

Redgrave Community Society Limited



“working for the community”

April 2019

Dear Member,

Following the last Members' newsletter in February we are pleased to provide a further update. In addition to the usual topics we are able to give detailed information on the financial situation and the future business plan.

Your generosity and hard work saved the Cross Keys for the community at the end of 2017. However, the financial results for the first year of operation are shown later in this letter and are very disappointing. It will take some time to recover from the losses made and the upheaval associated with the changes made in November.

We now have a new team in place determined to run the Cross Keys as a profitable business, but it will need continued support from you in order to make it a success. Having 'Saved the Keys' we now need everyone to 'Enjoy the Keys'.

We already have a number of community orientated activities - the games afternoons, the Seniors' Lunch, the IT Hub in the Pub and the Monthly Quiz - but we would like suggestions for even more ideas to develop the Cross Keys into a real village hub.

As we know from experience, running a pub and making a profit is challenging. Although the current plan should make a modest profit, there are a number of risks which might affect this. Unplanned staff changes are likely to have the biggest impact, but we may also need to respond to local competition. An operations team consisting of four committee members has been established to support Karen and Matt, ensure that the Cross Keys can respond rapidly to changes in local competition, and help us achieve our 2019/20 business plan.

Recent sales have been encouraging but the committee knows that much hard work by staff and volunteers will be needed to move the Cross Keys towards achieving its full potential and we welcome your help, whether by volunteering or simply 'Enjoying the Cross Keys'.

With kind regards,

A handwritten signature in black ink, appearing to read 'Stephen', written in a cursive style.

STEPHEN EASON

On behalf of the Management Committee of Redgrave Community Society Limited

Stephen Eason	Chairman
Neil Smith	Vice Chairman
John Giddings	Treasurer
Julie Moore	Secretary
Rosie Brenton	
Andrew Dickson	
Fiona Kenworthy	
Donna Taylor	
Carolyn Ward	

Financial Update

John Giddings, our new Treasurer, has prepared summaries of financial performance for the financial year ending 31st January 2019, together with a month-by-month analysis for December 2018 to February 2019.

The preliminary unaudited full year result is a loss of £72,609. Details are shown in Attachment 1 at the end of the letter. £18,078 of this loss resulted from necessary refurbishment work undertaken earlier in the year.

Trading at the Cross Keys commenced in March 2018. In the 9 months from then to November 2018, the pub made a trading loss of c. £50,000. Trading in December and January resulted in further losses, although these were significantly reduced. During the same period the pub's borrowings increased by £26,000 to provide additional liquidity.

Committee members changed roles following the Extraordinary General Meeting on the 24th November 2018. The committee has now taken over day-to-day financial control of pub operations and cost control has improved. The Co-operative Bank agreed to a 4-month capital repayment holiday in January 2019 to help stabilise cash flow.

Details of recent trading can be found on Attachment 2. Stock adjustments are not available at present and so have been excluded. December trading was a little closer to break even although Christmas takings were significantly lower than would normally be expected because of the change of chef and the return of deposits placed earlier in the year. January is normally the worst month of the year and, even though trading was a little better than expected, it nevertheless incurred a loss of £3,822.

Trading results in the current financial year have improved. February was closer to break even and this trend continued into March 2019. As a result of these improvements cash flow is now stable.

The improvement in our performance has come mainly from our bar sales, and staff and volunteers are to be congratulated.

Preparations for the audit of last year's accounts will soon be concluded. Thereafter, management accounts will be made available to members regularly through the members' section of the website. The first accounts will be made available in the 1st week of May. Results will allow for changes in stock levels.

Business Plan

The business plan presented at the November meeting has been updated based on the following assumptions:

- Bar and food sales projections are based on actual trading figures for February and March. These figures have been adjusted to take into account expected seasonal variations and an overall improvement in sales of ~10% through the year.
- Wages costs are based on the current team with an increase in summer to deal with an expected growth in business. We have also allowed for recruitment of a part-time chef to help build the business and potentially take over the kitchen when Matt leaves later this year.
- Expenses are based on recent actual expenses with some additional allowances where needed.
- Interest payments are for the existing loans. These consist of a £50,000 loan from the Co-op bank and £41,500 in individual loans which were taken out as part of the initial fund-raising, and a further £26,000 in individual loans taken at the end of last year. £6,211 has been repaid so far to the Co-op, so the current figure outstanding is £111,586. The Cash Carried Forward figure ('Cash C/F') shows the amount outstanding assuming that cash generated is used to repay the loans.

