



The Roger & Douglas Turner Charitable Trust

CIO 1154467

Annual Report 2023



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 2022:

- 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 it 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 (disclosed in ‘Key Financial Policies’ section) 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. The general fund’s market securities, held as investments, to be professionally managed to maximise total return with capital drawdowns to supplement dividend income primarily for charitable grant-making but also for funding long-term capital investment projects in Arley Estate, whilst maintaining the portfolio’s long-term value in real terms.
2. Arley Arboretum, a leisure and educational resource for public benefit, to be held as own-use tangible fixed asset.
3. Arley House and The Grange to be held as own-use tangible fixed assets to generate additional income to support charitable activities relating to Arley Estate.
4. Other assets of Arley Estate to be held as investments.
5. Arley House & Gardens Limited, (“AHAG”) a wholly owned company, to manage the Estate’s trading activities including weddings and conferences at Arley House with accommodation at The Grange.

The Trustees have carefully considered the wishes expressed by RDT and how they may respect these while complying with principles of charity law. In line with this:

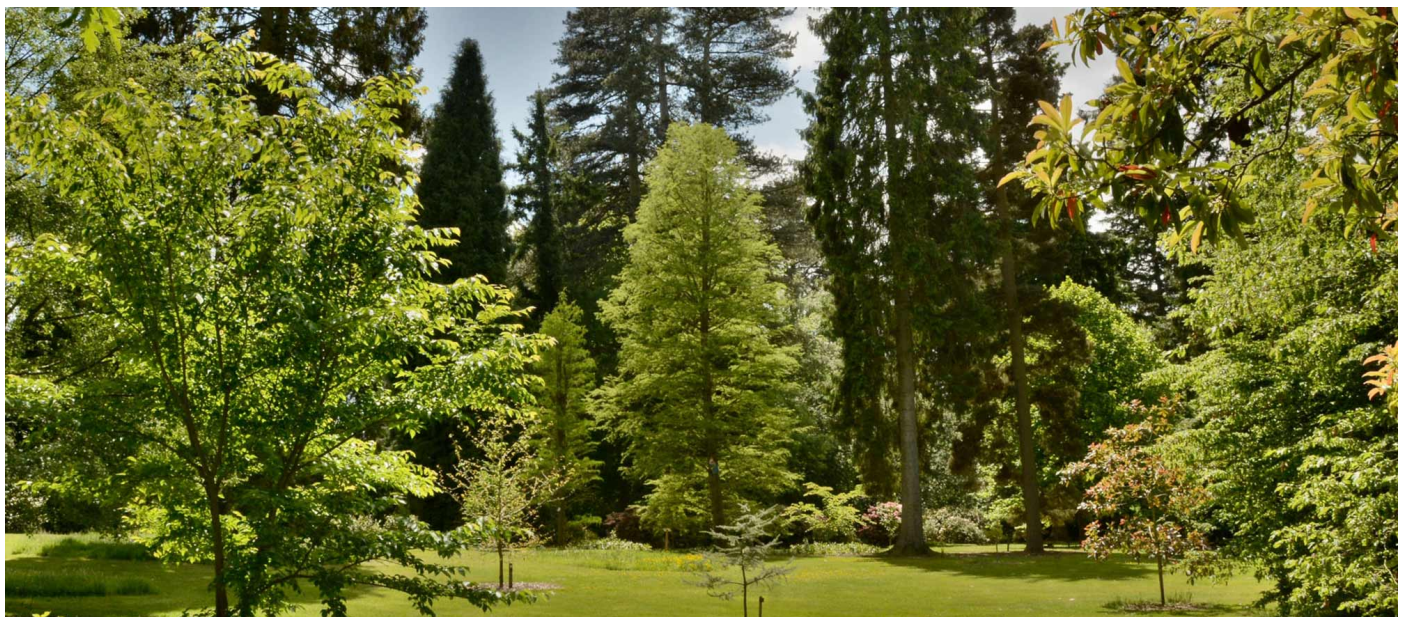
- the Trustees have agreed policies relating to the tenancies of properties within the Arley Estate to ensure the Trust’s assets are managed appropriately to best support the Trust’s charitable activities. The Trustees have carefully considered the application of charity law principles to the ongoing tenancies which were originally granted by RDT to his employees and have agreed that these arrangements are limited to the employee personally and cannot be transferred to those connected with the employee.
- grant assistance is given to support charitable activities undertaken by St Peter’s Church, Arley Memorial Hall and Arley Sports and Social Club within the normal award process;
- St Peter’s Church also benefits from any marriage ceremonies referred from AHAG’s wedding couples.

The Trustees recognise that, while the Trust’s focus is on its charitable activities, both grant making and direct provision, the Trust’s relationships with the tenants of Arley Estate, including farming, residential and commercial tenants are key to its success. The Trust encourages open communication via the Chief Executive to support these relationships.

Footnote: Charitable grant appeal guidelines are available from The Trust for potential applicants.

CONTENTS

	Page
Historical background	2
Reference and administrative information	4
Overview of the year	5
Our primary charitable aim, achievements and performance in 2023	6
Our secondary charitable aim, achievements and performance in 2023	7
Financial review	8
Investments	9
Managing strategic risk	10
Governance	11
Key financial policies	11
People and Training	12
Public benefit	12
Fundraising activities	12
Plans for the future	12
Linked Charities	13
Trustees’ responsibilities and disclosure of information to the auditors	13
Independent auditor’s report	14-15
Consolidated statement of financial activities	16
Balance sheets	17
Consolidated and charity cash flow statements	18
Notes to the financial statements	19-30



REFERENCE AND ADMINISTRATIVE INFORMATION

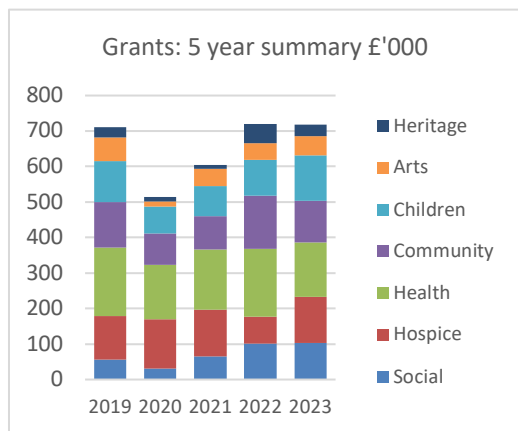
Charitable Incorporated Organisation (CIO)

