

Radley Village Community Shop
Treasurer's Report
For the year ended 31st Dec 2011

The accounts for the year ended 31st December 2011 show a profit of £8,639 (2010: £11,158). I would draw your attention to the following in relation to this figure:-

- The reduction in profit over 2010 results almost entirely from the accounting treatment of property costs. The annual cost of rent before we acquired the premises was £3,000. We had already provided for the 2010 charge in earlier periods and so no charge was required. Clearly rent charges have now been replaced by interest charges on the mortgage. I believe the profits of £8,639 therefore represent the real "run rate."
- Rent was due to increase by a further £3,500 per annum in 2012, bringing it to approximately double the interest we now pay on the mortgage. Consequently, in acquiring the property, we have protected our profits by this saving. So, the decision to acquire the property has not only strengthened our balance sheet but protected future earnings.
- Our takings decreased by 1.2% on the previous year. However it must be remembered that 2010 benefitted from the heavy snowfall effect at the start of January. 2011 figures are more in line with a normal run rate. Despite this overall trading profits were very comparable as a result of an improved gross margin. In 2011 this improved by 0.4% to 20%. (2011: 19.6%). This might seem a small increase in gross profit but in a business with very tight margins, it shows that our management of the shop is excellent with attention being paid to careful stock management and keeping wastage under control.

We pride ourselves in the range of locally sourced produce, adding items which add interest to the shelves. This year we signed up Brynmore Preserves. This supplier received a Gold Medal for her Chutneys at Earls Court Food Exhibition and turned down a contract with Fortnum and Mason to supply this famous London establishment exclusively, deciding instead to supply community shops like ours.

Our operating costs remain fairly comparable to 2010. The increase in 2011 is due primarily to the interest charge on the loan - As mentioned previously, this is less than the rent would have been.

Other items of note are:

- Depreciation has increased - the electronic till system is now adding to the depreciation costs which we apply each year.
- Bank Charges have increased for customers using debit/credit cards - we now pay an additional authorisation fee of £0.03p on each transaction.
- Maintenance costs have reduced - careful management of the air conditioning system and refrigeration units have resulted in less call outs.

Net Assets in the Balance Sheet at 31st December 2011 are £88,572 (£53,623 for 2010). The large increase over last year is represented primarily by the profits for the year plus the grant from SEEDA towards the acquisition of the premises. The closing cash balance is £49,986 (£43,279 in 2010). The Balance Sheet reflects the purchase of the shop premises for £90,000 which with the fixtures and fittings brings the value of fixed assets to £101,980. (£20,376 in 2010). We owe Co-operative and Community Finance £57,000 for the Mortgage on the Shop Premises which will be repaid over the next twelve years.

For a Community Shop of our size I believe that this represents an extremely strong balance sheet and one which the whole community can be proud of.

For the future, we foresee that we will need some of our reserves for refurbishment and replacement refrigeration. In 2016 we will be obliged to take cigarettes off display and there will certainly be costs associated with this particular piece of legislation. The Management Committee is mindful of the reliance on our team of volunteers and also believe that there may be a requirement in the future for further paid employment, and it may be possible to create job opportunities for young people. .

Under the Shop's constitution we intend to provide funds wherever possible to help village projects. The Management Committee is pleased to recommend that, for the first time since we formed, the sum of £1000 be made available for this, and that applications be invited from Village Groups for consideration by the Management Committee.

The shop continues to maintain the bank of volunteers without whom there would be no village shop and we have to thank them for their continued support and dedication. We have an experienced Manager, John Goodenough, aided by a team of Volunteer Managers and Administrators who also deserve our thanks for making such a success of our community enterprise.

Once again, the monthly overview of our Accounts by Graham Steinsberg enabled Critchleys to carry out the examination of our books for a reduced fee of £250.00. Without this generosity we would be looking at audit expenditure of over £1500. Accordingly, I would like to thank Critchleys formally for their services as Examiners and recommend their appointment as our Reporting Accountants for the coming year. I would also like to thank Graham Steinsberg for his continued help and support as Financial Advisor and Treasurer's Mentor.