

**MINUTES OF THE FIRST A.G.M. OF THURNHAM HALL  
HELD ON SUNDAY 23RD MARCH 1997  
AT LANCASTER TOWN HALL  
AT 10.30 am.**

The meeting opened at 10.30 a.m.  
In attendance were:

Fred Fogg	Director
Nigel Robinson	Director
Declan Kenny	F.N.T.C.
Mike Forth	Committee Representative

The first item on the Agenda was the election of a Chairman. a proposer and a seconder voted Mike Forth to take this role. Mike introduced the other members at the table and ran through the order of business he requested those present to save any questions until the three reports had been given and that Fred, Nigel, Declan and himself would be available after the meeting if any member wanted to discuss any item in greater depth.

Apologies for absence were received and noted.

The second item on the Agenda was the report from the Developer given by Fred Fogg:-

" Good morning Ladies & Gentlemen. how time flies, it doesn't seem five minutes since we sat at the hotel in Blackpool gloating at our achievements of rescuing Thurnham Hall from the Receivers after almost two years of negotiations and all of us looking ahead to the future with a positive frame of mind. For most of you it was the end of a long hard battle and quite rightly so, for myself it was only the beginning. I never expected it to be easy and it hasn't been but we have made progress as those of you who have stayed at the Hall over the last six months will I hope confirm.

Our first seven months of trading was, to be frank, a nightmare, and but for Nigel and myself digging deep into our pockets the business would not have survived. In fact it got so bad that my wife started to hand down her clothes to our children so that they could go to school fully dressed and let me tell you that's tough when you've got three boys!! But, seriously that period taught us so much about this business and its pitfalls but I am a very determined and positive person with 101% in the quality and future of Thurnham Hall and I have around me now people with the same determination, positive attitude and resolve to make our Resort the premier resort in the U.K.

Most of our problems during that initial period were not of our making. Developers like myself depend on a consumer finance package being available to offer to potential clients when they purchase timeshare, in fact 90% of our clients purchase on finance. There are only two major financiers of timeshare these being F.N.B. (sister company of F.N.C.B. - the seller) and Universal Credit. One would have assumed that the obvious choice would have been FNB, not so they turned us down flat giving quite feeble excuses, strange that FNCEB deemed us worthy of buying Thurnham Hall but their sister company deemed us unworthy to offer their finance package. Fortunately Universal Credit did see us as a credible outfit and we now have a very good working relationship with them but unfortunately it took until October of last year for them to be satisfied that all our documentation was in order and that we were worthy of a consumer credit licence. We had effectively lost seven months of potential sales but we are here, stronger, more knowledgeable and even more determined to succeed, we have now laid the foundations to enable us to do this.

To develop Thurnham Hall costs money and that money must come from sales of timeshare weeks, we now have in place all the tools to enable us to succeed, we have our own office in Lancaster employing some 16 part-time tele-canvassing staff to supply us with potential new owners. The new sales staff we now have, some 12 in number, are a very professional team of people and I am very pleased with their efforts since the beginning of 1997.

In addition to the on-site sales we invested in an office in Tashkent in Uzbekistan last October, we employ three U.K. staff and about twenty Russians who are selling Thurnham Hall to the local population. The project is now showing some success after the early problems with legal documentation, local police and Mafia ( we are still trying to work out which one is which). Every penny earned through sales is being ploughed back into the business.

As you will see from the accounts there is a substantial shortfall between the cost of running the Resort and the income received from management fees. We are committed to keeping the management fees to a minimum, without prejudicing the quality of service at the resort and this can only be achieved by us subsidising the short-fall until such time as we have a sufficient number of owners to cover the cost of running the resort. We are confident that at the present rate of sales this can be achieved within the next twelve months. We have a business to run and we must balance the books I will not be tempted to take on a project unless we can justify it financially, there are so many things we would like to see at Thurnham, probably more than most but each must take their place until sound business sense make them possible. We have progressed as regular visitors to the Hall will know, we have converted the former offices on the first floor to two beautiful apartments, we have repossessed and refitted the Lady Jane Grey from our former sitting tenant Mrs. Clewes. We have spent in excess of £20,000 updating the electrical system and most apartments have benefited from some redecoration or new furniture, the Chapel which now forms part of our sales deck has been completely redecorated and heated.

