

# Annual General Meeting

27 June 2019

*Benenden's*

SHOP, CAFÉ, AND POST OFFICE

# Agenda

Meeting opens	7:30
Management Committee Membership	7:35
Annual Report & Accounts	7:40
Motions: 1. To adopt Report & Accounts 2. Not to require an Audit 3. Rule change	8.10
Surpluses Operational issues Membership report & strategy	8.20
Vote of Thanks & Close	8.45

# Management Committee Membership

## **Committee members 2018/19**

Paul Tolhurst (Chairman)

Martin Pexton (Treasurer)

Nancy Tolhurst

Grant Matthews

Deborah Jenkins (Secretary)

Ken Anderson

Bev Beveridge

Sally-Ann Marks

Peter Ellis

Paul will be standing down as Chair of the committee. The new committee will elect a new chair at the next meeting (September 2019).

We do not need to hold an election for Committee members. We would welcome expressions of interest as Committee members.

# Report & Accounts

**Martin Pexton**

**Year to 31 March 2019**

# Profit & Loss

Year to 31 March 2019

£ 2019

Sales Revenue	445,071
Cost of Sales	(301,063)
<b><u>Gross Profit</u></b>	<b><u>144,008</u></b>
Post Office commission	6,978
Grants released to P&L	7,834
Other Income	294
Admin expenses and loan interest	(145,597)
<b><u>Net Profit</u></b>	<b><u>13,517</u></b>

# Profit & Loss Comparison

	£ 2019	£ 2018
Sales Revenue	455,071	433,550
Cost of Sales	(301,063)	(297,294)
<b><u>Gross Profit</u></b>	<b><u>144,008</u></b>	<b><u>136,256</u></b>
Post Office commission	6,978	7,539
Grant income released to P&L account	7,834	7,084
Other	294	-
Admin expenses and loan interest	(145,597)	(127,472)
<b><u>Net Profit (Loss)</u></b>	<b><u>13,517</u></b>	<b><u>23,407</u></b>
Balance brought forward	<b><u>13,063</u></b>	<b><u>(10,344)</u></b>
Balance carried forward	<b><u>26,580</u></b>	<b><u>13,063</u></b>

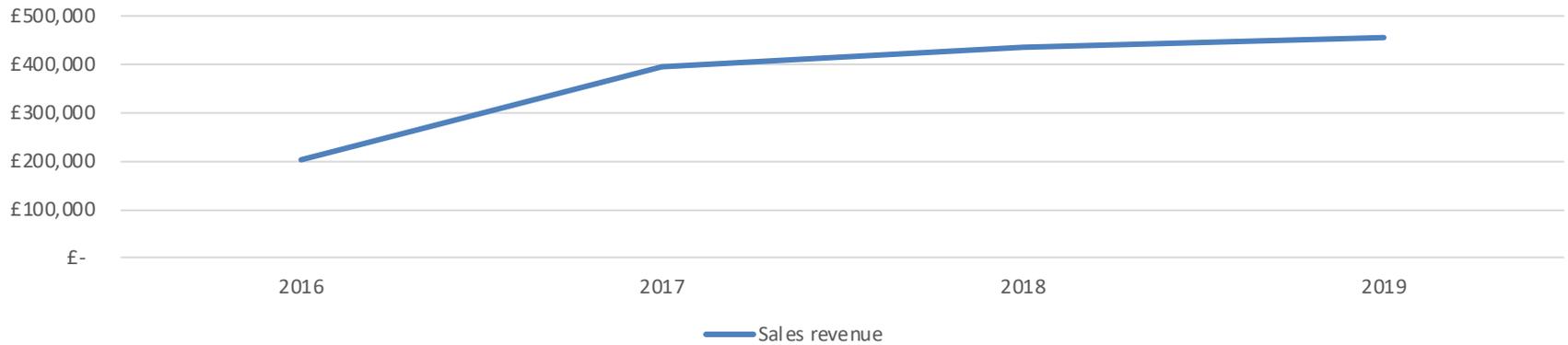
# 2018 -19 sales

	£ 2019	£ 2018
Daily average direct shop and café sales	£1,250	£1,200
Monthly average total sales	£37,000	£36,000
Monthly Post Office commission	£600	£600
Monthly average total income	<b>£37,600</b>	<b>£36,600</b>

