

From special events...



to special awards



Gussage Community Benefit Society Limited

Report of the Management Committee to the Annual Members Meeting in relation to the period to 30th April 2017

The Management Committee has pleasure in presenting its report and the unaudited financial statements of the society for the year ended 30th April 2017.

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

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 a professional tenant with 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

The Management Committee was established when the Society was founded on 20th April 2015. 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. Of the current nine

members of the Management Committee a third of the positions (3) are subject to election/re-election this year at the AMM in line with the rules of the Society.

Committee Members whose current term expires at the August 2017 AMM subject to AMM 2017 election/re-election

Chris Payne (Member)

Bonny Humphris (Member)

Justin Ward (Member)

Committee Members whose current term expires at the August 2018 AMM

Leslie Madell (Vice Chair)

Sally Marlow (Member/Secretary)

Jill Allen (Member)

Committee Members whose current term expires at the August 2019 AMM

David Crossley (Chair)

Mal Madell (Treasurer)

Richard Coombes (Member)

At each AMM a third of the Management Committee members 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). Of the three Management Committee Members who have reached the end of their current term, two have offered themselves for re-election at the 2017 AMM with duly completed nomination forms and subject to the receipt of other nominations and voting at the AMM.

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 2nd August 2017 and two new nominations have been received. New Management Committee Members will be elected/re-elected at the AMM from the nominations received by a show of hands. It is proposed that all four nominees be elected and this will take the Management Committee to a total of 10 Members, the maximum allowed under the rules. Brief statements from all those standing will be available at the AMM prior to the election.

Accountants

The Society's Accountants are: David Cadwallader & Co Limited, Suite 3 Bignell Park Barns, Chesterton, Nr Bicester, Oxon, OX26 1TD.

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, 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 safe guard 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 and 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 market value post refurbishment is estimated at £425,000 excluding VAT and the remaining term at 30th April 2017 was 19 years.

Lease

- A nine-year term, with a three-year break clause
- 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 celebrated the first anniversary of re-opening on 9th July 2017. The pub had completed nearly ten months of trading at the time GCBS reached the end of its second year on 30th April 2017.

4. Membership Strategy

The community shareholding at the 30th April 2017 was £176,750 with 171 shareholders (£177,050 with 172 shareholders at the 16th August 2017).

A geographic analysis of the membership illustrates that nearly 50% of shareholders live within Gussage All Saints & Gussage St Michael and of these approximately 50% are households containing two shareholders. A further 25% of shareholders live in neighbouring towns and villages within a ten-mile radius with the remainder living further afield and connected through family that lives locally, a shared history, memories of the Drovers in earlier years or their objection to pub closures.

A number of original shareholders have moved out of the area and a number are less able to use the pub regularly due to issues with health or caring responsibilities.

The Membership Strategy seeks to encourage existing shareholders to maintain or increase their investment and to nominate their shares to named beneficiaries as part of inheritance planning and continuity.

The Society remains open to new Members and new people moving to the area will be 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 future years and to provide funding towards the addition of easy access toilet facilities in the future.

The regular Member communication will continue via the Annual Member's Meeting, e-mail and postal communication together with the newsletter, website and annual Member feedback survey which is reviewed along with TripAdvisor and Facebook feedback.

Seventeen percent of Members responded to the latest Member survey and analysis of the data provided the following ratings:

- 48% use the pub at least 1/week

- 41% eat at least 1/fortnight
- 93% rate the drinks offer with 4+ stars
- 79% rate the food offer with 4+ stars
- 52% have tried the new woodfired pizza offering
- 76% rate the atmosphere with 4+ stars
- 55% are likely or very likely to contribute to funds for the disabled toilets

Usage trends demonstrate that the lunch and early evening sessions remain most popular with alcoholic beverages and casual dining the most common services used. Peak periods are Thursday to Sunday inclusive with Tuesday and Wednesday trading relatively quiet.

The initial buzz generated from the campaign to save, refurbish and re-open the pub has calmed and we are encouraging all shareholders and the wider customer base of supporters to continue to support and nurture it with regular visits, new ideas and suggestions to support its future sustainability. Being a strong advocate of the Drovers and recommending it to friends helps to secure your investment.

An analysis of wider customer data via TripAdvisor shows very similar results with 80% of the reviews giving scores of Excellent or Very Good and the pub scores an overall rating of 4 stars based on all data since the re-opening and positioning the Drovers very well against local competition.

Feedback will continue to be encouraged to support the ongoing development of the business.

5. The Year's Activities

The Pubs First Year

From the outset, the GCBS decided to appoint a long-term tenant to run the operational business. For that reason, we offered a 9-year lease with a 3-year break clause and as a result the tenants invested a significant amount into setting up the business. At one level, our main priority as a society is that the rent is paid yet obviously we want to see the pub achieve our vision and be a successful and sustainable business. We achieve this through our 3-monthly review meetings, feedback and through offering informal advice and support. However, we have come to understand the challenges of the pub business and recognise that each shareholder has a view of the perfect pub. One thing we do try and do is balance what the tenants get right as well as the inevitable areas that can cause concern.

