



Annual Members Meeting y/e 30 Sept 2023

29th February 2024

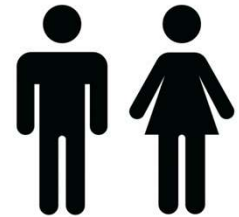
Stockland Victory Hall



Welcome & Meeting Etiquette



- Safety: Fire exits, trip hazards etc
- Housekeeping: Loos etc
- Mobile Phones: Please place on silent
- Questions: Q+A sessions are planned in the agenda



Agenda



1. **Open AMM:**
2. Recap of Committee Membership and Ballot Process
3. Annual Report – The Year in Review – Phil Burnett
4. Q&A Session 1
5. Treasurer’s Report – Andy Kippax
 - Resolutions: Votes to approve accounts and audit
6. Q&A Session 2
7. Election of Management Committee members
8. **Recess for counting of ballots (Bar open)**
9. Election to Management Committee – Results of Ballot
10. AoB/Final Q&A Session
11. **Close AMM**

Recap: Role of the Management Committee



The Management Committee (ManCom) is appointed by the membership to manage the society on their behalf

Responsibilities

- The Management Committee of the Society acts as a board of directors, and has the same powers and responsibilities as the board of a limited company.
- ManCom is responsible for managing the affairs of the society in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

Principle Activities

- Compliance with all relevant regulatory reporting to FCA and management of the financial affairs of the society, eg the annual AR30 submission to FCA
- Management of communications, governance and membership of the society
- Undertake such activities to deliver the vision and objectives of the society including
 - Protection of physical assets of the society, eg insurance, maintenance, safety systems
 - Appointment and relationship management of tenants, compliance with terms of the lease
 - Maintenance of appropriate licences, eg premises licence

The Management Committee is not responsible for:

- The day-to-day operation of the Tenants business eg staffing, details of food, drink or service offer

Current Management Committee



Under our Governance rules we can have between 3 and 12 members

- Phil Burnett (chair)
- Damian Clay (vice chair)*
- Andy Kippax (treasurer)*
- Sheelagh Dawes (secretary)
- Nick Chance
- John Vickery
- Tim Shephard-Walwyn**
- Jane Yates



**Members who have completed their current term of office and are standing for re-election*

*** Members who are standing down*

Candidates for Election to Management Committee



This year we have 7 vacancies and 9 candidates – election will be by ballot

Standing for re-election

- Damian Clay
- Andy Kippax

New candidates

- Craig Bernhardt
- Charles Crowe
- Catherine Derryman
- Martin Gundry
- Anthony Thomkins
- Anna Trott
- Steve Whitley



Recap of ballot process



Details of the ballot process were sent to membership on 16th Feb 2024

Ballot Process

- Ballot papers will be issued on registration for the meeting (including proxy voting)
- Members can vote for up to 7 candidates on the ballot paper
 - Papers with over 7 candidates selected will be invalid
- Ballots are anonymous – papers are not marked
- 2 x ballot boxes will be available and demonstrated to be empty
- Once voting has been completed, the committee and candidates will retire to the committee room for counting
 - The bar will be open.
- The results of the ballot will be announced when candidates/committee are satisfied that the count is correct.

Please note: You do not need to stay for the results – these will be communicated to members following the meeting.



Annual Report: The Year in Review

1st October 2022 – 30th September 2023



Philip Burnett

What a year!

- We showed this slide at last year's AMM



A Celebration and a Thank You



SCPL will be 10 years
old on 6th September
2023

Thanks to everyone
that made this possible!



© SCPL 2023

Stockland Community Pub Limited (SCPL) is a Registered Society for the Benefit of the Community, registered with the FCA no. 32191R
Registered Office: Shorms, Shore Bottom, Stockland, Honiton, Devon EX14 9DQ www.scpl.org.uk
We are supported through the 'More Than A Pub' program by:



9

- Little did we know what was to come!

A quick recap of the our guiding principles and priorities...



- ...to manage the society to protect the investment made by the community
- ...to ensure the continued solvency of SCPL in order to...
-deliver our vision for The Kings Arms to be a food-led pub that supports community activities and to ensure its future as a thriving community pub at the hub of the village.



In this review we will cover...

