

## **Frequently Asked Questions.**

### **Q1) Who are the current Committee Members ?(prior to first AGM)**

There are currently 5 members on the Committee:-

1. Brian Griffiths – Chairman
2. Ross Ward - Vice Chairman
3. Neil Mountford – Treasurer
4. David Rushton - Director/Accounts
5. Mark Ash - - Director/Media and Comms  
\*Vacant - Secretary

### **Q2) Why does the Society exist and what is the function of the Management Committee?**

Caverswall Community Society is a legal entity as defined as a “Community Benefit Society” and is registered by the Financial Conduct Authority ( 7506) under the Co-operative and Community Benefit Society Act 2014. The purpose of the Society is to carry out the business for the benefit of the community. The Management Committee set out and manage the strategic direction of the society on behalf of their members. Evidence from public surveys and public consultation informed the original business plan which is reviewed by the committee on an annual basis to ensure that it fulfils the needs of the community as well as the grant/loan providers.

The management committee are responsible for the following areas of business: - Financial & accounts, Human Resources/recruitment, Communication/Media & marketing, building/fixture/fitting maintenance, utilities, Payroll, Events & Entertainment Planning, Grants & business cases, and Performance reports for loan/grant providers.

### **Q3) How often does the management committee meet?**

The management committee hold regular monthly meetings to discuss business and progress. All meetings are minuted and any decisions and actions are noted for audit purposes. There is a legal requirement to hold an annual general meeting once a year (AGM) to give shareholders the opportunity to present a business proposal/resolution which will allow members to cast a vote. In between AGMs the management committee reserve the right to make decisions on what’s best for the business. This is done on a democratic basis by a committee vote.

#### Q4) Why do the current committee members have to “retire” at the first AGM?

The Community Society Model Rules state that a management committee needs to be formed when the business starts trading. The first AGM must take place within the last 6 months of the financial year. At the first AGM the committee has to retire to allow other members the opportunity to stand for election.

#### Q5) What guarantees do I have with my shares?

- This is a long-term investment for the benefit of the community. Shares cannot go up in value. Therefore if you wish to withdraw shares at any point, they can only be withdrawn at face value.
- A request to withdraw your shares may be made after an initial period of three years. This time period is to ensure the business is guaranteed an initial period of financial stability.
- Any profits that the Society makes can either be put back into the business of the Society or shared amongst members. After three years of trading and if the business is in profit, the Society aims to pay interest on your shares at a rate of 3%. Interest is paid gross and is taxable. Members are responsible for declaring this income to HMRC.
- There is a tie in period associated with the shares of at least three years in order to maintain the level of capital. After that there will be a period of notice required prior to any withdrawal.
- Shares cannot be sold or transferred to another person but you can nominate a person who will inherit your shares in the event of death.

#### Q6) Where did the original finance come from to fund the project?

The initial funding to raise sufficient capital to purchase the pub, refurbish it and set up the business came from the following sources:-

I.	Shareholders: Approximately x 209	=	£109,000
II.	Lottery Funding BSC Share ( non-repayable)	=	£100,000
III.	Grant funding ( non-repayable)	=	£ 50,000
IV.	Business loans ( Repayable)	=	£ 90,000
	<b><u>TOTAL</u></b>	=	<b><u>£ 349,000</u></b>

NOTE: in addition to the above the Society had a temporary bridging loan for £52,300 to pay the VAT on the property. The Society reclaimed the full amount of VAT and repaid the bridging loan by April 2018.

**Q7) How much of the Capital funding raised was committed to buy the pub and get it ready for trading?**

The pub was purchased for £261,500 plus VAT (£52,300) from the vendor, with the solicitor fees costing an additional £3,600 and Crowdfunder fees costing £11,800 (5% of total raised). The cost to initially refurbish the pub, and set up for trading was approximately £59,700. The figure included payment for the tills with integrated EPOS/Quick-books system, CCTV and entertainment system, Carpets fixtures and fittings, furniture, boiler and log burner, and the initial stock. This left a capital reserve prior to trading of £12,400.

**Q8) What other work has been undertaken to enhance the business since opening?**

Since opening in May 2018 further capital funding has been invested in the following areas to help sustain the business, enhance customer experience and improve sales. Temporary extension (lean-to) to create space for a washing area; outdoor bench seating; hanging basket irrigation system; office equipment and IT systems; new double glazed windows; repair and maintenance of underground drains; Kitchen equipment (white goods, ovens, industrial extractor fan and utensils); Kitchen re-wire for three phase appliances; Solar panel Installation; new LED exterior lighting; ongoing costs for general maintenance of the building, fixtures and fittings. Total spent on capital investment and maintenance £27,500.

