

The Roger &
Douglas Turner
Charitable Trust

Annual Report 2019

Reg Charity No: 1154467



HISTORICAL BACKGROUND

The Roger & Douglas Turner Charitable Trust (“the Trust”), a Charitable Incorporated Organisation, was incorporated on 5 November 2013 and merged with two unincorporated charitable trusts established separately by the late Mr Douglas William Turner (“DWT”) and his son, the late Mr Roger Douglas Turner (“RDT”) as follows:

- The RD Turner Charitable Trust (“the legacy charity” 263556) was settled on 21 December 1971 and its assets amounted to £30.1m (including £22.1m in Arley Estate) when it merged with the Trust on 31 December 2013;
- The Douglas Turner Trust (charity 227892) was settled on 27 January 1964 and its assets were accrued through lifetime gifts by DWT which amounted to £16.7m when it merged with the Trust on 31 December 2015.

RDT owned Arley Estate for 40 years until he died in 1999. Under the terms of his Will, the Estate passed to the legacy charity “as an accretion and addition to the fund of the said charity and subject to and with the benefit of the powers provisions and other matters contained in the said trust”. He also “without seeking to impose any binding trust or obligation” expressed the hope that the Trustees “will use their best endeavours to ensure that:

1. The Arley Estate should continue so far as practicable in its current form;
2. They continue to employ where practicable as many as possible of the persons employed by me at my death in connection with the Arley Estate and allow them to continue occupying any accommodation on the same basis as that upon which they are occupying the same at my death;
3. They continue where practicable to allow as many as possible of the persons who at the date of my death have been previously employed by me in connection with the Arley Estate and who at that date are occupying accommodation either rent free or on favourable terms to continue occupying such accommodation on the same basis;
4. They continue to give such assistance as at present to St Peter’s Church, Arley Memorial Hall and Arley Sports and Social Club”

In 1999 Trustees consulted leading Counsel on various issues including RDT’s expressed wish that ‘the Arley Estate should continue so far as practicable in its current form’. They were advised that this neither made it a permanent endowment nor restricted Trustees’ powers of sale or disposition of land in relation to Arley Estate nor imposed a condition on the gift or a restriction on Arley Estate under Charity Law. Counsel advised Trustees to formulate a policy for the charitable use of funds and to identify which assets were to be held as investments.

Following a strategic review, the Trust merged with The Douglas Turner Trust in 2015; Trustees resolved both to increase the overall amount of donations to UK charities and to improve the return from Arley Estate, whilst retaining its unique charm for enjoyment and public benefit of residents and visitors, by providing that:

1. Arley Estate should be retained by the Trust for the foreseeable future;
2. Arley House should be run as a bespoke wedding and conference centre;
3. Arley Arboretum should be made available to a wide range of visitors to enhance public benefit;
4. Arley Gaol, The Boathouse and The Grange should be converted and used as appropriate accommodation;
5. Arley House & Gardens Limited, a wholly owned company, should manage the Estate’s trading activities;
6. The Trust’s charitable aims should over-ride the company’s trading activities in the event of conflict.

POLICY: The Trustees reaffirmed in 2019 the policy developed in 1999, subject to minor changes:

1. To support by means of donations other UK registered charities, primarily within the City of Birmingham, the four Black Country boroughs (Walsall, Wolverhampton, Sandwell and Dudley) and Worcestershire.
2. To maintain the amenities of Upper Arley village for the benefit of:
 - (i) their present and future residents;
 - (ii) farming and other enterprises and pursuits in the villages and the surrounding areas;
 - (iii) St Peter’s Church and Arley Memorial Hall;
 - (iv) the community at large and visitors who come to the area primarily for the purpose of recreation;
 - (v) visitors to the Arboretum to enjoy it as an education and leisure resource on an affordable basis.
3. To support such other general charitable purposes in Upper Arley as the Trustees shall in their absolute discretion decide.
4. To regard Arley Arboretum and the office accommodation of Arley House as ‘own-use’ assets and to regard the remaining Estate properties as the Trust’s investments. These investments include those properties let to Arley House & Gardens Limited, which for accounting purposes are consolidated as tangible fixed assets to comply with SoRP 2015.

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OUR CHARITABLE AIMS

Our primary aim is to provide grants to local UK registered charities in the beneficial area of Birmingham, the Black Country and Worcestershire.

Roughly half of our beneficiaries have been regularly supported for four years or more with annual grants for unrestricted funding which can be used for salaries and other core costs. Due diligence is undertaken on these so-called 'Regulars' most of which are visited roughly every two years for a discussion with management about charitable outcomes and plans for the future.

Charities seeking grants need to be of sufficient size and long enough established with adequate management, governance and financial controls and a clear financial need in the context of the charity's reserves and strategy.

We focus on charities which support impaired health and the disabled, independent hospices, work in the community, social support and children and young people. We also have limited funds for the arts and for heritage work. Following the global financial crisis a decade ago, priority has also been given to charities which have struggled to provide services as a consequence of cut-backs in local authority funding.

New-applicant charities, for which initial funding is often for capital appeals or specific projects, are also welcome. The expected impact of any grant needs to be clear and there needs to be evidence that any project could not be funded from a charity's own reserves; large national and international charities are generally not supported even if a project is being undertaken in the beneficial area.

Although predominantly a response-funding Trust, there is a limited amount of targeted funding in support of charities in the village of Upper Arley.

Our secondary aim is to enhance Arley Estate by supporting the development of the village and providing access for public recreation and education at Arley Arboretum and gardens.

Arley Estate, located in Worcestershire's Severn Valley, is a significant tourist attraction in the County and can be accessed via Arley Station on the Severn Valley Railway as an alternative to private cars.



We aim to keep admission prices for the Arboretum at affordable levels with season tickets to encourage repeat visits as the foliage and colours change.

The 200-year old Arboretum, which has some of the most magnificent exotic species in England, adjoins a beautiful formal Italian Garden; together they provide a wonderful setting in every season. Children are welcomed with many activities including an adventure play trail, a living maze together with quests, scavenger hunts and seasonal events with encouragement to learn about the natural environment.

There are many walks around the Estate and The Severn Way passes the village and crosses the footbridge to join the North Worcestershire Path.

The strategic plan for the Estate is focussed on making it more accessible whilst preserving the heart of village life. The plan includes redeveloping neglected buildings; Arley House was converted to a wedding and conference centre in 2018 and a listed building 'The Grange' is being reconfigured as boutique hotel accommodation to support these wedding and conference activities. The old Arley Gaol and adjoining Boathouse, which have been used for storage in recent years, are currently being converted to self-catering accommodation.

Weddings are licenced to be held in the Italian Garden or Arley House lawn; also the demand for ceremonies in neighbouring St Peter's Church helps to keep the building in regular use beyond regular worship.

ACHIEVEMENTS AND PERFORMANCE IN 2019

How we performed - grant aid to other UK charities

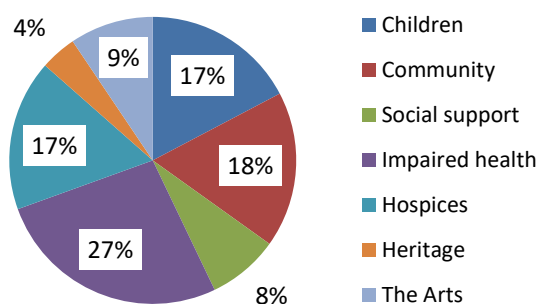
We awarded 198 grants amounting to £711,000 compared with 195 grants of £679,000 in 2018, with an average grant of £3,591 (2018: £3,482), including 28 grants of £5,000 or more, mainly to 'Regular' grant-aided charities.