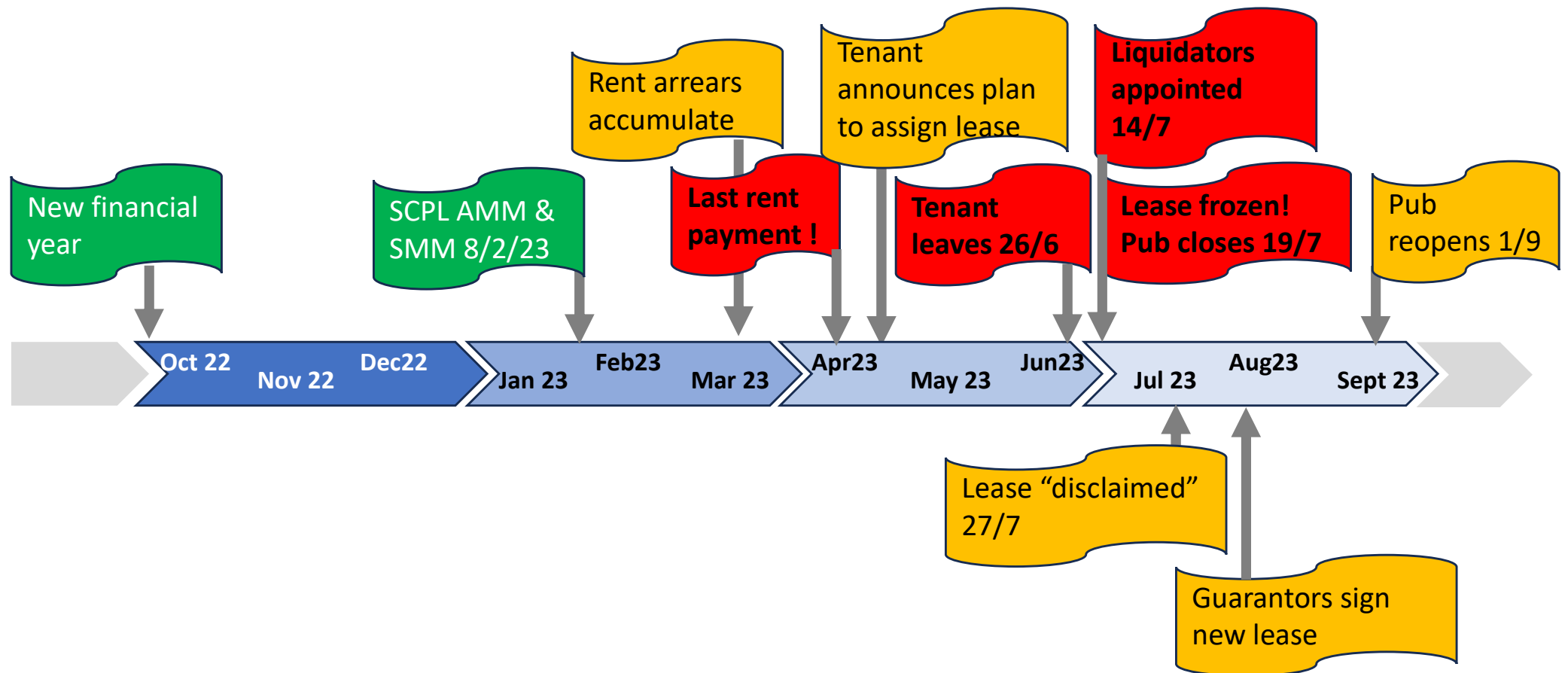


- Events up until 30 Sept 2023
- Key considerations, actions and decisions
- Events leading to the successful repossession of the lease on 5th Jan 2024

Timeline – key events



Covering events up to 30th Sept 2023



Our tenant in trouble!



- **Offering help:** Regular meetings with tenant since early 2023
 - Repeatedly received reassurances on rent payment
- **Things getting serious:**
 - Rent payments dried up late April 2023
 - Tenant announces plan to sell (assign) the lease
 - Announces departure 26/6 and plan to assign lease
 - BW departs with no assignment made
- **Things get even worse:**
 - Liquidators take control of lease – lease frozen
 - SCPL liaises with liquidators to understand plans for lease
 - Lease “disclaimed” by liquidator 27 July 2023

What can we do now?!