Charity number 1154467

Trustees	Peter Millward (Chairman) Ron Middleton (Vice Chairman) Dawn Long Amanda McGeever 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	Rathbones (formerly Investec) 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 Worcestershire WR10 1 EY
Bankers	Barclays Bank PLC 2 nd Floor 54 High Street Worcester, WR1 2QQ	CCLA Investment Management 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 Unit 3, Ryelands Business Centre Ryland, Droitwich WR9 0PT	

OVERVIEW OF THE YEAR

Geopolitics again dominated the year with the continuing war in Ukraine, also now in Gaza. Consequently, UK energy, transport and staple food costs continued at a high level and, although UK CPI Inflation fell back from 10.5% to 4.0% during 2023, consumer confidence remained low for much of the year with an adverse impact on the Trust’s activities. House prices fell, contributing locally to a £0.6m overall fall in value of Arley Estate. Global equity markets rose, driven by the so-called ‘magnificent seven’ US technology stocks; the £1.6m gains on our portfolio partially offset the losses in 2022.



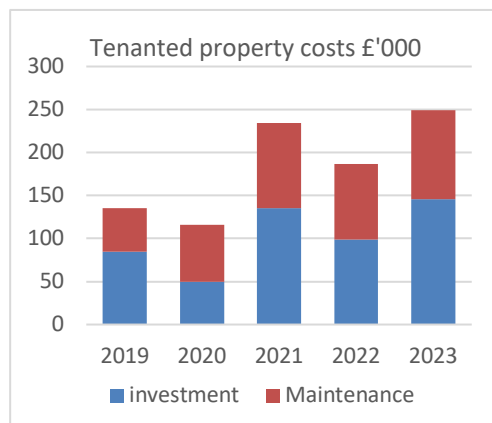
Grant-aid to UK charities: Many charities which provide help to children and vulnerable adults have experienced cuts to their income from over-stretched local authorities in our area, particularly since the pandemic. We have responded by increasing the proportion of grants for social support and children during that period and by restoring overall grant payments to pre-Covid levels.

We had cut back grants to hospices in the previous year as many had benefitted from additional temporary government funding but our previous level of support for them resumed in 2023.

Our due diligence programme has been active with more complex grant applications requiring careful detailed consideration. Some two thirds of our grants by value were awarded to our regularly supported charities principally for core funding, but with some project awards.

Charitable activities at Arley Arboretum: visitor numbers were 26,666, up from 24,854 in 2022, despite the very wet weather at key times in the year. The car park was extended during the year with four electric vehicle charging points and coach parking. Together with the maze and children’s 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 returned to his 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 cost-effectively with fewer queues which improved the visitor experience.

Arley Estate: Investment and maintenance expenditure on tenanted properties, excluding labour costs, amounted to £249,000, a record level reflecting both a proactive approach by the new management team and a need to respond to evolving regulations for energy conservation, damp and mould.



Our tenanted portfolio includes many older properties designed to have an airflow in an era of open fires so refurbishment in a conservation area presents many conflicting challenges and is often deferred until a change of tenancy. However extensive refurbishment has been carried out to the village Post Office to resolve chronic damp issues with extra insulation installed to reduce its carbon footprint. At the year-end two recently vacated properties were awaiting upgrade in 2024. Furthermore, tighter fire regulations for holiday lets have forced us to cease renting the recently refurbished former Gaol and Boathouse; planning consent is awaited for tenanted usage.

Trading activities: Arley House & Gardens Limited (“AHAG”) had a difficult year with income down by 32% principally because the number of weddings fell from 43 to 30. This was partly a result of being excessively busy in 2022, so there had been too little time available for managing the future pipeline but it also reflected a reduction in demand for formal weddings as a result of the cost-of-living crisis. There were also internal staffing challenges. Nevertheless the quality of our offering continued and we were delighted to win “Wedding Venue of the Year” at the English Wedding Awards.

AHAG also operated fewer business streams in 2023. After much careful consideration a decision was taken to cease the third party licence for shooting rights. In addition, the holiday let business was forcibly terminated as noted above. The combined reduction of accommodation income of almost 40% was particularly tough leading to a lower consolidated profit (before intragroup charges) of £72,000 compared with £132,000 the previous year.

Banking fraud: in December 2023 the Trust became victim of a sophisticated Authorised Push Payment (‘APP’) fraud which triggered the loss of some £340,000 within one working day of the only capital drawdown transaction in 2023, from our investment portfolio. After a thorough review by our IT consultants, we believe that our own systems were robust; nevertheless, we have since reduced the daily limit for withdrawals irrespective of the adverse operational consequences in terms of efficiency and limited the staff authorisation levels. Some £98,000 of the loss has already been recovered and we are continuing to seek recovery of the balance via our insurers and other legal redress.

OUR PRIMARY AIM: providing grants to UK registered charities

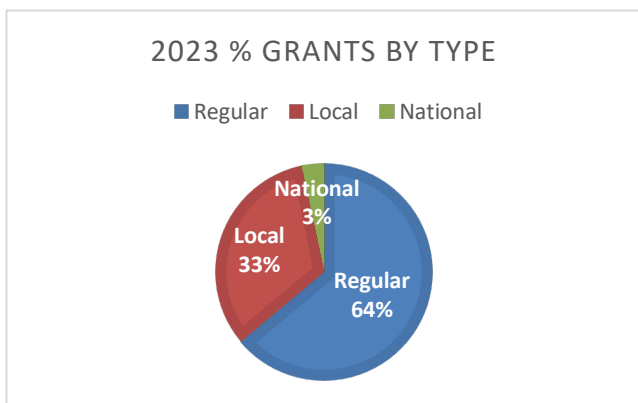
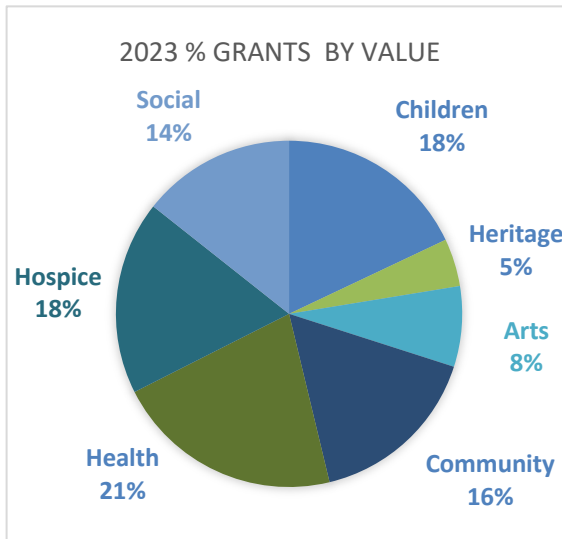
We focus on charities in the beneficial area of Birmingham, the Black Country, Worcestershire and Herefordshire, which support impaired health, hospices, community work, children and social support with some limited funds for both the arts and heritage projects. Most beneficiaries have been regularly 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, governance, and plans.

