

Candover Valley Community Store Limited
Unaudited Financial Statements
30 June 2022

Candover Valley Community Store Limited

Financial Statements

Year ended 30 June 2022

Contents	Page
Management committee report	1
Independent accountant's report to the society	5
Income statement	6
Statement of financial position	7
Notes to the financial statements	9
The following pages do not form part of the financial statements	
Detailed income statement	13
Notes to the detailed income statement	14

Candover Valley Community Store Limited

Management Committee Report

Year ended 30 June 2022

The members present their report and the unaudited financial statements of the society for the year ended 30 June 2022.

Principal activities

The principal activity of the society is to run a village community store and post office.

Business Review

This set of accounts covers the period 1 July 2021 to 30 June 2022, the third year of trading of the Candover Valley Community Store (CVCS) .

Trading in CVCS's third year reflects a wholly anticipated return to more normal shopping habits since the pandemic lockdowns ended, a year when customers could choose to shop wherever they wanted.

This has resulted in a turnover of £377.6K, some 7% down on last year. Despite a reduced turnover, it is pleasing to note the total number of transactions (55,090) was only down by 1.7% although the average basket size was down 13.8%.

A month-on-month comparison shows that in September, October and June trading was up on the previous financial year, but slightly down in the other nine months. The Candover Valley Community Store's second highest ever daily sales were achieved on Christmas Eve 2021.

Despite satisfactory trading conditions, our reported profit of £48,922 in the previous financial year (which was exceptional) has transformed into an operating loss of £5,097 due to the following key factors:

- Increased administrative expenses notably staff costs
- Reduced margins
- Reduced post office commission and grant income

Overall, these results are still good for a small rural community store, despite the apparent loss. The CVCS management committee is confident that the business is sound, the customer base loyal and that with careful control of costs and margins, profitability can be achieved in the next financial year. It must be remembered that a community store needs only to achieve modest results to fulfill its business objectives.

Increased staff costs

Wages and salaries made up 63.4% of CVCS's administrative expenses and this is a significant increase (+29.4%) on the previous year. While this is a considerable increase, it is a wholly necessary expense if the store and post office are to remain open and fully staffed for 6 and a half days a week, 363 days a year. In addition, staff absences due to long term sickness and maternity leave have had to

Candover Valley Community Store Limited

Management Committee Report *(continued)*

Year ended 30 June 2022

be covered. The CVCS management committee took the decision to increase staff wages in January 2022 to ensure adequate remuneration led to staff retention. An additional expense has been the need for HR consultancy advice which has been taken to ensure that staff contracts are fit-for-purpose and that CVCS is fully compliant with current HR practices and legislation.

CVCS now has one full-time and five part-time members of paid staff. Garry Green, our store manager is full time; Emma Simpson, our assistant manager and our senior assistants, Alison Cumber, Louise Harris, Rebecca Jackson and Sean Ennis, are all part-time. Alison joined CVCS in October 2021 and Emma went on maternity leave in December 2021. We have continued to employ youth workers aged 16 - 19 years to help cover shifts at weekends. CVCS is proud to be able to provide job opportunities and valuable work experience in an area where part-time jobs are scarce. A loyal band of volunteers assist the paid staff in running the store on a day-to-day basis.

Gross margin

The reduction in gross margins in this financial year (-3.8%) is another factor contributing to CVCS's reduced profitability. As a community store, CVS is committed to keeping prices as competitive as possible, but a slight over-compensation reflected in these results, is in the process of being rectified.

Reduced post office commission and grant income

In the previous two financial years the post office experienced a surge in activity as customers posted letters and parcels to keep in touch with friends and relatives in successive lockdowns. While the post office is still well used and thousands of letters, parcels, cash withdrawals, cheque deposits and stamp sales have continued to pass across the post office counter - fewer transactions have resulted in reduced commission (-10.6%).

In addition, in this financial year, as expected, no further grant monies for setting up and establishing the business have been received.

Exceptional weather

In February, a series of storms swept across the UK. Storm Eunice arrived in the Candover Valley and brought down fallen trees and power lines. With no electric, there was no light, no tills, no internet, no phone, no fridges and freezers and the Candover Valley store had to close. We are most grateful to everyone for rallying round at that difficult time and particularly to Garry for his efforts in keeping the store operational despite losing all the stock in the fridges and freezers when the power went off again overnight. We must also thank Lucy Muncey for all the work she then had to put in to complete the enormously complicated insurance claim form - not an experience she ever wishes to repeat.

