

THE ROGER & DOUGLAS TURNER CHARITABLE TRUST

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2016

Registered Charity Number 1154467

INTRODUCTION TO THE TRUST

The Trust was incorporated as a Charitable Incorporated Organisation on 5th November 2013 and later merged with two unincorporated charitable trusts which had been established independently, with assets in market securities, to award grants to charitable organisations by both the late Mr Douglas Turner and his son the late Mr Roger Turner. The Trust also now owns the Arley Estate in North Worcestershire adjoining the River Severn (comprising farmland, woodland, tenanted houses and other properties) which transferred to the Trust in 1999 under the terms of Mr Roger Turner's Will.

CHARITABLE AIMS

The Trust's Constitution includes a widely drawn objects clause which empowers the Trustees to apply the funds towards such charitable purposes as they think fit and the trustees have identified three principal charitable aims:

1. Provide grant support to other charities (principally in Birmingham, the Black Country and Worcestershire);
2. Maintain and enhance the amenities of Upper Arley village;
3. Provide public access to Arley Arboretum as an educational resource.

ACHIEVEMENTS AND PERFORMANCE IN 2016**Aim 1: Provide grant support to other Charities**

Charitable grants have been provided to UK registered charities to provide public benefit mainly in the principal area. Those charities which have been supported for over four years (so called 'Regulars') have been visited biennially for due diligence purposes in relation to governance, value for money, financial need and expected charitable outcomes.

Grants awarded to other charities (excluding support for Arley Village) amounted to a record £667k (2015 £579k) at an average amount of £3k (2015 £3k). Grants to Regulars represented 49% by value of the total (2015: 45%).

69% (2015: 70%) of our grants by value were donated to four categories including:

- 27% (27%) disabled and health,
- 14% (15%) hospices,
- 14% (14%) for children and youth, and
- 14% (14%) for community support work.

Last year trustees committed to accompanying the Administrator on his biennial visits to Regulars; this initiative was enthusiastically supported; direct contact with charities was helpful in making decisions about scarce grant resources.

Other grants have included appeals for capital or other short-term projects, some of which were conditional on either financial viability or timing of cash requirements. Examples of four £10k grants in 2016, which have been charged in these accounts, included:

- A conditional grant to Kinver Camping and Activity Centre to build a new toilet facility;
- A conditional grant to Friends of Victoria School (a UK charity supporting a disabled children's school in Northfield) to refit its food technology room accessible with disabled-friendly facilities;
- An additional grant to Birmingham St Mary's Hospice towards a three-year outreach project in Sparkbrook, an area where demand for Hospice facilities has historically been low; and
- A grant to 7th Kidderminster Scout Group towards the re-roofing of its scout hut.

A list of grants greater than £5,000 is disclosed in note 8 to the accounts.

Aim 2: Maintain and enhance the amenities of Upper Arley Village

Trustees have also provided financial support to Arley Village including:

- £2k to Upper Arley Parish Council to maintain the public toilets
- £1k to support St Peter's Church
- £4k to Upper Arley First School by way of forgiveness of the remaining part of a long term loan.

In addition, a £50k conditional grant to Arley Memorial Hall towards a major rebuilding project has been outstanding since 2014. Its trustees have applied for a grant from the Heritage Lottery Fund and the grant continues to be recorded in our current liabilities whilst we await confirmation of the viability of the project.

The growth of the Arboretum as a visitor attraction coupled with promotion of Arley by the Severn Valley Railway has had a beneficial effect on footfall through the village. Other activities by the Trust at Arley Village include liaison with Upper Arley Parish Council with a view to improving the quality of village life. This includes maintaining the hedgerows and river banks and also clearing the small tributaries of the River Severn to minimise the risk of flooding.

A sudden erosion event on the River Severn bank posed an existential threat to our riverside car park in the spring during very wet weather; the Chief Executive successfully averted this threat at short notice by commissioning the contractors who had resolved the catastrophic Dawlish railway sea wall failure some years ago. This involved shoring up the riverbank with massive rocks, thereby avoiding closure of the main village parking facility, at a cost of £12k.

Aim 3: Provide public access to Arley Arboretum as an educational resource

As part of the other general charitable purposes of aim 3, public access is granted to the historic Arley Arboretum which is in a beautiful setting overlooking the River Severn with trees of up to 200 years old from many locations around the world. Visitors can learn about the trees and plants from either the head gardener or from published material. It is a valuable educational and recreational resource and admission prices are set at affordable levels with reduced cost arrangements for local charities.

Despite the poor weather on important bank holiday weekends in 2016, visitor numbers were maintained at 2015 levels at over 31,000. However the seasonal pattern was very different – there was a huge demand in the dry October weather to see the magnificent autumn colours which challenged the management team and staff to an extent not previously experienced. Several exciting new initiatives at the Arboretum to enhance its educational benefits for members of the public were an added attraction including:

- Photography courses to enhance the understanding of the many varieties of trees
- Launch of Facebook page with 8000 followers to enhance the public profile of the Arboretum
- New birthday packages for adults and children
- New mini marquee for children events which can now be held in all weathers
- Stage 2 of the sensory garden was completed
- New online booking systems which facilitate the claiming of gift aid for seasonal membership

As in previous years, the Trustees have continued to receive independent advice on the condition of the trees and have acted on it.

With the small tea room at the Arboretum barely able to cope with demand for catering, some £42k was invested in an outdoor patio area with canopies to protect visitors from the weather. This proved to be more popular than expected as visitors arrive dressed for the outdoors. With the growth in popularity of the Arboretum, we have been able to reassess previous plans for an extension to the tea room: work has been undertaken since the year end to improve the facilities, in time for the main opening season of 2017.

OUR PEOPLE

The growth of the Arboretum as a visitor attraction has led to the creation of additional jobs during the year for gardening, maintenance, events, catering and office administration.

Trustees are very much aware of the unprecedented pressure that the additional visitor numbers have created particularly in October, and are very grateful for the co-operation, enthusiasm and commitment of the Chief Executive and his team during the year. The higher footfall has taken its toll on the Arboretum grounds and placed additional pressure on the gardeners. Our employees have also supported the flexible rostering arrangements which have enabled management to provide appropriate levels of staff at critical times.

