

Annual General Meeting 19th November 2003

Chairman's Notes

Open meeting & welcome shareholders, professional advisors, staff

Introduce Directors: Karen Burling, Helena Oldroyd

Introduce Committee:

Introduce Professional Advisors:

Mike Leggett, Carole Alexander & Maryanne Holifield

Introduce Staff

Apologies for absence

Chairman's Opening Remarks

WE WILL MOVE THROUGH THE FORMAL BUSINESS OF THE MEETING FIRST AND THERE WILL BE Q&A AFTERWARDS.

Formal Items of Agenda:

Agenda Item One:

Read minutes of previous AGM

Vote to accept minutes of previous AGM

Agenda Item Two:

Vote to accept the accounts

Agenda Item Four:

Chairman's Report

Will begin with some items of AOB raised by shareholders who could not attend tonight. Will cover other AOB afterwards.

Items of "Any Other Business" from absentees:

- 1) Concern over the promotion of the shop in the areas surrounding Chadlington. Market Research has been proposed to help us understand where our customers are from, which would help with targeted and cost effective marketing.
- 2) Does the shop have the right balance of stock – luxury goods vs. everyday goods vs. home cooking?
- 3) Is there the right balance in the home cooking itself between cakes and suites, savouries, jams and chutneys etc.

I will address these points in the chairman's report to follow.



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Annual General Meeting 19th November 2003 Chairman's Notes

1) Financial summary for period ended 30th June 2003:

	2003	2002	
Turnover:	£209,811	£196,571	A 6.7% increase over last year
Gross Profit:	£69,480	£65,966	A 5.3% increase over last year
Gross Profit Margin:	33.1%	33.5%	
Costs:	(£72,002)	(£69,422)	A 3.7% increase over last year
Operating Loss:	(£2,415)	(£3,456)	A 30.1% decrease over last year
Bank Balance:	£22,558	£15,351	
Fixed Assets:	£19,570£	12,740	A 53.6% increase over last year.

2) Some of our achievements:

General:

- Increased Turnover 6.8%
- Maintaining a very high profit margin for the type of business in which we are in. This is way above that achieved by other similar businesses, according to the ViRSA and Countryside Agency, who suggest that other businesses like ours achieve around 20% margin at best.
- Value of the stock in the shop is lower, in line with the general increased turnover.

Staff:

- Delighted to have appointed Emma Harvey as Assistant Manager
- Staff have been closely involved in preparing and operating policies for health and safety issues in line with statutory requirements, e.g. food handling processes, lifting instructions, hazard awareness and risk assessments.

Improvements:

- We were successful in achieving a grant from the Countryside Agency which provided assistance towards new refrigeration and kitchen equipment. The grant was for 75% of the total cost of the equipment and this translated to about 55-60% of the overall costs of the projects.
- One item in particular of use is our new blast chiller, which has improved the throughput from the kitchen by getting food from the oven to the freezer in a very short time. This increases overall quality and extends shelf life of the products.
- We completed a 4 page case study for the Countryside Agency which will be published in support of the Vital Villages scheme. This will promote the Countryside Agency's work around the country and encourage other villages to do the same kind of things we have done to save their local shopping facilities.
- We have rewired much of the premises to support the new equipment, as well as decorating the store room, the kitchen, and the staff toilet.
- We are in the process of getting quotes to move us to mains gas.

Administration:

- We have been working to ensure that we are compliant with new legislation. Examples are the Disability Discrimination Act and the Proceeds of Crime Act. The latter involves us in making sure procedures are in place to ensure inappropriate business practices do not take place.
- We have changed to a new book-keeping team. We have been able to adopt many new and updated procedures as a result. These have helped us to improve in many areas of administration, for example customer accounts.

Customer Accounts:

- We changed Book-keepers last March. During the course of their familiarisation with the books they discovered some discrepancies in the customer accounts between what had been billed and what had been settled. Internal investigations resolved some queries but not all. Where we could trace no record of payment we contacted the customers concerned, again this resolved some queries but not all.
- A decision was taken at the end of the year to right off those that had not been resolved. These are the bad debts that appear on the P&L. The debts occurred over years 1 & 2 but principally in year 1.
- The decision was made in the belief that there would be no resolution to those queries and that it was better to draw a line under them and move forward this year. The decision was not taken lightly and indeed was very disappointing to the Directors who are aware that better administrative practices would have avoided the loss sustained.
- The amount written off (£3087) equates to 0.76% of the total turnover in the first two years (£406382) and 3.3% of the total sales through customer accounts in that period (£93130). Customer account sales are approx 23% of our business. We currently have 82 account customers.
- The Directors are conscious that had it not been for the bad debts the company would have made a profit in this second year. Lessons have been learned and we have now:
 - Changed the recording of account sales
 - Changed the recording of account payments received
 - Improved daily till reconciliation so that any errors can be spotted immediately
 - Improved the detail on the billing of accounts to include a brought forward figure
 - Provided a contact – Maryanne Holifield – to answer queries immediately
 - Provided a follow up service – Maryanne – to work through the detail with any customer.
- We believe that this is contributing to a better position on our accounts outstanding and expect not to have a further bad debts of this type.

Market Research

- It is time to ensure that what we are doing as a business meets the needs of our customers as closely as possible. Following the comments raised by shareholders who could not be present, we have decided that the most appropriate way to do this is via some detailed market research.
- We want to understand our customers, their preferences, likes and dislikes, their shopping habits and their thoughts on many aspects of the shop.
- We would like to extend this research beyond our existing customers and reach new people who may or may not become customers.

Marketing Plan

- Having conducted the market research, we would like to act upon the results with a very efficient marketing campaign targeted appropriately based on the research.
- We would like to make changes and improvements that directly reflect the wishes of our customers.
- We would like to offer more services that meet the needs of our customers.

Implementation

- We do have resources in ViRSA, and Helen Datson, from ORCC, but these are just advisory.
- Preparing, executing and processing the results of the market research is a very big undertaking
- Implementing change is a further major undertaking.
- THE PRESENT DIRECTORS DO NOT FEEL THEY CAN DELIVER THIS WITHOUT FURTHER SUPPORT FROM OUTSIDE THE PRESENT GROUP AND WE WOULD WELCOME ANY SUGGESTIONS AS TO HOW WE MIGHT ENCOURAGE OTHERS TO BE INVOLVED IN THIS ACTIVITY.
- Examples of activity which could not be completed against our plans for this year are:
 - Customer feedback mechanisms
 - Quarterly Newsletter
 - Website and online marketing

Business Plan

- We will be preparing a new business plan for 2004 which will help us to address these issues and give direction to the business.
- This will address the issue of what to do with the business in the longer term.
- It will not be possible for the current directors to continue in their role indefinitely, and therefore we must prepare to put the shop on a sound footing for the future. We would welcome thoughts on this from shareholders.
- We will publish the revised business plan in the New Year and there will be a consultation process with shareholders to gather and implement your feedback.
- This process alone will consume a vast amount of time which we do not have readily available.

This concludes the Chairman's Report.