

**Minutes of the 7th
Annual General Meeting
of Ilmington Community Shop Ltd.
held remotely via Zoom on 9th March 2021**

[Forty members attended the meeting via Zoom, including the current members of the Management Committee (Chair, Mike Tremellen; Treasurer, Fiona Dakin; Company Secretary, Lee Bridges; and Sarah Tremellen and Debbie Sarjant). Due to Covid restrictions in force, voting was conducted in advance of the meeting, either by email or by return of a voting paper.]

1. Results of Voting

Lee Bridges reported that 99 members' votes had been received, 63 by email and 36 by voting papers. This represented a quarter of the total membership and was probably the highest voting figure for any AGM held to date. The results of the voting were as follows:

| | Yes | No | Abstain |
|--|-----|----|---------|
| To approve Minutes of 5th Annual General Meeting (2019) | 99 | 0 | 0 |
| To approve arrangements for conducting business following cancellation of 6th Annual General Meeting | 99 | 0 | 0 |
| To approve Chair's Report | 99 | 0 | 0 |
| To approve Treasurer's Report | 99 | 0 | 0 |
| To approve Financial Statement for trading year ending 30th September 2020 | 99 | 0 | 0 |
| To approve recommendation that appointment of independent Auditor not required | 99 | 0 | 0 |
| To approve Membership Strategy | 99 | 0 | 0 |
| To elect Deborah Sarjant to serve on the Management Committee for a period of three years, 2021-2024 | 99 | 0 | 0 |

Deborah Sarjant's election to Committee membership was for a period of three years, 2021-2024.



2. Chair's presentation

Mike Tremellen expressed thanks to the following:

Former members of the Committee who stepped down during the year: Tim Allen, Mark Dobson and Nicky Schlatter. He noted that Tim had been involved in setting up the cooperative from the very beginning and served as Chair of the Management Committee until 2020. Mark had acted as Treasurer and Nicky was closely involved in setting up the Café.

Café Assistants James and Jill and in particular Manager Jeanette Pepe, who ran the Café for over 3 years until it was required to close in March 2020 due to Covid restrictions.

Those involved in setting up and running the home delivery service that has been operating since April 2020. He noted that as well as providing a service to those in the community who were isolating or otherwise unable to visit the Shop, sales from home deliveries were a significant element in the increase in Shop revenue since April 2020. Particular thanks were offered to Rachel Paton and Trevor Hall who organised the service and to members of the Ilmington Volunteers who have carried out the deliveries.

The 40 or so new volunteers who came forward at the time of the initial Covid lockdown to serve in the Shop and to help with Covid and out-of-hour cleaning and delivering newsletters. He said the Committee felt tremendously supported.

Customers who have continued to support the Shop and the Café (until it was closed in March 2020). As a result, Shop sales had increased very substantially over the latter half of the year.

Members of the Committee and the Shop Manager, Michele, in particular for their efforts in putting in place all the Covid measures required in the Shop, keeping the Shop open everyday throughout the year, sourcing supplies, improving the management of waste, and reinvigorating communications. In the latter respect, he noted that the circulation of the now monthly newsletter has increased from around 340 to over 500 and that our social media 'reach' had increased four-fold. The recent survey about the Shop and Café had achieved a return from 60% of households in the village.

Members of the expanded group of people providing support for the Management Committee in non-member roles: Susan Brock in organising volunteers, Sue Clasper cleaning, Richard Sharratt communications, Jeremy Snowdon HR support, and Keith Hawkins maintenance of building and grounds.

Finally, special thanks to Michele, who has worked tirelessly, never missing a day, in managing the Shop including sourcing new products, introducing new processes, bringing on and training new volunteers, and representing us in media.

Mike concluded his presentation by outlining a number of new developments due to take place in the coming months. These included:

The Committee will aim to share the results of the recent household survey and plans for reopening the Café by the end of March.

