



The Roger & Douglas Turner Charitable Trust
Annual Report 2022 **CIO 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 grant-making charitable trusts established separately by the late Douglas William Turner (“DWT”) and his son, the late Roger Douglas Turner (“RDT”); both had been successful industrialists with Wellington Tube Works Ltd in Great Bridge. The two unincorporated trusts were linked to The Trust during 2021:

- The RD Turner Charitable Trust (“The Legacy Charity” 1154467-1) 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 1154467-2) was settled on 27 January 1964 and its assets were accrued through lifetime gifts by DWT which increased in value to £16.7m when it merged with The Trust on 31 December 2015.

Under the terms of his Will RDT, who had owned the 1,600-acre Arley Estate in Worcestershire for 40 years until he died in 1999, passed the Arley Estate 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 the 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 various strategic reviews since 2013, the Trustees resolved both to increase the amount of charitable grant-making and to improve the charitable impact of Arley Estate, whilst retaining its unique charm for public benefit, by providing for:

1. Arley Estate to be retained by The Trust for the foreseeable future.
2. Arley Arboretum to be made available to a wide range of visitors to enhance public benefit.
3. Arley House & Gardens Limited, a wholly owned company, to manage the Estate’s trading activities including a wedding and conference centre at Arley House and accommodation at both The Grange and the former Arley Gaol and Boathouse.

Arley Arboretum, Arley House, The Grange, Arley Gaol and Boathouse are held as own-use tangible fixed assets but the remaining assets of Arley Estate (primarily rental properties) are held as investments. In accordance with RDT’s wishes former staff who had been employed by RDT at the date of his death continue to occupy accommodation on favourable terms.

POLICY FOR THE CHARITABLE USE OF FUNDS

The Trustees have formulated a policy embracing their power both to make charitable grants and to operate Arley Estate for public benefit having had due regard for RDT’s expressed wishes:

1. **Charitable Grant-making:** to support by means of grants to UK registered charities, within the main beneficial area of Birmingham, the Black Country boroughs (Walsall, Wolverhampton, Sandwell and Dudley), Worcestershire and Herefordshire, primarily for the benefit of charities supporting youth and children, community and elderly, impaired health, hospices and social support. Some limited support is also given to charities supporting the arts, the environment and heritage.
2. **Arley Estate:** to maintain to the extent practicable the amenities of the Estate for the benefit of: (1) their present and future residents; (2) farming and other enterprises in the village and the surrounding areas; (3) St Peter’s Church, Arley Memorial Hall and Arley Sports and Social Club; (4) visitors who come to the area primarily for the purpose of recreation; (5) visitors to the Arboretum to enjoy as an education and leisure resource on an affordable basis.
3. To support such other general charitable purposes as the Trustees shall in their absolute discretion decide.

Footnote: The full text of the Charitable Grant-making policy is available for potential applicants.

CONTENTS

	Page
Historical background	2
Policy for the Charitable use of Funds	2
Reference and administrative information	4
Overview of the year	5
Our primary charitable aim, achievements and performance in 2022	6
Our secondary charitable aim, achievements and performance in 2022	7
Financial review	8
Investments	9
Managing risk	10
Governance	11
Key financial policies	11
People	12
Public benefit	12
Fundraising activities	12
Plans for the future	12
Trustees’ responsibilities and disclosure of information to the auditors	12
Independent auditor’s report	13-14
Consolidated statement of financial activities	15
Balance sheets	16
Consolidated and Charity cash flow statements	17
Notes to the accounts	18-29

REFERENCE AND ADMINISTRATIVE INFORMATION

Charitable Incorporated Organisation (CIO)

Charity number 1154467

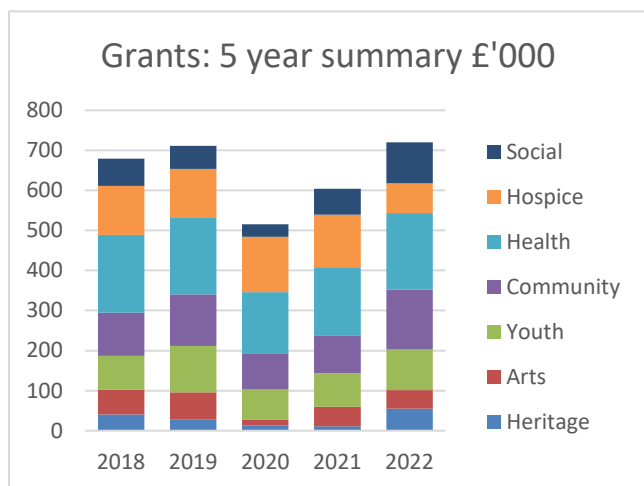
Trustees	Peter Millward (Chairman) Dawn Long Amanda McGeever Ron Middleton (Vice Chairman) Sharon Stotts Geoff Thomas	
Chief Executive	Mark Webb	mark@arleyestate.co.uk
Grants & Compliance Officer	Jenny Harris	jenny@turnertrust.co.uk
Principal Office	Arley House Lion Lane Upper Arley DY12 1SQ	Phone 01299 861368
Websites	Grants Arboretum Weddings, events and trading	www.turnertrust.co.uk www.arleyarboretum.co.uk www.arleyhouseandgardens.co.uk
Auditors	Crowe U.K. LLP Black Country House Rounds Green Road Oldbury B69 2DG	
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 Chartered Surveyors Gavel House 137 Franche Road Kidderminster DY11 5AP	Bronwin & Abbey Chartered Foresters and Surveyors Auction House King George's Way Pershore Worcs WR10 1 EY
Bankers	Barclays Bank PLC 2 nd Floor 54 High Street Worcester, WR1 2QQ	CCLA 85 Queen Victoria Street London EC4V 4ET
Solicitors	Lodders Solicitors LLP 10 Elm Court, Arden St Stratford-upon-Avon CV37 6PA	Higgs and Sons 3 Waterfront Business Park Brierley Hill West Midlands DY5 1LX
IT consultants	Pinfields IT 60 Sugarbrooke Road Bromsgrove B60 3DN	

OVERVIEW OF THE YEAR

Global affairs were dominated in 2022 by Russia’s invasion of Ukraine in February which triggered both a human refugee crisis and an energy crisis with wider economic implications in the Western world. This happened as the UK economy was recovering after two years of Covid restrictions, exacerbated by political instability, with three Prime Ministers within a few weeks and a disastrous mini-budget in September. This triggered panic in the debt markets when global equities were already under pressure and led to a tightening of monetary policy at a time of high inflation.

