

THE PENNINGTON-MELLOR-MUNTHE CHARITY TRUST
TRUSTEES' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 5 APRIL 2023

THE PENNINGTON-MELLOR-MUNTHE CHARITY TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

Adam Munthe (Chair)
John Harkness (Deputy Chair)
Martin Drury
Lindsay Stainton
Turi Munthe
Tobie Munthe
Peter Richey
Edward Bonham-Carter
Alex Walsh

Secretary

Josephine Sheridan

Charity Number

283266

Principal Address

5 Earls Walk
London
W8 6EP

Auditors

Kendall Wadley LLP
71 Graham Road
Malvern
WR14 2JS

Solicitors

Charles Russell Speechlys
5 Fleet Place
London
EC4M 7RD

Investment advisors

Walker Crips Investment Management Ltd
Old Change House
128 Queen Victoria Street
London EC4V 4BJ

THE PENNINGTON-MELLOR-MUNTHER CHARITY TRUST

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THE PENNINGTON-MELLOR-MUNTHE CHARITY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 5 APRIL 2023

The Trustees present their report and accounts for the year ended 5 April 2023.

The accounts have been prepared in accordance with the accounting policies set out in the note to the accounts and comply with the Charity Trust deed, the Charities Act 2011 and the Statement of Recommended Practice, "Accounting and Reporting by Charities", applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS102) effective 1 January 2019.

Objectives and activities

The Charity Trust's objectives are to protect and maintain, for the benefit of the public, Hellens Manor, Much Marcle, Herefordshire, and to make the house available for educational and cultural activities relevant to the local community. The PMM Charity Trust was given a cy-près authorisation by the Charity Commission to sell Southside House to help us maximise our charitable purposes at Hellens.

The house is regularly open to the general public on payment of a nominal entrance fee which covers a guided tour. Specialist groups are catered for with organised tours.

The Charity Trust is engaged in a number of activities, most of which are designed to encourage activities in music, literacy/literature/poetry, and the environment, with emphasis placed on activities of special benefit to the local community in Herefordshire, with the West Midlands.

In order to achieve its objectives, the Chairman, a working party of the Trustees, together with the General Manager and team at Hellens Manor are actively engaged in promoting visitors and organising special events, whilst ensuring that the property is maintained in good order, and that its unique nature is not destroyed by excessive exposure.

The Trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the Charity Trust should undertake.

Restoration and repairs continue under the supervision of our historic architecture consultant, Patrick McIlroy.

Education and cultural activities continue to be developed in accordance with the charity trust's feasibility studies.

Hellens

General

Picture and miniature restoration and conservation have continued with Alan Derbyshire of the V&A Museum. We are also creating a more robust inventory of the entire collection (Southside House and Hellens) with the help of Dr Juan Tafur, Curator at Southside House, and this before the SSH collection is moved to Hellens.

Charlie Kimberley has continued her work successfully to develop a volunteer programme covering areas such as guiding, gardens and stewarding. This is producing excellent results, good contacts and improved support.

Hellens supports local charities and communities through sharing resources and facilities. Regular events include a monthly Produce Market supporting local producers, a local Women's Group, an art class, a Sustainability Cafe, and our own Back2Wild project for vulnerable children and teenagers.

Annually, the Big Apple festival celebrates local cider and perry producers, and the Herefordshire Forest School Association Outdoor Learning Conference. Other individual charitable and community events include Carriage Foundation Study Day, historical exploration days for local primary schools, a project with Hereford College of Arts Textile Department, 'Young Shakespeare' for local schools in collaboration with Ledbury Poetry Festival, a Green Investing Workshop, and a Death Cafe.

Works

After the sale of Southside House, we have begun design work on the new Gallery for Hellens. This multi purpose space will both store and exhibit artwork. We hope to start construction in autumn 2024, and to have completion by Spring 2026.

The Georgian Stable restoration provides Hellens with short-term residential space for the Trust's community projects both with children and adults.

Conservation and restoration objectives at Hellens continue to focus on the main house, the fabric of the Georgian Stables, the chimneys in the Great Kitchen, and the White Dining room. A quinquennial report by our Historical Architect was completed on the house and outbuildings. Repairs to the East front have not been completed, nor to the gallery wing. COVID-19 has not helped in any of this, and the new gallery building adds to our challenges, but we have continued much of our restoration and conservation work nonetheless. The new biomass system is functioning, and now supports the entire estate using our own fuel resources.