The aim is to reopen the Café on 26th April initially with an outdoor service only as likely to be required under continuing Covid restrictions. To achieve this we are planning to sort out a number of niggles in the Café, to treat the outdoor furniture, clean the terrace, and redecorate the kitchen and toilet.



Reorganise Shop shelving in order to accommodate a new fruit and vegetable chiller.

The storeroom roof is continuing to leak, so we are planning to re-roof it hopefully by the end of May.

Subject to obtaining planning permission, we aim by the end of June to install a new storage shed at the rear of the Shop and new external condensers feeding the existing chillers and new air conditioning in the Shop.

From July onwards, we are planning more events designed to bring the village together at the Shop and Café.

3. Treasurer's presentation

Fiona Dakin provided a brief summary of the performance of the Shop and Café both over the 2019-20 financial year (March to September) and in the current year up to the end of January.

With regard to the 2019-20 financial year, it was noted that the key results for the overall business (including both the Shop and Café) were:

Profit before tax for year was £22,391, an improvement of £42,625 compared to the previous year's loss of £(20,234).

61% increased revenue in the shop this year specifically from March 2020 onwards with year on year revenue increasing £127,852 from £209,368 to £337,220.

Café closed in March 2020 with nil revenue from then onwards. Café revenue showed a significant reduction for the year to £20,824. The café currently remains closed.

Improved margins from the shop in 2019/20 compared to the previous year. This is due to improved supplier and product management as well as reduced waste.

£19,502 government grants received in the year partly to support café wages under the furlough scheme.

During the first Covid lockdown the Café Manager was retained by the business helped by the government furlough scheme. As there was little prospect of the Café reopening until Spring 2021, and with regret, the decision was made in October 2020 for the Café Manager to leave the business. All costs associated with this are included in the financial results.

Cash and Bank balances increased during the year from £20,098 to £58,602.

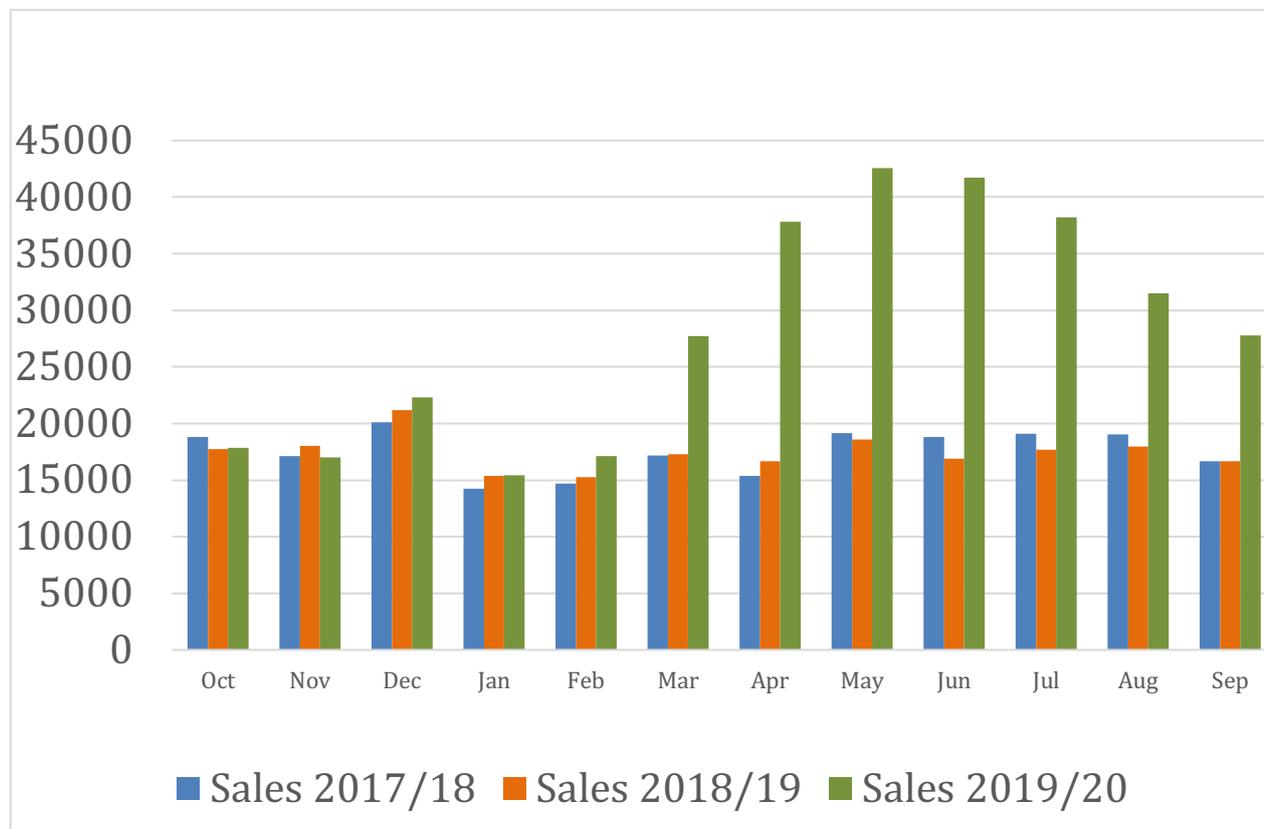
Investment was made in the computer systems this year – replacing the computer and upgrading the software.