CASHFLOW 2019



		Feb-Apr	May-Jul	Aug-Oct	Nov-Jan	Full Year
SALES (exc. VAT)	Drinks	37,496	38,750	39,583	38,750	154,579
	Food	23,552	25,833	26,250	26,250	101,885
	Total	61,048	64,583	65,833	65,000	256,464
EXPENDITURE	COST OF SALES					
	Drinks	13,873	14,338	14,646	14,338	57,194
	Food	8,714	9,558	9,713	9,713	37,698
	Gas	420	700	420	560	2,100
	Wages & Salaries inc NI	21,300	25,000	24,500	23,500	94,300
	EXPENSES					
	Expenses excluding wages	9,983	9,085	10,395	13,728	43,191
Total Outgoings		54,291	58,681	59,673	61,838	234,483
Total Operating Income		6,757	5,903	6,160	3,162	21,982
Interest on loans		- 1,048	- 1,078	- 1,325	- 3,199	- 6,650
Cash In(out) Flow		5,709	4,825	4,835	- 37	15,332
Cash C/F		- 105,877	- 101,052	- 96,217	- 96,254	- 96,254

All Figures exclude VAT

Improved cost reporting will allow us to track expenses more carefully, look for opportunities to reduce costs, and make changes when and where necessary.

The level of sales that we need to achieve each week in order to break-even is in the region of £4,600 excluding VAT, a little higher than predicted in November. Looking at weekly sales for the year to date we are currently averaging around £4,300. There are however significant differences which illustrate the variability of pub trading. Our best week so far was the second week in March, in which we took £5,400. This was followed by our worst week in which, for no obvious reason, we took only £2,800.

As stated in the introduction, there are a number of risk factors which might affect performance. The plan will be regularly reviewed and appropriate actions taken where necessary.

Food and drink

Serving food was one of the most popular requests from the survey prior to purchase of the pub, but remains one of the most challenging aspects of the pub business. Matt has worked hard to deliver a 'pub classics' menu along with a variety of dishes for those who are looking for something different. Feedback from customers has been positive, but in general they would like to see more 'specials'. The menu is being updated to allow for this.

In order to try and broaden the menu, and with the expectation of increased trade over the summer months, we shall be seeking a further part-time chef. Ideally, we will find someone who will be able to take up a full-time position when Matt and Asia depart in the autumn and allow for a smooth transition in the kitchen.

We hope you are already aware of the new opening times which came into effect from 1st April. Although this has meant that the regular Monday Curry Night has gone, after carefully considering the figures we believe that five days of uninterrupted food service will prove to be a better option. Curries will now be included regularly on the 'specials' menu.



	<u>OPENING HOURS</u>	<u>FOOD</u>
MONDAY	6:00 – 10:00	KITCHEN CLOSED
TUESDAY	CLOSED	KITCHEN CLOSED
WEDNESDAY	12:00 – 10:00	12:00-2:00 6:00-8:30
THURSDAY	12:00 – 10:00	12:00-2:00 6:00-8:30
FRIDAY	12:00 – 11:00	12:00-2:00 6:00-8:30
SATURDAY	12:00 – 11:00	12:00-2:00 6:00-8:30
SUNDAY	12:00 – 8:00	12:00-3:00

We are providing a wider variety of regularly changing ales which has proved to be a popular move. Drinks sales have increased and there is noticeably more of a 'buzz' in the bar.

We have also introduced a hot snack bar menu for customers who don't want a meal as such, but are tempted by a bowl of whitebait or cheesy chips to go with their drink. These will be available whenever the kitchen is open.

Events and Functions

We have recently introduced a Seniors' Lunch on Wednesdays which is already proving popular. A two-course meal is now available every Wednesday for £9 for the 60+ age group.

The Games & Social afternoons introduced a couple of months ago are well attended and, given that they take place on the first and third Wednesdays of each month, we hope that they will tie in well with the Seniors' Lunch.

Sunday lunches continue to be particularly popular and Mothering Sunday lunch was extremely busy with more than 80 covers; hopefully Easter Sunday will be equally well supported. Bernie Cresswell is kindly providing a Punch and Judy show and a children's disco during the afternoon of Easter Sunday, followed by an adults' disco in the evening.

Although the pub is normally closed on a Monday until 6pm, plans are afoot to hold a family lunchtime barbeque on Easter Monday, complete with Bouncy Castle, run largely by volunteers. If you would like to come along, your support will be much appreciated. The pub will be open from midday.

Karen is keen to attract younger clientele to the pub and believes this will best be achieved with more music nights. The plan is to have two Saturday music nights per month; one a disco night which Bernie Cresswell has kindly offered to run, and the other a karaoke night with *Alfie's Karaoke*. We are going to trial this idea for three months initially, and monitor the takings.