**Q9) Has there been any areas of the business where we have identified and made efficiency savings?**

Since opening the pub the committee has managed to achieve a reduction in costs across a number of areas of business such as:-

- NI/PAYE - small business reduction of £3,000/year
- Non Domestic Rates - £1200 refund
- VAT reclaim on property purchase - £52,300
- VAT reclaim on eligible purchases
- Main beer/spirits supplier rebate - £3,700 ( first 6 x months)
- Full cellar/pumps/cooler installation and additional appliances – Approx. £11K, FOC from main supplier
- Quick Books back office accounting system – 50% rebate for first 6 x months
- Book Keeping – No cost: Ave cost £15/Hr, 20hrs per week. This is done on a purely voluntary basis by a member of the committee.
- Electricity – Reduced electricity bills following the installation of solar panels.
- Reduced bank charges – Switched main bank.

**Q10) What accounting systems does the pub have to ensure that the business is operating legally and efficiently?**

We purchased the Eposnow system at a figure of £3000.00 which allowed us to have an immediate electronic point of sale for cash /card transactions which are then posted directly to our sales ledger account. Ensuring that we legally comply with our Vat liability also giving full transparency to the business.

The system also has numerous reporting facilities within the programme such as Staff hours, Sales by employee also by product and time. Product maintenance, stock control, costs, selling, purchase order processing and margin is also within the system as well as a sophisticated stock taking/valuation facility.

The system shows the products on the screen categorised to help the staff identify, sell which records stock activity accordingly. Authorised Petty cash payments are also recorded on the system, along with gift vouchers purchases and redemption.

As a standalone business it has been absolutely essential to install this system in order that the Society operates legally, professionally and efficiently.

**Q11) Do we know what the property and the business are currently worth?**

It's too early to say. However, we are confident that the hard work that went into the refurbishment of the pub has undoubtedly increased the overall value of the property. We intend to have a professional valuation done on both the property and the business when we have completed 12 months of trading to provide some re-assurance to our investors.

**Q12) What is the plan for future trading and what are the targets?**

Our main target at this moment in time is to focus on sustaining the business in its current form until we have completed our first 12 months of trading. We will then have both the property and the business professionally valued to give shareholders a better idea of what the business is worth. The results from the shareholders/customer survey will inform us on the areas of business where we need to focus our future investments which in turn will inform our planning strategy. We do intend to submit plans for extending the kitchen area and to build a new disabled toilet block and improve access for people who have disabilities so that we can reach out to all members of the community. This proposal will be presented for

discussion at the AGM. We also plan to invest in enhancing the beer garden to make it more appealing to customers and to make it more family friend. A business case has already been submitted to support the funding of this project via the *Tesco Bags of help scheme*.

### **Q13) What are the Societies legal duties and responsibilities?**

The Management Committee have to ensure that the business is operating legally and therefore has to conform to a number of legislative requirements such as:-

- Licensing Act 2003
- Crime and Disorder act 1998
- Health and Safety at Work Act 1974
- General Data Protection Regs 2018 (GDPR)
- The Regulatory Reform (Fire Safety) Order 2005
- Community Benefit Society Act 2014
- Employment Law
- Duty of care to staff and customers

### **Q14) When will I receive my official share certificate?**

All shareholders should now be in receipt of their initial Share Certificate which acts as a receipt and proof of purchase. Once we have verified our shareholder database we will nominate a solicitor who will produce the legal documentation on behalf of the Society. This will be posted to you upon completion.

### **Q15) Are shareholders entitled to a discount card and if so what is this and when do they get it?**

Those who purchased shares via Crowdfunder were originally offered a 10% loyalty discount card on selected purchases up to a value of 1% of their investment.

However, in light of our initial and ongoing success we have decided that we will issue the full amount of your discount as vouchers which can be spent in one visit and not just in small chunks on any purchases following the AGM.

*Members are advised to refer to the original Business Plan and Share Offer which can be found on our website [www.caverswallcommunitysociety.co.uk](http://www.caverswallcommunitysociety.co.uk) as well as the Model Rules for Community Ownership v3October 2015.*