

THE ROGER & DOUGLAS TURNER CHARITABLE TRUST

(Formerly The R D Turner Charitable Trust)

ANNUAL REPORT 2015

Registered Charity Number 1154467

Reference & Administrative Information:

Registered Charity No.1154467

Trustees	John M Del Mar J Michael G Fea Amanda J McGeever Peter J Millward David P Pearson OBE Stephen L Preedy Geoffrey P Thomas	Chairman	retired 16 December 2015 retired 16 December 2015
		Chairman from	16 December 2015
Trust Administrator	Timothy J Patrickson 3 Poplar Piece Inkberrow Worcester WR7 4JD	E-mail	tim@turnercharitabletrust.co.uk
		Phone	01386 792014
Chief Executive: Arley Estate	David J Causer	E-mail	david@arleyestate.co.uk
Principal Office	Arley Estate Office Upper Arley, Near Bewdley Worcestershire DY12 1XG	Phone	01299 861368
Solicitors	Lodders Solicitors LLP 10 Elm Court, Arden Street Stratford-upon-Avon CV37 6PA		
Bankers	Lloyds Bank PLC 125 Colmore Row Birmingham B3 3AD	Barclays Bank PLC 66 Oxford Street Kidderminster DY10 1BL	HSBC 130 New Street Birmingham B2 4JU
Audit and accounting	Auditors: RSM UK Audit LLP St Philips Point Temple Row Birmingham B2 5AF	Consultant Accountants: Mazars 45 Church Street Birmingham B3 2RT	
Investment Managers	Sarasin & Partners LLP Juxon House 100 St Paul's Churchyard London EC4M 8BU	Investec WIN 30 Gresham Street London EC2V 7QN	
Chartered Surveyors & Valuers	Halls Gavel House 137 Franche Road Kidderminster DY11 5AP		

Information for grant applicants and Arboretum visitors

Grant applications - The Trust makes grants to other charities but never to individuals. It does not have an application form but Applicants are welcome to e-mail or telephone the Trust Administrator, who will send Appeal Guidelines.

Arley Arboretum www.arleyarboretum.co.uk is open to the public. Opening times and admission charges can be found on the website. In the interests of children and vulnerable adults, visits to the Arboretum are only permitted on the clear understanding that an accompanying adult or appropriate member of a group is entirely responsible for safeguarding such visitors.

LEGAL STRUCTURE, MERGERS AND CHANGE OF NAME

On 5 November 2013 the Trust was incorporated as a Charitable Incorporated Organisation and during the next two calendar years it merged with two unincorporated charitable trusts, which had been established independently for the purposes of awarding grants to charitable organisations, by the late Mr Douglas William Turner (who died in 1977) and his son the late Mr Roger Douglas Turner (who died in 1999) both of whom were West Midlands industrialists. Mr Roger Turner was also the owner of Arley Estate (comprising 1,600 acres of farmland, woodland, tenanted houses and other properties) which passed to the Trust under the terms of his Will. These two charities had been run by common Trustees for many years:

- The Douglas Turner Trust (“DT”, charity 227892) was settled under a Deed dated 27 January 1964 and its main beneficial area was the City of Birmingham and the Black Country;
- The R D Turner Charitable Trust (“RDT”, charity 263556) was settled under a Deed dated 21 December 1971 and its main beneficial area was Worcestershire, with particular emphasis on the village of Upper Arley.

The Trust merged with RDT and then DT on 31 December 2013 and 2015 respectively, and acquired the beneficial interest in the respective assets and liabilities on those dates. Also on 31 December 2015 the Trust changed its name to ‘The Roger & Douglas Turner Charitable Trust’.

In addition, on 19 February 2015, the Trust established a wholly-owned trading subsidiary, Arley Estate Enterprises Limited, which commenced trading on 1 July 2015 in order to respond to a big increase in demand for weddings and other commercial activities at Arley, details of which are given below. During the year the Board of Directors was comprised of an independent Chairman, one Trustee and the Chief Executive of Arley Estate.

CHARITABLE AIMS AND OBJECTIVES

The Objects clause in The Trust’s Constitution provides wide powers in the use of its income and capital for charitable purposes and the Trustees plan to continue both Settlers’ philanthropic work so far as possible. However, shortly after Mr Roger Turner’s death, having regard to his Will, the Trustees of RDT reviewed how the objects were affected by the inclusion of the Arley Estate in that trust. Acting on advice, they determined a policy in respect of the Charitable Objects, which has remained largely unaltered prior to the recent merger. The principal aims are now to:

- Support, by means of grants, other charities, particularly in Worcestershire and West Midlands,
- Maintain and enhance the amenities of the village of Upper Arley.
- Undertake such other general charitable purposes in connection with Upper Arley as they decide.