In 2019 we visited some 27% of our Regular charities (those which have been supported for at least four years) to review their governance, operations and public benefit.

Several Regulars have given us feedback that they appreciate the flexibility of our unrestricted grants in order to pay core costs including salaries – often their largest cost. Accordingly our impact is often not separately identifiable or measurable as it is inextricably linked to the overall charitable outcomes.

All of the grants exceeding £10,000 were paid to Regulars, five for local hospices, two for Arts charities, one for a child support charity and one in support of the impaired health charity Cerebral Palsy Midlands. Our largest grant beyond Arley was £25,000, which was paid to Acorns Children's Hospice for their core costs.

Grants to other UK charities



How we performed - Arley Estate and Arboretum

We paid a grant of £50,000 towards the refurbishment of Arley Memorial Hall which fulfilled a commitment to enhance this village amenity; the refurbishment work was completed during the year.



2019 was a record year for the Arboretum with a 22% increase in visitor numbers to 41,377 visitors compared with 31,940 in 2018. With regular events for families, there was always something happening at the Arboretum particularly during school holidays. The children's trails were especially successful, 'Where's Peter' was the first of our sticker book trails at Easter.

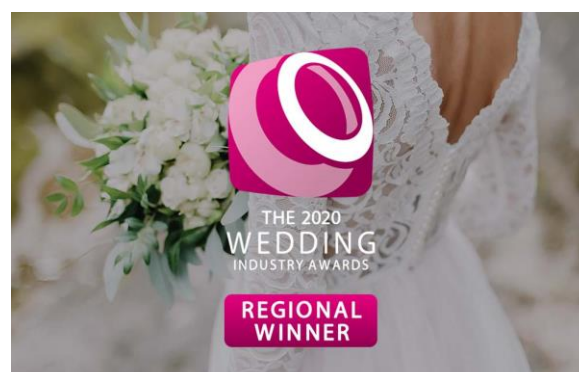
'Picnic with the Fairies', developed jointly with the Educational Department of Severn Valley Railway, ran from either Kidderminster or Bridgnorth to Arley by steam train for children

to enjoy a tutored educational session around the Arboretum. With the help of our gardeners, an inspirational collection of interesting branches, eggs, sticks, leaves, acorns and nuts were laid out for the children to explore.

The programme incorporated Early Years Foundation Stage Goals (1) Communication and language (2) Expressive Art and Design (3) Mathematics (4) Understanding the world. Every child in the group was provided with a bag to collect interesting things - for example, by ordering sticks by size or measuring a large cedar tree with up to 8 children needed to hold hands around it.

Arley House & Gardens Limited

We are delighted that Arley House & Gardens Limited ("AHAG") became West Midlands' regional winner of the 2020 Wedding Venue (Countryside) of the Year award which brought a wonderful conclusion to the first full year of operations at Arley House after 18 weddings. The hospitality and catering has been of a consistently high standard throughout the season with great commitment; this award exceeded our expectations and is a great tribute to the hard work and dedication of the team.



FINANCIAL REVIEW

Charitable activity levels increased with both record attendance at Arley Estate and record levels of grant awards to other charities, funded by an increased trading contribution of the subsidiary and strong equity gains from market securities.

General Fund

Investment income increased by £61,000 net of fees whilst charitable costs decreased by £5,000 and grants to other charities increased by £32,000. These amounts were dwarfed by the £3,957,000 gains on investments which followed a market correction in the last quarter of 2018. These gains were partly used to fund drawdowns for capital investment in the estate.

General Fund	2019 £'000	2018 £'000	
Investment income	712	651	Net of Managers' and quinquennial review fees
Charitable grants	(711)	(679)	Record level of grant awards
Charitable costs	(100)	(105)	
Operating (deficit)	(99)	(133)	
Investment gains/(losses)	3,957	(1,708)	Strong equity gains following a correction in 2018
Transfers to Arley Fund	(890)	(450)	Cash for Arley Estate major capital projects
Movement in funds	2,968	(2,291)	

Arley Fund

The Arley Fund includes the income from Arley Estate properties, the costs of charitable work mainly at Arley Arboretum and the subsidiary's trading activities. The net cost of charitable activities on the Estate includes mainly fixed costs related to Arley Arboretum; the record visitor numbers arose despite poor weather in school holidays. Investments to refurbish properties amounted to £85,000 reflecting upgrade costs following changes of tenancies.

Arley Fund	2019 £'000	2018 £'000	
Estate property surplus	162	136	Increased due to improved cost control
Trading contribution	43	28	Increased activity on weddings and events
Charitable (deficit)	(210)	(170)	Record visitors numbers and more events
Operating (deficit) surplus	(5)	(6)	
Investment gains	277	459	Revaluation of investment properties
Tangible asset revaluation	217	113	Principally increased value of Arley House
Transfers from General Fund	890	450	Capital expenditure finance for major projects
Movement in funds	1,379	1,016	

Trading at Arley House & Gardens Limited ("AHAG")

Turnover for AHAG was £533,000 compared with £396,000 in 2018 reflecting a full first year of activities at Arley House which represented some two thirds of the total in 2019 and included various weddings and events. A critical success factor for the company has been the quality of catering which has been of a consistently high standard. The quality of the catering has also been a factor in the higher visitor numbers to the Arboretum and provided the tea room with a very successful season.

The overall trading contribution increased by £15,000 to £43,000 after eliminating the cost of the charity's service charge to AHAG of £39,000; its own accounts therefore show a profit for the year of £4,000.

QUOTED INVESTMENTS

Our investment strategy is to generate a total return over the long term of 3.5% above the UK Retail Price Index, net of fees. The portfolio is divided between two houses; Investec's portfolio includes many FTSE UK companies with global operations, whereas Sarasin's strategy is thematic and globally focussed

Investment performance continued to be affected by uncertainty about Brexit in the UK and concerns about trade wars with China continued to weaken growth in the US. Nevertheless another rally in global equity markets, following a correction in late 2018, enabled both managers to outperform our composite benchmark for 2019 of approximately 15% total return based on 70% equities with 30% bonds and alternatives: Sarasin produced 19.3% and Investec 17.3% net of fees for the year.

Together these returns included investment gains of £3,957,000 following losses of £1,708,000 in 2018 and we were able to draw down £0.9m for investment in capital projects at Arley, following £1m drawdown in 2018.

Both houses were overweight in overseas equities which performed particularly well in 2019. Following a recent independent review of our investment strategy and manager performance, a new benchmark was adopted for the Sarasin equities to suit their global thematic approach. Accordingly since the year end Sarasin have been switching many of the equity holdings from the UK to overseas markets as part of the move to reflect an MSCI world index. Investec's benchmark remains unchanged; its greater focus on UK equities provides a reliable income stream for the payment of charitable grants.

In the first two months of 2020 the portfolio value has fallen by approximately 8.3% from £29.3m to £26.9m principally as a result of market fears over the impact of a possible coronavirus pandemic on the global economy.