Pub Successes

In many ways, the pub exceeded all our expectation in terms of trade when it first opened. It was such a joy to see it in operation again. As one person said; "as I walk past it just puts a smile on my face." The tenants had a clear vision in line with the Society's and understood that if the pub was to survive and thrive it would need to build a trade from beyond the village as well as its local customer base. It did focus on a distinctive high-quality food offer, using local suppliers and of course the highly skilled chef Mat who prepares and cooks

everything fresh from scratch. The Sunday lunch offer and steaks were exceptional and the local butcher at the time could hardly meet the demand. The wood fired pizzas have added a new option for us all on Sunday early evenings too. There have been numerous memorable events. What a joy to have a pub you could walk to on Christmas Day and New Year's Eve and those who stayed for the fully booked Christmas day dinner couldn't have been more impressed. The quality and range of the real ales is first class and we won the first ever CAMRA Pub Saving Award as the best saved pub and welcomed two almost overwhelming coach visits by CAMRA Members one announced and one unexpected. Other successes include the First Birthday party in the garden and the hard-won success of building the monthly Friday music offer with the Dave Griff showcase. All this led to a good turnover in the pubs first year well in excess of that achieved prior to closure.

Pub challenges and lessons learnt

The pub trade is hard and as the society was advised it takes times to build a sustainable business. The tenants have faced quieter than expected months not just in winter and the expected early parts of the week. They also face the inevitable challenge of getting the offer right as well as the very real financial challenges of any new business and particularly the pub business in its first year. When under pressure they initially found negative criticism hard to handle in part because of the pressure of the expectations they felt and because they have put everything they have into the business. They genuinely want to ensure that all who visit have an excellent experience and feel welcomed but it can be hard to please all the people all of time. Trip Advisor can be a harsh judge but now their current reviews put them as amongst the best in the area. In addition, they perhaps paid too little attention to marketing and building their customer base. They also expected more use from the village and hope to work with you to build a range of village events over the next year. This is something they certainly would welcome help with as well as support in attending.

Pub plans for the future

As they move into their second year the tenant's priorities are:

- Developing additional community events
- Better marketing and other strategies to both attract and retain customers.
- A major new offer of a monthly supper club which will offer a good value menu which will demonstrate and allow us all to enjoy the chef's skill
- A good value weekday lunch menu and weekday lunch clubs.
- They are also aiming to add Motor-caravanning BRIT Stops and are exploring developing the downstairs annex as a B&B room.

We are happy to act as a conduit for passing on other ideas and suggestions whilst accepting it is their business and they can do anything but not everything.

GCBS Refurbishment & Future Development

The majority of refurbishment work was completed by the 9th July 2016 opening and any remaining snagging work has also been completed. Moving forward any activity will centre on new projects such as the planned addition of disabled toilets.

Following a request from cyclists we are exploring the practicalities of installing a bike rack.

GCBS Volunteers & Committee

Prior to re-opening volunteer activity was focussed on business planning, fund raising, finance and refurbishment work.

Since re-opening volunteer activity centres mainly on the work of the Management Committee including the recent implementation of our Community Defibrillator.

The Committees work involves considerable amount of time and commitment by the team including:

- Committee meetings
- Business & financial planning and management
- Booking keeping, account management, tax, vat and administration services
- Share holder communication & membership administration
- Quarterly tenant meetings
- Feedback and analysis
- Project management (e.g. defib, easy access toilets)
- Knowledge sharing and providing information to other communities fighting to save their beloved locals.

Celebrations & Awards

The biggest celebration of all saw the community join together for the re-opening of the pub on 9th July 2016 which coincided with the Gussage All Saints village fete. It was an extremely busy opening and the work on the refurbishment went right to the wire to enable the pub to re-open which meant that it wasn't possible to enjoy a soft opening to test all the systems and processes in advance.

It was exciting to get some recognition of everyone's hard work and commitment when later in the year, on 27th September 2016, the Society won the People's Project Award in the 2016 Best Village Competition run by Dorset Community Action for the campaign to 'Save the Drover's. Then on the 4th November 2016 GCBS won the first ever CAMRA pub Saving Award which was covered by both National and Local media providing some great PR.

Success at these awards was closely followed by more local recognition when the Chairman of East Dorset District Council hosted his civic lunch at the Drovers as a part of the council members visit to support local rural enterprise.

It was also great to see the pub welcoming so many special family gatherings and celebrations including Carol Singing, Christmas Day and New Year's Eve.

Giving Back & Supporting Others

The Management Committee with support from Stephen & Barbara have worked very hard throughout the last year to share knowledge with other communities fighting to save their beloved locals and also to provide important information and experience to the organisations that support this type of community programme. This has included:

- Hosting and speaking to The Plunkett Foundation's "more than a pub" seminar in November 2016, sharing pub saving knowledge and experience face to face with other community groups.
- Committee members took an active role in the Plunkett 'more than a pub' focus group that took place in London in March 2017 once again to share ideas and build a body of knowledge and experience.
- As community owners of the 41st community pub to be recognised by the Plunkett Foundation, GCBS was asked to take part in the 'better business survey' in April 2017 which drew on our knowledge and experience to support future community projects.
- In March 2017, the committee, the pub and a number of local residents took part in a research programme commissioned by the PowerToChange aimed at understanding the type of support that would help future community programmes to succeed. This work was rewarded with a £500 contribution which we plan to use towards our fund raising for easy access toilet facilities for the Drovers.

