

Finance Update

6 months to 30 September 2021

Martin Pexton

Profit & Loss

6 months to 30 September 2021 (rounded)

£

Sales Revenue

228,200

Cost of Sales

(150,900)

Gross Profit

77,300

Post Office commission

7,300

Overheads

(70,500)

Net Profit

14,100

NB Excludes benefit of grant income released to P&L

Profit & Loss Comparison

	£Sep 21	£Sep 20
Sales Revenue	228,200	198,500
Cost of Sales	(150,900)	(149,200)
<u>Gross Profit</u>	<u>77,300</u>	<u>49,300</u>
PO , Covid Grant	7,300	17,200
Overheads	(70,500)	(69,800)
<u>Net Profit / (Loss)</u>	<u>14,100</u>	<u>(3,300)</u>
NB Excludes benefit of grant income		

Profit and Loss Commentary

- Sales were much higher than a year ago and only £5k less than in 2019, our best year.
- The café has been particularly busy.
- Gross margin was good at 34% (2020 – 25%).
- Total overheads were largely unchanged.
- Profitability was excellent, reversing last year's loss and our best ever for the half year.

Overhead Comparison

	£Sep 21	£Sep 20
Salaries	42,700	42,400
Depreciation	5,900	7,300
Electricity	5,400	3,800
Rent	3,200	3,200
Other	13,300	13,100
<u>Total</u>	<u>70,500</u>	<u>69,800</u>

Overhead commentary 2020-21

- Salary costs – our largest overhead was little changed from 2020 and 2019.
- Depreciation – much lower as more equipment bought for the fit-out becomes fully depreciated.
- Electricity – last year was relatively low but the increase is a concern.
- Rent – fixed until November 2021 but will then increase by 50%.
- Other overheads – credit card charges continuing to increase, so supplier to be changed.

Cash

- We had £97k in cash at 30 September 2021, compared to £69k a year ago.
- The reasons for the increase include:
 - a generous legacy from Mr Raymond Riley;
 - much less spending on new equipment;
 - greatly increased profitability.
- Part of the reason for our improved profitability was a temporary reduction in VAT for the café (Covid).
- The VAT reduction will end in March 2022.

Summary

- We have bounced back!
- Our financial position is strong and will enable us to start returning cash to shareholders.
- We would normally expect to provision for a sizeable tax bill on our profit.
- We have made a claim to HMRC for additional tax relief using the “Peterhead Principle”, under which some of the notional cost of volunteer time is allowable as an expense.