Andy Barber is liaising with various motorbike enthusiast groups with the aim of holding five monthly 'Bikes at the Keys' sessions. These will be held on the 3rd Saturday of each month, May to September inclusive. If you have a motorbike and would like to join a group ride, starting and finishing at the Cross Keys, please contact Andy on 07896 346587.

Kevin Collins organised an in-house knock-out pool competition which is currently progressing well. The final is planned for 2:30pm on Sunday 28th April and we hope that a good number of people will come and support this event. Several of the competitors have commented on the added advantage of having met other hitherto unknown villagers through this. With the renewed interest in pool in the village, further competitions are being planned.

Our various regular events – Quiz Night, IT Hub in the Pub, Games & Social afternoons and the Acoustic Night - are all greatly enjoyed by a wide range of members of the community. As a community pub, this is what we are trying to achieve – something for everyone. If you have any ideas for other regular events you think would be well-received, do please let us know.

Volunteering

Our thanks go to all our volunteers who continue to help out in so many different ways – not only visibly in the pub either waiting at table or behind the bar, but also those who are less conspicuous in supporting the finance team, helping with HR or IT, delivering correspondence, cleaning the fires or the beer lines, and performing a whole host of other jobs behind the scenes which help the pub run more smoothly. We really do appreciate your support – thank you!

It is our aim to equip our volunteers with all the information they are likely to require when on a shift and are currently collating a comprehensive manual for this purpose. Additionally, those who are serving customers will be undertaking a nationally accredited Basic Food Hygiene course, if they have not done so already.

Volunteering is a great way to feel more engaged with the community so do let us know if you would like to get involved.

Annual General Meeting

We intend to hold the AGM in July and will let you know the exact date in due course. There will be several members whose term of office finishes at this time so do please think about this and put forward any nominations. These should be sent to: secretary@redgravecommunitysociety.com or posted to The Secretary, Lilac Cottage, The Street, Redgrave, Suffolk IP22 1RY.

The Minutes of Committee Meetings are now regularly posted to the Members' Area of the RCSL website within 2 weeks of the meetings taking place, or are available, with notice, to view at Lilac Cottage.

If you have any questions about shares or administration of the society please contact us via the secretary's address above. However, if you have any questions or topics you wish to discuss directly with Stephen he can now be contacted at chair@redgravecommunitysociety.com and will be pleased to hear from you.

**The Cross Keys
Profit and Loss Account
Financial Year 2018/19**

	Full Year
Total Income	£ 217,719
Cost of Sales	
Beverages	£ 49,650
Food	£ 54,453
Consumables	£ 9,641
Gas	£ 3,055
Total Cost of Sales	£ 116,799
Gross Profit	£ 100,920
Staff Wages & Training	£ 97,103
Expenses	
Refurbishment	£ 18,078
Advertising	£ 770
Printing & Office Expenses	£ 4,103
Cleaning	£ 1,701
Banking Charges	£ 2,108
Entertaining	£ 1,067
Equipment leasing	£ 450
Insurance	£ 1,829
Subscriptions	£ 2,827
Legal and professional fees	£ 9,987
Power	£ 8,632
Heating	£ 2,201
Telephone	£ 1,768
Water & Sewerage	£ 1,707
Rates	£ 409
Repairs and maintenance	£ 3,430
Sundry expenses	£ 488
Depreciation	£ 8,991
Total Expenses	£ 70,546
Operating Profit/(Loss)	(£66,729)
Financing Costs	£ (5,880)
Net Operating Profit/(Loss)	(£72,609)

The Cross Keys
Management accounts
(Excluding Stocktake Adjustments)

	2018/19		
	December	January	February
Total Income	£18,865	£14,841	£18,106
Cost of Sales			
Beverages	£4,368	£4,050	£4,246
Food	£3,259	£3,356	£3,677
Consumables	£523	£223	£120
Gas	£133	£0	£266
Total Cost of Sales	£8,283	£7,630	£8,308
Gross Profit	£10,582	£7,211	£9,798
Staff Wages & Training	£7,525	£6,662	£6,694
Expenses			
Printing & Office Expenses	£9	£0	£40
Cleaning	£6	£6	£6
Banking Charges	£344	£299	£311
Insurance	£201	£201	£201
Subscriptions	£66	£66	£61
Legal and professional fees	£525	£715	£910
Light	£577	£577	£521
Heat	£460	£460	£0
Telephone	£98	£223	£122
Water & Sewerage	£265	£265	£239
Repairs and maintenance	£813	£273	£452
Depreciation	£749	£749	£685
Total Expenses	£4,114	£3,834	£3,548
Operating Profit/(Loss)	(£1,057)	(£3,286)	(£444)
Financing Costs	(£539)	(£536)	(£509)
Net Operating (Profit/Loss)	(£1,596)	(£3,822)	(£952)