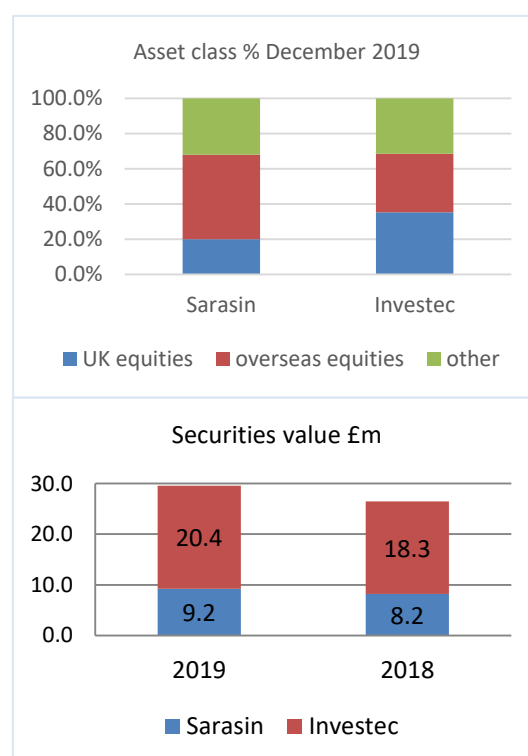
FREEHOLD PROPERTIES AT ARLEY

Arley Estate is principally comprised of a tenanted portfolio of investment properties. There were several changes of tenant during the year and some £3,000 or more was spent on each of 10 properties, a total of £85,000, which enabled management to enhance them to modern standards.

There are also several own-use properties including Arley Arboretum, Arley House and two properties which are now under reconstruction. The Grange is a listed building, poorly converted to flats some time ago which is now being reconverted and extended to 14 bedrooms in a high specification boutique building for wedding guests as there is a scarcity of accommodation locally. The old Arley Gaol and adjoining boathouse have been empty for some years and required urgent work to avoid catastrophic consequences for the adjoining property so we took the opportunity to convert the building to self-catering accommodation. These properties should be ready for use in the summer, barring any unforeseen problems. Capital expenditure on our own-use properties amounted to £481,000 in 2019.

Trustee valuation: At 31 December 2017 Halls undertook an independent quinquennial valuation of the component property parts of Arley Estate, subject to the current occupation and tenancies in place and valued them at £25,929,000. Having had regard to ONS data and Halls' advice, we increased the value of residential tenanted properties by 3% in 2018 and a further 2% in 2019, adjusted for specific properties. The outlook for bare land prices is still uncertain until the impact of Brexit for the agricultural sector is known, so land values on the Estate were unchanged in both years. The Trustees' valuation has increased over the past two years, split as follows:

Trustee valuation as allocated in the financial statements	2019	2018
Investment properties	24,344,000	23,982,000
Own-use properties within tangible fixed assets	3,668,000	2,991,000
Total	£28,012,000	£26,973,000



MANAGING RISK

In order to manage risk effectively we:

- Monitor strategic risks annually;
- Review investment risks bi-annually in conjunction with our investment managers;
- Empower the Chief Executive to manage project risks with independent professional support;
- Delegate day-to-day operational and hazard risks to the management team;
- Manage conflict risks, principally associated with grant-giving, at every meeting.

Strategic risks and opportunities: Arley Estate

The increased opportunity to diversify the income streams and financial returns of Arley Estate in our five-year strategy brings additional risk, particularly within Arley House & Gardens Limited. The successful first full year of wedding activities at Arley House has highlighted the opportunities to generate additional income at this stunning location. However until a UK-EU trade deal is agreed we remain cautious about the prospects for corporate events at Arley. During 2020 a further risk of a pandemic caused by a coronavirus has emerged which could have an effect on our operations at Arley. We have reviewed these and other risks which could affect our strategy as follows:

Category	Strategic risk	How risk is managed
Farming subsidies	Uncertainty over impact of withdrawal from the CAP and new farm subsidy arrangements	Dialogue with rural property advisers on impact locally on tenant farmers
Health pandemic	The spread of coronavirus could impact trading and charitable activities at the Estate	Emphasise good hygiene; selectively close Arboretum; promote event screening
Climate change	River bank erosion or flooding of properties Higher rainfall threat to visitor attractions	Monitoring of ground structures Development of indoor facilities
Reputation damage	Adverse social media feedback going viral inadequate Arboretum visitor offering	Renewal of attractions eg 'Magical Quest'; visitor feedback monitored
Cyber-fraud	Cyber-terrorism threatens internal systems New computers nullify anti-virus software	New IT service contract to enhance future capability and quality of support

Market securities Our Investment Managers continue to believe that the portfolios should provide the target long-term total return of RPI + 3½ %. Recent independent advice has included a recommendation to broaden the geographical spread of equity holdings in order to increase total return in the long term. Whilst capital growth opportunities should be higher an inevitable consequence will be a reduction in dividend yield which is particularly high in UK markets. We will continue to hold some 30% of investments in bonds and alternative securities which can be liquidated in bear market conditions to fund grant payments. Other investment risks are set out below:

Category	Investment risk	How risk is managed
Capital	Substantial market correction coupled with permanent loss of capital	High quality stock selections based on strong in-house research teams
Liquidity	Lockdown of derivative-based hedge funds or low liquidity property funds	Complex derivatives and low liquidity property funds are generally avoided
Market	Exchange rate volatility Interest-rate impact on debt values	Overseas equity partially hedged to Sterling Long-dated debt instruments avoided
Counterparty	Cash custodian failure Nominee client account exposure	Custodian arrangements reviewed Beaufort Securities scenario considered

Project risks on large construction projects incorporate professional expertise to assist in the prudent management of those risks and these projects are led by established professional firms of contract designers and architects with a pre-agreed specification based on a planned turn-key outcome.

Operational and hazard risks within Arley Estate including health & safety issues are managed by 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 we have established systems and procedures to manage them.

Health and safety at work: a comprehensive system of risk assessments is in operation prior to any work being undertaken on the Estate. Employees are encouraged to identify emerging risks and appropriate training needs are regularly reviewed with staff members required to enhance their specific skills or knowledge. Trustees and the Chief Executive keep abreast of Health & Safety law to ensure that the Trust's culture and behaviours receive the appropriate leadership. Periodic external audits of health and safety are undertaken, with appropriate action taken on recommendations.

Visitors and safeguarding: Particular attention is given to hazard risks affecting our stakeholders. Our procedures consider 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; children and vulnerable adult visitors must be safeguarded and supervised by a responsible adult visitor at all times.

	Hazard risk	Mitigations and controls
Public visitors	Food safety, Child safeguarding Emergencies	Daily monitoring against standards Responsibility rests with adult visitors Access for emergency vehicles enhanced
Tenants	Exposure: gas, electricity, asbestos, legionella	Inspections, minimum work standards carried out, with tenants encouraged to report any concerns to the Estate Office
Employees	Health & Safety at work, including: <ul style="list-style-type: none"> Working at height Mechanical handling Use of chain saws 	Safety-first culture, review of skills and ban on use of machinery or working in hazardous conditions unless appropriate training and competence levels achieved

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.

