000
- Worst month – January @ £30,000
- Sunday sales are very variable – café marginally profitable at times

Behind the turnover

- We sell about 5,000 items per week
- Average spend per item is about £1.75
- Average spend per transaction is about £4.50
- Largest departmental sales by value are:
 - Café (20%), Tobacco (10%), Bakery (10%),
Newspapers (8%) and Alcohol (8%)
- Shop gross margin is over 20% (tobacco 5-6%)
- Café gross margin is over 60%

Gross profit illustration

Overall shop and café turnover	£433,000
Overall gross profit	£136,000
Overall gross profit margin	31%
Shop turnover (80% of total)	£346,000
Shop gross profit	£80,000
Shop gross profit margin	23%
Café turnover (20% of total)	£87,000
Café gross profit	£56,000
Café gross profit margin	64%

Balance sheet comparison

As at 31 March 2018	£ 2018	£ 2017
Fixed Assets	<u>68,750</u>	<u>76,666</u>
Current Assets		
Stock	20,472	16,621
Debtors	1,812	2,297
Cash	57,076	51,057
	<u>79,360</u>	<u>69,975</u>
Creditors – due within 1 year	49,187	64,252
<u>Net current assets</u>	<u>30,173</u>	<u>5,723</u>
<u>Total assets less current liabilities</u>	<u>98,923</u>	<u>82,389</u>
Creditors – due after more than 1 year	-	6,873
	<u>98,923</u>	<u>75,516</u>
Capital & Reserves		
Called up share capital	85,860	85,860
Profit & Loss Account	13,063	(10,344)
<u>Members' Funds</u>	<u>98,923</u>	<u>75,516</u>

Balance sheet – fixed assets

Net Book Value at 31 March 2018

£

Leasehold property improvements	42,817
Fixtures, fittings, equipment	20,263
Computer equipment	5,670
<u>Total</u>	<u>68,750</u>

Balance sheet – creditors

At 31 March 2018

Falling due within 1 year

£

Trade creditors	9,603
Kent Community Foundation loan	6,861
PAYE & Social Security	2,539
VAT	4,687
Other creditors	855
Deferred income*	24,642
<u>Total</u>	<u>49,187</u>

Falling due after more than 1 year

Kent Community Foundation loan

-

* Grants to be released to P&L against depreciation charge

Overhead comparison

	£2018	£2017
Salaries & pensions	79,993	75,758
Depreciation (non-cash)	16,163	14,009
Power	7,000	6,322
Rent, rates & water	5,720	2,470
Credit card & bank charges	3,047	2,294
Cleaning & waste disposal	2,869	2,810
Telephone & internet	2,359	2,386
Other overheads	9,371	8,839
Loan interest	950	871
TOTAL	<u>127,472</u>	<u>115,759</u>

Cash and Grants 2017-18

- We had £57k cash at 31 March 2018 (March 2017 £51k)
- Current cash is £10k+ lower after kitchen refurb
- We have repaid £12k of a loan from Kent Community Foundation and have £7k further to repay over the next year
- We received no new grants during 2017-18
- We have just received a £3,600 grant from Tunbridge Wells BC towards the kitchen refurb

How do we sustain profitability?

REVENUE

- Continue to develop our offering
- Increase the number of customers
- Increase the number of transactions
- Increase average spend per transaction
- Pay careful attention to gross margin

COSTS

- Manage costs without compromising quality
- Invest in better equipment where we can
- Make provision for unforeseen costs

Motion on Report & Accounts

1. To adopt the Report & Accounts as presented this evening
2. Not to require a full Audit

Operational Issues

Year ending 31 March 2018

Operations

- We coped with the collapse of P&H thanks to help from volunteers
- Batley's/ Bestway is now our main supplier and is working well
- We support many local businesses
- We have added several local suppliers
- We continue to subsidise the Post Office
- We have taken action on shoplifting

Layout changes this year

We wanted to make better use of the space we have:

- We are offering a wider range of food than originally envisaged and we've made significant changes to the Café servery layout.
- The changes have improved the working environment, and enable us to operate more effectively.
- We reduced the wine area by taking out the higher end wines

We invested in additional equipment:

- We added retail shelf space and storage in the cellar;
- We invested significantly in new fridges & freezers.
- We improved the summer heat problem through portable air conditioning units

Management issues

- Mel Harris has led a great team for 3 years
- We added a fourth Assistant Manager role in the Shop by splitting the job
- Cover is still an issue, especially on the Post Office
- Not all our new hires worked out
- We increased staff salaries on 1 April 2018

Volunteers

- Volunteers are crucial to financial viability and to the community atmosphere
- We currently have about 60 volunteers, of whom 40 are really active
- We need a steady supply of new people
- Gaps in cover are a concern, especially the last shift of the day
- Experience from other community shops shows that volunteering is the No 1 issue
- We try to make it fun

Membership

Year ending 31 March 2018

Membership approach

- We promised to provide the opportunity for new villagers (and those that reach 16) to participate in the Shop. We have launched a Membership scheme (£10 and upwards) with similar terms as the initial Share offers. Application forms available on the website, and from the Shop;
- We want to keep you up to date with progress. We'll continue to publish regular updates to Shareholders, we have a regular slot each month in the Parish Magazine, and we'll keep using the website, and social media as appropriate.

How we will use surpluses?

Surpluses will be used to build up reserves, support good causes and redeem shares:

- Carried forward tax losses of £7k will help to shield profits;
- *Reserves* needed to fund improvements and avoid cash flow problems;
- Donations to *Charity* come out of pre-tax income;
- *Share redemptions* possible after 3 years at Management Committee discretion

Questions for the Committee

Benenden's

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