**Treasurer’s Report Alfalfa House AGM (Feb 23 2020) 2018/19 results and beyond**

The financial position of Alfalfa House Co-op needs to be looked at in 3 broad segments and 1 key question

1) **Where** we **were**
2) **Where** we **are**
3) **Where** **we want to get to**
**\*\*WHY** we are**\*\***

**Where we were (during 30 June 19 Financial Year)**

-Behind on stock supplier bills;
-Unassailable solvency position;
-Large stock write down.
-Hadn’t been a concerted effort to reduce major cost items had not been addressed (i.e. stock ordering & staff costs).
A lot of this was done by the MC of 2019, Allie as Manager and Paolo as Stock Manager, which has improved our trajectory.

**30 Jun 19 financials and subsequent events:**
**Stock w/off**Large $20k stock write-off mainly on the back of:

(i) ***Carrying significantly less stock than previous financial year.***
In the balance sheet we do not adjust the previous financial year (30 June 2018)’s stocktake figure until the next stoctake (30 Jun 2019)-we only make the adjustment then.
We would need a better POS system, and rolling weekly/monthly stoctakes to have a more accurate live number.

***Other much less significant factors in the w/down were:***
 (i) lack of consistency in stock loss reporting (now done daily);
 (ii) some measurement issues (Litres vs kg in liquid stock, spices pricing. Now resolved)

**November 2019 Director Loans**Cash injection to pay down supplier debt and be well stocked for Xmas had produced high pre-xmas sales, and a decent Jan 2020 trading.
Previous year Jan 2019 had a trading slump due to low pre-xmas stock ordering.

**Where we are**-Bills being paid on time
-Sustainable staffing/costs
-Well controlled stock ordering and more consistent gross profit margins (previously erratic).
-POS System still not ideal to account for Cost of Sales (related to cash vs accrual accounting).
-Better control over costs.
-Average daily sales, and month to month sales stable

**AVERAGE MONTHLY P&L Metrics (FY2020 Averages taken til 31 Jan 20 as this is the last full month)**

|  |  |  |  |
| --- | --- | --- | --- |
|   | **30 Jun 20 YTD (at 31 Jan 2020)** | **Year Ended 30 Jun 19** | **Year Ended 30 Jun 18** |
|  **Average Sales**  | $89,398.07 | $89,173.68 | $92,905.39 |
|  **Average COS (Cost of Sales)**  | $59,418.72 | $58,108.20 | $59,660.26 |
|  **Average GP (Gross Profit)**  | $29,979.35 | $31,065.47 | $33,245.13 |
|  **Average GP Margin %**  | 33.53% | 34.84% | 35.78% |
|  **Average Staff Costs**  | $25,317.00 | $29,511.68 | $29,141.78 |
|  **Average Operating Costs (incl. Staff Costs)**  | $35,617.94 | $40,547.03 | $39,856.65 |
|  **Average Operating Costs (excl. Staff Costs)**  | $10,300.94 | $11,035.34 | $10,714.86 |
|  **Average overall Profit/(loss)**  | ($2,554.76) | ($4,054.23) | ($1,430.00) |

 **P&L 3 YEAR COMPARISON**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **30 Jun 20 YTD (at 20 Feb 2020)** | **Year Ended 30 Jun 19** | **Year Ended 30 Jun 18** |
| **Total Sales** | $691,017.96 | $1,070,084 | $1,114,865 |
| **Total COS (Cost of Sales)** | $436,703.22 | $697,298 | $715,923 |
| **Total GP (Gross Profit)** | $254,314.74 | $372,786 | $398,942 |
| **GP Margin %** | 36.80% | 34.84% | 35.78% |
| **Total Staff Costs** | $187,512.51 | $354,140 | $349,701 |
| **Total Operating Costs (incl. Staff Costs)** | $266,849.50 | $486,564 | $478,280 |
| **Total Operating Costs (excl. Staff Costs)** | $79,336.99 | $132,424 | $128,578 |
| **Total overall Profit/(loss)** | $9,052.00 | $(48,651) | $(17,160) |

