

Epping Forest Horology Centre

Annual Report and Accounts for year ending 31 July 2020

CHAIRMAN'S ANNUAL REPORT TO THE MEMBERS

Firstly, please accept my apologies for misleading you all in stating that we had sent out an interim 'holding' Chairman's report and the accounts back in the autumn. I for one was convinced this was the case, but since there is no trace of them it seems that although the intentions were good, events overtook us and we were back in lockdown before we got around to it.

This report deals with the year September 2019 to the end of July 2020, which at this distance and with the interim chaos seems a very long time ago. The (EFHC) year started well and with some good things to look forward to. The watch classes under the guidance of Jon Woods were enthusiastically received and the rate at which the watch members were attacking new challenges was good to see. The blurring of the edges of Lalit's project classes and Jon's more formal ones was an encouraging trait. Much like the clock sessions the potential for adopting a silo mentality was put aside, and members took advantage of sharing workshop time and knowledge for the common good.

On the clock side from what I could see there were quite a few home-grown masterpieces taking shape on the benches, as well as clocks with some history (and value) on their backs coming in for much needed attention. It takes a special kind of bravery to deliver a much loved and valuable clock to the scrutiny of fellow members, and even more to begin to dismantle it in front of them to begin to work on it. The sense of confidence that all of our tutors bestow at this point always amazes me. What seems like an insurmountable task in the workshop at home, once on the bench at EFHC with David, Francis or Peter there to encourage and guide no longer seems quite so daunting.

One of the things we had intended to do during the year was to fit a lift between the clock and watch workshops. This has proved to be much more difficult than anyone had imagined. There are very few companies out there that provide this specialised equipment, and the ones that do seem intent on parting a client from their money as fast as possible with the least effort on their part. All of the companies that we have so far tried to engage with for this project have mysteriously evaporated as soon as the going got even slightly difficult. So, this particular ball is now firmly back in our court and once we are back in the workshop we will look at a bespoke solution of our own making.

As we moved into the spring it became clear that the Covid 19 virus was going to affect us quickly and severely. As you know, we locked down slightly ahead of the general curve. In hindsight it was the right decision to make. I was acutely aware of the potent mix of the younger watchmakers who were still out and about, and our older members who were going to be extremely vulnerable. It was the right thing to do, but as the first lockdown ground on it became apparent that we were not going to get back in time for summer. This at least gave us some breathing space.

I would like to say a huge thank you to the team that organised getting us back into the workshop when it did become possible. The task was formidable, the need to obey all the current (and changing) rules and then the drawing up of plans, moving benches, cleaning, sourcing of PPE and testing the integrity of the system was time consuming and complex. Nigel Watts helped steer the group of stalwarts who lived close enough to EFHC to enable us to reopen in September 2020. I hope we will be able to call on them in the near future to repeat the exercise.

Over what would have been the Easter break EFHC was flung headlong into the world of 'online' and Zoom meetings. Everyone involved had to learn a great deal very quickly. The lion's share of the IT involvement came from John Barritt, who began sorting out times and availabilities for Zoom sessions and answered all the questions that inevitably came up from those of us playing catch up. With the help of 'local' organisers for specific sessions, EFHC very rapidly became a 'virtual' organisation. Luckily, Jon Woods called on his previous IT knowledge and immediately moved his watch classes online. Of all the subjects that would seem unlikely to translate successfully to an online teaching environment, watch making might seem to be it. But Jon disproved this notion and by asking very specifically for what he needed to get going, he very soon had a viable approach. Jon's watch classes are a revelation, and I would encourage you all to take a look at one when you have a moment. EFHC through Jon's hard work are now way ahead of the rest of the industry when it comes to this form of teaching.

Once we see the back of this pandemic and are able to return to normal again (whatever that might be), I think that we will have learned some valuable lessons as an organisation. Virtual/online EFHC is likely to remain with us and grow in the future, becoming a valuable resource underpinning what happens in the real world in the workshops. However, as we all know, it will never be able to replace the sense of community that develops when like-minded people get together to pursue their chosen pastime and interact with each other in person on the workbench or over a cup of tea. I see any online EFHC presence that may emerge as an add-on to the real thing rather than an alternative.

