

**REPORT FOR THE GROBY PARISH COUNCIL  
RELATING TO  
GROBY CIC**

This report is addressed to and is solely for the benefit of Groby Parish Council (the **Council**) and focuses on the Council's investment in Groby C.I.C. registered with company number 08643775 (the **CIC**).

## **BACKGROUND**

In April 2011 a number of residents in Groby were concerned about land on the north west side of Newtown Linford Lane, registered with title number LT415137 (the **Meadow**), so raised money to buy this as a community asset.

We understand from what we have seen that a number of residents (unfortunately we do not have breakdown or further records relating to the payments other than a bank statement for 18 April to 20 May 2011 which notes some payment in and some unpaid cheques paid out including a cheque paid in for £34,925 and an internet transfer paid in of £19,000 which both seem quite significant amounts in the circumstances) paid £41,475 in aggregate to the Council's account No.2 (this amount matches the amount included as income in the Council's income & expenditure account for 01/04/2011 to 31/03/2012) and the Council contributed £25,000 (each of these residents and the Council being an **Investor**) making a total of £66,475 (the **Investment**) – the Council's contribution being 37.608% of the total Investment.

Contracts for the purchase exchanged on 20 April 2011 and the transfer to the Council of the land completed on 11 May 2011. The price paid for the land was £60,000 leaving £6,475. The assumption is that the Council were at this stage holding the land on trust for the Council and the other Investors.

We have seen a statement of account which includes a total of £918 the legal fees, VAT and expenses for the transfer and a covering letter dated 26 April 2011 from the agent which mentions an invoice for a Buyers Premium of £350 having been paid. This payment of the £350 is reflected in the payment schedule to the Council minutes of a meeting on 16 May 2011. Also in this schedule is reference to a payment of £6,000 which we assume to be the deposit and part of the £60,000 purchase price. The other amount in this schedule referred to as for the "Community Trust Purchase" is £18,650 but it is not clear what this relates to.

We have also seen an invoice dated 17 July 2012 and a cheque request for the Council dated 6 August 2012 for CIC legal fees of £1,140 (inclusive of VAT).

Combined this accounts for a further £2,058 leaving £4,417 from the Investment.

The Council's income & expenditure account for 01/04/2011 to 31/03/2012 mentions related expenditure of £37,007.59 but there is no detail as to what makes up this number.

The intention was that the Council would, on behalf of the Council and the other Investors, transfer the land to an entity set up for the purpose of holding this for the community.

The CIC was incorporated on 8 August 2013.

At a Council meeting on 7 October 2013 it was resolved “that the Chairman of the Parish Council and the Chairman of the Parks & Cemetery Committee are duly authorised by the Parish Council to sign the transfer documentation on behalf of the Parish Council.” At a Council meeting on 2 December 2013, it was resolved “That the Chairman and Vice Chairman, on behalf of the Parish Council, sign the transfer deeds to transfer the land from the Parish Council to the Groby CIC on 1<sup>st</sup> January 2014”. The transfer deed was signed but it is not clear what then happened with this document.

The minutes of the Council meeting on 7 April 2014 includes a resolution “to close the GPC2 bank account and transfer the remaining funds to the new Groby CIC bank account”.

The record keeping of both the Council and the CIC have been inadequate both on incorporation of the CIC and since. Consequently, it is not clear what the Investment is now reflected as – debt, equity or a mixture.

Knights have reviewed a number of documents provided by the Clerk and Councillor Peter Batty and a timeline and summary relating to this review is annexed to this report.

## **ANALYSIS**

There are significant inconsistencies in the documents and correspondence reviewed. Although these mean that all parties involved could put forward arguments to support a number of different scenarios, it also means that all parties involved could now reach an agreement on this going forward. If agreement cannot be reached then this will make it very difficult for both the Council and the CIC to move this forward without applying for a court order which will be very expensive and time consuming.

From all the documents and correspondence that has been reviewed, the general consensus seems to be that:

- the community’s expectation was that the Council’s investment included an element of debt and 10% voting equity (to represent the rest of the community who has not invested);
- the Council have also previously minuted that there is a debt, in particular in relation to repayment terms at a meeting on 2 December 2013.\*

\*The minutes say “To accept the proposal from the Groby CIC to reduce the value of the money used by the Parish Council to support the purchase of the Meadow; that being a repayment not less than 25% of the operating profit of the Groby CIC at the end of each financial year, excluding any funds raised from direct funding applications, such as Community Forum, Lottery, etc.”).

It would appear that the CIC has relied on this and reflected a debt in its accounts, albeit that it has included the full £25,000.

In relation to the transfer of the land, as set out above it is clear from the minutes that the intention was for this to be effective from 1 January 2014 and so there is an argument that beneficial interest in the land has transferred but the legal title may not have yet been. We have seen references to the solicitor adding an incorrect date to the transfer deed at a later date but cannot comment on this. We have also

seen a query over whether or not the CIC is being governed in an appropriate manner for the Council to now transfer the legal title and although we cannot comment on the day to day governance, the CIC does need to rectify a number of issues to be considered as being fully compliant.

Assuming the CIC have a beneficial interest in the land and have done so since 1 January 2014, a further assumption is that the CIC would have given consideration for the land in the form of shares and/or debt in favour of the Council and the other Investors.

We assume the other Investors received shares but have not seen any supporting information about the details of this.

Assuming the balance of money in the bank account was transferred, again we do not know how it was accounted for – was it being held on trust for the CIC and so distributed accordingly, was it a donation, was it part of a loan, was it for shares? As nothing else is mentioned we assume it is the first suggestion.

Based on the expectations expressed at the time and mentioned above, part of the Council's investment was made by way of:

- debt (as seems to have been the expectation at the end of 2013) - a written loan agreement should have been drafted and signed by the Council and the CIC and in addition it should have been shown as such in the Council's accounts, but the understanding is that this has not happened and so adjustments would need to be made and an explanation given for this;
- 10% of the voting equity - the CIC records need to be corrected (including the register of members, confirmation statements and articles of association). If the CIC will not do this voluntarily the Council will need to apply to court for a court order to rectify the register of members.

A simple math's exercise would be to say for 10% of the voting equity, an amount equivalent to 10% of the original total Investment should have been converted to these shares so:

- 10% of £66,475 is £6,647.50 for shares (but these shares always entitle the Council to 10% of the votes even if diluted);
- leaving £18,352.50 as debt - this, however, would be different to the CIC's expectations in 2013 which from the CIC minutes from November 2013 were that the £25,000 was a debt and so would require amendments to both the Council and the CIC's accounts.

