



CHADLINGTON QUALITY FOODS LTD.
The Gables, West End, Chadlington, Oxon. OX7 3NJ
Tel. & Fax: 01608 676 675

ANNUAL GENERAL MEETING 27 February 2007

MINUTES

1. The Chairman opened the meeting and welcomed shareholders to the company's fifth Annual General Meeting. Directors and invited guests were introduced. The Chairman asked the shareholders' permission for the guests to remain. This was given.
2. The Chairman suggested that the formal business of the meeting be dealt with and that time would then be given for a more informal Q&A session. This was accepted.
3. Apologies for absence were given.
 - a. Mrs Burling asked that it be noted that Major Mills had written and asked for special thanks to be passed on to Nick, Kathleen & Elizabeth for all their hard work.
 - b. A letter from Mr M Chapman was read out, expressing his support for CQF and a desire for the Post Office and Stores to work more closely with CQF.
4. The Minutes of the previous AGM were read by Mrs Burling.
 - a. It was proposed they be accepted by Mr Brewster and seconded by Miss Eden.
 - b. The proposal was carried.
5. The Chairman addressed the meeting giving a summary of the finances from the Accounts Year ended 30 June 2006
 - a. The Chairman moved that the Accounts be accepted.
 - b. Miss Eden proposed that the Accounts be accepted. Miss Allard seconded the proposal. The proposal was carried.
6. The Chairman advised the shareholders that Company Secretary, Mrs Burling, would be resigning as from this AGM.
 - a. Mr Leggett noted that this could not happen until a successor had been appointed.
 - b. Mrs Oldroyd offered herself for election.
 - c. Following a show of hands it was resolved that Mrs Helena Oldroyd be appointed Company Secretary with immediate effect.
 - d. Forms 288(b) and 288(a) issued to reflect the changes.
 - e. The Chairman thanked Mrs Burling for her significant and valuable contribution to CQF and presented her with a bouquet of flowers.

7. The Chairman went on to discuss the current position of the business, which he said was in good shape. He thanked the staff for all their hard work and a round of applause followed.
8. The Chairman noted the following:
 - a. The excellent range of products on offer in the shop
 - b. The commitment and effort by Mr Burgess that makes the running of the shop possible
 - c. The installation of new tills
 - d. Redecoration of the kitchen
 - e. That a grant had been received from ORCC for the acquisition of a new weighing and labelling system. Thanks were given to Jane Barker and the ORCC for their support and for their invaluable help in training staff and programming the system.
9. The Chairman noted the rejuvenation of the Post Office and Stores and the contribution Mr Chapman has made to that business within the village.
 - a. The Chairman explained that cooperation between the shop and the post office had been difficult before Mr Chapman became involved, but that now the climate was right for cooperation to take place.
10. The Chairman then noted that despite the efforts of the shop staff, the Directors had had little opportunity, unfortunately, to engage in:
 - a. Marketing
 - b. customer surveys
 - c. the website
 - d. outside catering
 - e. or any other proactive efforts to support the shop or staff.
 - f. This lead on to the main topic for discussion – the future of the business.
11. The Chairman began the discussion with the following observations:
 - a. Despite great efforts, the original and very small committee dwindled rapidly to just three people. Since then, despite various sporadic offers, there hasn't been anybody else who has expressed a strong interest in assisting the Directors in their activities, who had then been able to carry that through to action.
 - b. Now, regrettably, the time had come when at least two of the current Directors have to move on as they cannot easily spend even the minimum time needed to administer the business successfully.
 - c. Whilst Mrs Burling had resigned, Mr Smith would remain for the foreseeable future.
 - d. The goal remains to keep the shop open in the village as long as the market exists for it, which is known to be the case.
 - e. There is a need to look for additional support to transition responsibilities to others, or consider an alternative model for the business.

