



# **MALVERN HILLS CONSERVATORS**

**MANAGING THE HILLS**

**TRUSTEES' REPORT & ACCOUNTS  
FOR THE YEAR ENDING  
31<sup>ST</sup> MARCH 2016**

**Registered Office**

**Manor House  
Grange Road  
Malvern  
Worcestershire  
WR14 3EY**

**Charity registration number**

**515804**

**Website**

**[www.malvern hills.org.uk](http://www.malvern hills.org.uk)**



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FOR THE YEAR ENDING  
31<sup>ST</sup> MARCH 2016**

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## **Reference and administrative details**

Charity number: 515804 (England & Wales)

Principal office: Manor House,  
Grange Road,  
Malvern,  
Worcestershire  
WR14 3EY

### ***Our advisors***

Auditor: Crowe Clark Whitehill LLP  
Carrick House  
Lypiatt Road  
Cheltenham  
Gloucestershire  
GL50 2QJ

Bankers: Lloyds Bank plc  
48 Belle Vue Terrace  
Malvern  
Worcestershire  
WR14 4QG

Investment Managers: Brewin Dolphin  
9 Colmore Row  
Birmingham  
B3 2BJ

### ***Key management personnel – Senior Managers***

Director (from 1<sup>st</sup> February 2016) Duncan Bridges

Director (to 31<sup>st</sup> December 2015) Stephen Bound

Secretary to the Board Susan Satchell LI.B (Hons)

Conservation Officer Jonathan Bills MSc

Finance & Administration Manager Cheryl Gentry BSc ACA



**Trustees**

Note - FAR – sits on Finance, Administration & Resources Committee  
LM – sits on Land Management Committee  
GC – sits on Governance Committee

**ELECTED MEMBERS**

Priory Ward: Peter J. Watson FAR  
Chase Ward: David Street FAR (to 31<sup>st</sup> October 2015)  
Sara Stewart FAR (from 1<sup>st</sup> November 2015)  
Wells Ward: Simon Freeman GC (Board Vice Chairman from 27<sup>th</sup> July 2015)  
West Ward: Christopher A. Rouse LM (to 31<sup>st</sup> October 2015)  
Charles Penn FAR & GC (from 1<sup>st</sup> November 2015)  
Dyson Perrins Ward: David Hawkins LM  
Malvern Link Ward: Richard Bartholomew FAR & GC  
Pickersleigh Ward: Brian J. M. Pilcher LM & GC (to 31<sup>st</sup> October 2015)  
Peter Forster LM (from 1<sup>st</sup> November 2015)  
Colwall Parish: Helen Stace LM & GC (Chairman to 12<sup>th</sup> November 2015)  
Stan Ginn FAR & GC (to 31<sup>st</sup> October 2015)  
Stephen Braim LM & GC (from 1<sup>st</sup> November 2015)  
Guarlford Parish: Richard J. Chamings LM (to 31<sup>st</sup> October 2015)  
David Street FAR (from 1<sup>st</sup> November 2015)  
Mathon Parish: Roger Morton FAR (to 31<sup>st</sup> October 2015)  
Christopher A. Rouse LM (from 1<sup>st</sup> November 2015)

**NOMINATED MEMBERS**

Malvern Hills District Council: Roger F. Hall-Jones LM (Chairman from 12<sup>th</sup> November 2015)  
Paul Tuthill FAR (to 31<sup>st</sup> October 2015)  
Rebecca Massey (to 31<sup>st</sup> October 2015)  
Roger Cousins LM & GC (Upton upon Severn) (to 31<sup>st</sup> October 2015)  
Board Vice Chairman to 27<sup>th</sup> July 2015)  
Julian Roskams (to 31<sup>st</sup> October 2015)  
Sheila Young LM (to 31<sup>st</sup> October 2015)  
Tim Perry (to 31<sup>st</sup> October 2015)  
Chris O'Donnell LM  
Caroline Bovey LM (from 1<sup>st</sup> November 2015)  
Pamela Cumming LM (from 1<sup>st</sup> November 2015)  
Mick Davies FAR (from 1<sup>st</sup> November 2015)  
John Michael LM (from 1<sup>st</sup> November 2015)  
James O'Donnell FAR (from 1<sup>st</sup> November 2015)  
Sarah Rouse FAR (from 1<sup>st</sup> November 2015)  
Colwall Parish Council: Gwyneth Rees LM  
Mathon Parish Council: David C. Baldwin LM  
Church Commissioners: David Bryer FAR & GC (from 25<sup>th</sup> June 2015)  
Herefordshire Council: Rev'd Preb. Carl Attwood FAR & GC (to 31<sup>st</sup> October 2015)  
Tony Johnson (to 31<sup>st</sup> October 2015, then from 1<sup>st</sup> January 2016)  
Patricia Morgan (1<sup>st</sup> Nov - 31<sup>st</sup> Dec 2015)  
Worcestershire County Council: Professor John Raine FAR & GC  
Ralph Madden FAR  
Worcestershire County Council on behalf of the following parishes:-  
Castlemorton: Angus Golightly LM  
Newland: Tom Yapp LM  
Powick: Martin K. Cordey FAR



## **Report of the trustees for the year ending 31<sup>st</sup> March 2016**

The trustees are pleased to present their annual report together with the accounts of the charity for the year ending 31<sup>st</sup> March 2016.

The accounts comply with the Charities Act 2011, the Commissioners' Clauses Act 1847, the five Malvern Hills Acts 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 (FRS 102) (effective January 2015).

### **Our purposes and activities**

Malvern Hills Conservators was set up by Act of Parliament (The Malvern Hills Acts 1884, 1909, 1924, 1930 and 1995) to protect the hills and commons under its jurisdiction, in particular to:

- Preserve the natural aspect of the hills,
- Protect and manage trees, shrubs, turf and other vegetation,
- Prevent unlawful digging and quarrying,
- Keep the hills open, unenclosed and unbuilt on as open spaces for the recreation and enjoyment of the public and
- Conserve and enhance biodiversity, Sites of Special Scientific Interest and Scheduled Ancient Monuments on its land.

In order to meet its purposes, each year Malvern Hills Conservators carries out a programme of conservation and maintenance work. This includes tree works, litter picking, grass mowing, path clearance, scrub clearance, protecting the rights of Commoners, working with graziers to ensure the Hills are grazed and other general maintenance work.

Malvern Hills Conservators provides and maintains 10 car parks for the public to use for easy access to the charity's land. Where these are fee paying, either a daily charge can be paid at a meter or an annual parking permit purchased.

In planning and delivering its activities, the Board has referred to the Charity Commission's guidance on public benefit. We confirm we have complied with our duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales.

Malvern Hills Conservators receives enormous support from the work of voluntary wardens, volunteers and other community supporters for activities such as recording, habitat management, conservation, archiving and administrative support. The estimated volunteer contribution during the year was 550 days spent on the hills and commons and 400 hours on office work. The contribution of all volunteers is gratefully acknowledged.

### **Achievements & performance**

The Malvern Hills are an iconic and much loved landscape, receiving around 1 million visits each year. Malvern Hills Conservators' staff work closely with many user groups and its Recreation Advisory Panel to seek to minimise conflict between different users of the hills and commons.



Malvern Hills Conservators was invited to participate in a BBC Farming Today programme in March 2016, focussing on access to the countryside. The charity received very positive comments from other participants in the programme, including disabled ramblers, hang gliders and mountain bikers.

Malvern Hills Conservators has a responsibility to conserve the important features and special qualities of the hills and commons, including the geology, flora, fauna, views, landscape and archaeology. Keeping a balance between access and conservation is a major challenge for the charity. This is achieved through an active communications policy, using both local and social media and the charity's website. A programme of free themed events is arranged each year for the public, covering all aspects of the charity's conservation work. These are very well attended.