A table was presented comparing the financial performance of the business between the 2018-19 and 2019-20 financial years:

| | Year Ending 30.09.20 | Year Ending 30.09.19 | Variance |
|--------------------------------|----------------------|----------------------|-----------------|
| Turnover | 358,044 | 269,508 | 88,536 |
| Gross Profit | 100,294 | 90,641 | 9,653 |
| GP % | 28.0 | 33.6 | (5.6) |
| Overheads | (83,542) | (89,929) | 6,387 |
| Profit / (Loss) | 16,752 | 712 | 16,040 |
| Depreciation | (16,123) | (25,526) | 9,403 |
| Capital Grant | 2160 | 2,160 | 0 |
| Government Grants | 19,502 | 0 | 19,502 |
| Donations / Other Income | 100 | 2,420 | (2,320) |
| Profit / (Loss) pre tax | 22,391 | (20,234) | 42,625 |
| <i>Shop</i> | <i>337,220</i> | <i>209,368</i> | <i>127,852</i> |
| <i>Cafe</i> | <i>20,824</i> | <i>60,140</i> | <i>(39,316)</i> |

A bar chart was also presented showing Shop sales over the past three financial years, which highlighted the substantial increase in the period since March 2020:





A further set of charts were presented illustrating the financial performance of Shop over the current financial year, including the following showing that actual performance is running above the targets set for the Shop during this year:

| | Target to 31/01/21 | Actual to 31/01/21 | Variance | Target for 2020/21 | Forecast for 2020/21 |
|---------------|--------------------|--------------------|----------|--------------------|----------------------|
| Turnover | 104,365 | 121,887 | 17,522 | 280,096 | 297,618 |
| Gross Profit | 27,813 | 32,531 | 4,718 | 73,864 | 77,335 |
| GP % | 26.65 | 26.69 | 0.04 | 26.37 | 25.98 |
| Profit / Loss | 6,345 | 10,775 | 4,430 | 9,969 | 13,169 |

There was also a presentation of the financial challenges which the Management Committee had set for the business going forward. These are:

To retain some of the extra revenue generated in the shop over the last year by identifying and providing products and services the customers want; being innovative in the range offered and suppliers used; offering quality produce and presenting it in an appealing way; and providing additional services around customer deliveries and ordering.

To maintain shop margins by managing and reducing levels of waste and discounts and managing supplier and product availability.

To reopen the Café in a financially viable way which provides the type of café wanted by our community.