Stocking the store

Garry has continued to keep the offering of the store fresh and interesting with a huge range of fresh fruit and veg, everyday products, as well as special treats and luxury items. We are proud to support many local businesses and to stock items such as Moon Roast coffee, Max Rolfe's home-made preserves, Bradley Orchard's home-made jams, jellies and apple juice, Tim Hides' Hampshire honey, Hampshire Cheeses, Slade Farm asparagus from Rogate, bedding plants from Four Marks, Hairy pots (perennial plants) from Kirton Farm Nurseries, Hannah's gifts, speciality breads from Brothers Bakehouse, and wonderful locally produced wines from Candover Brook, the Grange Estate and Hattingley Valley.

Investments to improve store operations

A new single door dairy chiller was purchased to help increase the amount of refrigerated space available for soft fruit and salads. Despite the very hot summer, all the chillers and freezers performed well, aided by the fan extraction system.

CVCS is most grateful to the trustees of the village hall for the licence agreement formalising use of the old doctor's surgery as the CVCS overflow stockroom. The muddy path from the pedestrian exit

Candover Valley Community Store Limited

Management Committee Report *(continued)*

Year ended 30 June 2022

from the car park to the village hall deck was neatly paved during the year to allow the smooth passage of stock trolleys. This has had the added benefit of making the access to the field much less muddy for pedestrians and dog walkers.

Towards the end of the financial year, the CVCS committee took the major decision to replace the existing tills, card readers and entire back-office system. When CVCS was set up three years ago, an electronic point-of-sale (POS) software system (Epos Now) was selected. This system was the best that CVCS could afford at the time and came recommended by another community store. After three years however, it became increasingly apparent that the existing system had several drawbacks, notably poor support, lack of integration with Costcutter the wholesaler, (making product entry a very time consuming process), poor shelf edge labelling, tortuous stock counting, no hand-held devices and inflexible reporting.

To overcome these difficulties, Garry asked the CVCS committee to look at other EPOS systems that would be better suited. After a process of comparison led by Chris Smith, the decision was taken to invest in a new POS software system from Image Retail Solutions together with all new tills and card readers. The significant investment in the new ProEpos system was made in this financial year but the implementation was planned for the subsequent financial year. The committee is most grateful to Chris and to Garry for the enormous amount of hard work they both put into preparing for and implementing the new system which has already proved to be a very worthwhile investment for the future.

Community projects

As a community store, we are committed to serving our local community. Given the exceptional results of the previous two financial years to June 2021, CVCS had built up sufficient reserves to allow the establishment of a community projects fund. At the previous AGM, shareholders agreed to set aside a sum for this fund to help support local organisations and projects.

In the financial year to the end of June 2022, CVCS has used this fund to support two projects:- one for new IT equipment for the Candover Valley Pre-School and one to celebrate Queen Elizabeth II's Platinum Jubilee. The latter project was masterminded by Carolyn Dawnay and Jane Ballard and saw 7000 snowdrops being distributed for planting by local residents throughout the Candover Valley.

Going forward

The results outlined in this report are considerably lower than those of the previous two financial years and may be a disappointment to our shareholders. This decrease however was always anticipated and while the loss can be readily explained, the aim of the CVCS management committee is to improve on this result next year.

CVCS continues to be a very well supported, well stocked and attractively presented shop, coffee area and post office that now employs 6 members of staff (both full time and part time) and offers local employment opportunities to 16- 19yr olds. As CVCS enters its fourth year of trading, uncertain economic times and the challenges of the rising cost of living undoubtedly lie ahead. The CVCS management committee will continue to monitor costs and expenses against turnover and to set cautiously optimistic targets for the future, in the knowledge that we have a loyal customer base who are aware of the location and offering of the store and recognise the vital contribution that the store makes to the whole community.

Thanks

The CVCS management committee would like to extend their heartfelt thanks to Garry Green (store manager); Emma Simpson (assistant manager); Alison Cumber, Louise Harris, Rebecca Jackson and Sean Ennis (senior assistants) and all the CVCS volunteers and youth workers for their incredibly hard work keeping the store and post office open and so well stocked during the third full year of trading. The committee also wish to thank all those volunteers who work unseen in the background carrying out many and varied maintenance tasks from repairing equipment, cleaning, painting and decorating,

Candover Valley Community Store Limited

Management Committee Report *(continued)*

Year ended 30 June 2022

fitting new shelves and ethernet cables, posting updates on social media, to making cakes and picking up weekly cheese deliveries.

Finally the committee would like to thank all the CVCS shareholders and loyal customers for their steadfast support.