During the year, a new 5-year Land Management Plan was completed covering all of the land under the charity's management. This will be an invaluable tool in guiding the conservation work carried out by the charity in the future and will be reviewed annually.

Significant areas of the charity's land are under Defra's Higher Level Stewardship agreements. These provide funding for grazing programmes using both sheep and cattle, being the most effective way to maintain the hills and commons. The grazing programme is complemented by manual work where needed.

Key achievements in the year have included:

- Restoration of over 5 hectares of mire and acid grassland,
- Repairs to the Shire Ditch scheduled monument,
- Reintroduction of grazing to the Old Hills common,
- Maintaining over 3,000 acres open and accessible to the public.

On the Governance side, the review of the charity's governing documents has continued, with a view to putting a scheme before the Charity Commission to modernise and streamline the constitution. This is a long-term project which will continue in the new financial year.

A major issue facing the charity is its liabilities under the pension arrangement with Worcestershire County Council Pension Fund. A pensions working group has been reviewing this and has taken legal and actuarial advice on future pension provision. It is anticipated this review will be completed in autumn 2016.

There were a number of staff changes during the year. A new Director, Duncan Bridges was appointed in February 2016 to replace Stephen Bound, who left to take up a position with the Wimbledon and Putney Commons. Linda Churchill retired after 13 years as Finance Assistant and Nicky Quinn left after 16 years as a Warden, to take up a post with the RSPB.

## **Structure, Governance and management**

The Malvern Hills Conservators is a statutory body corporate set up under the Malvern Hills Acts 1884, 1909, 1924, 1930 and 1995.

The Board is the decision making body. It consists of 29 members who hold office for a four year term. Eleven are directly elected under the Local Elections (Principal areas) Rules by the residents of the following wards/parishes who contribute to the Conservators' funds through a levy in their Council Tax. The Director is the Electoral Returning Officer.



<u>Electoral area</u>	<u>Seats</u>
Priory Ward	1
Chase Ward	1
Wells Ward	1
West Ward	1
Dyson Perrins Ward	1
Malvern Link Ward	1
Pickersleigh Ward	1
Guarlford Parish	1
Colwall Parish	2
Mathon Parish	1

The remaining 18 members are nominated by the following bodies:-

Herefordshire Council	2
Worcestershire County Council	2
<i>Worcestershire County Council</i> <i>(to represent the parishes of:</i>	
<i>Castlemorton, Newland and Powick)</i>	3
Malvern Hills District Council	8
Colwall Parish Council	1
Mathon Parish Council	1
The Church Commissioners	1

Elections were undertaken on 22<sup>nd</sup> October 2015, with new members taking up their seats on 1<sup>st</sup> November 2015, 7 months into the financial year.

Following each election, Board members (who are the charity's Trustees) are asked to attend a training session so that they are clear about their duties and responsibilities under the Malvern Hills Acts and the land management policies. A short tour is also offered to view some of the key management sites and members are encouraged to attend land management site visits throughout the year.

The Board meets five times a year in March, June, September, November and January to receive and adopt reports from the committees, to receive reports from representatives serving on outside bodies and the Director's management report. There is also an opportunity for members of the public to ask questions. Immediately prior to the September Board meeting is the Annual Meeting of precept payers. At this meeting, at which creditors, precept payers and other interested persons may be present, the Accounts are adopted and Auditor appointed. The Chairman and Vice Chairman are elected at the Annual Meeting in November together with committee members and representatives to serve on outside bodies.

### Director

The Director is responsible for the day-to-day management of the charity's affairs and for implementing strategies and policies agreed by the Board.

### Committees

There are three Board Committees. Their functions are set out below. The Board ratifies committee reports and adopts (or not) their recommendations in due course.

### Land Management Committee

This committee has responsibility for land management issues and strategy, including the statutory duty to maintain the natural aspect. This includes:



- Overseeing production of the Land Management Plan and monitoring progress against the plan,
- Preparing the annual Land Management budget and monitoring progress against the budget,
- Reviewing policies relating to the management of the charity's land holding,
- Making recommendations on potential land acquisitions,
- Overseeing compliance with Health and Safety legislation relating to management and use of the charity's land,
- Planning, easements and wayleaves,
- Ensuring appropriate levels of access infrastructure, interpretation and information are provided and
- Reviewing funding agreements, licences etc relating to the management of the hills and commons.

#### Finance, Administration and Resources Committee

This committee has responsibility for the following areas:

- Finance, including management accounts, annual accounts, budgets and budget monitoring,
- Investments, including reviewing the Investment Manager's reports and performance,
- Overseeing production of the Business Plan and monitoring progress against the plan,
- Administration including legal matters and review and enforcement of the byelaws,
- Rents and charges,
- Reviewing major contracts,
- Ensuring that MHC has appropriate levels of insurance cover,
- Property,
- Staff recruitment, training, salaries and pensions,
- Health and Safety and
- Representation at outside events.

#### Governance Committee

The Governance Committee has responsibility for the following areas:

- Ensuring the organisation complies with the Malvern Hills Acts, charity legislation and other relevant legislation relating to governance,
- Monitoring governance issues against Board performance,
- Reviewing and monitoring compliance with the Governance Handbook, Standing Orders and the Code of Conduct,
- Ensuring that the charity has appropriate risk management systems in place and that risks will be reviewed and updated annually and
- Approving training for Board members.

### **Financial Review**

The financial results are set out on pages 14 to 36. There was a surplus on the unrestricted funds of £104,596 (2015 deficit restated for FRS102 £225,573).

In addition, there was a net outflow of funds on the Permanent Endowment (note 22) of £66,192 (2015 net inflow £34,930) and on the restricted funds (note 21) a net inflow of £3,991 (2015 net inflow £2,452). Total reserves at the financial year end were £1,903,548 (2015 restated for FRS 102 £1,861,153), of which £162,860 is restricted and £2,562,822 the permanent endowment (of which £741,673 is inalienable, see notes 15 and 23 to the accounts).



### Principal funding sources

In order partly to fund its work, under powers in the Malvern Hills Acts, Malvern Hills Conservators charges a precept to Council Tax payers in the parishes of Malvern Town, West Malvern, Malvern Wells, Guarlford, Colwall and Mathon. The average band D precept payable in 2015/16 was £29.06 (2014/15 £28.78). The total levy received by the charity was £421,402 (2014/15 £412,987).

Revenue from car parks is the second principal funding source. The total received in 2015/16 was £210,082 (2014/15 £186,726). Car park takings are used to fund the charity's work including maintaining the car parks for public use.

The third major funding source is grants received under the Higher Level Stewardship scheme. These provide the funding for grazing on the hills and commons, in support of the charity's land management plan and conservation objectives. The total received during the year was £187,398 (2014/15 £195,201).

Donations received totalled £23,582 (2014/15 £35,471).

### Significant financial impacts

Significant events (and their financial impact) during the year were:

- The transfer of the Lands Maintenance fund and part of the Parliamentary fund to the investment portfolio,
- A review of pension provision, supported by legal and actuarial advice (cost £15,241),
- The recruitment of a new Director (cost £9,821),
- The Board maintained its policy of updating vehicles, plant and machinery with modern equipment, spending £6,095.

### Acknowledgements

Malvern Hills Conservators acknowledge the financial support of Department for the Environment, Food and Rural Affairs (Defra) Rural Development Scheme, Worcestershire County Council, Herefordshire Council and Malvern Hills Area of Outstanding Natural Beauty (AONB).