There is mention in correspondence which has been reviewed of the Council having more shares initially and this being reduced if other residents wish to invest. The only way I could see this working is if the Council were to have been issued with 37.608% of the shares, 10% being voting shares (with rights to maintain the voting rights at 10% regardless of dilution) and the other 27.608% being non-voting redeemable shares. However, this makes the structure more complicated and advice at the time should have been to keep it simpler if possible – it has certainly not been provided for in the CIC's articles of association and so the assumption is that this was the advice at the time.

Another alternative would be for the £25,000 to all be recorded as a debt and the Council to be issued with 1 share with an entitlement to 10% of the votes but again this has not been provided for in the CIC's articles of association and so the assumption is that this was not what was anticipated.

## NEXT STEPS

As has been indicated above, there is no perfect solution to this, and our understanding is that doing nothing is not an option, so a solution should be agreed between the Council and the CIC and this could include now documenting:

- A mixture of 10% of the voting equity and outstanding debt;
- 10% of the voting equity but writing off to the extent there is any outstanding debt;
- Convert any or all of the debt (either the balance or the full £25,000) to equity which will reduce the debt but increase the equity.

All of these options should be discussed with the accountants for the Council and the CIC to understand the accounting and tax implications.

The CIC need to be much better with their record keeping and in addition to this will need to amend their articles of association. To do this (and to ratify what has happened to date including some of the inconsistencies, authority to allot shares and any queries over appointment of directors) they need to put resolutions to the shareholders. To do this they need to be confident who the shareholders are, however, the information at Companies House is inconsistent and incomplete to rely on and we understand there is no register of members (which also needs to be reconstituted as best as possible and the spreadsheet provided from January 2023 is a good starting point for this).

One option would be for a stakeholder meeting to be called for this to be discussed and agreed. A reconstituted register of members could be made available for inspection by the residents and those the CIC think are shareholders. Anyone not included as a shareholder can be given the opportunity to prove that they did make a payment as part of the Investment and so should hold shares. Once there is a reliable register of members, a shareholder general meeting can be called to approve new articles of association and the ratification of anything that requires ratification.

Going forwards, the directors need to ensure that the register of members is maintained and correct information filed at Companies House.

As the Council are representing the rest of the community with their investment in the CIC they should hold the CIC to account in relation to its administration and governance, whether this be by providing the resources to deal with this (as was indicated as one of the original intentions) or asking for regular updates and checking compliance. Training should be given to whoever will be responsible for this.



Signed for and on behalf of  
Knights Professional Services Limited

Dated: 4 July 2024

**Timeline and summary relating to Groby C.I.C. based on documents and correspondence reviewed by Knights – 8 November 2023, 18 April 2024 (documents received from Cllr Batty), 11 June and 25 June 2024 (including Knight’s previous input)**

Date	Document	Summary
04/04/2011	Minutes of GPC meeting	Fear of travellers so resolved to register an interest as a potential bidder at the auction and enquire as to the value and District Valuer options.
18/4/2011	Emails gathering support to buy the land	Peter Batty refers to £200 shares.
19/04/2011	Minutes of GPC meeting	<p>8 of the 15 present declared a personal but not prejudicial interest as members of the Community Trust 500.</p> <p>Cllr P Batty advised:</p> <ul style="list-style-type: none"> <li>• GPC were committing a monetary sum to the Trust and that although the Council would take on responsibility for all admin costs (including legal fees), insurance, etc. it would endeavour to dispose of as many of those “shares” as possible to Groby residents in order that it was not seen to retain an undue influence in the project.</li> <li>• No shareholder was entitled to more than 10 shares, and that the dispersion of shares would continue after the election period had passed.</li> </ul> <p>A member of the public stated that it was 10 voting shares, and that one couldn’t aggregate or combine their shares with others to dominate the Trust.</p> <p>Further discussion took place concerning the allocation of shares and percentages but details not minuted.</p> <p>Resolved unanimously that GPC would facilitate the purchase of the land and would contribute £25k towards the fund to purchase the land.</p> <p>[Groby CIC Facts document from Cllr Batty references £60k purchase price with £42k raised by the community and £25k contribution to purchase price and set up costs from the Council –</p>

Date	Document	Summary
		<p>it goes on to say that the Council purchased 98 shares at £200 per share making the equity investment £19,600 (£60k plus £1,600) and then a separate amount of £5,400 towards costs but no indication of whether this was also for equity, debt or gift.]</p>
21/4/2011	<p>Letter from Groby Parish Council with heading "Congratulations : Ownership secured !"</p> <p>[A copy of this letter was enclosed with the pack of documents from Cllr Batty as Doc 1]</p>	<p>Confirmed £42k raised from villagers and a "substantial" financial contribution by GPC.</p> <p>Signed contracts to buy the land 20 April 2011 with completion 11 May 2011.</p> <p>GPC to transfer ownership of the land to the Community Trust once the Trust has been properly constituted.</p> <p>Then democratically decided by the shareholders in the Community Trust how this land can be used for the benefit of the community as a whole.</p>
26/04/2011	Minutes of GPC meeting	<p>Making enquiries regarding the formation of the Trust as a legal entity and that once properly constituted, the ownership of the land would be transferred to the legal entity.</p> <p>Discussion took place regarding leaving the "Trust" open to encourage further membership and give people the opportunity to have a say as to what happens to the land, and therefore dilute GPC's membership, so that the Council would not be deemed as having too much sway/influence.</p> <p>Again noted that the maximum number of shares the Council would own was 10.</p> <p>On the same date there was also a letter from Shonki Brothers Ltd confirming that the buyers premium of £350 had been paid by the Council.</p>
11/05/2011	n/a	<p>Completion of purchase of the land.</p> <p>There is a note on the completion statement that the balance of £54,654 was paid to the solicitors 10/05/2011 – this was net of the £6k deposit but included the search fees, remittance fee, HM Land Registry fee and legal fees. £264 was queried relating to Wansbroughs fee.</p>

