

Report to Members for the year ending 30th September 2018

EXECUTIVE SUMMARY

The report has been amended this year so that it reflects more closely the presentation made to members at the Annual Members' Meeting. It covers the activities of Hinton St George & Locality Rural Community Services Limited (HRCS) during the financial year from 30th September 2017 to 30th September 2018, the seventh full year of operation following the completion of the purchase of the shop by the community. Once again, the Committee is pleased to report another satisfactory year.

The main features of the year were:

- shop sales exceeded £220,000 for the first time;
- profit before tax increased from £7,120 to £8,027;
- surplus cash used to reduce mortgage principal by £10,000;
- pressure on margins from rising salary costs;
- achievement of GDPR compliance;
- investments in IT to improve efficiency;

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.

As mentioned above, shop sales exceeded £220,000 for the first time, with total turnover of the business at £243,011 and gross margin slightly up, from 22.6% to 23.1%. Post Office income increased slightly and with stable tenants, property income was up on 2017. Unfortunately, the increased gross margin was more than offset by increased costs of running the business, principally due to higher than budgeted salary costs and higher utility costs, leading to a fall in trading profit from £14,072 to £12,626. However, with significantly lower interest costs, some benefit to income from the Post Office grant and a welcome increase in donations, the bottom line profit grew from £7,120 to £8,027 before tax, an increase of 12.7%.

BALANCE SHEET

The value of our fixed assets was slightly down in the year, due to the fact that depreciation exceeded the value of additions. Current assets were also lower, due principally to the £10,000 of surplus cash used to pay down the mortgage. However, this was more than offset by the reduction in the outstanding principal on the mortgage, leading to a growth in net assets - the value of shareholders equity - from £247,989 to £254,836.

We now have some £7,352 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 if felt necessary. Your Committee periodically reviews its cash balances to determine how they can best be used.

our SHOP OPERATIONS

During the year we said goodbye to Baz Longhurst, a much respected member of the shop staff, who left to take up a role in his family business. In his place, we welcomed Julie Pearce, a village resident who has quickly become an established member of the team. We are very fortunate to enjoy such a strong team under Jillian's doughty leadership; it is truly amazing what they achieve.

The product range and the quality of our merchandising keeps improving and we now boast great new aprons and shopping bags. Wine sales continue to be important to us and we are grateful to David Adams for all the effort he puts into sourcing good value wines for the shop. We also continue to be delighted at the amount of Cook's frozen meals that we sell. Visitors to the village frequently say how amazed they are at what we manage to stock in a small village shop.

We continue to think of ways of increasing our footfall and this year we did a leaflet drop in Cudworth and Chillington, which resulted in some new customers. Mention must also be made of the lovely village leaflet produced by Jackie Bristow and distributed round the area which was well-supported by other village businesses.

During the year, we invested a significant amount in new equipment, including a new back-office computer for our long-suffering Treasurer, a second till to reduce queuing in the shop at peak times and a new freezer to increase the range of Cook's meals and other frozen food products that we can carry. We also have to thank Tony Gates for making a fine plant stand from which we make produce available in the shop for an appropriate donation.

We recognised last year that we would need to take action to achieve compliance with the new Data Protection Regulations and I am pleased to say that this was completed, with the enormous assistance of Mike Shaw and Linda Eardley. I suspect that we are well ahead of most village shops in the degree of compliance that we have achieved.

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 continue to communicate with the outside world via our website, Facebook and Twitter. For some time it has been evident that our website was in need of a major upgrade and this work started during the year and has been completed since the year end.

our PROPERTY

We have been fortunate in having stable tenants in all our properties during the year and the letting of the flat and the garage continues to provide vital revenue for servicing the mortgage.

There were no major maintenance incidents during the year (barring a blocked drain!) and we took the opportunity of carrying out much-needed external re-decoration of the whole property.

our GARDEN

Steve and Louisa Turvey continue to lease the southern 2/3 of the garden at a peppercorn rent, an arrangement which suits both parties. Liz Hunkin continues to keep the rest of the garden, which forms part of the flat tenancy, in good order.

our VOLUNTEERS

Jackie Bristow continues to run the volunteer rota with great efficiency and good humour and Sheila Hayler is an excellent First Reserve. I must thank all volunteers who rise to the occasion and fill gaps in the rota - we rarely have an empty slot. We are however still in need of more volunteers to take the pressure off the regulars and also to help to keep staffing costs down. Hopefully we will gain some new volunteers when the new housing development is completed this year.

The Annual Barbecue continues to grow and this year no less than 67 people enjoyed another wonderful summer's day in Southernhay garden - this is now one of the major social events in the village's year. With the extra numbers, we had 4 barbecues running with Andrew, David and I running round like whirling dervishes to get everything cooked. Thanks are also due to Keith Hurse for running the bar.

our MEMBERS

There have been 9 new members since the last AMM (more have joined since the year end) although sadly 5 of our long-standing members died. Total membership at 30th September 2018 stood at 383 individual members and 19 corporate members - all of whom were supporters of the shop from the outset. We continue to encourage newcomers to the village to join - it is absolutely essential for the health of the enterprise that we have a broad-based membership.

Following on the resolution passed at last year's AMM, the quorum for general meetings has now been reduced from 10% of the membership to 30 members, thus reducing the risk of failing to achieve a quorum.

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. The whole committee continues to work very hard on your behalf and it is now a well-oiled machine.

You may have noticed that you still have the same Chairman! Following the Committee agreeing to take on some of the duties that I have historically carried out, I agreed to stay on for the time being. I would particularly wish to thank David Wheeler for all he has taken on to make my life easier. I still believe however that it is past time for a change in the Chairmanship.

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 with good humour and professionalism.

Spreading the word about *our* SHOP is important and Jackie Bristow, in addition to being Rotameistress, continues to have imaginative ideas for marketing our activities and Les Farris produces the Newsletter and also issues Press Releases when we have something exciting to announce to the world.

Our CHALLENGES

It feels in ways that the shop has "come of age" and we have moved out of the development phase into "business as usual". There may be surprises for us lurking round the corner but for the moment, our main focus is on how to maintain profitability and cash generation against the background of a rising wage bill, driven by annual increases in the National Living wage and the increasing cost of pensions. That is not to say that we would not like to reward our staff more highly but we cannot escape economic realities, with 3 supermarkets just a short distance away in Crewkerne.

CONCLUSION

our SHOP has achieved its best sales yet but there is no room for complacency. The margin between success and failure is slender and we remain committed to steady upward progress while being vigilant for those events which might de-rail us.

On behalf of the Committee

David Clements - Chairman
15th February 2019