### ***Investment powers & policy***

The Charity has placed some of its funds under investment with Brewin Dolphin. The Lands Acquisition Fund is fully invested. The charity's principal objective from the investment of this fund is to generate a return (net of costs, including reinvestment of earnings) sufficient to maintain the purchasing value of the Land Acquisition Fund. The charity needs to produce the best financial return with a moderate level of risk.

During the year, the Land Maintenance Fund and part of the Parliamentary Fund were also transferred to Brewin Dolphin. The charity's investment objective for these funds is to produce the best financial return (capital growth and income) with a moderate level of risk.

The Trustees understand that in order to manage inflation risk, this is likely to mean that investments will partly be in assets such as equities and that in the short-term the capital value could fluctuate.

The charity's assets can be invested widely and are diversified by asset class, geographical spread, and by sector and security. Asset classes that the Trustees consider could be included within the portfolio are cash, fixed interest products, equities, commercial property, private equity, commodities and any other asset that may be agreed to be suitable for the charity. Access to these asset classes can be achieved directly or via collective investment vehicles such as unit or investment trusts. No single direct equity investment should exceed 5% of the total value of the portfolio. Investments in negotiable instruments known as 'derivatives' are not permitted without prior approval of the Trustees



The Finance, Administration & Resources Committee is charged with agreeing a suitable asset allocation strategy with its Investment Manager, which is set with the aim of achieving the charity's investment objectives. Brewin Dolphin's risk category 6 Index is now used as a guide for the structure of the portfolio and provides a ready measure of its performance (previously the WMA private investors balanced index was used).

#### Investment performance

The annual gross yield on the portfolio was 2.7%. On a total return basis, the yield was 0.62% against the benchmark of 1.59%. Fluctuation in the markets have led to a cautious approach being adopted towards investing the new funds. The Trustees received an interim report from Brewin Dolphin in January 2016 and plan a full review in August 2016.

The charity's assets are invested in line with the long term interests of the charity. The Trustees do not adopt an exclusionary policy, but individual investments may be excluded if perceived to conflict with the charity's purpose.

#### ***Reserves policy and going concern***

The Board is required to maintain sufficient unrestricted funds to enable it to finance its principal activity of conservation. The current policy is to hold 6 months' expenditure in reserves, excluding designated funds. At 31st March 2016 the unrestricted reserves (excluding the FRS17 pension fund balance) amounted to £719,866 of which £330,849 is the General Fund, representing approximately 5.5 months' expenditure. Details of the designated funds are given in note 20 to the accounts.

#### ***Pension scheme***

Malvern Hills Conservators is a member of the Worcestershire County Council Pension Fund (WCCPF), which is a defined benefit scheme. The costs and liabilities are accounted for under FRS 102, with details being given in note 25 to the accounts. The pension figures reflected in these accounts have been provided by Mercer, the Actuary to the Fund.

The accounting deficit at the year end has been calculated as £1.506 million (2015 £1.561 million). MHC receives a schedule of contribution rates from the Actuary following each triennial valuation, comprising a rate to support on-going benefits and a deficit recovery element. The employer's contribution rate during the year was 35.6% (2014/15 29.4%). The Trustees have been carrying out a review of future pensions provision which will be concluded in 2017.

#### ***Plans for future periods***

Much of the work of the charity is carried out on an on-going basis. The land management plan will be followed to meet the conservation objectives. The car parks and paths will be maintained to ensure the public have access the charity's land.

In addition to the routine work, the following work is planned for the forthcoming year:

- Completion of a new 5-year business plan, to set objectives and ensure financial resources will be available,
- A rebranding project will be undertaken in 2016, to produce branding guidelines and create a new website,
- Fund-raising opportunities will be explored,
- A new mountain biking guide will be produced to encourage responsible cycling,
- Better facilities will be provided for the Field Staff ,
- Essential works will be carried out at the charity's premises at St Ann's Well and



- The governance and pensions reviews will be completed.

### **Remuneration Policy**

The majority of the staff salaries are set against the Local Government pay scale. Posts are allocated to a spinal column point depending upon the level of responsibility and qualifications needed for the post. The salary of the Director is set by the Board.

### **Statement of Trustees' Responsibilities and Corporate Governance**

The Trustees are responsible for their annual report and for the preparation of accounts for each financial year. The Trustees are also required to prepare accounts under the Charities Act 2011 and the Commissioners Clauses Act 1847 for each financial year which give a true and fair view of the charity's incoming resources and application of resources during the year. In preparing those accounts they are required to:

- Select suitable accounting policies and then apply them consistently,
- Make judgements that are reasonable and prudent,
- State whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the accounts,
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation and
- Observe the methods and principles in the Charities SORP.

The Trustees have overall responsibility for ensuring that the charity has appropriate systems and controls, financial and otherwise. The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the accounts comply with the Charities Act 2011. They are also responsible for safeguarding the charity's assets and for their proper application as required by charity law, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- The charity is operating efficiently and effectively,
- All assets are safeguarded against unauthorised use or disposition and are properly applied,
- Proper records are maintained and financial information used within the charity, or for publication, is reliable and
- The charity complies with relevant laws and legislation.

The systems of internal control are designed to provide reasonable but not absolute assurance against material misstatement or loss. They include:

- An annual budget approved by the Trustees,
- Regular consideration by the Trustees of financial results and variances from budget,
- Delegation of day-to-day management authority and segregation of duties as permitted by the size of the organisation and
- Identification and management of risks.



## **Risk management**

The Trustees have in place a formal risk management process to assess business risks and implement risk management strategies. This has involved identifying the types of risks the charity faces, prioritising them in terms of potential impact and likelihood of occurrence and identifying ways of managing the risks.

The key risks identified this year were:

- Grant funding reducing – this risk relates to the Defra’s Higher Level Stewardship agreements which are 10-year agreements, which will end between 2017 and 2023. Natural England have confirmed that the Malvern Hills and commons are a high priority for the replacement scheme ‘Countryside Stewardship’ and discussions are already underway on our application. Defra’s schemes are part-funded by the EU and the result of June’s referendum could have an impact on all future schemes, here and nationwide.
- Pension commitments – the pension liability (accounting deficit) is disclosed in detail in note 25 to the accounts. There is an on-going review of future pension provision, taking professional advice from a lawyer and actuary. The review should be completed in autumn 2016. Medium-term financial plans are being drawn up to ensure the charity can make the requested contribution payments in the future.

## **Statement as to disclosure to our auditors**

In so far as the Trustees are aware at the time of approving the Trustees’ annual report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the charity’s auditor is unaware, and
- The Trustees, having made enquiries of fellow Trustees and the charity’s auditor that they ought to have individually taken, have each taken all steps that she/he is obliged to take as a trustee in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the Board of Trustees

Roger Hall-Jones (Chairman)  
10<sup>th</sup> November 2016



## **INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF THE MALVERN HILLS CONSERVATORS**

We have audited the accounts of the Malvern Hills Conservators for the year ended 31 March 2016 which comprise the Statement of Financial Activities, the Balance Sheet and related notes. 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).

This report is made solely to the Board's members, as a body in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Board's members those matters we are required to state to them in an auditors' 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 Board and the Board's members 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 Trustees' Responsibilities Statement (set out on page 11) the Board of the Conservators (who are also responsible as charity trustees for the Board's charitable activities) are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 144 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 accounts 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 accounts**

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion**

In our opinion the accounts:

- give a true and fair view of the state of affairs of the charity as at 31 March 2016, and of its 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**

The Charities Act 2011 requires us to report to you, if, in our opinion:

- the information given in the Trustees Annual Report is inconsistent in any material respect with the accounts; or
- sufficient accounting records have not been kept; or
- the accounts 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.

