

# Malvern Book Cooperative

## Annual Report and Accounts for Year Ending 31<sup>st</sup> December 2016

The report covers the fifth year of operation of the Cooperative.

Once again this year the management board are not recommending the payment of a dividend. Our constitution allows for the payment of a dividend if we trade at a profit and if there is sufficient cash to justify a payment. This year we have traded at a small loss and therefore no dividend will be paid.

### Trading Summary

The overall position for the year 2016 is that we traded at a very small loss of £316. This compares to a loss of £2703 in 2015. To have broken even in a year where sales values have been static is a reflection of our ability to manage costs closely. This management of costs means that our cash position is still strong. We ended the year with £10,580 of cash in hand. This is slightly higher than at the end of 2015.

The overdraft facility arranged in 2015 is still in place as a precaution but we do not anticipate needing to use it this year. Last year there were two occasions when we used the facility for periods of less than a week.

This was the first year in which we had no outstanding loans and had the benefit in full from the reduce rent and utility costs we negotiated last year. This stands us in good stead for the future.

We have now depreciated our assets fully and will not need to provide for this in future years.

We are pleased to be in the position of having a business that is viable in the long run providing a service to the town and our members.

Changes in the law relating to the audit of micro-entities means that we no longer need to have our accounts audited. Members are however free to inspect the accounting records should they so wish and the Board are happy to answer any questions

**Malvern Book Cooperative**  
**Income Statement for Year ending 31/12/2016**

Revenue		£90,092.00
Opening Stock	£10,140	
Cost of Sales	£72,017	
Closing Stock	£8,829	
		£73,328
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Gross Profit		£16,764
Expenses		
Rent and Utilities		£10,873.00
Depreciation		£0
Other		£6,252.00
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Operating Profit		-£361
Interest and loan repayments		£0
Net Profit after Interest		-£361
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Dividends		£0
Retained Income		-£361
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**Malvern Book Cooperative**

**Statement of Financial Position as at 31/12/2016**

	Cost	Depreciation	Net Book Value
Non-current Assets	£6,694	£6,694	£0
Current Assets			
Stock		£8,829	
Debtors		£0	
Cash		£10,580	
			£19,409
Current Liabilities			
Creditors			-£6,697
Long Term Liabilities			
Impetus Loan			£0
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Net Assets			£12,712
Financed By			
Withdrawable Shares			£22,300
Retained Income			-£9,588
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			£12,712

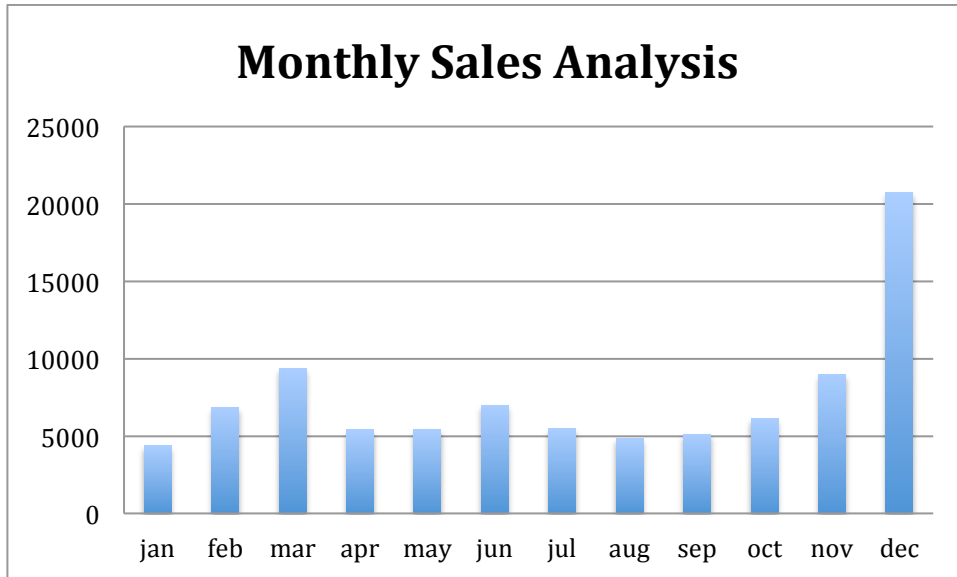
**Malvern Book Cooperative**  
**Cash Flow Statement for Year Ending 31/12/2016**

