

THE MELFORT CLUB

Minutes of the 41st Annual General Meeting

Venue: Zoom Meeting

Date: 23rd May 2024

Time: 5.00 pm

Present:

Sir Tom Troubridge (*Chairman*), Mr. David Miller (*Finance*), Mr. Calum Jones (*Legal*), Mr. Simon Shearer (*Staff*), Mrs. Sally Smith (*Marketing*), Mr Bill Blacoe (*Finance*), Mr Donald Martin (*Marketing*), Mr. Andrew Younger (*co-opted*)
Mrs. Linda Brown (*Chief Executive*), Miss. Lucy Thornhill (*Sales Manager*)

Members Present 50

Apologies 26

The Chairman opened the meeting and introduced each member of the Committee and the senior management team in attendance.

The meeting was reminded that proceedings were being recorded to assist in the accuracy of the Minutes.

1.0 CHAIRMAN'S WELCOME

The Chairman welcomed those Members in attendance and thanked them for taking the time to attend.

The Chairman explained that 2023 had been another mixed year for the Club. The positive news was that the Club reported a small surplus and a strong balance sheet at the end of the year. The 40th anniversary celebrations had also been an excellent reminder of why the owners chose to holiday at Melfort.

On the negative side the flood in October 2023 had been unprecedented and caused severe damage to the Farm Cottages. He told the members that the Flood sub-Committee and Linda Brown had been liaising with the insurance company to ensure the repair of the cottages however due to the weather it took a long time for the cottages to fully dry out but that as of the day of the meeting the scope of works had been agreed and put out to tender.

All Farm Cottage owners and any rental guests had been successfully moved to other cottages across the estate and any consequential loss of rental income would be covered by Business Interruption insurance.

2.0 Adoption of 2023 Annual General Meeting Minutes

The minutes from 2023 Annual General Meeting had been circulated to all members prior to the meeting and in the absence of any written questions prior to or comments arising at the meeting they were duly proposed by Calum Jones and seconded by Donald Martin.

3.0 Matters Arising from 2023 Annual General Meeting or Special General Meeting

There were no matters arising from the 2023 Annual General Meeting

4.0 Financial Statement for the year ended 31st December 2023

On behalf of the Finance Sub-Committee David Miller made some comments on the 2023 accounts.

He explained that the Club made a small profit of £4,404 for the year. While there had been a significant rise in electricity costs in 2023 and although this had been anticipated in the budget set for the year, this had been the major factor in the rise of £90,000 in administrative fees however, that had been covered by a commensurate increase in the maintenance fees set for the year.

At the end of 2023 the Club retained a total of £103,000 in reserves which comprised of £9000 retained in the profit & loss account, £46,000 in the strategic renewals reserve which is retained to be used to meet unforeseen expenditure that need to be addressed without delay, and there is also £47,000 in the Improvement Fund which remains retained to be able to be deployed as part of the strategic review initiative.

He went on to say that now interest rates had normalised the Club was able to receive a reasonable rate of return on reserve balances through a deposit facility that provides access to market leading deposit takers that are covered by the Financial Services Compensation Scheme.

The Club's financial wellbeing depends primarily on the annual maintenance fees received from members and the Club is fortunate to have those as a reliable source of funds, clearly rental income needs to be a growing portion of the Club income going forwards.

For 2024 specifically the Club is relying on the business interruption insurance to replace rental income lost by having to move Farm Cottage owners and renters to other cottages and there is no reason to suspect that the budgeted rental income for the year would not be met.

4.1 Written Questions relating to the Financial Statement Mr Kinghorn, Farm Cottage 2

Question 1

Debtors of £109,460 have risen substantially from £79,377 in the previous year. Can you provide an explanation of what they are and why the big increase?

Committee Answer

Other debtors typically comprise certain sales and tax (including VAT) control accounts, a prepayment for the part of the annual insurance premium unexpired at the end of the year and other similar prepaid amounts. In addition, in 2023 there was a £5,000 loan to the Gunpowder Cafe, to help it to commence business.

The other reasons for the increase of £30,000 in other debtors is the prepayment of the bulk of the three-year Short Term Lettings license, which amounts to £14,500, and a £10,000 increase in the control account that manages rent and commission proceeds.

Question 2

Bank charges £21,756 again, a large increase from the previous year of £16,731. What are these and if it is service charge surely the committee should be looking at alternative bank accounts that do not charge such high levels

Committee Answer

The main component of bank charges is debit and credit card charges on rental income and maintenance fees, which have risen from £13,900 to £17,700. More renters and members are paying their fees by credit card.

We believe that bank service charges are not unreasonable for our type of business.

The 2023 Accounts were proposed by Calum Jones and seconded by Sally Smith.

5.0 Strategic Update

The Chairman gave an update on the Strategic Review that is being carried out by the Strategic sub-committee.

He explained that the sub-committee had spent a lot of time looking at the current membership of the Club, market trends for timeshare sales, and rental statistics. Their findings were:

- That there is a decline in the popularity of “in perpetuity” or long-term membership sales not just at Melfort but in many other resorts around the UK.
- The younger generation want more flexibility in their holidays, they want to be able to go away at the last minute or for a long weekend.
- There is a hardcore group of members who want the Club to continue and who plan to or already have passed their weeks onto their children.
- The Current split of weeks is approx. 67/33 member/club rental weeks.
- If the current rate of exit applications carries on at the same pace, and with the return of Fixed Term memberships considered then a 50/50 member/club rental split will be reached in 7 – 10 years.
- There is constant pressure to keep the cottages well maintained and up to date and this requires ongoing investment. The Club needs to generate other income sources to relieve pressure on maintenance fees.
- There is also a need to upgrade the pool and spa facilities.

