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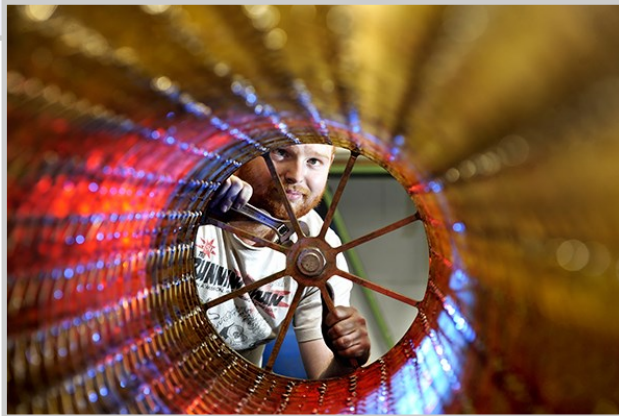
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## Page\Park Win!

Page\Park were awarded the Heritage Award, as well as 'Project of the Year' for the Edinburgh Printmakers' new home at what was once the headquarters of the North British Rubber Company.

The Judges commented that the project has "saved and creatively adapted one of the last vestiges of the industrial and social history of Fountainbridge."

## Woollard & Henry Win Second Queen's Award



*Woollard & Henry World Wide Winners*

The Dyce based firm was recognised for Outstanding Achievement in International Trade, having achieved an increase of overseas sales of 241%. Export now comprises 72% of total output.

The company began in 1873 as a family business manufacturing dandy rolls for the paper industry; the dandy roll is the mechanism that inserts watermark into paper. The company moved into employee ownership in 2002 and is now recognised as a world leader in the currency sector, supplying 92% of the world's banknote providers with high quality and patented products. As part of its diversification strategy, the company expanded into the manufacture of transfer vessels for moving oil rig personnel to and from ship to rig and also recently entered

the glass fibre production market. The company operates in 6 of the 7 continents and exports to 36 countries.

The company has achieved a profit every year since 2006 and now employs 60 staff across its four sites in Dyce, Manchester, Poland and Germany.

Managing Director, Fred Bowden, says "It's an immense honour to be awarded our second Queen's Award. This recognises the contribution of every one of our employees in ensuring that Woollard & Henry strives continually to grow and flourish. We are owned by our employees and this means we can plan for long term success. We involve the employees in all of the major decisions about running of the business and their

personal investment in the company's performance has helped develop a culture of constant innovation."

The focus for the company is to continue to expand global reach and work with customers to develop new products.

The Queen's Award is viewed as the highest accolade in business and recognises the top UK businesses in each of the categories of International Trade, Sustainable Development, Innovation and Promoting Opportunity. Selection is a rigorous process with only 8 awards made in Scotland, 4 for International Trade.

Have a story? Doing something that might interest the employee-owned community? Want to comment on something you've read here? Email [Katherine@ownershipassociates.co.uk](mailto:Katherine@ownershipassociates.co.uk)

Ask the Expert! <http://ownershipassociates.co.uk/forums/forum/ask-the-experts/>

## OAUK News

April has been a busy month for OAUK. We have supported another two companies make the move to employee ownership. Understandably, both businesses want to hold off going public with the news until the current crisis settles down. We have a few other projects ongoing, and hope to see another two completions in May. Enquiries have picked up – all went quiet as the coronavirus crisis escalated – and it’s beginning to look like the pipeline is building again. Good news for employee ownership!

Alistair has been running virtual training sessions on finance for employee owned companies and these are going well. We are looking to run some open webinars on topics of interest; do suggest subjects and speakers you would like featured.

These are difficult times for most companies and it’s so encouraging to hear the good news stories. It’s wonderful to see the successes of Woollard & Henry being recognised with their second Queen’s Award. The commitment of the team is something else and they still strive to enter new markets and create new products. Great to hear of Bentley’s contract win, and New Hopetoun Garden’s move into home delivery has been such a success.

Finally, huge congratulations to Page\Park Architects for winning the top prize in the RICS Social Impact Awards 2020. Their design for Edinburgh Printmakers was awarded Project of the Year. The team also collected the Heritage Award for the project.