Trustees also wish to thank our 20 active volunteers who bring significant additional skills and experience and continue to support the work of the Arboretum with great enthusiasm.

Remuneration policy

Our approach to remuneration is designed to ensure we can attract and retain the talented and motivated people we need to achieve our mission and deliver our strategic goals. It is applied consistently across the organisation. We aim to pay competitively in the not-for-profit sector within the context of affordability. In addition to linking pay to performance, and providing salary progression for those who deliver exceptional performance, we also review internal relativity through our pay moderation process.

FINANCIAL REVIEW

Overall financial result

Overall income was almost the same as the previous year; the percentage of trading income increased as all catering activities are now included rather than being partially included in charitable activities in 2015. The increased investment income in the General Fund provided more flexibility for grant making to other charities. The record level of these grants led to a deficit in the general fund of £89k, and an overall net deficit of £29k. The net income of the Arley Fund of £60k was lower than in 2015 because staffing levels were increased to meet the demands of additional visitor expectations and to invest in future expansion once Arley House becomes operational. Investment gains of £3,577k included £838k from property assets and £2,739k from market securities giving rise to a net increase in funds for the year of £3,548k.

Long overdue replacements of tangible fixed assets were made during the year with capital expenditure of £65k. This included vehicles and machinery which were used for many decades and replaced for economic and safety reasons. Net cash flows increased from £114k in 2015 by £54k to £168k. Within creditors there were outstanding conditional grants to six charities, the largest of which was £50k for Arley Memorial Hall which is held pending confirmation of that the remaining funding for the project is in place.

Net assets at 31 December 2016 increased to £53,152k of which £25,466k arose in the Arley Fund and £27,686k in the General Fund.

Changes to accounting policies

The land and buildings class of tangible fixed assets was included at historical cost basis in 2015 but was changed to a valuation basis in 2016. The sole asset in this class in 2015 was the Estate Office which had been transferred from investments at valuation being deemed cost; accordingly there has been no financial impact on transfer.

In addition trustees have reviewed the appropriateness of the accounting policy for Arley Arboretum and believe that it would be more appropriate to treat this asset within land and buildings within tangible fixed assets rather than as a Programme Related Investment. The uplift from cost to a valuation basis amounted to £189k.

Arley House has historically been included within fixed asset investments. However once completed, it will include both offices for our own use and an internal lease to the trading company. It is therefore now a tangible fixed asset rather than an investment and a transfer has been made at valuation of £853k.

Trading company

Arley Estate Enterprises Limited (“AEEL”) completed its first full year of trading in 2016. Its activities included events management, catering services and forestry. The delays in completing the refurbishment of Arley House have been frustrating and have held back the company’s planned weddings and conference activities. The company’s sales and profit were £199k and £27k respectively.

Quoted investment values

Against a backdrop of Britain’s unexpected vote to leave the EU in June and Donald Trump’s election as US President in November, investment returns across the majority of asset classes were strong. With inflation still low by historic standards, this also resulted in attractive real returns for investors over the last few years. The long term investment objective agreed with both managers is Retail Price Index plus 3.5%.

The Investec portfolio performed strongly in absolute terms, particularly after the UK referendum. The return was helped by overseas asset values benefiting from the weakness of sterling. Equity markets were also helped by a global perception of a more reflationary environment, especially in the US. The UK bond market was helped by the resumption of bond buying by the Bank of England after the EU referendum vote. The Investec portfolio rose 16.0% against a bespoke benchmark return of 17.5% and a long term investment return of 5.7%.

The Sarasin portfolio increased in value by 11.4%.with a long term return of 5.8%. The 10 year government bond yield produced returns of over 10% from the portfolio’s fixed interest holdings. UK equities and alternative assets were strong but global equities and real estate investment trusts produced the best returns of over 20%, boosted by sterling’s depreciation against most major currencies. The year saw a sharp industry sector rotation, with mining and energy rising strongly having been exceptionally weak in 2015 and the portfolio’s equities struggled to keep pace with the indices. These volatile market conditions created challenges given Sarasin’s long-term thematic approach to investment, where the focus is on the sustainability of revenue and profits.

The combined market values of securities increased from £24.4m to £27m and investment income increased from £747k to £767k.

Freehold property portfolio

The Trust’s portfolio includes various tenanted properties in Upper Arley, including some 60 residential houses, 3 farms, a public house, a post office and other property including Eymore Wood (held for commercial forestry income) and Arley Arboretum which is open to the public as an educational charitable resource.

Farm values have been under pressure across the United Kingdom, most notably in East Anglia for arable land. The impact in the Midlands, particularly for mixed farm land around Arley, has been more muted. Accordingly, after discussion with professional advisers, no increase in value was attributed in 2016.

Residential housing values have been surprising buoyant in the Wyre Forest area with 12% increases revealed in data from the Office for National Statistics. However having taken professional advice on local factors at Arley and the impact of tenancies, residential property values were increased by 6% (2015 4%).

During the year the only tenanted residential property outside Worcestershire was sold by public auction for £212k after professional costs which gave rise to a profit on sale of £22k against a book value of £190k.

Arley House, the prime property of Arley Estate, became available during 2015 following the end of a long-standing tenancy. Having reviewed all possible options for the future use of the House, and having taken extensive professional advice on both the letting market for large properties locally and other available options for alternative use, the Trustees decided to refurbish and convert it into a wedding and conference venue to be let to the trading company on arms-length terms. The structural condition of the building was much worse than expected at the outset of the refurbishment with evidence of poor original workmanship and long-term damp problems from poorly designed internal guttering. Rectifying these problems has led to long delays and additional cost but it is hoped that the building will be operational in summer 2017. The valuation of £853k is based on attributing capital expenditure at cost to the 2015 value following discussions with our professional advisers.

In aggregate, split between fixed assets and investments, the Trustees have valued the property portfolio at £24,697k. The next formal quinquennial professional valuation will be undertaken as at 31 December 2017.