- f. Ideally, new blood as Directors of the business is needed, who have the time and enthusiasm to carry on.
 - g. Alternatively, various options need to be discussed to ensure the future of the shop.
12. A letter from Mr James Slatter, sent recently to shareholders, was read out expressing an interest in acquiring the business.
- a. The Chairman expressed thanks for Mr Slatter's interest
 - b. The chairman stated that he had spoken with Mr Slatter and that the Directors would now look to the shareholders for advice and support to assess the situation.
13. The Chairman opened the discussion to the floor and the following comments and thoughts were expressed:
- a. Mr Peto asked what are the other options mentioned by the Chairman, other than a sale to Mr Slatter or the status quo?
 - b. Mr Smith replied that subletting, transforming to a different format other than a limited company, or a different business model with legal accountability might be options.
 - c. Mr Stuart-Smith asked what had the Board of Directors done? How have the Board of Directors allowed the current situation to happen?
 - d. The Chairman said that one person had expressed an interest quite actively in joining the Board but that had fallen through. It is now more urgent some help comes forward and we bring this situation to the attention of the shareholders to take views and action points.
 - e. Previous communication on this matter may have suggested a significant risk to the business when that wasn't entirely the case. The business continues with Directors in place.
 - f. At every AGM more support had been asked for but none had come forward.
 - g. Mr Smith said that this is a point where we, the Directors, need more help but the shop still has a strong future.
14. The Chairman explained that Mr Slatter could acquire shares by approaching individuals. The view of the Board was to strongly recommend that we follow up with advisors and assess the viability of his offer and to investigate all possible options open to us.
- a. Mr Stuart Smith said that Mr Slatter's offer should be looked at.
 - b. Mrs Stuart Smith thought it was a super idea but would need Mr Burgess's opinion and thoughts as Mr Burgess is the lynchpin.
 - c. Mr Burgess commented that the business needs new blood, someone young to come in as he [Mr Burgess] won't go on forever, but he can't see the logistics of it or get to grips as how Mr Slatter would operate it.
 - d. Mr Smith said Mr Slatter's proposal was to acquire the business, maybe through a majority shareholding and appoint/vote new company directors. The business would transfer to him and be run by him. That would be the model.
 - e. Mr Smith went on to suggest that maybe there are other ways to achieve Mr Slatter's goals.

- f. Mr Burgess said that Mr Slatter has to be enthusiastic and dedicated and this mustn't be a whim.
 - g. Mr Smith suggested it may be appropriate to investigate Mr Slatter's expectations. He may need some guidance. He said that the Board is impressed with Mr Slatter's enthusiasm and the manner of his approach.
15. A question was asked about the value of the business.
- a. Mr Leggett said that the starting capital had been £35k and that there were standard ways and procedures to produce a valuation to put to the Board.
 - b. Improvements to equipment etc mean it's a significantly more valuable business and a much better business overall than when it was acquired.
16. Mr Smith reminded shareholders that the original ethos of the business was:
- a. To keep the business in the village
 - b. That no-one except the staff draw a salary
 - c. That there be no benefit to Directors under the current model
 - d. The village came together and contributed to retain the facility within the village when it was threatened with closure.
17. Mr Smith posed the question of what happens to the funds if the business is sold:
- a. Would they be returned to shareholders or perhaps the profit paid as a charitable donation to the village or another worthy cause like the Parish Council or the school?
 - b. Mrs Stuart Smith expressed the opinion that most people would be happy to transfer shares for what was paid.
 - c. Mr Smith said that there must be transparency to shareholders regarding finance.
 - d. Miss Allard suggested one option could be combining with other businesses. Mr Smith felt unable to comment in any detail, although there could be a possibility of taking such a suggestion to Martin Chapman – strength in unity.
18. Mr Peto felt that there were not many options and that Mr Slatter's offer is an outstanding option. It should be given the shareholders' support.
- a. Mr Smith asked if that was the view of the majority.
 - b. Mrs Hinchcliffe said Mr Slatter would need a lot of backing.
 - c. Mr Smith suggested that the proposal should be discussed with shareholders, to get feedback and gauge the level of support available under the current set-up.
 - d. Mr Smith questioned Mr Slatter's desire behind the acquisition. Mr Smith could see an opportunity for Mr Slatter with shareholder support. It's a good business and Mr Slatter could become involved at low risk.
 - e. Mr Smith noted that there would be a degree of risk as a transfer of ownership would change the operating model. Mr Smith noted particularly that his concerns would apply with respect to any transfer of ownership regardless of the interested parties.

