



## **Chairman's Report**

### **Year ended – 28 February 2018**

#### **Introduction**

Welcome to the first annual report of the Society's activities. In this report I will cover our achievements to date and plans for the next year.

The biggest achievements were, of course, raising enough money to buy the pub, make necessary improvements and grant a lease to a Tenant. The pub is up and running as The Yew Tree and is back at the heart of the village offering the community the chance to get together socially.

We have already established a number of new groups and community activities and we hope to continue this trend over the next year.

#### **Achievements**

**Launching the Society** - Many of the activities that we undertook to launch the Society, have been communicated previously, but these include, preparations to launch the Society, including the Articles of Association, the Rules, the Share Prospectus and Application Forms. We prepared a Business Plan and successfully applied to the Plunkett Foundation for a grant and Key Fund for a loan.

The sale of shares was a success and, to date, we have 131 members, who have invested £296,450 in the Society. Based on the support that we were able to demonstrate our application to The Plunkett Foundation, generated a non-repayable grant of £40,000 and we received a commercial loan of £60,000 from Key Fund, which is repayable over five years.

During the process of applying for a grant and loan we had to show that buying the pub would have a social and economic impact on the community that was "more than a pub." We agreed that if we secured the pub then we would provide regular reports to our funding agents of the social impact that we were able to achieve.

**Creating a Management Committee** – the Rules of the Society required us to have a Management Committee and, after seeking volunteers with particular skills, we created a committee of seven members.

**Appointing professional advisors** – we realised that we needed to appoint a firm of solicitors to support us in the legal process of buying the pub and a firm of accountants to assist us with establishing the Society's affairs on a sound financial basis. As a result, Band Hatton Button, were appointed as solicitors and Spencer Gardner Dickins—as our accountants. Both firms are based in Coventry.

**Buying the pub** - Our funding allowed us to be in a position as a credible bidder in the sale of The Avon and, after many months and rejected bids, our bid of £370,000 was eventually accepted in March 2017. Although that the price that we were being asked to pay was significantly more than the professional valuation that we had obtained, we agreed that we needed to go to this level as there may be no second chance to buy the pub for the community.

Late in the negotiation process, the vendor announced that VAT would be added to the sale price. Although we succeeded in reducing the amount of VAT payable, we were unable to avoid VAT being added. This gave us a temporary cash flow issue that we resolved by agreeing short term loans to bridge the period until we could claim back the VAT.

The process of negotiating a contract took much longer than we hoped, but we eventually signed a contract and took possession of The Avon on 21 July 2017.

**Finding a Tenant** – the Management Committee considered the relative merits of trying to run the pub with volunteers, appointing a Manager or granting a lease to a Tenant. We finally agreed that having a Tenant gave us the best chance of having the pub run by someone with sufficient experience to run the business and the right incentives to build a profitable enterprise. Our adverts generated a range of interest and after drawing up a shortlist of suitable applicants, we asked for business plans to be presented to a selection panel. This process led to Steve Forrest being offered a lease on behalf of Forrest Inns Limited on 22 September 2017.

**Agreeing a Lease** – we were supported by our solicitors in preparing a Lease that reflected the community aims of the Society and the need for a Tenant to work with us to demonstrate “more than a pub” activities. The process of agreeing the terms of the Lease again took much longer than we anticipated to conclude. However, on 2 November 2017 we signed the Lease with Steve Forrest to take effect from 20 November. This allowed us a two week period during which we planned to undertake necessary repairs and improvements.

**Repairs and improvements** – we took the decision that, as a Society, we needed to demonstrate the qualities that we would expect of a responsible landlord. As such we were not prepared to let the tenancy begin until we had a fire safety certificate and had had an electrical installation inspection undertaken and any remedial work completed.

These surveys and subsequent improvements cost us an additional £10K, which we had not anticipated.

**Preparing to be a Landlord** – we realised that, as a Landlord, we would have to position ourselves to be able to fulfil our role. This resulted in the preparation of a Building Manual that would become a vital document that the Tenant would need to be able to run the pub. It contained instruction manuals, plans and placeholders for the Tenant to add fire safety rules, records of fire drills, health and safety documentation etc.

The terms of the Lease allow the Tenant a free hand in choosing what beer, wines, spirits and soft drinks to sell. However, we required that all contracts with suppliers of these “wet goods” were held and managed by the Society. Our intention was to increase our revenue by charging a 5% mark up on all wet goods. To achieve this, meant that we needed to be in a position to negotiate contract terms, establish contracts, purchasing processes and payment and billing reconciliation routines.

**Opening and running the pub as The Yew Tree** – our decision to appoint a tenant meant that, although we were able to include any particular requirements in the Lease, beyond that, the day to day arrangements for running the pub remain with the Tenant.

Steve opened the pub on 8 December initially only for wet sales, but once he appointed a chef he was able to offer food in the restaurant. He has reintroduced music nights which have been well supported and he has encouraged local groups to meet in the pub.

With Steve’s support we now have a noticeboard, a book exchange and he is chairing a group to relaunch the popular Soap Box Derby.

### **Future plans**

We will cover the Society’s financial position at the AGM, but the cost of any plans for future developments will have to be met either from the Society’s existing funds, or from loans or new fund raising activities. We will only be able to embark on new projects that are clearly funded.

There will always be some repair and renewals work that will be required to the premises which are the responsibility of the Society, as the landlord. However, we excluded the outbuildings to the pub from the lease, on the basis that we may need accommodation for future developments. We have aspirations of using the premises for the establishment of a microbrewery and possibly using the outbuildings to house local businesses.

Any change of use or major development of the outbuildings will require planning approval, but we are some way from this stage at the moment.

### **Summary**

This year has involved a lot of hard work to create the Society and to restore the pub to the centre of the community. I am pleased with what we have achieved and excited by the potential for future development.

I would like to take this opportunity to thank my fellow committee members for their dedication and support, without which we could not have achieved our current position. In particular, I want to thank both Mike Blakeman, who acts as my deputy and who has led on all things building and planning related and helped to find suitable professional advisors, and Trevor Gill, who as Secretary and Treasurer has successfully carried an enormous workload, often singlehandedly.

Darrell Muffitt  
Chair  
Avon Dassett Community Benefit Society Limited  
11<sup>th</sup> May 2018