MANAGING RISK

Strategic Risks During the year the trustees have reviewed those risks which could have a significant impact on the charity's strategy as summarised below:

Category	Strategic risk	How risk is monitored
Brexit	Uncertainty of farming outlook on asset values	Professional farming advice
	Market volatility exchange rate risk and inflation	Professional securities management
Climate change	Erosion of river banks and/or flooding of properties	Monitoring of ground structures
	Higher rainfall threat to visitor attractions	Development of indoor activities
Reputation	Adverse social media feedback becoming viral	Sites monitored, complaints handled daily
	Poor visitor experience from inadequate facilities	Continuous improvement of facilities
Social	Changes in tenancy threaten village ethos	Encourage village activity
Fraud	Cyber-terrorism threatens internal systems via internet	Regular review of internal financial controls, daily back up
	Computer power renders anti-virus software ineffective	
Regulation	Charity sector under public scrutiny	Charity Commission compliance checks
	Health & safety expectations increasing	Mandatory safety training requirements

The strategic impact of "Brexit" on asset values of quoted securities has been carefully considered during the year. The investment portfolio continues to be exposed to unusual post-Brexit volatility in market values including associated currency fluctuations, which have been ameliorated by partial hedging of the global market portfolio. The Trustees have set benchmarks for investment performance based on a medium risk appetite with the aim of achieving a balanced target total investment return in the long term. Meetings were held with the Investment Managers to review these benchmarks in the context of the market risks and associated opportunities. No significant changes either to benchmarks or to asset classes were deemed appropriate on the basis that the portfolio is based on good quality assets which continue to provide a strong income from dividends on which grant-giving is dependent. The investment managers continue to believe that the portfolio should provide the target total return over the long term albeit with challenges to real returns in the short term as a result of an expectation of higher inflation in the United Kingdom.

Project risks: The risks relating to large projects within Arley Estate are specifically considered at the planning stage and appropriate professional expertise is sought to assist in the prudent management of those risks. The current large conversion project at Arley House is being overseen on a consultancy basis by a Quantity Surveyor with many years' experience of managing construction projects at historic buildings.

Operational and hazard risks: Day-to-day responsibility for operational risk management within Arley Estate (including Health & Safety) rests with the Chief Executive who, as Safety Officer, is responsible via the Audit Committee to Trustees. There is a quarterly process in place for reviewing the major operational risks to which the Trust is exposed, and the Trust has established systems and procedures to manage them. Particular attention is given to hazard risks affecting our stakeholders and users of our facilities as follows:

Threats to:	Hazard risk	Mitigations and controls
Public visitors	Food safety, safeguarding and emergencies	Daily monitoring against standards
Tenants	Exposure: gas, electricity, asbestos, Legionella,	Inspections, minimum work standards
Employees	Health & Safety at work	Training, safety-first culture, review of skills

These and other operational, hazard and financial control risks are included in a risk register which is regularly reviewed by the Audit Committee to monitor actions to be taken by management.

Health & safety: A comprehensive system of risk assessments is in operation prior to any work being undertaken on the Estate. Employees are encouraged to identify emerging health & safety risks; appropriate training needs are regularly reviewed and staff members are encouraged to enhance their specific skills or knowledge.

Visitors and safeguarding: The Trust's procedures take into account the risks to which visitors are potentially exposed, striking a reasonable compromise between safety, conservation and access. Visitors to the Arboretum are required to take personal responsibility for their own health and safety; in particular a condition for visits by children and vulnerable adults is that they are safeguarded and supervised by a responsible adult visitor at all times.

Legal compliance: The risks associated with the Arley Estate are managed in accordance with applicable laws and obligations to tenants, visitors and employees. Periodic audits of health and safety are undertaken by external professional consultants, most recently in 2016. Action is being taken in respect of all significant recommendations.

PUBLIC BENEFIT

The Trustees have considered the Charities Act 2011 on public benefit, noting that the Act states that there is no presumption of benefit. In addition, they have had due regard for Charity Commission Guidance on the subject.

GOVERNANCE

The Trustees meet regularly to agree strategy and policies, to review the charity's activities and to consider appeals for grants. To facilitate the decision-making process, the Trustees have established committees as follows:

- The **Audit Committee** liaises with external auditors, promotes and safeguards high standards of financial reporting, internal control and risk management and legal compliance with emphasis on health and safety;
- The **Investment Committee** reviews the agreed investment strategy periodically and monitors the performance of the Investment Managers against agreed benchmarks during bi-annual meetings;
- The **Nominations Committee** ensures that trustees of appropriate calibre and mix of skills are put forward for selection to the Board of Trustees.

The day-to-day management of Arley Estate and administration of grant applications are delegated to the Chief Executive of Arley Estate and the Administrator respectively.

Trustee appointments

New trustees are appointed, having regard to appropriate diversity of skills, experience, gender and age profile. The Trust keeps the skill requirements of the Trustees under review, and they are encouraged to undertake appropriate training. There is no restriction on length of service or any specific term of office for the original Trustees at the date of incorporation of the Trust. However, all new Trustees are appointed for a renewable three year term of office.

During the year the trustees were delighted to welcome two new members of the Board:

- Mrs Dawn Long is a Solicitor and a Partner and head of private clients of Harrison Clark Rickerbys; she has been a trustee of various local charities over many years;
- Mr Ron Middleton recently retired as Chief Executive of Compton Hospice in Wolverhampton. He is a Chartered Accountant and former Finance Director.

Trustees are confident that these appointments will broaden the diversity and range of skills of the Board.

Directors of Arley Estate Enterprises Limited

The Trustees consider that the Board of this wholly-owned trading subsidiary is independent of the charity and that potential conflicts of interest are appropriately managed; its directors include Mr Gordon Cowie (independent chairman) Mr Chris Arnott (independent) and Mr David Pearson (trustee).

Banking

Banking arrangements were in need of review because for historical reasons we were using three different retail banks; as a result of this review Handelsbanken were appointed as our main bank for both the Arley and General funds. This has given us access to a local manager who can provide a more practical and secure arrangement for electronic payments thereby reducing the risk of fraud for both estate liabilities and charitable grants.

Auditors

The external audit appointment was subject to a competitive tender process during the year as a result of which Crowe Clark Whitehill were appointed as our auditors. Trustees would like to express their appreciation to RSM UK Audit LLP, previously Baker Tilly, for their support and advice for over a decade.

