



Gussage Community Benefit Society Limited

Report of the Management Committee to the Annual Members Meeting in relation to the year to 30th April 2018

The Management Committee has pleasure in presenting its report and the unaudited financial statements of the society for the year ended 30th April 2018.

1. Details of the Society

Address

Registered Address: GCBS Ltd, Suite 3, Bignell Park Barns, Chesterton, Nr Bicester, Oxfordshire, OX26 1TD

Correspondence: The Secretary, GCBS Ltd, Otters Pool, Harley Lane, Gussage All Saints, Wimborne, Dorset BH21 5HD

Accountants

The Society's Accountants are: David Cadwallader & Co Limited, Suite 3 Bignell Park Barns, Chesterton, Nr Bicester, Oxon, OX26 1TD.

Legal Model

Community Benefit Society with withdrawable shares and limited liability, registered with the "FCA".

Core Purpose

The Gussage Community Benefit Society Limited ("GCBS") was primarily established to secure the long term future of The Drovers Inn as a flourishing pub for the benefit of the community, by vesting ownership in a society controlled by the community. Funds were raised to purchase and re-furbish The Drovers Inn Public House, Gussage All Saints prior to leasing it as planned to a professional tenant with full responsibility for the ongoing operation and maintenance of the public house. Other activities may be undertaken by the GCBS at the discretion of The Management Committee and for the benefit of the community.

Management Committee

Under the rules of the Society, GCBS is required to have a minimum of four and a maximum of ten members of the Management Committee who manage the affairs of the Society and may exercise all of its powers. The Management Committee is collectively responsible for everything done by or in the name of the Society. Four committee places are available for election/re-election this year at the AMM in line with the rules of the Society.

Committee Members whose planned term expires at the August 2018 AMM

Leslie Madell (Member/Vice Chair)
Sally Marlow (Member/Secretary)
Jill Allen (Member)

Committee Members whose planned term expires at the August 2019 AMM

David Crossley (Member/Chair)
Mal Madell (Member/Treasurer)
Richard Coombes (Member)

Committee Members whose planned term expires at the August 2020 AMM

Bonny Humphris (Retiring 2018)
Justin Ward (Member)
Amanda House (Member)
Paul Plumstead (Member)

At each AMM 3-4 members of the Management Committee reach the end of their term of service, consequently these positions become vacant for the election of either new members or the re-election of existing members subject to the nominations received from GCBS Members (Shareholders).

The Management Committee invited any GCBS Member (Shareholder) wishing to stand for election to the Management Committee to identify themselves via a duly completed nomination form by 23rd July 2018. Of the four Management Committee Members who have reached the end of their current term or decided to stand down, two have offered themselves for re-election at the 2018 AMM with duly completed nomination forms and one further duly completed new nomination has been received.

The new Management Committee Members will be elected/re-elected at the AMM from the nominations received by a show of hands/ballot. It is proposed that all three nominees be elected and this will result in a Management Committee of 9 Members. Brief statements from all those standing will be available at the AMM prior to the election.

Committee Member Nominations at the 2018 AMM

Martin Trott (New)
Sally Marlow (Re-election)
Jill Allen (Re-election)

2. Structure, Aims & Objectives of the Society

The legal model of our society is a Community Benefit Society registered with the Financial Conduct Authority (“FCA”) using The Plunkett Foundation’s Model Rules as approved by the FCA. This is a modern form of the historic Industrial and Provident Society. It has withdrawable shares and legal personality, and the model gives its members and officers the protection of limited liability. The model provides a guarantee that the assets of the society will be used for the benefit of the community and cannot be disposed of for private profit. GCBS was registered with the Financial Conduct Authority (“FCA”) on 20th April 2015. Our financial year starts on 1st May and concludes on 30th April each year.

The objectives of GCBS, as articulated in the GCBS Rules, GCBS Community Share Offer and GCBS Business Plan, were to raise funds in order to purchase and re-furbish The Drovers Inn Public House, Gussage All Saints for the benefit of the community and to lease it to a professional tenant who is fully responsible for the operation of the public house. Other activities may additionally be undertaken at the discretion of The Management Committee and for the benefit of the community.

Our core principle is that the Pub and the site it occupies are vital amenities for Gussage All Saints and nearby villages and that the best interests of the community are served by its continued community ownership and letting to the professional tenant through the limited liability Community Benefit Society thus **“enabling the village to secure and safe guard the pub for the foreseeable future”** and strengthening the vibrancy and sustainability of our community. The benefits include:

- Maintaining a place to meet friends and neighbours and improving the sense of community;
- Providing a central point for information on community events and local issues;
- Securing the central part of the village by and for the community;
- Improvements to the fabric of the building;
- Creating opportunities for employment;
- Injecting money into the local economy and supporting sustainable tourism
- Providing a hospitality venue with access to bridleways for recreational pursuits;
- Helping to sustain our property prices.

