



Baldons and Nuneham Community Society Limited

Report of the Management Committee to the AGM in relation to the period to 24th March 2019

Details of the Society

Society Address

Yew Tree Cottage, Toot Baldon, Oxford, OX44 9NE

Core Purpose

The Baldons and Nuneham Community Society Limited (“BNCS”) is a Community Benefit Society established and managed by the community for the benefit of the Community of the Baldons and Nuneham Courtenay.

Committee

The current committee members are:

Fran Butler (Chair)
Robin Timms (Vice-chair and Treasurer)
Elizabeth Belcher
Dave Greenaway
Catherine Rohll
Paul Torevell
Fiona Webster

Elizabeth Belcher and Fi Webster have decided to stand down from the committee as their three year term is up. Fran Butler and Paul Torevell are standing down as it is the end of their three year term but standing for re-election. Jason Warner and Kevin Hutchinson stood down during the year. There will be an election of the management committee at the AGM. The committee invited anyone who wished to stand to identify themselves by Monday 17th June. A secret ballot will take place at the AGM if required. Statements by all those standing will be available at the AGM.

It is the responsibility of the committee to oversee and have governance of the activity undertaken on behalf of the members of BNCS. There have been 6 ordinary meetings of the BNCS Committee in the current year.

Independent Financial Auditor

The auditor is Mercer Lewin of 41 Cornmarket, Oxford, OX1 3HA. Re-election of the auditors is one of the matters of business for the AGM. The Management Committee recommends the re-election of Mercer Lewin.

Structure, Aims & Objectives of the Society

BNCS was registered with the Financial Services Authority (“FSA”) (now renamed the Financial Conduct Authority) on 10 December 2012. BNCS is a Community Benefit Society, a modern form of the historic Industrial and Provident Society. It has withdrawable shares and legal personality, and members have limited liability. The objectives of BNCS, as articulated in the Rules of BNCS, are to carry on any business for the benefit of the community and in particular by acquiring the freehold premises of the Seven Stars, to provide a venue for the community which:

- Promotes social gathering, employment and tourism;
- Provides facilities and services for the community
- Provides event facilities

The Rules of BNCS define its structure, management and operation. They are available on the website at www.bnclsld.com. Copies of the Rules are also available from any member of the committee. If you have any question about the Rules, please raise them with any member of the committee.

Overview of the Year’s Activities

During the year, BNCS has invested significantly in the pub, as follows;

- the car park has been resurfaced and new fencing put up around it
- a generator has been purchased which has already proved its worth keeping the pub open in a recent power cuts
- ongoing routine maintenance has included replacing the potwash door, replacing one of the sash windows, repairs to the bar flooring and the bin store roof.

BNCS has also contributed funds to the counter for the community shop which Matt has set up in the pub.

The pub celebrated its 6th birthday in March with the opening of the new shop (see below).

In September 2018 – BNCS hosted a village social event at Seven Stars for villagers including current and potential shareholders. Shares documentation was updated for this event.

Following the internet banking change which was approved at the 2017 AGM, the committee agreed a further change at its March 2019 committee meeting, to alter the upper limit for internet banking payments from £4,000 to £10,000. All payments over £4,000 will require approval by 3 members of the committee prior to authorisation - this

approval can be given by email. It was agreed that we would highlight this change to BNCS members at the 2019 AGM. The change was made because the need to use cheques for items over £4,000 was causing a lot of extra administration and suppliers do not always want to be paid by cheque.

Trading

Trading of the Seven Stars in the year to 24th March 2019 was £712,706.20 (previous year £731,435.68) and therefore rent due to BNCS is £71,270.62 (previous year £74,320). Whilst similar to the previous two years, it is a marginal decline of 2.6%, indicating that the turnover has now stabilised. The value of the asset, given the current strength of trading and continued enhancements to the fabric of the building is therefore expected to be significantly higher than the value at which it is carried in the accounts. The property is valued at the purchase value of £275,000 plus cost of these improvements. Buildings (but not land) are depreciated at 2% per year. The total value shown in the accounts is £433,825.

Shares

In Year 6 BNCS has raised an additional £500 in shares. £2,040 of share capital was repaid. This puts the current share capital at £191,332.

Community use and vision

Matt continues to fulfil the BNCS vision of providing a welcoming place for the community, serving good food and drink, and providing opportunities for villagers to meet and socialise.

Shop One of the suggestions in the community vision, and which has been mentioned repeatedly in our surveys, was a village shop within the pub. This year this vision has come to fruition as Matt has installed a counter during the year and now sells fresh bread and other produce as well as staples such as butter and milk. Matt is always open to suggestions for stocking other products. Newspapers continue to be supplied to villagers and the pub is open from 10am for coffee and cake.

Reviews The pub has maintained its TripAdvisor ratings – it is now #21 out of 480 for restaurants in Oxford and #9 out of 396 for Oxford lunch restaurants. Both these placings are in the top 5%, with 89% of the 541 reviews at Good or Excellent. Additionally, the pub was awarded the Trip Advisor Certificate of Excellence for the 5th year in a row, for earning great reviews. Matt and his team are to be congratulated for this consistent success.

The beer festival in 2018 was blessed with sunny weather and goes from strength to strength, with the garden packed with people drinking great beers and chilling to the bands.