Activities

Concerts, seminars for local primary school teachers, school choirs, educational visits, and historical and story-telling projects have continued more vibrantly at the house for local school children. *Shakespeare for the Young* continue their school events on site. Community activities continue, as do activities for Much Marcle's twinning with Le Barroux, a village in Southern France, initiated by the Chairman, with visits between residents, and especially school children.

The Chairman is also President of the Ledbury/Strömstadt twinning association where choir, sport and cultural activities continue. In addition to these activities, our yearly local festivities continue - The Ledbury Poetry Festival, Hellens Garden Festival (for the local Children's Hospice St Michael's), Hellensmusic Festival, The Big Apple Festival, Church, and Primary school activities, B2W project, and local Rotary/Lions clubs evenings etc.

Workshops, events and poetry jams were hosted again for the Ledbury Poetry Festival (of which the Charity is a Patron, and the Chairman an active partner/advisor). Poets were sponsored into twelve local primary schools. 3000 children are now reached through our sponsorship.

Historical organisations from all over the country have made special visits.

The local branch of The Arts Society continues to be involved with textile restoration at Hellens on a weekly basis. The team is now midway through the frieze in needlepoint of Hellens' history over the last thousand years, receiving much attention from needlework associations nationally.

Achievements and performance

Our Patron HRH Princess Alexandra continues to support the Trust with enthusiasm in the midst of her very busy life.

Financial review

The Statement of Financial Activities, which follows the Auditors Report, shows a net deficit before gains/(losses) on investments of £224,066 compared to a surplus of £3,699 in the previous year.

Note 11 shows a loss on investment assets of £601,427 (2022 – gain of £407,078) compared with an opening value of £8,538,069, representing a year on year decrease in the value of investments of 7.0%. Further comment on this movement is given under Investment Policy below.

Reserves policy

The trustees aim to maintain free reserves in unrestricted funds at a level which equates to approximately 6 months of unrestricted charitable expenditure. The trustees consider that this level will provide sufficient funds to respond to any sudden loss of income and ensure that support and governance costs are covered.

The trustees consider that a level of 6 months is sufficient given the flexibility afforded by the total return approach towards the investment of the permanent endowment which allows trustees to transfer amounts from the unapplied total element of the endowment fund in the case of urgent need.

Note 15 shows that the balance held as unrestricted funds at 5 April 2023 was £1,748,394. This consists of £2,228,218 held as fixed assets and a further £411,196 which was held as cash in bank accounts. These and other current assets were offset by creditors of £991,336 of which £906,818 was received as cash during the year but has been accounted for as deferred income and will not be recognised as income until next year. Free reserves, after allowing for funds tied up in fixed assets therefore represent a negative balance of £479,825.

However, £900,000 was received in two tranches during the year as a non-refundable deposit for the sale of Southside House, and was accounted for as deferred income because the sale of the property was not completed until 30th June 2023. Of this, £400,000 was transferred to the Endowment Investment Fund where it has been held with other funds in a cash account and is available for transfer to the Trust's unrestricted funds whenever the funds are required. The total value of investment funds held in cash accounts as at 5th April was £497,372.

Over an average 6-month period charitable expenditure payments in the period equated to approximately £380,919, whilst the total value of the funds transferred from the Endowment Fund investments to the unrestricted funds for the same period was £73,508. This, combined with the total value of cash balances in investment funds equates to £570,880 which is therefore adequate for the Trust's requirements.

In total some £287,593 (2022 - £196,570) has been expended on the restoration of the properties during the year, all of which was charged on maintenance of properties through the SOFA. There was an

addition of £1 to the properties during the year (2022 - £0).

Investment policy

The investment portfolio decreased in market value during the year by approximately 7.04% or (£601,425). Including the income return (£435,806), the decrease was of the order of 1.94%. This compares with a decline of 1.82% in the FT All Share index over the same period. As at 5 April 2023 the Endowment Fund was invested as follows:

	5 April 2023 Market value		5 April 2022 Market value	
Bonds	£212,522	2.4%	£428,828	4.6%
Investment Trusts	£7,011,705	79.7%	£7,521,949	80.8%
Cash	£410,141	4.7%	£198,515	2.2%
Historic Chattels	£105,281	1.2%	£105,281	1.1%
Land	£1,052,189	12.0%	£1,052,189	11.3%
Accrued Bond Income	£4,882	0.0%	£5,423	0.0%
Totals	£8,796,720	100.0%	£9,312,185	100.0%

As in the previous year, there were redemptions in the Bond section of the portfolio. Reinvestments were made after due consideration by the Trustees covering renewable energy and social housing. These investments are new to the portfolio but will help to maintain the overall income level at around £425,000 without unduly increasing the risk.