CHARITABLE ACTIVITIES

Charitable grants are provided mainly to local charities, although some national charities are supported where there is charitable work in the beneficial area. Approximately 40% by value are made to charities that have been supported for at least four years. These ‘regulars’ are generally in receipt of unrestricted core funding and are visited by the Administrator biennially; reports are prepared as part of the due diligence process to assure Trustees of the continued public benefit and value for money in supporting them. Other grants include one-off projects, often of a capital nature and occasionally international projects are supported but only where trustees have some knowledge of the activity and some means of gaining assurance. Following the recent merger with DT, the Trustees have extended the main beneficial geographical area for charitable grant-giving to include the City of Birmingham and the four Black Country Boroughs as well as Worcestershire.

Charitable activities at Arley include support for the upkeep of the village together with public access to the historic Arley Arboretum. The Arboretum is in a wonderful setting overlooking the River Severn and includes trees of up to 200 years old from many locations around the world. Visitors are able to learn about the trees and plants, either from published material or in discussion with the head gardener; accordingly it is a valuable educational and recreational resource. Admission prices are set at affordable levels and, where appropriate, local organisations and charities are granted admission on a free-of-charge or reduced cost basis. It is also a family-friendly attraction with many activities for children to enjoy in a fun-based environment. The investment in the Arboretum is treated as a social investment because, although it may generate some financial return, its primary purpose is to further the aims of the charity.

ACHIEVEMENTS AND PERFORMANCE

Grants to other Charities:

During the year, the Administrator received 575 appeals for grants. Some appeals were declined as being out of the Trust's beneficial area, or unsuitable for other reasons. Of the 575 appeals received, 282 were presented to Trustees and 200 grants were made during the year, totalling £597,500 at an average amount of £2,987 (2014: 186 grants totalling £586,300 with an average amount of £3,152). Approximately 45% by value of the grants were made to charities that are regularly supported (2014: 42%) and were included in the Administrator's biennial visit programme. Some 70% of our grants by value were donated to our four principal categories of supported charities including 26% (2014: 22%) for disabled and health, 13% (2014: 12%) for hospices, 16% (2014: 16%) for children and youth, and 15% (2014: 22%) for community support work. In determining grant awards, Trustees have had regard to financial data, reserves policies and prospective charitable outcomes.

Charitable support to Arley Village

Trustees have also provided financial support to the Upper Arley Parish Council to maintain the public toilets following the reduction in local government financing. A grant of £15,000 for computer equipment was made to Upper Arley First School. The Trustees continued to support St Peter's Church with a grant of £1,000. In addition the trust has actively supported the various activities of the village during the year, including cleaning the public toilets.

Charitable achievements at Arley Arboretum

There has been a substantial increase in visitor numbers to the Arboretum, which the Trustees particularly credit to the work of the new management team. With active and successful promotion and the introduction of new visitor attractions, the total visitor numbers including concessions to the Arley Arboretum have increased from 8,549 in 2013 to 17,946 in 2014 and to 31,941 in 2015. The Chief Executive has worked cooperatively with other local organisations, and has succeeded in increasing visitor numbers whilst other Worcestershire attractions have experienced a downturn. Exciting new initiatives at the Arboretum to enhance its educational benefits for members of the public during the year included:

- The setting up of a Forest School, to enhance the educational aims of the trust;
- The appointment of a new Head Gardener who has demonstrated a thorough knowledge of the plants and trees;
- More active promotion of seasonal activities, particularly at Christmas and Easter;
- The first full year of the Children's play-area, which has made the Arboretum much more attractive to families;
- Longer opening times – the Arboretum was closed for just 6 weeks compared with some 4 months historically;
- Expansion of the car parking facilities in the parkland adjacent to the Arboretum;
- Improved website and promotional initiatives targeted at people living within an hour's drive away.
- Completion of phase 1 of an educational sensory garden with access for people with special needs;
- Creation of one of five new pathways for wheelchair users to enjoy previously inaccessible areas of the Arboretum.

The Trustees have continued to receive independent advice on the condition of the trees and have acted on it.

Staff, Volunteers and remuneration policy

Trustees are very much aware of the acute pressure that the additional visitor numbers have created on occasions, often at weekends, and are very grateful for the co-operation, enthusiasm and commitment of the Chief Executive and many staff members during the year. The higher footfall has taken its toll on the Arboretum grounds and added to the pressure faced by the gardeners. Staff have also supported the flexible rostering arrangements which have enabled management to control costs more effectively than in the past. With the many changes arising from the merger, the implementation of the new SoRP and the commencement of the trading activities, the administration of the General Fund has also required a significant additional time commitment this year for which the Trustees are very grateful. Trustees also wish to thank our 20 active volunteers who bring significant additional skills and experience and continue to support the work of the Arboretum with great enthusiasm.

Remuneration levels for key management are based on an assessment of comparative market information.

FINANCIAL INVESTMENTS

Quoted securities: The Trustees continue to manage the investments of the General Fund through the two investment managers selected in July 2014 - Sarasin & Partners LLP and Investec WIN; they intend to continue this arrangement for the foreseeable future. The investment objectives are set out in the Investment policy paragraph below.