The Society funds its activities through a combination of Community shares, Commercial Loans, Rental Income, Benefactor loans , Grants and Fund raising.

The Rules of GCBS define its structure, management and operation. They are available on the website at www.droversinnngussage.com. For those without access to the internet 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.

3. Overview of the GCBS

Premises

- The freehold of the Drovers Inn was purchased on 11th March 2016 for £365,000 excluding VAT. Funding for the purchase and refurbishment included a 20-year Repayment Mortgage with an initial principal of £252,500; shareholder investment and an interest free benefactor loan. The premises book value post refurbishment is estimated at £436,105 excluding VAT and the remaining term at 30th April 2018 was 18 years.

Lease

- A nine-year term, with a three-year break clause
- Fully repairing and insuring lease

Trading

- Rental is paid monthly together with buildings insurance costs. The Drovers Inn re-opened its doors to the public on 9th July 2016 and celebrated the second anniversary of re-opening on 8th July 2018. The pub had completed a little under 22 months of trading at the time GCBS reached the end of its financial year on 30th April 2018.

4. Membership Strategy

The community shareholding at the 30th April 2018 was £178,550 with 173 shareholders and a vibrant Membership remains key to the long-term sustainability of the Society, particularly in these early years as we develop and consolidate the business, reduce reliance on commercial loans and build prudent reserves.

The Membership Strategy seeks to encourage existing shareholders to maintain or increase their investment and to formally nominate their shares to a named beneficiary as part of inheritance planning and for continuity.

The Committee is saddened to report that two Members have passed away since the last AMM, the notification of probate from the respective Executors will be processed under the Society's Rules in order to finalise matters with their respective estates. On a positive note two new Members were welcomed in the Year.

The Society remains open to new Members and new residents within the community will be encouraged to take up the current share offer which remains open. Investment from new and existing members will help to replace any investment that may be withdrawn in later years, provide funding towards the addition of easy access toilet facilities in the medium term and help to sustain ownership of the asset whilst continuing to meet existing financial commitments.

Regular Member communication will continue via the Annual Member's Meetings, e-mail and postal communications, the newsletter and website. The Management Committee recently updated its Privacy Policies to reflect the updated Data Protection Regulation that came into force across the EU on 25th May 2018 (GDPR).

Purchasing and refurbishing the Drovers was a major landmark in the long-term plan to preserve the pub for the community and for future generations and at a time when so many communities are losing these important facilities we encourage all Members and the wider customer base to continue their support and visit regularly.

5. The Year's Activities

The Pub's Second Year

At the outset of the campaign to save the Drovers the benefit society took the decision that we would appoint a long-term tenant and not take responsibility for the day to day running of the operational business; we offered a 9-year lease with a three-year break clause. Our main financial priority as a society is that the rent is paid yet obviously we also want to see the pub achieve our vision as a community pub and be a successful and sustainable business.

It is now just over two years since the pub reopened. This year the pub was a Finalist in both the Taste of Dorset Awards and Rural Community Cooperative Awards. In addition, it achieved a Certificate of Excellence from Trip Adviser and the British Real Ale Guide recognising the quality and range of real ales always on offer.

Having the pub adds so much to the village, it is particularly evident at Christmas and New Year but also on special occasions like Mother's Day, Valentine's Day and Easter. Other events over the year included the live music events, hog roast and BBQ in the garden held for the first anniversary party in July and the August Bank Holiday.

The monthly Supper Club launched last Autumn has been a sell out every time and has proved to be a particularly good value fine dining meal; providing a chance for the chef to showcase his creativity.

Monthly Friday Live Music nights where Dorset musician Dave Griff promotes new acts have been impressive and enjoyable too. In fact, the Drovers has become something of a music venue with many other local musicians performing including Neil Zebedee (Pianist/keyboard), Paco Read (Saxophone), Uri Tal (Spanish Guitar), Witchampton Ukuleles, Kez Hinton and many others.

This year we have encouraged the pub to offer some community events during the week. So far, these have included three quiz nights (Halloween, January, April) plus a regular group Learning Sign Language from Zoë and a monthly Book club set up and enjoyed by a group of local ladies.