Fiona concluded her presentation by thanking members for voting in such numbers to approve the financial statement for the trading year 2019-20 and the Committee's recommendation that the appointment of an Independent Auditor was not required.

4. Membership strategy

Lee Bridges reported that the Management Committee had decided to launch a new share offer with the particular purpose of recruiting many of the new customers and volunteers who had been attracted to the Shop over the past year to become full members of the cooperative. The share offer had to date attracted 16 new members and would continue until 19th March 2021, although applications beyond that would still be considered. He also reminded members who had joined during the original share offer in 2014 that the restriction on their applying to withdraw their share capital for five years had now lapsed. No such applications had yet been received and the Management Committee would hope that most shareholders would wish to continue with their membership.



5. Questions received

Questions had been submitted by members on the following issues:

Q. The role of the Café in absorbing potential Shop wastage and encouraging cross-sales by Café customers in the Shop and whether account had been taken of these factors in considering the financial viability of the Café.

A. In response, it was recognised that there was an element of savings of potential Shop waste through its use in the Café but, as records of this were not kept, this could not be quantified. It was noted, however, that in the period since the Café closed, Shop waste had actually declined significantly. Similarly, it was not possible to gauge the extent to which customers attracted to the Café then made purchases in the Shop, but again Shop sales had increased substantially during the period when the Café had been closed.

Q. The impact of the large amount of depreciation shown in the accounts on consideration of the financial viability of the Café.

A. It was noted that neither in the accounts nor elsewhere was an attempt made to divide depreciation as between the Shop and the Café. The reason behind the level of depreciation had to do with the model on which the cooperative was originally set up, with the aim being to ensure that the business would not have significant expenses such as rent or debts on an on-going basis, as experience elsewhere had shown these could be problematic to the continuing viability of operations.

To this end, very substantial sums were raised at the start from the initial share offer and grants which, among other things, enabled the outright purchase and subsequent extension of the building to be fully funded. However, in accounting terms, these assets and the depreciation on them had to be included, so for instance the total value of the land and building was being depreciated over 50 years. A significant amount of this depreciation does not need to be taken into consideration when looking at the financial viability of the business when we reopen the cafe.

We cannot discount the depreciation completely however, as there are ongoing capital investments we will have to make, e.g. mending the roof, or replacing the computers, chillers and shelving when required. Now we are in an ongoing trading situation, the best way for the cooperative to be financially secure is to make enough profit to cover these capital investments, rather than relying on grants and community investment as we did in the beginning.

It was also noted that depreciation had reduced on a year-on-year basis, as much of the equipment originally purchased for the Shop and Café had been fully depreciated over a four-year period.



Q. In view of the reduction shown in the accounts for depreciation and the significant improvement in cash resources, does this indicate a need and/or opportunity for investment in infrastructure, including as relates to the reopening the Café?

A. As explained above, the reduction in depreciation is partly due to a prudent depreciation policy under which equipment has been written off financially over a four-year period. Nevertheless, as reported in the Chair's presentation, there are plans for significant investment in maintenance and infrastructure going forward in the form of works to reopen the Café, re-roofing the storeroom, a new storage shed, and installing external condensers and air conditioning to address the problem of Summer overheating in the Shop. If members have any other suggestions for new investment we would invite you to bring them forward to the Committee.

Q. Can I buy shares for my children/grandchildren under the share offer?

A. The rules under which the cooperative was set up specify that members must be over 10 years of age. In addition, under the terms of the original share offer, it was decided that those under the age of 18 should be limited to holding only one share worth £10, even though there is nothing in the cooperative's rules limiting shareholdings in this way. The current share offer maintained these restrictions, so for the moment it is not open to purchased shares on behalf of a child or grandchild under the age of 10, and purchases of shares for those over 10 and under 18 are limited to £10. The Committee will consider if it is possible in some way to facilitate share purchases on behalf of children under 10.

[The above answer corrects that which was given in the course of the meeting.]

6. There being no further questions, the Chair declared the meeting closed.