During the year there was a slight increase in income generated, from £435,499 to £435,806. Looking ahead the main investment fear is that in general there might be severe dividend cuts which could affect the dividend-paying ability of the Investment Trusts we hold.

However, the investment manager is confident that the Investment Trusts we hold will maintain their pay-outs, having built up substantial reserves over the years to carry them over difficult times such as we are now experiencing and to keep intact their records of steadily rising pay-outs. Indeed, there might well be some surprise increases. So far our income stream has shown a useful, albeit modest increase.

Additionally, there will be added income from funds raised from the sale of Southside House, most of which has been temporarily invested in an income-producing vehicle pending work on the new gallery at Hellens. There will also be added income from the cash balances held at the Trust HSBC bank account and the investment manager. As yet the anticipated cost of building work remains an unknown, but it will be covered by the Trust resources.

The Charity Trust has considered social, environmental and ethical considerations in its investment policy.

Asset cover for funds

Note 15 sets out an analysis of the assets attributable to the various funds. These assets are sufficient to meet the Charity's obligations on a fund by fund basis.

Plans for the future

The Trust's principal activities focus on music and musical education, literacy and language work, ecology and the environment, together with programmes of lectures, seminars, teaching work, concerts and community activities.

Hellensmusic, our Festival each year in May, the Garden Festival each year in June, and the Poetry Festival in Ledbury and at Hellens are the show pieces to our year. We are now, and for the future, based at Hellens, where we serve a wide parish, extended countrywide, thanks to our growing reputation.

The Hellens Garden Festival, in aid of the children's hospice movement, continues to flourish involving, however, much more work for the Trust since we became actively responsible for the management and organisation of the festival in 2016. Development continues in the parkland with new specimen trees.

The growth in the level of activities relating to Hellensmusic and Hellens Garden Festivals has become such that it was decided to create two legal entities to manage the events as separate organisations, independent of the Trust. Hellens Garden Festival was established as a Community Interest Company (CIC) on 16 May 2016, whilst Hellensmusic was established as a Charitable Incorporated Organisation (CIO) on 1 June 2016. The activities of both events are now accounted for separately in the organisations' own accounts.

It should also be noted that we work with our two other family trust organisations – Villa San Michael on Capri (created by Dr Axel Munthe) www.villasanmichele.eu, and now owned by the Swedish State, and Munthe's Hildasholm in Dalarna, Sweden www.hildasholm.org.se

Structure, governance and management

The Trustees who served during the year were:

Edward Bonham-Carter	Finances
Martin Drury	Houses' fabric & landscape
John Harkness	Deputy Chairman & Finances
Adam Munthe	Chairman/Houses' Supervisor
Tobie Munthe	Educational/Cultural
Turi Munthe	Media/Social/Political
Peter Richey	Furniture & woodwork
Lindsay Stainton	Pictures, miniatures
Alex Walsh	Legal

Andrew Kean, our Financial Controller since 1 April 2016 continues to be an effective professional of integrity and acumen.

The Charity Trust was established by a declaration of trust of Major M.G.M.L. Munthe dated 21 August 1981, and is registered with the Charity Commissioners for England and Wales (No. 283266).

A majority of two-thirds of the Trustees is required to remove or appoint a trustee.

The policies and procedures adopted by the Charity Trust for the induction and training of Trustees is a

simple process because new Trustees invariably will already have strong links with the Charity Trust before their election. The nature of the Charity Trust also means that new Trustees are only chosen if they have experience and expertise in areas that complement the objectives of the Charity Trust and therefore will need little by way of training.

The Trustees meet on a regular basis two or three times a year, including at least one meeting at each house. Each of the Trustees has a particular function in the management of the Charity Trust (see above).

