

Redgrave Community Society Limited

Minutes of Annual General Meeting

27th July 2019 at 2.00 pm
Rickinghall Village Hall

1. Welcome

The chairman welcomed everyone.

2. Apologies

Details of apologies recorded. Neil Smith and Donna Taylor unable to attend. Ann Preston and Kay Mitchell were thanked for the care they have taken over the independent and confidential recording of Proxies and votes submitted.

3. Approve the Minutes of the last AGM and the Members Special Meeting held on 24th November 2018

Copies had been circulated to all Members.

The chairman discussed an amendment to the Special Meeting Minutes, submitted by a Member. These were shown in full on the screen and it was agreed to vote on these Minutes by a show of hands as the previous votes were without knowledge of the amendments.

Proposed addition to the minutes of the Special Meeting:

4. Resolution – to enable the Management Committee to make a further tranche of shares

available, up to £31,000.

During the discussion and in response to a question from a member the Treasurer informed the membership that none of the funds raised from the proposed share issue were to be used to repay any of the society's borrowings

In response to another question about the recent individual loans amounting to £17,500, the Treasurer informed the members that these loans were needed for cash flow purposes and there were no conflict of interest considerations in relation to the society taking out these loans.

a. Approved by 93 votes to 32.

Unanimously agreed that the Minutes, including the amendments, be approved as a true record of the respective meetings.

4. Introduction and report on the Society's progress.

The audited accounts are now published on the Society's website. There was a substantial loss during the last year and a revised Business Plan, as mentioned last November, has been adopted with specific remedial actions being undertaken. (A graph of the monthly food and drink sales figures from May 2018 to July 2019 was shown).

It was noted that drink sales have overtaken food and also that staff changes have had a positive impact on costs and sales. The Gross Profit percentage has improved and wastage has been reduced leading to profitability in March and April. Departure of the previous chef at the end of April had a significant reduction in sales, but this has now recovered following the recruitment of a new chef. Nevertheless, the total net operating loss for the first four months of this financial year is £3,452, a significant improvement on last year. Further improvements are expected.

Q. What is the breakeven point.

A. This varies with staff costs in particular, but is typically around £4,500/week (excluding VAT) and is now being achieved.

Management of the Pub: Following staff changes during the year, the current young team are working hard to achieve our goals. The Chairman said "we recognise there have been some inconsistencies but the team are aware of this and are working to improve".

The volunteers looking after so many different aspects of the business are making a major contribution of the Cross Keys' evolving success

The Cross Keys has received a **Trip Adviser Certificate of Excellence 2019.**

The Shop a joint working committee has been brought to a close following the successful renewal of the shop lease.

Membership status and strategy: Current membership remains unaltered at 244. The Management Committee (MC) is keen to encourage new members and will be shortly launching a new share issue to address this and to provide additional working capital.

Transparency was previously mentioned as an issue the MC should consider. Since that time, minutes of each MC meeting have been posted regularly on the Members' website plus monthly management accounts. The Chairman noted that only about 25 Members have so far registered for access to this website facility.

Members of the MC: Officers of the Society are, as a matter of statutory requirement, recorded on the Members' Register and the Chairman took the opportunity to thank, in particular, all past members of the MC whose contributions have been valued and appreciated.

Fiona Kenworthy is retiring from the MC following this AGM, having served on the committee since the outset of the whole venture. The Chairman thanked her for her hard work and dedication which has, without doubt, had a major positive effect on

the way the business has developed. To underline the importance of the occasion he presented her with a bouquet of flowers.

5. Accounts 01.02.18 to 31.01.19 and review of income and expenditure since 01.02.19.

The Treasurer thanked Rainer McGill for his support in preparing the Report and Accounts – and for additional support with the current year accounting from Amanda Huckle, Julie Moore and John Mayston.

Discussion on the Auditors' Report focussed on their remarks about the Society's position as a going concern. The situation has been alleviated by the recent considerable improvement in the trading figures. The auditors had flagged their concern but had noted the MC response that the Pub is clearly becoming viable following the various measures which have been taken.

The short-term loans (£17,500 total) were confirmed as continuing to be available. The maturity dates shown for the 2017 Loan Stock in the auditor's report were incorrect and will be corrected by them.

The description of the new share offer now specifies that the proceeds will be used to provide additional working capital .

Costs are being reduced by various means, including the restructuring of debt as soon as this is viable. One of the principal ways is by means of consolidating the debt into a mortgage and spreading repayments over a longer term.

It will not be possible to achieve this until satisfactory trading figures and accounts have been established.

A Member raised the question of a possible conflict of interest in his opinion, because of the decision made by the MC to accept short term loans at a rate of interest he considered high. He pointed out the Treasurer at the time of the last meeting had stated the loans would be 6 month rolling loans, renewable at the behest of either lender or borrower but in the actual documentation provided by the MC the loans were for 12 months, renewable at the behest of the lender only.

The Chairman confirmed the MC's view there is no conflict of interest and the unsecured loans were at a realistic rate of interest. However, he proposed he would respond fully, as soon as practical, in a separate meeting with that member and any other members wishing to attend. The results this meeting would be communicated to all members. This was agreed on a show of hands.

Q. What happens if a mortgage is not possible for any reason?

A. If a mortgage was not possible, alternative facilities would be considered. A number of options had been proposed by one of Plunkett's consultants (Alan Collard).

The Treasurer detailed the current borrowings and presented a cash-flow forecast for the period July 2019 to July2020. This showed a steady but progressive reduction in debt outstanding. He went on to say he believed the figures were on the conservative side and indicated a viable way ahead provided there are no further serious setbacks.