Consequently, our portfolio of market securities suffered the rare combination of negative performance in most asset classes with capital losses of £4,385k more than offsetting the prior year gains of £2,849k. Conversely, the quinquennial valuation of Arley Estate properties revealed a gain of £3,716k, primarily driven by the growth in woodland values.

Grant-aid to UK charities



Our grant-aid payments had fallen during the past two years reflecting reduced demand for services, postponed longer-term projects or suspended operations at our applicant charities. This changed in 2022 with significant increases in their activity levels.

However, charities’ financial circumstances varied significantly depending upon the extent of government grants received, the ability to conserve funds during lockdowns and levels of reserves, all of which we took into consideration in assessing grant awards.

Our due diligence assessments of the need for grant support led to changes in the mix of grants to different sectors. Accordingly, we were able to meet increased appeals for help in the Social, Community and Youth charities, many of which were filling an essential need arising from reduced public sector provision.

Charitable activities at Arley Estate and Arboretum

Arboretum visitor numbers were 24,854, down from 31,769 in 2021, a year in which local attractions had been popular (including an exceptionally busy post-lockdown April) whereas foreign holidays and other attractions were favoured in 2022.

As well as the maze and childrens’ play area there were additional trails and events for children during the year. The Autumn colours continued to provide spectacular pictures during October and Santa had a new woodland grotto in December.

With the booking system moving to on-line tickets since the pandemic, it has been easier to manage staffing levels and run the tea-room more efficiently which improved the visitor experience.



Trading activities at Arley House & Gardens Limited (“AHAG”)

Many weddings had been postponed as a direct consequence of the lockdown restrictions and just 26 were held in 2021. This created huge pressure from couples to catch up in 2022 so 43 weddings were held which provided a big challenge for staff. The 13-bedroom Grange guest accommodation had its first full year of operation and was enjoyed by many wedding guests.

In 2021 the boom in demand for UK ‘staycations’ benefitted AHAG with a very successful start to its new self-catering holiday-rental business at the Boathouse and old Arley Gaol whereas demand in 2022 was more muted. Nevertheless, the Directors were delighted to be able to report £60,000 of profit to be distributed to the charity, down from the £120,000 in 2021 which had included £69,000 received in Government Covid-support grants.

Looking forward in 2023

We plan to co-operate with other grant making trusts in assessing grant awards for occasional major projects in our area.

At Arley the Arboretum car park is being extended with additional drainage to cope with the impact of higher rainfall.

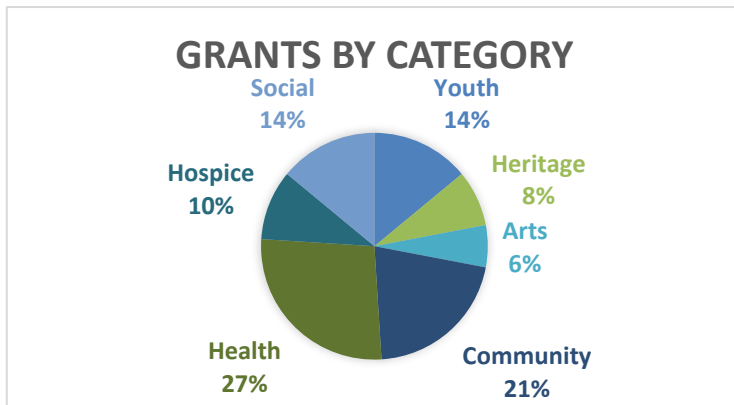
OUR PRIMARY AIM: providing grants to UK registered charities

We focus on charities, in the beneficial area of Birmingham, the Black Country, Worcestershire and Herefordshire, which support impaired health and the disabled, independent hospices, work in the community, social support, children and young people with some limited funds for both arts and heritage work. Most beneficiaries have been regularly supported for four years or more with unrestricted grants which can be used for core costs including salaries. Biennial due diligence is undertaken on these so-called ‘Regulars’ for a discussion with management about performance, outcomes and plans.

Achievements and performance in 2022

During 2022 we awarded 192 grants totalling £720k up from £604k (164 grants), an average grant of £3,750 (2021: £3,683). The split by category is shown below; included within ‘Community’ were two grants paid from the Arley Fund: £5k to Arley Sports & Social Club and £1k to St Peter’s Church.

Our biennial due diligence accelerated during 2022 following the Covid-related disruption with 59 visits up from 43 last year, preferably on-site, but with video conferencing when it was more cost-effective.



The six largest grants in 2022 included £25k towards a new engine shed for the **Severn Valley Railway Charitable Trust**, £15k for an emergency response vehicle for **Severn Area Rescue Association** and core-cost contributions to four Regulars: **St Richard’s Hospice** £20k, **Primrose Hospice** £15k, **The Stonehouse Gang** £12k and the **CBSO** £15k.

Our impact is usually not separately identifiable or measurable as it is inextricably linked to the overall charitable outcomes of our applicants. During 2022, however, we have received the following unsolicited feedback from recipient charities:

Listening Books: £5,000 grant ‘has been allocated in support of 34 print-impaired people in the area who are unable to pay our subsidised fees’.

St. Michael’s Hospice £3,000 ‘...towards the new training programme at St Michael’s Hospice for District Nurses and Care Agency workers... will enable healthcare assistants to take on more nursing roles and allow nurses to take on more medical roles...’

Newlife the Charity for Disabled Children £3,000 ‘Your support of our work has helped us to provide specialist equipment to 10 disabled children...’

Sophie Hayes Foundation: £3,000 ‘to support our unique employability programme for women survivors of human trafficking and modern slavery... Thanks to this support, [we have] been able to support 30 women over the past year, helping them to re-build their lives.’

Welcome to Our Future: £2,000 ‘...funded a project providing 2 bird boxes and 2 feeding tables to 10 care homes and 5 bird boxes to 10 primary schools.’

