

UPPER TWEED COMMUNITY ENTERPRISE LTD

CHAIRMAN'S REPORT FOR THE FIFTH ANNUAL MEMBERS' MEETING (AMM) THURSDAY 12TH SEPTEMBER 2024

This report covers the standard period of a year from April 1st 2023 until March 31st 2024, although as in previous years the narrative spills over into the adjacent years for context.

TRADING

The shop traded well from its original premises for 11 ½ months out of the 12 months in question. Just how well is embodied in the Annual Accounts which will be explained by Donald in his Treasurer's report. As part of the Treasurer's report we will be asking you to approve an amended version of the previous year's accounts.

What about the half month? As I am sure you have noticed (with apologies to non-resident shareholders) around mid-March this year the shop decanted from its original home to the cottage adjacent to the village hall. This was a long-awaited milestone in the Board's plan to expand the existing shop premises into the garden space at the rear.

To recap on the timeline: the previous shop closed in 2018. A year later Upper Tweed Community Enterprise was able to buy the premises with assistance from local shareholders and the Scottish Land Fund. within a couple of months we re-opened as a Community Shop. In early 2020 Covid came along, and the shop more or less doubled its turnover from around £19,000 pcm to £38,000.

THE PLAN TO EXTEND

At a Zoom Board meeting about then, we first discussed the possibility of expanding the shop into the garden space behind. A crucial early wind farm grant allowed us to explore the feasibility and by the end of 2021 we had planning permission to proceed. The proposed building was large and spacious, but it was abundantly clear that it would be impossible to continue trading from the front of the shop while demolition and construction work was going on at the rear.

So the hunt was on for a temporary premises; luckily we found the village hall committee receptive to the idea that we could improve the unoccupied cottage at the southern end of the hall, turn it into a shop, and ultimately return it in better condition than we found it in. Once again an early intervention wind farm grant allowed us to commission plans and obtain planning permission to convert the cottage, which was duly granted in October 2022.

By early 2023 -- and we're getting close to the year officially covered by this report -- we had builders working hard on the cottage conversion, which was eventually finished around the time of last year's annual members meeting.

SECOND SHARE ISSUE

At the same time as working on the hall cottage, we were busy trying to secure funding for the shop extension. Part of this (as you will know) was our second share issue. This raised approximately £33,000 from 156 investors, these funds being explicitly targeted at the shop extension project.

By contrast, the first share issue, to help us buy the shop, raised almost £66,000 from 251 investors, of whom approximately 100 returned to increase their investment via the second share issue. If you're good at maths, you will realise that this means we have raised IN TOTAL almost £100,000 from local investors to whom we are immensely grateful. Of this impressive sum, about £69,000 remains in the shareholders account, some of which will be used to finish off the current building works.

I should here record thanks to Morven, Katie and Toby at Community Shares Scotland who provided invaluable assistance with the share issue. Among other things CSS paid for the banners, flags, and signs that popped up around the village during the share issue.

SITR or Social Investment Tax Relief

We had intended to offer Social Investment Tax Relief to our investors in the second share issue, as we had with the first. Unfortunately, the UK government closed the scheme on the 31st of March 2023, when we were almost halfway through the share issue. We looked into the possibility of SITR for those lucky enough to have invested before the deadline, but apart from the unfairness to later investors, several obstacles were thrown in our path, not least the prospect of considerable fees being paid to our accountants for the privilege of processing the application with HMRC, which is far from straightforward. In case you were wondering, it was fiddly first time around, but our accountant at the time did the work *pro bono*. Several investors have asked me about SITR, and I have explained the situation, so I hope it does not come as too much of a disappointment that we will not offer it this time around.

FUNDRAISING

Apart from the share issue, we needed to raise approximately an additional £225,000 towards the cost of building works.

The two local wind farms SSE Clyde Borders, and Ventient Energy (Glenkerie) offered us £100,000 and £50,000 respectively. Very much at the last minute (actually around the time of last year's annual meeting) a white knight appeared in the form of SOSE – that's South of Scotland Enterprise, who offered us £75,728.00. It goes without saying that we are immensely grateful to these three funders for demonstrating their confidence in our venture.

We went out to tender before Christmas 2023 and work started in late March this year on a contract with Graeme Aitken of Biggar valued at £233,600. This figure does include some £18,000 of contingency (which may not be needed --- but probably will) and does not

include approximately 14% of professional fees. As a result, by the end of the build we will be dipping into shareholder funds, which is precisely what they are intended for.

All figures exclude VAT, which causes short term cashflow issues but can be reclaimed.

I would here like to record our thanks to Sandra McCaskill who as our external consultant provided invaluable assistance with the original purchase, the two share issues, and subsequent fund raising.

BUILDING REPORT

Bill Sheridan, Board member responsible for the building project management, to summarise progress on the build work so far.

Chairman's thanks to Bill

SHOP MANAGER'S REPORT

Jen McBeth, shop manager, to reflect on trading from the village hall and to offer a vision for the refurbished shop in the new extension.

Chairman's thanks to Jen and all staff and volunteers who have helped us when asked.

I would also like to take this opportunity to thank all the members of the existing board for their support and encouragement throughout the year. You will probably be aware that the composition of the board is due to change which will be addressed in more detail in the agenda item after the treasurer's report.

Christopher Lambton