



**Malvern Hills Trust**

## **Trustees' Report and Financial statements For the year ended 31<sup>st</sup> March 2018**



## Trustees' Report and Financial statements

For the year ended 31<sup>st</sup> March 2018

### Contents

|   |    |
|---|----|
| Reference and administrative details .....  | 3  |
| Report of the Trustees for the year ended 31 <sup>st</sup> March 2018.....            | 5  |
| Independent Auditor's Report to the Trustees of Malvern Hills Trust.....              | 15 |
| Statement of Financial Activities for the year ended 31 <sup>st</sup> March 2018..... | 17 |
| Balance Sheet as at 31 <sup>st</sup> March 2018 .....                                 | 18 |
| Statement of cash flows for the year ended 31 <sup>st</sup> March 2018.....           | 19 |
| Notes to the financial statements for the year ended 31 <sup>st</sup> March 2018..... | 20 |



## Reference and administrative details

Charity number: 515804 (England and Wales)

Registered and principal office: Manor House,  
Grange Road,  
Malvern,  
Worcestershire  
WR14 3EY

### Our advisors

Independent Auditor: Bishop Fleming LLP  
Chartered Accountants and Statutory Auditors  
16 Queen Square  
Bristol  
BS1 4NT

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

|                                    |                            |
|------------------------------------|----------------------------|
| Chief Executive Officer            | Duncan Bridges             |
| Secretary to the Board             | Susan Satchell LI.B (Hons) |
| Conservation Manager               | Jonathan Bills MSc         |
| Operations Manager                 | Paul Saunder               |
| Finance and Administration Manager | Cheryl Gentry BSc ACA      |



## Trustees

*Note - FAR – sits on Finance, Administration and Resources Committee  
LM – sits on Land Management Committee  
GC – sits on Governance Committee  
SC – sits on Staffing Committee*

## Elected Trustees

|                     |                                       |
|---------------------|---------------------------------------|
| Priory Ward:        | Peter Watson <i>FAR</i>               |
| Chase Ward          | Sara Stewart <i>LM</i>                |
| Wells Ward:         | Simon Freeman <i>LM</i> (Board Chair) |
| West Ward:          | Charles Penn <i>FAR, SC and GC</i>    |
| Dyson Perrins Ward: | David Hawkins <i>LM</i>               |
| Malvern Link Ward:  | Richard Bartholomew <i>FAR and GC</i> |
| Pickersleigh Ward:  | Peter Forster <i>LM and SC</i>        |
| Colwall Parish:     | Helen Stace <i>LM, SC and GC</i>      |
|                     | Stephen Braim <i>LM and GC</i>        |
| Guarlford Parish:   | David Street <i>FAR</i>               |
| Mathon Parish:      | Christopher Rouse <i>LM</i>           |

## Nominated Trustees

|                                 |   |
|---------------------------------|---|
| Malvern Hills District Council: | Roger Hall-Jones <i>LM</i>                        |
|                                 | Chris O'Donnell                                   |
|                                 | Caroline Bovey                                    |
|                                 | Pamela Cumming <i>LM</i>                          |
|                                 | Mick Davies <i>FAR and SC</i>                     |
|                                 | John Michael <i>LM</i>                            |
|                                 | James O'Donnell                                   |
|                                 | Sarah Rouse <i>FAR and GC</i> (Board Vice Chair)  |
| Colwall Parish Council:         | Gwyneth Rees <i>LM and SC</i>                     |
| Mathon Parish Council:          | David Baldwin <i>LM and SC</i>                    |
| Church Commissioners:           | David Bryer <i>FAR and GC</i>                     |
| Herefordshire Council:          | Emma Holton                                       |
| Worcestershire County Council:  | John Raine <i>FAR, SC and GC</i>                  |
|                                 | Lucy Hodgson <i>FAR</i> (appointed 3rd July 2017) |

Worcestershire County Council on behalf of the following parishes:-

|               |                           |
|---------------|---------------------------|
| Castlemorton: | Angus Golightly <i>LM</i> |
| Newland:      | Tom Yapp <i>LM</i>        |
| Powick:       | Martin Cordey <i>FAR</i>  |

## Staff

Malvern Hills Trust employed 17.75 staff (15.7 full time equivalent) during the year. Details of staff numbers are given in note 11 to the financial statements.

During the year, the Deputy Conservation Officer, Jenny Palmer and two members of the Field Staff (Henry Yardley and Josh Loader) left with MHT's best wishes to pursue new careers and we were joined by Duncan Patterson and George Banner. Mark Roberts temporarily covered the Deputy Conservation Office post from April to December 2017. Andy Pearce joined as Conservation Officer in June 2018.





## Report of the Trustees for the year ended 31<sup>st</sup> March 2018

The Trustees are pleased to present their annual report together with the financial statements of the charity for the year ending 31<sup>st</sup> March 2018.

The Board of Trustees resolved to adopt the working name of 'Malvern Hills Trust' on 19<sup>th</sup> January 2017. This came into effect on 6<sup>th</sup> April 2017. This name is registered with the Charity Commission. The legal name remains 'Malvern Hills Conservators'.

Malvern Hills Trust was set up by Act of Parliament (The Malvern Hills Acts 1884, 1909, 1924, 1930 and 1995). It is an unincorporated charity registered with the Charity Commission for England and Wales, number 515804.

The financial statements 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 (SORP) applicable to charities preparing their financial statements 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 Trust was set up 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.

Malvern Hills Trust is also obliged under other legislation to:

- Conserve and enhance biodiversity, Sites of Special Scientific Interest and Scheduled Monuments on its land.

In order to meet its purposes, each year Malvern Hills Trust carries out a programme of conservation and maintenance work. This includes tree and shrub clearance, tree maintenance, implementation of a grazing programme, mowing and path maintenance to facilitate access, habitat restoration, litter picking and other general maintenance work.

Malvern Hills Trust provides and maintains a number of car parks for the public to use for easy access to the charity's land. Where parking charges apply, visitors can either buy a day ticket at a meter or an annual parking permit can be purchased.

In planning and delivering its activities, the Trustees have referred to the Charity Commission's guidance on public benefit. The Trustees confirm they have complied with their 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.

### Achievements and performance

The Malvern Hills are an iconic and much loved landscape, receiving an estimated 1 million visits each year. Malvern Hills Trust works closely with many user groups and through its Recreation



Advisory Panel seeks to understand their needs and minimise potential conflict between different users of the hills and commons.

Malvern Hills Trust has a responsibility to conserve the important features and special qualities of the hills and commons, including the geology, flora, fauna, 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, to help inform their use and enjoyment of the Hills and covering all aspects of the charity's conservation work. These are very well attended.

A 5-year Business Plan was prepared and adopted by the Board of Trustees in 2017. The Business Plan sets out the strategic priorities for the charity.

Significant areas of the charity's land are under the Department for the Environment and Rural Affairs (Defra) Higher Level Stewardship scheme and the new Countryside Stewardship Scheme. This provides funding for certain land management activities including the grazing of grasslands, which are the most effective way to maintain the hills and commons. The grazing programme is complemented by management work carried out by staff, contractors and volunteers where needed.

Key achievements in the year have included:

- Maintaining over 3,000 acres open and accessible to the public,
- Completion of major tree safety works in Thirds Wood,
- The refurbishment of the building and café at St Ann's Well,
- Being accepted onto the new Countryside Stewardship scheme, bringing in substantial funds for conservation work on the Northern and Central Hills,
- A new mountain biking guide has been produced to encourage responsible cycling,
- The rebranding started in 2017 was completed, with signage being rolled out over a 2 to 3 year period.
- Work was carried out to ensure the charity is compliant with the new General Data Protection Regulations.

On the Governance side, work has continued on putting a scheme before Parliament to modernise and streamline the governing acts with legal support and guidance from the Charity Commission. This is a long-term project which will continue for several years.

A major issue facing the charity is its liability to the Worcestershire County Council Pension Fund (WCCPF). A working group of trustees concluded its work during the year and agreement was reached with WCCPF to close the scheme to new joiners. A new money purchase scheme has been set up with the People's Pension to meet the charity's obligations under auto enrolment.

Malvern Hills Trust receives enormous support from the work of volunteers for activities such as wardening, litter picking, recording, habitat management, conservation, archiving and administrative support. The estimated volunteer contribution during the year was 545 days spent on the hills and commons and 132 days on office work. The contribution of all volunteers is gratefully acknowledged.





## Structure, Governance and Management

The Malvern Hills Trust is a body corporate set up under the Malvern Hills Act 1884, subsequently modified by the Acts of 1909, 1924, 1930 and 1995. It is also a registered charity.

The Board of Trustees is the decision making body. It consists of 29 Trustees 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 Malvern Hills Trust through a levy paid with their Council Tax. The Chief Executive Officer is the Electoral Returning Officer.

| <b>Electoral area</b> | <b><u>Seats</u></b> |
|-----------------------|---------------------|
| 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 Trustees are nominated by the following bodies:-

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

Elections last took place on 22<sup>nd</sup> October 2015, with new Trustees taking up their seats on 1<sup>st</sup> November 2015.