NICE – The Foundation for Conductive Education £7,000 ‘has funded ... our NICE road to Wellness Project for adults with incurable physical disabilities such as Parkinson’s...’

Prisoners’ Education Trust £3,000 ‘was used to provide distance learning courses to six prisoners aged between 22 and 53 and included A level business course, nutrition for physical activity and residential sales.’

Target Ovarian Cancer £3,000 ‘Your gift has helped us to grow and support out GP network and resources, training more healthcare professionals to spot ovarian cancer earlier and to raise awareness of the symptoms of ovarian cancer...’

British Liver Trust £2,000 ‘...helped to fund the Trust’s ‘Love Your Liver’ campaign. In March 2022 we were finally able to deliver the events we had planned to carry out in the Midlands, before Covid’

Willow Foundation £3,000 ‘to support seriously ill young adults aged 16-25... we delivered 451 Specia Days and 568 special treats, 1028 in total and we are planning to deliver over 1,000 again this year’.

OUR SECONDARY AIM: providing public access to Arley Estate including its Arboretum and gardens.

Arley Estate, located in Worcestershire’s Severn Valley, is a significant tourist attraction which can be accessed via Arley Station on the Severn Valley Railway or by road. 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 200-year-old Arboretum, an RHS partner garden, has some of the most magnificent exotic species in England and provides a wonderful setting in every season. Children are welcomed with many activities including an adventure play area, a living maze together with quests, scavenger hunts and seasonal events and encouragement to learn about the natural environment.

The Italian Garden, inspired by the renaissance gardens of the late 15th Century is an integral part of the Arboretum and features a spectacular fountain with 18 foot water jets, formal flower beds, box hedging, colonnades of silver lime trees and a dovecote. Although normally for public benefit, it is licenced for weddings and can be hired for private use.

The Arboretum tea-room has become a destination of choice for our homemade cakes, hot food, drinks and locally sourced ice cream for our visitors.

Achievements and performance 2022

Although Arboretum visitor numbers of 24,854 were down from 31,769 in 2021, the feedback was more positive as the combined impact of the on-line booking system and more efficient staffing of the tea-room avoided the lengthy queues for admission.

Some 880 children from The Black Pear Trust (an Academy of 5 primary local schools including Upper Arley C of E Primary School) attended the Arboretum to learn about plants and living things as part of the science and maths aspects of the ‘STEM’ curriculum for Key Stages 1 and 2; the early years nursery (age 3+) was welcomed to learn about the ‘world around’.



Guided walks around the many trees are complemented with structured learning in a garden building which we have converted to an outdoor classroom to facilitate the understanding of various topics including renewable energy and climate change.

ARLEY HOUSE & GARDENS LIMITED (‘AHAG’)

AHAG finally had a full year of trading following 2 interrupted years to the events industry. 43 weddings were delivered in addition to other events such as car shows, corporate hire and private parties at Arley House.

Accommodation income from holiday lets reduced as UK staycations declined with the return of foreign travel but was countered by increased use of The Grange guest house in line with the increased wedding activity on the Estate.

Turnover reached £661,000 returning a profit back to the Charity of £60,000 which is a testament to the hard work of the team who won the regional Team of the Year at The Wedding Industry Awards (TWIA).



FINANCIAL REVIEW

Total income increased from £2,021k to £2,365k following a busy second half of the year catching up on postponed events from the previous 2 years. A decision to continue to support local charities at a time when they needed funds most resulted in an operating deficit.

However, this was overshadowed by huge movements in investments: net capital losses in market securities of £4,385k were offset by net gains in the Arley Estate property portfolio of £4,056k following a formal quinquennial professional valuation.

General Fund

The General fund holds our market securities and is focussed on our primary aim of giving grant-aid to UK charities:

General Fund	2022 £'000	2021 £'000	
Investment income (<i>net of fees</i>)	556	502	UK equities recovered quickly and paid higher yields
Charitable grants	(714)	(604)	Charitable grants increased in response to cost-of-living crisis
Charitable costs	(66)	(67)	
Operating (deficit)	(224)	(169)	
Investment (losses)/gains	(4,385)	2,849	Fall in Global equity markets
Transfers from/(to) Arley Fund	18	(47)	Completion of Arley development programme & shared costs
Movement in funds	(4,591)	2,633	

Arley Fund (designated)

The Arley fund holds the Arley Estate properties, for both investment and own-use, and supports our secondary aim of providing access for recreation and education at Arley Arboretum and gardens and includes the contribution from trading via AHAG:

Arley Fund	2022 £'000	2021 £'000	
Estate property surplus	130	41	Increased market rents and occupancy
Trading contribution	142	103	Increase in turnover with growth of trading activities
Other income	28	102	Government hospitality grants and furlough income ceased
Charitable (deficit)	(219)	(212)	Net cost of running arboretum stable
Operating surplus	81	34	
Investment gains	4,056	1,791	Quinquennial valuation reported significant woodland gains
Tangible asset revaluation	(340)	215	Commercial property prices fell in poor economic conditions
Transfers (to)/from General Fund	(18)	47	Completion of Arley development programme
Movement in funds	3,779	2,087	

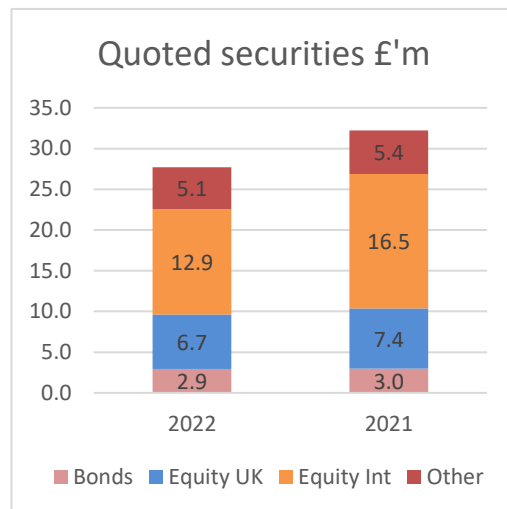
INVESTMENTS

Investments include both quoted securities and a tenanted portfolio of investment properties at Arley Estate.

QUOTED SECURITIES

The independent review of our investments in 2019 recommended the retention of both managers as their past performance had been strong but with a medium term move of the equity portion to one global benchmark. Investec use UK and ex-UK benchmarks whilst Sarasin adopt the MSCI global index. The aggregate neutral equity weighting for both managers was 70% with discretion according to market conditions.

