

Company registration number: 7983448

Charity registration number: 1148539

Epping Forest Community Transport

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 30 November 2019

Douglas Jones Accountants Limited
33 High Street
Old Harlow
Essex
CM17 0DN

Epping Forest Community Transport

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Epping Forest Community Transport

Reference and Administrative Details

Trustees	Mr R F Coombs Mr R D Bassett Mr P Ashworth Mr M N Patterson Mr David Jackman
Principal Office	Social Care Building 2nd Floor St Johns Road Epping Essex CM16 5EB
Registered Office	Social Care Building 2nd Floor St Johns Road Epping Essex CM16 5EB
Company Registration Number	7983448
Charity Registration Number	1148539
Independent Examiner	Douglas Jones Accountants Limited 33 High Street Old Harlow Essex CM17 0DN

Epping Forest Community Transport

Trustees' Report

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements of the charitable company for the year ended 30 November 2019.

Objectives and activities

Objectives, strategies and activities

GENERAL

The figures for this year include full year figures for both the Epping Forest and Harlow community transport schemes. We have seen an increase in passenger numbers with the introduction of the HI Bus which has been able to revolutionise the shopping bus services in relation to Harlow. Once again, this Community Transport has received several requests to step in where commercial services have ceased on routes. However, the scheme has faced complex issues this financial year with loss contracts, increase in the hourly rate for labour and reduction in our volunteer's numbers hindering the ability to provide services and generate income.

This has led to an overall deficit for the year of £81,015 across both schemes. The trustees were concerned early into the financial year that the scheme was unlikely to retain the Ongar Academy contract. Therefore, a decision was made to reallocate resources into an alternative income opportunity through a new shopper bus service that has been success for other Community Transport schemes throughout the country. The new HI Shopper Bus which seeks to minimise wasted journeys and maximise passenger numbers allow us to be cost efficient as well as trying to maximise our income levels. In conjunction with this operational cost has generally seen reduction due to introduction of two reasonably new buses and the selling of one particular bus that was trending towards repair requirement on a monthly basis. It should also be noted that we still have cash in hand at the bank of £115,222 and debtors of £53,099.

INCOME

The income from services provided and grants from Local Authorities is £575,243 which is an increase of £21,654 (3.7%) over 2018. The largest slice of the increase in income comes from grants which has increased by £18,825 due to mixture of one of grants: ECC Initiative, Harlow Partnership, EFDC recycling reward, Chigwell Parish and Increase in BSOG (Bus Service Operators Grant). Unfortunately, the Scheme was unable to retain Ongar Academy contract meaning for the financial year the Scheme saw a reduction of £31,753 within income relating to education. Furthermore, Social Car income also fell from the previous year by £8,688 owing to a reduction of volunteers therefore the Scheme was unable to facilitate the service at the same level as last financial year. The Scheme from the outset knowing that we would be seeing a reduction of income for the financial year acted prudently by seeking an alternative income stream through HI-Bus. This new initiative was able to increase Shopper Bus income by £42,344, totally offsetting income loss from Education and Social Car.

EXPENDITURE

The expenditure from services provided totalled £642,996 with staffing cost being £412,653 and non-staffing cost being £230,343. In comparison to last financial year the Scheme has seen slight reduction in expenditure by £4,277. Overall, there was real effort this financial year to minimise non staffing cost as much possible throughout the Scheme. This combined with the sale of a high maintenance bus and the buying two bus that are low maintenance: meaning scheme was able to save £25,376 (9.9%) in non-staffing costs.

However, the Scheme has been impacted by the external labour market pressure meaning the Scheme need to act quickly to ensure it ability to retain staffing level at a level that the Scheme could still function at. This meant the Scheme has had to increase the hourly rate to match the labour market rate and therefore the Scheme has incurred additional £21,099 (5.4%) for financial year.

Epping Forest Community Transport

Trustees' Report

DEFICIT

The deficit for this year for the combined schemes was £81,015. The biggest driver of the loss is the depreciation, amortisation and other similar costs at £37,019 (45.7%). The trustees for the past few years have, in attempt to maintain low fares and contract prices, not applied depreciation to costing believing the fleet could handle a few years before the replacement is required. The trustees now believe that it's time to refresh capital expenditure and therefore depreciation will now start to be built back into fares and contract prices.