Achievements and performance in 2023

During 2023 we awarded 172 grants totalling £720k (2022: £720k and 192 grants), with an average grant of £4,186 (2022: £3,750). The split by category is shown in the chart.

Our biennial due diligence accelerated again during 2023 with 70 visits and due diligence reports up from 59 last year, on-site wherever possible but with video conferencing whenever it was more cost-effective. Approximately 70% of our grants were awarded for core costs.

The eight largest grants in 2023 included £18k towards a new signal box for the **Severn Valley Railway Charitable Trust**, £15k for an emergency response vehicle for **Severn Area Rescue Association** (£15k was also refunded for a 2022 project), £15k for core costs to the **City of Birmingham Symphony Orchestra** and contributions to five hospices: **Acorns Children’s Hospice** £25k, **Mary Stevens Hospice** £30k, **The Hospice Charity Partnership** £20k, **Primrose Hospice** £15k and **Compton Care** £20k.



We have prioritised regular and local charities because so many are facing funding shortages as a result in cuts in local government support as Councils face their own financial challenges. Whilst we have continued to support national charities with which we have established a relationship, we have declined most new national applications unless there is a physical presence in our beneficial area which is not being met by other local charities.

Our impact is usually not separately identifiable or measurable as grants for core costs are inextricably linked to the overall charitable outcomes of our recipients and we do not attempt to identify the use of funds except for specific projects. During 2023, we have received unsolicited feedback from recipient charities including:

- **The Andrew Simpson Centre, Birmingham:** £3,000 grant. This grant funded 20 young people from Merritts Brook Academy through our Discover Sailing programme. Thank you so much!
- **Lullaby Trust: £2,000 grant.** we were able to support 40 families in West Midlands through: regular home visits by a CONI health visitor; fast-track access to immediate help from health specialists; and access to a range of other tools and resources such as a baby symptom diary, weight chart and scales, room thermometer and resuscitation training. Also we were able to distribute breathing monitors – a great source of comfort for anxious parents.
- **Droitwich AED: £2,000 grant.** With your help we have just put out our 132nd defibrillator. More importantly, with them, we have this year successfully defibrillated two people in Droitwich, one of them being a four year old girl.
- **Dyspraxia Foundation: £1,000 grant.** The West Midlands Group were able to run weekly sessions for, on average, 13 children and young people with dyspraxia to meet up. The sessions help with their core strength and body control, reducing clumsiness and improving coordination.

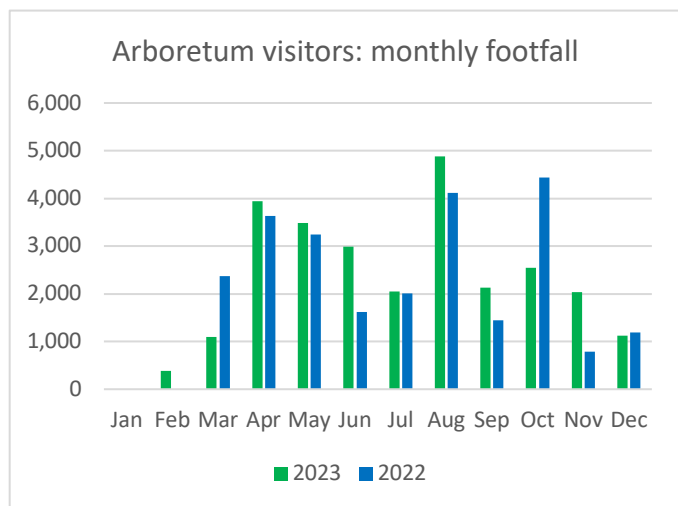
OUR SECONDARY AIM: providing public access to Arley Estate including its Arboretum and gardens.

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.



Achievements and performance 2023

Arboretum: visitor numbers of 26,666 were up from 24,854 in 2022. Turnover increased by £41k (24%) in the Garden Tea Room. It is a destination of choice for homemade cakes, hot food and locally sourced ice cream which complements its surroundings and is a real testament to our hard-working team.

253 children from local schools attended the Arboretum to learn about plants and living things as part 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 serves as an outdoor classroom to facilitate the understanding of various topics including renewable energy and climate change.

ARLEY HOUSE & GARDENS LIMITED (‘AHAG’)

AHAG delivered 30 weddings in 2023 down from 43 in 2022. The wedding industry has endured tougher trading as fewer new relationships formed in 2020 during Covid lockdowns. It is anticipated this could last for 2 years before returning to previous levels in 2025, subject to economic conditions.

The Grange guest house experienced a fall in occupancy in line with the decreased wedding activity on the Estate. Occupancy recovered slightly following a soft launch on ‘Booking.com’ which went well and will be fully rolled-out in 2024.

Our holiday lets, The Gaol and Boathouse (opened in 2021) were forced to cease operations in September 2023 following a change in fire regulations. They will now be let to residential tenants.



The third-party licence for shooting rights has been under review for some time and it was decided to cease shooting on the Estate from the 2023-24 season.

This was a difficult year for AHAG, exacerbated by staffing challenges. Nevertheless, the quality of our work continued, and we were delighted to win the Regional and National ‘Wedding Venue of the Year’ at the English Wedding Awards.

Overall turnover fell 32% to £451,000 returning a consolidated profit (before intragroup charges) of £72,000 compared £132,000 in 2022.

FINANCIAL REVIEW

Total income decreased from £2,365k to £2,110k mainly as a result of a fall in trading income, reflecting a reduction in the number of weddings. The wedding industry experienced a reduced demand in 2024 as few new couples were formed during the lockdown period of 2020 thus breaking the supply chain. Year 2 of our Countryside Stewardship Scheme for woodland had net expenditure £16k, whilst 2022 had net income of £54k. Investments recovered well from the shock of 2022 whilst property prices witnessed a slight (3%) fall in the Wyre Forest District area.

