

AGM MCDC

December 6 2023

7 PM Lochaline Village Hall

Present

Directors: Nick Tordoff, Sue Layton, Amy Stammers, Jennie Robertson, Henriette Laidlaw

Company Secretary: Lilia Dobrokhodova

Members of the public: In addition to the above, 44 ordinary members of MCDC.

Meeting Chaired by; Amy Stammers

Minutes by: Henriette Laidlaw

1. Apologies: Jane Stuart Smith, Bob Jones, Kenny McLaughlin

The Chair was not able to attend and had asked the Vice Chair Amy Stammers to chair the meeting.

51 proxies were acknowledged as valid.

2. Reorder of Agenda

Special resolutions and Retirement & election of directors will be at the end of the meeting (8 & 9 on agenda).

3. Minutes

Question for the board from member of the public, how minutes are reviewed and how quickly they are made public. This will be reviewed by the board and with the intention of increasing transparency.

Previous AGM minutes proposed by Jennie Hodgson, Stu Layton seconds. Minutes have been agreed.

4. Chairmans report

As the chair was not present the statement from the Chair Jane Stuart-Smith was read by Amy Stammers.

This report covers MCDC's financial year which runs from April 2022 to March 2023 I am sorry that I cannot be at the AGM tonight and I would like to thank Amy for chairing the meeting.

It has been a mixed year for the company. MCDC is the parent holding company of MorVolts and Morvern Community Trading Company.

The Barr Hydro scheme operated through MorVolts has worked well and is performing at the levels forecast. We still have a significant debt to repay (£6 million) but the scheme was well built and functioning as anticipated. We are very grateful to the expertise of the MorVolt directors who drove this project and to Douglas Taylor for the maintenance and regular checking he does as Hydro caretaker. The profit generated by the hydro scheme enables MCDC to look to the future with confidence and to start investing the profits for the

benefit of the Morvern community. Live Life Morvern is a key resource for the Board of MCDC, providing us with essential guidance about the community's priorities.

COVID left a major hole in our revenue from the Marina and harbour, both from the lockdown and the impact on tourism. As a result, the trading company, MCTC, made a loss in this financial year. The directors of MCTC asked its parent company MCDC to support it while the company recovered from the impact of COVID. The MCDC board agreed to this because MCTC had been profitable before COVID and so there is every reason to believe that with good management it will become profitable again. And we are pleased to welcome Heath and family into our community and the harbour. MCDC has used income generated by the hydro to support the enterprise.

Towards the close of the financial year the Highland and Islands Enterprise (HIE) (the development agency for the Highlands and Islands) informed us that they would cease funding the Project Officer's role. This was an unexpectedly abrupt ending to the subsidy and presented us with a significant challenge. We are, of course, very grateful that HIE has supported us for over 14 years, and we knew that their funding could not continue forever. The company had to find alternative income sources to reduce our previous reliance on grants and public funding hence the major investment in hydro.

Our asset base (through our subsidiaries) has increased from zero to approximately £8 million over the last 14 years. No mean achievement for a company with only one full time employee and volunteer directors and I would like to thank our Project Officer for her critical role in MCDC delivering many projects on time and on budget.

Board training was conducted in February 2023 by Weave consulting to which the majority of directors attended. This was designed to help us learn how to manage a growing company with limited resources and define what our aspirations are and how to achieve them. There is a report which has been produced by Weave off the back of the training day, which summarises discussions, challenges, and provides recommendations how the company can work more collaboratively and efficiently. The circulation of that report was delayed due to oversight; however all directors do have it, and I recommend that all oncoming directors familiarise themselves with it in the first instance so the board can move the agenda forward in the new year. While the Weave report outlines a lot of positive action that can be taken to improve company operation, implementing a cohesive strategy has been hampered this year due to a large amount of the Chair and Vice Chair's time being taken up with managing internal disputes, which have been challenging for all concerned. As a result, we have achieved less than we originally planned. Having a cohesive board that can work well together for the benefit of the community at large has to underpin the work of the company and all directors need to commit to complying with the Code of Conduct we will be voting for at this meeting.

In 2023 we have achieved the following;

- Commenced work on Phase 2 Housing, which will include construction of 10 affordable family homes. We raised funds for the initial scoping and planning work, and carried out consultation with the community about what the proposed houses should be like.
- Managed the pontoons and shore facilities at reduced capacity due to the aftereffects of the pandemic.

