

BRUNTSFIELD COMMUNITY GREENGROCER LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

BRUNTSFIELD COMMUNITY GREENGROCER LIMITED

COMPANY INFORMATION

Chairperson	Isla McCulloch
Secretary	Isla McCulloch
Company number	SP002778
Registered office	119 Bruntsfield Place Edinburgh United Kingdom EH10 4EQ
Accountants	Facts and Figures (Scotland) Ltd 4-6 Polwarth Gardens Edinburgh EH11 1LW

BRUNTSFIELD COMMUNITY GREENGROCER LIMITED

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BRUNTSFIELD COMMUNITY GREENGROCER LIMITED

MANAGEMENT COMMITTEE REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

I am writing this report in between Christmas and New Year in 2020, trying to think back to 2019. Normally this Chair's report is linked to the strategy document but this year's will be different.

September 2019 – February 2020: Feeling positive, looking to grow....

At the beginning of our financial year, autumn 2019, while still wary about the great unknown of Brexit, we were feeling in a position of strength, we had rebuilt our share capital, had strong reserves, felt supported by our community and excited to consider options for investing in and growing our business. We looked at the former post office premises 2 doors down as a way to move into a bigger space, without an awkward corridor, slightly better storage and office facilities but would have cost significantly more in rent. We looked at a corner unit just off the main high street near St Oswald's which had a lovely big bay window, but much less footfall. We looked at a 'satellite' unit closer to the canal, which we could have maybe opened alongside our Bruntsfield Place main shop, as more space for zero waste wholefoods, a community space for workshops and events and an office with natural light! We mapped out costs, looked at new suppliers, considered another community share offer, and hummed and hawed on the various pros and cons of these different options.

In the meantime, we also worked to improve our existing premises with ongoing flood prevention basement works, new membranes, linings, ventilation all put in with the support of our landlord. This work seems to finally have made a difference, with no significant flooding incidents this year!

We also invested in our existing staff team, improved employee benefits, holidays and sick leave provisions and finally drafted up a proper Employee Handbook to keep all that important information in one place. We also brought Struan Johnston on as a new part time Shop Supervisor. Struan had been a loyal volunteer for several years and had interviewed for the Shop Supervisor post earlier in the year so we felt confident bringing him into the team to give us more capacity and flexibility. This turned out to be even more impactful than we could have imagined!

Over the autumn in 2019 we participated in a range of events like the global climate strike and the 2 day Nourish Conference 'Game Plan for a Good Food Nation'. We paid for Morag and volunteer Fiona Liddle to attend, Fiona then wrote a superb blog piece for our website and subsequently decided to join the Management Committee.

In December 2019, we also found our wee shop on the front page of BBC News and The Guardian online as part of the General Election news coverage when Nicola Sturgeon decided to pop by, don one of our famous green pinnies and throw a beautiful yellow squash in the air!

We had our AGM as usual in February 2020, all sitting in a room, talking to each other, do we remember? Experienced shop volunteers and active community members Ann McFall and Fiona Liddle were elected to the Management Committee. We said our thanks and farewells to Chelsea Marshall who stood down at the AGM. She really made a significant contribution to Dig-In over the years and continues to help out where she can.

March 2020 – August 2020: Lockdown

We managed one in person Management Committee Meeting at the end of February 2020, already wary of this unknown virus in the news, and then things changed very quickly.

The news of the first lockdown was pretty scary, we quickly established that as an essential business we could stay open, but did deliberate strongly whether we could, whether it was safe to, would our staff and volunteers feel comfortable keeping on working? Information available from the various government and other sources was patchy and changing daily, risks of transmission from cardboard and coins was discussed, risk registers drawn up that went out of date in a week, masks were debated...

We agreed early on that we did not want to close, not knowing when we would ever be able to open again if we made that decision but agreed that we could afford to take a financial hit if required. We were flexible about changing opening hours, adjusting our service, closing the shop during the day and earlier in the evenings to allow much more time for cleaning and stocking shelves which was a real struggle with social distancing measures and max. one volunteer in at a time.

BRUNTSFIELD COMMUNITY GREENGROCER LIMITED

MANAGEMENT COMMITTEE REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

All the staff this year have really stepped up. We quickly moved to a position of Morag Deans managing the shop remotely and working from home as much as possible. Morag has done a fantastic job adapting to managing the shop remotely with investment in new regular and online forms of communication. She has overseen huge changes to daily changes to processes, veg box ordering systems, new hygiene measures etc.

Claire Hutchins stepped up too, doing additional hours from home to keep on top of the volunteer rota, training up new volunteers and coordinating the vast influx of new Supporters Accounts.

Steph Marsden also increased her hours, picking up some financial administration work from home and getting stuck into improving our website, online and in store communications to keep everyone up to speed with the ever changing circumstances!

