

Hollins Green Community Shop

Chairman's Report 2016.

Thank you for joining us at our 2nd Annual General Meeting. It is part of our statutory requirement to our shareholders and members to report our trading results for the previous financial year (to 31st December 2016). Our financial reports have been prepared in accordance with the FCA requirements and by Geniac a partner of Grant Thornton Accountants who manage our accounts preparation, VAT returns and Payroll.

2016 was our first full year of trading. In 2016 the business grew net revenue from £207k in 2015 to £280k in 2016, a growth of £73k, 35%. Looking at the months that were comparable year on year from the opening date of 7th February the revenues of the shop grew 27% and 2016 came in over £17k higher than our initial forecasts.

In 2016 we made an operating profit of £582 compared to a loss of nearly £16k the previous year and thus achieved one of our financial objectives by breaking even in year 2. After depreciation we report a net loss of £4,913 compared to a loss in 2015 of £22,867

Whilst revenues were higher than expected our Gross Profit margin fell short of expectations only achieving 19.4% compared to a planned 24%. This plan is based on similar community shops and local shop achievements. This difference amounted to a £12.9k gross profit shortfall and impacted the overall profit performance expectations. One of the main reasons for this shortfall is the sales mix. We do sell a lot more tobacco products compared to other stores we have looked at and tobacco products sales make up c.25% of our revenue. Tobacco products only give a gross profit of between 3 & 6 % thus pulling down the overall profit margin percentage. Also other impacts to the margin shortfall are attributed to our fair price policy which is inline with our original objective set out in the business plan to provide fair prices to the local community and not convenience store prices. All our products remain at the R.R.P or about. In 2017 we have set a target based on 2016 but showing a growth to 20.5% achieved through new revenue streams.

We identified through the year that the gross profit margin was falling short of plan and thus we needed to find other sources of income to ensure we covered our fixed costs and achieved our goal to breakeven.

As a community shop other sources of income are key to the sustainability of the shop and we continue to run the 200 club monthly prize draw, monthly raffles and various other event raffles. To help support 2016 and help mitigate the gross profit shortfall we ran a community fundraiser in the village hall which was a huge success and was sold out at somewhere approaching 200 in numbers. This event was very well supported and brought the whole community together for a great night of entertainment which we aim to run again in 2017. The event raised over £5k profit for the funds of the shop and went a massive way to helping it breakeven and support other initiatives.

Challenges in 2016

In 2016 there were challenges that we experienced and learnt from that will continue in the coming years. For example it is clear that the weather and bank holiday periods impact the trade significantly. Weather in particular can impact sales by £500 per day which is a large percentage of the daily takings.

At the end of 2016 we broke even just! However this point was achieved later than anticipated from the opening and has thus used up all of our surplus cash. This presented us challenges during 2016 with lack of cash flow from time to time especially during bank holiday periods and periods of low sales due to bad weather. The lack of cash had a limiting effect on the growth of the business through new revenue streams, but we strive to introduce these when we can therefore generating operating profit will be a key priority to build a bank balance to remove this obstacle going forward.

In November the shop was broken into which not only caused time and money but a lot of sadness and shock that someone would do this to a community shop. Over £2500 worth of stock and damages occurred which was recovered through insurance and was limited due to the alarm system. There were however positives that came out of this time in that the community spirit and awareness from this reached over 50,000 shares on our facebook page which also helped track down the thieves. The police have been very supportive during this time and continue to do so which is reassuring for the shop team.

Space continues to be an issue for the shop not just in terms of limiting revenue growth but working environment for the team. This will be a priority to address once funds allow.

Priorities for 2017

Grow revenue further in the third year of trading by adding new revenue streams and attracting more local residents and passing trade. Target increase £50k, 18%. There is a real good base of locals that use the shop and sometimes more than twice, three times a day which is fantastic and goes without saying is a great for the shop. The elderly and young certainly benefit from the facility too and without them we would not exist. This said looking at the number of transactions per day versus the population of the parish there is still plenty of scope for further footfall from those that do not use the facility at present. Targeting these people will be a key focus for 2017 and we would welcome feedback from these people.

We will also continue other income initiatives to support trading but our long term goal is to establish operating profit from trading alone to ensure the shop is sustainable indefinitely.

2017 will be our third year of trading and hopefully through growth and other initiatives we will be in a position to start to repay the loan Hamilton Davies Trust kindly provided at the start of the project. We will target a repayment at the then end of 2017.

Fixed costs will remain similar to 2016 apart from impacts of National living wage obligations and applying the statutory pension obligations now we have been trading for 2 years. It is estimated these will impact the shop in 2017 by around £1.5k of additional costs. We will also assume in our forecast we will not incur any significant maintenance costs as the equipment is still relatively new.