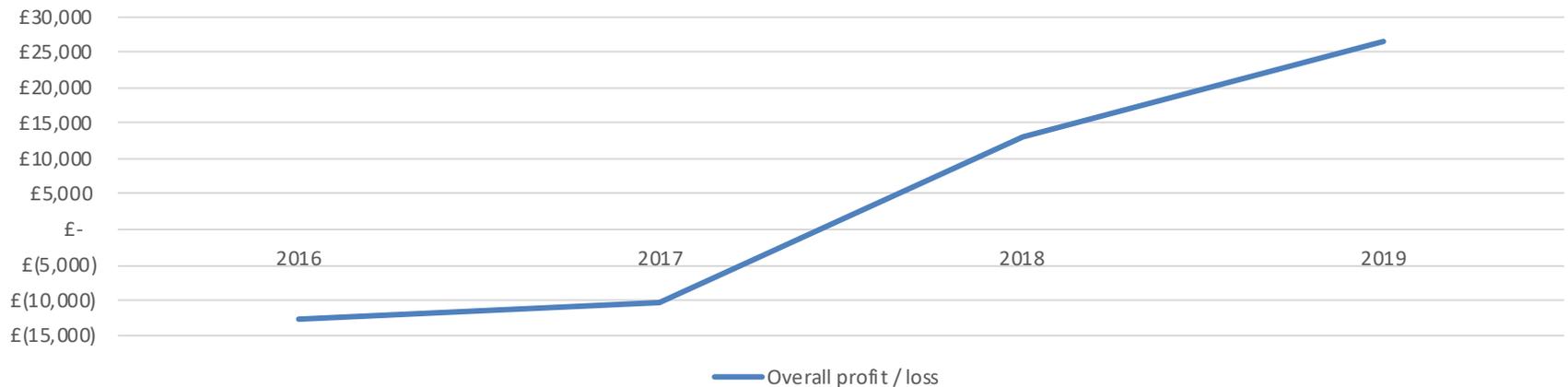
- Turnover is still noticeably seasonal, but less of a range this year
- Best months - again June and July @ £40,000+
- Worst months - January, February and April @ £33,000  
- but January was £3,000 up on last year

# Sales and Profits

## Benenden's Shop & Cafe Sales



## Benenden's Shop & Cafe Cumulative Profitability



# Gross profit illustration

**£ 2019**

Overall shop and café turnover	£445,000
Overall gross profit	£144,000
Overall gross profit margin	32%
Shop turnover (80% of total)	£356,000
Shop gross profit	£86,000
Shop gross profit margin	24%
Café turnover (20% of total)	£89,000
Café gross profit	£58,000
Café gross profit margin	65%

# Balance sheet comparison

As at 31 March 2019	£ 2019	£ 2018
<b>Fixed Assets</b>	<b><u>71,798</u></b>	<b><u>68,750</u></b>
<b>Current Assets</b>		
Stock	23,273	20,472
Debtors	1,973	1,812
Cash	55,884	57,076
	<b><u>80,830</u></b>	<b><u>79,360</u></b>
Creditors – due within 1 year	39,888	49,187
<u>Net current assets</u>	<b><u>40,942</u></b>	<b><u>30,173</u></b>
<b><u>Total assets less current liabilities</u></b>	<b><u>112,740</u></b>	<b><u>98,923</u></b>
<b>Capital &amp; Reserves</b>		
Called up share capital	86,160	85,860
Profit & Loss Account	26,580	13,063
<b><u>Members' Funds</u></b>	<b><u>112,740</u></b>	<b><u>98,923</u></b>

# Balance sheet – fixed assets

**Net Book Value at 31 March 2019**

**£ 2019**

Leasehold property improvements	42,533
Fixtures, fittings, equipment	26,714
Computer equipment	2,551
<b><u>Total</u></b>	<b><u>71,798</u></b>

NB since start-up we have invested over £125,000 on capital items

# Balance sheet – creditors

At 31 March 2019

Falling due within 1 year

£ 2019

Trade creditors	13,020
PAYE, Social Security, VAT	5,590
Other creditors	870
Deferred income*	20,408
<b><u>Total</u></b>	<b><u>39,888</u></b>

Grants to be released to P&L against depreciation charge in future years

- in 2018-19 £7,834 of grant income was released to the P&L account.

