

Treasurer's Report for AGM 25 August 2021

Presentation of accounts for the year ended 28 February 2021

1. The accounts we are presenting cover the 12 months from March 2020 to February 2021. The shop was faced with the challenge of trading under lockdowns from almost the beginning of this year as the first lockdown officially began on 16 March 2020. With a strong spirit and the determination of the staff, committee, and our huge team of volunteers our community shop certainly rose to the challenge.
2. As this scenario was new to everyone, we did not know what to expect but the shop clearly became a lifeline for many people in the village. This is evidenced by the immediate increase in sales which started in March and continued throughout the year. In the previous year to February 2020 average sales were in the region of £6,400 per week, and this increased by around £3,000 per week to an average of almost £9,400 per week during this year.
3. The result is that the shop's annual turnover went up from £332k in the year to February 2020 to nearly £490k in the year to February 2021, an amazing increase of 47%. Lisa will talk more about how this was achieved.
4. Other income of £11k includes a grant of £10k from Cheshire West Council and £512 from Mouldsworth Parish Council plus income from dry cleaning and shoe recycling. In effect this pretty much covered the additional staffing costs which increased by a similar amount.
5. Apart from some additional expenditure on repairs and maintenance the only other overheads that increased substantially were credit card charges which more than doubled from £2k in 2020 to almost £6k in 2021 as most sales were taken by card.

6. However, the increased turnover generated additional profit which more than covered this.
7. The end result is that the shop made a pre-tax profit of over £29k compared to a small loss in the previous year.
8. There is very little tax on the profit, only £74, because this year we have been able to take advantage of a notional expense deduction using the Peterhead principle whose method of application was agreed by HMRC in relation to Feckenham Community shop. This method allows a deduction for some expenditure that would have been incurred if services had not been provided on a gratuitous basis. In our case services are provided by our volunteers which save staff costs that would otherwise be incurred. The calculation of the deduction is based solely on the relationship between turnover and staff costs actually incurred so the actual volunteer time is irrelevant. We were able to benefit significantly this year because our turnover was so high. In earlier years the claim is minimal as our staff costs percentage is normally close to the threshold of 15% of turnover. This year we were able to claim a notional deduction of £16,500 so a special thank you to our volunteers this year.
9. This year has particularly shown how important our huge bank volunteers are to the successful running of the shop. You each make a big difference so thank you to everyone who helps in any way.
10. During the first 4 months of the current year sales have averaged around £8k per week so not as high as last year's £9,400 but still significantly higher than the £6,400 in the year before. If this continues, we predict a profit in the current year.
11. Now we will turn to the Balance Sheet which shows Net Assets of £103,709 compared to £74,435 last year. Most of this

increase relates to the funds held in our deposit account which was a balance of £78,000. This is a reserve to cover unexpected events, as a contingency fund for repairs and replacements & to buffer loss making periods. The shop holds a stock of goods around £12,000 and enough in a current account to cover regular amounts owed to suppliers, wages & other creditors.

Overall, the shop remains in a strong financial position.

In the past our main point of concern for the future has been the level of sales as local shops face increasing competition from online shopping. The move towards online newspapers has also affected the number of customers visiting the shop. However, this year we have gained customers and our aim is to keep those customers by continuing to provide an excellent service.

Fortunately, the reserves held by the shop ensure continuity of trading for the foreseeable future even if conditions do become more challenging.