KEY FINANCIAL POLICIES

Investment policy for quoted securities

The investment portfolio is split, for historical reasons within the pre-merger legacy charities, between two managers. There is no current intention to change this arrangement which provides useful comparative data in addition to the agreed benchmarks. There are no restrictions on the charity's power to invest and the Trustees do not currently prohibit any investments on social, environmental or ethical grounds. The charity's investments are managed to maximise value whilst providing a balanced Total Return, from income and capital growth, at a moderate level of risk in order to meet the Trustees' planned charitable distributions over the long term.

Investment policy for freehold property

Arley Estate properties continue to be held to maximise investment returns in the medium term. Many of the Estate properties are subject to long-term tenancy arrangements but where practicable, rental negotiations are undertaken in accordance with market conditions and after taking external professional advice. Management have developed Minimum Standards for tenancies, and are actively ensuring that tenanted properties are well managed and maintained. It is intended to maintain and improve the other Arley properties and so far as possible refurbish them having regard to the constraints and wishes of sitting tenants.

Reserves Policy

Reserves are that part of the Trust's funds that is freely available to spend on any of the charity's purposes. Although the whole of the Trust's accumulated fund is expendable without distinction as between income and capital, the trustees' policy is to maintain the capital base in real terms primarily within the investment portfolio, which is excluded from reserves, as are tangible fixed assets. Reserves are held in cash or other readily realisable current assets less liabilities.

Designated reserves of the Arley Fund are provided for the seasonal and other working capital fluctuations in Arley Estate and Arley Estate Enterprises Limited, generally in the target range of £50k to £100k.

Reserves in the General Fund (so called 'Free Reserves') are held to provide flexibility in grant giving capacity and for unexpected operational requirements, generally in the target range of £250k to £500k.

At 31 December 2016, Arley Fund Reserves were £666k and Free Reserves were £675k.

These reserves exclude amounts earmarked to cover the estimated costs of the investment projects which cannot be met from operating cash-flows of the Designated Fund during 2017. £600k was set aside for the conversion of Arley House as a wedding and conference centre in 2015 with a further £200k in 2016, as disclosed in note 18.

PLANS FOR THE FUTURE

The Trust plans to provide an increasing level of charitable grants funded by a balanced total return from investments over the long term. It has developed a five-year strategy to achieve and measure the impact of its three charitable aims; this includes the careful management of its assets and trading activities in order to generate sufficient additional funds from Arley Estate to enhance the amenities in Upper Arley Village and to supplement funds available for grant giving with ad-hoc support for large charitable projects which have historically been beyond our available resources.

Our priorities for 2017

As a result of recent delays, the Arley House conversion project may not be completed until the forthcoming summer holiday period; a key priority for the immediate future is to minimise any disruption and to communicate openly with our many stakeholders and manage expectations appropriately.

Our charitable activities will continue as planned including enhanced facilities at the Arboretum which are intended to make the educational provision more effective and enjoyable with greater flexibility during inclement weather. This will include improving the tea room area to cope with more visitors and improvements to the toilet facilities.

TRUSTEES' RESPONSIBILITIES AND DISCLOSURE OF INFORMATION TO AUDITORS

The Charities Act 2011 requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Trust and of the surplus or deficit of the Trust for that period. In preparing those financial statements the Trustees are required to:-

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards and the Charities SORP, disclosing and explaining any departures in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Trust will continue in operation.

The Trustees are responsible for keeping accounting records which disclose, with reasonable accuracy, the financial position of the Trust at any time, and for ensuring that the financial statements comply with charity law. The Trustees are also responsible for safeguarding the Trust's assets, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

**Peter J Millward,
Chairman**

8 March 2017

Reference & Administrative Information:

Registered Charity No.1154467

Trustees	Peter Millward Dawn Long Amanda McGeever Ron Middleton David Pearson OBE Stephen Preedy Geoff Thomas	Chairman Appointed 14 March 2016 Appointed 20 June 2016
Trust Administrator	Tim Patrickson	E-mail tim@turnercharitabletrust.co.uk
Chief Executive, Arley Estate	David Causer	E-mail david@arleyestate.co.uk
Principal Office	Arley Estate Office Upper Arley, Near Bewdley Worcestershire DY12 1XG	Phone 01299 861368
Solicitors	Lodders Solicitors LLP 10 Elm Court, Arden St Stratford-upon-Avon CV37 6PA	
Bankers	Handelsbanken Unit 6 Topaz Business Park Topaz Way Birmingham Road Bromsgrove B61 0GD	
Audit and accounting	Auditors: Crowe Clark Whitehill Black Country House Rounds Green Road Oldbury B69 2DG	Consultant Accountants: Mazars LLP 45 Church Street Birmingham B3 2RT
Investment Managers	Sarasin & Partners LLP Juxon House 100 St Paul's Churchyard London EC4M 8BU	Investec WIN 30 Gresham Street London EC2V 7QN
Chartered Surveyors & Valuers	Halls Gavel House 137 Franche Road Kidderminster DY11 5AP	

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
THE ROGER & DOUGLAS TURNER CHARITABLE TRUST**

We have audited the financial statements of The Roger & Douglas Turner Charitable Trust for the year ended 31 December 2016 on pages 11 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charity's trustees as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 8 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and charity's affairs as at 31 December 2016 and of their incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Report is inconsistent in any material respect with the financial statements; or
- the parent charity has not kept sufficient accounting records; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Crowe Clarke Whitehill
Black Country House
Rounds Green Road
Oldbury
B69 2DG

Dated ___ March 2017

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

Unrestricted Funds	Note	2016			2015		
		Arley Fund £'000	General Fund £'000	Total £'000	Arley Fund £'000	General Fund £'000	Total £'000
<u>Income from:</u>							
Investments	3	487	767	1,254	496	750	1,246
Trading Activities	4	197	-	197	126	-	126
Charitable Activities	5	103	-	103	191	-	191
Donations and Legacies		11	-	11	-	-	-
Total Income		798	767	1,565	813	750	1,563
<u>Expenditure from:</u>							
Raising Funds	6	314	116	430	281	127	408
Other Activities	7	170	-	170	104	-	104
Charitable Activities	8	254	740	994	304	676	980
Total Expenditure		738	856	1,594	689	803	1,492
Operating Surplus / (Deficit)		60	(89)	(29)	124	(53)	71
Net gains on investments	12	838	2,739	3,577	666	266	932
Net Income / (Expenditure)		898	2,650	3,548	790	213	1,003
Revaluation of fixed assets		194	-	194	-	-	-
Net Movement in Funds		1,092	2,650	3,742	790	213	1,003
Total Funds at 1 January		24,374	25,036	49,410	23,584	24,823	48,407
Total Funds at 31 December		25,466	27,686	53,152	24,374	25,036	49,410

The charity had no recognised gains or losses other than the net movements in funds for the year.