Date	Document	Summary
May 2011	Article entitled Groby Community Trust 500 Club [Doc 2]	Mentions Peter and Helen having shares registered with the Council in their name – not sure what is meant by this.
Mid-May 2011	Groby & Field Head Spotlight Article [Doc 3]	“The land will ultimately be transferred by the Parish Council to a Village Community Trust and although the Council will be the largest single contributor early indications are that the Trust will be structured to ensure that there is a ceiling on it’s voting rights. Residents will continue to be allowed to buy shares if they wish and this will also reduce the proportion held by the Council.”
16/05/2011	Minutes of GPC meeting	These noted some payments made relating to the “Community Trust Purchase” being £350 to Kal Sangra paid 20.04.2011; £6,000 to Josiah Hincks paid 20.04.2011 (assume this to be the deposit); and £18,650 to Josiah Hincks paid 10.05.2011.
18 April to 20 May 2011	Bank statement for GPC caked Bank Account 2	Breaks down some payments made and cheques that were unpaid as well as showing the £54,654 paid to Josiah Hincks 10 May 2011. Does not give any names.
31/05/2011	Summary timeline	Transfer registered at Land Registry with ownership transferring to GPC.
06/06/2011	Minutes of GPC meeting	Arranging a meeting of the shareholders of the Trust with a view to discussing how to make the Trust a legal entity and taking the matter forward.
08/06/2011	Official copy of register of freehold title LT415137 with undated TR1	Proprietor = Groby Parish Council and price paid on 11 May 2011 was £60k.
22/6/2011	Letter from Josiah Hincks Solicitors to GPC	Confirmed went through the documentation that Peter Batty enquired as to the mechanics of either creating a trust or CIC to receive the land from the Parish Council – not sure if went through the documentation required for each option or there were documents produced that were discussed.

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18/08/2011	Email from Peter Batty to Alistair Cooper	Again mentioning £200 shares.
25/08/2011	Letter from Groby Parish Council addressed to Dear Member with subject Community Trust – the way forward	<p>Notice of a meeting of members who have financially contributed to the Community Trust on 8 Sept 2011 at 7pm in the village hall.</p> <p>It references that enclosed were details of the legal entity that will need to be formed to take this forward and allow the Council to transfer the land – not seen this.</p> <p>It also references an attached agenda (including the mechanics of the company formation) – not seen this.</p>
Undated (although file name references 30.08.2011)	Community Trust 500 listing – not sure what this is	Can't see any reference to GPC.
21/11/2011	Council reference re Councillor Peter Batty addressed to Hinckley Borough Council [Doc 4]	Does not relate to the CIC
02/12/2011	Email from Ashok Kotecha to Bob and Alistair	<p>Initial view is they should be £100 shares and each share to be ordinary with equal voting rights.</p> <p>“Here we would have to decide if we covert the £25k we own the council into 2,500 shares or we proceed with this as an interest free loan.”</p>
03/12/2011	Alistair's reply to Ash	<p>Agrees with £100 shares and in principle with ordinary shares but write something into the rules that limit any voting right.</p> <p>“We also need to clarify how we start to pay the Parish Council back or what their expectations are.”</p>
3/12/2011 and	Email exchange between Bob	Both believe the funds loaned to the CIC have been written off by the Council – Alistair goes on to say that “they would welcome any

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4/12/2011	McQuillin and Alistair Cooper	return by way of the sale of additional shares.”  If this is the case then it can't have been written off.
09/02/2012	Letter from Josiah Hincks to GPC	Confirming Parish Council as the asset locked body and enclosing incorporation documents - incorporating with 9 directors as the subscribers with issued share capital of £2,600 – all ordinary shares.  Mentions an authorised share capital of 10,000 shares.
23/02/2012	Summary timeline	Meeting of Community Trust 500 committee members, including a Parish Councillor and possibly the Parish Clerk, to discuss formation of Groby CIC and number and value of shares – no minutes have been found.
13/03/2012	Email from Josiah Hincks to Alistair Cooper	Responding to email of 11 March but not seen this.  Mentions an option of having £25 shares.  Also mentions an option of GPC having non-voting “B” shares or restricting ownership to 10%.
01/04/2011 to 31/03/2012	GPC income & expenditure account	Includes income of £41,475 listed as Community Trust Fund and expenses of £37,007.59 listed as Community Trust Fund.
28/5/2012	Email from Peter Batty to the Parish Clerk copying a number of people Re Groby CIC and entitled “Confidential to member of Groby Parish Council only”	These are Peter's initial thoughts to the amended articles sent by Josiah Hincks earlier that day: <ul style="list-style-type: none"> <li>• Nominal value to be £200 and all equal other than if owned by GPC who will have a maximum of 10 votes on a poll;</li> <li>• CIC to have the right to re-sell shares on behalf of shareholders (doesn't make sense but see below, is it perhaps saying any new shareholder needs to be approved by the CIC?) but cannot issue new shares (but a number of shares have since been issued);</li> <li>• GPC to always have the right to appoint a director;</li> <li>• Directors to be appointed by the shareholders (assume not</li> </ul>

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		the GPC director).
07/06/2012	Email from Parish Clerk to Alistair Cooper	GPC "has "issue" with being allocated B shares being the major stakeholder at this time – thus having no voting rights whatsoever, as well as the face value of the shares now being decreased from £200 to £25.
10/06/2012	Email from Ash to Alistair and Bob	<p>Suggesting if present the extract and these other rules (not sure what either relates to) he thinks the Council "will buy that".</p> <p>Suggesting Robert Watson manages the shares/members register – suggest someone asked for this up to date register.</p> <p>8 shares of £25 each = 1 vote but the maximum number of votes per shareholder is 10.</p> <p>In the case of B shareholders, the Council must nominate one person to vote at the meeting (max votes 10) but all councillors may attend the meeting.</p> <p>"We are tasked with reducing the number of B shares held by the Council and replace them with A shares. One day there will be no B shares with the Council fully reimbursed for their shares value." This doesn't make much sense in light of documents seen and so assume this possibility was not pursued.</p>
17/07/2012	Josiah Hincks Solicitors' invoice	This was for £950 plus VAT of £190 and related to advising the Council with regard to the incorporation of the CIC, including the articles of association.
Undated (although file name references 07.11.12)	CIC Shares Master – REVISED – not sure what this is	<p>References half shares which is not possible.</p> <p>Can't see any reference to GPC.</p>
Undated (although name of pdf references)	Letter from Groby Parish Council to Groby Community Trust 500 Club	<p>Asked recipients to feedback by 14 December 2012 on the articles of association and set out:</p> <ul style="list-style-type: none"> <li>• GPC as the nominated asset locked body</li> <li>• CIC will oversee the management of the meadow</li> </ul>

