

Benenden's AGM

11 August 2022

Peter Traill / Martin Pexton

Highlights 2021/2022 financial year

- The pandemic continued to impact with changes to opening hours, availability of Managers and Volunteers;
- However the team have continued to pull together and get on with the job. Their flexibility and commitment has been really impressive
- Opening up the economy finally has seen us back to more normal service;
- We've seen some further team changes:
 - Ann Putt has retired, and Nicola Jaffray-Dunn has moved on following completion of her accountancy training;
 - We've taken on new team members: Karen Saunders in the Shop / Cafe, Jen to keep the place fresh and clean, and a new Bookkeeper. But recruitment is very difficult

Report & Accounts

Martin Pexton

Year to 31 March 2022

Profit & Loss

Year to 31 March 2022

£

Sales Revenue	443,601
Cost of Sales	(290,039)
<u>Gross Profit</u>	<u>153,562</u>
Post Office commission	15,285
Grants released to P&L	2,888
Government grant - COVID	-
Other Income (Legacy and Share Donations)	6,394
Admin expenses	(139,367)
<u>Profit / (Loss) Before Tax</u>	<u>38,762</u>
Corporation Tax Refund/ Credit	3,353
<u>Profit / (Loss) for the Financial Year</u>	42,115

Profit & Loss Comparison

	£ 2022	£ 2021	£ 2020
Sales Revenue	443,601	378,211	456,031
Cost of Sales	(290,039)	(275,339)	(306,904)
<u>Gross Profit</u>	<u>153,562</u>	<u>102,872</u>	<u>149,127</u>
Post Office commission	15,285	15,063	9,086
Grant income released to P&L	2,888	2,875	7,842
Government grant - COVID	-	10,000	-
Other (Legacy and Share Donations)	6,394	150	174
Admin expenses and donations	(139,367)	(134,557)	(160,030)
<u>Profit / (Loss) Before Tax</u>	<u>38,762</u>	<u>(3,597)</u>	<u>6,199</u>
Profit / (Loss) After Tax Refund/ Credit	<u>42,115</u>	<u>(4,637)</u>	<u>3,898</u>
Balance carried forward	<u>67,956</u>	<u>25,841</u>	<u>30,478</u>

Sales and Profitability Summary

- Sales were much higher than in the previous year, which was affected by closure of the café, but still lower than in 2019-20.
- Overall gross margin (sales less cost of goods sold) was 34%, compared to 27% the previous year, and better than the 32% in 2019-20. Some of this was due to the temporary, Covid-related, reduction in VAT for the café, which ended in March.
- Admin expenses were similar to the two previous years.
- Improved trading profitability was added to by a legacy from Mr Raymond Riley and donations of shares to the shop.
- Profit for the year was further increased by a refund of tax and reversal of tax provisions through relief claimed under the 'Peterhead' Principle.

Balance sheet comparison

	£ 2022	£ 2021	£ 2020
Fixed Assets	<u>35,482</u>	<u>44,204</u>	<u>56,151</u>
Current Assets			
Stock	29,824	23,273	23,273
Debtors	1,125	863	1,358
Cash	79,217	71,463	65,500
	<u>110,166</u>	<u>95,599</u>	<u>90,131</u>
Creditors – due within 1 year	29,512	27,802	29,644
<u>Net current assets</u>	<u>80,654</u>	<u>67,797</u>	<u>60,487</u>
<u>Total assets less current liabilities</u>	<u>116,136</u>	<u>112,001</u>	<u>116,638</u>
Capital & Reserves			
Called up share capital	48,180	86,160	86,160
Profit & Loss Account	67,956	25,841	30,478
<u>Members' Funds</u>	<u>116,136</u>	<u>112,001</u>	<u>116,638</u>

Balance sheet – fixed assets

Net Book Value at 31 March 2022

£

Leasehold property improvements	24,686
Fixtures, fittings, equipment	10,418
Computer equipment	378
<u>Total</u>	<u>35,482</u>

NB since start-up we have invested over £130,000 on capital items. Depreciation has reduced the carrying value significantly.

Balance sheet – creditors

At 31 March 2022

	£
Trade creditors	13,188
Corporation tax	-
PAYE, Social Security, VAT	7,355
Other creditors (accounting and tax return fee)	1,165
Deferred income*	7,804
<u>Total</u>	<u>29,512</u>

**Grants to be released to P&L against depreciation charge in future years - in 2021-22 £2,888 of grant income was released to the P&L account.*

Overhead comparison

	£ 2022	£ 2021	£ 2020
Salaries and pensions	83,615	82,206	84,667
Depreciation (non-cash)	11,790	13,618	17,785
Electricity	13,687	8,836	8,174
Rent, rates & water	6,331	5,455	5,456
Credit card and bank charges	6,230	6,055	5,582
Cleaning and waste disposal	3,533	2,953	3,406
Telephone and internet	1,513	2,678	2,822
Other overheads	12,668	12,756	12,138
TOTAL ADMIN EXPENSES	<u>139,367</u>	<u>134,557</u>	<u>140,030</u>
Charitable donations	-	-	20,000
TOTAL OVERHEAD	<u>139,367</u>	<u>134,557</u>	<u>160,030</u>