*Page\Park's award winning re-design*

Thanks for all the lovely comments we have received on last month’s newsletter. Please do let us know of any good stories you think would interest employee owners in other companies, and any feedback on the newsletter is welcome.

Stay safe and keep well.

Carole

## A Letter to the Editor

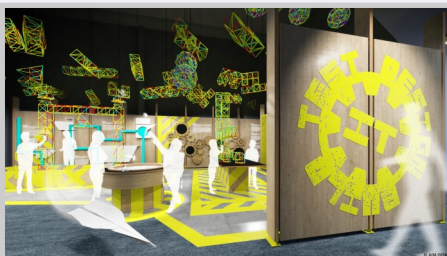
I do have a comment on the “Parlez-vous numbers?” problem. Knowing whether the company is more profitable as a percentage is one very small part of the story. Knowing the reasons for this are far more important. There may be many reasons for the extra cost of business in this example (employing 3 more people or giving everyone a pay rise) which may be more important to an employee

owned business than being more profitable. It may be that there was a lot of money spent on promotion to increase market share, which may have been achieved going by the sales rise. This could result in a greater profit in future years.

At STAR-Dundee, I try to not only give our employees the numbers and their meaning, but also to help everyone to

understand the reasons for and consequences of those numbers. You did mention that the numbers should be “shared and understood” but I thought it worth mentioning that “understood” shouldn’t simply mean being able to understand how the calculations are made.

- Stuart Mills, STAR-Dundee



*Bentleys will help to transform the centre*

## Bentleys Shopfitting Secures Top Contract

Bentleys Shopfitting has been selected as the main contractor for an ambitious £2M refurbishment of Dundee Science Centre, which will see

the ground floor of the popular attraction transformed. Bentleys—which was established in Dundee in 1987—transitioned to employee ownership in 2016.

Managing director Grant Montgomery said “This is great news and will give everyone at Bentleys a boost as we look to move forward out of the current crisis.”

The project will involve a large amount of bespoke joinery which will make excellent use of their highly skilled technicians and joinery workforce at their Dundee factory.

Work is to commence later this year, with the project due to be unveiled in early 2021.



Alistair Gibb—a true numbers man

## Profit Matters

volume) are included in cost of sales, but different firms take different approaches. For many SMEs direct labour is fairly fixed but it's included nevertheless. And that's surely right because it is a direct cost of production.

But if you want to give your data a refresh, I would suggest reviewing what else gets included in cost of sales: there are probably some costs listed as overheads which should be moved up to direct costs.

Do you take a stock (and measure w.i.p.) whenever you calculate your GP? Strictly speaking you should, because you need to include only those costs relating to invoiced sales in cost of sales. If you include the costs of items made for stock but not sold, your GP will fall and give a false reading. Similarly, if stock falls because of net sales from stock then your GP will be falsely high. I often find that a rough and ready stocktake will be good enough for management accounts but, of course, every firm differs.

How often should you take stock and calculate GP? Many small firms do this quarterly and this is enough to highlight any adverse variances before they do serious damage. Monthly is better, though there is a trade-off with management time.

How accurately do you report GP? Some firms quote their GPs to the nearest percentage, others to four places of decimals. I prefer one place of decimals. For some firms half a percent off their gross margin is serious, so they do need an early alert.

And finally, can we benchmark gross profit figures? I wish it was easier, but firms differ in their cost classifications and it is often dangerous to compare GP with your competitors. Management data is much more variable than annual accounting data.

But these are just opinions: do let us know if you have anything to add.

Next time I will be discussing the mathematics of EMI options. If you have any queries let me have them please.

The feedback on the first of these pieces has encouraged me to try another! Thanks to Stuart for emphasising that deriving the GP percentage is only the start of the journey [see page 2 for Stuart's comments]. Of course, he is correct but I wanted to explore a different angle of working with gross profit figures in this next piece.

The theory is that only variable costs (those that vary proportionately with

## New Hopetoun Gardens Refocuses Efforts Amidst Crisis

New Hopetoun Gardens—an Edinburgh based garden centre which transitioned to employee ownership in 2019—has been forced to shut its doors and furlough staff amid the lockdown restrictions which were introduced by the government to slow the spread of Covid-19.

