

Beckley & Area Community Benefit Society Ltd

Chairman's Report to the Annual Members' Meeting, 15 November 2017

Introduction: The first year of the Beckley & Area Community Benefit Society (BACBS) has been momentous for Beckley, the surrounding villages and wider area. Our much-loved village pub, The Abingdon Arms, has been saved by and for the community, which has been strengthened significantly by the project.

BACBS was established in September 2016 in order to purchase The Abingdon Arms for the benefit of the community, and to secure its future as a thriving community-owned pub. It is now a welcoming free house which serves a range of local beers, good quality wine and soft drinks, and good freshly-cooked food prepared using locally sourced ingredients when possible. Our vision was, and is, for The Abingdon Arms to be at the heart of the community, accessible to all, a place to meet people, exchange ideas, and come together for recreational and cultural activities. In this way, BACBS aims to support a friendly and cohesive community.

Highlights of the year:

In March 2016, The Abingdon Arms was listed by South Oxfordshire District Council as an Asset of Community Value, just weeks before the pub was put up for sale by Brakspear. A small group of residents initiated a programme of engagement and consultation with the community of Beckley and the wider area which confirmed we had strong local support to bid for the pub. A steering group was formed, and we consulted with the Plunkett Foundation about our strategy and business model.

BACBS was established and registered by the Financial Conduct Authority in September 2016, when a volunteer Management Committee was formed and a very successful website developed. In October, we launched a community share offer that raised ultimately over £505,000 from more than 250 shareholders, substantially exceeding Brakspear's asking price, and our bid to purchase The Abingdon Arms was accepted by Brakspear last November.

In December BACBS was awarded a substantial matched grant and loan from the 'More than a Pub' programme, administered by the Plunkett Foundation, to improve accessibility and to extend the range of services and amenities provided by The Abingdon Arms: see appendix 2.

We took ownership of the pub in late January 2017, which made us the seventh community pub in Oxfordshire. Over 100 volunteers from the community then undertook extensive garden improvement, environmental and safety work, repairs, redecoration and cleaning of the building to get the pub ready for business. A Facebook page was opened to enhance communications. From mid-March we celebrated our community pub by opening on nine weekends for volunteer-led bar sessions, with street traders providing food from the car park. This was highly successful, great fun, and even generated a very welcome small profit!

Earlier consultation had confirmed the decision to appoint a tenant rather than employ a manager, so we ran a selection process that concluded successfully with signing a 3-year lease with an established local team: Aimee and Tom Bronock, Joe Walton, Nick Ford and Casey Small. The pub was handed over to Aimee and her team who refurbished and decorated the bar, restaurant and garden terraces, and re-equipped the

kitchen and cellar. Aimee (front of house), Joe (Head Chef) and their team re-opened The Abingdon Arms in late June with a launch attended by over 150 enthusiastic locals! Tom, Nick and Casey now provide back-office and event support. With an excellent in-house team around Aimee and Joe, the new business is proving very popular; and we have been working with Aimee and Joe to refine their 'offer'. As the wheel comes full circle, we now receive requests for advice and support from other community groups intent on buying their pub.

Together we have achieved so much in the past year. This would not have been possible without the unstinting support of all who volunteered their time, energy and expertise to make this possible, Society members and non-members alike. This includes members of the Management Committee who have worked hard behind the scenes throughout the year. We are grateful also for the generous support and advice we received from partners at community pubs in Oxfordshire and further afield, other local pubs, breweries and related businesses, and from the Plunkett Foundation. On behalf of the Society, I thank you all.

Membership and financial position: At the end of its first year, the Society is in a strong position in terms of membership and finances. Our dedicated email address (info@bacbs.org) and Facebook page have been well used, and we welcome members' comments and offers of help. Please see the Treasurer's Report for our financial position, and the Membership Strategy for our approach to supporting and developing our membership.

Election of new Management Committee:

Four members of the 2016-17 volunteer committee (Nin Kelay, Georgina Matthews, Phil Partington and Tom Smith; see appendix 1) have chosen to step down, but the other seven committee members have indicated their willingness to stand for election. We all recognise however that, to fulfil the Society's aims, the Management Committee must be inclusive and diverse, so the decision by other members to stand for election is warmly appreciated. We aim for a committee of eight, including a range of relevant skills (legal, finance, property, communications, trade etc), but other members may be co-opted for specific responsibilities.