- Re-evaluated how the hiring of Morvern Eco Wheels car to residents can be easier and more economical for all concerned.
- Continued management and maintenance of Lochaline Filling Station.
- Rented out three affordable houses at Miner's court.
- Supported Morvern Heritage in its application for funding to create a new path from the mine to West Pier.
- Supported the Community Allotments fireworks party.
- Operated the Barr Hydro Scheme via our subsidiary, MorVolts.
- Lobbied for a change in the law so we can legally sell electricity locally and not always to the National Grid.
- And worked with EQ Accountants our new auditors to build more resilience to our accounting processes.

I would like to thank the three directors that are stepping down who have contributed so much to get us to this point. They are Amy Stammers as Vice Chair, Nick Tordoff, who remains in his role as Morvolt's director, and Jennie Robertson who focused on housing and the Hub. They have worked very hard for us and for our local community and we should all be extremely grateful.

5. Treasurers report By Angus Robertson – Honorary Treasurer

It is my role, as Treasurer of MCDC and on behalf of the board, to present MCDC's statutory annual accounts to 31st March 2023 to the AGM.

There was an unfortunate delay in preparing the accounts this year, which led to a delay in the proposed date for this AGM - our accountants have apologised for that. The unaudited accounts were examined and approved by the board at their meeting on the 9th of November and made available on the web site or on request to the membership as part of the invitation to this meeting. The audit was then completed and final copies of the audited accounts, materially unchanged, were approved and signed off by the board on the 30th of November. The audited accounts for each of our two subsidiaries were approved and signed off by their directors on the same date. The final audited accounts are now available on morvern.org

Whistle stop run down through the accounts.

Independent Auditors Report – The trustees/directors are responsible, in law, for the finances of the Company and for producing accurate accounts each year. The company contracts the auditors to check and confirm that this is being done. This audit report provides the trustees, the membership and all we do business with, a useful degree of comfort and confidence in MCDC. This year's audit report gives us a clean bill of health.

The Accounts: The accounts consist of the statement of financial activities (incorporating the income and expenditure account) plus the balance sheet. These accounts are published twice; as individual accounts for MCDC on its own; and also, as consolidated accounts for the MCDC Group (MCDC together with its two subsidiary companies (MCTC and MorVolts). Last year's results are also provided for comparison.

Headline results from the consolidated accounts suggest little change from last year. Income is up by around £20k on last year with increases from all areas except for project funding grant income which was down. Expenditure on both activities of the subsidiaries in raising funds was up by more, mainly due to inflation of costs like electricity, admin costs, bank interest and the like. This resulted in a net loss of £10k on the year. In addition, there

is a declaration of £76k of deferred tax charges on MorVolts profits in the year. Deferred tax has to be recorded in the accounts but is unlikely to have to be paid. The £10k and £76 k total to a net movement of funds of - £83,473 downwards. This sum is carried forward into the balance sheet to reduce the net asset value of the company, at 31st March 2023, down to £1,659,714.

A general view could be that this result is a little disappointing as we might have expected the impact of the Hydro scheme to be filtering through now and starting to show itself in a strengthening balance sheet. However, I think it is early days for that to happen, there is no reason why we shouldn't witness that in the next year or two, particularly with improved electricity prices, provided we act sensibly. I believe that should be a target for the company to work towards in the coming year(s).

Question from the floor, what is the current management accounts (8 months into the year) Angus Robertson stated that MCDC is not far off budget, MorVolt's is more or less on budget, MCTC is down on the year.

Question from the floor relating to the loans for MorVolt, one of our loans could be paid off quicker than expected. There was also talk about selling community shares. Nick Tordoff explained, this has been discussed by the board, there is two main loans, the Triodos loan is broken into 4 quarters, $\frac{3}{4}$ which a fixed interest rate which currently is considered a cheap interest rate and $\frac{1}{4}$ of the loan is on variable rate and this has gone up considerable. This is complicated and we would have to consider seriously the implications if we were to repay or finance using community share or similar. Currently we don't want to put an investment in front of people which could at this point be an expensive prospect. The Scottish investment loan is fixed at 6 percent this was expensive then, however not now.

Question from the floor, other companies have awarded cost of living grants. Board answered that MorVolt can only pass its surplus funds up to its owner, MCDC, MCDC currently only donates to MCT. In the last year we donated £10,000. It is the board's view that MCT is the most appropriate vehicle for charitable donations.