Legal compliance: The risks associated with the Arley Estate are managed in accordance with applicable laws and obligations to tenants, visitors and employees. Legal advice was taken in respect of the General Data Protection Regulation and appropriate action taken so far as reasonably possible.

Cyber security: firewalls, user access controls, malware protection and patch management have all been reviewed during the year and enhancements made as appropriate. Internet banking is used for payments to employees, suppliers and grant-aided charities; the system requires multiple layers of access codes; all transactions also require segregation of duties between a loader and two approvers.

Managing potential conflicts of interest or loyalty

A register of interests is reviewed at Trustee meetings, prior to considering grants, and if any conflict could arise the conflicted Trustee leaves the room and does not take part in the specific decision.

The Trustees consider that the Directors of Arley House & Gardens Limited are independent of the Trust and that potential conflicts of interest or loyalty with the Charity are appropriately managed.

GOVERNANCE

Review of the performance of and strategy for quoted investments

As our current managers have been in post for five years we engaged Stanhope Consulting to undertake an independent review of both past performance and future strategy. The performance of both managers has been strong, albeit the equity benchmarks (40% UK FTSE All-Share and 30% MSCI global) has been sub-optimal for Sarasin's themed approach.

Our risk policy was also reviewed; in terms of market securities this was considered to be higher but overall, given the stabilising effect of Arley Estate, risk was viewed as moderate with no recommended changes in asset classes.

The consultants recommended that our equities should be invested on a global basis to counter the UK's stock and sector concentration and bias to ex-growth industries, with timing of the change to be determined in due course.

In the immediate future we were advised to retain the two managers but to adopt a global benchmark for the Sarasin equities. We were also advised to rebalance the portfolio equally between the managers in due course and eventually to adopt a single global MSCI equity benchmark. Having discussed this in the context of short term tactical considerations including the high UK dividend yield which funds grant payments, we instructed Sarasin to adopt a global equity benchmark now but other recommendations have been deferred to an appropriate future date.

Review of Information Technology support

The increasing need for real time support prompted a review of our requirements and the appointment of Pinfields IT as our information technology consultants. We installed our own on-site IT server on the move to Arley House and Pinfields IT provide remote access support to employees and trustees together with on-site support as needed.

To improve the efficiency of the grant approval process, applications are now processed and sent to trustees electronically; all trustees have been issued with iPads to enable effective review on a secure internal IT platform.

The Charity Governance Code

Our governance was reviewed and changes were made during 2018 to comply with the Governance Code so far as reasonably possible. New Trustees are appointed having regard to diversity of skills, experience, gender and age. However we do not advertise trustee vacancies because of the need for high level of knowledge and experience of charities in the context of a relatively small Board and we believe the current informal approach is appropriate.

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 renewable three year terms of office and the Chairman is appointed for between 5 and 8 years. Trustees are encouraged to undertake appropriate training.

Board meetings and scheme of delegation

Board meetings take place quarterly to review the charity's activities and to consider grant appeals. At least one further meeting is held annually to review and monitor our strategy and associated risks. To facilitate the decision-making process, we delegate governance as follows:

- The **Audit Committee** liaises with external auditors, promotes and safeguards high standards of financial reporting, internal control, risk management and legal compliance;
- The **Investment Committee** monitors the performance of the Investment Managers against agreed benchmarks and receives advice on Estate matters from our Property Consultants;
- The **Nominations Committee** ensures that Trustees of appropriate calibre and mix of skills are put forward for selection to the Board of Trustees;
- The **Grants Committee** previews all grant applications in detail and makes recommendations to the Board. We rotate membership at each meeting to reduce the risk of bias.

The management of the Estate and of charitable grant applications are delegated to the Chief Executive and the Grants and Compliance Officer respectively. Arley House & Gardens Limited has its own independent Board but Trustees maintain oversight by means of formal reports and informal dialogue with its Chairman.

KEY FINANCIAL POLICIES**Investment policy for quoted securities**

The investment portfolio is split between two managers. There are no restrictions on the Trust's power to invest and we do not currently prohibit any investments on social, environmental or ethical grounds beyond those adopted by the managers' internal procedures. The investments are managed to maximise total return from income and capital, in order to meet charitable distributions over the long term.

Investment policy for freehold property

Arley Estate properties continue to be held to maximise total investment returns. Many of the Estate properties are subject to long-term tenancy arrangements but there have been several changes of tenancy this year which has enabled management to refurbish these properties to modern standards with improved insulation and heating systems as appropriate. 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. Management has developed minimum standards for tenancies, with the help of appropriate professional advice.

Reserves Policy

Although the whole of the £58,921,000 funds at 31 December 2019 is legally expendable and unrestricted, our policy is to maintain the capital base in real terms to support future grant awards, primarily within the quoted investment portfolio of £29,357,000 at 31 December 2019; this is therefore excluded from reserves. The designated fund of £28,671,000, which is also excluded from reserves, can only be realised by disposing of tangible fixed assets, principally Arley House and Arboretum, which are inextricably linked with the investment property portfolio of Arley Estate. In accordance with the Charity Commission guidance (CC19) reserves are that part of the Trust's unrestricted funds that is freely available to spend on any of the charity's purposes; they are unencumbered amounts represented by cash or other readily realisable assets within the General Fund to provide both security of grant-giving and funding of major capital projects at Arley.

Our policy on reserves is to hold them generally in the target range of £250,000 to £500,000. At 31 December 2019, reserves amounted to £893,000 (2018: £841,000); the excess over the reserves policy represented the balance of drawdowns from quoted investments awaiting transfer to the designated Arley fund to meet capital commitments primarily during the next six months.

Remuneration policy

Our approach to remuneration ensures that we can attract and retain talented and motivated people who can achieve our mission and deliver our strategic goals. Our aim is 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 review internal relativity through a pay moderation process. In determining the Chief Executive's remuneration, we also periodically review external survey data from the Association of Chief Executives of Voluntary Organisations (ACEVO).

PEOPLE

We have welcomed several new employees during the year and we wish them every success in their new roles. Arley House provides a wonderful work location but we are conscious that the pressures of having to handle many new issues as activities expanded in addition to a very busy visitor season at the Arboretum. These issues have placed a strain on the organisation and we are grateful for the huge commitment and enthusiasm of the Chief Executive, David Causer, and his team during the year to support our flexible working arrangements during holiday periods and other critical times.

We are delighted to welcome Mrs Jenny Harris, who was formerly Operations Manager of Arley Estate as Grants and Compliance Officer and we are also very grateful to Mr Tim Patrickson who returned to the Trust on a temporary basis to induct her in the role and to tackle a backlog of visits to Regular charities which had arisen during 2018-19.

The Directors of Arley House & Gardens Limited are all non-executive, unremunerated and independent. We are grateful to them for their continued diligent stewardship of the company's activities, enabling Trustees to focus on the charitable activities of the Trust. We 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.

PUBLIC BENEFIT

We have considered the Charities Act 2011 on public benefit, noting that the Act states that there is no presumption of benefit. We have also had due regard for Charity Commission Guidance on the subject, in the context of both our charitable activities at Arley Estate and our charitable grant giving.

FUNDRAISING ACTIVITIES

The Charity has no fundraising activities requiring disclosure under Section 162a Charities Act 2011.

