

## **ARC Bar : Summary of findings at date of closure.**

The ARC bar has had a troubled history caused in part by a lack of management oversight and control. Decision makers within the council lacked the professional expertise and clear lines of command needed to ensure that the facility ran with good financial discipline.

Following previous elector queries, the external auditors looked at the issue and noted that the profit margins being achieved by the ARC bar were significantly below market averages.

According to the Caterer magazine, a small bar would be expected to achieve a net profit margin after rent of around 22.5%.

As per the BDO report issued on 6<sup>th</sup> February, the margin at comparable council run facilities is 50%

The ARC bar never achieved a net profit margin higher than 13% in the last four years.

The net contribution of the bar to the Council's funds over the last four years averaged £891 per month.

This "contribution" does not take account of the significant amount of officer time expended administering the accounts of the bar – which would normally have been the responsibility of the Bar Manager.

Once administration, loan interest and utility costs are allowed for, it is clear that the people in Alresford who do not use the ARC bar have been heavily subsidising the licenced premises for some years.

This is not acceptable and was the reason that the bar was closed.

If the bar is to re open, it should be on a strict tenancy basis – the council raises a bill to the tenant each month and has no further involvement in the licensed premises operation. That way the people of the town will have a transparent and accountable relationship with the facility.

### **Summary of ARC accounts :**

Heading / Year	31.03.14	31.03.15	31.03.16	31.03.17
Sales	158,686	171,791	194,409	177,598
Cost of Sales	70,154	71,342	79,767	71,108
Gross Profit	88,532	100,449	114,642	106,491
GP %age	56%	58%	59%	60%
Overheads	75,136	79,985	89,526	102,933
Net profit	13,395	20,463	25,117	3,558
NP %age	8%	12%	13%	2%
Redundancy costs				19,745
Net loss				(16,187)
Net loss % age				-9%