



Financial Year 2021-22: Report on the Society's performance

Our first full year of trading – July 2021 to June 2022 – was under the shadow of Covid. We had to contend with the impact of the pandemic amongst the ranks of our paid staff and volunteers, as well as our suppliers and other counterparties; and we also had to contend with shortages and non-deliveries of staple items, often at very short notice.

Our accounts for this year show a net profit, after tax, of £34,366. This profit figure is mainly attributable to those parts of our grant income which fall to be classified as revenue, and not as capital. This net profit figure does not therefore reflect our true position, if we are looking at the shop simply as a day-by-day trading enterprise.

Taking the figures on this basis – disregarding grant income – our sales for 2021-22 totalled £231,299, while our costs came in at £247,036. This means a trading deficit £15,737 (although this does include several £1,000s of one-time costs including e.g. website construction costs).

Re-capitalising the business has enabled us to carry much more stock than before, and this has provided a valuable cushion against supply chain problems. We have continued to provide the low-cost staples traditionally offered, but we have also started to introduce new product lines e.g. gluten-free items and a number of more up-market lines, such as Crom artisan bread, a wider range of cheeses, wines and beers. As always, we have appreciated suggestions and feed-back from our customers.

Our investment in EPOS, our electronic point-of-sale system, has meant faster check-out handling, and better quality transactional recording. We have not yet been able to deploy the full range of useful features this system offers, but this is work in progress, and will lead to further benefits in stockholding and financial control.

We obtained an award of nearly £39,000 from Inspiring Scotland in December 2021, which was applied towards the costs of paid staff and volunteer training, advertising and marketing, website construction and purchases of shop IT and other equipment.

Although our PO sub-branch has, since the buy-out in March 2021, been staffed by our own employees at our own cost, it was not possible to complete the formalities for the legal transfer to us of the sub-branch until November 2021. Our PO counter is an important element in our offering to the community, but we now know that the costs to ourselves in staffing and maintaining the counter significantly exceed the fees that the PO pays us for doing so – these fees are calculated on a per-transaction commission basis in accordance with the PO's extensive, elaborate and sometimes

arcane tariff scheme. In 2021-22 our staffing costs alone for providing coverage of the PO counter came to £11,600, whereas our fee income from the PO was about £7,500 – effectively a £4,000 deficit. The financial reality is that the PO counter is subsidised from out of the ordinary trading income of the shop. This obviously is a concern to us, and we have been considering what can be done about it. Simply reducing Post Office opening hours is not in itself a solution.

On staffing, Vera Kelly, one of the shop's long-serving employees retired last April. She was a senior staff member, with years of experience in the shop, and the Management Committee are grateful for her contribution and the continuity she provided when the buy-out finally went through. Our original social enterprise plan provided for the appointment of a development manager, and in March 2022 the Management Committee, after advertising the new post, receiving 6 applications, short-listing 3 applicants, and interviewing 2 (since one dropped out), appointed Louisa O'Brien, an experienced and locally-based retail specialist, to take the business forward in accordance with the vision outlined in the social enterprise plan and developed by the Management Committee. This appointment has also had the advantage of removing some of the burden of day-to-day operational matters from individual members of the Management Committee who were not themselves retail professionals.

It has also enabled the Management Committee to concentrate its resources on progressing the refurbishment of the ground floor of the shop premises, a major feature of the social enterprise plan. Pre-application drawings were submitted to the Planning Department in the summer of 2021. Based on the feedback from that, and following guidance from funding bodies and contacts in other buy-out projects, we appointed architects (Richard Amos Ltd, in Duns), a quantity surveyor (Allan Associates, in Selkirk) and consulting engineers (Mackay & Partners, in Selkirk). This professional team was in place by December 2021. Their remit was to develop, in collaboration with the Management Committee, detailed plans for renovation of the existing shop area and for a new extension at the rear; to apply for and obtain planning and building control clearance; to prepare documents for, and hold, a public tender for the works; to assess responses; and to finalise a contract with the successful bidder – all this by 31 March 2022, the deadline for the avilment of our main grant funding from Regeneration Capital Grant Fund. Within the time available, these objectives were extremely challenging, but they were duly achieved. A further award of £90,000 by way of top-up funding had been obtained from SBC's Place-Based Investment Programme, and the contract for the works was signed on 30 March, with James Swinton & Co. Ltd in Hawick, at an initial contract value just short of £200,000, and a likely start-date in May with an estimated duration of 18 working weeks.

As the building works involved a radical stripping-out of the shop and back kitchen/storage area, as well as the construction of a new extension at the rear, it was clear that the shop could only maintain uninterrupted service to the community if alternative accommodation were available while the works were proceeding. Here the Youth Hall Supporters Association came up with an offer of their space pending completion of the works. This offer was much appreciated, and a formal occupancy agreement was negotiated, setting out likely improvements, costs and other conditions applicable. The shop business was accordingly decanted to the Youth Hall on 30 May 2022, with help of a large group of local volunteers and their equipment – for which the Management Committee is also most grateful. BY that time the contractor had already moved in and started work on preparatory work in the open yard area at the back of the shop.

As regards membership of the Management Committee, the members elected at the 2020-21 AGM all continued in office throughout 2021-22 without any additional appointments.

4 December 2022

The Management Committee