

**Epping Forest Horology
Centre**

**Annual Report and
Accounts for year ending
31 July 2023**

EFHC Chairman's Report July 2022/July 2023

Firstly, welcome to this year's (second) AGM and a particularly warm welcome to any new members who have joined us since the last one. Just to state the obvious, this is the Annual Report and Accounts for the the last full year (22/23), so July 31st 2022 to July 31st 2023. By holding this now we have the AGM back in its proper place close to the end of the financial year in question. The recent shuffling of dates was due to a combination of pandemic chaos and the fact that we have changed our accounting methods. The newer method does make sense but also can be somewhat misleading unless one is able to see the underlying detail and phasing of some of the figures. So if anyone has any specific questions or queries, please let either myself or the treasurer know and we will do our very best to explain what you are looking at. My thanks to Dave Mowbray for all his time and effort in keeping our finances in check for yet another year. The accounts have now been audited and formally accepted as a true record by the Trustees, and hence are now available to you the members in the attached documents. The one major take away from these accounts has to be that the Trustees agreed that for the first time that we anticipate running into the red in budgeting for the coming year. Obviously this is a serious step to take and a decision that was not taken lightly. The bottom line here is that we have chosen to buffer a rise in membership fees by allowing a draw on our reserves. Obviously, this is not a sustainable approach for EFHC and we will need to make every effort to reverse this trend next year.

Before I move on, I would like to say what a pleasure it has been to see Bob Stevenson back in the workshop. Thanks to the incredible efforts of his buddies and the indomitable Shirley we were able to gradually welcome Bob back and get him behind a bench again. As a positive panacea it is hard for us to understand just what that means to both Shirley and to Bob. Thank you on their behalf to all those helpers and lifters and supporters that made this possible. Bob still can show us a thing or two when it comes to both wit and wisdom and he can still file straighter than I can with one hand! By the time you return in September you will also find another new ramp in the workshop to help all those of us who are no longer as steady as we once were on our feet. A positive gesture that underlines our continuing support for our members and our commitment to staying put on Mount Farm.

As we started this year we had a number of unknowns that needed resolution by outside agencies before we knew how they might affect us at EFHC. Gradually, some of these have become a little easier for us to understand, although they still have some far reaching implications for EFHC. Firstly, we knew that after many years the Galloways would want to review our expired lease on the property and following that to that look at a rent review. As part of the expansion of business on the farm several commercial valuations were commissioned. Dave and I met with the Galloways at their request some months ago to discuss the fall out from this process. The meeting was an

amiable one and both parties were happy to reinforce their commitment to EFHC staying put on the farm for the foreseeable future. I should add that this was never a given. Dave and I were both prepared for a quite difficult meeting and the possibility of having to deal with some potentially bad news. Fortunately for us, Stuart and Alistair see EFHC as an integral and desirable part of life on Mount farm and were as accommodating as they could afford to be in the discussions.

Inevitably the rent review will put up our costs and we have to accept the fact that we occupy a sizeable chunk of valuable real estate on what is now a very commercial operation that extends beyond basic farming. Indeed it came as a surprise to us when Stuart revealed just how many tenants/leases are now occupying space on the farm, we are no longer alone! As well as the increase in the rent, the frequency of a rent review is something that is still under discussion. On the one hand we would like stability and on the other the Galloways would ideally like flexibility and the ability to react quickly to market forces. Somewhere there is a deal to be struck and on the back of this a new lease is being prepared by the property agents. When this is forthcoming we will of course consider it and it will be then put before the Trustees for sign off.

There was one other item that Dave mentioned in passing in the accounts which is worthy of further explanation, and that is our 'liability' for business rates. This is an ongoing and still unresolved issue for EFHC. Our feeling is that this rather unsatisfactory state of affairs will always pertain and the fact that it is 'unresolved' is something that we will simply have to live with down the years. Put simply, we don't know what our liabilities are, or could be in the future, because Epping Forest District Council do not have a method of dealing with the issue, or even seem likely to have in the foreseeable future. I think we fall into the 'too difficult' category and they simply do not have the resources to bother with us. Basically, we believe and all the evidence indicates that as a charity we are not liable for business rates. We have done our due diligence and filled in all the forms and written all the commentary to back up our position. The council have all this information and even sent out someone to inspect our workshops. There the trail ends. Epping Forest District Council do not respond to further enquiries. None of us at EFHC or at Galloways believe that we have any liability, and I'm sure that if Epping Forest District Council thought they had a case for taking money from us they would be knocking on the door with their hands out. But, it is prudent for us to have a line in our accounts against any claim were the worst to happen. Again – if anyone wants further clarification then please ask either Dave or myself.