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<p>12.11.2012)</p> <p>[A copy of one of the letters dated 12 Nov 2012 is Doc 5 in the pack sent by Cllr Batty]</p>		<ul style="list-style-type: none"> <li>• GPC, as the asset locked body of the site and having contributed £25k on behalf of the local community to secure this purchase has a responsibility to ensure adequate safeguards are included in order to ensure that ALL of the contributors (stakeholders/shareholders) are able to make decisions or commitments, consistent with the wishes of the majority</li> <li>• GPC retain no unilateral power to make decisions or commitments on behalf of the CIC</li> <li>• GPC have no wish to become directly involved in the day to day management of this proposed community project</li> <li>• GPC will continue to provide administrative and possibly some financial support once the CIC is incorporated</li> <li>• Important principle that decisions are not made behind closed doors not without the approval of the prescribed majority of its' members (financial contributors)</li> <li>• On incorporation directors are appointed directly by the contributors and remain accountable to its members.</li> </ul>
<p>Undated but footer says 04/02/2013</p>	<p>Copy of articles of association held by GPC – footer says Issue (5) as amended 04/02/2013</p>	<p>These do not include an index, whereas the filed copy does.</p> <p>These include GPC as the asset locked body, whereas the filed copy does not.</p>
<p>14/06/13</p>	<p>Letter from Josiah Hincks to GPC</p>	<p>Raising queries from Companies House, including:</p> <ul style="list-style-type: none"> <li>• 8 subscribers to re-sign the memorandum without including the registered office and objects of the company (not sure why they went from 9 to 8).</li> <li>• Parish Council cannot be the asset locked body as it is not a CIC or charity so suggesting proceeding without one and can later review this.</li> </ul>
<p>08/08/2013</p>	<p>Incorporation of the CIC</p> <p>[Doc 6 is part of the CIC 36 form and Doc 7 is Schedule 2]</p>	<p>Form IN01 – all references are to ordinary shares and section F4 states “Equal voting rights in all circumstances”:</p> <p>The statement of capital is incorrect and arguably should not have been accepted by Companies House:</p>

Date	Document	Summary
		<p>F1 says £1 00 share of £1 00 with an aggregate value of £2,600.</p> <p>F3 says there are 2,600 shares with an aggregate value of £2,600.</p> <p>Assumption is that both should be consistent with the articles so 13 shares of £200 each – also £2,600 in aggregate.</p> <p>Articles filed (also in footer says Issue (5) as amended 04/02/2013):</p> <p>No asset locked body at article 3.5 so article 10.1.3 doesn't work very well where it refers to "The asset-locked body as described in 3.5 (Grobby Parish Council) to appoint The Company Secretary as a Director to the board of directors of the CIC...". (article 23.2(b) is also consistent with this right to appoint the Company Secretary as a Director). This does not appear to currently be complied with as Susan Hackett is company secretary but not a director at Companies House.</p> <p>Article 3.1 has been added to and could be interpreted in different ways "The Company shall not transfer any of its assets other than for full consideration without the approval of the Company Secretary or two thirds of the shareholders". The wording in red reflects paragraph 1 of Schedule 2 of the Regulations and is mandatory. As above the Company Secretary is appointed by the Council so seems designed to give additional protection to the Council unless over-ruled by two-thirds of the shareholders. In addition, assumption is that the approval applies to a transfer for full consideration (rather than other than for full consideration) so still compliant with being a CIC.</p> <p>Article 6 is similar in relation to borrowing or raising investment – "...if agreed by the Company Secretary or by two thirds of the shareholders".</p> <p>Article 8 is not clear but assumption is that it is similar in relation to matters which are not routine which "...must be approved by the Company Secretary or by two thirds of the shareholders"</p> <p>Article 16.2 is clear that the Company Secretary (who is also a Director) must always be participating in board meetings for the meeting to be quorate. If this has not been happening any decisions made by the board will be open to challenge as outside of their powers.</p> <p>It must be an incorrect cross reference but there are also carved</p>

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		<p>out protections for the Director who is the Company Secretary at article 20.2.4 (and 21.1.4).</p> <p>At article 23.3, if as a result of death the Company has no Directors, the Council have the right to appoint someone as a Director.</p> <p>Article 24(g) is unenforceable as by law a majority of votes cast by shareholders can remove a director.</p> <p>Article 24(h) doesn't make sense – in the case of the Company Secretary, Groby Parish Council may replace that Director by a majority vote at a General Meeting or EGM of the council.</p> <p>Articles 27.1 and 30.2(b) contradict the IN01 as they say each share will have a nominal value of £200 rather than £1.</p> <p>Article 27.2 says “No other shares will be issued by the Company other than those making up the original capital value of the company” so it may be the allotments since incorporation have been issued without authority and in breach of the articles – an offence by the directors but arguably doesn't affect the validity of the allotments.</p> <p>Article 27.3 states that “Groby Parish Council shall be deemed to hold shares proportional to its remaining capital interest in the CIC but not withstanding reimbursement of the total capital sum outstanding GPC will always be deemed to hold TEN voting shares”. This does not work, either the Council holds shares or it doesn't.</p> <p>Article 28 does not make sense. This article would usually deal with the issue of shares but this has been amended to also refer to the transfer of shares. In particular article 28.2 does not make sense - unless the company has bought back shares to hold in treasury it will not hold shares in itself to transfer, in addition, rights attaching to shares need either be in place on issue or approved by the shareholders and not determined by the company on a transfer – whatever is intended by this article does require the Council to be involved in the decision making but an ordinary resolution is a simple majority not two thirds so not sure how the two references work together unless it is intended that at least two thirds must be at a general meeting at which the ordinary resolution is passed.</p> <p>Article 29 again references the Council, “who if the total capital sum is refunded will always be deemed to hold ten voting shares as a</p>