The election will be held before the Annual Meeting by a ballot of all members, each of whom is asked to vote for up to 8 candidates. The outcome of the ballot will be announced at the Annual Members' Meeting. To facilitate succession planning and to comply with the Society's Rules members will be elected to the committee for one, two or three years on the basis of the numbers of votes cast. At the first meeting of the new Management Committee, the elected committee will select four officers, namely Secretary, Treasurer, Chair and Membership Secretary.

What next?

Ongoing liaison with tenants: designated members of the Management Committee will continue to meet at intervals with Aimee and her team to communicate feedback from Society members and others, to hear and discuss their plans, and to address matters of joint interest and collaboration.

‘More than a Pub’ programme: The Society applied for and was awarded a substantial matched grant and loan to support the introduction of a range of amenities and activities which will ensure that The Abingdon Arms is ‘more than a pub’. In addition to the morning café, and with volunteer input, we look forward for example to community coffee mornings and lunches, men’s and women’s lunchtime groups, an after-school children’s activity café, organised walks and cycle rides, table-top games sessions, literary meetings, folk and jazz sessions. Please see **Appendix 2**.

Accessibility project: In order to make the pub and its amenities available to all, a project is under way as part of the ‘More than a Pub’ programme to create accessible toilets, a disabled parking space in the road, and improved access through the front door and to the upper garden terrace. Again, please see **Appendix 2**.

Ongoing property maintenance: Although our tenants are now responsible for the pub’s interior and garden, the Society is responsible for the upkeep and maintenance of the building and the property’s boundary; and we retain an interest in its safety. A schedule of inspection and maintenance has been devised which will be undertaken by designated members of the Management Committee in conjunction with professional experts, eg for fire safety.

Defibrillator: To enhance the safety of pub customers and the surrounding community, we have bid to a charitable source for funds to install an Automated External Defibrillator outside The Abingdon Arms. If this bid is unsuccessful, other funding will be sought.

Continued promotion of BACBS: As set out in the Membership Strategy, the Society will work to grow and support its membership in order to ensure the future health of the organisation. This includes the Society’s capacity in future to fund the withdrawal of shares if necessary, to pay modest interest to the holders of ‘A’ shares, and to generate additional capital for future repairs and potential development of the business.

Potential future developments: One of The Abingdon Arms’ prime assets is the wonderful view over Otmoor from the terraces and garden. Unfortunately this is enjoyed by customers only when the weather allows us to be outside, and for much of the year it is unavailable. Numerous people have observed that the views could be enjoyed all year round, and in all weather conditions, if a largely-glazed restaurant extension was built on the back of the pub. This would require relocation of the kitchen and cellar however, and would be a major capital and construction project! When our tenants have consolidated and shown the sustainability of their business, we will initiate a feasibility assessment for potential development of a restaurant extension with reconfigured kitchen and cellar.

Governance philosophy:

The Society is committed to respecting the philosophy on which the Society was established to benefit the community; to operate on the basis of one member, one vote, to fulfilling the aims for which share capital was raised and The Abingdon Arms was purchased for the community, and to ensuring the asset is protected and developed to benefit the community now and for the future. The Management Committee is responsible for this programme, and is fully accountable to the Society’s members, and the wider community.

Mike Hobbs, BACBS Chairman, 25 October 2017

Appendices

Appendix 1: Co-opted Management Committee members, 2016 – 2017 (with specific responsibilities):

Mike Baker (Property)

Gabriel Brodetsky, Treasurer (Finance, Legal, Tenant appointment))

Adrian Hampshire, Secretary (Society administration)

Mike Hobbs, Chairman (Community engagement, Property)

Adam Jeffrey (Property, Finance)

Susy Jepson (Legal, Garden, Tenant appointment & liaison)

Nin Kelay (Tenant recruitment & liaison)

Georgina Matthews (Marketing & Communications)

Phil Partington (Tenant recruitment, Trade advice)

Tom Smith (Accessibility)

John Stradling (Property)

Appendix 2: 'More than a Pub' programme

In autumn 2016 the Society applied for funding to the 'More than a Pub' programme (managed by the Plunkett Foundation and funded by the Department of Communities & Local Government, Power to Change, and Cooperative and Community Finance) to provide full accessibility and a range of amenities and services over and above those usual in a pub. A substantial matched grant and loan has been offered, which the Society has gratefully accepted.

Additional volunteers are needed to progress most proposals in our 'More than a Pub' programme. Please contact Mike Hobbs (details below) if you can help.