The pub has been used for

- Several christenings, weddings, funerals and birthdays
- BNCS Social Event
- Pub 6th Birthday Celebration
- Pub Market and Royal Wedding celebrations
- Gin tasting

- Bonfire Night
- Halloween Party
- New Year's Eve Party
- Christmas Day Drinks for locals, including first drink supplied by Matt

Matt continues to employ some local staff both front of house and in kitchen jobs.

The BNCS committee continues to hold regular reviews with Matt. During the year the discussions have revolved around the pressures on the operating margin caused mainly by increases in food prices. In common with many pubs and restaurants, there has been difficulty in staff recruitment, chefs in particular, and the ability to ensure accommodation is available locally has been a key issue in this, but is not an easy problem to solve.

We have had ongoing dialogue around development ideas for the pub, and of course concerning the maintenance of the building and the installation of the generator to maintain service during our many power cuts.

Membership & Membership Strategy

We currently have 161 members with a total shareholding: £191,332 (2018/19 End of Year).

£2,040 worth of shares have been redeemed and we have had new investment of £500.

Our core strategy regarding investment is:

- To encourage existing shareholders to maintain or increase their investment.
- To generate new investment to replace any that may be withdrawn in future.
- In order to achieve the above, to maintain a competitive return on investment for existing and new members. During the period of the loan from David Harding this is restricted to the amount being paid under that loan (1.5% above base). This continues to be very competitive compared to other investments of this scale.

Membership recruitment aims are:

- To inform new villagers about buying shares in the pub and the benefits.
- To encourage greater engagement between the Seven Stars and the Baldons and Nuneham Courtenay community.

We held another Village Social Event at the Seven Stars in September 2018, to attract new members and encourage villagers to use the pub to socialise. The event was very well attended and Matt supported it by organising a gin tasting promotion on the night. We hope villagers will continue to see Friday nights in particular as a time they can get together and support their pub.

It remains a challenge, however, to identify newcomers to the village and involve them in the Seven Stars. Two ways we to tackle this are by circulating information via the village e-mail facility to reach non-shareholders as well as shareholders, and working with the Parish magazine to publicise the shareholding offer and events.

Finance Report

The audited accounts presented today show that the Society is in good health financially. Assuming trading of the Seven Stars continues to trade at the level that has now been achieved, we should expect to continue to achieve similar results in the future.

The profit for the year was therefore £29,375 before paying Corporation Tax due of £4,403. This represents a decline in profit of £17,466 versus £46,841 last year. This is mostly due to the level of spend on Repairs & Maintenance.

There are full details included in the audited accounts, however £26,179 has been spent on repairs and maintenance, which includes resurfacing of the car park, new fencing for the garden and a sash window replacement.

In Year 6 the total amount of money raised from Share Subscriptions was £500, however £2,040 was redeemed, leaving the balance of Share Capital at £191,332.

In addition, rent plus interest and sundry sales generated £72,070. This includes the long-term release of the CIF grant at £799 per year.

In capital expenditure, so not part of the Profit & Loss account, there was the purchase of a generator at £10,590.

Additionally, there have been other day to day running costs, capital and interest costs for the loan from David Harding as well as the allowance for interest on investors' share capital, and this makes up the rest of the expenditure.

As at 24th March 2019 the Society has £93,052 in cash, which together with the quarterly rental payments from the pub and any further share subscriptions, will be used to pay the running costs of BNCS, make the loan repayments and provide funds for future development. As at 31 May 2019, there was £102,800 cash in the bank.

The committee recommends the payment of interest on shares out of the trading surplus at a rate of 2.16 % (i.e. 1.5% above base rate, blended based on a base rate of 0.50% and 0.75% for varying proportions of the year). This will total £4,160 and has been provided for in the accounts presented.

We are not inviting interest to be rolled up this year, and interest will be paid out following the AGM if approved. There will however be an option to rollup interest should a shareholder wish to.

Building Works

The significant premises work that has been undertaken is listed on page 2. Three competitive quotes are obtained for works undertaken and we are pleased that in most cases we have been able to award the work to local businesses.

Summary of Seven Stars Investor Feedback - Summer 2019

The BNCS conducted the annual survey of investors and villagers in May 2019. Of the investors who responded to the survey, the commonest frequency to visit the pub is once per month. Almost 90% visit the pub for dining, whilst up to one third also visit the pub for drinks only - clearly some do both on separate occasions. Comments were overwhelmingly positive with a number of people stating how lucky they feel to have the Seven Stars in the village. Matt and his team are clearly recognised for their professionalism, hard work and friendly welcomes. The events are much appreciated with the Beer Festival polling top of the events list.

The survey is conducted to facilitate reflection and provide insight into investor opinions regarding future directions. A significant number of respondents would like to see more live music and family events. Requests for some separation of a drinking area is an ongoing theme and the committee continues to discuss options for this, whilst recognising the need to balance numbers of covers. Most investors felt the shop was a good idea and would like to know more about the regular stock they can purchase. The hope that food would be regularly available on Mondays was expressed by a number of respondents. Many thanks to all those who responded.

BNCS will continue to strive to realise the community's original vision for The Seven Stars. We would like to thank everyone who continues to support BNCS and make The Seven Stars a success year on year.

The Management Committee
24th June 2019