



Coffee Shop – Financial Performance

Prepared for: Town Council, 20 September 2016

Prepared by: Derek Shingleton, Finance Manager

Date of Report; 13 September 2016

BACKGROUND

- At the last Council meeting it was agreed that I provide a report on the financial performance of the Coffee Shop from its opening in May to 31 August 2016.

CURRENT POSITION

- The current financial position is shown in the attached Appendix. I have split the costs into three categories – direct costs (salaries and food), ongoing costs (cleaning and maintenance issues) and set-up or one-off costs. All costs and income exclude VAT. In summary, the position is as follows.

Salary costs	£9,003
Food Costs (net of stock in hand)	£4,913
Total Direct Costs	<u>£13,916</u>
Income	£10,761
Gross Profit/(Loss)	<u>(£3,155)</u>
Running Costs	£339
Set Up or One-off Costs	£3,105
Current Financial Position	<u>(£6,599)</u>

The food costs take into account an estimated stock in hand figure of £926 based on the last stock take.

- The appendix shows that by far the biggest loss was incurred in May. This is a combination of relatively low takings due perhaps to the Coffee Shop not yet being fully established and to higher food costs being incurred in order to build up the stock. The performance in recent months has been better, although still showing a loss. Reduced staffing costs may improve the situation in future months.

STANLEY TOWN COUNCIL

RECOMMENDATION

4. I recommend that Members note the current position regarding the financial position of the Coffee Shop and make a decision on whether it should continue to operate.

FINANCIAL IMPLICATIONS

5. There are no financial implications arising directly from this Report, although it is reporting a loss making performance on the Coffee Shop.

LEGAL IMPLICATIONS

6. There are no legal implications arising directly from this Report.

Derek Shingleton

Finance Manager