Hellens has a general manager, Justine Peberdy, the curator, Juan Tafur, Sam Massey, the bookkeeper who also runs the tearooms, Jan Vernall, the head gardener, and Kieran Terry, estate manager. His wife, Kat Terry, is responsible for the Back-to-the-Wild Programme, The Arts Society, being the creative needle and repair work throughout the house, and heads the Hellens Garden Committee. Charlie Kimberley does all our artwork, guides, and is responsible for the vegetable garden. Sam Panter is Hellens' housekeeper.

During the accounting period John Harkness, a Trustee and our investment consultant, working from the London offices of stockbrokers Walker Crips Stockbrokers Limited oversaw the investment activities of the Charity Trust.

The Trustees have conducted a review of the major risks to which the Charity Trust is exposed, in particular those related to the operations and finances of the Charity Trust and are satisfied that systems have been established to mitigate those risks.

On behalf of the Board of Trustees

Adam Munthe

Trustee

Dated: 1 February 2024

THE PENNINGTON-MELLOR-MUNTHER CHARITY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgments 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;
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as the Trustees are aware, there is no audit information of which the charity's auditors are unaware, and each Trustee has taken all the steps that he or she ought to have taken as a Trustee in order to make himself or herself aware of any relevant audit information, and to establish that the charity's auditors are aware of that information.

THE PENNINGTON-MELLOR-MUNTHE CHARITY TRUST

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE PENNINGTON-MELLOR-MUNTHE CHARITY TRUST

Opinion

We have audited the financial statements of The Pennington Mellor Munthe Charity Trust (the 'charity') for the year ended 5 April 2023 which comprise the Statement of Financial Activities, the Balance Sheet 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 (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 5 April 2023 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 Auditors 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors 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.

THE PENNINGTON-MELLOR-MUNTHER CHARITY TRUST

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE PENNINGTON-MELLOR-MUNTHER CHARITY TRUST

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustee Responsibilities, the trustees are responsible for the preparation of the 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.

Our responsibilities for the audit of the financial statements

We have been appointed as auditors under Section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

THE PENNINGTON-MELLOR-MUNTHER CHARITY TRUST

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE PENNINGTON-MELLOR-MUNTHER CHARITY TRUST

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focussed on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Charities Act 2011 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and enquiries of legal counsel when considered necessary. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Sarah Morley ACA
Statutory Auditor
Kendall Wadley LLP
Granta Lodge,
Malvern,
WR14 2JS

Date: 1 February 2024

THE PENNINGTON-MELLOR-MUNTHE CHARITY TRUST

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 5 APRIL 2023

	Notes	Unrestricted funds	Endowment funds	Designated funds	Total 2023	Total 2022
Incoming resources from:						
Donations and legacies	2	8,706	-	-	8,706	12,399
Charitable activities	3	95,969	-	-	95,969	124,236
Other trading activities	4	95,057	-	-	95,057	80,590
Investments		1,508	420,703	13,595	435,806	435,499
Other income	5	650	-	-	650	-
Total income		201,890	420,703	13,595	636,188	652,724
Expenditure on raising funds						
6						
<i>Costs of raising funds :</i>						
Costs of raising funds from visitors & events		67,305	-	-	67,305	50,378
Activities for raising funds: cost of goods	4	6,223	-	-	6,223	7,134
Investment management costs		24,888	-	-	24,888	26,698
		98,416	-	-	98,416	84,210
<i>Expenditure on charitable activities:</i>						
Running costs of historic properties		411,466	-	-	411,466	328,630
Historic property repair & maintenance costs		287,593	-	-	287,593	196,570
Insurance		23,462	-	-	23,462	24,478
Charitable donations		39,317	-	-	39,317	15,137
		761,838	-	-	761,838	564,815
Total resources expended		860,254	-	-	860,254	649,025
Net income/(expenditure) before gains/(losses) on investments		(658,364)	420,703	13,595	(224,066)	3,699
Other recognised gains/(losses):						
Net gains/(losses) on investment assets		(59,302)	(794,030)	(26,463)	(879,795)	327,182
Net income/(expenditure)		(717,666)	(373,327)	(12,868)	(1,103,861)	330,881
Transfers between funds		155,600	(142,137)	(13,463)	-	-
Net movement in funds		(562,067)	(515,464)	(26,331)	(1,103,861)	330,881
Reconciliation of funds:						
Total funds brought forward		2,310,460	9,312,184	300,151	11,922,795	11,591,914
Total funds carried forward		1,748,394	8,796,720	273,819	10,818,933	11,922,795