Net Profit	-£361
Add	
Depreciation	£-
	-£361
Changes in Working Capital	
Decrease in Debtors	£-
Decrease in Creditors	-£494
Decrease in Stock	£1,311
	£817
	£456
Investing Activities	
Non-current asset purchases	£-
Financing Activities	
Issue of Shares	£-
Interest Paid	
Loan received	£-
Change in cash	£456
Opening Cash	£10,124
Closing Cash	£10,580

**Note 1**

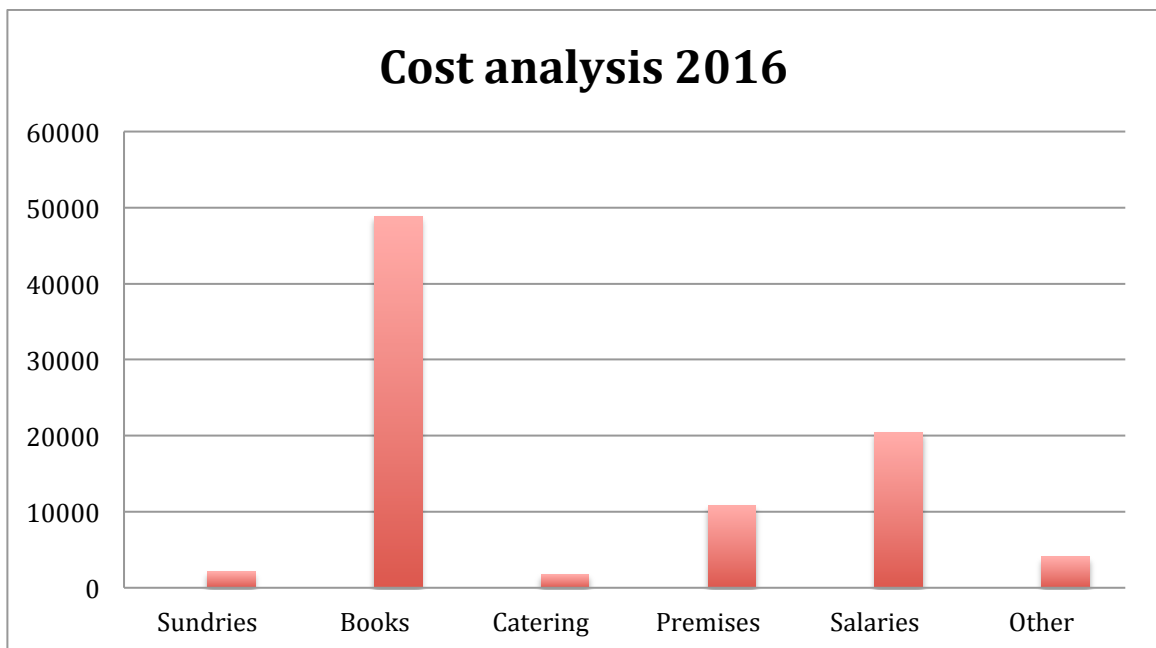
The sales revenue comprises income from all sales. The breakdown of sales is shown in the chart below. Book sales make up around 80% of all income.

Sales are highly seasonal as shown in the breakdown below.



This poses a significant cash flow challenge for the business which needs to generate sufficient cash in 'lean months' to finance the increased stock levels in the run up to Christmas trading.

**Note 2**



### **Note 3**

The value of stock at the end of the year was £8829. This was a significant decrease on the value at the end of the 2015 year.

Stocks are valued at the lower of cost and net realisable value. As all stock held is for sale this means that stock is valued at cost. On average books for sale are purchased at a discount of about 40% below sales prices. Stocks other than books include cards, catering supplies and sundry items. Compared to the value of the book stock these items are immaterial. Some books from local authors are not purchased and are held on a 'sale or return' basis.

### **Note 4**

Non-current assets comprise the fixtures and fittings associated with the shop. These items have been depreciated over the three year period of the initial lease. This basis was chosen to reflect the potential need to replace these fittings should the business need to relocate at the end of the lease period. All assets are now depreciated in full and no depreciation charges are made.

### **Note 5**

Share capital in the Cooperative comprises £50 withdrawable shares. 446 shares are in issue. Share capital is non-transferrable and no shares may be withdrawn in the first two years of the Cooperative. After this period shareholders may apply to withdraw 25% of their holding in any year subject to the management committee approval and there being sufficient cash reserves to fund the withdrawal.

### **Note 7**

Creditors comprise amounts owing for the purchase of book stocks, payments of PAYE to HMRC and un-presented cheques.