I would just like to say a few words about the staff at Thurnham Hall who are not here of course. There are 14 full time and 11 part-time workers in all and I can honestly say without exception that they are the most honest and dedicated group of employees I have ever met. It is a pleasure to work with them and we have never had anything but praise from the many visitors who have stayed at the Hall. To follow on from that I would like to make a few comments about our involvement with RCI, as a resort they have given us much needed help and support, I hope that is also true for yourselves. It was very nice to see so many of you at the RCI evening last December, I am sure that this can be repeated if enough people were interested. As you may or may not know the status of any resort affiliated to RCI is based on the comment cards that they receive from their exchange guests these are completed by people on return from a holiday at an RCI resort and the resultant marks are advised to the resort on a monthly basis. Guests are asked to grade certain categories from 1 to 5 with 5 being the highest, we consistently get 5's in many of these categories a result that we are justifiably proud of. A further feature of the report that we receive is a comparison between our resort and collectively all other European resorts, we score higher in every category with the exception of the weather and there really is not a lot we can do about that one !!!

In closing I would like to thank those of you who have been able to come today and to say how nice it is to see so many of our "new" owners, I hope you will be able to come back to the Hall afterwards where Sunday lunch is being served.

The next item on the Agenda was the Report from the Management Committee given by Michael Forth:-

Michael commented on the fact that the Committee which is composed of two founder members and three elected members from the owners is working well together, all aspects of the resort and its development are discussed in an open and friendly manner. Michael reminded those present that as the elected representatives he and his colleagues are there to represent the views of the owners and welcomed the raising of issues by the membership and he reminded the membership that nobody has a monopoly on good ideas.

Michael advised that the leases for the Thomas Grey Suite and the Fitzgerald Suite were in the final stages and following their completion FNTC would be issuing the ownership certificates for those apartments.

Michael advised that due to other commitments Mike Torevell had no option but to relinquish his role in working with Nigel Robinson to complete the business of the share issue to those "old" owners who

had reinstated with Thurnham Leisure Ltd., but he Michael Forth would be willing to step into Mike Torevell's shoes.

On the subject of future planning both short and long term Michael welcomed the idea of sub-committees to assist the committee particularly in the areas of social events and gardening, forms for this purpose had been sent out with the Agenda for the AGM but the response had been very poor. Michael finished by asking the membership to support the Hall as often as possible and wished the venture every success.

The next item on the Agenda was the Report from the Accountant given by Nigel Robinson:-

Nigel Robinson gave a general discussion on the format of a set of statutory accounts and went through the legal requirements and relationship between Thurnham Hall Management Limited and Thurnham Leisure Limited.

With particular reference to the Profit and Loss Account a detailed discussion took place over the expenses of the Company including an explanation arising from the fact that the accounts only covered 7 months and how only 7/12 of management fees had been brought into these accounts. He went on to explain the mix of expenditure with Thurnham Leisure Limited and the fact that it was envisaged that on the basis of current sales the company would be in a break-even situation within a year to eighteen months.

On the subject of the Balance Sheet Nigel reiterated the fact that he and Fred Fogg were fully committed to funding the shortfall. Nigel also outlined the financial support given to the off-site office in Tashkent and the tele-cavassing office in Lancaster.

With regard to the Audit Report Nigel explained the problems an Auditor would face with the company being technically insolvent at this time.

On the subject of the Leisure Centre Nigel outlined the problems that he and Fred have had in discussions with Banks over the funding of this project, the basic problem stems from a lack of understanding of the nature of the timeshare industry fuelled by the bad experiences a minority of Banks have had in this area nevertheless they will continue to pursue this avenue.

The meeting was then opened to the floor for questions, members were asked to state their name for the record but in some cases this was not heard properly and is therefore not noted:-

- Q1. Why is the original £500 not included in the accounts?  
A.(NCR) Because these funds were paid to FNCB at the time of purchase.
- Q2. (D.White) What has happened to the £500 paid by some members for 2nd weeks?  
A. (FJF) These funds were paid to FNCB who have given an indemnity to FNTC so that the members rights are protected.
- Q3. On what basis are votes for the Management Committee allowed?  
A. (FJF) On the basis of one vote per week owned.
- Q3a. Why were nominations for two of the committee members allowed to be made by their partners instead of an independent party?  
A.(FJF) We are not aware of any rule that prohibits this but will bear it in mind for the next time.
- Q4 (A.Pavely) With reference to the cash flow of the Club would it help to pay the maintenance fees by direct debit?  
A.(NCR) No the existing arrangement works well.  
(DK) From the experience of the Trustees this method is not cost effective.
- Q5.(J.Jennings) In view of the fact that the accounts presented here are only up to 31st December will they look any better by the end of the financial year?  
A.(NCR) No because the accounts are for Thurnham Hall Management not Thurnham Leisure which is where the main income will be generated for now, in time new sales will lead to more maintenance fees and increased income for the bar/restaurant.