Following elections, 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 Trustees are encouraged to attend land management site visits throughout the year.

The Board of Trustees 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 Chief Executive Officer's management report. There is also an opportunity for members of the public to ask questions. Immediately prior to the November Trustees' meeting is the Annual Meeting of precept payers. At this meeting, at which creditors, precept payers and other interested persons may be present, the financial statements are adopted and Auditor appointed. The Chair and Vice Chair are elected at the Annual Meeting in November and committee members and representatives are appointed to serve on outside bodies.



## Chief Executive Officer

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

## Committees

There are four Committees. Their functions are set out below. The Board of Trustees 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,
- Consideration of planning matters, easements and wayleaves and making recommendations to the Board thereon,
- 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 monthly financial statements, annual financial statements, 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 Malvern Hills Trust has appropriate levels of insurance cover,
- Property,
- Representation at outside events and
- Fundraising.

### 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,
- Reviewing Board and Committee performance,
- Reviewing and monitoring compliance with the Governance Handbook, Standing Orders and the Code of Conduct,





## Malvern Hills Trust

- Ensuring that the charity has appropriate risk management systems in place and that risks will be reviewed and updated annually and
- Approving training for Trustees.

### Staffing Committee

The Committee makes recommendations to the Board of Trustees regarding:

- Staffing and office requirements,
- Policy matters relating to staff salaries and benefits ,
- Budget allocation for personnel and health and safety,
- Policy matters relating to terms and conditions of employment/engagement for all staff and volunteers,
- Matters arising from Malvern Hills Trust's Disciplinary and Grievance procedures,
- Health and safety and first aid matters in relation to staff, volunteers and members of the public and
- Pension arrangements.

The Committee also:

- Reviews all employment and human resources policies and procedures and ensures that Malvern Hills Trust acts as a good employer,
- Receives reports from the Chief Executive Officer on human resource matters and
- Ensures that Malvern Hills Trust has a Health and Safety Policy and Health and Safety management systems in relation to staff, volunteers and members of the public and that these are reviewed regularly, properly implemented and the Board of Trustees is kept fully informed.

During the year, the Board also set up the 'St Ann's Well Refurbishment Committee' to oversee the renovation work at St Ann's Well.

### Financial Review

The financial results are set out on pages 17 to 42. There was a total net increase in funds of £97,222 (2016/17 £131,546).

Net expenditure before transfers on the unrestricted funds was £36,112 (2016/17 net income of £24,416). The net movement on the unrestricted funds after transfers and the FRS 102 pension adjustment was an inflow of £133,888 (2016/17 outflow £239,798).

In addition, there was a net outflow of funds on the Permanent Endowment (note 23) of £35,473 (2017 net inflow £357,705) and on the restricted funds (note 22) a net outflow of £1,193 (2017 net inflow £13,639). Total reserves at the financial year end were £2,132,316 (2017 £2,035,094), of which £175,306 is restricted and £2,849,054 the permanent endowment (of which £741,673 is inalienable, see notes 15 and 23 to the financial statements).

### Principal funding sources

Under powers in the Malvern Hills Acts, Malvern Hills Trust charges a precept to Council Tax payers in Malvern Town and the parishes of West Malvern, Malvern Wells, Guarlford, Colwall and Mathon. The average band D precept payable in 2017/18 was £34.38 (2016/17 £31.11). The total levy received by the charity was £482,325 (2017/18 £442,500).





Revenue from car parks is the second principal funding source. The total received in 2017/18 was £252,975 (2016/17 £245,282). 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 and the new Countryside Stewardship scheme. These provide the funding for conservation works on the hills and commons, in support of the charity's Land Management Plan 2016-2021 and conservation objectives. The total received during the year was £171,624 (2016/17 £202,576).

Donations received totalled £12,896 (2016/17 £2,685).

### Significant financial impacts

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

- St Ann's Well was fully refurbished at a cost of £224,454,
- The Board maintained its policy of updating vehicles, plant and machinery with modern equipment, spending £26,364,
- A designated fund was established to protect against the possible future financial impact from widespread tree pathogens and
- Essential management works were carried out in Thirds Wood, costing £24,261.

### Acknowledgements

Malvern Hills Trust acknowledges the financial support of Defra Rural Development programme for England, Worcestershire County Council, Herefordshire Council and Malvern Hills Area of Outstanding Natural Beauty (AONB) partnership.

### Investment powers and policy

The Charity has placed the Lands Acquisition Fund, the Lands Maintenance Fund and part of the Parliamentary Fund under investment with Brewin Dolphin. The charity's principal objective from the investment of the Lands Acquisition 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 aims to produce the best financial return with a moderate level of risk.

The charity's investment objective for the Land Maintenance Fund and the Parliamentary Fund 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 and no single investment in a collective fund should exceed 10 % of the value of the portfolio. Investments in negotiable instruments known as 'derivatives' are not permitted without prior approval of the Trustees.



The Finance, Administration and 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 used as a guide for the structure of the portfolio and provides a ready measure of its performance.

### **Investment performance**

The annual gross yield on the Lands Acquisition portfolio was 2.8 % and on the Parliamentary and Lands Maintenance portfolio 3.7 %. On a total return basis, the Lands Acquisition portfolio yield was 1.27 % against the benchmark of 1.9 % and on the Parliamentary and Lands Maintenance portfolio it was -0.48 % against a benchmark of 1.9 %. The Trustees receive a full report from Brewin Dolphin in June and December and an interim report in March and September.

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 of Trustees is required to maintain sufficient unrestricted funds to enable it to finance its principal activity of conservation. Malvern Hills Trust's reserves are defined as the total unrestricted funds, excluding funds designated for a specific purpose, fixed assets funded from the general fund and the defined benefit pension scheme deficit.

The level of reserves and cash balances are reviewed quarterly against the agreed policy. That policy is reassessed annually.

The level of reserves required will vary from time to time depending on MHT's overall financial position, the economic climate, the security of income from grants and other sources (in particular from parking revenue), the expected levels of planned expenditure and the risks of unplanned costs.

The trustees' policy is to aim to maintain the total unrestricted reserves level above £250,000. This threshold has been set by the trustees taking into account the following factors:

- The need to hold funds to maintain the viability of MHT in case of unexpected events leading to uninsured costs,
- The need to provide protection against the risk of a significant drop in grant or other income or unexpected delays in receipts,
- The need to provide working capital for MHT, both for day to day work and for future (possibly grant-funded) development and
- The need to provide a degree of protection against fluctuations in investment income.

The policy was adopted in June 2018. At 31st March 2018 the unrestricted reserves shown in the accounts (excluding the FRS102 pension fund balance) amounted to £749,956 of which £310,045 is the General Fund. Deducting the net book value of fixed assets, the level of reserves as defined above was £212,000 at 31st March 2018. This is below the target level because a number of designated funds were set up at the year end to cover some planned expenditure. Details of the designated funds are given in note 20 to the financial statements.





## Pension scheme

Malvern Hills Trust 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 27 to the financial statements. The pension figures reflected in these financial statements have been provided by Mercer, the Actuary to the Fund.

The accounting deficit at the year end has been calculated as £1.642 million (2017 £1.79 million). The charity 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 18.2 % (2016/17 41.9 % which included an element to repay the deficit).

In July 2016 the Board closed the WCCPF to new joiners, following a review of pension provision. In order to meet its obligations under auto enrolment legislation, new employees are currently enrolled in the People's Pension. The employer's contribution rate to this scheme is 10 %.

## 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 its conservation objectives. The car parks and paths will continue to be maintained to facilitate public access to the charity's land.

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

- Continued implementation and update of the 5-year Business Plan,
- Fund-raising opportunities will be pursued as outlined in the Business Plan,
- Habitat and access improvements will be undertaken in accordance with the Land Management Plan,
- Essential refurbishment works will be carried out at the charity's premises at Manor House and
- Work on the Charity Commission Scheme will continue.

## Remuneration Policy

Staff salaries are set against the Local Government pay scale with the exception of the Chief Executive Officer. Posts other than the Chief Executive Officer are allocated to a spinal column point depending upon the level of responsibility and qualifications needed for the post. The salary of the Chief Executive Officer is set by the Board.

## Statement of Trustees' Responsibilities and Corporate Governance

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently,
- Observe the methods and principles in the Charities SORP 2015 (FRS102),



- Make judgements and estimates that are reasonable and prudent,
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions, disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 Higher Level Stewardship agreements which are 10-year agreements covering around 85 % of the charity's land, which will end between 2020 and 2023. Natural England have confirmed a grant for the North and Central Hills under the new 'Countryside Stewardship' scheme for 10 years commencing January 2018.
- Defra's schemes are part-funded by the EU and the result of the EU referendum could have an impact on all future schemes, here and nationwide. Other grant funding sources may also be adversely affected by Brexit.
- Pension commitments – the pension liability (accounting deficit) under the LGPS is disclosed in detail in note 27 to the financial statements. Medium-term financial plans have been drawn up to ensure the charity can make the required contribution payments in the future and the scheme has been closed to new joiners.