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

TRADING COMPANY

Arley Estate Enterprises Limited (“AEEL”) commenced trading on 1 July 2015 in response to a high demand for weddings held in the formal gardens of the Arboretum. During the year a licence was granted by Worcestershire County Council for conducting wedding ceremonies within the Arboretum and these have proved very successful. In previous years the Arboretum tea room was an incidental activity provided as a service to visitors. With the changes to the management and catering offered in 2015 this has become a profitable venture in its own right and the activity was transferred to AEEL in July. Other activities which have transferred to AEEL include forestry, the riverside car park and the shoot. As noted below, opportunities to expand the trading activities are being explored. The trading company recorded sales of £126,336, a gross profit of £49,450 and a profit for the 6 months of £21,706.

FINANCIAL REVIEW

Merger Accounting – As noted above, on 31 December 2015 the CIO acquired the beneficial interest in the assets and liabilities of the unincorporated Douglas Turner Trust. For financial reporting purposes, the CIO has adopted merger accounting, the effect of which was to include the income and expenditure of The Douglas Turner Trust for the comparative year ended 31 December 2014 as if they had arisen in the CIO.

Revised accounting requirements – The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity’s governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014. Accordingly the format of the Statement of Financial Activities has been revised and accounting policies have been reviewed to ensure compliance in all material respects. In particular, the treatment of own use assets (principally the Estate Office) has been changed; they are now included in tangible fixed assets having previously been included in fixed asset investments.

Group accounts – The wholly owned subsidiary, Arley Estate Enterprises Limited, was established in the year with £100 paid-up share capital. Accordingly group financial statements have been prepared.

Overall financial result – The net incoming financial resources for the year of £71,164 (2014: net outgoing of £51,686) and gains on investment assets of £932,424 (2014: £2,028,922) gave rise to a net addition to funds of £1,003,588 (2014: £1,977,236). Net assets at 31 December 2015 were £49,410,322 (2014: £48,406,734). Rental and other income was £495,638 (2014: £522,805). Property maintenance costs amounted to £39,689 (2014: £106,047). Capital expenditure on property improvements amounted to £138,384 (2014: £70,731).

Quoted investment values – Equity markets have been volatile during the year with a disappointing effect on the value of the investments. The market value of the Trust’s quoted investment portfolio increased by 0.4% from £24,308,432 to £24,401,626 compared with a 2.8% increase in the previous period. Investment income from the quoted portfolio was £747,416 (2014: £664,150).

Freehold property values (Arley Estate) – The Trustees consider that the value of the property portfolio increased by £668,187 during the year (2014: increase £772,830). After many years of significant increases in farm values, the increase at 2.5% (2014: 10%) has been much more modest in 2015, but has been supplemented by an increase of approximately 4% (2014: 3%) in residential property values.

KEY FINANCIAL MANAGEMENT POLICIES

Investment policy – quoted securities

The Trust's investment policy is reviewed annually. There are no restrictions on the charity's power to invest and the Trustees do not currently prohibit any investments on social, environmental or ethical grounds. The charity's investments are managed by the investment managers to maximise value whilst providing a balanced Total Return, from income and capital growth, at a moderate level of risk. This has continued to generate sufficient resources to meet the Trustees' planned charitable distributions over the long term. They are satisfied that both investment managers have performed satisfactorily in difficult market conditions against agreed benchmarks.

Reserves Policy

The whole of the Trust's accumulated fund is expendable without distinction as between income and capital. However the Trustees' policy is to maintain its capital base in real terms primarily within the investment portfolio. In order to provide flexibility in both its grant giving capacity and its operational requirements, reserves in the General Fund (so called 'free reserves') are held in cash or other readily realisable form, less liabilities, generally in the target range of £250,000 to £500,000. In addition, reserves of the Arley Fund are held to cater for the seasonal and other working capital fluctuations in Arley Estate, generally in the target range of £50,000 to £100,000.

At 31 December 2015, Arley Fund reserves were £14,396 (2014: £636,277) and free reserves were £632,668 (2014: £513,365). These reserves exclude amounts earmarked within Arley Estate to cover the estimated costs of essential investment projects which cannot be met from operating cash-flows of the Arley Fund during 2016. £600,000 has been set aside for the conversion of Arley House to a wedding and conference venue.

GOVERNANCE

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

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

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

New Trustees are appointed by the continuing Trustees, having regard to appropriate diversity of skills, experience, gender and age profile. The Trust keeps the skill requirements of the Trustees under review, and they are encouraged to undertake appropriate training. Potential new Trustees meet initially with members of the Nominations Committee. If the appointment proceeds, the new Trustee meets with the Administrator and receives appropriate information about the Trust and relevant Charity Commission guidance as part of an established induction process. There is no restriction on length of service or any specific term of office for the three original Trustees at the date of incorporation of the Trust. However, all new Trustees are appointed for a renewable three year term of office.

