



Gussage Community Benefit Society Limited

Report of the Management Committee to the Annual Members Meeting in relation to the year to 30th April 2019

The Management Committee has pleasure in presenting its report and the unaudited financial statements of the society for the year ended 30th April 2019.

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 2019 AMM

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

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)

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 31st July 2019. Of the three 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 2019 AMM with duly completed nomination forms, one is retiring. No 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 will be available at the AMM prior to the election.

Committee Member Nominations at the 2019 AMM

David Crossley (Re-election)
Mal Madell (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 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. The premises book value of the land and buildings post refurbishment is estimated at £436,105 excluding VAT and the remaining term at 30th April 2019 was 17 years.

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 three years.

4. Membership Strategy

The community shareholding at the 30th April 2019 was £177,550 with 170 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 have passed away since the last AMM, and their shares along with the shares of a shareholder who passed away in the previous financial year have been processed according to Probate and the Society's Rules to finalise matters with their respective estates. One Member bequeathed their shares back to the Society, one Member's shares were transferred to and retained by their named beneficiaries who were already Members of the Society and one Member's shares were paid out to the Member's estate.

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 in later years 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.

Information about managing shares can be found in the Members section of the Society's website at www.droversinn.gussage.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 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 enjoyment of this wonderful community asset.

5. The Year's Activities

The sale of the tenancy to a new tenant

It has been a challenging year for the committee as it became increasingly evident that our original tenant was finding it difficult to sustain a viable business. This culminated in them putting the tenancy on the market. As you might remember we had offered a 9-year lease with a break clause in year 3 so in the first instance it was for the tenant to sell the lease and our direct involvement would only be necessary if the rent was not paid. The committee with the support of our solicitors did make full preparations for all eventualities and once the tenancy was under offer, we worked with our solicitors to transfer the lease to the new tenants.

Fortunately, the sale of the tenancy occurred relatively quickly which, in what is a very difficult market, did illustrate what we had always believed that the pub is a viable business opportunity. This challenging period did bring home to the committee the importance of having enough of a financial cushion within our finances to enable us to weather difficult times. The pub trade remains a very challenging one.

The New tenant

In March we were pleased to welcome our new tenants: Mr Steve Pockneall, who also owns the Forest Inn and has other business interests; along with Harvelle Watton and Martin Bradford who with Steve formed a new company for the purchase of the tenancy, Drovers Tavern Ltd.

The new tenants have taken the remainder of the 9-year lease, which could be extended and we have maintained the current rent levels until the next review in June 2020. The pub only closed for two weeks and has quickly attracted a significant trade under the new tenants. The pub is now more of a full-service operation and this has led to the employment of a number of additional staff from the village and beyond too. They are also investing in developing four bed and breakfast rooms with our agreement which will open shortly. All of this bodes well for the future sustainability of the business.

The tenants have been surprised by the higher than expected "footfall" since opening and they will soon be launching their autumn and Christmas offer as well as the B and B rooms. They have really appreciated their welcome by shareholders and have expressed their thanks in a separate note in the AMM pack.

Projects

The committee has had discussions with the tenant about two of the initiatives we discussed at the last AMM, namely the easy access toilets and the provision of Sheffield bike racks.

In regard to the easy access toilet, we have agreed to contribute the funds we raised to date towards the implementation of this improvement to the facilities, and the tenant has agreed in principle to find the rest of the cost of the change. They are very supportive of this objective and hope to have more news on the way forward soon.

In regard to the Sheffield bike racks, the tenants are very happy to have a bike rack situated in the carpark and are currently considering how best to take this objective forward as they consider the best way to optimise the rear garden and customer parking.

Denis Barnham - A Poignant Piece of History is Marked at The Drovers

In the Spring of this year our fondly remembered shareholder, David Anderson who sadly passed away recently and his friend Group Captain Euan Williamson Retired, donated an historic limited edition print to GCBS which hangs proudly in The Drovers Inn. The print is taken from a painting originated by Euan recognising the exceptional wartime achievements of their hero and mentor Denis Barnham. The painting is taken from a wartime sketch by Denis of his spitfire on the ground, awaiting its next mission whilst he served as a Flight Commander in Malta during one of the most gruelling air battles of WWII. He was shot down 3 times during the ten week onslaught, defending the Island with very little food and widespread dysentery and fatigue. Denis was a respected artist in his own right and lived next door to The Drovers from 1970 until his death in 1981. This piece of history can be viewed at the Drovers alongside the book written by Denis Barnham and published in 1956 "One Man's Window", later republished under the title "Malta Spitfire Pilot". There you will also find a little more detail on how this piece of history came back to the Dorset village where Denis Barnham was laid to rest.

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
- Bookkeeping, account management, tax, vat 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 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

Accounts are healthy with targets met for Reserve account balances. Since the required balance was reached to cover one year's mortgage loan interest, we have opened a new reserve account to build annual repayments to reduce the interest free loan liability. With the current level of saving we will clear this liability by the due date of March 2026.

£4000 held in reserve for easy access toilets should be paid out later this year. Defibrillator maintenance is still covered.

Increased profits meant a commensurate increase in corporation tax.

Tangible Assets & Depreciation

Little change as just depreciation of kitchen equipment calculated at 15% on straight line basis - £1513. No revaluation deemed necessary on the premises at this stage.

Debtors

£2429 Insurance prepayment

Creditors – Due within 12 months

£8031 Mortgage capital repayment

£2459 Trade creditors

£4060 Corporation Tax

£2061 Social Security and other Taxes

£5525 Other Creditors (Accruals – Funds held for defibrillator and easy access toilets, Accountant's Invoice not yet received)

£22136 Total

Creditors – After 12 months

£218,886 Remaining Mortgage Balance

£ 20,000 Interest Free Loan – Full Repayment due March 2026

Income

Includes £700 Shareholding bequeathed back to the Society by nomination form and £771 proceeds from classical music concert.

Overheads

As itemised in the accounts found in appendix 1.

Quarter 1 Balances - Year Commencing 1st May 2019

Balances as at 31st July 2019.

The figures below are a snapshot only and do not include Sundry balancing items or the P&L Account.

Assets:	£	Liabilities:	£
Tangible Assets	443,170	Shareholding	177,050
Current Account	11,511		
Loan Interest Res	11,111		
Share Redemption Res	19,156		
Int Free Loan Repayment Res	2,513		
Cash	111		
Total	487,572		
Debtors:		Creditors:	
Trade Debtors	0	Long Term Loan	224,720
		Medium Term Loan	20,000
		Trade Creditors	6,229
		Total	427,999

Strategic Financial Planning

The past year saw an increase in our mortgage interest rate from 4.5 % to the current rate of 4.75%. We also saw a change of tenants and were very fortunate to flow from one to another successfully, with no gap in rent receipts. It could have been a very different scenario.

With the uncertainty of the political climate and the Brexit conundrum on the horizon, we are maintaining a strategy of prudence and caution. We are focusing on reducing our liabilities and strengthening our financial position to guard against any unexpected future risk. The Interest Free Loan repayment is covered in our planning, and Reserves are held for Share Redemption within the Society's guidelines.

Whilst the current account balance is healthy, it is clear from the table of Current Creditors that these obligations must be taken into consideration to determine our net position. We are therefore not recommending a payment of interest to shareholders this year but will continue to review annually.

7. Future Strategy

The pub remains at the heart of our community and Harvelle, Martin and Steve 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 14th August 2019

Appendix One

GCBS Limited

Financial Statements

Year ended 30th April 2019

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