The long established garden centre which usually sees at least 20,000 visitors in April and May has switched to deliveries to try to bring in some income at this time.

The centre also secured a funding package with help from Bank of Scotland under the Coronavirus Business Interruption Loan Scheme (CBILS), with additional funding

earmarked for the end of the year should the lockdown continue beyond May.

Manager Morag Macrae said: "This should be our busiest time of year, but people simply aren't allowed to visit us. To overcome this challenge we're focusing on home deliveries and currently send 15 orders a day to customers. When the lockdown was announced we went through a lot of scenario-planning. The deliveries do bring in a small amount of income, but we knew we'd need further support to pay our suppliers. Thanks to the funding, we're able to keep members of staff on board to deliver



The core COVID-19 team at New Hopetoun Gardens

the plants and take care of the stock we still have."

You can check out [New Hopetoun Gardens on Facebook](#) to see their current stock.

## Virtual Company Meetings



Anderson Strathern's Ewan Regan

**H**olding regular and meaningful meetings – be they of directors or trustees – has always been of fundamental importance to running a successful employee-owned business. In these challenging times, it is probably even more important to hold regular meetings.

Due to the current lockdown measures the new normal for the foreseeable future is likely to be meetings that are held on virtual platforms. Although the Government has promised a relaxation of some of the rules surrounding the holding of meetings, particularly AGMs, it is worth reminding ourselves about the existing rules in these areas and also best practice which may be followed.

### Board meetings

It is now relatively common for board meetings to be held electronically (although it would be worth checking the Articles to make sure this type of meeting is not expressly prohibited) whether this is over the phone or via video conferencing. Irrespective of whether the Articles do not expressly allow for a virtual meeting, if a board meeting is held by these means, it is generally accepted that such meeting will be valid provided a few simple formalities are complied with. These are:

- All directors entitled to receive notice of the meeting – give their express consent to the meeting being held by such means.

- The correct quorum is present and notice period complied with.
- The arrangements are such that everyone can hear everyone else and vote in order to establish a clear consensus.
- Minutes of any such meeting are circulated to each director for approval to ensure they are a correct record of the business transacted.

In any event, companies will still have the option to make decisions by formal written resolution. This would require the signature of all the directors. However, in an economic climate where decisions may need to be taken quickly or discussed at length, a written resolution of the board may not be the most practical of solutions.

### Trustee Meetings

Turning to meetings of trustees of an employee ownership trust, the first place to start (regardless of whether the trustee is a corporate trustee or a group of individual trustees) is with the Trust Deed itself to see whether there are any specific rules set out – things like the number of meetings to be held a year and how those meetings are to be conducted.

Clearly, to be effective a decision must be one which is within the trustees' powers to make but by and large, trustees are relatively free to regulate their proceedings as they see fit. The essential point is that all the trustees should be given an opportunity to put forward their views on the trust affairs in question and if this can be achieved through an electronic method of communication rather than a physical meeting then any resolution of the trustees is unlikely to be successfully challenged.

### Recommended Practice

The Chartered Governance Institute sets out the key points to be borne in mind when holding virtual meetings:

- The choice of the right communication channel is vital
- Virtual meetings need to be well structured and avoid unnecessary complexity
- Preparation is key
- The Chair will need additional techniques to run an orderly meeting
- 'Ground rules' for participants should be circulated to all those joining the meeting
- Clear instructions on accessing the meeting system or app are essential
- Good boardroom practices are even more necessary for virtual meetings than for face to face.

Each of these points should be reviewed regularly to make sure that existing practices remain fit for purpose.

In summary, holding well-structured meetings in compliance with company law requirements is a pre-requisite for ensuring good corporate governance and driving business success. The current lockdown does not change that and the ability to use virtual platforms ensures that decision making can continue in an appropriate and dynamic manner.

For further information please contact Ewan Regan Senior Associate in Anderson Strathern's Corporate & Commercial Team on 0131 625 7202, or visit their [online Business Hub](#) resource.