Members

The members who served the society during the year were as follows:

J Ballard
C Dawnay
A Ellett
L Muncey
J Laws
C Smith
J Rogerson
H Webb

This report was approved by the management committee on and signed on behalf of the board by:

J Laws
Chair

C Smith
Treasurer

L Muncey
Secretary

Registered office:
Candover Valley Store
Alresford Road
Preston Candover
Hampshire
RG25 2EE

Candover Valley Community Store Limited

Independent Accountant's Report to Candover Valley Community Store Limited

Year ended 30 June 2022

We report on the financial statements of the society for the year ended 30 June 2022 which comprise the income statement, statement of financial position and the related notes.

Our work has been undertaken so that we might state to the society those matters we are required to state to it in an accountant's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the society for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the management committee and independent accountant

The management committee is responsible for the preparation of the financial statements and they consider that an audit is not required for this year and that an independent accountant's report is needed.

It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis for opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants. Our procedures included a review of the accounting records kept by the society and a comparison of the financial statements presented with those records. It also included consideration of any unusual items or disclosures in the financial statements, and seeking explanations from the management committee concerning any such matters. The procedures undertaken do not provide all the evidence that would be required for an audit, and consequently we do not express an audit opinion on the view given by the financial statements.

Opinion

In our opinion:

- a) the financial statements are in agreement with the accounting records kept by the society under section 75 of the Co-operative and Community Benefit Societies Act 2014.
- b) having regard only to, and on the basis of, the information contained in those accounting records, the financial statements comply with the requirements of the Co-operative and Community Benefit Societies Act 2014.
- c) for the preceding year of account, the financial criteria for the exercise of the power conferred by section 84 were met in relation to the year.

DAVID CADWALLADER & CO LIMITED
Chartered Certified Accountants

Suite 3 Bignell Park Barns
Chesterton
Nr Bicester
Oxon
OX26 1TD

Candover Valley Community Store Limited

Income Statement

Year ended 30 June 2022

	Note	2022 £	2021 £
Turnover		377,651	406,975
Cost of sales		<u>296,698</u>	<u>304,279</u>
Gross profit		80,953	102,696
Administrative expenses		106,506	89,369
Other operating income		<u>20,377</u>	<u>35,560</u>
Operating (loss)/profit		(5,176)	48,887
Other interest receivable and similar income		<u>79</u>	<u>35</u>
(Loss)/profit before taxation	4	(5,097)	48,922
Tax on (loss)/profit		<u>—</u>	<u>—</u>
(Loss)/profit for the financial year		<u>(5,097)</u>	<u>48,922</u>

The society has no other recognised items of income and expenses other than the results for the year as set out above.

The notes on pages 9 to 11 form part of these financial statements.

Candover Valley Community Store Limited

Statement of Financial Position

30 June 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	5	163,781	166,923
Current assets			
Stocks		22,840	20,227
Debtors	6	6,416	10,967
Cash at bank and in hand		97,245	102,006
		<u>126,501</u>	<u>133,200</u>
Creditors: amounts falling due within one year	7	<u>102,640</u>	<u>108,384</u>
Net current assets		<u>23,861</u>	<u>24,816</u>
Total assets less current liabilities		<u>187,642</u>	<u>191,739</u>
Net assets		<u>187,642</u>	<u>191,739</u>
Capital and reserves			
Called up share capital		52,880	51,880
Profit and loss account		134,762	139,859
Members funds		<u>187,642</u>	<u>191,739</u>

The society is satisfied that it is entitled to exemption from the requirement to obtain an audit under section 84 of the Co-operative and Community Benefit Societies Act 2014.

The members have not required the society to obtain an audit of its financial statements for the year in question in accordance with the Act.

The members acknowledge their responsibilities for:

- ensuring that the society keeps proper accounting records which comply with section 75 of the Co-operative and Community Benefit Societies Act 2014 (the Act);
- establishing and maintaining a satisfactory system of its books of accounts, its cash holdings and all its receipts and remittances in order to comply with section 75 of the Act; and
- preparing financial statements which give a true and fair view of the state of affairs of the society as at the end of the financial year and of its income and expenditure for the year in accordance with the requirements of section 80, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the society.

These financial statements have been prepared in accordance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

The statement of financial position
continues on the following page.

The notes on pages 9 to 11 form part of these financial statements.

Candover Valley Community Store Limited

Statement of Financial Position *(continued)*

30 June 2022

These financial statements were approved by the management committee and authorised for issue on, and are signed on their behalf by:

J Laws
Chair

C Smith
Treasurer

L Muncey
Secretary

Registration number: 32413R

The notes on pages 9 to 11 form part of these financial statements.

