

## **Background to the development of Priory Rooms (Bull Street) Ltd** (updated September 2014)

The story of the development of Priory Rooms goes back to Dr Johnson House (DJH), located adjacent to Bull St Meeting House, built in the '60s, owned by Warwickshire Monthly Meeting (WMM), with rooms let to hirers.

In 1995 WMM was approached by Barberry Richardsons regarding the development of DJH. The developers were planning to build a major office complex on the site occupied by DJH (and other nearby land). Their proposals were accepted by WMM, and Friends at the time decided that this presented an opportunity to build a new Conference Centre to replace DJH, extending the Meeting House to where the Atrium now sits, and extending below ground level. This was complicated by the fact that a number of graves needed to be relocated, which was duly arranged. The negotiations and development plans were in the hands of a group called the Bull Street Properties Management Committee (BSPMC). While the plans for the new facility were being progressed (including the establishment of a lease between WMM and Barberry Richardson for the land on which their new office block was to stand), it was decided to undertake a major refurbishment of the Bull Street Meeting House. This was completed around 1999, at a cost of £702k, which was funded from WMM reserves. This was capitalised and is being depreciated in the CEQ accounts.

The demolition of DJH and the building of the new Priory Rooms Conference Centre was completed around 2003, and a 250-year lease for the land under what is now known as 1 Colmore Square was drafted in 2001, but was not fully completed until 2004. The initial minimum ground rent agreed was £150,000 pa (renegotiated in 2009 at £175,000 pa).

In 2003 BSPMC realised that they would need a significant loan to enable the work to be completed, but the ground rent from 1 Colmore Square would provide ample collateral, and generate sufficient income to cover the repayments. A loan with Lloyds TSB was entered into by Trustees in 2003 – initially as an overdraft facility, but converted to a loan in 2005, with a 13-year term (ie repayable by 2018).

£100,000 of the loan was repaid when Stirchley MH was sold. The loan value at 31 December 2013 (with 5 years of the 13 year term remaining) was £296,000. The annual loan repayment (principal and interest) is currently £94,000.

Priory Rooms started letting rooms under the auspices of BSPMC, but by 2004, following a visit to the charity by the Charity Commission (and on their advice) it was decided to establish a trading company, Priory Rooms (Bull Street) Ltd, owned by WMM Trustees, but with limited liability. The Articles of Association were agreed in Oct 2004 (revised in July 2014), and in June 2005 WMM/BSPMC transferred assets and the responsibility for the operation of the Conference Centre to the new company. These assets (furniture and equipment) valued at £120,000 were intended to remain the property of CEQ, with no charge for their use and no obligation on PR to repay the debt, but payment in full for these assets was made, voluntarily, by PR in 2013.

The charity provided PR with a loan of £62,000, to provide some working capital during the start up phase. This was to be repaid in quarterly instalments over a 20 year term, with interest charged at 3%. In July 2009 PR Directors decided to repay half of the remaining loan, with a one-off payment of £24k. They agreed to maintain the annual repayment of capital (£3100) in order to be able to repay the loan early (2017 rather than 2025). However the balance of the loan was fully repaid, voluntarily, in 2013.