

METFIELD STORES *cic*

ANNUAL REPORT 2009–2010



The long-awaited and eye-catching awning arrived in mid January, thanks to a generous grant of £950 from O2 It's your community and to Gill and Peter Wells who processed the forms, and paid for planning permission and health and safety checks.

REPORT FROM THE CHAIR

After a difficult trading year 2008–9, which turned in a loss for the first time, MS is still up and running...

At the last AGM, Alan Strevens stressed that the tough economic climate and rising overheads meant we were operating with difficulty. We would tighten our own financial belts but, in order to restock for the lucrative summer months, shareholders were asked to give loans for one year and spend more at the shop.

Turnover increased in the first quarter, but was not enough to see us through and by the end of the summer it was clear that something had to be done to address the gap between income and expenditure. The board took the decision to make one manager redundant. By the EGM in September, it was clear that, in spite of enormous support given by shareholders and customers, turnover

The awning will keep the sun off stock close by the windows and rain off potential customers. We also hope it will help reduce the electricity bill, by lowering the ambient temperature in high summer and reducing the need for air conditioning.

had not increased sufficiently to sustain the business with current overheads. At the EGM our accountant predicted that the Stores would be forced to close its doors within 6 months if no action was taken. The whole board stood down and offered shareholders the chance to elect a new board. As there were insufficient candidates, no election was necessary and a new board of old and new directors was formed.

The new board felt duty bound to try to prevent closure of the Stores. The quickest but hardest way to cut overheads was to make both part-time paid managers redundant – the only measure that would have sufficient impact on our finances and the future of Metfield Stores.

We were aware that the redundancies would not be well received within our close-knit community and I must thank my fellow directors for courageously

taking this very difficult decision with me and facing the uncomfortable fallout.

Volunteers have always been the life-blood of Metfield Stores and both Lorraine and Julie worked as volunteers before (and often after!) becoming staff. Lorraine started as a volunteer the week after the shop opened and became a part-time staff member in August 2006, as assistant to Jan Rusted, the first manager; then, from Jan 2007–Feb 2008, as co-manager with Bridget Morley; and, later, in partnership with Julie who joined us in March 2008 (having worked as a volunteer the previous autumn). They have been missed by volunteers and customers, as is Garry, a regular, reliably friendly face in the shop early on most mornings since the summer of 2007.

We wish Lorraine and Julie every success with Village Kitchen and look forward to continuing to showcase their products at the Stores.

The Save Our Shop appeal was launched early in January to clear the backlog of debts (including deferred rent and loans) and the response took us all by surprise. A massive £10,000 was raised in a very short time and this generosity from shareholders and customers has helped us to believe that there can be a future for Metfield Stores. Huge thanks to all who have worked hard this year and dug deep into their pockets to keep our lovely community shop open.

My personal thanks go to a hardworking and united team of volunteer directors and an extremely loyal volunteer workforce. After the ups and downs of our own *annus horribilis*, we hope for a more secure future but our troubles are not over. As always, we need you to keep using the shop as much as you can. We pledge to monitor costs and do all we can to keep prices competitive and look forward to working with our customers to improve the service we offer.

Linda Norris
CHAIR

COMPANY SECRETARY

Martin Wolfe resigned his post in September 2009, handing over the baton to Margot Harbour. Thank you, Martin, for managing to fit this job into your hectic schedule for so long. Unfortunately, Margot had to retire from post almost immediately, due to ill health. Rachel Kellett stepped into the breach on a temporary basis. We are delighted to welcome Barbara Bailey as our new Company Secretary from July.

Our share capital has now reached £24,060, £9,000 of purchases made in response to the recent appeal, as well as £1,000 in donations from the Parish Council and the Sports Association. This capital has helped us out of our winter blues and across the transitory land between paid and volunteer staff, into what we hope will be sustainability.

Our 138 shareholders' geographical locations range from the environs of Metfield, Eye, Woodbridge, Pulham Market and London, to the USA and New Zealand. We are now in email contact with 70% of our shareholders, making communication easier and cheaper.

