



Gussage Community Benefit Society Limited

Report of the Management Committee to the Annual Members Meeting in relation to the year to 30th April 2020

The Management Committee has pleasure in presenting its report and the unaudited financial statements of the society for the year ended 30th April 2020.

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 professional tenants who have 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 2020 AMM

Justin Ward (Member)
Amanda House (Member)
Paul Plumstead (Member)

Committee Members whose planned term expires at the August 2021 AMM

Sally Marlow (Member/Secretary)
Martin Trott (Member)
Jill Allen (Member)

Committee Members whose planned term expires at the August 2022 AMM

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

At each AMM a number of 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 10th August 2020. Of the three Management Committee Members who have reached the end of their current term, all have offered themselves for re-election at the 2020 AMM with duly completed nomination forms. Additionally, two new nominations have been received this year.

The new Management Committee Members will be elected/re-elected at the AMM from the nominations received by a show of hands. Brief statements from all those standing are provided in the advance AMM pack prior to the election.

Committee Member Nominations at the 2020 AMM

Justin Ward
Amanda House
Paul Plumstead
Matt Houghton
Tracy Fanner

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 safeguard 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.

Lease

- 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 has been operating under community ownership for a little over four years.

4. Membership Strategy

The community shareholding at the 30th April 2020 was £174,050 with 167 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 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 passed away in the year to 30th April 2020, in total the Society is awaiting Probate and Executors instructions in regard to three deceased Members. One new Member joined and five left within the year.

The Society remains open to new Members and new residents within the community and they are 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 and help to sustain Membership of the Society whilst continuing to meet existing financial commitments and support continued community ownership of the pub and ongoing management of the defibrillator.

Up to date information for Members about managing their shares can be found in the Members section of the Society's website at www.droversinningsage.com.

Member communication will continue via the Annual Member's Meetings, e-mail and postal communications and the website. The Management Committee maintain Privacy Policies in line with current Data Protection Regulation (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 it has been a vital hub for the community, particularly, in the extremely difficult period of the Covid-19 'lockdown'. The pub provided a vital takeaway and essential shop throughout 'lockdown' which made a huge impact to help keep the Community safe and lift community spirits. When so many

communities are losing these important facilities, we encourage all Members and the wider customer base to continue their support and enjoyment of this wonderful community asset.

5. The Year in Review

We are still at an early stage in what is a long-term journey in our Community ownership of the Drovers which at the end will provide the village with not just a significant asset but also a source of community income for future generations. In the meantime, we all enjoy something we together played such an important part in saving and sustaining. This year prior to lockdown saw the pub go from strength to strength with ever increasing customer numbers, a wide ranging offer from special events, to drinks with friends, from day to day to special meals out, from quiz nights and karaoke to very memorable musical evenings. There was a minor further change to the tenancy in October 2019 when Martin and Harvelle bought out their other partner Steve and took sole responsibility for the lease with us.

However, if last year was a challenging year for the committee with the change of tenancy who could have foreseen what would happen towards the end of this operational year! Never have the core aims of our Benefit Society to secure the pub for our community been more important. We all saw and felt the benefits during the lockdown as the pub adapted to meet the needs of the village through the community shop and takeaway service and perhaps as important providing a cultural catalyst that brings us together and helps us smile too as the video of the year compiled by Martin one of our committee and shared at the meeting shows us so well. All this brings home the importance of prudence and planning in securing our asset so that we can survive challenging times. Prior to lockdown running a pub was not an easy option but we are fortunate to have the basis of a successful business at the Drovers and community ownership, plus much needed government grants and reliefs, have laid the foundation for the business to once again not only survive but also thrive as we gradually return to some sort of normal. We look forward to the year ahead whatever it might bring.

GCBS Volunteers & Committee

Since re-opening, volunteer activity centres 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 a considerable amount of time and commitment by the team including:

- Committee meetings
- Business & financial planning and management
- Bookeeping, account management, tax, vat, grant applications and administration services
- Share holder communication & membership administration
- Quarterly tenant meetings
- Defibrillator project management

- Knowledge sharing and providing information to other communities fighting to save their beloved locals

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 another financially stable year. 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 Accountant's Report providing transparency to its Members as voted by resolution at the AMM.

Overview

Accounts continued in a healthy state building necessary reserves for loan interest and repayment, meeting the Society's financial obligations, and ensuring an ability to cover contingencies. The first reduction of £3000 was made to the interest free loan as planned and outstanding mortgage reduced by £8200. Mortgage interest rate reduced by 0.25% to 4.5% during the year.

£4000 still held in reserve for easy access toilets. Defibrillator maintenance and phone rental is covered as an ongoing commitment.

Slightly lower profit level due to reduced income of one month's rent following COVID-19 shutdown. This led to a commensurate reduction in corporation tax liability.

Tangible Assets & Depreciation

£441,657 Little change, depreciation of kitchen equipment 15% on straight line basis £1513. No revaluation deemed necessary on the premises at this stage.