Before I finish this year I need to thank all our tutors on behalf of all the members for their continued time and support that they give to us at EFHC. I would particularly like to thank Jon Woods for the enthusiasm and commitment that he has provide in teaching the watch classes for us over the past few years. As some of you will know Jon is moving on and has a busy watch

repair business to take care of and also some students of his own to occupy his time. I wish him well in his future ventures.

As Jon moves on it is also time for us to welcome back Kris Stanulewicz to EFHC, this time as a watch tutor teaching the incoming first year cohort and taking on the second year class from Jon. Kris started out as a student with EFHC some years ago and since then has worked for some very well known brand names. His experience will be invaluable to his students I am sure, but more to the point Kris is a very nice guy and fun to be with, Alongside Kris you may also see Mike Peters helping out from time to time. Again, Mike is an ex EFHC stalwart who is busy running his own watch repair business but who will hopefully be able to help us out from time to time. It is good to know that we have now reached a stage where previous students can come back and bring their experience and expertise to EFHC for the benefit of new students.

Finally, it may be of interest to you to know just how far the influence of EFHC now extends. On a fairly regular basis I get correspondence from distant parts of the globe enquiring about EFHC and whether it is possible to join a course remotely, or even in some cases come to the UK and join us! Australia is high on the list of wannabes and our Australian representative Robert Longair helps us out by guiding these antipodean candidates into the arms of our Australian counterparts. But, we also have had enquires from the USA, Canada, South America and from across Europe. The idea of having an online teaching arm of EFHC isn't necessarily as strange as it seems in this day and age but it does have some shortcomings. Because of the time differences involved it can make classes challenging to say the least. During lock down I had the 'pleasure' of teaching students across the globe. It is somewhat difficult to get sense out of anyone from under a duvet at 3 o'clock in the morning, and I'm not sure that any of us are ready for horology from the bedside quite yet. But then again "necessity is the mother of strange bedfellows" (sic) as they say.

Paul

20/08/2023

Finance Report

The legal stuff

The law applicable to charities in England and Wales requires the charity trustees to prepare financial statements each year which give a view of the state of affairs of the charity including receipts, payments, assets and liabilities. In preparing these financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles of the Charities SORP
- make judgements and estimates which are reasonable and prudent
- to note separately monies paid to trustees for services
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charity will continue in business

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 1993, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

Overview

Almost all of the club's income comes from session fees paid by members. Despite a hefty rise in fees for the 2022/23 year we nevertheless suffered a significant drop in income this year.

This drop in income was in the main due to a fall in overall member numbers - from a pre-Covid peak of 127 down to 94 this year. Income was also affected by discounted rates given to Tuesday and Thursday clock sessions to compensate for tutor absences in the previous year.

On the other side of the finance equation tutor costs and energy costs have risen as expected but fortunately the increase in our rent which has been expected for some time will not kick in until the coming financial period starting in September 2023.

Falling revenue and increasing costs meant that for the 2022/23 financial year our operating position was marginally in the red. Our cash situation however remains in the black for the time being, helped by taking the opportunity to realise past nominal draw-down amounts from the Val Valentine bequest when our investments were moved across to new funds (see below).

Receipts and payments are shown below using the Charity Commission pro-forma. This shows how our current financial position stacks up with cash at £41,644 against liabilities of £34,407 i.e. £7,236 cash remaining (excluding our reserve and bequest funds).

Investments

The entries in the accounts include monies realised from the sale and reinvestment of our controlled funds. This was instigated by our investment managers who closed the funds we were invested in. Monies were transferred to equivalent investments offered by the Charities Aid Foundation.

Once liquidated, the funds were transferred as follows:

- £6,000 in the IFSL CAF ESG **Cautious Fund** (classified as low to medium risk; target return inflation +1.5%)
- £15,739 remains in our fixed rate bond i.e. a 'cautious' rated investment at 1.4%
- £21,175 in the IFSL CAF ESG **Income and Growth Fund** (Classified as medium risk; target return inflation + 3%)
- £21,175 in the IFSL CAF ESG **Growth Fund** (classified as medium to high risk; target return inflation + 4%)
- The cash balance of £4,490 to our current account (covering past Val Valentine draw-downs which had been left in the investment funds until now)

Following a further drawdown for 2022/23, on current valuations our two funds stand at:

- Val Valentine bequest - £38,121
- Reserve fund - £21,740

Outlook

The Trustees maintain that we must continue to budget on the basis of balancing income over expenditure each year to ensure the ongoing viability of the Centre. This remains extremely challenging going forward.