- (FJF) Just to clarify this point Thurnham Leisure Limited own the resort and employ the sales staff whereas Thurnham Management Ltd. manages the resort, its income at present is in the region of £80,000 whereas the running costs are approx. £300,000 p.a. so Thurnham Leisure is subsidising Thurnham Management but as Nigel has said this subsidy will reduce as new owners begin to pay maintenance fees.
- (MF) More sales also means more development which benefits all.
- Q6(F.Matthews) Can you expand on your immediate plans with regard to the Leisure Centre?
- A. (FJF) Whilst I will continue to talk to various banks I want to ensure that this investment will be made at a time when the business can support the outlay. I don't want to make false promises but it is my wish to start work on it within the next 3 to 4 months.
- Q7  
A.(FJF) How will it be financed ?  
Through our own finances, the existing mortgage should be paid off this year.
- Q8(Dr. Atree)  
A.(FJF) What are your plans for the driveway ?  
Just to give you some idea we spent some £2,000 on repairs to it last year now it needs more spent on it possibly even tarmacking, as most of you are aware it is a right of way for both the Catholic Church and the farm and it is the heavy farm lorries that do all the damage but the farmer contributes nothing to the cost of repairs. I am aware that first impressions are important and it is an area of concern to me.
- Q9(R.Steel)  
A.(FJF) For those who have paid for second weeks when will these be available ?  
The planning permits are now all in place for the new apartments and we hope to commence construction of the first block of four by the Summer, in the meantime those owners involved have not been asked for a maintenance fee unless they require a week for use this year in which case we have done our best to accommodate them either on site or by placing an additional week with RCI on their behalf.
- Q.  
A.(FJF) Why Tashkent ?  
Why not ! It's a good market place with a stable economy, the people have money and they want to travel abroad for their holidays and it hasn't suffered the bad publicity that other Russian states have with regard to timeshare.
- Q10(R.Dell)  
A.(NCR) Have you considered selling shares to the membership to raise further finance to complete the Leisure Centre ?  
Yes it has been thought about but not explored in any depth but it certainly is a consideration, maybe we can get a show of hands from those present as to what the response would be if we were to approach the owners on this basis. ( Approx. one third of those present indicated their willingness to this proposal) NCR noted that legal fees for such a scheme could be expensive.
- Q11.(Mr. Hartley)  
A.(FJF) Some friends of ours were invited to a presentation yesterday but were not allowed to attend can you explain why ?  
Obviously without knowing their details I cannot give you a firm answer but the most likely reason is that they didn't meet one or more of the qualifications which are laid down by the sales team, these qualifications are standard throughout the industry.

Q12 G.Yoxhall)

What are your external development plans for this year particularly with the younger membership in mind ?

A. (FJF)

We certainly recognise the need to encourage younger people with children to become owners and to this end we must provide some facilities for them, we are about to clear the orchard to create a children's play area which will help. We need to create a balance to ensure that all our guests needs are catered for.

Mr. Yoxhall further suggested that plans be available for proposed development so that owners who are not so familiar with the layout of the grounds could put forward their ideas.

There being no further questions at this time the next item on the Agenda was the voting in of the new Committee Member, whilst this was being organised Mike Forth took the opportunity to propose an official vote of thanks to Mike Torveill for the work he had done on behalf of the owners and to Shirley Barber who, for health reasons, was standing down from the Management Committee and not offering herself for re-election.

The nominations to fill the vacancy arising on the Management Committee were John Jackson, Ian Boothby and George Yoxhall, each was invited to make a short speech to the assembled audience giving their reasons for seeking election.

The result of the vote was:-

John Jackson	74 votes
Ian Boothby	14 votes
George Yoxhall	27 votes

Accordingly John Jackson was elected to the Management Committee.

There being no further business the meeting closed at 12.30p.m.