

REDGRAVE COMMUNITY SOCIETY LIMITED

Minutes of Annual General meeting

14th November 2020

On-line (via Zoom)

1. Welcome

The chairman welcomed everyone.

2. Apologies

From committee member Donna Nevitt.

3. Approval of the Minutes of the AGM held on 27 July 2019

Results of the members vote:

60	For
1	Against
4	Abstentions

The minutes are approved as a true record of the meeting

4. Accounts and Chairman's Report

The audited accounts for 2019/20 were sent to all members on 25th September.

Turnover net of VAT was £239,037, and although a small profit was expected the final result was a loss of £6,356. This was mainly due to lack of continuity on the restaurant side of the business, which is estimated to have worsened results by £15-£17,000.

Heidi joined as bar & restaurant manager in August 2019, has been very popular with customers, staff and volunteers and has worked hard to build the business.

Michael Kirkwood joined as chef in October 2019 and helped to improve food service resulting in very successful results in December.

Staff costs, gross margins and expenses have been well managed and the business was expected to make a profit in 2020-21.

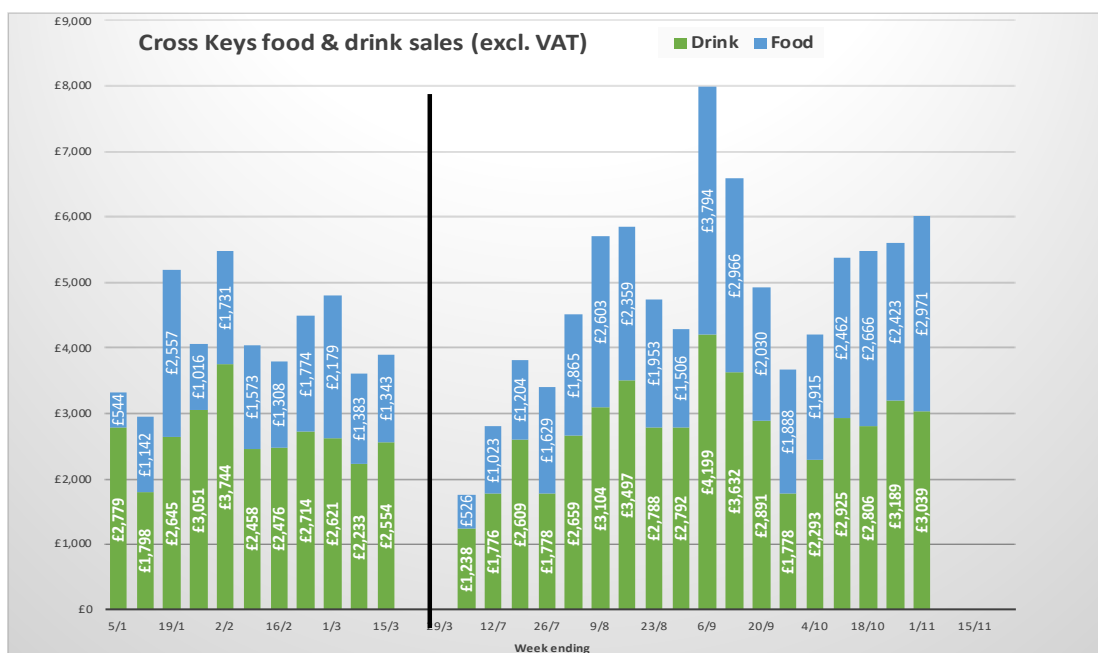
Chairman's report - introduction

- Performance of the Cross Keys this year has been heavily affected by the Covid-19 pandemic.
- While closed, staff at the Cross Keys were furloughed and the administration of the business done by committee members and other volunteers.

- The combination of good summer weather, more outdoor space, a redesigned interior and increased customer confidence due to effective Covid-19 processes resulted in surprisingly good trading after reopening.
- Staff costs are however higher due to table service and Covid-19 restrictions.
- Graeme Woracker joined as head chef in September and has been very successful.
- Working capital (current account) is £15-£20,000, and we have £75,000 raised from grant funding and the Bounce Back loan held in a separate account.

Most of this information is in the Chairman’s report that was circulated to members, but here is an update on recent performance and a business forecast for next year

Financial performance – weekly sales 2020



Performance in January and February was mixed, which was typical for the time of year. Several weekends were affected by storms and power cuts.

Covid began to have an impact in March, and then lockdown began at the end of the month.

The pub reopened on July 4th with new systems in place and outdoor service only. Indoor service started a few weeks later with a reorganized interior.

Our new chef, Graeme started in mid-September, following the resignation of Michael who had decided to leave the hospitality industry. The subsequent weeks showed stronger results until the second lock-down. Fortunately, the extension of the Government’s furlough scheme should help until we are able to re-open on December 3rd.

