

## Q&A on the Accounts 2020

1. Q: When Tristan Bareham left the Society's employment the Society ceased being a contributing employer to the East Sussex Local Government Pension Scheme (ESPS). In previous years we were told that this would crystallise a large liability. Why is nothing shown in the balance sheet about this now?

A: It was indeed the case that six years ago latest estimates were that the "gilts cessation basis" deficit on the ESLGPS was up to about £900,000 but since then the scheme has performed in the top quartile of local government schemes, interest rates have reduced and asset values increased. Combined with the fact that we have made large annual deficit reduction contributions in recent years (£86,333 in 2019), this deficit has now reduced to £293,000. In the context of our offer of a charge over Priest House to the Scheme, as agreed at the June 2019 AGM, the Scheme trustees have agreed to defer further contributions and allow settlement over 20 years. Our auditors have therefore accepted that there is no certainty of any future liability – hence the nil amount in the balance sheet.

2. Q: Why are we showing a loss of £84,185 on investments in the SOFA in a calendar year, 2019, when financial markets showed good gains?

A: We did make a gain of £38,223 (Note 16) on our investments but there was a substantial reduction in the valuation of Bull House, our head office. We used new valuers this year and this reflects the view that the difficulty of gaining planning permission for conversion of a Grade II listed building to residential use has increased and so a valuation of the existing (office) use has been included in the accounts. Of course, in reality, if the Society were to decide to sell Bull House, all possibilities would be examined and its valuation as a heritage asset celebrating the life of Tom Paine, its valuation as a residential building and its valuation as a museum would all be examined and contrasted with its existing use as an office. The Trustees emphasize that absolutely no decision about changing the use of Bull House, or potentially selling or renting it to other users, has been taken and that under both new proposed and existing Articles of Association, members would have to be consulted if any disposal were proposed.

3. Q: The financial position is obviously very serious. What are the top emergency actions that the Council has taken and will continue to take?

A: The Society is working on a new 5 year strategy to 2025 which reflects and responds to the impact of Covid19. This document will be developed alongside and widely shared with all our strategic partners and stakeholders. Recently confirmed funding of £250,000 from NLHF is supporting the Society through the autumn of 2020. This is vital so that the Society can become more agile and responsive to threats such as Covid in the future. Major fundraising and new income generating activities will be at the core of the Society's activities particularly over the next year along with improvements to communications, brand, education and events. A year long "Celebrating 175 years" fundraising campaign has been

launched with the author Tom Holland as its patron. This has already led to significant donations and new networks of financial support for the organisation.

4. Q: On reading the report from the auditors it appears that the paragraph on “Material Uncertainty” could be construed as a qualification of the accounts which would damage the Society’s prospects of raising future grants and donations. Is this the case?

A: The Trustees were also concerned about this issue and have clarified with the auditors the status of the “Material Uncertainty” statement and the reason for it. Firstly it is not a qualification, the final sentence being “Our opinion is not modified in respect of this matter”, the opinion being the opinion on the accounts overall. Secondly the matter referred to is the closure and other consequences of the Covid 19 pandemic, and not the deficit incurred during the year although that is mentioned to contextualise. Thirdly, the auditors referred us to technical documentation published by the Institute of Chartered Accountants in England & Wales (ICAEW) on the subject of material uncertainty, and the wording used in the opinion published in our accounts is drawn from that recommendation, and has been used in the reports on many other similarly affected charities and companies.