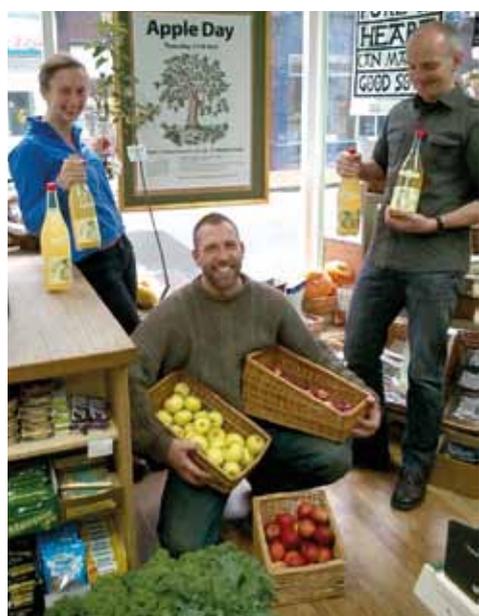




Valley Organics Workers' Coop Ltd
Annual Report 2013-2014



The story so far

Valley Organics became a workers' cooperative in June 2013. We started with six members; most had been employees of the shop, which had been an independently owned business for 13 years, plus some new faces. It was purchased using a mix of our own funds, loan stock and a loan from the Co-operative Bank.

For the first few months we didn't make many changes as we needed to understand the practical rhythms of the business. However we knew that we wanted to apply the guiding principles of "Local, Ethical, Organic" to all our decisions. Our new Co-op struck a chord with the people of Hebden Bridge and soon we were busy enough to need two members of staff in the shop every day. We decided to open seven days a week and took on some part-time workers.

In January 2014 we sought help from local experienced Co-op advisors to address a conflict between members. The process enabled us to identify the skills and procedures we needed to develop. Members attended training in Co-op skills, provided by Co-ops UK where we learned from experts and other Co-ops.

Recruiting new members in May 2014 helped us to develop better induction procedures, appraisals and training. At the same time, we resolved to offer all our existing workers the opportunity to become full members and to have an equal say in how the Co-op is managed. Members attend fortnightly meetings and do all the background tasks that contribute to our success: accounts, ordering, marketing, HR, veg box

admin and so on. All workers are paid the same rate.

The first year has taught us a lot about the products and approaches most valued by our customers. We have focused on special diets such as gluten free and vegan, sourcing more local products and widening our range. We have fostered relationships with local growers and food producers and we've developed a range of our own branded goods.

The Veg Box scheme continues to thrive - we've added a popular £10 Local Veg Box featuring locally sourced vegetables.

In the autumn we showcased the wide range of British apples with a celebratory weekend. We did the same with tomatoes to enable people to discover exciting new flavours.

Overall, we have increased our stock lines by 20% and sales per square foot of space is comparable with some supermarkets. We keep our customers informed via social media and a quarterly newsletter.

We now have a separate office space, we added a chiller unit to the veg storage shed last summer, and this year, a commercial storage fridge to the busy stock room.

We have supported schools and charities with donations and discounts, the White Ribbon Campaign with profits from sale of our tea towels, Todmorden Food Bank and The Soup Dragon with donations of food. We work with and support other local Co-ops: Blackbark, The Bakehouse, Calder Co-ops Association and UN Co-ops fortnight.



Financial report

Purchase of the business was made possible by:

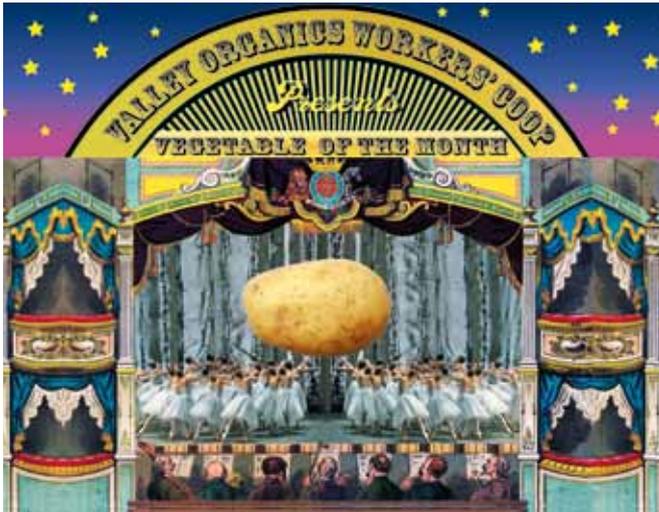
- a five year loan of £25,000 from ICOF (Community & Coop Finance)
- £26,200 in loanstock (including 'Veg Bonds' where investors receive their interest in produce)
- £32,000 investment from worker members. £8,000 of this investment was repaid in year 1, together with regular loan repayments.

