

## **SBAR Annual General Meeting**

**12<sup>th</sup> December 2024**

### **Treasurer's Report**

Good evening everyone. The Chair has reviewed the financial results of 2023 and of 2024 to date as part of her report.

In this report I want to do something different. I want to do 4 things:

1. Clarify the legal structure of the Assembly Rooms and the issue of ownership. We have had questions about ownership and many members of the community may not be aware that we are a company as well as a charity.
2. Outline briefly the financial story of the past decade to show how the business has developed over that time: where we have made our money and how and why that has changed. This will show that we have made a surplus in every year except two and I will explain those results. This will show that the business has been and remains viable.
3. Address the legal cases which the Assembly Rooms has faced, explain what happened and, above all, I will set the record straight once and for all about the facts of those cases, their cost, how those costs were met and the truth about our current debt. This should ensure that no misinformation is circulated.
4. Look at the current situation, set out what costs need to be covered each month and how that can be done. Because it can be done. I intend to show that the business remains viable with a relatively small boost to activity levels, which, as we have heard, will require additional volunteers to achieve it.

There is a lot to cover. I have edited this with colleagues as far as I can, consistent with giving you the background we believe you should have about an organisation which is managing an asset which exists for the benefit of the community.

#### **1. The Legal Structure**

The Assembly Rooms has always been a charity, the St Briavels Assembly Rooms Trust, managed by trustees. But it was basically a village hall committee, not a company of any type but what is now known as an unincorporated association. However, in 2007/8, when it became clear that the building needed major repair, very significant initial funding was needed. The issue then was that committee members became liable for these very large sums of money if the organisation ran into trouble. Clearly no-one would serve on a committee with that potential liability hanging over them. The Assembly Rooms therefore became a company. You are probably familiar with the idea of limited liability company, where the liability of shareholders, the owners of the company, is limited to what they have paid for their shares. But charities do not have shareholding owners, so a special type of company exists for them, a company limited by guarantee, which is a structure used by all but the very smallest charities. There are no shareholders, but the Directors guarantee to pay an agreed sum should the business fail within one year of their ceasing to be a director. This sum is usually a nominal £1, which is the case with ourselves.

The company is called The St Briavels Assembly Rooms Ltd and, under a Scheme issued by the Charity Commission, the Company manages the Trust as one organisation, so the Company has the same obligations as the Trust. Directors of the Company are therefore also Trustees of the Charity, though there can be Trustees who are not Directors.

As to ownership, the legal situation is that the Rooms are held in trust by the Company on behalf of the beneficiaries, the parishioners of St Briavels and Hewelsfield. "Held in trust" means just that: it is not ownership and effectively the Rooms are not owned by anyone.

## 2. The Financial History

Let us look first at **Exhibit 3**. This shows the revenue from the principal income streams of the business in 4 years. I wanted to simplify this one rather than show every year.

The staple of the business is Lettings, hires of the hall by local clubs or individuals for various classes and activities. The Chair mentioned the main ones in her report. You can see the pattern, notably the increase from 2013 to 2019 but also the reduction from £11,338 in 2019 to £9,364 in 2023, a drop of £1,974 which is just over 17%. Example contributory factors are the cessation of local authority classes, which used to be run by Wydean School and the Friendly Art Group, neither of which resumed after Covid.

The Cafe built throughout the years to a peak in 2023, but has now greatly reduced as the Chair explained. Income from the Produce Market has been steady, apart from the disruption of the move from the Pavilion to the Assembly Rooms in 2023.

The really significant line is Events. The £6,012 revenue in 2013 was the highest it has ever been and, very importantly, events are the most profitable area of the business. The slide in Events revenue after that was severe, with a recovery finally in 2023. However, 2023 Events income is still £3,269 below that of 2013, well under half. Had Events income continued at least at the 2013 level, there would have been a significant improvement in revenue and profitability throughout this period. I will mention this pattern again later.

Now let us look at **Exhibit 4**. Here I have given the data for every year from 2013 to 2023: total revenue, the surplus on trading and the final surplus after grants, legal, redevelopment and depreciation costs. Notice that there has been a surplus on trading in every year. There have been only 2 years when the final result was a deficit: 2014, when redevelopment grants received in 2013 (note the big surplus that year) were actually spent in 2014, so that was cumulatively not a deficit at all, and 2021, which reflects the legal costs of the Almshouses case. I will talk more about that specific cost in the next part of my presentation.