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	2023 £'000	2022 £'000	
Investment income (<i>net of fees</i>)	619	556	Continued growth in dividend and interest income
Charitable grants	(703)	(714)	2023 cost is net of a £15k income for returned grant
Charitable costs	(63)	(66)	
Other costs	(220)	-	Authorised Push Payment fraud loss
Operating (deficit)	(367)	(224)	
Investment gains/(losses)	1,596	(4,385)	Recovery in global equity markets and UK bonds
Transfers (to)/from Arley Fund	(214)	18	Funding tenanted property costs in Arley village
Movement in funds	1,015	(4,591)	

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:

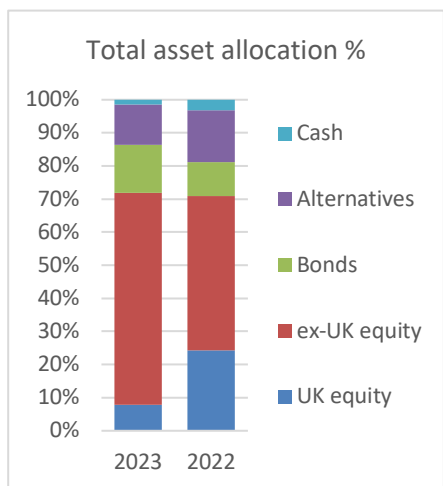
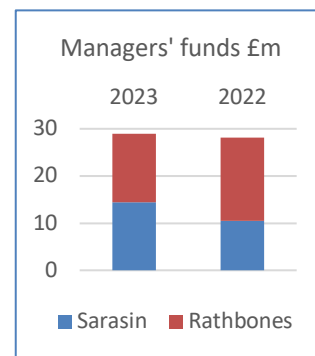
Arley Fund	2023 £'000	2022 £'000	
Estate property surplus	2	130	Increased tenanted property costs; 2022 included additional woodland income
Trading contribution	72	142	Fall in number of weddings; 2022 had been a busy year
Other income	-	28	Government hospitality grants and furlough income ceased
Charitable (deficit)	(249)	(219)	Double digit cost inflation only partially reflected in prices
Other costs	(20)	-	Authorised Push Payment fraud loss
Operating (deficit)/surplus	(195)	81	
Investment (losses)/gains	(561)	4,056	Arley Property values reflect downturn in Wyre Forest District
Tangible asset revaluation	47	(340)	Own use properties maintained negating depreciation
Transfers from/(to) General Fund	214	(18)	Specific projects on residential properties in Arley village
Movement in funds	(495)	3,779	2022 property gains were exceptional

INVESTMENTS

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

QUOTED SECURITIES

Our 2019 independent portfolio review recommended using one benchmark for global equities and equalising the holdings for each manager. This process was delayed whilst markets were volatile but is now complete with Rathbones (who recently merged with Investec) transferring £3,300k to Sarasin gradually during 2023. In respect of both managers, we agreed to change the benchmark return from mid-year from RPI + 3½% to CPI + 4%.



The aggregate neutral equity weighting for both portfolios continued at 70% with managers’ discretion within agreed ranges. The overall equity weighting at the year-end was 72% compared with 71% a year earlier; the UK equity weighting fell from 24% to 8%, with a significantly increased allocation to ex-UK equities; by the year-end the geographical spread of equities was more representative of global market shares. The year-end bond allocation was almost back to 15% neutral weighting after the market turmoil in September 2022.

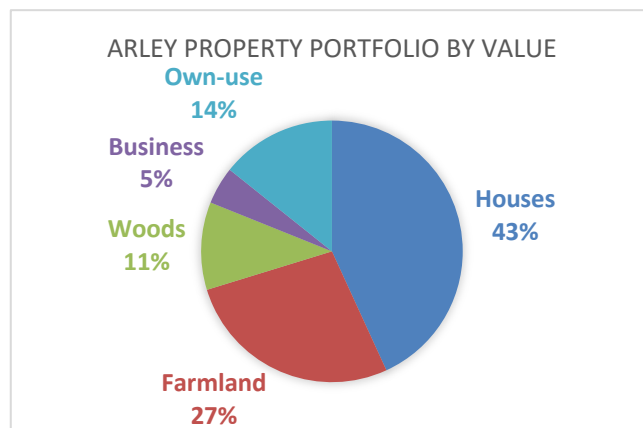
Investment performance: The final quarter of 2023 was positive for both equity and bond markets, with improved portfolio returns. This rally was prompted by a swift decline in US inflation and an indication from the Federal Reserve in mid-December that US interest rates might have peaked. This resulted in net gains of £1,596k partly offsetting 2022’s losses of £4,385k. Both managers were cautious about exposure to the ‘Magnificent Seven’ technology stocks (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia & Tesla) which had driven growth of the US S&P 500 index in the year but had reached very high price-earnings ratios.

Income on the portfolio increased to £762k (2022: £705k) showing growth of 8.1%. The positive total return of 8.1% for Sarasin and 7.9% for Rathbones compared with negative returns of 7.8% and 7.9% respectively in 2022. The aggregate year-end value of £28,957k was ahead of the £27,705k in 2022, after drawing off £200k capital for investment in the Arley fund.

FREEHOLD PROPERTIES AT ARLEY

Arley Estate includes the following:

- **Investment properties:** our tenanted portfolio includes 54 residential houses, 4 farms, a pub, post office, art studio, and bed & breakfast business together with managed woodland.
- **Own-use properties** include the Arboretum (a charitable asset) and two properties held for commercial purposes:
 - Arley House provides both our own office and our wedding and conference venue for use by AHAG.
 - The Grange provides bespoke accommodation.



Professional valuation:

In the prior year, Halls 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 2023 Trustees’ valuation has been carried out with advice from Halls following a fall in the local market prices of 3% on residential properties, 5% on business properties and farmland remaining unchanged:

Valuation as allocated in the financial statements in £'000	2023	2022
Tenanted properties and woodland within Investments	30,658	31,073
Own-use properties (including Arboretum) within Tangible Fixed Assets	5,470	5,175
Total	36,128	36,248

The professional valuation in 2022 included a condition report of each property in the portfolio and a prioritised action plan has been developed to address the issues arising. As noted in the ‘Overview of the year’ expenditure on maintenance and enhancement of tenanted properties has increased during the past three years in response to various needs. The biggest project in 2023 which has continued into 2024, involved significant upgrading of Arley Post Office to resolve chronic damp problems with a new rear wall, re-roofing and modern insulation.