Our shareholder records are now held electronically at Companies House which makes our annual report easier to file.

Rachel Kellett
COMPANY SECRETARY

BOARD OF VOLUNTEER DIRECTORS

David Bennett	1 April – 21 Sept 2009
Kingsley Eliff	1 Sept 2009 – 19 July 2010
Tessa Harding	1 April – 1 June 2009
Rachel Kellett	1 April 2009 – 19 July 2010
Lorraine McEvoy	1 April – 21 Sept 2009
Garry McEvoy	21 Sept – 30 Nov 2009
Bridget Morley	21 Sept 2009 – 19 July 2010
Gill Mortimer	21 Sept 2009 –
Linda Norris	21 Sept 2009 –
Felicity Price	21 Sept 2009–
Janet Rusted	1 April 2009 – 14 April 2010
Christine Smith	1 April – 21 Sept 2009
Alan Strevens	1 April – 21 Sept 2009
Gill Wells	1 April – 21 Sept 2009
Ann Wolfe	1 May 2009 –

NEW ROLES AND RESPONSIBILITIES

We can report with some pride that, despite the difficulties of the previous year, (plus of course a crisis in the world economy!), the shop has opened every morning and closed every evening as it always has done. From 9am to 5pm each day the regular volunteers continue to do their shifts and this is how we keep the shop open for trading. The number of names on the volunteer list has remained the same as in previous years, i.e. between 35 and 40, with about 25 of those filling regular slots and the remainder on standby.

We are all volunteers now! Since December 2009, there have been huge changes. Volunteers' responsibilities expanded to include opening and closing, ordering and managing stock, safekeeping of financial records and all the other duties previously fulfilled by Lorraine and Julie and past managers. Our chair, Linda Norris, has taken over the bookkeeping. Jan Rusted and Gill Mortimer are responsible for Compliance (Health and Safety and legal requirements to do with the premises and equipment). Bridget Morley and Jan Rusted with Miranda Mitchley, Flick Price and Chris Harvey, collaborate to order and manage the stock. Ann Wolfe has continued to organise the general rota and has been joined by Flick.

There are eight volunteers at present who do opening and closing duties – Jan, Bridget, Linda, Miranda, Chris, Lynn Banham, John Austin and Janet Cobill, with occasional help from Gill Mortimer. Because of this you may notice that some things (like newspapers for instance) may be displayed differently from day to day. We ask customers to bear with us as we try to homogenize systems as much as is feasible!

At a November volunteers meeting the chair gave a brief summary of the current financial circumstances and the new

board fielded questions about staffing and its plans for the future of the shop. A revised Volunteer Handbook was shown and comments invited. Volunteers freely expressed their views on a number of topics. It is hoped to establish more regular volunteer get-togethers.

We always need new volunteers and welcome back those who have taken a break and find that they can rejoin us. It is sad to lose regulars who, for various reasons, find that they cannot continue after many years of loyal service.

Now that we are without paid staff our need for volunteers who are happy to take on extra responsibility is even greater than before.

FINANCE

In the financial year 2008–9 the Stores suffered a loss for the first time in 3 years trading. After the AGM in June we reviewed profit margins and wastage, initiated price comparisons, honed our basic range and ended the unpaid bills (tick) facility. HIP agreed to halve our rent for 4 months, (the balance to be paid over the following 8 months) and we reviewed electricity consumption. Chris Harvey's door-to-door questionnaire directly increased turnover and found us new volunteers.

Our first quarter results reflected an increase in turnover hitting an above daily average of £400 in June, and £395 for the quarter. A trading profit of £500 was nice but clearly not enough to see us through the leaner months to come.

Reducing our overheads by making both managers redundant has produced a saving of £3,660 this financial year. This cut had to be accompanied by fundraising to pay off accrued debts and provide funds to buy stock. Strategies were discussed and by Christmas the new board had agreed to release more shares in the hope of raising at least £7,000.