Investment performance: The less attractive market sentiment was reflected in a 3% decrease in the overall equity content during 2022 to 71%. Despite portfolio weightings being more defensively positioned with higher levels of liquidity, our securities portfolio had a very challenging year with performance strongly negative and significantly below the long-term ‘RPI + 3.5%’ target in the year.



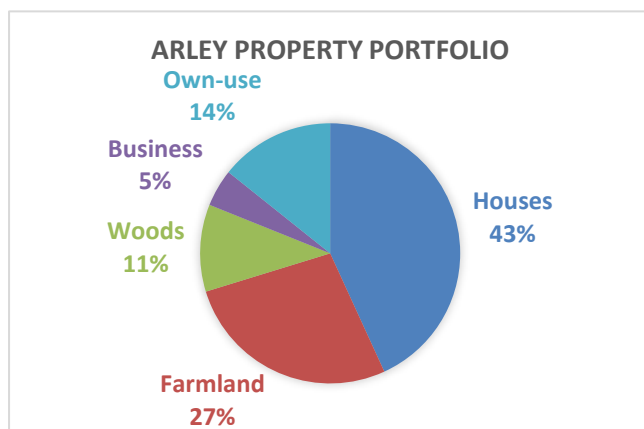
2022 was a year in which investors suffered the rare combination of losses in both equities and bonds caused by the tightening of monetary policy in the face of rising inflation so the net losses of £4,385k more than offset the prior year gains of £2,849k. By contrast 2021 had been dominated by a recovery in traditional sectors as economies re-opened after the peak of the pandemic.

However, income in 2022 increased to £705k (2021: £658k) reflecting the resumption and increase in dividends following the pandemic. The negative total return for Sarasin was -7.8%, rather better than the -13.8% for Investec; in 2021 total returns were and 11.9% and 11.1% respectively.

FREEHOLD PROPERTIES AT ARLEY

Arley Estate includes the following:

- **Investment properties:** a tenanted portfolio includes 52 residential houses, 3 farms, a pub, a post office and a ‘bed & breakfast’ business together with managed woodland.
- **Own-use properties** including Arley Arboretum (a charitable asset) and various commercial properties:
 - Arley House provides both our own office and our wedding and conference venue for use by AHAG;
 - The Grange, the Gaol and adjoining Boathouse provide accommodation to support these facilities.



Professional valuation: Halls have conducted a quinquennial valuation of the component parts of Arley Estate, subject to the current occupation and tenancies in place but without making any adjustment for the ‘marriage value’ of the entire estate. The woodlands which are not subjected to farm tenancies were included on the basis of a valuation by Bronwin & Abbey; £2,465k of the net £3,677k increase in Estate property values was attributable to woodland.

The overall impact on Arley Estate was a 15.4% increase in values of investment properties and a decrease for own-use properties of 6.9% in a difficult economic climate as follows:

Valuation as allocated in the financial statements	£'000	2022	2021
Tenanted properties and woodland within Investments		31,073	26,918
Own-use properties (including Arboretum) within Tangible Fixed Assets		5,175	5,556
Total		36,248	32,474

MANAGING STRATEGIC RISK

The risk profile of the Trust has evolved during the past 3 years and the key risks have been summarised as follows:

Category	Strategic Risk	How risk is managed
Recession	Rent increases fail to match cost inflation Over-reliance on weddings impacts trading	Development of in-house skills to better manage costs Diversification of trading opportunities
Energy performance	Failure to meet legal minimum energy performance for rental properties	Consultants engaged on viability of better insulation and heat pumps and associated government grants
Housing condition	Condition of rental properties fall below minimum standards	Halls prepared condition report at year end to enable prioritisation of improvement programme
Climate change	River bank erosion or flooded properties; Higher rainfall threat to visitor attractions	Flood defences for installation at the Boathouse; Seasonal management of expected footfall
Reputation	Adverse social media feedback going viral inadequate service offering for guests	Daily monitoring and follow up of complaints Recruited experienced Operations Manager
Cyber-fraud	Cyber-terrorism threatens internal systems Grant payment misdirected to wrong payee	Enhanced IT security software installed in 2022; Improved internet payment verification with Barclays

Market security risks are mitigated in the long term by:

- Using two investment houses with globally spread portfolios and differing investment strategies;
- Investing in good quality securities traded on major global exchanges;
- Avoiding high risks of capital losses from derivative-based hedge funds;
- Holding regular meetings with managers to review performance, strategic asset allocations and ranges;

We were advised in 2019 to equalise the portfolios between investment managers in due course; during 2022 we transferred £800k from Investec to Sarasin and plan to continue this policy in 2023 subject to market conditions.

Operational risks: in order to manage operational risks effectively we:

- Obtain independent professional support in managing major capital projects;
- Review financial, hazard and other operational risks, captured in a risk register, at the Audit Committee;
- Manage potential conflicts, principally associated with grant-giving, at every meeting.

Estate hazard risks are managed by the Chief Executive who, as Safety Officer, is responsible to the Audit Committee. 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 and are regularly reviewed to enhance their skills with particular emphasis on working at height, mechanical handling and chain saws with the mandatory use of safety equipment.

Additional challenges arise in the winter months when the river is prone to flooding and part of the village can be cut off. Temporary barriers are used to protect the Gaol and Boathouse from flood damage and allow access to these properties to continue unabated.



Visitors and safeguarding risks to which arboretum visitors are potentially exposed are carefully monitored, striking a reasonable balance between safety, conservation and access. Visitors to the Arboretum are required to take responsibility for their own safety; children and vulnerable adult visitors must be safeguarded and supervised by a responsible adult visitor.

Cyber security: user access controls, malware protection, patch management are in force; internet banking controls require multiple layers of access codes; all transactions also require segregation of duties between a loader and two approvers. Our internet security software was enhanced during the year following advice from our IT consultants and both management and trustees are cognisant of the need to be vigilant in assessing risks of cyber-attack.