Retirements: On 16 December 2015 Mr John Del Mar retired as Chairman and Trustee after over a decade of loyal and committed service to the Trust including substantial support to the management team on a regular basis. He took a keen interest in the development of many aspects of Arley Estate, particularly the care of the gardens and trees at the Arboretum, for which trustees are immensely appreciative. Mr Michael Fea also retired after 10 years as a Trustee, having brought many years' experience as a leading Midlands charity solicitor and trustee to the work of the Trust, particularly in his knowledge of so many local applicant charities which applied for grant support. The Trustees wish them both a very happy retirement and look forward to welcoming them as visitors to the Arboretum in the future.

PUBLIC BENEFIT

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

MANAGING RISK

The Trustees have overall responsibility for identifying, assessing and managing the Trust's risks. Day-to-day responsibility for risk management (including Health & Safety) rests with the Chief Executive who, as Safety Officer, is responsible via the Audit Committee to Trustees. There is a quarterly process in place for reviewing the major risks to which the Trust is exposed, and the Trust has established systems and procedures to manage them. The major threats with associated risks and mitigations are summarised below:

Threats to:	Nature of risk	How risk is managed
Public visitors	Food safety, Physical accidents, emergencies	Daily monitoring against standards Access/communications in Arboretum
Tenants	Exposure: gas, electricity, asbestos, Legionella, Poor working standards	Property inspections, compliance certificates, minimum work standards
Employees	Health & Safety (working at height, use of equipment/ chemicals, manual handling, driving)	Regular training, safety-first culture, review of skills and certificates
Investments	Poor investment decisions – market securities Diminution in value of Arley Estate properties	Benchmarks and reviews of managers Minimum maintenance quality standards
Finances	Fraud, Hacking of computer systems	Regular review of internal controls Password controls, Daily back-up
Reputation	Adverse reports: Social media, internet websites Poor interaction: visitors, tenants, Arley villagers	Sites monitored daily with responses Positive attitude, complaints welcomed

The Audit Committee reviews the Risk Register for completeness of major risks and monitors future actions to be taken by the management team.

Financial controls: Management report on key financial controls on a quarterly basis to the Audit Committee

Health & safety: Employees are encouraged to identify emerging Health & Safety risks and be part of the risk management process. Health & Safety training needs are regularly reviewed in the context of legal and regulatory requirements and staff members are required to attend appropriate training courses before commencing any aspect of their work which requires specific skills or knowledge. The Trust is delighted to be supported by over 20 volunteers, mainly in the Arboretum, who are required to apply the same Health & Safety standards and disciplines as apply to employees.

Audits of Health & Safety are undertaken periodically by external professional consultants. The most recent took place in 2013, and action has been taken in respect of all significant recommendations. Following a previous audit, a comprehensive system of risk assessments has been in operation prior to any work being undertaken on the Estate.

Legal compliance: The risks associated with the Arley Estate are managed in accordance with applicable laws and obligations to tenants, visitors and employees. Tenants are encouraged to report faults, damage or problems with properties as they arise and prompt action is taken by the management team.

Visitors and safeguarding: The Trust's procedures take into account the risks to which visitors are potentially exposed, striking a reasonable compromise between safety, conservation and access. Visitors to the Arboretum are required to take personal responsibility for their own Health & Safety, in particular, the safeguarding of children and vulnerable adults must be the responsibility of a responsible adult visitor, who must supervise them at all times.

Quoted investment risks: The Trust's quoted investment portfolio is exposed to volatility of market values and fluctuations in income returns. The Trustees have set benchmarks for investment performance based on a medium risk appetite with the aim of achieving a balanced total investment return for grant-making in the long term. Regular meetings are held with the investment managers to review these risks.

Major investment decisions at Arley Estate: Decisions are taken only after considering alternative options and after critically examining the expected pay-back in terms of total return.

POST BALANCE SHEET EVENTS

A tenanted property in Birmingham, some 20 miles from Arley Estate, was sold by public auction on 2 March 2016 for £212,000 (before professional costs); its valuation at 31 December 2015 was £190,000 (2014: £146,000).

On 10 March 2016 P J Millward and D J Causer resigned as Directors of Arley Estate Enterprises Limited and were replaced by C Arnott (independent) and D P Pearson (Trustee) in order to enable the boards of both entities to manage potential conflicts of interest more effectively. Mr A G Cowie continues in office as independent Chairman.

PLANS FOR THE FUTURE

The medium term plans are to continue successful management of the assets and trading activities in order to generate sufficient additional funds from Arley Estate to enhance the grant-giving activities in the General Fund. The newly merged charity should therefore have more flexibility for grant giving and Trustees hope to be able to support occasional large capital projects which were previously beyond available resources.

Our priorities for 2016

Trustees plan to support the Administrator during his biennial visits in order to gain a greater understanding of the charitable activities of our regularly supported grant applicants.

Arley Arboretum has recently entered into a joint ticketing arrangement with Severn Valley Railway as part of its educational programme.

Arley House became available during 2015 following the end of a long-standing tenancy. Having reviewed all possible options for the future use of the House, the Trustees have decided to refurbish and convert it into a wedding and conference venue to be let on arms-length terms. £600,000 has been designated to cover the cost of this work, as noted in the Reserves Policy above. Work will be completed towards the end of 2016 ready for the 2017 season.