### **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



## Malvern Hills Trust

- 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

Simon Freeman (Chair)  
8th November 2018





## Independent Auditor's Report to the Trustees of Malvern Hills Trust

### Opinion

We have audited the financial statements of Malvern Hills Trust (the 'charity') for the year ended 31 March 2018 which comprise Statement of financial activities, Balance sheet, Statement of cashflows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2018, 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.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

### Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we



identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

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

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on pages 14 - 15, the trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

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

*DAVID BUTLER (Senior Statutory Auditor)*  
For and on behalf of Bishop Fleming LLP  
16 Queen Square  
Bristol  
BS1 4NT

*Bishop Fleming LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.*

Date: 8<sup>th</sup> November 2018





# Statement of Financial Activities for the year ended 31<sup>st</sup> March 2018

|  | Note      | Unrestricted funds | Restricted funds | Permanent endowment | Total funds 2018 | Total funds 2017 (note 29) |
|--|-----------|--------------------|------------------|---------------------|------------------|----------------------------|
|  |           | £                  | £                | £                   | £                | £                          |
| <b>Income and endowments from:</b>                         |           |                    |                  |                     |                  |                            |
| Donations and legacies                                     | 3         | 10,496             | 2,400            | 0                   | 12,896           | 2,685                      |
| Charitable activities:                                     |           |                    |                  |                     |                  |                            |
| Management of the hills and commons                        | 7         | 668,328            | 1,553            | 0                   | 669,881          | 659,386                    |
| Car parks  |           | 252,975            | 0                | 0                   | 252,975          | 245,282                    |
| Other trading activities                                   | 4         | 29,394             | 0                | 0                   | 29,394           | 33,891                     |
| Investments:   |           |                    |                  |                     |                  |                            |
| Bank deposits  |           | 1,388              | 0                | 185                 | 1,573            | 2,288                      |
| Investment portfolio                                       |           | 0                  | 5,154            | 55,709              | 60,863           | 49,201                     |
| Other  | 5         | 15,227             | 0                | 0                   | 15,227           | 217,941                    |
| <b>Total income</b>  |           | <b>977,808</b>     | <b>9,107</b>     | <b>55,894</b>       | <b>1,042,809</b> | <b>1,210,674</b>           |
| <b>Expenditure on:</b>                                     |           |                    |                  |                     |                  |                            |
| Charitable activities                                      | 6         | 1,013,920          | 3,495            | 50,307              | 1,067,722        | 986,686                    |
| <b>Total expenditure</b>                                   |           | <b>1,013,920</b>   | <b>3,495</b>     | <b>50,307</b>       | <b>1,067,722</b> | <b>986,686</b>             |
| Net gains/(losses) on investments                          | 16        | 0                  | (6,805)          | (41,060)            | (47,865)         | 186,558                    |
| <b>Net income/(expenditure)</b>                            |           | <b>(36,112)</b>    | <b>(1,193)</b>   | <b>(35,473)</b>     | <b>(72,778)</b>  | <b>410,546</b>             |
| <b>Transfers between funds</b>                             |           |                    |                  |                     | 0                | 0                          |
| <b>Other recognised gains/(losses)</b>                     |           |                    |                  |                     |                  |                            |
| Actuarial gains/(losses) on defined benefit pension scheme | 27        | 170,000            | 0                | 0                   | 170,000          | (279,000)                  |
| <b>Net movement in funds</b>                               |           | <b>133,888</b>     | <b>(1,193)</b>   | <b>(35,473)</b>     | <b>97,222</b>    | <b>131,546</b>             |
| <b>Reconciliation of funds:</b>                            |           |                    |                  |                     |                  |                            |
| Total funds brought forward                                |           | (1,025,932)        | 176,499          | 2,884,527           | 2,035,094        | 1,903,548                  |
| <b>Total funds carried forward</b>                         | <b>24</b> | <b>(892,044)</b>   | <b>175,306</b>   | <b>2,849,054</b>    | <b>2,132,316</b> | <b>2,035,094</b>           |

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

All income and expenditure derive from continuing activities.

The notes on pages 20 to 42 form part of these financial statements.



## Balance Sheet as at 31<sup>st</sup> March 2018

|   | Note | 2018             | 2017             |
|---|------|------------------|------------------|
|   |      | £                | £                |
| <b>Fixed Assets</b>                                   |      |                  |                  |
| Tangible fixed assets                                 | 14   | 487,633          | 313,944          |
| Heritage assets                                       | 15   | 741,673          | 741,673          |
| Investments   | 16   | 1,763,743        | 1,786,569        |
| <b>Total fixed assets</b>                             |      | <b>2,993,049</b> | <b>2,842,186</b> |
| <b>Current Assets</b>                                 |      |                  |                  |
| Livestock   |      | 36,120           | 36,120           |
| Debtors   | 17   | 247,237          | 151,545          |
| Short term deposits                                   |      | 641,287          | 958,268          |
| Cash at bank and in hand                              |      | 543              | 739              |
| <b>Total current assets</b>                           |      | <b>925,187</b>   | <b>1,146,672</b> |
| <b>Creditors: Amounts falling due within one year</b> | 18   | <b>143,920</b>   | <b>163,764</b>   |
| <b>Net Current Assets excluding pension liability</b> |      | <b>781,267</b>   | <b>982,908</b>   |
| <b>Net assets</b>                                     |      | <b>3,774,316</b> | <b>3,825,094</b> |
| Pension Fund liability                                | 27   | 1,642,000        | 1,790,000        |
| <b>Net Assets including pension liability</b>         |      | <b>2,132,316</b> | <b>2,035,094</b> |
| <b>The funds of the charity</b>                       |      |                  |                  |
| Unrestricted - General Fund                           | 19   | 310,045          | 282,100          |
| Unrestricted - Designated Funds                       | 20   | 439,911          | 481,968          |
| Unrestricted - Pension Fund                           | 21   | (1,642,000)      | (1,790,000)      |
| Restricted Funds                                      | 22   | 175,306          | 176,499          |
| Permanent Endowment                                   | 23   | 2,849,054        | 2,884,527        |
| <b>Total charity funds</b>                            |      | <b>2,132,316</b> | <b>2,035,094</b> |

The notes on pages 20 to 42 form part of these financial statements.

Signed

Simon Freeman  
Chair of Trustees on behalf of the Trustees  
8<sup>th</sup> November 2018



## Statement of cash flows for the year ended 31<sup>st</sup> March 2018

|   | 2018<br>£        | 2017<br>£      |
|---|------------------|----------------|
| <b>Cash flows from operating activities</b>                         |                  |                |
| Net movement in funds   | (72,778)         | 420,546        |
| Add back depreciation charge  | 85,114           | 63,502         |
| Investment (gains)/ losses  | 47,865           | (186,558)      |
| Profit on disposal of fixed assets                                  | (4,150)          | (209,058)      |
| Income on investing activities retained in portfolio                | (36,282)         | (34,404)       |
| Actuarial (gain)/loss on pension scheme                             | 22,000           | (5,000)        |
| Decrease/(increase) in debtors                                      | (95,692)         | 25,485         |
| Increase in creditors   | (19,844)         | 29,283         |
| <b>Net cash provided by/(used in) operating activities</b>          | <b>(73,767)</b>  | <b>103,796</b> |
| <b>Cashflows from investing activities:</b>                         |                  |                |
| Proceeds from the sale of fixed assets                              | 4,150            | 214,192        |
| Purchase of property, plant and equipment                           | (258,803)        | (121,280)      |
| Investment manager's fees deducted from portfolio                   | 11,243           | 10,789         |
| Funds transferred to investment portfolio                           | 0                | (19,452)       |
| <b>Net cash provided by/(used in) investing activities</b>          | <b>(243,410)</b> | <b>84,249</b>  |
| <b>Change in cash and cash equivalents in the reporting period</b>  | <b>(317,177)</b> | <b>188,045</b> |
| Cash and cash equivalents at the beginning of the reporting period  | 959,007          | 770,962        |
| <b>Cash and cash equivalents at the end of the reporting period</b> | <b>641,830</b>   | <b>959,007</b> |
| <b>Analysis of cash and cash equivalents</b>                        |                  |                |
| Cash in hand  | 200              | 200            |
| Current account   | 343              | 539            |
| Notice deposits (less than 3 months)                                | 641,287          | 958,268        |
| <b>Total cash and cash equivalents</b>                              | <b>641,830</b>   | <b>959,007</b> |

The notes on pages 20 to 42 form part of these financial statements.





## Notes to the financial statements for the year ended 31<sup>st</sup> March 2018

### 1 Accounting policies

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

#### Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements 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 Trust 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) Preparation of the financial statements on a going concern basis

The charity reported a cash outflow of £317,177 for the year. 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 financial statements.