As a Management Committee we made some decisions quite early on to recognise the immense effort from the whole staff team in responding to the crisis with such level heads and commitment. We agreed to bring in then annual increase to staff wages of 3.2% (to everyone) a month earlier (April instead of May). We agreed to pay all staff an additional £50 per month (post tax) for the first 4 months from April to July. This cost us £1,000 total. We increased the staff/volunteer discount from 10% to 20%.

We amended our sick leave policy so that any COVID-19 related absence (self-isolation etc.) would not come out of staff annual sick leave allowance and with the government support in paying SSP, we agreed to top it up to they would have up to 2 more weeks full sick pay on top of the 2 weeks they are currently covered for.

The huge effort of our wonderful team of around 25 volunteers this year cannot be underestimated, and we can honestly say, this would not have been possible without everyone. While some of our regular volunteers made the decision to take a step back, many increased their commitment and many more of our supporters, either furloughed at home, or with more time on their hands, offered their help. We ran remote volunteer training on Zoom and organised socially distant 'shadow shifts'.

It was recognised that the staff team were feeling very stretched, exhausted and struggling to take any time off. In June, we agreed that we would look to bring on another part time Shop Supervisor, for 6 months initially, to try and ease this pressure. We were delighted to welcome Lina Alkhatib to our team at the beginning of August, she has been a ray of sunshine and picked things up quickly in a particularly challenging environment! We have agreed to extend Lina's contract for a further 6 months.

In terms of our Management Committee, once the initial panic had settled a bit, we took some time to do some group governance training with our lovely new committee members. As our Strategy 2021 was due to 'expire' in 2021, we thought about trying to write up a new strategy, but this proved very challenging. We've agreed that the strategy right now is survival and our existing strategy is still very relevant.

Our financial position

From being a relatively discreet part of our business for the last few years, our veg box subscriptions increased hugely at the beginning of lockdown. We went from doing about 15 veg boxes per week in March to about 55 per week in May. 30% of those veg boxes were deliveries, at no extra cost, by staff and volunteers, to those shielding at home. This meant closing the shop to regular shopping on Fridays as our little shop couldn't fit all the boxes and humans in at once which impacted our sales. We are glad to be able to open as normal on Fridays now while continuing veg boxes for those who wish them.

In terms of our financial position, while our turnover this year was higher than ever before (13% higher than last year), our costs have also shot up. This is due to additional staff costs, cleaning equipment, sanitisers, masks for staff and volunteers, our waste also increased which had quite an affect on our margin which went from an average of 32.5% in the first 6 months to an average of 29.8% in the last 6 months. Thankfully we applied for the £10,000 grant from the Council which we gratefully received and between the grant and the first half of the year being on track, we have made a surplus at the end of the year of £10,801.

BRUNTSFIELD COMMUNITY GREENGROCER LIMITED

MANAGEMENT COMMITTEE REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

Diane Finnie, our Treasurer, has kept us all well informed and up to date on our monthly management accounts, while preparing different financial forecasts to support with scenario planning. In light of our current position, instead of investing our reserves in any expansion or growth project, we have decided to keep our reserves (c £50,000) in a deposit account which gives us a small interest rate and the comfort of knowing we have some cushion to weather the shocks as they come. With our monthly fixed costs averaging £7,400 per month now, it is reassuring that we know we have about 6 months cash cover if our trade was disrupted.

Brexit?

While we have 'stockpiled' a little in terms of basic supplies, tinned tomatoes, etc. recently, as we are at the end of the supply chain, we have felt relatively helpless in knowing how to adequately prepare for Brexit. We are optimistic that we have great relationships with our local growers built up over years and with our suppliers and wholesalers. At the time of writing, the Brexit deal is looking like it will be approved by the UK parliament, and will not have an immediately shocking impact on supply or costs of fresh produce and other grocery items. However, time will tell whether increased form filling, customs declarations etc. will have an impact on prices and supply in the future and we are prepared for that.

Thank you to our community!

Finally, we just want to say thank you to our community for continuing to support us, patiently waiting outside, adapting to new guidelines, sending us lovely messages and gifts and keeping a smile on your faces under your masks for all this time. Thank you!

Principal activities

The principal activity of the company continued to be that of community-owned and supported, not-for-profit greengrocer in Edinburgh who supply locally-sourced produce and foster community spirit.

Management committee

The persons who held office during the year and up to the date of signature of the financial statements was as follows:

Isla McCulloch - Chairperson & Secretary
Diane Finnie - Treasurer
Amanda Lake
Chelsea Marshall (Resigned 10th February 2020)
Robyn Dawson (Resigned 10th February 2020)
Catherine Francis
Ann McFall (Appointed 10th February 2020)
Fiona Liddle (Appointed 10th February 2020)

