

## Report to Members for the year ending 30th September 2017

### 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 2016 to 30<sup>th</sup> September 2017. It covers the sixth full year of operation following the completion of the purchase of the shop and once again, the Committee is pleased to report another satisfactory year.

### PROFIT AND LOSS ACCOUNT

The full Financial Statements for the year will be 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 a year-on-year growth in the value of the Company.

The bottom line profit grew by 4% from £6,846 to £7,120 before tax, significantly ahead of budget. This was largely due to a 7.5% increase in shop sales, with the figure exceeding £200,000 for the first time. Gross margin % however was slightly down, from 23.1% to 22.6%.

### FUNDRAISING AND FINANCE

The Post Office Rural Communities Fund grant of £12,903 was awarded during the year (although the actual cash was not received until after the year-end). Money continues to be raised from small donations, largely for produce donated by villagers. We are hugely grateful to everybody who helps in this way.

Although we generated cash from trading, the fact that the grant from the Post Office was not received during the year to match the expenditure on the refurbishment project meant that cash balances fell. This grant has now been received and this position has now corrected itself.

The net assets of the business grew to £247,089 at 30th September 2017, compared to £242,015 at 1st October 2016. We continue to have some £5,094 of funding reserves held on our behalf by Somerset Community Foundation, which do not form part of these accounts; we treat this as a strategic reserve, from which we can draw down grants in an emergency. The outstanding mortgage balance continues to fall.

### *our* SHOP OPERATIONS

Once again, we have enjoyed a stable staff team throughout the year and under Jillian's leadership, our staff must be the envy of many a village shop. With the budget once again having been exceeded, the Reward Scheme has been able to make a meaningful payment to its contracted hours staff. The Staff Pension Scheme has continued to operate smoothly.

Our product range and the quality of our merchandising has been a significant factor in the increased sales and we are now starting to attract customers from further away who see us as a destination shop. Wine sales continue to be important to us and we are also amazed at the amount of Cook's frozen meals that we sell - a tribute to their quality. The annual *Our* SHOP tasting evening was held in the shop for the first time and proved a great success.

In spite of budgeting for a downturn because of lost sales while the Post Office was closed for refurbishment, Post Office revenues were much the same as the previous year, although your committee still expects them to start to fall with increasing competition from the internet. The refurbishment programme included a new counter, three new freezers, new shelving and a new external sign, together with redecoration, new lighting and new flooring. The result of all this is a Post Office which is much more customer-friendly and provides a much improved environment for staff.

Health and Safety continues to be a standing item on the agenda of the Management Committee and once again I am pleased to say that no working days have been lost due to accidents. We also carry out an annual review of Health and Safety.

Although we didn't make the final of the Rural Oscars, we were Runners-up in the South-west region and we were also shortlisted in the Post Office Community Champions awards. Clearly, we are on the verge of greatness! We are proud of our community involvement and we continue to provide a number of services for which no charge is made. Special mention must once again be made of Lizzie Kimber's knitted toys which, ably assisted by mother Pam, raised a significant sum.

Although one window of the shop continues to be offered for displays by community groups, we are successfully generating some modest income from letting the other two windows, one to a local antique dealer and the other to a local estate agent.

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 many people considering living in the village look carefully at these sources of information.

#### *our* PROPERTY

We have been fortunate in having stable tenants in all our properties during the year. Liz Hunkin and her two dogs continue to enjoy the flat and Paul Lanham rents the garage. The letting of the flat and the garage continues to provide vital revenue for servicing the mortgage. Fabric maintenance has been light but we have had some significant expenditure on boiler repairs in the flat and to the bake-off oven and water heaters in the shop.

#### *our* GARDEN

Steve and Louisa Turvey continue to lease the southern 2/3 of the garden at a peppercorn rent and they have worked miracles in clearing and improving the landscape. Liz Hunkin has kept the rest of the garden, which now forms part of the flat tenancy, in good order.

#### *our* VOLUNTEERS

Our Volunteers continue to be the beating heart of the shop but as I mentioned last year, it is still a big problem finding people who are prepared to do regular slots rather than just being ad hoc. Can I make a plea to you all to think about doing a regular slot even a couple of hours a fortnight would be a help. Jackie Bristow has run the volunteer rota with great efficiency and good humour for the last year - we rarely have an empty slot after she has cajoled the "ad hocs" into doing a stint! I'm pleased to say that a number of our newer residents have become volunteers and it is notable for them how quickly they become part of our great community. Thanks are also due to Sheila Hayler for being the Acting Rotameistress when Jackie takes a well-earned break.

Your Committee continued the tradition of thanking our volunteers on your behalf with the Annual Barbecue and this year we topped the 50 mark! It was perhaps the best ever, with wonderful weather and great food. Many thanks to cooks Andrew Norton and David Wheeler, to Keith Hurse for managing the bar and to all those who provided salads and delicious puddings. One day, it will rain on us.....

#### *our* MEMBERS

There have been 21 new members since the last AMM (more have joined since the year end) although sadly 1 of our long-standing members died. Total membership at 30<sup>th</sup> September 2016 stood at 405 individual members and 19 corporate members. We continue to "encourage" (meaning the Chairman visiting brandishing membership forms) newcomers to the village to join - it is absolutely essential for the

health of the enterprise that we have a broad-based membership. Communications with members continues to be by quarterly Newsletters in the Hinton Hound with occasional ones in the intervening period, distributed by e-mail wherever possible to save money.

#### *our* COMMITTEE

The Management Committee, unchanged since the last AGM, met 10 times during the year and the monthly meetings rarely exceed an hour. They give the opportunity to our Manager Jillian to give an account of herself and to raise any concerns but this year, there have been few. The whole committee continues to work very hard on your behalf and I am very lucky to have such a great group of people.

The office-bearers have remained unchanged during the year, with Andrew Norton as Deputy Chairman, David Wheeler as Company Secretary and Jeremy Rook as Treasurer. The rest of the committee continue to carry out their individual responsibilities and Jackie Bristow, in addition to being Rotameistress, has performed a valuable role in identifying ways in which we can market the shop more effectively.

It would be remiss of me not to mention once again the Finance team. Invoices are entered on the system by Jean Burgess, with Paula Guyett and Ann-Marie Lawson helping out in her absence; Fiona Piper continues to calculate and manage the payroll; Jeremy Rook bears the brunt of the work with the book-keeping, accounting and auditing and David Wheeler works out the budget and provides the Committee with excellent management accounts. We are indeed fortunate to have such expertise available to 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 –the £220,000 level of shop sales is now within reach.
- Costs - the rising Living Wage, the increasing cost of staff pensions and particularly rising inflation are all putting pressure on our cost base. We have to be very careful to maintain our margins as this happens - our little business is unable to absorb inflationary pressures and these have to be passed on to the customer.
- Achieving compliance with the General Data Protection Regulations, which come into effect in May 2018. Even understanding what we have to do, never mind how we achieve compliance, is a great challenge for the committee and we would appreciate help from anybody who has knowledge of these issues. You can all expect to receive communications from us this year concerning the data which we hold on you, which we hold solely for the purposes of managing the business and which is not disclosed to any outside body. These communications will request your positive response - silence cannot be taken as assent.

#### CONCLUSION

*Our* shop has achieved its best sales yet but there is no room for complacency. After 5 years at the helm, I believe that it is time to appoint a new Chair of the Management Committee and this will be addressed at the meetings following the AGM. It has been a great privilege to chair the management committee but I think it is time for new ideas and new enthusiasm.

On behalf of the Committee

David Clements - Chairman  
2nd February 2018