



Baldons and Nuneham Community Society Limited

Report of the Management Committee to the AGM in relation to the period to 24th March 2016

Details of the Society

Society Address

Durham Leys Barn, Marsh Baldon, Oxfordshire, OX44 9LP

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:

Elizabeth Jones (Chair)
Phil Collins (Vice Chair)
Laurence Attewill
Philip Gardner (Membership Secretary & Treasurer)
Dave Greenaway
Jacquie Lake
Tom Saw
Sonja van Dijk
Robin Timms

All of the above other than Robin Timms are member of the initial Committee, and pursuant to the Rules have acted for the first 3 years. Robin Timms was elected at the last AGM to replace John Simpson who had retired. All committee members must stand down at this AGM, being the third AGM of the Society. Thereafter the Management Committee is elected by the members and members have to stand for re-election in rotation. The initial 3 year term was to ensure continuity of management in the start-up period.

As at the date of printing this report, Phil Collins, Phil Gardner, Dave Greenaway and Robin Timms are offering themselves for re-election.

The current management committee has invited anyone who wishes to stand to identify themselves by 21 June 2016. There will be an election of the management committee at the AGM. The committee has decided that there should be a secret ballot which will take place at the AGM. 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 10 ordinary meetings of the BNCS Committee in the current year. It is hoped that, now that the start up phase is over, meetings will take place less frequently.

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") 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.savethesevenstars.com. Copies of the Rules are 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

Summary of Key Milestones:

- May 2015 – New Toilet Block opened
- Upgrading of the disabled facilities, with ramp, access bell, parking space and toilet, together with acquisition of land from Greencore upon which the toilet extension is built
- Replacement of the tables and chairs in the Barn
- Grant of new lease to Matt Ford in March 2016 for a 10 year period
- Identification of a property manager who will inspect the building twice annually and manage any necessary repairs

Lease

The principal activity of the year was the negotiation of the new lease. BNCS was advised by Downs LLP. The principal terms of the lease are:

- A 10 year term, with a 5 year break clause
- Rent at 10% of turnover
- BNCS is responsible for repairs and decoration to the exterior, Matt is responsible for repairs and decoration internally and for keeping the garden tidy

Trading

Trading of the Seven Stars in the year to 24th March 2016 (366 days of trading) was £645,830 (previous year £609,788) and therefore rent due to BNCS is £64,583 (previous year £60,978.80). This trading is a growth of 5.9% versus Year 2, which in itself was a stabilised year with all new facilities open. The value of the asset, given the current strength of trading and continued enhancements to the fabric of the building (new toilets were booked into this trading year), 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 all of these improvements. Buildings (but not land) are depreciated at 2% per year. The total value shown in the accounts is £436,399, which is £51,821 higher than at end of year 2, as a result of the capitalisation of the toilets and other works.

Shares

In Year 3 BNCS has raised an additional £1,493 in shares which are the 2014/15 share dividends rolled up into share subscriptions. £6,450 of shares were repaid by BNCS at the face value and in accordance with the rules and policy. This puts the current share capital at £170,852.

Community use and vision

As in the previous year, the tenant, Matt Ford, has implemented the vision of BNCS by providing a welcoming place for the community that serves good food and drink as well as opportunities for the villages to meet and socialise. In addition to this he has also built up loyalty from a strong "outside" trade. Currently the Tripadvisor Rating (based on 242 reviews from opening) is 4.5/5 with 214 out of 242 reviews at Very Good or Excellent. This places the Seven Stars Public House at #25 out of 465 places to eat in Oxford, in the top 10% and nearly in the top 5%.

In terms of community use, in addition to the benefit of having a pub to visit whenever we want to, and the popular Beer Festival, the pub has been used for:

6 birthday celebrations for villagers

Raised money for the British Heart Foundation

Monthly meetings for the men's book club

Meetings of the wine club (Charlie has since joined the wine club committee after Matt put her through her sommelier training)

Drinks on Christmas day, with a complimentary thank you drink for attendees

A New Year's Eve party

Matt has provided catering for the Baldon Feast and Bonfire Night, and held a 3rd birthday celebration for the pub at the end of March. In addition, Matt has employed a number of local staff for front of house and kitchen jobs, supported a number of fundraising events at schools through giving of vouchers, and invested heavily in equipment and staffing as well as training to ensure the pub produces quality food and drink for all occasions - we even got in the good beer guide!

In order to ensure that the village vision for the Seven Stars is kept alive, and to support continued growth in trading for the tenant to ensure income for BNCS, a periodic review with Matt has taken place. Whilst there is ongoing dialogue, this is a useful and formal regular touchpoint. This has been carried out on two occasions (May and November) so far this year by a subcommittee of two.

The business is now established as one which has a good opportunity for long term profitability and therefore viability. Turnover has increased from the first and second year, but trading is now, as expected, plateauing and the current level of turnover is probably the level at which it will continue.

Membership & Membership Strategy

There are currently 165 members and subscriptions stand as follows:

Opening Share Subscription -	£175,809
Rollover of Share Dividend -	£1,493
Share redemptions -	-£6,450
TOTAL	£170,852

Our strategy with regard to investment is to:

- Encourage existing shareholders to maintain or increase their investment.
- Generate new investment to replace any investment 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, which is being paid under that loan (1.5% above base).

This continues to be very competitive versus other investments of this scale and has become more so versus the overall savings and investment market in the last year.

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 achieve similar results in the future.

In Year 3 the total amount of money raised from Share Subscriptions was £1,493 (all due to rollover of interest). £6,450 was repaid.

In addition, Rent plus interest and sundry sales generated £65,895. This includes the long term release of the CIF grant at £799 per year.

There are full details included in the audited accounts, however £3,863 has been spent on general repairs and maintenance, the majority of which was for the various repairs prior to the renewal of the lease.

Whilst started in the 2014/15 year, the new toilet block costing £30,000, fell into 2015/16 year. This is when the project was completed and invoice paid.

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 2016 the Society has £37,780 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 2016, there was £61,835.17 cash in the bank.

The committee recommends the payment of interest on shares out of the trading surplus at a rate of 2% (i.e. 1.5% above base rate).

We are not inviting interest to be rolled up this year, and interest will be paid out following the AGM if approved.

Building Works and Land

There were some small amendments to the toilet block during the year to provide a fully functioning wheelchair cubicle.

The windows in the bar were replaced, and a number of essential repairs, including the re-rendering of the outside of the extension, were carried out. The inside of the bar area was completely repainted.

The gas supply has been converted from LPG to mains gas, and necessary changes have been made to equipment.

A new fence has been erected at the eastern end of the garden.

There have been some minor repairs to the car park.

Many thanks to Ivan Ball who has dealt with planning and building regulation matters for us.

Future Activity Planned

The committee continues to think about the outside space and the parking issues, and has been in discussion with the Parish Council. The committee envisages further work to improve the outside space and hopefully install a playground.

Where possible we will seek to obtain funding through grants, however this does prove to be now more difficult due to:

- The business being more viable based on the investments already made.
- Having already used most grant facilities available to organisations without charitable status.

We would like to take this opportunity to thank everyone who has made a contribution to making BNCS and most importantly the Seven Stars a success in this third year, and in advance for their on-going support.

The Management Committee

9 June 2016