GOVERNANCE

The Charity Governance Code: We continue to comply with the Charity Governance Code so far as reasonably possible. New Trustees are appointed having regard to diversity of skills, experience and gender. However, we do not advertise trustee vacancies because of the need for high levels of knowledge and experience of charities and we believe the current informal approach is more appropriate. There is no restriction on length of service or any specific term of office for the original Trustees in 2013; 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 and the key points from training courses are shared at Board meetings. During 2022 the Board also received bespoke training from Ladders, Solicitors.

The Trustees' code of conduct is based on a code issued by the Association of Chief Executives of Voluntary Organisations and Good Governance: A Code for the Voluntary and Community Sector from the National Council for Voluntary Organisations. Through their actions as a Board, trustees are responsible for the successful development of a strategy to further our objects, delivery of which, in respect of Arley Estate, is delegated to the Chief Executive. The code establishes the principles expected of Trustees and Management to fulfil these responsibilities by maintaining the highest standards of integrity and stewardship and ensuring the Trust is effective, open and accountable with good working relationships.

Declaration of interests: The Trust aims to uphold the Charity Commission's guidelines which state that *'trustees are required to act reasonably and prudently in all matters relating to the charity and need always to bear in mind that their prime concern is the interests of the charity. They cannot let their personal views or prejudices affect their conduct as trustee'*. A register of interests is maintained and the policy includes examples of potential conflicts of interest and conflicts of loyalty which could arise and how they should be managed.

Board meetings take place regularly to review the charity's activities and to consider grant appeals. 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 **Estates Committee** was formed in June 2021 to consider all property related matters in conjunction with the Chief Executive and property consultants, Halls.

Arley House & Gardens Limited has its own independent Board but Trustees retain oversight with one Trustee-Director and by means of formal reports and informal dialogue with its chairman.

KEY FINANCIAL POLICIES

Investment policy for quoted securities: There are neither restrictions on the Trust's power to invest nor prohibitions on social, environmental ethical grounds beyond those adopted by the managers' internal procedures. Our investment objective is to generate a balanced total return based on relative benchmarks for different asset classes with 70% in equities, 15% in bonds and 15% in alternatives (including property) to generate a total return over the long term of 3.5% above UK RPI, net of fees.

Investment policy for freehold properties: Investment returns are maximised within the constraints of long-term tenancy arrangements. It is intended to maintain the properties to minimum standards having regard to the wishes of sitting tenants.

Reserves Policy: Unrestricted funds total £65,011k (2021: £65,823k) which comprises the General Fund of £28,390k (2021: £32,981k) and the Arley Fund of £36,621k (2021: £32,842k). The Arley fund is a designated fund and can only be realised by disposing of tangible fixed assets, which are inextricably linked with the Estate's investment properties and this designated fund is therefore excluded from free reserves. All investments held in the General Fund, totalling £27,705k (2021: £32,243k) are also excluded from free reserves which comprise the unrestricted funds which are freely available to spend on any of the charity's purposes; they are unencumbered amounts represented by cash or other readily realisable assets less liabilities. At 31 December 2022, reserves amounted to £685k (2021: £738k). Our policy is to hold reserves generally in the target range of £250k to £750k and the reserves held therefore fall within this target range.

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

The Trustees wish to record their appreciation for the loyalty and commitment of the whole team at Arley during the year.

The Directors of Arley House & Gardens Limited are non-executive and unremunerated. 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 15 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 fund:

- Gift Aid will be included within the Digi-ticket system for Arboretum admissions
- The Arboretum car park is being extended to handle the higher footfall from visitors, wedding guests and coach trips for school children

General fund: - we plan to increase the level of grant-aid, funded partially by drawdowns from our investment portfolio.

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
10 March 2023



Independent Auditor's Report to the Members of The Roger and Douglas Turner Charitable Trust**Opinion**

We have audited the financial statements of The Roger and Douglas Turner Charitable Trust ('the charity') and its subsidiary ('the group') for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including 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 and group's affairs as at 31 December 2022 and of the charity and group's 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 and group 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. 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

In light of the knowledge and understanding of the group and charity and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report included within the trustees' report.

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

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; 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 14, 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 and group'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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities SORP (FRS102) 2019. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity and the group for fraud. The laws and regulations we considered in this context for charity and group's operations were Charity Commission regulations, General Data Protection Regulation (GDPR), Anti-fraud, bribery and corruption legislation, Environmental protection legislation, Health and safety legislation, Taxation legislation and Employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of rental income and weddings and events income, and the override of controls by management. Our audit procedures to respond to these risks included designing audit procedures over rental income and weddings and events income, enquiries of management and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charity's members, as a body, in accordance with Chapter 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe UK LLP

Crowe U.K. LLP
Statutory Auditor

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

17 March 2023

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

Unrestricted Funds	Note	2022			2021		
		Arley Fund £'000	General Fund £'000	Total £'000	Arley Fund £'000	General Fund £'000	Total £'000
<u>Income from:</u>							
Investments	3	711	705	1,416	539	658	1,197
Trading Activities	4	661	-	661	441	-	441
Charitable Activities	5	260	-	260	281	-	281
Other income	6	28	-	28	102	-	102
Total Income		1,660	705	2,365	1,363	658	2,021
<u>Expenditure from:</u>							
Raising Funds	7	581	149	730	498	156	654
Trading Activities	8	519	-	519	338	-	338
Charitable Activities	9	479	780	1,259	493	671	1,164
Total Expenditure		1,579	929	2,508	1,329	827	2,156
Operating Surplus/(Deficit)		81	(224)	(143)	34	(169)	(135)
Net investments gain/(loss)	14	4,056	(4,385)	(329)	1,791	2,849	4,640
Net Income/(Loss)		4,137	(4,609)	(472)	1,825	2,680	4,505
Revaluation of fixed assets	13	(340)	-	(340)	215	-	215
Transfers between funds	20	(18)	18	-	47	(47)	-
Net Movement in Funds		3,779	(4,591)	(812)	2,087	2,633	4,720
Total Funds at 1 January		32,842	32,981	65,823	30,755	30,348	61,103
Total Funds at 31 December		36,621	28,390	65,011	32,842	32,981	65,823

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 18 to 29 form part of these financial statements.