In early January the 'Save our Shop' appeal was launched and, quite astonish-

ingly, within just 3 weeks £10,000 had been pledged. This swift and generous response meant that we needed to increase our share cap from £20,000 to £30,000. An EGM was held in February to pass this resolution. We are grateful to those shareholders who, at very short notice, came to this vital meeting.

Our annual accounts for the year 2009–10 show a trading loss of £14,000. This raises questions about our viability. We have taken action to reduce our overheads with staff redundancies. If we look at 2008/9 and 2009–10 together, (see notes right) our total accumulated loss was £20,388 and our total wage bill was £22,454.

So, if we continue in similar trading conditions, without salaried staff we may achieve a profit of £2-2,500 next year. But it is questionable whether the shop can operate for any length of time being run entirely by volunteers, however willing and wonderful they are. We are not out of the woods yet, and it is our opinion that until we can improve turnover sufficiently to be able to employ a part-time manager, we cannot consider the shop to be financially viable.

We are trying to reduce wastage, buy better and increase footfall and feel that we are headed in the right direction. In its first 2 years MS made a small profit even though it had 2 part-time staff. In other words, it seemed to be viable. We are encouraged to think that it might be so in the future, especially in view of the support shown by our shareholders and volunteers this year.

Metfield Stores Lottery New board member Gill Mortimer has smoothly and successfully introduced the Metfield Stores Lottery Club. The draw is held at 11.30 am on the first Saturday of each month. So far the Stores has benefited to the tune of £400. *Group members: Linda Norris, Kingsley Eliff, Gill Mortimer, Jan Rusted, Bridget Morley*

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BALANCE SHEET 31 MARCH 2010

	31. 3. 10	31, 3, 09
FIXED ASSETS		
Tangible assets	6,985	8,664
CURRENT ASSETS		
Stocks	7,024	10,111
Debtors	1,004	1,808
Cash at bank and in hand	10,677	3,617
	18,705	15,536
CREDITORS		
Amounts falling due within one year	7,433	2,294
NET CURRENT ASSETS	11,272	13,242
Total assets less current liabilities	18,257	21,906
CAPITAL AND RESERVES		
Called up share capital	24,060	13,146
Profit and loss account	(5,803)	8,760
Shareholders' funds	18,257	21,906
RESERVES		
At 31 March	(5,803)	8,761
Deficit for the year	(14,564)	

Notes

Looking back over the 2008–09 accounts we are not confident that the closing stock figure of £10,111 was accurate – the previous 2 years, as well as the 2009–10 figures, are consistent at £7-7,500. In 2008–09 a system of estimating rather than counting stock was trialed. Because of this high closing stock figure, the loss of £3,149 in 2008–09 was probably understated and so that of £11,676 for 2009–10 overstated. The change in bookkeeping systems mid-year made the accountant's job harder than usual and we thank her for her advice and patience and for keeping her fees down despite the extra work involved.

AVERAGE DAILY TAKINGS

June 06	£426
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Best month – July £478	
average over year – £396	
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June 07	£390
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Best month – August £470	
average over year – £364	
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June 08	£379
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Best month – August £429	
average over year – £343	
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June 09	£410
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Best month – August £460	
average over year – £362	

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TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

	31. 3. 10	31. 3. 09
Turnover		
Sales	132,079	125,360
Grants, Donations, Lottery Club	2,919	3,458
	134,998	128,818
Cost of Sales		
Opening stock	10,111	7,476
Stock purchases	115,688	106,838
	125,799	114,314
Closing stock	(7,024)	(10,111)
	118,775	104,203
GROSS PROFIT	16,233	24,615
Other income		
Flat and Village Kitchen charges etc	1,074	2,821
Deposit account interest	1	-
	17,298	27,436
Expenditure		
Rent	8,628	8,773
Pest control	239	177
Rates and Water	197	405
Light and heat	3,761	2,443
Repairs to property	200	988
Wages	9,398	13,056
Hire of plant and machinery	10	-
Telephone	1,442	861
Advertising	212	217
Implement repairs	136	-
Subscriptions	25	300
Licences and insurance	619	455
Repairs and renewals	107	-
Sundry expenses	375	349
Training	1,277	-
Accountancy	670	679
Consumed goods	698	522
Legal fees	15	245
	27,994	29,470
	(10,696)	(2,034)
Finance costs		
Bank charges	331	-
Credit card	649	1,115
	980	1,115
	(11,676)	(3,149)
Depreciation		
Improvements to property	579	772
Plant and machinery	1,650	2,200
Fixtures and fittings	273	89
	2,502	3,061
NET LOSS	(14,178)	(6,210)