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**

14 March 2016

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

We have audited the financial statements of The Roger & Douglas Turner Charitable Trust for the year ended 31 December 2015 on pages 10 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of trustees and auditor

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and charity's affairs as at 31 December 2015 and of their incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

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

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

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP)
Statutory Auditor
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

Dated 22 March 2016

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

STATEMENT OF FINANCIAL ACTIVITIES

Unrestricted Funds Continuing Operations	Note	-----2015-----			-----2014-----		
		Arley Fund £	General Fund £	<u>Total</u> £	Arley Fund £	General Fund £	<u>Total</u> £
<u>Income from:</u>							
Investments	2	495,638	750,240	1,245,878	522,805	666,610	1,189,415
Trading Activities	3	126,336	-	126,336	-	-	-
Charitable Activities	4	190,473	-	190,473	162,681	-	162,681
		-----	-----	-----	-----	-----	-----
Total Income		812,447	750,240	1,562,687	685,486	666,610	1,352,096
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<u>Expenditure on:</u>							
Raising Funds	5	283,500	126,864	410,364	299,763	121,623	421,386
Other Activities	6	102,629	-	102,629	-	-	-
Charitable Activities	7	302,441	676,089	978,530	318,016	664,380	982,396
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Total Expenditure		688,570	802,953	1,491,523	617,779	786,003	1,403,782
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Net Income / (Expenditure)		123,877	(52,713)	71,164	67,707	(119,393)	(51,686)
Net gains on investments	11	666,187	266,237	932,424	1,305,543	723,379	2,028,922
		-----	-----	-----	-----	-----	-----
Net Income for the year		790,064	213,524	1,003,588	1,373,250	603,986	1,977,236
Transfer between Funds		-	-	-	20,000	(20,000)	-
		-----	-----	-----	-----	-----	-----
Net Movement in Funds		790,064	213,524	1,003,588	1,393,250	583,986	1,977,236
Total Funds at 1 January		23,584,431	24,822,303	48,406,734	22,191,181	24,238,317	46,429,498
		-----	-----	-----	-----	-----	-----
Total Funds at 31 December		<u>24,374,495</u>	<u>25,035,827</u>	<u>49,410,322</u>	<u>23,584,431</u>	<u>24,822,303</u>	<u>48,406,734</u>

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

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

BALANCE SHEET AS AT 31 DECEMBER 2015

		GROUP		CHARITY	
	Note	2015 £	2014 £	2015 £	2014 £
Fixed assets					
Tangible Fixed Assets	10	192,238	49,028	192,238	49,028
Investments	11	47,969,809	47,208,064	47,969,909	47,208,064
Total		<u>48,162,047</u>	<u>47,257,092</u>	<u>48,162,147</u>	<u>47,257,092</u>
Current assets					
Stock	12	1,310	-	-	-
Debtors	13	22,284	43,934	41,460	43,934
Cash at bank and in hand	14	1,418,728	1,305,136	1,373,515	1,305,136
Creditors					
Amounts due within one year	15	(194,047)	(199,428)	(166,800)	(199,428)
Net Current Assets		<u>1,248,275</u>	<u>1,149,642</u>	<u>1,248,175</u>	<u>1,149,642</u>
Net Assets		<u>49,410,322</u>	<u>48,406,734</u>	<u>49,410,322</u>	<u>48,406,734</u>
Arley Fund	17	24,374,495	23,584,431	24,374,495	23,584,431
General Fund		<u>25,035,827</u>	<u>24,822,303</u>	<u>25,035,827</u>	<u>24,822,303</u>
Total Funds	16	<u>49,410,322</u>	<u>48,406,734</u>	<u>49,410,322</u>	<u>48,406,734</u>

Approved by the Board of Trustees on 14 March 2016 and signed on its behalf by:

Peter J Millward
Chairman

CASH FLOW STATEMENT
for the year ended 31 December 2015

	Note	Group 2015 £	Charity 2015 £	Group & Charity 2014 £
Cash generated from / (used in) operating activities	19	(645,726)	(712,545)	(663,650)
Cash flows from investing activities				
Dividend and Interest income		752,309	752,309	666,610
Distribution received under deed of covenant			21,706	
Purchase of tangible fixed assets		(27,790)	(27,790)	(23,086)
Proceeds from sale of tangible fixed assets		120	120	7,144
Proceeds from sale of investment properties		-	-	603,444
Purchase of investments		(13,536,326)	(13,536,326)	(19,570,896)
Capital expenditure on investment properties		(138,364)	(138,364)	(70,731)
Proceeds from sale of investments		13,709,369	13,709,369	19,627,920
Purchase of share capital		-	(100)	-
		-----	-----	-----
Cash provided by investing activities		113,592	68,379	576,755
		-----	-----	-----
Increase in cash and cash equivalents in the year		113,592	68,379	576,755
		-----	-----	-----
Cash and cash equivalents at the beginning of the year		1,305,136	1,305,136	728,381
		-----	-----	-----
Total cash and cash equivalents at the end of the year		1,418,728	1,373,515	1,305,136
		=====	=====	=====

NOTES TO THE ACCOUNTS

1 Principal accounting policies

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

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

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

Reconciliation with previous Generally Accepted Accounting Principles: in preparing the financial statements Trustees have considered whether in applying the accounting policies required by FRS 102 a restatement of comparative items was needed. No restatements were required. In accordance with the requirements of FRS 102 reconciliation of opening balances and net income/(expenditure) for the year is provided with the net income/(expenditure) under previous GAAP.