PLANS FOR THE FUTURE – ARLEY ESTATE

What we planned a year ago	Progress to date	Plans for 2020
Commence a project to convert an Estate building to accommodate wedding and conference guests.	Construction contract in progress	Complete project by Summer 2020
Convert the mothballed former gaol building into accommodation	Construction contract in progress	Complete project by Summer 2020
Extend the Arboretum using additional land annexed by agreement with the adjacent tenant farmer.	Planning permission obtained	Project date to be agreed

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

6 March 2020

REFERENCE AND ADMINISTRATIVE INFORMATION

Charity No.1154467

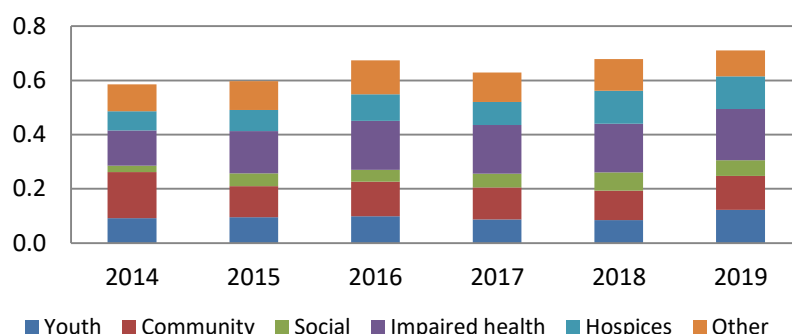
Trustees	Peter Millward (Chairman) Dawn Long Amanda McGeever Ron Middleton (Vice Chairman) Sharon Stotts Geoff Thomas	
Chief Executive, Arley Estate	David Causer	david@arleyestate.co.uk
Grants & Compliance Officer	Jenny Harris	jenny@turnertrust.co.uk
Principal Office	Arley House Lion Lane Upper Arley DY12 1SQ	Phone 01299 861368
Websites	Grants Arboretum Weddings, events and trading	www.turnertrust.co.uk www.arleyarboretum.co.uk www.arleyhouseandgardens.co.uk
Audit and accounting	Auditors: Crowe U.K. LLP 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
Property Consultants	Halls Gavel House 137 Franche Road Kidderminster DY11 5AP	
Bankers	Handelsbanken 63 Market Street Stourbridge DY8 1AQ	CCLA 85 Queen Victoria Street London EC4V 4ET
Solicitors	Lodders Solicitors LLP 10 Elm Court, Arden St Stratford-upon-Avon CV37 6PA	
IT consultants	Pinfields IT 60 Sugarbrooke Road Bromsgrove B60 3DN	

HISTORICAL OVERVIEW OF KEY NUMERICAL DATA

Grants to UK charities increased following the merger of the legacy trusts in 2015 and reached a record level in 2019.

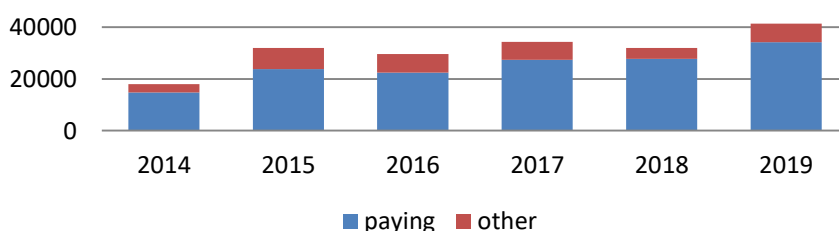
Support for hospices, and people in need of social or impaired health support have been the greatest beneficiaries of the additional funding. Average grants have increased from £3,276 to £3,591 over the period.

Grants to UK charities £m



Arboretum visitor numbers continue to increase and exceeded 40,000 for the first time in 2019. Admission prices have been held at affordable levels and many seasonal attractions are available for families throughout the year. Improvements in the website and greater use of social media have enabled more effective communications.

Arley Arboretum visitor numbers

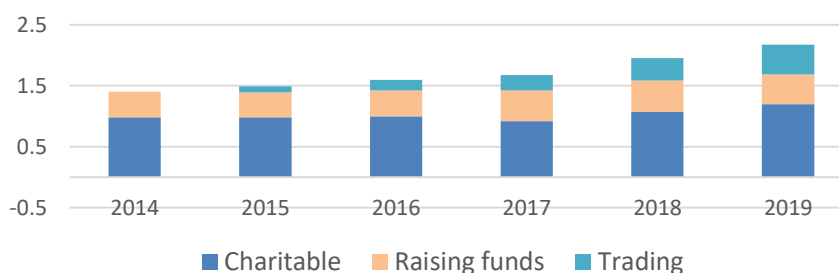


Income and expenditure have increased over the period reflecting the growth of trading activities particularly weddings.

Charitable costs, including Arley costs and grants to other UK charities reflect the increase in activity levels.

Raising funds costs include both the investment managers' fees and the property maintenance costs at Arley.

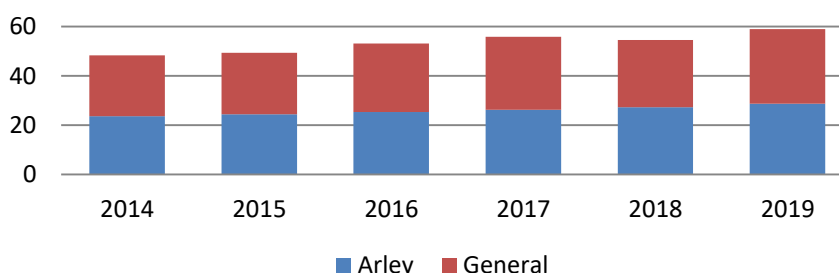
Expenditure £m



The Trust's funds are split between the Arley Fund and the General Fund, the principal assets of which are the Arley Estate and the market securities portfolios respectively.

Whilst Arley Estate values have increased slowly over the period, market securities have performed very well albeit with higher risk and greater volatility.

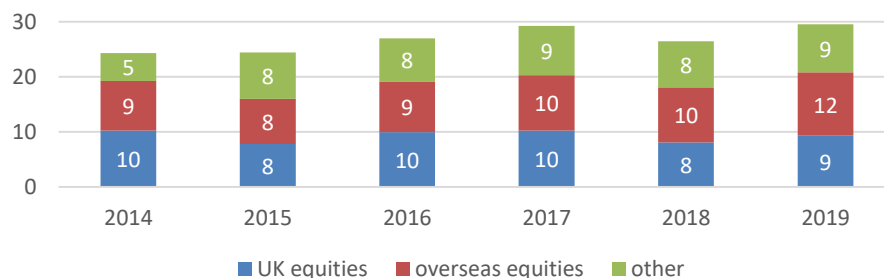
Fund value £m



Market securities, having suffered a correction in late 2018 particularly in US technology stocks, recovered strongly in 2019 and exceeded our benchmarks.

There were drawdowns of £1m and £0.9m in 2018 and 2019 respectively to fund Capital expenditure so the underlying performance was greater than is depicted in the graphs.

Market securities £m



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

We have audited the financial statements of The Roger & Douglas Turner Charitable Trust for the year ended 31 December 2019 which comprise the Statement of Charitable Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2019 and of its incoming resources and application of resources, including its income and expenditure 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' report; or
- sufficient accounting records have not been kept; or
- the 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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 12, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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.