#### b) Income

Income is recognised when all of the following criteria are met:

- Entitlement – control over the rights or other access to the economic benefit has passed to the charity,
- Probable – it is more likely than not that the economic benefit associated with the transaction or gift will flow to the charity,
- Measurement – the monetary value or amount of the income can be measured reliably and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Income is deferred when the donor specifies the grant or donation must be used in a future accounting period.

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.

Grants that are subject to performance-related conditions are recognised when those conditions have been met.

Legacies are recognised upon the earlier of notification of probate being granted or receipt.



## **c) Operating leases**

Income from operating leases is recognised in the statement of financial activities on a straight-line basis over the lease term.

## **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 Trust 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 Trust is reported in the Balance Sheet at cost. It is Malvern Hills Trust's 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 gains or losses in the Statement of Financial Activities.





## **j) Livestock**

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

## **k) 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 27 to the financial statements. Membership of the LGPS is closed to new joiners.

In order to meet its obligations under auto-enrolment, the charity enrolls eligible new staff in the People's Pension Scheme, a defined contribution scheme.

## **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 required 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 financial statements.

## **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.

## **n) Short term deposits and cash at bank and in hand**

Short term deposits comprise short-term highly liquid investments with a short maturity of three months or less. Cash at bank and in hand is the petty cash balance held.

## **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.



## 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.

Financial assets measured at fair value comprise quoted investments. Financial assets measured at settlement value comprise cash at bank and in hand, deposit financial statements, trade debtors and accrued income. Financial liabilities measured at settlement value comprise trade creditors and accruals.

Details of financial instruments are given in note 28 to the financial statements.

## 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 financial statements where these estimates and judgements have been made include the useful economic lives of tangible fixed assets and bad debts.

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.

Provision is made for bad debts if they remain outstanding for more than three months.

## 2 Legal status of the charity

Malvern Hills Trust is registered with the Charity Commission for England and Wales, number 515804.

The charity is a body corporate constituted by 5 Acts of Parliament, the Malvern Hills Acts 1884, 1909, 1924, 1930 and 1995.

The registered office is Manor House, Grange Road, Malvern, Worcestershire WR14 3EY.

The accounts are prepared in pounds sterling and rounded to the nearest £1.

## 3 Analysis of income from donations and legacies

|          | 2018          | 2017         |
|----------|---------------|--------------|
|          | £             | £            |
| Gifts    | 11,896        | 2,685        |
| Legacies | 1,000         | 0            |
|          | <u>12,896</u> | <u>2,685</u> |

The income from donations and legacies was £12,896 (2017 £2,685) of which £10,496 was unrestricted (2017 £2,261) and £2,400 restricted (2017 £424).

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 financial statements.

## 4 Analysis of income from other trading activities

|                             | 2018          | 2017          |
|-----------------------------|---------------|---------------|
|                             | £             | £             |
| Rental income               | 24,284        | 24,832        |
| Easements and wayleaves     | 4,941         | 8,888         |
| Sales of books and leaflets | 169           | 171           |
|                             | <u>29,394</u> | <u>33,891</u> |

## 5 Analysis of other income

|                                    | 2018          | 2017           |
|------------------------------------|---------------|----------------|
|                                    | £             | £              |
| Employment allowance               | 3,000         | 3,000          |
| Filming                            | 1,550         | 1,046          |
| Compensation for works             | 2,277         | 2,443          |
| Profit on disposal of fixed assets | 4,150         | 209,058        |
| Other                              | 4,250         | 2,394          |
|                                    | <u>15,227</u> | <u>217,941</u> |

## 6 Analysis of expenditure on charitable activities

|                                   | M'gt of Hills & commons | Car parks     | Total 2018       | Total 2017     |
|-----------------------------------|-------------------------|---------------|------------------|----------------|
|                                   | £                       | £             | £                | £              |
| Land management expenses          | 259,779                 | 0             | 259,779          | 249,656        |
| Warden service including salaries | 61,199                  | 21,502        | 82,701           | 88,037         |
| PR expenses                       | 14,747                  | 0             | 14,747           | 1,562          |
| Car park direct expenses          | 0                       | 10,241        | 10,241           | 10,322         |
| Rates and water                   | 6,629                   | 1,555         | 8,184            | 5,119          |
| Power                             | 5,445                   | 1,606         | 7,051            | 4,882          |
| Insurance                         | 22,861                  | 0             | 22,861           | 23,982         |
| Maintenance of buildings          | 2,428                   | 0             | 2,428            | 1,652          |
| Depreciation                      | 85,114                  | 0             | 85,114           | 63,502         |
| Salaries                          | 157,132                 | 2,391         | 159,523          | 185,150        |
| Governance costs (note 8)         | 104,470                 | 0             | 104,470          | 58,841         |
| Support costs (note 8)            | 310,623                 | 0             | 310,623          | 293,981        |
|                                   | <u>1,030,427</u>        | <u>37,295</u> | <u>1,067,722</u> | <u>986,686</u> |





Expenditure on charitable activities was £1,067,722 (2017 £986,686) of which £1,013,920 was unrestricted (2017 £931,604), £50,307 from the permanent endowment (2017 £49,090) and £3,495 was restricted (2017 £5,992).

## 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<br>hills and<br>commons<br>£ | Car Parks<br>£ | Total 2018<br>£ | Total<br>2017<br>£ |
|--|--------------------------------------|----------------|-----------------|--------------------|
| <b>Income</b>                                    |                                      |                |                 |                    |
| Levy on Council Tax payers in precepted parishes | 482,325                              | 0              | 482,325         | 442,500            |
| Stewardship grants                               | 171,624                              | 0              | 171,624         | 202,576            |
| Other grants                                     | 15,932                               | 0              | 15,932          | 14,310             |
| Car park takings                                 | 0                                    | 252,975        | 252,975         | 245,282            |
| Total income from charitable activities          | 669,881                              | 252,975        | 922,856         | 904,668            |
| Charitable expenditure                           | (1,030,427)                          | (37,295)       | (1,067,722)     | (986,686)          |
| Net contribution/(cost funded by other income)   | (360,546)                            | 215,680        | (144,866)       | (82,018)           |

## 8 Analysis of governance and support costs

|                                  | General<br>support<br>£ | Governance<br>£ | Total<br>2018<br>£ | Total<br>2017<br>£ | Basis of<br>allocation |
|----------------------------------|-------------------------|-----------------|--------------------|--------------------|------------------------|
| Recruitment                      | 732                     | 0               | 732                | 377                | Invoice                |
| Travelling                       | 887                     | 0               | 887                | 1,603              | Invoice                |
| Office expenses                  | 20,435                  | 0               | 20,435             | 29,654             | Invoice                |
| Professional fees                | 12,005                  | 46,517          | 58,522             | 41,563             | Invoice                |
| Training                         | 3,996                   | 1,965           | 5,961              | 6,486              | Invoice                |
| Bank charges                     | 2,904                   | 0               | 2,904              | 6,939              | Invoice                |
| Other expenses                   | 1,814                   | 423             | 2,237              | 2,796              | Invoice                |
| Salaries                         | 235,972                 | 55,565          | 291,537            | 248,811            | Time                   |
| FRS 102 pension adjustment       | 22,000                  | 0               | 22,000             | 5,000              | Time                   |
| FRS 102 compensated absences adj | (939)                   | 0               | (939)              | (1,196)            |                        |
| Investment manager's charges     | 10,817                  | 0               | 10,817             | 10,789             | Invoice                |
|                                  | <u>310,623</u>          | <u>104,470</u>  | <u>415,093</u>     | <u>352,822</u>     |                        |



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

This is stated after charging:

|                         | 2018   | 2017   |
|-------------------------|--------|--------|
|                         | £      | £      |
| Depreciation            | 85,114 | 63,502 |
| Auditor's remuneration: |        |        |
| Audit fees              | 5,750  | 5,900  |
| Trustee training        | 0      | 750    |

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

|   | 2018           | 2017           |
|---|----------------|----------------|
|   | £              | £              |
| Salaries and wages                                      | 369,169        | 357,547        |
| Social security costs                                   | 30,321         | 29,364         |
| Pension costs   | 123,846        | 123,676        |
| Group life assurance                                    | 1,216          | 769            |
| Casual staff  | 1,228          | 4,345          |
| FRS 102 - pension adjustment                            | 22,000         | 5,000          |
| FRS 102 - short term compensated absence charge to SOFA | (939)          | (1,196)        |
|   | <u>546,841</u> | <u>519,505</u> |

No employees had benefits in excess of £60,000 (2017 £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 neither paid nor received any other benefits from employment with the charity in the year (2017 £nil). Trustee travelling expenses of £48 were reimbursed to one trustee during the year (2017 £115 to one trustee). No charity Trustee received payment for professional or other services supplied to the charity (2017 £nil).