BALANCE SHEETS AS AT 31 DECEMBER 2022

	Note	GROUP		CHARITY	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Fixed assets					
Intangible assets	13	4	4	4	4
Tangible assets	13	5,400	5,796	5,400	5,796
Investments	14	58,778	59,161	58,778	59,161
Total		64,182	64,961	64,182	64,961
Current assets					
Stock	15	18	20	9	13
Debtors	16	258	196	253	249
Cash	17	832	1,071	752	833
		1,108	1,287	1,014	1,095
Creditors					
Amounts due within one year	18	(279)	(425)	(185)	(233)
Net Current Assets		829	862	829	862
Net Assets		65,011	65,823	65,011	65,823
Arley Fund	19	36,621	32,842	36,621	32,842
General Fund	19	28,390	32,981	28,390	32,981
Total Funds		65,011	65,823	65,011	65,823

The funds movement dealt with in the charity's financial statements was negative £812,000 (2021: positive £4,720,000).

The notes on pages 18 to 29 form part of these financial statements.

Approved by the Board on 10 March 2023 and signed on its behalf by:



Peter J Millward
Chairman

CONSOLIDATED AND CHARITY CASH FLOW STATEMENT

For the year ended 31 December 2022

	Note	GROUP		CHARITY	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Cash (used in) operating activities	21	(953)	(672)	(855)	(960)
Cash flows from investing activities					
Dividend and Interest income		705	658	705	658
Distribution received under deed of covenant		-	-	60	120
Purchase of tangible fixed assets		(45)	(108)	(45)	(108)
Proceeds from sale of tangible fixed assets		-	7	-	7
Purchase of investments		(10,548)	(6,157)	(10,548)	(6,157)
Capital expenditure on investment properties		(99)	(135)	(99)	(135)
Investment cash drawn down		-	200	-	200
Proceeds from sale of investments		10,701	6,310	10,701	6,310
		<u>714</u>	<u>775</u>	<u>774</u>	<u>895</u>
Cash provided by investing activities		714	775	774	895
Increase/(decrease) in cash and cash equivalents in the year		(239)	103	(81)	(65)
Cash and cash equivalents at the beginning of the year		1,071	968	833	898
Total cash and cash equivalents at the end of the year		832	1,071	752	833

The notes on pages 18 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 the 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. This assumes that the Trust will continue in operational existence for the foreseeable future following stress testing numerous forecasts and scenarios. 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 are areas of financial uncertainty which the Trustees have mitigated with an internet-based booking system to manage footfall more effectively.

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 the 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. If an 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, 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 for permanent staff. An accrual is provided for casual workers in line with government guidance.

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.

Government Grants are credited to the consolidated statement of financial activities as the related expenditure is incurred.

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:

	2022	2021
	£'000	£'000
Dividends - UK and Overseas Equities	617	552
Interest - UK Fixed Interest Securities	88	106
Sub-total General Fund	705	658
Income – rental	538	522
- other	173	17
Sub-total Arley Fund	711	539
Total Investment Income	1,416	1,197

4 INCOME FROM TRADING

	2022	2021
	£'000	£'000
Accommodation	125	113
Weddings and events	511	296
Other income	25	32
Total income	661	441

5 CHARITABLE INCOME

This income arises from admissions and charges for events and refreshments at Arley Arboretum.

6 OTHER INCOME

This income arises from Governments Grants and Furlough payments of £28,408 (2021: £102,000 (Arley Fund)).

NOTES TO THE ACCOUNTS (CONTINUED)

7 RAISING FUNDS EXPENDITURE

	2022			2021		
	Arley Fund £'000	General Fund £'000	Total 2022 £'000	Arley Fund £'000	General Fund £'000	Total 2021 £'000
Investment management charges	-	149	149	-	156	156
Repairs & property maintenance	88	-	88	99	-	99
Woodland maintenance	94	-	94	-	-	-
Depreciation & amortisation	101	-	101	101	-	101
Direct staff costs	92	-	92	54	-	54
Shared staff costs	48	-	48	112	-	112
Shared overheads	158	-	158	132	-	132
Total Raising Funds	581	149	730	498	156	654

8 TRADING EXPENDITURE

Direct expenses	334	-	334	142	-	142
Direct staff costs	77	-	77	58	-	58
Shared staff costs	53	-	53	49	-	49
Shared overheads	53	-	53	84	-	84
Governance	2	-	2	5	-	5
Total trading expenditure	519	-	519	338	-	338

9 CHARITABLE EXPENDITURE

Direct costs – Arboretum	82	-	82	63	-	63
Direct staff costs	223	49	272	164	48	212
Shared staff costs	57	-	57	166	-	166
Shared overheads	86	2	88	82	-	82
Professional charges	20	9	29	10	13	23
Governance	5	6	11	8	6	14
Charitable grants	6	714	720	-	604	604
Total charitable expenditure	479	780	1,259	493	671	1,164

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

Governance includes audit fees of £16,025 (2021: £15,725) and accountancy costs of £600 (2021: £1,200).

10 CHARITABLE GRANTS ANALYSIS

	2022			2021		
	Number	% value	£'000	Number	% value	£'000
Young people	35	14%	102	26	14%	84
Community work	43	21%	149	26	12%	70
Social support	29	14%	102	22	10%	65
Impaired health	58	27%	191	64	32%	194
Hospices	9	10%	75	9	22%	131
The Arts	11	6%	46	15	8%	49
Environment & heritage	7	8%	55	2	2%	11
Total	192	100%	720	164	100%	604

NOTES TO THE ACCOUNTS (CONTINUED)

10 CHARITABLE GRANTS ANALYSIS (Continued)

Charitable grants of £5,000 or more:

Name	£'000	Name	£'000
ASPIE Worcester	5	Listening Books	5
Acorns Children's Hospice Trust	5	Mary Stevens Hospice	10
Age UK Birmingham	5	Myriad Centre	5
Arley Sports & Social Club (<i>Arley Fund</i>)	5	National Churches Trust	10
B:Music	5	Nerve Tumours UK	5
B'ham Botanical and Horticultural Society	7	NICE	7
BUDS	5	Norton Hall Children and Family Centre	5
Birmingham Boys & Girls Union	5	Primrose Hospice	15
Birmingham City Mission	6	REACT	5
Birmingham PHAB Camps	5	Relate Birmingham	5
Birmingham Settlement	5	Sandwell Homeless and Resettlement	5
Black Country Living Museum	5	Severn Area Rescue Association	15
City of Birmingham Symphony Orchestra	15	Severn Valley Railway Charitable Trust	25
Cerebral Palsy Midlands	10	Sport 4 Life UK	6
Changing Faces	6	St Andrew's Parish Centre Trust	5
Compton Care	5	St Anne's Hostel	8
Cotteridge Church Day Centre	8	St Basil's	10
Darlaston Youth Centre	5	St Giles Hospice	5
Dorothy Parkes Centre	6	St Michael's Hospice	5
Ecclesiastical Parish of St John Baptist	5	St Richard's Hospice	20
ESO (2006) Ltd	5	Stonehouse Gang	12
Foodcycle	5	The Hospice Charity Partnership	5
Friends of Sick Children in Malawi	5	Thomas White Cottage Homes	5
Good Shepherd Services	5	Windmill Community Church	5
Headway Birmingham & Solihull	5	Wyre Forest Nightstop & Mediation	5
Kemp House Trust	5	<i>Brought forward column 1</i>	<i>153</i>
<i>Sub-total carried forward</i>	<u>153</u>	Total at least £5,000 (51 grants)	<u>361</u>

11 STAFF COSTS

	2022 £'000	2021 £'000
Wages and salaries	618	587
Social security costs	41	54
Pension costs	25	30
	<u>684</u>	<u>671</u>

The key management personnel of the charity comprise the trustees, the Chief Executive, and the Trust Administrator. The total employee benefits of the key management personnel of the charity were £131,476 (2021: £282,938). 1 employee had earnings which fell between £80,000 and £90,000 (2021: £70,000 and £80,000). In 2021, 1 employee had earnings which fell between £130,000 and £140,000. In 2022 The Trust made no payments (2021: £36,360) in lieu of notice and redundancy in respect of a former employee.

There were 15 active volunteers (2021: 15) 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)

11 STAFF COSTS (Continued)

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

	2022	2021
Estate and property	3	2
Events	17	-
Arboretum	18	18
Management and administration	7	8
	<u>45</u>	<u>28</u>

12 SHARED COSTS (Arley Fund)

		2022			2021		
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 7	48	158	206	112	132	244
Trading	Note 8	53	53	106	49	89	138
Charitable	Note 9	57	88	145	166	82	248
		<u>158</u>	<u>299</u>	<u>457</u>	<u>327</u>	<u>303</u>	<u>630</u>

13 FIXED ASSETS: GROUP AND CHARITY

Intangible fixed assets: The net book amount at 31 December 2022 was £4,263 (2021: £4,263), its residual value.

Tangible fixed assets	Freehold land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation				
At 1 January 2022	5,645	353	342	6,340
Additions	13	13	19	45
Disposals	-	-	-	-
Revaluation	(340)	-	-	(340)
At 31 December 2022	<u>5,318</u>	<u>366</u>	<u>361</u>	<u>6,045</u>
Depreciation				
At 1 January 2022	89	240	215	544
Charge for the year	54	22	25	101
Elimination on disposals	-	-	-	-
At 31 December 2022	<u>143</u>	<u>262</u>	<u>240</u>	<u>645</u>
Net book amount				
At 31 December 2022	<u>5,175</u>	<u>104</u>	<u>121</u>	<u>5,400</u>
At 31 December 2021	<u>5,556</u>	<u>113</u>	<u>127</u>	<u>5,796</u>

Freehold land and buildings which had an historical cost of £5,023,000 (2021: £5,023,000)

NOTES TO THE ACCOUNTS (CONTINUED)

14 FIXED ASSET INVESTMENTS - GROUP AND CHARITY

			2022	2021
	Freehold land and buildings £'000	Quoted securities £'000	Total £'000	Total £'000
At 1 January 2022	26,918	32,243	59,161	54,739
Additions at cost	99	10,548	10,647	6,292
Disposal proceeds	-	(10,701)	(10,701)	(6,310)
Net investment gains/(losses)	4,056	(4,385)	(329)	4,640
Cash drawdown	-	-	-	(200)
	<u>31,073</u>	<u>27,705</u>	<u>58,778</u>	<u>59,161</u>
At 31 December 2022	<u>31,073</u>	<u>27,705</u>	<u>58,778</u>	<u>59,161</u>

Freehold land and buildings: an independent quinquennial valuation of freehold land and buildings was carried out by Halls, Chartered Surveyors, on 31 December 2022. The valuation of £36,248,000 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. The woodland, not subject to farming tenancies, was included within the above total as valued by Bronwin & Abbey, Chartered Foresters and Surveyors.

For accounting purposes, the assets have been disclosed as follows:

		2022 £'000	2021 £'000
Own use tangible fixed assets	Note 13	5,175	5,556
Investments	Above	31,073	26,918
		<u>36,248</u>	<u>32,474</u>
At 31 December 2022		<u>36,248</u>	<u>32,474</u>

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

	2022 £'000	2021 £'000
Fixed interest	2,837	2,961
UK listed investments	6,705	7,389
Overseas investments	12,933	16,529
Commercial property	547	594
Alternative investments	3,800	4,076
Cash	883	694
	<u>27,705</u>	<u>32,243</u>
Historical cost	<u>25,552</u>	<u>22,459</u>

Material investments:

The Investment Policy states that no investments should exceed 5.0% of the value of the portfolio. At 31 December 2022 there were no such investments (2021: 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 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
15 STOCK Goods for resale	18	20	9	13
16 DEBTORS				
Trade debtors	80	71	76	51
Prepayments	152	28	150	84
Other debtors	26	97	25	75
Amounts due from group undertaking	-	-	2	39
	258	196	253	249
17 CASH				
Cash at Bank	537	779	457	541
CCLA deposit account	295	292	295	292
	832	1,071	752	833
18 CREDITORS DUE WITHIN ONE YEAR				
Trade creditors	40	67	29	52
Investment Manager charges	37	41	37	41
Rents received in advance	43	49	43	49
Other taxes and social security	49	27	33	12
Amounts due to group undertaking	-	-	-	-
Other creditors	10	17	4	16
Accruals and deferred income	100	224	39	63
	279	425	185	233