Helen Drew

Crowe U.K. LLP

Statutory Auditor

Black Country House, Rounds Green Road,
Oldbury, West Midlands,
B69 2DG

Date: 9 March 2020

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

Unrestricted Funds	Note	Arley Fund £'000	2019 General Fund £'000	Total £'000	Arley Fund £'000	2018 General Fund £'000	Total £'000
<u>Income from:</u>							
Investments	3	520	859	1,379	522	782	1,304
Trading Activities	4	533	-	533	396	-	396
Charitable Activities	5	157	-	157	114	-	114
Donations and Legacies		1	-	1	1	-	1
Total Income		1,211	859	2,070	1,033	782	1,815
<u>Expenditure from:</u>							
Raising Funds	6	358	147	505	386	131	517
Trading Activities	7	490	-	490	368	-	368
Charitable Activities	8	368	811	1,179	285	784	1,069
Total Expenditure		1,216	958	2,174	1,039	915	1,954
Operating (Deficit)/Surplus		(5)	(99)	(104)	(6)	(133)	(139)
Net investments (loss)/gain	13	277	3,957	4,234	459	(1,708)	(1,249)
Net Income/(deficit)		272	3,858	4,130	453	(1,841)	(1,388)
Revaluation of fixed assets	12	217	-	217	113	-	113
Transfers between funds	20	890	(890)	-	450	(450)	-
Net Movement in Funds		1,379	2,968	4,347	1,016	(2,291)	(1,275)
Total Funds at 1 January		27,292	27,282	54,574	26,276	29,573	55,849
Total Funds at 31 December		28,671	30,250	58,921	27,292	27,282	54,574

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, Arboretum and the trading subsidiary, Arley House & Gardens Limited.

The notes on pages 19 to 29 form part of these financial statements.

BALANCE SHEETS AS AT 31 DECEMBER 2019

	Note	GROUP		CHARITY	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
Fixed assets					
Intangible assets	12	13	12	13	12
Tangible assets	12	3,919	3,272	3,919	3,272
Investments	13	53,701	50,423	53,701	50,423
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total		57,633	53,707	57,633	53,707
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Current assets					
Stock	14	16	8	7	1
Debtors	15	186	156	210	125
Cash	16	1,457	1,018	1,432	994
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
		1,659	1,182	1,649	1,120
Creditors					
Amounts due within one year	17	(371)	(315)	(361)	(253)
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Current Assets		1,288	867	1,288	867
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Assets		58,921	54,574	58,921	54,574
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Arley Fund	19	28,671	27,292	28,671	27,292
General Fund	19	30,250	27,282	30,250	27,282
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Funds		58,921	54,574	58,921	54,574
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

The profit for the financial year dealt with in the financial statements of the charity was £4,347,000 (2018: loss £1,275,000).

The notes on pages 19 to 29 form part of these financial statements.

Approved by the Board on 6 March 2020 and signed on its behalf by:

Peter J Millward
Chairman

CONSOLIDATED AND CHARITY CASH FLOW STATEMENT
For the year ended 31 December 2019

	Note	GROUP		CHARITY	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
Cash (used in) operating activities	21	(864)	(927)	(869)	(908)
Cash flows from investing activities					
Dividend and Interest income		859	782	859	782
Distribution received under deed of covenant		-	-	4	9
Purchase of tangible fixed assets		(513)	(598)	(513)	(598)
Proceeds from sale of tangible fixed assets		2		2	
Capital expenditure developing website		(1)	(12)	(1)	(12)
Purchase of investments		(4,577)	(4,612)	(4,577)	(4,612)
Capital expenditure on investment properties		(85)	(50)	(85)	(50)
Proceeds from sale of investments		5,618	5,742	5,618	5,742
		<u>1,303</u>	<u>1,252</u>	<u>1,307</u>	<u>1,261</u>
Cash provided by/ (absorbed by) investing activities					
Increase/(decrease) in cash and cash equivalents in the year		439	325	438	353
Cash and cash equivalents at the beginning of the year		1,018	693	994	641
Total cash and cash equivalents at the end of the year		<u>1,457</u>	<u>1,018</u>	<u>1,432</u>	<u>994</u>

The notes on pages 19 to 29 form part of these financial statements.

NOTES TO THE ACCOUNTS

1 GENERAL INFORMATION

This Charitable Trust (hereinafter ‘the Trust’ or ‘the Charity’) is a Charitable Incorporated Organisation (CIO), registered with the Charities Commission in England and Wales, registration number 1154467. The charity is a public benefit entity; its principal office is at Arley House, Lion Lane, Upper Arley, Worcestershire, DY12 1SQ.

2 PRINCIPAL ACCOUNTING POLICIES

Basis of preparation: The accounts of 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 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.

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 attractive market-based pricing policies at the Arboretum and in the trading company.

Basis of consolidation: The Trust has one wholly owned subsidiary, Arley House & Gardens 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 without restriction. 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, it is probable that the income will be received and the amount can be measured reliably.

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

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.

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.

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:

NOTES TO THE ACCOUNTS (CONTINUED)

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

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;

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 is 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.

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 of 5 years for motor vehicles and equipment and 3-10 years for fixtures and fittings and 3-5 years for intangible assets.

Financial investments in market securities are basic financial instruments, initially recognised at transaction value and subsequently measured at fair value as at the year-end using the closing quoted market price. The statement of financial activities includes all the net gains and losses arising on revaluation and disposals.

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 them by reference to market reports and government indices having discussed the 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.

Realised gains and losses on investments are taken to the Statement of Financial Activities as they arise. They are calculated as the difference between sales proceeds and their opening carrying value or 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.

NOTES TO THE ACCOUNTS (CONTINUED)

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

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 (based on the cost of purchase on a first in first-out basis) and net realisable value. At each reporting stocks are assessed for impairment; any 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 with financial institutions is 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 reliably estimated. They are normally recognised at their settlement amount after allowing for any discounts.

3 INCOME FROM INVESTMENTS:

	2019 £'000	2018 £'000
Dividends - UK and Overseas Equities	793	726
Interest - UK Fixed Interest Securities	66	56
Sub-total General Fund	859	782
Income - rental	491	467
- other	29	55
Sub-total Arley Fund	520	522
Total Investment Income	1,379	1,304

4 INCOME FROM TRADING

	2019 £'000	2018 £'000
Tea room	150	110
Forestry	10	21
Weddings and events	359	248
Other income	14	17
Total income	533	396

5 CHARITABLE INCOME

This income arises from admissions and charges at Arley Arboretum.