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		<p>representative of the community”.</p> <p>Article 38.2 is unenforceable as the minimum is 90% for short notice to a general meeting.</p> <p>Article 42.2 makes it clear that the Company Secretary must be in attendance for a general meeting to be quorate.</p> <p>Article 46.5 sets out that “In the case of when a decision requires the support of two thirds of the shareholders every [shareholder] entitled to vote shall have a vote in accordance with the number of shares they possess other than in the case of the shareholding of Groby Parish Council which shall be set at 10 votes”.</p> <p>Article 47.2 is void as a maximum of 5 must be able to demand a poll.</p> <p>Article 55.1 – Company Secretary to be responsible for minutes (but legal obligation on all directors).</p> <p>The articles must be amended to make them work and a ratification resolution put to the shareholders in relation to any breaches.</p>
14/09/2013	Email from Josiah Hincks	Attached the transfer of the land for the Council and the CIC to sign and return and noting that need a release by Countrywide Solutions to be entered into which they would deal with.
01/10/2013	Reply by email from Josiah Hincks to GPC	<p>Replying to email of 30/09/2013 asking for any news on “my previous email about someone wanting to cash their CIC share in.” – the previous email referred to has not been provided.</p> <p>The reply is correct in as much as the shares can be transferred to a third party but if transferred to the company itself this could be a buyback of shares and require distributable profits, shareholder consent and a contract.</p>
07/10/2013	Minutes of GPC meeting	Authorised the transfer of the land to the CIC and the signing of the transfer documentation – insurance to be in place by the CIC before it is signed.
08/10/2013	Email from GPC to	GPC will sign the transfer once got the releases from Countryside

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	Alistair Cooper	Solutions and the CIC has the relevant insurances in place.
18/11/2013	Minutes of CIC meeting	<p>Confirms Robert Watson was to keep the share register up to date at all times and CIC to try to get more people to invest as funding is the biggest concern.</p> <p>Noted that the Council now happy to transfer the land but needed insurance and agreed to go with the cheapest.</p> <p>Agreed the best date for the transfer of the land would be 1 Jan 2014 and a letter from the CIC to the Council would be sent offering to pay not less than 25% of the operating profit at the end of each financial year. This was to begin to clear the £25,000 loaned by the Council on the purchase.</p> <p>Noted that the CIC was to be discussed at the Parish Council meeting on 3 Dec.</p> <p>[Groby CIC Facts document from Cllr Batty makes it clear that the £25k has never been shown as a loan in the Council's accounts]</p>
01/12/2013	Email from Alistair Cooper to Jim Coley	<p>Would like to see the transfer of the land take place on 1 Jan 2014 and provisionally arranged third party liability insurance for £1m.</p> <p>“In addition, the CIC committee propose to make an offer to the PC, in order to start to reduce the value of the money used by the PC to support the purchase of the Meadow, of a repayment not less than 25% of the operating profit of the Groby CIC at the end of each financial year. This excludes any funds raised from direct funding applications, such as Community Forum, Lottery, etc. I hope that the PC will find this acceptable. I will be at the PC meeting tomorrow night to answer any questions that the PC may have.”</p>
02/12/2013	Minutes of GPC meeting	<p>Resolved unanimously:</p> <ul style="list-style-type: none"> <li>• Accept the insurance to be put in place by the CIC from 1 Jan</li> <li>• Sign the transfer deed to transfer the land on 1 Jan</li> <li>• Accept the proposal from the CIC to reduce the value of the money used by the Council to support the purchase of the land; that being a repayment not less than 25% of the operating profit of the CIC at the end of each financial year</li> </ul>

Date	Document	Summary
		excluding funds raised from direct funding applications, such as Community Forum, Lottery, etc.
01/09/2013– 08/08/2014	SH01 – return of allotment of shares for the CIC	<p>315 “Other” shares of £200 each allotted. However the articles do not allow different classes of shares (article 28.1).</p> <p>Statement of capital 315 Other shares with aggregate nominal value £63000 but amount paid per share £63000 – assume this should have been £200. What happened to the 13 ordinary shares?</p> <p>Prescribed particulars “Each shareholder is entitled to one vote in any circumstance to a maximum of ten votes per individual shareholder” and “The company is not in any way to be bound or recognise any interest in a share other than the holder’s absolute; ownership of it and all rights attaching to it other than Groby Prish Council, who if the total capital sum is refunded will always be deemed to hold ten voting shares as a representative of the community; the shares are not redeemable.”</p> <p>No forms SH08 or SH10 filed.</p> <p>There should be board minutes for the CIC setting out who the board resolved to issue and allot shares to.</p>
13/01/2014	Email from Alistair Cooper (can’t see who it was sent to) [Doc 8]	Notice of AGM on 11 Feb 2014 stating that this was the first meeting of shareholders since the CIC was incorporated and the land signed over from the Council and saying that share certificates would be distributed on the night or shortly afterwards
03/02/2014	Income and Expenditure and assets list [Doc 9]	A new shareholder paying £200 is listed.
14/02/2014	Groby CIC Facts document from Cllr Batty	States the CIC held an AGM - Knight have not seen the minutes of this meeting.
07/04/2014	GPC minutes	Included a resolution unanimously to close the GPC2 bank account and transfer the remaining funds to the new Groby CIC bank

Date	Document	Summary
		account.
08/08/2014	Annual return for Groby C.I.C.	<p>Statement of capital as above</p> <p>183 shareholders – of these all hold one share other than 19 shareholders, one of which is Groby Parish Council holding 98 shares.</p>
31/08/2014	Unaudited abbreviated Accounts for the CIC	<p>£25k loan from GPC repayable after 5 years</p> <p>Share capital 209 ordinary shares of £200 each = £41,800 – where has this number come from? Can the CIC’s accountant assist with understanding this?</p> <p>“In addition to these, GPC is deemed to hold shares in proportion to the outstanding balance on its loan to the company. At the Balance Sheet date this deemed holding amounted to 125 shares”.</p> <p>The CIC report states each donation of £200 was converted to a shares and references the GPC loan as interest free.</p>
Sept 2014	Groby CIC Facts document from Cllr Batty	Beverley Greenwood who had been the company secretary for the CIC left the Council – according to Companies House her resignation date as company secretary was 5 October 2014
December 2014	Groby CIC Facts document from Cllr Batty	Robert Ceri Saunders became the company secretary for the CIC – according to Companies House he was appointed by the CIC as company secretary on 6 October 2014
January 2015	Groby CIC Facts document from Cllr Batty	Robert Ceri Saunders was dismissed (not sure if from the Council or the CIC). According to Companies House he resigned as company secretary on 17 May 2015
2015	Groby CIC Facts document from Cllr Batty	References an AGM being improperly held in the Spring but no further details.
01/05/2015	Email from the Parish Clerk/Benjamin Tassell to Alistair	Attaching 8 Nov 2013 CIC minutes (minutes attached are dated 18 Nov) and says “This sets out the loan amount and the repayment plan. As you thought, the Council have chosen not to ask for