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

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

Income recognition: all income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income can be measured reliably.

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

NOTES TO THE ACCOUNTS (CONTINUED)

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

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

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

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

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

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

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

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

Grant awards are accounted for as expenditure as soon as a valid expectation has been communicated to the recipient charity, unless the offer is conditional upon events outside the Trust's control, such amounts being recognised as contingent liabilities until the grant conditions are fulfilled.

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

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

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

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

Tangible fixed assets: Other than freehold land, which is not depreciated, 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:

- Freehold buildings 50 years
- Motor vehicles and equipment 5 years
- Fixtures and fittings 3 to 10 years

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

NOTES TO THE ACCOUNTS (CONTINUED)

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

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

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

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

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

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

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

2 Income from Investments:

	2015	2014
	£	£
Dividends - UK and Overseas Equities	635,208	550,917
Interest - UK Fixed Interest Securities	112,208	113,233
	-----	-----
Sub-total income from quoted investment portfolio	747,416	664,150
Bank and other interest	2,824	2,460
	-----	-----
Sub-total General Fund	750,240	666,610
	-----	-----
Income – rental	460,076	460,796
- other	33,493	62,009
Bank and other interest	2,069	-
	-----	-----
Sub-total Arley Fund	495,638	522,805
	-----	-----
Total Investment Income	1,245,878	1,189,415
	=====	=====

NOTES TO THE ACCOUNTS (CONTINUED)

3 Income from Trading:

	2015	2014
	£	£
Tea room	56,747	-
Forestry	23,199	-
Events	33,138	-
Other	13,252	-
	<u>126,336</u>	<u>-</u>
	=====	=====

4 Income from Charitable Activities:

Arley Arboretum	190,473	162,681
	<u>190,473</u>	<u>162,681</u>
	=====	=====

5 Raising funds expenditure

	2015			2014		
	Arley Fund	General Fund	Total 2015	Arley Fund	General Fund	Total 2014
	£	£	£	£	£	£
Raising Funds :						
Investment management charges	-	126,864	126,864	-	121,623	121,623
Arley Estate expenditure	1,801	-	1,801	21,544	-	21,544
Repairs & property maintenance	38,689	-	38,689	106,047	-	106,047
Depreciation	20,396	-	20,396	13,312	-	13,312
Profit on sale of assets	(120)	-	(120)	(4,130)	-	(4,130)
Overheads	85,431	-	85,431	50,662	-	50,662
Staff Costs	137,303	-	137,303	112,328	-	112,328
	<u>283,500</u>	<u>126,864</u>	<u>410,364</u>	<u>299,763</u>	<u>121,623</u>	<u>421,386</u>
	=====	=====	=====	=====	=====	=====

6 Other expenditure

Trading:						
Cost of sales	40,964	-	40,964			
Direct expenses	35,922	-	35,922			
Overheads	3,352	-	3,352			
Staff costs	22,391	-	22,391			
	<u>102,629</u>	<u>-</u>	<u>102,629</u>			
	=====	=====	=====			

7 Charitable expenditure

Purchases - Arboretum	108,495	-	108,495	109,248	-	109,248
Staff Costs	168,410	35,017	203,427	173,356	33,317	206,673
Overheads	25,536	5,178	30,714	35,412	4,966	40,378
Professional charges	-	18,690	18,690	-	22,611	22,611
Depreciation	-	184	184	-	46	46
Governance	-	19,520	19,520	-	17,140	17,140
Charitable grants	-	597,500	597,500	-	586,300	586,300
	<u>302,441</u>	<u>676,089</u>	<u>978,530</u>	<u>318,016</u>	<u>664,380</u>	<u>982,396</u>
	=====	=====	=====	=====	=====	=====

Staff Costs includes £70,322 (2014: £59,345) in respect of management salaries for charitable activities.

Governance includes audit fees of £19,520 (2014: £15,240) and accountancy costs of £nil (2014: £1,900).