The elements of the Society's bid and their progress to date are as follows:

1. **Accessibility** - The pub, its amenities and the proposed 'More than a Pub' activities listed below will be available to all only when access is improved for people with infirmities and either or both physical and mental disabilities. A project is underway to provide fully accessible toilets and to improve physical access through the pub's front door and to the upper garden terrace. An architect was selected and, in dialogue with BACBS Committee members and our disability advisers, has developed plans which have been submitted to SODC for Listed Building, Conservation and Planning consents. Plans will be displayed at the Annual Members' Meeting. We had hoped that construction would be undertaken in the pub's quiet period of January / February, but this now looks very unlikely.

2. **Café / community coffee mornings** – A Friday morning café was inaugurated at the pub in October and, if trade is encouraging, Aimee proposes to extend the morning café in stages to other days. We propose to establish a community coffee morning when local people can come together for conversation and perhaps specific activities.
3. **Children's after-school activity café** – With the support of parents who have children at Beckley Primary School, we hope to establish an Abingdon Arms after-school café on Thursdays at which children can participate in crafts, story-telling, music and board games while their parents socialise.
4. **Games clubs** – We propose to convene a Scrabble 'club' at the pub, and a Society Member has offered to donate indoor and outdoor Jenga sets. Other games 'clubs' (eg dominoes, chess, snakes & ladders) will follow if volunteers come forward, and more games will be purchased for use by adults and children in the pub at any time.
5. **Community lunches** – We are discussing with Aimee the introduction of an organised set-menu community lunch, initially monthly. We will publicise the first lunch, to be held hopefully in January, and transport will be made available to those who need it. More volunteers are required. A community Christmas supper will be held at the pub in December: details will be publicised.
6. **Men's and women's groups** – Volunteer convenors having come forward, the Men of Beckley monthly lunch has resumed successfully and a Ladies of Beckley monthly lunch meeting will commence in December.
7. **Walking group and routes** – Several walks from and to The Abingdon Arms have been devised, itineraries with identified 'places of interest' are in preparation, and quotes are being obtained for the cost of printing maps and narrative descriptions of routes. More volunteers are needed to lead walks.
8. **Cycle repairs, hire and routes** - Arrangements are under discussion with Oxford's Reconditioned Bicycles (Stanton St John) for bikes for repair and hire bikes to be collected from / delivered to the pub when secure parking racks have been installed. Printed cycle routes in the area are in preparation.
9. **Folk and jazz evenings** – In conjunction with Aimee and local musicians, we are arranging monthly Sunday evening jazz sessions which will commence in December; and Aimee is also arranging a monthly folk session.
10. **Literary meetings** – Aimee has offered use of the barn / restaurant area, monthly on Sunday evenings, for meetings at which the work of local authors and poets will be presented and discussed. The works of authors Evelyn Waugh, John Ruskin, John Buchan and J P Delaney, poet David Attwooll, and historian (Patrick Leigh Fermor, Eric Newby) Chris White are in the programme to commence in December or January. Volunteers are needed please.
11. **Small pub shop** selling daily essentials – We have concluded regretfully that this proposal is not viable at present because:
 - a. A pub shop will not be feasible unless the pub is open from 9am (or earlier) each day to sell newspapers and breakfast items.

- b. Stanton St John Village Shop is not now able to stock and operate a small pub shop without taking on additional staff, even with the pub team's input.
- c. Stanton St John shop's business might be undermined even if they provided the pub shop's stock because it could reduce 'footfall' and additional spontaneous purchases at the SSJ shop.

12. **Collection and delivery point** – Again, this proposal will be feasible only if / when the pub is open all day, every day.

Mike Hobbs, BACBS Chairman, 25 October 2017

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Beckley & Area Community Benefit Society Ltd

Treasurer's Report to the Annual Members' Meeting, 15 November 2017

This report is supplementary to, and should be read in conjunction with, the Annual Accounts prepared for BACBS by our accountants David Cadwallader & Co Ltd covering the financial year 2016/17.

The Society's finances at the end of our first financial year are in a strong position.