The Arley Fund is a designated fund which includes the net assets and operations of Arley Estate and Arboretum.

CONSOLIDATED AND COMPANY BALANCE SHEET AS AT 31 DECEMBER 2016

	Note	GROUP		CHARITY	
		2016 £'000	2015 £'000	2016 £'000	2015 £'000
Fixed assets					
Tangible Fixed Assets	11	1,476	192	1,476	192
Investments	12	50,335	47,970	50,335	47,970
Total		51,811	48,162	51,811	48,162
Current assets					
Stock	13	6	1	3	-
Debtors	14	18	22	35	41
Cash at bank and in hand	15	1,587	1,419	1,520	1,374
		1,611	1,442	1,558	1,415
Creditors					
Amounts due within one year	16	(270)	(194)	(217)	(167)
Net Current Assets		1,341	1,248	1,341	1,248
Net Assets		53,152	49,410	53,152	49,410
Arley Fund	18	25,466	24,374	25,466	24,374
General Fund		27,686	25,036	27,686	25,036
Total Funds	17	53,152	49,410	53,152	49,410

Approved by the Board on 8 March 2017 and signed on its behalf by:

Peter J Millward
Chairman

CONSOLIDATED AND COMPANY CASH FLOW STATEMENT

For the year ended 31 December 2016

	Note	GROUP		CHARITY	
		2016 £'000	2015 £'000	2016 £'000	2015 £'000
Cash generated from / (used in) operating activities	20	(698)	(646)	(747)	(713)
Cash flows from investing activities					
Dividend and Interest income		767	752	767	752
Distribution received under deed of covenant		-	-	27	22
Purchase of tangible fixed assets		(65)	(28)	(65)	(28)
Proceeds from sale of investment properties		212	-	212	-
Purchase of investments		(17,397)	(13,536)	(17,397)	(13,536)
Capital expenditure on investment properties		(178)	(137)	(178)	(137)
Proceeds from sale of investments		17,527	13,709	17,527	13,709
		<u>168</u>	<u>114</u>	<u>146</u>	<u>69</u>
Cash provided by investing activities		168	114	146	69
Increase in cash and cash equivalents in the year		168	114	146	69
Cash and cash equivalents at the beginning of the year		1,419	1,305	1,374	1,305
Total cash and cash equivalents at the end of the year		1,587	1,419	1,520	1,374

NOTES TO THE ACCOUNTS

1 GENERAL INFORMATION

The charity is a Charitable Incorporated Organisation (CIO) and registered with the Charities Commission in England and Wales, registration number 1154467.

The charity is a public benefit entity and its principal office is at Arley Estate Office, Upper Arley, Near Bewdley, Worcestershire, DY12 1XG.

2 PRINCIPAL ACCOUNTING POLICIES

Basis of preparation: The financial statements of this Charitable Trust (hereinafter ‘the Trust’ or ‘the Charity’) have been prepared on an accruals basis under the historical cost convention, with items recognised at cost or transaction value unless otherwise stated in the relevant notes below, as amended for the revaluation of investments. They have been prepared in accordance with the current Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The accounts (financial statements) have been prepared to give a ‘true and fair’ view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a ‘true and fair view’. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.. Merger accounting has been applied and all transactions of the related Douglas Turner Trust have been included as if it had been part of the Charity since the Charity’s incorporation.

Assessment of going concern: The Trustees consider that there are no material uncertainties about the Trust’s ability to continue as a going concern and the Financial Statements are drawn up on the Going Concern basis which assumes that the Trust will continue in operational existence for the foreseeable future. With respect to the next reporting year, the most significant areas of uncertainty that affect the income of the Trust and the carrying value of its assets are the level of investment return and the performance of investment markets. The willingness of the public both to purchase admission tickets to the Arboretum and to make bookings through the trading company for weddings and events are areas of financial uncertainty which the Trustees have mitigated with pricing policies that encourage seasonal membership and family attendance at the Arboretum and with attractively-priced packages in the trading company.

Basis of consolidation: The Trust has one wholly owned subsidiary, Arley Estate Enterprises Limited, which is registered in England. Consolidated financial statements of the Group have been prepared on a line-by-line basis, with the results of the subsidiary included in the designated Arley Fund. As permitted, a separate income and expenditure account dealing with the results of the Trust only has not been presented.

Fund Accounting: The trust’s constitution permits funds to be expended with no restriction on income or capital. The Trustees have included the operations of the Arley Estate, including the trading company, in a separate designated fund.

Income recognition: 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 income can be measured reliably.

Donations and legacies are recognised when the group has been notified the amount and the settlement date.

NOTES TO THE ACCOUNTS (CONTINUED)

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

Investment Income is accounted for when receivable and the amount can be measured reliably by the Trust; dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by our investment managers.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group. Revenue is measured as the fair value of the consideration received, excluding discounts, rebates, value-added tax and other sales taxes; the following criteria must also be met before revenue is recognised:

Revenue from sales of goods is recognised when all of the following conditions are satisfied:

- the group has transferred the significant risks and rewards of ownership to the buyer;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction;
- the respective costs incurred or to be incurred can be measured reliably.

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract but all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion the contract can be measured reliably;
- the cost incurred and the cost to complete the contract can be measured reliably;

Rental Income from Arley Estate properties is recognised when it is receivable and it is probable that the Group will receive the amount due under the lease.

Expenditure is recognised as soon as there is a legal or constructive obligation committing the Group to that expenditure, it is probable that settlement will be required and the amount can be measured reliably. Expenditure is accounted for on an accruals basis. Expenses including support costs are allocated or apportioned to the applicable expenditure headings.

Grant awards are accounted for as expenditure as soon as a valid expectation has been communicated to the recipient charity, unless the offer is conditional upon events outside the Trust's control and it is possible but not probable that an outflow of economic benefits will arise, in which case such amounts are recognised as contingent liabilities until the grant conditions are fulfilled.