NOTES TO THE ACCOUNTS (CONTINUED)

6 RAISING FUNDS EXPENDITURE

		2019			2018	
	Arley	General	Total	Arley	General	Total
	Fund	Fund	2019	Fund	Fund	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Investment management charges	-	147	147	-	131	131
Repairs & property maintenance	50	-	50	69	-	69
Depreciation	83	-	83	64	-	64
Direct staff costs	49	-	49	62	-	62
Shared staff costs	47	-	47	72	-	72
Shared overheads	129	-	129	119	-	119
Total Raising Funds	358	147	505	386	131	517

7 TRADING EXPENDITURE

Cost of sales	133	-	133	95	-	95
Direct expenses	129	-	129	96	-	96
Direct staff costs	144	-	144	104	-	104
Shared staff costs	47	-	47	42	-	42
Shared overheads	37	-	37	31	-	31
Total trading expenditure	490	-	490	368	-	368

8 CHARITABLE EXPENDITURE

Purchases – Arboretum	26	-	26	30	-	30
Direct staff Costs	102	54	156	97	69	166
Shared staff costs	131	-	131	83	-	83
Shared overheads	109	13	122	75	16	91
Professional charges	-	20	20	-	7	7
Governance	-	13	13	-	13	13
Charitable grants	-	711	711	-	679	679
Total charitable expenditure	368	811	1,179	285	784	1,069

Shared costs of staff and overheads are analysed in note 11.

Governance includes audit fees of £12,449 (2018: £9,945) and accountancy costs of £958 (2018: £3,200).

9 CHARITABLE GRANTS ANALYSIS

	Number	2019 % value	£'000	Number	2018 % value	£'000
Young people	41	17%	123	34	13%	85
Community work	50	18%	125	42	16%	108
Social support	18	8%	57	22	10%	68
Impaired health	62	27%	189	60	26%	179
Hospices	8	17%	121	8	18%	122
The Arts	14	9%	67	16	9%	61
Environment & heritage	6	4%	29	8	6%	41
International aid	-	-	-	4	2%	13
Other	-	-	-	1	-	2
Total	199	100%	711	195	100%	679

NOTES TO THE ACCOUNTS (CONTINUED)

9 CHARITABLE GRANTS ANALYSIS (Continued)**Charitable grants of £5,000 or more:**

Grant-aided charity name	Category		2019 £'000
Birmingham PHAB Camps	Young people	*	7
Stonehouse Gang	Young people	*	15
Cotteridge Church Day Centre	Community work	*	8
Dorothy Parkes	Community work	*	6
Sport 4 Life UK	Community work	*	5
ARCOS	Impaired health	*	5
ASPIE	Impaired health	*	5
Cerebral Palsy Midlands	Impaired health	*	15
Music In Hospitals	Impaired health	*	5
Foundation for Conductive Education (NICE)	Impaired health	*	6
Acorns Children's Hospice Trust	Hospices	*	25
Birmingham St Mary's Hospice	Hospices	*	20
Compton Care	Hospices	*	18
Kemp House Trust	Hospices	*	5
Mary Stevens Hospice	Hospices	*	5
Primrose Hospice	Hospices	*	18
St Giles Hospice	Hospices	*	10
St Richard's Hospice	Hospices	*	20
Birmingham City Mission	Social support	*	6
Sandwell Homeless & Resettlement	Social support		5
St Basils	Social support	*	10
St. Anne's Hostel	Social support		5
Black Country Living Museum	Environment & heritage	*	10
National Churches Trust	Environment & heritage	*	10
City of Birmingham Symphony Orchestra	The Arts	*	13
ESO (2006) Ltd	The Arts	*	5
Performances Birmingham Limited (THSH)	The Arts	*	5
Worcester Live	The Arts	*	16
Total £5,000 or more (28 grants)	Regular grant-aided charities	*	283

10 STAFF COSTS

	2019 £'000	2018 £'000
Wages and salaries	511	469
Social security costs	40	41
Pension costs	22	19
	573	529

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 £183,626 (2018: £184,891). There was 1 (2018: 1) employee whose earnings fell between £120,000 and £130,000 (2018: £120,000 and £130,000).

In 2019 The Roger & Douglas Turner Charitable Trust paid 2 ex-gratia redundancy payments which totalled £18,145.

There were 20 active volunteers (2018: 14) who provided ad-hoc support to projects in the Arboretum. The economic contribution of general volunteers is not recognised in the accounts.

NOTES TO THE ACCOUNTS (CONTINUED)

10 STAFF COSTS (Continued)

The average number of employees calculated on an average head count basis was:

	2019	2018
Estate and property	2	3
Arboretum	15	16
Management and administration	6	8
	<u>23</u>	<u>27</u>

11 SHARED COSTS (Arley Fund)

		2019			2018		
Cost sharing within Arley Estate is based on time spent:		Staff costs £'000	Other costs £'000	Total £'000	Staff costs £'000	Other costs £'000	Total £'000
Raising funds	Note 6	47	129	176	72	119	191
Trading	Note 7	47	37	84	42	31	73
Charitable	Note 8	131	109	240	83	75	158
		<u>225</u>	<u>275</u>	<u>500</u>	<u>197</u>	<u>225</u>	<u>422</u>

12 FIXED ASSETS: GROUP AND CHARITY

Intangible fixed assets: During the year there were £1,000 additions to website development costs (2018: £12,000); no depreciation was charged. The net book amount at 31 December 2019 was £13,000 (2018: £12,000).

Tangible fixed assets	Freehold land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation				
At 1 January 2019	3,001	350	228	3,579
Additions	481	14	18	513
Disposals	-	(9)	-	(9)
Revaluation	217	-	-	217
	<u>3,699</u>	<u>355</u>	<u>246</u>	<u>4,300</u>
Depreciation				
At 1 January 2019	10	183	114	307
Charge for the year	21	28	34	83
Elimination on disposals	-	(9)	-	(9)
	<u>31</u>	<u>202</u>	<u>148</u>	<u>381</u>
Net book amount				
At 31 December 2019	<u>3,668</u>	<u>153</u>	<u>98</u>	<u>3,919</u>
At 31 December 2018	<u>2,991</u>	<u>167</u>	<u>114</u>	<u>3,272</u>

Freehold land and buildings which had an historical cost of £3,383,000 (2018: £3,019,000) include assets in course of construction of £816,000 (2018: £480,000).

NOTES TO THE ACCOUNTS (CONTINUED)

13 FIXED ASSET INVESTMENTS - GROUP

			2019	2018
	Freehold land and buildings £'000	Quoted securities £'000	Total £'000	Total £'000
At 1 January 2019	23,982	26,441	50,423	53,052
Additions at cost	85	4,577	4,662	4,662
Disposal proceeds	-	(4,718)	(4,718)	(4,742)
Net investment gains / (losses)	277	3,957	4,234	(1,249)
Cash drawdown	-	(900)	(900)	(1,000)
Transfer (to) tangible fixed assets	-	-	-	(300)
At 31 December 2019	24,344	29,357	53,701	50,423

Freehold land and buildings: an independent quinquennial valuation of freehold land and buildings was carried out by Halls, Chartered Surveyors, on 31 December 2017. The valuation of £25,929,000 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 2019, having taken informal advice from Halls, the Trustees valued the Estate on a similar basis at £28,012,000. For accounting purposes, the assets have been disclosed as follows:

		2019 £'000	2018 £'000
Own use tangible fixed assets	Note 12	3,668	2,991
Investments	Above	24,344	23,982
At 31 December 2019		28,012	26,973

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 £8,841,000.

Quoted securities portfolio

	2019 £'000	2018 £'000
Fixed interest	3,431	3,635
UK listed investments	9,257	8,077
Overseas investments	11,323	10,018
Commercial property	2,682	2,706
Alternative investments	1,492	1,426
Cash	1,172	579
	29,357	26,441
Historical cost	22,459	22,685

Material investments:

The Investment Policy states that no investments should exceed 5.0% of the value of the portfolio. At 31 December 2019 there were no such investments (2018: none).