Martin Regan  
For and on behalf of  
Crowe Clark Whitehill LLP  
Carrick House  
Lypiatt Road  
Cheltenham  
Gloucestershire  
GL50 2QJ  
Date: 10<sup>th</sup> November 2016



**Statement of Financial Activities for the year ended 31<sup>st</sup> March 2016**

	Note	Unrestricted funds	Restricted funds	Permanent endowment	Total funds 2016	Total funds 2015 (note 27)
		£	£	£	£	£
<b>Income and endowments from:</b>						
Donations and legacies	3	23,282	300	0	23,582	35,471
Charitable activities:						
Management of the hills and commons		625,873	0	0	625,873	617,904
Car parks		210,082	6,500	0	216,582	186,726
Other trading activities	4	29,929	0	15,700	45,629	70,246
Investments:						
Bank deposits		1,795	532	1,052	3,379	4,602
Investment portfolio		0	1,392	32,667	34,059	6,734
Other	5	7,737	0	6,930	14,667	24,875
<b>Total income</b>		<b>898,698</b>	<b>8,724</b>	<b>56,349</b>	<b>963,771</b>	<b>946,558</b>
<b>Expenditure on:</b>						
Charitable activities	6	908,102	3,018	38,561	949,681	866,673
<b>Total expenditure</b>		<b>908,102</b>	<b>3,018</b>	<b>38,561</b>	<b>949,681</b>	<b>866,673</b>
Net gains/(losses) on investments		0	(1,715)	(47,980)	(49,695)	21,924
<b>Net income/(expenditure)</b>		<b>(9,404)</b>	<b>3,991</b>	<b>(30,192)</b>	<b>(35,605)</b>	<b>101,809</b>
<b>Transfers between funds</b>		<b>36,000</b>	<b>0</b>	<b>(36,000)</b>	<b>0</b>	<b>0</b>
<b>Other recognised gains/(losses)</b>						
Actuarial gains/(losses) on defined benefit pension scheme		78,000	0	0	78,000	(290,000)
<b>Net movement in funds</b>		<b>104,596</b>	<b>3,991</b>	<b>(66,192)</b>	<b>42,395</b>	<b>(188,191)</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward	1(a)	(890,730)	158,869	2,593,014	1,861,153	2,049,344
<b>Total funds carried forward</b>		<b>(786,134)</b>	<b>162,860</b>	<b>2,526,822</b>	<b>1,903,548</b>	<b>1,861,153</b>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

**Balance Sheet as at 31<sup>st</sup> March 2016**

	Note	Total funds	Prior year funds
		£	£
<b>FIXED ASSETS</b>			
Tangible fixed assets	14	261,300	285,126
Heritage assets	15	741,673	741,673
Investments	16	1,556,944	979,104
<b>Total fixed assets</b>		<b>2,559,917</b>	<b>2,005,903</b>
<b>CURRENT ASSETS</b>			
Livestock		36,120	25,320
Debtors	17	177,030	80,139
Short term deposits		770,762	1,421,811
Cash at bank and in hand		200	200
<b>Total current assets</b>		<b>984,112</b>	<b>1,527,470</b>
<b>CREDITORS: Amounts falling due within one year</b>	18	<b>134,481</b>	<b>111,220</b>
<b>NET CURRENT ASSETS EXCLUDING PENSION LIABILITY</b>		<b>849,631</b>	<b>1,416,250</b>
<b>Net assets</b>		<b>3,409,548</b>	<b>3,422,153</b>
Pension Fund liability	26	1,506,000	1,561,000
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<b>1,903,548</b>	<b>1,861,153</b>
<b>THE FUNDS OF THE CHARITY</b>			
Unrestricted - General Fund	19	330,849	378,438
Unrestricted - Designated Funds	20	389,017	291,832
Unrestricted - Pension Fund	21	(1,506,000)	(1,561,000)
Restricted Funds	22	162,860	158,869
Permanent Endowment	23	2,526,822	2,593,014
<b>Total charity funds</b>		<b>1,903,548</b>	<b>1,861,153</b>

The notes on pages 17 to 36 form part of these accounts.

Signed

Roger Hall-Jones  
Chairman of Trustees on behalf of the Trustees  
10<sup>th</sup> November 2016



Statement of cash flows for the year ended 31<sup>st</sup> March 2016

	Total funds 2016 £	Prior year funds 2015 £
<b><i>Cash flows from operating activities</i></b>		
Net movement in funds	42,395	(188,191)
Add back depreciation charge	52,749	53,407
Realised investment losses/(gains)	8,499	0
Unrealised investment losses/(gains)	41,196	(21,924)
Profit on disposal of fixed assets	(500)	(13,971)
Income on investing activities	(34,056)	(6,734)
Actuarial (gain)/loss on pension scheme	(55,000)	294,000
FRS 102 adjustment	0	5,970
Decrease/(increase) in livestock	(10,800)	0
Decrease/(increase) in debtors	(96,891)	49,354
Increase/(decrease) in creditors	23,261	(3,839)
<b>Net cash provided by/(used in) operating activities</b>	<b>(29,147)</b>	<b>168,072</b>
<b><i>Cashflows from investing activities:</i></b>		
Proceeds from the sale of equipment	500	16,528
Purchase of property, plant and equipment	(28,923)	(62,918)
Investment manager's fees	9,209	1,126
Funds transferred to investment portfolio	(602,688)	(951,572)
<b>Net cash provided by/(used in) investing activities</b>	<b>(621,902)</b>	<b>(996,836)</b>
<b><i>Change in cash and cash equivalents in the reporting period</i></b>	<b>(651,049)</b>	<b>(828,764)</b>
Cash and cash equivalents at the beginning of the reporting period	1,422,011	2,250,775
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>770,962</b>	<b>1,422,011</b>
<b><i>Analysis of cash and cash equivalents</i></b>		
Cash in hand	200	200
Current account	2,816	0
Notice deposits (less than 3 months)	767,946	1,421,811
<b>Total cash and cash equivalents</b>	<b>770,962</b>	<b>1,422,011</b>



**Notes to the accounts for the year ending 31<sup>st</sup> March 2016**

1 Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation and uncertainty in the preparation of the accounts are as follows:

**Basis of preparation**

The accounts have been prepared in accordance with 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 (FRS 102) (effective January 2015) – (Charities SORP (FRS102)) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Malvern Hills Conservators meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

a) Reconciliation with previous Generally Accepted Accounting Practice (transition to FRS 102)

In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS102 the restatement of comparative items was required.

At the date of transition in applying the requirement to recognise liabilities arising from employee benefits, a liability was recognised for short-term compensated absence arising from employee entitlement to paid annual leave. The initial liability recognised at the date of transition was for the holiday entitlement carried forward and for the entitlement arising in the year which was due but not taken. The initial liability was for £5,970. No other restatements were required. In accordance with the requirements of FRS 102 a reconciliation of opening balances is provided.