The tenants have also offered several promotions for regular customers with their 15% receipt discount for return visits and many other food and drink offers over the year including recent support for the fete. They now also offer 'Brit Stops' for Motor Caravaners and are also promoting the pub at local B&Bs.

The year has seen a number of challenges and lessons learned as the pub and casual dining trade remains difficult across both urban and rural areas and it takes time to build a sustainable business. Unusual weather conditions like the Beast from the East, and changes in consumer spending patterns can make trade difficult to predict. Managing such variable demand is not easy whilst getting the offer right and balancing the financial challenges of any new business, particularly a pub business.

Whilst most customers provide their feedback and ideas to the tenants directly, we remain happy to act as a conduit for passing on other suggestions whilst accepting it is the tenants business to run; we will be discussing their plans for the year ahead at our next quarterly tenant review meeting and ask your help to keep supporting the pub looking forward to the time when it becomes a wholly owned village asset with the Mortgage repaid.

GCBS Development Projects

The Defibrillator was successfully implemented in the year with two well attended training sessions taking place in May and November 2017 in the Village Hall.

Significant progress has also been made to establish a Village Emergency Telephone Service (VETS) number linked to the defibrillator project. This is supported by 10 volunteers who are due to undertake further training shortly. After first dialling 999 the VETS number can be called by the person attending the casualty to connect with a volunteer (if available) requesting that the defibrillator be brought to the casualty's location. This enables the person calling to continue to provide their support whilst awaiting arrival of the emergency services.

Once the further defibrillator training is complete laminated VETs cards will be handed out for village homeowners to keep near their telephones in case of emergency. The VETs system is operated on a purely voluntary 'best endeavour' basis by non-medical individuals.

Since its implementation the defibrillator has already been taken to one emergency in the village, thankfully, on this occasion it was not needed, however, the system to check it and return it to the telephone box ready for the next emergency worked well.

Disabled Toilets - moving forward our priority focus for development is on the planned addition of disabled toilets at the pub, this is a medium-term project which involves re-designing the pub's sanitary facilities to create sufficient space to provide for easy access and baby changing needs. Once detailed designs and specifications are agreed three quotes will be obtained and grant availability will be explored.

Bike Rack – it is planned to install some "Sheffield" bike racks in the rear car park and this is targeted for the Autumn.

GCBS Volunteers & Committee

Since re-opening volunteer activity has centred mainly on the work of the Management Committee and the volunteers who provide on-going support for our Community Defibrillator.

The Committee's work involves considerable amount of time and commitment by the team including:

- Committee meetings
- Business & financial planning and management
- Bookkeeping, account management, tax, vat and administration services
- Share holder communication & membership administration
- Quarterly tenant meetings
- Project management (e.g. defib, easy access toilets)
- Knowledge sharing and providing information to other communities fighting to save their beloved locals.

Giving Back & Supporting Others

The Management Committee with support from Stephen & Barbara have continued to work to share knowledge with other communities fighting to save their beloved locals and also to provide important information and experience to the organisations that support this type of community programme.

We continue to be contacted by groups who are in the early stages of saving their local pub and we are happy to share documents and discuss ideas to help them in a similar way to those organisations that helped us along the way.

6. Finance Report

The signed Gussage Community Benefit Society Limited Financial Statements are attached to the printed version of this document as 'Appendix One' and will be provided as a separate PDF document to the electronic circulation.

The accounts presented show that the Society is in good health financially. The Management Committee is responsible for the preparation of the accounts. The regulator does not require a full investigative audit nor an independent Accountant's Report for a Society with a turnover of less than £90,000, however, the Management Committee is submitting a signed Accountants Report providing transparency to Members and this is the subject of a resolution at the AMM.

Overview

The overall cash position is healthy as seen in the balances of the Current Account and separate accounts for both the mandatory One Year's Mortgage Loan Interest and the Share Redemption Reserve, both growing and on target to reach desired figures by the end of the third year of trading.

However, it is worth noting that the current account includes donations of £4k towards the Disabled Toilet Facilities, and approximately £1k for ongoing costs for the defibrillator.

Tangible Assets Total £444,683

The book value of the building remains at £436,105. No revaluation is deemed necessary at this time. In addition, there is an increase of £10,091, in respect of the purchase of essential kitchen equipment into our ownership which secures our position for the future. At the time of the original opening, we were not in a position to make this purchase as limited resources were needed elsewhere. This transfer of ownership was also tax efficient as it reduced the corporation tax liability for the year.

Depreciation

£1,513 has been marked down in respect of the equipment at 15% on a straight line basis.

Debtors

£2,764 - Insurance prepayment and VAT reclaim.