The lessons from this history are that total revenue has been very similar in each year: it has moved sideways for a decade which, after taking into account inflation, means that the business has actually contracted. However, the surpluses before and after trading show that the business remained viable. The low figures in 2023 are entirely accounted for by the mis-step of the Cafe experience. The chair covered that in her report. In summary, the business is still viable. I will talk later about how to continue that into the future.

### **3. The Legal Cases**

Firstly I have to make it clear that, in this section, I am talking on behalf of just John Hurley and myself, as we are the only two of the current trustees who were in post at the time of these cases. The others were spared the trauma of these events and I use the word advisedly as the mental and physical strain on the then trustees should not be underestimated. For years, meetings were dominated by difficult legal matters and regular business unquestionably suffered, notably the extra effort required to put on Events. There was a huge volume of correspondence with lawyers to be assessed and acted on.

Secondly I make no apology for the length of my explanation. I have summarised events, but a great deal happened and we feel that we should make as full and frank disclosure as is reasonable in the interests of the community.

There are several matters to address. To dispel any rumours of a fictitious debt of £170,000 or that some benefactor paid all of the Assembly Rooms debts, I can state categorically that the outstanding final legal bill was £36,450 and no more. I will outline in a minute how repayment of this sum was successfully met by the Assembly Rooms.

But firstly some important general points;

1. We have always sought the best legal advice and have always followed it.
2. We have always sought to be professional in everything we do; the decisions which were taken resulted from lengthy discussions at Board meetings, which are fully documented.
3. The Company is the trustee of the Assembly Rooms on behalf of the parishioners of St Briavels and Hewelsfield. The principal duty laid on trustees by the Charity Commission is to defend the assets of the charity. The measurements of the property are defined in a Charity Commission document from 1928, as amended in 1953.
4. We have always wanted to avoid using a single penny of company money on legal matters because we consider the money of the company to be the village's money, to be spent on providing services to the community, not on legal matters. In the event, however, circumstances not of our making meant that such expenditure was unavoidable.

So to the specifics of the two cases:

#### **A. Townsend Cottages**

Townsend Cottages nos 1 and 2 were bought about 10 years ago as investment properties by builders resident in Lydney and Coleford. It is important to know that the open yard between this building and Cottage No 1 is on the deeds of Cottage No 1. Regrettably these new owners began to obstruct our four rights of way through that courtyard, including to the Reading Room. They then partly demolished the wall of our cafe courtyard and a number of unpleasant altercations followed.

When, after much effort, no voluntary agreement was achieved, the Board decided that, reluctantly, we had to resort to legal proceedings, but this situation was not of our making. A law firm recognised as a national authority in historical title of public building ownership

was engaged and approved by our insurers since our insurance cover included legal expenses. Counsel advised a 70% chance of success, the highest percentage which is given in legal advice. There was considerable interaction between lawyers and ourselves. Eventually it became clear that if we gave up the right of way around the back of the Reading Room, the other side would settle. This was done out-of-court a day before the scheduled hearing and is enshrined in a Court Order.

The insurers paid out a total of £100,750; we paid nothing. No ownership was conceded, just the one right of way around the back of the Reading Room. This had no practical effect on our business because we have in any case a right in law to access our building for maintenance purposes.

## **B. The Almshouses**

This case relates to the ownership of the path along the side of this building, between ourselves and the Almshouses. The path is important to us as it is an emergency exit via the hall side door and also gives access to our oil tank at the rear of the building. This case related, historically, to issues first raised by the Almshouses trustees in 2009. We considered that the Assembly Rooms had title to the path as enshrined in our title deeds. We were also very conscious of our responsibility to defend the charity's assets. As a result, the Assembly Rooms rejected the approaches by the Almshouses. Eventually, however, the Almshouses decided to take the Assembly Rooms to court, so again this was not of our choosing.

This time we used a Gloucester law firm, who retained a good barrister from Oxfordshire. We were again given a 70% chance of success by counsel. We were surprised that the judgement went against us, given the source and provisions of our title deeds, and that a title deed should be set aside. The judgement included an award of costs against the Assembly Rooms, which is unusual in cases involving a clarification of issues such as title. In summary, we had to accept the court's ruling on the title to the path, which is now with the Almshouses, and the ruling in respect of costs. We are committed to rebuilding the relationship with the Almshouses, a process that has already begun well.