Irrecoverable VAT: the Group is partially exempt for VAT purposes and holds a group registration certificate. VAT charged against the expenditure heading for which it was incurred.

Operating lease rentals are charged on a straight-line basis over the period of the lease.

Pension Costs: The Trust contributes to a defined contribution 'money purchase' scheme on behalf of certain employees. Costs are charged to the Statement of Financial Activities.

Holiday pay: The holiday year is also the financial year and employees are required to take their holiday entitlement during the year; accordingly there is normally no holiday pay accrual.

Tangible fixed assets: Freehold land and buildings are recognised at valuation on an open market existing use basis. All other assets costing more than £100 are stated at historical cost less depreciation, which is charged on a straight-line basis down to expected residual value over the following estimated useful economic lives:

- Motor vehicles and equipment 5 years
- Fixtures and fittings 3 to 10 years

There has been a change in accounting policy during the year for Freehold land and buildings from historical cost less depreciation (after the removal of land) to an open market existing use basis. This is following the reclassification of a Program Related Investment and an investment property under development to fixed assets.

NOTES TO THE ACCOUNTS (CONTINUED)

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial investments in market securities are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Financial investments in freehold land and buildings are valued quinquennially on an open market existing use basis subject to current occupation and tenancies in place at that time by independent Chartered Surveyors. In intervening years the Trustees value the investments by reference to market reports and government indices having discussed the particular circumstances of Arley Estate with the independent chartered surveyors. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year, then annually by the Trustees.

Social investments including Programme Related Investments are held for the primary purpose of furthering the aims of the charity although they may generate some financial return. They are accounted for at cost less any accumulated provision for diminution in value through impairment.

Realised gains and losses on investments are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value of their purchase value acquired subsequent to the first day of the financial year. Realised gains and losses are calculated as the difference between the fair value at the year-end and the carrying value.

Financial instruments: Other than financial investments, the Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Stocks are stated at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in first-out basis. At each reporting stocks are assessed for impairment and impairment losses are recognised immediately.

Debtors: Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

NOTES TO THE ACCOUNTS (CONTINUED)

3 INCOME FROM INVESTMENTS:

	2016 £'000	2015 £'000
Dividends - UK and Overseas Equities	687	635
Interest - UK Fixed Interest Securities	80	112
	<hr/>	<hr/>
Sub-total income from quoted investment portfolio	767	747
Bank and other interest	-	3
	<hr/>	<hr/>
Sub-total General Fund	767	750
	<hr/>	<hr/>
Income – rental	467	460
- other	20	34
Bank and other interest		2
	<hr/>	<hr/>
Sub-total Arley Fund	487	496
	<hr/>	<hr/>
Total Investment Income	1,254	1,246
	<hr/> <hr/>	<hr/> <hr/>

4 INCOME FROM TRADING

	2016 £'000	2015 £'000
Tea room	108	58
Forestry	32	23
Events	30	33
Other	27	13
	<hr/>	<hr/>
Total income	197	127
	<hr/> <hr/>	<hr/> <hr/>

Arley Estate Enterprises Ltd commenced trade on 1 July 2015

5 INCOME FROM CHARITABLE ACTIVITIES

	2016 £'000	2015 £'000
Arley Arboretum	103	191
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE ACCOUNTS (CONTINUED)

6 RAISING FUNDS EXPENDITURE

	2016			2015		
	Arley Fund £'000	General Fund £'000	Total 2016 £'000	Arley Fund £'000	General Fund £'000	Total 2015 £'000
Raising Funds :						
Investment management charges	-	116	116	-	127	127
Repairs & property maintenance	63	-	63	39	-	39
Depreciation	23	-	23	20	-	20
Overheads	82	-	82	85	-	85
Staff Costs	146	-	146	137	-	137
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Raising Funds	314	116	430	281	127	408
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

7 OTHER EXPENDITURE

	2016			2015		
	Arley Fund £'000	General Fund £'000	Total 2016 £'000	Arley Fund £'000	General Fund £'000	Total 2015 £'000
Trading:						
Cost of sales	70	-	70	42	-	42
Direct expenses	12	-	12	36	-	36
Overheads	17	-	17	4	-	4
Staff costs	71	-	71	22	-	22
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total other expenditure	170	-	170	104		104
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

8 CHARITABLE EXPENDITURE

	2016			2015		
	Arley Fund £'000	General Fund £'000	Total 2016 £'000	Arley Fund £'000	General Fund £'000	Total 2015 £'000
Purchases - Arboretum	54	-	54	108	-	108
Staff Costs	174	36	210	168	35	203
Overheads	13	6	19	26	5	31
Arley Village expenditure	13	-	13	2	-	2
Professional charges	-	7	7	-	19	19
Governance	-	17	17	-	20	20
Charitable grants	-	667	667	-	579	579
Charitable grants - Arley Village	-	7	7	-	18	18
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total charitable expenditure	254	740	994	304	676	980
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Staff Costs includes £78,634 (2015: £70,322) in respect of management salaries for charitable activities.

Governance includes audit fees of £9,500 (2015: £19,520) and accountancy costs of £7,160 (2015: nil).

NOTES TO THE ACCOUNTS (CONTINUED)

8 CHARITABLE EXPENDITURE (Continued)

Charitable grants analysis:

	2016		2015	
	Number	£'000	Number	£'000
The Elderly	12	34	9	23
Medical Research	1	1	1	1
Children & Young People	34	99	34	95
Environment & Heritage	9	49	14	39
The Arts	16	47	17	56
Work in the Community	36	93	37	92
Social Support	19	44	24	47
Disabled & Health	56	181	54	156
International Aid	3	26	3	10
Hospices	10	100	7	78
	<u>196</u>	<u>674</u>	<u>200</u>	<u>597</u>

