

## Report to Members for the year ending 30th September 2015

### OVERVIEW

This report is for the activities of Hinton St George & Locality Rural Community Services Limited (HRCS) during the financial year from 30<sup>th</sup> September 2014 to 30<sup>th</sup> September 2015. It covers the fourth full year of operation following the completion of the purchase of the shop on 30<sup>th</sup> August 2011 and for the second year running, we are pleased to be able to report a small profit.

### PROFIT AND LOSS ACCOUNT

The full Financial Statements for the year have been made available at the Annual Members' Meeting and sent out to Members by e-mail but suffice to say that year-on-year, our position continues to stabilise with increased profitability and modest cash generation from trading.

The bottom line profit grew by 40.9% from £4,464 to £6,289, once again without the support of any significant grants. Sales grew slightly and the gross margin improved significantly while costs have remained under control.

### FUNDRAISING AND FINANCE

Our loan from Co-operative Community Finance was fully repaid in July 2015, a major milestone for the business. The Lloyds Bank loan continued to be fully serviced and the outstanding principal at the year-end was £186,817. During the year, we submitted an application to South Somerset District Council for a 20-year fixed rate Community Loan, which will enable us to repay the variable rate Lloyds mortgage and protect us from the inevitable interest rate rises of the future. This loan was approved by the full Council on 22nd October and we are currently negotiating the loan documentation, with the aim of signing the new loan agreement by the end of January 2016. The current interest rate on this loan would be marginally less than we are currently paying for the Lloyds Bank loan.

Fundraising has continued through the running of a refreshment tent at the Village Fete in July and a surprising amount is raised from the "donations" can on the counter. Monies from these sources were used to pay for the new wine shelving.

Cash balances fell during the year, primarily due to the fact that the significant donation which was received towards the cost of the repair of the garage was accounted for in the last financial year, whereas the expenditure took place this year. We again generated cash from trading.

The net assets of the business grew to £237,454 at 30th September 2015, compared to £231,035 at 1st October 2014. We continue to have some £4,000 of funding reserves held on our behalf by Somerset Community Foundation, which do not form part of these accounts.

### OUR SHOP OPERATIONS

It goes without saying that under Jillian's sound management, we are in a better position than we have been since the business was formed. With Lizzie's increasing experience and the recent recruitment of Baz, we now have more flexibility with three staff members qualified to operate the Post Office during the week, as well as Kat at weekends. Staff cost have remained stable and your committee has made modest bonus payments to the contracted hours staff in recognition of their efforts. At this point I would like to convey my thanks to Fiona Piper for continuing to operate our payroll on a voluntary basis.

The increasing problem of making the newspaper delivery round pay meant that we took the difficult decision to stop weekday deliveries and these are now undertaken by Rosamund separately. The whole

newspaper business continues to be arduous to operate but still forms an important part of our service offering.

Greater stability has enabled us to concentrate on making our offering more attractive by improving the layout of the shop and the product range, all of which has helped to increase turnover. In particular, wine sales steadily increase with the superb display following the installation of our new wine rack. Thanks are due once again to Barry Tyler and David Adams for their efforts to source good wines at attractive prices.

Post Office revenues were down following the one-off payment of £2,000 received in the last financial year but they were ahead of budget, although your committee continues to expect them to fall with increasing competition from the internet. This year we hope to carry out some improvements to the Post Office layout with the help of a Rural Post Office Community Grant.

#### OUR PROPERTY

Our long-standing tenants Rob and Liz departed for Stornoway in September and left the flat in excellent order, so that little maintenance work was necessary before re-letting. Many thanks to Tony Gates for helping with what needed to be done. After a short break, we were pleased to welcome Barbara and Barry Padley as our new tenants at the end of November.

The repairs to the garage were successfully completed during the year and after a competitive tender process, it was let to Paul Lanham. Property income has shown an increase commensurate with this additional source of revenue.

#### Our GARDEN

After much consideration and in view of the continuing difficulty with maintenance, the committee decided to split the garden and let it. The southern two-thirds has now been let to Steve and Louisa Turvey on a peppercorn rent and the northern part is now let with the flat for the enjoyment of our tenants, thus relieving the committee of the responsibility for maintenance. Many thanks to all those who have helped with our 60-minute makeovers over the years.

