



Baldons and Nuneham Community Society Limited

Report of the Management Committee to the AGM in relation to the period to 24th March 2015

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)
John Simpson (Membership Secretary & Treasurer)
Laurence Attewill
Philip Gardner
Dave Greenaway
Jacquie Lake
Tom Saw
Sonja van Dijk

The initial Committee is set out above and pursuant to the Rules will act for the first 3 years but will stand down at the third AGM. Thereafter the Management Committee is elected by the members and members have to stand for re-election in rotation. The initial 3 year term is to ensure continuity of management in the start-up period.

However, John Simpson, who has been Treasurer and Secretary since the formation of BNCS is resigning as of this AGM. John has been a stalwart of the whole BNCS project since it first started as an exchange of emails between interested individuals in November 2012. The committee thanks him very much for his efforts.

There is therefore a vacancy on the management committee and a new member of the management committee will be elected 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 8 ordinary meetings of the BNCS Committee in the current year. Currently meetings typically take place about every 6 weeks depending on current activity.

Independent Financial Auditor

During the year the Management Committee resolved to appoint Mercer Lewin of 41 Cornmarket, Oxford, OX1 3HA as auditor in place of Crowe Clark Whitehill LLP, the previous auditors. Election of the auditors is one of the matters of business for the AGM. The Management Committee recommend 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:

- 25th April 2014 – New Kitchen Extension opens
- May 2015 – New Toilet Block opened
- Upgrading of the disabled facilities, with ramp, access bell, parking space and toilet.

Trading of the Seven Stars in the year to 24th March 2015 (365 days of trading) was £609,788 and therefore rent due to BNCS is £60,978.80. This trading is a growth of 25% versus Year 1 and has continued to be above expectations, supported by good weather and summer trading. The value of the asset, given the current strength of trading and 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 improvements. Buildings (but not land) are depreciated at 2% per year. The total value shown in the accounts is £384,578.

In Year 2 BNCS has raised an additional £7,995 in shares, which includes £1,695 of 2013/14 share dividends, rolled up into share subscriptions.

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 156 reviews from opening) is 4.5/5 with 137 out of 156 reviews at Very Good or Excellent. This places the Seven Stars Public House at #28 out of 519 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:

- 5 major birthday/celebration parties (with another 3 booked for the summer period)
- Many other smaller birthday dinners and celebrations
- A number of wakes following funerals
- Baldons Wine Club
- Men’s book club
- Regular quizzes and other events
- A New Year’s Eve party.

In addition Matt has provided catering for school buffets, the Baldon Feast, the Barn Dance, Bonfire Night, the Cricket Club, and held a 2nd birthday celebration at the end of March.

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 quarterly review with Matt has taken place. Whilst there is ongoing dialogue, particularly given the amount of activity in the first year, this is a useful and formal regular touchpoint. This has been carried out on three occasions so far this year by a subcommittee of three.

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.

Membership & Membership Strategy

There are currently 165 members and subscriptions stand as follows:

Initial Share Subscription (closed) -	£157,950
Rollover of Share Dividend -	£1,759
Share Subscription (opened 27 th December 2013) -	£16,100 (versus a target of £15,000)

TOTAL

£175,809

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).

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 2 the total amount of money raised from Share Subscriptions was £8,059.

In addition, Rent plus interest and sundry sales generated £61,218. This includes the long term release of the CIF grant at £799 per year.

There are full details included in the audited accounts, however £5,157 has been spent on general repairs and maintenance, the majority of which was for window repairs.

The new toilet block costing £30,000, now completed, falls 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 30 June 2015 the Society has £54,381.70 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.

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

We reported on the building of the kitchen extension in our last annual report.

During the year we negotiated the swap of a small piece of land for a small right of way. Greencore Construction Limited has transferred to BNCS the small piece of land upon which the toilet block extension has been built, and BNCS granted a right of way over a small strip for the benefit of the new house next to the pub which has been constructed by Greencore.

Greencore also built the new toilet block at a cost of £30,000 plus VAT and have done an excellent job. The new toilet block completes the planned works to provide disabled access.

Greencore has also granted BNCS easements for drainage and a gas connection. The gas main has been laid and a gas supply provided. We are now waiting for a date for the conversion work to take place to the kitchen equipment, and once the conversion has taken place the existing LPG tank and connections will be removed.

Many thanks to Ivan Ball who has dealt with planning and building regulation matters for us, and to David Harding and SODC for giving permission in relation to their respective legal charges to enable the above transactions to take place.

Future Activity Planned

The extension of the kitchen and the refurbishment of the toilets were the major works in the current financial year. It is not envisaged that there will be further such significant works. The further developments currently being considered are:

- a small play area
- replacing the Crittal windows in the bar
- Improving the car park
- Improving the outside space

In addition there are a number of maintenance issues which were identified by the building survey carried out before we bought the pub which have not yet been carried out, and these will need to be addressed.

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.

The major item for the committee during the coming year is the grant of a new lease. Matt's current lease runs out in March 2016. The committee's intention is to grant a further and longer term to Matt to allow him to build on the success he has achieved to date. Negotiations will begin following the AGM and it is the committee's intention to have finalised those negotiations by the end of 2015. We will report further to members at that time.

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 second year, and in advance for their on-going support.

The Management Committee
2 July 2015