



City Fans United

2013 AGM Minutes (draft)

Date: 28th November, 2013 at 19:30

Location: Blues Bar, Swansway Chester Stadium

Attendees:	Chairman: Tony Durkin (TD) Directors: Steve Ashton (SA) Jeff Banks (JB) Jim Keegan (JK) Mike Vickers (MV) Company Secretary: Marion Needham (MN) 101 CFU members
Apologies:	David Evans (DE) Jane Hipkiss (JH) Mark Howell (MH) John Martin (JM)

Minutes

1. Resolution 1 – Adoption of the minutes of the AGM held in 2012

Minutes from the previous AGM held on 29th November 2012 were distributed to members with the AGM mail out. There were no questions or matters arising.

Resolved that the minutes be approved by 135 proxy votes and a majority in the room.

2. Chairman's report

TD welcomed members to the meeting, he said that his first year had been challenging but equally rewarding in spite of the negative financial situation. He highlighted the achievements on and off the field and said it had been a truly memorable season. He went on to say that we now face our stiffest challenge to date and that he was confident we would survive and urged members to join the board in getting behind the manager. TD thanked all those that had supported him and the club in moving forward in many areas of the clubs business. In conclusion he said that Chester FC is a young evolving business and it can make mistakes and that the success on the pitch that has been achieved would be very difficult for any club to keep up even with a wealthy chairman or rich benefactor. In respect of the finances he felt the accounts for season 2012/13 showed a one off glitch which is now under control, but cash flow will be an issue during quarter 4 of the current season, but he was confident we can get through this. ***The full version of the Chairman's report was published on the CFU website immediately after the AGM***

3. Resolution 2 – Receive the audited accounts for the year ended 28th May 2013

TD introduced LK who took on the role of Financial Controller in December 2012, LK explained that he was not a board member but reported to TD on all financial matters. LK gave a PowerPoint presentation (**copy posted on CFU website**) starting with the profit and loss account (details on pages 15 and 16 of the accounts, and summarised on page 6.) This showed that sales had increased, but administrative expenses had also increased He explained that the increase in gross profit of £108k is £80k less than the increase in administrative expenses and this is the substance of the operating loss in year. LK pointed out that a number of items have been included in different categories and there had been significant increases in a number of areas including:

- An increased playing budget
- Appointment of a full time manager
- Match day costs
- Utility costs
- Repairs and maintenance
- Office and computer costs
- Investment in youth and ladies teams

Additionally there were a couple of exceptional items, these were:

- bar losses that had been discussed previously, with an effect of the accounts in the region of £20k
- Removal of Junior Blues, Exiles and Blues Lotto balances from the accounts of the Society as they are separate groups controlling their own banks accounts and have been included in error in previous years, this exceptional item has a cost of £10k.

Turning to the balance sheet on page 7 LK detailed relevant items and went on to refer to the notes and auditors report and the seriousness of the situation which showed negative net current assets of £23k at May 2013. This is an important factor as net current assets are the day to day working capital of the club and change constantly and can result in a potential cash problem which could mean we would be unable to pay our creditors. Whilst there is cash in our bank accounts because we have income from season tickets and sponsors but we also have liabilities. In the current season income is anticipated of £1.2m and spends of a similar amount but LK explained that there was a cash flow issue with a mismatch of cash in and out. In practice we accumulate cash in Q1 and Q2 but spend more than we bring in during Q3 and Q4. LK said if a business has reserves to fall back on it is able to absorb these stresses but we do not have reserves as they have been absorbed by our losses.

LK said it was an absolute priority to rebuild our reserves and his view was that we should target £50k within the near future to get back into the black with the board being set the objective of increasing this strategically to a minimum of £100k within a reasonable time frame and to maintain a reserve at this level. LK suggested that this could be achieved in a number of ways including:

- setting a smaller playing budget
- targeting overhead savings generally
- securing further sponsorship and events
- a bond to raise capital and DE is looking at this
- negotiating a rent honeymoon as part of the lease negotiations in exchange for car park repairs

Continued...

Resolution 2 continued

Ending on a positive note LK said that great progress had been made during the course of 2013 with stronger financial controls in place with a professional and dedicated finance team in place, they are all CFU members and have a wealth of highly relevant experience which will ensure the club's finances are properly cared for.

