



## **Baldons and Nuneham Community Society Limited**

### **Report of the Management Committee to the AGM in relation to the period to 24<sup>th</sup> March 2017**

#### **Details of the Society**

##### **Society Address**

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

*Please note – this was changed from Durham Leys Barn during this year, due to the relocation of the Treasurer and Membership Secretary (John Simpson) and his buyer (Liz Jones) resigning as Chair.*

##### **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:

Phil Collins (Chair)^  
Elizabeth Belcher\*  
Fran Butler\*  
Philip Gardner (Membership Secretary & Treasurer)^  
Dave Greenaway^  
Kevin Hutchinson\*  
Robin Timms^  
Paul Torevell\*  
Fiona Webster\*

\*Committee members elected at the last election.

^Committee members re-elected at the last election.

Based on the transitional rules, from the fourth AGM, committee members must stand down in rotation. It was agreed by the committee that the longest serving overall would stand down; however, all are standing for re-election. These members are Phil Collins,

Philip Gardner & Dave Greenaway. The committee invited anyone who wished to stand to identify themselves by Friday 9<sup>th</sup> June. There have not been any applications received.

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 5 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”) 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](http://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:

- April 2016 - finalised new lease with Matt Ford effective from 25<sup>th</sup> March
- August 2016 – first meeting of the new committee
- August 2016 onwards – rebuilt chimney, repaired drainage and enhanced outside lighting
- Spring 2017 – ongoing improvements to the fabric of the building, namely repointing the north end of the building, fitting extraction in the kitchen and starting work on the kitchen yard/garden

## Trading

Trading of the Seven Stars in the year to 24<sup>th</sup> March 2017 (365 days of trading) was £743,199 (previous year £645,830 – 366 days) and therefore rent due to BNCS is £74,319 (previous year £64,583). This trading is a growth of 15% versus Year 3, which was also 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 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 £438,963.

## Shares

In Year 4 BNCS has raised an additional £952 in shares which are the 2015/16 share dividends rolled up into share subscriptions. No share capital was requested or repaid and no further shares purchased. This puts the current share capital at £171,804.

## 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 continues to build up loyalty from a strong “outside” trade. At the time of this report going to print, the Tripadvisor Rating (based on 386 reviews from opening) is 4.5/5 with 352 reviews (91%) at Very Good or Excellent. This places the Seven Stars Public House at #11 out of 465 places to eat in Oxford, in the top 3%.

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:

- 8 Birthday celebrations
- Pub 4th Birthday Party
- Safari Supper Desserts & Drinks
- Baldon Feast
- Bonfire Night
- Christmas Eve Party
- Christmas Day Drinks for locals, including first drink supplied by Matt

Matt has provided catering for the Baldon Feast and Bonfire Night, and held a 4th birthday celebration for the pub at the end of March. In addition, Matt continues to employ several local staff for front of house and kitchen jobs, supported several 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. Accolades include:

- Achieving a position in the Top 10 on Tripadvisor
- CAMRA Town and Village Pub of the Year
- Good Beer Guide

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 three occasions (October, January & May) this year by typically a subcommittee of two or three members for each meeting.

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 year, but trading is now, as expected, plateauing and the current level of turnover is probably the level at which it will continue. That said, Matt does continue to surprise and delight on this front each year!

## **Membership & Membership Strategy**

There are currently 164 members

Our core strategy regarding 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.
- 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.

In addition to the above, it has been a focus of the committee during 2017 to formulate a plan to attract new members and encourage more villagers to use the pub:

Membership recruitment aims:

- Inform new villagers about buying shares in the pub.
- Encourage greater engagement between the Seven Stars and the Baldons and Nuneham Courtenay community.

Membership recruitment actions:

- Annual welcome meeting inviting all villagers, old and new.
- Compile a welcome pack in the form of a folder, to include leaflets. The pub leaflet would outline the share offer and include information on services the pub offers. It could also include helpful information for newcomers from other organisations.
- Compile a village map which could be kept behind the bar for helping visitors with directions and deliveries.
- Pub website be kept up to date and ensure the subscriber e-mail addresses are correct so no one misses out on event information.
- Using the village email list as a reminder for events and to publicise the open share offer, as used recently.
- Using the Parish newsletter to publicise the share offer and events.
- Investigate the possibility of using the Seven Stars as a parcel pickup point.