The key management personnel comprise the Chief Executive Officer, the Conservation Manager, the Secretary to the Board and the Finance and Administration Manager. The total employee benefits of key management personnel of the charity, including employer's NI and pension contributions, were £159,141 (2017 £164,493).



## 11 Staff numbers

The average monthly head count was 17.75 staff (2017: 19 staff) and the average monthly number of full-time equivalent employees (including part-time staff) during the year were as follows:

|                                    | 2018        | 2017        |
|------------------------------------|-------------|-------------|
| Wardens                            | 3           | 3           |
| Field Staff                        | 6.6         | 6.4         |
| Office based staff/ administration | 6.1         | 6.2         |
|                                    | <u>15.7</u> | <u>15.6</u> |

## 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 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 (2017 £33,200). He made payments totalling £3,000 (2017 £3,000) to the charity for rent, also under the Stewardship scheme. The businesses of Messrs and Miss 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 £9,750 (2017 £9,635) during the year. There were also some small commercial transactions with the Council which the Trustees do not consider material to these financial statements.
- 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 financial statements.

## 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

|                       | Heritage<br>Assets - Land<br>& buildings<br>(note 15)<br>£ | Office<br>building<br>£ | Improv-<br>ements to<br>land and<br>buildings<br>£ | Car parks<br>£ | Vehicles and<br>equipment<br>£ | Office<br>equipment<br>£ | Total<br>£ |
|-----------------------|--|-------------------------|--|----------------|--------------------------------|--------------------------|------------|
| <u>Cost</u>           |  |                         |  |                |                                |                          |            |
| 1st April 2017        | 741,673  | 138,770                 | 613,128  | 160,460        | 369,962                        | 53,087                   | 2,077,080  |
| Additions             | 0  | 0                       | 231,891  | 0              | 26,364                         | 548                      | 258,803    |
| Disposals             | 0  | 0                       | 0  | 0              | (34,010)                       | 0                        | (34,010)   |
| At 31st March 2018    | 741,673  | 138,770                 | 845,019  | 160,460        | 362,316                        | 53,635                   | 2,301,873  |
| <u>Depreciation</u>   |  |                         |  |                |                                |                          |            |
| At 1st April 2017     | 0  | 11,099                  | 542,829  | 160,460        | 265,998                        | 41,077                   | 1,021,463  |
| Charge in the year    | 0  | 2,772                   | 37,689   | 0              | 38,104                         | 6,549                    | 85,114     |
| On disposals          | 0  | 0                       | 0  | 0              | (34,010)                       | 0                        | (34,010)   |
| At 31st March 2018    | 0  | 13,871                  | 580,518  | 160,460        | 270,092                        | 47,626                   | 1,072,567  |
| <u>Net book value</u> |  |                         |  |                |                                |                          |            |
| 31st March 2018       | 741,673  | 124,899                 | 264,501  | 0              | 92,224                         | 6,009                    | 1,229,306  |
| 31st March 2017       | 741,673  | 127,671                 | 70,299   | 0              | 103,964                        | 12,010                   | 1,055,617  |



## 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.

| Year    |   | £      | £      |
|---------|---|--------|--------|
| 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                         | (85)   |        |
|         |   |        | 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    | Thirds 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    | Thirds Wood, Chase Road (part)  |        | 1,057  |
| 1977    | Land at Castlemorton  |        | 2,061  |
|         | Sub-total   |        | 79,607 |





## 15 Heritage assets - continued

| Year    |  | £               | £                     |
|---------|--|-----------------|-----------------------|
|         | 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 Drive |                 | 4,471                 |
| 2009/10 | Jubilee Drive and 2 areas NW side Walwyn Road, Upper Colwall           |                 | 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 2018   |                 | <u><u>741,673</u></u> |



## 16 Investments

Investments are held to provide capital growth and a return for the charity. There are two investment portfolios. One holds the Lands Acquisition Fund and the other the Lands Maintenance Fund and part of the Parliamentary Fund.

The movement on the funds during the year was:

|  | LA        | Parl & LM | Combined<br>2018 | 2017      |
|--|-----------|-----------|------------------|-----------|
|  | £         | £         | £                | £         |
| Opening Market Value                         | 1,118,834 | 667,735   | 1,786,569        | 1,556,944 |
| Additions                                    | 200,004   | 148,185   | 348,189          | 563,641   |
| Disposal proceeds                            | (160,946) | (155,126) | (316,072)        | (140,669) |
| Equalisations                                | (207)     | (202)     | (409)            | (1,174)   |
| Gains/(losses)                               | (20,645)  | (27,220)  | (47,865)         | 186,558   |
| Timing difference - fees deducted from the f | 0         | 0         | 0                | (1,621)   |
| Change in cash                               | (9,403)   | 2,734     | (6,669)          | (377,110) |
| Closing market value                         | 1,127,637 | 636,106   | 1,763,743        | 1,786,569 |

The historical cost of investments at the balance sheet date was £1,667,738 (2017 £1,628,424). At the Balance Sheet date, the Lands Acquisition portfolio was invested in the following classes of investment:

|                         | 2018 |                  | 2017 |                  |
|-------------------------|------|------------------|------|------------------|
|                         | %    | £                | %    | £                |
| UK Bonds                | 14.7 | 165,837          | 16.3 | 182,607          |
| Overseas bonds          | 1.7  | 19,610           | 0.0  | 0                |
| UK equities             | 34.7 | 390,727          | 34.1 | 381,650          |
| North American equities | 15.7 | 177,405          | 14.3 | 160,431          |
| European equities       | 4.6  | 52,311           | 4.1  | 45,702           |
| Japanese equities       | 2.5  | 28,533           | 2.8  | 31,800           |
| Asia pacific equities   | 3.7  | 41,164           | 3.9  | 43,967           |
| Emerging markets        | 2.0  | 22,191           | 1.8  | 20,460           |
| Absolute return         | 5.7  | 64,536           | 6.8  | 75,759           |
| Global investments      | 5.3  | 60,174           | 5.3  | 58,985           |
| Property                | 3.2  | 35,931           | 3.2  | 35,251           |
| Other investments       | 4.6  | 51,514           | 4.9  | 55,116           |
| Cash                    | 1.6  | 17,704           | 2.4  | 27,106           |
|                         |      | <u>1,127,637</u> |      | <u>1,118,834</u> |





## Malvern Hills Trust

At the Balance Sheet date, the Parliamentary and Lands Maintenance portfolio was invested in the following classes of investment:

|                         | 2018 |                | 2017 |                |
|-------------------------|------|----------------|------|----------------|
|                         | %    | £              | %    | £              |
| UK Bonds                | 14.6 | 92,947         | 21.2 | 134,591        |
| Overseas bonds          | 1.5  | 9,567          | 0.0  | 0              |
| UK equities             | 33.5 | 212,964        | 35.9 | 228,127        |
| North American equities | 17.4 | 110,609        | 16.6 | 105,903        |
| European equities       | 4.8  | 30,370         | 4.7  | 30,150         |
| Japanese equities       | 2.5  | 16,003         | 2.4  | 15,007         |
| Asia pacific equities   | 3.3  | 21,002         | 3.2  | 20,539         |
| Emerging markets        | 1.4  | 8,909          | 1.4  | 8,739          |
| Absolute return         | 2.1  | 13,282         | 3.1  | 19,457         |
| Global investments      | 7.9  | 50,470         | 6.8  | 43,453         |
| Property                | 4.6  | 29,216         | 3.4  | 21,355         |
| Other investments       | 5.7  | 36,172         | 6.1  | 38,553         |
| Cash                    | 0.7  | 4,595          | 0.3  | 1,861          |
|                         |      | <u>636,106</u> |      | <u>667,735</u> |

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

## 17 Debtors

|                 | 2018           | 2017           |
|-----------------|----------------|----------------|
|                 | £              | £              |
| Trade debtors   | 11,730         | 18,241         |
| VAT recoverable | 4,119          | 5,886          |
| Accrued income  | 210,350        | 94,475         |
| Prepayments     | 21,038         | 32,943         |
|                 | <u>247,237</u> | <u>151,545</u> |

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

£3,815 bad debts were written off during the year (2017 £500).



## 18 Creditors: amounts falling due within one year

|                                      | 2018           | 2017           |
|--------------------------------------|----------------|----------------|
|                                      | £              | £              |
| PAYE and National Insurance          | 7,073          | 7,299          |
| Trade creditors                      | 46,890         | 78,023         |
| Accrued charges                      | 66,488         | 55,507         |
| Other creditors                      | 1,357          | 750            |
| Deferred income                      | 16,715         | 15,849         |
| FRS102 compensated absence provision | 5,397          | 6,336          |
|                                      | <u>143,920</u> | <u>163,764</u> |

Creditors are measured at invoiced value.

