

THE VILLAGERS' STORES
"At the heart of our community"



NEWSLETTER

Dear Villagers,

As most of you will know the Shareholders EGM has been postponed until Tues 4th Oct but we have not been idle.

Since our last newsletter we have had a good look at the shop and flat in order to establish what needs to be done to bring it up to modern standards including meeting building regulations. At present the flat does not comply with fire regulations. A Master Builder specialising in old buildings has visited the site to advise us. We have had the shop and flat valued by Webbers Estate Agents including a rental valuation for the flat in case we want to separate the flat from the shop.

Prior to the last EGM the old Board had received an approach from a potentially suitable tenant who wished to rent the shop, but as she lives in the Village, not the flat. The new Board has now interviewed this potential applicant and we can consider this further after the next EGM when hopefully we will have a clear mandate from the shareholders.

In the meantime we have received two very generous donations, totalling £7,500 one with a request that the money be spent on much needed improvements to the building. This together with the Guarantors fund and good interest from villagers wanting to invest in the shop, is very encouraging and provides a sound basis for moving forward.

Finally, some villagers who are not shareholders, have commented that as they were not permitted to attend the Shareholders EGM they are unclear as to what was discussed and also as to our proposals. As we would like as many villagers as possible to be involved in the

shop we have summarised below what was said at the EGM and explained what happened in the week leading up to the meeting. We hope this will be helpful but if you have any questions please do not hesitate to ask. To get in touch: WCVSBoard@gmail.com

With many thanks for your continuing support.

The Board
Wootton Courtenay Villagers' Stores
20th September, 2022.

VILLAGERS' STORES: Summary of issues discussed at the Shareholders' EGM held on 22nd August

Background

After nearly two years of uncertainty and many months of negotiation an EGM was called for 22nd August 2022 when it was anticipated that the Board would outline a settlement proposal to resolve the ongoing dispute between Andy Giles and the Villagers' Stores Board. It is important to note, however, that the resolution put to members was a motion to continue negotiations within certain parameters which Andy had already deemed unreasonable and had rejected.

Andy's view was that negotiations had stalled and there was no sign of resolution, despite the best efforts of the Directors and the village mediators. Notices were put up advising villagers that he would be closing the shop at the end of August; he felt that he had no alternative.

With only a few days for the situation to be resolved a small number of concerned villagers (four in total) met with Andy on 18th August. The purpose of the meeting was to gain some further clarification on shop issues and achieve a better understanding of Andy's position and his aspirations. They wanted to explore any alternative options that would guarantee the future of the village shop. At this meeting Andy explained to the group that he had, coincidentally, already had a conversation with Rob Billson earlier that day to explore a new proposal in broad terms and he outlined to the group ideas that had been discussed; Andy felt positive about these ideas and later confirmed to Rob that he would accept one of the suggestions discussed, if offered to him. The four villagers and Rob had made it clear to Andy that they were not representing the Board, they had no delegated authority to make or accept any proposal.

The four villagers felt that it would be helpful to call an informal meeting of shareholders on 20th August. The group had limited contact details and a very tight timescale to arrange the meeting, it is most regrettable that they were not able to contact all village shareholders to make them aware of the meeting.

Board members were not invited to this informal meeting; it was felt that this would pre-empt the upcoming EGM and AGM and would therefore be inappropriate. One of the mediators, Brian Mathews, did attend the meeting and he had the Board's authority to present their latest proposal which he explained in great detail and answered questions. The Boards' proposal was considered by 20-30 shareholders alongside the new proposal, as presented by Rob Billson.

At this meeting those shareholders present had full opportunity to gain clarity and ask questions on both of the proposals. The outcome of this meeting was that the informal, but representative group

of shareholders, believed that the new proposal should be presented at the EGM for formal consideration and Brian reported this back to the acting chairman of the Board. At the meeting there was also an overwhelming view that Board members could not and should not help to resolve the impasse by contributing funds “from their own pockets”, alternative funding solutions had to be found.