SCPL in trouble!



- **Protecting the society:**

- No income and limited reserves prohibit lengthy unoccupancy in search of new tenant
- Failure to pay our mortgage on the pub could trigger repossession
- No option but to enforce the provisions of the lease/guarantors
- Legal advice taken

- **Two legally binding options available:**

- Guarantors obliged to take the lease for the remainder of the lease term

OR

- Agree a one off settlement payment of 6 months rent for release from all obligations

- **We offered settlement (our preferred option)**

- **Guarantors chose to take the lease!**

Between a rock and a hard place!



- **At the end of our financial year (30/9/23):**
 - We had a “hostile” tenant but at least the pub was open
 - Tenants were making payments that broadly covered costs
 - But the tenant had no long term commitment the future of the pub or maintaining standards/building the business.
- *“If you don’t like these Tenants why don’t you just cancel the lease and get rid of them?”*

(A frequent sentiment from our membership)

Answer: Property law provides protections for both tenant and landlord and have to be respected

- Especially if there are residential elements where certain provisions could result in criminal prosecution of the landlord

What happened between y/e 30th Sept 2023 and now?

A crash course in commercial property law and litigation

Three ways to skin this cat!



Forefeiture:

- When tenants are in breach of lease
- Freezes liability when initiated
- Freezes lease – cannot appoint new tenant
- ***Must go through the courts!*** (12+ months)



Assignment:

- Initiated by current tenant
- Limited influence from Landlord on incoming tenant
- BUT – tenants would need to clear all liabilities



Surrender/Settlement:

- Agree a deal by which the tenant buys their way out of all liabilities
- Full control of lease reverts to SCPL
- Fastest and cleanest solution



Preparing for regaining the lease



- **Timing and process for regaining lease very uncertain**
 - Can't market lease until in our gift
- **ManCom developed a range of strategies and options**
 - Contacts with credible operators
 - Evaluation of interim business models
 - Options for financing extended period of unoccupancy
- **Restricted Access**
 - Under law SCPL could not enter the premises without tenant permission
 - A significant restriction in developing interest

Getting a settlement!



Our offers rejected:

- Multiple offers made – multiple offers rejected

Our final option: Litigation

- Our litigation lawyer considered our claims “irrefutable”
- A county court process (12+ months)
- Tenants/guarantors liabilities continue to increase
- But SCPL would be at financial risk
- SCPL offered mediation to avoid courts process but tenants not available until Feb 2024

December 2023 – Final Offer

- SCPL made a final offer (refused)
- SCPL legal team served notice of impending litigation
- ***5th January 2024 – surrender deed signed, significant payment received***

Back in Business!



- A very significant proportion of rent from 25/12/22 to 5/1/24 now recovered – a good result
- On repossession we undertook a range of work to secure the pub
 - Cleaning, safety checks and maintenance, locks etc
- New 20 year lease signed 30th January with Andrew Marshall's pub company
 - An established, committed and credible pub operator
 - Willing to be flexible on timing but move fast when needed
 - Refurbishment works and improvements well under way with help of SCPL and volunteers
 - Planned reopening before Easter

Other highlights from the financial year



- **Governance Rules:** New governance rules were approved by FCA following support from the Special Members Meeting in Feb 2023
 - Disputes policy developed and published
 - Share Redemption policy under development
- **The Building:** In good shape but some routine maintenance neglected by previous tenants
 - SCPL stepped in to ensure building was safe and compliant with insurance
 - Following departure of Tenant/Guarantor additional remedial works identified
- **The Committee:** In addition to the lease/tenant activity ManCom continued to ensure the society complied with key requirements
 - Regular regulatory actions completed, eg licence, insurance
 - Financial Return: AR30 form submission to FCA
 - Managing membership, communications, SCPL web site etc
 - Managing finances through the “mini-budget” interest rate shock (Sept 22)

We made it!



A tough year!

But SCPL is looking forward to its 11th Birthday on 6th September 2024!

Thanks to everyone that made this possible especially the members of the Management Committee.



The Year in Review

Questions?