Deferred income comprises rents and car park pass payments received in advance.  
The movement on the deferred income account was:

|                                  |               |
|----------------------------------|---------------|
| Balance at 1st April 2017        | 15,849        |
| Released to the SOFA in the year | (15,849)      |
| Received in the year             | <u>16,715</u> |
| Balance at 31st March 2018       | <u>16,715</u> |

## 19 General fund

|                                       | 2018           | 2017           |
|---------------------------------------|----------------|----------------|
|                                       | £              | £              |
| General Fund - balance 1st April 2017 | 282,100        | 330,849        |
| Incoming resources                    | 799,712        | 746,761        |
| Resources expended                    | (759,880)      | (745,412)      |
| Transfers                             | (11,887)       | (50,098)       |
| Balance 31st March 2018               | <u>310,045</u> | <u>282,100</u> |

Transfers were made during the year were:

| Transfer details                               | Reason                                   | £               |
|--|--|-----------------|
| From Stewardship designated fund               | To cover staff costs                     | 20,000          |
| From Pension Review designated fund            | Release of designated fund               | 15,113          |
| To GDPR designated fund                        | To cover costs arising from GDPR         | (5,000)         |
| To Tree Disease fund                           | To cover costs arising from tree disease | (3,000)         |
| To Mountain Biking campaign designated fund    | To cover costs on campaign               | (4,000)         |
| To Fundraising Support designated fund         | To provide funds for fundraising support | (10,000)        |
| To Charity Commission public consultation fund | To cover costs of public consultation    | (20,000)        |
| To Election Expenses designated fund           | To cover costs of elections to the Board | (5,000)         |
|  |  | <u>(11,887)</u> |





## 20 Designated funds

### Current year

|  | Balance<br>1st April<br>2017<br>£ | Movement<br>incoming<br>£ | Resources<br>outgoing<br>£ | Transfers<br>(to)/from<br>other funds<br>£ | Balance 31st<br>March 2018<br>£ |
|--|-----------------------------------|---------------------------|----------------------------|--|---------------------------------|
| Gift fund  | 109,628                           | 162                       | (5,710)                    | 0  | 104,080                         |
| Development fund                                   | 1,091                             | 0                         | 0                          | 0  | 1,091                           |
| Higher Level Stewardship fund                      | 218,915                           | 158,062                   | (160,522)                  | (20,000)                                   | 196,455                         |
| Countryside Stewardship fund                       | 0                                 | 19,872                    | 0                          | 0  | 19,872                          |
| Rebranding fund                                    | 355                               | 0                         | 0                          | 0  | 355                             |
| Thirds Wood fund                                   | 30,000                            | 0                         | (24,261)                   | 0  | 5,739                           |
| Pension Review expenses fund                       | 15,893                            | 0                         | (780)                      | (15,113)                                   | 0                               |
| GDPR   | 0                                 | 0                         | 0                          | 5,000                                      | 5,000                           |
| Tree disease fund                                  | 0                                 | 0                         | 0                          | 3,000                                      | 3,000                           |
| Mountain biking campaign                           | 0                                 | 0                         | 0                          | 4,000                                      | 4,000                           |
| Fundraising support fund                           | 0                                 | 0                         | 0                          | 10,000                                     | 10,000                          |
| Charity Commission Scheme - legal                  | 100,000                           | 0                         | (40,767)                   | 0  | 59,233                          |
| Charity Commission Scheme - public<br>consultation | 0                                 | 0                         | 0                          | 20,000                                     | 20,000                          |
| Election expenses fund                             | 6,086                             |                           |                            | 5,000                                      | 11,086                          |
|  | <b>481,968</b>                    | <b>178,096</b>            | <b>(232,040)</b>           | <b>11,887</b>                              | <b>439,911</b>                  |

### Prior year

|                              | Balance 1st<br>April 2016<br>£ | Movement<br>incoming<br>£ | Resources<br>outgoing<br>£ | Transfers<br>(to)/from<br>other funds<br>£ | Balance<br>31st March<br>2017<br>£ |
|------------------------------|--------------------------------|---------------------------|----------------------------|--|------------------------------------|
| Gift fund                    | 115,321                        | 732                       | (6,425)                    | 0  | 109,628                            |
| Development fund             | 1,091                          | 0                         | 0                          | 0  | 1,091                              |
| Stewardship fund             | 188,519                        | 208,527                   | (138,015)                  | (40,116)                                   | 218,915                            |
| Rebranding fund              | 13,000                         | 0                         | (12,645)                   | 0  | 355                                |
| Thirds Wood fund             | 30,000                         | 0                         | 0                          | 0  | 30,000                             |
| Pension Review expenses fund | 40,000                         | 0                         | (24,107)                   | 0  | 15,893                             |
| Charity Commission Scheme    | 0                              | 0                         | 0                          | 100,000                                    | 100,000                            |
| Election expenses fund       | 1,086                          | 0                         | 0                          | 5,000                                      | 6,086                              |
|                              | <b>389,017</b>                 | <b>209,259</b>            | <b>(181,192)</b>           | <b>64,884</b>                              | <b>481,968</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 Trustees' policy.
- The Development fund is to provide seed funding for future projects.
- The Stewardship funds are the grazing projects to secure conservation of the Malvern Hills landscape as set out in the land management plan. The project receives funding from the Higher Level Stewardship and the new Countryside Stewardship schemes.
- The Rebranding fund covered the costs of the rebranding exercise.
- The Thirds Wood fund is for essential works to the wood.
- The Pensions Review expenses fund is to cover the costs of the review.
- The GDPR fund is to cover costs arising from the new General Data Protection rules.
- The Tree Disease fund is to cover costs arising from tree disease such as Ash Dieback.
- The Mountain Biking campaign take place in 2018 and this fund is to cover the costs of the campaign.
- The Fundraising support fund is to cover costs of fundraising activities.
- The Charity Commission Scheme funds are to cover the cost of the scheme.



- The Election expenses fund is to cover the cost of the 4-yearly elections to the Board and any by-elections. The elections were last held in 2015.

Details of transfer made during the year are given in note 19.

## 21 Unrestricted pension fund

### Current year

|              | Balance 1st<br>April 2017<br>£ | Movement<br>incoming<br>£ | Resources<br>outgoing<br>£ | Transfers & other<br>losses<br>£ | Balance 31st<br>March 2018<br>£ |
|--------------|--------------------------------|---------------------------|----------------------------|----------------------------------|---------------------------------|
| Pension Fund | (1,790,000)                    | 0                         | (22,000)                   | 170,000                          | (1,642,000)                     |

### Prior year

|              | Balance 1st<br>April 2016<br>£ | Movement<br>incoming<br>£ | Resources<br>outgoing<br>£ | Transfers & other<br>losses<br>£ | Balance 31st<br>March 2017<br>£ |
|--------------|--------------------------------|---------------------------|----------------------------|----------------------------------|---------------------------------|
| Pension Fund | (1,506,000)                    | 0                         | (5,000)                    | (279,000)                        | (1,790,000)                     |

The unrestricted pension fund balance arises from the FRS 102 disclosures. The figure shown in 'Transfers and other losses' is the actuarial gain/(loss) as calculated by the Actuary.

Further information is given in note 27.

## 22 Restricted funds

### Current year

|                        | Balance 1st<br>April 2017<br>£ | Movement<br>incoming<br>£ | Resources<br>outgoing<br>£ | Transfers | Net<br>gains/(losses) on<br>investments<br>£ | Balance<br>31st March<br>2018<br>£ |
|------------------------|--------------------------------|---------------------------|----------------------------|-----------|--|------------------------------------|
| Lands Maintenance fund | 166,194                        | 5,154                     | (971)                      | 0         | (6,805)                                      | 163,572                            |
| SDF fund               | 400                            | 1,553                     | (1,500)                    | 0         | 0  | 453                                |
| Nature in Malvern book | 3,713                          | 0                         | (750)                      | 0         | 0  | 2,963                              |
| Gifts                  | 6,192                          | 2,400                     | (274)                      | 0         | 0  | 8,318                              |
|                        | 176,499                        | 9,107                     | (3,495)                    | 0         | (6,805)                                      | 175,306                            |

### Prior year

|                        | Balance 1st<br>April 2016<br>£ | Movement<br>incoming<br>£ | Resources<br>outgoing<br>£ | Transfers | Net<br>gains/(losses) on<br>investments<br>£ | Balance<br>31st March<br>2017<br>£ |
|------------------------|--------------------------------|---------------------------|----------------------------|-----------|--|------------------------------------|
| Lands Maintenance fund | 152,040                        | 2,859                     | (1,074)                    | (2,859)   | 15,228                                       | 166,194                            |
| SDF fund               | 5,000                          | 0                         | (4,600)                    | 0         | 0  | 400                                |
| Nature in Malvern book | 0                              | 3,963                     | (250)                      | 0         | 0  | 3,713                              |
| Gifts                  | 5,820                          | 440                       | (68)                       | 0         | 0  | 6,192                              |
|                        | 162,860                        | 7,262                     | (5,992)                    | (2,859)   | 15,228                                       | 176,499                            |

The transfer was to transfer investment income to the General Fund





- 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 Nature in Malvern book is a joint venture project to produce a high quality book showing the nature of the area. The book was published in May 2018.
- The Gifts fund comprises legacies and donations specifically made for projects to improve the amenities of the Malvern Hills.