**Reconciliation of funds and balances**

	31 <sup>st</sup> 1 <sup>st</sup> April 2014 £	March 2015 £
Fund balances as previously stated	2,049,344	1,867,123
Short-term compensated absences		0 (5,970)
Fund balances as restated	<u>2,049,344</u>	<u>1,861,153</u>

**Reconciliation of 2015 net income for the period**

	<b>2015</b>
2015 net income as previously stated	85,855
Provision for short-term compensated absences	(5,970)
Reposition unrealised gains on investments in SOFA	21,924
	<u>101,809</u>



b) Preparation of the accounts on a going concern basis

The charity reported a cash outflow of £651,049 for the year, of which £602,688 was a transfer of funds to the investment portfolio. The charity has cash resources and has no requirement for external funding. The Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. They continue to believe the going concern basis of accounting to be appropriate in preparing the annual accounts.

c) Income

Income is recognised in the period in which the Trustees are entitled to receipt. For grants, entitlement may depend upon grant conditions being met. When donors specify that grants or donations, including capital grants, are for particular restricted purposes, this income is included in the incoming resources of restricted funds when it is receivable.

d) Expenditure

Expenditure is included in the statement of financial activities on an accruals basis, exclusive of VAT. Support costs are apportioned on a reasonable basis. Salaries are allocated on an estimate of time spent on each activity. Depreciation is allocated by the use of the assets. Administration costs are allocated by invoice where possible otherwise an estimate has been made based on staff time. Governance costs include direct and indirect expenditure involved in ensuring that the charity complies with its charitable and statutory obligations.

e) Recognition of liabilities

Liabilities are recognised on an accruals basis, and once there is a legal or constructive obligation that commits the charity to the obligation.

f) Taxation

Malvern Hills Conservators is a registered charity, and as such is entitled to taxation exemptions on all its income and gains, properly applied for its charitable purposes.

g) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. A capitalisation limit of £250 has been set by the Trustees.

The land held by Malvern Hills Conservators is reported in the Balance Sheet at cost. It is Malvern Hills Conservators' objective to preserve and manage the land. The land is deemed to have an indefinite life and the Trustees do not therefore consider it appropriate to charge depreciation.

Depreciation on other assets is provided at rates calculated to write off the cost of fixed assets less their residual value over their expected useful lives on the following bases:

Vehicles and equipment	25% of cost
Office equipment	25% of cost
Car Park improvements	20% of cost
Improvements to land and buildings	20% of cost
Office buildings	2% of cost



h) Heritage Assets

The freehold land of the charity is held for conservation purposes to meet its charitable objects and is therefore considered to be a heritage asset. As this land is central to the charitable objects and can only be sold in very limited circumstances, it is also considered to be an inalienable asset.

i) Investments

Investments are shown in the Balance Sheet at market value. Changes in the valuation of investments during the year are shown as unrealised gains or losses in the Statement of Financial Activities.

j) Livestock

Livestock is valued at the lower of cost or net realisable value.

k) Defined benefit pension scheme

The charity participates in the Worcestershire County Council Pension Fund which is a part of the Local Government Pension Scheme, a multi-employer scheme. The LGPS is a defined benefit scheme. Contributions are accounted for in accordance with FRS102. Further details are given in note 26 to the accounts.

l) Fund accounting

Funds (as defined by the SORP, which are not necessarily cash funds or available for expenditure) held by the Trustees are either:-

- Unrestricted general funds – these are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.
- Unrestricted designated funds – these funds are set aside by the Trustees out of unrestricted general funds for specific future purposes or projects.
- Unrestricted pension fund – this represents the estimate of pension liabilities as required by FRS 102.
- Restricted funds – these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor, when funds are raised for particular restricted purposes or when proscribed by the Malvern Hills Acts.
- Permanent Endowment Funds – these funds include all of the lands acquired under the Malvern Hills Acts and the disposal proceeds of any interests in that land.

Further explanation of the nature and purpose of each fund is included in notes 19-23 to the accounts.

m) Debtors

Trade and other debtors are recognised at the settlement date less any provision for bad debts. Prepayments are valued at the amount prepaid net of any trade discounts due.

n) Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less.

o) Creditors and provisions

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.

p) Financial instruments

The charity 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.

q) Significant estimates and judgements

Significant estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The items in the accounts where these estimates and judgements have been made include the useful economic lives of tangible fixed assets. The annual depreciation charge for the tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are amended where necessary to reflect the current estimates, based on technological advancement, future investment, economic utilisation and the physical condition of the assets.

2 Legal status of the charity

The charity is a body corporate constituted by 5 Acts of Parliament, the Malvern Hills Acts 1885, 1909, 1924, 1930 and 1995.

3 Analysis of income from donations and legacies

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Gifts	2,082	3,771
Legacies	21,500	31,700
	<u>23,582</u>	<u>35,471</u>

The income from donations and legacies was £23,582 (2015 £35,471) of which £23,282 was unrestricted (2015 £32,471) and £300 restricted (2015 £3,000).

The charity benefits greatly from the involvement and enthusiastic support of its many volunteers, details of which are given in the Trustees' annual report. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

4 Analysis of income from other trading activities

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Rental income	23,598	27,102
Easements and wayleaves	21,854	42,893
Sales of books and leaflets	177	251
	<u>45,629</u>	<u>70,246</u>

5 Analysis of other income

	<b>2016</b>	<b>2015</b>
	£	£
Employment allowance	2,000	2,000
Filming	3,000	0
Contributions to works	6,930	0
Profit on disposal of fixed assets	500	13,971
Other	2,237	8,904
	<u>14,667</u>	<u>24,875</u>

6 Analysis of expenditure on charitable activities

	<u>M'gt of hills &amp;</u>	<u>Car</u>	
	<u>commons</u>	<u>parks</u>	<u>Total</u>
	£	£	£
Land management expenses	196,139	0	196,139
Warden service including salaries	66,751	23,452	90,203
PR expenses	3,281	0	3,281
Car park direct expenses	0	8,528	8,528
Rates and water	9,440	2,214	11,654
Power	3,182	1,237	4,419
Insurance	22,962	0	22,962
Maintenance of buildings	2,941	0	2,941
Depreciation	52,748	0	52,748
Salary costs	198,777	2,966	201,743
Governance costs (note 8)	54,536	13,621	68,157
Support costs (note 8)	230,231	56,675	286,906
	<u>840,988</u>	<u>108,693</u>	<u>949,681</u>

Expenditure on charitable activities was £949,681 (2015 £866,673) of which £908,102 was unrestricted (2015 £831,921), £38,561 from the permanent (2015 £33,580) endowment and £3,018 was restricted (2015 £1,172).



7 Summary analysis of expenditure and related income for charitable activities

This table shows the cost of the main charitable activities and the sources of income directly to support those activities.

	M'gt of hills and commons		
	£	Car Parks £	Total £
<u>Income</u>			
Levy on Council Tax payers in precepted parishes	421,402	0	421,402
Grants	204,471	6,500	210,971
Car park takings	0	210,082	210,082
Total income from charitable activities	625,873	216,582	842,455
Charitable expenditure	(840,988)	(108,693)	(949,681)
Net contribution/(cost funded by other income)	(215,115)	107,889	(107,226)

8 Analysis of governance and support costs

	<u>General support</u>	<u>Governance</u>	<u>Total</u>	<u>Basis of allocation</u>
	£	£	£	
Recruitment	9,821	0	9,821	Invoice
Travelling	688	53	741	Invoice
Office expenses	23,791	0	23,791	Invoice
Professional fees	26,672	10,225	36,897	Invoice
Training	5,532	1,500	7,032	Invoice
Bank charges	1,806	0	1,806	Invoice
Salaries	204,911	42,925	247,836	Time
FRS 102 charge compensated absence	1,562	0	1,562	Est
Investment manager's charges	12,123	0	12,123	Invoice
Election expenses	0	13,454	13,454	Invoice
	286,906	68,157	355,063	

**9 Net income/(expenditure) for the year**

This is stated after charging:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Depreciation	52,749	53,407
Auditor's remuneration:		
Audit fees	5,725	5,560
Audit fee - prior year late charges	0	1,250
Trustee training	1,500	0

**10 Analysis of staff costs, Trustee remuneration and expenses and the cost of key management personnel**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Salaries and wages	365,005	346,281
Social security costs	21,982	22,032
Pension costs	121,436	90,919
FRS 102 - pension adjustment	23,000	4,000
FRS 102 - short term compensated absence charge to SOFA	1,562	5,970
	<b>532,985</b>	<b>469,202</b>

No employees had benefits in excess of £60,000 (2015 £nil). Pension costs are allocated to activities in proportion to the related staffing costs and are wholly charged to unrestricted funds.