Statement from the floor. The live Life Morvern report, which was consulted widely on in the community, clearly showed that the community wanted housing and insulation as their main priorities

Both the Accounts for MCDC and Morvolts will also be on the new website.

6. EQ - Appointment of auditors. (Angus)

The board recommends the re-appointment of EQ as our auditors.
No objections. We will appoint.

7. Subscriptions £1 for life.

The board recommends that the subscription for members will remain at £1 for a life membership.
No objections, we continue with £1 for life.

8. Special resolutions

Changes to the articles have been recommended as per the AGM notice. Chair requested a vote by show of hand.

The set resolutions were voted for as a combined set of changes.

A vote by show of hand, with 60 for, 22 against, 7 abstain. This calculated to 73% in favour. The resolution was therefore not passed as the threshold of, 75 percent for, was not reached.

9. Board Election

Amy Stammers, Nick Tordoff and Jennie Robertson announced as stepping down from MCDC.

Four candidates were nominated to stand, Sam Firth, Keith Laidlaw, Kevin Laurie, Angus Robertson.

A Ballot was conducted on the request of the chair (ref 24.1 article) - all persons and proxies can vote for up to 3 candidates. (ref 33.7 articles)

The count did not initially produce 3 winners. While the count was being conducted the secretary told the board that she had been telephoned, today, by Kenny McLaughlin asking if she was aware that he had intended to resign. It seemed that, due to a communication error, the formal resignation, in writing to the company secretary, had not been properly received in time for the AGM.

The board discussed the implications, the board decided we would invite all 4 nominees onto the board if Kenny's resignation was confirmed. We suspended the count at this point.

The membership was then informed, by the meeting chair, that we had suspended the count and would confirm with Kenny that he is standing down, if that is the case, we should be able to invite all 4 nominees onto the board and don't need any additional counts or ballots.

The membership indicated they were happy with this decision and voiced the opinion that with 4 candidates all receiving broad support this would be good for the board and the community.

The count has been deferred for 48 hours – while the potential 4th vacancy by Kenny is being confirmed.

The result will be publicised on the website and communicated directly to the members.

The chair adjourned the meeting for 48 hours.

Due to issues with clarification the AGM was adjourned for longer and was reconvened on January 6 2024 at 10AM in the Village hall.

Present at the reconvened AGM

Board members: Jane Stuart Smith, Sue Layton, Clara Montgomery, Bob Jones and Henriette Laidlaw + Secretary Lilia Dobrokhodova.

Ordinary members: Indi Bould, Rose Luckman, Annie and Nick Tordoff, Jennie and Angus Robertson, Hugh raven Minty MacKay, Stuart Layton, Sam Firth, Keith Laidlaw, and Kevin Laurie.

Chaired by: Jane Stuart Smith

The meeting continued from where it was adjourned.

9. Confirmation of result

For background since December 6 Kenny has formally submitted his resignation from the board. Morvern Community council has nominated two councilors as directors for MCDC, Clara Montgomery and Henriette Laidlaw. So, since the AGM Clara Montgomery has officially joined the board.

The result of the vote

Kevin Laurie 88
Angus Robertson 54
Sam Firth 51
Keith Laidlaw 51

With this result Kevin and Angus have duly been elected as directors.

The chair Jane Stuart Smith informed that to comply with the company act and our charity statues the board needed to seek advice from both DTAS and lawyers to ensure we moved forward to resolve the tied vote.

Several options were on the table including re-running the whole election.

On the advice of DTAS the board approached the two tied nominees to see if a solution could be found. Keith Laidlaw offered to withdraw his nomination and instead be co-opted by the new board with the vacancy opened by the resignation of Kenny. With this Sam Firth has duly been elected as director.

10. AOB

From the floor - can we ensure that the out-going board members, Jennie on Housing, Nick who has worked tirelessly on the Hydro scheme, and Amy who has worked very hard as vice chair are thanked. Jane would like to propose a thank to the out-going board members.

From the floor, the new website still does not have Live Life Morvern on the new website. With the new website Lilia informed that they are still working out where to put the document to make sure it's very prominent on the site. Jane informed us that we had a cyberattack just before the AGM. Therefore, the decision was made to move to the new hosting site and therefore the new server immediately, this has caused some problems and MCDC is working hard to update the new website. Lilia is happy to take feedback from the membership on where information is put.

From the floor, when will the minutes be available? The minutes will be available within the next week; however, they will be in draft status until the next AGM.

The AGM has been concluded