## 23 Permanent Endowment

### Current year

|                           | Balance 1st<br>April 2017 | Movement<br>incoming | Resources<br>outgoing | Net<br>gains/(losses)<br>on invt's | Transfer<br>between<br>funds | Balance 31st<br>March 2018 |
|---------------------------|---------------------------|----------------------|-----------------------|------------------------------------|------------------------------|----------------------------|
|                           | £                         | £                    | £                     | £                                  | £                            | £                          |
| Capital Outlay Discharged | 940,154                   | 0                    | (40,461)              | 0                                  | 231,891                      | 1,131,584                  |
| Parliamentary fund        | 824,049                   | 19,612               | (2,986)               | (20,415)                           | (231,891)                    | 588,369                    |
| Lands Acquisition fund    | 1,120,324                 | 36,282               | (6,860)               | (20,645)                           | 0                            | 1,129,101                  |
|                           | <u>2,884,527</u>          | <u>55,894</u>        | <u>(50,307)</u>       | <u>(41,060)</u>                    | <u>0</u>                     | <u>2,849,054</u>           |

### Prior year

|                           | Balance 1st<br>April 2016 | Movement<br>incoming | Resources<br>outgoing | Net<br>gains/(losses)<br>on invt's | Transfer<br>between<br>funds | Balance 31st<br>March 2017 |
|---------------------------|---------------------------|----------------------|-----------------------|------------------------------------|------------------------------|----------------------------|
|                           | £                         | £                    | £                     | £                                  | £                            | £                          |
| Capital Outlay Discharged | 945,358                   | 0                    | (32,889)              | 0                                  | 27,685                       | 940,154                    |
| Parliamentary fund        | 626,090                   | 212,977              | (9,650)               | 34,244                             | (39,612)                     | 824,049                    |
| Lands Acquisition fund    | 955,374                   | 34,415               | (6,551)               | 137,086                            | 0                            | 1,120,324                  |
|                           | <u>2,526,822</u>          | <u>247,392</u>       | <u>(49,090)</u>       | <u>171,330</u>                     | <u>(11,927)</u>              | <u>2,884,527</u>           |

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, £nil investment income was transferred to the General Fund (2017 £11,927).
- 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.





Transfer between the funds during the year were:

|  | £              |
|--|----------------|
| Cost of refurbishment of St Ann's Well | 224,454        |
| Cost of works at Top Shed              | 7,437          |
| Total transfers between funds          | <u>231,891</u> |

## 24 Analysis of net assets between funds

### Current year

|                            | Heritage assets<br>£ | Investments<br>£ | Tangible<br>fixed assets<br>£ | Pension<br>liability<br>£ | Other net<br>assets<br>£ | Total<br>£       |
|----------------------------|----------------------|------------------|-------------------------------|---------------------------|--------------------------|------------------|
| <b>Permanent Endowment</b> |                      |                  |                               |                           |                          |                  |
| Capital Outlay Discharged  | 741,673              | 0                | 389,911                       | 0                         | 0                        | 1,131,584        |
| Parliamentary fund         | 0                    | 477,080          | 0                             | 0                         | 111,289                  | 588,369          |
| Lands Acquisition fund     |                      | 1,127,637        | 0                             | 0                         | 1,464                    | 1,129,101        |
|                            | <u>741,673</u>       | <u>1,604,717</u> | <u>389,911</u>                | <u>0</u>                  | <u>112,753</u>           | <u>2,849,054</u> |
| <b>Restricted funds</b>    |                      |                  |                               |                           |                          |                  |
| Lands Maintenance fund     | 0                    | 159,027          | 0                             | 0                         | 4,545                    | 163,572          |
| Nature in Malvern book     | 0                    | 0                | 0                             | 0                         | 2,963                    | 2,963            |
| SDF fund                   | 0                    | 0                | 0                             | 0                         | 453                      | 453              |
| Gift fund                  | 0                    | 0                | 0                             | 0                         | 8,318                    | 8,318            |
|                            | <u>0</u>             | <u>159,027</u>   | <u>0</u>                      | <u>0</u>                  | <u>16,279</u>            | <u>175,306</u>   |
| <b>Unrestricted funds</b>  |                      |                  |                               |                           |                          |                  |
| General fund               | 0                    | 0                | 97,722                        | 0                         | 212,323                  | 310,045          |
| Designated funds           | 0                    | 0                | 0                             | 0                         | 439,911                  | 439,911          |
| Pension fund               | 0                    | 0                | 0                             | (1,642,000)               | 0                        | (1,642,000)      |
|                            | <u>0</u>             | <u>0</u>         | <u>97,722</u>                 | <u>(1,642,000)</u>        | <u>652,234</u>           | <u>(892,044)</u> |
|                            | <u>741,673</u>       | <u>1,763,744</u> | <u>487,633</u>                | <u>(1,642,000)</u>        | <u>781,266</u>           | <u>2,132,316</u> |

### Prior year

|                            | Heritage assets<br>£ | Investments<br>£ | Tangible fixed<br>assets<br>£ | Pension<br>liability<br>£ | Other net<br>assets<br>£ | Total<br>£         |
|----------------------------|----------------------|------------------|-------------------------------|---------------------------|--------------------------|--------------------|
| <b>Permanent Endowment</b> |                      |                  |                               |                           |                          |                    |
| Capital Outlay Discharged  | 741,673              | 0                | 198,481                       | 0                         | 0                        | 940,154            |
| Parliamentary fund         | 0                    | 500,051          | 0                             | 0                         | 323,998                  | 824,049            |
| Lands Acquisition fund     | 0                    | 1,120,324        | 0                             | 0                         | 0                        | 1,120,324          |
|                            | <u>741,673</u>       | <u>1,620,375</u> | <u>198,481</u>                | <u>0</u>                  | <u>323,998</u>           | <u>2,884,527</u>   |
| <b>Restricted funds</b>    |                      |                  |                               |                           |                          |                    |
| Lands Maintenance fund     | 0                    | 166,194          | 0                             | 0                         | 0                        | 166,194            |
| Nature in Malvern book     | 0                    | 0                | 0                             | 0                         | 3,713                    | 3,713              |
| SDF fund                   | 0                    | 0                | 0                             | 0                         | 400                      | 400                |
| Gift fund                  | 0                    | 0                | 0                             | 0                         | 6,192                    | 6,192              |
|                            | <u>0</u>             | <u>166,194</u>   | <u>0</u>                      | <u>0</u>                  | <u>10,305</u>            | <u>176,499</u>     |
| <b>Unrestricted funds</b>  |                      |                  |                               |                           |                          |                    |
| General fund               | 0                    | 0                | 115,463                       | 0                         | 166,637                  | 282,100            |
| Designated funds           | 0                    | 0                | 0                             | 0                         | 481,968                  | 481,968            |
| Pension fund               | 0                    | 0                | 0                             | (1,790,000)               | 0                        | (1,790,000)        |
|                            | <u>0</u>             | <u>0</u>         | <u>115,463</u>                | <u>(1,790,000)</u>        | <u>648,605</u>           | <u>(1,025,932)</u> |
|                            | <u>741,673</u>       | <u>1,786,569</u> | <u>313,944</u>                | <u>(1,790,000)</u>        | <u>982,908</u>           | <u>2,035,094</u>   |



## 25 Post balance sheet events and capital commitments

At 31<sup>st</sup> March 2018, capital expenditure of £nil has been approved but not contracted (2017 £200,000 plus VAT)

Under the Higher Level Stewardship schemes, the charity is contracted to make 6-monthly payments to graziers from the grants received. The annual payments currently committed total £105,346 (2017 £126,434). Two Higher Level Stewardship schemes end in 2020 and one in 2023 and there is a 5-year break clause in each scheme. Malvern Hills Trust contracts with graziers have an annual break clause.

## 26 Operating leases

The Charity has granted licenses and rental agreements over some of its land. Rentals receivable are recognised on a straight-line basis over the life of the agreement. The future minimum lease receipts under non-cancellable operating leases for each of the following periods is:

|                           | 2018          | 2017          |
|---------------------------|---------------|---------------|
|                           | £             | £             |
| Within the next 12 months | 18,542        | 10,444        |
| Within 1-5 years          | 38,973        | 12,341        |
| 5 years plus              | 7,303         | 6,078         |
|                           | <u>64,818</u> | <u>28,863</u> |

## 27 Defined benefit pension scheme

Malvern Hills Trust 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 31st March 2016 and was updated by the actuary on an FRS102 basis as at 31st March 2018.

The employer's contribution (including the FRS102 adjustment) for the period was £135,000 (2017: £124,000).