THE PENNINGTON-MELLOR-MUNTHE CHARITY TRUST

BALANCE SHEET

AS AT 5 APRIL 2023

	Notes	2023	2022
Fixed assets		£	£
Tangible assets	9	3,385,686	3,383,887
Heritage assets	10	2	2
Investments	11	7,998,422	8,538,069
Total fixed assets		11,384,110	11,921,958
Current assets			
Debtors	12	14,963	11,449
Cash at bank and in hand		411,196	48,008
Total current assets		426,159	59,457
Creditors: amounts falling due within one year	13	990,036	56,820
Net current assets/(liabilities)		(563,877)	2,637
Creditors: amounts falling due within more than one year	13	1,300	1,800
Total assets less current liabilities		10,818,933	11,922,795
Trust funds			
Endowment funds	15	8,796,720	9,312,184
Designated funds – Restoration Reserve	15	273,819	300,151
Unrestricted funds	15	1,748,394	2,310,460
		10,818,933	11,922,795

The accounts were approved by the Trustees on 1 February 2024

Adam Munthe
Trustee

John Harkness
Trustee

THE PENNINGTON-MELLOR-MUNTHER CHARITY TRUST

CASH FLOW STATEMENT

FOR THE YEAR ENDED 5 APRIL 2023

	2023		2022	
Reconciliation of net movement in funds to net cash flows from operating activities	£	£	£	£
Net movement in funds	(1,103,861)		330,881	
Investment income	(435,806)		(435,499)	
Depreciation	2,631		2,340	
(Deduct gains)/add back losses on investments	879,795		(327,182)	
(Increase)/decrease in debtors	(8,397)		2,634	
Increase/(decrease) in creditors	932,716		8,703	
Net cash outflow from operating activities		267,078		(418,123)
Returns on investments and servicing of finance				
Investment income received	435,806		435,499	
Change in value of investments – not realised as cash	(239,944)			
Change in value of investments – realised as cash	(900,650)		(168,455)	
Net cash inflow from returns on investments and servicing of income		(704,788)		267,044
Cash flows from investing activities and capital expenditure				
Purchase of tangible fixed assets	(4,430)		(1,600)	
Disposal of tangible fixed assets	900,650		-	
Additions/purchases of investments	(1,387,591)		(1,343,958)	
Proceeds from disposals of investments	1,292,270		1,456,436	
Net cash outflow from capital expenditure		800,899		110,878
Increase/(decrease) in cash in the year		363,189		(40,201)
Reconciliation of net cash flow to movement in net cash funds				
Net cash funds at beginning of the year		48,007		88,208
Change in net funds during the year		363,189		(40,201)
Net cash funds at end of the year		411,196		48,007

THE PENNINGTON-MELLOR-MUNTHER CHARITY TRUST

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2023

1. Accounting Policies

Basis of accounting

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Charities Act 2011, the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS102) effective 1 January 2019, and applicable regulations. They are prepared in UK pounds sterling, which is the functional currency of the charity. Monetary amounts in these statements are rounded to the nearest pound.

Preparation of financial statements on a going concern basis

The financial statements have been prepared on a going concern basis as the Trustees' assessment is that the Charity (which is a public benefit entity) is a going concern. The accounts have been prepared under the historical cost convention with items recognized at cost or transaction value unless otherwise stated in the relevant note(s) to the accounts, or where modified to include the revaluation of certain fixed assets. There are no material uncertainties about the charity's ability to continue in operation.

Funds structure

The charity has a single, restricted Endowment Fund representing those assets which must be held permanently by the Charity Trust, principally in the form of investments. Income arising on the Endowment Fund may be used in accordance with the objects of the Charity Trust, for which purpose it is transferred to unrestricted funds. Any capital gains or losses arising on the investments form part of the Endowment Fund.

Investment management charges and legal advice relating to the Fund are charged against unrestricted funds. The Endowment Fund is restricted as stipulated in an order with the Charity Commissioners for England and Wales dated 19 May 2000.

The Unrestricted Income Fund consists of those funds which the Trustees are free to use for any purpose in furtherance of the Charity Trust objects.