Included within accruals and deferred income are wedding deposits held for weddings in future years of:

Balance at 1 January 2022	149	162	-	-
New deposits during the year	483	215	-	-
Deposits released during the year	(580)	(228)	-	-
Balance at 31 December 2022	52	149	-	-

NOTES TO THE ACCOUNTS (CONTINUED)

19 ANALYSIS OF GROUP ASSETS AND LIABILITIES WITHIN FUNDS

	2022			2021		
	Arley Fund £'000	General Fund £'000	Total Funds £'000	Arley Fund £'000	General Fund £'000	Total Funds £'000
Intangible Assets	4	-	4	4	-	4
Tangible Assets	5,400	-	5,400	5,796	-	5,796
Investments	31,073	27,705	58,778	26,918	32,243	59,161
Fixed Assets	36,477	27,705	64,182	32,718	32,243	64,961
Stock	18	-	18	20	-	20
Debtors	142	79	221	123	59	182
Cash	189	643	832	351	720	1,071
Creditors	(205)	(37)	(242)	(370)	(41)	(411)
Net Current Assets	144	685	829	124	738	862
Total Funds	36,621	28,390	65,011	32,842	32,981	65,823

20 FUNDS ANALYSIS – GROUP

	1 January 2022 £'000	Incoming Resources £'000	Outgoing Resources £'000	Transfers £'000	Gains / (Losses) £'000	31 December 2022 £'000
Operational funds	32,298	1,660	(1,579)	(18)	4,056	36,417
Revaluation reserve	544	-	-	-	(340)	204
Arley Fund	32,842	1,660	(1,579)	(18)	3,716	36,621
General Fund	32,981	705	(929)	18	(4,385)	28,390
Total Funds	65,823	2,365	(2,508)	-	(669)	65,011
	1 January 2021 £'000	Incoming Resources £'000	Outgoing Resources £'000	Transfers £'000	Gains / (Losses) £'000	31 December 2021 £'000
Operational funds	30,426	1,363	(1,329)	47	1,791	32,298
Revaluation reserve	329	-	-	-	215	544
Total Arley Fund	30,755	1,363	(1,329)	47	2,006	32,842
General Fund	30,348	658	(827)	(47)	2,849	32,981
Total Funds	61,103	2,021	(2,156)	-	4,855	65,823

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

NOTES TO THE ACCOUNTS (CONTINUED)**21 RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET OPERATING CASH FLOW**

	Group 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
Net movement in funds	(812)	4,720	(872)	4,600
Add back depreciation and amortisation	101	101	101	101
Profit on disposal of tangible fixed assets	-	(5)	-	(5)
Movement on revaluation reserve	340	(215)	340	(215)
Deduct income shown in quoted investing activities	(705)	(658)	(705)	(658)
(Gain) / loss on revaluation of investments	329	(4,640)	329	(4,640)
Decrease / (increase) in stock	2	(3)	4	(1)
Decrease / (increase) in debtors	(62)	27	(4)	(61)
Increase / (decrease) in creditors	(146)	1	(48)	(81)
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash used in operating activities	(953)	(672)	(855)	(960)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

No Trustees are remunerated. One Trustee is also a director of the trading subsidiary.

The Chairman paid £344 (the full arms-length price) as a guest at a third-party social event in November, for catering at Arley House and accommodation at The Grange, on behalf of his wife and himself.

During both years the Trust awarded a small number of grants to charities which have a common or related trustee or director with a Trustee; in each case the trustee did not participate in the decision in accordance with the established policy on conflicts of interest.

(ii) Trustee expenses

The sum of £580 (2021: £404) was reimbursed to two (2021: one) Trustees in respect of travel expenses.

(iii) Transactions with trading subsidiary

Costs (principally staff costs) recharged to the trading subsidiary amounted to £372,730 (2021: £118,938). Rent and service charge income was received from the trading subsidiary amounting to £94,699 (2021: £102,951).

There are no other related party transactions to disclose.

NOTES TO THE ACCOUNTS (CONTINUED)**23 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:

	2022	2021
	£'000	£'000
Turnover	661	441
Direct costs	(411)	(200)
Other income	10	69
Overheads	(128)	(138)
	<hr/>	<hr/>
Profit included in Statement of Financial Activities on consolidation	132	172
Intra-group charge from the charity arising from internal leases, included in the company's own accounts	(72)	(52)
	<hr/>	<hr/>
Profit for the financial year	60	120
Amount distributed to the charity	(60)	(120)
	<hr/>	<hr/>
Retained in subsidiary	-	-
	<hr/> <hr/>	<hr/> <hr/>
The assets and liabilities of the subsidiary were:		
Current assets	97	268
Current liabilities	(97)	(268)
	<hr/>	<hr/>
Total net assets representing aggregate share capital and reserves	-	-
	<hr/> <hr/>	<hr/> <hr/>

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 £155,000 investment income comprising £95,000 (2021: £52,000) intra-group service charges and £60,000 (2021: £120,000) gift aid income from the subsidiary.

24 FINANCIAL INSTRUMENTS

	Group	Group	Charity	Charity
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Financial assets				
Financial assets measured at fair value through profit or loss	27,705	32,243	27,705	32,243
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Financial assets measured at fair value through profit or loss comprise of fixed asset investments – quoted securities.

NOTES TO THE ACCOUNTS (CONTINUED)**25 COMMITMENTS RECEIVABLE UNDER OPERATING LEASES**

At 31 December 2022 the Group and Charity had future minimum lease receipts under non-cancellable operating leases as follows:

	Group 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
Not later than one year	139	86	188	126
Later than one year and not later than five years	124	77	324	227
Later than five years	6	-	30	100
	<u>269</u>	<u>163</u>	<u>542</u>	<u>453</u>
	=====	=====	=====	=====

26 CAPITAL COMMITMENTS

At 31 December 2022 the Group and Charity had capital commitments of £nil (2021: £nil).

27 COMMITMENTS PAYABLE UNDER OPERATING LEASES

At 31 December 2022 the Group and Charity had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
Not later than one year	8	8	8	8
Later than one year and not later than five years	8	16	8	16
Later than five years	-	-	-	-
	<u>16</u>	<u>24</u>	<u>16</u>	<u>24</u>
	=====	=====	=====	=====