#### OUR VOLUNTEERS

As we have said before, our Volunteers continue to be the beating heart of the shop, albeit beating a little less strongly these days as we have struggled to maintain an adequate force to serve in the shop. This makes the thankless task of the volunteer coordinators more and more difficult but they do a fantastic job. Our faithful long-serving volunteers get more and more expert at managing the many tasks that have to be carried out, be it working the tills, entering up the weekly delivery from Bookers, dealing with invoices, sweeping and washing the floor and many other tasks. It is great fun and I am sure that those new to the village have found it a wonderful way to meet lots of people very quickly. Try it and see!

#### OUR MEMBERS

There have been 13 new members since the last AMM (more have joined since the year end) and total membership at 30<sup>th</sup> September 2015 stood at 380. Please will you all encourage newcomers to the village to join - it is absolutely essential for the health of the enterprise that we have a broad-based membership. We continue to communicate with our members by e-mail wherever possible to save money.

The Newsletter has continued to be a source pleasure to many and its production has been faithfully and imaginatively carried out by Jane. As an experiment, we are now going to incorporate it into the Hinton Hound and while this will give it a wider circulation, it will initially only appear once a quarter. We will be interested in Members' reactions.

## OUR COMMITTEE

I have continued to enjoy the support of a great committee, who work incredibly hard on behalf of all the members. Richard Monk left the Committee during the year to move to the Cotswolds after doing a long stint and managing our property assets with great skill and diligence; David Wheeler (absent today on extended leave) has taken over as Deputy Chairman and has also brought his management accounting skills to bear on our budgeting and reporting. Jeremy Rook has continued to do a marvellous job as Treasurer, juggling our bank accounts with great skill and dedication. Ann-Marie Lawson has taken on the task of setting up a pension scheme for our key employees, Nick Kirby keeps an eye on stock, Patricia Heelis keeps the committee informed on volunteer matters and Keith Hurse, as ever, keeps a close eye on the Post Office, including the onerous task of the monthly reconciliation. Mike Mills-Roberts continues to perform the increasingly important task of holding the shop's liquor licence.

Our former Chairman and "eminence grise" Andrew Norton continues to try to keep me on the straight and narrow and has now taken on the task of liaison with our tenants as well as managing our IT empire and the website - [www.ourshophinton.org](http://www.ourshophinton.org).

Chris Kitto was co-opted on to the Committee this year but immediately broke her ankle badly and was unable to attend any meetings. Unfortunately, she has now decided that she is unable to continue for the time being due to the demands of her job and will not be putting her name forward for election to the Committee.

Lastly, I wish to give my heartfelt thanks on your behalf to Jane Jackson, who has been a wonderful Secretary and a tower of strength to the whole enterprise in so many ways. She was a founder member of the Committee and has given unstinting service to you all for more than 5 years. We all owe her a great debt of gratitude.

It is a matter of grave concern that there have been no nominations to the Committee at this meeting and in addition, nobody has come forward to volunteer to take over as Secretary from Jane Jackson. I would ask every member to consider their position and consider offering themselves for a spell on the Committee. It doesn't need to be forever - we need to refresh the membership every so often. With regard to the Secretary's role, the Committee will have to find a way forward and if necessary, and with deep reluctance, seek paid professional help, which we can ill afford.

I am deeply grateful to the whole committee for its support and encouragement.

## OUR CHALLENGES

We still have challenges ahead and I would list them as follows - some the same as last year:

- Increasing footfall, spend and margin and reducing wastage – as last year, although both sales and gross margin have increased, we did not meet our sales target and the £220,000 level remains elusive.
- Volunteers – as mentioned elsewhere, we need more, to relieve the load on others and obviate the need to pay excessive overtime. For those of you with a few hours to spare, please come and join our happy band.
- Costs - with the rising minimum wage (the Living Wage from 1st April) and the cost of introducing staff pensions from 1st October 2016, staff costs are a concern. We do want to pay our staff as well as we can - they are worth it - but it must be paid for. We have just introduced a reward scheme such that if the shop does well, they share in its success.

- Capital spend - several of our fridges and freezers were inherited when we bought the business and will need replacement in the near future. In addition, our EPOS system is creaking a bit.
- Re-building the Committee - as you have heard, this a matter of grave concern.

#### CONCLUSION

This has been our calmest year yet, largely as a result of our excellent staff. Our thanks are due to all of them for their unfailing cheerfulness and hard work but in particular of course to Jillian for her huge commitment, energy and leadership of her team.

Unforeseen problems can always arise but your Committee feels that provided more customers keep coming through the door and spend just a little more, you can have confidence in the shop's future.

On behalf of the Committee

David Clements - Chairman  
22nd January 2016