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the management committee

..... Date.....
Isla McCulloch
Chairperson

..... Date.....
Diane Finnie
Treasurer

BRUNTSFIELD COMMUNITY GREENGROCER LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 AUGUST 2020**

	2020	2019
	£	£
Turnover	265,077	233,877
Cost of sales	(184,439)	(155,742)
	<hr/>	<hr/>
Gross profit	80,638	78,135
Administrative expenses	(79,837)	(63,248)
Other operating income	10,000	425
	<hr/>	<hr/>
Operating profit	10,801	15,312
Interest receivable and similar income	185	-
	<hr/>	<hr/>
Profit before taxation	10,986	15,312
Tax on profit	(2,079)	(2,909)
	<hr/>	<hr/>
Profit for the financial year	<u>8,907</u>	<u>12,403</u>

BRUNTSFIELD COMMUNITY GREENGROCER LIMITED**BALANCE SHEET****AS AT 31 AUGUST 2020**

	Notes	2020 £	£	2019 £	£
Current assets					
Stocks	4	3,879		6,713	
Debtors	5	4		71	
Cash at bank and in hand		66,834		55,557	
		<u>70,717</u>		<u>62,341</u>	
Creditors: amounts falling due within one year	6	<u>(19,261)</u>		<u>(19,792)</u>	
Net current assets			51,456		42,549
Capital and reserves					
Called up share capital			32,350		32,350
Profit and loss reserves	7		19,106		10,199
Total equity			<u>51,456</u>		<u>42,549</u>

The company is entitled to exemption from audit under Section 84 of the Co-operative and Community Benefit Societies Act 2014 for the year ended 31 August 2020.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 August 2019 in accordance with Section 83 of the Co-operative and Community Benefit Societies Act 2014.

The members acknowledge responsibilities for:

- ensuring that the company keeps accounting records which comply with Sections 75 and 76 of the Co-operative and Community Benefit Societies Act 2014 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 79 and 80 and which otherwise comply with the requirements of the Co-operative and Community Benefit Societies Act 2014 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the committee on and were signed by:

.....
Isla McCulloch
Director

BRUNTSFIELD COMMUNITY GREENGROCER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

Company information

Bruntsfield Community Greengrocer Limited is a private company limited by shares incorporated in Scotland. The registered office is 119 Bruntsfield Place, Edinburgh, United Kingdom, EH10 4EQ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.3 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	33% Straight Line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.4 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

BRUNTSFIELD COMMUNITY GREENGROCER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.5 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.6 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

BRUNTSFIELD COMMUNITY GREENGROCER LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2020****1 Accounting policies****(Continued)****Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020	2019
	Number	Number
Total	4	3
	=====	=====

BRUNTSFIELD COMMUNITY GREENGROCER LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2020****3 Tangible fixed assets**Land and
buildings
£**Cost**

At 1 September 2019 and 31 August 2020

5,030

Depreciation and impairment

At 1 September 2019 and 31 August 2020

5,030

Carrying amount

At 31 August 2020

-

At 31 August 2019

-

4 Stocks**2020**
£**2019**
£

Stocks

3,879

6,713

5 Debtors**2020**
£**2019**
£**Amounts falling due within one year:**

Trade debtors

-

1

Other debtors

4

70

4

71

6 Creditors: amounts falling due within one year**2020**
£**2019**
£

Trade creditors

14,555

15,516

Corporation tax

2,079

2,909

Other taxation and social security

347

-

Other creditors

2,280

1,367

19,261

19,792

BRUNTSFIELD COMMUNITY GREENGROCER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

7 Profit and loss reserves

	2020	2019
	£	£
At the beginning of the year	10,199	(2,204)
Profit for the year	8,907	12,403
	<hr/>	<hr/>
At the end of the year	19,106	10,199
	<hr/> <hr/>	<hr/> <hr/>

BRUNTSFIELD COMMUNITY GREENGROCER LIMITED**DETAILED TRADING AND PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 AUGUST 2020**

		2020		2019
	£	£	£	£
Turnover				
Sales		265,077		233,877
Cost of sales				
Opening stock	6,713		5,938	
Purchases	172,334		148,361	
Closing stock	(3,879)		(6,713)	
Wastage	9,271		8,156	
		<u>(184,439)</u>		<u>(155,742)</u>
Gross profit	30.42%	80,638	33.41%	78,135
Other operating income				
Grants received		10,000		425
Administrative expenses				
Wages and salaries	47,806		37,311	
Staff training	84		-	
Staff pension costs defined contribution	1,369		460	
Rent	13,281		13,281	
Rates	1,505		1,530	
Cleaning	2,461		1,769	
Repairs and maintenance	1,665		693	
Subscriptions	503		563	
Legal and professional fees	-		339	
Accountancy	2,200		1,817	
Credit card charges	4,186		2,576	
Insurances	1,046		1,003	
Printing and stationery	2,809		1,414	
Advertising	-		149	
Telecommunications	722		256	
Sundry expenses	200		87	
		<u>(79,837)</u>		<u>(63,248)</u>
Operating profit		10,801		15,312
Interest receivable and similar income				
Bank interest received	185		-	
		<u>185</u>		<u>-</u>
Profit before taxation	4.14%	<u>10,986</u>	6.55%	<u>15,312</u>