Financial Highlights

- The share offer raised a total of **£505,000** against a minimum target of **£440,000**. We therefore didn't need to take a loan to fund the purchase.
- One of our members has very generously provided the Society with a private loan at an advantageous interest rate compared to the commercial loan that was available to us. We initially drew down £30,000 of the total offered to ensure we had sufficient working capital for day-to-day expenditure in the first few months following purchase. It now looks likely that we will be able to repay this in full in the coming year subject to the final costs of the accessibility project – saving us significant interest payments.
- As we are VAT registered we were able to claim a refund of the **£79,939** VAT paid on the purchase of the pub. A number of members clubbed together to provide the Society with an interest-free bridging loan for the six weeks it took for HMRC to process the refund.
- Although the primary purpose of opening the pub for the community-run sessions from March to May was for the community to come together to celebrate that The Abingdon Arms had been saved, we nonetheless made a very useful profit of **£3,357** after paying for stock and other associated expenses.
- At year end we had cash in the bank totalling **£72,193**. See below for information on how this will be used.

Balance Sheet

Our Balance Sheet stands at **£505,822**. The majority of this (**£470,201**) relates to the value of our fixed assets, ie the property, including improvements and expenditure associated with the purchase that can be capitalised. Please see the Final Accounts for a detailed breakdown.

Profit & Loss Account

From a total revenue of **£22,730** (ie total of rental income, sale of fixtures and fittings, and sales income from the community-run pub sessions) we made a gross profit for the year of **£17,190**. After taking allowable expenses etc into account our net profit for the year was **£822**. We are not liable to pay Corporation Tax this year as various capital allowances more than offset this level of profit. Please see the Final Accounts for a detailed breakdown.

Cashflow

The Business Plan we prepared in September 2016 forecast a positive cashflow for the year of **£51,871**. In fact, our income exceeded expenditure by **£66,358** despite taking a considerably smaller loan than we had anticipated. The table on the following page shows the cashflow breakdown for the year. Please note that the cashflow analysis is for information only and does not form part of the final accounts.

BACBS Cashflow 2016/17					
		Actuals (£)	Business Plan (£)	Variance (£)	Notes
<u>Income (net of VAT)</u>					
Share Offer		505,000	440,000	65,000	
Loan		30,000	119,777	(89,777)	
Sale of Fixtures/Fittings/etc		5,851	11,000	(5,149)	
Grants & Donations		1,950	0	1,950	Bursary from Plunkett Foundation
Trading (March - May)		9,797	0	9,797	
Rent		7,082	17,250	(10,168)	
Total Income		559,680	588,027	(28,347)	
<u>Expenditure (net of VAT)</u>					
Purchase Price		450,165	454,100	3,935	Includes Stamp Duty
Loan Repayments & Interest		513	9,010	8,497	
Property Repairs & Maintenance		17,235	50,000	32,765	
Legal & Professional Fees (purchase)		3,457	2,200	(1,257)	
Valuation & Surveys (purchase)		4,356	3,356	(1,000)	
Accessibility project (to date)		4,103	0	(4,103)	Architect and other fees
Legal & Professional Fees (private loan)		500	3,818	3,318	
Purchase of fixtures & fittings from Brakspear		0	11,000	11,000	Included in purchase price
Tenancy		2,114	0	(2,114)	Advertising and legal fees
Insurances		1,444	1,200	(244)	Buildings insurance is recovered from tenants
Corporation Tax		0	147	147	
Stock for trading		4,975	0	(4,975)	Beer, wine, soft drinks, snacks
Other trading costs		1,465	0	(1,465)	Electricity, LPG, commercial waste, etc
Rates		913	0	(913)	Business rates & council tax
Publicity		1,492	0	(1,492)	Website, printing for share offer, hire of halls
Licences		457		(457)	Premises licence, etc
Other expenditure		133	1,325	1,192	Miscellaneous administrative costs
Total Expenditure		493,322	536,155	42,833	
Cashflow for 2016/17		66,358	51,871	14,487	

Interest payment to shareholders

Our share offer prospectus stated that we will start paying interest to members holding 'A' shares as soon as we have sufficient surplus funds available, ie enough to cover our overheads and retain adequate reserves to meet unexpected maintenance costs on the property. We anticipated at the time that this would be four years after the share offer.

The end of year cash balance of **£72,193** breaks down as follows:

Tenant's security deposit	£	5,750
VAT due to HMRC	£	203
Other committed payments	£	1,310
Outstanding private loan	£	30,000
	£	37,263

This leaves unallocated funds of **£34,930** which the committee regards as a prudent cash reserve to cover other expenditure that might arise, and is consistent with our Business Plan assumption that we would hold a reserve of c. £30,000 for contingencies.

For these reasons, and in line with the share offer prospectus, we have decided not to make any payment of interest this year.