Date	Document	Summary
	Cooper	repayment apart from 25% of the trading profits of the CIC. I am currently looking for the specific Council minutes that state this and will forward them on to you when I find them. I have also spoken to Cllrs Coley and Lindsay who have also confirmed that this is the case.”
May 2015	Groby CIC Facts document from Cllr Batty	The Council’s newly appointed clerk/RFO Benjamin Tassell was appointed/registered by the Council as company secretary but this is not showing at Companies House – see below as to the incorrect form being completed for this.
17/05/2015	Form CH03, Companies House form for change of particulars for secretary [Doc 10]	Looks like this is an incorrect form as should have been a TM02 to terminate the appointment of Robert Ceri Saunders Davies and an AP02 to appoint Benjamin Charles John Tassell
02/06/2015	Email from Peter Batty to Alistair Cooper	“Further to our recent discussion, now I am chair of Groby Parish Council, I have raised the proposal with the Council to transfer the shares held by the CIC by Groby Parish Council for a nominal £1 (one pound) to enable you to clear this item off your balance sheet. I have asked the Parish Clerk to arrange a meeting for your team with the Council’s newly formed Community Liaison Committee to explore this further” – are there minutes from this meeting?
02/07/2015	Email from Parish Clerk/Benjamin Tassell to Alistair Cooper, Peter Batty, Antony Onions and peterboat60	<p>After meeting with Tony and Peter “...and a think about the best way to get the CIC ‘loan’ written off in return for a veto.”</p> <p>Initial thought was to issue another class of share with a veto if land to be sold but would require an amendment to the articles.</p> <p>“...much simpler and neater if the Parish Council simply bought a number of shares that correspond to the loan amount (i.e. 20,000 loan would be 100 shares at the nominal £200 price). This would remove the debt from the CIC balance sheet. Although the Parish Council would still only have one voting share, were the land ever put up to be sold in the future we would have massive clout in any vote to that effect and be financially very well placed if the shares are ever sold...”</p>

Date	Document	Summary
02/07/2015	Email from Peter Batty to Parish Clerk/Benjamin Tassell, Alistair Cooper, Antony Onions and peterboat60	<p>“My personal preference would still be for the debt to be “wiped off” provided of course there was some end veto for the Parish Council to block any future sale of the land.</p> <p>Whilst I understand Ben’s point about the Parish Council’s financial best interests should the land ever be sold, my point is that this would be an irrelevance to what GPC should be to achieve; which is to get any “notional” debt off the CIC books while at the same time putting a mechanism in place that would prevent any future sale without the prior agreement of GPC.</p> <p>I am sure a simple shareholder vote for an amendment to the CIC constitution would be possible at no great cost?”</p> <p>Unanimous support from Community Liaison Committee.</p>
08/07/2015	Email from Parish Clerk/Benjamin Tassell to Alistair Cooper	<p>Asking for a copy of the final CIC articles and saying:</p> <p>“I want to get some proposals in writing for sign off by the Council to get this loan written off.”</p>
08/08/2015	Annual return for the CIC	<p>320 “Other” shares – no form SH01 for these 5 shares</p> <p>Aggregate nominal value £63,000 - assume should have been £64,000</p> <p>Amount paid per share £63,000 which again assume should be £200.</p> <p>188 shareholders and all hold one share other than 19 shareholders, one of which is GPC which is listed as holding 98 shares.</p>
31/08/2015	Unaudited abbreviated accounts for the CIC	<p>£25k loan from GPC repayable after 5 years</p> <p>Share capital 214 ordinary shares of £200 each = £42,800</p> <p>“Five ordinary shares were issued fully paid during this financial year.”</p>
2016	Groby CIC Facts document from Cllr	References an AGM being held but it not being quorate as the company secretary did not attend – not seen any minutes or any

Date	Document	Summary
	Batty	other details but the query seems to be whether directors and the company secretary of the CIC have been properly appointed
10/04/2016	<p>Letter from Peter Batty as chairman of GPC to the clerk</p> <p>[this letter is also Doc 11 but slight amended towards the end]</p>	<p>Queries the Council's record keeping and advice based on GPC providing £25k by way of 98 shares at £200 per share (£19,600) and £5,400 contribution towards costs (had originally understood the £25k was for 125 shares of £200 per share).</p>
08/08/2016	<p>Second filing of CS01 registered 22/08/2016 [first 2 pages of original and second part of Doc 10]</p> <p>Received for filing 22/12/2022 but noted on the filing history as filed 14/01/2023</p>	<p>Original filing listed 320 shares (£64,000 so £200 per share).</p> <p>Second filing listed 221 shares (£44,200 so £200 per share and all paid up) and 185 shareholders – of these all hold one share other than 19 shareholders but no mention of Groby Parish Council.</p> <p>Understand GPC not transferred any shares and no evidence of a buyback of shares.</p>
31/08/2016	Annual report and unaudited accounts for the CIC	<p>£25k showing as outstanding to creditors falling due after more than one year</p> <p>“Other creditors consist of a loan from GPC, that is to be repaid annually at an amount not less than 25% of the operating profit of the Company for each financial year. Based on the result for this year the directors are of the opinion that no repayment will be required within 12 months of the balance sheet date. No repayment date for this loan has been set by the Parish Council.”</p> <p>Report references each donation of £200 being converted to a shares and the interest free loan again.</p>
09/02/2017	Form SH01 for the CIC	<p>4 ordinary shares of £100 issued - £100 paid – no SH02 for a sub-division.</p> <p>Statement of capital - 324 Other shares allotted and aggregate nominal value £64,400 – assume wrong as this would be £198.765 per share.</p>