The above list is just an example of the support provided to others and we were pleased that news of our story had spread around the world including interviews with Dutch and Canadian Media who were interested because so many of their own rural communities face similar challenges.

We continue to be contacted by other groups who are in the early stages of saving their local pub and we are happy to share documents and discuss ideas to help them in recognition of those organisations that helped us along the way.

Defibrillator Project Progress

This new project was launched September 2016 following a request from the Parish Council and approval of the resolution put before the 2016 Annual Members Meeting. The fund raising was completed December 2016 and the Parish Council adopted the Phone box in March 2017 when BT also removed the old phone equipment.

GCBS received significant funding from Community Heartbeat Trust (CHT) and Scottish & Southern Electric (SSE) and the installation of the defibrillator was completed in early June 2017.

The individually donated defibrillator funds have been used for the initial set-up and refurbishment costs and provision has been made towards future running, maintenance and training costs. In conclusion, the defibrillator is now operational and we have enough funds from donations already made to maintain the system for the next 5 years.

Easy Access Toilet Project

Following the 2016 Annual Members Meeting, the Management Committee took the decision to tackle the new defibrillator project first due to the potential lifesaving ability of the equipment and the relatively low initial costs. It was agreed that the project planning for the Easy Access Toilet facilities for the Drivers would be undertaken once the defibrillator was up and running. However, the following initial activities have been undertaken:

- Initial discussions have been held with the local council planning team.
- Fund raising has generated £2.5k with £500 from PowerToChange research programme.
- We anticipate that costs will be in the region of £20-25k.

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 of our Financial Statements

We are in a healthy financial position meeting our overheads and making provisions for future expenditure. We are fortunate that interest rates have remained low, but we are mindful of the uncertainty that Brexit presents.

Tangible Assets

With additional improvements to the building the book value stands at £436k.

Depreciation

It was decided by the Management Committee in consultation with our Accountants that we would defer marking down depreciation until next year since the current figure reflects a fair market value of land and buildings.

Debtors

The figure of £5,458 includes a pre-payment of insurance costs as well as regular trade debt.

Overheads

The figure of £17,867 includes repairs and refurbishment costs of £9,480 and considerable set-up costs.

Donations

These include funds for refurbishment, defibrillator and disabled toilets. A sum has been included in accruals and deferred income for tax efficiency.

Balances Year 3, Quarter 1

The figures below are a snapshot of the position at the end of the first quarter of the year commencing 1st May 2017, to give an indication of progress. They do not include sundry balancing items.

Assets:		Liabilities:	
Tangible Assets	436,105	Shareholding	177,050
Current Account	18,927		
Loan Interest Res	6,206		
Share Redemption Res	8,704		
Cash	147		
Total	<u>470,089</u>		
Debtors:		Creditors:	
Trade Debtors	1,800	Long Term Loan	241,845
		Medium Term Loan	20,000
		Trade Creditors	4,154
		Total	<u>265,999</u>

Strategic Financial Planning

In the interest of prudent accounting we were able to make provision for loan interest and share redemption reserves in separate accounts. The share redemption account was opened on 2nd May 2017 and does not show separately in the accounts for year ending 30th April 2017.

A sum has been set aside to cover ongoing running costs of the defibrillator for the next five years.

Fund raising will continue for the addition of disabled toilets.

Interest on Shareholdings

The GCBS was founded in April 2015 and the shareholders' funds were drawn down for the purchase which was completed on 11th March 2016. The first rental income was received on 1st June 2016.

We are in a consolidation phase of the GCBS business at this time as the Society builds its reserve provision for future interest rate rises, loan repayment and share redemption

requirements. The ongoing Brexit negotiations add an element of uncertainty reinforcing the need for such provision.

Supporting the above strategy, and recognising the very low interest rates available through bank and building society savings accounts, the Management Committee have decided that interest will not be paid for the current year ending 30th April 2018.

7. Future Plans

The pub is back at the heart of our community and Stephen, Barbara, Zoe are part of our vibrant village life.

Moving forward the Society's support and encouragement will continue to play an important part in the future sustainability of the business. As well as being valued customers we are also the 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 share redemption and future 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.
- To undertake individual fund raising and implementation for projects that will improve the facilities and/or value (e.g. easy access toilet facilities) for the long term.

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 16th August 2017

Sally F. Marlow, Secretary, 16/08/17
[Signature]
Treasurer, 16/08/17
[Signature]
Bonny Humphreys 16/08/17
[Signature]
Richard (Cambo)
[Signature]
Jill Allen
[Signature]
[Signature]

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Appendix One
GCBS Limited
Financial Statements
Year ended 30th April 2017

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