

Report to Members for the year ending 30th September 2016

OVERVIEW

This report is for the activities of Hinton St George & Locality Rural Community Services Limited (HRCS) during the financial year from 30th September 2015 to 30th September 2016. It covers the fifth full year of operation following the completion of the purchase of the shop and we had a wonderful party on 1st August 2016 to mark the event, attended by ITN News. For the third year running, we are pleased to be able to report a modest 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 modest profitability and some cash generation from trading.

The bottom line profit grew by 8.9% from £6,289 to £6,846 before tax, significantly ahead of budget although boosted by a share donation from a deceased member of £1,540 - £5,306 would be a more realistic figure, still ahead of budget. This year for the first time we incurred a tax liability, which arises from our property income. Sales and gross margin however remained flat and the improvement against budget was largely down to good control of costs.

FUNDRAISING AND FINANCE

During the year, our application to South Somerset District Council for a £190,000 20-year fixed rate Community Loan was approved, which enabled us to repay the variable rate Lloyds mortgage and protect us from the interest rate rises which are now clearly on the horizon. This is believed to be a major step forward in "future-proofing" the finances of HRCS.

There has been no active fundraising during the year but a surprising amount is still raised from the "donations" can on the counter. Monies from these sources were recently used to buy a small microwave to enable us to warm pies and pasties.

Cash balances rose during the year, largely due to the fact that we drew down more from the SSDC loan than we needed to redeem the Lloyds Bank loan. We again generated cash from trading.

The net assets of the business grew to £242,015 at 30th September 2016, compared to £237,454 at 1st October 2015. We continue to have some £4,750 of funding reserves held on our behalf by Somerset Community Foundation, which do not form part of these accounts.

our SHOP OPERATIONS

We have enjoyed the luxury of a stable staff team during the year and under Jillian's leadership, it is noticeable how the whole team has gained in confidence. As mentioned at the last AGM, we have introduced a Reward Scheme such that when the shop achieves its budget, the staff share in the success. I am pleased to say that as the budget was exceeded, the Reward Scheme has been able to make a meaningful payment to its contracted hours staff.

We have also set up the new contributory Staff Pension Scheme with NEST, the Government-approved provider. This scheme came into effect on 1st October 2016, 3 months ahead of our "staging Date", the latest date by which we had to have it in place. At this point I would like to convey my thanks to Fiona Piper for continuing to operate our payroll on a voluntary basis and for her work with Ann-Marie Lawson and then Keith Hurse to put the pension scheme in place.

Greater stability has enabled us to continue to focus on making our offering more attractive by improving the layout of the shop and the product range, all aimed at increasing turnover. Wine sales continue to be important to us and thanks are due yet again to Barry Tyler and David Adams for their successful efforts to source interesting wines at attractive prices. The annual *Our* SHOP tasting evening was a great success and much enjoyed by all - many thanks to Emma Way and all the staff for all the effort put into this event.

Post Office revenues were much the same as the previous year, although your committee still expects them to fall with increasing competition from the internet. I am delighted to be able to announce that we have recently been offered a grant of £12,903 towards the cost of improvements to the Post Office and the purchase of new shelving and freezers and this is the last major improvement currently planned for the shop. We will need to contribute some £3,000 from our reserves towards the cost of the project but most of this money was already in our capital spending projections over the next two years.

We reviewed the way in which we deal with Health and Safety issues during the year and this is now a standing item on the agenda of the Management Committee. We have carried out a full Risk Assessment on the shop which fortunately revealed few issues and I am pleased to say that no working days have been lost due to accidents since we took the shop over.

This year, I thought I would mention our community involvement. *Our* shop sees itself as an essential part of the community it serves and this is evidenced in a number of ways. We sell tickets for village events, allow village organisations to use our shop windows for displays to publicise events, sell publications by local authors and generally act as an information hub for the village. Special mention must be made of the amazing Noah's Ark knitted by Lizzie Kimber, ably assisted by her mother Pam, which raised over £100. We were delighted that our community support recently enabled us to be nominated for the south-west regional finals of the Countryside Alliance "Rural Oscars" and we have our fingers crossed that we will progress to the national finals.

I would also like to mention our e-communications, via the website (recently re-vamped by Andrew Norton), Facebook and Twitter. All of these are important in our efforts to communicate with our members and the wider modern world. We know that most people considering living in the village look carefully at these sources of information.

our PROPERTY

Barbara and Barry Padley left in the middle of the year to live in Merriott and in July we were pleased to welcome Liz Hunkin who made the long journey up the hill from Dinnington to take on the tenancy of the flat. Paul Lanham continues to rent the garage.