The charity Trustees were not paid or received any other benefits from employment with the charity in the year (2015 £nil). £53 Trustee travelling expenses were reimbursed during the year (2015 £nil). No charity Trustee received payment for professional or other services supplied to the charity (2015 £nil).

The key management personnel comprise the Trustees, the Director, the Conservation officer, the Secretary to the Board and the Finance & Administration manager. The total employee benefits of key management personnel of the charity were £166,109 (2015 £123,856).



11 Staff numbers

The average monthly head count was 18 staff (2015: 17 staff) and the average monthly number of full-time equivalent employees (including part-time staff) during the year were as follows:

	<b>2016</b>	<b>2015</b>
Wardens	3	3
Field Staff	6.5	6.6
Office/administration	6.8	6.1
<b>Total</b>	<b>16.3</b>	<b>15.7</b>

12 Related party transactions

Under the Charities SORP, Trustees are required to disclose transactions with related parties. The Trustees have identified the following transactions:-

- Matthew Rouse, who is the son of the Trustee Christopher Rouse and brother of Trustee Sarah Rouse, received payments under the Stewardship scheme totalling £33,200 plus VAT during the year for grazing services (2015 £33,200). He made payments totalling £3,000 (2015 £3,000) to the charity for rent, also under the Stewardship scheme. The businesses of Messrs Rouse are independent of each other.
- Worcestershire County Council has the power to appoint Trustees to the charity. It made a grant to the charity of £9,400 (2015 £9,180) during the year. There were also some small commercial transactions with the Council which the Trustees do not consider material to these accounts.
- Malvern Hills District Council also has the power to appoint Trustees. During the year, the charity paid business rates to the Council. There were also some other small commercial transactions with the Council which the Trustees do not consider material to these accounts.

13 Corporation tax

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objectives.



14 Tangible Fixed assets

	<b>Heritage Assets - Land &amp; buildings (note 15)</b>	<b>Office building</b>	<b>Improv- ements to land and buildings</b>	<b>Car parks</b>	<b>Vehicles and equipment</b>	<b>Office equipment</b>	<b>Total</b>
	£	£	£	£	£	£	£
<u>Cost</u>							
1st April 2015	741,673	138,770	593,832	160,460	334,860	45,609	2,015,204
Additions	0	0	19,849	0	6,095	2,979	28,923
Disposals	0	0	(1,863)	0	(8,639)	0	(10,502)
At 31st March 2016	741,673	138,770	611,818	160,460	332,316	48,588	2,033,625
<u>Depreciation</u>							
At 1st April 2015	0	5,550	516,650	160,458	277,084	28,663	988,405
Charge in the year	0	2,774	24,302	2	19,647	6,024	52,749
On disposals	0	0	(1,863)	0	(8,639)	0	(10,502)
At 31st March 2016	0	8,324	539,089	160,460	288,092	34,687	1,030,652
<u>Net book value</u>							
31st March 2016	741,673	130,446	72,729	0	44,224	13,901	1,002,973
31st March 2015	741,673	133,220	77,182	2	57,776	16,946	1,026,799



15 Heritage Assets

Land and buildings (heritage assets) are held for the purposes of the charity. Under the Malvern Hills Acts, land can only be sold in very limited circumstances and so is considered inalienable. This land is shown at cost and therefore does not include the value of donated land.

<u>Year</u>		£	£
1903	Hill land near Brand Lodge		220
1925	W. Berington's mineral rights, Little Malvern		10,132
1925	Ecclesiastical Commissioners' mineral and manorial rights		1,036
1925	Foley Manor	16,092	
	Less: sale of Belle Vue island and Edith Walk	<u>(85)</u>	
			16,007
1926	Price & Laird's land, The Wyche (portion)		999
1927	Miss Cabrera's land and mineral rights		687
1928	Major Raper's land and mineral rights		517
1931	West of England quarries		24,654
1931	Thirids Wood, Jubilee Drive		1,897
1937	Land at Malvern Wells		25
1938	Land at Malvern Wells		286
1955	Land near Combe Lodge		350
1958	Land, part of The Shrubbery		74
1958	Land on North Hill		369
1958	Land at Wood Street, Guarlford		37
1958	Land on Malvern Common		24
1958	Lease of Park Cottage, West Malvern		51
1958	Land at Old Wyche		171
1958	Land at Happy Valley		13
1959	Land at Old Wyche		81
1960	Land at British Camp		243
1960	Land at Happy Valley		82
1960	Land at West Malvern		127
1960	Land at Scar Quarry		8
1960/62	Providence Cottages, The Wyche		940
1961	Land at Holy Well		182
1961	Land at The Old Collets		24
1962	Land at Holly Bush Roughs		2,848
1962	Hill Top Cottage, Chase End		773
1962	Land at Castlemorton		656
1963	Cottages and land at West Malvern		580
1964	F. B. Bradley-Birt manorial rights at Chase End and Ragged Stone Hill		343
1964	Land at Upper Wyche		62
1966	Castlemorton Common land		1,459
1966	St. Ann's Well		3,743
1967	Land at Colwall		256
1967	Land at Malvern Wells		115
1967	Land at Old Hills and Newland		1,796
1969	Land at 34 Wyche Road, Malvern		3,500
1970	Land at Camp End		771
1971	Land at Black Hill		206
1972	Land at Earnslaw		86
1976	The Moat Pond, Sherrards Green		59
1976	Thirids Wood, Chase Road (part)		1,057
1977	Land at Castlemorton		<u>2,061</u>
	Sub-total		79,607

15 Heritage assets - continued

<u>Year</u>		£	£
	Sub-total from previous page		79,607
1980	Land at Chances Pitch		100
1980	Mount Pleasant, Jubilee Drive		2,700
1981	Land at West Malvern		8,000
1982	Gullet Quarry		4,500
1984	Gullet Quarry	15,217	
	Less Countryside Commission grant	<u>(4,500)</u>	
			10,717
1986	Earnslaw and Wyche Quarries	25,212	
	Less: Countryside Commission grant	<u>(12,500)</u>	
			12,712
1986	Grundy's Meadow	6,203	
	Less Countryside Commission grant	<u>(3,058)</u>	
			3,145
1989	Ballards Land, Upper Colwall	15,000	
	Less Gift from Mrs N. Hadfield	<u>(3,750)</u>	
			11,250
1990	Park Wood, West Malvern		36,000
1991	Fish Pool, Leys Coppice		15,373
1993	Lodge Fields		25,370
1993	Gardiners Cottage		3,367
1993	Park Wood, West Malvern		5,600
1994	Land at St. Andrew's Road		5,000
1995	Hill land at West Malvern, Eaton Road and Holy Well		35,000
1995	Mill Pond, Castlemorton		2,500
1998	Woodford's Meadow		52,000
1999	Meadow land at Park Wood		10,000
1999	Colwall lands		40,417
2002/03	Land at Broomy Hill, Castlemorton		8,584
2002/03	Land at Old Hollow, West Malvern		65,625
2003	Land at The Hacketts, Mathon		176,411
2003	Land at Little Malvern		54,099
2007/08	Tank Quarry		25,498
2007/08	Land at The Purlieu, West Malvern Road		10,915
2007/08	Land at The Patch, Castlemorton		16,448
2008/09	Small parcels of land at Worcestershire Beacon and above Jubilee		4,471
2009/10	Land on 4 areas on East side Worcestershire Beacon, Black Hill and		1,395
2009/10	Small parcels of land		7,495
2010/11	Small parcels of land		2,229
2011/12	Small parcels of land		4,945
2012/13	Small parcels of land		200
	Total to 31st March 2016		<u>741,673</u>

16 Investments

Investments are held to provide capital growth and a return for the charity. The investment portfolio holds the Lands Acquisition Fund. The Lands Maintenance Fund and part of the Parliamentary Fund were transferred to the portfolio during the year.