Incoming resources

All incoming resources are accounted for on a receivable basis, and have been included gross. Income is recognised once the Charity Trust has entitlement to it, there is sufficient certainty of receipt and it is therefore probable that the income will be received, and the amount of income receivable can be measured reliably. Income may be deferred where it relates to a future period. Donations are recognised when they have been communicated and received in writing, with notification of both the amount and settlement date. The incoming resources from the Endowment Fund are unrestricted and form part of the Unrestricted Fund.

Resources expended

All resources expended are accounted for on an accruals basis, and are allocated to the applicable expenditure headings in the financial statements.

Allocation of support and governance costs

Support costs have been differentiated between governance costs and other support costs. All running, establishment and governance costs have been allocated to charitable activities, as set out in note 6 to the accounts.

Cost of raising funds

The costs of raising funds consist of the cost of generating funds from visitors and events, from the sale of goods related to the property such as stationery and books, and the investment management fees.

Charitable activities

Expenditure on charitable activities includes the running costs of the historic properties, their repair and maintenance costs, insurance and charitable donations.

Tangible fixed assets and depreciation

No depreciation is provided in respect of properties and the historic chattels as the residual value is considered to be greater than their carrying value.

All other assets costing more than £500 are capitalised and valued at historical cost less depreciation. Depreciation is charged on fixtures and fittings, equipment, and plant and machinery from the year of acquisition on a straight-line basis over their estimated useful life of five years (i.e. 20% per annum).

Fixed asset investments

Fixed asset investments are stated at market value as at the balance sheet date using the closing quoted market price, details of which are provided in a valuation report by the investment managers. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Realised gains and losses

All gains and losses are taken to the statement of financial activities as they arise. Realised gains and losses are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the opening carrying value or purchase price and their valuation at market price at the year-end. Realised and unrealised investment gains and losses are combined in the statement of financial activities.

Pension

The Charity Trust operates a defined contribution workplace pension scheme on behalf of employees which is run by NEST and which complies with the statutory requirements and regulations governing pension auto-enrolment.

Heritage Assets

The Charity Trust owns two historic properties, Hellens and Southside House, which, together with their contents are protected and maintained for the benefit of the public. The properties are both Grade 2 listed buildings and are open to the public during certain months of the year. Note 10 below provides further details of how they are accounted for in the financial statements.

2. Donations and legacies

	2023 £	2022 £
Donations and gifts	8,706	12,399
Legacies receivable	-	-
	8,706	12,399

3. Charitable activities

	2023 £	2022 £
Admission fees, rent, photo shoots, book sales	95,969	124,236
Memberships	-	-
	95,969	124,236

4. Other trading activities

	2023 £	2022 £
Activities for raising funds	95,057	80,590
Activities for raising funds: costs of goods	(6,223)	(7,134)
	88,834	73,456

5. Investment & Other income

	Unrestricted funds	Endowment funds	Designated funds	2023 £	2022 £
Income from listed investments	1,508	420,703	13,595	435,806	435,499
Proceeds from disposal of assets	650	-	-	650	-
Total Investment income	2,158	420,703	13,595	436,456	435,499

6. Analysis of expenditure on raising funds

	Staff costs £	Depreciation £	Other costs £	Total 2023 £	Total 2022 £
Cost of raising funds					
- Costs of raising funds from visitors and events	17,313	-	49,992	67,305	50,378
- Activities for raising funds: cost of goods	-	-	6,223	6,223	7,134
- Investment management costs	-	-	24,888	24,888	26,698
	17,313	-	81,103	98,416	84,210

Charitable activities

Running costs of historic properties

Activities undertaken directly	215,315	-	122,095	337,410	270,524
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Support costs

Governance costs	-	2,631	71,425	74,056	58,105
<u>Historic property repair and maintenance costs</u>					
Activities undertaken directly	-	-	287,593	287,593	196,570
<u>Insurance</u>					
Activities undertaken directly	-	-	23,462	23,462	24,478
<u>Charitable donations</u>					
Activities undertaken directly	-	-	39,317	39,317	15,137
	215,315	2,631	543,892	761,838	564,814

Governance costs include payments to auditors of £8,236 (2022: £4,920) for audit fees.

7. Related party transactions and Trustees' expenses

The Trustees, and any other persons connected with them give freely of their time and expertise without any form of remuneration or other benefit in cash or kind. No expenses were paid to the Trustees during this or the previous year.