The letting of the flat and the garage continues to provide a vital source of revenue for HRCS.

our GARDEN

Steve and Louisa Turvey continue to lease the southern 2/3 of the garden at a peppercorn rent and have transformed its appearance, as well as relieving volunteers of the task of maintaining it. The remaining 1/3 is now let with the flat.

our VOLUNTEERS

Although at one stage during the year our volunteer numbers shrank to a worryingly low level, I am pleased to say that they have since recovered somewhat. However, it is still a big problem finding people who are prepared to do regular slots rather than just being ad hoc and this makes life difficult for our "Rotameistresses" who do such a wonderful job filling the weekly rota.

We have improved our training this year with all volunteers undergoing Food Handling and Licensing training.

As ever, for new residents in particular, volunteering is a great way to meet virtually everyone in the village in double-quick time. It's not just serving behind the counter - there are lots of other tasks for volunteers if you don't like the idea of working the till.

Your Committee continued the tradition of thanking our volunteers on your behalf with the Annual Barbecue, this year with 48 attending what has become a notable occasion in the village calendar.

our MEMBERS

There have been 15 new members since the last AMM (more have joined since the year end) although sadly 4 of our long-standing members died. Total membership at 30th September 2016 stood at 385 individual members and 19 corporate members. As always, 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 are deeply grateful to those deceased members and their executors who have donated their withdrawable shares to the shop, the value of which is then credited to our profit and loss account.

We continue to communicate with our members by e-mail wherever possible to save money. As advised last year, we have now gone over to a pattern of quarterly Newsletters in the Hinton Hound with occasional ones in the intervening period. This is still settling down but we hope to maintain a high standard of communication with our members.

our COMMITTEE

The Management Committee met 10 times during the year and we have now managed to get the monthly committee meetings down to about an hour, which is evidence that the business is currently stable. The whole committee continues to work incredibly hard on your behalf and I am very lucky to have such a great group of people.

We had to undertake a slight re-organisation of the officers during the year; following Jane Jackson's resignation at the last AGM, David Wheeler stepped down as Deputy Chairman to become Company Secretary. Not only does he do this but he also provides the Committee with much-improved financial information; we are lucky to have him. Following this change, Andrew Norton stepped into the role of Deputy Chairman, as well as being a very diligent Maintenance Manager and guardian of our IT systems and the "eminence gris" (or should I say blanc!) of the Committee. Judy Craig and Jean Roberts have taken over the role of Joint Minutes Secretaries, as well as continuing to volunteer behind the counter.

We were sorry to say good bye to Ann-Marie Lawson during the year for domestic reasons and the Committee misses her views as a younger parent. We would welcome any other younger parent coming forward to join the Committee as families are important to us. Additionally, Patricia Heelis has now decided not to stand for re-election and I am grateful to her for feeding back to us from the volunteer community over the last three years.

We also said goodbye to Mike Mills-Roberts, who has gone off travelling round Europe. He was a founder member of the committee and has fulfilled the role of DPS (effectively, our licence holder) since we took the shop over. Thank you Mike for all that you have done over the years. I am delighted to say that Salle Wroblewski has taken on the DPS role and we are fortunate to have someone of her experience on board.

Keith Hurse, who along with Andrew Norton are the only remaining founder members of the Committee, took responsibility for finalising our pension scheme with Fiona Piper, as well as continuing to keep a watchful eye on the Post Office. Nick Kirby monitors the stock, including the onerous task of loading the weekly Bookers order on to the EPOS system. Les Farris produces our Newsletters and manages our publicity.

It would be remiss of me not to mention the enormous amount of work which Jeremy Rook does in managing our finances. He is tireless in ensuring that money gets banked, bills and salaries get paid and our mortgage is serviced. He strides up from Lopen most days of the week and the fact that we have so few issues with our Reporting Accountant is a tribute to all his careful work. Thank you, Jeremy, from all of us.

Our CHALLENGES

With the major "to-do" list getting shorter, our challenges are getting more sharply focussed. Some are the same as last year but they bear repeating as follows

- Increasing footfall, spend and margin and reducing wastage – as last year; the £220,000 level of shop sales remains elusive.
- Costs - not only do we have to cope with the rising minimum wage (the Living Wage from 1st April) and the cost of introducing staff pensions from 1st October 2016, but it is clear that we are entering a period of rising inflation. We have to be very careful to maintain our margins as this happens.
- Our EPOS system is creaking a bit and may need replacing soon.
- Carrying out the re-vamp of the Post Office, which will now be possible with the help of the grant.

CONCLUSION

I think the phrase which sums up the year is "steady as she goes" - a happy state to be in. Our thanks are due to all of the staff and volunteers for their unfailing cheerfulness and hard work but in particular as always to Jillian for her huge commitment, energy and leadership.

On behalf of the Committee

David Clements - Chairman
27th January 2016