Unplanned staff changes remain seriously disruptive but more volunteers will help to ease this problem.

Q. A member asked whether staff costs can be reduced.

A. More volunteers are needed but in the meantime the salary bill is lower than in 2018 and additional employees will only be taken on if this would be affordable.

Meeting was adjourned at 3.20 pm following one member's complaint that the number of proxy voting slips he had been given was incorrect. The original forms were brought from Redgrave and reviewed by the two independent, voting-form-examiners who proved their assessment was correct and the complaint was not upheld.

The meeting resumed at 3.35 pm

6. Approval of the Chairman's report and Accounts

The Chairman asked for the vote on the Report and accounts:

None against; 97 for the Resolution including postal votes.

7. The Future

The recent performance is looking good with an increased number of events adding momentum and leading to positive expectations. A Bar Manager will shortly be appointed either from existing staff or from external recruitment.

Q. A member asked if a thoroughly experienced person can be employed.

A. A fair chance will be given to existing staff as well as advertising externally.

Q. Can we develop contacts with other community pubs in the area and the StarWings Tap.

A. there has been dialogue with various pubs and, of course, the Tap over the past two years. Timing of events is important so we complement each other rather than clashing, to everyone's detriment. These communications will continue.

Q. Can the anonymity of voting be improved?

A. Current votes are known only to the two independent examiners and the forms are kept in sealed envelopes. There will be an attempt to simplify the system at future meetings..

Q. Staff retention: Volunteers are thought to have become disillusioned and left because they felt their opinions were being ignored.

A. This issue had been raised at the last members' meeting and volunteers' meetings had been started in January to enable everyone to voice their opinions. Matters arising since then have addressed, as far as the MC is aware.

Q. The committee was asked whether it considered employees were being supported adequately (helping to reduce staff turnover).

A. With the help and guidance of an experienced HR adviser, the MC have stopped zero hours contracts, promoted more training courses, helpful manuals have been specially written providing detailed guidance on working procedures for the bar, cellar etc, to help make the work environment better.

It is, however, accepted that more can, and will, be done.

Q. Are exit interviews carried out?

A. No but they will be in future.

Q. Ales on tap: why no permanent StarWings ?

A. There is no objection to StarWings although it was not selling as well as it used to. Any requests for a particular brand will be taken on board. The pace-of sales is monitored carefully and at present Victoria is proving a “better beer with better sales”.

Q. Can a regular quarterly Forum be started for discussions on any current issues, between the members of the MC and all other members?

A. The Chairman confirmed it could and would be arranged.

Q. Would it be useful to calculate the notional value of volunteers’ work to add back into a theoretical account to assess their considerable value?

A. Again this is considered a good idea and we should look at ways of doing this.

The Chairman continued with comment on further improvements in the pub’s business process. Wastage has been more carefully controlled and reduced; the Gross Profits as a percentage of sales has been increased, despite some price reductions; staff costs have been reduced and the range/frequency of events, have all contributed to a marked improvement in prospects for the Cross Keys.

8. Resolutions

- (i) The Treasurer advised that by opting out of the requirement to have a **full** audit carried out, the Society would save at least £1,000 and the accounts would instead be examined according to a prescribed format, by a qualified and registered auditor.

Discussion followed, with concerns expressed that audited accounts would be needed if application was to be made for a mortgage in the next year of account.

At the vote there were 47 in favour of the resolution for an accounting inspection, and 46 in favour of an audit.

This means that because of the statutory rules on voting¹ the Society will have a full audit for the 2019/2020 year of account.

- (ii) The Treasurer confirmed this resolution is intended to enable negotiations for a mortgage to take place when appropriate. The approval of any mortgage arrangement arranged would however be subject to agreement by the Members before completion.

At the vote there were 78 in favour of the resolution to permit negotiations for a mortgage, 6 against the resolution and 10 abstentions (including postal votes: 43 For, 6 Against and 9 abstentions).

¹ S 84 (2) of the Co-operative and Community Benefit Societies Act 2014

9. AOB

Q. Can access to the pub be improved for wheel chairs/push chairs (and the lighting is dim)?

A. Noted although changes to access is controlled by the listed buildings people at Mid Suffolk. A portable wheelchair ramp is being made by Norman Docherty

Q. Who is responsible for approval of proposed enterprises wanting to work in conjunction with the Cross Keys?

A. it will normally depend on the type/scale of the enterprise but usually will need involvement of the MC.

Q. A Member advised we must send the new share prospectus to all shareholders as required by law.

He also advised that the take-up of the new issue by the members of the MC (i.e. "directors") would give confidence in our new share offer, although there is no requirement to do so.

A. Chairman confirmed the MC will check on this and let members know the outcome. It was pointed out everyone interested in buying shares should register their interest (see flyers at the Cross Keys).

Post-AGM Note: After checking, the advice in his first point is **incorrect**. The principle of "pre-emptive rights" does not apply to withdrawable, non-transferable Community Shares.

Q. How much will the share offer be for?

A. There is currently room for £41,000 approximately but the target approved at the last meeting is £31,000, leaving room for currency fluctuations (the limits are set in Euro).

Q. when is the share issue likely to be launched.

A. The documents should be approved by the MC within two weeks and the launch can follow quickly after that.

Q. Should there be a vote to approve auditors following the meeting's decision to have a full audit?

A. The legislation does not require auditors to be re-confirmed each year. Their appointment continues until cancelled in accordance with the legislation.

There being no further questions, the Chairman thanked everyone for their contributions to the meeting and **closed the meeting at 4.35 pm**

The result of the MC election and re-election was declared by the Secretary and all candidates have been elected to join the Management Committee forthwith.