MANAGING STRATEGIC RISK

The risk profile of the Trust has evolved since the Covid pandemic, and the key risks have been summarised as follows:

Category	Strategic Risk	How risk is managed
Cost of living	Energy and other cost-of-living increases reduce budgets for wedding couples	Redesign of wedding proposition to provide more flexible options for wedding celebrations
Energy usage	Centuries-old properties are a challenge in meeting minimum energy performance	Tenancy changes give opportunity to upgrade insulation; Consultants engaged on optimal energy solutions
Housing maintenance	Condition of rental properties could fall below minimum standards	Halls’ property condition reports and maintenance team feedback enable triaging of repair work programme
Climate change	Riverbank erosion or flooded properties; Higher rainfall threat to visitor attractions	Regular clearance of water courses; pre-booking system and weather reports enable efficient Arboretum staffing
Reputation	Adverse social media comments or dialogue with media organisations	Monitoring of social media; improved tenant communications & management of expectations
Cyber-fraud	Cyber-terrorism threatens internal systems. Authorised Push Payment (APP) frauds	Robust IT security software installed and tested. Lower authorisation limits, staff training refreshed.

Market security risks are mitigated in the long term by:

- Using two experienced investment managers with globally spread portfolios but with differing investment strategies.
- Investing in quality securities traded on major global exchanges and avoiding high-risk derivative-based products.
- Holding six-monthly meetings with managers to review performance, strategic asset allocations and ranges.
- Equalising the values of the Sarasin and Rathbones portfolios, following transfers between them of £3,300k during 2023.

Estate hazard risks are managed by the Chief Executive who, as Safety Officer, reports to the Audit Committee. A comprehensive system of risk assessments is in operation prior to any work being undertaken on the Estate. All our employees are encouraged to identify emerging risks and propose appropriate training needs so that a broad range of skills are developed. The safety of our employees is hugely important; particular emphasis is given to working at height, mechanical handling, and chain saws. The use of safety equipment is a mandatory requirement.

Flooding 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 Boathouse, the most vulnerable property.



Property risks protocols to mitigate our tenants’ health risks include gas safety inspections, carbon monoxide monitoring and advice on reducing the likelihood of damp and mould occurring. Specialist consultants are engaged to provide support for complex projects and contractors are approved based on experience with historic properties in a conservation area. Care is taken before doing any work involving the isolation or removal of asbestos which normally requires specialist expertise.

Complaints are welcomed and, wherever possible, addressed immediately so that issues can be resolved before they escalate. We regret that during 2023 a property complaint was made via the broadcast media; we addressed the issue, reported the matter to the Charity Commission and resolved it to the satisfaction of the complainant. Nevertheless, we are aware that better management of expectations and improved communications should have been in place, so protocols have now been changed to ensure that such issues can be anticipated and resolved more effectively in future.

Visitors and safeguarding risks, to which arboretum visitors are potentially exposed, are carefully monitored, striking a reasonable balance between safety, conservation, and access. The trees are assessed regularly from a safety perspective, and the arboretum is closed during periods of high winds. 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. Following the APP fraud during the year authorisation limits have been reduced despite the associated operational inefficiency which now arises.

Conflicts of interest and loyalty, principally associated with grant-giving, are reported and avoided at every meeting.

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 any printed material from training courses is retained for trustee review; any key points are shared at Board meetings.

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 to reduce the risk of bias.
- The **Estates Committee** considers all property related matters in conjunction with the Chief Executive and our property consultants, Halls.
- The **Remuneration Committee** reviews the performance of the Chief Executive and recommends pay increments for staff.

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 4% above UK CPI, net of fees (2022: 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 £65,771k (2022: £65,011k) which comprises the General Fund of £29,625k (2022: £28,390k) and the Arley Fund of £36,146k (2022: £36,621k). 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 £28,957k (2022: £27,705k) 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 2023, reserves amounted to £448k (2022: £685k). 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).

Charitable Use of Funds policy: 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 Mr Roger Turner'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 children, community, impaired health, hospices and social support. Some limited support is also given to charities supporting the arts, the environment and heritage. The Trust's 'Grant Appeal Guidelines', which are available on the website set out the requirements for applications and the process through which decisions will be made.
2. **Arley Estate:** to maintain, to the extent practicable and necessary, (1) the public amenities of the Estate for residents and visitors to the Arboretum to enjoy as an education and leisure resource on an affordable basis and (2) support for the charitable activities undertaken by St Peter's Church, Arley Memorial Hall and Arley Sports and Social Club through the Trust's grant making activities.
3. **General:** To support such other general charitable purposes as the Trustees shall in their absolute discretion decide.

PEOPLE

The Trustees wish to record their appreciation for the loyalty and commitment of the whole team at Arley during the year. It has been extremely pleasing to welcome some new volunteers this year. We wish to thank all 18 of our active volunteers who bring significant additional skills and experience and continue to support the work of the Arboretum with great enthusiasm.

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.

TRAINING

A new internal training platform was launched during 2023 called 'iHasco'. This provides mandatory training to all staff on key risk areas and job specific training tailored to individuals roles.

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: we plan to:

- engage consultants to catalogue the arboretum and to assist us to prepare a plan for its development, incorporating the risk of climate change.
- Extend the Arboretum tearoom to provide greater efficiency for staff.
- Reconfigure the Arboretum toilet block to provide improved facilities with improved disabled access.

General fund: we plan to:

- Refocus grant-aid towards local charities.
- Arrange quarterly capital drawdowns to supplement the dividend income from our investment portfolio.

LINKED CHARITIES

The RD Turner Charitable Trust and The Douglas Turner Trust (‘the Linked Charities’) are treated as forming part of The Trust for the purposes of the Charities Act 2011. Neither of the Linked Charities has any assets or liabilities to be aggregated within the financial statements of the reporting entity.

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 Millward
Chairman
8 March 2024



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 2023 which comprise the Consolidated Statement of Financial Activities, the Balance Sheets, the Consolidated and Charity Cash Flow Statements 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 2023 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.