Plans for the future – business forecast

ACTUAL + FORECAST FEB 2020 - JAN 2021					FORECAST FEB 2021 - JAN 2022					
	Feb-Apr*	May-Jul*	Aug-Oct*	Nov-Jan	Total	Feb-Apr	May-Jul	Aug-Oct	Nov-Jan	Total
Sales	30,504	16,818	71,440	40,000	158,762	71,000	77,000	74,000	71,000	293,000
Cost of Sales	12,716	8,667	29,000	20,000	70,383	26,980	29,260	28,120	26,980	111,340
Wages	19,527	16,741	27,299	22,500	86,067	24,500	25,000	25,000	24,500	99,000
Expenses	7,860	10,250	10,500	11,000	39,610	9,000	9,000	10,500	11,000	39,500
OPERATING PROFIT	(9,599)	(18,840)	4,641	(13,500)	(37,298)	10,520	13,740	10,380	8,520	43,160
JRS Grants	5,841	9,791	1,323	6,000	22,955					
OPERATING INCOME	(3,758)	(9,049)	5,964	(7,500)	(14,343)	10,520	13,740	10,380	8,520	43,160
Financing Costs	(818)	(814)	(820)	(820)	(3,272)	(1,048)	(1,078)	(1,325)	(3,199)	(6,650)
Other Grant Income	10,000	27,778		1,334	39,112					
NET INCOME	5,424	17,915	5,144	(6,986)	21,497	9,472	12,662	9,055	5,321	36,510

All figures exc. VAT

*Feb - Sept figures actual

Forecast assumptions:

- Reopening on December 2nd with restrictions ≤ Tier 1
- No further closures or other business interruptions
- Trading estimates based on August - October 2020

The chairman emphasised the importance of the grant funding the committee has been able to secure, including the initial £10,000 retail & hospitality grant and £25,000 grant from “Power to Change”.

The forecast is based on what we know at present and assumes no further interruptions once the pub is able to re-open.

Long term financing

- Outstanding capital of the Co-operative and Community Finance (CCF) loan is now £40,805.
- CCF have agreed to receive only interest on their loan for the time being.
- Personal loans (Loan Stock 2017) of £50,000 as well as short term personal loans totalling £17,500 have also been received.
- Most members who have made loans have agreed to continue lending for another three years. Some members have also chosen not to receive interest payments.
- When the current crisis is over CCF will be happy to discuss options for restructuring our existing loans.
- The new share offer remains open with the aim of increasing working capital and helping to fund any requests for share withdrawals.

Membership

- During the year up to 31st January 2020, 24 new members bought shares. Since then we have received 4 more applications, and when all of these have been processed the Society will have 272 members.
- A total of 4,639 shares have been issued up to 19th October 2020 representing £231,950. A further 10 shares (£500) are currently being processed.

- We continue to promote membership and the sale of shares through posters and leaflets in the pub, the website and social media.

5. Approval of the Accounts and Chairman's Report

Results of the members vote:

62	For
1	Against
2	Abstentions

The Accounts and Chairman's Report are approved

6. Resolution:

To approve an independent examination of the Society's 2020/2021 accounts by a registered auditor (instead of a full statutory audit), in exercise of the Society's power under the Co-operative and Community Benefit Societies Act 2014.

Results of the members vote:

48	For
14	Against
3	Abstentions

The Resolution is not approved – a full audit will take place*

*(*under relevant legislation, in order to the above Resolution to be carried, the votes against must not exceed either 10% of the total number of members or 20% of the eligible votes cast)*

7. Questions & any other business

Questions from Ian Brown

Member Ian Brown submitted 6 questions and the chairman read the request from him :

"It is important that the answers given to members are given in the context of the question and I therefore request that the questions I am asking are read out in full and not summarised, paraphrased or consolidated with other member's questions. Please will you ensure the answers are accurately recorded in the minutes. To assist this I have kept my questions as short as possible."

Question 1

Please can the committee update the membership on the discussions held with our bankers, or others, regarding the possibility of raising long term finance through a mortgage of the freehold of the Cross Keys. In particular has any potential lender:

- Indicated that they may be willing to lend without sight of audited accounts
- Indicated that they may be willing to lend to a business that has never recorded an annual profit

The chairman responded: Much of this is covered in the Chairman's report.

- We have taken advice from Plunkett advisers Alan Collard and Dave Hollings.
- Because of the current pandemic the discussions we've had so far with lenders have been with our existing lender Cooperative and Community Finance.
- They are very helpful but would not consider an offer until the crisis is over. Potentially they could lend up to £150,000.
- For a business this size audited accounts are not necessarily a pre-requisite for a bank loan.
- Our existing lenders are fully aware of the financial position and other potential lenders will be fully appraised of the situation.

Question 2

Is the individual 5% loan(s) amounting to £17,500 taken out by the society in 2018 still on the books, in whole or in part? If so how much and is interest still being paid to the lender(s)?

Chairman : Yes, they are still on the books and yes, interest is still being paid where applicable (some members have chosen not to receive interest).

As mentioned in newsletters last year, members who hold these loans would be happy for other members to 'take over' the loans, but so far there has been no take- up.