Charitable grants in excess of £5,000

Grantee	Category		2016 £'000
Cotteridge Church Day Centre	Community	*	6
Hall Green United Community Church	Community		7
Dorothy Parkes Centre Smethwick	Community	*	6
7th Kidderminster Scout Group	Children & youth		10
Kinver Camping & Activity Centre	Children & youth		10
Stonehouse Gang	Children & youth	*	15
St George's Church Edgbaston	Environment & heritage		8
Birmingham Botanical Gardens	Environment & heritage		10
National Churches Trust	Environment & heritage	*	10
City Of Birmingham Symphony Orchestra	The Arts	*	10
Worcester Live	The Arts	*	6
Edward's Trust	Disabled & health	*	6
Friends Of Victoria School	Disabled & health	*	10
Kidderminster Disabled Club	Disabled & health	*	6
A.R.C.O.S.	Disabled & health	*	8
Cerebral Palsy Midlands	Disabled & health	*	11
Multiple Births Foundation	Disabled & health	*	10
Norman Laud Association	Disabled & health	*	6
Friends Of Sick Children In Malawi	International Aid	*	12
WaterAid	International Aid		10
St Richard's Hospice	Hospices	*	15
St Giles Walsall Hospice	Hospices	*	10
Acorns Children's Hospice	Hospices	*	20
Birmingham St Mary's Hospice	Hospices	*	30
Mary Stevens Hospice	Hospices		10
Primrose Hospice	Hospices	*	6
Total > £5,000			268

* Regular grant-aided charities

NOTES TO THE ACCOUNTS (CONTINUED)

9 STAFF COSTS COMPRISE:

	2016	2015
	£'000	£'000
Wages and salaries	374	317
Social security costs	35	28
Pension costs	22	18
	<u>431</u>	<u>363</u>
	<u><u>431</u></u>	<u><u>363</u></u>

The average number of employees calculated on an average head count basis (2015: full-time equivalent basis) was:

	2016	2015
	Number	Number
Estate and property	5	3
Arboretum	12	6
Management and administration	5	2
	<u>22</u>	<u>11</u>
	<u><u>22</u></u>	<u><u>11</u></u>

The key management personnel of the charity comprise the trustees, the Chief Executive and the Estate and Arboretum manager. The total employee benefits of the key management personnel of the charity were £159,861 (2015: £98,838).

In addition there were 20 active volunteers (2015: 20) who provided ad-hoc support principally in respect of projects in the Arboretum. In accordance with the Charities SORP (FRS 102) the economic contribution of general volunteers is not recognised in the accounts.

10 RELATED PARTY TRANSACTIONS**(i) Transactions involving Trustees and connected parties**

During both years the Trust awarded a small number of grants to charities that have a common or related Trustee or Director with The Roger & Douglas Turner Charitable Trust and its subsidiary Arley Estate Enterprises Ltd. In accordance with the Trust's policy on conflicts of interest, the conflicted Trustee(s) or Director did not take part in the discussion or decision on such grants.

During 2015 one Trustee acquired services, at an arm's length basis, to the value of £9,626 inclusive of VAT. There were no such acquired services in 2016.

No Trustees are remunerated.

(ii) Transactions with trading subsidiary

Costs (principally staff costs) recharged to the trading subsidiary amounted to £71,346 (2015 £48,983). Income in respect of the Tea Room rent was received from the trading subsidiary amounting to £4,000 (2015: £2,000).

(iii) Trustee expenses

The sum of £1,034 (2015: £1,056) was reimbursed to three (2015: four) Trustees in respect of travel and other expenses and £1,298 (2015: £991) incurred on behalf of Trustees.

NOTES TO THE ACCOUNTS (CONTINUED)

11 TANGIBLE FIXED ASSETS: GROUP AND CHARITY

	Freehold land and buildings £'000	Motor vehicles £'000	Plant & equipment £'000	Fixtures & fittings £'000	Total £'000
Cost					
At 1 January 2016	136	23	157	64	380
Additions	-	-	16	49	65
Transfer from fixed asset investments	1,048	-	-	-	1,048
Revaluation	189	-	-	-	189
	<u>1,373</u>	<u>23</u>	<u>173</u>	<u>113</u>	<u>1,682</u>
At 31 December 2016	1,373	23	173	113	1,682
	=====	=====	=====	=====	=====
Depreciation					
At 1 January 2016	3	17	119	49	188
Charge for the year	2	2	8	11	23
Revaluation	(5)	-	-	-	(5)
	<u>-</u>	<u>19</u>	<u>127</u>	<u>60</u>	<u>206</u>
At 31 December 2016	-	19	127	60	206
	=====	=====	=====	=====	=====
Net book amount					
At 31 December 2016	1,373	4	46	53	1,476
	=====	=====	=====	=====	=====
At 31 December 2015	133	6	37	15	192
	=====	=====	=====	=====	=====

The transfer from fixed asset investments relates to a re-designation of own-use land and buildings which are now included in tangible fixed assets.

NOTES TO THE ACCOUNTS (CONTINUED)

12 FIXED ASSET INVESTMENTS - GROUP

	2016	2015
	Total £'000	Total £'000
Freehold land & buildings £'000	Quoted investments £'000	
At 1 January 2016	23,568	24,402
Additions at cost	178	17,397
Disposal proceeds	(212)	(17,527)
Net investment gains	838	2,739
Transfer to fixed assets	(1,048)	-
	<u>23,324</u>	<u>27,011</u>
At 31 December 2016	23,324	27,011
Analysed as:		
Financial investments	23,324	27,011
Programme Related Investments	-	-
	<u>23,324</u>	<u>27,011</u>
At 31 December 2016	23,324	27,011

A full independent quinquennial valuation of freehold land and buildings was carried out by Halls, Chartered Surveyors, on 31 December 2012. The valuation of £21,866,465 was based on the freehold value of all component parts of the Arley Estate, on an open market existing use basis subject to current occupation and tenancies in place. At 31 December 2016, having had regard to Government indices and market data, the Trustees valued Arley Estate at £23,324,545.

The historical cost of the Estate, represented by the probate value on the death of the late Mr R D Turner on 30 April 1999, was £8,841,574.

Quoted Investment portfolio

	2016 £'000	2015 £'000
Fixed interest	2,772	2,492
UK listed investments	9,926	7,769
Overseas investments	9,170	8,217
Commercial property	2,703	2,560
Unit Trusts	-	1,393
Alternative investments	1,880	1,611
Cash	560	360
	<u>27,011</u>	<u>24,402</u>
	<u>2016 £'000</u>	<u>2015 £'000</u>
Historical cost	22,755	22,700

NOTES TO THE ACCOUNTS (CONTINUED)

12 FIXED ASSET INVESTMENTS (Continued)**Material investments:**

The Investment Policy states that no investments should exceed 5.0% of the value of the portfolio. At 31 December 2016 there were no such investments (2015: none).