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 13, 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 (Financial Statements 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

11 March 2024

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

Unrestricted Funds	Note	2023			2022		
		Arley Fund £'000	General Fund £'000	Total £'000	Arley Fund £'000	General Fund £'000	Total £'000
<u>Income from:</u>							
Investments	3	574	762	1,336	711	705	1,416
Trading Activities	4	451	-	451	661	-	661
Charitable Activities	5	308	15	323	260	-	260
Other income	6	-	-	-	28	-	28
Total Income		1,333	777	2,110	1,660	705	2,365
<u>Expenditure from:</u>							
Raising Funds	7	572	143	715	581	149	730
Trading Activities	8	379	-	379	519	-	519
Charitable Activities	9	557	781	1,338	479	780	1,259
Other costs	6	20	220	240	-	-	-
Total Expenditure		1,528	1,144	2,672	1,579	929	2,508
Operating (deficit)/surplus		(195)	(367)	(562)	81	(224)	(143)
Net investments gain/(loss)	14	(561)	1,596	1,035	4,056	(4,385)	(329)
Net Income/(loss)		(756)	1,229	473	4,137	(4,609)	(472)
Revaluation of fixed assets	13	47	-	47	(340)	-	(340)
Transfers between funds	20	214	(214)	-	(18)	18	-
Net Movement in Funds		(495)	1,015	520	3,779	(4,591)	(812)
Total Funds at 1 January		36,621	28,390	65,011	32,842	32,981	65,823
Total Funds at 31 December		36,126	29,405	65,531	36,621	28,390	65,011

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

The notes on pages 19 to 30 form part of these financial statements.

BALANCE SHEETS AS AT 31 DECEMBER 2023

	Note	GROUP		CHARITY	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Fixed assets					
Intangible assets	13	3	4	3	4
Tangible assets	13	5,470	5,400	5,470	5,400
Investments	14	59,615	58,778	59,615	58,778
Total		65,088	64,182	65,088	64,182
Current assets					
Stock	15	25	18	12	9
Debtors	16	309	258	282	253
Cash	17	401	832	376	752
		735	1,108	670	1,014
Creditors:					
Amounts due within one year	18	(292)	(279)	(227)	(185)
Net current assets		443	829	443	829
Net assets		65,531	65,011	65,531	65,011
Arley Fund	19	36,126	36,621	36,126	36,621
General Fund	19	29,405	28,390	29,405	28,390
Total Funds		65,531	65,011	65,531	65,011

The funds movement dealt with in the charity's financial statements was positive £520,000 (2022: negative £812,000).

The notes on pages 19 to 30 form part of these financial statements.

Approved by the Board on 8 March 2024 and signed on its behalf by:



Peter Millward
Chairman

CONSOLIDATED AND CHARITY CASH FLOW STATEMENT

For the year ended 31 December 2023

	Note	GROUP		CHARITY	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Cash (used in) operating activities	21	(1,266)	(953)	(1,215)	(855)
Cash flows from investing activities					
Dividend and Interest income		762	705	762	705
Distribution received under deed of covenant		-	-	4	60
Purchase of tangible fixed assets		(125)	(45)	(125)	(45)
Purchase of investments		(19,491)	(10,548)	(19,491)	(10,548)
Capital expenditure on investment properties		(146)	(99)	(146)	(99)
Investment cash drawn down		200	-	200	-
Proceeds from sale of investments		19,635	10,701	19,635	10,701
		<u>835</u>	<u>714</u>	<u>839</u>	<u>774</u>
Cash provided by investing activities		835	714	839	774
(Decrease) in cash and cash equivalents in the year		(431)	(239)	(376)	(81)
Cash and cash equivalents at the beginning of the year		832	1,071	752	833
		<u>832</u>	<u>1,071</u>	<u>752</u>	<u>833</u>
Total cash and cash equivalents at the end of the year		401	832	376	752
		<u><u>401</u></u>	<u><u>832</u></u>	<u><u>376</u></u>	<u><u>752</u></u>

The notes on pages 19 to 30 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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 financial statements 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 financial statements 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 financial statements have been prepared to give a ‘true and fair’ view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a ‘true and fair view’. This departure has involved following Accounting and Reporting by Charities preparing their financial statements 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.

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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

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;

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

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. Reimbursement assets are recognised in debtors when receipt is virtually certain and its amount can be measured reliably.

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:

	2023	2022
	£'000	£'000
Dividends - UK and Overseas Equities	650	617
Interest - UK Fixed Interest Securities	112	88
Sub-total General Fund	762	705
Income - rental	562	538
- other (including forestry income in 2022)	12	173
Sub-total Arley Fund	574	711
Total Investment Income	1,336	1,416

4 INCOME FROM TRADING

Accommodation	76	125
Weddings and events	346	511
Other income	29	25
Total income	451	661

5 CHARITABLE INCOME

The Arley Fund income arises from admissions and charges for events and refreshments at Arley Arboretum. The General Fund income arises from a returned grant (see note 10).

6 OTHER INCOME / (COSTS)

Net costs in the Arley Fund £20k and General Fund of £220k (2022: £nil), after reimbursement, were incurred in relation to an Authorised Push Payment fraud ("APP fraud"). In 2022 the income arose from Government Grants and Furlough payments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 RAISING FUNDS EXPENDITURE

	2023			2022		
	Arley Fund £'000	General Fund £'000	Total 2023 £'000	Arley Fund £'000	General Fund £'000	Total 2022 £'000
Investment management charges	-	143	143	-	149	149
Repairs & property maintenance	103	-	103	88	-	88
Woodland maintenance	16	-	16	94	-	94
Depreciation & amortisation	103	-	103	101	-	101
Direct staff costs	86	-	86	92	-	92
Shared staff costs	68	-	68	48	-	48
Shared overheads	161	-	166	133	-	133
Governance	5	-	5	5	-	5
Professional charges	30	-	30	20	-	20
Total Raising Funds	572	143	715	581	149	730

8 TRADING EXPENDITURE

Direct expenses	204	-	204	334	-	334
Direct staff costs	79	-	79	77	-	77
Shared staff costs	57	-	57	53	-	53
Shared overheads	37	-	37	53	-	53
Governance	2	-	2	2	-	2
Total trading expenditure	379	-	379	519	-	519

9 CHARITABLE EXPENDITURE

Direct costs - Arboretum	106	-	106	82	-	82
Direct staff costs	257	52	309	223	49	272
Shared staff costs	108	-	108	57	-	57
Shared overheads	78	5	83	86	2	88
Professional charges	-	-	-	20	9	29
Governance	6	6	12	5	6	11
Charitable grants	2	718	720	6	714	720
Total charitable expenditure	557	781	1,338	479	780	1,259

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

Governance includes audit fees of £17,000 (2022: £16,025) and accountancy costs of £650 (2022: £600).

