

Midyear Update

6 Months to September 2023

Profit & Loss

Year to 30 Sept 2023

£

Sales Revenue	243,927
Cost of Sales	(164,620)
<u>Gross Profit</u>	<u>79,307</u>
Post Office commission & other income	7,143
Overheads	(89,100)
<u>Profit / (Loss) Before Tax</u>	<u>(2,650)</u>

Profit & Loss Comparison

	Sept 2023	Sept 2022
Sales Revenue	243,927	228,331
Cost of Sales	(164,620)	(162,974)
<u>Gross Profit</u>	<u>79,307</u>	<u>65,365</u>
Post Office commission & other revenue	7,143	8,056
Overheads	(89,100)	(75,412)
<u>Profit / (Loss) Before Tax</u>	<u>(2,659)</u>	<u>2,000</u>

Profit & Loss Commentary

- Compared with the previous year we have a £15k increase in sales. The café has been particularly busy.
- Gross margin was good at 34% and an increase on last year – 28%.
- Target gross margin is around 30%
- Overheads were up on last year mainly due to an increase in staff and hourly pay rates reflecting inflation. Other overheads remained about the same.
- This year we made a loss of £2,650 up on the previous year.

Overhead comparison

	£ Sept 2023	£ Sept 2022
Salaries	58,330	44,239
Electricity	6,943	7,808
Rent	5,000	4,875
Depreciation	4,508	5,725
Other	14,319	12,765
TOTAL OVERHEADS	89,100	75,412

Overhead Commentary

- Salary costs – our largest overhead increased due to April 2023 pay round and an increase in staffing.
- The Shop and Café are increasingly busy, so It has been decided to restructure the staffing levels in both the shop and the café. This will impact our overheads but should be covered by increased sales.
- Depreciation – This reduces annually as the initial fit out becomes fully depreciated.
- Electricity – It is good to see there is a reduction in costs, partly due to replacing inefficient freezers. Our unit costs are fixed to September 2023 and will then rise.
- Rent – will now remain the same till the next review in 2025.
- Other overheads – remain largely the same with inflationary pressures driving price increases and legal fees.

Summary

- Inflation has pushed up the cost of goods and our day to day running costs.
- We have been keeping ahead with price increases in both the shop and café. We now have a new range of wine installed in the shop and they are selling well.
- We had £70k in cash at 30.09.23 (£75k – 2022).
- Our current cash position remains strong, and with the proposed restructuring we are confident we will return a profit at the end of the financial year.