This pandemic unfortunately will not leave EFHC unscathed financially. Our costs have remained the same, but our income in real terms has fallen. More importantly, we have not been able to provide you with the benefits that your membership entitles you to. This is something that the Trustees are acutely aware of, and I am sure that you will all want to know where we go from here. The attached Treasurer's report has details of how we got through to September 2020, which is within the scope of this AGM, and I am sure Dave will wish to talk through some of the figures for you. On behalf of the Trustees though, I would like to thank all of those members who when offered the option of a refund for the lost Summer term, chose not to take up the offer and thus helped us to balance the books within the year in question. Without your generous donations, for that is what they are, the figures would not look quite as comfortable as they do. Obviously this financial issue has now been further exacerbated as we have staggered through another seven months of uncertainty in the current year. These issues are not for this current report, but of course the Trustees are discussing the options and I will make sure that you are kept informed as soon as we have some definite news for you on a proposed way forward.

In the meantime, may I take this opportunity of wishing you all well and hoping that you stay safe until we see you back in the workshop.

Paul

TREASURER'S REPORT

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.

The Covid 19 pandemic closed the workshops just before the end of the Easter term and we lost access for the whole of the third term. Our fixed costs did not change. Income was also unchanged as members pre-pay at the start of each academic year. The committee offered refunds to compensate members for reduced services over the third term. These refunds would amount in total to one third of our annual income, some £16,000, but to date almost one half of the membership have confirmed that they do not want to take up the offer. This support from the membership has greatly lessened the financial consequences of the lockdown for the club.

A number of short courses were also planned and paid for which were subsequently cancelled.

A provision of £6000 has been made against this year's accounts to cover any refund requests that may still be made.

We spent significantly more on equipment and materials this year, expanding our watch teaching capacity by two benches and enhancing our suite of lathes in the clock workshop.

Total receipts for the year stood at £54,188, down from £59,319 last year due to the loss of one weekly watch session. This figure reduces further once the provision for refunds is taken into account leaving us with a net expected income of £48,188 for the year.

Operating expenditure was £49,124, down from £51,823 last year. This gives an overall shortfall of income against expenditure of £936. This compares with the healthy surplus of £3497 from operations in the previous financial year.

The Val Valentine bequest is classified as 'restricted funding' because of the terms of the bequest:

"In meeting Val Valentines wishes for the application of his bequest to EFHC the Centre is committed to:

1. Adopt a fair, transparent and equitable means of selecting a suitable disabled ex-serviceman/woman wishing to seek a way into the Horological profession.
2. If no suitable candidate is forthcoming from (1) above, then seek to provide a similar opportunity to another disadvantaged local individual, in the spirit of the Val Valentine bequest.
3. Make suitable physical provision at the Mount Farm workshops for any necessary disabled access required to enable (1) or (2) above.
4. Provide a free place on either a watch or clock session for a disabled (preferably ex-serviceman/woman) or otherwise disadvantaged individual for each of 5 academic years beginning September 2016. With the intention of preparing such an individual to enter successfully such professional exams and qualifications as may be appropriate to the Horological trade.
5. Fund one watch and one clock tutor for each of five academic years beginning September 2016

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6. Give whatsoever support and encouragement it can to the selected Val Valentine bequest candidate in order to help them find a position in the Horological trade."

Because of these specific restrictions the bequest has been moved out of the operating account into a separate account. The terms provide considerable scope for the Centre to improve its delivery of structured learning sessions over coming years.

The Trustees maintain that, notwithstanding the existence of a reserve fund of £20,000 and the considerable restricted funding monies at bank, we must continue to budget on the basis of balancing income over expenditure to ensure the ongoing viability of the Centre. This will be extremely challenging going forward given the inevitable reduced demand from and restrictions on member numbers in the workshops.