10 CHARITABLE GRANTS ANALYSIS

	2023			2022		
	Number	% value	£'000	Number	% value	£'000
Children	38	18%	129	35	14%	102
Community	31	16%	117	43	21%	149
Social support	29	14%	103	29	14%	102
Impaired health	44	21%	153	58	27%	191
Hospices	9	18%	130	9	10%	75
The Arts	14	8%	54	11	6%	46
Heritage	7	5%	34	7	8%	55
Total	172	100%	720	192	100%	720

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 CHARITABLE GRANTS ANALYSIS (Continued)

Charitable grants of £5,000 or more:

Name	£'000	Name	£'000
ASPIE Worcester	5	Kemp House Trust	5
Acorns Children's Hospice Trust	25	Listening Books	5
ARCOS	5	Mary Stevens Hospice	30
B:Music	5	Martineau Gardens	5
Blackwell Adventure	10	Nerve Tumours UK	5
Better Understanding of Dementia for Sandwell	5	NICE–Centre for Movement Disorders	8
Birmingham Boys & Girls Union	6	Norton Hall Children and Family Centre	5
Birmingham City Mission	6	Primrose Hospice	15
Birmingham PHAB Camps	5	REACT	5
Birmingham Settlement	8	Relate Birmingham	5
Black Country Living Museum	5	Sandwell Homeless and Resettlement	5
City of Birmingham Symphony Orchestra	15	Severn Area Rescue Association*	15
Cerebral Palsy Midlands	10	Severn Valley Railway Charitable Trust	18
Changing Faces	6	Smethwick Community Centre	5
Compton Care	20	Sport 4 Life UK	6
Criminon UK	5	St Anne's Hostel	7
Dorothy Parkes Centre	6	St Basil's	10
Edwards Trust	5	St Giles Hospice	5
ESO (2006) Ltd	5	St Michael's Hospice	5
FoodCycle	5	St Richard's Hospice	5
Friends of Sick Children in Malawi	5	Stonehouse Gang	10
Friends of Victoria School	12	West Mercia Search and Rescue	5
Good Shepherd Services	5	Wyre Forest Nightstop & Mediation	5
Hospice Charity Partnership	20	<i>Brought forward column 1</i>	<i>204</i>
<i>Sub-total carried forward</i>	<u>204</u>	Total at least £5,000 (47 grants)	<u>393</u>

*£15,000 was also refunded to the Trust for a 2022 cancelled project.

11 STAFF COSTS

	2023 £'000	2022 £'000
Wages and salaries	697	618
Social security costs	48	41
Pension costs	23	25
	<u>768</u>	<u>684</u>

The key management personnel of the charity are comprised of the Trustees, the Chief Executive, the Operations Manager and the Trust Administrator. The total employee benefits of the key management personnel of the charity were £188,742 (2022: £131,476). 1 employee had earnings which fell between £90,000 and £100,000 (2022: £80,000 and £90,000).

There were 18 active volunteers (2022: 15) who provided ad-hoc support to projects in the Arboretum. The economic contribution of volunteers is not recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 STAFF COSTS (Continued)

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

	2023	2022
Estate and property	4	3
Events	15	17
Arboretum	23	18
Management and administration	7	7
	<u>49</u>	<u>45</u>

12 SHARED COSTS (Arley Fund)

Cost sharing within Arley Estate is based on time spent:	2023			2022		
	Staff costs £'000	Other costs £'000	Total £'000	Staff costs £'000	Other costs £'000	Total £'000
Raising funds Note 7	68	161	228	48	133	181
Trading Note 8	57	37	94	53	53	106
Charitable Note 9	108	78	186	57	88	145
	<u>233</u>	<u>276</u>	<u>509</u>	<u>158</u>	<u>274</u>	<u>432</u>

13 FIXED ASSETS: GROUP AND CHARITY

Intangible fixed assets: The net book amount at 31 December 2023 was £2,475 (2022: £4,263)

Tangible fixed assets	Freehold land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation				
At 1 January 2023	5,318	366	361	6,045
Additions	77	12	33	122
Revaluation	47	-	-	47
At 31 December 2023	<u>5,442</u>	<u>378</u>	<u>394</u>	<u>6,214</u>
Depreciation				
At 1 January 2023	143	262	240	645
Charge for the year	47	25	27	99
At 31 December 2023	<u>190</u>	<u>287</u>	<u>267</u>	<u>744</u>
Net book amount				
At 31 December 2023	<u>5,252</u>	<u>91</u>	<u>127</u>	<u>5,470</u>
At 31 December 2022	<u>5,175</u>	<u>104</u>	<u>121</u>	<u>5,400</u>

Freehold land and buildings which had an historical cost of £5,023,000 (2022: £5,023,000)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 FIXED ASSET INVESTMENTS - GROUP AND CHARITY

			2023	2022
	Freehold land and buildings £'000	Quoted securities £'000	Total £'000	Total £'000
At 1 January	31,073	27,705	58,778	59,161
Additions at cost	146	19,491	19,637	10,647
Disposal proceeds	-	(19,635)	(19,635)	(10,701)
Net investment gain/(loss)	(561)	1,596	1,035	(329)
Cash drawdown	-	(200)	(200)	-
At 31 December	<u>30,658</u>	<u>28,957</u>	<u>59,615</u>	<u>58,778</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 woodland was valued by Bronwin & Abbey, Chartered Foresters and Surveyors. 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. At 31 December 2023, having taken informal advice from Halls, the Trustees valued the Estate on a similar basis at £36,128,000. For accounting purposes, the assets have been disclosed as follows:

		2023 £'000	2022 £'000
Own use tangible fixed assets	Note 13	5,470	5,175
Investments	Above	30,658	31,073
At 31 December		<u>36,128</u>	<u>36,248</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

	2023 %	2022 %	2023 £'000	2022 £'000
Fixed interest	14.4	10.2	4,178	2,837
UK listed equities	7.8	24.2	2,270	6,705
Overseas equities	64.1	46.7	18,560	12,933
Commercial property	1.8	2.0	514	547
Alternative investments	10.5	13.7	3,026	3,800
Cash	1.4	3.2	409	883
	<u>100.0</u>	<u>100.0</u>	<u>28,957</u>	<u>27,705</u>
Historical cost			<u>27,405</u>	<u>25,552</u>

Material investments:

The Investment Policy states that no investments should exceed 5.0% of the value of the portfolio. At 31 December 2023 there were no such investments (2022: 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 FINANCIAL STATEMENTS (CONTINUED)

	Group 2023 £'000	Group 2022 £'000	Charity 2023 £'000	Charity 2022 £'000
15 STOCK Goods for resale	25	18	12	9
16 DEBTORS				
Trade debtors	88	80	66	76
Prepayments and accrued income	94	152	89	150
Other debtors	127	26	127	25
Amounts due from group undertaking	-	-	-	2
	309	258	282	253

Other debtors include £98,000 (2022: £nil) related to amounts reimbursed from banks subsequent to the year-end in relation to an Authorised Push Payment fraud.