There were questions/comments from members relating to:

- Whether or not the auditors are now happy – noted that whilst they cannot give a carte blanche response accept there is a vast improvement.
- Cost of paperwork relating to AGM needs to be reduced – agreed
- CFU membership – concern about less members and many not being aware of the club's financial plight – agreed need to have a viable plan to sustain membership
- Sale of Antonin Sarcevic – this will show in 2013/14 accounts
- Barry Hipkiss read a statement from JH expressing her anger and hurt that questions relating to the management of the seals lottery had not been raised earlier. James Hargreaves apologised for any upset caused and said that auditing had changed and there was scrutiny
- Brian Burns reassured members and LK confirmed that all the documentation relating to fundraising was spot on and completely satisfactory
- An issue was raised in respect of work undertaken by DE's company – this had been addressed in the minutes of the AGM 2012
- Will there be a second half season ticket – yes being worked on
- Noted that part of the increase in electricity costs was due to previous inaccurate meters
- Confirmed that the role of the Community Fundraiser was being reviewed
- Squad builder – where does the money go and where does it appear in the accounts – this money is specifically for the manager and will appear under commercial income

Resolved that the accounts be approved by 133 proxy votes and a majority decision in the room.

4. **Resolution 3 To approve a change in the CFU constitution (clause 88 to 97) to carry out an independent examination of the accounts in place of a full audit**

TD put this motion to the members explaining that an independent examination is carried out in accordance with the best practice of Supporters Direct as recommended in their guidance notes. Such an arrangement will still safeguard the interests of members as there is no requirement for a full audit. Additionally such an arrangement will be less costly than a full audit.

Resolved that this change be approved by 131 proxy votes and a majority decision in the room.

5. **Resolution 4 Reappoint Hargreaves and Woods as auditors**

TD put this motion to members,

Resolved that Hargreaves and Woods be reappointed by 134 proxy votes and a majority decision in the room.

6. **Resolution 5 To appoint three members to the board subject to an affirming vote**

MN introduced Chris Hammond from FC United the external scrutineer. She referred to the unique position this year with the initial response of 3 members applying for 4 director places. The AGM pack of information had referred to the need for an affirmative in these circumstances, but since the paperwork had been issued there had been further changes which were set out in a document that had been posted on the CFU website prior to the AGM. This explained that there was no longer a need for the affirmative vote and that the two remaining candidates be deemed elected. These candidates are:

- Jim Keegan
- David Foster

MN concluded by saying that JK was already known to members and introduced David Foster who responded by saying he welcome the opportunity he had been given to join the board.

No resolution was required in respect of this item but noted that JK had received 188 postal votes and DF 164

7. **Resolution 6 – That the members of the working party and staff of Supporters Direct be thanked and commended for their work on behalf of the membership and that their report and recommendations be approved and adopted**

JK introduced this item setting the background to the work that had been undertaken and the work that would still be required to move forward in implementing a two board structure. He said that the consultation meeting with members had proved invaluable in getting to the current position; in response members welcomed the fact that they had been able to influence the process.

Resolved that the report and recommendations be approved and adopted to enable progress to be made in implementing a new structure as set out in items 1 to 10 of the full written resolution put to members by 135 proxy votes and a majority decision in the room.

8. Aims and objectives for the coming year

1. Neil Young's contract is due to come to an end in May 2014 and negotiations will need to be opened regarding his contract
2. Negotiations continue with Cheshire West and Chester (CWAC) regarding the lease for the stadium including the car park. Heads of terms will need to be finalised and the aim is to agree a honeymoon rental period which will help with upgrading the stadium and the car park.
3. Training facilities – there is a piece of land comprising 28 acres which is ear marked as a roundabout for the inner relief road which means the land could not be used for anything of a substantial nature but it could be used for a number of grass pitches, a 3 or 4G pitch and some changing facilities and CWAC are currently working on a feasibility study and it's out for costing at present.
4. Referring back to resolution 6 TD said that this was an important matter to take forward and agree new working parameters.

9. Marketing update

TD introduced Dave Riche, Business Development and Marketing Manager who provided an update on some of the key marketing initiatives he was involved with. He said that *having* secured current sponsorship deals it was necessary to look at new revenue streams and there would be great scope for using the car park for a variety of events once the lease is secured. The stadium could be used for a range of events including non football events and he was planning to have a team of volunteers to help him with promoting the business. For the end of season the use of a marquee is being explored which would be available for up to ten days and it would be necessary to have a full programme of events to maximise its use. DR said he was working closely with the Community Trust to look at a range of events on the pitch for two weeks at the end of the season.

9. Q and A session

- A question was raised about equal voting rights for elected directors and co-opted directors – it was confirmed that these were the same.
- An item that had been reported on Deva Chat questioning whether or not some Luton fans had been properly admitted was raised – Barry Hipkiss confirmed that this had been looked into and all payments were correct and accounted for
- Has the club considered whether or not the club should be considered as an asset of community value – not yet, need to get the lease in place first

The meeting closed at 10pm

*This document is a draft of City Fans United AGM 2013
2013 minutes will not become approved until a formal resolution at the 2014 AGM.*