Date	Document	Summary
		Aggregate amount unpaid £64,000 – assume this is also wrong
08/08/2017	CS01 for the CIC	Statement of capital as above  190 shareholders, all holding 1 share other than 21 shareholders including GPC holding 98 shares.
31/08/2017	Annual report and unaudited accounts for the CIC	As per 2016
08/08/2018	CS01 for the CIC	326 Other shares with an aggregate nominal value of 64399.999968 – total aggregate unpaid £64,800 – no SH01 filed for the 2 more shares issued.  192 shareholders, all holding 1 share other than 21 shareholders including GPC holding 98 shares.
31/08/2018	Annual report and unaudited accounts	As per 2016 and 2017
2018-19	Groby Parish Council Asset list [part of Doc 11]	Includes a line “Groby Cic – 200 Shares/10 voting Shares” with a value of £25,000
08/08/2019	CS01 [first two pages part of Doc 10]	329 shares, aggregate nominal value £65,800 (£200 per share) - £68,500 unpaid – no SH01 filed for 3 more shares issued.  195 shareholders, all holding 1 share other than 21 shareholders including GPC holding 98 shares.
31/08/2019	Annual report and unaudited accounts	As per 2016 and 2017 and 2018
08/08/2020	CS01	No statement of capital. Still 195 shareholders – no transfers noted (nor are any noted in any previous confirmation statements).
31/08/2020	Annual report and unaudited accounts	As per 2016 and 2017 and 2018 and 2019

Date	Document	Summary
09/03/2021	Email from Peter Batty to Alistair Cooper [Doc 12]	<p>This flags that the land has not in fact transferred from the Council to the CIC despite messages from both parties that it had. It also flags that there are irregularities and breaches of Company Law.</p> <p>The suggestion is that a new entity may be the best way to proceed.</p>
09/04/2021	Email from Pete Smith to the Parish Clerk and Brian Rigby (addressed to the chairman) [Doc 13]	Flagging as a shareholder of the CIC that the land had not been transferred and that there was inaccurate information at Companies House.
14/04/2021	Reply from the Clerk to the above email [Doc 13]	Confirming will look into it and act accordingly
01/05/2021	Groby CIC Facts document from Cllr Batty	Susan Hackett appointed as company secretary by the CIC. The Query is whether this appointment was carried out correctly by the Council and the CIC
May 2021	Audio recording of an extract of the GPC AGM re the CIC [stapled to Doc 13]	The index to the documents states that this is to help me understand the quality of the Council. Knights have not listened to this.
06/05/2021	Email from Alistair Cooper to Peter Smith and the Clerk and Peter forwarding of this to Peter Batty [Doc 14]	Alistair writes in the capacity as Chair of the CIC (Councillor Batty queries in the index/notes whether he has been properly appointed as such) to try to deal with concerns that Companies House updated with the Clerk as company secretary, that the land does need to transfer but not concerned and incorrectly that the Council is the asset locked body for the CIC if it ceases to exist.
21/06/2021	Email from Peter Batty to the Clerk copying in the Council's auditor and Edward Argar MP with a letter of complaint about the CIC attaching wording	<p>References the Council holding 98 shares in the CIC (32%)</p> <p>Alleges that the Council have not dealt with the CIC issues appropriately</p> <p>It concludes that the Council's investment was for shares and not as a debt.</p>

Date	Document	Summary
	from the CIC's articles [Doc 15]	
08/08/2021	CS01 [first page part of Doc 10]	Confirmed no changes
31/08/2021	Annual report and unaudited accounts	As per 2016 and 2017 and 2018 and 2019 and 2020
18/11/2021	Email from Groby Accountability to William [Doc 16]	<p>It is not clear who this is from or to or the wider context of this but it alleges that 3 residents who originally invested money in 2011 were never issued with shares when the CIC was incorporated;</p> <p>It also notes that the record keeping for the CIC has been inadequate and there have been breaches of the articles.</p>
15/12/2021	Register extract for LT415137	As above
Councillor Batty has marked these as 17/01/2022	Extract of Council minutes [Doc 17]	Clerk advised that the solicitors were trying to register to transfer of the land using the TR1 signed back in 2014 – no explanation as to why this has not been registered back in 2014.
28/02/2022	First page of minutes of Council Finance & General Purposes Committee Meeting [Doc 18]	Clerk was pulling together info required to respond to the external auditor and was liaising with the solicitor in relation to the transfer of land not having been registered.
Councillor Batty has marked these as March 2022	Councillor Batty has marked these as an extract from the minutes of a Council meeting [Doc 18]	Resolved to pay an outstanding solicitor's invoice from June 2013 to Nov 2014 – no other details minuted
11/03/2022	Email from Peter Batty	Arguing that the outstanding invoice should not have been paid and

Date	Document	Summary
	to the Clerk and Brian Rigby [Doc 19]	that the Council are still not dealing with the CIC appropriately.
08/08/2022	CS01 [first page part of Doc 10]	Confirmed no changes
31/08/2022	Annual report and unaudited accounts	As per 2016 and 2017 and 2018 and 2019 and 2020 and 2021
Jan 2023	CIC Shareholders Listing for Companies House	It is understood that this is based on work carried out by the CIC so may not be 100% accurate. It is however a good starting point for consultation.
01/05/2023	Email from Alistair Cooper addressed to Dear Shareholders [Doc 20]	<p>Complaint made to CIC regulator about ownership of the land and accounting dealt with and they are satisfied that there was an administrative error.</p> <p>Incorrectly states that the ownership of the land had been registered at the Land Registry</p>
10/05/2023	Email from Peter Batty to Alistair Cooper [Doc 21]	Sets out that there have been breaches of the articles of association of the CIC and incorrect governance followed.
20/06/2023	Email from Peter Batty to Carol Ann Lange/Councillor Lincoln [Doc 22]	Not relevant to this review as it explains that Peter couldn't share information about the CIC in case it impacted his claim against Alistair Cooper
Councillor Batty has marked these as 17/07/2023	Councillor Batty has marked these as an extract from the Council's minutes [Doc 23]	2 councillors voted that there should be an investigation into the management of the CIC but 6 voted against this
Councillor Batty has marked	Councillor Batty has marked these as a copy of a letter of	Requesting the Council to reconsider and instruct a full investigation into the CIC