NOTES TO THE ACCOUNTS (CONTINUED)

7 Charitable Expenditure (cont):

Charitable grants analysis:

	2015		2014	
	Number	£	Number	£
The Elderly	9	23,000	12	40,500
Medical Research	1	1,000	1	1,000
Children & Young People	34	95,000	37	91,500
Environment & Heritage	14	39,500	11	41,000
The Arts	17	56,000	16	43,500
Work in the Community	37	92,000	35	129,800
Social Support	24	47,000	11	23,000
Disabled & Health	54	156,000	53	130,000
International Aid	3	10,000	3	15,000
Hospices	7	78,000	7	71,000
	---	-----	---	-----
	200	597,500	186	586,300
	---	-----	---	-----

8 Staff costs comprise:

	2015	2014
	£	£
Wages and salaries	316,955	283,876
Social security costs	28,200	21,283
Pension costs	17,966	13,842
	-----	-----
	363,121	319,001
	=====	=====

The average number of employees calculated on a full-time basis (2014: full-time equivalent basis) was:

	2015	2014
	Number	Number
Estate and property	3	4
Arboretum	6	7
Management and administration	2	2
	-----	-----
	11	13
	=====	=====

There was one key management employee (2014: none) with emoluments greater than £60,000, whose emoluments fell in the band £80,000 to £89,999.

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

9 Trustee expenses

The sum of £1,056 (2014: £1,666) was reimbursed to four (2014: four) Trustees in respect of travel and other expenses and £991 (2014: £671) incurred on behalf of Trustees.

NOTES TO THE ACCOUNTS (CONTINUED)

10 Tangible fixed assets: group and charity

	Freehold land and buildings	Motor vehicles	Plant & equipment	Fixtures & fittings	Total
	£	£	£	£	£
Cost					
At 1 January 2015	-	30,795	142,969	50,171	223,935
Additions	100	-	13,887	13,803	27,790
Disposals	-	(7,499)	-	-	(7,499)
Transfer from investments	136,000	-	-	-	136,000
At 31 December 2015	<u>136,100</u>	<u>23,296</u>	<u>156,856</u>	<u>63,974</u>	<u>380,226</u>
Depreciation					
At 1 January 2015	-	20,898	112,028	41,981	174,907
Charge for the year	2,740	3,599	7,604	6,637	20,580
Disposals	-	(7,499)	-	-	(7,499)
At 31 December 2015	<u>2,740</u>	<u>16,998</u>	<u>119,632</u>	<u>48,618</u>	<u>187,988</u>
Net book amount					
At 31 December 2015	<u>133,360</u>	<u>6,298</u>	<u>37,224</u>	<u>15,356</u>	<u>192,238</u>
At 31 December 2014	<u>-</u>	<u>9,897</u>	<u>30,941</u>	<u>8,190</u>	<u>49,028</u>

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

NOTES TO THE ACCOUNTS (CONTINUED)

11 Fixed asset investments - Group

			2015	2014
	Freehold land & buildings £	Quoted investments £	Total £	Total £
At 1 January 2015	22,899,632	24,308,432	47,208,064	45,768,879
Additions at cost	138,364	13,536,326	13,674,690	19,641,627
Disposal proceeds	-	(13,709,369)	(13,709,369)	(20,231,364)
Net investment gains	666,187	266,237	932,424	2,028,922
Transfer to fixed assets	(136,000)	-	(136,000)	-
	-----	-----	-----	-----
At 31 December 2015	23,568,183	24,401,626	47,969,809	47,208,064
	=====	=====	=====	=====
Analysed as:				
Financial investments	23,391,161	24,401,626	47,792,787	47,051,737
Programme Related Investments	177,022	-	177,022	156,327
	-----	-----	-----	-----
At 31 December 2015	23,568,183	24,401,626	47,969,809	47,208,064
	=====	=====	=====	=====

A full independent quinquennial valuation of freehold land and buildings was carried out by Halls, Chartered Surveyors, on 31 December 2012. The valuation of £21,866,465 was based on the freehold value of all component parts of the Arley Estate, on an open market existing use basis subject to current occupation and tenancies in place. At 31 December 2015, having had regard to Government indices and market data, the Trustees valued Arley Estate at £23,568,183.

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

Quoted Investment portfolio

	2015 £	2014 £
Fixed interest	2,491,590	3,314,953
UK listed investments	7,768,757	10,241,072
Overseas listed investments	8,217,254	9,007,523
Commercial property	2,559,996	528,684
Unit Trusts	1,392,640	276,455
Alternative investments	1,611,217	568,899
Cash	360,172	370,846
	-----	-----
	24,401,626	24,308,432
	=====	=====

It should be noted that, as a result of the falls in global stock markets, since the year end the market value of investments has fallen.

	2015 £	2014 £
Historical cost	22,700,117	21,799,641
	=====	=====

NOTES TO THE ACCOUNTS (CONTINUED)

11 Fixed asset investments (continued)**Material investments:**

The Investment Policy states that no investments should exceed 5.0% of the value of the portfolio. At 31 December 2015 there were no such investments (2014: none).

Fixed asset investments – Charity

In addition to the above investments the charity has a £100 investment in the entire share capital of Arley Estate Enterprises Ltd which was formed on 19th February 2015.