Membership numbers and hence income are likely to be negatively affected by rising session fees, by the cost of living crisis more generally and by the ripple effect of changed personal circumstances following the pandemic. Reinstatement of the Year 2 watch session for 2023/24 will help to some extent to offset this fall in numbers.

The anticipated rent review has now taken place. Given that this has been on hold for a number of years the increase is significant – an additional £4,000 per year. With inflation still running high on top of this our costs will rise considerably. The trustees have explored a number of options to balance the books and a number of small contributors to increased income have been identified but in the event we have had little option but to increase session fees significantly.

Even with this increase, at the current level of membership numbers, we would expect to run in the red again this coming year. Recruitment is therefore a key priority.

As you might expect, we also need to pay careful attention to our costs. With energy costs rising our recent investment in 'smart' heating for the workshops should show a return very quickly.

Regarding other liabilities and risks, as a registered charity we do not anticipate being liable for business rates payments. However, at the time of writing a formal business rate liability assessment is with the local authority. Whilst there is every possibility that we will be zero rated, this is not guaranteed and we may see a rateable value assessment of 20% amounting to some £4800 per annum. A provision of £4800 is therefore shown in the accounts.

Accounting policies

The accounts were independently inspected on August 16th 2023 and will be submitted to the Charities Commission once approved by the AGM.

1. The accounts have been prepared in accordance with the Accounting and

Reporting by Charities - Statement of Recommended Practice (SORP 2005)
and appropriate UK Accounting Standards.

2. Unrestricted funds are available to use to further any of the purposes of the charity. Restricted funds are donated for particular areas of the charity's work or specific projects
3. The charity owns significant amounts of tools, equipment and fittings, much of which is old but has residual value. An asset register (which is a separate document and not included in these summary accounts) has been compiled for those items with value greater than £100. Older items have been listed on the basis of estimated residual value. Newer assets are listed at cost.
4. Although depreciation of most of our equipment has not historically been charged in the operating accounts it is clear that modernisation and update of equipment is now overdue. A clock workshop inventory was begun in July 2020 but suspended due to Covid and, pending the completion of this work it is felt prudent to reduce the estimated value of fixed assets on the books to £55,000.
5. Equipment renewal will be a considerable challenge given the loss of income we are experiencing, however reserves are held to cover unplanned emergency expenditure including repairs to equipment, fittings and other expenditure. A working party has been set up to consider our ongoing equipment requirements, the results of which will inform a decision on use of reserve funds.
6. Financial planning is based upon the premise that operating costs should always be covered by operating income in order to ensure the overall financial viability of the Centre.
7. Operational finance is managed through a current account with Barclays and an Instant Saver Account with Nationwide.

Notes to the accounts

1. The Centre has no potential liability relating to guarantees given by the charity
2. The Centre has zero outstanding debt secured on the charity's assets
3. No remuneration was made to officials of the Centre in this financial year.
4. As a charity, EFHC is eligible for Gift Aid, which is paid by HMRC in arrears. There are strict guidelines on donation eligibility and although membership and session fees would not normally qualify, refunds on fees caused by Covid closures not claimed by members are likely to be regarded as eligible donations by HMRC. Claims are to be compiled. Donations by taxpayers would be eligible for Gift Aid relief at 25%.

Dave Mowbray (Thursday clocks and Trustee Treasurer)



CHARITY COMMISSION FOR ENGLAND AND WALES

Independent examiner's report on the accounts

Section A

Independent Examiner's Report

Report to the trustees/
members of

Charity Name

EPPING FOREST HOROLOGY CENTRE

On accounts for the year
ended

31/07/2023

Charity no
(if any)

1152852

Set out on pages

(remember to include the page numbers of additional sheets)

I report to the trustees on my examination of the accounts of the above charity ("the Trust") for the year ended DD/MM/YYYY.

Responsibilities and
basis of report

As the charity trustees of the Trust, you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ("the Act").