Graze & Buy: (from top left) Flick flogs her home-baked loaves made with G W Wright's speciality bread flours; Brenda offers a taster of Aspalls international award-winning Perronelles Blush cider; Jan samples some Perronelles Blush to see if she agrees with the international panel; stall holders Frannie and Jane with their sumptuously retro Nips and Crumpets display.



STOCK

During 2008-09 our gross margin on stock sold fell from 31.9% to 20.4%. With no reserve capital to begin the new trading year it was not always possible to stock the Stores fully and customers sometimes came in and left disappointed.

The astonishing success of the Save our Shop appeal in early January enabled us to replenish the shelves. We are very grateful for all the financial and moral support you have given us over recent months but we still need to increase our turnover and improve gross margins if we are to become financially viable again. In order to reach these goals we are pursuing various strategies...

The price wars First of all we must say a big thank you to customers who are kind enough to report when we are unwittingly undercutting other retail outlets (putting their community spirit before their private purse!). Recently the aptly named Flick Price has taken on the role of Price Checker and she whizzes about trying to keep us on a par with the competition – excepting BOGOFs and Special Offers

which only the big chains can afford to offer. Realistically, we should compare our prices with those of other 'convenience' stores – at garages, small Tescos etc whose prices are higher than the main branches. However, we are hopelessly ambitious and try to be as competitive as we can, often undercutting Budgens and trying to be on a par with the Co-op.

We are currently reviewing all of our selling prices again, and some have already gone down, including Olde Barn Bakery bread from our local baker in Flixton. We have reduced our margins on all stock supplied by Suma products by 5%. Fairfield Farm local crisps and James White fruit and vegetable juices are all a bit cheaper too.

Our wholefood supplier Suma, contrary to popular belief, does not supply us just with organics. Suma has a huge range of product, is a Co-operative like ourselves, and on many lines offers a better margin than Booker. We plan to take advantage of this and offer you more of their products. You may not notice the change as many are well known brands

rather than Suma's own packaged goods, but we hope to see a difference in our bank balance and also to deliver better value for you.

We are grateful to **Village Kitchen** who very kindly volunteered to supply their product on a sale-or-return basis – this is working well for the stores and hopefully is also useful for VK, giving them a sharp insight into what their most profitable lines are. We hope to stock more VK product during 2010–11.

Fresh vegetables We recognise that many people drive to Harleston or Halesworth when they run out of fresh vegetables and so we have been slowly developing our greengrocery section, with 3–5 deliveries each week. The large open chiller (entirely grant-funded) cuts down on waste. Over the year, the Allotment Association supplied the shop with produce and profits from sales were split on a 50/50 basis. We will continue to do this in 2010–11.

Trips to the seaside In response to your repeated requests, we are shopping more regularly in Lowestoft at the famous discount stores there – this increases our product range, offers good value and improves our gross margins.

Fresh meat During 2009–10 we have stocked fresh meat, from Terry Beale and currently from K W Clarke of Bramfield, a very highly regarded local butchery. Fresh meat is delivered each Friday. If you would like us to increase our stock of fresh meat please tell us. Special or bulk orders can be placed before 5pm each Wednesday to secure a Friday delivery.