Creditors

Due within 12 months

£8,031	Loan capital repayment due within 12 months
£5,052	Trade creditors - business as usual operation
£5,625	Other Creditors - represents accruals and deferred income
£ 865	Corporation tax - has been considerably reduced this year

Due after 12 months

£227,500	Remaining Bank Loan Balance
£ 20,000	Private interest free loan. Whilst there is no set repayment schedule, there is a definitive redemption date, and we will be building reserves to make lump sum reductions as soon as the Loan Interest Reserve Account reaches its target in October this year.

Overheads

As itemised on page 12 of accounts found in appendix one.

Charitable donation was the contribution made to the Community Heartbeat Trust for the Emergency Phone Installation for the Defibrillator. Total costs to us during the year £876, with reserves in hand to cover further training for VETS system and ongoing needs, including maintenance and line costs.

Quarter 1 Balances - Year Commencing 1st May 2018

The figures below are a snapshot of the position at the end of the first quarter of the current year commencing 1st May 2018, to give an indication of progress.

Assets:		Liabilities:	
Tangible Assets	444,683	Shareholding	178,250
Current Account	9,406		
Loan Interest Res	9,843		
Share Redemption Res	13,556		
Cash	48		
Total	<u>470,089</u>		
Debtors:		Creditors:	
Trade Debtors	0,000	Long Term Loan	233,380
		Medium Term Loan	20,000
		Trade Creditors	2,440
		Total	<u>434,070</u>

NB: No Trade Debtors as at 31st July. Figures are a snapshot only and do not include Sundry Items or the Profit & Loss Account.

Strategic Financial Planning

We have been fortunate up until now, with no change to our mortgage interest rate, but we are mindful of the fact that a bank rate increase could be implemented at any time. The never ending debate on Brexit, and the current economic climate of uncertainty means consumer spending is down and we do not expect to be able to increase rental income for some time. With working capital at current levels, we have recommended a strategy of consolidation and prudence in the short and medium term and this policy was unanimously approved and adopted by your committee. This strategy should ensure we meet our financial obligations, satisfy the FCA, and meet our shareholders' expectations of confidence and trust.

Defibrillator funds have been earmarked, as have funds for disabled toilets, and we will endeavour to step up fundraising for this latter installation in the near future. Funding for the installation of bike racks has been approved.

Interest on Shareholdings

The initial shareholders' funds were drawn down for completion of the purchase of the Drovers on 11th March 2016 and the first rental income was received on 1st June 2016.

Under the Society's Rules any payment of interest must be from trading profits and is at the discretion of the Management Committee having regard to the long term interest of the Society, the need to maintain prudent reserves and the Society's commitment to community benefit.

We are still in a position of consolidation and your committee feels it is not in the best interest of the Society to pay interest to shareholders for the current year, a position we will review annually. Our shareholding stood at £178,550 at year end, (£300 less now due to the sad demise of one of our shareholders) and a 2% interest payment would reduce our liquidity by over £3500, plus additional administrative costs incurred in making such payments. A £300 shareholder would receive just £6. A unanimous decision was made by the committee not to pay interest for this year and we thank you for your understanding and support in this regard.

7. Future Strategy

The pub remains at the heart of our community and Stephen, Barbara and Zoë are part of our vibrant village life.

Moving forward the Society's support and encouragement will continue to play an important role in the sustainability of the business. As well as being valued customers we are all ambassadors for the Drovers that we have fought so hard to win back from the brink. We have made a huge investment for the long term and we should protect it.

The primary medium-term focus of the Society is to:

- Continue strong financial and business management to reduce the mortgage and loan liabilities, increase reserves to cover future share redemption and interest rate rises and provide financial stability to secure community ownership for future generations.
- To provide support and advocacy toward the success of the pub, to protect our interest which is dependent upon the success of the pub business owned and operated by Tenants under the Lease.
- To encourage participation in the Society through the acquisition of new shareholders as people move into the community so that they feel part of the community.
- To undertake individual fund raising and implementation for projects that will improve the facilities and/or value (e.g. easy access toilet facilities) for the long term.

We would like to take this opportunity once again to thank everyone who has made a contribution to making GCBS and most importantly the Drovers Inn a success, and in advance for your on-going support.

Signed on behalf of the officers of the Management Committee and presented to the AMM on 6th August 2018



Handwritten signatures and dates: "6/8/18" and "6/8/18".

Appendix One

GCBS Limited

Financial Statements

Year ended 30th April 2018

NB: Appended as a separate signed PDF prepared by our Accounts David Cadwallader & Co Limited and approved by the GCBS Limited Management Committee