# Overhead comparison

	£2019	£2018
Salaries and pensions	85,530	79,993
Depreciation (non-cash)	17,544	16,163
Power	8,771	7,000
Rent, rates & water	5,655	5,720
Credit card and bank charges	3,711	3,047
Cleaning and waste disposal	2,853	2,869
Telephone and internet	2,293	2,359
Other overheads	12,964	9,371
Loan interest	1,029	950
<b>TOTAL ADMIN EXPENSES</b>	<b><u>140,350</u></b>	<b><u>127,472</u></b>
Charitable donation	5,247	
<b>TOTAL OVERHEAD</b>	<b><u>145,597</u></b>	

# Cash and Grants 2018-19

- We had £56k cash at 31 March 2019 (March 2018 £57k);
- We spent £20,500 on capital equipment during 2018-19, including fridges, chillers, freezers, microwave oven, air conditioning, chairs;
- We received a £3,600 grant from Tunbridge Wells BC towards the kitchen refurbishment;
- We have no loans outstanding, having paid back £19k to Kent Community Foundation.

# The taxable profit issue

	<b>£ 2019</b>
Reported profit for 2018-19*	13,517
Add back depreciation	17,544
Remove grant income taken to P&L	(7,834)
<b>Taxable profit before Capital Allowances</b>	<b>23,227</b>
Capital Allowances (NB grant-funded items disallowed)	(16,992)
<b>Taxable profit after Capital Allowances</b>	<b>6,235</b>
Tax loss brought forward from previous years	(7,008)
Tax loss carried forward	773

\*NB after charitable donation of £5,247

# Summary of our finances

- We have a healthy financial position:
  - a profit and loss account surplus of over £26,000 ;
  - cash at the year end of £56,000;
  - no loans outstanding.
- Some of our overhead costs are increasing:
  - electricity, bank charges in particular
- Our net profit margin leaves little room for error:
  - about 4% before the charitable donation
- We have used nearly all our start-up tax losses:
  - we will pay corporation tax in 2019-20 unless taxable profit reduces significantly.

# Motions on Report & Accounts

1. To adopt the Report & Accounts
2. Not to require a full Audit

# Motion: addition to Rule 9.4

Our first AGM agreed to adopt the Plunkett Model Rules. Adding to Rule 9.4 provides greater clarity on how we create benefit for the community:

## 9 ADMINISTRATIVE

### Purpose, objects and powers

- 9.1 The Society's Purpose is to carry on business for the benefit of the community.
- 9.2 The Objects of the Society are, in accordance with its Purpose:
  - 9.2.1 to carry on the business of dealing in, producing, creating, supplying and providing, property, goods and services of all kinds; and
  - 9.2.2 to engage, as principals or agents, in any other business, trade, industry or activity which seems to the Society directly or indirectly conducive to carrying out the above objects.
- 9.3 The Society has the power to do anything which appears to it to be necessary or desirable for the purposes of or in connection with its Objects.
- 9.4 In particular it may:
  - 9.4.1 acquire and dispose of property;
  - 9.4.2 enter into contracts;
  - 9.4.3 employ staff;
  - 9.4.4 make use of the services of volunteers;
  - 9.4.5 receive donations or loans free of interest for its Objects.

# Change to Rule 9.4

Proposed new rule (9.4.6) adds “[make donations](#)” to our existing powers.

Rule 9.4 would now read:

*9.4 In particular it may:*

*9.4.1 acquire and dispose of property;*

*9.4.2 enter into contracts;*

*9.4.3 employ staff;*

*9.4.4 make use of the services of volunteers;*

*9.4.5 receive donations or loans free of interest for its Objects;*

**9.4.6 make donations.**

# Motion on Rules

**I. To adopt the additional rule 9.4.6**

# Managing a financial surplus

A nice problem to have...