Bulk orders We still aim to try and build up a bulk ordering system. As these sales are guaranteed our investment is secure enough to allow a lower margin and therefore cheaper prices for you. We already have a several customers for this service. Please ask for anything you would like us to buy in bulk or to keep in stock, we want to improve on the service we offer you.

PROMOTING THE STORES

It's difficult to quantify the effect of our publicity and promotion but the PR group has two aims: to ensure public awareness and increase the footfall. We are keen amateurs with a tight budget and would welcome expertise into the group.

The shop website (metfield.org.uk, started by Rachel, extended by Linda) became a portal for the village, particularly appreciated while Metfield was being considered for Village of the Year. Software was funded by Mid Suffolk and hosting costs by advertising revenue from local businesses. We are looking for someone to sell advertising each year.

In the spring, 20 local B&Bs within a 30-mile radius of Metfield were targeted by Roger Webb and Rachel, promoting our 'Local Produce at Metfield Stores' for holiday visitors.

In August, our annual Graze & Buy Fiesta combined with an Art Exhibition in the Village Hall. Blessed with sunshine, Julie's garden beside the shop was a fitting venue for the stalls. Joey Peck lent his field for parking, Brenda Ray ran our bar, Adnams donated stock and Lorraine cooked Peter's pork. The Art Exhibition and the WI donated around £400 profits from refreshments, pictures sold and the WI cake stall which helped to bring in a total of almost £2,000 on the day.

Last October, Apple Day linked us into the Aldeburgh Food Festival. In stunning sunshine, 25 people, 5 dogs and 3 bicycles gathered in Julie's garden, sampling juices combining Norfolk Dapple with Falstaff apple. Eddie K led the apple walk to Wakelyns, where Martin and Ann Wolfe gave us an illuminating 'show and tell' on how north-south axis lines of mixed trees and crops cohabit and prosper. Kingsley drove us back to the shop in the community bus.

The Christmas Order Forms went out to 1,200 Five Alive readers and proved popular. Despite arctic conditions, Rachel, Gill Mortimer, Barbara Vidion and



New Year Party, 10 January (left and above): Peter Wells enjoys a quiet cuppa; Jean P and Gaynor chat; Barbara V, Tessa, Sylvia and Mike enjoying a joke; Our display for RSPB's annual Big Garden Birdwatch (above); Apple Day (right): At Wakelyns Martin explains the virtues of permaculture interplanting systems while Ann looks on; Back at the shop, John and Peter shoot the breeze amidst a display of local apples and juices.

numerous others made up orders for customers, mostly on time and with only a few hiccups. The snow and ice before and after Christmas reminded us all of the value of our community shop.

We started 2010 with a joint New Year celebration with Village Kitchen on 10 January. Lorraine and Julie provided tasty nibbles to go with Gill Wells' delicious warm spiced organic apple cup or tea or coffee. Later in January, we did our first 'Counting Birds' event with Eddie K, celebrating the RSPB's annual Big Garden Birdwatch. Bird paraphernalia filled the shop window and Julie's soup and 'local bacon' butties were particularly popular.

In March, we distributed the Metfield Stores cotton bag to many households in the village together with our opening times and a board update on the Save our Shop Appeal, thanking customers and shareholders for their support. We plan to continue producing a newsletter to keep everyone informed. *Group members: Roger Webb, Rachel Kellett, Linda*

Norris, Gill Wells. We thank Peter Cook and Sue Down for their help with distributing information since October.

GOVERNANCE

A busy year for group members (as well as the Company Secretary and PR group), with 2 EGMs and an AGM to be organised with all the attending paperwork. The group met to explore and prepare a new Mem & Arts for a cooperative and received advice from Sally and Keith at The Guild, funded by a grant of £1500 from Business Link. *Group members: Gill Wells, Tessa Harding, Linda Norris, Bridget Morley*

COMPLIANCE

This is a new subgroup engaged with tackling all things official which are to do with our equipment, fire and health and safety and hygiene. A complete risk assessment review is under way. *Group members: Gill Mortimer, Jan Rusted*