Question 3

In the most recent Annual Report the committee stated that its preferred option was for the society to have an annual inspection of the accounts rather than a full audit "because it is considered to provide an equal level of assurance for members at a significantly lower cost" [Emphasis added] This is factually incorrect, an audit provides a significantly higher level of assurance than an inspection. Please can the committee explain to the membership the factual basis upon which it considered an inspection would provide an equal level of assurance. For the avoidance of doubt I am not asking why the committee felt an inspection was the better option for the Society but rather the basis upon which it believed it provided an equal level of assurance.

Chairman : The statement referred to is in the Report of the Management Committee which is part of the audited accounts.

In the context of the pub, which in the auditor's opinion is a relatively simple business, the treasurer and the auditor were of the opinion that a full audit and an inspection carried out by a registered auditor would be equivalent. For other more complex businesses then a full audit may be more appropriate.

Question 4

Unfortunately in recent years a number of members who have successfully sought election to the committee have resigned within 6 months. What lessons, if any, has the committee learned from this?

Chairman : Committee members leave for a variety of reasons.

- It is a working committee, with some members of the committee spending a lot of time involved with the pub, although the amount of time committee members can contribute obviously depends on their other commitments.
- Sometimes there can be a difference in expectations, so I'd encourage members who

are interested in joining to talk to committee members and look at the minutes to get an idea of what is involved.

- We do aim to define roles and responsibilities for committee members and now have introductory sessions to introduce them to how the committee works.

Question 5

Please can the committee inform the membership the gross total borrowing currently held on the society's books. Please explain the plan to service and repay this borrowing through trading activity in the event that long term mortgage borrowing is not available?

Chairman : Loans are explained in the Chairman's report, and are currently £108,305. This is made up of £40,805 owed to Cooperative and Community Finance and personal loans of £67,500.

- Capital repayments to CCF are currently suspended but we will resume payments soon. Trading income has covered this in the past and should do in the future.

- All but £5,000 of the personal loans have been rolled over for another 3 years, which gives us some flexibility to arrange repayment thorough trading income and/or restructuring the loans.

- We have also taken out a £50,000 Bounce Back loan as a contingency to deal with the pandemic. The £50,000 is currently in the bank, and if we don't need it – and at present it doesn't look as if we will – we can either pay it back or potentially use it to help with the restructuring. (No interest is due for the 1st year, and then 2.5% pa will be charged over the next 5 years)

Question 6

The society's rules (Rule 5.11) require the management committee to elect, from amongst themselves, a number of officers including a Treasurer. The annual report indicates that the Treasurer resigned in May 2020 and there is no record of who was elected to replace him.

- Who is the current Treasurer?
- Who is currently undertaking the book keeping and accounting functions for the society?

Chairman : This is an issue for all members, not just the committee. We have taken Plunkett's advice and appealed to the members for a treasurer. Any help will be much appreciated.

So far no-one has nominated themselves, so we may have to restructure the committee in order to appoint a treasurer.

The book-keeping, accounting and business planning are currently done by Julie, Heidi, Andrew and Stephen with support from Newmans, our accountants.

Question from Rainer McGill

In the absence of a Treasurer who will be producing the statutory accounts for 20/21?

Chairman : Newmans continue to be the Society's accountants and will produce the statutory accounts.

Any other business – members’ feedback includes the following written comments :

- Just to let everyone know how impressed we are with the effort and creativity that makes the Keys such a success.
- Congratulations to all involved with the running of our pub in these difficult times. We will use it as much as we can, well done all of you.
- Thank you for all the work you do to keep the Cross Keys running.
- I should like to say a special thank you to all the committee members and volunteers; through thick and thin the Keys has continued to serve the community and is an integral part of life in Redgrave. I am full of admiration for all that you have done.

2020 Highlights

V8 Hotrods were very well hosted by the Cross Keys on August Bank Holiday. The turnout was very high with more than 50 amazing vehicles turning up. This is set for possible re-runs in May and August 2021.

Benches on the Knoll have been a wonderful village asset throughout the summer, thanks to the Cross Keys and the Parish Council who gave permission and funding for three of the benches.

Excellent **TripAdvisor** reviews have continued to boost our ratings.

The **Cross Keys** is now amongst a select band of Pubs in this region appearing in the latest **Good Beer Guide**

The **Pub Walks** maps available to the public in the pub and on our website are proving very popular.

2020 Highlights



V8 Hotrods



Benches on the Knoll



Good Beer Guide



Pub walks

●●●●● Reviewed 23 July 2020 via mobile
Wonderful - just wonderful

●●●●● Reviewed 4 August 2020 via mobile
Great food and lovely staff.

●●●●● Reviewed 17 August 2020 via mobile
Great pub in a lovely village

●●●●● Reviewed 23 August 2020
Great Beer, Food and Service

●●●●● Reviewed 2 September 2020
Another excellent day at the Cross Keys!

TripAdvisor reviews

8. Results of the election to the Management Committee

Jemma Shorten is elected to the committee

Stephen Eason is re-elected

9. Thanks and close

The Chairman closed the meeting after thanking the audience and especially the staff, committee members, all the other volunteers, Society members, customers and other supporters for helping to make the **Cross Keys** a success and a valuable asset for the village.