Candover Valley Community Store Limited

Notes to the Financial Statements

Year ended 30 June 2022

1. General information

The society is registered under the Co-operative and Community Benefit Societies Act 2014. The address of the registered office is Candover Valley Store, Alresford Road, Preston Candover, Hampshire, RG25 2EE.

2. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Long leasehold property	-	5% straight line
Equipment	-	20% reducing balance

Candover Valley Community Store Limited

Notes to the Financial Statements *(continued)*

Year ended 30 June 2022

2. Accounting policies *(continued)*

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the society are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

3. Employee numbers

The average number of persons employed by the society during the year amounted to 3 (2021: 3).

4. Profit before taxation

Profit before taxation is stated after charging:

	2022	2021
	£	£
Depreciation of tangible assets	<u>15,276</u>	<u>16,700</u>

Candover Valley Community Store Limited

Notes to the Financial Statements *(continued)*

Year ended 30 June 2022

5. Tangible assets

	Long leasehold property £	Equipment £	Total £
Cost			
At 1 July 2021	158,100	44,022	202,122
Additions	<u>2,988</u>	<u>9,146</u>	<u>12,134</u>
At 30 June 2022	<u>161,088</u>	<u>53,168</u>	<u>214,256</u>
Depreciation			
At 1 July 2021	18,197	17,002	35,199
Charge for the year	<u>8,043</u>	<u>7,233</u>	<u>15,276</u>
At 30 June 2022	<u>26,240</u>	<u>24,235</u>	<u>50,475</u>
Carrying amount			
At 30 June 2022	<u>134,848</u>	<u>28,933</u>	<u>163,781</u>
At 30 June 2021	<u>139,903</u>	<u>27,020</u>	<u>166,923</u>

6. Debtors

	2022 £	2021 £
Trade debtors	3,065	4,219
Other debtors	<u>3,351</u>	<u>6,748</u>
	<u>6,416</u>	<u>10,967</u>

7. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	7,948	4,324
Social security and other taxes	1,725	2,130
Other creditors	<u>92,967</u>	<u>101,930</u>
	<u>102,640</u>	<u>108,384</u>

Candover Valley Community Store Limited

Management Information

Year ended 30 June 2022

The following pages do not form part of the financial statements.

Candover Valley Community Store Limited

Detailed Income Statement

Year ended 30 June 2022

	2022	2021
	£	£
Turnover		
Sales	377,651	406,975
Cost of sales		
Opening stock - raw materials	20,227	14,583
Purchases	298,680	309,596
Discrepancies in Year	478	273
Direct costs	153	54
	<u>319,538</u>	<u>324,506</u>
Closing stock	<u>22,840</u>	<u>20,227</u>
	296,698	304,279
Gross profit	<u>80,953</u>	<u>102,696</u>
Overheads		
Administrative expenses	106,506	89,369
(Loss)/profit on society trading	<u>(25,553)</u>	<u>13,327</u>
Donations	–	112
Capital grant income	9,008	9,008
Post Office commission	11,884	13,300
Revenue grant income	(515)	13,140
	<u>20,377</u>	<u>35,560</u>
Operating (loss)/profit	<u>(5,176)</u>	<u>48,887</u>
Other interest receivable and similar income	79	35
(Loss)/profit before taxation	<u>(5,097)</u>	<u>48,922</u>

Candover Valley Community Store Limited

Notes to the Detailed Income Statement

Year ended 30 June 2022

	2022	2021
	£	£
Administrative expenses		
Wages and salaries	67,536	52,209
Staff national insurance contributions	–	239
Rent	–	995
Light and heat	5,150	4,461
Insurance	327	804
Repairs and maintenance (allowable)	334	317
Waste Disposal	1,285	1,242
Cleaning costs	42	393
Telephone	759	517
IT software and consumables	1,269	830
Printing postage and stationery	279	381
Sundry expenses	1,771	1,041
Charitable donations (allowable)	50	123
Community giving	4,337	3,616
Advertising	485	53
Entertaining	627	–
Legal and professional fees (allowable)	3,565	2,651
Accountancy fees	820	760
Depreciation of tangible assets	15,276	16,700
Fine and Penalties	–	55
Bank charges	2,594	1,982
	<u>106,506</u>	<u>89,369</u>
Other interest receivable and similar income		
Interest on cash and cash equivalents	–	35
Interest Income	79	–
	<u>79</u>	<u>35</u>