After payment of £100,000 by the insurers, the limit of our indemnity, we were left with a bill for £36,450, so this is the true extent of our debt from the two legal cases, no more. We paid off this outstanding sum in stages from current account from 26 May 2021 and the final £10,000 was paid interest-free over a period of 18 months with the kind agreement of our solicitors, ending in August 2023. The bank balance was helped by very generous donations by 17 people totalling £2,570 during February and March 2022.

There was, however, one further cost effect of the second court case. When our insurance renewal arrived in July 2022, legal cost cover was excluded for the first time. We therefore had to take out a stand-alone policy at a cost of £630 for the year.

Those then are the facts about the court cases and our total costs.

So, finally:

#### 4. The Current Situation and Immediate Prospects

The business is now free from legal issues, is rebuilding relations with neighbours and has a stable financial foundation. The sole debt which the Assembly Rooms have is a mortgage from the Charity Bank. Originally £96,000 in 2008, the balance is now £54,000, with 9.5 of the 25 years still to run. This principal sum will now begin to drop quickly since, as you know, payments in the later years of a mortgage are primarily repayments of principal.

From January 2009 to March 2020 the repayments were £649.54 per month. Since then rises in interest rates have taken the monthly payment as high as £820.17 earlier this year, which has reduced to £804.61 now because of the recent Base Rate reductions. The rate is base + 4.5%. While interest rates were almost zero, this was a good proposition. However, when Base Rate reached 5.25%, our rate was 9.75%, which you might consider an uncharitable rate for a Charity Bank to charge a small charity. We have tried to re-finance this; I will spare you the detail but be assured we would have re-financed if a way could have been found. Recently a Parish Council initiative has started called Community Groups, to look at ways in which village organisations might be supported. It is early days but, as a result of the first meeting, a chink of light has appeared in the issue of refinancing the mortgage and we are progressing a possible solution which would reduce the repayment burden.

The objects of the Assembly Rooms as stated in our Memorandum and Articles (the equivalent of a Constitution) relate to the provision of a social and educational centre for the benefit of the community. After the considerable disruption over many years caused by the legal cases, we have been working to rebuild relationships and have re-focussed on doing the right things for the community. As you have heard, the lack of volunteers is a key constraint on achieving this goal. So where are we financially and what needs to be done?

A key starting point in assessing the current financial situation is to establish the level of broadly fixed costs which have to be met each month. **Exhibit 5** shows that this is of the order of £1,700 per month, to cover items like mortgage payments, insurance, utilities, repairs, cleaning and administration. The average invoicing for lettings in the first 9 months was £975 per month, meaning that some £725 has to be earned to break even. In the first 9 months of this year, the net income of our other activities was £879 per month, so just £154 ahead of on-going costs per month. That, however, depends on continuing to get more larger hires of the types we have had this year; these totalled £3,507 from just 6 hires and they turn loss into profit. We are just into safe territory.

There is a big opportunity to arrange more Events. We saw earlier how in the past Events played a big role in the activities and financial health of the business. They could and should be a key feature of our social mission, and could include, for example, film nights, tribute acts, band nights and other entertainment. Just 6 more events in a year, typically generating upwards of £500 net each, or at least £3,000 additional surplus per year, should be manageable. Hence the importance of finding someone to co-ordinate an Events Group to deliver such a programme, the outline of which we have already developed. This is the “relatively small boost to activity levels” which I mentioned at the beginning.

However, the huge effort needed to deliver the existing activities, let alone new ones, is not sustainable. More than half of the trustees are in their 70s and 80s and cannot continue to work at the pace they have been during the recovery period over the last two years. Hence the need to recruit more volunteers to deliver the current level of activity as well as additional activities.

So the ideal would be to have 10 or a dozen new volunteers, with 2 or 3 of them taking on more significant roles as trustees. I am very clear that this can be done. Our challenge to the community is:

- to think first of the Assembly Rooms if you are holding a celebration or running a society or a class;
- to attend as many of the events we do put on as you can;
- to encourage all your friends and acquaintances to come here if they have special occasions to celebrate, or if they hold club meetings or run classes elsewhere;
- to come forward and volunteer to make this possible and put the Assembly Rooms on to a secure footing
- to consider becoming a Trustee. There is a note about this in your Guests' briefing. It does not involve specialist knowledge but does involve participating in discussions about the running of the Assembly Rooms and taking decisions in the best interests of the Company. There are 3 copies of a 2-sided Charity Commission summary of Trustee responsibilities on the information desk.

Also on the information desk are the forms for signing up for the marketing database and application forms for the 100 Club Lottery, both of which are mentioned on your briefing.

Thank you for bearing with me on all this; I hope it has made things very clear for you.