Going forward our net operating position will also be affected by increases in rent which have been expected for some time but have not yet been instigated by the farm, along with anticipated further increases in energy, insurance, tutor and other costs. On the positive side we now have a new watch tutor and plan to reinstate the structured intermediate watch class lost with the retirement of Richard Edwards last year.

In line with the policy agreed at the AGM in September 2019, fees for the 2020/2021 academic year have been raised in line with inflation and financial prudence suggests that this rise be repeated in future years.

The accounts were independently inspected on August 6th 2020 and will be submitted to the Charities Commission once approved by the AGM.

ACCOUNTING POLICIES

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. A clock workshop inventory was begun in July 2020 and, pending the completion of this work, the value of fixed assets is assumed at last year's figure of £87,775.
4. Reserves are needed to cover unplanned emergency expenditure including repairs to equipment and fittings and other expenditure. The committee have determined that an appropriate reserve level equivalent to one year's rent (c£20,000) should be retained in order to secure financial resilience going forward.
5. 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.
6. Reserves and bequest monies are held in investments through the Charities Aid Foundation (CAF). We have three accounts: £15,000 in a 12 month fixed

rate bond paying 1.4%, £15,000 in the CAF Moderate Capital Growth Fund and £32,500 in the CAF Conservative Capital Growth Fund. Operations are managed through a current account with Barclays and an Instant Saver Account with Nationwide.

7. Recent reductions in interest rates by all banks prompt the need for a review of our investment position with our CAF manager at the forthcoming annual review. The value of the growth funds fluctuates with market conditions. At the latest valuation (5th April 2020) the Moderate Capital Growth Fund stood at £13,652 (down £1348) and the Conservative Capital Growth Fund stood at £31,223 (down £1277). The fixed rate bond now stands at £15,391.

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 at the time of writing membership and session fees do not qualify. Direct donations by taxpayers will be eligible for Gift Aid relief at 25%.

Dave Mowbray
Trustee and Treasurer

Epping Forest Horology Centre
Statement of Assets and Liabilities, 31 July 2020

	£ 31-Jul- 19	£ 31-Jul- 20
Fixed Assets		
Tangible Assets (fittings, tools and machinery)		
Total Fixed Assets	87775	87775
Current Assets		
Stock (brass)	200	200
Debtors	0	0
Cash at bank and in hand	11501	15030
Reserve fund	20000	19588
Restricted funds	46000	40128
Total Current Assets	77701	74946
Liabilities		
Creditors falling due within one year	0	0
Advance session payment	-454	-465
Advance BHI payments	0	0
Net Current Assets	77247	74481
Total Assets less current liabilities	165022	162256
Creditors: falling due after more than one year	0	0
Net Assets	165022	162256

Epping Forest Horology Centre
Consolidated Receipts and Payments Account
for year ending 31 July 2020

	31 July 2019 £	31 July 2020 £
Receipts		
Membership fees	1440	1260
Session fees	45374	47220
Refund provision	0	-6000
BHI/short courses	6195	2300
Sales of materials/tools/equipt	1323	1261
Social functions	0	0
Auctions	1323	1755
Bank interest	79	58
Donations	343	200
Other income	68	600
Accrual: advance payment	-454	-465
Total	59319	48188
 Payments		
Rent	18204	18204
Electricity	2531	2187
Promotion	473	115
Repairs/maintenance	2553	694
Equipment/materials/tools	927	5988
Postage/stationery/clerical	29	113
Tuition	23533	19005
BHI and short courses	1010	0
Social functions/AGM	0	0
Auction payments	898	1152
Insurance	1609	1609
Other	55	55
Total	51823	49124
Operating position	7497	-936



**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

EEPING FOREST HOROLOGY CENTRE

On accounts for the year
ended

31/07/2020

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 31/07/2020

**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:

6/8/20

Name:

P.D. TAYLOR

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

Address:

14 CROWTREE ST.
GREAT GRANSDEN, SANDY
SG19 3AZ

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.