At the EGM on 22nd August the original resolution was withdrawn and Rob was invited by the acting chairman, to outline the proposal that had been agreed in principle by Andy. Rob started by explaining how and why he had become involved and then, before outlining the proposal, explained why, in his opinion, the Board’s proposal was not workable – for both the Board and for Andy Giles.

The Board’s Proposal

The Board’s proposal was unworkable for the following reasons;-

1. The headline figure starting at £26,000 but possibly rising to £33,000 was well below Andy’s expectations and less than he had been offered earlier. (This figure was increased to £40,000 at a very late stage but that did not overcome the other issues)
2. The headline figure was dependant on a completed sale of the business, with the Board topping up the price, presumably out of their own pockets.
3. In order for a sale of the business to complete, the prospective tenant would have to be approved both by the Post Office and the Board and the prospective tenant would have to complete the Post Office training.
4. The prospective tenant would have to accept the lease being offered by the Board. In the past, tenants have been offered 6 year leases and therefore have had security for that period. Even that has caused a problem in the past, but the new lease offered just SIX MONTHS security in the form of a six year lease that could be terminated at any time, without reason, by a six month notice to leave. It is highly unlikely that any tenant would pay a substantial sum for a business with virtually no security of tenure. A lease has to work for both parties, the proposed lease could not work.
5. The Board could not offer Andy a ‘long-stop’ date as they were not prepared to purchase the business outright

The Alternative Proposal (agreed in principle by Andy)

1. The Board buys out Andy for £40,000 payable in two or three instalments with the first payment of £20,000 made upon signing this agreement. This figure includes all fixtures and fittings as set out on an agreed inventory. The new tenant only has to buy the stock and they will be ‘up and running’
2. The second payment becomes due on 31st March, but in the event of a new tenant having started , but not completed the Post office training, Andy will stay on for a maximum further period of six months in which case Andy will receive £10,000 on 31st March and a further £10,000 when he finally leaves.
3. Andy will continue to run the shop in accordance with the terms of his lease until he vacates and throughout this period will assist in any way he can by answering any prospective tenant’s questions and helping with training if required.
4. The new Board will honour the agreement of the old Board not to charge rent once an agreement has been signed. This is to help Andy employ staff whilst he is away on the basis that he will have to stay on for at least six months whilst the new tenant completes the Post Office training. This concession will cost the company £2,000 for six months, so a max of £4,000 over 12 months.

Funding The Proposal

In order to be able to make such an offer to Andy it was proposed that villagers be invited to invest in the company (options currently being investigated). However, it would take time to raise this money and there is uncertainty as to how much can be raised. Guarantors would therefore be required with £20,000 immediately being available. A number of Guarantors quickly came forward to support this proposal. £20,000, sufficient to meet the first instalment was secured before the EGM. (note: five more Guarantors have since come forward so that we now have guarantees totalling £45,000). These Guarantees are effectively loans to allow the proposal to proceed .

Summary of Advantages

It was explained that the new proposal had a number of significant advantages, namely:-

- 1. It gives the Villagers' Stores a fresh start and leaves our strategic options more open for the future. We are not obliged to resell the business, as proposed by the old Board. We can explore a number of other options and hopefully avoid a repeat of what we are now going through. We can also consider separating the flat from the shop. We can investigate alternative shop management solutions. In short we can be more flexible in our approach and look at more creative solutions.
- 2. The new scheme would be funded by the villagers, not by a small number of Directors putting their hands in their own pockets, with no scheme for recovery of their personal funds.
- 3. The proposal gives newcomers in the village and non-shareholders the chance to invest in their shop and be more involved, which will also be an incentive to use the shop.
- 4. Most importantly, it resolves the dispute with Andy and secures the future of the shop.

Outcome of the EGM

A vote demonstrated that a significant majority of shareholders were in favour of pursuing the new proposal and that this it should be considered formally at a further EGM, which was set for 14th September 2022. (This meeting has subsequently been postponed, due to a period of National Mourning and the new date is 4th Oct)