**Balance Sheet Comparatives FY20 (YTD) vs FY19 vs FY18**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **20 Feb 2020** | **28 Feb 2019** |  | **31 Jan 2020** | **31 Jan 2019** |  | **30 Nov 2019** | **30 Nov 2018** |  | **30 Jun 2019** | **30 Jun 2018** |
| **Total Cash (in bank accounts)** |  $5,594  |  $ 13,414  |   | $8,722  |  $ 13,299  |   |  $ 18,708  |  $ 8,900  |   |  $ 8,768  |  $ 16,279  |
| **Total Stock** |  $34,401  |  $ 54,844  |   |  $34,401  |  $ 54,844  |   |  $ 34,401  |  $ 54,844  |   |  $ 34,401  |  $ 54,844  |
| **Total Current Assets (incl. undeposited funds and rental bond)** |  $49,637  |  $ 74,949  |   |  $49,403  |  $ 74,396  |   |  $ 66,027  |  $ 70,666  |   |  $ 57,887  |  $ 83,181  |
| **Total Non-Current Assets (PPE)** |  $61,814  |  $ 75,107  |   |  $61,814  |  $ 76,202  |   |  $ 64,346  |  $ 78,626  |   |  $ 70,336  |  $ 76,439  |
|  |  |   |   |  |   |   |   |   |   |   |   |
| **Total ATO Liabilities (GST/PAYGW)** |  $7,561  |  $ 14,916  |   |  $4,349  |  $ 18,073  |   |  $ 1,576  |  $ 13,544  |   |  $ 3,387  | -$ 636  |
| **Total Employee payables** |  $6,316  |  $ 17,199  |   |  $6,268  |  $ 13,168  |   |  $ 8,147  |  $ 15,387  |   |  $ 13,690  |  $ 23,122  |
| **Total Supplier Payables** |  $12,060  |  $ 62,880  |   |  $44,988  |  $ 57,292  |   |  $ 55,951  |  $ 49,064  |   |  $ 59,688  |  $ 37,544  |
| **Total Current Liabilities** |  $25,937  |  $ 94,995  |   |  $55,605  |  $ 88,533  |   |  $ 65,674  |  $ 77,995  |   |  $ 76,765  |  $ 60,029  |
| **Total Non-Current Liabilities (Directors' Loans + round ~$4)** |  $25,004  |  $ -  |   |  $25,004  |  $ -  |   |  $ 25,004  |  $ -  |   |  $ -  |  $ -  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Net Current Assets** |  $23,700  | -$ 20,046  |   | -$6,202  | -$ 14,136  |   |  $ 353  | -$ 7,329  |   | -$ 18,878  |  $ 23,152  |
| **Total Net Assets** |  $36,810  |  $ 75,107  |   |  $36,810  |  $ 76,202  |   |  $ 39,342  |  $ 78,626  |   |  $ 70,336  |  $ 76,439  |

**Where we want to get to**A thriving hub (both **financially** and of Alfalfa House’s **Zero Waste, Sustainable objectives**), where stability is no longer an issue.

To live in that world we need **growth.**
**Growth** comes out of increased sales (now we have worked hard to cut costs)

**Increased sales are** made up of:More customers and bigger spend
 **HOW DO WE DRIVE MORE CUSTOMERS & BIGGER SPEND
Including but not limited to):**
-Having **volunteers help promote Alfalfa in front of the store/Enmore Rd**
-**Grants** (for income-producing equipment, to put on workshops & store upgrade/s);
-**Exposure** in the community;
-Greater conversion of promos of **Marketing** into sales;
-**Events** (workshops or otherwise);
-**Cross promotion** with other local organisations, businesses, Inner West Council/State Gov’t, sporting groups;
-**WORD OF MOUTH** (to your friends and families),
-letter drops;
-tastings;
-promos.
**Volunteer Teams**
To achieve the above-I will talk about ‘Alfalfa House Volunteer Teams’ shortly.

**WHY WE ARE?**The key existential question that will really focus ourselves and our efforts to exist and grow is **WHY we are Alfalfa House**.
Why we have been around for nearly 40 years.
Why we do what we do, offer the goods and friendly service, the workshops and the participation in the running of the Co-op that we do.

If we are clear on this **why**, and are together on this, we can keep our focus on the important tasks ahead.