I report in respect of my examination of the Trust's accounts carried out under section 145 of the 2011 Act and in carrying out my examination, I have followed the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent
examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention (other than that disclosed below *) in connection with the examination which gives me cause to believe that in, any material respect:

- accounting records were not kept in accordance with section 130 of the Act or
- the accounts do not accord with the accounting records

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in order to enable a proper understanding of the accounts to be reached.

* Please delete the words in the brackets if they do not apply.

Signed:

Date:

16/8/23

Name:

P.D. TAYLOR

Relevant professional
qualification(s) or body
(if any):

Address:

6 BELL ACRE

LETCWORTH, HERTS.

SG6 2BS

Only complete if the examiner needs to highlight matters of concern (see CC32, Independent examination of charity accounts: directions and guidance for examiners).

Give here brief details of any items that the examiner wishes to disclose.

Epping Forest Nurseries Centre		No, if any
Receipts and payments accounts		
For the period from	Period for accounts	Period for accounts
	01-Aug-22	31-Jul-23

CC16a

Section A Receipts and payments

	Unrestricted funds to the nearest £	Restricted funds to the nearest £	Total funds to the nearest £	Last year to the nearest £
A1 Receipts				
Membership Fees	660	-	660	1,200
Tuition and Course Fees	39,019	-	39,019	48,313
Gifts and Donations	210	-	210	1,075
Sales of Equipment and Material	739	-	739	1,190
Auctions and other fundraising	1,390	-	1,390	-
Interest	132	-	132	10
From Bequest fund	2,228	-	2,228	2,000
Other	82	-	82	-
Sub total (Gross income for AR)	44,459	-	44,459	53,788
A2 Asset and investment sales, (see table).				
CAF funds	52,840	-	52,840	-
Sub total	52,840	-	52,840	-
Total receipts	97,299	-	97,299	53,778
A3 Payments				
Tuition	17,659	-	17,659	31,090
Rent	13,653	-	13,653	18,204
Insurance	1,744	-	1,744	1,632
Equipment and materials	1,910	-	1,910	802
Utilities	3,795	-	3,795	3,689
Auction payments	1183.00	-	1,183	-
Repairs and Maintenance	4774.00	-	4,774	683
Other	462.00	-	462	-
Sub total	45,180	-	45,180	56,608
A4 Asset and investment purchases, (see table)				
CAF funds	48350.00	-	48,350	-
Sub total	48,350	-	48,350	-
Total payments	93,530	-	93,530	56,608
Net of receipts/(payments)	3,769	-	3,769	(2,830)
A5 Transfers between funds				
A6 Cash funds last year end	37,874	-	37,874	37,874
Cash funds this year end	41,644	-	41,644	

Section B Statement of assets and liabilities at the end of the period

Categories	Details	Unrestricted funds to nearest £	Restricted funds to nearest £	Endowment funds to nearest £
B1 Cash funds	Current Account	23,536	-	
	Deposit Accounts(inc with CAF)	17,876	-	
	Cash in Hand	232	-	
	Total cash funds	41,644	-	-

(agree balances with receipts and payments account(s))

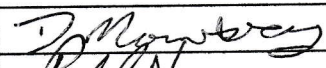
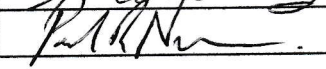
	Details	Unrestricted funds to nearest £	Restricted funds to nearest £	Endowment funds to nearest £
B2 Other monetary assets		-	-	-
		-	-	-
		-	-	-
		-	-	-
		-	-	-
		-	-	-

	Details	Fund to which asset belongs	Cost (optional)	Current value (optional)
B3 Investment assets	Fixed rate bond	Reserves	15,739	-
	CAF Low risk fund	Reserves	6,000	-
	CAF Med risk	Bequest	21,175	-
	CAF Mod risk	Bequest	21,175	-
			-	-

	Details	Fund to which asset belongs	Cost (optional)	Current value (optional)
B4 Assets retained for the charity's own use	Fixed Assets	Plant and equipment	-	55,000
	Stock	Materials	-	180
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-

	Details	Fund to which liability relates	Amount due (optional)	When due (optional)
B5 Liabilities	Creditors - rent		4,551	within 12 mths
	Income received in advance		11,356	within 12 mths
	Tutor fees		13,700	within 12 mths
	Provision for business rates @20%		4,800	within 12 mths
			34,407	

Signed by one or two trustees on behalf of all the trustees

Signature	Print Name	Date of approval
	D MOWBRAY	17/9/23
	P NEWILS	17/9/23