Overhead commentary

- Salaries – our largest overhead cost was stable, partly because we were short-staffed for some of the year
- Depreciation – down markedly as equipment bought for the fit-out became fully depreciated
- Electricity – a significant increase, with more to come
- Rent – fixed until November 2021, but then rose by 50% to £7,500 per annum
- Credit card charges –we switched supplier during the year in response to rising costs

Cash, Grants, Donations 2021 - 2022

- We had £79k cash at 31 March 2022 (2021 £71k)
- Cash increased as a consequence of a very successful trading year, and despite returning a significant amount of capital to shareholders
- We spent £3,068 on capital equipment in 2021-22, mainly on CCTV, compared to £1,670 in 2020-21 (£20,500 in 2018-19)
- We received a grant of £1,000 from Kent County Council towards the new CCTV system
- We did not make charitable donations in 2021-22 (£20,000 in 2019-20)

Share Withdrawal

- Excellent profitability in 2021-22 enabled us to return capital to shareholders, as promised
- Estates of the deceased and leavers accounted for 27 full withdrawals of shares
- There were 23 further withdrawals and each of these retained a minimum of one share
- There were 324 shareholders after the exercise
- £38k of shares were withdrawn, of which about £2k were donated to the shop

Tax issues – ‘Peterhead’ claim

- HMRC has accepted that some of the notional value of volunteers’ time may be allowed as a cost when calculating taxable profit
- We claimed for tax years 2019-20, 2020-21, 2021-22
- In 2021-22 we claimed 8% of turnover as our cost
- The claims shielded £35k of profit from tax this year and meant we could reclaim all the tax paid previously
- Carried forward tax losses of £17k will help shield future profits from tax
- Volunteer time is valuable in many ways!

Summary of our finances

- 2021-22 was our best-ever year in terms of profit
- We had our best year-end cash balance, despite returning nearly half our share capital
- We have a good tax shield against future profits, because of the success of our 'Peterhead' claim
- For the future
 - the shop model is working well
 - the VAT reduction has ended
 - electricity costs are a concern
 - trading may be tougher
- We have a very good management team
- We have a very good group of volunteers
- We have strong customer loyalty

Motions on Report & Accounts

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

How we use cash surpluses

Cash surpluses are used to re-invest in facilities, build up reserves, support good causes and permit share withdrawals:

- *Re-investment* is an on going process of replacement and upgrading;
- *Reserves* are needed to give us a margin of safety and avoid cash flow problems;
- *Charitable donations* to local good causes come out of pre-tax income;
- *Share withdrawals* out of post-tax income are possible at Management Committee discretion.

This year we anticipate trading will be tough; we have not yet determined how we will use surpluses this year.

Committee Membership

Current and Future

Committee Members 2021/22

- Peter Traill - Chair
- Martin Pexton - Treasurer
- Grant Matthews - Post Office lead
- Nancy Tolhurst - Human Resources
- Ken Anderson - Premises and Fittings
- Beverly Beveridge - Comms / Volunteers
- Sally-Ann Marks - Comms / Volunteers
- Mo Manning - *new member*
- Peter Nuttall - *new member*
- Cathy Presgrave - *new member*

- Deborah Jenkins - Secretary

Committee Membership Changes

- Peter Nuttall and Deborah Jenkins have stood down during the year,
- Sally-Ann Marks is standing down with effect from the AGM;
- Mo Manning will pick up most of Deborah's responsibilities as Company Secretary;
- Martin is finally standing down – his hard work and drive to get the Shop established, and good financial governance has seen us through our first 7 years of trading ...

Committee Members 2022/2023

- Peter Traill - Chair
- Nancy Tolhurst - Human Resources
- Grant Matthews - Post Office Lead
- Ken Anderson - Premises and Fittings
- Beverly Beveridge - Communications
- Mo Manning - Finance & Company Secretary
- Cathy Presgrave - Volunteer Coordinator

We have 2 vacancies

Volunteers

- Volunteers help our finances, and build a positive, community atmosphere in Shop / Café.
- We currently have about 60 volunteers, of whom 40 were really active before COVID. It would be great to see some more returners.
- We must also maintain a steady supply of new people. We've had 10 newbies already this year, which is really encouraging.
- Gaps in cover are a concern, especially the last shift.
- Experience from other community shops shows that volunteering is the No 1 issue.
- We re-start 'Volunteer Evenings' this year to encourage recruitment., and we'll be at the Welcome to Benenden event.

Membership Strategy

- We advertise for new members in the Shop in order to keep the Shop relevant to those moving into the parish.
- We're joining the Welcome to Village event; an opportunity to increase Membership and recruit more Volunteers too;
- The Parish Magazine in particular provides a good opportunity to promote the Shop, and to encourage participation, as a Volunteer, a Customer, or as a Member.

Benenden's AGM

11 August 2022

Many thanks to all of you for attending.
Please sign up on the volunteer rota if you can help, and encourage your neighbours too.

Please use your shop & café