

# Gardeners Rest Community Society

AGM March 2024

## Financial Commentary

### Introduction

The accompanying accounts are prepared in accordance with our obligations under the Companies Act 2006 with the assistance of **CJ Woodhead & Co Ltd. Chartered Accountants**. See page 10.

The most important message is that we have **maintained a solid, sustainable financial position throughout the financial year and we are confident of being able to do so for the foreseeable future.**

We can be particularly proud of reducing our dependence on grant funding demonstrating the pub is capable of paying its own way and maintaining a good level of activity.

The full accounts financial year 2022-23 are available on the website as part of the AGM papers.

### Income and Expenditure

Bar sales including catering increased by c£40k or about 11% during the course of the year which is comparable to the rate of inflation and our average price increases over the period. In other word we sold about as much drink and food by volume as the previous year. This is rather better than average for the hospitality trade over the same period.

The Board was very aware of substantial increases in major expenses as a result of inflation and other factors that that cut in as the year progressed. Inflationary increases in the cost of beer and other bar supplies, wage increases to meet the Real Living Wage, and energy costs as our long-term deal expires all present challenges now and for the future.

During the course of this financial year the Board was therefore forced to increase prices to respond, but we have also been successful at reducing buying and overhead costs and this process will continue to make sure we are getting best value whilst maintaining quality and range on the bar.

As a result we maintained the profit percentage after cost of goods are accounted for at c55% (excluding VAT).

We have re-introduced detailed budgets, following the pandemic which made prediction impossible, these systems have been developed further, building on the more stable year which has just been completed.

### Balance Sheet

The balance sheet remains very strong with net current assets of c£60k supplemented by the value of the building which has a very modest book value of less than £300k. This is supported by the pub's ongoing decent profitability confirms our strong and sustainable financial position.

### Share interest payment.

In the light of all this, higher inflation and interest rates the Board felt that it was both right and affordable to increase the Share interest rate to 3% at a cost of £6,644 for the year.

Leaving us with a profit after tax of £11,748 which adds to the value of the company, providing an increased buffer against the risks outlined below.

## **Risks and challenges**

The pub has many financial strengths including:-

- A broad client base, confirmed by the recent survey work, a wide range of ages, frequency of visit and home bases with locals, long term clients and tourists all featuring strongly.
- Freehold premises and therefore no rent to pay and no rent inflation.
- A strong, committed and capable staff team.

There are risks and challenges to match:-

- Turnover must be threatened by ongoing inflation and the cost-of-living crisis as incomes are squeezed, people are likely to go out less often as an economy, we are therefore in a shrinking overall market.
- Our premises are a great strength but we need to invest consistently to maintain them at an excellent standard and reduce costs, especially energy costs.
- Paying good staff properly and investing in ongoing training is good business and aligns with our values but has a cost which also is call on our resources.
- Changes to the road layout round the pub may have an unpredictable effect on the pub's client base and turnover.
- The strong and experienced Board that launched and saw the company through COVID and other challenges have now largely retired and we need to find more new talent to step into their substantial shoes.

## **Conclusion**

The Gardeners Rest remains a remarkable success story and is highly financially successful, but it is important that we do not become complacent as there are real and substantial risks that confront us.

Our medium-term plan seeks to address those risks and opportunities.

Our strong current financial position provides a good opportunity to fund those developments to ensure that the Gardeners Rest moves with the times but maintains the essential qualities that we love.

## **Thanks**

On behalf of the Company, we should record our thanks to Maureen McCreadie who has diligently undertaken our book-keeping throughout the year, learning and streamlining our systems as she went. She is a star!

Also to Jaki Booth who has ably and voluntarily developed and produced monthly management accounts and assisted Maureen, the Board and I behind the scenes in ways too numerous to mention. She has also played the key role in producing the year end accounts with the accountants.

Don't let anyone tell you accountancy can't be fun!

**A Parsons, Director, 5<sup>th</sup> March 2024**