The trustee John Harkness is a consultant for a firm of stockbrokers who managed the portfolio of investments. During the year the firm of stockbrokers charged £24,888 as management fees (2022 - £26,698). Their services were provided on an arms' length basis.

8. Employees

Number of employees

The average monthly number of employees during the year was:

	2023 Number	2022 Number
Southside House	1	1
Hellens	9	8
Central Office	1	-
	11	9

Employment costs

	2023 £	2022 £
Gross salaries	187,096	155,402
Employers NIC	8,549	6,546
Employers pension contributions	3,080	2,773
	198,725	164,721

There were no individual employees whose annual remuneration, (which consists of gross salary, employers' National Insurance contributions and employers' pension contributions was £60,000 or more).

The remuneration of Key Management Personnel, who are the General Manager of Hellens and the Curator/Administrator of Southside House, totalled £66,543

9. Tangible fixed assets

	Land and buildings	Historic Chattels	Plant & Machinery	Fixtures, fittings & equipment	Total
Cost					
At 6 April 2022	3,231,738	149,199	8,050	161,465	3,550,452
Additions	1	-	-	4,429	4,430
At 5 April 2023	3,231,739	149,199	8,050	165,894	3,554,882
Depreciation					
At 6 April 2022	-	-	7,000	159,565	166,565
Charge for the year	-	-	1,050	1,581	2,631
At 5 April 2023	-	-	8,050	161,146	169,196
Net book value					
At 5 April 2023	3,231,739	149,199	-	4,748	3,385,686
At 6 April 2022	3,231,738	149,199	1,050	1,900	3,383,887

Included within historic chattels are a number of items received from the Estate of Malcolm Munthe which have been included at a nominal value of £1, as significant costs would be involved in valuing them, which would be onerous compared with the additional benefit derived by users of these financial statements.

10. Heritage assets

The objectives of the Charity Trust were originally to protect and maintain two properties, Hellens and Southside House, and their contents for the benefit of the public. The properties were both Grade 2 listed buildings and were open to the public during certain months of the year. In December 2020 the Charity Commission granted the Trust permission to sell Southside House in order to raise funds to develop the site at Hellens, including the construction of a gallery to house and display the Trust's artworks. The sale of Southside House was completed after the end of the financial year on 30th June 2023 for a total of £9 million. See note 17 for further details.

As the sale had not been completed at the financial year-end both properties have been included in the financial statements at a nominal value of £1 each, as significant costs would be involved in valuing the assets, which would be onerous compared with the additional benefit derived by users of these accounts in assessing the stewardship of the assets by the Trustees. Later additions and works of a capital nature have been capitalised at cost, and included in within Tangible Fixed Assets.

The buildings and their contents have been insured for total values of up to £16,250,935 for Hellens and £15,722,228 for Southside House.

11. Fixed asset investments

	Endowment fund	Unrestricted fund	Designated fund	Endowment fund cash	Unrestricted fund cash	Designated fund cash	Total
Market Value at 6 April 2022	7,956,199	8,073	291,732	198,515	75,132	8,418	8,538,069
Disposals at opening book value	(1,309,688)	-	(16,125)	-	-	-	(1,325,813)
Acquisitions at cost	1,371,747	-	15,844	-	-	-	1,387,591
Change in value in year	(789,148)	(1,121)	(26,463)	211,626	3,268	413	(601,427)
Market Value at 5 April 2023	7,229,110	6,952	264,988	410,141	78,400	8,831	7,998,422
Historical cost:							
At 5 April 2023	7,470,035	9,073	273,597	405,965	78,400	8,831	8,245,901
At 5 April 2022	7,238,487	9,073	271,338	162,296	75,132	8,418	7,764,744

12. Debtors

	2023 £	2022 £
Prepayments and accrued income	14,963	11,449

13. Creditors: amounts falling due within one year

	2023 £	2022 £
Taxes and social security	2,110	2,504
Other creditors	73,908	43,036
Accruals	8,500	4,920
Deferred income	906,818	8,160
	991,336	58,620

Included in the above are:

Creditors: amounts falling due within more than one year

	2023 £	2022 £
Deferred income	1,300	1,800
	1,300	1,800

14. Endowment funds

The Endowment fund represents those assets which must be held permanently by the Charity Trust, principally investments. Income arising on the Endowment fund can be used in accordance with the objects of the Charity Trust and is transferred to unrestricted funds.