The committee also wish to thank and recognise the time and effort over and above normal duties the Shop Manager Julie Atkinson, and her team do and for doing an excellent job throughout the year to run the shop day to day. The shop is developing into a key hub and provider for the community and without these efforts would not succeed.

We continue to get a lot of positive feedback about the friendly welcome the shop team and volunteers give every day which is vital to its success and future.

We have around 30 volunteers doing various roles with most of them working in the shop doing 2/3 hours shifts, helping with deliveries and stock management and also performing essential maintenance duties. This has been a great success and is vital that it continues to help run the shop as without these people there would be no shop. We appreciate they give up their free time just to support the shop. On behalf of me and the committee we say a big thank you all.

We are continually looking for more volunteers to work in the shop and will welcome all enquiries as we always have volunteer slots on the Rota.

Over the last 12 months we have won several awards one of which was winning the Palmer & Harvey wholesalers award for community retailer of the year. This was a national award and raised our profile in the local media and throughout the UK through various publications

To sum up a great year achieving our breakeven goal helped by a lot of hard work from our volunteers, staff and committee. We must focus now on moving on, increasing sales and building a base for future years.

***Many thanks
Phil Atkinson- Chairman***

Our Aim

“To provide a shop run by the community that meets the needs of the community and provides a consistent offering and reliable service at a fair price”

It's your Community, Its Your Village, Its Your Shop!

Use it or loose it!

Hollins Green Community Shop Ltd

Accounts for the year ended 31st December 2016

The Management Committee of the society present the financial statements of the society for the year ended 31st December 2016.

This report has been prepared in accordance with the rules of the Financial Conduct Authority governing registered societies.

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Philip Atkinson - Chairman

Date.....

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Mary Barbour - Treasurer

Date.....

.....
Pete Higson

Date.....

Hollins Green Community Shop Ltd

*Income and Expenditure account for the year ended
31st December 2016*

	31.12.16	
	£	£
Sales		
Credit card fees	281,700	
	-1,386	280,314
Cost of sales		
Purchases		
Consumables	226,099	
	<u>0</u>	226,099
GROSS PROFIT		<u>54,215</u>
Other income		
Grants received		
Donations	0	
Bank interest received	9,672	
	<u>2</u>	9,674
		<u>63,889</u>
Administrative expenses		
Administration salaries		
Wages	0	
Rent	43,599	
Property insurance	10,800	
Heat, light and power	673	
Entertaining	4,273	
Printing and stationery	233	
Postage	105	
Telephone	0	
Computer support	388	
Advertising	488	
Accountancy	0	
Legal and professional	1,406	
Repairs and renewals - equipment	200	
Equipment leasing	0	
Training	0	
Repairs and renewals - building	30	
Cleaning	-256	
Trade waste	0	
Protective cleaning	1,307	
Miscellaneous expenses	0	
Subscriptions	61	
Refreshments	0	
	<u>0</u>	63,307
Operating Profit		<u>582</u>
Depreciation		
Equipment		
Furniture and fittings	2,626	
	<u>2,869</u>	5,495
NET LOSS		<u><u>-4,913</u></u>

Hollins Green Community Shop Ltd

Balance Sheet as at 31st December 2016

		2016	
		£	£
Fixed assets			
Equipment	Note 1	10,505	
Furniture and fixtures	Note 1	<u>11,476</u>	21,981
Current Assets			
Stock		15,298	
Bank - savings account		3	
Bank - current account		2,157	
Cash		3,699	
VAT		574	
Prepayments		685	
			<u>22,416</u>
Current Liabilities			
Creditors and accruals		10,627	
HMRC - Taxes		559	
			<u>11,186</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
			<u>33,211</u>
CREDITORS			
Amounts falling due after more than one year			
Hamilton Davies Trust	Note 2		(60,000)
NET LIABILITY			
			<u>(26,789)</u>
CAPITAL AND RESERVES			
Called up share capital			990
Surplus/deficit for the year			(4,913)
Profit / (Loss) b/f			(22,866)
			<u>(26,789)</u>
Balance as at 31st March 2015			<u>(26,789)</u>

Hollins Green Community Shop Ltd

Accounts for the year ended 31st December 2016

1 TANGIBLE FIXED ASSETS			£
	Equipment	Furniture and Fixtures	Total
	£	£	£
COST			
As at 31st December 2015	16414	17,931	34,345
Additions	0	0	0
Balance as at 31st December 2016	<u>16,414</u>	<u>17,931</u>	<u>34,345</u>
DEPRECIATION			
As at 31st December 2015	3,283	3,586	6,869
Charge for the year	2,626	2,869	5,495
Balance as at 31st December 2016	<u>5,909</u>	<u>6,455</u>	<u>12,364</u>
NET BOOK VALUE			
Balance as at 31st December 2016	<u>10,505</u>	<u>11,476</u>	<u>21,981</u>

2 HAMILTON DAVIS TRUST

The loan of £60,000 is interest free and with no fixed repayment date