Before start-up in our prospectus we forecast a turnover of £257,000 and a gross profit ratio of 31.7%. We actually achieved a turnover of £345,969 with a gross profit ratio of 30.7%. This was 35% (£89,000) more than expected.

Wages costs are key to the success of the business and are under constant review.

The quality of the fresh fruit and vegetables has improved with the increased turnover.

More local produce and a variety of new and innovative ideas have all generated positive sales results and the business continues to grow.



Summary of accounts*

Income and expenditure 7/5/2013 to 31/5/2014

Turnover		345,969
Cost of sales		239,639
		<hr/>
Gross surplus		£106,330
Distribution costs	526	
Administrative expenses	94,708	
		<hr/>
		95,234
		<hr/>
		11,096
Other operating income		321
		<hr/>
Operating surplus		11,417
Interest receivable and similar income		16
		<hr/>
		£11,433
Interest payable and similar charges		3,361
		<hr/>
Surplus on ordinary activities before tax		8,072
Tax on surplus on ordinary activities		1,638
		<hr/>
Surplus for the financial period		£6,434

Balance sheet at 31/5/2014

Fixed assets		
Intangible assets		54,000
Tangible assets		6,205
		<hr/>
Current assets		
Stocks	18,253	
Debtors	3,148	
Cash at bank and in hand	22,117	
	<hr/>	
	43,518	
		<hr/>
Creditors		
Due within one year	58,312	
	<hr/>	
Net current liabilities		(£14,794)
Total assets less current liabilities		£45,411
Due after more than one year		(37,736)
		<hr/>
Provisions for liabilities		(1,241)
Net assets		£6,434
		<hr/>
Reserves		
Income and expenditure account		£6,434

*You can download a full copy of the accounts prepared by Bairstow and Atkinson from:
www.valleyorganics.co.uk/docs/statement.pdf

Our ethical policy

As a co-operative, we have a responsibility to the community, our workers and our customers.

We aim to:

- set a good example as co-operators and foster a working environment where all workers can have their say and are treated with respect and kindness
- provide good quality, ethically sourced organic produce
- promote the growing of local produce using organic methods
- promote the use of healthy, raw ingredients
- provide foods for individuals with special dietary requirements
- offer food to our customers at an affordable price.

We use our website, newsletter and shop space to provide information about the products we sell and where they have come from, and increase understanding of how current food production systems are unsustainable.

We encourage people to 'grow their own' by stocking seeds and hosting events like Apple Day.

We use the "Ethical Consumer Magazine's Product Guides" to help us make decisions about our stock. We no longer stock any meat-products other than sustainably sourced tinned fish.

Furthermore, we avoid over-packaged goods, our milk comes in re-usable bottles, we use recycled paper and board for all our printed material and we use recycled boxes for our Veg Box Scheme.

People

Valley Organics workers are a diverse bunch, united by a passion for the shop and its principles. All workers are offered the option of becoming Co-op Members, currently our Members are:

Penny Aldred who has worked in public health and environmental protection. She has enjoyed many years growing vegetables and is still excited by the first broad bean shoots of spring. **Mike Barrett** hides away behind the scenes packing veg boxes, organising the rota and designing our graphics. **Lili Briggs**, explores the tops on foot, bike and horseback, is in two bands and enjoys chatting with the many food heroes. **ellie** helped us with bookkeeping before joining the co-op in 2014. She has run an organic shop and café – and is a terrific baker. **Penny Graham**, fleece and fibre fanatic with a breadth of experience in retail and catering. **Laura Holmes**, our newest member and bookkeeper, has spent many hours travelling and volunteering around the world. **Alex Lawrence** does accounts and ordering. He has a passion for juggling, climbing, vegan food, baking, co-ops and growing in any way he can. **Ben Oubridge** orders our fruit and vegetable and coordinates veg boxes. He loves vegetables but is never so sure about fruit. **Alfie Rowe's** past professions include horticulture, musical instrument shop manager and barista. **Julie Shearn** grows, cooks and bakes produce for us from her smallholding, bringing her experience of macrobiotic/Japanese foods and a love of animals

And our wonderful part-time workers are: Liz Hutchinson, Kerry McQuade, Rosie Orford and Naomi Rhodes.

So what's next?

We are currently bursting at the seams and we would like to be able to grow in so many ways, here is a short wish list:

- grow our role in the community,
- grow our product range,
- acquire a more sophisticated stock-control system,
- promote more local growing,
- package our own dry goods,
- run a deli-counter
- expand into bigger premises and
- pay all our workers the full living wage.

To be perfectly honest, we are a bit surprised to find ourselves running such a successful enterprise! We know we will face difficult challenges in the future (floods? plagues of locusts? a massive new supermarket?), but we hope to continue to bring joy to the job of selling healthy organic produce to the good people of the Calder Valley.





31 Market Street
Hebden Bridge
HX7 6EU
01422 846651
www.valleyorganics.co.uk

Registered number: IP032061R



CO-OPERATIVES UK
MEMBER

