

Finance Update

6 months to 30 September 2019

Martin Pexton

Profit & Loss

6 months to 30 September 2019 (rounded)

£

Sales Revenue

234,000

Cost of Sales

(158,000)

Gross Profit

76,000

Other Income – mostly Post Office

4,000

Overheads

(71,000)

Net Profit

9,000

NB Excludes benefit of grant income released to P&L

Profit & Loss Comparison

	£Sep 19	£Sep 18
Sales Revenue	234,000	226,000
Cost of Sales	(158,000)	(156,000)
<u>Gross Profit</u>	<u>76,000</u>	<u>70,000</u>
Post Office com. etc	4,000	3,000
Overheads	(71,000)	(72,000)
<u>Net Profit</u>	<u>9,000</u>	<u>1,000</u>
NB Excludes benefit of grant income		

Sales April to September 2019

	£
Daily net average shop and café sales	1,300
Monthly net average shop and café sales	39,000
Lowest sales – September*	34,500
Best month – July (highest ever)	44,000
Best month last year – June	43,000
Typical monthly Post Office commission	700

*NB September sales last year were £37,000, so this is a concern.

Gross profit breakdown

Total shop and café turnover to Sep 19	£234,000
Total gross profit	£76,000
Total gross profit margin	32%
Shop turnover (80% of total)	£187,000
Shop gross profit	£45,000
Shop gross profit margin	24%
Café turnover (20% of total)	£47,000
Café gross profit	£31,000
Café gross profit margin	66%

Overhead Comparison

	£Sep 19	£Sep 18
Salaries	42,100	44,300
Depreciation	9,200	8,600
Electricity	4,200	4,600
Rent	3,200	3,200
Other	12,600	11,200
<u>Total</u>	<u>71,300</u>	<u>71,900</u>

Overhead commentary 2018-19

- Salary costs – reduced from last year, when there was significant overtime to cover sickness absence.
- Depreciation – more new equipment added.
- Electricity – less used this summer than last, partly through buying more energy-efficient equipment.
- Rent – fixed until 2021 but will then increase by at least 50%.
- Other overheads – increased mainly due to bank charges from the Co-op Bank.

Cash

- We have £70k in the bank, a significant increase on last year.
- This is partly because we have finished paying off our loan from Kent Community Foundation.
- We have also spent much less on equipment than we did last year.
- We have lost money to theft and fraudulent transactions, most notably a large credit card fraud in September.

Summary

- Sales revenue is more than 3% higher than in the first half last year.
- Profitability for the first six months is much better than last year, mainly because of higher sales and better margins.
- Cash generation is good.
- However, the significant drop in sales in September is a concern and we will need to monitor trends carefully.