The remaining £43,996 of the deficit is driven by the increase in staffing cost and loss income due to the inability to facilitate services owing to lack of staff/volunteer resources at the time. These two issues are interrelated and with the 5.4% investment into our staffing cost should allow the scheme to retain a reasonable staffing level and therefore no future potential loss income from staffing shortages.

In the final two months of the financial year the scheme introduced a new fare price increase from £3.50 to £4.20. This is to bridge the financial position to breakeven point on a cash basis.

Financial instruments

Objectives and policies

The charity's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the charity's policies approved by the board of trustees, which provide written principles on the use of financial derivatives to manage these risks. The charity does not use derivative financial instruments for speculative purposes.

Cash flow risk

The charity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The charity uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures.

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The charity's principal financial assets are bank balances and cash, trade and other receivables, and investments. The charity's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The charity has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the charity uses a mixture of long-term and short-term debt finance.

Further details regarding liquidity risk can be found in the Statement of accounting policies in the financial statements.

Epping Forest Community Transport

Trustees' Report

The annual report was approved by the trustees of the charity on 6 August 2020 and signed on its behalf by:

.....
Mr R D Bassett
Trustee

.....
Mr M N Patterson
Trustee

Epping Forest Community Transport

Statement of Trustees' Responsibilities

The trustees (who are also the directors of Epping Forest Community Transport for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the trustees of the charity on 6 August 2020 and signed on its behalf by:

.....
Mr R D Bassett
Trustee

.....
Mr M N Patterson
Trustee

Epping Forest Community Transport
(Registration number: 7983448)
Consolidated Balance Sheet as at 30 November 2019

The financial statements on pages 6 to 17 were approved by the trustees, and authorised for issue on 6 August 2020 and signed on their behalf by:

.....
Mr R D Bassett
Trustee

.....
Mr M N Patterson
Trustee

Epping Forest Community Transport

(Registration number: 7983448)

Balance Sheet as at 30 November 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	4	111,041	148,313
Current assets			
Debtors	6	53,959	122,099
Cash at bank and in hand	7	<u>115,222</u>	<u>92,141</u>
		169,181	214,240
Creditors: Amounts falling due within one year	8	<u>(22,214)</u>	<u>(22,529)</u>
Net current assets		<u>146,967</u>	<u>191,711</u>
Net assets		<u>258,008</u>	<u>340,024</u>
Funds of the charity:			
Unrestricted income funds			
Unrestricted funds		<u>258,008</u>	<u>340,024</u>
Total funds	10	<u>258,008</u>	<u>340,024</u>

The financial statements on pages 6 to 17 were approved by the trustees, and authorised for issue on 6 August 2020 and signed on their behalf by:

.....
Mr R D Bassett
Trustee

.....
Mr M N Patterson
Trustee

Epping Forest Community Transport

Notes to the Financial Statements for the Year Ended 30 November 2019

1 Charity status

The charity is limited by guarantee, incorporated in , and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £Nil towards the assets of the charity in the event of liquidation.

The address of its registered office is:

Social Care Building
2nd Floor St Johns Road
Epping
Essex
CM16 5EB

The principal place of business is:

Social Care Building
2nd Floor St Johns Road
Epping
Essex
CM16 5EB

These financial statements were authorised for issue by the trustees on 6 August 2020.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). They also comply with the Companies Act 2006 and Charities Act 2011.

Basis of preparation

Epping Forest Community Transport meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the charity and its subsidiary undertakings drawn up to 30 November 2019.

No statement of financial activities is presented for the charity as permitted by section 408 of the Companies Act 2006. The charity made a loss after tax for the financial year of £82,015 (2018 - loss of £93,684).

Epping Forest Community Transport

Notes to the Financial Statements for the Year Ended 30 November 2019

A subsidiary is an entity controlled by the charity. Control is achieved where the charity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the statement of financial activities from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the charity and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Exemption from preparing a cash flow statement

The charity opted to early adopt Bulletin 1 published on 2 February 2016 and have therefore not included a cash flow statement in these financial statements.

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the charity.

Income and endowments

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of the income receivable can be measured reliably.

Donations and legacies

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the charity before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that these conditions will be fulfilled in the reporting period.