Any capital gain or losses arising on the investments form part of the Endowment fund. Investment management charges and legal advice relating to the fund are charged against unrestricted funds. The Endowment fund is restricted as stipulated in an order with the Charity Commissioners for England & Wales dated 19th May 2000.

Movement in funds						
	Balance at 6 April 2022	Incoming resources	Resources expended	Transfers	Investment gain/(loss)	Balance at 5 April 2023
Permanent endowments						
Endowment fund	9,312,184	420,703	-	(142,137)	(794,030)	8,796,720
	9,312,184	420,703	-	(142,137)	(794,030)	8,796,720

15. Analysis of net assets between funds

	Unrestricted funds	Endowment funds	Designated funds	Total
Fund balances at 5 April 2023 are represented by:				
- Tangible fixed assets	2,228,218	1,157,468	-	3,385,686
- Heritage assets	-	2	-	2
- Investments	85,352	7,639,251	273,819	7,998,422
- Current assets	426,159	-	-	426,159
- Creditors: falling due within one year	(990,036)	-	-	(990,036)
- Creditors: falling due within more than one year	(1,300)	-	-	(1,300)
At 5 April 2023	1,748,394	8,796,720	273,819	10,818,933

16. Capital commitments

There were capital commitments of £241,580 authorised by the Trustees as at the Balance Sheet date.

17. Post balance sheet date events

The sale of one of the historic properties included under Note 10 above, Southside House, was completed after the end of the accounting period for a sum of £9 million less expenses. Contracts of sale were exchanged on 3rd May 2022 and two initial deposits, each of £450,000, or 5% of the full price, were received by the Trust on 10th May 2022 and 26th January 2023.

The sale was completed after the end of the financial year on 30th June 2023 when the final balance of £8,098,280 was transferred to the Trust, making a total sum received for the property of £8,998,280.

The two deposits totalling £900,000 which were received during the financial year have been accounted for as deferred income at the financial year-end as the sale still had not been completed at that time.

18. Contingent asset/liability

The Trust registered for VAT with effect from 1st November 2022 and has been accounting for VAT since that date. However, given the complexity of the Trust's activities in terms of their VAT liabilities it is difficult to determine at this point in time whether or not there may be additional amounts due to or repayable from HMRC.

19. Transfers between funds

Income received from the Endowment Fund investments during the year is transferred to the Unrestricted Fund on a monthly basis. Funds received from dividends and interest income arising from Endowment Fund securities are transferred from the Endowment Fund Income and Income Deposit accounts held by the investment manager to its unrestricted Income Deposit account and from there to the Trust's HSBC bank account.

20. Prior year Statement of Financial Activities

	Unrestricted funds	Endowment funds	Designated funds	Total 2022
Incoming resources from:				
Donations and legacies	12,399	-	-	12,399
Charitable activities	124,236	-	-	124,236
Other trading activities	80,590	-	-	80,590
Investments	635	423,895	10,969	435,499
Total income	217,860	423,895	10,969	652,724
Expenditure on raising funds				
<i>Costs of raising funds :</i>				
Costs of raising funds from visitors & events	50,378	-	-	50,378
Activities for raising funds: cost of goods	7,134	-	-	7,134
Investment management costs	26,698	-	-	26,698
	84,210	-	-	84,210
<i>Expenditure on charitable activities:</i>				
Running costs of historic properties	328,630	-	-	328,630
Historic property repair and maintenance costs	196,570	-	-	196,570
Insurance	24,478	-	-	24,478
Charitable donations	15,137	-	-	15,137
	564,815	-	-	564,815
Total resources expended	649,025	-	-	649,025
Net income/(expenditure) before gains/(losses) on investments	(431,165)	423,895	10,969	3,699
Other recognised gains/(losses):				
Gains/(losses) on investment assets	4,327	308,716	14,139	327,182
Net income/(expenditure)	(426,838)	732,611	25,108	330,881
Transfers between funds	343,099	(393,099)	50,000	-
Net movement in funds	(83,739)	339,512	75,108	330,881
Reconciliation of funds:				
Total funds brought forward	2,394,199	8,972,672	225,043	11,591,914
Total funds carried forward	2,310,460	9,312,184	300,151	11,922,795