17 CASH

Cash at bank	321	537	296	457
CCLA deposit account	80	295	80	295
	401	832	376	752

18 CREDITORS DUE WITHIN ONE YEAR

Trade creditors	47	40	42	29
Investment Manager charges	36	37	36	37
Rents received in advance	46	43	46	43
Other taxes and social security	46	49	25	33
Other creditors	14	10	12	4
Accruals and deferred income	103	100	39	39
Amounts due to group undertaking	-	-	27	-
	292	279	227	185

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

Balance at 1 January	52	149	-	-
New deposits during the year	402	483	-	-
Deposits released during the year	(392)	(580)	-	-
Balance at 31 December	62	52	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 ANALYSIS OF GROUP ASSETS AND LIABILITIES WITHIN FUNDS

	2023			2022		
	Arley Fund £'000	General Fund £'000	Total Funds £'000	Arley Fund £'000	General Fund £'000	Total Funds £'000
Intangible Assets	3	-	3	4	-	4
Tangible Assets	5,470	-	5,470	5,400	-	5,400
Investments	30,658	28,957	59,615	31,073	27,705	58,778
Fixed Assets	36,131	28,957	65,088	36,477	27,705	64,182
Stock	25	-	25	18	-	18
Debtors	175	134	309	179	79	258
Cash	51	350	401	189	643	832
Creditors	(256)	(36)	(292)	(242)	(37)	(279)
Net Current Assets	(5)	448	443	144	685	829
Total Funds	36,126	29,405	65,531	36,621	28,390	65,011

20 FUNDS ANALYSIS – GROUP

	1 January 2023 £'000	Incoming Resources £'000	Outgoing Resources £'000	Transfers £'000	Gains / (Losses) £'000	31 December 2023 £'000
Operational funds	36,417	1,333	(1,528)	214	(561)	35,875
Revaluation reserve	204	-	-	-	47	251
Arley Fund	36,621	1,333	(1,528)	214	(514)	36,126
General Fund	28,390	777	(1,144)	(214)	1,596	29,405
Total Funds	65,011	2,110	(2,672)	-	1,082	65,531
	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
Total 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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

	Group 2023 £'000	Group 2022 £'000	Charity 2023 £'000	Charity 2022 £'000
Net movement in funds	520	(812)	516	(872)
Add back depreciation and amortisation	103	101	103	101
Movement on revaluation reserve	(47)	340	(47)	340
Deduct income shown in quoted investing activities	(762)	(705)	(762)	(705)
(Gain) / loss on revaluation of investments	(1,035)	329	(1,035)	329
Decrease / (increase) in stock	(7)	2	(3)	4
Decrease / (increase) in debtors	(51)	(62)	(29)	(4)
Increase / (decrease) in creditors	13	(146)	42	(48)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash used in operating activities	<u>(1,266)</u>	<u>(953)</u>	<u>(1,215)</u>	<u>(855)</u>

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:

	2023 £'000	2022 £'000
Turnover	451	661
Direct costs	(283)	(411)
Other income	-	10
Overheads	(96)	(128)
	<u> </u>	<u> </u>
Profit included in Statement of Financial Activities on consolidation	72	132
Intra-group charge from the charity arising from internal leases, included in the company's own financial statements	(68)	(72)
	<u> </u>	<u> </u>
(Loss) / profit for the financial year	4	60
Amount distributed to the charity	(4)	(60)
	<u> </u>	<u> </u>
Retained in subsidiary	-	-
	<u> </u>	<u> </u>
The assets and liabilities of the subsidiary were:		
Current assets	67	97
Current liabilities	(67)	(97)
	<u> </u>	<u> </u>
Total net assets representing aggregate share capital and reserves	<u> </u>	<u> </u>

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 £73,000 (2022: £155,000) investment income comprising £69,000 (2022: £95,000) intra-group service charges and £4,000 (2022: £60,000) gift aid income from the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23 FINANCIAL INSTRUMENTS

	Group 2023 £'000	Group 2022 £'000	Charity 2023 £'000	Charity 2022 £'000
Financial assets				
Financial assets measured at fair value through profit or loss	28,957	27,705	28,957	27,705

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

24 COMMITMENTS RECEIVABLE UNDER OPERATING LEASES

At 31 December 2023 the Group and Charity had future minimum lease receipts under non-cancellable operating leases as follows:

	Group 2023 £'000	Group 2022 £'000	Charity 2023 £'000	Charity 2022 £'000
Not later than one year	147	139	197	188
Later than one year and not later than five years	55	124	229	324
Later than five years	3	6	3	30
	<u>205</u>	<u>269</u>	<u>429</u>	<u>542</u>

25 CAPITAL COMMITMENTS

At 31 December 2023 the Group and Charity had capital commitments of £84k (2022: £nil).

26 COMMITMENTS PAYABLE UNDER OPERATING LEASES

At 31 December 2023 the Group and Charity had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2023 £'000	Group 2022 £'000	Charity 2023 £'000	Charity 2022 £'000
Not later than one year	6	8	6	8
Later than one year and not later than five years	2	8	2	8
Later than five years	-	-	-	-
	<u>8</u>	<u>16</u>	<u>8</u>	<u>16</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**27 RELATED PARTY TRANSACTIONS****(i) Transactions involving Trustees and connected parties**

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

In the prior year, the Chairman paid £344 (the full arms-length price) as a guest at a third-party social event in November 2022, 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 £477 (2022: £580) was reimbursed to two (2022: one) Trustees in respect of travel expenses.

(iii) Transactions with trading subsidiary

Costs (principally staff costs) recharged to the trading subsidiary amounted to £252,878 (2022: £372,730). Rent and service charge income was received from the trading subsidiary amounting to £67,903 (2022: £94,669).

There are no other related party transactions to disclose.