The sub-committee had been looking at several options to generate an alternative income stream and the suggestion was made was to utilise the underused Gunpowder Room. Architects drawing had been made of the room and it had been suggested that the room could be converted into two studio flats for rental.

- These would be the first properties owned entirely by TMC.
- The flats would be significantly different to the cottages so would not be competing with member or club rentals and would be aimed at a different market.
- The entrance to the flats would be to the rear of the property, meaning the stairs could be removed, which would free up space below.
- It could bring a new generation of guests to Melfort who may then return with wider family and stay in our larger properties.
- The potential net rental income of £30,000 would be retained by the Club to reinvest.

It was also suggested that the swimming pool and spa facilities need to be upgraded. The Club cannot advertise itself as a Spa currently and if the facilities were upgraded and this could be offered then rental rates would increase.

- The existing pool plant and heating system need upgrading along with the jacuzzi.
- There is money left in the Improvement Fund which would cover some of the work needed.
- Removing the stairs to the Gunpowder Room would create space to remodel the changing rooms and increase the size of the gym.
- There would also be space to relocate the massage and beauty room into this area making it a true spa facility
- A proper reception for pool staff could be created making arrival to the facilities much more professional
- An improved leisure facility would give more appeal to renters

These were just two of a number of ideas that had been discussed but were the ones that the chairman wanted to share with the members present.

He stated that in conclusion:

- It is inevitable that the Club is moving towards a more evenly split member/club rental model.
- The sub-committee recommend that the Club needs to invest to make the Club more attractive to renters and members.
- They also recommend the need to generate new sources of income to improve profitability and reinvest in the Club.
- Funding would need to be investigated although the strategy sub-committee has given some thought to this.
- Nothing would be done until the Farm Cottage repairs are completed.

The Chairman ended the Strategic Update by asking members to submit any feedback or further suggestions to the Committee.

5.1 Questions on Strategic Update

Mr Neusten, Farm Cottage 3

If the Gunpowder Room was converted, where do you plan to site the billiard table?

Manager Answer

There is some land available up by the old stables that could house a “games lodge” style building that could house the billiard table.

Mr & Mrs Bradley, Farm Cottage 3

We can understand the need to keep up with good quality facilities. Do you have comments or feedback from rental guests to say what is lacking?

Manager Answer

Yes, we receive both from not just renters but also our owners. Especially in the Summer months when our current facilities are well used. We collate all of these but will poll again before we commit to spending any money.

6.0 Response to Written Questions

Mr Dent, Walled Garden 8

Question.

Having had the unexpected opportunity to successfully operate the club’s functions without the Farm Cottages in question, would it be possible to hive off and sell these to the retail market.

It would solve a number of problems. Reduce the weeks already owned by the club and give a lump sum to the development fund at just the right time.

It might be enough to enlarge the “Gym Facilities” to allow the marketing of the Gym to the local public. There is a well-defined market for this type of product.

Committee Answer

The Melfort Club only own 58 weeks out of 150 in the 3 Farm Cottages, so it is not our property to sell. We would require 75% of all members and 100% of Farm Cottage members to agree to the sale.

Mr Miller, Pier House 2 & Stables West

Question 1.

Electricity weekly bills – very high cost over the winter for cottages are there any plans to mitigate or propose alternative energy against rising energy costs for cottages.

Committee Answer

Electricity costs did rise sharply driven by the War in Ukraine and the resulting energy shock; they have stabilised for now. We have looked into alternative energy sources for the village e.g. solar, wind and hydro and they require significant investment which the Club does not have the resources to undertake. We have taken steps to keep electricity costs at a minimum including advising rental guests how to use heating in the winter.

Question 2.

Maintenance fees caps - is now 4 times what I was paying 12 years ago and show no sign of stabilising or reducing – also bearing in mind we all had to contribute to legal cost against the pier.

Committee Answer

Maintenance fees for a 3-bed cottage have risen from £541.51 for a week in 2013 to £977.30 in 2024. This is an increase of 1.8 times not 4 times and represents an average annual increase over the 12-year period of 5%. The Club aims to make a small surplus and our costs are driven by factors such as staff costs, maintenance and energy which have risen in excess of inflation. We have worked hard to keep maintenance fee increases as low as possible and we are in line with other similar resorts.

6.1 Any other Questions

Mr Neale, Farm Cottage 3

Is there a need to improve the resilience to prevent future flooding of the Farm Cottages?

Committee Answer

Yes, the flooding was caused by three events happening at the same time. There was unprecedented rain which caused water to flood off the hill behind the Farm Cottages, water spilled over the top of the Dam upstream from Melfort and there was also a record high tide. A lot of flotsam and jetson came down the river and smashed the small bridge which caused a partial blockage, and the Club has now cleared the debris and will keep the river clear on the part that runs through the estate to prevent this happening again. The Club is also looking at building some flood defenses in the form of low walls behind the Farm Cottages to try to mitigate any future flooding event.

7.0 Election of Committee

The Chairman explained that there was currently one member of the Committee whose three-year term came to an end at this AGM. Bill Blacoe had agreed to stand for re-election. His re-election was proposed by Tom Troubridge and was seconded by David Miller. Andrew Younger had been co-opted to the Committee in August 2023 and his full membership of the Committee was proposed by Simon Shearer and seconded by Sally Smith. There was a vote and 100% of the membership present agreed the election of Andrew Younger and re-election of Bill Blacoe.

7.0 Any Other Business

There was no other business that any Member wanted to raise so the Chairman formally closed the 41st Annual General Meeting of The Melfort Club and thanked those Members present for their participation.