Epping Forest Community Transport

Notes to the Financial Statements for the Year Ended 30 November 2019

Grants receivable

Grants are recognised when the charity has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Raising funds

These are costs incurred in attracting voluntary income, the management of investments and those incurred in trading activities that raise funds.

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Support costs

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees's meetings and reimbursed expenses.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Epping Forest Community Transport

Notes to the Financial Statements for the Year Ended 30 November 2019

Tangible fixed assets

Individual fixed assets costing £0.00 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees's discretion in furtherance of the objectives of the charity.

Financial instruments

Classification

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

Epping Forest Community Transport

Notes to the Financial Statements for the Year Ended 30 November 2019

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the charity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the charity, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

Derivative financial instruments

The charity uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The charity does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in statement of financial activities immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in statement of financial activities depends on the nature of the hedge relationship.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Epping Forest Community Transport

Notes to the Financial Statements for the Year Ended 30 November 2019

3 Taxation

The group is a registered charity and is therefore exempt from taxation.

Epping Forest Community Transport

Notes to the Financial Statements for the Year Ended 30 November 2019

4 Tangible fixed assets

Charity

	Furniture and equipment £	Motor vehicles £	Total £
Cost			
At 1 December 2018	15,835	341,893	357,728
Additions	-	24,650	24,650
Disposals	-	(47,917)	(47,917)
At 30 November 2019	<u>15,835</u>	<u>318,626</u>	<u>334,461</u>
Depreciation			
At 1 December 2018	8,194	201,221	209,415
Charge for the year	1,910	37,019	38,929
Eliminated on disposals	-	(24,924)	(24,924)
At 30 November 2019	<u>10,104</u>	<u>213,316</u>	<u>223,420</u>
Net book value			
At 30 November 2019	<u>5,731</u>	<u>105,310</u>	<u>111,041</u>
At 30 November 2018	<u>7,641</u>	<u>140,672</u>	<u>148,313</u>

5 Fixed asset investments

6 Debtors

	Group 2019 £	Charity 2019 £	2018 £
Trade debtors	-	26,458	30,410
Prepayments	-	27,501	4,402
Accrued income	-	-	87,287
	<u>-</u>	<u>53,959</u>	<u>122,099</u>

7 Cash and cash equivalents

	Group 2019 £	Charity 2019 £	2018 £
Cash on hand	-	12	-
Cash at bank	-	115,210	92,141
	<u>-</u>	<u>115,222</u>	<u>92,141</u>

Epping Forest Community Transport

Notes to the Financial Statements for the Year Ended 30 November 2019

8 Creditors: amounts falling due within one year

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	14,956	17,104	14,956	17,104
Other taxation and social security	7,569	6,489	7,569	6,489
VAT grant repayable	(9,467)	(7,401)	(9,467)	(7,401)
Other creditors	3,656	3,241	3,656	3,241
Accruals	5,500	3,096	5,500	3,096
	<u>22,214</u>	<u>22,529</u>	<u>22,214</u>	<u>22,529</u>

9 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £Nil (2018 - £Nil).

Epping Forest Community Transport

Notes to the Financial Statements for the Year Ended 30 November 2019

10 Funds

Group

Unrestricted funds

Unrestricted funds

Charity

	Balance at 1 December 2018 £	Incoming resources £	Resources expended £	Balance at 30 November 2019 £
Unrestricted funds				
General	<u>340,023</u>	<u>575,243</u>	<u>(657,258)</u>	<u>258,008</u>
	Balance at 1 December 2017 £	Incoming resources £	Resources expended £	Balance at 30 November 2018 £
Unrestricted funds				
General	<u>433,708</u>	<u>553,589</u>	<u>(647,273)</u>	<u>340,024</u>

Epping Forest Community Transport

Notes to the Financial Statements for the Year Ended 30 November 2019

11 Analysis of net assets between funds

Group

Charity

	Unrestricted funds General £	Total funds £
Tangible fixed assets	111,041	111,041
Current assets	169,181	169,181
Current liabilities	<u>(22,214)</u>	<u>(22,214)</u>
Total net assets	<u>258,008</u>	<u>258,008</u>

	Unrestricted funds General £	Total funds £
Tangible fixed assets	148,313	148,313
Current assets	214,240	214,240
Current liabilities	<u>(22,529)</u>	<u>(22,529)</u>
Total net assets	<u>340,024</u>	<u>340,024</u>