12 Stock

	Group 2015 £	Charity 2015 £	Group & Charity 2014 £
Goods for resale	1,310	-	-
	<u>1,310</u>	<u>-</u>	<u>-</u>

13 Debtors

	Group 2015 £	Charity 2015 £	Group & Charity 2014 £
Other debtors	11,473	10,108	36,742
Prepayments	6,811	5,646	1,192
Loan to Upper Arley First School	4,000	4,000	6,000
Amounts due from group undertaking	-	21,706	-
	<u>22,284</u>	<u>41,460</u>	<u>43,934</u>

The loan to Upper Arley First School was interest free and repayable on demand but no repayments have been demanded. Since the year end the Trustees have written off the remaining balance and accounted for it as a grant in 2016.

14 Cash at Bank and in hand

	Group 2015 £	Charity 2015 £	Group & Charity 2014 £
Cash at bank	739,652	694,439	258,555
CCLA COIF Charities Income account	663,737	663,737	1,033,020
Investment Manager Income Account	15,339	15,339	13,561
	<u>1,418,728</u>	<u>1,373,515</u>	<u>1,305,136</u>

NOTES TO THE ACCOUNTS (CONTINUED)

15 Creditors: Amounts due within one year:

	Group 2015 £	Charity 2015 £	Group & Charity 2014 £
Audit/accountant's charges	23,070	20,570	15,550
Conditional grant	50,000	50,000	50,000
Investment Manager charges	31,664	31,664	17,976
Rents received in advance	19,215	19,215	19,007
Other creditors	63,409	39,297	81,438
Accruals	6,689	6,054	15,457
	<u>194,047</u>	<u>166,800</u>	<u>199,428</u>

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

16 Analysis of group assets and liabilities within funds

	Arley Fund £	General Fund £	Total Funds £
Tangible Assets	191,916	322	192,238
Investments	23,568,183	24,401,626	47,969,809
Fixed Assets	<u>23,760,099</u>	<u>24,401,948</u>	<u>48,162,047</u>
Stock	1,310	-	1,310
Debtors	18,284	4,000	22,284
Cash	690,549	728,179	1,418,728
Creditors	(95,747)	(98,300)	(194,047)
Net Current Assets	<u>614,396</u>	<u>633,879</u>	<u>1,248,275</u>
Total Funds	<u><u>24,374,495</u></u>	<u><u>25,035,827</u></u>	<u><u>49,410,322</u></u>

17 Arley Fund – Group

	1 January 2015 £	Incoming Resources £	Outgoing Resources £	Transfers £	31 December 2015 £
Operational Fund	23,584,431	1,478,634	(688,570)	(600,000)	23,774,495
Arley House	-	-	-	600,000	600,000
Total Arley Fund	<u>23,584,431</u>	<u>1,478,634</u>	<u>(688,570)</u>	<u>-</u>	<u>24,374,495</u>

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

NOTES TO THE ACCOUNTS (CONTINUED)**18 Income earned from trading activities**

On 19 February 2015, the Trust established a wholly-owned trading subsidiary, Arley Estate Enterprises Limited, which commenced trading on 1 July 2015 in order to respond to a high demand for weddings and other commercial activities at Arley. The company is incorporated in the United Kingdom (company number 09448082) and details of the trading results for the subsidiary alone are given below:

	2015
	£
Turnover	126,336
Cost of sales	(40,964)
Direct costs	(35,922)
Overheads	(27,744)
	<hr/>
Net Profit	21,706
Amount gift-aided to the charity	(21,706)
	<hr/>
Retained in subsidiary	-
	<hr/> <hr/>
The assets and liabilities of the subsidiary were:	
Fixed assets	-
Current assets	54,074
Current liabilities	(53,974)
	<hr/>
Total net assets	100
	<hr/> <hr/>
Aggregate share capital and reserves	100
	<hr/> <hr/>

19 Reconciliation of net movement in funds to net cash flow from operating activities

	Group	Charity	Group &
	2015	2015	Charity
	£	£	2014
			£
Net movement in funds	1,003,588	1,003,588	1,977,236
Add back depreciation charge	20,580	20,580	13,312
Deduct profit on sale of fixed assets	(120)	(120)	(4,130)
Deduct income shown in quoted investing activities	(752,309)	(774,015)	(666,610)
Gain on revaluation of investments	(932,424)	(932,424)	(2,028,922)
Increase in stock	(1,310)	-	-
Decrease / (increase) in debtors	21,650	2,474	(14,729)
Increase / (decrease) in creditors	(5,381)	(32,628)	60,193
	<hr/>	<hr/>	<hr/>
Net cash used in operating activities	(645,726)	(712,545)	(663,650)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE ACCOUNTS (CONTINUED)**20 Related party transactions****(i) Transactions involving Trustees**

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

During the year one Trustee acquired services, at an arm's length basis, to the value of £9,626 inclusive of VAT (2014: none/£nil).

(ii) Transactions with trading subsidiary

Costs (principally staff costs) recharged to the trading subsidiary amounted to £48,983 (2014 £nil). Income in respect of the Tea Room rent was received from the trading subsidiary amounting to £2,000 (2014: £nil).

21 Classifications of income and expenditure

The transition to the accounting standard FRS 102 has created different classifications of Income and Expenditure in the Statement of Financial Activities compared with the prior year, which the Trustees consider have been fairly presented.