## Malvern Hills Trust

The amounts recognised in the Balance Sheet are as follows:

|                                     | 2018               | 2017               |
|-------------------------------------|--------------------|--------------------|
|                                     | £                  | £                  |
| Present value of funded obligations | (3,678,000)        | (3,690,000)        |
| Fair value of plan assets           | 2,036,000          | 1,900,000          |
|                                     | <u>(1,642,000)</u> | <u>(1,790,000)</u> |
| Amounts recognised as:              |                    |                    |
| Liabilities                         | (1,642,000)        | (1,790,000)        |
| Assets                              | 0                  | 0                  |
| Net amount recognised               | <u>(1,642,000)</u> | <u>(1,790,000)</u> |

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

|  | 2018             | 2017             |
|--|------------------|------------------|
|  | £                | £                |
| Current service cost                                     | 90,000           | 72,000           |
| Interest on pension liabilities                          | 92,000           | 102,000          |
| Administration costs                                     | 1,000            | 1,000            |
| Expected return on plan assets                           | (48,000)         | (51,000)         |
| Contributions by employer                                | <u>(113,000)</u> | <u>(119,000)</u> |
| Total pension cost charged within net incoming resources | 22,000           | 5,000            |
| Remeasurements (Actuarial loss/(gain))                   | <u>(170,000)</u> | <u>279,000</u>   |
| Total amount (credited)/charged to SOFA                  | <u>(148,000)</u> | <u>284,000</u>   |

The cumulative amount of actuarial loss recognised is £256,000.

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

|   | 2018             | 2017             |
|---|------------------|------------------|
|   | £                | £                |
| Opening defined benefit obligation      | 3,690,000        | 2,934,000        |
| Current service cost                    | 90,000           | 72,000           |
| Interest on pension liabilities         | 92,000           | 102,000          |
| Member contributions                    | 34,000           | 21,000           |
| Actuarial losses/(gains) on liabilities | (145,000)        | 650,000          |
| Benefits/transfers paid                 | <u>(83,000)</u>  | <u>(89,000)</u>  |
| Benefit obligation at end of period     | <u>3,678,000</u> | <u>3,690,000</u> |

Changes in the plan assets during the period to 31<sup>st</sup> March 2018 were as follows:





|   | 2018             | 2017             |
|---|------------------|------------------|
|   | £                | £                |
| Fair value of plan assets at beginning of period                  | 1,900,000        | 1,428,000        |
| Expected return on scheme assets                                  | 48,000           | 51,000           |
| Administration expenses   | (1,000)          | (1,000)          |
| Remeasurements (assets) (Actuarial gains/(losses) on plan assets) | 25,000           | 371,000          |
| Employer contributions  | 113,000          | 119,000          |
| Member contributions  | 34,000           | 21,000           |
| Benefits/transfers paid   | (83,000)         | (89,000)         |
| Fair value of plan assets at end of period                        | <u>2,036,000</u> | <u>1,900,000</u> |

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

|                       | Fair value at 31st March 2018 | Fair value at 31st March 2017 |
|-----------------------|-------------------------------|-------------------------------|
|                       | £                             | £                             |
| <b>Asset category</b> |                               |                               |
| Equities              | 1,759,000                     | 1,620,000                     |
| Other bonds           | 98,000                        | 103,000                       |
| Property              | 86,000                        | 80,000                        |
| Other                 | 69,000                        | 51,000                        |
| Cash                  | 24,000                        | 46,000                        |
|                       | <u>2,036,000</u>              | <u>1,900,000</u>              |

|  | 2018    | 2017    |
|--|---------|---------|
|  | £       | £       |
| Experience gains/(losses) on assets      | 25,000  | 372,000 |
| Experience gains/(losses) on liabilities | 145,000 | (4,000) |

Weighted average assumptions used to determine benefit obligations at:

|                              | 2018  | 2017  |
|------------------------------|-------|-------|
| Discount rate                | 2.1 % | 2.5 % |
| Rate of increase in salaries | 3.6 % | 3.8 % |
| Rate of increase in pension  | 2.2 % | 2.3 % |
| Rate of CPI inflation        | 2.6 % | 2.3 % |

Weighted average assumptions used to determine net pension cost for period ended 31<sup>st</sup> March 2018:



|   | 2018   | 2017   |
|---|--------|--------|
| Discount rate                                   | 2.10 % | 2.50 % |
| Rate of pension increase                        | 2.20 % | 2.30 % |
| Assumed life expectations on retirement age 65: |        |        |
| Retiring today - males                          | 22.7   | 22.6   |
| Retiring today - females                        | 25.7   | 25.6   |
| Retiring in 20 years - males                    | 24.9   | 24.8   |
| Retiring in 20 years - females                  | 28.0   | 27.9   |

## Contributions

The employer expects to contribute £116,000 in the period to 31<sup>st</sup> March 2018. 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 31st March 2019.

## 28 Financial instruments

|  | 2018             | 2017             |
|--|------------------|------------------|
|  | £                | £                |
| Financial assets measured at fair value            | 1,763,743        | 1,786,569        |
| Financial assets measured at settlement value      | 863,910          | 1,071,718        |
| Financial liabilities measured at settlement value | <u>(113,378)</u> | <u>(133,530)</u> |

See note 1(p) for details of what is included in the above figures.



## 29 Statement of Financial Activities for the year ended 31st March 2017

|  | Note | Unrestricted funds | Restricted funds | Permanent endowment | Total funds 2017 |
|--|------|--------------------|------------------|---------------------|------------------|
|  |      | £                  | £                | £                   | £                |
| <b>Income and endowments from:</b>                         |      |                    |                  |                     |                  |
| Donations and legacies                                     | 3    | 2,261              | 424              | 0                   | 2,685            |
| Charitable activities:                                     |      |                    |                  |                     |                  |
| Management of the hills and commons                        |      | 655,423            | 3,963            | 0                   | 659,386          |
| Car parks  |      | 245,282            | 0                | 0                   | 245,282          |
| Other trading activities                                   | 4    | 33,841             | 0                | 50                  | 33,891           |
| Investments:   |      |                    |                  |                     |                  |
| Bank deposits  |      | 2,272              | 16               | 0                   | 2,288            |
| Investment portfolio                                       |      | 0                  | 2,859            | 46,342              | 49,201           |
| Other  | 5    | 16,941             | 0                | 201,000             | 217,941          |
| <b>Total income</b>  |      | <b>956,020</b>     | <b>7,262</b>     | <b>247,392</b>      | <b>1,210,674</b> |
| <b>Expenditure on:</b>                                     |      |                    |                  |                     |                  |
| Charitable activities                                      | 6    | 931,604            | 5,992            | 49,090              | 986,686          |
| <b>Total expenditure</b>                                   |      | <b>931,604</b>     | <b>5,992</b>     | <b>49,090</b>       | <b>986,686</b>   |
| Net gains/(losses) on investments                          |      | 0                  | 15,228           | 171,330             | 186,558          |
| <b>Net income/(expenditure)</b>                            |      | <b>24,416</b>      | <b>16,498</b>    | <b>369,632</b>      | <b>410,546</b>   |
| <b>Transfers between funds</b>                             |      | <b>14,786</b>      | <b>(2,859)</b>   | <b>(11,927)</b>     | <b>0</b>         |
| <b>Other recognised gains/(losses)</b>                     |      |                    |                  |                     |                  |
| Actuarial gains/(losses) on defined benefit pension scheme |      | (279,000)          | 0                | 0                   | (279,000)        |
| <b>Net movement in funds</b>                               |      | <b>(239,798)</b>   | <b>13,639</b>    | <b>357,705</b>      | <b>131,546</b>   |
| <b>Reconciliation of funds:</b>                            |      |                    |                  |                     |                  |
| Total funds brought forward                                |      | (786,134)          | 162,860          | 2,526,822           | 1,903,548        |
| <b>Total funds carried forward</b>                         |      | <b>(1,025,932)</b> | <b>176,499</b>   | <b>2,884,527</b>    | <b>2,035,094</b> |



Our Ref: WRMA101387/IS/SM/M R  
Your Ref:  
Date: 14 December 2018



18 DEC 2018

**PRIVATE & CONFIDENTIAL**

Malvern Hills Trust  
Manor House  
Grange Road  
Malvern  
Worcestershire  
WR14 3EY

Dear Cheryl,

**Malvern Hills Trust Financial Statements**

Please find the enclosed the Financial Statements for the year ended 31<sup>st</sup> March 2018, completed with my signature as requested.

I hope you have a Merry Christmas!

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Dave'.

**David Butler**  
Partner  
dbutler@bishopfleming.co.uk



A member of Kreston International | A global network of independent accounting firms

Bishop Fleming is a trading name of Bishop Fleming LLP, a limited liability partnership registered in England and Wales No. OC391282. Registered office: Stratus House, Emperor Way, Exeter Business Park, Exeter, Devon, EX1 3QS. A list of members' names is available at the above address.

One, Two and Three College Yard  
Worcester  
WR1 2LB



01905 732 100  
worcester@bishopfleming.co.uk  
[www.bishopfleming.co.uk](http://www.bishopfleming.co.uk)