The movement on the funds during the year were:

	<u>2016</u>	<u>2015</u>
	£	£
Opening Market Value	979,104	0
Additions - new cash invested	558,890	679,012
Disposals at opening market value	(35,514)	0
Bought and sold during the year	(29,750)	0
Equalisations	(2,500)	0
Unrealised gains/(losses)	(41,196)	21,924
Change in cash	127,910	278,168
Closing market value	<u>1,556,944</u>	<u>979,104</u>

The historical cost of investments at the balance sheet date was £1,576,453 (2015 £955,853). At the Balance Sheet date, the portfolio was invested in the following classes of investment:

	2016		2015	
	%	£	%	£
UK Bonds	12.7	197,965	12.6	122,922
UK equities	23.1	359,390	27.5	268,797
North American equities	9.9	153,451	9.8	96,331
European equities	5.1	79,741	5.6	54,352
Japanese equities	1.4	22,263		-
Asia pacific equities	1.8	27,791		-
Emerging markets	1.0	15,900		-
Absolute return	4.8	74,064		-
Global investments	4.9	75,936	7.6	73,998
Property	3.7	57,843	3.8	36,793
Other investments	5.6	86,522	4.8	47,743
Cash	26.1	406,078	28.3	278,168
		<u>1,556,944</u>		<u>979,104</u>

No single investment is considered material in the context of the investment portfolio.



17 Debtors

	<b>2016</b>	<b>2015</b>
	£	£
Trade debtors	13,811	8,095
VAT recoverable	533	1,406
Accrued income	123,645	62,186
Other debtors	277	0
Prepayments	38,764	8,452
	<b>177,030</b>	<b>80,139</b>

Debtors are measured at the settlement value less any provision for bad debts.

18 Creditors: amounts falling due within one year

	<b>2016</b>	<b>2015</b>
	£	£
PAYE and National Insurance	5,519	6,681
Trade creditors	55,000	26,415
Accrued charges	52,891	56,510
Other creditors	500	4,500
Deferred income	13,039	11,144
FRS102 compensated absence provision	7,532	5,970
	<b>134,481</b>	<b>111,220</b>
Creditors are measured at invoiced value.		
The movement on the deferred income account was:		
Balance at 1st April 2015	11,144	
Released in the year	(11,144)	
Received in the year	13,039	
Balance at 31st March 2016	<b>13,039</b>	

19 General fund

	<b>2016</b>	<b>2015</b>
	£	£
General Fund - balance 1st April 2015	378,438	373,358
FRS 102 adjustment (note 1(a))	0	(5,970)
Incoming resources	687,779	664,131
Resources expended	(736,484)	(675,677)
Transfers	1,116	22,596
Balance 31st March 2016	<b>330,849</b>	<b>378,438</b>



20 Designated funds

	<b>Balance 1st April 2015</b>	<b>Movement incoming</b>	<b>Resources outgoing</b>	<b>Transfers (to)/from other funds</b>	<b>Balance 31st March 2016</b>
	£	£	£	£	£
Gift fund	93,600	21,721	0	0	115,321
Development fund	1,091	0	0	0	1,091
Stewardship fund	174,601	189,198	(135,164)	(40,116)	188,519
Rebranding fund	13,000	0	0	0	13,000
Thirds Wood fund	0	0	0	30,000	30,000
Pension Review expenses fund	0	0	0	40,000	40,000
Election expenses fund	9,540	0	(13,454)	5,000	1,086
	<b>291,832</b>	<b>210,919</b>	<b>(148,618)</b>	<b>34,884</b>	<b>389,017</b>

- The Gift fund holds donations, legacies and gifts which were not restricted by the donor and which have been designated for use in projects in accordance with the Board’s policy.
- The Development fund is to provide seed funding for future projects.
- The Stewardship fund is the grazing project to secure conservation of the Malvern Hills landscape as set out in the Board’s management plan. The project receives funding from the Higher Level Stewardship scheme.
- The rebranding fund is to cover costs of a rebranding exercise, now to be carried out in 2016.
- The Thirds Wood fund is to be used for planned works to the wood.
- The Pensions Review expenses fund is to cover the costs of the review.
- The Election expenses fund is to cover the cost of the 4-yearly elections to the Board and any by-elections. The 4-yearly elections were held during the year.

21 Unrestricted pension fund

	<b>Balance 1st April 2015</b>	<b>Movement incoming</b>	<b>Resources outgoing</b>	<b>Transfers &amp; other losses</b>	<b>Balance 31st March 2016</b>
	£	£	£	£	£
Pension Fund	(1,561,000)	0	(23,000)	78,000	(1,506,000)

The unrestricted pension fund balance arises from the FRS 17 disclosures. Further information is given in note 26.

22 Restricted funds

	<b>Balance 1st April 2015</b>	<b>Movement incoming</b>	<b>Resources outgoing</b>	<b>U/R gains/(losses) on investments</b>	<b>Balance 31st March 2016</b>
	£	£	£	£	£
Lands Maintenance fund	152,483	1,912	(640)	(1,715)	152,040
SDF fund	0	6,500	(1,500)	0	5,000
Sundry funds	6,386	312	(878)	0	5,820
	<b>158,869</b>	<b>8,724</b>	<b>(3,018)</b>	<b>(1,715)</b>	<b>162,860</b>



- The Lands Maintenance fund formed part of the consideration for the disposal of the land at Townsend Way for the purpose of providing finance for the maintenance of the land forming the roadside verges.
- The SDF fund is for information boards at North and Tank Quarries.
- The sundry funds comprise legacies and donations specifically made for projects to improve the amenities of the Malvern Hills.

**23 Permanent Endowment**

	<b>Balance 1st April 2015</b>	<b>Movement incoming</b>	<b>Resources outgoing</b>	<b>Unrealised gains/(losses)</b>	<b>Transfer between funds</b>	<b>Balance 31st March 2016</b>
	£	£	£	£	£	£
Capital Outlay Discharged	952,588	0	(27,078)	0	19,848	945,358
Parliamentary fund	661,094	27,785	(1,887)	(5,054)	(55,848)	626,090
Lands Acquisition fund	979,332	28,564	(17,341)	(35,181)	0	955,374
	<b>2,593,014</b>	<b>56,349</b>	<b>(46,306)</b>	<b>(40,235)</b>	<b>(36,000)</b>	<b>2,526,822</b>

These funds form the Permanent Endowment of the charity.

- The Capital Outlay Discharged fund is represented by the cost of land and the net book value of improvements to land and buildings, the original cost of which was funded from the Lands Acquisition or Parliamentary Funds. These assets can only be sold in very limited circumstances (that is, they are inalienable) and any proceeds must be used for the purchase of land, so this fund should be considered as inalienable.
- The Parliamentary fund was established with a contribution by W. Berington under Section 56(5) of Malvern Hills Act 1924 to receive Capital Receipts and use of the capital of the fund is restricted to the purchase of land and improvements to capital assets. Investment income earned on this fund may be used for the charity's general purposes. During the year, £36,000 accumulated interest was transferred to the General Fund (2015 nil).
- The Lands Acquisition fund was set up in 1993 from the proceeds of the disposal of land for road works at Townsend Way. The use of the fund is restricted to the purchase of land.