Debtors

£3330	Trade Debtor
£2720	Insurance prepayment
£6050	Total

Creditors – Due within 12 months

£8194	Mortgage capital repayment (12 month interest only dispensation granted)
£ 528	Trade creditors
£3422	Corporation Tax
£1910	Social Security and other Taxes
£7551	Other Creditors (Accruals – Funds held for defibrillator and easy access toilets, Accountant's Invoice not yet received)

£21,605 Total

Creditors – After 12 months

£210,528 Remaining Mortgage Balance
£ 17,000 Interest Free Loan – Full Repayment due March 2026

£227,528 Total

Income

Reduced by £2708 – April rent, first month of COVID Rent Holiday agreement

Overheads

As itemised in the accounts found in appendix one.

Quarter 1 Balances - Year Commencing 1st May 2020

Balances as at 31st July 2020.

The figures below are a snapshot only and do not include Sundry Balancing items or the P&L Account. This shows current progress.

Assets:	£	Liabilities:	£
Tangible Assets	441,657	Shareholding	174,050
Current Account	6,317		
Cash	12		
Loan Interest Res	7,896		
Share Redemption Res	18,668		
Int Free Loan Repayment Res	1,925		
Total	476,475		
Debtors:		Creditors:	
		Other Creditors	4,975
		Taxes	5,379
Trade Debtors	2,913	Long Term Loan	218,723
		Medium Term Loan	17,000
			<u>246,077</u>
Total Assets	479,388	Total Liabilities	419,127

Strategic Financial Planning

Last year's financials remained strong, reducing liabilities and maintaining reserves as planned. The Drivers trade grew from strength to strength and both the Society and Tenants looked forward to a really successful year with many B&B bookings and a full entertainment diary. Thinking Brexit might bring its own problems, we had followed a strategy of prudence and caution, but Brexit paled into insignificance beside the disruption caused by the COVID – 19 pandemic. The last 6 weeks of trading in our Financial Year saw a

very different pattern altogether. The Government ordered Lock Down on the 22nd March with no warning and it was clear emergency measures had to be put in place without delay. Most importantly we had to protect the long term ownership of our asset.

1. Agreement was obtained from Triodos Bank to allow mortgage payments of Interest only for 12 months with immediate effect. We had sufficient in our Mortgage Interest Reserve Account to cover a year's interest, and Triodos Bank were happy to extend our repayment term by one year to accommodate the change. These reserves will ultimately need to be replenished.
2. A moratorium was put on all requests for withdrawal of shares for the time being, except in the event of the death of a shareholder, and the committee felt members would fully understand the need to protect what liquidity we had available, not knowing how long the situation would last.
3. We granted our tenant a Rent Holiday immediately, initially for three months, extended to four as we worked together to get through the difficult period. Rent payments resumed in August.
4. We successfully obtained a grant of £1954.00 via the Plunkett Foundation from 'More Than A Pub: The Community Pub Business Support programme which aims to bring pubs into community ownership and to increase the range of services they offer to help local people. This new £2.2million round of More than a Pub, makes a range of support and funding available until September 2020'. The grant was provided for the sole purpose of assisting the tenants with the cost of necessary equipment required in order to continue trading under government 'lockdown' guidelines – i.e. serving take-away food & providing a shop.
5. A further grant from lottery funding of £8754 was recently obtained from Power to Change under their C-19 Trading Income Support Scheme, which will be used for both revenue and capital items. This will cover some of our regular expenses and some necessary purchases for new conditions of running the pub's trade safely for customers and staff.
6. Our 1st quarter VAT bill payment was deferred as allowed under the emergency conditions, but this can now be paid since receipt of the latest grant.
7. A decision was made not to pay interest to shareholders for the year whilst the uncertain economy exists. This policy is reviewed on an annual basis.

It was as a result of our previous cautious and prudent strategy that we were able to manage through this very difficult time, and offer the necessary support to Martin and Harvelle who have worked so hard to keep our pub going in extraordinary conditions. Whilst we were always able to meet our obligations, we were not sure how long the lack of income would continue, and indeed we do not know what the immediate future holds with so many businesses struggling. We must continue in this vein of careful management, and rebuild our Reserves to protect The Drovers long term future.

8. Future Strategy

The pub remains at the heart of our community and Harvelle and Martin 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

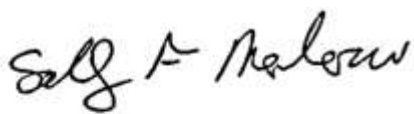
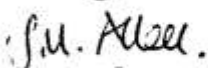


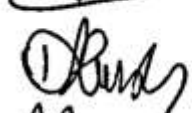


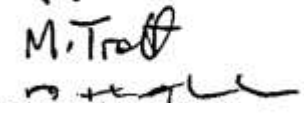
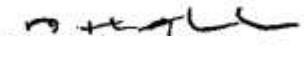
ambassadors for the Drovers that we have fought so hard to win back from the brink. We have made a huge investment for the long term and we should protect it.

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.

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 24th August 2020

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Appendix One

GCBS Limited

Financial Statements

Year ended 30th April 2020

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