Date	Document	Summary
these as August 2023	concern to the Council from a CIC stakeholder but it is not clear from the document [Doc 24]	
08/08/2023	CS01	Confirmed no changes
31/08/2023	Extract from CIC accounts (filed 06/02/2024) [Doc 27]	Susan Hackett is listed in two places as a director but is not registered as one at Companies House.  Having looked at the full document filed at Companies House, references to shares and loans are as per previous accounts.
20/09/23	Notice of an application to register a deed – B1.  Addressed to GBPC	Requested to consent or object to a transfer dated 21 September 2013 between GPC and Groby CIC lodged by Josiah Hincks Solicitors  Consent signed and dated 27 September 2023  Copy TR1 included – no additional provisions included.  Need certificate signed by Countryside Solutions Limited for the transfer and Knights have not seen this.
17/10/2023	Knights EL – signed same day	Scope was to review documents provided and set out options available in relation to the Council's interest in the CIC
08/11/2023	Knights email reporting to Council	Timeline and summary with recommendations
17/11/2023	Knights call with the Clerk and Ted Hollick	To discuss the options and next steps – Knights have not seen what was fed back the full Council
18/12/2023	Email from Peter Batty to the Clerk [Doc 25]	Sets out issues with the transfer of the land including that the Council did not have authority to sign the TR1 on 21 September 2013 as the authority was only given in December 2013.  Apparently the Land Registry cancelled one application to register

Date	Document	Summary
		<p>the TR1 because requisitions raised were not responded to.</p> <p>Another application was made in April 2023 but challenged.</p> <p>8 June 2023 another TR1 was executed but allegation is that this was not authorised by the Council and not properly signed by the CIC as directors not properly appointed.</p>
19/01/2024	Knights email	Listing some historical errors
29/01/2024	Letter from the Council to Councillor Batty [Doc 25]	Response to the queries raised by Peter Batty including that the solicitor added the date of 21 September 2013 which appears to relate to the date the solicitor sent the document to the Council to sign and return.
01/02/2024	Email from Peter Batty but it does not say the recipient's email, it is address to Dear Cllr. Clarke [Doc 26]	Criticism as to the solicitor adding the incorrect date to the TR1 not being escalated and that this was certified incorrectly and at the relevant points in time there was no authority in place.
22/03/2024	Groby CIC Facts document from Cllr Batty	Cllr Batty telephone update with the Land Registry that the transfer of the land to the CIC is currently "suspended" and the concern seems to be transferring it to the CIC which is not being managed appropriately

In addition, Doc 28 seems to be generic information about Community Interest Companies.

## INDEX OF DOCUMENTS REVIEWED AND IN THE DATA ROOM:

1. CIC Shares Master - REVISED gpc Dated 07.11.2012.xlsx\_252328773\_1.xlsx
2. COMMUNITY TRUST 500 LISTING dated 30.08.2011.xlsx\_252328774\_1.xlsx
3. Community Trust way forward letter re meeting 08.09.2011.pdf\_252328775\_1.pdf
4. Document 1\_502484659\_1.pdf
5. Document 2\_502484666\_1.pdf
6. Document 3\_502484675\_1.pdf
7. Document 4\_502485390\_1.pdf
8. Document 5\_502485406\_1.pdf
9. Document 6\_502485985\_1.pdf
10. Document 7\_502486078\_1.pdf
11. Document 8\_502486168\_1.pdf
12. Document 9\_502487278\_1.pdf
13. Document 10\_502486756\_1.pdf
14. Document 11\_502486782\_1.pdf
15. Document 12\_502486799\_1.pdf
16. Document 13\_502486818\_1.pdf
17. Document 14\_502486844\_1.pdf
18. Document 15\_502486983\_1.pdf
19. Document 16\_502486962\_1.pdf
20. Document 17\_502487009\_1.pdf
21. Document 18\_502487052\_1.pdf
22. Document 20\_502487085\_1.pdf
23. Document 21\_502487104\_1.pdf
24. Document 22\_502487172\_1.pdf
25. Document 23\_502487120\_1.pdf
26. Document 24\_502487145\_1.pdf
27. Document 25\_502487235\_1.pdf
28. Document 26\_502487196\_1.pdf
29. Document 27\_502487213\_1.pdf
30. Document 28\_502487254\_1.pdf
31. E-mail exchanges April 2011 - July 2015.pdf\_252328784\_1.pdf
32. Email from Cllr Batty to Clerk April 2016.pdf\_252328785\_1.pdf
33. Groby CIC confirmation to shareholders of purchase April 2011.pdf\_252328776\_1.pdf
34. Groby CIC facts\_502484617\_1.pdf
35. Groby CIC shareholder letter 12.11 2012.pdf\_252328777\_1.pdf
36. Incorporation Documents at Companies House incl Articles of Association August 2013.pdf\_252328778\_1.pdf
37. Land Registry Signed Consent Form 27.09.2023.pdf\_252328779\_1.pdf
38. Land Registry Title Deed Groby CIC Meadow LT415137 04.04.2022.pdf\_252328780\_1.pdf
39. Legal Advice June 2011 - September 2013.pdf\_252328783\_1.pdf
40. Second Filing of August 2016 document incl shareholding - Companies House Jan 2023.pdf\_252328781\_1.pdf
41. Summary\_502484653\_1.pdf
42. Transfer of land to Groby Parish Council May 2011.pdf\_252328782\_1.pdf

43. 1.GPC Minutes 04 April 2011.pdf\_252328786\_1.pdf
44. 2.Extraordinary Meeting Of Council Minutes 19 April 11.pdf\_252328787\_1.pdf
45. 3.GPC Minutes 26 April 2011.pdf\_252328788\_1.pdf
46. 4.GPC Minutes 06 June 2011.pdf\_252328789\_1.pdf
47. 5.GPC Minutes 07 Oct 2013.pdf\_252328790\_1.pdf
48. 6.GPC Minutes 02 Dec 2013.pdf\_252328791\_1.pdf
49. Annual Return submitted Companies House incl shareholdings August 2014.pdf\_252328771\_1.pdf
50. Articles of Association version 5 - 04.2.2013 - GPC held copy.pdf\_252328772\_1.pdf
51. Josiah Hincks Statement of Account for Land Purchase May 2011.pdf
52. Josiah Hincks Invoice CIC Formation Aug 2012.pdf
53. GPC Payment of Accounts Schedule 16th May 2011.pdf
54. GPC Bank Account 2 - May 2011.pdf
55. GPC Year End Income and Expenditure Statement 31 March 2012.pdf
56. Council Minutes 07.04.2014.pdf
57. Year-end Account Statement 2011-2012.pdf
58. CIC Shareholders Listing for Companies House Jan 2023.xlsx
59. CIC Groby Parish Council Transcript.doc