19. Mrs Reason commented that the community getting involved had been a last resort. The voluntary time given up is not fair but that she understood the point about risk.
20. It was suggested from the floor that a 'Golden Share' would enable the community to have first call on the business in the event that a new owner should wish to sell it on.
 - a. Mr Leggett explained that a Golden Share carries a vote in certain circumstances. It may be a condition that it may be used if the shop is subsequently offered for sale. It would be to the benefit of new owners and to the village as well.
 - b. Mr Smith asked if the shareholders agreed this was a good idea. There was a general agreement.
 - c. Mr Godfrey said that he agreed with the Golden Share idea as it maintains the right sentiment and doesn't have to be aggressively commercial. It would allow the shareholders to be less commercial in selling the shop and create less moral jeopardy.
21. It was noted that if the business were put on the open market today's business is a completely different proposition to that which was offered for sale in 2000, when it failed to attract a buyer.
22. Miss Harter asked the Chairman how many people he would like on the Board.
 - a. Mr Smith said it needed people to be prepared to be legally accountable and who would be prepared to be involved in such activities as acquiring and retaining staff, training, certification – all of which was time consuming and hard work.
 - b. Mr Burgess's focus is on selling, Mrs Burling has managed staff and there is a degree of regret Mrs Burling can't continue to exercise her duties as a Director.
 - c. Mr Smith summarised that as long as it takes, the business is in safe hands but time is needed to be spent and Mr Smith and Mrs Oldroyd can't do it all.
 - d. There was great impetus when the business was new but when you walk into the shop now there is no evidence that work needs to be done – it's taken for granted. This was agreed.
23. Invited to comment, Jane Barker said that:
 - a. a shop like CQF needs new people, and fresh new impetus to take the business forward.
 - b. CQF is a model that other shops aspire to.
24. Mr Smith proposed to take time to investigate all the options including Mr Slatter's proposal and the Golden Share option with legal advisors and the village, and to come back to the shareholders within 2 months.
25. It was agreed this was an acceptable way forward.
26. In summary, the Chairman agreed to:
 - a. Get back in writing
 - b. Hold a further meeting
 - c. Communicate to the rest of the village and invite those interested to join in the consultation.

- d. People new to the village with business experience could be canvassed
- e. A document would be circulated via local businesses and, if possible, with the Parish Magazine.

27. Mrs Godfrey proposed a vote of thanks to Mr Smith and Mrs Oldroyd for the hours of work put in.

28. There was no further business for discussion.

29. The meeting was declared closed.

Minutes taken by Mrs Burling

Attendees:

Mr M Smith Chairman & Director
 Mrs K Burling Company Secretary & Director
 Book-keeper
 Mrs H Oldroyd Director
 Jane Barker ORCC
 Mr M.G Brewster
 Miss E Eden
 Miss J Allard
 Mrs M Allen
 Mrs P Brewster
 Mr N Burling
 Mr N Burgess Shop Manager
 Mrs K Burgess
 Mr P Godfrey
 Mrs R Godfrey
 Mr D Morton
 Miss R Harter
 Ms S Jones
 Ms C Shadbolt
 Mrs E Harvey
 Mr M Wigley
 Mr N Peto
 Mrs E Wallace-Jones
 Mrs A Dewar
 Miss R Dodd
 Mr P Heath
 Mr M Hinchcliffe
 Mrs J Hinchcliffe
 Mr M Slatter
 Mr E Stuart-Smith
 Mrs Y.J.S Stuart-Smith
 Mrs A Dewar
 Mrs E Reason

Present:

Mr M Leggett Company Accountant
 Mrs C Alexander Company

Apologies:

Mrs A Morton
 Mrs C.D Brooks
 Miss A Brooks
 Major S J M Mills
 Mrs Z Mills
 Mrs C Woodward
 Mrs A Timpson