Fixed asset investments – Charity

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

NOTES TO THE ACCOUNTS (CONTINUED)

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
14 STOCK				
Goods for resale	<u>16</u>	<u>8</u>	<u>7</u>	<u>1</u>
15 DEBTORS				
Trade debtors	41	35	18	16
Prepayments	88	86	76	74
Other debtors	57	35	116	35
	<u>186</u>	<u>156</u>	<u>210</u>	<u>125</u>
16 CASH				
Cash at bank	582	121	557	97
CCLA COIF Charities Income account	591	687	591	687
Investment Manager Income Account	284	210	284	210
	<u>1,457</u>	<u>1,018</u>	<u>1,432</u>	<u>994</u>
17 CREDITORS DUE WITHIN ONE YEAR				
Trade creditors	51	45	42	33
Conditional grants	-	50	-	50
Investment Manager charges	29	30	29	30
Rents received in advance	49	45	49	45
Other taxes and social security	16	39	16	23
Amounts due to group undertaking	-	-	60	19
Other creditors	26	25	15	22
Accruals and deferred income	200	81	150	31
	<u>371</u>	<u>315</u>	<u>361</u>	<u>253</u>
18 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 one or more Trustees. In accordance with the Trust's policy on conflicts of interest, the conflicted Trustees did not take part in the discussion or decision on such grants. No Trustees are remunerated.

(ii) Trustee expenses

The sum of £1,685 (2018: £1,638) was reimbursed to two (2018: two) Trustees in respect of travel and other expenses and £15 (2018: £516) was incurred on behalf of Trustees.

(iii) Transactions with trading subsidiary

Costs (principally staff costs) recharged to the trading subsidiary amounted to £181,531 (2018: £146,004). Rent and service charge income was received from the trading subsidiary amounting to £43,000 (2018: £22,000).

There are no other related party transactions to disclose.

NOTES TO THE ACCOUNTS (CONTINUED)

19 ANALYSIS OF GROUP ASSETS AND LIABILITIES WITHIN FUNDS

	Arley Fund £'000	2019 General Fund £'000	Total Funds £'000	Arley Fund £'000	2018 General Fund £'000	Total Funds £'000
Intangible Assets	13	-	13	12	-	12
Tangible Assets	3,919	-	3,919	3,272	-	3,272
Investments	24,344	29,357	53,701	23,982	26,441	50,423
Fixed Assets	28,276	29,357	57,633	27,266	26,441	53,707
Stock	16	-	16	8	-	8
Debtors	123	63	186	101	55	156
Cash	587	870	1,457	126	892	1,018
Creditors	(331)	(40)	(371)	(209)	(106)	(315)
Net Current Assets	395	893	1,288	26	841	867
Total Funds	28,671	30,250	58,921	27,292	27,282	54,574

20 FUNDS ANALYSIS – GROUP

	1 January 2019 £'000	Incoming Resources £'000	Outgoing Resources £'000	Transfers £'000	Gains / (Losses) £'000	31 December 2019 £'000
Operational funds	27,169	1,211	(1,216)	911	277	28,352
Revaluation reserve	123			(21)	217	319
Arley Fund	27,292	1,211	(1,216)	890	494	28,671
General Fund	27,282	859	(958)	(890)	3,957	30,250
Total Funds	54,574	2,070	(2,174)	-	4,451	58,921

	1 January 2018 £'000	Incoming Resources £'000	Outgoing Resources £'000	Transfers £'000	Gains / (Losses) £'000	31 December 2018 £'000
Operational funds	26,256	1,051	(1,057)	460	459	27,169
Revaluation reserve	20	-	-	(10)	113	123
Total Arley Fund	26,276	1,051	(1,057)	450	572	27,292
General Fund	29,573	782	(915)	(450)	(1,708)	27,282
Total Funds	55,849	1,833	(1,972)	-	(1,136)	54,574

Of the £1m investments realised in January 2018, the remaining £0.5m is designated for capital expenditure.

Transfers between funds is cash transferred to finance major projects at Arley Estate.

NOTES TO THE ACCOUNTS (CONTINUED)

21 RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET OPERATING CASH FLOW

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Net movement in funds	4,347	(1,275)	4,343	(1,275)
Add back depreciation charge	83	63	83	63
Profit on disposal of tangible fixed assets	(2)	-	(2)	-
Movement on revaluation reserve	(217)	(113)	(217)	(113)
Deduct income shown in quoted investment activities	(859)	(782)	(859)	(791)
(Gain) / loss on revaluation of investments	(4,234)	1,249	(4,234)	1,249
Decrease / (increase) in stock	(8)	(2)	(6)	1
Decrease / (increase) in debtors	(30)	7	(85)	62
Increase / (decrease) in creditors	56	(74)	108	(104)
Net cash used in operating activities	(864)	(927)	(869)	(908)

22 INCOME EARNED FROM TRADING ACTIVITIES

The wholly-owned trading subsidiary, Arley House & Gardens Limited, was incorporated in the United Kingdom (company number 09448082) and details of the trading results for the subsidiary alone are given below:

	2019 £'000	2018 £'000
Turnover	533	396
Cost of sales	(172)	(112)
Direct costs	(215)	(156)
Overheads	(103)	(100)
Profit included in Statement of Financial Activities on consolidation	43	28
Intra-group charge from the charity arising from internal leases, included in the company's own accounts	(39)	(18)
Profit for the financial year	4	10
Amount distributed to the charity	(4)	(10)
Retained in subsidiary	-	-
The assets and liabilities of the subsidiary were:		
Current assets	72	108
Current liabilities	(72)	(108)
Total net assets	-	-
Total net assets representing aggregate share capital and reserves	-	-

The Statement of Financial Activities of the Charity alone is not required to be published. It excludes the above trading turnover and costs but includes £43,000 investment income comprising £39,000 (2018: £18,000) intra-group service charges and £4,000 (2018: £10,000) gift aid income from the subsidiary.

NOTES TO THE ACCOUNTS (CONTINUED)

23 FINANCIAL INSTRUMENTS

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Financial assets				
Financial assets measured at fair value through profit or loss	29,357	26,441	29,357	26,441
Financial assets that are debt instruments measured at amortised cost	1,555	1,088	1,566	1,045
	<u>30,912</u>	<u>27,529</u>	<u>30,947</u>	<u>27,486</u>
Financial liabilities				
Financial liabilities measured at amortised cost	251	177	284	173
	<u>251</u>	<u>177</u>	<u>284</u>	<u>173</u>

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

Financial liabilities comprise trade creditors, rents received in advance, other taxation and social security and other creditors.

24 COMMITMENTS RECEIVABLE UNDER OPERATING LEASES

At 31 December 2019 the Group and Charity had future minimum lease receipts under non-cancellable operating leases as follows:

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Not later than one year	321	444	341	444
Later than one year and not later than five years	197	454	375	597
Later than five years	-	-	250	250
	<u>518</u>	<u>898</u>	<u>966</u>	<u>1,291</u>

25 CAPITAL COMMITMENTS

At 31 December 2019 the Group and Charity had capital commitments for Freehold land and buildings of £1,297,000 (2018: £Nil).