

Midyear Update

6 months to 30 September 2022

Mo Manning

Profit & Loss

6 months to 30 September 2022

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Sales Revenue	228,330
Cost of Sales	(162,974)
<u>Gross Profit</u>	<u>65,356</u>
Post Office commission	8,055
Overheads	(75,412)
<u>Net Profit / (Loss)</u>	<u>(2,000)</u>

Profit & Loss Comparison

	£Sep 22	£Sep 21
Sales Revenue	228,331	228,200
Cost of Sales	(162,974)	(150,900)
<u>Gross Profit</u>	<u>65,356</u>	<u>77,300</u>
PO	8,056	7,300
Overheads	(75,412)	(70,500)
<u>Net Profit / (Loss)</u>	<u>(2,000)</u>	<u>14,100</u>

Profit and Loss Commentary

- Sales on a par with 2021, despite 2 extra Bank Holidays. We're yet to recover to pre-Covid levels (2019)
- Gross margin was good at 28%, but lower than 2021 (34%). Target gross margin is around 30%.
- Cost of sales is up over 8%, reflecting inflationary impacts on our range of goods. We continue to price to reflect changes in our costs. COVID VAT relief stopped in March 2022.
- Overheads are up 7%, most impacts were in our forecast, but inflation has impacted here too.
- This half year we've made a loss of £2,000.

Overhead Comparison

	£Sep 22	£Sep 21
Salaries	44,238	42,700
Depreciation	5,725	5,900
Electricity	7,808	5,400
Rent	4,875	3,200
Other	12,765	13,300
<u>Total</u>	<u>76,412</u>	<u>70,500</u>

Overhead commentary

- Salary costs – our largest overhead increased due to April 2022 pay round. Pay rose in line with the changes to National Living Wage. Nevertheless, recruitment has proved very difficult.
- Depreciation – lower as equipment bought for the initial fit-out becomes fully depreciated.
- Electricity – fuel costs have increased sharply. Our unit costs are fixed until Sept 2023.
- Rent – was fixed until November 2021 and has now increase by 50% in line with our deal with the School.
- Other overheads – reduced credit card charges by changing supplier. Cleaning & Insurance rose.

Cash

- We had £75k in cash at 30 September 2022, compared to £97k a year ago.
- The reasons for the reduction include:
 - Increase in cost of goods sold which impacted both the Café and the Shop. Café pricing was reviewed in August, and again in November, Shop pricing is constantly reviewed.
 - Covid VAT relief ended 1 April, impacting Café profits.
 - Growth in Overheads as outlined.
 - Consequent reduction in overall profitability.

Summary

- This has been a difficult 6 months for many small hospitality and retail businesses.
- Inflation has pushed up the cost of goods, and our day to day running costs significantly.
- We need to continue to keep a tight grip on overheads and pricing to bring us back into profit.
- But our cash position remains strong, and we are confident that we can ride out the rest of a problematic year.