

Ordinary meeting of the Board

Draft Management accounts to 31 March 2023

13 July 2023

Background

All trustees will be aware that due to the departure of Helen Barber, arrangements for Audit of the Trust's accounts for 2022/23 have had to be put back.

Draft Management Accounts

Management accounts for the year to 31 March 2023 accompany this paper. A post-audit version of the accounts, together with a summary of any late adjustments will be brought to the next Board meeting.

General Fund

The year-end position on the General Fund is better than had been anticipated with a balance of £12,836 as against a budgeted deficit of £5,292. Expenditure controls were introduced from January onwards after salary costs rose significantly (£52,871 over budget at year end). This was as a result of increases awarded on the LGA pay scales (incorporated into all staff contracts except the CEO) and pay increases as a result of the Trust's benchmarking exercise. Car park takings also fell significantly in December/January although they recovered in the last two months finishing £13,247 below budget.

Other notable variations against budget were

- Easements and Wayleaves – up £20,474 on budget, due to increased numbers of authorisations for utility companies
- Investment income up due to interest rate rises
- Profit on disposal of fixed assets down as some equipment changes (vehicles) did not occur in the year
- Land management expenses totalled £99,544 against a budget of £113,400. This was because expenditure controls in the last 4 months of the year, coupled with lower than anticipated cost of tree work, plant and equipment hire and some materials combined to provide some savings
- Visitor Services costs were £37,363, down £11,703 on budget as a result of lower car park and ticket machine repair costs
- As reported by the CEO to Board in January, communication and public engagement costs were significantly reduced partly as a result of limited staff capacity in the period and partly direct cost savings measures taken (campaigns, exhibitions and external communication support being cut)
- Admin and governance costs totalled £155,166, down on budget. This was due to reduced depreciation (as a result of vehicles not being changed) coupled with a gain on the valuation of stock as well as lower building maintenance costs (non-essential works being held off) and lower travel and (general) legal costs.

Designated Funds

The income and expenditure accounts for each of the designated funds are shown on page 2 of the accounts. The Ash dieback costs at £34,558 were lower than the anticipated average 5-year cost of around £65,000. This may be a single year anomaly.

Please note

- Car Park Repair. £1,900 has been transferred to the designated account from general fund to cover work planned for 2022/23 which was not completed at the year-end (Car park line painting at Manor House, Beacon Road and Earnslaw £1,700 and stone £700)
- Finance and Admin Manager Costs. A new designated fund has been created (£8,000 for accountancy fees and £4,500 recruitment costs as agreed by Board).
- Boundary Commission – an additional £5,000 has been added in accordance with the Board decision in March.

Designated Stewardship funds saw income and expenditure as expected. The Castlemorton Common fund has now reduced to a zero balance as a result of the new scheme requiring the delivery group (of which the Trust is part) to hold a separate bank account.

Restricted Funds

These are set out on page 3. While interest rates increased in the year to produce useful income, there has been considerable volatility in the investment market during the year. The book values of individual investments at 31st March 2023 – have mostly decreased in value.

Key changes to the restricted funds are

- A new restricted fund LP2 has been established to identify those funds moved from the main investment portfolio of the Land Purchase Fund (£200,000) to a lower risk level (4).
- Separate funds for projects receiving grants from Farming in Protected Landscape and Access for All schemes are now shown.

Balance Sheet

The draft balance sheet as of 31st March is shown on Page 4.

There has been an increase in cash and deposits as £150,000 of Land Purchase Fund was moved to the Flagstone deposit platform, in accordance with Boards decision.

Assessment against Reserves policy

Based on the calculation as previous. 'Free' funds stood at £732,568 at year end.

Malvern Hills Trust		
Calculation of free reserves 31st March 2023		
	£	£
Total unrestricted reserves		599,349
Less:		
Pension FRS 102 balance	(737,000)	
NBV of fixed assets purchased through general fund	107,798	
Committed designated funds:		
CS, HLS & grazing reserve	257,437	
Tree disease & ADB	165,338	
Modernisation of Acts	34,899	
Boundary Comm	8,603	
FAM replacement	12,500	
Election expenses	17,206	
		133,219
Free reserves at 31st December 2022		732,568
Comprising		
General fund exc NBV of fixed assets		330,870
Free designated funds		
Gifts	383,097	
Fundraising	10,000	
Car Park repair	5,100	
Dog Campaign	3,501	
		401,698
		732,568

This figure remains well above the £300,000 target level stated in the policy. It is down on the March 2022 figure (£778,829) in part due to expenditure on projects and funds being allocated to committed designated funds (Ash Dieback and Finance and Administration Manager replacement)

Timetable and arrangements for Audit.

The audit field work is partly completed at time of this report. The provisional programme is as follows.

W/B 26 th June	Audit Field work week 1
W/B 3 rd July	Responding to queries from above

W/B 17 th July	Audit Field Work week 2
W/B 14 th Aug.	Board to consider - Auditors Issues, Going Concern Review, Reserves Policy review and wording of the Trustees Annual Report.
W/B 18 th September	FAR to consider final accounts and report, prior to -
19 th October	Board meeting to approve and sign off Accounts

Reallocation of Designated Funds.

The Designated Funds include residual items relating to the Charity Commission Section 73 Scheme (CC Scheme Cost and CC Scheme Consultation Costs, totalling £34,899).

Following the decision that the Trust should make its governance changes by way of a Private Bill rather than a CC Scheme, it would appear to be appropriate that these two funds be combined and re-designated for the cost of the Private Bill – subject to the Charity Commission approving the s74 application to expend funds on a new Act.

Recommendation

Subject to confirmation being received from the Charity Commission that the Trust can expend funds on a private Bill, the designated funds CC Scheme Cost and CC Scheme Consultation Costs be combined and re-designated to part fund the cost of the Private Bill.

Duncan Bridges, CEO
Sarah Deacon, FAM

5th July 2023