Treasurer's Report and Resolutions

Andy Kippax



Treasurer's Report (y/e 30 SEPTEMBER 2023)



Summary of the year:

the most difficult year on record – but we prevailed

- The bankruptcy of the tenant severely tested the way in which we run the Society from a financial perspective
- Our contingency plans were good enough to mean we didn't need to reach out for more financial support – but only just!
- I am very pleased we have come through such a challenging year in good health - we learn from the experience and modify our policies
- In the coming year we are looking forward to developing our relationship with the incoming tenant and of course the reopening of the pub
- As part of today you are again being asked to vote to allow us to undertake an Independent Review as opposed to an Audit

Treasurer's Report (y/e 30 SEPTEMBER 2023)



Income

- Income shown of £57,901 must be seen in the context of a provision against bad debts of £15,000
- The provision was made at the year end and since then matters have been resolved with minimal actual loss
- We are very grateful to the Fair Committee for a donation of £1,500 towards the “drop-off zone”
- Events income relates to the Annual Members ‘ Meeting of a year ago

Treasurer's Report (y/e 30 SEPTEMBER 2023)



Costs in more detail

- The provision for bad debts of £15,000 was an estimate made at the year end due to uncertainty over lease payments due to us
- We also provided £5,000 for legal fees regarding the dispute with the Guarantors which has proven quite accurate in the end
- Insurance was around £10,400 of which £9,486 was recharged
- Credit to Tim S-W who reduced our management liability insurance cost by 2/3rds
- Please ask if you want detail on any other cost item, I have the accounts ledger available here

Detailed costs from accounts



YEAR ENDED 30 SEPTEMBER		2023		2022
Administrative Expenses	£		£	
Provision for bad debts		15,000		-
Insurance		11,605		9,320
Professional fees		5,570		605
Depreciation of fixed assets		4,393		4,394
Drop-off zone		2,561		-
Memberships / licences		398		200
Other expenses		247		554
Utilities		230		-
Purchases for events		167		155
Refinancing of long term loan		-		6,463
Consumables		-		400
Total		40,171		22,091

Treasurer's Report (y/e 30 SEPTEMBER 2023)



Debt and cash

- The Triodos loan principal is slowly coming down, having fallen by just over £4,000 in the year in question
- Debt service costs are quite high at the moment as we have a variable interest rate (base plus 4%) so currently 9.25%
- Whilst we expect base rates to fall we do have the option of paying off debt early. This is a matter for the committee as a whole but one principal objective of the Society is to eliminate its debts
- In the short term the Committee agrees cash reserves need to be rebuilt
- Cash today (29/2/2024) is £26,622.01

Treasurer's Report (y/e 30 SEPTEMBER 2023)



Going forward

- SCPL will hopefully make a profit again in the current year
- The incoming tenant is a seasoned operator and is making a significant investment in the premises
- The restructuring of loans has stabilised our debt position
- We are not projecting any tax payments until the year ending 30 September 2025, this can change of course
- We look forward to the re-opening of the pub shortly

Treasurer's Report (y/e 30 SEPTEMBER 2023)



Audit vs Independent Review:

- The financial statements have been Independently Reviewed
- Cadwallader & Co have performed the Independent Review of the accounts for £620 (including preparing and filing our tax return) which is after a significant discount due to our Plunkett membership
- Quotes for the current year to perform an Independent Review or to undertake an Audit are £635 or £3,950 respectively, including the tax work
- We would like your agreement **not** to audit the current year ending 30 September 2024 and recommend undertaking an Independent Review again

Treasurers Report



Questions?



Treasurer's Report (y/e 30 SEPTEMBER 2023)



Resolutions:

Resolution	By show of voting cards
1) To receive the accounts for year ended 30 September 2023	Accepted/Rejected
2) Do the members present agree to commission an Independent Review rather than a full Audit of the accounts for the year ending 30 September 2024	Accepted/Rejected

Election of Management Committee members

Vote Now!





Recess for voting/counting of ballot

The bar is now open

Results from Election to Management Committee

(Results added to the presentation post-meeting)

Member Elected

- Craig Bernhardt
- Damian Clay
- Catherine Derryman
- Martin Gundry
- Andy Kippax
- Anna Trott
- Steve Whitley



We thank all those who stood for the committee and encourage those that were unsuccessful this time around to stand again at some time in the future if they so wish



Any Other Business?

Close of SCPL AMM

Thank you for your participation