Fixed asset investments – Charity

In addition to the above investments the charity has a £100 investment in the entire share capital of Arley Estate Enterprises Ltd.

13 STOCK

	Group 2016 £'000	Group 2015 £'000	Charity 2016 £'000	Charity 2015 £'000
Goods for resale	6	1	3	-
	=====	=====	=====	=====

14 DEBTORS

	Group 2016 £'000	Group 2015 £'000	Charity 2016 £'000	Charity 2015 £'000
Trade debtors	10	11	8	10
Prepayments	8	7	5	5
Loan to Upper Arley First School	-	4	-	4
Amounts due from group undertaking	-	-	22	22
	-----	-----	-----	-----
	18	22	35	41
	=====	=====	=====	=====

15 CASH AT BANK AND IN HAND

	Group 2016 £'000	Group 2015 £'000	Charity 2016 £'000	Charity 2015 £'000
Cash at bank	356	740	289	695
CCLA COIF Charities Income account	917	664	917	664
Investment Manager Income Account	314	15	314	15
	-----	-----	-----	-----
	1,587	1,419	1,520	1,374
	=====	=====	=====	=====

NOTES TO THE ACCOUNTS (CONTINUED)

16 CREDITORS: AMOUNTS DUE WITHIN ONE YEAR:

	Group 2016 £'000	Group 2015 £'000	Charity 2016 £'000	Charity 2015 £'000
Trade creditors	46	43	31	33
Conditional grants	92	50	92	50
Investment Manager charges	29	32	29	32
Rents received in advance	30	19	30	19
Other taxes and social security	21	19	(4)	-
Other creditors	36	1	26	6
Accruals	16	30	13	27
	<u>270</u>	<u>194</u>	<u>217</u>	<u>167</u>
	=====	=====	=====	=====

The rents received in advance were in respect of the next accounting period.

A £50k conditional grant to Arley Memorial Hall towards a major rebuilding project has been outstanding since 2014. Its trustees have applied for a grant from the Heritage Lottery Fund and the grant continues to be recorded in current liabilities whilst awaiting confirmation of the viability of the project.

17 ANALYSIS OF GROUP ASSETS AND LIABILITIES WITHIN FUNDS

	Arley Fund £'000	General Fund £'000	Total Funds £'000
Tangible Assets	1,476	-	1,476
Investments	23,324	27,011	50,335
Fixed Assets	<u>24,800</u>	<u>27,011</u>	<u>51,811</u>
Stock	6	-	6
Debtors	18	-	18
Cash	801	786	1,587
Creditors	(159)	(111)	(270)
Net Current Assets	<u>666</u>	<u>675</u>	<u>1,341</u>
Total Funds	<u>25,466</u>	<u>27,686</u>	<u>53,152</u>
	=====	=====	=====

18 ARLEY FUND – GROUP

	1 January 2016 £	Incoming Resources £	Outgoing Resources £	Transfers £	31 December 2016 £
Operational Fund	23,774	1,614	(583)	(200)	24,605
Arley House	600	-	(133)	200	667
Revaluation reserve	-	194	-	-	194
Total Arley Fund	<u>24,374</u>	<u>1,808</u>	<u>(716)</u>	<u>-</u>	<u>25,466</u>
	=====	=====	=====	=====	=====

Arley House: These funds have been designated for the redevelopment of Arley House which will be used to host weddings, conferences and other events.

NOTES TO THE ACCOUNTS (CONTINUED)

19 INCOME EARNED FROM TRADING ACTIVITIES

The Trust established a wholly-owned trading subsidiary, Arley Estate Enterprises Limited, which commenced trading on 1 July 2015. The company is incorporated in the United Kingdom (company number 09448082) and details of the trading results for the subsidiary alone are given below:

	2016	2015
	£'000	£'000
Turnover	199	126
Cost of sales	(72)	(41)
Direct costs	(12)	(36)
Overheads	(88)	(27)
	<hr/>	<hr/>
Net Profit	27	22
Amount gift-aided to the charity	(27)	(22)
	<hr/>	<hr/>
Retained in subsidiary	-	-
	<hr/> <hr/>	<hr/> <hr/>
The assets and liabilities of the subsidiary were:		
Fixed assets		-
Current assets	76	54
Current liabilities	(76)	(54)
	<hr/>	<hr/>
Total net assets	-	-
	<hr/> <hr/>	<hr/> <hr/>
Aggregate share capital and reserves	-	-
	<hr/> <hr/>	<hr/> <hr/>

20 RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group	Group	Charity	Charity
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Net movement in funds	3,742	1,003	3,742	1,003
Add back depreciation charge	23	20	23	20
Movement on revaluation reserve	(194)	-	(194)	-
Deduct income shown in quoted investing activities	(767)	(752)	(794)	(774)
Gain on revaluation of investments	(3,577)	(932)	(3,577)	(932)
Increase in stock	(5)	(1)	(3)	-
Decrease / (increase) in debtors	4	22	(10)	2
Increase / (decrease) in creditors	76	(6)	66	(32)
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash used in operating activities	(698)	(646)	(747)	(713)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE ACCOUNTS (CONTINUED)

21 FINANCIAL INSTRUMENTS

	Group 2016 £'000	Group 2015 £'000	Charity 2016 £'000	Charity 2015 £'000
Financial assets				
Financial assets measured at fair value through profit or loss	1,587	1,419	1,520	1,374
Financial assets that are debt instruments measured at amortised cost	10	15	30	36
	<u>1,597</u>	<u>1,434</u>	<u>1,550</u>	<u>1,410</u>
	=====	=====	=====	=====
Financial liabilities				
Financial liabilities measured at amortised cost	174	94	149	89
	<u>174</u>	<u>94</u>	<u>149</u>	<u>89</u>
	=====	=====	=====	=====

Financial assets comprise cash, trade debtors and amounts owed by group undertakings and other debtors.

Financial liabilities cost comprise trade creditors, conditional grants and other creditors.