**Westbury Sub Mendip Community Shop Ltd**

Green Lantern House, Stoke Road

Westbury Sub Mendip

WELLS

Somerset BA4 1HD

Tel: 01749 870296

westburysubmendipcommunityshop@gmail.com

**Minutes of the Extraordinary General Meeting**

**held 24 January 2024**

The meeting started at 7pm @ Westbury Village Hall.

**Present:** With over 44 members, the meeting was quorate. 7 were shareholding bondholders, and 37 were other shareholding members.

**Apologies received**
Angela Buchanan, Buffy & Mick Fletcher, Dudley & Ruth Shellard.

**1.Treasurer’s Report – presented by Richard Stone (RS)**RS provided an update on the current finances of the shop as per the attached Powerpoint presentation (**ATTACHMENT 1**). As a result of the diminishing percentage gross margin, the focus was on:-

* Margins
* Garden events
* Returns

It was explained that up until April 2023 the margins had dropped to 15.2%.

However, the improvements put in in the spring of 2023, together with the opening of the shop garden for events, resulted in the margin increasing to 21.7% and £2,208 being generated from the garden events. As a result of this, in the last eight months of the year, the shop has made an operating profit of £3,623, therefore reversing the loss in the first four months to give an overall combined profit for 2023 of £277.

A breakdown of the individual top product lines was presented showing the upturn in 2023 compared to that of 2022 on most of those product lines. The importance of the contribution of the rent from the flat was also highlighted. It was greater than the loan interest paid out, and generated additional returns for the shop.

It was explained there are challenges ahead, whereby despite good results for the financial year 2023 the financial year 2024 was going to be more challenging, as most if not all of our costs have substantial increases. Therefore, new budgets were set for 2024 with an overall aim to achieve a margin close to 22%.

Summary

* Margins back to going in the correct way
* Garden shop events producing additional revenues
* Return on rent of flat versus interest paid, adding to income

**2. Disclosure – presented by Richard Stone**

RS explained that in April 2023 it was discovered that the shop had significant deficiencies within its stock control procedures. These deficiencies had been occurring over a two-year period up to that date.

The Companies Act 2006 requires the company to keep ‘adequate accounting records’ which are free from ‘material misstatement’, to enable the company to produce Financial Statements that show a ‘true and fair’ view.

Advice was sought from the Institute of Chartered Accountants in England and Wales (ICAEW). Their opinion was that it was more than likely that we had not complied with that section of the Companies Act 2006. A disclosure would therefore need to be made in the Financial Statements relating to that effect. As we were also looking to gain either new investment or reinvestment in the shop, it was important that potential investors were aware of the position, to comply with ‘transparency requirements’.

It was explained that this deficiency was immediately reported to the chairman and subsequently the committee, and that additional controls and safeguards were immediately put in place. As a result, since April 2023 the stock control deficiencies had been significantly curtailed. It was highlighted by way of the attached slides (**ATTACHMENT 2**) that significant improvements in profitability had been achieved since May 2023, and the business was now moving in a positive direction.

Questions and Responses

Andrew Buchanan thanked Richard for presenting the position clearly and honestly. Mark Smith asked whether the matter referred to in RS’s disclosure presentation was confidential. Axel Goodbody answered that it was not. However, RS asked Shop members to be discreet in what they said to others, because public speculation would not be helpful. He invited anyone who wished for more information to speak to him at the end of the meeting, or contact him afterwards. richard@stone-co.co.uk

**3. Shop Bonds – Third Issue – presented by Paul Wiseman (PW)**PW gave a presentation explaining the need for a further (Third) issue of Bonds to finance the Shop when the current Second Issue comes to the end of its term in October 2024. The background to the Third Issue Offer, the terms of the Offer and the process for applying for bonds were covered in the presentation (**ATTACHMENT 3**). He also referred to the detail contained in the ‘Five Year Bond Third Issue – Offer Information’ document (**ATTACHMENT 4**), and encouraged attendees to take a copy.

Key points highlighted were that the Bonds will be available to all Members, but with preference to existing Bond holders, and first come first served to others. The Bonds will be issued in increments of £1000 to a maximum per individual of £20,000. Interest rates payable will be agreed with individuals up to 4% per annum, with the aim of improving affordability to support the Shop, as was the case for the second issue.

In answer to a question, Paul explained that soundings with existing bondholders suggested that at least £40,000 of bonds would be available to new investors, and the largest current individual holding was around £18,000.

It was also noted that interest from the bonds would potentially be taxable but would depend on the individual’s own personal tax circumstances. Potential investors were directed to check with their tax advisor.

Interested parties to contact Paul Wiseman directly, and by the 31/5/24 at the latest. forwisemans@msn.com

**4. Shop Relocation - Presented by Paul Wiseman**
PW gave a presentation on the case for relocation of the Shop in connection with the proposed new residential development to the south of Roughmoor Lane. Details of the background to the potential development, and the analysis of the business case which has been undertaken, are contained in the attached slide deck(**ATTACHMENT 5**). Two alternative locations for relocation had been considered.

The key conclusions were that overall, a move is not affordable on the basis of the Shop financing this in isolation. However, it might become worth reconsidering if sizeable grants became available, and if it were feasible to share construction costs with a new village hall relocating to the envisaged Community Space on the new housing development.

Questions and Responses
It was asked whether energy savings had been allowed for in the analysis. Paul advised this had not been included: since it could not be more than £1000 saving per annum, it would not be material to the case. Grant funding is more generally available for some energy efficiency improvements and Paul Hamilton is already booked onto a webinar on energy efficiency to establish any benefits for the Shop in its current location.

Simon Reece asked if the Village Hall Committee had run a similar exercise as presented for the Shop. Peter Bright advised that it had not.

Sue Isherwood provided an update from the Parish Council (PC) on the brownfield site, which they considered was an eyesore and dangerous. In September 2023 the PC had asked the Church Commissioners (CC) whether they would sell the site to the community, and asked them to name a price for it. The CC had recently replied. They had not named a price, but asked the PC to put forward what they would be prepared to pay for the site. The CC appeared to be looking to make maximum value from the land sale. The PC/ Neighbourhood Plan Working Group were planning a meeting with the CC in February and hoped to establish a price for the land. The NPWG had been looking at a range of possible uses for the site including community parking and a graveyard extension. If the necessary capital for purchase of the site became available, it would still be several years before any building could take place on the land and the buildings could be used.

**The Committee recommended:**

* Not to spend any Shop funds on developing plans for relocation of the Shop at this present time.
* To confirm to the Parish Council our potential future interest in relocating to the Community Space if this became viable.
* If suitable grants are identified the Committee will bring these to the Members’ attention.

The recommendation was approved unanimously.

The meeting closed at 8.41pm.