Paul Tolhurst

# How we will use surpluses?

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

- *Reserves* needed to fund improvements and avoid cash flow problems;
- Donations to *Charity* come out of pre-tax income:
  - We made a donation of £5K towards the new Village Playground via the Benenden Village Trust;
  - Our proposed Rule change makes this objective more explicit.
- *Share redemptions* are possible after 3 years at Management Committee discretion.

# Surpluses: Year to 31<sup>st</sup> March 2019

- The second half of the year produced more profit than expected. The committee took action:
  - Accelerating investment in new equipment;
  - Undertaking a deep clean in café;
  - Redecorating shop and café walls and fittings.
- We decided that to meet our objective as a Community Benefit Society we would contribute from our remaining surplus to the playground refurbishment managed by Benenden Village Trust.

# Options for donations

- We could establish our own charity as a vehicle to support village good causes:
  - Requires administration to set-up, and Trustees to manage;
- Village good causes outside a charitable framework:
  - Donations would be made out of pre-tax profits;
  - After paying tax this reduces available cash by 19%.
- Donations via local charities such as:
  - Arnold Cole Trust;
  - Gibbon and Buckland Charity;
  - Benenden Village Trust.
- The Committee will review appropriate options for a donations policy and communicate with Shareholders.

# Shareholder returns: interest

- Any interest payment is limited under the Rules to a maximum of 2.75% of your shareholding in any one year;
  - £10 share would generate 27p, £50 share = £1.35;
  - Average shareholder would get £6.54.
- This would cost £2,369 out of taxed profits and be subject to income tax for shareholders;
- 347 bank transactions, plus associated accounting administration drive cost for the Shop.

# Share redemptions

The Committee can change our policy on share redemptions. These are available on a 'first come first served' basis at committee discretion after 3 years of operation. Options include:

1. No redemptions for this year;
2. Retain 'first come first served' Rule. May be perceived as unfair?
3. Prioritise redemptions based on retaining members by insisting that one share is retained. But this disadvantages those who have only one share: 52 of the 347 shareholders;
4. Redeem a % of your holding. This would favour those who bought most shares;
5. Prioritise based on need. This would involve a 'sub committee' to review cases of hardship.

The Committee would value input on best approach to take.

We are also reviewing how best to nominate beneficiaries when a shareholder passes away.

# Operational Issues

Year ending 31 March 2019

# Operations

- We have invested over £20,000 in our infrastructure this year;
- We have reviewed our fruit & vegetable supplier due to inconsistency in delivery standards. New supplier (David Catt) is supportive and working well;
- Cranbrook bakery have taken over Chaney's. Some early teething troubles for a new baker. We want to support a local supplier but they need to improve;
- We continue to offer Post Office services;
- We have met with other prospective Community Shops to share learnings (Speldhurst, Smarden and others);

# Management issues

- Mel Harris has led a great team for 4 years;
- Our team have 'been in the wars' resulting in more pressure on providing management cover:
  - Kate Clark joined as a temporary manager, covering Shop, Café and Post Office;
  - Kate handed over to Nikki our fourth Assistant Manager;
  - We have reorganised managers rotas and are training all managers to cover both shop and café roles to improve future flexibility.

# Volunteers

- We currently have about 60 volunteers, of whom 40 are regulars, but gaps are a concern. They are crucial to financial viability and to the community atmosphere. We need a steady supply of fresh blood;
- Not all volunteers are 'front of house'. We have some who specialise in stock room shenanigans, some who lift and shift, and paint, and others who help with the accounts;
- In recognition of their importance we offer opportunities each year for volunteers to get together, have some fun and learn about what is happening.

Thanks go to all volunteers: all their efforts are keeping our success so far on track.

# Membership

**Year ending 31 March 2019**

# Membership approach

- We promised to provide the opportunity for new villagers and those who have reached 16 to participate in the Shop:
  - We launched a Membership scheme 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 will:
  - Continue to publish updates to Shareholders;
  - Provide a regular update each month in the Parish Magazine;
  - Use our website, and social media as appropriate.

# Questions for the Committee

*Benenden's*

SHOP, CAFÉ, AND POST OFFICE

# Close of meeting

Please feel free to stay and chat for a while

*Benenden's*

SHOP, CAFÉ, AND POST OFFICE