**24 Analysis of net assets between funds**

	<b>Heritage assets</b>	<b>Investments</b>	<b>Tangible fixed assets</b>	<b>Pension liability</b>	<b>Other net assets</b>	<b>Total</b>
	£	£	£	£	£	£
<b>Permanent Endowment</b>						
Capital Outlay Discharged	741,673	0	203,685	0	0	945,358
Parliamentary fund	0	449,530	0	0	176,560	626,090
Lands Acquisition fund	0	955,374	0	0	0	955,374
	741,673	1,404,904	203,685	0	176,560	2,526,822
<b>Restricted funds</b>						
Lands Maintenance fund	0	152,040	0	0	0	152,040
SDF fund	0	0	0	0	5,000	5,000
Sundry funds	0	0	0	0	5,820	5,820
	0	152,040	0	0	10,820	162,860
<b>Unrestricted funds</b>						
General fund	0	0	57,615	0	273,234	330,849
Designated fund	0	0	0	0	389,017	389,017
Pension fund	0	0	0	(1,506,000)	0	(1,506,000)
	0	0	57,615	(1,506,000)	662,251	(786,134)
	741,673	1,556,944	261,300	(1,506,000)	849,631	1,903,548

**25 Post balance sheet events and capital commitments**

Since the balance sheet date, the sale of a property at 34 Wyche Road has completed.

At 31<sup>st</sup> March 2016, capital expenditure of £25,000 for two new vans had been approved but not contracted (2015 £nil).

Under the Stewardship scheme, the charity is contracted to make 6-monthly payments to graziers from the grants received. The annual payments currently committed total £117,082 (2015 £127,152). One Stewardship scheme ends in 2017, two in 2020 and one in 2023 and there is a 5-year break clause in each scheme. Malvern Hills Conservators' contracts with graziers have an annual break clause.

**26 Pension scheme**

Malvern Hills Conservators participates in the Worcestershire County Council Pension Fund, which is part of the Local Government Pension Scheme (LGPS), a multi-employer scheme. Contributions are charged to the statement of financial activities so as to spread the cost of pensions over employees' working lives with the charity. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The scheme was formally valued as at 31<sup>st</sup> March 2013 and was updated by the actuary on an FRS102 basis as at 31<sup>st</sup> March 2016.

The employer's contribution for the period was £122,000 (2015: £95,000).



The amounts recognised in the Balance Sheet are as follows:

	<b>2016</b>	<b>2015</b>
	£'000	£'000
Present value of funded obligations	(2,934)	(2,953)
Fair value of plan assets	1,428	1,392
	<u>(1,506)</u>	<u>(1,561)</u>
Amounts recognised as:		
Liabilities	(1,506)	(1,561)
Assets	0	0
Net amount recognised	<u>(1,506)</u>	<u>(1,561)</u>

The amounts included within the Statement of Financial Activities are as follows:

	<b>2016</b>	<b>2015</b>
	£'000	£'000
Current service cost	95	68
Interest on pension liabilities	49	109
Administration costs	1	0
Expected return on plan assets	0	(78)
Contributions by employer	(122)	(95)
Total pension cost charged within net incoming resources	<u>23</u>	<u>4</u>
Remeasurements (Actuarial loss/(gain))	(78)	290
Total amount (credited)/charged to SOFA	<u>(55)</u>	<u>294</u>

The cumulative amount of actuarial loss recognised is £147,000.

Changes in the present value of the defined benefit obligation are as follows:

	<b>2016</b>	<b>2015</b>
	£'000	£'000
Opening defined benefit obligation	2,953	2,479
Current service cost	95	68
Interest on pension liabilities	95	109
Member contributions	25	20
Actuarial losses/(gains) on liabilities	(149)	365
Benefits/transfers paid	(85)	(88)
Benefit obligation at end of period	<u>2,934</u>	<u>2,953</u>



Changes in the plan assets during the period to 31<sup>st</sup> March 2016 were as follows:

	<b>2016</b>	<b>2015</b>
	£'000	£'000
Fair value of plan assets at beginning of period	1,392	1,212
Expected return on scheme assets	46	78
Administration expenses	(1)	0
Remeasurements (assets) (Actuarial gains/(losses) on plan assets)	(71)	75
Employer contributions	122	95
Member contributions	25	20
Benefits/transfers paid	(85)	(88)
Fair value of plan assets at end of period	1,428	1,392

The weighted - average asset allocation at the period-end was as follows:

<u>Asset category</u>	<b>Fair value at 31st March 2016</b>	<b>Fair value at 31st March 2015</b>
	£'000	£'000
Equities	1,204	1,289
Other bonds	89	85
Property	66	-
Other	53	-
Cash	16	18
	1,428	1,392

	<b>2016</b>	<b>2015</b>
	£'000	£'000
Experience gains/(losses) on assets	26	75

Weighted average assumptions used to determine benefit obligations at

	<b>2016</b>	<b>2015</b>
Discount rate	3.5%	3.2%
Rate of increase in salaries	3.5%	3.5%
Rate of increase in pension	2.0%	2.0%
Rate of CPI inflation	2.0%	2.0%

Weighted average assumptions used to determine net pension cost for period ended 31<sup>st</sup> March 2016:



	<b>2016</b>	<b>2015</b>
Discount rate	3.50%	3.20%
Rate of pension increase	2.00%	2.00%
Assumed life expectations on retirement age 65:		
Retiring today - males	23.5	23.4
Retiring today - females	25.9	25.8
Retiring in 20 years - males	25.8	25.6
Retiring in 20 years - females	28.2	28.1

### **Contributions**

The employer expects to contribute £144,000 in the period to 31<sup>st</sup> March 2017. The contributions payable by the employers are reassessed at each triennial valuation. The next actuarial valuation of the Worcestershire County Council Pension Fund will be carried out with an effective date of 31 March 2016.



27 Statement of Financial Activities for the year ended 31<sup>st</sup> March 2015

	Unrestricted funds	Restricted funds	Permanent endowment	Total funds 2015
	£	£	£	£
<b>Income and endowments from:</b>				
Donations and legacies	32,471	3,000	0	35,471
Charitable activities				
Management of hills and commons	617,904	0	0	617,904
Car parks	186,726	0	0	186,726
Other trading activities	32,256	0	37,990	70,246
Investments				0
Bank deposits	2,116	624	1,862	4,602
Investment portfolio	0	0	6,734	6,734
Other	24,875	0	0	24,875
<b>Total income</b>	<b>896,348</b>	<b>3,624</b>	<b>46,586</b>	<b>946,558</b>
<b>Expenditure on:</b>				
Charitable activities	831,921	1,172	33,580	866,673
<b>Total expenditure</b>	<b>831,921</b>	<b>1,172</b>	<b>33,580</b>	<b>866,673</b>
Net gains/(losses) on investments	0	0	21,924	21,924
<b>Net income/(expenditure)</b>	<b>64,427</b>	<b>2,452</b>	<b>34,930</b>	<b>101,809</b>
<b>Other recognised gains/(losses)</b>				
Actuarial gains/(losses) on defined benefit pension scheme	(290,000)	0	0	(290,000)
<b>Net movement in funds</b>	<b>(225,573)</b>	<b>2,452</b>	<b>34,930</b>	<b>(188,191)</b>
<b>Reconciliation of funds:</b>				
Total funds brought forward	(665,157)	156,417	2,558,084	2,049,344
<b>Total funds carried forward</b>	<b>(890,730)</b>	<b>158,869</b>	<b>2,593,014</b>	<b>1,861,153</b>