Repairs and maintenance

Apart from purchasing the pub itself, the £17,235 spent on repairs and maintenance was the largest item of expenditure. Within this category the top expenditure items were as follows:

New wood-burning stove	£	2,757
Replacement windows	£	2,292
Garden shed	£	1,795
Electrics	£	1,656
Fire risk report and alarm maintenance	£	1,177
Pub kitchen - deep clean	£	1,150
Gardening	£	870
Cellar cooling maintenance	£	852
Plumbing repairs	£	739
LPG tank and boiler maintenance	£	650
Decorating supplies	£	587
Garden fencing	£	467
Roof repairs	£	350
Car park wall materials	£	308
	£	15,650

Fixtures & Fittings

We originally planned to sell our tenants the pub's fixtures and fittings for the same price we paid for them, which was budgeted at £11,000 based on our understanding that the previous tenants had paid this amount when they took the lease from Brakspear in 2015. In the event the fixtures and

fittings were included in the £435,000 we paid for the pub, and having seen the condition they were in we agreed a substantially lower price with our tenants.

Rent

Rent received covers the period from 19th June to 30th September. We granted the tenants a six-week rent-free period from the date of the lease while they prepared the pub for opening.

Accessibility Project

Expenditure to date has been on architect's fees for the preparation of plans up to the submission of the planning application. Assuming planning consent is granted and the works take place early next year we will incur the bulk of expenditure in 2017/18. We expect this to be fully financed under the More Than A Pub programme by a matched grant and loan (up to the maximum awarded of £100,000 in total). However, if necessary we will use some of our reserves to supplement the external funding.

Gabriel Brodetsky, BACBS Treasurer
26 October 2017

Beckley & Area Community Benefit Society Ltd

Membership Strategy - Annual Members' Meeting, 15 November 2017

Scope

The scope of this membership strategy is to address how the Society ensures that membership remains at the heart of the enterprise, whereby we continue to grow our membership and engage our members. Its focus therefore is on the activities relevant to encouraging membership and member participation. It is not intended to address the wider aims of the Society except insofar as they directly relate to membership.

Context

This strategy was developed following the successful purchase of The Abingdon Arms in January 2017 and the successful reopening of the pub by our tenants in June. The share offer that took place in October 2016 raised a total share capital of over £500,000 from 226 members, and this strategy focuses on how we maintain and grow the membership base.

Aims

The primary aim of the strategy is to promote membership of the Beckley & Area Community Benefit Society in order to:

1. Ensure that the Society has sufficient share capital to meet its financial obligations and to manage, maintain and enhance its primary asset (ie The Abingdon Arms) for the benefit of the community of Beckley and the wider area.
2. Generate sufficient inflow of new capital to support continued future investment in The Abingdon Arms and to replenish share capital should any shares be withdrawn.
3. Maintain a large pool of people to contribute to the overall direction of BACBS by volunteering their time and skills (eg to help develop 'More than a Pub' amenities), attending members' meetings, standing for election to the management committee, etc.
4. Promote community cohesion by establishing a wide, engaged and inclusive membership base.

Approach

1. Actively promote membership of BACBS to new and existing residents in Beckley and the surrounding area by ensuring that relevant and up-to-date information is available through a variety of channels, including for example:
 - a. The BACBS website and Facebook page
 - b. Village newsletters
 - c. Other community websites
 - d. Information available in The Abingdon Arms and on its website.
2. Encourage new members to join, and to maintain the support of existing members, by

- a. Demonstrating the social benefits of the Society's activities
 - b. Paying holders of 'A' shares in the Society a modest return on their investment, ie making interest payments on investments, as per the Rules
 - c. Liaising with, and providing constructive feedback to, our tenants to ensure that they take into account the views of the community as they develop their business.
3. Membership is open to all individuals (and corporate bodies) who support the Society's primary objective of ensuring the continued existence of The Abingdon Arms as a thriving pub for the benefit of the community (as per our Rules, the minimum investment is five shares @ £50 per share, ie £250). Applications are subject to the approval of the Management Committee.
4. This Membership Strategy may be amended from time to time by the Management Committee to ensure it remains in line with the rules of the Society and its prime purpose of community benefit.
5. Appoint a Membership Secretary within the management committee, whose remit is to implement the strategy and report on progress.

Measuring success

Key success measures of the membership strategy are as follows, and these will be reported at each annual members' meeting:

- Total number of members
- Number of new members recruited in the year
- Number of members resigning in the year
- Value of share capital – at start and end of each year
- Number of members standing for election to the management committee