

Finance

Half Year to 30 September 2016

Profit & Loss

Half Year to 30 September 2016 (rounded)

£

Sales Revenue	188,000
Cost of Sales	(130,000)
<u>Gross Profit</u>	<u>58,000</u>
Post Office commission	3,000
Overheads	(54,000)
<u>Net Profit</u>	<u>7,000</u>

NB Management Accounts figures prior to release of grant income against depreciation of grant-funded assets – i.e. profit understated.

April – September 2016 sales

	£
Daily net average sales	1,050
Weekly net average sales	7,350
Weekly net sales range	5,700 – 8,200
Monthly net average sales	31,500
Monthly Post Office commission	500
<u>Monthly average total turnover</u>	<u>32,000</u>

- Daily sales on weekdays almost always exceed £1,000
- Saturday is no longer always the busiest weekday
- Sunday sales are variable and have exceeded £700
- Monthly sales ranged from £24,000 in April to £36,000 in July

Behind the turnover

- We sell 5,000 – 5,500+ items per week
 - Average spend per item is £1.50 - £1.60
 - We do 1800 – 1900 transactions per week
 - Average spend per transaction is £4.40
 - Typical café transaction is £5.00+
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- NB Heath Stores, Horsmonden, average spend per transaction is £6.50

Gross profit contribution

Overall gross margin	c 30%
Overall gross profit	£58,000
Shop gross margin (est)	c 23%
Shop gross profit	£34,000
Café gross margin (est)	c 65%
Café gross profit	£24,000

NB Shop is roughly 80% of sales and café roughly 20% of sales

Profitability - impacts

REVENUE

- Continuing to develop our offering
- Increasing the number of customers
- Increasing the number of transactions
- Increasing average spend per transaction

COSTS

- Managing costs without compromising quality
- Making provision for unforeseen costs
e.g. portable air conditioning cost £1k per month

Cash and Grants

- We had £37k in the bank at 30 September
- Our bank balance moves around £35-45k
- We have to repay £16.5k of a loan from Kent Community Foundation over the next 2.5 years
- We are awaiting about £13.5k in grant funding from West Kent Leader
- Air conditioning is likely to cost £14k
- We start paying rent shortly - £5k pa

Ways to improve performance

- We need to make better use of the *management information* from the back office system
- We have moved to a new *accounting system* - the changeover has been painful but worth it
- We need to look further at how we utilise the available *space*
- We some great *promotional ideas* from talking to Heath Stores in Horsmonden
- We will *benchmark* with more small / community stores this year to see what else we can learn.