## 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.

On 25th March, 2016 BNCS entered into a new lease. As part of the negotiation with the Tenant and to retain continuity with the original lease agreement (March 2013), all the Fixtures and Fittings (F&E) were repurchased and sold back to the Tenant for £10,000. This once again has the option of repurchasing the same items for £10,000 at the end of the lease (2026 or 2021). The F&E (purchased by BNCS since March 2013) have therefore been written off in these accounts, showing a loss on disposal of £31,217. The profit for the year has been similarly reduced. This transaction represents depreciation which would otherwise have been spread over the following 10 years (10% pa) and does not affect BNCS's cash flow or profitability over the period to when the F&E's are repurchased.

The profit for the year was therefore £14,893 before paying Corporation Tax due of £11,291. Adjusting for the treatment of F&E above (which has no impact on cash flow), the profit is £46,110 versus £33,869 in 2015/16.

In Year 4 the total amount of money raised from Share Subscriptions was £952 (all due to rollover of interest).

In addition, rent plus interest and sundry sales generated £75,148. This includes the long-term release of the CIF grant at £799 per year.

There are full details included in the audited accounts, however £6,952 has been spent on repairs and maintenance, which includes rebuilding of the chimney, the repair to drainage, the enhancement to outside lighting and repointing.

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 24<sup>th</sup> March 2017 the Society has £47,237 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 2017, there was £89,698 cash in the bank.

The committee recommends the payment of interest on shares out of the trading surplus at a rate of 1.84% (i.e. 1.5% above base rate, blended based on a base rate of 0.5% and 0.25% for varying proportions of the year).

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.

## Online Banking Proposal

### *Current Status*

Currently all payments need to be made either by cheque (with three signatures required) or from petty cash (held by the treasurer with a requisition countersigned retrospectively).

### *Case for Change*

Making payment by cheque or cash is not suitable for the following reasons:

- Suppliers expect that payments can be made online. Supplying a cheque that they need to bank, is not administratively easy for them and often carries additional charges.
- Issuing cheques is time consuming and carries additional administrative burden for BNCS and particularly the treasurer. This is due in to the logistics of having to obtain signatures and when there is the need to expedite payments this can prove problematic.
- It's the 21st Century!

### *Proposal*

We propose to amend our rules to permit online banking, with the following safeguards in place:

- Online payments can be initiated by the treasurer with online authorisation by an authorised signatory for the payment to be made.\*
- We set the daily limit, and therefore the transaction limit, to £4,000.00. It is set at this limit to cover the quarterly mortgage payment.
- A requisition continues to be raised for ALL payments, signed by the initiator (treasurer) and is retrospectively signed by two other committee members.
- For all payments above £4,000.00, the current process and payment by cheque, with three signatures, remains in place.

*\*Please Note - with the Co-op Community Account (for which there are no banking charges), the maximum number to authorise a payment is two people, including the person that initiates it.*

## Building Works and Land

To continue to maintain the fabric of the building and increase the value of the asset, we undertook to rebuild the chimney. This was due to the old chimney becoming unsafe. In addition, we replaced the drainage along the car park side of the barn to prevent excessive rain from overflowing and risking damage to the wall. We also funded the replacement of outside (car park side) lighting to lift the look of the pub in darkness and provide improved visibility. In the spring of 2017, we have undertaken repointing brickwork at the north end of the building, improved extraction in the kitchen and started work on the kitchen yard/garden.

## **Future Activity Planned**

We remain in continued dialogue with Matt Ford regards to potential investment that would make the pub more profitable, strengthen the offering against our community vision and increase the value for our shareholders and the community. These are each assessed on their own merits and on the return (both financial & community).

One example at the top of the list is a Generator. Given the ongoing and even recent power cuts, we believe this would provide a welcome haven for villagers as well as protect the revenue and reputation of the pub. This in turn protects the income to the society. It appears that such an investment would be circa £10k, depending on options, and we are currently in discussions with Matt regards to how we fund this in partnership.

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

**The Management Committee**  
**21st June 2017**